

La Paz County, Arizona
Annual Expenditure Limitation Report

Year Ended June 30, 2025

**La Paz County, Arizona
Annual Expenditure Limitation Report
Year ended June 30, 2025**

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INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona,
Members of the Arizona State Legislature, and
The Board of Supervisors of
La Paz County, Arizona
Parker, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of La Paz County, Arizona (County), for the year ended June 30, 2025, and related notes to the report. The County's management is responsible for presenting the Annual Expenditure Limitation Report in accordance with the *Uniform Expenditure Reporting System* (UERS) as described in Note 1. Our responsibility is to express an opinion on the Annual Expenditure Limitation Report 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 Annual Expenditure Limitation Report is 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 Annual Expenditure Limitation 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 Annual Expenditure Limitation 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Expenditure Limitation Report of La Paz County, Arizona for the year ended June 30, 2025, is presented in accordance with the *Uniform Expenditure Reporting System* as described in Note 1, in all material respects.

CliftonLarsonAllen LLP

Tempe, Arizona
September 29, 2026

La Paz County
Annual Expenditure Limitation Report - Part I
Year ended June 30, 2025

Economic Estimates Commission expenditure limitation	\$ <u>29,777,543</u>
Amount subject to the expenditure limitation (total amount from Part II, line C)	\$ <u>29,753,255</u>
Amount under (in excess of) the expenditure limitation	\$ <u>24,288</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 fiscal officer: Stephanie McDowell

Name and title: Stephanie McDowell

Telephone number: 928-916-0813 Date: 9/29/26

See accompanying notes to report.

La Paz County
Annual Expenditure Limitation Report - Part II
Year ended June 30, 2025

Description	Governmental funds	Enterprise funds	Fiduciary funds	Total
Amounts reported on the reconciliation, line D	\$ 35,156,206	\$ 3,642,786	\$ 89,286,829	\$ 128,085,821
Less exclusions claimed:				
Debt service requirements (note 2)	193,676	346,592	-	540,268
Trustee or custodian (note 3)	258,818	-	89,286,829	89,545,647
Grants and aid from the federal government (note 4)	1,659,375	-	-	1,659,375
Amounts received from the State of Arizona (note 4)	5,015,625	-	-	5,015,625
Prior years carryforward (note 8)	1,571,651	-	-	1,571,651
Total exclusions claimed	8,699,145	346,592	89,286,829	98,332,566
Amounts subject to the expenditure limitation	<u>\$ 26,457,061</u>	<u>\$ 3,296,194</u>	<u>\$ -</u>	<u>\$ 29,753,255</u>

See accompanying notes to report.

La Paz County
Annual Expenditure Limitation Report - Reconciliation
Year ended June 30, 2025

Description	Governmental funds	Enterprise funds	Fiduciary funds	Total
Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 39,206,885	\$ 3,493,885	\$ 89,286,829	\$ 131,987,599
Subtractions:				
Items not requiring use of current financial resources:				
Depreciation and amortization	-	172,470	-	172,470
Pension and other postemployment benefits (OPEB) expense (note 5)	129,814	106,300	-	236,114
Total expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (note 6)	4,153,215	-	-	4,153,215
Long-term care contributions the State Treasurer withheld (note 7)	990,200	-	-	990,200
Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	61,089	-	-	61,089
Total subtractions	5,334,318	278,770	-	5,613,088
Additions:				
Principal payments on long-term debt	-	255,153	-	255,153
Amounts paid in the current year but reported as expenses in previous years:				-
Compensated absences	-	52,867	-	52,867
Pension and OPEB contributions paid in the current year (note 5)	-	119,651	-	119,651
County transfers to separate legal entities (note 6)	1,283,639	-	-	1,283,639
Total additions	1,283,639	427,671	-	1,711,310
Amounts reported on part II, line A	\$ 35,156,206	\$ 3,642,786	\$ 89,286,829	\$ 128,085,821

See accompanying notes to report.

La Paz County
Annual Expenditure Limitation Report
Year ended June 30, 2025

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 (A.R.S.) §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, 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; 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 - Debt Service Requirements

The \$540,268 exclusion claimed for debt service requirements consists of principal retirement and interest expenditures/expenses of \$105,865 in the general fund, \$87,811 in nonmajor governmental funds, and \$346,592 in the solar field enterprise fund.

