



A REPORT  
TO THE  
ARIZONA LEGISLATURE

Financial Audit Division

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Expenditure Limitation Report

# La Paz County

Year Ended June 30, 2003

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**Debra K. Davenport**  
Auditor General

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La Paz County  
Report on Audit of Annual Expenditure Limitation Report  
Year Ended June 30, 2003

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**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, 2003. 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, 2003, 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

April 29, 2005

La Paz County  
Annual Expenditure Limitation Report—Part I  
Year Ended June 30, 2003

1. Economic Estimates Commission expenditure limitation	\$9,295,496
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>9,295,495</u>
3. Amount under the expenditure limitation	<u>\$_____1</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, 2003

Description	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$18,542,382	\$1,654,347	\$31,585,272	\$51,782,001
B. Less exclusions claimed:				
Debt service requirements on other long-term obligations (Note 2)	1,731,501	563,088		2,294,589
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	285,895	46,208		332,103
Trustee or custodian (Note 4)	356,521		31,585,272	31,941,793
Grants and aid from the federal government (Note 5)	1,974,389			1,974,389
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	9,735			9,735
Amounts received from the State of Arizona (Note 5)	2,678,212			2,678,212
Quasi-external interfund transactions (Note 7)	12,000			12,000
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	3,137,770			3,137,770
Contracts with other political subdivisions (Note 8)	74,915			74,915
Prior years carryforward (Note 9)	<u>31,000</u>			<u>31,000</u>
Total exclusions claimed	<u>10,291,938</u>	<u>609,296</u>	<u>31,585,272</u>	<u>42,486,506</u>
C. Amounts subject to the expenditure limitation	<u>\$ 8,250,444</u>	<u>\$1,045,051</u>	<u>\$ -</u>	<u>\$ 9,295,495</u>

See accompanying notes to report.

La Paz County  
Annual Expenditure Limitation Report—Reconciliation  
Year Ended June 30, 2003

Description	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Total expenditures/expenses/ deductions and applicable other financing uses reported within the fund financial statements	\$23,767,128	\$1,494,430	\$31,585,272	\$56,846,830
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		154,555		154,555
Loss on disposal of capital assets		2,562		2,562
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 10)	4,586,246			4,586,246
Long-term care contributions withheld by the State Treasurer (Note 11)	<u>638,500</u>			<u>638,500</u>
Total subtractions	<u>5,224,746</u>	<u>157,117</u>		<u>5,381,863</u>
C. Additions:				
Principal payments on long-term debt		210,000		210,000
Acquisition of capital assets		<u>107,034</u>		<u>107,034</u>
Total additions		<u>317,034</u>		<u>317,034</u>
D. Amounts reported on Part II, Line A	<u>\$18,542,382</u>	<u>\$1,654,347</u>	<u>\$31,585,272</u>	<u>\$51,782,001</u>

See accompanying notes to report.

La Paz County  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2003

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, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures, expenses, or deductions reported in the fund financial statements.

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

Note 2 - The exclusion claimed for debt service requirements on other long-term obligations in the Governmental Funds of \$1,731,501 consists of expenditures recorded as principal, interest and other charges, debt issuance costs, principal paid on capital leases recorded as general government expenditures, and payments to escrow agent.

The exclusion claimed for debt service requirements on other long-term obligations in the Enterprise Fund of \$563,088 consists of interest expense, certificates of participation issuance costs, and cash outflows recorded as principal paid on certificates of participation and payments to escrow agent.

Note 3 - The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$285,895 in the Governmental Funds includes interest on investments expended of \$93,506 and interest on delinquent taxes expended of \$192,389, which was recorded as tax revenue. This exclusion does not include \$33,572 of investment income attributable to the Jail District for which total expenditures were subtracted on the Reconciliation.

Note 4 - The exclusion claimed for trustee or custodian of \$356,521 in the Governmental Funds consists of \$250,768 in contributions recorded as health expenditures by the County to the Arizona Health Care Cost Containment System for acute care, \$87,891 of general government expenditures from revenues in the Anti-Racketeering (RICO) Fund, and \$17,862 of general government expenditures from revenues in the County Attorney RICO Fund, which benefited other governmental entities.

La Paz County  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2003

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

Description	
Grants and aid from the federal government	\$ 1,974,389
Amounts received from the State of Arizona	2,678,212
Highway user revenues in excess of those received in fiscal year 1979-80	3,137,770
Other revenues (nonexcludable)	<u>3,010,524</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$10,800,895</u>

Note 6 - The exclusion claimed for grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes of \$9,735, consists of \$9,715 of public safety expenditures and \$20 of health expenditures in the Governmental Funds.

Note 7 - The exclusion claimed for quasi-external transactions consists of \$12,000 of general government expenditures that were also recorded as miscellaneous revenues in the Governmental Funds.

Note 8 - The exclusion claimed for contracts with other political subdivisions of \$74,915 consists of \$21,443 of revenues expended pursuant to a contract with the Town of Parker to provide prosecutorial services, and \$53,472 of revenues expended pursuant to a contract with various special districts and towns to provide services for elections.

Note 9 - Prior years carryforward consists of constitutionally excludable revenues unexpended in the year of receipt that have been accumulated and were expended in the current year in the Governmental Funds as follows:

Description	
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 4,000
Amounts received from the State of Arizona	<u>27,000</u>
Total prior years carryforward expended	<u>\$31,000</u>

La Paz County  
Notes to Annual Expenditure Limitation Report  
Year Ended June 30, 2003

Note 10 - The subtraction of \$4,586,246 for separate legal entities established under Arizona Revised Statutes consists of the following amounts included within the County's reporting entity but not included in the Economic Estimates Commission base limit calculations.

Description	
Public safety expenditures for the Jail District	\$4,449,965
Public safety expenditures for various street lighting districts	8,829
Health expenditures for the Health Services District	<u>127,452</u>
Total separate legal entities established under Arizona Revised Statutes subtraction	<u>\$4,586,246</u>

Note 11 - 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 expenditure in the County's Governmental Funds. Consequently, this expenditure has been subtracted on the Reconciliation.