

La Paz County, Arizona
Basic Financial Statements

Year ended June 30, 2018

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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, 2018, 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 La Paz County as of June 30, 2018, 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.

Emphasis of matter

As discussed in note 2 to the financial statements, for the year ended June 30, 2018, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* as amended by GASB Statement No. 85, *Omnibus 2017*. Our opinions are not modified with respect to this matter.

As discussed in note 3 to the financial statements, the County restated beginning net position/fund balance of its financial statements for the year ended June 30, 2018, to correct a misstatement in its previously issued financial statements. Our opinions are not modified with respect to this matter.

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 75 through 81, schedule of the County's proportionate share of the net pension/OPEB liability—cost-sharing plans on pages 82 through 83, schedule of changes in the county's net pension/OPEB liability and related ratios—agent plans on pages 84 through 89, schedule of county pension/OPEB contributions on pages 90 through 95. 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, we noted that the County loaned \$1,056,463 of vehicle license tax proceeds accumulated in the Road fund to finance cash deficits in other funds. These amounts were expended from the other funds for purposes other than authorized transportation purposes. Our audit was not directed primarily toward obtaining knowledge as to whether 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. 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 22, 2019, 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.

Insola + Butler, CPAs, PLLC

Tempe, Arizona
April 22, 2019

Management's Discussion and Analysis

La Paz County
Management's Discussion and Analysis
June 30, 2018

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, 2018. 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 \$25,158,765 (net position). Of this amount, \$49,690,998 is a deficit in unrestricted net position, \$11,662,278 is restricted for specific purposes (restricted net position), and \$63,187,485 is the County's net investment in capital assets.
- The County's total net position as reported in the Statement of Activities increased by \$3,933,756 in comparison to the prior year's decrease in total net position of \$368,739.
- At June 30, 2018, the governmental funds reported combined fund balances of \$7,183,488, an increase of \$2,818,406 in comparison with the prior year. The components of fund balances consist of \$634,828 that is nonspendable, \$12,344,915 that is restricted or committed for specific purposes, and \$5,796,256 that is an accumulated deficit.
- At June 30, 2018 the unassigned fund balance for the General Fund was (\$2,561,500).

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 27-74 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 75-95 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, 2018 and 2017:

	2018	2017	2018	2017	2018	2017
	Governmental	Governmental	Business-	Business-	2018	2017
	Activities	Activities	Type	Type	Total	Total
	Activities	Activities	Activities	Activities	Total	Total
Current and other assets	\$ 10,077,995	\$ 5,945,153	\$ 1,233,652	\$ 465,059	\$ 11,311,647	\$ 6,410,212
Capital assets	64,473,466	64,523,261	982,084	874,218	65,455,550	65,397,479
Total assets	74,551,461	70,468,414	2,215,736	1,339,277	76,767,197	71,807,691
Deferred outflows of resources	6,918,097	7,945,447	171,736	290,534	7,089,833	8,235,981
Other liabilities	2,439,678	2,269,381	107,545	29,507	2,547,223	2,298,888
Long-term liabilities	51,480,433	53,276,038	1,568,058	1,671,330	53,048,491	54,947,368
Total liabilities	53,920,111	55,545,419	1,675,603	1,700,837	55,595,714	57,246,256
Deferred inflows of resources	2,828,974	2,179,813	273,577	189,873	3,102,551	2,369,686
Net position:						
Net investment in capital assets	62,205,401	62,072,943	982,084	874,218	63,187,485	62,947,161
Restricted	11,662,278	8,772,026	-	-	11,662,278	8,772,026
Unrestricted (deficit)	(49,147,206)	(50,156,340)	(543,792)	(1,135,117)	(49,690,998)	(51,291,457)
Total net position	\$ 24,720,473	\$ 20,688,629	\$ 438,292	\$ (260,899)	\$ 25,158,765	\$ 20,427,730

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 \$25,158,765 at June 30, 2018, 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 increased revenues from the Parks enterprise and significantly higher federal inmate revenues.

Governmental activities capital assets had decreases of \$49,795 that are attributable to capital asset additions being less than depreciation expense during fiscal year 2018. Governmental activities long-term liabilities decreased by \$1,795,605 and business-type activities long-term liabilities decreased by \$103,272. The governmental activities decrease was primarily due to decreases in bonds and notes payable, net of increases 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 9 of the notes to the financial statements on pages 44-48 of this report.

The decrease in deferred outflows of resources and increase in deferred inflows of resources of \$1,146,148 and \$732,865, 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 11 of the notes to the financial statements on pages 49-73 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:

	2018 Governmental Activities	2017 Governmental Activities	2018 Business-Type Activities	2017 Business-Type Activities	2018 Total	2017 Total
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 3,609,932	\$ 2,558,873	\$ 3,172,848	\$ 2,848,786	\$ 6,782,780	\$ 5,407,659
Operating grants & contributions	4,606,076	4,112,054	-	-	4,606,076	4,112,054
Capital grants & contributions	4,578,495	4,232,087	-	-	4,578,495	4,232,087
General revenues:						
Property taxes	5,525,569	4,923,453	-	-	5,525,569	4,923,453
Share of state sales taxes	2,332,844	2,279,479	-	-	2,332,844	2,279,479
Excise tax	5,177,631	5,121,831	-	-	5,177,631	5,121,831
Payments in lieu of taxes	2,022,994	1,982,313	-	-	2,022,994	1,982,313
Vehicle license tax	721,049	629,245	-	-	721,049	629,245
State appropriation	575,750	575,750	-	-	575,750	575,750
Contributions not restricted to specific programs	809,665	520,218	-	-	809,665	520,218
Investment earnings	41,580	28,244	-	-	41,580	28,244
Miscellaneous	389,664	895,159	8,945	140,277	398,609	1,035,436
Total revenues	30,391,249	27,858,706	3,181,793	2,989,063	33,573,042	30,847,769
<u>Expenses</u>						
General government	11,404,652	11,008,340	-	-	11,404,652	11,008,340
Public safety	9,764,539	10,376,259	-	-	9,764,539	10,376,259
Highways and streets	2,913,827	2,856,508	-	-	2,913,827	2,856,508
Sanitation	14,137	24,795	42,282	377,397	56,419	402,192
Health	2,056,985	2,453,678	-	-	2,056,985	2,453,678
Welfare	238,916	504,530	-	-	238,916	504,530
Culture and recreation	132,335	161,783	2,440,561	2,429,240	2,572,896	2,591,023
Education	436,666	247,124	-	-	436,666	247,124
Interest on long-term debt	194,386	776,854	-	-	194,386	776,854
Total expenses	27,156,443	28,409,871	2,482,843	2,806,637	29,639,286	31,216,508
Change in net position	3,234,806	(551,165)	698,950	182,426	3,933,756	(368,739)
Beginning net position, as restated	21,485,667	21,239,794	(260,658)	(443,325)	21,225,009	20,796,469
Ending net position	\$ 24,720,473	\$ 20,688,629	\$ 438,292	\$ (260,899)	\$ 25,158,765	\$ 20,427,730

The beginning net position balances in governmental activities and business-type activities were restated by \$298,262 and \$241, respectively, for a change in accounting principle further disclosed in Note 2. The beginning net position balance in governmental activities was increased by \$498,776 for correction of a misstatement as further disclosed in Note 3.

Management's Discussion and Analysis - Continued

Government-Wide Financial Analysis - Continued

Net position of the governmental activities increased during the year by \$3,234,806. Total revenues increased by \$2,532,543, which is primarily related to an increase in charges for services of \$1,051,059, an increase in operating grants and contributions of \$494,022, an increase in capital grants and contributions of \$346,408, an increase in property taxes of \$602,116, and a decrease in miscellaneous revenue of \$505,495. The decrease in miscellaneous revenues is primarily due to a one-time forgiveness of an IDA loan in 2017 that did not recur in 2018.

Governmental activities expenses decreased from 2017 by a total of \$1,253,428. The expense decrease was primarily from decreases in the following functions:

- Public safety expenses decreased by \$611,720, primarily due to reduced personnel costs in the Jail District and lower PSPRS pension expense.
- Health expenses decreased by \$396,693, primarily due to reduced personnel costs in various Health Department programs and reductions in contracted health services.
- Welfare expenses decreased by \$265,614 due to the County transferring responsibilities for Career Center and food bank services to other providers.
- Interest on long-term debt decreased by \$582,468, primarily due to lower financing costs related to the bond refunding in July 2017.

The above decreases were offset by an increase in general government expenses of \$396,312 and an increase in education expenses of \$189,542.

Business-type activities reported an increase in net position of \$698,950. Revenues increased by \$192,730, primarily resulting from increased County parks charges for services. Expenses decreased by \$323,794, primarily due to decreased landfill expenses.

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, 2018, the County's governmental funds reported combined fund balances of \$7,183,487, an increase of \$2,818,406 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 \$2,297,377. Total General Fund revenue increased \$524,074 from 2017 and is primarily the result of increases in taxes of \$789,793 and intergovernmental revenue of \$133,865, offset by a decrease in miscellaneous revenue of \$358,835. General Fund expenditures decreased by \$467,787, resulting primarily from decreases in general government expenditures of \$291,601, health expenditures of \$132,338 and debt service principal of \$278,466, offset by an increase in capital outlays of \$203,357.

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 2018, the fund experienced an increase in revenues of \$326,706 and an overall decrease of \$56,326 in expenditures due to fewer 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 2018, the Fund's overall revenues increased by \$1,044,358, primarily due to an increased population of federal inmates, while expenditures decreased by \$375,615.

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 2018 of \$49,750 while total interest expense incurred was \$224,330.

Other Governmental funds had an increase in revenues totaling \$404,154, which was due to recognizing the revenues of the Education Services Agency and other increases in grant monies.

The Golf Course Fund, a County enterprise fund, had a decrease in revenues totaling \$21,158 due to a decrease in golf fees earned. This resulted from a decrease in the number of golf players during 2018. Meanwhile, expenses decreased by \$45,514 due to a decrease in various operating costs during the year.

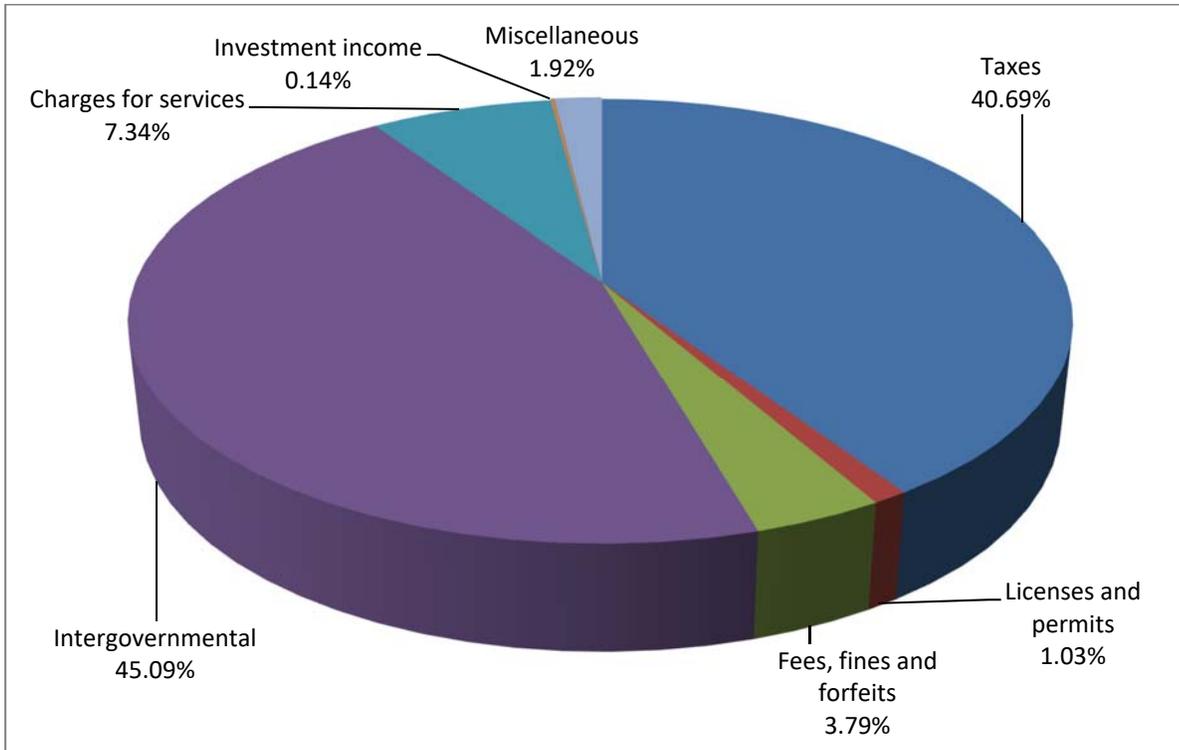
The Parks Fund, also a County enterprise fund, had an increase in revenues totaling \$217,271 while expenses increased by \$56,835. The increase in expenses is primarily from increases in various operating costs during the year.

