

SANTA CRUZ COUNTY, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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Santa Cruz County
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012

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ADMINISTRATIVE SERVICES SANTA CRUZ COUNTY

Jennifer K. St. John, CPA
Director

August 29, 2013

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, 2012. This report has been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board. County management is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all representations and disclosures. To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

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

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

Profile of Santa Cruz County

Santa Cruz County is situated in the southern part of Arizona with its southern boundary bordering Mexico. The County was split from Pima County by the 20th Territorial Assembly in 1899. The County encompasses approximately 1,250 square miles and has roughly 48,700 people. The neighboring community of Nogales, Sonora, Mexico has grown to an estimated population of 450,000.

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

Economic Condition and Outlook

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

Major Initiatives

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. A user's group has been formed to disseminate information about GIS within the County and to encourage its use. A major initiative this year has been to complete rectification of parcel data to imagery and to develop a countywide building envelope data set.

The County continues to partner with the U.S. Army Corps of Engineers (the Corps) to complete the Chula Vista Wash improvements. This project will replace the bridge that was demolished during the original construction project. The purpose of this project is to reestablish the connection between north and south portions of Old Tucson Road. The project consists of re-constructing a bridge over the Potrero Creek and installing bank protection. The project is currently estimated at \$5 to \$7 million with the County share at \$900,000 and is expected to begin construction in Fall 2013. 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 began construction in May of 2012 and was completed in March 2013. The cost of the construction was \$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 connects 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.

Financial Management and Information

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

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

Single Audit: As a recipient of federal and state financial assistance, the County is required to have an annual audit under the Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. OMB requirements also address the establishment and maintenance of an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. Tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as determining that the County has materially complied with applicable laws and regulations. The Single Audit Report is issued separately from this report.

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

The Reporting Entity: The financial reporting entity includes all the funds of the primary government, Santa Cruz County, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the funds of the Santa Cruz County Flood Control District and the Santa Cruz County Jail District, whose Board of Directors is the County's Board of Supervisors, are blended and reported as special revenue funds of the primary government.

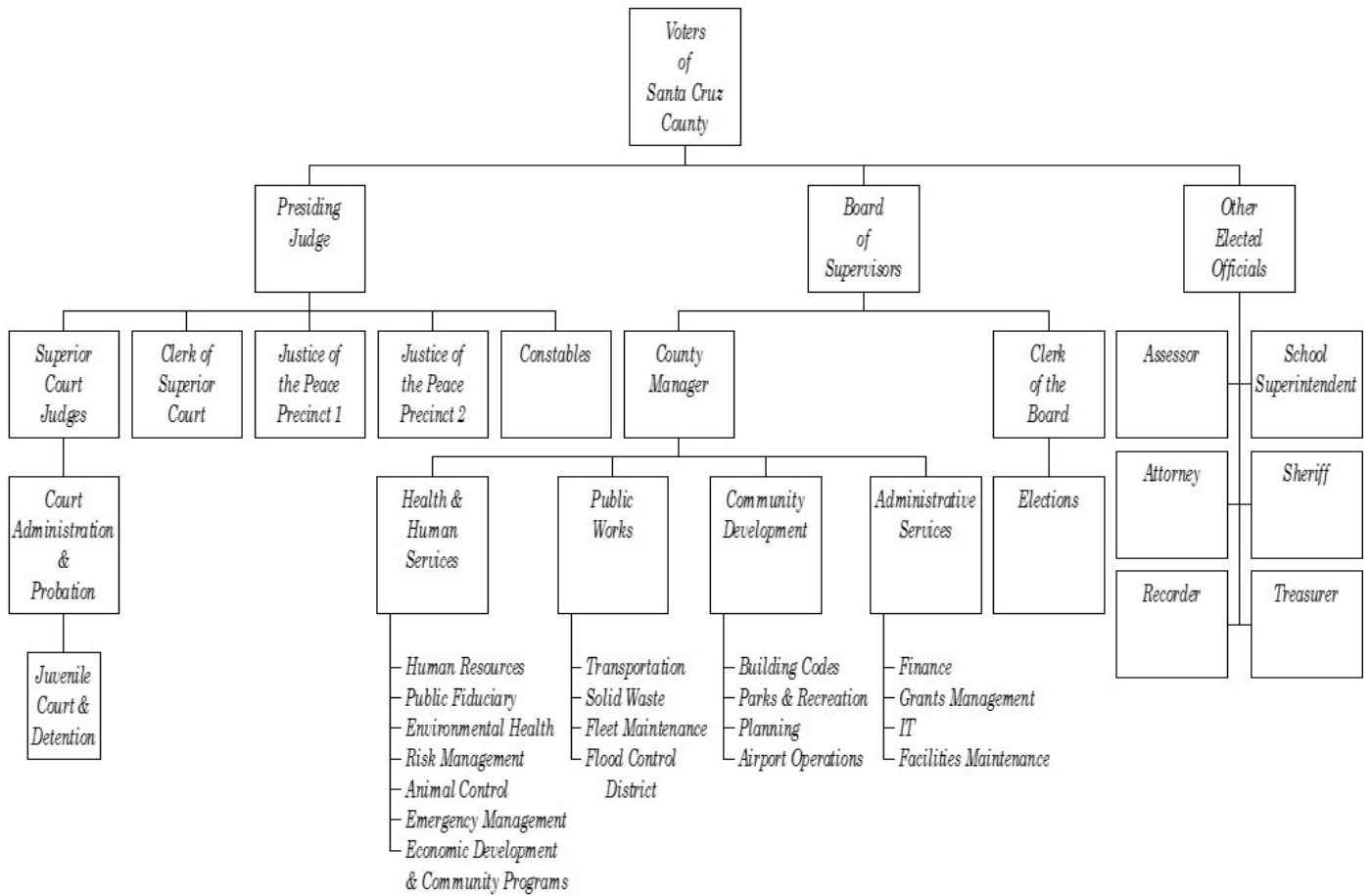
Acknowledgements

The preparation of this report could not be accomplished without the efficient and dedicated services of the finance department. I would also like to thank every county department who assisted in and contributed to the preparation of this report. In addition, the staff of the Auditor General's Office provided excellent support and technical advice. I also wish to express my sincere appreciation to the Board of Supervisors and County Manager for their interest and support in planning and conducting the financial operations of the County in a responsible manner.

Respectfully submitted,

Jennifer K. St. John, CPA
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, 2012, 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, 2012, 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.

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3 through 11, the Budgetary Comparison Schedules on pages 54 through 60 and the Schedule of Agent Retirement Plans' Funding Progress on page 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of the County's management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Debbie Davenport
Auditor General

August 29, 2013

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, 2012, the assets of the County exceeded liabilities by \$99,343,108 (net assets). Of this amount, \$11,538,302 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$17,730,150 is restricted for specific purposes (restricted net assets), and \$70,074,656 is invested in capital assets, net of related debt.
- The County's total net assets as reported in the Statement of Activities decreased by \$2,616,175.
- At June 30, 2012, total assets were \$169,620,530 compared to \$165,225,499 at June 30, 2011. This is a \$4,395,031 or 2.6 percent increase over the prior fiscal year.
- At June 30, 2012, the governmental funds reported combined fund balances of \$29,141,801 or an increase in fund balance of \$8,147,222, in comparison with the prior year.
- At June 30, 2012, unassigned fund balance for the general fund was \$13,513,269, approximately 71 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).

Santa Cruz County Management's Discussion and Analysis

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

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

The government-wide financial statements can be found on pages 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 six major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Jail District, Criminal Justice Enhancement, Workforce Investment Act (WIA), Flood Control, and Homeland Security 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

Santa Cruz County Management's Discussion and Analysis

accounting device used to accumulate and allocate costs internally among the County's various functions. The County has no internal service funds. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The County's landfill operation is considered to be a major fund and is presented in the proprietary fund financial statements.

The proprietary fund financial statements can be found on pages 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, 2012, assets exceeded liabilities by \$99,343,108.

Santa Cruz County Management's Discussion and Analysis

Net Assets June 30, 2012 and 2011 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011 (Restated)	2012	2011 (Restated)	2012	2011 (Restated)
Current and other assets	\$ 34,295	\$ 26,634	\$1,301	\$2,027	\$ 35,596	\$ 28,661
Capital assets	<u>130,333</u>	<u>133,167</u>	<u>3,691</u>	<u>3,398</u>	<u>134,024</u>	<u>136,565</u>
Total assets	<u>164,628</u>	<u>159,801</u>	<u>4,992</u>	<u>5,425</u>	<u>169,620</u>	<u>165,226</u>
Current and other liabilities	2,521	2,188	31	478	2,552	2,666
Long-term liabilities	<u>66,080</u>	<u>58,736</u>	<u>1,645</u>	<u>1,865</u>	<u>67,725</u>	<u>60,601</u>
Total liabilities	<u>68,601</u>	<u>60,924</u>	<u>1,676</u>	<u>2,343</u>	<u>70,277</u>	<u>63,267</u>
Net Assets						
Invested in capital assets, net of related debt	74,702	77,648	3,691	3,392	78,393	81,040
Restricted net assets	9,412	10,559	-	-	9,412	10,559
Unrestricted net assets (deficit)	<u>11,913</u>	<u>10,670</u>	<u>(375)</u>	<u>(310)</u>	<u>11,538</u>	<u>10,360</u>
Total net assets (deficit)	<u>\$ 96,027</u>	<u>\$ 98,877</u>	<u>\$3,316</u>	<u>\$3,082</u>	<u>\$ 99,343</u>	<u>\$101,959</u>

The largest portion (\$78,393 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 (\$9,412 or 9 percent) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net assets (\$11,538 or 12 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 \$7.7 million increase was primarily due to the Flood Control District loan the County entered into in January 2012. The funds for this loan were received but construction did not start until May 2012 so the majority of the cash was still in the bank at June 30, 2012.

Santa Cruz County Management's Discussion and Analysis

- Long-term liabilities – the \$7.3 million increase was due largely to the long-term loan payable booked during the fiscal year. In January 2012, the Flood Control District entered into a loan for flood control projects. The first payment was due July 1, 2012.

For more information on the long-term loan payable, see Note 7 on page 41.

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

- Current and other assets – the \$726 thousand decrease was largely due to reductions in accounts payable for landfill improvement project payments. This reduction resulted in the Landfill Reserve fund having to cover some of the operating expenditures of the operating fund and not saving the money for the closure and post-closure care costs, thereby having an overall negative effect on cash at June 30, 2012.

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, 2012 and 2011 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011 (Restated)	2012	2011 (Restated)	2012	2011 (Restated)
	2012	2011 (Restated)	2012	2011 (Restated)	2012	2011 (Restated)
Revenues:						
Program revenues:						
Charges for services	\$ 4,010	\$ 3,535	\$ 968	\$1,001	\$ 4,978	\$ 4,536
Operating grants and contributions	10,777	11,079	-	-	10,777	11,079
Capital grants and contributions	3,447	6,325	-	-	3,447	6,325
General revenues:						
Property taxes	13,398	13,988	-	-	13,398	13,988
County excise tax	5,288	5,181	-	-	5,288	5,181
Share of state sales taxes	4,065	3,861	-	-	4,065	3,861
Payments in lieu of taxes	956	834	-	-	956	834
VLT unrestricted	1,367	1,343	-	-	1,367	1,343
Grants and contributions not restricted to specific programs	738	564	79	41	817	605
Investment earnings	68	206	2	6	70	212
Miscellaneous	531	747	-	-	531	747
Gain of the sale of assets	-	9	-	-	-	9
Capital contribution	37	32	-	-	37	32
Transfers	<u>(18)</u>	<u>(12)</u>	<u>18</u>	<u>12</u>	<u>-</u>	<u>-</u>
Total revenues	44,664	47,692	1,067	1,060	45,731	48,752
Expenses:						
General government	14,243	13,339	-	-	14,243	13,339
Public safety	18,004	14,811	-	-	18,004	14,811
Highways and streets	4,272	4,570	-	-	4,272	4,570
Health, welfare and sanitation	4,518	3,865	-	-	4,518	3,865
Education and economic opportunity	3,371	4,589	-	-	3,371	4,589
Recreation	141	121	-	-	141	121
Interest on long-term debt	2,965	2,767	-	-	2,965	2,767
Landfill	-	-	833	1,261	833	1,261
Total expenses	<u>47,514</u>	<u>44,062</u>	<u>833</u>	<u>1,261</u>	<u>48,347</u>	<u>45,323</u>
Changes in net assets	(2,850)	3,630	234	(201)	(2,616)	3,429
Net assets (deficit)—beginning	<u>98,877</u>	<u>95,247</u>	<u>3,082</u>	<u>3,283</u>	<u>101,959</u>	<u>98,530</u>
Net assets (deficit)—ending	<u>\$96,027</u>	<u>\$98,877</u>	<u>\$3,316</u>	<u>\$3,082</u>	<u>\$ 99,343</u>	<u>\$101,959</u>

Santa Cruz County Management's Discussion and Analysis

Governmental activities – the change in net assets for fiscal year 2012 was approximately \$2.9 million, which represents a decrease of approximately \$6.5 million from fiscal year 2011. Key elements of this substantial decrease include:

- Revenue from “Charges for services” increased by \$475 thousand due largely to increases in the revenue brought in by recording fees and indirect cost charges.
- Revenue from “Capital grants and contributions” decreased by \$2.9 million due largely to a decrease in education grants.
- Expenditures for “Public safety” increased by \$3.2 million due to an increase in federal and state grant monies for law enforcement.
- Expenditures for “Education and economic opportunity” decreased \$1.2 million due largely to a decrease in federal and state grants for the Workforce Investment Act and the County's accommodation school.

Business-type activities – Landfill expenditures decreased by approximately \$428 thousand from fiscal year 2011 due largely to the reduction in the closure and post-closure care costs.

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, 2012, the County's governmental funds reported combined fund balances of \$29,141,801 an increase of \$8,147,222 in comparison with the prior year. This increase is due largely to a loan obtained by the Flood Control District during the fiscal year. Of the combined fund balances, \$12,080,853 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 \$13,513,269. Unassigned fund balance represents 71 percent of total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

During the fiscal year, the fund balance of the Criminal Justice Enhancement Fund increased by \$656,995 due to an increase in assets seized under the Anti-Racketeering program and not spent.

Santa Cruz County Management's Discussion and Analysis

The fund balance in the Flood Control Fund increased by \$6,699,322 over prior year's due to the loan obtained in January 2012 but not spent as of June 30, 2012.

General Fund Budgetary Highlights

General Fund actual expenditures were approximately \$7.0 million under the adopted budget and actual revenues were more than estimated revenues by \$2.4 million. The County conservatively estimated revenues and collected prior year's property taxes and intergovernmental revenues in excess of what was anticipated and budgeted. The Sheriff's Office exceeded its budget by \$122,582 due to two vacant positions at June 30, 2011 which did not get picked up in the budget for fiscal year 2012.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets as of June 30, 2012, amounted to \$134 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, construction equipment and vehicles, furniture and equipment, construction in progress, and infrastructure. Major capital asset events during the current fiscal year included the following:

- Buildings decreased by \$1.1 million due to the additional accumulated depreciation of the newly constructed Jail District Detention and Judicial facilities.
- Construction equipment and vehicles decreased by \$507 thousand due to deletion of construction equipment and vehicles as a result of the physical inventory performed during the fiscal year. Remaining construction commitments on the various other capital projects totaled \$4,650,000 at June 30, 2012.

