

SANTA CRUZ COUNTY, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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Santa Cruz County
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2021

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ADMINISTRATIVE SERVICES SANTA CRUZ COUNTY

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

March 31, 2022

The Honorable Board of Supervisors
Santa Cruz County, Arizona

I am pleased to submit, in accordance with state statutes, Santa Cruz County's (County) Annual Comprehensive Financial Report (Financial Report) for the fiscal year ended June 30, 2021. 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

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.

Major Initiatives

The Board of Supervisors and County Manager virtually attended the NACo's Annual Business Meeting that included the following topics: federal policy update, voting credentials update, technology exchange forum and parliamentary report. The Board of Supervisors and management staff continue to reach out to members of Congress to relate the current issues and concerns that affect the County. Areas of concern 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 Board of Supervisors, Elected Officials and management staff collaborated and applied critical and creative thinking to design a future for the residents and businesses of Santa Cruz County through the process of creating a Strategic Plan. The activities were to clarify strengths, identify areas targeted by leaders for enhancement, and examine areas of opportunity for the County's future.

The Board of Supervisors designated the CDBG allocation to the following projects, improvement rehabilitation for the Boys & Girls Club of Santa Cruz County facilities, funding commercial kitchen equipment for a Nogales Community Development project and funding a design phase to restore the main courtroom at the Historic 1904 Courthouse.

The Health Department received numerous COVID-19 related federal and state grants to assist with multiple projects, including COVID-19 equipment and supplies required for testing, contact tracing, compliancy referrals and vaccination POD programs.

The County Information Technology Department was instrumental providing and setting up equipment to County employees telecommuting during the peak of the pandemic in order to avoid any disruption in services to residents of Santa Cruz County.

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.

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.

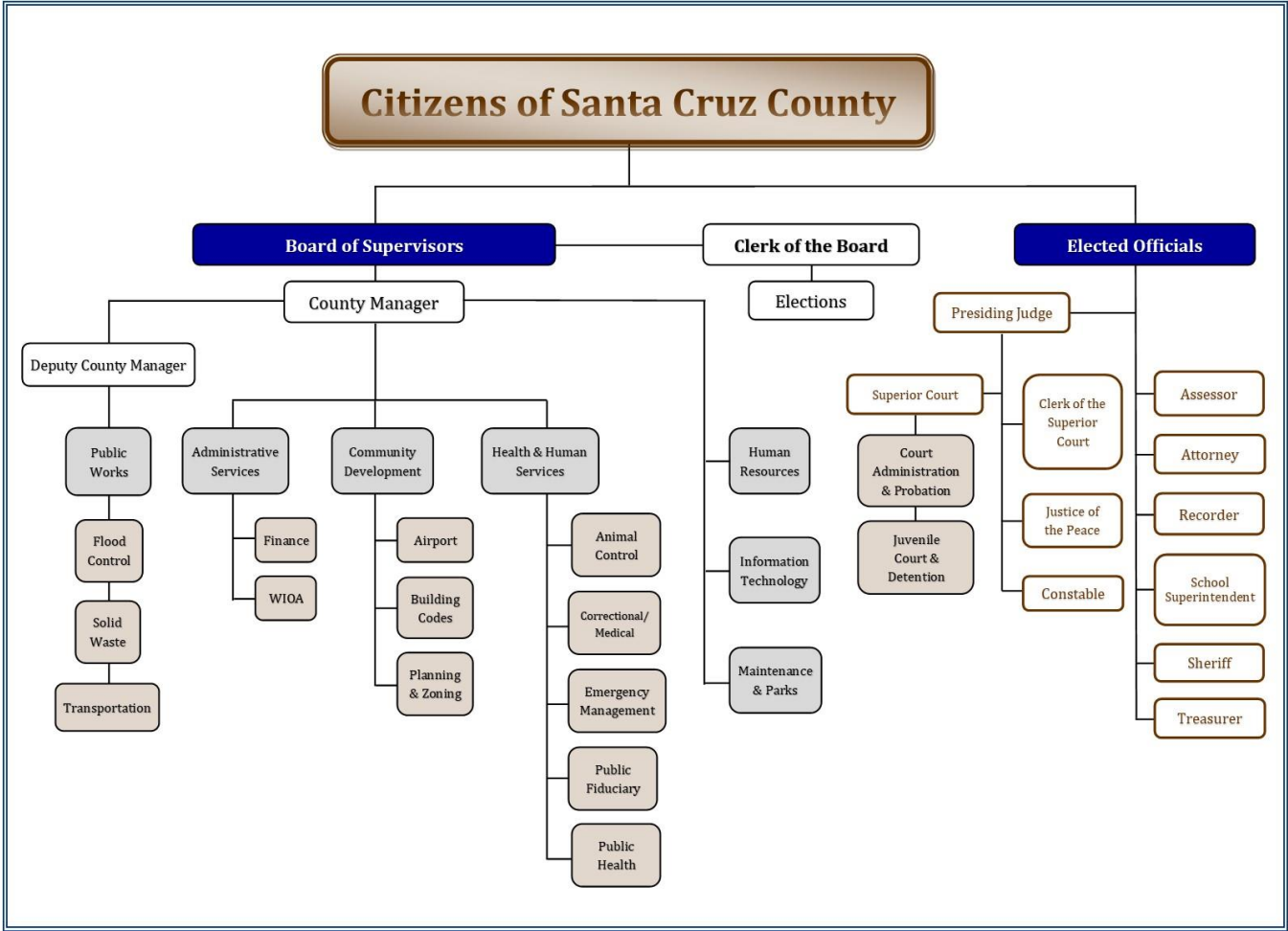
Acknowledgements

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



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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, 2021, 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, 2021, 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.

Emphasis of matter

As discussed in Note 2 to the financial statements, for the year ended June 30, 2021, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other matters

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5 through 14, budgetary comparison schedules on pages 66 through 70, schedule of the County's proportionate share of the net pension liability—cost-sharing plans on page 72, schedule of changes in the County's net pension liability and related ratios—agent plans on pages 73 through 74, and the schedule of County pension contributions on pages 75 through 76 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 (by us and the other auditors). In our opinion, (based on our audit, the procedures performed as described above, and the report(s) of the other auditors,) 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 will issue our report 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 at a future date. 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

March 31, 2022

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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.

For the year ended June 30, 2021, the County implemented the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Accordingly, the County has restated its fiduciary funds net position as of July 1, 2020, for reporting the prior period adjustments as follows:

	<u>Investment Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Custodial funds</u>	
			<u>External Investment Pools</u>	<u>Other</u>
Net position as previously reported at June 30, 2020	\$ 36,535,018			
Prior period adjustment—implementation of GASB 84:				
Reclassification of investment pools	(36,469,812)		\$32,988,245	\$ 3,481,567
Reclassification of agency fund activities		\$355,331		1,217,390
Recognition of liability				(3,481,567)
Recognition of receivable				<u>1,142,570</u>
Net position as restated, July 1, 2020	<u>\$ 65,206</u>	<u>\$355,331</u>	<u>\$32,988,245</u>	<u>\$ 2,359,960</u>

Additional information on restated balances due to Fiduciary Activities implementation for fiscal year 2021 can be found in Note 2 on page 33.

Financial Highlights

- At June 30, 2021, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$67,884,719 (net position). Of this amount, \$70.7 million is the net investment in capital assets (e.g., land, buildings, improvements, construction and vehicles, furniture and equipment, infrastructure and construction in progress); \$15.1 million is restricted for specific purposes (restricted net position); and \$(17.9) 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 \$9,187,078.
- At June 30, 2021, total assets were \$158,892,030 compared to \$150,090,551, at June 30, 2020. This is an \$8,780,522 or 5.85 percent increase over the prior fiscal year.
- At June 30, 2021, total liabilities were \$98,310,764 compared to \$95,968,259 at June 30, 2020. This is a \$2,321,548 or 2.42 percent increase over the prior fiscal year.
- At June 30, 2021, total deferred outflows related to pensions and other postemployment benefits (OPEB) were \$7,592,903 compared to \$6,219,464 at June 30, 2020. This is a \$1,373,439 or 22.08 percent increase over the prior fiscal year.

Santa Cruz County Management's Discussion and Analysis

- At June 30, 2021, total deferred inflows related to pensions and OPEB were \$1,892,856 compared to \$3,387,033 at June 30, 2020. This is a \$1,494,177 or 44.11 percent decrease over the prior fiscal year.
- At June 30, 2021, the governmental funds reported combined fund balances of \$27,909,659 or an increase in fund balance of \$8,658,821, in comparison with the prior year's balance of \$19,250,838.
- At June 30, 2021, \$13,172,343 or 47.2 percent of governmental fund balances were restricted, \$105,908 or 0.38 percent was assigned, \$14,542,017 or 52.1 percent were unassigned, and \$89,391 or 0.32 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, 2021, unassigned fund balance for the general fund was \$16,080,758, almost 75 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.

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.

Santa Cruz County Management's Discussion and Analysis

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.

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, Road, Health Services, and American Rescue Plan Act 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.

Santa Cruz County Management's Discussion and Analysis

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 27-64 of this report.

Required supplementary information presents budgetary comparison schedules for the General, Jail District, Flood Control District and Road funds of the County. It also includes pension plan schedules. Required supplementary information can be found on pages 66-78 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, 2021, compared to the prior year.

**Statement of Net Position
June 30, 2021 and 2020 (In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 38,986	\$ 27,276	\$ 7,556	\$ 5,994	\$ 46,542	\$ 33,270
Capital assets	109,294	113,521	3,055	3,300	112,349	116,821
Total assets	148,280	140,797	10,611	9,294	158,891	150,091
Deferred outflows of resources						
Total deferred outflows of resources	9,104	7,903	93	59	9,197	7,962
Current and other liabilities	8,148	5,531	163	112	8,311	5,643
Long-term liabilities	86,919	87,378	3,080	2,948	89,999	90,326
Total liabilities	95,067	92,909	3,243	3,060	98,310	95,969
Deferred inflows of resources						
Total deferred inflows of resources	1,846	3,314	47	73	1,893	3,387
Net Position						
Net investment in capital assets	67,826	68,468	2,873	3,073	70,699	71,541
Restricted	15,065	12,444			15,065	12,444
Unrestricted	(22,420)	(28,435)	4,541	3,147	(17,879)	(25,288)
Total net position	\$ 60,471	\$ 52,477	\$ 7,414	\$ 6,220	\$ 67,885	\$ 58,697

At June 30, 2021, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by almost \$67.9 million (net position).

The largest portion (\$70.7 million or 104.1 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

Santa Cruz County Management's Discussion and Analysis

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 (\$15.1 million or 22.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance (\$17.9 million or negative 26.3 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 current and other assets, deferred outflows and inflows of resources related to pension and OPEB, and unearned revenue that changed significantly over the prior year:

- Current and other assets – the \$11.7 million or 42.8 percent net increase was largely in cash and investments and due from other governmental units:
 - Cash and investments increased \$11 million or 55 percent primarily due to an unearned new American Rescue Plan Act grant of \$4.5 million received in the current fiscal year and additional \$6.6 million of revenues collected in property taxes, county excise tax, state shared sales taxes, grants and contributions, and unrestricted vehicle license tax.
 - Due from other governments increased \$1.1 million or 22.7 percent solely due to additional \$6.7 million of revenues recognized in state shared sales taxes, grants and contributions, unrestricted vehicle license tax, and county excise tax collected by the state.
 - Deferred outflows and inflows of resources related to pensions and OPEB increased \$1.3 million or 21.8 percent and decreased \$1.5 million or 44.3 percent, respectively, as a result of an actuarial valuation of the total pension and OPEB asset/liability with a measurement date of June 30, 2020.
 - Unearned revenue increased \$2.6 million or 140.9 percent solely due to a new American Rescue Plan Act grant of \$4.5 million received in the current fiscal year compared to an unearned Coronavirus Aid, Relief, and Economic Security Act (CARES) grant of \$1.9 million received in prior year.

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 \$1.6 million or 26.1 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 2021 compared to the prior year.

Santa Cruz County Management's Discussion and Analysis

Changes in Net Position For the Years Ended June 30, 2021 and 2020 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 3,233	\$ 2,791	\$ 3,454	\$ 2,673	\$ 6,687	\$ 5,464
Operating grants and contributions	17,574	14,682			17,574	14,682
Capital grants and contributions	239	1,747			239	1,747
General revenues:						
Property taxes	17,446	16,522			17,446	16,522
County excise tax	9,719	6,122			9,719	6,122
Share of state sales taxes	6,988	5,555			6,988	5,555
Share of state overweight permits	458	513			458	513
State appropriations	550	550			550	550
Payments in lieu of taxes	1,233	1,221			1,233	1,221
VLT unrestricted	2,124	1,881			2,124	1,881
Investment income (loss)	12	166	3	42	15	208
Miscellaneous	479	620			479	620
Gain on sale/trade-in of capital assets		62				62
Capital contribution	3	3	(3)	(3)		
Transfers	(5)		5		-	-
Total revenues	<u>60,053</u>	<u>52,435</u>	<u>3,459</u>	<u>2,712</u>	<u>63,512</u>	<u>55,147</u>
Expenses:						
General government	16,113	16,039			16,113	16,039
Public safety	16,774	15,379			16,774	15,379
Highways and streets	7,610	6,851			7,610	6,851
Health, welfare and sanitation	6,783	5,362	2,265	1,912	9,048	7,274
Education and economic opportunity	3,047	2,562			3,047	2,562
Recreation	300	417			300	417
Interest on long-term debt	1,432	1,658			1,432	1,658
Total expenses	<u>52,059</u>	<u>48,268</u>	<u>2,265</u>	<u>1,912</u>	<u>54,324</u>	<u>50,180</u>
Changes in net position	7,994	4,167	1,194	800	9,188	4,967
Net position—beginning	<u>52,477</u>	<u>48,310</u>	<u>6,220</u>	<u>5,420</u>	<u>58,697</u>	<u>53,730</u>
Net position—ending	<u>\$60,471</u>	<u>\$52,477</u>	<u>\$ 7,414</u>	<u>\$ 6,220</u>	<u>\$67,885</u>	<u>\$58,697</u>

Overall, the County's governmental revenues increased \$7.6 million or 14.5 percent and expenses increased \$3.8 million or 7.9 percent. The following provides an explanation of governmental activities revenues and expenses that changed significantly over the prior year:

- County excise tax increased 3.6 million or 58.8 percent was due to an improvement in Santa Cruz County economy and an increase in contracting prime excise taxes.
- State shared sales taxes increased \$1.4 million or 25.8 percent primarily due to an improvement in the state economy.
- Operating grants and contributions increased \$2.9 million or 19.7 percent largely due to additional \$820,000 AZ CARES grant, \$295,000 EORP state subsidy, \$289,000 COVID-19 grants, \$279,000

Santa Cruz County Management's Discussion and Analysis

highway user revenue, \$234,000 federal and state jail reimbursements, \$125,000 immunization grant, and \$858,000 various welfare, education and economic opportunity grants received in the current fiscal year.

- Highways and streets expenses increased \$760,000 or 11.1 percent solely due to the increase in the net difference between the depreciation expense and the capitalized costs of equipment.
- Health, welfare and sanitation expenses increased \$1.4 million or 26.5 percent largely due to additional AZ CARES, COVID-19, and immunization grants received in the current fiscal year as mentioned above.

Overall, the County's business-type revenues increased \$747,000 or 27.5 percent and expenses increased by \$353,000 or 18.5 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 \$781,000 or 29.2 percent increase was due to increase in disposal waste.

Sanitation expenses – The \$353,000 or 18.4 percent increase was due to additional services provided as mentioned above as a result of additional professional services and rental equipment expenses.

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, unreserved 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, 2021, the County's governmental funds reported combined fund balances of \$27,909,659, an increase of \$8,658,821 in comparison with the prior year's balance. Of the combined fund balances, \$14,542,017 constitutes unassigned fund balance, which is available to meet the County's current and future needs.

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 \$16,080,758. Unassigned fund balance represents 74.7 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:

Santa Cruz County Management's Discussion and Analysis

General Fund

- Cash and investments increased \$6.2 million or 89.4 percent largely due to the positive result of the current year's operations. The excess of revenues over expenditures was \$6.7 million in the current year.
- Taxes increased \$2.9 million or 16.8 percent solely due to additional \$1.1 million property taxes and \$1.8 million county excise tax collected in the current fiscal year.
- Intergovernmental revenues increased \$1.7 million or 17.7 percent largely due to additional \$1.4 million state shared sales taxes and \$243,000 vehicle license tax collected in the current fiscal year.
- Public safety expenditures decreased \$464,000 or 11.1 percent primarily due to lower overall expenditures including staffing issues.

Jail District Fund

- Cash and investments increased \$1.8 million or 115,949 percent largely due to additional \$2 million excise sales tax revenues received in the current fiscal year and total expenditures only increased \$394,000.
- Due from other governmental units increased \$79,000 or 11.7 percent primarily due to additional highway user revenue received in the current fiscal year.
- Accounts payable increased \$213,000 or 189 percent solely due to additional year-end purchases of goods and services.
- County half cent jail excise sales tax revenues increased \$1.8 million or 58.8 percent largely due to the State Route 189 construction project increase in contracting prime taxes.

Road Fund

- Due from other governmental units decreased \$129,000 or 36.8 percent due to the increase in intergovernmental revenues in the current fiscal year.
- Accounts payable decreased \$245,000 or 36.8 percent solely due to reductions of current year's expenditures as explained below and year-end purchases of goods and services.
- Highways and streets expenditures decreased \$1.6 million or 22 percent primarily due to fewer roads maintained and repaired and no construction projects started in the current fiscal year.

Health Services Fund

- Due from other governmental units increased \$716,000 or 3,165 percent primarily due to unavailable state and federal revenues recognized in the current fiscal year as explained below.
- Accounts payable increased \$118,000 or 323.6 percent largely due to increase in current year's expenditures as explained below and additional year-end purchases of goods and services.
- Due to other funds increased \$592,000 or 9,080 percent primarily due to year-end cash transfers from General Fund to cover negative cash balances in several health service funds.
- Unavailable intergovernmental revenue increased \$585,000 or 8,970 percent largely due to several state and federal grants received after the unavailable 60-day period.
- Intergovernmental revenues increased \$338,000 or 42.7 percent primarily due to additional \$273,000 COVID-19 grants and \$125,000 immunization grant received in the current fiscal year.
- Charges for services increased \$57,000 or 35.5 percent solely due to Environmental Health provided more services.
- Health expenditures increased \$1.2 million or 116.7 percent largely due to additional intergovernmental and charges for services revenues received and unavailable state and federal revenues recognized in the current fiscal year.

