

SANTA CRUZ COUNTY, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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Santa Cruz County
 Comprehensive Annual Financial Report
 Fiscal Year Ended June 30, 2020

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ADMINISTRATIVE SERVICES SANTA CRUZ COUNTY

Mauricio A. Chavez, CMPI
Director of Finance &
Administrative Services

May 25, 2021

The Honorable Board of Supervisors
Santa Cruz County, Arizona

I am pleased to submit, in accordance with state statutes, Santa Cruz County's (County) Comprehensive Annual Financial Report (Financial Report) for the fiscal year ended June 30, 2020. This report has been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board. County management is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all representations and disclosures. To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

This report includes all funds of the County. The County provides a full range of services, including law enforcement and public safety; healthcare; sanitation; welfare programs; construction and maintenance of highways, streets, and related infrastructure; recreational services and cultural activities; and education.

Profile of Santa Cruz County

Santa Cruz County is situated in the southern part of Arizona with its southern boundary bordering Mexico. The County was split from Pima County by the 20th Territorial Assembly in 1899. The County encompasses approximately 1,250 square miles and has roughly 46,500 people. The neighboring community of Nogales, Sonora, Mexico has grown to an estimated population of 450,000.

Santa Cruz County is divided into three supervisorial districts. Each district elects a member to the Board of Supervisors to serve a 4-year term. The Chair is selected by the Board from among its members. The Board establishes the policies that govern the various County departments. The Board-appointed County Manager oversees the County's general administrative operations.

Economic Condition and Outlook



ADMINISTRATIVE SERVICES SANTA CRUZ COUNTY

Mauricio A. Chavez, CMPI
Director of Finance &
Administrative Services

Santa Cruz County serves as a gateway for international trade and is a major link in the CANAMEX Trade Corridor, which is a western transportation corridor connecting Canada, the United States, and Mexico. The County's location at the U.S. and Mexican border provides excellent opportunities for shipping and distribution, retail trade, manufacturing, and tourism. The County has been a trading center for northern Mexico since the 1880s. Over 30,000 visitors come from northwest Mexico daily to shop in Santa Cruz County.

The County is home to some of the largest produce distributors in the United States. At peak season, over 1,350 trucks pass through the County's state-of-the-art commercial port, Mariposa Port of Entry, daily carrying approximately 33.5 percent of the winter produce consumed in the U.S. in a normal year. Santa Cruz County's produce industry is anchored by over 250 brokers, distributors, and warehouses. Rail traffic has remained steady as consumers continue to purchase new vehicles manufactured in Mexico. Bulk commodities needed worldwide continue to be exported to Mexico for distribution elsewhere.

The County will continue to operate in a fiscally responsible manner that respects our heritage and our environment, while exploring new economic opportunities and providing the services demanded of a rapidly growing border community.

The recent outbreak of the COVID-19 virus affected the economic outlook for Santa Cruz County. Furthermore, the federal government limits all non-essential travel across the border to Mexico, a measure that reduces the cross-border traffic and impacts sales tax revenues. The County will consistently evaluate the crisis, monitor financials, and will propose measures as needed to protect the County's financial resources.

Major Initiatives

The Board of Supervisors and County management staff attended the NaCo Annual Conference that included topics such as economic & workforce development, funding telecommunications and technology needs, developing new partnerships within the community, improving leadership roles in management, addressing youth substance abuse and a 2020-census recap. The Board of Supervisors and management staff attended the NaCo Legislative Conference to reach out to members of Congress to relate the current issues and concerns that impact the County. Some of the concerns continue to be port of entry staffing and infrastructure, innovative inspection technologies, the International Outfall Interceptor (IOI), Nogales wash and tunnels and infrastructure funding.

The Emergency Management Department attended the 2020 Border Emergency Preparedness and Response meetings in Mexico and conducted binational trainings that consisted of chemical and emergency response trainings. As a result of the collaboration, both countries increased coordination, that will benefit residents within the border region.

The Public Works Department completed the long awaited road improvement project along Pendleton Drive that included widening the road to accommodate 5' shoulders and turning lanes in the intersection of Pendleton Drive and Ruby Road. The new pedestrian path along Pendleton



ADMINISTRATIVE SERVICES SANTA CRUZ COUNTY

Mauricio A. Chavez, CMPI
Director of Finance &
Administrative Services

Drive which runs from Circulo Silva north to Palo Parado was completed. The Flood Control District handed out numerous next generation sandbags to merchants in the downtown area.

The School Superintendent's office continues to work with a multi-year grant from the Department of Education to guide students along post-secondary path by educating them about career options and assist them navigate college including enrollment, financial aid and career choices. The grand opening of the C-CREO hub opened at the local community college to provide preparatory guidance to college bound students.

The County Information Technology Department implemented new products and services to County equipment resulting in increased security measures.

The Commerce Department, through ARIZONA@WORK held the sixth annual job fair and community expo, providing job seekers an opportunity to visit with over 100 employers and organizations from Southern Arizona. The successful event had over 400 attendees and many candidates had the opportunity to interview and receive job offers.

Financial Management and Information

County management is responsible for establishing and maintaining an internal control structure designed to ensure that the County's assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management. We believe that the County's internal control structure adequately safeguards assets and provides reasonable assurance of the proper recording and integrity of financial statements and underlying financial transactions.

Independent Audit: State statutes require that the County issue annual financial statements, which shall be audited by the State of Arizona, Office of the Auditor General or its designee. The State Auditors' report on the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining funds are included as the first component of the financial section of this report.

Single Audit: As a recipient of federal and state financial assistance, the County is required to have an annual audit under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Uniform Guidance requirements also address the establishment and maintenance of an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. Tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as determining that the County has materially complied with applicable laws and regulations.



ADMINISTRATIVE SERVICES SANTA CRUZ COUNTY

Mauricio A. Chavez, CMPI
Director of Finance &
Administrative Services

Budgeting Controls: The County also maintains budgetary controls, which are designed to help ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Supervisors. Budgetary control generally is maintained at the departmental level for all funds. Management further controls budgets by not allowing personnel savings to be reprogrammed to operating supplies and services within a department.

The Reporting Entity: The financial reporting entity includes all the funds of the primary government, Santa Cruz County, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the funds of the Santa Cruz County Flood Control District and the Santa Cruz County Jail District, whose Board of Directors is the County's Board of Supervisors, are blended and reported as special revenue funds of the primary government.

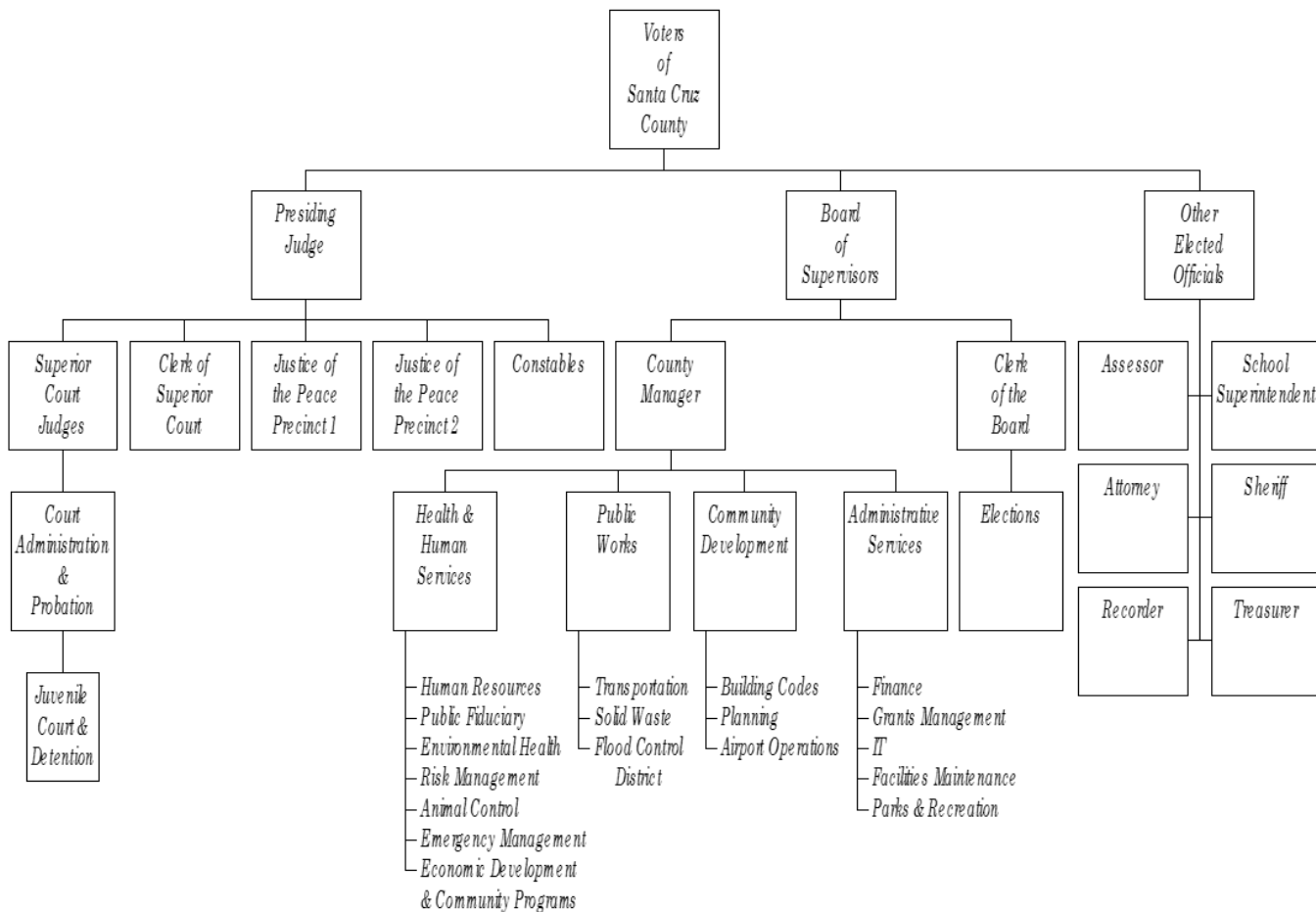
Acknowledgements

The preparation of this report could not be accomplished without the efficient and dedicated services of the finance department. I would also like to thank every county department who assisted in and contributed to the preparation of this report. In addition, the staff of the Auditor General's Office provided excellent support and technical advice. I also wish to express my sincere appreciation to the Board of Supervisors for their interest and support in planning and conducting the financial operations of the County in a responsible manner.

Respectfully submitted,

Mauricio A. Chavez, CMPI
Director of Finance & Administrative Services

Santa Cruz County Organizational Chart



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Financial Section

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LINDSEY A. PERRY
AUDITOR GENERAL

ARIZONA
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

Report on the financial statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Santa Cruz County as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the County as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other matters

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5 through 13, budgetary comparison schedules on pages 68 through 73, schedule of the County's proportionate share of the net pension liability—cost-sharing plans on page 76, schedule of changes in the County's net pension liability and related ratios—agent plans on pages 77 through 78, and the schedule of County pension contributions on pages 79 through 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual fund statements and schedules are management's responsibility and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters, for

Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated State transportation revenues it received. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

The communication related to compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, and other responsible parties within the County and is not intended to be and should not be used by anyone other than these specified parties.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

May 25, 2021

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Santa Cruz County Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of Santa Cruz County's (County) financial activities based on currently known facts, decisions, or conditions. This analysis focuses on current year activities and should be read in conjunction with the transmittal letter that begins on page v and with the County's basic financial statements following this section.

Financial Highlights

- At June 30, 2020, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$58,697,641 (net position). Of this amount, \$71.5 million is the net investment in capital assets (e.g., land, buildings, improvements, construction and vehicles, furniture and equipment, infrastructure and construction in progress); \$12.4 million is restricted for specific purposes (restricted net position); and \$(25.3) million is the unrestricted net position deficit balance that is primarily a result of recognizing long-term liabilities related to pensions.
- The County's total net position as reported in the Statement of Activities increased by \$4,967,323.
- At June 30, 2020, total assets were \$150,090,551 compared to \$148,566,865, at June 30, 2019. This is a \$1,523,686 or 1.0 percent increase over the prior fiscal year.
- At June 30, 2020, total liabilities were \$95,968,259 compared to \$94,802,725 at June 30, 2019. This is a \$1,165,534 or 1.23 percent increase over the prior fiscal year.
- At June 30, 2020, total deferred outflows related to pensions and other postemployment benefits (OPEB) were \$6,219,464 compared to \$6,054,127 at June 30, 2019. This is a \$165,337 or 2.7 percent increase over the prior fiscal year.
- At June 30, 2020, total deferred inflows related to pensions and OPEB were \$3,387,033 compared to \$7,970,379 at June 30, 2019. This is a \$4,583,346 or 57.5 percent decrease over the prior fiscal year.
- At June 30, 2020, the governmental funds reported combined fund balances of \$19,250,838 or a decrease in fund balance of \$471,701, in comparison with the prior year's balance of \$19,722,539.
- At June 30, 2020, \$10,814,329 or 56.2 percent of governmental fund balances were restricted, \$79,149 or 0.4 percent was assigned, \$7,957,339 or 41.3 percent were unassigned, and \$400,021 or 2.1 percent was nonspendable. Restricted fund balances have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations; or by constitutional provisions or enabling legislation. The assigned and unassigned fund balances are considered unrestricted. The unrestricted fund balances are available for spending at the County's discretion. However, the assigned fund balances are designated by management. The nonspendable fund balances include amounts that cannot be spent because they are not in spendable form, such as prepaid items.
- At June 30, 2020, unassigned fund balance for the general fund was \$8,856,883, approximately 38 percent of total general fund expenditures. In accordance with Arizona Revised Statutes §42-17151, this entire amount is budgeted to be spent in the next fiscal year.

Santa Cruz County Management's Discussion and Analysis

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector businesses.

The *Statement of Net Position* presents information on all county assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the County include general government, public safety, highways and streets, health, welfare and sanitation, education and economic opportunity, and recreation. The County has one business-type activity, which is the County Landfill.

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. The blended component units included in the County's basic financial statements are the Santa Cruz County Flood Control District and the Santa Cruz County Jail District.

The government-wide financial statements can be found on pages 16-17 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three classifications: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements. Governmental funds include the general, special revenue, debt service, and capital projects funds.

Santa Cruz County Management's Discussion and Analysis

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The County reports five major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Jail District, Flood Control District, Road, and Criminal Justice Enhancement funds. Data from the other governmental funds (nonmajor) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses its enterprise fund to account for the landfills operated by the County. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County has no internal service funds. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The County's landfill operation is considered to be a major fund and is presented in the proprietary fund financial statements.

The proprietary fund financial statements can be found on pages 22-24 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

The fiduciary funds financial statements can be found on pages 25-26 of this report.

Notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-65 of this report.

Required supplementary information presents budgetary comparison schedules for the General, Jail District, Flood Control District, Road, and Criminal Justice Enhancement funds of the County. It also includes pension plan schedules. Required supplementary information can be found on pages 68-82 of this report.

Government-wide Financial Analysis

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position of the County as of June 30, 2020, compared to the prior year.

Santa Cruz County Management's Discussion and Analysis

Statement of Net Position June 30, 2020 and 2019 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 27,276	\$ 25,011	\$ 5,994	\$ 4,817	\$ 33,270	\$ 29,828
Capital assets	113,521	115,141	3,300	3,598	116,821	118,739
Total assets	<u>140,797</u>	<u>140,152</u>	<u>9,294</u>	<u>8,415</u>	<u>150,091</u>	<u>148,567</u>
Deferred outflows of resources						
Total deferred outflows of resources	<u>7,903</u>	<u>7,865</u>	<u>59</u>	<u>72</u>	<u>7,962</u>	<u>7,937</u>
Current and other liabilities	5,531	3,423	112	139	5,643	3,562
Long-term liabilities	<u>87,378</u>	<u>88,396</u>	<u>2,948</u>	<u>2,845</u>	<u>90,326</u>	<u>91,241</u>
Total liabilities	<u>92,909</u>	<u>91,819</u>	<u>3,060</u>	<u>2,984</u>	<u>95,969</u>	<u>94,803</u>
Deferred inflows of resources						
Total deferred inflows of resources	<u>3,314</u>	<u>7,888</u>	<u>73</u>	<u>83</u>	<u>3,387</u>	<u>7,971</u>
Net Position						
Net investment in capital assets	68,468	67,246	3,073	3,328	71,541	70,574
Restricted	12,444	12,104			12,444	12,104
Unrestricted	<u>(28,435)</u>	<u>(31,040)</u>	<u>3,147</u>	<u>2,092</u>	<u>(25,288)</u>	<u>(28,948)</u>
Total net position	<u>\$ 52,477</u>	<u>\$ 48,310</u>	<u>\$ 6,220</u>	<u>\$ 5,420</u>	<u>\$ 58,697</u>	<u>\$ 53,730</u>

At June 30, 2020, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by almost \$58.7 million (net position).

The largest portion (\$71.5 million or 121.9 percent) of the County's net position reflects the investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and construction in progress), less accumulated depreciation and related debt still outstanding used to acquire those assets. The County uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, because the capital assets themselves will not be used to liquidate these liabilities. Restricted net position (\$12.4 million or 21.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance (\$25.3 million or negative 43.1 percent) is the unrestricted net position deficit balance that is primarily a result of recognizing long-term liabilities related to pensions as mentioned above.

The following provides an explanation of governmental activities due from other governmental units and deferred inflows of resources related to pensions that changed significantly over the prior year:

- Due from other governmental units increased \$763,000 or 19.5 percent was primarily due to additional revenues collected in operating and capital grants and contributions, county excise sales tax, and state shared sales tax.
- Deferred inflows of resources related to pensions and OPEB decreased \$4.6 million or 58 percent was a result of an actuarial valuation of the total pension and OPEB asset/liability performed as of June 30, 2018 and a measurement date of June 30, 2019.

Santa Cruz County Management's Discussion and Analysis

The following provides an explanation of business-type activities current and other assets that changed significantly over the prior year:

- Current and other assets – the \$1,177,491 or 24.5 percent net increase was largely in cash and investments that primarily came from landfill net cash provided by operating activities.

Changes in Net position

The following table reflects the condensed Statement of Activities of the County for the year ended June 30, 2020 compared to the prior year.

Changes in Net Position For the Years Ended June 30, 2020 and 2019 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,791	\$ 3,399	\$ 2,673	\$ 2,075	\$ 5,464	\$ 5,474
Operating grants and contributions	14,682	13,663			14,682	13,663
Capital grants and contributions	1,747	130			1,747	130
General revenues:						
Property taxes	16,522	15,414			16,522	15,414
County excise tax	6,122	5,369			6,122	5,369
Share of state sales taxes	5,555	5,378			5,555	5,378
Share of state overweight permits	513	872			513	872
State appropriations	550	550			550	550
Payments in lieu of taxes	1,221	1,141			1,221	1,141
VLT unrestricted	1,881	1,851			1,881	1,851
Investment earnings	166	272	42	52	208	324
Miscellaneous	620	441			620	441
Gain on sale/trade-in of capital assets	62				62	-
Capital contribution	3		(3)		-	-
Total revenues	<u>52,435</u>	<u>48,480</u>	<u>2,712</u>	<u>2,127</u>	<u>55,147</u>	<u>50,607</u>
Expenses:						
General government	16,039	11,121			16,039	11,121
Public safety	15,379	14,656			15,379	14,656
Highways and streets	6,851	8,897			6,851	8,897
Health, welfare and sanitation	5,362	4,985	1,912	1,701	7,274	6,686
Education and economic opportunity	2,562	2,609			2,562	2,609
Recreation	417	302			417	302
Interest on long-term debt	1,658	1,747			1,658	1,747
Total expenses	<u>48,268</u>	<u>44,317</u>	<u>1,912</u>	<u>1,701</u>	<u>50,180</u>	<u>46,018</u>
Changes in net position	4,167	4,163	800	426	4,967	4,589
Net position—beginning	<u>48,310</u>	<u>44,147</u>	<u>5,420</u>	<u>4,994</u>	<u>53,730</u>	<u>49,141</u>
Net position—ending	<u>\$ 52,477</u>	<u>\$ 48,310</u>	<u>\$ 6,220</u>	<u>\$ 5,420</u>	<u>\$ 58,697</u>	<u>\$ 53,730</u>

Santa Cruz County Management's Discussion and Analysis

Overall, the County's governmental revenues increased \$3,955,262 or 8.2 percent and expenses increased \$3,950,494 million or 8.9 percent. The following provides an explanation of governmental activities revenues and expenses that changed significantly over the prior year:

- Operating grants and contributions increased \$1 million or 7.5 percent due to additional federal Coronavirus Aid, Relief, and Economic Security (CARES) Act monies received through the AZCARES State fund.
- County excise tax increased by \$753,000 or 14 percent was due to a slight improvement in the economy and an increase in contracting prime excise taxes.
- General government expenses increased \$4.9 million or 44.2 percent primarily due to a net increase in pension expense of \$1.6 million and additional operating and capital grants and contributions of \$4.5 million received in the current year.
- Highways and streets expenses decreased \$2 million or 23 percent due to more roads maintained and repaired in the prior year and also the West Frontage Road improvement project was started and completed in the prior year.

Overall, the County's business-type revenues increased \$598,000 or 28.8 percent and expenses increased by \$212,000 or 12.4 percent. The following provides an explanation of business-type activities revenues and expenses that changed significantly over the prior year:

Landfill charges for services – The \$598,000 or 28.8 percent increase was due to additional sludge taken to the landfill.

Sanitation expenses – The \$212,000 or 12.4 percent increase was due to the increase of operating revenues as mentioned above and additional costs for rental equipment.

Financial Analysis of the County's Funds

As noted earlier, the County uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – Governmental activities are contained in the general, special revenue, debt service, and capital projects funds. The focus of the County's governmental funds is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2020, the County's governmental funds reported combined fund balances of \$19,250,838, a decrease of \$471,701 in comparison with the prior year's balance. Of the combined fund balances, \$7,957,339 constitutes unassigned fund balance, which is available to meet the County's current and future needs.

Santa Cruz County Management's Discussion and Analysis

The General Fund is the County's primary operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,856,883. Unassigned fund balance represents 38 percent of total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

The following provides an explanation for activities that changed significantly over the prior year within the major funds, as applicable:

General Fund

- Cash and investments increased \$798,000 or 12.9 percent largely due to the positive result of the current year's operations. The excess of revenues over expenditures was \$5.6 million in the current year.
- Due from other governments increased \$463,000 or 29.4 percent primarily due to the increase in county half-cent general excise and state shared sales taxes and federal and state reimbursement grants.

Jail District Fund

- Due from other governmental units increased \$134,000 or 24.8 percent primarily due to the increase in county half cent jail excise sales tax.
- Accounts payable decreased \$57,000 or 33.7 percent solely due to a reduction of year-end purchases of goods and services.
- County half cent jail excise sales tax increased \$378,000 or 14.1 percent largely due to a slight improvement in the economy.
- Intergovernmental revenue decreased almost \$1.9 million or 90.7 percent primarily due to the net decrease of federal and other intergovernmental reimbursements for housing inmates.

Flood Control District Fund

- Public safety expenditures decreased by \$216,000 or 12.1 percent largely due to most special flood projects being completed in the prior year.

Road Fund

- Cash and investments decreased almost \$1.6 million or 46.3 percent primarily due to the negative result of the current year's operations. The deficiency of revenues over expenditures was \$1.6 million in the current year.
- Due from other governmental units decreased \$196,000 or 35.8 percent due to the decrease in intergovernmental revenues of \$411,000 in the current year.
- Accounts payable decreased \$314,000 or 32 percent solely due to a reduction of year-end purchases of goods and services.

Criminal Justice Enhancement Fund

- Cash and investments increased almost \$1.9 million or 106.2 percent primarily due to unearned CARES act federal funding received but not spent at June 30, 2020.
- Intergovernmental revenues increased \$1.3 million or 100 percent primarily due to \$1.1 million of CARES Act federal funding was received in the current year.

Santa Cruz County Management's Discussion and Analysis

- Public safety expenditures increased \$1.3 million or 189 percent due to additional intergovernmental revenues received in the current year as mentioned above.

General Fund Budgetary Highlights

General Fund actual expenditures were approximately \$6.1 million under the adopted budget and actual revenues were more than estimated revenues by \$3.1 million. The County conservatively estimated revenues and budgeted expenditures.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets as of June 30, 2020, amounted to \$116.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, construction equipment and vehicles, furniture and equipment, construction in progress, and infrastructure. Major capital asset events during the current fiscal year included the following:

- Buildings decreased almost \$1.9 million solely due to accumulated depreciation added during the fiscal year.

	Capital Assets Net of Depreciation (In Thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 22,352	\$ 22,352	\$ 230	\$ 230	\$ 22,582	\$ 22,582
Buildings	51,829	53,677	87	93	51,916	53,770
Improvements other than buildings	3,082	3,378	2,658	2,798	5,740	6,176
Construction equipment and vehicles	1,876	2,122	311	457	2,187	2,579
Furniture and equipment	936	986	14	20	950	1,006
Construction in progress	919	142			919	142
Infrastructure	32,527	32,484			32,527	32,484
Total capital assets, net	<u>\$113,521</u>	<u>\$115,141</u>	<u>\$ 3,300</u>	<u>\$3,598</u>	<u>\$116,821</u>	<u>\$118,739</u>

Additional information on the County's capital assets can be found in Note 5 of the Notes to Financial Statements on pages 37-38 of this report.

Long-Term Debt

At June 30, 2020, the County had total long-term debt outstanding of \$90,326,662. This amount includes pledged revenue obligations of \$36.5 million, net pension and OPEB liabilities of \$38.9 million, long-term notes of \$5.3 million, compensated absences payable of \$2.2 million, landfill closure and post closure care

Santa Cruz County Management's Discussion and Analysis

costs payable of \$2.1 million, installment purchase contracts of \$577,000, capital leases payable of \$782,000, and claims and judgments payable of \$75,000.

Additional information on the County's long-term debt can be found in Note 6 of the Notes to Financial Statements on pages 38-43 of this report.

