

CITY OF TOMBSTONE, ARIZONA

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

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

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

INDEPENDENT ACCOUNTANT'S REPORT

The Auditor General of the State of Arizona and
The Honorable Mayor and City Council
of the City of Tombstone

We have examined the accompanying Annual Expenditure Limitation Report of the City of Tombstone for the year ended June 30, 2024, and the related notes to the report. 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.

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, PLC

March 31, 2025

CITY OF TOMBSTONE, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2024

- | | |
|--|-----------------------------|
| 1. Voter-approved alternative expenditure limitation
(Approved November 3, 2020) | \$ 17,827,840 |
| 2. Amount subject to the expenditure limitation (total
amount from Part II, Line C) | <u>6,671,198</u> |
| 3. Amount under the expenditure limitation | <u><u>\$ 11,156,642</u></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: City Clerk

Telephone Number: 520-457-2202 Date: March 31, 2025

See accompanying notes to report.

CITY OF TOMBSTONE, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2024

Description	Governmental funds	Enterprise funds	Fiduciary fund	Total
A. Amounts reported on the reconciliation, line D	\$5,456,516	\$1,209,882	\$ 4,800	\$6,671,198
B. Less exclusions claimed:	-	-	-	-
C. Amounts subject to the expenditure limitation	<u>\$5,456,516</u>	<u>\$1,209,882</u>	<u>\$ 4,800</u>	<u>\$6,671,198</u>

See accompanying notes to report.

CITY OF TOMBSTONE, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2024

Description	Governmental funds	Enterprise funds	Fiduciary fund	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$5,456,516	\$1,236,842	\$ 4,800	\$6,698,158
B. Subtractions:				
1. Items not requiring use of current financial resources:				
a. Depreciation and amortization	-	157,235	-	157,235
c. Bad debt expense	-	4,002	-	4,002
b. Pension and other postemployment benefits (OPEB) expense	-	59,496	-	59,496
Total subtractions	-	220,733	-	220,733
C. Additions:				
1. Principal payments on long-term debt	-	73,428	-	73,428
2. Capital asset acquisitions	-	40,620	-	40,620
3. Pension and OPEB contributions paid in the current year	-	79,725	-	79,725
Total additions	-	193,773	-	193,773
D. Amounts reported on part II, line A	\$5,456,516	\$1,209,882	\$ 4,800	\$6,671,198

See accompanying notes to report.

CITY OF TOMBSTONE, 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 November 3, 2020, 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; statement of cash flows for the proprietary funds; and the statement of changes in fiduciary net position for the fiduciary funds.

NOTE 2 – PRINCIPAL PAYMENTS ON LONG-TERM DEBT

The addition of \$73,428 for principal payments on long-term debt in the enterprise funds consists of \$35,000 principal paid on the City's revenue bonds, \$36,253 of principal paid on the City's financed purchases payable, and \$2,175 of principal paid on the City's leases.

NOTE 3 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) EXPENSE AND CONTRIBUTIONS

The 59,496 subtraction for pension and other post-employment benefit (OPEB) expense consists of changes in the net pension and OPEB liabilities, changes in deferred outflows related to pensions and OPEB, and changes in deferred inflows related to pensions and OPEB, recognized in the current year in the enterprise funds. The \$73,428 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 on the next page 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.

CITY OF TOMBSTONE, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2024

***NOTE 3 – PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) EXPENSE
AND CONTRIBUTIONS – Continued***

Description	Enterprise Funds
Statement of Cash Flows	
Change in net pension and OPEB asset	\$ 132
Change in deferred outflows related to pensions and OPEB	(19,775)
Change in net pension and OPEB liability	4,517
Change in deferred inflows related to pensions and OPEB	<u>(5,103)</u>
Total	<u><u>\$ (20,229)</u></u>
AELR-Reconciliation	
Pension/OPEB contributions - addition	\$ (79,725)
Pension/OPEB expense (income) - subtraction	<u>59,496</u>
Total	<u><u>\$ (20,229)</u></u>