Santa Cruz County Management's Discussion and Analysis

General Fund Budgetary Highlights

General Fund actual expenditures were approximately \$7.5 million under the adopted budget and actual revenues were more than estimated revenues by \$6.4 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, 2021, amounted to \$112.3 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:

- All construction in progress projects was closed out and \$967,000 and \$6,000 were transferred to infrastructure and improvements other than buildings, respectively, during the current fiscal year. In addition, there was no new construction projects started in FY 2021.

Capital Assets Net of Depreciation (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 22,352	\$ 22,352	\$ 230	\$ 230	\$ 22,582	\$ 22,582
Buildings	49,980	51,829	81	87	50,061	51,916
Improvements other than buildings	2,738	3,082	2,527	2,658	5,265	5,740
Construction equipment and vehicles	1,308	1,876	212	311	1,520	2,187
Furniture and equipment	944	936	5	14	949	950
Construction in progress		919			-	919
Infrastructure	31,972	32,527			31,972	32,527
Total capital assets, net	<u>\$109,294</u>	<u>\$113,521</u>	<u>\$ 3,055</u>	<u>\$3,300</u>	<u>\$112,349</u>	<u>\$116,821</u>

Additional information on the County's capital assets can be found in Note 7 of the Notes to Financial Statements on pages 39-40 of this report.

Long-Term Liabilities

At June 30, 2021, the County had total long-term liabilities outstanding of \$90 million. This amount includes pledged revenue obligations of \$41.9 million, net pension and OPEB liabilities of \$42.3 million, compensated absences payable of \$2.1 million, landfill closure and post closure care costs payable of \$2.2 million, installment purchase contracts of \$360,000, capital leases payable of \$632,000, long-term notes of \$313,000, and claims and judgments payable of \$75,000.

Santa Cruz County Management's Discussion and Analysis

Additional information on the County's long-term debt can be found in Note 8 of the Notes to Financial Statements on pages 40-45 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, 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 ten 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 or are unable to make 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 has been 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.
- Pedestrian border crossings at the Nogales POE increased 24% in 2021 compared to last year, and vehicular passengers increased by 30%. However, a current policy of requiring all non-U.S. individuals seeking to enter the United States via land ports of entry to be fully vaccinated will affect these figures.
- Construction of new commercial warehouse buildings continued sluggish 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.

Basic Financial Statements

Santa Cruz County
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and investments	\$ 31,014,555	\$ 7,320,943	\$ 38,335,498
Cash and investments held by trustee	146,577		146,577
Property taxes receivable (net of allowance)	1,169,944		1,169,944
Due from other governmental units	5,726,809	3,525	5,730,334
Accounts receivable	403,770	230,300	634,070
Prepaid items	89,391		89,391
Noncurrent assets:			
Net pension and other postemployment benefits asset	434,951	1,307	436,258
Capital assets:			
Nondepreciable	22,352,410	229,996	22,582,406
Depreciable (net)	86,942,169	2,825,383	89,767,552
Total assets	<u>148,280,576</u>	<u>10,611,454</u>	<u>158,892,030</u>
Deferred Outflows of Resources			
Deferred charge on debt refunding	1,603,406		1,603,406
Deferred outflows related to pensions and other postemployment benefits	7,500,319	92,584	7,592,903
Total deferred outflows of resources	<u>9,103,725</u>	<u>92,584</u>	<u>9,196,309</u>
Liabilities			
Accounts payable	2,574,854	144,723	2,719,577
Due to other governments	12,609		12,609
Accrued payroll and employee benefits	1,045,390	18,946	1,064,336
Unearned revenue	4,515,846		4,515,846
Noncurrent liabilities:			
Due within 1 year	4,723,323	68,673	4,791,996
Due in more than 1 year	82,195,391	3,011,009	85,206,400
Total liabilities	<u>95,067,413</u>	<u>3,243,351</u>	<u>98,310,764</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions and other postemployment benefits	1,845,949	46,907	1,892,856
Total deferred inflows of resources	<u>1,845,949</u>	<u>46,907</u>	<u>1,892,856</u>
Net Position			
Net investment in capital assets	67,825,799	2,873,141	70,698,940
Restricted for:			
Capital projects	305,969		305,969
Education	1,216,908		1,216,908
Flood control	3,471,690		3,471,690
Health	657,766		657,766
Judicial activities	3,267,568		3,267,568
Law enforcement	3,254,919		3,254,919
Public safety	1,829		1,829
Social services	423,605		423,605
Highways and streets	1,875,886		1,875,886
Sanitation	215,013		215,013
Other purposes	374,219		374,219
Unrestricted (deficit)	(22,420,232)	4,540,639	(17,879,593)
Total net position	<u>\$ 60,470,939</u>	<u>\$ 7,413,780</u>	<u>\$ 67,884,719</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Activities
Year Ended June 30, 2021

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	\$ 16,113,453	\$ 2,653,805	\$ 1,308,389	\$ 232,852	\$ (11,918,407)		\$ (11,918,407)
Public safety	16,774,451	299,988	5,938,877	5,666	(10,529,920)		(10,529,920)
Highways and streets	7,610,299		5,380,123		(2,230,176)		(2,230,176)
Health, welfare and sanitation	6,782,822	278,019	2,374,656		(4,130,147)		(4,130,147)
Education and economic opportunity	3,046,615		2,571,950		(474,665)		(474,665)
Recreation	300,504	1,235			(299,269)		(299,269)
Interest on long-term debt	1,431,721				(1,431,721)		(1,431,721)
Total governmental activities	<u>\$ 52,059,865</u>	<u>\$ 3,233,047</u>	<u>\$ 17,573,995</u>	<u>\$ 238,518</u>	<u>\$ (31,014,305)</u>		<u>\$ (31,014,305)</u>
Business-type activities:							
Landfill	2,265,029	3,453,520				\$ 1,188,491	1,188,491
Total business-type activities	<u>2,265,029</u>	<u>3,453,520</u>				<u>1,188,491</u>	<u>1,188,491</u>
Total primary government	<u>\$ 54,324,894</u>	<u>\$ 6,686,567</u>	<u>\$ 17,573,995</u>	<u>\$ 238,518</u>	<u>\$ (31,014,305)</u>	<u>\$ 1,188,491</u>	<u>\$ (29,825,814)</u>
General revenues/expenses:							
Taxes							
Property taxes, levied for general purposes					14,924,572		14,924,572
Property taxes, levied for flood control district					2,521,129		2,521,129
Property taxes, levied for debt service					6		6
County excise tax for general purposes					4,859,750		4,859,750
County excise tax for jail district					4,859,696		4,859,696
Share of state sales taxes					6,987,353		6,987,353
Share of state vehicle license tax					2,124,376		2,124,376
Share of state overweight permits					457,888		457,888
State appropriations					550,050		550,050
Payments in lieu of taxes					1,233,075		1,233,075
Investment earnings					12,301	3,325	15,626
Miscellaneous					479,371		479,371
Capital contribution					3,222	(3,222)	
Transfers in (out)					(4,812)	4,812	
Total general revenues and transfers					<u>39,007,977</u>	<u>4,915</u>	<u>39,012,892</u>
Changes in net position					7,993,672	1,193,406	9,187,078
Net position—July 1, 2020					<u>52,477,267</u>	<u>6,220,374</u>	<u>58,697,641</u>
Net position—June 30, 2021					<u>\$ 60,470,939</u>	<u>\$ 7,413,780</u>	<u>\$ 67,884,719</u>

See accompanying notes to financial statements.

Santa Cruz County
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Jail District Fund	Road Fund	Health Services Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total
Assets							
Cash and investments	\$13,222,483	\$1,322,963	\$1,866,121	\$ 31,514	\$4,515,846	\$10,055,628	\$31,014,555
Cash and investments held by trustee	146,577						146,577
Property taxes receivable (net of allowances for uncollectibles)	983,388					186,556	1,169,944
Due from other governmental units	2,061,537	752,388	480,038	738,475		1,694,371	5,726,809
Due from other funds	1,524,252						1,524,252
Accounts receivable	363,149	77	1,056	1,813		37,675	403,770
Prepaid items	58,733		157	5,862		24,639	89,391
Total assets	<u>\$18,360,119</u>	<u>\$2,075,428</u>	<u>\$2,347,372</u>	<u>\$ 777,664</u>	<u>\$4,515,846</u>	<u>\$11,998,869</u>	<u>\$40,075,298</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	\$ 968,149	\$ 325,239	\$ 420,698	\$ 154,804		\$ 705,964	\$ 2,574,854
Due to other governments						12,609	12,609
Accrued payroll and employee benefits	551,203	171,437	50,788	40,464		231,498	1,045,390
Due to other funds				598,439		925,813	1,524,252
Unearned revenue					\$4,515,846		4,515,846
Total liabilities	<u>1,519,352</u>	<u>496,676</u>	<u>471,486</u>	<u>793,707</u>	<u>4,515,846</u>	<u>1,875,884</u>	<u>9,672,951</u>
Deferred Inflows of Resources							
Unavailable revenue—property taxes	689,050					128,614	817,664
Unavailable revenue—intergovernmental	12,226			591,269		1,071,514	1,675,009
Unavailable revenue—miscellaneous						15	15
Total deferred inflows of resources	<u>701,276</u>			<u>591,269</u>		<u>1,200,143</u>	<u>2,492,688</u>
Fund balances							
Nonspendable	58,733		157	5,862		24,639	89,391
Restricted		1,578,752	1,875,729	57,836		9,660,026	13,172,343
Assigned						105,908	105,908
Unassigned	16,080,758			(671,010)		(867,731)	14,542,017
Total fund balances	<u>16,139,491</u>	<u>1,578,752</u>	<u>1,875,886</u>	<u>(607,312)</u>		<u>8,922,842</u>	<u>27,909,659</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$18,360,119</u>	<u>\$2,075,428</u>	<u>\$2,347,372</u>	<u>\$ 777,664</u>	<u>\$4,515,846</u>	<u>\$11,998,869</u>	<u>\$40,075,298</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, 2021

Fund balances—total governmental funds		\$ 27,909,659
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 \$217,249,244 and the accumulated depreciation is \$107,954,665		109,294,579
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds		2,492,688
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	\$ (38,470,000)	
Pledged revenue obligations premium payable	(3,478,947)	
Long-term loans payable	(312,970)	
Compensated absences payable	(2,040,285)	
Obligations under capital leases	(631,985)	
Installment purchase contracts	(178,284)	
Net pension and other postemployment benefits liabilities	(41,731,243)	
Estimated liabilities for claims and judgments	<u>(75,000)</u>	
		(86,918,714)
Deferred outflows of resources related to long-term debts are applicable to future reporting periods and, therefore, are not reported in the funds		1,603,406
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.		434,951
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>5,654,370</u>
Net position of governmental activities		<u>\$ 60,470,939</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, 2021

	General Fund	Jail District Fund	Road Fund	Health Services Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total
Revenues:							
Taxes	\$19,948,672	\$4,859,696			\$ -	\$ 2,639,892	\$27,448,260
Intergovernmental	11,532,920	424,253	\$5,838,011	\$1,128,353		9,301,696	28,225,233
Licenses and permits	881,530						881,530
Charges for services	800,291	1,324		219,613		335,057	1,356,285
Fines and forfeits	586,368					300,489	886,857
Investment earnings	5,725	502	1,569	9		4,496	12,301
Rents	108,375						108,375
Miscellaneous	42,284	86	150,619			286,367	479,356
Total revenues	<u>33,906,165</u>	<u>5,285,861</u>	<u>5,990,199</u>	<u>1,347,975</u>		<u>12,867,997</u>	<u>59,398,197</u>
Expenditures:							
Current:							
General government	13,318,461					1,963,019	15,281,480
Public safety	3,729,340	4,590,820				6,334,909	14,655,069
Highways and streets			5,707,798			43,405	5,751,203
Health, welfare and sanitation	3,316,888	380,804		2,268,581		806,350	6,772,623
Education and economic opportunity	450,980					2,561,354	3,012,334
Recreation	245,934						245,934
Debt service:							
Principal retirement	452,725	1,775,000	5,011			1,128,858	3,361,594
Interest and fiscal charges	27,785	1,148,219				590,616	1,766,620
Total expenditures	<u>21,542,113</u>	<u>7,894,843</u>	<u>5,712,809</u>	<u>2,268,581</u>		<u>13,428,511</u>	<u>50,846,857</u>
Excess (deficiency) of revenues over expenditures	12,364,052	(2,608,982)	277,390	(920,606)		(560,514)	8,551,340
Other financing sources (uses):							
Pledged revenue refunding obligations proceeds						4,765,000	4,765,000
Payment to debt refinancing escrow agent						(4,652,707)	(4,652,707)
Transfers in	65,527	3,785,659	188,373	93,509		1,494,027	5,627,095
Transfers out	(5,246,088)		(3,648)	(3,971)		(378,200)	(5,631,907)
Total other financing sources (uses)	<u>(5,180,561)</u>	<u>3,785,659</u>	<u>184,725</u>	<u>89,538</u>		<u>1,228,120</u>	<u>107,481</u>
Net change in fund balances	7,183,491	1,176,677	462,115	(831,068)		667,606	8,658,821
Fund balances, beginning of year	8,956,000	402,075	1,413,771	223,756		8,255,236	19,250,838
Fund balances, end of year	<u>\$16,139,491</u>	<u>\$1,578,752</u>	<u>\$1,875,886</u>	<u>\$ (607,312)</u>	\$ -	<u>\$ 8,922,842</u>	<u>\$27,909,659</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, 2021

Net change in fund balances—total governmental funds \$ 8,658,821

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	\$ 604,059	
Less: current-year depreciation	<u>(4,844,635)</u>	(4,240,576)

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	(4,765,000)	
Refunding pledged revenue obligations premium amortized	332,118	
Deferred outflows related to refunding pledged revenue obligations amortized	(139,512)	
Principal repaid	<u>8,156,594</u>	3,584,200

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.

Decrease in compensated absences payable		83,063
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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	3,241,797	
Pension/OPEB expense	<u>(3,993,785)</u>	(751,988)

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

Property tax revenues	(283,107)	
Intergovernmental	<u>(317,057)</u>	(600,164)

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	14,365	
Intergovernmental	1,245,936	
Miscellaneous revenue	<u>15</u>	<u>1,260,316</u>

Change in net position of governmental activities **\$ 7,993,672**

See accompanying notes to financial statements.

Santa Cruz County
Statement of Net Position
Propriety Funds
June 30, 2021

	Business-Type Activities— Enterprise Fund Landfill
Assets	
Current assets:	
Cash and investments	\$ 7,320,943
Due from other governmental units	3,525
Accounts receivable	<u>230,300</u>
Total current assets	<u>7,554,768</u>
Noncurrent assets:	
Net pension and other postemployment benefits asset	1,307
Capital assets	
Nondepreciable	229,996
Depreciable (net)	<u>2,825,383</u>
Total noncurrent assets	<u>3,056,686</u>
Total assets	<u>10,611,454</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions and OPEB	<u>92,584</u>
Total deferred outflows of resources	<u>92,584</u>
Liabilities	
Current liabilities:	
Accounts payable	144,723
Accrued payroll and employee benefits	18,946
Installment purchase contracts payable—current portion	47,026
Compensated absences payable—current portion	<u>21,647</u>
Total current liabilities	<u>232,342</u>
Noncurrent liabilities:	
Landfill closure and postclosure care costs payable	2,252,705
Installment purchase contracts payable	135,212
Compensated absences payable	38,499
Net pension and OPEB liability	<u>584,593</u>
Total noncurrent liabilities	<u>3,011,009</u>
Total liabilities	<u>3,243,351</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions and OPEB	<u>46,907</u>
Total deferred inflows of resources	<u>46,907</u>
Net Position	
Net investment in capital assets	2,873,141
Unrestricted	<u>4,540,639</u>
Total net position	<u>\$ 7,413,780</u>

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, 2021

	Business-Type Activities— Enterprise Fund Landfill
Operating revenues:	
Landfill fees	\$ 3,453,430
Other	90
Total operating revenues	3,453,520
 Operating expenses:	
Personal services	414,968
Professional services	379,234
Supplies	34,954
Utilities	47,880
Repairs and maintenance	297,921
Recycling program	45,356
Insurance	5,293
Landfill closure and postclosure care costs	117,972
Depreciation	244,932
Other	667,071
Total operating expenses	2,255,581
 Operating income	1,197,939
 Nonoperating revenues (expenses):	
Investment earnings	3,325
Interest expense on capital leases	(9,448)
Total nonoperating revenues (expenses)	(6,123)
 Income before contributions, gains, losses, and transfers	1,191,816
 Transfers in	4,812
Capital contribution to governmental activities	(3,222)
 Increase in net position	1,193,406
 Net position, July 1, 2020	6,220,374
 Net position, June 30, 2021	\$ 7,413,780

See accompanying notes to financial statements.

Santa Cruz County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

	Business-Type Activities— Enterprise Fund Landfill
Cash flows from operating activities	
Receipts from customers	\$ 3,453,014
Payments to suppliers and providers of goods and services	(1,427,858)
Payments to employees	(414,413)
Net cash provided by operating activities	1,610,743
Cash flows from noncapital financing activities	
Cash transfers from governmental funds	4,812
Non-operating payment owed from governmental funds	20,957
Net cash provided by noncapital and related financing activities	25,769
Cash flows from capital and related financing activities	
Principal paid on installment purchase contracts	(45,131)
Cash contributions made for capital purposes	(3,222)
Interest paid on capital leases	(9,448)
Net cash used for capital and related financing activities	(57,801)
Cash flows from investing activities	
Interest received on investments	3,325
Net cash provided by investing activities	3,325
Net increase in cash and cash equivalents	1,582,036
Cash and cash equivalents, July 1, 2020	5,738,907
Cash and cash equivalents, June 30, 2021	\$ 7,320,943
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 1,197,939
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	244,932
Changes in assets, deferred outflows of resources, liabilities, and deferred inflow of resources:	
Increase and decrease in:	
Due from other governmental units	7,723
Accounts receivable	(8,229)
Prepaid items	291
Deferred outflows related to pensions and other postemployment benefits	(33,268)
Accounts payable	49,560
Accrued payroll and employee benefits	2,297
Compensated absences payable	5,243
Landfill closure and postclosure care costs payable	117,972
Deferred inflows related to pensions and other postemployment benefits	(25,692)
Net pension/OPEB asset	(918)
Net pension/OPEB liability	52,893
Net cash provided by operating activities	\$ 1,610,743

See accompanying notes to financial statements.