Economic Factors and Next Year's Budget

- Due to the economic and political turmoil in Mexico and the uncertainty of the US immigration, border wall and trade policies, the local economy has taken a downward turn while the state economy generally is continuing to improve, particularly in the urban areas.
- The structural imbalance of the State's budget has led to legislative budget proposals involving cost shifts, program shifts, lost revenue streams and HURF shifts to the detriment of the County ranging from \$600,000 to \$1.4 million annually over the past nine years. The improving State economy should reduce this burden in future years, but lagging revenues on the local level continue to hamper the County's recovery from the recession.
- The economy of Santa Cruz County employs approximately 17.4k people. The largest industries are retail trade, educational services and wholesale trade (produce industry). Within the retail trade, our largest industry, the County continues to experience brick and mortar store closures, a trend we anticipate will continue. The County relies heavily on shoppers from Mexico, however due to current border issues and the staffing shortages at the port of entries, many visitors and tourists avoid the trip. The produce industry is a major contributor to the regions' economy, however due to retail and restaurant closures because of the COVID-19 pandemic the impact may be significant. Trade agreements recently negotiated came at a greater cost to importers due to the new border inspection requirements and duty fees. The trend to divert produce deliveries through Texas continues as a mechanism to reduce transportation costs and expedite deliveries. This continues to lead a shift of produce firms to that region, negatively affecting our employment base and economy.
- Due to an action to limit the further spread of COVID-19 the U.S. Government reached an agreement with Mexico to limit all non-essential travel across borders. Due to this agreement, pedestrian border crossings at the Nogales port of entry decreased 67% in 2020 compared to last year, and vehicular passengers decreased by 59%.
- Construction of new commercial warehouse buildings slowed down this year and construction of new homes remain stagnant due to a surplus of vacant homes. While there have been significant improvements in the economy in urban counties with the State, rural areas typically lag 1-2 years behind.

Request for Information

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Santa Cruz County Finance Department, 2150 N. Congress Drive, Room 118, Nogales, AZ 85621.

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Basic Financial Statements

Santa Cruz County
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 20,008,842	\$ 5,738,907	\$ 25,747,749
Cash and investments held by trustee	329,949		329,949
Property taxes receivable (net of allowance)	1,193,683		1,193,683
Internal balances	(20,957)	20,957	
Due from other governmental units	4,665,646	11,248	4,676,894
Accounts receivable	286,753	222,071	508,824
Prepaid items	400,021	291	400,312
Noncurrent assets:			
Net pension and other postemployment benefits asset	411,650	389	412,039
Capital assets:			
Nondepreciable	23,271,333	229,996	23,501,329
Depreciable (net)	90,249,457	3,070,315	93,319,772
Total assets	<u>140,796,377</u>	<u>9,294,174</u>	<u>150,090,551</u>
Deferred Outflows of Resources			
Deferred outflows related to refunding debts	1,742,918		1,742,918
Deferred outflows related to pensions and other postemployment benefits	6,160,148	59,316	6,219,464
Total deferred outflows of resources	<u>7,903,066</u>	<u>59,316</u>	<u>7,962,382</u>
Liabilities			
Accounts payable	2,647,624	95,163	2,742,787
Due to other governments	4,610		4,610
Accrued payroll and employee benefits	1,002,611	16,649	1,019,260
Unearned revenue	1,874,940		1,874,940
Noncurrent liabilities:			
Due within 1 year	4,567,521	65,283	4,632,804
Due in more than 1 year	82,810,436	2,883,422	85,693,858
Total liabilities	<u>92,907,742</u>	<u>3,060,517</u>	<u>95,968,259</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions and other postemployment benefits	3,314,434	72,599	3,387,033
Total deferred inflows of resources	<u>3,314,434</u>	<u>72,599</u>	<u>3,387,033</u>
Net Position			
Net investment in capital assets	68,467,810	3,072,942	71,540,752
Restricted for:			
Capital projects	456,783		456,783
Education	877,961		877,961
Flood control	3,538,298		3,538,298
Health	306,428		306,428
Judicial activities	3,210,252		3,210,252
Law enforcement	1,403,393		1,403,393
Public safety	61,060		61,060
Social services	514,954		514,954
Highways and streets	1,413,771		1,413,771
Sanitation	169,668		169,668
Other purposes	491,696		491,696
Unrestricted (deficit)	(28,434,807)	3,147,432	(25,287,375)
Total net position	<u>\$ 52,477,267</u>	<u>\$ 6,220,374</u>	<u>\$ 58,697,641</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 16,039,303	\$ 2,376,897	\$ 1,192,188	\$ 1,442,743	\$ (11,027,475)		\$ (11,027,475)
Public safety	15,379,250	169,255	4,872,986	303,893	(10,033,116)		(10,033,116)
Highways and streets	6,850,711		5,100,807		(1,749,904)		(1,749,904)
Health, welfare and sanitation	5,361,664	235,966	1,270,642		(3,855,056)		(3,855,056)
Education and economic opportunity	2,562,443		2,245,590		(316,853)		(316,853)
Recreation	416,850	9,111			(407,739)		(407,739)
Interest on long-term debt	1,658,139				(1,658,139)		(1,658,139)
Total governmental activities	<u>\$ 48,268,360</u>	<u>\$ 2,791,229</u>	<u>\$ 14,682,213</u>	<u>\$ 1,746,636</u>	<u>\$ (29,048,282)</u>		<u>\$ (29,048,282)</u>
Business-type activities:							
Landfill	1,912,135	2,672,837				\$ 760,702	760,702
Total business-type activities	<u>1,912,135</u>	<u>2,672,837</u>				<u>760,702</u>	<u>760,702</u>
Total primary government	<u>\$ 50,180,495</u>	<u>\$ 5,464,066</u>	<u>\$ 14,682,213</u>	<u>\$ 1,746,636</u>	<u>\$ (29,048,282)</u>	<u>\$ 760,702</u>	<u>\$ (28,287,580)</u>
General revenues/expenses:							
Taxes							
Property taxes, levied for general purpose					14,013,996		14,013,996
Property taxes, levied for flood control district					2,507,572		2,507,572
Property taxes, levied for debt service					42		42
County excise tax for general purpose					3,061,101		3,061,101
County excise tax for jail district					3,060,912		3,060,912
Share of state sales taxes					5,555,496		5,555,496
Share of state vehicle license tax					1,881,379		1,881,379
Share of state overweight permits					512,583		512,583
State appropriations					550,050		550,050
Payments in lieu of taxes					1,220,892		1,220,892
Investment earnings					166,176	42,756	208,932
Miscellaneous					619,948		619,948
Gain on sale/trade-in of capital assets					62,000		62,000
Capital contribution					3,368	(3,368)	
Transfers in (out)					(24)	24	
Total general revenues and transfers					<u>33,215,491</u>	<u>39,412</u>	<u>33,254,903</u>
Changes in net position					4,167,209	800,114	4,967,323
Net position—July 1, 2019					<u>48,310,058</u>	<u>5,420,260</u>	<u>53,730,318</u>
Net position—June 30, 2020					<u>\$ 52,477,267</u>	<u>\$ 6,220,374</u>	<u>\$ 58,697,641</u>

See accompanying notes to financial statements.

Santa Cruz County
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Jail District Fund	Flood Control District Fund	Road Fund	Criminal Justice Enhancement Fund	Other Governmental Funds	Total
Assets							
Cash and investments	\$ 6,982,894	\$ 1,140	\$ 3,323,605	\$ 1,796,833	\$ 3,775,122	\$ 4,129,248	\$ 20,008,842
Cash and investments held by trustee	329,949						329,949
Property taxes receivable (net of allowances for uncollectibles)	1,002,386		191,297				1,193,683
Due from other governmental units	2,036,661	673,773	162,178	350,854	245,911	1,196,269	4,665,646
Due from other funds	812,599						812,599
Accounts receivable	103,197		119,000	6,027	6,634	51,895	286,753
Prepaid items	99,117		939			299,965	400,021
Total assets	<u>\$ 11,366,803</u>	<u>\$ 674,913</u>	<u>\$ 3,797,019</u>	<u>\$ 2,153,714</u>	<u>\$ 4,027,667</u>	<u>\$ 5,677,377</u>	<u>\$ 27,697,493</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	\$ 965,574	\$ 112,535	\$ 243,793	\$ 665,862	\$ 52,534	\$ 607,326	\$ 2,647,624
Due to other governments						4,610	4,610
Accrued payroll and employee benefits	541,785	160,303	14,928	53,124	37,199	195,272	1,002,611
Due to other funds			86,000	20,957	170,870	555,729	833,556
Unearned revenue					1,874,940		1,874,940
Total liabilities	<u>1,507,359</u>	<u>272,838</u>	<u>344,721</u>	<u>739,943</u>	<u>2,135,543</u>	<u>1,362,937</u>	<u>6,363,341</u>
Deferred Inflows of Resources							
Unavailable revenue—property taxes	853,400		247,371				1,100,771
Unavailable revenue—intergovernmental	50,044		76,178		80,494	775,827	982,543
Total deferred inflows of resources	<u>903,444</u>		<u>323,549</u>		<u>80,494</u>	<u>775,827</u>	<u>2,083,314</u>
Fund balances							
Nonspendable	99,117		939			299,965	400,021
Restricted		402,075	3,213,810	1,413,771	1,861,270	3,923,403	10,814,329
Assigned						79,149	79,149
Unassigned	8,856,883		(86,000)		(49,640)	(763,904)	7,957,339
Total fund balances	<u>8,956,000</u>	<u>402,075</u>	<u>3,128,749</u>	<u>1,413,771</u>	<u>1,811,630</u>	<u>3,538,613</u>	<u>19,250,838</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,366,803</u>	<u>\$ 674,913</u>	<u>\$ 3,797,019</u>	<u>\$ 2,153,714</u>	<u>\$ 4,027,667</u>	<u>\$ 5,677,377</u>	<u>\$ 27,697,493</u>

See accompanying notes to financial statements.

Santa Cruz County
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
June 30, 2020

Fund balances—total governmental funds		\$ 19,250,838
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$216,630,820 and the accumulated depreciation is \$103,110,030		113,520,790
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds		2,083,314
Long-term liabilities, such as net pension/OPEB liabilities and loans payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Pledged revenue obligations payable	\$ (36,545,000)	
Pledged revenue obligations premium payable	(3,811,065)	
Long-term loans payable	(5,307,822)	
Compensated absences payable	(2,123,348)	
Obligations under capital leases	(782,374)	
Installment purchase contracts	(349,637)	
Net pension and other postemployment benefits liabilities	(38,383,711)	
Estimated liabilities for claims and judgments	<u>(75,000)</u>	
		(87,377,957)
Deferred outflows of resources related to long-term debts are applicable to future reporting periods and, therefore, are not reported in the funds		1,742,918
Net pension and OPEB assets held in trust for future benefits are not available for County operations and, therefore, are not reported in the funds.		411,650
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future reporting periods and, therefore, are not reported in the funds		<u>2,845,714</u>
Net position of governmental activities		<u>\$ 52,477,267</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	General Fund	Jail District Fund	Flood Control District Fund	Road Fund	Criminal Justice Enhancement Fund	Other Governmental Funds	Total
Revenues:							
Taxes	\$17,080,984	\$ 3,060,912	\$ 2,511,337			\$ 42	\$22,653,275
Intergovernmental	9,801,882	190,301		\$ 5,613,391	\$ 2,749,068	7,305,477	25,660,119
Licenses and permits	515,694						515,694
Charges for services	677,920	1,667			118,850	427,418	1,225,855
Fines and forfeits	641,800				179,529	119,544	940,873
Investment earnings	66,480	1,354	28,683	37,375	7,943	24,341	166,176
Rents	108,807						108,807
Miscellaneous	82,416	133	119,341	117,216	60	306,663	625,829
Total revenues	<u>28,975,983</u>	<u>3,254,367</u>	<u>2,659,361</u>	<u>5,767,982</u>	<u>3,055,450</u>	<u>8,183,485</u>	<u>51,896,628</u>
Expenditures:							
Current:							
General government	14,656,102				1,164,340	1,947,769	17,768,211
Public safety	4,193,727	4,265,273	1,562,401		2,014,716	2,227,038	14,263,155
Highways and streets				7,321,115			7,321,115
Health, welfare and sanitation	3,179,114	319,531				1,918,887	5,417,532
Education and economic opportunity	422,245					2,309,631	2,731,876
Recreation	427,344						427,344
Debt service:							
Principal retirement	406,119	1,725,000	440,000	24,308	4,941	535,074	3,135,442
Interest and fiscal charges	40,872	1,190,741	199,027	616		419,489	1,850,745
Total expenditures	<u>23,325,523</u>	<u>7,500,545</u>	<u>2,201,428</u>	<u>7,346,039</u>	<u>3,183,997</u>	<u>9,357,888</u>	<u>52,915,420</u>
Excess (deficiency) of revenues over expenditures	5,650,460	(4,246,178)	457,933	(1,578,057)	(128,547)	(1,174,403)	(1,018,792)
Other financing sources (uses):							
Capital lease agreements	404,361				53,189	27,565	485,115
Sale of capital assets				62,000			62,000
Transfers in	61,001	4,259,202		7,500	141,643	1,678,795	6,148,141
Transfers out	(5,945,887)		(7,568)	(7,592)	(24,242)	(162,876)	(6,148,165)
Total other financing sources (uses)	<u>(5,480,525)</u>	<u>4,259,202</u>	<u>(7,568)</u>	<u>61,908</u>	<u>170,590</u>	<u>1,543,484</u>	<u>547,091</u>
Net change in fund balances	169,935	13,024	450,365	(1,516,149)	42,043	369,081	(471,701)
Fund balances, beginning of year	8,786,065	389,051	2,678,384	2,929,920	1,769,587	3,169,532	19,722,539
Fund balances, end of year	<u>\$ 8,956,000</u>	<u>\$ 402,075</u>	<u>\$ 3,128,749</u>	<u>\$ 1,413,771</u>	<u>\$ 1,811,630</u>	<u>\$ 3,538,613</u>	<u>\$19,250,838</u>

See accompanying notes to financial statements.

Santa Cruz County
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended June 30, 2020

Net change in fund balances—total governmental funds \$ (471,701)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 3,413,492	
Less: current-year depreciation	<u>(5,037,532)</u>	(1,624,040)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.

Debt issued	(485,115)	
Refunding pledged revenue obligations premium amortized	332,118	
Deferred outflows related to refunding pledged revenue obligations amortized	(139,512)	
Principal repaid	<u>3,135,442</u>	2,842,933

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when the financial resources are available.

Increase in compensated absences payable		(72,414)
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County pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the County's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.

County pension/OPEB contributions	3,369,281	
Pension/OPEB expense	<u>(353,815)</u>	3,015,466

Collections of revenues in the governmental funds exceeded revenues reported in the Statement of Activities

Property tax revenues	(9,652)	
Intergovernmental	(115,757)	
Miscellaneous revenue	<u>(5,881)</u>	(131,290)

Some revenues reported in the Statement of Activities do not represent the collection of current financial resources and therefore are not reported as revenues in the governmental funds.

Capital contribution	3,368	
Intergovernmental	<u>604,887</u>	608,255

Change in net position of governmental activities \$ 4,167,209

Santa Cruz County
Statement of Net Position
Propriety Funds
June 30, 2020

	Business-Type Activities - Enterprise Fund Landfill
Assets	
Current assets:	
Cash and investments	\$ 5,738,907
Due from other governmental units	11,248
Due from other funds	20,957
Accounts receivable	222,071
Prepaid items	291
Total current assets	5,993,474
Noncurrent assets:	
Net pension and other postemployment benefits asset	389
Capital assets	
Nondepreciable	229,996
Depreciable (net)	3,070,315
Total noncurrent assets	3,300,700
Total assets	9,294,174
Deferred Outflows of Resources	
Deferred outflows related to pensions and OPEB	59,316
Total deferred outflows of resources	59,316
Liabilities	
Current liabilities:	
Accounts payable	95,163
Accrued payroll and employee benefits	16,649
Installment purchase contracts payable—current portion	45,131
Compensated absences payable—current portion	20,152
Total current liabilities	177,095
Noncurrent liabilities:	
Landfill closure and postclosure care costs payable	2,134,733
Installment purchase contracts payable	182,238
Compensated absences payable	34,751
Net pension and OPEB liability	531,700
Total noncurrent liabilities	2,883,422
Total liabilities	3,060,517
Deferred Inflows of Resources	
Deferred inflows related to pensions and OPEB	72,599
Total deferred inflows of resources	72,599
Net Position	
Net investment in capital assets	3,072,942
Unrestricted	3,147,432
Total net position	\$ 6,220,374

See accompanying notes to financial statements.

Santa Cruz County
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2020

	Business-Type Activities— Enterprise Fund <u>Landfill</u>
Operating revenues:	
Landfill fees	\$ 2,668,698
Other	4,139
Total operating revenues	<u>2,672,837</u>
 Operating expenses:	
Personal services	381,757
Professional services	212,153
Supplies	19,923
Utilities	40,457
Repairs and maintenance	274,739
Insurance	3,567
Landfill closure and postclosure care costs	130,651
Depreciation	306,078
Other	531,541
Total operating expenses	<u>1,900,866</u>
 Operating income	<u>771,971</u>
 Nonoperating revenues (expenses):	
Investment earnings	42,756
Transfers in	24
Capital contribution to governmental activities	(3,368)
Interest expense on capital leases	(11,269)
Total nonoperating revenues (expenses)	<u>28,143</u>
 Increase in net position	800,114
 Net position, July 1, 2019	<u>5,420,260</u>
 Net position, June 30, 2020	<u>\$ 6,220,374</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020

	Business-Type Activities— Enterprise Fund Landfill
Cash flows from operating activities	
Receipts from customers	\$ 2,652,588
Payments to suppliers and providers of goods and services	(1,116,593)
Payments to employees	<u>(355,640)</u>
Net cash provided by operating activities	<u>1,180,355</u>
Cash flows from noncapital and related financing activities	
Operating transfers from governmental funds	24
Non-operating loan payment to governmental funds	(57,091)
Non-operating payment owed from governmental funds	<u>(20,957)</u>
Net cash used for noncapital and related financing activities	<u>(78,024)</u>
Cash flows from capital and related financing activities	
Purchases of capital assets	(8,019)
Principal paid on installment purchase contracts	(43,312)
Capital contribution to governmental activities	(3,368)
Interest paid on capital leases	<u>(11,269)</u>
Net cash used for capital and related financing activities	<u>(65,968)</u>
Cash flows from investing activities	
Interest received on investments	<u>42,756</u>
Net cash provided by investing activities	<u>42,756</u>
Net increase in cash and cash equivalents	1,079,119
Cash and cash equivalents, July 1, 2019	<u>4,659,788</u>
Cash and cash equivalents, June 30, 2020	<u>\$ 5,738,907</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 771,971
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	306,078
Changes in assets and liabilities	
Increase and decrease in:	
Due from other governmental units	(8,692)
Accounts receivable	(11,557)
Prepaid items	(291)
Deferred outflows related to pensions and other postemployment benefits	12,471
Accounts payable	(33,922)
Accrued payroll and employee benefits	6,831
Compensated absences payable	22,103
Landfill closure and postclosure care costs payable	130,651
Deferred inflows related to pensions and other postemployment benefits	(9,977)
Net pension/OPEB asset	216
Net pension/OPEB liability	<u>(5,527)</u>
Net cash provided by operating activities	<u>\$ 1,180,355</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Investment Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 36,535,018	\$ 1,893,798
Total assets	<u>\$ 36,535,018</u>	<u>\$ 1,893,798</u>
 Liabilities		
Due to other governmental units		\$ 89,209
Deposits held for others		<u>1,804,589</u>
Total Liabilities		<u>\$ 1,893,798</u>
 Net Position		
Held in trust for investment trust participants	<u>\$ 36,535,018</u>	

See accompanying notes to financial statements.

Santa Cruz County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2020

	Investment Trust Funds
Additions	
Contributions from participants	\$ 135,374,446
Investment income	<u>179,238</u>
Total additions	<u>135,553,684</u>
 Deductions	
Distributions to participants	<u>119,986,759</u>
Total deductions	<u>119,986,759</u>
Changes in net position	15,566,925
Net position, July 1, 2019	<u>20,968,093</u>
Net position, June 30, 2020	<u><u>\$ 36,535,018</u></u>

See accompanying notes to financial statements.

Santa Cruz County
Notes to Financial Statements
June 30, 2020

Note 1 – Summary of Significant Accounting Policies

Santa Cruz County's accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

The County is a general purpose local government that a separately elected board of supervisors governs. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended component unit discussed below has a June 30 year-end. The County has no discretely presented component units.

The Santa Cruz County Flood Control District is a legally separate tax-levying entity pursuant to A.R.S. §48-3602 that provides flood control facilities and regulates floodplains and drainage to prevent flooding of property within Santa Cruz County. The Santa Cruz County Jail District is a legally separate tax-levying entity pursuant to A.R.S. §48-4002 that acquires, constructs, operates, maintains, and finances the County jail, jail system, and juvenile detention facility. The Santa Cruz County Board of Supervisors serves as the Board of Directors of the Flood Control and Jail Districts and significantly influences the programs, projects, activities, and level of services provided by the Districts. The Board also establishes policy, appoints management, exercises budgetary control and sets the tax rate for the Flood Control District. In addition, the Board exercises budgetary control for the Jail District. Further, the Districts provide services almost entirely for the benefit of the County; therefore, the Flood Control and Jail Districts are considered blended component units of the County. Separate financial statements for the Districts are not available.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Santa Cruz County
Notes to Financial Statements
June 30, 2020

Government-wide statements—Provide information about the primary government (the County) and its component units. The statements include a statement of net position and a statement of activities. These statements report the overall government's financial activities, except for fiduciary activities. They also distinguish between the County's governmental and business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The County does not allocate indirect expenses to programs or functions. Program revenues include:

- Charges to customers or applicants for goods, services, or privileges provided,
- Operating grants and contributions,
- Capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes the County levies or imposes, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements—Provide information about the County's funds, including fiduciary funds and blended component units. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges, in which each party receives and gives up essentially equal values are operating revenues. Other revenues, such as grants and contributions, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

Santa Cruz County
Notes to Financial Statements
June 30, 2020

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Jail District Fund* accounts for all financial resources of the Jail District and is funded by excise taxes, maintenance of effort payments from the County's General Fund, and federal reimbursements.

The *Flood Control Fund* accounts for flood control facilities and regulates floodplains and drainage to prevent flooding of property in Santa Cruz County and is funded by secondary property taxes.

The *Road Fund* accounts for specific revenue sources such as highway user revenues and vehicle license taxes that are restricted for road construction, maintenance and operations, and pavement preservation.

The *Criminal Justice Enhancement Fund* accounts for various public safety and criminal justice programs that provide crime prevention, criminal apprehension, and prosecution and is funded by fines, proceeds from the sale of seized assets and federal and state grants. The fund also accounts for the CARES Act coronavirus relief fund monies.

The County also reports the following major enterprise fund:

The *Landfill Fund* accounts for sanitation fee revenues and expenses related to the operation of the Rio Rico and Sonoita Landfills as well as the Tubac Transfer Station.

The County also reports the following fund types:

The *investment trust funds* account for pooled and non-pooled assets the County Treasurer holds and invests on behalf of other governmental entities.

The *agency funds* account for assets the County holds as an agent for the State, cities, towns, and other parties.

C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which

Santa Cruz County
Notes to Financial Statements
June 30, 2020

they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. The County applies grant resources to such programs before using general revenues.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The County's major revenue sources that are susceptible to accrual are property taxes, excise taxes, intergovernmental, charges for services, and investment earnings. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and landfill closure and postclosure care costs, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

D. Cash and Investments

For the statement of cash flows, the County's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, investments in the State Treasurer's local government investment pool, and only those highly liquid investments with a maturity of 3 months or less when purchased.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of 1 year or less at the time of purchase that are not in the County Treasurer's investment pool are stated at amortized cost. All other investments are stated at fair value.

E. Property Tax Calendar

The County levies real and personal property taxes on or before the third Monday in August that become due and payable in 2 equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

A lien assessed against real and personal property attaches on the first day of January preceding assessment and levy.

Santa Cruz County
Notes to Financial Statements
June 30, 2020

F. Capital Assets

Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). Donated assets are reported at acquisition value.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$10,000	N/A	N/A
Construction in progress	10,000	N/A	N/A
Buildings	10,000	Straight line	15-40 years
Improvements other than buildings	10,000	Straight line	7-40 years
Construction equipment and vehicles	5,000	Straight line	5-7 years
Furniture and equipment	5,000	Straight line	5-7 years
Infrastructure	10,000	Straight line	20-65 years

G. Deferred Outflows and Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

H. Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Santa Cruz County
Notes to Financial Statements
June 30, 2020

I. Fund Balance Classifications

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as prepaid items, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the County's Board of Supervisors approved, which is the highest level of decision-making authority within the County. Only the Board can remove or change the constraints placed on committed fund balances.

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but that are neither restricted nor committed. The Board of Supervisors has authorized the Administrative Services Director to assign resources for a specific purpose.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the County's policy to use restricted fund balance first. It is the County's policy to use committed amounts first when disbursing unrestricted fund balances, followed by assigned amounts, and lastly unassigned amounts.

The County does not have a minimum fund balance policy in place.

J. Investment Earnings

Investment earnings is composed of interest, dividends, and net changes in the fair value of applicable investments.

K. Compensated Absences

Compensated absences payable consists of vacation leave and a calculated amount of sick leave employees earned based on services already rendered.

Santa Cruz County
Notes to Financial Statements
June 30, 2020

Employees may accumulate up to 320 hours of vacation depending on years of service, but they forfeit any unused vacation hours in excess of the maximum amount at calendar year-end. Upon terminating employment, the County pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year end.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative, but employees forfeit them upon terminating employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, for employees who terminate with a minimum of 5 years of continuous service and have accumulated sick leave hours in excess of 240 hours, sick leave benefits do vest and, therefore, are accrued as a liability in the government-wide and proprietary funds' financial statements. Such eligible terminating employees are compensated for actual sick leave at a percentage in proportion to years of service provided. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

L. Miscellaneous Disclosures

Pursuant to A.R.S. §35-391(B), the County shall disclose in its annual financial report the amount of any reward, discount, incentive, or other financial consideration received by the governmental entity resulting from credit card payments. The County received \$2,355 in credit card rebates during fiscal year 2020.

