

**TOWN OF WELLTON, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT**  
**JUNE 30, 2020**

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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, 2020. 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.

We conducted our examination 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.

In our opinion, the Annual Expenditure Limitation Report of Town of Wellton, Arizona, referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

*Henry + Horne, LLP*

Tempe, Arizona  
February 10, 2021

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**TOWN OF WELLTON, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART I  
YEAR ENDED JUNE 30, 2020**

1. Economic Estimates Commission Expenditure limitation	\$ 5,038,090
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>3,708,286</u>
3. Amount under the expenditure limitation	<u><u>\$ 1,329,804</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: Larry Killman, Town Manager

Telephone No.: (928) 785-3348 Date: February 10, 2021

See accompanying notes to report.

**TOWN OF WELLTON, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART II  
YEAR ENDED JUNE 30, 2020**

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	<u>3,269,048</u>	<u>2,468,139</u>	-	<u>5,737,187</u>
B. Less exclusions claimed:				
1. Debt service requirements	423,047	3,341	-	426,388
2. Grants and aid from the federal Government	754,261	422,861	-	1,177,122
3. Grants, aid, contributions, or gifts from private agency, organization, or individual except amounts received in lieu of taxes	-	-	-	-
4. Amounts received from the State of Arizona	4,651	-	-	4,651
5. Highway user revenues in excess of those Received in fiscal year 1979-80	<u>420,740</u>	<u>-</u>	<u>-</u>	<u>420,740</u>
6. Total exclusions claimed	<u>1,602,699</u>	<u>426,202</u>	<u>-</u>	<u>2,028,901</u>
C. Amounts subject to the expenditure limitation	<u><u>1,666,349</u></u>	<u><u>2,041,937</u></u>	<u><u>-</u></u>	<u><u>3,708,286</u></u>

See accompanying notes to report.

**TOWN OF WELLTON, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION**  
**YEAR ENDED JUNE 30, 2020**

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	3,301,282	2,385,363	-	5,686,645
B. Subtractions				
Items not requiring use of current financial				
1. resources:				-
a. Depreciation	-	315,138	-	315,138
b. Loss on disposal of capital assets	-	-	-	-
c. Bad debt expense	-	-	-	-
Other postemployment benefits expense				
d. (OPEB)	-	-	-	-
e. Claims incurred but not reported (IBNR)	-	-	-	-
f. Landfill closure and postclosure care costs	-	-	-	-
g. Pension Expense	-	108,802	-	108,802
2. Expenditures of separate legal entity established under Arizona Revised Statutes	24,310	-	-	24,310
3. Required fees paid to the Arizona Department of Revenue	7,924	-	-	7,924
4. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreement	-	-	-	-
5. Involuntary court judgments	-	-	-	-
6. Total subtractions	32,234	423,940	-	456,174
C. Additions:				
1. Principal payments on long-term debt	-	3,341	-	3,341
2. Acquisition of fixed assets	-	451,838	-	451,838
3. Amounts paid in the current year but reported as expenses in previous years:				
a. OPEB	-	-	-	-
b. Claims previously recognized as IBNR	-	-	-	-
c. Landfill closure and postclosure care costs	-	-	-	-
4. Pension contributions paid in the current year	-	51,537	-	51,537
5. Total additions	-	506,716	-	506,716
D. Amounts reported on Part II, Line A	3,269,048	2,468,139	-	5,737,187

See accompanying notes to report.

**TOWN OF WELLTON, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2020**

**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 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 financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Net Position 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 \$423,047 claimed for debt service requirements on capital leases payable 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	\$ 754,261
Grants and aid from the State of Arizona	4,651
Highway user revenues in excess of those received in fiscal year 1979-80	420,740
Other revenue (nonexcludable)	<u>883,932</u>
Total intergovernmental revenues as reported in the fund-based financial statements	<u><u>\$ 2,063,584</u></u>



**TOWN OF WELLTON, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2020**

**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	\$ -	3,341
Total	\$ -	3,341

**NOTE 5 -** The subtraction of \$24,310 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 \$7,924 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 \$108,802 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Fund. The addition of \$51,537 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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