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**ANNUAL EXPENDITURE LIMITATION REPORT**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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2023

# **Town of Sahuarita, Arizona**

Report on Examination of Annual Expenditure Limitation Report  
Fiscal Year Ended June 30, 2023

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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

We have examined the accompanying Annual Expenditure Limitation Report (report) of the Town of Sahuarita, Arizona (Town) for the year ended June 30, 2023, and the related notes to the report. The Town'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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

*CWDL, Certified Public Accountants*

Scottsdale, Arizona  
December 21, 2023

# Town of Sahuarita, Arizona

## Annual Expenditure Limitation Report—Part I

Fiscal Year Ended June 30, 2023

1. Economic Estimates Commission expenditure limitation	<u>\$ 51,608,270</u>
2. Voter-approved alternative expenditure limitation	<u>-</u>
3. Enter applicable amount from line 1 or 2	<u>\$ 51,608,270</u>
4. Amount subject to expenditure limitation (total amount from Part II, Line C)	<u>\$ 27,475,298</u>
5. Board-authorized expenditures necessitated by a disaster the Governor declared	<u>-</u>
6. Board-authorized expenditures necessitated by a disaster the Governor did not declare	<u>-</u>
7. Prior-year voter approved expenditures to exceed the expenditure limitation for reporting fiscal year	<u>-</u>
8. Subtotal	<u>\$ 27,475,298</u>
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster the Governor did not declare and the voters did not approve	<u>+ -</u>
10. Total adjusted amount subject to the expenditure limitation	<u>\$ 27,475,298</u>
11. Amount under (in excess of) the expenditure limitation	<u><u>\$ 24,132,972</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: A.C. Marriotti

Name and Title: A.C. Marriotti, Finance Director  
Telephone Number: (520) 822-8838

Date: December 21, 2023

# Town of Sahuarita, Arizona

## Annual Expenditure Limitation Report—Part II

Fiscal Year Ended June 30, 2023

	Governmental Funds	Enterprise Fund	Total
A. Amounts reported on the Reconciliation, Line D	\$ 36,871,116	\$ 4,931,927	\$ 41,803,043
B. Less exclusions claimed:			
1. Debt proceeds	-	-	-
2. Debt service requirements (Note 2)	3,266,789	1,509,685	4,776,474
3. Dividends, interest and gains on sale or redemption of investment securities (Note 3)	-	-	-
4. Trustee or custodian	-	-	-
5. Grants and aid from the federal government (Note 4)	2,691,389	475,445	3,166,834
6. Grants, aid, contributions or gifts from a private agency, organization or individual, except amounts received in lieu of taxes (Note 5)	219,151	-	219,151
7. Amounts received from the State of Arizona (Note 6)	447,772	500,933	948,705
8. Quasi-external interfund transactions (Note 7)	-	-	-
9. Voter-approved amounts accumulated for purchase of land, and the purchase or construction of buildings or improvements	-	-	-
10. Highway user revenues in excess of fiscal year 1979-80 (Note 8)	2,619,518	-	2,619,518
11. Contracts with other political subdivisions	-	-	-
12. Refunds, reimbursements, and other recoveries (Note 9)	-	-	-
13. Voter-approved exclusions not identified above	-	-	-
14. Prior years carryforward (Note 10)	2,597,063	-	2,597,063
15. Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07	-	-	-
16. Total exclusions claimed	11,841,682	2,486,063	14,327,745
C. Amounts subject to the expenditure limitation	\$ 25,029,434	\$ 2,445,864	\$ 27,475,298

# Town of Sahuarita, Arizona

## Annual Expenditure Limitation Report—Reconciliation

### Fiscal Year Ended June 30, 2023

	<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	\$ 44,726,892	\$ 4,002,406	\$ 48,729,298
B. Subtractions:			
1. Items not requiring use of current financial resources:			
a. Depreciation	-	1,145,813	1,145,813
b. Loss on disposal of capital assets	-	-	-
c. Bad debt expense (Note 11)	-	65,851	65,851
d. Pension and other postemployment benefits (OPEB) expense (Note 12)	-	97,664	97,664
e. Claims incurred but not reported (IBNR)	-	-	-
f. Landfill closure and postclosure care costs under Arizona Revised Statutes	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 13)	6,759,885	-	6,759,885
3. Required fees paid to the Industrial Commission of Arizona (Note 14)	90,936	-	90,936
4. Present value of net minimum lease, financed purchase, and subscription-based technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	1,004,955	-	1,004,955
5. Involuntary court judgments	-	-	-
Total subtractions	<u>7,855,776</u>	<u>1,309,328</u>	<u>9,165,104</u>
C. Additions:			
1. Principal payments on long-term debt	-	1,210,440	1,210,440
2. Capital asset acquisitions	-	945,821	945,821
3. Amounts paid in the current year but reported as expenses in previous years:			
a. Claims previously recognized as IBNR	-	-	-
b. Landfill closure and postclosure care costs and pollution remediation	-	-	-
4. Pension and OPEB contributions paid in the current year (Note 12)	-	82,588	82,588
5. Transfers to separate legal entities	-	-	-
Total additions	<u>-</u>	<u>2,238,849</u>	<u>2,238,849</u>
D. Amounts reported on Part II, Line A	<u>\$ 36,871,116</u>	<u>\$ 4,931,927</u>	<u>\$ 41,803,043</u>

# Town of Sahuarita, Arizona

## Notes to Annual Expenditure Limitation Report Fiscal Year Ended June 30, 2023

### **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, 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 \$2,986,383 for principal and \$280,406 for interest expenditures.