The County entered into borrowing arrangements between major funds to cover cash shortfalls, primarily the Jail District borrowing \$2.5 million from Other Governmental Funds.

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

Management's Discussion and Analysis - Continued

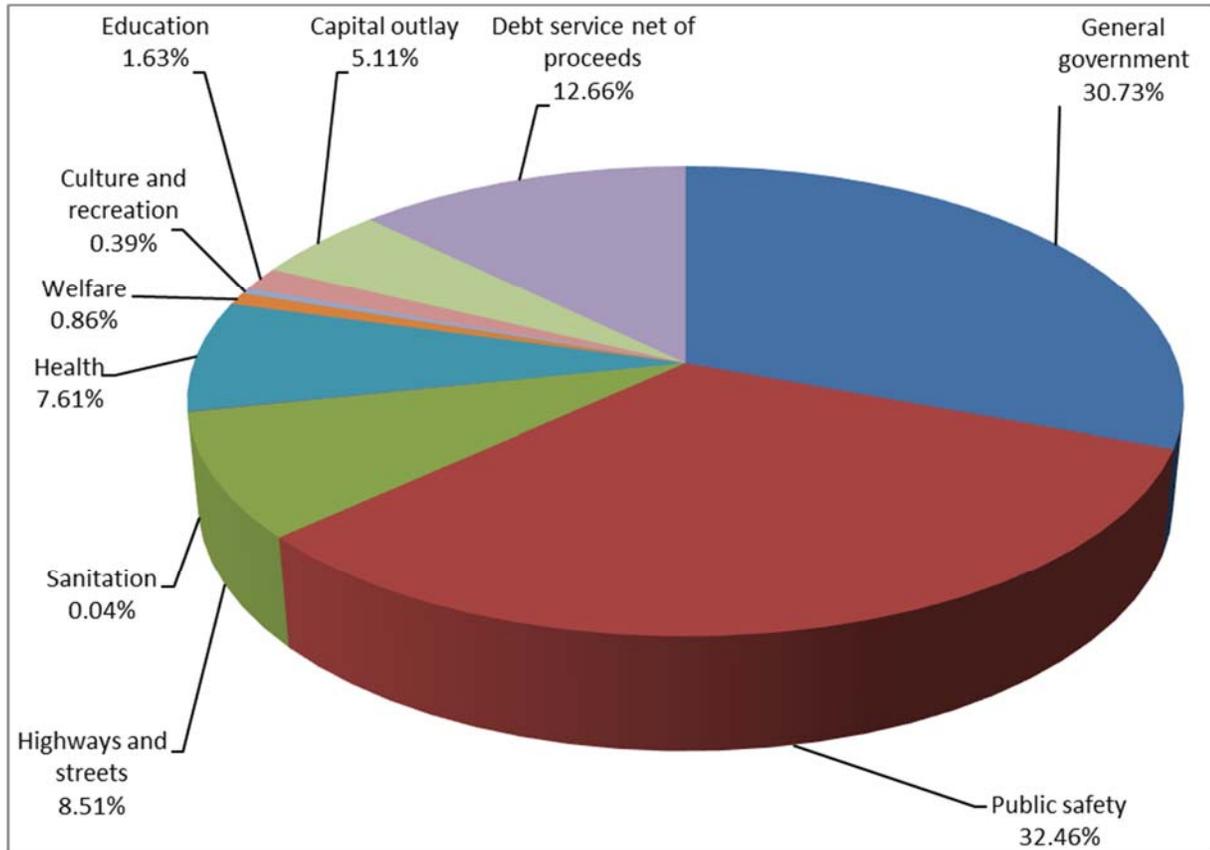
Financial Analysis of the County's Funds - Continued



Management's Discussion and Analysis - Continued

Financial Analysis of the County's Funds – Continued

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



The composition of 2018 County expenditures changed for debt service, which decreased to 12.66% of total expenditures. General government functions increased to 30.73% of total expenditures, public safety expenditures increased to 32.46% of total expenditures and capital outlays increased to 5.11% of total expenditures.

General Fund Budgetary Highlights

General Fund actual expenditures were approximately \$1.7 million greater than the adopted budget and actual revenues were greater than estimated revenues by approximately \$1.3 million.

Tax revenues were greater than the budgeted amount by \$461,368 predominantly due to greater than anticipated real estate taxes, collection of delinquent tax interest and auto lieu tax. Intergovernmental revenues were greater than the budgeted amount by \$1,377,955, primarily due to greater than anticipated revenue sharing of sales tax and state appropriations. Charges for services were less than budget by \$512,107, primarily because landfill tipping fees were budgeted in the General Fund but actual tipping fees were recorded in the Landfill Fund. The County also budgeted fee rate increases that were not realized.

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 \$115,475 below budget due to lower than anticipated personnel costs and reduced operating costs.
- The County Attorney exceeded budget by \$127,133 due to reductions in budgeted expenditures that were not achieved.
- The Board of Supervisors was \$56,635 greater than budget due to higher than anticipated personnel costs and increased operating costs.
- Justice of the Peace #4 and #6 were \$52,958 and \$51,444 above budget, respectively, due to reductions in budgeted expenditures while personnel costs and operating costs remained at prior year levels.
- Court Administration exceeded budget by \$344,265 due to greater than anticipated court appointed conflict counsel costs.
- Contingency was \$154,628 less than anticipated, due to the County not utilizing this line item as much as originally anticipated during the year.
- General administration exceeded budget by \$445,510 due to greater than anticipated consultant and other professional service fees.
- The Public Defender was \$176,406 below budget due to lower than anticipated personnel costs.
- Community Resources was \$60,073 greater than budget, primarily due to higher than anticipated personnel costs.
- Finance exceeded budget by \$31,797, primarily due to unbudgeted acquisition of time clock software.
- Regional Dispatch was \$35,623 greater than budget, primarily due to unplanned capital outlays.
- The Sheriff exceeded budget by \$258,153 due to greater than anticipated personnel and other operating costs.
- Juvenile Probation was \$40,631 below budget due to increases in budgeted expenditures while personnel costs and operating costs remained at prior year levels.
- Indigent Health was \$55,067 greater than budget, primarily due to higher than anticipated payments to the Arizona Health Care Cost Containment System (AHCCCS).
- The County long term care ALTCS exceeded budget by \$526,588 due to greater than anticipated contributions to the Arizona Long-Term Care System.
- Transfers in were less than budgeted due to lower than anticipated transfers of surpluses from various funds.
- Transfers out were less than budgeted due to lower than anticipated transfers made to cover the deficit fund balance in various funds.

Management's Discussion and Analysis - Continued

General Fund Budgetary Highlights - Continued

Budget Modifications

There were no budget modifications during 2018.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets as of June 30, 2018 totaled \$63.5 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 increased 1.4% 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 8 of the notes to the financial statements on pages 42-43 of this report.

Long-Term Liabilities

At June 30, 2018 the County had total long-term liabilities outstanding of \$53.0 million. This amount consists primarily of obligations under capital leases of \$1.4 million, \$11.9 million in bonds payable, \$1.2 million of compensated absences payable and \$38.0 million in net pension and other postemployment benefits liabilities.

Additional information on the County's long-term debt can be found in Note 9 of the notes to the financial statements on pages 44-48 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 has taken into consideration the above economic factors in preparing future years' budgets.

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, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,934,085	\$ 308,559	\$ 5,242,644
Property taxes receivable	244,595	-	244,595
Internal balances	(590,889)	590,889	-
Due from:			
Others	91,638	329,191	420,829
Due from other governments	1,679,553	-	1,679,553
Cash and investments held by trustees	2,727,152	-	2,727,152
Prepaid items	634,828	-	634,828
Net other postemployment benefits asset	357,033	5,013	362,046
Capital assets, not being depreciated	44,671,916	-	44,671,916
Capital assets, being depreciated, net	19,801,550	982,084	20,783,634
Total assets	<u>74,551,461</u>	<u>2,215,736</u>	<u>76,767,197</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions and other postemployment benefits	6,545,602	171,736	6,717,338
Deferred charge on debt refunding	372,495	-	372,495
Total deferred outflows of resources	<u>6,918,097</u>	<u>171,736</u>	<u>7,089,833</u>
Liabilities			
Accounts payable	653,082	50,723	703,805
Accrued liabilities	751,086	52,988	804,074
Interest payable	104,342	-	104,342
Unearned revenue	456,068	-	456,068
Due to:			
Others	123,608	3,834	127,442
Other governments	351,492	-	351,492
Noncurrent liabilities:			
Due within one year	1,737,458	20,728	1,758,186
Due in more than one year	49,742,975	1,547,330	51,290,305
Total liabilities	<u>53,920,111</u>	<u>1,675,603</u>	<u>55,595,714</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions and other postemployment benefits	2,828,974	273,577	3,102,551
Net Position			
Net investment in capital assets	62,205,401	982,084	63,187,485
Restricted for:			
Highways and streets	4,481,778	-	4,481,778
Judicial	1,469,246	-	1,469,246
Public safety	975,366	-	975,366
Health and welfare	861,445	-	861,445
Debt service	2,942,104	-	2,942,104
Other purposes	932,339	-	932,339
Unrestricted (deficit)	(49,147,206)	(543,792)	(49,690,998)
Total net position	<u>\$ 24,720,473</u>	<u>\$ 438,292</u>	<u>\$ 25,158,765</u>

See the accompanying notes to the financial statements.

La Paz County
Statement of Activities
Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary government:							
Governmental activities							
General government	\$ 11,404,652	\$ 1,918,304	\$ 642,962	\$ 182,999	\$ (8,660,387)	\$ -	\$ (8,660,387)
Public safety	9,764,539	1,441,954	1,920,178	-	(6,402,407)	-	(6,402,407)
Highways and streets	2,913,827	-	900,577	4,395,496	2,382,246	-	2,382,246
Sanitation	14,137	-	116,865	-	102,728	-	102,728
Health	2,056,985	110,537	563,774	-	(1,382,674)	-	(1,382,674)
Welfare	238,916	115,970	272,018	-	149,072	-	149,072
Culture and recreation	132,335	-	31,071	-	(101,264)	-	(101,264)
Education	436,666	23,167	158,631	-	(254,868)	-	(254,868)
Interest on long-term debt	194,386	-	-	-	(194,386)	-	(194,386)
Total governmental activities	<u>27,156,443</u>	<u>3,609,932</u>	<u>4,606,076</u>	<u>4,578,495</u>	<u>(14,361,940)</u>	<u>-</u>	<u>(14,361,940)</u>
Business-type activities							
Golf course	1,652,856	1,580,926	-	-	-	(71,930)	(71,930)
Parks	787,705	1,194,372	-	-	-	406,667	406,667
Landfill	42,282	397,550	-	-	-	355,268	355,268
Total business-type activities	<u>2,482,843</u>	<u>3,172,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>690,005</u>	<u>690,005</u>
Total primary government	<u>\$ 29,639,286</u>	<u>\$ 6,782,780</u>	<u>\$ 4,606,076</u>	<u>\$ 4,578,495</u>	<u>(14,361,940)</u>	<u>690,005</u>	<u>(13,671,935)</u>
General revenues:							
Taxes:							
Property taxes levied for general purposes					5,508,152	-	5,508,152
Property taxes levied for special districts					17,417	-	17,417
Excise tax					5,177,631	-	5,177,631
Payments in lieu of taxes					2,022,994	-	2,022,994
Share of state sales taxes					2,332,844	-	2,332,844
Vehicle license tax					721,049	-	721,049
State appropriation					575,750	-	575,750
Contributions not restricted to specific programs					809,665	-	809,665
Investment earnings					41,580	-	41,580
Miscellaneous					389,664	8,945	398,609
Total general revenues					<u>17,596,746</u>	<u>8,945</u>	<u>17,605,691</u>
Changes in net position					3,234,806	698,950	3,933,756
Net position - June 30, 2017, as restated					21,485,667	(260,658)	21,225,009
Net position - June 30, 2018					<u>\$ 24,720,473</u>	<u>\$ 438,292</u>	<u>\$ 25,158,765</u>

See the accompanying notes to the financial statements.

