



PINETOP / LAKESIDE


Celebrate the Seasons

FISCAL YEAR 2012

BEGINNING JULY 1, 2011

**STATISTICAL/ SUPPLEMENTAL
INFORMATION
SECTION TAB**

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Miscellaneous Statistics

The Town of Pinetop-Lakeside is located in the scenic White Mountains of eastern Arizona, in the world's largest stand of Ponderosa pine trees. Founded as two towns in the early 1880's, Pinetop and Lakeside incorporated as one town in 1984. Pinetop-Lakeside is known for its extensive tourism and recreational amenities, clear starlit skies, clean sweet-smelling air, and for an outstanding quality of life. Pinetop-Lakeside is surrounded by the beauty of the White Mountains, the Apache-Sitgreaves National Forest, and the Ft. Apache Indian Reservation. Hiking, biking, wildlife watching, fishing, and horseback riding are popular activities on the 180 miles of developed trails which are part of the White Mountain Trail System. Deer and elk abound in Woodland Lake Park. The American Hiking Association ranked Pinetop-Lakeside as the third best Trail Town in the country in 1996. ***"Where to Retire"*** magazine named Pinetop-Lakeside as one of the best places in the country to retire in June 2010. Pinetop-Lakeside is noted for its golf courses, restaurants, quality of life, and for Woodland Lake Park and the Mountain Meadow Recreation Complex with their excellent recreational facilities. Cross-country skiing, sledding, snowmobiling and ice fishing can be enjoyed in the winter. Excellent downhill skiing is located at Sunrise Ski Resort, only 45 minutes away. ***It is tough living in paradise, but someone has to do it!***

| | |
|---|---|
| Form of Government | Council / Manager |
| <i>Members of the Town Council are elected for four-year terms, staggered every two years. After each biennial election, the Council chooses the Mayor.</i> | |
| Distance from Phoenix | 190 miles |
| Distance from Tucson | 190 miles |
| Population | 1990 Census – 2,422 2000 Census – 3,582 2010 Census – 4,282 |
| Population growth | approximately 2% per year |
| Average Elevation | 7,000 feet |
| Average Daily High Temperature | 63.7° |
| <i>(20° cooler than Phoenix, day and night)</i> | |
| Number of employees (excluding police) | 32.5 |
| Area in square miles | 13.5 sq. miles |
| Total assessed valuation | \$90,285,650 (2011) |
| Government facilities and services: | |
| Miles of paved streets | 45 |
| Parks | 2 |
| Park acreage | 684 |

Police protection:

Number of police personnel and officers 22.5

Major Private Employers:

Safeway, ACE Hardware, Arizona Water Company, Navopache Electric Co-Op,
Summit Regional Medical Center

Major Public Employers:

Town of Pinetop-Lakeside, Blue Ridge Unified School District,
U. S. Forest Service, Arizona Game & Fish, Northland Pioneer College

Principal Economic Activities:

| | |
|-------------------------|------------------------------------|
| Tourism and Recreation | Educational and Health Services |
| Leisure and Hospitality | Professional and Business Services |



General Government Revenue by Source – 10 fiscal years

| Fiscal Year | Taxes | Permits & Fees | Fines & Forfeits | Grants | Special Assessment* | LTAF | Interest Income | Rents & Misc | Total |
|-------------|-----------|----------------|------------------|---------|---------------------|--------|-----------------|--------------|-------------|
| 2011** | 4,841,086 | 102,224 | 56,748 | 180,363 | 264,677 | 0 | 8,310 | 226,790 | \$5,680,200 |
| 2010 | 4,869,559 | 95,916 | 70,750 | 240,046 | 125,023 | 11,506 | 5,103 | 79,809 | \$5,497,713 |
| 2009 | 5,359,400 | 134,941 | 80,008 | 931,104 | 147,547 | 20,166 | 31,376 | 66,349 | \$6,770,891 |
| 2008 | 6,044,848 | 272,300 | 68,256 | 201,125 | 184,250 | 20,841 | 85,993 | 163,044 | \$7,040,657 |
| 2007 | 6,226,537 | 388,720 | 71,794 | 237,589 | 216,287 | 22,670 | 86,413 | 112,643 | \$7,362,653 |
| 2006 | 5,245,384 | 466,493 | 49,620 | 313,761 | 73,439 | 20,142 | 49,610 | 94,177 | \$6,312,626 |
| 2005 | 4,777,096 | 182,608 | 69,239 | 105,730 | 120,809 | 19,927 | 20,136 | 124,533 | \$5,420,078 |
| 2004 | 4,645,663 | 160,332 | 35,080 | 68,538 | 191,730 | 19,895 | 15,774 | 59,580 | \$5,196,592 |
| 2003 | 3,868,072 | 152,440 | 62,604 | 131,682 | 215,058 | 20,092 | 9,996 | 186,484 | \$4,646,428 |
| 2003 | 3,868,072 | 152,440 | 62,604 | 131,682 | 215,058 | 20,092 | 9,996 | 186,484 | \$4,646,428 |
| 2002 | 3,741,688 | 143,527 | 63,212 | 124,616 | 219,040 | 23,565 | 15,696 | 197,427 | \$4,528,771 |

