

TOWN OF PINETOP-LAKESIDE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2017
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Accountants' Report

The Auditor General of the State of Arizona and
The Honorable Mayor and Town Council
Town of Pinetop-Lakeside, Arizona

We have examined the accompanying annual expenditure limitation report of the Town of Pinetop-Lakeside, Arizona, for the fiscal year ended June 30, 2017, 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.

Items in this report have been restated from the originally issued Annual Expenditure Limitation Report to report exclusion carryforwards. The exclusions claimed in Part II for interest income and highway user revenues have been restated and Note 3 has been amended. In addition, Note 7 has been added.

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.

HintonBurdick PLLC
Gilbert, Arizona

December 26, 2017, except for items restated as discussed above, for which the date is February 17, 2022

TOWN OF PINETOP-LAKESIDE, ARIZONA
Annual Expenditure Limitation Report – Part I
Fiscal Year Ended June 30, 2017

| | |
|---|--------------------------|
| 1. Economic Estimates Commission expenditure limitation | \$ 5,881,703 |
| 2. Voter-approved alternative expenditure limitation | <u>-</u> |
| 3. Enter applicable amount from line 1 or line 2 | \$ 5,881,703 |
| 4. Amount subject to the expenditure limitation (total amount from Part II, Line C) | <u>5,416,967</u> |
| 5. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation) | <u><u>\$ 464,736</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: Kevin O. Rodolph

Name and Title: Kevin Rodolph, Finance Director

Telephone Number: (928) 368-8696 Date: 2/17/2022

See accompanying notes to report.

TOWN OF PINETOP-LAKESIDE, ARIZONA
Annual Expenditure Limitation Report – Part II
Fiscal Year Ended June 30, 2017

| Description | Governmental Funds | Enterprise Funds | Fiduciary Funds | Total |
|--|-----------------------|---------------------|--------------------|---------------------|
| A. Amounts reported on the Reconciliation Line D | \$ 6,013,830 | \$ - | \$ - | \$ 6,013,830 |
| B. Less exclusions claimed: | | | | |
| 1. Debt proceeds | - | - | - | - |
| Debt service requirements | 128,469 | - | - | 128,469 |
| 2. Dividends, interest, and gains on the sale or redemption of investment securities | 112 | - | - | 112 |
| 3. Trustee or custodian | - | - | - | - |
| 4. Grants and aid from the Federal government | 32,192 | - | - | 32,192 |
| 5. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes | 22,781 | - | - | 22,781 |
| 6. Amounts received from the State of Arizona | 87,969 | - | - | 87,969 |
| 7. Quasi-external interfund transactions | - | - | - | - |
| 8. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements | - | - | - | - |
| 9. Highway user revenues in excess of those received in fiscal year 1979-80 | 239,687 | - | - | 239,687 |
| 10. Contracts with other political subdivisions | 85,653 | - | - | 85,653 |
| 11. Refunds, reimbursements, and other recoveries | - | - | - | - |
| 12. Voter-approved exclusions not identified above (attach resolution) | - | - | - | - |
| 13. Prior years carryforward | - | - | - | - |
| 14. Total exclusions claimed | <u>596,863</u> | <u>-</u> | <u>-</u> | <u>596,863</u> |
| C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce) exclusions claimed to net to zero.) | <u>\$ 5,416,967</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,416,967</u> |
| | <u>\$ 5,416,967</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$5,416,967</u> |

See accompanying notes to report.

TOWN OF PINETOP-LAKESIDE, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Fiscal Year Ended June 30, 2017

