

**CITY OF GOODYEAR, ARIZONA
REPORT ON EXAMINATION OF
ANNUAL EXPENDITURE
LIMITATION REPORT
YEAR ENDED JUNE 30, 2014**

**CITY OF GOODYEAR, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2014**

<u>CONTENTS</u>	<u>PAGE</u>
Independent Accountant's 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, 2014. This report is the responsibility of the City of Goodyear, Arizona's management. 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.
CPAs and Business Consultants

February 5, 2015

**CITY OF GOODYEAR, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2014**

1. Economic Estimates Commission expenditure limitation	\$ 324,861,363	
2. Voter-approved alternative expenditures limitation (Approved)	_____	
3. Enter applicable amount from Line 1 or Line 2		\$ 324,861,363
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	97,502,084	
5. Board-authorized expenditures necessitated by a disaster declared by the Governor [Arizona Constitution, Article IX, §20(2)(a)]	-	
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor [Arizona Constitution, Article IX, §20(2)(b)]	-	
7. Prior-year voter approved expenditures to exceed the expenditure limitation for the reporting fiscal year [Arizona Constitution, Article IX, §20(2)(c)]		
8. Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.01(I)	-	
9. Subtotal	97,502,084	
10. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by the voters [Arizona Constitution, Article IX, §20(2)(b)]	-	
11. Total adjusted amount subject to expenditure limitation		97,502,084
12. Amount under the expenditure limitation		\$ 227,359,279

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: Larry A. Lange, Finance Director

Telephone Number: 623-882-7898

Date: February 5, 2015

CITY OF GOODYEAR, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2014

Description	Governmental Funds	Enterprise Funds	Internal Service Fund	Fiduciary Fund	Total
A Amounts reported on the Reconciliation, Line D	<u>\$ 90,289,893</u>	<u>\$ 41,593,220</u>	<u>\$ 2,080,303</u>	<u>\$ 2,688</u>	<u>\$133,966,104</u>
B Less exclusions claimed:					
1 Bond proceeds	-	(229,474)	-	-	(229,474)
Debt service requirements on bonded indebtedness	(9,181,288)	(15,245,713)	-	-	(24,427,001)
Proceeds from other long-term obligations	-	-	-	-	-
Debt service requirements on other long-term obligations	-	(1,286,240)	-	-	(1,286,240)
2 Dividends, interest, and gains on the sale or redemption of investment securities	(12,977)	(6,762)	-	-	(19,739)
3 Trustee or custodian	-	-	-	(2,688)	(2,688)
4 Grants and aid from the federal government	(392,939)	-	-	-	(392,939)
5 Grants, aid, contributions, or gifts, from a private agency, organization, or individual except amounts received in lieu of taxes	-	-	-	-	-
6 Amounts received from the State of Arizona	(278,856)	-	-	-	(278,856)
7 Quasi-external interfund transactions	(254,529)	(927,644)	(2,073,803)	-	(3,255,976)
8 Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-	-	-
9 Highway user revenues in excess of those received in fiscal year 1979-80	(3,637,117)	-	-	-	(3,637,117)
10 Contracts with other political subdivisions	(524,671)	-	-	-	(524,671)
11 Refunds, reimbursements, and other recoveries	(57,603)	(109,700)	(418)	-	(167,721)
12 Voter-approved exclusions not identified above	-	-	-	-	-
13 Prior years carryforward	(2,241,598)	-	-	-	(2,241,598)
14 Total exclusions claimed	<u>(16,581,578)</u>	<u>(17,805,533)</u>	<u>(2,074,221)</u>	<u>(2,688)</u>	<u>(36,464,020)</u>
C Amount subject to expenditure limitation	<u>\$ 73,708,315</u>	<u>\$ 23,787,687</u>	<u>\$ 6,082</u>	<u>\$ -</u>	<u>\$ 97,502,084</u>

See accompanying notes to report.

CITY OF GOODYEAR, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2014

Description	Governmental Funds	Enterprise Funds	Internal Service Fund	Fiduciary Fund	Total
A. Total expenditures/expenses/ deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 101,340,788	\$ 41,513,916	\$ 2,080,303	\$ 2,688	\$ 144,937,695
B. Subtractions:					
1 Items not requiring the use of working capital -					
Depreciation	-	(8,147,453)	-	-	(8,147,453)
Loss on disposal of capital assets	-	(7,155)	-	-	(7,155)
Bad debt expense	-	-	-	-	-
Other post employment benefits expense	-	-	-	-	-
Claims incurred but not reported	-	-	-	-	-
2 Expenditures of separate legal entities established under Arizona Revised Statutes	(11,050,895)	-	-	-	(11,050,895)
3 Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-	-	-
4 Involuntary court judgments	-	-	-	-	-
5 Total subtractions	<u>(11,050,895)</u>	<u>(8,154,608)</u>	<u>-</u>	<u>-</u>	<u>(19,205,503)</u>
C. Additions:					
1 Principal payments on long- term debt	-	5,663,106	-	-	5,663,106
2 Acquisition of capital assets	-	2,570,806	-	-	2,570,806
3 Other postemployment benefits paid in the current year but reported as expenses in previous years	-	-	-	-	-
4 Claims paid in the current year but reported as expenses incurred but not reported in previous years	-	-	-	-	-
5 Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years	-	-	-	-	-
5 Total additions	<u>-</u>	<u>8,233,912</u>	<u>-</u>	<u>-</u>	<u>8,233,912</u>
D. Amounts reported on Part II, Line A	<u>\$ 90,289,893</u>	<u>\$ 41,593,220</u>	<u>\$ 2,080,303</u>	<u>\$ 2,688</u>	<u>\$ 133,966,104</u>

See accompanying notes to report.

