

La Paz County, Arizona
Basic Financial Statements

Year ended June 30, 2019

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Independent Auditors' Report

Members of the Arizona State Legislature
The Board of Supervisors of
La Paz County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of La Paz County as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the County as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 14, budgetary comparison schedules on pages 74 through 80, schedule of the County's proportionate share of the net pension/OPEB liability—cost-sharing plans on pages 81 through 82, schedule of changes in the county's net pension/OPEB liability and related ratios—agent plans on pages 83 through 88, and schedule of county pension/OPEB contributions on pages 89 through 94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters, for Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues it received. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Board of Supervisors, management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other

matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Insole & Butler, CPAs, PLLC

Tempe, Arizona
April 20, 2020

Management's Discussion and Analysis

La Paz County
Management's Discussion and Analysis
June 30, 2019

This discussion and analysis, prepared by La Paz County's (the "County") management, is intended to be an easily readable analysis of the County's financial activities based on currently known facts, decisions or conditions during the fiscal year ended June 30, 2019. This analysis focuses on current year activities and should be read in conjunction with the County's basic financial statements following this section.

Financial Highlights

- The County's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,165,990 (net position). Of this amount, \$42,747,087 is a deficit in unrestricted net position, \$13,741,104 is restricted for specific purposes (restricted net position), and \$61,171,973 is the County's net investment in capital assets.
- The County's total net position as reported in the Statement of Activities increased by \$7,007,225 in comparison to the prior year's increase in total net position of \$3,933,756.
- At June 30, 2019, the governmental funds reported combined fund balances of \$9,228,364, an increase of \$2,044,877 in comparison with the prior year. The components of fund balances consist of \$637,240 that is nonspendable, \$14,553,328 that is restricted or committed for specific purposes, and \$5,962,204 that is an accumulated deficit.
- At June 30, 2019 the unassigned fund balance for the General Fund was (\$2,626,701).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. Required supplementary information is included in addition to the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector businesses.

The *Statement of Net Position* presents information on all County assets, deferred outflows or resources, liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Management's Discussion and Analysis - Continued

Overview of the Financial Statements - Continued

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or part of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, and education. The County has three business-type activities consisting of the Emerald Canyon Golf Course, the La Paz County Park and the La Paz County Landfill.

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. The County has one major component unit, the La Paz County Jail District, and several street lighting districts that are also component units. Refer to Note 1 A, Reporting Entity, on page 27 of this report for more information on the County's component units.

The government-wide financial statements can be found on pages 15-16 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds, proprietary funds, and fiduciary funds.*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of usable resources, as well as on balances of usable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County reports four major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Road, Jail District and Debt Service funds. Data from the other governmental funds (non-major) are combined into a single, aggregated presentation.

Management's Discussion and Analysis - Continued

Overview of the Financial Statements - Continued

The governmental fund financial statements can be found on pages 17-20 of this report.

Proprietary funds, or enterprise funds, are used to report the same functions presented as business-type activities in the government-wide financial statements. La Paz County uses enterprise funds to account for the Emerald Canyon Golf Course, the County Parks fund and the Landfill fund. Fund financial statements for the enterprise funds provide the same type of information as the government-wide financial statements, only in more detail.

The enterprise fund financial statements can be found on pages 21-24 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

The fiduciary funds financial statements can be found on pages 25-26 of this report.

Notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes can be found on pages 27-73 of this report.

Required supplementary information presents budgetary comparison schedules for the General, Road and Jail District funds of the County. It also includes required pension and other postemployment benefits schedules.

Required supplementary information can be found on pages 74-94 of this report.

Government-Wide Financial Analysis

Net Position

The largest portion of the County's net position reflects the investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, and infrastructure), less accumulated depreciation and related outstanding debt used to acquire those assets. The County uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to the citizens and creditors.

Management's Discussion and Analysis - Continued

Government-Wide Financial Analysis - Continued

The following table summarizes the Statement of Net Position at June 30, 2019 and 2018:

	2019	2018	2019	2018	2019	2018
	Governmental	Governmental	Business-	Business-	Total	Total
	Activities	Activities	Type	Type		
	Activities	Activities	Activities	Activities	Total	Total
Current and other assets	\$ 12,347,335	\$ 10,077,995	\$ 1,661,308	\$ 1,233,652	\$ 14,008,643	\$ 11,311,647
Capital assets	63,998,407	64,473,466	773,539	982,084	64,771,946	65,455,550
Total assets	76,345,742	74,551,461	2,434,847	2,215,736	78,780,589	76,767,197
Deferred outflows of resources	7,251,406	6,918,097	175,879	171,736	7,427,285	7,089,833
Other liabilities	2,824,680	2,439,678	116,649	107,545	2,941,329	2,547,223
Long-term liabilities	43,366,723	51,480,433	1,120,286	1,568,058	44,487,009	53,048,491
Total liabilities	46,191,403	53,920,111	1,236,935	1,675,603	47,428,338	55,595,714
Deferred inflows of resources	6,255,174	2,828,974	358,372	273,577	6,613,546	3,102,551
Net position:						
Net investment in capital assets	60,398,434	62,205,401	773,539	982,084	61,171,973	63,187,485
Restricted	13,741,104	11,662,278	-	-	13,741,104	11,662,278
Unrestricted (deficit)	(42,988,967)	(49,147,206)	241,880	(543,792)	(42,747,087)	(49,690,998)
Total net position	\$ 31,150,571	\$ 24,720,473	\$ 1,015,419	\$ 438,292	\$ 32,165,990	\$ 25,158,765

As noted earlier, net position may serve over time as a useful indicator of whether the financial position of the County is improving or deteriorating. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,165,990 at June 30, 2019, which is primarily the result of the County's investment in long-lived assets.

Also, the County's financial position increased due to an increase in charges for services revenues pertaining to significantly higher federal inmate revenues.

Governmental activities capital assets had decreases of \$475,059 that are attributable to capital asset additions being less than depreciation expense during fiscal year 2019. Governmental activities long-term liabilities decreased by \$8,113,710 and business-type activities long-term liabilities decreased by \$447,772. The governmental activities decrease was primarily due to decreases in bonds and notes payable and a decrease in the net pension liability. The business-type activities decrease was primarily due to decreases in the ASRS net pension liability. Additional information on the County's long-term liabilities can be found in Note 8 of the notes to the financial statements on pages 43-47 of this report.

The increase in deferred outflows of resources and increase in deferred inflows of resources of \$337,452 and \$3,510,995, respectively, consist of the changes in estimates and assumptions used to calculate the net pension liability, net of the contributions to the pension plans after the measurement date. Additional information on the County's pension plan activity can be found in Note 10 of the notes to the financial statements on pages 48-72 of this report.

Business-type activities experienced an increase in total assets which is primarily related to the earnings of the County parks and landfill during the year.

Management's Discussion and Analysis - Continued

Government-Wide Financial Analysis - Continued

Changes in Net Position

The following table indicates the changes in net position for governmental and business-type activities:

	2019 Governmental Activities	2018 Governmental Activities	2019 Business-Type Activities	2018 Business-Type Activities	2019 Total	2018 Total
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 5,224,376	\$ 3,609,932	\$ 3,036,803	\$ 3,172,848	\$ 8,261,179	\$ 6,782,780
Operating grants & contributions	4,501,438	4,606,076	-	-	4,501,438	4,606,076
Capital grants & contributions	4,819,304	4,578,495	-	-	4,819,304	4,578,495
General revenues:						
Property taxes	4,960,945	5,525,569	-	-	4,960,945	5,525,569
Share of state sales taxes	2,596,355	2,332,844	-	-	2,596,355	2,332,844
Excise tax	5,777,779	5,177,631	-	-	5,777,779	5,177,631
Payments in lieu of taxes	2,135,328	2,022,994	-	-	2,135,328	2,022,994
Vehicle license tax	714,706	721,049	-	-	714,706	721,049
State appropriation	586,250	575,750	-	-	586,250	575,750
Contributions not restricted to specific programs	145,866	809,665	-	-	145,866	809,665
Investment earnings	110,864	41,580	-	-	110,864	41,580
Miscellaneous	272,103	389,664	5,072	8,945	277,175	398,609
Transfers	230,139	-	(230,139)	-	-	-
Total revenues	32,075,453	30,391,249	2,811,736	3,181,793	34,887,189	33,573,042
<u>Expenses</u>						
General government	5,501,578	11,404,652	-	-	5,501,578	11,404,652
Public safety	12,276,074	9,764,539	-	-	12,276,074	9,764,539
Highways and streets	4,140,426	2,913,827	-	-	4,140,426	2,913,827
Sanitation	152,527	14,137	34,830	42,282	187,357	56,419
Health	2,326,456	2,056,985	-	-	2,326,456	2,056,985
Welfare	295,565	238,916	-	-	295,565	238,916
Culture and recreation	246,730	132,335	2,199,779	2,440,561	2,446,509	2,572,896
Education	350,527	436,666	-	-	350,527	436,666
Interest on long-term debt	355,472	194,386	-	-	355,472	194,386
Total expenses	25,645,355	27,156,443	2,234,609	2,482,843	27,879,964	29,639,286
Change in net position	6,430,098	3,234,806	577,127	698,950	7,007,225	3,933,756
Beginning net position	24,720,473	21,485,667	438,292	(260,658)	25,158,765	21,225,009
Ending net position	\$ 31,150,571	\$ 24,720,473	\$ 1,015,419	\$ 438,292	\$ 32,165,990	\$ 25,158,765

The Parks Fund transferred \$230,139 to the General Fund in 2019.

Management's Discussion and Analysis - Continued

Government-Wide Financial Analysis - Continued

Net position of the governmental activities increased during the year by \$6,430,098. Total revenues increased by \$1,684,204, which is primarily related to an increase in charges for services of \$1,614,444, an increase in capital grants and contributions of \$240,809, a decrease in property taxes of \$564,624, an increase in shared state sales tax revenues of \$263,511, an increase in excise tax of \$600,148, a decrease in contributions not restricted to specific programs of \$663,799 and increased transfers of \$230,139.

Governmental activities expenses decreased from 2018 by a total of \$1,511,088. The expense decrease was primarily from a decrease in general government expenses of \$5,903,074, primarily due to lower EORP and ASRS pension expense.

The above decrease was offset by an increase in public safety expenses of \$2,511,535, an increase in highways and streets expenses of \$1,226,599 and an increase in health expenses of \$269,471.

Business-type activities reported an increase in net position of \$577,127. Revenues decreased by \$141,560, primarily resulting from a decrease in charges for services in the Parks Fund. Expenses decreased by \$248,234, primarily due to decreased personnel costs in the Golf Course Fund and the Parks Fund. The Parks Fund made a non-recurring transfer to the General Fund of \$230,139.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds – The focus of the County's governmental funds is to provide information of near-term inflows, outflows, and balances of useable resources. Such information is useful in assessing the County's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2019, the County's governmental funds reported combined fund balances of \$9,228,364, an increase of \$2,044,877 in comparison with the prior year.

The General Fund is the County's primary operating fund. At the end of the current fiscal year, the General Fund carried a deficit fund balance of \$2,363,648. Total General Fund revenue increased \$696,986 from 2018 and is primarily the result of an increase in intergovernmental revenue of \$584,199, an increase in fees, fines and forfeits of \$407,786 and an increase in charges for services of \$284,930, offset by a decrease in taxes of \$510,576. General Fund expenditures increased by \$2,552,348, resulting primarily from increases in general government expenditures of \$826,282, public safety expenditures of \$866,525 and health expenditures of \$558,499.

Management’s Discussion and Analysis - Continued

Financial Analysis of the County’s Funds - Continued

The Road Fund, a major County fund, is used for various road projects within the County. During 2019, the fund experienced an increase in revenues of \$229,022 and an overall increase of \$731,227 in expenditures due to more repair and rehabilitation projects for various County roads and streets.

The Jail District Fund, also a major County fund, is used to report the activity of the County’s jail facility. During 2019, the Fund’s overall revenues increased by \$1,198,498, primarily due to an increased population of federal inmates, while expenditures increased by \$589,706.

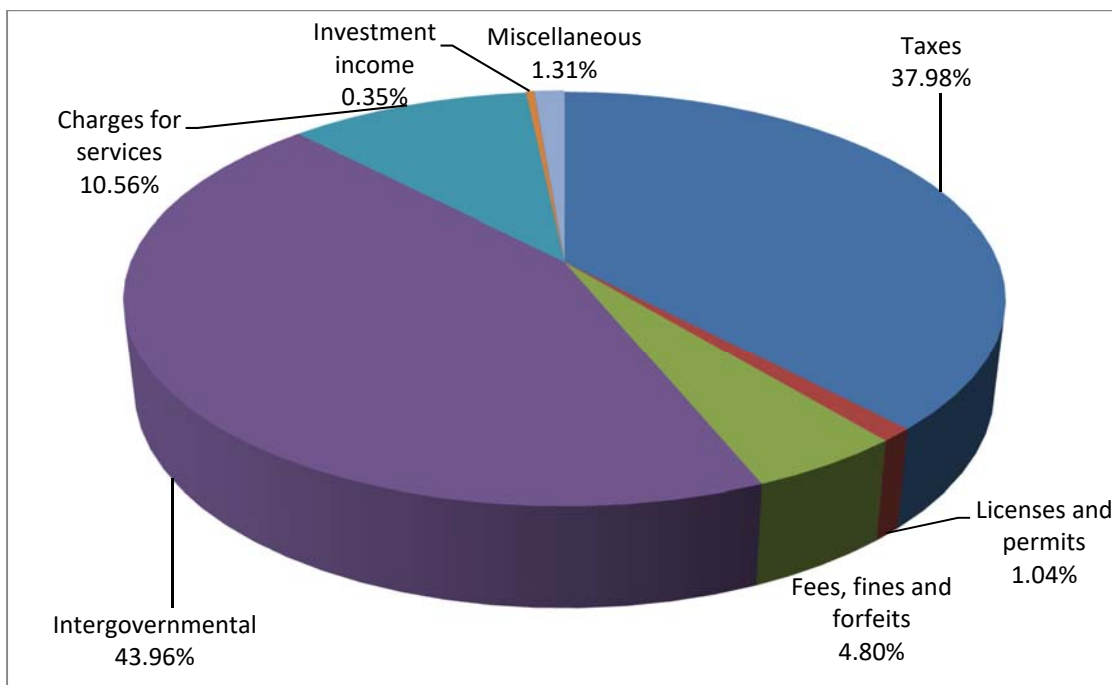
The Debt Service Fund was established during the 2012 fiscal year and accounts for unexpended bond proceeds and for a transaction privilege tax levy collected for the purpose of principal and interest repayment on County issued excise tax revenue judgment bonds. The fund had an increase in total excise taxes collected during 2019 of \$311,248 while total interest expense incurred was \$178,776.

Other Governmental funds had a decrease in revenues totaling \$255,234, which was primarily due to decreases in grant monies, while expenditures increased by \$478,748.

The Golf Course Fund, a County enterprise fund, had a decrease in revenues totaling \$53,476 due to a decrease in golf fees earned. This resulted from a decrease in the number of golf players during 2019. Meanwhile, expenses decreased by \$119,877 due to a decrease in personnel and various operating costs during the year.

The Parks Fund, also a County enterprise fund, had a decrease in revenues totaling \$136,407 while expenses decreased by \$120,905. The decrease in expenses is primarily from decreased personnel costs during the year.

