

SANTA CRUZ COUNTY, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015

BOARD OF SUPERVISORS

**MANUEL RUIZ,
VICE-CHAIRMAN
DISTRICT #1**

**RUDY MOLERA,
CHAIRMAN
DISTRICT #2**

**JOHN MAYNARD,
MEMBER
DISTRICT #3**

COUNTY MANAGER

JENNIFER K. ST. JOHN

PREPARED BY THE SANTA CRUZ COUNTY FINANCE DEPARTMENT

**DIRECTOR OF ADMINISTRATIVE SERVICES
JENNIFER K. ST. JOHN**

**SENIOR ACCOUNTANT
MAYRA OCHOA**

**DATA PROCESSING &
PAYROLL ADMINISTRATOR
IRMA MENDOZA**

**ACCOUNTANTS
PATRICIA AZCUE-VALDEZ
MARIA MARTINEZ**

**SENIOR SECRETARY
ROSIE FERNANDEZ**

**ACCOUNTING SPECIALIST
CAROLINA NUÑO**

**ACCOUNTING SPECIALIST
SYLVIA BRENNER**

Santa Cruz County
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2015

Table of Contents

Page

Introductory Section

Letter of Transmittal	v-viii
Organizational Chart	ix

Financial Section

Independent Auditors' Report.....	1-3
Required Supplementary Information—Management's Discussion and Analysis	5-14

Government-Wide Statements

Statement of Net Position	16
Statement of Activities.....	17

Fund Statements

Governmental Funds

Balance Sheet	18-19
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position.....	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	22-23
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities	24

Proprietary Funds

Statement of Net Position	25
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	26
Statement of Cash Flows	27

Fiduciary Funds

Statement of Fiduciary Net Position.....	28
Statement of Changes in Fiduciary Net Position	29

Notes to Financial Statements	31-71
-------------------------------------	-------

Table of Contents (Continued)

Other Required Supplementary Information

Budgetary Comparison Schedules

General Fund	74-75
Jail District Fund	76
Criminal Justice Enhancement Fund	77
Flood Control Fund	78
Road Fund	79
Notes to Budgetary Comparison Schedules	80

Pension Plan Schedules

Schedule of the County's Proportionate Share of the Net Pension Liability—	
Cost-Sharing Pension Plans	81
Schedule of Changes in the County's Net Pension Liability and Related Ratios—	
Agent Pension Plans	82-83
Schedule of County Pension Contributions	84-85
Notes to Pension Plan Schedules	86
Schedule of Agent OPEB Plans' Funding Progress	87
Notes to Schedule of Agent OPEB Plans' Funding Progress	88

Supplementary Information

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds:

Combining Balance Sheet—Nonmajor Governmental Funds	90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—	
Nonmajor Governmental Funds	91
Combining Balance Sheet—Nonmajor Special Revenue Funds	92-93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—	
Nonmajor Special Revenue Funds	94-95
Combining Balance Sheet—Nonmajor Capital Projects Funds	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—	
Nonmajor Capital Projects Funds	97

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

Nonmajor Special Revenue Funds:

WIA Fund	99
Health Services	100
Juvenile Services	101
Probation Services	102
Homeland Security	103

Table of Contents (Continued)

Retrieval Conversion	104
Animal Control	105
Other Governmental Special Revenue Funds	106
Nonmajor Capital Projects Funds:	
Construction	108
Airport	109
Other	110
Nonmajor Debt Service Fund	112
Investment Trust and Agency Funds:	
Combining Statement of Fiduciary Net Position—Investment Trust Funds.....	114
Combining Statement of Fiduciary Net Position —Agency Funds	115
Combining Statement of Changes in Fiduciary Net Position —Investment Trust Funds	116
Combining Statement of Changes in Assets and Liabilities—Agency Funds	117

Statistical Section

Financial Trends

Net Position by Component.....	121
Changes in Net Position	122-123
Fund Balances, Governmental Funds	124
Changes in Fund Balances, Governmental Funds	125
General Government Revenues by Source	126
General Government Revenues by Source (as a percentage of total).....	127
General Government Expenditures by Function	128
General Government Expenditures by Function (as a percentage of total)	129

Revenue Capacity

Taxable Assessed Value and Estimated Actual Value of Property.....	131
Property Tax Rates—Direct and Overlapping Governments.....	132
Property Tax Rates—Direct and Overlapping Governments—School Districts	133
Principal Property Taxpayers	134-135
Property Tax Levies and Collections	136
Assessed and Estimated Actual Value of Taxable Property.....	137

Debt Capacity

Ratios of Outstanding Debt by Type to Personal Income and Per Capita	139
Computation of Direct and Overlapping Debt Governmental Activities, Debt Outstanding	140
Legal Debt Margin	141
Pledged Revenue Coverage.....	142

Table of Contents (Continued)

Demographic and Economic Information

Demographic Statistics—Economic Indicators.....	144
Principal Employers	145
Employment Statistics	146
Demographic Statistics—Sales, Construction, and Bank Deposits.....	147

Operating Information

Employees by Function	150
Operating Indicators	151
Capital Assets Used in the Operation of Governmental Funds.....	152



ADMINISTRATIVE SERVICES SANTA CRUZ COUNTY

Jennifer K. St. John, CPA
Director

March 28, 2016

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, 2015. 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 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

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

Profile of Santa Cruz County

Santa Cruz County is situated in the southern part of Arizona with its southern boundary bordering Mexico. The County was split from Pima County by the 20th Territorial Assembly in 1899. The County encompasses approximately 1,250 square miles and has roughly 50,500 people. The neighboring community of Nogales, Sonora, Mexico has grown to an estimated population of 450,000.

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

Economic Condition and Outlook

Santa Cruz County serves as a gateway for international trade and is a major link in the CANAMEX Trade Corridor, which is a western transportation corridor connecting Canada, the United States, and Mexico. The County's location at the U.S. and Mexican border provides excellent opportunities for shipping and distribution, retail trade, manufacturing, and tourism. The County has been a trading center for northern Mexico since the 1880s. Over 35,000 visitors come from northwest Mexico daily to shop in Santa Cruz County.

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

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

Major Initiatives

The U.S. Department of Homeland Security wrapped 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 meets monthly to disseminate information about GIS within the County and to encourage its use. Interactive maps are now available on the County website.

The U.S. Army Corps of Engineers (the Corps) completed the Chula Vista Wash improvements replacing the bridge that was demolished during the original construction project and installing bank protection. The County is extending the bank protection further upstream, installing a pedestrian path along Old Tucson Road and repaving the road for \$1.5 million.

Sixty percent design and environmental clearances for the signalization project at the Rio Rico Drive/Pendleton Drive intersection are complete. This upgrade is being funded with a combination of federal and local dollars and is scheduled for construction in 2018. Additional right-of-way acquisition is on-going.

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/Bravo Lane industrial area. Approximately \$1.4 million has been spent thus far. Local contractors are being used for this project.

The County installed first-of-its-kind ballfield lighting for the two fields at Robert Damon Recreational Complex. This project cost just under \$300,000 to complete.

Financial Management and Information

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

Independent Audit: State statutes require that the County issue annual financial statements, which shall be audited by the State of Arizona, Office of the Auditor General or its designee. The State 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.

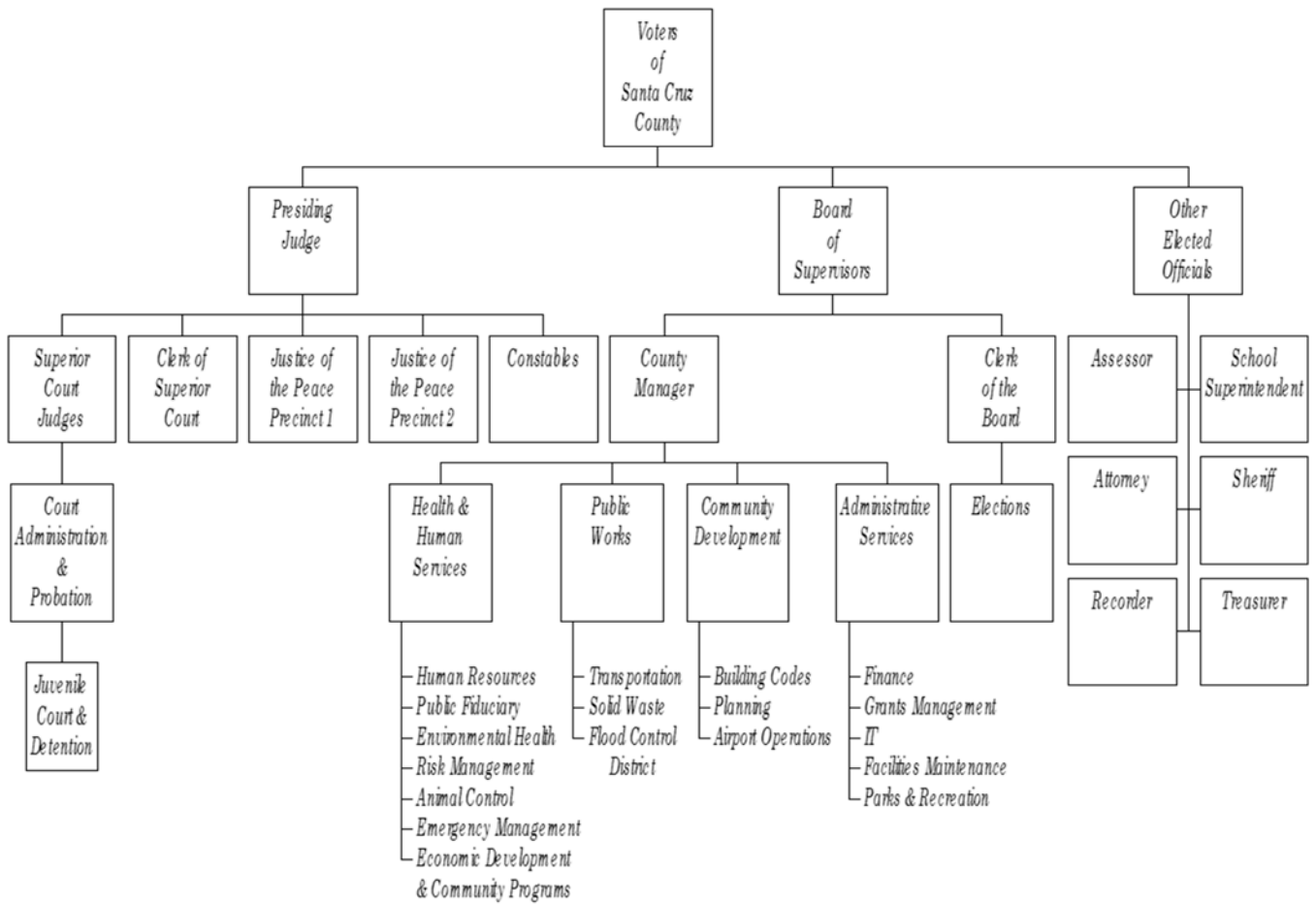
Acknowledgements

The preparation of this report could not be accomplished without the efficient and dedicated services of the finance department. I would also like to thank every county department who assisted in and contributed to the preparation of this report. In addition, the staff of the Auditor General's Office provided excellent support and technical advice. I also wish to express my sincere appreciation to the Board of Supervisors 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
County Manager/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, 2015, 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, 2015, 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, 2015, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 5 through 14, Budgetary Comparison Schedules on pages 74 through 80, Schedule of the County's Proportionate Share of the Net Pension Liability—Cost-Sharing Pension Plans on page 81, Schedule of Changes in the County's Net Pension Liability and Related Ratios—Agent Pension Plans on pages 82 through 83, Schedule of County Pension Contributions on pages 84 through 85, and the Schedule of Agent OPEB Plans' Funding Progress on page 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining and individual fund statements and schedules are 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 have also issued our report dated March 30, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 30, 2016

This page left blank intentionally.

Santa Cruz County Management's Discussion and Analysis

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

For the year ended June 30, 2015, the County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these GASB Statements had a significant effect on the financial statement amounts. The County's total net position as of July 1, 2014, has been restated from \$92.4 million as previously reported in the fiscal year 2014 CAFR to \$63.7 million for the prior period adjustments of the beginning net pension liability and County pension contributions made in FY 2014. Other financial areas that were significantly affected are explained below.

Financial Highlights

- At June 30, 2015, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$58,922,106 (net position). Of this amount, \$74.6 million is the net investment in capital assets (e.g., land, buildings, improvements, construction equipment and vehicles, furniture and equipment, infrastructure and construction in progress); \$7.7 million is restricted for specific purposes (restricted net position); and \$(23.4) million is the unrestricted net position deficit balance that is primarily a result of the implementation of GASB 68.
- The County's total net position as reported in the Statement of Activities decreased by \$4,821,910.
- At June 30, 2015, total assets were \$156,655,518 compared to \$159,536,258 at June 30, 2014. This is a \$2,880,740 or 1.8 percent decrease over the prior fiscal year.
- At June 30, 2015, total liabilities were \$100,933,119 compared to \$67,091,970 at June 30, 2014. This is a \$33,841,149 or 50.4 percent increase over the prior fiscal year.
- At June 30, 2015, the County reported total deferred outflows of resources related to pensions of \$7,249,050 and deferred inflows of resources related to pensions of \$4,049,343.
- At June 30, 2015, the governmental funds reported combined fund balances of \$20,105,887 or a decrease in fund balance of \$2,490,893, in comparison with the prior year.
- At June 30, 2015, \$9,756,398 or 48.5 percent of governmental fund balances were restricted, \$204,195 or 1.0 percent were assigned, \$10,043,583 or 50 percent were unassigned, and \$101,711 or 0.5 percent were nonspendable. Restricted fund balances have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations; or by constitutional provisions or enabling legislation. The assigned and unassigned fund balances are considered unrestricted. The unrestricted fund balances are available for spending at the County's discretion. However, the assigned fund balances are designated by management. The nonspendable

Santa Cruz County Management's Discussion and Analysis

fund balances include amounts that cannot be spent because they are not in spendable form, such as prepaid items.

- At June 30, 2015, unassigned fund balance for the general fund was \$11,124,579, approximately 55.7 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/deferred outflows of resources and liabilities/deferred inflows of resources, 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).

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*.

Santa Cruz County Management's Discussion and Analysis

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. 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 31-71 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 pension plan schedules and a schedule of agent OPEB plans' funding progress that present the County's

Santa Cruz County Management's Discussion and Analysis

progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found on pages 74-88 of this report.

Government-wide Financial Analysis

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position of the County as of June 30, 2015, compared to the prior year.

Statement of Net Position
June 30, 2015 and 2014 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 25,665	\$ 27,103	\$ 1,631	\$ 1,667	\$ 27,296	\$ 28,770
Capital assets	<u>124,411</u>	<u>127,106</u>	<u>4,949</u>	<u>3,660</u>	<u>129,360</u>	<u>130,766</u>
Total assets	<u>150,076</u>	<u>154,209</u>	<u>6,580</u>	<u>5,327</u>	<u>156,656</u>	<u>159,536</u>
Deferred outflows of resources	<u>7,185</u>		<u>64</u>		<u>7,249</u>	
Total deferred outflows of resources	<u>7,185</u>		<u>64</u>		<u>7,249</u>	
Current and other liabilities	3,318	2,421	385	242	3,703	2,663
Long-term liabilities	<u>94,082</u>	<u>61,822</u>	<u>3,149</u>	<u>2,607</u>	<u>97,231</u>	<u>64,429</u>
Total liabilities	<u>97,400</u>	<u>64,243</u>	<u>3,534</u>	<u>2,849</u>	<u>100,934</u>	<u>67,092</u>
Deferred inflows of resources	<u>3,935</u>		<u>114</u>		<u>4,049</u>	
Total deferred inflows of resources	<u>3,935</u>		<u>114</u>		<u>4,049</u>	
Net Position						
Net investment in capital assets	70,340	70,668	4,274	3,660	74,614	74,328
Restricted net position	7,711	9,515	-	-	7,711	9,515
Unrestricted net position (deficit)	<u>(22,125)</u>	<u>9,783</u>	<u>(1,278)</u>	<u>(1,182)</u>	<u>(23,403)</u>	<u>8,601</u>
Total net position	<u>\$ 55,926</u>	<u>\$ 89,966</u>	<u>\$ 2,996</u>	<u>\$ 2,478</u>	<u>\$ 58,922</u>	<u>\$ 92,444</u>

At June 30, 2015, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by almost \$59 million (net position).

The largest portion (\$74.6 million or 126.6 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

Santa Cruz County Management's Discussion and Analysis

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 (\$7.7 million or 13.1 percent) represents resources that are subject to external restrictions on how they may be used.

The remaining deficit balance (\$23.4 million or negative 39.7 percent) was a decrease of just over \$32.0 million from the prior year's unrestricted net position of \$8.6 million due largely to the County's implementation of GASB Statement Nos. 68 and 71, as mentioned above.

As a result of the County's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, the County reported the deferred outflows of resources of \$7.2 million and deferred inflows of resources of \$4.0 million related to pensions.

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

- Capital assets – the \$2.7 million decrease was due largely to several major projects being completed within the Public Works department and thereby reducing the construction in progress balance. There was a corresponding increase in the completed assets but not as much in fiscal year 2015 as there was in prior year.
- Long-term liabilities – the \$32.3 million increase was due largely to the addition of \$34.4 million in net pension liability as a result of the County's implementation of GASB Statement Nos. 68 and 71 and a net increase of \$267 thousand in compensated absences payable. The remaining difference is a decrease of \$2.4 million in regularly scheduled debt service payments.

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

- Capital assets – the \$1.3 million net increase in capital assets was mainly due to the acquisitions of \$1.3 million of construction equipment and vehicles and the landfill improvements of \$191 thousand. The remaining difference is an increase of \$179 thousand in accumulated depreciation for fiscal year 2015.
- Long-term liabilities – the \$542 thousand net increase was due to the additions of \$530 thousand in net pension liability and \$768 thousand of a new capital lease for construction equipment and the reductions of \$658 thousand for landfill closure and postclosure care costs and \$93 thousand for capital lease payments. The remaining difference is a net decrease of \$5 thousand in compensated absences payable.

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, 2015 and 2014 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,099	\$ 3,278	\$1,993	\$1,600	\$ 5,092	\$ 4,878
Operating grants and contributions	8,993	8,339	-	-	8,993	8,339
Capital grants and contributions	4,747	4,512	-	94	4,747	4,606
General revenues:						
Property taxes	14,041	13,915	-	-	14,041	13,915
County excise tax	5,009	5,370	-	-	5,009	5,370
Share of state sales taxes	4,454	4,450	-	-	4,454	4,450
Share of state overweight permits	783	754	-	-	783	754
Share of state lottery funds	1,100	-	-	-	1,100	-
Payments in lieu of taxes	932	978	-	-	932	978
VLT unrestricted	1,527	1,466	-	-	1,527	1,466
Grants and contributions not restricted to specific programs	522	506	-	-	522	506
Investment earnings	14	130	2	4	17	134
Miscellaneous	377	855	-	-	377	855
Gain of the sale of assets	4	134	-	-	4	134
Capital contribution	-	29	-	-	-	29
Transfers	(2)	(109)	2	109	-	-
Total revenues	<u>45,600</u>	<u>44,607</u>	<u>1,997</u>	<u>1,807</u>	<u>47,597</u>	<u>46,414</u>
Expenses:						
General government	16,772	14,525	-	-	16,772	14,525
Public safety	16,431	16,043	-	-	16,431	16,043
Highways and streets	7,474	6,972	-	-	7,474	6,972
Health, welfare and sanitation	4,633	4,754	-	-	4,633	4,754
Education and economic opportunity	3,259	2,453	-	-	3,259	2,453
Recreation	152	165	-	-	152	165
Interest on long-term debt	2,810	2,900	-	-	2,810	2,900
Landfill	-	-	888	1,511	888	1,511
Total expenses	<u>51,531</u>	<u>47,812</u>	<u>888</u>	<u>1,511</u>	<u>52,419</u>	<u>49,323</u>
Changes in net position	(5,931)	(3,205)	1,109	296	(4,822)	(2,909)
Net position—beginning, as restated	<u>61,857</u>	<u>93,171</u>	<u>1,887</u>	<u>2,182</u>	<u>63,744</u>	<u>95,353</u>
Net position—ending	<u>\$55,926</u>	<u>\$89,966</u>	<u>\$2,996</u>	<u>\$2,478</u>	<u>\$58,922</u>	<u>\$92,444</u>

Santa Cruz County Management's Discussion and Analysis

Overall the County's revenues increased by \$1.2 million or 2.5 percent primarily due to the additional \$1.1 million of 2014 and 2015 state share lottery funds received in fiscal year 2015.

