

SANTA CRUZ COUNTY, ARIZONA

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2023**

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Santa Cruz County
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

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ADMINISTRATIVE SERVICES SANTA CRUZ COUNTY

Mauricio A. Chavez
Deputy County Manager/CFO

March 28, 2024

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 (ACFR) for the fiscal year ended June 30, 2023. 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 47,000 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 40,000 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 1,150 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 management attended the NACo's Annual Legislative Conference that included the following topics: federal policy update, community, economic and workforce development strategies, local infrastructure investments and maximizing ARPA funds. 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, Ruby Road & Rio Rico Drive Interchange project, Nogales wash and tunnels and continued infrastructure funding.

The Board of Supervisors and management staff attended the annual County Supervisors Association Legislative Summit to review and discuss political context and create a foundational educational opportunity for elected officials and staff. Reach agreement on CSA legislative agenda and advocacy strategies for the upcoming legislative session.

The Board of Supervisors through the American Rescue Plan Act continued the financial asset building forgivable loan program for small businesses and non-profits. This program assisted small businesses and non-profits mitigate community negative economic impacts experienced from the COVID pandemic.

The County was funded an initial \$3 million from a one-time State appropriation for the Ruby Road Bridge improvement project. The project will start a design phase to ultimately create a bridge over the Ruby Road railroad crossing.

With CDBG grant funding, the Board approved the 1904 Historic Courthouse courtroom restoration project. The restoration continues after receiving funding from the Arizona State Parks Heritage Grant, to repair the dome at the 1904 Historic Courthouse.

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

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.

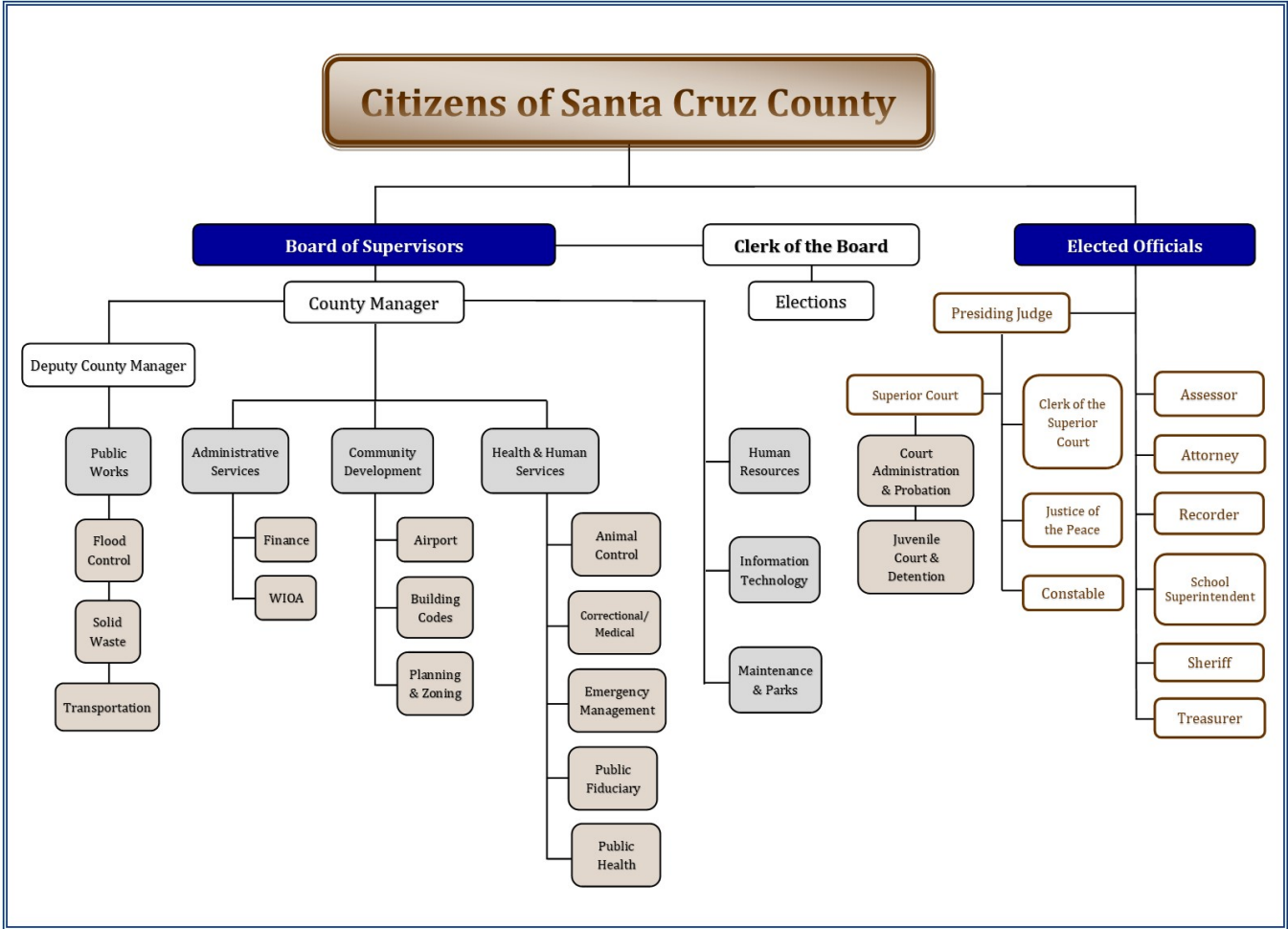
Acknowledgements

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
Deputy County Manager/CFO



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Financial Section



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 audit of the financial statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for opinions

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 U.S. Comptroller General. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of matters

As discussed in Note 1 to the financial statements, for the year ended June 30, 2023, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No.96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

As discussed in Note 2 to the financial statements, the County restated beginning net position of its financial statements for the year ended June 30, 2023, to correct misstatements in its previously issued financial statements. Our opinions are not modified with respect to this matter.

Other matters

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 County's Board of Supervisors and 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the audit's planned scope and timing, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5 through 16, budgetary comparison schedules on pages 71 through 79, schedule of the County's proportionate share of the net pension liability—cost-sharing plans on pages 80 through 81, schedule of changes in the County's net pension liability and related ratios—agent plans on pages 82 through 85, and schedule of County pension contributions on pages 86 through 89 be presented to supplement the basic financial statements. Such information is management's responsibility and, 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 information

Combining and individual nonmajor fund financial statements and schedules

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, based on our audit and the procedures performed as described above, the accompanying combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on the other information.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Lindsey A. Perry

Lindsey A. Perry, CPA, CFE
Auditor General

March 28, 2024

Santa Cruz County
Management's Discussion and Analysis
Year ended June 30, 2023

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, 2023, the County implemented the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), which defines a SBITA and establishes that a SBITA results in a right-to-use subscription intangible asset and a corresponding subscription liability. As a result, the County's financial statements have been modified to reflect the recognition of certain SBITA assets and liabilities.

Financial Highlights

- At June 30, 2023, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$80,522,484 (net position). Of this amount, \$73.2 million is the net investment in capital assets (e.g., land, buildings, improvements, construction equipment and vehicles, furniture and equipment, intangibles, infrastructure and construction in progress); \$25.9 million is restricted for specific purposes (restricted net position); and \$(18.7) 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 \$7,208,778.
- At June 30, 2023, total assets were \$172,970,013 compared to restated \$165,362,213, at June 30, 2022. This is a \$7,607,800 or 4.60 percent increase over the prior fiscal year.
- At June 30, 2023, total deferred outflows of resources were \$7,149,187 compared to \$16,302,606 at June 30, 2022. This is a \$9,153,419 or 56.15 percent decrease over the prior fiscal year.
- At June 30, 2023, total liabilities were \$97,370,071 compared to \$100,266,377 at June 30, 2022. This is a \$2,896,306 or 2.89 percent decrease over the prior fiscal year.
- At June 30, 2023, total deferred inflows of resources were \$2,226,645 compared to \$8,084,736 at June 30, 2022. This is a \$5,858,091 or 72.46 percent decrease over the prior fiscal year.
- At June 30, 2023, the governmental funds reported combined fund balances of \$35,210,953 or an increase in fund balance of \$5,672,132, in comparison with the prior year's balance of \$29,538,821.
- At June 30, 2023, \$17,503,862 or 49.71 percent of governmental fund balances were restricted, \$105,777 or 0.30 percent was assigned, \$17,230,871 or 48.94 percent were unassigned, and \$370,443 or 1.05 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.

Santa Cruz County
Management's Discussion and Analysis
Year ended June 30, 2023

- At June 30, 2023, unassigned fund balance for the general fund was \$20,625,725, 70.1 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.

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 18-19 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

Santa Cruz County
Management's Discussion and Analysis
Year ended June 30, 2023

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 six 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, Criminal Justice Enhancement, 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 20-23 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 24-26 of this report.

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

The fiduciary funds financial statements can be found on pages 27-28 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 29-69 of this report.

Required supplementary information presents budgetary comparison schedules for the General, Jail District, Road, Criminal Justice Enhancement, Health Services and American Rescue Plan Act funds of the County. It also includes pension plan schedules. Required supplementary information can be found on pages 69-89 of this report.

Santa Cruz County
Management's Discussion and Analysis
Year ended June 30, 2023

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, 2023, compared to the prior year.

Statement of Net Position
June 30, 2023 and 2022 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022		2023	2022	2022	
	2023	Restated			2023	Restated
Current and other assets*	\$ 57,561	\$ 48,287	\$ 7,206	\$ 8,266	\$ 64,767	\$ 56,553
Capital assets	105,519	105,963	2,683	2,846	108,202	108,809
Total assets	163,080	154,250	9,889	11,112	172,969	165,362
Deferred outflows of resources						
Total deferred outflows of resources	7,067	16,209	82	93	7,149	16,302
Current and other liabilities	20,712	18,296	285	319	20,997	18,615
Long-term liabilities	73,070	78,554	3,303	3,097	76,373	81,651
Total liabilities	93,782	96,850	3,588	3,416	97,370	100,266
Deferred inflows of resources						
Total deferred inflows of resources	2,175	7,946	51	138	2,226	8,084
Net Position						
Net invested in capital assets	70,651	67,745	2,597	2,711	73,248	70,456
Restricted*	21,047	15,285	4,848	4,511	25,895	19,796
Unrestricted (deficit)	(17,508)	(17,367)	(1,113)	429	(18,621)	(16,938)
Total net position	\$ 74,190	\$ 65,663	\$ 6,332	\$ 7,651	\$ 80,522	\$ 73,314

*The above fiscal year 2022 governmental activities amounts for current and other assets and restricted net position were restated due to the correction of misreporting the national opioid settlements. Further, the above fiscal year 2022 business-type activities restricted and unrestricted net positions have been restated for future landfill closure and postclosure care costs. Additional information on the correction of this error can be found in Note 2 of the Notes to Financial Statements on page 36 of this report.

At June 30, 2023, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$80.5 million (net position).

The largest portion (\$73.2 million or 91.0 percent) of the County's net position reflects the investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, intangibles, and construction in progress), less accumulated depreciation/amortization and related debt still outstanding used to acquire those assets. The County uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, because the capital assets themselves will not be used to liquidate these liabilities. Restricted net position (\$25.9 million or 32.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance (\$18.7 million or negative 23.1 percent) is the unrestricted net position deficit balance that is primarily a result of recognizing long-term liabilities related to pensions as mentioned above.

Santa Cruz County
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Year ended June 30, 2023

The following provides an explanation of governmental activities assets, liabilities, and deferred outflows and inflows of resources that changed significantly over the prior year:

- Current and other assets – the \$9.3 million or 19.2 percent net increase was largely in cash and investments, restricted cash and investments held by trustee, and due from other governmental units:
 - Cash and investments increased \$5.9 million primarily due to additional unearned \$3 million transportation grants, \$1.7 million local consistency grant and \$862,000 criminal justice enhancement grants received but not eligible to spend in the current fiscal year.
 - Restricted cash and investments held by trustee increased \$2 million solely due to loan proceeds received for capital projects in the General Fund but not spent at the end of the current fiscal year.
 - Due from other governmental units increased \$1.9 million mainly due to additional grant revenues recognized in the criminal justice enhancement, homeland security, and juvenile services funds.
- Current and other liabilities – the \$2.4 million or 12.8 percent net increase was largely in unearned revenue and accrued payroll and employee benefits:
 - Unearned revenue had a net increase of \$2.8 million due to additional \$3 million transportation grants, \$1.7 million local consistency grant and \$862,000 criminal justice enhancement grants received but not eligible to spend in the current fiscal year. Further, \$2.9 million American Rescue Plan Act grant was spent on eligible expenses and therefore, recognized as earned revenue in the current fiscal year.
 - Accrued payroll and employee benefits decreased \$674,000 primarily due to fewer payroll days accrued at the end of the current fiscal year.
- Net pension and OPEB liabilities decreased by \$3.5 million or 10.33 percent as a result of an actuarial valuation of the total pension and OPEB asset/liability with a measurement date of June 30, 2022.
- Deferred outflows and inflows of resources – the \$9.1 million or 56.4 percent and \$5.8 million or 72.6 percent net decreases, respectively, were largely related to pensions and OPEB as a result of an actuarial valuation of the total pension and OPEB asset/liability with a measurement date of June 30, 2022.

The following provides an explanation of business-type activities current and other assets and deferred outflows and inflows of resources that changed significantly over the prior year.

Current and other assets – the \$1.1 million or 12.8 percent net decrease was solely in cash and investments as a result of the current year's negative cash flows from its operating activities.

- Deferred outflows and inflows of resources – the \$11,000 or (11.8) percent and \$87,000 or (63) percent decreases, respectively, were solely related to pensions and OPEB as a result of an actuarial valuation of the total pension and OPEB asset/liability with a measurement date of June 30, 2022.

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Changes in Net position

The following table reflects the condensed Statement of Activities of the County for the year ended 2023 compared to the prior year.

For the Years Ended June 30, 2023 and 2022 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 Restated	2023	2022	2023	2022 Restated
Revenues:						
Program revenues:						
Charges for services*	\$ 3,237	\$ 5,446	\$ 1,960	\$ 2,971	\$ 5,197	\$ 8,417
Operating grants and contributions	22,768	17,078			22,768	17,078
Capital grants and contributions	131	336			131	336
General revenues:						
Property taxes	19,228	18,739			19,228	18,739
County excise tax	8,953	7,774			8,953	7,774
Share of state sales taxes	7,760	6,906			7,760	6,906
Share of state overweight permits	427	390			427	390
State appropriations	550	550			550	550
Payments in lieu of taxes	1,354	1,263			1,354	1,263
VLT unrestricted	2,081	2,117			2,081	2,117
Investment income	695	37	90	4	785	41
Miscellaneous	156	402			156	402
Gain on sale/trade-in of capital assets	310				310	
Capital contribution		2		(2)		
Transfers	(1)		1		-	-
Total revenues	<u>67,649</u>	<u>61,040</u>	<u>2,051</u>	<u>2,973</u>	<u>69,700</u>	<u>64,013</u>
Expenses:						
General government	21,717	17,493			21,717	17,493
Public safety	16,415	16,728			16,415	16,728
Highways and streets	6,687	9,509			6,687	9,509
Health, welfare and sanitation	7,370	6,454	3,370	2,736	10,740	9,190
Education and economic opportunity	4,617	3,368			4,617	3,368
Recreation	782	423			782	423
Interest on long-term debt	1,534	1,873			1,534	1,873
Total expenses	<u>59,122</u>	<u>55,848</u>	<u>3,370</u>	<u>2,736</u>	<u>62,492</u>	<u>58,584</u>
Changes in net position	8,527	5,192	(1,319)	237	7,208	5,429
Net position—beginning*	65,663	60,471	7,651	7,414	73,314	67,885
Net position—ending	<u>\$74,190</u>	<u>\$65,663</u>	<u>\$ 6,332</u>	<u>\$ 7,651</u>	<u>\$80,522</u>	<u>\$73,314</u>

*The above fiscal year 2022 amounts for charges for services and beginning net position were restated due to the correction of misreporting the national opioid settlements. Additional information on the correction of this prior period accounting error can be found in Note 2 of the Notes to Financial Statements on page 36 of this report.

Overall, the County's governmental revenues increased \$6.6 million or 10.8 percent and expenses increased \$3.3 million or 5.9 percent. The following provides an explanation of governmental activities revenues and expenses that changed significantly over the prior year:

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- Operating grants and contributions increased \$5.7 million or 33.3 percent primarily due to additional grants and contributions recognized in the criminal justice enhancement, homeland security, and juvenile services funds in the current fiscal year.
- County excise tax increased \$1.2 million or 15.2 percent and state share of sales taxes increased \$854,000 or 12.4 percent primarily due to an improved economy in the current fiscal year.
- General government expenses increased \$4.2 million or 24.2 percent largely due to the following:
 - The Board approved 6 percent COLA for the current fiscal year and therefore increased salaries and employee benefits.
 - American Rescue Act Plan Fund expenses increased \$1.7 million due to supportive and other professional services for the general government function.
 - Pension and OPEB expenses increased \$434,000 as a result of an updated actuarial valuation of the total pension and OPEB asset/liability.
 - Criminal justice enhancement expenses for the County Attorney's Office and the county courts increased \$373,000 due to additional grant revenues.
 - The Information Technology Department expenses increased \$670,000 due to computer software and other professional services, computer equipment purchases, and maintenance and repair for system upgrades.
 - The Airport Department expenses increased \$116,000 due to its airport rescue, electrical upgrade, and erosion control projects.
- Highways and streets expenses decreased \$2.8 million or (29.7) percent solely due to fewer roads scheduled for the annual maintenance and repair than the prior year.
- Health, welfare and sanitation expenses increased \$916,000 or 14.2 percent largely due to additional \$858,000 AHCCCS / ALTCS contributions as required by the State in the current fiscal year.

Overall, the County's business-type revenues decreased \$922,000 or (31.0) percent and expenses increased by \$634,000 or 23.2 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 \$1.0 million or (34.0) percent decrease was mainly due to the City of Nogales transfer station stopping taking waste to the landfill.
- Sanitation expenses – The \$634,000 or 23.2 percent increase largely due to the following additional expenses in the current year:
 - \$365,000 additional costs for roadside facility and building maintenance for slurry and dirt work in landfill.
 - \$226,000 additional external contracting services for equipment rental and labor work on landfill.
 - \$118,000 additional personal services for salary increase due to the 6 percent COLA approved by the Board.

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Management's Discussion and Analysis
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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, 2023, the County's governmental funds reported combined fund balances of \$35,210,953, an increase of \$5,672,132 in comparison with the prior year's balance. Of the combined fund balances, \$17,230,871 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 \$20,625,725. Unassigned fund balance represents 70.1 percent of total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

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

General Fund

- Due from other funds increased \$550,000 or 23.1 percent primarily due to additional transfers out of \$571,000 incurred to cover negative cash balances in other governmental funds at the end of the current fiscal year.
- General government expenditures increased \$1.8 million or 12.3 percent primarily due to the following reasons:
 - The Board approved 6 percent COLA for the current fiscal year and therefore increased salaries and employee benefits for all departments.
 - The Information Technology Department increased \$670,000 expenses in computer software and other professional services, computer equipment purchases, and maintenance and repair for system upgrades.
 - The Airport Department increased \$245,000 expenses in external contracting with Arizona Department of Transportation for its projects.
 - The Attorney's Office and county courts increased \$194,000 expenses in professional services, court program materials, and other expenses for additional cases.
- Health, welfare and sanitation expenses increased \$952,000 or 32.8 percent mainly due to additional \$858,000 AHCCCS / ALTCS contributions (welfare expenses) as required by the State in the current fiscal year.

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Jail District Fund

- Cash and investments increased \$1.4 million or 93.8 percent primarily due to additional county excise tax, intergovernmental revenue, investment earnings, and transfer in from General Fund received in the current fiscal year.
- County half cent jail excise sales tax revenue increased \$589,000 or 15.2 percent largely due to an improved economy in the current fiscal year.
- Intergovernmental revenue increased \$436,000 or 222 percent mainly due to housing more inmates from other governmental units in the current fiscal year.
- Public safety expenditures increased \$511,000 or 14.3 percent primarily due to housing more inmates and the Board approved 6 percent COLA in the current fiscal year.

Road Fund

- Cash and investments increased \$3.6 million or 580.9 percent primarily due to an unearned grant of \$3 million received from Arizona Department of Transportation (ADOT) and highway and streets expenditures were significantly decreased in the current fiscal year as explained below.
- Due from other governmental units decreased \$117,000 or 16.9 percent largely due to fewer intergovernmental agreements for road maintenance and repair in the current fiscal year.
- Unearned revenue of \$3 million was a grant received from ADOT for the Ruby Road bridge project. The County anticipates submitting an RFP for design on this project in fiscal year 2024.
- Highways and streets expenditures decreased \$2.0 million or (25.2) percent due to a combination of fewer scheduled roads for maintenance and repair but more buildings maintained and repaired in the current fiscal year. Specifically, road maintenance costs decreased \$3.2 million and building repair and maintenance costs increased \$1.4 million.

Criminal Justice Enhancement Fund

- Cash and investments increased \$956,000 or 41.6 percent mainly due to additional \$862,000 grants received but not eligible to spend at the end of the current fiscal year.
- Due from other governmental units increased \$620,000 or 105.8 percent primarily due to additional grant reimbursements recognized at the end of the current fiscal year.
- Settlements receivable and unavailable fines and forfeits revenue decrease of \$156,000 or 13.6 percent is solely related to the national opioid settlements. Specifically, \$1.1 million settlements receivable and unavailable fines and forfeits revenue were recognized as a prior period correction for not properly recognizing the settlements in the prior fiscal year. Of the \$1.1 million settlements, \$156,000 was received in the current fiscal year. For further explanations, see Notes 2, 7 and 14 of the Notes to Financial Statements on pages 36, 41, and 69 of this report.
- Unearned revenue increased \$862,000 mainly due to additional grants received but not eligible to spend at the end of the current fiscal year.
- Unavailable intergovernmental revenue increased \$304,000 or 94.6 percent primarily due to additional grant reimbursements not received within the County's 60-day available period after year-end for revenue recognition policy.
- Intergovernmental revenue increased \$1.1 million or 86.6 percent primarily due to five new grants totaling \$954,000 and additional grant funding received for the existing programs. The largest new grant was \$750,000 for the School Safety Interoperability program.

