

Santa Cruz County

Expenditure Limitation
Report

Year Ended June 30, 2014



A Report to the Arizona Legislature

Debra K. Davenport
Auditor General





The Auditor General is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits and special reviews of school districts, state agencies, and the programs they administer.

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Santa Cruz County
Annual Expenditure Limitation Report
Year Ended June 30, 2014

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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, 2014. 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

August 3, 2016

Santa Cruz County
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2014

1. Economic Estimates Commission expenditure limitation	\$20,797,289
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>20,797,288</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, County Manager

Telephone number: (520) 375-7635 Date: August 3, 2016

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2014

Description	Governmental funds	Enterprise fund	Fiduciary funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 37,345,536	\$ 1,464,246	\$ 100,258,021	\$ 139,067,803
B. Less exclusions claimed:				
Debt service requirements on other long-term obligations (Note 2)	1,194,239			1,194,239
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	561,802			561,802
Trustee or custodian (Note 4)	598,826		100,258,021	100,856,847
Grants and aid from the federal government (Note 5)	4,951,330			4,951,330
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 7)	17,981			17,981
Amounts received from the State of Arizona (Notes 5 and 6)	2,741,102			2,741,102
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	3,606,608			3,606,608
Contracts with other political subdivisions (Note 5)	477,523			477,523
Refunds, reimbursements, and other recoveries (Note 8)	360,366			360,366
Prior years carryforward (Note 9)	<u>3,502,717</u>			<u>3,502,717</u>
Total exclusions claimed	<u>18,012,494</u>		<u>100,258,021</u>	<u>118,270,515</u>
C. Amounts subject to the expenditure limitation	<u>\$ 19,333,042</u>	<u>\$ 1,464,246</u>	<u>\$ -</u>	<u>\$ 20,797,288</u>

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2014

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	\$46,346,523	\$1,457,568	\$100,258,021	\$148,062,112
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		127,564		127,564
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 10)	6,710,505			6,710,505
Long-term care contributions withheld by the State Treasurer (Note 11)	1,908,200			1,908,200
Payments made to reimburse the Arizona Department of Health Services (Note 12)	<u>382,282</u>			<u>382,282</u>
Total subtractions	<u>9,000,987</u>	<u>127,564</u>		<u>9,128,551</u>
C. Additions:				
Acquisition of capital assets		96,689		96,689
Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years		<u>37,553</u>		<u>37,553</u>
Total additions		<u>134,242</u>		<u>134,242</u>
D. Amounts reported on Part II, Line A	<u>\$ 37,345,536</u>	<u>\$ 1,464,246</u>	<u>\$ 100,258,021</u>	<u>\$ 139,067,803</u>

See accompanying notes to report.

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2014

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 statement.

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 of \$1,194,239 in the Governmental Funds consists of principal retirement and interest and fiscal charges of \$460,035 and \$734,204, respectively.

Note 3 - The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$561,802 in the Governmental Funds includes interest on investments expended of \$28,866 and interest on delinquent taxes expended of \$532,936, which was recorded as tax revenue.

Note 4 - The exclusion claimed for trustee or custodian of \$598,826 in the Governmental Funds consists of contributions by the County to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs.

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, 2014

Description	
Grants and aid from the federal government	\$ 4,821,897
Amounts received from the State of Arizona	2,705,563
Highway user revenues in excess of those received in fiscal year 1979-80	3,606,608
Contracts with other political subdivisions	330,628
Amount carried forward	596,155
Other revenues—(nonexcludable)	<u>8,864,728</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$20,925,579</u>

In addition, the exclusion claimed for contracts with other political subdivisions includes \$146,844 of miscellaneous revenues expended and \$51 of charges for services revenues expended. Also, exclusions totaling \$129,433 for grants and aid from the federal government and \$10,287 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 amounts received from the State of Arizona of \$2,741,102 includes \$25,252 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 \$17,981 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	\$1,661,101
Grants and aid from the federal government	923,088
Amounts received from the State of Arizona	221,339
Refunds, reimbursements, and other recoveries	<u>697,189</u>
Total prior years carryforward expended	<u>\$3,502,717</u>

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2014

Note 10 - The subtraction of \$6,710,505 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	\$2,423,070
Health	249,841
Debt service—principal retirement	1,872,100
Debt service—interest and fiscal charges	<u>2,165,494</u>
Total	<u>\$6,710,505</u>

Note 11 - The subtraction of \$1,908,200 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 of \$382,282 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 2013, 1st Special Session, Chapter 10, Sections 17 and 18, which were recorded as general government expenditures.

