



Town of Payson, Arizona
Annual Expenditure Limitation Report
Year Ended June 30, 2017

**TOWN OF PAYSON, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2017**

<u>CONTENTS</u>	<u>PAGE</u>
Independent Accountant's Report	1
Annual Expenditure Limitation Report - Part I	2
Annual Expenditure Limitation Report - Part II	3
Annual Expenditure Limitation Report - Reconciliation	4
Notes to Annual Expenditure Limitation Report	5

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, 2017, 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.

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., P.C.

Heinfeld, Meech & Co., P.C.
Flagstaff, Arizona
March 29, 2018

**TOWN OF PAYSON, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – PART I
YEAR ENDED JUNE 30, 2017**

1. Economic Estimates Commission expenditure limitation	\$ _____
2. Voter-approved alternative expenditure limitation (approved August 2014)	<u>48,984,500</u>
3. Enter applicable amount from line 1 or line 2	<u>48,984,500</u>
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>31,096,261</u>
5. Amount under the expenditure limitation	<u>\$ 17,888,239</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 *Deborah Barber*

Name and Title: Deborah Barber, Chief Fiscal Officer

Telephone Number: (928) 472-5006 Date: March 29, 2018

See accompanying notes to report.

**TOWN OF PAYSON, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2017**

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 18,224,862	\$ 12,871,399	-	-	\$ 31,096,261
B. Less exclusions claimed:					-
1 Bond proceeds					-
Debt service requirements on bonded indebtedness					-
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					-
3 Trustee or custodian					-
4 Grants and aid from the federal government					-
5 Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes					-
6 Amounts received from the State of Arizona					-
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					-
10 Contracts with other political subdivisions					-
11 Refunds, reimbursements, and other recoveries					-
12 Voter-approved exclusions not identified above					-
13 Prior years carryforward					-
14 Total exclusions claimed	-	-	-	-	-
C. Amounts subject to expenditure limitatio	\$ <u>18,224,862</u>	\$ <u>12,871,399</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>31,096,261</u>

See accompanying notes to report.

**TOWN OF PAYSON, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2017**

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 18,224,862	\$ 4,143,509	\$ -	\$ -	\$ 22,368,371
B. Subtractions:					
1. Items not requiring the use of working capital -					
Depreciation		1,088,652			1,088,652
Loss on disposal of capital assets					-
Bad debt expense					-
Other postemployment benefits expense					-
Claims incurred but not reported					-
Pension expense					-
Landfill closure and postclosure care costs					-
2. Expenditures of separate legal entities established under Arizona Revised Statutes					-
3. Required fees paid to the Arizona Department of Revenue					-
4. Involuntary court judgments					-
5. Total subtractions	<u>-</u>	<u>1,088,652</u>	<u>-</u>	<u>-</u>	<u>1,088,652</u>
C. Additions:					
1. Principal payments on long-term debt		680,396			680,396
2. Acquisition of capital assets		9,136,146			9,136,146
3. Other postemployment benefits paid in the current year but reported as expenses in previous years					-
4. Claims paid in the current year but reported as expenses incurred but not reported in previous years					-
5. Pension contributions paid in the current year					-
6. Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years					-
7. Total additions	<u>-</u>	<u>9,816,542</u>	<u>-</u>	<u>-</u>	<u>9,816,542</u>
D. Amounts reported on Part II, Line A	\$ <u>18,224,862</u>	\$ <u>12,871,399</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>31,096,261</u>

See accompanying notes to report.

TOWN OF PAYSON, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2017

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 2014, 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 addition of \$680,396 for principal payments on long-term debt in the Enterprise Funds consists of \$680,396 for notes payable.