



1535 W. Harvard Avenue, Suite 101 · Gilbert, Arizona 85233

Tel: (480) 635-3200 · Fax: (480) 635-3201

April 11, 2016

Honorable Members of
the Patagonia Town Council

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Patagonia, Arizona, as of and for the year ended June 30, 2015. Professional standards require that we provide information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 27, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Patagonia, Arizona are described in Note 1 to the financial statements. GASB's 68 and 71 were implemented by the Town for the fiscal year ending June 30, 2015. Further information regarding their impact on the Town's financial statements can be found in Note 1 to the financial statements.

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Difficulties Encountered in Performing the Audit

On October 27-28, 2015, while at the Town Hall to perform our fieldwork procedures for the Single Audit, management was unable to provide documentation to support drawdown requests for the USDA loan and grant. Management had to contact USDA to get a copy of the documentation. We were not provided the documentation until March 21, 2016.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are shown in attached management representation letter.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, there were no such consultations with other accountants.

Audit Adjustments

Attached is a list of material, corrected misstatements that were brought to the attention of management as a result of audit procedures.

Uncorrected Misstatements

There were no uncorrected misstatements, other than those that we believe were trivial to the financial statements as a whole.

Other Audit Findings or Issues

Included in our audit report issued in accordance with *Government Auditing Standards* and *OMB Circular A-133* is the Schedule of Findings and Questioned Costs. Please consult the audit report issued as well as the schedule for further details.

This information is intended solely for the use of Town Council and management and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to provide our services to the Town of Patagonia, Arizona and please contact us if you have any questions or comments regarding this letter.

Colby + Powell

Attachments

TOWN OF PATAGONIA

P.O. BOX 767
PATAGONIA, ARIZONA 85624

(520) 394-2229

FAX (520) 394-2861

April 11, 2016

Colby and Powell, PLC.
1535 W. Harvard Ave. Ste. 101
Gilbert, AZ 85233

This representation letter is provided in connection with your audit(s) of the financial statements of Town of Patagonia, Arizona, which comprise the respective financial position of the governmental activities, the business-type activities, and each major fund as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 11, 2016 the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 27, 2015, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Town Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 18) We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The Town has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 23) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose

effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

- 24) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- 25) The Town has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 26) The Town has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 27) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 28) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 29) The financial statements properly classify all funds and activities.
- 30) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 31) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 32) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 33) Provisions for uncollectible receivables have been properly identified and recorded.
- 34) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 35) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 36) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

- 37) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 38) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 39) We have appropriately disclosed the Town's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 40) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 41) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 42) With respect to federal award programs:
- a) We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with OMB Circular A-133 §310.b. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
 - d) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

- e) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have charged costs to federal awards in accordance with applicable cost principles.
- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- v) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
- w) We are responsible for preparing and implementing a corrective action plan for each audit finding.

Signature:



Title:

Tawn Mowgerson

Client: **TOPAT - Town of Patagonia, Arizona**
 Engagement: **FY15 - Town of Patagonia, Arizona**
 Period Ending: **6/30/2015**
 Trial Balance: **TB**
 Workpaper: **370.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
Adj beginning balances to py audit				
103690	SUNDRY REVENUES		1,961.24	
102900	FUND BALANCE - BEGINNING			1,961.24
Total			<u>1,961.24</u>	<u>1,961.24</u>
Adjusting Journal Entries JE # 2				
Move business licenses				
103130	SALES TAX		1,144.54	
103210	BUSINESS LICENSE			1,144.54
Total			<u>1,144.54</u>	<u>1,144.54</u>
Adjusting Journal Entries JE # 3				
Adj city sales taxes				
101311	ACCOUNTS RECEIVABLE - GENERA		2,608.39	
103130	SALES TAX			2,608.39
Total			<u>2,608.39</u>	<u>2,608.39</u>
Adjusting Journal Entries JE # 4				
Adj VLT				
011111	CASH IN CHECKING-NATIONAL BANK		3,487.70	
101110	CASH IN COMBINED CASH FUND		3,487.70	
101311	ACCOUNTS RECEIVABLE - GENERA		383.49	
011110	CASH-ALLOCATION TO OTHER FUNDS			3,487.70
103223	AUTO LEIU TAX			383.49
103223	AUTO LEIU TAX			3,487.70
Total			<u>7,358.89</u>	<u>7,358.89</u>
Adjusting Journal Entries JE # 5				
Adj state sales taxes				
101311	ACCOUNTS RECEIVABLE - GENERA	010.5.04	520.22	
103345	STATE SALES TAX			520.22
Total			<u>520.22</u>	<u>520.22</u>
Adjusting Journal Entries JE # 6				
Adj HURF				
211311	ACCOUNTS RECEIVABLE STATE		1,069.90	
213356	HURF REVENUE			1,069.90
Total			<u>1,069.90</u>	<u>1,069.90</u>
Adjusting Journal Entries JE # 7				
Move UM entries to utilities				
101311	ACCOUNTS RECEIVABLE - GENERA		70.28	
511110	CASH IN COMBINED CASH FUND		70.28	
101110	CASH IN COMBINED CASH FUND			70.28
511311	ACCOUNTS RECEIVABLE			70.28
Total			<u>140.56</u>	<u>140.56</u>

