

TOWN OF THATCHER, ARIZONA

Annual Expenditure Limitation Report
and Independent Accountants' Report
June 30, 2018

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 Thatcher, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Thatcher, Arizona for the year ended June 30, 2018, 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

January 16, 2019

TOWN OF THATCHER, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2018

1. Economic Estimates Commission expenditure limitation	\$ 12,602,871
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>12,217,768</u>
3. Amount under the expenditure limitation	<u><u>\$ 385,103</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: Heath Brown, Town Manager

Telephone Number: (928) 428-2290 Date: January 16, 2019

See accompanying notes to report.

TOWN OF THATCHER, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2018

Description	Governmental funds	Enterprise funds	Total
A. Amounts reported on the reconciliation, line D	\$ 8,244,473	\$ 5,137,672	\$ 13,382,145
B. Less exclusions claimed:			
1. Debt service requirements	161,628	39,444	201,072
2. Grants and aid from the federal government	413,145	-	413,145
3. Amounts received from the State of Arizona	15,664	-	15,664
4. Highway user revenues in excess of those received in fiscal year 1979-80	308,380	-	308,380
5. Prior years carryforward	226,116	-	226,116
Total exclusions claimed	<u>1,124,933</u>	<u>39,444</u>	<u>1,164,377</u>
C. Amounts subject to the expenditure limitation	<u>\$ 7,119,540</u>	<u>\$ 5,098,228</u>	<u>\$ 12,217,768</u>

See accompanying notes to report.

TOWN OF THATCHER, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2018

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	\$ 8,788,140	\$ 6,090,263	\$ 14,878,403
B. Subtractions:			
1. Items not requiring use of current financial resources:			
a. Depreciation	-	198,500	198,500
b. Loss on disposal of capital assets	-	958,078	958,078
c. Pension and other postemployment benefits (OPEB) expense	-	49,179	49,179
2. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at the agreements' inception			
	543,667	-	543,667
Total subtractions	<u>543,667</u>	<u>1,205,757</u>	<u>1,749,424</u>
C. Additions:			
1. Principal payments on long-term debt	-	24,000	24,000
2. Capital asset acquisitions	-	168,576	168,576
3. Pension and OPEB contributions paid in the current year	-	60,590	60,590
Total additions	<u>-</u>	<u>253,166</u>	<u>253,166</u>
D. Amounts reported on part II, line A	<u>\$ 8,244,473</u>	<u>\$ 5,137,672</u>	<u>\$ 13,382,145</u>

See accompanying notes to report.

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2018

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 \$201,072 is for the following:

	Governmental Funds	Enterprise Funds	Total
GADA principal	\$ 96,000	\$ 24,000	\$ 120,000
GADA interest	62,225	15,444	77,669
Red Lamp Trailer Park principal	2,517	-	2,517
Red Lamp Trailer Park interest	886	-	886
	\$ 161,628	\$ 39,444	\$ 201,072

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2018

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	\$ 271,062	\$ 130,698	\$ -	\$ 401,760
HURF Fund	838	2,174	3,012	-
Electric Fund	33,734	17,519	-	51,253
 Total	 <u>\$ 305,634</u>	 <u>\$ 150,391</u>	 <u>\$ 3,012</u>	 <u>\$ 453,013</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	\$ 413,145
Amounts received from the State of Arizona	15,664
Highway user revenues in excess of those received in fiscal year 1979-80	308,380
Other revenues (nonexcludable)	<u>1,589,035</u>
 Total intergovernmental revenues as reported in the fund financial statements	 <u><u>\$ 2,326,224</u></u>

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2018

NOTE 5 – EXCLUSION FOR PRIOR YEARS CARRYFORWARD

Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year as follows:

Dividends, interest, and gains on the sale or redemption of investment securities	\$ 3,012
Highway user revenues in excess of those received in fiscal year 1979-80	<u>223,104</u>
Total prior years carryforward expended	<u><u>\$ 226,116</u></u>

NOTE 6 – POST-EMPLOYMENT BENEFITS EXPENSE AND CONTRIBUTIONS

The \$49,179 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 \$60,590 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.