

LA PAZ COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2020
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

LA PAZ COUNTY, ARIZONA
Annual Expenditure Limitation Report
June 30, 2020

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Independent Accountants' Report on AELR

Arizona Auditor General
The Board of Supervisors
of La Paz County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report (report) of La Paz County, Arizona (the County), for the year ended June 30, 2020 and the related notes to the report. The County's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the annual expenditure limitation report referred to above is presented in accordance with the uniform expenditure reporting system as described in note 1 in all material respects.

HintonBurdick, PLLC
Gilbert, Arizona
August 24, 2021

LA PAZ COUNTY, ARIZONA
Annual Expenditure Limitation Report – Part I
Fiscal Year Ended June 30, 2020

Economic Estimates Commission expenditure limitation		\$ 32,437,354
Amount subject to the expenditure limitation (total amount from Part II, line C)	\$ 18,084,807	
Subtotal	<u>\$ 18,084,807</u>	
Total adjusted amount subject to the expenditure limitation		\$ 18,084,807
Amount under (in excess of) the expenditure limitation		<u>\$ 14,352,547</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of chief fiscal officer: Megan Spielman
Name and title: Megan Spielman, County Administrator
Telephone number: 928-669-6115 Date: 8/24/21

See accompanying notes to report

LA PAZ COUNTY, ARIZONA
Annual Expenditure Limitation Report – Part II
Fiscal Year Ended June 30, 2020

Description	Governmental funds	Enterprise funds	Fiduciary funds	Total
A. Amounts reported on the reconciliation, line D	\$ 30,537,658	\$ 7,460,715	\$ 56,640,436	\$ 94,638,809
B. Less exclusions claimed:				
Debt proceeds		4,272,875	-	4,272,875
Debt service requirements (Note 2)	4,233,123	-	-	4,233,123
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	339,123	-	-	339,123
Trustee or custodian (Note 4)	212,150	-	56,640,436	56,852,586
Grants and aid from the federal government (Note 5)	3,485,004	-	-	3,485,004
Amounts received from the State of Arizona (Note 5)	3,256,940	-	-	3,256,940
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	4,114,351	-	-	4,114,351
Total exclusions claimed	<u>15,640,691</u>	<u>4,272,875</u>	<u>56,640,436</u>	<u>76,554,002</u>
C. Amounts subject to the expenditure limitation	<u>\$ 14,896,967</u>	<u>\$ 3,187,840</u>	<u>\$ -</u>	<u>\$ 18,084,807</u>

See accompanying notes to report

LA PAZ COUNTY, ARIZONA
Annual Expenditure Limitation Report - Reconciliation
Fiscal Year Ended June 30, 2020

Description	Governmental <u>funds</u>	Enterprise <u>funds</u>	Fiduciary <u>funds</u>	<u>Total</u>
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 34,158,234	\$ 2,594,560	\$ 56,640,436	\$ 93,393,230
B. Subtractions:				
Items not requiring use of current financial resources:				
Depreciation	-	143,291	-	143,291
Pension and other postemployment benefits (OPEB) expense (Note 7)	-	(108,620)	-	(108,620)
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 8)	2,798,576	-	-	2,798,576
Long-term care contributions the State Treasurer withheld (Note 9)	822,000	-	-	822,000
Total subtractions	<u>3,620,576</u>	<u>34,671</u>	<u>-</u>	<u>3,655,247</u>
C. Additions:				
Capital asset acquisitions	-	4,801,035	-	4,801,035
Pension and OPEB contributions paid in the current year (Note 7)	-	99,791	-	99,791
Total additions	<u>-</u>	<u>4,900,826</u>	<u>-</u>	<u>4,900,826</u>
D. Amounts reported on part II, line A	<u>\$ 30,537,658</u>	<u>\$ 7,460,715</u>	<u>\$ 56,640,436</u>	<u>\$ 94,638,809</u>

See accompanying notes to report

LA PAZ COUNTY, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2020

Note 1. Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed in part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds, Statement of Revenues, Expenses, and Changes in Net Position for the Proprietary Funds, Statement of Cash Flows for the Proprietary Funds, and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.