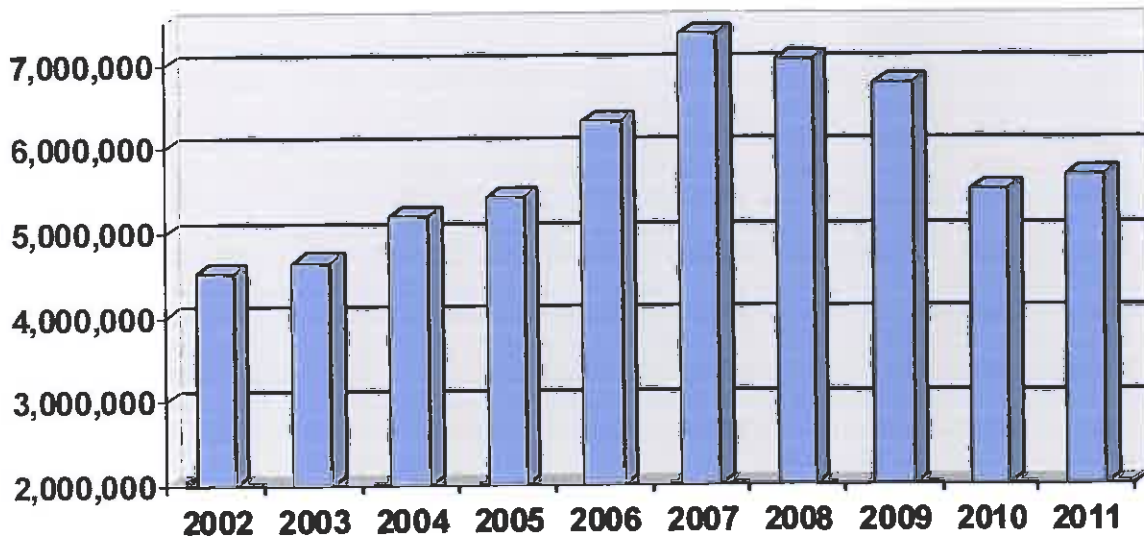
Source: Town Records-audited

* 2007 includes Development Impact Fees which began August 2006

** 2011 figures unaudited at time of document preparation

LTAF Funds were swept by the State Legislature in 2011, not likely to return.

Total Revenues



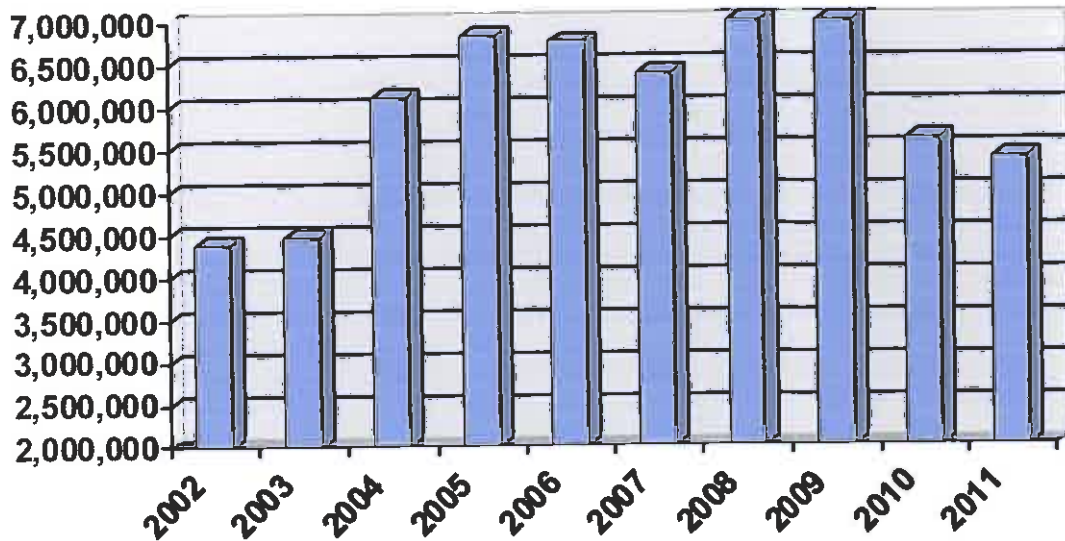
General Government Expenditures by Function – 10 fiscal years

| Fiscal Year | General Gov't | Public Safety | Streets & Roads | Tourism & Recreation | Economic | Capital Outlay | Debt Service | Total |
|-------------|---------------|---------------|-----------------|----------------------|--------------------|----------------|--------------|-------------|
| | | | | | & Comm. & Develop. | | | |
| 2011* | 1,280,364 | 1,876,796 | 472,477 | 835,124 | 481,221 | 57,654 | 381,297 | \$5,384,931 |
| 2010 | 1,333,490 | 1,814,165 | 412,330 | 784,515 | 690,803 | 99,807 | 473,711 | \$5,608,821 |
| 2009 | 1,428,620 | 1,924,873 | 1,776,334 | 900,653 | 913,088 | 280,298 | 458,374 | \$7,682,241 |
| 2008 | 1,926,532 | 1,810,217 | 1,570,505 | 703,399 | 601,394 | 543,174 | 485,672 | \$7,640,893 |
| 2007 | 1,854,057 | 1,637,676 | 1,299,195 | 648,496 | 189,794 | 314,021 | 451,610 | \$6,394,849 |
| 2006 | 1,136,972 | 1,469,481 | 1,444,619 | 800,308 | 814,428 | 189,649 | 915,078 | \$6,770,535 |
| 2005 | 1,009,181 | 1,309,540 | 1,178,023 | 582,570 | 424,171 | 1,724,158 | 604,953 | \$6,832,596 |
| 2004 | 1,269,340 | 1,382,376 | 705,664 | 544,697 | 596,510 | 942,288 | 677,815 | \$6,118,690 |
| 2003 | 1,947,292 | 1,182,231 | 506,386 | 245,264 | 253,773 | 0 | 341,094 | \$4,476,040 |
| 2002 | 1,812,529 | 1,127,190 | 478,323 | 236,786 | 257,949 | 67,666 | 398,822 | \$4,379,265 |

