

**SANTA CRUZ COUNTY, ARIZONA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE  
FISCAL YEAR ENDED JUNE 30, 2014**

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**PREPARED BY THE  
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Santa Cruz County  
 Comprehensive Annual Financial Report  
 Fiscal Year Ended June 30, 2014

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## ADMINISTRATIVE SERVICES SANTA CRUZ COUNTY

Jennifer K. St. John, CPA  
Director

March 27, 2015

The Honorable Board of Supervisors  
Santa Cruz County, Arizona

I am pleased to submit, in accordance with state statutes, Santa Cruz County's (County) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. 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.

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### Profile of Santa Cruz County

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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 20<sup>th</sup> Territorial Assembly in 1899. The County encompasses approximately 1,250 square miles and has roughly 49,800 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.

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## Economic Condition and Outlook

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

The County is home to some of the largest produce distributors in the United States. At peak season, over 1,700 trucks pass through the County's state-of-the-art commercial port, Mariposa Port of Entry, carrying approximately 60 percent of the winter produce consumed in the U.S. and Canada in a normal year. Santa Cruz County's produce industry is anchored by over 250 brokers, distributors, and warehouses. Rail traffic has increased dramatically due to the construction of the new Ford Motor Plant in Hermosillo, Sonora, which is shipping all its new cars by rail through Nogales. Additionally, CEMEX is planning to use rail to meet the U.S. demand for concrete.

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.

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## Major Initiatives

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The U.S. Department of Homeland Security is wrapping up work on a \$200 million expansion of the Mariposa Port of Entry to more than double the number of traffic lanes for commercial trucks and personal vehicles. The new 216,000 square foot facility will be able to handle up to 4,000 trucks daily and process up to \$35 million of goods annually. Construction of this project began in fiscal year 2010 and wrapped up in October of 2014.

The County geographic information system (GIS) project has continued with data development, rectification, and quality assurance tasks. Monthly updates of the roadway centerline data continue in support of public safety emergency response software. A user's group has been meeting monthly to disseminate information about GIS within the County and to encourage its use. A major initiative this year has been to rectify parcel data to aerial imagery and begin developing a web presence.

The County continues to partner with the U.S. Army Corps of Engineers (the Corps) to complete the Chula Vista Wash improvements. This project will replace the bridge that was demolished during the original construction project. The purpose of this project is to reestablish the connection between north and south portions of Old Tucson Road. The project consists of re-constructing a bridge over the Potrero Creek and installing bank protection. The project was bid out and awarded in the Winter of 2013-2014, but construction was not commenced until the Spring of 2014. The contract amount was \$4.9 million. Completion is anticipated in the Spring of 2015.

Design and clearances for the Palo Parado/Pendleton Drive intersection upgrade is being funded with a combination of federal and local dollars and was completed in March 2015.

Overweight truck fees collected and distributed to the County are being used to repave and rejuvenate critical roads in the Rio Rico South Industrial Park and Old Tucson Road. Approximately \$1.2 million has been spent thus far. Local contractors are being used for this project.

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## Financial Management and Information

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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 Auditor's 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 the Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. OMB 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.

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## Acknowledgements

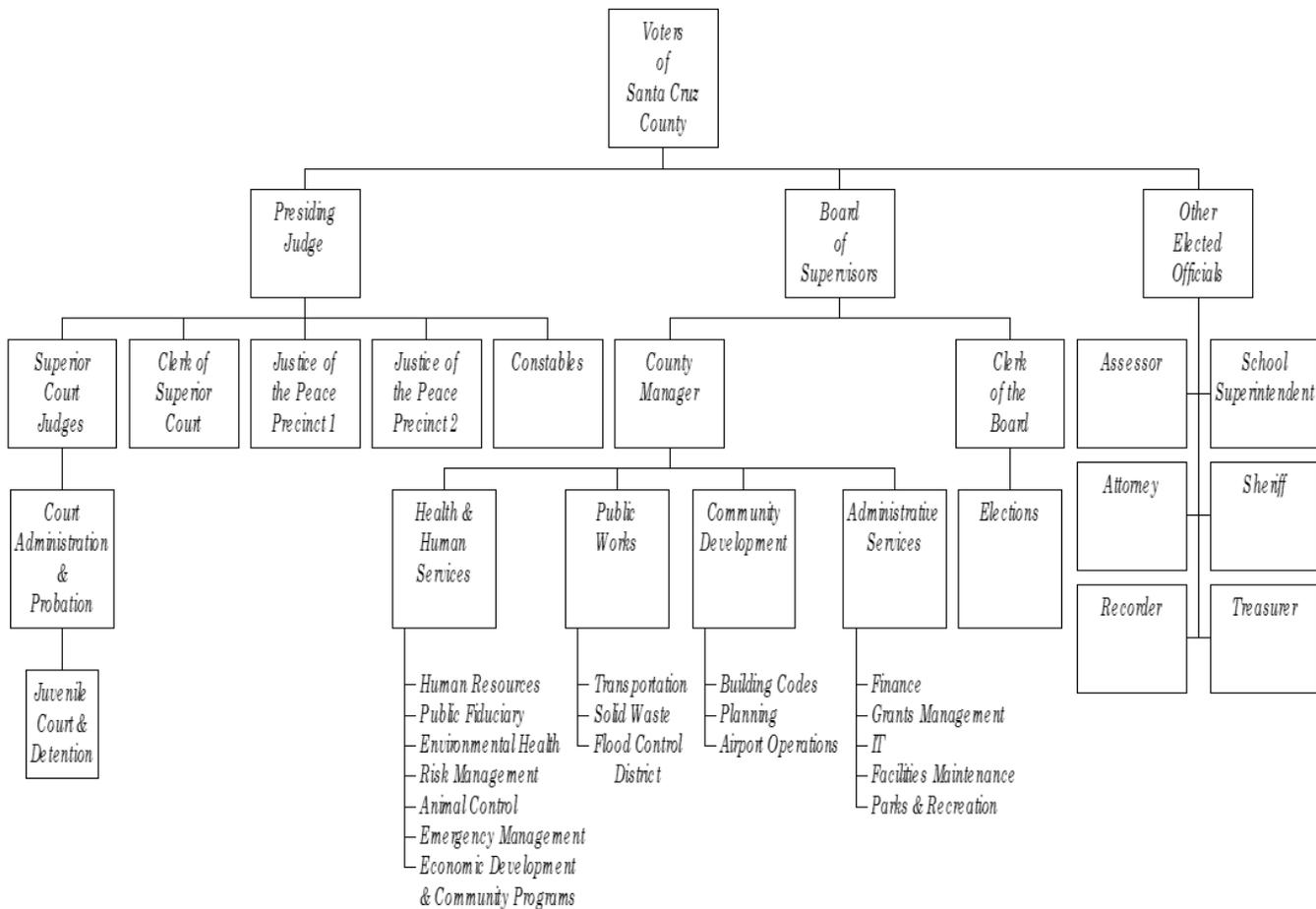
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The preparation of this report could not be accomplished without the efficient and dedicated services of the finance department. I would also like to thank every county department who assisted in and contributed to the preparation of this report. In 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 and County Manager for their interest and support in planning and conducting the financial operations of the County in a responsible manner.

Respectfully submitted,

Jennifer K. St. John, CPA  
Administrative Services Director

# Santa Cruz County Organizational Chart



## Financial Section



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

STATE OF ARIZONA  
OFFICE OF THE  
AUDITOR GENERAL

MELANIE M. CHESNEY  
DEPUTY AUDITOR GENERAL

## Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of  
Santa Cruz County, Arizona

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Santa Cruz County as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Santa Cruz County as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, for the year ended June 30, 2014, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 5 through 13, the Budgetary Comparison Schedules on pages 56 through 62, and the Schedule of Agent Retirement Plans' Funding Progress on page 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

*Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies*

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to use highway user revenue fund monies the County received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues the County received solely for the authorized transportation purposes, insofar as they relate to accounting matters. 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 use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. The purpose of that report is 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 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.

Debbie Davenport  
Auditor General

March 27, 2015

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## Santa Cruz County Management's Discussion and Analysis

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

### Financial Highlights

- At June 30, 2014, the assets of the County exceeded liabilities by \$92,444,288 (net position). Of this amount, \$8,601,372 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$9,514,739 is restricted for specific purposes (restricted net position), and \$74,328,177 is the net investment in capital assets.
- The County's total net position as reported in the Statement of Activities decreased by \$2,909,076.
- At June 30, 2014, total assets were \$159,536,258 compared to \$163,725,156 at June 30, 2013. This is a \$4,188,898 or 2.6 percent decrease over the prior fiscal year.
- At June 30, 2014, the governmental funds reported combined fund balances of \$22,596,780 or a decrease in fund balance of \$1,891,130, in comparison with the prior year.
- At June 30, 2014, unassigned fund balance for the general fund was \$11,021,464, approximately 56 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 liabilities, with the difference between the two 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).

## Santa Cruz County Management's Discussion and Analysis

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

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

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

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

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

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

*The governmental fund financial statements can be found on pages 18-24 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.

## Santa Cruz County Management's Discussion and Analysis

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 25-27 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 28-29 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 31-54 of this report.

**Required supplementary information** presents budgetary comparison schedules for the General, Jail District, Criminal Justice Enhancement, Flood Control and Road funds of the County. It also includes a schedule of agent retirement plans' funding progress. Required supplementary information can be found on pages 56-63 of this report.

### Government-wide Financial Analysis

#### Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, at June 30, 2014, assets exceeded liabilities by \$92,444,288.

Statement of Net Position  
June 30, 2014 and 2013 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 27,103	\$ 27,822	\$ 1,667	\$ 1,382	\$ 28,770	\$ 29,204
Capital assets	<u>127,106</u>	<u>130,983</u>	<u>3,660</u>	<u>3,538</u>	<u>130,766</u>	<u>134,521</u>
Total assets	<u>154,209</u>	<u>158,805</u>	<u>5,327</u>	<u>4,920</u>	<u>159,536</u>	<u>163,725</u>
Current and other liabilities	2,421	1,425	242	43	2,663	1,468
Long-term liabilities	<u>61,822</u>	<u>64,210</u>	<u>2,607</u>	<u>2,694</u>	<u>64,429</u>	<u>66,904</u>
Total liabilities	<u>64,243</u>	<u>65,635</u>	<u>2,849</u>	<u>2,737</u>	<u>67,092</u>	<u>68,372</u>
Net Position						
Net investment in capital assets	70,668	73,030	3,660	3,538	74,328	76,568
Restricted net position	9,515	9,190	-	-	9,515	9,190
Unrestricted net position (deficit)	<u>9,783</u>	<u>10,951</u>	<u>(1,182)</u>	<u>(1,356)</u>	<u>8,601</u>	<u>9,595</u>
Total net position (deficit)	<u>\$ 89,966</u>	<u>\$ 93,171</u>	<u>\$ 2,478</u>	<u>\$ 2,182</u>	<u>\$ 92,444</u>	<u>\$ 95,353</u>

## Santa Cruz County Management's Discussion and Analysis

The largest portion (\$74,328 thousand or 81 percent) of the County's net position reflects the investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and construction in progress), less accumulated depreciation and related debt still outstanding used to acquire those assets. The County uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, because the capital assets themselves will not be used to liquidate these liabilities.

Restricted net position (\$9,515 thousand or 10 percent) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position (\$8,601 thousand or 9 percent) may be used to meet the government's ongoing obligations to the citizens and creditors.

At the end of the current fiscal year, the County as a whole reported positive balances in all three categories of net position.

The following provides an explanation of governmental activities liabilities that changed significantly over the prior year:

- Current and other liabilities – the \$996 thousand increase was due largely to increases in the accounts payable balance at June 30, 2014, in the General and Road funds.

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

- Current and other assets – the \$285 thousand increase was due to an increase in cash for the landfill as the County increased the landfill rates during fiscal year 2014.
- Current and other liabilities – the \$199 thousand increase was primarily due to an increase in the accounts payable balance at June 30, 2014.

# Santa Cruz County Management's Discussion and Analysis

## Changes in Net position

The following table indicates the changes in net position for governmental and business-type activities:

Changes in Net Position  
For the Years Ended June 30, 2014 and 2013 (In Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,278	\$ 4,297	\$1,600	\$1,269	\$ 4,878	\$ 5,566
Operating grants and contributions	8,339	9,077	-	-	8,339	9,077
Capital grants and contributions	4,512	3,513	94	-	4,606	3,513
General revenues:						
Property taxes	13,915	12,651	-	-	13,915	12,651
County excise tax	5,370	5,190	-	-	5,370	5,190
Share of state sales taxes	4,450	4,216	-	-	4,450	4,216
Share of state overweight permits	754	702	-	-	754	702
Payments in lieu of taxes	978	980	-	-	978	980
VLT unrestricted	1,466	1,311	-	-	1,466	1,311
Grants and contributions not restricted to specific programs	506	592	-	-	506	592
Investment earnings	130	98	4	6	134	104
Miscellaneous	855	402	-	-	855	402
Gain of the sale of assets	134	-	-	-	134	-
Capital contribution	29	39	-	-	29	39
Transfers	(109)	(22)	109	22	-	-
Total revenues	<u>44,607</u>	<u>43,046</u>	<u>1,807</u>	<u>1,297</u>	<u>46,414</u>	<u>44,343</u>
Expenses:						
General government	14,525	14,184	-	-	14,525	14,184
Public safety	16,043	15,420	-	-	16,043	15,420
Highways and streets	6,972	6,509	-	-	6,972	6,509
Health, welfare and sanitation	4,754	4,224	-	-	4,754	4,224
Education and economic opportunity	2,453	2,443	-	-	2,453	2,443
Recreation	165	139	-	-	165	139
Interest on long-term debt	2,900	2,983	-	-	2,900	2,983
Landfill	-	-	1,511	2,431	1,511	2,431
Total expenses	<u>47,812</u>	<u>45,902</u>	<u>1,511</u>	<u>2,431</u>	<u>49,323</u>	<u>48,333</u>
Changes in net position	(3,205)	(2,856)	296	(1,134)	(2,909)	(3,990)
Net position—beginning	<u>93,171</u>	<u>96,027</u>	<u>2,182</u>	<u>3,316</u>	<u>95,353</u>	<u>99,343</u>
Net position—ending	<u>\$89,966</u>	<u>\$93,171</u>	<u>\$2,478</u>	<u>\$2,182</u>	<u>\$92,444</u>	<u>\$95,353</u>

## Santa Cruz County Management's Discussion and Analysis

*Governmental activities* – the change in net position for fiscal year 2014 was approximately \$3.2 million, which represents an increase of approximately \$349 thousand from fiscal year 2013.

*Business-type activities* – Landfill revenues increased by about \$510 thousand from fiscal year 2013 due to the increase in the landfill rate during the fiscal year and expenditures decreased by approximately \$920 thousand from fiscal year 2013 due to a significant decrease in the landfill closure and postclosure care costs. Additional information on the County's closure and postclosure care costs can be found in Note 7 of the Notes to Financial Statements on pages 43-46 of this report.

### 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, 2014, the County's governmental funds reported combined fund balances of \$22,596,780, a decrease of \$1,891,131 in comparison with the prior year. This decrease is due to an increase in expenditures in the Road fund for street maintenance and a decrease in federal revenue in the Jail District. Of the combined fund balances, \$10,316,084 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 \$11,021,464. Unassigned fund balance represents 56 percent of total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

The fund balance in the General Fund decreased by \$2,435,142 due to an increase in uncontrollable expenditures such as health insurance and retirement and an increase in the transfer of general fund monies to the Jail District. During fiscal year 2014, the Jail District lost the majority of its federal inmates, causing a significant decline in revenue and thereby creating an unbalanced budget.

The fund balance in the Jail District Fund decreased by \$166,655 due to a loss in federal revenue as a result of the declining federal inmate population.

The fund balance in the Criminal Justice Enhancement Fund decreased by \$280,878 due largely to a decline in the seizure of assets under the Anti-Racketeering program.

## Santa Cruz County Management's Discussion and Analysis

The fund balance in the Flood Control Fund decreased by \$447,774 as the Palo Parado project was substantially completed during fiscal year 2013 and the final expenditures were paid this fiscal year.

The fund balance in the Road fund increase by \$118,297 due primarily to proceeds from the sale of capital assets that occurred during the fiscal year.

### General Fund Budgetary Highlights

General Fund actual expenditures were approximately \$7.7 million under the adopted budget and actual revenues were more than estimated revenues by \$1.9 million. The County conservatively estimated revenues and collected prior year's property taxes and intergovernmental revenues in excess of what was anticipated and budgeted. The Information Technology department exceeded its budget by \$94,826 due largely to unbudgeted consulting fees, some of which were not billed in a timely manner. The Justice Court #1 and #2 exceeded their budget by \$23,915 and \$11,209, respectively, due to state mandated attorney's fees which were unbudgeted and exceeded prior year's costs and estimates.

### Capital Assets and Debt Administration

#### Capital Assets

The County's investment in capital assets as of June 30, 2014, amounted to \$131 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, construction equipment and vehicles, furniture and equipment, construction in progress, and infrastructure. Major capital asset events during the current fiscal year included the following:

- Buildings decreased by \$1.9 million, due to the accumulated depreciation of these assets added in fiscal year 2014.
- Construction equipment and vehicles increased by \$518 thousand as a physical inventory was performed during the fiscal year and previously unreported construction equipment and vehicles were added to the listing.
- Furniture and equipment decreased by \$981 thousand largely due to the accumulated depreciation of these assets added during the fiscal year.
- Construction in progress decreased by \$1.3 million due primarily to the deletion of the Palo Parado and Gorrion Courte projects from this category.

## Santa Cruz County Management's Discussion and Analysis

### Capital Assets (Net of Depreciation) (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 22,343	\$ 22,343	\$ 230	\$ 230	\$ 22,573	\$ 22,573
Buildings	62,257	64,103	124	130	62,381	64,233
Improvements other than buildings	1,660	1,729	3,231	3,160	4,891	4,889
Construction equipment and vehicles	1,885	1,424	75	18	1,960	1,442
Furniture and equipment	2,517	3,498	-	-	2,517	3,498
Construction in progress	2,663	3,968	-	-	2,663	3,968
Infrastructure	<u>33,781</u>	<u>33,918</u>	<u>-</u>	<u>-</u>	<u>33,781</u>	<u>33,918</u>
Totals	<u>\$127,106</u>	<u>\$130,983</u>	<u>\$ 3,660</u>	<u>\$ 3,538</u>	<u>\$130,766</u>	<u>\$134,521</u>

Additional information on the County's capital assets can be found in Note 6 of the Notes to Financial Statements on pages 42-43 of this report.

#### Long-Term Debt

At June 30, 2014, the County had total long-term debt outstanding of \$64,429,527. This amount includes capital leases of just over \$1.0 million, and long-term notes of \$58.7 million.

Additional information on the County's long-term debt can be found in Note 7 of the Notes to Financial Statements on pages 43-46 of this report.

### Economic Factors and Next Year's Budget

- After several months of improved revenue collections, the County is now experiencing a downward trend in local sales tax revenue which will require budget adjustments in the upcoming fiscal year. The structural imbalance of the State's budget has led to legislative budget proposals involving cost shifts to the County ranging from \$309,000 to \$2,000,000. These shifts will have a severe impact on County finances without a corresponding increase in revenue.
- The produce industry continues to have a significant role in the region's economy; unfortunately, it is an extremely unpredictable industry. The opening of the expanded Mariposa Port of Entry will improve the flow of goods into the country, if the Customs and Border Protection budget is fully funded and the port is properly staffed. The increase of outmigration of produce firms to Texas to improve distribution to the North and East coast continue to drain our largest private employment base. There will be a continued need for facilities in the region to supply the West coast but further reductions in the number of produce importers will impact employment and the local economy.

## Santa Cruz County Management's Discussion and Analysis

- The national focus on border security and immigration in Arizona continues. While the violence has decreased in Nogales, Sonora, Mexico there has not been a corresponding increase in tourism and border crossings. Declines overall in tourism remain a nagging problem due primarily to fears of drug violence perpetrated by the media.
- Property tax revenues will decrease again next fiscal year due to the continued decrease in assessed valuations. Construction of new homes remains non-existent due to a surplus of vacant homes. While there have been significant improvements in the economy in counties within the State, rural areas typically lag 1-2 years behind.