The County's program expenses increased by \$3.1 million or 6.3 percent due largely to the addition of \$3.8 million of pension expense as a result of the County's implementation of GASB Statement Nos. 68 and 71.

Governmental activities – the change in net position for fiscal year 2015 was approximately \$5.9 million decrease in net position, which represents an increase of \$2.7 million from fiscal year 2014.

Business-type activities – Landfill revenues increased by about \$190 thousand or 10.5 percent from fiscal year 2014 due to a new revenue generated during the fiscal year by selling sludge. Expenditures decreased by approximately \$623 thousand from fiscal year 2014 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 8 of the Notes to Financial Statements on pages 44-47 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2015, the County's governmental funds reported combined fund balances of \$20,105,887, a decrease of \$2,490,893 in comparison with the prior year. This decrease is largely due to increased expenditures within the Road fund that were made to finish several large public works projects and a decrease in federal and state grants resulting in the County having to use its fund balance to continue grants programs and services expected by its citizens. Of the combined fund balances, \$10,043,583 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 \$11,124,579. Unassigned fund balance represents 55.7 percent of total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

The intergovernmental revenues in the General Fund increased by \$1.4 million or 20.1 percent due mainly to the additional \$1.1 million of 2014 and 2015 state share lottery funds received in fiscal year 2015.

The public safety expenditures in the Jail District Fund decreased by \$974 thousand due primarily to the declining federal inmate population.

Santa Cruz County Management's Discussion and Analysis

The fines and forfeitures revenue and general governmental expenditures in the Criminal Justice Enhancement Fund decreased by \$120 thousand and \$310 thousand, respectively, due largely to a decline in the seizure of assets under the Anti-Racketeering program, resulting in a corresponding decline of money available to spend within the Anti-Racketeering fund.

The highways and streets expenditures in the Road fund increased by \$1.6 million due primarily to additional projects completed within the Public Works department this fiscal year.

General Fund Budgetary Highlights

General Fund actual expenditures were approximately \$8.7 million under the adopted budget and actual revenues were more than estimated revenues by \$1.6 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 County Attorney department exceeded its budget by \$133,544 due largely to the increase in salaries that the County gave its employees in October 2014. Salary increases are budgeted for in the Board of Supervisors budget, not the individual departmental budgets. Further, indigent costs for legal fees, autopsies, and advertising came in higher than expected in fiscal year 2015. The Justice Court #2 and Parks exceeded their budget by \$624 and \$36,456, respectively, due to a mandated but unbudgeted training and the installation of the ball field lights that exceeded the original budgeted amount.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets as of June 30, 2015, amounted to \$129.4 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 \$1.8 million, due to the accumulated depreciation added in fiscal year 2015.
- Construction equipment and vehicles increased by \$1.7 million primarily due to the new purchased equipment of \$2.3 million and the accumulated depreciation of \$665 thousand added during the fiscal year.
- Furniture and equipment decreased by \$1.1 million largely due to the accumulated depreciation of \$1.3 million added during the fiscal year and the new purchased equipment of \$171 thousand.
- Construction in progress decreased by \$1.4 million due largely to several completed projects within the Public Works department.

Santa Cruz County Management's Discussion and Analysis

Capital Assets (Net of Depreciation) (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 22,343	\$ 22,343	\$ 230	\$ 230	\$ 22,573	\$ 22,573
Buildings	60,423	62,257	118	124	60,541	62,381
Improvements other than buildings	2,086	1,660	3,309	3,231	5,395	4,891
Construction equipment and vehicles	2,354	1,885	1,276	75	3,630	1,960
Furniture and equipment	1,411	2,517	16	-	1,427	2,517
Construction in progress	1,263	2,663	-	-	1,263	2,663
Infrastructure	<u>34,531</u>	<u>33,781</u>	<u>-</u>	<u>-</u>	<u>34,531</u>	<u>33,781</u>
Totals	<u>\$124,411</u>	<u>\$127,106</u>	<u>\$4,949</u>	<u>\$3,660</u>	<u>\$129,360</u>	<u>\$130,766</u>

Additional information on the County's capital assets can be found in Note 7 of the Notes to Financial Statements on pages 43-44 of this report.

Long-Term Debt

At June 30, 2015, the County had total long-term debt outstanding of \$97,230,756. This amount includes long-term notes of \$56.6 million, net pension liabilities of \$34.9 million, compensated absences payable of \$2.3 million, landfill closure and postclosure care costs payable of \$1.9 million and capital leases payable of \$1.4 million. The net pension liabilities existed as a result of the County's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Additional information on the County's long-term debt can be found in Note 8 of the Notes to Financial Statements on pages 44-47 of this report.

Economic Factors and Next Year's Budget

- The County has experienced a gradual recovery in the local economy and continued statewide economic growth that will result in the County's local and state shared revenues increasing slightly in the upcoming 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 over the past eight years. Although the State has seen an improved economy, these cost shifts are still in effect and are negatively impacting the County due to the much more gradual increase in revenues.

Santa Cruz County Management's Discussion and Analysis

- 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.
- 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 levy amounts will decrease 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 urban 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.

Basic Financial Statements

Santa Cruz County
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 17,719,020	\$ 1,504,065	\$ 19,223,085
Property taxes receivable (net of allowance for uncollectibles)	1,538,693		1,538,693
Due from other governmental units	2,927,090	3,250	2,930,340
Accounts receivable	150,878	123,130	274,008
Prepaid items	101,711	295	102,006
Noncurrent assets:			
Cash and investments held by trustee-restricted	3,227,553		3,227,553
Capital assets:			
Nondepreciable	23,605,906	229,996	23,835,902
Depreciable (net)	100,804,761	4,719,170	105,523,931
Total assets	<u>150,075,612</u>	<u>6,579,906</u>	<u>156,655,518</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	7,185,504	63,546	7,249,050
Total deferred outflows of resources	<u>7,185,504</u>	<u>63,546</u>	<u>7,249,050</u>
Liabilities			
Accounts payable	2,663,927	371,967	3,035,894
Due to other governments	94,541		94,541
Accrued payroll and employee benefits	559,220	12,708	571,928
Noncurrent liabilities:			
Due within 1 year	3,487,826	93,842	3,581,668
Due in more than 1 year	90,594,072	3,055,016	93,649,088
Total liabilities	<u>97,399,586</u>	<u>3,533,533</u>	<u>100,933,119</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	3,935,451	113,892	4,049,343
Total deferred inflows of resources	<u>3,935,451</u>	<u>113,892</u>	<u>4,049,343</u>
Net Position			
Net investment in capital assets	70,339,901	4,274,202	74,614,103
Restricted for:			
Capital projects	500,709		500,709
Education	1,242,268		1,242,268
Flood control	1,472,147		1,472,147
General government	534,940		534,940
Health	46,545		46,545
Judicial activities	2,389,882		2,389,882
Law enforcement	423,684		423,684
Social services	218,142		218,142
Highways and streets	780,591		780,591
Other purposes	102,743		102,743
Unrestricted (deficit)	<u>(22,125,473)</u>	<u>(1,278,175)</u>	<u>(23,403,648)</u>
Total net position	<u>\$ 55,926,079</u>	<u>\$ 2,996,027</u>	<u>\$ 58,922,106</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 16,771,771	\$ 2,411,646	\$ 1,938,954	\$ 177,624	\$ (12,243,547)		\$ (12,243,547)
Public safety	16,431,244	450,018	4,219,950		(11,761,276)		(11,761,276)
Highways and streets	7,473,947			4,569,513	(2,904,434)		(2,904,434)
Health, welfare and sanitation	4,633,481	155,593	750,175		(3,727,713)		(3,727,713)
Education and economic opportunity	3,258,875	72,844	2,084,329		(1,101,702)		(1,101,702)
Recreation	151,908	9,314			(142,594)		(142,594)
Interest on long-term debt	<u>2,809,568</u>				<u>(2,809,568)</u>		<u>(2,809,568)</u>
Total governmental activities	<u>51,530,794</u>	<u>3,099,415</u>	<u>8,993,408</u>	<u>4,747,137</u>	<u>(34,690,834)</u>	<u>-</u>	<u>(34,690,834)</u>
Business-type activities:							
Landfill	<u>887,639</u>	<u>1,993,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 1,105,549</u>	<u>1,105,549</u>
Total business-type activities	<u>887,639</u>	<u>1,993,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,105,549</u>	<u>1,105,549</u>
Total primary government	<u>\$ 52,418,433</u>	<u>\$ 5,092,603</u>	<u>\$ 8,993,408</u>	<u>\$ 4,747,137</u>	<u>(34,690,834)</u>	<u>1,105,549</u>	<u>(33,585,285)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					11,947,450		11,947,450
Property taxes, levied for flood control district					2,093,189		2,093,189
Property taxes, levied for debt service					190		190
County excise tax for general purposes					2,504,647		2,504,647
County excise tax for jail district					2,503,980		2,503,980
Share of state sales taxes					4,453,812		4,453,812
Share of state vehicle license tax					1,527,258		1,527,258
Share of state overweight permits					782,831		782,831
Share of state lottery funds					1,100,077		1,100,077
Payments in lieu of taxes					931,826		931,826
Grants and contributions not restricted to specific programs					522,215		522,215
Investment earnings					13,667	1,279	14,946
Miscellaneous					377,000		377,000
Gain on sale of capital assets					3,954		3,954
Transfers in (out)					<u>(2,138)</u>	<u>2,138</u>	<u>-</u>
Total general revenues and transfers					<u>28,759,958</u>	<u>3,417</u>	<u>28,763,375</u>
Changes in net position					(5,930,876)	1,108,966	(4,821,910)
Net position as restated, July 1, 2014					<u>61,856,955</u>	<u>1,887,061</u>	<u>63,744,016</u>
Net position, June 30, 2015					<u>\$ 55,926,079</u>	<u>\$ 2,996,027</u>	<u>\$ 58,922,106</u>

See accompanying notes to financial statements.

Santa Cruz County
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Jail District Fund	Criminal Justice Enhancement Fund
Assets			
Cash and investments	\$ 10,421,139	\$ 11,171	\$ 1,153,805
Cash and investments held by trustee-restricted			
Property taxes receivable (net of allowances for uncollectibles)	1,290,721		
Due from other governmental units	714,439	371,873	349,532
Due from other funds	1,115,342		
Accounts receivable	105,857	914	7,516
Prepaid items	94,939	885	4,550
Total assets	<u>\$ 13,742,437</u>	<u>\$ 384,843</u>	<u>\$ 1,515,403</u>
Liabilities:			
Accounts payable	\$ 1,045,664	\$ 142,304	\$ 83,857
Due to other governments	2,662		
Accrued payroll and employee benefits	310,712	69,692	41,850
Due to other funds	<u> </u>	<u>162,601</u>	<u>304,750</u>
Total liabilities	<u>1,359,038</u>	<u>374,597</u>	<u>430,457</u>
Deferred Inflows of Resources			
Unavailable revenue-property taxes	1,160,275		
Unavailable revenue-intergovernmental	351		249,165
Unavailable revenue-miscellaneous	<u>3,255</u>	<u> </u>	<u>52</u>
Total deferred inflows of resources	<u>1,163,881</u>	<u>-</u>	<u>249,217</u>
Fund balances:			
Nonspendable	94,939	885	4,550
Restricted		9,361	1,133,079
Assigned			6,193
Unassigned	<u>11,124,579</u>	<u> </u>	<u>(308,093)</u>
Total fund balances	<u>11,219,518</u>	<u>10,246</u>	<u>835,729</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,742,437</u>	<u>\$ 384,843</u>	<u>\$ 1,515,403</u>

See accompanying notes to financial statements.

Flood Control Fund	Road Fund	Other Governmental Funds	Total
\$ 1,376,127	\$ 1,144,089	\$ 3,612,689	\$ 17,719,020
3,227,553			3,227,553
247,972			1,538,693
	537,180	954,066	2,927,090
			1,115,342
	1,820	34,771	150,878
60		1,277	101,711
<u>\$ 4,851,712</u>	<u>\$ 1,683,089</u>	<u>\$ 4,602,803</u>	<u>\$ 26,780,287</u>
\$ 138,496	\$ 866,848	\$ 386,758	\$ 2,663,927
		91,879	94,541
13,516	35,650	87,800	559,220
		647,991	1,115,342
<u>152,012</u>	<u>902,498</u>	<u>1,214,428</u>	<u>4,433,030</u>
220,763			1,381,038
		607,509	857,025
			3,307
<u>220,763</u>	<u>-</u>	<u>607,509</u>	<u>2,241,370</u>
60		1,277	101,711
4,478,877	780,591	3,354,490	9,756,398
		198,002	204,195
		(772,903)	10,043,583
<u>4,478,937</u>	<u>780,591</u>	<u>2,780,866</u>	<u>20,105,887</u>
<u>\$ 4,851,712</u>	<u>\$ 1,683,089</u>	<u>\$ 4,602,803</u>	<u>\$ 26,780,287</u>

Santa Cruz County
Reconciliation of the Governmental Funds Balance Sheet
to the Government-wide Statement of Net Position
Governmental Funds
June 30, 2015

Total fund balances—governmental funds	\$ 20,105,887
---	----------------------

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 \$204,739,134 and the accumulated depreciation is \$80,328,467	124,410,667
---	-------------

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

2,241,370

Long-term liabilities, such as net pension liabilities and loans
payable, are not due and payable in the current period and,
therefore, are not reported in the funds.

Long-term loans payable	\$ (56,550,000)	
Compensated absences payable	(2,295,381)	
Obligations under capital leases	(748,319)	
Net pension liabilities	(34,413,198)	
Estimated liabilities for claims and judgments	(75,000)	

(94,081,898)

Deferred outflows and inflows of resources related to pensions
are applicable to future reporting periods and, therefore, are
not reported in the funds

3,250,053

Net position of governmental activities

\$ 55,926,079

See accompanying notes to financial statements.

This page left blank intentionally.

Santa Cruz County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General Fund	Jail District Fund	Criminal Justice Enhancement Fund
Revenues:			
Taxes	\$ 14,572,152	\$ 2,503,980	
Intergovernmental	8,510,232	1,513,343	\$ 1,086,721
Licenses and permits	383,509		
Charges for services	944,299	914	106,494
Fines and forfeits	611,581		477,800
Investment earnings	9,508	11	254
Rents	42,437		
Miscellaneous	112,773	1,878	9,214
Total revenues	<u>25,186,491</u>	<u>4,020,126</u>	<u>1,680,483</u>
Expenditures:			
Current:			
General government	11,699,833		1,217,991
Public safety	4,471,370	3,987,367	925,158
Highways and streets			
Health, welfare and sanitation	2,906,685	298,954	
Education and economic opportunity	322,998		
Recreation	437,707		
Debt service:			
Principal retirement	126,002	1,580,315	
Interest and fiscal charges	10,309	1,768,789	
Total expenditures	<u>19,974,904</u>	<u>7,635,425</u>	<u>2,143,149</u>
Excess (deficiency) of revenues over expenditures	5,211,587	(3,615,299)	(462,666)
Other financing sources (uses):			
Transfers in	1,658	3,460,225	128,275
Transfers out	(5,066,276)		(1,712)
Total other financing sources (uses)	<u>(5,064,618)</u>	<u>3,460,225</u>	<u>126,563</u>
Net change in fund balances	146,969	(155,074)	(336,103)
Fund balances, July 1, 2014	11,072,549	165,320	1,171,832
Fund balances, June 30, 2015	<u>\$ 11,219,518</u>	<u>\$ 10,246</u>	<u>\$ 835,729</u>

See accompanying notes to financial statements.

Flood Control Fund	Road Fund	Other Governmental Funds	Total
\$ 2,121,817		\$ 190	\$ 19,198,139
	\$ 5,022,003	5,889,652	22,021,951
			383,509
		467,344	1,519,051
		107,474	1,196,855
1,436	1,486	972	13,667
			42,437
1,074	78,815	133,222	336,976
<u>2,124,327</u>	<u>5,102,304</u>	<u>6,598,854</u>	<u>44,712,585</u>
		460,878	13,378,702
1,697,500		2,500,331	13,581,726
	6,479,906	336,599	6,816,505
		1,419,126	4,624,765
		2,808,771	3,131,769
			437,707
365,000		349,281	2,420,598
323,179		707,291	2,809,568
<u>2,385,679</u>	<u>6,479,906</u>	<u>8,582,277</u>	<u>47,201,340</u>
(261,352)	(1,377,602)	(1,983,423)	(2,488,755)
	9,470	1,587,459	5,187,087
(1,801)	(6,258)	(113,178)	(5,189,225)
(1,801)	3,212	1,474,281	(2,138)
(263,153)	(1,374,390)	(509,142)	(2,490,893)
4,742,090	2,154,981	3,290,008	22,596,780
<u>\$ 4,478,937</u>	<u>\$ 780,591</u>	<u>\$ 2,780,866</u>	<u>\$ 20,105,887</u>

Santa Cruz County
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government-wide Statement of Activities
Year Ended June 30, 2015

Net change in fund balances—total governmental funds \$ (2,490,893)

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

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

Capital outlays	\$ 2,474,193	
Less: current-year depreciation	<u>(5,168,307)</u>	(2,694,114)

In the Statement of Activities, only the gain/loss on the sale/disposal 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

(1,102)

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

2,420,598

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

Increase in compensated absences payable		(266,906)
--	--	-----------

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

County pension contributions	1,983,642	
Pension expense	<u>(5,772,674)</u>	(3,789,032)

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

Property tax revenues	(148,683)	
Intergovernmental	(150,295)	
Miscellaneous revenue	<u>(664)</u>	(299,642)

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.