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Management's Discussion and Analysis
Year ended June 30, 2023

- General government expenditures increased \$123,000 or 10.2 percent solely due to additional spending in the County Attorney Office and courts from the additional intergovernmental revenue mentioned above.
- Public safety expenditures increased \$1.1 million or 125.1 percent solely due to additional spending in the County's Sheriff's Office from the additional intergovernmental revenue mentioned above.

Health Services Fund

- Accounts payable increased \$71,000 or 32.6 percent primarily due to additional goods and services received at the end of the current fiscal year.
- Due to other funds decreased \$308,000 or (21.1) percent primarily due to decrease in year-end cash transfers from General Fund to cover negative cash balances in health service funds.
- Intergovernmental revenue increased \$508,000 or 48.2 percent primarily due to six new grants totaling \$339,000 and additional grant funding received for the existing programs. The largest new grant was \$140,000 for the ELC K-12 School Reopening program.

American Rescue Plan Act (ARPA) Fund

- Cash and investments and unearned revenue decreased \$2.9 million or 33 percent solely due to ARPA grant was spent on eligible expenditures in the current fiscal year.
- ARPA revenue and expenditures increased \$2.6 million or 743.1 percent solely due to more unearned ARPA grant spent on eligible expenditures and therefore recognized as revenue in the current fiscal year. Specifically, eligible expenditures include \$1.7 million on supportive and other professional services for the general government function and \$1.2 million on road maintenance and repair for the highway and streets function.

General Fund Budgetary Highlights

General Fund actual expenditures were approximately \$11.2 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, 2023, amounted to \$108 million (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, improvements other than buildings, construction equipment and vehicles, furniture and equipment, construction in progress, infrastructure, and right-to-use subscription and lease assets. A major capital asset event during the current fiscal year was as follows:

- The County implemented the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), which establishes that a SBITA results in a right-to-use subscription asset—an intangible asset and a corresponding subscription liability. As a result, the County's financial statements have been modified to reflect the recognition of SBITA assets and reported them as intangible right-to-use subscription assets.

Santa Cruz County
Management's Discussion and Analysis
Year ended June 30, 2023

Capital Assets
Net of Depreciation/Amortization
(In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 22,352	\$ 22,352	\$ 230	\$ 230	\$ 22,582	\$ 22,582
Buildings	46,283	48,132	69	75	46,352	48,207
Improvements other than buildings	2,039	2,388	2,301	2,404	4,340	4,792
Construction equipment and vehicles	1,874	846	81	134	1,955	980
Furniture and equipment	1,054	991	2	3	1,056	994
Infrastructure	30,994	30,583			30,994	30,583
Intangibles:						
Right-to-use subscription assets	227				227	
Right-to-use lease assets:						
Construction equipment and vehicles	448	412			448	412
Furniture and equipment	248	259			248	259
Total capital assets, net	<u>\$105,519</u>	<u>\$105,963</u>	<u>\$ 2,683</u>	<u>\$2,846</u>	<u>\$108,202</u>	<u>\$108,809</u>

Additional information on the County's capital assets can be found in Note 8 of the Notes to Financial Statements on page 41 of this report.

Long-Term Liabilities

At June 30, 2023, the County had total long-term liabilities outstanding of \$82.0 million. This amount includes pledged revenue obligations of \$43.5 million, net pension and OPEB liabilities of \$30.5 million, long-term loans payable of \$1.9 million, compensated absences payable of \$2.3 million, landfill closure and post closure care costs payable of \$2.7 million, financed purchases of \$86,000, leases payable of \$749,000, subscription liability of \$227,000, and claims and judgments payable of \$75,000.

Major long-term liabilities events during the current fiscal year were as follows:

- As mentioned above under **capital assets**, the County implemented the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). As a result, the County's financial statements have been modified to reflect the recognition of the subscription liability that was not recognized previously.

Additional information on the County's long-term debt can be found in Note 9 of the Notes to Financial Statements on pages 44-49 of this report.

Economic Factors and Next Year's Budget

We are cautious due to the economic and political turmoil in Mexico and the continued uncertainty of the U.S. immigration and trade policies; however, the local economy has taken an upward trend.

Santa Cruz County
Management's Discussion and Analysis
Year ended June 30, 2023

- 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 State economy should reduce this burden in future years, however potential lower revenues on the local level continue to hamper the County's recovery from the recession.
- The economy of Santa Cruz County employs approximately 18.6k 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, and 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 4 percent in 2023 compared to last year, and vehicular passengers decreased by 8.4 percent mainly due to the increased border wait times.
- Construction of new commercial warehouse buildings increased this year and construction of new homes remained strong. 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, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 42,166,912	\$ 7,026,107	\$ 49,193,019
Cash and investments held by trustee	2,028,158		2,028,158
Property taxes receivable (net of allowance)	1,168,623		1,168,623
Due from other governmental units	9,219,094	4,072	9,223,166
Accounts receivable	356,937	163,532	520,469
Leases receivable	198,555		198,555
Settlements receivable (net of allowance)	993,018		993,018
Prepaid items	370,443	1,040	371,483
Noncurrent assets:			
Net pension and other postemployment benefits asset	1,059,392	11,639	1,071,031
Capital assets:			
Not being depreciated/amortized	22,352,410	229,996	22,582,406
Being depreciated/amortized (net)	83,166,987	2,453,098	85,620,085
Total assets	<u>163,080,529</u>	<u>9,889,484</u>	<u>172,970,013</u>
Deferred Outflows of Resources			
Deferred charge on debt refunding	1,324,382		1,324,382
Deferred outflows related to pensions and other postemployment benefits	5,742,937	81,868	5,824,805
Total deferred outflows of resources	<u>7,067,319</u>	<u>81,868</u>	<u>7,149,187</u>
Liabilities			
Accounts payable	3,227,857	189,034	3,416,891
Due to other governments	4,610		4,610
Accrued payroll and employee benefits	455,170	19,255	474,425
Unearned revenue	11,456,030		11,456,030
Noncurrent liabilities:			
Due within 1 year	5,568,672	76,983	5,645,655
Due in more than 1 year	73,069,916	3,302,544	76,372,460
Total liabilities	<u>93,782,255</u>	<u>3,587,816</u>	<u>97,370,071</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions and other postemployment benefits	1,976,720	51,370	2,028,090
Deferred inflows related to leases	198,555		198,555
Total deferred inflows of resources	<u>2,175,275</u>	<u>51,370</u>	<u>2,226,645</u>
Net Position			
Net investment in capital assets	70,650,918	2,596,884	73,247,802
Restricted for:			
Capital projects	646,551		646,551
Education	2,184,066		2,184,066
Flood control	2,373,246		2,373,246
Health	1,641,565		1,641,565
Judicial activities	4,634,422		4,634,422
Law enforcement	6,421,273		6,421,273
Public safety	1,906		1,906
Social services	667,665		667,665
Highways and streets	1,525,123		1,525,123
Sanitation	323,720		323,720
Landfill closure and postclosure care costs		4,848,218	4,848,218
Other purposes	628,126		628,126
Unrestricted (deficit)	<u>(17,508,263)</u>	<u>(1,112,936)</u>	<u>(18,621,199)</u>
Total net position	<u>\$ 74,190,318</u>	<u>\$ 6,332,166</u>	<u>\$ 80,522,484</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary Government						
Governmental activities:						
General government	\$ 21,717,471	\$ 2,502,192	\$ 4,106,973	\$ 130,663	\$ (14,977,643)	\$ (14,977,643)
Public safety	16,414,754	246,991	5,998,632		(10,169,131)	(10,169,131)
Highways and streets	6,687,005	139,707	5,824,977		(722,321)	(722,321)
Health, welfare and sanitation	7,369,925	338,052	2,301,913		(4,729,960)	(4,729,960)
Education and economic opportunity	4,617,145	4,300	4,535,347		(77,498)	(77,498)
Recreation	782,023	5,712			(776,311)	(776,311)
Interest on long-term debt	1,533,696				(1,533,696)	(1,533,696)
Total governmental activities	<u>\$ 59,122,019</u>	<u>\$ 3,236,954</u>	<u>\$ 22,767,842</u>	<u>\$ 130,663</u>	<u>\$ (32,986,560)</u>	<u>\$ (32,986,560)</u>
Business-type activities:						
Landfill	3,370,366	1,960,004				\$ (1,410,362)
Total business-type activities	<u>3,370,366</u>	<u>1,960,004</u>				<u>(1,410,362)</u>
Total primary government	<u>\$ 62,492,385</u>	<u>\$ 5,196,958</u>	<u>\$ 22,767,842</u>	<u>\$ 130,663</u>	<u>\$ (32,986,560)</u>	<u>\$ (34,396,922)</u>
General revenues/expenses:						
Taxes						
Property taxes, levied for general purposes				16,369,109		16,369,109
Property taxes, levied for flood control district				2,859,312		2,859,312
Property taxes, levied for debt service				8		8
County excise tax for general purposes				4,477,025		4,477,025
County excise tax for jail district				4,476,520		4,476,520
Share of state sales taxes				7,760,227		7,760,227
Share of state vehicle license tax				2,080,765		2,080,765
Share of state overweight permits				426,834		426,834
State appropriations				550,050		550,050
Payments in lieu of taxes				1,354,261		1,354,261
Investment earnings				695,330	90,802	786,132
Miscellaneous				155,852		155,852
Gain on sale/trade-in of capital assets				309,605		309,605
Transfers in (out)				(1,048)	1,048	-
Total general revenues and transfers				<u>41,513,850</u>	<u>91,850</u>	<u>41,605,700</u>
Changes in net position				8,527,290	(1,318,512)	7,208,778
Net position—July 1, 2022, restated				<u>65,663,028</u>	<u>7,650,678</u>	<u>73,313,706</u>
Net position—June 30, 2023				<u>\$ 74,190,318</u>	<u>\$ 6,332,166</u>	<u>\$ 80,522,484</u>

See accompanying notes to financial statements.

Santa Cruz County
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Jail District Fund	Road Fund	Criminal Justice Enhancement Fund	Health Services Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total
Assets								
Cash and investments	\$ 16,696,992	\$ 2,828,575	\$ 4,205,590	\$ 3,251,756	\$ 195,469	\$ 5,842,471	\$ 9,146,059	\$ 42,166,912
Cash and investments held by trustee	2,028,158							2,028,158
Property taxes receivable (net of allowances for uncollectibles)	983,034						185,589	1,168,623
Due from other governmental units	2,304,836	960,432	575,154	1,205,502	1,801,538		2,371,632	9,219,094
Due from other funds	2,928,179							2,928,179
Accounts receivable	183,278	42	88,822	27,968	1,353		55,474	356,937
Leases receivable	198,555							198,555
Settlements receivable (net of allowance)				993,018				993,018
Prepaid items	348,775		1,887	1,030	7,750		11,001	370,443
Total assets	<u>\$ 25,671,807</u>	<u>\$ 3,789,049</u>	<u>\$ 4,871,453</u>	<u>\$ 5,479,274</u>	<u>\$ 2,006,110</u>	<u>\$ 5,842,471</u>	<u>\$ 11,769,755</u>	<u>\$ 59,429,919</u>
Liabilities, Deferred Inflows of Resources and Fund Balances Liabilities								
Accounts payable	\$ 1,495,095	\$ 126,352	\$ 310,110	\$ 375,789	\$ 286,760	\$ 62,618	\$ 571,133	\$ 3,227,857
Due to other governments							4,610	4,610
Accrued payroll and employee benefits	225,074	61,785	36,220	30,790	20,188		81,113	455,170
Due to other funds				524,275	1,153,621		1,250,283	2,928,179
Unearned revenue			3,000,000	862,274	54,388	5,779,853	1,759,515	11,456,030
Total liabilities	<u>1,720,169</u>	<u>188,137</u>	<u>3,346,330</u>	<u>1,793,128</u>	<u>1,514,957</u>	<u>5,842,471</u>	<u>3,666,654</u>	<u>18,071,846</u>
Deferred Inflows of Resources								
Unavailable revenue—property taxes	747,060						136,507	883,567
Unavailable revenue—intergovernmental	3,365		4,959	624,643	1,399,262		2,039,390	4,071,619
Unavailable revenue—fines and forfeits				993,018				993,018
Unavailable revenue—miscellaneous							361	361
Deferred inflows related to leases	198,555							198,555
Total deferred inflows of resources	<u>948,980</u>		<u>4,959</u>	<u>1,617,661</u>	<u>1,399,262</u>		<u>2,176,258</u>	<u>6,147,120</u>
Fund balances								
Nonspendable	348,775		1,887	1,030	7,750		11,001	370,443
Restricted	2,028,158	3,600,912	1,518,277	3,017,040	148,227		7,191,248	17,503,862
Assigned							105,777	105,777
Unassigned	20,625,725			(949,585)	(1,064,086)		(1,381,183)	17,230,871
Total fund balances	<u>23,002,658</u>	<u>3,600,912</u>	<u>1,520,164</u>	<u>2,068,485</u>	<u>(908,109)</u>		<u>5,926,843</u>	<u>35,210,953</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,671,807</u>	<u>\$ 3,789,049</u>	<u>\$ 4,871,453</u>	<u>\$ 5,479,274</u>	<u>\$ 2,006,110</u>	<u>\$ 5,842,471</u>	<u>\$ 11,769,755</u>	<u>\$ 59,429,919</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, 2023

Fund balances—total governmental funds		\$ 35,210,953
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$222,095,431 and the accumulated depreciation/amortization is \$116,576,034</p>		105,519,397
<p>Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds</p>		5,948,565
<p>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.</p>		
Pledged revenue obligations payable	\$ (40,685,000)	
Pledged revenue obligations premium payable	(2,814,711)	
Long-term loans payable	(1,895,253)	
Leases payable	(749,034)	
Subscriptions liability	(227,010)	
Compensated absences payable	(2,245,952)	
Net pension and other postemployment benefits liabilities	(29,946,628)	
Estimated liabilities for claims and judgments	(75,000)	
		(78,638,588)
<p>Deferred outflows of resources related to long-term debts are applicable to future reporting periods and, therefore, are not reported in the funds</p>		1,324,382
<p>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.</p>		1,059,392
<p>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</p>		3,766,217
Net position of governmental activities		\$ 74,190,318

See accompanying notes to financial statements.

Santa Cruz County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	General Fund	Jail District Fund	Road Fund	Criminal Justice Enhancement Fund	Health Services Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total
Revenues:								
Taxes	\$20,839,800	\$4,476,520					\$ 2,859,929	\$28,176,249
Intergovernmental	12,676,678	632,293	\$6,246,852	\$ 2,458,149	\$ 1,560,334	\$ 2,907,023	6,178,124	32,659,453
Licenses and permits	968,431		138,969					1,107,400
Charges for services	864,436	3,911	737	66,200	276,186		288,498	1,499,968
Fines and forfeits	297,916			284,915			79,907	662,738
Investment earnings	571,640	39,301	8,687	7,000			68,702	695,330
Donations	650						105,438	106,088
Rents	118,162						4,300	122,462
Miscellaneous	16,896	4,048	34,541	100			100,262	155,847
Total revenues	<u>36,354,609</u>	<u>5,156,073</u>	<u>6,429,786</u>	<u>2,816,364</u>	<u>1,836,520</u>	<u>2,907,023</u>	<u>9,685,160</u>	<u>65,185,535</u>
Expenditures:								
Current:								
General government	16,801,669			1,330,795		1,707,023	570,087	20,409,574
Public safety	6,068,669	4,086,669		1,894,474			4,214,561	16,264,373
Highways and streets			5,915,448			1,200,000		7,115,448
Health, welfare and sanitation	3,854,921	768,374			1,832,184		940,741	7,396,220
Education and economic opportunity	494,681						4,070,366	4,565,047
Recreation	758,163							758,163
Debt service:								
Principal retirement	1,207,718	1,931,687	8,674	16,518	10,608		1,149,872	4,325,077
Interest and fiscal charges	254,506	1,001,519					470,277	1,726,302
Total expenditures	<u>29,440,327</u>	<u>7,788,249</u>	<u>5,924,122</u>	<u>3,241,787</u>	<u>1,842,792</u>	<u>2,907,023</u>	<u>11,415,904</u>	<u>62,560,204</u>
Excess (deficiency) of revenues over expenditures	6,914,282	(2,632,176)	505,664	(425,423)	(6,272)		(1,730,744)	2,625,331
Other financing sources (uses):								
Loan proceeds	2,000,000							2,000,000
Proceeds from sale of capital assets	25,938		291,000					316,938
Leases agreements	367,096				56,483		4,652	428,231
Subscription-based information technology arrangement	302,680							302,680
Transfers in	48,067	4,043,904	7,500	509,809	181,800		1,521,783	6,312,863
Transfers out	(6,150,579)		(416)	(1,095)	(38,678)		(123,143)	(6,313,911)
Total other financing sources (uses)	<u>(3,406,798)</u>	<u>4,043,904</u>	<u>298,084</u>	<u>508,714</u>	<u>199,605</u>	<u>-</u>	<u>1,403,292</u>	<u>3,046,801</u>
Net change in fund balances	3,507,484	1,411,728	803,748	83,291	193,333	-	(327,452)	5,672,132
Fund balances, beginning of year	19,495,174	2,189,184	716,416	1,985,194	(1,101,442)		6,254,295	29,538,821
Fund balances, end of year	<u>\$23,002,658</u>	<u>\$3,600,912</u>	<u>\$1,520,164</u>	<u>\$ 2,068,485</u>	<u>\$ (908,109)</u>	<u>\$ -</u>	<u>\$ 5,926,843</u>	<u>\$35,210,953</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, 2023

Net change in fund balances—total governmental funds \$ 5,672,132

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/amortization expense.

Capital outlays	\$ 4,361,692	
Less: current-year depreciation/amortization	<u>(4,798,156)</u>	(436,464)

In the statement of activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital assets sold. (7,332)

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	(2,000,000)	
Leases incurred	(428,231)	
Subscription-based information technology arrangements incurred	(302,680)	
Refunding pledged revenue obligations premium amortized	332,118	
Deferred outflows related to refunding pledged revenue obligations amortized	(139,512)	
Principal repaid	<u>4,325,077</u>	1,786,772

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. (271,071)

Increase in compensated absences payable

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	3,073,041	
Pension/OPEB expense	<u>(3,445,004)</u>	(371,963)

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

Property tax revenues	(609)	
Intergovernmental	(61,907)	
Fines and forfeits	<u>(155,614)</u>	(218,130)

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.

Property tax revenues	6,334	
Intergovernmental (including EORP subsidy)	2,367,007	
Miscellaneous revenue	<u>5</u>	<u>2,373,346</u>

Change in net position of governmental activities \$ 8,527,290

See accompanying notes to financial statements.

Santa Cruz County
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities— Enterprise Fund Landfill
Assets	
Current assets:	
Cash and investments	\$ 7,026,107
Due from other governmental units	4,072
Accounts receivable	163,532
Prepaid items	1,040
Total current assets	<u>7,194,751</u>
Noncurrent assets:	
Net pension and other postemployment benefits asset	11,639
Capital assets	
Nondepreciable	229,996
Depreciable (net)	<u>2,453,098</u>
Total noncurrent assets	<u>2,694,733</u>
Total assets	<u>9,889,484</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions and OPEB	<u>81,868</u>
Total deferred outflows of resources	<u>81,868</u>
Liabilities	
Current liabilities:	
Accounts payable	189,034
Accrued payroll and employee benefits	19,255
Financed purchase payable—current portion	51,059
Compensated absences payable—current portion	<u>25,924</u>
Total current liabilities	<u>285,272</u>
Noncurrent liabilities:	
Landfill closure and postclosure care costs payable	2,661,453
Financed purchase payable	35,151
Compensated absences payable	48,581
Net pension and OPEB liability	<u>557,359</u>
Total noncurrent liabilities	<u>3,302,544</u>
Total liabilities	<u>3,587,816</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions and OPEB	<u>51,370</u>
Total deferred inflows of resources	<u>51,370</u>
Net Position	
Net investment in capital assets	2,596,884
Restricted for landfill closure and postclosure care costs	4,848,218
Unrestricted deficit	<u>(1,112,936)</u>
Total net position	<u>\$ 6,332,166</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, 2023

	Business-Type Activities— Enterprise Fund Landfill
Operating revenues:	
Landfill fees	\$ 1,959,996
Other	8
Total operating revenues	1,960,004
 Operating expenses:	
Personnel services	587,107
Professional services	151,911
Supplies	40,552
Utilities	46,750
Repairs and maintenance	2,063,192
Insurance	7,564
Landfill closure and postclosure care costs	171,367
Depreciation	163,107
Other	133,237
Total operating expenses	3,364,787
Operating loss	(1,404,783)
 Nonoperating revenues (expenses):	
Investment earnings	90,802
Interest expense on financed purchases	(5,579)
Total nonoperating revenues (expenses)	85,223
Income before contributions, gains, losses, and transfers	(1,319,560)
Transfers in	1,048
Decrease in net position	(1,318,512)
Net position, July 1, 2022	7,650,678
Net position, June 30, 2023	\$ 6,332,166

See accompanying notes to financial statements.