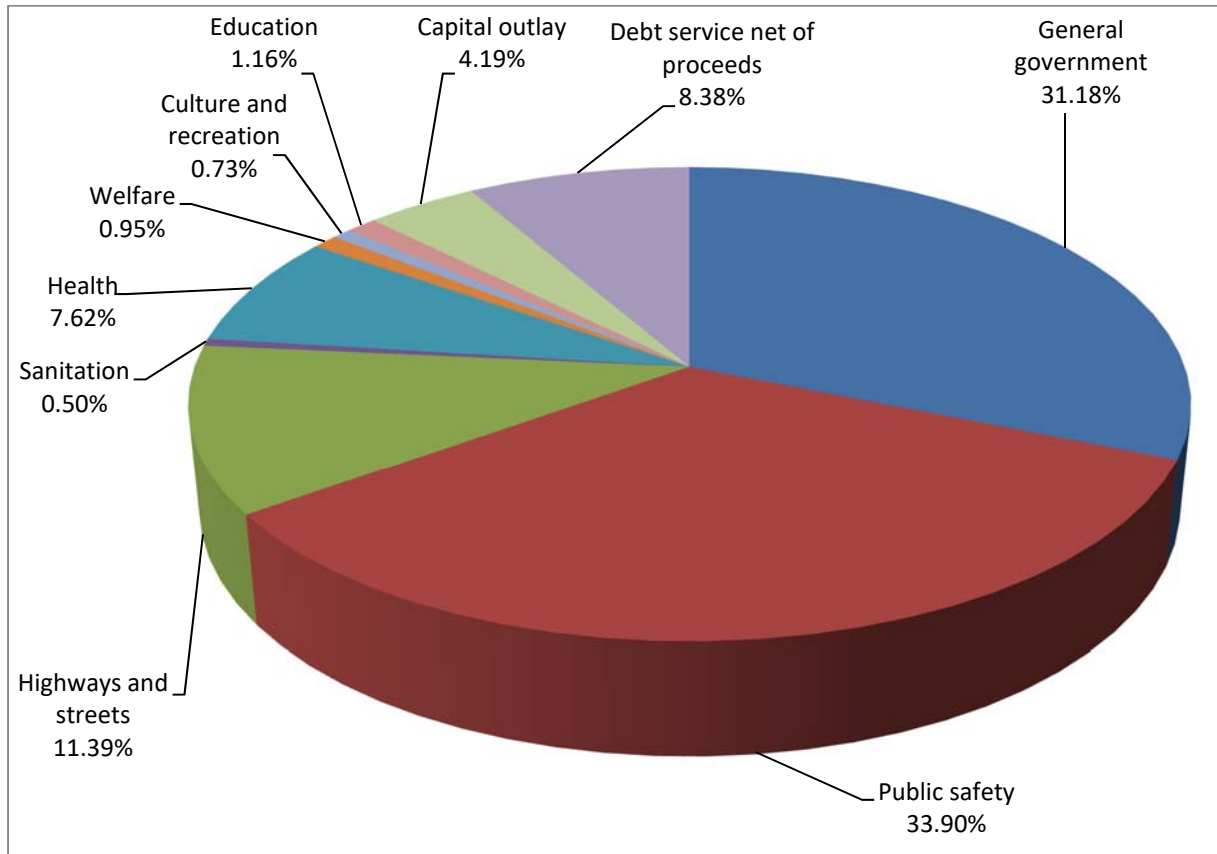
The following graphs present the amount of governmental revenues from various sources and expenditures by function:



Management's Discussion and Analysis - Continued

Financial Analysis of the County's Funds – Continued

The composition of revenues saw an increase in charges for services, intergovernmental revenue and fees, fines and forfeits along with a decrease in miscellaneous revenues.



The composition of 2019 County expenditures changed for highways and streets, which increased to 11.39% of total expenditures, and debt service net of proceeds, which decreased to 8.38% of total expenditures. Public safety expenditures increased to 33.90% of total expenditures and capital outlays decreased to 4.19% of total expenditures.

General Fund Budgetary Highlights

General Fund actual revenues were approximately \$0.8 million greater than the adopted budget and actual expenditures were less than estimated expenditures by approximately \$0.9 million.

Tax revenues were less than the budgeted amount by \$497,865 predominantly due to less than anticipated real estate taxes and collection of delinquent tax interest. Intergovernmental revenues were greater than the budgeted amount by \$1,164,735, primarily due to greater than anticipated revenue sharing of sales tax and state appropriations. Fees, fines and forfeits were greater than budget by \$414,663 due to greater than anticipated Justice Court fees and fines.

Management's Discussion and Analysis - Continued

General Fund Budgetary Highlights - Continued

The following General Fund departments had variances from their original (and final) budget by more than ten percent and \$20,000:

Budget versus actual variances

- The County Assessor was \$53,422 below budget due to lower than anticipated personnel costs.
- Justice of the Peace #6 was \$34,523 less than anticipated, which was consistent with prior year results.
- Superior Court was \$34,601 below budget due to a year-to-year increase in the budget while actual expenditures were slightly below prior year.
- Treasurer exceeded budget by \$33,778 due to increased personnel, printing and binding costs.
- Court Administration exceeded budget by \$138,472 due to greater than anticipated outside counsel costs.
- Public Defender was \$128,661 less than budget, primarily due to lower than anticipated personnel costs.
- General Administration was \$78,033 greater than budget, primarily due to unplanned capital outlays.
- Finance exceeded budget by \$130,306 due to greater than anticipated personnel costs.
- Public Works Shop was below budget by \$466,065 due to a budgeting error. Actual expenditures in 2019 were recorded in the Road Fund, consistent with prior years.
- The County budgeted expenditures in the General Fund related to certain Other Governmental Funds but incurred no actual expenditures in 2019. The unexpended budgets of \$20,000 or more related to these funds were as follows:
 - County Attorney RICO \$40,000
 - County Anti-Racketeering (RICO) \$83,330
 - Jail Commissary \$21,200
 - JP4 – Fees – local \$42,000
 - JP5 – Fees – local \$33,000
 - JP6 – Fees – local \$21,000
 - Sheriff RICO \$70,861
 - Deferred Prosecution Fees \$148,861
 - Public Defender – FTG – local \$31,429
 - Vital Records \$24,841

Management's Discussion and Analysis - Continued

General Fund Budgetary Highlights - Continued

- The Sheriff exceeded budget by \$466,236 due to greater than anticipated personnel and other operating costs.
- Maintenance of Effort was below budget by \$720,000 due to a budgeting error. The County fulfilled its Maintenance of Effort obligation through a budgeted interfund transfer.
- The County long term care ALTCS exceeded budget by \$600,945 due to greater than anticipated contributions to the Arizona Long-Term Care System.
- The Health Department was below budget by \$231,274 primarily due to certain salaries and related expenditures being recorded in other funds.
- Proceeds from sale of capital assets was \$222,287 and was not budgeted.
- Transfers in were greater than budgeted due to higher than anticipated transfers of surpluses from various funds.
- Transfers out were greater than budgeted due to higher than anticipated transfers made to cover the deficit fund balance in various funds.

Budget Modifications

There were no budget modifications during 2019.

Management's Discussion and Analysis - Continued

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets as of June 30, 2019 totaled \$61.2 million (net of accumulated depreciation and related debt). This investment in capital assets includes land and land improvements, water rights, buildings, machinery and equipment, construction equipment and vehicles, and infrastructure purchased, constructed or donated after July 1, 1982 (the year of the County's inception). The County's net investment in capital assets decreased 3.2% from the prior period. Major capital asset events during the current fiscal year included various road improvement and other infrastructure projects.

Additional information on the County's capital assets activity and balances can be found in Note 7 of the notes to the financial statements on pages 41-42 of this report.

Long-Term Liabilities

At June 30, 2019 the County had total long-term liabilities outstanding of \$44.5 million. This amount consists primarily of obligations under capital leases of \$1.3 million, \$10.2 million in bonds payable, \$1.2 million of compensated absences payable and \$31.3 million in net pension and other postemployment benefits liabilities.

Additional information on the County's long-term debt can be found in Note 8 of the notes to the financial statements on pages 43-47 of this report.

Economic Factors

- Due to the improving economic environment, it is anticipated that future shared revenues received from the State of Arizona and property and sales tax revenues will increase.
- In April 2017, the County's Board of Supervisors took action to implement several cost containment measures necessary to reduce its deficit and improve liquidity. The County continues to operate with a reduced workforce to maintain expenditure levels consistent with revenues.
- The County has taken into consideration the above economic factors in preparing future years' budgets.
- The County prepared its Fiscal Year 2019/2020 budget before the shutdown of governmental and business-types activities due to the COVID-19 coronavirus. The medium to long-term economic impacts cannot be reasonably estimated at this time.

Requests for Information

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the La Paz County Finance Department, 1108 Joshua Avenue, Parker, Arizona 85344.

Basic Financial Statements

La Paz County
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,631,798	\$ 71,110	\$ 6,702,908
Property taxes receivable	242,098	-	242,098
Internal balances	(1,184,455)	1,184,455	-
Due from others	97,847	403,200	501,047
Due from other governments	1,677,313	-	1,677,313
Cash and investments held by trustees	3,844,817	-	3,844,817
Prepaid items	637,240	-	637,240
Net other postemployment benefits asset	400,677	2,543	403,220
Capital assets, not being depreciated	43,794,131	-	43,794,131
Capital assets, being depreciated, net	20,204,276	773,539	20,977,815
Total assets	<u>76,345,742</u>	<u>2,434,847</u>	<u>78,780,589</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions and other postemployment benefits	6,964,438	175,879	7,140,317
Deferred charge on debt refunding	286,968	-	286,968
Total deferred outflows of resources	<u>7,251,406</u>	<u>175,879</u>	<u>7,427,285</u>
Liabilities			
Accounts payable	542,995	54,961	597,956
Accrued liabilities	1,100,730	44,510	1,145,240
Interest payable	94,800	-	94,800
Unearned revenue	337,500	-	337,500
Due to:			
Others	185,877	17,178	203,055
Other governments	562,778	-	562,778
Noncurrent liabilities:			
Due within one year	1,842,131	20,370	1,862,501
Due in more than one year	41,524,592	1,099,916	42,624,508
Total liabilities	<u>46,191,403</u>	<u>1,236,935</u>	<u>47,428,338</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions and other postemployment benefits	6,255,174	358,372	6,613,546
Net Position			
Net investment in capital assets, net of related debt	60,398,434	773,539	61,171,973
Restricted for:			
Highways and streets	4,977,316	-	4,977,316
Judicial	1,236,811	-	1,236,811
Public safety	769,722	-	769,722
Health and welfare	1,712,542	-	1,712,542
Debt service	4,081,204	-	4,081,204
Other purposes	963,509	-	963,509
Unrestricted (deficit)	(42,988,967)	241,880	(42,747,087)
Total net position	<u>\$ 31,150,571</u>	<u>\$ 1,015,419</u>	<u>\$ 32,165,990</u>

See the accompanying notes to the financial statements.

La Paz County
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities							
General government	\$ 5,501,578	\$ 2,385,075	\$ 1,851,958	\$ -	\$ (1,264,545)	\$ -	\$ (1,264,545)
Public safety	12,276,074	2,492,096	1,392,929	-	(8,391,049)	-	(8,391,049)
Highways and streets	4,140,426	-	351,912	4,819,304	1,030,790	-	1,030,790
Sanitation	152,527	-	50,690	-	(101,837)	-	(101,837)
Health	2,326,456	278,307	629,475	-	(1,418,674)	-	(1,418,674)
Welfare	295,565	-	115,571	-	(179,994)	-	(179,994)
Culture and recreation	246,730	68,172	23,000	-	(155,558)	-	(155,558)
Education	350,527	726	85,903	-	(263,898)	-	(263,898)
Interest on long-term debt	355,472	-	-	-	(355,472)	-	(355,472)
Total governmental activities	25,645,355	5,224,376	4,501,438	4,819,304	(11,100,237)	-	(11,100,237)
Business-type activities							
Golf course	1,532,979	1,524,020	-	-	-	(8,959)	(8,959)
Parks	666,800	1,066,910	-	-	-	400,110	400,110
Landfill	34,830	445,873	-	-	-	411,043	411,043
Total business-type activities	2,234,609	3,036,803	-	-	-	802,194	802,194
Total primary government	\$ 27,879,964	\$ 8,261,179	\$ 4,501,438	\$ 4,819,304	(11,100,237)	802,194	(10,298,043)
General revenues:							
Property taxes, levied for general purposes					\$ 4,942,715	-	4,942,715
Property taxes, levied for special districts					18,230	-	18,230
Excise tax					5,777,779	-	5,777,779
Payments in lieu of taxes					2,135,328	-	2,135,328
Share of state sales taxes					2,596,355	-	2,596,355
Vehicle license tax					714,706	-	714,706
State appropriation					586,250	-	586,250
Contributions not restricted to specific programs					145,866	-	145,866
Investment earnings					110,864	-	110,864
Proceeds from sale of capital assets					-	1,642	1,642
Miscellaneous					272,103	3,430	275,533
Transfers					230,139	(230,139)	-
Total general revenues and transfers					17,530,335	(225,067)	17,305,268
Changes in net position					6,430,098	577,127	7,007,225
Net position - June 30, 2018					24,720,473	438,292	25,158,765
Net position - June 30, 2019					\$ 31,150,571	\$ 1,015,419	\$ 32,165,990

See the accompanying notes to the financial statements.

**La Paz County
Balance Sheet
Governmental Funds
June 30, 2019**

	Major Funds					Total Governmental Funds
	General Fund	Road Fund	Jail District Fund	Debt Service Fund	Other Governmental Funds	
Assets						
Cash and cash equivalents	\$ 768,121	\$ 4,656,309	\$ 60,938	\$ -	\$ 1,146,430	\$ 6,631,798
Cash and investments held by trustees	-	-	-	3,844,817	-	3,844,817
Property tax receivable	239,717	-	-	-	2,381	242,098
Due from:						
Others	88,943	-	-	-	8,904	97,847
Other governments	331,107	475,931	379,580	236,387	254,308	1,677,313
Other funds	1,006,767	12,153	118,295	-	1,804,474	2,941,689
Prepaid items	263,053	114,306	232,353	-	27,528	637,240
Total assets	<u>\$ 2,697,708</u>	<u>\$ 5,258,699</u>	<u>\$ 791,166</u>	<u>\$ 4,081,204</u>	<u>\$ 3,244,025</u>	<u>\$ 16,072,802</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable	236,799	15,509	85,054	-	205,633	\$ 542,995
Accrued liabilities	883,642	33,921	55,407	-	127,760	1,100,730
Unearned revenue	337,500	-	-	-	-	337,500
Due to:						
Others	64,957	1,133	58,961	-	60,826	185,877
Other governments	221,495	-	-	-	129,997	351,492
Other funds	3,119,377	116,516	528,071	-	362,180	4,126,144
Total liabilities	<u>4,863,770</u>	<u>167,079</u>	<u>727,493</u>	<u>-</u>	<u>886,396</u>	<u>6,644,738</u>
Deferred inflows of resources:						
Unavailable revenues:						
Property taxes	197,586	-	-	-	2,114	199,700
Total deferred inflows of resources	<u>197,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,114</u>	<u>199,700</u>
Fund balances:						
Nonspendable:						
Prepaid items	263,053	114,306	232,353	-	27,528	637,240
Restricted	-	4,977,314	-	4,081,204	4,682,586	13,741,104
Committed	-	-	-	-	812,224	812,224
Unassigned (deficit)	<u>(2,626,701)</u>	<u>-</u>	<u>(168,680)</u>	<u>-</u>	<u>(3,166,823)</u>	<u>(5,962,204)</u>
Total fund balances	<u>(2,363,648)</u>	<u>5,091,620</u>	<u>63,673</u>	<u>4,081,204</u>	<u>2,355,515</u>	<u>9,228,364</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,697,708</u>	<u>\$ 5,258,699</u>	<u>\$ 791,166</u>	<u>\$ 4,081,204</u>	<u>\$ 3,244,025</u>	<u>\$ 16,072,802</u>

See the accompanying notes to the financial statements.

La Paz County
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2019

Fund balances—total governmental funds	\$	9,228,364
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$125,679,688 and the accumulated depreciation is \$61,681,281.		63,998,407
Capital assets constructed on behalf of the State of Arizona are recorded as construction in progress, and also as an increase in the Due to others liability.		(211,286)
Net other postemployment benefits asset is not reported in the governmental funds		400,677
Some of the County's receivables will be collected after year-end, but are not available soon enough to pay for the current-period expenditures, and therefore are deferred in the funds.		199,700
Interest payable on long-term debt is not reported in the governmental funds because it is not due and payable until after year-end.		(94,800)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Notes payable	\$ (385,000)	
Obligations under capital leases	(1,331,908)	
Compensated absences payable	(1,099,127)	
Net pension/OPEB liability	(30,339,613)	
Bonds payable	<u>(10,211,075)</u>	(43,366,723)
Deferred outflows and inflows of resources related to pensions/OPEB and deferred charges related to bond refunding are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions/OPEB	6,964,438	
Deferred inflows of resources related to pensions/OPEB	(6,255,174)	
Deferred outflows for bond refunding	<u>286,968</u>	<u>996,232</u>
Net position of governmental activities:	\$	<u><u>31,150,571</u></u>

See the accompanying notes to the financial statements.