Client: **TOPAT - Town of Patagonia, Arizona**
 Engagement: **FY15 - Town of Patagonia, Arizona**
 Period Ending: **6/30/2015**
 Trial Balance: **TB**
 Workpaper: **370.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 8		010.5.05		
Adj franchises				
101330	ACCOUNTS RECEIVABLE-OTHER		32.81	
103222	FRANCHISE FEES			32.81
Total			32.81	32.81
Adjusting Journal Entries JE # 9				
Adj for cash withdrawel from LGIP in June 15				
101110	CASH IN COMBINED CASH FUND		100,000.00	
513705	CDBG WTR SYST IMPR/TOWN SHARE		100,000.00	
101161	CASH IN LOCAL GOV. INVESTMENT			100,000.00
511110	CASH IN COMBINED CASH FUND			100,000.00
Total			200,000.00	200,000.00
Adjusting Journal Entries JE # 10		010.1.00		
Adj LGIP				
101161	CASH IN LOCAL GOV. INVESTMENT		1,243.72	
103610	INTEREST INCOME-STATE TREASURE		40.67	
211110	CASH IN COMBINED CASH FUND		1.93	
213613	INTEREST INCOME		4.37	
511164	CASH-LGIP W/S REPAIR & REPLACE		643.81	
513610	INTEREST INCOME		1.93	
523610	INTEREST INCOME		0.31	
101110	CASH IN COMBINED CASH FUND			1.93
101164	DEBT SERVICE RESERVE-USDA LOAN			1,282.46
213610	LTAFF TRANSFER			6.30
511161	CASH - LGIP-W/S O&M			638.28
513610	INTEREST INCOME			7.46
521115	LANDFILL CLOSURE FUND			0.31
Total			1,936.74	1,936.74
Adjusting Journal Entries JE # 11		010.1.30		
Adj patronage capital balances				
101110	CASH IN COMBINED CASH FUND		602.12	
101410	PREPAID EXPENSES		301.06	
211410	PREPAID EXPENSES		301.06	
511410	PREPAID EXPENSES		301.06	
103690	SUNDRY REVENUES			903.18
211110	CASH IN COMBINED CASH FUND			301.06
511110	CASH IN COMBINED CASH FUND			301.06
Total			1,505.30	1,505.30
Adjusting Journal Entries JE # 12		010.5.06		
Accrue unpaid lease pmts				
101311	ACCOUNTS RECEIVABLE - GENERA		2,640.00	
103632	LEASED PROPERTY			2,640.00
Total			2,640.00	2,640.00
Adjusting Journal Entries JE # 13				