Santa Cruz County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities— Enterprise Fund Landfill
Cash flows from operating activities	
Receipts from customers	\$ 2,032,841
Payments to suppliers and providers of goods and services	(2,472,289)
Payments to employees	(587,030)
Net cash used for operating activities	<u>(1,026,478)</u>
 Cash flows from noncapital financing activities	
Cash transfers from governmental funds	<u>1,048</u>
Net cash provided by noncapital and related financing activities	<u>1,048</u>
 Cash flows from capital and related financing activities	
Principal paid on financed purchase agreement	(49,002)
Interest paid on financed purchase agreement	(5,579)
Net cash used for capital and related financing activities	<u>(54,581)</u>
 Cash flows from investing activities	
Interest received on investments	<u>90,802</u>
Net cash provided by investing activities	<u>90,802</u>
 Net decrease in cash and cash equivalents	(989,209)
Cash and cash equivalents, July 1, 2022	<u>8,015,316</u>
Cash and cash equivalents, June 30, 2023	<u>\$ 7,026,107</u>
 Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (1,404,783)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	163,107
 Changes in assets, deferred outflows of resources, liabilities, and deferred inflow of resources:	
Increase and decrease in:	
Due from other governmental units	(326)
Accounts receivable	73,163
Prepaid items	(749)
Deferred outflows related to pensions and other postemployment benefits	11,497
Accounts payable	(28,333)
Compensated absences payable	12,896
Accrued payroll and employee benefits	(10,965)
Landfill closure and postclosure care costs payable	171,366
Deferred inflows related to pensions and other postemployment benefits	(86,891)
Net pension/OPEB asset	(1,751)
Net pension/OPEB liability	<u>75,291</u>
Net cash used for operating activities	<u>\$ (1,026,478)</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Investment Trust Funds	Private-Purpose Trust Funds	Custodial funds	
			External Investment Pool	Other
Assets				
Cash and investments	\$ 8,913	\$ 392,916	\$ 58,655,572	\$ 7,455,364
Taxes receivable for other governments				1,430,688
Total assets	<u>8,913</u>	<u>392,916</u>	<u>58,655,572</u>	<u>8,886,052</u>
Liabilities				
Due to other governments				5,842,256
Due to others				534,710
Total liabilities				<u>6,376,966</u>
Net position				
Restricted for:				
Pool participants			58,655,572	
Individuals, organizations, and other governments	<u>8,913</u>	<u>392,916</u>		<u>2,509,086</u>
Total net position	<u>\$ 8,913</u>	<u>\$ 392,916</u>	<u>\$ 58,655,572</u>	<u>\$ 2,509,086</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

	Investment Trust Funds	Private-Purpose Trust Funds	Custodial funds	
			External Investment Pool	Other
Additions:				
Contributions from pool participants			\$ 156,182,713	
Property/sales tax collections for other governments				\$ 12,159,861
Collections for individuals		\$ 512,642		1,406,897
Investment earnings	\$ 336	4	524,349	39,879
Inmate collections				112,456
Other				3,086,429
Total additions	<u>336</u>	<u>512,646</u>	<u>156,707,062</u>	<u>16,805,522</u>
Deductions:				
Distributions to pool participants			136,302,870	
Beneficiary payments to individuals		614,168		911,982
Property/sales tax distributions to other governments				11,635,959
Other distributions to other governments	1			
Administrative expense		15,788		40,380
Payments to inmates				87,913
Other				4,310,092
Total deductions	<u>1</u>	<u>629,956</u>	<u>136,302,870</u>	<u>16,986,326</u>
Net increase (decrease) in fiduciary net position	335	(117,310)	20,404,192	(180,804)
Net position, July 1, 2022	<u>8,578</u>	<u>510,226</u>	<u>38,251,380</u>	<u>2,689,890</u>
Net position, June 30, 2023	<u>\$ 8,913</u>	<u>\$ 392,916</u>	<u>\$ 58,655,572</u>	<u>\$ 2,509,086</u>

See accompanying notes to financial statements.

Santa Cruz County
Notes to Financial Statements
June 30, 2023

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, 2023, the County implemented the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. As a result, the County's financial statements have been modified to reflect the implementation of this new standard.

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, 2023

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, 2023

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/amortization 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 *Criminal Justice Enhancement Fund* accounts for various public safety and criminal justice programs that provide crime prevention, criminal apprehension, and prosecution and is funded by fines, proceeds from the sale of seized assets, federal and state grants, and opioid settlement revenue.

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

Santa Cruz County
Notes to Financial Statements
June 30, 2023

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.

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 lease contracts and subscription-based information technology arrangements 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.

All investments are stated at fair value.

Santa Cruz County
Notes to Financial Statements
June 30, 2023

E. Property Tax Calendar

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

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

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/amortization methods, and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation/Amortization 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
Intangibles:			
Right-to-use subscription assets	5,000	Straight line	Not applicable
Right-to-use lease assets:			
Construction equipment and vehicles	5,000	Straight line	Varies
Furniture and equipment	5,000	Straight line	Varies

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the County is reasonably certain of being exercised, then the lease asset is amortized over the useful life of the underlying asset.

Santa Cruz County
Notes to Financial Statements
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Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

G. 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.

H. 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.

Santa Cruz County
Notes to Financial Statements
June 30, 2023

I. Investment Earnings

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

J. 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-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.

K. Leases and subscription-based information technology arrangements

Leases

As lessee, the County recognizes lease liabilities with an initial, individual value of \$5,000 or more. The County uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The County's estimated incremental borrowing rate is based on current borrowing rate for leasing equipment as the discount rate.

As lessor, the County recognizes lease receivables with an initial, individual value of \$5,000 or more. If there is no stated rate in the lease contract and the implicit rate cannot be determined, the County uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The County's estimated incremental borrowing rate is calculated as described above.

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Subscription-based information technology arrangements

The County recognizes subscription liabilities with an initial, individual value of \$5,000 or more. The County uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The County's estimated incremental borrowing rate is calculated as described above

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 \$16,749 in rebates during fiscal year 2023.

Note 2 – Correction of a Misstatement—Prior Period Adjustment

Net position as of July 1, 2022, has been restated for the correction of the following prior period misstatement for national opioid settlements.

	Governmental Activities
Net position as previously reported at June 30, 2022	\$64,514,396
Prior period adjustment—correction of accounting error:	
Understatement of settlements receivable/revenue	<u>1,148,632</u>
Net position as restated, July 1, 2022	<u>\$65,663,028</u>

Business-type activities unrestricted net position as of July 1, 2022, has been reclassified for the correction of the following prior-period misstatement for landfill closure and postclosure care costs:

	Business-Type Activities
Unrestricted net position as previously reported at June 30, 2022	\$ 4,939,689
Prior period adjustment—correction of reporting error:	
Understatement of restricted net position for estimated landfill closure and postclosure care costs (see Note 9 for external restrictions on these funds)	<u>(4,510,890)</u>
Unrestricted net position as restated, July 1, 2022	<u>\$ 428,799</u>

Santa Cruz County
Notes to Financial Statements
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Note 3 – Stewardship, Compliance, and Accountability

Deficit fund balances—At June 30, 2023, the following nonmajor funds reported deficits in fund balance:

Fund	Deficit
Governmental funds:	
Special revenue	
Homeland Security	\$458,849
WIOA	173,288
Juvenile Services	175,472
Capital Projects	
Airport	82,752
Debt Service Fund	3,870

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 these services rates the security, it must carry the highest rating of that service.

Custodial credit risk

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

Santa Cruz County
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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, 2023, the carrying amount of the County's deposits was \$54,628,220, and the bank balance was \$55,319,919. The County does not have a formal policy related to custodial credit risk for deposits. At June 30, 2023, the County did not have any bank balances that were uninsured and uncollateralized.

Investments—The County had total investments of \$63,099,434 at June 30, 2023. 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)
Negotiable certificates of deposit	\$ 6,327,202	\$ 6,327,202
Negotiable credit union share certificates	2,100,777	2,100,777
U.S. Government money market fund	<u>34,196,600</u>	<u>34,196,600</u>
Total investments at fair value	<u>\$42,624,579</u>	<u>\$42,624,579</u>

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

The County also had investments of \$20,474,855 in the State Treasurer's investment pools measured at fair value. Investments in the State Treasurer's investment pools 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 pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

Santa Cruz County
Notes to Financial Statements
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Credit Risk—The County does not have a formal investment policy with respect to credit risk. At June 30, 2023, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pool 5	AAAf/S1+	Standard and Poor's	\$20,471,523
State Treasurer's investment pool 7	Unrated	Not applicable	3,332
Negotiable certificates of deposit	Unrated	Not applicable	6,327,202
Negotiable credit union share certificates	Unrated	Not applicable	2,100,777
U.S. Government money market fund	Aaa-mf	Moody's	<u>34,196,600</u>
			<u>\$63,099,434</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, 2023, the County had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (In Years)
State Treasurer's investment pool 5	\$20,471,523	0.11
State Treasurer's investment pool 7	3,332	0.10
Negotiable certificates of deposit	6,327,202	0.97
Negotiable credit union share certificates	2,100,777	0.50
U.S. Government money market fund	<u>34,196,600</u>	0.07
	<u>\$63,099,434</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	54,628,220
Amount of investments	<u>63,099,434</u>
Total	<u>\$117,733,942</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2023

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	\$42,166,912	\$7,026,107	\$8,913	\$392,916	\$58,655,572	\$7,455,364	\$115,705,784
Cash and investments held by trustee	<u>2,028,158</u>						<u>2,028,158</u>
	<u>\$44,195,070</u>	<u>\$7,026,107</u>	<u>\$8,913</u>	<u>\$392,916</u>	<u>\$58,655,572</u>	<u>\$7,455,364</u>	<u>\$117,733,942</u>

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 \$1,471,313 of deposits, \$2,028,158 of investments in US Government money market fund and \$18,029,526 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	\$32,168,442	None stated	None stated	\$32,168,442
Negotiable certificates of deposit	6,530,333	0.43% - 4.60%	08/23 - 01/27	6,327,202
Negotiable credit union share certificates	2,160,000	0.55% - 5.00%	08/23 - 01/27	2,100,777
State Treasurer’s investment pool 5	2,445,329	None stated	None stated	2,445,329

Santa Cruz County
Notes to Financial Statements
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A condensed statement of the investment pool's net position and changes in net position follows:

Statement of Fiduciary Net Position:

Assets	\$ 96,199,857
Net position	<u>\$ 96,199,857</u>
Net position held for:	
Internal participants	\$ 31,167,319
External participants	<u>65,032,538</u>
Total net position	<u>\$ 96,199,857</u>

Statement of Changes in Fiduciary Net Position:

Total additions	\$234,363,883
Total deductions	<u>211,390,562</u>
Net increase	22,973,321
Net position	
July 1, 2022	<u>73,226,536</u>
June 30, 2023	<u>\$ 96,199,857</u>

Note 6 – Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2023, for the County's individual major funds and nonmajor funds in the aggregate are shown as follows:

Description	Governmental Activities							Total
	General Fund	Jail District Fund	Road Fund	Criminal Justice Enhancement Fund	Health Services Fund	Other Governmental Funds	Business- Type Activities	
County half-cent sales tax	\$ 758,376	\$ 758,284						\$ 1,516,660
State shared sales tax	1,254,682							1,254,682
State vehicle license tax	94,266							94,266
State shared overweight permits			\$ 69,853					69,853
Highway user revenue			500,342					500,342
Federal and state reimbursement grants	18,869	21,958	4,959	\$ 1,205,502	\$ 1,801,538	\$ 2,313,376		5,366,202
Miscellaneous	<u>178,643</u>	<u>180,190</u>	-			<u>58,256</u>	<u>\$ 4,072</u>	<u>421,161</u>
	<u>\$ 2,304,836</u>	<u>\$ 960,432</u>	<u>\$ 575,154</u>	<u>\$ 1,205,502</u>	<u>\$ 1,801,538</u>	<u>\$ 2,371,632</u>	<u>\$ 4,072</u>	<u>\$ 9,223,166</u>

Note 7 – Settlements Receivable

The County is a participant in the One Arizona Distribution of Opioid Settlement Funds agreement which is part of the nationwide Opioid Settlement. As of June 30, 2023, the County received \$155,614 and anticipates receiving additional settlement payments through 2038. At June 30, 2023, the estimated settlement receivable balance, net of allowance for uncollectibles, is \$993,018 (see Note 14 for additional information).

Santa Cruz County
Notes to Financial Statements
June 30, 2023

Note 8 – Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Primary Government			Balance June 30, 2023
	Balance July 1, 2022	Increases	Decreases	
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 22,352,410			\$ 22,352,410
Total capital assets not being depreciated/amortized	<u>22,352,410</u>			<u>22,352,410</u>
Capital assets being depreciated/amortized:				
Buildings	74,594,594			74,594,594
Improvements other than buildings	6,430,523			6,430,523
Construction equipment and vehicles	12,338,578	1,436,465	338,958	13,436,085
Furniture and equipment	13,493,110	432,263		13,925,373
Infrastructure	87,755,632	1,762,053		89,517,685
Intangibles:				
Right-to-use subscription assets		302,680		302,680
Right-to-use lease assets:				
Construction equipment and vehicles	755,367	231,164		986,531
Furniture and equipment	671,398	197,067	318,915	549,550
Total capital assets being depreciated/amortized	<u>196,039,202</u>	<u>4,361,692</u>	<u>657,873</u>	<u>199,743,021</u>
Less accumulated depreciation/amortization for:				
Buildings	26,463,035	1,848,432		28,311,467
Improvements other than buildings	4,042,342	349,640		4,391,982
Construction equipment and vehicles	11,492,226	401,622	331,626	11,562,222
Furniture and equipment	12,501,832	369,418		12,871,250
Infrastructure	57,173,253	1,350,970		58,524,223
Intangibles:				
Right-to-use subscription assets		75,670		75,670
Right-to-use lease assets:				
Construction equipment and vehicles	343,755	194,377		538,132
Furniture and equipment	411,976	208,027	318,915	301,088
Total accumulated depreciation/amortization	<u>112,428,419</u>	<u>4,798,156</u>	<u>650,541</u>	<u>116,576,034</u>
Total capital assets being depreciated/amortized, net	83,610,783	(436,464)	7,332	83,166,987
Governmental activities capital assets, net	<u>\$ 105,963,193</u>	<u>\$ (436,464)</u>	<u>\$ 7,332</u>	<u>\$ 105,519,397</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2023

	Primary Government			Balance June 30, 2023
	Balance July 1, 2022	Increases	Decreases	
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 229,996	\$ -	\$ -	\$ 229,996
Total Capital assets not being depreciated	229,996	-	-	229,996
Capital assets being depreciated:				
Buildings	246,067			246,067
Improvements other than buildings	4,383,102			4,383,102
Construction equipment and vehicles	2,062,391			2,062,391
Furniture and equipment	72,182			72,182
Total capital assets being depreciated	6,763,742		-	6,763,742
Less accumulated depreciation for:				
Buildings	171,465	6,156		177,621
Improvements other than buildings	1,978,842	103,025		2,081,867
Construction equipment and vehicles	1,928,790	52,322		1,981,112
Furniture and equipment	68,440	1,604		70,044
Total accumulated depreciation	4,147,537	163,107	-	4,310,644
Total capital assets being depreciated, net	2,616,205	(163,107)	-	2,453,098
Business-type activities capital assets, net	\$ 2,846,201	\$ (163,107)	\$ -	\$ 2,683,094
Depreciation expense was charged to functions as follows:				
Governmental activities:				
General government			\$ 1,205,285	
Public safety			1,872,928	
Highways and streets			1,533,551	
Health, welfare and sanitation			82,463	
Education and economic opportunity			46,571	
Recreation			57,358	
Total governmental activities depreciation expense			\$ 4,798,156	
Business-type activities:				
Landfill			\$ 163,107	
Total business-type activities depreciation expense			\$ 163,107	

Santa Cruz County
Notes to Financial Statements
June 30, 2023

Note 9 – Long-Term Liabilities

The following schedule details the County’s long-term liability and obligation activity for the year ended June 30, 2023:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>1 Year</u>
Governmental activities					
Pledged revenue obligations payable	\$ 44,165,000		\$3,480,000	\$ 40,685,000	\$ 3,580,000
Pledged revenue obligations Premium payable	3,146,829		332,118	2,814,711	332,118
Long-term loans payable	273,873	\$ 2,000,000	378,620	1,895,253	276,706
Leases payable	711,590	428,231	390,787	749,034	286,276
Subscriptions liability		302,680	75,670	227,010	75,670
Net pension and OPEB liabilities	33,397,956	4,257,118	7,708,446	29,946,628	
Compensated absences payable	1,974,881	1,126,839	855,768	2,245,952	1,017,902
Estimated liabilities for claims and judgments	75,000			75,000	
Total governmental activities long-term liabilities	<u>\$ 83,745,129</u>	<u>\$ 8,114,868</u>	<u>\$13,221,409</u>	<u>\$ 78,638,588</u>	<u>\$ 5,568,672</u>
Business-type activities					
Financed purchases payable	\$ 135,212		\$49,002	\$ 86,210	\$51,059
Net pension and OPEB liabilities	482,068	\$ 75,291		557,359	
Compensated absences payable	61,609	31,234	18,338	74,505	25,924
Landfill closure and postclosure care costs payable	<u>2,490,087</u>	<u>171,366</u>		<u>2,661,453</u>	
Total business-type activities long-term liabilities	<u>\$ 3,168,976</u>	<u>\$ 277,891</u>	<u>\$ 67,340</u>	<u>\$ 3,379,527</u>	<u>\$ 76,983</u>

Santa Cruz Pledged Revenue Obligations, Series 2021—In December 2021, the County issued \$9,170,000 Series 2021 pledged revenue obligations with interest rates between 0.70 percent and 3.15 percent to make additional contributions of \$8,800,000 to fund a portion of the County’s PSPRS unfunded actuarial liability. The pledged revenue obligations are generally noncallable, with interest payable semiannually.

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 \$4,795,000 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.

Santa Cruz County
Notes to Financial Statements
June 30, 2023

Pledged revenue obligations payable at June 30, 2023, were as follows:

Description	Original Amount Issued	Interest Rates	Maturities	Outstanding Principal June 30, 2023
Santa Cruz Pledged Revenue Obligations, Series 2021	\$ 9,170,000	1.25%-3.15%	2024-2038	\$ 8,150,000
Santa Cruz Pledged Revenue Refunding Obligations, Series 2020	4,765,000	2.25%	2024-2028	3,060,000
Santa Cruz Pledged Revenue Refunding Obligations, Series 2017-2	3,675,000	2.13%	2024-2026	1,375,000
Santa Cruz Pledged Revenue Refunding Obligations, Series 2017	29,515,000	4%-5%	2024-2031	18,925,000
Santa Cruz Pledged Revenue Refunding Obligations, Series 2016	9,495,000	2.5%-4%	2024-2038	<u>9,175,000</u>
				<u>\$40,685,000</u>

The following schedule details debt service requirements to maturity for the County's pledged revenue obligations payable at June 30, 2023:

Year Ending June 30	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 3,580,000	\$1,571,700
2025	3,690,000	1,461,251
2026	3,825,000	1,325,046
2027	4,000,000	1,179,577
2028	4,170,000	1,017,660
2029-2033	14,120,000	2,660,490
2034-2038	<u>7,300,000</u>	<u>718,701</u>
Total	<u>\$40,685,000</u>	<u>\$9,934,425</u>

For the series 2016, 2017-2, 2020, and 2021 pledged revenue 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 2023, the County received general excise tax revenues of \$4,477,025 and state shared revenues net of other statutory claims of \$4,932,161 and the total principal and interest payments were \$50,000 and \$343,613 for the series 2016 revenue refunding obligations, \$470,000 and \$39,299 for the series 2017-2 revenue refunding obligations, \$570,000 and \$81,675 for the 2020 revenue refunding obligations, and \$465,000 and \$208,545 for the series 2021 revenue obligations. At June 30, 2023, future debt service requirements through final maturity at July 1, 2038, totaled \$27,219,175 consisting of \$21,760,000 for principal and \$5,459,175 for interest. Future principal and interest payments are expected to require 19 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 2023, the County received Jail District

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excise tax revenues of \$4,476,520 and made maintenance of effort payments of \$4,043,904, and the total principal and interest payments were \$1,925,000 and \$1,003,250. At June 30, 2023, future pledged revenues through final maturity at July 1, 2031, totaled \$23,400,250 consisting of \$18,925,000 for principal and \$4,475,250 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.

Long-term loans payable—The County's long-term loans payable includes a loan agreement with Zions Bancorporation, with interest variable, to match federal funds for the purchase and renovation of the CDBG building. The CDBG loan is funded through the WIOA and General Funds. After paying off the 2018 equipment loan, the County has signed another loan agreement of \$2,000,000 with J. P. Morgan Chase Bank in January 2023, the 2023 equipment loan. The new loan proceeds are used to replace the County's main server primary backup unit, aging network switches, outdated departmental laptops, and the Sheriff's Office server. The proceeds are also used to expand the Sheriff's Office server storage and improve countywide cybersecurity controls. The 2023 equipment loan is funded through the General Fund.

Long-term loans payable at June 30, 2023, were as follows:

Description	Interest Rates	Maturities	Outstanding Principal July 1, 2022	Issues	Retirements	Outstanding Principal June 30, 2023
CDBG loan	4.85%	2026	\$167,750		\$ 41,086	\$ 126,664
2018 equipment loan	3.47%	2023	106,123		106,123	
2023 equipment loan	4.39%	2027	<u> </u>	<u>\$2,000,000</u>	<u>231,411</u>	<u>1,768,589</u>
			<u>\$273,873</u>	<u>\$2,000,000</u>	<u>\$378,620</u>	<u>\$1,895,253</u>

The following schedule details debt service requirements to maturity for the County's loans payable at June 30, 2023:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 276,706	\$44,505
2025	503,868	65,673
2026	554,640	41,902
2027	<u>533,039</u>	<u>17,622</u>
Total	<u>\$1,895,253</u>	<u>\$169,702</u>

Financed purchase—The County has acquired construction equipment under a contract agreement at a total purchase price \$366,257.

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The following schedule details debt service requirements to maturity for the County's financed purchase at June 30, 2023:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2024	51,060	3,521
2025	35,151	1,409
Total	<u>\$86,210</u>	<u>\$4,930</u>

Leases—The County has obtained the right to use some assets that include vehicles, printers and election equipment under various lease agreements. The vehicle leases contain a purchase option with a required reduced book value payment at the end of the lease term. The printer leases require only a monthly fixed payment and the related sales tax. The election equipment requires five fixed payments and the related sales tax. The total amount of lease assets and the related accumulated amortization are as follows:

The assets acquired through leases are as follows:

	Governmental Activities
Total intangible right-to-use lease assets	\$1,536,081
Less: accumulated amortization	<u>839,220</u>
Carrying value	<u>\$ 696,861</u>

The following schedule details minimum lease payments to maturity for the County's leases payable at June 30, 2023:

Year Ending June 30	Governmental Activities
	Principal
2024	286,276
2025	208,498
2026	111,376
2027	123,544
2028	<u>19,340</u>
Total leases payable	<u>\$749,034</u>

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Subscription-based information technology arrangements (SBITAs)—The County has obtained the right to use a cybersecurity system under the provisions of a subscription-based information technology arrangement. It is a network solution for detecting and investigating emerging cyber threats. The arrangement requires four fixed payments and the related sales tax. The total amount of subscription assets and the related accumulated amortization are as follows:

	Governmental Activities
Total intangible right-to-use subscription assets	\$302,680
Less: accumulated amortization	<u>75,670</u>
Carrying value	<u>\$227,010</u>

The following schedule details minimum lease payments to maturity for the County's subscription liability at June 30, 2023:

	Governmental Activities Principal
Year Ending June 30	
2024	75,670
2025	75,670
2026	<u>75,670</u>
Total subscription liability	<u>\$227,010</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 \$2,661,453 reported as landfill closure and postclosure care liability at June 30, 2023, represents the cumulative amount reported to date based on the use of 56 percent and 52 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 \$2,186,764 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 2023 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 2038 and Sonoita Elgin Landfill in 2084.