La Paz County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	Major Funds					Total Governmental Funds
	General Fund	Road Fund	Jail District Fund	Debt Service Fund	Other Governmental Funds	
Revenues:						
Taxes	\$ 7,094,810	\$ 638,698	\$ 1,434,951	\$ 2,907,876	\$ 18,230	\$ 12,094,565
Licenses and permits	332,424	-	-	-	-	332,424
Fees, fines and forfeits	1,520,663	-	-	-	9,527	1,530,190
Intergovernmental	5,655,154	4,825,941	-	-	3,518,881	13,999,976
Charges for services	450,923	-	2,386,629	-	524,209	3,361,761
Investment income	16,080	49,634	-	-	45,150	110,864
Miscellaneous	223,367	59,992	93	-	134,516	417,968
Total revenues	<u>15,293,421</u>	<u>5,574,265</u>	<u>3,821,673</u>	<u>2,907,876</u>	<u>4,250,513</u>	<u>31,847,748</u>
Expenditures:						
Current:						
General government	8,319,389	-	-	-	1,114,456	9,433,845
Public safety	4,942,526	-	3,281,186	-	2,033,638	10,257,350
Highways and streets	-	3,445,588	-	-	-	3,445,588
Sanitation	-	-	-	-	150,000	150,000
Health	1,599,441	-	-	-	705,936	2,305,377
Welfare	171,047	-	-	-	116,774	287,821
Culture and recreation	83,207	-	-	-	136,278	219,485
Education	266,094	-	-	-	84,434	350,528
Capital outlay	274,399	386,346	107,351	-	500,619	1,268,715
Debt service:						
Principal	397,551	-	220,000	1,590,000	49,550	2,257,101
Interest and other fiscal charges	58,866	-	24,235	178,776	17,610	279,487
Total expenditures	<u>16,112,520</u>	<u>3,831,934</u>	<u>3,632,772</u>	<u>1,768,776</u>	<u>4,909,295</u>	<u>30,255,297</u>
Excess (deficiency) of revenues over expenditures	(819,099)	1,742,331	188,901	1,139,100	(658,782)	1,592,451
Other financing sources (uses):						
Proceeds from sale of capital assets	222,287	-	-	-	-	222,287
Transfers in	1,480,139	-	720,000	-	229,598	2,429,737
Transfers out	(949,598)	(1,250,000)	-	-	-	(2,199,598)
Total other financing sources (uses)	<u>752,828</u>	<u>(1,250,000)</u>	<u>720,000</u>	<u>-</u>	<u>229,598</u>	<u>452,426</u>
Net change in fund balances	(66,271)	492,331	908,901	1,139,100	(429,184)	2,044,877
Fund balances (deficit), July 1, 2018	<u>(2,297,377)</u>	<u>4,599,289</u>	<u>(845,228)</u>	<u>2,942,104</u>	<u>2,784,699</u>	<u>7,183,487</u>
Fund balances (deficit), June 30, 2019	<u>\$ (2,363,648)</u>	<u>\$ 5,091,620</u>	<u>\$ 63,673</u>	<u>\$ 4,081,204</u>	<u>\$ 2,355,515</u>	<u>\$ 9,228,364</u>

See the accompanying notes to the financial statements.

La Paz County
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Net change in fund balances - total governmental funds		\$ 2,044,877
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for general capital assets	\$ 1,268,715	
Depreciation expense	<u>(1,583,176)</u>	(314,461)
Construction in process was abandoned by the governing body, which caused a loss on disposal of capital assets.		
		(510,994)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
		(2,439)
Repayment of debt principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Notes payable	210,000	
Bonds payable	1,728,550	
Obligations under capital leases	<u>318,551</u>	2,257,101
County pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the County's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.		
County pension/OPEB contributions	2,585,368	
Pension/OPEB expense	<u>654,841</u>	3,240,209
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Amortization of deferred charge on debt refunding	<u>(85,527)</u>	(85,527)
Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Net increase in construction in process due to others	(111,286)	
Net increase in compensated absences	(96,924)	
Net decrease in interest accrued on debt obligations	<u>9,542</u>	(198,668)
Change in net position of governmental activities		<u>\$ 6,430,098</u>

See the accompanying notes to the financial statements.

La Paz County
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Golf Course Fund	Parks Fund	Landfill Fund	
Assets				
Current assets:				
Cash and cash equivalents	\$ 68,654	\$ 2,456	\$ -	\$ 71,110
Due from others	14,108	130,792	258,300	403,200
Due from other funds	528,045	102,848	553,562	1,184,455
Noncurrent assets:				
Net other postemployment benefits asset	2,023	520	-	2,543
Capital assets, net of accumulated depreciation	381,864	391,675	-	773,539
Total assets	<u>994,694</u>	<u>628,291</u>	<u>811,862</u>	<u>2,434,847</u>
Deferred Outflows				
Deferred outflows related to pensions and other postemployment benefits	<u>139,641</u>	<u>36,238</u>	<u>-</u>	<u>175,879</u>
Liabilities				
Current liabilities:				
Accounts payable	14,104	18,842	22,015	54,961
Accrued payroll and employee benefits	31,886	12,624	-	44,510
Due to others	37	17,141	-	17,178
Compensated absences payable, current portion	16,053	4,317	-	20,370
Total current liabilities	<u>62,080</u>	<u>52,924</u>	<u>22,015</u>	<u>137,019</u>
Noncurrent liabilities:				
Compensated absences payable, net of current portion	98,610	26,516	-	125,126
Net pension and other postemployment benefits liability	774,966	199,824	-	974,790
Total liabilities	<u>935,656</u>	<u>279,264</u>	<u>22,015</u>	<u>1,236,935</u>
Deferred Inflows				
Deferred inflows related to pensions and other postemployment benefits	<u>284,972</u>	<u>73,400</u>	<u>-</u>	<u>358,372</u>
Net Position				
Net investment in capital assets	381,864	391,675	-	773,539
Unrestricted (deficit)	<u>(468,157)</u>	<u>(79,810)</u>	<u>789,847</u>	<u>241,880</u>
Total net position	<u>\$ (86,293)</u>	<u>\$ 311,865</u>	<u>\$ 789,847</u>	<u>\$ 1,015,419</u>

See the accompanying notes to the financial statements.

La Paz County
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Golf Course Fund	Parks Fund	Landfill Fund	
Operating revenues:				
Fees	\$ 1,524,020	\$ 1,066,910	\$ 445,873	\$ 3,036,803
Miscellaneous	3,430	-	-	3,430
Total operating revenues	<u>1,527,450</u>	<u>1,066,910</u>	<u>445,873</u>	<u>3,040,233</u>
Operating expenses:				
Personnel services	736,965	183,189	-	920,154
Professional services	33,425	29,795	34,830	98,050
Supplies	349,378	127,148	-	476,526
Communications	9,843	27,607	-	37,450
Utilities	53,832	193,811	-	247,643
Repairs and maintenance	181,286	53,955	-	235,241
Depreciation	168,250	51,295	-	219,545
Total operating expenses	<u>1,532,979</u>	<u>666,800</u>	<u>34,830</u>	<u>2,234,609</u>
Operating income (loss)	<u>(5,529)</u>	<u>400,110</u>	<u>411,043</u>	<u>805,624</u>
Nonoperating income:				
Gain on sale of capital assets	-	1,642	-	1,642
Total nonoperating income	<u>-</u>	<u>1,642</u>	<u>-</u>	<u>1,642</u>
Increase (decrease) in net position before transfers	(5,529)	401,752	411,043	807,266
Transfers out	<u>-</u>	<u>(230,139)</u>	<u>-</u>	<u>(230,139)</u>
(Decrease) increase in net position	(5,529)	171,613	411,043	577,127
Net position, July 1, 2018	<u>(80,764)</u>	<u>140,252</u>	<u>378,804</u>	<u>438,292</u>
Net position, June 30, 2019	<u><u>\$ (86,293)</u></u>	<u><u>\$ 311,865</u></u>	<u><u>\$ 789,847</u></u>	<u><u>\$ 1,015,419</u></u>

See the accompanying notes to the financial statements.

La Paz County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Golf Course Fund	Parks Fund	Landfill Fund	
Cash flows from operating activities:				
Receipts from customers	\$ 1,513,342	\$ 1,062,681	\$ 403,551	\$ 2,979,574
Payments to suppliers and providers of goods and services	(647,374)	(438,966)	(12,815)	(1,099,155)
Payments for employee wages and benefits	(878,239)	(406,566)	-	(1,284,805)
Net cash provided by (used for) operating activities	<u>(12,271)</u>	<u>217,149</u>	<u>390,736</u>	<u>595,614</u>
Cash flows from noncapital financing activities:				
Cash loaned to other funds	(528,045)	(79,587)	(390,736)	(998,368)
Cash repaid from other funds	371,594	33,208	-	404,802
Cash transfers to other funds	-	(230,139)	-	(230,139)
Net cash provided by (used for) noncapital financing activities	<u>(156,451)</u>	<u>(276,518)</u>	<u>(390,736)</u>	<u>(823,705)</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(11,000)	-	-	(11,000)
Proceeds from sale of capital assets	-	1,642	-	1,642
Net cash used for capital and related financing activities	<u>(11,000)</u>	<u>1,642</u>	<u>-</u>	<u>(9,358)</u>
Net decrease in cash and cash equivalents	(179,722)	(57,727)	-	(237,449)
Cash and cash equivalents, July 1, 2018	<u>248,376</u>	<u>60,183</u>	<u>-</u>	<u>308,559</u>
Cash and cash equivalents, June 30, 2019	<u>\$ 68,654</u>	<u>\$ 2,456</u>	<u>\$ -</u>	<u>\$ 71,110</u>

See the accompanying notes to the financial statements.

La Paz County
Statement of Cash Flows - Continued
Proprietary Fund
Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Golf Course Fund	Parks Fund	Landfill Fund	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (5,529)	\$ 400,110	\$ 411,043	\$ 805,624
<i>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</i>				
Depreciation	168,250	51,295	-	219,545
Changes in assets, deferred outflows and inflows of resources and liabilities:				
Decrease (increase) in:				
Due from others	(14,108)	(17,579)	(42,322)	(74,009)
Increase (decrease) in:				
Accounts payable	(14,711)	(3,065)	22,015	4,239
Accrued payroll and employee benefits	(4,893)	(3,585)	-	(8,478)
Due to others	(5)	13,350	-	13,345
Net pension and other postemployment benefits liability	(208,511)	(234,234)	-	(442,745)
Deferred outflows of resources related to pensions and other postemployment benefits	(20,524)	16,381	-	(4,143)
Deferred inflows of resources related to pensions and other postemployment benefits	95,216	(10,421)	-	84,795
Compensated absences payable	(7,456)	4,897	-	(2,559)
Net cash provided by (used for) operating activities	<u>\$ (12,271)</u>	<u>\$ 217,149</u>	<u>\$ 390,736</u>	<u>\$ 595,614</u>

See the accompanying notes to the financial statements.

La Paz County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Investment Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 16,707,017	\$ 1,521,548
Total assets	\$ 16,707,017	\$ 1,521,548
Liabilities		
Due to other governments	-	\$ 1,521,548
Total liabilities	-	\$ 1,521,548
Net Position		
Held in trust for investment trust participants	\$ 16,707,017	

See the accompanying notes to the financial statements.

La Paz County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2019

	Investment Trust Fund
Additions:	
Contributions from participants	\$ 54,589,993
Total additions	54,589,993
Deductions:	
Distributions to participants	53,004,849
Total deductions	53,004,849
Change in net position	1,585,144
Net position, July 1, 2018	15,121,873
Net position, June 30, 2019	\$ 16,707,017

See the accompanying notes to the financial statements.

La Paz County
Notes to the Financial Statements
Year Ended June 30, 2019

Note 1 - Reporting Entity, Basis of Presentation and Summary of Significant Accounting Policies

The accounting policies of La Paz County conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

The County's significant accounting policies are described below:

A. Reporting Entity

The County is a general-purpose local government located in southwestern Arizona that was established in 1983. It is governed by a separately elected board of three county supervisors. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended component unit discussed below has a June 30 year-end. The County has no discretely presented component units.

The following table describes the County's component units:

Component Unit	Description; Criteria for Inclusion	Reporting Method	Separate Financial Statements
Jail District	A tax-levying public improvement district that acquires, constructs, operates, maintains, and finances county jails and jail systems pursuant to Arizona Revised Statutes; All budgetary and operational activities are administered by the La Paz County Board of Supervisors and meet the criteria for a blended component unit.	Blended	Not available
Various Street Lighting Districts	Operates and maintains street lighting in areas outside local city jurisdictions; All budgetary and operational activities are administered by the La Paz County Board of Supervisors and meet the criteria for a blended component unit.	Blended	Not available

Notes to the Financial Statements - Continued

Note 1 - Reporting Entity, Basis of Presentation and Summary of Significant Accounting Policies – Continued

Related Organization:

The Industrial Development Authority of La Paz County (Authority) is a legally separate entity that was created to assist in the financing of commercial and industrial enterprises. The Authority fulfills its function through the issuance of tax exempt or taxable revenue bonds. The County's Board of Supervisors appoints the Authority's Board of Directors. The Authority's operations are completely separate from the County and the County is not financially accountable for the Authority. Therefore, the financial activities of the Authority have not been included in the accompanying financial statements.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide statements — provide information about the primary government (the County) and its component units. The statements include a Statement of Net Position and a Statement of Activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and segments of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to programs or functions. Program revenues include:

- charges to customers or applicants for goods, services, or privileges provided,
- operating and capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes levied or imposed by the County, are reported as general revenues.

Notes to the Financial Statements – Continued

Note 1 - Reporting Entity, Basis of Presentation and Summary of Significant Accounting Policies – Continued

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements — provide information about the County’s funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund’s principal activity. Accordingly, revenues, such as golf course fees, in which each party receives and gives up essentially equal values, are operating revenues. Nonoperating revenues, such as investment income, result from transactions in which the parties do not exchange equal values. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered to be nonoperating expenses.

The County reports the following major governmental funds:

The General Fund is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund, a special revenue fund, accounts for monies from Highway User Revenue Fund and Vehicle License Tax that are restricted for road maintenance and operations, pavement preservation, and fleet services.

The Jail District Fund was established by La Paz County resolution §89-5845 under the authority of Article 1, Chapter 25, and Title 48, of the Arizona Revised Statutes on November 20, 1989. On June 18, 1990, the Jail District Board of Directors adopted Resolution JD90-12, under the authority of Arizona Revised Statutes §48-4022, establishing a one-half cent excise sales tax effective January 1, 1991, through perpetuity. The Jail District Fund accounts for monies received from excise sales tax revenue that is restricted for debt service, maintenance of effort payments received from the County General Fund and charges for services for prisoner incarceration. The monies are expended for the operating expenditures of the County’s jail.

Notes to the Financial Statements – Continued

Note 1 - Reporting Entity, Basis of Presentation and Summary of Significant Accounting Policies – Continued

The Debt Service Fund accounts for activity pertaining to the County's judgement bonds payable.

The County reports the following major enterprise funds:

The Golf Course Fund accounts for the activities and related operations and maintenance of an 18 hole golf course and pro-shop.

The Parks Fund accounts for the activities and related operations and maintenance of the County's six public parks.

The Landfill Fund accounts for the County's share of for the activities and related operations and maintenance of the County landfill and eight transfer stations.

The County reports the following fiduciary fund types:

The investment trust fund accounts for pooled assets held and invested by the County Treasurer on behalf of other governmental entities.

The agency funds account for assets held by the County as an agent for the State and various local governments, and for property taxes collected and distributed to the State, local school districts, community college districts, and special districts.

C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus, with the exception of the agency funds, and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available.

Notes to the Financial Statements – Continued

Note 1 - Reporting Entity, Basis of Presentation and Summary of Significant Accounting Policies – Continued

The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The County's major revenue sources that are susceptible to accrual are property taxes, sales taxes, licenses and permits, intergovernmental, charges for services, and investment income. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. The County applies grant resources to such programs before using general revenues.

D. Cash and Investments

For purposes of its statement of cash flows, the County's cash equivalents are considered cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State treasurer's local government investment pool, and only those highly liquid investments with a maturity of 3 months or less when purchased.

All investments are stated at fair value.

E. Inventories

Purchases of inventory items are recorded at the time of purchase as expenses or expenditures in the funds from which the purchases were made, and because the amounts on hand at June 30, 2019, were immaterial, they are not included in the Statements of Net Position or the Balance Sheet.

F. Property Tax Calendar

The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

Notes to the Financial Statements – Continued

Note 1 - Reporting Entity, Basis of Presentation and Summary of Significant Accounting Policies – Continued

G. Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and enterprise funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	All	N/A	N/A
Gravel and dirt roads	All	N/A	N/A
Water rights	All	N/A	N/A
Land improvements	\$10,000	Straight-line	10-30 years
Infrastructure	10,000	Straight-line	20-75 years
Buildings and improvements	10,000	Straight-line	25-50 years
Improvements other than buildings	5,000	Straight-line	7-30 years
Machinery and equipment	5,000	Straight-line	5-20 years
Golf course and improvements	5,000	Straight-line	30 years

Unlike paved roads, gravel and dirt roads are not depreciated since once they are placed in operation, only annual maintenance is required to keep them operational for an indefinite period.

H. Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet include separate sections, as appropriate, for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as revenue in future periods.

Notes to the Financial Statements – Continued

Note 1 - Reporting Entity, Basis of Presentation and Summary of Significant Accounting Policies - Continued

I. Postemployment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Fund balance classifications

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. The constraints placed on committed fund balances can only be removed or changed by the Board in a public meeting.

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but that are neither restricted nor committed. The Board of Supervisors has authorized the County Manager, Elected Officials and the Finance Director to make the assignments of resources for specific purposes pursuant to resolution by the Board in a public meeting.

The unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balance, it is the County's policy to use the restricted fund balance first. It is the County's policy to use committed amounts first when disbursing unrestricted fund balance, followed by assigned amounts, and lastly unassigned amounts.

Notes to the Financial Statements – Continued

Note 1 - Reporting Entity, Basis of Presentation and Summary of Significant Accounting Policies - Continued

K. Investment earnings

Investment earnings is composed of interest and net changes in the fair value of applicable investments.

