

REAL REPORT FOR REAL PROPERTY TAX ADOPTION

The Town of Wellton reviewed the prior two fiscal years' budget noting the overview of each year reflected a decreased net position.

The "Financial Statements and Independent Auditor's Report – Dated June 30, 2015" for the Town of Wellton, Arizona on Page 9 indicated "The Town's total net position decreased approximately \$279,000....."

Similarly, the preliminary estimates for Fiscal Year 2015 – 2016 (ending June 30, 2016) indicate a decrease of \$289,000 in the Town's total net position.

This fiscal year's budget was adopted with minimal capital expenditures to balance the Town's finances. The Water Department has separate revenues to purchase new meters and make any necessary repairs at the Water Plant.

The Fire Department's Budgets for FY 2014 – 2015 and FY 2015 – 2016 have averaged \$260,000 per year. The Town has financed a new tender truck in the efforts to improve the Town's fire rating and response for service areas that do not have fire hydrants. This endeavor includes an annual payment of \$69,000 for the next 9 years. There is also a need for a building to house the tender truck however, there is not a revenue stream to offset these new expenditures. This year's budget is \$306,000 which includes the annual payment of \$69,000. This correlates to a \$23,000 loss in operating Budget for the Fire Department.

The Police Department's Operating Budget for FY 2016 – 2017 is \$613,000. The Police Department currently has five vehicles in their fleet of which some vehicles are as old as 2005 and have over 100,000 service miles. Currently, there is not a revenue stream for Capital Expenditures to facilitate a Fleet Management Program. The program will be intended to specifically move the older, high mileage and high maintenance vehicles out of service rotation for newer, lower maintenance vehicles.

In order to maintain fire and police services and sustain a balanced budget, the Town will need to raise additional revenue. This is why the Town is potentially looking at an establishment of primary property tax that would need to go to the voters at an election on May 16, 2017. However, this will not be considered by Council until 60 days after the "Notice

of Real Property Tax Adoption Pursuant to A.R.S § 9-499.15 B.2.” which is scheduled for posting December 7, 2016. If the voters were to approve the establishment of the primary property tax, the actual amount of the tax and revenues that would be received would not be formally approved until the budget is adopted for Fiscal Year 2017-2018.

Schedule of Projected Revenues from Primary Property Tax Revenues

The Town of Wellton’s assessed valuation for 2016 was \$14, 595,903. Based on this assessed valuation which will be updated in February 2017, the following revenues can be generated for the Town based on the following primary property tax rates per \$100 of assessed valuation.

Revenue Generated	Property Tax Rate Per \$100 of Assessed Value
\$300,000	\$2.0554
\$400,000	\$2.7405
\$500,000	\$3.4256