

**CITY OF SEDONA, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT**  
**YEAR ENDED JUNE 30, 2020**



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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, 2020. 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 29, 2020

**CITY OF SEDONA, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART I  
YEAR ENDED JUNE 30, 2020**

1. Economic Estimates Commission expenditure limitation	\$ -	
2. Voter approved alternative expenditure limitation	51,416,630	
3. Enter applicable amount from Line 1 or Line 2	<u>51,416,630</u>	\$ 51,416,630
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	41,561,210	
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	-	
8. Subtotal	<u>41,561,210</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	-	
10. Total adjusted amount subject to the expenditure limitation	<u>41,561,210</u>	41,561,210
11. Amount under (in excess of) the expenditure limitation		<u>\$ 9,855,420</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 29, 2020

**CITY OF SEDONA, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART II  
YEAR ENDED JUNE 30, 2020**

<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	\$ 29,562,434	\$ 10,410,854	\$ 1,587,922	\$ 41,561,210
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>\$ 29,562,434</u>	<u>\$ 10,410,854</u>	<u>\$ 1,587,922</u>	<u>\$ 41,561,210</u>

See accompanying Notes to Annual Expenditure Limitation Report.

**CITY OF SEDONA, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION  
YEAR ENDED JUNE 30, 2020**

<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.	\$ 29,962,575	8,326,982	\$ 1,503,228	\$ 39,792,785
B. Subtract:				
1 Items not requiring use of working capital				
Depreciation	-	3,575,002	79,130	3,654,132
Claims incurred but not reported (IBNR)	-	-	-	-
Pension expense	-	137,896	78,969	216,865
2 Expenditures of separate legal entities established under ARS	-	-	-	-
3 Required fees paid to the Arizona Department of Revenue	27,029	-	-	27,029
4 Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at the agreements' inception	373,112	-	-	373,112
5 Involuntary court judgments	-	-	-	-
6 Total subtractions	<u>400,141</u>	<u>3,712,898</u>	<u>158,099</u>	<u>4,271,138</u>
C. Additions:				
1 Principal payments on long-term debt	-	1,403,942	-	1,403,942
2 Capital asset acquisitions	-	4,285,384	54,762	4,340,146
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	-	107,444	188,031	295,475
5 Total additions	<u>-</u>	<u>5,796,770</u>	<u>242,793</u>	<u>6,039,563</u>
D. Amounts reported on Part II Line A	<u>\$ 29,562,434</u>	<u>\$ 10,410,854</u>	<u>\$ 1,587,922</u>	<u>\$ 41,561,210</u>

See accompanying Notes to Annual Expenditure Limitation Report.

**CITY OF SEDONA, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
JUNE 30, 2020**

**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 2018, 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**

The \$216,865 subtraction for pension and other post employment benefit (OPEB) represents enterprise/internal service funds pension related operating expenses recognized in the current year, that did not result in an outlay of cash. The \$295,475 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/internal service funds, that were not included in enterprise/internal service funds operating expenses. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows’ net effect on cash.

	<b>Enterprise funds</b>	<b>Internal service funds</b>
<b><u>Statement of Cash Flows</u></b>		
Change in net pension and OPEB asset	\$ 717	\$ 132
Change in deferred inflows related to pensions and OPEB	(47,408)	(13,709)
Change in deferred outflows related to pensions and OPEB	38,496	28,503
Change in net pension and OPEB liability	(22,257)	94,136
Total	\$ (30,452)	\$ 109,062
<b><u>AELR-Reconciliation</u></b>		
Pension/OPEB contributions – addition	\$ 107,444	\$ 188,031
Pension/OPEB expense(income) – subtraction	137,896	78,969
Total	\$ (30,452)	\$ 109,062