

# SANTA CRUZ COUNTY, ARIZONA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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### PREPARED BY THE SANTA CRUZ COUNTY FINANCE DEPARTMENT

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Santa Cruz County  
 Comprehensive Annual Financial Report  
 Fiscal Year Ended June 30, 2011

Table of Contents

	Page
<b>Introductory Section</b>	
Letter of Transmittal .....	v-viii
Organizational Chart .....	ix
 <b>Financial Section</b>	
Independent Auditors' Report.....	1-2
Management's Discussion and Analysis.....	3-11
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
Statement of Net Assets .....	14
Statement of Activities.....	15
Fund Statements:	
Governmental Funds:	
Balance Sheet .....	16-17
Reconciliation of the Balance Sheet to the Statement of Net Assets .....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	20-21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	22
Proprietary Funds:	
Statement of Net Assets.....	23
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	24
Statement of Cash Flows .....	25
Fiduciary Funds:	
Statement of Fiduciary Net Assets.....	26
Statement of Changes in Fiduciary Net Assets .....	27
Notes to Financial Statements .....	29-52

Table of Contents (Continued)

Required Supplementary Information (other than MD&A):

Budgetary Comparison Schedule—General Fund .....	54-55
Budgetary Comparison Schedule—Jail District Fund .....	56
Budgetary Comparison Schedule—Criminal Justice Enhancement Fund.....	57
Budgetary Comparison Schedule—WIA Fund .....	58
Budgetary Comparison Schedule—Flood Control Fund.....	59
Budgetary Comparison Schedule—Homeland Security Fund.....	60
Notes to Budgetary Comparison Schedules .....	61-62
Schedule of Agent Retirement Plans' Funding Progress.....	63

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds:

Combining Balance Sheet—Nonmajor Governmental Funds.....	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances— Nonmajor Governmental Funds.....	67
Combining Balance Sheet—Nonmajor Special Revenue Funds .....	68-69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances— Nonmajor Special Revenue Funds .....	70-71
Combining Balance Sheet—Nonmajor Capital Projects Funds.....	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances— Nonmajor Capital Projects Funds .....	73

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

Nonmajor Special Revenue Funds:

Road.....	76
Health Services .....	77
Juvenile Services.....	78
Probation Services .....	79
Retrieval Conversion .....	80
Animal Control.....	81
Accommodation School.....	82
Other Governmental Special Revenue Funds.....	83

Major and Nonmajor Capital Projects Funds:

New Facilities .....	85
Airport.....	86
Other .....	87

## Table of Contents (Continued)

Nonmajor Debt Service Fund.....	89
Investment Trust and Agency Funds:	
Combining Statement of Fiduciary Net Assets—Investment Trust Funds.....	91
Combining Statement of Fiduciary Net Assets—Agency Funds .....	92
Combining Statement of Changes in Fiduciary Net Assets—Investment Trust Funds .....	93
Combining Statement of Changes in Assets and Liabilities—Agency Funds .....	94

## Statistical Section

### Financial Trends

Net Assets by Component.....	97
Changes in Net Assets .....	98-99
Fund Balances, Governmental Funds .....	100
Changes in Fund Balances, Governmental Funds .....	101
General Government Revenues by Source .....	102
General Government Revenues by Source (as a percentage of total).....	103
General Government Expenditures by Function .....	104
General Government Expenditures by Function (as a percentage of total) .....	105

### Revenue Capacity

Taxable Assessed Value and Estimated Actual Value of Property.....	107
Property Tax Rates—Direct and Overlapping Governments.....	108
Property Tax Rates—Direct and Overlapping Governments—School Districts.....	109
Principal Property Taxpayers .....	110-111
Property Tax Levies and Collections .....	112
Assessed and Estimated Actual Value of Taxable Property.....	113

### Debt Capacity

Ratios of Outstanding Debt by Type to Personal Income and Per Capita .....	115
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	116
Computation of Direct and Overlapping Debt Governmental Activities, Debt Outstanding .....	117
Legal Debt Margin .....	118
Pledged Revenue Coverage.....	119
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Government Expenditures .....	120

## Table of Contents (Continued)

### Demographic and Economic Information

Demographic Statistics—Economic Indicators.....	122
Principal Employers .....	123
Employment Statistics .....	124
Demographic Statistics—International Border Crossing.....	125
Demographic Statistics—Sales, Construction, Bank Deposits.....	126

### Operating Information

Employees by Function .....	128
Operating Indicators .....	129
Capital Assets Used in the Operation of Governmental Funds.....	130



## ADMINISTRATIVE SERVICES SANTA CRUZ COUNTY

Jennifer K. St. John, CPA  
Director

May 3, 2012

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, 2011. This report has been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board. County management is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all representations and disclosures. To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

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

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

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### Profile of Santa Cruz County

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Santa Cruz County is situated in the southern part of Arizona with its southern boundary bordering Mexico. The County was split from Pima County by the 20<sup>th</sup> Territorial Assembly in 1899. The County encompasses approximately 1,250 square miles and has roughly 47,500 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.

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## Economic Condition and Outlook

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Santa Cruz County serves as a gateway for international trade and is a major link in the CANAMEX Trade Corridor, which is a western transportation corridor connecting Canada, the United States, and Mexico. The County's location at the U.S. and Mexican border provides excellent opportunities for shipping and distribution, retail trade, manufacturing, and tourism. The County has been a trading center for northern Mexico since the 1880s. Over 45,000 visitors come from northwest Mexico daily to shop in Santa Cruz County.

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

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

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## Major Initiatives

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The U.S. Department of Homeland Security continues work on a \$213 million expansion of the Mariposa Port of Entry to increase the number of traffic lanes for commercial trucks and personal vehicles. Construction of this project began in fiscal year 2010 and is expected to wrap up in 2013.

The County geographic information system (GIS) project, though scaled back from previous years, 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. Use of GIS data was vital for redistricting of supervisorial and community college district boundaries this past year.

The County continues to partner with the U.S. Army Corps of Engineers (the Corps) to complete the Chula Vista Wash improvements. This project will replace the bridge that was demolished during the original construction project. The purpose of this project is to reestablish the connection between north and south portions of Old Tucson Road. The project consists of reconstructing a bridge over the Potrero Creek and installing bank protection. The project is currently estimated at \$5 to \$7 million with the County share at \$900,000 and is expected to begin construction in fall/winter 2012. Phase I of the original project was completed during fiscal year 2006 at a cost of \$1.359 million to the County. Phase II was partially constructed, but due to problematic soils it was halted; after evaluating the problem and developing some alternatives, the County opted to pull out of the original project and requested that the Corps replace the bridge that was demolished during Phase II.

The Palo Parado Bridge Project is scheduled to start construction in May of 2012; the cost of the construction is \$4.8 million. The roadway currently serves 1,700 vehicles a day which cross the Santa Cruz River at a low water crossing. This project will connect northeastern Rio Rico

neighborhoods with the interstate to improve public safety response times and provide a second means of ingress and egress into this area.

The Santa Cruz DFIRM and Flood Map Modernization Project has been completed and the new DFIRM became effective December 2, 2011. The County Flood Control District became a FEMA Cooperating Technical Partner (CTP) to ensure local input into the process. This has allowed the District to have a direct hand in not only hiring of firms to perform the engineering studies and develop the maps, but also in the process of informing the public. The new digital flood maps will provide detailed, property-specific flood risk data to guide construction and flood insurance decisions. The District's cost share was \$496,000 of a \$1,496,000 total project cost. FEMA contributed the remaining \$1,000,000.

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## Financial Management and Information

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

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

Single Audit: As a recipient of federal and state financial assistance, the County is required to have an annual audit under the Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. OMB requirements also address the establishment and maintenance of an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. Tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as determining that the County has materially complied with applicable laws and regulations. The Single Audit Report is issued separately from this report and has not been completed for the fiscal year ended June 30, 2011, as of this date.

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

The Reporting Entity: The financial reporting entity includes all the funds of the primary government, Santa Cruz County, as well as all of its component units. Component units are legally



separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the funds of the Santa Cruz County Flood Control District and the Santa Cruz County Jail District, whose Board of Directors is the County's Board of Supervisors, are blended and reported as special revenue funds of the primary government.

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### Acknowledgements

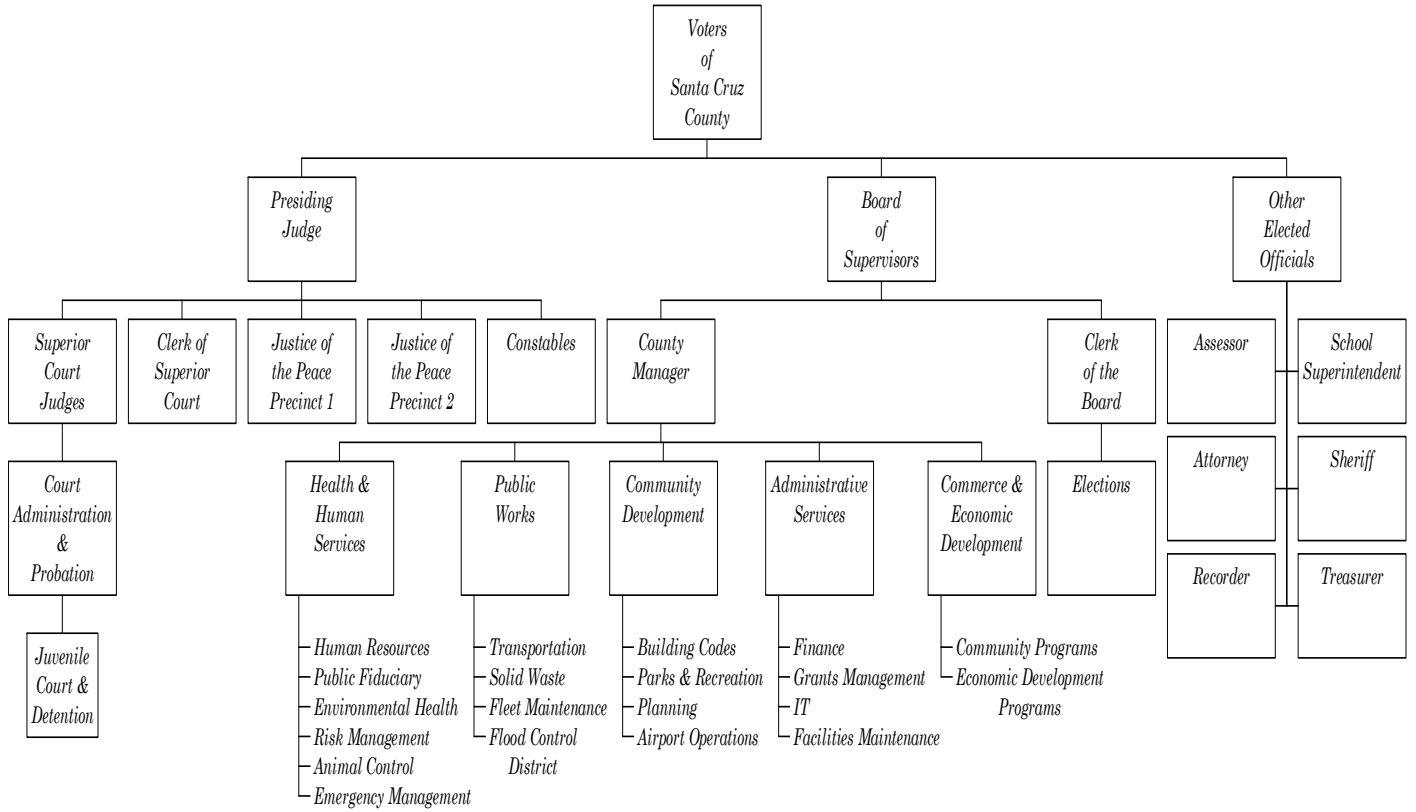
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The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the finance department. I would also like to thank every county department who assisted in and contributed to the preparation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

Respectfully submitted,

Jennifer K. St. John, CPA  
Administrative Services Director

# Santa Cruz County Organizational Chart



Financial Section



**DEBRA K. DAVENPORT, CPA**  
AUDITOR GENERAL

**STATE OF ARIZONA**  
OFFICE OF THE  
**AUDITOR GENERAL**

**MELANIE M. CHESNEY**  
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report**

Members of the Arizona State Legislature

The Board of Supervisors of  
Santa Cruz County, Arizona

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, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the County implemented the provisions of the Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended June 30, 2011, which represents a change in accounting principle.

The Management's Discussion and Analysis on pages 3 through 11, the Budgetary Comparison Schedules on pages 54 through 62, and the Schedule of Agent Retirement Plans' Funding Progress on page 63 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

In accordance with *Government Auditing Standards*, we will also issue our report on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at a future date. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Debbie Davenport  
Auditor General

May 3, 2012

## Santa Cruz County Management's Discussion and Analysis

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

### Financial Highlights

- At June 30, 2011, the assets of the County exceeded liabilities by \$100,059,968 (net assets). Of this amount, \$10,449,947 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$10,558,715 is restricted for specific purposes (restricted net assets), and \$79,051,306 is invested in capital assets, net of related debt.
- The County's total net assets as reported in the Statement of Activities increased by \$1,529,403.
- At June 30, 2011, total assets were \$163,195,472 compared to \$164,132,716 at June 30, 2010. This is a \$937,244 or .6 percent decrease over the prior fiscal year.
- At June 30, 2011, the governmental funds reported combined fund balances of \$21,125,291, or a decrease in fund balance of \$6,545,627, in comparison with the prior year.
- At June 30, 2011, unassigned fund balance for the general fund was \$13,945,323, approximately 79 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 finances, in a manner similar to private-sector businesses.

The *Statement of Net Assets* presents information on all County assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 expenditures 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

## Santa Cruz County Management's Discussion and Analysis

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 14-15 of this report.*

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The County reports seven 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, Workforce Investment Act (WIA), Flood Control, Homeland Security and New Facilities 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 16-22 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

## Santa Cruz County Management's Discussion and Analysis

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 23-25 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 26-27 of this report.*

**Notes to financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-52 of this report.

**Required supplementary information** presents budgetary comparison schedules for the General, Jail District, Criminal Justice Enhancement, WIA, Flood Control, and Homeland Security funds of the County. It also includes a schedule of agent retirement plans' funding progress. Required supplementary information can be found on pages 54-63 of this report.

### Government-wide Financial Analysis

#### Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, at June 30, 2011, assets exceeded liabilities by \$100,059,968.

Net Assets						
June 30, 2011 and 2010 (In Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 26,634	\$ 33,823	\$ 1,986	\$ 2,483	\$ 28,620	\$ 36,306
Capital assets	131,177	125,142	3,398	2,684	134,575	127,826
Total assets	<u>157,811</u>	<u>158,965</u>	<u>5,384</u>	<u>5,167</u>	<u>163,195</u>	<u>164,132</u>
Current and other liabilities	2,057	3,531	478	45	2,535	3,576
Long-term liabilities	58,736	60,187	1,865	1,839	60,601	62,026
Total liabilities	<u>60,793</u>	<u>63,718</u>	<u>2,343</u>	<u>1,884</u>	<u>63,136</u>	<u>65,602</u>
Net Assets						
Invested in capital assets, net of related debt	75,658	74,440	3,392	2,567	79,050	77,007
Restricted net assets	10,559	6,012	-	-	10,559	6,012
Unrestricted net assets (deficit)	10,801	14,795	(351)	716	10,450	15,511
Total net assets	<u>\$ 97,018</u>	<u>\$ 95,247</u>	<u>\$ 3,041</u>	<u>\$ 3,283</u>	<u>\$100,059</u>	<u>\$ 98,530</u>



## Santa Cruz County Management's Discussion and Analysis

The largest portion (\$79,050 or 79 percent) of the County's net assets reflects the investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and construction in progress), less accumulated depreciation and related debt still outstanding used to acquire those assets. The County uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, because the capital assets themselves will not be used to liquidate these liabilities.

Restricted net assets (\$10,559 or 11 percent) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net assets (\$10,450 or 10 percent) may be used to meet the government's ongoing obligations to the citizens and creditors.

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

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

- Current and other assets – the \$7.2 million decrease was due to the spending of loan proceeds used to finish the construction of the County's Jail District Detention and Judicial facilities. The \$60 million construction project was completed during the fiscal year.
- Current and other liabilities – the \$1.5 million decrease was due to a decrease in accounts payable at June 30<sup>th</sup>, the majority of which was related to construction of the completed Jail District Detention and Judicial facilities.
- Net Assets – the \$4.5 million increase in restricted net assets and the \$4.0 million decrease in unrestricted net assets was due largely to the County's implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which caused the County to reevaluate its net assets classifications. This resulted in a \$4.0 million reclassification of unrestricted net assets to restricted net assets.

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

- Current and other liabilities – the \$433 thousand increase was due largely to two large invoices outstanding, but payable, at June 30<sup>th</sup> to one vendor for a gas to energy project.
- Net Assets – the \$826 thousand increase in invested in capital assets, net of related debt and the \$1.1 million decrease in unrestricted net assets were predominantly caused by the purchase of capital assets totaling \$923 thousand during the fiscal year.

### Changes in Net Assets

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

## Santa Cruz County Management's Discussion and Analysis

### Changes in Net Assets For the Years Ended June 30, 2011 and 2010 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 3,535	\$ 4,138	\$ 1,001	\$ 610	\$ 4,536	\$ 4,748
Operating grants and contributions	11,079	9,955	-	20	11,079	9,975
Capital grants and contributions	4,335	3,608	-	-	4,335	3,608
General revenues:						
Property taxes	13,988	14,187	-	-	13,988	14,187
County excise tax	5,181	4,964	-	-	5,181	4,964
Share of state sales taxes	3,861	3,675	-	-	3,861	3,675
Share of state lottery revenue	-	304	-	-	-	304
Payments in lieu of taxes	834	324	-	-	834	324
Share of state vehicle license tax	1,343	1,432	-	-	1,343	1,432
Grants and contributions not restricted to specific programs	564	791	-	-	564	791
Investment earnings	206	730	6	17	212	747
Miscellaneous	779	796	-	-	779	796
Gain on the sale of capital assets	9	-	-	-	9	-
Transfers	(12)	-	12	-	-	-
Total revenues	<u>45,702</u>	<u>44,904</u>	<u>1,019</u>	<u>647</u>	<u>46,721</u>	<u>45,551</u>
Expenses:						
General government	13,285	13,542	-	-	13,285	13,542
Public safety	14,734	12,986	-	-	14,734	12,986
Highways and streets	4,570	4,248	-	-	4,570	4,248
Health, welfare and sanitation	3,865	3,915	-	-	3,865	3,915
Education and economic opportunity	4,589	6,280	-	-	4,589	6,280
Recreation	121	208	-	-	121	208
Interest on long-term debt	2,767	4,220	-	-	2,767	4,220
Landfill	-	-	1,261	562	1,261	562
Total expenses	<u>43,931</u>	<u>45,399</u>	<u>1,261</u>	<u>562</u>	<u>45,192</u>	<u>45,961</u>
Changes in net assets	1,771	(495)	(242)	85	1,529	(410)
Net assets —beginning	<u>95,247</u>	<u>95,742</u>	<u>3,283</u>	<u>3,198</u>	<u>98,530</u>	<u>98,940</u>
Net assets —ending	<u>\$ 97,018</u>	<u>\$ 95,247</u>	<u>\$ 3,041</u>	<u>\$ 3,283</u>	<u>\$100,059</u>	<u>\$ 98,530</u>

*Governmental activities* – the change in net assets for fiscal year 2011 was approximately \$1.8 million, which represents an increase of approximately \$2.3 million from fiscal year 2010. Key elements of this substantial increase include:

- Revenue from “Charges for services” decreased by \$603 thousand due largely to a decrease in building permit revenues.

## Santa Cruz County Management's Discussion and Analysis

- Revenue from "Operating grants and contributions" increased by \$1.1 million due to an increase in federal grant monies (American Recovery and Reinvestment Act) for law enforcement.
- Expenditures for "Public safety" increased by \$1.7 million due to an increase in federal grant monies for law enforcement.
- Expenditures for "Education and economic opportunity" decreased \$1.7 million due largely to a decrease in federal and state grants for the Workforce Investment Act and the County's accommodation school.
- Expenditures for "Interest on long-term debt" decreased by \$1.5 million due to a decrease in long-term notes payable for the Jail District.

*Business-type activities* – Total revenues increased by \$372 thousand because the County increased landfill user fees in fiscal year 2011. Total expenses increased by \$699 thousand because of the change in the estimate for landfill closure and postclosure care costs.

### Governmental Funds

## Financial Analysis of the County's Funds

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

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

At June 30, 2011, the County's governmental funds reported combined fund balances of \$21,125,291, a decrease of \$6,545,627 in comparison with the prior year. Of the combined fund balances, \$10,537,432 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 \$13,945,323. Unassigned fund balance represents 79 percent of total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

The fund balance in the New Facilities Fund decreased by \$5,596,785 over prior year's due to the completion of the new Jail District Detention and Judicial construction project.