Intergovernmental	1,186,908	
Miscellaneous revenue	<u>3,307</u>	<u>1,190,215</u>

Change in net position of governmental activities **\$ (5,930,876)**

Santa Cruz County
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities - Enterprise Fund Landfill
Assets	
Current assets:	
Cash and investments	\$ 1,504,065
Due from other governmental units	3,250
Accounts receivable	123,130
Prepaid items	295
Total current assets	<u>1,630,740</u>
Noncurrent assets:	
Capital assets	
Nondepreciable	229,996
Depreciable (net)	4,719,170
Total noncurrent assets	<u>4,949,166</u>
Total assets	<u>6,579,906</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	<u>63,546</u>
Total deferred outflows of resources	<u>63,546</u>
Liabilities	
Current liabilities:	
Accounts payable	371,967
Accrued payroll and employee benefits	12,708
Obligations under capital leases—current portion	71,093
Compensated absences payable—current portion	22,749
Total current liabilities	<u>478,517</u>
Noncurrent liabilities:	
Landfill closure and postclosure care costs payable	1,902,489
Obligations under capital leases	603,871
Compensated absences payable	18,324
Net pension liability	530,332
Total noncurrent liabilities	<u>3,055,016</u>
Total liabilities	<u>3,533,533</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	<u>113,892</u>
Total deferred inflows of resources	<u>113,892</u>
Net Position	
Net investment in capital assets	4,274,202
Unrestricted (deficit)	<u>(1,278,175)</u>
Total net position	<u>\$ 2,996,027</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, 2015

	Business-Type Activities— Enterprise Fund Landfill
Operating revenues:	
Landfill fees	\$ 1,964,767
Other	<u>28,421</u>
Total operating revenues	<u>1,993,188</u>
Operating expenses:	
Personal services	473,793
Professional services	336,171
Supplies	45,373
Utilities	20,547
Repairs and maintenance	304,020
Recycling program	10,870
Insurance	4,721
Landfill closure and postclosure care costs	(657,730)
Depreciation	178,581
Other	<u>162,250</u>
Total operating expenses	<u>878,596</u>
Operating income	<u>1,114,592</u>
Nonoperating revenues:	
Investment earnings	1,279
Transfers in	2,138
Other	<u>(9,043)</u>
Total nonoperating revenues (expenses)	<u>(5,626)</u>
Increase in net position	1,108,966
Net position as restated, July 1, 2014	<u>1,887,061</u>
Net position, June 30, 2015	<u><u>\$ 2,996,027</u></u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

**Business-Type
Activities—
Enterprise Fund
Landfill**

Cash flows from operating activities

Receipts from customers	\$ 2,032,453
Payments to suppliers and providers of goods and services	(763,746)
Payments to employees	(490,239)
Net cash provided by operating activities	<u>778,468</u>

Cash flows from noncapital and related financing activities

Operating transfers from governmental funds	2,138
Payments to non-operating expense	(9,043)
Net cash used for noncapital and related financing activities	<u>(6,905)</u>

Cash flows from capital and related financing activities

Purchases of capital assets	(677,742)
Principal paid on capital leases	(92,692)
Net cash used for capital and related financing activities	<u>(770,434)</u>

Cash flows from investing activities

Interest received on investments	1,279
Net cash provided by investing activities	<u>1,279</u>

Net increase in cash and cash equivalents 2,408

Cash and cash equivalents, July 1, 2014 1,501,657

Cash and cash equivalents, June 30, 2015 \$ 1,504,065

Reconciliation of operating income to net cash provided by operating activities:

Operating income \$ 1,114,592

Adjustments to reconcile operating income to net cash provided by operating activities:

Depreciation 178,581

Changes in assets and liabilities

Increase and decrease in:

Due from other governmental units	1,428
Accounts receivable	37,837
Prepaid items	(295)
Deferred outflows related to pensions	(28,976)
Accounts payable	120,501
Accrued payroll and employee benefits	289
Compensated absences payable	(5,843)
Landfill closure and postclosure care costs payable	(657,730)
Deferred inflows related to pensions	113,892
Net pension liability	<u>(95,808)</u>

Net cash provided by operating activities \$ 778,468

See accompanying notes to financial statements.

Santa Cruz County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	<u>Investment Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and investments	\$ 30,655,022	\$ 2,103,917
Total assets	<u>\$ 30,655,022</u>	<u>\$ 2,103,917</u>
 Liabilities		
Due to other governmental units		\$ 77,216
Deposits held for others		<u>2,026,701</u>
Total liabilities		<u>\$ 2,103,917</u>
 Net Position		
Held in trust for investment trust participants	<u>\$ 30,655,022</u>	

See accompanying notes to financial statements.

Santa Cruz County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2015

	<u>Investment Trust Funds</u>
Additions	
Contributions from participants	\$ 98,202,706
Investment earnings	<u>10,226</u>
Total additions	<u>98,212,932</u>
Deductions	
Distributions to participants	<u>97,753,579</u>
Total deductions	<u>97,753,579</u>
Change in net position	459,353
Net position, July 1, 2014	<u>30,195,669</u>
Net position, June 30, 2015	<u><u>\$ 30,655,022</u></u>

See accompanying notes to financial statements.

This page left blank intentionally.

Santa Cruz County
Notes to Financial Statements
June 30, 2015

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, 2015, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 69, *Government Combinations and Disposals of Governmental Operations*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension (assets and) liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The implementation of GASB Statement No. 69 had no impact on the County's fiscal year 2015 financial statements, and the implementation of GASB Statement Nos. 68 and 71 had a significant effect on the financial statement amounts; therefore, additional note disclosures were required.

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. The Santa Cruz County Board of Supervisors serves as the Board of Directors of the Flood Control and Jail Districts and significantly influences the programs, projects, activities, and level of services provided by the Districts. The Board also establishes

Santa Cruz County
Notes to Financial Statements
June 30, 2015

policy, appoints management, exercises budgetary control and sets the tax rate for the Flood Control District. In addition, the Board exercises budgetary control for the Jail District. Further, the Districts provide services almost entirely for the benefit of the County; therefore, the Flood Control and Jail Districts are considered blended component units of the County. Separate financial statements for the Districts are not available.

B. Basis of Presentation

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

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

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

Santa Cruz County
Notes to Financial Statements
June 30, 2015

column. All remaining governmental funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

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

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.

Santa Cruz County
Notes to Financial Statements
June 30, 2015

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

C. Basis of Accounting

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

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

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

D. Cash and Investments

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

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

Santa Cruz County
Notes to Financial Statements
June 30, 2015

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 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:

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

G. Deferred Outflows and Inflows of Resources

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

Santa Cruz County
Notes to Financial Statements
June 30, 2015

H. Pensions

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

I. Fund Balance Classifications

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

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

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

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

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

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

Santa Cruz County
Notes to Financial Statements
June 30, 2015

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

J. Investment Earnings

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

K. Compensated Absences

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

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

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but employees forfeit them upon terminating employment. 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 – Change in Accounting Principle

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Santa Cruz County
Notes to Financial Statements
June 30, 2015

	Governmental Activities	Business-Type Activities
Net Position as previously reported at June 30, 2014	\$89,965,657	\$2,478,631
Prior period adjustment—implementation of GASB 68:		
Net pension liability (measurement date as of June 30, 2013)	30,124,765	626,140
Deferred outflows—county contributions made during fiscal year 2014	<u>(2,016,063)</u>	<u>(34,570)</u>
Total prior period adjustment	<u>28,108,702</u>	<u>591,570</u>
Net position as restated, July 1, 2014	<u>\$61,856,955</u>	<u>\$1,887,061</u>

Note 3 – Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2015, were as follows:

	General Fund	Jail District Fund	Criminal Justice Enhancement Fund	Flood Control Fund	Road Fund	Other Governmental Funds	Total
Fund balances:							
Nonspendable:							
Prepaid items	\$ 94,939	\$ 885	\$ 4,550	\$ 60		\$ 1,277	\$ 101,711
Total nonspendable	<u>94,939</u>	<u>885</u>	<u>4,550</u>	<u>60</u>		<u>1,277</u>	<u>101,711</u>
Restricted for:							
Capital projects						269,921	269,921
Education						981,272	981,272
Flood control				4,478,877			4,478,877
General government						432,119	432,119
Health						26,283	26,283
Judicial activities			1,086,211			1,028,673	2,114,884
Law enforcement		9,361	46,868			295,337	351,566
Social services						218,142	218,142
Streets and highways					\$780,591		780,591
Other purposes						102,743	102,743
Total restricted		<u>9,361</u>	<u>1,133,079</u>	<u>4,478,877</u>	<u>780,591</u>	<u>3,354,490</u>	<u>9,756,398</u>
Assigned to:							
Capital projects						53,355	53,355
Debt service						98,603	98,603
Education						12,515	12,515
Health						33,529	33,529
Judicial activities			6,193				6,193
Total assigned			<u>6,193</u>			<u>198,002</u>	<u>204,195</u>
Unassigned:	<u>11,124,579</u>		<u>(308,093)</u>			<u>(772,903)</u>	<u>10,043,583</u>
Total fund balances	<u>\$11,219,518</u>	<u>\$10,246</u>	<u>\$ 835,729</u>	<u>\$4,478,937</u>	<u>\$780,591</u>	<u>\$2,780,866</u>	<u>\$20,105,887</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2015

Note 4 – Stewardship, Compliance, and Accountability

Deficit fund balances—At June 30, 2015, the following nonmajor funds reported deficits in fund balance:

<u>Fund</u>	<u>Deficit</u>
Governmental funds:	
Other governmental	
WIA	\$171,200
Health Services	93,488
Homeland Security	74,484
Other Capital Projects	170,879

Note 5 – Deposits and Investments

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in 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 at 102 percent of all deposits federal depository insurance does not cover.

Santa Cruz County
Notes to Financial Statements
June 30, 2015

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, 2015, the carrying amount of the County's deposits was \$21,565,552, and the bank balance was \$21,996,543. The County does not have a formal policy related to custodial credit risk for deposits.

At June 30, 2015, \$41,400 of the County's bank balance was exposed to custodial credit risk as it was uninsured and uncollateralized.

Investments—The County's investments at June 30, 2015, were as follows:

Investment Type	Fair Value
State Treasurer's investment pool 5	\$14,086,788
State Treasurer's investment pool 7	3,031
Money market mutual fund	7,171,167
Corporate bonds	4,635,366
Corporate notes	<u>7,742,585</u>
	<u>\$33,638,937</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, 2015, credit risk for the County's investments was as follows:

Santa Cruz County
Notes to Financial Statements
June 30, 2015

Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pool 5	AAAf/S1 +	S&P	\$14,086,788
State Treasurer's investment pool 7	Unrated	N/A	3,031
Money market mutual fund	Aaa-mf	Moody's	7,171,167
Corporate bonds	A1	Moody's	508,956
Corporate bonds	A2	Moody's	1,008,921
Corporate bonds	A3	Moody's	1,584,510
Corporate bonds	Aa3	Moody's	505,474
Corporate bonds	Baa1	Moody's	1,027,505
Corporate notes	A1	Moody's	2,052,860
Corporate notes	A2	Moody's	2,557,411
Corporate notes	A3	Moody's	528,037
Corporate notes	Aa3	Moody's	507,590
Corporate notes	Baa1	Moody's	2,096,687
			<u>\$33,638,937</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, 2015, the County had \$4,635,366 in corporate bonds and \$7,742,585 in corporate notes that were uninsured, not registered in the County's name, and held by the counterparty.

Interest rate risk—The County does not have a formal investment policy with respect to interest rate risk. At June 30, 2015, the County had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (In Years)
State Treasurer's investment pool 5	\$14,086,788	0.16
State Treasurer's investment pool 7	3,031	0.05
Money market mutual fund	7,171,167	0.00
Corporate bonds	4,635,366	1.56
Corporate notes	<u>7,742,585</u>	1.46
	<u>\$33,638,937</u>	

Santa Cruz County
Notes to Financial Statements
June 30, 2015

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Position follows:

Cash, deposits, and investments:

Cash on hand	\$ 5,088
Amount of deposits	21,565,552
Amount of investments	<u>33,638,937</u>
Total	<u>\$55,209,577</u>

Statement of Net Position:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Cash and investments	\$17,719,020	\$1,504,065	\$30,655,022	\$2,103,917	\$51,982,024
Cash and investments held by trustee—restricted	<u>3,227,553</u>				<u>3,227,553</u>
Total	<u>\$20,946,573</u>	<u>\$1,504,065</u>	<u>\$30,655,022</u>	<u>\$2,103,917</u>	<u>\$55,209,577</u>

Note 6 – Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2015, for the County's individual major funds and nonmajor funds in the aggregate are shown as follows:

Description	<u>Governmental Activities</u>					<u>Business- Type Activities</u>	<u>Total</u>
	<u>General Fund</u>	<u>Jail District Fund</u>	<u>Criminal Justice Enhancement Fund</u>	<u>Road Fund</u>	<u>Other Governmental Funds</u>		
County half-cent sales tax	\$217,259	\$217,247					\$ 434,506
State shared sales tax	224,565						224,565
State vehicle license tax	69,358						69,358
State shared overweight permits				\$ 82,294			82,294
Highway user revenue				454,637			454,637
Federal and state reimbursement grants	130,626	154,626	\$349,532		\$949,054		1,583,838
Miscellaneous reimbursements	<u>72,631</u>			<u>249</u>	<u>5,012</u>	<u>\$3,250</u>	<u>81,142</u>
	<u>\$714,439</u>	<u>\$371,873</u>	<u>\$349,532</u>	<u>\$537,180</u>	<u>\$954,066</u>	<u>\$3,250</u>	<u>\$2,930,340</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2015

Note 7 – Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Primary Government		
	Balance July 1, 2014	Increases	Decreases
Governmental activities:			
Capital assets not being depreciated:			
Land	\$ 22,343,006		\$ 22,343,006
Construction in progress	<u>2,663,522</u>	<u>\$ 885,968</u>	<u>\$2,286,590</u>
Total capital assets not being depreciated	<u>25,006,528</u>	<u>885,968</u>	<u>2,286,590</u>
Capital assets being depreciated:			
Buildings	73,962,830		73,962,830
Improvements other than buildings	3,267,234	534,780	3,802,014
Construction equipment and vehicles	9,635,967	1,075,267	50,648
Furniture and equipment	11,096,854	154,312	11,251,166
Infrastructure	<u>79,346,176</u>	<u>2,110,456</u>	<u>81,456,632</u>
Total capital assets being depreciated	<u>177,309,061</u>	<u>3,874,815</u>	<u>50,648</u>
Less accumulated depreciation for:			
Buildings	11,706,266	1,833,022	13,539,288
Improvements other than buildings	1,607,111	109,315	1,716,426
Construction equipment and vehicles	7,750,676	605,270	49,546
Furniture and equipment	8,580,282	1,260,263	9,840,545
Infrastructure	<u>45,565,371</u>	<u>1,360,437</u>	<u>46,925,808</u>
Total accumulated depreciation	<u>75,209,706</u>	<u>5,168,307</u>	<u>49,546</u>
Total capital assets being depreciated, net	<u>102,099,355</u>	<u>(1,293,492)</u>	<u>1,102</u>
Governmental activities capital assets, net	<u>\$127,105,883</u>	<u>\$ (407,524)</u>	<u>\$2,287,692</u>
Business-type activities:			
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	4,140,123	\$ 190,743	4,330,866
Construction equipment and vehicles	1,425,865	1,260,205	\$ 25,357
Furniture and equipment	<u>16,527</u>	<u>16,527</u>	<u>16,527</u>
Total capital assets being depreciated	<u>5,812,055</u>	<u>1,467,475</u>	<u>25,357</u>
			<u>7,254,173</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2015

	Primary Government			
	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Less accumulated depreciation for:				
Buildings	\$ 122,217	\$ 6,156		\$ 128,373
Improvements other than buildings	909,007	112,540		1,021,547
Construction equipment and vehicles	1,350,555	59,514	\$ 25,357	1,384,712
Furniture and equipment		371		371
Total accumulated depreciation	<u>2,381,779</u>	<u>178,581</u>	<u>25,357</u>	<u>2,535,003</u>
Total capital assets being depreciated, net	<u>3,430,276</u>	<u>1,288,894</u>		<u>4,719,170</u>
Business-type activities capital assets, net	<u>\$ 3,660,272</u>	<u>\$ 1,288,894</u>	<u>\$ -</u>	<u>\$ 4,949,166</u>
Depreciation expense was charged to functions as follows:				
Governmental activities:				
General government			\$1,033,680	
Public safety			2,064,803	
Highways and streets			2,022,996	
Health, welfare and sanitation			16,491	
Education and economic opportunity			26,476	
Recreation			<u>3,861</u>	
Total governmental activities depreciation expense			<u>\$5,168,307</u>	
Business-type activities:				
Landfill			\$ 178,581	
Total business-type activities depreciation expense			<u>\$ 178,581</u>	

Note 8 – Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2015:

	Balance July 1, 2014 As Restated	Additions	Reductions	Balance June 30, 2015	Due within 1 year
Governmental activities					
Long-term loans payable	\$58,710,000		\$2,160,000	\$56,550,000	\$2,250,000
Obligations under capital leases	1,008,917		260,598	748,319	183,035
Net pension liabilities	30,124,765	\$6,803,214	2,514,781	34,413,198	
Compensated absences payable	2,028,475	1,069,953	803,047	2,295,381	1,054,791
Estimated liabilities for claims and judgments	<u>75,000</u>			<u>75,000</u>	
Total governmental activities long-term liabilities	<u>\$91,947,157</u>	<u>\$7,873,167</u>	<u>\$5,738,426</u>	<u>\$94,081,898</u>	<u>\$3,487,826</u>
Business-type activities					
Obligations under capital leases		\$ 767,656	\$92,692	\$674,964	71,093
Net pension liabilities	\$ 626,140		95,808	530,332	
Compensated absences payable	46,916	26,480	32,323	41,073	22,749
Landfill closure and postclosure care costs payable	<u>2,560,219</u>		<u>657,730</u>	<u>1,902,489</u>	
Total business-type activities long-term liabilities	<u>\$ 3,233,275</u>	<u>\$ 794,136</u>	<u>\$ 878,553</u>	<u>\$ 3,148,858</u>	<u>\$ 93,842</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2015

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 2015, the County received excise tax revenues of \$2,504,647 and state shared revenues net of other statutory claims of \$2,421,394 and the total principal and interest payments were \$315,000 and \$679,925 for the 2008-1 loan and \$365,000 and \$323,172 for the 2012 loan. At June 30, 2015, future debt service requirements through final maturity at August 1, 2038, and June 15, 2026, respectively, totaled \$33,540,006 consisting of total principal and interest remaining to be paid on the 2008-1 and 2012 loans of \$21,365,000 and \$12,175,006, respectively. Future principal and interest payments are expected to require 30 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 2015, the County received Jail District excise tax revenues of \$2,503,979 and made maintenance of effort payments of \$3,460,225, and the principal and interest payments were \$1,480,000 and \$1,766,507, respectively. At June 30, 2015, future debt service requirements through final maturity at August 1, 2031, totaled \$51,959,775 consisting of \$35,185,000 for principal and \$16,774,775 for interest. Future principal and interest payments are expected to require less than 54 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, 2015, were as follows:

Description	Interest Rates	Maturities	Outstanding Principal July 1, 2014	Retirements	Outstanding Principal June 30, 2015
2008-1 project	4.00%-5.25%	2016-2038	\$13,585,000	\$ 315,000	\$13,270,000
2008-2 project	4.00%-5.25%	2016-2031	36,665,000	1,480,000	35,185,000
2012 series	3.82%	2016-2026	<u>8,460,000</u>	<u>365,000</u>	<u>8,095,000</u>
			<u>\$58,710,000</u>	<u>\$2,160,000</u>	<u>\$56,550,000</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2015

The following schedule details debt service requirements to maturity for the County's loans payable at June 30, 2015:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
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	2,645,000	2,288,363
2021-2025	15,125,000	9,527,169
2026-2030	19,760,000	5,203,011
2031-2035	6,760,000	1,471,050
2036-2038	<u>2,705,000</u>	<u>289,013</u>
Total	<u>\$56,550,000</u>	<u>\$28,949,781</u>

Obligations under capital leases—The County has acquired a building, kitchen, phone and construction 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:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Building	\$1,025,840	
Construction equipment		\$767,656
Furniture and equipment	1,022,784	
Less: accumulated depreciation	<u>914,256</u>	<u>29,745</u>
Carrying value	<u>\$1,134,368</u>	<u>\$737,911</u>

The following schedule details debt service requirements to maturity for the County's obligations under capital leases at June 30, 2015:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2016	\$213,684	\$ 92,692
2017	155,108	92,692
2018	60,263	92,692
2019	60,264	92,692
2020	60,263	92,692
2021-2025	301,320	312,290
2026	<u>60,263</u>	<u>-</u>
Total minimum lease payments	911,165	775,750
Less amount representing interest	<u>162,846</u>	<u>100,786</u>
Present value of net minimum lease payments	<u>\$748,319</u>	<u>\$674,964</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2015

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 they stop 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 \$1,902,489 reported as landfill closure and postclosure care liability at June 30, 2015, represents the cumulative amount reported to date based on the use of 51 percent and 43 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 \$2,046,316 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 2015 and the actual cost may be lower or higher each year due to deflation or inflation, changes in technology, changes in materials or changes in regulations. The County expects to close Rio Rico Sanitary Landfill in 2038 and Sonoita Elgin Landfill in 2133.

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 2015, the County paid for compensated absences as follows: 49 percent from the General Fund, 16 percent from the Jail District Fund, 6 percent from the Criminal Justice Enhancement Fund, 2 percent from the Flood Control Fund, 6 percent from the Road Fund, 18 percent from the Other Governmental Funds, and 2 percent from the Enterprise Fund.

