



Town of Carefree, Arizona
Annual Expenditure Limitation Report
Year Ended June 30, 2023

**TOWN OF CAREFREE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2023**

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INDEPENDENT ACCOUNTANT'S REPORT

The Auditor General of the State of Arizona

The Honorable Mayor and Town Council
of the 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, 2023, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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. PC

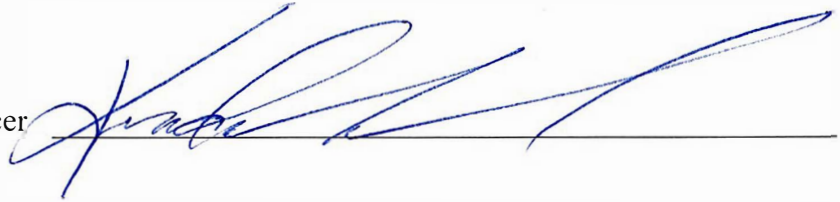
Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
December 19, 2023

**TOWN OF CAREFREE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – PART I
YEAR ENDED JUNE 30, 2023**

- | | |
|--|----------------------|
| 1. Economic Estimates Commission expenditure limitation | <u>\$ 11,557,360</u> |
| 3. Enter applicable amount from line 1 or line 2 | <u>\$ 11,557,360</u> |
| 4. Amount subject to the expenditure limitation
(total amount from Part II, Line C) | <u>7,452,411</u> |
| 5. Amount under the expenditure limitation | <u>\$ 4,104,949</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: December 19, 2023

**TOWN OF CAREFREE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – PART II
YEAR ENDED JUNE 30, 2023**

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 8,338,939	\$	\$ 8,338,939
B. Less exclusions claimed:			
2. Debt service requirements	230,758		230,758
5. Grants and aid from the federal government	<u>655,770</u>	<u> </u>	<u>655,770</u>
16. Total exclusions claimed	<u>886,528</u>	<u> </u>	<u>886,528</u>
C. Amounts subject to the expenditure limitation	<u>\$ 7,452,411</u>	<u>\$</u>	<u>\$ 7,452,411</u>

TOWN OF CAREFREE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – RECONCILIATION
YEAR ENDED JUNE 30, 2023

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 8,338,939	\$ 3,738,144	\$ 12,077,083
B. Subtractions			
2. Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.)	<u> </u>	<u>3,738,144</u>	<u>3,738,144</u>
9. Total subtractions	<u> </u>	<u>3,738,144</u>	<u>3,738,144</u>
C. Additions:			
5. Total additions	<u> </u>	<u> </u>	<u> </u>
D. Amounts reported on part II, line A	<u>\$ 8,338,939</u>	<u>\$</u>	<u>\$ 8,338,939</u>

**TOWN OF CAREFREE, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2023**

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 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, 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; Statement of Cash Flows for the Proprietary Funds.

NOTE 2 – RECONCILIATION OF SUBTRACTIONS AND ADDITIONS

The subtraction of \$3,738,144 for separate legal entities established under Arizona Revised Statutes consists of expenditures of the Town of Carefree Utilities Community Facilities District included within the Town’s reporting entity as an enterprise fund in the fund financial statements, but not included in the Economic Estimates Commission base limit calculations.

Town of Carefree Utilities Community Facilities District:	
General government	\$ 3,036,807
Interest and other charges	<u>701,337</u>
Total	<u>\$ 3,738,144</u>

NOTE 3 – DEBT SERVICE REQUIREMENTS

The exclusion claimed for debt service requirements consists of \$230,758 in principal retirement within the General Fund. The interest expenditures were already accounted for within the subtraction related to separate legal entities described in Note 2 above.

NOTE 4 – GRANTS AND AID FROM THE FEDERAL GOVERNMENT

The exclusion claimed for grants and aid from the federal governments consists of \$655,770 of Coronavirus Relief Fund monies within the Grants Fund.

**TOWN OF CAREFREE, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2023**

NOTE 5 – CONTRIBUTION FROM AN INDIVIDUAL

The Town was the recipient of a bequest from a former Town citizen during the prior fiscal year. The bequest of \$281,664 was not expended during the year.

NOTE 6 – QUASI-EXTERNAL INTERFUND TRANSACTIONS

In fiscal year 2005-06 (and as updated during fiscal year 2011-12), the General Fund transferred water infrastructure assets to the Water Fund under the terms of an agreement classified as a capital advance. Repayments are recorded as other revenue within the General Fund. No revenue from the repayment of the capital advance was expended during the year.

NOTE 7 – CONTRACTS WITH OTHER POLITICAL SUBDIVISIONS

The Town has an intergovernmental agreement for the operation of the Carefree-Cave Creek Consolidated Court. Revenues received under the terms of the intergovernmental agreement totaled \$185,234 during the year. No revenue from the intergovernmental agreement was expended during the year.

NOTE 8 – UNEXPENDED EXCLUDABLE REVENUES

Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. A summary of the revenue sources and the changes in those balances is shown in the table below:

<u>Description</u>	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 21,868	\$	\$	\$ 21,868
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	281,664			281,664
Quasi-external interfund transactions	828,680	414,340		1,243,020
Highway user revenues in excess of those received in fiscal year 1979-80	560,867	274,193		835,060
Contracts with other political subdivisions	350,839	185,234		536,073
Total carryforward	<u>\$ 2,043,918</u>	<u>\$ 873,767</u>	<u>\$</u>	<u>\$ 2,917,685</u>