

TOWN OF FLORENCE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2018

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YEAR ENDED JUNE 30, 2018
TABLE OF 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



INDEPENDENT ACCOUNTANTS' REPORT

To the Auditor General of the State of Arizona

The Honorable Mayor and Town Council
of the Town of Florence, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Florence, Arizona (the Town), for the year ended June 30, 2018 and the related notes to the report. 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.

We conducted our examination 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 referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

Fester & Chapman, PLLC

March 29, 2019

TOWN OF FLORENCE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – PART I
YEAR ENDED JUNE 30, 2018

1. Economic Estimates Commission expenditure limitation	\$ <u>17,082,412</u>
2. Voter-approved alternative expenditure limitation	<u>32,082,412</u>
3. Enter applicable amount from line 1 or line 2	\$ <u>32,082,412</u>
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>25,228,848</u>
5. Total adjusted amount subject to the expenditure limitation	<u>25,228,848</u>
6. Amount under the expenditure limitation	\$ <u>6,853,564</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: 3-29-19

See accompanying notes to report.

TOWN OF FLORENCE, ARIZONA
 ANNUAL EXPENDITURE LIMITATION REPORT – PART II
 YEAR ENDED JUNE 30, 2018

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 19,064,513	\$ 6,107,560	\$ 56,775	\$ 25,228,848
B. Less exclusions claimed:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
C. Amounts subject to the expenditure limitation	<u>\$ 19,064,513</u>	<u>\$ 6,107,560</u>	<u>\$ 56,775</u>	<u>\$ 25,228,848</u>

See accompanying notes to report.

TOWN OF FLORENCE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – RECONCILIATION
YEAR ENDED JUNE 30, 2018

Description	Governmental Funds	Enterprise 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.	\$ 22,283,134	\$ 5,498,007	\$ 56,775	\$ 27,837,916
B. Subtractions:				
1. Items not requiring use of working capital:				
Depreciation		804,697		804,697
Pension expense		29,967		29,967
2. Expenditures of separate legal entities established under Arizona Revised Statutes	<u>3,218,621</u>			<u>3,218,621</u>
Total subtractions	<u>3,218,621</u>	<u>834,664</u>		<u>4,053,285</u>
C. Additions:				
1. Principal payments on long-term debt		485,119		485,119
2. Acquisition of capital assets		856,174		856,174
3. Pension contributions paid in the current year		<u>102,924</u>		<u>102,924</u>
Total additions		<u>1,444,217</u>		<u>1,444,217</u>
D. Amounts reported on Part II, Line A	<u>\$ 19,064,513</u>	<u>\$ 6,107,560</u>	<u>\$ 56,775</u>	<u>\$ 25,228,848</u>

See accompanying notes to report.

TOWN OF FLORENCE, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2018

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

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, 2018 was \$32,082,412.

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 \$485,119 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 \$856,174 paid for various capital assets in the Water, Sewer, and Sanitation funds.

The subtraction of \$29,967 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Funds. The addition of \$102,924 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.