Note 9 – Construction Commitments

At June 30, 2015, 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, 2015, the County has spent \$1,262,900 on these projects and reported the total amount in construction in progress. An estimated cost to complete these projects is approximately \$2,320,000. These projects are predominantly financed by future excise tax and state shared revenues.

Santa Cruz County
Notes to Financial Statements
June 30, 2015

Note 10 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the County joined and is covered by 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 12 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 Arizona Local Government Employee Benefit Trust is a public entity risk pool currently composed of six member counties. The pool provides member counties with health, prescription, dental, vision, life, short-term disability, and accidental death benefits for the counties' employees and their dependents. The County is responsible for paying a premium based on enrolled employees and dependents and requires its employees to contribute a portion of that premium. If it withdraws from the Trust, the County is responsible for any claims' run-out costs, including claims reported but not settled, claims incurred but not reported, and administrative costs. If the Trust were to terminate, the County would be responsible for its proportional share of any Trust deficit.

The Arizona Counties Property and Casualty Pool, the Arizona Counties Workers' Compensation Pool, and the Arizona Local Government Employee Benefit Trust receive independent audits annually and an audit by the Arizona Department of Insurance every 5 years. All pools accrue liabilities for losses that have been incurred but not reported. These

Santa Cruz County
Notes to Financial Statements
June 30, 2015

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 11 – Pensions and Other Postemployment Benefits

The County contributes to the plans described below. The plans are component units of the State of Arizona.

At June 30, 2015, the County reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net pension liabilities	\$34,413,198	\$530,332	\$34,943,530
Deferred outflows of resources	7,185,504	63,546	7,249,050
Deferred inflows of resources	3,935,451	113,892	4,049,343
Pension expense	5,772,674	25,701	5,798,375

The County's accrued payroll and employee benefits includes \$61,756 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2015. Also, the County reported \$1,983,642 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

Plan description—County employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

Benefits provided—The ASRS provides retirement, a health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

Santa Cruz County
Notes to Financial Statements
June 30, 2015

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

* With actuarially reduced benefits.

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

Contributions—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the County was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.31 percent for retirement, 0.20 percent for health insurance premium benefit and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the County in positions that would typically be filled by an employee who contributes to the ASRS. The County's contributions to the pension plan for the year ended June 30, 2015, were \$997,087. The County's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

Santa Cruz County
Notes to Financial Statements
June 30, 2015

ASRS		
	Health Benefit	Long-Term
Year ended June 30	Supplement Fund	Disability Fund
2015	\$53,141	\$10,786
2014	51,842	20,737
2013	58,331	21,538

During fiscal year 2015, the County paid for ASRS pension and OPEB contributions as follows: 51 percent from the General Fund, 7 percent from the Jail District Fund, 7 percent from the Criminal Justice Enhancement Fund, 4 percent from the Flood Control District Fund, 9 percent from the Road Fund, 3 percent from the Landfill Fund, and 19 percent from other governmental funds.

Pension liability—At June 30, 2015, the County reported a liability of \$14,450,456 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The County's proportion of the net pension liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2014, was 0.097661 percent, which was a decrease of 0.004966 from its proportion measured as of June 30, 2013.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2015, the County recognized pension expense for ASRS of \$700,306. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 734,414	
Net difference between projected and actual earnings on pension plan investments		\$2,526,939
Changes in proportion and differences between county contributions and proportionate share of contributions		576,404
County contributions subsequent to the measurement date	<u>997,087</u>	
Total	<u>\$1,731,501</u>	<u>\$3,103,343</u>

The \$997,087 reported as deferred outflows of resources related to ASRS pensions resulting from county contributions subsequent to the measurement date will be recognized as a

Santa Cruz County
Notes to Financial Statements
June 30, 2015

reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2016	\$(563,035)
2017	(563,035)
2018	(611,125)
2019	(631,734)

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

ASRS	
Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3–6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ASRS		Long-Term
Asset Class	Target Allocation	Expected Real Rate of Return
Equity	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.75%
Commodities	<u>4%</u>	4.50%
Total	<u>100%</u>	

Santa Cruz County
Notes to Financial Statements
June 30, 2015

Discount Rate—The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the ASRS net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

ASRS	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
County's proportionate share of the net pension liability	\$18,264,635	\$14,450,456	\$12,381,072

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

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

Plan descriptions—County sheriff employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP). The CORP administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan for county detention officers (agent plans), and a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for AOC officers (cost-sharing plans). The

Santa Cruz County
Notes to Financial Statements
June 30, 2015

PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The PSPRS and CORP issue publicly available financial reports that include their financial statements and required supplementary information. The reports are available on the PSPRS Web site at www.psprs.com.

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

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Santa Cruz County
Notes to Financial Statements
June 30, 2015

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

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

Employees covered by benefit terms—At June 30, 2015, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Sheriff	CORP Detention
Inactive employees or beneficiaries currently receiving benefits	17	3
Inactive employees entitled to but not yet receiving benefits	14	15
Active employees	<u>30</u>	<u>38</u>
Total	<u>61</u>	<u>56</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2015

Contributions and annual OPEB cost—State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Sheriff	CORP Detention	CORP AOC
Active members—Pension	11.05%	8.41%	8.41%
County			
Pension	28.49%	6.91%	14.88%
Health insurance premium benefit	1.62%	0.65%	1.24%

For the agent plans, the County's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

	PSPRS Sheriff	CORP Detention
Pension		
Contributions made	\$499,255	\$68,453
Health Insurance Premium Benefit		
Annual OPEB cost	\$28,389	\$6,439
Contributions made	\$28,389	\$6,439

Contributions to the CORP AOC pension plan for the year ended June 30, 2015, were \$231,381. The County's contributions for the current and 2 preceding years for the CORP AOC OPEB, all of which were equal to the required contributions, were as follows:

CORP AOC	
Year ended June 30	Health Insurance Fund
2015	\$19,282
2014	17,313
2013	19,511

During fiscal year 2015, the County paid for PSPRS and CORP pension and OPEB contributions as follows: 45 percent from the General Fund, 26 percent from the Jail District Fund, 7 percent from the Criminal Justice Enhancement Fund, and 22 percent from other governmental funds.

Santa Cruz County
Notes to Financial Statements
June 30, 2015

Pension liability—At June 30, 2015, the County reported the following net pension liabilities:

	Net Pension Liability
PSPRS Sheriff	\$8,734,304
CORP Detention	222,745
CORP AOC (County's proportionate share)	3,453,182

The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2014, reflect the following changes of benefit terms and actuarial assumptions.

- In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.
- The wage growth actuarial assumption was decreased from 4.5 percent to 4.0 percent.

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

PSPRS and CORP—Pension	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	4.0%–8.0% for PSPRS and 4.0%–7.25% for CORP
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Santa Cruz County
Notes to Financial Statements
June 30, 2015

PSPRS and CORP		Long-Term
Asset Class	Target Allocation	Expected Real Rate of Return
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	<u>16%</u>	7.60%
Total	<u>100%</u>	

Pension discount rates—The following discount rates were used to measure the total pension liabilities:

	PSPRS Sheriff	CORP Detention	CORP AOC
Discount rates	7.85%	7.85%	7.85%

The projection of cash flows used to determine the PSPRS and CORP discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments for these plans to determine the total pension liability.

Santa Cruz County
Notes to Financial Statements
June 30, 2015

Changes in the Net Pension Liability (Asset)

PSPRS Sheriff	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
Balances at June 30, 2014	<u>\$12,191,601</u>	<u>\$5,292,858</u>	<u>\$6,898,743</u>
Changes for the year:			
Service cost	391,688		391,688
Interest on the total pension liability	942,459		942,459
Changes of benefit terms	355,803		355,803
Differences between expected and actual experience in the measurement of the pension liability	(152,819)		(152,819)
Changes of assumptions or other inputs	1,742,066		1,742,066
Contributions—employer		519,566	(519,566)
Contributions—employee		197,413	(197,413)
Net investment income		732,556	(732,556)
Benefit payments, including refunds of employee contributions	(763,205)	(763,205)	
Administrative expense		(5,899)	5,899
Other changes			
Net changes	<u>2,515,992</u>	<u>680,431</u>	<u>1,835,561</u>
Balances at June 30, 2015	<u>\$14,707,593</u>	<u>\$5,973,289</u>	<u>\$8,734,304</u>

CORP Detention	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
Balances at June 30, 2014	<u>\$2,094,158</u>	<u>\$1,927,544</u>	<u>\$166,614</u>
Changes for the year:			
Service cost	196,551		196,551
Interest on the total pension liability	164,952		164,952
Changes of benefit terms	44,932		44,932
Differences between expected and actual experience in the measurement of the pension liability	(176,819)		(176,819)
Changes of assumptions or other inputs	289,789		289,789
Contributions—employer		92,945	(92,945)
Contributions—employee		107,243	(107,243)
Net investment income		270,559	(270,559)
Benefit payments, including refunds of employee contributions	(182,256)	(182,256)	
Administrative expense		(2,128)	2,128
Other changes		(5,345)	5,345
Net changes	<u>337,149</u>	<u>281,018</u>	<u>56,131</u>
Balances at June 30, 2015	<u>\$2,431,307</u>	<u>\$2,208,562</u>	<u>\$222,745</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2015

The County's proportion of the CORP AOC net pension liability as of June 30, 2013 and 2014, was based on the County's actual contributions to the plan relative to the total of all participating counties' actual contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2013 and 2014, was 1.538899 percent.

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

	1% Decrease	Current Discount Rate	1% Increase
PSPRS Sheriff			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$10,502,760	\$8,734,304	\$7,266,963
CORP Detention			
Rate	6.85%	7.85%	8.85%
Net pension liability	\$584,650	\$222,745	\$(68,972)
CORP AOC			
Rate	6.85%	7.85%	8.85%
County's proportionate share of the net pension liability	\$4,559,846	\$3,453,182	\$2,533,692

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

Pension expense—For the year ended June 30, 2015, the County recognized the following pension expense:

	Pension Expense
PSPRS Sheriff	\$1,361,465
CORP Detention	144,087
CORP AOC (County's proportionate share)	462,078

Pension deferred outflows/inflows of resources—At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Santa Cruz County
Notes to Financial Statements
June 30, 2015

PSPRS Sheriff	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$119,043
Changes of assumptions or other inputs	\$1,357,036	
Net difference between projected and actual earnings on pension plan investments		244,331
County contributions subsequent to the measurement date	<u>499,255</u>	
Total	<u>\$1,856,291</u>	<u>\$363,374</u>

CORP Detention	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$148,393
Changes of assumptions or other inputs	\$243,202	
Net difference between projected and actual earnings on pension plan investments		89,820
County contributions subsequent to the measurement date	<u>68,453</u>	
Total	<u>\$311,655</u>	<u>\$238,213</u>

CORP AOC	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$163,913	
Changes of assumptions or other inputs	507,328	
Net difference between projected and actual earnings on pension plan investments		\$191,168
County contributions subsequent to the measurement date	<u>231,381</u>	
Total	<u>\$902,622</u>	<u>\$191,168</u>

The amounts reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Santa Cruz County
Notes to Financial Statements
June 30, 2015

Year ending June 30	PSPRS Sheriff	CORP Detention	CORP AOC
2016	\$ 290,171	\$ (4,295)	\$98,780
2017	290,171	(4,295)	98,780
2018	290,171	(4,295)	98,780
2019	123,149	(4,295)	98,780
2020		18,161	84,953
Thereafter		4,006	

Agent plan OPEB actuarial assumptions—The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value 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 for the health insurance premium benefit 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.

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 all PSPRS and CORP plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2015 contribution requirements:

PSPRS and CORP—OPEB Contribution Requirements

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5%–8.5% for PSPRS and 4.5%–7.75% for CORP
Wage growth	4.5% for PSPRS and CORP

Santa Cruz County
Notes to Financial Statements
June 30, 2015

Agent plan OPEB trend information—Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years follows for each of the agent plans:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS Sheriff			
2015	\$28,389	100%	\$ 0
2014	24,796	100	0
2013	28,303	32.6	(19,066)
CORP Detention			
2015	\$ 6,439	100%	\$ 0
2014	8,287	100	0
2013	11,996	-	(11,996)

Agent plan OPEB funded status—The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2015, along with the actuarial assumptions and methods used in those valuations follow.

	PSPRS Sheriff	CORP Detention
Actuarial value of assets (a)	\$453,219	\$213,138
Actuarial accrued liability (b)	\$415,252	\$116,565
Unfunded actuarial accrued liability (funding excess)		
(b) – (a)	\$ (37,967)	\$ (96,573)
Funded ratio (a)/(b)	109.14%	182.85%
Annual covered payroll (c)	\$1,879,141	\$945,419
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll		
(b) – (a) / (c)	(2.02)%	(10.2)%

The actuarial methods and assumptions used are the same for all the PSPRS and CORP health insurance premium benefit plans (unless noted), and for the most recent valuation date are as follows:

Santa Cruz County
Notes to Financial Statements
June 30, 2015

PSPRS and CORP—OPEB Funded Status

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	21 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%–8% for PSPRS and 4%–7.25% for CORP
Wage growth	4% for PSPRS and CORP

C. Elected Officials Retirement Plan

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

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

EORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	20 years any age 10 years age 62 5 years age 65 5 years any age* any years and age if disabled	10 years age 62 5 years age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years

Santa Cruz County
Notes to Financial Statements
June 30, 2015

EORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Benefit percent		
Normal Retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability Retirement	80% with 10 or more years of service	75% with 10 or more years of service
	40% with 5 to 10 years of service	37.5% with 5 to 10 years of service
	20% with less than 5 years of service	18.75% with less than 5 years of service
Survivor Benefit		
Retired Members	75% of retired member's benefit	50% of retired member's benefit
Active Members and Other Inactive Members	75% of disability retirement benefit	50% of disability retirement benefit

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

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning.

Contributions—State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2015, active EORP members were required by statute to contribute 13 percent of the members' annual covered payroll, and the County was required to contribute 23.5 percent of active EORP members' annual covered payroll. The County's contributions to the pension plan for the year ended June 30, 2015, were \$224,059. No OPEB contributions were required or made for the year ended June 30, 2015. The County's OPEB contributions for the current and 2 preceding years, all of which were equal to the required contributions, were as follows:

Santa Cruz County
Notes to Financial Statements
June 30, 2015

EORP

Year ended June 30	Health Insurance Fund
2015	\$ -
2014	17,428
2013	19,591

During fiscal year 2015, the County paid for EORP pension contributions as follows: 100 percent from the General Fund.

Pension liability—At June 30, 2015, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	\$ 8,082,843
State's proportionate share of the EORP net pension liability associated with the County	<u>2,478,274</u>
Total	<u>\$10,561,117</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, for the June 30, 2014, actuarial valuation, the plan changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.

The County's proportion of the net pension liability as of June 30, 2013 and 2014, was based on the County's actual contributions to the plan relative to the total of all participating employers' actual contributions for the year ended June 30, 2014. The County's proportion measured as of June 30, 2013 and 2014, was 1.2053653 percent.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2015, the County recognized pension expense for EORP of \$3,130,438 and revenue of \$734,589 for the County's proportionate share of the State's appropriation to EORP. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Santa Cruz County
Notes to Financial Statements
June 30, 2015

EORP	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,516	
Changes of assumptions or other inputs	2,187,406	
Net difference between projected and actual earnings on pension plan investments		\$153,244
County contributions subsequent to the measurement date	<u>224,059</u>	
Total	<u>\$2,446,981</u>	<u>\$153,244</u>

The \$224,059 reported as deferred outflows of resources related to EORP pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year ending June 30	
2016	\$1,241,879
2017	904,421
2018	(38,311)
2019	(38,311)

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

EORP	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	7.85%
Projected salary increases	4.25%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table projected to 2025 with projection scale AA

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates

Santa Cruz County
Notes to Financial Statements
June 30, 2015

of geometric real rates of return for each major asset class are summarized in the following table:

EORP		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	<u>16%</u>	7.60%
Total	<u>100%</u>	

Discount rate—At June 30 2014, the discount rate used to measure the EORP total pension liability was 5.67 percent, which was a decrease of 2.18 from the discount rate used as of June 30, 2013. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the statutorily set rates, and state contributions will be made as currently required by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, to determine the total pension liability for the plan, the long-term expected rate of return on pension plan investments of 7.85 percent was applied to periods of projected benefit payments through the year ended June 30, 2030. A municipal bond rate of 4.29 percent obtained from the 20-year Bond Buyer Index, as published by the Federal Reserve as of June 30, 2014, was applied to periods of projected benefit payments after June 30, 2030.

Sensitivity of the County's proportionate share of the EORP net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 5.67 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.67 percent) or 1 percentage point higher (6.67 percent) than the current rate:

EORP	1% Decrease (4.67%)	Current Discount Rate (5.67%)	1% Increase (6.67%)
County's proportionate share of the net pension liability	\$9,436,043	\$8,082,843	\$6,940,278

Santa Cruz County
Notes to Financial Statements
June 30, 2015

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

Note 12 – Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2015, were as follows:

Payable from	Payable to General Fund
Jail District Fund	\$ 162,601
Criminal Justice Enhancement Fund	304,750
Nonmajor Governmental Funds	<u>647,991</u>
Total	<u>\$1,115,342</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, 2015, were as follows:

	Transfers to						Total
	General Fund	Jail District Fund	Criminal Justice Enhancement Fund	Road Fund	Nonmajor Governmental Funds	Landfill	
Transfers from							
General Fund		\$3,460,225	\$ 30,005	\$1,970	\$1,574,076		\$5,066,276
Criminal Justice Enhancement Fund	\$1,658				54		1,712
Flood Control Fund						\$1,801	1,801
Road Fund					6,258		6,258
Nonmajor Governmental Funds			<u>98,270</u>	<u>7,500</u>	<u>7,071</u>	<u>337</u>	<u>113,178</u>
Total	<u>\$1,658</u>	<u>\$3,460,225</u>	<u>\$128,275</u>	<u>\$9,470</u>	<u>\$1,587,459</u>	<u>\$2,138</u>	<u>\$5,189,225</u>

The principal purpose of interfund transfers was to provide grant matches or to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 13 – 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

Santa Cruz County
Notes to Financial Statements
June 30, 2015

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 \$1,816,142 of deposits, \$11,662,138 of investments in the State Treasurer's investment pools and \$3,227,553 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 5 for disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:

Investment Type	Principal	Interest Rate(s)	Maturities	Fair Value
State Treasurer's investment pool 5	\$2,427,681	None stated	None stated	\$2,427,681
Corporate bonds	4,500,000	1.13-5.55%	5/10/16-4/27/17	4,635,366
Corporate notes	7,500,000	1.65-6.75%	6/1/16-6/27/17	7,742,585
Money Market Mutual Funds	3,943,614	None stated	None stated	3,943,614

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

Statement of Net Position:

Assets	\$ 38,498,656
Liabilities	-
Net position	<u>\$ 38,498,656</u>
Net position held in trust for:	
Internal participants	\$ 7,617,013
External participants	<u>30,881,643</u>
Total net position held in trust	<u>\$ 38,498,656</u>

Statement of Changes in Net Position:

Total additions	\$143,433,241
Total deductions	<u>144,183,243</u>
Net increase	(750,002)
Net position held in trust:	
July 1, 2014	<u>39,248,658</u>
June 30, 2015	<u>\$ 38,498,656</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2015

Note 14 – Subsequent Event

On March 9, 2016, Santa Cruz County issued \$9,495,000 of Pledged Revenue Refunding Obligations, Series 2016, with interest rates between 2 percent and 4 percent and a final maturity date of July 1, 2038. The County has pledged a portion of its general county and state sales tax revenues toward the future payment of debt related to these obligations. The net proceeds will be used for refunding \$8,810,000 aggregate principal amount of the 2008-1 loan agreement with Greater Arizona Development Authority plus accrued interest to the redemption date, which is August 1, 2018.

This page left blank intentionally.