	Capital Assets (Net of Depreciation) (In Thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011 (Restated)	2012	2011 (Restated)	2012	2011 (Restated)
Land	\$ 22,343	\$ 22,343	\$ 230	\$ 230	\$ 22,573	\$ 22,573
Buildings	65,880	66,954	136	142	66,016	67,096
Improvements other than buildings	1,841	1,944	3,235	2,855	5,076	4,799
Construction equipment and vehicles	1,570	1,995	90	172	1,660	2,167
Furniture and equipment	3,928	4,196	-	-	3,928	4,196
Construction in progress	3,688	3,607	-	-	3,688	3,607
Infrastructure	<u>31,083</u>	<u>32,128</u>	<u>-</u>	<u>-</u>	<u>31,083</u>	<u>32,128</u>
Totals	<u>\$130,333</u>	<u>\$133,167</u>	<u>\$3,691</u>	<u>\$3,399</u>	<u>\$134,024</u>	<u>\$136,566</u>

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 39-41 of this report.

Long-Term Debt

At June 30, 2012, the County had total long-term debt outstanding of \$67,725,898. This amount includes capital leases of just over \$1.1 million, and long-term notes of \$62.8 million.

Additional information on the County's long-term debt can be found in Note 7 of the Notes to Financial Statements on pages 41-44 of this report.

Economic Factors and Next Year's Budget

- The uncertainty of our current economic climate and the extreme slowness of the recovery has 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 increase while our local sales tax revenue is expected to remain flat. The sunset of the temporary state 1% sales tax on July 2013 may result in additional cost shifts from the state unless the state balances its budget in upcoming years.
- The produce industry continues to have a significant role in the region's economy; unfortunately, it is an extremely unpredictable industry. The upcoming opening of the expanded Mariposa port of entry will improve the flow of goods into the country, if the Customs and Border Protection budget is fully funded and the port is properly staffed. The increase of outmigration of produce firms to Texas to improve distribution to the North and East coast continue to drain our largest private employment base. There will be a continued need for facilities in the region to supply the West coast but further reductions in the number of produce importers will impact employment and the local economy.
- The national focus on border security and immigration in Arizona continues. While the violence has decreased in Nogales, Sonora, Mexico there has not been a corresponding increase in tourism and border crossings. Declines overall in tourism remain a nagging problem due primarily to fears of drug violence perpetrated by the media. Although some indications are that American and Mexican shoppers are returning, sales tax revenues overall are expected to remain flat.
- Property tax revenues will increase slightly due to an increase in property taxes. Property values are expected to decline once again next year as the assessed valuations lag two years behind the actual market trends. New construction homes remains non-existent due to a surplus of vacant homes. There have been significant improvements in the economy in our Counties within the State but rural areas typically lag 1-2 years behind.

Request for Information

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

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Basic Financial Statements

Santa Cruz County
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and investments	\$ 19,250,610	\$ 1,219,498	\$ 20,470,108
Cash and investments held by trustee-restricted	8,942,252		8,942,252
Property taxes receivable (net of allowance)	1,853,248		1,853,248
Due from other governmental units	3,979,452	212	3,979,664
Accounts receivable	223,880	81,609	305,489
Prepaid items	45,633		45,633
Capital assets:			
Nondepreciable	26,030,834	229,996	26,260,830
Depreciable (net)	<u>104,302,321</u>	<u>3,460,985</u>	<u>107,763,306</u>
Total assets	<u>164,628,230</u>	<u>4,992,300</u>	<u>169,620,530</u>
Liabilities			
Accounts payable	2,126,110	21,934	2,148,044
Due to other governments	4,613		4,613
Accrued payroll and employee benefits	390,348	8,519	398,867
Noncurrent liabilities			
Due within 1 year	2,853,292	17,630	2,870,922
Due in more than 1 year	<u>63,227,202</u>	<u>1,627,774</u>	<u>64,854,976</u>
Total liabilities	<u>68,601,565</u>	<u>1,675,857</u>	<u>70,277,422</u>
Net Assets			
Invested in capital assets, net of related debt	74,701,820	3,690,949	78,392,769
Restricted for:			
Education	1,187,602		1,187,602
Flood control	1,878,407		1,878,407
Capital projects	108,004		108,004
Judicial activities	1,798,723		1,798,723
Law enforcement	2,154,075		2,154,075
Highways and streets	1,514,669		1,514,669
Other purposes	770,557		770,557
Unrestricted (deficit)	<u>11,912,808</u>	<u>(374,506)</u>	<u>11,538,302</u>
Total net assets	<u>\$ 96,026,665</u>	<u>\$ 3,316,443</u>	<u>\$ 99,343,108</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Activities
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 14,243,201	\$ 3,326,058	\$ 1,299,736	\$ 74,929	\$ (9,542,478)	\$ -	\$ (9,542,478)
Public safety	18,004,442	400,489	6,217,136		(11,386,817)		(11,386,817)
Highways and streets	4,271,836			3,372,484	(899,352)		(899,352)
Health, welfare and sanitation	4,518,089	184,704	755,587		(3,577,798)		(3,577,798)
Education and economic opportunity	3,370,701	87,680	2,504,492		(778,529)		(778,529)
Recreation	141,073	10,512			(130,561)		(130,561)
Interest on long-term debt	2,964,804				(2,964,804)		(2,964,804)
Total governmental activities	<u>47,514,146</u>	<u>4,009,443</u>	<u>10,776,951</u>	<u>3,447,413</u>	<u>(29,280,339)</u>		<u>(29,280,339)</u>
Business-type activities:							
Landfill	833,371	967,667				134,296	134,296
Total business-type activities	<u>833,371</u>					<u>134,296</u>	<u>134,296</u>
Total primary government	<u>\$ 48,347,517</u>	<u>\$ 4,977,110</u>	<u>\$ 10,776,951</u>	<u>\$ 3,447,413</u>	<u>(29,280,339)</u>	<u>134,296</u>	<u>(29,146,043)</u>
General revenues:							
Taxes							
Property taxes, levied for general purposes					11,317,978		11,317,978
Property taxes, levied for flood control district					2,079,838		2,079,838
Property taxes, levied for debt service					72		72
County excise tax for general purposes					2,646,194		2,646,194
County excise tax for jail district					2,641,677		2,641,677
Share of state sales taxes					4,064,597		4,064,597
Share of state vehicle license tax					1,367,335		1,367,335
Payments in lieu of taxes					956,273		956,273
Grants and contributions not restricted to specific programs					737,966	79,538	817,504
Investment earnings					67,877	2,416	70,293
Miscellaneous					530,970		530,970
Capital contributions					37,137		37,137
Transfers					(18,248)	18,248	
Total general revenues and transfers					<u>26,429,666</u>	<u>100,202</u>	<u>26,529,868</u>
Changes in net assets					(2,850,673)	234,498	(2,616,175)
Net assets—July 1, 2011, as restated					<u>98,877,338</u>	<u>3,081,945</u>	<u>101,959,283</u>
Net assets—June 30, 2012					<u>\$ 96,026,665</u>	<u>\$ 3,316,443</u>	<u>\$ 99,343,108</u>

See accompanying notes to financial statements.

Santa Cruz County
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Jail District Fund	Criminal Justice Enhancement Fund
Assets			
Cash and investments	\$ 10,665,308	\$ 447,399	\$ 1,507,231
Cash and investments held by trustee-restricted			
Property taxes receivable (net of allowances for uncollectibles)	1,500,028		
Due from other governmental units	507,077	477,227	375,089
Due from other funds	2,637,096		
Accounts receivable	87,350		9,468
Prepaid items	44,221	885	
Total assets	\$ 15,441,080	\$ 925,511	\$ 1,891,788
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 405,878	\$ 125,194	\$ 83,587
Due to other governments			
Accrued payroll and employee benefits	170,843	77,325	35,876
Due to other funds			594,058
Deferred revenue	1,306,869		254,545
Total liabilities	1,883,590	202,519	968,066
Fund balances:			
Nonspendable	44,221	885	
Restricted		722,107	1,434,981
Assigned			1,746
Unassigned	13,513,269		(513,005)
Total fund balances	13,557,490	722,992	923,722
Total liabilities and fund balances	\$ 15,441,080	\$ 925,511	\$ 1,891,788

See accompanying notes to financial statements.

<u>WIA Fund</u>	<u>Flood Control Fund</u>	<u>Homeland Security Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 12,686	\$ 1,535,806 8,942,252	\$ 3,535	\$ 5,078,645	\$ 19,250,610 8,942,252
	353,216		4	1,853,248
553,588	418	1,371,133	694,920	3,979,452
			127,062	2,637,096
527				223,880
<u>\$ 566,801</u>	<u>\$ 10,831,692</u>	<u>\$ 1,374,668</u>	<u>\$ 5,900,631</u>	<u>\$ 36,932,171</u>
\$ 58,951	\$ 621,873		\$ 830,627	\$ 2,126,110
			4,613	4,613
9,452	13,299	8,777	74,776	390,348
546,617		1,371,133	125,288	2,637,096
<u>316,274</u>	<u>312,502</u>	<u>291,437</u>	<u>150,576</u>	<u>2,632,203</u>
<u>931,294</u>	<u>947,674</u>	<u>1,671,347</u>	<u>1,185,880</u>	<u>7,790,370</u>
527				45,633
24,619	9,884,018	3,537	4,334,142	16,403,404
			610,165	611,911
<u>(389,639)</u>		<u>(300,216)</u>	<u>(229,556)</u>	<u>12,080,853</u>
<u>(364,493)</u>	<u>9,884,018</u>	<u>(296,679)</u>	<u>4,714,751</u>	<u>29,141,801</u>
<u>\$ 566,801</u>	<u>\$ 10,831,692</u>	<u>\$ 1,374,668</u>	<u>\$ 5,900,631</u>	<u>\$ 36,932,171</u>

Santa Cruz County
 Reconciliation of the Balance Sheet
 to the Statement of Net Assets
 Governmental Funds
 June 30, 2012

Total fund balances—governmental funds		\$ 29,141,801
<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 \$199,349,664 and the accumulated depreciation is \$69,016,509.</p>		130,333,155
<p>Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.</p>		2,632,203
<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>	\$ (62,790,000)	
<p>Compensated absences payable</p>	(2,056,046)	
<p>Obligations under capital leases</p>	(1,159,448)	
<p>Estimated liabilities for claims and judgments</p>	(75,000)	
		(66,080,494)
Net assets of governmental activities		\$ 96,026,665

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, 2012

	<u>General Fund</u>	<u>Jail District Fund</u>	<u>Criminal Justice Enhancement Fund</u>
Revenues:			
Taxes	\$ 13,876,312	\$ 2,641,677	
Intergovernmental	6,635,288	3,074,874	\$ 1,901,924
Licenses and permits	293,019		
Charges for services	1,020,794		55,515
Fines and forfeits	590,209		1,410,403
Investment earnings	31,448	3,335	5,120
Rents	33,391		
Miscellaneous	<u>224,837</u>	<u>1,442</u>	<u>571</u>
Total revenues	<u>22,705,298</u>	<u>5,721,328</u>	<u>3,373,533</u>
Expenditures:			
Current:			
General government	11,059,547		1,690,882
Public safety	4,361,294	5,037,120	1,202,180
Highways and streets			
Health, welfare and sanitation	3,070,121	25,437	
Education and economic opportunity	384,672		
Recreation	121,848		
Debt service:			
Principal retirement	42,439	1,410,976	40,542
Interest and fiscal charges	<u>4,236</u>	<u>1,939,482</u>	<u>3,459</u>
Total expenditures	<u>19,044,157</u>	<u>8,413,015</u>	<u>2,937,063</u>
Excess (deficiency) of revenues over expenditures	3,661,141	(2,691,687)	436,470
Other financing sources (uses):			
Capital lease agreements	224,146		
Loan proceeds			
Transfers in	1,250,000	2,944,604	220,525
Transfers out	<u>(5,564,851)</u>	<u>(144)</u>	
Total other financing sources (uses)	<u>(4,090,705)</u>	<u>2,944,460</u>	<u>220,525</u>
Net change in fund balances	(429,564)	252,773	656,995
Fund balances, beginning of year, as restated	<u>13,987,054</u>	<u>470,219</u>	<u>266,727</u>
Fund balances, end of year	<u>\$ 13,557,490</u>	<u>\$ 722,992</u>	<u>\$ 923,722</u>

See accompanying notes to financial statements.

<u>WIA Fund</u>	<u>Flood Control Fund</u>	<u>Homeland Security Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
	\$ 2,054,889		\$ 72	\$ 18,572,950
\$ 1,066,453		\$ 1,081,202	8,523,144	22,282,885
				293,019
			548,522	1,624,831
			90,981	2,091,593
	7,541	1	20,432	67,877
				33,391
	1,167		269,562	497,579
<u>1,066,453</u>	<u>2,063,597</u>	<u>1,081,203</u>	<u>9,452,713</u>	<u>45,464,125</u>
			1,134,322	13,884,751
	2,907,657	666,560	2,180,519	16,355,330
			3,607,007	3,607,007
			1,330,036	4,425,594
995,013			1,950,695	3,330,380
				121,848
29,682	228,720		380,728	2,133,087
27,359	271,453		718,815	2,964,804
<u>1,052,054</u>	<u>3,407,830</u>	<u>666,560</u>	<u>11,302,122</u>	<u>46,822,801</u>
14,399	(1,344,233)	414,643	(1,849,409)	(1,358,676)
				224,146
	9,300,000			9,300,000
231,026		467	2,314,954	6,961,576
	(1,256,445)	(208)	(158,176)	(6,979,824)
<u>231,026</u>	<u>8,043,555</u>	<u>259</u>	<u>2,156,778</u>	<u>9,505,898</u>
245,425	6,699,322	414,902	307,369	8,147,222
(609,918)	3,184,696	(711,581)	4,407,382	20,994,579
<u>\$ (364,493)</u>	<u>\$ 9,884,018</u>	<u>\$ (296,679)</u>	<u>\$ 4,714,751</u>	<u>\$ 29,141,801</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, 2012

Net change in fund balances—total governmental funds **\$ 8,147,222**

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

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

Capital outlays	\$ 2,798,980	
Less: current-year depreciation	<u>(5,526,090)</u>	(2,727,110)

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.

Loan incurred	(9,300,000)	
Capital lease incurred	(224,146)	
Principal repaid	<u>2,133,087</u>	(7,391,059)

In the Statement of Activities, only the gain/loss on the disposal 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 disposed of. (143,518)

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

Decrease in compensated absences payable		46,196
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Collections of intergovernmental revenues in the governmental funds exceeded revenues reported in the Statement of Activities. (1,107,362)

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Receipt of forfeited capital assets	37,137	
Property tax revenues	112,809	
Intergovernmental	<u>175,012</u>	<u>324,958</u>

Change in net assets of governmental activities **\$ (2,850,673)**

See accompanying notes to financial statements.

Santa Cruz County
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities - Enterprise Fund <u>Landfill</u>
Assets	
Current assets:	
Cash and investments	\$ 1,219,498
Due from other governmental units	212
Accounts receivable	<u>81,609</u>
Total current assets	<u>1,301,319</u>
Noncurrent assets:	
Capital assets	
Nondepreciable	229,996
Depreciable (net)	<u>3,460,985</u>
Total noncurrent assets	<u>3,690,981</u>
 Total assets	 <u>4,992,300</u>
Liabilities	
Current liabilities:	
Accounts payable	21,934
Accrued payroll and employee benefits	8,519
Obligations under capital leases—current portion	32
Compensated absences payable—current portion	<u>17,598</u>
Total current liabilities	<u>48,083</u>
Noncurrent liabilities:	
Landfill closure and postclosure care costs payable	1,556,394
Compensated absences payable	<u>71,380</u>
Total noncurrent liabilities	<u>1,627,774</u>
Total liabilities	<u>1,675,857</u>
Net Assets	
Invested in capital assets, net of related debt	3,690,949
Unrestricted (deficit)	<u>(374,506)</u>
Total net assets	<u><u>\$ 3,316,443</u></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, 2012

	Business-Type Activities— Enterprise Fund Landfill
Operating revenues:	
Landfill fees	\$ 950,702
Other	16,965
Total operating revenues	967,667
 Operating expenses:	
Personal services	527,992
Professional services	45,578
Supplies	29,930
Utilities	18,779
Repairs and maintenance	226,966
Recycling program	19,584
Insurance	5,639
Landfill closure and postclosure care costs	(253,200)
Depreciation	186,792
Other	25,117
Total operating expenses	833,177
Operating income	134,490
 Nonoperating revenues (expenses):	
Grants and contributions	79,538
Investment earnings	2,416
Interest expense on capital leases	(194)
Total nonoperating revenues (expenses)	81,760
Income before transfers	216,250
Transfers in	18,248
Increase in net assets	234,498
Total net assets, July 1, 2011, as restated	3,081,945
Total net assets, June 30, 2012	\$ 3,316,443

See accompanying notes to financial statements.