**La Paz County
Balance Sheet
Governmental Funds
June 30, 2018**

	Major Funds					
	General Fund	Road Fund	Jail District Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 670,254	\$ 3,124,743	\$ 48,289	\$ -	\$ 1,090,799	\$ 4,934,085
Cash and investments held by trustees	-	-	-	2,727,152	-	2,727,152
Property tax receivable	242,447	-	-	-	2,148	244,595
Due from:						
Others	91,638	-	-	-	-	91,638
Other governments	312,713	392,397	228,797	214,952	530,694	1,679,553
Other funds	19,770	1,056,463	1,469,353	-	2,544,055	5,089,641
Prepaid items	264,123	117,514	238,905	-	14,286	634,828
Total assets	<u>\$ 1,600,945</u>	<u>\$ 4,691,117</u>	<u>\$ 1,985,344</u>	<u>\$ 2,942,104</u>	<u>\$ 4,181,982</u>	<u>\$ 15,401,492</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable	\$ 360,523	\$ 47,966	\$ 58,392	\$ -	\$ 186,201	\$ 653,082
Accrued liabilities	540,437	42,729	67,258	-	100,662	751,086
Unearned revenue	412,500	-	-	-	43,568	456,068
Due to:						
Others	17,053	1,133	44,608	-	60,814	123,608
Other governments	221,495	-	-	-	129,997	351,492
Other funds	2,146,158	-	2,660,314	-	874,058	5,680,530
Total liabilities	<u>3,698,166</u>	<u>91,828</u>	<u>2,830,572</u>	<u>-</u>	<u>1,395,300</u>	<u>8,015,866</u>
Deferred inflows of resources:						
Unavailable revenues:						
Property taxes	200,156	-	-	-	1,983	202,139
Total deferred inflows of resources	<u>200,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,983</u>	<u>202,139</u>
Fund balances:						
Nonspendable:						
Prepaid items	264,123	117,514	238,905	-	14,286	634,828
Restricted	-	4,481,775	-	2,942,104	4,238,399	11,662,278
Committed	-	-	-	-	682,637	682,637
Unassigned (deficit)	(2,561,500)	-	(1,084,133)	-	(2,150,623)	(5,796,256)
Total fund balances	<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>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,600,945</u>	<u>\$ 4,691,117</u>	<u>\$ 1,985,344</u>	<u>\$ 2,942,104</u>	<u>\$ 4,181,982</u>	<u>\$ 15,401,492</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, 2018

Fund balances—total governmental funds	\$	7,183,487
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$125,108,274 and the accumulated depreciation is \$60,634,808.</p>		64,473,466
Net other postemployment benefits asset is not reported in the governmental funds		357,033
<p>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.</p>		202,139
<p>Interest payable on long-term debt is not reported in the governmental funds because it is not due and payable until after year-end.</p>		(104,342)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>		
Notes payable	\$ (595,000)	
Obligations under capital leases	(1,400,064)	
Compensated absences payable	(1,002,203)	
Net pension/OPEB liability	(36,543,541)	
Bonds payable	<u>(11,939,625)</u>	(51,480,433)
<p>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.</p>		
Deferred outflows of resources related to pensions/OPEB	6,545,602	
Deferred inflows of resources related to pensions/OPEB	(2,828,974)	
Deferred outflows for bond refunding	<u>372,495</u>	<u>4,089,123</u>
Net position of governmental activities	\$	<u><u>24,720,473</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, 2018

	Major Funds					Total Governmental Funds
	General Fund	Road Fund	Jail District Fund	Debt Service Fund	Other Governmental Funds	
Revenues:						
Taxes	\$ 7,605,386	\$ 560,272	\$ 1,290,453	\$ 2,596,628	\$ 17,417	\$ 12,070,156
Licenses and permits	306,618	-	-	-	-	306,618
Fees, fines and forfeits	1,112,877	-	-	-	12,824	1,125,701
Intergovernmental	5,070,955	4,709,831	-	-	3,594,603	13,375,389
Charges for services	165,993	-	1,332,722	-	678,897	2,177,612
Investment income	893	17,946	-	-	22,741	41,580
Miscellaneous	333,713	57,194	-	-	179,265	570,172
Total revenues	<u>14,596,435</u>	<u>5,345,243</u>	<u>2,623,175</u>	<u>2,596,628</u>	<u>4,505,747</u>	<u>29,667,228</u>
Expenditures:						
Current:						
General government	7,493,107	-	-	-	735,523	8,228,630
Public safety	4,076,001	-	2,790,541	-	1,847,233	8,713,775
Highways and streets	-	2,306,193	-	-	-	2,306,193
Sanitation	-	-	-	-	11,610	11,610
Health	1,040,942	-	-	-	1,002,494	2,043,436
Welfare	154,170	-	-	-	76,165	230,335
Culture and recreation	-	-	-	-	105,090	105,090
Education	226,705	-	-	-	209,960	436,665
Capital outlay	203,357	794,514	-	-	375,312	1,373,183
Debt service:						
Principal	329,890	-	212,364	2,490,000	47,443	3,079,697
Interest and other fiscal charges	36,000	-	40,161	224,330	19,717	320,208
Total expenditures	<u>13,560,172</u>	<u>3,100,707</u>	<u>3,043,066</u>	<u>2,714,330</u>	<u>4,430,547</u>	<u>26,848,822</u>
Excess (deficiency) of revenues over expenditures	1,036,263	2,244,536	(419,891)	(117,702)	75,200	2,818,406
Other financing sources (uses):						
Transfers in	-	-	720,000	-	897,985	1,617,985
Transfers out	<u>(1,617,985)</u>	-	-	-	-	<u>(1,617,985)</u>
Total other financing sources (uses)	<u>(1,617,985)</u>	-	<u>720,000</u>	-	<u>897,985</u>	-
Net change in fund balances	(581,722)	2,244,536	300,109	(117,702)	973,185	2,818,406
Fund balances (deficit), July 1, 2017, as restated	<u>(1,715,655)</u>	<u>2,354,753</u>	<u>(1,145,337)</u>	<u>3,059,806</u>	<u>1,811,514</u>	<u>4,365,081</u>
Fund balances (deficit), June 30, 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>

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, 2018

Net change in fund balances - total governmental funds		\$ 2,818,406
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	\$ 1,373,182	
Depreciation expense	<u>(1,422,977)</u>	(49,795)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		724,021
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	205,000	
Bonds payable	2,624,443	
Obligations under capital leases	<u>250,254</u>	3,079,697
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	1,882,665	
Pension/OPEB expense	<u>(5,553,086)</u>	(3,670,421)
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>96,345</u>	96,345
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 compensated absences	(137,415)	
Decrease in claims and judgements (PSPRS and EORP refunds)	344,491	
Net decrease in interest accrued on debt obligations	<u>29,477</u>	<u>236,553</u>
Change in net position of governmental activities		<u><u>\$ 3,234,806</u></u>

See the accompanying notes to the financial statements.

La Paz County
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Golf Course Fund	Parks Fund	Landfill Fund	
Assets				
Current assets:				
Cash and cash equivalents	\$ 248,376	\$ 60,183	\$ -	\$ 308,559
Due from others	-	113,213	215,978	329,191
Due from other funds	415,261	66,928	162,826	645,015
Noncurrent assets:				
Net other postemployment benefits asset	3,477	1,536	-	5,013
Capital assets, net of accumulated depreciation	539,114	442,970	-	982,084
Total assets	<u>1,206,228</u>	<u>684,830</u>	<u>378,804</u>	<u>2,269,862</u>
Deferred Outflows				
Deferred outflows related to pensions and other postemployment benefits	<u>119,117</u>	<u>52,619</u>	<u>-</u>	<u>171,736</u>
Liabilities				
Current liabilities:				
Accounts payable	28,816	21,907	-	50,723
Accrued payroll and employee benefits	36,779	16,209	-	52,988
Due to others	42	3,792	-	3,834
Due to other funds	43,667	10,459	-	54,126
Compensated absences payable, current portion	17,097	3,631	-	20,728
Total current liabilities	<u>126,401</u>	<u>55,998</u>	<u>-</u>	<u>182,399</u>
Noncurrent liabilities:				
Compensated absences payable, net of current portion	105,021	22,305	-	127,326
Net pension and other postemployment benefits liability	984,931	435,073	-	1,420,004
Total liabilities	<u>1,216,353</u>	<u>513,376</u>	<u>-</u>	<u>1,729,729</u>
Deferred Inflows				
Deferred inflows related to pensions and other postemployment benefits	<u>189,756</u>	<u>83,821</u>	<u>-</u>	<u>273,577</u>
Net Position				
Net investment in capital assets	539,114	442,970	-	982,084
Unrestricted (deficit)	<u>(619,878)</u>	<u>(302,718)</u>	<u>378,804</u>	<u>(543,792)</u>
Total net position	<u>\$ (80,764)</u>	<u>\$ 140,252</u>	<u>\$ 378,804</u>	<u>\$ 438,292</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, 2018

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Golf Course Fund	Parks Fund	Landfill Fund	
Operating revenues:				
Fees	\$ 1,580,926	\$ 1,194,372	\$ 397,550	\$ 3,172,848
Miscellaneous	-	8,945	-	8,945
Total operating revenues	<u>1,580,926</u>	<u>1,203,317</u>	<u>397,550</u>	<u>3,181,793</u>
Operating expenses:				
Personnel services	892,939	362,975	-	1,255,914
Professional services	99,434	1,743	42,282	143,459
Supplies	150,302	86,740	-	237,042
Communications	6,996	6,810	-	13,806
Utilities	84,617	233,163	-	317,780
Repairs and maintenance	207,839	41,055	-	248,894
Depreciation	133,127	40,172	-	173,299
Other	77,602	15,047	-	92,649
Total operating expenses	<u>1,652,856</u>	<u>787,705</u>	<u>42,282</u>	<u>2,482,843</u>
Operating income (loss)	<u>(71,930)</u>	<u>415,612</u>	<u>355,268</u>	<u>698,950</u>
(Decrease) increase in net position	(71,930)	415,612	355,268	698,950
Net position, July 1, 2017, as restated	<u>(8,834)</u>	<u>(275,360)</u>	<u>23,536</u>	<u>(260,658)</u>
Net position, June 30, 2018	<u>\$ (80,764)</u>	<u>\$ 140,252</u>	<u>\$ 378,804</u>	<u>\$ 438,292</u>

See the accompanying notes to the financial statements.

La Paz County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	Golf Course Fund	Parks Fund	Landfill Fund	
Cash flows from operating activities:				
Receipts from customers	\$ 1,580,922	\$ 1,090,104	\$ 181,572	\$ 2,852,598
Payments to suppliers and providers of goods and services	(590,616)	(361,907)	(42,282)	(994,805)
Payments for employee wages and benefits	(780,523)	(354,174)	-	(1,134,697)
Net cash provided by operating activities	<u>209,783</u>	<u>374,023</u>	<u>139,290</u>	<u>723,096</u>
Cash flows from noncapital financing activities:				
Cash borrowed from other funds	43,667	10,459	-	54,126
Cash loaned to other funds	(415,261)	(66,928)	(139,290)	(621,479)
Cash repaid from (to) other funds	178,422	(178,422)	-	-
Net cash provided by (used for) noncapital financing activities	<u>(193,172)</u>	<u>(234,891)</u>	<u>(139,290)</u>	<u>(567,353)</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(202,215)	(78,949)	-	(281,164)
Net cash used for capital and related financing activities	<u>(202,215)</u>	<u>(78,949)</u>	<u>-</u>	<u>(281,164)</u>
Net increase in cash and cash equivalents	(185,604)	60,183	-	(125,421)
Cash and cash equivalents, July 1, 2017	433,980	-	-	433,980
Cash and cash equivalents, June 30, 2018	<u>\$ 248,376</u>	<u>\$ 60,183</u>	<u>\$ -</u>	<u>\$ 308,559</u>

See the accompanying notes to the financial statements.

La Paz County
Statement of Cash Flows - Continued
Proprietary Fund
Year Ended June 30, 2018

	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 operating activities:				
Operating income (loss)	\$ (71,930)	\$ 415,612	\$ 355,268	\$ 698,950
<i>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</i>				
Depreciation	133,127	40,172	-	173,299
Changes in assets, deferred outflows and inflows of resources and liabilities:				
Decrease (increase) in:				
Prepaid items	7,543	-	-	7,543
Due from others	-	(113,213)	(215,978)	(329,191)
Increase (decrease) in:				
Accounts payable	28,631	19,410	-	48,041
Accrued payroll and employee benefits	19,543	7,214	-	26,757
Due to others	(4)	3,241	-	3,237
Net pension and other postemployment benefits liability	(48,146)	(77,591)	-	(125,737)
Deferred outflows of resources related to pensions and other postemployment benefits	79,310	45,695	-	125,005
Deferred inflows of resources related to pensions and other postemployment benefits	62,891	20,813	-	83,704
Compensated absences payable	(1,182)	12,670	-	11,488
Net cash provided by operating activities	<u>\$ 209,783</u>	<u>\$ 374,023</u>	<u>\$ 139,290</u>	<u>\$ 723,096</u>

See the accompanying notes to the financial statements.