Note 2 – Stewardship, Compliance, and Accountability

Deficit fund balances—At June 30, 2020, the following nonmajor funds reported deficits in fund balance:

Fund	Deficit
Governmental funds:	
Special revenue	
Homeland Security	\$153,462
WIOA	32,799
Animal Control	61,685
Capital projects	
Airport	105,312
Debt Service Fund	1,230

Santa Cruz County
Notes to Financial Statements
June 30, 2020

Note 3 – Deposits and Investments

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified State and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Specified bonds, debentures, notes and other evidences of indebtedness that are denominated in United States dollars must be rated "A" or better at the time of purchase by at least two nationally recognized rating agencies.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk

Statutes require collateral for deposits at 102 percent of all deposits federal depository insurance does not cover.

Concentration of credit risk

Statutes do not include any requirements for concentration of credit risk.

Interest rate risk

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. The maximum maturity for investments in repurchase agreements is 180 days.

Foreign currency risk

Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

Santa Cruz County
Notes to Financial Statements
June 30, 2020

Deposits—At June 30, 2020, the carrying amount of the County's deposits was \$55,026,827, and the bank balance was \$54,306,210. The County does not have a formal policy related to custodial credit risk for deposits.

Investments—The County had total investments of \$9,473,399 at June 30, 2020. The County categorizes certain investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles as follows:

Investments by fair value level	Amount	Quoted prices in active markets for identical assets (Level 1)
U.S. Government money market fund	<u>\$329,949</u>	<u>\$329,949</u>

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments.

The County also had investments of \$9,143,450 in the State Treasurer's investment pool measured at fair value. Investments in the State Treasurer's investment pool are valued at the pool's share price multiplied by the number of shares the County held. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

Credit Risk—The County does not have a formal investment policy with respect to credit risk. At June 30, 2020, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pool 5	AAAf/S1+	Standard and Poor's	\$9,140,245
State Treasurer's investment pool 7	Unrated	Not applicable	3,205
U.S. Government money market fund	AAAm	Standard and Poor's	<u>329,949</u>
			<u>\$9,473,399</u>

Custodial credit risk—For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in an outside party's possession. The County does not have a formal investment policy with respect to custodial credit risk.

Concentration of credit risk—The County does not have a formal investment policy with respect to concentration of credit risk.

Interest rate risk—The County does not have a formal investment policy with respect to interest rate risk. At June 30, 2020, the County had the following investments in debt securities:

Santa Cruz County
Notes to Financial Statements
June 30, 2020

Investment Type	Amount	Weighted Average Maturity (In Years)
State Treasurer's investment pool 5	\$9,140,245	0.12
State Treasurer's investment pool 7	3,205	0.15
U.S. Government money market fund	<u>329,949</u>	0.08
	<u>\$9,473,399</u>	

A reconciliation of cash, deposits, and investments to amounts shown on the statements of net position follows:

Cash, deposits, and investments:

Cash on hand	\$ 6,288
Amount of deposits	55,026,827
Amount of investments	<u>9,473,399</u>
Total	<u>\$64,506,514</u>

Statement of Net Position:

	Governmental Activities	Business- Type Activities	Investment Trust Funds	Agency Funds	Total
Cash and investments	\$20,008,842	\$5,738,907	\$36,535,018	\$1,893,798	\$64,176,565
Cash and investments held by trustee	<u>329,949</u>				<u>329,949</u>
	<u>\$20,338,791</u>	<u>\$5,738,907</u>	<u>\$36,535,018</u>	<u>\$1,893,798</u>	<u>\$64,506,514</u>

Note 4 – Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2020, for the County's individual major funds and nonmajor funds in the aggregate are shown as follows:

Description	Governmental Activities							Total
	General Fund	Jail District Fund	Flood Control Fund	Road Fund	Criminal Justice Enhancement Fund	Other Governmental Funds	Business- Type Activities	
County half-cent sales tax	\$ 669,658	\$ 669,678						\$ 1,339,336
State shared sales tax	1,065,797							1,065,797
State vehicle license tax	86,831							86,831
State shared overweight permits				\$ 169				169
Highway user revenue				340,255				340,255
Federal and state reimbursement grants	118,916	4,095			\$ 245,911	\$ 1,184,807		1,553,729
Miscellaneous	<u>95,459</u>		<u>\$162,178</u>	<u>10,430</u>		<u>11,462</u>	<u>\$ 11,248</u>	<u>290,777</u>
	<u>\$ 2,036,661</u>	<u>\$673,773</u>	<u>\$162,178</u>	<u>\$350,854</u>	<u>\$ 245,911</u>	<u>\$ 1,196,269</u>	<u>\$ 11,248</u>	<u>\$ 4,676,894</u>

Santa Cruz County
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Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	Primary Government			Balance June 30, 2020
	Balance July 1, 2019	Increases	Decreases	
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 22,352,410			\$ 22,352,410
Construction in Progress	142,371	\$ 776,552	-	918,923
Total Capital assets not being depreciated	<u>22,494,781</u>	<u>776,552</u>	<u>-</u>	<u>23,271,333</u>
Capital assets being depreciated:				
Buildings	74,594,594			74,594,594
Improvements other than buildings	6,376,161	48,107		6,424,268
Construction equipment and vehicles	12,308,489	652,950	90,186	12,871,253
Furniture and equipment	12,406,361	274,802		12,681,163
Infrastructure	85,123,760	1,664,449	-	86,788,209
Total capital assets being depreciated	<u>190,809,365</u>	<u>2,640,308</u>	<u>90,186</u>	<u>193,359,487</u>
Less accumulated depreciation for:				
Buildings	20,917,739	1,848,432		22,766,171
Improvements other than buildings	2,998,030	344,091		3,342,121
Construction equipment and vehicles	10,186,354	898,683	90,186	10,994,851
Furniture and equipment	11,420,387	324,850		11,745,237
Infrastructure	52,640,174	1,621,476	-	54,261,650
Total accumulated depreciation	<u>98,162,684</u>	<u>5,037,532</u>	<u>90,186</u>	<u>103,110,030</u>
Total capital assets being depreciated, net	<u>92,646,681</u>	<u>(2,397,224)</u>	<u>-</u>	<u>90,249,457</u>
Governmental activities capital assets, net	<u>\$ 115,141,462</u>	<u>\$ (1,620,672)</u>	<u>\$ -</u>	<u>\$ 113,520,790</u>

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	Primary Government			Balance June 30, 2020
	Balance July 1, 2019	Increases	Decreases	
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 229,996	\$ -	\$ -	\$ 229,996
Total Capital assets not being depreciated	229,996	-	-	229,996
Capital assets being depreciated:				
Buildings	246,067			246,067
Improvements other than buildings	4,383,102			4,383,102
Construction equipment and vehicles	2,073,691			2,073,691
Furniture and equipment	64,163	8,019	-	72,182
Total capital assets being depreciated	6,767,023	8,019	-	6,775,042
Less accumulated depreciation for:				
Buildings	152,997	6,156		159,153
Improvements other than buildings	1,584,544	140,720		1,725,264
Construction equipment and vehicles	1,616,797	145,405		1,762,202
Furniture and equipment	44,311	13,797	-	58,108
Total accumulated depreciation	3,398,649	306,078	-	3,704,727
Total capital assets being depreciated, net	3,368,374	(298,059)	-	3,070,315
Business-type activities capital assets, net	\$ 3,598,370	\$ (298,059)	\$ -	\$ 3,300,311
Depreciation expense was charged to functions as follows:				
Governmental activities:				
General government			\$ 1,029,999	
Public safety			1,788,061	
Highways and streets			2,051,565	
Health, welfare and sanitation			54,997	
Education and economic opportunity			60,265	
Recreation			52,645	
Total governmental activities depreciation expense			\$ 5,037,532	
Business-type activities:				
Landfill			\$ 306,078	
Total business-type activities depreciation expense			\$ 306,078	

Note 6 – Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2020:

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	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>1 Year</u>
Governmental activities					
Pledged revenue obligations payable	\$ 38,755,000		\$ 2,210,000	\$ 36,545,000	\$ 2,265,000
Pledged revenue obligations premium payable	4,143,183		332,118	3,811,065	332,118
Long-term loans payable	5,940,916		633,094	5,307,822	654,852
Installment purchase contracts	514,335		164,698	349,637	171,353
Obligations under capital leases	424,909	\$ 485,115	127,650	782,374	150,262
Net pension and OPEB liabilities	36,491,433	2,140,303	248,025	38,383,711	
Compensated absences payable	2,050,934	1,060,583	988,169	2,123,348	993,936
Estimated liabilities for claims and judgments	75,000	-	-	75,000	-
Total governmental activities long-term liabilities	<u>\$ 88,395,710</u>	<u>\$ 3,686,001</u>	<u>\$ 4,703,754</u>	<u>\$ 87,377,957</u>	<u>\$ 4,567,521</u>
Business-type activities					
Installment purchase contracts	\$ 270,681		\$ 43,312	\$ 227,369	\$ 45,131
Net pension and OPEB liabilities	537,227		5,527	531,700	
Compensated absences payable	32,800	\$ 41,943	19,840	54,903	20,152
Landfill closure and postclosure care costs payable	<u>2,004,082</u>	<u>130,651</u>	<u>-</u>	<u>2,134,733</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 2,844,790</u>	<u>\$ 172,594</u>	<u>\$ 68,679</u>	<u>\$ 2,948,705</u>	<u>\$ 65,283</u>

Pledged revenue refunding obligations payable—The County has issued pledged revenue refunding obligations that are generally callable with interest payable semiannually. The Series 2017-2 pledged revenue refunding obligations of \$3,675,000 were issued to refund the remaining outstanding principal balance of \$3,425,000 relating to the Greater Arizona Development Authority (GADA) loan for the 2008-1 project. The Series 2017 pledged revenue refunding obligations of \$29,515,000 were issued to refund the outstanding principal balance of \$32,045,000 relating to the GADA loan for the 2008-2 project. The Series 2016 pledged revenue refunding obligations of \$9,495,000 were issued to refund the outstanding principal balance of \$8,810,000 relating to the GADA loan for the 2008-1 project.

Pledged revenue obligations payable at June 30, 2020, were as follows:

Description	Original Amount Issued	Interest Rates	Maturities	Outstanding Principal June 30, 2020
Santa Cruz Pledged Revenue Refunding Obligations, Series 2017-2	\$ 3,675,000	2.13%	2021-2026	\$ 2,750,000
Santa Cruz Pledged Revenue Refunding Obligations, Series 2017	29,515,000	3%-5%	2021-2031	24,475,000
Santa Cruz Pledged Revenue Refunding Obligations, Series 2016	9,495,000	2%-4%	2021-2038	<u>9,320,000</u>
				<u>\$36,545,000</u>

The following schedule details debt service requirements to maturity for the County's pledged revenue obligations payable at June 30, 2020:

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<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,265,000	\$ 1,552,337
2022	2,360,000	1,470,959
2023	2,445,000	1,386,161
2024	2,530,000	1,298,025
2025	2,615,000	1,206,551
2026-2030	15,140,000	4,102,971
2031-2035	6,560,000	1,015,387
2036-2038	<u>2,630,000</u>	<u>166,094</u>
Total	<u>\$36,545,000</u>	<u>\$12,198,485</u>

Long-term loans payable—The County's long-term loans payable include two loan agreements. One agreement is with U. S. Bank National Association, the 2012 series. The purpose of the 2012 series loan is to finance the construction of bridges and other flood control projects that provide vehicle access to flood-prone areas within the County. The loan calls for an annual principal payment and semi-annual interest payments. The other agreement is with J. P. Morgan Chase Bank, the 2018 equipment loan. The purpose of the equipment loan is to finance the County's multiple types of technology upgrades, new computers, additional server storage, court equipment and an animal control vehicle.

Long-term loans payable at June 30, 2020, were as follows:

<u>Description</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding Principal July 1, 2019</u>	<u>Issues</u>	<u>Retirements</u>	<u>Outstanding Principal June 30, 2020</u>
2012 series	3.82%	2021-2026	\$5,235,000		\$440,000	\$4,795,000
2018 equipment loan	3.47%	2021-2023	<u>705,916</u>	\$ -	<u>193,094</u>	<u>512,822</u>
			<u>\$5,940,916</u>	<u>\$ -</u>	<u>\$633,094</u>	<u>\$5,307,822</u>

The following schedule details debt service requirements to maturity for the County's loans payable at June 30, 2020:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 654,852	\$ 199,245
2022	676,847	174,869
2023	596,123	149,675
2024	510,000	129,116
2025	530,000	109,634
2026	<u>2,340,000</u>	<u>89,388</u>
Total	<u>\$5,307,822</u>	<u>\$851,927</u>

For the series 2016 and 2017-2 pledged revenue refunding obligations and series 2012 loan, the County has pledged a portion of its future general excise tax and state shared revenues

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toward the debt payments related to revenue refunding obligations and to repay the loan obtained from the private bank for funding the flood control project. For fiscal year 2020, the County received general excise tax revenues of \$3,061,101 and state shared revenues net of other statutory claims of \$3,189,583 and the total principal and interest payments were \$45,000 and \$346,413 for the series 2016 revenue refunding obligations, \$440,000 and \$67,947 for the series 2017-2 revenue refunding obligations, and \$440,000 and \$199,977 for the 2012 loan. At June 30, 2020, future debt service requirements through final maturity at July 1, 2038, and July 1, 2026, respectively, totaled \$22,184,414 consisting of total principal and interest remaining to be paid on the revenue refunding obligations and the 2012 loans of \$16,865,000 and \$5,319,414, respectively. Future principal and interest payments are expected to require 20 percent of pledged excise tax and state shared revenues.

For the series 2017 pledged revenue refunding obligations, the County has pledged the County's jail District excise tax and the maintenance of effort payments from the County's General Fund toward the debt payments. For fiscal year 2020, the County received Jail District excise tax revenues of \$3,060,912 and made maintenance of effort payments of \$4,171,273, and the total principal and interest payments were \$1,725,000 and \$1,200,000. At June 30, 2020, future pledged revenues through final maturity at July 1, 2031, totaled \$32,179,000 consisting of \$24,475,000 for principal and \$7,704,000 for interest. Future principal and interest payments are expected to require 40 percent of pledged County Jail District excise tax revenue and the maintenance of effort payments from the County's General Fund.

Refunded 2008-1 and 2008-2 Loan Agreements with Greater Arizona Development Authority (GADA)—The refunded debts had outstanding balances of \$11,860,000 and \$26,820,000, respectively, that are considered defeased and not included in the County's financial statements.

Installment purchase contracts—The County has acquired computer software and hardware equipment, vehicles, and construction equipment under contract agreements at a total purchase price \$1,038,900. The following schedule details debt service requirements to maturity for the County's installment purchase contracts payable at June 30, 2020:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest
2021	171,353	12,307	45,131	9,450
2022	178,284	5,376	47,026	7,554
2023			49,002	5,579
2024			51,060	3,521
2025	-	-	35,150	1,409
Total	<u>\$ 349,637</u>	<u>\$ 17,683</u>	<u>\$ 227,369</u>	<u>\$ 27,513</u>

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Obligations under capital leases—The County has acquired a building and construction equipment and vehicles under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a transfer of ownership by the end of the lease term or the lease term is equal to 75 percent or more of the estimated economic life of the leased property.

The assets acquired through capital leases are as follows:

	Governmental Activities
Building	\$1,025,840
Construction equipment and vehicles	751,690
Less: accumulated depreciation	<u>535,951</u>
Carrying value	<u>\$1,241,579</u>

The following schedule details minimum lease payments to maturity for the County's obligations under capital leases at June 30, 2020:

Year Ending June 30	Governmental Activities
2021	\$151,472
2022	151,471
2023	151,471
2024	171,814
2025	117,800
2026	<u>42,468</u>
Total minimum lease payments	786,496
Less amount representing interest	<u>4,122</u>
Present value of net minimum lease payments	<u>\$782,374</u>

Landfill closure and postclosure care costs—State and federal laws and regulations require the County to place a final cover on its two landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will not be paid until near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs in each period that the County operates the landfills. These costs will be paid from the Enterprise Fund.

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The \$2,134,733 reported as landfill closure and postclosure care liability at June 30, 2020, represents the cumulative amount reported to date based on the use of 50 percent of the estimated capacity of the Rio Rico Sanitary Landfill and Sonoita Elgin Landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$2,156,288 as the remaining estimated capacity is filled. These amounts are based on what it would cost to

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perform all closure and postclosure care in fiscal year 2020 and the actual cost may be lower or higher each year due to deflation or inflation, changes in technology, changes in materials or changes in regulations. The County expects to close Rio Rico Sanitary Landfill in 2036 and Sonoita Elgin Landfill in 2084.

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that assure the County can meet the costs of landfill closure, postclosure, and corrective action when needed. The County is in compliance with these requirements.

Compensated absences—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2020, the County paid for compensated absences as follows: 54 percent from the General Fund, 14 percent from the Jail District Fund, 1 percent from the Flood Control Fund, 5 percent from the Road Fund, 8 percent from the Criminal Justice Enhancement Fund, 17 percent from the Other Governmental Funds, and 1 percent from the Enterprise Fund.

Note 7 – Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2020, were as follows:

	General Fund	Jail District Fund	Flood Control District Fund	Road Fund	Criminal Justice Enhancement Fund	Other Governmental Funds	Total
Fund balances:							
Nonspendable:							
Prepaid items	\$ 99,117		\$ 939			\$ 299,965	\$ 400,021
Total nonspendable	99,117	-	939	-	-	299,965	400,021
Restricted for:							
Capital projects						282,577	282,577
Education						578,664	578,664
Flood control			3,213,810				3,213,810
General government						444,412	444,412
Health						256,523	256,523
Judicial activities					\$ 1,559,305	1,610,647	3,169,952
Law enforcement		\$ 402,075			301,965	413,344	1,117,384
Public safety						16	16
Social services						167,552	167,552
Streets and highways				\$ 1,413,771			1,413,771
Sanitation						169,668	169,668
Total restricted	-	402,075	3,213,810	1,413,771	1,861,270	3,923,403	10,814,329

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	<u>General Fund</u>	<u>Jail District Fund</u>	<u>Flood Control District Fund</u>	<u>Road Fund</u>	<u>Criminal Justice Enhancement Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assigned to:							
Capital projects						\$ 79,149	\$ 79,149
Total assigned	-	-	-	-	-	79,149	79,149
Unassigned:	\$ 8,856,883	-	\$ (86,000)	-	\$ (49,640)	(763,904)	7,957,339
Total fund balances	<u>\$ 8,956,000</u>	<u>\$ 402,075</u>	<u>\$ 3,128,749</u>	<u>\$ 1,413,771</u>	<u>\$ 1,811,630</u>	<u>\$ 3,538,613</u>	<u>\$ 19,250,838</u>

Note 8 – Construction Commitments

At June 30, 2020, the County had four major contractual commitments, 3 are related to the Rio Rico Drive and Pendleton street and intersection improvement projects. Another contractual commitment is the Kino Springs Drive Roadway improvement project. As of June 30, 2020, the County spent \$918,923 on these projects and reported the total amount in construction in progress. An estimated cost to complete these projects is approximately \$1.7 million. These projects are primarily financed by state shared revenues received in the Road Fund and tax levied for the Flood Control District Fund.

Note 9 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the County joined and is covered by 3 public entity risk pools: the Arizona Counties Property and Casualty Pool, the Arizona Counties Workers' Compensation Pool, and the Arizona Local Government Employee Benefit Trust. The County carries commercial insurance for all such risks of loss relating to the ownership of Nogales International Airport, and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past 3 fiscal years.

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 13 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; cyber security; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium based on its exposure in relation to the exposure of the other participants, and a deductible of \$5,000 per occurrence for property claims and \$5,000 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of \$300 million per occurrence for property claims and \$15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least 3 years after becoming a member; however, it may withdraw after the initial 3-year period.

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The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties with workers' compensation coverage, as law requires, and risk-management services. The County is responsible for paying a premium based on an experience-rating formula that allocates pool expenditures and liabilities among the members.

The Arizona Local Government Employee Benefit Trust is a public entity risk pool currently composed of 9 member entities. The pool provides member entities with health, prescription, dental, vision, life, short-term disability, and accidental death benefits for the entities' employees and their dependents. The County is responsible for paying a premium based on enrolled employees and dependents and requires its employees to contribute a portion of that premium. If it withdraws from the Trust, the County is responsible for any claims' run-out costs, including claims reported but not settled, claims incurred but not reported, and administrative costs. If the Trust were to terminate, the County would be responsible for its proportional share of any Trust deficit.

The Arizona Counties Property and Casualty Pool, the Arizona Counties Workers' Compensation Pool, and the Arizona Local Government Employee Benefit Trust receive independent audits annually and an audit by the Arizona Department of Insurance every 5 years. All pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation. If a pool were to become insolvent, the County would be assessed an additional contribution.

Note 10 – Pensions and Other Postemployment Benefits

The County contributes to the pension plans described below which are component units of the State of Arizona. The County also contributes to various other postemployment benefits (OPEB) plans. At June 30, 2020, the County reported the following aggregate amounts related to pension and OPEB for all plans to which it contributes:

Statement of net position and statement of activities	Governmental activities	Business-type activities	Total
Net pension and OPEB asset	\$ 411,650	\$ 389	\$ 412,039
Net pension and OPEB liabilities	38,383,711	531,700	38,915,411
Deferred outflows of resources			
Related to pensions and OPEB	6,160,148	59,316	6,219,464
Deferred inflows of resources			
Related to pensions and OPEB	3,314,434	72,599	3,387,033
Pension and OPEB expense	353,815	23,040	376,855

The County's accrued payroll and employee benefits includes \$64,688 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2020. Also, the County reported \$3,395,138 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

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The pension plans are described below and the OPEB plans are not further disclosed because of their relative insignificance to the County's financial statements.

A. Arizona State Retirement System

Plan description—County employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits provided—The ASRS provides retirement and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2020, statute required active ASRS members to contribute at the actuarially determined rate of 11.94 percent for retirement of the members' annual covered

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payroll, and statute required the County to contribute at the actuarially determined rate of 11.45 percent for retirement of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 10.29 percent for retirement of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the ASRS would typically fill. The County's contributions to the pension plan for the year ended June 30, 2020, were \$1,122,627.

During fiscal year 2020, the County paid for ASRS pension contributions as follows: 58 percent from the general fund, 7.5 percent from the Road Fund, 5.5 percent from the Jail District Fund, 2.5 percent from the Flood Control District Fund, 24.5 percent from other governmental funds, and 2 percent from the Landfill Fund.

Pension liability—At June 30, 2020, the County reported a net pension liability of \$13,552,954 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019.

The County's proportion of the net liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The County's proportion measured as of June 30, 2019, was 0.093140 percent, which was a decrease of 0.005920 from its proportion measured as of June 30, 2018.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2020, the County recognized pension expense for ASRS of \$1,006,679. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 244,838	\$ 2,548
Changes of assumptions or other inputs	57,289	539,705
Net difference between projected and actual earnings on pension plan investments		304,624
Changes in proportion and differences between county contributions and proportionate share of contributions	29,962	783,315
County contributions subsequent to the measurement date	<u>1,122,627</u>	
Total	<u>\$1,454,716</u>	<u>\$1,630,192</u>

The \$1,122,627 reported as deferred outflows of resources related to ASRS pensions resulting from County contributions subsequent to the measurement date will be recognized as a

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reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2021	\$(686,918)
2022	(634,270)
2023	(58,501)
2024	81,586

Actuarial assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

ASRS	
Actuarial valuation date	June 30, 2018
Actuarial roll forward date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ASRS	Target	Long-term expected
Asset class	allocation	geometric real rate of
		return
Equity	50%	6.09%
Credit	20%	5.36%
Interest rate sensitive bonds	10%	1.62%
Real estate	<u>20%</u>	5.85%
Total	<u>100%</u>	

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Discount Rate—The discount rate used to measure the ASRS total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the ASRS net pension liability to changes in the discount rate—The following table presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
County’s proportionate share of the net pension liability	\$19,288,992	\$13,552,954	\$8,759,102

Pension plan fiduciary net position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System and Corrections Officer Retirement Plan

Plan descriptions—County sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans. A 9-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plan, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plan (PSPRS Tier 3 Risk Pool) which is not further disclosed because of its relative insignificance to the County’s financial statements.

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP) or the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The CORP administers an agent multiple-employer defined benefit pension plan for county detention officers (agent plan), which was closed to new members as of July 1, 2018, and a

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cost-sharing multiple-employer defined benefit pension plan for AOC officers (cost-sharing plan). Employees who were CORP members before July 1, 2018, participate in CORP, and AOC probation and surveillance officers who became members on or after July 1, 2018, participate in CORP or PSPDCRP. Detention officers and juvenile detention officers who became members on or after July 1, 2018, participate in PSPDCRP. The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPRS and CORP plans. The report is available on the PSPRS website at www.psprs.com.

Benefits provided—The PSPRS and CORP provide retirement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and disability		
Years of service and age required to receive benefit	20 years of service any age 15 years of service age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	

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Ordinary disability retirement Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20

Survivor benefit

Retired members 80% to 100% of retired member's pension benefit

Active members 80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job

CORP

	Initial membership date:		
		On or after January 1, 2012 and before July 1, 2018	AOC probation and surveillance officers: On or after July 1, 2018
Retirement and disability	Before January 1, 2012		
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years, any age 10 years, age 62	25 years, age 52.5 10 years, age 62	10 years, age 52.5* 10 or more years, age 55
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years	
Benefit percent			
Normal retirement	2.0% to 2.5% per year of credited service, not to exceed 80%	2.5% per year of credited service, not to exceed 80%	1.25% to 2.25% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service	
Total and permanent disability retirement	50% or normal retirement if more than 25 years of credited service		
Ordinary disability retirement	2.5% per year of credited service		

Survivor benefit

Retired members 80% of retired member's pension benefit

Active members 40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.

* With actuarially reduced benefits.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

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Employees covered by benefit terms—At June 30, 2020, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Sheriff	CORP Detention
Inactive employees or beneficiaries currently receiving benefits	23	5
Inactive employees entitled to but not yet receiving benefits	11	35
Active employees	<u>22</u>	<u>21</u>
Total	<u>56</u>	<u>61</u>

Contributions—State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with State statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2020, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member— pension	County— pension
PSPRS Sheriff	7.65% – 11.65%	54.87%
CORP Detention	8.41	7.30
CORP AOC	8.41	30.71

In addition, statute required the County to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the PSPRS or CORP would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the County's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

	Pension
PSPRS Sheriff	42.92%
CORP Detention	6.00%

The County's contributions to the pension plans for the year ended June 30, 2020, were:

PSPRS Sheriff	CORP Detention	CORP AOC
\$1,089,531	\$34,218	\$406,273

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During fiscal year 2020, the County paid for PSPRS and CORP pension contributions as follows: 69 percent from the General Fund, 18 percent from the Jail District Fund, 2 percent from the Criminal Justice Enhancement Fund, and 11 percent from other governmental funds.