L. Compensated Absences

Compensated absences payable consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered.

Employees may accumulate up to 160 hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount that are unused at year end are forfeited. Upon termination of employment, the County pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. However, employees who accumulate unused sick leave in excess of 384 hours are paid a percentage of the excess unused sick leave based on the number of years of consecutive service with the County; therefore, the excess sick leave is accrued in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only for employees who have resigned or retired by fiscal year-end.

Note 2 – Correction of an Error

Subsequent to issuance of the audited financial statements for the year ended June 30, 2018, it was determined that the County entered into two capital leases in 2018 that were recorded as expenditures rather than financing transactions. The effect was that the County understated capital assets and long-term liabilities in the amount of \$250,395. There was no effect on the 2018 governmental activities change in net position or governmental funds change in fund balance.

Subsequent to issuance of the audited financial statements for the year ended June 30, 2018, it was determined that the County expended \$100,000 in 2018 that was recorded as operating expenditures rather than capital expenditures for a capital project that will be contributed to the State of Arizona upon its completion. The effect was that the County understated capital assets and due to other governments in the amount of \$100,000. There was no effect on the 2018 governmental activities change in net position or governmental funds change in fund balance.

Notes to the Financial Statements – Continued

Note 3 - Stewardship, Compliance, and Accountability

Thirteen (13) General Fund departments had an excess of actual expenditures over appropriations. General Fund departments with expenditures in excess of appropriations are caused mainly by excess expenditures for which budget modifications were not made. The County continues to work closely with these departments to minimize future similar overruns.

Deficit fund balances—At June 30, 2019, the following governmental funds reported deficit fund balances exceeding \$50,000:

Fund	Deficit
Governmental funds:	
General Fund	\$ 2,363,648
Emergency Services	318,809
Drug, Gang, Violent Crime Grant – Task Force	164,046
Workforce Investment	159,783
Boat Patrol - AZ GFD	152,558
Bio Terrorism	141,557
HIDTA Grant	123,175
ADEM HMGP	120,319
Statewide Fiscal Stabilization Funds	97,597
Drug, Gang, Violent Crime Grant – County Attorney	90,812
Highway Safety Grant	82,413
Criminal Justice Enhancement Fund	78,639
Community Development Block Grant	76,707
Arizona Antitheft Vehicle Authority	72,118
HOME FY 2019	70,614
AZ Game & Fish Boating Grant	70,606
Deferred Prosecution Fees	70,423
Local JCEF Grant - 0715-J002	69,334
Buckskin Sanitary District Debt Service	67,160
Animal Control	60,543
Adult Education - Ella/Civics - Federal	56,659
Centennial Library	55,437
Anti-Meth Initiative Grant	55,096
Juvenile Division Fund Intake	51,978

The above fund deficits resulted from operations during the year or carryovers from prior years and are expected to be corrected through normal operations in the future or will be settled by future transfers between funds including, if necessary, the General Fund.

In addition to the governmental funds, the Golf Course Fund had a deficit fund net position totaling \$86,293. This deficit will be eliminated by future transfers from the Parks Fund.

Notes to the Financial Statements – Continued

Note 4 - Fund Balance Classifications of the Governmental Funds

The fund balance categories and classifications for governmental funds as of June 30, 2019, were as follows:

	Major Funds				Other Governmental Funds	Total
	General Fund	Road Fund	Jail District Fund	Debt Service Fund		
Fund balances:						
Nonspendable	\$ 263,053	\$ 114,306	\$ 232,353	\$ -	\$ 27,528	\$ 637,240
Restricted for:						
Education	-	-	-	-	630,042	630,042
Health	-	-	-	-	1,287,468	1,287,468
Highways and streets	-	4,977,314	-	-	2	4,977,316
Judicial	-	-	-	-	1,236,811	1,236,811
Public safety	-	-	-	-	769,722	769,722
Transit	-	-	-	-	194,739	194,739
Water and sanitation	-	-	-	-	58,399	58,399
Welfare	-	-	-	-	425,074	425,074
Debt service	-	-	-	4,081,204	-	4,081,204
Other purposes	-	-	-	-	80,329	80,329
Total restricted	<u>-</u>	<u>4,977,314</u>	<u>-</u>	<u>4,081,204</u>	<u>4,682,586</u>	<u>13,741,104</u>
Committed to:						
Judicial	-	-	-	-	759,842	759,842
Welfare	-	-	-	-	4,860	4,860
Other	-	-	-	-	47,522	47,522
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>812,224</u>	<u>812,224</u>
Unassigned	<u>(2,626,701)</u>	<u>-</u>	<u>(168,680)</u>	<u>-</u>	<u>(3,166,823)</u>	<u>(5,962,204)</u>
Total fund balances	<u>\$ (2,363,648)</u>	<u>\$ 5,091,620</u>	<u>\$ 63,673</u>	<u>\$ 4,081,204</u>	<u>\$ 2,355,515</u>	<u>\$ 9,228,364</u>

Notes to the Financial Statements - Continued

Note 5 - Deposits and Investments

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes and other evidence of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidence of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars must be rated "A" or better, at the time of purchase, by at least two nationally recognized rating agencies.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk - Statutes require collateral for deposits at 102 percent of all deposits not covered by federal depository insurance.

Concentration of credit risk - Statutes do not include any requirements for concentration of credit risk.

Interest rate risk - Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. The maximum maturity for investments in repurchase agreements is 180 days.

Foreign currency risk - Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

Deposits - At June 30, 2019, the carrying amount of the County's total cash in the bank was \$14,900,454 and the bank balance was \$16,409,019. All County deposits are collateralized by the amount not covered by depository insurance.

Notes to the Financial Statements - Continued

Note 5 - Deposits and Investments - Continued

Investments - The County had total investments of \$13,766,959 at June 30, 2019. The County categorizes certain investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles as follows:

	<u>Amount</u>	<u>Fair value measurement using</u>		
		<u>Quoted Prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
U.S. Agency securities	\$ 9,922,142	\$ 9,922,142	\$ -	\$ -
U.S. Government money market funds	<u>3,844,817</u>	<u>3,844,817</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 13,766,959</u>	<u>\$ 13,766,959</u>	<u>\$ -</u>	<u>\$ -</u>

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments.

Credit risk - The County does not have a formal investment policy with respect to credit risk. However, the credit risk for the County's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
U.S. Agency securities	Aaa	Moodys	\$ 9,922,142
U.S. Government money market funds	Aaa	Moodys	<u>3,844,817</u>
			<u>\$ 13,766,959</u>

Interest rate risk - The County does not have a formal policy regarding interest rate risk. At June 30, 2019, the County had the following investments in debt securities:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities</u>	
		<u>Less than 1 Year</u>	<u>1-5 Years</u>
U.S. Agency securities	\$ 9,922,142	\$ 5,436,482	\$ 4,485,660
U.S. Government money market	<u>3,844,817</u>	<u>3,844,817</u>	<u>-</u>
	<u>\$ 13,766,959</u>	<u>\$ 9,281,299</u>	<u>\$ 4,485,660</u>

Notes to the Financial Statements - Continued

Note 5 - Deposits and Investments - Continued

A reconciliation of cash and investments to amounts shown on the Statements of Net Position follows:

	County Treasurer's Investment Pool	Other	Total
Cash on hand	\$ 102,273	\$ 6,605	\$ 108,878
Carrying amount of deposits	13,616,295	1,284,159	14,900,454
Reported amount of investments	9,922,142	3,844,817	13,766,959
Total	\$ 23,640,710	\$ 5,135,581	\$ 28,776,291

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Position as follows:

	Govern- mental Activities	Business- Type Activities	Investment Trust Fund	Agency Funds	Total
Cash and cash equivalents	\$ 6,631,798	\$ 71,110	\$ 16,707,017	\$1,521,548	\$ 24,931,474
Cash and investments held by trustee	3,844,817	-	-	-	3,844,817
	\$ 10,476,615	\$ 71,110	\$ 16,707,017	\$1,521,548	\$ 28,776,291

Note 6 - County Treasurer's Investment Pool

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a fiduciary responsibility to administer those and the County's monies under her stewardship. The Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the Treasurer determines the fair value of those pooled investments annually at June 30.

The County Treasurer's investment pool is not registered with the Securities and Exchange Commission as an investment company, and there is no regulatory oversight of its operations. The pool's structure does not provide for shares, and the County has not provided or obtained any legally binding guarantees to support the value of the participants' investments. The Treasurer allocates interest earnings to each of the pool's participants.

Notes to the Financial Statements - Continued

Note 6 - Condensed Financial Statements of County Treasurer's Investment Pool - Continued

The County's deposits and investments are included in the County Treasurer's investment pool, except for \$6,605 of cash on hand, \$1,284,159 of deposits held in bank and \$3,844,817 held in U.S. Government money market funds. Therefore, deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks. See Note 5 for disclosure of the County's deposit and investment risks.

Details of each major asset classification follow:

<u>Investment Type</u>	<u>Principal</u>	<u>Interest Rate(s)</u>	<u>Maturities</u>	<u>Fair Value</u>
U.S. Agency securities	\$ 9,920,000	1% to 2.88%	1 - 5 years	\$ 9,922,142
Cash on Hand				102,273
Deposits	N/A	N/A	N/A	<u>13,616,295</u>
				<u>\$ 23,640,710</u>

A condensed statement of the investment pool's net position and changes in net position follows:

Statement of Net Position	
Assets	<u>\$ 23,640,710</u>
Net position	<u>\$ 23,640,710</u>
Net position held in trust for:	
Internal participants	\$ 6,933,693
External participants	<u>16,707,017</u>
Total net position held in trust	<u>\$ 23,640,710</u>
Statement of Changes in Net Position	
Total additions	\$ 94,001,174
Total deductions	<u>(91,325,749)</u>
Net increase	2,675,425
Net position held in trust:	
July 1, 2018	<u>20,965,285</u>
June 30, 2019	<u>\$ 23,640,710</u>

Notes to the Financial Statements - Continued

Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Primary Government			Balance June 30, 2019
	Balance June 30, 2018 (as restated)	Increases	Decreases	
Governmental activities:				
<i>Capital assets</i>				
<i>not being depreciated</i>				
Land	\$ 687,166	\$ -	\$ -	\$ 687,166
Water rights	1,096,646	-	-	1,096,646
Gravel and dirt roads	41,460,031	-	-	41,460,031
Construction in progress	1,528,073	226,197	(1,203,982)	550,288
Total capital assets, not being depreciated	44,771,916	226,197	(1,203,982)	43,794,131
<i>Capital assets being depreciated:</i>				
Land improvements	25,271	-	-	25,271
Building and improvements	16,254,713	135,793	-	16,390,506
Machinery and equipment	15,233,630	855,140	(573,123)	15,515,647
Improvements other than buildings	216,023	219,302	-	435,325
Infrastructure	48,993,537	525,271	-	49,518,808
Total capital assets being depreciated	80,723,174	1,735,506	(573,123)	81,885,557
Total	125,495,090	1,961,703	(1,777,105)	125,679,688
<i>Less accumulated depreciation for:</i>				
Land improvements	21,620	578	-	22,198
Buildings and improvements	7,664,733	459,181	-	8,123,914
Improvements other than buildings	168,335	21,291	-	189,626
Machinery and equipment	13,688,115	631,899	(573,123)	13,746,891
Infrastructure	39,128,425	470,227	-	39,598,652
Total	60,671,228	1,583,176	(573,123)	61,681,281
Total capital assets being depreciated, net	20,051,946	152,330	-	20,204,276
Governmental activities capital assets, net	<u>\$ 64,823,862</u>	<u>\$ 378,527</u>	<u>\$ (1,203,982)</u>	<u>\$ 63,998,407</u>

Notes to the Financial Statements - Continued

Note 7 - Capital Assets – Continued

	Primary Government			Balance June 30, 2019
	Balance June 30, 2018	Increases	Decreases	
Business-type activities:				
<i>Capital assets being depreciated:</i>				
Golf course and improvements	\$ 2,848,510	\$ -	\$ -	\$ 2,848,510
Land improvements	19,131	-	-	19,131
Building and improvements	765,664	-	-	765,664
Improvements other than buildings	545,989	-	(12,307)	533,682
Machinery and equipment	1,557,475	11,000	(63,955)	1,504,520
Total	5,736,769	11,000	(76,262)	5,671,507
<i>Less accumulated depreciation for:</i>				
Golf course and improvements	2,702,239	95,638	-	2,797,877
Land improvements	15,462	636	-	16,098
Buildings and improvements	432,304	21,198	-	453,502
Improvements other than buildings	374,956	15,586	(12,307)	378,235
Machinery and equipment	1,229,724	86,487	(63,955)	1,252,256
Total	4,754,685	219,545	(76,262)	4,897,968
Business-type activities capital assets, net	\$ 982,084	\$ (208,545)	\$ -	\$ 773,539

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 313,261
Public safety	516,481
Highways and streets	694,838
Health	21,080
Welfare	7,744
Sanitation	2,527
Culture and recreation	27,245
Total governmental activities depreciation expense	\$ 1,583,176
Business-type activities:	
Culture and recreation – Golf Course	\$ 168,250
Culture and recreation – Parks	51,295
Total business-type activities depreciation expense	\$ 219,545

Notes to the Financial Statements - Continued

Note 8 - Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2019:

	Balance June 30, 2018 (as restated)	Additions	Reductions	Balance June 30, 2019	Due within 1 year
Governmental activities					
Notes payable	\$ 595,000	\$ -	\$ 210,000	\$ 385,000	\$ -
Bonds payable	11,939,625	-	1,728,550	10,211,075	1,610,000
Obligations under capital leases	1,650,459	-	318,551	1,331,908	122,220
Compensated absences payable	1,002,203	1,099,127	1,002,203	1,099,127	109,911
Net pension and other postemployment benefits liability	36,543,541	30,339,613	36,543,541	30,339,613	-
Governmental activities long-term liabilities	<u>\$ 51,730,828</u>	<u>\$ 31,438,740</u>	<u>\$ 39,802,845</u>	<u>\$ 43,366,723</u>	<u>\$ 1,842,131</u>
Business-type activities					
Compensated absences payable	\$ 148,054	\$ 145,496	\$ 148,054	\$ 145,496	\$ 20,370
Net pension and other postemployment benefits liability	1,420,004	974,790	1,420,004	974,790	-
Business-type activities long-term liabilities	<u>\$ 1,568,058</u>	<u>\$ 1,120,286</u>	<u>\$ 1,568,058</u>	<u>\$ 1,120,286</u>	<u>\$ 20,370</u>

Capital leases

The County has acquired jail facilities and equipment under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term.

During 2013, the County refinanced a capital lease obligation originally entered into in 2007 to expand the County's jail facility. The obligation was refinanced under a lease purchase agreement on August 23, 2012 at \$1,585,000. The interest rate decreased from 4.6% per annum to 2.62% per annum and the maturity date was extended from July 2019 to July 2022 with principal and interest payments due biannually.

During 2015, the County entered into a lease purchase agreement to finance solar panels in the amount of \$489,121. The lease term extends through fiscal year 2033 with principal and interest paid monthly. Interest on the obligation accrues at 3%.

During 2015, the County entered into a lease purchase agreement to finance telephone equipment in the amount of \$143,393. The lease term extends through fiscal year 2020 with principal and interest paid monthly. Interest on the obligation accrues at 5%.

Notes to the Financial Statements - Continued

Note 8 - Long-Term Liabilities - Continued

During 2018, the County entered into a lease purchase agreement to finance election equipment in the amount of \$146,762. The lease term extends through fiscal year 2021 with principal and interest paid annually. Interest on the obligation accrues at 9.98%.

During 2018, the County entered into a lease purchase agreement to finance radios for police communications in the amount of \$140,054. The lease term extends through fiscal year 2025 with principal and interest paid annually. Interest on the obligation accrues at 3.5%.

The following schedule details debt service requirements to maturity for the County's capital leases payable at June 30, 2019:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2020	\$ 122,220
2021	342,207
2022	296,747
2023	295,525
2024	52,381
2025-2029	170,113
2030-2034	147,165
2035-2039	<u>96,652</u>
Total minimum lease payments	1,523,010
Less amount representing interest	<u>191,102</u>
Present value of net minimum lease payments	<u><u>\$ 1,331,908</u></u>

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Jail facility	\$ 2,051,038
Infrastructure	489,121
Machinery and equipment	551,698
Less: accumulated depreciation	<u>1,237,701</u>
Carrying value	<u><u>\$ 1,854,156</u></u>

Notes to the Financial Statements - Continued

Note 8 - Long-Term Liabilities – Continued

The Jail District has pledged the maintenance of effort payments from the County’s general fund to the Jail District and voter approved excise tax for the payment of the debt service on the lease through 2020. Principal payments and interest expense incurred on this debt during 2019 totaled \$244,235 while voter approved excise taxes and maintenance of effort revenues were \$1,434,951 and \$720,000, respectively. Annual principal and interest payments on the lease are expected to require 17% of total pledged revenue.