Client: **TOPAT - Town of Patagonia, Arizona**
 Engagement: **FY15 - Town of Patagonia, Arizona**
 Period Ending: **6/30/2015**
 Trial Balance: **TB**
 Workpaper: **370.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjust fines				
102224	BONDS PAYABLE		1.00	
102225	FINES DUE STATE		2,290.43	
102226	LOCAL JCEF		3,850.30	
103511	FINES AND FORFITURES		2,412.42	
102225	FINES DUE STATE			8,554.15
Total			8,554.15	8,554.15
Adjusting Journal Entries JE # 14				
Adj utility deposits to Caselle modules				
511110	CASH IN COMBINED CASH FUND		922.61	
522152	GARBAGE SECURITY DEPOSIT		954.98	
512152	CUST DEPOSITS (WATER & SEWER)			922.61
521110	CASH IN COMBINED CASH FUND			922.61
523772	LANDFILL USER FEES			32.37
Total			1,877.59	1,877.59
Adjusting Journal Entries JE # 15				
		051.2.30		
Adj sales taxes				
512125	SALES TAX PAYABLE		521.48	
513711	METERED WATER SALES		703.65	
512125	SALES TAX PAYABLE			1,225.13
Total			1,225.13	1,225.13
Adjusting Journal Entries JE # 16				
Move grant receipt to AR				
513701	CDBG 117-12/WTR SYST IMPR		104,132.53	
511330	ACCOUNTS RECEIVABLE-OTHER			104,132.53
Total			104,132.53	104,132.53
Adjusting Journal Entries JE # 17				
Reverse prior year accounts payable accrual				
102110	ACCOUNTS PAYABLE		14,998.05	
212231	ACCRUED EXPENSES		1,746.29	
512231	ACCRUED EXPENSES		224,696.11	
522231	ACCRUED EXPENSES		2,418.19	
102227	STATE RETIREMENT			392.52
103221	BUILDING PERMITS			432.00
104123	TRAVEL			461.66
104420	OFFICE SUPPLIES & EQUIPMENT			31.36
104429	UTILITIES			503.61
104454	CAPITAL OUTLAY			252.45
105226	VEHICLE MAINTENANCE			3,756.36
105227	GASOLINE AND OIL			1,503.63
105228	TELEPHONE			73.41
105229	UTILITIES			415.31
105233	LEGAL			1,735.00
105238	OTHER SERVICES			234.00
105254	CAPITAL OUTLAY - BUILDING			2,143.47
106228	TELEPHONE			288.82
106229	UTILITIES			408.28

Client: **TOPAT - Town of Patagonia, Arizona**
 Engagement: **FY15 - Town of Patagonia, Arizona**
 Period Ending: **6/30/2015**
 Trial Balance: **TB**
 Workpaper: **370.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
106230	BUILDING MAINTENANCE			22.14
106238	POSTAGE			121.28
106413	EMPLOYEE BENEFITS			141.83
106424	MAINTENANCE, MAT'L & SERVICE			319.72
106429	UTILITIES			729.35
106529	UTILITIES			61.74
106530	BUILDING MAINTENANCE			48.39
106542	PEST CONTROL			52.00
106629	UTILITIES			80.36
106630	BUILDING MAINTENANCE			694.00
106729	UTILITIES			95.36
214013	EMPLOYEE BENEFITS			141.69
214024	MAINTENANCE, MAT'LS & SERVICES			421.06
214028	TELEPHONE			22.16
214029	UTILITIES			1,018.42
214055	ROADSIDE REST AREA			142.96
512152	CUST DEPOSITS (WATER & SEWER)			119.00
514013	EMPLOYEES BENEFITS			161.67
514024	SUPPLIES, MATERIALS, & SERVICE			1,345.74
514027	GASOLINE AND OIL			35.10
514028	TELEPHONE			72.03
514029	UTILITIES			1,101.01
514101	CDBG 117-12 - WTR SYST IMPR			217,911.59
516013	EMPLOYEE BENEFITS			161.66
516022	LAB SERVICES			34.00
516024	SUPPLIES, MATERIALS, & SERVICE			1,271.71
516027	GASOLINE AND OIL			35.10
516029	UTILITIES			2,447.50
522152	GARBAGE SECURITY DEPOSIT			58.80
524013	EMPLOYEES BENEFITS			141.72
524024	SUPPLIES, MATERIALS, & SERVICE			415.88
524026	VEHICLE MAINTENANCE			15.00
524027	GASOLINE AND OIL			22.10
524028	TELEPHONE			110.29
524030	DISPOSAL FEES			1,654.40
Total			243,858.64	243,858.64