### Request for Information

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

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## Basic Financial Statements

Santa Cruz County  
Statement of Net Position  
June 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 18,997,747	\$ 1,501,657	\$ 20,499,404
Property taxes receivable (net of allowance for uncollectibles)	1,652,912		1,652,912
Due from other governmental units	2,868,474	4,678	2,873,152
Accounts receivable	243,475	160,967	404,442
Prepaid items	59,254		59,254
Noncurrent assets:			
Cash and investments held by trustee-restricted	3,280,939		3,280,939
Capital assets:			
Nondepreciable	25,006,528	229,996	25,236,524
Depreciable (net)	<u>102,099,355</u>	<u>3,430,276</u>	<u>105,529,631</u>
Total assets	<u>154,208,684</u>	<u>5,327,574</u>	<u>159,536,258</u>
<b>Liabilities</b>			
Accounts payable	1,931,080	229,389	2,160,469
Due to other governments	4,610		4,610
Accrued payroll and employee benefits	484,945	12,419	497,364
Noncurrent liabilities:			
Due within 1 year	3,136,331	24,320	3,160,651
Due in more than 1 year	<u>58,686,061</u>	<u>2,582,815</u>	<u>61,268,876</u>
Total liabilities	<u>64,243,027</u>	<u>2,848,943</u>	<u>67,091,970</u>
<b>Net Position</b>			
Net investment in capital assets	70,667,905	3,660,272	74,328,177
Restricted for:			
Capital projects	233,850		233,850
Education	1,263,723		1,263,723
Flood control	1,710,542		1,710,542
General government	455,512		455,512
Health	33,459		33,459
Judicial activities	2,142,671		2,142,671
Law enforcement	1,181,360		1,181,360
Social services	264,802		264,802
Highways and streets	2,154,428		2,154,428
Other purposes	74,392		74,392
Unrestricted (deficit)	<u>9,783,013</u>	<u>(1,181,641)</u>	<u>8,601,372</u>
Total net position	<u>\$ 89,965,657</u>	<u>\$ 2,478,631</u>	<u>\$ 92,444,288</u>

See accompanying notes to financial statements.

Santa Cruz County  
Statement of Activities  
Year Ended June 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 14,524,647	\$ 2,569,057	\$ 911,761	\$ 211,105	\$ (10,832,724)		\$ (10,832,724)
Public safety	16,042,605	398,975	4,639,992	256,473	(10,747,165)		(10,747,165)
Highways and streets	6,972,258			4,044,225	(2,928,033)		(2,928,033)
Health, welfare and sanitation	4,754,384	174,253	947,393		(3,632,738)		(3,632,738)
Education and economic opportunity	2,453,633	127,628	1,839,611		(486,394)		(486,394)
Recreation	164,672	7,774			(156,898)		(156,898)
Interest on long-term debt	2,899,698				(2,899,698)		(2,899,698)
Total governmental activities	<u>47,811,897</u>	<u>3,277,687</u>	<u>8,338,757</u>	<u>4,511,803</u>	<u>(31,683,650)</u>	<u>-</u>	<u>(31,683,650)</u>
Business-type activities:							
Landfill	1,510,869	1,599,548	-	94,484	-	\$ 183,163	183,163
Total business-type activities	<u>1,510,869</u>	<u>1,599,548</u>	<u>-</u>	<u>94,484</u>	<u>-</u>	<u>183,163</u>	<u>183,163</u>
Total primary government	<u>\$ 49,322,766</u>	<u>\$ 4,877,235</u>	<u>\$ 8,338,757</u>	<u>\$ 4,606,287</u>	<u>(31,683,650)</u>	<u>183,163</u>	<u>(31,500,487)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					11,843,023		11,843,023
Property taxes, levied for flood control district					2,071,211		2,071,211
Property taxes, levied for debt service					408		408
County excise tax for general purposes					2,685,361		2,685,361
County excise tax for jail district					2,684,802		2,684,802
Share of state sales taxes					4,449,851		4,449,851
Share of state vehicle license tax					1,466,272		1,466,272
Share of state overweight permits					754,350		754,350
Payments in lieu of taxes					978,173		978,173
Grants and contributions not restricted to specific programs					505,832		505,832
Investment earnings					130,325	4,424	134,749
Miscellaneous					854,864		854,864
Capital contributions					28,482		28,482
Gain on sale of capital assets					134,033		134,033
Transfers in (out)					(108,724)	108,724	-
Total general revenues and transfers					<u>28,478,263</u>	<u>113,148</u>	<u>28,591,411</u>
Changes in net position					(3,205,387)	296,311	(2,909,076)
<b>Net position, July 1, 2013</b>					<u>93,171,044</u>	<u>2,182,320</u>	<u>95,353,364</u>
<b>Net position, June 30, 2014</b>					<u>\$ 89,965,657</u>	<u>\$ 2,478,631</u>	<u>\$ 92,444,288</u>

See accompanying notes to financial statements.

Santa Cruz County  
Balance Sheet  
Governmental Funds  
June 30, 2014

	<u>General Fund</u>	<u>Jail District Fund</u>	<u>Criminal Justice Enhancement Fund</u>
<b>Assets</b>			
Cash and investments	\$ 10,352,492	\$ 34,092	\$ 1,360,568
Cash and investments held by trustee-restricted			
Property taxes receivable (net of allowances for uncollectibles)	1,383,024		
Due from other governmental units	603,958	351,663	374,614
Due from other funds	896,136		21,368
Accounts receivable	84,683		89,388
Prepaid items	<u>51,085</u>	<u>885</u>	<u>5,277</u>
Total assets	<u>\$ 13,371,378</u>	<u>\$ 386,640</u>	<u>\$ 1,851,215</u>
 <b>Liabilities:</b>			
Accounts payable	\$ 735,380	\$ 103,059	\$ 86,996
Due to other governments			
Accrued payroll and employee benefits	250,727	57,478	32,945
Due to other funds	<u>          </u>	<u>41,994</u>	<u>340,847</u>
Total liabilities	<u>986,107</u>	<u>202,531</u>	<u>460,788</u>
 <b>Deferred Inflows of Resources</b>			
Unavailable revenue-property taxes	1,280,330		
Unavailable revenue-intergovernmental	<u>32,392</u>	<u>18,789</u>	<u>218,595</u>
Total deferred inflows of resources	<u>1,312,722</u>	<u>18,789</u>	<u>218,595</u>
 <b>Fund balances:</b>			
Nonspendable	51,085	885	5,277
Restricted		164,435	1,411,359
Assigned			2,500
Unassigned	<u>11,021,464</u>	<u>          </u>	<u>(247,304)</u>
Total fund balances	<u>11,072,549</u>	<u>165,320</u>	<u>1,171,832</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 13,371,378</u>	 <u>\$ 386,640</u>	 <u>\$ 1,851,215</u>

See accompanying notes to financial statements.

<u>Flood Control Fund</u>	<u>Road Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 1,487,119	\$ 1,964,800	\$ 3,798,676	\$ 18,997,747
3,280,939			3,280,939
269,888			1,652,912
	582,924	955,315	2,868,474
		20,626	938,130
1,320	31,672	36,412	243,475
		2,007	59,254
<u>\$ 5,039,266</u>	<u>\$ 2,579,396</u>	<u>\$ 4,813,036</u>	<u>\$ 28,040,931</u>
\$ 35,565	\$ 367,914	\$ 602,166	\$ 1,931,080
		4,610	4,610
12,220	56,501	75,074	484,945
		555,289	938,130
<u>47,785</u>	<u>424,415</u>	<u>1,237,139</u>	<u>3,358,765</u>
249,391			1,529,721
		285,889	555,665
<u>249,391</u>		<u>285,889</u>	<u>2,085,386</u>
4,742,090	2,154,428	2,007	59,254
	553	3,459,056	11,931,368
		287,021	290,074
		(458,076)	10,316,084
<u>4,742,090</u>	<u>2,154,981</u>	<u>3,290,008</u>	<u>22,596,780</u>
<u>\$ 5,039,266</u>	<u>\$ 2,579,396</u>	<u>\$ 4,813,036</u>	<u>\$ 28,040,931</u>

Santa Cruz County  
 Reconciliation of the Balance Sheet  
 to the Statement of Net Position  
 Governmental Funds  
 June 30, 2014

**Total fund balances—governmental funds** \$ 22,596,780

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$202,315,589 and the accumulated depreciation is \$75,209,706 127,105,883

Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds. 2,085,386

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Long-term loans payable	\$ (58,710,000)	
Compensated absences payable	(2,028,475)	
Obligations under capital leases	(1,008,917)	
Estimated liabilities for claims and judgments	<u>(75,000)</u>	
		<u>(61,822,392)</u>

**Net position of governmental activities** \$ 89,965,657

See accompanying notes to financial statements.

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Santa Cruz County  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2014

	<b>General Fund</b>	<b>Jail District Fund</b>	<b>Criminal Justice Enhancement Fund</b>
<b>Revenues:</b>			
Taxes	\$ 14,437,213	\$ 2,684,802	
Intergovernmental	7,086,901	1,629,541	\$ 1,175,281
Licenses and permits	324,466		
Charges for services	1,032,183	326	88,274
Fines and forfeits	573,781		597,782
Investment earnings	22,011	4,687	1,066
Rents	37,437		
Miscellaneous	574,567		
Total revenues	24,088,559	4,319,356	1,862,403
<b>Expenditures:</b>			
Current:			
General government	11,754,520		1,527,495
Public safety	4,486,861	4,961,515	941,147
Highways and streets			
Health, welfare and sanitation	2,975,696	249,841	
Education and economic opportunity	309,851		
Recreation	147,906		
Debt service:			
Principal retirement	122,361	1,522,100	
Interest and fiscal charges	14,108	1,829,057	
Total expenditures	19,811,303	8,562,513	2,468,642
Excess (deficiency) of revenues over expenditures	4,277,256	(4,243,157)	(606,239)
<b>Other financing sources (uses):</b>			
Proceeds from sale of capital assets			
Transfers in	5,156	4,076,502	325,912
Transfers out	(6,717,554)		(551)
Total other financing sources (uses)	(6,712,398)	4,076,502	325,361
Net change in fund balances	(2,435,142)	(166,655)	(280,878)
Fund balances, beginning of year	13,507,691	331,975	1,452,710
Fund balances, end of year	\$ 11,072,549	\$ 165,320	\$ 1,171,832

See accompanying notes to financial statements.

<u>Flood Control Fund</u>	<u>Road Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 2,066,568		\$ 408	\$ 19,188,991
	\$ 4,798,575	6,235,281	20,925,579
			324,466
		554,908	1,675,691
		105,967	1,277,530
3,355	3,883	95,323	130,325
			37,437
<u>430</u>	<u>45,085</u>	<u>196,681</u>	<u>816,763</u>
<u>2,070,353</u>	<u>4,847,543</u>	<u>7,188,568</u>	<u>44,376,782</u>
		558,285	13,840,300
1,538,057		3,168,436	15,096,016
	4,871,659		4,871,659
		1,512,267	4,737,804
		2,111,154	2,421,005
			147,906
350,000		337,674	2,332,135
<u>336,437</u>		<u>720,096</u>	<u>2,899,698</u>
<u>2,224,494</u>	<u>4,871,659</u>	<u>8,407,912</u>	<u>46,346,523</u>
(154,141)	(24,116)	(1,219,344)	(1,969,741)
	134,033		134,033
	17,974	2,651,526	7,077,070
<u>(293,633)</u>	<u>(9,594)</u>	<u>(111,161)</u>	<u>(7,132,493)</u>
<u>(293,633)</u>	<u>142,413</u>	<u>2,540,365</u>	<u>78,610</u>
(447,774)	118,297	1,321,021	(1,891,131)
<u>5,189,864</u>	<u>2,036,684</u>	<u>1,968,987</u>	<u>24,487,911</u>
<u>\$ 4,742,090</u>	<u>\$ 2,154,981</u>	<u>\$ 3,290,008</u>	<u>\$ 22,596,780</u>

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, 2014

**Net change in fund balances—total governmental funds** \$ (1,891,131)

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

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

Capital outlay	\$ 2,705,839	
Less: current-year depreciation	<u>(5,205,979)</u>	(2,500,140)

Debt proceeds provide current financial resources to governmental  
 funds, but incurring 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.

Principal repaid		2,332,135
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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.

(1,405,874)

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

Decrease in compensated absences payable		55,205
--	--	--------

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

(105,199)

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.

Forfeited capital assets	28,482	
Property tax revenues	95,814	
Intergovernmental	184,657	
Miscellaneous revenue	<u>664</u>	<u>309,617</u>

**Change in net position of governmental activities** **\$ (3,205,387)**

See accompanying notes to financial statements.

Santa Cruz County  
Statement of Net Position  
Proprietary Funds  
June 30, 2014

	<b>Business-Type Activities - Enterprise Fund <u>Landfill</u></b>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 1,501,657
Due from other governmental units	4,678
Accounts receivable	<u>160,967</u>
Total current assets	<u>1,667,302</u>
Noncurrent assets:	
Capital assets	
Nondepreciable	229,996
Depreciable (net)	<u>3,430,276</u>
Total noncurrent assets	<u>3,660,272</u>
 Total assets	 <u>5,327,574</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	229,389
Accrued payroll and employee benefits	12,419
Compensated absences payable—current portion	<u>24,320</u>
Total current liabilities	<u>266,128</u>
Noncurrent liabilities:	
Landfill closure and postclosure care costs payable	2,560,219
Compensated absences payable	<u>22,596</u>
Total noncurrent liabilities	<u>2,582,815</u>
Total liabilities	<u>2,848,943</u>
<b>Net Position</b>	
Net investment in capital assets	3,660,272
Unrestricted (deficit)	<u>(1,181,641)</u>
Total net position	<u>\$ 2,478,631</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, 2014

	<b>Business-Type Activities— Enterprise Fund Landfill</b>
<b>Operating revenues:</b>	
Landfill fees	\$ 1,568,819
Other	30,729
Total operating revenues	1,599,548
 <b>Operating expenses:</b>	
Personal services	464,000
Professional services	176,198
Supplies	31,630
Utilities	21,591
Repairs and maintenance	588,916
Recycling program	24,556
Insurance	4,852
Landfill closure and postclosure care costs	(37,553)
Depreciation	127,564
Other	55,814
Total operating expenses	1,457,568
Operating income	141,980
 <b>Nonoperating revenues:</b>	
Grants and contributions	94,484
Investment earnings	4,424
Transfers in	55,423
Total nonoperating revenues	154,331
Increase in net position	296,311
Total net position, July 1, 2013	2,182,320
Total net position, June 30, 2014	\$ 2,478,631

See accompanying notes to financial statements.

Santa Cruz County  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2014

	<b>Business-Type Activities— Enterprise Fund Landfill</b>
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 1,557,029
Payments to suppliers and providers of goods and services	(861,338)
Payments to employees	(563,573)
Net cash provided by operating activities	132,118
 <b>Cash flows from noncapital and related financing activities</b>	
Operating transfers from General, Flood, Road and Health Services Funds	108,724
Net cash provided by noncapital and related financing activities	108,724
 <b>Cash flows from capital and related financing activities</b>	
Grants and contributions	94,484
Purchases of capital assets	(96,689)
Net cash used for capital and related financing activities	(2,205)
 <b>Cash flows from investing activities</b>	
Interest received on investments	4,542
Net cash provided by investing activities	4,542
 Net increase in cash and cash equivalents	243,179
Cash and cash equivalents, July 1, 2013	1,258,478
Cash and cash equivalents, June 30, 2014	\$ 1,501,657
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 88,679
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	127,564
Changes in assets and liabilities	
Increase and decrease in:	
Due from other governmental units	(3,193)
Accounts receivable	(39,326)
Accounts payable	42,219
Compensated absences payable	2,690
Accrued payroll and employee benefits	(48,962)
Landfill closure and postclosure care costs payable	(37,553)
Net cash provided by operating activities	\$ 132,118

See accompanying notes to financial statements.

Santa Cruz County  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2014

	<u>Investment Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and investments	\$ 30,195,669	\$ 1,218,175
Total assets	<u>\$ 30,195,669</u>	<u>\$ 1,218,175</u>
 <b>Liabilities</b>		
Due to other governmental units		\$ 40,305
Deposits held for others		<u>1,177,870</u>
Total liabilities		<u>\$ 1,218,175</u>
 <b>Net Position</b>		
Held in trust for investment trust participants	<u>\$ 30,195,669</u>	

See accompanying notes to financial statements.

Santa Cruz County  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2014

	<b>Investment Trust Funds</b>
<b>Additions</b>	
Contributions from participants	\$ 98,782,798
Investment earnings	23,085
Total additions	98,805,883
 <b>Deductions</b>	
Distributions to participants	100,258,021
Total deductions	100,258,021
Change in net position	(1,452,138)
Net position, July 1, 2013	31,647,807
Net position, June 30, 2014	\$ 30,195,669

See accompanying notes to financial statements.

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Santa Cruz County  
Notes to Financial Statements  
June 30, 2014

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, 2014, the County implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources and recognizes certain other items that were previously reported as assets and liabilities as revenues or expenses.

A. Reporting Entity

The County is a general purpose local government that is governed by a separately elected board of supervisors. 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. As the Santa Cruz County Board of Supervisors serves as the Board of Directors of the Flood Control and Jail Districts, it is able to significantly influence the programs, projects, activities, and level of services provided by the Districts; the Board also establishes policy, appoints management, exercises budgetary control and determines the Flood Control District's tax rate. 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, 2014

## 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 governmental and business-type activities of the County. 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 various programs or functions. Program revenues include:

- charges to customers or applicants for goods, services, or privileges provided;
- operating grants and contributions; and
- 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

Santa Cruz County  
Notes to Financial Statements  
June 30, 2014

as grants and contributions, result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenues ancillary activities generate. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered nonoperating expenses.

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 other funds.

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

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

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

The County also reports the following major enterprise fund:

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

The County also reports the following fund types:

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

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

## C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The

Santa Cruz County  
Notes to Financial Statements  
June 30, 2014

agency funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which 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 available to finance the program. The County applies grant resources to such programs before using general revenues.

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

#### D. Cash and Investments

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

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of 1 year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value.

#### E. Property Tax Calendar

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

Santa Cruz County  
Notes to Financial Statements  
June 30, 2014

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 estimated fair value at the time received.

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

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

## G. Deferred Inflows of Resources

The balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of fund balance that applies to future periods and will be recognized as a revenue in future periods.

## 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

Santa Cruz County  
Notes to Financial Statements  
June 30, 2014

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 are neither restricted nor committed. The Board of Supervisors has authorized the Administrative Services Director to make assignments of 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. For the disbursement of unrestricted fund balances, it is the County's policy to use committed amounts first, followed by assigned amounts, and lastly unassigned amounts.

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

## 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.

Santa Cruz County  
Notes to Financial Statements  
June 30, 2014

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. 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.

Note 2 – Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2014, were as follows:

	<u>General Fund</u>	<u>Jail District Fund</u>	<u>Criminal Justice Enhancement Fund</u>	<u>Flood Control Fund</u>	<u>Road Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Fund balances:</b>							
<b>Nonspendable:</b>							
Prepaid items	\$ 51,085	\$ 885	\$ 5,277	_____	_____	\$ 2,007	\$ 59,254
Total nonspendable	<u>51,085</u>	<u>885</u>	<u>5,277</u>	_____	_____	<u>2,007</u>	<u>59,254</u>
<b>Restricted for:</b>							
Capital projects						219,217	219,217
Education						1,176,238	1,176,238
Flood control				\$4,742,090			4,742,090
General government						403,716	403,716
Health						22,880	22,880
Judicial activities			1,024,771			946,611	1,971,382
Law enforcement		164,435	386,588			412,260	963,283
Social services						203,742	203,742
Streets and highways					\$2,154,428		2,154,428
Other purposes						74,392	74,392
Total restricted	_____	<u>164,435</u>	<u>1,411,359</u>	<u>4,742,090</u>	<u>2,154,428</u>	<u>3,459,056</u>	<u>11,931,368</u>
<b>Assigned to:</b>							
Capital projects						38,522	38,522
Debt service						97,889	97,889
Education						98,764	98,764
Health						51,846	51,846
Judicial activities			2,500				2,500
Streets and highways					553		553
Total assigned	_____	_____	<u>2,500</u>	_____	<u>553</u>	<u>287,021</u>	<u>290,074</u>
<b>Unassigned:</b>							
	11,021,464	_____	(247,304)	_____	_____	(458,076)	10,316,084
Total fund balances	<u>\$11,072,549</u>	<u>\$165,320</u>	<u>\$1,171,832</u>	<u>\$4,742,090</u>	<u>\$2,154,981</u>	<u>\$3,290,008</u>	<u>\$22,596,780</u>

Santa Cruz County  
Notes to Financial Statements  
June 30, 2014

Note 3 – Stewardship, Compliance, and Accountability

**Deficit fund balances**—At June 30, 2014, the following nonmajor funds reported deficits in fund balance:

Fund	Deficit
<b>Governmental funds:</b>	
Other governmental	
WIA	\$112,769
Health Services	63,358
Homeland Security	89,088
Airport	18,271

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 and 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 the 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. 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 (S&P) rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk

Statutes require collateral for deposits and certificates of deposit at 101 percent of all deposits not covered by federal depository insurance.

