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INDEPENDENT ACCOUNTANTS' REPORT

The Honorable Mayor and Members of Town Council
Town of Youngtown, Arizona
Youngtown, Arizona

We have examined the Town of Youngtown, Arizona's (Town) compliance as to whether expenditures made during the fiscal year ended June 30, 2018, from Highway User Revenue Fund monies received by the Town pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the Town were used solely for the authorized transportation purposes prescribed in Article IX, §14, of the Arizona Constitution. Management is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

Our examination was conducted 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 the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, 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.

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

Our procedures disclosed a finding of noncompliance with the Arizona Revised Statutes Title 28, Chapter 18, Article 2 as listed in the following schedule as item 2018-001.

In our opinion, with the exception of item 2018-001, the Town of Youngtown, Arizona complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2018.

This report is intended solely for the information and use of the mayor and town council, and management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

CliftonLarsonAllen LLP

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Phoenix, Arizona
December 21, 2018

2018-001 Highway User Revenue Fund Disbursements

For one of twenty-five HURF disbursements tested, an expenditure totaling \$17,227.75, was not an allowable HURF expenditure under Arizona Revised Statutes Title 28, Chapter 18, Article 2. The disbursement was made for dial-a-ride transportation services. This expense was recorded in the HURF Fund as the Town was recording their LTAF II grant monies and related expenditures in the HURF Fund. However, during the current year, expenditures exceeded the grant funding and excess expenditures should have been moved to the General Fund.

We recommend the Town review disbursements charged to the Highway User Revenue Fund to ensure they are allowable HURF expenditures under Arizona Revised Statutes Title 28, Chapter 18, Article 2. Additionally, we recommend the Town record its LTAF II funding and related expenditures within the General Fund or Grants Fund.