Santa Cruz County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012

	Business-Type Activities— Enterprise Fund <u>Landfill</u>
Cash flows from operating activities	
Receipts from customers	\$ 949,443
Payments to suppliers and providers of goods and services	(377,813)
Payments to employees	<u>(502,648)</u>
Net cash provided by operating activities	<u>68,982</u>
Cash flows from noncapital financing activities	
Grants and contributions	119,968
Cash transfers from other funds	<u>18,248</u>
Net cash provided by noncapital and related financing activities	<u>138,216</u>
Cash flows from capital and related financing activities	
Purchases of capital assets	(906,589)
Principal paid on capital leases	(5,708)
Interest paid on capital leases	<u>(194)</u>
Net cash used for capital and related financing activities	<u>(912,491)</u>
Cash flows from investing activities	
Interest received on investments	<u>2,420</u>
Net cash provided by investing activities	<u>2,420</u>
Net decrease in cash and cash equivalents	(702,873)
Cash and cash equivalents, July 1, 2011	<u>1,922,371</u>
Cash and cash equivalents, June 30, 2012	<u><u>\$ 1,219,498</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 134,490
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	186,792
Changes in assets and liabilities	
Increase in:	
Accounts receivable	(19,513)
Compensated absences payable	39,238
Decrease in:	
Due from other governmental units	1,289
Accounts payable	(6,220)
Accrued payroll and employee benefits	(13,894)
Landfill closure and postclosure care costs payable	<u>(253,200)</u>
Net cash provided by operating activities	<u>\$ 68,982</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Investment Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and investments	\$ 30,056,872	\$ 977,490
Interest receivable	<u>37,623</u>	<u>-</u>
Total assets	<u>30,094,495</u>	<u>\$ 977,490</u>
Liabilities		
Due to other governmental units		\$ 28,097
Deposits held for others		<u>949,393</u>
Total liabilities		<u>\$ 977,490</u>
Net assets		
Held in trust for investment trust participants	<u>\$ 30,094,495</u>	

See accompanying notes to financial statements.

Santa Cruz County
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2012

	<u>Investment Trust Funds</u>
Additions	
Contributions from participants	\$ 99,137,482
Investment earnings	<u>123,916</u>
Total additions	<u>99,261,398</u>
 Deductions	
Distributions to participants	<u>98,649,432</u>
Total deductions	<u>98,649,432</u>
Change in net assets	611,966
Net assets, July 1, 2011	<u>29,482,529</u>
Net assets, June 30, 2012	<u><u>\$ 30,094,495</u></u>

See accompanying notes to financial statements.

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Santa Cruz County
Notes to Financial Statements
June 30, 2012

Note 1 – Summary of Significant Accounting Policies

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

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 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

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

Santa Cruz County
Notes to Financial Statements
June 30, 2012

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 overall government's financial activities, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes levied or imposed by the County, are reported as general revenues.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double-counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

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

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

Santa Cruz County
Notes to Financial Statements
June 30, 2012

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.

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 fund types:

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

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

Santa Cruz County
Notes to Financial Statements
June 30, 2012

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 funds 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 liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and landfill closure and postclosure care costs, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

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

Santa Cruz County
Notes to Financial Statements
June 30, 2012

of 1 year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value.

E. Property Tax Calendar

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

	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.

Santa Cruz County
Notes to Financial Statements
June 30, 2012

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

The unrestricted fund balance category is composed of committed, assigned and unassigned resources. Committed fund balances are self-imposed limitations 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 be removed or changed by only 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.

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 terminating 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

Santa Cruz County
Notes to Financial Statements
June 30, 2012

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 terminating employment. However, for employees who terminate with a minimum of 5 years of continuous service and have accumulated sick leave hours in excess of 240 hours, sick leave benefits do vest and, therefore, are accrued as a liability in the government-wide and proprietary funds' financial statements. Such eligible terminating employees are compensated for actual sick leave at a percentage in proportion to years of service provided. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year-end.

Note 2 – Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2012, 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>Other Governmental Funds</u>	<u>Total</u>
Fund balances:								
Nonspendable:								
Prepaid items	\$ 44,221	\$ 885		\$ 527				\$ 45,633
Total nonspendable	<u>44,221</u>	<u>885</u>		<u>527</u>				<u>45,633</u>
Restricted for:								
Capital projects							\$ 108,004	108,004
Education				24,619			838,953	863,572
Flood control					\$9,884,018			9,884,018
General government							380,497	380,497
Health							81,409	81,409
Judicial activities			\$ 985,215				813,508	1,798,723
Law enforcement		722,107	449,766			\$ 3,537	365,112	1,540,522
Social services							198,780	198,780
Streets and highways							1,514,669	1,514,669
Other purposes							33,210	33,210
Total restricted		<u>722,107</u>	<u>1,434,981</u>	<u>24,619</u>	<u>9,884,018</u>	<u>3,537</u>	<u>4,334,142</u>	<u>16,403,404</u>
Assigned to:								
Capital projects							198,732	198,732
Debt service							242,365	242,365
Education							100,091	100,091
Health							68,315	68,315
Judicial activities			1,746					1,746
Streets and highways							662	662
Total assigned			<u>1,746</u>				<u>610,165</u>	<u>611,911</u>
Unassigned:	<u>13,513,269</u>		<u>(513,005)</u>	<u>(389,639)</u>		<u>(300,216)</u>	<u>(229,556)</u>	<u>12,080,853</u>
Total fund balances	<u>\$13,557,490</u>	<u>\$722,992</u>	<u>\$ 923,722</u>	<u>\$(364,493)</u>	<u>\$9,884,018</u>	<u>\$(296,679)</u>	<u>\$4,714,751</u>	<u>\$29,141,801</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2012

Note 3 – Stewardship, Compliance, and Accountability

Deficit fund balances—At June 30, 2012, the following nonmajor funds reported deficits in fund balance:

Fund	Deficit
Governmental funds:	
Other governmental	
1904 Courthouse	\$ 561
Adult Detention Stimulus Fund	954
Title II-Improv Teacher Quality	45
ESA Professional Develop Project	8,786
Airport	1,267
Health services	13,062

Note 4 – Deposits and Investments

Arizona Revised Statutes (A.R.S.) authorize the County to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds and notes; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. 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 (S&P) rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk

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

Santa Cruz County
Notes to Financial Statements
June 30, 2012

Concentration of credit risk

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

Interest rate risk

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. 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, 2012, the carrying amount of the County's deposits was \$27,664,261, and the bank balance was \$28,027,324. The County does not have a formal policy related to custodial credit risk for deposits.

Investments—The County's investments at June 30, 2012, were as follows:

Investment Type	Fair Value
State Treasurer's investment pool 5	\$13,649,032
State Treasurer's investment pool 7	39,987
Money market mutual fund	8,942,252
U.S. agency securities	2,504,350
Corporate notes	1,042,240
Repurchase agreement	<u>6,599,662</u>
	<u>\$32,777,523</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, 2012, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pool 5	AAAf/S1+	S&P	\$13,649,032
State Treasurer's investment pool 7	Unrated	N/A	39,987
Money market mutual funds	Aaa-mf	Moody's	8,942,252
U.S. agency securities	AA+	S&P	2,504,350
Corporate notes	Aa2	Moody's	1,042,240
Repurchase agreement	Unrated	N/A	<u>6,599,662</u>
			<u>\$32,777,523</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2012

Custodial credit risk—For an investment, custodial credit risk is the risk that, in the event of the counterparty’s failure, the County will not be able to recover the value of its investments or collateral securities that are in an outside party’s possession. The County does not have a formal investment policy with respect to custodial credit risk. At June 30, 2012, the County had \$1,042,240 in corporate notes and \$2,504,350 in U.S. agency securities that were uninsured and held by the counterparty. In addition, the County had collateral for an overnight repurchase agreement consisting of a Real Estate Mortgage Investment Conduit (REMIC) issued by the Federal National Mortgage Association totaling \$6,599,622 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 at June 30, 2012, representing 5 percent or more of the County’s total investments as follows:

Issuer	Percent
Federal National Mortgage Association	20
Federal Home Loan Bank	8

Interest rate risk—The County does not have a formal investment policy with respect to interest rate risk. At June 30, 2012, the County had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (In Years)
State Treasurer’s investment pool 5	\$13,649,032	0.07
State Treasurer’s investment pool 7	39,987	0.08
Money market mutual fund	8,942,252	0.00
U.S. agency securities	2,504,350	4.15
Corporate notes	1,042,240	0.55
Repurchase agreement	<u>6,599,662</u>	0.00
	<u>\$32,777,523</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	27,664,261
Amount of investments	<u>32,777,523</u>
Total	<u>\$60,446,722</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2012

Statement of Net Assets:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Investment Trust Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Cash and investments	\$19,250,610	\$1,219,498	\$30,056,872	\$977,490	\$51,504,470
Cash and investments held by trustee—restricted	<u>8,942,252</u>				<u>8,942,252</u>
Total	<u>\$28,192,862</u>	<u>\$1,219,498</u>	<u>\$30,056,872</u>	<u>\$977,490</u>	<u>\$60,446,722</u>

Note 5 – Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2012, in the General Fund include \$199,140 in County excise sales tax, \$167,664 in State sales tax, and \$47,042 in auto lieu tax from the State of Arizona. Amounts due from other governmental units in the Jail District Fund include \$198,971 in County excise sales tax and \$278,108 in federal and state reimbursement grants. Amounts due from other governmental units in the Criminal Justice Enhancement Fund, WIA Fund, and Homeland Security Fund include \$374,513, \$553,588, and \$1,371,133, respectively, in federal and state reimbursement grants. Amounts due from other governmental units in the Other Governmental Funds include \$319,709 in highway user revenue and \$373,831 in federal and state reimbursement grants. The remaining balances result 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, 2012, was as follows:

Santa Cruz County
Notes to Financial Statements
June 30, 2012

	<u>Balance July 1, 2011 (Restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2012</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 22,343,006			\$ 22,343,006
Construction in progress	<u>3,607,101</u>	\$ 224,028	\$ 143,301	<u>3,687,828</u>
Total capital assets not being depreciated	<u>25,950,107</u>	<u>224,028</u>	<u>143,301</u>	<u>26,030,834</u>
Capital assets being depreciated:				
Buildings	73,098,445	782,839		73,881,284
Improvements other than buildings	3,176,586	161,601	143,301	3,194,886
Construction equipment and vehicles	10,450,013	318,845	846,882	9,921,976
Furniture and equipment	10,531,665	1,100,434	903,995	10,728,104
Infrastructure	<u>75,200,909</u>	<u>391,671</u>		<u>75,592,580</u>
Total capital assets being depreciated	<u>172,457,618</u>	<u>2,755,390</u>	<u>1,894,178</u>	<u>173,318,830</u>
Less accumulated depreciation for:				
Buildings	6,144,642	1,856,951		8,001,593
Improvements other than buildings	1,233,077	120,517		1,353,594
Construction equipment and vehicles	8,454,608	743,921	846,791	8,351,738
Furniture and equipment	6,335,517	1,368,078	903,869	6,799,726
Infrastructure	<u>43,073,235</u>	<u>1,436,623</u>		<u>44,509,858</u>
Total accumulated depreciation	<u>65,241,079</u>	<u>5,526,090</u>	<u>1,750,660</u>	<u>69,016,509</u>
Total capital assets being depreciated, net	<u>107,216,539</u>	<u>(2,770,700)</u>	<u>143,518</u>	<u>104,302,321</u>
Governmental activities capital assets, net	<u>\$133,166,646</u>	<u>\$(2,546,672)</u>	<u>\$ 286,819</u>	<u>\$130,333,155</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 229,996			\$ 229,996
Total capital assets not being depreciated	<u>229,996</u>			<u>229,996</u>
Capital assets being depreciated:				
Buildings	246,067			246,067
Improvements other than buildings	3,461,558	\$ 479,324		3,940,882
Construction equipment and vehicles	<u>2,347,557</u>		\$ 988,857	<u>1,358,700</u>
Total capital assets being depreciated	<u>6,055,182</u>	<u>479,324</u>	<u>988,857</u>	<u>5,545,649</u>
Less accumulated depreciation for:				
Buildings	103,749	6,156		109,905
Improvements other than buildings	607,009	99,059		706,068
Construction equipment and vehicles	<u>2,175,971</u>	<u>81,577</u>	<u>988,857</u>	<u>1,268,691</u>
Total accumulated depreciation	<u>2,886,729</u>	<u>186,792</u>	<u>988,857</u>	<u>2,084,664</u>
Total capital assets being depreciated, net	<u>3,168,453</u>	<u>292,532</u>		<u>3,460,985</u>
Business-type activities capital assets, net	<u>\$ 3,398,449</u>	<u>\$ 292,532</u>	<u>\$</u>	<u>\$ 3,690,981</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2012

Capital assets, net of accumulated depreciation, were restated at July 1, 2011, to correct for a prior period accounting error. See Note 13, Beginning Balances Restated.

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$1,224,255
Public safety	2,364,748
Highways and streets	1,758,982
Health, welfare and sanitation	118,559
Education and economic opportunity	40,321
Recreation	<u>19,225</u>
Total governmental activities depreciation expense	<u>\$5,526,090</u>
Business-type activities:	
Landfill	<u>\$ 186,792</u>
Total business-type activities depreciation expense	<u>\$ 186,792</u>

Note 7 – Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2012:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due within</u> <u>1 year</u>
Governmental activities					
Long-term loans payable	\$55,245,000	\$ 9,300,000	\$1,755,000	\$62,790,000	\$2,000,000
Obligations under capital leases	1,313,389	224,146	378,087	1,159,448	216,089
Compensated absences payable	2,102,242	1,027,704	1,073,900	2,056,046	637,203
Estimated liabilities for claims and judgments	<u>75,000</u>	_____	_____	<u>75,000</u>	_____
Governmental activities long-term liabilities	<u>\$58,735,631</u>	<u>\$10,551,850</u>	<u>\$3,206,987</u>	<u>\$66,080,494</u>	<u>\$2,853,292</u>
Business-type activities					
Obligations under capital leases	\$ 5,740	_____	\$ 5,708	\$ 32	\$ 32
Compensated absences payable	49,740	\$ 65,598	26,360	88,978	17,598
Landfill closure and postclosure care costs payable	<u>1,809,594</u>	_____	<u>253,200</u>	<u>1,556,394</u>	_____
Business-type activities long-term liabilities	<u>\$ 1,865,074</u>	<u>\$ 65,598</u>	<u>\$ 285,268</u>	<u>\$ 1,645,404</u>	<u>\$ 17,630</u>

Long-term loans payable—On January 1, 2012, the County entered a purchase agreement with U. S. Bank National Association to issue \$9,300,000 in pledged revenue obligations, series 2012 (2012 series). The purpose of the obligations is to finance the construction of bridges and other flood control projects that provide vehicle access to flood-prone areas within the County. The obligations mature on June 15, 2026, with annual principal payments beginning on June 15, 2012, and semi-annual interest payments set at a rate of 3.82 percent.

Santa Cruz County
Notes to Financial Statements
June 30, 2012

Interest is payable on June 15 and December 15 of each year and is calculated based on the outstanding obligation amount during such period. For fiscal year 2012, the County made principal and interest payments of \$155,000 and \$165,788, respectively.