Santa Cruz County  
Notes to Financial Statements  
June 30, 2014

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, 2014, the carrying amount of the County's deposits was \$17,205,002, and the bank balance was \$17,810,361. The County does not have a formal policy related to custodial credit risk for deposits. At June 30, 2014, \$16,684,633 of the County's bank balance was uninsured with collateral held by the pledging financial institution.

**Investments**—The County's investments at June 30, 2014, were as follows:

Investment Type	Fair Value
State Treasurer's investment pool 5	\$14,097,623
State Treasurer's investment pool 7	6,028
Money market mutual fund	5,771,926
Corporate bonds	5,283,075
Corporate notes	7,946,639
Repurchase agreement	<u>4,878,956</u>
	<u>\$37,984,247</u>

The State Board of Investment provides oversight for the State Treasurer's pools. The fair value of a participant's position in the pool approximates the value of that participant's pool shares, and the participant's shares are not identified with specific investments.

**Credit Risk**—The County does not have a formal investment policy with respect to credit risk. At June 30, 2014, credit risk for the County's investments was as follows:

Santa Cruz County  
Notes to Financial Statements  
June 30, 2014

Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pool 5	AAAf/S1+	S&P	\$14,097,623
State Treasurer's investment pool 7	Unrated	N/A	6,028
Money market mutual funds	Aaa-mf	Moody's	5,771,926
Corporate bonds	A1	Moody's	519,415
Corporate bonds	A2	Moody's	1,578,088
Corporate bonds	Aa3	Moody's	508,891
Corporate bonds	Baa1	Moody's	1,079,236
Corporate bonds	Baa2	Moody's	1,597,445
Corporate notes	A1	Moody's	1,550,412
Corporate notes	A2	Moody's	3,164,966
Corporate notes	A3	Moody's	1,070,596
Corporate notes	Aa3	Moody's	514,096
Corporate notes	Baa1	Moody's	561,531
Corporate notes	Baa2	Moody's	1,085,038
Repurchase agreement	P-1	Moody's	4,878,956
			<u>\$37,984,247</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. At June 30, 2014, the County had \$5,283,075 in corporate bonds and \$7,946,639 in corporate notes that were uninsured, not registered in the County's name, and held by the counterparty. In addition, the County had collateral for an overnight repurchase agreement consisting of a Real Estate Mortgage Investment Conduit (REMIC) issued by the Federal National Mortgage Association totaling \$4,878,956 that was uninsured, not registered in the County's name, and held by the counterparty.

**Concentration of credit risk**—The County does not have a formal investment policy with respect to concentration of credit risk. The County had investments at June 30, 2014, representing 5 percent or more of the County's total investments as follows:

U.S. Agency	Percent
Federal National Mortgage Association	13

**Interest rate risk**—The County does not have a formal investment policy with respect to interest rate risk. At June 30, 2014, the County had the following investments in debt securities:

Santa Cruz County  
Notes to Financial Statements  
June 30, 2014

Investment Type	Amount	Weighted Average Maturity (In Years)
State Treasurer's investment pool 5	\$14,097,623	0.16
State Treasurer's investment pool 7	6,028	0.05
Money market mutual fund	5,771,926	0.00
Corporate bonds	5,283,075	2.58
Corporate notes	7,946,639	2.46
Repurchase agreement	<u>4,878,956</u>	0.00
	<u>\$37,984,247</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	\$ 4,938
Amount of deposits	17,205,002
Amount of investments	<u>37,984,247</u>
Total	<u>\$55,194,187</u>

Statement of Net Position:

	Governmental Activities	Business- Type Activities	Investment Trust Funds	Agency Funds	Total
Cash and investments	\$18,997,747	\$1,501,657	\$30,195,669	\$1,218,175	\$51,913,248
Cash and investments held by trustee—restricted	<u>3,280,939</u>				<u>3,280,939</u>
Total	<u>\$22,278,686</u>	<u>\$1,501,657</u>	<u>\$30,195,669</u>	<u>\$1,218,175</u>	<u>\$55,194,187</u>

### Note 5 – Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2014, 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	Criminal Justice Enhancement Fund	Road Fund	Other Governmental Funds	Business- Type Activities	
County half-cent sales tax	\$216,983	\$216,920					\$ 433,903
State shared sales tax	207,376						207,376
State vehicle license tax	60,223						60,223
State shared overweight permits				\$ 54,038			54,038
Highway user revenue				304,395			304,395
Federal and state reimbursement grants	44,557	134,743	\$374,614	224,491	\$955,290		1,733,695
Miscellaneous reimbursements	<u>74,819</u>				<u>25</u>	<u>\$4,678</u>	<u>79,522</u>
	<u>\$603,958</u>	<u>\$351,663</u>	<u>\$374,614</u>	<u>\$582,924</u>	<u>\$955,315</u>	<u>\$4,678</u>	<u>\$2,873,152</u>

Santa Cruz County  
Notes to Financial Statements  
June 30, 2014

Note 6 – Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Primary Government			Balance June 30, 2014
	Balance July 1, 2013	Increases	Decreases	
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 22,343,006			\$ 22,343,006
Construction in progress	<u>3,968,556</u>	\$ 1,247,174	\$2,552,208	<u>2,663,522</u>
Total capital assets not being depreciated	<u>26,311,562</u>	<u>1,247,174</u>	<u>2,552,208</u>	<u>25,006,528</u>
Capital assets being depreciated:				
Buildings	73,962,830			73,962,830
Improvements other than buildings	3,206,108	61,126		3,267,234
Construction equipment and vehicles	9,760,040	1,136,605	1,260,678	9,635,967
Furniture and equipment	11,451,886	289,416	644,448	11,096,854
Infrastructure	<u>79,271,581</u>	<u>2,552,208</u>	<u>2,477,613</u>	<u>79,346,176</u>
Total capital assets being depreciated	<u>177,652,445</u>	<u>4,039,355</u>	<u>4,382,739</u>	<u>177,309,061</u>
Less accumulated depreciation for:				
Buildings	9,860,122	1,846,144		11,706,266
Improvements other than buildings	1,477,296	129,815		1,607,111
Construction equipment and vehicles	8,335,400	655,444	1,240,168	7,750,676
Furniture and equipment	7,953,982	1,270,748	644,448	8,580,282
Infrastructure	<u>45,353,791</u>	<u>1,303,828</u>	<u>1,092,248</u>	<u>45,565,371</u>
Total accumulated depreciation	<u>72,980,591</u>	<u>5,205,979</u>	<u>2,976,864</u>	<u>75,209,706</u>
Total capital assets being depreciated, net	<u>104,671,854</u>	<u>(1,166,624)</u>	<u>1,405,875</u>	<u>102,099,355</u>
Governmental activities capital assets, net	<u>\$130,983,416</u>	<u>\$ 80,550</u>	<u>\$3,958,083</u>	<u>\$127,105,883</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 229,996			\$ 229,996
Total capital assets not being depreciated	<u>229,996</u>			<u>229,996</u>
Capital assets being depreciated:				
Buildings	246,067			246,067
Improvements other than buildings	3,967,591	\$ 172,532		4,140,123
Construction equipment and vehicles	<u>1,358,700</u>	<u>77,470</u>	\$ 10,305	<u>1,425,865</u>
Total capital assets being depreciated	<u>5,572,358</u>	<u>250,002</u>	<u>10,305</u>	<u>5,812,055</u>

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	<b>Primary Government</b>			
	<b>Balance July 1, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2014</b>
Less accumulated depreciation for:				
Buildings	116,061	6,156		122,217
Improvements other than buildings	807,510	101,497		909,007
Construction equipment and vehicles	<u>1,340,949</u>	<u>19,911</u>	<u>10,305</u>	<u>1,350,555</u>
Total accumulated depreciation	<u>2,264,520</u>	<u>127,564</u>	<u>10,305</u>	<u>2,381,779</u>
Total capital assets being depreciated, net	<u>3,307,838</u>	<u>122,438</u>		<u>3,430,276</u>
Business-type activities capital assets, net	<u>\$ 3,537,834</u>	<u>\$ 122,438</u>	<u>\$ -</u>	<u>\$ 3,660,272</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 1,052,728
Public safety	2,099,127
Highways and streets	1,988,150
Health, welfare and sanitation	16,580
Education and economic opportunity	32,628
Recreation	<u>16,766</u>
Total governmental activities depreciation expense	<u>\$5,205,979</u>
Business-type activities:	
Landfill	<u>\$ 127,564</u>
Total business-type activities depreciation expense	<u>\$ 127,564</u>

## Note 7 – Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2014:

	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2014</b>	<b>Due within 1 year</b>
<b>Governmental activities</b>					
Long-term loans payable	\$60,790,000		\$2,080,000	\$58,710,000	\$2,160,000
Obligations under capital leases	1,261,052		252,135	1,008,917	260,598
Compensated absences payable	2,083,680	\$912,832	968,037	2,028,475	715,733
Estimated liabilities for claims and judgments	<u>75,000</u>			<u>75,000</u>	
Total governmental activities long-term liabilities	<u>\$64,209,732</u>	<u>\$912,832</u>	<u>\$3,300,172</u>	<u>\$61,822,392</u>	<u>\$3,136,331</u>
<b>Business-type activities</b>					
Compensated absences payable	\$ 95,877	\$ 31,299	\$ 80,260	\$ 46,916	\$ 24,320
Landfill closure and postclosure care costs payable	<u>2,597,772</u>		<u>37,553</u>	<u>2,560,219</u>	
Total business-type activities long-term liabilities	<u>\$ 2,693,649</u>	<u>\$ 31,299</u>	<u>\$ 117,813</u>	<u>\$ 2,607,135</u>	<u>\$ 24,320</u>

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**Long-term loans payable**—The County's long-term loans payable include a loan agreement with U. S. Bank National Association, the 2012 series. The purpose of the 2012 series loan is to finance the construction of bridges and other flood control projects that provide vehicle access to flood-prone areas within the County. The loan calls for an annual principal payment and semi-annual interest payments.

In addition, the County's long-term loans payable includes two other loan agreements with the Greater Arizona Development Authority (GADA), the 2008-1 project and the 2008-2 project. The purpose of the 2008-1 project loan is to provide funds for the construction of the court and judicial facility, and the purpose of the 2008-2 loan is to provide funds for the construction of the County's Jail District detention facility. Both loans call for annual principal payments and semi-annual interest payments.

For the 2008-1 and 2012 project loans, the County has pledged a portion of its future excise tax and state shared revenues to repay the loans obtained from GADA for funding the 2008-1 project and the private bank for funding the flood control projects. For fiscal year 2014, the County received excise tax revenues of \$2,685,361 and state shared revenues net of other statutory claims of \$2,425,625 and the total principal and interest payments were \$305,000 and \$692,506 for the 2008-1 loan and \$350,000 and \$336,542 for the 2012 loan. At June 30, 2014, future debt service requirements through final maturity at August 1, 2038, and June 15, 2026, respectively, totaled \$35,223,105 consisting of total principal and interest remaining to be paid on the 2008-1 and 2012 loans of \$22,045,000 and \$13,178,105, respectively. Future principal and interest payments are expected to require 28 percent of pledged excise tax and state shared revenues.

For the 2008-2 project loan, the County's debt service obligations to repay the loan obtained from GADA for funding the 2008-2 project are secured by a lien on (1) collections from the County's Jail District excise tax and (2) the maintenance of effort payments from the County's General Fund. For fiscal year 2014, the County received Jail District excise tax revenues of \$2,684,802 and made maintenance of effort payments of \$4,076,502, and the principal and interest payments were \$1,425,000 and \$1,823,506, respectively. At June 30, 2014, future debt service requirements through final maturity at August 1, 2031, totaled \$55,206,282 consisting of \$36,665,000 for principal and \$18,541,282 for interest. Future principal and interest payments are expected to require less than 48 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 at June 30, 2014, were as follows:

Description	Interest Rates	Maturities	Outstanding Principal July 1, 2013	Retirements	Outstanding Principal June 30, 2014
2008-1 project	4.00%-5.25%	2015-2038	\$13,890,000	\$ 305,000	\$13,585,000
2008-2 project	4.00%-5.25%	2015-2031	38,090,000	1,425,000	36,665,000
2012 series	3.82%	2015-2026	<u>8,810,000</u>	<u>350,000</u>	<u>8,460,000</u>
			<u>\$60,790,000</u>	<u>\$2,080,000</u>	<u>\$58,710,000</u>

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The following schedule details debt service requirements to maturity for the County's loans payable at June 30, 2014:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,160,000	\$ 2,769,603
2016	2,250,000	2,683,073
2017	2,335,000	2,592,932
2018	2,435,000	2,498,234
2019	2,535,000	2,396,938
2020-2024	14,460,000	10,196,588
2025-2029	19,510,000	6,138,144
2030-2034	9,505,000	1,970,064
2035-2038	<u>3,520,000</u>	<u>473,813</u>
Total	<u>\$58,710,000</u>	<u>\$31,719,387</u>

**Obligations under capital leases**—The County has acquired a building, kitchen and phone equipment, and computer software and hardware under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a transfer of ownership by the end of the lease term.

The assets acquired through capital leases are as follows:

	<b>Governmental Activities</b>
Building	\$1,025,840
Furniture and equipment	1,022,784
Less: accumulated depreciation	<u>695,962</u>
Carrying value	<u>\$1,352,662</u>

The following schedule details debt service requirements to maturity for the County's obligations under capital leases at June 30, 2014:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 299,227
2016	213,684
2017	155,108
2018	60,263
2019	60,264
2020-2024	301,319
2025-2026	<u>120,527</u>
Total minimum lease payments	1,210,392
Less amount representing interest	<u>201,475</u>
Present value of net minimum lease payments	<u>\$1,008,917</u>

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**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 \$2,560,219 reported as landfill closure and postclosure care liability at June 30, 2014, represents the cumulative amount reported to date based on the use of 50 percent and 42 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 \$2,797,457 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 2014. The County expects to close the landfills in 2040 and 2136, and the actual cost may be higher because of inflation, changes in technology, or changes in regulations.

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

**Compensated absences and claims and judgments**—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Claims and judgments are generally paid from the fund that accounts for the activity that gave rise to the claim. During fiscal year 2014, the County paid for compensated absences as follows: 49 percent from the General Fund, 17 percent from the Jail District Fund, 7 percent from the Criminal Justice Enhancement Fund, 2 percent from the Flood Control Fund, 6 percent from the Road Fund, 17 percent from the Other Governmental Funds, and 2 percent from the Enterprise Fund.

## Note 8 – Construction Commitments

At June 30, 2014, the County had major contractual commitments related to various capital projects for the construction of bridges and other flood control projects that provide vehicles access to flood-prone areas within the County. As of June 30, 2014, the County has spent \$1,247,174 on these projects and reported the total amount in construction in progress. An estimated cost to complete these projects is approximately \$831,000. These projects are predominantly financed by future excise tax and state shared revenues.

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Note 9 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the County joined and is covered by three 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 11 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; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium based on its exposure in relation to the exposure of the other participants, and a deductible of \$5,000 per occurrence for property claims and \$5,000 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of \$300 million per occurrence for property claims and \$15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least 3 years after becoming a member; however, it may withdraw after the initial 3-year period.

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 11 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 County provides life, health, and disability benefits to its employees and their dependents through the Arizona Local Government Employee Benefit Trust, currently composed of six member counties. The Trust provides the benefits through a self-funding agreement with its participants and administers the program. The County is responsible for paying the premium 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

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liabilities are determined annually based on an independent actuarial valuation. If a pool were to become insolvent, the County would be assessed an additional contribution.

## Note 10 – Pensions and Other Postemployment Benefits

**Plan Descriptions**—The County contributes to four plans, two of which are described below. The Elected Officials Retirement Plan (EORP) and the Corrections Officer Retirement Plan (CORP) are not described because of their relative insignificance to the County's financial statements. The plans are component units of the State of Arizona, state statute establishes benefits, and the plans generally provide retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. The health insurance premium benefit is paid as a fixed dollar amount per month toward the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The *Arizona State Retirement System (ASRS)* administers a cost-sharing multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The *Public Safety Personnel Retirement System (PSPRS)* administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona and participating political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a seven-member board, known as the Board of Trustees, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

Beginning in fiscal year 2014, PSPRS established separate funds for pension benefits and health insurance premium benefits. Previously, the plan recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plan transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report is available on their Web sites or may be obtained by writing or calling the applicable plan:

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**ASRS**

3300 North Central Avenue  
P.O. Box 33910  
Phoenix, AZ 85067-3910  
(602) 240-2000 or (800) 621-3778  
www.azasrs.gov

**PSPRS**

3010 East Camelback Road, Ste. 200  
Phoenix, AZ 85016-4416  
(602) 255-5575  
www.psprs.com

**Funding Policy**—The Arizona State Legislature establishes and may amend active plan members' and the County's contribution rates for the ASRS and PSPRS.

*Cost-Sharing Plan*— For the year ended June 30, 2014, statute required active ASRS members to contribute at the actuarially determined rate of 11.54 percent (11.3 percent for retirement and 0.24 percent long-term disability) of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.54 percent (10.7 percent for retirement, 0.6 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll.

The County's contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

<u>Year Ended June 30</u>	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2014	\$924,522	\$51,842	\$20,737
2013	919,835	58,331	21,538
2012	877,362	56,002	21,334

*Agent Plan*—For the year ended June 30, 2014, statute required active PSPRS members to contribute 10.35 percent of the members' annual covered payroll and the County was required to contribute 28.54 percent, the aggregate of which is the actuarially required amount. The health insurance premium benefit portion of the contribution rate was actuarially set at 1.30 percent of covered payroll.

**Actuarial methods and assumptions**—The contribution requirements for the year ended June 30, 2014, were established by the June 30, 2012, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the plans' funded status and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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Projections of benefits are based on (1) the plans as the County and plans' members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for both plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2014 contribution requirements:

Actuarial valuation date	June 30, 2012
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	24 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	5%-9% for PSPRS
includes inflation at	5% for PSPRS

**Annual Pension/OPEB Cost**—The County's pension/OPEB cost for the PSPRS agent plan for the year ended June 30, 2014, and related information follows:

	<b>PSPRS</b>	
	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>
Annual pension/OPEB cost	\$519,566	\$24,796
Contributions made	519,566	24,796

**Trend Information**—Annual pension and OPEB cost information for the current and 2 preceding years follows for the PSPRS agent plan:

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Plan	Year Ended June 30	Annual Pension/OPEB Cost	Percentage of Annual Cost Contributed	Net Pension Asset/(OPEB Obligation)
Pension	2014	\$519,566	100.0%	\$ 0
Health insurance premium benefit	2014	24,796	100.0%	0
Pension	2013	498,584	103.82%*	19,066
Health insurance premium benefit	2013	28,303	32.6	(19,066)
Pension	2012	418,127	105.5%	23,073
Health insurance premium benefit	2012	28,222	18.2	(23,073)

\* The 2013 percentage of annual costs contributed for pensions was updated to correct an error in the calculation.

**Funded Status**—The plan's funded status as of the most recent valuation date, June 30, 2014, along with the actuarial assumptions and methods used in those valuations follow.

