




ANNUAL EXPENDITURE LIMITATION REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019




2019



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Town of Sahuarita, Arizona
Report on Examination of Annual Expenditure Limitation Report
Fiscal Year Ended June 30, 2019

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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, 2019, 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.

Our examination was conducted 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.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
December 20, 2019

Town of Sahuarita, Arizona

Annual Expenditure Limitation Report—Part I

Fiscal Year Ended June 30, 2019

1. Economic Estimates Commission expenditure limitation	\$ 38,310,519	
2. Voter-approved alternative expenditure limitation	-	
3. Enter applicable amount from line 1 or 2		<u>\$ 38,310,519</u>
4. Amount subject to expenditure limitation (total amount from Part II, Line C)	\$ 19,483,278	
5. Board-authorized expenditures necessitated by a disaster the Governor declared	-	
6. Board-authorized expenditures necessitated by a disaster the Governor did not declare	-	
7. Prior-year voter approved expenditures to exceed the expenditure limitation for reporting fiscal year	-	
8. Subtotal		<u>\$ 19,483,278</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>\$ 19,483,278</u>
11. Amount under (in excess of) the expenditure limitation		<u><u>\$ 18,827,241</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: A.C. Marriotti, Finance Director
 Telephone Number: (520) 822-8838

Date: December 20, 2019

Town of Sahuarita, Arizona

Annual Expenditure Limitation Report—Part II

Fiscal Year Ended June 30, 2019

	Governmental Funds	Enterprise Fund	Total
A. Amounts reported on the Reconciliation, Line D	\$ 23,993,528	\$ 4,150,227	\$ 28,143,755
B. Less exclusions claimed:			
1. Debt proceeds	-	-	-
2. Debt service requirements (Note 2)	2,082,647	2,289,033	4,371,680
3. Dividends, interest and gains on sale or redemption of investment securities (Note 3)	23,031	-	23,031
4. Trustee or custodian	-	-	-
5. Grants and aid from the federal government (Note 4)	569,064	-	569,064
6. Grants, aid, contributions or gifts from a private agency, organization or individual, except amounts received in lieu of taxes (Note 5)	325,675	-	325,675
7. Amounts received from the State of Arizona (Note 6)	424,082	-	424,082
8. Quasi-external interfund transactions (Note 7)	660,930	18,897	679,827
9. Amounts accumulated for purchase of land, and purchase or construction of buildings or improvements	-	-	-
10. Highway user revenues in excess of fiscal year 1979-80 (Note 8)	2,026,115	-	2,026,115
11. Contracts with other political subdivisions	-	-	-
12. Refunds, reimbursements, and other recoveries (Note 9)	7,023	-	7,023
13. Voter-approved exclusions not identified above	-	-	-
14. Prior years carry-forward claimed (Note 10)	233,980	-	233,980
15. Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07	-	-	-
16. Total exclusions claimed	<u>6,352,547</u>	<u>2,307,930</u>	<u>8,660,477</u>
C. Amount subject to the expenditure limitation	<u>\$ 17,640,981</u>	<u>\$ 1,842,297</u>	<u>\$ 19,483,278</u>

Town of Sahuarita, Arizona

Annual Expenditure Limitation Report—Reconciliation

Fiscal Year Ended June 30, 2019

	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	\$ 29,842,748	\$ 3,613,637	\$ 33,456,385
B. Subtractions:			
1. Items not requiring use of current financial resources:			
Depreciation	-	1,047,084	1,047,084
Bad debt expense (Note 10)	-	107,719	107,719
Pension and other postemployment benefits (OPEB) expense (Note 11)	-	35,045	35,045
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 12)	5,167,729	-	5,167,729
3. Required fees paid to the Arizona Department of Revenue (Note 13)	70,330	-	70,330
4. Present value of net minimum capital lease payments	611,161	-	611,161
Total subtractions	<u>5,849,220</u>	<u>1,189,848</u>	<u>7,039,068</u>
C. Additions:			
1. Principal payment on long-term debt	-	1,592,879	1,592,879
2. Capital asset acquisitions	-	72,253	72,253
3. Pension and OPEB contributions paid in the current year (Note 14)	-	61,306	61,306
Total additions	<u>-</u>	<u>1,726,438</u>	<u>1,726,438</u>
D. Amounts reported on Part II, Line A	<u>\$ 23,993,528</u>	<u>\$ 4,150,227</u>	<u>\$ 28,143,755</u>

Town of Sahuarita, Arizona

Notes to Annual Expenditure Limitation Report

Fiscal Year Ended June 30, 2019

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 \$1,754,983 for principal and \$327,664 for interest expenditures.

The exclusion claimed for debt service requirements on other long-term obligations in the Enterprise Fund consists of \$1,592,879 for principal retirement and \$696,154 for interest expense.

Note 3 The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the Governmental Funds represents investment earnings that were expended by non-separate legal entities. Remaining revenues of \$615,740 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 \$381,459 in expended intergovernmental revenues, \$185,177 from deferred amounts associated with future grant receivables, and \$2,428 in expended forfeiture 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 \$57,137 expended from intergovernmental revenues, \$43,251 in deferred intergovernmental revenues, \$200,637 expended from miscellaneous revenues for private grants and donations received, and \$24,650 from deferred miscellaneous revenues for private grants and donations received. Remaining revenues of \$165,454 have been carried forward to future years.

Note 6 The exclusion claimed for amounts received from the State of Arizona in the Governmental Funds consists of \$192,151 expended from intergovernmental revenues, \$207,993 from deferred intergovernmental revenues, and \$23,938 expended from forfeiture revenues.

Town of Sahuarita, Arizona

Notes to Annual Expenditure Limitation Report

Fiscal Year Ended June 30, 2019

- Note 7** The exclusion claimed for quasi-external interfund transactions in the Governmental Funds consists of expended charges for services revenues.
- The exclusion claimed for quasi-external interfund transaction in the Enterprise Fund consists of \$1,637 expended from charges for services revenues and \$17,260 expended from miscellaneous revenues.
- 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 \$331,957 have been carried forward to future years.
- Note 9** The exclusion claimed for refunds, reimbursements, and other recoveries were expended from miscellaneous revenues reported in the Governmental Funds. Revenues of \$185,768, for insurance recoveries and refunds, have been carried forward to future years.
- Note 10** The exclusion for prior years carry-forwards claimed consists of \$233,980 of accumulated federal forfeiture revenues that were spent in the current year.
- Note 11** The subtraction for bad debt expense in the Enterprise Fund is reported under general and administrative expenses.
- Note 12** The subtraction for pension and other postemployment (OPEB) expense consists of changes in the net pension and OPEB liabilities, changes in deferred outflows related to pensions and OPEB, and changes in deferred inflows related to pensions and OPEB, recognized in the current year in the Enterprise Fund, reported under personal services and employee benefits expenses.

Town of Sahuarita, Arizona

Notes to Annual Expenditure Limitation Report

Fiscal Year Ended June 30, 2019

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:

	Quail Creek CFD	Rancho Sahuarita CFD	Total
General government	\$ 57	\$ 2,933	\$ 2,990
Culture and recreation	36,622	-	36,622
Highways and streets	8,588	12,264	20,852
Principal	670,000	-	670,000
Interest and other charges	284,162	378,525	662,687
Capital outlay	-	3,774,578	3,774,578
Total	\$ 999,429	\$ 4,168,300	\$ 5,167,729

Note 14 The subtraction for fees required by law to be paid to Arizona state agencies consist of payments to the Arizona Department of Revenues as required by Laws 2015, Chapter 323, HB2617, which were reported as general government expenditures in the fund financial statements.

Note 15 The 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.