

TOWN OF THATCHER, ARIZONA

Annual Expenditure Limitation Report
and Independent Accountant's Report
June 30, 2023

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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 Town of Thatcher, Arizona for the year ended June 30, 2023. 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.

Our examination was conducted 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 of Town of Thatcher, Arizona, referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

Baker Tilly US, LLP

Tempe, Arizona
February 1, 2024

TOWN OF THATCHER, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2023

1. Economic Estimates Commission expenditure limitation	\$ 14,632,847
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>14,632,847</u>
3. Amount under the expenditure limitation	<u><u>\$ -</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, 2023

Description	Governmental funds	Enterprise funds	Total
A. Amounts reported on the reconciliation, line D	\$ 9,872,240	\$ 6,506,667	\$ 16,378,907
B. Less exclusions claimed:			
1. Debt service requirements	352,207	51,552	403,759
2. Dividends, interest, and gains on the sale or redemption of investment securities	207,112	-	207,112
3. Grants and aid from the federal government	561,524	-	561,524
4. Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	7,800	-	7,800
5. Amounts received from the State of Arizona	28,018	-	28,018
6. Highway user revenues in excess of those received in fiscal year 1979-80	421,765	-	421,765
7. Refunds, reimbursements, and other recoveries	56,794	-	56,794
8. Prior years carryforward	59,288	-	59,288
Total exclusions claimed	<u>1,694,508</u>	<u>51,552</u>	<u>1,746,060</u>
C. Amounts subject to the expenditure limitation	<u>\$ 8,177,732</u>	<u>\$ 6,455,115</u>	<u>\$ 14,632,847</u>

See accompanying notes to report.

TOWN OF THATCHER, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2023

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	\$ 10,461,723	\$ 6,719,264	\$ 17,180,987
B. Subtractions:			
1. Items not requiring use of current financial resources:			
a. Depreciation and amortization	-	266,074	266,074
b. Pension and other postemployment benefits (OPEB) expense	-	77,975	77,975
2. Required fees paid to the Industrial Commission of Arizona	13,665	-	13,665
3. Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	575,818	-	575,818
Total subtractions	<u>589,483</u>	<u>344,049</u>	<u>933,532</u>
C. Additions:			
1. Principal payments on long-term debt	-	39,455	39,455
2. Capital asset acquisitions	-	29,603	29,603
3. Pension and OPEB contributions paid in the current year	-	62,394	62,394
Total additions	<u>-</u>	<u>131,452</u>	<u>131,452</u>
D. Amounts reported on part II, line A	<u>\$ 9,872,240</u>	<u>\$ 6,506,667</u>	<u>\$ 16,378,907</u>

See accompanying notes to report.

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2023

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; and the statement of cash flows for the proprietary funds.

NOTE 2 – EXCLUSION FOR DEBT SERVICE REQUIREMENTS

The exclusion claimed for debt service requirements on other long-term obligations of \$403,759 is for the following:

	Governmental Funds	Enterprise Funds	Total
GADA principal	\$ 116,000	\$ 29,000	\$ 145,000
GADA interest	38,868	9,717	48,585
Principal: Leases payable	164,782	10,455	175,237
Interest: Leases payable	32,557	2,380	34,937
	<u>\$ 352,207</u>	<u>\$ 51,552</u>	<u>\$ 403,759</u>

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2023

NOTE 3 – DIVIDENDS, INTEREST, AND GAINS

The \$207,112 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the Governmental Funds includes investment earnings expensed of \$207,112.

Reconciliation of investment earnings

	Governmental Funds	Enterprise Funds	Total
Financial statements			
Investment earnings	\$ 207,112	\$ -	\$ 207,112
Interest on lease receivables	26,617	-	26,617
Interest on special improvement district loans	4,812	-	4,812
Total investment earnings (loss) as reported in the financial statements	<u>\$ 238,541</u>	<u>\$ -</u>	<u>\$ 238,541</u>
 AELR-Part II			
Investment earnings	<u>\$ 238,541</u>	<u>\$ -</u>	<u>\$ 238,541</u>
Subtotal of allowable exclusion	<u>207,112</u>	<u>-</u>	<u>207,112</u>
Actual exclusion taken	<u>207,112</u>	<u>-</u>	<u>207,112</u>
Carryforward to future years	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2023

NOTE 4 – CARRYFORWARD ACTIVITY

Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. A summary of the revenue sources and the changes in those balances is shown in the table below:

Description	Prior Year Carried Forward	Revenues	Amount Excluded	Amount Carried Forward
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 871,630	\$ 207,112	\$ 225,796	\$ 852,946
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	-	6,000	3,480	2,520
Highway user revenues in excess of those received in fiscal year 1979-80	40,604	-	40,604	\$ -
Total intergovernmental revenues excluded	<u>\$ 912,234</u>	<u>\$ 213,112</u>	<u>\$ 269,880</u>	<u>\$ 855,466</u>

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	\$ 18,684
Highway user revenues in excess of those received in fiscal year 1979-80	<u>40,604</u>
Total prior years carryforward expended	<u>\$ 59,288</u>

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2023

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, and highway user revenues in the governmental funds:

Grants and aid from the federal government	\$ 561,524
Amounts received from the State of Arizona	28,018
Grants from private organizations or individuals	7,800
Highway user revenues in excess of those received in fiscal year 1979-80	421,765
Nonexcludable revenues	2,655,419
Unspent, excludable revenues carried forward	<u>2,520</u>
 Total intergovernmental revenues as reported in the fund financial statements	 <u><u>\$ 3,677,046</u></u>

NOTE 6 – FEES PAID TO INDUSTRIAL COMMISSION OF ARIZONA

The subtraction for required fees State law required the Town to pay that are excluded from the Town expenditure limitation consists of payments to the Industrial Commission of Arizona pursuant to A.R.S. §23-1703 for the Municipal Firefighter Cancer Reimbursement Fund, which were recorded as a \$13,665 expenditure.

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2023

NOTE 7 – POST-EMPLOYMENT BENEFITS EXPENSE AND CONTRIBUTIONS

The \$77,975 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 \$62,394 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.

Description	Enterprise Funds
Statement of Cash Flows	
Change in net pension and OPEB asset	\$ 4,218
Change in deferred inflows related to pensions and OPEB	154,426
Change in deferred outflows related to pensions and OPEB	(2,426)
Change in net pension and OPEB liability	(171,799)
Total	\$ (15,581)
AELR-Reconciliation	
Pension/OPEB contributions - addition	\$ 62,394
Pension/OPEB expense (income) - subtraction	(77,975)
Total	\$ (15,581)