

TOWN OF FOUNTAIN HILLS, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2013

**TOWN OF FOUNTAIN HILLS, ARIZONA
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YEAR ENDED JUNE 30, 2013**

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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Fountain Hills, Arizona, for the year ended June 30, 2013. This report is the responsibility of the Town of Fountain Hills, 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 Fountain Hills, Arizona, referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

CliftonLarsonAllen LLP

Phoenix, Arizona
October 31, 2013

**TOWN OF FOUNTAIN HILLS, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2013**

1. Economic Estimates Commission expenditure limitation	\$ 25,503,864	
2. Voter approved alternative expenditure limitation (Approved for fiscal year 2009-2010.)	-	
3. Enter applicable amount from Line 1 or Line 2	-	\$ 25,503,864
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	13,279,595	
5. Board-authorized expenditures necessitated by a disaster not declared by the Governor [Article IX, §20(20)(a), Arizona Constitution]	-	
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor [Article IX, §20(20)(b), Arizona Constitution]	-	
7. Prior-year voter approved expenditures to exceed the expenditure limitation for the reporting fiscal year [Article IX, §20(2)(c), Arizona Constitution]	-	
8. Subtotal	13,279,595	
9. 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, §20(2)(b), Arizona Constitution]	-	
10. Total adjusted amount subject to the expenditure limitation	13,279,595	13,279,595
11. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation.)	-	\$ 12,224,269

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: Julie Ghetti, Deputy Town Manager

Telephone Number: (480) 816-5113

Date: October 31, 2013

**TOWN OF FOUNTAIN HILLS, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2013**

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 15,658,176	\$ -	\$ -	\$ -	\$ 15,658,176
B. Less exclusions claimed:					
1 Bond proceeds	-	-	-	-	-
Debt service requirements on bonded indebtedness	1,001,063	-	-	-	1,001,063
Debt service requirements on other long-term obligations	-	-	-	-	-
2 Dividends, interest and gains on sale of investment securities	-	-	-	-	-
3 Trustee or custodian	-	-	-	-	-
4 Grants and aid from the federal government	-	-	-	-	-
5 Grants, aid, contributions or gifts from private agency, organization or individual	-	-	-	-	-
6 Amounts received from the state	125,222	-	-	-	125,222
7 Quasi-external interfund transactions (town sewer fees a/c 10- 41-217, 10-55-217)	-	-	-	-	-
8 Amounts accumulated for purchase of land, purchase or construction of buildings or improvements	-	-	-	-	-
9 Highway user revenues in excess FY 1979-80	1,252,296	-	-	-	1,252,296
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	<u>2,378,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,378,581</u>
C. Amounts subject to the expenditure limitation	<u>\$ 13,279,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,279,595</u>

See accompanying notes to report.

**TOWN OF FOUNTAIN HILLS, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2013**

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. <u>Total Expenditures within the fund-based financial statements</u>	<u>\$ 17,515,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,515,188</u>
B. Subtract:					
1 Items not requiring use of working capital					
Depreciation	-	-	-	-	-
Loss on disposal of capital assets	-	-	-	-	-
Bad debt expense	-	-	-	-	-
Claims incurred but not reported	-	-	-	-	-
Landfill Closure	-	-	-	-	-
2 Expenditures of separate legal entities established under ARS	1,857,012	-	-	-	1,857,012
3 Present value of net minimum capital leases	-	-	-	-	-
4 Charges for services paid to Internal Service Funds	-	-	-	-	-
5 Involuntary court judgments	-	-	-	-	-
6 Total subtractions	<u>1,857,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,857,012</u>
C. Additions:					
1 Principal payments on long-term debt	-	-	-	-	-
2 Acquisition of capital assets	-	-	-	-	-
3 Claims paid in the current year but reported as expenses incurred but not reported in previous years	-	-	-	-	-
4 Landfill closure as expended in previous years	-	-	-	-	-
5 Total additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
D. Amounts reported on Part II Line A	<u>\$ 15,658,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,658,176</u>

See accompanying notes to report.

TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting 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-based financial statements.

In accordance with the UERS requirements, 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-based 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.

NOTE 2 EXPENDITURES OF SEPARATE LEGAL ENTITIES ESTABLISHED UNDER ARS

The exclusion claimed for expenditures of separate legal entities established under A.R.S. in the Governmental Funds consists of expenditures from the Eagle Mountain Debt Service Fund, Cottonwoods Special Assessment Fund and the Municipal Property Corporation Debt Service Fund.

NOTE 3 DEBT SERVICE REQUIREMENTS ON BONDED INDEBTEDNESS

The exclusion claimed for debt service requirements on bonded indebtedness in the Governmental Funds consist of principal retirement and interest expense.

NOTE 4 AMOUNTS RECEIVED FROM STATE

Amounts received from the State consist of the following:

State Grants	\$ 46,619
Proposition 202	78,603
	<u>\$ 125,222</u>

**TOWN OF FOUNTAIN HILLS, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2013**

NOTE 5 HIGHWAY USER REVENUE IN EXCESS OF 1979-80

Highway user revenues (HURF) in excess of in-lieu fees expended:

HURF Fund Revenue	<u>\$ 1,232,187</u>
HURF Fund Expenditures	\$ 2,024,092
Less: In-Lieu Fees Expended	(4,796)
Less: 1979-80 Revenue	-
Less: Amounts Transferred from General Fund	<u>(767,000)</u>
Amount Excluded	<u><u>\$ 1,252,296</u></u>

The exclusion exceeded current year revenue due to the use of unspent prior year carryover.