

LA PAZ COUNTY, ARIZONA
REPORT ON EXAMINATION OF ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2014

La Paz County, Arizona
Report on Examination of Annual Expenditure
Limitation Report
Year Ended June 30, 2014

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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, 2014, 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
June 10, 2018

**La Paz County, Arizona
Annual Expenditure Limitation Report-Part I
Year Ended June 30, 2014**

1. Economic Estimates Commission expenditure limitation	\$ 12,262,934
2. Amounts subject to the expenditure limitation (total amount from Part II, Line C)	<u>14,599,961</u>
3. Amount in excess of the expenditure limitation	<u><u>\$ 2,337,027</u></u>

On May 10, 2016, the Governor of the State of Arizona signed House Bill 2708, which included a provision (Sec. 16) for waiving the reduction of allowable levy of primary property taxes for La Paz County related to their contract with Los Angeles County to import incinerator ash for disposal for fiscal years ending June 30, 2014, 2015 and 2016. During fiscal year 2014, the amount of expenditures relating to revenue received from their contract with Los Angeles County was \$1,177,812. After considering this waiver, the amount in excess of the limitation is \$1,159,215

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: 6-10-18

La Paz County, Arizona
Annual Expenditure Limitation Report-Part II
Year Ended June 30, 2014

Description	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 24,108,890	\$ 2,292,376	\$ 39,950,968	\$ 66,352,234
B. Less exclusions claimed:				
Debt service requirements on other long-term obligations (Note 2)	888,575	14,794		903,369
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	305,291			305,291
Trustee or custodian (Note 4)	377,775		39,950,968	40,328,743
Quasi-external transactions (Note 10)	164,505			164,505
Grants and aid from the federal government (Note 5)	3,313,190			3,313,190
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5 and 7)	113,916			113,916
Amounts received from the State of Arizona (Notes 5 and 6)	2,150,731			2,150,731
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	3,421,641			3,421,641
Contracts with other political subdivisions (Note 5)	77,043			77,043
Refunds, reimbursements, and other recoveries (Note 9)	87,287			87,287
Prior years carryforward (Note 8)	886,557			886,557
Total exclusions claimed	<u>11,786,511</u>	<u>14,794</u>	<u>39,950,968</u>	<u>51,752,273</u>
C. Amounts subject to the expenditure limitation	<u>\$ 12,322,379</u>	<u>\$ 2,277,582</u>	<u>\$ -</u>	<u>\$ 14,599,961</u>

La Paz County, Arizona
Annual Expenditure Limitation Report-Reconciliation
Year Ended June 30, 2014

	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Total expenditures/expenses/ deductions and applicable other financing uses reported within the fund financial statements	\$ 27,417,600	\$ 2,440,469	\$ 39,950,968	\$69,809,037
B. Subtractions				
Items not requiring use of working capital:				
Depreciation		180,825		180,825
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 11)	2,617,410			2,617,410
Long-term care contributions withheld by the State Treasurer (Note 12)	691,300			691,300
Total subtractions	3,308,710	180,825	-	3,489,535
C. Additions				
Acquisition of capital assets		17,938		17,938
Payments on capital lease obligations		14,794		14,794
Total additions	-	32,732	-	32,732
D. Amounts reported on Part II, Line A	\$ 24,108,890	\$ 2,292,376	\$ 39,950,968	\$66,352,234

La Paz County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2014

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 on other long-term obligations in the Governmental Funds of \$888,575 consists of \$930,102 of expenditures classified as principal and interest recorded as debt service expenditures, less \$41,527 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 \$305,291 consists of investment income reported in the Governmental Funds of \$24,768 and interest on delinquent taxes expended of \$280,523, which was recorded as tax revenue.

NOTE 4— The exclusion claimed for trustee or custodian of \$377,775 in the Governmental Funds consists of \$106,050 in 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 and \$271,725 of general government expenditures relating to task force monies held on behalf of various municipalities.

La Paz County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2014

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, highway user revenues, contracts with other political subdivisions, and grants, aid, contributions or gifts from a private agency, organization, or individual in the Governmental Funds. The amounts excluded do not exceed expenditures of such revenues.

Grants and aid from the Federal government	\$ 3,313,190
Amounts received from the State of Arizona (Note 6)	1,695,409
Highway user revenues in excess of those received in fiscal year 1979-80	3,421,641
Contracts with other political subdivisions	77,043
Grants, aid, contributions, or gifts from a private agency, organization, or individual (Note 7)	25,547
Other revenues-nonexcludable	<u>3,664,999</u>
Total intergovernmental revenues as reported in the fund financial statements	<u><u>\$ 12,197,829</u></u>

NOTE 6– Amounts received from the State of Arizona include an exclusion of \$455,322 for motor vehicle license tax reported as taxes in the Road Fund in the fund financial statements.

NOTE 7– The exclusion claimed for grants, aid, contributions, or gifts from a private agency organization, or individual, except amounts received in lieu of taxes, consists of \$25,547 of grants reported as intergovernmental revenues and \$88,369 of private contributions reported as miscellaneous revenues.

NOTE 8– Prior years carryforward expended in the current year totaling \$886,557 consists of the remaining judgment bond proceeds that were carried forward from the prior year.

NOTE 9– The exclusions claimed for refunds, reimbursements, and other recoveries consist of recovery of expenditures in which \$87,287 are reported as charges for services in the fund financial statements.

NOTE 10–The exclusion claimed for quasi-external transactions of \$164,505 consists primarily of indirect costs recovery for which the various contracts reported in the special revenue funds reimburse the general fund. This revenue is included as part of miscellaneous income in the financial statements.

La Paz County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2014

NOTE 11– The subtraction of \$2,617,410 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	\$ 3,197,945
Debt service expenditures for the Jail District	41,527
Capital outlay expenditures for the Jail District	45,750
Public safety expenditures for the Jail Commissary Fund	43,476
Public safety expenditures for various street lighting districts	8,712
Less Maintenance of effort transfers from general fund	<u>(720,000)</u>
Total expenditures of separate legal entities established under Arizona Revised Statutes subtraction	<u>\$ 2,617,410</u>

NOTE 12– 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.