Source: Town Records - audited

*2011 figures unaudited at time of document preparation

Total Expenditures



Departmental Expenditure Summary

The proposed Fiscal Year 2011 budget totals \$6,795,160, a decrease of \$2,364,330 from the prior year. This includes over \$1,110,490 of "just in case" budgeting that will only be expended as grants are awarded and received.

The following tables summarize the budgeted departmental and divisional expenses and expenditures broken down by personnel and operations and maintenance (O&M) costs.

General Fund Departmental Budget Summary – FY 2012

| Department | Personnel (Salaries & Benefits) | O & M | Total | % of Total Budget | % Change from last year |
|--------------------------|---------------------------------------|------------------|------------------|-------------------------|----------------------------------|
| Mayor & Council | \$25,520 | \$26,985 | \$52,505 | 1.1% | 8.8% |
| Town Manager | 226,280 | 26,200 | 252,480 | 5.5% | 1.5% |
| Town Clerk | 161,670 | 30,695 | 192,365 | 4.3% | -0.3% |
| Finance | 217,190 | 55,240 | 272,430 | 6.2% | -0.5% |
| Community Development | 241,270 | 22,100 | 263,370 | 6.0% | 2.0% |
| Magistrate | 20,460 | 41,400 | 61,860 | 1.4% | 5.3% |
| Legal | 193,920 | 44,200 | 238,120 | 5.3% | 6.0% |
| Engineering (contracted) | 0 | 30,000 | 30,000 | 0.6% | -20.5% |
| Police | 1,411,310 | 291,400 | 1,702,710 | 37.6% | 3.0% |
| Library | 209,625 | 42,010 | 251,635 | 5.5% | 3.0% |
| Recreation | 109,280 | 48,150 | 157,430 | 3.5% | 0.2% |
| Public Works | 26,760 | 53,830 | 80,590 | 1.8% | -17.2% |
| Cemetery | 0 | 3,500 | 3,500 | 0.0% | -22.2% |
| Economic Development | 0 | 39,830 | 39,830 | 0.9% | -66.0% |
| Animal Control | 52,230 | 26,200 | 78,430 | 1.7% | -1.0% |
| Special Funds | 0 | 390,835 | 390,835 | 8.6% | 215% |
| Inter-Fund Transfers | 0 | 451,660 | 451,660 | 10.0% | -9.0% |
| Total | 2,895,515 | 1,624,235 | 4,519,750 | 100.00% | 2.8% |
| % of Total | 64.0% | 36.0% | 100.00% | | |

Fund Summary

For governmental accounting purposes, revenues and expenditures are maintained and controlled through a system of groupings called funds. The Town will maintain a total of two types of funds during FY 2012. Specific revenue sources contribute to each fund and, in turn, each fund must be used for specific purposes. In most cases, state statutes provide the guidance for the usage of each type. Finally, each fund must balance; that is, projected revenues must equal projected fund expenses or expenditures. Personnel costs increased slightly due to increases in mandated contribution levels to State Retirement programs. Also, all computer purchase monies were transferred to the Finance Department budget, which caused a large increase in that department's budget, and slight decreases to all other department budgets.

By type of fund, the following summarizes and compares the FY 2011 and FY 2012 budgets.

| Operational Funds | FY 2011 | | FY 2012 | |
|-------------------------|--------------------|-------------|--------------------|-------------|
| | Budget | % of Total | Budget | % of Total |
| General | \$3,402,060 | 50.0% | \$4,068,090 | 52.0% |
| Transfers from Gen Fund | 496,485 | 7.3% | 451,660 | 5.8% |
| Special Revenue | 2,329,420 | 34.3% | 2,495,420 | 31.9% |
| Debt Service | 378,855 | 5.6% | 377,305 | 4.8% |
| Capital Projects | 188,340 | 2.8% | 432,115 | 5.5% |
| Total | \$6,795,160 | 100% | \$7,824,590 | 100% |

Schedule of Revenues and Other Sources for FY 2012 – General Fund

State Shared Revenues

| | |
|--------------------------------------|-----------|
| State Sales Tax | \$323,960 |
| State Income Tax ("Revenue Sharing") | 361,420 |

Local Sales Tax

| | |
|---------------------|-----------|
| Local 2½% Sales Tax | 3,391,200 |
| Franchise Taxes | 45,000 |

Cemetery Plot Sales

9,500

Dispatch Services

81,300

Licenses & Permits

| | | |
|-------------------------------------|---------------|---------|
| Planning & Zoning Fees | 4,000 | |
| Business Licenses | 15,000 | |
| Building & Sign Permits | <u>93,000</u> | |
| Total Licenses & Permits | | 112,000 |

Parks and Recreation

| | | |
|-----------------------------------|---------------|--------|
| Donations | 400 | |
| Summer Arts & Recreation | 4,200 | |
| Classes & Sports Fees | <u>21,000</u> | |
| Total Parks and Recreation | | 25,600 |