La Paz County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Investment Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 15,121,873	\$ 1,802,410
Total assets	\$ 15,121,873	\$ 1,802,410
Liabilities		
Due to other governments	-	\$ 1,802,410
Total liabilities	-	\$ 1,802,410
Net Position		
Held in trust for investment trust participants	\$ 15,121,873	

See the accompanying notes to the financial statements.

La Paz County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2018

	Investment Trust Fund
Additions:	
Contributions from participants	\$ 52,425,402
Total additions	52,425,402
Deductions:	
Distributions to participants	52,272,373
Total deductions	52,272,373
Change in net position	153,029
Net position, July 1, 2017, as restated	14,968,844
Net position, June 30, 2018	\$ 15,121,873

See the accompanying notes to the financial statements.

Notes to the Financial Statements

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).

For the year ended June 30, 2018, the County implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*. GASB Statement No. 75 established standards for measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to other postemployment benefits (OPEB) provided through defined benefit OPEB plans. In addition, Statement No. 75 requires disclosure of information related to OPEB.

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.

Notes to the Financial Statements – Continued

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

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

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.

Notes to the Financial Statements – Continued

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

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.

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.

Notes to the Financial Statements – Continued

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

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.

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.

Notes to the Financial Statements – Continued

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

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.

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.

Notes to the Financial Statements – Continued

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

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, 2018, 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.

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.

Notes to the Financial Statements – Continued

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

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.

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.

Notes to the Financial Statements – Continued

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

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.

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.

Notes to the Financial Statements – Continued

Note 2 - Change in Accounting Principle

Net position in the Governmental Activities, Business-type Activities and Enterprise Funds as of July 1, 2017, has been restated as follows for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, as amended by GASB Statement No. 85, *Omnibus 2017*.

	Governmental <u>activities</u>	Business-type <u>activities</u>	Enterprise <u>Funds</u>
Net position as previously reported at June 30, 2017	\$ 20,688,629	\$ (260,899)	\$ (260,899)
Prior period adjustment - implementation of GASB 75:			
Net OPEB asset (measurement date as of June 30, 2016)	318,687	-	-
Net OPEB liability (measurement date as of June 30, 2016)	71,964	5,965	5,965
Deferred outflows - County contributions made during fiscal year 2017	51,539	6,206	6,206
Total prior period adjustment	<u>298,262</u>	<u>241</u>	<u>241</u>
Net position as restated, July 1, 2017	<u>\$ 20,986,891</u>	<u>\$ (260,658)</u>	<u>\$ (260,658)</u>

Note 3 – Correction of an Error

Subsequent to issuance of the audited financial statements for the year ended June 30, 2017, it was determined that the Education Services Agency cash and investment balance should have been included in the County financial statements under Governmental Activities instead of Fiduciary Funds. The effect was that the County understated cash and investments in the amount of \$498,776 in Governmental Activities and overstated cash and investments in the amount of \$498,776 in Fiduciary Funds.

	Governmental Activities <u>Net Position</u>	Other Governmental Funds <u>Fund Balance</u>	Fiduciary Funds <u>Net Position</u>
Beginning net position, as restated for the implementaiton of GASB No. 75	\$ 20,986,891	\$ 1,312,738	\$ 15,467,620
Understatement of cash	<u>498,776</u>	<u>498,776</u>	<u>(498,776)</u>
Beginning net position, as restated	<u>\$ 21,485,667</u>	<u>\$ 1,811,514</u>	<u>\$ 14,968,844</u>

The effect of the restatement on the prior year's change in net position/fund balance was an increase of \$90,327 in Governmental Activities and Other Governmental Funds and a decrease of \$90,327 in Fiduciary Funds.

Notes to the Financial Statements

Note 4 - Stewardship, Compliance, and Accountability

Twenty-one (21) 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, 2018, the following governmental funds reported deficit fund balances exceeding \$50,000:

Fund	Deficit
Governmental funds:	
General Fund	\$ 2,297,377
Jail District Fund	845,228
Emergency Services	177,292
Workforce Investment	159,783
Boat Patrol - AZ GFD	141,296
Drug, Gang, Violent Crime Grant – Task Force	131,833
Highway Safety Grant	124,412
ADEM HMGP	120,319
HIDTA Grant	112,246
Statewide Fiscal Stabilization Funds	97,597
AZ Game & Fish Boating Grant	70,606
Buckskin Sanitary District Debt Service	67,159
Arizona Antitheft Vehicle Authority	64,719
Drug, Gang, Violent Crime Grant – County Attorney	58,513
Adult Education - Ella/Civics - Federal	56,659
Parker Library	55,467
Anti-Meth Initiative	55,096
Animal Control	54,004
Juvenile Division Fund Intake	52,299
Local JCEF Grant - 0715-J002	52,087

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 \$80,764. This deficit will be eliminated by future transfers from the Parks Fund.

Notes to the Financial Statements – Continued

Note 5 - Fund Balance Classifications of the Governmental Funds

The fund balance categories and classifications for governmental funds as of June 30, 2018, were as follows:

	Major Funds					Total
	General Fund	Road Fund	Jail District Fund	Debt Service Fund	Other Governmental Funds	
Fund balances:						
Nonspendable	\$ 264,123	\$ 117,514	\$ 238,905	\$ -	\$ 14,286	\$ 634,828
Restricted for:						
Education	-	-	-	-	532,395	532,395
Health	-	-	-	-	507,543	507,543
Highways and streets	-	4,481,775	-	-	3	4,481,778
Judicial	-	-	-	-	1,469,246	1,469,246
Public safety	-	-	-	-	975,366	975,366
Transit	-	-	-	-	179,075	179,075
Water and sanitation	-	-	-	-	153,732	153,732
Welfare	-	-	-	-	353,902	353,902
Debt service	-	-	-	2,942,104	-	2,942,104
Other purposes	-	-	-	-	67,137	67,137
Total restricted	-	4,481,775	-	2,942,104	4,238,399	11,662,278
Committed to:						
Judicial	-	-	-	-	635,115	635,115
Other	-	-	-	-	47,522	47,522
Total committed	-	-	-	-	682,637	682,637
Unassigned	(2,561,500)	-	(1,084,133)	-	(2,150,623)	(5,796,256)
Total fund balances	\$(2,297,377)	\$4,599,289	\$ (845,228)	\$2,942,104	\$ 2,784,699	\$7,183,487

Notes to Financial Statements - Continued

Note 6 - 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, 2018, the carrying amount of the County's total cash in the bank was \$12,200,260 and the bank balance was \$13,932,301. All County deposits are collateralized by the amount not covered by depository insurance.

Notes to Financial Statements - Continued

Note 6 - Deposits and Investments - Continued

Investments - The County's investments at June 30, 2018, categorized within the fair value hierarchy established by generally accepted accounting principles, were 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	\$ 9,706,181	\$ 9,706,181	\$ -	\$ -
U.S. Government money market funds	<u>2,727,152</u>	<u>2,727,152</u>	-	-
Total investments	<u>\$ 12,433,333</u>	<u>\$ 12,433,333</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	Moody's	\$ 9,706,181
U.S. Government money market funds	Aaa	Moody's	<u>2,727,152</u>
			<u>\$ 12,433,333</u>

Interest rate risk - The County does not have a formal policy regarding interest rate risk. At June 30, 2018, 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	\$ 9,706,181	\$ 697,949	\$ 9,008,232
U.S. Government money market	<u>2,727,152</u>	<u>2,727,152</u>	-
	<u>\$ 12,433,333</u>	<u>\$ 3,425,101</u>	<u>\$ 9,008,232</u>

Notes to Financial Statements - Continued

Note 6 - 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	\$ 253,881	\$ 6,605	\$ 260,486
Carrying amount of deposits	11,005,223	1,195,037	12,200,260
Reported amount of investments	9,706,181	2,727,152	12,433,333
Total	\$ 20,965,285	\$ 3,928,794	\$ 24,894,079

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	\$ 4,934,085	\$ 308,559	\$ 15,121,873	\$1,802,410	\$ 22,166,927
Cash and investments held by trustee	2,727,152	-	-	-	2,727,152
	\$ 7,661,237	\$ 308,559	\$ 15,121,873	\$1,802,410	\$ 24,894,079

Note 7 - Condensed Financial Statements of County Treasurer's Investment Pool

A.R.S. requires 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 Financial Statements - Continued

Note 7 - Condensed Financial Statements of County Treasurer's Investment Pool - Continued

Deposits and investments of the County's primary government are included in the County Treasurer's investment pool, except for \$6,605 of cash on hand, \$1,195,037 of deposits held in bank and \$2,727,152 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 6 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	\$ 9,780,380	.60% to 1.60%	1 - 5 years	\$ 9,706,181
Cash on Hand				253,881
Deposits	N/A	N/A	N/A	<u>11,005,223</u>
				<u>\$ 20,965,285</u>

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

Statement of Net Position	
Assets	\$ 20,965,285
Net position	<u>\$ 20,965,285</u>
Net position held in trust for:	
Internal participants	\$ 5,843,412
External participants	<u>15,121,873</u>
Total net position held in trust	<u>\$ 20,965,285</u>
Statement of Changes in Net Position	
Total additions	\$ 87,065,607
Total deductions	<u>(84,059,333)</u>
Net increase	3,006,274
Net position held in trust:	
July 1, 2017	<u>17,959,011</u>
June 30, 2018	<u>\$ 20,965,285</u>

Notes to Financial Statements - Continued

Note 8 - Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Primary Government			June 30, 2018
	June 30, 2017	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	1,070,479	357,594	-	1,428,073
Total capital assets, not being depreciated	44,314,322	357,594	-	44,671,916
<i>Capital assets being depreciated:</i>				
Land improvements	25,271	-	-	25,271
Building and improvements	16,254,713	-	-	16,254,713
Machinery and equipment Improvements	14,434,073	512,741	-	14,946,814
other than buildings	-	-	-	-
198,548	17,475	-	-	216,023
Infrastructure	48,508,165	485,372	-	48,993,537
Total capital assets being depreciated	79,420,770	1,015,588	-	80,436,358
Total	123,735,092	1,373,182	-	125,108,274
<i>Less accumulated depreciation for:</i>				
Land improvements	21,045	575	-	21,620
Buildings and improvements Improvements	7,205,160	459,573	-	7,664,733
other than buildings	163,981	4,354	-	168,335
Machinery and equipment	13,127,368	524,327	-	13,651,695
Infrastructure	38,694,277	434,148	-	39,128,425
Total	59,211,831	1,422,977	-	60,634,808
Total capital assets being depreciated, net	20,208,939	(407,389)	-	19,801,550
Governmental activities capital assets, net	\$ 64,523,261	\$ (49,795)	\$ -	\$ 64,473,466

Notes to Financial Statements - Continued

Note 8 - Capital Assets – Continued

	Primary Government			Balance June 30, 2018
	Balance June 30, 2017	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	536,004	9,985	-	545,989
Machinery and equipment	1,286,296	271,179	-	1,557,475
Total	<u>5,455,605</u>	<u>281,164</u>	<u>-</u>	<u>5,736,769</u>
<i>Less accumulated depreciation for:</i>				
Golf course and improvements	2,606,603	95,636	-	2,702,239
Land improvements	14,824	638	-	15,462
Buildings and improvements	409,716	22,588	-	432,304
Improvements other than buildings	358,929	16,027	-	374,956
Machinery and equipment	1,191,315	38,409	-	1,229,724
Total	<u>4,581,387</u>	<u>173,298</u>	<u>-</u>	<u>4,754,685</u>
Business-type activities capital assets, net	<u>\$ 874,218</u>	<u>\$ 107,866</u>	<u>\$ -</u>	<u>\$ 982,084</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 273,993
Public safety	467,257
Highways and streets	629,825
Welfare	8,581
Health	13,549
Culture and recreation	27,245
Sanitation	2,527
Total governmental activities depreciation expense	<u>\$ 1,422,977</u>
Business-type activities:	
Culture and recreation – Golf Course	\$ 133,127
Culture and recreation – Parks	40,172
Sanitation – Landfill	-
Total business-type activities depreciation expense	<u>\$ 173,299</u>