Pension liability—At June 30, 2020, the County reported the following net pension liabilities:

	Net Pension Liability
PSPRS Sheriff	\$10,814,594
CORP Detention	248,862
CORP AOC (County’s proportionate share)	5,177,840

The net pension liabilities were measured as of June 30, 2019, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2019, reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

Pension actuarial assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

PSPRS and CORP—Pension	
Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5
Price inflation	2.5%
Cost-of-living adjustment	1.75%
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

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The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS and CORP Asset class	Target allocation	Long-term expected geometric real rate of return
Short term investments	2%	0.25%
Risk parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	<u>16%</u>	4.75%
Total	<u>100%</u>	

Pension discount rates—At June 30, 2019, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.3 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. The projection of cash flows used to determine the PSPRS and CORP discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in the Net Pension Liability

PSPRS Sheriff	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
Balances at June 30, 2019	<u>\$17,641,863</u>	<u>\$7,557,111</u>	<u>\$10,084,752</u>
Adjustment to beginning of year		<u>(8,849)</u>	<u>8,849</u>
Changes for the year:			
Service cost	320,099		320,099
Interest on the total pension liability	1,295,267		1,295,267
Differences between expected and actual experience in the measurement of the pension liability	165,253		165,253
Changes of assumptions or other inputs	408,000		408,000
Contributions—employer		998,287	(998,287)
Contributions—employee		140,109	(140,109)
Net investment income		336,069	(336,069)
Benefit payments, including refunds of employee contributions	(916,695)	(916,695)	
Administrative expense		<u>(6,839)</u>	<u>6,839</u>
Net changes	<u>1,271,924</u>	<u>550,931</u>	<u>720,993</u>
Balances at June 30, 2020	<u>\$18,913,787</u>	<u>\$8,099,193</u>	<u>\$10,814,594</u>

CORP Detention	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
Balances at June 30, 2019	<u>\$2,806,768</u>	<u>\$2,592,537</u>	<u>\$ 214,231</u>
Changes for the year:			
Service cost	125,269		125,269
Interest on the total pension liability	211,146		211,146
Changes of benefit terms			
Differences between expected and actual experience in the measurement of the pension liability	(110,760)		(110,760)
Changes of assumptions or other inputs	67,631		67,631
Contributions—employer		69,700	(69,700)
Contributions—employee		63,182	(63,182)
Net investment income		128,771	(128,771)
Benefit payments, including refunds of employee contributions	(157,417)	(157,417)	
Administrative expense		<u>(2,998)</u>	<u>2,998</u>
Net changes	<u>135,869</u>	<u>101,238</u>	<u>34,631</u>
Balances at June 30, 2020	<u>\$2,942,637</u>	<u>\$2,693,775</u>	<u>\$ 248,862</u>

The County's proportion of the CORP AOC net pension liability was based on the County's actual contributions to the plan relative to the total of all participating counties' actual

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contributions for the year ended June 30, 2019. The County's proportion measured as of June 30, 2019, was 1.2271490 percent, which was a decrease of 0.0474580 from its proportion measured as of June 30, 2018.

Sensitivity of the County's net pension liability to changes in the discount rate—The following table presents the County's net pension liabilities calculated using the discount rate of 7.3 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

	1% Decrease (6.3%)	Current discount rate (7.3%)	1% Increase (8.3%)
PSPRS Sheriff			
Net pension liability	\$13,333,745	\$10,814,594	\$8,764,745
CORP Detention			
Net pension liability (asset)	\$ 661,488	\$ 248,862	\$ (80,755)
CORP AOC			
County's proportionate share of the net pension liability	\$ 6,652,147	\$ 5,177,840	\$3,976,193

Pension plan fiduciary net position—Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS and CORP financial reports.

Pension expense—For the year ended June 30, 2020, the County recognized the following pension expense:

	Pension expense
PSPRS Sheriff	\$1,146,963
CORP Detention	52,063
CORP AOC (County's proportionate share)	575,674

Pension deferred outflows/inflows of resources—At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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PSPRS Sheriff	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 363,684	\$752,492
Changes of assumptions or other inputs	556,605	
Net difference between projected and actual earnings on pension plan investments	194,760	
County contributions subsequent to the measurement date	<u>1,089,531</u>	<u> </u>
Total	<u>\$2,204,580</u>	<u>\$752,492</u>
CORP Detention	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience		\$242,672
Changes of assumptions or other inputs	\$101,793	
Net difference between projected and actual earnings on pension plan investments	34,241	
County contributions subsequent to the measurement date	<u>34,218</u>	<u> </u>
Total	<u>\$170,252</u>	<u>\$242,672</u>
CORP AOC	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 369,968	\$147,258
Changes of assumptions or other inputs	331,934	
Net difference between projected and actual earnings on pension plan investments	97,349	
Changes in proportion and differences between county contributions and proportionate share of contributions		328,651
County contributions subsequent to the measurement date	<u>406,273</u>	<u> </u>
Total	<u>\$1,205,524</u>	<u>\$475,909</u>

The amounts reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ending June 30	PSPRS Sheriff	CORP Detention	CORP AOC
2021	\$257,275	\$(53,270)	\$ 86,049
2022	(35,083)	(55,139)	47,044
2023	94,144	(10,641)	63,312
2024	46,221	12,412	126,937

PSPDCRP plan—County sheriff employees, County detention officers, and AOC probation, surveillance, and juvenile detention officers who are not members of PSPRS or CORP participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2020, active PSPDCRP members were required by statute to contribute at least 9 percent (County sheriff employees) or 5 percent (County detention officers and AOC probation, surveillance, and juvenile detention officers) of the members' annual covered payroll, and the County was required by statute to contribute 9 percent or 5 percent, respectively, of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the County's contributions each year as set forth in statute. The plan retains nonvested County contributions when forfeited because of employment terminations. For the year ended June 30, 2020, the County recognized pension expense of \$14,706.

C. Elected Officials Retirement Plan

Plan description—Elected officials and judges participate in the Elected Officials Retirement Plan (EORP), ASRS, or the Elected Officials Defined Contribution Retirement System (EODCRS). EORP administers a cost-sharing multiple-employer defined benefit pension for elected officials and judges who were members of the plan on December 31, 2013. This plan was closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS's website at www.psprs.com.

Benefits provided—The EORP provides retirement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

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EORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and disability		
Years of service and age required to receive benefit	20 years any age 10 years age 62 5 years age 65 5 years any age* any years and age if disabled	10 years age 62 5 years age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor Benefit		
Retired members	75% of retired member's benefit	50% of retired member's benefit
Active members and other inactive members	75% of disability retirement benefit	50% of disability retirement benefit

* With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan.

Contributions—State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2020, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the County to contribute at the actuarially determined rate of 61.43 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 49.49 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.43 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the County's required contributions to ASRS and EODCRS for these elected officials

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and judges. The County's contributions to the pension plan for the year ended June 30, 2020, were \$607,616.

During fiscal year 2020, the County paid for EORP pension contributions as follows: 95 percent from the General Fund and 5 percent from the Jail District Fund.

Pension liability—At June 30, 2020, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	\$9,016,702
State's proportionate share of the EORP net pension liability associated with the County	<u>847,477</u>
Total	<u>\$9,864,179</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2019, reflects changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

The County's proportion of the net pension liability was based on the County's required contributions to the plan relative to the total of all participating employers' required contributions for the year ended June 30, 2019. The County's proportion measured as of June 30, 2019, was 1.3596220 percent, which was a decrease of 0.0569860 from its proportion measured as of June 30, 2018.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2020, the County recognized negative pension expense for EORP of \$2,341,129 and negative revenue of \$58,917 for the County's proportionate share of the State's appropriation to EORP and the designated court fees. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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EORP	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience		\$ 8,551
Changes of assumptions or other inputs	\$ 201,029	256,231
Net difference between projected and actual earnings on pension plan investments	61,344	
Changes of assumptions or other inputs	28,347	
Changes in proportion and differences between county contributions and proportionate share of contributions	254,414	3,418
County contributions subsequent to the measurement date	<u>607,616</u>	
Total	<u>\$1,152,750</u>	<u>\$268,200</u>

The \$607,616 reported as deferred outflows of resources related to EORP pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year ending June 30	
2021	\$259,552
2022	(15,644)
2023	17,130
2024	15,896

Actuarial assumptions—The significant actuarial assumptions used to measure the total pension liability are as follows:

EORP	
Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.75%
Price inflation	2.5%
Cost-of-living adjustment	1.75%
Mortality rates	PubG-2010 tables

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation)

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are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

EORP	Target allocation	Long-term expected geometric real rate of return
Asset class		
Short term investments	2%	0.25%
Risk parity	4%	4.01%
Fixed income	5%	3.00%
Real assets	9%	6.75%
GTS	12%	4.01%
Private credit	16%	5.36%
Real estate	10%	4.50%
Private equity	12%	8.40%
Non-U.S. equity	14%	5.00%
U.S. equity	<u>16%</u>	4.75%
Total	<u>100%</u>	

Discount rate—At June 30, 2019, the discount rate used to measure the EORP total pension liability was 7.3 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2018. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the EORP net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.3 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

EORP	1% Decrease (6.3%)	Current discount rate (7.3%)	1% Increase (8.3%)
County's proportionate share of the net pension liability	\$10,325,480	\$9,016,702	\$7,901,975

Pension plan fiduciary net position—Detailed information about the pension plan's fiduciary net position is available in the separately issued EORP financial report.

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EODCRS plan—Elected officials and judges that are not members of EORP or ASRS participate in the EODCRS. The EODCRS is a defined contribution pension plan. The PSPRS Board of Trustees governs the EODCRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 3.1. Benefit terms, including contribution requirements, are established by state statute. The EODCRS is not further disclosed because of its relative insignificance to the County’s financial statements.

For the year ended June 30, 2020, active EODCRS members were required by statute to contribute 8 percent of the members’ annual covered payroll, and the County was required by statute to contribute 6 percent of active members’ annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the County’s contributions to the individual employee account and the earnings on those contributions. For the year ended June 30, 2020, the County recognized pension expense of \$8,287.

Note 11 – Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2020, were as follows:

	Payable to		Total
	General Fund	Landfill Fund	
Payable from			
Flood Control Fund	\$ 86,000		\$ 86,000
Road Fund		\$ 20,957	20,957
Criminal Justice Enhancement Fund	170,870		170,870
Other Governmental Funds	<u>555,729</u>	-	<u>555,729</u>
Total	<u>\$812,599</u>	<u>\$ 20,957</u>	<u>\$833,556</u>

The interfund balances resulted from time lags between the dates that interfund goods and services are provided or reimbursable expenditures occur and the dates payments are made.

Santa Cruz County
Notes to Financial Statements
June 30, 2020

Interfund transfers—Interfund transfers for the year ended June 30, 2020, were as follows:

	Transfers to						Total
	General Fund	Jail District Fund	Road Fund	Criminal Justice Enhancement Fund	Other Governmental Funds	Landfill Fund	
Transfers from							
General Fund		\$ 4,259,202		\$ 25,166	\$ 1,661,519		\$ 5,945,887
Flood Control District Fund					7,568		7,568
Road Fund					7,568	\$ 24	7,592
Criminal Justice Enhancement Fund	\$ 22,685				1,557		24,242
Nonmajor Governmental Funds	<u>38,316</u>		<u>7,500</u>	<u>116,477</u>	<u>583</u>	<u>-</u>	<u>162,876</u>
Total	<u>\$ 61,001</u>	<u>\$ 4,259,202</u>	<u>\$ 7,500</u>	<u>\$ 141,643</u>	<u>\$ 1,678,795</u>	<u>\$ 24</u>	<u>\$ 6,148,165</u>

The principal purpose of interfund transfers was to provide grant matches or to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The largest transfer made in FY 2020 was \$4,171,273 from General Fund to Jail District Fund for the maintenance of effort payment. In addition, the Landfill Fund contributed \$3,368 to governmental activities in FY 2020 for the purchase of conference video software.

Note 12 – County Treasurer’s Investment Pool

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a fiduciary responsibility to administer those and the County’s monies under her stewardship. The Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the Treasurer determines the fair value of those pooled investments annually at June 30.

The County Treasurer’s investment pool is not registered with the Securities and Exchange Commission as an investment company, and there is no regulatory oversight of its operations. The pool’s structure does not provide for shares, and the County has not provided or obtained any legally binding guarantees to support the value of the participants’ investments.

The Treasurer allocates interest earnings to each of the pool’s participants.

The County’s deposits and investments are included in the County Treasurer’s investment pool, except for \$1,572,721 of deposits, \$329,949 of investments in US Government money market fund and \$6,707,985 of investments in the State Treasurer’s investment pools. Therefore, the deposit and investment risks of the Treasurer’s investment pool are substantially the same as the County’s deposit and investment risks. See Note 3 for disclosure of the County’s deposit and investment risks.

Santa Cruz County
Notes to Financial Statements
June 30, 2020

Details of the major investment classification follow:

Investment type	Principal	Interest Rates	Maturities	Amount
State Treasurer's investment pool 5	\$2,435,465	None stated	None stated	\$2,435,465

A condensed statement of the investment pool's net position and changes in net position follows:

Statement of Net Position:

Assets	\$ 55,890,771
Net position	<u>\$ 55,890,771</u>
Net position held in trust for:	
Internal participants	\$ 19,099,882
External participants	<u>36,790,889</u>
Total net position held in trust	<u>\$ 55,890,771</u>

Statement of Changes in Net Position:

Total additions	\$191,677,435
Total deductions	<u>172,025,775</u>
Net increase	19,651,660
Net position held in trust:	
July 1, 2019	<u>36,239,111</u>
June 30, 2020	<u>\$ 55,890,771</u>

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Required Supplementary Information

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2020

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 16,107,528	\$ 17,080,984	\$ 973,456
Intergovernmental	8,150,184	9,801,882	1,651,698
Licenses and permits	350,000	515,694	165,694
Charges for services	602,500	677,920	75,420
Fines and forfeits	587,500	641,800	54,300
Investment earnings	100,000	66,480	(33,520)
Rents		108,807	108,807
Miscellaneous		82,416	82,416
Total revenues	<u>\$ 25,897,712</u>	<u>\$28,975,983</u>	<u>3,078,271</u>
Expenditures			
Current:			
General government			
Airport	59,420	84,211	(24,791)
Assessor	929,452	830,653	98,799
Board of Supervisors	5,324,977	3,310,420	2,014,557
Central Permits	60,247	47,093	13,154
Clerk of Superior Court	949,249	811,548	137,701
Constable #1	108,600	101,908	6,692
County Attorney	1,551,520	1,469,218	82,302
Elections	506,032	323,141	182,891
Finance	1,187,947	444,617	743,330
GIS	51,750	7,493	44,257
Grounds and Maintenance	2,063,324	1,661,207	402,117
Information Technology	1,414,713	1,627,954	(213,241)
Justice Court #1	845,657	868,233	(22,576)
Justice Court #2	2,200		2,200
Planning and Zoning	302,903	282,044	20,859
Recorder	314,363	337,527	(23,164)
Recorder - Election	221,292	237,078	(15,786)
Superior Court	1,881,184	1,684,394	196,790
Treasurer	581,063	553,279	27,784
Total general government	<u>18,355,893</u>	<u>14,682,018</u>	<u>3,673,875</u>

(Continued)

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2020
(Concluded)

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Public safety			
Adult Probation	\$ 605,662	\$ 394,776	\$ 210,886
Juvenile Probation	55,533	51,000	4,533
Building Codes	205,211	206,981	(1,770)
Emergency Services	353,130	284,861	68,269
Sheriff	<u>4,794,550</u>	<u>3,272,823</u>	<u>1,521,727</u>
Total public safety	<u>6,014,086</u>	<u>4,210,441</u>	<u>1,803,645</u>
Health, welfare and sanitation			
Public Fiduciary	<u>3,366,147</u>	<u>3,179,114</u>	<u>187,033</u>
Total health, welfare and sanitation	<u>3,366,147</u>	<u>3,179,114</u>	<u>187,033</u>
Education and economic opportunity			
School Superintendent	<u>480,593</u>	<u>422,245</u>	<u>58,348</u>
Total education and economic opportunity	<u>480,593</u>	<u>422,245</u>	<u>58,348</u>
Recreation			
Parks	<u>783,337</u>	<u>427,344</u>	<u>355,993</u>
Total recreation	<u>783,337</u>	<u>427,344</u>	<u>355,993</u>
Total expenditures	<u>29,000,056</u>	<u>22,921,162</u>	<u>6,078,894</u>
Excess (deficiency) of revenues over expenditures	(3,102,344)	6,054,821	9,157,165
Other financing sources (uses)			
Transfers in		61,001	61,001
Transfers out	<u>(5,877,925)</u>	<u>(5,945,887)</u>	<u>(67,962)</u>
Total other financing sources (uses)	<u>(5,877,925)</u>	<u>(5,884,886)</u>	<u>(6,961)</u>
Net change in fund balance	(8,980,269)	169,935	9,150,204
Fund balance, July 1, 2019	<u>8,980,269</u>	<u>8,786,065</u>	<u>(194,204)</u>
Fund balance, June 30, 2020	<u>\$ -</u>	<u>\$ 8,956,000</u>	<u>\$ 8,956,000</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
Jail District Fund
Year Ended June 30, 2020

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 2,400,000	\$ 3,060,912	\$ 660,912
Intergovernmental	1,920,000	190,301	(1,729,699)
Charges for services	3,000	1,667	(1,333)
Investment earnings		1,354	1,354
Miscellaneous		133	133
Total revenues	<u>4,323,000</u>	<u>3,254,367</u>	<u>(1,068,633)</u>
Expenditures			
Current:			
Public safety			
Juvenile Detention	2,261,392	1,962,117	299,275
Sheriff's Office	5,755,724	5,218,897	536,827
Health			
Environmental Health	<u>574,318</u>	<u>319,531</u>	<u>254,787</u>
Total expenditures	<u>8,591,434</u>	<u>7,500,545</u>	<u>1,090,889</u>
Excess (deficiency) of revenues over expenditures	(4,268,434)	(4,246,178)	22,256
Other financing sources			
Transfers in	<u>4,096,166</u>	<u>4,259,202</u>	<u>163,036</u>
Total other financing sources	<u>4,096,166</u>	<u>4,259,202</u>	<u>163,036</u>
Net change in fund balances	(172,268)	13,024	185,292
Fund balance, July 1, 2019	<u>172,268</u>	<u>389,051</u>	<u>216,783</u>
Fund balance, June 30, 2020	<u>\$ -</u>	<u>\$ 402,075</u>	<u>\$ 402,075</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
Flood Control District Fund
Year Ended June 30, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Taxes	\$ 2,495,007	\$ 2,511,337	\$ 16,330
Investment earnings		28,683	28,683
Miscellaneous		119,341	119,341
Total revenues	2,495,007	2,659,361	164,354
Expenditures			
Public safety	5,673,730	2,201,428	3,472,302
Total expenditures	5,673,730	2,201,428	3,472,302
Excess (deficiency) of revenues over expenditures	(3,178,723)	457,933	3,636,656
Other financing uses			
Transfers out		(7,568)	(7,568)
Total other financing sources (uses)		(7,568)	(7,568)
Net change in fund balance	(3,178,723)	450,365	3,629,088
Fund balance, July 1, 2019	3,178,723	2,678,384	(500,339)
Fund balance, June 30, 2020	\$ -	\$ 3,128,749	\$ 3,128,749

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Budgetary Comparison Schedule
 Road Fund
 Year Ended June 30, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 5,500,000	\$ 5,613,391	\$ 113,391
Investment earnings		37,375	37,375
Miscellaneous	<u>50,000</u>	<u>117,216</u>	<u>67,216</u>
Total Revenues	<u>5,550,000</u>	<u>5,767,982</u>	<u>217,982</u>
Expenditures			
Highways and streets	<u>8,901,056</u>	<u>7,346,039</u>	<u>(1,555,017)</u>
Total expenditures	<u>8,901,056</u>	<u>7,346,039</u>	<u>(1,555,017)</u>
Excess (deficiency) of revenues over expenditures	(3,351,056)	(1,578,057)	1,772,999
Other financing sources (uses)			
Sale of capital assets		62,000	62,000
Transfers in	7,500	7,500	-
Transfers out		<u>(7,592)</u>	<u>(7,592)</u>
Total other financing sources (uses)	<u>7,500</u>	<u>61,908</u>	<u>54,408</u>
Net change in fund balance	(3,343,556)	(1,516,149)	1,827,407
Fund balance, July 1, 2019	<u>3,343,556</u>	<u>2,929,920</u>	<u>(413,636)</u>
Fund balance, June 30, 2020	<u><u>\$ -</u></u>	<u><u>\$ 1,413,771</u></u>	<u><u>\$ 1,413,771</u></u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Budgetary Comparison Schedule
 Criminal Justice Enhancement Fund
 Year Ended June 30, 2020

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 1,788,697	\$ 2,749,068	\$ 960,371
Charges for services	57,780	118,850	61,070
Fines and forfeits	539,842	179,529	(360,313)
Investment earnings	7,600	7,943	343
Miscellaneous	200	60	(140)
Total Revenues	<u>2,394,119</u>	<u>3,055,450</u>	<u>661,331</u>
Expenditures			
Current:			
General government			
County Attorney	1,540,311	953,857	586,454
Clerk of Superior Court	15,771		15,771
Justice Court	311,213	64,502	246,711
Superior Court	1,007,952	97,733	910,219
Total general government	<u>2,875,247</u>	<u>1,116,092</u>	<u>1,759,155</u>
Public safety			
Juvenile Probation	109,079		109,079
Sheriff's Office	1,344,776	2,012,055	(667,279)
Other Agencies		2,661	(2,661)
Total public safety	<u>1,453,855</u>	<u>2,014,716</u>	<u>(560,861)</u>
Total expenditures	<u>4,329,102</u>	<u>3,130,808</u>	<u>(1,198,294)</u>
Excess (deficiency) of revenues over expenditures	(1,934,983)	(75,358)	1,859,625
Other financing sources (uses)			
Transfers in	105,000	141,643	36,643
Transfers out		(24,242)	(24,242)
Total other financing sources	<u>105,000</u>	<u>117,401</u>	<u>12,401</u>
Net change in fund balance	(1,829,983)	42,043	1,872,026
Fund balance, July 1, 2019	<u>1,829,983</u>	<u>1,769,587</u>	<u>(60,396)</u>
Fund balance, June 30, 2020	<u>\$ -</u>	<u>\$ 1,811,630</u>	<u>\$ 1,811,630</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Required Supplementary Information
 Notes to Budgetary Comparison Schedules
 June 30, 2020

Note 1 – Budgeting and Budgetary Control

A.R.S. requires the County to prepare and adopt a balanced budget annually for each governmental fund. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

Essentially, the County prepares its budget on the same modified accrual basis of accounting used to record actual revenues and expenditures. However, in the General Fund, Jail District Fund, and Road Fund the County records budgeted debt service expenditures by the expenditure function and department.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Board of Supervisors' approval.

Note 2 – Budgetary Basis of Accounting

The County's budget is prepared on a basis consistent with generally accepted accounting principles; except for the present value of net minimum capital lease agreement payments that were not budgeted.

The following schedule reconciles the excess of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances to the budgetary comparison schedules:

	General Fund	Criminal Justice Enhancement Fund
Excess of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$5,650,460	\$(128,547)
Present value of net minimum capital lease agreements	<u>404,361</u>	<u>53,189</u>
Excess of revenues over expenditures from the Budgetary comparison schedules	<u>\$6,054,821</u>	<u>\$ (75,358)</u>

Santa Cruz County
 Required Supplementary Information
 Notes to Budgetary Comparison Schedules
 June 30, 2020

Note 3 – Expenditures in Excess of Appropriations

For the year ended June 30, 2020, expenditures exceeded final budget amounts at the department/fund level (the legal level of budgetary control) as follows:

Department/Fund	Excess
Airport – General Fund	\$ 24,791
Information Technology – General Fund	213,241
Justice Court #1 – General Fund	22,576
Recorder – General Fund	23,164
Recorder-Election – General Fund	15,786
Building Codes – General Fund	1,770
Sheriff’s Office – Criminal Justice Enhancement Fund	667,279
Other Agencies – Criminal Justice Enhancement Fund	2,661

The excesses were primarily the result of unexpected expenditures or expenditures made as a result of unanticipated revenues, or both. When departments exceed their annual budget, the County closely monitors departmental spending and discusses the overage with the departments in subsequent budget meetings with the County Manager and Finance.

Santa Cruz County
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability
Cost-Sharing Pension Plans
June 30, 2020

Arizona State Retirement System

	Reporting Fiscal Year (Measurement Date)						2014 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	0.09%	0.10%	0.10%	0.10%	0.10%	0.10%	
County's proportionate share of the net pension liability	\$13,552,954	\$13,815,384	\$16,043,834	\$16,145,847	\$15,579,144	\$14,450,456	
County's covered payroll	\$ 9,774,087	\$ 9,801,915	\$ 9,686,112	\$ 9,670,325	\$ 9,180,476	\$ 8,829,998	Information not available
County's proportionate share of the net pension liability as a percentage of its covered payroll	138.66%	140.95%	165.64%	166.96%	169.70%	163.65%	
Plan fiduciary net position as a percentage of the total pension liability	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

**Corrections Officer Retirement Plan—
Administrative Office of the Courts**

	Reporting Fiscal Year (Measurement Date)						2014 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	1.23%	1.27%	1.34%	1.35%	1.40%	1.54%	
County's proportionate share of the net pension liability	\$ 5,177,840	\$ 4,588,245	\$ 5,393,615	\$ 3,800,084	\$ 3,396,680	\$ 3,453,182	
County's covered payroll	\$ 1,434,369	\$ 1,475,242	\$ 1,450,648	\$ 1,530,360	\$ 1,554,981	\$ 1,656,220	Information not available
County's proportionate share of the net pension liability as a percentage of its covered payroll	360.98%	311.02%	371.81%	248.31%	218.44%	208.50%	
Plan fiduciary net position as a percentage of the total pension liability	51.99%	53.72%	49.21%	54.81%	57.89%	58.59%	

Elected Officials Retirement Plan

	Reporting Fiscal Year (Measurement Date)						2014 through 2011
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	1.36%	1.30%	1.31%	1.25%	1.16%	1.21%	
County's proportionate share of the net pension liability	\$ 9,016,702	\$ 8,208,402	\$15,968,592	\$11,842,355	\$ 9,101,181	\$ 8,082,842	
State's proportionate share of the net pension liability associated with the County	847,477	1,406,457	3,314,207	2,445,138	2,837,369	2,478,274	
Total	<u>\$ 9,864,179</u>	<u>\$ 9,614,859</u>	<u>\$19,282,799</u>	<u>\$14,287,493</u>	<u>\$11,938,550</u>	<u>\$10,561,116</u>	Information not available
County's covered payroll	\$ 1,071,010	\$ 432,522	\$ 1,095,293	\$ 1,082,951	\$ 953,443	\$ 1,117,166	
County's proportionate share of the net pension liability as a percentage of its covered payroll	841.89%	1897.80%	1457.93%	1093.53%	954.56%	723.51%	
Plan fiduciary net position as a percentage of the total pension liability	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%	

See accompanying notes to pension plan schedules.

