

TOWN OF CAREFREE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2018
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

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HINTONBURDICK
CPAs & ADVISORS

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, 2018, and the related notes to the report. The Town of Carefree'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 accordance with the uniform expenditure reporting system as described in note 1 in all material respects.

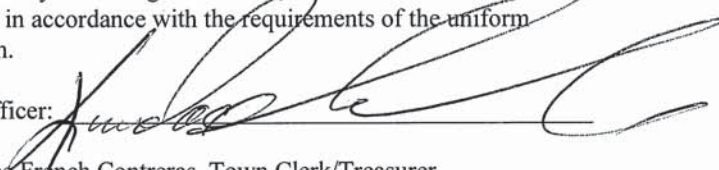
HintonBurdick, PLLC
Flagstaff, Arizona
October 5, 2018

TOWN OF CAREFREE, ARIZONA
Annual Expenditure Limitation Report – Part I
Fiscal Year Ended June 30, 2018

1. Economic Estimates Commission expenditure limitation	\$ 9,674,524
2. Voter-approved alternative expenditure limitation	<u> -</u>
3. Enter applicable amount from line 1 or line 2	\$ 9,674,524
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u> 5,210,422</u>
5. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)	<u> \$ 4,464,102</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 Contreras, Town Clerk/Treasurer

Telephone Number: 480-488-3686

Date: 11/13/18

See accompanying notes to report.

TOWN OF CAREFREE, ARIZONA
Annual Expenditure Limitation Report – Part II
Fiscal Year Ended June 30, 2018

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 5,210,422	\$ -	\$ 5,210,422
B. Less exclusions claimed:			
1. Debt proceeds	-	-	-
2. Debt service requirements	-	-	-
3. Dividends, interest, and gains on the sale or redemption of investment securities	-	-	-
4. Trustee or custodian	-	-	-
5. Grants and aid from the federal government	-	-	-
6. Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	-	-	-
7. Amounts received from the State of Arizona	-	-	-
8. Quasi-external interfund transactions	-	-	-
9. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-
10. Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-
11. Contracts with other political subdivisions	-	-	-
12. Refunds, reimbursements, and other recoveries	-	-	-
13. Voter-approved exclusions not identified above (attach resolution)	-	-	-
14. Prior years carryforward	-	-	-
15. Total exclusions claimed	-	-	-
C. Amount subject to the expenditure limitation	\$ 5,210,422	\$ -	\$ 5,210,422

See accompanying notes to report.

TOWN OF CAREFREE, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Fiscal Year Ended June 30, 2018

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	\$ 5,210,422	\$ 2,337,447	\$ 7,547,869
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	-	-	-
Pension expense	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	-	2,337,447	2,337,447
3. Required fees paid to the Arizona Department of Revenue	-	-	-
4. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-
5. Involuntary court judgments	-	-	-
6. Total subtractions	-	2,337,447	2,337,447
C. Additions:			
1. Principal payments on long-term debt	-	-	-
2. Acquisition of capital assets	-	-	-
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 paid in the current year	-	-	-
5. Total additions	-	-	-
D. Amounts reported on Part II, Line A	\$ 5,210,422	\$ -	\$ 5,210,422

See accompanying notes to report.

TOWN OF CAREFREE, ARIZONA
Notes to Annual Expenditure Limitation Report
Fiscal 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, 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 \$1,047,314 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 \$2,337,447 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	\$ 2,243,527
Interest and other expenses	93,920
	<u>\$ 2,337,447</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.