Notes Payable

In August 2008, the County entered into a financing agreement for the purchase of Colorado River water rights. In August 2012, the obligation was refinanced at \$1,015,000 in which the original interest rate of 7.75% per annum decreased to 4% per annum and the maturity date extended from July 2018 to July 2021.

Also, in January 2009 the County entered into an agreement to finance the construction of the Salome Community Center. The obligation was refinanced in August 2012 for \$300,000 in which the original interest rate of 5.75% per annum was reduced to 2.6% per annum and the maturity date extended from January 2019 to July 2020.

Pursuant to these agreements, the County has pledged General Fund transaction privilege taxes. For the current year, principal and interest paid on the notes was \$234,620 and the total pledged transaction privilege tax revenues was \$1,290,549. Annual principal and interest payments on the notes are expected to require 21% of total pledged transaction privilege tax revenue.

The annual debt service to maturity for the notes payable is as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ -	\$ 7,280
2021	220,000	10,580
2022	165,000	3,300
Total	\$ 385,000	\$ 21,160

Notes to the Financial Statements - Continued

Note 8 - Long-Term Liabilities – Continued

Bonds payable – The bonds issued by the County are described as follows:

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Range</u>	<u>Interest Rates</u>	<u>Outstanding Principal</u>
Excise Tax Revenue Judgement Bonds, Series 2016 A (Tax Exempt)	\$13,760,000	2016- 2025	1.2% to 2.25%	\$ 9,680,000
Excise Tax Revenue Sheriff Patrol Vehicles Financing (Tax Exempt)	\$ 530,000	2016- 2021	2.20%	184,000
Excise Tax Revenue Buckskin Sanitary District Utility Project (Taxable)	\$ 489,494	2017- 2025	4.44%	347,075
				<u>\$ 10,211,075</u>

On September 12, 2011, the County Board of Supervisors authorized a levy of excise tax to be collected until all debt service costs have been paid relating to the County's judgement bonds. On July 12, 2016, the County refunded the bonds in the amount of \$13,760,000 with interest rates ranging from 1.2% to 2.25% and maturing between 2017 and 2025. The 2011 Series bonds were then redeemed as part of the refunding. Annual principal and interest payments are expected to require 100% of total pledged transaction privilege tax revenues specifically assessed for this debt. During 2019, \$2,596,628 was levied and collected for these bonds.

On July 1, 2015, County issued tax-exempt bonds to finance the cost of Sheriff Patrol Vehicles. On September 4, 2015, County issued excise tax revenue bonds to finance the cost for the Buckskin Sanitary District Utility Project.

The following schedule details debt service requirements to maturity for the County's bonds payable at June 30, 2019:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,610,000	\$ 188,462
2021	1,772,750	172,948
2022	1,802,048	142,283
2023	1,736,447	109,200
2024	1,773,954	44,560
2025-2028	1,515,876	5,650
Total	<u>\$ 10,211,075</u>	<u>\$ 663,103</u>

Notes to the Financial Statements - Continued

Note 8 - Long-Term Liabilities – Continued

Line of credit – The County entered into a revolving line of credit agreement on July 1, 2017. The revolving line of credit is renewed annually and the total commitment amount for the County during 2018 was \$1,500,000. During 2019, the County Treasurer had no draws or repayments and there was no outstanding balance at June 30, 2019. The line is used to meet short-term cash flow needs of the County.

Landfill closure and postclosure care costs - The County has contracted with an outside agency to provide operations for its solid waste facilities. The contract requires the outside agency to reserve funds in accordance with the closure plan for closure and postclosure care costs. In the event of termination of the contract, the required reserve funds are to be remitted to the County. Consequently, no liability for landfill closure and postclosure care costs has been recorded on the Statement of Net Position.

Compensated absences - Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2019, the County paid for compensated absences as follows: 55 percent from the general fund, 27 percent from major funds, and 18 percent from other funds.

Note 9 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss the County joined and is covered by three public entity risk pools: the Arizona Counties Property and Casualty Pool, the Arizona Counties Workers' Compensation Pool and the Arizona Local Government Employee Benefit Trust, which are described below.

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium, based on its exposure in relation to the exposure of the other participants, and a deductible of \$5,000 per occurrence for property claims and \$5,000 per occurrence for liability claims.

Notes to the Financial Statements - Continued

Note 9 - Risk Management – Continued

The County is also responsible for any payments in excess of the maximum coverage of \$300 million per occurrence for property claims and \$15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least 3 years after becoming a member; however, it may withdraw after the initial 3-year period.

The Arizona Counties Workers’ Compensation Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties with workers’ compensation coverage, as required by law, and risk management services. The County is responsible for paying a premium, based on an experience rating formula that allocates pool expenditures and liabilities among the members.

The Arizona Local Government Employee Benefit Trust is a public entity risk pool currently composed of nine member entities. The pool provides member entities with health, prescription, dental, vision, life, short-term disability, and accidental death benefits for the entities’ employees and their dependents. The County is responsible for paying a premium based on enrolled employees and dependents.

The Arizona Counties Property and Casualty Pool, the Arizona Counties Workers’ Compensation Pool, and the Arizona Local Government Employee Benefit Trust receive independent audits annually and an audit by the Arizona Department of Insurance every 5 years. All pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation. If a pool were to become insolvent, the County would be assessed an additional contribution.

Note 10 – Pensions and Other Postemployment Benefits

The County contributes to the Arizona State Retirement System (ASRS), the Corrections Officer Retirement Plan, consisting of La Paz County Detention Officers and Administrative Office of the Courts (CORP AOC), the Public Safety Personnel Retirement System (PSPRS), consisting of La Paz County Sheriffs and La Paz County Attorney Investigators, and the Elected Officials Retirement Plan (EORP). The plans are component units of the State of Arizona.

At June 30, 2019, the County reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net pension and OPEB asset	\$ 400,677	\$ 2,543	\$ 403,220
Net pension and OPEB liability	30,339,613	974,790	31,314,403
Deferred outflows of resources related to pensions and OPEB	6,964,438	175,879	7,140,317
Deferred inflows of resources related to pensions and OPEB	6,255,174	358,372	6,613,546
Pension and OPEB expense	(654,841)	(246,364)	(901,205)

Notes to the Financial Statements - Continued

Note 10 – Pensions and Other Postemployment Benefits – Continued

The County’s accrued payroll and employee benefits includes \$721,954 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2019. Also, the County reported \$2,647,135 of pension and OPEB contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

Plan description - County employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits provided - The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement initial membership date	
	<i>Before July 1, 2011</i>	<i>On or after July 1, 2011</i>
Years of service and age required to receive benefits	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

* With actuarially reduced benefits

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contribution and employer's contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions — In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2019, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.8 percent (11.64 percent for retirement and 0.16 percent for long-term disability) of the members' annual covered payroll, and the County was required by statute to contribute at the actuarially determined rate of 11.8 percent (11.18 percent retirement, .46 percent for health insurance premiums and .16 percent for long-term disability) of the active members' annual covered payroll. The County's contributions to pension, health insurance premium benefit, and long-term disability plan for the year ended June 30, 2019 were \$1,074,154, \$44,196, and \$11,393, respectively.

During fiscal year 2019, the County paid for ASRS pension and OPEB contributions as follows: 53.1 percent from the General Fund, 12.5 percent from major funds, and 34.4 percent from other funds.

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

Liability – At June 30, 2019, the County reported the following asset and liabilities for its proportionate share of the ASRS’ net pension/OPEB asset or liability.

ASRS	Net pension/OPEB (asset) liability
Pension	\$ 9,487,791
Health insurance premium benefit	(24,857)
Long-term disability	35,624

The net asset and net liabilities were measured as of June 30, 2018. The total liability used to calculate the net asset or liability was determined using updated procedures to roll forward the total liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total liabilities as of June 30, 2018, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8 percent to 7.5 percent, changing the projected salary increases from 3–6.75 percent to 2.7–7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates.

The County’s proportion of the net asset or net liability was based on the County’s actual contributions to the plan relative to the total of all employers’ contributions for the year ended June 30, 2018. The County’s proportions measured as of June 30, 2018, and the change from its proportions measured as of June 30, 2017, were:

ASRS	Proportion June 30, 2018	Increase (decrease) from June 30, 2017
Pension	0.06803%	-0.01341
Health insurance premium benefit	0.06903%	-0.01342
Long-term disability	0.06818%	-0.01352

Expense – For the year ended June 30, 2019, the County recognized the following pension and OPEB expense.

Expense	Pension/OPEB expenses
Pension	\$ (1,206,924)
Health insurance premium benefit	24,689
Long-term disability	12,177

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

Deferred Outflows / Inflows of Resources – At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

ASRS	Pension		Health Insurance premium		Long-term disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 261,381	\$ 52,305	\$ -	\$ 22,942	\$ 911	\$ -
Changes of assumptions or other inputs	251,064	841,223	47,937	-	7,716	-
Net difference between projected and actual earnings on plan investments	-	228,159	-	49,656	-	3,451
Changes in proportion and differences between contributions and proportionate share of contributions	17,821	2,298,239	-	830	-	4,971
County contributions subsequent to the measurement date	1,074,154	-	44,196	-	11,393	-
Total	<u>\$ 1,604,420</u>	<u>\$ 3,419,926</u>	<u>\$ 92,133</u>	<u>\$ 73,428</u>	<u>\$ 20,020</u>	<u>\$ 8,422</u>

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from the County’s contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized as expenses as follows:

Year ending <u>June 30</u>	<u>Pension</u>	<u>Health insurance premium benefit</u>	<u>Long-term disability</u>
2020	\$ (1,353,445)	\$ (9,809)	\$ (587)
2021	(1,087,795)	(9,809)	(587)
2022	(346,100)	(9,809)	(586)
2023	(102,320)	777	338
2024	-	3,159	508
Thereafter	-	-	1,119

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

ASRS	
Actuarial valuation date	June 30, 2017
Actuarial roll forward date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Equity	50%	5.50%
Fixed income	30%	3.83%
Real estate	20%	5.85%
Total	<u>100%</u>	

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

Discount Rate – At June 30, 2018, the discount rate used to measure the ASRS total pension/OPEB liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the County’s proportionate share of the ASRS net pension/OPEB (asset) liability to changes in the discount rate – The following table presents the County’s proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.5 percent, as well as what the County’s proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
The County’s proportionate share of the net pension liability	\$ 13,525,064	\$ 9,487,791	\$ 6,114,714
Net insurance premium benefit liability (asset)	88,074	(24,857)	(121,052)
Net long-term disability liability	40,372	35,624	31,017

Plan Fiduciary Net Position – Detailed information about the plans’ fiduciary net position is available in the separately issued ASRS financial report.

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

B. Public Safety Personnel Retirement System and Corrections Officer Retirement Plan

Plan Descriptions – County sheriff employees and County attorney investigators who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the County's financial statements.

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP) or the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The CORP administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan for county detention officers (agent plans), which were closed to new members as of July 1, 2018, and a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit (OPEB) plan for AOC officers (cost sharing plans). Employees who were CORP members before July 1, 2018, participate in CORP, and AOC probation and surveillance officers who became members on or after July 1, 2018, participate in CORP or PSPDCRP. Detention officers and juvenile detention officers who became members on or after July 1, 2018, participate in PSPDCRP. The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS issue a publicly available financial report that includes financial statements and required supplementary information for the PSPRS and CORP plans. The report is available on the PSPRS website at www.psprs.com.

Benefits Provided - The PSPRS and CORP provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

PSPRS

Initial membership date:

<u>Retirement and Disability</u>	<u>Before January 1, 2012</u>	<u>On or after January 1, 2012 and before July 1, 2017</u>
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5 % to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
<u>Survivor Benefit</u>		
Retired Members	80% to 100% of retired members pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

CORP

Initial membership date:

Retirement and Disability

Years of service and age required to receive benefit

Before January 1, 2012

Sum of years and age equals 80
20 years, any age
10 years, age 62

**On or after January 1, 2012
and before July 1, 2018**

25 years, age 52.5
10 years, age 62

Final average salary is based on

Highest 36 consecutive months of last 10 years

Highest 60 consecutive months of last 10 years

Benefit percent

Normal Retirement

2.0% to 2.5% per year of credited service, not to exceed 80%

Accidental Disability Retirement

50% or normal retirement if more than 20 years of credited service

50% or normal retirement if more than 25 years of credited service

Total and Permanent Disability Retirement

50% or normal retirement if more than 25 years of credited service

Ordinary Disability Retirement

2.5% per year of credited service

Survivor Benefit

Retired Members

80% of retired members pension benefit

Active Members

40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contribution.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents

Employees covered by benefit terms - At June 30, 2019, the following employees were covered by the agent pension plan's benefit terms:

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

	PSPRS Sheriff		PSPRS Attorney Investigators		CORP Detention	
	Pension	Health	Pension	Health	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	27	27	1	1	1	1
Inactive employees entitled to but not yet receiving benefits	5	-	-	-	2	-
Active employees	27	27	-	-	29	29
Total	59	54	1	1	32	30

Contributions - State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2019 are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member Pension	County - Pension	County-health insurance premium benefit
PSPRS Sheriff	7.65% - 11.65%	51.93%	0.17%
PSPRS Attorney Investigators	7.65% - 11.65%	0.00%	0.00%
CORP Detention	8.41%	28.77%	0.01%
CORP AOC	8.41%	32.43%	0.55%

The County's contributions to the plan for the year ended June 30, 2019, were:

	<u>Pension</u>	<u>Health insurance premium benefit</u>
PSPRS Sheriff	\$ 812,220	\$ 2,759
PSPRS Attorney Investigators	-	-
CORP Detention	135,052	-
CORP AOC	92,744	3,420

During fiscal year 2019, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 65.2 percent from the General Fund, 11.9 percent from major funds, and 22.9 percent from other funds.

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

Liability – At June 30, 2019, the County reported the following assets and liabilities:

	Net pension liability	Net OPEB (asset) liability
PSPRS Sheriff	\$ 12,872,423	\$ (202,948)
PSPRS Attorney Investigators	304,338	(12,294)
CORP Detention	1,089,243	59,843
CORP AOC (County’s proportionate share)	916,472	13,149

The net asset and net liabilities were measured as of June 30, 2018, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total CORP pension liabilities as of June 30, 2018, reflect statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

Actuarial assumptions - The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

PSPRS and CORP

Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.4%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	Included for pensions/not applicable for OPEB
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience
Healthcare cost trend rate	Not applicable

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actual experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS and CORP plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Short term investments	2%	0.25%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private credit	16%	6.75%
Real estate	10%	3.75%
Private equity	12%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	100%	

Discount Rates – The following discount rates were used to measure the total pension/OPEB liabilities:

	PSPRS Sheriff	PSPRS Attorney Investigator	CORP Detention	CORP AOC
Pension				
Discount rates	7.4%	5.08%	7.4%	7.4%
Change from prior year	(0.0%)	0.73%	(0.0%)	0.0
Health insurance premium benefit				
Discount rates	7.4%	7.4%	7.4%	7.4%
Change from prior year	(0.0%)	(0.52%)	(0.1%)	0.0

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

The projection of cash flows used to determine the PSPRS and CORP discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the PSPRS Sheriff and CORP plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments for these plans to determine the total pension/OPEB liability. However, based on the above assumptions, the PSPRS Attorney Investigator plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension/OPEB liability for this plan, the long-term expected rate of return on plan investments of 7.4 percent was applied to periods of projected benefit payments through the year ended June 30, 2027, for the pension plan and June 30, 2042, for the health insurance premium benefit. A municipal bond rate of 3.62 percent obtained from the Fidelity 20-year Municipal GO AA index as of June 30, 2018, was applied to periods of projected benefit payments after June 30, 2027, and June 30, 2042, respectively.