In addition, the County's long-term loans payable include two other loan agreements with the Greater Arizona Development Authority (GADA), the 2008-1 project and the 2008-2 project. The purpose of the 2008-1 project loan is to provide funds for the construction of the court and judicial facility, and the purpose of the 2008-2 loan 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 and 2012 project loans, the County has pledged a portion of its future excise tax and state shared revenues to repay the loans obtained from GADA for funding the 2008-1 project and the private bank for funding the flood control projects. For fiscal year 2012, the County received excise tax revenues of \$2,646,194 and state shared revenues net of other statutory claims of \$2,182,083. For the 2008-1 project loan, the total principal and interest payments were \$280,000 and \$715,875, respectively. Total principal and interest remaining to be paid on the 2008-1 and 2012 loans is \$25,925,846 and \$12,665,321, respectively.

For the 2008-2 project loan, the County's debt service obligations to repay the loan obtained from GADA 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 2012, the County received Jail District excise tax revenues of \$2,641,677 and made maintenance of effort payments of \$2,898,656, and the principal and interest payments were \$1,320,000 and \$1,927,806, respectively. Total principal and interest remaining to be paid on the loan is \$61,703,092.

Long-term loans payable at June 30, 2012, were as follows:

Description	Interest Rates	Maturities	Outstanding Principal July 1, 2011	Issues	Retirements	Outstanding Principal June 30, 2012
2008-1 project	4.00%-5.39%	2013-2038	\$14,465,000		\$ 280,000	\$14,185,000
2008-2 project	3.25%-5.25%	2013-2031	40,780,000		1,320,000	39,460,000
2012 series	3.82%	2013-2026		<u>\$9,300,000</u>	<u>155,000</u>	<u>9,145,000</u>
			<u>\$55,245,000</u>	<u>\$9,300,000</u>	<u>\$1,755,000</u>	<u>\$62,790,000</u>

The following schedule details debt service requirements to maturity for the County's loans payable at June 30, 2012:

Santa Cruz County
Notes to Financial Statements
June 30, 2012

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 2,000,000	\$ 2,932,320
2014	2,080,000	2,852,554
2015	2,160,000	2,769,603
2016	2,250,000	2,683,073
2017	2,335,000	2,592,932
2018-2022	13,250,000	11,404,437
2023-2027	19,080,000	7,941,952
2028-2032	14,610,000	3,364,538
2033-2037	4,075,000	912,975
2038	950,000	49,875
Total	<u>\$62,790,000</u>	<u>\$37,504,259</u>

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

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Building	\$1,025,840	
Construction equipment and vehicles	436,956	\$25,358
Furniture and equipment	697,146	
Less: accumulated depreciation	<u>592,536</u>	<u>17,515</u>
Carrying value	<u>\$1,567,406</u>	<u>\$ 7,843</u>

The following schedule details debt service requirements to maturity for the County's obligations under capital leases at June 30, 2012:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2013	\$ 260,954	\$35
2014	211,595	
2015	211,594	
2016	118,580	
2017	84,603	
2018-2022	301,319	
2023-2026	<u>241,056</u>	
Total minimum lease payments	1,429,701	35
Less amount representing interest	<u>270,253</u>	<u>3</u>
Present value of net minimum lease payments	<u>\$1,159,448</u>	<u>\$32</u>

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June 30, 2012

Landfill closure and postclosure care costs—State and federal laws and regulations require the County to place a final cover on its two landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and postclosure care costs will not be paid until near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs in each period that the County operates the landfills. These costs will be paid from the Enterprise Fund.

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The \$1,556,394 reported as landfill closure and postclosure care liability at June 30, 2012, represents the cumulative amount reported to date based on the use of 36 percent and 12 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 \$3,506,761 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 2012. The County closed one landfill in 1994 and expects to close the remaining two landfills in 2043 and 2127, and the actual cost may be higher because of inflation, changes in technology, changes in materials, or changes in regulations.

According to state and federal laws and regulations, the County must comply with the local government financial test requirements that ensure 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. The County is responsible for paying the premium and requires its employees to contribute a portion of that premium. If it withdraws from the Trust, the County is responsible for any claims' run-out costs, including claims reported but not settled, claims incurred but not reported, and administrative costs. If the Trust were to terminate, the County would be responsible for its proportional share of any Trust deficit.

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 2012, the County paid for compensated absences as follows: 48 percent from the General Fund, 18 percent from the Jail District Fund, 8 percent from the Criminal Justice Enhancement Fund, 3 percent from the Flood Control Fund, 2 percent from the WIA Fund, 1 percent from the Homeland Security Fund, 18 percent from the Other Governmental Funds, and 2 percent from the Enterprise Fund.

Santa Cruz County
Notes to Financial Statements
June 30, 2012

Note 8 – Construction Commitments

The County had major contractual commitments related to various capital projects at June 30, 2012, for the construction of bridges and other flood control projects that provide vehicle access to flood-prone areas within the County. At June 30, 2012, the County had spent \$3,687,828 on these projects and reported the total amount in construction in progress. An estimated cost to complete these projects is approximately \$4,650,000. These projects are predominantly financed by future excise tax and state shared revenues.

Note 9 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For 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 page 44. The County carries commercial insurance for all such risks of loss relating to the ownership of Nogales International Airport, and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past 3 fiscal years.

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

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

Santa Cruz County
Notes to Financial Statements
June 30, 2012

incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation.

Note 10 – Pensions and Other Postemployment Benefits

Plan Descriptions—The County contributes to four plans, two of which are described below. The Elected Officials Retirement Plan (EORP) and the Corrections Officer Retirement Plan (CORP) are not described 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 toward the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The *Arizona State Retirement System (ASRS)* administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium 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.

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

Santa Cruz County
Notes to Financial Statements
June 30, 2012

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, 2012, active ASRS members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.5 percent for retirement and 0.24 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 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

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

<u>Year Ended June 30</u>	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2012	\$877,362	\$56,002	\$21,334
2011	811,086	53,112	22,503
2010	791,797	62,660	37,891

Agent Plan—For the year ended June 30, 2012, active PSPRS members were required by statute to contribute 8.65 percent of the members' annual covered payroll and the County was required to contribute 22.30 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.41 percent of covered payroll.

Actuarial methods and assumptions—The contribution requirements for the year ended June 30, 2012, were established by the June 30, 2010, 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 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 actuarial methods and assumptions used to establish the fiscal year 2012 contribution requirements, are as follows:

Santa Cruz County
Notes to Financial Statements
June 30, 2012

Actuarial valuation date	June 30, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	26 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 includes inflation at	5.50% - 8.50% for PSPRS 5.50% for PSPRS

Annual Pension/OPEB Cost—The County's pension/OPEB cost for the PSPRS agent plan for the year ended June 30, 2012, and related information follows:

	PSPRS	
	Pension	Health Insurance
Annual pension/OPEB cost	\$418,127	\$28,222
Contributions made	441,200	5,149

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

Plan	Year Ended June 30	Annual Pension/OPEB Cost	Percentage of Annual Cost Contributed	Net Pension Asset/(OPEB Obligation)
PSPRS				
Pension	2012	\$418,127	105.5%	\$23,073
Health insurance	2012	28,222	18.2	(23,073)
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)

Funded Status—The funded status of the plan as of the most recent valuation date, June 30, 2012, along with the actuarial assumptions and methods used in those valuations follow.

Santa Cruz County
Notes to Financial Statements
June 30, 2012

	PSPRS	
	Pension	Health Insurance
Actuarial value of assets (a)	\$ 5,980,797	
Actuarial accrued liability (b)	11,586,161	\$ 326,152
Unfunded actuarial accrued liability (funding excess) (b) – (a)	5,605,364	326,152
Funded ratio (a)/(b)	51.6%	0%
Annual covered payroll (c)	2,004,335	2,004,335
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(b)-(a)]/(c))	279.7%	16.27%

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

Actuarial valuation date	June 30, 2012
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	24 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases includes inflation at	5% - 9% for PSPRS 5% for PSPRS

Note 11 – Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2012, were as follows:

	Payable to General Fund
Payable from	
Criminal Justice Enhancement Fund	\$ 594,058
Homeland Security Fund	1,371,133
WIA Fund	546,617
Nonmajor Governmental Funds	<u>125,288</u>
Total	<u>\$2,637,096</u>

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

Santa Cruz County
Notes to Financial Statements
June 30, 2012

Interfund transfers—Interfund transfers for the year ended June 30, 2012, were as follows:

	Transfers to							Total
	General Fund	Jail District Fund	Criminal Justice Enhancement Fund	WIA Fund	Homeland Security Fund	Nonmajor Governmental Funds	Landfill	
Transfers from								
General Fund		\$2,898,656	\$120,865	\$231,026	\$467	\$2,301,690	\$12,147	\$5,564,851
Jail District Fund			144					144
Flood Control Fund	\$1,250,000					1,083	5,362	1,256,445
Homeland Security Fund			208					208
Nonmajor Governmental Funds		45,948	99,308			12,181	739	158,176
Total	<u>\$1,250,000</u>	<u>\$2,944,604</u>	<u>\$220,525</u>	<u>\$231,026</u>	<u>\$467</u>	<u>\$2,314,954</u>	<u>\$18,248</u>	<u>\$6,979,824</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 her stewardship. The Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the Treasurer determines the fair value of those pooled investments annually at June 30.

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

All deposits and investments of the County’s primary government are included in the County Treasurer’s investment pool, except for \$911,785 of deposits, \$11,276,794 of investments in the State Treasurer’s investment pools and \$8,942,252 of investments held by trustee. The County Treasurer manages the investments in the State Treasurer’s investment pools 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, 2012

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	\$2,412,225	None stated	None stated	\$2,412,225
U.S. agency securities	2,500,000	1.50%	8/24/16	2,504,350
Corporate notes	1,000,000	4.40%	1/15/13	1,042,240
Repurchase agreement	6,599,662	0.01-0.05	Overnight	6,599,662

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

Statement of Net Assets:

Assets	\$ 39,310,953
Liabilities	<u>-</u>
Net assets	<u>\$ 39,310,953</u>
Net assets held in trust for:	
Internal participants	\$ 9,269,919
External participants	<u>30,041,034</u>
Total net assets held in trust	<u>\$ 39,310,953</u>

Statement of Changes in Net Assets:

Total additions	\$145,629,520
Total deductions	<u>142,982,201</u>
Net increase	2,647,319
Net assets held in trust:	
July 1, 2011	<u>36,663,634</u>
June 30, 2012	<u>\$ 39,310,953</u>

Note 13 – Beginning Balances Restated

Net assets on the government-wide Statement of Activities and fund balances and net assets on the Statements of Revenues, Expenditures/Expenses, and Changes in Fund Balances/Fund Net Assets as of July 1, 2011, have been restated for the following corrections of prior period accounting errors.

Santa Cruz County
Notes to Financial Statements
June 30, 2012

	Governmental Activities	Enterprise Funds/ Business-Type Activities	Governmental Funds
Net assets/fund balances as of June 30, 2011, as previously reported	\$97,018,453	\$3,041,515	\$21,125,291
Corrections of accounting errors reported in the following funds and accounts:			
Restated prior year's non-operating revenues in the Landfill Fund		40,430	
Restated prior year's expenditures in the Criminal Justice Enhancement Fund	(58,172)		(58,172)
Restated prior year's expenditures in the Flood Control Fund	(72,540)		(72,540)
Restated capital assets, net of accumulated depreciation	<u>1,989,597</u>	_____	_____
Net assets/fund balances as of July 1, 2011, as restated	<u>\$98,877,338</u>	<u>\$3,081,945</u>	<u>\$20,994,579</u>

Required Supplementary Information

Santa Cruz County
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 12,995,615	\$ 12,995,615	\$ 13,876,312	\$ 880,697
Intergovernmental	5,615,113	5,615,113	6,635,288	1,020,175
Licenses and permits	280,000	280,000	293,019	13,019
Charges for services	996,546	996,546	1,020,794	24,248
Fines and forfeits	389,000	389,000	590,209	201,209
Investment earnings	25,000	25,000	31,448	6,448
Rents			33,391	33,391
Miscellaneous			224,837	224,837
Total revenues	<u>20,301,274</u>	<u>20,301,274</u>	<u>22,705,298</u>	<u>2,404,024</u>
Expenditures				
Current:				
General government				
Airport	173,435	173,435	30,633	142,802
Assessor	826,793	826,793	795,509	31,284
Board of Supervisors	5,206,397	5,206,397	2,342,170	2,864,227
Central Permits	166,231	166,231	51,285	114,946
Clerk of Superior Court	708,946	708,946	676,465	32,481
Constable #1	69,904	69,904	66,072	3,832
Constable #2	26,399	26,399	26,998	(599)
County Attorney	1,202,509	1,202,509	1,225,724	(23,215)
Elections	341,734	341,734	174,065	167,669
Finance	2,031,888	2,031,888	919,559	1,112,329
GIS	25,000	25,000	23,293	1,707
Grounds and Maintenance	3,143,656	3,143,656	1,107,444	2,036,212
Information Technology	518,269	518,269	567,931	(49,662)
Justice Court #1	615,117	615,117	562,711	52,406
Justice Court #2	172,940	172,940	167,981	4,959
Planning and Zoning	388,855	388,855	247,407	141,448
Recorder	239,962	239,962	225,817	14,145
Recorder - Election	273,698	273,698	122,065	151,633
Superior Court	1,099,940	1,099,940	1,028,607	71,333
Treasurer	509,015	509,015	498,004	11,011
Total general government	<u>17,740,688</u>	<u>17,740,688</u>	<u>10,859,740</u>	<u>6,880,948</u>
Public safety				
Adult Probation	439,218	439,218	443,826	(4,608)
Building Codes	215,449	215,449	190,010	25,439
Emergency Services	63,196	63,196	67,117	(3,921)
Sheriff	3,537,759	3,537,759	3,660,341	(122,582)
Total public safety	<u>4,255,622</u>	<u>4,255,622</u>	<u>4,361,294</u>	<u>(105,672)</u>

(Continued)

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2012
(Concluded)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Health, welfare and sanitation				
Public Fiduciary	\$ 3,065,369	\$ 3,065,369	\$ 3,070,121	\$ (4,752)
Total health, welfare and sanitation	<u>3,065,369</u>	<u>3,065,369</u>	<u>3,070,121</u>	<u>(4,752)</u>
Education and economic opportunity				
School Superintendent	<u>375,885</u>	<u>375,885</u>	<u>384,672</u>	<u>(8,787)</u>
Total education and economic opportunity	<u>375,885</u>	<u>375,885</u>	<u>384,672</u>	<u>(8,787)</u>
Recreation				
Parks	<u>376,935</u>	<u>376,935</u>	<u>144,184</u>	<u>232,751</u>
Total recreation	<u>376,935</u>	<u>376,935</u>	<u>144,184</u>	<u>232,751</u>
Total expenditures	<u>25,814,499</u>	<u>25,814,499</u>	<u>18,820,011</u>	<u>6,994,488</u>
Excess (deficiency) of revenues over expenditures	(5,513,225)	(5,513,225)	3,885,287	9,398,512
Other financing sources (uses)				
Transfer in	-	-	1,250,000	1,250,000
Transfer out	<u>(4,449,914)</u>	<u>(4,449,914)</u>	<u>(5,564,851)</u>	<u>(1,114,937)</u>
Total other financing sources (uses)	<u>(4,449,914)</u>	<u>(4,449,914)</u>	<u>(4,314,851)</u>	<u>135,063</u>
Net change in fund balance	(9,963,139)	(9,963,139)	(429,564)	9,533,575
Fund balance, July 1, 2011	<u>9,963,139</u>	<u>9,963,139</u>	<u>13,987,054</u>	<u>4,023,915</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,557,490</u>	<u>\$ 13,557,490</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
Jail District Fund
Year Ended June 30, 2012

