



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Santa Cruz County

Year Ended June 30, 2011



Debra K. Davenport
Auditor General

The **Auditor General** is appointed by the Joint Legislative Audit Committee, a bipartisan committee composed of five senators and five representatives. Her mission is to provide independent and impartial information and specific recommendations to improve the operations of state and local government entities. To this end, she provides financial audits and accounting services to the State and political subdivisions, investigates possible misuse of public monies, and conducts performance audits of school districts, state agencies, and the programs they administer.



Copies of the Auditor General's reports are free.
You may request them by contacting us at:

Office of the Auditor General

2910 N. 44th Street, Suite 410 • Phoenix, AZ 85018 • (602) 553-0333

Additionally, many of our reports can be found in electronic format at:

www.azauditor.gov

Santa Cruz County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2011

Table of Contents	Page
Independent Auditors' Report	1
Annual Expenditure Limitation Report—Part I	2
Annual Expenditure Limitation Report—Part II	3
Annual Expenditure Limitation Report—Reconciliation	4
Notes to Annual Expenditure Limitation Report	5



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, 2011. 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, 2011, 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 23, 2013

Santa Cruz County
Annual Expenditure Limitation Report—Part I
Year Ended June 30, 2011

1. Economic Estimates Commission expenditure limitation	\$20,733,764
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>20,733,763</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: Jennifer K. St. John, CPA, Administrative Services Director

Telephone Number: (520) 375-7820 Date: April 23, 2013

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Part II
Year Ended June 30, 2011

Description	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 44,356,210	\$ 1,529,715	\$ 100,513,764	\$ 146,399,689
B. Less exclusions claimed:				
Debt service requirements on other long-term obligations (Note 2)	1,281,729	121,238		1,402,967
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	526,043	5,783		531,826
Trustee or custodian (Note 4)	848,504		100,513,764	101,362,268
Grants and aid from the federal government (Note 6)	8,202,471			8,202,471
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	79,144			79,144
Amounts received from the State of Arizona (Note 6)	2,504,163			2,504,163
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	3,041,068			3,041,068
Contracts with other political subdivisions (Notes 6 and 7)	285,598	40,430		326,028
Amounts received for distribution to school districts (Notes 6 and 8)	1,533,885			1,533,885
Prior years carryforward (Note 9)	<u>6,682,106</u>			<u>6,682,106</u>
Total exclusions claimed	<u>24,984,711</u>	<u>167,451</u>	<u>100,513,764</u>	<u>125,665,926</u>
C. Amounts subject to the expenditure limitation	<u>\$ 19,371,499</u>	<u>\$ 1,362,264</u>	<u>\$ -</u>	<u>\$ 20,733,763</u>

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2011

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	\$51,859,434	\$1,260,685	\$100,513,764	\$153,633,883
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		209,049		209,049
Landfill closure and postclosure care costs		128,385		128,385
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 10)	6,089,405			6,089,405
Long-term care contributions withheld by the State Treasurer (Note 11)	<u>1,413,819</u>			<u>1,413,819</u>
Total subtractions	<u>7,503,224</u>	<u>337,434</u>		<u>7,840,658</u>
C. Additions:				
Principal payments on long-term debt		110,932		110,932
Acquisition of capital assets		<u>495,532</u>		<u>495,532</u>
Total additions		<u>606,464</u>		<u>606,464</u>
D. Amounts reported on Part II, Line A	<u>\$ 44,356,210</u>	<u>\$ 1,529,715</u>	<u>\$ 100,513,764</u>	<u>\$ 146,399,689</u>

See accompanying notes to report.

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2011

Note 1 - Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report is presented on the basis of accounting prescribed by the uniform expenditure reporting system, 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 reporting requirements, a note to the report 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 Balance Sheet for the Governmental Funds; 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 exclusion claimed for debt service requirements on other long-term obligations of \$1,281,729 in the Governmental Funds consists of principal retirement and interest and fiscal charges of \$508,418 and \$773,311, respectively.

The exclusion claimed for debt service requirements on other long-term obligations of \$121,238 in the Enterprise Fund consists of principal and interest paid on capital leases of \$110,932 and \$10,306, respectively.

Note 3 - The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$526,043 in the Governmental Funds includes interest on investments expended of \$41,889 and interest on delinquent taxes expended of \$484,154, which was recorded as tax revenue.

Note 4 - The exclusion claimed for trustee or custodian of \$848,504 in the Governmental Funds consists of \$595,200 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs and \$253,304 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 \$79,144 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, 2011

Description	
Grants and aid from the federal government	\$ 6,825,950
Amounts received from the State of Arizona	2,428,290
Highway user revenues in excess of those received in fiscal year 1979-80	3,041,068
Contracts with other political subdivisions	285,598
Other revenues—(nonexcludable)	6,589,479
Amounts received for distribution to school districts	1,533,885
Amount carried forward	<u>469,002</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$21,173,272</u>

In addition, exclusions totaling \$1,376,521 for grants and aid from the federal government and \$75,873 for amounts received from the State of Arizona were claimed in the Governmental Funds. These amounts were deferred in the financial statements.

Note 7 - The exclusion claimed for contracts with other political subdivisions of \$40,430 in the Enterprise fund consists of landfill fee revenues expended.

Note 8 - The \$1,533,885 exclusion claimed for amounts received for distribution to school districts consists of federal, state, and county revenues recorded as education expenditures for operating an accommodation school.

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
Proceeds from other long-term obligations	<u>\$5,744,998</u>
Dividends, interest, and gains on the sale or redemption of investment securities	178,997
Grants and aid from federal government	679,300
Amounts received from the State of Arizona	<u>78,811</u>
Total prior years carryforward expended	<u>\$6,682,106</u>

Note 10 - The subtraction of \$6,089,405 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:

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2011

Special Assessment Districts

Public safety	\$2,664,414
Health	5,078
Debt service—principal retirement	1,426,521
Debt service—interest and fiscal charges	<u>1,993,392</u>
Total	<u>\$6,089,405</u>

Note 11 - The subtraction of \$1,413,819 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.