	Pension	Health Insurance Premium Benefit
Actuarial value of assets (a)	\$ 6,057,280	\$ 411,789
Actuarial accrued liability (b)	14,707,593	325,644
Unfunded actuarial accrued liability (funding excess) (b) – (a)	8,650,313	(86,145)
Funded ratio (a)/(b)	41.2%	126.5%
Annual covered payroll (c)	\$ 1,706,477	\$1,706,477
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll $[(b)-(a)]/(c)$	506.9%	(5.0%)

The actuarial methods and assumptions for the most recent valuation date, are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.0% – 8.0% for PSPRS
includes inflation at	4.0% for PSPRS

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Note 11 – Interfund Balances and Activity

**Interfund receivables and payables**—Interfund balances at June 30, 2014, were as follows:

	Payable to			Total
	General Fund	Criminal Justice Enhancement Fund	Nonmajor Governmental Funds	
<b>Payable from</b>				
Jail District		\$21,368	\$20,626	\$ 41,994
Criminal Justice Enhancement	\$340,847			340,847
Nonmajor Governmental Funds:				
Special Revenue:				
WIA	133,997			133,997
Health Services	20,431			20,431
Juvenile Services	127,883			127,883
Probation Services	2,618			2,618
Homeland Security	204,334			204,334
Retrieval Conversion	47			47
Capital Projects:				
New Facilities	664			664
Airport	65,315			65,315
Total	<u>\$896,136</u>	<u>\$21,368</u>	<u>\$20,626</u>	<u>\$938,130</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, 2014, were as follows:

	Transfers to						
	General Fund	Jail District Fund	Criminal Justice Enhancement Fund	Road Fund	Nonmajor Governmental Funds	Landfill	Total
<b>Transfers from</b>							
General Fund		\$4,076,502	\$235,446	\$10,474	\$2,363,721	\$31,411	\$6,717,554
Criminal Justice Enhancement Fund	\$ 31				520		551
Flood Control Fund					281,084	12,549	293,633
Road Fund						9,594	9,594
Nonmajor Governmental Funds	5,125		90,466	7,500	6,201	1,869	111,161
Total	<u>\$5,156</u>	<u>\$4,076,502</u>	<u>\$325,912</u>	<u>\$17,974</u>	<u>\$2,651,526</u>	<u>\$55,423</u>	<u>\$7,132,493</u>

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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.

Note 12 – County Treasurer’s Investment Pool

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

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

All deposits and investments of the County’s primary government are included in the County Treasurer’s investment pool, except for \$978,717 of deposits, \$11,681,058 of investments in the State Treasurer’s investment pools and \$3,280,817 of investments held by trustee. 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 each major investment classification follow:

<u>Investment Type</u>	<u>Principal</u>	<u>Interest Rate(s)</u>	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer’s investment pool 5	\$2,422,594	None stated	None stated	\$2,422,594
Corporate bonds	5,000,000	1.13-5.55%	5/10/16-4/27/17	5,283,075
Corporate notes	7,500,000	1.65-6.75%	6/1/16-6/27/17	7,946,639
Money Market Mutual Funds	2,491,109	None stated	None stated	2,491,109
Repurchase agreement	4,878,956	0.01-0.05%	Overnight	4,878,956

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

**Statement of Net Position:**

Assets	\$ 39,248,658
Liabilities	-
Net position	<u>\$ 39,248,698</u>
Net position held in trust for:	
Internal participants	\$ 8,881,300
External participants	<u>30,367,358</u>
Total net position held in trust	<u>\$ 39,248,658</u>

**Statement of Changes in Net Position:**

Total additions	\$142,622,039
Total deductions	<u>144,532,588</u>
Net increase	(1,910,549)
Net position held in trust:	
July 1, 2013	<u>41,159,207</u>
June 30, 2014	<u>\$ 39,248,658</u>

Required Supplementary Information

Santa Cruz County  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Taxes	\$ 13,876,873	\$ 14,437,213	\$ 560,340
Intergovernmental	6,813,932	7,086,901	272,969
Licenses and permits	400,000	324,466	(75,534)
Charges for services	643,000	1,032,183	389,183
Fines and forfeits	379,000	573,781	194,781
Investment earnings	17,500	22,011	4,511
Rents	32,796	37,437	4,641
Miscellaneous	-	574,567	574,567
Total revenues	<u>22,163,101</u>	<u>24,088,559</u>	<u>1,925,458</u>
<b>Expenditures</b>			
Current:			
General government			
Airport	166,695	24,557	142,138
Assessor	835,818	804,026	31,792
Board of Supervisors	6,159,728	3,114,794	3,044,934
Central Permits	164,424	44,074	120,350
Clerk of Superior Court	718,228	695,502	22,726
Constable #1	73,728	70,666	3,062
Constable #2	27,631	26,487	1,144
County Attorney	1,194,715	1,185,026	9,689
Elections	332,420	122,072	210,348
Finance	1,987,876	889,157	1,098,719
GIS	39,750	38,708	1,042
Grounds and Maintenance	3,149,759	1,200,984	1,948,775
Information Technology	621,431	716,257	(94,826)
Justice Court #1	605,005	628,920	(23,915)
Justice Court #2	174,092	185,301	(11,209)
Planning and Zoning	381,628	249,661	131,967
Recorder	240,453	232,612	7,841
Recorder - Election	262,021	123,655	138,366
Superior Court	1,127,745	1,091,724	36,021
Treasurer	497,102	446,805	50,297
Total general government	<u>18,760,249</u>	<u>11,890,988</u>	<u>6,869,261</u>
Public safety			
Adult Probation	516,285	428,439	87,846
Building Codes	212,219	166,360	45,859
Emergency Services	226,276	194,867	31,409
Sheriff	3,774,755	3,697,196	77,559
Total public safety	<u>4,729,535</u>	<u>4,486,862</u>	<u>242,673</u>

(Continued)

See accompanying notes to budgetary comparison schedules.

Santa Cruz County  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2014  
(Concluded)

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Health, welfare and sanitation			
Public Fiduciary	\$ 3,244,601	\$ 2,975,696	\$ 268,905
Total health, welfare and sanitation	<u>3,244,601</u>	<u>2,975,696</u>	<u>268,905</u>
Education and economic opportunity			
School Superintendent	<u>367,481</u>	<u>309,851</u>	<u>57,630</u>
Total education and economic opportunity	<u>367,481</u>	<u>309,851</u>	<u>57,630</u>
Recreation			
Parks	<u>402,583</u>	<u>147,906</u>	<u>254,677</u>
Total recreation	<u>402,583</u>	<u>147,906</u>	<u>254,677</u>
Total expenditures	<u>27,504,449</u>	<u>19,811,303</u>	<u>7,693,146</u>
Excess (deficiency) of revenues over expenditures	(5,341,348)	4,277,256	9,618,604
Other financing sources (uses)			
Transfers in	-	5,156	5,156
Transfers out	<u>(5,608,343)</u>	<u>(6,717,554)</u>	<u>(1,109,211)</u>
Total other financing sources (uses)	<u>(5,608,343)</u>	<u>(6,712,398)</u>	<u>(1,104,055)</u>
Net change in fund balance	(10,949,691)	(2,435,142)	8,514,549
Fund balance, July 1, 2013	<u>10,949,691</u>	<u>13,507,691</u>	<u>2,558,000</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ 11,072,549</u>	<u>\$ 11,072,549</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Jail District Fund  
 Year Ended June 30, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Taxes	\$ 2,000,000	\$ 2,684,802	\$ 684,802
Intergovernmental	3,000,000	1,629,541	(1,370,459)
Charges for services	-	4,687	4,687
Investment earnings	-	326	326
Total revenues	<u>5,000,000</u>	<u>4,319,356</u>	<u>(680,644)</u>
<b>Expenditures</b>			
Current:			
Public safety			
Juvenile Detention	2,104,680	2,108,078	(3,398)
Sheriff's Office	6,715,316	6,204,594	510,722
Health			
Environmental Health	<u>261,027</u>	<u>249,841</u>	<u>11,186</u>
Total expenditures	<u>9,081,023</u>	<u>8,562,513</u>	<u>518,510</u>
Excess (deficiency) of revenues over expenditures	(4,081,023)	(4,243,157)	(162,134)
<b>Other financing sources</b>			
Transfers in	<u>4,076,502</u>	<u>4,076,502</u>	<u>-</u>
Total other financing sources	<u>4,076,502</u>	<u>4,076,502</u>	<u>-</u>
Net change in fund balances	(4,521)	(166,655)	(162,134)
Fund balance, July 1, 2013	<u>4,521</u>	<u>331,975</u>	<u>327,454</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ 165,320</u>	<u>\$ 165,320</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County  
Required Supplementary Information  
Budgetary Comparison Schedule  
Criminal Justice Enhancement Fund  
Year Ended June 30, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 1,164,570	\$ 1,175,281	\$ 10,711
Charges for services	50,250	88,274	38,024
Fines and forfeits	800,534	597,782	(202,752)
Investment earnings	<u>770</u>	<u>1,066</u>	<u>296</u>
Total revenues	<u>2,016,124</u>	<u>1,862,403</u>	<u>(153,721)</u>
<b>Expenditures</b>			
Current:			
General government			
County Attorney	1,910,813	1,451,630	459,183
Clerk of Superior Court	9,669	-	9,669
Justice Court	110,669	35,878	74,791
Superior Court	<u>726,222</u>	<u>39,987</u>	<u>686,235</u>
Total general government	<u>2,757,373</u>	<u>1,527,495</u>	<u>1,229,878</u>
Public safety			
Juvenile Probation	83,142	-	83,142
Sheriff's Office	750,750	684,643	66,107
Other Agencies	<u>338,000</u>	<u>256,504</u>	<u>81,496</u>
Total public safety	<u>1,171,892</u>	<u>941,147</u>	<u>230,745</u>
Total expenditures	<u>3,929,265</u>	<u>2,468,642</u>	<u>1,460,623</u>
Excess (deficiency) of revenues over expenditures	(1,913,141)	(606,239)	1,306,902
<b>Other financing sources (uses)</b>			
Transfers in	168,772	325,912	157,140
Transfers out	<u>(100,772)</u>	<u>(551)</u>	<u>100,221</u>
Total other financing sources (uses)	<u>68,000</u>	<u>325,361</u>	<u>257,361</u>
Net change in fund balance	(1,845,141)	(280,878)	1,564,263
Fund balance, July 1, 2013	<u>1,845,141</u>	<u>1,452,710</u>	<u>(392,431)</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ 1,171,832</u>	<u>\$ 1,171,832</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Flood Control Fund  
 Year Ended June 30, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Taxes	\$ 2,133,684	\$ 2,066,568	\$ (67,116)
Investment earnings	-	3,355	3,355
Miscellaneous	-	430	430
Total revenues	<u>2,133,684</u>	<u>2,070,353</u>	<u>(63,331)</u>
<b>Expenditures</b>			
Public safety	<u>7,454,383</u>	<u>2,224,494</u>	<u>5,229,889</u>
Total expenditures	<u>7,454,383</u>	<u>2,224,494</u>	<u>5,229,889</u>
Excess (deficiency) of revenues over expenditures	(5,320,699)	(154,141)	5,166,558
<b>Other financing uses:</b>			
Transfers out	-	<u>(293,633)</u>	<u>(293,633)</u>
Total other financing uses	<u>-</u>	<u>(293,633)</u>	<u>(293,633)</u>
Net change in fund balance	(5,320,699)	(447,774)	4,872,925
Fund balance, July 1, 2013	<u>5,320,699</u>	<u>5,189,864</u>	<u>(130,835)</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ 4,742,090</u>	<u>\$ 4,742,090</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County  
 Budgetary Comparison Schedule  
 Road Fund  
 Year Ended June 30, 2014

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 4,059,000	\$ 4,798,575	\$ 739,575
Investment earnings		3,883	3,883
Miscellaneous	<u>60,000</u>	<u>45,085</u>	<u>(14,915)</u>
Total Revenues	<u>4,119,000</u>	<u>4,847,543</u>	<u>728,543</u>
<b>Expenditures</b>			
Highways and streets	<u>5,969,460</u>	<u>4,871,659</u>	<u>1,097,801</u>
Total expenditures	<u>5,969,460</u>	<u>4,871,659</u>	<u>1,097,801</u>
Excess (deficiency) of revenues over expenditures	(1,850,460)	(24,116)	1,826,344
<b>Other financing sources (uses)</b>			
Proceeds from sale of capital assets		134,033	134,033
Transfers in	31,500	17,974	(13,526)
Transfers out	<u>-</u>	<u>(9,594)</u>	<u>(9,594)</u>
Total other financing sources (uses)	<u>31,500</u>	<u>142,413</u>	<u>110,913</u>
Net change in fund balance	(1,818,960)	118,297	1,937,257
Fund balance, July 1, 2013	<u>1,818,960</u>	<u>2,036,684</u>	<u>217,724</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ 2,154,981</u>	<u>\$ 2,154,981</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County  
Required Supplementary Information  
Notes to Budgetary Comparison Schedules  
June 30, 2014

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.

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

Note 2 – Expenditures in Excess of Appropriations

For the year ended June 30, 2014, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

<b>Fund/Department</b>	<b>Excess</b>
Information Technology - General Fund	\$94,826
Justice Court #1 - General Fund	23,915
Justice Court #2 - General Fund	11,209
Juvenile Detention - Jail District Fund	3,398

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 Agent Retirement Plans' Funding Progress  
 June 30, 2014

Public Safety Personnel Retirement System

	Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b-a)	Funded ratio (a/b)	Annual covered payroll (c)	UAAL (funding excess) as percentage of covered payroll ((b-a)/c)
Pension	June 30, 2014	\$6,057,280	\$14,707,593	\$8,650,313	41.2%	\$1,706,477	506.9%
Health	June 30, 2014	411,789	325,644	(86,145)	126.5%	1,706,477	(5.0%)
Pension	June 30, 2013	6,303,468	12,191,601	5,888,133	51.7%	2,050,941	287.1%
Health	June 30, 2013	-	411,331	411,331	0.0%	2,050,941	20.1%
Pension	June 30, 2012	5,980,797	11,586,161	5,605,364	51.6%	2,004,335	279.7%
Health	June 30, 2012	-	326,152	326,152	0.0%	2,004,335	16.3%

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Combining and Individual  
Fund Statements and Schedules

Santa Cruz County  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Debt Service</b>	<b>Total Other Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 3,437,774	\$ 258,403	\$ 102,499	\$ 3,798,676
Investments				-
Due from other funds	20,626			20,626
Due from other governmental units	872,243	83,072		955,315
Accounts receivable	35,748	664		36,412
Prepaid items	2,007			2,007
Total assets	4,368,398	342,139	102,499	4,813,036
<b>Liabilities</b>				
Accounts payable	\$ 580,771	\$ 21,395		\$ 602,166
Accrued payroll and employee benefits	75,074			75,074
Due to other funds	489,310	65,979		555,289
Due to other governments			\$ 4,610	4,610
Total liabilities	1,145,155	87,374	4,610	1,237,139
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - intergovernmental	270,592	15,297	-	285,889
Total deferred inflows of resources	270,592	15,297	-	285,889
<b>Fund Balance</b>				
Fund balance	2,952,651	239,468	97,889	3,290,008
Total fund balance	2,952,651	239,468	97,889	3,290,008
 Total liabilities, deferred inflows of resources and fund balance	 \$ 4,368,398	 \$ 342,139	 \$ 102,499	 \$ 4,813,036

Santa Cruz County  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2014

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service</u>	<u>Total Other Governmental Funds</u>
<b>Revenues</b>				
Taxes			\$ 408	\$ 408
Intergovernmental	\$ 5,735,070	\$ 500,211		6,235,281
Charges for services	554,908			554,908
Fines and forfeits	105,967			105,967
Investment earnings	1,789	90,355	3,179	95,323
Miscellaneous	196,681			196,681
Total revenues	<u>6,594,415</u>	<u>590,566</u>	<u>3,587</u>	<u>7,188,568</u>
<b>Expenditures</b>				
General government	319,107	239,178		558,285
Public safety	2,629,750	538,686		3,168,436
Highways and streets				
Health, welfare and sanitation	1,512,267			1,512,267
Education and economic opportunity	2,111,154			2,111,154
Debt Service				
Principal retirement	32,674		305,000	337,674
Interest and fiscal charges	27,590		692,506	720,096
Total expenditures	<u>6,632,542</u>	<u>777,864</u>	<u>997,506</u>	<u>8,407,912</u>
Excess (deficiency) of revenues over expenditures	(38,127)	(187,298)	(993,919)	(1,219,344)
<b>Other financing sources (uses)</b>				
Transfers in	702,563	304,119	1,644,844	2,651,526
Transfers out	(109,742)	(1,419)		(111,161)
Total other financing sources (uses)	<u>592,821</u>	<u>302,700</u>	<u>1,644,844</u>	<u>2,540,365</u>
Net change in fund balance	554,694	115,402	650,925	1,321,021
Beginning fund balance	<u>2,397,957</u>	<u>124,066</u>	<u>(553,036)</u>	<u>1,968,987</u>
Ending fund balance	<u>\$ 2,952,651</u>	<u>\$ 239,468</u>	<u>\$ 97,889</u>	<u>\$ 3,290,008</u>

Santa Cruz County  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2014

	<u>WIA</u>	<u>Health Services</u>	<u>Juvenile Services</u>	<u>Probation Services</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 13,922	\$ 51,592	\$ 251,132	\$ 552,127
Investments				
Due from other governmental units	149,711	95,039	335,894	3,737
Due from other funds				
Accounts receivable	588	1,582	3,854	6,394
Prepaid items	527	1,480		
Total assets	<u>\$ 164,748</u>	<u>\$ 149,693</u>	<u>\$ 590,880</u>	<u>\$ 562,258</u>
<b>Liabilities</b>				
Accounts payable	\$ 50,124	\$ 176,460	\$ 219,402	\$ 58,513
Accrued payroll and employee benefits	6,438	7,061	13,721	17,597
Due to other funds	133,997	20,431	127,883	2,618
Total liabilities	<u>190,559</u>	<u>203,952</u>	<u>361,006</u>	<u>78,728</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - intergovernmental	86,598	9,099	58,442	2,618
Total deferred inflows of resources	<u>86,598</u>	<u>9,099</u>	<u>58,442</u>	<u>2,618</u>
<b>Fund Balance</b>				
Fund balance	(112,769)	(63,358)	171,432	480,912
Total fund balance (deficit)	<u>(112,769)</u>	<u>(63,358)</u>	<u>171,432</u>	<u>480,912</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 164,748</u>	 <u>\$ 149,693</u>	 <u>\$ 590,880</u>	 <u>\$ 562,258</u>

<u>Homeland Security</u>	<u>Retrieval Conversion</u>	<u>Animal Control</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
\$ 3,209	\$ 672,672	\$ 27,403	\$ 1,865,717	\$ 3,437,774
231,067	161	25	56,609	-
			20,626	872,243
	11,413	1,045	10,872	20,626
				35,748
				2,007
<u>\$ 234,276</u>	<u>\$ 684,246</u>	<u>\$ 28,473</u>	<u>\$ 1,953,824</u>	<u>\$ 4,368,398</u>
	\$ 1,399	\$ 12,024	\$ 62,849	\$ 580,771
\$ 5,602	236	10,488	13,931	75,074
204,334	47			489,310
<u>209,936</u>	<u>1,682</u>	<u>22,512</u>	<u>76,780</u>	<u>1,145,155</u>
113,428	47	-	-	270,592
<u>113,428</u>	<u>47</u>	<u>-</u>	<u>-</u>	<u>270,592</u>
(89,088)	682,517	5,961	1,877,044	2,952,651
<u>(89,088)</u>	<u>682,517</u>	<u>5,961</u>	<u>1,877,044</u>	<u>2,952,651</u>
<u>\$ 234,276</u>	<u>\$ 684,246</u>	<u>\$ 28,473</u>	<u>\$ 1,953,824</u>	<u>\$ 4,368,038</u>

