

**LA PAZ COUNTY, ARIZONA
REPORT ON AUDIT OF ANNUAL EXPENDITURE
LIMITATION REPORT
YEAR ENDED JUNE 30, 2008**

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INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona and
The Board of Supervisors
of La Paz County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of La Paz County, Arizona, for the year ended June 30, 2008. This report is the responsibility of the La Paz County, Arizona's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 accounting principles generally accepted in the United States of America.

In our opinion, the Annual Expenditure Limitation Report of La Paz County, Arizona, for the year ended June 30, 2008, 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, the Board of Supervisors and management, 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.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
Certified Public Accountants

December 26, 2012

**LA PAZ COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2008**

1. Economic Estimates Commission expenditure limitation	\$ 11,085,967
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>11,085,967</u>
3. Amount under the expenditure limitation	<u>\$ 0</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: Daniel Field, County Administrator

Telephone Number: (928) 669-6615

Date: December 26, 2012

See accompanying notes to report.

LA PAZ COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2008

Description	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 25,225,801	\$ 1,699,486	\$ 39,378,027	\$ 66,303,314
B. Less exclusions claimed:				
Debt service requirements on other long-term obligations (Note 2)	210,298	350,061		560,359
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	383,042	9,852		392,894
Trustee or custodian (Note 4)	928,283		39,378,027	40,306,310
Grants and aid from the federal government (Note 5)	2,474,544			2,474,544
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 8)	233,682			233,682
Amounts received from the State of Arizona (Notes 5 and 6)	4,078,031			4,078,031
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	4,177,315			4,177,315
Contracts with other political subdivisions (Note 7)	2,437,447			2,437,447
Refunds, reimbursements, and other recoveries (Note 10)	531,995			531,995
Prior years carryforward (Note 9)	<u>24,770</u>			<u>24,770</u>
Total exclusions claimed	<u>15,479,407</u>	<u>359,913</u>	<u>39,378,027</u>	<u>55,217,347</u>
C. Amount subject to the expenditure limitation	<u>\$ 9,746,394</u>	<u>\$ 1,339,573</u>	<u>\$ -</u>	<u>\$ 11,085,967</u>

LA PAZ COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2008

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	\$ 31,502,992	\$ 1,531,519	\$ 39,378,027	\$ 72,412,538
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		181,094		181,094
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 11)	5,420,991			5,420,991
Long-term care contributions withheld by the State Treasurer (Note 12)	<u>856,200</u>			<u>856,200</u>
Total subtractions	<u>6,277,191</u>	<u>181,094</u>		<u>6,458,285</u>
C. Additions:				
Principal payments on long-term debt		332,762		332,762
Acquisition of capital assets		<u>16,299</u>		<u>16,299</u>
Total additions		<u>349,061</u>		<u>349,061</u>
D. Amounts reported on Part II, Line A	<u>\$ 25,225,801</u>	<u>\$ 1,699,486</u>	<u>\$ 39,378,027</u>	<u>\$ 66,303,314</u>

LA PAZ COUNTY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2008

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 Section 41-1279.07, which excludes expenditures/expenses or deductions of certain revenues specified in the Arizona Constitution, Article IX, Section 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, the Statement of Revenues, Expenses, and Changes in Fund Net Assets for the Proprietary Fund, Statement of Cash Flows for the Proprietary 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 \$210,298 consists of expenditures classified as principal and interest and recorded as debt service expenditures. The exclusion does not include \$256,088 of debt service expenditures attributable to the Jail District for which total expenditures were subtracted on the Reconciliation.

NOTE 3 – The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$383,042 in the Governmental Funds includes interest on investments expended of \$248,941 and interest on delinquent taxes expended of \$134,101, which was recorded as tax revenue. This exclusion does not include \$47,178 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 \$928,283 in the Governmental Funds consists of \$262,300 in contributions recorded as health expenditures by the County to the Arizona Health Care Cost Containment System for acute care administrative cost contributions and uncompensated care contributions, \$600,257 of general government expenditures from revenues in the Anti-Racketeering (RICO) Fund, \$40,038 of general government expenditures from revenues in the County Attorney RICO Fund and \$25,688 in the Sheriff's RICO Fund, which benefited other governmental entities.