Santa Cruz County  
Management's Discussion and Analysis

General Fund Budgetary Highlights

General Fund actual expenditures were approximately \$8.2 million under the adopted budget and actual revenues were more than estimated revenues by almost \$3 million. The County conservatively estimated revenues, received additional payments in lieu of taxes from the federal government and collected prior year's property taxes in excess of what was anticipated and budgeted. Constable #1 exceeded its budget by \$1,377 due to an unbudgeted, major repair to the departmental vehicle. Constable #2 exceeded its budget by \$636 due to an unbudgeted change in health insurance.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets as of June 30, 2011, amounted to \$135 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 increased by \$60.4 million due to the completion and addition of the newly constructed Jail District Detention and Judicial facilities.
- Construction in progress decreased by \$54.5 million due to the completion of the new Jail District Detention and Judicial facilities. Remaining construction commitments on the various other capital projects totaled \$16,941,100 at June 30, 2011.

Capital Assets  
(Net of Depreciation)  
(In Thousands)  
June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 22,151	\$ 22,151	\$ 230	\$ 230	\$ 22,381	\$ 22,381
Buildings	66,954	6,571	142	148	67,096	6,719
Improvements other than buildings	1,944	2,063	2,855	1,998	4,799	4,061
Construction equipment and vehicles	1,995	2,185	172	308	2,167	2,493
Furniture and equipment	4,196	2,852	-	-	4,196	2,852
Construction in progress	3,607	58,122	-	-	3,607	58,122
Infrastructure	30,330	31,198	-	-	30,330	31,198
<b>Totals</b>	<b>\$ 131,177</b>	<b>\$ 125,142</b>	<b>\$ 3,399</b>	<b>\$ 2,684</b>	<b>\$134,576</b>	<b>\$127,826</b>

## Santa Cruz County Management's Discussion and Analysis

Additional information on the County's capital assets can be found in Note 6 of the Notes to Financial Statements on pages 40-41 of this report.

### Long-Term Debt

At June 30, 2011, the County had total long-term debt outstanding of \$56,564,129. This amount consists of capital leases of just over \$1.3 million, and long-term notes of \$55.2 million. The County made all scheduled debt service principal payments totaling \$1.9 million.

Additional information on the County's long-term debt can be found in Note 7 of the Notes to Financial Statements on pages 42-45 of this report.

### Economic Factors and Next Year's Budget

- The uncertainty of our current economic climate and the extreme slowness of the recovery have made it very difficult to predict or forecast our financial future. Consequently, our revenue projections are conservative as are our budgeted expenditures. State shared revenues are expected to remain flat. The sunset of the temporary state 1% sales tax in July 2013 may result in additional cost shifts from the State.
- The produce industry continues to have a significant role in the region's economy; unfortunately, it is an extremely unpredictable industry. This past year's season was relatively good for the industry, but they have been struggling with trade issues such as the reassignment of federal customs and inspection workers to border patrol duties thereby impacting the ability of product to get to the market in a timely manner. Bad weather notwithstanding, all indications are they will have a positive year next year as well, and all look forward to the enhancements at the Mariposa Port of Entry scheduled for completion in 2014.
- The national focus on border security and immigration in Arizona continues and the economic fallout of the passage of Senate Bill 1070 has yet to be quantified. The increase in National Guard Troops and U.S. Department of Homeland Security staff is palpable and has been a boon to some sectors, such as the hospitality industry. Declines overall in tourism remains a nagging problem due primarily to fears of drug violence perpetrated by the media. Although some indications are that Mexican shoppers are beginning to think about returning, sales tax revenues are expected to remain flat and will be budgeted accordingly.
- Property tax revenues decreased slightly, but are expected to decline significantly next year due to the decrease in assessed valuation. But with housing vacancy rates at record levels countywide, new construction remains stagnant. As a result, building permit revenues continue the downward trend.

### Requests 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

Santa Cruz County  
Management's Discussion and Analysis

should be addressed to the Santa Cruz County Finance Department, 2150 N. Congress Drive, Room 118, Nogales, AZ 85621.

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## Basic Financial Statements



Santa Cruz County  
Statement of Net Assets  
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments	\$ 20,705,846	\$ 1,922,371	\$ 22,628,217
Property taxes receivable (net of allowance)	1,798,561	-	1,798,561
Due from other governmental units	3,964,447	1,505	3,965,952
Accounts receivable	119,632	62,096	181,728
Prepaid items	45,516	-	45,516
Capital assets:			
Nondepreciable	25,758,179	229,996	25,988,175
Depreciable (net)	<u>105,418,870</u>	<u>3,168,453</u>	<u>108,587,323</u>
Total assets	<u>157,811,051</u>	<u>5,384,421</u>	<u>163,195,472</u>
<b>Liabilities</b>			
Accounts payable	1,072,724	455,419	1,528,143
Due to other governments	4,609	-	4,609
Accrued payroll and employee benefits	978,311	22,413	1,000,724
Deferred revenue	1,323	-	1,323
Noncurrent liabilities:			
Due within 1 year	2,931,650	30,103	2,961,753
Due in more than 1 year	<u>55,803,981</u>	<u>1,834,971</u>	<u>57,638,952</u>
Total liabilities	<u>60,792,598</u>	<u>2,342,906</u>	<u>63,135,504</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	75,658,597	3,392,709	79,051,306
Restricted for:			
Education	689,772	-	689,772
Flood control	3,480,385	-	3,480,385
General government	391,529	-	391,529
Health	187,291	-	187,291
Judicial activities	2,075,532	-	2,075,532
Law enforcement	1,822,050	-	1,822,050
Social services	263,226	-	263,226
Highways and streets	1,632,026	-	1,632,026
Other purposes	16,904	-	16,904
Unrestricted (deficit)	<u>10,801,141</u>	<u>(351,194)</u>	<u>10,449,947</u>
Total net assets	<u>\$ 97,018,453</u>	<u>\$ 3,041,515</u>	<u>\$ 100,059,968</u>

See accompanying notes to financial statements.

Santa Cruz County  
Statement of Activities  
Year Ended June 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 13,284,896	\$ 3,087,434	\$ 1,189,266	\$ 923,145	\$ (8,085,051)	\$ -	\$ (8,085,051)
Public safety	14,733,588	217,822	5,942,356	-	(8,573,410)	-	(8,573,410)
Highways and streets	4,570,427	-	30,988	3,411,932	(1,127,507)	-	(1,127,507)
Health, welfare and sanitation	3,864,849	206,102	878,044	-	(2,780,703)	-	(2,780,703)
Education and economic opportunity	4,589,010	14,053	3,038,356	-	(1,536,601)	-	(1,536,601)
Recreation	121,333	9,788	-	-	(111,545)	-	(111,545)
Interest on long-term debt	2,766,703	-	-	-	(2,766,703)	-	(2,766,703)
Total governmental activities	<u>43,930,806</u>	<u>3,535,199</u>	<u>11,079,010</u>	<u>4,335,077</u>	<u>(24,981,520)</u>	<u>-</u>	<u>(24,981,520)</u>
<b>Business-type activities:</b>							
Landfill	1,260,685	1,001,177	-	-	-	(259,508)	(259,508)
Total business-type activities	<u>1,260,685</u>	<u>1,001,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(259,508)</u>	<u>(259,508)</u>
Total primary government	<u>\$ 45,191,491</u>	<u>\$ 4,536,376</u>	<u>\$ 11,079,010</u>	<u>\$ 4,335,077</u>	<u>(24,981,520)</u>	<u>(259,508)</u>	<u>(25,241,028)</u>
<b>General revenues:</b>							
Taxes							
Property taxes, levied for general purpose					11,734,670	-	11,734,670
Property taxes, levied for flood control district					2,253,677	-	2,253,677
Property taxes, levied for debt service					143	-	143
County excise tax for general purposes					2,571,487	-	2,571,487
County excise tax for jail district					2,609,373	-	2,609,373
Share of state sales taxes					3,860,655	-	3,860,655
Share of state vehicle license tax					1,343,136	-	1,343,136
Payments in lieu of taxes					833,557	-	833,557
Grants and contributions not restricted to specific programs					563,801	-	563,801
Investment earnings					205,553	5,783	211,336
Miscellaneous					779,892	-	779,892
Gain on sale of capital assets					8,704	-	8,704
Transfers					(12,068)	12,068	-
Total general revenues and transfers					<u>26,752,580</u>	<u>17,851</u>	<u>26,770,431</u>
Changes in net assets					1,771,060	(241,657)	1,529,403
<b>Net assets—July 1, 2010</b>					<u>95,247,393</u>	<u>3,283,172</u>	<u>98,530,565</u>
<b>Net assets—June 30, 2011</b>					<u>\$ 97,018,453</u>	<u>\$ 3,041,515</u>	<u>\$ 100,059,968</u>

See accompanying notes to financial statements.

Santa Cruz County  
Balance Sheet  
Governmental Funds  
June 30, 2011

	<u>General Fund</u>	<u>Jail District Fund</u>	<u>Criminal Justice Enhancement Fund</u>	<u>WIA Fund</u>
<b>Assets</b>				
Cash and investments	\$ 9,962,854	\$ 442,707	\$ 1,355,616	\$ 12,703
Property taxes receivable (net of allowances for uncollectibles)	1,459,067	-	-	-
Due from other governmental units	672,581	255,828	1,418,827	289,554
Due from other funds	3,816,764	-	-	-
Accounts receivable	35,484	302	20,228	4,000
Prepaid items	41,731	-	1,101	1,993
Total assets	<u>\$ 15,988,481</u>	<u>\$ 698,837</u>	<u>\$ 2,795,772</u>	<u>\$ 308,250</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 297,944	\$ 79,541	\$ 106,650	\$ 54,311
Due to other governments	-	-	-	-
Accrued payroll and employee benefits	484,474	149,077	88,186	18,146
Due to other funds	-	-	1,407,921	684,541
Deferred revenue	1,219,009	-	868,116	161,170
Total liabilities	<u>2,001,427</u>	<u>228,618</u>	<u>2,470,873</u>	<u>918,168</u>
<b>Fund balances:</b>				
Nonspendable	41,731	-	1,101	1,993
Restricted	-	470,219	1,297,443	22,820
Assigned	-	-	1,220	-
Unassigned	13,945,323	-	(974,865)	(634,731)
Total fund balances	<u>13,987,054</u>	<u>470,219</u>	<u>324,899</u>	<u>(609,918)</u>
Total liabilities and fund balances	<u>\$ 15,988,481</u>	<u>\$ 698,837</u>	<u>\$ 2,795,772</u>	<u>\$ 308,250</u>

See accompanying notes to financial statements.

<u>Flood Control Fund</u>	<u>Homeland Security Fund</u>	<u>New Facilities Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 3,305,625	\$ 1,251	\$ 1,039,937	\$ 4,585,153	\$ 20,705,846
339,494	-	-	-	1,798,561
267	682,060	101	645,229	3,964,447
-	-	-	58,048	3,874,812
-	-	-	59,618	119,632
-	-	-	691	45,516
<u>\$ 3,645,386</u>	<u>\$ 683,311</u>	<u>\$ 1,040,038</u>	<u>\$ 5,348,739</u>	<u>\$ 30,508,814</u>
\$ 14,073	\$ 17,239	\$ 263,117	\$ 239,849	\$ 1,072,724
-	-	-	4,609	4,609
28,476	15,191	-	194,761	978,311
58,048	682,060	-	1,042,242	3,874,812
<u>287,553</u>	<u>680,402</u>	<u>-</u>	<u>236,817</u>	<u>3,453,067</u>
<u>388,150</u>	<u>1,394,892</u>	<u>263,117</u>	<u>1,718,278</u>	<u>9,383,523</u>
-	-	-	691	45,516
3,257,236	3,535	333,372	4,400,073	9,784,698
-	-	443,549	312,876	757,645
-	(715,116)	-	(1,083,179)	10,537,432
<u>3,257,236</u>	<u>(711,581)</u>	<u>776,921</u>	<u>3,630,461</u>	<u>21,125,291</u>
<u>\$ 3,645,386</u>	<u>\$ 683,311</u>	<u>\$ 1,040,038</u>	<u>\$ 5,348,739</u>	<u>\$ 30,508,814</u>

Santa Cruz County  
 Reconciliation of the Balance Sheet  
 to the Statement of Net Assets  
 Governmental Funds  
 June 30, 2011

<b>Total fund balances—governmental funds</b>		\$ 21,125,291
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$194,006,828 and the accumulated depreciation is \$62,829,779.</p>		131,177,049
<p>Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.</p>		3,451,744
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
<p>Long-term loans payable</p>	(55,245,000)	
<p>Compensated absences payable</p>	(2,102,242)	
<p>Obligations under capital leases</p>	(1,313,389)	
<p>Estimated liabilities for claims and judgments</p>	(75,000)	
		(58,735,631)
<b>Net assets of governmental activities</b>		<b>\$ 97,018,453</b>

See accompanying notes to financial statements.

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Santa Cruz County  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2011

	<u>General Fund</u>	<u>Jail District Fund</u>	<u>Criminal Justice Enhancement Fund</u>	<u>WIA Fund</u>
<b>Revenues:</b>				
Taxes	\$ 14,323,473	\$ 2,609,373	\$ -	\$ -
Intergovernmental	6,615,176	499,295	2,508,098	1,261,364
Licenses and permits	318,010	-	-	-
Charges for services	1,234,029	-	25,326	-
Fines and forfeits	583,160	-	775,697	-
Investment earnings	27,160	3,170	5,694	-
Rents	58,620	-	-	-
Miscellaneous	383,031	252	3,102	12,032
Total revenues	<u>23,542,659</u>	<u>3,112,090</u>	<u>3,317,917</u>	<u>1,273,396</u>
<b>Expenditures:</b>				
Current:				
General government	10,680,873	-	1,632,552	-
Public safety	4,129,864	4,460,246	2,505,378	-
Highways and streets	-	-	-	-
Health, welfare and sanitation	2,407,906	5,078	-	-
Education and economic opportunity	405,421	-	-	1,271,275
Recreation	98,941	-	-	-
Debt service:				
Principal retirement	21,885	1,356,051	12,231	28,290
Interest and fiscal charges	2,312	1,985,477	2,676	31,647
Total expenditures	<u>17,747,202</u>	<u>7,806,852</u>	<u>4,152,837</u>	<u>1,331,212</u>
Excess (deficiency) of revenues over (under) expenditures	5,795,457	(4,694,762)	(834,920)	(57,816)
<b>Other financing sources (uses):</b>				
Capital lease agreements	-	473,000	-	-
Proceeds from sale of capital assets	10,855	-	-	-
Transfers in	79,701	3,549,004	160,388	169,579
Transfers out	<u>(5,268,768)</u>	<u>-</u>	<u>(35,030)</u>	<u>(12,034)</u>
Total other financing sources (uses)	<u>(5,178,212)</u>	<u>4,022,004</u>	<u>125,358</u>	<u>157,545</u>
Net change in fund balances	617,245	(672,758)	(709,562)	99,729
Fund balances, beginning of year	13,369,809	1,142,977	1,034,461	(709,647)
Fund balances, end of year	<u>\$ 13,987,054</u>	<u>\$ 470,219</u>	<u>\$ 324,899</u>	<u>\$ (609,918)</u>

See accompanying notes to financial statements.

<u>Flood Control Fund</u>	<u>Homeland Security Fund</u>	<u>New Facilities Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 2,247,860	\$ -	\$ -	\$ 143	\$ 19,180,849
-	408,178	-	9,881,161	21,173,272
-	-	-	-	318,010
-	-	-	491,643	1,750,998
-	-	-	107,334	1,466,191
5,327	1	148,213	15,988	205,553
-	-	-	-	58,620
<u>11,942</u>	<u>128</u>	<u>-</u>	<u>278,040</u>	<u>688,527</u>
<u>2,265,129</u>	<u>408,307</u>	<u>148,213</u>	<u>10,774,309</u>	<u>44,842,020</u>
-	-	1,147,493	1,346,228	14,807,146
1,753,172	967,703	4,597,505	2,407,098	20,820,966
-	-	-	3,067,846	3,067,846
-	-	-	1,377,295	3,790,279
-	-	-	2,895,918	4,572,614
-	-	-	-	98,941
70,470	-	-	446,012	1,934,939
<u>7,915</u>	<u>-</u>	<u>-</u>	<u>736,676</u>	<u>2,766,703</u>
<u>1,831,557</u>	<u>967,703</u>	<u>5,744,998</u>	<u>12,277,073</u>	<u>51,859,434</u>
433,572	(559,396)	(5,596,785)	(1,502,764)	(7,017,414)
-	-	-	-	473,000
-	-	-	-	10,855
-	70,987	-	1,457,871	5,487,530
<u>(10,322)</u>	<u>(572)</u>	<u>-</u>	<u>(172,872)</u>	<u>(5,499,598)</u>
<u>(10,322)</u>	<u>70,415</u>	<u>-</u>	<u>1,284,999</u>	<u>471,787</u>
423,250	(488,981)	(5,596,785)	(217,765)	(6,545,627)
<u>2,833,986</u>	<u>(222,600)</u>	<u>6,373,706</u>	<u>3,848,226</u>	<u>27,670,918</u>
<u>\$ 3,257,236</u>	<u>\$ (711,581)</u>	<u>\$ 776,921</u>	<u>\$ 3,630,461</u>	<u>\$ 21,125,291</u>



Santa Cruz County  
 Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances to the Statement of Activities  
 Governmental Funds  
 Year Ended June 30, 2011

**Net change in fund balances—total governmental funds** \$(6,545,627)

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	\$9,569,355	
Less: current-year depreciation	<u>(3,564,896)</u>	6,004,459

Debt proceeds provide current financial resources to governmental funds, but incurring debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Capital lease incurred	(473,000)	
Principal repaid	<u>1,934,939</u>	1,461,939

In the Statement of Activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the book value of the capital assets sold. (2,151)

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		(10,770)
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Collections of revenues in the governmental funds exceeded revenues reported in the Statement of Activities.

Property tax revenues		(11,499)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Intergovernmental revenues	841,964	
Donated and seized capital assets	<u>32,745</u>	<u>874,709</u>

**Change in net assets of governmental activities** \$ 1,771,060

Santa Cruz County  
Statement of Net Assets  
Proprietary Funds  
June 30, 2011

	<u>Business-Type Activities - Enterprise Fund Landfill</u>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 1,922,371
Due from other governmental units	1,505
Accounts receivable	<u>62,096</u>
Total current assets	<u>1,985,972</u>
Noncurrent assets:	
Capital assets	
Nondepreciable	229,996
Depreciable (net)	<u>3,168,453</u>
Total noncurrent assets	<u>3,398,449</u>
Total assets	<u>5,384,421</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	455,419
Accrued payroll and employee benefits	22,413
Obligations under capital leases—current portion	5,708
Compensated absences payable—current portion	<u>24,395</u>
Total current liabilities	<u>507,935</u>
Noncurrent liabilities:	
Obligations under capital leases	32
Landfill closure and postclosure care costs payable	1,809,594
Compensated absences payable	<u>25,345</u>
Total noncurrent liabilities	<u>1,834,971</u>
Total liabilities	<u>2,342,906</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	3,392,709
Unrestricted (deficit)	<u>(351,194)</u>
Total net assets	<u>\$ 3,041,515</u>

See accompanying notes to financial statements.

Santa Cruz County  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
Year Ended June 30, 2011

	<u>Business-Type Activities— Enterprise Fund Landfill</u>
<b>Operating revenues:</b>	
Landfill fees	\$ 962,703
Other	<u>38,474</u>
Total operating revenues	<u>1,001,177</u>
 <b>Operating expenses:</b>	
Personal services	538,522
Professional services	34,662
Supplies	32,734
Utilities	23,325
Repairs and maintenance	251,908
Recycling program	4,460
Insurance	9,719
Landfill closure and postclosure care costs	128,385
Depreciation	209,049
Other	<u>17,615</u>
Total operating expenses	<u>1,250,379</u>
 Operating loss	 <u>(249,202)</u>
 <b>Nonoperating revenues (expenses):</b>	
Investment earnings	5,783
Interest expense on capital leases	<u>(10,306)</u>
Total nonoperating revenues (expenses)	<u>(4,523)</u>
 Loss before transfers	 <u>(253,725)</u>
 Transfers in	 <u>12,068</u>
 Decrease in net assets	 (241,657)
Total net assets, July 1, 2010	<u>3,283,172</u>
Total net assets, June 30, 2011	<u>\$ 3,041,515</u>

See accompanying notes to financial statements.

Santa Cruz County  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2011

	<u>Business-Type Activities— Enterprise Fund Landfill</u>
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 948,963
Payments to suppliers and providers of goods and services	(371,516)
Payments to employees	<u>(527,844)</u>
Net cash provided by operating activities	<u>49,603</u>
 <b>Cash flows from noncapital financing activities</b>	
Cash transfers from other funds	<u>12,068</u>
Net cash provided by noncapital financing activities	<u>12,068</u>
 <b>Cash flows from capital and related financing activities</b>	
Purchases of capital assets	(495,532)
Principal paid on capital leases	(110,932)
Interest paid on capital leases	<u>(10,306)</u>
Net cash used for capital and related financing activities	<u>(616,770)</u>
 <b>Cash flows from investing activities</b>	
Interest received on investments	<u>5,899</u>
Net cash provided by investing activities	<u>5,899</u>
 Net decrease in cash and cash equivalents	(549,200)
 Cash and cash equivalents, July 1, 2010	<u>2,471,571</u>
 Cash and cash equivalents, June 30, 2011	<u>\$ 1,922,371</u>
 Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (249,202)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	209,049
Changes in assets and liabilities:	
Increase in:	
Due from other governmental units	(1,289)
Accounts receivable	(50,925)
Accounts payable	2,907
Compensated absences payable	1,756
Accrued payroll and employee benefits	8,922
Landfill closure and postclosure care costs payable	<u>128,385</u>
Net cash provided by operating activities	<u>\$ 49,603</u>

See accompanying notes to financial statements.