Santa Cruz County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2020

PSPRS Sheriff

	Reporting Fiscal Year (Measurement Date)						
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2011
Total pension liability							
Service cost	\$ 320,099	\$ 294,913	\$ 470,043	\$ 327,050	\$ 325,750	\$ 391,688	
Interest on the total pension liability	1,295,267	1,320,496	1,175,945	1,175,348	1,137,080	942,459	
Changes of benefit terms			209,446	208,272		355,803	
Differences between expected and actual experience in the measurement of the pension liability	165,253	(1,228,063)	786,030	(714,623)	(182,980)	(152,819)	
Changes of assumptions or other inputs	408,000		597,037	589,852		1,742,066	
Benefit payments, including refunds of employee contributions	(916,695)	(885,144)	(1,086,162)	(815,276)	(770,744)	(763,205)	
Net change in total pension liability	1,271,924	(497,798)	2,152,339	770,623	509,106	2,515,992	
Total pension liability—beginning	17,641,863	18,139,661	15,987,322	15,216,699	14,707,593	12,191,601	
Total pension liability—ending (a)	<u>\$18,913,787</u>	<u>\$17,641,863</u>	<u>\$18,139,661</u>	<u>\$15,987,322</u>	<u>\$15,216,699</u>	<u>\$14,707,593</u>	
Adjustment to beginning of year	\$ (8,849)						
Plan fiduciary net position							
Contributions—employer	998,287	\$ 801,812	\$ 917,590	\$ 838,463	\$ 512,953	\$ 519,566	
Contributions—employee	140,109	165,975	235,335	201,552	198,938	197,413	
Net investment income	336,069	446,564	780,239	38,727	213,595	732,556	Information not available
Benefit payments, including refunds of employee contributions	(916,695)	(885,144)	(1,086,162)	(815,276)	(770,744)	(763,205)	
Administrative expense	(6,839)	(8,103)	(7,304)	(5,973)	(5,585)	(5,899)	
Other changes	-	(22,870)	79	(39,946)	(120,893)	-	
Net change in plan fiduciary net position	542,082	498,234	839,777	217,547	28,264	680,431	
Plan fiduciary net position—beginning	7,557,111	7,058,877	6,219,100	6,001,553	5,973,289	5,292,858	
Plan fiduciary net position—ending (b)	<u>\$ 8,099,193</u>	<u>\$ 7,557,111</u>	<u>\$ 7,058,877</u>	<u>\$ 6,219,100</u>	<u>\$ 6,001,553</u>	<u>\$ 5,973,289</u>	
County's net pension liability—ending (a) – (b)	<u>\$10,814,594</u>	<u>\$10,084,752</u>	<u>\$11,080,784</u>	<u>\$ 9,768,222</u>	<u>\$ 9,215,146</u>	<u>\$ 8,734,304</u>	
Plan fiduciary net position as a percentage of the total pension liability	42.82%	42.84%	38.91%	38.90%	39.44%	40.61%	
Covered payroll	\$ 1,935,258	\$ 1,379,092	\$ 1,880,660	\$ 1,719,431	\$ 1,752,386	\$ 1,907,364	
County's net pension liability as a percentage of covered payroll	558.82%	731.26%	589.20%	568.11%	525.86%	457.93%	

See accompanying notes to pension plan schedules.

Santa Cruz County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2020

CORP Detention

	Reporting Fiscal Year						
	(Measurement Date)						
	2020	2019	2018	2017	2016	2015	2014 through
	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)	2011
Total pension liability							
Service cost	\$ 125,269	\$ 142,230	\$ 153,896	\$ 114,754	\$ 166,936	\$ 196,551	
Interest on the total pension liability	211,146	209,663	188,110	188,573	191,011	164,952	
Changes of benefit terms		(139,462)	250,304	2,705		44,932	
Differences between expected and actual experience in the measurement of the pension liability	(110,760)	(92,059)	(163,018)	(129,310)	(173,115)	(176,819)	
Changes of assumptions or other inputs	67,631		58,851	99,299		289,789	
Benefit payments, including refunds of employee contributions	<u>(157,417)</u>	<u>(151,539)</u>	<u>(162,789)</u>	<u>(216,541)</u>	<u>(163,038)</u>	<u>(182,256)</u>	
Net change in total pension liability	135,869	(31,167)	325,354	59,480	21,794	337,149	
Total pension liability—beginning	<u>2,806,768</u>	<u>2,837,935</u>	<u>2,512,581</u>	<u>2,453,101</u>	<u>2,431,307</u>	<u>2,094,158</u>	
Total pension liability—ending (a)	<u>\$2,942,637</u>	<u>\$2,806,768</u>	<u>\$2,837,935</u>	<u>\$2,512,581</u>	<u>\$2,453,101</u>	<u>\$2,431,307</u>	
Plan fiduciary net position							
Contributions—employer	\$ 69,700	\$ 78,750	\$ 66,664	\$ 68,260	\$ 68,898	\$ 92,945	
Contributions—employee	63,182	79,126	77,867	73,036	83,854	107,243	
Net investment income	128,771	193,448	255,586	13,350	80,723	270,559	Information not available
Benefit payments, including refunds of employee contributions	(157,417)	(151,539)	(162,789)	(216,541)	(163,038)	(182,256)	
Administrative expense	(2,998)	(3,339)	(2,636)	(2,288)	(2,361)	(2,128)	
Other changes	<u>-</u>	<u>(51)</u>	<u>(15)</u>	<u>(31,564)</u>	<u>(19,426)</u>	<u>(5,345)</u>	
Net change in plan fiduciary net position	101,238	196,395	234,677	(95,747)	48,650	281,018	
Plan fiduciary net position—beginning	<u>2,592,537</u>	<u>2,396,142</u>	<u>2,161,465</u>	<u>2,257,212</u>	<u>2,208,562</u>	<u>1,927,544</u>	
Plan fiduciary net position—ending (b)	<u>\$2,693,775</u>	<u>\$2,592,537</u>	<u>\$2,396,142</u>	<u>\$2,161,465</u>	<u>\$2,257,212</u>	<u>\$2,208,562</u>	
County's net pension liability—ending (a) – (b)	<u>\$ 248,862</u>	<u>\$ 214,231</u>	<u>\$ 441,793</u>	<u>\$ 351,116</u>	<u>\$ 195,889</u>	<u>\$ 222,745</u>	
Plan fiduciary net position as a percentage of the total pension liability	91.54%	92.37%	84.43%	86.03%	92.01%	90.84%	
Covered payroll	\$ 922,476	\$ 942,410	\$ 892,742	\$ 898,399	\$ 990,632	\$1,275,200	
County's net pension liability as a percentage of covered payroll	26.98%	22.73%	49.49%	39.08%	19.77%	17.47%	

See accompanying notes to pension plan schedules.

Santa Cruz County
Required Supplementary Information
Schedule of County Pension Contributions
June 30, 2020

Arizona State Retirement System	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution	\$1,122,627	\$1,091,221	\$1,065,279	\$1,040,838	\$1,046,432	\$ 997,087	\$ 941,966	
County's contributions in relation to the statutorily required contribution	<u>1,122,627</u>	<u>1,091,221</u>	<u>1,065,279</u>	<u>1,040,838</u>	<u>1,046,432</u>	<u>997,087</u>	<u>941,966</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Information not available
County's covered payroll	\$9,841,187	\$9,774,087	\$9,801,915	\$9,686,112	\$9,670,325	\$9,180,476	\$8,829,998	
County's contributions as a percentage of covered payroll	11.41%	11.16%	10.87%	10.75%	10.82%	10.86%	10.67%	
Corrections Officer Retirement Plan —Administrative Office of the Courts	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution County's contributions	\$ 406,273	\$ 462,492	\$ 332,077	\$ 291,290	\$ 292,758	\$ 231,381	\$ 239,324	
County's contributions in relation to the statutorily required contribution	<u>406,273</u>	<u>462,492</u>	<u>332,077</u>	<u>291,290</u>	<u>292,758</u>	<u>231,381</u>	<u>239,324</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Information not available
County's covered payroll	\$1,332,860	\$1,434,369	\$1,475,242	\$1,450,648	\$1,530,360	\$1,554,981	\$1,656,220	
County's contributions as a percentage of covered payroll	30.48%	0.00%	22.51%	20.08%	19.13%	14.88%	14.45%	
Elected Officials Retirement Plan	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
Statutorily required contribution County's contributions	\$ 607,616	\$ 692,665	\$ 372,494	\$ 235,389	\$ 238,801	\$ 224,059	\$ 256,832	
County's contributions in relation to the statutorily required contribution	<u>607,616</u>	<u>614,925</u>	<u>77,033</u>	<u>235,389</u>	<u>238,801</u>	<u>224,059</u>	<u>256,832</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 77,740</u>	<u>\$ 295,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Information not available
County's covered payroll	\$1,034,305	\$1,071,010	\$ 432,522	\$1,095,293	\$1,082,951	\$ 953,443	\$1,117,166	
County's contributions as a percentage of covered payroll	58.75%	57.42%	17.81%	21.49%	22.05%	23.50%	22.99%	
PSPRS Sheriff	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
Actuarially required contribution County's contributions	\$1,089,531	\$ 936,687	\$ 916,460	\$ 808,120	\$ 764,136	\$ 499,255	\$ 519,566	
County's contributions in relation to the statutorily required contribution	<u>1,089,531</u>	<u>915,548</u>	<u>688,335</u>	<u>808,120</u>	<u>764,136</u>	<u>499,255</u>	<u>519,566</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 21,139</u>	<u>\$ 228,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Information not available
County's covered payroll	\$2,145,350	\$1,935,258	\$1,379,092	\$1,880,660	\$1,719,431	\$1,752,386	\$1,907,364	
County's contributions as a percentage of covered payroll	50.79%	47.31%	49.91%	42.97%	44.44%	28.49%	27.24%	

See accompanying notes to pension plan schedules.

Santa Cruz County
Required Supplementary Information
Schedule of County Pension Contributions
June 30, 2020

CORP Detention

	Reporting Fiscal Year							2013 through 2011
	2020	2019	2018	2017	2016	2015	2014	
Actuarially required contribution County's contributions	\$ 34,218	\$ 68,481	\$ 78,492	\$ 64,277	\$ 70,436	\$ 68,453	\$ 92,945	
County's contributions in relation to the statutorily required contribution	<u>34,218</u>	<u>68,481</u>	<u>78,492</u>	<u>64,277</u>	<u>70,436</u>	<u>68,453</u>	<u>92,945</u>	
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Information not available
County's covered payroll	\$ 683,371	\$ 922,476	\$ 942,410	\$ 892,742	\$ 898,399	\$ 990,632	\$ 1,275,200	
County's contributions as a percentage of covered payroll	5.01%	7.42%	8.33%	7.20%	7.84%	6.91%	7.29%	

See accompanying notes to pension plan schedules.

Santa Cruz County
 Required Supplementary Information
 Notes to Pension Plan Schedules
 June 30, 2020

Note 1 – Actuarially Determined Contribution Rates

Actuarial determined contribution rates for PSPRS and CORP are calculated as of June 30 2 years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2018 actuarial valuation	18 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0% to 3.5%–7.5% for PSPRS and from 4.0%–7.25% to 3.5%–6.5% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%– 8.5% to 4.0%–8.0% for PSPRS and from 4.5%–7.75% to 4.0%– 7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%–8.25% to 4.5%–7.75% for CORP.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006–June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females).

Santa Cruz County
Required Supplementary Information
Notes to Pension Plan Schedules
June 30, 2020

Note 2 – Factors that affect trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS, CORP, CORP-AOC, and EORP changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS and EORP also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-, CORP-, and CORP-AOC-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-, CORP-, and CORP-AOC-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. EORP-required contributions are not based on actuarial valuations, and therefore, these changes did not affect them. Also, the County refunded excess employee contributions to PSPRS and EORP members. PSPRS and EORP allowed the County to reduce its actual employer contributions for the refund amounts. As a result, the County's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

The fiscal year 2019 (measurement date 2018) pension liabilities for EORP and CORP reflect the replacement of the permanent benefit increase (PBI) for retirees based on investment returns with a cost of living adjustment based on inflation. Also, the EORP liability and required pension contributions for fiscal year 2019 reflect a statutory change that requires the employer contribution rate to be actuarially determined. This change increased the discount rate used to calculate the liability thereby reducing the total pension liability.

Combining and Individual
Fund Statements and Schedules

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Santa Cruz County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds	Capital Projects Funds	Debt Service	Total Other Governmental Funds
Assets				
Cash and investments	\$ 3,764,142	\$ 361,726	\$ 3,380	\$ 4,129,248
Due from other governmental units	962,702	233,567		1,196,269
Accounts receivable	51,895			51,895
Prepaid items	299,965			299,965
Total assets	<u>\$ 5,078,704</u>	<u>\$ 595,293</u>	<u>\$ 3,380</u>	<u>\$ 5,677,377</u>
Liabilities				
Accounts payable	\$ 563,756	\$ 43,570		\$ 607,326
Accrued payroll and employee benefits	195,272			195,272
Due to other funds	426,703	129,026		555,729
Due to other governments			\$ 4,610	4,610
Total liabilities	<u>1,185,731</u>	<u>172,596</u>	<u>4,610</u>	<u>1,362,937</u>
Deferred Inflows of Resources				
Unavailable revenue - intergovernmental	601,621	174,206		775,827
Unavailable revenue - miscellaneous				-
Total deferred inflows of resources	<u>601,621</u>	<u>174,206</u>		<u>775,827</u>
Fund Balances				
Nonspendable	299,965			299,965
Restricted	3,640,826	282,577		3,923,403
Assigned		79,149		79,149
Unassigned	(649,439)	(113,235)	(1,230)	(763,904)
Total fund balance	<u>3,291,352</u>	<u>248,491</u>	<u>(1,230)</u>	<u>3,538,613</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 5,078,704</u>	 <u>\$ 595,293</u>	 <u>\$ 3,380</u>	 <u>\$ 5,677,377</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	Special Revenue Funds	Capital Projects Funds	Debt Service	Total Other Governmental Funds
Revenues				
Taxes			\$ 42	\$ 42
Intergovernmental	\$ 5,729,985	\$ 1,575,492		7,305,477
Charges for services	427,418			427,418
Fines and forfeits	119,544			119,544
Investment earnings	20,025	3,377	939	24,341
Miscellaneous	<u>278,240</u>	<u>4,133</u>	<u>24,290</u>	<u>306,663</u>
Total revenues	<u>6,575,212</u>	<u>1,583,002</u>	<u>25,271</u>	<u>8,183,485</u>
Expenditures				
General government	573,658	1,374,111		1,947,769
Public safety	1,930,420	296,618		2,227,038
Health, welfare and sanitation	1,918,887			1,918,887
Education and economic opportunity	2,309,631			2,309,631
Debt Service				
Principal retirement	50,074		485,000	535,074
Interest and fiscal charges	<u>7,797</u>		<u>411,692</u>	<u>419,489</u>
Total expenditures	<u>6,790,467</u>	<u>1,670,729</u>	<u>896,692</u>	<u>9,357,888</u>
Excess (deficiency) of revenues over expenditures	<u>(215,255)</u>	<u>(87,727)</u>	<u>(871,421)</u>	<u>(1,174,403)</u>
Other financing sources (uses)				
Capital lease agreements	27,565			27,565
Transfers in	836,689	15,136	826,970	1,678,795
Transfers out	<u>(138,264)</u>	<u>(24,612)</u>		<u>(162,876)</u>
Total other financing sources (uses)	<u>725,990</u>	<u>(9,476)</u>	<u>826,970</u>	<u>1,543,484</u>
Net change in fund balance	510,735	(97,203)	(44,451)	369,081
Beginning fund balance	<u>2,780,617</u>	<u>345,694</u>	<u>43,221</u>	<u>3,169,532</u>
Ending fund balance	<u>\$ 3,291,352</u>	<u>\$ 248,491</u>	<u>\$ (1,230)</u>	<u>\$ 3,538,613</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020

	Homeland Security	WIOA	Health Services
Assets			
Cash and cash equivalents	\$ 42,458	\$ 48	\$ 282,093
Due from other governmental units	277,725	254,763	22,615
Accounts receivable			10,230
Prepaid items		912	
Total assets	\$ 320,183	\$ 255,723	\$ 314,938
Liabilities			
Accounts payable	\$ 28,769	\$ 64,243	\$ 36,543
Accrued payroll and employee benefits	30,376	23,941	41,601
Due to other funds	169,041	133,298	6,519
Total liabilities	228,186	221,482	84,663
Deferred Inflows of Resources			
Unavailable revenue - intergovernmental	245,459	67,040	6,519
Unavailable revenue - miscellaneous			
Total deferred inflows of resources	245,459	67,040	6,519
Fund Balance			
Nonspendable		912	
Restricted	26,802	13,167	253,821
Assigned			
Unassigned	(180,264)	(46,878)	(30,065)
Total fund balance (deficit)	(153,462)	(32,799)	223,756
Total liabilities, deferred inflows of resources and fund balance	\$ 320,183	\$ 255,723	\$ 314,938

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2020

	<u>Homeland Security</u>	<u>WIOA</u>	<u>Health Services</u>
Revenues			
Intergovernmental	\$ 122,042	\$ 944,760	\$ 790,699
Charges for services			162,131
Fines and forfeits			
Investment earnings	9		
Miscellaneous	<u>60,000</u>	<u>100</u>	
Total revenues	<u>182,051</u>	<u>944,860</u>	<u>952,830</u>
Expenditures			
General government	81,558		
Public safety	243,600		
Health, welfare and sanitation	746		1,046,991
Education and economic opportunity		913,378	
Debt Service			
Principal retirement		38,186	
Interest and fiscal charges		<u>6,873</u>	
Total expenditures	<u>325,904</u>	<u>958,437</u>	<u>1,046,991</u>
Excess (deficiency) of revenues over expenditures	<u>(143,853)</u>	<u>(13,577)</u>	<u>(94,161)</u>
Other financing sources (uses)			
Capital lease agreements			
Transfers in		20,381	337,871
Transfers out		<u>(3,082)</u>	
Total other financing sources (uses)	<u>-</u>	<u>17,299</u>	<u>337,871</u>
Net change in fund balance	(143,853)	3,722	243,710
Beginning fund balance (deficit)	<u>(9,609)</u>	<u>(36,521)</u>	<u>(19,954)</u>
Ending fund balance (deficit)	<u>\$ (153,462)</u>	<u>\$ (32,799)</u>	<u>\$ 223,756</u>

<u>Juvenile Services</u>	<u>Probation Services</u>	<u>Retrieval Conversion</u>	<u>Animal Control</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
\$ 353,392	\$ 864,104	\$ 765,043	\$ 19,790	\$ 1,437,214	\$ 3,764,142
289,372		15	43,388	74,824	962,702
57	9,339	10,259	282	21,728	51,895
<u>3,592</u>				<u>295,461</u>	<u>299,965</u>
<u>\$ 646,413</u>	<u>\$ 873,443</u>	<u>\$ 775,317</u>	<u>\$ 63,460</u>	<u>\$ 1,829,227</u>	<u>\$ 5,078,704</u>
\$ 116,102	\$ 9,887	\$ 12,149	\$ 64,684	\$ 231,379	\$ 563,756
50,523	29,308	686	17,075	1,762	195,272
<u>113,582</u>				<u>4,263</u>	<u>426,703</u>
<u>280,207</u>	<u>39,195</u>	<u>12,835</u>	<u>81,759</u>	<u>237,404</u>	<u>1,185,731</u>
239,217			43,386		601,621
<u>239,217</u>		<u>-</u>	<u>43,386</u>	<u>-</u>	<u>601,621</u>
3,592				295,461	299,965
289,257	846,332	763,656	2,702	1,445,089	3,640,826
<u>(165,860)</u>	<u>(12,084)</u>	<u>(1,174)</u>	<u>(64,387)</u>	<u>(148,727)</u>	<u>(649,439)</u>
<u>126,989</u>	<u>834,248</u>	<u>762,482</u>	<u>(61,685)</u>	<u>1,591,823</u>	<u>3,291,352</u>
<u>\$ 646,413</u>	<u>\$ 873,443</u>	<u>\$ 775,317</u>	<u>\$ 63,460</u>	<u>\$ 1,829,227</u>	<u>\$ 5,078,704</u>

<u>Juvenile Services</u>	<u>Probation Services</u>	<u>Retrieval Conversion</u>	<u>Animal Control</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
\$ 1,758,728	\$ 814,768	\$ 35,920	\$ 309,473	\$ 953,595	\$ 5,729,985
4,351	99,113	76,770	44,545	40,508	427,418
		119,544			119,544
1,830	6,285	7,224	187	4,490	20,025
<u>79,343</u>	<u>12</u>	<u>182</u>	<u>10,000</u>	<u>128,603</u>	<u>278,240</u>
<u>1,844,252</u>	<u>920,178</u>	<u>239,640</u>	<u>364,205</u>	<u>1,127,196</u>	<u>6,575,212</u>
108,447		240,671		142,982	573,658
689,184	853,960		746,707	143,676	1,930,420
980,835				124,443	1,918,887
				415,418	2,309,631
			11,888		50,074
			<u>924</u>		<u>7,797</u>
<u>1,778,466</u>	<u>853,960</u>	<u>240,671</u>	<u>759,519</u>	<u>826,519</u>	<u>6,790,467</u>
<u>65,786</u>	<u>66,218</u>	<u>(1,031)</u>	<u>(395,314)</u>	<u>300,677</u>	<u>(215,255)</u>
			27,565		27,565
32	2,108	1,998	297,045	177,254	836,689
<u>(4,784)</u>		<u>(121,177)</u>		<u>(9,221)</u>	<u>(138,264)</u>
<u>(4,752)</u>	<u>2,108</u>	<u>(119,179)</u>	<u>324,610</u>	<u>168,033</u>	<u>725,990</u>
61,034	68,326	(120,210)	(70,704)	468,710	510,735
<u>65,955</u>	<u>765,922</u>	<u>882,692</u>	<u>9,019</u>	<u>1,123,113</u>	<u>2,780,617</u>
<u>\$ 126,989</u>	<u>\$ 834,248</u>	<u>\$ 762,482</u>	<u>\$ (61,685)</u>	<u>\$ 1,591,823</u>	<u>\$ 3,291,352</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2020

	<u>Construction</u>	<u>Airport</u>	<u>Other</u>	<u>Total</u>
Assets				
Cash and investments	\$ 352,184	\$ -	\$ 9,542	\$ 361,726
Due from other governmental units		<u>226,292</u>	<u>7,275</u>	<u>233,567</u>
Total assets	<u>\$ 352,184</u>	<u>\$ 226,292</u>	<u>16,817</u>	<u>\$ 595,293</u>
Liabilities				
Accounts payable	\$ -	\$ 42,922	\$ 648	\$ 43,570
Due to other funds		<u>121,751</u>	<u>7,275</u>	<u>129,026</u>
Total liabilities		<u>164,673</u>	<u>7,923</u>	<u>172,596</u>
Deferred Inflows of Resources				
Unavailable revenue - intergovernmental		<u>166,931</u>	<u>7,275</u>	<u>174,206</u>
Total deferred inflows of resources		<u>166,931</u>	<u>7,275</u>	<u>174,206</u>
Fund Balance				
Restricted	273,035		9,542	282,577
Assigned	79,149			79,149
Unassigned		<u>(105,312)</u>	<u>(7,923)</u>	<u>(113,235)</u>
Total fund balance (deficit)	<u>352,184</u>	<u>(105,312)</u>	<u>1,619</u>	<u>248,491</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 352,184</u>	 <u>\$ 226,292</u>	 <u>\$ 16,817</u>	 <u>\$ 595,293</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances
Nonmajor Capital Projects Funds
Year Ended June 30, 2020

	<u>Construction</u>	<u>Airport</u>	<u>Other</u>	<u>Total</u>
Revenues				
Intergovernmental		\$ 1,244,627	\$ 330,865	\$ 1,575,492
Investment earnings	\$ 3,377			3,377
Miscellaneous	4,133			4,133
Total revenues	<u>7,510</u>	<u>1,244,627</u>	<u>330,865</u>	<u>1,583,002</u>
Expenditures				
General government		1,342,312	31,799	1,374,111
Public Safety			296,618	296,618
Total expenditures		<u>1,342,312</u>	<u>328,417</u>	<u>1,670,729</u>
Excess (deficiency) of revenues over expenditures	<u>7,510</u>	<u>(97,685)</u>	<u>2,448</u>	<u>(87,727)</u>
Other financing sources				
Transfers in			15,136	15,136
Transfers out		(24,115)	(497)	(24,612)
Total other financing sources		<u>(24,115)</u>	<u>14,639</u>	<u>(9,476)</u>
Net change in fund balance	7,510	(121,800)	17,087	(97,203)
Beginning fund balance	<u>344,674</u>	<u>16,488</u>	<u>(15,468)</u>	<u>345,694</u>
Ending fund balance (deficit)	<u>\$ 352,184</u>	<u>\$ (105,312)</u>	<u>\$ 1,619</u>	<u>\$ 248,491</u>

