

**CITY OF GOODYEAR, ARIZONA
REPORT ON EXAMINATION OF ANNUAL
EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2016**

**CITY OF GOODYEAR, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2016**

CONTENTS

	<u>PAGE</u>
Independent Accountants' Report	1
Annual Expenditure Limitation Report - Part I	2
Annual Expenditure Limitation Report - Part II	3
Annual Expenditure Limitation Report - Reconciliation	4
Notes to Annual Expenditure Limitation Report	5
Schedule of Carryovers	7

INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona and
The Honorable Mayor and City Council
of the City of Goodyear, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the City of Goodyear, Arizona for the year ended June 30, 2016. The City's management is responsible for this report. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of the City of Goodyear, Arizona referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
March 21, 2017

City of Goodyear, Arizona
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2016

1. Economic Estimates Commission expenditure limitation	\$ 355,156,565
2. Voter-approved alternative expenditure limitation (Approved _____)	
3. Enter applicable amount from Line 1 or Line 2	\$ 355,156,565
4. Amount subject to the limitation (total amount from Part II, Line C)	\$ 107,218,670
5. Amount under (in excess of) the expenditure limitation <i>(if excess expenditures are reported, provide an explanation)</i>	\$ 247,937,895

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 Financial Officer: _____
 Name and Title: Doug Sandstrom, Finance Director
 Telephone Number: 623-882-7898 Date: 3/21/2017

If any of the provisions of the Arizona Constitution, Article IX, §20(2)(a), (b), or (c), or A.R.S. §41-1279.07(I) apply to the City/Town, use the long form Part I on page VI-17 of the UERS Manual.

See accompanying notes to report.

City of Goodyear, Arizona
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2016

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 91,886,841	\$ 50,900,387	\$ 1,898,679	\$ 48,652	\$ 144,734,559
B. Less exclusions claimed:					
Bond proceeds	8,832,612	15,650,597			24,483,209
Debt service requirements on bonded indebtedness					-
Proceeds from other long-term obligations		5,513,404			5,513,404
Debt service requirements on other long-term obligations					-
Dividends, interest, and gains on the sale or redemption of investment securities	1,524				1,524
Trustee or custodian					-
Grants and aid from the federal government	474,645			48,652	474,645
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	320				320
Amounts received from the State of Arizona	319,185				319,185
Quasi-external interfund transactions			1,898,679		1,898,679
Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements					-
Highway user revenues in excess of those received in fiscal year 1979-80	4,220,788				4,220,788
Contracts with other political subdivisions	555,032				555,032
Refunds, reimbursements, and other recoveries					-
Voter-approved exclusions not identified above (attach resolution)					-
Prior years carryforward	451				451
Total exclusions claimed	14,404,557	21,164,001	1,898,679	48,652	37,515,889
C. Amounts subject to the expenditure limitation (If an individual fund category type amount is negative, reduce exclusions claimed to net to zero.)	\$ 77,482,284	\$ 29,736,386	\$ -	\$ -	\$ 107,218,670

Delete all exclusion line item descriptions not used.

See accompanying notes to report.

City of Goodyear, Arizona
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2016

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 127,346,114	\$ 46,856,427	\$ 1,898,679	\$ 48,652	\$ 176,149,872
B. Subtractions:					
Items not requiring use of current financial resources:					
Depreciation		10,246,521			10,246,521
Loss on disposal of capital assets					-
Bad debt expense					-
Other postemployment benefits (OPEB) expense					-
Pension expense		970,738			970,738
Claims incurred but not reported (IBNR)					-
Landfill closure and postclosure care costs					-
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.)	35,459,273				35,459,273
Required fees paid to the Arizona Department of Revenue					-
Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements					-
Involuntary court judgments					-
Total subtractions	<u>35,459,273</u>	<u>11,217,259</u>	<u>-</u>	<u>-</u>	<u>46,676,532</u>
C. Additions:					
Principal payments on long-term debt		10,525,832			10,525,832
Acquisition of capital assets		4,247,682			4,247,682
Amounts paid in the current year but reported as expenses in previous years:					
OPEB					-
Claims previously recognized as IBNR					-
Landfill closure and postclosure care costs		487,705			487,705
Pension contributions		15,261,219			15,261,219
Total additions		<u>15,749,000</u>	<u>-</u>	<u>-</u>	<u>15,749,000</u>
D. Amounts reported on Part II, Line A	<u>\$ 91,886,841</u>	<u>\$ 50,900,387</u>	<u>\$ 1,898,679</u>	<u>\$ 48,652</u>	<u>\$ 144,734,559</u>

Delete all subtraction and addition line item descriptions not used.