The exclusion claimed for debt service requirements on other long-term obligations in the Enterprise Fund consists of \$1,210,440 for principal retirement and \$299,245 for interest expense.

**Note 3** There were no exclusions claimed for dividends, interest, and gains on the sale or redemption of investment securities. \$1,154,030 from the Governmental Funds and \$45,569 from the Enterprise Fund have been carried forward to future years.

**Note 4** The exclusion claimed for grants and aid from the federal government in the Governmental Funds consists of amounts expended from intergovernmental revenues. Remaining intergovernmental revenues in the amount of \$42,175 and forfeitures in the amount of \$78,364 have been carried forward to future years.

The exclusion claimed for grants and aid from the federal government in the Enterprise Fund consists of amounts expended from intergovernmental revenues.

**Note 5** The 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 amounts expended from miscellaneous revenues (for private grants, donations, and reimbursements received). Remaining miscellaneous revenues of \$3,433 have been carried forward to future years.

# Town of Sahuarita, Arizona

## Notes to Annual Expenditure Limitation Report Fiscal Year Ended June 30, 2023

**Note 6** The exclusion claimed for amounts received from the State of Arizona in the Governmental Funds consists of amounts expended from intergovernmental revenues. Remaining intergovernmental revenues in the amount of \$1,819 and forfeitures in the amount of \$38,950 have been carried forward to future years.

The exclusion claimed for amounts received from the State of Arizona in the Enterprise Fund consists of amount expended from capital contributions.

**Note 7** No exclusions were claimed for quasi-external interfund transactions. \$6,578 of charges for services and \$17,260 of miscellaneous revenues from the Enterprise Fund have been carried forward to future years.

**Note 8** The 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 \$423,082 has been carried forward to future years.

**Note 9** No exclusions were claimed for refunds, reimbursements, and other recoveries. \$37,655 of insurance recoveries and \$44,463 of miscellaneous revenues from the Governmental Funds have been carried forward to future years.

**Note 10** The exclusion for prior years carry-forwards consists of \$2,349,473 of debt proceeds, \$88,408 of private grants revenues, and \$159,182 of State revenues received in prior years that were spent in the current year.

**Note 11** The subtraction for bad debt expense consists of expenditures reported as general and administrative costs in the Wastewater Enterprise Fund.

**Note 12** The \$97,664 subtraction for pension and other post-employment benefit (OPEB) expense consists of changes in the net pension and OPEB assets and liabilities, and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year in the enterprise fund. The \$82,588 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise fund. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

# Town of Sahuarita, Arizona

## Notes to Annual Expenditure Limitation Report Fiscal Year Ended June 30, 2023

<u>Statement of Cash Flows</u>	<u>Enterprise Fund</u>
Change in net pension and OPEB asset	\$ (3,292)
Change in deferred inflows related to pensions and OPEB	(209,189)
Change in deferred outflows related to pensions and OPEB	56,122
Change in net pension and OPEB liability	<u>171,435</u>
Total	<u>\$ 15,076</u>
<u>AELR-Reconciliation</u>	
Pension/OPEB contributions - addition	\$ 82,588
Pension/OPEB expense - subtraction	<u>(97,664)</u>
Total	<u>\$ (15,076)</u>

**Note 13** 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:

	<u>Quail Creek CFD</u>	<u>Rancho Sahuarita CFD</u>	<u>Total</u>
General government	\$ 6,456	\$ 2,404	\$ 8,860
Culture and recreation	75,664	-	75,664
Highways and streets	24,975	19,650	44,625
Capital outlay	-	3,786,732	3,786,732
Debt service-principal	745,000	603,000	1,348,000
Interest and other charges	203,932	1,292,072	1,496,004
Total	<u>\$ 1,056,027</u>	<u>\$ 5,703,858</u>	<u>\$ 6,759,885</u>

**Note 14** The subtraction for fees required by law to be paid to Arizona state agencies consist of payments to the Industrial Commission of Arizona as required by A.R.S. §23-1703, which were reported as general government expenditures in the fund financial statements.

# Town of Sahuarita, Arizona

## Notes to Annual Expenditure Limitation Report Fiscal Year Ended June 30, 2023

**Note 15** Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. A summary of the revenue sources and the changes in those balances is shown in the table below:

<u>Description</u>	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>
Debt proceeds	\$ 2,420,822	\$ -	\$(2,349,473)	\$ 71,349
Dividends, interest, and gains on the sale or redemption of investment securities (Note 16)	2,649,807	1,194,143	-	3,843,950
Grants and aid from the federal government (note 16)	86,553	123,500	-	210,053
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	242,444	3,433	(88,408)	157,469
Amounts received from the State of Arizona (Note 16)	248,661	43,264	(159,182)	132,743
Quasi-external interfund transactions	-	23,838	-	23,838
Highway user revenues in excess of those received in fiscal year 1979-80	521,075	423,082	-	944,157
Refunds, reimbursements, and other recoveries	723,450	82,128	-	805,578
Total carryforward	<u>\$ 6,892,812</u>	<u>\$ 1,893,388</u>	<u>\$(2,597,063)</u>	<u>\$ 6,189,137</u>

**Note 16** Interest earned on certain grants and programs, when spent, are classified as federal or state expenditures. The carryforward associated with these earnings were reclassified as follows:

	<u>Additions</u>	<u>Reclassification</u>	<u>Adjusted Additions</u>
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 1,199,599	\$ (5,456)	\$ 1,194,143
Grants and aid from the federal government	120,539	2,961	123,500
Amounts received from the State of Arizona	40,769	2,495	43,264
Total	<u>\$ 1,360,907</u>	<u>\$ -</u>	<u>\$ 1,360,907</u>