Schedule of Revenues, Expenditures, and Changes in Fund
Balances—Budget and Actual

Nonmajor Special Revenue Funds

Santa Cruz County
Nonmajor Special Revenue Funds
WIOA Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 2,345,376	\$ 944,760	\$ (1,400,616)
Miscellaneous	<u>10,000</u>	<u>100</u>	<u>(9,900)</u>
Total revenues	<u>2,355,376</u>	<u>944,860</u>	<u>(1,410,516)</u>
 Expenditures			
Education and economic opportunity	<u>2,355,433</u>	<u>958,437</u>	<u>1,396,996</u>
Total expenditures	<u>2,355,433</u>	<u>958,437</u>	<u>1,396,996</u>
 Excess (deficiency) of revenues over expenditures	(57)	(13,577)	(13,520)
 Other financing sources (uses)			
Transfers in		20,381	20,381
Transfers out	<u> </u>	<u>(3,082)</u>	<u>(3,082)</u>
Total other financing sources (uses)	<u> </u>	<u>17,299</u>	<u>17,299</u>
 Net change in fund balance	(57)	3,722	3,779
 Fund balance (deficit), July 1, 2019	<u>57</u>	<u>(36,521)</u>	<u>(36,578)</u>
 Fund balance (deficit), June 30, 2020	<u>\$ -</u>	<u>\$ (32,799)</u>	<u>\$ (32,799)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Homeland Security Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 105,358	\$ 122,042	\$ 16,684
Investment earnings		9	9
Miscellaneous		60,000	60,000
Total revenues	105,358	182,051	76,693
Expenditures			
Current:			
General government			
Board of Supervisor		4,127	(4,127)
Clerk of the Superior Court		4,884	(4,884)
County Attorney		56,434	(56,434)
Facilities Maintenance		10,065	(10,065)
Finance		391	(391)
Justice of the Peace		457	(457)
Superior Court		5,200	(5,200)
Public safety			
Emergency management	105,364	77,235	28,129
Juvenile Detention		2,325	(2,325)
Probation		4,465	(4,465)
Sheriff's Office	4,021	159,575	(155,554)
Health			
Animal Control		746	(746)
Total expenditures	109,385	325,904	(216,519)
Excess (deficiency) of revenues over expenditures	(4,027)	(143,853)	(139,826)
Fund balance (deficit), July 1, 2019	4,027	(9,609)	(13,636)
Fund balance (deficit), June 30, 2020	\$ -	\$ (153,462)	\$ (153,462)

Santa Cruz County
 Nonmajor Special Revenue Funds
 Health Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 488,440	\$ 790,699	\$ 302,259
Charges for services	<u>140,000</u>	<u>162,131</u>	<u>22,131</u>
Total revenues	<u>628,440</u>	<u>952,830</u>	<u>324,390</u>
Expenditures			
Health, welfare & sanitation	<u>1,012,622</u>	<u>1,046,991</u>	<u>(34,369)</u>
Total expenditures	<u>1,012,622</u>	<u>1,046,991</u>	<u>(34,369)</u>
Excess (deficiency) of revenues over expenditures	(384,182)	(94,161)	290,021
Other financing sources			
Transfers in	<u>357,593</u>	<u>337,871</u>	<u>(19,722)</u>
Total other financing sources	<u>357,593</u>	<u>337,871</u>	<u>(19,722)</u>
Net change in fund balance	(26,589)	243,710	270,299
Fund balance (deficit), July 1, 2019	<u>26,589</u>	<u>(19,954)</u>	<u>(46,543)</u>
Fund balance (deficit), June 30, 2020	<u>\$ -</u>	<u>\$ 223,756</u>	<u>\$ 223,756</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Juvenile Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 1,882,977	\$ 1,758,728	\$ (124,249)
Charges for service	1,400	4,351	2,951
Investment earnings	1,040	1,830	790
Miscellaneous	71,000	79,343	8,343
Total revenues	1,956,417	1,844,252	(112,165)
Expenditures			
General government			
Superior Court	131,014	108,447	22,567
Public safety			
Probation	891,081	689,184	201,897
Education			
School Superintendent	1,263,116	980,835	282,281
Total expenditures	2,285,211	1,778,466	506,745
Excess (deficiency) of revenues over expenditures	(328,794)	65,786	394,580
Other financing sources (uses)			
Transfers in		32	32
Transfers out		(4,784)	(4,784)
Total other financing sources (uses)		(4,752)	(4,752)
Net change in fund balance	(328,794)	61,034	389,828
Fund balance (deficit), July 1, 2019	328,794	65,955	(262,839)
Fund balance (deficit), June 30, 2020	\$ -	\$ 126,989	\$ 126,989

Santa Cruz County
 Nonmajor Special Revenue Funds
 Probation Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 814,819	\$ 814,768	\$ (51)
Charges for service	96,200	99,113	2,913
Investment earnings	4,100	6,285	2,185
Miscellaneous	<u> </u>	<u>12</u>	<u>12</u>
Total revenues	<u>915,119</u>	<u>920,178</u>	<u>5,059</u>
Expenditures			
Public safety	<u>1,675,059</u>	<u>853,960</u>	<u>821,099</u>
Total expenditures	<u>1,675,059</u>	<u>853,960</u>	<u>821,099</u>
Excess (deficiency) of revenues over expenditures	(759,940)	66,218	826,158
Other financing sources			
Transfers in	<u>2,108</u>	<u>2,108</u>	<u> </u>
Total other financing sources	<u>2,108</u>	<u>2,108</u>	<u> </u>
Net change in fund balance	(757,832)	68,326	826,158
Fund balance (deficit), July 1, 2019	<u>757,832</u>	<u>765,922</u>	<u>8,090</u>
Fund balance (deficit), June 30, 2020	<u>\$ -</u>	<u>\$ 834,248</u>	<u>\$ 834,248</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Retrieval Conversion Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 35,760	\$ 35,920	\$ 160
Charges for services	34,500	76,770	42,270
Fines and forfeits	108,000	119,544	11,544
Investment earnings	1,305	7,224	5,919
Miscellaneous	<u>182</u>	<u>182</u>	<u>182</u>
Total revenues	<u>179,565</u>	<u>239,640</u>	<u>60,075</u>
Expenditures			
General government	<u>931,010</u>	<u>240,671</u>	<u>690,339</u>
Total expenditures	<u>931,010</u>	<u>240,671</u>	<u>690,339</u>
Excess (deficiency) of revenues over expenditures	(751,445)	(1,031)	750,414
Other financing sources (uses)			
Transfers in		1,998	1,998
Transfers out	<u>(105,000)</u>	<u>(121,177)</u>	<u>(16,177)</u>
Total other financing sources (uses)	<u>(105,000)</u>	<u>(119,179)</u>	<u>(14,179)</u>
Net change in fund balance	(856,445)	(120,210)	736,235
Fund balance (deficit), July 1, 2019	<u>856,445</u>	<u>882,692</u>	<u>26,247</u>
Fund balance (deficit), June 30, 2020	<u>\$ -</u>	<u>\$ 762,482</u>	<u>\$ 762,482</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Animal Control Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2020

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 306,645	\$ 309,473	\$ 2,828
Charges for services	44,200	44,545	345
Investment earnings		187	187
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total revenues	<u>360,845</u>	<u>364,205</u>	<u>3,360</u>
Expenditures			
Current:			
Health, welfare and sanitation	<u>667,828</u>	<u>731,954</u>	<u>(64,126)</u>
Total expenditures	<u>667,828</u>	<u>731,954</u>	<u>22,442</u>
Excess (deficiency) of revenues over expenditures	(306,983)	(367,749)	(60,766)
Other financing sources			
Transfers in	<u>271,644</u>	<u>297,045</u>	<u>25,401</u>
Total other financing sources	<u>271,644</u>	<u>297,045</u>	<u>25,401</u>
Net change in fund balance	(35,339)	(70,704)	(35,365)
Fund balance (deficit), July 1, 2019	<u>35,339</u>	<u>9,019</u>	<u>(26,320)</u>
Fund balance (deficit), June 30, 2020	<u>\$ -</u>	<u>\$ (61,685)</u>	<u>\$ (61,685)</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Other Special Revenue Funds
Budgetary Comparison Schedule
Year Ended June 30, 2020

	Original and Final Budget Amounts	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 1,156,796	\$ 953,595	\$ (203,201)
Charges for services	83,150	40,508	(42,642)
Investment earnings	300	4,490	4,190
Miscellaneous	<u>10,000</u>	<u>128,603</u>	<u>118,603</u>
Total revenues	<u>1,250,246</u>	<u>1,127,196</u>	<u>(123,050)</u>
 Expenditures			
General government	311,436	142,982	168,454
Public safety	749,458	143,676	605,782
Health, welfare and sanitation	277,155	124,443	152,712
Education and economic opportunity	<u>1,219,283</u>	<u>415,418</u>	<u>803,865</u>
Total expenditures	<u>2,557,332</u>	<u>826,519</u>	<u>1,730,813</u>
 Excess (deficiency) of revenues over expenditures	 (1,307,086)	 300,677	 1,607,763
 Other financing sources (uses)			
Transfers in	200,254	177,254	(23,000)
Transfers out	<u>(7,500)</u>	<u>(9,221)</u>	<u>(1,721)</u>
Total other financing sources (uses)	<u>192,754</u>	<u>168,033</u>	<u>(24,721)</u>
 Net change in fund balance	 (1,114,332)	 468,710	 1,583,042
 Fund balance (deficit), July 1, 2019	 <u>1,114,332</u>	 <u>1,123,113</u>	 <u>8,781</u>
 Fund balance (deficit), June 30, 2020	 <u>\$ -</u>	 <u>\$ 1,591,823</u>	 <u>\$ 1,591,823</u>

Schedule of Revenues, Expenditures, and Changes in Fund
Balances—Budget and Actual

Nonmajor Capital Projects Funds

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Construction Fund
 Year Ended June 30, 2020

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Investment earnings	\$ -	\$ 3,377	\$ 3,377
Miscellaneous	-	4,133	4,133
Total revenues	<u>-</u>	<u>7,510</u>	<u>7,510</u>
Expenditures			
General government	74,991		74,991
Public safety	262,360		262,360
Total expenditures	<u>337,351</u>		<u>337,351</u>
Excess (deficiency) of revenues over expenditures	<u>(337,351)</u>	<u>7,510</u>	<u>344,861</u>
Net change in fund balances	(337,351)	7,510	344,861
Fund balance (deficit), July 1, 2019	<u>337,351</u>	<u>344,674</u>	<u>7,323</u>
Fund balance (deficit), June 30, 2020	<u>\$ -</u>	<u>\$ 352,184</u>	<u>\$ 352,184</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Airport Fund
 Year Ended June 30, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 843,530	\$ 1,244,627	\$ 401,097
Total Revenues	843,530	1,244,627	401,097
Expenditures			
General government	894,330	1,342,312	(447,982)
Total expenditures	894,330	1,342,312	(447,982)
Excess (deficiency) of revenues over expenditures	(50,800)	(97,685)	(46,885)
Other financing sources (uses)			
Transfers in	50,800		(50,800)
Transfers out		(24,115)	(24,115)
Total other financing sources (uses)	50,800	(24,115)	(74,915)
Net change in fund balance	-	(121,800)	(121,800)
Fund balance (deficit), July 1, 2019	-	16,488	16,488
Fund balance (deficit), June 30, 2020	\$ -	\$ (105,312)	\$ (105,312)

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Other Funds
 Year Ended June 30, 2020

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 1,081,013	\$ 330,865	\$ (750,148)
Total revenues	<u>1,081,013</u>	<u>330,865</u>	<u>(750,148)</u>
Expenditures			
General government	397,380	31,799	365,581
Public safety	<u>683,633</u>	<u>296,618</u>	<u>387,015</u>
Total expenditures	<u>1,081,013</u>	<u>328,417</u>	<u>752,596</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>2,448</u>	<u>2,448</u>
Other financing sources (uses):			
Transfers in		15,136	15,136
Transfers out	<u>-</u>	<u>(497)</u>	<u>(497)</u>
Total other financing sources (uses)	<u>-</u>	<u>14,639</u>	<u>14,639</u>
Net change in fund balance		17,087	17,087
Fund balance (deficit), July 1, 2019	<u>-</u>	<u>(15,468)</u>	<u>(15,468)</u>
Fund balance (deficit), June 30, 2020	<u>\$ -</u>	<u>\$ 1,619</u>	<u>\$ 1,619</u>

Schedule of Revenues, Expenditures, and Changes in Fund
Balances—Budget and Actual

Nonmajor Debt Service Fund

Santa Cruz County
Debt Service Fund
Budgetary Comparison Schedule
Year Ended June 30, 2020

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Taxes	\$ -	\$ 42	\$ 42
Investment earnings		939	939
Miscellaneous	<u> </u>	<u>24,290</u>	<u>24,290</u>
Total revenues	<u> </u>	<u>25,271</u>	<u>25,271</u>
Expenditures			
Debt service	<u>946,882</u>	<u>896,692</u>	<u>50,190</u>
Total expenditures	<u>946,882</u>	<u>896,692</u>	<u>50,190</u>
Excess (deficiency) of revenues over expenditures	(946,882)	(871,421)	75,461
Other financing sources			
Transfers in	<u>899,360</u>	<u>826,970</u>	<u>(72,390)</u>
Total other financing sources	<u>899,360</u>	<u>826,970</u>	<u>(72,390)</u>
Net change in fund balance	(47,522)	(44,451)	3,071
Fund balance (deficit), July 1, 2019	<u>47,522</u>	<u>43,221</u>	<u>(4,301)</u>
Fund balance (deficit), June 30, 2020	<u>\$ -</u>	<u>\$ (1,230)</u>	<u>\$ (1,230)</u>

Investment Trust and Agency Funds

Santa Cruz County
Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2020

	Treasurer's Investment Pool	Individual Investment Accounts	Total
Assets			
Cash and investments	<u>\$ 36,469,812</u>	<u>\$ 65,206</u>	<u>\$ 36,535,018</u>
Total assets	<u>\$ 36,469,812</u>	<u>\$ 65,206</u>	<u>\$ 36,535,018</u>
Net Position			
Held in trust for investment trust participants	<u>\$ 36,469,812</u>	<u>\$ 65,206</u>	<u>\$ 36,535,018</u>

Santa Cruz County
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2020

	<u>Property Tax Collection</u>	<u>Fire District</u>	<u>Special Purpose</u>	<u>Total</u>
Assets				
Cash and investments	\$ 321,077	\$ -	\$ 1,572,721	\$ 1,893,798
Total assets	<u>\$ 321,077</u>	<u>\$ -</u>	<u>\$ 1,572,721</u>	<u>\$ 1,893,798</u>
Liabilities				
Due to other governmental units	\$ 89,209	\$ -		\$ 89,209
Deposits held for others	<u>231,868</u>		\$ 1,572,721	<u>1,804,589</u>
Total liabilities	<u>\$ 321,077</u>	<u>\$ -</u>	<u>\$ 1,572,721</u>	<u>\$ 1,893,798</u>

Santa Cruz County
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
Year Ended June 30, 2020

	Treasurer's Investment Pool	Individual Investment Accounts	Total
	<u> </u>	<u> </u>	<u> </u>
Additions			
Contributions from participants	\$ 135,374,446		\$ 135,374,446
Investment earnings	<u>178,195</u>	<u>\$ 1,043</u>	<u>179,238</u>
Total additions	<u>135,552,641</u>	<u>1,043</u>	<u>135,553,684</u>
 Deductions			
Distributions to participants	<u>119,986,759</u>	<u> </u>	<u>119,986,759</u>
Total deductions	<u>119,986,759</u>	<u> </u>	<u>119,986,759</u>
 Changes in net position	 15,565,882	 1,043	 15,566,925
 Net position, July 1, 2019	 <u>20,903,930</u>	 <u>64,163</u>	 <u>20,968,093</u>
 Net position, June 30, 2020	 <u>\$ 36,469,812</u>	 <u>\$ 65,206</u>	 <u>\$ 36,535,018</u>

Santa Cruz County
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Property Tax Collection:				
Assets				
Cash and investments	\$ 224,047	\$ 1,620,306	\$ 1,523,276	\$ 321,077
Liabilities				
Due to other governmental units	\$ 68,648	\$ 27,394	\$ 6,833	\$ 89,209
Deposits held for others	155,399	1,592,912	1,516,443	231,868
Total liabilities	<u>\$ 224,047</u>	<u>\$ 1,620,306</u>	<u>\$ 1,523,276</u>	<u>\$ 321,077</u>
Fire District:				
Assets				
Cash and investments	<u>\$ -</u>	<u>\$ 344,280</u>	<u>\$ 344,280</u>	<u>\$ -</u>
Liabilities				
Due to other governmental units	<u>\$ -</u>	<u>\$ 344,280</u>	<u>\$ 344,280</u>	<u>\$ -</u>
Special Purpose:				
Assets				
Cash and investments	<u>\$ 1,007,542</u>	<u>\$ 795,874</u>	<u>\$ 230,695</u>	<u>\$ 1,572,721</u>
Liabilities				
Deposits held for others	<u>\$ 1,007,542</u>	<u>\$ 795,874</u>	<u>\$ 230,695</u>	<u>\$ 1,572,721</u>
Total - All Agency Funds				
Assets				
Cash and investments	<u>\$ 1,231,589</u>	<u>\$ 2,760,460</u>	<u>\$ 2,098,251</u>	<u>\$ 1,893,798</u>
Liabilities				
Due to other governmental units	\$ 68,648	\$ 371,674	\$ 351,113	\$ 89,209
Deposits held for others	1,162,941	2,388,786	1,747,138	1,804,589
Total liabilities	<u>\$ 1,231,589</u>	<u>\$ 2,760,460</u>	<u>\$ 2,098,251</u>	<u>\$ 1,893,798</u>

Statistical Section

FINANCIAL TRENDS:

Financial trends schedules provide readers an understanding and assessment of government's financial position over time. This information is a source of historical and comparative data. Financial trends summarize for users an entity's economic direction and financial performance during a specified time period.

Santa Cruz County
Net Position By Component
Last Ten Fiscal Years
(Amounts in Thousands)
(Accrual Basis of Accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities										
Net investment in capital assets	\$ 68,468	\$ 67,246	\$ 66,618	\$ 66,653	\$ 69,644	\$ 70,340	\$ 70,668	\$ 73,030	\$ 74,702	\$ 75,658
Restricted	12,444	12,104	15,063	13,255	9,756	7,711	9,515	9,190	9,412	10,559
Unrestricted	<u>(28,435)</u>	<u>(31,040)</u>	<u>(37,534)</u>	<u>(28,547)</u>	<u>(23,902)</u>	<u>(22,125)</u>	<u>9,783</u>	<u>10,951</u>	<u>11,913</u>	<u>10,801</u>
Total governmental activities net position	<u>52,477</u>	<u>48,310</u>	<u>44,147</u>	<u>51,361</u>	<u>55,498</u>	<u>55,926</u>	<u>89,966</u>	<u>93,171</u>	<u>96,027</u>	<u>97,018</u>
Business-Type Activities										
Net investment in capital assets	3,073	3,328	3,595	3,829	4,115	4,274	3,660	3,538	3,691	3,393
Unrestricted (deficit)	<u>3,147</u>	<u>2,092</u>	<u>1,399</u>	<u>(130)</u>	<u>(1,128)</u>	<u>(1,278)</u>	<u>(1,182)</u>	<u>(1,356)</u>	<u>(375)</u>	<u>(351)</u>
Total business-type activities net position (deficit)	<u>6,220</u>	<u>5,420</u>	<u>4,994</u>	<u>3,699</u>	<u>2,987</u>	<u>2,996</u>	<u>2,478</u>	<u>2,182</u>	<u>3,316</u>	<u>3,042</u>
Primary Government										
Net investment in capital assets	71,541	70,574	70,213	70,482	73,759	74,614	74,328	76,568	78,393	79,051
Restricted	12,444	12,104	15,063	13,255	9,756	7,711	9,515	9,190	9,412	10,559
Unrestricted	<u>(25,287)</u>	<u>(28,948)</u>	<u>(36,135)</u>	<u>(28,677)</u>	<u>(25,030)</u>	<u>(23,403)</u>	<u>8,601</u>	<u>9,595</u>	<u>11,538</u>	<u>10,450</u>
Total primary government net position	<u>\$ 58,698</u>	<u>\$ 53,730</u>	<u>\$ 49,141</u>	<u>\$ 55,060</u>	<u>\$ 58,485</u>	<u>\$ 58,922</u>	<u>\$ 92,444</u>	<u>\$ 95,353</u>	<u>\$ 99,343</u>	<u>\$ 100,060</u>

SOURCE: Comprehensive Annual Financial Report for the relevant year.

Santa Cruz County
Changes in Net Position
Last Ten Fiscal Years
(Amounts in Thousands)
(Accrual Basis of Accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities:										
General government	\$ 16,039	\$ 11,122	\$ 20,804	\$ 17,992	\$ 16,403	\$ 16,772	\$ 14,525	\$ 14,184	\$ 14,243	\$ 13,285
Public safety	15,379	14,656	19,498	15,862	14,854	16,431	16,043	15,420	17,894	14,733
Highways and streets	6,851	8,897	5,686	5,848	5,966	7,474	6,972	6,509	4,239	4,570
Health, welfare and sanitation	5,362	4,985	4,969	4,926	4,621	4,633	4,754	4,224	4,518	3,865
Education and economic opportunity	2,562	2,609	2,281	2,168	2,909	3,259	2,454	2,443	3,371	4,589
Recreation	417	302	263	267	202	152	165	139	141	121
Interest on long-term debt	1,658	1,747	1,967	3,089	3,141	2,810	2,899	2,983	2,965	2,767
Total governmental activities expenses	<u>48,268</u>	<u>44,318</u>	<u>55,468</u>	<u>50,152</u>	<u>48,096</u>	<u>51,531</u>	<u>47,812</u>	<u>45,902</u>	<u>47,371</u>	<u>43,930</u>
Business-type activities:										
Landfill	1,912	1,700	1,111	1,621	1,941	887	1,511	2,432	833	1,261
Total business-type activities expenses	<u>1,912</u>	<u>1,700</u>	<u>1,111</u>	<u>1,621</u>	<u>1,941</u>	<u>887</u>	<u>1,511</u>	<u>2,432</u>	<u>833</u>	<u>1,261</u>
Total primary government expenses	<u>50,180</u>	<u>46,018</u>	<u>56,579</u>	<u>51,773</u>	<u>50,037</u>	<u>52,418</u>	<u>49,323</u>	<u>48,334</u>	<u>48,204</u>	<u>45,191</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	2,377	2,866	2,472	2,146	2,161	2,412	2,569	3,201	3,326	3,087
Public safety	169	302	176	244	244	450	399	920	400	218
Highways and streets	-	-	-	-	-	-	-	-	-	-
Health, welfare and sanitation	236	221	223	178	188	156	174	157	185	206
Education and economic opportunity	-	-	78	85	26	73	128	13	88	14
Recreation	9	10	12	9	9	9	8	6	11	10
Operating grants and contributions	14,682	13,663	9,959	8,781	9,079	8,993	8,338	9,077	10,777	11,079
Capital grants and contributions	1,747	130	6,200	5,114	5,810	4,747	4,512	3,513	3,447	4,335
Total governmental activities program revenues	<u>19,220</u>	<u>17,192</u>	<u>19,120</u>	<u>16,557</u>	<u>17,517</u>	<u>16,840</u>	<u>16,128</u>	<u>16,887</u>	<u>18,234</u>	<u>18,949</u>
Business-type activities:										
Charges for services										
Landfill	2,673	2,075	2,298	2,326	2,062	1,993	1,600	1,269	968	1,001
Operating grants and contributions	-	-	-	-	-	-	94	-	-	-
Total business-type program revenues	<u>2,673</u>	<u>2,075</u>	<u>2,298</u>	<u>2,326</u>	<u>2,062</u>	<u>1,993</u>	<u>1,694</u>	<u>1,269</u>	<u>968</u>	<u>1,001</u>
Total primary government program revenues	<u>21,893</u>	<u>19,267</u>	<u>21,418</u>	<u>18,883</u>	<u>19,579</u>	<u>18,833</u>	<u>17,822</u>	<u>18,156</u>	<u>19,202</u>	<u>19,950</u>
Net (expense) revenue										
Governmental activities	(29,048)	(27,126)	(36,348)	(33,595)	(30,579)	(34,691)	(31,684)	(29,015)	(29,137)	(24,981)
Business-type activities	761	375	1,187	705	121	1,106	183	(1,163)	135	(260)
Total primary government activities net (expense) revenue	<u>(28,287)</u>	<u>(26,751)</u>	<u>(35,161)</u>	<u>(32,890)</u>	<u>(30,458)</u>	<u>(33,585)</u>	<u>(31,501)</u>	<u>(30,178)</u>	<u>(29,002)</u>	<u>(25,241)</u>

Santa Cruz County
Changes in Net Position
Last Ten Fiscal Years
(Amounts in Thousands)
(Accrual Basis of Accounting)
(continued)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 16,522	\$ 15,414	\$ 14,408	\$ 13,915	\$ 14,495	\$ 14,041	\$ 13,915	\$ 12,650	\$ 13,398	\$ 13,988
County general excise tax	3,061	2,686	2,526	2,578	2,654	2,504	2,685	2,596	2,646	2,571
County jail excise tax	3,061	2,683	2,525	2,569	2,654	2,504	2,685	2,594	2,642	2,609
Share of state sales taxes-general government	3,189	2,975	2,645	2,685	2,621	2,421	2,426	2,197	2,018	2,272
Share of state sales taxes-welfare	2,366	2,403	2,114	2,070	2,062	2,033	2,024	2,019	2,047	1,589
Payments in lieu of taxes	1,221	1,141	1,108	1,080	1,073	932	978	980	956	834
Vehicle lieu tax unrestricted	1,881	1,851	1,774	1,716	1,649	1,527	1,466	1,312	1,367	1,343
Share of state lottery revenue	550	550	550	550	550	1,100	-	-	-	-
Share of state overweight permits	513	872	831	833	802	783	754	702	-	-
Unrestricted grants and contributions				63	433	522	506	592	738	564
Investment earnings (loss)	166	272	306	80	59	14	130	98	68	205
Miscellaneous	620	441	284	354	378	377	855	402	531	747
Capital contributions	3	-	-	-	256	-	29	39	37	33
Transfers	-	-	-	-	150	(2)	(109)	(22)	(18)	(12)
Gain on sale of capital assets	62	-	-	-	315	4	134	-	-	9
Loss on disposal	-	-	-	-	-	-	-	-	(144)	-
Total governmental activities	<u>33,215</u>	<u>31,288</u>	<u>29,071</u>	<u>28,493</u>	<u>30,151</u>	<u>28,760</u>	<u>28,478</u>	<u>26,159</u>	<u>26,286</u>	<u>26,752</u>
Business-type activities:										
Grants and contributions	-	-	-	-	-	-	-	-	80	-
Investment earnings	42	52	58	7	3	1	4	7	2	6
Miscellaneous			50	-	57	-	-	-	-	-
Transfers		-	-	-	-	2	109	22	18	12
Capital contributions	(3)	-	-	-	(190)	-	-	-	-	-
Total business-type activities	<u>39</u>	<u>52</u>	<u>108</u>	<u>7</u>	<u>(130)</u>	<u>3</u>	<u>113</u>	<u>29</u>	<u>100</u>	<u>18</u>
Total primary government	<u>33,254</u>	<u>31,340</u>	<u>29,179</u>	<u>28,500</u>	<u>30,021</u>	<u>28,763</u>	<u>28,591</u>	<u>26,188</u>	<u>26,386</u>	<u>26,770</u>
Changes in net position										
Governmental activities	4,167	4,162	(7,277)	(5,102)	(428)	(5,931)	(3,205)	(2,856)	(2,851)	1,771
Business-type activities	800	427	1,295	712	(9)	1,109	296	(1,134)	235	(242)
Total primary government	<u>\$ 4,967</u>	<u>\$ 4,589</u>	<u>\$ (5,982)</u>	<u>\$ (4,390)</u>	<u>\$ (437)</u>	<u>\$ (4,822)</u>	<u>\$ (2,909)</u>	<u>\$ (3,990)</u>	<u>\$ (2,616)</u>	<u>\$ 1,529</u>

SOURCE: Comprehensive Annual Financial Report for the relevant year.