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

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Compensated absences—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2023, the County paid for compensated absences as follows: 58 percent from the General Fund, 11 percent from the Jail District Fund, 4 percent from the Road Fund, 4 percent from the Criminal Justice Enhancement Fund, 5 percent from the Health Services Fund, 17 percent from the Other Governmental Funds, and 1 percent from the Enterprise Fund.

Note 10 – Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2023, were as follows:

	<u>General Fund</u>	<u>Jail District Fund</u>	<u>Road Fund</u>	<u>Criminal Justice Enhancement Fund</u>	<u>Health Services Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund balances:							
Nonspendable:							
Prepaid items	\$ 348,775		\$ 1,887	\$ 1,030	\$ 7,750	\$ 11,001	\$ 370,443
Total nonspendable	<u>348,775</u>		<u>1,887</u>	<u>1,030</u>	<u>7,750</u>	<u>11,001</u>	<u>370,443</u>
Restricted for:							
Capital projects	2,028,147					356,675	2,384,822
Education						1,140,894	1,140,894
Flood control						2,236,739	2,236,739
General government						452,372	452,372
Health					148,227	35,602	183,829
Judicial activities				1,660,529		1,775,007	3,435,536
Law enforcement		\$3,600,912		1,356,511		517,965	5,475,388
Public safety						17	17
Social services						352,257	352,257
Streets and highways			1,518,277			-	1,518,277
Sanitation						323,720	323,720
Other purposes	11						11
Total restricted	<u>2,028,158</u>	<u>3,600,912</u>	<u>1,518,277</u>	<u>3,017,040</u>	<u>148,227</u>	<u>7,191,248</u>	<u>17,503,862</u>
Assigned to:							
Capital projects						83,460	83,460
Education						12,327	12,327
Health						9,990	9,990
Total assigned						<u>105,777</u>	<u>105,777</u>
Unassigned:	<u>20,625,725</u>			<u>(949,585)</u>	<u>(1,064,086)</u>	<u>(1,381,183)</u>	<u>17,230,871</u>
Total fund balances	<u>\$23,002,658</u>	<u>\$3,600,912</u>	<u>\$1,520,164</u>	<u>\$ 2,068,485</u>	<u>\$ (908,109)</u>	<u>\$ 5,926,843</u>	<u>\$35,210,953</u>

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Note 11 – 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 12 – 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, 2023, 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	\$ 1,059,392	\$ 11,639	\$ 1,071,031
Net pension and OPEB liabilities	29,946,628	557,359	30,503,987
Deferred outflows of resources related to pensions and OPEB	5,742,937	81,868	5,824,805
Deferred inflows of resources related to pensions and OPEB	1,976,720	51,370	2,028,090
Pension and OPEB expense	3,445,004	33,635	3,478,639

The County's accrued payroll and employee benefits includes \$100,820 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2023. Also, the County reported \$3,073,041 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 Benefit percent per year of service	Highest 36 consecutive months of last 120 months 2.1% to 2.3%	Highest 60 consecutive months of last 120 months 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, 2023, statute required active ASRS members to contribute at the actuarially determined rate of 12.03 percent for retirement of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.92 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 9.62 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, 2023, were \$1,436,656.

During fiscal year 2023, the County paid for ASRS pension contributions as follows: 57.5 percent from the General Fund, 6.7 percent from the Road Fund, 6.6 percent from the Criminal Justice Enhancement Fund, 6.3 percent from the Health Services Fund, 2.3 percent from the Jail District Fund, 18.2 percent from other governmental funds, and 2.4 percent from the Landfill Fund.

Pension liability—At June 30, 2023, the County reported a net pension liability of \$14,631,239 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022.

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

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June 30, 2022. The County's proportion measured as of June 30, 2022, was 0.089640 percent, which was an increase of 0.002040 from its proportion measured as of June 30, 2021.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2023, the County recognized pension expense for ASRS of \$1,461,266. At June 30, 2023, 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	\$ 124,667	
Changes in assumptions or other inputs	726,177	
Net difference between projected and actual earnings on pension plan investments		\$385,401
Changes in proportion and differences between county contributions and proportionate share of contributions	204,633	164,022
County contributions subsequent to the measurement date	<u>1,436,656</u>	
Total	<u>\$2,492,133</u>	<u>\$549,423</u>

The \$1,436,656 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, 2024. 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	
2024	\$636,726
2025	(78,377)
2026	(669,147)
2027	616,852

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

ASRS

Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9-8.4%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ASRS	Target	Long-term expected
Asset class	allocation	geometric real rate of return
Equity	50%	3.90%
Fixed income - credit	20%	5.30%
Fixed income - interest rate sensitive	10%	(0.20%)
Real estate	<u>20%</u>	6.00%
Total	<u>100%</u>	

Discount Rate—At June 30, 2022, the discount rate used to measure the ASRS total pension liability was 7.0 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.

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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 7.0 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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

ASRS	1% Decrease (6.0%)	Current discount rate (7.0%)	1% Increase (8.0%)
County’s proportionate share of the net pension liability	\$21,587,958	\$14,631,239	\$8,830,422

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

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

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

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

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

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

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

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CORP

	Before January 1, 2012	Initial membership date:	
		On or after January 1, 2012 and before July 1, 2018	AOC probation and surveillance officers: On or after July 1, 2018
Retirement and disability			
Years of service and age required to receive benefit	Sum of years and age equals 80 20 years, any age 10 years, age 62	25 years, age 52.5 10 years, age 62	10 years, age 52.5* 10 or more years, age 55
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years	
Benefit percent			
Normal retirement	2.0% to 2.5% per year of credited service, not to exceed 80%	2.5% per year of credited service, not to exceed 80%	1.25% to 2.25% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement if more than 20 years of credited service	50% or normal retirement if more than 25 years of credited service	
Total and permanent disability retirement	50% or normal retirement if more than 25 years of credited service		
Ordinary disability retirement	2.5% per year of credited service		
Survivor benefit			
Retired members	80% of retired member's pension benefit		
Active members	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times the member's contributions.		

*With actuarially reduced benefits

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

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Employees covered by benefit terms—At June 30, 2023, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Sheriff	CORP Detention
Inactive employees or beneficiaries currently receiving benefits	28	6
Inactive employees entitled to but not yet receiving benefits	9	30
Active employees	<u>15</u>	<u>7</u>
Total	<u>52</u>	<u>43</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, 2023, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member— pension	County— pension
PSPRS Sheriff	7.65% – 11.65%	22.71%
CORP Detention	8.41	7.18
CORP AOC	8.41	36.70

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	10.72%
CORP Detention	6.00

The County's contributions to the pension plans for the year ended June 30, 2023, were:

PSPRS Sheriff	CORP Detention	CORP AOC
\$414,518	\$11,071	\$370,167

During fiscal year 2023, the County paid for PSPRS and CORP pension contributions as follows: 66.9 percent from the General Fund, 13.1 percent from the Jail District Fund, and 20 percent from other governmental funds.

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Pension liability—At June 30, 2023, the County reported the following net pension asset and liabilities:

	Net Pension (Asset) Liability
PSPRS Sheriff	\$2,610,514
CORP Detention	(19,975)
CORP AOC (County's proportionate share)	3,929,684

The net pension asset and liabilities were measured as of June 30, 2022, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022, reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3 percent to 7.2 percent, changing the wage inflation from 3.5 percent to a range of 3.0 – 6.25 percent, and increasing the cost-of-living adjustment from 1.75 percent to 1.85 percent.

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, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.0 – 6.25%
Price inflation	2.5%
Cost-of-living adjustment	1.85%
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.2 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:

Santa Cruz County
Notes to Financial Statements
June 30, 2023

PSPRS and CORP	Target allocation	Long-term expected geometric real rate of return
Asset class		
U.S. public equity	24%	3.49%
International public equity	16%	4.47%
Global private equity	20%	7.18%
Other assets (capital appreciation)	7%	4.83%
Core bonds	2%	0.45%
Private credit	20%	5.10%
Diversifying strategies	10%	2.68%
Cash - Mellon	<u>1%</u>	-0.35%
Total	<u>100%</u>	

Pension discount rates—At June 30, 2022, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.2 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. 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.

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, 2022	<u>\$20,846,373</u>	<u>\$10,725,542</u>	<u>\$10,120,831</u>
Changes for the year:			
Service cost	270,769		270,769
Interest on the total pension liability	1,496,326		1,496,326
Differences between expected and actual experience in the measurement of the pension liability	(256,085)		(256,085)
Changes of assumptions or other inputs	343,107		343,107
Contributions—employer		9,875,816	(9,875,816)
Contributions—employee		110,966	(110,966)
Net investment income		(611,466)	611,466
Benefit payments, including refunds of employee contributions	(1,239,042)	(1,239,042)	
Administrative expense		(10,985)	10,985
Other changes		<u>103</u>	<u>(103)</u>
Net changes	<u>615,075</u>	<u>8,125,392</u>	<u>(7,510,317)</u>
Balances at June 30, 2023	<u>\$21,461,448</u>	<u>\$18,850,934</u>	<u>\$ 2,610,514</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2023

CORP Detention	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a) – (b)
Balances at June 30, 2022	<u>\$2,897,918</u>	<u>\$3,085,926</u>	<u>\$(188,008)</u>
Changes for the year:			
Service cost	65,483		65,483
Interest on the total pension liability	209,880		209,880
Differences between expected and actual experience in the measurement of the pension liability	(147,017)		(147,017)
Changes of assumptions or other inputs	20,239		20,239
Contributions—employer		80,127	(80,127)
Contributions—employee		15,952	(15,952)
Net investment income		(113,448)	113,448
Benefit payments, including refunds of employee contributions	(176,655)	(176,655)	
Administrative expense		(2,079)	2,079
Net changes	<u>(28,070)</u>	<u>(196,103)</u>	<u>168,033</u>
Balances at June 30, 2023	<u>\$2,869,848</u>	<u>\$2,889,823</u>	<u>\$ (19,975)</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, 2022. The County's proportion measured as of June 30, 2022, was 0.8805780 percent, which was a decrease of 0.2322730 from its proportion measured as of June 30, 2021.

Sensitivity of the County's net pension liability (asset) to changes in the discount rate—

The following table presents the County's net pension liabilities (assets) calculated using the discount rate of 7.2 percent, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

	1% Decrease (6.2%)	Current discount rate (7.2%)	1% Increase (8.2%)
PSPRS Sheriff			
Net pension liability	\$5,406,160	\$2,610,514	\$327,708
CORP Detention			
Net pension liability (asset)	\$ 368,294	\$ (19,975)	\$ (332,482)
CORP AOC			
County's proportionate share of the net pension liability	\$ 5,160,881	\$ 3,929,684	\$2,922,452

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.

Santa Cruz County
Notes to Financial Statements
June 30, 2023

Pension expense—For the year ended June 30, 2023, the County recognized the following pension expense:

	Pension expense
PSPRS Sheriff	\$ 918,559
CORP Detention	(157,701)
CORP AOC (County's proportionate share)	86,136

Pension deferred outflows/inflows of resources—At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
PSPRS Sheriff		
Differences between expected and actual experience	\$ 140,619	\$172,290
Changes of assumptions or other inputs	228,738	
Net difference between projected and actual earnings on pension plan investments	570,965	
County contributions subsequent to the measurement date	<u>414,518</u>	
Total	<u>\$1,354,840</u>	<u>\$172,290</u>
CORP Detention		
Differences between expected and actual experience	\$13,080	\$98,012
Changes of assumptions or other inputs	13,492	
Net difference between projected and actual earnings on pension plan investments	36,555	
County contributions subsequent to the measurement date	<u>11,071</u>	
Total	<u>\$74,198</u>	<u>\$98,012</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2023

CORP AOC	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$208,827	\$ 58,050
Changes of assumptions or other inputs	127,910	
Net difference between projected and actual earnings on pension plan investments	66,503	
Changes in proportion and differences between county contributions and proportionate share of contributions		945,973
County contributions subsequent to the measurement date	<u>370,167</u>	
Total	<u>\$773,407</u>	<u>\$1,004,023</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 an increase in the net pension asset or a reduction of the net pension liability in the year ending June 30, 2024. 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			
2024	\$307,794	\$(29,868)	\$(128,910)
2025	122,520	(42,280)	(210,702)
2026	(4,946)	(29,878)	(226,256)
2027	342,664	67,141	(34,916)

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, 2023, 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, 2023, the County recognized pension expense of \$43,392.

Santa Cruz County
Notes to Financial Statements
June 30, 2023

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
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%.

Santa Cruz County
Notes to Financial Statements
June 30, 2023

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, 2023, 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 70.42 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 58.39 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 64.42 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, 2023, were \$750,694.

During fiscal year 2023, the County paid for EORP pension contributions as follows: 95.5 percent from the General Fund and 4.5 percent from the Jail District Fund.

Pension liability—At June 30, 2023, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	\$ 9,320,996
State's proportionate share of the EORP net pension liability associated with the County	<u>907,561</u>
Total	<u>\$10,228,557</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022, reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3 percent to 7.2 percent, decreasing the wage inflation from 3.75 percent to 3.25 percent, and increasing the cost-of-living adjustment from 1.75 percent to 1.85 percent.

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, 2022. The County's proportion measured as of June 30, 2022, was 1.3806170 percent, which was a decrease of 0.0496450 from its proportion measured as of June 30, 2021.

Santa Cruz County
Notes to Financial Statements
June 30, 2023

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2023, the County recognized pension expense for EORP of \$1,309,872 and revenue of \$265,327 for the County’s proportionate share of the State’s appropriation to EORP and the designated court fees. At June 30, 2023, 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
Net difference between projected and actual earnings on pension plan investments	\$ 84,173	\$
Changes in proportion and differences between county contributions and proportionate share of contributions	160,766	
County contributions subsequent to the measurement date	<u>750,694</u>	
Total	<u>\$995,633</u>	<u>\$</u>

The \$750,694 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, 2024. 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	
2024	\$177,716
2025	808
2026	(39,674)
2027	106,089

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

EORP	
Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.25%
Price inflation	2.5%
Cost-of-living adjustment	1.85%
Mortality rates	PubG-2010 tables

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.2 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)

Santa Cruz County
Notes to Financial Statements
June 30, 2023

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

EORP	Target allocation	Long-term expected geometric real rate of return
Asset class		
U.S. public equity	24%	3.49%
International public equity	16%	4.47%
Global private equity	20%	7.18%
Other assets (capital appreciation)	7%	4.83%
Core bonds	2%	0.45%
Private credit	20%	5.10%
Diversifying strategies	10%	2.68%
Cash - Mellon	<u>1%</u>	-0.35%
Total	<u>100%</u>	

Discount rate—At June 30, 2022, the discount rate used to measure the EORP total pension liability was 7.2 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the EORP net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.2 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 (6.2 percent) or 1 percentage point higher (8.2 percent) than the current rate:

EORP	1% Decrease (6.2%)	Current discount rate (7.2%)	1% Increase (8.2%)
County's proportionate share of the net pension liability	\$10,641,226	\$9,320,996	\$8,190,127

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

Santa Cruz County
Notes to Financial Statements
June 30, 2023

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

Note 13 – Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2023, were as follows:

Payable from	<u>Payable to General Fund</u>
Criminal Justice Enhancement Fund	\$ 524,275
Health Services Fund	1,153,621
Other Governmental Funds	<u>1,250,283</u>
Total	<u><u>\$2,928,179</u></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.

Interfund transfers—Interfund transfers for the year ended June 30, 2023, were as follows:

Transfer from	Transfer to							Total
	General Fund	Jail District Fund	Road Fund	Criminal Justice Enhancement Fund	Health Services Fund	Nonmajor Governmental Funds	Landfill Fund	
General Fund		\$ 4,043,904		\$ 411,885	\$ 181,800	\$ 1,512,990		\$ 6,150,579
Road Fund							\$ 416	416
Criminal Justice Enhancement Fund	\$ 1,095							1,095
Health Services Fund	38,678							38,678
Nonmajor Governmental Funds	8,294		\$ 7,500	97,924		8,793	632	123,143
Total	<u>\$ 48,067</u>	<u>\$ 4,043,904</u>	<u>\$ 7,500</u>	<u>\$ 509,809</u>	<u>\$ 181,800</u>	<u>\$ 1,521,783</u>	<u>\$ 1,048</u>	<u>\$ 6,313,911</u>

The principal purpose of interfund transfers was to provide grant matches or to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The largest transfer made in FY 2023 was \$4,043,904 from General Fund to Jail District Fund for the maintenance of effort payment.

Santa Cruz County
Notes to Financial Statements
June 30, 2023

Note 14 – Subsequent Events

The County is a participant in the One Arizona Distribution of Opioid Settlement Funds Agreement, which is part of the National Opioid Settlement. The nationwide settlements were reached to resolve opioid litigation brought by states and local political subdivisions against pharmaceutical distributors and manufacturers. The pharmaceutical industry is expected to pay more than \$1.1 billion to Arizona over the next 18 years for opioid treatment, prevention, and education. The agreement specifies the framework to distribute the settlement funds across the state and into communities, sending 56 percent of the opioid settlement funds to the counties, cities, and towns, and 44 percent to the State. Allocation to counties, cities and towns is based on population and relative degree of harm suffered in the community because of the opioid epidemic. As of June 30, 2023, agreements have been finalized with three defendants resulting in the County recording a receivable of \$993,018. Further, \$922,222 will be recognized as settlement revenue in fiscal year 2024 from five additional defendants that have reached settlement agreements. Due to the on-going litigation and finalizing agreements with other defendants, additional settlements are expected to be measurable and available in subsequent reporting periods.

On August 1, 2023, the County received \$8.6 million from the Arizona Department of Transportation for the Ruby Road/Rio Rico Drive and Interstate 19 interchange. The County anticipates submitting an RFP for design on this project in fiscal year 2024.

Required Supplementary Information

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2023

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 18,596,321	\$ 20,839,800	\$ 2,243,479
Intergovernmental	9,559,915	12,676,678	3,116,763
Licenses and permits	730,000	968,431	238,431
Charges for services	614,000	864,436	250,436
Fines and forfeits	382,000	297,916	(84,084)
Investment earnings	15,000	571,640	556,640
Rents	100,000	118,162	18,162
Donations		650	650
Miscellaneous		16,896	16,896
Total revenues	<u>\$ 29,997,236</u>	<u>\$ 36,354,609</u>	<u>\$ 6,357,373</u>
Expenditures			
Current:			
General government			
Airport	44,500	69,177	(24,677)
Assessor	1,056,293	940,632	115,661
Board of Supervisors	7,668,159	3,907,304	3,760,855
Central Permits	69,683	56,075	13,608
Clerk of Superior Court	1,054,361	964,937	89,424
Constable #1	113,159	111,989	1,170
County Attorney	2,175,874	1,878,865	297,009
Elections	449,292	409,010	40,282
Finance	3,116,799	353,748	2,763,051
GIS	52,200	55,520	(3,320)
Grounds and Maintenance	2,888,925	1,626,260	1,262,665
Information Technology	2,690,872	1,957,545	733,327
Justice Court #1	904,790	1,074,102	(169,312)
Planning and Zoning	509,465	528,776	(19,311)
Recorder	369,261	453,583	(84,322)
Recorder - Election	211,022	155,248	55,774
Superior Court	2,113,871	1,769,673	344,198
Treasurer	575,328	604,110	(28,782)
Total general government	<u>26,063,854</u>	<u>16,916,554</u>	<u>9,147,300</u>

(Continued)

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2023
(Concluded)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Public safety			
Adult Probation	\$ 698,697	\$ 542,993	\$ 155,704
Juvenile Probation	50,645	51,000	(355)
Building Codes	332,111	317,559	14,552
Emergency Services	338,924	308,590	30,334
Sheriff's Office	6,553,896	5,544,940	1,008,956
Total public safety	7,974,273	6,765,082	1,209,191
 Health, welfare and sanitation			
Public Fiduciary	4,745,800	3,847,463	898,337
Total health, welfare and sanitation	4,745,800	3,847,463	898,337
 Education and economic opportunity			
School Superintendent	491,135	483,289	7,846
Total education and economic opportunity	491,135	483,289	7,846
 Recreation			
Parks	728,438	758,163	(29,725)
Total recreation	728,438	758,163	(29,725)
 Total expenditures	40,003,500	28,770,551	11,232,949
 Excess (deficiency) of revenues over expenditures	(10,006,264)	7,584,058	17,590,322
 Other financing sources (uses)			
Loan proceeds		2,000,000	2,000,000
Proceeds from sale of capital assets		25,938	25,938
Transfers in		48,067	48,067
Transfers out	(5,910,340)	(6,150,579)	(240,239)
Total other financing sources (uses)	(5,910,340)	(4,076,574)	1,833,766
 Net change in fund balance	(15,916,604)	3,507,484	19,424,088
 Fund balance, July 1, 2022	15,916,604	19,495,174	3,578,570
Fund balance, June 30, 2023	\$ -	\$ 23,002,658	\$ 23,002,658

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
Jail District Fund
Year Ended June 30, 2023