Santa Cruz County  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011

	<u>Investment Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and investments	\$ 29,394,374	\$ 768,920
Interest receivable	88,155	-
Total assets	<u>\$ 29,482,529</u>	<u>\$ 768,920</u>
<b>Liabilities</b>		
Due to other governmental units	\$ -	\$ 23,883
Deposits held for others	-	745,037
Total liabilities	<u>\$ -</u>	<u>\$ 768,920</u>
<b>Net assets</b>		
Held in trust for investment trust participants	<u>\$ 29,482,529</u>	

See accompanying notes to financial statements.

Santa Cruz County  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
Year Ended June 30, 2011

	<b>Investment Trust Funds</b>
<b>Additions</b>	
Contributions from participants	\$ 103,771,376
Investment earnings	159,583
Total additions	103,930,959
 <b>Deductions</b>	
Distributions to participants	100,513,764
Total deductions	100,513,764
Change in net assets	3,417,195
Net assets, July 1, 2010	26,065,334
Net assets, June 30, 2011	\$ 29,482,529

See accompanying notes to financial statements.

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Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

Note 1 – Summary of Significant Accounting Policies

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

For the year ended June 30, 2011, the County implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for financial reporting, including note disclosure requirements, for fund balance classifications of the governmental funds and clarifies existing governmental fund type definitions.

A. Reporting Entity

The County is a general purpose local government that is governed by a separately elected board of three county 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 following describes the County's component units:

Component Unit	Description; Criteria for Inclusion	Reporting Method	For Separate Financial Statements
Santa Cruz County Flood Control District	A tax-levying district that provides flood control systems; the County's Board of Supervisors serves as the board of directors	Blended	Not available



Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

Santa Cruz County Jail District	A tax-levying district that acquires, constructs, operates, maintains, and finances county jails and jail systems; the County's Board of Supervisors serves as the governing board	Blended	Not available
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**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 usefulness of the information.

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

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

- charges to customers or applicants for goods, services, or privileges provided,
- operating grants and contributions, and
- capital grants and contributions, including special assessments.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, 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.

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

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

Proprietary fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from transactions associated with the fund's principal activity. Accordingly, revenues, such as user charges, in which each party receives and gives up essentially equal values, are operating revenues. Other revenues result from transactions in which the parties do not exchange equal values and are considered nonoperating revenues along with investment earnings and revenues generated by ancillary activities. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered to be 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 *Workforce Investment Act (WIA) Fund* accounts for federal programs to help educate and train low-income youth and adults to improve the quality of the workforce and is funded by federal 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 *Homeland Security Fund* accounts for federal programs that address the planning, organization, equipment, training and enhanced cooperation and coordination between local, state and federal law enforcement agencies and is funded by federal grants.

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

The *New Facilities Fund* accounts for the financial resources being used to construct the new Santa Cruz County Jail District Facility Project and the Santa Cruz County Court Facility Project.

The County reports the following major enterprise fund:

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

The County reports the following fiduciary funds:

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

The *agency funds* account for assets held by the County as a fiduciary for individuals and for assets held by the County as an agent for the State and various local governments, and for property taxes collected and distributed to the State, local school districts, and special districts.

### C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus, with the exception of agency funds, and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus. 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 finances certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both restricted and unrestricted net assets 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

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, 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.

The County's business-type activities and enterprise fund follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The County has chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.

#### D. Cash and Investments

For purposes of its statement of cash flows, the County considers cash on hand, demand deposits, cash on deposit with the County Treasurer, and only those highly liquid investments with a maturity of 3 months or less when purchased to be cash equivalents.

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 time of purchase are stated at amortized cost. All other investments are stated at fair value.

#### E. Property Tax Calendar

The County levies real and personal property taxes on or before the third Monday in August that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The 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 reported in the government-wide statements and proprietary funds are as follows:

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

	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. Fund Balance Classifications

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. 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 inventories, 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 comprised of committed, assigned and unassigned resources. Committed fund balances are self-imposed limitations approved by the County's Board of Supervisors, which is the highest level of decision-making authority within the County. The constraints placed on committed fund balances can only be removed or changed by the Board.

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

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

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

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

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

## H. Investment Earnings

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

## I. Compensated Absences

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

Employees may accumulate up to 320 hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount that are unused at calendar year-end are forfeited. Upon termination of employment, all unused and unforfeited vacation benefits are paid 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 are forfeited upon termination of 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.

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

Note 2 – Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2011, were as follows:

	<u>General Fund</u>	<u>Jail District Fund</u>	<u>Criminal Justice Enhancement Fund</u>	<u>WIA Fund</u>	<u>Flood Control Fund</u>	<u>Homeland Security Fund</u>	<u>New Facilities Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Fund balances:</b>									
<b>Nonspendable:</b>									
Prepaid items	\$ 41,731		\$ 1,101	\$ 1,993				\$ 691	\$ 45,516
Total Nonspendable	<u>41,731</u>		<u>1,101</u>	<u>1,993</u>				<u>691</u>	<u>45,516</u>
<b>Restricted for:</b>									
Capital projects							\$ 333,372	60,636	394,008
Education				22,820				612,520	635,340
Flood control					\$3,257,236				3,257,236
General government								437,459	437,459
Health								121,648	121,648
Judicial activities			1,022,276					789,517	1,811,793
Law enforcement		\$470,219	275,167			\$ 3,535		290,091	1,039,012
Social services								245,838	245,838
Streets and highways								1,823,477	1,823,477
Other purposes								18,887	18,887
Total restricted		<u>470,219</u>	<u>1,297,443</u>	<u>22,820</u>	<u>3,257,236</u>	<u>3,535</u>	<u>333,372</u>	<u>4,400,073</u>	<u>9,784,698</u>
<b>Assigned balances:</b>									
Capital projects							443,549		443,549
Debt service								236,380	236,380
Education								59,593	59,593
Health								16,241	16,241
Judicial activities			1,220						1,220
Streets and highways								662	662
Total assigned			<u>1,220</u>				<u>443,459</u>	<u>312,876</u>	<u>757,645</u>
<b>Unassigned balance:</b>	<u>13,945,323</u>		<u>(974,865)</u>	<u>(634,731)</u>		<u>(715,116)</u>		<u>(1,083,179)</u>	<u>10,537,432</u>
Total fund balances	<u>\$13,987,054</u>	<u>\$470,219</u>	<u>\$ 324,899</u>	<u>\$(609,918)</u>	<u>\$3,257,236</u>	<u>\$(711,581)</u>	<u>\$776,921</u>	<u>\$ 3,630,461</u>	<u>\$21,125,291</u>

Note 3 – Stewardship, Compliance, and Accountability

**Deficit fund balances**—At June 30, 2011, the following fund reported a deficit in fund balance:

<u>Fund</u>	<u>Deficit</u>
<b>Governmental funds:</b>	
Other governmental - Airport	791,483

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

This deficit resulted from operations during the current and prior years or unexpected/unplanned events, but is expected to be corrected through normal operations (including program close-out procedures) in subsequent fiscal years or through transfers from the General Fund.

#### Note 4 – Deposits and Investments

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds or other debt; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; and specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States. In addition, the County Treasurer may invest trust funds in 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. Corporate bonds, debentures, and notes must be rated within the top three ratings by a nationally recognized rating agency.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

##### Custodial credit risk

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

##### Concentration of credit risk

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



Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

Interest rate risk

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

Foreign currency risk

Statutes do not allow foreign investments.

**Deposits**— At June 30, 2011, the carrying amount of the County's deposits was \$9,783,629, and the bank balance was \$9,271,620. The County does not have a formal policy related to custodial credit risk for deposits.

**Investments**—The County's investments at June 30, 2011, were as follows:

Investment Type	Fair Value
State Treasurer's investment pool 5	\$ 17,678,212
State Treasurer's investment pool 7	174,944
U.S. agency securities	12,447,902
Money market mutual funds	3,782,094
Corporate notes	2,149,808
Repurchase agreement	<u>6,769,984</u>
	<u>\$ 43,002,944</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, 2011, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pool 5	AAAf	S&P	\$17,678,212
State Treasurer's investment pool 7	Unrated	N/A	174,944
U.S. agency securities	AAA	Moody's	12,447,902
Money market mutual funds	Unrated	N/A	3,782,094
Corporate notes	AAA to Aa2	Moody's	2,149,808
Repurchase agreement	Unrated	N/A	<u>6,769,984</u>
			<u>\$43,002,944</u>

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

**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 the possession of an outside party. The County does not have a formal investment policy with respect to custodial credit risk. At June 30, 2011, the County had \$2,089,791 in corporate notes held by the counterparty in the County's name. In addition, the County had collateral for an overnight repurchase agreement consisting of a Real Estate Mortgage Investment Conduit (REMIC) issued by the Federal National Mortgage Association totaling \$6,769,984 that was uninsured and held by the counterparty.

**Concentration of credit risk**—The County does not have a formal investment policy with respect to concentration of credit risk. The County had investments in debt securities of various U.S. agencies at June 30, 2011, representing 5 percent or more of the County's total investments as follows:

U.S. Agency	Percent
Federal National Mortgage Association	39
Federal Home Loan Banks	5

**Interest rate risk**—The County does not have a formal investment policy with respect to interest rate risk. At June 30, 2011, the County had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (In Years)
State Treasurer's investment pool 5	\$17,678,212	0.07
State Treasurer's investment pool 7	174,944	0.13
U.S. agency securities	12,447,902	4.11
Money market mutual funds	3,782,094	0.48
Corporate notes	2,149,808	0.61
Repurchase agreement	<u>6,769,984</u>	0.00
	<u>\$43,002,944</u>	

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

Cash, deposits, and investments:

Cash on hand	\$ 4,938
Amount of deposits	9,783,629
Amount of investments	<u>43,002,944</u>
Total	<u>\$52,791,511</u>

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

Statement of Net Assets:

	Governmental Activities	Business-Type Activities	Investment Trust Funds	Agency Funds	Total
Cash and investments	\$20,705,846	\$1,922,371	\$29,394,374	\$768,920	\$52,791,511

Note 5 – Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2011, in the General Fund include \$399,953 in sales taxes and \$121,200 in auto lieu tax from the State of Arizona. Amounts due from other governmental units in the Jail District Fund include \$225,030 in sales tax from the State of Arizona. Amounts due from other governmental units in the Criminal Justice Enhancement Fund, WIA Fund and Homeland Security include \$1,418,827, \$289,554 and \$682,060, respectively, for federal and state reimbursement grants. Amounts due from other governmental units in the Other Governmental Funds include \$316,521 in highway user revenue and \$327,368 in federal and state reimbursement grants. The remaining balances results from various grants and contracts with other governmental units and interest earned on investments from the State Treasurer.

Note 6 – Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Primary Government			Balance June 30, 2011
	Balance July 1, 2010	Increases	Decreases	
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 22,151,078			\$ 22,151,078
Construction in progress (estimated cost to complete \$16,941,100)	<u>58,122,157</u>	<u>\$ 6,467,491</u>	<u>\$60,982,547</u>	<u>3,607,101</u>
Total capital assets not being depreciated	<u>80,273,235</u>	<u>6,467,491</u>	<u>60,982,547</u>	<u>25,758,179</u>
Capital assets being depreciated:				
Buildings	12,395,525	60,702,920		73,098,445
Improvements other than buildings	3,176,586			3,176,586
Construction equipment and vehicles	10,064,703	639,592	254,282	10,450,013
Furniture and equipment	8,036,648	2,495,017		10,531,665
Infrastructure	<u>70,712,313</u>	<u>279,627</u>		<u>70,991,940</u>
Total capital assets being depreciated	<u>104,385,775</u>	<u>64,117,156</u>	<u>254,282</u>	<u>168,248,649</u>
Less accumulated depreciation for:				
Buildings	5,824,830	319,812		6,144,642

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

	Primary Government			Balance June 30, 2011
	Balance July 1, 2010	Increases	Decreases	
Improvements other than buildings	1,113,111	119,966		1,233,077
Construction equipment and vehicles	7,879,753	826,986	252,131	8,454,608
Furniture and equipment	5,184,693	1,150,824		6,335,517
Infrastructure	<u>39,514,627</u>	<u>1,147,308</u>		<u>40,661,935</u>
Total accumulated depreciation	<u>59,517,014</u>	<u>3,564,896</u>	<u>252,131</u>	<u>62,829,779</u>
Total capital assets being depreciated, net	<u>44,868,761</u>	<u>60,552,260</u>	<u>2,151</u>	<u>105,418,870</u>
Governmental activities capital assets, net	<u>\$125,141,996</u>	<u>\$67,019,751</u>	<u>\$60,984,698</u>	<u>\$131,177,049</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 229,996			\$ 229,996
Total capital assets not being depreciated	<u>229,996</u>			<u>229,996</u>
Capital assets being depreciated:				
Buildings	246,067			246,067
Improvements other than buildings	2,538,311	\$ 923,247		3,461,558
Construction equipment and vehicles	<u>2,347,557</u>			<u>2,347,557</u>
Total capital assets being depreciated	<u>5,131,935</u>	<u>923,247</u>		<u>6,055,182</u>
Less accumulated depreciation for:				
Buildings	97,593	6,156		103,749
Improvements other than buildings	540,728	66,281		607,009
Construction equipment and vehicles	<u>2,039,359</u>	<u>136,612</u>		<u>2,175,971</u>
Total accumulated depreciation	<u>2,677,680</u>	<u>209,049</u>		<u>2,886,729</u>
Total capital assets being depreciated, net	<u>2,454,255</u>	<u>714,198</u>		<u>3,168,453</u>
Business-type activities capital assets, net	<u>\$ 2,684,251</u>	<u>\$ 714,198</u>	<u>\$</u>	<u>\$ 3,398,449</u>
Depreciation expense was charged to functions as follows:				
Governmental activities:				
General government		\$ 789,387		
Public Safety		1,011,725		
Highways and streets		1,642,452		
Health, welfare and sanitation		74,570		
Education and economic opportunity		24,370		
Recreation		<u>22,392</u>		
Total governmental activities depreciation expense		<u>\$3,564,896</u>		
Business-type activities:				
Landfill		<u>\$ 209,049</u>		
Total business-type activities depreciation expense		<u>\$ 209,049</u>		

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

Note 7 – Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2011:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Change in Estimate</u>	<u>Balance June 30, 2011</u>	<u>Due within 1 year</u>
<b>Governmental activities</b>						
Long-term loans payable	\$56,790,000		\$1,545,000		\$55,245,000	\$1,600,000
Obligations under capital leases	1,230,328	\$ 473,000	389,939		1,313,389	329,429
Compensated absences payable	2,091,472	762,050	751,280		2,102,242	1,002,221
Estimated liabilities for claims and judgments	<u>75,000</u>				<u>75,000</u>	
Governmental activities long-term liabilities	<u>\$60,186,800</u>	<u>\$1,235,050</u>	<u>\$2,686,219</u>		<u>\$58,735,631</u>	<u>\$2,931,650</u>
<b>Business-type activities</b>						
Obligations under capital leases	\$ 116,672		\$ 110,932		\$ 5,740	\$ 5,708
Compensated absences payable	40,818	\$ 33,950	25,028		49,740	24,395
Landfill closure and postclosure care costs payable	<u>1,681,209</u>			<u>\$128,385</u>	<u>1,809,594</u>	
Business-type activities long-term liabilities	<u>\$ 1,838,699</u>	<u>\$ 33,950</u>	<u>\$ 135,960</u>	<u>\$128,385</u>	<u>\$ 1,865,074</u>	<u>\$ 30,103</u>

**Long-term loans payable**—The County's long-term loans payable include two 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 was 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 project loan, the County has pledged its future excise tax and state shared revenues to repay the loan obtained from GADA for funding the 2008-1 project. For fiscal year 2011, the County received excise tax revenues of \$2,571,487 and state shared revenues net of other statutory claims of \$2,271,968, and the principal and interest payments were \$270,000 and \$726,675, respectively. Total principal and interest remaining to be paid on the loan is \$26,921,719.

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 2011, the County received Jail District excise tax revenues of \$2,609,373 and made maintenance of effort payments of \$3,541,820, and the principal and interest payments were \$1,275,000 and \$1,972,431, respectively. Total principal and interest remaining to be paid on the loan is \$64,950,900.

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

Long-term loans payable at June 30, 2011, were as follows:

Description	Interest Rates	Maturities	Outstanding Principal July 1, 2010	Retirements	Outstanding Principal June 30, 2011
2008-1 project	4.00%-5.39%	2012-2038	\$14,735,000	\$ 270,000	\$14,465,000
2008-2 project	3.25%-5.25%	2012-2031	<u>42,055,000</u>	<u>1,275,000</u>	<u>40,780,000</u>
			<u>\$56,790,000</u>	<u>\$1,545,000</u>	<u>\$55,245,000</u>

The following schedule details debt service requirements to maturity for the County's loans payable at June 30, 2011:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2012	\$ 1,600,000	\$ 2,643,681
2013	1,665,000	2,582,981
2014	1,730,000	2,516,013
2015	1,795,000	2,446,431
2016	1,870,000	2,373,844
2017-2021	10,595,000	10,630,131
2022-2026	13,290,000	7,931,163
2027-2031	16,980,000	4,240,225
2032-2036	3,870,000	1,116,150
2037-2038	<u>1,850,000</u>	<u>147,000</u>
Total	<u>\$55,245,000</u>	<u>\$36,627,619</u>

**Obligations under capital leases**—The County has acquired a building, construction equipment and vehicles, and kitchen equipment under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a bargain purchase option or a transfer of ownership by the end of the lease term.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Building	\$1,025,840	
Construction equipment and vehicles	1,336,908	\$506,769
Kitchen equipment	473,000	
Less: accumulated depreciation	<u>979,638</u>	<u>379,452</u>
Carrying value	<u>\$1,856,110</u>	<u>\$127,317</u>

The following schedule details debt service requirements to maturity for the County's obligations under capital leases at June 30, 2011:

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

Year Ending June 30	Governmental Activities	Business-Type Activities
2012	\$ 381,586	\$5,902
2013	227,312	35
2014	177,823	
2015	161,831	
2016	69,903	
2017-2021	301,318	
2022-2026	<u>301,319</u>	
Total minimum lease payments	1,621,092	5,937
Less amount representing interest	<u>307,703</u>	<u>197</u>
Present value of net minimum lease payments	<u>\$1,313,389</u>	<u>\$5,740</u>

**Landfill closure and postclosure care costs**—State and federal laws and regulations require the County to place a final cover on its three landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will not be paid until near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs in each period that the County operates the landfill. 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 \$1,809,594 reported as landfill closure and postclosure care liability at June 30, 2011, represents the cumulative amount reported to date based on the use of 42 percent and 15 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 \$3,163,102 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 2011. The County closed one landfill in 1994 and expects to close the remaining two landfills in 2043 and 2123, and the actual cost may be lower or higher each year due to deflation or inflation, changes in technology, or changes in regulations.

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

**Insurance claims**—The County provides life, health, and disability benefits to its employees and their dependents through the Arizona Local Government Employee Benefit Trust, currently composed of six member counties. The Trust provides the benefits through a self-funding agreement with its participants and administers the program and the County is responsible for paying the premium and requires its employees to contribute a portion of that

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

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.

**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 2011, the County paid for compensated absences as follows: 48 percent from the General Fund, 13 percent from the Jail District Fund, 7 percent from the Criminal Justice Enhancement Fund, 3 percent from the WIA Fund, 3 percent from the Flood Control Fund, 2 percent from the Homeland Security Fund, 22 percent from the Other Governmental Funds, and 2 percent from the Enterprise Fund.

#### Note 8 – 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 those risks of loss, the County joined and is covered by three public entity risk pools: the Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool, which are described below, and the Arizona Local Government Employee Benefit Trust, which is described on pages 44 and 45. 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 years.

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 11 member counties. The pool provides member counties catastrophic loss coverage for risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; and provides risk management services. Such coverage includes all defense costs as well as the amount of any judgment or settlement. The County is responsible for paying a premium based on its exposure in relation to the exposure of the other participants, and a deductible of \$5,000 per occurrence for property claims and \$5,000 per occurrence for liability claims. The County is also responsible for any payments in excess of the maximum coverage of \$300 million per occurrence for property claims and \$15 million per occurrence for liability claims. However, lower limits apply to certain categories of losses. A county must participate in the pool at least 3 years after becoming a member; however, it may withdraw after the initial 3-year period. If the pool were to become insolvent, the County would be assessed an additional contribution.



Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

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 required by law, 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 Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool receive independent audits annually and an audit by the Arizona Department of Insurance every 5 years. Both pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation.

#### Note 9 – Pensions and Other Postemployment Benefits

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

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

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

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

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

**ASRS**

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

**PSPRS**

3010 East Camelback Road, Suite 200  
Phoenix, AZ 85016-4416  
(602) 255-5575

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

*Cost-Sharing Plan*—For the year ended June 30, 2011, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.85 percent (9.6 percent for retirement and 0.25 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 9.85 percent (9.01 percent for retirement, 0.59 percent for health insurance premium, and 0.25 percent for long-term disability) of the members' annual covered payroll.

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

<u>Year Ended June 30</u>	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2011	\$811,086	\$53,112	\$22,503
2010	791,797	62,660	37,891
2009	814,736	97,891	50,953

*Agent Plan*—For the year ended June 30, 2011, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll and the County was required to contribute 21.23 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.35 percent of covered payroll.

**Actuarial methods and assumptions**—The contribution requirements for the year ended June 30, 2011, were established by the June 30, 2009, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

actual results are compared to past expectations and new estimates are made. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on 1) the plans as understood by the County and plans' members 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 that are 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 plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2011 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	27 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases	5.50% - 8.50%
includes inflation at	5.50%

**Annual Pension/OPEB Cost**—The County's pension/OPEB cost for the agent plan for the year ended June 30, 2011, and related information follows:

	<u>PSPRS</u>	
	<u>Pension</u>	<u>Health Insurance</u>
Annual pension/ OPEB cost	\$409,353	\$27,798
Contributions made	431,316	5,835

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

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

Plan	Year Ended June 30	Annual Pension/OPEB Cost	Percentage of Annual Cost Contributed	Net Pension Asset/(OPEB Obligation)
PSPRS				
Pension	2011	\$409,353	105.4%	\$21,963
Health insurance	2011	27,798	21.0	(21,963)
Pension	2010	458,980	104.0	18,190
Health insurance	2010	24,418	25.5	(18,190)
Pension	2009	439,235	100.0	-
Health insurance	2009	27,576	100.0	-

**Funded Status**—The funded status of the plan as of the most recent valuation date, June 30, 2011, along with the actuarial assumptions and methods used in those valuations follow. Additionally, the required Schedule of Agent Retirement Plan's Funding Progress presented in the Required Supplementary Information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability benefits.

	PSPRS	
	Pension	Health Insurance
Actuarial accrued liability (a)	\$10,383,222	\$ 321,252
Actuarial value of assets (b)	5,717,985	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	4,665,237	321,252
Funded ratio (b)/(a)	55.1%	-
Covered payroll (c)	1,973,917	1,973,917
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a)-(b)]/(c)	236.3%	16.27%

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

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

Actuarial valuations date	June 30, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level percent-of-pay closed
Remaining amortization period	25 years for underfunded, 20 years for overfunded
Asset valuation method	7-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.25%
Projected salary increases	5.00% - 8.00%
includes inflation at	5.00%

Note 10 – Contingent Liability

A contingent liability exists because there is at least a reasonable possibility that the County will lose a pending lawsuit filed by the Pima County Community College District relating to unpaid out-of-county tuition payments. The potential loss is estimated to be \$2.8 million.

Note 11 – Interfund Balances and Activity

**Interfund receivables and payables**—Interfund balances at June 30, 2011, were as follows:

	Payable to		Total
	General Fund	Nonmajor Governmental Funds	
<b>Payable from</b>			
Criminal Justice Enhancement Fund	\$1,407,921		\$1,407,921
Flood Control Fund		\$58,048	58,048
Homeland Security Fund	682,060		682,060
WIA Fund	684,541		684,541
Nonmajor Governmental Funds	1,042,242		1,042,242
Total	\$3,816,764	\$58,048	\$3,874,812

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

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

**Interfund transfers**—Interfund transfers for the year ended June 30, 2011, were as follows:

	Transfers to							Total
	General Fund	Jail District Fund	Criminal Justice Enhancement Fund	WIA Fund	Homeland Security Fund	Landfill	Nonmajor Governmental Funds	
<b>Transfers from</b>								
General fund		\$3,541,820	\$ 53,142	\$168,452	\$70,987		\$1,434,367	\$5,268,768
Criminal Justice Enhancement Fund	\$35,030							35,030
WIA Fund	12,034							12,034
Flood Control Fund						\$10,322		10,322
Homeland Security Fund	128		444					572
Nonmajor Governmental Funds	<u>32,509</u>	<u>7,184</u>	<u>106,802</u>	<u>1,127</u>		<u>1,746</u>	<u>23,504</u>	<u>172,872</u>
Total	<u>\$79,701</u>	<u>\$3,549,004</u>	<u>\$160,388</u>	<u>\$169,579</u>	<u>\$70,987</u>	<u>\$12,068</u>	<u>\$1,457,871</u>	<u>\$5,499,598</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 12 – County Treasurer’s Investment Pool

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

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

All deposits and investments of the County’s primary government are included in the County Treasurer’s investment pool, except for \$682,267 of deposits and \$15,440,672 of investments in the State Treasurer’s investment pools. The County Treasurer manages these investments as well as the pooled investments, and the deposit and investment risks of the Treasurer’s investment pool are substantially the same as the County’s deposit and investment risks. See Note 4 for disclosure of the County’s deposit and investment risks.

Santa Cruz County  
Notes to Financial Statements  
June 30, 2011

Details of each major investment classification follow:

<u>Investment Type</u>	<u>Principal</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer's investment pool 5	\$ 2,412,484	None stated	None stated	\$ 2,412,484
U.S. agency securities	12,440,000	1.000 to 2.650	8/13 to 5/16	12,447,902
Money market mutual funds	3,782,093	None stated	None stated	3,782,094
Corporate notes	2,060,000	2.000 to 6.650	7/11 to 1/13	2,149,808
Repurchase agreement	6,769,984	6.569	Overnight	6,769,984

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

**Statement of Net Assets:**

Assets	\$ 36,663,634
Liabilities	-
Net assets	<u>\$ 36,663,634</u>
Net assets held in trust for:	
Internal participants	\$ 7,542,850
External participants	<u>29,120,784</u>
Total net assets held in trust	<u>\$ 36,663,634</u>

**Statement of Changes in Net Assets:**

Total additions	\$ 153,208,951
Total deductions	<u>155,201,681</u>
Net decrease	<u>(1,992,730)</u>
Net assets held in trust:	
July 1, 2010	<u>38,656,364</u>
June 30, 2011	<u>\$ 36,663,634</u>

**Note 13 – Subsequent Events**

On January 1, 2012, the County entered into a purchase agreement with U.S. National Bank Association to issue \$9,300,000 in Pledged Revenue Obligations, Series 2012. The proceeds from the Obligations will be used to finance the costs of constructing bridges and other projects that will provide vehicle access to flood-prone areas within the County. The Obligations mature on July 1, 2026, with annual principal and semi-annual interest payments at a rate of 3.82%.

Required Supplementary Information



Santa Cruz County  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 13,609,650	\$ 13,609,650	\$ 14,323,473	\$ 713,823
Intergovernmental	5,044,947	5,044,947	6,615,176	1,570,229
Licenses and permits	280,000	280,000	318,010	38,010
Charges for services	1,125,285	1,125,285	1,234,029	108,744
Fines and forfeits	466,000	466,000	583,160	117,160
Investment income	35,000	35,000	27,160	(7,840)
Rents			58,620	58,620
Miscellaneous			383,031	383,031
Total revenues	<u>20,560,882</u>	<u>20,560,882</u>	<u>23,542,659</u>	<u>2,981,777</u>
<b>Expenditures</b>				
Current:				
General government				
Airport	165,410	165,410	46,127	119,283
Assessor	812,200	812,200	767,388	44,812
Board of Supervisors	4,964,885	4,964,885	2,616,375	2,348,510
Central Permits	159,303	159,303	39,201	120,102
Clerk of Superior Court	715,896	715,896	658,475	57,421
Constable #1	69,684	69,684	71,061	(1,377)
Constable #2	20,618	20,618	21,254	(636)
Court Attorney	1,234,284	1,234,284	1,121,331	112,953
Elections	341,734	341,734	237,322	104,412
Finance	2,031,888	2,031,888	922,106	1,109,782
GIS	52,652	52,652	35,462	17,190
Grounds and Maintenance	3,154,883	3,154,883	849,348	2,305,535
Information Technology	519,224	519,224	488,183	31,041
Justice Court #1	596,650	596,650	576,835	19,815
Justice Court #2	166,106	166,106	162,911	3,195
Planning and Zoning	376,300	376,300	243,919	132,381
Recorder	251,383	251,383	230,443	20,940
Recorder - Election	276,885	276,885	95,414	181,471
Superior Court	1,050,013	1,050,013	1,019,556	30,457
Treasurer	499,832	499,832	478,162	21,670
Total general government	<u>17,459,830</u>	<u>17,459,830</u>	<u>10,680,873</u>	<u>6,778,957</u>
Public safety				
Adult Probation	501,994	501,994	375,302	126,692
Building Codes	271,229	271,229	225,482	45,747
Emergency Services	92,594	92,594	70,523	22,071
Sheriff	3,515,516	3,515,516	3,458,557	56,959
Total public safety	<u>4,381,333</u>	<u>4,381,333</u>	<u>4,129,864</u>	<u>251,469</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2011  
(Concluded)

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Health, welfare and sanitation				
Public Fiduciary	\$ 3,069,496	\$ 3,069,496	\$ 2,407,906	\$ 661,590
Total health, welfare and sanitation	<u>3,069,496</u>	<u>3,069,496</u>	<u>2,407,906</u>	<u>661,590</u>
Education and economic opportunity				
School Superintendent	<u>629,208</u>	<u>629,208</u>	<u>405,421</u>	<u>223,787</u>
Total education and economic opportunity	<u>629,208</u>	<u>629,208</u>	<u>405,421</u>	<u>223,787</u>
Recreation				
Parks	<u>385,859</u>	<u>385,859</u>	<u>123,138</u>	<u>262,721</u>
Total recreation	<u>385,859</u>	<u>385,859</u>	<u>123,138</u>	<u>262,721</u>
Total expenditures	<u>25,925,726</u>	<u>25,925,726</u>	<u>17,747,202</u>	<u>8,178,524</u>
Excess (deficiency) of revenues over expenditures	(5,364,844)	(5,364,844)	5,795,457	11,160,301
Other financing sources (uses)				
Proceeds from sales of capital assets			10,855	10,855
Transfer in	63,517	63,517	79,701	16,184
Transfer out	<u>(5,381,499)</u>	<u>(5,381,499)</u>	<u>(5,268,768)</u>	<u>112,731</u>
Total other financing sources (uses)	<u>(5,317,982)</u>	<u>(5,317,982)</u>	<u>(5,178,212)</u>	<u>139,770</u>
Net change in fund balance	(10,682,826)	(10,682,826)	617,245	11,300,071
Fund balance, July 1, 2010	<u>10,682,826</u>	<u>10,682,826</u>	<u>13,369,809</u>	<u>2,686,983</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,987,054</u>	<u>\$ 13,987,054</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County  
Required Supplementary Information  
Budgetary Comparison Schedule  
Jail District Fund  
Year Ended June 30, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Taxes	\$ 2,000,000	\$ 2,609,373	\$ 609,373
Intergovernmental	150,000	499,295	349,295
Charges for services	1,400,000	-	(1,400,000)
Investment earnings	-	3,170	3,170
Miscellaneous	-	<u>252</u>	<u>252</u>
Total revenues	<u>3,550,000</u>	<u>3,112,090</u>	<u>(437,910)</u>
<b>Expenditures</b>			
Current:			
Public safety			
Juvenile Detention	1,041,258	887,003	154,255
Sheriff's Office	4,349,394	3,100,243	1,249,151
Health			
Environmental Health	-	5,078	(5,078)
Debt service			
Principal retirement	1,275,000	1,356,051	(81,051)
Interest and fiscal charges	<u>1,972,431</u>	<u>1,985,477</u>	<u>(13,046)</u>
Total expenditures	<u>8,638,083</u>	<u>7,333,852</u>	<u>358,231</u>
Excess (deficiency) of revenues over expenditures	(5,088,083)	(4,221,762)	866,321
<b>Other financing sources</b>			
Transfer in	<u>4,026,533</u>	<u>3,549,004</u>	<u>(477,529)</u>
Total other financing sources	<u>4,026,533</u>	<u>3,549,004</u>	<u>(477,529)</u>
Net change in fund balances	(1,061,550)	(672,758)	388,792
Fund balance, July 1, 2010	<u>1,061,550</u>	<u>1,142,977</u>	<u>81,427</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ 470,219</u>	<u>\$ 470,219</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, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 2,681,127	\$ 2,508,098	\$ (173,029)
Charges for services	15,000	25,326	10,326
Fines and forfeits	400,000	775,697	375,697
Investment earnings	7,100	5,694	(1,406)
Miscellaneous	<u>3,102</u>	<u>3,102</u>	<u>3,102</u>
Total revenues	<u>3,103,227</u>	<u>3,317,917</u>	<u>214,690</u>
<b>Expenditures</b>			
Current:			
General government			
County Attorney	1,201,237	1,499,306	(298,069)
Clerk of Superior Court	7,391	7,391	7,391
Justice Court	6,061	96,024	(89,963)
Superior Court	<u>674,649</u>	<u>52,129</u>	<u>622,520</u>
Total general government	<u>1,889,338</u>	<u>1,647,459</u>	<u>241,879</u>
Public safety			
Juvenile probation	64,932	64,932	64,932
Sheriff's office	2,109,794	2,150,374	(40,580)
Other agencies	<u>1,001,396</u>	<u>355,004</u>	<u>646,392</u>
Total public safety	<u>3,176,122</u>	<u>2,505,378</u>	<u>670,744</u>
Total expenditures	<u>5,065,460</u>	<u>4,152,837</u>	<u>912,623</u>
Excess (deficiency) of revenues over expenditures	(1,962,233)	(834,920)	1,127,313
<b>Other financing sources (uses)</b>			
Transfer in	154,311	160,388	6,077
Transfer out	<u>(79,311)</u>	<u>(35,030)</u>	<u>44,281</u>
Total other financing sources (uses)	<u>75,000</u>	<u>125,358</u>	<u>50,358</u>
Net change in fund balance	(1,887,233)	(709,562)	1,177,671
Fund balance, July 1, 2010	<u>1,887,233</u>	<u>1,034,461</u>	<u>(852,772)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ 324,899</u>	<u>\$ 324,899</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County  
Required Supplementary Information  
Budgetary Comparison Schedule  
WIA Fund  
Year Ended June 30, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 1,110,841	\$ 1,261,364	\$ 150,523
Miscellaneous	<u>                    </u>	<u>12,032</u>	<u>12,032</u>
Total Revenues	<u>1,110,841</u>	<u>1,273,396</u>	<u>162,555</u>
<b>Expenditures</b>			
Education and economic opportunity	<u>1,140,281</u>	<u>1,331,212</u>	<u>(190,931)</u>
Total Expenditures	<u>1,140,281</u>	<u>1,331,212</u>	<u>(190,931)</u>
Excess (deficiency) of Revenues over expenditures	(29,440)	(57,816)	(28,376)
<b>Other financing sources (uses):</b>			
Transfers in	-	169,579	169,579
Transfers out	<u>-</u>	<u>(12,034)</u>	<u>(12,034)</u>
Total other financing sources and uses	<u>-</u>	<u>157,545</u>	<u>157,545</u>
Net change in fund balance	(29,440)	99,729	129,169
Fund balance, July 1, 2010	<u>29,440</u>	<u>(709,647)</u>	<u>(739,087)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ (609,918)</u>	<u>\$ (609,918)</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Flood Control Fund  
 Year Ended June 30, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Taxes	\$ 2,316,963	\$ 2,247,860	\$ (69,103)
Investment earnings		5,327	5,327
Miscellaneous	-	11,942	11,942
Total Revenues	<u>2,316,963</u>	<u>2,265,129</u>	<u>(51,834)</u>
<b>Expenditures</b>			
Public safety	<u>5,303,243</u>	<u>1,831,557</u>	<u>3,471,686</u>
Total expenditures	<u>5,303,243</u>	<u>1,831,557</u>	<u>3,471,686</u>
Excess (deficiency) of revenues over expenditures	(2,986,280)	433,572	3,419,852
<b>Other financing uses:</b>			
Transfers out	-	(10,322)	(10,322)
Total other financing uses	<u>-</u>	<u>(10,322)</u>	<u>(10,322)</u>
Net change in fund balance	(2,986,280)	423,250	3,409,530
Fund balance, July 1, 2010	<u>2,986,280</u>	<u>2,833,986</u>	<u>(152,294)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ 3,257,236</u>	<u>\$ 3,257,236</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Homeland Security Fund  
 Year Ended June 30, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental	\$ 750,604	\$ 408,178	\$ (342,426)
Investment earnings	-	1	1
Miscellaneous	-	128	128
Total revenues	<u>750,604</u>	<u>408,307</u>	<u>(342,297)</u>
<b>Expenditures</b>			
Public safety			
Emergency Management	8,533	3,199	5,334
Sheriff's Office	<u>745,604</u>	<u>964,504</u>	<u>(218,900)</u>
Total expenditures	<u>754,137</u>	<u>967,703</u>	<u>(213,566)</u>
Excess (deficiency) of revenues over expenditures	(3,533)	(559,396)	(555,863)
<b>Other financing sources:</b>			
Transfers in		70,987	70,987
Transfers out	-	<u>(572)</u>	<u>(572)</u>
Total other financing sources	<u>-</u>	<u>70,415</u>	<u>70,415</u>
Net change in fund balance	(3,533)	(488,981)	(485,448)
Fund balance, July 1, 2010	<u>3,533</u>	<u>(222,600)</u>	<u>(226,133)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ (711,581)</u>	<u>\$ (711,581)</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County  
 Required Supplementary Information  
 Notes to Budgetary Comparison Schedules  
 Year Ended June 30, 2011

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 – Budgetary Basis of Accounting

The County's budget is prepared on a basis consistent with generally accepted accounting principles, except for the following unbudgeted item:

- Present value of net minimum capital lease payments.