Changes in the Net Pension/OPEB Liability

PSPRS - Sheriff	Pension			Health insurance premium benefit		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) Liability (a) - (b)
Balances at June 30, 2018	\$ 18,191,352	\$ 6,193,903	\$ 11,997,449	\$ 287,650	\$ 463,486	\$ (175,836)
Changes for the current year:						
Service Cost	279,940	-	279,940	5,481	-	5,481
Interest on the total liability	1,314,548	-	1,314,548	21,114	-	21,114
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	418,257	-	418,257	(22,141)	-	(22,141)
Changes of assumptions or other inputs	-	-	-	-	-	-
Contribution - Employer	-	757,330	(757,330)	-	(17)	17
Contribution - Employee	-	159,019	(159,019)	-	-	-
Net investment income	-	407,527	(407,527)	-	32,072	(32,072)
Benefit payments, including refunds of employee contribution	(1,134,319)	(1,134,319)	-	(10,126)	(10,126)	-
Hall/Parker Settlement	-	(179,279)	179,279	-	-	-
Administrative Expense	-	(6,903)	6,903	-	(488)	488
Other changes	-	77	(77)	-	(1)	1
Net Changes	878,426	3,452	874,974	(5,672)	21,440	(27,112)
Balances at June 30, 2019	\$ 19,069,778	\$ 6,197,355	\$ 12,872,423	\$ 281,978	\$ 484,926	\$ (202,948)

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

Changes in the Net Pension/OPEB Liability

PSPRS - Attorney Investigators	Pension Increase (Decrease)			Health insurance premium benefit Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 500,503	\$ 163,641	\$ 336,862	\$ 12,675	\$ 11,909	\$ 766
Changes for the current year:						
Interest on the total liability	21,028	-	21,028	858	-	858
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(1,149)	-	(1,149)	(13,111)	-	(13,111)
Changes of assumptions or other inputs	(33,605)	-	(33,605)	-	-	-
Contribution - Employer	-	8,979	(8,979)	-	-	-
Net investment income	-	10,833	(10,833)	-	819	(819)
Benefit payments, including refunds of employee contribution	(34,194)	(34,194)	-	(422)	(422)	-
Hall/Parker Settlement	-	(152)	152	-	-	-
Administrative Expense	-	(865)	865	-	(12)	12
Other changes	-	3	(3)	-	-	-
Net Changes	(47,920)	(15,396)	(32,524)	(12,675)	385	(13,060)
Balances at June 30, 2019	\$ 452,583	\$ 148,245	\$ 304,338	\$ -	\$ 12,294	\$ (12,294)

Changes in the Net Pension/OPEB Liability

CORP - Detention	Pension Increase (Decrease)			Health insurance premium benefit Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 1,423,408	\$ 907,201	\$ 516,207	\$ 67,729	\$ -	\$ 67,729
Changes for the current year:						
Service Cost	136,423	-	136,423	3,792	-	3,792
Interest on the total liability	107,212	-	107,212	5,152	-	5,152
Changes of benefit terms	240,188	-	240,188	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	360,618	-	360,618	(16,830)	-	(16,830)
Changes of assumptions or other inputs	-	-	-	-	-	-
Contribution - Employer	-	134,312	(134,312)	-	-	-
Contribution - Employee	-	84,469	(84,469)	-	-	-
Net investment income	-	69,049	(69,049)	-	-	-
Benefit payments, including refunds of employee contribution	(85,625)	(85,625)	-	-	-	-
Administrative Expense	-	(1,745)	1,745	-	-	-
Other changes	-	(14,680)	14,680	-	-	-
Net Changes	758,816	185,780	573,036	(7,886)	-	(7,886)
Balances at June 30, 2019	\$ 2,182,224	\$ 1,092,981	\$ 1,089,243	\$ 59,843	\$ -	\$ 59,843

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

The County’s proportion of the CORP AOC net pension and OPEB liabilities was based on the County’s actual contributions to the plans relative to the total of all participating counties’ actual contributions for the year ended June 30, 2018. The County’s proportion measured as of June 30, 2018, and the change from its proportions measured as of June 30, 2017, were

CORP AOC	Proportion June 30, 2018	Increase (decrease) from June 30, 2017
Pension	0.255%	0.014%
Health insurance premium benefit	0.256%	0.014%

Sensitivity of the County’s net pension/OPEB (asset) liability to changes in the discount rate
 – The following table presents the County’s net pension/OPEB (assets) liabilities calculated using the discount noted above, as well as what the County’s net position/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
PSPRS Sheriff			
Rate	6.4%	7.4%	8.4%
Net pension liability	\$ 15,258,990	\$ 12,872,423	\$ 10,910,926
Net OPEB (asset) liability	(169,973)	(202,947)	(230,507)
PSPRS Attorney Investigators			
Rate	4.08%	5.08%	6.08%
Net pension liability	351,443	304,338	(148,245)
Rate	6.4%	7.4%	8.4%
Net OPEB (asset) liability	(12,294)	(12,294)	(12,294)
CORP Detention			
Rate	6.4%	7.4%	8.4%
Net pension liability	1,527,317	1,089,243	744,520
Net OPEB liability	69,655	59,843	51,874
CORP AOC			
Rate	6.4%	7.4%	8.4%
County’s proportionate share of the net pension liability	1,198,964	916,472	687,247
County’s proportionate share of the OPEB liability	18,025	13,149	9,072

Plan fiduciary net position - Detailed information about the plans’ fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

Expense - For the year ended June 30, 2019, the County recognized the following pension and OPEB expense:

	<u>Pension expense</u>	<u>OPEB Expense</u>
PSPRS Sheriff	\$ 2,048,247	\$ (14,775)
PSPRS Attorney Investigators	(14,687)	(13,162)
CORP Detention	543,792	26,649
CORP AOC (County’s proportionate share)	(27,767)	141

Deferred outflows/inflows of resources - At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

PSPRS – Sheriff

	Pension		Health insurance premium benefit	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 660,575	\$ -	\$ 3,553	\$ 17,798
Changes of assumptions or other inputs	747,426			5,122
Net difference between projected and actual earnings on plan investments	89,289	-	-	9,334
County contributions subsequent to the measurement date	812,220	-	2,759	-
Total	<u>\$ 2,309,510</u>	<u>\$ -</u>	<u>\$ 6,312</u>	<u>\$ 32,254</u>

PSPRS – Attorney Investigators

	Pension		Health insurance premium benefit	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Net difference between projected and actual earnings on plan investments	\$ 2,567	\$ -	\$ -	\$ 244
County contributions subsequent to the measurement date	-	-	-	-
Total	<u>\$ 2,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244</u>

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

CORP – Detention

	Pension		Health insurance premium benefit	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 1,384,622	\$ -	\$ 64,544	\$ 15,026
Changes of assumptions or other inputs	16,958	-	-	10,599
Net difference between projected and actual earnings on plan investments	15,839	-	-	-
County contributions subsequent to the measurement date	135,052	-	-	-
Total	<u>\$ 1,552,471</u>	<u>\$ -</u>	<u>\$ 64,544</u>	<u>\$ 25,625</u>

CORP – AOC

	Pension		Health insurance premium benefit	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 3,432	\$ 47,140	\$ -	\$ 2,317
Changes of assumptions or other inputs	60,787	-	-	4,708
Net difference between projected and actual earnings on plan investments	16,578	-	-	393
Changes in proportion and differences between county contributions and proportionate share of contributions	40,160	108,417	1,038	-
County contributions subsequent to the measurement date	92,744	-	3,420	-
Total	<u>\$ 213,701</u>	<u>\$ 155,557</u>	<u>\$ 4,458</u>	<u>\$ 7,418</u>

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expense as follows:

Year ending June 30	PSPRS Sheriff		PSPRS Attorney Investigators	
	Pension	Health	Pension	Health
2020	\$ 627,355	\$ (7,971)	\$ 2,802	\$ (84)
2021	448,815	(7,971)	1,153	(84)
2022	248,390	(7,971)	(1,450)	(86)
2023	172,730	(4,362)	62	10
2024	-	(426)	-	-

Year ending June 30	CORP Detention		CORP AOC	
	Pension	Health	Pension	Health
2020	\$ 219,035	\$ 5,088	\$ (8,815)	\$ (1,752)
2021	219,035	5,088	(16,509)	(1,752)
2022	219,035	5,088	(15,359)	(1,752)
2023	214,394	5,088	6,085	(1,108)
2024	213,925	5,088	-	(16)
thereafter	332,005	13,479	-	-

PSPDCRP plan - County sheriff employees, County attorney investigators, County detention officers, County dispatchers, and AOC probation, surveillance, and juvenile detention officers who are not members of PSPRS or CORP participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute. The PSPDCRP is not further disclosed because of its relative insignificance to the County's financial statements.

C. Elected Officials Retirement Plan

Plan description - Elected officials and judges participate in the Elected Officials Retirement Plan (EORP), ASRS, or the Elected Official Defined Contribution Retirement System (EODCRS). EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. The EORP pension and OPEB plans were closed to new members as of January 1, 2014.

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS’s Web site at www.psprs.com.

Benefits provided - The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

EORP	Initial membership date:	
	<u>Before January 1, 2012</u>	<u>On or after January 1, 2012</u>
Retirement and Disability		
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal Retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability Retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor Benefit		
Retired Members	75% of retired member’s benefit	50% of retired member’s benefit
Active Members and Other Inactive Members	75% of retired member’s benefit	50% of retired member’s benefit

* With reduced benefits of 0.25% for each month early retirement precedes the member’s normal retirement age, with a maximum reduction of 30%

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase’s effects on the plan.

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 8 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 7 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Contributions— State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2019, statute required active EORP members to contribute 7 or 13 percent of the members’ annual covered payroll and the County to contribute at the actuarially determined rate of 61.5 percent of all active EORP members’ annual covered payroll. Also, statute required the County to contribute 49.86 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.5 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the County’s required contributions to ASRS and EODCRS for these elected officials and judges. In addition, statute required the County to contribute 30.16 percent of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the EORP would typically fill. The County’s contributions to the pension and health insurance premium benefit plans for the year ended June 30, 2019, were \$525,160 and \$0, respectively.

During fiscal year 2019, the County paid for EORP pension contributions 100 percent from the General Fund.

Liability - At June 30, 2019, the County reported a liability for its proportionate share of the EORP’s net pension liability that reflected a reduction for the County’s proportionate share of the State’s appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County’s proportionate share of the EORP net pension liability	\$ 6,535,520
State’s proportionate share of the EORP net pension liability associated with the County	<u>1,658,855</u>
Total	<u>\$ 8,194,375</u>

The County also reported an asset of \$163,121 for its proportionate share of EORP’s net OPEB asset.

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

The net asset and net liability were measured as of June 30, 2018, and the total liability used to calculate the net asset or net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2018, reflect statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

The County’s proportion of the net pension liability was based on the County’s required contributions to the pension plan relative to the total of all participating employers’ required contributions for the year ended June 30, 2018. The County’s proportion of the net OPEB asset was based on the County’s present value of benefits relative to the total of all participating employers’ present value of benefits for the year ended June 30, 2018. The County’s proportion measured as of June 30, 2018, and the change from its proportions measured as of June 30, 2017, were:

EORP	Proportion June 30, 2018	Increase (decrease) from June 30, 2017
Pension	1.037%	0.106
Health insurance premium benefit	1.578%	0.026

Expense - For the year ended June 30, 2019, the County recognized pension and OPEB expenses for EORP of \$(2,269,874) and \$(9,711), respectively, and revenue of \$0 for the County’s proportionate share of the State’s appropriation to EORP and the designated court fees.

Deferred outflows/inflows of resources - At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

EORP	Pension		Health insurance premium benefit	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 101,931	\$ 1,962	\$ 7,622
Changes of assumptions or other inputs	56,713	2,720,786	555	-
Net difference between projected and actual earnings on plan investments	40,722	-	-	8,827
Changes in proportion and differences between county contributions and proportionate share of contributions	645,069	50,187	-	1,319
County contributions subsequent to the measurement date	525,160	-	-	-
Total	\$ 1,267,664	\$ 2,872,904	\$ 2,517	\$ 17,768

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

The amounts reported as deferred outflows of resources related to EORP pensions and OPEB resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions and OPEB will be recognized as expenses as follows:

Year ended June 30	Pension	Health insurance premium benefit
2020	\$ (1,973,050)	\$ (7,520)
2021	(134,233)	(4,840)
2022	(24,060)	(2,968)
2023	941	78

Actuarial assumptions - The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

EORP

Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.4%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	RP-2014 table using MP-2016 improvement scale with adjustments to match current experience
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on EORP plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

EORP	Target	Long-Term Expected Geometric Real
Asset Class	Allocation	Rate of Return
Short term investments	2%	0.25%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private credit	16%	6.75%
Real estate	10%	3.75%
Private equity	12%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	100%	

Discount rate - At June 30, 2018, the discount rate used to measure the EORP total pension liability and total OPEB liability was 7.4 percent which was an increase of 3.49 for pension and no change for OPEB from the discount rates used as of June 30, 2017. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the County's proportionate share of the EORP net pension/OPEB (asset) liability to changes in the discount rate - The following table presents the County's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.4 percent, as well as what the County's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate:

EORP	1% Decrease (6.4%)	Current discount Rate (7.4%)	1% Increase (8.4%)
County's proportionate share of the net pension liability	\$ 7,504,294	\$ 6,535,520	\$ 5,712,030
County's proportionate share of the net OPEB (asset)	(144,998)	(163,121)	(178,785)

Notes to the Financial Statements - Continued

Note 10 - Pensions and Other Postemployment Benefits – Continued

Plan Fiduciary Net Position - Detailed information about the plans' fiduciary net position is available in the separately issued EORP financial report.

EODCRS plan – Elected officials and judges who are not members of EORP or ASRS participate in the EODCRS and the Elected Officials Defined Contribution Retirement System Disability Program (EODCDP). The EODCRS is a defined contribution pension plan. The EODCDP is a cost-sharing multiple-employer defined benefit disability (OPEB) plan for EODCRS members. The PSPRS Board of Trustees governs the EODCRS and EODCDP according to the provisions of A.R.S. Title 38, Chapter 5, Articles 3.1 and 3.2. Benefit terms, including contribution requirements, are established by state statute. The EODCDP is not further disclosed because of its relative insignificance to the County's financial statements.

Note 11 - Interfund Activity and Balances

Interfund receivables and payables—Interfund balances at June 30, 2019 were as follows:

	<u>Payable To</u>							<u>Total</u>
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail District Fund</u>	<u>Nonmajor - Governmental Funds</u>	<u>Golf Course Fund</u>	<u>Parks Fund</u>	<u>Landfill Fund</u>	
Payable From:								
General Fund	\$ -	\$ 12,153	\$ 118,295	\$ 1,804,474	\$ 528,045	\$ 102,848	\$ 553,562	\$ 3,119,377
Road Fund	116,516	-	-	-	-	-	-	116,516
Jail District Fund	528,071	-	-	-	-	-	-	528,071
Nonmajor - Governmental Funds	<u>362,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>362,180</u>
Total	<u>\$1,006,767</u>	<u>\$ 12,153</u>	<u>\$ 118,295</u>	<u>\$ 1,804,474</u>	<u>\$ 528,045</u>	<u>\$ 102,848</u>	<u>\$ 553,562</u>	<u>\$ 4,126,144</u>

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balances are expected to be repaid within 1 year from the date of the financial statements.

Notes to the Financial Statements - Continued

Note 11 - Interfund Activity and Balances – Continued

Interfund transfers—Interfund transfers for the year ended June 30, 2019 were as follows:

	Transfer To			Total
	General Fund	Jail District Fund	Nonmajor - Governmental Funds	
Transfer From:				
General Fund	\$ -	\$ 720,000	\$ 229,598	\$ 949,598
Road Fund	1,250,000	-	-	1,250,000
Parks Fund	230,139	-	-	230,139
Total	\$ 1,480,139	\$ 720,000	\$ 229,598	\$ 2,429,737

Interfund transfers between funds were to cover over-expenditures in certain special revenue funds. The County transferred \$229,598 to the Nonmajor Governmental Funds and \$720,000 to the Jail District Fund for the required annual maintenance of effort payment for the year ended June 30, 2019. Also during 2019, the County transferred \$1,250,000 of Vehicle License Tax from the Road Fund to the General Fund and \$230,139 from the Parks Fund to the General Fund.

Note 12 – Subsequent Events

Management has evaluated subsequent events through April 13, 2020, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could negatively impact revenues and operations. Other financial impacts could occur though such potential impacts are unknown at this time. The related financial impact and the duration cannot be reasonably estimated at this time; therefore, no adjustments have been made to the June 30, 2019 balances.

Required Supplementary Information

La Paz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 7,592,675	\$ 7,592,675	\$ 7,094,810	\$ (497,865)
Licenses and permits	305,606	305,606	332,424	26,818
Fees, fines, and forfeits	1,106,000	1,106,000	1,520,663	414,663
Intergovernmental	4,490,419	4,490,419	5,655,154	1,164,735
Charges for services	482,565	482,565	450,923	(31,642)
Investment income	34,477	34,477	16,080	(18,397)
Miscellaneous	442,000	442,000	223,367	(218,633)
Total revenues	14,453,742	14,453,742	15,293,421	839,679
Expenditures:				
Current:				
General government:				
Assessor	483,828	483,828	430,406	53,422
County attorney	876,730	876,730	887,145	(10,415)
Board of supervisors	717,629	717,629	703,789	13,840
Clerk of the superior court	497,843	497,843	490,888	6,955
Elections	259,761	259,761	264,674	(4,913)
Justice of the Peace #4	563,574	563,574	545,087	18,487
Justice of the Peace #5	320,904	320,904	342,779	(21,875)
Justice of the Peace #6	362,049	362,049	327,526	34,523
Planning and zoning	406,466	406,466	389,573	16,893
Recorder	268,354	268,354	254,172	14,182
Human resources	173,682	173,682	168,351	5,331
Superior court	210,550	210,550	175,949	34,601
Treasurer	299,767	299,767	333,545	(33,778)
Court administration	750,000	750,000	888,472	(138,472)
Management information services	422,621	422,621	428,707	(6,086)
Public defender	560,900	560,900	432,239	128,661
General administration	747,997	747,997	826,030	(78,033)
Community resources	-	-	1,300	(1,300)
Finance	354,087	354,087	484,393	(130,306)
Facilities management	354,987	354,987	337,722	17,265
Public works shop	466,065	466,065	-	466,065

See accompanying notes to budgetary comparison schedule.

