

CITY OF SAFFORD, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2014
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF SAFFORD, ARIZONA
Annual Expenditure Limitation Report
June 30, 2014

Table of Contents

	Page
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

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Independent Accountants' Report on AELR

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

We have examined the accompanying Annual Expenditure Limitation Report of the City of Safford, Arizona, for the year ended June 30, 2014. This report is the responsibility of the City of Safford, 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 Page, Arizona, referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

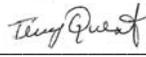


HintonBurdick, PLLC
Flagstaff, Arizona
January 24, 2015

CITY OF SAFFORD, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2014

1. Economic Estimates Commission expenditure limitation	\$ 90,980,808	
2. Voter-approved alternative expenditure limitation (approved _____)	<u>N/A</u>	
3. Enter applicable amount from line 1 or line 2		90,980,808
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	27,618,280	
5. Board-authorized expenditures necessitated by a disaster declared by the Governor (Article IX, Sec. 20(2)(a), Arizona Constitution)	N/A	
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor (Article IX, Sec. 20(2)(b), Arizona Constitution)	N/A	
7. Prior-year voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year (Article IX, Sec. 20(2)(c), Arizona Constitution)	N/A	
8. Subtotal	27,618,280	
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by the voters (Article IX, Sec. 20(2)(b), Arizona Constitution)	N/A	
10. Total adjusted amount subject to the expenditure limitation		<u>27,618,280</u>
11. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)		<u><u>\$ 63,362,528</u></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: Terry Quest - Finance Director

Telephone Number: (928) 348-3100 Date: January 24, 2015

See accompanying notes to report

CITY OF SAFFORD, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2014

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 15,235,512	\$ 21,299,695	\$ 4,410,645	\$ 38,400	\$ 40,984,252
B. Less exclusions claimed:					
1. Bond proceeds	-	-	-	-	-
Debt service requirements on bonded indebtedness	415,000	125,000	-	-	540,000
Proceeds from other long-term obligations	-	-	-	-	-
Debt service requirements on other long-term obligations	546,736	1,028,361	291,808	-	1,866,905
2. Dividends, interest and gains on the sale or redemption of investment securities	-	-	-	-	-
3. Trustee or custodian	-	-	-	38,400	38,400
4. Grants and aid from the Federal government	1,850,614	1,442,128	-	-	3,292,742
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	191,358	-	-	-	191,358
7. Quasi-external interfund transactions	1,937,862	837,990	4,118,837	-	6,894,689
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	541,878	-	-	-	541,878
10. Contracts with other political subdivisions	-	-	-	-	-
11. Refunds, reimbursements, and other recoveries	-	-	-	-	-
12. Voter-approved exclusions not identified above (attach resolution)	-	-	-	-	-
13. Prior years carryforward	-	-	-	-	-
14. Total exclusions claimed	<u>5,483,448</u>	<u>3,433,479</u>	<u>4,410,645</u>	<u>38,400</u>	<u>13,365,972</u>
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce exclusions claimed to net to zero.)	<u>\$ 9,752,064</u>	<u>\$ 17,866,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,618,280</u>
	<u>\$ 9,752,064</u>	<u>\$ 17,866,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$27,618,280</u>

See accompanying notes to report

CITY OF SAFFORD, ARIZONA
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2014

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	\$ 15,235,512	\$ 18,016,271	\$ 4,215,556	\$ 38,400	\$ 37,505,739
B. Subtractions:					
1. Items not requiring use of working capital:					
Depreciation	-	2,145,306	825,174	-	2,970,480
(Gain)/Loss on disposal of capital assets	-	-	(60,412)	-	(60,412)
Bad debt expense	-	131,789	(2,106)	-	129,683
Claims incurred but not reported					
Landfill closure and postclosure care costs	-	-	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-	-	-
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	-	-	-	-	-
6. Total subtractions	\$ -	\$ 2,277,095	\$ 762,656	\$ -	\$ 3,039,751
C. Additions:					
1. Principal payments on long-term debt	-	801,408	258,482	-	1,059,890
2. Acquisition of capital assets	-	4,759,111	699,263	-	5,458,374
3. Claims paid in the current year but reported as expenses incurred but not reported in previous years	-	-	-	-	-
4. Landfill closure and postclosure care costs recorded and expended in previous years	-	-	-	-	-
5. Total additions	-	5,560,519	957,745	-	6,518,264
D. Amounts reported on Part II, Line A	\$ 15,235,512	\$ 21,299,695	\$ 4,410,645	\$ 38,400	\$ 40,984,252