Library

| | |
|--------------------------|-------|
| Library Donations & Fees | 7,700 |
|--------------------------|-------|

Magistrate

| | |
|------------------|--------|
| Magistrate Fines | 57,500 |
|------------------|--------|

Other Revenues

| | |
|----------------------------------|---------------|
| Interest | 2,000 |
| Fire District CAD reimbursements | 8,000 |
| Miscellaneous Revenues | 25,000 |
| Fund Balance (if necessary) | 42,750 |
| Grant Administration | 9,000 |
| Lease Income (Court) | <u>17,820</u> |

Total General Fund Revenues

\$ 4,519,750

Internal Controls to Guard against Overspending

Since revenue projections are based on estimates and are subject to uncontrollable variances due to economic situations, the Town of Pinetop-Lakeside has developed a weekly cash flow report that helps guard against overspending. If the actual or estimated Cash balance ever dips below three months worth of working capital, no major contracts will be entered into, even if this contract has been approved in the budget, until cash is in a healthier position. When the Town started this procedure, its cash position was approximately two weeks worth of working capital. Because of cost overruns on major projects and delays in reimbursements, the cash position now averages between two and three weeks of working capital, down from the three-month mark at the end of fiscal year 2008. As will be indicated in the "Long-range Forecast" section of this budget book, the Town will be concentrating on strengthening Funds and Net Assets Balances as well as cash balances. Revenues have intentionally been projected and budgeted very low to maximize the possibility of rebuilding cash reserves.

While the budget provides a legal framework for the Town's operations, on a more practical level the Town is operated on the basis of daily cash flows. The management has long since learned that just because the funds are "in the budget" does not mean the money is in the bank. Daily cash flow reports are prepared for the Town Manager, and decisions are made on projected cash flows. By watching cash flows carefully, overspending is practically prevented.

TOWN OF PINETOP-LAKESIDE
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2012

| FUND | ADOPTED BUDGETED EXPENDITURES/EXPENSES* 2011 | ACTUAL EXPENDITURES/EXPENSES ** 2011 | FUND BALANCE/NET ASSETS*** July 1, 2011** | PROPERTY TAX REVENUES 2012 | | ESTIMATED REVENUES OTHER THAN PROPERTY TAXES 2012 | OTHER FINANCING 2012 | | INTERFUND TRANSFERS 2012 | | TOTAL FINANCIAL RESOURCES AVAILABLE 2012 | BUDGETED EXPENDITURES/EXPENSES 2012 |
|---|--|--------------------------------------|---|----------------------------|------------|---|----------------------|------------|--------------------------|--------------|--|-------------------------------------|
| | | | | Primary: | Secondary: | | SOURCES <USES> | IN | <OUT> | | | |
| 1. General Fund | \$ 3,898,545 | \$ 3,709,214 | \$ 220,316 | \$ 4,519,750 | \$ | \$ | \$ | \$ 451,660 | \$ 451,660 | \$ 4,288,406 | \$ 4,068,090 | |
| 2. Special Revenue Funds | 2,329,420 | 1,207,249 | 346,936 | 2,156,850 | | | | 2,000 | | 2,505,786 | 2,498,920 | |
| 3. Debt Service Funds Available | 378,855 | 371,305 | 15,650 | | | | | 359,915 | | 375,565 | 373,805 | |
| 4. Less: Designation for Future Debt Retirement | | | | | | | | | | | | |
| 5. Total Debt Service Funds | 378,855 | 371,305 | 15,650 | | | | | 359,915 | | 375,565 | 373,805 | |
| 6. Capital Projects Funds | 188,340 | 30,000 | 342,550 | | | | | 89,745 | | 432,295 | 432,115 | |
| 7. Permanent Funds | | | | | | | | | | | | |
| 8. Enterprise Funds Available | | | | | | | | | | | | |
| 9. Less: Designation for Future Debt Retirement | | | | | | | | | | | | |
| 10. Total Enterprise Funds | | | | | | | | | | | | |
| 11. Internal Service Funds | | | | | | | | | | | | |
| 12. TOTAL ALL FUNDS | \$ 6,795,160 | \$ 5,317,768 | \$ 925,452 | \$ 6,676,600 | \$ | \$ | \$ | \$ 451,660 | \$ 451,660 | \$ 7,602,052 | \$ 7,372,930 | |

EXPENDITURE LIMITATION COMPARISON

| | 2011 | 2012 |
|--|--------------|--------------|
| 1. Budgeted expenditures/expenses | \$ 6,795,160 | \$ 7,372,930 |
| 2. Add/subtract: estimated net reconciling items | | |
| 3. Budgeted expenditures/expenses adjusted for reconciling items | 6,795,160 | 7,372,930 |
| 4. Less: estimated exclusions | \$ 6,795,160 | \$ 5,113,195 |
| 5. Amount subject to the expenditure limitation | \$ 6,795,160 | \$ 5,416,296 |
| 6. EEC or voter-approved alternative expenditure limitation | | |

The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes Expenditure/Expense Adjustments Approved in current year from Schedule E.

** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

*** Amounts in this column represent Fund Balance/Net Asset amounts except for amounts invested in capital assets, net of related debt, and reserved/restricted amounts established as offsets to assets presented for informational purposes (i.e., prepaids, inventory, etc.).