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 2,800,000	\$ 4,476,520	\$ 1,676,520
Intergovernmental	120,000	632,293	512,293
Charges for services		3,911	3,911
Investment earnings		39,301	39,301
Miscellaneous		<u>4,048</u>	<u>4,048</u>
Total revenues	<u>2,920,000</u>	<u>5,156,073</u>	<u>2,236,073</u>
Expenditures			
Current:			
Public safety			
Juvenile Detention	1,379,714	1,568,505	(188,791)
Sheriff's Office	6,187,607	5,451,370	736,237
Health			
Environmental Health	<u>855,200</u>	<u>768,374</u>	<u>86,826</u>
Total expenditures	<u>8,422,521</u>	<u>7,788,249</u>	<u>634,272</u>
Excess (deficiency) of revenues over expenditures	(5,502,521)	(2,632,176)	2,870,345
Other financing sources			
Transfers in	<u>4,043,899</u>	<u>4,043,904</u>	<u>5</u>
Total other financing sources	<u>4,043,899</u>	<u>4,043,904</u>	<u>5</u>
Net change in fund balances	(1,458,622)	1,411,728	2,870,350
Fund balance, July 1, 2022	<u>1,458,622</u>	<u>2,189,184</u>	<u>730,562</u>
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ 3,600,912</u>	<u>\$ 3,600,912</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Budgetary Comparison Schedule
 Road Fund
 Year Ended June 30, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 5,050,000	\$ 6,246,852	\$ 1,196,852
Charges for services	200,000	737	(199,263)
Licenses and permits	100,000	138,969	38,969
Investment earnings		8,687	8,687
Miscellaneous		34,541	34,541
Total Revenues	5,350,000	6,429,786	1,079,786
Expenditures			
Highways and streets	5,974,668	5,924,122	50,546
Total expenditures	5,974,668	5,924,122	50,546
Excess (deficiency) of revenues over expenditures	(624,668)	505,664	1,130,332
Other financing sources (uses)			
Proceeds from sale of capital assets		291,000	291,000
Transfers in	7,500	7,500	-
Transfers out		(416)	(416)
Total other financing sources (uses)	7,500	298,084	290,584
Net change in fund balance	(617,168)	803,748	1,420,916
Fund balance, July 1, 2022	617,168	716,416	99,248
Fund balance, June 30, 2023	\$ -	\$ 1,520,164	\$ 1,520,164

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
Criminal Justice Enhancement Fund
Year Ended June 30, 2023

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 2,498,201	\$ 2,458,149	\$ (40,052)
Charges for services	51,100	66,200	15,100
Fines and forfeits	400,000	284,915	(115,085)
Investment earnings	160	7,000	6,840
Miscellaneous	<u>100</u>	<u>100</u>	<u>100</u>
Total revenues	<u>2,949,461</u>	<u>2,816,364</u>	<u>(133,097)</u>
Expenditures			
Current:			
General government			
County Attorney	1,171,069	1,070,320	100,749
Clerk of Superior Court	18,904		18,904
Justice Court	512,460	234,617	277,843
Superior Court	<u>966,788</u>	<u>25,858</u>	<u>940,930</u>
Total general government	<u>2,669,221</u>	<u>1,330,795</u>	<u>1,338,426</u>
Public safety			
Juvenile Detention	118,422		118,422
Sheriff's Office	<u>2,590,459</u>	<u>1,910,992</u>	<u>679,467</u>
Total public safety	<u>2,708,881</u>	<u>1,910,992</u>	<u>797,889</u>
Total expenditures	<u>5,378,102</u>	<u>3,241,787</u>	<u>2,136,315</u>
Excess (deficiency) of revenues over expenditures	(2,428,641)	(425,423)	2,003,218
Other financing sources			
Transfers in	133,651	509,809	376,158
Transfers out	<u></u>	<u>(1,095)</u>	<u>(1,095)</u>
Total other financing sources	<u>133,651</u>	<u>508,714</u>	<u>375,063</u>
Net change in fund balances	(2,294,990)	83,291	2,378,281
Fund balance, July 1, 2022	<u>2,294,990</u>	<u>1,985,194</u>	<u>(309,796)</u>
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ 2,068,485</u>	<u>\$ 2,068,485</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Budgetary Comparison Schedule
 Health Services Fund
 Year Ended June 30, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 3,855,679	\$ 1,560,334	\$ (2,295,345)
Charges for services	<u>225,000</u>	<u>276,186</u>	<u>51,186</u>
Total Revenues	<u>4,080,679</u>	<u>1,836,520</u>	<u>(2,244,159)</u>
Expenditures			
Health	<u>4,461,158</u>	<u>1,786,309</u>	<u>2,674,849</u>
Total expenditures	<u>4,461,158</u>	<u>1,786,309</u>	<u>940,956</u>
Excess (deficiency) of revenues over expenditures	(380,479)	50,211	430,690
Other financing sources (uses)			
Transfers in	195,820	181,800	(14,020)
Transfers out	<u>-</u>	<u>(38,678)</u>	<u>(38,678)</u>
Total other financing sources	<u>195,820</u>	<u>143,122</u>	<u>(52,698)</u>
Net change in fund balance	(184,659)	193,333	377,992
Fund balance, July 1, 2022	<u>184,659</u>	<u>(1,101,442)</u>	<u>(1,286,101)</u>
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ (908,109)</u>	<u>\$ (908,109)</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Budgetary Comparison Schedule
 American Rescue Plan Act Fund
 Year Ended June 30, 2023

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ -	\$ 2,907,023	\$ 2,907,023
Total Revenues	<u>-</u>	<u>2,907,023</u>	<u>2,907,023</u>
Expenditures			
Board of Supervisors	<u>8,732,410</u>	<u>2,907,023</u>	<u>5,825,387</u>
Total expenditures	<u>8,732,410</u>	<u>2,907,023</u>	<u>5,825,387</u>
Excess (deficiency) of revenues over expenditures	(8,732,410)	-	8,732,410
Fund balance, July 1, 2022	<u>8,732,410</u>	<u>-</u>	<u>(8,732,410)</u>
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Required Supplementary Information
 Notes to Budgetary Comparison Schedules
 June 30, 2023

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, Road Fund, Criminal Justice Enhancement Fund, and Health Services Fund the County records budgeted debt service expenditures by the expenditure function and department.

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

Note 2 – Budgetary Basis of Accounting

The County's budget is prepared on a basis consistent with generally accepted accounting principles, except for the present value of lease agreement payments and the subscription-based information technology arrangements.

The following schedule reconciles the excess (deficiency) of revenues over expenditures from the statement of revenues, expenditures, and changes in fund balances to the budgetary comparison schedules:

	General Fund	Health Services Fund
Excess (deficiency) of revenues over expenditures from the statement of revenues, expenditures, and changes in fund balances	\$6,914,282	\$ (6,272)
Present value of lease agreements	367,096	56,483
Present value of subscription-based information technology arrangements	<u>302,680</u>	<u>-</u>
Excess of revenues over expenditures from the budgetary comparison schedules	<u>\$7,584,058</u>	<u>\$50,211</u>

Santa Cruz County
 Required Supplementary Information
 Notes to Budgetary Comparison Schedules
 June 30, 2023

Note 3 – Expenditures in Excess of Appropriations

For the year ended June 30, 2023, expenditures exceeded final budget amounts at the department/fund level (the legal level of budgetary control) as follows:

Department/Fund	Excess
Airport – General Fund	\$ 24,677
GIS – General Fund	3,320
Justice Court #1 – General Fund	169,312
Planning and Zoning – General Fund	19,311
Recorder – General Fund	84,322
Treasurer – General Fund	28,782
Juvenile Probation – General Fund	355
Parks – General Fund	29,725
Juvenile Detention – Jail District Fund	188,791

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, 2023

Arizona State Retirement System

	Reporting Fiscal Year (Measurement Date)		
	2023 (2022)	2022 (2021)	2021 (2020)
County's proportion of the net pension liability	0.09%	0.09%	0.09%
County's proportionate share of the net pension liability	\$ 14,631,239	\$ 11,510,251	\$ 15,767,133
County's covered payroll	\$ 10,603,589	\$ 9,842,476	\$ 9,841,187
County's proportionate share of the net pension liability as a percentage of its covered payroll	137.98%	116.94%	160.22%
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%

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

	Reporting Fiscal Year (Measurement Date)		
	2023 (2022)	2022 (2021)	2021 (2020)
County's proportion of the net pension liability	0.88%	1.11%	1.12%
County's proportionate share of the net pension liability	\$ 3,929,684	\$ 4,131,123	\$ 5,331,704
County's covered payroll	\$ 1,036,310	\$ 1,315,433	\$ 1,332,860
County's proportionate share of the net pension liability as a percentage of its covered payroll	379.20%	314.05%	400.02%
Plan fiduciary net position as a percentage of the total pension liability	57.52%	62.53%	50.07%

Elected Officials Retirement Plan

	Reporting Fiscal Year (Measurement Date)		
	2023 (2022)	2022 (2021)	2021 (2020)
County's proportion of the net pension liability	1.38%	1.33%	1.34%
County's proportionate share of the net pension liability	\$ 9,320,996	\$ 8,099,796	\$ 9,041,475
State's proportionate share of the net pension liability associated with the County	<u>907,581</u>	<u>814,161</u>	<u>859,320</u>
Total	<u>\$ 10,228,577</u>	<u>\$ 8,913,957</u>	<u>\$ 9,900,795</u>
County's covered payroll	\$ 1,090,493	\$ 1,062,247	\$ 1,034,305
County's proportionate share of the net pension liability as a percentage of its covered payroll	854.75%	762.52%	874.16%
Plan fiduciary net position as a percentage of the total pension liability	32.01%	36.28%	29.80%

See accompanying notes to pension plan schedules.

**Reporting Fiscal Year
(Measurement Date)**

2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
0.09%	0.10%	0.10%	0.10%	0.10%	0.10%	Information
\$ 13,552,954	\$ 13,815,384	\$ 16,043,834	\$ 16,145,847	\$ 15,579,144	\$ 14,450,456	not
\$ 9,774,087	\$ 9,801,915	\$ 9,686,112	\$ 9,670,325	\$ 9,180,476	\$ 8,829,998	available
138.66%	140.95%	165.64%	166.96%	169.70%	163.65%	
73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

**Reporting Fiscal Year
(Measurement Date)**

2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
1.23%	1.27%	1.34%	1.35%	1.40%	1.54%	Information
\$ 5,177,840	\$ 4,588,245	\$ 5,393,615	\$ 3,800,084	\$ 3,396,680	\$ 3,453,182	not
\$ 1,434,369	\$ 1,475,242	\$ 1,450,648	\$ 1,530,360	\$ 1,554,981	\$ 1,656,220	available
360.98%	311.02%	371.81%	248.31%	218.44%	208.50%	
51.99%	53.72%	49.21%	54.81%	57.89%	58.59%	

**Reporting Fiscal Year
(Measurement Date)**

2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
1.36%	1.30%	1.31%	1.25%	1.16%	1.21%	Information
\$ 9,016,702	\$ 8,208,402	\$ 15,968,592	\$ 11,842,355	\$ 9,101,181	\$ 8,082,842	not
<u>847,477</u>	<u>1,406,457</u>	<u>3,314,207</u>	<u>2,445,138</u>	<u>2,837,369</u>	<u>2,478,274</u>	available
<u>\$ 9,864,179</u>	<u>\$ 9,614,859</u>	<u>\$ 19,282,799</u>	<u>\$ 14,287,493</u>	<u>\$ 11,938,550</u>	<u>\$ 10,561,116</u>	
\$ 1,071,010	\$ 432,522	\$ 1,095,293	\$ 1,082,951	\$ 953,443	\$ 1,117,166	
841.89%	1897.80%	1457.93%	1093.53%	954.56%	723.51%	
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, 2023

PSPRS Sheriff

	Reporting Fiscal Year (Measurement Date)		
	2023 (2022)	2022 (2021)	2021 (2020)
Total pension liability			
Service cost	\$ 270,769	\$ 275,291	\$ 291,160
Interest on the total pension liability	1,496,326	1,454,249	1,366,779
Changes of benefit terms			
Differences between expected and actual experience in the measurement of the pension liability	(256,085)	(4,699)	562,477
Changes of assumptions or other inputs	343,107		
Benefit payments, including refunds of employee contributions	<u>(1,239,042)</u>	<u>(1,048,786)</u>	<u>(963,885)</u>
Net change in total pension liability	615,075	676,055	1,256,531
Total pension liability—beginning	<u>20,846,373</u>	<u>20,170,318</u>	<u>18,913,787</u>
Total pension liability—ending (a)	<u>\$ 21,461,448</u>	<u>\$ 20,846,373</u>	<u>\$ 20,170,318</u>
Adjustment to beginning of year			\$ (57,995)
Plan fiduciary net position			
Contributions—employer	9,875,816	919,250	1,092,623
Contributions—employee	110,966	117,017	133,341
Net investment income	(611,466)	2,350,303	103,967
Benefit payments, including refunds of employee contributions	(1,239,042)	(1,048,786)	(963,885)
Hall-Parker settlement			
Administrative expense	(10,985)	(11,009)	(8,477)
Other changes	<u>103</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	8,125,392	2,326,775	299,574
Plan fiduciary net position—beginning	<u>10,725,542</u>	<u>8,398,767</u>	<u>8,099,193</u>
Plan fiduciary net position—ending (b)	<u>\$ 18,850,934</u>	<u>\$ 10,725,542</u>	<u>\$ 8,398,767</u>
County's net pension liability—ending (a) – (b)	<u>\$ 2,610,514</u>	<u>\$ 10,120,831</u>	<u>\$ 11,771,551</u>
Plan fiduciary net position as a percentage of the total pension liability	87.84%	51.45%	41.64%
Covered payroll	\$ 2,063,886	\$ 1,939,336	\$ 2,145,350
County's net pension liability as a percentage of covered payroll	126.49%	521.87%	548.70%

See accompanying notes to pension plan schedules.

**Reporting Fiscal Year
(Measurement Date)**

2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
						Information not available
\$ 320,099	\$ 294,913	\$ 470,043	\$ 327,050	\$ 325,750	\$ 391,688	
1,295,267	1,320,496	1,175,945	1,175,348	1,137,080	942,459	
		209,446	208,272		355,803	
165,253	(1,228,063)	786,030	(714,623)	(182,980)	(152,819)	
408,000		597,037	589,852		1,742,066	
<u>(916,695)</u>	<u>(885,144)</u>	<u>(1,086,162)</u>	<u>(815,276)</u>	<u>(770,744)</u>	<u>(763,205)</u>	
1,271,924	(497,798)	2,152,339	770,623	509,106	2,515,992	
<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>	<u>12,191,601</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>	
\$ (8,849)						
998,287	\$ 1,059,925	\$ 917,590	\$ 838,463	\$ 512,953	\$ 519,566	
140,109	165,975	235,335	201,552	198,938	197,413	
336,069	446,564	780,239	38,727	213,595	732,556	
<u>(916,695)</u>	<u>(885,144)</u>	<u>(1,086,162)</u>	<u>(815,276)</u>	<u>(770,744)</u>	<u>(763,205)</u>	
	(249,264)					
(6,839)	(8,103)	(7,304)	(5,973)	(5,585)	(5,899)	
<u>-</u>	<u>(31,719)</u>	<u>79</u>	<u>(39,946)</u>	<u>(120,893)</u>	<u>-</u>	
542,082	498,234	839,777	217,547	28,264	680,431	
<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>	<u>5,292,858</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>	
<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>	
42.82%	42.84%	38.91%	38.90%	39.44%	40.61%	
\$ 1,935,258	\$ 1,379,092	\$ 1,880,660	\$ 1,719,431	\$ 1,752,386	\$ 1,907,364	
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, 2023

CORP Detention

	Reporting Fiscal Year (Measurement Date)		
	2023 (2022)	2022 (2021)	2021 (2020)
Total pension liability			
Service cost	\$ 65,483	\$ 63,192	\$ 117,386
Interest on the total pension liability	209,880	201,512	215,072
Changes of benefit terms			
Differences between expected and actual experience in the measurement of the pension liability	(147,017)	26,159	(259,989)
Changes of assumptions or other inputs	20,239		
Benefit payments, including refunds of employee contributions	(176,655)	(180,386)	(227,665)
Net change in total pension liability	(28,070)	110,477	(155,196)
Total pension liability—beginning	2,897,918	2,787,441	2,942,637
Total pension liability—ending (a)	<u>\$2,869,848</u>	<u>\$2,897,918</u>	<u>\$ 2,787,441</u>
Adjustment to beginning of year			\$ (21,512)
Plan fiduciary net position			
Contributions—employer	\$ 80,127	\$ 99,666	\$ 33,252
Contributions—employee	15,952	27,891	33,910
Net investment income	(113,448)	665,467	72,525
Benefit payments, including refunds of employee contributions	(176,655)	(180,386)	(227,665)
Administrative expense	(2,079)	(3,099)	(2,807)
Other changes	-	(22,421)	(82,670)
Net change in plan fiduciary net position	(196,103)	587,118	(194,967)
Plan fiduciary net position—beginning	3,085,926	2,498,808	2,693,775
Plan fiduciary net position—ending (b)	<u>\$2,889,823</u>	<u>\$3,085,926</u>	<u>\$ 2,498,808</u>
County's net pension liability (asset)—ending (a) – (b)	<u>\$ (19,975)</u>	<u>\$ (188,008)</u>	<u>\$ 288,633</u>
Plan fiduciary net position as a percentage of the total pension liability	100.70%	106.49%	89.65%
Covered payroll	\$ 752,932	\$ 610,979	\$ 683,371
County's net pension liability (asset) as a percentage of covered payroll	(2.65)%	(30.77)%	42.24%

See accompanying notes to pension plan schedules.

**Reporting Fiscal Year
(Measurement Date)**

2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
\$ 125,269	\$ 142,230	\$ 153,896	\$ 114,754	\$ 166,936	\$ 196,551	Information not available
211,146	209,663	188,110	188,573	191,011	164,952	
	(139,462)	250,304	2,705		44,932	
(110,760)	(92,059)	(163,018)	(129,310)	(173,115)	(176,819)	
67,631		58,851	99,299		289,789	
(157,417)	(151,539)	(162,789)	(216,541)	(163,038)	(182,256)	
135,869	(31,167)	325,354	59,480	21,794	337,149	
2,806,768	2,837,935	2,512,581	2,453,101	2,431,307	2,094,158	
<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>	

\$ 69,700	\$ 78,750	\$ 66,664	\$ 68,260	\$ 68,898	\$ 92,945
63,182	79,126	77,867	73,036	83,854	107,243
128,771	193,448	255,586	13,350	80,723	270,559
(157,417)	(151,539)	(162,789)	(216,541)	(163,038)	(182,256)
(2,998)	(3,339)	(2,636)	(2,288)	(2,361)	(2,128)
-	(51)	(15)	(31,564)	(19,426)	(5,345)
101,238	196,395	234,677	(95,747)	48,650	281,018
2,592,537	2,396,142	2,161,465	2,257,212	2,208,562	1,927,544
<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>

\$ 248,862 \$ 214,231 \$ 441,793 \$ 351,116 \$ 195,889 \$ 222,745

91.54%	92.37%	84.43%	86.03%	92.01%	90.84%
\$ 922,476	\$ 942,410	\$ 892,742	\$ 898,399	\$ 990,632	\$ 1,275,200
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, 2023

Arizona State Retirement System

	Reporting Fiscal Year			
	2023	2022	2021	2020
Statutorily required contribution	\$ 1,436,656	\$ 1,267,261	\$ 1,142,172	\$ 1,122,627
County's contributions in relation to the statutorily required contribution	<u>1,436,656</u>	<u>1,267,261</u>	<u>1,142,172</u>	<u>1,122,627</u>
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 12,109,910	\$ 10,603,589	\$ 9,842,476	\$ 9,841,187
County's contributions as a percentage of covered payroll	11.86%	11.95%	11.60%	11.41%

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

	Reporting Fiscal Year			
	2023	2022	2021	2020
Statutorily required contribution	\$ 370,167	\$ 365,538	\$ 436,990	\$ 406,273
County's contributions in relation to the statutorily required contribution	<u>370,167</u>	<u>365,538</u>	<u>436,990</u>	<u>406,273</u>
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 1,006,449	\$ 1,036,310	\$ 1,315,433	\$ 1,332,860
County's contributions as a percentage of covered payroll	36.78%	35.27%	33.22%	30.48%

Elected Officials Retirement Plan

	Reporting Fiscal Year			
	2023	2022	2021	2020
Statutorily required contribution	\$ 750,694	\$ 617,175	\$ 609,590	\$ 607,616
County's contributions in relation to the statutorily required contribution	<u>750,694</u>	<u>617,175</u>	<u>609,590</u>	<u>607,616</u>
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 1,152,710	\$ 1,090,493	\$ 1,062,247	\$ 1,034,305
County's contributions as a percentage of covered payroll	65.12%	56.60%	57.39%	58.75%

PSPRS Sheriff

	Reporting Fiscal Year			
	2023	2022	2021	2020
Actuarially required contribution	\$ 414,518	\$ 1,073,500	\$ 925,392	\$ 1,089,531
County's contributions in relation to the statutorily required contribution	<u>414,518</u>	<u>9,873,500</u>	<u>925,392</u>	<u>1,089,531</u>
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (8,800,000)</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 2,207,555	\$ 2,063,886	\$ 1,939,336	\$ 2,145,350
County's contributions as a percentage of covered payroll	18.78%	478.39%	47.72%	50.79%

See accompanying notes to pension plan schedules.