Required Supplementary Information

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2015

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 14,307,247	\$ 14,572,152	\$ 264,905
Intergovernmental	7,582,185	8,510,232	928,047
Licenses and permits	505,000	383,509	(121,491)
Charges for services	583,750	944,299	360,549
Fines and forfeits	446,500	611,581	165,081
Investment earnings	25,000	9,508	(15,492)
Rents	32,796	42,437	9,641
Miscellaneous	95,000	112,773	17,773
Total revenues	<u>23,577,478</u>	<u>25,186,491</u>	<u>1,609,013</u>
Expenditures			
Current:			
General government			
Airport	166,695	37,218	129,477
Assessor	835,552	760,807	74,745
Board of Supervisors	7,106,808	2,831,961	4,274,847
Central Permits	164,506	34,430	130,076
Clerk of Superior Court	719,519	674,001	45,518
Constable #1	73,521	72,393	1,128
Constable #2	30,027	27,208	2,819
County Attorney	1,227,369	1,360,913	(133,544)
Elections	332,588	224,745	107,843
Finance	1,974,949	950,129	1,024,820
GIS	39,750	3,079	36,671
Grounds and Maintenance	3,228,988	1,239,074	1,989,914
Information Technology	677,271	660,900	16,371
Justice Court #1	605,504	579,576	25,928
Justice Court #2	175,612	176,236	(624)
Planning and Zoning	382,140	258,646	123,494
Recorder	240,312	232,049	8,263
Recorder - Election	262,172	166,875	95,297
Superior Court	1,128,221	1,079,041	49,180
Treasurer	497,675	458,818	38,857
Total general government	<u>19,869,179</u>	<u>11,828,099</u>	<u>8,041,080</u>

(Continued)

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2015
(Concluded)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Public safety			
Adult Probation	\$ 515,285	\$ 473,792	\$ 41,493
Building Codes	212,558	168,011	44,547
Emergency Services	308,331	249,263	59,068
Sheriff	3,762,131	3,587,914	174,217
Total public safety	<u>4,798,305</u>	<u>4,478,980</u>	<u>319,325</u>
Health, welfare and sanitation			
Public Fiduciary	3,225,149	2,906,685	318,464
Total health, welfare and sanitation	<u>3,225,149</u>	<u>2,906,685</u>	<u>318,464</u>
Education and economic opportunity			
School Superintendent	367,472	322,998	44,474
Total education and economic opportunity	<u>367,472</u>	<u>322,998</u>	<u>44,474</u>
Recreation			
Parks	401,686	438,142	(36,456)
Total recreation	<u>401,686</u>	<u>438,142</u>	<u>(36,456)</u>
Total expenditures	<u>28,661,791</u>	<u>19,974,904</u>	<u>8,686,887</u>
Excess (deficiency) of revenues over expenditures	(5,084,313)	5,211,587	10,295,900
Other financing sources (uses)			
Transfers in		1,658	1,658
Transfers out	(5,251,771)	(5,066,276)	185,495
Total other financing sources (uses)	<u>(5,251,771)</u>	<u>(5,064,618)</u>	<u>187,153</u>
Net change in fund balance	(10,336,084)	146,969	10,483,053
Fund balance, July 1, 2014	<u>10,336,084</u>	<u>11,072,549</u>	<u>736,465</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 11,219,518</u>	<u>\$ 11,219,518</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
Jail District Fund
Year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Taxes	\$ 2,800,000	\$ 2,503,980	\$ (296,020)
Intergovernmental	702,109	1,513,343	811,234
Charges for services	-	914	914
Investment earnings	-	11	11
Miscellaneous	-	1,878	1,878
Total revenues	<u>3,502,109</u>	<u>4,020,126</u>	<u>518,017</u>
Expenditures			
Current:			
Public safety			
Juvenile Detention	1,674,616	2,087,084	(412,468)
Sheriff's Office	5,091,854	5,249,387	(157,533)
Health			
Environmental Health	<u>227,043</u>	<u>298,954</u>	<u>(71,911)</u>
Total expenditures	<u>6,993,513</u>	<u>7,635,425</u>	<u>(641,912)</u>
Excess (deficiency) of revenues over expenditures	(3,491,404)	(3,615,299)	(123,895)
Other financing sources			
Transfers in	<u>3,460,225</u>	<u>3,460,225</u>	<u>-</u>
Total other financing sources	<u>3,460,225</u>	<u>3,460,225</u>	<u>-</u>
Net change in fund balances	(31,179)	(155,074)	(123,895)
Fund balance, July 1, 2014	<u>31,179</u>	<u>165,320</u>	<u>134,141</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 10,246</u>	<u>\$ 10,246</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, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 930,106	\$ 1,086,721	\$ 156,615
Charges for services	65,250	106,494	41,244
Fines and forfeits	530,000	477,800	(52,200)
Investment earnings	355	254	(101)
Miscellaneous	<u>-</u>	<u>9,214</u>	<u>9,214</u>
Total revenues	<u>1,525,711</u>	<u>1,680,483</u>	<u>154,772</u>
Expenditures			
Current:			
General government			
County Attorney	1,224,219	1,170,647	53,572
Clerk of Superior Court	10,505	-	10,505
Justice Court	141,295	46,362	94,933
Superior Court	<u>749,364</u>	<u>982</u>	<u>748,382</u>
Total general government	<u>2,125,383</u>	<u>1,217,991</u>	<u>907,392</u>
Public safety			
Juvenile Probation	86,550		86,550
Sheriff's Office	563,539	639,512	(75,973)
Other Agencies	<u>197,500</u>	<u>285,646</u>	<u>(88,146)</u>
Total public safety	<u>847,589</u>	<u>925,158</u>	<u>(77,569)</u>
Total expenditures	<u>2,972,972</u>	<u>2,143,149</u>	<u>829,823</u>
Excess (deficiency) of revenues over expenditures	(1,447,261)	(462,666)	984,595
Other financing sources (uses)			
Transfers in	123,670	128,275	4,605
Transfers out	<u>(35,932)</u>	<u>(1,712)</u>	<u>34,220</u>
Total other financing sources (uses)	<u>87,738</u>	<u>126,563</u>	<u>38,825</u>
Net change in fund balance	(1,359,523)	(336,103)	1,023,420
Fund balance, July 1, 2014	<u>1,359,523</u>	<u>1,171,832</u>	<u>(187,691)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 835,729</u>	<u>\$ 835,729</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
Flood Control Fund
Year Ended June 30, 2015

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 2,148,836	\$ 2,121,817	\$ (27,019)
Investment earnings	-	1,436	1,436
Miscellaneous	-	1,074	1,074
Total revenues	<u>2,148,836</u>	<u>2,124,327</u>	<u>(24,509)</u>
Expenditures			
Public safety	<u>6,915,057</u>	<u>2,385,679</u>	<u>4,529,378</u>
Total expenditures	<u>6,915,057</u>	<u>2,385,679</u>	<u>4,529,378</u>
Excess (deficiency) of revenues over expenditures	(4,766,221)	(261,352)	4,504,869
Other financing uses:			
Transfers out	<u>-</u>	<u>(1,801)</u>	<u>1,801</u>
Total other financing uses	<u>-</u>	<u>(1,801)</u>	<u>1,801</u>
Net change in fund balance	(4,766,221)	(263,153)	4,503,068
Fund balance, July 1, 2014	<u>4,766,221</u>	<u>4,742,090</u>	<u>(24,131)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 4,478,937</u>	<u>\$ 4,478,937</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Budgetary Comparison Schedule
Road Fund
Year Ended June 30, 2015

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 4,300,000	\$ 5,022,003	\$ 722,003
Charges for services	50,000	-	(50,000)
Investment earnings	-	1,486	1,486
Miscellaneous	-	78,815	78,815
Total Revenues	<u>4,350,000</u>	<u>5,102,304</u>	<u>752,304</u>
Expenditures			
Highways and streets	<u>6,270,268</u>	<u>6,479,906</u>	<u>(209,638)</u>
Total expenditures	<u>6,270,268</u>	<u>6,479,906</u>	<u>(209,638)</u>
Excess (deficiency) of revenues over expenditures	(1,920,268)	(1,377,602)	542,666
Other financing sources (uses)			
Transfers in	7,500	9,470	1,970
Transfers out	<u>(50,000)</u>	<u>(6,258)</u>	<u>43,742</u>
Total other financing sources (uses)	<u>(42,500)</u>	<u>3,212</u>	<u>45,712</u>
Net change in fund balance	(1,962,768)	(1,374,390)	588,378
Fund balance, July 1, 2014	<u>1,962,768</u>	<u>2,154,981</u>	<u>192,213</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 780,591</u>	<u>\$ 780,591</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2015

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, 2015, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Fund/Department	Excess
County Attorney - General Fund	\$133,544
Justice Court #2 - General Fund	624
Parks - General Fund	36,456
Juvenile Detention - Jail District Fund	412,468
Sheriff's Office – Jail District Fund	157,533
Environmental Health – Jail District Fund	71,911
Sheriff's Office – Criminal Justice Enhancement Fund	75,973
Other Agencies – Criminal Justice Enhancement Fund	88,146
Road Fund	209,638
School Superintendent – Juvenile Services Fund	295,688
Animal Control Fund	127,659

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

Santa Cruz County
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability
Cost-Sharing Pension Plans
June 30, 2015

Arizona State Retirement System

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
County's proportion of the net pension liability	0.10%	Information
County's proportionate share of the net pension liability	\$ 14,450,456	not available
County's covered-employee payroll	\$ 8,829,998	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.65%	
Plan fiduciary net position as a percentage of the total pension liability	69.49%	

Corrections Officer Retirement Plan—Administrative Office of the Courts

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
County's proportion of the net pension liability	1.54%	Information
County's proportionate share of the net pension liability	\$ 3,453,182	not available
County's covered-employee payroll	\$ 1,656,220	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	208.50%	
Plan fiduciary net position as a percentage of the total pension liability	58.59%	

Elected Officials Retirement Plan

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
County's proportion of the net pension liability	1.21%	Information
County's proportionate share of the net pension liability	\$ 8,082,842	not available
State's proportionate share of the net pension liability associated with the County	2,478,274	
Total	\$ 10,561,116	
County's covered-employee payroll	\$ 1,117,166	
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	723.51%	
Plan fiduciary net position as a percentage of the total pension liability	31.91%	

See accompanying notes to pension plan schedules.

Santa Cruz County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2015

PSPRS Sheriff

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Total pension liability		Information not available
Service cost	\$ 391,688	
Interest on the total pension liability	942,459	
Changes of benefit terms	355,803	
Differences between expected and actual experience in the measurement of the pension liability	(152,819)	
Changes of assumptions or other inputs	1,742,066	
Benefit payments, including refunds of employee contributions	(763,205)	
Net change in total pension liability	2,515,992	
Total pension liability—beginning	12,191,601	
Total pension liability—ending (a)	<u>\$ 14,707,593</u>	
Plan fiduciary net position		
Contributions—employer	\$ 519,566	
Contributions—employee	197,413	
Net investment income	732,556	
Benefit payments, including refunds of employee contributions	(763,205)	
Administrative expense	(5,899)	
Other changes	-	
Net change in plan fiduciary net position	680,431	
Plan fiduciary net position—beginning	5,292,858	
Plan fiduciary net position—ending (b)	<u>\$ 5,973,289</u>	
County's net pension liability (asset)—ending (a) – (b)	<u>\$ 8,734,304</u>	
Plan fiduciary net position as a percentage of the total pension liability	40.61%	
Covered-employee payroll	\$ 1,907,364	
County's net pension liability (asset) as a percentage of covered-employee payroll	457.93%	

See accompanying notes to pension plan schedules.

Santa Cruz County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2015

CORP Detention

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Total pension liability		Information not available
Service cost	\$ 196,551	
Interest on the total pension liability	164,952	
Changes of benefit terms	44,932	
Differences between expected and actual experience in the measurement of the pension liability	(176,819)	
Changes of assumptions or other inputs	289,789	
Benefit payments, including refunds of employee contributions	(182,256)	
Net change in total pension liability	337,149	
Total pension liability—beginning	2,094,158	
Total pension liability—ending (a)	<u>\$ 2,431,307</u>	
Plan fiduciary net position		
Contributions—employer	\$ 92,945	
Contributions—employee	107,243	
Net investment income	270,559	
Benefit payments, including refunds of employee contributions	(182,256)	
Administrative expense	(2,128)	
Other changes	(5,345)	
Net change in plan fiduciary net position	281,018	
Plan fiduciary net position—beginning	1,927,544	
Plan fiduciary net position—ending (b)	<u>\$ 2,208,562</u>	
County's net pension liability (asset)—ending (a) – (b)	<u>\$ 222,745</u>	
Plan fiduciary net position as a percentage of the total pension liability	90.84%	
Covered-employee payroll	\$ 1,275,200	
County's net pension liability (asset) as a percentage of covered- employee payroll	17.47%	

See accompanying notes to pension plan schedules.

Santa Cruz County
Required Supplementary Information
Schedule of County Pension Contributions
June 30, 2015

Arizona State Retirement System

	Reporting Fiscal Year		
	2015	2014	2013-2006
Statutorily required contribution	\$997,087	\$941,966	Information not available
County's contributions in relation to the statutorily required contribution	997,087	941,966	
County's contribution deficiency (excess)	\$ -	\$ -	
County's covered-employee payroll	\$9,180,476	\$8,829,998	
County's contributions as a percentage of covered-employee payroll	10.86%	10.67%	

Corrections Officer Retirement Plan—Administrative Office of the Courts

	Reporting Fiscal Year		
	2015	2014	2013-2006
Statutorily required contribution	\$231,381	\$239,324	Information not available
County's contributions in relation to the statutorily required contribution	231,381	239,324	
County's contribution deficiency (excess)	\$ -	\$ -	
County's covered-employee payroll	\$1,554,981	\$1,656,220	
County's contributions as a percentage of covered-employee payroll	14.88%	14.45%	

Elected Officials Retirement Plan

	Reporting Fiscal Year		
	2015	2014	2013-2006
Statutorily required contribution	\$224,059	\$256,832	Information not available
County's contributions in relation to the statutorily required contribution	224,059	256,832	
County's contribution deficiency (excess)	\$ -	\$ -	
County's covered-employee payroll	\$953,443	\$1,117,166	
County's contributions as a percentage of covered-employee payroll	23.50%	22.99%	

PSPRS Sheriff

	Reporting Fiscal Year		
	2015	2014	2013-2006
Actuarially required contribution	\$499,255	\$519,566	Information not available
County's contributions in relation to the statutorily required contribution	499,255	519,566	
County's contribution deficiency (excess)	\$ -	\$ -	
County's covered-employee payroll	\$1,752,386	\$1,907,364	
County's contributions as a percentage of covered-employee payroll	28.49%	27.24%	

See accompanying notes to pension plan schedules.

Santa Cruz County
Required Supplementary Information
Schedule of County Pension Contributions
June 30, 2015

CORP Detention

	Reporting Fiscal Year		
	2015	2014	2013-2006
Actuarially required contribution	\$68,453	\$92,945	Information
County's contributions in relation to the statutorily required contribution	68,453	92,945	not available
County's contribution deficiency (excess)	\$ -	\$ -	
County's covered-employee payroll	\$990,632	\$1,275,200	
County's contributions as a percentage of covered-employee payroll	6.91%	7.29%	

See accompanying notes to pension plan schedules.

Santa Cruz County
Required Supplementary Information
Notes to Pension Plan Schedules
June 30, 2015

Note 1 – Actuarially Determined Contribution Rates

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

Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2013 actuarial valuation	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%–8.25% to 4.5%–7.75% for CORP
Wage growth	In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

Santa Cruz County
Required Supplementary Information
Schedule of Agent OPEB Plans' Funding Progress
June 30, 2015

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 a percentage of covered payroll (b) – (a)/c)
PSPRS Sheriff						
6/30/15	\$ 453,219	\$ 415,252	\$ (37,967)	109.14%	\$ 1,879,141	(2.02)%
6/30/14	411,789	325,644	(86,145)	126.45%	1,706,477	(5.05)%
6/30/13	-	411,331	411,331	0.00%	2,050,941	20.06%
CORP						
6/30/15	\$ 213,138	\$ 116,565	\$ (96,573)	182.85%	\$ 945,419	(10.2)%
6/30/14	197,254	66,444	(130,810)	296.87%	1,212,091	(10.8)%
6/30/13	-	63,366	63,366	0.00%	1,405,920	4.51%

See accompanying notes to schedule of agent OPEB plans' funding progress

Santa Cruz County
Required Supplementary Information
Notes to Schedule of Agent OPEB Plans' Funding Progress
June 30, 2015

Note 1 – Factors That Affect the Identification of Trends

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

Combining and Individual Fund Statements and Schedules

Santa Cruz County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service</u>	<u>Total Other Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 3,186,429	\$ 323,047	\$ 103,213	\$ 3,612,689
Due from other governmental units	722,324	231,742		954,066
Accounts receivable	34,771	-		34,771
Prepaid items	1,277			1,277
Total assets	<u>\$ 3,944,801</u>	<u>\$ 554,789</u>	<u>\$ 103,213</u>	<u>\$ 4,602,803</u>
Liabilities				
Accounts payable	\$ 380,911	\$ 5,847		\$ 386,758
Accrued payroll and employee benefits	87,800			87,800
Due to other funds	417,204	230,787		647,991
Due to other governments	87,269		\$ 4,610	91,879
Total liabilities	<u>973,184</u>	<u>236,634</u>	<u>4,610</u>	<u>1,214,428</u>
Deferred Inflows of Resources				
Unavailable revenue - intergovernmental	376,721	230,788	-	607,509
Total deferred inflows of resources	<u>376,721</u>	<u>230,788</u>	<u>-</u>	<u>607,509</u>
Fund Balance				
Fund balance	2,594,896	87,367	98,603	2,780,866
Total fund balance	<u>2,594,896</u>	<u>87,367</u>	<u>98,603</u>	<u>2,780,866</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 3,944,801</u>	 <u>\$ 554,789</u>	 <u>\$ 103,213</u>	 <u>\$ 4,602,803</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service</u>	<u>Total Other Governmental Funds</u>
Revenues				
Taxes			\$ 190	\$ 190
Intergovernmental	\$ 5,597,842	\$ 291,810		5,889,652
Charges for services	467,344			467,344
Fines and forfeits	107,474			107,474
Investment earnings	756	125	91	972
Miscellaneous	72,447	58,959	1,816	133,222
Total revenues	<u>6,245,863</u>	<u>350,894</u>	<u>2,097</u>	<u>6,598,854</u>
Expenditures				
General government	277,013	183,865		460,878
Public safety	2,500,331			2,500,331
Highways and streets		336,599		336,599
Health, welfare and sanitation	1,419,126			1,419,126
Education and economic opportunity	2,808,771			2,808,771
Debt service				
Principal retirement	34,281		315,000	349,281
Interest and fiscal charges	25,983		681,308	707,291
Total expenditures	<u>7,065,505</u>	<u>520,464</u>	<u>996,308</u>	<u>8,582,277</u>
Excess (deficiency) of revenues over expenditures	<u>(819,642)</u>	<u>(169,570)</u>	<u>(994,211)</u>	<u>(1,983,423)</u>
Other financing sources (uses)				
Transfers in	574,188	18,346	994,925	1,587,459
Transfers out	(112,301)	(877)		(113,178)
Total other financing sources (uses)	<u>461,887</u>	<u>17,469</u>	<u>994,925</u>	<u>1,474,281</u>
Net change in fund balance	(357,755)	(152,101)	714	(509,142)
Fund balance, July 1, 2014	<u>2,952,651</u>	<u>239,468</u>	<u>97,889</u>	<u>3,290,008</u>
Fund balance, June 30, 2015	<u>\$ 2,594,896</u>	<u>\$ 87,367</u>	<u>\$ 98,603</u>	<u>\$ 2,780,866</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	<u>WIA</u>	<u>Health Services</u>	<u>Juvenile Services</u>	<u>Probation Services</u>
Assets				
Cash and cash equivalents	\$ 14,850	\$ 24,347	\$ 230,986	\$ 610,319
Due from other governmental units	260,469	109,812	197,210	1,119
Accounts receivable		2,270	705	9,391
Prepaid items	<u>527</u>			
Total assets	<u>\$ 275,846</u>	<u>\$ 136,429</u>	<u>\$ 428,901</u>	<u>\$ 620,829</u>
Liabilities				
Accounts payable	\$ 32,887	\$ 93,657	\$ 122,851	\$ 10,971
Accrued payroll and employee benefits	10,512	9,392	24,665	20,839
Due to other funds	143,178	20,262	157,006	
Due to other governments		<u>86,344</u>		
Total liabilities	<u>186,577</u>	<u>209,655</u>	<u>304,522</u>	<u>31,810</u>
Deferred Inflows of Resources				
Unavailable revenue - intergovernmental	<u>260,469</u>	<u>20,262</u>	<u>21,231</u>	
Total deferred inflows of resources	<u>260,469</u>	<u>20,262</u>	<u>21,231</u>	<u>-</u>
Fund Balance				
Fund balance	<u>(171,200)</u>	<u>(93,488)</u>	<u>103,148</u>	<u>589,019</u>
Total fund balance (deficit)	<u>(171,200)</u>	<u>(93,488)</u>	<u>103,148</u>	<u>589,019</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 275,846</u>	 <u>\$ 136,429</u>	 <u>\$ 428,901</u>	 <u>\$ 620,829</u>

