

**Independent Accountant's Report  
on Applying Agreed-Upon  
Procedures**

February 28, 2018

Director of Waste Programs Division  
Arizona Department of Environmental Quality  
Solid Waste Programs  
1110 West Washington Street  
Phoenix, Arizona 85007

Subject: "AUP" Report

To Whom It May Concern:

We have performed the procedures enumerated below, solely to assist the users in evaluating management's assertion about the Town of Patagonia's (Town) compliance with the local government financial test (LOGO) requirements under Municipal Solid Waste Landfill Criteria, 40 Code of Federal Regulation, Part 258, Subtitle D of the Resource Conservation and Recovery Act (RCRA), during the year ended June 30, 2017, included in the certification letter dated February 28, 2018 from the Town's chief financial officer.

This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants (AICPA). The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are the following:

- 1) We determined that, as of June 30, 2017, the Town did not have any general obligation bonds issued or outstanding. Therefore, paragraphs 258.74(f)(1)(i)(A) and 258.74(f)(1)(iii)(A) and (B) of 40 CFR do not apply.
- 2) We determined that the Town prepared its financial statements as of and for the year ended June 30, 2017 and that these financial statements were audited by an independent certified public accountant who certified that they were prepared in conformity with Generally Accepted Accounting Principles for governments, as required under paragraph §258.74(f)(1)(ii) of 40 CFR.

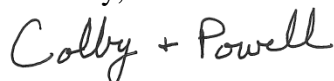
- 3) We determined that, as of, and for the year ended June 30, 2017, the Town did not receive an adverse opinion, disclaimer of opinion, or other qualified opinion of its financial statements as required under paragraph §258.74(f)(1)(iii)(D) of 40 CFR.
- 4) We determined that the Town's costs to be assured **exceeded** 43 percent of its Total Annual Revenues which **does not** comply with requirements under paragraph §258.74(f)(4)(i) of 40 CFR.
- 5) We determined that the Town has not had an operating deficit of greater than or equal to 5 percent of its Total Annual Revenues for each of the two years ended June 30, 2016 and June 30, 2017, as required under §258.74(f)(1)(iii)(C) of 40 CFR.
- 6) We determined that the Town's ratio of cash plus marketable securities to total expenditures are greater than or equal to 0.05; and that its ratio of annual debt service to total expenditures are less than or equal to 0.20, as required under paragraph §258.74(f)(1)(i)(B)(1) and (2), respectively.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of interested parties listed and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Should you have any questions concerning the contents of this report, please do not hesitate to contact us at the above listed telephone number.

Sincerely,



Colby & Powell, PLC