La Paz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund - Continued
Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
General government (continued):				
Cooperative extension	5,532	5,532	-	5,532
County attorney RICO	40,000	40,000	-	40,000
Public defender fees	9,250	9,250	-	9,250
Document storage - recorder	14,963	14,963	-	14,963
County anti-racketeering (RICO)	83,330	83,330	-	83,330
JP4 - fees - local	42,000	42,000	-	42,000
JP5 - fees - local	33,000	33,000	-	33,000
JP6 - fees - local	21,000	21,000	-	21,000
Deferred prosecution fees	148,861	148,861	-	148,861
Public defender - FTG local	31,429	31,429	-	31,429
Total general government	9,527,159	9,527,159	8,712,747	814,412
Public safety:				
Emergency services				
Regional dispatch	\$ 868,722	\$ 868,722	\$ 823,500	\$ 45,222
Sheriff	3,771,310	3,771,310	4,237,546	(466,236)
Probation	128,893	128,893	119,271	9,622
Maintenance of effort	720,000	720,000	-	720,000
Juvenile probation	106,422	106,422	99,414	7,008
Jail commissary	21,200	21,200	-	21,200
Emergency management	-	-	253	(253)
Sheriff RICO	70,861	70,861	-	70,861
Helicopter fund	11,440	11,440	-	11,440
Christmas child activities	600	600	-	600
Total public safety	5,699,448	5,699,448	5,279,984	419,464
Health:				
Indigent health	404,065	404,065	418,904	(14,839)
County long term care ALTCS	600	600	600,945	(600,345)
C.M.I (chronically mentally ill)	132,000	132,000	142,969	(10,969)
Animal control	173,807	173,807	168,863	4,944
Health	499,034	499,034	267,760	231,274
Vital records	24,841	24,841	-	24,841
Total health	1,234,347	1,234,347	1,599,441	(365,094)

See accompanying notes to budgetary comparison schedule.

La Paz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund - Continued
Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Welfare:				
Public fiduciary	171,641	171,641	167,381	4,260
Parker food bank	14,238	14,238	1,741	12,497
Quartzsite food bank	9,470	9,470	1,255	8,215
McMullen Valley food bank	2,150	2,150	670	1,480
Total welfare	<u>197,499</u>	<u>197,499</u>	<u>171,047</u>	<u>26,452</u>
Culture and recreation:				
Library Services	92,224	92,224	83,207	9,017
Total culture and recreation	<u>92,224</u>	<u>92,224</u>	<u>83,207</u>	<u>9,017</u>
Education:				
School superintendent	277,063	277,063	266,094	10,969
Total education	<u>277,063</u>	<u>277,063</u>	<u>266,094</u>	<u>10,969</u>
Total expenditures	<u>17,027,740</u>	<u>17,027,740</u>	<u>16,112,520</u>	<u>915,220</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (2,573,998)</u>	<u>\$ (2,573,998)</u>	<u>\$ (819,099)</u>	<u>\$ 1,754,899</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	\$ -	\$ -	\$ 222,287	\$ 222,287
Transfers in	1,107,283	1,107,283	1,480,139	372,856
Transfers out	(787,160)	(787,160)	(949,598)	(162,438)
Total other financing uses	<u>320,123</u>	<u>320,123</u>	<u>752,828</u>	<u>432,705</u>
Net change in fund balances	(2,253,875)	(2,253,875)	(66,271)	2,187,604
Fund balances (deficit), July 1, 2018	<u>1,899,278</u>	<u>1,899,278</u>	<u>(2,297,377)</u>	<u>(4,196,655)</u>
Fund balances (deficit), June 30, 2019	<u>\$ (354,597)</u>	<u>\$ (354,597)</u>	<u>\$ (2,363,648)</u>	<u>\$ (2,009,051)</u>

See accompanying notes to budgetary comparison schedule.

La Paz County
Required Supplementary Information
Budgetary Comparison Schedule
Road Fund
Year Ended June 30, 2019

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 620,472	\$ 620,472	\$ 638,698	\$ 18,226
Intergovernmental	4,686,483	4,686,483	4,825,941	139,458
Investment income	-	-	49,634	49,634
Miscellaneous	37,000	37,000	59,992	22,992
Total revenues	<u>5,343,955</u>	<u>5,343,955</u>	<u>5,574,265</u>	<u>230,310</u>
Expenditures:				
Current:				
Highways and streets	4,205,418	4,205,418	3,831,934	373,484
Total expenditures	<u>4,205,418</u>	<u>4,205,418</u>	<u>3,831,934</u>	<u>373,484</u>
Excess of revenues over expenditures	1,138,537	1,138,537	1,742,331	603,794
Other financing sources (uses):				
Transfers out	(441,065)	(441,065)	(1,250,000)	(808,935)
Total other financing uses	<u>(441,065)</u>	<u>(441,065)</u>	<u>(1,250,000)</u>	<u>(808,935)</u>
Net change in fund balances	697,472	697,472	492,331	(205,141)
Fund balances (deficit), July 1, 2018	-	-	4,599,289	4,599,289
Fund balances (deficit), June 30, 2019	<u>\$ 697,472</u>	<u>\$ 697,472</u>	<u>\$ 5,091,620</u>	<u>\$ 4,394,148</u>

See accompanying notes to budgetary comparison schedule.

La Paz County
Required Supplementary Information
Budgetary Comparison Schedule
Jail District Fund
Year Ended June 30, 2019

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Taxes	\$ 1,300,000	\$ 1,434,951	\$ 134,951
Charges for services	1,825,000	2,386,629	561,629
Investment income	-	93	93
Total revenues	<u>3,125,000</u>	<u>3,821,673</u>	<u>696,673</u>
Expenditures:			
Current:			
Public safety	2,894,953	3,388,537	(493,584)
Debt Service:			
Principal retirement	230,047	220,000	10,047
Interest and fiscal charges	-	24,235	(24,235)
Total expenditures	<u>3,125,000</u>	<u>3,632,772</u>	<u>(507,772)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>188,901</u>	<u>188,901</u>
Other financing sources:			
Transfers in	<u>720,000</u>	<u>720,000</u>	<u>-</u>
Total other financing sources	<u>720,000</u>	<u>720,000</u>	<u>-</u>
Net change in fund balances	720,000	908,901	188,901
Fund balances (deficit), July 1, 2018	<u>137,559</u>	<u>(845,228)</u>	<u>(982,787)</u>
Fund balances (deficit), June 30, 2019	<u>\$ 857,559</u>	<u>\$ 63,673</u>	<u>\$ (793,886)</u>

See accompanying notes to budgetary comparison schedule.

La Paz County
Required Supplementary Information
Notes to Budgetary Comparison Schedule
June 30, 2019

Note 1 - Budgeting and Budgetary Control

A.R.S. requires the County to prepare and adopt a balanced budget annually for each governmental fund. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Board of Supervisors' approval. With the exception of the General Fund, each fund includes only one department.

For the General Fund, capital outlay and debt service expenditures are budgeted by department and accumulated by function on the Budgetary Comparison Schedule.

Note 2 - Budgetary Basis of Accounting

The County's budget is prepared on a basis consistent with generally accepted accounting principles.

La Paz County
Required Supplementary Information
Notes to Budgetary Comparison Schedule - Continued
June 30, 2019

Note 3 - Expenditures in Excess of Appropriations

For the year ended June 30, 2019, expenditures that exceeded final budget amounts at the department level (the legal level of budgetary control) were as follows:

<u>Fund/Department</u>	<u>Excess</u>
General Fund:	
County Attorney	\$ 10,415
Elections	4,913
Justice of the Peace #5	21,875
Treasurer	33,778
Court Administration	138,472
Management Information Services	6,086
General Administration	78,033
Community Resources	1,300
Finance	130,306
Sheriff	466,236
Emergency Management	253
Indigent Health	14,839
County Long-term Care ALTCS	600,345
Jail District:	
Public Safety	\$ 493,584
Debt service	24,235

The excesses were primarily the result of unexpected expenditures and expenditures made as a result of unanticipated revenues, or both.

La Paz County
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension/OPEB Liability
Cost-Sharing Plans
Year Ended June 30, 2019

ASRS - Pension

	Reporting Fiscal Year (Measurement Date)					2014 through 2010
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	0.06803%	0.08144%	0.09606%	0.94330%	0.09326%	Information not available
County's proportionate share of the net pension liability	\$ 9,487,791	\$ 12,686,765	\$ 15,505,049	\$ 14,692,914	\$ 13,799,620	
County's covered payroll	6,764,073	8,337,449	9,308,691	9,159,101	8,406,925	
County's proportionate share of the net pension liability as a percentage of its covered payroll	140.27%	152.17%	166.57%	160.42%	164.15%	
Plan fiduciary net position as a percentage of the total pension liability	73.40%	69.92%	67.06%	68.35%	69.49%	

ASRS - Health Insurance Premium Benefit

	Reporting Fiscal Year (Measurement Date)		
	2019 (2018)	2018 (2017)	2017 through 2010
County's proportion of the net OPEB (asset)	0.06903%	0.82450%	Information not available
County's proportionate share of the net OPEB (asset)	\$ (24,857)	\$ (44,886)	
County's covered payroll	6,764,073	8,337,449	
County's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	-0.37%	-0.54%	
Plan fiduciary net position as a percentage of the total pension liability	102.20%	103.57%	

ASRS - Long-term Disability

	Reporting Fiscal Year (Measurement Date)		
	2019 (2018)	2018 (2017)	2017 through 2010
County's proportion of the net OPEB Liability	0.06818%	0.08170%	Information not available
County's proportionate share of the net OPEB Liability	\$ 35,624	\$ 29,614	
County's covered payroll	6,764,073	8,337,449	
County's proportionate share of the net OPEB Liability as a percentage of its covered payroll	0.53%	0.36%	
Plan fiduciary net position as a percentage of the total pension liability	77.83%	84.44%	

See accompanying notes to pension/OPEB plan schedules.

La Paz County
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension/OPEB Liability
Cost-Sharing Plans
Year Ended June 30, 2019

CORP AOC - Pension	Reporting Fiscal Year (Measurement Date)					2014 through 2010
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	0.25459%	0.24088%	0.28221%	0.30928%	0.36516%	Information not available
County's proportionate share of the net pension liability	\$ 916,472	\$ 966,450	\$ 796,270	\$ 751,897	\$ 819,403	
County's covered payroll	325,745	792,077	325,471	374,128	391,648	
County's proportionate share of the net pension liability as a percentage of its covered payroll	281.35%	122.01%	244.65%	200.97%	209.22%	
Plan fiduciary net position as a percentage of the total pension liability	53.72%	49.21%	54.81%	57.89%	58.59%	
CORP AOC - Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)					
	2019 (2018)	2018 (2017)	2017 through 2010			
County's proportion of the net OPEB liability	0.24184%	0.24184%	Information			not available
County's proportionate share of the net OPEB liability	\$ 13,149	\$ 14,231	not available			
County's covered payroll	325,745	792,077				
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	4.04%	1.80%				
Plan fiduciary net position as a percentage of the total OPEB liability	67.75%	62.21%				
EORP - Pension	Reporting Fiscal Year (Measurement Date)					
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2010
County's proportion of the net pension liability	1.03716%	0.93122%	0.99939%	0.93617%	1.04762%	Information not available
County's proportionate share of the net pension liability	\$ 6,535,520	\$ 11,347,472	\$ 9,441,755	\$ 7,315,675	\$ 7,025,059	
State's proportionate share of the net pension liability associated with the County	<u>\$ 1,658,855</u>	<u>\$ 2,112,527</u>	<u>\$ 1,949,481</u>	<u>\$ 2,280,723</u>	<u>\$ 2,153,948</u>	
Total County's net pension liability	<u>\$ 8,194,375</u>	<u>\$ 13,459,999</u>	<u>\$ 11,391,236</u>	<u>\$ 9,596,398</u>	<u>\$ 9,179,007</u>	
County's covered payroll	\$ 1,034,035	\$ 759,974	794,562	849,419	953,936	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	792.47%	1771.11%	1433.65%	1129.76%	962.22%	
Plan fiduciary net position as a percentage of the total pension liability	30.36%	19.66%	23.42%	28.32%	31.91%	
EORP - Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)					
	2019 (2018)	2018 (2017)	2017 through 2010			
County's proportion of the net OPEB (asset)	1.57850%	1.55196%	Information			not available
County's proportionate share of the net OPEB (asset)	\$ (163,121)	\$ (141,324)	not available			
County's covered payroll	1,034,035	759,974				
County's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	-15.78%	-18.60%				
Plan fiduciary net position as a percentage of the total pension liability	177.16%	164.84%				

See accompanying notes to pension/OPEB plan schedules.

La Paz County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension/OPEB Liability and Related Ratios - Agent Plans
Year Ended June 30, 2019

PSPRS - Sheriff - Pension	Reporting Fiscal Year (Measurement Date)					2014 through 2010
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability						
Service cost	\$ 279,940	\$ 351,267	\$ 356,348	\$ 271,882	\$ 258,299	Information not available
Interest on total pension liability	1,314,548	1,208,951	1,156,186	1,105,013	904,564	
Changes of benefit terms	-	243,566	316,334	-	325,930	
Difference between expected and actual experience in the measurement of the pension liability	418,257	346,773	76,314	237,456	538,156	
Changes of assumptions or other inputs	-	685,158	572,944	-	1,592,778	
Benefit payments, including refunds of employee contributions	(1,134,319)	(1,176,148)	(993,292)	(1,016,114)	(1,129,939)	
Net change in pension liability	878,426	1,659,567	1,484,834	598,237	2,489,788	
Total pension liability - beginning	18,191,352	16,531,785	15,046,951	14,448,714	11,958,926	
Total pension liability - ending (a)	<u>\$ 19,069,778</u>	<u>\$ 18,191,352</u>	<u>\$ 16,531,785</u>	<u>\$ 15,046,951</u>	<u>\$ 14,448,714</u>	
Plan fiduciary net position						
Contributions - employer	\$ 757,330	\$ 854,831	\$ 791,496	\$ 537,234	\$ 538,163	
Contributions - employee	159,019	192,207	343,870	166,848	156,266	
Net investment income	407,527	662,076	31,841	197,454	683,282	
Benefit payments, including refunds of employee contributions	(1,134,319)	(1,176,148)	(993,292)	(1,016,114)	(1,129,939)	
Hall/Parker Settlement	(179,279)	-	-	-	-	
Administrative expense	(6,903)	(6,258)	(4,982)	(5,190)	-	
Other changes	77	13,819	48,942	(9,829)	300,315	
Net change in plan fiduciary net position	3,452	540,527	217,875	(129,597)	548,087	
Plan fiduciary net position - beginning	6,193,903	5,653,376	5,435,501	5,565,098	5,017,011	
Plan fiduciary net position - ending (b)	<u>\$ 6,197,355</u>	<u>\$ 6,193,903</u>	<u>\$ 5,653,376</u>	<u>\$ 5,435,501</u>	<u>\$ 5,565,098</u>	
County's net pension liability - ending (a) - (b)	<u>\$ 12,872,423</u>	<u>\$ 11,997,449</u>	<u>\$ 10,878,409</u>	<u>\$ 9,611,450</u>	<u>\$ 8,883,616</u>	
Plan fiduciary net position as a percentage of the total pension liability	32.5%	34.0%	34.2%	36.1%	38.5%	
Covered payroll	\$ 1,527,180	\$ 1,931,347	\$ 1,630,734	\$ 1,574,754	\$ 1,510,785	
County's net pension liability as a percentage of covered payroll	843%	621%	667%	610%	588%	

See accompanying notes to pension/OPEB plan schedules.

La Paz County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension/OPEB Liability and Related Ratios - Agent Plans
Year Ended June 30, 2019

PSPRS OPEB - Sheriff	Reporting Fiscal Year (Measurement Date)		
	2019 (2018)	2018 (2017)	2017 through 2010
Total OPEB liability			
Service cost	\$ 5,481	\$ 6,093	Information not available
Interest on total OPEB liability	21,114	20,119	
Changes of benefit terms	-	2,575	
Difference between expected and actual experience in the measurement of the OPEB liability	(22,141)	5,343	
Changes of assumptions or other inputs	-	(7,700)	
Benefit payments	(10,126)	(7,982)	
Net change in OPEB liability	(5,672)	18,448	
Total OPEB liability - beginning	287,650	269,202	
Total OPEB liability - ending (a)	\$ 281,978	\$ 287,650	
Plan fiduciary net position			
Contributions - employer	\$ (17)	\$ -	
Net investment income	\$ 32,072	\$ 49,374	
Benefit payments	(10,126)	(7,982)	
Administrative Expense	(488)	(437)	
Other changes	1	-	
Net change in plan fiduciary net position	21,442	40,955	
Plan fiduciary net position - beginning	463,484	422,529	
Plan fiduciary net position - ending (b)	\$ 484,926	\$ 463,484	
County's net OPEB liability - ending (a) - (b)	\$ (202,948)	\$ (175,834)	
Plan fiduciary net position as a percentage of the total OPEB liability	172.0%	161.1%	
Covered payroll	\$ 1,527,180	\$ 1,931,347	
County's net OPEB liability as a percentage of covered payroll	-13%	-9%	

See accompanying notes to pension/OPEB plan schedules.