<u>Homeland Security</u>	<u>Retrieval Conversion</u>	<u>Animal Control</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
\$ 3,269	\$ 707,123	\$ 35,324	\$ 1,560,211	\$ 3,186,429
111,160		12	42,542	722,324
	18,540	1,264	2,601	34,771
			750	1,277
<u>\$ 114,429</u>	<u>\$ 725,663</u>	<u>\$ 36,600</u>	<u>\$ 1,606,104</u>	<u>\$ 3,944,801</u>
\$ 21,194	\$ 1,509	\$ 14,066	\$ 83,776	\$ 380,911
8,852	775	9,160	3,605	87,800
\$ 90,366	6,392			417,204
		925		87,269
<u>120,412</u>	<u>8,676</u>	<u>24,151</u>	<u>87,381</u>	<u>973,184</u>
68,501	6,258	-	-	376,721
<u>68,501</u>	<u>6,258</u>	<u>-</u>	<u>-</u>	<u>376,721</u>
(74,484)	710,729	12,449	1,518,723	2,594,896
<u>(74,484)</u>	<u>710,729</u>	<u>12,449</u>	<u>1,518,723</u>	<u>2,594,896</u>
<u>\$ 114,429</u>	<u>\$ 725,663</u>	<u>\$ 36,600</u>	<u>\$ 1,606,104</u>	<u>\$ 3,944,801</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2015

	<u>WIA</u>	<u>Health Services</u>	<u>Juvenile Services</u>	<u>Probation Services</u>
Revenues				
Intergovernmental	\$ 595,857	\$ 335,711	\$ 2,013,989	\$ 968,476
Charges for services		134,030	6,243	117,916
Fines and forfeits				
Investment earnings			74	260
Miscellaneous			13,466	2,037
Total revenues	<u>595,857</u>	<u>469,741</u>	<u>2,033,772</u>	<u>1,088,689</u>
Expenditures				
General government			140,526	
Public safety			654,619	982,373
Health, welfare and sanitation		623,480		
Education and economic opportunity	630,523		1,310,741	
Debt Service				
Principal retirement	34,281			
Interest and fiscal charges	25,983			
Total expenditures	<u>690,787</u>	<u>623,480</u>	<u>2,105,886</u>	<u>982,373</u>
Excess (deficiency) of revenues over expenditures	<u>(94,930)</u>	<u>(153,739)</u>	<u>(72,114)</u>	<u>106,316</u>
Other financing sources (uses)				
Transfers in	36,499	123,946	5,012	1,791
Transfers out		(337)	(1,182)	
Total other financing sources (uses)	<u>36,499</u>	<u>123,609</u>	<u>3,830</u>	<u>1,791</u>
Net change in fund balance	(58,431)	(30,130)	(68,284)	108,107
Fund balance, July 1, 2014	<u>(112,769)</u>	<u>(63,358)</u>	<u>171,432</u>	<u>480,912</u>
Fund balance, June 30, 2015	<u>\$ (171,200)</u>	<u>\$ (93,488)</u>	<u>\$ 103,148</u>	<u>\$ 589,019</u>

<u>Homeland Security</u>	<u>Retrieval Conversion</u>	<u>Animal Control</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
\$ 411,020	\$ 14,447	\$ 268,404	\$ 989,938	\$ 5,597,842
	67,911	17,005	124,239	467,344
	107,474			107,474
	181	8	233	756
	7	36,626	20,311	72,447
<u>411,020</u>	<u>190,020</u>	<u>322,043</u>	<u>1,134,721</u>	<u>6,245,863</u>
3,558	63,897		69,032	277,013
407,601			455,738	2,500,331
		655,170	140,476	1,419,126
			867,507	2,808,771
				34,281
				25,983
<u>411,159</u>	<u>63,897</u>	<u>655,170</u>	<u>1,532,753</u>	<u>7,065,505</u>
<u>(139)</u>	<u>126,123</u>	<u>(333,127)</u>	<u>(398,032)</u>	<u>(819,642)</u>
14,743	359	339,615	52,223	574,188
	(98,270)		(12,512)	(112,301)
<u>14,743</u>	<u>(97,911)</u>	<u>339,615</u>	<u>39,711</u>	<u>461,887</u>
14,604	28,212	6,488	(358,321)	(357,755)
<u>(89,088)</u>	<u>682,517</u>	<u>5,961</u>	<u>1,877,044</u>	<u>2,952,651</u>
<u>\$ (74,484)</u>	<u>\$ 710,729</u>	<u>\$ 12,449</u>	<u>\$ 1,518,723</u>	<u>\$ 2,594,896</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2015

	<u>Construction</u>	<u>Airport</u>	<u>Other</u>	<u>Total</u>
Assets				
Cash and investments	\$ 257,189	6224	\$ 59,634	\$ 323,047
Due from other governmental units		<u>1,229</u>	<u>230,513</u>	<u>231,742</u>
Total assets	<u>\$ 257,189</u>	<u>\$ 7,453</u>	<u>\$ 290,147</u>	<u>\$ 554,789</u>
Liabilities				
Accounts payable		\$ 5,847		\$ 5,847
Due to other funds		<u>274</u>	<u>\$ 230,513</u>	<u>230,787</u>
Total liabilities	<u>-</u>	<u>6,121</u>	<u>230,513</u>	<u>236,634</u>
Deferred Inflows of Resources				
Unavailable revenue - intergovernmental	<u>-</u>	<u>275</u>	<u>230,513</u>	<u>230,788</u>
Total deferred inflows of resources	<u>-</u>	<u>275</u>	<u>230,513</u>	<u>230,788</u>
Fund Balance				
Fund balance	<u>257,189</u>	<u>1,057</u>	<u>(170,879)</u>	<u>87,367</u>
Total fund balance	<u>257,189</u>	<u>1,057</u>	<u>(170,879)</u>	<u>87,367</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 257,189</u>	<u>\$ 7,453</u>	<u>\$ 290,147</u>	<u>\$ 554,789</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances
Nonmajor Capital Projects Funds
Year Ended June 30, 2015

	<u>Construction</u>	<u>Airport</u>	<u>Other</u>	<u>Total</u>
Revenues				
Intergovernmental		\$ 191,982	\$ 99,828	\$ 291,810
Investment earnings	\$ 125			125
Miscellaneous	58,959			58,959
Total revenues	<u>59,084</u>	<u>191,982</u>	<u>99,828</u>	<u>350,894</u>
Expenditures				
General government		183,865		183,865
Highways and streets			336,599	336,599
Total expenditures	<u>-</u>	<u>183,865</u>	<u>336,599</u>	<u>520,464</u>
Excess (deficiency) of revenues over expenditures	<u>59,084</u>	<u>8,117</u>	<u>(236,771)</u>	<u>(169,570)</u>
Other financing sources (uses)				
Transfers in		11,211	7,135	18,346
Transfers out			(877)	(877)
Total other financing sources (uses)	<u>-</u>	<u>11,211</u>	<u>6,258</u>	<u>17,469</u>
Net change in fund balance	59,084	19,328	(230,513)	(152,101)
Fund balance (deficit), July 1, 2014	<u>198,105</u>	<u>(18,271)</u>	<u>59,634</u>	<u>239,468</u>
Fund balance (deficit), June 30, 2015	<u>\$ 257,189</u>	<u>\$ 1,057</u>	<u>\$ (170,879)</u>	<u>\$ 87,367</u>

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, 2015

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 1,357,248	\$ 595,857	\$ (761,391)
Total revenues	<u>1,357,248</u>	<u>595,857</u>	<u>(761,391)</u>
Expenditures			
Education and economic opportunity—Commerce	<u>1,371,169</u>	<u>690,787</u>	<u>680,382</u>
Total expenditures	<u>1,371,169</u>	<u>690,787</u>	<u>680,382</u>
Excess (deficiency) of revenues over expenditures	(13,921)	(94,930)	(81,009)
Other financing sources			
Transfers in	<u>-</u>	<u>36,499</u>	<u>36,499</u>
Total other financing sources	<u>-</u>	<u>36,499</u>	<u>36,499</u>
Net change in fund balance	(13,921)	(58,431)	(44,510)
Fund balance, July 1, 2014	<u>13,921</u>	<u>(112,769)</u>	<u>(126,690)</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ (171,200)</u></u>	<u><u>\$ (171,200)</u></u>

Santa Cruz County
Nonmajor Special Revenue Funds
Health Services Fund
Budgetary Comparison Schedule
Year Ended June 30, 2015

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 209,490	\$ 335,711	\$ 126,221
Charges for services	<u>120,000</u>	<u>134,030</u>	<u>14,030</u>
Total revenues	<u>329,490</u>	<u>469,741</u>	<u>140,251</u>
Expenditures			
Health, welfare & sanitation	<u>645,091</u>	<u>623,480</u>	<u>21,611</u>
Total expenditures	<u>645,091</u>	<u>623,480</u>	<u>21,611</u>
Excess (deficiency) of revenues over expenditures	(315,601)	(153,739)	161,862
Other financing sources (uses):			
Transfers in	264,009	123,946	(140,063)
Transfers out	<u>-</u>	<u>(337)</u>	<u>(337)</u>
Total other financing sources (uses)	<u>264,009</u>	<u>123,609</u>	<u>(140,400)</u>
Net change in fund balance	(51,592)	(30,130)	21,462
Fund balance, July 1, 2014	<u>51,592</u>	<u>(63,358)</u>	<u>(114,950)</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ (93,488)</u></u>	<u><u>\$ (93,488)</u></u>

Santa Cruz County
Nonmajor Special Revenue Funds
Juvenile Services Fund
Budgetary Comparison Schedule
Year Ended June 30, 2015

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 1,798,611	\$ 2,013,989	\$ 215,378
Charges for service	5,550	6,243	693
Investment earnings	60	74	14
Donations	2,500		(2,500)
Miscellaneous	5,000	13,466	8,466
Total revenues	<u>1,811,721</u>	<u>2,033,772</u>	<u>222,051</u>
Expenditures			
General government			
Superior Court	141,964	140,526	1,438
Public safety			-
Probation	908,176	654,619	253,557
Education			-
School Superintendent	1,015,053	1,310,741	(295,688)
Total expenditures	<u>2,065,193</u>	<u>2,105,886</u>	<u>(40,693)</u>
Excess (deficiency) of revenues over expenditures	(253,472)	(72,114)	181,358
Other financing sources (uses)			
Transfers in		5,012	5,012
Transfers out	-	(1,182)	(1,182)
Total other financing sources (uses)	<u>-</u>	<u>3,830</u>	<u>3,830</u>
Net change in fund balance	(253,472)	(68,284)	185,188
Fund balance, July 1, 2014	<u>253,472</u>	<u>171,432</u>	<u>(82,040)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 103,148</u>	<u>\$ 103,148</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Probation Services Fund
Budgetary Comparison Schedule
Year Ended June 30, 2015

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 934,716	\$ 968,476	\$ 33,760
Charges for service	81,100	117,916	36,816
Investment earnings	205	260	55
Miscellaneous	200	2,037	1,837
Total revenues	<u>1,016,221</u>	<u>1,088,689</u>	<u>72,468</u>
Expenditures			
Public safety	<u>1,571,307</u>	<u>982,373</u>	<u>588,934</u>
Total expenditures	<u>1,571,307</u>	<u>982,373</u>	<u>588,934</u>
Excess (deficiency) of revenues over expenditures	(555,086)	106,316	661,402
Other financing sources (uses)			
Transfers in	3,029	1,791	(1,238)
Transfers out	<u>(1,245)</u>	<u>-</u>	<u>1,245</u>
Total other financing sources (uses)	<u>1,784</u>	<u>1,791</u>	<u>7</u>
Net change in fund balance	(553,302)	108,107	661,409
Fund balance, July 1, 2014	<u>553,302</u>	<u>480,912</u>	<u>(72,390)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 589,019</u>	<u>\$ 589,019</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Homeland Security Fund
Budgetary Comparison Schedule
Year Ended June 30, 2015

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 455,770	\$ 411,020	\$ (44,750)
Total revenues	<u>455,770</u>	<u>411,020</u>	<u>(44,750)</u>
Expenditures			
General Government			
County Attorney	7,162	3,558	3,604
Public safety			
Emergency Management	23,717	18,466	5,251
Sheriff's Office	428,100	389,135	38,965
Total expenditures	<u>458,979</u>	<u>411,159</u>	<u>47,820</u>
Excess (deficiency) of revenues over expenditures	(3,209)	(139)	3,070
Other financing sources			
Transfers in	-	14,743	14,743
Total other financing sources	<u>-</u>	<u>14,743</u>	<u>14,743</u>
Net change in fund balance	(3,209)	14,604	17,813
Fund balance, July 1, 2014	<u>3,209</u>	<u>(89,088)</u>	<u>(92,297)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ (74,484)</u>	<u>\$ (74,484)</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Retrieval Conversion Fund
Budgetary Comparison Schedule
Year Ended June 30, 2015

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 40,000	\$ 14,447	\$ (25,553)
Charges for services	68,000	67,911	(89)
Fines and forfeits	91,000	107,474	16,474
Investment earnings	150	181	31
Miscellaneous	<u>-</u>	<u>7</u>	<u>7</u>
Total revenues	<u>199,150</u>	<u>190,020</u>	<u>(9,130)</u>
Expenditures			
General government	<u>801,810</u>	<u>63,897</u>	<u>737,913</u>
Total expenditures	<u>801,810</u>	<u>63,897</u>	<u>737,913</u>
Excess (deficiency) of revenues over expenditures	(602,660)	126,123	728,783
Other financing sources (uses)			
Transfers in	-	359	359
Transfers out	<u>(70,000)</u>	<u>(98,270)</u>	<u>(28,270)</u>
Total other financing sources (uses)	<u>(70,000)</u>	<u>(97,911)</u>	<u>(27,911)</u>
Net change in fund balance	(672,660)	28,212	700,872
Fund balance, July 1, 2014	<u>672,660</u>	<u>682,517</u>	<u>9,857</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 710,729</u>	<u>\$ 710,729</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Animal Control Fund
Budgetary Comparison Schedule
Year Ended June 30, 2015

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 244,804	\$ 268,404	\$ 23,600
Charges for services	32,500	17,005	(15,495)
Investment earnings		8	8
Miscellaneous	<u>10,000</u>	<u>36,626</u>	<u>26,626</u>
Total revenues	<u>287,304</u>	<u>322,043</u>	<u>34,739</u>
Expenditures			
Current:			
Health, welfare and sanitation	<u>527,511</u>	<u>655,170</u>	<u>(127,659)</u>
Total expenditures	<u>527,511</u>	<u>655,170</u>	<u>(127,659)</u>
Excess (deficiency) of revenues over expenditures	(240,207)	(333,127)	(92,920)
Other financing sources			
Transfers in	<u>212,804</u>	<u>339,615</u>	<u>126,811</u>
Total other financing sources	<u>212,804</u>	<u>339,615</u>	<u>126,811</u>
Net change in fund balance	(27,403)	6,488	33,891
Fund balance, July 1, 2014	<u>27,403</u>	<u>5,961</u>	<u>(21,442)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 12,449</u>	<u>\$ 12,449</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Other Special Revenue Funds
Budgetary Comparison Schedule
Year Ended June 30, 2015

	Original and Final Budget Amounts	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 906,850	\$ 989,938	\$ 83,088
Charges for services	125,700	124,239	(1,461)
Investment earnings	20	233	213
Miscellaneous	<u>-</u>	<u>20,311</u>	<u>20,311</u>
Total revenues	<u>1,032,570</u>	<u>1,134,721</u>	<u>102,151</u>
Expenditures			
General government	204,428	69,032	135,396
Public safety	672,774	455,738	217,036
Health, welfare and sanitation	300,080	140,476	159,604
Education and economic opportunity	<u>1,818,678</u>	<u>867,507</u>	<u>951,171</u>
Total expenditures	<u>2,995,960</u>	<u>1,532,753</u>	<u>1,463,207</u>
Excess (deficiency) of revenues over expenditures	(1,963,390)	(398,032)	1,565,358
Other financing sources (uses)			
Transfers in	104,185	52,223	(51,962)
Transfers out	<u>(7,500)</u>	<u>(12,512)</u>	<u>(5,012)</u>
Total other financing sources (uses)	<u>96,685</u>	<u>39,711</u>	<u>(56,974)</u>
Net change in fund balance	(1,866,705)	(358,321)	1,508,384
Fund balance, July 1, 2014	<u>1,866,705</u>	<u>1,877,044</u>	<u>10,339</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 1,518,723</u>	<u>\$ 1,518,723</u>

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

Nonmajor Capital Projects Funds

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Construction Fund
 Year Ended June 30, 2015

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ -	\$ 125	\$ 125
Miscellaneous	<u>-</u>	<u>58,959</u>	<u>58,959</u>
Total revenues	<u>-</u>	<u>59,084</u>	<u>59,084</u>
Expenditures			
General government	16,249	-	16,249
Public safety	<u>92,179</u>	<u>-</u>	<u>92,179</u>
Total expenditures	<u>108,428</u>	<u>-</u>	<u>108,428</u>
Excess (deficiency) of revenues over expenditures	(108,428)	59,084	167,512
Fund balance, July 1, 2014	<u>108,428</u>	<u>198,105</u>	<u>89,677</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 257,189</u>	<u>\$ 257,189</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Airport Fund
 Year Ended June 30, 2015

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 1,877,157	\$ 191,982	\$ (1,685,175)
Total Revenues	<u>1,877,157</u>	<u>191,982</u>	<u>(1,685,175)</u>
Expenditures			
General government	<u>2,073,258</u>	<u>183,865</u>	<u>1,889,393</u>
Total expenditures	<u>2,073,258</u>	<u>183,865</u>	<u>1,889,393</u>
Excess (deficiency) of revenues over expenditures	(196,101)	8,117	204,218
Other financing sources			
Transfers in	<u>196,101</u>	<u>11,211</u>	<u>(184,890)</u>
Total other financing sources	<u>196,101</u>	<u>11,211</u>	<u>(184,890)</u>
Net change in fund balance	-	19,328	19,328
Fund balance, July 1, 2014	<u>-</u>	<u>(18,271)</u>	<u>(18,271)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 1,057</u>	<u>\$ 1,057</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Other Funds
 Year Ended June 30, 2015

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 330,341	\$ 99,828	\$ (230,513)
Total revenues	<u>330,341</u>	<u>99,828</u>	<u>(230,513)</u>
Expenditures			
Highways and streets	380,341	336,599	43,742
Education and economic opportunity	<u>59,634</u>	<u>-</u>	<u>59,634</u>
Total expenditures	<u>439,975</u>	<u>336,599</u>	<u>103,376</u>
Excess (deficiency) of revenues over expenditures	(109,634)	(236,771)	(127,137)
Other financing sources (uses)			
Transfers in	50,000	7,135	(42,865)
Transfers out	<u>-</u>	<u>(877)</u>	<u>(877)</u>
Total other financing sources (uses)	<u>50,000</u>	<u>6,258</u>	<u>(43,742)</u>
Net change in fund balance	(59,634)	(230,513)	(170,879)
Fund balance, July 1, 2014	<u>59,634</u>	<u>59,634</u>	<u>-</u>
Fund balance, June 30, 2015	<u><u>\$ -</u></u>	<u><u>\$ (170,879)</u></u>	<u><u>\$ (170,879)</u></u>

