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**ANNUAL EXPENDITURE LIMITATION REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
TOWN OF SAHUARITA, ARIZONA**



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Town of Sahuarita

Report on Examination of Annual Expenditure Limitation Report
Fiscal Year Ended June 30, 2015

<u>Table of Contents</u>	<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



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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Sahuarita, Arizona (Town), for the year ended June 30, 2015. 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 the Town of Sahuarita, Arizona, referred to above presents fairly, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
December 9, 2015

Town of Sahuarita, Arizona

Annual Expenditure Limitation Report—Part I

Fiscal Year Ended June 30, 2015

1. Economic Estimates Commission expenditure limitation	\$ 33,138,800	
2. Voter-approved alternative expenditure limitation	-	
3. Enter applicable amount from line 1 or 2		<u>\$ 33,138,800</u>
4. Amount subject to expenditure limitation (total amount from Part II, Line C)	<u>\$ 17,112,127</u>	
5. Board-authorized expenditures necessitated by a disaster declared by the Governor (Art. IX, 20[2][a], Arizona Constitution)	-	
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor (Art. IX, 20[2][b], Arizona Constitution)	-	
7. Prior-year voter approved expenditures to exceed the expenditure limitation for reporting fiscal year (Art. IX, 20[2][c], Arizona Constitution)	-	
8. Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07(l)	-	
9. Subtotal	<u>\$ 17,112,127</u>	
10. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by voters (Art. IX, 20[2][b], Arizona Constitution)	+	<u>-</u>
11. Total adjusted amount subject to the expenditure limitation		<u>\$ 17,112,127</u>
12. Amount under (in excess of) the expenditure limitation		<u>\$ 16,026,673</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: A.C. Marriotti, CPA
 Telephone Number: (520) 822-8838

Date: December 9, 2015

Town of Sahuarita, Arizona

Annual Expenditure Limitation Report—Part II

Fiscal Year Ended June 30, 2015

	Governmental Funds	Enterprise Fund	Total
A. Amounts reported on the Reconciliation, Line D	\$ 29,587,137	\$ 3,835,000	\$ 33,422,137
B. Less exclusions claimed:			
1. Proceeds from other long-term obligations (Note 2)	113,190	-	113,190
Debt service requirements on other long-term obligations (Note 3)	1,643,862	2,334,533	3,978,395
2. Dividends, interest and gains on sale or redemption of investment securities (Note 4)	-	-	-
3. Trustee or custodian	-	-	-
4. Grants and aid from the federal government (Note 5 and 11)	166,220	-	166,220
5. Grants, aid, contributions or gifts from a private agency, organization or individual except amounts received in lieu of taxes (Note 6 and 11)	9,657,496	-	9,657,496
6. Amounts received from the State of Arizona (Note 7 and 11)	228,861	-	228,861
7. Quasi-external interfund transactions (Note 8)	624,940	-	624,940
8. Amounts accumulated for purchase of land, and purchase or construction of buildings or improvements	-	-	-
9. Highway user revenues in excess of fiscal year 1979-80 (Note 9 and 11)	1,540,908	-	1,540,908
10. Contracts with other political subdivisions	-	-	-
11. Refunds, reimbursements, and other recoveries (Note 10)	-	-	-
12. Voter-approved exclusions not identified above	-	-	-
13. Prior years carry-forward claimed	-	-	-
14. Total exclusions claimed	<u>13,975,477</u>	<u>2,334,533</u>	<u>16,310,010</u>
C. Amount subject to the expenditure limitation	<u>\$ 15,611,660</u>	<u>\$ 1,500,467</u>	<u>\$ 17,112,127</u>

