

LA PAZ COUNTY, ARIZONA
REPORT ON EXAMINATION OF ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2017

La Paz County, Arizona
Report on Examination of Annual Expenditure
Limitation Report
Year Ended June 30, 2017

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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, 2017, 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
March 4, 2019

**La Paz County, Arizona
Annual Expenditure Limitation Report-Part I
Year Ended June 30, 2017**

1. Economic Estimates Commission expenditure limitation	\$ 12,718,467
2. Amounts subject to the expenditure limitation (total amount from Part II, Line C)	<u>15,936,303</u>
3. Amount in excess of the expenditure limitation	<u>\$ 3,217,836</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: { Signature removed for website presentation.}

Name and Title: Terry Krukemyer, Finance Director

Telephone Number: (928)669-2247

Date: March 4, 2019

La Paz County, Arizona
Annual Expenditure Limitation Report-Part II
Year Ended June 30, 2017

Description	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 39,833,906	\$ 2,584,911	\$ 50,942,129	\$ 93,360,946
B. Less exclusions claimed:				
Debt service requirements (Note 2)	17,472,793			17,472,793
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	207,038			207,038
Trustee or custodian (Note 4)	270,600		50,942,129	51,212,729
Grants and aid from the federal government (Note 5)	3,181,211			3,181,211
Amounts received from the State of Arizona (Notes 5 and 6)	2,748,236			2,748,236
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	2,602,636			2,602,636
Total exclusions claimed	<u>26,482,514</u>	<u>-</u>	<u>50,942,129</u>	<u>77,424,643</u>
C. Amounts subject to the expenditure limitation	<u>\$ 13,351,392</u>	<u>\$ 2,584,911</u>	<u>\$ -</u>	<u>\$ 15,936,303</u>

La Paz County, Arizona
Annual Expenditure Limitation Report-Reconciliation
Year Ended June 30, 2017

	<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	\$ 42,019,065	\$ 2,806,637	\$ 50,942,129	\$ 95,767,831
B. Subtractions				
Items not requiring use of working capital:				
Depreciation		182,654		182,654
Pension expense (Note 7)		128,025		128,025
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 8)	1,589,559			1,589,559
Long-term care contributions the State Treasurer withheld (Note 9)	595,600			595,600
Total subtractions	<u>2,185,159</u>	<u>310,679</u>	<u>-</u>	<u>2,495,838</u>
C. Additions				
Pension contributions paid in the current year (Note 7)		88,953		88,953
Total additions	<u>-</u>	<u>88,953</u>	<u>-</u>	<u>88,953</u>
D. Amounts reported on Part II, Line A	<u>\$ 39,833,906</u>	<u>\$ 2,584,911</u>	<u>\$ 50,942,129</u>	<u>\$ 93,360,946</u>

La Paz County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2017

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 \$17,472,793 consists of \$3,555,927 of expenditures classified as principal, \$1,108,586 classified as interest, \$12,792,855 classified as payments to refunding bond escrow agent, and \$449,921 classified as bond issuance costs in the financial statements, less \$434,496 attributable to the Jail District for which total expenditures were subtracted on the Reconciliation. Bond proceeds were not excluded since the amount received in excess of amounts paid to escrow agent is included in the total amount excluded for debt service.

NOTE 3— The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$207,038 consists of investment income reported in the Governmental Funds of \$28,244 and interest on delinquent taxes expended of \$178,794, which was recorded as tax revenue.

NOTE 4— The exclusion claimed for trustee or custodian of \$270,600 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, 2017

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	\$ 3,181,211
Amounts received from the State of Arizona (Note 6)	2,200,790
Highway user revenues in excess of those received in fiscal year 1979-80, expended in Fiscal Year 2017	2,602,636
Highway user revenues received but not expended and carried forward to future years	1,613,302
Other revenues-nonexcludable	3,036,298
Total intergovernmental revenues as reported in the fund financial statements	<u><u>\$ 12,634,237</u></u>

NOTE 6– Amounts received from the State of Arizona include an exclusion of \$547,446 for motor vehicle license tax reported as taxes in the Road Fund in the fund financial statements.

NOTE 7– The subtraction of \$128,025 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Funds. The addition of \$ 88,953 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 \$1,589,559 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	\$ 2,970,336
Debt service expenditures for the Jail District	434,496
Capital outlay expenditures for the Jail District	13,849
Public safety expenditures for various street lighting districts	10,742
Less Maintenance of effort transfers from general fund	(720,000)
Expenditures in excess of revenue and Maintenance of effort	<u>(1,119,864)</u>
Total expenditures of separate legal entities established under Arizona Revised Statutes subtraction	<u><u>\$ 1,589,559</u></u>

La Paz County, Arizona
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2017

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.