

TOWN OF PATAGONIA, ARIZONA

Annual Expenditure Limitation Report
and Independent Accountants' Report
June 30, 2020

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INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona and
The Honorable Mayor and Town Council
of the Town of Patagonia, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Patagonia, Arizona 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 Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination 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.

Colby + Powell

January 15, 2021

TOWN OF PATAGONIA, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2020

1. Voter-approved alternative expenditure limitation (Approved August 29, 2018)	\$ 1,848,341
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>1,769,760</u>
3. Amount under the expenditure limitation	<u>\$ 78,581</u>

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: _____

Telephone Number: _____ Date: _____

See accompanying notes to report.

TOWN OF PATAGONIA, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2020

Description	Governmental funds	Enterprise funds	Total
A. Amounts reported on the reconciliation, line D	\$ 1,049,506	\$ 720,254	\$ 1,769,760
B. Less exclusions claimed:	-	-	-
Total exclusions claimed	-	-	-
C. Amounts subject to the expenditure limitation	<u>\$ 1,049,506</u>	<u>\$ 720,254</u>	<u>\$ 1,769,760</u>

See accompanying notes to report.

TOWN OF PATAGONIA, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2020

Description	Governmental funds	Enterprise funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 1,049,506	\$ 701,663	\$ 1,751,169
B. Subtractions:			
1. Items not requiring use of current financial resources:			
a. Depreciation	-	163,377	163,377
b. Pension and other postemployment benefits (OPEB) expense	-	17,291	17,291
Total subtractions	<u>-</u>	<u>180,668</u>	<u>180,668</u>
C. Additions:			
1. Principal payments on long-term debt	-	183,481	183,481
2. Pension and OPEB contributions paid in the current year	-	15,778	15,778
Total additions	<u>-</u>	<u>199,259</u>	<u>199,259</u>
D. Amounts reported on part II, line A	<u>\$ 1,049,506</u>	<u>\$ 720,254</u>	<u>\$ 1,769,760</u>

See accompanying notes to report.

TOWN OF PATAGONIA, ARIZONA
Notes to Annual Expenditure Limitation Report
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, and in accordance with the voter-approved alternative expenditure limitation adopted August 29, 2018, as authorized by the Arizona Constitution, Article IX, §20(9).

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 funds; and the statement of cash flows for the proprietary funds.

NOTE 2 – PENSION AND OTHER POST-EMPLOYMENT BENEFITS EXPENSE AND CONTRIBUTIONS

The \$17,291 subtraction for pension and other post-employment benefit (OPEB) expense consists of the change 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 funds.

The \$15,778 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 funds.

NOTE 3 – PRINCIPAL PAYMENTS ON LONG-TERM DEBT

The \$183,481 addition for principal payments on long-term debt in the enterprise funds consists of principal paid on the Town's notes payable.