

City of Litchfield Park, Arizona

**Report on Examination of Annual
Expenditure Limitation Report**

Year ended June 30, 2018

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Independent Accountant's Report

The Auditor General of the State of Arizona

The Honorable Mayor and City Council
of the City of Litchfield Park, Arizona

We have examined the accompanying annual expenditure limitation report of City of Litchfield Park, Arizona (the City) for the year ended June 30, 2018, and the related notes to the report. The City's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the uniform expenditure reporting system in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the annual expenditure limitation report referred to above is presented in accordance with the uniform expenditure reporting system as described in note 1 in all material respects.

Walker & Armstrong, LLP

Phoenix, Arizona
January 31, 2019

City of Litchfield Park, Arizona
Annual Expenditure Limitation Report - Part I
Year ended June 30, 2018

1. Economic Estimates Commission expenditure limitation	\$ 16,907,659
2. Amount subject to the expenditure limitation (Total amount from Part II, Line C)	<u>7,657,967</u>
3. Amount under the expenditure limitation	<u>\$ 9,249,692</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: 

Name and Title: Lars Johnson, Finance Director

Telephone Number: (623) 935-4364

Date: January 29, 2019

See accompanying notes to report.

City of Litchfield Park, Arizona
Annual Expenditure Limitation Report - Part II
Year ended June 30, 2018

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the reconciliation, Line D.	\$ 6,670,616	\$ 1,108,760	\$ 7,779,376
B. Less exclusions claimed:			
1. Amounts received from the state of Arizona	53,134	-	53,134
2. Highway User Revenues in excess of those received in fiscal year 1979-80 (Note 3)	<u>68,275</u>	<u>-</u>	<u>68,275</u>
Total exclusions claimed	<u>121,409</u>	<u>-</u>	<u>121,409</u>
C. Amounts subject to the expenditure limitation.	<u>\$ 6,549,207</u>	<u>\$ 1,108,760</u>	<u>\$ 7,657,967</u>

See accompanying notes to report.

City of Litchfield Park, Arizona
Annual Expenditure Limitation Report - Reconciliation
Year ended June 30, 2018

Description	Governmental Funds	Enterprise Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses reported within the fund financial statements	\$ 7,606,369	\$ 1,159,302	\$ 8,765,671
B. Subtractions:			
1. Items not requiring use of working capital:			
Depreciation	-	29,029	29,029
Pension expenses	-	31,951	31,951
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 4)	<u>935,753</u>	<u>-</u>	<u>935,753</u>
Total subtractions	935,753	60,980	996,733
C. Additions			
1. Pension contributions paid current year	<u>-</u>	<u>10,438</u>	<u>10,438</u>
Total additions	<u>-</u>	<u>10,438</u>	<u>10,438</u>
D. Amounts reported on Part II, Line A	<u>\$ 6,670,616</u>	<u>\$ 1,108,760</u>	<u>\$ 7,779,376</u>

See accompanying notes to report.

City of Litchfield Park, Arizona

Notes to Annual Expenditure Limitation Report

Year ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the *Uniform Expenditure Reporting Systems* (UERS), as required by Arizona Revised Statutes Sec. 41-1279.07. The AELR excludes expenditures, expenses or deductions of certain revenues specified in the Arizona Constitution, Article IX, Sec. 20 from the total expenditures, expenses or deductions reported in the fund financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; and statement of cash flows for the proprietary funds.

Note 2 – Dividends, Interest and Gains on Sale or Redemption of Investment Securities

No exclusions were claimed for expenditures and expenses of interest, dividends and gains on the sale or redemption of securities and \$36,732 of unexpended revenues have been carried forward to future years.

Note 3 – Intergovernmental Revenues

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid and amounts received from the State of Arizona, including Highway User Revenues in the Governmental Funds:

<u>Description</u>	<u>Governmental Funds</u>
Highway User Revenues in excess of those received in fiscal year 1979-80	\$ 68,275
Amounts received from the state of Arizona	53,134
Revenues carried forward to future years (excludable)	308,697
Other revenues (nonexcludable)	<u>1,509,820</u>
Total intergovernmental revenues as reported in fund-based financial statements	<u>\$ 1,939,926</u>

Notes to Annual Expenditure Limitation Report – Continued

Note 3 – Intergovernmental Revenues - Continued

The exclusion for Highway User Revenues includes amounts expended in the Highway User Revenues Fund totaling \$68,275. The remaining unexpended amount of \$308,697 is carried forward to future years.

Note 4 – Expenditures of Separate Legal Entities

The subtraction of \$935,753 for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the City’s reporting entity but not included in the Economic Estimates Commission base limit calculations, and are reported as follows in the fund financial statements.

	Debt Service Fund	Non-Major Funds	Totals
Principal retirement	\$ 525,000	\$ -	\$ 525,000
Interest and fiscal charges	178,787	-	178,787
Streetlights	-	231,966	231,966
Total	<u>\$ 703,787</u>	<u>\$ 231,966</u>	<u>\$ 935,753</u>