TOWN OF PINETOP-LAKESIDE
Summary by Fund Type of Revenues Other Than Property Taxes
Fiscal Year 2012

| SOURCE OF REVENUES | ESTIMATED REVENUES 2011 | ACTUAL REVENUES* 2011 | ESTIMATED REVENUES 2012 |
|---------------------------------------|-------------------------------|-----------------------------|-------------------------------|
| GENERAL FUND | | | |
| Local taxes | | | |
| Local Sales Tax | \$ 3,054,740 | \$ 3,096,750 | \$ 3,391,200 |
| Franchise Taxes | 50,000 | 45,000 | 45,000 |
| State Sales Tax | 305,000 | 311,145 | 323,960 |
| State Income Tax | 405,330 | 405,330 | 361,420 |
| Licenses and permits | | | |
| Planning & Zoning Fees | \$ 6,000 | \$ 3,432 | \$ 4,000 |
| Business Licenses | 15,000 | 13,380 | 15,000 |
| Building & Sign Permits | 95,000 | 89,565 | 93,000 |
| Right of Way Permits | 150 | | |
| Intergovernmental | | | |
| 911 Dispatching Services | \$ 81,310 | \$ 81,310 | \$ 81,300 |
| Fire District CAD Maintenance Sharing | 8,000 | 8,000 | 8,000 |
| Grant Administration | 22,400 | | 9,000 |
| Charges for services | | | |
| Lease Income | \$ 18,000 | \$ 17,820 | \$ 17,820 |
| Parks & Recreation Programs | 36,000 | 28,600 | 25,200 |
| Fines and forfeits | | | |
| Magistrate Fines | \$ 85,000 | \$ 42,582 | \$ 57,500 |
| Library Fines | 9,600 | 7,075 | 7,100 |
| Interest on investments | | | |
| Interest Income | \$ 10,000 | \$ 1,946 | \$ 2,000 |
| In-lieu property taxes | | | |
| | \$ | \$ | \$ |
| Contributions | | | |
| Voluntary contributions | \$ | \$ | \$ |
| Library Donations | 1,500 | 180 | 600 |
| Parks & Recreation Donations | 2,000 | 2,000 | 400 |
| Miscellaneous | | | |
| Cemetery Revenues | \$ 10,000 | \$ 9,490 | \$ 9,500 |
| Miscellaneous Revenues | 30,000 | 184,034 | 25,000 |
| Fund Balance Carryforward | 150,000 | | 42,750 |
| Total General Fund | \$ 4,395,030 | \$ 4,347,639 | \$ 4,519,750 |

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

TOWN OF PINETOP-LAKESIDE
Summary by Fund Type of Revenues Other Than Property Taxes
Fiscal Year 2012

| SOURCE OF REVENUES | ESTIMATED REVENUES 2011 | ACTUAL REVENUES* 2011 | ESTIMATED REVENUES 2012 |
|---|-------------------------------|-----------------------------|-------------------------------|
| SPECIAL REVENUE FUNDS | | | |
| Highway User Revenue Fund | | | |
| Gas Taxes | \$ 409,500 | \$ 409,500 | \$ 383,440 |
| Auto Lieu Taxes | 178,650 | 216,830 | 188,950 |
| Total Highway User Revenue Fund | \$ 588,150 | \$ 626,330 | \$ 572,390 |
| Local Transportation Assistance Fund | | | |
| LTAF funds swept by State | \$ | \$ | \$ |
| Total Local Transportation Assistance Fund | \$ | \$ | \$ |
| Other Special Revenue Funds | | | |
| "Bed Tax" | \$ 145,000 | \$ 125,546 | \$ 125,000 |
| Restaurant/Bar Tax | 350,000 | 347,750 | 361,660 |
| Park Use Fees | 5,000 | 3,200 | 4,000 |
| Advertising Revenues | 2,000 | 450 | 1,000 |
| Special Project Donations | \$ | \$ | 15,000 |
| | \$ 502,000 | \$ 476,946 | \$ 506,660 |
| Grants | | | |
| Highway Grants | \$ 196,960 | \$ | \$ 245,145 |
| CDBG & Other Grants | 280,400 | \$ | 200,000 |
| Energy & Water Grants | 219,500 | 53,755 | 145,000 |
| Recreation Grants | 34,860 | 14,860 | 64,860 |
| Forest Health Grants | \$ | 39,445 | 10,000 |
| USDA/USFS Grants | \$ | \$ | 101,200 |
| Prop 202 Contributions | 30,000 | 39,410 | 25,000 |
| Law Enforcement Grants | 348,770 | 44,335 | 224,625 |
| | \$ 1,110,490 | \$ 191,805 | \$ 1,015,830 |
| Other Revenues | | | |
| Interest | \$ 4,925 | \$ 1,996 | \$ 125 |
| | \$ 4,925 | \$ 1,996 | \$ 125 |
| Impact Fees | | | |
| Development Impact Fees | \$ 16,260 | \$ 59,863 | \$ 61,845 |
| | \$ 16,260 | \$ 59,863 | \$ 61,845 |
| | \$ | \$ | \$ |
| | \$ | \$ | \$ |
| Total Special Revenue Funds | \$ 2,221,825 | \$ 1,356,940 | \$ 2,156,850 |

