

CITY OF WILLCOX, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2018
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WILLCOX, ARIZONA
Annual Expenditure Limitation Report
June 30, 2018

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Independent Accountants' Report on AELR

The Auditor General of the State of Arizona and
The Honorable Mayor and City Council
City of Willcox, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the City of Willcox, Arizona, for the year ended June 30, 2018. This report is the responsibility of the City of Willcox, Arizona'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 City of Willcox, Arizona, referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

HintonBurdick, PLLC

HintonBurdick, PLLC
Gilbert, Arizona
February 15, 2019

CITY OF WILLCOX, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2018

1. Economic Estimates Commission expenditure limitation	\$ 37,332,031	
2. Voter-approved alternative expenditure limitation	<u>-</u>	
3. Enter applicable amount from line 1 or line 2		\$37,332,031
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)		<u>6,667,713</u>
5. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)		<u><u>\$ 30,664,318</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: Crystal Hadfield, Director of Finance

Telephone Number: (520) 384-4271 Date: February 15, 2019

See accompanying notes to report.

CITY OF WILLCOX, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2018

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 4,967,626	\$ 11,732,072	\$ 2,873	\$ 16,702,571
B. Less exclusions claimed:				
1. Bond proceeds	-	3,504,000	-	3,504,000
Debt service requirements on bonded indebtedness	462,482	757,388	-	1,219,870
Proceeds from other long-term obligations	-	-	-	-
Debt service requirements on other long-term obligations	-	-	-	-
2. Dividends, interest and gains on the sale or redemption of investment securities	7,852	10,151	-	18,003
3. Trustee or custodian	-	-	-	-
4. Grants and aid from the Federal government	31,240	4,938,249	-	4,969,489
5. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	2,080	-	-	2,080
6. Amounts received from the State of Arizona	83,907	-	-	83,907
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	237,509	-	-	237,509
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>825,070</u>	<u>9,209,788</u>	<u>-</u>	<u>10,034,858</u>
C. Amount subject to the expenditure limitation	<u>\$ 4,142,556</u>	<u>\$ 2,522,284</u>	<u>\$ 2,873</u>	<u>\$ 6,667,713</u>
(If an individual fund type amount is negative, reduce) exclusions claimed to net to zero.)	<u>\$ 4,142,556</u>	<u>\$ 2,522,284</u>	<u>\$ 2,873</u>	<u>\$ 6,667,713</u>

See accompanying notes to report.

CITY OF WILLCOX, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2018

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Total expenditures (and expenses) and applicable other financing uses reported within the financial statements	\$ 4,967,626	\$ 2,750,232	\$ 2,873	\$ 7,720,731
B. Subtractions:				
1. Items not requiring use of working capital:				
Depreciation	-	288,890	-	288,890
Loss on disposal of fixed assets	-	-	-	-
Bad debt expense	-	4,526	-	4,526
Pension/OPEB expense	-	(37,338)	-	(37,338)
Claims incurred but not reported	-	-	-	-
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	-	256,078	-	256,078
C. Additions:				
1. Principal payments on long-term debt	-	757,388	-	757,388
2. Acquisition of capital assets	-	8,440,287	-	8,440,287
3. Amounts paid in the current year but reported as expenses in previous years:				
Pension/OPEB contributions	-	40,243	-	40,243
Claims previously recognized as IBNR	-	-	-	-
Landfill closure and postclosure care costs	-	-	-	-
4. Total additions	-	9,237,918	-	9,237,918
D. Amounts reported on Part II, Line A	\$ 4,967,626	\$ 11,732,072	\$ 2,873	\$ 16,702,571

See accompanying notes to report.

CITY OF WILLCOX, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2018

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. The AELR 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 in 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 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. Reconciliation Subtractions and Additions

The subtractions for depreciation, loss on disposal of capital assets, bad debt expense, and pension/OPEB expense and the additions for the acquisition of capital assets, pension/OPEB contributions are all provided in the Statement of Cash Flows for the Proprietary Funds and the financial statement footnote 7.

Note 3. Debt Service Requirements

The exclusion claimed in Part II for debt service requirements on bonded indebtedness consists of principal retirement and interest expense on the City's bonds as listed in the financial statement footnote 8 as well as bond proceeds received during the year included in footnote 8. Exclusions that should be claimed in Part II for debt service requirements on other long-term obligations consist of principal retirement and interest expense on the City's capital leases as reported in the financial statement footnote 8.

CITY OF WILLCOX, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2018

Note 4. Reconciliation of 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, highway user revenues, and contracts with other political subdivisions in the Governmental Funds. The amounts excluded do not exceed expenditures for such revenues.

<u>Description</u>	<u>Governmental Funds</u>
Grants and aid from the Federal government	\$ 4,969,489
Grants, aid and contributions from others	2,080
Amounts received from the State	83,907
Highway user revenues in excess of those received in fiscal year 1979-80	237,509
Other revenues (nonexcludable):	
State Revenue Sharing	434,871
State Sales Tax	337,174
Auto Lieu Tax	181,340
Highway user revenues - adjustment	<u>62,439</u>
Total intergovernmental revenues as reported in the financial statements	<u><u>\$ 6,308,809</u></u>

Note 5. Grants and Aid from Federal Government

The \$4,969,489 exclusion claimed for grants and aid from the Federal Government consists of \$4,618,182 from the U.S. Environmental Protection Agency, \$320,067 from the U.S Department of Agriculture \$17,082 from the Governor's Office of Highway Safety, \$14,158 from the Institute of Museum and Library Services revenues which are recorded in the Grants Special Revenue fund and Sewer fund.

Note 6. Grants, Aid and Contributions from Others

The \$2,080 exclusion for grants, aid and contributions received from other organizations consists of a grant received from the Law Agency Tax.

CITY OF WILLCOX, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2018

Note 7. Grants, Aid and Contributions from Others

The \$59,523 exclusion for amounts received from the State primarily consists of \$9,609 in grant monies received for Victim's Rights and \$49,858 in grant monies received from the Parks Board Agency.

Note 8. Highway User Revenues in Excess of Fiscal Year 1979-80

The deduction for highway user revenues in excess of fiscal year 1979-80 was calculated as follows:

Highway User Revenue Funds:	
Current year highway user revenues	\$ 299,948
Less revenues received in 1979-80	<u>(62,439)</u>
Excludable revenues expended in current fiscal year	<u><u>237,509</u></u>
Actual expenditures of highway user revenues	299,948
Amount equal to 1979-80 revenues expended in FY2006	<u>(62,439)</u>
Excludable revenues expended in current fiscal year	<u><u>237,509</u></u>
Revenues available for exclusion in current fiscal year	237,509
Revenues expended and claimed as an exclusion in the current fiscal year	<u>(237,509)</u>
Carry forward	<u><u>\$ -</u></u>

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