



TOWN OF CAVE CREEK, ARIZONA

ANNUAL EXPENDITURE LIMITATION REPORT

Fiscal Year Ended June 30, 2025

TOWN OF CAVE CREEK, ARIZONA
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YEAR ENDED JUNE 30, 2025

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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 Cave Creek, Arizona

We have examined the accompanying annual expenditure limitation report of the Town of Cave Creek, Arizona (Town) 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.

We conducted our examination 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 accordance with the Uniform Expenditure Reporting System as described in Note 1 in all material respects.

Advisent Assurance, LLP

Mesa, Arizona
December 18, 2025

**TOWN OF CAVE CREEK, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – PART I
YEAR ENDED JUNE 30, 2025**

1. Economic Estimates Commission expenditure limitation	\$	<u>6,227,492</u>	
2. Voter-approved alternative expenditure limitation (approved August 4, 2020)		<u>57,393,797</u>	
3. Enter applicable amount from line 1 or line 2			\$ 57,393,797
4. Amount subject to the expenditure limitation (total amount from Part II, line C)	\$	<u>41,941,595</u>	
5. Board authorized expenditures necessitated by a disaster the Governor declared	-	<u> </u>	
6. Board authorized expenditures necessitated by a disaster the Governor did not declare	-	<u> </u>	
7. Prior year, voter-approved expenditures to exceed the expenditure limitation for the reporting	-	<u> </u>	
8. Subtotal			\$ <u>41,941,595</u>
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster the Governor did not declare and the voters did not approve		+ <u> </u>	
10. Total adjusted amount subject to the expenditure limitation	\$		<u>41,941,595</u>
11. Amount under (in excess of) the expenditure limitation	\$		<u>15,452,202</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 financial officer:



Name and title:

Cherie R. White, Finance Director

Telephone number:

(480)488-6603

Date: December 18, 2025

See accompanying notes to the annual expenditure limitation report

**TOWN OF CAVE CREEK, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – PART II
YEAR ENDED JUNE 30, 2025**

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 17,325,957	\$ 24,615,638	\$ 41,941,595
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. Voter-approved 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 1'	-	-	-
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. Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07	-	-	-
16. Total exclusions claimed	<u>-</u>	<u>-</u>	<u>-</u>
C. Amounts subject to the expenditure limitation	<u>\$ 17,325,957</u>	<u>\$ 24,615,638</u>	<u>\$ 41,941,595</u>

See accompanying notes to the annual expenditure limitation report

**TOWN OF CAVE CREEK, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2025**

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	\$ 17,500,803	\$ 10,518,987	\$ 28,019,790
B. Subtractions:			
1. Items not requiring use of current financial resources:			
a. Depreciation and amortization	-	1,984,766	1,984,766
b. Loss on disposal of capital assets	-	-	-
c. Bad debt expense	-	-	-
b. Pension and other postemployment benefits (OPEB) expense	-	88,188	88,188
e. Claims incurred but not reported (IBNR)	-	-	-
f. Landfill closure and postclosure care costs and pollution remediation	-	-	-
g. Compensated absences	-	69,394	69,394
2. Expenditures of separate legal entities established under A.R.S.	-	-	-
3. Required fees paid to the Industrial Commission of Arizona	12,976	-	12,976
4. Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	161,870	-	161,870
5. Involuntary court judgments	-	-	-
6. Total subtractions	<u>174,846</u>	<u>2,142,348</u>	<u>2,317,194</u>
C. Additions:			
1. Principal payments on long-term debt	-	4,528,780	4,528,780
2. Capital asset acquisitions	-	11,504,940	11,504,940
3. Amounts paid in the current year but reported as expenses in previous years:			
a. Claims previously recognized as IBNR	-	-	-
b. Landfill closure and postclosure care costs and pollution remediation	-	-	-
4. Pension and OPEB contributions paid in the current year	-	205,279	205,279
5. Transfers to separate legal entities	-	-	-
6. Total additions	<u>-</u>	<u>16,238,999</u>	<u>16,238,999</u>
D. Amounts reported on part II, line A	<u>\$ 17,325,957</u>	<u>\$ 24,615,638</u>	<u>\$ 41,941,595</u>

See accompanying notes to the annual expenditure limitation report

**TOWN OF CAVE CREEK, ARIZONA
NOTES TO THE ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2025**

Note 1 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 alternative expenditure limitation adopted August 4, 2020, as authorized by the Arizona Constitution, Article IX, §20(9).

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 financial statements. All references to financial statement amount 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, and the budgetary comparison schedules for the Proprietary Funds.

Note 2 The subtraction for depreciation and the additions for principal payments and the acquisition of capital assets are all provided in the Statement of Revenues, Expenses, and Changes in Fund Net Position for the proprietary funds; the Statement of Cash Flows for the proprietary funds; the budgetary comparison schedules for the proprietary funds; and the financial statement footnotes 4, 5, 6 and 7.

The addition of \$4,528,780 for principal payments on long-term debt in the Enterprise Funds consists of retirements of notes payable, private placement bonds payable, and a water agreement payable.

The addition for the acquisition of capital assets consists of \$11,504,940 paid for various capital assets in the Cave Creek Water, Desert Hills Water, and Wastewater funds.

TOWN OF CAVE CREEK, ARIZONA
NOTES TO THE ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2025

Note 3 The \$88,188 subtraction for pension expense consists of changes in the net pension liabilities, and changes in deferred inflows and outflows related to pensions recognized in the current year in the enterprise funds. The \$205,279 addition for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the enterprise funds. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

	Enterprise Funds
Change in net pension liability	\$ 69,960
Change in deferred outflows of resources	69,104
Change in deferred inflows of resources	<u>(21,973)</u>
	<u>\$ 117,091</u>
Pension expense	\$ 88,188
Pension contributions	<u>(205,279)</u>
	<u>\$ 117,091</u>

Note 4 The subtraction for required fees State law required the Town to pay that are excluded from the town expenditure limitation consists of payments to the Industrial Commission of Arizona pursuant to A.R.S. §23-1703 for the Municipal Firefighter Cancer Reimbursement Fund, which were recorded as a general government expenditure.