

Santa Cruz County

Report on Audit of
Annual Expenditure Limitation Report

Year Ended June 30, 2008

Santa Cruz County
Report on Audit of Annual Expenditure Limitation Report
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Independent Auditor's Report

The Auditor General of the State of Arizona

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, 2008. 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, 2008, 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 management, 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.



February 9, 2010

Santa Cruz County
Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2008

1. Economic Estimates Commission expenditure limitation	\$ 20,602,527
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	20,602,526
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: February 9, 2010

Santa Cruz County
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2008

Description	Governmental Funds	Enterprise Fund	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 38,250,723	\$ 2,018,438	\$ 121,609,478	\$ 161,878,639
B. Less exclusions claimed:				
Debt service requirements on other long-term obligations (Note 2)	249,532	136,977		386,509
Dividends, interest, and gains on the sale or redemption of investment securities	668,040	89,532		757,572
Trustee or custodian (Note 3)	589,797		121,609,478	122,199,275
Grants and aid from the federal government (Note 4)	6,899,435			6,899,435
Amounts received from the State of Arizona (Note 4)	4,757,700			4,757,700
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	3,446,104			3,446,104
Contracts with other political subdivisions (Notes 4 and 5)	531,800	710,967		1,242,767
Prior years carryforward (Note 9)	1,586,751			1,586,751
Total exclusions claimed	18,729,159	937,476	121,609,478	141,276,113
C. Amounts subject to the expenditure limitation	\$ 19,521,564	\$ 1,080,962	\$ -	\$ 20,602,526

See accompanying notes to report.

Santa Cruz County
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2008

Description	Governmental Funds	Enterprise Fund	Fiduciary Funds	Total
A. Total expenditures, expenses, or deductions reported within the fund financial statements (Note 8)	<u>\$ 45,871,058</u>	<u>\$ 2,136,756</u>	<u>\$ 121,609,478</u>	<u>\$ 169,617,292</u>
B. Subtractions:				
Items not requiring the use of working capital				
Depreciation		307,857		307,857
Landfill closure and postclosure care costs		157,939		157,939
Expenditures of separate legal entities established under Arizona Revised Statutes (A.R.S.) (Note 6)	4,481,765			4,481,765
Community college reimbursement payments pursuant to A.R.S. 15-1469.01 (Note 7)	783,544			783,544
Long-term care contributions withheld by the State Treasurer (Note 8)	1,822,600			1,822,600
Present value of net minimum capital lease payments recorded as expenditures at inception of the agreement	<u>532,426</u>			<u>532,426</u>
Total subtractions	<u>7,620,335</u>	<u>465,796</u>		<u>8,086,131</u>
C. Additions:				
Principal payments on long-term debt		111,879		111,879
Acquisition of capital assets		230,194		230,194
Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years		<u>5,405</u>		<u>5,405</u>
Total additions		<u>347,478</u>		<u>347,478</u>
D. Amounts reported on Part II, Line A	<u>\$ 38,250,723</u>	<u>\$ 2,018,438</u>	<u>\$ 121,609,478</u>	<u>\$ 161,878,639</u>

See accompanying notes to report.

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2008

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 exclusion claimed for debt service requirements on other long-term obligations consists of \$249,532 reported as principal and interest payments on capital leases and long-term notes payable in the Governmental Funds. This amount excluded does not include \$31,124 in principal expenditures in the Flood Control District fund which is excluded as discussed in Note 6. The exclusion in the Enterprise Fund consists of \$136,977 reported as principal and interest paid on capital leases.

Note 3 - The exclusion claimed for trustee or custodian in the Governmental Funds consists of \$586,795 in contributions by the County to the Arizona Health Care Cost Containment System for acute care, administrative cost contributions, and uncompensated care contributions, and \$3,002 for purchases made on behalf of various other agencies. In the Fiduciary Funds, the exclusion consists of \$121,609,478 in distributions to external investment pool and individual investment account participants.

Note 4 - 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:

Description	Governmental Funds
Grants and aid from the federal government	\$ 6,899,435
Amounts received from the State of Arizona	4,757,700
Highway user revenues in excess of those received in fiscal year 1979-80	3,446,104
Contracts with other political subdivisions	531,800
Amount carried forward	156,815
Other revenues – (nonexcludable)	10,322,672
Total intergovernmental revenues as reported in the fund financial statements	\$ 26,114,526

Santa Cruz County
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2008

Note 5 - The exclusion claimed for contracts with other political subdivisions of \$710,967 in the Enterprise Fund consists of landfill fees revenues expended.

Note 6- The subtraction of \$4,481,765 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	\$ 3,490,402
Capital outlay	960,239
Debt service-principal	<u>31,124</u>
Total	<u>\$ 4,481,765</u>

Note 7 - The subtraction of \$783,544 for community college reimbursement payments is reported as education and economic opportunity expenditures in the Governmental Funds in the fund financial statements.

Note 8 - The subtraction of \$1,822,600 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.

Note 9 - Prior year carryforwards consist 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
Dividends, interest, and gains on the sale or redemption of investment securities	\$ 1,586,751