



Town of Payson, Arizona
Annual Expenditure Limitation Report
Year Ended June 30, 2023

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Year Ended June 30, 2023**

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Independent Accountant's Report

The Auditor General of the State of Arizona

The Honorable Mayor and Town Council
of the Town of Payson, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Payson, Arizona for the year ended June 30, 2023, 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.

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 referred to above is presented, in all material respects, in accordance with the Uniform Expenditure Reporting System as described in Note 1.

Heinfeld Meech & Co. PC

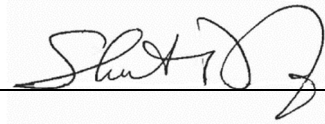
Heinfeld, Meech & Co., P.C.
Flagstaff, Arizona
February 15, 2024

Town of Payson, Arizona
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2023

1. Economic Estimates Commission expenditure limitation	\$ _____	
2. Voter-approved alternative expenditure limitation (approved February 2022)	_____	58,954,700
3. Enter applicable amount from line 1 or line 2		\$ <u>58,954,700</u>
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)		_____
5. Amount under the expenditure limitation		<u>\$ 21,462,019</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: Sheila DeSchaaf, Deputy Town Manager

Telephone Number: (928) 472-5027

Date: February 15, 2024

See accompanying notes to report.

Town of Payson, Arizona
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2023

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Amounts reported on the reconciliation, line D	29,356,971	\$ 8,135,710	\$	\$	\$ 37,492,681
B. Less exclusions claimed:					
1. Debt proceeds					
2. Debt service requirements					
3. Dividends, interest, and gains on the sale or redemption of investment securities					
4. Trustee or custodian					
5. Grants and aid from the federal government					
6. Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes					
7. Amounts received from the State of Arizona					
8. Quasi-external interfund transactions					
9. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements					
10. Highway user revenues in excess of those received in fiscal year 1979-80					
11. Contracts with other political subdivisions					
12. Refunds, reimbursements, and other recoveries					
13. Amounts received for distribution to school districts					
14. Prior years carryforward					
15. Qualifying capital improvement expenditures repaid in accordance with Arizona Revised Statutes §41-1279.07					
16. Total exclusions claimed					
C. Amounts subject to the expenditure limitation	\$ 29,356,971	\$ 8,135,710	\$	\$	\$ 37,492,681

See accompanying notes to report.

Town of Payson, Arizona
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2023

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 29,356,971	\$ 9,264,678			\$ 38,621,649
B. Subtractions:					
1. Items not requiring use of current financial resources:					
a. Depreciation		2,725,103			2,725,103
b. Loss on disposal of capital assets					
c. Bad debt expense					
d. Pension and other postemployment benefits (OPEB) expense		1,254,009			1,254,009
e. Claims incurred but not reported (IBNR)					
f. Landfill closure and postclosure care costs					
2. Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.)					
3. Contributions to fire districts					
4. Community college reimbursement payments pursuant to A.R.S. §15-1469.01					
5. Long-term care contributions the State Treasurer withheld					
6. Required fees/reimbursements made to Arizona state agencies					
7. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at the agreements' inception					-
8. Involuntary court judgments					
9. Total subtractions	<u>-</u>	<u>3,979,112</u>			<u>3,979,112</u>
C. Additions:					
1. Principal payments on long-term debt		1,329,883			1,329,883
2. Capital asset acquisitions		1,329,286			1,329,286
3. Amounts paid in the current year but reported as expenses in previous years:					
a. Claims previously recognized as IBNR					
b. Landfill closure and postclosure care costs and pollution remediation					
4. Pension and OPEB contributions paid in the current year		190,975			190,975
5. Total additions		<u>2,850,144</u>			<u>2,850,144</u>
D. Amounts reported on part II, line A	<u>\$ 29,356,971</u>	<u>\$ 8,135,710</u>	<u>\$</u>	<u>\$</u>	<u>\$ 37,492,681</u>

See accompanying notes to report.

Town of Payson, 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, and in accordance with the voter-approved alternative expenditure limitation adopted August 2018, as authorized by the Arizona Constitution, Article IX, §20(9).

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 – The subtraction of \$1,254,009 for pension and other postemployment benefit (OPEB) expense consists of the changes in the net pension and OPEB assets/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.

Note 3 – The addition of \$190,975 for pension and OPEB contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the Enterprise Funds.

Note 4 – The addition of \$1,329,883 for principal payments on long-term debt in the Enterprise Funds consists principal payments for notes payable.