

Santa Cruz County

Annual Expenditure
Limitation Report

Year Ended June 30, 2019



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, 2019, 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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.

Stephanie Gerber

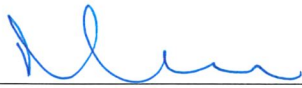
Stephanie Gerber, CPA
Director, Financial Audit Division

September 16, 2022

Santa Cruz County
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2019

1. Economic Estimates Commission expenditure limitation	\$23,956,896
2. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>23,956,895</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 16, 2022

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Part II
Year ended June 30, 2019

Description	<u>Governmental funds</u>	<u>Enterprise fund</u>	<u>Fiduciary funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 40,899,786	\$ 1,362,759	\$ 119,356,440	\$ 161,618,985
B. Less exclusions claimed:				
Debt service requirements (Note 2)	1,265,188	54,580		1,319,768
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	591,609	51,941		643,550
Trustee or custodian (Note 4)	561,818		119,356,440	119,918,258
Grants and aid from the federal government (Note 5)	4,092,159			4,092,159
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	18,680			18,680
Amounts received from the State of Arizona (Note 5)	4,487,901			4,487,901
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	4,666,694			4,666,694
Contracts with other political subdivisions (Note 5)	365,420			365,420
Refunds, reimbursements, and other recoveries (Note 7)	203,377			203,377
Prior years carryforward (Note 12)	<u>1,946,283</u>			<u>1,946,283</u>
Total exclusions claimed	<u>18,199,129</u>	<u>106,521</u>	<u>119,356,440</u>	<u>137,662,090</u>
C. Amounts subject to the expenditure limitation	<u>\$ 22,700,657</u>	<u>\$ 1,256,238</u>	<u>\$ -</u>	<u>\$ 23,956,895</u>

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Reconciliation
Year ended June 30, 2019

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	\$ 49,864,950	\$ 1,700,526	\$ 119,356,440	\$ 170,921,916
B. Subtractions:				
Items not requiring the use of current financial resources:				
Depreciation		308,743		308,743
Pension expense (Note 11)		2,990		2,990
Landfill closure and postclosure care costs		83,486		83,486
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 8)	6,774,164			6,774,164
Long-term care contributions the State Treasurer withheld (Note 9)	2,084,400			2,084,400
Required fees/reimbursements made to Arizona state agencies (Note 10)	106,600			106,600
Total subtractions	<u>8,965,164</u>	<u>395,219</u>		<u>9,360,383</u>
C. Additions:				
Principal payments on long-term debt		41,566		41,566
Pension contributions paid in the current year (Note 11)		15,886		15,886
Total additions		<u>57,452</u>		<u>57,452</u>
D. Amounts reported on part II, line A	<u>\$ 40,899,786</u>	<u>\$ 1,362,759</u>	<u>\$ 119,356,440</u>	<u>\$ 161,618,985</u>

See accompanying notes to report.

Santa Cruz County

Notes to Annual Expenditure Limitation Report

Year ended June 30, 2019

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 \$1,265,188 in the governmental funds consists of principal retirement and interest and fiscal charges of \$790,144 and \$475,044, respectively.

Note 3

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$591,609 in the governmental funds includes interest on investments expended of \$224,295 and interest on delinquent taxes expended of \$367,314, which was recorded as tax revenue.

Note 4

The exclusion claimed for trustee or custodian of \$561,818 in the governmental funds consists of \$556,042 in county contributions to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs and \$5,776 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, 2019

Description	
Grants and aid from the federal government	\$ 4,092,159
Amounts received from the State of Arizona	4,487,901
Highway user revenues in excess of those received in fiscal year 1979-80	4,666,694
Contracts with other political subdivisions	357,455
Amount carried forward	130,815
Other revenues (nonexcludable)	<u>10,591,704</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$24,326,728</u>

Additional exclusions of \$7,965 claimed for contracts with other political subdivisions consists 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 \$18,680 in the governmental funds, consists of miscellaneous revenues expended.

Note 7

The exclusion claimed for refunds, reimbursements, and other recoveries of \$203,377 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 \$6,774,164 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	\$2,882,725
Health	332,035
Debt service—Principal retirement	2,095,000
Debt Service—Interest and fiscal charges	<u>1,464,404</u>
Total	<u>\$6,774,164</u>

Note 9

The subtraction of \$2,084,400 for long-term care contributions the State Treasurer withheld 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.

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2019

Note 10

The subtraction of \$106,600 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; and \$23,100 paid to the Arizona Department of Health Services pursuant to Laws 2018, Chapter 284, Section 11, for inpatient competency restoration treatment, which were recorded as welfare expenditures.

Note 11

The subtraction of \$2,990 for pension expense consists of the change in the net pension liability recognized in the current year in the enterprise fund. The addition of \$15,886 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
Highway user revenues in excess of those received in fiscal year 1979-80 exclusion	\$1,736,310
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	83,494
Proceeds from other long-term obligations	24,559
Amounts received from State of Arizona	<u>101,920</u>
Total prior years carryforward expended	<u>\$1,946,283</u>

