



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Santa Cruz County

Year Ended June 30, 2013



Debra K. Davenport
Auditor General

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Santa Cruz County
Annual Expenditure Limitation Report
Year Ended June 30, 2013

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Accountants' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Santa Cruz County, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Santa Cruz 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 Santa Cruz County referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

Jay Zsorey, CPA
Financial Audit Director

September 3, 2015

Santa Cruz County
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2013

1. Economic Estimates Commission expenditure limitation	\$20,161,011
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>20,161,010</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: Jennifer K. St. John, CPA, Administrative Services Director

Telephone Number: (520) 375-7820 Date: September 3, 2015

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2013

Description	Governmental Funds	Enterprise Fund	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 33,589,296	\$ 1,235,731	\$ 101,281,864	\$ 136,106,891
B. Less exclusions claimed:				
Debt service requirements on other long-term obligations (Note 2)	1,132,730	32		1,132,762
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	632,649	6,383		639,032
Trustee or custodian (Note 4)	783,799		101,281,864	102,065,663
Grants and aid from the federal government (Notes 5 and 6)	3,762,651			3,762,651
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 7)	10,857			10,857
Amounts received from the State of Arizona (Note 5)	2,110,443			2,110,443
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	3,211,323			3,211,323
Contracts with other political subdivisions (Note 5)	580,174			580,174
Refunds, reimbursements, and other recoveries (Note 8)	709,296			709,296
Prior years carryforward (Note 9)	<u>1,723,680</u>			<u>1,723,680</u>
Total exclusions claimed	<u>14,657,602</u>	<u>6,415</u>	<u>101,281,864</u>	<u>115,945,881</u>
C. Amounts subject to the expenditure limitation	<u>\$ 18,931,694</u>	<u>\$ 1,229,316</u>	<u>\$ -</u>	<u>\$ 20,161,010</u>

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2013

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, special items, and extraordinary items reported within the fund financial statements	\$48,709,980	\$2,431,574	\$101,281,864	\$152,423,418
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		179,856		179,856
Landfill closure and postclosure care costs		1,041,378		1,041,378
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 10)	12,570,770			12,570,770
Long-term care contributions withheld by the State Treasurer (Note 11)	1,904,900			1,904,900
Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	325,639			325,639
Payments made to reimburse the Arizona Department of Health Services (Note 12)	<u>319,375</u>			<u>319,375</u>
Total subtractions	<u>15,120,684</u>	<u>1,221,234</u>	<u>-</u>	<u>16,341,918</u>
C. Additions:				
Principal payments on long-term debt		32		32
Acquisition of capital assets		<u>25,359</u>		<u>25,359</u>
Total additions	<u>-</u>	<u>25,391</u>	<u>-</u>	<u>25,391</u>
D. Amounts reported on Part II, Line A	<u>\$ 33,589,296</u>	<u>\$ 1,235,731</u>	<u>\$ 101,281,864</u>	<u>\$ 136,106,891</u>

See accompanying notes to report.

Santa Cruz County
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 §41-1279.07. The AELR 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, 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 Position for the Proprietary Fund; Statement of Cash Flows for the Proprietary Fund; 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 consists of principal retirement and interest expenditures. The exclusion claimed for debt service requirements on other long-term obligations in the Enterprise Fund consists of principal paid on capital leases.

Note 3 - The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$632,649 in the Governmental Funds includes interest on investments expended of \$32 and interest on delinquent taxes expended of \$632,617, which was recorded as tax revenue.

Note 4 - The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$556,979 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs and \$226,820 in expenditures made from antiracketeering revenues benefitting other jurisdictions.

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, and contracts with other political subdivisions in the Governmental Funds:

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2013

Description	
Grants and aid from the federal government	\$ 3,458,853
Amounts received from the State of Arizona	2,108,724
Highway user revenues in excess of those received in fiscal year 1979-80	3,211,323
Contracts with other political subdivisions	400,535
Amount carried forward	1,561,343
Other revenues—(nonexcludable)	<u>10,188,553</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$20,929,331</u>

In addition, the exclusion claimed for contracts with other political subdivisions includes \$179,539 of miscellaneous revenues expended and \$100 of charges for services revenue expended. Also, exclusions totaling \$237,186 for grants and aid from the federal government and \$1,719 for amounts received from the State of Arizona claimed in the Governmental Funds were deferred in the financial statements.

- Note 6 - The exclusion claimed for grants and aid from the federal government of \$3,762,651 includes \$66,612 of fines and forfeits revenue expended.
- Note 7 - The exclusion claimed for grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes of \$10,857 in the Governmental Funds consists of miscellaneous revenues expended.
- Note 8 - The exclusion claimed for refunds, reimbursements, and other recoveries consists of forfeitures recorded as fines and forfeits and expended as part of county anti-racketeering efforts.
- 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	Governmental Funds
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 723,537
Grants and aid from the federal government	329,570
Amounts received from the State of Arizona	357,403
Highway user revenues in excess of those received in fiscal year 1979-80	71,531
Refunds, reimbursements, and other recoveries	203,759
Amounts received for distribution to school districts	<u>37,880</u>
Total prior years carryforward expended	<u>\$1,723,680</u>

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2013

Note 10 - The subtraction of \$12,570,770 for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the County's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds category in the fund financial statements:

Special Assessment Districts	
Public safety	\$ 8,415,903
Health	80,377
Debt service—principal retirement	1,829,644
Debt service—interest and fiscal charges	<u>2,244,846</u>
Total	<u>\$12,570,770</u>

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

Note 12 - The subtraction for payments made to reimburse the Arizona Department of Health Services consists of county payments to reimburse the State for the cost of inpatient competency restoration treatment and part of the costs of committing an individual the court determined to be sexually violent, as required by Laws 2012, Chapter 299, Sections 10 and 11, which were recorded as general government expenditures.

