



**EXPENDITURE LIMITATION REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

TOWN OF FLORENCE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2017

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INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona and
The Honorable Mayor and Town Council
of the Town of Florence, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Town of Florence, Arizona for the year ended June 30, 2017. The Town'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.

Our examination was conducted 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 of Town of Florence, Arizona, referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

Henry + Horne LLP

Casa Grande, Arizona
December 13, 2017

TOWN OF FLORENCE, ARIZONA
 ANNUAL EXPENDITURE LIMITATION REPORT - PART I
 YEAR ENDED JUNE 30, 2017

1. Economic Estimates Commission expenditure limitation	<u>\$ 17,341,325</u>	
2. Voter-approved alternative expenditures limitation (date approved May 17, 2016) (Note 2)	<u>32,341,325</u>	
3. Enter applicable amount from Line 1 or Line 2		<u>\$ 32,341,325</u>
4. Amount subject to expenditure limitation (total amount from Part II, line B)	<u>21,798,737</u>	
5. Board-authorized expenditures necessitated by a disaster the Governor declared	<u>-</u>	
6. Board-authorized expenditures necessitated by a disaster the Governor did not declare	<u>-</u>	
7. Prior-year, voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year	<u>-</u>	
8. Subtotal		<u>21,798,737</u>
9. Board-authorized excess expenditures for the previous fiscal fiscal year necessitated by a disaster the Governor did not declare and the voters did not approve	<u>-</u>	
10. Total adjusted amount subject to the expenditure limitation		<u>21,798,737</u>
4. Amount under (in excess of) the expenditure limitation		<u><u>\$ 10,542,588</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: Joe Jarvis, Finance Director

Telephone Number: 520-868-7505 Date: 12-13-17

TOWN OF FLORENCE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2017

Description	Governmental Funds	Enterprise Funds	Fiduciary Fund	Total
A. Amounts reported on the Reconciliation, Line D	<u>\$ 15,705,686</u>	<u>\$ 6,079,979</u>	<u>\$ 13,072</u>	<u>\$ 21,798,737</u>
B. Less exclusions claimed:				
1. Debt proceeds	-	-	-	-
2. Debt service requirements	-	-	-	-
3. Dividends, interest and gains on the sale or redemption of investment securities	-	-	-	-
4. Trustee or custodian	-	-	-	-
5. Grants and aid from the federal government Federal Government	-	-	-	-
6. Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	-	-	-	-
7. Amounts received from the State of Arizona	-	-	-	-
8. Quasi-external interfund transactions	-	-	-	-
9. Amounts accumulated for the purchase of land, and the purchase or construction of buildings and improvements	-	-	-	-
10. Highway user revenue in excess of those received in fiscal year 1979-80	-	-	-	-
11. Contracts with other political subdivisions	-	-	-	-
12. Refunds, reimbursements, and other recoveries	-	-	-	-
13. Voter-approved exclusions not identified above	-	-	-	-
14. Prior years carryforward	-	-	-	-
15. Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07	-	-	-	-
16. Total exclusions claimed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
C. Amount subject to expenditure limitation	<u>\$ 15,705,686</u>	<u>\$ 6,079,979</u>	<u>\$ 13,072</u>	<u>\$ 21,798,737</u>

TOWN OF FLORENCE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2017

Description	Governmental Funds	Enterprise Funds	Fiduciary Fund	Total
A. Total expenditures/expenses reported within the fund financial statements	\$ 21,648,020	\$ 4,538,268	\$ 13,072	\$ 26,199,360
B. Subtractions:				
1. Items not requiring use of current financial resources:				
Depreciation	-	373,943	-	373,943
Loss on disposal of assets	-	-	-	-
Bad Debt Expense	-	9,371	-	9,371
Other postemployment benefits (OPEB) expense	-	-	-	-
Claims incurred but not reported	-	-	-	-
Landfill closure and postclosure care costs	-	-	-	-
Pension Expense	-	80,506	-	80,506
2. Expenditures of separate legal entities established under Arizona Revised Statutes	5,878,927	-	-	5,878,927
3. Required fees paid to the Arizona Department of Revenue	63,407	-	-	63,407
4. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-	-
6. Involuntary court judgements	-	-	-	-
Total subtractions	<u>5,942,334</u>	<u>463,820</u>	<u>-</u>	<u>6,406,154</u>
C. Additions:				
1. Principal payments on long-term debt	-	716,989	-	716,989
2. Acquisition of capital assets	-	1,208,413	-	1,208,413
3. Amounts paid in the current year but reported as expenses in previous years	-	-	-	-
4. Pension Contribution	-	80,129	-	80,129
5. Total additions	<u>-</u>	<u>2,005,531</u>	<u>-</u>	<u>2,005,531</u>
D. Amounts reported on Part II, Line A	<u>\$ 15,705,686</u>	<u>\$ 6,079,979</u>	<u>\$ 13,072</u>	<u>\$ 21,798,737</u>

TOWN OF FLORENCE, ARIZONA
NOTE TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2017

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 the Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation plan on May 17, 2016, as authorized by the Arizona Constitution, Article IX, §20(9).

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed in Part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund based financial statements. All references to the financial statement amounts refer to the Statement of Revenues, Expenditures and Changes in Fund Balances/Governmental Funds and to the Statement of Revenues, Expenditures and Changes in Fund Net Position for the Proprietary Funds and Statements of Changes in Fiduciary Net Position for the Fiduciary Fund.

NOTE 2 AMOUNT IN EXCESS OF STATE-IMPOSED LIMIT

On May 17, 2016, an amount in excess of the state-imposed Expenditure Limitation of \$15,000,000 was approved by the citizens of Florence under Resolution No. 1586-16. The state-imposed expenditure limitation for the year ended June 30, 2017 was \$17,341,325.

The approved Alternative Expenditure Limitation for the year ended June 30, 2017, as adopted under Resolution No. 1521-15 on May 17, 2016, is \$32,341,325.

NOTE 3 RECONCILIATION DEDUCTIONS AND ADDITIONS

The deductions for depreciation, bad debt expense, and pension expense and the additions for principal payments, the acquisition of capital assets, and pension contributions are all provided in the Statement of Revenues, Expenses, and Changes in Fund Net Position for the proprietary funds; the Statement of Cash Flows for the proprietary funds and the financial statement footnotes 4, 7, and 11.

The addition of \$716,989 consists of principal payments on long-term debt in the Enterprise Funds during the current fiscal year. The addition for the acquisition of capital assets consists of \$1,208,413 paid for various capital assets in the Water and Sewer funds.

The subtraction of \$80,506 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Funds. The addition of \$80,129 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.