Santa Cruz County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Investment Trust Funds	Private-Purpose Trust Funds	Custodial funds	
			External Investment Pool	Other
Assets				
Cash and investments	\$ 65,286	\$ 431,510	\$ 40,707,814	\$ 5,110,231
Taxes receivable for other governments				1,584,513
Total assets	<u>65,286</u>	<u>431,510</u>	<u>40,707,814</u>	<u>6,694,744</u>
Liabilities				
Due to other governments				3,567,543
Due to others				406,347
Total liabilities				<u>3,973,890</u>
Net position				
Restricted for:				
Pool participants			40,707,814	
Individuals, organizations, and other governments	<u>65,286</u>	<u>431,510</u>		<u>2,720,854</u>
Total net position	<u>\$ 65,286</u>	<u>\$ 431,510</u>	<u>\$ 40,707,814</u>	<u>\$ 2,720,854</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2021

	Investment Trust Funds	Private-Purpose Trust Funds	Custodial funds	
			External Investment Pool	Other
Additions:				
Contributions from pool participants			\$ 113,103,581	
Property/sales tax collections for other governments				\$ 12,530,330
Collections for individuals		\$ 521,247		2,476,106
Investment earnings	\$ 80	13	18,222	1,378
Inmate collections				117,967
Other				1,440,656
Total additions	80	521,260	113,121,803	16,566,437
Deductions:				
Distributions to pool participants			105,402,234	
Beneficiary payments to individuals		429,642		835,500
Property/sales tax distributions to other governments				12,126,005
Administrative expense		15,439		78,175
Payments to inmates				38,109
Other				3,127,754
Total deductions		445,081	105,402,234	16,205,543
Net increase in fiduciary net position	80	76,179	7,719,569	360,894
Net position, July 1, 2020, as restated	65,206	355,331	32,988,245	2,359,960
Net position, June 30, 2021	\$ 65,286	\$ 431,510	\$ 40,707,814	\$ 2,720,854

See accompanying notes to financial statements.

Santa Cruz County
Notes to Financial Statements
June 30, 2021

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).

For the year ended June 30, 2021, the County implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes. As a result, the County's fiduciary fund financial statements have been modified to reflect the implementation of this new guidance, including reclassifying activities previously reported in agency funds to custodial or governmental funds, as applicable.

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.

Santa Cruz County
Notes to Financial Statements
June 30, 2021

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.

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

Santa Cruz County
Notes to Financial Statements
June 30, 2021

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.

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 *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 *Health Services Fund* accounts for a variety of health service and education programs including Environmental Health, Immunization, Bioterrorism, Smoke Free Arizona, and infectious and contagious diseases. Revenue sources include federal and state grants, charges for services provided, and operating transfers from the General Fund.

The *American Rescue Plan Act Fund* accounts for specific federal assistance allocated to the county to support efforts in minimizing the spread of the COVID-19 virus and provide immediate economic relief to the county and its businesses and households due to the public health emergency.

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 *Fiduciary Funds* consist of investment trust funds, which account for individual investment accounts that the County Treasurer holds in trust and invests on behalf of other governmental entities; private-purpose trust funds, which account for assets the County's Public Fiduciary holds in trust for the benefit of various parties; and custodial funds, which account for other fiduciary activities, including the pooled assets the County Treasurer holds and invests on behalf of other governmental entities that are not held in trust and the County Treasurer's receipt and distribution of taxes for other governmental entities.

Santa Cruz County
Notes to Financial Statements
June 30, 2021

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. 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 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 net position 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

Santa Cruz County
Notes to Financial Statements
June 30, 2021

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.

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, 2021

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.

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.

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-

Santa Cruz County
Notes to Financial Statements
June 30, 2021

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 \$1,657 in credit card rebates during fiscal year 2021.

Note 2 – Change in Accounting Principle

Net position as of July 1, 2020, has been restated as follows for the implementation of GASB Statement No. 84, Fiduciary Activities.

	<u>Investment Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Custodial funds</u>	
			<u>External Investment Pools</u>	<u>Other</u>
Net position as previously reported at June 30, 2020	\$ 36,535,018			
Prior period adjustment—implementation of GASB 84:				
Reclassification of investment pools	(36,469,812)		\$32,988,245	\$ 3,481,567
Reclassification of agency fund activities		\$355,331		1,217,390
Recognition of liability				(3,481,567)
Recognition of receivable				1,142,570
Net position as restated, July 1, 2020	<u>\$ 65,206</u>	<u>\$355,331</u>	<u>\$32,988,245</u>	<u>\$ 2,359,960</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2021

Note 3 – Stewardship, Compliance, and Accountability

Deficit fund balances—At June 30, 2021, the following nonmajor funds reported deficits in fund balance:

Fund	Deficit
Governmental funds:	
Special revenue	
Homeland Security	\$295,018
WIOA	129,863
Animal Control	27,346
Capital projects	
Airport	16,581
Other	5,298
Debt Service Fund	2,598

Note 4 – 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.

Santa Cruz County
Notes to Financial Statements
June 30, 2021

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.

Deposits—At June 30, 2021, the carrying amount of the County's deposits was \$55,865,310, and the bank balance was \$56,398,371. The County does not have a formal policy related to custodial credit risk for deposits.

Investments—The County had total investments of \$28,925,318 at June 30, 2021. 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>\$14,146,577</u>	<u>\$14,146,577</u>

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

The County also had investments of \$14,778,741 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, 2021, credit risk for the County's investments was as follows:

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Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pool 5	AAAf/S1+	Standard and Poor's	\$14,775,534
State Treasurer's investment pool 7	Unrated	Not applicable	3,207
U.S. Government money market fund	AAAm	Standard and Poor's	<u>14,146,577</u>
			<u>\$28,925,318</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, 2021, the County had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (In Years)
State Treasurer's investment pool 5	\$14,775,534	0.19
State Treasurer's investment pool 7	3,207	0.15
U.S. Government money market fund	<u>14,146,577</u>	0.07
	<u>\$28,925,318</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	55,865,310
Amount of investments	<u>28,925,318</u>
Total	<u>\$84,796,916</u>

Statement of Net Position:

	Governmental Activities	Business- Type Activities	Investment Trust Funds	Private- Purpose Trust Funds	Custodial Funds		Total
					External Investment Pools	Other	
Cash and investments	\$31,014,555	\$7,320,943	\$65,286	\$431,510	\$40,707,814	\$5,110,231	\$84,650,339
Cash and investments held by trustee	<u>146,577</u>						<u>146,577</u>
	<u>\$31,161,132</u>	<u>\$7,320,943</u>	<u>\$65,286</u>	<u>\$431,510</u>	<u>\$40,707,814</u>	<u>\$5,110,231</u>	<u>\$84,796,916</u>

Santa Cruz County
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Note 5 – 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 \$1,567,851 of deposits, \$146,577 of investments in U.S. Government money market fund and \$12,343,589 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 4 for disclosure of the County’s deposit and investment risks.

Details of the major investment classification follow:

Investment Type	Principal	Interest Rates	Maturities	Amount
U.S. Government money market fund	\$14,000,000	None stated	None stated	\$14,000,000
State Treasurer’s investment pool 5	2,435,152	None stated	None stated	2,435,152

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

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Statement of Fiduciary Net Position:

Assets	\$ 70,733,811
Net position	<u>\$ 70,733,811</u>
Net position held for:	
Internal participants	\$ 26,052,107
External participants	<u>44,681,704</u>
Total net position	<u>\$ 70,733,811</u>

Statement of Changes in Fiduciary Net Position:

Total additions	\$181,757,799
Total deductions	<u>166,914,759</u>
Net increase	14,843,040
Net position	
July 1, 2020	<u>55,890,771</u>
June 30, 2021	<u>\$ 70,733,811</u>

Note 6 – Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2021, for the County's individual major funds and nonmajor funds in the aggregate are shown as follows:

Description	Governmental Activities					Business- Type Activities	Total
	General Fund	Jail District Fund	Road Fund	Health Services Fund	Other Governmental Funds		
County half-cent sales tax	\$ 580,591	\$580,591					\$1,161,182
State shared sales tax	1,217,671						1,217,671
State vehicle license tax	89,219						89,219
State shared overweight permits			\$ 52,800				52,800
Highway user revenue			427,238				427,238
Federal and state reimbursement grants	53,525	171,797		\$738,475	\$ 1,691,259		2,655,056
Miscellaneous	<u>120,531</u>				<u>3,112</u>	<u>\$ 3,525</u>	<u>127,168</u>
	<u>\$2,061,537</u>	<u>\$752,388</u>	<u>\$480,038</u>	<u>\$738,475</u>	<u>\$ 1,694,371</u>	<u>\$ 3,525</u>	<u>\$5,730,334</u>

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Note 7 – Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Primary Government			Balance June 30, 2021
	Balance July 1, 2020	Increases	Decreases	
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 22,352,410			\$ 22,352,410
Construction in Progress	918,923	\$ 54,756	\$ 973,679	-
Total Capital assets not being depreciated	<u>23,271,333</u>	<u>54,756</u>	<u>973,679</u>	<u>22,352,410</u>
Capital assets being depreciated:				
Buildings	74,594,594			74,594,594
Improvements other than buildings	6,424,268	6,255		6,430,523
Construction equipment and vehicles	12,871,253	206,371		13,077,624
Furniture and equipment	12,681,163	357,298		13,038,461
Infrastructure	<u>86,788,209</u>	<u>967,423</u>	-	<u>87,755,632</u>
Total capital assets being depreciated	<u>193,359,487</u>	<u>1,537,347</u>	-	<u>194,896,834</u>
Less accumulated depreciation for:				
Buildings	22,766,171	1,848,432		24,614,603
Improvements other than buildings	3,342,121	350,581		3,692,702
Construction equipment and vehicles	10,994,851	774,176		11,769,027
Furniture and equipment	11,745,237	349,515		12,094,752
Infrastructure	<u>54,261,650</u>	<u>1,521,931</u>	-	<u>55,783,581</u>
Total accumulated depreciation	<u>103,110,030</u>	<u>4,844,635</u>	-	<u>107,954,665</u>
Total capital assets being depreciated, net	<u>90,249,457</u>	<u>(3,307,288)</u>	-	<u>86,942,169</u>
Governmental activities capital assets, net	<u>\$ 113,520,790</u>	<u>\$ (3,252,532)</u>	<u>\$ 973,679</u>	<u>\$ 109,294,579</u>

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	Primary Government			Balance June 30, 2021
	Balance July 1, 2020	Increases	Decreases	
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 229,996	\$ -	\$ -	\$ 229,996
Total Capital assets not being depreciated	<u>229,996</u>	<u>-</u>	<u>-</u>	<u>229,996</u>
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	72,182	-	-	72,182
Total capital assets being depreciated	<u>6,775,042</u>	<u>-</u>	<u>-</u>	<u>6,775,042</u>
Less accumulated depreciation for:				
Buildings	159,153	6,156		165,309
Improvements other than buildings	1,725,264	130,274		1,855,538
Construction equipment and vehicles	1,762,202	99,774		1,861,976
Furniture and equipment	58,108	8,728	-	66,836
Total accumulated depreciation	<u>3,704,727</u>	<u>244,932</u>	<u>-</u>	<u>3,949,659</u>
Total capital assets being depreciated, net	<u>3,070,315</u>	<u>(244,932)</u>	<u>-</u>	<u>2,825,383</u>
Business-type activities capital assets, net	<u>\$ 3,300,311</u>	<u>\$ (244,932)</u>	<u>\$ -</u>	<u>\$ 3,055,379</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 1,011,186
Public safety	1,788,632
Highways and streets	1,888,532
Health, welfare and sanitation	53,913
Education and economic opportunity	45,395
Recreation	56,977
Total governmental activities depreciation expense	<u>\$ 4,844,635</u>

Business-type activities:

Landfill	\$ 244,932
Total business-type activities depreciation expense	<u>\$ 244,932</u>

Note 8 – Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2021:

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	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>1 Year</u>
Governmental activities					
Pledged revenue obligations payable	\$ 36,545,000	\$ 4,765,000	\$ 2,840,000	\$ 38,470,000	\$ 2,920,000
Pledged revenue obligations Premium payable	3,811,065		332,118	3,478,947	332,118
Long-term loans payable	5,307,822		4,994,852	312,970	206,847
Installment purchase contracts	349,637		171,353	178,284	178,284
Obligations under capital leases	782,374		150,389	631,985	150,567
Net pension and OPEB liabilities	38,383,711	3,347,532		41,731,243	
Compensated absences payable	2,123,348	986,425	1,069,488	2,040,285	935,507
Estimated liabilities for claims and judgments	75,000	-	-	75,000	-
Total governmental activities long-term liabilities	<u>\$ 87,377,957</u>	<u>\$ 9,098,957</u>	<u>\$ 9,558,200</u>	<u>\$ 86,918,714</u>	<u>\$ 4,723,323</u>
Business-type activities					
Installment purchase contracts	\$ 227,369		\$ 45,131	\$ 182,238	\$ 47,026
Net pension and OPEB liabilities	531,700	\$ 52,893		584,593	
Compensated absences payable	54,903	27,099	21,856	60,146	21,647
Landfill closure and postclosure care costs payable	2,134,733	117,972	-	2,252,705	-
Total business-type activities long-term liabilities	<u>\$ 2,948,705</u>	<u>\$ 197,964</u>	<u>\$ 66,987</u>	<u>\$ 3,079,682</u>	<u>\$ 68,673</u>

Pledged revenue refunding obligations payable—The County has issued pledged revenue refunding obligations that are generally callable with interest payable semiannually. The Series 2020 pledged revenue refunding obligations of \$4,765,000 were issued to refund the remaining outstanding principal balance of \$4,765,000 relating to the U.S. Bank National Association series 2012 loan. 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, 2021, were as follows:

Description	Original Amount Issued	Interest Rates	Maturities	Outstanding Principal June 30, 2021
Santa Cruz Pledged Revenue Refunding Obligations, Series 2020	\$ 4,765,000	2.25%	2022-2028	\$ 4,190,000
Santa Cruz Pledged Revenue Refunding Obligations, Series 2017-2	\$ 3,675,000	2.13%	2022-2026	2,305,000
Santa Cruz Pledged Revenue Refunding Obligations, Series 2017	29,515,000	4%-5%	2022-2031	22,700,000
Santa Cruz Pledged Revenue Refunding Obligations, Series 2016	9,495,000	2%-4%	2022-2038	9,275,000
				<u>\$38,470,000</u>

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The following schedule details debt service requirements to maturity for the County's pledged revenue obligations payable at June 30, 2021:

<u>Year Ending June 30</u>	Governmental Activities	
	Principal	Interest
2022	\$ 2,920,000	\$ 1,565,234
2023	3,015,000	1,467,836
2024	3,115,000	1,366,875
2025	3,215,000	1,262,238
2026	3,345,000	1,133,158
2027-2031	17,150,000	3,427,300
2032-2036	3,930,000	725,138
2037-2038	1,780,000	83,906
Total	<u>\$38,470,000</u>	<u>\$11,031,685</u>

Long-term loans payable—The County's long-term loans payable includes a loan agreement 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, 2021, were as follows:

<u>Description</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Outstanding Principal July 1, 2020</u>	<u>Issues</u>	<u>Retirements</u>	<u>Outstanding Principal June 30, 2021</u>
2018 equipment loan	3.47%	2022-2023	\$512,822	\$ -	\$199,852	\$312,970

The following schedule details debt service requirements to maturity for the County's loans payable at June 30, 2021:

<u>Year Ending June 30</u>	Governmental Activities	
	Principal	Interest
2022	\$206,847	\$ 9,081
2023	106,123	1,841
Total	<u>\$312,970</u>	<u>\$10,922</u>

For the series 2016, 2017-2 and 2020 pledged revenue refunding obligations, the County has pledged a portion of its future general excise tax and state shared revenues toward the debt payments related to revenue refunding obligations. For fiscal year 2021, the County received general excise tax revenues of \$4,859,750 and state shared revenues net of other statutory claims of \$4,533,032 and the total principal and interest payments were \$45,000 and \$345,513 for the series 2016 revenue refunding obligations, \$445,000 and \$58,575 for the series 2017-2 revenue refunding obligations, and \$575,000 and \$78,653 for the 2020 revenue refunding obligations. At June 30, 2021, future debt service requirements through final maturity at July 1,

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2038, totaled \$20,245,935 consisting of total principal and interest remaining to be paid on the revenue refunding obligations of \$15,770,000 and \$4,475,935, respectively. Future principal and interest payments are expected to require 13 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 2021, the County received Jail District excise tax revenues of \$4,859,696 and made maintenance of effort payments of \$3,785,303, and the total principal and interest payments were \$1,775,000 and \$1,148,219. At June 30, 2021, future pledged revenues through final maturity at July 1, 2031, totaled \$29,255,750 consisting of \$22,700,000 for principal and \$6,555,750 for interest. Future principal and interest payments are expected to require 34 percent of pledged County's Jail District excise tax revenue and the maintenance of effort payments from the County's General Fund.

