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ANNUAL EXPENDITURE LIMITATION REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

TOWN OF Sahuarita ARIZONA

2020

Town of Sahuarita, Arizona

Report on Examination of Annual Expenditure Limitation Report
Fiscal Year Ended June 30, 2020

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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, 2020, 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 Note1. 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 17, 2020

Town of Sahuarita, Arizona

Annual Expenditure Limitation Report—Part I

Fiscal Year Ended June 30, 2020

1. Economic Estimates Commission expenditure limitation	$ 41,288,166	
2. Voter-approved alternative expenditure limitation	-	
3. Enter applicable amount from line 1 or 2		$ 41,288,166
4. Amount subject to expenditure limitation (total amount from Part II, Line C)	$ 21,931,999	
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		$ 21,931,999
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		$ 21,931,999
11. Amount under (in excess of) the expenditure limitation		$ 19,356,167

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 17, 2020

Town of Sahuarita, Arizona

Annual Expenditure Limitation Report—Part II

Fiscal Year Ended June 30, 2020

	Governmental Funds	Enterprise Fund	Total
A. Amounts reported on the Reconciliation, Line D	$ 30,534,687	$ 20,617,298	$ 51,151,985
B. Less exclusions claimed:			
1. Debt proceeds	-	-	-
2. Debt service requirements (Note 2)	2,160,725	18,213,685	20,374,410
3. Dividends, interest and gains on sale or redemption of investment securities (Note 3)	127,966	-	127,966
4. Trustee or custodian	-	-	-
5. Grants and aid from the federal government (Note 4)	4,872,763	-	4,872,763
6. Grants, aid, contributions or gifts from a private agency, organization or individual, except amounts received in lieu of taxes (Note 5)	96,376	-	96,376
7. Amounts received from the State of Arizona (Note 6)	339,115	-	339,115
8. Quasi-external interfund transactions (Note 7)	766,600	22,602	789,202
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)	2,417,542	-	2,417,542
11. Contracts with other political subdivisions	-	-	-
12. Refunds, reimbursements, and other recoveries (Note 9)	37,158	-	37,158
13. Voter-approved exclusions not identified above	-	-	-
14. Prior years carry-forward claimed (Note 10)	165,454	-	165,454
15. Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07	-	-	-
16. Total exclusions claimed	10,983,699	18,236,287	29,219,986
C. Amount subject to the expenditure limitation	$ 19,550,988	$ 2,381,011	$ 21,931,999

Town of Sahuarita, Arizona

Annual Expenditure Limitation Report—Reconciliation
Fiscal Year Ended June 30, 2020

	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	$ 32,803,819	$ 3,816,741	$ 36,620,560
B. Subtractions:			
1. Items not requiring use of current financial resources:			
Depreciation	-	1,065,203	1,065,203
Bad debt expense (Note 11)	-	35,473	35,473
Pension and other postemployment benefits (OPEB) expense (Note 12)	-	80,214	80,214
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 13)	1,791,181	-	1,791,181
3. Required fees paid to the Arizona Department of Revenue (Note 14)	79,196	-	79,196
4. Present value of net minimum capital lease payments	398,755	-	398,755
Total subtractions	2,269,132	1,180,890	3,450,022
C. Additions:			
1. Principal payments on long-term debt	-	17,681,524	17,681,524
2. Capital asset acquisitions	-	228,351	228,351
3. Pension and OPEB contributions paid in the current year (Note 15)	-	71,572	71,572
Total additions	-	17,981,447	17,981,447
D. Amounts reported on Part II, Line A	$ 30,534,687	$ 20,617,298	$ 51,151,985

Town of Sahuarita, Arizona

Notes to Annual Expenditure Limitation Report
Fiscal Year Ended June 30, 2020

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 $1,861,243 for principal and $299,482 for interest expenditures.

The exclusion claimed for debt service requirements on other long-term obligations in the Enterprise Fund consists of $17,681,524 for principal retirement and $532,161 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 $508,898 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 $4,872,763 in expended intergovernmental revenues for which $561,587 was deferred in the Governmental Funds.

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 $55,931 expended from intergovernmental revenues, $40,415 expended from miscellaneous revenues (for private grants and donations received) for which $3,528 was deferred in the Governmental Funds. Remaining revenues of $61,261 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 $339,115 expended from intergovernmental revenues.

Town of Sahuarita, Arizona

Notes to Annual Expenditure Limitation Report
Fiscal Year Ended June 30, 2020

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 $5,342 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 $115,591 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 $193,475, for insurance recoveries and refunds, have been carried forward to future years.

Note 10 The exclusion for prior years carry-forwards claimed consists of $165,454 of private grant revenues received in prior years 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, 2020

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	$ 72	$ 1,634	$ 1,706
Culture and recreation	51,728	-	51,728
Highways and streets	12,157	189	12,346
Principal	685,000	129,000	814,000
Interest and other charges	270,761	293,390	564,151
Debt issuance costs	-	347,250	347,250
Total	$ 1,019,718	$ 771,463	$ 1,791,181

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.