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 2,350,000	\$ 2,641,677	\$ 291,677
Intergovernmental	3,927,059	3,074,874	(852,185)
Investment earnings		3,335	3,335
Miscellaneous		1,442	1,442
Total revenues	<u>6,277,059</u>	<u>5,721,328</u>	<u>(555,731)</u>
Expenditures			
Current:			
Public safety			
Juvenile Detention	1,014,033	991,671	22,362
Sheriff's Office	5,115,326	4,045,449	1,069,877
Health			
Environmental Health	255,145	25,437	229,708
Debt service			
Principal retirement	1,320,000	1,410,976	(90,976)
Interest and fiscal charges	<u>1,927,806</u>	<u>1,939,482</u>	<u>(11,675)</u>
Total expenditures	<u>9,632,310</u>	<u>8,413,015</u>	<u>1,219,295</u>
Excess (deficiency) of revenues over expenditures	(3,355,251)	(2,691,687)	663,564
Other financing sources (uses)			
Transfer in	2,898,656	2,944,604	45,948
Transfers out		<u>(144)</u>	<u>(144)</u>
Total other financing sources (uses)	<u>2,898,656</u>	<u>2,944,460</u>	<u>45,804</u>
Net change in fund balances	(456,595)	252,773	709,368
Fund balance, July 1, 2011	<u>456,595</u>	<u>470,219</u>	<u>13,624</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ 722,992</u>	<u>\$ 722,992</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, 2012

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 1,547,375	\$ 1,901,924	\$ 354,549
Charges for services	14,000	55,515	41,515
Fines and forfeits	565,000	1,410,403	845,403
Investment earnings	1,400	5,120	3,720
Miscellaneous	<u> </u>	<u>571</u>	<u>571</u>
Total revenues	<u>2,127,775</u>	<u>3,373,533</u>	<u>1,245,758</u>
Expenditures			
Current:			
General government			
County Attorney	1,739,703	1,641,501	98,202
Clerk of Superior Court	8,131		8,131
Justice Court	30,100	14,616	15,484
Superior Court	<u>673,115</u>	<u>34,765</u>	<u>638,350</u>
Total general government	<u>2,451,049</u>	<u>1,690,882</u>	<u>760,167</u>
Public safety			
Juvenile Probation	72,170		72,170
Sheriff's Office	958,898	1,039,535	(80,637)
Other Agencies	<u>105,474</u>	<u>206,646</u>	<u>(101,172)</u>
Total public safety	<u>1,136,542</u>	<u>1,246,181</u>	<u>(109,639)</u>
Total expenditures	<u>3,587,591</u>	<u>2,937,063</u>	<u>650,528</u>
Excess (deficiency) of revenues over expenditures	(1,459,816)	436,470	1,896,286
Other financing sources (uses)			
Transfer in	238,864	220,525	(18,339)
Transfer out	<u>(139,881)</u>	<u>-</u>	<u>139,881</u>
Total other financing sources (uses)	<u>98,983</u>	<u>220,525</u>	<u>121,542</u>
Net change in fund balance	(1,360,833)	656,995	2,017,828
Fund balance, July 1, 2011, as restated	<u>1,360,833</u>	<u>266,727</u>	<u>(1,094,106)</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ 923,722</u>	<u>\$ 923,722</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Required Supplementary Information
 Budgetary Comparison Schedule
 WIA Fund
 Year Ended June 30, 2012

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 1,009,152	\$ 1,066,453	\$ 57,301
Total revenues	<u>1,009,152</u>	<u>1,066,453</u>	<u>57,301</u>
Expenditures			
Education and economic opportunity—Commerce	1,022,202	1,052,054	(29,852)
Total expenditures	<u>1,022,202</u>	<u>1,052,054</u>	<u>(29,852)</u>
Excess (deficiency) of revenues over expenditures	(13,050)	14,399	27,449
Other financing sources (uses):			
Transfers in	-	231,026	231,026
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>231,026</u>	<u>231,026</u>
Net change in fund balance	(13,050)	245,425	258,475
Fund balance, July 1, 2011	<u>13,050</u>	<u>(609,918)</u>	<u>(622,968)</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ (364,493)</u>	<u>\$ (364,493)</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
Flood Control Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,089,389	\$ 2,089,389	\$ 2,054,889	\$ (34,500)
Investment earnings			7,541	7,541
Miscellaneous	-	-	1,167	1,167
Total revenues	<u>2,089,389</u>	<u>2,089,389</u>	<u>2,063,597</u>	<u>(25,792)</u>
Expenditures				
Public safety—Flood control district	<u>14,510,653</u>	<u>14,510,653</u>	<u>3,407,830</u>	<u>11,102,823</u>
Total expenditures	<u>14,510,653</u>	<u>14,510,653</u>	<u>3,407,830</u>	<u>11,102,823</u>
Excess (deficiency) of revenues over expenditures	(12,421,264)	(12,421,264)	(1,344,233)	11,077,031
Other financing sources (uses):				
Loan proceeds	9,115,000	9,115,000	9,300,000	185,000
Transfers out	-	-	(1,256,445)	(1,256,445)
Total other financing sources (uses)	<u>9,115,000</u>	<u>9,115,000</u>	<u>8,043,555</u>	<u>(1,071,445)</u>
Net change in fund balance	(3,306,264)	(3,306,264)	6,699,322	10,005,586
Fund balance, July 1, 2011, as restated	<u>3,306,264</u>	<u>3,306,264</u>	<u>3,184,696</u>	<u>(121,568)</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,884,018</u>	<u>\$ 9,884,018</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
Homeland Security Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 1,081,202	\$ 581,202
Investment earnings			1	1
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>1,081,203</u>	<u>581,203</u>
Expenditures				
Public safety				
Emergency Management	3,534	3,534	192,505	(188,971)
Sheriff's Office	<u>500,000</u>	<u>500,000</u>	<u>474,055</u>	<u>25,945</u>
Total expenditures	<u>503,534</u>	<u>503,534</u>	<u>666,560</u>	<u>(163,026)</u>
Excess (deficiency) of revenues over expenditures	(3,534)	(3,534)	414,643	418,177
Other financing sources (uses):				
Transfers in			467	467
Transfers out	-	-	<u>(208)</u>	<u>(208)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>259</u>	<u>259</u>
Net change in fund balance	(3,534)	(3,534)	414,902	418,436
Fund balance, July 1, 2011	<u>3,534</u>	<u>3,534</u>	<u>(711,581)</u>	<u>(715,115)</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (296,679)</u>	<u>\$ (296,679)</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2012

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 schedule:

	General Fund
Excess of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$3,661,141
Present value of net minimum capital lease payments	<u>224,146</u>
Excess of revenues over expenditures from the budgetary comparison schedules	<u>\$3,885,287</u>

Santa Cruz County
 Required Supplementary Information
 Notes to Budgetary Comparison Schedules
 June 30, 2012

Note 3 – Expenditures in Excess of Appropriations

For the year ended June 30, 2012, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Fund/Department	Excess
<u>Department/Fund:</u>	
Constable #2—General Fund	\$ 599
Information Technology—General Fund	49,662
Adult Probation—General Fund	4,608
Emergency Services—General Fund	3,921
Public Fiduciary—General Fund	4,752
School Superintendent—General Fund	8,787
Other Agencies—Criminal Justice Enhancement Fund	101,172
Commerce Department—WIA Fund	29,852
Emergency Management—Homeland Security Fund	188,971

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, 2012

Public Safety Personnel Retirement System

	Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b-a)	Funded ratio (a/b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll ((b-a)/c)
Pension Health	June 30, 2012	\$5,980,797	\$11,586,161	\$5,605,364	51.6%	\$2,004,335	279.7%
Insurance	June 30, 2012	-	326,152	326,152	0.0%	2,004,335	16.3%
Pension Health	June 30, 2011	5,717,985	10,383,222	4,665,237	55.1%	1,973,917	236.3%
Insurance	June 30, 2011	-	321,252	321,252	0.0%	1,973,917	16.3%
Pension Health	June 30, 2010	5,491,740	10,055,856	4,564,116	54.6%	2,286,973	199.6%
Insurance	June 30, 2010	-	303,130	303,130	0.0%	2,286,973	13.3%

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Combining and Individual
Fund Statements and Schedules

Santa Cruz County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
Assets				
Cash and investments	\$ 4,519,940	\$ 311,738	\$ 246,967	\$ 5,078,645
Property taxes receivable (net of allowances for uncollectibles)			4	4
Due from other governmental units	693,002	1,911	7	694,920
Accounts receivable	<u>127,062</u>			<u>127,062</u>
Total assets	<u>\$ 5,340,004</u>	<u>\$ 313,649</u>	<u>\$ 246,978</u>	<u>\$ 5,900,631</u>
Liabilities				
Accounts payable	\$ 825,642	\$ 4,985		\$ 830,627
Due to other governments			\$ 4,613	4,613
Accrued payroll and employee benefits	74,727	49		74,776
Due to other funds	123,409	1,879		125,288
Deferred revenue	<u>148,912</u>	<u>1,664</u>		<u>150,576</u>
Total liabilities	<u>1,172,690</u>	<u>8,577</u>	<u>4,613</u>	<u>1,185,880</u>
Fund Balance				
Restricted	4,226,138	108,004		4,334,142
Assigned	169,068	198,732	242,365	610,165
Unassigned	<u>(227,892)</u>	<u>(1,664)</u>		<u>(229,556)</u>
Total fund balance	<u>4,167,314</u>	<u>305,072</u>	<u>242,365</u>	<u>4,714,751</u>
 Total liabilities and fund balance	 <u>\$ 5,340,004</u>	 <u>\$ 313,649</u>	 <u>\$ 246,978</u>	 <u>\$ 5,900,631</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Total Other Governmental Funds</u>
Revenues				
Taxes			\$ 72	\$ 72
Intergovernmental	\$ 8,449,462	\$ 73,682		8,523,144
Charges for services	548,522			548,522
Fines and forfeits	90,981			90,981
Investment earnings	15,190	753	4,489	20,432
Miscellaneous	184,399	83,729	1,434	269,562
Total revenues	<u>9,288,554</u>	<u>158,164</u>	<u>5,995</u>	<u>9,452,713</u>
Expenditures				
General government	550,083	584,239		1,134,322
Public safety	2,073,894	106,625		2,180,519
Highways and streets	3,607,007			3,607,007
Health, welfare and sanitation	1,330,036			1,330,036
Education and economic opportunity	1,950,695			1,950,695
Debt Service				
Principal retirement	100,728		280,000	380,728
Interest and fiscal charges	2,940		715,875	718,815
Total expenditures	<u>9,615,383</u>	<u>690,864</u>	<u>995,875</u>	<u>11,302,122</u>
Excess (deficiency) of revenues over (under) expenditures	(326,829)	(532,700)	(989,880)	(1,849,409)
Other financing sources (uses)				
Transfer in	526,994	792,095	995,865	2,314,954
Transfer out	(158,176)			(158,176)
Total other financing sources (uses)	<u>368,818</u>	<u>792,095</u>	<u>995,865</u>	<u>2,156,778</u>
Net change in fund balance	41,989	259,395	5,985	307,369
Beginning fund balance	<u>4,125,325</u>	<u>45,677</u>	<u>236,380</u>	<u>4,407,382</u>
Ending fund balance	<u>\$ 4,167,314</u>	<u>\$ 305,072</u>	<u>\$ 242,365</u>	<u>\$ 4,714,751</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012

	<u>Road</u>	<u>Health Services</u>	<u>Juvenile Services</u>	<u>Probation Services</u>
Assets				
Cash and investments	\$ 1,875,751	\$ 80,365	\$ 321,315	\$ 454,028
Due from other governmental units	284,411	86,799	61,017	6,819
Accounts receivable	<u>6,050</u>	<u>3,730</u>	<u>768</u>	<u>6,407</u>
Total assets	<u>\$ 2,166,212</u>	<u>\$ 170,894</u>	<u>\$ 383,100</u>	<u>\$ 467,254</u>
Liabilities				
Accounts payable	\$ 629,621	\$ 53,488	\$ 43,021	\$ 11,245
Accrued payroll and employee benefits	21,259	6,220	17,544	20,414
Due to other funds		49,298	61,012	5,674
Deferred revenue		<u>74,950</u>	<u>61,012</u>	<u>5,674</u>
Total liabilities	<u>650,880</u>	<u>183,956</u>	<u>182,589</u>	<u>43,007</u>
Fund Balance				
Restricted	1,514,669	80,980	265,176	444,760
Assigned	663			
Unrestricted		<u>(94,042)</u>	<u>(64,665)</u>	<u>(20,513)</u>
Total fund balance (deficit)	<u>1,515,332</u>	<u>(13,062)</u>	<u>200,511</u>	<u>424,247</u>
Total liabilities and fund balance	<u>\$ 2,166,212</u>	<u>\$ 170,894</u>	<u>\$ 383,100</u>	<u>\$ 467,254</u>

<u>Retrieval Conversion</u>	<u>Animal Control</u>	<u>Accommodation School</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
\$ 640,788	\$ 41,824	\$ 37,880	\$ 1,067,989	\$ 4,519,940
52	41,105		212,799	693,002
12,960	817		96,330	127,062
<u>\$ 653,800</u>	<u>\$ 83,746</u>	<u>\$ 37,880</u>	<u>\$ 1,377,118</u>	<u>\$ 5,340,004</u>
\$ 27,010	\$ 9,408		\$ 51,849	\$ 825,642
918	5,594		2,778	74,727
196			7,229	123,409
47			7,229	148,912
<u>28,171</u>	<u>15,002</u>	<u>-</u>	<u>69,085</u>	<u>1,172,690</u>
627,182	429	\$ 61,742	1,231,200	4,226,138
	68,315	12,911	87,179	169,068
(1,553)		(36,773)	(10,346)	(227,892)
<u>625,629</u>	<u>68,744</u>	<u>37,880</u>	<u>1,308,033</u>	<u>4,167,314</u>
<u>\$ 653,800</u>	<u>\$ 83,746</u>	<u>\$ 37,880</u>	<u>\$ 1,377,118</u>	<u>\$ 5,340,004</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2012

	<u>Road</u>	<u>Health Services</u>	<u>Juvenile Services</u>	<u>Probation Services</u>
Revenues				
Intergovernmental	\$ 3,372,484	\$ 315,222	\$ 961,638	\$ 983,968
Charges for services		131,563	9,831	82,226
Fines and forfeits				
Investment earnings	5,852	52	1,360	1,433
Miscellaneous	<u>14,747</u>		<u>26</u>	<u>1,877</u>
Total revenues	<u>3,393,083</u>	<u>446,837</u>	<u>972,855</u>	<u>1,069,504</u>
Expenditures				
General government			141,804	
Public safety			716,553	1,043,634
Highways and streets	3,607,007			
Health, welfare and sanitation		672,504		
Education and economic opportunity			152,189	
Debt Service				
Principal retirement	100,728			
Interest and fiscal charges	<u>2,940</u>			
Total expenditures	<u>3,710,675</u>	<u>672,504</u>	<u>1,010,546</u>	<u>1,043,634</u>
Excess (deficiency) of revenues over (under) expenditures	(317,592)	(225,667)	(37,691)	25,870
Other financing sources (uses)				
Transfer in	8,583	187,359	4,072	2,472
Transfer out	<u>(143)</u>	<u>(596)</u>	<u>(609)</u>	
Total other financing sources (uses)	<u>8,440</u>	<u>186,763</u>	<u>3,463</u>	<u>2,472</u>
Net change in fund balance	(309,152)	(38,904)	(34,228)	28,342
Beginning fund balance	<u>1,824,484</u>	<u>25,842</u>	<u>234,739</u>	<u>395,905</u>
Ending fund balance (deficit)	<u>\$ 1,515,332</u>	<u>\$ (13,062)</u>	<u>\$ 200,511</u>	<u>\$ 424,247</u>

