

TOWN OF THATCHER, ARIZONA

Annual Expenditure Limitation Report
and Independent Accountants' Report
June 30, 2017

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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, 2017, 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.

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

December 27, 2017

TOWN OF THATCHER, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2017

1. Economic Estimates Commission expenditure limitation	\$8,782,080
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>8,000,409</u>
3. Amount under the expenditure limitation	<u><u>\$ 781,671</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, 2017

Description	Governmental funds	Enterprise funds	Total
A. Amounts reported on the reconciliation, line D	\$5,750,267	\$3,018,922	\$8,769,189
B. Less exclusions claimed:			
1. Debt service requirements	334,527	61,802	396,329
2. Grants and aid from the federal government	152,039	-	152,039
3. Amounts received from the State of Arizona	109,226	-	109,226
4. Highway user revenues in excess of those received in fiscal year 1979-80	111,186	-	111,186
Total exclusions claimed	<u>706,978</u>	<u>61,802</u>	<u>768,780</u>
C. Amounts subject to the expenditure limitation	<u>\$5,043,289</u>	<u>\$2,957,120</u>	<u>\$8,000,409</u>

See accompanying notes to report.

TOWN OF THATCHER, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2017

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	\$5,750,267	\$3,244,820	\$8,995,087
B. Subtractions:			
1. Items not requiring use of current financial resources:			
a. Depreciation	-	259,089	259,089
b. Pension expense	-	71,142	71,142
Total subtractions	<u>-</u>	<u>330,231</u>	<u>330,231</u>
C. Additions:			
1. Principal payments on long-term debt	-	45,000	45,000
2. Capital asset acquisitions	-	7,994	7,994
3. Pension contributions paid in the current year	-	51,339	51,339
Total additions	<u>-</u>	<u>104,333</u>	<u>104,333</u>
D. Amounts reported on part II, line A	<u>\$5,750,267</u>	<u>\$3,018,922</u>	<u>\$8,769,189</u>

See accompanying notes to report.

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2017

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. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

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 – EXCLUSION FOR DEBT SERVICE REQUIREMENTS

The exclusion claimed for debt service requirements on other long-term obligations of \$396,329 is for the following:

	Governmental Funds	Enterprise Funds	Total
	<u> </u>	<u> </u>	<u> </u>
GADA principal	\$ 180,000	\$ 45,000	\$ 225,000
GADA interest	100,075	16,802	116,877
Capital lease principal	53,285	-	53,285
Capital lease interest	1,167	-	1,167
	<u>\$ 334,527</u>	<u>\$ 61,802</u>	<u>\$ 396,329</u>

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2017

NOTE 3 – 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	\$ 198,952	\$ 72,110	\$ -	\$ 271,062
HURF/LTAF Fund	834	4	-	838
Electric Fund	24,147	9,587	-	33,734
 Total investment income excludable in future years	 <u>\$ 223,933</u>	 <u>\$ 81,701</u>	 <u>\$ -</u>	 <u>\$ 305,634</u>

NOTE 4 – 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	\$ 152,039
Highway user revenues in excess of those received in fiscal year 1979-80	316,748
Other revenues (nonexcludable)	<u>1,427,236</u>
 Total intergovernmental revenues as reported in the fund financial statements	 <u>\$ 1,896,023</u>

NOTE 5 – PENSION EXPENSE AND CONTRIBUTIONS

The subtraction of \$71,142 for pension expense consists of the change in the net pension liability recognized in the current year in the enterprise funds. The addition of \$51,339 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.

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2017

NOTE 6 – PRINCIPAL PAYMENTS ON LONG-TERM DEBT

The addition of \$45,000 for principal payments on long-term debt in the enterprise funds consists of list the total amount of principal payments for each long-term debt item.