Adjusting Journal Entries JE # 18

Accrue current year accounts payable

104123	TRAVEL		332.65	
104127	GASOLINE AND OIL		75.32	
104422	PUBLIC NOTICES		804.68	
104425	EQUIPMENT MAINTENANCE		65.00	
104429	UTILITIES		465.81	
104430	BUILDING MAINTENANCE CONTRACT		100.00	
104433	legal		2,350.00	
104454	CAPITAL OUTLAY		236.38	
105220	OFFICE SUPPLIES & EQUIPMENT		29.70	
105225	EQUIPMENT MAINTENANCE		247.70	
105226	VEHICLE MAINTENANCE		1,864.26	
105228	TELEPHONE		73.54	
105229	UTILITIES		323.07	
105230	BUILDING MAINTENANCE		563.04	
105233	LEGAL		2,690.00	
105238	OTHER SERVICES		450.00	

Client: **TOPAT - Town of Patagonia, Arizona**
 Engagement: **FY15 - Town of Patagonia, Arizona**
 Period Ending: **6/30/2015**
 Trial Balance: **TB**
 Workpaper: **370.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
106229	UTILITIES		364.28	
106230	BUILDING MAINTENANCE		100.00	
106238	POSTAGE		86.02	
106413	EMPLOYEE BENEFITS		60.93	
106424	MAINTENANCE, MAT'L & SERVICE		20.78	
106425	EQUIPMENT MAINTENANCE		161.56	
106429	UTILITIES		801.31	
106460	TREE AND PARK GRANT EXPENSES		1,000.00	
106529	UTILITIES		49.40	
106629	UTILITIES		98.59	
106630	BUILDING MAINTENANCE		1,050.00	
106729	UTILITIES		72.33	
106730	BUILDING MAINTENANCE		30.00	
214013	EMPLOYEE BENEFITS		60.93	
214024	MAINTENANCE, MAT'LS & SERVICES		106.18	
214025	EQUIPMENT MAINTENANCE		843.10	
214028	TELEPHONE		33.27	
214029	UTILITIES		1,010.87	
214054	CAPITAL OUTLAY		1,585.00	
214055	ROADSIDE REST AREA		760.87	
514013	EMPLOYEES BENEFITS		60.81	
514021	CHEMICAL PURCHASES		1,022.57	
514024	SUPPLIES, MATERIALS, & SERVICE		1,818.51	
514025	EQUIPMENT MAINTENANCE		1,102.54	
514027	GASOLINE AND OIL		34.50	
514028	TELEPHONE		36.08	
514029	UTILITIES		719.40	
514050	WATER STUDY CONTRIBUTION/TOWN		294.72	
514101	CDBG 117-12 - WTR SYST IMPR		33,464.03	
516013	EMPLOYEE BENEFITS		60.81	
516021	CHLORINE PURCHASES		1,022.57	
516022	LAB SERVICES		208.00	
516024	SUPPLIES, MATERIALS, & SERVICE		2,346.82	
516025	EQUIPMENT MAINTENANCE		1,102.54	
516027	GASOLINE AND OIL		34.50	
516028	TELEPHONE		36.08	
516029	UTILITIES		2,308.28	
524013	EMPLOYEES BENEFITS		56.70	
524024	SUPPLIES, MATERIALS, & SERVICE		157.71	
524025	EQUIPMENT MAINTENANCE		1,102.54	
524028	TELEPHONE		99.26	
524030	DISPOSAL FEES		1,569.65	
102110	ACCOUNTS PAYABLE			14,566.35
212231	ACCRUED EXPENSES			4,400.22
512231	ACCRUED EXPENSES			45,672.76
522231	ACCRUED EXPENSES			2,985.86
Total			67,625.19	67,625.19

Adjusting Journal Entries JE # 19

052.3.01

Reclass debt service payments

522232	USDA LOAN		118.38	
522232	USDA LOAN		16,830.35	
524061	PRINCIPAL - FIXED ASSET NOTES			118.38
524061	PRINCIPAL - FIXED ASSET NOTES			16,830.35
Total			16,948.73	16,948.73