Note 3 - Trustee or Custodian

The \$258,818 exclusion claimed for trustee or custodian in the governmental funds consists of \$258,442 in county contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs, as well as \$376 in RICO funds. In the fiduciary funds, the exclusion consists of \$61,903,654 in distributions to investment pool participants, \$1,428,172 of other deductions for private purpose trust fund, and \$25,955,003 in various deductions to other custodial funds.

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Annual Expenditure Limitation Report
Year ended June 30, 2025

Note 4 - Grants and Aid from the State and Federal Government

The following schedule presents revenues in the governmental funds from which exclusions have been claimed for federal grants and aid and amounts received from the State of Arizona, and payments in lieu of taxes from the federal government and highway user revenues that were not spent and carried forward.

Grants and aid from the federal government	\$ 1,659,375
Amounts received from the State of Arizona	5,015,625
Nonexcludable revenues	3,853,673
Unspent, excludable revenues carried forward	<u>8,673,184</u>
Total intergovernmental revenues as reported in the fund financial statements	<u><u>\$ 19,201,857</u></u>

Note 5 - Pensions and OPEB

The \$106,300 subtraction for pension and other post employment benefit (OPEB) expense consists of changes in the net pension and OPEB assets and liabilities and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year in the enterprise funds. The \$119,651 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise funds. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

	Enterprise funds
<u>Statement of cash flows</u>	
Change in net pension and OPEB asset	\$ (6,649)
Change in deferred inflows related to pensions and OPEB	(9,877)
Change in deferred outflows related to pensions and OPEB	(39,213)
Change in net pension and OPEB liability	<u>42,388</u>
Total	<u><u>\$ (13,351)</u></u>
<u>AELR-Reconciliation</u>	
Pension/OPEB contributions – addition	\$ 119,651
Pension/OPEB expense (income) – subtraction	<u>(106,300)</u>
Total	<u><u>\$ 13,351</u></u>

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The \$129,814 subtraction for pension expense in the governmental funds consists of nonemployer contributions to the Elected Officials Retirement Plan (EORP) that were reported as a revenue and an offsetting expenditure in the County’s governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

Note 6 - Expenditures of Separate Legal Entities Established under Arizona Revised Statutes

The \$4,153,215 subtraction for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the County’s reporting entity, but not included in the Economic Estimates Commission base limit calculations that are reported in the governmental funds:

Jail District Fund		
Public safety expenditures	\$	4,070,060
Capital outlay		60,276
Interest and other fiscal charges		232
Lighting Districts - Nonmajor Funds		
Public safety expenditures		22,647
<i>Total</i>	\$	<u><u>4,153,215</u></u>

The \$1,283,639 addition for county monies transferred to separate legal entities consists of the County's required maintenance of effort payment to the Jail District that is reported as transfers in this separate legal entity.

Note 7 - Long-Term Care Contributions

The \$990,200 subtraction for long-term care contributions the State Treasurer withheld consists entirely of transaction privilege taxes the State Treasurer withheld to meet the County’s share of long-term care costs that was reported as a revenue and an offsetting expenditure in the County’s governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

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Note 8 - Carryforward Balances

Revenues that are constitutionally excludable that were not spent in the year of receipt may be accumulated and excluded in future years when spent. Carryforward was added for \$535,536 of dividends, interest and gains on the sales or redemption of investment securities, \$2,297,060 of payments in lieu of taxes from the federal government, and \$6,376,124 of highway user revenues. \$472,400 in the Coronavirus Recovery Fund from revenue that was recognized in prior years from the U.S. Treasury's Local Assistance and Tribal Consistency Fund (LATCF - assistance listing 21.032) have now been fully expended as of the fiscal year end. The County used \$1,099,251 of highway user revenue carryforward for road maintenance projects during the year. The expenditures in the road fund of \$7,497,095 include both local and excludable revenues in fund balance. The current revenues have been carried forward for use in future years. A summary of the accumulated revenue sources and their balances is shown in the table below:

Description	Balance June 30, 2024	Carryforward added	Carryforward used	Balance June 30, 2025
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 1,031,481	\$ 535,536	\$ -	\$ 1,567,017
Grants and aid from the federal government				
Payments in lieu of taxes from the federal government	-	2,297,060	-	2,297,060
LATCF revenues in Coronavirus Recovery Fund	472,400	-	472,400	-
Highway user revenues in excess of those received in fiscal year 1979-80	2,813,570	6,376,124	1,099,251	8,090,443
Total carryforward	<u>\$ 4,317,451</u>	<u>\$ 9,208,720</u>	<u>\$ 1,571,651</u>	<u>\$ 11,954,520</u>