Note 2. Debt Service Requirements

The exclusion claimed for debt service requirements in the Governmental Funds of \$4,233,123 consists of \$4,245,942 of expenditures classified as principal and \$235,652 classified as interest, less \$248,471 attributable to the Jail District for which total expenditures were subtracted on the Reconciliation.

Note 3. Dividends, Interest, and Gains on the Sale or Redemption of Investment Securities

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$339,123 consists of investment income reported in the Governmental Funds of \$94,221 and interest on delinquent taxes expended of \$244,902, which was recorded as tax revenue.

Note 4. Trustee or Custodian

The exclusion claimed for trustee or custodian of \$212,150 in the Governmental Funds consists of contributions recorded as health expenditures by the County to the Arizona Health Care Cost Containment System for acute care, administrative cost contributions and uncompensated care contributions.

LA PAZ COUNTY, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2020

Note 5. Federal Grants & Aid, Amounts from the State of Arizona, & Highway User Revenues

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, and highway user revenues in the Governmental Funds. The amounts excluded do not exceed expenditures of such revenues.

Grants and aid from the Federal government	\$ 1,253,750
Federal Payments in lieu of taxes	<u>2,231,254</u>
Subtotal grants and aid from federal government	<u>3,485,004</u>
Amounts received from the State of Arizona (Note 6)	3,256,940
Highway user revenues in excess of those received in fiscal year 1979-80, expended in Fiscal Year 2020	4,114,351
Highway user revenues received but not expended and carried forward to future years	945,409
Other revenues-nonexcludable	<u>3,227,614</u>
Total intergovernmental revenues as reported in the fund financial statements	<u><u>\$ 15,029,318</u></u>

Note 6. Amounts from the State of Arizona

During 2020 the County received \$623,947 from the State of Arizona for motor vehicle license tax reported as taxes in the Road Fund in the fund financial statements. Of this amount, \$471,627 was expended and is included as part of the \$3,256,940 exclusion for amounts received from the State of Arizona. The remaining \$152,320 has been carried forward to future years.

Note 7. Pensions and OPEB

The \$108,620 subtraction for pension and other post employment benefit (OPEB) expense consists of changes in the net pension and OPEB liabilities, changes in deferred outflows related to pensions and OPEB, and changes in deferred inflows related to pensions and OPEB, recognized in the current year in the enterprise funds. The \$99,791 addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise/internal service funds. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash:

LA PAZ COUNTY, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2020

Note 7. Pensions and OPEB, Continued

	Enterprise funds
<u>Statement of cash flows</u>	
Change in net pension and OPEB asset	\$ (1,190)
Change in deferred inflows related to pensions and OPEB	232,759
Change in deferred outflows related to pensions and OBEP	(36,384)
Change in net pension and OPEB liability	13,226
Total	<u>\$ 208,411</u>
 <u>AE LR-Reconciliation</u>	
Pension/OPEB contributions –	\$ 99,791
Pension/OPEB expense(income) – subtraction	(108,620)
Total	<u>\$ 208,411</u>

Note 8. Separate Legal Entities

The subtraction of \$2,798,576 for separate legal entities established under Arizona Revised Statutes consists of the following expenditures included within the County’s reporting entity but not included in the Economic Estimates Commission base limit calculations.

Public safety expenditures for the Jail District	\$ 3,270,105
Debt service expenditures for the Jail District	248,471
Less Maintenance of effort transfers from general fund	<u>(720,000)</u>
Total expenditures of separate legal entities established under Arizona Revised Statutes subtraction	<u>\$ 2,798,576</u>

Note 9. Long Term Care Contributions

The subtraction for long-term care contributions withheld by the State Treasurer consists of transaction privilege taxes withheld by the State Treasurer to meet the County’s share of long-term care costs that was reported as revenue and an offsetting expenditure in the County’s Governmental Funds. Consequently, this expenditure has been subtracted on the Reconciliation.