



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Santa Cruz County

Year Ended June 30, 2012



Debra K. Davenport
Auditor General

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Santa Cruz County
Annual Expenditure Limitation Report
Year Ended June 30, 2012

Table of Contents	Page
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



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, 2012. 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

May 23, 2014

Santa Cruz County
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2012

1. Economic Estimates Commission expenditure limitation	\$20,299,336
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>20,299,335</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: May 23, 2014

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2012

Description	Governmental Funds	Enterprise Fund	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 36,053,429	\$ 1,812,076	\$ 98,649,432	\$ 136,514,937
B. Less exclusions claimed:				
Debt service requirements on other long-term obligations (Note 2)	1,247,260	5,902		1,253,162
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	613,781	2,416		616,197
Trustee or custodian (Note 4)	596,000		98,649,432	99,245,432
Grants and aid from the federal government (Notes 5 and 6)	5,427,540	79,538		5,507,078
Amounts received from the State of Arizona (Note 5)	1,922,832			1,922,832
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	3,159,358			3,159,358
Contracts with other political subdivisions (Notes 5 and 7)	433,057			433,057
Refunds, reimbursements, and other recoveries (Note 8)	968,142			968,142
Amounts received for distribution to school districts (Notes 5 and 9)	1,058,904			1,058,904
Prior years carryforward (Note 10)	2,051,440			2,051,440
Total exclusions claimed	<u>17,478,314</u>	<u>87,856</u>	<u>98,649,432</u>	<u>116,215,602</u>
C. Amounts subject to the expenditure limitation	<u>\$ 18,575,115</u>	<u>\$ 1,724,220</u>	<u>\$ -</u>	<u>\$ 20,299,335</u>

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2012

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	\$46,822,801	\$ 833,371	\$ 98,649,432	\$146,305,604
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		186,792		186,792
Landfill closure and postclosure care costs		(253,200)		(253,200)
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 11)	8,876,241			8,876,241
Long-term care contributions withheld by the State Treasurer (Note 12)	<u>1,893,131</u>			<u>1,893,131</u>
Total subtractions	<u>10,769,372</u>	<u>(66,408)</u>	<u>-</u>	<u>10,702,964</u>
C. Additions:				
Principal payments on long-term debt		5,708		5,708
Acquisition of capital assets		<u>906,589</u>		<u>906,589</u>
Total additions	<u>-</u>	<u>912,297</u>	<u>-</u>	<u>912,297</u>
D. Amounts reported on Part II, Line A	<u>\$ 36,053,429</u>	<u>\$ 1,812,076</u>	<u>\$ 98,649,432</u>	<u>\$ 136,514,937</u>

See accompanying notes to report.

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2012

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 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 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 and interest paid on capital leases.

Note 3 - The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$613,781 in the Governmental Funds includes interest on investments expended of \$1,781 and interest on delinquent taxes expended of \$612,000, which was recorded as tax revenue.

Note 4 - The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$596,000 in 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, contracts with other political subdivisions, and amounts received for distribution to school districts in the Governmental Funds:

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2012

Description	
Grants and aid from the federal government	\$ 4,932,580
Amounts received from the State of Arizona	1,894,509
Highway user revenues in excess of those received in fiscal year 1979-80	3,159,358
Contracts with other political subdivisions	302,393
Amounts received for distribution to school districts	937,021
Amount carried forward	1,004,856
Other revenues—(nonexcludable)	<u>10,052,168</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$22,282,885</u>

In addition, exclusions totaling \$275,889 for grants and aid from the federal government and \$28,323 for amounts received from the State of Arizona were claimed in the Governmental Funds. These amounts were deferred in the financial statements.

- Note 6** - The exclusion claimed for grants and aid from the federal government of \$5,427,540 includes \$219,071 of fines and forfeits revenue expended.
- Note 7** - The exclusion claimed for contracts with other political subdivisions of \$433,057 includes \$130,664 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** - The exclusion claimed for amounts received for distribution to school districts consists of federal, state, and county revenues recorded as education expenditures for operating an accommodation school.
- Note 10** - 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
Proceeds from other long-term obligations	\$ 34,601
Dividends, interest, and gains on the sale or redemption of investment securities	760,575
Grants and aid from the federal government	301,346
Amounts received from the State of Arizona	483,326
Highway user revenues in excess of those received in fiscal year 1979-80	425,384
Amounts received for distribution to school districts	<u>46,208</u>
Total prior years carryforward expended	<u>\$2,051,440</u>

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2012

Note 11 - The subtraction of \$8,876,241 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	\$5,000,173
Health	25,437
Debt service—principal retirement	1,639,696
Debt service—interest and fiscal charges	<u>2,210,935</u>
Total	<u>\$8,876,241</u>

Note 12 - The subtraction for long-term care contributions withheld by the State Treasurer consists of transaction privilege taxes the State Treasurer withheld 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.