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

TOWN OF PINETOP-LAKESIDE
Summary by Fund Type of Revenues Other Than Property Taxes
Fiscal Year 2012

| SOURCE OF REVENUES | ESTIMATED REVENUES 2011 | ACTUAL REVENUES* 2011 | ESTIMATED REVENUES 2012 |
|-------------------------------------|-------------------------------|-----------------------------|-------------------------------|
| DEBT SERVICE FUNDS | | | |
| _____ | \$ _____ | \$ _____ | \$ _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ |
| Total Debt Service Funds | \$ _____ | \$ _____ | \$ _____ |
| CAPITAL PROJECTS FUNDS | | | |
| _____ | \$ _____ | \$ _____ | \$ _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ |
| Total Capital Projects Funds | \$ _____ | \$ _____ | \$ _____ |
| PERMANENT FUNDS | | | |
| _____ | \$ _____ | \$ _____ | \$ _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ |
| Total Permanent Funds | \$ _____ | \$ _____ | \$ _____ |
| ENTERPRISE FUNDS | | | |
| _____ | \$ _____ | \$ _____ | \$ _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ |
| Total Enterprise Funds | \$ _____ | \$ _____ | \$ _____ |
| INTERNAL SERVICE FUNDS | | | |
| _____ | \$ _____ | \$ _____ | \$ _____ |
| _____ | \$ _____ | \$ _____ | \$ _____ |
| Total Internal Service Funds | \$ _____ | \$ _____ | \$ _____ |
| TOTAL ALL FUNDS | \$ <u>6,616,855</u> | \$ <u>5,704,579</u> | \$ <u>6,676,600</u> |

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

TOWN OF PINETOP-LAKESIDE
Summary by Fund Type of Other Financing Sources/<Uses> and Interfund Transfers
Fiscal Year 2012

| FUND | OTHER FINANCING 2012 | | INTERFUND TRANSFERS 2012 | |
|---------------------------------------|-------------------------|--------|-----------------------------|------------|
| | SOURCES | <USES> | IN | <OUT> |
| GENERAL FUND | | | | |
| Transfer to Parks | \$ | \$ | \$ | \$ 166,010 |
| Transfer to Acquisition & Development | | | | 283,650 |
| Transfer to Advertising & Promotion | | | | 2,000 |
| | | | | |
| | | | | |
| Total General Fund | \$ | \$ | \$ | \$ 451,660 |
| SPECIAL REVENUE FUNDS | | | | |
| Advertising & Promotion | \$ | \$ | \$ 2,000 | \$ |
| | | | | |
| | | | | |
| Total Special Revenue Funds | \$ | \$ | \$ 2,000 | \$ |
| DEBT SERVICE FUNDS | | | | |
| Series 1999 Bonds | \$ | \$ | \$ 193,905 | \$ |
| Parks GADA Bond | | | 166,010 | |
| | | | | |
| Total Debt Service Funds | \$ | \$ | \$ 359,915 | \$ |
| CAPITAL PROJECTS FUNDS | | | | |
| Acquisition & Development | \$ | \$ | \$ 89,745 | \$ |
| | | | | |
| Total Capital Projects Funds | \$ | \$ | \$ 89,745 | \$ |
| PERMANENT FUNDS | | | | |
| | \$ | \$ | \$ | \$ |
| | | | | |
| Total Permanent Funds | \$ | \$ | \$ | \$ |
| ENTERPRISE FUNDS | | | | |
| | \$ | \$ | \$ | \$ |
| | | | | |
| Total Enterprise Funds | \$ | \$ | \$ | \$ |
| INTERNAL SERVICE FUNDS | | | | |
| | \$ | \$ | \$ | \$ |
| | | | | |
| Total Internal Service Funds | \$ | \$ | \$ | \$ |
| TOTAL ALL FUNDS | \$ | \$ | \$ 451,660 | \$ 451,660 |

TOWN OF PINETOP-LAKESIDE
Summary by Department of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2012

