

TOWN OF CAREFREE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2014
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

Table of Contents

	PAGE
Independent Accountants' 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



MEMBERS:

CHAD B. ATKINSON, CPA
KRIS J. BRAUNBERGER, CPA
DEAN R. BURDICK, CPA
ROBERT S. COX, CPA
TODD B. FELTNER, CPA
K. MARK FROST, CPA

MORRIS J. PEACOCK, CPA
PHILLIP S. PEINE, CPA
MICHAEL K. SPILKER, CPA
KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA

Independent Accountants' Report

The Auditor General of the State of Arizona and
The Honorable Mayor and Town Council
Town of Carefree, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Carefree, Arizona, for the year ended June 30, 2014. This report is the responsibility of the Town of Carefree, 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 Town of Carefree, 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
September 6, 2014

TOWN OF CAREFREE, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2014

1. Economic Estimates Commission expenditure limitation	\$ 9,101,042
2. Voter-approved alternative expenditure limitation	N/A
3. Enter applicable amount from line 1 or line 2	9,101,042
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	5,485,460
5. Board-authorized expenditures necessitated by a disaster declared by the Governor (Article IX, Sec. 20(2)(a), Arizona Constitution)	N/A
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor (Article IX, Sec. 20(2)(b), Arizona Constitution)	N/A
7. Prior-year, voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year (Article IX, Sec. 20(2)(c), Arizona Constitution)	N/A
8. Qualifying capital improvement expenditures repaid in accordance with A.R.S. Sec. 41-1279.07(1)	<u>N/A</u>
9. Subtotal	5,485,460
10. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by the voters (Article IX, Sec. 20(2)(b), Arizona Constitution)	<u>N/A</u>
11. Total adjusted amount subject to the expenditure limitation	<u>5,485,460</u>
12. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)	<u>\$ 3,615,582</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: Kandace French, Town Clerk/Treasurer

Telephone Number: 480-488-3686 Date: 10/6/14

See accompanying notes to report.

TOWN OF CAREFREE, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2014

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 5,485,460	\$ -	\$ 5,485,460
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 (attach resolution)	-	-	-
13. Prior years carryforward	-	-	-
14. Total exclusions claimed	-	-	-
C. Amount subject to the expenditure limitation (If an individual fund category/type amount is negative, reduce exclusions claimed to net to zero.)	\$ 5,485,460	\$ -	\$ 5,485,460
	\$ 5,485,460	\$ -	\$ 5,485,460

See accompanying notes to report.

TOWN OF CAREFREE, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2014

Description	Governmental Funds	Enterprise Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 5,485,460	\$ 2,357,252	\$ 7,842,712
B. Subtractions:			
1. Items not requiring use of working capital:			
Depreciation	-	-	-
Loss on disposal of capital assets	-	-	-
Bad debt expense	-	-	-
Other postemployment benefits expense	-	-	-
Claims incurred but not reported	-	-	-
Landfill closure and postclosure care costs	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	-	2,357,252	2,357,252
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	-	2,357,252	2,357,252
C. Additions:			
1. Principal payments on long-term debt	-	-	-
2. Acquisition of capital assets	-	-	-
3. Other post employment 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. Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years	-	-	-
6. Total additions	-	-	-
D. Amounts reported on Part II, Line A	\$ 5,485,460	\$ -	\$ 5,485,460

See accompanying notes to report.

TOWN OF CAREFREE, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2014

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, 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 and in accordance with the voter approved permanent base adjustment of \$1,642,262 adopted November 3, 1998, as authorized by the Arizona Constitution, Article IX, §20 (6).

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; Statements of Revenues, Expenses, and Changes in Fund Net Position for the Proprietary Funds, and Statement of Cash Flows for the Proprietary Funds.

Note 2. Reconciliation Subtractions and Additions

The subtraction of \$2,357,252 for separate legal entities established under Arizona Revised Statutes consists of expenditures of the Utilities Community Facilities District included in the Town's reporting entity in the Enterprise Funds Category in the Basic Financial Statements, but not included in the Economic Estimates Commission base limit calculations.

Utilities Community Facilities District

General government	\$ 2,144,817
Interest and other expenses	<u>212,435</u>
	<u>\$ 2,357,252</u>

Note 3. Exclusions

The Town has not claimed any exclusions in part II of the report. The Town's expenditures subject to the expenditure limitation are significantly under the limit before any exclusions.