



**Town of Fountain Hills, Arizona**  
**Annual Expenditure Limitation Report**  
Year Ended June 30, 2024

**Town of Fountain Hills, Arizona  
Annual Expenditure Limitation Report  
Year Ended June 30, 2024**

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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 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, 2024, 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 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  
October 30, 2024

**Town of Fountain Hills, Arizona**  
**Annual Expenditure Limitation Report – Part I**  
**Year Ended June 30, 2024**

1. Economic Estimates Commission expenditure limitation	\$ <u>34,364,380</u>
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>32,901,348</u>
3. Amount under the expenditure limitation	<u>\$ 1,463,032</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

Paul Soldinger

Name and Title: Paul Soldinger, Chief Financial Officer

Telephone Number: 480-816-5160

Date: October 30, 2024

See accompanying notes to report.

**Town of Fountain Hills, Arizona**  
**Annual Expenditure Limitation Report - Part II**  
**Year Ended June 30, 2024**

Description	Governmental Funds	Internal Service Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 33,178,280	\$ 138,222	\$ 33,316,502
B. Less exclusions claimed:			
1 Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	137,027		137,027
2 Amounts received from the State of Arizona	226,389		226,389
3 Refunds, reimbursements, and other recoveries	<u>51,738</u>		<u>51,738</u>
4 Total exclusions claimed	<u>415,154</u>	-	<u>415,154</u>
C. Amounts subject to expenditure limitation	\$ <u><u>32,763,126</u></u>	\$ <u><u>138,222</u></u>	\$ <u><u>32,901,348</u></u>

See accompanying notes to report.

**Town of Fountain Hills, Arizona**  
**Annual Expenditure Limitation Report - Reconciliation**  
**Year Ended June 30, 2024**

Description	Governmental Funds	Internal Service Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 33,384,105	\$ 52,769	\$ 33,436,874
B. Subtractions:			
1. Items not requiring the use of current financial resources:			
Depreciation		7,769	7,769
2. Expenditures of separate legal entities established under Arizona Revised Statutes	7,769		7,769
3. Required fees paid to the Industrial Commission of Arizona	60,483		60,483
4. Involuntary court judgments	137,573		137,573
5. Total subtractions	<u>205,825</u>	<u>7,769</u>	<u>213,594</u>
C. Additions:			
1. Capital asset acquisitions		93,222	93,222
2. Total additions	<u>-</u>	<u>93,222</u>	<u>93,222</u>
D. Amounts reported on Part II, Line A	<u>\$ 33,178,280</u>	<u>\$ 138,222</u>	<u>\$ 33,316,502</u>

See accompanying notes to report.

**Town of Fountain Hills, Arizona**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2024**

**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. The AELR 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.

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 Internal Service Funds; Statement of Cash Flows for the Internal Service Funds.

**Note 2** – The subtraction for expenditures of separate legal entities established under Arizona Revised Statutes in the Governmental Funds consists of expenditures from the Cottonwoods Maintenance Special Revenue Fund, Municipal Property Corporation Debt Service Fund and the Eagle Mountain Debt Service Fund.

	Governmental
Cottonwoods Maintenance Special Revenue Fund	\$ 7,561
Municipal Property Corporation Debt Service Fund	10
Eagle Mountain Debt Service Fund	198
	\$ 7,769

**Note 3** – The subtraction of \$60,483 for required fees paid to the Industrial Commission of Arizona was for deposit into the State’s Municipal Firefighter Cancer Reimbursement Fund as required by Arizona Revised Statutes §23-1703.

**Note 4** – The subtraction of \$137,573 for involuntary court judgments is related to the Qasimyar class action judgment for all taxing districts within Maricopa County.

**Note 5** – Investment earnings excludable as dividends, interest, and gains on the sale or redemption of investment securities in the Governmental and Internal Service Funds were unspent and carried forward as follows:

	Governmental	Internal Service
Carryforward exclusions as of 6/30/23	\$ 1,213,835	\$ 5,596
Investment earnings	2,218,949	126,157
Carryforward exclusions as of 6/30/24	\$ 3,432,784	\$ 131,753

**Town of Fountain Hills, Arizona**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2024**

**Note 6** – Grant revenues, contributions and sponsorships from private organizations are claimed as exclusions in the year the expenditure occurs and any unused amounts are carried forward for future years. The current year grant exclusion consists of expenditures of the following revenues:

Proposition 202	\$ 85,778
Contributions	20,049
Sponsorships	<u>31,200</u>
Current year exclusion utilized	<u>\$ 137,027</u>

**Note 7** – State grant revenues are claimed as exclusions in the year the expenditure occurs and any unused amounts are carried forward for future years. The current year state grant exclusion consists of expenditures of the following revenues:

Proposition 302	\$ 74,229
LTA II	120,309
Arizona Office of Tourism	<u>31,851</u>
Current year exclusion utilized	<u>\$ 226,389</u>

**Note 8** – Charges for services revenue in the Internal Service Funds relates to fees paid by the Governmental Funds to the Internal Service Funds for future technology, vehicle, and equipment replacement. Current year charges for services of \$419,994 were unspent and carried forward for future years.