| Description | Governmental Funds | Enterprise Funds | Fiduciary Funds | Total |
|---|-----------------------|---------------------|--------------------|---------------------|
| A. Total expenditures/expenses/deductions and applicable other financing uses, special items and extraordinary items reported within the financial statements | \$ 6,013,830 | \$ - | \$ - | \$ 6,013,830 |
| B. Subtractions: | | | | |
| 1. Items not requiring use of working capital: | | | | |
| Depreciation | - | - | - | - |
| Loss on disposal of capital assets | - | - | - | - |
| Bad debt expense | - | - | - | - |
| Other postemployment benefits expense | - | - | - | - |
| Pension expense | - | - | - | - |
| Claims incurred but not reported | - | - | - | - |
| Landfill closure and postclosure care costs | - | - | - | - |
| 2. Expenditures of separate legal entities established under Arizona Revised Statutes | - | - | - | - |
| 3. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements | - | - | - | - |
| 4. Involuntary court judgments | - | - | - | - |
| 5. Total subtractions | - | - | - | - |
| C. Additions: | | | | |
| 1. Principal payments on long-term debt | - | - | - | - |
| 2. Acquisition of capital assets | - | - | - | - |
| 3. Amounts paid in the current year but reported as expenses in previous years: | | | | |
| Other postemployment benefits | - | - | - | - |
| Pension contributions | - | - | - | - |
| Claims previously recognized as IBNR | - | - | - | - |
| Landfill closure and postclosure care costs | - | - | - | - |
| 4. Total additions | - | - | - | - |
| D. Amounts reported on Part II, Line A | <u>\$ 6,013,830</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,013,830</u> |

See accompanying notes to report.

TOWN OF PINETOP-LAKESIDE, ARIZONA
Notes to Annual Expenditure Limitation Report
Fiscal Year Ended June 30, 2017

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 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.

Note 2. Debt Service Requirements

The exclusions claimed in Part II for debt service requirements are summarized as follows:

| | |
|-----------------------------|------------|
| Bond indebtedness | \$ - |
| Other long-term obligations | 128,469 |
| Total | \$ 128,469 |
| Consist of: | |
| Principal retirement | \$ 93,771 |
| Interest expense | 34,698 |
| Total | \$ 128,469 |

Note 3. Investment Income and Carryforwards

The exclusions claimed in Part II for dividends, interest and gains on the sale or redemption of investment securities consists of interest earned on investments in the HURF fund. The remaining interest income is being carried forward.

| | General Fund | HURF Fund | Development Impact Fee Fund | Acquisition and Development Fund | Total |
|---------------------------|-----------------|--------------|-----------------------------------|--|--------|
| Interest income received | \$ 518 | \$ 112 | \$ 66 | \$ 11 | \$ 707 |
| Interest income utilized | - | (112) | - | - | (112) |
| Carryforward to 2017-2018 | \$ 518 | \$ - | \$ 66 | \$ 11 | \$ 595 |

TOWN OF PINETOP-LAKESIDE, ARIZONA
Notes to Annual Expenditure Limitation Report
Fiscal Year Ended June 30, 2017

Note 4. Grants, Aid, Contributions, or Gifts from a Private Agency

The exclusions claimed in Part II for grants, aid, and contributions from private organizations consists of \$22,781 received in library donations reported in intergovernmental revenue.

Note 5. Reconciliation of Intergovernmental Revenue

The following schedule presents revenue from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, and highway user revenues in the Governmental Funds:

| Description | Governmental Funds |
|--|-----------------------|
| Grants and aid from the Federal government | \$ 32,192 |
| Amounts received from the State | 87,969 |
| Highway user revenues in excess of those received in fiscal year 1979-80 | 601,781 |
| Miscellaneous Grants and Contributions | 22,781 |
| Other revenues (nonexcludable): | |
| State Income Tax | 531,579 |
| State Sales Tax | 397,955 |
| Auto Lieu Tax | 258,797 |
| Total intergovernmental revenues as reported in the financial statements | \$ 1,933,054 |

Note 6. Contracts with other Political Subdivisions

The exclusion claimed on Part II, Line B.10 of \$85,653 which consists of \$71,159 for dispatch services and \$14,494 for a lease with Navajo County are included in the financial statements under general government as charges for services.

TOWN OF PINETOP-LAKESIDE, ARIZONA
Notes to Annual Expenditure Limitation Report
Fiscal Year Ended June 30, 2017

Note 7. HURF Revenue and Carryforwards

The amount of highway user revenues being excluded in part II and the amount carried forward to next year is as follows:

| | |
|---|--------------------------|
| Highway User Revenue Funds: | |
| HURF received current fiscal year | \$ 601,781 |
| Less amount received 1979-80 | - |
| Subtotal | <u>601,781</u> |
| HURF revenues utilized in current fiscal year | <u>(239,687)</u> |
| Carryforward to 2017-2018 | <u><u>\$ 362,094</u></u> |