Refunded 2012 Series Loan Agreement with U.S. Bank National Association—In October 2020, the County issued pledged revenue refunding obligations, series 2020, with an interest rate of 2.25 percent to current-refund the higher-rate series 2012 loan with an interest rate of 3.82 percent. The County realized net proceeds of \$4,652,707 after payment of \$112,293 in issuance costs. The refunded debt is considered defeased, and related liabilities are not included in the County's financial statements. Details of the refunding transactions are as follows:

Amount of Pledged Revenue Refunding Obligations, Series 2020 issued	\$4,765,000
2012 Series Flood Control Loan refunded	4,795,000
Reduction in debt service payments	390,769
Economic gain	233,295

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, 2021:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
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>\$ 178,284</u>	<u>\$ 5,376</u>	<u>\$ 182,238</u>	<u>\$ 18,063</u>

Obligations under capital leases—The County has acquired a building 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

Santa Cruz County
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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
Vehicles	603,127
Less: accumulated depreciation	<u>579,074</u>
Carrying value	<u>\$1,049,893</u>

The following schedule details minimum lease payments to maturity for the County's obligations under capital leases at June 30, 2021:

Year Ending June 30	Governmental Activities
2022	\$151,285
2023	151,285
2024	171,627
2025	117,592
2026	<u>42,279</u>
Total minimum lease payments	634,068
Less amount representing interest	<u>2,083</u>
Present value of net minimum lease payments	<u>\$631,985</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 \$2,252,705 reported as landfill closure and postclosure care liability at June 30, 2021, represents the cumulative amount reported to date based on the use of 53 percent and 51 percent of the estimated capacity of the Rio Rico Sanitary Landfill and Sonoita Elgin Landfill, respectively. The County will recognize the remaining estimated cost of closure and postclosure care of \$2,076,341 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2021 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 2037 and Sonoita Elgin Landfill in 2083.

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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 2021, the County paid for compensated absences as follows: 50 percent from the General Fund, 14 percent from the Jail District Fund, 5 percent from the Road Fund, 3 percent from the Health Services Fund, 27 percent from the Other Governmental Funds, and 1 percent from the Enterprise Fund.

Note 9 – Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2021, were as follows:

	<u>General Fund</u>	<u>Jail District Fund</u>	<u>Road Fund</u>	<u>Health Services Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Prepaid items	\$ 58,733		\$ 157	\$ 5,862	\$ 24,639	\$ 89,391
Total nonspendable	<u>58,733</u>	<u>-</u>	<u>157</u>	<u>5,862</u>	<u>24,639</u>	<u>89,391</u>
Restricted for:						
Capital projects					275,199	275,199
Education					915,934	915,934
Flood control					3,342,996	3,342,996
General government					352,454	352,454
Health				57,836	2,784	60,620
Judicial activities					3,197,500	3,197,500
Law enforcement		1,578,752			1,224,803	2,803,555
Public safety					16	16
Social services					133,327	133,327
Streets and highways			1,875,729			1,875,729
Sanitation					215,013	215,013
Total restricted	<u>-</u>	<u>1,578,752</u>	<u>1,875,729</u>	<u>57,836</u>	<u>9,660,026</u>	<u>13,172,343</u>
Assigned to:						
Capital projects					79,919	79,919
Education					18,136	18,136
Health					7,853	7,853
Total assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,908</u>	<u>105,908</u>
Unassigned:	<u>16,080,758</u>	<u>-</u>	<u>-</u>	<u>(671,010)</u>	<u>(867,731)</u>	<u>14,542,017</u>
Total fund balances	<u>\$ 16,139,491</u>	<u>\$ 1,578,752</u>	<u>\$ 1,875,886</u>	<u>\$ (607,312)</u>	<u>\$ 8,922,842</u>	<u>\$ 27,909,659</u>

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Note 10 – 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 \$25,000 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.

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 13 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.

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Note 11 – 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, 2021, 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	\$ 434,951	\$ 1,307	\$ 436,258
Net pension and OPEB liabilities	41,731,243	584,593	42,315,836
Deferred outflows of resources related to pensions and OPEB	7,500,319	92,584	7,592,903
Deferred inflows of resources Related to pensions and OPEB	1,845,949	46,907	1,892,856
Pension and OPEB expense	3,993,785	21,501	4,015,286

The County's accrued payroll and employee benefits includes \$102,076 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2021. Also, the County reported \$3,241,797 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

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

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ASRS	Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
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 earnings. 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, 2021, statute required active ASRS members to contribute at the actuarially determined rate of 12.04 percent for retirement of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.65 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 10.14 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, 2021, were \$1,142,172.

During fiscal year 2021, the County paid for ASRS pension contributions as follows: 57.5 percent from the general fund, 7.7 percent from the Road Fund, 5.1 percent from the Health Services Fund, 3.7 percent from the Jail District Fund, 23.6 percent from other governmental funds, and 2.4 percent from the Landfill Fund.

Pension liability—At June 30, 2021, the County reported a net pension liability of \$15,767,133 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020.

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, 2020. The County's proportion measured as of June 30, 2020, was 0.091000 percent, which was a decrease of 0.002140 from its proportion measured as of June 30, 2019.

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Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2021, the County recognized pension expense for ASRS of \$862,648. At June 30, 2021, 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	\$ 142,641	
Net difference between projected and actual earnings on pension plan investments	1,520,758	
Changes in proportion and differences between county contributions and proportionate share of contributions		\$487,344
County contributions subsequent to the measurement date	<u>1,142,172</u>	
Total	<u>\$2,805,571</u>	<u>\$487,344</u>

The \$1,142,172 reported as deferred outflows of resources related to ASRS 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, 2022. 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	
2022	\$(209,286)
2023	364,903
2024	550,075
2025	470,363

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

ASRS	
Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
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, 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 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	Asset class	Target allocation	Long-term expected geometric real rate of return
	Equity	50%	6.39%
	Fixed income - credit	20%	5.44%
	Fixed income - interest rate sensitive	10%	0.22%
	Real estate	<u>20%</u>	5.85%
	Total	<u>100%</u>	

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	\$21,561,341	\$15,767,133	\$10,923,473

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

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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 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

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PSPRS

Initial membership date:

	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
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	
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:

	Before January 1, 2012	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			
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%

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CORP

Initial membership date:

	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2018	AOC probation and surveillance officers: On or after July 1, 2018
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.

Employees covered by benefit terms—At June 30, 2021, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Sheriff	CORP Detention
Inactive employees or beneficiaries currently receiving benefits	24	6
Inactive employees entitled to but not yet receiving benefits	9	31
Active employees	<u>20</u>	<u>12</u>
Total	<u>53</u>	<u>49</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, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

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	Active member— pension	County— pension
PSPRS Sheriff	7.65% – 11.65%	51.92%
CORP Detention	8.41	9.87
CORP AOC	8.41	33.58

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	39.81%
CORP Detention	6.00

The County's contributions to the pension plans for the year ended June 30, 2021, were:

PSPRS Sheriff	CORP Detention	CORP AOC
\$925,392	\$36,769	\$436,990

During fiscal year 2021, the County paid for PSPRS and CORP pension contributions as follows: 66.8 percent from the General Fund, 18.5 percent from the Jail District Fund, and 14.7 percent from other governmental funds.

Pension liability—At June 30, 2021, the County reported the following net pension liabilities:

	Net Pension Liability
PSPRS Sheriff	\$11,771,551
CORP Detention	288,633
CORP AOC (County's proportionate share)	5,331,704

The net pension liabilities were measured as of June 30, 2020, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

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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, 2020
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, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

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	Target	Long-term expected
Asset class	allocation	geometric real rate
		of return
U.S. public equity	23%	4.93%
International public equity	15%	6.09%
Global private equity	18%	8.42%
Other assets (capital appreciation)	7%	5.61%
Core bonds	2%	0.22%
Private credit	22%	5.31%
Diversifying strategies	12%	3.22%
Cash - Mellon	<u>1%</u>	-0.60%
Total	<u>100%</u>	

Pension discount rates—At June 30, 2020, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.3 percent. 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, 2020	<u>\$18,913,787</u>	<u>\$8,099,193</u>	<u>\$10,814,594</u>
Adjustment to beginning of year		<u>(57,995)</u>	<u>(57,995)</u>
Changes for the year:			
Service cost	291,160		291,160
Interest on the total pension liability	1,366,779		1,366,779
Differences between expected and actual experience in the measurement of the pension liability	562,477		562,477
Contributions—employer		1,092,623	(1,092,623)
Contributions—employee		133,341	(133,341)
Net investment income		103,967	(103,967)
Benefit payments, including refunds of employee contributions	(963,885)	(963,885)	
Administrative expense		<u>(8,477)</u>	<u>8,477</u>
Net changes	<u>1,256,531</u>	<u>357,569</u>	<u>898,962</u>
Balances at June 30, 2021	<u>\$20,170,318</u>	<u>\$8,398,767</u>	<u>\$11,771,551</u>

CORP Detention	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
Balances at June 30, 2020	<u>\$2,942,637</u>	<u>\$2,693,775</u>	<u>\$ 248,862</u>
Adjustment to beginning of year		<u>(21,512)</u>	<u>(21,512)</u>
Changes for the year:			
Service cost	117,386		117,386
Interest on the total pension liability	215,072		215,072
Differences between expected and actual experience in the measurement of the pension liability	(259,989)		(259,989)
Contributions—employer		33,252	(33,252)
Contributions—employee		33,910	(33,910)
Net investment income		72,525	(72,525)
Benefit payments, including refunds of employee contributions	(227,665)	(227,665)	
Administrative expense		(2,807)	2,807
Other changes		<u>(82,670)</u>	<u>82,670</u>
Net changes	<u>(155,196)</u>	<u>(173,455)</u>	<u>18,259</u>
Balances at June 30, 2021	<u>\$2,787,441</u>	<u>\$2,498,808</u>	<u>\$ 288,633</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 contributions for the year ended June 30, 2020. The County's proportion measured as of

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June 30, 2020, was 1.1161970 percent, which was a decrease of 0.1109520 from its proportion measured as of June 30, 2019.

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	\$14,487,046	\$11,771,551	\$9,561,818
CORP Detention			
Net pension liability (asset)	\$ 670,861	\$ 288,633	\$ (17,359)
CORP AOC			
County's proportionate share of the net pension liability	\$ 6,772,979	\$ 5,331,704	\$4,154,362

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, 2021, the County recognized the following pension expense:

	Pension expense
PSPRS Sheriff	\$1,488,070
CORP Detention	100,773
CORP AOC (County's proportionate share)	519,559

Pension deferred outflows/inflows of resources—At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS Sheriff	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 562,133	\$390,214
Changes of assumptions or other inputs	247,789	
Net difference between projected and actual earnings on pension plan investments	501,267	
County contributions subsequent to the measurement date	<u>925,392</u>	
Total	<u>\$2,236,581</u>	<u>\$390,214</u>

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CORP Detention	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience		\$280,760
Changes of assumptions or other inputs	\$ 42,091	
Net difference between projected and actual earnings on pension plan investments	105,247	
County contributions subsequent to the measurement date	<u>36,769</u>	
Total	<u>\$184,107</u>	<u>\$280,760</u>
CORP AOC	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 555,331	\$ 63,420
Changes of assumptions or other inputs	171,462	
Net difference between projected and actual earnings on pension plan investments	231,131	
Changes in proportion and differences between county contributions and proportionate share of contributions		530,584
County contributions subsequent to the measurement date	<u>436,990</u>	
Total	<u>\$1,394,914</u>	<u>\$594,004</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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PSPRS Sheriff	CORP Detention	CORP AOC
Year ending June 30			
2022	\$ 203,995	\$(118,484)	\$ 76,296
2023	333,222	(73,986)	91,913
2024	285,299	35,730	154,098
2025	98,459	23,318	41,613

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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, 2021, 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, 2021, the County recognized pension expense of \$13,335.

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 plan 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:

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

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EORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
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, 2021, 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 49.39 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 and judges. The County's contributions to the pension plan for the year ended June 30, 2021, were \$609,590.

During fiscal year 2021, 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, 2021, 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

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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	\$9,041,475
State's proportionate share of the EORP net pension liability associated with the County	<u>859,320</u>
Total	<u>\$9,900,795</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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, 2020. The County's proportion measured as of June 30, 2020, was 1.3395540 percent, which was a decrease of 0.00200680 from its proportion measured as of June 30, 2019.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2021, the County recognized negative pension expense for EORP of \$1,045,272 and revenue of \$236,413 for the County's proportionate share of the State's appropriation to EORP and the designated court fees. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience		\$ 7,421
Net difference between projected and actual earnings on pension plan investments	\$174,237	
Changes in proportion and differences between county contributions and proportionate share of contributions		66,352
County contributions subsequent to the measurement date	<u>609,590</u>	
Total	<u>\$783,827</u>	<u>\$73,773</u>

The \$609,590 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, 2022. 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	
2022	\$(49,908)
2023	56,155
2024	54,939
2025	39,278

Santa Cruz County
Notes to Financial Statements
June 30, 2021

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

EORP

Actuarial valuation date	June 30, 2020
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, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

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) 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

Asset class	Target allocation	Long-term expected geometric real rate of return
U.S. public equity	23%	4.93%
International public equity	15%	6.09%
Global private equity	18%	8.42%
Other assets (capital appreciation)	7%	5.61%
Core bonds	2%	0.22%
Private credit	22%	5.31%
Diversifying strategies	12%	3.22%
Cash - Mellon	<u>1%</u>	-0.60%
Total	<u>100%</u>	

Discount rate—At June 30, 2020, the discount rate used to measure the EORP total pension liability was 7.3 percent. 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.

Santa Cruz County
Notes to Financial Statements
June 30, 2021

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	\$10,314,441	\$9,041,475	\$7,953,053

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

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.

For the year ended June 30, 2021, 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, 2021, the County recognized pension expense of \$12,974.

Note 12 – Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2021, were as follows:

Payable from	<u>Payable to General Fund</u>
Health Services Fund	\$ 598,439
Other Governmental Funds	<u>925,813</u>
Total	<u>\$1,524,252</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, 2021

Interfund transfers—Interfund transfers for the year ended June 30, 2021, were as follows:

	Transfers to						Total
	General Fund	Jail District Fund	Road Fund	Health Services Fund	Other Governmental Funds	Landfill Fund	
Transfers from							
General Fund		\$ 3,785,303		\$ 93,509	\$ 1,367,276		\$ 5,246,088
Road Fund						\$ 3,648	3,648
Health Services Fund	\$ 3,971						3,971
Other Governmental Funds	61,556	356	\$ 188,373		126,751	1,164	378,200
Total	\$ 65,527	\$ 3,785,659	\$ 188,373	\$ 93,509	\$ 1,494,027	\$ 4,812	\$ 5,631,907

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 2021 was \$3,785,303 from General Fund to Jail District Fund for the maintenance of effort payment.

Required Supplementary Information

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2021

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 16,523,657	\$ 19,948,672	\$ 3,425,015
Intergovernmental	9,464,301	11,532,920	2,068,619
Licenses and permits	300,000	881,530	581,530
Charges for services	666,000	800,291	134,291
Fines and forfeits	512,500	586,368	73,868
Investment earnings	70,000	5,725	(64,275)
Rents		108,375	108,375
Miscellaneous		42,284	42,284
Total revenues	<u>\$ 27,536,458</u>	<u>\$ 33,906,165</u>	<u>\$ 6,369,707</u>
Expenditures			
Current:			
General government			
Airport	56,920	49,071	7,849
Assessor	881,584	777,372	104,212
Board of Supervisors	5,375,057	2,904,689	2,470,368
Central Permits	59,762	45,171	14,591
Clerk of Superior Court	947,373	801,512	145,861
Constable #1	107,950	98,614	9,336
County Attorney	1,489,560	1,582,056	(92,496)
Elections	440,226	315,402	124,824
Finance	1,517,086	431,217	1,085,869
GIS	49,000	36,735	12,265
Grounds and Maintenance	2,641,709	1,435,297	1,206,412
Information Technology	1,310,230	1,497,433	(187,203)
Justice Court #1	865,342	877,412	(12,070)
Planning and Zoning	383,800	282,832	100,968
Recorder	325,466	306,779	18,687
Recorder - Election	211,066	125,181	85,885
Superior Court	1,935,874	1,610,888	324,986
Treasurer	541,820	621,309	(79,489)
Total general government	<u>19,139,825</u>	<u>13,798,970</u>	<u>5,340,855</u>

(Continued)

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2021
(Concluded)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Public safety			
Adult Probation	\$ 638,867	\$ 460,230	\$ 178,637
Juvenile Probation		51,000	(51,000)
Building Codes	219,519	206,187	13,332
Emergency Services	309,764	266,921	42,843
Sheriff	<u>4,519,130</u>	<u>2,745,003</u>	<u>1,774,127</u>
Total public safety	<u>5,687,280</u>	<u>3,729,341</u>	<u>1,957,939</u>
 Health, welfare and sanitation			
Public Fiduciary	<u>3,448,201</u>	<u>3,316,888</u>	<u>131,313</u>
Total health, welfare and sanitation	<u>3,448,201</u>	<u>3,316,888</u>	<u>131,313</u>
 Education and economic opportunity			
School Superintendent	<u>456,110</u>	<u>450,980</u>	<u>5,130</u>
Total education and economic opportunity	<u>456,110</u>	<u>450,980</u>	<u>5,130</u>
 Recreation			
Parks	<u>309,182</u>	<u>245,934</u>	<u>63,248</u>
Total recreation	<u>309,182</u>	<u>245,934</u>	<u>63,248</u>
 Total expenditures	<u>29,040,598</u>	<u>21,542,113</u>	<u>7,498,485</u>
 Excess (deficiency) of revenues over expenditures	(1,504,140)	12,364,052	13,868,192
 Other financing sources (uses)			
Transfers in		65,527	65,527
Transfers out	<u>(5,474,353)</u>	<u>(5,246,088)</u>	<u>228,265</u>
Total other financing sources (uses)	<u>(5,474,353)</u>	<u>(5,180,561)</u>	<u>293,792</u>
 Net change in fund balance	(6,978,493)	7,183,491	14,161,984
 Fund balance, July 1, 2020	<u>6,978,493</u>	<u>8,956,000</u>	<u>1,977,507</u>
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ 16,139,491</u>	<u>\$ 16,139,491</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
Jail District Fund
Year Ended June 30, 2021

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 2,112,000	\$ 4,859,696	\$ 2,747,696
Intergovernmental	2,427,829	424,253	(2,003,576)
Charges for services	2,000	1,324	(676)
Investment earnings		502	502
Miscellaneous		86	86
Total revenues	<u>4,541,829</u>	<u>5,285,861</u>	<u>744,032</u>
Expenditures			
Current:			
Public safety			
Juvenile Detention	2,066,935	1,945,279	121,656
Sheriff's Office	5,705,892	5,568,759	137,133
Health			
Environmental Health	<u>527,723</u>	<u>380,805</u>	<u>146,918</u>
Total expenditures	<u>8,300,550</u>	<u>7,894,843</u>	<u>405,707</u>
Excess (deficiency) of revenues over expenditures	(3,758,721)	(2,608,982)	1,149,739
Other financing sources			
Transfers in	<u>3,757,581</u>	<u>3,785,659</u>	<u>28,078</u>
Total other financing sources	<u>3,757,581</u>	<u>3,785,659</u>	<u>28,078</u>
Net change in fund balances	(1,140)	1,176,677	1,177,817
Fund balance, July 1, 2020	<u>1,140</u>	<u>402,075</u>	<u>400,935</u>
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ 1,578,752</u>	<u>\$ 1,578,752</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Budgetary Comparison Schedule
 Road Fund
 Year Ended June 30, 2021