<u>Retrieval Conversion</u>	<u>Animal Control</u>	<u>Accommodation School</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
\$ 17,728	\$ 230,872	\$ 937,021	\$ 1,630,529	\$ 8,449,462
95,430	37,904		191,568	548,522
90,981				90,981
2,944	225	213	3,111	15,190
5	10,640	121,670	35,434	184,399
<u>207,088</u>	<u>279,641</u>	<u>1,058,904</u>	<u>1,860,642</u>	<u>9,288,554</u>
200,606			207,673	550,083
			313,707	2,073,894
				3,607,007
	504,310		153,222	1,330,036
		1,105,112	693,394	1,950,695
				100,728
				2,940
<u>200,606</u>	<u>504,310</u>	<u>1,105,112</u>	<u>1,367,996</u>	<u>9,615,383</u>
6,482	(224,669)	(46,208)	492,646	(326,829)
	277,172		47,336	526,994
<u>(95,150)</u>			<u>(61,678)</u>	<u>(158,176)</u>
<u>(95,150)</u>	<u>277,172</u>	<u>-</u>	<u>(14,342)</u>	<u>368,818</u>
(88,668)	52,503	(46,208)	478,304	41,989
<u>714,297</u>	<u>16,241</u>	<u>84,088</u>	<u>829,729</u>	<u>4,125,325</u>
<u>\$ 625,629</u>	<u>\$ 68,744</u>	<u>\$ 37,880</u>	<u>\$ 1,308,033</u>	<u>\$ 4,167,314</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2012

	New Facilities	Airport	Other	Total
Assets				
Cash and investments	\$ 250,636	\$ 397	\$ 60,705	\$ 311,738
Due from other governmental units	32	1,879		1,911
Due from other funds				
Accounts receivable				
Prepaid items				
Total assets	\$ 250,668	\$ 2,276	\$ 60,705	\$ 313,649
Liabilities				
Accounts payable	\$ 4,985			\$ 4,985
Due to other governments				
Accrued payroll and employee benefits			\$ 49	49
Due to other funds		\$ 1,879		1,879
Deferred revenue		1,664		1,664
Total liabilities	4,985	3,543	49	8,577
Fund Balance				
Restricted	46,951	397	60,656	108,004
Assigned	198,732			198,732
Unrestricted		(1,664)		(1,664)
Total fund balance (deficit)	245,683	(1,267)	60,656	305,072
Total liabilities and fund balance	\$ 250,668	\$ 2,276	\$ 60,705	\$ 313,649

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances
Nonmajor Capital Projects Funds
Year Ended June 30, 2012

	<u>New Facilities</u>	<u>Airport</u>	<u>Other</u>	<u>Total</u>
Revenues				
Taxes				
Intergovernmental		\$ 73,265	\$ 417	\$ 73,682
Charges for services				
Fines and forfeits				
Investment earnings	\$ 753			753
Miscellaneous	83,729			83,729
Total revenues	<u>84,482</u>	<u>73,265</u>	<u>417</u>	<u>158,164</u>
Expenditures				
General government	509,095	75,144		584,239
Public safety	106,625			106,625
Highways and streets				
Health, welfare and sanitation				
Education and economic opportunity				
Debt Service				
Principal retirement				
Interest and fiscal charges				
Total expenditures	<u>615,720</u>	<u>75,144</u>	<u>-</u>	<u>690,864</u>
Excess (deficiency) of revenues over (under) expenditures	(531,238)	(1,879)	417	(532,700)
Other financing sources (uses)				
Transfer in		792,095		792,095
Transfer out				
Total other financing sources (uses)	<u>-</u>	<u>792,095</u>	<u>-</u>	<u>792,095</u>
Net change in fund balance	(531,238)	790,216	417	259,395
Beginning fund balance (deficit)	<u>776,921</u>	<u>(791,483)</u>	<u>60,239</u>	<u>45,677</u>
Ending fund balance (deficit)	<u>\$ 245,683</u>	<u>\$ (1,267)</u>	<u>\$ 60,656</u>	<u>\$ 305,072</u>

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

Nonmajor Special Revenue Funds

Santa Cruz County
 Nonmajor Special Revenue Funds
 Road Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 3,075,000	\$ 3,075,000	\$ 3,372,484	\$ 297,484
Charges for services	300	300	-	(300)
Investment earnings	4,000	4,000	5,852	1,852
Miscellaneous			14,747	14,747
Total revenues	<u>3,079,300</u>	<u>3,079,300</u>	<u>3,393,083</u>	<u>313,783</u>
Expenditures				
Highways and streets	<u>4,743,110</u>	<u>4,743,110</u>	<u>3,710,675</u>	<u>1,032,435</u>
Total expenditures	<u>4,743,110</u>	<u>4,743,110</u>	<u>3,710,675</u>	<u>1,032,435</u>
Excess (deficiency) of revenues over expenditures	(1,663,810)	(1,663,810)	(317,592)	1,346,218
Other financing sources and (uses):				
Transfers in	11,687	11,687	8,583	(3,104)
Transfers out	-	-	(143)	(143)
Total other financing sources and uses	<u>11,687</u>	<u>11,687</u>	<u>8,440</u>	<u>(3,247)</u>
Net change in fund balance	(1,652,123)	(1,652,123)	(309,152)	1,342,971
Beginning fund balance	<u>1,652,123</u>	<u>1,652,123</u>	<u>1,824,484</u>	<u>172,361</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,515,332</u>	<u>\$ 1,515,332</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Health Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 179,578	\$ 179,578	\$ 315,222	\$ 135,644
Charges for services	110,000	110,000	131,563	21,563
Investment earnings			52	52
Miscellaneous			-	
Total revenues	<u>289,578</u>	<u>289,578</u>	<u>446,837</u>	<u>157,259</u>
Expenditures				
Health, welfare & sanitation	<u>622,654</u>	<u>622,654</u>	<u>672,504</u>	<u>(49,850)</u>
Total expenditures	<u>622,654</u>	<u>622,654</u>	<u>672,504</u>	<u>(49,850)</u>
Excess (deficiency) of revenues over expenditures	(333,076)	(333,076)	(225,667)	107,409
Other financing sources:				
Transfers in	257,903	257,903	187,359	(70,544)
Transfers out			(596)	(596)
Total other financing sources	<u>257,903</u>	<u>257,903</u>	<u>186,763</u>	<u>(71,140)</u>
Net change in fund balance	(75,173)	(75,173)	(38,904)	36,269
Fund balance, July 1, 2011	<u>75,173</u>	<u>75,173</u>	<u>25,842</u>	<u>(49,331)</u>
Fund balance (deficit), June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,062)</u>	<u>\$ (13,062)</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Juvenile Services Fund
Budgetary Comparison Schedule
Year Ended June 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 937,722	\$ 937,722	\$ 961,638	\$ 23,916
Charges for service	8,500	8,500	9,831	1,331
Investment earnings	450	450	1,360	910
Miscellaneous	9,834	9,834	26	(9,808)
Total revenues	<u>956,506</u>	<u>956,506</u>	<u>972,855</u>	<u>16,349</u>
Expenditures				
General government	121,676	121,676	141,804	(20,128)
Public safety	926,986	926,986	716,553	210,433
Education	244,640	244,640	152,189	92,451
Total expenditures	<u>1,293,302</u>	<u>1,293,302</u>	<u>1,010,546</u>	<u>282,756</u>
Excess (deficiency) of revenues over expenditures	<u>(336,796)</u>	<u>(336,796)</u>	<u>(37,691)</u>	<u>299,105</u>
Other financing sources:				
Transfers in			4,072	4,072
Transfers out			(609)	(609)
Total other financing sources	<u>-</u>	<u>-</u>	<u>3,463</u>	<u>3,463</u>
Net change in fund balance	(336,796)	(336,796)	(34,228)	302,568
Beginning fund balance	<u>336,796</u>	<u>336,796</u>	<u>234,739</u>	<u>(102,057)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,511</u>	<u>\$ 200,511</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Probation Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 981,762	\$ 981,762	\$ 983,968	\$ 2,206
Charges for service	67,600	67,600	82,226	14,626
Investment earnings	510	510	1,433	923
Miscellaneous			1,877	1,877
Total revenues	<u>1,049,872</u>	<u>1,049,872</u>	<u>1,069,504</u>	<u>19,632</u>
Expenditures				
Public safety	<u>1,483,433</u>	<u>1,483,433</u>	<u>1,043,634</u>	<u>439,799</u>
Total expenditures	<u>1,483,433</u>	<u>1,483,433</u>	<u>1,043,634</u>	<u>439,799</u>
Excess (deficiency) of revenues over expenditures	(433,561)	(433,561)	25,870	459,431
Other financing sources:				
Transfers in	2,472	2,472	2,472	
Transfers out				
Total other financing sources	<u>2,472</u>	<u>2,472</u>	<u>2,472</u>	<u>-</u>
Net change in fund balance	(431,089)	(431,089)	28,342	459,431
Beginning fund Balance	<u>431,089</u>	<u>431,089</u>	<u>395,905</u>	<u>(35,184)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,247</u>	<u>\$ 424,247</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Retrieval Conversion Fund
Budgetary Comparison Schedule
Year Ended June 30, 2012

	Budget Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Intergovernmental	\$ 16,472	\$ 16,472	\$ 17,728	\$ 1,256
Charges for services	167,000	167,000	95,430	(71,570)
Fines and forfeits	16,983	16,983	90,981	73,998
Investment earnings	800	800	2,944	2,144
Miscellaneous			5	5
Total revenues	<u>201,255</u>	<u>201,255</u>	<u>207,088</u>	<u>5,833</u>
Expenditures				
General government	<u>845,721</u>	<u>845,721</u>	<u>200,606</u>	<u>645,115</u>
Total expenditures	<u>845,721</u>	<u>845,721</u>	<u>200,606</u>	<u>645,115</u>
Excess (deficiency) of revenues over expenditures	(644,466)	(644,466)	6,482	650,948
Other financing uses:				
Transfers out	<u>(77,500)</u>	<u>(77,500)</u>	<u>(95,150)</u>	<u>(17,650)</u>
Total other financing uses	<u>(77,500)</u>	<u>(77,500)</u>	<u>(95,150)</u>	<u>(17,650)</u>
Net change in fund balance	(721,966)	(721,966)	(88,668)	633,298
Beginning fund balance	<u>721,966</u>	<u>721,966</u>	<u>714,297</u>	<u>(7,669)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 625,629</u>	<u>\$ 625,629</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental—Animal Control Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 246,598	\$ 246,598	\$ 230,872	\$ (15,726)
Charges for services	45,000	45,000	37,904	(7,096)
Investment earnings			225	225
Miscellaneous			10,640	10,640
Total revenues	<u>291,598</u>	<u>291,598</u>	<u>279,641</u>	<u>(11,957)</u>
Expenditures				
Current:				
Health, welfare and sanitation	<u>531,533</u>	<u>531,533</u>	<u>504,310</u>	<u>27,223</u>
Total expenditures	<u>531,533</u>	<u>531,533</u>	<u>504,310</u>	<u>27,223</u>
Excess (deficiency) of revenues over expenditures	(239,935)	(239,935)	(224,669)	15,266
Other financing sources				
Transfers in	<u>201,598</u>	<u>201,598</u>	<u>277,172</u>	<u>75,574</u>
Total other financing sources	<u>201,598</u>	<u>201,598</u>	<u>277,172</u>	<u>75,574</u>
Net change in fund balance	(38,337)	(38,337)	52,503	90,840
Fund balance, July 1, 2011	<u>38,337</u>	<u>38,337</u>	<u>16,241</u>	<u>(22,096)</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,744</u>	<u>\$ 68,744</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Accommodation School
 Budgetary Comparison Schedule
 Year Ended June 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,276,617	\$ 1,276,617	\$ 937,021	\$ (339,596)
Investment earnings			213	213
Miscellaneous	<u>31,750</u>	<u>31,750</u>	<u>121,670</u>	<u>89,920</u>
Total revenues	<u>1,308,367</u>	<u>1,308,367</u>	<u>1,058,904</u>	<u>(249,463)</u>
Expenditures				
Education and economic opportunity	<u>1,212,546</u>	<u>1,212,546</u>	<u>1,105,112</u>	<u>107,434</u>
Total expenditures	<u>1,212,546</u>	<u>1,212,546</u>	<u>1,105,112</u>	<u>107,434</u>
Excess (deficiency) of revenues over expenditures	95,821	95,821	(46,208)	(142,029)
Beginning fund balance	<u>(95,821)</u>	<u>(95,821)</u>	<u>84,088</u>	<u>179,909</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,880</u>	<u>\$ 37,880</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental Special Revenue Funds
 Budgetary Comparison Schedule
 Year Ended June 30, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,135,566	\$ 1,135,566	\$ 1,630,529	\$ 494,963
Charges for services	35,600	35,600	191,568	155,968
Investment earnings	115	115	3,111	2,996
Miscellaneous	40,000	40,000	35,434	(4,566)
Total revenues	<u>1,211,281</u>	<u>1,211,281</u>	<u>1,860,642</u>	<u>649,361</u>
Expenditures				
General government	168,991	168,991	207,673	(38,682)
Public safety	556,406	556,406	313,707	242,699
Health, welfare and sanitation	268,750	268,750	153,222	115,528
Education and economic opportunity	1,222,819	1,222,819	693,394	529,425
Total expenditures	<u>2,216,966</u>	<u>2,216,966</u>	<u>1,367,996</u>	<u>848,970</u>
Excess (deficiency) of revenues over expenditures	(1,005,685)	(1,005,685)	492,646	1,498,331
Other financing sources (uses)				
Transfer in	61,500	61,500	47,336	(14,164)
Transfer out	(7,500)	(7,500)	(61,678)	(54,178)
Total other financing sources (uses)	<u>54,000</u>	<u>54,000</u>	<u>(14,342)</u>	<u>(68,342)</u>
Net change in fund balance	(951,685)	(951,685)	478,304	1,429,989
Beginning fund balance	<u>951,685</u>	<u>951,685</u>	<u>829,729</u>	<u>(121,956)</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,308,033</u>	<u>\$ 1,308,033</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, 2012

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Investment earnings		\$ 753	\$ 753
Miscellaneous		<u>83,729</u>	<u>83,729</u>
Total revenues	<u>-</u>	<u>84,482</u>	<u>84,482</u>
Expenditures			
General government	695,635	509,095	186,540
Public safety	<u>344,302</u>	<u>106,625</u>	<u>237,677</u>
Total expenditures	<u>1,039,937</u>	<u>615,720</u>	<u>424,217</u>
Excess (deficiency) of revenues over expenditures	(1,039,937)	(531,238)	508,699
Net change in fund balance	(1,039,937)	(531,238)	508,699
Fund balance, July 1, 2011	<u>1,039,937</u>	<u>776,921</u>	<u>(263,016)</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ 245,683</u>	<u>\$ 245,683</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Airport Fund
 Year Ended June 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 243,750	\$ 243,750	\$ 73,265	\$ (170,485)
Total Revenues	<u>243,750</u>	<u>243,750</u>	<u>73,265</u>	<u>(170,485)</u>
Expenditures				
General government	250,397	250,397	75,144	175,253
Total expenditures	<u>250,397</u>	<u>250,397</u>	<u>75,144</u>	<u>175,253</u>
Excess (deficiency) of Revenues over expenditures	(6,647)	(6,647)	(1,879)	4,768
Other financing sources				
Transfer in	6,250	6,250	792,095	785,845
Total other financing sources	<u>6,250</u>	<u>6,250</u>	<u>792,095</u>	<u>785,845</u>
Net change in fund balance	(397)	(397)	790,216	790,613
Fund balance (deficit), July 1, 2011	<u>397</u>	<u>397</u>	<u>(791,483)</u>	<u>(791,880)</u>
Fund balance (deficit), June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,267)</u>	<u>\$ (1,267)</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Other Funds
 Year Ended June 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 417	\$ 417
Total revenues	<u>-</u>	<u>-</u>	<u>417</u>	<u>417</u>
Expenditures				
General government	417	417	-	417
Education and economic opportunity	<u>59,822</u>	<u>59,822</u>	<u>-</u>	<u>59,822</u>
Total expenditures	<u>60,239</u>	<u>60,239</u>	<u>-</u>	<u>60,239</u>
Net change in fund balance	(60,239)	(60,239)	417	60,656
Fund balance, July 1, 2011	<u>60,239</u>	<u>60,239</u>	<u>60,239</u>	<u>-</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,656</u>	<u>\$ 60,656</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, 2012

