

LA PAZ COUNTY, ARIZONA
REPORT ON EXAMINATION OF ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2019

La Paz County, Arizona
Report on Examination of Annual Expenditure
Limitation Report
Year Ended June 30, 2019

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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, 2019, 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 20, 2020

La Paz County, Arizona
Annual Expenditure Limitation Report-Part I
Year Ended June 30, 2019

1. Economic Estimates Commission expenditure limitation	\$ 13,370,954
2. Amounts subject to the expenditure limitation (total amount from Part II, Line C)	\$ 15,511,505
3. Prior-year, voter-approved expenditures to exceed the expenditure limitation for fiscal year ended June 30, 2019	<u>(3,000,000)</u>
Total adjusted amount subject to the expenditure limitation	<u>12,511,505</u>
4. Amount under the expenditure limitation	<u>\$ 859,449</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 Financial Officer: (Signature removed for website presentation.)

Name and Title: Terry Krukemyer, Finance Director

Telephone Number: (928)669-2247

Date: April 20, 2020

La Paz County, Arizona
Annual Expenditure Limitation Report-Part II
Year Ended June 30, 2019

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 26,743,025	\$ 2,388,156	\$ 53,004,849	\$ 82,136,030
B. Less exclusions claimed:				
Debt service requirements (Note 2)	2,292,353			2,292,353
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	284,898			284,898
Trustee or custodian (Note 4)	247,500		53,004,849	53,252,349
Grants and aid from the federal government (Note 5)	3,517,946			3,517,946
Amounts received from the State of Arizona (Notes 5 and 6)	2,393,597			2,393,597
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	3,775,664			3,775,664
Prior years carryforward (Note 11)	1,107,718			1,107,718
Total exclusions claimed	<u>13,619,676</u>	<u>-</u>	<u>53,004,849</u>	<u>66,624,525</u>
C. Amounts subject to the expenditure limitation	<u>\$ 13,123,349</u>	<u>\$ 2,388,156</u>	<u>\$ -</u>	<u>\$ 15,511,505</u>

La Paz County, Arizona
Annual Expenditure Limitation Report-Reconciliation
Year Ended June 30, 2019

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Total expenditures/expenses/ deductions and applicable other financing uses reported within the fund financial statements	\$ 30,255,297	\$ 2,234,609	\$ 53,004,849	\$ 85,494,755
B. Subtractions				
Items not requiring use of current financial resources:				
Depreciation		219,545		219,545
Pension and other postemployment benefit (OPEB) expense (revenue) (Note 7)		(246,364)		(246,364)
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 8)	2,912,772			2,912,772
Long-term care contributions the State Treasurer withheld (Note 9)	599,500			599,500
Total subtractions	<u>3,512,272</u>	<u>(26,819)</u>	<u>-</u>	<u>3,485,453</u>
C. Additions				
Capital asset acquisitions		11,000		11,000
Pension and OPEB contributions paid in the current year (Note 7)		115,728		115,728
Total additions	<u>-</u>	<u>126,728</u>	<u>-</u>	<u>126,728</u>
D. Amounts reported on Part II, Line A	<u>\$ 26,743,025</u>	<u>\$ 2,388,156</u>	<u>\$ 53,004,849</u>	<u>\$ 82,136,030</u>

La Paz County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2019

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 \$2,292,353 consists of \$2,257,101 of expenditures classified as principal and \$279,487 classified as interest, less \$244,235 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 \$284,898 consists of investment income reported in the Governmental Funds of \$110,864 and interest on delinquent taxes expended of \$174,034, which was recorded as tax revenue.

NOTE 4— The exclusion claimed for trustee or custodian of \$247,500 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, 2019

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	\$ 1,382,618
Federal Payments in lieu of taxes	2,135,328
Subtotal grants and aid from federal government	3,517,946
Amounts received from the State of Arizona (Note 6)	2,251,315
Highway user revenues in excess of those received in fiscal year 1979-80, expended in Fiscal Year 2019	3,775,664
Highway user revenues received but not expended and carried forward to future years	1,043,640
Other revenues-nonexcludable	3,411,411
Total intergovernmental revenues as reported in the fund financial statements	\$ 13,999,976

NOTE 6– During 2019 the County received \$638,698 from the State of Arizona for motor vehicle license tax reported as taxes in the Road Fund in the fund financial statements. Of this amount, \$142,282 was expended and is included as part of the \$2,393,597 exclusion for amounts received from the State of Arizona. The remaining \$496,416 has been carried forward to future years.

NOTE 7– The enterprise funds reported pension and OPEB expense of (\$246,364) related to the change in pension and other postemployment benefit liabilities. The addition of \$115,728 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 \$2,912,772 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	\$ 3,388,537
Debt service expenditures for the Jail District	244,235
Less Maintenance of effort transfers from general fund	(720,000)
Total expenditures of separate legal entities established under Arizona Revised Statutes subtraction	\$ 2,912,772

La Paz County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2019

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.

NOTE 10– During 2019 the County analyzed its prior year carryforward and determined that for fiscal year 2018 and 2017 vehicle license tax from the State of Arizona should have been reflected as a carryforward for those years and the carry forward of dedicated highway user revenue should have been reduced by a corresponding amount. The following schedule describes the change to the prior year’s carryforward. This change did not affect the 2018 or 2017 amounts subject to the expenditure limitation.

	2018	2017
Highway user revenues carried forward to future years as previously reported	\$2,187,342	\$1,613,302
Less adjustment to prior year's carryforward	(560,272)	(547,446)
Adjusted highway user revenues carried forward to future years	<u>\$1,627,070</u>	<u>\$1,065,856</u>
 Vehicle License tax reported in the Roads Fund carried forward, as previously reported	 \$ -	 \$ -
Adjustment to prior year's carryforward	560,272	547,446
Adjusted vehicle license tax carried forward	<u>\$ 560,272</u>	<u>\$ 547,446</u>

NOTE 11– Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year. The \$1,107,718 claimed as an exclusion in 2019 from this carryforward was expended in the governmental funds and was derived from the 2018 and 2017 vehicle license taxes described in Note 10.