See accompanying notes to report.

**CITY OF GOODYEAR, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2016**

Note 1 - Summary of Significant Accounting Policies

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

In accordance with the UERS, 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; Statement of Cash Flows for the Proprietary Funds; and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.

Note 2 - The exclusions claimed for debt service requirements on bonded indebtedness in the Governmental Funds, excluding the principal retirement and interest expense of the Community Facilities Districts Debt Service Fund, and the Enterprise Funds consists of principal retirement of \$5,601,183 and \$5,195,748, respectively, and interest expense of \$3,231,429 and \$10,454,849, respectively.

Note 3 - The exclusion claimed for debt service requirements on other long-term obligations in the Enterprise Funds consists of principal retirement of \$5,330,084 and interest expense of \$183,320.

Note 4 - The following schedule presents intergovernmental revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, and highway user revenues in the Governmental Funds:

Description	
Grants and aid from the federal government	\$474,645
Amounts received from the State of Arizona	319,185
Highway user revenues in excess of those received in fiscal year 1979-80	4,220,788
Other revenues (nonexcludable)	16,796,954
Total intergovernmental revenues as reported in the fund financial statements	\$21,811,572

Note 5 - The exclusions claimed for quasi-external interfund transactions of \$1,898,679 in the Internal Service Fund were recorded as charges for services and miscellaneous revenues.

**CITY OF GOODYEAR, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2016**

Note 6 - The following schedule presents Highway User Revenue Fund (HURF) information used in the report:

Highway user revenues received in current fiscal year	\$4,264,827
Highway user revenues in excess of those received in fiscal year 1979-80	(44,039)
Revenues available for exclusion	\$4,220,788

Note 7 - The exclusion claimed for contracts with other political subdivisions of \$555,032 was recorded as charges for services revenues.

Note 8 - The subtraction of \$35,459,273 for separate legal entities established under Arizona Revised Statutes consists of expenditures of community facilities districts included within the city's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds category in the fund financial statements:

Fund	Governmental Funds
Community Facilities Districts Debt Service	\$30,092,742
Non-Major Governmental Funds – Community Facilities Districts Special Revenue Fund	949,969
Non-Major Governmental Funds – Community Facilities Districts Capital Projects Fund	4,416,562
Total expenditures of separate legal entities established under Arizona Revised Statutes	\$35,459,273

Note 9 - The addition of \$4,247,682 for acquisition of capital assets in the Enterprise Funds consists of capital asset additions of \$9,663,986 less contributed capital assets of \$5,416,304.

Note 10 - The subtraction of \$970,738 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Funds. The addition of \$487,705 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the Enterprise Funds.

Note 11 - The beginning balance for prior-year carryover was reduced as a result of insufficient fund balance to cover the carryover. The following adjustment was made:

	Capital Projects
Carryover, June 30, 2015, as previously reported	14,468
Adjustments	(14,468)
Carryover, July 1, 2015, as restated	-

**CITY OF GOODYEAR, ARIZONA
SCHEDULE OF CARRYOVERS TO FY 2016-17
YEAR ENDED JUNE 30, 2016**

Description	General	Highway User Revenue	Non-Utility Development Impact Fees	Debt Service	Grants	Enterprise	Total
Carryover from FY 2014-15	\$6,321,514	\$ 451	\$ 3,041,538	\$ 145,702	\$ -	\$ 6,620,229	\$16,129,434
Carryover applied in FY 2015-16	-	451	-	-	-	-	451
Unused carryover	6,321,514	-	3,041,538	145,702	-	6,620,229	16,128,983
Bond Proceeds						7,500,000	7,500,000
Dividends, interest, and gains on the sale or redemption of investment securities	622,479		52,278		15,811	237,615	928,183
Total Carryover to FY 2016-17	\$6,943,993	\$ -	\$ 3,093,816	\$ 145,702	\$ 15,811	\$ 14,357,844	\$ 24,557,166