

TOWN OF THATCHER, ARIZONA

Report on Audit of
Annual Expenditure Limitation Report

June 30, 2014

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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, 2014. 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

March 19, 2015

TOWN OF THATCHER, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2014

| | |
|--|--------------------------|
| Economic Estimates Commission expenditure limitation | \$ 8,343,604 |
| Amount subject to the expenditure limitation (total amount from Part II, Line C) | <u>7,993,430</u> |
| Amount under (in excess of) the expenditure limitation | <u><u>\$ 350,174</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, 2014

| Description | Governmental Funds | Enterprise Funds | Total |
|--|-----------------------|---------------------|---------------------|
| A. Amounts reported on the Reconciliation, Line D | \$ 5,552,465 | \$ 3,002,174 | \$ 8,554,639 |
| B. Less exclusions claimed: | | | |
| 1. Bond proceeds | - | - | - |
| Debt service requirements on bonded indebtedness | - | - | - |
| Proceeds from other long-term obligations | - | - | - |
| Debt service requirements on other long- term obligations | 265,369 | 39,116 | 304,485 |
| 2. Dividends, interest, and gains on the sale or redemption of investment securities | - | - | - |
| 3. Trustee or custodian | - | - | - |
| 4. Grants and aid from the federal government | 211,187 | - | 211,187 |
| 5. Grants, aid, contributions, or gifts from a private agency, or organization, or individual except amounts received in lieu of taxes | 27,739 | - | 27,739 |
| 6. Amounts received from the State of Arizona | 17,798 | - | 17,798 |
| 7. Quasi-external interfund transactions | - | - | - |
| 8. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements | - | - | - |
| 9. Highway user revenues in excess of those received in fiscal year 1979-80 | - | - | - |
| 10. Contracts with other political subdivisions | - | - | - |
| 11. Refunds, reimbursements, and other recoveries | - | - | - |
| 12. Voter approved exclusions not identified above (attach resolution) | - | - | - |
| 13. Prior years carryforward | - | - | - |
| 14. Total exclusions claimed | <u>522,093</u> | <u>39,116</u> | <u>561,209</u> |
| C. Amounts subject to the expenditure limitation | <u>\$ 5,030,372</u> | <u>\$ 2,963,058</u> | <u>\$ 7,993,430</u> |

See accompanying notes to report.

TOWN OF THATCHER, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2014

| 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 | \$ 5,552,465 | \$ 2,914,743 | \$ 8,467,208 |
| B. Subtractions | | | |
| 1. Items not requiring use of working capital: | | | |
| Depreciation | - | 234,468 | 234,468 |
| Loss on disposal of capital assets | - | - | - |
| Bad debt expense | - | - | - |
| Landfill closure and postclosure care costs | - | - | - |
| 2. Expenditures of separate legal entities established under Arizona Revised Statutes | - | - | - |
| 3. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements | - | - | - |
| 4. Involuntary court judgments | - | - | - |
| 5. Total subtractions | - | 234,468 | 234,468 |
| C. Additions | | | |
| 1. Principal payments on long-term debt | - | 20,000 | 20,000 |
| 2. Acquisition of capital assets | - | 301,899 | 301,899 |
| 3. Claims paid in the current year but reported as expenses incurred but not reported in previous years | - | - | - |
| 4. Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years | - | - | - |
| 5. Total additions | - | 321,899 | 321,899 |
| D. Amounts reported on Part II, Line A | \$ 5,552,465 | \$ 3,002,174 | \$ 8,554,639 |

See accompanying notes to report.

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2014

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-based 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 – DEBT SERVICE ON OTHER LONG-TERM OBLIGATIONS

The exclusion claimed for debt service requirements on other long-term obligations of \$304,485 is for the following:

| | Governmental Funds | Proprietary Funds | Total |
|-------------------------|-----------------------|----------------------|-------------------|
| GADA principal | \$ 80,000 | \$ 20,000 | \$ 100,000 |
| GADA interest | 76,465 | 19,116 | 95,581 |
| Capital lease principal | 94,605 | - | 94,605 |
| Capital lease interest | 14,299 | - | 14,299 |
| | <u>\$ 265,369</u> | <u>\$ 39,116</u> | <u>\$ 304,485</u> |

TOWN OF THATCHER, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2014

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 | \$ 128,858 | \$ 22,100 | \$ - | \$ 150,958 |
| HURF/LTAF Fund | 550 | 192 | - | 742 |
| Electric Fund | 14,236 | 3,645 | - | 17,881 |
| Total investment income excludable in future years | <u>\$ 143,644</u> | <u>\$ 25,937</u> | <u>\$ -</u> | <u>\$ 169,581</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 | \$ 211,187 |
| Amounts received from the State of Arizona | 17,798 |
| Grants from private organizations or individuals | 27,739 |
| Other revenues (nonexcludable) | 1,301,509 |
| Amount carried forward | <u>269,088</u> |
| Total intergovernmental revenues as reported in the fund financial statements | <u>\$ 1,827,321</u> |