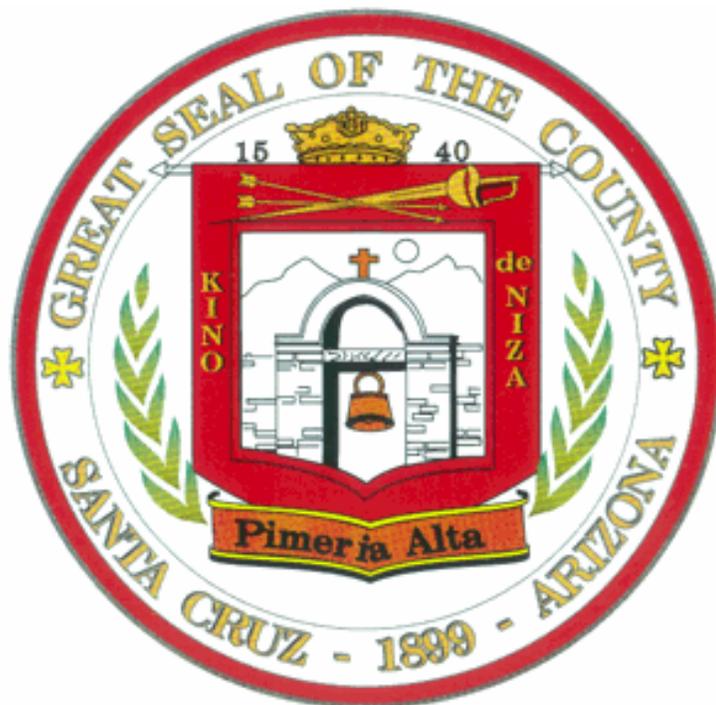


SANTA CRUZ COUNTY, ARIZONA

Annual Expenditure Limitation Report Year Ended June 30, 2002



SANTA CRUZ COUNTY
Annual Expenditure Limitation Report
Year Ended June 30, 2002

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**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
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, 2002. 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, 2002, 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 and the Board of Supervisors, 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.

Debbie Davenport
Auditor General

October 18, 2002

SANTA CRUZ COUNTY
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2002

1. Economic Estimates Commission expenditure limitation	\$ 13,478,661
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	\$ 13,718,323
3. Board-authorized expenditures necessitated by a disaster declared by the Governor (Article IX, §20[2][a], Arizona Constitution)	<u>239,663</u>
4. Total adjusted amount subject to the expenditure limitation	<u>13,478,660</u>
5. Amount under the expenditure limitation	<u><u>\$ 1</u></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, Director of Administrative Services

Telephone No: (520) 375-7800

Date: October 18, 2002

See accompanying notes to report

SANTA CRUZ COUNTY
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2002

Description	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total
A. Amounts reported on the Reconciliation, Line C	\$15,582,570	\$ 10,387,330	\$ 564,656	\$ 540,316	\$27,074,872
B. Less exclusions claimed:					
Debt service requirements on bonded indebtedness			564,656		564,656
Debt service requirements on other long-term obligations (Note 2)	698,715	123,377			822,092
Dividends, interest, and gains on the sale of securities				1,216	1,216
Trustee or custodian (Notes 3 and 4)	482,832	15,358			498,190
Grants and aid from the federal government (Note 5)	631,746	2,807,449		251,667	3,690,862
Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)		76,814			76,814
Amounts received from the State of Arizona (Note 5)	1,692,760	2,025,451		46,650	3,764,861
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)		2,856,753			2,856,753
Contracts with other political subdivisions (Note 5)	651,976	191,404			843,380
Prior years carryforward (Note 7)	<u>190,183</u>			<u>47,542</u>	<u>237,725</u>
Total exclusions claimed	<u>4,348,212</u>	<u>8,096,606</u>	<u>564,656</u>	<u>347,075</u>	<u>13,356,549</u>
C. Amounts subject to the expenditure limitation	<u>\$11,234,358</u>	<u>\$ 2,290,724</u>	<u>\$</u>	<u>\$ 193,241</u>	<u>\$13,718,323</u>

See accompanying notes to report.

SANTA CRUZ COUNTY
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2002

Description	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total
A. Total expenditures reported within the comprehensive annual financial report	\$ 18,459,073	\$ 12,262,359	\$ 564,656	\$ 540,316	\$ 31,826,404
B. Deductions:					
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 8)		1,737,803			1,737,803
Community college reimbursement payments pursuant to A.R.S. §15-1469.01 (Note 9)	899,688				899,688
Long-term care contributions withheld by the State Treasurer (Note 10)	1,707,337				1,707,337
Present value of net minimum capital lease payments recorded as expenditures at the inception of the agreements	<u>269,478</u>	<u>137,226</u>			<u>406,704</u>
Total deductions	<u>2,876,503</u>	<u>1,875,029</u>			<u>4,751,532</u>
C. Amounts reported on Part II, Line A	<u>\$ 15,582,570</u>	<u>\$ 10,387,330</u>	<u>\$ 564,656</u>	<u>\$ 540,316</u>	<u>\$ 27,074,872</u>

See accompanying notes to report.