	Budget Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Taxes	\$ -	\$ -	\$ 72	\$ 72
Investment earnings	-	-	4,489	4,489
Miscellaneous	<u> </u>	<u> </u>	<u>1,434</u>	<u>1,434</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>5,995</u>	<u>5,995</u>
Expenditures				
Debt service				
Principal	280,000	280,000	280,000	-
Interest and fiscal charges	<u>956,847</u>	<u>956,847</u>	<u>715,875</u>	<u>240,972</u>
Total expenditures	<u>1,236,847</u>	<u>1,236,847</u>	<u>995,875</u>	<u>240,972</u>
Excess (deficiency) of revenues over expenditures	(1,236,847)	(1,236,847)	(989,880)	246,967
Other financing sources				
Transfer in	<u>995,865</u>	<u>995,865</u>	<u>995,865</u>	<u>-</u>
Total other financing sources	<u>995,865</u>	<u>995,865</u>	<u>995,865</u>	<u>-</u>
Net change in fund balance	(240,982)	(240,982)	5,985	246,967
Fund balance, July 1, 2011	<u>240,982</u>	<u>240,982</u>	<u>236,380</u>	<u>(4,602)</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,365</u>	<u>\$ 242,365</u>

Investment Trust and Agency Funds

Santa Cruz County
Combining Statement of Fiduciary Net Assets
Investment Trust Fund
June 30, 2012

	<u>Treasurer's Investment Pool</u>	<u>Individual Investment Accounts</u>	<u>Total</u>
Assets			
Cash and investments	\$ 29,977,775	\$ 79,097	\$ 30,056,872
Interest receivable	<u>37,608</u>	<u>15</u>	<u>37,623</u>
Total assets	<u>\$ 30,015,383</u>	<u>\$ 79,112</u>	<u>\$ 30,094,495</u>
 Net Assets			
Held in trust for investment trust participants	<u>\$ 30,015,383</u>	<u>\$ 79,112</u>	<u>\$ 30,094,495</u>

Santa Cruz County
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2012

	<u>Property Tax Collection</u>	<u>Special Purpose</u>	<u>Total</u>
Assets			
Cash and investments	\$ 28,097	\$ 949,393	\$ 977,490
Total assets	<u>\$ 28,097</u>	<u>\$ 949,393</u>	<u>\$ 977,490</u>
Liabilities			
Due to other governmental units	\$ 28,097		\$ 28,097
Deposits held for others	-	\$ 949,393	949,393
Total liabilities	<u>\$ 28,097</u>	<u>\$ 949,393</u>	<u>\$ 977,490</u>

Santa Cruz County
Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
Year Ended June 30, 2012

	Treasurer's Investment Pool	Individual Investment Accounts	Total
Additions			
Contributions from participants	\$ 99,137,482		\$ 99,137,482
Investment earnings	<u>122,624</u>	\$ 1,292	<u>123,916</u>
Total additions	<u>99,260,106</u>	<u>1,292</u>	<u>99,261,398</u>
Deductions			
Distributions to participants	<u>98,366,967</u>	<u>282,465</u>	<u>98,649,432</u>
Total deductions	<u>98,366,967</u>	<u>282,465</u>	<u>98,649,432</u>
Changes in net assets	893,139	(281,173)	611,966
Net assets, July 1, 2011	<u>29,122,244</u>	<u>360,285</u>	<u>29,482,529</u>
Net assets, June 30, 2012	<u>\$ 30,015,383</u>	<u>\$ 79,112</u>	<u>\$ 30,094,495</u>

Santa Cruz County
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2012

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Property Tax Collection:				
Assets				
Cash and investments	\$ (1,460)	\$ 3,735,236	\$ 3,705,679	\$ 28,097
Liabilities				
Due to other governmental units	\$ 23,883	\$ 1,588,831	\$ 1,584,617	\$ 28,097
Deposits held for other parties	(25,343)	2,146,405	2,121,062	-
Total liabilities	<u>\$ (1,460)</u>	<u>\$ 3,735,236</u>	<u>\$ 3,705,679</u>	<u>\$ 28,097</u>
Fire District:				
Assets				
Cash and investments	\$ -	\$ 388,367	\$ 388,367	\$ -
Liabilities				
Due to other governmental units	\$ -	\$ 388,367	\$ 388,367	\$ -
Special Purpose:				
Assets				
Cash and investments	\$ 770,380	\$ 202,439	\$ 23,426	\$ 949,393
Liabilities				
Deposits held for other parties	\$ 770,380	\$ 202,439	\$ 23,426	\$ 949,393
Total - All Agency Funds				
Assets				
Cash and investments	<u>\$ 768,920</u>	<u>\$ 4,326,042</u>	<u>\$ 4,117,472</u>	<u>\$ 977,490</u>
Liabilities				
Due to other governmental units	\$ 23,883	\$ 1,977,198	\$ 1,972,984	\$ 28,097
Deposits held for other parties	745,037	2,348,844	2,144,488	949,393
Total liabilities	<u>\$ 768,920</u>	<u>\$ 4,326,042</u>	<u>\$ 4,117,472</u>	<u>\$ 977,490</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 Ten Fiscal Years
(Amounts in Thousands)
(Accrual Basis of Accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities										
Invested in capital assets, net of related debt	\$74,702	\$ 75,658	\$74,440	\$73,420	\$74,969	\$71,338	\$23,757	\$20,734	\$18,317	\$16,488
Restricted	9,412	10,559	6,012	7,868	8,463	5,115	5,882	4,374	2,125	2,288
Unrestricted	<u>11,913</u>	<u>10,801</u>	<u>14,795</u>	<u>14,615</u>	<u>13,109</u>	<u>15,751</u>	<u>13,740</u>	<u>9,855</u>	<u>10,512</u>	<u>6,118</u>
Total governmental activities net assets	<u>96,027</u>	<u>97,018</u>	<u>95,247</u>	<u>95,903</u>	<u>96,541</u>	<u>92,204</u>	<u>43,379</u>	<u>34,963</u>	<u>30,954</u>	<u>24,894</u>
Business-Type Activities										
Invested in capital assets, net of related debt	3,691	3,393	2,568	2,602	2,710	2,676	2,474	2,438	2,393	-
Unrestricted (deficit)	<u>(375)</u>	<u>(351)</u>	<u>715</u>	<u>596</u>	<u>(1,560)</u>	<u>(1,745)</u>	<u>(1,966)</u>	<u>(2,179)</u>	<u>(2,847)</u>	<u>-</u>
Total business-type activities net assets (deficit)	<u>3,316</u>	<u>3,042</u>	<u>3,283</u>	<u>3,198</u>	<u>1,150</u>	<u>931</u>	<u>508</u>	<u>259</u>	<u>(454)</u>	<u>-</u>
Primary Government										
Invested in capital assets, net of related debt	78,393	79,051	77,008	76,022	77,679	74,014	26,231	23,172	20,710	16,488
Restricted	9,412	10,559	6,012	7,868	8,463	5,115	5,882	4,374	2,125	2,288
Unrestricted	<u>11,538</u>	<u>10,450</u>	<u>15,510</u>	<u>15,211</u>	<u>11,549</u>	<u>14,006</u>	<u>11,774</u>	<u>7,676</u>	<u>7,665</u>	<u>6,118</u>
Total primary government net assets	<u>\$99,343</u>	<u>\$100,060</u>	<u>\$98,530</u>	<u>\$99,101</u>	<u>\$97,691</u>	<u>\$93,135</u>	<u>\$43,887</u>	<u>\$35,222</u>	<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 Ten Fiscal Years
(Amounts in Thousands)
(Accrual Basis of Accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental activities:										
General government	\$ 14,243	\$ 13,285	\$ 13,542	\$ 13,674	\$ 14,264	\$ 14,754	\$ 14,592	\$ 12,283	\$ 11,810	\$ 10,129
Public safety	17,894	14,733	12,986	14,631	12,961	8,789	8,049	7,758	6,822	5,758
Highways and streets	4,239	4,570	4,248	4,701	4,928	5,730	4,349	4,548	4,636	3,409
Health, welfare and sanitation	4,518	3,865	3,916	4,149	4,647	4,596	4,123	3,826	3,527	4,935
Education and economic opportunity	3,371	4,589	6,280	4,912	4,758	5,309	4,080	4,986	4,432	3,999
Recreation	141	121	208	329	354	302	347	271	209	154
Interest on long-term debt	2,965	2,767	4,220	1,976	63	52	35	59	84	108
Total governmental activities expenses	<u>47,371</u>	<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	833	1,261	562	(342)	2,137	1,824	1,636	1,626	1,350	-
Total business-type activities expenses	<u>833</u>	<u>1,261</u>	<u>562</u>	<u>(342)</u>	<u>2,137</u>	<u>1,824</u>	<u>1,636</u>	<u>1,626</u>	<u>1,350</u>	<u>-</u>
Total primary government expenses	<u>48,204</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services										
General government	3,326	3,087	3,532	3,153	3,629	3,459	2,785	2,102	2,087	1,824
Public safety	400	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	185	206	202	218	242	596	623	615	545	1,974
Education and economic opportunity	88	14	1	-	182	155	-	253	118	80
Recreation	11	10	6	8	14	5	5	11	7	22
Operating grants and contributions*	10,777	11,079	9,955	9,305	16,402	16,051	14,317	12,113	12,707	11,323
Capital grants and contributions	3,447	4,335	3,608	3,963	656	1,351	1,578	1,108	2,818	101
Total governmental activities program revenues	<u>18,234</u>	<u>18,949</u>	<u>17,701</u>	<u>16,961</u>	<u>21,387</u>	<u>22,493</u>	<u>21,524</u>	<u>17,867</u>	<u>19,523</u>	<u>16,378</u>
Business-type activities:										
Charges for services										
Landfill	968	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>968</u>	<u>1,001</u>	<u>630</u>	<u>1,691</u>	<u>2,266</u>	<u>2,137</u>	<u>1,838</u>	<u>1,885</u>	<u>1,829</u>	<u>-</u>
Total primary government program revenues	<u>19,202</u>	<u>\$ 19,950</u>	<u>\$ 18,331</u>	<u>\$ 18,652</u>	<u>\$ 23,653</u>	<u>\$ 24,630</u>	<u>\$ 23,362</u>	<u>\$ 19,752</u>	<u>\$ 21,352</u>	<u>\$ 16,378</u>
Net (expense) revenue										
Governmental activities	(29,137)	(24,981)	(27,699)	(27,410)	(20,588)	(17,039)	(14,051)	(15,864)	(11,997)	(12,114)
Business-type activities	135	(260)	68	2,033	129	313	202	259	479	-
Total primary government activities net (expense) revenue	<u>(29,002)</u>	<u>(25,241)</u>	<u>(27,631)</u>	<u>(25,377)</u>	<u>(20,459)</u>	<u>(16,726)</u>	<u>(13,849)</u>	<u>(15,605)</u>	<u>(11,518)</u>	<u>(12,114)</u>

(continued)

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General revenues and other changes in net assets										
Governmental activities:										
Taxes										
Property taxes	\$ 13,398	\$ 13,988	\$ 14,187	\$ 12,666	\$ 12,276	\$ 11,718	\$ 12,795	\$ 12,140	\$ 10,044	\$ 9,820
County excise tax	5,288	5,180	4,965	5,912	-	-	-	-	-	-
Share of state sales taxes	4,065	3,861	3,675	4,151	8,035	11,677	7,620	6,416	5,595	5,828
Payments in lieu of taxes	956	834	324	1,360	578	571	574	614	621	591
Vehicle lieu tax unrestricted*	1,367	1,343	1,432	1,528	1,592	1,615	-	-	-	-
Share of state lottery revenue	-	-	304	522	-	-	-	-	-	-
Share of federal disproportionate revenue	-	-	-	215	-	-	-	-	-	-
Unrestricted grants and contributions	738	564	791	850	661	842	796	765	573	550
Investment earnings (loss)	68	205	730	(384)	771	884	607	307	212	(113)
Miscellaneous	531	747	754	531	252	67	75	61	59	52
Capital contributions	37	33	42	19	-	-	-	-	-	-
Transfers	(18)	(12)	-	-	-	(23)	-	(429)	-	-
Gain on sale of capital assets	-	9	-	-	-	-	-	-	-	-
Loss on disposal	(144)	-	-	-	-	(32)	-	-	-	-
Total governmental activities	<u>26,286</u>	<u>26,752</u>	<u>27,204</u>	<u>27,370</u>	<u>24,165</u>	<u>27,319</u>	<u>22,467</u>	<u>19,874</u>	<u>17,104</u>	<u>16,728</u>
Business-type activities:										
Grants and contributions	80									
Investment earnings	2	6	18	15	90	86	46	19	6	-
Miscellaneous	-	-	-	-	-	-	-	6	13	-
Transfers	18	12	-	-	-	23	-	429	-	-
Capital contributions	-	-	-	-	-	1	-	-	-	-
Total business-type activities	<u>100</u>	<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>26,386</u>	<u>26,770</u>	<u>27,222</u>	<u>27,385</u>	<u>24,255</u>	<u>27,429</u>	<u>22,513</u>	<u>20,328</u>	<u>17,123</u>	<u>16,728</u>
Changes in net assets										
Governmental activities	(2,851)	1,771	(495)	(40)	3,577	10,280	8,416	4,010	5,107	4,614
Business-type activities	235	(242)	86	2,048	219	423	248	713	498	-
Total primary government	<u>\$ (2,616)</u>	<u>\$ 1,529</u>	<u>\$ (409)</u>	<u>\$ 2,008</u>	<u>\$ 3,796</u>	<u>\$ 10,703</u>	<u>\$ 8,664</u>	<u>\$ 4,723</u>	<u>\$ 5,605</u>	<u>\$ 4,614</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 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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	13,370	15,052	12,752	15,356	12,808	10,648	8,839	7,371
Nonspendable*	44	42	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	13,513	13,945	-	-	-	-	-	-	-	-
Subtotal general fund	<u>\$13,557</u>	<u>\$13,987</u>	<u>\$13,370</u>	<u>\$15,052</u>	<u>\$12,752</u>	<u>\$15,356</u>	<u>\$12,808</u>	<u>\$10,648</u>	<u>\$8,839</u>	<u>\$7,371</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
Nonspendable*	2	4	-	-	-	-	-	-	-	-
Restricted	16,295	9,724	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	370	521	-	-	-	-	-	-	-	-
Unassigned	(1,431)	(2,616)	-	-	-	-	-	-	-	-
Capital projects funds (deficits)	-	-	5,378	35,028	60	(63)	1,025	(414)	(392)	(46)
Nonspendable*	-	-	-	-	-	-	-	-	-	-
Restricted	108	61	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(1)	(792)	-	-	-	-	-	-	-	-
Debt Service Assigned	242	236	493	2,129	1,792	445	408	295	596	395
Total all other governmental funds	<u>\$15,585</u>	<u>\$ 7,138</u>	<u>\$14,301</u>	<u>\$46,086</u>	<u>\$ 9,122</u>	<u>\$ 5,716</u>	<u>\$ 7,243</u>	<u>\$ 3,891</u>	<u>\$3,615</u>	<u>\$3,619</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)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Taxes	\$ 18,573	\$ 19,181	\$ 18,752	\$ 19,195	\$ 13,889	\$ 13,709	\$ 13,377	\$ 12,581	\$ 11,698	\$ 11,048
Intergovernmental	22,283	21,173	18,986	21,884	26,115	30,736	24,711	21,833	21,324	16,727
Licenses and permits	293	318	380	459	927	1,156	1,823	1,298	878	648
Charges for services	1,625	1,751	1,702	1,961	1,991	1,952	1,949	1,398	1,385	2,679
Fines and forfeits	2,092	1,466	2,056	1,273	933	1,207	1,148	1,027	1,071	965
Investment earnings	68	206	730	(384)	771	884	607	306	212	(113)
Rents	33	59	42	21	52	44	30	30	33	30
Contributions	-	-	-	-	-	-	-	-	-	1
Miscellaneous	497	688	712	520	705	285	403	218	175	237
Total revenues	<u>45,464</u>	<u>44,842</u>	<u>43,360</u>	<u>44,929</u>	<u>45,383</u>	<u>49,973</u>	<u>44,048</u>	<u>38,691</u>	<u>36,776</u>	<u>32,222</u>
Expenditures:										
Current:										
General government	13,885	14,807	12,843	12,856	13,564	15,512	14,369	11,711	12,061	9,869
Public safety	16,355	20,821	13,093	13,562	14,506	10,189	8,153	8,019	6,683	5,747
Highways and streets	3,607	3,068	3,020	4,187	3,836	10,818	4,533	5,069	4,755	3,651
Health, welfare and sanitation	4,425	3,790	3,823	4,027	4,543	4,723	4,177	3,821	3,570	4,946
Education and economic opportunity	3,331	4,572	6,308	4,886	4,732	5,275	4,069	5,009	4,430	4,037
Recreation	122	99	183	300	425	327	289	285	207	151
Capital outlay	-	-	29,818	22,249	3,985	2,683	2,304	1,165	3,130	1,099
Debt service:										
Principal	2,133	1,935	3,359	270	218	91	978	1,040	480	455
Interest and other charges	2,965	2,767	4,220	1,976	63	52	35	59	84	108
Total expenditures	<u>46,823</u>	<u>51,859</u>	<u>76,667</u>	<u>64,313</u>	<u>45,872</u>	<u>49,670</u>	<u>38,907</u>	<u>36,178</u>	<u>35,400</u>	<u>30,063</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,359)</u>	<u>(7,017)</u>	<u>(33,307)</u>	<u>(19,384)</u>	<u>(489)</u>	<u>303</u>	<u>5,141</u>	<u>2,513</u>	<u>1,376</u>	<u>2,159</u>
Other financing sources (uses):										
Loan proceeds (net of discounts)	9,300	-	-	59,172	-	-	-	-	-	-
Proceeds from sales of capital assets	-	11	-	11	-	-	-	-	-	-
Capital lease agreements	224	473	-	64	532	740	-	-	51	1,022
Transfers in	6,962	5,488	5,654	3,876	5,691	3,273	838	564	698	653
Transfers out	(6,980)	(5,500)	(5,654)	(3,876)	(5,691)	(3,296)	(838)	(993)	(698)	(653)
Proceeds from long-term notes	-	-	-	-	-	-	766	-	-	-
Total other financing sources (uses)	<u>9,506</u>	<u>472</u>	<u>-</u>	<u>59,247</u>	<u>532</u>	<u>717</u>	<u>766</u>	<u>(429)</u>	<u>51</u>	<u>1,022</u>
Net change in fund balances	<u>\$ 8,147</u>	<u>\$ (6,545)</u>	<u>\$ (33,307)</u>	<u>\$ 39,863</u>	<u>\$ 43</u>	<u>\$ 1,020</u>	<u>\$ 5,907</u>	<u>\$ 2,084</u>	<u>\$ 1,427</u>	<u>\$ 3,181</u>
Debt service as a percentage of noncapital expenditures	10.89%	9.07%	16.18%	5.34%	0.67%	0.30%	2.77%	3.14%	1.75%	1.94%