Santa Cruz County
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Amounts in Thousands)
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable*	99	47	45	48	46	95	51	49	44	42
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	8,857	8,739	8,209	9,222	11,063	11,125	11,021	13,458	13,513	13,945
Subtotal general fund	<u>\$ 8,956</u>	<u>\$ 8,786</u>	<u>\$ 8,254</u>	<u>\$ 9,270</u>	<u>\$ 11,109</u>	<u>\$ 11,220</u>	<u>\$ 11,072</u>	<u>\$ 13,507</u>	<u>\$ 13,557</u>	<u>\$ 13,987</u>
All other governmental funds										
Reserved for:										
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds (deficits)										
Nonspendable*	301	40	6	2	9	7	8	4	2	4
Restricted	10,532	11,042	11,773	10,350	7,997	9,486	11,872	12,360	16,295	9,724
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	37	61	77	34	52	192	110	370	521
Unassigned	(785)	(571)	(879)	(416)	(747)	(845)	(687)	(1,648)	(1,431)	(2,616)
Capital projects funds (deficits)										
Nonspendable*	-	-	-	-	-	-	-	-	-	-
Restricted	282	284	284	241	226	270	60	155	108	61
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	79	77	73	65	59	53	-	-	-	-
Unassigned	(113)	(15)	-	(28)	(7)	(236)	-	-	(1)	(792)
Debt Service unassigned	(1)	43	1	206	202	99	98	-	242	236
Total all other governmental funds	<u>\$ 10,295</u>	<u>\$ 10,937</u>	<u>\$ 11,319</u>	<u>\$ 10,497</u>	<u>\$ 7,773</u>	<u>\$ 8,886</u>	<u>\$ 11,543</u>	<u>\$ 10,981</u>	<u>\$ 15,585</u>	<u>\$ 7,138</u>

*Due to the implementation of GASB 54 in FY 2011 categories regarding fund balances have been redefined. See Note 1 pages 27-33 for further explanation of categories. See Note 7 pages 43-44 for purpose details.

SOURCE: Comprehensive Annual Financial Report for the relevant year.

Santa Cruz County
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Amounts in Thousands)
(Modified Accrual Basis of Accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Taxes	\$ 22,653	\$ 20,660	\$ 19,535	\$ 19,193	\$ 19,991	\$ 19,198	\$ 19,189	\$ 18,026	\$ 18,573	\$ 19,181
Intergovernmental	25,660	24,327	23,867	22,192	23,599	22,022	20,926	20,929	22,283	21,173
Licenses and permits	516	486	617	348	409	384	324	214	293	318
Charges for services	1,226	1,126	1,260	1,143	1,169	1,519	1,676	1,620	1,625	1,751
Fines and forfeits	941	1,680	1,084	1,172	1,050	1,197	1,278	2,464	2,092	1,466
Investment earnings	166	272	306	80	59	14	130	98	68	206
Rents	109	106	40	42	39	42	37	45	33	59
Contributions				-	-	-	-	-	-	-
Miscellaneous	626	438	244	309	342	337	817	357	497	688
Total revenues	<u>51,897</u>	<u>49,095</u>	<u>46,953</u>	<u>44,479</u>	<u>46,658</u>	<u>44,713</u>	<u>44,377</u>	<u>43,753</u>	<u>45,464</u>	<u>44,842</u>
Expenditures:										
Current:										
General government	17,768	14,667	15,099	15,173	15,091	13,379	13,840	13,605	13,885	14,807
Public safety	14,263	14,464	15,497	13,241	14,208	13,582	15,096	19,435	16,355	20,821
Highways and streets	7,321	7,667	5,221	3,952	4,543	6,816	4,872	3,707	3,607	3,068
Health, welfare and sanitation	5,418	5,064	4,966	4,991	4,710	4,625	4,738	4,230	4,425	3,790
Education and economic opportunity	2,732	2,893	2,183	2,002	2,779	3,132	2,421	2,404	3,331	4,572
Recreation	427	286	247	224	167	438	148	122	122	99
Capital outlay					-	-	-	-	-	-
Debt service:										
Principal	3,135	2,885	2,561	2,531	3,776	2,421	2,332	2,224	2,133	1,935
Interest and other charges	1,851	1,939	2,162	3,071	3,049	2,809	2,900	2,983	2,965	2,767
Total expenditures	<u>52,915</u>	<u>49,865</u>	<u>47,936</u>	<u>45,185</u>	<u>48,323</u>	<u>47,202</u>	<u>46,347</u>	<u>48,710</u>	<u>46,823</u>	<u>51,859</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,018)</u>	<u>(770)</u>	<u>(983)</u>	<u>(706)</u>	<u>(1,665)</u>	<u>(2,489)</u>	<u>(1,970)</u>	<u>(4,957)</u>	<u>(1,359)</u>	<u>(7,017)</u>
Other financing sources (uses):										
Pledged revenue refunding obligations proceeds			3,675	33,850	9,997					
Payment to debt refinancing escrow agent			(3,557)	(33,224)	(9,798)					
Loan proceeds (net of discounts)		800	-	-	-	-	-	-	9,300	-
Proceeds from sales of capital assets	62	-	-	-	-	-	134	-	-	11
Capital lease agreements/installment purchase contracts	485	118	672		93	-	-	326	224	473
Transfers in	6,148	5,330	4,987	5,328	5,982	5,187	7,077	3,759	6,962	5,488
Transfers out	(6,148)	(5,330)	(4,987)	(5,328)	(5,832)	(5,189)	(7,132)	(3,781)	(6,980)	(5,500)
Proceeds from long-term notes	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>547</u>	<u>918</u>	<u>790</u>	<u>626</u>	<u>442</u>	<u>(2)</u>	<u>79</u>	<u>304</u>	<u>9,506</u>	<u>472</u>
Net change in fund balances	<u>\$ (471)</u>	<u>\$ 148</u>	<u>\$ (193)</u>	<u>\$ (80)</u>	<u>\$ (1,223)</u>	<u>\$ (2,491)</u>	<u>\$ (1,891)</u>	<u>\$ (4,653)</u>	<u>\$ 8,147</u>	<u>\$ (6,545)</u>
Debt service as a percentage of noncapital expenditures	9.42%	9.67%	9.85%	12.40%	14.12%	11.08%	11.29%	10.69%	10.89%	9.07%

SOURCE: Comprehensive Annual Financial Report for the relevant year

Santa Cruz County
General Government Revenues By Source
Last Ten Fiscal Years

Fiscal Year	Taxes	Intergovernmental Revenues	Licenses and Permits	Charges for Services	Fines and Forfeits	Investment Earnings	Rents	Contributions and Miscellaneous	Total
2010-11 ⁽¹⁾	19,180,849	21,173,272	318,010	1,750,998	1,466,191	205,553	58,620	688,527	44,842,020
2011-12 ⁽¹⁾	18,572,950	22,282,885	293,019	1,624,831	2,091,593	67,877	33,391	497,579	45,464,125
2012-13 ⁽¹⁾	18,026,015	20,929,331	213,610	1,619,670	2,463,908	98,235	44,964	357,090	43,752,823
2013-14 ⁽¹⁾	19,188,991	20,925,579	324,466	1,675,691	1,277,530	130,325	37,437	816,763	44,376,782
2014-15 ⁽¹⁾	19,198,139	22,021,951	383,509	1,519,051	1,196,855	13,667	42,437	336,976	44,712,585
2015-16 ⁽¹⁾	19,990,913	23,598,765	408,765	1,169,039	1,049,694	59,353	39,177	341,966	46,657,672
2016-17 ⁽¹⁾	19,192,931	22,191,925	348,423	1,143,104	1,171,546	79,618	41,546	309,501	44,478,594
2017-18 ⁽¹⁾	19,534,949	23,866,791	617,078	1,260,440	1,083,814	306,022	39,999	244,197	46,953,290
2018-19 ⁽¹⁾	20,659,841	24,326,728	486,291	1,126,248	1,680,172	271,616	106,326	438,290	49,095,512
2019-20 ⁽¹⁾	22,653,275	25,660,119	515,694	1,225,855	940,873	166,176	108,807	625,829	51,896,628

NOTES:

⁽¹⁾ Includes the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Fund.

SOURCE: Basic Financial Statements

Santa Cruz County
 General Government Revenues By Source
 (As a Percentage of Total)
 Last Ten Fiscal Years

Fiscal Year	Taxes	Intergovernmental Revenues	Licenses and Permits	Charges for Services	Fines and Forfeits	Investment Earnings	Rents	Contributions and Miscellaneous	Total
2010-11 ⁽¹⁾	42.77	47.22	0.71	3.90	3.27	0.46	0.13	1.54	100.00
2011-12 ⁽¹⁾	40.85	49.01	0.65	3.57	4.60	0.15	0.07	1.10	100.00
2012-13 ⁽¹⁾	41.20	47.84	0.49	3.70	5.63	0.22	0.10	0.82	100.00
2013-14 ⁽¹⁾	43.24	47.16	0.73	3.78	2.88	0.29	0.08	1.84	100.00
2014-15 ⁽¹⁾	42.94	49.25	0.86	3.40	2.68	0.03	0.09	0.75	100.00
2015-16 ⁽¹⁾	42.85	50.58	0.88	2.50	2.25	0.13	0.08	0.73	100.00
2016-17 ⁽¹⁾	43.15	49.89	0.79	2.57	2.63	0.18	0.09	0.70	100.00
2017-18 ⁽¹⁾	41.61	50.83	1.31	2.68	2.31	0.65	0.09	0.52	100.00
2018-19 ⁽¹⁾	42.08	49.55	0.99	2.30	3.42	0.55	0.22	0.89	100.00
2019-20 ⁽¹⁾	43.65	49.44	1.00	2.36	1.81	0.32	0.21	1.21	100.00

NOTES:

⁽¹⁾ Includes the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Fund.

SOURCE: Basic Financial Statements

Santa Cruz County
General Government Expenditures By Function
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Highways and Streets	Health, Welfare and Sanitation	Education and Economic Opportunity	Recreation	Debt Service	Total
2010-11 ⁽¹⁾	14,807,146	20,820,966	3,067,846	3,790,279	4,572,614	98,941	4,701,642	51,859,434
2011-12 ⁽¹⁾	13,884,751	16,355,330	3,607,007	4,425,594	3,330,380	121,848	5,097,891	46,822,801
2012-13 ⁽¹⁾	13,604,846	19,433,945	3,706,853	4,230,295	2,404,393	122,428	5,207,220	48,709,980
2013-14 ⁽¹⁾	13,840,300	15,096,016	4,871,659	4,737,804	2,421,005	147,906	5,231,833	46,346,523
2014-15 ⁽¹⁾	13,378,702	13,581,726	6,816,505	4,624,765	3,131,769	437,707	5,230,166	47,201,340
2015-16 ⁽¹⁾	15,091,368	14,207,884	4,543,361	4,710,248	2,779,419	166,627	6,824,548	48,323,455
2016-17 ⁽¹⁾	15,172,848	13,241,269	3,952,178	4,990,896	2,002,195	223,449	5,601,698	45,184,533
2017-18 ⁽¹⁾	15,099,080	15,496,885	5,221,572	4,966,217	2,183,569	246,897	4,722,564	47,936,784
2018-19 ⁽¹⁾	14,666,994	14,463,511	7,666,701	5,063,688	2,893,451	286,013	4,824,592	49,864,950
2019-20 ⁽¹⁾	17,768,211	14,263,155	7,321,115	5,417,532	2,731,876	427,344	4,986,187	52,915,420
	33.58%	26.95%	13.84%	10.24%	5.16%	0.81%	9.42%	100.00%

NOTES:

⁽¹⁾ Includes the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Fund. Expenditures reported as capital outlay are not included.

SOURCE: Basic Financial Statements

Santa Cruz County
 General Government Expenditures By Function
 (As a Percentage of Total)
 Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Highways and Streets	Health, Welfare and Sanitation	Education and Economic Opportunity	Recreation	Debt Service	Total
2010-11 ⁽¹⁾	28.55	40.14	5.92	7.31	8.82	0.19	9.07	100.00
2011-12 ⁽¹⁾	29.66	34.93	7.70	9.45	7.11	0.26	10.89	100.00
2012-13 ⁽¹⁾	27.93	39.90	7.61	8.68	4.94	0.25	10.69	100.00
2013-14 ⁽¹⁾	28.34	28.77	14.44	9.80	6.64	0.93	11.08	100.00
2014-15 ⁽¹⁾	28.36	28.00	14.39	9.81	6.64	0.93	11.87	100.00
2015-16 ⁽¹⁾	31.23	29.40	9.40	9.75	5.75	0.34	14.13	100.00
2016-17 ⁽¹⁾	33.58	29.30	8.75	11.04	4.43	0.5	12.4	100.00
2017-18 ⁽¹⁾	31.5	32.33	10.89	10.36	4.56	0.52	9.84	100.00
2018-19 ⁽¹⁾	29.41	29.01	15.38	10.15	5.80	0.57	9.68	100.00
2019-20 ⁽¹⁾	33.58	26.95	13.84	10.24	5.16	0.81	9.42	100.00

NOTES:

⁽¹⁾ Includes the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Fund. Expenditures reported as capital outlay are not included.

SOURCE: Basic Financial Statements

REVENUE CAPACITY:

Revenue capacity information is intended to assist users' understanding and assessment of the factors affecting a government's ability to generate own-source revenues. Intergovernmental Agreements and Property Taxes are the largest revenue sources for Santa Cruz County. Intergovernmental contributors include Federal and State Government Entities, Local Municipalities, and School Districts. Property Taxes are based on the annual assessment of property by Santa Cruz County's Assessor or the Arizona Department of Revenue.

Santa Cruz County
Taxable Assessed Value and Estimated Actual Value of Property
Last Ten Fiscal Years
(Amounts in Thousands)

Fiscal Year	Commercial Property	Residential Property	Vacant Land	Other	Taxable Net Assessed Value	Total Direct Tax Rate	Estimated Limited Value	Assessed Value as a Percentage of Limited Value
10-11	103,762	242,772	69,570	366	416,470	3.4858	3,433,258	12.13%
11-12	95,038	190,399	72,600	229	358,266	3.4858	3,279,301	10.93%
12-13	93,281	176,954	73,525	317	344,077	3.4858	3,154,273	10.91%
13-14	87,089	160,104	65,464	297	312,954	4.2058	2,904,354	10.78%
14-15	87,926	146,635	59,364	278	294,203	4.4765	2,770,291	10.62%
15-16	86,930	144,969	55,977	263	288,139	4.6703	2,758,579	10.45%
16-17	84,588	149,680	46,268	333	280,869	4.6703	2,746,137	10.23%
17-18	87,135	153,817	46,468	348	287,768	4.6978	2,805,576	10.26%
18-19	93,945	160,181	45,498	509	300,133	4.7578	2,911,356	10.31%
19-20	99,941	169,325	44,809	533	314,608	4.8778	3,043,243	10.34%

SOURCES: Annual Budget, Abstract of the Assessment Roll published by Arizona Department of Revenue obtained through Assessor's Office

Santa Cruz County
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(Per \$100 of Assessed Values)

Fiscal Year	Santa Cruz County				Fire Districts				State of Arizona	Education Assistance
	County-Wide	Flood Control District	Fire District	Debt Service	Tubac	Rio Rico	Nogales Suburban	Sonoita Elgin		
2010-11	2.8215	0.5643	0.1000	0.0000	3.1392	2.9925	3.2500	1.4210	1.4797	0.3564
2011-12	2.8215	0.5643	0.1000	0.0000	3.2066	3.3320	3.2500	1.5200	1.7682	0.4259
2012-13	2.8215	0.5643	0.1000	0.0000	3.2583	3.6475	3.2500	1.6500	1.9585	0.4717
2013-14	3.4215	0.6843	0.1000	0.0000	3.2902	3.7517	3.2500	1.9800	2.1265	0.5123
2014-15	3.6471	0.7294	0.1000	0.0000	3.4000	3.7769	3.2500	2.1000	2.1123	0.5089
2015-16	3.8086	0.7617	0.1000	0.0000	3.4302	3.8295	3.2500	2.1200	2.0977	0.5054
2016-17	3.8086	0.7617	0.1000	0.0000	3.5101	3.8217	3.2500	2.5000	2.0793	0.5010
2017-18	3.8315	0.7663	0.1000	0.0000	3.5000	3.7215	3.2500	2.6500	2.0234	0.4875
2018-19	3.8815	0.7763	0.1000	0.0000	3.4202	3.5744	3.2500	2.6500	1.9679	0.4741
2019-20	3.9815	0.7963	0.1000	0.0000	3.4214	3.6786	3.2500	2.7250	1.8953	0.4566

SOURCES: Annual budgets.

Santa Cruz County
Property Tax Rates - Direct and Overlapping Governments -
School Districts
Last Ten Fiscal Years
(Per \$100 of Assessed Values)

Fiscal Year	Patagonia Union High School	Elementary Schools			Santa Cruz Valley Unified #35	Nogales Unified #1
		Patagonia #6	Sonoita #25	Santa Cruz #28		
2010-11	2.1566	3.1159	4.4055	5.0505	6.7557	4.4026
2011-12	2.2687	3.1483	4.0675	4.9061	6.7550	4.6789
2012-13	2.2503	3.1298	4.0675	4.5000	6.7238	5.1559
2013-14	2.1957	3.0708	4.0668	4.5000	6.2765	5.6064
2014-15	2.2462	3.6141	4.0605	5.5846	5.7221	5.8757
2015-16	2.3710	3.8950	4.0502	5.5846	5.7194	6.5549
2016-17	2.6348	4.6495	4.4995	5.5000	3.8639	6.8170
2017-18	2.5559	4.4603	4.6316	7.5051	4.3818	5.9517
2018-19	2.7060	4.3088	4.6271	7.4375	4.4237	5.9224
2019-20	2.7450	4.2363	4.6271	7.4375	4.3045	5.7075

SOURCES: Annual budgets.

Santa Cruz County
Principal Property Taxpayers
Last Ten Years
(Amounts in Thousands)

Taxpayer	2020			2019			2018			2017			2016		
	Net Assessed Value	Rank	Percent of Total Net Assessed Primary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Primary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Primary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Primary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Primary Value
City of Nogales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unisource Energy Corporation *	19,143	1	5.56%	18,816	1	5.71%	17,937	1	5.63%	19,014	1	6.14%	18,276	1	5.76%
Qwest Corporation *	1,441	10	0.42%	1,580	8	0.48%	1,785	8	0.56%	1,777	8	0.57%	1,892	6	0.60%
Wal-Mart Stores, Inc.	2,418	6	0.70%	2,364	5	0.72%	2,341	5	0.73%	2,152	5	0.69%	2,101	5	0.66%
Delta Properties LLP	13,920	2	4.04%	11,088	2	3.36%	8,142	2	2.56%	5,619	2	1.81%	4,837	2	1.52%
Union Pacific Railroad	2,956	3	0.86%	3,135	3	0.95%	3,262	3	1.02%	3,147	3	1.02%	2,521	3	0.79%
Mariposa Shopping Center LP *	2,612	5	0.76%	2,355	6	0.71%	2,210	7	0.69%	2,062	7	0.67%	2,197	4	0.69%
Tubac Management Co, LLC	1,517	9	0.44%	1,471	10	0.45%	1,487	8	0.47%	1,372	9	0.44%	1,385	10	0.44%
Nogales Plaza Shopping Center LF	-	-	-	-	-	-	1,341	10	0.42%	1,234	10	0.40%	1,472	8	0.46%
SOAC Properties Corporation	1,525	8	0.44%	1,481	9	0.45%	2,307	6	0.72%	2,095	6	0.68%	1,453	9	0.46%
Alta Real Estate LLC	2,057	7	0.60%	1,987	7	0.60%	-	-	-	-	-	-	-	-	-
Vatere LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rio Rico Properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Crisantes Properties, LLC Loma Linda Mall LLC	2,650	4	0.77%	2,487	4	0.75%	2,478	4	0.78%	2,158	4	0.70%	1,596	7	0.50%
Edwards/PCF-Nogales LLC															
Lawyers Title Agency of AZ, LLC			-			-			-			-			-
Rio Rico Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Title Security Agency of Arizona	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mayer Alberto Family Limited															
Newhall Nogales General Printshop															
Omega Nogales Property*															
Royal Sterilization Systems															
Total	<u>50,239</u>		14.59%	<u>46,764</u>		14.19%	<u>43,290</u>		13.59%	<u>40,630</u>		13.11%	<u>37,730</u>		11.89%

* Name Changed

** FY16-FY18 Percent of Total Net Assessed Value is based on the Limited Cash Value (Primary Rates) as per A.R.S. §42-13301 - §42-13304

Sources: Santa Cruz County Assessor's Office & Arizona Department of Revenue, Central Information Services

Santa Cruz County
Principal Property Taxpayers
Last Ten Years
(Amounts in Thousands)

Taxpayer	2015			2014			2013			2012			2011		
	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value
City of Nogales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unisource Energy Corporation *	17,956	1	5.54%	16,987	1	5.00%	16,670	1	4.44%	15,062	1	3.77%	13,935	1	3.15%
Qwest Corporation *	1,936	6	0.60%	1,929	5	0.57%	2,112	7	0.56%	2,979	3	0.75%	2,897	3	0.65%
Wal-Mart Stores, Inc.	2,235	5	0.69%	2,546	3	0.75%	2,270	5	0.60%	2,519	5	0.63%	2,554	6	0.58%
Delta Properties LLP	4,800	2	1.48%	5,770	2	1.70%	6,178	2	1.64%	5,197	2	1.30%	5,697	2	1.29%
Union Pacific Railroad	2,454	4	0.76%	2,498	4	0.73%	2,040	8	0.54%	1,926	7	0.48%	1,710	10	0.39%
Mariposa Shopping Center LP *	2,599	3	0.80%	1,745	6	0.51%	2,326	4	0.62%	1,832	9	0.46%	1,947	8	0.44%
Tubac Management Co, LLC	1,555	7	0.48%	1,744	7	0.51%	1,679	9	0.45%	1,859	8	0.47%	1,902	9	0.43%
Nogales Plaza Shopping Center LF	1,276	10	0.39%	-	-	-	-	-	-	-	-	-	-	-	-
SOAC Properties Corporation	1,543	8	0.48%	1,578	8	0.46%	-	-	-	-	-	-	-	-	-
Alta Real Estate	-	-	-	-	0	0.00%	-	-	-	-	-	-	-	-	-
Vatere LLC	-	-	-	-	-	-	2,591	3	0.69%	2,126	6	0.53%	2,611	5	0.59%
Rio Rico Properties	-	-	-	-	-	-	2,245	6	0.60%	1,591	10	0.40%	2,116	7	0.48%
Crisantes Properties, LLC Loma Linda Mall LLC *	1,468	9	0.45%	1,433	10	0.42%	1,609	10	0.43%	-	-	-	-	-	-
Edwards/PCF-Nogales LLC															
Lawyers Title Agency of AZ, LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rio Rico Utilities	-	-	-	1,462	9	0.43%	-	-	-	-	-	-	-	-	-
Title Security Agency of Arizona	-	-	-	-	-	-	-	-	-	2,695	4	0.67%	2,695	4	0.61%
Total	37,822		11.68%	37,692		11.08%	39,720		10.57%	37,786		9.46%	38,064		8.60%

*Name Changed
Source: Santa Cruz County Assessor's Office

Santa Cruz County
Property Tax Levies and Collections
Last Ten Years

Fiscal Year	Primary Property Taxes	Secondary Property Total	Total Property Tax Levy	Property Taxes Collected			Percent of Levy	Subsequent Taxes Collected	Total Tax Collections To Date	Percent of Levy	Outstanding Delinquent Taxes Receivable ⁽¹⁾
				Within Fiscal Year if Levy							
				Primary	Secondary	Total					
2010-11	11,609,650	2,759,623	14,369,273	10,779,893	2,622,616	13,402,509	93.27	1,013,143 ⁽²⁾	14,415,652	100.32	1,798,561
2011-12	10,795,615	2,489,025	13,284,640	11,027,773	2,196,355	13,224,128	99.54	1,525,502 ⁽³⁾	14,749,630	111.03	1,853,248
2012-13	10,425,390	2,329,282	12,754,672	10,424,958	2,399,481	12,824,439	100.55	849,087 ⁽⁴⁾	13,673,526	107.20	1,620,796
2013-14	11,576,873	2,473,562	14,050,435	10,103,854	2,329,991	12,433,845	88.49	240,177 ⁽⁵⁾	12,674,022	90.20	1,652,912
2014-15	11,707,247	2,472,680	14,179,927	11,116,222	2,396,504	13,512,726	95.29	34,655 ⁽⁶⁾	13,547,381	95.54	1,538,693
2015-16	12,087,325	2,494,180	14,581,505	11,420,682	2,412,240	13,832,922	94.87	31,329 ⁽⁷⁾	13,864,251	95.08	1,317,553
2016-17	11,800,370	2,435,549	14,235,919	11,883,376	2,459,923	14,343,299	100.75	123,571 ⁽⁸⁾	14,466,870	101.62	1,169,024
2017-18	12,208,404	2,515,130	14,723,534	11,492,755	2,373,785	13,866,540	94.18	62,865 ⁽⁹⁾	13,929,405	94.61	1,108,672
2018-19	12,795,193	2,655,843	15,451,036	12,518,283	2,589,205	15,107,488	97.78	103,565 ⁽¹⁰⁾	15,211,053	98.45	1,159,618
2019-20	13,707,528	2,839,287	16,546,815	13,467,481	2,820,594	16,288,075	98.44	56,077 ⁽¹¹⁾	16,344,152	98.78	1,193,683

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NOTES:

- ⁽¹⁾ Amount was obtained from applicable years' financial statements and represents primary and secondary county tax levies receivable, net of uncollectible as of fiscal year-end.
- ⁽²⁾ Subsequent Taxes Collected as of January 25, 2012.
- ⁽³⁾ Subsequent Taxes Collected as of March 13, 2013.
- ⁽⁴⁾ Subsequent Taxes Collected as of March 3, 2014.
- ⁽⁵⁾ Subsequent Taxes Collected as of September 30, 2014.
- ⁽⁶⁾ Subsequent Taxes Collected as of September 15, 2015.
- ⁽⁷⁾ Subsequent Taxes Collected as of September 26, 2016.
- ⁽⁸⁾ Subsequent Taxes Collected as of September 30, 2017.
- ⁽⁹⁾ Subsequent Taxes Collected as of September 30, 2018.
- ⁽¹⁰⁾ Subsequent Taxes Collected as of September 30, 2019.
- ⁽¹¹⁾ Subsequent Taxes Collected as of September 30, 2020.