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 4,150,000	\$ 5,838,011	\$ 1,688,011
Investment earnings		1,569	1,569
Miscellaneous	<u>50,000</u>	<u>150,619</u>	<u>100,619</u>
Total Revenues	<u>4,200,000</u>	<u>5,990,199</u>	<u>1,790,199</u>
Expenditures			
Highways and streets	<u>6,003,857</u>	<u>5,712,809</u>	<u>291,048</u>
Total expenditures	<u>6,003,857</u>	<u>5,712,809</u>	<u>291,048</u>
Excess (deficiency) of revenues over expenditures	(1,803,857)	277,390	2,081,247
Other financing sources (uses)			
Transfers in	7,500	188,373	180,873
Transfers out	<u> </u>	<u>(3,648)</u>	<u>(3,648)</u>
Total other financing sources (uses)	<u>7,500</u>	<u>184,725</u>	<u>177,225</u>
Net change in fund balance	(1,796,357)	462,115	2,258,472
Fund balance, July 1, 2020	<u>1,796,357</u>	<u>1,413,771</u>	<u>(382,586)</u>
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ 1,875,886</u>	<u>\$ 1,875,886</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Budgetary Comparison Schedule
 Health Services Fund
 Year Ended June 30, 2021

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 5,863,530	\$ 1,128,353	\$ (4,735,177)
Charges for services	140,000	219,613	79,613
Investment earnings	<u> </u>	<u> 9</u>	<u> 9</u>
Total Revenues	<u>6,003,530</u>	<u>1,347,975</u>	<u>(4,655,555)</u>
Expenditures			
Health	<u>6,644,555</u>	<u>2,268,581</u>	<u>4,375,974</u>
Total expenditures	<u>6,644,555</u>	<u>2,268,581</u>	<u>(4,375,974)</u>
Excess (deficiency) of revenues over expenditures	(641,025)	(920,606)	(279,581)
Other financing sources (uses)			
Transfers in	358,933	93,509	(265,424)
Transfers out	<u> </u>	<u> (3,971)</u>	<u> (3,971)</u>
Total other financing sources	<u>358,933</u>	<u>89,538</u>	<u>(269,395)</u>
Net change in fund balance	(282,092)	(831,068)	(548,976)
Fund balance, July 1, 2020	<u>282,092</u>	<u>223,756</u>	<u>(58,336)</u>
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ (607,312)</u>	<u>\$ (607,312)</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2021

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 – Expenditures in Excess of Appropriations

For the year ended June 30, 2021, expenditures exceeded final budget amounts at the department/fund level (the legal level of budgetary control) as follows:

Department/Fund	Excess
County Attorney – General Fund	\$ 92,496
Information Technology – General Fund	187,203
Justice Court #1 – General Fund	12,070
Treasurer – General Fund	79,489
Juvenile Probation – General Fund	51,000

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, 2021

Arizona State Retirement System	Reporting Fiscal Year (Measurement Date)							2014 through 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	0.09%	0.09%	0.10%	0.10%	0.10%	0.10%	0.10%	
County's proportionate share of the net pension liability	\$ 15,767,133	\$ 13,552,954	\$ 13,815,384	\$ 16,043,834	\$ 16,145,847	\$ 15,579,144	\$ 14,450,456	
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	Information not available
County's proportionate share of the net pension liability as a percentage of its covered payroll	160.22%	138.66%	140.95%	165.64%	166.96%	169.70%	163.65%	
Plan fiduciary net position as a percentage of the total pension liability	69.33%	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 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	1.12%	1.23%	1.27%	1.34%	1.35%	1.40%	1.54%	
County's proportionate share of the net pension liability	\$ 5,331,704	\$ 5,177,840	\$ 4,588,245	\$ 5,393,615	\$ 3,800,084	\$ 3,396,680	\$ 3,453,182	
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	Information not available
County's proportionate share of the net pension liability as a percentage of its covered payroll	400.02%	360.98%	311.02%	371.81%	248.31%	218.44%	208.50%	
Plan fiduciary net position as a percentage of the total pension liability	50.07%	51.99%	53.72%	49.21%	54.81%	57.89%	58.59%	

Elected Officials Retirement Plan	Reporting Fiscal Year (Measurement Date)							2014 through 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
County's proportion of the net pension liability	1.34%	1.36%	1.30%	1.31%	1.25%	1.16%	1.21%	
County's proportionate share of the net pension liability	\$ 9,041,475	\$ 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	859,320	847,477	1,406,457	3,314,207	2,445,138	2,837,369	2,478,274	
Total	\$ 9,900,795	\$ 9,864,179	\$ 9,614,859	\$ 19,282,799	\$ 14,287,493	\$ 11,938,550	\$ 10,561,116	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 proportionate share of the net pension liability as a percentage of its covered payroll	874.16%	841.89%	1897.80%	1457.93%	1093.53%	954.56%	723.51%	
Plan fiduciary net position as a percentage of the total pension liability	29.80%	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, 2021

	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2012
PSPRS Sheriff								
Total pension liability								
Service cost	\$ 291,160	\$ 320,099	\$ 294,913	\$ 470,043	\$ 327,050	\$ 325,750	\$ 391,688	
Interest on the total pension liability	1,366,779	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	562,477	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	(963,885)	(916,695)	(885,144)	(1,086,162)	(815,276)	(770,744)	(763,205)	
Net change in total pension liability	1,256,531	1,271,924	(497,798)	2,152,339	770,623	509,106	2,515,992	
Total pension liability—beginning	18,913,787	17,641,863	18,139,661	15,987,322	15,216,699	14,707,593	12,191,601	
Total pension liability—ending (a)	<u>\$ 20,170,318</u>	<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	\$ (57,995)	\$ (8,849)						
Plan fiduciary net position								
Contributions—employer	1,092,623	998,287	\$ 1,059,925	\$ 917,590	\$ 838,463	\$ 512,953	\$ 519,566	
Contributions—employee	133,341	140,109	165,975	235,335	201,552	198,938	197,413	
Net investment income	103,967	336,069	446,564	780,239	38,727	213,595	732,556	
Benefit payments, including refunds of employee contributions	(963,885)	(916,695)	(885,144)	(1,086,162)	(815,276)	(770,744)	(763,205)	Information not available
Hall-Parker settlement			(249,264)					
Administrative expense	(8,477)	(6,839)	(8,103)	(7,304)	(5,973)	(5,585)	(5,899)	
Other changes			(31,719)	79	(39,946)	(120,893)		
Net change in plan fiduciary net position	299,574	542,082	498,234	839,777	217,547	28,264	680,431	
Plan fiduciary net position—beginning	8,099,193	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>\$ 8,398,767</u>	<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>\$ 11,771,551</u>	<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	41.64%	42.82%	42.84%	38.91%	38.90%	39.44%	40.61%	
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 net pension liability as a percentage of covered payroll	548.70%	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, 2021

	Reporting Fiscal Year (Measurement Date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2012
CORP Detention								
Total pension liability								
Service cost	\$ 117,386	\$ 125,269	\$ 142,230	\$ 153,896	\$ 114,754	\$ 166,936	\$ 196,551	
Interest on the total pension liability	215,072	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	(259,989)	(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	(227,665)	(157,417)	(151,539)	(162,789)	(216,541)	(163,038)	(182,256)	
Net change in total pension liability	(155,196)	135,869	(31,167)	325,354	59,480	21,794	337,149	
Total pension liability—beginning	2,942,637	2,806,768	2,837,935	2,512,581	2,453,101	2,431,307	2,094,158	
Total pension liability—ending (a)	<u>\$ 2,787,441</u>	<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>	
Adjustment to beginning of year	\$ (21,512)							
Plan fiduciary net position								
Contributions—employer	33,252	\$ 69,700	\$ 78,750	\$ 66,664	\$ 68,260	\$ 68,898	\$ 92,945	
Contributions—employee	33,910	63,182	79,126	77,867	73,036	83,854	107,243	
Net investment income	72,525	128,771	193,448	255,586	13,350	80,723	270,559	Information not available
Benefit payments, including refunds of employee contributions	(227,665)	(157,417)	(151,539)	(162,789)	(216,541)	(163,038)	(182,256)	
Administrative expense	(2,807)	(2,998)	(3,339)	(2,636)	(2,288)	(2,361)	(2,128)	
Other changes	(82,670)		(51)	(15)	(31,564)	(19,426)	(5,345)	
Net change in plan fiduciary net position	(194,967)	101,238	196,395	234,677	(95,747)	48,650	281,018	
Plan fiduciary net position—beginning	2,693,775	2,592,537	2,396,142	2,161,465	2,257,212	2,208,562	1,927,544	
Plan fiduciary net position—ending (b)	<u>\$ 2,498,808</u>	<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>\$ 288,633</u>	<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	89.65%	91.54%	92.37%	84.43%	86.03%	92.01%	90.84%	
Covered payroll	\$ 683,371	\$ 922,476	\$ 942,410	\$ 892,742	\$ 898,399	\$ 990,632	\$ 1,275,200	
County's net pension liability as a percentage of covered payroll	42.24%	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, 2021

	Reporting Fiscal Year								2013 through 2012
	2021	2020	2019	2018	2017	2016	2015	2014	
Arizona State Retirement System									
Statutorily required contribution	\$ 1,142,172	\$ 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>1,142,172</u>	<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>	<u>\$ -</u>	Information not available
County's covered payroll	\$ 9,842,476	\$ 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	11.60%	11.41%	11.16%	10.87%	10.75%	10.82%	10.86%	10.67%	
Corrections Officer Retirement Plan—Administrative Office of the Courts									
Statutorily required contribution	\$ 436,990	\$ 406,273	\$ 461,880	\$ 332,077	\$ 291,290	\$ 292,758	\$ 231,381	\$ 239,324	
County's contributions in relation to the statutorily required contribution	<u>436,990</u>	<u>406,273</u>	<u>461,880</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>	<u>\$ -</u>	Information not available
County's covered payroll	\$ 1,315,433	\$ 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	33.22%	30.48%	32.20%	22.51%	20.08%	19.13%	14.88%	14.45%	
Elected Officials Retirement Plan									
Statutorily required contribution	\$ 609,590	\$ 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>609,590</u>	<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>\$ -</u>	<u>\$ 77,740</u>	<u>\$ 295,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Information not available
County's covered payroll	\$ 1,062,247	\$ 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	57.39%	58.75%	57.42%	17.81%	21.49%	22.05%	23.50%	22.99%	
PSPRS Sheriff									
Actuarially required contribution	\$ 925,392	\$ 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>925,392</u>	<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>\$ -</u>	<u>\$ 21,139</u>	<u>\$ 228,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Information not available
County's covered payroll	\$ 1,939,336	\$ 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	47.72%	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, 2021

CORP Detention

	Reporting Fiscal Year								2013 through 2012
	2021	2020	2019	2018	2017	2016	2015	2014	
Actuarially required contribution	\$ 36,769	\$ 34,218	\$ 68,481	\$ 78,492	\$ 64,277	\$ 70,436	\$ 68,453	\$ 92,945	
County's contributions									
County's contributions in relation to the statutorily required contribution	<u>36,769</u>	<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>	not available
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
County's covered payroll	\$ 610,979	\$ 683,371	\$ 922,476	\$ 942,410	\$ 892,742	\$ 898,399	\$ 990,632	\$ 1,275,200	
County's contributions as a percentage of covered payroll	6.02%	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 2019 actuarial valuation	17 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, 2021

	Special Revenue Funds	Capital Projects Funds	Debt Service	Total Other Governmental Funds
Assets				
Cash and investments	\$ 9,700,506	\$ 353,110	\$ 2,012	\$ 10,055,628
Receivables (net of allowance for uncollectibles)				
Property taxes	186,556			186,556
Accounts receivable	37,675			37,675
Due from other governmental units	1,659,082	35,289		1,694,371
Prepaid items	24,639			24,639
Total assets	\$ 11,608,458	\$ 388,399	\$ 2,012	\$ 11,998,869
Liabilities				
Accounts payable	\$ 696,372	\$ 9,592		\$ 705,964
Accrued payroll and employee benefits	231,498			231,498
Due to other governments	7,999		\$ 4,610	12,609
Due to other funds	911,015	14,798		925,813
Total liabilities	1,846,884	24,390	4,610	1,875,884
Deferred Inflows of Resources				
Unavailable revenue - property taxes	128,614			128,614
Unavailable revenue - intergovernmental	1,040,744	30,770		1,071,514
Unavailable revenue - miscellaneous	15			15
Total deferred inflows of resources	1,169,373	30,770		1,200,143
Fund Balances				
Nonspendable	24,639			24,639
Restricted	9,384,827	275,199		9,660,026
Assigned	25,989	79,919		105,908
Unassigned	(843,254)	(21,879)	(2,598)	(867,731)
Total fund balance	8,592,201	333,239	(2,598)	8,922,842
 Total liabilities, deferred inflows of resources and fund balance	 \$ 11,608,458	 \$ 388,399	 \$ 2,012	 \$ 11,998,869

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2021

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service</u>	<u>Total Other Governmental Funds</u>
Revenues				
Taxes	\$ 2,639,886		\$ 6	\$ 2,639,892
Intergovernmental	8,930,886	\$ 370,810		9,301,696
Charges for services	335,057			335,057
Fines and forfeits	300,489			300,489
Investment earnings	4,201	253	42	4,496
Miscellaneous	<u>283,602</u>	<u>2,681</u>	<u>84</u>	<u>286,367</u>
Total revenues	<u>12,494,121</u>	<u>373,744</u>	<u>132</u>	<u>12,867,997</u>
Expenditures				
General government	1,661,374	301,645		1,963,019
Public safety	6,334,909			6,334,909
Highways and streets	43,405			43,405
Health, welfare and sanitation	806,350			806,350
Education and economic opportunity	2,561,354			2,561,354
Debt Service				
Principal retirement	638,858		490,000	1,128,858
Interest and fiscal charges	<u>185,030</u>		<u>405,586</u>	<u>590,616</u>
Total expenditures	<u>12,231,280</u>	<u>301,645</u>	<u>895,586</u>	<u>13,428,511</u>
Excess (deficiency) of revenues over expenditures	<u>262,841</u>	<u>72,099</u>	<u>(895,454)</u>	<u>(560,514)</u>
Other financing sources (uses)				
Pledged revenue refunding obligations proceeds	4,765,000			4,765,000
Payment to debt refinancing escrow agent	(4,652,707)			(4,652,707)
Transfers in	587,292	12,649	894,086	1,494,027
Transfers out	<u>(378,200)</u>			<u>(378,200)</u>
Total other financing sources (uses)	<u>321,385</u>	<u>12,649</u>	<u>894,086</u>	<u>1,228,120</u>
Net change in fund balance	584,226	84,748	(1,368)	667,606
Beginning fund balance (deficit)	<u>8,007,975</u>	<u>248,491</u>	<u>(1,230)</u>	<u>8,255,236</u>
Ending fund balance (deficit)	<u>\$ 8,592,201</u>	<u>\$ 333,239</u>	<u>\$ (2,598)</u>	<u>\$ 8,922,842</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	<u>Flood Control District</u>	<u>Criminal Justice Enhancement</u>	<u>Homeland Security</u>	<u>WIOA</u>
Assets				
Cash and cash equivalents	\$ 3,494,492	\$ 2,251,894	\$ 8,504	\$ 20
Receivables (net of allowance for uncollectibles)				
Property taxes	186,556			
Accounts receivable		5,115		
Due from other governmental units		237,864	487,194	464,715
Prepaid items	<u>80</u>		<u>1,667</u>	<u>6,923</u>
Total assets	<u>\$ 3,681,128</u>	<u>\$ 2,494,873</u>	<u>\$ 497,365</u>	<u>\$ 471,658</u>
Liabilities				
Accounts payable	\$ 188,186	\$ 54,743		\$ 92,878
Accrued payroll and employee benefits	21,252	47,327	\$ 23,611	25,004
Due to other governments				
Due to other funds		<u>166,353</u>	<u>332,107</u>	<u>240,517</u>
Total liabilities	<u>209,438</u>	<u>268,423</u>	<u>355,718</u>	<u>358,399</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	128,614			
Unavailable revenue - intergovernmental		64,255	436,665	243,122
Unavailable revenue - miscellaneous				
Total deferred inflows of resources	<u>128,614</u>	<u>64,255</u>	<u>436,665</u>	<u>243,122</u>
Fund Balance				
Nonspendable	80		1,667	6,923
Restricted	3,342,996	2,215,634	5,646	9,694
Assigned				
Unassigned		<u>(53,439)</u>	<u>(302,331)</u>	<u>(146,480)</u>
Total fund balance (deficit)	<u>3,343,076</u>	<u>2,162,195</u>	<u>(295,018)</u>	<u>(129,863)</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 3,681,128</u>	<u>\$ 2,494,873</u>	<u>\$ 497,365</u>	<u>\$ 471,658</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>
\$ 373,103	\$ 913,472	\$ 738,472	\$ 12,240	\$ 1,908,309	\$ 9,700,506
					186,556
133	10,481	12,059	542	9,345	37,675
338,323		15	15	130,956	1,659,082
15,815				154	24,639
<u>\$ 727,374</u>	<u>\$ 923,953</u>	<u>\$ 750,546</u>	<u>\$ 12,797</u>	<u>\$ 2,048,764</u>	<u>\$ 11,608,458</u>
\$ 93,616	\$ 30,094	\$ 1,580	\$ 10,247	\$ 225,028	\$ 696,372
51,093	30,897	669	21,882	9,763	231,498
			7,999		7,999
140,795				31,243	911,015
<u>285,504</u>	<u>60,991</u>	<u>2,249</u>	<u>40,128</u>	<u>266,034</u>	<u>1,846,884</u>
					128,614
273,050				23,652	1,040,744
			15		15
<u>273,050</u>		<u>-</u>	<u>15</u>	<u>23,652</u>	<u>1,169,373</u>
15,815				154	24,639
317,888	878,918	748,403	2,784	1,862,864	9,384,827
			7,853	18,136	25,989
(164,883)	(15,956)	(106)	(37,983)	(122,076)	(843,254)
<u>168,820</u>	<u>862,962</u>	<u>748,297</u>	<u>(27,346)</u>	<u>1,759,078</u>	<u>8,592,201</u>
<u>\$ 727,374</u>	<u>\$ 923,953</u>	<u>\$ 750,546</u>	<u>\$ 12,797</u>	<u>\$ 2,048,764</u>	<u>\$ 11,608,458</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2021