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

	<b>Jail District Fund</b>
Excess of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$4,694,762
Present value of net minimum capital lease payments	<u>473,000</u>
Excess of revenues over expenditures from the Budgetary comparison schedules	<u>\$4,221,762</u>



Santa Cruz County  
 Required Supplementary Information  
 Notes to Budgetary Comparison Schedules  
 Year Ended June 30, 2011

Note 3 – Expenditures In Excess of Appropriations

For the year ended June 30, 2011, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Fund/Department	Excess
<u>General Fund:</u>	
Constable #1	\$ 1,377
Constable #2	636
<u>Jail District</u>	
Environmental Health	5,078
<u>Criminal Justice Enhancement Fund:</u>	
County Attorney	298,069
Justice Court	89,963
Sheriff's Office	40,580
<u>WIA Fund</u>	
Education and economic opportunity	190,931
<u>Homeland Security Fund</u>	
Sheriff's Office	218,900

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

Santa Cruz County  
 Required Supplementary Information  
 Schedule of Agent Retirement Plans' Funding Progress  
 June 30, 2011

Public Safety Personnel Retirement System

Plan	Actual Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ((a-b)/c)
Pension	June 30, 2011	\$5,717,985	\$10,383,222	\$(4,665,237)	55.1%	\$1,973,917	236.3%
Health							
Insurance	June 30, 2011	-	321,252	(321,252)	0.0%	1,973,917	16.3%
Pension	June 30, 2010	5,491,740	10,055,856	(4,564,116)	54.6%	2,286,973	199.6%
Health							
Insurance	June 30, 2010	-	303,130	(303,130)	0.0%	2,286,973	13.3%
Pension	June 30, 2009	4,967,903	9,170,829	(4,202,926)	54.2%	2,265,910	185.5%
Health							
Insurance	June 30, 2009	-	273,357	(273,357)	0.0%	2,265,910	12.1%

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Combining and Individual  
Fund Statements and Schedules

Santa Cruz County  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
<b>Assets</b>				
Cash and investments	\$ 4,283,532	\$ 60,636	\$ 240,985	\$ 4,585,153
Due from other governmental units	645,225	-	4	645,229
Due from other funds	58,048	-	-	58,048
Accounts receivable	59,618	-	-	59,618
Prepaid items	691	-	-	691
Total assets	<u>5,047,114</u>	<u>60,636</u>	<u>240,989</u>	<u>5,348,739</u>
<b>Liabilities and fund balances</b>				
Liabilities:				
Accounts payable	239,849	-	-	239,849
Due to other governmental units	-	-	4,609	4,609
Accrued payroll and employee benefits	194,761	-	-	194,761
Due to other funds	250,362	791,880	-	1,042,242
Deferred revenue	236,817	-	-	236,817
Total liabilities	<u>921,789</u>	<u>791,880</u>	<u>4,609</u>	<u>1,718,278</u>
Fund balances:				
Nonspendable	691	-	-	691
Restricted	4,339,437	60,636	-	4,400,073
Assigned	76,496	-	236,380	312,876
Unassigned	<u>(291,299)</u>	<u>(791,880)</u>	<u>-</u>	<u>(1,083,179)</u>
Total fund balances	<u>4,125,325</u>	<u>(731,244)</u>	<u>236,380</u>	<u>3,630,461</u>
Total liabilities and fund balances	<u>\$ 5,047,114</u>	<u>\$ 60,636</u>	<u>\$ 240,989</u>	<u>\$ 5,348,739</u>

Santa Cruz County  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
June 30, 2011

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 143	\$ 143
Intergovernmental	8,958,016	923,145	-	9,881,161
Charges for services	491,643	-	-	491,643
Fines and forfeits	107,334	-	-	107,334
Investment earnings	15,096	-	892	15,988
Miscellaneous	278,040	-	-	278,040
Total revenues	<u>9,850,129</u>	<u>923,145</u>	<u>1,035</u>	<u>10,774,309</u>
<b>Expenditures:</b>				
Current				
General government	428,627	917,601	-	1,346,228
Public safety	2,407,098	-	-	2,407,098
Highways and streets	3,067,846	-	-	3,067,846
Health, welfare and sanitation	1,377,295	-	-	1,377,295
Education and economic opportunity	2,895,918	-	-	2,895,918
Debt service				
Principal retirement	176,012	-	270,000	446,012
Interest and fiscal charges	10,001	-	726,675	736,676
Total expenditures	<u>10,362,797</u>	<u>917,601</u>	<u>996,675</u>	<u>12,277,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(512,668)</u>	<u>5,544</u>	<u>(995,640)</u>	<u>(1,502,764)</u>
<b>Other financing sources (uses):</b>				
Transfer in	709,866	9,249	738,756	1,457,871
Transfer out	<u>(172,872)</u>	<u>-</u>	<u>-</u>	<u>(172,872)</u>
Total other financing sources (uses)	<u>536,994</u>	<u>9,249</u>	<u>738,756</u>	<u>1,284,999</u>
Net change in fund balances	24,326	14,793	(256,884)	(217,765)
Fund balances (deficit), July 1, 2010	<u>4,100,999</u>	<u>(746,037)</u>	<u>493,264</u>	<u>3,848,226</u>
Fund balances (deficit), June 30, 2011	<u>\$ 4,125,325</u>	<u>\$ (731,244)</u>	<u>\$ 236,380</u>	<u>\$ 3,630,461</u>

Santa Cruz County  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2011

	<u>Road</u>	<u>Health Services</u>	<u>Juvenile Services</u>	<u>Probation Services</u>
<b>Assets</b>				
Cash and investments	\$ 1,640,752	\$ 86,477	\$ 334,382	\$ 428,466
Due from other governmental units	316,636	132,643	55,720	1,135
Due from other funds	58,048	-	-	-
Accounts receivable	-	2,550	2,262	14,152
Prepaid items	345	-	346	-
Total assets	<u>2,015,781</u>	<u>221,670</u>	<u>392,710</u>	<u>443,753</u>
<b>Liabilities</b>				
Accounts payable	132,698	6,140	14,062	4,397
Due to other governmental units	-	-	-	-
Accrued payroll and employee benefits	58,599	18,455	32,473	43,451
Due to other funds	-	92,818	55,718	-
Deferred revenue	-	78,415	55,718	-
Total liabilities	<u>191,297</u>	<u>195,828</u>	<u>157,971</u>	<u>47,848</u>
<b>Fund Balances</b>				
Nonspendable	345	-	346	-
Restricted	1,823,477	121,648	293,796	409,792
Assigned	662	-	-	-
Unassigned	-	(95,806)	(59,403)	(13,887)
Total fund balances	<u>1,824,484</u>	<u>25,842</u>	<u>234,739</u>	<u>395,905</u>
 Total liabilities and fund balances	 <u>\$ 2,015,781</u>	 <u>\$ 221,670</u>	 <u>\$ 392,710</u>	 <u>\$ 443,753</u>

<u>Retrieval Conversion</u>	<u>Animal Control</u>	<u>Accommodation School</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
\$ 721,948	\$ 37,187	\$ 85,411	\$ 948,909	\$ 4,283,532
91	-	-	139,000	645,225
-	-	-	-	58,048
10,778	1,634	-	28,242	59,618
-	-	-	-	691
<u>732,817</u>	<u>38,821</u>	<u>85,411</u>	<u>1,116,151</u>	<u>5,047,114</u>
8,813	7,301	-	66,438	239,849
-	-	-	-	-
9,593	15,279	-	16,911	194,761
114	-	-	101,712	250,362
-	-	1,323	101,361	236,817
<u>18,520</u>	<u>22,580</u>	<u>1,323</u>	<u>286,422</u>	<u>921,789</u>
-	-	-	-	691
715,468	-	36,052	939,204	4,339,437
-	16,241	48,036	11,557	76,496
<u>(1,171)</u>	<u>-</u>	<u>-</u>	<u>(121,032)</u>	<u>(291,299)</u>
<u>714,297</u>	<u>16,241</u>	<u>84,088</u>	<u>829,729</u>	<u>4,125,325</u>
<u>\$ 732,817</u>	<u>\$ 38,821</u>	<u>\$ 85,411</u>	<u>\$ 1,116,151</u>	<u>\$ 5,047,114</u>



Santa Cruz County  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2011

	<u>Road</u>	<u>Health Services</u>	<u>Juvenile Services</u>	<u>Probation Services</u>
<b>Revenues</b>				
Intergovernmental	\$ 3,442,920	\$ 346,541	\$ 896,089	\$ 973,150
Charges for services	-	135,597	17,680	98,303
Fines and forfeits	-	-	-	-
Investment earnings (loss)	5,996	(168)	1,072	1,242
Miscellaneous	65,984	813	1,474	3,384
Total revenues	<u>3,514,900</u>	<u>482,783</u>	<u>916,315</u>	<u>1,076,079</u>
<b>Expenditures</b>				
General government	-	-	115,852	-
Public safety	-	-	651,121	1,085,422
Highways and streets	3,067,846	-	-	-
Health, welfare and sanitation	-	749,814	-	-
Education and economic opportunity	-	-	163,978	-
Debt Service				
Principal retirement	176,012	-	-	-
Interest and fiscal charges	10,001	-	-	-
Total expenditures	<u>3,253,859</u>	<u>749,814</u>	<u>930,951</u>	<u>1,085,422</u>
<b>Other financing sources (uses)</b>				
Transfer in	22,832	256,329	101,849	34,211
Transfer out	(1,746)	-	(6,847)	(31,759)
Total other financing sources (uses)	<u>21,086</u>	<u>256,329</u>	<u>95,002</u>	<u>2,452</u>
Net change in fund balances	282,127	(10,702)	80,366	(6,891)
Fund balances (deficit), July 1, 2010	<u>1,542,357</u>	<u>36,544</u>	<u>154,373</u>	<u>402,796</u>
Fund balances, June 30, 2011	<u>\$ 1,824,484</u>	<u>\$ 25,842</u>	<u>\$ 234,739</u>	<u>\$ 395,905</u>

<u>Retrieval Conversion</u>	<u>Animal Control</u>	<u>Accommodation School</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
\$ 18,040	\$ 247,241	\$ 1,546,467	\$ 1,487,568	\$ 8,958,016
123,738	53,084	-	63,241	491,643
107,334	-	-	-	107,334
2,730	174	234	3,816	15,096
-	10,268	134,843	61,274	278,040
<u>251,842</u>	<u>310,767</u>	<u>1,681,544</u>	<u>1,615,899</u>	<u>9,850,129</u>
176,681	-	-	136,094	428,627
-	-	-	670,555	2,407,098
-	-	-	-	3,067,846
-	476,985	-	150,496	1,377,295
-	-	1,533,885	1,198,055	2,895,918
-	-	-	-	176,012
-	-	-	-	10,001
<u>176,681</u>	<u>476,985</u>	<u>1,533,885</u>	<u>2,155,200</u>	<u>10,362,797</u>
-	175,721	-	118,924	709,866
<u>(109,600)</u>	<u>-</u>	<u>-</u>	<u>(22,920)</u>	<u>(172,872)</u>
<u>(109,600)</u>	<u>175,721</u>	<u>-</u>	<u>96,004</u>	<u>536,994</u>
(34,439)	9,503	147,659	(443,297)	24,326
<u>748,736</u>	<u>6,738</u>	<u>(63,571)</u>	<u>1,273,026</u>	<u>4,100,999</u>
<u>\$ 714,297</u>	<u>\$ 16,241</u>	<u>\$ 84,088</u>	<u>\$ 829,729</u>	<u>\$ 4,125,325</u>

Santa Cruz County  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
Year Ended June 30, 2011

	Airport	Other	Total
<b>Assets</b>			
Cash and investments	\$ 397	\$ 60,239	\$ 60,636
Property taxes receivable (net of allowances for uncollectibles)	-	-	-
Due from other governmental units	-	-	-
Due from other funds	-	-	-
Accounts receivable	-	-	-
Prepaid items	-	-	-
Total assets	397	60,239	60,636
<b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable	-	-	-
Due to other governmental units	-	-	-
Accrued payroll and employee benefits	-	-	-
Due to other funds	791,880	-	791,880
Deferred revenue	-	-	-
Total liabilities	791,880	-	791,880
Fund balances:			
Restricted	397	60,239	60,636
Unassigned	(791,880)	-	(791,880)
Total fund balances (deficit)	(791,483)	60,239	(731,244)
Total liabilities and fund balances	\$ 397	\$ 60,239	\$ 60,636

Santa Cruz County  
Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances  
Nonmajor Capital Projects Funds  
Year Ended June 30, 2011

	Airport	Other	Total
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	923,145	923,145
Licenses and permits	-		-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
Total revenues	-	923,145	923,145
<b>Expenditures:</b>			
Current			
General government	-	917,601	917,601
Public safety	-	-	-
Highways and streets	-	-	-
Health, welfare and sanitation	-	-	-
Education and economic opportunity	-	-	-
Recreation	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	917,601	917,601
Excess (deficiency) of revenues over (under) expenditures	-	5,544	5,544
<b>Other financing sources (uses):</b>			
Transfer in	9,239	10	9,249
Transfer out	-	-	-
Total other financing sources (uses)	9,239	10	9,249
Net change in fund balances	9,239	5,554	14,793
Fund balances (deficit), July 1, 2010	(800,722)	54,685	(746,037)
Fund balances (deficit), June 30, 2011	\$ (791,483)	\$ 60,239	\$ (731,244)

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

Nonmajor Special Revenue Funds

Santa Cruz County  
 Nonmajor Special Revenue Funds  
 Road Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 3,420,694	\$ 3,420,694	\$ 3,442,920	\$ 22,226
Charges for services	300	300	-	(300)
Investment earnings	6,000	6,000	5,996	(4)
Miscellaneous	225,000	225,000	65,984	(159,016)
Total revenues	<u>3,651,994</u>	<u>3,651,994</u>	<u>3,514,900</u>	<u>(137,094)</u>
<b>Expenditures</b>				
Highways and streets	<u>5,108,000</u>	<u>5,108,000</u>	<u>3,253,859</u>	<u>1,854,141</u>
Total expenditures	<u>5,108,000</u>	<u>5,108,000</u>	<u>3,253,859</u>	<u>1,854,141</u>
Excess (deficiency) of Revenues over expenditures	(1,456,006)	(1,456,006)	261,041	1,717,047
<b>Other financing sources and (uses):</b>				
Transfers in	27,020	27,020	22,832	(4,188)
Transfers out	<u>-</u>	<u>-</u>	<u>(1,746)</u>	<u>(1,746)</u>
Total other financing sources and uses	<u>27,020</u>	<u>27,020</u>	<u>21,086</u>	<u>(5,934)</u>
Net change in fund balance	(1,428,986)	(1,428,986)	282,127	1,711,113
Fund balance, July 1, 2010	<u>1,428,986</u>	<u>1,428,986</u>	<u>1,542,357</u>	<u>113,371</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,824,484</u>	<u>\$ 1,824,484</u>

Santa Cruz County  
Nonmajor Special Revenue Funds  
Health Services Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 432,985	\$ 432,985	\$ 346,541	\$ (86,444)
Charges for services	100,000	100,000	135,597	35,597
Investment earnings (loss)	-	-	(168)	(168)
Miscellaneous	-	-	813	813
Total revenues	<u>532,985</u>	<u>532,985</u>	<u>482,783</u>	<u>(50,202)</u>
<b>Expenditures</b>				
Health, welfare & sanitation	<u>885,677</u>	<u>885,677</u>	<u>749,814</u>	<u>135,863</u>
Total expenditures	<u>885,677</u>	<u>885,677</u>	<u>749,814</u>	<u>135,863</u>
Excess (deficiency) of revenues over expenditures	(352,692)	(352,692)	(267,031)	85,661
<b>Other financing sources:</b>				
Transfers in	<u>278,570</u>	<u>278,570</u>	<u>256,329</u>	<u>(22,241)</u>
Total other financing sources	<u>278,570</u>	<u>278,570</u>	<u>256,329</u>	<u>(22,241)</u>
Net change in fund balance	(74,122)	(74,122)	(10,702)	63,420
Fund balance, July 1, 2010	<u>74,122</u>	<u>74,122</u>	<u>36,544</u>	<u>(37,578)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,842</u>	<u>\$ 25,842</u>



Santa Cruz County  
 Nonmajor Special Revenue Funds  
 Juvenile Services Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 832,159	\$ 832,159	\$ 896,089	\$ 63,930
Charges for service	8,500	8,500	17,680	9,180
Investment earnings	900	900	1,072	172
Miscellaneous	-	-	1,474	1,474
Total revenues	<u>841,559</u>	<u>841,559</u>	<u>916,315</u>	<u>74,756</u>
<b>Expenditures</b>				
General government	118,295	118,295	115,852	2,443
Public safety	850,926	850,926	651,121	199,805
Education	166,149	166,149	163,978	2,171
Total expenditures	<u>1,135,370</u>	<u>1,135,370</u>	<u>930,951</u>	<u>204,419</u>
Excess (deficiency) of revenues over expenditures	(293,811)	(293,811)	(14,636)	279,175
<b>Other financing sources:</b>				
Transfers in	-	-	101,849	101,849
Transfers out	-	-	(6,847)	(6,847)
Total other financing sources	<u>-</u>	<u>-</u>	<u>95,002</u>	<u>95,002</u>
Net change in fund balance	(293,811)	(293,811)	80,366	374,177
Fund balance, July 1, 2010	<u>293,811</u>	<u>293,811</u>	<u>154,373</u>	<u>(139,438)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,739</u>	<u>\$ 234,739</u>

Santa Cruz County  
 Nonmajor Special Revenue Funds  
 Probation Services Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,003,262	\$ 1,003,262	\$ 973,150	\$ (30,112)
Charges for service	70,750	70,750	98,303	27,553
Investment earnings	1,800	1,800	1,242	(558)
Miscellaneous	2,100	2,100	3,384	1,284
Total revenues	<u>1,077,912</u>	<u>1,077,912</u>	<u>1,076,079</u>	<u>(1,833)</u>
<b>Expenditures</b>				
Public safety	<u>1,453,377</u>	<u>1,453,377</u>	<u>1,085,422</u>	<u>367,955</u>
Total expenditures	<u>1,453,377</u>	<u>1,453,377</u>	<u>1,085,422</u>	<u>367,955</u>
Excess (deficiency) of revenues over expenditures	(375,465)	(375,465)	(9,343)	366,122
<b>Other financing sources:</b>				
Transfers in	2,452	2,452	34,211	31,759
Transfers out	<u>(63,517)</u>	<u>(63,517)</u>	<u>(31,759)</u>	<u>31,758</u>
Total other financing sources	<u>(61,065)</u>	<u>(61,065)</u>	<u>2,452</u>	<u>63,517</u>
Net change in fund balance	(436,530)	(436,530)	(6,891)	429,639
Fund balance, July 1, 2010	<u>436,530</u>	<u>436,530</u>	<u>402,796</u>	<u>(33,734)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395,905</u>	<u>\$ 395,905</u>

Santa Cruz County  
 Nonmajor Special Revenue Funds  
 Retrieval Conversion Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2011

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>Revenues</b>				
Intergovernmental	\$ 33,408	\$ 33,408	\$ 18,040	\$ (15,368)
Charges for services	113,500	113,500	123,738	10,238
Fines and forfeits	91,200	91,200	107,334	16,134
Investment earnings	2,000	2,000	2,730	730
Total Revenues	<u>240,108</u>	<u>240,108</u>	<u>251,842</u>	<u>11,734</u>
<b>Expenditures</b>				
General government	<u>910,932</u>	<u>910,932</u>	<u>176,681</u>	<u>734,251</u>
Total expenditures	<u>910,932</u>	<u>910,932</u>	<u>176,681</u>	<u>734,251</u>
Excess (deficiency) of Revenues over expenditures	(670,824)	(670,824)	75,161	745,985
<b>Other financing uses:</b>				
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(109,600)</u>	<u>(34,600)</u>
Total other financing uses	<u>(75,000)</u>	<u>(75,000)</u>	<u>(109,600)</u>	<u>(34,600)</u>
Net change in fund balance	(745,824)	(745,824)	(34,439)	711,385
Fund balance, July 1, 2010	<u>745,824</u>	<u>745,824</u>	<u>748,736</u>	<u>2,912</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 714,297</u>	<u>\$ 714,297</u>

Santa Cruz County  
 Nonmajor Special Revenue Funds  
 Animal Control Fund  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 254,169	\$ 254,169	\$ 247,241	\$ (6,928)
Charges for services	45,000	45,000	53,084	8,084
Investment earnings	-	-	174	174
Miscellaneous	-	-	10,268	10,268
Total revenues	<u>299,169</u>	<u>299,169</u>	<u>310,767</u>	<u>11,598</u>
<b>Expenditures</b>				
Current:				
Health, welfare and sanitation	<u>536,411</u>	<u>536,411</u>	<u>476,985</u>	<u>59,426</u>
Total expenditures	<u>536,411</u>	<u>536,411</u>	<u>476,985</u>	<u>59,426</u>
Excess (deficiency) of revenues over expenditures	(237,242)	(237,242)	(166,218)	71,024
<b>Other financing sources</b>				
Transfers in	<u>209,168</u>	<u>209,168</u>	<u>175,721</u>	<u>(33,447)</u>
Total other financing sources	<u>209,168</u>	<u>209,168</u>	<u>175,721</u>	<u>(33,447)</u>
Net change in fund balance	(28,074)	(28,074)	9,503	37,577
Fund balance, July 1, 2010	<u>28,074</u>	<u>28,074</u>	<u>6,738</u>	<u>(21,336)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,241</u>	<u>\$ 16,241</u>

Santa Cruz County  
 Nonmajor Special Revenue Funds  
 Accommodation School  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2011

	<u>Budget Amounts</u> <u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
<b>Revenues</b>				
Intergovernmental	\$ 1,111,000	\$ 1,111,000	\$ 1,546,467	\$ 435,467
Investment earnings	-	-	234	234
Miscellaneous	-	-	134,843	134,843
Total revenues	<u>1,111,000</u>	<u>1,111,000</u>	<u>1,681,544</u>	<u>570,544</u>
<b>Expenditures</b>				
Education and economic opportunity	<u>2,040,911</u>	<u>2,040,911</u>	<u>1,533,885</u>	<u>507,026</u>
Total expenditures	<u>2,040,911</u>	<u>2,040,911</u>	<u>1,533,885</u>	<u>507,026</u>
Excess (deficiency) of revenues over expenditures	(929,911)	(929,911)	147,659	1,077,570
Fund balance, July 1, 2010	<u>929,911</u>	<u>929,911</u>	<u>(63,571)</u>	<u>(993,482)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,088</u>	<u>\$ 84,088</u>

Santa Cruz County  
 Nonmajor Special Revenue Funds  
 Other Governmental Special Revenue Funds  
 Budgetary Comparison Schedule  
 Year Ended June 30, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,458,423	\$ 1,458,423	\$ 1,487,568	\$ 29,145
Charges for services	66,100	66,100	63,241	(2,859)
Investment earnings	50	50	3,816	3,766
Rents	34,740	34,740	-	(34,740)
Miscellaneous	40,000	40,000	61,274	21,274
Total revenues	<u>1,599,313</u>	<u>1,599,313</u>	<u>1,615,899</u>	<u>16,586</u>
<b>Expenditures</b>				
Current:				
General government	139,969	139,969	136,094	3,875
Public safety	818,875	818,875	670,555	148,320
Health, welfare and sanitation	195,139	195,139	150,496	44,643
Education and economic opportunity	1,975,708	1,975,708	1,198,055	777,653
Total expenditures	<u>3,129,691</u>	<u>3,129,691</u>	<u>2,155,200</u>	<u>974,491</u>
Excess (deficiency) of revenues over expenditures	(1,530,378)	(1,530,378)	(539,301)	991,077
<b>Other financing sources</b>				
Transfers in	25,500	25,500	118,924	93,424
Transfers out	<u>(7,500)</u>	<u>(7,500)</u>	<u>(22,920)</u>	<u>(15,420)</u>
Total other financing sources	<u>18,000</u>	<u>18,000</u>	<u>96,004</u>	<u>78,004</u>
Net change in fund balance	(1,512,378)	(1,512,378)	(443,297)	1,069,081
Fund balance, July 1, 2010	<u>1,512,378</u>	<u>1,512,378</u>	<u>1,273,026</u>	<u>(239,352)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 829,729</u>	<u>\$ 829,729</u>