LA PAZ COUNTY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2008
(Continued)

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, highway user revenues, contracts with other political subdivisions, and grants, aid, contributions or gifts from a private agency, organization, or individual in the Governmental Funds. The amounts excluded do not exceed expenditures of such revenues.

<u>Description</u>	<u>Governmental Funds</u>
Grants and aid from the Federal government	\$ 2,474,544
Amounts received from the State of Arizona (see Note 6)	3,501,388
Highway user revenues in excess of those received in fiscal year 1979-80	4,177,315
Contracts with other political subdivisions (Note 7)	63,943
Grants, aid, contributions, or gifts from a private agency, organization, or individual (Note 8)	149,663
Other revenues – nonexcludable	<u>3,821,741</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 14,188,594</u>

NOTE 6 – Amounts received from the State of Arizona include an exclusion of \$576,643 for motor vehicle license tax reported as taxes in the Road Fund in the fund financial statements.

NOTE 7 – The exclusions claimed for contracts with other political subdivisions consists of the following:

- \$24,789 expended pursuant to a contract with the Town of Quartzsite to provide services for elections reported as charges for services in the fund financial statements.
- \$63,943 of revenues expended for the employment of a school officer and other miscellaneous contracts reported as intergovernmental revenues in the fund financial statements.

LA PAZ COUNTY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2008
(Continued)

- \$1,096,646 of revenues expended from the proceeds of an intergovernmental agreement between the Arizona Department of Transportation (ADOT) and the County. The County received and recorded these proceeds in 2002 as intergovernmental revenues in the Business 95 Road Improvement Fund (B95 Fund). The County subsequently met the stipulations of the agreement and during 2008; the County's General Fund borrowed monies from the B95 Fund to purchase Colorado River water rights for \$1,096,646 which is reported in capital outlays in the County's General Fund.
- In addition, during 2008, the County's General Fund borrowed an additional \$1,035,737 of the ADOT intergovernmental agreement proceeds that are reported as an amount due from the General Fund. The expenditure of these proceeds were used by the County's General Fund for operations and reported under the various functional expenditure classifications.
- Also, the County expended \$216,332 in the B95 Fund from the proceeds of the ADOT intergovernmental agreement which are reported in the highways and streets functional expenditure category.

NOTE 8 – The exclusion claimed for grants, aid, contributions, or gifts from a private agency organization, or individual consists of \$149,663 of grants reported as intergovernmental revenues and \$84,019 of private contributions reported as miscellaneous revenues.

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 as follows:

Description	
Carryforward balance from fiscal year 2006-07	\$ 48,993
Carryforward utilized in fiscal year 2007-08	
Dividends, interest, and gains on the sale or redemption of investment securities	24,770
Total carryforward available for use in future years	\$ 24,223

LA PAZ COUNTY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2008
(Concluded)

NOTE 10 – The exclusions claimed for refunds, reimbursements, and other recoveries consist of recovery of expenditures in which \$531,995 are reported as charges for services in the fund financial statements.

NOTE 11– The subtraction of \$5,420,991 for separate legal entities established under Arizona Revised Statutes consists of the following expenditures included within the County’s reporting entity but not included in the Economic Estimates Commission base limit calculations.

Description	
Public safety expenditures for the Jail District	\$ 3,373,827
Capital outlay expenditures for the Jail District	1,701,850
Debt service expenditures for the Jail District	256,088
Public safety expenditures for the Jail Commissary Fund	81,322
Public safety expenditures for various street lighting districts	<u>7,904</u>
Total expenditures of separate legal entities established under Arizona Revised Statutes subtraction	<u>\$ 5,420,991</u>

NOTE 12– The subtraction for long-term care contributions withheld by the State Treasurer consists of transaction privilege taxes withheld by the State Treasurer to meet the County’s share of long-term care costs that was reported as revenue and an offsetting expenditure in the County’s Governmental Funds. Consequently, this expenditure has been subtracted on the Reconciliation.