Notes to Financial Statements - Continued

Note 9 - Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2018:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due within</u> <u>1 year</u>
Governmental activities					
Notes payable	\$ 800,000	\$ -	\$ 205,000	\$ 595,000	\$ -
Bonds payable	14,564,068	-	2,624,443	11,939,625	1,590,000
Obligations under capital leases	1,650,318	-	250,254	1,400,064	47,239
Compensated absences payable	864,788	1,002,203	864,788	1,002,203	100,219
Net pension and other postemployment benefits liability	<u>35,444,100</u>	<u>36,543,541</u>	<u>35,444,100</u>	<u>36,543,541</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 53,323,274</u>	<u>\$ 37,545,744</u>	<u>\$ 39,388,585</u>	<u>\$ 51,480,433</u>	<u>\$ 1,737,458</u>
Business-type activities					
Compensated absences payable	\$ 136,567	\$ 148,054	\$ 136,567	\$ 148,054	\$ 20,728
Net pension and other postemployment benefits liability	<u>1,540,728</u>	<u>1,420,004</u>	<u>1,540,728</u>	<u>1,420,004</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 1,677,295</u>	<u>\$ 1,568,058</u>	<u>\$ 1,677,295</u>	<u>\$ 1,568,058</u>	<u>\$ 20,728</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 Financial Statements - Continued

Note 9 - Long-Term Liabilities - Continued

The following schedule details debt service requirements to maturity for the County's capital leases payable at June 30, 2018:

Year Ending June 30,	Governmental Activities
2019	\$ 74,023
2020	287,022
2021	274,891
2022	273,800
2023	272,577
2024-2028	147,165
2029-2033	147,165
2034	126,085
Total minimum lease payments	1,602,728
Less amount representing interest	202,663
Present value of net minimum lease payments	\$ 1,400,065

The assets acquired through capital leases are as follows:

	Governmental Activities
Jail facility	\$ 2,051,038
Infrastructure	489,121
Machinery and equipment	264,882
Less: accumulated depreciation	974,881
Carrying value	\$ 1,830,160

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 2018 totaled \$234,606 while voter approved excise taxes and maintenance of effort revenues were \$1,290,453 and \$720,000, respectively. Annual principal and interest payments on the lease are expected to require 21% of total pledged revenue.

Notes to Financial Statements - Continued

Note 9 - Long-Term Liabilities – Continued

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
2019	\$ -	\$ 11,095
2020	210,000	18,375
2021	220,000	10,580
2022	165,000	3,300
Total	<u>\$ 595,000</u>	<u>\$ 43,350</u>

Notes to Financial Statements - Continued

Note 9 - 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%	\$ 11,270,000
Excise Tax Revenue Sheriff Patrol Vehicles Financing (Tax Exempt)	\$ 530,000	2016- 2021	2.20%	273,000
Excise Tax Revenue Buckskin Sanitary District Utility Project (Taxable)	\$ 489,494	2017- 2025	4.44%	396,625
				<u>\$ 11,939,625</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 2018, \$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, 2018:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,590,000	\$ 210,948
2020	1,748,550	200,270
2021	1,772,750	172,948
2022	1,802,048	142,283
2023	1,736,447	109,200
2024-2026	3,289,830	117,260
Total	<u>\$ 11,939,625</u>	<u>\$ 952,909</u>

Notes to Financial Statements - Continued

Note 9 - 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 2018, the County Treasurer had no draws or repayments and there was no outstanding balance at June 30, 2018. 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 2018, 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 10 - 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 Financial Statements - Continued

Note 10 - 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 11 – 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, 2018, 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	\$ 357,033	\$ 5,013	\$ 362,046
Net pension and OPEB liability	36,543,541	1,420,004	37,963,545
Deferred outflows of resources related to pensions and OPEB	6,545,602	171,736	6,717,338
Deferred inflows of resources related to pensions and OPEB	2,828,974	273,577	3,102,551
Pension and OPEB expense	5,553,086	(13,877)	5,539,209

Notes to Financial Statements - Continued

Note 11 – Pensions and Other Postemployment Benefits – Continued

The County’s accrued payroll and employee benefits includes \$60,835 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2018. Also, the County reported \$1,882,665 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 Financial Statements - Continued

Note 11 - 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 \$150 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, 2018, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.5 percent (11.34 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 11.5 percent (10.9 percent retirement, .44 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, 2018 were \$737,284, \$29,762, and \$10,807, respectively.

During fiscal year 2018, the County paid for ASRS pension and OPEB contributions as follows: 54.3 percent from the General Fund, 27.1 percent from major funds, and 18.7 percent from other funds.

Notes to Financial Statements - Continued

Note 11 - Pensions and Other Postemployment Benefits – Continued

Pension Liability – At June 30, 2018, the County reported following asset and liability for its proportionate share of ASRS’ net pension/OPEB asset or liability.

ASRS	Net pension/OPEB (asset) liability
Pension	\$ 12,686,765
Health insurance premium benefit	(44,886)
Long-term disability	29,614

The net asset and net liabilities were measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017. The total pension liability as of June 30, 2017, reflects a change in actuarial assumption related to changes in loads for future potential permanent benefit increases.

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, 2017. The County’s proportions measured as of June 30, 2017, and the change from its proportions measured as of June 30, 2016, were:

ASRS	Proportion June 30, 2017	Increase (decrease) from June 30, 2016
Pension	0.08144%	-0.01462
Health insurance premium benefit	0.08245%	0.0
Long-term disability	0.08170%	0.0

The net asset and net liabilities measured as of June 30, 2018, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the County’s net asset and net liabilities as a result of these changes is not known.

Expense – For the year ended June 30, 2018, the County recognized the following pension and OPEB expense.

Expense	Pension/OPEB expenses
Pension	\$ (166,450)
Health insurance premium benefit	26,253
Long-term disability	15,800

Notes to Financial Statements - Continued

Note 11 - Pensions and Other Postemployment Benefits – Continued

Deferred Outflows / Inflows of Resources – At June 30, 2018, 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	\$ -	\$ 380,419	\$ -	\$ -	\$ -	\$ -
Changes of assumptions or other inputs	551,015	379,358	-	-	-	-
Net difference between projected and actual earnings on plan investments	91,082	-	-	50,540	-	4,430
Changes in proportion and differences between contributions and proportionate share of contributions	117,913	1,635,128	-	53	-	5
County contributions subsequent to the measurement date	737,285	-	29,762	-	10,807	-
Total	<u>\$ 1,497,295</u>	<u>\$ 2,394,905</u>	<u>\$ 29,762</u>	<u>\$ 50,593</u>	<u>\$ 10,807</u>	<u>\$ 4,435</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, 2019. 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>
2019	\$ (1,152,366)	\$ (12,647)	\$ (1,108)
2020	(197,506)	(12,647)	(1,108)
2021	6,812	(12,647)	(1,108)
2022	(291,833)	(12,647)	(1,108)
2023	-	(5)	(1)
Thereafter	-	-	-

Notes to Financial Statements - Continued

Note 11 - 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, 2016
Actuarial roll forward date	June 30, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3-6.75% for pensions/not applicable for OPEB
Inflation	3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	1994 GAM Scale BB
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS plan investments was determined to be 8.7 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 arithmetic 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 Arithmetic Real Rate of Return</u>
Equity	58%	6.73%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Multi-asset	5%	3.41%
Commodities	2%	3.84%
Total	<u>100%</u>	

Notes to Financial Statements - Continued

Note 11 - Pensions and Other Postemployment Benefits – Continued

Discount Rate – The discount rate used to measure the ASRS total pension/OPEB liability was 8 percent, which is less than the long-term expected rate of return of 8.7 percent. 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 8 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 (7 percent) or 1 percentage point higher (9 percent) than the current rate.

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
The County’s proportionate share of the net pension liability	\$ 16,283,683	\$ 12,686,765	\$ 9,681,231
Net insurance premium benefit liability (asset)	74,542	(44,886)	(146,379)
Net long-term disability liability	35,411	29,614	24,699

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

Notes to Financial Statements - Continued

Note 11 - Pensions and Other Postemployment Benefits – Continued

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

Plan Description – County sheriff employees and county attorney investigators who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and agent 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.

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP). 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), 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). 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 Financial Statements - Continued

Note 11 - Pensions and Other Postemployment Benefits – Continued

PSPRS	Initial membership date:	
	<u>Before January 1, 2012</u>	<u>On or after January 1, 2012 and before July 1, 2017</u>
<u>Retirement and Disability</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 Financial Statements - Continued

Note 11 - Pensions and Other Postemployment Benefits – Continued

CORP

Initial membership date:

	<u>Before January 1, 2012</u>	<u>On or after January 1, 2012</u>
<u>Retirement and Disability</u>		
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years, any age 10 years, age 62	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	
<u>Survivor Benefit</u>		
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. The adjustments are based on inflation for PSPRS and excess investment earnings for CORP. In addition, the Legislature may enact permanent one-time benefit increase after a Joint Legislative Budget Committee analysis of the increase's effects on the plan. 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 \$150 per month to \$260 per month depending on the age of the member and dependents

Employees covered by benefit terms - At June 30, 2018, the following employees were covered by the agent pension plan's benefit terms:

Notes to Financial Statements - Continued

Note 11 - 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	26	26	1	1	-	-
Inactive employees entitled to but not yet receiving benefits	5	-	-	-	4	-
Active employees	29	29	-	-	23	23
Total	60	55	1	1	27	23

Contributions and annual OPEB costs - 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, 2018 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%	64.01%	0.00%
PSPRS Attorney Investigators	7.65% - 11.65%	8.00%	0.00%
CORP Detention	8.41%	10.64%	1.17%
CORP AOC	8.41%	22.51%	0.83%

The County's contributions to the plan for the year ended June 30, 2018, were:

	Pension	Health insurance premium benefit
PSPRS Sheriff	\$ 744,653	\$ -
PSPRS Attorney Investigators	17,626	28
PSPRS Tier 3 Risk Pool	0	-
CORP Detention	114,742	12,617
CORP AOC	65,377	2,605

During fiscal year 2018, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 63.2 percent from the General Fund, 15.7 percent from major funds, and 21.1 percent from other funds.

Notes to Financial Statements - Continued

Note 11 - Pensions and Other Postemployment Benefits – Continued

Pension Liability – At June 30, 2018, the County reported the following assets and liabilities:

	Net pension liability	Net OPEB (asset) liability
PSPRS Sheriff	\$ 11,997,449	\$ (175,836)
PSPRS Attorney Investigators	336,862	766
CORP Detention	516,207	67,729
CORP AOC (County’s proportionate share)	966,450	14,231

The net asset and net liabilities were measured as of June 30, 2017, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2017, reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the investment rate of return from 7.5 percent to 7.4 percent, decreasing the wage inflation from 4 percent to 3.5 percent, and updating mortality, withdrawal, disability, and retirement assumptions. The total pension liabilities for CORP and CORP AOC also reflect changes of benefit terms for a court decision that increased cost-of-living adjustments for retirees who became members before July 20, 2011. The total pension liabilities for PSPRS also reflect changes of benefit terms for legislation that changed benefit eligibility and multipliers for employees who became members on or after January 1, 2012, and before July 1, 2017, and a court decision that decreased the contribution rates for employees who became members before July 20, 2011. The court decision will also affect the PSPRS net pension liabilities measured as of June 30, 2018, because of refunds of excess member contributions. The change in the County’s PSPRS net pension liabilities as a result of the refunds is not known.

