

Town of Cave Creek, Arizona

Annual Expenditure Limitation Report

Year Ended June 30, 2024

Town of Cave Creek, Arizona

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Independent Accountants' Report

To the Auditor General of the State of Arizona and
The Honorable Mayor and Town Council of the
Town of Cave Creek, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Cave Creek, Arizona for the year ended June 30, 2024. 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 have presented the results of our examination in the accompanying schedules.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants (AICPA). 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. 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 of the Town of Cave Creek and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the Annual Expenditure Limitation Report of the Town of Cave Creek, Arizona is fairly presented in accordance with the Uniform Expenditure Reporting System as described in Note 1, in all material respects.

Baker Tilly US, LLP

Tempe, Arizona
January 16, 2025

Town of Cave Creek, Arizona

Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2024

1. Economic Estimates Commission expenditure limitation	\$	5,963,129	
2. Voter-approved alternative expenditure limitation (approved August 4, 2020)		<u>56,555,961</u>	
3. Enter applicable amount from line 1 or line 2			\$ <u>56,555,961</u>
4. Amount subject to the expenditure limitation (total amount from Part II, line C)	\$	<u>33,100,352</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 fiscal year	-	<u>-</u>	
8. Subtotal			\$ <u>33,100,352</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>33,100,352</u>
11. Amount under (in excess of) the expenditure limitation			\$ <u><u>23,455,609</u></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: Cherie R. White, Finance Director

Telephone number: (480) 488-6603

Date: 1/16/2025

Town of Cave Creek, Arizona

Annual Expenditure Limitation Report - Part II

Year Ended June 30, 2024

Description	Governmental Funds	Enterprise Funds	Total
<u>A.</u> Amounts reported on the Reconciliation, line D	\$ 15,102,989	\$ 17,997,363	\$ 33,100,352
<u>B.</u> Less exclusions claimed:			
<u>1.</u> Debt proceeds	-	-	-
<u>2.</u> Debt service requirements	-	-	-
<u>3.</u> Dividends, interest, and gains on the sale or redemption of investment securities	-	-	-
<u>4.</u> Trustee or custodian	-	-	-
<u>5.</u> Grants and aid from the federal government	-	-	-
<u>6.</u> Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	-	-	-
<u>7.</u> Amounts received from the State of Arizona	-	-	-
<u>8.</u> Quasi-external interfund transactions	-	-	-
<u>9.</u> Voter-approved amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-
<u>10.</u> Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-
<u>11.</u> Contracts with other political subdivisions	-	-	-
<u>12.</u> Refunds, reimbursements, and other recoveries	-	-	-
<u>13.</u> Voter-approved exclusions not identified above	-	-	-
<u>14.</u> Cherie R. White,	-	-	-
<u>15.</u> Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07	-	-	-
<u>16.</u> Total exclusions claimed	-	-	-
<u>C.</u> Amounts subject to the expenditure limitation	<u>\$ 15,102,989</u>	<u>\$ 17,997,363</u>	<u>\$ 33,100,352</u>

See notes to annual expenditure limitation report

Town of Cave Creek, Arizona

Annual Expenditures Limitation Report - Reconciliation

Year Ended June 30, 2024

Description	Governmental Funds	Enterprise Funds	Total
<u>A.</u> Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 15,311,755	\$ 10,704,750	\$ 26,016,505
<u>B.</u> Subtractions:			
<u>1.</u> Items not requiring use of current financial resources:			
<u>a.</u> Depreciation	-	1,942,847	1,942,847
<u>b.</u> Loss on disposal of capital assets	-	-	-
<u>c.</u> Bad debt expense	-	-	-
<u>d.</u> Pension and other postemployment benefits (OPEB) expense (Note 3)	-	267,378	267,378
<u>e.</u> Claims incurred but not reported (IBNR)	-	-	-
<u>f.</u> Landfill closure and postclosure care costs and pollution remediation	-	-	-
<u>2.</u> Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-
<u>3.</u> Required fees paid to the Industrial Commission of Arizona (Note 4)	13,058	-	13,058
<u>4.</u> Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	195,708	-	195,708
<u>5.</u> Involuntary court judgments	-	-	-
<u>6.</u> Total subtractions	<u>208,766</u>	<u>2,210,225</u>	<u>2,418,991</u>
<u>C.</u> Additions:			
<u>1.</u> Principal payments on long-term debt	-	5,636,692	5,636,692
<u>2.</u> Capital asset acquisitions	-	3,681,824	3,681,824
<u>3.</u> Cherie R. White,			
<u>a.</u> Claims previously recognized as IBNR	-	-	-
<u>b.</u> Landfill closure and postclosure care costs and pollution remediation	-	-	-
<u>4.</u> Pension and OPEB contributions paid in the current year (Note 3)	-	184,322	184,322
<u>5.</u> Transfers to separate legal entities	-	-	-
<u>6.</u> Total additions	<u>-</u>	<u>9,502,838</u>	<u>9,502,838</u>
<u>D.</u> Amounts reported on Part II, line A	<u>\$ 15,102,989</u>	<u>\$ 17,997,363</u>	<u>\$ 33,100,352</u>

See notes to annual expenditure limitation report

Town of Cave Creek, Arizona

Notes to Annual Expenditure Limitation Report
June 30, 2024

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 alternative expenditure limitation plan as approved by voters on 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 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, and the budgetary comparison schedules for the Proprietary Funds.

2. Reconciliation Deductions and Additions

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 3, 4, 6 and 7.

The addition of \$5,636,692 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 \$3,681,824 paid for various capital assets in the Cave Creek Water, Desert Hills Water, and Wastewater funds.

3. Pensions Deduction and Additions

The \$267,378 subtraction for pension expense consists of changes in the net pension assets and liabilities, and changes in deferred inflows and outflows related to pensions recognized in the current year in the enterprise funds. The \$184,322 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.

Statement of Cash Flows:	
Change in deferred inflows related to pensions	\$ 15,763
Change in deferred outflows related to pensions	57,175
Change in net pension liability	<u>10,118</u>
Total	<u>\$ 83,056</u>
AELR - Reconciliation:	
Pension contributions, addition	\$ 184,322
Pension contributions, subtraction	<u>267,378</u>
Total	<u>\$ 83,056</u>

Town of Cave Creek, Arizona

Notes to Annual Expenditure Limitation Report
June 30, 2024

4. Required Fees Paid to the Industrial Commission of Arizona

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.