

TOWN OF PINETOP-LAKESIDE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2013
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, 2013. 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 4, 2013

TOWN OF PINETOP-LAKESIDE, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2013

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 5,996,223	\$ -	\$ -	\$ 5,996,223
B. Less exclusions claimed:				
1. Bond proceeds	-	-	-	-
Debt service requirements on bonded indebtedness	196,425	-	-	196,425
Proceeds from other long-term obligations	-	-	-	-
Debt service requirements on other long-term obligations	263,980	-	-	263,980
2. Dividends, interest and gains on the sale or redemption of investment securities	91	-	-	91
3. Trustee or custodian	-	-	-	-
4. Grants and aid from the Federal government	388,267	-	-	388,267
5. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	41,896	-	-	41,896
6. Amounts received from the State of Arizona	60,527	-	-	60,527
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	470,581	-	-	470,581
10. Contracts with other political subdivisions	161,977	-	-	161,977
11. Refunds, reimbursements, and other recoveries	-	-	-	-
12. Voter-approved exclusions not identified above (attach resolution)	-	-	-	-
13. Prior years carryforward	-	-	-	-
14. Total exclusions claimed	<u>1,583,744</u>	<u>-</u>	<u>-</u>	<u>1,583,744</u>
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce) exclusions claimed to net to zero.)	<u>\$ 4,412,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,412,479</u>
	<u>\$ 4,412,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,412,479</u>

See accompanying notes to report.

TOWN OF PINETOP-LAKESIDE, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2013

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	\$ 6,056,223	\$ -	\$ -	\$ 6,056,223
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	60,000	-	-	60,000
4. Involuntary court judgments	-	-	-	-
5. Total subtractions	60,000	-	-	60,000
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	\$ 5,996,223	\$ -	\$ -	\$ 5,996,223

See accompanying notes to report.

TOWN OF PINETOP-LAKESIDE, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2013

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	\$196,425
Other long-term obligations	<u>263,980</u>
Total	<u><u>\$460,405</u></u>
Consist of:	
Principal retirement	414,965
Interest expense	<u>45,440</u>
Total	<u><u>\$460,405</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 \$34,437 received from tribal organizations reported in intergovernmental revenue and \$7,459 received in library donations reported in other revenue.

TOWN OF PINETOP-LAKESIDE, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2013

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	\$388,267
Amounts received from the State	60,527
Highway user revenues in excess of those received in fiscal year 1979-80	470,581
Miscellaneous Grants and Contributions	34,437
Other revenues (nonexcludable):	
State Income Tax	437,397
State Sales Tax	350,490
Auto Lieu Tax	210,755
Total intergovernmental revenues as reported in the financial statements	<u><u>\$1,952,454</u></u>

Note 6. Contracts with other Political Subdivisions

The exclusion claimed on Part II, Line B.10 of \$161,977 which consists of \$81,324 for dispatch services, \$17,820 for a lease with Apache County and \$62,833 for a public transit agreement with Show Low are included in the financial statements under general government as charges for services.

Note 7. Reconciliation Subtractions and Additions

The subtraction of \$60,000 is for a capital lease acquired during the current fiscal year.