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, 2017
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 tables using MP-2016 improvement scale with adjustments to match current experience
Healthcare cost trend rate	Not applicable

Notes to Financial Statements - Continued

Note 11 - Pensions and Other Postemployment Benefits – Continued

Actuarial assumptions used in the June 30, 2017 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%
Absolute return	2%	3.75%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTAA	10%	3.96%
Private credit	12%	6.75%
Real estate	10%	3.75%
Credit opportunities	16%	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%	4.35%	7.4%	7.4%
Change from prior year	(0.1%)	0.63%	(0.1%)	(0.1%)
Health insurance premium benefit				
Discount rates	7.4%	6.88%	7.4%	7.4%
Change from prior year	(0.1%)	(0.62%)	(0.1%)	(0.1%)

Notes to Financial Statements - Continued

Note 11 - 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 3.56 percent obtained from the Fidelity 20-year Municipal GO AA index as of June 30, 2017, 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 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 (Asset) Liability
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at June 30, 2017	\$ 16,531,785	\$ 5,653,376	\$ 10,878,409	\$ 269,202	\$ 422,529	\$ (153,327)
Changes for the current year:			-			-
Service Cost	351,267		351,267	6,093		6,093
Interest on the total liability	1,208,951		1,208,951	20,119		20,119
Changes of benefit terms	243,566		243,566	2,575		2,575
Differences between expected and actual experience in the measurement of the pension liability	346,773		346,773	5,343		5,343
Changes of assumptions or other inputs	685,158		685,158	(7,700)		(7,700)
Contribution - Employer		854,831	(854,831)		-	-
Contribution - Employee		192,207	(192,207)		-	-
Net investment income		662,076	(662,076)		49,374	(49,374)
Benefit payments, including refunds of employee contribution	(1,176,148)	(1,176,148)	-	(7,982)	(7,982)	-
Administrative Expense		(6,258)	6,258		(437)	437
Other changes		13,819	(13,819)		2	(2)
Net Changes	1,659,567	540,527	1,119,040	18,448	40,957	(22,509)
Balances at June 30, 2018	<u>\$ 18,191,352</u>	<u>\$ 6,193,903</u>	<u>\$ 11,997,449</u>	<u>\$ 287,650</u>	<u>\$ 463,486</u>	<u>\$ (175,836)</u>

Notes to Financial Statements - Continued

Note 11 - 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, 2017	\$ 479,756	\$ 169,612	\$ 310,144	\$ 12,386	\$ 11,054	\$ 1,332
Changes for the current year:						-
Interest on the total liability	17,223		17,223	913	-	913
Changes of benefit terms	14,580		14,580	-	-	-
Differences between expected and actual experience	34,463		34,463	(1,322)	-	(1,322)
Changes of assumptions or other inputs	(11,962)		(11,962)	1,111	-	1,111
Contribution - Employer		8,827	(8,827)		-	-
Net investment income		19,327	(19,327)		1,280	(1,280)
Benefit payments, including refunds of employee contribution	(33,557)	(33,557)	-	(413)	(413)	-
Administrative Expense		(571)	571		(12)	12
Other changes		3	(3)		-	-
Net Changes	20,747	(5,971)	26,718	289	855	(566)
Balances at June 30, 2018	\$ 500,503	\$ 163,641	\$ 336,862	\$ 12,675	\$ 11,909	\$ 766

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, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Changes for the current year:						-
Service Cost	-		-	-	-	-
Differences between expected and actual experiences	1,401,188		1,401,188	81,036	-	81,036
Changes of assumptions or other inputs	22,220		22,220	(13,307)	-	(13,307)
Contribution - Employer		102,641	(102,641)		-	-
Contribution - Employee		58,923	(58,923)		-	-
Net investment income		10,434	(10,434)		-	-
Administrative Expense		(491)	491		-	-
Other changes		735,694	(735,694)		-	-
Net Changes	1,423,408	907,201	516,207	67,729	-	67,729
Balances at June 30, 2018	\$ 1,423,408	\$ 907,201	\$ 516,207	\$ 67,729	\$ -	\$ 67,729

Notes to Financial Statements - Continued

Note 11 - 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, 2017. The County's proportion measured as of June 30, 2017, and the change from its proportions measured as of June 30, 2016, were

CORP AOC	Proportion June 30, 2017	Increase (decrease) from June 30, 2016
Pension	0.241%	(0.041%)
Health insurance premium benefit	0.242%	N/A

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 rate of 7.4 percent, as well as what the County's 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:

	1% Decrease 6.4%	Current Discount Rate 7.4%	1% Increase 8.4%
PSPRS Sheriff			
Net pension liability	\$ 14,301,747	\$ 11,997,449	\$ 10,102,788
Net OPEB (asset) liability	(142,042)	(175,834)	(204,037)
CORP Detention			
Net pension liability	794,201	516,207	296,978
Net OPEB liability	78,587	67,729	58,930
CORP AOC			
County's proportionate share of the net pension liability	1,249,252	966,450	737,747
County's proportionate share of the OPEB liability	18,812	14,231	10,403
	1% Decrease	Current Discount Rate	1% Increase
PSPRS Attorney Investigators			
Rate	3.35%	4.35%	5.35%
Net pension liability	\$ 393,335	\$ 336,862	\$ 289,203
Rate	5.88%	6.88%	7.88%
Net OPEB (asset) liability	\$ 1,838	\$ 766	\$ (164)

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 Financial Statements - Continued

Note 11 - Pensions and Other Postemployment Benefits – Continued

Expense - For the year ended June 30, 2018, the County recognized the following pension and OPEB expense:

	<u>Pension expense</u>	<u>OPEB Expense</u>
PSPRS Sheriff	\$ 1,974,203	\$ (6,144)
PSPRS Attorney Investigators	34,729	(192)
CORP Detention	(757,226)	6,892
CORP AOC (County's proportionate share)	438,631	844

Deferred outflows/inflows of resources - At June 30, 2018, 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	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 557,697	\$ -	\$ 4,448	\$ -
Changes of assumptions or other inputs	1,286,731			6,411
Net difference between projected and actual earnings on plan investments	81,482	-	-	14,400
County contributions subsequent to the measurement date	744,653	-	-	-
Total	<u>\$ 2,670,563</u>	<u>\$ -</u>	<u>\$ 4,448</u>	<u>\$ 20,811</u>

PSPRS – Attorney Investigators

	Pension		Health insurance premium benefit	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Net difference between projected and actual earnings on plan investments	\$ 2,778	\$ -	\$ -	\$ 374
County contributions subsequent to the measurement date	17,626	-	28	-
Total	<u>\$ 20,404</u>	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ 374</u>

Notes to Financial Statements - Continued

Note 11 - 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	\$ 1,235,288	\$ -	\$ 72,790	\$ -
Changes of assumptions or other inputs	19,589	-	-	11,953
Net difference between projected and actual earnings on plan investments	18,556	-	-	-
County contributions subsequent to the measurement date	114,742	-	12,617	-
Total	<u>\$ 1,388,175</u>	<u>\$ -</u>	<u>\$ 85,407</u>	<u>\$ 11,953</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	\$ 8,850	\$ 33,193	\$ -	\$ 1,392
Changes of assumptions or other inputs	93,836	-	-	5,652
Net difference between projected and actual earnings on plan investments	11,380	-	-	-
Changes in proportion and differences between county contributions and proportionate share of contributions	-	158,638	-	-
County contributions subsequent to the measurement date	65,377	-	2,605	-
Total	<u>\$ 179,443</u>	<u>\$ 191,831</u>	<u>\$ 2,605</u>	<u>\$ 7,762</u>

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, 2019. 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:

Notes to Financial Statements - Continued

Note 11 - Pensions and Other Postemployment Benefits – Continued

Year ending June 30	PSPRS Sheriff		PSPRS Attorney Investigators	
	Pension	Health	Pension	Health
2019	\$ 786,082	\$ (3,994)	\$ 456	\$ (93)
2020	530,689	(3,994)	2,741	(93)
2021	352,149	(3,994)	1,092	(93)
2022	151,724	(3,994)	(1,511)	(95)
2023	105,266	(378)	-	-

Year ending June 30	CORP Detention		CORP AOC	
	Pension	Health	Pension	Health
2019	\$ 173,170	\$ 6,892	\$ (15,023)	\$ (1,674)
2020	173,170	6,892	(17,188)	(1,674)
2021	173,170	6,892	(23,777)	(1,674)
2022	173,170	6,892	(21,778)	(1,674)
2023	168,531	6,892	-	(1,065)
thereafter	412,222	26,377	-	-

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. 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:

Notes to Financial Statements - Continued

Note 11 - Pensions and Other Postemployment Benefits – Continued

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 excess investment earning. 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.

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 \$150 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.

Notes to Financial Statements - Continued

Note 11 - Pensions and Other Postemployment Benefits – Continued

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, 2018, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the County to contribute 23.5 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 12.16 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 17.50 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 23.5 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, 2018, were \$242,998 and \$0, respectively.

During fiscal year 2018, the County paid for EORP pension contributions 100 percent from the General Fund.

Liability - At June 30, 2018, 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	\$ 11,347,472
State's proportionate share of the EORP net pension liability associated with the County	<u>2,112,527</u>
Total	<u>\$ 13,459,999</u>

The County also reported an asset of \$141,324 for its proportionate share of EORP's net OPEB asset.

Notes to Financial Statements - Continued

Note 11 - Pensions and Other Postemployment Benefits – Continued

The net asset and net liability were measured as of June 30, 2017, 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, 2017, reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the investment rate of return to from 7.5 percent to 7.4 percent, decreasing the wage inflation from 4 percent to 3.5 percent, and updating mortality, withdrawal, disability, and retirement assumptions. The total pension liability also reflects changes-of-benefit terms for a court decision that increased cost-of-living adjustments for retirees and decreased the contribution rates for employees who became members before July 20, 2011. The court decision will also affect the net pension liability measured as of June 30, 2018, because of refunds of excess member contributions. The change in the County’s net pension liability as a result of the refunds is not known.

The County’s proportion of the net pension liability was based on the County’s actual contributions to the pension plan relative to the total of all participating employers’ actual contributions for the year ended June 30, 2017. 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, 2017. The County’s proportion measured as of June 30, 2017, and the change from its proportions measured as of June 30, 2016, were:

EORP	<u>Proportion June 30, 2017</u>	<u>Increase (decrease) from June 30, 2016</u>
Pension	0.931%	(0.068)
Health insurance premium benefit	1.552%	N/A

Expense - For the year ended June 30, 2018, the County recognized pension and OPEB expenses for EORP of \$3,939,744 and \$(1,378), respectively, and revenue of \$809,665 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, 2018, 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	\$ -	\$ 98,357	\$ 6,873	\$ -
Changes of assumptions or other inputs	442,914		1,943	-
Net difference between projected and actual earnings on plan investments	69,551	-	-	11,981
Changes in proportion and differences between county contributions and proportionate share of contributions	64,122	309,549	-	
County contributions subsequent to the measurement date	242,998	-	-	
Total	<u>\$ 819,585</u>	<u>\$ 407,906</u>	<u>\$ 8,816</u>	<u>\$ 11,981</u>

Notes to Financial Statements - Continued

Note 11 - Pensions and Other Postemployment Benefits – Continued

The amounts reported as deferred outflows of resources related to EORP pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ending June 30, 2019. 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
2019	\$ 144,760	\$ 3,346
2020	27,991	(520)
2021	18,377	(2,995)
2022	(22,447)	(2,995)

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

EORP

Actuarial valuation date	June 30, 2017
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, 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 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 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 Financial Statements - Continued

Note 11 - 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%
Absolute return	2%	3.75%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.25%
GTAA	10%	3.96%
Private credit	12%	6.75%
Real estate	10%	3.75%
Credit opportunities	16%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	<u>100%</u>	

Discount rate - At June 30, 2017, the discount rate used to measure the EORP total pension liability and total OPEB liability were 3.91 percent and 7.4 percent, respectively, which was an increase of 0.23 for pension and a decrease of 0.1 for OPEB from the discount rates used as of June 30, 2016. 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 statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension 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 liability for the plan, the long-term expected rate of return on pension plan investments of 7.4 percent was applied to periods of projected benefit payments through the year ended June 30, 2026. A municipal bond rate of 3.56 percent obtained from the Fidelity 20-year Municipal GO AA Index as of June 30, 2017, was applied to periods of projected benefit payments after June 30, 2026. The OPEB Plan’s 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total 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 rates noted above, 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 or 1 percentage point higher than the current rate:

Notes to Financial Statements - Continued

Note 11 - Pensions and Other Postemployment Benefits – Continued

EORP	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rate - pension	2.91%	3.91%	4.91%
County's proportionate share of the net pension liability	13,404,361	11,347,472	9,669,942
Rate - OPEB	6.4%	7.4%	8.4%
County's proportionate share of the net OPEB (asset)	(122,491)	(141,324)	(157,571)

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.

For the year ended June 30, 2018, active EODCRS members were required by statute to contribute 8 percent of the members' annual covered payroll, and the County was required by statute to contribute 6 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the County's contributions to the individual employee account and the earnings on those contributions. For the year ended June 30, 2018, the County recognized no pension expense for this plan.

Note 12 - Interfund Activity and Balances

Interfund transfers—Interfund transfers between funds were to cover over-expenditures in certain special revenue funds. The County transferred \$897,985 from the General Fund to the Nonmajor Governmental Funds for the year ended June 30, 2018. Also during 2018, the General Fund owed the Jail District Fund \$720,000 for the required annual maintenance of effort payment. This amount is reported as a transfer and will be settled in future years.