SANTA CRUZ COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2002

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 of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures reported in the annual general purpose 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 deduction or addition in the Reconciliation that cannot be traced directly to an amount reported in the annual general purpose financial statements. All references to financial statement amounts in the following notes refer to the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Government Fund Types.

- Note 2 –** The exclusion claimed for debt service requirements on other long-term obligations of \$698,715 in the General Fund and \$123,377 in the Special Revenue Funds consists of payments made on capital lease agreements. These payments are reported as general government expenditures in the General Fund and highways and streets expenditures in the Special Revenue Funds, respectively, in the CAFR.
- Note 3 –** The exclusion claimed for trustee or custodian in the General Fund consists of \$482,832 in contributions by the County to the Arizona Health Care Cost Containment System for acute care. These payments are reported as health, welfare and sanitation expenditures in the CAFR.
- Note 4 –** The exclusion claimed for trustee or custodian in the Special Revenue Funds consists of \$15,358 in purchases made on behalf of various law enforcement agencies. These expenditures are reported as public safety expenditures in the CAFR.
- 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 General, Special Revenue and Capital Projects Funds.

SANTA CRUZ COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2002

Description	General Fund			Special Revenue Funds			Capital Project Funds		
	Revenues	Amount Excluded	Amount Carried Forward	Revenues	Amount Excluded	Amount Carried Forward	Revenues	Amount Excluded	Amount Carried Forward
Grants and aid from the federal government	\$ 631,746	\$ 631,746		\$ 3,593,814	\$ 2,807,449	\$ 786,365	\$ 253,060	\$ 251,667	\$ 1,393
Amounts received from the State of Arizona	1,692,760	1,692,760		2,223,403	2,025,451	197,952	52,187	46,650	5,537
Highway user revenues in excess of those received in fiscal year 1979-80				2,856,753	2,856,753				
Contracts with other political subdivisions	651,976	651,976		191,404	191,404				
Other revenues – (nonexcludable)	<u>4,836,130</u>			<u>1,788,090</u>					
Total intergovernmental revenues as reported in the CAFR	<u>\$ 7,812,612</u>	<u>\$ 2,976,482</u>	<u>\$</u>	<u>\$ 10,653,464</u>	<u>\$ 7,881,057</u>	<u>\$ 984,317</u>	<u>\$ 305,247</u>	<u>\$ 298,317</u>	<u>\$ 6,930</u>

SANTA CRUZ COUNTY
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2002

- 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 \$76,814 in the Special Revenue Funds consists of expenditures for salaries that were reimbursed by the Literacy Volunteers of America. These expenditures are reported as education and economic opportunity expenditures in the CAFR.
- Note 7** – 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	<u>General Fund</u>	<u>Capital Projects Funds</u>
Dividends, interest, and gains on the sale or redemption of investment securities		\$ 21,760
Grants and aid from the federal government		13,635
Amounts received from the State of Arizona	<u>\$ 190,183</u>	<u>12,147</u>
Total prior years carryforward expended	<u>\$ 190,183</u>	<u>\$ 47,542</u>

- Note 8** – The deduction of \$1,737,803 in the Special Revenue Funds consists of expenditures of the Flood Control District, a separate legal entity, which was included within the County’s reporting entity but not included in the Economic Estimates Commission base limitation. These expenditures are reported in the Special Revenue Funds as highways and streets expenditures in the CAFR.
- Note 9** – The deduction of \$899,688 for community college reimbursement payments is reported in the General Fund as education and economic opportunity expenditures in the CAFR.
- Note 10** – The amount of transaction privilege taxes withheld by the State Treasurer to meet the County’s share of long-term care costs was reported as intergovernmental revenues and health, welfare and sanitation expenditures in the General Fund in the CAFR. Consequently, this expenditure has been deducted on the Reconciliation.
- Note 11** – The adjustment to expenditures subject to the expenditure limitation of \$239,663 in the Annual Expenditure Limitation Report-Part 1 consists of Board-authorized expenditures necessitated by a disaster declared by the Governor. These expenditures are reported as highways and street expenditures in the CAFR. See appendices.

