

TOWN OF PATAGONIA, ARIZONA

Annual Expenditure Limitation Report
and Independent Accountants' Report
June 30, 2024

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANTS' REPORT	1
Annual Expenditure Limitation Report - Part I	2
Annual Expenditure Limitation Report - Part II	3
Annual Expenditure Limitation Report - Reconciliation	4
Notes to Annual Expenditure Limitation Report	5



1535 W. Harvard Avenue, Suite 101 · Gilbert, Arizona 85233

Tel: (480) 635-3200 · Fax: (480) 635-3201

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, 2024, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

October 22, 2024

TOWN OF PATAGONIA, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2024

1. Voter-approved alternative expenditure limitation (Approved August 2, 2022)	\$ 2,657,599
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>2,336,918</u>
3. Amount over the expenditure limitation	<u>\$ 320,681</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: *Ron Robinson*

Name and Title: Ron Robinson, Town Manager

Telephone Number: 520-394-2229 Date: 12/12/2024

See accompanying notes to report.

TOWN OF PATAGONIA, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2024

Description	Governmental funds	Enterprise funds	Total
A. Amounts reported on the reconciliation, line D	\$1,678,441	\$ 658,477	\$2,336,918
B. Less exclusions claimed:	-	-	-
Total exclusions claimed	-	-	-
C. Amounts subject to the expenditure limitation	<u>\$1,678,441</u>	<u>\$ 658,477</u>	<u>\$2,336,918</u>

See accompanying notes to report.

TOWN OF PATAGONIA, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2024

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	\$ 1,678,441	\$ 727,568	\$ 2,406,009
B. Subtractions:			
1. Items not requiring use of current financial resources:			
a. Depreciation	-	201,283	201,283
b. Pension and other postemployment benefits (OPEB) expense	-	22,456	22,456
Total subtractions	<u>-</u>	<u>223,739</u>	<u>223,739</u>
C. Additions:			
1. Principal payments on long-term debt	-	-	-
2. Capital asset acquisitions	-	131,109	131,109
3. Pension and OPEB contributions paid in the current year	-	23,539	23,539
Total additions	<u>-</u>	<u>154,648</u>	<u>154,648</u>
D. Amounts reported on part II, line A	<u>\$ 1,678,441</u>	<u>\$ 658,477</u>	<u>\$ 2,336,918</u>

See accompanying notes to report.

TOWN OF PATAGONIA, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2024

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 2, 2022, 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 \$22,456 subtraction for pension and other post-employment benefit (OPEB) expense consists of changes in the net pension and OPEB assets and liabilities, and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year in the enterprise funds.

The \$23,539 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. 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.

	Enterprise funds
<u>Statement of Cash Flows</u>	
Change in net pension and OPEB asset	\$ 235
Change in deferred inflows related to pensions and OPEB	(6,560)
Change in deferred outflows related to pensions and OPEB	7,455
Change in net pension and OPEB liability	(2,213)
Total	\$ (1,083)
 <u>AELR-Reconciliation</u>	
Pension/OPEB contributions - addition	\$ (23,539)
Pension/OPEB expense (income) - subtraction	22,456
Total	\$ (1,083)