



**EXPENDITURE LIMITATION REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



TOWN OF FLORENCE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2016

CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1
Annual Expenditure Limitation Report - Part I	3
Annual Expenditure Limitation Report - Part II	4
Annual Expenditure Limitation Report - Reconciliation	5
Notes to Annual Expenditure Limitation Report	6





HENRY & HORNE, LLP  
Certified Public Accountants

## 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, 2016. This report is the responsibility of the Town'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 Town of Florence, Arizona, referred to above, presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

*Henry & Horne LLP*

Casa Grande, Arizona  
December 9, 2016

**Tempe**  
2055 E. Warner Road  
Suite 101  
Tempe, AZ 85284-3487  
(480) 839-4900  
Fax (480) 839-1749

**Scottsdale**  
7098 E. Cochise Road  
Suite 100  
Scottsdale, AZ 85253-4517  
(480) 483-1170  
Fax (480) 483-7126

**Casa Grande**  
1115 E. Cottonwood Lane  
Suite 100  
Casa Grande, AZ 85122-2950  
(520) 836-8201  
Fax (520) 426-9432



TOWN OF FLORENCE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART I  
YEAR ENDED JUNE 30, 2016

1. Economic Estimates Commission expenditure limitation	\$ 17,377,010
2. Voter-approved alternative expenditures limitation (date approved May 19, 2015) (Note 2)	<u>32,377,010</u>
3. Enter applicable amount from Line 1 or Line 2	<u>\$ 32,377,010</u>
3. Amount subject to expenditure limitation (total amount from Part II, line B)	<u>26,419,800</u>
4. Amount under the expenditure limitation	<u>\$ 5,957,210</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: Gabriel Garcia, Finance Director

Telephone Number: 520-868-7505

Date:

12/9/2016

TOWN OF FLORENCE, ARIZONA  
 ANNUAL EXPENDITURE LIMITATION REPORT - PART II  
 YEAR ENDED JUNE 30, 2016

Description	Governmental Funds	Enterprise Funds	Fiduciary Fund	Total
A. Amounts reported on the Reconciliation, Line D	<u>\$ 20,095,050</u>	<u>\$ 6,311,434</u>	<u>\$ 10,477</u>	<u>\$ 26,416,961</u>
B. Amount subject to expenditure limitation	<u><u>\$ 20,095,050</u></u>	<u><u>\$ 6,311,434</u></u>	<u><u>\$ 10,477</u></u>	<u><u>\$ 26,416,961</u></u>

TOWN OF FLORENCE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION  
YEAR ENDED JUNE 30, 2016

Description	Governmental Funds	Enterprise Funds	Fiduciary Fund	Total
A. Total expenditures/expenses reported within the fund financial statements	\$ 23,901,876	\$ 4,267,320	\$ 10,477	\$ 28,179,673
B. Subtractions:				
Depreciation	-	423,336	-	423,336
Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-	-
Loss on disposal of assets	3,806,826	-	-	3,806,826
Bad Debt Expense	-	2,839	-	2,839
Pension Expense	-	6,882	-	6,882
	-	217,909	-	217,909
Total subtractions	<u>3,806,826</u>	<u>650,966</u>	<u>-</u>	<u>4,457,792</u>
C. Additions:				
Principal payments on long-term debt	-	398,151	-	398,151
Acquisition of capital assets	-	2,220,947	-	2,220,947
Pension Contribution	-	75,982	-	75,982
Total additions	<u>-</u>	<u>2,695,080</u>	<u>-</u>	<u>2,695,080</u>
D. Amounts reported on Part II, Line A	<u>\$ 20,095,050</u>	<u>\$ 6,311,434</u>	<u>\$ 10,477</u>	<u>\$ 26,416,961</u>

TOWN OF FLORENCE, ARIZONA  
NOTE TO ANNUAL EXPENDITURE LIMITATION REPORT  
JUNE 30, 2016

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 19, 2015, 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 19, 2015, an amount in excess of the state-imposed Expenditure Limitation of \$15,000,000 was approved by the citizens of Florence under Resolution No. 1521-15. The state-imposed expenditure limitation for the year ended June 30, 2016 was \$17,377,010.

The approved Alternative Expenditure Limitation for the year ended June 30, 2016, as adopted under Resolution No. 1521-15 on May 19, 2015, is \$32,377,010.

NOTE 3 ENTERPRISE FUNDS EXPENSES

The total expenses for the Enterprise Funds of \$4,267,320 includes the total operating expenses of \$4,149,971, loss on sale of assets of \$2,839, and interest expense of \$114,510.

NOTE 4 ADDITIONS TO PROPRIETARY CAPITAL ASSETS

Capital assets in the enterprise funds were increased by \$2,220,947.