



2017

AELR

**ANNUAL EXPENDITURE LIMITATION REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



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Town of Sahuarita

Report on Examination of Annual Expenditure Limitation Report
Fiscal Year Ended June 30, 2017

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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, 2017, 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 18, 2017

Town of Sahuarita, Arizona

Annual Expenditure Limitation Report—Part I

Fiscal Year Ended June 30, 2017

1. Economic Estimates Commission expenditure limitation	\$ 35,348,923	
2. Voter-approved alternative expenditure limitation	-	
3. Enter applicable amount from line 1 or 2		\$ 35,348,923
4. Amount subject to expenditure limitation (total amount from Part II, Line C)	\$ 17,205,246	
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		\$ 17,205,246
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	+	-
10. Total adjusted amount subject to the expenditure limitation		\$ 17,205,246
11. Amount under (in excess of) the expenditure limitation		\$ 18,143,677

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 18, 2017

Town of Sahuarita, Arizona

Annual Expenditure Limitation Report—Part II

Fiscal Year Ended June 30, 2017

	Governmental Funds	Enterprise Fund	Total
A. Amounts reported on the Reconciliation, Line D	\$ 22,039,239	\$ 4,558,391	\$ 26,597,630
B. Less exclusions claimed:			
1. Debt proceeds	-	-	-
2. Debt service requirements (Note 2)	1,649,564	2,324,135	3,973,699
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 and 10)	264,179	-	264,179
6. Grants, aid, contributions or gifts from a private agency, organization or individual, except amounts received in lieu of taxes (Note 5 and 10)	233,455	-	233,455
7. Amounts received from the State of Arizona (Note 6 and 10)	2,391,982	-	2,391,982
8. Quasi-external interfund transactions (Note 7)	623,770	-	623,770
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 and 10)	1,905,299	-	1,905,299
11. Contracts with other political subdivisions	-	-	-
12. Refunds, reimbursements, and other recoveries (Note 9)	-	-	-
13. Voter-approved exclusions not identified above	-	-	-
14. Prior years carry-forward claimed	-	-	-
15. Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07	-	-	-
16. Total exclusions claimed	<u>7,068,249</u>	<u>2,324,135</u>	<u>9,392,384</u>
C. Amount subject to the expenditure limitation	<u>\$ 14,970,990</u>	<u>\$ 2,234,256</u>	<u>\$ 17,205,246</u>

Town of Sahuarita, Arizona

Annual Expenditure Limitation Report—Reconciliation

Fiscal Year Ended June 30, 2017

	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	\$ 33,152,849	\$ 5,712,759	\$ 38,865,608
B. Subtractions:			
1. Items not requiring use of current financial resources:			
Depreciation	-	1,288,818	1,288,818
Loss on disposal of capital assets	-	1,840,453	1,840,453
Bad debt expense (Note 11)	-	50,000	50,000
Pension expense (Note 12)	-	32,358	32,358
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 13)	10,762,606	-	10,762,606
3. Required fees paid to the Arizona Department of Revenue (Note 14)	52,395	-	52,395
4. Present value of net minimum capital lease payments	298,609	-	298,609
Total subtractions	11,113,610	3,211,629	14,325,239
C. Additions:			
1. Principal payment on long-term debt	-	1,490,081	1,490,081
2. Capital asset acquisitions	-	516,406	516,406
3. Pension contributions paid in the current year (Note 15)	-	50,774	50,774
Total additions	-	2,057,261	2,057,261
D. Amounts reported on Part II, Line A	\$ 22,039,239	\$ 4,558,391	\$ 26,597,630

Town of Sahuarita, Arizona

Notes to Annual Expenditure Limitation Report

Fiscal Year Ended June 30, 2017

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 \$1,174,731 for principal and \$474,833 for interest expenditures.

The exclusion claimed for debt service requirements on other long-term obligations in the Enterprise Fund consists of \$1,490,081 for principal retirement, \$832,049 for interest expense, and \$2,005 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 \$170,571 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 \$264,179 in expended intergovernmental revenues. Remaining revenues of \$13,798, of forfeiture revenues, have been carried forward to future years.

Note 5 The \$233,455 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 \$162,312 in intergovernmental revenues and \$71,143 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 \$2,391,982 intergovernmental revenues. Remaining revenues of \$11,149, of forfeiture revenues, have been carried forward to future years.

Note 7 The \$623,770 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, 2017

Note 8 The \$1,905,299 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 \$232,923 have been carried forward to future years.

Note 9 There were no exclusions claimed for refunds, reimbursements, and other recoveries. Revenues of \$25,888, 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	\$ 264,179
Amounts received from the State of Arizona	2,391,982
Highway user revenues in excess of those received in fiscal year 1979-80	1,905,299
Grants, aid, contributions or gifts from a private agency, organization or individual except amounts received in lieu of taxes	162,312
Other revenues (non-excluded)	<u>7,563,321</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$12,287,093</u>

Note 11 The subtraction of \$50,000 for bad debt expense in the Enterprise Fund is reported under general and administrative expenses.

Note 12 The subtraction of \$32,358 for pension expense in the Enterprise Fund is reported under personal services and employee benefits expenses.

Note 13 The subtraction of \$10,762,606 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	\$ 133	\$ 1,401	\$ 1,534
Highways and streets	10,107	20,681	30,788
Culture and recreation	28,449	-	28,449
Debt service	10,701,835	-	10,701,835
Total	<u>\$ 10,740,524</u>	<u>\$ 22,082</u>	<u>\$ 10,762,606</u>

Town of Sahuarita, Arizona

Notes to Annual Expenditure Limitation Report

Fiscal Year Ended June 30, 2017

Note 14 The subtraction of \$52,395 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 \$50,774 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.