Client: **TOPAT - Town of Patagonia, Arizona**
 Engagement: **FY15 - Town of Patagonia, Arizona**
 Period Ending: **6/30/2015**
 Trial Balance: **TB**
 Workpaper: **370.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 20				
		051.3.01		
	Move WIFA principal			
512200	WIFA LOAN		70.32	
512200	WIFA LOAN		10,530.30	
516061	PRINCIPAL - FIXED ASSET NOTES			70.32
516061	PRINCIPAL - FIXED ASSET NOTES			10,530.30
Total			10,600.62	10,600.62

Adjusting Journal Entries JE # 21

Adjust payroll liabilities

102221	FEDERAL WITHHOLDING TAX PAYABL		36.57	
102223	INSURANCE WITHHELD		34,598.76	
102228	PUBLIC SAFETY RETIREMENT		219.22	
102240	MEDICAL INSURANCE PAYABLE		3,381.91	
102260	Workers Compensation		326.54	
211110	CASH IN COMBINED CASH FUND		286.67	
511110	CASH IN COMBINED CASH FUND		1,001.78	
521110	CASH IN COMBINED CASH FUND		328.18	
101110	CASH IN COMBINED CASH FUND			1,616.63
102227	STATE RETIREMENT			449.54
102240	MEDICAL INSURANCE PAYABLE			32,260.24
102250	MISCELLANEOUS DEDUCTIONS			378.45
102255	AFLAC PAYROLL DEDUCTIONS			56.64
104113	EMPLOYEES BENEFITS			242.91
104413	EMPLOYEES BENEFITS			975.94
105213	EMPLOYEES BENEFITS			1,857.30
105513	EMPLOYEES BENEFITS			10.39
106213	EMPLOYEES BENEFITS			600.40
106413	EMPLOYEE BENEFITS			114.56
214013	EMPLOYEE BENEFITS			286.67
514013	EMPLOYEES BENEFITS			516.42
516013	EMPLOYEE BENEFITS			485.36
524013	EMPLOYEES BENEFITS			328.18
Total			40,179.63	40,179.63

Adjusting Journal Entries JE # 22

Adjust accrued vacation

514011	SALARIES AND WAGES (WATER)		234.37	
522212	ACCRUED VACATION		11.00	
952525	ACCRUED VACATION		963.55	
512212	ACCRUED VACATION			234.37
524011	SALARIES & WAGES (COLLECTION)			11.00
952100	AMOUNT TO BE PROVIDED FOR DEBT			963.55
Total			1,208.92	1,208.92

Adjusting Journal Entries JE # 23

Accrue forestry grant ar/rev

101311	ACCOUNTS RECEIVABLE - GENERA		3,254.06	
103355	MISC TREE & PARK GRANTS		3,233.52	
103375	COMMUNITY CHALLENGE GRANT			3,233.52
103375	COMMUNITY CHALLENGE GRANT			3,254.06