	<u>Flood Control District</u>	<u>Criminal Justice Enhancement</u>	<u>Homeland Security</u>	<u>WIOA</u>
Revenues				
Taxes	\$ 2,639,886			
Intergovernmental	76,178	\$ 3,418,604	\$ 610,610	\$ 961,719
Charges for services		50,753		
Fines and forfeits		208,780		
Investment earnings	2,351	449	9	
Miscellaneous	46			2,951
Total revenues	<u>2,718,461</u>	<u>3,678,586</u>	<u>610,619</u>	<u>964,670</u>
Expenditures				
General government		1,067,452	41,609	
Public safety	1,676,168	2,287,465	666,982	
Highways and streets			43,405	
Health, welfare and sanitation		82,618	2,022	
Education and economic opportunity				1,035,763
Debt Service				
Principal retirement	575,000	7,978		41,360
Interest and fiscal charges	183,222			1,210
Total expenditures	<u>2,434,390</u>	<u>3,445,513</u>	<u>754,018</u>	<u>1,078,333</u>
Excess (deficiency) of revenues over expenditures	<u>284,071</u>	<u>233,073</u>	<u>(143,399)</u>	<u>(113,663)</u>
Other financing sources (uses)				
Pledged revenue refunding obligations proceeds	4,765,000			
Payment to debt refinancing escrow agent	(4,652,707)			
Transfers in		175,187	2,426	19,884
Transfers out	(182,037)	(57,695)	(583)	(3,285)
Total other financing sources (uses)	<u>(69,744)</u>	<u>117,492</u>	<u>1,843</u>	<u>16,599</u>
Net change in fund balance	214,327	350,565	(141,556)	(97,064)
Beginning fund balance (deficit)	<u>3,128,749</u>	<u>1,811,630</u>	<u>(153,462)</u>	<u>(32,799)</u>
Ending fund balance (deficit)	<u>\$ 3,343,076</u>	<u>\$ 2,162,195</u>	<u>\$ (295,018)</u>	<u>\$ (129,863)</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>
					\$ 2,639,886
\$ 1,829,690	\$ 849,544	\$ 36,129	\$ 345,464	\$ 802,948	8,930,886
2,317	102,189	92,363	43,584	43,851	335,057
		91,709			300,489
117	447	452	6	370	4,201
74,301	8		10,000	196,296	283,602
<u>1,906,425</u>	<u>952,188</u>	<u>220,653</u>	<u>399,054</u>	<u>1,043,465</u>	<u>12,494,121</u>
126,624		108,957		316,732	1,661,374
715,380	923,859			65,055	6,334,909
					43,405
			612,250	109,460	806,350
1,023,494				502,097	2,561,354
			14,520		638,858
			598		185,030
<u>1,865,498</u>	<u>923,859</u>	<u>108,957</u>	<u>627,368</u>	<u>993,344</u>	<u>12,231,280</u>
<u>40,927</u>	<u>28,329</u>	<u>111,696</u>	<u>(228,314)</u>	<u>50,121</u>	<u>262,841</u>
					4,765,000
					(4,652,707)
1,638	385		263,138	124,634	587,292
(734)		(125,881)	(485)	(7,500)	(378,200)
<u>904</u>	<u>385</u>	<u>(125,881)</u>	<u>262,653</u>	<u>117,134</u>	<u>321,385</u>
41,831	28,714	(14,185)	34,339	167,255	584,226
<u>126,989</u>	<u>834,248</u>	<u>762,482</u>	<u>(61,685)</u>	<u>1,591,823</u>	<u>8,007,975</u>
<u>\$ 168,820</u>	<u>\$ 862,962</u>	<u>\$ 748,297</u>	<u>\$ (27,346)</u>	<u>\$ 1,759,078</u>	<u>\$ 8,592,201</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2021

	<u>Construction</u>	<u>Airport</u>	<u>Other</u>	<u>Total</u>
Assets				
Cash and investments	\$ 353,110			\$ 353,110
Due from other governmental units	<u>2,008</u>	<u>\$ 31,483</u>	<u>\$ 1,798</u>	<u>35,289</u>
Total assets	<u>\$ 355,118</u>	<u>\$ 31,483</u>	<u>1,798</u>	<u>\$ 388,399</u>
Liabilities				
Accounts payable	\$ -	\$ 6,092	\$ 3,500	\$ 9,592
Due to other funds	<u> </u>	<u>13,000</u>	<u>1,798</u>	<u>14,798</u>
Total liabilities	<u> </u>	<u>19,092</u>	<u>5,298</u>	<u>24,390</u>
Deferred Inflows of Resources				
Unavailable revenue - intergovernmental	<u> </u>	<u>28,972</u>	<u>1,798</u>	<u>30,770</u>
Total deferred inflows of resources	<u> </u>	<u>28,972</u>	<u>1,798</u>	<u>30,770</u>
Fund Balance				
Restricted	275,199			275,199
Assigned	79,919			79,919
Unassigned	<u> </u>	<u>(16,581)</u>	<u>(5,298)</u>	<u>(21,879)</u>
Total fund balance (deficit)	<u>355,118</u>	<u>(16,581)</u>	<u>(5,298)</u>	<u>333,239</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 355,118</u>	 <u>\$ 31,483</u>	 <u>\$ 1,798</u>	 <u>\$ 388,399</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances
Nonmajor Capital Projects Funds
Year Ended June 30, 2021

	<u>Construction</u>	<u>Airport</u>	<u>Other</u>	<u>Total</u>
Revenues				
Intergovernmental		\$ 200,029	\$ 170,781	\$ 370,810
Investment earnings	\$ 253			253
Miscellaneous	<u>2,681</u>			<u>2,681</u>
Total revenues	<u>2,934</u>	<u>200,029</u>	<u>170,781</u>	<u>373,744</u>
Expenditures				
General government		<u>117,827</u>	<u>183,818</u>	<u>301,645</u>
Total expenditures		<u>117,827</u>	<u>183,818</u>	<u>301,645</u>
Excess (deficiency) of revenues over expenditures	<u>2,934</u>	<u>82,202</u>	<u>(13,037)</u>	<u>72,099</u>
Other financing sources				
Transfers in		6,529	6,120	12,649
Transfers out				-
Total other financing sources		<u>6,529</u>	<u>6,120</u>	<u>12,649</u>
Net change in fund balance	2,934	88,731	(6,917)	84,748
Beginning fund balance (deficit)	<u>352,184</u>	<u>(105,312)</u>	<u>1,619</u>	<u>248,491</u>
Ending fund balance (deficit)	<u>\$ 355,118</u>	<u>\$ (16,581)</u>	<u>\$ (5,298)</u>	<u>\$ 333,239</u>

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

Nonmajor Special Revenue Funds

Santa Cruz County
 Nonmajor Special Revenue Funds
 Flood Control District Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2021

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 2,630,662	\$ 2,639,886	\$ 9,224
Intergovernmental		76,178	76,178
Investment earnings		2,351	2,351
Miscellaneous		46	46
Total revenues	<u>2,630,662</u>	<u>2,718,461</u>	<u>87,799</u>
Expenditures			
Public safety	<u>5,953,811</u>	<u>2,434,390</u>	<u>3,519,421</u>
Total expenditures	<u>5,953,811</u>	<u>2,434,390</u>	<u>3,519,421</u>
Excess (deficiency) of revenues over expenditures	(3,323,149)	284,071	3,607,220
Other financing sources (uses)			
Pledged revenue refunding obligations proceeds		4,765,000	4,765,000
Payment to debt refinancing escrow agent		(4,652,707)	(4,652,707)
Transfers out		<u>(182,037)</u>	<u>(182,037)</u>
Total other financing sources (uses)	<u>-</u>	<u>(69,744)</u>	<u>(69,744)</u>
Net change in fund balance	(3,323,149)	214,327	3,537,476
Fund balance (deficit), July 1, 2020	<u>3,323,149</u>	<u>3,128,749</u>	<u>(194,400)</u>
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ 3,343,076</u>	<u>\$ 3,343,076</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Criminal Justice Enhancement Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2021

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 3,324,005	\$ 3,418,604	\$ 94,599
Charges for services	57,770	50,753	(7,017)
Fines and forfeits	253,000	208,780	(44,220)
Investment earnings	<u> </u>	<u> 449</u>	<u> 449</u>
Total revenues	<u>3,634,775</u>	<u>3,678,586</u>	<u>43,811</u>
Expenditures			
Current:			
General government			
County Attorney	1,131,656	912,697	218,959
Clerk of the Superior Court	16,656		16,656
Justice Court	363,540	59,985	303,555
Superior Court	1,007,801	102,749	905,052
Public safety			
Juvenile Detention	115,724		115,724
Sheriff's Office	4,878,520	2,287,464	2,591,056
Health			
Environmental Health	<u> </u>	<u> 82,618</u>	<u> (82,618)</u>
Total expenditures	<u>7,513,897</u>	<u>3,445,513</u>	<u>4,068,384</u>
Excess (deficiency) of revenues over expenditures	(3,879,122)	233,073	4,112,195
Other financing sources (uses)			
Transfer in	105,000	175,187	70,187
Transfer out	<u> </u>	<u> (57,695)</u>	<u> (57,695)</u>
Total other financing sources (uses)	<u>105,000</u>	<u>117,492</u>	<u>12,492</u>
Net change in fund balance	(3,774,122)	350,565	4,124,687
Fund balance (deficit), July 1, 2020	<u>3,774,122</u>	<u>1,811,630</u>	<u>(1,962,492)</u>
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ 2,162,195</u>	<u>\$ 2,162,195</u>

Santa Cruz County
Nonmajor Special Revenue Funds
WIOA Fund
Budgetary Comparison Schedule
Year Ended June 30, 2021

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 2,958,117	\$ 961,719	\$ (1,996,398)
Miscellaneous	<u>10,000</u>	<u>2,951</u>	<u>(7,049)</u>
Total revenues	<u>2,968,117</u>	<u>964,670</u>	<u>(2,003,447)</u>
Expenditures			
Education and economic opportunity	<u>2,968,166</u>	<u>1,078,333</u>	<u>1,889,833</u>
Total expenditures	<u>2,968,166</u>	<u>1,078,333</u>	<u>1,889,833</u>
Excess (deficiency) of revenues over expenditures	(49)	(113,663)	(113,614)
Other financing sources (uses)			
Transfers in		19,884	19,884
Transfers out	<u> </u>	<u>(3,285)</u>	<u>(3,285)</u>
Total other financing sources (uses)	<u> </u>	<u>16,599</u>	<u>16,599</u>
Net change in fund balance	(49)	(97,064)	(97,015)
Fund balance (deficit), July 1, 2020	<u>49</u>	<u>(32,799)</u>	<u>(32,848)</u>
Fund balance (deficit), June 30, 2021	<u>\$ -</u>	<u>\$ (129,863)</u>	<u>\$ (129,863)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Homeland Security Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2021

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 694,377	\$ 610,610	\$ (83,767)
Investment earnings		9	9
Miscellaneous	39,502		(39,502)
Total revenues	<u>733,879</u>	<u>610,619</u>	<u>(123,260)</u>
Expenditures			
General government			
Board of Supervisor		326	(326)
Clerk of the Superior Court		3,807	(3,807)
County Attorney	4,113	11,767	(7,654)
Facilities Maintenance		16,901	(16,901)
Justice of the Peace		685	(685)
Superior Court		8,123	(8,123)
Public safety			
Emergency Management	191,837	44,025	147,812
Juvenile Detention		2,329	(2,329)
Adult Probation		4,162	(4,162)
Sheriff's Office	580,387	616,466	(36,079)
Highways and streets			
Road		43,405	(43,405)
Health			
Animal Control		2,022	(2,022)
Total expenditures	<u>776,337</u>	<u>754,018</u>	<u>22,319</u>
Excess (deficiency) of revenues over expenditures	(42,458)	(143,399)	(100,941)
Other financing sources (uses)			
Transfers in		2,426	2,426
Transfers out		(583)	(583)
Total other financing uses		<u>1,843</u>	<u>1,843</u>
Net change in fund balance	(42,458)	(141,556)	(99,098)
Fund balance, July 1, 2020	<u>42,458</u>	<u>(153,462)</u>	<u>(195,920)</u>
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ (295,018)</u>	<u>\$ (295,018)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Juvenile Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2021

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 1,936,185	\$ 1,829,690	\$ (106,495)
Charges for service	3,100	2,317	(783)
Investment earnings	1,030	117	(913)
Miscellaneous	<u>99,300</u>	<u>74,301</u>	<u>(24,999)</u>
Total revenues	<u>2,039,615</u>	<u>1,906,425</u>	<u>(133,190)</u>
Expenditures			
General government			
Superior Court	135,573	126,624	8,949
Public safety			
Probation	876,198	715,380	160,818
Education			
School Superintendent	<u>1,381,229</u>	<u>1,023,494</u>	<u>357,735</u>
Total expenditures	<u>2,393,000</u>	<u>1,865,498</u>	<u>527,502</u>
Excess (deficiency) of revenues over expenditures	(353,385)	40,927	394,312
Other financing sources (uses)			
Transfers in		1,638	1,638
Transfers out	<u> </u>	<u>(734)</u>	<u>(734)</u>
Total other financing sources (uses)	<u> </u>	<u>904</u>	<u>904</u>
Net change in fund balance	(353,385)	41,831	395,216
Fund balance (deficit), July 1, 2020	<u>353,385</u>	<u>126,989</u>	<u>(226,396)</u>
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ 168,820</u>	<u>\$ 168,820</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Probation Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2021

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 803,126	\$ 849,544	\$ 46,418
Charges for service	75,700	102,189	26,489
Investment earnings	4,050	447	(3,603)
Miscellaneous	<u> </u>	<u>8</u>	<u>8</u>
Total revenues	<u>882,876</u>	<u>952,188</u>	<u>69,312</u>
Expenditures			
Public safety	<u>1,749,039</u>	<u>923,859</u>	<u>825,180</u>
Total expenditures	<u>1,749,039</u>	<u>923,859</u>	<u>825,180</u>
Excess (deficiency) of revenues over expenditures	(866,163)	28,329	894,492
Other financing sources			
Transfers in	<u>2,099</u>	<u>385</u>	<u>(1,714)</u>
Total other financing sources	<u>2,099</u>	<u>385</u>	<u>(1,714)</u>
Net change in fund balance	(864,064)	28,714	892,778
Fund balance (deficit), July 1, 2020	<u>864,064</u>	<u>834,248</u>	<u>(29,816)</u>
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ 862,962</u>	<u>\$ 862,962</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Retrieval Conversion Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2021

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$36,128	\$36,129	\$ 1
Charges for services	64,500	92,363	27,863
Fines and forfeits	108,000	91,709	(16,291)
Investment earnings	1,280	452	(828)
Total revenues	<u>209,908</u>	<u>220,653</u>	<u>10,745</u>
Expenditures			
General government	<u>869,898</u>	<u>108,957</u>	<u>760,941</u>
Total expenditures	<u>869,898</u>	<u>108,957</u>	<u>760,941</u>
Excess (deficiency) of revenues over expenditures	(659,990)	111,696	771,686
Other financing uses			
Transfers out	<u>(105,000)</u>	<u>(125,881)</u>	<u>(20,881)</u>
Total other financing uses	<u>(105,000)</u>	<u>(125,881)</u>	<u>(20,881)</u>
Net change in fund balance	(764,990)	(14,185)	750,805
Fund balance (deficit), July 1, 2020	<u>764,990</u>	<u>762,482</u>	<u>(2,508)</u>
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ 748,297</u>	<u>\$ 748,297</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Animal Control Fund
Budgetary Comparison Schedule
Year Ended June 30, 2021

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 310,076	\$ 345,464	\$ 35,388
Charges for services	44,200	43,584	(616)
Investment earnings		6	6
Miscellaneous	10,000	10,000	-
Total revenues	364,276	399,054	34,778
Expenditures			
Current:			
Health, welfare and sanitation	659,142	627,368	31,774
Total expenditures	659,142	627,368	31,774
Excess (deficiency) of revenues over expenditures	(294,866)	(228,314)	66,552
Other financing sources (uses)			
Transfers in	275,076	263,138	(11,938)
Transfers out	-	(485)	(485)
Total other financing sources (uses)	275,076	262,653	(12,423)
Net change in fund balance	(19,790)	34,339	54,129
Fund balance (deficit), July 1, 2020	19,790	(61,685)	(81,475)
Fund balance (deficit), June 30, 2021	\$ -	\$ (27,346)	\$ (27,346)

Santa Cruz County
Nonmajor Special Revenue Funds
Other Special Revenue Funds
Budgetary Comparison Schedule
Year Ended June 30, 2021

	<u>Original and Final Budget Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 811,871	\$ 802,948	\$ (8,923)
Charges for services	32,150	43,851	11,701
Investment earnings	400	370	(30)
Miscellaneous	<u>109,800</u>	<u>196,296</u>	<u>86,496</u>
Total revenues	<u>954,221</u>	<u>1,043,465</u>	<u>89,244</u>
Expenditures			
General government	574,433	316,732	257,701
Public safety	628,204	65,055	563,149
Health, welfare and sanitation	312,321	109,460	202,861
Education and economic opportunity	<u>1,029,050</u>	<u>502,097</u>	<u>526,953</u>
Total expenditures	<u>2,544,008</u>	<u>993,344</u>	<u>1,550,664</u>
Excess (deficiency) of revenues over expenditures	(1,589,787)	50,121	1,639,908
Other financing sources (uses)			
Transfers in	160,076	124,634	(35,442)
Transfers out	<u>(7,500)</u>	<u>(7,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>152,576</u>	<u>117,134</u>	<u>(35,442)</u>
Net change in fund balance	(1,437,211)	167,255	1,604,466
Fund balance, July 1, 2020	<u>1,437,211</u>	<u>1,591,823</u>	<u>154,612</u>
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ 1,759,078</u>	<u>\$ 1,759,078</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, 2021

