

Santa Cruz County

Annual Expenditure
Limitation Report

Year Ended June 30, 2017



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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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, 2017, 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

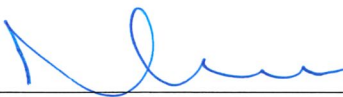
Donna Miller, CPA
Director, Financial Audit Division

September 21, 2021

Santa Cruz County
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2017

1. Economic Estimates Commission expenditure limitation	\$22,370,469
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>22,370,468</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: September 21, 2021

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Part II
Year ended June 30, 2017

Description	<u>Governmental funds</u>	<u>Enterprise fund</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 36,585,377	\$ 1,163,102	\$ 101,156,337	\$ 138,904,816
B. Less exclusions claimed:				
Debt service requirements (Note 2)	1,093,509	123,557		1,217,066
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	443,652	6,806		450,458
Trustee or custodian (Note 4)	643,514		101,156,337	101,799,851
Grants and aid from the federal government (Note 5)	4,818,510			4,818,510
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	21,821			21,821
Amounts received from the State of Arizona (Note 5)	4,250,364			4,250,364
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	2,928,398			2,928,398
Contracts with other political subdivisions (Note 5)	560,184			560,184
Refunds, reimbursements, and other recoveries (Note 7)	243,596			243,596
Prior years carryforward (Note 12)	<u>244,100</u>			<u>244,100</u>
Total exclusions claimed	<u>15,247,648</u>	<u>130,363</u>	<u>101,156,337</u>	<u>116,534,348</u>
C. Amounts subject to the expenditure limitation	<u>\$ 21,337,729</u>	<u>\$ 1,032,739</u>	<u>\$ -</u>	<u>\$ 22,370,468</u>

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Reconciliation
Year ended June 30, 2017

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	\$ 78,408,886	\$ 1,620,845	\$ 101,156,337	\$ 181,186,068
B. Subtractions:				
Items not requiring the use of current financial resources:				
Depreciation		386,806		386,806
Pension expense (Note 11)		11,853		11,853
Landfill closure and postclosure care costs		181,750		181,750
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 8)	39,593,988			39,593,988
Long-term care contributions the State Treasurer withheld (Note 9)	1,930,900			1,930,900
Required fees/reimbursements made to Arizona state agencies (Note 10)	298,621			298,621
Total subtractions	<u>41,823,509</u>	<u>580,409</u>		<u>42,403,918</u>
C. Additions:				
Principal payments on long-term debt		100,579		100,579
Capital asset acquisitions		4,705		4,705
Pension contributions paid in the current year (Note 11)		17,382		17,382
Total additions		<u>122,666</u>		<u>122,666</u>
D. Amounts reported on part II, line A	<u>\$ 36,585,377</u>	<u>\$ 1,163,102</u>	<u>\$ 101,156,337</u>	<u>\$ 138,904,816</u>

See accompanying notes to report.

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2017

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 \$1,093,509 in the Governmental Funds consists of principal retirement and interest and fiscal charges of \$540,596 and \$552,913, respectively.

Note 3

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$443,652 in the Governmental Funds includes interest on investments expended of \$69,206 and interest on delinquent taxes expended of \$374,446, which was recorded as tax revenue.

Note 4

The exclusion claimed for trustee or custodian of \$643,514 in the Governmental Funds consists of \$603,883 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs and \$39,631 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:

Description	
Grants and aid from the federal government	\$ 4,818,510
Amounts received from the State of Arizona	4,250,364
Highway user revenues in excess of those received in fiscal year 1979-80	2,928,398
Contracts with other political subdivisions	504,993
Amount carried forward	1,482,475
Other revenues (nonexcludable)	<u>8,207,185</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$22,191,925</u>

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2017

In addition, additional exclusions of \$55,191 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 \$21,821 in the Governmental Funds consists of miscellaneous revenues expended.

Note 7

The exclusion claimed for refunds, reimbursements, and other recoveries of \$243,596 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 \$39,593,988 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	\$1,590,979
Health	270,467
Debt service—Principal retirement	1,990,000
Debt service—Interest and fiscal charges	2,518,189
Debt service—Payment to escrow agent	<u>33,224,353</u>
Total	<u>\$39,593,988</u>

Note 9

The subtraction of \$1,930,900 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 10

The subtraction of \$298,621 for required fees/reimbursements paid to Arizona State agencies consists of \$83,354 paid to the Arizona Department of Juvenile Corrections pursuant to A.R.S. §41-2832 for committed youth confinement cost-sharing; \$49,480 paid to the Arizona Department of Administration pursuant to A.R.S. §42-5041 for administrative, program, and operating costs; and \$165,787 paid to the Arizona Department of Health Services pursuant to Laws 2016, Chapter 122, Sections 16 and 17, for inpatient competency restoration and committing an individual the court determined to be sexually violent, which were recorded as welfare expenditures.

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2017

Note 11

The subtraction of \$11,853 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Fund. The addition of \$17,382 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:

Description	Governmental Funds
Amounts received from State of Arizona	<u>\$244,100</u>
Total prior years carryforward expended	<u>\$244,100</u>

