

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

**CITY OF NOGALES, ARIZONA
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YEAR ENDED JUNE 30, 2020**

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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying Annual Expenditure Limitation Report of the City of Nogales, 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.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
April 28, 2021

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

1. Economic Estimates Commission expenditure limitation	\$ -	
2. Voter approved alternative expenditure limitation (Approved November 6, 2018)	<u>62,575,326</u>	
3. Enter applicable amount from Line 1 or Line 2		<u>\$ 62,575,326</u>
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	41,152,401	
5. Board-authorized expenditures necessitated by a disaster not declared by the Governor [Article IX, §20(2)(a), Arizona Constitution]	-	
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor [Article IX, §20(2)(b), Arizona Constitution]	-	
7. Prior-year voter approved expenditures to exceed the expenditure limitation for the reporting fiscal year [Article IX, §20(2)(c), Arizona Constitution]	<u>-</u>	
8. Subtotal	<u>41,152,401</u>	
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by the voters [Article IX, §20(2)(b), Arizona Constitution]	<u>-</u>	
10. Total adjusted amount subject to the expenditure limitation		<u>41,152,401</u>
11. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation.)		<u>\$ 21,422,925</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 Financial Officer: 

Name and Title: John Kissinger Deputy City Manager

Telephone Number: 520-285-5642

Date: April 28, 2021

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

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 25,864,331	\$ 11,221,130	\$ 4,066,940	\$ -	\$ 41,152,401
B. Less exclusions claimed:					
1 Bond proceeds	-	-	-	-	-
Debt service requirements on bonded indebtedness	-	-	-	-	-
Debt service requirements on other long-term obligations	-	-	-	-	-
2 Dividends, interest and gains on sale of investment securities	-	-	-	-	-
3 Trustee or custodian	-	-	-	-	-
4 Grants and aid from the federal government	-	-	-	-	-
5 Grants, aid, contributions or gifts from private agency, organization or individual	-	-	-	-	-
6 Amounts received from the state	-	-	-	-	-
7 Quasi-external interfund transactions (town sewer fees a/c 10-41- 217, 10-55-217)	-	-	-	-	-
8 Amounts accumulated for purchase of land, purchase or construction of buildings or improvements	-	-	-	-	-
9 Highway user revenues in excess FY 1979-80	-	-	-	-	-
10 Contracts with other political subdivisions	-	-	-	-	-
11 Refunds, reimbursements and other recoveries	-	-	-	-	-
12 Voter approved exclusions not identified above	-	-	-	-	-
13 Prior years carryforward	-	-	-	-	-
14 Total exclusions claimed	-	-	-	-	-
C. Amounts subject to the expenditure limitation	<u>\$ 25,864,331</u>	<u>\$ 11,221,130</u>	<u>\$ 4,066,940</u>	<u>\$ -</u>	<u>\$ 41,152,401</u>

See accompanying Note to Annual Expenditure Limitation Report.

CITY OF NOGALES, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – RECONCILIATION
YEAR ENDED JUNE 30, 2020

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Total Expenditures within the fund-based financial statements	\$ 25,864,331	\$ 9,543,970	\$ 4,116,205	\$ -	\$ 39,524,506
B. Subtract:					
1 Items not requiring use of working capital					
Depreciation	-	3,412,409	19,925	-	3,432,334
Loss on disposal of capital assets	-	-	-	-	-
Bad debt expense	-	-	-	-	-
Claims incurred but not reported	-	-	-	-	-
Landfill Closure	-	-	-	-	-
2 Expenditures of separate legal entities established under ARS	-	-	-	-	-
3 Present value of net minimum capital leases	-	-	-	-	-
4 Charges for services paid to Internal Service Funds	-	-	-	-	-
5 Pension and OPEB expense	-	(2,885,353)	62,646	-	(2,822,707)
6 Total subtractions	<u>-</u>	<u>527,056</u>	<u>82,571</u>	<u>-</u>	<u>609,627</u>
C. Additions:					
1 Principal payments on long-term debt	-	808,687	-	-	808,687
2 Acquisition of capital assets	-	1,087,875	-	-	1,087,875
3 Claims paid in the current year but reported as expenses incurred but not reported in previous years	-	-	-	-	-
4 Pension and OPEB contributions paid in the current year	-	307,654	33,306	-	340,960
5 Total additions	<u>-</u>	<u>2,204,216</u>	<u>33,306</u>	<u>-</u>	<u>2,237,522</u>
D. Amounts reported on Part II Line A	<u>\$ 25,864,331</u>	<u>\$ 11,221,130</u>	<u>\$ 4,066,940</u>	<u>\$ -</u>	<u>\$ 41,152,401</u>

See accompanying Note to Annual Expenditure Limitation Report.

**CITY OF NOGALES, ARIZONA
NOTE 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 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 November 6, 2018 for the next four years beginning in fiscal year 2020-23, as authorized by the Arizona Constitution, Article IX, §20(9).

NOTE 2 PENSION AND OTHER POSTEMPLOYMENT BENEFITS EXPENSES AND CONTRIBUTIONS

The following is a reconciliation of pension and other postemployment benefit expenses and contributions to the cashflows statement in audited financial statements.

	Enterprise Funds	Internal Service Funds
Audited Financial Statements Reported Cashflow Changes in:		
Deferred Outflows of Resources for Pensions and OPEB	\$ 106,531	\$ 11,131
Other Postemployment Benefits	(3,426,628)	-
Pension Liability	39,957	42,395
Deferred Inflows of Resources for Pensions and OPEB	87,133	(24,186)
Total	\$ (3,193,007)	\$ 29,340
Reported Subtractions and Additions:		
Subtraction for Pension/OPEB Expense	\$ (2,885,353)	\$ 62,646
Addition for Pension/OPEB Contributions	(307,654)	(33,306)
Total	\$ (3,193,007)	\$ 29,340