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

Major and Nonmajor Capital Projects Funds

Santa Cruz County  
 Budgetary Comparison Schedule  
 Capital Projects—New Facilities Fund  
 Year Ended June 30, 2011

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Investment income	\$ 982,849	\$ 148,213	\$ (834,636)
Total revenues	<u>982,849</u>	<u>148,213</u>	<u>(834,636)</u>
<b>Expenditures</b>			
General government	2,237,827	1,147,493	1,090,334
Public safety	<u>6,063,369</u>	<u>4,597,505</u>	<u>1,465,864</u>
Total expenditures	<u>8,301,196</u>	<u>5,744,998</u>	<u>2,556,198</u>
Net change in fund balance	(7,318,347)	(5,596,785)	1,721,562
Fund balance, July 1, 2010	<u>7,318,347</u>	<u>6,373,706</u>	<u>(944,641)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ 776,921</u>	<u>\$ 776,921</u>



Santa Cruz County  
 Budgetary Comparison Schedule  
 Capital Projects—Airport Fund  
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	-	-	-	-
Total Revenues	-	-	-	-
<b>Expenditures</b>				
General government	\$ 397	\$ 397	\$ -	\$ 397
Total expenditures	397	397	-	397
Excess (deficiency) of Revenues over expenditures	(397)	(397)	-	397
Other financing sources				
Transfer in	-	-	9,239	9,239
Total other financing sources	-	-	9,239	9,239
Net change in fund balance	(397)	(397)	9,239	9,636
Fund balance (deficit), July 1, 2010	397	397	(800,722)	(801,119)
Fund balance (deficit), June 30, 2011	\$ -	\$ -	\$ (791,483)	\$ (791,483)

Santa Cruz County  
 Budgetary Comparison Schedule  
 Capital Projects—Other Fund  
 Year Ended June 30, 2011

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,012,039	\$ 1,012,039	\$ 923,145	\$ (88,894)
Total revenues	<u>1,012,039</u>	<u>1,012,039</u>	<u>923,145</u>	<u>(88,894)</u>
<b>Expenditures</b>				
General government	1,093,039	1,093,039	917,601	175,438
Education and economic opportunity	<u>60,385</u>	<u>60,385</u>	<u>-</u>	<u>60,385</u>
Total expenditures	<u>1,153,424</u>	<u>1,153,424</u>	<u>917,601</u>	<u>235,823</u>
Excess (deficiency) of revenues over expenditures	<u>(141,385)</u>	<u>(141,385)</u>	<u>5,544</u>	<u>146,929</u>
<b>Other financing sources:</b>				
Transfers in	<u>81,000</u>	<u>81,000</u>	<u>10</u>	<u>(80,990)</u>
Total other financing sources	<u>81,000</u>	<u>81,000</u>	<u>10</u>	<u>(80,990)</u>
Net change in fund balance	(60,385)	(60,385)	5,554	65,939
Fund balance, July 1, 2010	<u>60,385</u>	<u>60,385</u>	<u>54,685</u>	<u>(5,700)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,239</u>	<u>\$ 60,239</u>

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

Nonmajor Debt Service Fund

Santa Cruz County  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 Year Ended June 30, 2011

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 143	\$ 143
Investment earnings	-	-	892	892
Total Revenues	<u>-</u>	<u>-</u>	<u>1,035</u>	<u>1,035</u>
<b>Expenditures</b>				
Debt service				
Principal	270,000	270,000	270,000	-
Interest	<u>966,584</u>	<u>966,584</u>	<u>726,675</u>	<u>239,909</u>
Total expenditures	<u>1,236,584</u>	<u>1,236,584</u>	<u>996,675</u>	<u>239,909</u>
Excess (deficiency) of revenues over expenditures	(1,236,584)	(1,236,584)	(995,640)	240,944
<b>Other financing sources</b>				
Transfer in	<u>738,756</u>	<u>738,756</u>	<u>738,756</u>	-
Total other financing sources	<u>738,756</u>	<u>738,756</u>	<u>738,756</u>	-
Net change in fund balance	(497,828)	(497,828)	(256,884)	240,944
Fund balance, July 1, 2010	<u>497,828</u>	<u>497,828</u>	<u>493,264</u>	<u>(4,564)</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,380</u>	<u>\$ 236,380</u>

## Investment Trust and Agency Funds

Santa Cruz County  
Combining Statement of Fiduciary Net Assets  
Investment Trust Funds  
June 30, 2011

	<u>Treasurer's Investment Pool</u>	<u>Individual Investment Accounts</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments	\$ 29,034,131	\$ 360,243	\$ 29,394,374
Interest receivable	<u>88,113</u>	<u>42</u>	<u>88,155</u>
Total assets	<u>\$ 29,122,244</u>	<u>\$ 360,285</u>	<u>\$ 29,482,529</u>
 <b>Net Assets</b>			
Held in trust for investment trust participants	<u>\$ 29,122,244</u>	<u>\$ 360,285</u>	<u>\$ 29,482,529</u>

Santa Cruz County  
Combining Statement of Fiduciary Net Assets  
Agency Funds  
June 30, 2011

	<u>Property Tax Collection</u>	<u>Special Purpose</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ (1,460)	\$ 770,380	\$ 768,920
Total Assets	<u>\$ (1,460)</u>	<u>\$ 770,380</u>	<u>\$ 768,920</u>
<b>Liabilities</b>			
Due to other governmental units	\$ 23,883	\$ -	\$ 23,883
Deposits held for others	<u>(25,343)</u>	<u>770,380</u>	<u>745,037</u>
Total Liabilities	<u>\$ (1,460)</u>	<u>\$ 770,380</u>	<u>\$ 768,920</u>

Santa Cruz County  
Combining Statement of Changes in Fiduciary Net Assets  
Investment Trust Funds  
Year Ended June 30, 2011

	<u>Treasurer's Investment Pool</u>	<u>Individual Investment Accounts</u>	<u>Total</u>
Additions			
Contributions from participants	\$ 103,771,376	\$ -	\$ 103,771,376
Investment income	<u>158,667</u>	<u>916</u>	<u>159,583</u>
Total additions	<u>103,930,043</u>	<u>916</u>	<u>103,930,959</u>
Deductions			
Distributions to participants	<u>100,326,797</u>	<u>186,967</u>	<u>100,513,764</u>
Total deductions	<u>100,326,797</u>	<u>186,967</u>	<u>100,513,764</u>
Changes in net assets	3,603,246	(186,051)	3,417,195
Net assets, July 1, 2010	<u>25,518,998</u>	<u>546,336</u>	<u>26,065,334</u>
Net assets, June 30, 2011	<u>\$ 29,122,244</u>	<u>\$ 360,285</u>	<u>\$ 29,482,529</u>



Santa Cruz County  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Property Tax Collection:</b>				
Assets				
Cash and cash equivalents	\$ 125,655	\$ 3,494,863	\$ 3,621,978	\$ (1,460)
Liabilities				
Due to other governmental units	\$ 13,405	\$ 1,388,207	\$ 1,377,729	\$ 23,883
Deposits held for other parties	112,250	2,106,656	2,244,249	(25,343)
Total Liabilities	<u>\$ 125,655</u>	<u>\$ 3,494,863</u>	<u>\$ 3,621,978</u>	<u>\$ (1,460)</u>
<b>Fire District:</b>				
Assets				
Cash and cash equivalents	\$ 3,381	\$ 442,660	\$ 446,041	\$ -
Liabilities				
Due to other governmental units	\$ 3,381	\$ 442,660	\$ 446,041	\$ -
<b>Special Purpose:</b>				
Assets				
Cash and cash equivalents	\$ 898,437	\$ 51,217	\$ 179,274	\$ 770,380
Liabilities				
Deposits held for other parties	\$ 898,437	\$ 51,217	\$ 179,274	\$ 770,380
<b>Total - All Agency Funds</b>				
Assets				
Cash and cash equivalents	<u>\$ 1,027,473</u>	<u>\$ 3,988,740</u>	<u>\$ 4,247,293</u>	<u>\$ 768,920</u>
Liabilities				
Due to other governmental units	\$ 16,786	\$ 1,830,867	\$ 1,823,770	\$ 23,883
Deposits held for other parties	1,010,687	2,157,873	2,423,523	745,037
Total Liabilities	<u>\$ 1,027,473</u>	<u>\$ 3,988,740</u>	<u>\$ 4,247,293</u>	<u>\$ 768,920</u>

Statistical Section

## FINANCIAL TRENDS:

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

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

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Governmental Activities</b>									
Invested in capital assets, net of related debt	\$ 75,658	\$ 74,440	\$ 73,420	\$ 74,969	\$ 71,338	\$ 23,757	\$ 20,734	\$ 18,317	\$ 16,488
Restricted	10,559	6,012	7,868	8,463	5,115	5,882	4,374	2,125	2,288
Unrestricted	<u>10,801</u>	<u>14,795</u>	<u>14,615</u>	<u>13,109</u>	<u>15,751</u>	<u>13,740</u>	<u>9,855</u>	<u>10,512</u>	<u>6,118</u>
Total governmental activities net assets	<u>97,018</u>	<u>95,247</u>	<u>95,903</u>	<u>96,541</u>	<u>92,204</u>	<u>43,379</u>	<u>34,963</u>	<u>30,954</u>	<u>24,894</u>
<b>Business-Type Activities</b>									
Invested in capital assets, net of related debt	3,393	2,568	2,602	2,710	2,676	2,474	2,438	2,393	-
Unrestricted (deficit)	<u>(351)</u>	<u>715</u>	<u>596</u>	<u>(1,560)</u>	<u>(1,745)</u>	<u>(1,966)</u>	<u>(2,179)</u>	<u>(2,847)</u>	-
Total business-type activities net assets (deficit)	<u>3,042</u>	<u>3,283</u>	<u>3,198</u>	<u>1,150</u>	<u>931</u>	<u>508</u>	<u>259</u>	<u>(454)</u>	-
<b>Primary Government</b>									
Invested in capital assets, net of related debt	79,051	77,008	76,022	77,679	74,014	26,231	23,172	20,710	16,488
Restricted	10,559	6,012	7,868	8,463	5,115	5,882	4,374	2,125	2,288
Unrestricted	<u>10,450</u>	<u>15,510</u>	<u>15,211</u>	<u>11,549</u>	<u>14,006</u>	<u>11,774</u>	<u>7,676</u>	<u>7,665</u>	<u>6,118</u>
Total primary government net assets	<u>\$ 100,060</u>	<u>\$ 98,530</u>	<u>\$ 99,101</u>	<u>\$ 97,691</u>	<u>\$ 93,135</u>	<u>\$ 43,887</u>	<u>\$ 35,222</u>	<u>\$ 30,500</u>	<u>\$ 24,894</u>

NOTE 1: 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 Assets  
Last Nine Fiscal Years  
(Amounts in Thousands)  
(Accrual Basis of Accounting)

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>									
Governmental activities:									
General government	\$ 13,285	\$ 13,542	\$ 13,674	\$ 14,264	\$ 14,754	\$ 14,592	\$ 12,283	\$ 11,810	\$ 10,129
Public safety	14,733	12,986	14,631	12,961	8,789	8,049	7,758	6,822	5,758
Highways and streets	4,570	4,248	4,701	4,928	5,730	4,349	4,548	4,636	3,409
Health, welfare and sanitation	3,865	3,916	4,149	4,647	4,596	4,123	3,826	3,527	4,935
Education and economic opportunity	4,589	6,280	4,912	4,758	5,309	4,080	4,986	4,432	3,999
Recreation	121	208	329	354	302	347	271	209	154
Interest on long-term debt	2,767	4,220	1,976	63	52	35	59	84	108
Total governmental activities expenses	<u>43,930</u>	<u>45,400</u>	<u>44,371</u>	<u>41,975</u>	<u>39,532</u>	<u>35,575</u>	<u>33,731</u>	<u>31,520</u>	<u>28,492</u>
Business-type activities:									
Landfill	1,261	562	(342)	2,137	1,824	1,636	1,626	1,350	-
Total business-type activities expenses	<u>1,261</u>	<u>562</u>	<u>(342)</u>	<u>2,137</u>	<u>1,824</u>	<u>1,636</u>	<u>1,626</u>	<u>1,350</u>	<u>-</u>
Total primary government expenses	<u>45,191</u>	<u>45,962</u>	<u>44,029</u>	<u>44,112</u>	<u>41,356</u>	<u>37,211</u>	<u>35,357</u>	<u>32,870</u>	<u>28,492</u>
<b>Program Revenues</b>									
Governmental activities:									
Charges for services									
General government	3,087	3,532	3,153	3,629	3,459	2,785	2,102	2,087	1,824
Public safety	218	395	307	262	854	2,216	1,659	1,241	1,002
Highways and streets	-	2	7	-	22	-	6	-	52
Health, welfare and sanitation	206	202	218	242	596	623	615	545	1,974
Education and economic opportunity	14	1	-	182	155	-	253	118	80
Recreation	10	6	8	14	5	5	11	7	22
Operating grants and contributions*	11,079	9,955	9,305	16,402	16,051	14,317	12,113	12,707	11,323
Capital grants and contributions	4,335	3,608	3,963	656	1,351	1,578	1,108	2,818	101
Total governmental activities program revenues	<u>18,949</u>	<u>17,701</u>	<u>16,961</u>	<u>21,387</u>	<u>22,493</u>	<u>21,524</u>	<u>17,867</u>	<u>19,523</u>	<u>16,378</u>
Business-type activities:									
Charges for services									
Landfill	1,001	610	1,683	2,266	2,137	1,838	1,885	1,829	-
Operating grants and contributions	-	20	8	-	-	-	-	-	-
Total business-type program revenues	<u>1,001</u>	<u>630</u>	<u>1,691</u>	<u>2,266</u>	<u>2,137</u>	<u>1,838</u>	<u>1,885</u>	<u>1,829</u>	<u>-</u>
Total primary government program revenues	<u>\$ 19,950</u>	<u>\$ 18,331</u>	<u>\$ 18,652</u>	<u>\$ 23,653</u>	<u>\$ 24,630</u>	<u>\$ 23,362</u>	<u>\$ 19,752</u>	<u>\$ 21,352</u>	<u>\$ 16,378</u>
<b>Net (expense) revenue</b>									
Governmental activities									
General government	(24,981)	(27,699)	(27,410)	(20,588)	(17,039)	(14,051)	(15,864)	(11,997)	(12,114)
Business-type activities	(260)	68	2,033	129	313	202	259	479	-
Total primary government activities net (expense) revenue	<u>(25,241)</u>	<u>(27,631)</u>	<u>(25,377)</u>	<u>(20,459)</u>	<u>(16,726)</u>	<u>(13,849)</u>	<u>(15,605)</u>	<u>(11,518)</u>	<u>(12,114)</u>

(continued)

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

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>General revenues and other changes in net assets</b>									
Governmental activities:									
Taxes									
Property taxes	\$ 13,988	\$ 14,187	\$ 12,666	\$ 12,276	\$ 11,718	\$ 12,795	\$ 12,140	\$ 10,044	\$ 9,820
County excise tax	5,180	4,965	5,912	-	-	-	-	-	-
Share of state sales taxes	3,861	3,675	4,151	8,035	11,677	7,620	6,416	5,595	5,828
Payments in lieu of taxes	834	324	1,360	578	571	574	614	621	591
Vehicle lieu tax unrestricted*	1,343	1,432	1,528	1,592	1,615	-	-	-	-
Share of state lottery revenue	-	304	522	-	-	-	-	-	-
Share of federal disproportionate revenue	-	-	215	-	-	-	-	-	-
Unrestricted grants and contributions	564	791	850	661	842	796	765	573	550
Investment earnings (loss)	205	730	(384)	771	884	607	307	212	(113)
Miscellaneous	747	754	531	252	67	75	61	59	52
Capital contributions	33	42	19	-	-	-	-	-	-
Transfers	(12)	-	-	-	(23)	-	(429)	-	-
Gain on sale of capital assets	9	-	-	-	-	-	-	-	-
Loss on disposal	-	-	-	-	(32)	-	-	-	-
Total governmental activities	<u>26,752</u>	<u>27,204</u>	<u>27,370</u>	<u>24,165</u>	<u>27,319</u>	<u>22,467</u>	<u>19,874</u>	<u>17,104</u>	<u>16,728</u>
Business-type activities:									
Investment earnings	6	18	15	90	86	46	19	6	-
Miscellaneous	-	-	-	-	-	-	6	13	-
Transfers	12	-	-	-	23	-	429	-	-
Capital contributions	-	-	-	-	1	-	-	-	-
Total business-type activities	<u>18</u>	<u>18</u>	<u>15</u>	<u>90</u>	<u>110</u>	<u>46</u>	<u>454</u>	<u>19</u>	<u>-</u>
Total primary government	<u>26,770</u>	<u>27,222</u>	<u>27,385</u>	<u>24,255</u>	<u>27,429</u>	<u>22,513</u>	<u>20,328</u>	<u>17,123</u>	<u>16,728</u>
Changes in net assets									
Governmental activities	1,771	(495)	(40)	3,577	10,280	8,416	4,010	5,107	4,614
Business-type activities	(242)	86	2,048	219	423	248	713	498	-
Total primary government	<u>\$ 1,529</u>	<u>\$ (409)</u>	<u>\$ 2,008</u>	<u>\$ 3,796</u>	<u>\$ 10,703</u>	<u>\$ 8,664</u>	<u>\$ 4,723</u>	<u>\$ 5,605</u>	<u>\$ 4,614</u>

66

NOTE 1: 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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	13,370	15,052	12,752	15,356	12,808	10,648	8,839	7,371	3,784
Nonspendable*	42	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	13,945	-	-	-	-	-	-	-	-	-
Subtotal general fund	<u>\$ 13,987</u>	<u>\$ 13,370</u>	<u>\$ 15,052</u>	<u>\$ 12,752</u>	<u>\$ 15,356</u>	<u>\$ 12,808</u>	<u>\$ 10,648</u>	<u>\$ 8,839</u>	<u>\$ 7,371</u>	<u>\$ 3,784</u>
All other governmental funds										
Reserved for:										
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -
Unreserved, reported in:										
Special revenue funds (deficits)	-	8,430	8,929	7,270	5,334	5,810	4,010	3,411	3,269	2,891
Nonspendable*	4	-	-	-	-	-	-	-	-	-
Restricted	9,724	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	521	-	-	-	-	-	-	-	-	-
Unassigned	(2,616)	-	-	-	-	-	-	-	-	-
Capital projects funds (deficits)	-	5,378	35,028	60	(63)	1,025	(414)	(392)	(46)	(249)
Nonspendable*	-	-	-	-	-	-	-	-	-	-
Restricted	61	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(792)	-	-	-	-	-	-	-	-	-
Debt Service Assigned	236	493	2,129	1,792	445	408	295	596	395	253
Total all other governmental funds	<u>\$ 7,138</u>	<u>\$ 14,301</u>	<u>\$ 46,086</u>	<u>\$ 9,122</u>	<u>\$ 5,716</u>	<u>\$ 7,243</u>	<u>\$ 3,891</u>	<u>\$ 3,615</u>	<u>\$ 3,619</u>	<u>\$ 2,895</u>