Town of Sahuarita, Arizona

Annual Expenditure Limitation Report—Reconciliation

Fiscal Year Ended June 30, 2015

	Governmental Funds	Enterprise Fund	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 30,648,955	\$ 3,722,561	\$ 34,371,516
B. Subtractions:			
1. Items not requiring use of working capital:			
Depreciation	-	1,312,878	1,312,878
Loss on disposal of capital assets	-	-	-
Bad debt expense	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 12)	1,061,818	-	1,061,818
Total subtractions	<u>1,061,818</u>	<u>1,312,878</u>	<u>2,374,696</u>
C. Additions:			
1. Principal payment on long-term debt	-	1,406,333	1,406,333
2. Acquisition of capital assets	-	18,984	18,984
Total additions	<u>-</u>	<u>1,425,317</u>	<u>1,425,317</u>
D. Amounts reported on Part II, Line A	<u>\$ 29,587,137</u>	<u>\$ 3,835,000</u>	<u>\$ 33,422,137</u>

Town of Sahuarita, Arizona

Notes to Annual Expenditure Limitation Report

Fiscal Year Ended June 30, 2015

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. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

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 Fund; and the Statement of Cash flows for the Proprietary Fund.

Note 2 The exclusion claimed for proceeds from other long-term obligations in the Governmental Funds consists of \$113,190 in refunding debt proceeds that paid for debt issuance costs.

Note 3 The exclusion claimed for debt service requirements on other long-term obligations in the Governmental Funds consists of \$1,015,000 for principal and \$628,862 for interest expenditures.

The exclusion claimed for debt service requirements on other long-term obligations in the Enterprise Fund consists of \$1,406,333 for principal retirement, \$927,167 for interest expense, and \$1,033 for capitalized interest.

Note 4 No exclusions were claimed for dividends, interest, and gains on the sale or redemption of investment securities. Revenues not associated with a separate legal entity, in the amount of \$190,997 have been carried forward to future years.

Note 5 The exclusion claimed for grants and aid from the federal government in the Governmental Funds consists of \$166,220 in expended intergovernmental revenues. Remaining revenues of \$45,568, of forfeiture revenues, have been carried forward to future years.

Note 6 The \$9,657,496 exclusion claimed for grants, aid, contributions or gifts from a private agency, organization or individual except amounts received in lieu of taxes in the Governmental Funds consists of expended \$9,471,393 in intergovernmental revenues and \$186,103 of miscellaneous revenues for private grants and donations received.

Note 7 The exclusion claimed for amounts received from the State in the Governmental Funds consists of expended \$228,861 intergovernmental revenues. Remaining revenues of \$1,020, of forfeiture revenues, have been carried forward to future years.

Town of Sahuarita, Arizona

Notes to Annual Expenditure Limitation Report

Fiscal Year Ended June 30, 2015

Note 8 The \$624,940 exclusion claimed for quasi-external interfund transactions in the Governmental Funds consists of expended charges for services revenues.

Note 9 The \$1,540,908 exclusion claimed for highway user revenues in excess of fiscal year 1979-80 in the Governmental Funds consists of expended intergovernmental revenues reported in the Highway User Revenue Fund. Remaining revenues of \$253,885 have been carried forward to future years.

Note 10 There were no exclusions claimed for refunds, reimbursements, and other recoveries. Revenues of \$29,249, for insurance recoveries, have been carried forward to future years.

Note 11 The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, and highway user revenues in the Governmental Funds:

Grants and aid from the federal government	\$	166,220
Amounts received from the State of Arizona		228,861
Highway user revenues in excess of those received in fiscal year 1979-80		1,540,908
Grants, aid, contributions or gifts from a private agency, organization or individual except amounts received in lieu of taxes		9,657,496
Other revenues (non-excluded)		<u>6,440,207</u>
Total intergovernmental revenues as reported in the fund financial statements		<u>\$18,033,692</u>

Note 12 The subtraction of \$1,061,818 for separate legal entities established under Arizona Revised Statutes consists of expenditures of a special assessment district included within the Town's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds category in the fund financial statements:

	Quail Creek CFD	Rancho Sahuarita CFD	Total
General government	\$ 95	\$ 751	\$ 846
Highways and streets	17,342	-	17,342
Culture and recreation	35,657	-	35,657
Debt service	<u>1,007,973</u>	<u>-</u>	<u>1,007,973</u>
Total	<u>\$1,061,067</u>	<u>\$ 751</u>	<u>\$1,061,818</u>