Santa Cruz County  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2014

	<u>WIA</u>	<u>Health Services</u>	<u>Juvenile Services</u>	<u>Probation Services</u>
<b>Revenues</b>				
Taxes				
Intergovernmental	\$ 622,937	\$ 441,903	\$ 1,949,869	\$ 1,002,830
Charges for services		127,777	16,464	100,134
Fines and forfeits				
Investment earnings		13	204	657
Miscellaneous			29,678	344
Total revenues	<u>622,937</u>	<u>569,693</u>	<u>1,996,215</u>	<u>1,103,965</u>
<b>Expenditures</b>				
General government			140,431	
Public safety			739,747	1,081,706
Highways and streets				
Health, welfare and sanitation		793,903		
Education and economic opportunity	631,364		1,104,589	
Debt Service				
Principal retirement	32,674			
Interest and fiscal charges	27,590			
Total expenditures	<u>691,628</u>	<u>793,903</u>	<u>1,984,767</u>	<u>1,081,706</u>
Excess (deficiency) of revenues over expenditures	(68,691)	(224,210)	11,448	22,259
<b>Other financing sources (uses)</b>				
Transfers in	251,362	124,450	21,327	1,667
Transfers out	(180)	(1,869)	(1,200)	
Total other financing sources (uses)	<u>251,182</u>	<u>122,581</u>	<u>20,127</u>	<u>1,667</u>
Net change in fund balance	182,491	(101,629)	31,575	23,926
Beginning fund balance	<u>(295,260)</u>	<u>38,271</u>	<u>139,857</u>	<u>456,986</u>
Ending fund balance	<u>\$ (112,769)</u>	<u>\$ (63,358)</u>	<u>\$ 171,432</u>	<u>\$ 480,912</u>

<u>Homeland Security</u>	<u>Retrieval Conversion</u>	<u>Animal Control</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
				\$ -
\$ 430,265	\$ 14,063	\$ 252,451	\$ 1,020,752	5,735,070
	73,623	38,132	198,778	554,908
	105,967			105,967
(94)	385	26	598	1,789
		13,116	153,543	196,681
<u>430,171</u>	<u>194,038</u>	<u>303,725</u>	<u>1,373,671</u>	<u>6,594,415</u>
54,189	48,537		75,950	319,107
447,499			360,798	2,629,750
				-
		567,168	151,196	1,512,267
			375,201	2,111,154
				32,674
				27,590
<u>501,688</u>	<u>48,537</u>	<u>567,168</u>	<u>963,145</u>	<u>6,632,542</u>
(71,517)	145,501	(263,443)	410,526	(38,127)
4,735	733	242,062	56,227	702,563
(229)	(90,466)		(15,798)	(109,742)
<u>4,506</u>	<u>(89,733)</u>	<u>242,062</u>	<u>40,429</u>	<u>592,821</u>
(67,011)	55,768	(21,381)	450,955	554,694
<u>(22,077)</u>	<u>626,749</u>	<u>27,342</u>	<u>1,426,089</u>	<u>2,397,957</u>
<u>\$ (89,088)</u>	<u>\$ 682,517</u>	<u>\$ 5,961</u>	<u>\$ 1,877,044</u>	<u>\$ 2,952,651</u>

Santa Cruz County  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2014

	<u>New Facilities</u>	<u>Construction</u>	<u>Airport</u>	<u>Other</u>	<u>Total</u>
<b>Assets</b>					
Cash and investments	\$ 198,769			\$ 59,634	\$ 258,403
Investments					
Accounts Receivable	664				664
Due from other governmental units		\$ -	\$ 83,072		83,072
Total assets	<u>\$ 199,433</u>	<u>\$ -</u>	<u>\$ 83,072</u>	<u>\$ 59,634</u>	<u>\$ 342,139</u>
<b>Liabilities</b>					
Accounts payable			\$ 21,395		\$ 21,395
Due to other funds	\$ 664	\$ -	65,315	\$ -	65,979
Total liabilities	<u>664</u>	<u>-</u>	<u>86,710</u>	<u>-</u>	<u>87,374</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - intergovernmental	664	-	14,633	-	15,297
Total deferred inflows of resources	<u>664</u>	<u>-</u>	<u>14,633</u>	<u>-</u>	<u>15,297</u>
<b>Fund Balance</b>					
Fund balance	198,105	-	(18,271)	59,634	239,468
Total fund balance	<u>198,105</u>	<u>-</u>	<u>(18,271)</u>	<u>59,634</u>	<u>239,468</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 199,433</u>	 <u>\$ -</u>	 <u>\$ 83,072</u>	 <u>\$ 59,634</u>	 <u>\$ 342,139</u>

Santa Cruz County  
Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances  
Nonmajor Capital Projects Funds  
Year Ended June 30, 2014

	<u>New Facilities</u>	<u>Construction</u>	<u>Airport</u>	<u>Other</u>	<u>Total</u>
<b>Revenues</b>					
Taxes					
Intergovernmental		\$ 285,741	\$ 214,470		\$ 500,211
Investment earnings	\$ 90,355				90,355
Miscellaneous				\$ -	
Total revenues	<u>90,355</u>	<u>285,741</u>	<u>214,470</u>	<u>-</u>	<u>590,566</u>
<b>Expenditures</b>					
General government	1,400		237,778		239,178
Public safety	1,400	537,286			538,686
Highways and streets					-
Health, welfare and sanitation					-
Education and economic opportunity					-
Debt Service					-
Principal retirement					-
Interest and fiscal charges				-	-
Total expenditures	<u>2,800</u>	<u>537,286</u>	<u>237,778</u>	<u>-</u>	<u>777,864</u>
Excess (deficiency) of revenues over expenditures	87,555	(251,545)	(23,308)		(187,298)
<b>Other financing sources (uses)</b>					
Transfers in		281,084	23,035		304,119
Transfers out			(397)	(1,022)	(1,419)
Total other financing sources (uses)	<u>-</u>	<u>281,084</u>	<u>22,638</u>	<u>(1,022)</u>	<u>302,700</u>
Net change in fund balance	87,555	29,539	(670)	(1,022)	115,402
Beginning fund balance (deficit)	<u>110,550</u>	<u>(29,539)</u>	<u>(17,601)</u>	<u>60,656</u>	<u>124,066</u>
Ending fund balance (deficit)	<u>\$ 198,105</u>	<u>\$ -</u>	<u>\$ (18,271)</u>	<u>\$ 59,634</u>	<u>\$ 239,468</u>

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

Nonmajor Special Revenue Funds

Santa Cruz County  
 Nonmajor Special Revenue Funds  
 WIA Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2014

	<b>Original and Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>			
Intergovernmental	\$ 1,105,980	\$ 622,937	\$ (483,043)
Total revenues	1,105,980	622,937	(483,043)
<b>Expenditures</b>			
Education and economic opportunity—Commerce	1,118,966	691,628	(427,338)
Total expenditures	1,118,966	691,628	(427,338)
Excess (deficiency) of revenues over expenditures	(12,986)	(68,691)	(55,705)
<b>Other financing sources (uses)</b>			
Transfers in		251,362	251,362
Transfers out		(180)	(180)
Total other financing sources and uses	-	251,182	251,182
Net change in fund balance	(12,986)	182,491	195,477
Fund balance, July 1, 2013	12,986	(295,260)	(308,246)
Fund balance, June 30, 2014	\$ -	\$ (112,769)	\$ (112,769)

Santa Cruz County  
 Nonmajor Special Revenue Funds  
 Health Services Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2014

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 184,509	\$ 441,903	\$ 257,394
Charges for services	130,000	127,777	(2,223)
Investment earnings		13	13
Miscellaneous			
Total revenues	<u>314,509</u>	<u>569,693</u>	<u>255,184</u>
<b>Expenditures</b>			
Health, welfare & sanitation	<u>642,971</u>	<u>793,903</u>	<u>(150,932)</u>
Total expenditures	<u>642,971</u>	<u>793,903</u>	<u>(150,932)</u>
Excess (deficiency) of revenues over expenditures	(328,462)	(224,210)	104,252
<b>Other financing sources:</b>			
Transfers in	254,228	124,450	(129,778)
Transfers out		<u>(1,869)</u>	<u>(1,869)</u>
Total other financing sources	<u>254,228</u>	<u>122,581</u>	<u>(131,647)</u>
Net change in fund balance	(74,234)	(101,629)	(27,395)
Fund balance, July 1, 2013	<u>74,234</u>	<u>38,271</u>	<u>(35,963)</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ (63,358)</u>	<u>\$ (63,358)</u>

Santa Cruz County  
Nonmajor Special Revenue Funds  
Juvenile Services Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2014

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 1,394,923	\$ 1,949,869	\$ 554,946
Charges for service	8,050	16,464	8,414
Investment earnings	350	204	(146)
Miscellaneous	<u>                    </u>	<u>29,678</u>	<u>29,678</u>
Total revenues	<u>1,403,323</u>	<u>1,996,215</u>	<u>592,892</u>
<b>Expenditures</b>			
General government			
Superior Court	134,589	140,431	(5,842)
Public safety			
Probation	916,817	739,747	177,070
Education			
School Superintendent	<u>618,648</u>	<u>1,104,589</u>	<u>(485,941)</u>
Total expenditures	<u>1,670,054</u>	<u>1,984,767</u>	<u>(314,713)</u>
Excess (deficiency) of revenues over expenditures	(266,731)	11,448	278,179
<b>Other financing sources (uses)</b>			
Transfers in		21,327	21,327
Transfers out	<u>                    </u>	<u>(1,200)</u>	<u>(1,200)</u>
Total other financing sources	<u>-</u>	<u>20,127</u>	<u>20,127</u>
Net change in fund balance	(266,731)	31,575	298,306
Fund balance, July 1, 2012	<u>266,731</u>	<u>139,857</u>	<u>(126,874)</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ 171,432</u>	<u>\$ 171,432</u>

Santa Cruz County  
 Nonmajor Special Revenue Funds  
 Probation Services Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2014

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 996,308	\$ 1,002,830	\$ 6,522
Charges for service	81,780	100,134	18,354
Investment earnings	780	657	(123)
Miscellaneous	<u>2,000</u>	<u>344</u>	<u>(1,656)</u>
Total revenues	<u>1,080,868</u>	<u>1,103,965</u>	<u>23,097</u>
<b>Expenditures</b>			
Public safety	<u>1,554,409</u>	<u>1,081,706</u>	<u>472,703</u>
Total expenditures	<u>1,554,409</u>	<u>1,081,706</u>	<u>472,703</u>
Excess (deficiency) of revenues over expenditures	(473,541)	22,259	495,800
<b>Other financing sources (uses)</b>			
Transfers in	4,557	1,667	(2,890)
Transfers out	<u>(2,890)</u>	<u>-</u>	<u>2,890</u>
Total other financing sources	<u>1,667</u>	<u>1,667</u>	<u>-</u>
Net change in fund balance	(471,874)	23,926	495,800
Fund balance, July 1, 2012	<u>471,874</u>	<u>456,986</u>	<u>(14,888)</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ 480,912</u>	<u>\$ 480,912</u>

Santa Cruz County  
 Nonmajor Special Revenue Funds  
 Homeland Security Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2014

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 463,999	\$ 430,265	\$ (33,734)
Investment earnings	<u>                    </u>	<u>(94)</u>	<u>(94)</u>
Total revenues	<u>463,999</u>	<u>430,171</u>	<u>(33,828)</u>
<b>Expenditures</b>			
General Government			
County Attorney		54,189	(54,189)
Public safety			
Emergency Management	3,536	55,860	(52,324)
Sheriff's Office	<u>463,999</u>	<u>391,639</u>	<u>72,360</u>
Total expenditures	<u>467,535</u>	<u>501,688</u>	<u>(34,153)</u>
Excess (deficiency) of revenues over expenditures	(3,536)	(71,517)	(67,981)
<b>Other financing sources (uses)</b>			
Transfers in		4,735	4,735
Transfers out	<u>                    </u>	<u>(229)</u>	<u>(229)</u>
Total other financing sources	<u>-</u>	<u>4,506</u>	<u>4,506</u>
Net change in fund balance	(3,536)	(67,011)	(63,475)
Fund balance, July 1, 2013	<u>3,536</u>	<u>(22,077)</u>	<u>(25,613)</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ (89,088)</u>	<u>\$ (89,088)</u>

Santa Cruz County  
 Nonmajor Special Revenue Funds  
 Retrieval Conversion Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2014

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 14,075	\$ 14,063	\$ (12)
Charges for services	142,000	73,623	(68,377)
Fines and forfeits	21,000	105,967	84,967
Investment earnings	<u>250</u>	<u>385</u>	<u>135</u>
Total revenues	<u>177,325</u>	<u>194,038</u>	<u>16,713</u>
<b>Expenditures</b>			
General government	<u>710,206</u>	<u>48,537</u>	<u>661,669</u>
Total expenditures	<u>710,206</u>	<u>48,537</u>	<u>661,669</u>
Excess (deficiency) of revenues over expenditures	(532,881)	145,501	678,382
<b>Other financing sources (uses)</b>			
Transfers in	-	733	733
Transfers out	<u>(92,000)</u>	<u>(90,466)</u>	<u>1,534</u>
Total other financing uses	<u>(92,000)</u>	<u>(89,733)</u>	<u>2,267</u>
Net change in fund balance	(624,881)	55,768	680,649
Fund balance, July 1, 2013	<u>624,881</u>	<u>626,749</u>	<u>1,868</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ 682,517</u>	<u>\$ 682,517</u>

Santa Cruz County  
 Nonmajor Special Revenue Funds  
 Animal Control Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2014

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 248,546	\$ 252,451	\$ 3,905
Charges for services	35,500	38,132	2,632
Investment earnings		26	26
Donation	10,000		(10,000)
Miscellaneous		<u>13,116</u>	<u>13,116</u>
Total revenues	<u>294,046</u>	<u>303,725</u>	<u>9,679</u>
<b>Expenditures</b>			
Current:			
Health, welfare and sanitation	<u>547,446</u>	<u>567,168</u>	<u>(19,722)</u>
Total expenditures	<u>547,446</u>	<u>567,168</u>	<u>(19,722)</u>
Excess (deficiency) of revenues over expenditures	(253,400)	(263,443)	(10,043)
<b>Other financing sources (uses)</b>			
Transfers in	<u>213,545</u>	<u>242,062</u>	<u>28,517</u>
Total other financing sources	<u>213,545</u>	<u>242,062</u>	<u>28,517</u>
Net change in fund balance	(39,855)	(21,381)	18,474
Fund balance, July 1, 2013	<u>39,855</u>	<u>27,342</u>	<u>(12,513)</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ 5,961</u>	<u>\$ 5,961</u>

Santa Cruz County  
 Nonmajor Special Revenue Funds  
 Other Special Revenue Funds  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2014

	<b>Original and Final Budget Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>			
Intergovernmental	\$ 1,000,961	\$ 1,020,752	\$ 19,791
Charges for services	117,100	198,778	81,678
Investment earnings	20	598	578
Miscellaneous	<u>15,000</u>	<u>153,543</u>	<u>138,543</u>
Total revenues	<u>1,133,081</u>	<u>1,373,671</u>	<u>240,590</u>
<b>Expenditures</b>			
General government	198,311	75,950	122,361
Public safety	706,699	360,798	345,901
Health, welfare and sanitation	271,832	151,196	120,636
Education and economic opportunity	<u>1,392,879</u>	<u>375,201</u>	<u>1,017,678</u>
Total expenditures	<u>2,569,721</u>	<u>963,145</u>	<u>1,606,576</u>
Excess (deficiency) of revenues over expenditures	(1,436,640)	410,526	(1,847,166)
<b>Other financing sources (uses)</b>			
Transfers in	59,895	56,227	(3,668)
Transfers out	<u>(7,500)</u>	<u>(15,798)</u>	<u>(8,298)</u>
Total other financing sources (uses)	<u>52,395</u>	<u>40,429</u>	<u>(11,966)</u>
Net change in fund balance	(1,384,245)	450,955	1,835,200
Fund balance, July 1, 2012	<u>1,384,245</u>	<u>1,426,089</u>	<u>41,844</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ 1,877,044</u>	<u>\$ 1,877,044</u>

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

Nonmajor Capital Projects Funds

Santa Cruz County  
 Budgetary Comparison Schedule  
 Capital Projects—New Facilities Fund  
 Year Ended June 30, 2014

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Investment earnings	\$ 20,000	\$ 90,355	\$ 70,355
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>20,000</u>	<u>90,355</u>	<u>70,355</u>
<b>Expenditures</b>			
General government	26,970	1,400	25,570
Public safety	<u>103,579</u>	<u>1,400</u>	<u>102,179</u>
Total expenditures	<u>130,549</u>	<u>2,800</u>	<u>127,749</u>
Net change in fund balance	(110,549)	87,555	198,104
Fund balance, July 1, 2013	<u>110,549</u>	<u>110,550</u>	<u>1</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ 198,105</u></u>	<u><u>\$ 198,105</u></u>

Santa Cruz County  
 Budgetary Comparison Schedule  
 Capital Projects—Construction Fund  
 Year Ended June 30, 2014

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 220,000	\$ 285,741	\$ 65,741
Miscellaneous	<u>330,000</u>	<u>-</u>	<u>(330,000)</u>
Total revenues	<u>550,000</u>	<u>285,741</u>	<u>(264,259)</u>
<b>Expenditures</b>			
Public safety	<u>550,000</u>	<u>537,286</u>	<u>12,714</u>
Total expenditures	<u>550,000</u>	<u>537,286</u>	<u>12,714</u>
Excess (deficiency) of revenues over expenditures	-	(251,545)	(251,545)
<b>Other financing sources (uses)</b>			
Transfers in	<u>-</u>	<u>281,084</u>	<u>281,084</u>
Total other financing uses	<u>-</u>	<u>281,084</u>	<u>281,084</u>
Net change in fund balance	-	29,539	29,539
Fund balance, July 1, 2013	<u>-</u>	<u>(29,539)</u>	<u>(29,539)</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Santa Cruz County  
 Budgetary Comparison Schedule  
 Capital Projects—Airport Fund  
 Year Ended June 30, 2014

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	<u>\$ 50,000</u>	<u>\$ 214,470</u>	<u>\$ 164,470</u>
Total Revenues	<u>50,000</u>	<u>214,470</u>	<u>164,470</u>
<b>Expenditures</b>			
General government	<u>55,397</u>	<u>237,778</u>	<u>(182,381)</u>
Total expenditures	<u>55,397</u>	<u>237,778</u>	<u>(182,381)</u>
Excess (deficiency) of revenues over expenditures	(5,397)	(23,308)	(17,911)
<b>Other financing sources (uses)</b>			
Transfers in	5,000	23,035	18,035
Transfers out	<u>-</u>	<u>(397)</u>	<u>(397)</u>
Total other financing uses	<u>5,000</u>	<u>22,638</u>	<u>17,638</u>
Net change in fund balance	(397)	(670)	(273)
Fund balance (deficit), July 1, 2013	<u>397</u>	<u>(17,601)</u>	<u>(17,998)</u>
Fund balance (deficit), June 30, 2014	<u>\$ -</u>	<u>\$ (18,271)</u>	<u>\$ (18,271)</u>

Santa Cruz County  
 Budgetary Comparison Schedule  
 Capital Projects—Other Funds  
 Year Ended June 30, 2014

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
General government	1,022	-	1,022
Education and economic opportunity	<u>59,634</u>	<u>-</u>	<u>59,634</u>
Total expenditures	<u>60,656</u>	<u>-</u>	<u>60,656</u>
Excess (deficiency) of revenues over expenditures	(60,656)	-	60,656
<b>Other financing sources (uses)</b>			
Transfers out	<u>-</u>	<u>(1,022)</u>	<u>(1,022)</u>
Total other financing uses	<u>-</u>	<u>(1,022)</u>	<u>(1,022)</u>
Net change in fund balance	(60,656)	(1,022)	59,634
Fund balance, July 1, 2013	<u>60,656</u>	<u>60,656</u>	<u>-</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ 59,634</u>	<u>\$ 59,634</u>

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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, 2014

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Taxes	\$ -	\$ 408	\$ 408
Investment earnings	-	<u>3,179</u>	<u>3,179</u>
Total revenues	<u>-</u>	<u>3,587</u>	<u>3,587</u>
<b>Expenditures</b>			
Debt Service	<u>1,096,412</u>	<u>997,506</u>	<u>98,906</u>
Total expenditures	<u>1,096,412</u>	<u>997,506</u>	<u>98,906</u>
Excess (deficiency) of revenues over expenditures	(1,096,412)	(993,919)	102,493
<b>Other financing sources (uses)</b>			
Transfers in	<u>997,506</u>	<u>1,644,844</u>	<u>647,338</u>
Total other financing uses	<u>997,506</u>	<u>1,644,844</u>	<u>647,338</u>
Net change in fund balance	(98,906)	650,925	749,831
Fund balance, July 1, 2013	<u>98,906</u>	<u>(553,036)</u>	<u>(651,942)</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ 97,889</u>	<u>\$ 97,889</u>

