

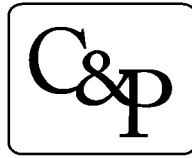
TOWN OF THATCHER, ARIZONA

Report on Audit of
Annual Expenditure Limitation Report

June 30, 2016

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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Thatcher, Arizona for the year ended June 30, 2016. This report is the responsibility of the Town's management. 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 and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of the Town of Thatcher, Arizona referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

Colby & Powell

February 23, 2017

TOWN OF THATCHER, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2016

Economic Estimates Commission expenditure limitation	\$ 8,642,755
Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>7,880,263</u>
Amount under (in excess of) the expenditure limitation	<u><u>\$ 762,492</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: _____

Telephone Number: _____ Date: _____

See accompanying notes to report.

TOWN OF THATCHER, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2016

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 5,862,664	\$ 3,031,075	\$ 8,893,739
B. Less exclusions claimed:			
Debt service requirements on other long-term obligations	143,434	17,687	161,121
Grants and aid from the federal government	111,494	-	111,494
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	125,630	-	125,630
Highway user revenues in excess of those received in fiscal year 1979-80	265,413	-	265,413
Contracts with other political subdivisions	42,132	-	42,132
Prior years carryforward	307,686	-	307,686
Total exclusions claimed	995,789	17,687	1,013,476
C. Amounts subject to the expenditure limitation	\$ 4,866,875	\$ 3,013,388	\$ 7,880,263

See accompanying notes to report.

TOWN OF THATCHER, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2016

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	\$ 5,862,664	\$ 3,229,595	\$ 9,092,259
B. Subtractions			
Items not requiring use of working capital:			
Depreciation	-	261,679	261,679
Pension expense	-	61,233	61,233
Total subtractions	-	322,912	322,912
C. Additions			
Acquisition of capital assets	-	73,762	73,762
Amounts paid in the current year but reported as expenses in previous years:			
Pension contributions	-	50,630	50,630
Total additions	-	124,392	124,392
D. Amounts reported on Part II, Line A	\$ 5,862,664	\$ 3,031,075	\$ 8,893,739

See accompanying notes to report.

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2016

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 Section 41-1279.07, which excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, Section 20 from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS requirements, 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-based financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenue, 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 EXPENSE AND CONTRIBUTIONS

The subtraction of \$61,233 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Funds. The addition of \$50,630 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the Enterprise Funds.

NOTE 3 – DEBT SERVICE ON OTHER LONG-TERM OBLIGATIONS

The exclusion claimed for debt service requirements on other long-term obligations of \$161,121 is for the following:

	Governmental Funds	Enterprise Funds	Total
	<u> </u>	<u> </u>	<u> </u>
GADA principal	\$ -	\$ -	\$ -
GADA interest	34,530	17,687	52,217
Capital lease principal	103,168	-	103,168
Capital lease interest	5,736	-	5,736
	<u>\$ 143,434</u>	<u>\$ 17,687</u>	<u>\$ 161,121</u>

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2016

NOTE 4 – DIVIDENDS, INTEREST AND GAINS ON THE SALE OR REDEMPTION OF INVESTMENT SECURITIES

The exclusions claimed for dividends, interest, and gains on the sale or redemption of investment securities is as follows:

Description	Prior Year Carried Forward	Revenues	Amount Excluded	Amount Carried Forward
General Fund	\$ 165,084	\$ 33,868	\$ -	\$ 198,952
HURF/LTAF Fund	830	4	-	834
Electric Fund	19,678	4,469	-	24,147
Total investment income excludable in future years	<u>\$ 185,592</u>	<u>\$ 38,341</u>	<u>\$ -</u>	<u>\$ 223,933</u>

NOTE 5 – EXCLUDED INTERGOVERNMENTAL REVENUE

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, other political subdivisions, and highway user revenues in the Governmental Funds:

Grants and aid from the federal government	\$ 11,494
Contracts with other political subdivisions	42,132
Grants from private organizations or individuals	125,630
Highway user revenues in excess of those received in fiscal year 1979-80	265,413
Other revenues (nonexcludable)	<u>1,495,203</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 1,939,872</u>

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2016

NOTE 6 – PRIOR YEARS CARRYFORWARD

Prior years carryforward excluded in the amount of \$307,686 consists of constitutionally excludable revenues unexpended in the year of that have been accumulated and were expended in the current year as follows:

Description	Governmental Funds
Grants from a private organization:	
2014-15 Freeport McMoran contribution	\$ 116,999
Highway user revenues in excess of those received in fiscal year 1979-80	190,687
Intergovernmental revenue	\$ 307,686