

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

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MEMBERS:

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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.

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 Arizona, PLLC  
Flagstaff, Arizona  
December 26, 2017

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

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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>                  5,054,278</u>
5. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)	<u>                  \$ 827,425</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 Rodolph

Name and Title: Kevin Rodolph, Finance Director

Telephone Number: (928) 368-8696 Date: 3-19-18

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	707	-	-	707
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	601,781	-	-	601,781
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>959,552</u>	<u>-</u>	<u>-</u>	<u>959,552</u>
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce ) exclusions claimed to net to zero.)	<u>\$ 5,054,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,054,278</u>
	<u>\$ 5,054,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$5,054,278</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	<u>\$ 6,013,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,013,830</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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**

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**Note 1. Summary of Significant Accounting Policies**

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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.

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**Note 2. Debt Service Requirements**

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

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

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**Note 3. Investment Income**

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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.

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

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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.

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

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**Note 5. Reconciliation of Intergovernmental Revenue**

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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

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

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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.