Investment Trust and Agency Funds

Santa Cruz County  
Combining Statement of Fiduciary Net Position  
Investment Trust Fund  
June 30, 2014

	<u>Treasurer's Investment Pool</u>	<u>Individual Investment Accounts</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments	\$ 30,127,779	\$ 67,890	\$ 30,195,669
Total assets	<u>\$ 30,127,779</u>	<u>\$ 67,890</u>	<u>\$ 30,195,669</u>
<b>Net Position</b>			
Held in trust for investment trust participants	<u>\$ 30,127,779</u>	<u>\$ 67,890</u>	<u>\$ 30,195,669</u>

Santa Cruz County  
Combining Statement of Fiduciary Net Position  
Agency Funds  
June 30, 2014

	<u>Property Tax Collection</u>	<u>Fire District</u>	<u>Special Purpose</u>	<u>Total</u>
<b>Assets</b>				
Cash and investments	\$ 239,580	\$ -	\$ 978,595	\$ 1,218,175
Total assets	<u>\$ 239,580</u>	<u>\$ -</u>	<u>\$ 978,595</u>	<u>\$ 1,218,175</u>
<b>Liabilities</b>				
Due to other governmental units	\$ 40,305	\$ -		\$ 40,305
Deposits held for others	<u>199,275</u>	<u>          </u>	<u>\$ 978,595</u>	<u>1,177,870</u>
Total liabilities	<u>\$ 239,580</u>	<u>\$ -</u>	<u>\$ 978,595</u>	<u>\$ 1,218,175</u>

Santa Cruz County  
Combining Statement of Changes in Fiduciary Net Position  
Investment Trust Funds  
Year Ended June 30, 2014

	<b>Treasurer's Investment Pool</b>	<b>Individual Investment Accounts</b>	<b>Total</b>
<b>Additions</b>			
Contributions from participants	\$ 98,782,798		\$ 98,782,798
Investment earnings	<u>20,955</u>	\$ 2,130	<u>23,085</u>
Total additions	<u>98,803,753</u>	<u>2,130</u>	<u>98,805,883</u>
<b>Deductions</b>			
Distributions to participants	<u>100,258,021</u>	-	<u>100,258,021</u>
Total deductions	<u>100,258,021</u>	<u>-</u>	<u>100,258,021</u>
Changes in net position	(1,454,268)	2,130	(1,452,138)
Net position, July 1, 2013	<u>31,582,047</u>	<u>65,760</u>	<u>31,647,807</u>
Net position, June 30, 2014	<u>\$ 30,127,779</u>	<u>\$ 67,890</u>	<u>\$ 30,195,669</u>

Santa Cruz County  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2014

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>Property Tax Collection:</b>				
Assets				
Cash and investments	\$ 54,875	\$ 3,863,256	\$ 3,678,551	\$ 239,580
Liabilities				
Due to other governmental units	\$ 85	\$ 1,696,835	\$ 1,656,615	\$ 40,305
Deposits held for others	54,790	2,166,421	2,021,936	199,275
Total liabilities	<u>\$ 54,875</u>	<u>\$ 3,863,256</u>	<u>\$ 3,678,551</u>	<u>\$ 239,580</u>
<b>Fire District:</b>				
Assets				
Cash and investments	\$ 6,598	\$ 333,280	\$ 339,878	\$ -
Liabilities				
Due to other governmental units	\$ 6,598	\$ 333,280	\$ 339,878	\$ -
<b>Special Purpose:</b>				
Assets				
Cash and investments	\$ 779,282	\$ 334,946	\$ 135,633	\$ 978,595
Liabilities				
Deposits held for others	\$ 779,282	\$ 334,946	\$ 135,633	\$ 978,595
<b>Total - All Agency Funds</b>				
Assets				
Cash and investments	\$ 840,755	\$ 4,531,482	\$ 4,154,062	\$ 1,218,175
Liabilities				
Due to other governmental units	\$ 6,683	\$ 2,030,115	\$ 1,996,493	\$ 40,305
Deposits held for others	834,072	2,501,367	2,157,569	1,177,870
Total liabilities	<u>\$ 840,755</u>	<u>\$ 4,531,482</u>	<u>\$ 4,154,062</u>	<u>\$ 1,218,175</u>

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Statistical Section

## **FINANCIAL TRENDS:**

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

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 70,668	\$ 73,030	\$ 74,702	\$ 75,658	\$ 74,440	\$ 73,420	\$ 74,969	\$ 71,338	\$ 23,757	\$ 20,734
Restricted	9,515	9,190	9,412	10,559	6,012	7,868	8,463	5,115	5,882	4,374
Unrestricted	<u>9,783</u>	<u>10,951</u>	<u>11,913</u>	<u>10,801</u>	<u>14,795</u>	<u>14,615</u>	<u>13,109</u>	<u>15,751</u>	<u>13,740</u>	<u>9,855</u>
Total governmental activities net position	<u>89,966</u>	<u>93,171</u>	<u>96,027</u>	<u>97,018</u>	<u>95,247</u>	<u>95,903</u>	<u>96,541</u>	<u>92,204</u>	<u>43,379</u>	<u>34,963</u>
<b>Business-Type Activities</b>										
Net investment in capital assets	3,660	3,538	3,691	3,393	2,568	2,602	2,710	2,676	2,474	2,438
Unrestricted (deficit)	<u>(1,182)</u>	<u>(1,356)</u>	<u>(375)</u>	<u>(351)</u>	<u>715</u>	<u>596</u>	<u>(1,560)</u>	<u>(1,745)</u>	<u>(1,966)</u>	<u>(2,179)</u>
Total business-type activities net position (deficit)	<u>2,478</u>	<u>2,182</u>	<u>3,316</u>	<u>3,042</u>	<u>3,283</u>	<u>3,198</u>	<u>1,150</u>	<u>931</u>	<u>508</u>	<u>259</u>
<b>Primary Government</b>										
Net investment in capital assets	74,328	76,568	78,393	79,051	77,008	76,022	77,679	74,014	26,231	23,172
Restricted	9,515	9,190	9,412	10,559	6,012	7,868	8,463	5,115	5,882	4,374
Unrestricted	<u>8,601</u>	<u>9,595</u>	<u>11,538</u>	<u>10,450</u>	<u>15,510</u>	<u>15,211</u>	<u>11,549</u>	<u>14,006</u>	<u>11,774</u>	<u>7,676</u>
Total primary government net position	<u>\$ 92,444</u>	<u>\$ 95,353</u>	<u>\$ 99,343</u>	<u>\$ 100,060</u>	<u>\$ 98,530</u>	<u>\$ 99,101</u>	<u>\$ 97,691</u>	<u>\$ 93,135</u>	<u>\$ 43,887</u>	<u>\$ 35,222</u>

NOTE: In accordance with GASB 34, the County capitalized in fiscal year 2007 all major infrastructure assets acquired subsequent to July 1, 1980 and prior to June 30, 2003. Prior year information presented herein has not been restated to reflect this and prior period adjustment made during fiscal year 2007.

SOURCE: Comprehensive Annual Financial Reports for the relevant year.

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Expenses</b>										
Governmental activities:										
General government	\$ 14,525	\$ 14,184	\$ 14,243	\$ 13,285	\$ 13,542	\$ 13,674	\$ 14,264	\$ 14,754	\$ 14,592	\$ 12,283
Public safety	16,043	15,420	17,894	14,733	12,986	14,631	12,961	8,789	8,049	7,758
Highways and streets	6,972	6,509	4,239	4,570	4,248	4,701	4,928	5,730	4,349	4,548
Health, welfare and sanitation	4,754	4,224	4,518	3,865	3,916	4,149	4,647	4,596	4,123	3,826
Education and economic opportunity	2,454	2,443	3,371	4,589	6,280	4,912	4,758	5,309	4,080	4,986
Recreation	165	139	141	121	208	329	354	302	347	271
Interest on long-term debt	2,899	2,983	2,965	2,767	4,220	1,976	63	52	35	59
Total governmental activities expenses	<u>47,812</u>	<u>45,902</u>	<u>47,371</u>	<u>43,930</u>	<u>45,400</u>	<u>44,372</u>	<u>41,975</u>	<u>39,532</u>	<u>35,575</u>	<u>33,731</u>
Business-type activities:										
Landfill	<u>1,511</u>	<u>2,432</u>	<u>833</u>	<u>1,261</u>	<u>562</u>	<u>(342)</u>	<u>2,137</u>	<u>1,824</u>	<u>1,636</u>	<u>1,626</u>
Total business-type activities expenses	<u>1,511</u>	<u>2,432</u>	<u>833</u>	<u>1,261</u>	<u>562</u>	<u>(342)</u>	<u>2,137</u>	<u>1,824</u>	<u>1,636</u>	<u>1,626</u>
Total primary government expenses	<u>49,323</u>	<u>48,334</u>	<u>48,204</u>	<u>45,191</u>	<u>45,962</u>	<u>44,030</u>	<u>44,112</u>	<u>41,356</u>	<u>37,211</u>	<u>35,357</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	2,569	3,201	3,326	3,087	3,532	3,153	3,629	3,459	2,785	2,102
Public safety	399	920	400	218	395	307	262	854	2,216	1,659
Highways and streets	-	-	-	-	2	7	-	22	-	6
Health, welfare and sanitation	174	157	185	206	202	218	242	596	623	615
Education and economic opportunity	128	13	88	14	1	-	182	155	-	253
Recreation	8	6	11	10	6	8	14	5	5	11
Operating grants and contributions*	8,338	9,077	10,777	11,079	9,955	9,305	16,402	16,051	14,317	12,113
Capital grants and contributions	4,512	3,513	3,447	4,335	3,608	3,963	656	1,351	1,578	1,108
Total governmental activities program revenues	<u>16,128</u>	<u>16,887</u>	<u>18,234</u>	<u>18,949</u>	<u>17,701</u>	<u>16,961</u>	<u>21,387</u>	<u>22,493</u>	<u>21,524</u>	<u>17,867</u>
Business-type activities:										
Charges for services										
Landfill	1,600	1,269	968	1,001	610	1,683	2,266	2,137	1,838	1,885
Operating grants and contributions	94	-	-	-	20	8	-	-	-	-
Total business-type program revenues	<u>1,694</u>	<u>1,269</u>	<u>968</u>	<u>1,001</u>	<u>630</u>	<u>1,691</u>	<u>2,266</u>	<u>2,137</u>	<u>1,838</u>	<u>1,885</u>
Total primary government program revenues	<u>17,822</u>	<u>18,156</u>	<u>19,202</u>	<u>19,950</u>	<u>18,331</u>	<u>18,652</u>	<u>23,653</u>	<u>24,630</u>	<u>23,362</u>	<u>19,752</u>
<b>Net (expense) revenue</b>										
Governmental activities	(31,684)	(29,015)	(29,137)	(24,981)	(27,699)	(27,410)	(20,588)	(17,039)	(14,051)	(15,864)
Business-type activities	183	(1,163)	135	(260)	68	2,033	129	313	202	259
Total primary government activities net (expense) revenue	<u>(31,501)</u>	<u>(30,178)</u>	<u>(29,002)</u>	<u>(25,241)</u>	<u>(27,631)</u>	<u>(25,377)</u>	<u>(20,459)</u>	<u>(16,726)</u>	<u>(13,849)</u>	<u>(15,605)</u>

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 13,915	\$ 12,650	\$ 13,398	\$ 13,988	\$ 14,187	\$ 12,666	\$ 12,276	\$ 11,718	\$ 12,795	\$ 12,140
County excise tax	5,370	5,190	5,288	5,180	4,965	5,912	-	-	-	-
Share of state sales taxes	4,450	4,918	4,065	3,861	3,675	4,151	8,035	11,677	7,620	6,416
Payments in lieu of taxes	978	980	956	834	324	1,360	578	571	574	614
Vehicle lieu tax unrestricted*	1,466	1,312	1,367	1,343	1,432	1,528	1,592	1,615	-	-
Share of state lottery revenue	-	-	-	-	304	522	-	-	-	-
Share of federal disproportionate revenue	-	-	-	-	-	215	-	-	-	-
Share of state overweight permits	754	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	506	592	738	564	791	850	661	842	796	765
Investment earnings (loss)	130	98	68	205	730	(384)	771	884	607	307
Miscellaneous	855	402	531	747	754	531	252	67	75	61
Capital contributions	29	39	37	33	42	19	-	-	-	-
Transfers	(109)	(22)	(18)	(12)	-	-	-	(23)	-	(429)
Gain on sale of capital assets	134	-	-	9	-	-	-	-	-	-
Loss on disposal	-	-	(144)	-	-	-	-	(32)	-	-
Total governmental activities	<u>28,478</u>	<u>26,159</u>	<u>26,286</u>	<u>26,752</u>	<u>27,204</u>	<u>27,370</u>	<u>24,165</u>	<u>27,319</u>	<u>22,467</u>	<u>19,874</u>
Business-type activities:										
Grants and contributions	-	-	80	-	-	-	-	-	-	-
Investment earnings	4	7	2	6	18	15	90	86	46	19
Miscellaneous	-	-	-	-	-	-	-	-	-	6
Transfers	109	22	18	12	-	-	-	23	-	429
Capital contributions	-	-	-	-	-	-	-	1	-	-
Total business-type activities	<u>113</u>	<u>29</u>	<u>100</u>	<u>18</u>	<u>18</u>	<u>15</u>	<u>90</u>	<u>110</u>	<u>46</u>	<u>454</u>
Total primary government	<u>28,591</u>	<u>26,188</u>	<u>26,386</u>	<u>26,770</u>	<u>27,222</u>	<u>27,385</u>	<u>24,255</u>	<u>27,429</u>	<u>22,513</u>	<u>20,328</u>
Changes in net position										
Governmental activities	(3,205)	(2,856)	(2,851)	1,771	(495)	(40)	3,577	10,280	8,416	4,010
Business-type activities	296	(1,134)	235	(242)	86	2,048	219	423	248	713
Total primary government	<u>\$ (2,909)</u>	<u>\$ (3,990)</u>	<u>\$ (2,616)</u>	<u>\$ 1,529</u>	<u>\$ (409)</u>	<u>\$ 2,008</u>	<u>\$ 3,796</u>	<u>\$ 10,703</u>	<u>\$ 8,664</u>	<u>\$ 4,723</u>

NOTE: In accordance with GASB 34, the County capitalized in fiscal year 2007 all major infrastructure assets acquired subsequent to July 1, 1980 and prior to June 30, 2003. Prior year information presented herein has not been restated to reflect this and other period adjustment made during fiscal year 2007.

SOURCE: Comprehensive Annual Financial Reports for the relevant year.

\*During FY 2006 and prior Vehicle lieu tax unrestricted was reported under Operating Grants & Contributions

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	13,370	15,052	12,752	15,356	12,808	10,648
Nonspendable*	51	49	44	42	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	11,021	13,458	13,513	13,945	-	-	-	-	-	-
Subtotal general fund	<u>\$ 11,072</u>	<u>\$ 13,507</u>	<u>\$ 13,557</u>	<u>\$ 13,987</u>	<u>\$ 13,370</u>	<u>\$ 15,052</u>	<u>\$ 12,752</u>	<u>\$ 15,356</u>	<u>\$ 12,808</u>	<u>\$ 10,648</u>
All other governmental funds										
Reserved for:										
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds (deficits)	-	-	-	-	8,430	8,929	7,270	5,334	5,810	4,010
Nonspendable*	8	4	2	4	-	-	-	-	-	-
Restricted	11,872	12,360	16,295	9,724	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	192	110	370	521	-	-	-	-	-	-
Unassigned	(687)	(1,648)	(1,431)	(2,616)	-	-	-	-	-	-
Capital projects funds (deficits)	-	-	-	-	5,378	35,028	60	(63)	1,025	(414)
Nonspendable*	-	-	-	-	-	-	-	-	-	-
Restricted	60	155	108	61	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(1)	(792)	-	-	-	-	-	-
Debt Service Assigned	98	-	242	236	493	2,129	1,792	445	408	295
Total all other governmental funds	<u>\$ 11,543</u>	<u>\$ 10,981</u>	<u>\$ 15,585</u>	<u>\$ 7,138</u>	<u>\$ 14,301</u>	<u>\$ 46,086</u>	<u>\$ 9,122</u>	<u>\$ 5,716</u>	<u>\$ 7,243</u>	<u>\$ 3,891</u>

\*Due to the implementation of GASB 54 in FY 2011 categories regarding fund balances have been redefined. See Note 1 pages 29-36 for further explanation of categories. See Note 2 page 36 for purpose details.

SOURCE: Comprehensive Annual Financial Reports 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)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues:</b>										
Taxes	\$19,189	\$18,026	\$18,573	\$ 19,181	\$ 18,752	\$19,195	\$13,889	\$13,709	\$13,377	\$12,581
Intergovernmental	20,926	20,929	22,283	21,173	18,986	21,884	26,115	30,736	24,711	21,833
Licenses and permits	324	214	293	318	380	459	927	1,156	1,823	1,298
Charges for services	1,676	1,620	1,625	1,751	1,702	1,961	1,991	1,952	1,949	1,398
Fines and forfeits	1,278	2,464	2,092	1,466	2,056	1,273	933	1,207	1,148	1,027
Investment earnings	130	98	68	206	730	(384)	771	884	607	306
Rents	37	45	33	59	42	21	52	44	30	30
Contributions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	817	357	497	688	712	520	705	285	403	218
Total revenues	<u>44,377</u>	<u>43,753</u>	<u>45,464</u>	<u>44,842</u>	<u>43,360</u>	<u>44,929</u>	<u>45,383</u>	<u>49,973</u>	<u>44,048</u>	<u>38,691</u>
<b>Expenditures:</b>										
Current:										
General government	13,840	13,605	13,885	14,807	12,843	12,856	13,564	15,512	14,369	11,711
Public safety	15,096	19,435	16,355	20,821	13,093	13,562	14,506	10,189	8,153	8,019
Highways and streets	4,872	3,707	3,607	3,068	3,020	4,187	3,836	10,818	4,533	5,069
Health, welfare and sanitation	4,738	4,230	4,425	3,790	3,823	4,027	4,543	4,723	4,177	3,821
Education and economic opportunity	2,421	2,404	3,331	4,572	6,308	4,886	4,732	5,275	4,069	5,009
Recreation	148	122	122	99	183	300	425	327	289	285
Capital outlay	-	-	-	-	29,818	22,249	3,985	2,683	2,304	1,165
Debt service:										
Principal	2,332	2,224	2,133	1,935	3,359	270	218	91	978	1,040
Interest and other charges	2,900	2,983	2,965	2,767	4,220	1,976	63	52	35	59
Total expenditures	<u>46,347</u>	<u>48,710</u>	<u>46,823</u>	<u>51,859</u>	<u>76,667</u>	<u>64,313</u>	<u>45,872</u>	<u>49,670</u>	<u>38,907</u>	<u>36,178</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,970)</u>	<u>(4,957)</u>	<u>(1,359)</u>	<u>(7,017)</u>	<u>(33,307)</u>	<u>(19,384)</u>	<u>(489)</u>	<u>303</u>	<u>5,141</u>	<u>2,513</u>
<b>Other financing sources (uses):</b>										
Loan proceeds (net of discounts)	-	-	9,300	-	-	59,172	-	-	-	-
Proceeds from sales of capital assets	134	-	-	11	-	11	-	-	-	-
Capital lease agreements	-	326	224	473	-	64	532	740	-	-
Transfers in	7,077	3,759	6,962	5,488	5,654	3,876	5,691	3,273	838	564
Transfers out	(7,132)	(3,781)	(6,980)	(5,500)	(5,654)	(3,876)	(5,691)	(3,296)	(838)	(993)
Proceeds from long-term notes	-	-	-	-	-	-	-	-	766	-
Total other financing sources (uses)	<u>79</u>	<u>304</u>	<u>9,506</u>	<u>472</u>	<u>-</u>	<u>59,247</u>	<u>532</u>	<u>717</u>	<u>766</u>	<u>(429)</u>
<b>Net change in fund balances</b>	<u>\$ (1,891)</u>	<u>\$ (4,653)</u>	<u>\$ 8,147</u>	<u>\$ (6,545)</u>	<u>\$ (33,307)</u>	<u>\$39,863</u>	<u>\$ 43</u>	<u>\$ 1,020</u>	<u>\$ 5,907</u>	<u>\$ 2,084</u>
Debt service as a percentage of noncapital expenditures	11.29%	10.69%	10.89%	9.07%	16.18%	5.34%	0.67%	0.30%	2.77%	3.14%

SOURCE: Comprehensive Annual Financial Reports for the relevant year

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

Fiscal Year	Taxes	Intergovernmental Revenues	Licenses and Permits	Charges for Services	Fines and Forfeits	Investment Earnings	Rents	Contributions and Miscellaneous	Total
2004-05 <sup>(1)</sup>	12,580,901	21,800,991	1,298,251	1,398,450	1,026,658	306,478	30,000	218,033	38,659,762
2005-06 <sup>(1)</sup>	13,376,664	24,711,234	1,822,794	1,949,422	1,148,059	606,507	30,000	402,839	44,047,519
2006-07 <sup>(1)</sup>	13,708,503	30,736,174	1,155,737	1,951,691	1,207,025	884,162	44,100	285,400	49,972,792
2007-08 <sup>(1)</sup>	13,889,123	26,114,526	927,316	1,990,784	932,840	770,585	52,000	704,489	45,381,663
2008-09 <sup>(1)</sup>	19,195,260	21,883,830	459,139	1,961,489	1,272,710	(384,314)	20,800	520,359	44,929,273
2009-10 <sup>(1)</sup>	18,751,562	18,986,451	379,875	1,702,014	2,055,828	729,567	42,000	712,482	43,359,779
2010-11 <sup>(1)</sup>	19,180,849	21,173,272	318,010	1,750,998	1,466,191	205,553	58,620	688,527	44,842,020
2011-12 <sup>(1)</sup>	18,572,950	22,282,885	293,019	1,624,831	2,091,593	67,877	33,391	497,579	45,464,125
2012-13 <sup>(1)</sup>	18,026,015	20,929,331	213,610	1,619,670	2,463,908	98,235	44,964	357,090	43,752,823
2013-14 <sup>(1)</sup>	19,188,991	20,925,579	324,466	1,675,691	1,277,530	130,325	37,437	816,763	44,376,782

NOTES:

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

SOURCE: Basic financial statements.