\*Due to the implementation of GASB 54 in FY 2011 categories regarding fund balances have been redefined. See Note 1 pages 29-35 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)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Revenues:</b>										
Taxes	\$ 19,181	\$ 18,752	\$ 19,195	\$ 13,889	\$ 13,709	\$ 13,377	\$ 12,581	\$ 11,698	\$ 11,048	\$ 10,149
Intergovernmental	21,173	18,986	21,884	26,115	30,736	24,711	21,833	21,324	16,727	18,771
Licenses and permits	318	380	459	927	1,156	1,823	1,298	878	648	464
Charges for services	1,751	1,702	1,961	1,991	1,952	1,949	1,398	1,385	2,679	1,711
Fines and forfeits	1,466	2,056	1,273	933	1,207	1,148	1,027	1,071	965	812
Investment earnings	206	730	(384)	771	884	607	306	212	(113)	186
Rents	59	42	21	52	44	30	30	33	30	15
Contributions	-	-	-	-	-	-	-	-	1	2
Miscellaneous	688	712	520	705	285	403	218	175	237	161
Total revenues	<u>44,842</u>	<u>43,360</u>	<u>44,929</u>	<u>45,383</u>	<u>49,973</u>	<u>44,048</u>	<u>38,691</u>	<u>36,776</u>	<u>32,222</u>	<u>32,271</u>
<b>Expenditures:</b>										
Current:										
General government	14,807	12,843	12,856	13,564	15,512	14,369	11,711	12,061	9,869	10,758
Public safety	20,821	13,093	13,562	14,506	10,189	8,153	8,019	6,683	5,747	5,429
Highways and streets	3,068	3,020	4,187	3,836	10,818	4,533	5,069	4,755	3,651	4,755
Health, welfare and sanitation	3,790	3,823	4,027	4,543	4,723	4,177	3,821	3,570	4,946	4,851
Education and economic opportunity	4,572	6,308	4,886	4,732	5,275	4,069	5,009	4,430	4,037	3,303
Recreation	99	183	300	425	327	289	285	207	151	152
Capital outlay	-	29,818	22,249	3,985	2,683	2,304	1,165	3,130	1,099	2,014
Debt service:										
Principal	1,935	3,359	270	218	91	978	1,040	480	455	435
Interest and other charges	2,767	4,220	1,976	63	52	35	59	84	108	130
Total expenditures	<u>51,859</u>	<u>76,667</u>	<u>64,313</u>	<u>45,872</u>	<u>49,670</u>	<u>38,907</u>	<u>36,178</u>	<u>35,400</u>	<u>30,063</u>	<u>31,827</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,017)</u>	<u>(33,307)</u>	<u>(19,384)</u>	<u>(489)</u>	<u>303</u>	<u>5,141</u>	<u>2,513</u>	<u>1,376</u>	<u>2,159</u>	<u>444</u>
<b>Other financing sources (uses):</b>										
Loan proceeds (net of discounts)	-	-	59,172	-	-	-	-	-	-	-
Proceeds from sales of capital assets	11	-	11	-	-	-	-	-	-	-
Capital lease agreements	473	-	64	532	740	-	-	51	1,022	407
Transfers in	5,488	5,654	3,876	5,691	3,273	838	564	698	653	936
Transfers out	(5,500)	(5,654)	(3,876)	(5,691)	(3,296)	(838)	(993)	(698)	(653)	(936)
Proceeds from long-term notes	-	-	-	-	-	766	-	-	-	644
Total other financing sources (uses)	<u>472</u>	<u>-</u>	<u>59,247</u>	<u>532</u>	<u>717</u>	<u>766</u>	<u>(429)</u>	<u>51</u>	<u>1,022</u>	<u>1,051</u>
<b>Net change in fund balances</b>	<u>\$ (6,545)</u>	<u>\$ (33,307)</u>	<u>\$ 39,863</u>	<u>\$ 43</u>	<u>\$ 1,020</u>	<u>\$ 5,907</u>	<u>\$ 2,084</u>	<u>\$ 1,427</u>	<u>\$ 3,181</u>	<u>\$ 1,495</u>
Debt service as a percentage of noncapital expenditures	9.07%	16.18%	0.30%	2.77%	3.14%	1.75%	3.14%	1.75%	1.94%	1.90%

SOURCE: Comprehensive Annual Financial Reports for the relevant year



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

Fiscal Year	Taxes	Intergovernmental Revenues	Licenses and Permits	Charges for Services	Fines and Forfeits	Investment Earnings	Rents	Contributions and Miscellaneous	Total
2001-02 <sup>(1)</sup>	10,149,300	18,771,323	463,603	1,711,073	812,058	185,369	14,524	163,291	32,270,541
2002-03 <sup>(1)</sup>	11,047,960	16,727,344	648,236	2,678,823	965,193	(113,151)	30,000	237,327	32,221,732
2003-04 <sup>(1)</sup>	11,697,379	21,323,727	878,249	1,385,361	1,071,318	212,222	32,593	175,012	36,775,861
2004-05 <sup>(1)</sup>	12,580,901	21,800,991	1,298,251	1,398,450	1,026,658	306,478	30,000	218,033	38,659,762
2005-06 <sup>(1)</sup>	13,376,664	24,711,234	1,822,794	1,949,422	1,148,059	606,507	30,000	402,839	44,047,519
2006-07 <sup>(1)</sup>	13,708,503	30,736,174	1,155,737	1,951,691	1,207,025	884,162	44,100	285,400	49,972,792
2007-08 <sup>(1)</sup>	13,889,123	26,114,526	927,316	1,990,784	932,840	770,585	52,000	704,489	45,381,663
2008-09 <sup>(1)</sup>	19,195,260	21,883,830	459,139	1,961,489	1,272,710	(384,314)	20,800	520,359	44,929,273
2009-10 <sup>(1)</sup>	18,751,562	18,986,451	379,875	1,702,014	2,055,828	729,567	42,000	712,482	43,359,779
2010-11 <sup>(1)</sup>	19,180,849	21,173,272	318,010	1,750,998	1,466,191	205,553	58,620	688,527	44,842,020

NOTES:

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

SOURCE: Basic financial statements.

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

Fiscal Year	Taxes	Intergovernmental Revenues	Licenses and Permits	Charges for Services	Fines and Forfeits	Investment Earnings	Rents	Contributions and Miscellaneous	Total
2001-02 <sup>(1)</sup>	31.45	58.17	1.44	5.30	2.52	0.57	0.05	0.50	100.00
2002-03 <sup>(1)</sup>	34.29	51.91	2.01	8.31	3.00	(0.35)	0.09	0.74	100.00
2003-04 <sup>(1)</sup>	31.81	57.98	2.39	3.77	2.91	0.58	0.09	0.47	100.00
2004-05 <sup>(1)</sup>	32.54	56.39	3.36	3.62	2.66	0.79	0.08	0.56	100.00
2005-06 <sup>(1)</sup>	30.37	56.10	4.14	4.43	2.61	1.37	0.07	0.91	100.00
2006-07 <sup>(1)</sup>	27.43	61.50	2.31	3.91	2.42	1.77	0.09	0.57	100.00
2007-08 <sup>(1)</sup>	30.61	57.54	2.04	4.39	2.06	1.70	0.11	1.55	100.00
2008-09 <sup>(1)</sup>	42.72	48.71	1.02	4.37	2.83	(0.86)	0.05	1.16	100.00
2009-10 <sup>(1)</sup>	43.24	43.79	0.88	3.93	4.74	1.68	0.10	1.64	100.00
2010-11 <sup>(1)</sup>	42.77	47.22	0.71	3.90	3.27	0.46	0.13	1.54	100.00

NOTES:

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

SOURCE: Basic financial statements.

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Health, Welfare and Sanitation	Education and Economic Opportunity	Recreation	Debt Service	Total
2001-02 <sup>(1)</sup>	10,758,141	5,428,538	4,754,708	4,850,726	3,303,198	152,015	564,656	29,811,982
2002-03 <sup>(1)</sup>	9,868,573	5,746,799	3,651,617	4,946,608	4,037,183	150,626	562,631	28,964,037
2003-04 <sup>(1)</sup>	12,060,892	6,682,806	4,755,173	3,569,856	4,430,356	206,567	564,270	32,269,920
2004-05 <sup>(1)</sup>	11,710,628	8,018,946	5,069,150	3,821,242	5,008,858	285,075	1,099,220	35,013,119
2005-06 <sup>(1)</sup>	14,369,156	8,153,189	4,533,009	4,177,390	4,068,513	289,157	1,013,108	36,603,522
2006-07 <sup>(1)</sup>	15,512,469	10,188,891	10,818,202	4,723,017	5,275,053	326,817	143,102	46,987,551
2007-08 <sup>(1)</sup>	13,563,616	14,505,806	3,836,048	4,542,542	4,732,069	425,060	280,656	41,885,797
2008-09 <sup>(1)</sup>	12,856,447	13,562,453	4,186,599	4,026,549	4,885,684	300,356	2,245,343	42,063,431
2009-10 <sup>(1)</sup>	12,843,364	13,092,708	3,019,812	3,823,227	6,307,752	182,985	7,578,475	46,848,323
2010-11 <sup>(1)</sup>	14,807,146	20,820,966	3,067,846	3,790,279	4,572,614	98,941	4,701,642	51,859,434

NOTES:

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

SOURCE: Basic financial statements.

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Health, Welfare and Sanitation	Education and Economic Opportunity	Recreation	Debt Service	Total
2001-02 <sup>(1)</sup>	36.09	18.21	15.95	16.27	11.08	0.51	1.89	100.00
2002-03 <sup>(1)</sup>	34.07	19.84	12.61	17.08	13.94	0.52	1.94	100.00
2003-04 <sup>(1)</sup>	37.38	20.71	14.74	11.06	13.73	0.64	1.74	100.00
2004-05 <sup>(1)</sup>	33.45	22.90	14.48	10.91	14.31	0.81	3.14	100.00
2005-06 <sup>(1)</sup>	39.26	22.27	12.38	11.41	11.12	0.79	2.77	100.00
2006-07 <sup>(1)</sup>	33.01	21.69	23.02	10.05	11.23	0.70	0.30	100.00
2007-08 <sup>(1)</sup>	32.38	34.63	9.16	10.84	11.30	1.02	0.67	100.00
2008-09 <sup>(1)</sup>	30.57	32.24	9.95	9.57	11.62	0.71	5.34	100.00
2009-10 <sup>(1)</sup>	27.41	27.95	6.45	8.16	13.46	0.39	16.18	100.00
2010-11 <sup>(1)</sup>	28.55	40.14	5.92	7.31	8.82	0.19	9.07	100.00

NOTES:

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

SOURCE: Basic financial statements.

## REVENUE CAPACITY:

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

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

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
01-02	97,310	83,148	35,311	134	215,903	4.2719	1,590,882	13.57%
02-03	99,899	91,491	36,523	150	228,063	4.3719	1,701,682	13.40%
03-04	105,172	97,412	37,332	159	240,075	4.3719	1,791,502	13.40%
04-05	102,538	106,854	38,298	165	247,855	4.3719	1,890,755	13.11%
05-06	106,185	114,051	40,657	196	261,089	4.0602	2,011,601	12.98%
06-07	111,208	126,820	41,918	209	280,155	4.0165	2,176,915	12.87%
07-08	120,000	147,112	45,386	233	312,731	3.8924	2,469,255	12.66%
08-09	123,958	174,659	53,806	263	352,686	3.7170	2,848,115	12.38%
09-10	129,492	197,372	62,795	284	389,943	3.5747	3,192,880	12.21%
10-11	103,762	242,772	69,570	366	411,476	3.4858	3,433,258	11.99%

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		
2001-02	3.2487	0.6115	0.1000	0.3117	2.5901	2.2035	3.6850	0.0000	2.0647	0.4974
2002-03	3.3487	0.6115	0.1000	0.3117	2.6142	2.2627	3.6657	0.0000	2.0296	0.4889
2003-04	3.3487	0.6115	0.1000	0.3117	2.6231	2.7677	3.6621	0.0000	1.9583	0.4717
2004-05	3.3487	0.6115	0.1000	0.3117	2.6262	2.7826	3.0000	0.0000	1.8931	0.4560
2005-06	3.3487	0.6115	0.1000	0.0000	2.6414	2.7854	3.2500	0.0000	1.8090	0.4358
2006-07	3.3050	0.6115	0.1000	0.0000	2.6400	2.7500	3.2500	0.0000	1.7394	0.0000
2007-08	3.1809	0.6115	0.1000	0.0000	2.6398	2.7485	3.2500	1.4990	1.6020	0.0000
2008-09	3.0142	0.6228	0.1000	0.0000	2.6389	2.9228	3.2500	1.5105	1.4622	0.0000
2009-10	2.8956	0.5791	0.1000	0.0000	3.3719	2.9986	3.2500	1.4182	1.3726	0.3306
2010-11	2.8914	0.5643	0.1000	0.0000	3.1392	2.9925	3.2500	1.4210	1.4797	0.3564

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		
2001-02	4.4347	3.7098	7.0119	8.5546	8.0142	6.8810
2002-03	3.5614	3.9804	6.1064	8.2479	7.5792	6.8164
2003-04	3.5633	4.9468	6.1031	8.1364	7.1726	7.0520
2004-05	3.5465	4.9368	6.1021	7.9880	6.7652	6.8507
2005-06	3.2983	4.6492	5.9349	7.8257	6.6384	7.3603
2006-07	3.0535	4.4570	4.8545	7.4907	6.5803	7.3749
2007-08	2.4882	3.6476	4.6478	7.3503	6.8060	7.3555
2008-09	2.1217	3.3947	3.9152	7.1079	6.7135	6.4868
2009-10	2.1612	3.9584	4.9136	6.9068	6.7609	4.3349
2010-11	2.1566	3.1159	4.4055	5.0505	6.7557	4.4026

SOURCE: Annual budgets.



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

Taxpayer	2011			2010			2009			2008			2007		
	Net Assesed Value	Rank	Percent of Total Net Assesed Secondary Value	Net Assesed Value	Rank	Percent of Total Net Assesed Secondary Value	Net Assesed Value	Rank	Percent of Total Net Assesed Secondary Value	Net Assesed Value	Rank	Percent of Total Net Assesed Secondary Value	Net Assesed Value	Rank	Percent of Total Net Assesed Secondary Value
City of Nogales				2,945.00	4	0.65%	2,767.00	5	0.74%						
Unisource Energy Corporation *	13,935.00	1	3.15%	14,303.00	1	3.17%	14,580.00	1	3.91%	15,211.00	1	4.45%	13,790.00	1	4.69%
Qwest Corporation *	2,897.00	3	0.65%	3,230.00	3	0.72%	4,403.00	3	1.18%	4,467.00	3	1.31%	5,356.00	4	1.82%
Wal-Mart Stores, Inc	2,554.00	6	0.58%	2,660.00	6	0.59%	3,225.00	4	0.86%	3,824.00	5	1.12%	7,768.00	2	2.64%
Delta Properties LLP	5,697.00	2	1.29%	4,374.00	2	0.97%	4,583.00	2	1.23%	5,756.00	2	1.68%	6,034.00	3	2.05%
Union Pacific Railroad	1,710.00	10	0.39%						-	-	-	-	-	-	-
Mariposa Shopping Center LP *	1,947.00	8	0.44%	2,119.00	8	0.47%	2,624.00	8	0.70%	3,956.00	4	1.16%	3,586.00	7	1.22%
Tubac Management Co, LLC	1,902.00	9	0.43%				2,137.00	9	0.57%	2,633.00	9	0.77%	4,373.00	5	1.49%
Nogales Plaza Shopping Center LP				1,966.00	10	0.44%	2,060.00	10	0.55%	2,182.00	10	0.64%	-	-	-
Vatere LLC	2,611.00	5	0.59%	2,630.00	7	0.58%	2,694.00	6	0.72%	3,143.00	6	0.92%	-	-	-
Loma Linda Mall LLC *									-	-	-	-	-	-	-
Tucson Electric Power Co									-	-	-	-	-	-	-
Rio Rico Properties	2,116.00	7	0.48%	2,023.00	9	0.45%			0.00%	2,827.00	8	0.83%	-	-	-
Edwards/PCF-Nogales LLC									-	-	-	-	-	-	-
PFC-Torrance LLC									-	-	-	-	-	-	-
Panousopoulos Constantine & Nelida									-	-	-	-	-	-	-
Westrust Southwest Retail Partners LLC									-	-	-	-	-	-	-
Lawyers Title Agency of AZ LLC							2,687.00	7	0.72%	2,938.00	7	0.86%	-	-	-
Home Depot USA Inc									-	-	-	-	4,084.00	6	1.39%
Pilot Travel Centers LLC									-	-	-	-	3,195.00	9	1.09%
Copperfield LLC									-	-	-	-	3,307.00	8	1.12%
Naumann/Hobbs Material Handling									-	-	-	-	2,343.00	10	0.80%
Title Security Agency of Arizona	2,695.00	4	0.61%	2,687.00	5	0.60%									
<b>Total</b>	<b><u>\$38,064.00</u></b>			<b><u>\$38,937.00</u></b>		<b>8.64%</b>	<b><u>\$41,760.00</u></b>		<b>10.45%</b>	<b><u>\$46,937.00</u></b>		<b>13.74%</b>	<b><u>\$53,836.00</u></b>		<b>18.31%</b>

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

(continued)

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

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

Taxpayer	2006			2005			2004			2003			2002		
	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 *							-		-	20,049.00	1	8.53%	19,676.00	1	8.77%
Qwest Corporation *	12,909.00	1	4.85%	11,622.00	1	4.58%	5,744.00	2	2.33%	5,893.00	2	2.51%	4,667.00	2	2.08%
Wal-Mart Stores, Inc	4,916.00	2	1.85%	5,774.00	2	2.28%	3,648.00	4	1.48%	1,927.00	6	0.82%	-		-
Delta Properties LLP	3,641.00	4	1.37%	3,387.00	3	1.34%	4,391.00	3	1.78%	4,436.00	3	1.89%	3,830.00	3	1.71%
Union Pacific Railroad	4,103.00	3	1.54%	3,310.00	4	1.30%	1,925.00	6	0.78%	2,075.00	5	0.88%	1,750.00	7	0.78%
Mariposa Shopping Center LP *	2,229.00	7	0.84%	2,198.00	5	0.87%	1,578.00	8	0.64%	1,578.00	7	0.67%	1,578.00	8	0.70%
Tubac Management Co, LLC	3,120.00	5	1.17%	2,068.00	6	0.82%	-		-	-		-	-		-
Nogales Plaza Shopping Center LP	-		-	-		-	-		-	-		-	-		-
Vatere LLC	1,995.00	8	0.75%	1,884.00	7	0.74%	2,506.00	5	1.02%	2,412.00	4	1.03%	2,135.00	6	0.95%
Loma Linda Mall LLC *	2,291.00	6	0.86%	1,631.00	9	0.64%	-		-	1,118.00	10	0.48%	-		-
Tucson Electric Power Co	1,391.00	10	0.52%	1,257.00	10	0.50%	12,239.00	1	4.97%	-		-	-		-
Rio Rico Properties	-		-	-		-	1,810.00	7	0.73%	1,152.00	9	0.49%	2,280.00	4	1.02%
Edwards/PCF-Nogales LLC	-		-	-		-	1,118.00	9	0.45%	-		-	-		-
PFC-Torrance LLC	-		-	-		-	1,118.00	10	0.45%	-		-	-		-
Panousopoulos Constantine & Nelida	-		-	-		-	-		-	1,267.00	8	0.54%	1,320.00	10	0.59%
Westrust Southwest Retail Partners LLC	-		-	1,834.00	8	0.72%	-		-	1,118.00		0.48%	2,237.00	5	1.00%
HGC/MW Dev Lim Part	-		-	-		-	-		-	-		-	1,526.00	9	0.68%
Newhall Nogales General Printshop	-		-	-		-	-		-	-		-	-		-
Rio Rico Utilities	1,591.00	9	0.60%	-		-	-		-	-		-	-		-
Mayer Alberto Family Limited	-		-	-		-	-		-	-		-	-		-
Omega Nogales Property*	-		-	-		-	-		-	-		-	-		-
Royal Sterilization Systems	-		-	-		-	-		-	-		-	-		-
<b>Total</b>	<b><u>\$38,186.00</u></b>		<b>14.35%</b>	<b><u>\$34,965.00</u></b>		<b>13.79%</b>	<b><u>\$36,077.00</u></b>		<b>14.63%</b>	<b><u>\$43,025.00</u></b>		<b>18.32%</b>	<b><u>\$40,999.00</u></b>		<b>18.28%</b>

111

\*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					
2001-02	7,014,033	2,082,873	9,096,906	6,333,560	1,895,653	8,229,213	90.46	336,696	8,565,909	94.16	1,187,156
2002-03	7,637,148	2,198,178	9,835,326	6,394,373	1,980,608	8,374,981	85.15	463,134	8,838,115	89.86	1,663,463
2003-04	8,039,398	2,301,829	10,341,227	7,337,463	2,025,959	9,363,422	90.54	296,851	9,660,273	93.42	1,383,224
2004-05	8,299,918	2,420,410	10,720,328	7,454,661	2,179,289	9,633,950	89.87	79,734	9,713,684	90.61	816,824
2005-06	8,743,144	1,711,148	10,454,292	8,070,534	1,725,698	9,796,232	93.71	883,713	10,679,945	102.16	1,808,008
2006-07	9,259,136	1,918,450	11,177,586	8,623,111	1,889,201	10,512,312	94.05	735,289	11,247,601	100.63	1,739,046
2007-08	9,947,132	2,242,325	12,189,457	9,497,528	2,171,670	11,669,198	95.73	320,894	11,990,092	98.36	1,887,672
2008-09	10,630,673	2,653,693	13,284,366	10,280,858	2,726,901	13,007,759	97.92	61,724	13,069,483	98.38	1,341,685
2009-10	11,291,178	2,868,608	14,159,786	10,976,580	2,677,899	13,654,479	96.43	758,807 <sup>(2)</sup>	14,413,286	101.79	1,762,137
2010-11	11,609,650	2,759,623	14,369,273	10,779,893	2,622,616	13,402,509	93.27	1,013,143 <sup>(3)</sup>	14,415,652	107.55	1,798,561

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

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
2001-02 Primary	215,903	1,590,882	13.57
2001-02 Secondary	224,373	1,660,243	13.51
2002-03 Primary	228,063	1,701,682	13.40
2002-03 Secondary	235,056	1,755,656	13.39
2003-04 Primary	240,075	1,791,502	13.40
2003-04 Secondary	246,303	1,838,350	13.40
2004-05 Primary	247,855	1,890,755	13.11
2004-05 Secondary	253,681	1,933,114	13.12
2005-06 Primary	261,091	2,011,601	12.98
2005-06 Secondary	265,934	2,044,045	13.01
2006-07 Primary	280,155	2,176,915	12.87
2006-07 Secondary	294,247	2,283,668	12.88
2007-08 Primary	312,714	2,469,255	12.66
2007-08 Secondary	341,684	2,692,936	12.69
2008-09 Primary	352,686	2,848,115	12.38
2008-09 Secondary	404,366	3,266,623	12.38
2009-10 Primary	389,943	3,192,880	12.21
2009-10 Secondary	450,859	3,676,653	12.26
2010-11 Primary	411,476	3,433,258	11.99
2010-11 Secondary	442,665	3,667,071	12.07

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 <u>Activities</u> Capital Leases	Total Primary Government	Personal Income	Percentage of Personal Income	Population	Debt Per Capita
	General Obligation Bonds	Capital Leases	Long- Term Loans Payable						
2001-2002	1,975	1,290	949	-	4,214	678,762	.62%	39,604	106
2002-2003	1,520	1,741	784	-	4,045	729,208	.55%	40,088	101
2003-2004	1,040	748	616	631	3,035	779,232	.39%	40,777	74
2004-2005	-	532	447	496	1,475	838,841	.18%	42,150	35
2005-2006	-	-	766	324	1,090	939,156	.12%	42,066	26
2006-2007	-	673	742	421	1,836	1,083,783	.17%	42,692	43
2007-2008	-	1,012	718	334	2,064	1,141,556	.18%	43,133	48
2008-2009	-	1,524	59,855	216	61,595	1,137,477	5.4 %	43,771	1,407
2009-2010	-	1,230	56,790	117	58,137	1,194,102	4.9 %	47,420	1,226
2010-2011	-	1,313	55,245	6	56,564	1,159,970 <sup>(1)</sup>	4.9 %	47,539	1,189

NOTE:

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

SOURCE: Basic Financial Statements

Santa Cruz County  
Ratio of Net General Bonded Debt to  
Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years  
(Amounts in Thousands)

Fiscal Year	Population	Secondary Assessed Value	Gross Bonded Debt	Debt Service Monies Available for Principal	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2001-02	39,604	224,373	1,975	253	1,722	0.01	0.04
2002-03	40,088	235,056	1,520	360	1,160	0.01	0.03
2003-04	40,777	246,303	1,040	480	560	-	0.01
2004-05	42,150	253,681	-	-	-	-	-
2005-06	42,066	265,934	-	-	-	-	-
2006-07	42,692	294,247	-	-	-	-	-
2007-08	43,133	341,684	-	-	-	-	-
2008-09	43,771	404,366	-	-	-	-	-
2009-10	47,420	450,859	-	-	-	-	-
2010-11	47,539	442,665	-	-	-	-	-

SOURCE: Annual budget and debt retirement schedule.

