

**TOWN OF PINETOP-LAKESIDE, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT**  
**JUNE 30, 2016**  
**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, 2016. This report is the responsibility of the Town of Pinetop-Lakeside, Arizona's management. 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 and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of the Town of Pinetop-Lakeside, Arizona, referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.



HintonBurdick, PLLC  
March 21, 2017

**TOWN OF PINETOP-LAKESIDE, ARIZONA**  
**Annual Expenditure Limitation Report – Part I**  
**Fiscal Year Ended June 30, 2016**

|   |                    |
|---|--------------------|
| 1. Economic Estimates Commission expenditure limitation   | \$ 5,762,146       |
| 2. Voter-approved alternative expenditure limitation  | <u>-</u>           |
| 3. Enter applicable amount from line 1 or line 2  | \$ 5,762,146       |
| 4. Amount subject to the expenditure limitation (total amount from Part II, Line C)                                     | <u>\$5,169,959</u> |
| 5. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation) | <u>\$ 592,187</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: 5/5/17

See accompanying notes to report.

**TOWN OF PINETOP-LAKESIDE, ARIZONA**  
**Annual Expenditure Limitation Report – Part II**  
**Fiscal Year Ended June 30, 2016**

| Description  | Governmental<br>Funds | Enterprise<br>Funds | Fiduciary<br>Funds | Total               |
|--|-----------------------|---------------------|--------------------|---------------------|
| A. Amounts reported on the Reconciliation Line D   | \$ 6,322,950          | \$ -                | \$ -               | \$ 6,322,950        |
| B. Less exclusions claimed:  |                       |                     |                    |                     |
| 1. Bond proceeds   | -                     | -                   | -                  | -                   |
| Debt service requirements on bonded indebtedness   | -                     | -                   | -                  | -                   |
| Proceeds from other long-term obligations  | -                     | -                   | -                  | -                   |
| Debt service requirements on other long-term obligations   | 112,777               | -                   | -                  | 112,777             |
| 2. Dividends, interest and gains on the sale or redemption of investment securities  | 6,304                 | -                   | -                  | 6,304               |
| 3. Trustee or custodian  | -                     | -                   | -                  | -                   |
| 4. Grants and aid from the Federal government  | 276,830               | -                   | -                  | 276,830             |
| 5. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes                | 821                   | -                   | -                  | 821                 |
| 6. Amounts received from the State of Arizona  | 87,431                | -                   | -                  | 87,431              |
| 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  | 568,921               | -                   | -                  | 568,921             |
| 10. Contracts with other political subdivisions  | 99,907                | -                   | -                  | 99,907              |
| 11. Refunds, reimbursements, and other recoveries  | -                     | -                   | -                  | -                   |
| 12. Voter-approved exclusions not identified above (attach resolution)   | -                     | -                   | -                  | -                   |
| 13. Prior years carryforward   | -                     | -                   | -                  | -                   |
| 14. Total exclusions claimed   | <u>1,152,991</u>      | <u>-</u>            | <u>-</u>           | <u>1,152,991</u>    |
| C. Amount subject to the expenditure limitation<br>(If an individual fund type amount is negative, reduce )<br>exclusions claimed to net to zero.) | <u>\$ 5,169,959</u>   | <u>\$ -</u>         | <u>\$ -</u>        | <u>\$ 5,169,959</u> |
|  | <u>\$ 5,169,959</u>   | <u>\$ -</u>         | <u>\$ -</u>        | <u>\$5,169,959</u>  |

See accompanying notes to report.

**TOWN OF PINETOP-LAKESIDE, ARIZONA**  
**Annual Expenditure Limitation Report – Reconciliation**  
**Fiscal Year Ended June 30, 2016**

| Description   | Governmental<br>Funds | Enterprise<br>Funds | Fiduciary<br>Funds | Total        |
|---|-----------------------|---------------------|--------------------|--------------|
| A. Total expenditures/expenses/deductions and applicable other financing uses, special items and extraordinary items reported within the financial statements | \$ 6,695,807          | \$ -                | \$ -               | \$ 6,695,807 |
| 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              | 372,857               | -                   | -                  | 372,857      |
| 4. Involuntary court judgments  | -                     | -                   | -                  | -            |
| 5. Total subtractions   | 372,857               | -                   | -                  | 372,857      |
| 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  | \$ 6,322,950          | \$ -                | \$ -               | \$ 6,322,950 |

See accompanying notes to report.

**TOWN OF PINETOP-LAKESIDE, ARIZONA**  
**Notes to Annual Expenditure Limitation Report**  
**Fiscal Year Ended June 30, 2016**

---

**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 | <u>112,777</u>           |
| Total                       | <u><u>\$ 112,777</u></u> |
| Consist of:                 |                          |
| Principal retirement        | \$ 86,862                |
| Interest expense            | <u>25,915</u>            |
| Total                       | <u><u>\$ 112,777</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 \$821 received in library donations reported in intergovernmental revenue.

**TOWN OF PINETOP-LAKESIDE, ARIZONA**  
**Notes to Annual Expenditure Limitation Report**  
**Fiscal Year Ended June 30, 2016**

**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<br>Funds |
|--|-----------------------|
| Grants and aid from the Federal government                               | \$276,830             |
| Amounts received from the State  | 87,431                |
| Highway user revenues in excess of those received in fiscal year 1979-80 | 568,921               |
| Miscellaneous Grants and Contributions                                   | 820.54                |
| Other revenues (nonexcludable):  |                       |
| State Income Tax   | 515,552               |
| State Sales Tax  | 404,308               |
| Auto Lieu Tax  | 245,717               |
| Total intergovernmental revenues as reported in the financial statements | \$2,099,580           |

**Note 6. Contracts with other Political Subdivisions**

The exclusion claimed on Part II, Line B.10 of \$99,907 which consists of \$81,326 for dispatch services and \$18,581 for a lease with Apache County are included in the financial statements under general government as charges for services.