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

Fiscal Year	Taxes	Intergovernmental Revenues	Licenses and Permits	Charges for Services	Fines and Forfeits	Investment Earnings	Rents	Contributions and Miscellaneous	Total
2004-05 <sup>(1)</sup>	32.54	56.39	3.36	3.62	2.66	0.79	0.08	0.56	100.00
2005-06 <sup>(1)</sup>	30.37	56.10	4.14	4.43	2.61	1.37	0.07	0.91	100.00
2006-07 <sup>(1)</sup>	27.43	61.50	2.31	3.91	2.42	1.77	0.09	0.57	100.00
2007-08 <sup>(1)</sup>	30.61	57.54	2.04	4.39	2.06	1.70	0.11	1.55	100.00
2008-09 <sup>(1)</sup>	42.72	48.71	1.02	4.37	2.83	(0.86)	0.05	1.16	100.00
2009-10 <sup>(1)</sup>	43.24	43.79	0.88	3.93	4.74	1.68	0.10	1.64	100.00
2010-11 <sup>(1)</sup>	42.77	47.22	0.71	3.90	3.27	0.46	0.13	1.54	100.00
2011-12 <sup>(1)</sup>	40.85	49.01	0.65	3.57	4.60	0.15	0.07	1.10	100.00
2012-13 <sup>(1)</sup>	41.20	47.84	0.49	3.70	5.63	0.22	0.10	0.82	100.00
2013-14 <sup>(1)</sup>	43.24	47.16	0.73	3.78	2.88	0.29	0.08	1.84	100.00

NOTES:

<sup>(1)</sup> 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
2004-05 <sup>(1)</sup>	11,710,628	8,018,946	5,069,150	3,821,242	5,008,858	285,075	1,099,220	35,013,119
2005-06 <sup>(1)</sup>	14,369,156	8,153,189	4,533,009	4,177,390	4,068,513	289,157	1,013,108	36,603,522
2006-07 <sup>(1)</sup>	15,512,469	10,188,891	10,818,202	4,723,017	5,275,053	326,817	143,102	46,987,551
2007-08 <sup>(1)</sup>	13,563,616	14,505,806	3,836,048	4,542,542	4,732,069	425,060	280,656	41,885,797
2008-09 <sup>(1)</sup>	12,856,447	13,562,453	4,186,599	4,026,549	4,885,684	300,356	2,245,343	42,063,431
2009-10 <sup>(1)</sup>	12,843,364	13,092,708	3,019,812	3,823,227	6,307,752	182,985	7,578,475	46,848,323
2010-11 <sup>(1)</sup>	14,807,146	20,820,966	3,067,846	3,790,279	4,572,614	98,941	4,701,642	51,859,434
2011-12 <sup>(1)</sup>	13,884,751	16,355,330	3,607,007	4,425,594	3,330,380	121,848	5,097,891	46,822,801
2012-13 <sup>(1)</sup>	13,604,846	19,433,945	3,706,853	4,230,295	2,404,393	122,428	5,207,220	48,709,980
2013-14 <sup>(1)</sup>	13,840,300	15,096,016	4,871,659	4,737,804	2,421,005	147,906	5,231,833	46,346,523

NOTES:

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

SOURCE: Basic financial statements.

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Health, Welfare and Sanitation	Education and Economic Opportunity	Recreation	Debt Service	Total
2004-05 <sup>(1)</sup>	33.45	22.90	14.48	10.91	14.31	0.81	3.14	100.00
2005-06 <sup>(1)</sup>	39.26	22.27	12.38	11.41	11.12	0.79	2.77	100.00
2006-07 <sup>(1)</sup>	33.01	21.69	23.02	10.05	11.23	0.70	0.30	100.00
2007-08 <sup>(1)</sup>	32.38	34.63	9.16	10.84	11.30	1.02	0.67	100.00
2008-09 <sup>(1)</sup>	30.57	32.24	9.95	9.57	11.62	0.71	5.34	100.00
2009-10 <sup>(1)</sup>	27.41	27.95	6.45	8.16	13.46	0.39	16.18	100.00
2010-11 <sup>(1)</sup>	28.55	40.14	5.92	7.31	8.82	0.19	9.07	100.00
2011-12 <sup>(1)</sup>	29.66	34.93	7.70	9.45	7.11	0.26	10.89	100.00
2012-13 <sup>(1)</sup>	27.93	39.90	7.61	8.68	4.94	0.25	10.69	100.00
2013-14 <sup>(1)</sup>	29.86	32.57	10.52	10.22	5.22	0.32	11.29	100.00

NOTES:

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

SOURCE: Basic financial statements.

## **REVENUE CAPACITY:**

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

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

<b>Fiscal Year</b>	<b>Commercial Property</b>	<b>Residential Property</b>	<b>Vacant Land</b>	<b>Other</b>	<b>Taxable Net Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Limited Value</b>	<b>Assessed Value as a Percentage of Limited Value</b>
04-05	102,538	106,854	38,298	165	247,855	4.3719	1,890,755	13.11%
05-06	106,185	114,051	40,657	196	261,089	4.0602	2,011,601	12.98%
06-07	111,208	126,820	41,918	209	280,155	4.0165	2,176,915	12.87%
07-08	120,000	147,112	45,386	233	312,731	3.8924	2,469,255	12.66%
08-09	123,958	174,659	53,806	263	352,686	3.7170	2,848,115	12.38%
09-10	129,492	197,372	62,795	284	389,943	3.5747	3,192,880	12.21%
10-11	103,762	242,772	69,570	366	416,470	3.4858	3,433,258	12.13%
11-12	95,038	190,399	72,600	229	358,266	3.4858	3,279,301	10.93%
12-13	93,281	176,954	73,525	317	344,077	3.4858	3,154,273	10.91%
13-14	87,089	160,104	65,464	297	312,954	4.2058	2,904,354	10.78%

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 Value)

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		
2004-05	3.3487	0.6115	0.1000	0.3117	2.6262	2.7826	3.0000	0.0000	1.8931	0.4560
2005-06	3.3487	0.6115	0.1000	0.0000	2.6414	2.7854	3.2500	0.0000	1.8090	0.4358
2006-07	3.3050	0.6115	0.1000	0.0000	2.6400	2.7500	3.2500	0.0000	1.7394	0.0000
2007-08	3.1809	0.6115	0.1000	0.0000	2.6398	2.7485	3.2500	1.4990	1.6020	0.0000
2008-09	3.0142	0.6228	0.1000	0.0000	2.6389	2.9228	3.2500	1.5105	1.4622	0.0000
2009-10	2.8956	0.5791	0.1000	0.0000	3.3719	2.9986	3.2500	1.4182	1.3726	0.3306
2010-11	2.8215	0.5643	0.1000	0.0000	3.1392	2.9925	3.2500	1.4210	1.4797	0.3564
2011-12	2.8215	0.5643	0.1000	0.0000	3.2066	3.3320	3.2500	1.5200	1.7682	0.4259
2012-13	2.8215	0.5643	0.1000	0.0000	3.2583	3.6475	3.2500	1.6500	1.9585	0.4717
2013-14	3.4215	0.6843	0.1000	0.0000	3.2902	3.7517	3.2500	1.9800	2.1265	0.5123

SOURCE: Annual budgets.

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

Fiscal Year	Patagonia Union High School #20	Elementary Schools			Santa Cruz Valley Unified #35	Nogales Unified #1
		Patagonia #6	Sonoita #25	Santa Cruz #28		
2004-05	3.5465	4.9368	6.1021	7.9880	6.7652	6.8507
2005-06	3.2983	4.6492	5.9349	7.8257	6.6384	7.3603
2006-07	3.0535	4.4570	4.8545	7.4907	6.5803	7.3749
2007-08	2.4882	3.6476	4.6478	7.3503	6.8060	7.3555
2008-09	2.1217	3.3947	3.9152	7.1079	6.7135	6.4868
2009-10	2.1612	3.9584	4.9136	6.9068	6.7609	4.3349
2010-11	2.1566	3.1159	4.4055	5.0505	6.7557	4.4026
2011-12	2.2687	3.1483	4.0675	4.9061	6.7550	4.6789
2012-13	2.2503	3.1298	4.0675	4.5000	6.7238	5.1559
2013-14	2.1957	3.0708	4.0668	4.5000	6.2765	5.6064

SOURCE: Annual budgets.

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

Taxpayer	2014			2013			2012			2011			2010		
	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value
City of Nogales													2,945.00	4	0.65%
Unisource Energy Corporation *	16,987.00	1	5.00%	16,670.00	1	4.44%	15,062.00	1	3.77%	13,935.00	1	3.15%	14,303.00	1	3.17%
Qwest Corporation *	1,929.00	5	0.57%	2,112.00	7	0.56%	2,979.00	3	0.75%	2,897.00	3	0.65%	3,230.00	3	0.72%
Wal-Mart Stores, Inc.	2,546.00	3	0.75%	2,270.00	5	0.60%	2,519.00	5	0.63%	2,554.00	6	0.58%	2,660.00	6	0.59%
Delta Properties LLP	5,770.00	2	1.70%	6,178.00	2	1.64%	5,197.00	2	1.30%	5,697.00	2	1.29%	4,374.00	2	0.97%
Union Pacific Railroad	2,498.00	4	0.73%	2,040.00	8	0.54%	1,926.00	7	0.48%	1,710.00	10	0.39%			
Mariposa Shopping Center LP *	1,745.00	6	0.51%	2,326.00	4	0.62%	1,832.00	9	0.46%	1,947.00	8	0.44%	2,119.00	8	0.47%
Tubac Management Co, LLC	1,744.00	7	0.51%	1,679.00	9	0.45%	1,859.00	8	0.47%	1,902.00	9	0.43%			
Nogales Plaza Shopping Center LP													1,966.00	10	0.44%
114 SOAC Properties Corporation	1,578.00	8	0.46%												
Vatere LLC				2,591.00	3	0.69%	2,126.00	6	0.53%	2,611.00	5	0.59%	2,630.00	7	0.58%
Rio Rico Properties				2,245.00	6	0.60%	1,591.00	10	0.40%	2,116.00	7	0.48%	2,023.00	9	0.45%
Crisantes Properties, LLC	1,433.00	10	0.42%	1,609.00	10	0.43%									
Rio Rico Utilities	1,462.00	9	0.43%												
Title Security Agency of Arizona							2,695.00	4	0.67%	2,695.00	4	0.61%	2,687.00	5	0.60%
Total	<u>\$ 37,692.00</u>		11.08%	<u>\$ 39,720.00</u>		10.57%	<u>\$ 37,786.00</u>		9.46%	<u>\$ 38,064.00</u>		8.61%	<u>\$ 38,937.00</u>		8.64%

(continued)

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

\*Name Changed  
SOURCE: Arizona Department of Revenue, Central Information Services

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

Taxpayer	2009			2008			2007			2006			2005		
	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value
City of Nogales	2,767.00	5	0.74%												
Unisource Energy Corporation *	14,580.00	1	3.91%												
Qwest Corporation *	4,403.00	3	1.18%	15,211.00	1	4.45%	13,790.00	1	4.69%	12,909.00	1	4.85%	11,622.00	1	4.58%
Wal-Mart Stores, Inc.	3,225.00	4	0.86%	4,467.00	3	1.31%	5,356.00	4	1.82%	4,916.00	2	1.85%	5,774.00	2	2.28%
Delta Properties LLP	4,583.00	2	1.23%	3,824.00	5	1.12%	7,768.00	2	2.64%	3,641.00	4	1.37%	3,387.00	3	1.34%
Union Pacific Railroad			-	5,756.00	2	1.68%	6,034.00	3	2.05%	4,103.00	3	1.54%	3,310.00	4	1.30%
Mariposa Shopping Center LP *	2,624.00	8	0.70%	-		-	-		-	2,229.00	7	0.84%	2,198.00	5	0.87%
Tubac Management Co, LLC	2,137.00	9	0.57%	3,956.00	4	1.16%	3,586.00	7	1.22%	3,120.00	5	1.17%	2,068.00	6	0.82%
Nogales Plaza Shopping Center LP	2,060.00	10	0.55%	2,633.00	9	0.77%	4,373.00	5	1.49%	-		-	-		-
Vatere LLC	2,694.00	6	0.72%	2,182.00	10	0.64%				1,995.00	8	0.75%	1,884.00	7	0.74%
Loma Linda Mall LLC *				3,143.00	6	0.92%				2,291.00	6	0.86%	1,631.00	9	0.64%
Tucson Electric Power Co										1,391.00	10	0.52%	1,257.00	10	0.50%
Edwards/PCF-Nogales LLC				2,827.00	8	0.83%									
Westrust Southwest Retail Partners LLC													1,834.00	8	0.72%
Lawyers Title Agency of AZ, LLC	2,687.00	7	0.72%												
Rio Rico Utilities							4,084.00	6	1.39%	1,591.00	9	0.60%			
Mayer Alberto Family Limited							3,195.00	9	1.09%						
Newhall Nogales General Printshop				2,938.00	7	0.86%									
Omega Nogales Property*							3,307.00	8	1.12%						
Royal Sterilization Systems							2,343.00	10	0.80%						
<b>Total</b>	<b><u>\$ 41,760.00</u></b>		<b>11.18%</b>	<b><u>\$ 46,937.00</u></b>		<b>13.74%</b>	<b><u>\$ 53,836.00</u></b>		<b>18.31%</b>	<b><u>\$ 38,186.00</u></b>		<b>14.35%</b>	<b><u>\$ 34,965.00</u></b>		<b>13.79%</b>

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

Santa Cruz County  
Property Tax Levies and Collections  
Last Ten Years

Fiscal Year	Primary Property Taxes	Secondary Property Total	Total Property Tax Levy	Property Taxes Collected			Percent of Levy	Subsequent Taxes Collected	Total Tax Collections To Date	Percent of Levy	Outstanding Delinquent Taxes Receivable <sup>(1)</sup>
				Within Fiscal Year of Levy							
				Primary	Secondary	Total					
2004-05	8,299,918	2,420,410	10,720,328	7,454,661	2,179,289	9,633,950	89.87	79,734	9,713,684	90.61	816,824
2005-06	8,743,144	1,711,148	10,454,292	8,070,534	1,725,698	9,796,232	93.71	883,713	10,679,945	102.16	1,808,008
2006-07	9,259,136	1,918,450	11,177,586	8,623,111	1,889,201	10,512,312	94.05	735,289	11,247,601	100.63	1,739,046
2007-08	9,947,132	2,242,325	12,189,457	9,497,528	2,171,670	11,669,198	95.73	320,894	11,990,092	98.36	1,887,672
2008-09	10,630,673	2,653,693	13,284,366	10,280,858	2,726,901	13,007,759	97.92	61,724	13,069,483	98.38	1,341,685
2009-10	11,291,178	2,868,608	14,159,786	10,976,580	2,677,899	13,654,479	96.43	758,807 <sup>(2)</sup>	14,413,286	101.79	1,762,137
2010-11	11,609,650	2,759,623	14,369,273	10,779,893	2,622,616	13,402,509	93.27	1,013,143 <sup>(3)</sup>	14,415,652	100.32	1,798,561
2011-12	10,795,615	2,489,025	13,284,640	11,027,773	2,196,355	13,224,128	99.54	1,525,502 <sup>(4)</sup>	14,749,630	111.03	1,853,248
2012-13	10,425,390	2,329,282	12,754,672	10,424,958	2,399,481	12,824,439	100.55	849,087 <sup>(5)</sup>	13,673,526	107.20	1,620,796
2013-14	11,576,873	2,473,562	14,050,435	10,103,854	2,329,991	12,433,845	88.49	240,177 <sup>(6)</sup>	12,674,022	90.20	1,652,912

NOTES:

- (1) Amount was obtained from applicable years' financial statements and represents primary and secondary county tax levies receivable, net of uncollectible as of fiscal year-end.
- (2) Subsequent Taxes Collected as of March 21, 2011.
- (3) Subsequent Taxes Collected as of January 25, 2012
- (4) Subsequent Taxes Collected as of March 13, 2013
- (5) Subsequent Taxes Collected as of March 3, 2014
- (6) Subsequent Taxes Collected as of September 30, 2014

Source: Annual Budgets

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

Fiscal Year	Net Assessed Value	Estimated Actual Value	Ratio of Net Assessed to Estimated Actual Value
2004-05 Primary	247,855	1,890,755	13.11
2004-05 Secondary	253,681	1,933,114	13.12
2005-06 Primary	261,091	2,011,601	12.98
2005-06 Secondary	265,934	2,044,045	13.01
2006-07 Primary	280,155	2,176,915	12.87
2006-07 Secondary	294,247	2,283,668	12.88
2007-08 Primary	312,714	2,469,255	12.66
2007-08 Secondary	341,684	2,692,936	12.69
2008-09 Primary	352,686	2,848,115	12.38
2008-09 Secondary	404,366	3,266,623	12.38
2009-10 Primary	389,943	3,192,880	12.21
2009-10 Secondary	450,859	3,676,653	12.26
2010-11 Primary	411,476	3,433,258	11.99
2010-11 Secondary	442,665	3,667,071	12.07
2011-12 Primary	382,516	3,279,301	11.66
2011-12 Secondary	399,532	3,402,767	11.74
2012-13 Primary	369,498	3,154,273	11.71
2012-13 Secondary	375,670	3,199,700	11.74
2013-14 Primary	338,357	2,904,354	11.65
2013-14 Secondary	339,878	2,918,828	11.64

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  
Ratios 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 Capital Leases	Total Primary Government	Personal Income	Percentage of Personal Income	Population	Debt Per Capita
	General Obligation Bonds	Capital Leases	Long- Term Loans Payable						
2004-2005	-	532	447	496	1,475	838,841	.18%	42,150	35
2005-2006	-	-	766	324	1,090	939,156	.12%	42,066	26
2006-2007	-	673	742	421	1,836	1,083,783	.17%	42,692	43
2007-2008	-	1,012	718	334	2,064	1,141,556	.18%	43,133	48
2008-2009	-	1,524	59,855	216	61,595	1,137,477	5.4 %	43,771	1,407
2009-2010	-	1,230	56,790	117	58,137	1,194,102	4.9 %	47,420	1,226
2010-2011	-	1,313	55,245	6	56,564	1,159,970 <sup>(1)</sup>	4.9 %	47,539	1,189
2011-2012	-	1,159	62,790	-	63,949	1,201,845 <sup>(1)</sup>	5.3 %	48,724	1,312
2012-2013	-	1,261	60,790	-	62,051	1,220,160 <sup>(1)</sup>	5.1 %	49,200	1,261
2013-2014	-	1,009	58,710	-	59,719	1,289,709 <sup>(1)</sup>	4.6 %	49,816	1,199