Santa Cruz County  
 Computation of Direct and Overlapping Debt  
 Governmental Activities, Debt Outstanding  
 June 30, 2011  
 (Amounts in Thousands)

<u>Governmental Unit</u>	Net Debt Outstanding	Percent Applicable to Santa Cruz	Amount Applicable to Santa Cruz
<b>Other Debt</b>			
Santa Cruz County – Governmental Capital Lease	1,313	100	1,313
Santa Cruz County – Governmental Loans Payable	55,245	100	55,245
Santa Cruz County – Landfill Capital Lease	6	100	6

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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Assessed Value</b>	\$224,373	\$235,056	\$246,303	\$253,681	\$265,934	\$294,247	\$341,684	\$404,366	\$450,859	\$442,665
<b>Legal Debt Margin</b>										
Debt Limit (15% of assessed value)	33,656	35,258	36,945	38,052	39,890	44,137	51,253	60,655	67,629	66,400
Debt applicable to limit:										
General obligation bonds	1,975	1,520	1,040	-	-	-	-	-	-	-
Less: Net Assets reserved for repayment of general obligation bonds	<u>(253)</u>	<u>(395)</u>	<u>(596)</u>	<u>(295)</u>	<u>(408)</u>	<u>(445)</u>	<u>(1,792)</u>	<u>(2,129)</u>	<u>(493)</u>	<u>(236)</u>
Total net debt applicable to the limit	<u>1,722</u>	<u>1,125</u>	<u>444</u>	<u>(295)</u>	<u>(408)</u>	<u>(445)</u>	<u>(1,792)</u>	<u>(2,129)</u>	<u>(493)</u>	<u>(236)</u>
Legal Debt Limit Margin	<u>253</u>	<u>395</u>	<u>596</u>	<u>(295)</u>	<u>(408)</u>	<u>(445)</u>	<u>(1,792)</u>	<u>(2,129)</u>	<u>(493)</u>	<u>(236)</u>
Total net debt applicable to the limit as a percentage of debt limit	7.52%	5.12%	3.19%	1.20%	(.78)%	(1.02)%	(1.01)%	(3.50)%	(0.73)%	(0.36)%

SOURCE: Basic Financial Statements

Santa Cruz County  
Pledged Revenue Coverage  
Last Ten Fiscal Years  
June 30, 2011

Fiscal Year	Long Term Loan (Court and Judicial Facility: 2008-1 Project)			
	Revenues <sup>(1)</sup>	Debt Service		Coverage
		Principal	Interest	
2002*				
2003*				
2004*				
2005*				
2006*				
2007*				
2008*				
2009	\$4,088,435		\$ 351,086	11.65
2010	3,297,621	\$ 530,000	1,111,013	2.01
2011	4,843,455	270,000	726,675	4.97

Fiscal Year	Long Term Loan (Jail District Detention Facility: 2008-2 Project)					
	Jail District Revenues <sup>(2)</sup>	Less: Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2002*						
2003*						
2004*						
2005*						
2006*						
2007*						
2008*						
2009	\$7,576,248	\$4,228,719	\$3,347,529		\$ 918,961	3.64
2010	9,833,114	3,315,668	6,517,446	\$2,535,000	3,039,978	1.17
2011	7,301,354	4,465,324	2,836,030	1,275,000	1,972,431	.85

SOURCE: Basic financial statements and debt retirement schedules.

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

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

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

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Government Expenditures <sup>(1)</sup>	Ratio of Debt Service to Total General Government Expenditures
2001-02	435	130	565	10,758	0.05
2002-03	455	108	563	9,869	0.06
2003-04	480	84	564	12,061	0.05
2004-05	1,040	59	1,099	11,711	0.09
2005-06	-	-	-	14,369	-
2006-07	-	-	-	15,512	-
2007-08	-	-	-	13,564	-
2008-09	-	-	-	12,856	-
2009-10	-	-	-	12,843	-
2010-11	-	-	-	14,807	-

NOTES:

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

SOURCE: Basic financial statements.

## DEMOGRAPHIC AND ECONOMIC INFORMATION:

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

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

Santa Cruz County  
Demographic Statistics-Economic Indicators  
Last Ten Years

Year	Population	Per Capita Income	Personal Income	School Enrollment	Civilian Labor Force	Unemployment Rate
2002	39,604	17,139	678,762	10,288 <sup>(2)</sup>	13,225	9.1
2003	40,088	18,190	729,208	10,171 <sup>(3)</sup>	14,475	12.4
2004	40,777	19,110	779,232	10,528 <sup>(4)</sup>	15,025	11.9
2005	42,150	19,901	838,841	10,510 <sup>(5)</sup>	16,075	11.4
2006	42,066	22,326	939,156	10,510 <sup>(6)</sup>	16,550	8.0
2007	42,692	25,386	1,083,783	11,183 <sup>(7)</sup>	16,100	6.7
2008	43,133	26,466	1,141,556	11,267 <sup>(8)</sup>	18,300	7.9
2009	43,771	25,987 <sup>(1)</sup>	1,137,477 <sup>(1)</sup>	10,611 <sup>(9)</sup>	18,150	14.2
2010	47,420	25,181 <sup>(1)</sup>	1,194,102 <sup>(1)</sup>	11,246 <sup>(10)</sup>	17,950	15.6
2011	47,539	24,400 <sup>(1)</sup>	1,159,970 <sup>(1)</sup>	11,028 <sup>(11)</sup>	18,975	16.5

NOTES:

- (1) Projected Estimate.
- (2) School enrollment as of January 31, 2002.
- (3) School enrollment as of November 5, 2003.
- (4) School enrollment as of August 25, 2004.
- (5) School enrollment as of April 27, 2005.
- (6) School enrollment as of January 18, 2006.
- (7) School enrollment as of September 27, 2006.
- (8) School enrollment as of November 26, 2007.
- (9) School enrollment as of January 20, 2009.
- (10) School enrollment as of April 30, 2010.
- (11) School enrollment as of February 28, 2011.

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

Santa Cruz County  
Principal Employers  
Last Ten Years  
June 30, 2011

Employer	2011			2010			2009			2008			2007		
	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	591	1	3.1%	683	2	3.8%	620	1	3.4%	700	1	3.8%	695	2	4.3%
US Border Patrol	N/A	N/A	N/A	737	1	4.1%	N/A	N/A	N/A	638	2	3.5%	975	1	6.1%
Super Wal-Mart	412	4	2.2%	500	4	2.8%	530	3	2.9%	600	3	3.3%	644	3	4.0%
US Customs and Border Protection	440	2	2.3%	390	5	2.2%	N/A	N/A	N/A	425	5	2.3%	359	6	2.2%
Santa Cruz County	373	5	2.0%	387	6	2.2%	406	4	2.2%	390	6	2.1%	418	5	2.6%
Santa Cruz Valley Unified School District #35	430	3	2.3%	584	3	3.3%	608	2	3.3%	450	4	2.5%	430	4	2.7%
City of Nogales	280	6	1.5%	327	7	1.8%	316	5	1.7%	309	7	1.7%	307	7	1.9%
Carondelet Health Network - Holy Cross Hospital	206	8	1.1%	206	9	1.1%	245	6	1.3%	264	8	1.4%	242	8	1.5%
Mariposa Community Health Center, Inc.	233	7	1.2%	209	8	1.2%	215	7	1.2%	198	10	1.1%	198	9	1.2%
Tubac Golf Resort	170	9	0.9%	160	10	0.9%	N/A	N/A	N/A	200	9	1.1%	180	10	N/A
Canchola Group	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	3,135		16.5%	4,183		23.3%	2,940		16.1%	4,174		22.8%	4,448		27.6%

Total Work Force 18,975 17,950 18,300 18,300 16,100

Employer	2006			2005			2004			2003			2002		
	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	1,341	1	8.1%	727	1	4.5%	747	1	5.0%	745	1	5.1%	745	1	5.6%
US Border Patrol	537	3	3.2%	529	2	3.3%	433	3	2.9%	388	3	2.7%	388	3	2.9%
Super Wal-Mart	640	2	3.9%	475	3	3.0%	605	2	4.0%	492	2	3.4%	467	2	3.5%
US Customs and Border Protection	387	6	2.3%	411	5	2.6%	400	4	2.7%	279	7	1.9%	279	7	2.1%
Santa Cruz County	415	5	2.5%	363	6	2.3%	361	5	2.4%	347	4	2.4%	346	4	2.6%
Santa Cruz Valley Unified School District #35	437	4	2.6%	425	4	2.6%	359	6	2.4%	355	5	2.5%	336	5	2.5%
City of Nogales	304	7	1.8%	293	7	1.8%	302	7	2.0%	323	6	2.2%	317	6	2.4%
Carondelet Health Network - Holy Cross Hospital	249	8	1.5%	249	8	1.5%	179	8	1.2%	193	8	1.3%	221	8	1.7%
Mariposa Community Health Center, Inc.	193	9	1.2%	189	9	1.2%	186	9	1.2%	180	9	1.2%	175	9	1.3%
Tubac Golf Resort	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Canchola Group	80	10	0.5%	140	10	0.9%	155	10	1.0%	133	10	0.9%	147	10	1.1%
Total	4,583		27.7%	3,801		23.6%	3,727		24.8%	3,435		23.7%	3,421		25.9%

Total Work Force 16,550 16,075 15,025 14,475 13,225

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

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

Santa Cruz County  
Employment Statistics  
Last Ten Years  
June 30, 2011

Type of Employment	2011		2010		2009		2008		2007	
	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total
Goods-Producing	750	5.86%	825	6.8%	900	7.1%	950	6.5%	1,100	8.2%
Trade, Transportation, and Utilities	4,950	38.67%	4,850	39.9%	5,375	42.6%	6,250	42.8%	4,925	36.5%
Other Private Service-Producing	3,100	24.22%	2,800	23.1%	2,750	21.8%	3,700	25.4%	4,075	30.2%
Federal Government	1,725	13.48%	1,600	13.2%	1,575	12.5%	1,525	10.4%	1,400	10.4%
State Government	<u>2,275</u>	<u>17.77%</u>	<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>12,800</u>	<u>100%</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>

Type of Employment	2006		2005		2004		2003		2002	
	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total
Goods-Producing	825	6.0%	1,025	8.0%	1,350	10.7%	1,350	11.0%	1,325	11.2%
Trade, Transportation, and Utilities	5,650	40.9%	5,150	40.3%	5,100	40.3%	4,975	40.5%	4,500	38.1%
Other Private Service-Producing	4,025	29.1%	3,325	26.1%	2,825	22.3%	2,775	22.6%	2,900	24.5%
Federal Government	1,300	9.4%	1,200	9.4%	1,175	9.3%	1,100	9.0%	1,125	9.5%
State Government	<u>2,025</u>	<u>14.6%</u>	<u>2,075</u>	<u>16.2%</u>	<u>2,200</u>	<u>17.4%</u>	<u>2,075</u>	<u>16.9%</u>	<u>1,975</u>	<u>16.7%</u>
	<u>13,825</u>	<u>100.0%</u>	<u>12,775</u>	<u>100.0%</u>	<u>12,650</u>	<u>100.0%</u>	<u>12,275</u>	<u>100.0%</u>	<u>11,825</u>	<u>100.0%</u>

Sources: Arizona Economic Indicators Fall Edition, published by the University of Arizona-Economic and Business Research

Santa Cruz County  
Demographic Statistics—International Border Crossing  
Last Ten Years

Year	Persons			Vehicles
	United States Citizens	Aliens	Total	
2002	2,792,955	11,609,578	14,402,533	4,227,673
2003	2,909,467	12,064,912	14,974,379	3,713,387
2004	3,150,402	13,955,605	17,106,007	3,722,759
2005	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>	15,328,674	3,709,989
2006	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>	16,596,888	3,353,681
2007	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>	16,546,042	3,296,351
2008	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>	16,247,495	3,106,341
2009	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>	17,000,000	3,263,716
2010	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>	16,150,000	3,278,640
2011	N/A <sup>(1)</sup>	N/A <sup>(1)</sup>	10,000,000	3,000,000

NOTE:

<sup>(1)</sup> Information not available.

SOURCE: United States Customs and Border Protection.



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

Year	Sales <sup>(1)</sup>		Con- struction Awards	Number of Dwelling Units Awarded	Bank Deposits
	Construction	Retail Trade			
2002	46,895	342,025	40,939	379	571,175
2003	53,167	357,472	58,470	446	598,614
2004	70,471	389,224	72,466	794	713,000
2005	61,301	434,479	173,864	932	657,083
2006	115,792	491,800	174,049	1,152	757,872
2007	120,801	533,154	109,653	764	794,000
2008	103,134	507,324	60,056	567	753,000
2009	128,347	411,854	30,439	395	775,352
2010	62,274	404,372	27,614	394	835,032
2011	54,042	301,465	21,834	283	843,570

NOTE:

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

SOURCES: Arizona Department of Revenue 2011 Annual Report.  
Report of building or zoning permits issued and local public construction.  
Federal Deposit Insurance Corporation Web site.

## **OPERATING INFORMATION:**

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

Santa Cruz County  
 Employees by Function  
 Last Ten Years  
 June 30, 2011

128

Fiscal Year	Governmental Activities							Business-Type	Total Employees in all Functions
	General Government	Public Safety	Highways and Streets	Health and Welfare	Recreation	Education and Economic Opportunity	Total	Sanitation Landfill Enterprise	
01-02	151	89	36	22	3	30	331	15	346
02-03	160	87	37	15	2	32	333	14	347
03-04	131	122	36	18	3	37	347	14	361
04-05	153	95	37	15	5	47	352	12	364
05-06	169	108	41	20	6	57	401	14	415
06-07	195.25	110	40.25	21	7	26.5	400	18	418
07-08	184	111	38	20	6	19	378	12	390
08-09	155	135	40	20	6	21	377	13	390
09-10	184	104	36	19	1	31	375	12	387
10-11	168	125	36	16	1	16	362	11	373

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

Santa Cruz County  
Operating Indicators  
Last Ten Fiscal Years

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

129

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>MILES OF STREETS</b>										
Paved	425.38	425.38	422.16	412.32	408.43	407.68	407.60	398.34	391.93	392.36
Unpaved	316.64	316.64	292.84	317.67	321.91	322.57	322.57	329.33	334.98	336.60
<b>REGISTERED VOTERS</b>	23,607	22,246	23,205	24,132	22,146	21,267	21,334	19,332	17,644	17,066
Democrat	51.37%	52.63%	53.35%	54.93%	54.87%	56.24%	57.42%	58.76%	60.05%	61.18%
Republican	16.98%	17.38%	18.39%	19.06%	19.49%	20.14%	20.63%	20.51%	20.72%	20.62%
<b>NUMBER OF JUDICIAL COURTS</b>										
Superior Court Department	1	1	1	1	1	1	1	1	1	1
Justice of Peace Courts	2	2	2	2	2	2	2	2	2	2
<b>FLOOD PROTECTION</b>										
Flood control district	1	1	1	1	1	1	1	1	1	1
Number of employees	9	8	9	9	9	8	8	9	9	11
<b>SHERIFF PROTECTION</b>										
Number of stations	1	1	4	4	4	4	4	4	3	4
Number of employees	104	119	90	81	79	88	79	79	76	73
Major crimes	285	460	586	418	430	415	306	215	96	173
Vehicular patrol units	25	25	32	27	27	30	25	22	22	56
<b>SANITARY LANDFILLS</b>										
Number of landfills	2	2	2	2	2	2	2	2	2	2
<b>NUMBER OF PARKS</b>										
Neighborhood parks	8	8	8	8	8	8	8	7	7	6

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

Santa Cruz County  
Capital Assets Used in the Operation of Governmental Funds  
Last Ten Fiscal Years  
June 30, 2011  
(Amounts in Thousands)

	2011	2010	2009	2008	2007
<b>Governmental funds capital assets</b>					
Infrastructure	\$ 70,992	\$ 70,712	\$ 70,463	\$ 70,356	\$ 67,645
Land	22,151	22,151	22,151	22,151	22,145
Buildings	73,098	12,396	12,010	12,010	11,992
Improvements other than buildings	3,177	3,176	3,175	3,037	2,962
Construction equipment and vehicles	10,450	10,065	9,805	9,799	8,870
Furniture and equipment	10,532	8,037	6,261	5,941	5,227
Construction in progress	3,607	58,122	29,779	6,796	4,590
Total governmental funds capital assets	<u>\$ 194,007</u>	<u>\$ 184,659</u>	<u>\$ 153,644</u>	<u>\$ 130,090</u>	<u>\$ 123,431</u>
<b>Investments in governmental funds capital assets by source</b>					
General Fund	\$ 18,984	\$ 19,080	\$ 18,939	\$ 14,402	\$ 13,692
Special Revenue Funds*	119,176	115,898	114,782	95,843	89,903
Capital Projects Funds	55,847	49,681	19,923	19,845	19,836
Total governmental funds capital assets	<u>\$ 194,007</u>	<u>\$ 184,659</u>	<u>\$ 153,644</u>	<u>\$ 130,090</u>	<u>\$ 123,431</u>
	2006*	2005	2004	2003	2002
<b>Governmental funds capital assets</b>					
Infrastructure	\$ 62,175	\$ 2,746	\$ 443	\$ -	\$ -
Land	21,844	6,619	6,596	5,703	5,826
Buildings	10,317	10,303	10,303	10,210	10,094
Improvements other than buildings	2,558	2,429	2,429	2,429	4,245
Construction equipment and vehicles	7,364	6,676	6,242	5,880	6,255
Furniture and equipment	3,672	3,026	2,537	2,113	1,752
Construction in progress	2,903	1,461	2,353	319	673
Total governmental funds capital assets	<u>\$ 110,833</u>	<u>\$ 33,260</u>	<u>\$ 30,903</u>	<u>\$ 26,654</u>	<u>\$ 28,845</u>
<b>Investments in governmental funds capital assets by source</b>					
General Fund	\$ 12,696	\$ 11,972	\$ 11,744	\$ 11,423	\$ 12,394
Special Revenue Funds	80,791	6,033	4,904	4,026	5,322
Capital Projects Funds	17,346	15,255	14,255	11,205	11,129
Total governmental funds capital assets	<u>\$ 110,833</u>	<u>\$ 33,260</u>	<u>\$ 30,903</u>	<u>\$ 26,654</u>	<u>\$ 28,845</u>

SOURCE: Comprehensive Annual Financial Reports for the relevant year

\*Amounts restated: GASB 34 Infrastructure