

**LA PAZ COUNTY, ARIZONA
REPORT ON EXAMINATION OF ANNUAL EXPENDITURE
LIMITATION REPORT
YEAR ENDED JUNE 30, 2013**

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<u>CONTENTS</u>	<u>PAGE</u>
Independent Accountants' 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

Independent Accountant's Report

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

We have examined the accompanying Annual Expenditure Limitation Report of La Paz County, Arizona (the "County") for the year ended June 30, 2013. This report is the responsibility of the County's management. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of La Paz County, Arizona referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

REDW LLC

Phoenix, Arizona
July 7, 2014

**LA PAZ COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2013**

1. Economic Estimates Commission expenditure limitation	\$ 11,959,832
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>11,959,832</u>
3. Amount over the expenditure limitation	<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: Amber Hill, Finance Director

Telephone Number: (928) 669-2247

Date: 7-7-14

See accompanying notes to report.

**LA PAZ COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2013**

Description	Governmental Funds	Enterprise Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 23,093,147	\$ 2,405,323	\$ 36,135,311	\$ 61,633,781
B. Less exclusions claimed:				
Debt service requirements on other long-term obligations (Note 2)	2,375,657	12,967		2,388,624
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	240,442			240,442
Trustee or custodian (Note 4)	550,927		36,135,311	36,686,238
Grants and aid from the federal government (Note 5)	3,248,648			3,248,648
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Notes 5 and 8)	70,913			70,913
Amounts received from the State of Arizona (Notes 5 and 6)	2,615,830			2,615,830
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	3,371,082			3,371,082
Contracts with other political subdivisions (Notes 5 and 7)	50,961			50,961
Refunds, reimbursements, and other recoveries (Note 10)	382,466			382,466
Prior years carryforward (Note 9)	618,745			618,745
Total exclusions claimed	<u>13,525,671</u>	<u>12,967</u>	<u>36,135,311</u>	<u>49,673,949</u>
C. Amount subject to the expenditure limitation	<u>\$ 9,567,476</u>	<u>\$ 2,392,356</u>	<u>\$ -</u>	<u>\$ 11,959,832</u>

**LA PAZ COUNTY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2013**

Description	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Total expenditures/expenses/ deductions and applicable other financing uses reported within the fund financial statements	\$ 28,786,098	\$ 2,749,797	\$ 36,135,311	\$ 67,671,206
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		183,665		183,665
Loss on disposal of capital assets		184,057		184,057
Expenditures of separate legal entities established under Arizona Revised Statutes (Note 11)	5,067,751			5,067,751
Long-term care contributions withheld by the State Treasurer (Note 12)	<u>625,200</u>			<u>625,200</u>
Total subtractions	<u>5,692,951</u>	<u>367,722</u>		<u>6,060,673</u>
C. Additions:				
Acquisition of capital assets		10,281		10,281
Payments on capital lease obligations		<u>12,967</u>		<u>12,967</u>
Total additions		<u>23,248</u>		<u>23,248</u>
D. Amounts reported on Part II, Line A	<u>\$ 23,093,147</u>	<u>\$ 2,405,323</u>	<u>\$ 36,135,311</u>	<u>\$ 61,633,781</u>

LA PAZ COUNTY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes Section 41-1279.07. The AELR 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, 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 Position for the Proprietary Funds, Statement of Cash Flows for the Proprietary Funds, and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.

NOTE 2 – The exclusion claimed for debt service requirements on other long-term obligations in the Governmental Funds of \$2,375,657 consists \$1,202,942 of expenditures classified as principal and interest recorded as debt service expenditures, and \$1,172,715 of payments to refund debt obligations recorded as other financing uses. The exclusion does not include \$1,691,420 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 \$240,442 in the Governmental Funds includes interest on investments expended of \$15,840 and interest on delinquent taxes expended of \$224,602, which was recorded as tax revenue.

NOTE 4 – The exclusion claimed for trustee or custodian of \$550,927 in the Governmental Funds consists of \$219,325 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 and \$331,602 of general government expenditures from revenues in the County Attorney RICO Fund.

LA PAZ COUNTY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2013
(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.

Description	Governmental Funds
Grants and aid from the Federal government	\$ 3,248,648
Amounts received from the State of Arizona (Note 6)	2,185,024
Highway user revenues in excess of those received in fiscal year 1979-80	3,371,082
Contracts with other political subdivisions (Note 7)	19,557
Grants, aid, contributions, or gifts from a private agency, organization, or individual (Note 8)	29,801
Other revenues – nonexcludable	<u>3,067,574</u>
Total intergovernmental revenues as reported in the fund financial statements	<u><u>\$ 11,921,686</u></u>

NOTE 6 – Amounts received from the State of Arizona include an exclusion of \$430,806 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:

- \$31,404 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.
- \$19,557 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, 2013
(Continued)

NOTE 8 – The exclusion claimed for grants, aid, contributions, or gifts from a private agency organization, or individual, except amounts received in lieu of taxes, consists of \$29,801 of grants reported as intergovernmental revenues and \$41,112 of private contributions reported as miscellaneous revenues.

NOTE 9 – Prior years carryforward expended in the current year totaling \$618,745 consists of judgment bond proceeds that were carried forward from the prior year, with \$1,942,613 remaining to be carried forward to future years.

NOTE 10 – The exclusions claimed for refunds, reimbursements, and other recoveries consist of recovery of expenditures in which \$382,466 are reported as charges for services in the fund financial statements.

NOTE 11 – The subtraction of \$5,067,751 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	\$ 3,241,802
Debt service expenditures for the Jail District	1,691,420
Capital outlay expenditures for the Jail District	43,984
Public safety expenditures for the Jail Commissary Fund	64,714
Public safety expenditures for various street lighting districts	<u>25,831</u>
Total expenditures of separate legal entities established under Arizona Revised Statutes subtraction	<u>\$ 5,067,751</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.