

# Santa Cruz County

Annual Expenditure  
Limitation Report

Year Ended June 30, 2018



A Report to the Arizona Legislature

Lindsey A. Perry  
Auditor General





The Arizona Auditor General's mission is to provide independent and impartial information and specific recommendations to improve the operations of State and local government entities. To this end, the Office 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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## Audit Staff

**Donna Miller**, Director  
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LINDSEY A. PERRY  
AUDITOR GENERAL

ARIZONA  
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 (report) of Santa Cruz County for the year ended June 30, 2018, and the related notes to the report. The County's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented in accordance with the Uniform Expenditure Reporting System as described in Note 1 in all material respects.

*Donna Miller*

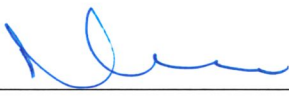
Donna Miller, CPA  
Director, Financial Audit Division

January 31, 2022

**Santa Cruz County**  
**Annual Expenditure Limitation Report—Part I**  
**Year ended June 30, 2018**

1. Economic Estimates Commission expenditure limitation	\$22,960,460
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>22,960,459</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: Mauricio A. Chavez, Administrative Services Director

Telephone number: (520) 375-7820 Date: January 31, 2022

See accompanying notes to report.

**Santa Cruz County**  
**Annual Expenditure Limitation Report—Part II**  
**Year ended June 30, 2018**

Description	<u>Governmental funds</u>	<u>Enterprise fund</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 42,796,420	\$ 642,201	\$ 112,337,440	\$ 155,776,061
B. Less exclusions claimed:				
Debt proceeds	3,557,403			3,557,403
Debt service requirements (Note 2)	1,156,163	85,446		1,241,609
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	646,863	58,492		705,355
Trustee or custodian (Note 4)	613,283		112,337,440	112,950,723
Grants and aid from the federal government (Note 5)	4,984,624			4,984,624
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	8,300			8,300
Amounts received from the State of Arizona (Note 5)	4,479,600			4,479,600
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	4,072,533			4,072,533
Contracts with other political subdivisions (Note 5)	427,606			427,606
Refunds, reimbursements, and other recoveries (Note 7)	179,685			179,685
Prior years carryforward (Note 12)	208,164			208,164
	<u>20,334,224</u>	<u>143,938</u>	<u>112,337,440</u>	<u>132,815,602</u>
Total exclusions claimed				
C. Amounts subject to the expenditure limitation	<u>\$ 22,462,196</u>	<u>\$ 498,263</u>	<u>\$ -</u>	<u>\$ 22,960,459</u>

See accompanying notes to report.

**Santa Cruz County**  
**Annual Expenditure Limitation Report—Reconciliation**  
**Year ended June 30, 2018**

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	\$ 51,494,187	\$ 1,111,161	\$ 112,337,440	\$ 164,942,788
B. Subtractions:				
Items not requiring the use of current financial resources:				
Depreciation		366,234		366,234
Pension expense (Note 11)		11,707		11,707
Landfill closure and postclosure care costs		190,859		190,859
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 8)	6,163,324			6,163,324
Long-term care contributions the State Treasurer withheld (Note 9)	2,040,600			2,040,600
Required fees/reimbursements made to Arizona state agencies (Note 10)	493,843			493,843
Total subtractions	<u>8,697,767</u>	<u>568,800</u>		<u>9,266,567</u>
C. Additions:				
Principal payments on long-term debt		82,092		82,092
Pension contributions paid in the current year (Note 11)		17,748		17,748
Total additions		<u>99,840</u>		<u>99,840</u>
D. Amounts reported on part II, line A	<u>\$ 42,796,420</u>	<u>\$ 642,201</u>	<u>\$ 112,337,440</u>	<u>\$ 155,776,061</u>

See accompanying notes to report.

# **Santa Cruz County**

## **Notes to Annual Expenditure Limitation Report**

### **Year ended June 30, 2018**

#### **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 of \$1,156,163 in the Governmental Funds consists of principal retirement and interest and fiscal charges of \$515,588 and \$640,575, respectively.

#### **Note 3**

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$646,863 in the Governmental Funds includes interest on investments expended of \$269,108 and interest on delinquent taxes expended of \$377,755, which was recorded as tax revenue.

#### **Note 4**

The exclusion claimed for trustee or custodian of \$613,283 in the Governmental Funds consists of \$605,763 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs and \$7,520 expended from the Anti-racketeering Fund, benefitting other jurisdictions, that were recorded as general government expenditures.

#### **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, 2018**

<b>Description</b>	
Grants and aid from the federal government	\$ 4,984,624
Amounts received from the State of Arizona	4,479,600
Highway user revenues in excess of those received in fiscal year 1979-80	4,072,533
Contracts with other political subdivisions	418,501
Amount carried forward	454,333
Other revenues (nonexcludable)	<u>9,457,200</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$23,866,791</u>

In addition, additional exclusions of \$9,105 claimed for contracts with other political subdivisions consist of miscellaneous revenues expended.

**Note 6**

The exclusion claimed for grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes of \$8,300 in the Governmental Funds consists of miscellaneous revenues expended.

**Note 7**

The exclusion claimed for refunds, reimbursements, and other recoveries of \$179,685 in the Governmental Funds consists of forfeitures recorded as fines and forfeits and expended as part of county anti-racketeering efforts.

**Note 8**

The subtraction of \$6,163,324 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.

<b>Special assessment districts</b>	
Public safety	\$2,300,223
Health	296,700
Debt service—Principal retirement	2,045,000
Debt Service—Interest and fiscal charges	<u>1,521,401</u>
Total	<u>\$6,163,324</u>

**Note 9**

The subtraction of \$2,040,600 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.

**Santa Cruz County**  
**Notes to Annual Expenditure Limitation Report**  
**Year ended June 30, 2018**

**Note 10**

The subtraction of \$493,843 for required fees/reimbursements paid to Arizona State agencies consists of \$83,500 paid to the Arizona Department of Juvenile Corrections pursuant to A.R.S. §41-2832 for committed youth confinement cost-sharing; \$49,110 paid to the Arizona Department of Administration pursuant to A.R.S. §42-5041 for administrative, program, and operating costs; and \$361,233 paid to the Arizona Department of Health Services pursuant to Laws 2017, Chapter 309, Sections 11 and 12 for inpatient competency restoration and committing an individual the court determined to be sexually violent, which were recorded as welfare expenditures.

**Note 11**

The subtraction of \$11,707 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Fund. The addition of \$17,748 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the Enterprise Fund.

**Note 12**

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:

<b>Description</b>	<b>Governmental Funds</b>
Amounts received from State of Arizona	<u>\$208,164</u>
Total prior years carryforward expended	<u>\$208,164</u>