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Investment earnings	\$ -	\$ 253	\$ 253
Miscellaneous	-	2,681	2,681
Total revenues	<u>-</u>	<u>2,934</u>	<u>2,934</u>
Expenditures			
General government	79,128		79,128
Public safety	<u>272,998</u>		<u>272,998</u>
Total expenditures	<u>352,126</u>		<u>352,126</u>
Excess (deficiency) of revenues over expenditures	<u>(352,126)</u>	<u>2,934</u>	<u>355,060</u>
Net change in fund balances	(352,126)	2,934	355,060
Fund balance, July 1, 2020	<u>352,126</u>	<u>352,184</u>	<u>58</u>
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ 355,118</u>	<u>\$ 355,118</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Airport Fund
 Year Ended June 30, 2021

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 428,500	\$ 200,029	\$ (228,471)
Total Revenues	428,500	200,029	(228,471)
Expenditures			
General government	455,000	117,827	337,173
Total expenditures	455,000	117,827	337,173
Excess (deficiency) of revenues over expenditures	(26,500)	82,202	108,702
Other financing sources			
Transfers in	26,500	6,529	(19,971)
Total other financing sources	26,500	6,529	(19,971)
Net change in fund balance	-	88,731	88,731
Fund balance (deficit), July 1, 2020	_____	(105,312)	(105,312)
Fund balance (deficit), June 30, 2021	\$ -	\$ (16,581)	\$ (16,581)

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Other Funds
 Year Ended June 30, 2021

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 371,747	\$ 170,781	\$ (200,966)
Total revenues	371,747	170,781	(200,966)
Expenditures			
General government	381,289	183,818	197,471
Total expenditures	381,289	183,818	197,471
Excess (deficiency) of revenues over expenditures	(9,542)	(13,037)	(3,495)
Other financing sources			
Transfers in	_____	6,120	6,120
Total other financing sources	_____	6,120	6,120
Net change in fund balance	(9,542)	(6,917)	2,625
Fund balance (deficit), July 1, 2020	9,542	1,619	(7,923)
Fund balance (deficit), June 30, 2021	\$ -	\$ (5,298)	\$ (5,298)

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, 2021

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ -	\$ 6	\$ 6
Investment earnings		42	42
Miscellaneous		84	84
Total revenues	<u>-</u>	<u>132</u>	<u>132</u>
Expenditures			
Debt service	<u>897,467</u>	<u>895,586</u>	<u>1,881</u>
Total expenditures	<u>897,467</u>	<u>895,586</u>	<u>1,881</u>
Excess (deficiency) of revenues over expenditures	(897,467)	(895,454)	2,013
Other financing sources			
Transfers in	<u>894,088</u>	<u>894,086</u>	<u>(2)</u>
Total other financing sources	<u>894,088</u>	<u>894,086</u>	<u>(2)</u>
Net change in fund balance	(3,379)	(1,368)	2,011
Fund balance (deficit), July 1, 2020	<u>3,379</u>	<u>(1,230)</u>	<u>(4,609)</u>
Fund balance (deficit), June 30, 2021	<u>\$ -</u>	<u>\$ (2,598)</u>	<u>\$ (2,598)</u>

Fiduciary Funds

Santa Cruz County
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021

	External Investment Pool	Other		
		Treasurer's Clearing	Non-County External Bank Accounts	Total Other
Assets				
Cash and investments	\$ 40,707,814	\$ 3,973,890	\$ 1,136,341	\$ 5,110,231
Taxes receivable for other governments	<u> </u>	<u>1,584,513</u>	<u> </u>	<u>1,584,513</u>
Total assets	<u>40,707,814</u>	<u>5,558,403</u>	<u>1,136,341</u>	<u>6,694,744</u>
Liabilities				
Due to other governments	<u> </u>	3,567,543	<u> </u>	3,567,543
Due to others	<u> </u>	406,347	<u> </u>	406,347
Total liabilities	<u> </u>	<u>3,973,890</u>	<u> </u>	<u>3,973,890</u>
Net position				
Restricted for:				
Pool participants	40,707,814			
Individuals, organizations, and other governments	<u> </u>	<u>1,584,513</u>	<u>1,136,341</u>	<u>2,720,854</u>
Total net position	<u>\$ 40,707,814</u>	<u>\$ 1,584,513</u>	<u>\$ 1,136,341</u>	<u>\$ 2,720,854</u>

Santa Cruz County
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended June 30, 2021

	External Investment Pool	Other		
		Treasurer's Clearing	Non-County External Bank Accounts	Total Other
Additions:				
Contributions from pool participants	\$113,103,581			
Property/sales tax collections for other governments		\$12,530,330		\$12,530,330
Collections for individuals			\$2,476,106	2,476,106
Investment earnings	18,222	1,314	64	1,378
Inmate collections			117,967	117,967
Other		1,433,298	7,358	1,440,656
Total additions	<u>113,121,803</u>	<u>13,964,942</u>	<u>2,601,495</u>	<u>16,566,437</u>
Deductions:				
Distributions to pool participants	105,402,234			
Beneficiary payments to individuals			835,500	835,500
Property/sales tax distributions to other governments		12,126,005		12,126,005
Administrative expense			78,175	78,175
Payments to inmates			38,109	38,109
Other		1,396,994	1,730,760	3,127,754
Total deductions	<u>\$105,402,234</u>	<u>13,522,999</u>	<u>2,682,544</u>	<u>16,205,543</u>
Net increase (decrease) in fiduciary net position	7,719,569	441,943	(81,049)	360,894
Net position as restated, July 1, 2020	<u>32,988,245</u>	<u>1,142,570</u>	<u>1,217,390</u>	<u>2,359,960</u>
Net position, June 30, 2021	<u>\$ 40,707,814</u>	<u>\$ 1,584,513</u>	<u>\$ 1,136,341</u>	<u>\$ 2,720,854</u>

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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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities										
Net investment in capital assets	\$ 67,826	\$ 68,468	\$ 67,246	\$ 66,618	\$ 66,653	\$ 69,644	\$ 70,340	\$ 70,668	\$ 73,030	\$ 74,702
Restricted	15,065	12,444	12,104	15,063	13,255	9,756	7,711	9,515	9,190	9,412
Unrestricted	<u>(22,420)</u>	<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>
Total governmental activities net position	<u>60,471</u>	<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>
Business-Type Activities										
Net investment in capital assets	2,873	3,073	3,328	3,595	3,829	4,115	4,274	3,660	3,538	3,691
Unrestricted (deficit)	<u>4,541</u>	<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>
Total business-type activities net position (deficit)	<u>7,414</u>	<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>
Primary Government										
Net investment in capital assets	70,699	71,541	70,574	70,213	70,482	73,759	74,614	74,328	76,568	78,393
Restricted	19,606	12,444	12,104	15,063	13,255	9,756	7,711	9,515	9,190	9,412
Unrestricted	<u>(22,420)</u>	<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>
Total primary government net position	<u>\$ 67,885</u>	<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>

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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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities:										
General government	\$ 16,113	\$ 16,039	\$ 11,122	\$ 20,804	\$ 17,992	\$ 16,403	\$ 16,772	\$ 14,525	\$ 14,184	\$ 14,243
Public safety	16,774	15,379	14,656	19,498	15,862	14,854	16,431	16,043	15,420	17,894
Highways and streets	7,610	6,851	8,897	5,686	5,848	5,966	7,474	6,972	6,509	4,239
Health, welfare and sanitation	6,783	5,362	4,985	4,969	4,926	4,621	4,633	4,754	4,224	4,518
Education and economic opportunity	3,047	2,562	2,609	2,281	2,168	2,909	3,259	2,454	2,443	3,371
Recreation	301	417	302	263	267	202	152	165	139	141
Interest on long-term debt	1,432	1,658	1,747	1,967	3,089	3,141	2,810	2,899	2,983	2,965
Total governmental activities expenses	<u>52,060</u>	<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>
Business-type activities:										
Landfill	2,265	1,912	1,700	1,111	1,621	1,941	887	1,511	2,432	833
Total business-type activities expenses	<u>2,265</u>	<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>
Total primary government expenses	<u>54,325</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services										
General government	2,654	2,377	2,866	2,472	2,146	2,161	2,412	2,569	3,201	3,326
Public safety	300	169	302	176	244	244	450	399	920	400
Highways and streets	-	-	-	-	-	-	-	-	-	-
Health, welfare and sanitation	278	236	221	223	178	188	156	174	157	185
Education and economic opportunity	-	-	-	78	85	26	73	128	13	88
Recreation	1	9	10	12	9	9	9	8	6	11
Operating grants and contributions	17,574	14,682	13,663	9,959	8,781	9,079	8,993	8,338	9,077	10,777
Capital grants and contributions	239	1,747	130	6,200	5,114	5,810	4,747	4,512	3,513	3,447
Total governmental activities program revenues	<u>21,046</u>	<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>
Business-type activities:										
Charges for services										
Landfill	3,454	2,673	2,075	2,298	2,326	2,062	1,993	1,600	1,269	968
Operating grants and contributions	-	-	-	-	-	-	-	94	-	-
Total business-type program revenues	<u>3,454</u>	<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>
Total primary government program revenues	<u>24,500</u>	<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>
Net (expense) revenue										
Governmental activities	(31,014)	(29,048)	(27,126)	(36,348)	(33,595)	(30,579)	(34,691)	(31,684)	(29,015)	(29,137)
Business-type activities	1,189	761	375	1,187	705	121	1,106	183	(1,163)	135
Total primary government activities net (expense) revenue	<u>(29,825)</u>	<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>

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 17,446	\$ 16,522	\$ 15,414	\$ 14,408	\$ 13,915	\$ 14,495	\$ 14,041	\$ 13,915	\$ 12,650	\$ 13,398
County general excise tax	4,860	3,061	2,686	2,526	2,578	2,654	2,504	2,685	2,596	2,646
County jail excise tax	4,860	3,061	2,683	2,525	2,569	2,654	2,504	2,685	2,594	2,642
Share of state sales taxes-general government	4,225	3,189	2,975	2,645	2,685	2,621	2,421	2,426	2,197	2,018
Share of state sales taxes-welfare	2,762	2,366	2,403	2,114	2,070	2,062	2,033	2,024	2,019	2,047
Payments in lieu of taxes	1,233	1,221	1,141	1,108	1,080	1,073	932	978	980	956
Vehicle lieu tax unrestricted	2,124	1,881	1,851	1,774	1,716	1,649	1,527	1,466	1,312	1,367
Share of state lottery revenue	550	550	550	550	550	550	1,100	-	-	-
Share of state overweight permits	458	513	872	831	833	802	783	754	702	-
Unrestricted grants and contributions					63	433	522	506	592	738
Investment earnings (loss)	12	166	272	306	80	59	14	130	98	68
Miscellaneous	479	620	441	284	354	378	377	855	402	531
Capital contributions	3	3	-	-	-	256	-	29	39	37
Transfers	(5)	-	-	-	-	150	(2)	(109)	(22)	(18)
Gain on sale of capital assets		62	-	-	-	315	4	134	-	-
Loss on disposal	-	-	-	-	-	-	-	-	-	(144)
Total governmental activities	<u>39,007</u>	<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>
Business-type activities:										
Grants and contributions	-	-	-	-	-	-	-	-	-	80
Investment earnings	3	42	52	58	7	3	1	4	7	2
Miscellaneous				50	-	57	-	-	-	-
Transfers	5		-	-	-	-	2	109	22	18
Capital contributions	(3)	(3)	-	-	-	(190)	-	-	-	-
Total business-type activities	<u>5</u>	<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>
Total primary government	<u>39,012</u>	<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>
Changes in net position										
Governmental activities	7,993	4,167	4,162	(7,277)	(5,102)	(428)	(5,931)	(3,205)	(2,856)	(2,851)
Business-type activities	1,194	800	427	1,295	712	(9)	1,109	296	(1,134)	235
Total primary government	<u>\$ 9,187</u>	<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>

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									
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund											
	Nonspendable*	\$ 59	\$ 99	\$ 47	\$ 45	\$ 48	\$ 46	\$ 95	\$ 51	\$ 49	\$ 44
	Restricted	-	-	-	-	-	-	-	-	-	-
	Committed	-	-	-	-	-	-	-	-	-	-
	Assigned	-	-	-	-	-	-	-	-	-	-
	Unassigned	16,081	8,857	8,739	8,209	9,222	11,063	11,125	11,021	13,458	13,513
	Subtotal general fund	<u>\$ 16,140</u>	<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>
All other governmental funds											
114	Special revenue funds (deficits)										
	Nonspendable*	\$ 31	\$ 301	\$ 40	\$ 6	\$ 2	\$ 9	\$ 7	\$ 8	\$ 4	\$ 2
	Restricted	12,897	10,532	11,042	11,773	10,350	7,997	9,486	11,872	12,360	16,295
	Committed	-	-	-	-	-	-	-	-	-	-
	Assigned	26	-	37	61	77	34	52	192	110	370
	Unassigned	(1,514)	(785)	(571)	(879)	(416)	(747)	(845)	(687)	(1,648)	(1,431)
	Capital projects funds (deficits)	-	-	-	-	-	-	-	-	-	-
	Nonspendable*	-	-	-	-	-	-	-	-	-	-
	Restricted	275	282	284	284	241	226	270	60	155	108
	Committed	-	-	-	-	-	-	-	-	-	-
	Assigned	80	79	77	73	65	59	53	-	-	-
	Unassigned	(22)	(113)	(15)	-	(28)	(7)	(236)	-	-	(1)
	Debt Service unassigned	(3)	(1)	43	1	206	202	99	98	-	242
	Total all other governmental funds	<u>\$ 11,770</u>	<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>

*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 9 page 45 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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Taxes	\$ 27,448	\$ 22,653	\$ 20,660	\$ 19,535	\$ 19,193	\$ 19,991	\$ 19,198	\$ 19,189	\$ 18,026	\$ 18,573
Intergovernmental	28,225	25,660	24,327	23,867	22,192	23,599	22,022	20,926	20,929	22,283
Licenses and permits	882	516	486	617	348	409	384	324	214	293
Charges for services	1,356	1,226	1,126	1,260	1,143	1,169	1,519	1,676	1,620	1,625
Fines and forfeits	887	941	1,680	1,084	1,172	1,050	1,197	1,278	2,464	2,092
Investment earnings	12	166	272	306	80	59	14	130	98	68
Rents	109	109	106	40	42	39	42	37	45	33
Miscellaneous	479	626	438	244	309	342	337	817	357	497
Total revenues	<u>59,398</u>	<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>
Expenditures:										
Current:										
General government	15,281	17,768	14,667	15,099	15,173	15,091	13,379	13,840	13,605	13,885
Public safety	14,655	14,263	14,464	15,497	13,241	14,208	13,582	15,096	19,435	16,355
Highways and streets	5,751	7,321	7,667	5,221	3,952	4,543	6,816	4,872	3,707	3,607
Health, welfare and sanitation	6,773	5,418	5,064	4,966	4,991	4,710	4,625	4,738	4,230	4,425
Education and economic opportunity	3,012	2,732	2,893	2,183	2,002	2,779	3,132	2,421	2,404	3,331
Recreation	246	427	286	247	224	167	438	148	122	122
Capital outlay						-	-	-	-	-
Debt service:										
Principal	3,362	3,135	2,885	2,561	2,531	3,776	2,421	2,332	2,224	2,133
Interest and other charges	1,767	1,851	1,939	2,162	3,071	3,049	2,809	2,900	2,983	2,965
Total expenditures	<u>50,847</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>8,551</u>	<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>
Other financing sources (uses):										
Pledged revenue refunding obligations proceeds	4,765			3,675	33,850	9,997				
Payment to debt refinancing escrow agent	(4,653)			(3,557)	(33,224)	(9,798)				
Loan proceeds (net of discounts)			800	-	-	-	-	-	-	9,300
Proceeds from sales of capital assets		62	-	-	-	-	-	134	-	-
Capital lease agreements/installment purchase contracts		485	118	672		93			326	224
Transfers in	5,627	6,148	5,330	4,987	5,328	5,982	5,187	7,077	3,759	6,962
Transfers out	(5,632)	(6,148)	(5,330)	(4,987)	(5,328)	(5,832)	(5,189)	(7,132)	(3,781)	(6,980)
Proceeds from long-term notes	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>107</u>	<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>
Net change in fund balances	<u>\$ 8,658</u>	<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>
Debt service as a percentage of noncapital expenditures	10.09%	9.42%	9.67%	9.85%	12.40%	14.12%	11.08%	11.29%	10.69%	10.89%

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	Miscellaneous	Total
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
2020-21 ⁽¹⁾	27,448,260	28,225,233	881,530	1,356,285	886,857	12,301	108,375	479,356	59,398,197

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	Miscellaneous	Total
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
2020-21 ⁽¹⁾	46.21	47.52	1.48	2.28	1.49	0.02	0.18	0.82	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
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
2020-21 ⁽¹⁾	15,281,480	14,655,069	5,751,203	6,772,623	3,012,334	245,934	5,128,214	50,846,857

NOTES:

⁽¹⁾ Includes the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Fund. Expenditures reported as capital outlay are 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
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
2019-20 ⁽¹⁾	30.05	28.82	11.31	13.32	5.92	0.49	10.09	100.00

NOTES:

⁽¹⁾ Includes the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Fund. Expenditures reported as capital outlay are 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
2011-12	95,038	190,399	72,600	229	358,266	3.4858	3,279,301	10.93%
2012-13	93,281	176,954	73,525	317	344,077	3.4858	3,154,273	10.91%
2013-14	87,089	160,104	65,464	297	312,954	4.2058	2,904,354	10.78%
2014-15	87,926	146,635	59,364	278	294,203	4.4765	2,770,291	10.62%
2015-16	86,930	144,969	55,977	263	288,139	4.6703	2,758,579	10.45%
2016-17	84,588	149,680	46,268	333	280,869	4.6703	2,746,137	10.23%
2017-18	87,135	153,817	46,468	348	287,768	4.6978	2,805,576	10.26%
2018-19	93,945	160,181	45,498	509	300,133	4.7578	2,911,356	10.31%
2019-20	99,941	169,325	44,809	533	314,608	4.8778	3,043,243	10.34%
2020-21	106,493	180,698	44,857	490	332,538	4.8778	3,202,965	10.38%

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		
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
2020-21	3.9815	0.7963	0.1000	0.0000	3.3944	3.6786	3.2500	2.7200	1.8371	0.4426

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		
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
2020-21	2.6230	4.0417	4.6050	7.4375	5.6789	5.9355

SOURCES: Annual budgets.