See accompanying notes to report

CITY OF SAFFORD, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2014

Note 1 Summary of Significant Accounting Policies

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

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed in part II and each deduction or addition in the Reconciliation that cannot be traced directly to an amount reported in the annual fund-based 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 Net Position for the Proprietary Funds, Statement of Cash Flows for the Proprietary Funds, and the Statement of Changes in Fiduciary Net Assets for the Fiduciary Funds.

Note 2 Reconciliation Subtractions and Additions

The deductions for depreciation and the additions for principal payments and the acquisition of capital assets are all provided in the Statement of Cash Flows for the Proprietary Funds and the financial statement footnote 6 and 7.

Note 3 Debt Service Requirements

The exclusion claimed in Part II for debt service requirements on bonded indebtedness consists of principal retirement and interest expense on the City's bonds as listed in the financial statement footnote 7. Exclusions that should be claimed in Part II for debt service requirements on other long-term obligations consist of principal retirement and interest expense on the City's loans and capital leases as reported in the financial statement footnote 7.

CITY OF SAFFORD, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2014

Note 4 Grants and Aid from the Federal Government, State of Arizona, and Highway User Revenues

The exclusion claimed for grants and aid from the Federal Government, State of Arizona, and Highway User Revenues is presented on the following schedule. The amounts excluded do not exceed expenditures for such revenues.

	Governmental funds	Proprietary funds
Intergovernmental revenues:		
Grants and aid from the Federal government	\$ 1,850,614	\$ 1,442,128
Amounts received from the State of Arizona	191,358	-
Highway user revenues in excess of those received in fiscal year 1979-80 see note 5.	541,878	-
Contracts with other political subdivisions, see note 6.	-	-
Other revenues - non-excludable	2,776,262	-
Total intergovernmental revenues as reported in the fund financial statements	\$ 5,360,112	\$ 1,442,128

Note 5 Highway User Revenues in Excess of Fiscal Year 1979-80

The deduction for highway user revenues in excess of fiscal year 1979-80 was calculated as follows:

HURF revenues received in FY14	\$ 690,409
HURF revenues received in FY80	(148,531)
Revenues available for exclusion	\$ 541,878
Actual FY14 HURF expenditures	\$ 1,510,099
Less expenditure from other revenues	(169,008)
Net FY14 HURF expenditures	1,341,091
Amount equal to FY80 revenues expended in FY14	(148,531)
Excludable HURF expenditures in FY14	\$ 1,192,560
Revenues available for exclusion	541,878
Revenues claimed as an exclusion	(541,878)
Unspent revenues available for carry forward	\$ -

CITY OF SAFFORD, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2014

Note 6 Quasi-External Interfund Transactions

The exclusion reported for the Internal Service Funds as quasi-external interfund transactions are motor pool, central warehouse, administrative and engineering services charged to the City's departments. The transactions are recorded as charges for services.

This schedule presents a summary of the exclusions for quasi-external interfund transactions for interfund accounting and administrative services, internal charges related to utilities expenses and enterprise franchise fees expenses. The transactions are recorded as charges for services in the Governmental and Proprietary Funds.

	Governmental funds	Proprietary funds
Quasi-external interfund transactions:		
Administrative services	\$ 1,099,872	\$ -
Franchise fees	837,990	-
Electric services	-	447,648
Gas services	-	134,256
Water services	-	256,086
	\$ 1,937,862	\$ 837,990
Total quasi-external interfund transactions		

Note 7 Carry Forwards for Investment Income and State Revenues

The following schedule presents beginning carry forwards for investment income and state revenues reported in City's 2013 AELR, carry forwards used, carry forward earned and unused in the current fiscal year, and the remaining carry forward balances available for future years.

	Governmental Funds	Proprietary Funds
	General Fund	Utility Funds
Beginning amount of carry forward	\$ 55,901	\$ 111,340
Carry forward used	-	-
Carry forward earned and unused	10,725	30,325
Remaining carry forward available for future year	\$ 66,626	\$ 141,665