

TOWN OF PINETOP-LAKESIDE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2020
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

Table of Contents

	PAGE
Independent Accountants' Report.....	1
Annual Expenditure Limitation Report - Part I.....	2
Annual Expenditure Limitation Report - Part II	3
Annual Expenditure Limitation Report - Reconciliation	4
Notes to Annual Expenditure Limitation Report	5



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, 2020, 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.

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
January 11, 2021

TOWN OF PINETOP-LAKESIDE, ARIZONA
Annual Expenditure Limitation Report – Part I
Fiscal Year Ended June 30, 2020

1. Economic Estimates Commission expenditure limitation	\$ -
2. Voter-approved alternative expenditure limitation	<u>12,475,000</u>
3. Enter applicable amount from line 1 or line 2	\$ 12,475,000
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>8,204,186</u>
5. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)	<u><u>\$ 4,270,814</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: 3/15/21

See accompanying notes to report.

TOWN OF PINETOP-LAKESIDE, ARIZONA
Annual Expenditure Limitation Report – Part II
Fiscal Year Ended June 30, 2020

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 10,705,850	\$ 193,922	\$ -	\$ 10,899,772
B. Less exclusions claimed:				
1. Debt proceeds	-	-	-	-
2. Debt service requirements	290,566	-	-	290,566
3. Dividends, interest, and gains on the sale or redemption of investment securities	1,336	-	-	1,336
4. Trustee or custodian	-	-	-	-
5. Grants and aid from the federal government	524,576	-	-	524,576
6. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	161,354	-	-	161,354
7. Amounts received from the State of Arizona	867,778	-	-	867,778
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 1979-80	849,976	-	-	849,976
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>2,695,586</u>	<u>-</u>	<u>-</u>	<u>2,695,586</u>
C. Amount subject to the expenditure limitation	<u>\$ 8,010,264</u>	<u>\$ 193,922</u>	<u>\$ -</u>	<u>\$ 8,204,186</u>

See accompanying notes to report.

TOWN OF PINETOP-LAKESIDE, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Fiscal Year Ended June 30, 2020

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	\$ 10,705,850	\$ 161,831	\$ -	\$ 10,867,681
B. Subtractions:				
1. Items not requiring use of current financial resources:				
Depreciation	-	12,443	-	12,443
Loss on disposal of capital assets	-	-	-	-
Bad debt expense	-	-	-	-
Pension and other postemployment benefits expense	-	-	-	-
Claims incurred but not reported	-	-	-	-
Landfill closure and postclosure care costs and pollution remediation	-	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-	-
3. Required fees paid to the Arizona Department of Revenue	-	-	-	-
4. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at the inception of the agreements	-	-	-	-
5. Involuntary court judgments	-	-	-	-
6. Total subtractions	-	12,443	-	12,443
C. Additions:				
1. Principal payments on long-term debt	-	18,427	-	18,427
2. Acquisition of capital assets	-	26,107	-	26,107
3. Amounts paid in the current year but reported as expenses in previous years:				
Claims previously recognized as IBNR	-	-	-	-
Landfill closure and postclosure care costs and pollution remediation	-	-	-	-
4. Pension and OPEB contributions paid in the current year	-	-	-	-
5. Total additions	-	44,534	-	44,534
D. Amounts reported on Part II, Line A	\$ 10,705,850	\$ 193,922	\$ -	\$ 10,899,772

See accompanying notes to report.

TOWN OF PINETOP-LAKESIDE, ARIZONA
Notes to Annual Expenditure Limitation Report
Fiscal Year Ended June 30, 2020

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, and in accordance with the voter-approved alternative expenditures limitation adopted November 15, 2018, 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; and statement of cash flows for the proprietary funds.

Note 2. Debt Service Requirements

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

Bond indebtedness	\$ 119,700
Other long-term obligations	<u>170,866</u>
Total	<u><u>\$ 290,566</u></u>
Consist of:	
Principal retirement	\$ 191,922
Interest expense	<u>98,644</u>
Total	<u><u>\$ 290,566</u></u>

Note 3. Investment Income

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.

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 \$1,679 received in library donations and \$159,675 received from tribal organizations reported in intergovernmental revenue.

TOWN OF PINETOP-LAKESIDE, ARIZONA
Notes to Annual Expenditure Limitation Report
Fiscal Year Ended June 30, 2020

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:

<u>Description</u>	<u>Governmental Funds</u>
Grants and aid from the Federal government	\$ 524,576
Amounts received from the State	867,778
Highway user revenues in excess of those received in fiscal year 1979-80	849,976
Miscellaneous Grants and Contributions	161,354
Other revenues (nonexcludable):	
State Income Tax	573,251
State Sales Tax	458,196
Total intergovernmental revenues as reported in the financial statements	<u>\$ 3,435,131</u>

Note 6. Reconciliation – Subtraction and Additions

The subtraction for depreciation and the addition for principal payments on long-term debt and acquisition of capital assets are all provided in the Statement of Cash Flows for the Proprietary Funds.