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

Taxpayer	2021			2020			2019			2018			2017		
	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
Unisource Energy Corporation *	20,575	1	5.98%	19,143	1	5.56%	18,816	1	5.71%	17,937	1	5.63%	19,014	1	6.14%
Qwest Corporation *	-	-	-	1,441	10	0.42%	1,580	8	0.48%	1,785	8	0.56%	1,777	8	0.57%
Wal-Mart Stores, Inc.	2,480	5	0.72%	2,418	6	0.70%	2,364	5	0.72%	2,341	5	0.73%	2,152	5	0.69%
Delta Properties LLP	13,060	2	3.79%	13,920	2	4.04%	11,088	2	3.36%	8,142	2	2.56%	5,619	2	1.81%
Union Pacific Railroad	3,626	3	1.05%	2,956	3	0.86%	3,135	3	0.95%	3,262	3	1.02%	3,147	3	1.02%
Mariposa Shopping Center LP *	1,949	8	0.57%	2,612	5	0.76%	2,355	6	0.71%	2,210	7	0.69%	2,062	7	0.67%
Tubac Management Co, LLC	1,558	10	0.45%	1,517	9	0.44%	1,471	10	0.45%	1,487	8	0.47%	1,372	9	0.44%
Nogales Plaza Shopping Center LP	-	-	-	-	-	-	-	-	-	1,341	10	0.42%	1,234	10	0.40%
SOAC Properties Corporation	1,575	9	0.46%	1,525	8	0.44%	1,481	9	0.45%	2,307	6	0.72%	2,095	6	0.68%
Alta Real Estate LLC	2,131	6	0.62%	2,057	7	0.60%	1,987	7	0.60%	-	-	-	-	-	-
Vatere LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rio Rico Properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Crisantes Properties, LLC	3,365	4	0.98%	2,650	4	0.77%	2,487	4	0.75%	2,478	4	0.78%	2,158	4	0.70%
Rio Rico Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Title Security Agency of Arizona	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acacia Land & Storage LLC	2,041	7	0.59%												
Total	52,360		15.21%	50,239		14.59%	46,764		14.19%	43,290		13.59%	40,630		13.11%

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* 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	2016			2015			2014			2013			2012		
	Net Assessed Value	Rank	Percent of Total Net Assessed Primary 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
Unisource Energy Corporation *	18,276	1	5.76%	17,956	1	5.54%	16,987	1	5.00%	16,670	1	4.44%	15,062	1	3.77%
Qwest Corporation *	1,892	6	0.60%	1,936	6	0.60%	1,929	5	0.57%	2,112	7	0.56%	2,979	3	0.75%
Wal-Mart Stores, Inc.	2,101	5	0.66%	2,235	5	0.69%	2,546	3	0.75%	2,270	5	0.60%	2,519	5	0.63%
Delta Properties LLP	4,837	2	1.52%	4,800	2	1.48%	5,770	2	1.70%	6,178	2	1.64%	5,197	2	1.30%
Union Pacific Railroad	2,521	3	0.79%	2,454	4	0.76%	2,498	4	0.73%	2,040	8	0.54%	1,926	7	0.48%
Mariposa Shopping Center LP *	2,197	4	0.69%	2,599	3	0.80%	1,745	6	0.51%	2,326	4	0.62%	1,832	9	0.46%
Tubac Management Co, LLC	1,385	10	0.44%	1,555	7	0.48%	1,744	7	0.51%	1,679	9	0.45%	1,859	8	0.47%
Nogales Plaza Shopping Center LP	1,472	8	0.46%	1,276	10	0.39%	-	-	-	-	-	-	-	-	-
SOAC Properties Corporation	1,453	9	0.46%	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%
Rio Rico Properties	-	-	-	-	-	-	-	-	-	2,245	6	0.60%	1,591	10	0.40%
Crisantes Properties, LLC	1,596	7	0.50%	1,468	9	0.45%	1,433	10	0.42%	1,609	10	0.43%	-	-	-
Rio Rico Utilities	-	-	-	-	-	-	1,462	9	0.43%	-	-	-	-	-	-
Title Security Agency of Arizona	-	-	-	-	-	-	-	-	-	-	-	-	2,695	4	0.67%
Total	37,730		11.88%	37,822		11.68%	37,692		11.08%	39,720		10.57%	37,786		9.46%

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*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					
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 ⁽²⁾	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 ⁽³⁾	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 ⁽⁴⁾	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 ⁽⁵⁾	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 ⁽⁶⁾	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 ⁽⁷⁾	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 ⁽⁸⁾	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 ⁽⁹⁾	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 ⁽¹⁰⁾	16,344,152	98.78	1,193,683
2020-21	14,423,657	2,992,929	17,416,586	14,178,942	2,938,779	17,117,721	98.28	194,872 ⁽¹¹⁾	17,312,593	99.40	1,169,944

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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 March 13, 2013.
- ⁽³⁾ Subsequent Taxes Collected as of March 3, 2014.
- ⁽⁴⁾ Subsequent Taxes Collected as of September 30, 2014.
- ⁽⁵⁾ Subsequent Taxes Collected as of September 15, 2015.
- ⁽⁶⁾ Subsequent Taxes Collected as of September 26, 2016.
- ⁽⁷⁾ Subsequent Taxes Collected as of September 30, 2017.
- ⁽⁸⁾ Subsequent Taxes Collected as of September 30, 2018.
- ⁽⁹⁾ Subsequent Taxes Collected as of September 30, 2019.
- ⁽¹⁰⁾ Subsequent Taxes Collected as of September 30, 2020.
- ⁽¹¹⁾ Subsequent Taxes Collected as of September 30, 2021.

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
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
2020-21 Primary	362,253	3,202,965	11.31
2020-21 Secondary	407,489	3,529,589	11.54

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					
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
2020-2021	41,949	810	313	182	43,254	1,853,738 ⁽¹⁾	2.53%	54,340	0.796

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, 2021
 (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	810	100	810
Santa Cruz County - Loans Payable	313	100	313
Santa Cruz County – Governmental Pledged Revenue Obligations	41,949	100	41,949

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)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Value	\$ 399,532	\$ 375,670	\$ 339,878	\$ 323,844	\$ 322,650	\$ 333,858	\$ 344,939	\$ 372,808	\$ 384,032	\$ 407,489
Legal Debt Margin										
Debt Limit (15% of assessed value)	59,930	56,351	50,982	48,577	48,398	50,079	51,741	55,921	57,605	61,123
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Net Position reserved for repayment of general obligation bonds	<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>	<u>1</u>
Total net debt applicable to the limit	<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>	<u>1</u>
Legal Debt Limit Margin	<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>	<u>1</u>
Total net debt applicable to the limit as a percentage of debt limit	(0.36)%	(0.40)%	(0.98)%	(0.19)%	(0.20)%	(0.42)%	0.00%	(0.08)%	0.00%	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

**Pledged Revenue Refunding Obligations
Courthouse Series 2016 and 2017 and Flood Control Series 2020**

Fiscal Year	Revenues ⁽¹⁾	Debt Service		Coverage
		Principal	Interest	
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
2021	9,392,782	1,065,000	482,710	6.07

Jail Series 2017 Pledged Revenue Refunding Obligations

Fiscal Year	Jail District Revenues ⁽²⁾	Less: Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2021	8,644,999	4,971,624	3,673,375	1,775,000	1,148,250	1.26

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 Enrollmen	Civilian Labor	Unemploymen Rate
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	33,135 ⁽¹⁾	1,780,728 ⁽¹⁾	11,211 ⁽¹¹⁾	18,760	13.6
2021	54,340	34,117 ⁽¹⁾	1,853,738 ⁽¹⁾	10,400 ⁽¹¹⁾	19,478	12.0

NOTES:

- (1) Projected Estimate.
- (2) School enrollment as of June 30, 2012.
- (3) School enrollment as of June 30, 2013.
- (4) School enrollment as of September 30, 2014.
- (5) School enrollment as of September 30, 2015.
- (6) School enrollment as of September 30, 2016.
- (7) School enrollment as of June 30, 2017.
- (8) School enrollment as of September 30, 2018.
- (9) School enrollment as of September 30, 2019.
- (10) School enrollment as of September 30, 2020.
- (11) School enrollment as of June 30, 2021.

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

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Employer	2021			2020			2019			2018			2017		
	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%	560	1	3.00%	556	1	2.90%	559	1	3.00%	563	3	2.90%
US Border Patrol*	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	623	1	3.20%
Super Wal-Mart	357	5	1.90%	357	4	1.90%	357	4	1.80%	384	4	2.00%	380	6	2.00%
US Customs and Border Protection*	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	616	2	3.20%
Santa Cruz County	403	3	2.10%	395	2	2.10%	400	2	2.10%	394	3	2.10%	412	4	2.10%
Santa Cruz Valley Unified School District #35	416	2	2.30%	428	3	2.30%	396	3	2.10%	401	2	2.10%	383	5	2.00%
City of Nogales	261	6	1.40%	255	6	1.40%	280	6	1.40%	296	6	1.60%	294	7	1.50%
Carondelet Health Network - Holy Cross Hospital	146	8	0.90%	176	7	0.90%	174	7	0.90%	174	8	0.90%	167	10	0.90%
Mariposa Community Health Center, Inc.	383	4	1.70%	325	5	1.70%	322	5	1.70%	298	5	1.60%	288	8	1.50%
Tubac Golf Resort	169	7	0.90%	169	8	0.90%	169	8	0.90%	199	7	1.10%	187	9	1.00%
Total	2,695		14.20%	2,665		14.20%	2,654		13.80%	2,705		14.40%	3,913		20.30%
Total Work Force	18,760			18,760			19,315			18,779			19,272		

Employer	2016			2015			2014			2013			2012		
	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	567	2	2.90%	563	2	2.80%	567	2	3.30%	603	2	3.40%	562	2	3.10%
US Border Patrol*	651	1	3.30%	670	1	3.40%	716	1	4.10%	735	1	4.10%	751	1	4.10%
Super Wal-Mart	398	4	2.00%	430	4	2.20%	421	4	2.40%	487	3	2.70%	466	4	2.50%
US Customs and Border Protection*	440	3	2.20%	457	3	2.30%	490	3	2.80%	470	4	2.60%	482	3	2.60%
Santa Cruz County	331	6	1.70%	309	6	1.60%	400	6	2.30%	411	5	2.30%	419	6	2.30%
Santa Cruz Valley Unified School District #35	389	5	2.00%	386	5	1.90%	434	5	2.50%	401	6	2.20%	430	5	2.30%
City of Nogales	300	7	1.50%	269	7	1.40%	295	7	1.70%	288	7	1.60%	275	7	1.50%
Carondelet Health Network - Holy Cross Hospital	170	10	0.90%	178	10	0.90%	172	10	1.00%	217	9	1.20%	175	9	1.00%
Mariposa Community Health Center, Inc.	262	8	1.30%	248	8	1.20%	242	8	1.40%	237	8	1.30%	228	8	1.20%
Tubac Golf Resort	176	9	0.90%	190	9	1.00%	192	9	1.10%	N/A	N/A	N/A	N/A	N/A	N/A
Total	3,684		18.70%	3,700		18.70%	3,929		22.70%	3,849		21.40%	3,788		20.60%
Total Work Force	19,700			19,907			17,328			17,917			18,352		

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

Type of Employment	2021		2020		2019		2018		2017	
	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total
Goods-Producing	550	4.42%	550	4.58%	809	6.25%	675	5.32%	793	6.23%
Trade, Transportation, and Utilities	5,350	42.97%	5,100	42.50%	5,410	41.83%	5,575	43.90%	5,334	41.91%
Other Private Service-Producing	2,800	22.49%	2,650	22.1%	3,007	23.3%	2,925	23.0%	2,945	23.1%
Federal Government	1,900	15.26%	1,725	14.4%	1,598	12.4%	1,550	12.2%	1,569	12.3%
State Government	<u>1,850</u>	<u>14.86%</u>	<u>1,975</u>	<u>16.5%</u>	<u>2,109</u>	<u>16.3%</u>	<u>1,975</u>	<u>15.6%</u>	<u>2,087</u>	<u>16.4%</u>
	<u>12,450</u>	<u>100.0%</u>	<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>

Type of Employment	2016		2015		2014		2013		2012	
	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total
Goods-Producing	704	5.30%	700	5.3%	600	4.7%	625	5.0%	650	4.9%
Trade, Transportation, and Utilities	5,618	42.31%	5,950	44.8%	5,550	43.0%	5,300	42.7%	5,825	44.1%
Other Private Service-Producing	3,196	24.1%	3,025	22.8%	2,925	22.7%	2,600	20.9%	2,675	20.3%
Federal Government	1,623	12.2%	1,650	12.4%	1,750	13.6%	1,800	14.5%	1,825	13.8%
State Government	<u>2,137</u>	<u>16.1%</u>	<u>1,950</u>	<u>14.7%</u>	<u>2,075</u>	<u>16.1%</u>	<u>2,100</u>	<u>16.9%</u>	<u>2,225</u>	<u>16.9%</u>
	<u>13,278</u>	<u>100.0%</u>	<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>

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			
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
2021	410,578	332,873	80,239	594	1,060,734

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

Fiscal Year	Governmental Activities							Business-Type Activities	Total Employees in all Functions
	General Government	Public Safety	Highways and Streets	Health and Welfare	Recreation	Education and Economic Opportunity	Total	Sanitation Landfill Enterprise	
2011-12	182	136	31	17	1	16	383	11	394
2012-13	164	136	28	18	1	16	363	13	376
2013-14	165	119	30	16	1	16	347	14	361
2014-15	162	114	27	17	1	18	339	10	349
2015-16	162	102	27	18	1	15	325	9	334
2016-17	176	109	25	16	1	15	342	7	349
2017-18	172	105	23	19	1	16	336	5	341
2018-19	181	102	20	20	3	20	346	5	351
2019-20	169	98	20	18	3	23	331	6	337
2020-21	164	99	19	15	2	24	323	6	329

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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

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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
MILES OF STREETS										
Paved	434.00	433.00	430.00	428.00	411.00	430.00	405.47	405.47	425.38	425.00
Unpaved	259.00	258.00	278.00	390.00	312.40	389.00	331.52	331.52	316.64	316.00
REGISTERED VOTERS	31,201	29,796	28,742	27,764	26,805	24,866	26,784	26,023	25,023	23,296
Democrat	49.27%	50.52%	50.16%	51.11%	50.86%	51.89%	47.86%	49.32%	53.90%	50.81%
Republican	16.83%	16.91%	16.40%	16.62%	16.06%	16.84%	15.56%	15.99%	17.64%	16.96%
NUMBER OF JUDICIAL COURTS										
Superior Court Department	1	1	1	1	1	1	1	1	1	1
Justice of Peace Courts	1	1	1	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	6	4	3	4	10	7	6	6	6	8
SHERIFF PROTECTION										
Number of Stations	4	4	4	4	4	4	4	3	3	3
Number of Employees	81	79	84	81	111	77	91	96	119	114
Major Crimes	71	103	134	134	170	170	206	76	207	271
Vehicular Patrol Units	36	36	36	36	27	33	33	16	25	56
SANITARY LANDFILLS										
Number of Landfills	2	1	1	1	1	1	1	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, Recorders, 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
(Amounts in Thousands)

	2021	2020	2019	2018	2017
Governmental funds capital assets					
Infrastructure	\$ 87,756	\$ 86,788	\$ 85,124	\$ 84,576	\$ 83,229
Land	22,352	22,352	22,352	22,347	22,347
Buildings	74,595	74,595	74,595	74,595	74,595
Improvements other than buildings	6,430	6,425	6,376	6,347	6,326
Construction equipment and vehicles	13,078	12,871	12,309	12,350	12,015
Furniture and equipment	13,038	12,681	12,406	12,218	11,514
Construction in progress	-	919	142	79	70
Total governmental funds capital assets	<u>\$ 217,249</u>	<u>\$ 216,631</u>	<u>\$ 213,304</u>	<u>\$ 212,512</u>	<u>\$ 210,096</u>
Investments in governmental funds capital assets by source					
General Fund	\$ 20,875	\$ 20,718	\$ 20,031	\$ 19,990	\$ 19,736
Special Revenue Funds*	134,921	134,463	133,286	132,471	131,638
Capital Projects Funds	61,248	61,248	59,789	59,789	58,441
Capital Contributions	205	202	198	262	281
Total governmental funds capital assets	<u>\$ 217,249</u>	<u>\$ 216,631</u>	<u>\$ 213,304</u>	<u>\$ 212,512</u>	<u>\$ 210,096</u>
	2016	2015	2014	2013	2012*
Governmental funds capital assets					
Infrastructure	\$ 81,390	\$ 81,457	\$ 79,346	\$ 79,271	\$ 75,593
Land	22,347	22,343	22,343	22,343	22,343
Buildings	74,594	73,963	73,963	73,963	73,881
Improvements other than buildings	6,326	3,802	3,267	3,206	3,195
Construction equipment and vehicles	11,791	10,661	9,636	9,760	9,922
Furniture and equipment	11,113	11,251	11,097	11,452	10,728
Construction in progress	1,547	1,316	2,664	3,969	3,688
Total governmental funds capital assets	<u>\$ 209,108</u>	<u>\$ 204,793</u>	<u>\$ 202,316</u>	<u>\$ 203,964</u>	<u>\$ 199,350</u>
Investments in governmental funds capital assets by source					
General Fund	\$ 19,147	\$ 18,720	\$ 18,148	\$ 18,589	\$ 18,267
Special Revenue Funds	131,594	129,474	127,566	128,738	124,519
Capital Projects Funds	58,079	56,598	56,599	56,637	56,564
Capital Contributions	288	1	3	-	-
Total governmental funds capital assets	<u>\$ 209,108</u>	<u>\$ 204,793</u>	<u>\$ 202,316</u>	<u>\$ 203,964</u>	<u>\$ 199,350</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.