| FUND/DEPARTMENT | ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2011 | EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2011 | ACTUAL EXPENDITURES/ EXPENSES* 2011 | BUDGETED EXPENDITURES/ EXPENSES 2012 |
|-------------------------------------|--|--|--|---|
| GENERAL FUND | | | | |
| Town Council | \$ 50,080 | \$ | \$ 46,665 | \$ 52,505 |
| Town Manager | 244,690 | | 227,105 | 252,480 |
| Town Clerk | 192,850 | | 184,484 | 192,365 |
| Finance | 273,380 | | 261,005 | 272,430 |
| Community Development | 258,080 | | 246,280 | 263,370 |
| Magistrate/Legal | 283,390 | | 259,740 | 299,980 |
| Contracted Engineering | 37,750 | | 29,280 | 30,000 |
| Police | 1,676,800 | | 1,676,602 | 1,702,710 |
| Special Accounts | 181,800 | | 127,670 | 390,835 |
| Library | 244,380 | | 232,125 | 251,635 |
| Parks & Recreation | 157,180 | | 146,110 | 157,430 |
| Public Works | 97,285 | | 79,183 | 80,590 |
| Cemetery | 4,500 | | 2,500 | 3,500 |
| Economic Development | 117,130 | | 116,090 | 39,830 |
| Animal Control | 79,250 | | 74,375 | 78,430 |
| Total General Fund | \$ 3,898,545 | \$ | \$ 3,709,214 | \$ 4,068,090 |
| SPECIAL REVENUE FUNDS | | | | |
| HURF | \$ 638,150 | \$ | \$ 474,129 | \$ 898,450 |
| Grants | 1,110,490 | | 191,805 | 1,015,830 |
| Advertising & Promotion | 145,000 | | 117,940 | 142,000 |
| Acquisition & Development | 93,350 | | 93,250 | 89,850 |
| Parks & Recreation | 342,430 | | 330,125 | 352,790 |
| Total Special Revenue Funds | \$ 2,329,420 | \$ | \$ 1,207,249 | \$ 2,498,920 |
| DEBT SERVICE FUNDS | | | | |
| 1999 Bonds | \$ 165,000 | \$ | \$ 165,000 | \$ 170,000 |
| GADA Bonds | 160,000 | | 160,000 | 165,000 |
| Interest | 53,855 | | 46,305 | 38,805 |
| Total Debt Service Funds | \$ 378,855 | \$ | \$ 371,305 | \$ 373,805 |
| CAPITAL PROJECTS FUNDS | | | | |
| Impact Fees - Library | \$ 2,000 | \$ | \$ | \$ 5,150 |
| Impact Fees - Parks | 9,000 | | | 51,320 |
| Impact Fees - Police | 35,000 | | | 61,485 |
| Impact Fees - Streets | 69,340 | | | 164,550 |
| Impact Fees - Gen Government | 34,000 | | | 149,610 |
| General CIP Projects | 39,000 | | 30,000 | |
| Total Capital Projects Funds | \$ 188,340 | \$ | \$ 30,000 | \$ 432,115 |
| PERMANENT FUNDS | | | | |
| Total Permanent Funds | \$ | \$ | \$ | \$ |
| ENTERPRISE FUNDS | | | | |
| Total Enterprise Funds | \$ | \$ | \$ | \$ |
| INTERNAL SERVICE FUNDS | | | | |
| Total Internal Service Funds | \$ | \$ | \$ | \$ |
| TOTAL ALL FUNDS | \$ 6,795,160 | \$ | \$ 5,317,768 | \$ 7,372,930 |

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

GLOSSARY

Accountability

Term used by the GASB to describe a government's duty to justify the raising and spending of public resources. The GASB has identified accountability as the "paramount objective" of financial reporting "from which all other objectives must flow."

Accrual Basis of Accounting

Method of accounting that recognizes the financial effect of transactions, events, and inter-fund activities when they occur, regardless of the timing of related cash flows.

Activity

Specific and distinguishable service performed by one or more Organizational components of a government to accomplish a function for which the government is responsible (e.g., police is an activity within the public safety function).

Adoption

Formal action by the Town Council which sets the spending limits for the fiscal year.

Advertising & Promotion Committee

A committee formed by the Town Council comprised of citizens and charged with increasing tourism to the community. The committee is funded by a 3% hotel bed tax.

Appropriation

Specific amount of money authorized by the Town Council for the purpose of incurring obligations and acquiring goods and services.

Asset

Resources owned or held by a government, which have monetary value.

Audit committee

Group of individuals assigned specific responsibility for addressing issues related to the independent audit of the financial statements on behalf of the entity under audit. The audit committee is comprised of citizens possessing financial training and expertise, such as CPA's, and is appointed by the Town Council.

Auto Lieu Taxes – see VLT

Available Fund Balance

Refers to the funds remaining from the prior year which are available for appropriation and expenditure in the current year.

Balanced Budget

By law, the budget may not include expenditures in excess of available financial resources.

Base Budget

The ongoing expense/expenditure for personnel, operating and maintenance, and capital to maintain service levels established by the Town Council.

Bond

A certificate of debt guaranteeing a payment of a specified amount of money by a specified future date.

Budget

A financial plan of estimated expenses and expenditures and anticipated resources adopted for a specific period of time outlining a plan for achieving Council goals and objectives.

Capital assets

Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending

beyond a single reporting period and a cost in excess of \$5,000 (see Capitalization Threshold).

Capital Expenditure

Money spent on capital assets, projects, or infrastructure improvements.

Capital Improvement Budget

The expenditures for major capital projects, such as infrastructure, construction of new and renewed streets, Town buildings and parks, acquisition of land, and any other project which adds to the capital assets or infrastructure of the Town.

Capital Improvement Plan (CIP)

The five-year plan of capital expenditures detailing the nature of the project as well as the source of the funds to be used in the project.

Capitalization threshold.

Dollar value at which a government elects to capitalize tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Generally, capitalization thresholds are applied to individual items rather than groups of items unless the result would be to exclude items that would clearly be material to the financial statements in the aggregate. The Town sets its capitalization threshold at \$5,000.

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used for the acquisition of construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

Commercial Development

Activity designed to increase the manufacturing and retail base of businesses in the community.

Contingency

An amount set aside, available with Council approval, to cover unforeseen expenditures or expenses.

Debt Service

Principal and interest payment on borrowed funds, such as bonds, lease purchase agreements and loans.

Debt Service Fund

Debt Service Funds are set up to receive dedicated revenues used to make principal and interest payments on Town debts. They are used to account for the accumulation of resources for, and the payment of, general obligation and special assessment debt principal, interest, and related costs.

Development Impact Fee

A fee, similar to a building permit fee, the proceeds of which are specifically dedicated to ameliorating the infrastructure impacts of community growth. Impact fees have been the target of the homebuilding industry in Arizona for many years.

Direct Debt

The sum of the total bonded debt and any unfunded debt (e.g., short-term notes) of the Town for which the Town has pledged its "full faith and credit."

Encumbrance

Accounting concept that recognizes a commitment to expend resources in the future.

