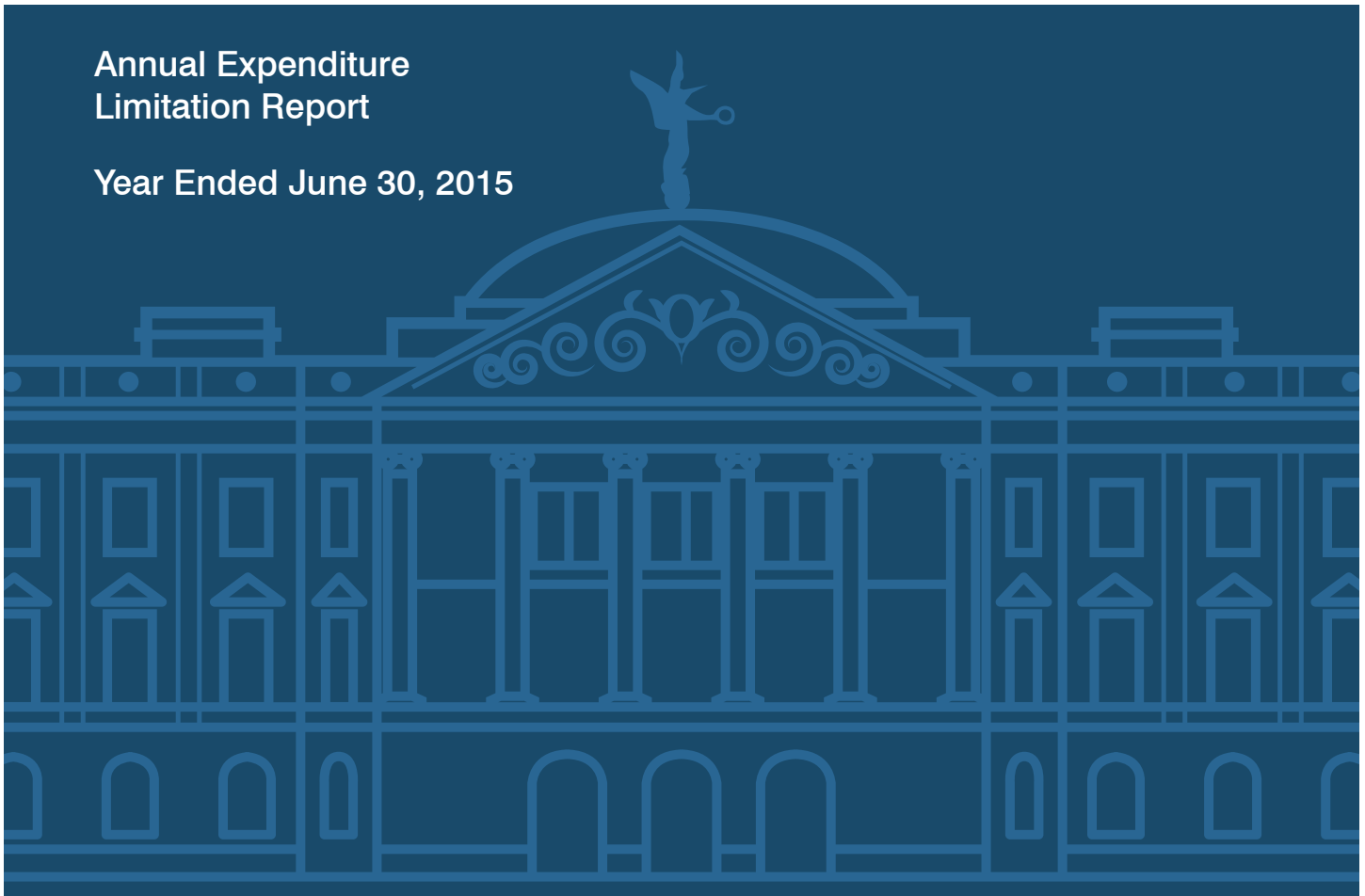


Santa Cruz County

Annual Expenditure
Limitation Report

Year Ended June 30, 2015



A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





The Arizona Office of the 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

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MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
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, 2015, 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, CPA
Director, Financial Audit Division

May 21, 2019



Santa Cruz County
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2015

1. Economic Estimates Commission expenditure limitation	\$20,989,291
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>20,989,290</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: (Signature removed for website presentation.)

