

TOWN OF WELLTON, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2016

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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 Wellton, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Wellton, Arizona for the year ended June 30, 2016. 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 Town of Wellton, Arizona, referred to above, presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

Henry + Horne LLP

Casa Grande, Arizona
January 19, 2017

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**TOWN OF WELLTON, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2016**

1. Economic Estimates Commission Expenditure limitation	\$ 4,539,372
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>3,004,839</u>
3. Amount under the expenditure limitation	<u>\$ 1,534,533</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: Larry Killman, Town Manager

Telephone No.: (928) 785-3348 Date: January 19, 2017

See accompanying notes to report.

**TOWN OF WELLTON, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2016**

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	2,814,189	1,015,956	-	3,830,145
B. Less exclusions claimed:				
1. Debt service requirements on other long-term obligations	34,550	46,503	-	81,053
2. Grants and aid from the federal Government	541,253	-	-	541,253
3. Amounts received from the State of Arizona	4,610	-	-	4,610
4. Highway user revenues in excess of those Received in fiscal year 1979-80	198,390	-	-	198,390
5. Total exclusions claimed	778,803	46,503	-	825,306
C. Amounts subject to the expenditure limitation	2,035,386	969,453	-	3,004,839

See accompanying notes to report.

TOWN OF WELLTON, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2016

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund-based financial statements	3,423,469	1,271,689	-	4,695,158
B. Subtractions				
Items not requiring use of current financial resources:				-
1. Depreciation	-	351,061	-	351,061
Loss on disposal of capital assets	-	-	-	-
Bad debt expense	-	-	-	-
Other postemployment benefits expense (OPEB)	-	-	-	-
Pension Expense	-	42,826	-	42,826
Claims incurred but not reported (IBNR)	-	-	-	-
Landfill closure and postclosure care costs	-	-	-	-
2. Expenditures of separate legal entity established under Arizona Revised Statutes	13,824	-	-	13,824
3. Required fees paid to the Arizona Department of Revenue	6,260	-	-	6,260
4. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreement	589,196	-	-	589,196
5. Involuntary court judgments	-	-	-	-
6. Total subtractions	609,280	393,887	-	1,003,167
C. Additions:				
1. Principal payments on long-term debt	-	41,541	-	41,541
2. Acquisition of fixed assets	-	60,142	-	60,142
3. Amounts paid in the current year but reported as expenses in previous years:				
OPEB	-	-	-	-
Claims previously recognized as IBNR	-	-	-	-
Landfill closure and postclosure care costs	-	-	-	-
4. Pension contributions	-	36,471	-	36,471
5. Total additions	-	138,154	-	138,154
D. Amounts reported on Part II, Line A	2,814,189	1,015,956	-	3,830,145

See accompanying notes to report.

**TOWN OF WELLTON, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2016**

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 §41-1279.07, which 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-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 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 - The exclusion of \$34,550 claimed for debt service requirements on capital leases in the Governmental Funds consists of principal retirement and interest expenditures reported in the General Fund.

NOTE 3 - 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:

<u>Description</u>	<u>Revenues</u>
Grants and aid from federal government - Governmental Funds	\$ 541,253
Grants and aid from the State of Arizona	4,610
Highway user revenues in excess of those received in fiscal year 1979-80	198,390
Other revenue (nonexcludable)	<u>774,858</u>
Total intergovernmental revenues as reported in the fund-based financial statements	<u>\$ 1,519,111</u>

**TOWN OF WELLTON, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2016**

NOTE 4 - The additions shown as principal payments on long-term debt includes the following:

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Principal payments on:		
Developer contributions	\$ -	2,771
Notes payable	-	38,770
	-	38,770
Total	\$ -	41,541

NOTE 5 - The subtraction of \$13,254 for the Community Facilities District established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the Town’s reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds category in the fund financial statements.

NOTE 6 - The subtraction of \$6,260 from the Governmental Funds consists of fees paid to the Arizona Department of Revenue for providing the Town administrative and collection services.

NOTE 7 - The subtraction of \$ 42,826 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Fund. The addition of \$ \$36,471 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the Enterprise Funds.

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