



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

La Paz County

Year Ended June 30, 2001



Debra K. Davenport
Auditor General

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La Paz County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2001

Table of Contents	Page
Independent Auditors' Report	1
Annual Expenditure Limitation Report—Part I	2
Annual Expenditure Limitation Report—Part II	3
Annual Expenditure Limitation Report—Reconciliation	4
Notes to Annual Expenditure Limitation Report	5



**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
La Paz County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of La Paz County for the year ended June 30, 2001. This report is the responsibility of the County's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Annual Expenditure Limitation Report of La Paz County for the year ended June 30, 2001, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature and the Board of Supervisors, and for filing with the Auditor General of the State of Arizona and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Dennis L. Mattheisen, CPA
Financial Audit Director

May 23, 2002

La Paz County
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2001

1. Economic Estimates Commission expenditure limitation	\$8,475,915
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>8,475,914</u>
3. Amount under expenditure	<u><u>\$ 1</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: _____

Name and Title: Ava Alcaida, Finance Director

Telephone Number: (928) 669-2247 Date: _____

See accompanying notes to report.

La Paz County
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2001

Description	General Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Fund	Total
A. Amounts reported on the Reconciliation, Line D	\$7,905,826	\$ 8,748,690	\$372,663	\$1,573,843	\$18,601,022
B. Less exclusions claimed:					
Debt service requirements on other long-term obligations (Note 2)	310,375	36,217		438,975	785,567
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	309,480	173,388		25,487	508,355
Trustee or custodian (Note 4)	212,073	132,575			344,648
Grants and aid from the federal government (Note 5)	473,763	1,794,266			2,268,029
Amounts received from the State of Arizona (Note 5)	779,646	2,704,104			3,483,750
Quasi-external interfund transactions (Note 6)	12,000				12,000
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	<u> </u>	<u>2,722,759</u>	<u> </u>	<u> </u>	<u>2,722,759</u>
Total exclusions claimed	<u>2,097,337</u>	<u>7,563,309</u>	<u> </u>	<u>464,462</u>	<u>10,125,108</u>
C. Amounts subject to the expenditure limitation	<u>\$5,808,489</u>	<u>\$ 1,185,381</u>	<u>\$372,663</u>	<u>\$1,109,381</u>	<u>\$ 8,475,914</u>

See accompanying notes to report.

La Paz County
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2001

Description	General Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Fund	Total
A. Total expenditures/expenses and applicable other financing uses reported within the general purpose financial statements	\$8,585,773	\$11,501,297	\$372,663	\$1,398,246	\$21,857,979
B. Deductions:					
Items not requiring use of working capital—Depreciation				182,025	182,025
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 7)	53,215	2,752,607			2,805,822
Long-term care contributions withheld by the State Treasurer (Note 8)	<u>626,732</u>				<u>626,732</u>
Total deductions	<u>679,947</u>	<u>2,752,607</u>		<u>182,025</u>	<u>3,614,579</u>
C. Additions:					
Principal payments on long-term debt				243,496	243,496
Acquisition of capital assets				<u>114,126</u>	<u>114,126</u>
Total additions				<u>357,622</u>	<u>357,622</u>
D. Amounts reported on Part II, Line A	<u>\$7,905,826</u>	<u>\$ 8,748,690</u>	<u>\$372,663</u>	<u>\$1,573,843</u>	<u>\$18,601,022</u>

See accompanying notes to report.

La Paz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2001

Note 1 - Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes §41-1279.07, which excludes expenditures or expenses of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures or expenses reported in the annual general purpose financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each deduction or addition in the Reconciliation that cannot be traced directly to an amount reported in the annual general purpose financial statements. All references to financial statement amounts in the following notes refer to the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—All Governmental Fund Types for the General, Special Revenue, and Capital Projects Funds; the Statement of Revenues, Expenses, and Changes in Retained Earnings—Enterprise Fund; and the Statement of Cash Flows—Enterprise Fund.

Note 2 - The exclusion claimed for debt service requirements on other long-term obligations consists of principal retirement and interest expenditures for certificates of participation and capital leases of \$262,542 recorded as general government expenditures and \$47,833 recorded as public safety expenditures in the General Fund; \$14,895 recorded as highways and streets expenditures and \$21,322 recorded as public safety expenditures in the Special Revenue Funds; and \$438,975 recorded as cash flows from capital and related financing activities in the Enterprise Fund.

Note 3 - The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$309,480 in the General Fund includes interest on investments expended of \$164,976 and interest on delinquent taxes expended of \$144,504, which was recorded as tax revenue.

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$173,388 in the Special Revenue Funds does not include \$20,408 of interest, attributable to the Jail District, that was deducted from expenditures on the Reconciliation. Remaining revenues of \$11,724 have been carried forward to future years.

Note 4 - The exclusion claimed for trustee or custodian in the General Fund consists of \$212,073 in contributions recorded as health expenditures by the County to the Arizona Health Care Cost Containment System for acute care.

The exclusion claimed for trustee or custodian in the Special Revenue Funds consists of \$132,575 of general government expenditures from revenues in the Anti-Racketeering (RICO) Fund, which benefited other governmental entities.

La Paz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2001

Note 5 - The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, and highway user revenues in the General and Special Revenue Funds.

Description	General Fund			Special Revenue Funds		
	<u>Revenues</u>	<u>Amount Excluded</u>	<u>Amount Carried Forward</u>	<u>Revenues</u>	<u>Amount Excluded</u>	<u>Amount Carried Forward</u>
Grants and aid from the federal government	\$ 473,763	\$ 473,763		\$1,794,266	\$1,794,266	
Amounts received from the State of Arizona	1,116,890	779,646	\$337,244	2,834,604	2,704,104	\$130,500
Highway user revenues in excess of those received in fiscal year 1979-80				2,722,759	2,722,759	
Other revenues (nonexcludable)	<u>2,167,702</u>					
Total intergovernmental revenues as reported in the general purpose financial statements	<u>\$3,758,355</u>			<u>\$7,351,629</u>		

Note 6 - The exclusion of \$12,000 for quasi-external transactions in the General Fund is for expenditures recorded in the Special Revenue Funds for the DES Child Support Program, which is also recorded as miscellaneous revenues and general government expenditures in the General Fund.

Note 7 - The deduction of \$2,805,822 for separate legal entities established under Arizona Revised Statutes consists of expenditures of a municipal property corporation of \$53,215 in the General Fund and the La Paz County Jail District of \$2,752,607 in the Special Revenue Funds and are included within the County's reporting entity but not included in the Economic Estimates Commission base limit calculations.

Note 8 - The amount of transaction privilege taxes withheld by the State Treasurer to meet the County's share of long-term care costs was reported as a revenue and an offsetting health expenditure in the County's general purpose financial statements. Consequently, this expenditure has been deducted on the Reconciliation.