Source: Annual Budget

Santa Cruz County
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (Amounts in Thousand)

Fiscal Year	Net Assessed Value	Estimated Actual Value	Ratio of Net Assessed to Estimate Actual Value
2010-11 Primary	411,476	3,433,258	11.99
2010-11 Secondary	442,665	3,667,071	12.07
2011-12 Primary	382,516	3,279,301	11.66
2011-12 Secondary	399,532	3,402,767	11.74
2012-13 Primary	369,498	3,154,273	11.71
2012-13 Secondary	375,670	3,199,700	11.74
2013-14 Primary	338,357	2,904,354	11.65
2013-14 Secondary	339,878	2,918,828	11.64
2014-15 Primary	320,999	2,770,291	11.59
2014-15 Secondary	323,844	2,794,839	11.59
2015-16 Primary	317,371	2,758,579	11.50
2015-16 Secondary	322,650	2,808,000	11.49
2016-17 Primary	309,835	2,746,137	11.28
2016-17 Secondary	333,858	2,891,790	11.55
2017-18 Primary	318,626	2,805,576	11.36
2017-18 Secondary	344,939	2,976,561	11.59
2018-19 Primary	329,646	2,911,356	11.32
2018-19 Secondary	372,808	3,218,402	11.58
2019-20 Primary	344,279	3,043,243	11.31
2019-20 Secondary	384,032	3,318,789	11.57

SOURCE: Tax Certification reports from Arizona Department of Revenue, Division of Property and Special Taxes, obtained from the Assessor's Office.

DEBT CAPACITY:

Debt capacity information is intended to assist users' understanding and assessment of a government's debt burden and ability to issue debt. Understanding debt capacity allows users to assess an entity's economic condition.

Santa Cruz County
Ratio of Outstanding Debt by Type
To Personal Income and Per Capita
Last Ten Years
(Dollar Amounts in Thousands)

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	Personal Income	Percentage of Personal Income	Population	Debt Per Capita
	Pledged Revenue Obligations	Capital Leases & Installment Purchase Contracts	Long-Term Loans Payable	Capital Leases & Installment Purchase Contracts					
2010-2011	-	1,313	55,245	6	56,564	1,159,970 ⁽¹⁾	4.88%	47,539	1,189
2011-2012	-	1,159	62,790	-	63,949	1,201,845 ⁽¹⁾	5.32%	48,724	1,312
2012-2013	-	1,261	60,790	-	62,051	1,220,160 ⁽¹⁾	5.09%	49,200	1,261
2013-2014	-	1,009	58,710	-	59,719	1,289,709 ⁽¹⁾	4.63%	49,816	1,199
2014-2015	-	748	56,550	675	57,973	1,358,316 ⁽¹⁾	4.27%	50,495	1,148
2015-2016	9,989	581	44,225	718	55,513	1,418,082 ⁽¹⁾	3.91%	50,999	1,089
2016-2017	43,777	425	9,845	617	54,664	1,500,331 ⁽¹⁾	3.64%	51,728	1,057
2017-2018	45,385	1,037	5,655	312	52,389	1,635,361 ⁽¹⁾	3.20%	52,455	0.999
2018-2019	42,898	939	5,941	271	50,049	1,708,952 ⁽¹⁾	2.93%	53,136	0.942
2019-2020	40,356	1,132	5,308	227	47,023	1,780,728 ⁽¹⁾	2.75%	53,742	0.875

SOURCE: Basic Financial Statements
Demographic Statistics-Economic Indicators

⁽¹⁾ Projected Estimate

Santa Cruz County
 Computation of Direct and Overlapping Debt
 Governmental Activities, Debt Outstanding
 June 30, 2020
 (Amounts in Thousands)

<u>Governmental Unit</u>	Net Debt Outstanding	Percent Applicable to Santa Cruz	Amount Applicable to Santa Cruz
Other Debt			
Santa Cruz County - Governmental Capital Lease & Installment Purchase Contracts	1,132	100	1,132
Santa Cruz County - Loans Payable	5,308	100	5,308
Santa Cruz County – Governmental Pledged Revenue Obligations	40,356	100	40,356

NOTE: Overlapping governments are those that coincide with the geographic boundaries of the County. All overlapping governments are 100% within the County's boundaries. This schedule estimates the portion of the outstanding debt borne by the residents and businesses of Santa Cruz County. When considering the County's ability to issue and repay long-term debt, the process should recognize the entire debt burden by the residents and businesses therein. However, this does not imply that every taxpayer is a resident of each government and therefore is responsible for the repayment of debt of each overlapping government.

SOURCE: Report of Indebtedness - published by Arizona Department of Revenue

Santa Cruz County
 Legal Debt Margin
 Last Ten Years
 (Dollar Amounts in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total assessed value	\$ 410,405,574	\$ 447,835,914								
Net assessed value	\$ 362,253,465	\$ 407,488,558								
Assessed Value	\$ 442,665	\$399,532	\$375,670	\$339,878	\$323,844	\$322,650	\$333,858	\$344,939	\$372,808	\$384,032
Legal Debt Margin										
Debt Limit (15% of assessed value)	66,400	59,930	56,351	50,982	48,577	48,398	50,079	51,741	55,921	57,605
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Net Position reserved for repayment of general obligation bonds	<u>(236)</u>	<u>(242)</u>	<u>553</u>	<u>(98)</u>	<u>(99)</u>	<u>(202)</u>	<u>(206)</u>	<u>(1)</u>	<u>(43)</u>	<u>1</u>
Total net debt applicable to the limit	<u>(236)</u>	<u>(242)</u>	<u>553</u>	<u>(98)</u>	<u>(99)</u>	<u>(202)</u>	<u>(206)</u>	<u>(1)</u>	<u>(43)</u>	<u>1</u>
Legal Debt Limit Margin	<u><u>(236)</u></u>	<u><u>(242)</u></u>	<u><u>553</u></u>	<u><u>(98)</u></u>	<u><u>(99)</u></u>	<u><u>(202)</u></u>	<u><u>(206)</u></u>	<u><u>(1)</u></u>	<u><u>(43)</u></u>	<u><u>1</u></u>
Total net debt applicable to the limit as a percentage of debt limit	(0.73)%	(0.36)%	(0.40)%	(0.98)%	(0.19)%	(0.20)%	(0.42)%	0.00%	(0.08)%	0.00%

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Source: Assessed and Estimated Actual Value of Taxable Property and Basic Financial Statements

Santa Cruz County
Pledged Revenue Coverage
Last Ten Fiscal Years

**Long Term Loan (Court and Judicial Facility: 2008-1 Project and Flood Control: 2012
and Series 2016 and Series 2017 Courthouse Pledged Revenue Refunding Obligations)**

Fiscal Year	Revenues ⁽¹⁾	Debt Service		Coverage
		Principal	Interest	
2011	4,843,455	270,000	726,675	4.86
2012	4,124,254	280,000	881,663	3.13
2013	4,792,800	295,000	1,054,014	2.85
2014	5,110,986	305,000	1,029,048	3.03
2015	4,926,041	680,000	1,003,097	2.93
2016	5,274,692	710,000	784,859	3.53
2017	5,262,751	775,000	789,328	3.36
2018	5,171,365	860,000	653,464	3.42
2019	5,661,398	900,000	640,997	3.67
2020	6,250,684	925,000	614,337	4.06

**Long Term Loan (Jail District Detention Facility: 2008-2 Project)
and Series 2017 Pledged Revenue Refunding Obligations**

Fiscal Year	Jail District Revenues ⁽²⁾	Less: Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	7,301,354	4,465,324	2,836,030	1,275,000	1,972,431	0.87
2012	6,056,500	5,062,557	993,943	1,320,000	1,927,806	0.31
2013	6,273,665	5,542,070	731,595	1,370,000	1,878,306	0.23
2014	7,093,279	5,211,356	1,881,923	1,425,000	1,823,506	0.58
2015	6,129,524	4,286,321	1,843,203	1,480,000	1,766,506	0.57
2016	6,247,859	4,431,585	1,816,274	1,540,000	1,707,306	0.56
2017	6,603,367	4,571,067	2,032,300	1,600,000	1,645,649	0.63
2018	6,034,144	4,813,398	1,220,746	1,640,000	1,290,178	0.42
2019	6,102,428	4,855,768	1,246,660	1,675,000	1,250,250	0.43
2020	7,232,185	4,584,804	2,647,381	1,725,000	1,200,000	0.91

SOURCES: Basic financial statements and debt retirement schedules.

⁽¹⁾ Includes excise tax revenues and state shared revenues, net of statutory claims.

⁽²⁾ Includes Jail District excise tax revenues plus beginning fund balance and transfers in. Fund Balance represents unexpended pledged revenues and transfers in represents maintenance of effort payments made by the County.

DEMOGRAPHIC AND ECONOMIC INFORMATION:

Demographic and economic information provides users an understanding of certain aspects of the environment and conditions in which a government operates. It provides comparative financial statement data over time and across governments.

This information helps readers assess a government's condition by providing knowledge on community expansion, population, changes in personal income, and unemployment. This data is useful to readers who assess economic condition.

Santa Cruz County
Demographic Statistics-Economic Indicators
Last Ten Years

Year	Population	Per Capita Income	Personal Income	School Enrollment	Civilian Labor Force	Unemployment Rate
2011	47,539	24,400 ⁽¹⁾	1,159,970 ⁽¹⁾	11,028 ⁽²⁾	18,975	16.5
2012	48,724	24,666 ⁽¹⁾	1,201,845 ⁽¹⁾	10,502 ⁽³⁾	18,352	18.3
2013	49,200	24,800 ⁽¹⁾	1,220,160 ⁽¹⁾	10,719 ⁽⁴⁾	17,917	17.3
2014	49,819	25,890 ⁽¹⁾	1,289,709 ⁽¹⁾	11,009 ⁽⁵⁾	17,328	15.2
2015	50,495	26,900 ⁽¹⁾	1,358,316 ⁽¹⁾	10,885 ⁽⁶⁾	19,907	11.0
2016	50,999	27,806 ⁽¹⁾	1,418,082 ⁽¹⁾	10,830 ⁽⁷⁾	19,700	10.5
2017	51,728	29,004 ⁽¹⁾	1,500,331 ⁽¹⁾	10,998 ⁽⁸⁾	19,272	9.7
2018	52,455	31,176 ⁽¹⁾	1,635,361 ⁽¹⁾	11,397 ⁽⁹⁾	18,779	8.5
2019	53,136	32,162 ⁽¹⁾	1,708,952 ⁽¹⁾	11,050 ⁽¹⁰⁾	19,315	9.0
2020	53,742	33135 ⁽¹⁾	1,780,728 ⁽¹⁾	11,211 ⁽¹¹⁾	18,760	13.6

NOTES:

- (1) Projected Estimate.
- (2) School enrollment as of February 28, 2011.
- (3) School enrollment as of June 30, 2012.
- (4) School enrollment as of June 30, 2013.
- (5) School enrollment as of September 30, 2014.
- (6) School enrollment as of September 30, 2015.
- (7) School enrollment as of September 30, 2016.
- (8) School enrollment as of June 30, 2017.
- (9) School enrollment as of September 30, 2018.
- (10) School enrollment as of September 30, 2019.
- (11) School enrollment as of June 30, 2020.

SOURCES: Annual reports of the Superintendent of Public Instruction; Bureau of Economic Analysis-United States Department of Commerce; Arizona Economic indicators Fall Edition, published by University of Arizona

Santa Cruz County
Principal Employers
Last Ten Years
June 30, 2020

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Employer	2020			2019			2018			2017			2016		
	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force
Nogales Unified School District #1	560	1	3.00%	556	1	2.90%	559	1	3.00%	563	3	2.90%	567	2	2.90%
US Border Patrol*	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	623	1	3.20%	651	1	3.30%
Super Wal-Mart	357	4	1.90%	357	4	1.80%	384	4	2.00%	380	6	2.00%	398	4	2.00%
US Customs and Border Protection*	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	616	2	3.20%	440	3	2.20%
Santa Cruz County	395	2	2.10%	400	2	2.10%	394	3	2.10%	412	4	2.10%	331	6	1.70%
Santa Cruz Valley Unified School District #35	428	3	2.30%	396	3	2.10%	401	2	2.10%	383	5	2.00%	389	5	2.00%
City of Nogales	255	6	1.40%	280	6	1.40%	296	6	1.60%	294	7	1.50%	300	7	1.50%
Carondelet Health Network - Holy Cross Hospital	176	7	0.90%	174	7	0.90%	174	8	0.90%	167	10	0.90%	170	10	0.90%
Mariposa Community Health Center, Inc.	325	5	1.70%	322	5	1.70%	298	5	1.60%	288	8	1.50%	262	8	1.30%
Tubac Golf Resort	169	8	0.90%	169	8	0.90%	199	7	1.10%	187	9	1.00%	176	9	0.90%
Total	2,665		14.20%	2,654		13.80%	2,705		14.40%	3,913		20.30%	3,684		18.70%

Total Work Force	18,760	19,315	18,779	19,272	19,700
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Employer	2015			2014			2013			2012			2011		
	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force
Nogales Unified School District #1	563	2	2.80%	567	2	3.30%	603	2	3.40%	562	2	3.10%	591	1	3.10%
US Border Patrol*	670	1	3.40%	716	1	4.10%	735	1	4.10%	751	1	4.10%	N/A	N/A	N/A
Super Wal-Mart	430	4	2.20%	421	4	2.40%	487	3	2.70%	466	4	2.50%	412	4	2.20%
US Customs and Border Protection*	457	3	2.30%	490	3	2.80%	470	4	2.60%	482	3	2.60%	440	2	2.30%
Santa Cruz County	309	6	1.60%	400	6	2.30%	411	5	2.30%	419	6	2.30%	373	5	2.00%
Santa Cruz Valley Unified School District #35	386	5	1.90%	434	5	2.50%	401	6	2.20%	430	5	2.30%	430	3	2.30%
City of Nogales	269	7	1.40%	295	7	1.70%	288	7	1.60%	275	7	1.50%	280	6	1.50%
Carondelet Health Network - Holy Cross Hospital	178	10	0.90%	172	10	1.00%	217	9	1.20%	175	9	1.00%	206	8	1.10%
Mariposa Community Health Center, Inc.	248	8	1.20%	242	8	1.40%	237	8	1.30%	228	8	1.20%	233	7	1.20%
Tubac Golf Resort	190	9	1.00%	192	9	1.10%	N/A	N/A	N/A	N/A	N/A	N/A	170	9	0.90%
Total	3,700		18.70%	3,929		22.70%	3,849		21.40%	3,788		20.60%	3,135		16.60%

Total Work Force	19,907	17,328	17,917	18,352	18,975
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Sources: www.azeconomy.org/data/santa-cruz-county; phone call & e-mail surveys to local employees

* Organization(s) did not disclose information requested due to employee safety concerns

Santa Cruz County
Employment Statistics
Last Ten Years
June 30, 2020

Type of Employment	2020		2019		2018		2017		2016	
	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total
Goods-Producing	550	4.58%	809	6.25%	675	5.32%	793	6.23%	704	5.30%
Trade, Transportation, and Utilities	5,100	42.50%	5,410	41.83%	5,575	43.90%	5,334	41.91%	5,618	42.31%
Other Private Service-Producing	2,650	22.1%	3,007	23.3%	2,925	23.0%	2,945	23.1%	3,196	24.1%
Federal Government	1,725	14.4%	1,598	12.4%	1,550	12.2%	1,569	12.3%	1,623	12.2%
State Government	1,975	16.5%	2,109	16.3%	1,975	15.6%	2,087	16.4%	2,137	16.1%
	<u>12,000</u>	<u>100.0%</u>	<u>12,933</u>	<u>100.0%</u>	<u>12,700</u>	<u>100.0%</u>	<u>12,728</u>	<u>100.0%</u>	<u>13,278</u>	<u>100.0%</u>

Type of Employment	2015		2014		2013		2012		2011	
	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total
Goods-Producing	700	5.3%	600	4.7%	625	5.0%	650	4.9%	750	5.9%
Trade, Transportation, and Utilities	5,950	44.8%	5,550	43.0%	5,300	42.7%	5,825	44.1%	4,950	38.7%
Other Private Service-Producing	3,025	22.8%	2,925	22.7%	2,600	20.9%	2,675	20.3%	3,100	24.2%
Federal Government	1,650	12.4%	1,750	13.6%	1,800	14.5%	1,825	13.8%	1,725	13.5%
State Government	1,950	14.7%	2,075	16.1%	2,100	16.9%	2,225	16.9%	2,275	17.8%
	<u>13,275</u>	<u>100.0%</u>	<u>12,900</u>	<u>100.0%</u>	<u>12,425</u>	<u>100.0%</u>	<u>13,200</u>	<u>100.0%</u>	<u>12,800</u>	<u>100.0%</u>

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Sources: Arizona Economic Indicators Fall Edition, published by the University of Arizona-Economic and Business Research www.workforce.az.gov/currentemployment-statistics

Santa Cruz County
Demographic Statistics-
Sales, Construction, and Bank Deposits
Last Ten Years
(Dollar Amounts in Thousands)

Year	Sales ⁽¹⁾		Construction Awards	Number of Dwelling Units Awarded	Bank Deposits
	Construction	Retail Trade			
2011	54,042	301,465	21,834	283	843,570
2012	83,200	299,091	31,354	314	871,385
2013	61,454	303,458	12,602	259	908,522
2014	58,457	323,635	28,540	278	753,881
2015	41,929	323,169	38,758	388	847,350
2016	33,807	340,372	36,358	436	918,691
2017	29,427	327,751	26,767	384	862,837
2018	34,990	319,906	59,249	377	866,395
2019	33,835	339,042	41,289	343	886,113
2020	81,538	341,342	44,091	429	1,064,350

NOTE:

(1) Information reported for fiscal years ended June 30.

SOURCES: Arizona Department of Revenue Annual Report.

Report of building or zoning permits issued and local public construction.

Federal Deposit Insurance Corporation Web site.

OPERATING INFORMATION:

Operating information provides contextual information about a government's operations and resources. Examples of operating information include basic information on the capital resources used during government operations; and service information that helps evaluate the entity's size. This allows users to understand and assess a government's economic condition when using financial information.

Santa Cruz County
 Employees by Function
 Last Ten Years
 June 30, 2020

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Fiscal Year	Governmental Activities							Business-Type Activities Sanitation Landfill Enterprise	Total Employees in all Functions
	General Government	Public Safety	Highways and Streets	Health and Welfare	Recreation	Education and Economic Opportunity	Total		
10-11	168	125	36	16	1	16	362	12	374
11-12	182	136	31	17	1	16	383	11	394
12-13	164	136	28	18	1	16	363	13	376
13-14	165	119	30	16	1	16	347	14	361
14-15	162	114	27	17	1	18	339	10	349
15-16	162	102	27	18	1	15	325	9	334
16-17	176	109	25	16	1	15	342	7	349
17-18	172	105	23	19	1	16	336	5	341
18-19	181	102	20	20	3	20	346	5	351
19-20	169	98	20	18	3	23	331	6	337

SOURCE: Santa Cruz County: Salary Vacation & Comp-Time Report

Santa Cruz County
Operating Indicators
Last Ten Fiscal Years

YEAR OF INCORPORATION:	1899
FORM OF GOVERNMENT:	Body political county of State of Arizona Pursuant to Arizona Revised Statutes
AREA:	1,246 Square miles

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
MILES OF STREETS										
Paved	433.00	430.00	428.00	411.00	430.00	405.47	405.47	425.38	425.00	425.38
Unpaved	258.00	278.00	390.00	312.40	389.00	331.52	331.52	316.64	316.00	316.64
REGISTERED VOTERS										
Democrat	29,796	28,742	27,764	26,805	24,866	26,784	26,023	25,023	23,296	23,607
Republican	50.52%	50.16%	51.11%	50.86%	51.89%	47.86%	49.32%	53.90%	50.81%	51.37%
	16.91%	16.40%	16.62%	16.06%	16.84%	15.56%	15.99%	17.64%	16.96%	16.98%
NUMBER OF JUDICIAL COURTS										
Superior Court Department	1	1	1	1	1	1	1	1	1	1
Justice of Peace Courts	1	1	2	2	2	2	2	2	2	2
FLOOD PROTECTION										
Flood Control District	1	1	1	1	1	1	1	1	1	1
Number of Employees	4	3	4	10	7	6	6	6	8	9
SHERIFF PROTECTION										
Number of Stations	4	4	4	4	4	4	3	3	3	1
Number of Employees	79	84	81	111	77	91	96	119	114	104
Major Crimes	103	134	134	170	170	206	76	207	271	285
Vehicular Patrol Units	36	36	36	27	33	33	16	25	56	25
SANITARY LANDFILLS										
Number of Landfills	1	1	1	1	1	1	2	2	2	2
NUMBER OF PARKS										
Neighborhood Parks	8	8	8	8	8	8	8	8	8	8

SOURCE: Santa Cruz County Departments: Public Works, Records, Court Administration, Flood Control District, Sheriff, Landfill Enterprise, Recreation

Santa Cruz County
Capital Assets Used in the Operation of Governmental Funds
Last Ten Fiscal Years
June 30, 2020
(Amounts in Thousands)

	2020	2019	2018	2017	2016
Governmental funds capital assets					
Infrastructure	\$ 86,788	\$ 85,124	\$ 84,576	\$ 83,229	\$ 81,390
Land	22,352	22,352	22,347	22,347	22,347
Buildings	74,595	74,595	74,595	74,595	74,594
Improvements other than buildings	6,425	6,376	6,347	6,326	6,326
Construction equipment and vehicles	12,871	12,309	12,350	12,015	11,791
Furniture and equipment	12,681	12,406	12,218	11,514	11,113
Construction in progress	919	142	79	70	1,547
Total governmental funds capital assets	<u>\$ 216,631</u>	<u>\$ 213,304</u>	<u>\$ 212,512</u>	<u>\$ 210,096</u>	<u>\$ 209,108</u>
Investments in governmental funds capital assets by source					
General Fund	\$ 20,718	\$ 20,031	\$ 19,990	\$ 19,736	\$ 19,147
Special Revenue Funds*	134,463	133,286	132,471	131,638	131,594
Capital Projects Funds	61,248	59,789	59,789	58,441	58,079
Capital Contributions	202	198	262	281	288
Total governmental funds capital assets	<u>\$ 216,631</u>	<u>\$ 213,304</u>	<u>\$ 212,512</u>	<u>\$ 210,096</u>	<u>\$ 209,108</u>
Governmental funds capital assets					
	2015	2014	2013	2012*	2011
Infrastructure	\$ 81,457	\$ 79,346	\$ 79,271	\$ 75,593	\$ 70,992
Land	22,343	22,343	22,343	22,343	22,151
Buildings	73,963	73,963	73,963	73,881	73,098
Improvements other than buildings	3,802	3,267	3,206	3,195	3,177
Construction equipment and vehicles	10,661	9,636	9,760	9,922	10,450
Furniture and equipment	11,251	11,097	11,452	10,728	10,532
Construction in progress	1,316	2,664	3,969	3,688	3,607
Total governmental funds capital assets	<u>\$ 204,793</u>	<u>\$ 202,316</u>	<u>\$ 203,964</u>	<u>\$ 199,350</u>	<u>\$ 194,007</u>
Investments in governmental funds capital assets by source					
General Fund	\$ 18,720	\$ 18,148	\$ 18,589	\$ 18,267	\$ 18,984
Special Revenue Funds	129,474	127,566	128,738	124,519	119,176
Capital Projects Funds	56,598	56,599	56,637	56,564	55,847
Capital Contributions	1	3	-	-	-
Total governmental funds capital assets	<u>\$ 204,793</u>	<u>\$ 202,316</u>	<u>\$ 203,964</u>	<u>\$ 199,350</u>	<u>\$ 194,007</u>

SOURCE: Comprehensive Annual Financial Report for the relevant year

*Amounts restated: GASB 34 Infrastructure in 2006 and beginning balance for infrastructure and land in 2012.