



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Expenditure Limitation Report

Santa Cruz County

Year Ended June 30, 2010



Debra K. Davenport
Auditor General

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Santa Cruz County
Report on Audit of Annual Expenditure Limitation Report
Year Ended June 30, 2010

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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, 2010. 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, 2010, 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, 2010

1. Economic Estimates Commission expenditure limitation	\$21,632,066
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>21,632,065</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, 2010

Description	<u>Governmental Funds</u>	<u>Enterprise Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, Line D	\$ 68,390,870	\$ 1,168,286	\$ 112,388,330	\$ 181,947,486
B. Less exclusions claimed:				
Debt service requirements on other long-term obligations (Note 2)	1,925,984	110,113		2,036,097
Dividends, interest, and gains on the sale or redemption of investment securities (Note 3)	177,440	17,661		195,101
Trustee or custodian (Note 4)	611,484		112,388,330	112,999,814
Grants and aid from the federal government (Note 6)	6,090,610	19,987		6,110,597
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 5)	94,329			94,329
Amounts received from the State of Arizona (Note 6)	3,231,627			3,231,627
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 6)	2,919,066			2,919,066
Contracts with other political subdivisions (Note 6)	555,323			555,323
Amounts received for distribution to school districts (Note 7)	1,890,346			1,890,346
Prior years carryforward (Note 8)	<u>30,075,259</u>	<u>207,862</u>		<u>30,283,121</u>
Total exclusions claimed	<u>47,571,468</u>	<u>355,623</u>	<u>112,388,330</u>	<u>160,315,421</u>
C. Amounts subject to the expenditure limitation	<u>\$ 20,819,402</u>	<u>\$ 812,663</u>	<u>\$ -</u>	<u>\$ 21,632,065</u>

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report—Reconciliation
Year Ended June 30, 2010

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	\$ 76,666,746	\$ 562,450	\$ 112,388,330	\$ 189,617,526
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation		223,322		223,322
Landfill closure and postclosure care costs		(640,456)		(640,456)
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 9)	5,667,014			5,667,014
Community college reimbursement payments pursuant to A.R.S. §15-1469.01 (Note 10)	1,355,639			1,355,639
Long-term care contributions withheld by the State Treasurer (Note 11)	<u>1,253,223</u>			<u>1,253,223</u>
Total subtractions	<u>8,275,876</u>	<u>(417,134)</u>		<u>7,858,742</u>
C. Additions:				
Principal payments on long-term debt		99,253		99,253
Acquisition of capital assets		<u>89,449</u>		<u>89,449</u>
Total additions		<u>188,702</u>		<u>188,702</u>
D. Amounts reported on Part II, Line A	<u>\$ 68,390,870</u>	<u>\$ 1,168,286</u>	<u>\$ 112,388,330</u>	<u>\$ 181,947,486</u>

See accompanying notes to report.

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2010

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 \$1,925,984 in the Governmental Funds consists of principal retirement and interest and fiscal charges of \$756,291 and \$1,169,693, respectively.

The exclusion claimed for debt service requirements on other long-term obligations of \$110,113 in the Enterprise Fund consists of principal and interest paid on capital leases of \$99,253 and \$10,860, respectively.

Note 3 - The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities of \$177,440 in the Governmental Funds includes interest on investments expended of \$42,419 and interest on delinquent taxes expended of \$135,021, which was recorded as tax revenue.

Note 4 - The exclusion claimed for trustee or custodian of \$611,484 in the Governmental Funds consists of \$592,800 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, uncompensated care, and administrative costs and \$18,684 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 \$94,329 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, 2010

Description	
Grants and aid from the federal government	\$ 5,426,602
Amounts received from the State of Arizona	2,809,464
Highway user revenues in excess of those received in fiscal year 1979-80	2,919,066
Contracts with other political subdivisions	555,323
Other revenues—(nonexcludable)	4,404,499
Amounts received for distribution to school districts	1,829,276
Amounts received for debt service requirements	14,907
Amount carried forward	<u>1,027,314</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$18,986,451</u>

In addition, exclusions totaling \$664,008 for grants and aid from the federal government and \$422,163 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 \$1,890,346 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 8 - 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	Enterprise Fund
Proceeds from other long-term obligations	<u>\$29,516,091</u>	
Dividends, interest, and gains on the sale or redemption of investment securities	237,148	\$173,387
Grants and aid from federal government	59,353	
Amounts received from the State of Arizona	<u>262,667</u>	<u>34,475</u>
Total prior years carryforward expended	<u>\$30,075,259</u>	<u>\$207,862</u>

Note 9 - The subtraction of \$5,667,014 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	\$1,518,257
Debt service—principal retirement	2,602,363
Debt service—interest and fiscal charges	<u>1,546,394</u>
Total	<u>\$5,667,014</u>

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2010

Note 10 - The subtraction of \$1,355,639 for community college reimbursement payments is reported as education and economic opportunity expenditures in the Governmental Funds in the fund financial statements.

Note 11 - The subtraction of \$1,253,223 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.

