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**ANNUAL EXPENDITURE LIMITATION REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
TOWN OF SAHUARITA, ARIZONA**



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**ANNUAL EXPENDITURE LIMITATION REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
TOWN OF SAHUARITA, ARIZONA**



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CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying Annual Expenditure Limitation Report of the Town of Sahuarita, Arizona, for the year ended June 30, 2012. This report is the responsibility of the Town of Sahuarita, Arizona'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 the 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 the Town of Sahuarita, 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 management, 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.

A handwritten signature in cursive script that reads 'CliftonLarsonAllen LLP'.

CliftonLarsonAllen LLP

Mesa, Arizona
September 25, 2012

Town of Sahuarita, Arizona
Annual Expenditure Limitation Report—Part I
Fiscal Year Ended June 30, 2012

1. EEC Expenditure Limitation	<u>\$ 30,389,608</u>
2. Voter-approved alternative expenditure limitation	<u>-</u>
3. Enter applicable amount from line 1 or 2	<u>30,389,608</u>
4. Amount subject to expenditure limitation (total amount from Part II, Line C)	12,076,427
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)	<u>-</u>
8. Subtotal	12,076,427
9. 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>
10. Total adjusted amount subject to the expenditure limitation	<u>12,076,427</u>
11. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation.)	<u>\$ 18,313,181</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) 822-8844

Date: September 25, 2012

Town of Sahuarita, Arizona
Annual Expenditure Limitation Report—Part II
Fiscal Year Ended June 30, 2012

	Governmental Funds	Enterprise Fund	Total
A. Amounts reported on the Reconciliation, Line D	\$ 19,881,834	\$ 4,181,827	\$ 24,063,661
B. Less exclusions claimed:			
1. Proceeds from other long-term obligations	-	431,342	431,342
Debt service requirements on other long-term obligations (Note 2)	1,796,763	2,319,793	4,116,556
2. Dividends, interest and gains on sale or redemption of investment securities (Note 3)	5,188	-	5,188
3. Trustee or custodian	-	-	-
4. Grants and aid from the federal government (Note 4 and 10)	482,792	-	482,792
5. Grants, aid, contributions or gifts from a private agency, organization or individual except amounts received in lieu of taxes (Note 5 and 10)	3,447,850	-	3,447,850
6. Amounts received from the State (Note 6 and 10)	1,654,439	-	1,654,439
7. Quasi-external interfund transactions (Note 7)	829,617	42,330	871,947
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 8 and 10)	974,221	-	974,221
10. Contracts with other political subdivisions	-	-	-
11. Refunds, reimbursements, and other recoveries (Note 9)	2,899	-	2,899
12. Voter-approved exclusions not identified above (attach resolution)	-	-	-
13. Prior years carry-forward claimed	-	-	-
Total exclusions claimed	<u>9,193,769</u>	<u>2,793,465</u>	<u>11,987,234</u>
C. Amount subject to expenditure limitation	<u>\$ 10,688,065</u>	<u>\$ 1,388,362</u>	<u>\$ 12,076,427</u>

Town of Sahuarita, Arizona
Annual Expenditure Limitation Report—Reconciliation
Fiscal Year Ended June 30, 2012

	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Total</u>
A. Total expenditures (and expenses) reported within the financial statements	\$ 20,933,960	\$ 3,609,438	\$ 24,543,398
B. Deductions:			
1. Items not requiring use of working capital:			
Depreciation and amortization	-	1,177,396	1,177,396
Bad debt expense (Note 11)	-	6,621	6,621
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 12)	1,052,126	-	1,052,126
Total deductions	<u>1,052,126</u>	<u>1,184,017</u>	<u>2,236,143</u>
C. Additions:			
1. Principal payment on long-term debt	-	1,260,268	1,260,268
2. Acquisition of capital assets	-	496,138	496,138
Total additions	<u>-</u>	<u>1,756,406</u>	<u>1,756,406</u>
D. Amounts reported on Part II, Line A	<u>\$ 19,881,834</u>	<u>\$ 4,181,827</u>	<u>\$ 24,063,661</u>

Town of Sahuarita, Arizona
Notes to Annual Expenditure Limitation Report
Fiscal Year Ended 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 Arizona Revised Statutes §41-1279.07, which 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 debt service requirements on other long-term obligations in the Governmental Funds consists of \$905,000 for principal and \$891,763 for interest expenditures.

The exclusion claimed for debt service requirements on other long-term obligations in the Enterprise Fund consists of \$1,260,268 for principal retirement and \$1,059,525 for interest expense.

Note 3 The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$5,188 in the Governmental Funds consists of expended investment earnings. Remaining revenues of \$332,353 have been carried forward to future years.

Note 4 The \$482,792 exclusion claimed for grants and aid from the federal government in the Governmental Funds consists of \$423,561 in expended intergovernmental revenues and \$59,231 in expended forfeiture revenues. Remaining revenues of \$150,196, for federal forfeitures, have been carried forward to future years.

Note 5 The \$3,447,850 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 \$3,352,468 in intergovernmental revenues and \$95,382 of miscellaneous revenues for private grants and donations received.

Note 6 The \$1,654,439 exclusion claimed for amounts received from the State in the Governmental Funds consists of expended intergovernmental revenues. Remaining revenues of \$92,065, for State forfeitures, have been carried forward to future years.

Note 7 The \$829,617 exclusion claimed for quasi-external interfund transactions in the Governmental Funds consists of expended charges for services revenues.

The \$42,330 exclusion claimed for quasi-external interfund transactions in the Enterprise Fund consists of other revenues that were spent.

Note 8 The \$974,221 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.

Town of Sahuarita, Arizona
Notes to Annual Expenditure Limitation Report
Fiscal Year Ended June 30, 2012

Note 9 The \$2,899 exclusion claimed for refunds, reimbursements, and other recoveries in the Governmental Funds consists of expended miscellaneous revenues. Remaining revenues of \$16,036, for insurance recoveries, have been carried forward to future years.

Note 10 The following schedule provides a reconciliation of certain revenues from which exclusions have been claimed in the Governmental Funds to intergovernmental revenues as reported in the fund financial statements:

Grants and aid from the federal government	\$ 423,561
Amounts received from the State of Arizona	1,654,439
Highway user revenues in excess of those received in fiscal year 1979-80	974,221
Grants, aid, contributions or gifts from a private agency, organization or individual except amounts received in lieu of taxes	3,352,468
Other revenues (nonexcludable)	7,000,696
Amount carried forward	-
Total intergovernmental revenues as reported in the fund financial statements	<u>\$13,405,385</u>

Note 11 The subtraction for bad debt expense in the Enterprise Fund for \$6,621 is included in the Wastewater Fund's general and administrative expenses.

Note 12 The subtraction for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts 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
General government	\$ 14,774
Highways and streets	24,374
Debt service	1,012,978
Total	<u>\$1,052,126</u>