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

Nonmajor Debt Service Fund

Santa Cruz County
Debt Service Fund
Budgetary Comparison Schedule
Year Ended June 30, 2015

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ -	\$ 190	\$ 190
Investment earnings	-	91	91
Miscellaneous	-	1,816	1,816
Total revenues	<u>-</u>	<u>2,097</u>	<u>2,097</u>
Expenditures			
Debt Service	<u>1,094,515</u>	<u>996,308</u>	<u>98,207</u>
Total expenditures	<u>1,094,515</u>	<u>996,308</u>	<u>98,207</u>
Excess (deficiency) of revenues over expenditures	(1,094,515)	(994,211)	100,304
Other financing sources			
Transfers in	<u>994,925</u>	<u>994,925</u>	<u>-</u>
Total other financing sources	<u>994,925</u>	<u>994,925</u>	<u>-</u>
Net change in fund balance	(99,590)	714	100,304
Fund balance, July 1, 2014	<u>99,590</u>	<u>97,889</u>	<u>(1,701)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 98,603</u>	<u>\$ 98,603</u>

Investment Trust and Agency Funds

Santa Cruz County
Combining Statement of Fiduciary Net Position
Investment Trust Fund
June 30, 2015

	<u>Treasurer's Investment Pool</u>	<u>Individual Investment Accounts</u>	<u>Total</u>
Assets			
Cash and investments	\$ 30,593,868	\$ 61,154	\$ 30,655,022
Total assets	<u>\$ 30,593,868</u>	<u>\$ 61,154</u>	<u>\$ 30,655,022</u>
Net Position			
Held in trust for investment trust participants	<u>\$ 30,593,868</u>	<u>\$ 61,154</u>	<u>\$ 30,655,022</u>

Santa Cruz County
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2015

	<u>Property Tax Collection</u>	<u>Fire District</u>	<u>Special Purpose</u>	<u>Total</u>
Assets				
Cash and investments	\$ 287,775	\$ -	\$ 1,816,142	\$ 2,103,917
Total assets	<u>\$ 287,775</u>	<u>\$ -</u>	<u>\$ 1,816,142</u>	<u>\$ 2,103,917</u>
Liabilities				
Due to other governmental units	\$ 77,216	\$ -		\$ 77,216
Deposits held for others	<u>210,559</u>	<u></u>	<u>\$ 1,816,142</u>	<u>2,026,701</u>
Total liabilities	<u>\$ 287,775</u>	<u>\$ -</u>	<u>\$ 1,816,142</u>	<u>\$ 2,103,917</u>

Santa Cruz County
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
Year Ended June 30, 2015

	<u>Treasurer's Investment Pool</u>	<u>Individual Investment Accounts</u>	<u>Total</u>
Additions			
Contributions from participants	\$ 98,202,706		\$ 98,202,706
Investment earnings	<u>8,866</u>	\$ 1,360	<u>10,226</u>
Total additions	<u>98,211,572</u>	<u>1,360</u>	<u>98,212,932</u>
Deductions			
Distributions to participants	<u>97,745,483</u>	<u>8,096</u>	<u>97,753,579</u>
Total deductions	<u>97,745,483</u>	<u>8,096</u>	<u>97,753,579</u>
Changes in net position	466,089	(6,736)	459,353
Net position, July 1, 2014	<u>30,127,779</u>	<u>67,890</u>	<u>30,195,669</u>
Net position, June 30, 2015	<u>\$ 30,593,868</u>	<u>\$ 61,154</u>	<u>\$ 30,655,022</u>

Santa Cruz County
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Property Tax Collection:				
Assets				
Cash and investments	\$ 239,580	\$ 3,236,893	\$ 3,188,698	\$ 287,775
Liabilities				
Due to other governmental units	\$ 40,305	\$ 995,232	\$ 958,321	\$ 77,216
Deposits held for others	199,275	2,241,661	2,230,377	210,559
Total liabilities	\$ 239,580	\$ 3,236,893	\$ 3,188,698	\$ 287,775
Fire District:				
Assets				
Cash and investments	\$ -	\$ 323,844	\$ 323,844	\$ -
Liabilities				
Due to other governmental units	\$ -	\$ 323,844	\$ 323,844	\$ -
Special Purpose:				
Assets				
Cash and investments	\$ 978,595	\$ 983,423	\$ 145,876	\$ 1,816,142
Liabilities				
Deposits held for others	\$ 978,595	\$ 983,423	\$ 145,876	\$ 1,816,142
Total - All Agency Funds				
Assets				
Cash and investments	\$ 1,218,175	\$ 4,544,160	\$ 3,658,418	\$ 2,103,917
Liabilities				
Due to other governmental units	\$ 40,305	\$ 1,319,076	\$ 1,282,165	\$ 77,216
Deposits held for others	1,177,870	3,225,084	2,376,253	2,026,701
Total liabilities	\$ 1,218,175	\$ 4,544,160	\$ 3,658,418	\$ 2,103,917

This page left blank intentionally.

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
Net investment in capital assets	\$ 70,340	\$ 70,668	\$ 73,030	\$ 74,702	\$ 75,658	\$ 74,440	\$ 73,420	\$ 74,969	\$ 71,338	\$ 23,757
Restricted	7,711	9,515	9,190	9,412	10,559	6,012	7,868	8,463	5,115	5,882
Unrestricted	(22,125)	9,783	10,951	11,913	10,801	14,795	14,615	13,109	15,751	13,740
Total governmental activities net position	<u>55,926</u>	<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>
Business-Type Activities										
Net investment in capital assets	4,274	3,660	3,538	3,691	3,393	2,568	2,602	2,710	2,676	2,474
Unrestricted (deficit)	(1,278)	(1,182)	(1,356)	(375)	(351)	715	596	(1,560)	(1,745)	(1,966)
Total business-type activities net position (deficit)	<u>2,996</u>	<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>
Primary Government										
Net investment in capital assets	74,614	74,328	76,568	78,393	79,051	77,008	76,022	77,679	74,014	26,231
Restricted	7,711	9,515	9,190	9,412	10,559	6,012	7,868	8,463	5,115	5,882
Unrestricted	(23,403)	8,601	9,595	11,538	10,450	15,510	15,211	11,549	14,006	11,774
Total primary government net position	<u>\$ 58,922</u>	<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>

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities:										
General government	\$ 16,772	\$ 14,525	\$ 14,184	\$ 14,243	\$ 13,285	\$ 13,542	\$ 13,674	\$ 14,264	\$ 14,754	\$ 14,592
Public safety	16,431	16,043	15,420	17,894	14,733	12,986	14,631	12,961	8,789	8,049
Highways and streets	7,474	6,972	6,509	4,239	4,570	4,248	4,701	4,928	5,730	4,349
Health, welfare and sanitation	4,633	4,754	4,224	4,518	3,865	3,916	4,149	4,647	4,596	4,123
Education and economic opportunity	3,259	2,454	2,443	3,371	4,589	6,280	4,912	4,758	5,309	4,080
Recreation	152	165	139	141	121	208	329	354	302	347
Interest on long-term debt	2,810	2,899	2,983	2,965	2,767	4,220	1,976	63	52	35
Total governmental activities expenses	<u>51,531</u>	<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>
Business-type activities:										
Landfill	887	1,511	2,432	833	1,261	562	(342)	2,137	1,824	1,636
Total business-type activities expenses	<u>887</u>	<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>
Total primary government expenses	<u>52,418</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services										
General government	2,412	2,569	3,201	3,326	3,087	3,532	3,153	3,629	3,459	2,785
Public safety	450	399	920	400	218	395	307	262	854	2,216
Highways and streets	-	-	-	-	-	2	7	-	22	-
Health, welfare and sanitation	156	174	157	185	206	202	218	242	596	623
Education and economic opportunity	73	128	13	88	14	1	-	182	155	-
Recreation	9	8	6	11	10	6	8	14	5	5
Operating grants and contributions*	8,993	8,338	9,077	10,777	11,079	9,955	9,305	16,402	16,051	14,317
Capital grants and contributions	4,747	4,512	3,513	3,447	4,335	3,608	3,963	656	1,351	1,578
Total governmental activities program revenues	<u>16,840</u>	<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>
Business-type activities:										
Charges for services										
Landfill	1,993	1,600	1,269	968	1,001	610	1,683	2,266	2,137	1,838
Operating grants and contributions	-	94	-	-	-	20	8	-	-	-
Total business-type program revenues	<u>1,993</u>	<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>
Total primary government program revenues	<u>18,833</u>	<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>
Net (expense) revenue										
Governmental activities	(34,691)	(31,684)	(29,015)	(29,137)	(24,981)	(27,699)	(27,410)	(20,588)	(17,039)	(14,051)
Business-type activities	1,106	183	(1,163)	135	(260)	68	2,033	129	313	202
Total primary government activities net (expense) revenue	<u>(33,585)</u>	<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>

(continued)

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 14,041	\$ 13,915	\$ 12,650	\$ 13,398	\$ 13,988	\$ 14,187	\$ 12,666	\$ 12,276	\$ 11,718	\$ 12,795
County general excise tax	2,504	2,685	2,596	2,646	2,571	2,519	2,961	-	-	-
County jail excise tax	2,504	2,685	2,594	2,642	2,609	2,446	2,951	-	-	-
Share of state sales taxes-general government	2,421	2,426	2,197	2,018	2,272	779	1,127	8,035	11,677	7,620
Share of state sales taxes-welfare	2,033	2,024	2,019	2,047	1,589	1,540	2,037	-	-	-
Share of state sales taxes-education						1,356	987	-	-	-
Payments in lieu of taxes	932	978	980	956	834	324	1,360	578	571	574
Vehicle lieu tax unrestricted*	1,527	1,466	1,312	1,367	1,343	1,432	1,528	1,592	1,615	-
Share of state lottery revenue	1,100	-	-	-	-	304	522	-	-	-
Share of federal disproportionate revenue	-	-	-	-	-	-	215	-	-	-
Share of state overweight permits	783	754	702	-	-	-	-	-	-	-
Unrestricted grants and contributions	522	506	592	738	564	791	850	661	842	796
Investment earnings (loss)	14	130	98	68	205	730	(384)	771	884	607
Miscellaneous	377	855	402	531	747	754	531	252	67	75
Capital contributions	-	29	39	37	33	42	19	-	-	-
Transfers	(2)	(109)	(22)	(18)	(12)	-	-	-	(23)	-
Gain on sale of capital assets	4	134	-	-	9	-	-	-	-	-
Loss on disposal	-	-	-	(144)	-	-	-	-	(32)	-
Total governmental activities	<u>28,760</u>	<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>
Business-type activities:										
Grants and contributions	-	-	-	80						
Investment earnings	1	4	7	2	6	18	15	90	86	46
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	2	109	22	18	12	-	-	-	23	-
Capital contributions	-	-	-	-	-	-	-	-	1	-
Total business-type activities	<u>3</u>	<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>
Total primary government	<u>28,763</u>	<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>
Changes in net position										
Governmental activities	(5,931)	(3,205)	(2,856)	(2,851)	1,771	(495)	(40)	3,577	10,280	8,416
Business-type activities	1,109	296	(1,134)	235	(242)	86	2,048	219	423	248
Total primary government	<u>\$ (4,822)</u>	<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>

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	13,370	15,052	12,752	15,356	12,808
Nonspendable*	95	51	49	44	42	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	11,125	11,021	13,458	13,513	13,945	-	-	-	-	-
Subtotal general fund	<u>\$ 11,220</u>	<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>
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
Nonspendable*	7	8	4	2	4	-	-	-	-	-
Restricted	9,486	11,872	12,360	16,295	9,724	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	52	192	110	370	521	-	-	-	-	-
Unassigned	(845)	(687)	(1,648)	(1,431)	(2,616)	-	-	-	-	-
Capital projects funds (deficits)	-	-	-	-	-	5,378	35,028	60	(63)	1,025
Nonspendable*	-	-	-	-	-	-	-	-	-	-
Restricted	270	60	155	108	61	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	53	-	-	-	-	-	-	-	-	-
Unassigned	(236)	-	-	(1)	(792)	-	-	-	-	-
Debt Service Assigned	99	98		242	236	493	2,129	1,792	445	408
Total all other governmental funds	<u>\$ 8,886</u>	<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>

*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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Taxes	\$ 19,198	\$ 19,189	\$ 18,026	\$ 18,573	\$ 19,181	\$ 18,752	\$ 19,195	\$ 13,889	\$ 13,709	\$ 13,377
Intergovernmental	22,022	20,926	20,929	22,283	21,173	18,986	21,884	26,115	30,736	24,711
Licenses and permits	384	324	214	293	318	380	459	927	1,156	1,823
Charges for services	1,519	1,676	1,620	1,625	1,751	1,702	1,961	1,991	1,952	1,949
Fines and forfeits	1,197	1,278	2,464	2,092	1,466	2,056	1,273	933	1,207	1,148
Investment earnings	14	130	98	68	206	730	(384)	771	884	607
Rents	42	37	45	33	59	42	21	52	44	30
Contributions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	337	817	357	497	688	712	520	705	285	403
Total revenues	<u>44,713</u>	<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>
Expenditures:										
Current:										
General government	13,379	13,840	13,605	13,885	14,807	12,843	12,856	13,564	15,512	14,369
Public safety	13,582	15,096	19,435	16,355	20,821	13,093	13,562	14,506	10,189	8,153
Highways and streets	6,816	4,872	3,707	3,607	3,068	3,020	4,187	3,836	10,818	4,533
Health, welfare and sanitation	4,625	4,738	4,230	4,425	3,790	3,823	4,027	4,543	4,723	4,177
Education and economic opportunity	3,132	2,421	2,404	3,331	4,572	6,308	4,886	4,732	5,275	4,069
Recreation	438	148	122	122	99	183	300	425	327	289
Capital outlay	-	-	-	-	-	29,818	22,249	3,985	2,683	2,304
Debt service:										
Principal	2,421	2,332	2,224	2,133	1,935	3,359	270	218	91	978
Interest and other charges	2,809	2,900	2,983	2,965	2,767	4,220	1,976	63	52	35
Total expenditures	<u>47,202</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,489)</u>	<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>
Other financing sources (uses):										
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	5,187	7,077	3,759	6,962	5,488	5,654	3,876	5,691	3,273	838
Transfers out	(5,189)	(7,132)	(3,781)	(6,980)	(5,500)	(5,654)	(3,876)	(5,691)	(3,296)	(838)
Proceeds from long-term notes	-	-	-	-	-	-	-	-	-	766
Total other financing sources (uses)	<u>(2)</u>	<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>
Net change in fund balances	<u>\$ (2,491)</u>	<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>
Debt service as a percentage of noncapital expenditures	11.08%	11.29%	10.69%	10.89%	9.07%	16.18%	5.34%	0.67%	0.30%	2.77%

SOURCE: Comprehensive Annual Financial Reports for the relevant year

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

Fiscal Year	Taxes	Intergov- ernmental Revenues	Licenses and Permits	Charges for Services	Fines and Forfeits	Investment Earnings	Rents	Contributions and Miscellaneous	Total
2005-06 ⁽¹⁾	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 ⁽¹⁾	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 ⁽¹⁾	13,889,123	26,114,526	927,316	1,990,784	932,840	770,585	52,000	704,489	45,381,663
2008-09 ⁽¹⁾	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 ⁽¹⁾	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 ⁽¹⁾	19,180,849	21,173,272	318,010	1,750,998	1,466,191	205,553	58,620	688,527	44,842,020
2011-12 ⁽¹⁾	18,572,950	22,282,885	293,019	1,624,831	2,091,593	67,877	33,391	497,579	45,464,125
2012-13 ⁽¹⁾	18,026,015	20,929,331	213,610	1,619,670	2,463,908	98,235	44,964	357,090	43,752,823
2013-14 ⁽¹⁾	19,188,991	20,925,579	324,466	1,675,691	1,277,530	130,325	37,437	816,763	44,376,782
2014-15 ⁽¹⁾	19,198,139	22,021,951	383,509	1,519,051	1,196,855	13,667	42,437	336,976	44,712,585

NOTES:

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

SOURCE: Basic financial statements.

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

Fiscal Year	Taxes	Intergovernmental Revenues	Licenses and Permits	Charges for Services	Fines and Forfeits	Investment Earnings	Rents	Contributions and Miscellaneous	Total
2005-06 ⁽¹⁾	30.37	56.10	4.14	4.43	2.61	1.37	0.07	0.91	100.00
2006-07 ⁽¹⁾	27.43	61.50	2.31	3.91	2.42	1.77	0.09	0.57	100.00
2007-08 ⁽¹⁾	30.61	57.54	2.04	4.39	2.06	1.70	0.11	1.55	100.00
2008-09 ⁽¹⁾	42.72	48.71	1.02	4.37	2.83	(0.86)	0.05	1.16	100.00
2009-10 ⁽¹⁾	43.24	43.79	0.88	3.93	4.74	1.68	0.10	1.64	100.00
2010-11 ⁽¹⁾	42.77	47.22	0.71	3.90	3.27	0.46	0.13	1.54	100.00
2011-12 ⁽¹⁾	40.85	49.01	0.65	3.57	4.60	0.15	0.07	1.10	100.00
2012-13 ⁽¹⁾	41.20	47.84	0.49	3.70	5.63	0.22	0.10	0.82	100.00
2013-14 ⁽¹⁾	43.24	47.16	0.73	3.78	2.88	0.29	0.08	1.84	100.00
2014-15 ⁽¹⁾	42.94	49.25	0.86	3.40	2.68	0.03	0.09	0.75	100.00

NOTES:

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

SOURCE: Basic financial statements.

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Health, Welfare and Sanitation	Education and Economic Opportunity	Recreation	Debt Service	Total
2005-06 ⁽¹⁾	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 ⁽¹⁾	15,512,469	10,188,891	10,818,202	4,723,017	5,275,053	326,817	143,102	46,987,551
2007-08 ⁽¹⁾	13,563,616	14,505,806	3,836,048	4,542,542	4,732,069	425,060	280,656	41,885,797
2008-09 ⁽¹⁾	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 ⁽¹⁾	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 ⁽¹⁾	14,807,146	20,820,966	3,067,846	3,790,279	4,572,614	98,941	4,701,642	51,859,434
2011-12 ⁽¹⁾	13,884,751	16,355,330	3,607,007	4,425,594	3,330,380	121,848	5,097,891	46,822,801
2012-13 ⁽¹⁾	13,604,846	19,433,945	3,706,853	4,230,295	2,404,393	122,428	5,207,220	48,709,980
2013-14 ⁽¹⁾	13,840,300	15,096,016	4,871,659	4,737,804	2,421,005	147,906	5,231,833	46,346,523
2014-15 ⁽¹⁾	13,378,702	13,581,726	6,816,505	4,624,765	3,131,769	437,707	5,230,166	47,201,340

NOTES:

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

SOURCE: Basic financial statements.

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Health, Welfare and Sanitation	Education and Economic Opportunity	Recreation	Debt Service	Total
2004-05 ⁽¹⁾	33.45	22.90	14.48	10.91	14.31	0.81	3.14	100.00
2005-06 ⁽¹⁾	39.26	22.27	12.38	11.41	11.12	0.79	2.77	100.00
2006-07 ⁽¹⁾	33.01	21.69	23.02	10.05	11.23	0.70	0.30	100.00
2007-08 ⁽¹⁾	32.38	34.63	9.16	10.84	11.30	1.02	0.67	100.00
2008-09 ⁽¹⁾	30.57	32.24	9.95	9.57	11.62	0.71	5.34	100.00
2009-10 ⁽¹⁾	27.41	27.95	6.45	8.16	13.46	0.39	16.18	100.00
2010-11 ⁽¹⁾	28.55	40.14	5.92	7.31	8.82	0.19	9.07	100.00
2011-12 ⁽¹⁾	29.66	34.93	7.70	9.45	7.11	0.26	10.89	100.00
2012-13 ⁽¹⁾	27.93	39.90	7.61	8.68	4.94	0.25	10.69	100.00
2013-14 ⁽¹⁾	29.86	32.57	10.52	10.22	5.22	0.32	11.29	100.00
2014-15 ⁽¹⁾	28.34	28.77	14.44	9.80	6.64	0.93	11.08	100.00

NOTES:

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

SOURCE: Basic financial statements.