CITY OF GOODYEAR, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2014

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 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; Statement of Cash Flows for the Proprietary Funds; and the Statement of Changes in Net Position for the Fiduciary Funds.

Note 2 - The exclusion claimed for bond proceeds in the Enterprise Funds consists of bond issuance costs of \$229,474 recorded as interest expense.

Note 3 - 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 \$5,530,923 and \$4,728,171, respectively, and interest expense of \$3,650,365 and \$10,517,542, respectively.

Note 4 - The exclusion claimed for debt service requirements on other long-term obligations in the Enterprise Funds consists of principal retirement of \$934,935 and interest expense of \$351,305.

Note 5 - The exclusions claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$12,977 in the Governmental Funds and \$6,762 in the Enterprise Funds were recorded as investment income revenues. Revenues of \$369,431 and \$129,767, respectively, have been carried forward to future years.

Note 6 - 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	\$ 342,576
Amounts received from the State of Arizona	221,374
Highway user revenues in excess of those received in fiscal year 1979-80	3,637,117
Other revenues (nonexcludable)	<u>15,124,586</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 19,325,653</u>

**CITY OF GOODYEAR, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2014**

In addition, \$50,363 of federal grants and aid and \$57,075 of amounts received from the State of Arizona were recorded as charges for services revenues, and \$407 of amounts received from the State of Arizona was recorded as miscellaneous revenues.

Note 7 - The exclusions claimed for quasi-external interfund transactions of \$254,529 in the Governmental Funds was recorded as licenses and permits revenues, and \$877,955 in the Enterprise Funds and \$2,073,803 in the Internal Service Fund were recorded as charges for services revenues.

Note 8 - The exclusion claimed for contracts with other political subdivisions of \$524,671 was recorded as charges for services revenues.

Note 9 - The exclusions claimed for refunds, reimbursements, and other recoveries of \$57,603 in the Governmental Funds and \$8,512 in the Enterprise Funds were recorded as miscellaneous revenues, and \$101,188 in the Enterprise Funds and \$418 in the Internal Service Fund were recorded as charges for services revenues. Revenues of \$123,080 in the Governmental Funds and \$46,039 in the Enterprise Funds have been carried forward to future years.

Note 10 - Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year as follows:

	Governmental Funds
Description	
Bond proceeds	\$ 1,407,317
Dividends, interest, and gains on the sale or redemption of investment securities	36,295
Highway user revenues in excess of those received in fiscal year 1979-80	797,986
Total prior years carryforward expended	<u>\$ 2,241,598</u>

Note 11 - The subtraction of \$7,155 for loss on disposal of capital assets in the Enterprise Funds consists of costs of sales and services expenses.

Note 12 - The subtraction of \$11,050,895 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:

	Governmental Funds
Fund	
Community Facilities Districts Debt Service	\$ 10,026,149
Non-Major Governmental Funds – Community Facilities Districts	<u>1,024,746</u>
Total expenditures of separate legal entities established under Arizona Revised Statutes	<u>\$ 11,050,895</u>

Note 13 - The addition of \$2,570,806 for acquisition of capital assets in the Enterprise Funds consists of capital asset additions of \$2,714,269 less contributed capital assets of \$143,463.

**CITY OF GOODYEAR, ARIZONA
SCHEDULE OF CARRYOVERS TO FY 2014-15
YEAR ENDED JUNE 30, 2014**

Description	Fund						Total
	General	Highway User Revenue	Non-Utility Development Impact Fees	Capital Projects	Debt Service	Enterprise	
Carryover from FY 2012-13	\$5,590,391	\$881,748	\$ 2,941,951	\$1,695,700	\$144,931	\$6,293,018	\$17,547,739
Carryover applied in FY 2013-14	-	834,281	-	1,407,317	-	-	2,241,598
Unused carryover	5,590,391	47,467	2,941,951	288,383	144,931	6,293,018	15,306,141
Dividends, interest, and gains on the sale or redemption of investment securities	300,482	103	68,846	-	-	129,767	499,198
Refunds, reimbursements, and other recoveries	123,080	-	-	-	-	46,039	169,119
Total Carryover to FY 2014-15	\$ 6,013,953	\$ 47,570	\$ 3,010,797	\$ 288,383	\$ 144,931	\$ 6,468,824	\$ 15,974,458