



Town of Fountain Hills, Arizona
Annual Expenditure Limitation Report
Year Ended June 30, 2025

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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, 2025, 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 29, 2025

Town of Fountain Hills, Arizona
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2025

1. Economic Estimates Commission expenditure limitation	<u>\$ 35,588,003</u>
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>35,588,002</u>
3. Amount under the expenditure limitation	<u>\$ 1</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 Solding

Name and Title: Paul Solding, Chief Financial Officer

Telephone Number: 480-816-5160 Date: October 29, 2025

See accompanying notes to report.

Town of Fountain Hills, Arizona
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2025

Description	Governmental Funds	Internal Service Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 37,465,932	\$ 44,807	\$ 37,510,739
B. Less exclusions claimed:			
1 Dividends, interest, and gains on the sale or redemption of investment securities	258,865	9,512	268,377
2 Grants and aid from the federal government	250,810		250,810
3 Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	213,352		213,352
4 Amounts received from the State of Arizona	532,372		532,372
5 Quasi-external interfund transactions		35,295	35,295
6 Voter-approved amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	20,055		20,055
7 Contracts with other political subdivisions	800		800
8 Refunds, reimbursements, and other recoveries	270,169		270,169
9 Prior years carryforward	331,507		331,507
10 Total exclusions claimed	<u>1,877,930</u>	<u>44,807</u>	<u>1,922,737</u>
C. Amounts subject to expenditure limitation	<u>\$ 35,588,002</u>	<u>\$ -</u>	<u>\$ 35,588,002</u>

See accompanying notes to report.

Town of Fountain Hills, Arizona
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2025

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	\$ 37,553,817	\$ 44,447	\$ 37,598,264
B. Subtractions:			
1. Items not requiring the use of current financial resources:			
a. Depreciation		10,014	10,014
2. Expenditures of separate legal entities established under Arizona Revised Statutes	28,416		28,416
3. Required fees paid to the Industrial Commission of Arizona	59,469		59,469
4. Total subtractions	<u>87,885</u>	<u>10,014</u>	<u>97,899</u>
C. Additions:			
1. Capital asset acquisitions		10,374	10,374
2. Total additions		<u>10,374</u>	<u>10,374</u>
D. Amounts reported on Part II, Line A	\$ <u><u>37,465,932</u></u>	\$ <u><u>44,807</u></u>	\$ <u><u>37,510,739</u></u>

See accompanying notes to report.

Town of Fountain Hills, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2025

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 and other financing uses from the following funds:

	Governmental Funds
Cottonwoods Maintenance Special Revenue Fund	\$ 8,463
Municipal Property Corporation Debt Service Fund	10
Eagle Mountain Debt Service Fund	19,943
	\$ 28,416

Note 3 – The subtraction of \$59,469 for required fees paid to the Industrial Commission of Arizona was the Town’s deposit into the State’s Municipal Firefighter Cancer Reimbursement Fund required by Arizona Revised Statutes §23-1703, which was reported as a general government expenditure.

Note 4 – The \$268,377 exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities in the Governmental and Internal Service Funds includes investment earnings expended. Remaining unspent, excludable investment earnings in the Governmental and Internal Service Funds of \$2,163,304 have been carried forward to future years.

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Notes to Annual Expenditure Limitation Report
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Note 5 – The following schedule presents intergovernmental and other revenues that were excluded in the Governmental Funds:

	Intergovernmental Revenue	Other Revenue
Grants and aid from the federal government	\$ 250,810	\$
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	137,160	76,192
Amounts received from the State of Arizona	532,372	
Voter-approved amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	20,055	
Refunds, reimbursements, and other recoveries		270,169
Nonexcludable revenues	9,961,792	127,665
Unspent, excludable revenues carried forward	1,889,802	
Total revenues as reported in the fund financial statements	\$ 12,791,991	\$ 474,026

Note 6 – The \$35,295 exclusion claimed for quasi-external interfund transactions in the Internal Service Funds includes charges for services revenue expended. Remaining unspent, excludable charges for services revenues of \$382,734 have been carried forward to future years.

Note 7 – The \$800 exclusion claimed for contracts with other political subdivisions in the Governmental Funds includes leases and rents revenue expended.

Note 8 – Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year as follows:

	Governmental Funds
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 331,507

Town of Fountain Hills, Arizona
Notes to Annual Expenditure Limitation Report
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Note 9 – 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, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2025</u>
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 3,564,537	\$ 2,163,304	\$ 346,042	\$ 5,381,799
Highway user revenues in excess of those received in fiscal year 1979-80	6,223,709	1,889,802		8,113,511
Quasi-external interfund transactions	419,994	382,734		802,728
Refunds, reimbursements, and other recoveries	424,411			424,411
Total carryforward	<u>\$ 10,632,651</u>	<u>\$ 4,435,840</u>	<u>\$ 346,042</u>	<u>\$ 14,722,449</u>