

HENRY & HORNE, LLP
CERTIFIED PUBLIC ACCOUNTANTS



**EXPENDITURE LIMITATION REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**



**TOWN OF FLORENCE, ARIZONA
REPORT ON AUDIT OF ANNUAL
EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2012**

**TOWN OF FLORENCE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2012**

CONTENTS

	<u>PAGE</u>
Independent Auditors' 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



HENRY & HORNE, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of Town of Florence, Arizona as of and for the year ended June 30, 2012, and have issued our separate report thereon dated October 22, 2012. We have also audited the accompanying Annual Expenditure Limitation Report of Town of Florence, Arizona for the year ended June 30, 2012. This report is the responsibility of the Town's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Annual Expenditure Limitation Report of Town of Florence, Arizona, for the year ended June 30, 2012, referred to above, presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature and for filing with the Auditor General of the State of Arizona and is not intended to be and should not be used by anyone other than these specified parties.

Henry & Horne LLP

Casa Grande, Arizona
October 22, 2012

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, 2012

1. Voter-approved alternative expenditures limitation (date approved March 9, 2010) (Note 2)	<u>\$ 43,827,700</u>
2. Amount subject to expenditure limitation (total amount from Part II, line C)	<u>19,660,904</u>
3. Amount under the expenditure limitation	<u><u>\$ 24,166,796</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: Himanshu Patel, Town Manager

Telephone Number: 520-868-7500 Date: 10/21/12

TOWN OF FLORENCE, ARIZONA
 ANNUAL EXPENDITURE LIMITATION REPORT - PART II
 YEAR ENDED JUNE 30, 2012

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Fiduciary Fund</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	<u>\$ 15,859,178</u>	<u>\$ 3,791,346</u>	<u>\$ 10,380</u>	<u>\$ 19,660,904</u>
B. Amount subject to expenditure limitation	<u>\$ 15,859,178</u>	<u>\$ 3,791,346</u>	<u>\$ 10,380</u>	<u>\$ 19,660,904</u>

TOWN OF FLORENCE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2012

Description	Governmental Funds	Enterprise Funds	Fiduciary Fund	Total
A. Total expenditures/expenses reported within the fund financial statements	\$ 17,621,781	\$ 3,812,648	\$ 10,380	\$ 21,444,809
B. Subtractions:				
Depreciation	-	571,156	-	571,156
Expenditures of separate legal entities established under Arizona Revised Statutes	1,762,603	-	-	1,762,603
Total subtractions	1,762,603	571,156	-	2,333,759
C. Additions:				
Principal payments on long-term debt	-	363,726	-	363,726
Acquisition of capital assets	-	186,128	-	186,128
Total additions	-	549,854	-	549,854
D. Amounts reported on Part II, Line A	<u>\$ 15,859,178</u>	<u>\$ 3,791,346</u>	<u>\$ 10,380</u>	<u>\$ 19,660,904</u>

TOWN OF FLORENCE, ARIZONA
NOTE TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2012

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 adopted March 9, 2010, 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 Assets for the Proprietary Funds and Statements of Changes in Fiduciary Net Assets for the Fiduciary Fund.

NOTE 2 HOME RULE ALTERNATIVE

On March 9, 2010 the Home Rule Alternative Expenditure Limitation Option was extended as approved by the citizens of Florence under Resolution 1207-09. Approval of the Home Rule extension provides for local expenditure limitation determination through an annual process of public hearings and annual adoption by ordinance.

The approved Alternative Expenditure Limitation for the year ended June 30, 2012, as adopted under Ordinance No. 557-11 is \$43,827,700.

NOTE 3 ENTERPRISE FUNDS EXPENSES

The total expenses for the Enterprise Funds of \$3,790,427 includes the total operating expenses of \$3,721,118 and interest expense of \$91,530.

NOTE 4 ADDITIONS TO PROPRIETARY CAPITAL ASSETS

Capital assets in the enterprise funds were increased by \$186,129.