Interfund receivables and payables—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 Financial Statements - Continued

Note 12 - Interfund Activity and Balances - Continued

Interfund balances at June 30, 2018, 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	\$ -	\$ 294,915	\$ 1,469,353	\$ 195,803	\$ -	\$ 23,261	\$ 162,826	\$2,146,158
Jail District Fund	-	312,062	-	2,348,252	-	-	-	2,660,314
Nonmajor - Governmental Funds	9,311	449,486	-	-	415,261	-	-	874,058
Golf Course Fund	-	-	-	-	-	43,667	-	43,667
Parks Fund	<u>10,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,459</u>
	<u>\$ 19,770</u>	<u>\$ 1,056,463</u>	<u>\$ 1,469,353</u>	<u>\$ 2,544,055</u>	<u>\$ 415,261</u>	<u>\$ 66,928</u>	<u>\$ 162,826</u>	<u>\$ 5,734,656</u>

Required Supplementary Information

La Paz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 7,144,018	\$ 7,144,018	\$ 7,605,386	\$ 461,368
Licenses and permits	331,000	331,000	306,618	(24,382)
Fees, fines, and forfeits	1,132,000	1,132,000	1,112,877	(19,123)
Intergovernmental	3,693,000	3,693,000	5,070,955	1,377,955
Charges for services	678,100	678,100	165,993	(512,107)
Investment income	11,000	11,000	893	(10,107)
Miscellaneous	307,800	307,800	333,713	25,913
Total revenues	<u>13,296,918</u>	<u>13,296,918</u>	<u>14,596,435</u>	<u>1,299,517</u>
Expenditures:				
Current:				
General government:				
Assessor	533,788	533,788	418,313	115,475
County attorney	622,196	622,196	749,329	(127,133)
Board of supervisors	561,862	561,862	618,497	(56,635)
Clerk of the superior court	443,000	443,000	441,182	1,818
Constable	700	700	-	700
Elections	213,174	213,174	220,503	(7,329)
Justice of the Peace #4	448,121	448,121	501,079	(52,958)
Justice of the Peace #5	294,484	294,484	292,290	2,194
Justice of the Peace #6	263,353	263,353	314,797	(51,444)
Planning and zoning	363,459	363,459	364,988	(1,529)
Recorder	235,485	235,485	223,720	11,765
Superior court	168,221	168,221	181,076	(12,855)
Court administration	516,133	516,133	860,398	(344,265)
Treasurer	270,555	270,555	278,063	(7,508)
Contingency	308,711	308,711	154,083	154,628
Management information services	250,000	250,000	340,110	(90,110)
Human resources	174,508	174,508	146,909	27,599
Public defender	546,202	546,202	369,796	176,406
General administration	250,000	250,000	695,510	(445,510)
Community resources	-	-	60,073	(60,073)
Finance	243,723	243,723	275,520	(31,797)
Facilities management	348,705	348,705	364,117	(15,412)
Total general government	<u>7,056,380</u>	<u>7,056,380</u>	<u>7,870,353</u>	<u>(813,973)</u>

See accompanying notes to budgetary comparison schedule.

La Paz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund - Continued
Year Ended June 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Public safety:				
Emergency services				
Regional dispatch	\$ 837,064	\$ 837,064	\$ 872,687	\$ (35,623)
Sheriff	2,931,575	2,931,575	3,189,728	(258,153)
Probation	110,873	110,873	116,757	(5,884)
Juvenile probation	129,461	129,461	88,830	40,631
Total public safety	<u>4,008,973</u>	<u>4,008,973</u>	<u>4,268,002</u>	<u>(259,029)</u>
Health:				
Indigent health	357,365	357,365	412,432	(55,067)
County long term care ALTCS	-	-	526,588	(526,588)
C.M.I (chronically mentally ill)	112,952	112,952	101,922	11,030
Total health	<u>470,317</u>	<u>470,317</u>	<u>1,040,942</u>	<u>(570,625)</u>
Welfare:				
Public fiduciary	140,000	140,000	154,170	(14,170)
Total welfare	<u>140,000</u>	<u>140,000</u>	<u>154,170</u>	<u>(14,170)</u>
Education:				
School superintendent	221,006	221,006	226,705	(5,699)
Total education	<u>221,006</u>	<u>221,006</u>	<u>226,705</u>	<u>(5,699)</u>
Total expenditures	<u>11,896,676</u>	<u>11,896,676</u>	<u>13,560,172</u>	<u>(1,663,496)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,400,242</u>	<u>\$ 1,400,242</u>	<u>\$ 1,036,263</u>	<u>\$ (363,979)</u>

See accompanying notes to budgetary comparison schedule.

La Paz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund - Continued
Year Ended June 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Other financing sources (uses):				
Transfers in	\$ 849,247	\$ 849,247	\$ -	\$ (849,247)
Transfers out	(1,904,235)	(1,904,235)	(1,617,985)	286,250
Total other financing uses	<u>(1,054,988)</u>	<u>(1,054,988)</u>	<u>(1,617,985)</u>	<u>(562,997)</u>
Net change in fund balances	345,254	345,254	(581,722)	(926,976)
Fund balances, July 1, 2017	<u>191,091</u>	<u>191,091</u>	<u>(1,715,655)</u>	<u>(1,906,746)</u>
Fund balances, June 30, 2018	<u>\$ 536,345</u>	<u>\$ 536,345</u>	<u>\$ (2,297,377)</u>	<u>\$ (2,833,722)</u>

See accompanying notes to budgetary comparison schedule.

La Paz County
Required Supplementary Information
Budgetary Comparison Schedule
Road Fund
Year Ended June 30, 2018

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 500,000	\$ 500,000	\$ 560,272	\$ 60,272
Intergovernmental	4,182,554	4,182,554	4,709,831	527,277
Investment income	6,000	6,000	17,946	11,946
Miscellaneous	20,000	20,000	57,194	37,194
Total revenues	<u>4,708,554</u>	<u>4,708,554</u>	<u>5,345,243</u>	<u>636,689</u>
Expenditures:				
Current:				
Highways and streets	<u>4,129,655</u>	<u>4,129,655</u>	<u>3,100,707</u>	<u>1,028,948</u>
Total expenditures	<u>4,129,655</u>	<u>4,129,655</u>	<u>3,100,707</u>	<u>1,028,948</u>
Excess of revenues over expenditures	578,899	578,899	2,244,536	1,665,637
Other financing sources (uses):				
Transfers out	<u>(525,999)</u>	<u>(525,999)</u>	-	<u>525,999</u>
Total other financing uses	<u>(525,999)</u>	<u>(525,999)</u>	-	<u>525,999</u>
Net change in fund balances	52,900	52,900	2,244,536	2,191,636
Fund balances, July 1, 2017	<u>-</u>	<u>-</u>	<u>2,354,753</u>	<u>2,354,753</u>
Fund balances, June 30, 2018	<u>\$ 52,900</u>	<u>\$ 52,900</u>	<u>\$ 4,599,289</u>	<u>\$ 4,546,389</u>

See accompanying notes to budgetary comparison schedule.

La Paz County
Required Supplementary Information
Budgetary Comparison Schedule
Jail District Fund
Year Ended June 30, 2018

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Taxes	\$ 1,277,668	\$ 1,290,453	\$ 12,785
Charges for services	459,831	1,332,722	872,891
Investment income	19,480	-	(19,480)
Total revenues	<u>1,756,979</u>	<u>2,623,175</u>	<u>866,196</u>
Expenditures:			
Current:			
Public safety	2,852,128	2,790,541	61,587
Debt Service:			
Principal retirement	222,139	212,364	9,775
Interest and fiscal charges	-	40,161	(40,161)
Total expenditures	<u>3,074,267</u>	<u>3,043,066</u>	<u>31,201</u>
Excess (deficiency) of revenues over expenditures	<u>(1,317,288)</u>	<u>(419,891)</u>	<u>897,397</u>
Other financing sources (uses):			
Transfers in	720,000	720,000	-
	<u>720,000</u>	<u>720,000</u>	<u>-</u>
Net change in fund balances	(597,288)	300,109	897,397
Fund balances, July 1, 2017	<u>-</u>	<u>(1,145,337)</u>	<u>(1,145,337)</u>
Fund balances, June 30, 2018	<u>\$ (597,288)</u>	<u>\$ (845,228)</u>	<u>\$ (247,940)</u>

See accompanying notes to budgetary comparison schedule.

La Paz County
Required Supplementary Information - Continued
Notes to Budgetary Comparison Schedule
June 30, 2018

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 - Continued
Notes to Budgetary Comparison Schedule
June 30, 2018

Note 3 - Expenditures in Excess of Appropriations

For the year ended June 30, 2018, 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	\$ 127,133
Board of Supervisors	56,635
Elections	7,329
Justice of the Peace #4	52,958
Justice of the Peace #6	51,444
Planning and Zoning	1,529
Superior Court	12,855
Court Administration	344,265
Treasurer	7,508
Management information services	90,110
General administration	445,510
Community resources	60,073
Finance	31,797
Facilities management	15,412
Regional Dispatch	35,623
Sheriff	258,153
Probation	5,884
Indigent Health	55,067
County long term care ALTCS	526,588
Public Fiduciary	14,170
School Superintendent	5,699
Jail District:	
Debt service	\$ 31,201

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, 2018

ASRS - Pension	Reporting Fiscal Year (Measurement Date)				
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2009
County's proportion of the net pension liability	0.08144%	0.09606%	0.94330%	0.09326%	Information not available
County's proportionate share of the net pension liability	\$ 12,686,765	\$ 15,505,049	\$ 14,692,914	\$ 13,799,620	
County's covered payroll	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	152.17%	166.57%	160.42%	164.15%	
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%	
ASRS - Health Insurance Premium Benefit					
	Reporting Fiscal Year (Measurement Date)				
	2018 (2017)	2017 through 2009			
County's proportion of the net OPEB (asset)	0.82450%	Information			
County's proportionate share of the net OPEB (asset)	\$ (44,886)	not available			
County's covered payroll	8,337,449				
County's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	-0.54%				
Plan fiduciary net position as a percentage of the total pension liability	103.57%				
ASRS - Long-term Disability					
	Reporting Fiscal Year (Measurement Date)				
	2018 (2017)	2017 through 2009			
County's proportion of the net OPEB Liability	0.08170%	Information			
County's proportionate share of the net OPEB Liability	\$ 29,614	not available			
County's covered payroll	8,337,449				
County's proportionate share of the net OPEB Liability as a percentage of its covered payroll	0.36%				
Plan fiduciary net position as a percentage of the total pension liability	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, 2018

CORP AOC - Pension	Reporting Fiscal Year (Measurement Date)				
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2009
County's proportion of the net pension liability	0.24088%	0.28221%	0.30928%	0.36516%	Information
County's proportionate share of the net pension liability	\$ 966,450	\$ 796,270	\$ 751,897	\$ 819,403	not available
County's covered payroll	792,077	325,471	374,128	391,648	
County's proportionate share of the net pension liability as a percentage of its covered payroll	122.01%	244.65%	200.97%	209.22%	
Plan fiduciary net position as a percentage of the total pension liability	49.21%	54.81%	57.89%	58.59%	
CORP AOC - Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)				
	2018 (2017)	2017 through 2009			
County's proportion of the net OPEB liability	0.24184%	Information			
County's proportionate share of the net OPEB liability	\$ 14,231	not available			
County's covered payroll	792,077				
County's proportionate share of the net OPEB liability as a percentage of its covered payroll	1.80%				
Plan fiduciary net position as a percentage of the total OPEB liability	62.21%				
EORP - Pension	Reporting Fiscal Year (Measurement Date)				
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2009
County's proportion of the net pension liability	0.93122%	0.99939%	0.93617%	1.04762%	Information
County's proportionate share of the net pension liability	\$ 11,347,472	\$ 9,441,755	\$ 7,315,675	\$ 7,025,059	not available
State's proportionate share of the net pension liability associated with the County	\$ 2,112,527	\$ 1,949,481	\$ 2,280,723	\$ 2,153,948	
Total County's net pension liability	\$ 13,459,999	\$ 11,391,236	\$ 9,596,398	\$ 9,179,007	
County's covered payroll	\$ 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	1771.11%	1433.65%	1129.76%	962.22%	
Plan fiduciary net position as a percentage of the total pension liability	19.66%	23.42%	28.32%	31.91%	
EORP - Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)				
	2018 (2017)	2017 through 2009			
County's proportion of the net OPEB (asset)	1.55196%	Information			
County's proportionate share of the net OPEB (asset)	\$ (141,324)	not available			
County's covered payroll	759,974				
County's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	-18.60%				
Plan fiduciary net position as a percentage of the total pension liability	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, 2018