REVENUE CAPACITY:

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

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

Fiscal Year	Commercial Property	Residential Property	Vacant Land	Other	Taxable Net Assessed Value	Total Direct Tax Rate	Estimated Limited Value	Assessed Value as a Percentage of Limited Value
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%
14-15	87,926	146,635	59,364	278	294,203	4.4765	2,770,291	10.62%

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		
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
2014-15	3.6471	0.7294	0.1000	0.0000	3.4000	3.7769	3.2500	2.1000	2.1123	0.5089

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		
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
2014-15	2.2462	3.6141	4.0605	5.5846	5.7221	5.8757

SOURCE: Annual budgets.

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

Taxpayer	2015			2014			2013			2012			2011		
	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value
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%
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%
Wal-Mart Stores, Inc.	2,235.00	3	0.69%	2,546.00	3	0.75%	2,270.00	5	0.60%	2,519.00	5	0.63%	2,554.00	6	0.58%
Delta Properties LLP	5,989.00	1	1.85%	5,770.00	2	1.70%	6,178.00	2	1.64%	5,197.00	2	1.30%	5,697.00	2	1.29%
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 *	2,506.00	2	0.77%	1,745.00	6	0.51%	2,326.00	4	0.62%	1,832.00	9	0.46%	1,947.00	8	0.44%
Tubac Management Co, LLC	1,553.00	4	0.48%	1,744.00	7	0.51%	1,679.00	9	0.45%	1,859.00	8	0.47%	1,902.00	9	0.43%
SOAC Properties Corporation	1,276.00	7	0.39%	1,578.00	8	0.46%									
Vatere LLC	1,543.00	5	0.48%				2,591.00	3	0.69%	2,126.00	6	0.53%	2,611.00	5	0.59%
Rio Rico Properties							2,245.00	6	0.60%	1,591.00	10	0.40%	2,116.00	7	0.48%
Crisantes Properties, LLC				1,433.00	10	0.42%	1,609.00	10	0.43%						
Rio Rico Utilities	1,468.00	6	0.45%	1,462.00	9	0.43%									
Title Security Agency of Arizona										2,695.00	4	0.67%	2,695.00	4	0.61%
Home Depot USA Inc.	1,008.00	8	0.31%												
Loma Linda Mall LLC	925.00	9	0.29%												
Rio Rico Pacific	886.00	10	0.27%												
Total	\$ 19,389.00		5.98%	\$ 37,692.00		11.08%	\$ 39,720.00		10.57%	\$ 37,786.00		9.46%	\$ 38,064.00		8.61%

*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	2010			2009			2008			2007			2006		
	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%	2,767.00	5	0.74%									
Unisource Energy Corporation *	14,303.00	1	3.17%	14,580.00	1	3.91%									
Qwest Corporation *	3,230.00	3	0.72%	4,403.00	3	1.18%	15,211.00	1	4.45%	13,790.00	1	4.69%	12,909.00	1	4.85%
Wal-Mart Stores, Inc.	2,660.00	6	0.59%	3,225.00	4	0.86%	4,467.00	3	1.31%	5,356.00	4	1.82%	4,916.00	2	1.85%
Delta Properties LLP	4,374.00	2	0.97%	4,583.00	2	1.23%	3,824.00	5	1.12%	7,768.00	2	2.64%	3,641.00	4	1.37%
Union Pacific Railroad						-	5,756.00	2	1.68%	6,034.00	3	2.05%	4,103.00	3	1.54%
Mariposa Shopping Center LP *	2,119.00	8	0.47%	2,624.00	8	0.70%	-		-	-		-	2,229.00	7	0.84%
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%
Nogales Plaza Shopping Center LP	1,966.00	10	0.44%	2,060.00	10	0.55%	2,633.00	9	0.77%	4,373.00	5	1.49%	-		-
Vatere LLC	2,630.00	7	0.58%	2,694.00	6	0.72%	2,182.00	10	0.64%				1,995.00	8	0.75%
Rio Rico Properties	2,023.00	9	0.45%												
Loma Linda Mall LLC *							3,143.00	6	0.92%				2,291.00	6	0.86%
Tucson Electric Power Co													1,391.00	10	0.52%
Edwards/PCF-Nogales LLC							2,827.00	8	0.83%						
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%
Title Security Agency of Arizona	2,687.00	5	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%			
Total	<u>\$ 38,937.00</u>		8.64%	<u>\$ 41,760.00</u>		11.18%	<u>\$ 46,937.00</u>		13.74%	<u>\$ 53,836.00</u>		18.31%	<u>\$ 38,186.00</u>		14.35%

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

Santa Cruz County
Property Tax Levies and Collections
Last Ten Years

Fiscal Year	Primary Property Taxes	Secondary Property Total	Total Property Tax Levy	Property Taxes Collected			Percent of Levy	Subsequent Taxes Collected	Total Tax Collections To Date	Percent of Levy	Outstanding Delinquent Taxes Receivable ⁽¹⁾
				Within Fiscal Year of Levy							
				Primary	Secondary	Total					
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 ⁽²⁾	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 ⁽³⁾	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 ⁽⁴⁾	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 ⁽⁵⁾	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 ⁽⁶⁾	12,674,022	90.20	1,652,912
2014-15	11,707,247	2,472,680	14,179,927	11,116,222	2,396,504	13,512,726	95.29	34,655 ⁽⁷⁾	13,547,381	95.54	1,538,693

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

⁽⁷⁾ Subsequent Taxes Collected as of September 15, 2015

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
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
2014-15 Primary	320,999	2,770,291	11.59
2014-15 Secondary	323,844	2,794,839	11.59

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						
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	5.42%	43,771	1,407
2009-2010	-	1,230	56,790	117	58,137	1,194,102	4.87%	47,420	1,226
2010-2011	-	1,313	55,245	6	56,564	1,159,970 ⁽¹⁾	4.88%	47,539	1,189
2011-2012	-	1,159	62,790	-	63,949	1,201,845 ⁽¹⁾	5.32%	48,724	1,312
2012-2013	-	1,261	60,790	-	62,051	1,220,160 ⁽¹⁾	5.09%	49,200	1,261
2013-2014	-	1,009	58,710	-	59,719	1,289,709 ⁽¹⁾	4.63%	49,816	1,199
2014-2015	-	748	56,550	675	57,973	1,358,316 ⁽¹⁾	4.27%	50,495	1,148

NOTE:

⁽¹⁾ Projected Estimate

SOURCE: Basic Financial Statements

Santa Cruz County
 Computation of Direct and Overlapping Debt
 Governmental Activities, Debt Outstanding
 June 30, 2015
 (Amounts in Thousands)

<u>Governmental Unit</u>	Net Debt Outstanding	Percent Applicable to Santa Cruz	Amount Applicable to Santa Cruz
Other Debt			
Santa Cruz County – Governmental Capital Lease	748	100	748
Santa Cruz County – Governmental Loans Payable	56,550	100	56,550

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>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>	<u>2015</u>
Assessed Value	\$265,934	\$294,247	\$341,684	\$404,366	\$450,859	\$442,665	\$399,532	\$375,670	\$339,878	\$323,844
Legal Debt Margin										
Debt Limit (15% of assessed value)	39,890	44,137	51,253	60,655	67,629	66,400	59,930	56,351	50,982	48,577
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Net Position reserved for repayment of general obligation bonds	<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>	<u>(99)</u>
Total net debt applicable to the limit	<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>	<u>(99)</u>
Legal Debt Limit Margin	<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>	<u>(99)</u>
Total net debt applicable to the limit as a percentage of debt limit	(1.02)%	(1.01)%	(3.50)%	(3.51)%	(0.73)%	(0.36)%	(0.40)%	(0.98)%	(0.19)%	(0.20)%

SOURCE: Basic Financial Statements

Santa Cruz County
Pledged Revenue Coverage
Last Ten Fiscal Years
June 30, 2015

Fiscal Year	Long Term Loan (Court and Judicial Facility: 2008-1 Project)			
	Revenues ⁽¹⁾	Debt Service		Coverage
		Principal	Interest	
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
2015	4,926,041	315,000	679,925	4.95

	Long Term Loan (Jail District Detention Facility: 2008-2 Project)					
Fiscal Year	Jail District Revenues ⁽²⁾	Less: Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2015	6,129,524	4,286,321	1,843,203	1,480,000	1,766,507	.57

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.

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
2006	42,066	22,326	939,156	10,510 ⁽²⁾	16,550	8.0
2007	42,692	25,386	1,083,783	11,183 ⁽³⁾	16,100	6.7
2008	43,133	26,466	1,141,556	11,267 ⁽⁴⁾	18,300	7.9
2009	43,771	25,987 ⁽¹⁾	1,137,477 ⁽¹⁾	10,611 ⁽⁵⁾	18,150	14.2
2010	47,420	25,181 ⁽¹⁾	1,194,102 ⁽¹⁾	11,246 ⁽⁶⁾	17,950	15.6
2011	47,539	24,400 ⁽¹⁾	1,159,970 ⁽¹⁾	11,028 ⁽⁷⁾	18,975	16.5
2012	48,724	24,666 ⁽¹⁾	1,201,845 ⁽¹⁾	10,502 ⁽⁸⁾	18,352	18.3
2013	49,200	24,800 ⁽¹⁾	1,220,160 ⁽¹⁾	10,719 ⁽⁹⁾	17,917	17.3
2014	49,819	25,890 ⁽¹⁾	1,289,709 ⁽¹⁾	11,009 ⁽¹⁰⁾	17,328	15.2
2015	50,495	26,900 ⁽¹⁾	1,358,316 ⁽¹⁾	10,885 ⁽¹¹⁾	19,907	11.0

NOTES:

- ⁽¹⁾ Projected Estimate.
- ⁽²⁾ School enrollment as of January 18, 2006.
- ⁽³⁾ School enrollment as of September 27, 2006.
- ⁽⁴⁾ School enrollment as of November 26, 2007.
- ⁽⁵⁾ School enrollment as of January 20, 2009.
- ⁽⁶⁾ School enrollment as of April 30, 2010.
- ⁽⁷⁾ School enrollment as of February 28, 2011.
- ⁽⁸⁾ School enrollment as of June 30, 2012.
- ⁽⁹⁾ School enrollment as of June 30, 2013.
- ⁽¹⁰⁾ School enrollment as of September 30, 2014.
- ⁽¹¹⁾ School enrollment as of September 30, 2015.

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

Employer	2015			2014			2013			2012			2011		
	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force
Nogales Unified School District #1	563	2	2.8%	567	2	3.3%	603	2	3.4%	562	2	3.1%	591	1	3.1%
US Border Patrol	670	1	3.4%	716	1	4.1%	735	1	4.1%	751	1	4.1%	N/A	N/A	N/A
Super Wal-Mart	430	4	2.2%	421	4	2.4%	487	3	2.7%	466	4	2.5%	412	4	2.2%
US Customs and Border Protection	457	3	2.3%	490	3	2.8%	470	4	2.6%	482	3	2.6%	440	2	2.3%
Santa Cruz County	309	6	1.6%	400	6	2.3%	411	5	2.3%	419	6	2.3%	373	5	2.0%
Santa Cruz Valley Unified School District #35	386	5	1.9%	434	5	2.5%	401	6	2.2%	430	5	2.3%	430	3	2.3%
City of Nogales	269	7	1.4%	295	7	1.7%	288	7	1.6%	275	7	1.5%	280	6	1.5%
Carondelet Health Network - Holy Cross Hospital	178	10	0.9%	172	10	1.0%	217	9	1.2%	175	9	1.0%	206	8	1.1%
Mariposa Community Health Center, Inc.	248	8	1.2%	242	8	1.4%	237	8	1.3%	228	8	1.2%	233	7	1.2%
Tubac Golf Resort	190	9	1.0%	192	9	1.1%	N/A	N/A	N/A	N/A	N/A	N/A	170	9	0.9%
Total	3,700		18.6%	3,929		22.6%	3,849		21.4%	3,788		20.6%	3,135		16.6%
Total Work Force	19,907			17,328			17,917			18,352			18,975		

Employer	2010			2009			2008			2007			2006		
	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	683	2	3.8%	620	1	3.4%	700	1	3.8%	695	2	4.3%	1,341	1	8.1%
US Border Patrol	737	1	4.1%	N/A	N/A	N/A	638	2	3.5%	975	1	6.1%	537	3	3.2%
Super Wal-Mart	500	4	2.8%	530	3	2.9%	600	3	3.3%	644	3	4.0%	640	2	3.9%
US Customs and Border Protection	390	5	2.2%	N/A	N/A	N/A	425	5	2.3%	359	6	2.2%	387	6	2.3%
Santa Cruz County	387	6	2.2%	406	4	2.2%	390	6	2.1%	418	5	2.6%	415	5	2.5%
Santa Cruz Valley Unified School District #35	584	3	3.3%	608	2	3.3%	450	4	2.5%	430	4	2.7%	437	4	2.6%
City of Nogales	327	7	1.8%	316	5	1.7%	309	7	1.7%	307	7	1.9%	304	7	1.8%
Carondelet Health Network - Holy Cross Hospital	206	9	1.1%	245	6	1.3%	264	8	1.4%	242	8	1.5%	249	8	1.5%
Mariposa Community Health Center, Inc.	209	8	1.2%	215	7	1.2%	198	10	1.1%	198	9	1.2%	193	9	1.2%
Tubac Golf Resort	160	10	0.9%	N/A	N/A	N/A	200	9	1.1%	180	10	1.1%	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%
Total	4,183		23.4%	2,940		16.0%	4,174		22.8%	4,448		27.6%	4,583		27.6%
Total Work Force	17,950			18,300			18,300			16,100			16,550		

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

Type of Employment	2015		2014		2013		2012		2011	
	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total
Goods-Producing	700	5.27%	600	4.65%	625	5.03%	650	4.91%	750	5.86%
Trade, Transportation, and Utilities	5,950	44.82%	5,550	43.02%	5,300	42.66%	5,825	44.13%	4,950	38.67%
Other Private Service-Producing	3,025	22.79%	2,925	22.67%	2,600	20.92%	2,675	20.27%	3,100	24.22%
Federal Government	1,650	12.43%	1,750	13.57%	1,800	14.49%	1,825	13.83%	1,725	13.48%
State Government	<u>1,950</u>	<u>14.69%</u>	<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>13,275</u>	<u>100%</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>

Type of Employment	2010		2009		2008		2007		2006	
	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total
Goods-Producing	825	6.8%	900	7.1%	950	6.5%	1,100	8.2%	825	6.0%
Trade, Transportation, and Utilities	4,850	39.9%	5,375	42.6%	6,250	42.8%	4,925	36.5%	5,650	40.9%
Other Private Service-Producing	2,800	23.0%	2,750	21.8%	3,700	25.4%	4,075	30.2%	4,025	29.1%
Federal Government	1,600	13.2%	1,575	12.5%	1,525	10.4%	1,400	10.4%	1,300	9.4%
State Government	<u>2,075</u>	<u>17.1%</u>	<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>12,150</u>	<u>100.0%</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>

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

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

Year	Sales ⁽¹⁾		Construction Awards	Number of Dwelling Units Awarded	Bank Deposits
	Construction	Retail Trade			
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
2015	41,929	323,169	38,758	388	847,350

NOTE:

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

SOURCES: Arizona Department of Revenue 2015 Annual Report.
Report of building or zoning permits issued and local public construction.
Federal Deposit Insurance Corporation Web site.

This page left blank intentionally.

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

150	Governmental Activities							Business-Type	Total Employees in all Functions	
	Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Recreation	Education and Economic Opportunity	Total		Activities Sanitation Landfill Enterprise
	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	
14-15	162	114	27	17	1	18	339	9	348	

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

Santa Cruz County
Operating Indicators
Last Ten Fiscal Years

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

151

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
MILES OF STREETS										
Paved	405.47	405.47	425.38	425.00	425.38	425.38	422.16	412.32	408.43	407.68
Unpaved	331.52	331.52	316.64	316.00	316.64	316.64	292.84	317.67	321.91	322.57
REGISTERED VOTERS										
Democrat	47.86%	49.32%	53.90%	50.81%	51.37%	52.63%	53.35%	54.93%	54.87%	56.24%
Republican	15.56%	15.99%	17.64%	16.96%	16.98%	17.38%	18.39%	19.06%	19.49%	20.14%
NUMBER OF JUDICIAL COURTS										
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
FLOOD PROTECTION										
Flood control district	1	1	1	1	1	1	1	1	1	1
Number of employees	6	6	6	8	9	8	9	9	9	8
SHERIFF PROTECTION										
Number of stations	4	3	3	3	1	1	4	4	4	4
Number of employees	91	96	119	114	104	119	90	81	79	88
Major crimes	206	76	207	271	285	460	586	418	430	415
Vehicular patrol units	33	16	25	56	25	25	32	27	27	30
SANITARY LANDFILLS										
Number of landfills	1	2	2	2	2	2	2	2	2	2
NUMBER OF PARKS										
Neighborhood parks	8	8	8	8	8	8	8	8	8	8

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

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

	2015	2014	2013	2012*	2011
Governmental funds capital assets					
Infrastructure	\$81,457	\$ 79,346	\$ 79,271	\$ 75,593	\$ 70,992
Land	22,343	22,343	22,343	22,343	22,151
Buildings	73,963	73,963	73,963	73,881	73,098
Improvements other than buildings	3,802	3,267	3,206	3,195	3,177
Construction equipment and vehicles	10,661	9,636	9,760	9,922	10,450
Furniture and equipment	11,251	11,097	11,452	10,728	10,532
Construction in progress	1,263	2,664	3,969	3,688	3,607
Total governmental funds capital assets	<u>\$204,740</u>	<u>\$ 202,316</u>	<u>\$ 203,964</u>	<u>\$ 199,350</u>	<u>\$ 194,007</u>

**Investments in governmental funds
capital assets by source**

General Fund	\$ 18,720	\$ 18,148	\$ 18,589	\$ 18,267	\$ 18,984
Special Revenue Funds*	129,421	127,566	128,738	124,519	119,176
Capital Projects Funds	56,598	56,599	56,637	56,564	55,847
Capital Contributions	1	3	-	-	-
Total governmental funds capital assets	<u>\$204,740</u>	<u>\$ 202,316</u>	<u>\$ 203,964</u>	<u>\$ 199,350</u>	<u>\$ 194,007</u>

	2010	2009	2008	2007	2006*
Governmental funds capital assets					
Infrastructure	\$ 70,712	\$ 70,463	\$ 70,356	\$ 67,645	\$ 62,175
Land	22,151	22,151	22,151	22,145	21,844
Buildings	12,396	12,010	12,010	11,992	10,317
Improvements other than buildings	3,176	3,175	3,037	2,962	2,558
Construction equipment and vehicles	10,065	9,805	9,799	8,870	7,364
Furniture and equipment	8,037	6,261	5,941	5,227	3,672
Construction in progress	58,122	29,779	6,796	4,590	2,903
Total governmental funds capital assets	<u>\$ 184,659</u>	<u>\$ 153,644</u>	<u>\$ 130,090</u>	<u>\$ 123,431</u>	<u>\$ 110,833</u>

**Investments in governmental funds
capital assets by source**

General Fund	\$ 19,080	\$ 18,939	\$ 14,402	\$ 13,692	\$ 12,696
Special Revenue Funds	115,898	114,782	95,843	89,903	80,791
Capital Projects Funds	49,681	19,923	19,845	19,836	17,346
Total governmental funds capital assets	<u>\$ 184,659</u>	<u>\$ 153,644</u>	<u>\$ 130,090</u>	<u>\$ 123,431</u>	<u>\$ 110,833</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.