**Note 9** – The highway user revenue (HURF) earned in excess of the amounts received in fiscal year 1979-80 is as follows:

HURF Fund Intergovernmental Revenue	\$ 2,720,831
Less: Vehicle License Tax Revenues	<u>(869,845)</u>
Excludable revenue	<u>1,850,986</u>
Carryforward HURF funds as of 6/30/23, as restated	4,372,723
HURF Fund expenditures	6,307,916
Less: expenditures of vehicle license tax	(869,845)
Less: expenditures of non-excludable revenue	(1,465,307)
Less: expenditures of non-excludable fund balance	(2,346,112)
Less: amounts transferred from the General Fund	<u>(1,626,652)</u>
Carryforward HURF funds as of 6/30/24	<u>\$ 6,223,709</u>

**Town of Fountain Hills, Arizona**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2024**

**Note 10** – Refunds, reimbursements, and other recoveries are claimed as exclusions in the year the refund, reimbursement, or other recovery is spent and any unused amounts are carried forward for future years. Current year refunds, reimbursements, and other recoveries of \$51,738 were spent and claimed as an exclusion. Remaining refunds, reimbursements, and other recoveries of \$424,411 were unspent and carried forward for future years.

**Note 11** – 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:

Description	Balance June 30, 2023	Increase	Decrease	Balance June 30, 2024
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 1,219,431	\$ 2,345,106	\$	\$ 3,564,537
Highway user revenues in excess of those received in fiscal year 1979-80, as restated	4,372,723	1,850,986		6,223,709
Quasi-external interfund transactions		419,994		419,994
Refunds, reimbursements, and other recoveries		424,411		424,411
Total carryforward	<u>\$ 5,592,154</u>	<u>\$ 5,040,497</u>	<u>\$</u>	<u>\$ 10,632,651</u>

**Note 12** – During the 2021, 2022, and 2023 fiscal years, the Town excluded \$252,186, \$1,125,640, and \$2,549,388, respectively, of HURF monies that should have been carried forward. As a result, the Town is restating its HURF exclusions for fiscal years 2021, 2022, and 2023 and carrying forward the remaining amounts of \$252,186, \$1,125,640, and \$2,549,388, respectively, to future years as follows.

	Fiscal Year		
	2021	2022	2023
Economic Estimates Commission expenditure limitation	\$ 30,646,564	\$31,747,291	\$31,896,371
Amount subject to the expenditure limitation, as previously reported	21,454,429	21,206,563	23,486,547
Plus: adjustment to HURF exclusion previously reported	252,186	1,125,640	2,549,388
Amount subject to the expenditure limitation, as restated	<u>21,706,615</u>	<u>22,332,203</u>	<u>26,035,935</u>
Amount under the expenditure limitation, as restated	<u>\$ 8,939,949</u>	<u>\$ 9,415,088</u>	<u>\$ 5,860,436</u>

The following presents the restatement to the exclusion claimed for HURF:

	Fiscal Year		
	2021	2022	2023
HURF exclusion claimed, as previously reported	\$ 2,478,045	\$ 1,125,640	\$ 2,549,388
Less: HURF revenues carried forward to future years, as restated	<u>(252,186)</u>	<u>(1,125,640)</u>	<u>(2,549,388)</u>
HURF exclusion claimed, as restated	<u>\$ 2,225,859</u>	<u>\$</u>	<u>\$</u>

**Town of Fountain Hills, Arizona**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2024**

The following presents the calculation of the restated exclusion claimed for HURF:

	Fiscal Year		
	2021	2022	2023
HURF Fund Intergovernmental Revenue	\$ 2,584,538	\$ 2,681,119	\$ 2,606,929
Less: vehicle license tax revenues	(837,338)	(826,070)	(827,570)
Excludable revenue	<u>1,747,200</u>	<u>1,855,049</u>	<u>\$ 1,779,359</u>
Carryforward HURF monies beginning of year	\$ 1,216,974	\$ 738,315	\$ 2,593,364
HURF Fund expenditures	4,356,971	3,207,526	5,014,025
Less: expenditures of vehicle license tax	(837,338)	(826,070)	(827,570)
Less: expenditures of non-excludable revenue	(1,098,118)	(1,249,597)	(1,439,263)
Less: expenditures of investment earnings	(734)		
Less: amounts transferred from the Capital Projects Fund	(200,000)		
Plus: amounts transferred to the Capital Projects Fund	5,078		
Less: expenditures of non-excludable fund balance		(86,260)	(893,304)
Less: amounts transferred from the General Fund		(1,045,599)	(1,853,888)
HURF eligible expenditures in current year	2,225,859		
Less: current year HURF monies utilized	(1,747,200)		
Less: prior year HURF monies utilized	(478,659)		
Carryforward HURF monies end of year	<u>\$ 738,315</u>	<u>\$ 2,593,364</u>	<u>\$ 4,372,723</u>