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**ANNUAL EXPENDITURE LIMITATION REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
TOWN OF SAHUARITA, ARIZONA**

*Sahuarita*  
ARIZONA



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# Town of Sahuarita

Report on Examination of Annual Expenditure Limitation Report  
Fiscal Year Ended June 30, 2016

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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, 2016. 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 16, 2016

# Town of Sahuarita, Arizona

## Annual Expenditure Limitation Report—Part I

### Fiscal Year Ended June 30, 2016

1. Economic Estimates Commission expenditure limitation	\$ 34,666,634	
2. Voter-approved alternative expenditure limitation	-	
3. Enter applicable amount from line 1 or 2		\$ 34,666,634
4. Amount subject to expenditure limitation (total amount from Part II, Line C)	\$ 15,122,417	
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	\$ 15,122,417	
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)	+	-
11. Total adjusted amount subject to the expenditure limitation		\$ 15,122,417
12. Amount under (in excess of) the expenditure limitation		\$ 19,544,217

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 16, 2016

# Town of Sahuarita, Arizona

## Annual Expenditure Limitation Report—Part II

### Fiscal Year Ended June 30, 2016

	<b>Governmental Funds</b>	<b>Enterprise Fund</b>	<b>Total</b>
A. Amounts reported on the Reconciliation, Line D	\$ 22,802,311	\$ 5,026,289	\$ 27,828,600
B. Less exclusions claimed:			
1. Debt service requirements on other long-term obligations (Note 2)	1,564,298	2,334,036	3,898,334
2. Dividends, interest and gains on sale or redemption of investment securities (Note 3)	-	-	-
3. Trustee or custodian	-	-	-
4. Grants and aid from the federal government (Note 4 and 10)	335,945	-	335,945
5. Grants, aid, contributions or gifts from a private agency, organization or individual except amounts received in lieu of taxes (Note 5 and 10)	6,080,449	-	6,080,449
6. Amounts received from the State of Arizona (Note 6 and 10)	37,381	-	37,381
7. Quasi-external interfund transactions (Note 7)	708,810	-	708,810
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)	1,645,264	-	1,645,264
10. Contracts with other political subdivisions	-	-	-
11. Refunds, reimbursements, and other recoveries (Note 9)	-	-	-
12. Voter-approved exclusions not identified above	-	-	-
13. Prior years carry-forward claimed	-	-	-
14. Total exclusions claimed	10,372,147	2,334,036	12,706,183
C. Amount subject to the expenditure limitation	\$ 12,430,164	\$ 2,692,253	\$ 15,122,417

# Town of Sahuarita, Arizona

## Annual Expenditure Limitation Report—Reconciliation

### Fiscal Year Ended June 30, 2016

	<b>Governmental Funds</b>	<b>Enterprise Fund</b>	<b>Total</b>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 24,195,208	\$ 4,000,415	\$ 28,195,623
B. Subtractions:			
1. Items not requiring use of working capital:			
Depreciation	-	1,302,149	1,302,149
Loss on disposal of capital assets	-	-	-
Bad debt expense (Note 11)	-	238,683	238,683
Pension expense (Note 12)	-	18,974	18,974
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 13)	1,051,708	-	1,051,708
3. Fees required by law to be paid to Arizona state agencies (Note 14)	54,862	-	54,862
4. Present value of net minimum capital lease payments	286,327	-	286,327
Total subtractions	1,392,897	1,559,806	2,952,703
C. Additions:			
1. Principal payment on long-term debt	-	1,458,691	1,458,691
2. Acquisition of capital assets	-	1,082,512	1,082,512
3. Pension contributions (Note 15)	-	44,477	44,477
Total additions	-	2,585,680	2,585,680
D. Amounts reported on Part II, Line A	\$ 22,802,311	\$ 5,026,289	\$ 27,828,600

# Town of Sahuarita, Arizona

## Notes to Annual Expenditure Limitation Report

### Fiscal Year Ended June 30, 2016

#### **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 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 \$1,082,317 for principal and \$481,981 for interest expenditures.

The exclusion claimed for debt service requirements on other long-term obligations in the Enterprise Fund consists of \$1,458,691 for principal retirement, \$863,446 for interest expense, and \$11,899 for capitalized interest.

**Note 3** 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 \$319,322 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 \$335,945 in expended intergovernmental revenues. Remaining revenues of \$14,305, of forfeiture revenues, have been carried forward to future years.

**Note 5** The \$6,080,449 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 \$3,087,201 in intergovernmental revenues and \$2,993,248 of miscellaneous revenues for private grants and donations received.

**Note 6** The exclusion claimed for amounts received from the State of Arizona in the Governmental Funds consists of expended \$37,381 intergovernmental revenues. Remaining revenues of \$31,384, of forfeiture revenues, have been carried forward to future years.

**Note 7** The \$708,810 exclusion claimed for quasi-external interfund transactions in the Governmental Funds consists of expended charges for services revenues.

# Town of Sahuarita, Arizona

## Notes to Annual Expenditure Limitation Report

### Fiscal Year Ended June 30, 2016

**Note 8** The \$1,654,264 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 \$223,639 have been carried forward to future years.

**Note 9** There were no exclusions claimed for refunds, reimbursements, and other recoveries. Revenues of \$16,753, 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	\$	335,945
Amounts received from the State of Arizona		37,381
Highway user revenues in excess of those received in fiscal year 1979-80		1,645,264
Grants, aid, contributions or gifts from a private agency, organization or individual except amounts received in lieu of taxes		6,080,449
Other revenues (non-excluded)		<u>4,869,449</u>
Total intergovernmental revenues as reported in the fund financial statements		<u>\$12,968,488</u>

**Note 11** The subtraction of \$238,683 for bad debt expense in the Enterprise Fund is reported under the general and administrative expenses.

**Note 12** The subtraction of \$18,974 for pension expense in the Enterprise Fund is reported under the personnel expenses.

**Note 13** The subtraction of \$1,051,708 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	\$ 298	\$ 558	\$ 856
Highways and streets	10,020	-	10,020
Culture and recreation	29,728	-	29,728
Debt service	<u>1,011,104</u>	<u>-</u>	<u>1,011,104</u>
Total	<u>\$1,051,150</u>	<u>\$ 558</u>	<u>\$1,051,708</u>

# Town of Sahuarita, Arizona

## Notes to Annual Expenditure Limitation Report

### Fiscal Year Ended June 30, 2016

**Note 14** The subtraction of \$54,862 for fees required by law to be paid to Arizona state agencies consists of payments to the Arizona Department of Revenues as required by Laws 2015, Chapter 323, HB2617, which were recorded as general government expenditures.

**Note 15** The addition of \$44,477 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the Enterprise Fund.