

CITY OF TOLLESON, ARIZONA



Annual Expenditure Limitation Report

For the year ended June 30, 2019

CITY OF TOLLESON, ARIZONA
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

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, 2019, and the related notes to the report. The City'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 of City of Tolleson, 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

Tempe, Arizona
October 23, 2019

CITY OF TOLLESON, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
Year ended June 30, 2019

1. Economic Estimates Commission expenditure limitation	<u>\$ 4,854,904</u>
2. Voter-approved alternative expenditure limitation (approved September 13, 2016)	<u>77,150,947</u>
3. Enter applicable amount from line 1 or line 2	\$ 77,150,947
4. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>45,180,838</u>
1. Amount under (in excess of) the expenditure limitation	<u>\$ 31,970,109</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: October 23, 2018

CITY OF TOLLESON, ARIZONA
 ANNUAL EXPENDITURE LIMITATION REPORT - PART II
 Year ended June 30, 2019

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 37,229,405	\$ 13,561,168	\$ 50,790,573
B. Less exclusions claimed:			
2. Debt service requirements	1,728,970	3,880,765	5,609,735
C. Amounts subject to the expenditure limitation	<u>\$ 35,500,435</u>	<u>\$ 9,680,403</u>	<u>\$ 45,180,838</u>

CITY OF TOLLESON, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
Year ended June 30, 2019

Description	Governmental funds	Enterprise funds	Total
<u>A.</u> Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 37,229,405	\$ 11,948,236	\$ 49,177,641
<u>B.</u> Subtractions:			
<u>1.</u> Items not requiring use of current financial resources:			
<u>a.</u> Depreciation	-	2,249,166	2,249,166
<u>c.</u> Bad debt expense	-	33,790	33,790
<u>d.</u> Pension expense	-	194,041	194,041
<u>6.</u> Total subtractions	-	2,476,997	2,476,997
<u>C.</u> Additions:			
<u>1.</u> Principal payments on long-term debt	-	3,426,125	3,426,125
<u>2.</u> Capital asset acquisitions	-	366,821	366,821
<u>4.</u> Pension contributions paid in the current year	-	296,983	296,983
<u>5.</u> Total additions	-	4,089,929	4,089,929
<u>D.</u> Amounts reported on part II, line A	\$ 37,229,405	\$ 13,561,168	\$ 50,790,573

CITY OF TOLLESON, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
Year Ended June 30, 2019

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 September 13, 2016, as authorized by the Arizona Constitution, Article IX, §20(9).

In accordance with the UERS, 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, 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, 5, and 7.

The subtraction of \$194,041 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Funds. The addition of \$296,983 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 \$3,426,125 for principal payments on long-term debt in the Enterprise Funds consists of retirements of \$2,976,900 of bonds payable and \$210,912 of loans payable.

The addition for the acquisition of capital assets consists of \$366,821 paid for various capital assets in the Water and Wastewater funds.

The exclusions claimed for governmental fund debt service requirements consists of principal retirement and interest expenditures in the debt service and capital projects funds.