Reporting Fiscal Year

2019	2018	2017	2016	2015	2014
\$1,091,221	\$1,065,279	\$1,040,838	\$1,046,432	\$ 997,087	\$941,966
<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>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$9,774,087	\$9,801,915	\$9,686,112	\$9,670,325	\$9,180,476	\$8,829,998
11.16%	10.87%	10.75%	10.82%	10.86%	10.67%

Reporting Fiscal Year

2019	2018	2017	2016	2015	2014
\$ 461,880	\$ 332,077	\$ 291,290	\$ 292,758	\$ 231,381	\$239,324
<u>461,880</u>	<u>332,077</u>	<u>291,290</u>	<u>292,758</u>	<u>231,381</u>	<u>239,324</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$1,434,369	\$1,475,242	\$1,450,648	\$1,530,360	\$1,554,981	\$1,656,220
32.20%	22.51%	20.08%	19.13%	14.88%	14.45%

Reporting Fiscal Year

2019	2018	2017	2016	2015	2014
\$ 692,665	\$ 372,494	\$ 235,389	\$ 238,801	\$ 224,059	\$256,832
<u>614,925</u>	<u>77,033</u>	<u>235,389</u>	<u>238,801</u>	<u>224,059</u>	<u>256,832</u>
<u>\$ 77,740</u>	<u>\$ 295,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$1,071,010	\$ 432,522	\$1,095,293	\$1,082,951	\$953,443	\$1,117,166
57.42%	17.81%	21.49%	22.05%	23.50%	22.99%

Reporting Fiscal Year

2019	2018	2017	2016	2015	2014
\$ 936,687	\$ 916,460	\$ 808,120	\$ 764,136	\$ 499,255	\$519,566
<u>915,548</u>	<u>688,335</u>	<u>808,120</u>	<u>764,136</u>	<u>499,255</u>	<u>519,566</u>
<u>\$ 21,139</u>	<u>\$ 228,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$1,935,258	\$1,379,092	\$1,880,660	\$1,719,431	\$1,752,386	\$1,907,364
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, 2023

CORP Detention

	Reporting Fiscal Year			
	2023	2022	2021	2020
Actuarially required contribution	\$ 11,071	\$ 22,775	\$ 36,769	\$ 34,218
County's contributions in relation to the statutorily required contribution	<u>11,071</u>	<u>22,775</u>	<u>36,769</u>	<u>34,218</u>
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$966,840	\$752,932	\$ 610,979	\$683,371
County's contributions as a percentage of covered payroll	1.15%	3.02%	6.02%	5.01%

See accompanying notes to pension plan schedules.

Reporting Fiscal Year

2019	2018	2017	2016	2015	2014
\$ 68,481	\$ 78,492	\$ 64,277	\$ 70,436	\$ 68,453	\$ 92,945
<u>68,481</u>	<u>78,492</u>	<u>64,277</u>	<u>70,436</u>	<u>68,453</u>	<u>92,945</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$922,476	\$942,410	\$892,742	\$898,399	\$990,632	\$ 1,275,200
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, 2023

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 2021 actuarial valuation	15 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions: Investment rate of return	In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. 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.

Santa Cruz County
Required Supplementary Information
Notes to Pension Plan Schedules
June 30, 2023

Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables. 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).
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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.

Note 3 – Excess Contributions

On December 15, 2021, the County made additional contributions of \$8,800,000 for the County's Public Safety Personnel Retirement System to pay down its unfunded actuarial liability. Additional information on excess contributions can be found in Note 7 of the Notes to Financial Statements on page 44 of this report.

Combining and Individual
Fund Statements and Schedules

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Santa Cruz County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds	Capital Projects Funds	Debt Service	Total Other Governmental Funds
Assets				
Cash and investments	\$ 8,705,184	\$ 440,135	\$ 740	\$ 9,146,059
Receivables (net of allowance for uncollectibles)				
Property taxes	185,589			185,589
Accounts receivable	55,474			55,474
Due from other governmental units	2,312,234	59,398		2,371,632
Prepaid items	11,001			11,001
Total assets	\$ 11,269,482	\$ 499,533	\$ 740	\$ 11,769,755
Liabilities				
Accounts payable	\$ 481,903	\$ 89,230		\$ 571,133
Accrued payroll and employee benefits	81,113			81,113
Due to other governments			\$ 4,610	4,610
Due to other funds	1,227,886	22,397		1,250,283
Unearned revenue	1,759,515			1,759,515
Total liabilities	3,550,417	111,627	4,610	3,666,654
Deferred Inflows of Resources				
Unavailable revenue - property taxes	136,507			136,507
Unavailable revenue - intergovernmental	1,994,800	44,590		2,039,390
Unavailable revenue - miscellaneous	361			361
Total deferred inflows of resources	2,131,668	44,590		2,176,258
Fund Balances				
Nonspendable	11,001			11,001
Restricted	6,834,573	356,675		7,191,248
Assigned	22,317	83,460		105,777
Unassigned	(1,280,494)	(96,819)	(3,870)	(1,381,183)
Total fund balance	5,587,397	343,316	(3,870)	5,926,843
Total liabilities, deferred inflows of resources and fund balance	\$ 11,269,482	\$ 499,533	\$ 740	\$ 11,769,755

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds	Capital Projects Funds	Debt Service	Total Other Governmental Funds
Revenues				
Taxes	\$ 2,859,921		\$ 8	\$ 2,859,929
Intergovernmental	6,092,051	\$ 86,073		6,178,124
Charges for services	288,498			288,498
Fines and forfeits	79,907			79,907
Investment earnings	60,026	8,310	366	68,702
Donations	105,438			105,438
Rents	4,300			4,300
Miscellaneous	100,029	226	7	100,262
Total revenues	<u>9,590,170</u>	<u>94,609</u>	<u>381</u>	<u>9,685,160</u>
Expenditures				
General government	385,888	184,199		570,087
Public safety	4,213,896	665		4,214,561
Health, welfare and sanitation	940,741			940,741
Education and economic opportunity	4,070,366			4,070,366
Debt Service				
Principal retirement	629,872		520,000	1,149,872
Interest and fiscal charges	85,404		384,873	470,277
Total expenditures	<u>10,326,167</u>	<u>184,864</u>	<u>904,873</u>	<u>11,415,904</u>
Excess (deficiency) of revenues over expenditures	<u>(735,997)</u>	<u>(90,255)</u>	<u>(904,492)</u>	<u>(1,730,744)</u>
Other financing sources (uses)				
Lease agreements	4,652			4,652
Transfers in	606,585	10,483	904,715	1,521,783
Transfers out	(123,143)			(123,143)
Total other financing sources (uses)	<u>488,094</u>	<u>10,483</u>	<u>904,715</u>	<u>1,403,292</u>
Net change in fund balance	(247,903)	(79,772)	223	(327,452)
Beginning fund balance (deficit)	<u>5,835,300</u>	<u>423,088</u>	<u>(4,093)</u>	<u>6,254,295</u>
Ending fund balance (deficit)	<u>\$ 5,587,397</u>	<u>\$ 343,316</u>	<u>\$ (3,870)</u>	<u>\$ 5,926,843</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	<u>Flood Control District</u>	<u>Homeland Security</u>	<u>WIOA</u>	<u>Juvenile Services</u>
Assets				
Cash and cash equivalents	\$ 2,292,702	\$ 2,912	\$ 849	\$ 447,423
Receivables (net of allowance for uncollectibles)				
Property taxes	185,589			
Accounts receivable	21,000		471	2,750
Due from other governmental units		545,806	382,678	1,081,263
Prepaid items		1,833	1,251	7,651
Total assets	<u>\$ 2,499,291</u>	<u>\$ 550,551</u>	<u>\$ 385,249</u>	<u>\$ 1,539,087</u>
Liabilities				
Accounts payable	\$ 120,864	\$ 600	\$ 81,261	\$ 172,190
Accrued payroll and employee benefits	5,181	5	14,696	32,842
Due to other funds		500,136	190,236	470,078
Unearned revenue				
Total liabilities	<u>126,045</u>	<u>500,741</u>	<u>286,193</u>	<u>675,110</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	136,507			
Unavailable revenue - intergovernmental		508,659	272,344	1,039,449
Unavailable revenue - miscellaneous				
Total deferred inflows of resources	<u>136,507</u>	<u>508,659</u>	<u>272,344</u>	<u>1,039,449</u>
Fund Balance				
Nonspendable		1,833	1,251	7,651
Restricted	2,236,739	4,344	1,549	409,722
Assigned				
Unassigned		(465,026)	(176,088)	(592,845)
Total fund balance (deficit)	<u>2,236,739</u>	<u>(458,849)</u>	<u>(173,288)</u>	<u>(175,472)</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,499,291</u>	<u>\$ 550,551</u>	<u>\$ 385,249</u>	<u>\$ 1,539,087</u>

Probation Services	Retrieval Conversion	Animal Control	Other Special Revenue Funds	Total
\$ 1,021,936	\$ 829,813	\$ 45,708	\$ 4,063,841	\$ 8,705,184
				185,589
5,365	5,309	797	19,782	55,474
4,258	6,410	50,772	241,047	2,312,234
56			210	11,001
<u>\$ 1,031,615</u>	<u>\$ 841,532</u>	<u>\$ 97,277</u>	<u>\$ 4,324,880</u>	<u>\$ 11,269,482</u>
\$ 15,174	\$ 1,731	\$ 13,483	\$ 76,600	\$ 481,903
13,035		12,980	2,374	81,113
4,258			63,178	1,227,886
			1,759,515	1,759,515
<u>32,467</u>	<u>1,731</u>	<u>26,463</u>	<u>1,901,667</u>	<u>3,550,417</u>
				136,507
4,258		50,724	119,366	1,994,800
			361	361
<u>4,258</u>	<u>-</u>	<u>50,724</u>	<u>119,727</u>	<u>2,131,668</u>
56			210	11,001
1,009,481	839,804	35,602	2,297,332	6,834,573
		9,990	12,327	22,317
(14,647)	(3)	(25,502)	(6,383)	(1,280,494)
<u>994,890</u>	<u>839,801</u>	<u>20,090</u>	<u>2,303,486</u>	<u>5,587,397</u>
<u>\$ 1,031,615</u>	<u>\$ 841,532</u>	<u>\$ 97,277</u>	<u>\$ 4,324,880</u>	<u>\$ 11,269,482</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2023

	Flood Control District	Homeland Security	WIOA	Juvenile Services
Revenues				
Taxes	\$ 2,859,921			
Intergovernmental		\$ 101,028	\$ 993,164	\$ 2,600,919
Charges for services	21,000			3,634
Fines and forfeits				
Investment earnings	26,668			3,017
Donations				30,000
Rents			4,300	
Miscellaneous	<u>4</u>		<u>146</u>	
Total revenues	<u>2,907,593</u>	<u>101,028</u>	<u>997,610</u>	<u>2,637,570</u>
Expenditures				
General government				154,515
Public safety	2,071,432	377,504		692,988
Health, welfare and sanitation				
Education and economic opportunity			1,112,627	2,244,090
Debt Service				
Principal retirement	570,000		41,086	4,642
Interest and fiscal charges	<u>81,675</u>		<u>3,729</u>	
Total expenditures	<u>2,723,107</u>	<u>377,504</u>	<u>1,157,442</u>	<u>3,096,235</u>
Excess (deficiency) of revenues over expenditures	<u>184,486</u>	<u>(276,476)</u>	<u>(159,832)</u>	<u>(458,665)</u>
Other financing sources (uses)				
Lease agreements				4,652
Transfers in		653	47,856	1,576
Transfers out	<u>(9,144)</u>		<u>(5,818)</u>	<u>(1,751)</u>
Total other financing sources (uses)	<u>(9,144)</u>	<u>653</u>	<u>42,038</u>	<u>4,477</u>
Net change in fund balance	175,342	(275,823)	(117,794)	(454,188)
Beginning fund balance (deficit)	<u>2,061,397</u>	<u>(183,026)</u>	<u>(55,494)</u>	<u>278,716</u>
Ending fund balance (deficit)	<u>\$ 2,236,739</u>	<u>\$ (458,849)</u>	<u>\$ (173,288)</u>	<u>\$ (175,472)</u>

Probation Services	Retrieval Conversion	Animal Control	Other Special Revenue Funds	Total
				\$ 2,859,921
\$ 885,659	\$ 34,853	\$ 466,718	\$ 1,009,710	6,092,051
81,693	87,340	46,496	48,335	288,498
	79,907			79,907
11,520	11,272	46	7,503	60,026
		40,438	35,000	105,438
				4,300
<u>1</u>			<u>99,878</u>	<u>100,029</u>
<u>978,873</u>	<u>213,372</u>	<u>553,698</u>	<u>1,200,426</u>	<u>9,590,170</u>
	52,465		178,908	385,888
911,390			160,582	4,213,896
		849,407	91,334	940,741
			713,649	4,070,366
		14,144		629,872
				85,404
<u>911,390</u>	<u>52,465</u>	<u>863,551</u>	<u>1,144,473</u>	<u>10,326,167</u>
<u>67,483</u>	<u>160,907</u>	<u>(309,853)</u>	<u>55,953</u>	<u>(735,997)</u>
				4,652
1,019	5	402,053	153,423	606,585
	<u>(97,923)</u>	<u>(238)</u>	<u>(8,269)</u>	<u>(123,143)</u>
<u>1,019</u>	<u>(97,918)</u>	<u>401,815</u>	<u>145,154</u>	<u>488,094</u>
68,502	62,989	91,962	201,107	(247,903)
<u>926,388</u>	<u>776,812</u>	<u>(71,872)</u>	<u>2,102,379</u>	<u>5,835,300</u>
<u>\$ 994,890</u>	<u>\$ 839,801</u>	<u>\$ 20,090</u>	<u>\$ 2,303,486</u>	<u>\$ 5,587,397</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2023

	<u>Construction</u>	<u>Airport</u>	<u>Other</u>	<u>Total</u>
Assets				
Cash and investments	\$ 365,135		\$ 75,000	\$ 440,135
Due from other governmental units		\$ 43,398	\$ 16,000	59,398
Total assets	<u>\$ 365,135</u>	<u>\$ 43,398</u>	<u>91,000</u>	<u>\$ 499,533</u>
Liabilities				
Accounts payable	\$ 665	\$ 69,163	\$ 19,402	\$ 89,230
Due to other funds		22,397		22,397
Total liabilities	<u>665</u>	<u>91,560</u>	<u>19,402</u>	<u>111,627</u>
Deferred Inflows of Resources				
Unavailable revenue - intergovernmental		34,590	\$ 10,000	44,590
Total deferred inflows of resources		<u>34,590</u>	<u>10,000</u>	<u>44,590</u>
Fund Balance				
Restricted	281,675		75,000	356,675
Assigned	83,460			83,460
Unassigned	(665)	(82,752)	\$ (13,402)	(96,819)
Total fund balance (deficit)	<u>364,470</u>	<u>(82,752)</u>	<u>61,598</u>	<u>343,316</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 365,135</u>	 <u>\$ 43,398</u>	 <u>\$ 91,000</u>	 <u>\$ 499,533</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances
Nonmajor Capital Projects Funds
Year Ended June 30, 2023

	<u>Construction</u>	<u>Airport</u>	<u>Other</u>	<u>Total</u>
Revenues				
Intergovernmental		\$ 52,499	\$ 33,574	\$ 86,073
Investment earnings	\$ 8,310			8,310
Miscellaneous	226			226
Total revenues	<u>8,536</u>	<u>52,499</u>	<u>33,574</u>	<u>94,609</u>
Expenditures				
General government		137,223	46,976	184,199
Public safety	665			665
Total expenditures	<u>665</u>	<u>137,223</u>	<u>46,976</u>	<u>184,864</u>
Excess (deficiency) of revenues over expenditures	<u>7,871</u>	<u>(84,724)</u>	<u>(13,402)</u>	<u>(90,255)</u>
Other financing sources				
Transfers in	8,511	1,972		10,483
Transfers out				-
Total other financing sources	<u>8,511</u>	<u>1,972</u>	<u>-</u>	<u>10,483</u>
Net change in fund balance	16,382	(82,752)	(13,402)	(79,772)
Beginning fund balance (deficit)	<u>348,088</u>		<u>75,000</u>	<u>423,088</u>
Ending fund balance (deficit)	<u>\$ 364,470</u>	<u>\$ (82,752)</u>	<u>\$ 61,598</u>	<u>\$ 343,316</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, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Taxes	\$ 2,875,687	\$ 2,859,921	\$ (15,766)
Charges for services		21,000	21,000
Investment earnings		26,668	26,668
Miscellaneous		4	4
Total revenues	2,875,687	2,907,593	31,906
Expenditures			
Public safety	5,175,322	2,723,107	2,452,215
Total expenditures	5,175,322	2,723,107	2,452,215
Excess (deficiency) of revenues over expenditures	(2,299,635)	184,486	2,484,121
Other financing uses			
Transfers out	-	(9,144)	(9,144)
Total other financing sources (uses)	-	(9,144)	(9,144)
Net change in fund balance	(2,299,635)	175,342	2,474,977
Fund balance (deficit), July 1, 2022	2,299,635	2,061,397	(238,238)
Fund balance (deficit), June 30, 2023	\$ -	\$ 2,236,739	\$ 2,236,739

Santa Cruz County
Nonmajor Special Revenue Funds
WIOA Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 2,711,307	\$ 993,164	\$ (1,718,143)
Rents		4,300	4,300
Miscellaneous	<u>26,332</u>	<u>146</u>	<u>(26,186)</u>
Total revenues	<u>2,737,639</u>	<u>997,610</u>	<u>(1,740,029)</u>
Expenditures			
Education and economic opportunity	<u>2,737,690</u>	<u>1,157,442</u>	<u>1,580,248</u>
Total expenditures	<u>2,737,690</u>	<u>1,157,442</u>	<u>1,580,248</u>
Excess (deficiency) of revenues over expenditures	(51)	(159,832)	(159,781)
Other financing sources (uses)			
Transfers in		47,856	47,856
Transfers out		<u>(5,818)</u>	<u>(5,818)</u>
Total other financing sources (uses)		<u>42,038</u>	<u>42,038</u>
Net change in fund balance	(51)	(117,794)	(117,743)
Fund balance (deficit), July 1, 2022	<u>51</u>	<u>(55,494)</u>	<u>(55,545)</u>
Fund balance (deficit), June 30, 2023	<u>\$ -</u>	<u>\$ (173,288)</u>	<u>\$ (173,288)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Homeland Security Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	<u>\$ 855,279</u>	<u>\$ 101,028</u>	<u>\$ (754,251)</u>
Total revenues	<u>855,279</u>	<u>101,028</u>	<u>(754,251)</u>
Expenditures			
Public safety			
Emergency Management	207,695	35,484	172,211
Sheriff's Office	<u>650,497</u>	<u>342,020</u>	<u>308,477</u>
Total expenditures	<u>858,192</u>	<u>377,504</u>	<u>480,688</u>
Excess (deficiency) of revenues over expenditures	(2,913)	(276,476)	(273,563)
Other financing sources (uses)			
Transfers in		653	653
Transfers out	<u> </u>	<u>-</u>	<u>-</u>
Total other financing uses	<u> </u>	<u>653</u>	<u>653</u>
Net change in fund balance	(2,913)	(275,823)	(272,910)
Fund balance (deficit), July 1, 2022	<u>2,913</u>	<u>(183,026)</u>	<u>(185,939)</u>
Fund balance (deficit), June 30, 2023	<u>\$ -</u>	<u>\$ (458,849)</u>	<u>\$ (458,849)</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Juvenile Services Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 7,550,824	\$ 2,600,919	\$ (4,949,905)
Charges for service	2,200	3,634	1,434
Investment earnings	58	3,017	2,959
Donations	55,000	30,000	(25,000)
Miscellaneous	-	-	-
Total revenues	7,608,082	2,637,570	(4,970,512)
Expenditures			
General government			
Superior Court	149,532	154,515	(4,983)
Public safety			
Probation	931,618	692,988	238,630
Sherriff's Office	8,740		8,740
Education			
School Superintendent	6,912,755	2,244,080	4,668,675
Total expenditures	8,002,645	3,091,583	4,911,062
Excess (deficiency) of revenues over expenditures	(394,563)	(454,013)	(59,450)
Other financing sources (uses)			
Transfers in		1,576	1,576
Transfers out		(1,751)	(1,751)
Total other financing sources (uses)		(175)	(175)
Net change in fund balance	(394,563)	(454,188)	(59,625)
Fund balance (deficit), July 1, 2022	394,563	278,716	(115,847)
Fund balance (deficit), June 30, 2023	\$ -	\$ (175,472)	\$ (175,472)

Santa Cruz County
Nonmajor Special Revenue Funds
Probation Services Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 823,786	\$ 885,659	\$ 61,873
Charges for service	75,650	81,693	6,043
Investment earnings	330	11,520	11,190
Miscellaneous	<u> </u>	<u> 1</u>	<u> 1</u>
Total revenues	<u>899,766</u>	<u>978,873</u>	<u>79,107</u>
Expenditures			
Public safety	<u>1,874,026</u>	<u>911,390</u>	<u>962,636</u>
Total expenditures	<u>1,874,026</u>	<u>911,390</u>	<u>962,636</u>
Excess (deficiency) of revenues over expenditures	(974,260)	67,483	1,041,743
Other financing sources			
Transfers in	<u>2,080</u>	<u>1,019</u>	<u>(1,061)</u>
Total other financing sources	<u>2,080</u>	<u>1,019</u>	<u>(1,061)</u>
Net change in fund balance	(972,180)	68,502	1,040,682
Fund balance (deficit), July 1, 2022	<u>972,180</u>	<u>926,388</u>	<u>(45,792)</u>
Fund balance (deficit), June 30, 2023	<u>\$ -</u>	<u>\$ 994,890</u>	<u>\$ 994,890</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Retrieval Conversion Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 34,853	\$ 34,853	
Charges for services	76,400	87,340	\$ 10,940
Fines and forfeits	67,000	79,907	12,907
Investment earnings	<u>30</u>	<u>11,272</u>	<u>11,242</u>
Total revenues	<u>178,283</u>	<u>213,372</u>	<u>35,089</u>
Expenditures			
General government	<u>875,648</u>	<u>52,465</u>	<u>823,183</u>
Total expenditures	<u>875,648</u>	<u>52,465</u>	<u>823,183</u>
Excess (deficiency) of revenues over expenditures	(697,365)	160,907	858,272
Other financing sources (uses)			
Transfers in		5	5
Transfers out	<u>(92,112)</u>	<u>(97,923)</u>	<u>(5,811)</u>
Total other financing uses	<u>(92,112)</u>	<u>(97,918)</u>	<u>(5,806)</u>
Net change in fund balance	(789,477)	62,989	852,466
Fund balance (deficit), July 1, 2022	<u>789,477</u>	<u>776,812</u>	<u>(12,665)</u>
Fund balance (deficit), June 30, 2023	<u>\$ -</u>	<u>\$ 839,801</u>	<u>\$ 839,801</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Animal Control Fund
Budgetary Comparison Schedule
Year Ended June 30, 2023