La Paz County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension/OPEB Liability and Related Ratios - Agent Plans
Year Ended June 30, 2019

Public Safety Personnel Retirement System - Attorney Investigators	Reporting Fiscal Year (Measurement Date)					2014 through 2010
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability						
Interest on total pension liability	\$ 21,028	\$ 17,223	\$ 18,656	\$ 23,957	\$ 23,458	Information not available
Changes of benefit terms	-	14,580	16,878	-	-	
Difference between expected and actual experience in the measurement of the pension liability	(1,149)	34,463	9,524	10,341	2,025	
Changes of assumptions or other inputs	(33,605)	(11,962)	34,797	107,233	12,082	
Benefit payments, including refunds of employee contributions	(34,194)	(33,557)	(31,210)	(31,210)	(31,210)	
Net change in pension liability	(47,920)	20,747	48,645	110,321	6,355	
Total pension liability - beginning	500,503	479,756	431,111	320,790	314,435	
Total pension liability - ending (a)	<u>\$ 452,583</u>	<u>\$ 500,503</u>	<u>\$ 479,756</u>	<u>\$ 431,111</u>	<u>\$ 320,790</u>	
Plan fiduciary net position						
Contributions - employer	\$ 8,979	\$ 8,827	\$ 10,527	\$ -	\$ -	
Net investment income	10,833	19,327	1,047	7,335	27,730	
Benefit payments, including refunds of employee contributions	(34,194)	(33,557)	(31,210)	(31,210)	(31,210)	
Hall/Parker Settlement	(152)	-	-	-	-	
Administrative expense	(865)	(571)	(551)	(558)	-	
Other changes	3	3	3	(220)	(10,642)	
Net change in plan fiduciary net position	(15,396)	(5,971)	(20,184)	(24,653)	(14,122)	
Plan fiduciary net position - beginning	163,641	169,612	189,796	214,449	228,571	
Plan fiduciary net position - ending (b)	<u>\$ 148,245</u>	<u>\$ 163,641</u>	<u>\$ 169,612</u>	<u>\$ 189,796</u>	<u>\$ 214,449</u>	
County's net pension liability - ending (a) - (b)	<u>\$ 304,338</u>	<u>\$ 336,862</u>	<u>\$ 310,144</u>	<u>\$ 241,315</u>	<u>\$ 106,341</u>	
Plan fiduciary net position as a percentage of the total pension liability	33%	33%	35%	44%	67%	
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	
County's net pension liability as a percentage of covered payroll	0%	0%	0%	0%	0%	

See accompanying notes to pension/OPEB plan schedules.

La Paz County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension/OPEB Liability and Related Ratios - Agent Plans
Year Ended June 30, 2019

PSPRS OPEB - Attorney Investigators	Reporting Fiscal Year (Measurement Date)		
	2019 (2018)	2018 (2017)	2017 through 2010
Total OPEB liability			
Interest on total OPEB liability	\$ 858	\$ 913	Information not available
Difference between expected and actual experience in the measurement of the OPEB liability	(13,111)	(1,322)	
Changes of assumptions or other inputs	-	1,111	
Benefit payments	(422)	(413)	
Net change in OPEB liability	(12,675)	289	
Total OPEB liability - beginning	12,675	12,386	
Total OPEB liability - ending (a)	\$ -	\$ 12,675	
Plan fiduciary net position			
Net investment income	\$ 819	\$ 1,280	
Benefit payments	(422)	(413)	
Administrative Expense	(12)	(12)	
Net change in plan fiduciary net position	385	855	
Plan fiduciary net position - beginning	11,909	11,054	
Plan fiduciary net position - ending (b)	\$ 12,294	\$ 11,909	
County's net OPEB liability - ending (a) - (b)	\$ (12,294)	\$ 766	
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	94.0%	
Covered payroll	\$ -	\$ -	
County's net OPEB liability as a percentage of covered payroll	0%	0%	

See accompanying notes to pension/OPEB plan schedules.

La Paz County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension/OPEB Liability and Related Ratios - Agent Plans
Year Ended June 30, 2019

	Reporting Fiscal Year	
	(Measurement Date)	
CORP - Detention	2019	2018
	(2018)	(2017)
Total pension liability		
Service cost	\$ 136,423	\$ -
Interest on total pension liability	107,212	-
Changes of benefit terms	240,188	-
Difference between expected and actual experience in the measurement of the pension liability	360,618	1,401,188
Changes of assumptions or other inputs	-	22,220
Benefit payments, including refunds of employee contributions	(85,625)	-
Net change in pension liability	758,816	1,423,408
Total pension liability - beginning	1,423,408	-
Total pension liability - ending (a)	<u>\$ 2,182,224</u>	<u>\$ 1,423,408</u>
Plan fiduciary net position		
Contributions - employer	\$ 134,312	\$ 102,641
Contributions - employee	84,469	58,923
Net investment income	69,049	10,434
Benefit payments, including refunds of employee contributions	(85,625)	-
Administrative expense	(1,745)	(491)
Other changes	(14,680)	735,694
Net change in plan fiduciary net position	185,780	907,201
Plan fiduciary net position - beginning	907,201	-
Plan fiduciary net position - ending (b)	<u>\$ 1,092,981</u>	<u>\$ 907,201</u>
County's net pension liability - ending (a) - (b)	<u>\$ 1,089,243</u>	<u>\$ 516,207</u>
Plan fiduciary net position as a percentage of the total pension liability	50%	64%
Covered payroll	\$ 1,024,963	\$ 635,781
County's net pension liability as a percentage of covered payroll	81%	81%

Reporting Fiscal Year 2018 was the Plan's first year.

See accompanying notes to pension/OPEB plan schedules.

La Paz County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension/OPEB Liability and Related Ratios - Agent Plans
Year Ended June 30, 2019

	Reporting Fiscal Year	
	(Measurement Date)	
CORP OPEB - Detention	2019	2018
	(2018)	(2017)
Total OPEB liability		
Service cost	\$ 3,792	\$ -
Interest on total OPEB liability	5,152	-
Changes of benefit terms	-	-
Difference between expected and actual experience in the measurement of the OPEB liability	(16,830)	81,036
Changes of assumptions or other inputs	-	(13,307)
Net change in OPEB liability	(7,886)	67,729
Total OPEB liability - beginning	67,729	-
Total OPEB liability - ending (a)	<u>\$ 59,843</u>	<u>\$ 67,729</u>
Plan fiduciary net position		
Net change in plan fiduciary net position	\$ -	\$ -
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>
County's net OPEB liability - ending (a) - (b)	<u>\$ 59,843</u>	<u>\$ 67,729</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%
Covered payroll	\$ 1,024,963	\$ 635,781
County's net OPEB liability as a percentage of covered payroll	6%	11%

Reporting Fiscal Year 2018 was the Plan's first year.

See accompanying notes to pension/OPEB plan schedules.

La Paz County
Required Supplementary Information
Schedule of County Pension/OPEB Contributions
Year Ended June 30, 2019

ASRS - Pension

	Reporting Fiscal Year						2013 through 2010
	2019	2018	2017	2016	2015	2014	
Statutorily determined contribution	\$ 1,074,154	\$ 737,284	\$ 898,777	\$ 1,009,993	\$ 998,342	\$ 899,541	Information not available
County's contributions in relation to the statutorily determined contribution	1,074,154	737,284	898,777	1,009,993	998,342	899,541	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	<u>\$ 9,607,815</u>	<u>\$ 6,764,073</u>	<u>\$ 8,337,449</u>	<u>\$ 9,308,691</u>	<u>\$ 9,159,101</u>	<u>\$ 8,406,925</u>	
County's contributions as a percentage of covered payroll	<u>11.18%</u>	<u>10.90%</u>	<u>10.78%</u>	<u>10.85%</u>	<u>10.90%</u>	<u>10.70%</u>	

**ASRS - Health Insurance Premium
Benefit**

	Reporting Fiscal Year			2016 through 2010
	2019	2018	2017	
Statutorily determined contribution	\$ 44,196	\$ 29,762	\$ 46,690	Information not available
County's contributions in relation to the statutorily determined contribution	44,196	29,762	46,690	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	<u>\$ 9,607,815</u>	<u>\$ 6,764,073</u>	<u>\$ 8,337,449</u>	
County's contributions as a percentage of covered payroll	<u>0.46%</u>	<u>0.44%</u>	<u>0.56%</u>	

ASRS-Long-term Disability

	Reporting Fiscal Year			2016 through 2010
	2019	2018	2017	
Statutorily determined contribution	\$ 11,393	\$ 10,807	\$ 11,672	Information not available
County's contributions in relation to the statutorily determined contribution	11,393	10,807	11,672	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	<u>\$ 9,607,815</u>	<u>\$ 6,764,073</u>	<u>\$ 8,337,449</u>	
County's contributions as a percentage of covered payroll	<u>0.12%</u>	<u>0.16%</u>	<u>0.14%</u>	

See accompanying notes to pension/OPEB plan schedules.

La Paz County
Required Supplementary Information
Schedule of County Pension/OPEB Contributions
Year Ended June 30, 2019

CORP AOC - Pension	Reporting Fiscal Year						2013 through 2010
	2019	2018	2017	2016	2015	2014	
Statutorily determined contribution	\$ 92,744	\$ 65,377	\$ 159,049	\$ 62,165	\$ 55,745	\$ 56,789	Information not available
County's contributions in relation to the statutorily determined contribution	92,744	65,377	159,049	62,165	55,745	56,789	
County's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
County's covered payroll	<u>\$ 412,014</u>	<u>\$ 325,745</u>	<u>\$ 792,077</u>	<u>\$ 325,471</u>	<u>\$ 374,128</u>	<u>\$ 391,648</u>	
County's contributions as a percentage of covered payroll	<u>22.51%</u>	<u>20.07%</u>	<u>20.08%</u>	<u>19.10%</u>	<u>14.90%</u>	<u>14.50%</u>	

CORP AOC - Health insurance premium benefit	Reporting Fiscal Year			2016 through 2010
	2019	2018	2017	
Statutorily determined contribution	\$ 3,420	\$ 2,605	\$ 6,733	Information not available
County's contributions in relation to the statutorily determined contribution	3,420	2,605	6,733	
County's contribution deficiency (excess)	\$ -	\$ -	\$ -	
County's covered payroll	<u>\$ 412,014</u>	<u>\$ 325,745</u>	<u>\$ 792,077</u>	
County's contributions as a percentage of covered payroll	<u>0.83%</u>	<u>0.80%</u>	<u>0.85%</u>	

EORP - Pension	Reporting Fiscal Year						2013 through 2010
	2019	2018	2017	2016	2015	2014	
Statutorily determined contribution	\$ 578,049	\$ 407,945	\$ 178,594	\$ 186,722	\$ 198,764	\$ 223,221	Information not available
County's contributions in relation to the statutorily determined contribution	525,160	242,998	178,594	186,722	198,764	223,221	
County's contribution deficiency (excess)	<u>\$ 52,889</u>	<u>\$ 164,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	<u>\$ 854,892</u>	<u>\$ 1,034,035</u>	<u>\$ 759,974</u>	<u>\$ 794,562</u>	<u>\$ 849,419</u>	<u>\$ 953,936</u>	
County's contributions as a percentage of covered payroll	<u>61.43%</u>	<u>23.50%</u>	<u>23.50%</u>	<u>23.50%</u>	<u>23.40%</u>	<u>23.40%</u>	

The County was not required and did not contribute to the EORP health insurance premium benefit plan for fiscal years 2019, 2018 or 2017. Information for fiscal years 2016 through 2010 is not available.

La Paz County
Required Supplementary Information
Schedule of County Pension/OPEB Contributions
Year Ended June 30, 2019

	Reporting Fiscal Year						2013 through 2010
	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 1,036,858	\$ 924,197	\$ 993,292	\$ 786,666	\$ 567,384	\$ 538,163	Information not available
County's contributions in relation to the actuarially determined contribution	812,220	744,653	993,292	786,666	567,384	538,163	
County's contribution deficiency (excess)	<u>\$ 224,638</u>	<u>\$ 179,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	<u>\$ 1,564,068</u>	<u>\$ 1,527,180</u>	<u>\$ 1,931,347</u>	<u>\$ 1,630,734</u>	<u>\$ 1,574,754</u>	<u>\$ 1,510,785</u>	
County's contributions as a percentage of covered payroll	<u>51.93%</u>	<u>48.76%</u>	<u>51.43%</u>	<u>48.24%</u>	<u>36.03%</u>	<u>35.62%</u>	

	Reporting Fiscal Year			2016 through 2010
	2019	2018	2017	
Actuarially determined contribution	\$ 2,759	\$ -	\$ -	Information not available
County's contributions in relation to the actuarially determined contribution	2,759	-	-	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	<u>\$ 1,622,718</u>	<u>\$ -</u>	<u>\$ -</u>	
County's contributions as a percentage of covered payroll	<u>0.17%</u>	<u>0.00%</u>	<u>0.00%</u>	

	Reporting Fiscal Year						2013 through 2010
	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ -	\$ 17,654	\$ 8,827	\$ 10,527	\$ -	\$ -	Information not available
County's contributions in relation to the actuarially determined contribution	-	17,654	8,827	10,527	-	-	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	

	Reporting Fiscal Year			2016 through 2010
	2019	2018	2017	
Actuarially determined contribution	\$ -	\$ 28	\$ 81	Information not available
County's contributions in relation to the actuarially determined contribution	-	28	81	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	

See accompanying notes to pension/OPEB plan schedules.

La Paz County
Required Supplementary Information
Schedule of County Pension/OPEB Contributions
Year Ended June 30, 2019

CORP Detention - Pension

	<u>Reporting Fiscal Year</u>	
	<u>2019</u>	<u>2018</u>
Statutorily determined contribution	\$ 135,052	\$ 114,742
County's contributions in relation to the statutorily determined contribution	135,052	114,742
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	<u>\$ 489,495</u>	<u>\$ 1,078,400</u>
County's contributions as a percentage of covered payroll	<u>27.59%</u>	<u>10.64%</u>

**CORP Detention - Health Insurance Premium
Benefit**

	<u>Reporting Fiscal Year</u>	
	<u>2019</u>	<u>2018</u>
Statutorily determined contribution	\$ -	\$ 12,617
County's contributions in relation to the statutorily determined contribution	-	12,617
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	<u>\$ 489,495</u>	<u>\$ 1,078,400</u>
County's contributions as a percentage of covered payroll	<u>0.00%</u>	<u>1.17%</u>

Reporting Fiscal Year 2018 was the Plan's first year.

See accompanying notes to pension/OPEB plan schedules.

La Paz County
Required Supplementary Information
Notes to Pension/OPEB Plan Schedules
June 30, 2019

Note 1 – Actuarially Determined Contribution Rates

Actuarially determined contribution rates for PSPRS and CORP are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2017 actuarial valuation	22 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5%-7.5% for PSPRS and from 4.0%-7.25% to 3.5%-6.5% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0% for PSPRS and from 4.5%-7.75% to 4.0% to 7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% for PSPRS and from 5.0%-8.25% to 4.5%-7.75% for CORP.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP.

La Paz County
Required Supplementary Information
Notes to Pension/OPEB Plan Schedules - Continued
June 30, 2019

Wage growth (continued)	In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP.
Retirement age	Experience- based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 – June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

Note 2 – Factors that affect trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law’s effective date. As a result, the PSPRS, CORP, CORP–AOC, and EORP changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS and EORP also reduced those members’ employee contribution rates. These changes are reflected in the plans’ pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law’s effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law’s effective date. These changes also increased the PSPRS-, CORP-, and CORP–AOC-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law’s effective date. These changes increased the PSPRS-, CORP-, and CORP–AOC-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law’s effective date. EORP-required contributions are not based on actuarial valuations, and therefore, these changes did not affect them. Also, the County refunded excess employee contributions to PSPRS and EORP members. PSPRS and EORP allowed the County to reduce its actual employer contributions for the refund amounts. As a result, the County’s pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

The fiscal year 2019 (measurement date 2018) pension liabilities for EORP and CORP reflect the replacement of the permanent benefit increase (PBI) for retirees based on investment returns with a cost of living adjustment based on inflation. Also, the EORP liability and required pension contributions for fiscal year 2019 reflect a statutory change that requires the employer contribution rate to be actuarially determined. This change increased the discount rate used to calculate liability thereby reducing the total pension liability.