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**ANNUAL EXPENDITURE LIMITATION REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
TOWN OF SAHUARITA, ARIZONA**



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## ANNUAL EXPENDITURE LIMITATION REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2013 TOWN OF SAHUARITA, ARIZONA



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## INDEPENDENT ACCOUNTANTS' 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 examined the accompanying Annual Expenditure Limitation Report of the Town of Sahuarita, Arizona, for the year ended June 30, 2013. 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 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, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

*CliftonLarsonAllen LLP*

Phoenix, Arizona  
August 21, 2013

**TOWN OF SAHUARITA, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART I  
FISCAL YEAR ENDED JUNE 30, 2013**

1. Economic Estimates Commission expenditure limitation	\$ 31,518,568	
2. Voter-approved alternative expenditure limitation	-	
3. Enter applicable amount from line 1 or 2		<u>\$ 31,518,568</u>
4. Amount subject to expenditure limitation (total amount from Part II, Line C)	\$ 14,613,057	
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(I)	-	
9. Subtotal	\$ 14,613,057	
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>\$ 14,613,057</u>
12. Amount under (in excess of) the expenditure limitation		<u>\$ 16,905,511</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: August 21, 2013

See accompanying notes to report.

**TOWN OF SAHUARITA, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART II  
FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Governmental Funds</b>	<b>Enterprise Fund</b>	<b>Total</b>
A. Amounts reported on the Reconciliation, Line D	\$ 31,535,480	\$ 3,666,192	\$ 35,201,672
B. Less exclusions claimed:			
1. Proceeds from other long-term obligations	-	60,617	60,617
Debt service requirements on other long-term obligations (Note 2)	1,793,063	2,350,409	4,143,472
2. Dividends, interest and gains on sale or redemption of investment securities (Note 3)	3,966	-	3,966
3. Trustee or custodian	-	-	-
4. Grants and aid from the federal government (Note 4 and 10)	504,616	-	504,616
5. Grants, aid, contributions or gifts from a private agency, organization or individual except amounts received in lieu of taxes (Note 5 and 10)	8,145,809	-	8,145,809
6. Amounts received from the State of Arizona (Note 6 and 10)	5,330,817	-	5,330,817
7. Quasi-external interfund transactions (Note 7)	749,998	48,312	798,310
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)	1,558,585	-	1,558,585
10. Contracts with other political subdivisions	-	-	-
11. Refunds, reimbursements, and other recoveries (Note 9)	42,423	-	42,423
12. Voter-approved exclusions not identified above	-	-	-
13. Prior years carry-forward claimed	-	-	-
14 Total exclusions claimed	<u>18,129,277</u>	<u>2,459,338</u>	<u>20,588,615</u>
C. Amount subject to the expenditure limitation	<u>\$ 13,406,203</u>	<u>\$ 1,206,854</u>	<u>\$ 14,613,057</u>

See accompanying notes to report.

**Town of Sahuarita, Arizona**  
**Annual Expenditure Limitation Report—Reconciliation**  
**Fiscal Year Ended June 30, 2013**

	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 32,582,039	\$ 3,692,597	\$ 36,274,636
B. Subtractions:			
1. Items not requiring use of working capital:			
Depreciation	-	1,454,319	1,454,319
Bad debt expense (Note 11)	-	2,905	2,905
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 12)	1,046,559	-	1,046,559
Total subtractions	<u>1,046,559</u>	<u>1,457,224</u>	<u>2,503,783</u>
C. Additions:			
1. Principal payment on long-term debt	-	1,307,188	1,307,188
2. Acquisition of capital assets	-	123,631	123,631
Total additions	<u>-</u>	<u>1,430,819</u>	<u>1,430,819</u>
D. Amounts reported on Part II, Line A	<u>\$ 31,535,480</u>	<u>\$ 3,666,192</u>	<u>\$ 35,201,672</u>

See accompanying notes to report.

**Town of Sahuarita, Arizona**  
**Notes to Annual Expenditure Limitation Report**  
**Fiscal Year Ended June 30, 2013**

**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 debt service requirements on other long-term obligations in the Governmental Funds consists of \$935,000 for principal and \$858,063 for interest expenditures.

The exclusion claimed for debt service requirements on other long-term obligations in the Enterprise Fund consists of \$1,307,188 for principal retirement and \$1,043,221 for interest expense.

**Note 3** The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$3,966 in the Governmental Funds consists of interest on investments expended. Remaining revenues not associated with a separate legal entity, in the amount of \$55,754 have been carried forward to future years.

**Note 4** The \$504,616 exclusion claimed for grants and aid from the federal government in the Governmental Funds consists of \$405,757 in expended intergovernmental revenues and \$98,859 in expended forfeiture revenues.

**Note 5** The \$8,145,809 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 \$8,137,809 in intergovernmental revenues and \$8,000 of miscellaneous revenues for private grants and donations received.

**Note 6** The \$5,330,817 exclusion claimed for amounts received from the State in the Governmental Funds consists of expended \$5,313,571 intergovernmental revenues and \$17,246 in expended State forfeiture revenue.

**Note 7** The \$749,998 exclusion claimed for quasi-external interfund transactions in the Governmental Funds consists of expended charges for services revenues.

The \$48,312 exclusion claimed for quasi-external interfund transactions in the Enterprise Fund consists of other nonoperating revenues that were spent.

**Note 8** The \$1,558,585 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 intergovernmental revenues received from the State of \$72,324 have been carried forward to future years.

**Town of Sahuarita, Arizona**  
**Notes to Annual Expenditure Limitation Report**  
**Fiscal Year Ended June 30, 2013**

**Note 9** The \$42,423 exclusion claimed for refunds, reimbursements, and other recoveries in the Governmental Funds consists of expended insurance recoveries. Remaining revenues of \$3,159, for insurance recoveries, have been carried forward to future years.

**Note 10** 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	\$ 405,757
Amounts received from the State of Arizona	5,313,571
Highway user revenues in excess of those received in fiscal year 1979-80	1,630,909
Grants, aid, contributions or gifts from a private agency, organization or individual except amounts received in lieu of taxes	8,137,809
Other revenues (nonexcludable)	<u>8,836,351</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$24,324,397</u>

**Note 11** The subtraction for bad debt expense in the Enterprise Fund for \$2,905 is included in the Wastewater Fund's general and administrative expenses.

**Note 12** The subtraction of \$1,046,559 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
Highways and streets	<u>\$ 11,102</u>
Culture and recreation	26,799
Debt service	<u>1,008,658</u>
Total	<u>\$1,046,559</u>