NOTE:

<sup>(1)</sup> Projected Estimate

SOURCE: Basic Financial Statements

Santa Cruz County  
 Computation of Direct and Overlapping Debt  
 Governmental Activities, Debt Outstanding  
 June 30, 2014  
 (Amounts in Thousands)

<u>Governmental Unit</u>	Net Debt Outstanding	Percent Applicable to Santa Cruz	Amount Applicable to Santa Cruz
<b>Other Debt</b>			
Santa Cruz County – Governmental Capital Lease	1,009	100	1,009
Santa Cruz County – Governmental Loans Payable	58,710	100	58,710

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

SOURCE: Report of Indebtedness – published by Arizona Department of Revenue.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Assessed Value</b>	\$253,681	\$265,934	\$294,247	\$341,684	\$404,366	\$450,859	\$442,665	\$399,532	\$375,670	\$339,878
<b>Legal Debt Margin</b>										
Debt Limit (15% of assessed value)	38,052	39,890	44,137	51,253	60,655	67,629	66,400	59,930	56,351	50,982
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Net Position reserved for repayment of general obligation bonds	<u>(295)</u>	<u>(408)</u>	<u>(445)</u>	<u>(1,792)</u>	<u>(2,129)</u>	<u>(493)</u>	<u>(236)</u>	<u>(242)</u>	<u>(553)</u>	<u>(98)</u>
Total net debt applicable to the limit	<u>(295)</u>	<u>(408)</u>	<u>(445)</u>	<u>(1,792)</u>	<u>(2,129)</u>	<u>(493)</u>	<u>(236)</u>	<u>(242)</u>	<u>(553)</u>	<u>(98)</u>
Legal Debt Limit Margin	<u><u>(295)</u></u>	<u><u>(408)</u></u>	<u><u>(445)</u></u>	<u><u>(1,792)</u></u>	<u><u>(2,129)</u></u>	<u><u>(493)</u></u>	<u><u>(236)</u></u>	<u><u>(242)</u></u>	<u><u>(553)</u></u>	<u><u>(98)</u></u>
Total net debt applicable to the limit as a percentage of debt limit	(0.78)%	(1.02)%	(1.01)%	(3.50)%	(3.51)%	(0.73)%	(0.36)%	(0.40)%	(0.98)%	(0.19)%

SOURCE: Basic Financial Statements

Santa Cruz County  
Pledged Revenue Coverage  
Last Ten Fiscal Years  
June 30, 2014

Fiscal Year	Long Term Loan (Court and Judicial Facility: 2008-1 Project)			
	Revenues <sup>(1)</sup>	Debt Service		Coverage
		Principal	Interest	
2005*				
2006*				
2007*				
2008*				
2009	\$4,088,435		\$ 351,086	11.65
2010	3,297,621	\$ 530,000	1,111,013	2.01
2011	4,843,455	270,000	726,675	4.86
2012	4,124,254	280,000	715,875	4.14
2013	4,792,800	295,000	704,675	4.79
2014	5,110,986	305,000	692,506	5.12

Fiscal Year	Long Term Loan (Jail District Detention Facility: 2008-2 Project)					Coverage
	Jail District Revenues <sup>(2)</sup>	Less: Expenditures	Net Available Revenue	Debt Service		
				Principal	Interest	
2005*						
2006*						
2007*						
2008*						
2009	\$7,576,248	\$4,228,719	\$3,347,529		\$ 918,961	3.64
2010	9,833,114	3,315,668	6,517,446	\$2,535,000	3,039,978	1.17
2011	7,301,354	4,465,324	2,836,030	1,275,000	1,972,431	.87
2012	6,056,500	5,062,557	993,943	1,320,000	1,927,806	.31
2013	6,273,665	5,542,070	731,595	1,370,000	1,878,306	.23
2014	7,093,279	5,211,356	1,881,923	1,425,000	1,823,506	.58

SOURCE: Basic financial statements and debt retirement schedules.

\* The County did not have any outstanding debt with pledged revenues during the fiscal year.

(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.

Santa Cruz County  
Ratio of Annual Debt Service Expenditures for  
General Bonded Debt to Total General Government Expenditures  
Last Ten Fiscal Years  
(Amounts in Thousands)

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Government Expenditures<sup>(1)</sup></b>	<b>Ratio of Debt Service to Total General Government Expenditures</b>
2004-05	1,040	59	1,099	11,711	0.09
2005-06	-	-	-	14,369	-
2006-07	-	-	-	15,512	-
2007-08	-	-	-	13,564	-
2008-09	-	-	-	12,856	-
2009-10	-	-	-	12,843	-
2010-11	-	-	-	14,807	-
2011-12	-	-	-	13,885	-
2012-13	-	-	-	13,605	-
2013-14	-	-	-	13,703	-

NOTES:

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

SOURCE: Basic financial statements.

## **DEMOGRAPHIC AND ECONOMIC INFORMATION:**

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

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

Santa Cruz County  
Demographic Statistics-Economic Indicators  
Last Ten Years

Year	Population	Per Capita Income	Personal Income	School Enrollment	Civilian Labor Force	Unemployment Rate
2005	42,150	19,901	838,841	10,510 <sup>(2)</sup>	16,075	11.4
2006	42,066	22,326	939,156	10,510 <sup>(3)</sup>	16,550	8.0
2007	42,692	25,386	1,083,783	11,183 <sup>(4)</sup>	16,100	6.7
2008	43,133	26,466	1,141,556	11,267 <sup>(5)</sup>	18,300	7.9
2009	43,771	25,987 <sup>(1)</sup>	1,137,477 <sup>(1)</sup>	10,611 <sup>(6)</sup>	18,150	14.2
2010	47,420	25,181 <sup>(1)</sup>	1,194,102 <sup>(1)</sup>	11,246 <sup>(7)</sup>	17,950	15.6
2011	47,539	24,400 <sup>(1)</sup>	1,159,970 <sup>(1)</sup>	11,028 <sup>(8)</sup>	18,975	16.5
2012	48,724	24,666 <sup>(1)</sup>	1,201,845 <sup>(1)</sup>	10,502 <sup>(9)</sup>	18,352	18.3
2013	49,200	24,800 <sup>(1)</sup>	1,220,160 <sup>(1)</sup>	10,719 <sup>(10)</sup>	17,917	17.3
2014	49,819	25,890 <sup>(1)</sup>	1,289,709 <sup>(1)</sup>	11,009 <sup>(11)</sup>	17,328	15.2

NOTES:

- (1) Projected Estimate.
- (2) School enrollment as of April 27, 2005.
- (3) School enrollment as of January 18, 2006.
- (4) School enrollment as of September 27, 2006.
- (5) School enrollment as of November 26, 2007.
- (6) School enrollment as of January 20, 2009.
- (7) School enrollment as of April 30, 2010.
- (8) School enrollment as of February 28, 2011.
- (9) School enrollment as of June 30, 2012.
- (10) School enrollment as of June 30, 2013.
- (11) School enrollment as of September 30, 2014.

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 the University of Arizona

Santa Cruz County  
Principal Employers  
Last Ten Years  
June 30, 2014

Employer	2014			2013			2012			2011			2010		
	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force
Nogales Unified School District #1	567	2	3.3%	603	2	3.4%	562	2	3.1%	591	1	3.1%	683	2	3.8%
US Border Patrol	716	1	4.1%	735	1	4.1%	751	1	4.1%	N/A	N/A	N/A	737	1	4.1%
Super Wal-Mart	421	4	2.4%	487	3	2.7%	466	4	2.5%	412	4	2.2%	500	4	2.8%
US Customs and Border Protection	490	3	2.8%	470	4	2.6%	482	3	2.6%	440	2	2.3%	390	5	2.2%
Santa Cruz County	400	6	2.3%	411	5	2.3%	419	6	2.3%	373	5	2.0%	387	6	2.2%
Santa Cruz Valley Unified School District #35	434	5	2.5%	401	6	2.2%	430	5	2.3%	430	3	2.3%	584	3	3.3%
City of Nogales	295	7	1.7%	288	7	1.6%	275	7	1.5%	280	6	1.5%	327	7	1.8%
Carondelet Health Network - Holy Cross Hospital	172	10	1.0%	217	9	1.2%	175	9	1.0%	206	8	1.1%	206	9	1.1%
Mariposa Community Health Center, Inc.	242	8	1.4%	237	8	1.3%	228	8	1.2%	233	7	1.2%	209	8	1.2%
Tubac Golf Resort	192	9	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	170	9	0.9%	160	10	0.9%
<b>Total</b>	<b>3,929</b>		<b>21.5%</b>	<b>3,849</b>		<b>21.4%</b>	<b>3,788</b>		<b>20.6%</b>	<b>3,135</b>		<b>16.6%</b>	<b>4,183</b>		<b>23.4%</b>
<b>Total Work Force</b>	<b>17,328</b>			<b>17,917</b>			<b>18,352</b>			<b>18,975</b>			<b>17,950</b>		

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Employer	2009			2008			2007			2006			2005		
	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	620	1	3.4%	700	1	3.8%	695	2	4.3%	1,341	1	8.1%	727	1	4.5%
US Border Patrol	N/A	N/A	N/A	638	2	3.5%	975	1	6.1%	537	3	3.2%	529	2	3.3%
Super Wal-Mart	530	3	2.9%	600	3	3.3%	644	3	4.0%	640	2	3.9%	475	3	3.0%
US Customs and Border Protection	N/A	N/A	N/A	425	5	2.3%	359	6	2.2%	387	6	2.3%	411	5	2.6%
Santa Cruz County	406	4	2.2%	390	6	2.1%	418	5	2.6%	415	5	2.5%	363	6	2.3%
Santa Cruz Valley Unified School District #35	608	2	3.3%	450	4	2.5%	430	4	2.7%	437	4	2.6%	425	4	2.6%
City of Nogales	316	5	1.7%	309	7	1.7%	307	7	1.9%	304	7	1.8%	293	7	1.8%
Carondelet Health Network - Holy Cross Hospital	245	6	1.3%	264	8	1.4%	242	8	1.5%	249	8	1.5%	249	8	1.5%
Mariposa Community Health Center, Inc.	215	7	1.2%	198	10	1.1%	198	9	1.2%	193	9	1.2%	189	9	1.2%
Tubac Golf Resort	N/A	N/A	N/A	200	9	1.1%	180	10	1.1%	N/A	N/A	N/A	N/A	N/A	N/A
Canchola Group	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	80	10	0.5%	140	10	0.9%
<b>Total</b>	<b>2,940</b>		<b>16.0%</b>	<b>4,174</b>		<b>22.8%</b>	<b>4,448</b>		<b>27.6%</b>	<b>4,583</b>		<b>27.6%</b>	<b>3,801</b>		<b>23.7%</b>
<b>Total Work Force</b>	<b>18,300</b>			<b>18,300</b>			<b>16,100</b>			<b>16,550</b>			<b>16,075</b>		

Sources: www.azstarnet.com/sn/star200; phone call & e-mail surveys to local employees

Sources: www.azstarnet.com/sn/star200; www.cochise.edu/cer; phone call & e-mail surveys to local employees

Santa Cruz County  
Employment Statistics  
Last Ten Years  
June 30, 2014

Type of Employment	2014		2013		2012		2011		2010	
	Employees	Percent of Total								
Goods-Producing	600	4.65%	625	5.03%	650	4.91%	750	5.86%	825	6.8%
Trade, Transportation, and Utilities	5,550	43.02%	5,300	42.66%	5,825	44.13%	4,950	38.67%	4,850	39.9%
Other Private Service-Producing	2,925	22.67%	2,600	20.92%	2,675	20.27%	3,100	24.22%	2,800	23.0%
Federal Government	1,750	13.57%	1,800	14.49%	1,825	13.83%	1,725	13.48%	1,600	13.2%
State Government	<u>2,075</u>	<u>16.09%</u>	<u>2,100</u>	<u>16.90%</u>	<u>2,225</u>	<u>16.86%</u>	<u>2,275</u>	<u>17.77%</u>	<u>2,075</u>	<u>17.1%</u>
	<u>12,900</u>	<u>100%</u>	<u>12,425</u>	<u>100%</u>	<u>13,200</u>	<u>100%</u>	<u>12,800</u>	<u>100%</u>	<u>12,150</u>	<u>100.0%</u>

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Type of Employment	2009		2008		2007		2006		2005	
	Employees	Percent of Total								
Goods-Producing	900	7.1%	950	6.5%	1,100	8.2%	825	6.0%	1,025	8.0%
Trade, Transportation, and Utilities	5,375	42.6%	6,250	42.8%	4,925	36.5%	5,650	40.9%	5,150	40.3%
Other Private Service-Producing	2,750	21.8%	3,700	25.4%	4,075	30.2%	4,025	29.1%	3,325	26.1%
Federal Government	1,575	12.5%	1,525	10.4%	1,400	10.4%	1,300	9.4%	1,200	9.4%
State Government	<u>2,025</u>	<u>16.0%</u>	<u>2,175</u>	<u>14.9%</u>	<u>1,975</u>	<u>14.7%</u>	<u>2,025</u>	<u>14.6%</u>	<u>2,075</u>	<u>16.2%</u>
	<u>12,625</u>	<u>100.0%</u>	<u>14,600</u>	<u>100.0%</u>	<u>13,475</u>	<u>100.0%</u>	<u>13,825</u>	<u>100.0%</u>	<u>12,775</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](http://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 <sup>(1)</sup>		Construction Awards	Number of Dwelling Units Awarded	Bank Deposits
	Construction	Retail Trade			
2005	61,301	434,479	173,864	932	657,083
2006	115,792	491,800	174,049	1,152	757,872
2007	120,801	533,154	109,653	764	794,000
2008	103,134	507,324	60,056	567	753,000
2009	128,347	411,854	30,439	395	775,352
2010	62,274	404,372	27,614	394	835,032
2011	54,042	301,465	21,834	283	843,570
2012	83,200	299,091	31,354	314	871,385
2013	61,454	303,458	12,602	259	908,522
2014	58,457	323,635	28,540	278	753,881

NOTE:

<sup>(1)</sup> Information reported for fiscal years ended June 30.

SOURCES: Arizona Department of Revenue 2014 Annual Report.  
Report of building or zoning permits issued and local public construction.  
Federal Deposit Insurance Corporation Web site.

## **OPERATING INFORMATION:**

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

Santa Cruz County  
 Employees by Function  
 Last Ten Years  
 June 30, 2014

Fiscal Year	Governmental Activities							Business-Type	Total Employees in all Functions
	General Government	Public Safety	Highways and Streets	Health and Welfare	Recreation	Education and Economic Opportunity	Total	Sanitation Landfill Enterprise	
04-05	153	95	37	15	5	47	352	12	364
05-06	169	108	41	20	6	57	401	14	415
06-07	195.25	110	40.25	21	7	26.5	400	18	418
07-08	184	111	38	20	6	19	378	12	390
08-09	155	135	40	20	6	21	377	13	390
09-10	184	104	36	19	1	31	375	12	387
10-11	168	125	36	16	1	16	362	11	373
11-12	182	136	31	17	1	16	383	13	396
12-13	164	136	28	18	1	16	363	14	377
13-14	165	119	30	16	1	16	347	10	357

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

Santa Cruz County  
Operating Indicators  
Last Ten Fiscal Years

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

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	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>MILES OF STREETS</b>										
Paved	405.47	425.38	425.00	425.38	425.38	422.16	412.32	408.43	407.68	407.60
Unpaved	331.52	316.64	316.00	316.64	316.64	292.84	317.67	321.91	322.57	322.57
<b>REGISTERED VOTERS</b>	26,023	25,023	23,296	23,607	22,246	23,205	24,132	22,146	21,267	21,334
Democrat	49.32%	53.90%	50.81%	51.37%	52.63%	53.35%	54.93%	54.87%	56.24%	57.42%
Republican	15.99%	17.64%	16.96%	16.98%	17.38%	18.39%	19.06%	19.49%	20.14%	20.63%
<b>NUMBER OF JUDICIAL COURTS</b>										
Superior Court Department	1	1	1	1	1	1	1	1	1	1
Justice of Peace Courts	2	2	2	2	2	2	2	2	2	2
<b>FLOOD PROTECTION</b>										
Flood control district	1	1	1	1	1	1	1	1	1	1
Number of employees	6	6	8	9	8	9	9	9	8	8
<b>SHERIFF PROTECTION</b>										
Number of stations	3	3	3	1	1	4	4	4	4	4
Number of employees	96	119	114	104	119	90	81	79	88	79
Major crimes	76	207	271	285	460	586	418	430	415	306
Vehicular patrol units	16	25	56	25	25	32	27	27	30	25
<b>SANITARY LANDFILLS</b>										
Number of landfills	2	2	2	2	2	2	2	2	2	2
<b>NUMBER OF PARKS</b>										
Neighborhood parks	8	8	8	8	8	8	8	8	8	8

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

Santa Cruz County  
Capital Assets Used in the Operation of Governmental Funds  
Last Ten Fiscal Years  
June 30, 2014  
(Amounts in Thousands)

	<u>2014</u>	<u>2013</u>	<u>2012*</u>	<u>2011</u>	<u>2010</u>
<b>Governmental funds capital assets</b>					
Infrastructure	\$ 79,346	\$ 79,271	\$ 75,593	\$ 70,992	\$ 70,712
Land	22,343	22,343	22,343	22,151	22,151
Buildings	73,963	73,963	73,881	73,098	12,396
Improvements other than buildings	3,267	3,206	3,195	3,177	3,176
Construction equipment and vehicles	9,636	9,760	9,922	10,450	10,065
Furniture and equipment	11,097	11,452	10,728	10,532	8,037
Construction in progress	2,664	3,969	3,688	3,607	58,122
Total governmental funds capital assets	<u>\$ 202,316</u>	<u>\$ 203,964</u>	<u>\$ 199,350</u>	<u>\$ 194,007</u>	<u>\$ 184,659</u>
<b>Investments in governmental funds capital assets by source</b>					
General Fund	\$ 18,148	\$ 18,589	\$ 18,267	\$ 18,984	\$ 19,080
Special Revenue Funds*	127,566	130,599	124,519	119,176	115,898
Capital Projects Funds	56,599	56,637	56,564	55,847	49,681
Capital Contributions	3	-	-	-	-
Total governmental funds capital assets	<u>\$ 202,316</u>	<u>\$ 205,825</u>	<u>\$ 199,350</u>	<u>\$ 194,007</u>	<u>\$ 184,659</u>
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006*</u>	<u>2005</u>
<b>Governmental funds capital assets</b>					
Infrastructure	\$ 70,463	\$ 70,356	\$ 67,645	\$ 62,175	\$ 2,746
Land	22,151	22,151	22,145	21,844	6,619
Buildings	12,010	12,010	11,992	10,317	10,303
Improvements other than buildings	3,175	3,037	2,962	2,558	2,429
Construction equipment and vehicles	9,805	9,799	8,870	7,364	6,676
Furniture and equipment	6,261	5,941	5,227	3,672	3,026
Construction in progress	29,779	6,796	4,590	2,903	1,461
Total governmental funds capital assets	<u>\$ 153,644</u>	<u>\$ 130,090</u>	<u>\$ 123,431</u>	<u>\$ 110,833</u>	<u>\$ 33,260</u>
<b>Investments in governmental funds capital assets by source</b>					
General Fund	\$ 18,939	\$ 14,402	\$ 13,692	\$ 12,696	\$ 11,972
Special Revenue Funds	114,782	95,843	89,903	80,791	6,033
Capital Projects Funds	19,923	19,845	19,836	17,346	15,255
Total governmental funds capital assets	<u>\$ 153,644</u>	<u>\$ 130,090</u>	<u>\$ 123,431</u>	<u>\$ 110,833</u>	<u>\$ 33,260</u>

SOURCE: Comprehensive Annual Financial Reports for the relevant year

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