

CITY OF SEDONA, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2019

**CITY OF SEDONA, ARIZONA
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YEAR ENDED JUNE 30, 2019**

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INDEPENDENT ACCOUNTANTS' REPORT

Auditor General of the State of Arizona and
Honorable Mayor and City Council
City of Sedona, Arizona
Sedona, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the City of Sedona, Arizona (City) for the year ended June 30, 2019. The City'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 31, 2019

**CITY OF SEDONA, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2019**

1. Economic Estimates Commission expenditure limitation	\$ -	
2. Voter approved alternative expenditure limitation	47,455,463	
3. Enter applicable amount from Line 1 or Line 2	<u> </u>	\$ 47,455,463
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	37,407,316	
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 the reporting fiscal year	<u> </u>	
8. Subtotal	<u>37,407,316</u>	
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	<u> </u>	
10. Total adjusted amount subject to the expenditure limitation		<u>37,407,316</u>
11. Amount under (in excess of) the expenditure limitation		<u>\$ 10,048,147</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: 

Name and Title: Cherie R. Wright, CPA, CGFM, Director of Financial Services

Telephone Number: (928) 203-5193

Date: December 31, 2019

**CITY OF SEDONA, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2019**

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation Line D	\$ 25,404,258	\$ 10,595,774	\$ 1,407,284	\$ 37,407,316
B. Less exclusions claimed:				
1 Debt Proceeds	-	-	-	-
2 Debt service requirements	-	-	-	-
3 Dividends, interest and gains on sale or redemption of investment securities	-	-	-	-
4 Trustee or custodian	-	-	-	-
5 Grants and aid from the federal government	-	-	-	-
6 Grants, aid, contributions or gifts from private agency, organization or individual, except amounts received in lieu of taxes	-	-	-	-
7 Amounts received from the State of Arizona	-	-	-	-
8 Quasi-external interfund transactions	-	-	-	-
9 Amounts accumulated for purchase of land, purchase or construction of buildings or improvements	-	-	-	-
10 Highway user revenues in excess of those received in fiscal year 1979- 80	-	-	-	-
11 Contracts with other political subdivisions	-	-	-	-
12 Refunds, reimbursements and other recoveries	-	-	-	-
13 Voter approved exclusions not identified above	-	-	-	-
14 Prior years carryforward	-	-	-	-
15 Qualifying capital improvement expenditure repaid in accordance with A.R.S. 41-1279.07	-	-	-	-
16 Total exclusions claimed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
C. Amounts subject to the expenditure limitation	<u>\$ 25,404,258</u>	<u>\$ 10,595,774</u>	<u>\$ 1,407,284</u>	<u>\$ 37,407,316</u>

See accompanying Notes to Annual Expenditure Limitation Report.

**CITY OF SEDONA, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2019**

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements.	\$ 25,802,551	8,719,249	\$ 1,347,913	\$ 35,869,713
B. Subtract:				
1 Items not requiring use of working capital				
Depreciation	-	3,540,871	92,549	3,633,420
Claims incurred but not reported (IBNR)	-	-	-	-
Pension expense	-	78,164	36,316	114,480
2 Expenditures of separate legal entities established under ARS	-	-	-	-
3 Required fees paid to the Arizona Department of Revenue	24,795	-	-	24,795
4 Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at the agreements' inception	373,498	-	-	373,498
5 Involuntary court judgments	-	-	-	-
6 Total subtractions	<u>398,293</u>	<u>3,619,035</u>	<u>128,865</u>	<u>4,146,193</u>
C. Additions:				
1 Principal payments on long-term debt	-	4,000,000	-	4,000,000
2 Capital asset acquisitions	-	1,413,203	141,073	1,554,276
3 Amounts paid in the current year but reported as expenses in previous years:	-	-	-	-
OPEB	-	-	-	-
Claims previously recognized as IBNR	-	-	-	-
Landfill closure and postclosure care costs	-	-	-	-
4 Pension contributions paid in the current year	-	82,357	47,163	129,520
5 Total additions	<u>-</u>	<u>5,495,560</u>	<u>188,236</u>	<u>5,683,796</u>
D. Amounts reported on Part II Line A	<u>\$ 25,404,258</u>	<u>\$ 10,595,774</u>	<u>\$ 1,407,284</u>	<u>\$ 37,407,316</u>

See accompanying Notes to Annual Expenditure Limitation Report.

CITY OF SEDONA, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting 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 2014, as authorized by Arizona Constitution, Article IX, §20(9).

NOTE 2 REQUIRED FEES PAID TO THE ARIZONA DEPARTMENT OF REVENUE

As part of the State of Arizona's transaction privilege tax (TPT) simplification initiative, all TPT tax returns are filed with and processed by the State, with the State charging the City for the cost of providing this service. Under Arizona law, this expenditure, reported within the General Fund general government expenditures, is subtracted from total expenditures reported under the UERS.

NOTE 3 PENSION RELATED ADJUSTMENTS

Pension expense in the amount of \$114,480, reported as a component of salaries and benefits operating expense within the Statement of Revenues, Expenses, and Changes in Net Position represents the proprietary funds' proportionate share of the actuarially calculated expense related to the City's ASRS pension plan. As actuarially determined pension expense does not require the use of current financial resources, and therefore is subtracted from total expenditures for reporting under the UERS.

Conversely, pension contributions in the amount of \$129,520, which are reported as a deferred outflow of resources on the Proprietary Funds Statement of Net Position as required under Governmental Accounting Standards Board Statement No. 71, represent the use of current financial resources and, therefore, are added back to total expenditures for reporting under the UERS.