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 376,091	\$ 466,718	\$ 90,627
Charges for services	39,100	46,496	7,396
Investment earnings		46	46
Donations	<u>10,000</u>	<u>40,438</u>	<u>30,438</u>
Total revenues	<u>425,191</u>	<u>553,698</u>	<u>128,507</u>
Expenditures			
Current:			
Health, welfare and sanitation	<u>778,538</u>	<u>863,551</u>	<u>(85,013)</u>
Total expenditures	<u>778,538</u>	<u>863,551</u>	<u>(85,013)</u>
Excess (deficiency) of revenues over expenditures	(353,347)	(309,853)	43,494
Other financing sources			
Transfers in	346,091	402,053	55,962
Transfers in	<u>-</u>	<u>(238)</u>	<u>(238)</u>
Total other financing sources	<u>346,091</u>	<u>401,815</u>	<u>55,724</u>
Net change in fund balance	(7,256)	91,962	99,218
Fund balance (deficit), July 1, 2022	<u>7,256</u>	<u>(71,872)</u>	<u>(79,128)</u>
Fund balance (deficit), June 30, 2023	<u>\$ -</u>	<u>\$ 20,090</u>	<u>\$ 20,090</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Special Revenue Funds
 Budgetary Comparison Schedule
 Year Ended June 30, 2023

	<u>Original and Final Budget Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 1,176,034	\$ 1,009,710	\$ (166,324)
Charges for services	35,150	48,335	13,185
Investment earnings	10	7,503	7,493
Donations	43,000	35,000	(8,000)
Miscellaneous	<u>57,500</u>	<u>99,878</u>	<u>42,378</u>
Total revenues	<u>1,311,694</u>	<u>1,200,426</u>	<u>(111,268)</u>
Expenditures			
General government	766,901	178,908	587,993
Public safety	690,152	160,582	529,570
Health, welfare and sanitation	331,557	91,334	240,223
Education and economic opportunity	<u>1,795,892</u>	<u>713,649</u>	<u>1,082,243</u>
Total expenditures	<u>3,584,502</u>	<u>1,144,473</u>	<u>2,440,029</u>
Excess (deficiency) of revenues over expenditures	(2,272,808)	55,953	2,328,761
Other financing sources (uses)			
Transfers in	165,000	153,423	(11,577)
Transfers out	<u>(7,500)</u>	<u>(8,269)</u>	<u>(769)</u>
Total other financing sources (uses)	<u>157,500</u>	<u>145,154</u>	<u>(12,346)</u>
Net change in fund balance	(2,115,308)	201,107	2,316,415
Fund balance (deficit), July 1, 2022	<u>2,115,308</u>	<u>2,102,379</u>	<u>(12,929)</u>
Fund balance (deficit), June 30, 2023	<u>\$ -</u>	<u>\$ 2,303,486</u>	<u>\$ 2,303,486</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, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 8,407,440	\$ 8,310	\$ (8,399,130)
Miscellaneous	<u>3,000,000</u>	<u>226</u>	<u>(2,999,774)</u>
Total revenues	<u>11,407,440</u>	<u>8,536</u>	<u>(11,398,904)</u>
Expenditures			
General government	80,281		80,281
Public safety	<u>11,683,554</u>	<u>665</u>	<u>11,682,889</u>
Total expenditures	<u>11,763,835</u>	<u>665</u>	<u>11,763,170</u>
Excess (deficiency) of revenues over expenditures	<u>(356,395)</u>	<u>7,871</u>	<u>364,266</u>
Other financing sources			
Transfers in	<u>-</u>	<u>8,511</u>	<u>8,511</u>
Total other financing sources (uses)	<u>-</u>	<u>8,511</u>	<u>8,511</u>
Net change in fund balances	(356,395)	16,382	372,777
Fund balance (deficit), July 1, 2022	<u>356,395</u>	<u>348,088</u>	<u>(8,307)</u>
Fund balance (deficit), June 30, 2023	<u>\$ -</u>	<u>\$ 364,470</u>	<u>\$ 364,470</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Airport Fund
 Year Ended June 30, 2023

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	<u>\$ 2,798,000</u>	<u>\$ 52,499</u>	<u>\$ (2,745,501)</u>
Total Revenues	<u>2,798,000</u>	<u>52,499</u>	<u>(2,745,501)</u>
Expenditures			
General government	<u>2,961,000</u>	<u>137,223</u>	<u>2,823,777</u>
Total expenditures	<u>2,961,000</u>	<u>137,223</u>	<u>2,823,777</u>
Excess (deficiency) of revenues over expenditures	(163,000)	(84,724)	78,276
Other financing sources			
Transfers in	<u>163,000</u>	<u>1,972</u>	<u>(161,028)</u>
Total other financing sources	<u>163,000</u>	<u>1,972</u>	<u>(161,028)</u>
Net change in fund balance	-	(82,752)	(82,752)
Fund balance (deficit), July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), June 30, 2023	<u>\$ -</u>	<u>\$ (82,752)</u>	<u>\$ (82,752)</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Other Funds
 Year Ended June 30, 2023

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 451,574	\$ 33,574	\$ (418,000)
Total revenues	451,574	33,574	(418,000)
Expenditures			
General government	451,574	46,976	404,598
Public safety	125,000	-	125,000
Total expenditures	576,574	46,976	529,598
Excess (deficiency) of revenues over expenditures	(125,000)	(13,402)	111,598
Other financing sources			
Transfers in	50,000	-	(50,000)
Total other financing sources	50,000	-	(50,000)
Net change in fund balance	(75,000)	(13,402)	61,598
Fund balance (deficit), July 1, 2022	75,000	75,000	-
Fund balance (deficit), June 30, 2023	\$ -	\$ 61,598	\$ 61,598

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, 2023

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ -	\$ 8	\$ 8
Investment earnings		366	366
Miscellaneous		7	7
Total revenues	<u>-</u>	<u>381</u>	<u>381</u>
Expenditures			
Debt service	<u>903,427</u>	<u>904,873</u>	<u>(1,446)</u>
Total expenditures	<u>903,427</u>	<u>904,873</u>	<u>(1,446)</u>
Excess (deficiency) of revenues over expenditures	(903,427)	(904,492)	(1,065)
Other financing sources			
Transfers in	<u>902,911</u>	<u>904,715</u>	<u>1,804</u>
Total other financing sources	<u>902,911</u>	<u>904,715</u>	<u>1,804</u>
Net change in fund balance	(516)	223	739
Fund balance (deficit), July 1, 2022	<u>516</u>	<u>(4,093)</u>	<u>(4,609)</u>
Fund balance (deficit), June 30, 2023	<u>\$ -</u>	<u>\$ (3,870)</u>	<u>\$ (3,870)</u>

Fiduciary Funds

Santa Cruz County
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

	External Investment Pool	Other		
		Treasurer's Clearing	Non-County External Bank Accounts	Total Other
Assets				
Cash and investments	\$ 58,655,572	\$ 6,376,966	\$ 1,078,398	\$ 7,455,364
Taxes receivable for other governments		1,430,688		1,430,688
Total assets	<u>58,655,572</u>	<u>7,807,654</u>	<u>1,078,398</u>	<u>8,886,052</u>
Liabilities				
Due to other governments		5,842,256		5,842,256
Due to others		534,710		534,710
Total liabilities		<u>6,376,966</u>		<u>6,376,966</u>
Net position				
Restricted for:				
Pool participants	58,655,572			
Individuals, organizations, and other governments		1,430,688	1,078,398	2,509,086
Total net position	<u>\$ 58,655,572</u>	<u>\$ 1,430,688</u>	<u>\$ 1,078,398</u>	<u>\$ 2,509,086</u>

Santa Cruz County
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended June 30, 2023

	External Investment Pool	Other		Total Other
		Treasurer's Clearing	Non-County External Bank Accounts	
Additions:				
Contributions from pool participants	\$ 156,182,713			
Property/sales tax collections for other governments		\$ 12,159,861		\$ 12,159,861
Collections from individuals			\$ 1,406,897	1,406,897
Investment earnings	524,349	37,380	2,499	39,879
Inmate collections			112,456	112,456
Other		2,378,653	707,776	3,086,429
Total additions	<u>156,707,062</u>	<u>14,575,894</u>	<u>2,229,628</u>	<u>16,805,522</u>
Deductions:				
Distributions to pool participants	136,302,870			
Beneficiary payments to individuals			911,982	911,982
Property/sales tax distributions to other governments		11,635,959		11,635,959
Administrative expense			40,380	40,380
Payments to inmates			87,913	87,913
Other		2,902,946	1,407,146	4,310,092
Total deductions	<u>\$ 136,302,870</u>	<u>14,538,905</u>	<u>2,447,421</u>	<u>16,986,326</u>
Net increase (decrease) in fiduciary net position	20,404,192	36,989	(217,793)	(180,804)
Net position, July 1, 2022	<u>38,251,380</u>	<u>1,393,699</u>	<u>1,296,191</u>	<u>2,689,890</u>
Net position, June 30, 2023	<u>\$ 58,655,572</u>	<u>\$ 1,430,688</u>	<u>\$ 1,078,398</u>	<u>\$ 2,509,086</u>

Statistical Section

FINANCIAL TRENDS:

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

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net investment in capital assets	\$ 70,651	\$ 67,745	\$ 67,826	\$ 68,468	\$ 67,246	\$ 66,618	\$ 66,653	\$ 69,644	\$ 70,340	\$ 70,668
Restricted	21,047	14,136	15,065	12,444	12,104	15,063	13,255	9,756	7,711	9,515
Unrestricted	<u>(17,508)</u>	<u>(17,367)</u>	<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>
Total governmental activities net position	<u>74,190</u>	<u>64,514</u>	<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>
Business-Type Activities										
Net investment in capital assets	2,597	2,711	2,873	3,073	3,328	3,595	3,829	4,115	4,274	3,660
Restricted	4,848	4,511	4,329	4,291	4,214	4,112	4,049	3,988	3,949	5,358
Unrestricted (deficit)	<u>(1,113)</u>	<u>429</u>	<u>212</u>	<u>(1,144)</u>	<u>(2,122)</u>	<u>(2,713)</u>	<u>(4,179)</u>	<u>(5,116)</u>	<u>(5,227)</u>	<u>(6,540)</u>
Total business-type activities net position (deficit)	<u>6,332</u>	<u>7,651</u>	<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>
Primary Government										
Net investment in capital assets	73,248	70,456	70,699	71,541	70,574	70,213	70,482	73,759	74,614	74,328
Restricted	25,895	18,647	19,394	16,735	16,318	19,175	17,304	13,744	11,660	14,873
Unrestricted	<u>(18,621)</u>	<u>(16,938)</u>	<u>(22,208)</u>	<u>(29,579)</u>	<u>(33,162)</u>	<u>(40,247)</u>	<u>(32,726)</u>	<u>(29,018)</u>	<u>(27,352)</u>	<u>3,243</u>
Total primary government net position	<u>\$ 80,522</u>	<u>\$ 72,165</u>	<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>

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SOURCE: Annual Comprehensive 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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities:										
General government	\$ 21,717	\$ 17,493	\$ 16,113	\$ 16,039	\$ 11,122	\$ 20,804	\$ 17,992	\$ 16,403	\$ 16,772	\$ 14,525
Public safety	16,415	16,728	16,774	15,379	14,656	19,498	15,862	14,854	16,431	16,043
Highways and streets	6,687	9,509	7,610	6,851	8,897	5,686	5,848	5,966	7,474	6,972
Health, welfare and sanitation	7,370	6,454	6,783	5,362	4,985	4,969	4,926	4,621	4,633	4,754
Education and economic opportunity	4,617	3,368	3,047	2,562	2,609	2,281	2,168	2,909	3,259	2,454
Recreation	782	423	301	417	302	263	267	202	152	165
Interest on long-term debt	1,534	1,873	1,432	1,658	1,747	1,967	3,089	3,141	2,810	2,899
Total governmental activities expenses	<u>59,122</u>	<u>55,848</u>	<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>
Business-type activities:										
Landfill	<u>3,370</u>	<u>2,736</u>	<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>
Total business-type activities expenses	<u>3,370</u>	<u>2,736</u>	<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>
Total primary government expenses	<u>62,492</u>	<u>58,584</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services										
General government	2,502	3,235	2,654	2,377	2,866	2,472	2,146	2,161	2,412	2,569
Public safety	247	155	300	169	302	176	244	244	450	399
Highways and streets	140	544	-	-	-	-	-	-	-	-
Health, welfare and sanitation	338	342	278	236	221	223	178	188	156	174
Education and economic opportunity	4	14	-	-	78	85	26	73	128	
Recreation	6	7	1	9	10	12	9	9	9	8
Operating grants and contributions	22,768	17,078	17,574	14,682	13,663	9,959	8,781	9,079	8,993	8,338
Capital grants and contributions	130	336	239	1,747	130	6,200	5,114	5,810	4,747	4,512
Total governmental activities program revenues	<u>26,135</u>	<u>21,711</u>	<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>
Business-type activities:										
Charges for services										
Landfill	1,960	2,971	3,454	2,673	2,075	2,298	2,326	2,062	1,993	1,600
Operating grants and contributions	-	-	-	-	-	-	-	-	-	94
Total business-type program revenues	<u>1,960</u>	<u>2,971</u>	<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>
Total primary government program revenues	<u>28,095</u>	<u>24,682</u>	<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>
Net (expense) revenue										
Governmental activities	(32,987)	(34,137)	(31,014)	(29,048)	(27,126)	(36,348)	(33,595)	(30,579)	(34,691)	(31,684)
Business-type activities	(1,410)	235	1,189	761	375	1,187	705	121	1,106	183
Total primary government activities net (expense) revenue	<u>(34,397)</u>	<u>(33,902)</u>	<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>

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 19,228	\$ 18,739	\$ 17,446	\$ 16,522	\$ 15,414	\$ 14,408	\$ 13,915	\$ 14,495	\$ 14,041	\$ 13,915
County general excise tax	4,477	3,887	4,860	3,061	2,686	2,526	2,578	2,654	2,504	2,685
County jail excise tax	4,476	3,887	4,860	3,061	2,683	2,525	2,569	2,654	2,504	2,685
Share of state sales taxes-general government	4,932	4,494	4,225	3,189	2,975	2,645	2,685	2,621	2,421	2,426
Share of state sales taxes-welfare	2,828	2,412	2,762	2,366	2,403	2,114	2,070	2,062	2,033	2,024
Payments in lieu of taxes	1,354	1,263	1,233	1,221	1,141	1,108	1,080	1,073	932	978
Vehicle lieu tax unrestricted	2,081	2,117	2,124	1,881	1,851	1,774	1,716	1,649	1,527	1,466
State appropriations	550	550	550	550	550	550	550	550	1,100	-
Share of state overweight permits	427	390	458	513	872	831	833	802	783	754
Unrestricted grants and contributions							63	433	522	506
Investment earnings (loss)	695	37	12	166	272	306	80	59	14	130
Miscellaneous	156	402	479	620	441	284	354	378	377	855
Capital contributions	2	2	3	3	-	-	-	256	-	29
Transfers	(1)		(5)	-	-	-	-	150	(2)	(109)
Gain on sale of capital assets	309			62	-	-	-	315	4	134
Loss on disposal	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>41,514</u>	<u>38,180</u>	<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>
Business-type activities:										
Grants and contributions	-	-	-	-	-	-	-	-	-	-
Investment earnings	91	4	3	42	52	58	7	3	1	4
Miscellaneous						50		57		-
Transfers	1		5		-	-	-	-	2	109
Capital contributions	-	(2)	(3)	(3)	-	-	-	(190)	-	-
Total business-type activities	<u>92</u>	<u>2</u>	<u>5</u>	<u>39</u>	<u>52</u>	<u>108</u>	<u>7</u>	<u>(130)</u>	<u>3</u>	<u>113</u>
Total primary government	<u>41,606</u>	<u>38,182</u>	<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>
Changes in net position										
Governmental activities	8,527	4,043	7,993	4,167	4,162	(7,277)	(5,102)	(428)	(5,931)	(3,205)
Business-type activities	(1,318)	237	1,194	800	427	1,295	712	(9)	1,109	296
Total primary government	<u>\$ 7,209</u>	<u>\$ 4,280</u>	<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>

SOURCE: Annual Comprehensive 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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable	\$ 349	\$ 88	\$ 59	\$ 99	\$ 47	\$ 45	\$ 48	\$ 46	\$ 95	\$ 51
Restricted	2,028	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>20,626</u>	<u>19,407</u>	<u>16,081</u>	<u>8,857</u>	<u>8,739</u>	<u>8,209</u>	<u>9,222</u>	<u>11,063</u>	<u>11,125</u>	<u>11,021</u>
Subtotal general fund	<u>\$ 23,003</u>	<u>\$ 19,495</u>	<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>
All other governmental funds										
Special revenue funds (deficits)										
Nonspendable	\$ 22	\$ 124	\$ 31	\$ 301	\$ 40	\$ 6	\$ 2	\$ 9	\$ 7	\$ 8
Restricted	15,119	11,404	12,897	10,532	11,042	11,773	10,350	7,997	9,486	11,872
Assigned	22	14	26	-	37	61	77	34	52	192
Unassigned	(3,294)	(1,917)	(1,514)	(785)	(571)	(879)	(416)	(747)	(845)	(687)
Capital projects funds (deficits)										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	357	351	275	282	284	284	241	226	270	60
Assigned	83	80	80	79	77	73	65	59	53	-
Unassigned	(97)	(8)	(22)	(113)	(15)	-	(28)	(7)	(236)	-
Debt Service unassigned	<u>(4)</u>	<u>(4)</u>	<u>(3)</u>	<u>(1)</u>	<u>43</u>	<u>1</u>	<u>206</u>	<u>202</u>	<u>99</u>	<u>98</u>
Total all other governmental funds	<u>\$ 12,208</u>	<u>\$ 10,044</u>	<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>

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SOURCE: Annual Comprehensive 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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Taxes	\$ 28,176	\$ 26,453	\$ 27,448	\$ 22,653	\$ 20,660	\$ 19,535	\$ 19,193	\$ 19,991	\$ 19,198	\$ 19,189
Intergovernmental	32,659	27,967	28,225	25,660	24,327	23,867	22,192	23,599	22,022	20,926
Licenses and permits	1,107	1,160	882	516	486	617	348	409	384	324
Charges for services	1,500	2,137	1,356	1,226	1,126	1,260	1,143	1,169	1,519	1,676
Fines and forfeits	663	898	887	941	1,680	1,084	1,172	1,050	1,197	1,278
Investment earnings	695	37	12	166	272	306	80	59	14	130
Donations	106	123								
Rents	123	103	109	109	106	40	42	39	42	37
Miscellaneous	156	402	479	626	438	244	309	342	337	817
Total revenues	<u>65,185</u>	<u>59,280</u>	<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>
Expenditures:										
Current:										
General government	20,410	17,253	15,281	17,768	14,667	15,099	15,173	15,091	13,379	13,840
Public safety	16,264	16,367	14,655	14,263	14,464	15,497	13,241	14,208	13,582	15,096
Highways and streets	7,116	7,911	5,751	7,321	7,667	5,221	3,952	4,543	6,816	4,872
Health, welfare and sanitation	7,396	6,653	6,773	5,418	5,064	4,966	4,991	4,710	4,625	4,738
Education and economic opportunity	4,565	3,447	3,012	2,732	2,893	2,183	2,002	2,779	3,132	2,421
Recreation	758	371	246	427	286	247	224	167	438	148
Debt service:										
Principal retirement	4,325	4,167	3,362	3,135	2,885	2,561	2,531	3,776	2,421	2,332
Interest and other charges	1,726	2,066	1,767	1,851	1,939	2,162	3,071	3,049	2,809	2,900
Total expenditures	<u>62,560</u>	<u>58,235</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>2,625</u>	<u>1,045</u>	<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>
Other financing sources (uses):										
Pledged revenue obligations proceeds		9,170	4,765			3,675	33,850	9,997		
Payment to debt refinancing escrow agent			(4,653)			(3,557)	(33,224)	(9,798)		
Payment to PSPRS		(8,800)								
Loan proceeds (net of discounts)	2,000				800	-	-	-	-	-
Proceeds from sales of capital assets	317			62	-	-	-	-	-	134
Lease agreements	428	214		485	118	672		93	-	-
Subscription-based information technology arrangement	303									
Transfers in	6,313	5,816	5,627	6,148	5,330	4,987	5,328	5,982	5,187	7,077
Transfers out	(6,314)	(5,816)	(5,632)	(6,148)	(5,330)	(4,987)	(5,328)	(5,832)	(5,189)	(7,132)
Proceeds from long-term notes	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>3,047</u>	<u>584</u>	<u>107</u>	<u>547</u>	<u>918</u>	<u>790</u>	<u>626</u>	<u>442</u>	<u>(2)</u>	<u>79</u>
Net change in fund balances	<u>\$ 5,672</u>	<u>\$ 1,629</u>	<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>
Debt service as a percentage of noncapital expenditures	9.67%	10.70%	10.09%	9.42%	9.67%	9.85%	12.40%	14.12%	11.08%	11.29%

SOURCE: Annual Comprehensive 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 ⁽²⁾	Total
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
2021-22 ⁽¹⁾	26,453,337	27,967,415	1,159,628	2,137,370	897,559	37,145	102,698	525,307	59,280,459
2022-23 ⁽¹⁾	28,176,249	32,659,453	1,107,400	1,499,968	662,738	695,330	122,462	261,935	65,185,535

NOTES:

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

⁽²⁾ Includes donations.

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
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
2021-22 ⁽¹⁾	44.62	47.18	1.96	3.61	1.51	0.06	0.17	0.89	100.00
2022-23 ⁽¹⁾	43.22	50.10	1.70	2.30	1.02	1.07	0.19	0.40	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
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
2021-22 ⁽¹⁾	17,252,693	16,366,748	7,911,308	6,653,371	3,447,011	371,225	6,232,601	58,234,957
2022-23 ⁽¹⁾	20,409,574	16,264,373	7,115,448	7,396,220	4,565,047	758,163	6,051,379	62,560,204

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
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
2020-21 ⁽¹⁾	30.05	28.82	11.31	13.32	5.92	0.49	10.09	100.00
2021-22 ⁽¹⁾	29.62	28.10	13.59	11.43	5.92	0.64	10.70	100.00
2022-23 ⁽¹⁾	32.62	26.00	11.37	11.82	7.30	1.21	9.68	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
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%
2021-22	109,154	188,594	45,534	514	343,796	4.9618	3,327,138	10.33%
2022-23	109,997	202,672	44,841	546	358,056	4.9618	3,504,302	10.22%

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		
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
2021-22	4.0515	0.8103	0.1000	0.0000	3.3673	3.6786	3.2500	2.7200	1.7694	0.4263
2022-23	4.0515	0.8103	0.1000	0.0000	3.5166	3.6786	3.3750	2.7200	1.7133	0.0000

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	Sonoita	Santa Cruz		
		#6	#25	#28		
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
2021-22	2.5828	4.3445	4.6050	7.4375	5.7306	5.7311
2022-23	2.5480	3.7522	4.5915	7.4375	5.4781	5.7776

SOURCES: Annual budgets.

