



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Santa Cruz County

Year Ended June 30, 2009



Debra K. Davenport
Auditor General

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Santa Cruz County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2009

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DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Santa Cruz County, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of Santa Cruz County for the year ended June 30, 2009. This report is the responsibility of the County's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Annual Expenditure Limitation Report of Santa Cruz County for the year ended June 30, 2009, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, and others within the County, and for filing with the Auditor General of the State of Arizona, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Jay Zsorey, CPA
Financial Audit Director

April 12, 2011

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Santa Cruz County
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2009

1. Economic Estimates Commission expenditure limitation	\$21,650,515
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>19,068,113</u>
3. Amount under the expenditure limitation	<u>\$ 2,582,402</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: April 12, 2011

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2009

Description	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 57,741,623	\$ 1,272,313	\$ 115,039,436	\$ 174,053,372
B. Less exclusions claimed:				
Proceeds from other long-term obligations (Note 2)	22,805,767			22,805,767
Debt service requirements on other long-term obligations (Note 3)	603,004	135,913		738,917
Trustee or custodian (Note 4)	590,046		115,039,436	115,629,482
Grants and aid from the federal government (Note 6)	6,242,848			6,242,848
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	9,968			9,968
Amounts received from the State of Arizona (Note 6)	5,080,183	7,865		5,088,048
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	3,361,915			3,361,915
Contracts with other political subdivisions (Notes 6 and 7)	<u>648,511</u>	<u>459,803</u>	<u> </u>	<u>1,108,314</u>
Total exclusions claimed	<u>39,342,242</u>	<u>603,581</u>	<u>115,039,436</u>	<u>154,985,259</u>
C. Amounts subject to the expenditure limitation	<u>\$ 18,399,381</u>	<u>\$ 668,732</u>	<u>\$ -</u>	<u>\$ 19,068,113</u>

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2009

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	\$ 64,312,794	\$ (341,963)	\$ 115,039,436	\$ 179,010,267
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		321,536		321,536
Landfill closure and postclosure care costs		(1,722,243)		(1,722,243)
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 8)	4,078,708			4,078,708
Community college reimbursement payments pursuant to A.R.S. §15-1469.01 (Note 9)	987,017			987,017
Long-term care contributions withheld by the State Treasurer (Note 10)	1,441,032			1,441,032
Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	<u>64,414</u>			<u>64,414</u>
Total subtractions	<u>6,571,171</u>	<u>(1,400,707)</u>		<u>5,170,464</u>
C. Additions:				
Principal payments on long-term debt		118,469		118,469
Acquisition of capital assets		95,100		95,100
Total additions		<u>213,569</u>		<u>213,569</u>
D. Amounts reported on Part II, Line A	<u>\$ 57,741,623</u>	<u>\$ 1,272,313</u>	<u>\$ 115,039,436</u>	<u>\$ 174,053,372</u>

See accompanying notes to report.

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2009

Note 1 - Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the uniform expenditure reporting system (UERS), as required by Arizona Revised Statutes §41-1279.07, which 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 requirements, 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 Funds; Statement of Cash Flows for the Proprietary Funds; and the Statement of Changes in Fiduciary Net Assets for the Fiduciary Funds.

Note 2 - The \$22,805,767 exclusion claimed for proceeds from other long-term obligations in the Governmental Funds consists of expenditures made from loan proceeds (net of discounts) of \$59,171,586. The remaining loan proceeds that are available for future expenditure have been carried forward to future years.

Note 3 - The exclusion claimed for debt service requirements on other long-term obligations of \$603,004 in the Governmental Funds consists of principal retirement and interest and fiscal charges of \$205,281 and \$397,723, respectively.

The exclusion claimed for debt service requirements on other long-term obligations of \$135,913 in the Enterprise Fund consists of principal and interest paid on capital leases of \$118,469 and \$17,444, respectively.

Note 4 - The exclusion claimed for trustee or custodian of \$590,046 in the Governmental Funds consists of \$589,833 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs, and \$213 in expenditures made from antiracketeering revenues benefitting other jurisdictions.

Note 5 - The exclusion claimed for grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes of \$9,968 in the Governmental Funds consists of miscellaneous revenues expended.

Note 6 - 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, 2009

Description	
Grants and aid from the federal government	\$ 6,242,848
Amounts received from the State of Arizona	5,080,183
Highway user revenues in excess of those received in fiscal year 1979-80	3,361,915
Contracts with other political subdivisions	648,511
Other revenues—(nonexcludable)	5,152,228
Amount carried forward	<u>1,398,145</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$21,883,830</u>

Note 7 - The exclusion claimed for contracts with other political subdivisions of \$459,803 in the Enterprise Fund consists of landfill fees revenues expended.

Note 8 - The subtraction of \$4,078,708 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	\$3,084,557
Debt service—principal retirement	64,393
Debt service—interest and fiscal charges	<u>929,758</u>
Total	<u>\$4,078,708</u>

Note 9 - The subtraction of \$987,017 for community college reimbursement payments is reported as education and economic opportunity expenditures in the Governmental Funds in the fund financial statements.

Note 10 - The subtraction of \$1,441,032 for long-term care contributions withheld by the State Treasurer 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.