PSPRS - Sheriff - Pension	Reporting Fiscal Year (Measurement Date)				2014 through 2009
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability					
Service cost	\$ 351,267	\$ 356,348	\$ 271,882	\$ 258,299	Information not available
Interest on total pension liability	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	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	(1,176,148)	(993,292)	(1,016,114)	(1,129,939)	
Net change in pension liability	1,659,567	1,484,834	598,237	2,489,788	
Total pension liability - beginning	16,531,785	15,046,951	14,448,714	11,958,926	
Total pension liability - ending (a)	\$ 18,191,352	\$ 16,531,785	\$ 15,046,951	\$ 14,448,714	
Plan fiduciary net position					
Contributions - employer	\$ 854,831	\$ 791,496	\$ 537,234	\$ 538,163	
Contributions - employee	192,207	343,870	166,848	156,266	
Net investment income	662,076	31,841	197,454	683,282	
Benefit payments, including refunds of employee contributions	(1,176,148)	(993,292)	(1,016,114)	(1,129,939)	
Administrative expense	(6,258)	(4,982)	(5,190)		
Other changes	13,819	48,942	(9,829)	300,315	
Net change in plan fiduciary net position	540,527	217,875	(129,597)	548,087	
Plan fiduciary net position - beginning	5,653,376	5,435,501	5,565,098	5,017,011	
Plan fiduciary net position - ending (b)	\$ 6,193,903	\$ 5,653,376	\$ 5,435,501	\$ 5,565,098	
County's net pension liability - ending (a) - (b)	\$ 11,997,449	\$ 10,878,409	\$ 9,611,450	\$ 8,883,616	
Plan fiduciary net position as a percentage of the total pension liability	34.0%	34.2%	36.1%	38.5%	
Covered payroll	\$ 1,931,347	\$ 1,630,734	\$ 1,574,754	\$ 1,510,785	
County's net pension liability as a percentage of covered payroll	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, 2018

PSPRS OPEB - Sheriff	Reporting Fiscal Year (Measurement Date)	
	2018 (2017)	2017 through 2009
Total OPEB liability		
Service cost	\$ 6,093	Information not available
Interest on total OPEB liability	20,119	Information not available
Changes of benefit terms	2,575	
Difference between expected and actual experience in the measurement of the OPEB liability	5,343	
Changes of assumptions or other inputs	(7,700)	
Benefit payments	(7,982)	
Net change in OPEB liability	18,448	
Total OPEB liability - beginning	269,202	
Total OPEB liability - ending (a)	\$ 287,650	
Plan fiduciary net position		
Net investment income	\$ 49,374	
Benefit payments	(7,982)	
Administrative Expense	(437)	
Other changes	2	
Net change in plan fiduciary net position	40,957	
Plan fiduciary net position - beginning	422,529	
Plan fiduciary net position - ending (b)	\$ 463,486	
County's net OPEB liability - ending (a) - (b)	\$ (175,836)	
Plan fiduciary net position as a percentage of the total OPEB liability	161.1%	
Covered payroll	\$ 1,931,347	
County's net OPEB liability as a percentage of covered payroll	-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, 2018

Public Safety Personnel Retirement System - Attorney Investigators	Reporting Fiscal Year (Measurement Date)				2014 through 2009
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability					
Interest on total pension liability	\$ 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	34,463	9,524	10,341	2,025	
Changes of assumptions or other inputs	(11,962)	34,797	107,233	12,082	
Benefit payments, including refunds of employee contributions	<u>(33,557)</u>	<u>(31,210)</u>	<u>(31,210)</u>	<u>(31,210)</u>	
Net change in pension liability	20,747	48,645	110,321	6,355	
Total pension liability - beginning	<u>479,756</u>	<u>431,111</u>	<u>320,790</u>	<u>314,435</u>	
Total pension liability - ending (a)	<u>\$ 500,503</u>	<u>\$ 479,756</u>	<u>\$ 431,111</u>	<u>\$ 320,790</u>	
Plan fiduciary net position					
Contributions - employer	\$ 8,827	\$ 10,527	\$ -	\$ -	
Net investment income	19,327	1,047	7,335	27,730	
Benefit payments, including refunds of employee contributions	(33,557)	(31,210)	(31,210)	(31,210)	
Administrative expense	(571)	(551)	(558)	-	
Other changes	<u>3</u>	<u>3</u>	<u>(220)</u>	<u>-</u>	
Net change in plan fiduciary net position	(5,971)	(20,184)	(24,653)	(3,480)	
Plan fiduciary net position - beginning	<u>169,612</u>	<u>189,796</u>	<u>214,449</u>	<u>217,929</u>	
Plan fiduciary net position - ending (b)	<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>\$ 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%	35%	44%	67%	
Covered payroll	\$ -	\$ -	\$ -	\$ -	
County's net pension liability as a percentage of covered payroll	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, 2018

PSPRS OPEB - Attorney Investigators	Reporting Fiscal Year (Measurement Date)	
	2018 (2017)	2017 through 2009
Total OPEB liability		
Interest on total OPEB liability	\$ 913	Information not available
Difference between expected and actual experience in the measurement of the OPEB liability	(1,322)	
Changes of assumptions or other inputs	1,111	
Benefit payments	(413)	
Net change in OPEB liability	289	
Total OPEB liability - beginning	12,386	
Total OPEB liability - ending (a)	\$ 12,675	
Plan fiduciary net position		
Net investment income	\$ 1,280	
Benefit payments	(413)	
Administrative Expense	(12)	
Net change in plan fiduciary net position	855	
Plan fiduciary net position - beginning	11,054	
Plan fiduciary net position - ending (b)	\$ 11,909	
County's net OPEB liability - ending (a) - (b)	\$ 766	
Plan fiduciary net position as a percentage of the total OPEB liability	94.0%	
Covered payroll	\$ -	
County's net OPEB liability as a percentage of covered payroll	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, 2018

	Reporting Fiscal Year (Measurement Date)
CORP - Detention	2018 (2017)
Total pension liability	
Difference between expected and actual experience in the measurement of the pension liability	\$ 1,401,188
Changes of assumptions or other inputs	22,220
Net change in pension liability	1,423,408
Total pension liability - beginning	-
Total pension liability - ending (a)	\$ 1,423,408
Plan fiduciary net position	
Contributions - employer	\$ 102,641
Contributions - employee	\$ 58,923
Net investment income	10,434
Administrative expense	(491)
Other changes	735,694
Net change in plan fiduciary net position	907,201
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	\$ 907,201
County's net pension liability - ending (a) - (b)	\$ 516,207
Plan fiduciary net position as a percentage of the total pension liability	64%
Covered payroll	\$ 635,781
County's net pension liability as a percentage of covered payroll	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, 2018

	Reporting Fiscal Year (Measurement Date)
CORP OPEB - Detention	
	2018 (2017)
Total OPEB liability	
Difference between expected and actual experience in the measurement of the OPEB liability	\$ 81,036
Changes of assumptions or other inputs	(13,307)
Net change in OPEB liability	67,729
Total OPEB liability - beginning	-
Total OPEB liability - ending (a)	\$ 67,729
Plan fiduciary net position	
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	\$ -
County's net OPEB liability - ending (a) - (b)	\$ 67,729
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%
Covered payroll	\$ 635,781
County's net OPEB liability as a percentage of covered payroll	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, 2018

ASRS - Pension

	Reporting Fiscal Year					2013 through 2009
	2018	2017	2016	2015	2014	
Statutorily determined contribution	\$ 737,284	\$ 898,777	\$ 1,009,993	\$ 998,342	\$ 899,541	Information not available
County's contributions in relation to the statutorily determined contribution	<u>737,284</u>	<u>898,777</u>	<u>1,009,993</u>	<u>998,342</u>	<u>899,541</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	<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>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 2009
	2018	2017	
Statutorily determined contribution	\$ 29,762	\$ 46,690	Information not available
County's contributions in relation to the statutorily determined contribution	<u>29,762</u>	<u>46,690</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	<u>\$ 6,764,073</u>	<u>\$ 8,337,449</u>	
County's contributions as a percentage of covered payroll	<u>0.44%</u>	<u>0.56%</u>	

ASRS-Long-term Disability

	Reporting Fiscal Year		2016 through 2009
	2018	2017	
Statutorily determined contribution	\$ 10,807	\$ 11,672	Information not available
County's contributions in relation to the statutorily determined contribution	<u>10,807</u>	<u>11,672</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	<u>\$ 6,764,073</u>	<u>\$ 8,337,449</u>	
County's contributions as a percentage of covered payroll	<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, 2018

CORP AOC - Pension	Reporting Fiscal Year					2013 through 2009
	2018	2017	2016	2015	2014	
Statutorily determined contribution	\$ 65,377	\$ 159,049	\$ 62,165	\$ 55,745	\$ 56,789	Information not available
County's contributions in relation to the statutorily determined contribution	65,377	159,049	62,165	55,745	56,789	
County's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	
County's covered payroll	\$ 325,745	\$ 792,077	\$ 325,471	\$ 374,128	\$ 391,648	
County's contributions as a percentage of covered payroll	20.07%	20.08%	19.10%	14.90%	14.50%	

CORP AOC - Health insurance premium benefit	Reporting Fiscal Year		
	2018	2017	2016 through 2009
Statutorily determined contribution	\$ 2,605	\$ 6,733	Information not available
County's contributions in relation to the statutorily determined contribution	2,605	6,733	
County's contribution deficiency (excess)	\$ -	\$ -	
County's covered payroll	\$ 325,745	\$ 792,077	
County's contributions as a percentage of covered payroll	0.80%	0.85%	

EORP - Pension	Reporting Fiscal Year					2013 through 2009
	2018	2017	2016	2015	2014	
Statutorily determined contribution	\$ 407,945	\$ 178,594	\$ 186,722	\$ 198,764	\$ 223,221	Information not available
County's contributions in relation to the statutorily determined contribution	242,998	178,594	186,722	198,764	223,221	
County's contribution deficiency (excess)	\$ 164,947	\$ -	\$ -	\$ -	\$ -	
County's covered payroll	\$ 1,034,035	\$ 759,974	\$ 794,562	\$ 849,419	\$ 953,936	
County's contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.40%	23.40%	

The County was not required and did not contribute to the EORP health insurance premium benefit plan for fiscal years 2018 or 2017. Information for fiscal years 2016 through 2009 is not available.

La Paz County
Required Supplementary Information
Schedule of County Pension/OPEB Contributions
Year Ended June 30, 2018

PSPRS Pension - Sheriff	Reporting Fiscal Year					2013 through 2009
	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 924,197	\$ 993,292	\$ 786,666	\$ 567,384	\$ 538,163	Information not available
County's contributions in relation to the actuarially determined contribution	744,653	993,292	786,666	567,384	538,163	
County's contribution deficiency (excess)	\$ 179,544	\$ -	\$ -	\$ -	\$ -	
County's covered payroll	<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>48.76%</u>	<u>51.43%</u>	<u>48.24%</u>	<u>36.03%</u>	<u>35.62%</u>	

The County was not required and did not contribute to the PSPRS Sheriff health insurance premium benefit plan for fiscal years 2018 or 2017. Information for fiscal years 2016 through 2009 is not available.

PSPRS Pension - Attorney Investigators	Reporting Fiscal Year					2013 through 2009
	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)	\$ -	\$ -	\$ -	\$ -	\$ -	
County's covered payroll	<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>	

PSPRS - Health Insurance Premium Benefit - Attorney Investigators	Reporting Fiscal Year		2016 through 2009
	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)	\$ -	\$ -	
County's covered payroll	<u>\$ -</u>	<u>\$ -</u>	
County's contributions as a percentage of covered payroll	<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, 2018

CORP Detention - Pension	Reporting Fiscal Year
	2018
Statutorily determined contribution	\$ 114,742
County's contributions in relation to the statutorily determined contribution	114,742
County's contribution deficiency (excess)	<u>\$ -</u>
County's covered payroll	<u>\$ 1,078,400</u>
County's contributions as a percentage of covered payroll	<u>10.64%</u>
CORP Detention - Health Insurance Premium Benefit	Reporting Fiscal Year
	2018
Statutorily determined contribution	\$ 12,617
County's contributions in relation to the statutorily determined contribution	12,617
County's contribution deficiency (excess)	<u>\$ -</u>
County's covered payroll	<u>\$ 1,078,400</u>
County's contributions as a percentage of covered payroll	<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, 2018**

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 2016 actuarial valuation	22 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	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 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 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. 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	RP-2000 mortality table (adjusted by 105% for both males and females)

La Paz County
Required Supplementary Information
Notes to Pension/OPEB Plan Schedules
June 30, 2018

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 will increase 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.