Appendix I

*** IN ACCORDANCE WITH ESTABLISHED EMERGENCY PROCEDURES ***

WHEREAS, on October 17, 2000 the Santa Cruz County Board of Supervisors declared an emergency for the severe rains originating from remnants of Hurricane Olivia that caused damage to the County's infrastructure including roads, drainage channels, and utilities; and

WHEREAS, the severe rains caused excessive flow in Nogales Wash, the Santa Cruz River and its tributaries, and adjacent areas in Santa Cruz County, and caused a high level of erosion and infrastructure damage in these areas; and

WHEREAS, Santa Cruz County provided emergency protective measures; and

WHEREAS, recovery from the storm event is above and beyond the capabilities of Santa Cruz County; and

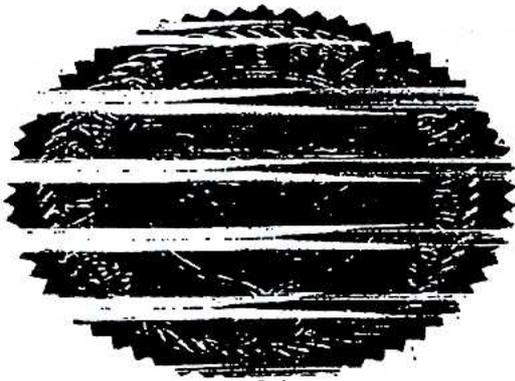
WHEREAS, the Governor is authorized to declare an emergency pursuant to A.R.S. §26.303.d; and

WHEREAS, the Legislature has authorized the expenditure of funds in the event of an emergency pursuant to A.R.S. §35-192, as amended;

NOW, THEREFORE I, Jane Dee Hull, Governor of the State of Arizona, by virtue of the authority vested in me by the Constitution and Laws of the State, do hereby determine the excessive rains and flooding due to the remnants of Hurricane Olivia in Santa Cruz County justifies a declaration of a State of Emergency, pursuant to A.R.S. §26.303.d, and I do hereby:

- a. Declare that a State of Emergency exists in Santa Cruz County due to heavy rains from the remnants of Hurricane Olivia causing the Nogales Wash, Santa Cruz River and its tributaries' to flood, effective October 10 through 11, 2000; and
- b. Direct that the sum of \$200,000 from the General Fund be made available to the Director of the State Division of Emergency Management to be expended in accordance with A.R.S. §35-192, A.A.C. R8-2-301 to 321, Executive Order 79-4; and
- c. Direct that the State Emergency Operations Plan be used to direct and control state and other assets; and direct that the Director of the Division of Emergency Management is authorized to coordinate State assets.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Arizona



DONE at the Capitol in Phoenix on this the seventeenth day of October in the Year Two thousand and of the Independence of the United States of America the Two Hundred and Twenty-fourth.

ATTEST:

Appendix II
**SANTA CRUZ COUNTY
RESOLUTION #2000-23
DECLARATION OF EMERGENCY**

WHEREAS, October 10 and 11, 2000, severe rains originating with Hurricane Olivia struck the City of Nogales, Mexico, the City of Nogales, Arizona, and Santa Cruz County, Arizona; and

WHEREAS, the severe rains caused excessive flow in Nogales Wash, the Santa Cruz River and its tributaries, and adjacent areas in Santa Cruz County, and caused a high level of erosion damage at various locations along the Nogales Wash, the Santa Cruz River and its tributaries, and adjacent areas in Santa Cruz County; and

WHEREAS, the excessive flow in Santa Cruz County resulted in heavy damage to public (County) infrastructure, including, but not limited to, the following:

- a. damage to embankment protection structures in Nogales Wash south of the Nogales Wash Bridge at Chula Vista. The embankment protection structures protect the Old Tucson Road that provides access/egress to over 800 area residents and a number of produce and other businesses,
- b. destruction of embankment in Nogales Wash adjacent to Old Tucson Road south of Potrero Bridge, threatening loss of a portion of the Old Tucson Road that provides sole access/egress for commercial/truck traffic between Interstate Highway 19 and area produce businesses,
- c. destruction of a portion of South River Road and a City of Nogales water line approximately 1.3 miles northwest of the road's intersection with SR 82. The road is classed as a major collector, carries up to 800 vehicles per day and is the sole connection between SR 82 and Rio Rico/I-19 outside the City of Nogales. The water line transmits water from a well field to the Nogales pump station on SR 82,
- d. damage to a portion on Nogales International Airport land in the form of excessive erosion south of the Main Runway. The airport and the Main Runway are the General Aviation Airport Facility that serve Santa Cruz County,
- e. destruction of embankment in Harshaw Creek adjacent to the Patagonia-Harshaw Road north of the Coronado Forest Boundary, threatening loss of a portion of the Patagonia-Harshaw Road which provides access/egress for traffic between SR 82 and Lochiel and the San Rafael Valley (including the new San Rafael State Park); and

WHEREAS, the severe rains and resultant damage has resulted in a condition of peril to health and safety of many citizens.

NOW, THEREFORE, it is hereby declared that an emergency now exists in Santa Cruz County, Arizona and assistance from the State of Arizona is hereby requested.

Appendix II

PASSED AND ADOPTED this 17th day of October, 2000.

Santa Cruz County, Arizona
Board of Supervisors

Ronald R. Morriss, Chairman

Robert Damon, Vice-Chairman

Robert Rojas, Member

ATTEST:

APPROVED AS TO FORM:

Melinda Meek
Clerk of the Board

Holly Hawn
Deputy County Attorney