Enterprise Fund

Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services.

Estimated Revenue

The amount of projected revenue to be collected during a given time period.

Expenditure/Expense

Represents a decrease in fund resources.

is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary Fund

Used to account for resources held by the government as a trustee or agent for parties outside the government that cannot be used to support the government's own programs.

Generally Accepted Accounting Principles (GAAP)

Uniform minimum standards for financial accounting and reporting, encompassing the conventions, rules, and procedures that define accepted accounting practice.

Fiscal Year

The time period designated by the Town signifying the beginning and ending period for recording financial transactions. The Town of Pinetop-Lakeside has specified July 1 to June 30 as its fiscal year, in accordance with State law.

General Governmental Revenue

The revenues of a government other than those derived from and retained in a Business Activity fund. General Governmental revenues include those from the General, Debt Service, and Special Revenue funds.

Fixed Assets

Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

General Obligation Bonds

Bonds that finance a variety of public projects such as streets, buildings, and improvements; the repayment of these bonds is usually made from secondary property taxes, and these bonds are backed by the "full faith and credit" of the issuing government.

Full Faith and Credit

A pledge of a government's taxing power to repay debt obligations.

Goal

A long-term, attainable target for an organization – a means to achieving its vision of the future.

Fund

A set of inter-related accounts to record revenues and expenditures associated with a specific purpose. Fund Structure consists of Governmental Funds (e.g., General Fund, Special Revenue Fund, Debt Service Fund), Proprietary Funds and Fiduciary Funds.

Government Accounting Standards Board (GASB)

The Governmental Accounting Standards Board (GASB) was organized in 1984 by the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for local and state governmental entities. Its standards guide the preparation of external financial reports of those entities.

Fund Balance

The difference between all revenues and all expenditures to date. The beginning fund balance represents the residual funds brought forward from the previous year.

Governmental Fund

A fund used to finance the general operations of a government, usually tax-supported activities.

General Fund

One of five governmental fund types. The general fund typically serves as the chief operating fund of a government. The general fund

GASB 34

Basic Financial Statements-and Management Discussion and Analysis-for State and Local Governments. Represents one of the most comprehensive financial reporting standards in the history of standards setting. All governmental entities are required to implement this standard of reporting. The Town of Pinetop-Lakeside began implementing this standard in the budget year ending July 1, 2004.

HURF

Highway User's Revenue Fund – a percentage of State gasoline taxes paid monthly by the State of Arizona to counties, cities and towns.

Infrastructure

Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

Interfund Transfer

The movement of monies between funds of the same governmental entity.

Intergovernmental Revenue

Funds received from federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

JCEF

Judicial Court Enhancement Fund.

JLBC

Joint Legislative Budget Committee, appointed by the Governor and Legislature to make economic projections for the State.

Legal debt margin

Excess of the amount of debt legally authorized over the amount of debt outstanding.

Long Term Debt

Debt with a maturity of more than one year after the date of issuance.

LTAF

Local Transit Assistance Fund, funded by the Arizona Lottery, swept by the Arizona Legislature in 2010.

Net Assets

Assets minus liabilities. Replaces Retained Earnings on the Balance Sheet which was an equity account reflecting the accumulated earnings of an enterprise or internal service fund.

Nodal Development

A concept presented to the Town of Pinetop-Lakeside by the Tejido Group, which located three specific areas of town (nodes) that would be prime for economic development.

Objective

A specific measurable and observable result of an organization's activity which advances the organization toward its goal.

Operating Expenses/Expenditures

The cost of personnel, material, and equipment required for a department to function.

Operating Revenue

Funds that the government receives as income to pay for ongoing operations, including such items as taxes, user fees, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

Performance measurement

Commonly used term for service efforts and accomplishments reporting.

Proprietary Fund

A fund used to finance the day-to-day operations of a government's business-like activities (e.g., utilities operations) and supported, at least in part, by fees or charges for services. The Town of Pinetop-Lakeside has no proprietary funds.

Proposition 202 Revenues

A voter approved measure requiring Indian Tribes that operate casinos to give a percentage of their net gains each year to local communities to assuage the local effects of gaming.

Retail Development

Activity specifically geared toward increasing the Town's retail business base.

Revenue Bonds

Bonds usually sold for constructing a project that will produce revenue for the government. That revenue is pledged to pay the principal and interest of the bond.

Source of Revenue

Revenues are classified according to their source or point of origin.

Special Revenue Fund

Special Revenue funds are set up as accounts for Federal or State grants legally restricted to expenditures for specific purposes. The Town's Special Revenue funds include the Highway User Fund (HURF), the Community Development Block Grants (CDBG), the Advertising and Promotions Committee which is funded by hospitality taxes, and Parks operations, funded by the restaurant and bar tax.

State Shared Revenue

Includes the Town's portion of the State sales tax revenues, State income tax receipts, and motor vehicle registration taxes.

Strategic Management Plan

A plan adopted by the Town Council at its biennial retreat outlining the Council's vision for the Town for the next twenty years, and its immediate (1-2 year) goals for the Town staff. See page 13.

Taxes

Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

User Fees

The payment of a fee for direct receipt of a public service by the party who benefits from the service.

VLT

Vehicle License Taxes collected by the State and remitted to municipalities based on the residency of the automobile purchaser. Also referred to as Auto Lieu taxes.

Workload Indicator

A unit of work to be done (e.g., number of permit applications received, number of burglaries reported).

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