Name and title: Jennifer K. St. John, County Manager

Telephone number: (520) 375-7635 Date: May 21, 2019

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Part II
Year ended June 30, 2015

Description	<u>Governmental funds</u>	<u>Enterprise fund</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 38,436,693	\$ 2,148,114	\$ 97,753,579	\$ 138,338,386
B. Less exclusions claimed:				
Debt service requirements (Note 2)	1,192,883	92,692		1,285,575
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	528,383	1,279		529,662
Trustee or custodian (Note 4)	820,061		97,753,579	98,573,640
Grants and aid from the federal government (Notes 5 and 6)	5,480,098			5,480,098
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 7)	43,059			43,059
Amounts received from the State of Arizona (Notes 5 and 6)	5,872,810			5,872,810
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	3,904,061			3,904,061
Refunds, reimbursements, and other recoveries (Note 8)	198,652			198,652
Prior years carryforward (Note 9)	<u>1,461,539</u>			<u>1,461,539</u>
Total exclusions claimed	<u>19,501,546</u>	<u>93,971</u>	<u>97,753,579</u>	<u>117,349,096</u>
C. Amounts subject to the expenditure limitation	<u>\$ 18,935,147</u>	<u>\$ 2,054,143</u>	<u>\$ -</u>	<u>\$ 20,989,290</u>

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Reconciliation
Year ended June 30, 2015

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	\$ 47,201,340	\$ 887,639	\$ 97,753,579	\$ 145,842,558
B. Subtractions:				
Items not requiring the use of current financial resources:				
Depreciation		178,581		178,581
Pension expense (Note 10)		25,701		25,701
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 11)	6,560,879			6,560,879
Long-term care contributions the State Treasurer withheld (Note 12)	1,914,800			1,914,800
Required fees/reimbursements made to Arizona state agencies (Note 13)	<u>288,968</u>			<u>288,968</u>
Total subtractions	<u>8,764,647</u>	<u>204,282</u>	<u>-</u>	<u>8,968,929</u>
C. Additions:				
Principal payments on long-term debt		92,692		92,692
Capital asset acquisitions		677,742		677,742
Pension contributions paid in the current year (Note 10)		36,593		36,593
Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years		<u>657,730</u>		<u>657,730</u>
Total additions		<u>1,464,757</u>	<u>-</u>	<u>1,464,757</u>
D. Amounts reported on part II, line A	<u>\$ 38,436,693</u>	<u>\$ 2,148,114</u>	<u>\$ 97,753,579</u>	<u>\$ 138,338,386</u>

See accompanying notes to report.

Santa Cruz County

Notes to Annual Expenditure Limitation Report

Year ended June 30, 2015

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 \$1,192,883 in the Governmental Funds consists of principal retirement and interest and fiscal charges of \$475,283 and \$717,600, respectively.

Note 3

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$528,383 in the Governmental Funds includes interest on investments expended of \$12,005 and interest on delinquent taxes expended of \$516,378, which was recorded as tax revenue. Remaining revenues of \$216, in investment income has been carried forward to future years.

Note 4

The exclusion claimed for trustee or custodian of \$820,061 in the Governmental Funds consists of \$600,396 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs and \$219,665 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, and highway user revenues in the Governmental Funds:

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2015

Description	
Grants and aid from the federal government	\$ 5,020,349
Amounts received from the State of Arizona	5,791,465
Highway user revenues in excess of those received in fiscal year 1979-80	3,904,061
Amount carried forward	341,798
Other revenues (nonexcludable)	<u>6,964,278</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$22,021,951</u>

In addition, an exclusion of \$316 claimed for amounts received from the State of Arizona consists of charges for services revenues expended.

Note 6

Exclusions totaling \$459,749 for grants and aid from the federal government and \$81,029 for amounts received from the State of Arizona claimed in the Governmental Funds were deferred in the financial statements.

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 \$43,059 in the Governmental Funds consists of miscellaneous revenues expended.

Note 8

The exclusion claimed for refunds, reimbursements, and other recoveries of \$198,652 in the Governmental Funds, 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
Grants and aid from the federal government	\$ 342,081
Amounts received from the State of Arizona	1,035,964
Grants, aid, contributions or gifts from a private agency, organization, or individual	<u>83,494</u>
Total prior years carryforward expended	<u>\$1,461,539</u>

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2015

Note 10

The subtraction of \$25,701 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Fund. The addition of \$36,593 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 11

The subtraction of \$6,560,879 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	\$2,224,642
Health	298,954
Debt service—Principal retirement	1,945,315
Debt Service—Interest and fiscal charges	<u>2,091,968</u>
Total	<u>\$6,560,879</u>

Note 12

The subtraction of \$1,914,800 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.

Note 13

The subtraction of \$288,968 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 2014, Chapter 11, Sections 10 and 11, which were recorded as general government expenditures.

