

LA PAZ COUNTY, ARIZONA
REPORT ON EXAMINATION OF ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2018

La Paz County, Arizona
Report on Examination of Annual Expenditure
Limitation Report
Year Ended June 30, 2018

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Independent Accountant's Report

The Auditor General of the State of Arizona
The Board of Supervisors
of La Paz County, Arizona

We have examined the accompanying annual expenditure limitation report of La Paz County, Arizona (the County) for the year ended June 30, 2018, and the related notes to the report. The County'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.

Snyder & Butler, CPAs, PLLC

Tempe, Arizona
April 22, 2019

**La Paz County, Arizona
Annual Expenditure Limitation Report-Part I
Year Ended June 30, 2018**

1. Economic Estimates Commission expenditure limitation	\$ 12,924,154
2. Amounts subject to the expenditure limitation (total amount from Part II, Line C)	<u>14,594,303</u>
3. Amount in excess of the expenditure limitation	<u><u>\$ 1,670,149</u></u>

On May 16, 2018, the Governor of the State of Arizona signed House Bill 2653 which waives the penalties for exceeding the expenditure limitation for fiscal years ending June 30, 2014 through June 30, 2018.

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 Financial Officer:

Name and Title: Terry Krukemyer, Finance Director

Telephone Number: (928)669-2247

Date: April 22, 2019

La Paz County, Arizona
Annual Expenditure Limitation Report-Part II
Year Ended June 30, 2018

Description	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 23,995,008	\$ 2,664,837	\$ 52,272,373	\$ 78,932,218
B. Less exclusions claimed:				
Debt service requirements (Note 2)	3,147,380			3,147,380
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	470,931			470,931
Trustee or custodian (Note 4)	271,500		52,272,373	52,543,873
Grants and aid from the federal government (Note 5)	2,961,709			2,961,709
Amounts received from the State of Arizona (Notes 5 and 6)	3,005,868			3,005,868
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	2,208,154			2,208,154
Total exclusions claimed	<u>12,065,542</u>	<u>-</u>	<u>52,272,373</u>	<u>64,337,915</u>
C. Amounts subject to the expenditure limitation	<u>\$ 11,929,466</u>	<u>\$ 2,664,837</u>	<u>\$ -</u>	<u>\$ 14,594,303</u>

La Paz County, Arizona
Annual Expenditure Limitation Report-Reconciliation
Year Ended June 30, 2018

	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Total expenditures/expenses/ deductions and applicable other financing uses reported within the fund financial statements	\$ 26,848,822	\$ 2,482,843	\$ 52,272,373	\$ 81,604,038
B. Subtractions				
Items not requiring use of working capital:				
Depreciation		173,299		173,299
Pension and other postemployment benefit (OPEB) expense (revenue) (Note 7)		(13,877)		(13,877)
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 8)	2,327,814			2,327,814
Long-term care contributions the State Treasurer withheld (Note 9)	526,000			526,000
Total subtractions	2,853,814	159,422	-	3,013,236
C. Additions				
Capital asset acquisitions		281,164		281,164
Pension and OPEB contributions paid in the current year (Note 7)		60,252		60,252
Total additions	-	341,416	-	341,416
D. Amounts reported on Part II, Line A	\$ 23,995,008	\$ 2,664,837	\$ 52,272,373	\$ 78,932,218

La Paz County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2018

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 Section 41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, Section 20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS, 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, the Statement of Revenues, Expenses, and Changes in Fund Net Position for the Proprietary Funds, Statement of Cash Flows for the Proprietary Funds, and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.

NOTE 2— The exclusion claimed for debt service requirements in the Governmental Funds of \$3,147,380 consists of \$3,079,697 of expenditures classified as principal and \$320,208 classified as interest, less \$252,525 attributable to the Jail District for which total expenditures were subtracted on the Reconciliation.

NOTE 3— The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$470,931 consists of investment income reported in the Governmental Funds of \$41,580 and interest on delinquent taxes expended of \$429,351, which was recorded as tax revenue.

NOTE 4— The exclusion claimed for trustee or custodian of \$271,500 in the Governmental Funds consists of contributions recorded as health expenditures by the County to the Arizona Health Care Cost Containment System for acute care, administrative cost contributions and uncompensated care contributions.

La Paz County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2018

NOTE 5– The following schedule presents revenues 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. The amounts excluded do not exceed expenditures of such revenues.

Grants and aid from the Federal government	\$ 938,715
Federal Payments in lieu of taxes	2,022,994
Subtotal grants and aid from federal government	2,961,709
Amounts received from the State of Arizona (Note 6)	2,445,596
Highway user revenues in excess of those received in fiscal year 1979-80, expended in Fiscal Year 2018	2,208,154
Highway user revenues received but not expended and carried forward to future years	2,187,342
Other revenues-nonexcludable	
Total intergovernmental revenues as reported in the fund financial statements	3,572,588 \$ 13,375,389

NOTE 6– Amounts received from the State of Arizona include an exclusion of \$560,272 for motor vehicle license tax reported as taxes in the Road Fund in the fund financial statements.

NOTE 7– The enterprise funds reported a pension income of \$13,877 related to the change in pension and other postemployment benefit liabilities. The addition of \$ 60,252 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the Enterprise Funds.

NOTE 8– The subtraction of \$2,327,814 for separate legal entities established under Arizona Revised Statutes consists of the following expenditures included within the County’s reporting entity but not included in the Economic Estimates Commission base limit calculations.

Public safety expenditures for the Jail District	\$ 2,790,541
Debt service expenditures for the Jail District	252,525
Capital outlay expenditures for the Jail District	-
Public safety expenditures for various street lighting districts	4,748
Less Maintenance of effort transfers from general fund	(720,000)
Expenditures in excess of revenue and Maintenance of effort	-
Total expenditures of separate legal entities established under Arizona Revised Statutes subtraction	\$ 2,327,814

La Paz County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2018

NOTE 9– The subtraction for long-term care contributions withheld by the State Treasurer consists of transaction privilege taxes withheld by the State Treasurer to meet the County’s share of long-term care costs that was reported as revenue and an offsetting expenditure in the County’s Governmental Funds. Consequently, this expenditure has been subtracted on the Reconciliation.