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

Taxpayer	2023			2022			2021			2020			2019		
	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 *	20,627	1	5.29%	20,827	1	5.55%	20,575	1	5.98%	19,143	1	5.56%	18,816	1	5.71%
Qwest Corporation *	-	-	-	-	-	-	-	-	-	1,441	10	0.42%	1,580	8	0.48%
Wal-Mart Stores, Inc.	2,582	5	0.66%	2,456	5	0.65%	2,480	5	0.72%	2,418	6	0.70%	2,364	5	0.72%
Delta Properties LLP	14,277	2	3.66%	12,931	2	3.44%	13,060	2	3.79%	13,920	2	4.04%	11,088	2	3.36%
Union Pacific Railroad	2,702	4	0.69%	3,971	3	1.06%	3,626	3	1.05%	2,956	3	0.86%	3,135	3	0.95%
Mariposa Shopping Center LP *	2,190	7	0.56%	1,895	7	0.50%	1,949	8	0.57%	2,612	5	0.76%	2,355	6	0.71%
Tubac Management Co, LLC	1,560	10	0.40%	1,498	9	0.40%	1,558	10	0.45%	1,517	9	0.44%	1,471	10	0.45%
Nogales Plaza Shopping Center LP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SOAC Properties Corporation	1,641	9	0.42%	1,552	8	0.41%	1,575	9	0.46%	1,525	8	0.44%	1,481	9	0.45%
Alta Real Estate LLC	2,228	6	0.57%	2,101	6	0.56%	2,131	6	0.62%	2,057	7	0.60%	1,987	7	0.60%
Vatere LLC	1,668	8	0.43%	-	-	-	-	-	-	-	-	-	-	-	-
Rio Rico Properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Crisantes Properties, LLC	3,737	3	0.96%	3,423	4	0.91%	3,365	4	0.98%	2,650	4	0.77%	2,487	4	0.75%
Rio Rico Utilities	-	-	-	1,306	10	0.35%	-	-	-	-	-	-	-	-	-
Title Security Agency of Arizona	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acacia Land & Storage LLC	-	-	-	-	-	-	2,041	7	0.59%	-	-	-	-	-	-
Total	<u>53,212</u>		<u>13.64%</u>	<u>51,960</u>		<u>13.83%</u>	<u>52,360</u>		<u>15.21%</u>	<u>50,239</u>		<u>14.59%</u>	<u>46,764</u>		<u>14.19%</u>

* 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	2018			2017			2016			2015			2014		
	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 Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value
Unisource Energy Corporation *	17,937	1	5.63%	19,014	1	6.14%	18,276	1	5.76%	17,956	1	5.54%	16,987	1	5.00%
Qwest Corporation *	1,785	8	0.56%	1,777	8	0.57%	1,892	6	0.60%	1,936	6	0.60%	1,929	5	0.57%
Wal-Mart Stores, Inc.	2,341	5	0.73%	2,152	5	0.69%	2,101	5	0.66%	2,235	5	0.69%	2,546	3	0.75%
Delta Properties LLP	8,142	2	2.56%	5,619	2	1.81%	4,837	2	1.52%	4,800	2	1.48%	5,770	2	1.70%
Union Pacific Railroad	3,262	3	1.02%	3,147	3	1.02%	2,521	3	0.79%	2,454	4	0.76%	2,498	4	0.73%
Mariposa Shopping Center LP *	2,210	7	0.69%	2,062	7	0.67%	2,197	4	0.69%	2,599	3	0.80%	1,745	6	0.51%
Tubac Management Co, LLC	1,487	8	0.47%	1,372	9	0.44%	1,385	10	0.44%	1,555	7	0.48%	1,744	7	0.51%
Nogales Plaza Shopping Center LP	1,341	10	0.42%	1,234	10	0.40%	1,472	8	0.46%	1,276	10	0.39%	-	-	-
SOAC Properties Corporation	2,307	6	0.72%	2,095	6	0.68%	1,453	9	0.46%	1,543	8	0.48%	1,578	8	0.46%
Alta Real Estate	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0.00%
Vatere LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rio Rico Properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Crisantes Properties, LLC	2,478	4	0.78%	2,158	4	0.70%	1,596	7	0.50%	1,468	9	0.45%	1,433	10	0.42%
Rio Rico Utilities	-	-	-	-	-	-	-	-	-	-	-	-	1,462	9	0.43%
Title Security Agency of Arizona	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	43,290		13.58%	40,630		13.11%	37,730		11.89%	37,822		11.68%	37,692		11.08%

*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 Within Fiscal Year if Levy			Percent of Levy	Subsequent Taxes Collected	Total Tax Collections To Date	Percent of Levy	Outstanding Delinquent Taxes Receivable ⁽¹⁾
				Primary	Secondary	Total					
2013-14	11,576,873	2,473,562	14,050,435	10,103,854	2,329,991	12,433,845	88.49	240,177 ⁽²⁾	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 ⁽³⁾	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 ⁽⁴⁾	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 ⁽⁵⁾	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 ⁽⁶⁾	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 ⁽⁷⁾	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 ⁽⁸⁾	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 ⁽⁹⁾	17,312,593	99.40	1,169,944
2021-22	15,210,458	3,146,764	18,357,222	14,936,013	3,083,037	18,019,050	98.16	156,923 ⁽¹⁰⁾	18,175,973	99.01	1,157,288
2022-23	15,796,321	3,265,575	19,061,896	15,504,140	3,193,781	18,697,921	98.09	141,239 ⁽¹¹⁾	18,839,160	98.83	1,168,623

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 September 30, 2013.
- ⁽³⁾ Subsequent Taxes Collected as of September 30, 2014.
- ⁽⁴⁾ Subsequent Taxes Collected as of September 15, 2015.
- ⁽⁵⁾ Subsequent Taxes Collected as of September 26, 2016.
- ⁽⁶⁾ Subsequent Taxes Collected as of September 30, 2017.
- ⁽⁷⁾ Subsequent Taxes Collected as of September 30, 2018.
- ⁽⁸⁾ Subsequent Taxes Collected as of September 30, 2019.
- ⁽⁹⁾ Subsequent Taxes Collected as of September 30, 2020.
- ⁽¹⁰⁾ Subsequent Taxes Collected as of September 30, 2021.
- ⁽¹¹⁾ Subsequent Taxes Collected as of September 30, 2022.

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
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
2021-22 Primary	375,296	3,327,138	11.28
2021-22 Secondary	419,921	3,638,544	11.54
2022-23 Primary	389,888	3,504,302	11.13
2022-23 Secondary	440,350	3,871,053	11.38

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	Financed Purchases, Leases Payable & Subscriptions Liabilities*	Capital Leases & Installment Purchase Contracts	Long-Term Loans Payable	Financed Purchases & Leases Payable*					
2013-2014	-	1,009	58,710	-	59,719	1,520,552	3.93%	46,919	1,273	
2014-2015	-	748	56,550	675	57,973	1,543,246	3.76%	46,893	1,236	
2015-2016	9,989	581	44,225	718	55,513	1,598,329	3.47%	47,075	1,179	
2016-2017	43,777	425	9,845	617	54,664	1,721,959	3.17%	47,318	1,155	
2017-2018	45,385	1,037	5,655	312	52,389	1,756,783	2.98%	47,569	1,101	
2018-2019	42,898	939	5,941	271	50,049	1,839,325	2.72%	47,707	1,049	
2019-2020	40,356	1,132	5,308	227	47,023	2,089,917	2.25%	47,787	984	
2020-2021	41,949	810	313	182	43,254	2,269,649	1.91%	48,468	892	
2021-2022	47,312	712	274	135	48,433	2,464,838 ⁽¹⁾	1.96%	49,039	988	
2022-2023	43,500	976	1,895	86	46,457	2,652,166 ⁽¹⁾	1.75%	49,222	944	

SOURCE: Basic Financial Statements
Demographic Statistics-Economic Indicators

*The County implemented GASB 87 in fiscal year 2022 and GASB 96 in fiscal year 2023, accordingly, capital leases & installment purchase contracts were only applied to fiscal years prior to 2022.

⁽¹⁾ Projected Estimate

NOTE: Personal Income and population were updated to reflect the results of the 2020 Census.

Santa Cruz County
 Computation of Direct and Overlapping Debt
 Governmental Activities, Debt Outstanding
 June 30, 2023
 (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 Financed Purchases & Leases Payable	976	100	976
Santa Cruz County - Loans Payable	1,895	100	1,895
Santa Cruz County – Governmental Pledged Revenue Obligations	43,500	100	43,500

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessed Value	\$ 339,878	\$ 323,844	\$ 322,650	\$ 333,858	\$ 344,939	\$ 372,808	\$ 384,032	\$ 407,489	\$ 419,921	\$ 440,350
Legal Debt Margin										
Debt Limit (15% of assessed value)	50,982	48,577	48,398	50,079	51,741	55,921	57,605	61,123	62,988	66,053
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Net Position reserved for repayment of general obligation bonds	<u>(98)</u>	<u>(99)</u>	<u>(202)</u>	<u>(206)</u>	<u>(1)</u>	<u>(43)</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total net debt applicable to the limit	<u>(98)</u>	<u>(99)</u>	<u>(202)</u>	<u>(206)</u>	<u>(1)</u>	<u>(43)</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Legal Debt Limit Margin	<u>(98)</u>	<u>(99)</u>	<u>(202)</u>	<u>(206)</u>	<u>(1)</u>	<u>(43)</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total net debt applicable to the limit as a percentage of debt limit	(0.98)%	(0.19)%	(0.20)%	(0.42)%	0.00%	(0.08)%	0.00%	0.00%	0.00%	0.00%

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 Obligations
PSPRS Pension Series 2021
Courthouse Series 2016 and 2017 and Flood Control Series 2020

Fiscal Year	Revenues ⁽¹⁾	Debt Service		Coverage
		Principal	Interest	
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
2022	8,381,036	1,625,000	603,641	3.76
2023	9,409,186	1,555,000	673,131	4.22

Jail Series 2017 Pledged Revenue Refunding Obligations

Fiscal Year	Jail District Revenues ⁽²⁾	Less: Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2022	7,780,985	4,443,139	3,337,846	1,850,000	1,077,247	1.14
2023	10,709,608	4,855,043	5,854,565	1,925,000	1,001,519	2.00

SOURCES: Basic financial statements and debt retirement schedules.

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

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

DEMOGRAPHIC AND ECONOMIC INFORMATION:

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

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

Santa Cruz County
Demographic Statistics-Economic Indicators
Last Ten Years

Year	Population	Per Capita Income	Personal Income	School Enrollment	Civilian Labor	Unemployment Rate
2014	46,919	32,408	1,520,552	11,009 ⁽²⁾	17,328	15.2
2015	46,893	32,910	1,543,246	10,885 ⁽³⁾	19,907	11.0
2016	47,075	33,953	1,598,329	10,830 ⁽⁴⁾	19,700	10.5
2017	47,318	36,391	1,721,959	10,998 ⁽⁵⁾	19,272	9.7
2018	47,569	36,931	1,756,783	11,397 ⁽⁶⁾	18,779	8.5
2019	47,707	38,555	1,839,325	11,050 ⁽⁷⁾	19,315	9.0
2020	47,787	43,734	2,089,917	11,211 ⁽⁸⁾	18,760	13.6
2021	48,468	46,828	2,269,649	10,400 ⁽⁹⁾	19,478	12.0
2022	49,039	50,263 ⁽¹⁾	2,464,838 ⁽¹⁾	10,380 ⁽¹⁰⁾	19,067	8.0
2023	49,222	53,882 ⁽¹⁾	2,652,166 ⁽¹⁾	10,893 ⁽¹¹⁾	19,149	6.6

NOTES:

(1) Projected Estimate.

(2) School enrollment as of June 30, 2014.

(3) School enrollment as of September 30, 2015.

(4) School enrollment as of September 30, 2016.

(5) School enrollment as of June 30, 2017.

(6) School enrollment as of September 30, 2018.

(7) School enrollment as of September 30, 2019.

(8) School enrollment as of September 30, 2020.

(9) School enrollment as of June 30, 2021.

(10) School enrollment as of June 9, 2022.

(11) School enrollment as of August 3, 2023.

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

NOTE: Population, Per Capita Income and Personal Income estimates were updated to reflect the results of the 2020 Census.

Santa Cruz County
Principal Employers
Last Ten Years

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Employer	2023			2022			2021			2020			2019		
	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	545	2	2.90%	522	1	3.00%	560	1	3.00%	560	1	3.00%	556	1	2.90%
US Border Patrol*	797	1	4.20%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Super Wal-Mart	357	6	1.90%	357	5	1.90%	357	5	1.90%	357	4	1.90%	357	4	1.80%
US Customs and Border Protection*	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%	N/A	-	0.00%
Santa Cruz County	421	3	2.20%	394	3	2.10%	403	3	2.10%	395	2	2.10%	400	2	2.10%
Santa Cruz Valley Unified School District #35	402	5	2.10%	406	2	2.30%	416	2	2.30%	428	3	2.30%	396	3	2.10%
City of Nogales	276	7	1.40%	265	6	1.40%	261	6	1.40%	255	6	1.40%	280	6	1.40%
Carondelet Health Network - Holy Cross Hospital	N/A	-	0.00%	146	8	0.90%	146	8	0.90%	176	7	0.90%	174	7	0.90%
Mariposa Community Health Center, Inc.	411	4	2.10%	387	4	1.70%	383	4	1.70%	325	5	1.70%	322	5	1.70%
Tubac Golf Resort	172	8	0.90%	169	7	0.90%	169	7	0.90%	169	8	0.90%	169	8	0.90%
Total	3,381		17.70%	2,646		14.20%	2,695		14.20%	2,665		14.20%	2,654		13.80%
Total Work Force	19,149			18,634			19,478			18,760			19,315		

Employer	2018			2017			2016			2015			2014		
	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	559	1	3.00%	563	3	2.90%	567	2	2.90%	563	2	2.80%	567	2	3.30%
US Border Patrol*	N/A	-	0.00%	623	1	3.20%	651	1	3.30%	670	1	3.40%	716	1	4.10%
Super Wal-Mart	384	4	2.00%	380	6	2.00%	398	4	2.00%	430	4	2.20%	421	4	2.40%
US Customs and Border Protection*	N/A	-	0.00%	616	2	3.20%	440	3	2.20%	457	3	2.30%	490	3	2.80%
Santa Cruz County	394	3	2.10%	412	4	2.10%	331	6	1.70%	309	6	1.60%	400	6	2.30%
Santa Cruz Valley Unified School District #35	401	2	2.10%	383	5	2.00%	389	5	2.00%	386	5	1.90%	434	5	2.50%
City of Nogales	296	6	1.60%	294	7	1.50%	300	7	1.50%	269	7	1.40%	295	7	1.70%
Carondelet Health Network - Holy Cross Hospital	174	8	0.90%	167	10	0.90%	170	10	0.90%	178	10	0.90%	172	10	1.00%
Mariposa Community Health Center, Inc.	298	5	1.60%	288	8	1.50%	262	8	1.30%	248	8	1.20%	242	8	1.40%
Tubac Golf Resort	199	7	1.10%	187	9	1.00%	176	9	0.90%	190	9	1.00%	192	9	1.10%
Total	2,705		14.40%	3,913		20.30%	3,684		18.70%	3,700		18.70%	3,929		22.70%
Total Work Force	18,779			19,272			19,700			19,907			17,328		

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	2023		2022		2021		2020		2019	
	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total
Goods-Producing	750	5.73%	650	4.96%	550	4.42%	550	4.58%	809	6.25%
Trade, Transportation, and Utilities	5,550	42.37%	5,500	41.99%	5,350	42.97%	5,100	42.50%	5,410	41.83%
Other Private Service-Producing	3,200	24.43%	3,350	25.57%	2,800	22.49%	2,650	22.1%	3,007	23.3%
Federal Government	1,675	12.79%	1,775	13.55%	1,900	15.26%	1,725	14.4%	1,598	12.4%
State Government	<u>1,925</u>	<u>14.68%</u>	<u>1,825</u>	<u>13.93%</u>	<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>13,100</u>	<u>100.0%</u>	<u>13,100</u>	<u>100.0%</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>

Type of Employment	2018		2017		2016		2015		2014	
	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total
Goods-Producing	675	5.32%	793	6.23%	704	5.30%	700	5.3%	600	4.7%
Trade, Transportation, and Utilities	5,575	43.90%	5,334	41.91%	5,618	42.31%	5,950	44.8%	5,550	43.0%
Other Private Service-Producing	2,925	23.0%	2,945	23.1%	3,196	24.1%	3,025	22.8%	2,925	22.7%
Federal Government	1,550	12.2%	1,569	12.3%	1,623	12.2%	1,650	12.4%	1,750	13.6%
State Government	<u>1,975</u>	<u>15.6%</u>	<u>2,087</u>	<u>16.4%</u>	<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>12,700</u>	<u>100.0%</u>	<u>12,728</u>	<u>100.0%</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>

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			
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
2022	88,374	416,290	127,584	749	1,415,075
2023	119,232	459,965	101,421	708	1,213,958

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	
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	346
2019-20	169	98	20	18	3	23	331	6	337
2020-21	164	99	19	15	2	24	323	6	329
2021-22	173	79	16	16	2	30	316	6	322
2022-23	126	115	13	29	2	33	318	6	324

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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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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
MILES OF STREETS										
Paved	429.90	429.90	434.00	433.00	430.00	428.00	411.00	430.00	405.47	405.47
Unpaved	276.30	276.30	259.00	258.00	278.00	390.00	312.40	389.00	331.52	331.52
REGISTERED VOTERS	33,038	32,190	31,201	29,796	28,742	27,764	26,805	24,866	26,784	26,023
Democrat	45.39%	47.24%	49.27%	50.52%	50.16%	51.11%	50.86%	51.89%	47.86%	49.32%
Republican	16.89%	17.00%	16.83%	16.91%	16.40%	16.62%	16.06%	16.84%	15.56%	15.99%
NUMBER OF JUDICIAL COURTS										
Superior Court Department	2	2	1	1	1	1	1	1	1	1
Justice of Peace Courts	1	1	1	1	1	2	2	2	2	2
FLOOD PROTECTION										
Flood Control District	1	1	1	1	1	1	1	1	1	1
Number of Employees	2	4	6	4	3	4	10	7	6	6
SHERIFF PROTECTION										
Number of Stations	4	4	4	4	4	4	4	4	4	3
Number of Employees	87	76	81	79	84	81	111	77	91	96
Major Crimes	93	71	71	103	134	134	170	170	206	76
Vehicular Patrol Units	40	36	36	36	36	36	27	33	33	16
SANITARY LANDFILLS										
Number of Landfills	2	2	2	1	1	1	1	1	1	2
NUMBER OF PARKS										
County-owned Parks	4	4	4	4	4	4	4	4	4	4

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)

	2023	2022	2021	2020	2019
Governmental funds capital assets					
Infrastructure	\$ 89,518	\$ 87,756	\$ 87,756	\$ 86,788	\$ 85,124
Land	22,352	22,352	22,352	22,352	22,352
Buildings	74,595	74,595	74,595	74,595	74,595
Improvements other than buildings	6,431	6,431	6,430	6,425	6,376
Construction equipment and vehicles	13,436	12,339	13,078	12,871	12,309
Furniture and equipment	13,925	13,493	13,038	12,681	12,406
Construction in progress	-	-	-	919	142
Right-to-use subscription assets	303				
Right-to-use lease assets					
Construction Equipment and Vehicles	986	755			
Furniture and Equipment	549	671	-	-	-
Total governmental funds capital assets	<u>\$ 222,095</u>	<u>\$ 216,966</u>	<u>\$ 217,249</u>	<u>\$ 216,631</u>	<u>\$ 213,304</u>
Investments in governmental funds capital assets by source					
General Fund	\$ 22,449	\$ 20,875	\$ 20,718	\$ 20,031	\$ 19,990
Special Revenue Funds*	138,183	134,921	134,463	133,286	132,471
Capital Projects Funds	61,266	61,248	61,248	59,789	59,789
Capital Contributions	197	205	202	198	262
Total governmental funds capital assets	<u>\$ 222,095</u>	<u>\$ 217,249</u>	<u>\$ 216,631</u>	<u>\$ 213,304</u>	<u>\$ 212,512</u>
	2018	2017	2016	2015	2014
Governmental funds capital assets					
Infrastructure	\$ 84,576	\$ 83,229	\$ 81,390	\$ 81,457	\$ 79,346
Land	22,347	22,347	22,347	22,343	22,343
Buildings	74,595	74,595	74,594	73,963	73,963
Improvements other than buildings	6,347	6,326	6,326	3,802	3,267
Construction equipment and vehicles	12,350	12,015	11,791	10,661	9,636
Furniture and equipment	12,218	11,514	11,113	11,251	11,097
Construction in progress	79	70	1,547	1,316	2,664
Total governmental funds capital assets	<u>\$ 212,512</u>	<u>\$ 210,096</u>	<u>\$ 209,108</u>	<u>\$ 204,793</u>	<u>\$ 202,316</u>
Investments in governmental funds capital assets by source					
General Fund	\$ 19,990	\$ 19,736	\$ 19,147	\$ 18,720	\$ 18,148
Special Revenue Funds	132,471	131,638	131,594	129,474	127,566
Capital Projects Funds	59,789	58,441	58,079	56,598	56,599
Capital Contributions	262	281	288	1	3
Total governmental funds capital assets	<u>\$ 212,512</u>	<u>\$ 210,096</u>	<u>\$ 209,108</u>	<u>\$ 204,793</u>	<u>\$ 202,316</u>

SOURCE: Annual Comprehensive Financial Report for the relevant year