

TOWN OF PINETOP-LAKESIDE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2014
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 year ended June 30, 2014. 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
November 10, 2014

TOWN OF PINETOP-LAKESIDE, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2014

1. Economic Estimates Commission expenditure limitation	\$ 5,659,164	
2. Voter-approved alternative expenditure limitation	<u>-</u>	
3. Enter applicable amount from line 1 or line 2		\$ 5,659,164
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	4,332,466	
5. Board-authorized expenditures necessitated by a disaster declared by the Governor (Article IX, Sec. 20(2)(a), Arizona Constitution)	N/A	
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor (Article IX, Sec. 20(2)(b), Arizona Constitution)	N/A	
7. Prior-year voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year (Article IX, Sec. 20(2)(c), Arizona Constitution)	N/A	
8. Qualifying capital improvement expenditures repaid in accordance with A.R.S Sec. 41-1279.07(I)	<u>N/A</u>	
9. Subtotal	4,332,466	
10. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by the voters (Article IX, Sec. 20(2)(b), Arizona Constitution)	<u>N/A</u>	
11. Total adjusted amount subject to the expenditure limitation		<u>4,332,466</u>
12. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)		<u><u>\$ 1,326,698</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: Barbara Ashley, Interim Finance Director

Telephone Number: (928) 368-8696 Date: _____

See accompanying notes to report.

TOWN OF PINETOP-LAKESIDE, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2014

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 5,736,394	\$ -	\$ -	\$ 5,736,394
B. Less exclusions claimed:				
1. Bond proceeds	-	-	-	-
Debt service requirements on bonded indebtedness	193,325	-	-	193,325
Proceeds from other long-term obligations	-	-	-	-
Debt service requirements on other long-term obligations	84,020	-	-	84,020
2. Dividends, interest and gains on the sale or redemption of investment securities	2,512	-	-	2,512
3. Trustee or custodian	-	-	-	-
4. Grants and aid from the Federal government	80,459	-	-	80,459
5. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	30,509	-	-	30,509
6. Amounts received from the State of Arizona	275,549	-	-	275,549
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	494,840	-	-	494,840
10. Contracts with other political subdivisions	242,714	-	-	242,714
11. Refunds, reimbursements, and other recoveries	-	-	-	-
12. Voter-approved exclusions not identified above (attach resolution)	-	-	-	-
13. Prior years carryforward	-	-	-	-
14. Total exclusions claimed	<u>1,403,928</u>	<u>-</u>	<u>-</u>	<u>1,403,928</u>
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce) exclusions claimed to net to zero.)	<u>\$ 4,332,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,332,466</u>
	<u>\$ 4,332,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,332,466</u>

See accompanying notes to report.

TOWN OF PINETOP-LAKESIDE, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2014

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	\$ 5,736,394	\$ -	\$ -	\$ 5,736,394
B. Subtractions:				
1. Items not requiring use of working capital:				
Depreciation	-	-	-	-
Loss on disposal of capital assets	-	-	-	-
Bad debt expense	-	-	-	-
Other postemployment benefits 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. Other postemployment benefits paid in the current year but reported as expenses in previous years	-	-	-	-
4. Claims paid in the current year but reported as expenses incurred but not reported in previous years	-	-	-	-
5. Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years	-	-	-	-
6. Total additions	-	-	-	-
D. Amounts reported on Part II, Line A	\$ 5,736,394	\$ -	\$ -	\$ 5,736,394

See accompanying notes to report.

TOWN OF PINETOP-LAKESIDE, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2014

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	\$193,325
Other long-term obligations	84,020
Total	<u>\$277,345</u>
Consist of:	
Principal retirement	249,059
Interest expense	28,286
Total	<u>\$277,345</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 \$23,335 received from tribal organizations reported in intergovernmental revenue and \$7,174 received in library donations reported in other revenue.

TOWN OF PINETOP-LAKESIDE, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2014

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	\$80,459
Amounts received from the State	275,549
Highway user revenues in excess of those received in fiscal year 1979-80	494,840
Miscellaneous Grants and Contributions	23,335
Other revenues (nonexcludable):	
State Income Tax	477,283
State Sales Tax	372,717
Auto Lieu Tax	218,764
Total intergovernmental revenues as reported in the financial statements	\$1,942,947

Note 6. Contracts with other Political Subdivisions

The exclusion claimed on Part II, Line B.10 of \$242,714 which consists of \$81,324 for dispatch services, \$17,820 for a lease with Apache County and \$143,570 for a public transit agreement with Show Low are included in the financial statements under general government as charges for services.