Client: **TOPAT - Town of Patagonia, Arizona**
 Engagement: **FY15 - Town of Patagonia, Arizona**
 Period Ending: **6/30/2015**
 Trial Balance: **TB**
 Workpaper: **370.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Total			6,487.58	6,487.58
Adjusting Journal Entries JE # 24				
Accrue Homeland Security grant rec/def rev				
101311	ACCOUNTS RECEIVABLE - GENERA		31,591.72	
102299	UNAVAILABLE REVENUE			31,591.72
Total			31,591.72	31,591.72
Adjusting Journal Entries JE # 25				
Move USDA pymnt				
		051.3.12		
513702	USDA LOAN-WTR SYST IMPR		516.29	
516062	INTEREST/ REV. BOND PAYMENT		1,302.71	
514103	USDA GRANT - WTR SYST IMPR			1,819.00
Total			1,819.00	1,819.00
Adjusting Journal Entries JE # 26				
Adjust for capital asset addition of police radios				
105224	SUPPLIES & EQUIPMENT		7,287.08	
105260	LAW ENFORCEMENT GRANT EXPENSES			7,287.08
Total			7,287.08	7,287.08
Adjusting Journal Entries JE # 27				
Add fixed asset additions to general fund				
911621	PUBLIC HEALTH/SAFETY EQUIPMENT		86,482.00	
911622	STREET IMPROVEMENTS		24,529.00	
911625	POLICE CARS		40,640.00	
912900	BEGINNING OF YEAR		1,055,611.00	
912905	INVESTMENT-GEN'L FIXED ASSETS		1,547,770.85	
911750	ACCUMULATED DEPRECIATION			1,042,086.00
911751	CURRENT YEAR DEPRECIATION			13,525.00
912900	BEGINNING OF YEAR			1,547,770.85
912905	INVESTMENT-GEN'L FIXED ASSETS			151,651.00
Total			2,755,032.85	2,755,032.85
Adjusting Journal Entries JE # 28				
Capitalize water system project and 3rd Avenue water line replacement				
511631	IMPROVEMENTS OTHER THAN BUILDI		827,168.00	
514048	CONTINGENCY			23,829.75
514101	CDBG 117-12 - WTR SYST IMPR			239,941.71
514102	USDA LOAN - WTR SYST IMPR			495,863.22
514103	USDA GRANT - WTR SYST IMPR			67,533.32
Total			827,168.00	827,168.00
Adjusting Journal Entries JE # 29				
Record depreciation expense				
514096	DEPRECIATION EXPENSE		90,780.00	
524096	Depreciation Expense		42,656.00	
511750	ACCUMULATED DEPRECIATION			90,780.00
521750	ACCUMULATED DEPRECIATION			42,656.00

Client: **TOPAT - Town of Patagonia, Arizona**
 Engagement: **FY15 - Town of Patagonia, Arizona**
 Period Ending: **6/30/2015**
 Trial Balance: **TB**
 Workpaper: **370.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Total			133,436.00	133,436.00
Adjusting Journal Entries JE # 30				
Adj Funds 01 and 10				
101110	CASH IN COMBINED CASH FUND		72.04	
011110	CASH-ALLOCATION TO OTHER FUNDS			72.04
Total			72.04	72.04
Adjusting Journal Entries JE # 31				
Accrue rev/unavailable rev for stonegarden grant				
		010.5.14		
101311	ACCOUNTS RECEIVABLE - GENERA		738.00	
102299	UNAVAILABLE REVENUE			738.00
Total			738.00	738.00
Adjusting Journal Entries JE # 32				
Accrue additional liability for landfill				
		052.3.10		
524090	Closure Cost res.		7,171.32	
522230	Liability for Landfill			7,171.32
Total			7,171.32	7,171.32
Adjusting Journal Entries JE # 33				
Record prior period adjustment for GASB 68				
511999	DEFERRED OUTFLOWS OF RESOURCES		8,682.00	
512901	PRIOR PERIOD ADJUSTMENT		134,439.00	
521999	DEFERRED OUTFLOWS OF RESOURCES		2,836.00	
522901	PRIOR PERIOD ADJUSTMENT		43,924.00	
512500	PENSION LIABILITY			143,121.00
522500	PENSION LIABILITY			46,760.00
Total			189,881.00	189,881.00
Adjusting Journal Entries JE # 34				
Record cy adjustment for GASB 68				
511999	DEFERRED OUTFLOWS OF RESOURCES		19,160.00	
512500	PENSION LIABILITY		143,121.00	
514013	EMPLOYEES BENEFITS		2,876.00	
521999	DEFERRED OUTFLOWS OF RESOURCES		6,260.00	
522500	PENSION LIABILITY		46,760.00	
524013	EMPLOYEES BENEFITS		939.00	
511999	DEFERRED OUTFLOWS OF RESOURCES			8,682.00
512500	PENSION LIABILITY			133,185.00
512899	DEFERRED INFLOWS OF RESOURCES			23,290.00
521999	DEFERRED OUTFLOWS OF RESOURCES			2,836.00
522500	PENSION LIABILITY			43,514.00
522899	DEFERRED INFLOWS OF RESOURCES			7,609.00
Total			219,116.00	219,116.00