

TOWN OF FREDONIA, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2019
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANT

TOWN OF FREDONIA, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
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HINTONBURDICK
CPAs & ADVISORS

Independent Accountants' Report on AELR

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

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Fredonia, Arizona, for the year ended June 30, 2019 and the related notes to the report. The City's/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 required 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 those procedures selected depend on our judgement, 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 of the Town of Fredonia, Arizona, referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

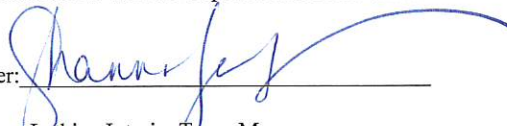
HintonBurdick, PLLC
St. George, Utah
February 17, 2020

TOWN OF FREDONIA, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2019

1. Economic Estimates Commission expenditure limitation	N/A	
2. Voter-approved alternative expenditure limitation (approved November 6, 2018)	<u>\$ 20,494,922</u>	
3. Enter applicable amount from line 1 or line 2		20,494,922
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)		<u>2,480,639</u>
5. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)		<u>\$ 18,014,283</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: Shannon Lathim, Interim Town Manager

Telephone Number: (928) 643-7241

Date: 03/19/2020

See accompanying notes to report.

TOWN OF FREDONIA, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2019

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 1,124,363	\$ 1,356,276	\$ 2,480,639
B. Less exclusions claimed:			
1. Bond proceeds	-	-	-
Debt service requirements on bonded indebtedness	-	-	-
Proceeds from other long-term obligations	-	-	-
Debt service requirements on other long-term obligations	-	-	-
2. Dividends, interest and gains on the sale or redemption of investment securities	-	-	-
3. Trustee or custodian	-	-	-
4. Grants and aid from the Federal government	-	-	-
5. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	-	-	-
6. Amounts received from the State of Arizona	-	-	-
7. Quasi-external interfund transactions	-	-	-
8. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-
9. Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-
10. Contracts with other political subdivisions	-	-	-
11. Refunds, reimbursements, and other recoveries	-	-	-
12. Voter-approved exclusions not identified above (attach resolution)	-	-	-
13. Prior years carryforward	-	-	-
14. Total exclusions claimed	<u>-</u>	<u>-</u>	<u>-</u>
C. Amount subject to the expenditure limitation	<u>\$ 1,124,363</u>	<u>\$ 1,356,276</u>	<u>\$ 2,480,639</u>
(If an individual fund type amount is negative, reduce) exclusions claimed to net to zero.)	<u>\$ 1,124,363</u>	<u>\$ 1,356,276</u>	<u>\$ 2,480,639</u>

See accompanying notes to report.

TOWN OF FREDONIA, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2019

Description	Governmental Funds	Enterprise Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the financial statements	\$ 1,124,363	\$ 1,307,080	\$ 2,431,443
B. Subtractions:			
1. Items not requiring use of working capital:			
Depreciation/Amortization	-	309,894	309,894
Loss on disposal of capital assets	-	-	-
Bad debt expense	-	-	-
Pension/OPEB expense	-	(27,378)	(27,378)
Claims incurred but not reported	-	-	-
Landfill closure and postclosure care costs	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-
3. Required fees paid to the Arizona Dept. of Revenue	-	-	-
4. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-
5. Involuntary court judgments	-	-	-
6. Total subtractions	-	282,516	282,516
C. Additions:			
1. Principal payments on long-term debt	-	155,042	155,042
2. Acquisition of capital assets	-	158,469	158,469
3. Amounts paid in the current year but reported as expenses in previous years:			
Pension/OPEB contributions	-	18,201	18,201
Claims previously recognized as IBNR	-	-	-
Landfill closure and postclosure care costs	-	-	-
4. Total additions	-	331,712	331,712
D. Amounts reported on Part II, Line A	\$ 1,124,363	\$ 1,356,276	\$ 2,480,639

See accompanying notes to report.

TOWN OF FREDONIA, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended 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 plan as authorized by the Arizona Constitution, Article IX, §20 (9). The voter-approved alternative expenditure limitation was extended.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed in 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 Net Position for the Proprietary Funds, Statement of Cash Flows for the Proprietary Funds, and the Statement of Changes in Fiduciary Net Position.

Note 2. Reconciliation Deductions and Additions

Details for the subtraction for depreciation and the additions for principal payments and the acquisition of capital assets are all provided in the Statement of Cash Flows for the Proprietary Funds and the financial statement footnote for long-term debt. The subtraction for pension expense is a negative amount due to the calculated change in the net pension liability as reported in the Statement of Cash Flows for the Proprietary Funds.

The addition of principal payments on long-term debt in the Enterprise Funds consists of \$155,042 paid on loans payable during the current fiscal year. The addition for the acquisition of capital assets consists of \$158,469 paid for the acquisition of equipment and infrastructure improvements in the Enterprise Funds.

Note 3. Exclusions

Exclusions from local revenues, including those enumerated in the Constitution, may be taken against alternative expenditure limitation only if such exclusions are specifically identified in the resolution and the publicity pamphlet. There are no such exclusions specifically identified.