

CITY OF TOLLESON, ARIZONA  
REPORT ON AUDIT OF ANNUAL  
EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2016





HENRY & HORNE, LLP  
Certified Public Accountants

## INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying Annual Expenditure Limitation Report of City of Tolleson, Arizona for the year ended June 30, 2016. The City's management is responsible for this report. 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 City of Tolleson, 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  
November 14, 2016

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CITY OF TOLLESON, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2016

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CITY OF TOLLESON, ARIZONA  
 ANNUAL EXPENDITURE LIMITATION REPORT - PART I  
 Year Ended June 30, 2016

|    |  |                      |                      |
|----|--|----------------------|----------------------|
| 1  | Economic Estimates Commission expenditure limitation   | N/A                  |                      |
| 2  | Voter-approved alternative expenditure limitation (Approved March 12, 2013)  | <u>\$ 49,828,124</u> |                      |
| 3  | Enter applicable amount from line 1 or line 2  |                      | \$ 49,828,124        |
| 4  | Amount subject to the expenditure limitation (total amount from Part II, Line C)   | 36,789,819           |                      |
| 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)  | <u>N/A</u>           |                      |
| 8  | Subtotal   | 36,789,819           |                      |
| 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>36,789,819</u>    |
| 11 | Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)   |                      | <u>\$ 13,038,305</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 Financial Officer: Victoria L. Juvet  
 Name and Title: Victoria L. Juvet, CPA, Chief Financial Officer  
 Telephone Number: (623) 936 - 2778 Date: 11/15/2016

CITY OF TOLLESON, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART II  
Year Ended June 30, 2016

| <u>Description</u>  | <u>Governmental<br/>Funds</u> | <u>Enterprise<br/>Funds</u> | <u>Total</u>                |
|---|-------------------------------|-----------------------------|-----------------------------|
| A. Amounts reported on the Reconciliation Line D  | <u>\$ 22,885,278</u>          | <u>\$ 13,904,541</u>        | <u>\$ 36,789,819</u>        |
| B. Less exclusions claimed:   |                               |                             |                             |
| 1 Bond proceeds   | -                             | -                           | -                           |
| Debt service requirements on bonded indebtedness  | -                             | -                           | -                           |
| Proceeds from other long-term obligations   | -                             | -                           | -                           |
| Debt service requirements on other long-term obligations  | -                             | -                           | -                           |
| 2 Dividends, interest and gains on the sale or redemption of investment securities  | -                             | -                           | -                           |
| 3 Trustee or custodian  | -                             | -                           | -                           |
| 4 Grants and aid from the Federal government  | -                             | -                           | -                           |
| 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  | -                             | -                           | -                           |
| 7 Quasi-external interfund transactions   | -                             | -                           | -                           |
| 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  | -                             | -                           | -                           |
| 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   | <u>-</u>                      | <u>-</u>                    | <u>-</u>                    |
| 14 Total exclusions claimed   | <u>-</u>                      | <u>-</u>                    | <u>-</u>                    |
| C. Amount subject to the expenditure limitation<br>(If an individual fund type amount is negative, reduce exclusions claimed to net to zero.) | <u>22,885,278</u>             | <u>13,904,541</u>           | <u>36,789,819</u>           |
|   | <u><u>\$ 22,885,278</u></u>   | <u><u>\$ 13,904,541</u></u> | <u><u>\$ 36,789,819</u></u> |



CITY OF TOLLESON, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION  
Year Ended June 30, 2016

| Description   | Governmental<br>Funds | Enterprise<br>Funds | Total         |
|---|-----------------------|---------------------|---------------|
| A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund based financial statements | \$ 22,885,278         | \$ 12,288,884       | \$ 35,174,162 |
| B. Subtractions   |                       |                     |               |
| 1 Items not requiring use of working capital:   |                       |                     |               |
| Depreciation  | -                     | 2,106,451           | 2,106,451     |
| Loss on disposal of capital assets  | -                     | -                   | -             |
| Bad debt expense  | -                     | -                   | -             |
| Claims incurred but not reported  | -                     | -                   | -             |
| Landfill closure and postclosure care costs   | -                     | -                   | -             |
| Pension expense   | -                     | 346,300             | 346,300       |
| 2 Expenditures of separate legal entities established under Arizona Revised Statute   | -                     | -                   | -             |
| 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  | -                     | 2,452,751           | 2,452,751     |
| C. Additions:   |                       |                     |               |
| 1 Principal payments on long-term debt  | -                     | 3,297,484           | 3,297,484     |
| 2 Acquisition of capital assets   | -                     | 492,425             | 492,425       |
| 3 Claims paid in current year but reported as expenses incurred but not reported in prior years   | -                     | -                   | -             |
| 4 Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years   | -                     | -                   | -             |
| 5 Pension contributions   | -                     | 278,499             | 278,499       |
| 6 Total additions   | -                     | 4,068,408           | 4,068,408     |
| D. Amounts reported on Part II, Line A  | \$ 22,885,278         | \$ 13,904,541       | \$ 36,789,819 |

CITY OF TOLLESON, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
Year Ended June 30, 2016

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 March 12, 2013, 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 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 Fiduciary Net Position for the Fiduciary Funds.

NOTE 2 RECONCILIATION DEDUCTIONS AND ADDITIONS

The subtraction of depreciation 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, 5, and 6.

The subtraction of \$346,300 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Funds. The addition of \$278,499 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.

The addition of \$3,297,484 for principal payments on long-term debt in the Enterprise Funds consists of retirements of \$2,890,000 of bonds payable and \$407,484 of loans payable.

The addition for the acquisition of capital assets consists of \$492,425 paid for various capital assets in the Water and Wastewater funds.