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
2002-03 ⁽¹⁾	11,047,960	16,727,344	648,236	2,678,823	965,193	(113,151)	30,000	237,327	32,221,732
2003-04 ⁽¹⁾	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 ⁽¹⁾	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 ⁽¹⁾	13,376,664	24,711,234	1,822,794	1,949,422	1,148,059	606,507	30,000	402,839	44,047,519
2006-07 ⁽¹⁾	13,708,503	30,736,174	1,155,737	1,951,691	1,207,025	884,162	44,100	285,400	49,972,792
2007-08 ⁽¹⁾	13,889,123	26,114,526	927,316	1,990,784	932,840	770,585	52,000	704,489	45,381,663
2008-09 ⁽¹⁾	19,195,260	21,883,830	459,139	1,961,489	1,272,710	(384,314)	20,800	520,359	44,929,273
2009-10 ⁽¹⁾	18,751,562	18,986,451	379,875	1,702,014	2,055,828	729,567	42,000	712,482	43,359,779
2010-11 ⁽¹⁾	19,180,849	21,173,272	318,010	1,750,998	1,466,191	205,553	58,620	688,527	44,842,020
2011-12 ⁽¹⁾	18,572,950	22,282,885	293,019	1,624,831	2,091,593	67,877	33,391	497,579	45,464,125

NOTES:

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

SOURCE: Basic financial statements.

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

Fiscal Year	Taxes	Intergovernmental Revenues	Licenses and Permits	Charges for Services	Fines and Forfeits	Investment Earnings	Rents	Contributions and Miscellaneous	Total
2002-03 ⁽¹⁾	34.29	51.91	2.01	8.31	3.00	(0.35)	0.09	0.74	100.00
2003-04 ⁽¹⁾	31.81	57.98	2.39	3.77	2.91	0.58	0.09	0.47	100.00
2004-05 ⁽¹⁾	32.54	56.39	3.36	3.62	2.66	0.79	0.08	0.56	100.00
2005-06 ⁽¹⁾	30.37	56.10	4.14	4.43	2.61	1.37	0.07	0.91	100.00
2006-07 ⁽¹⁾	27.43	61.50	2.31	3.91	2.42	1.77	0.09	0.57	100.00
2007-08 ⁽¹⁾	30.61	57.54	2.04	4.39	2.06	1.70	0.11	1.55	100.00
2008-09 ⁽¹⁾	42.72	48.71	1.02	4.37	2.83	(0.86)	0.05	1.16	100.00
2009-10 ⁽¹⁾	43.24	43.79	0.88	3.93	4.74	1.68	0.10	1.64	100.00
2010-11 ⁽¹⁾	42.77	47.22	0.71	3.90	3.27	0.46	0.13	1.54	100.00
2011-12 ⁽¹⁾	40.85	49.01	0.65	3.57	4.60	0.15	0.07	1.10	100.00

NOTES:

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

SOURCE: Basic financial statements.

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Health, Welfare and Sanitation	Education and Economic Opportunity	Recreation	Debt Service	Total
2002-03 ⁽¹⁾	9,868,573	5,746,799	3,651,617	4,946,608	4,037,183	150,626	562,631	28,964,037
2003-04 ⁽¹⁾	12,060,892	6,682,806	4,755,173	3,569,856	4,430,356	206,567	564,270	32,269,920
2004-05 ⁽¹⁾	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 ⁽¹⁾	14,369,156	8,153,189	4,533,009	4,177,390	4,068,513	289,157	1,013,108	36,603,522
2006-07 ⁽¹⁾	15,512,469	10,188,891	10,818,202	4,723,017	5,275,053	326,817	143,102	46,987,551
2007-08 ⁽¹⁾	13,563,616	14,505,806	3,836,048	4,542,542	4,732,069	425,060	280,656	41,885,797
2008-09 ⁽¹⁾	12,856,447	13,562,453	4,186,599	4,026,549	4,885,684	300,356	2,245,343	42,063,431
2009-10 ⁽¹⁾	12,843,364	13,092,708	3,019,812	3,823,227	6,307,752	182,985	7,578,475	46,848,323
2010-11 ⁽¹⁾	14,807,146	20,820,966	3,067,846	3,790,279	4,572,614	98,941	4,701,642	51,859,434
2011-12 ⁽¹⁾	13,884,751	16,355,330	3,607,007	4,425,594	3,330,380	121,848	5,097,891	46,822,801

NOTES:

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

SOURCE: Basic financial statements.

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Health, Welfare and Sanitation	Education and Economic Opportunity	Recreation	Debt Service	Total
2002-03 ⁽¹⁾	34.07	19.84	12.61	17.08	13.94	0.52	1.94	100.00
2003-04 ⁽¹⁾	37.38	20.71	14.74	11.06	13.73	0.64	1.74	100.00
2004-05 ⁽¹⁾	33.45	22.90	14.48	10.91	14.31	0.81	3.14	100.00
2005-06 ⁽¹⁾	39.26	22.27	12.38	11.41	11.12	0.79	2.77	100.00
2006-07 ⁽¹⁾	33.01	21.69	23.02	10.05	11.23	0.70	0.30	100.00
2007-08 ⁽¹⁾	32.38	34.63	9.16	10.84	11.30	1.02	0.67	100.00
2008-09 ⁽¹⁾	30.57	32.24	9.95	9.57	11.62	0.71	5.34	100.00
2009-10 ⁽¹⁾	27.41	27.95	6.45	8.16	13.46	0.39	16.18	100.00
2010-11 ⁽¹⁾	28.55	40.14	5.92	7.31	8.82	0.19	9.07	100.00
2011-12 ⁽¹⁾	29.66	34.93	7.70	9.45	7.11	0.26	10.89	100.00

NOTES:

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

SOURCE: Basic financial statements.

REVENUE CAPACITY:

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

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

Fiscal Year	Commercial Property	Residential Property	Vacant Land	Other	Taxable Net Assessed Value	Total Direct Tax Rate	Estimated Limited Value	Assessed Value as a Percentage of Limited Value
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	416,470	3.4858	3,433,258	12.13%
11-12	95,038	190,399	72,600	229	358,266	3.4858	3,279,301	10.93%

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		
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
2011-12	2.8914	0.5643	0.1000	0.0000	3.2066	3.3320	3.2500	1.5200	1.7682	0.4259

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		
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
2011-12	2.2687	3.1483	4.0675	4.9061	6.7550	4.6789

SOURCE: Annual budgets.

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

Taxpayer	2012			2011			2010			2009			2008		
	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value
City of Nogales							2,945.00	4	0.65%	2,767.00	5	0.74%			
Unisource Energy Corporation *	15,062.00	1	3.40%	13,935.00	1	3.15%	14,303.00	1	3.17%	14,580.00	1	3.91%	15,211.00	1	4.45%
Qwest Corporation *	2,979.00	3	0.67%	2,897.00	3	0.65%	3,230.00	3	0.72%	4,403.00	3	1.18%	4,467.00	3	1.31%
Wal-Mart Stores, Inc	2,519.00	5	0.57%	2,554.00	6	0.58%	2,660.00	6	0.59%	3,225.00	4	0.86%	3,824.00	5	1.12%
Delta Properties LLP	5,197.00	2	1.17%	5,697.00	2	1.29%	4,374.00	2	0.97%	4,583.00	2	1.23%	5,756.00	2	1.68%
Union Pacific Railroad	1,926.00	7	0.44%	1,710.00	10	0.39%						-	-		-
Mariposa Shopping Center LP *	1,832.00	9	0.41%	1,947.00	8	0.44%	2,119.00	8	0.47%	2,624.00	8	0.70%	3,956.00	4	1.16%
Tubac Management Co, LLC	1,859.00	8	0.42%	1,902.00	9	0.43%				2,137.00	9	0.57%	2,633.00	9	0.77%
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	2,126.00	6	0.48%	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	1,591.00	10	0.36%	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												-	-		-
Pilot Travel Centers LLC												-	-		-
Copperfield LLC												-	-		-
Naumann/Hobbs Material Handling												-	-		-
Title Security Agency of Arizona	2,695.00	4	0.61%	2,695.00	4	0.61%	2,687.00	5	0.60%						
Total	<u>\$37,786.00</u>			<u>\$38,064.00</u>			<u>\$38,937.00</u>		8.64%	<u>\$41,760.00</u>		10.45%	<u>\$46,937.00</u>		13.74%

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

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

(continued)

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

Taxpayer	2007			2006			2005			2004			2003		
	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%
Qwest Corporation *	13,790.00	1	4.69%	12,909.00	1	4.85%	11,622.00	1	4.58%	5,744.00	2	2.33%	5,893.00	2	2.51%
Wal-Mart Stores, Inc	5,356.00	4	1.82%	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	7,768.00	2	2.64%	3,641.00	4	1.37%	3,387.00	3	1.34%	4,391.00	3	1.78%	4,436.00	3	1.89%
Union Pacific Railroad	6,034.00	3	2.05%	4,103.00	3	1.54%	3,310.00	4	1.30%	1,925.00	6	0.78%	2,075.00	5	0.88%
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%
Tubac Management Co, LLC	3,586.00	7	1.22%	3,120.00	5	1.17%	2,068.00	6	0.82%	-	-		-	-	-
Nogales Plaza Shopping Center LP	4,373.00	5	1.49%	-	-	-	-	-	-	-	-		-	-	-
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%
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%
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%
Westrust Southwest Retail Partners LLC	-	-	-	-	-	-	1,834.00	8	0.72%	-	-		1,118.00		0.48%
HGC/MW Dev Lim Part	-	-	-	-	-	-	-	-	-	-	-		-	-	-
Newhall Nogales General Printshop	-	-	-	-	-	-	-	-	-	-	-		-	-	-
Rio Rico Utilities	4,084.00	6	1.39%	1,591.00	9	0.60%	-	-	-	-	-		-	-	-
Mayer Alberto Family Limited	3,195.00	9	1.09%	-	-	-	-	-	-	-	-		-	-	-
Omega Nogales Property*	3,307.00	8	1.12%	-	-	-	-	-	-	-	-		-	-	-
Royal Sterilization Systems	2,343.00	10	0.80%	-	-	-	-	-	-	-	-		-	-	-
Total	\$53,836.00		18.31%	\$38,186.00		14.35%	\$34,965.00		13.79%	\$36,077.00		14.63%	\$43,025.00		18.32%

*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					
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 ⁽²⁾	14,413,286	101.79	1,762,137
2010-11	11,609,650	2,759,623	14,369,273	10,779,893	2,622,616	13,402,509	93.27	1,013,143 ⁽³⁾	14,415,652	100.32	1,798,561
2011-12	10,795,615	2,489,025	13,284,640	11,027,773	2,196,355	13,224,128	99.54	1,525,502 ⁽⁴⁾	14,749,630	111.03	1,853,248

NOTES:

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

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
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
2011-12 Primary	382,516	3,279,301	11.66
2011-12 Secondary	399,532	3,402,767	11.74

SOURCE: Tax Certification reports from Arizona Department of Revenue, Division of Property and Special Taxes, obtained from the Assessor's Office.

DEBT CAPACITY:

Debt capacity information is intended to assist users' understanding and assessment of a government's debt burden and ability to issue debt. Understanding debt capacity allows users to assess an entity's economic condition.

Santa Cruz County
Ratios of Outstanding Debt by Type
To Personal Income and Per Capita
Last Ten Years
(Dollar Amounts in Thousands)

Fiscal Year	Governmental Activities			Business- Type Activities Capital Leases	Total Primary Government	Personal Income	Percentage of Personal Income	Population	Debt Per Capita
	General Obligation Bonds	Capital Leases	Long- Term Loans Payable						
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 ⁽¹⁾	4.9 %	47,539	1,189
2011-2012	-	1,159	62,790	-	63,949	1,201,845 ⁽¹⁾	5.3 %	48,724	1,312

NOTE:

⁽¹⁾ 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
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	-	-	-	-	-
2011-12	48,724	399,532	-	-	-	-	-

SOURCE: Annual budget and debt retirement schedule.

Santa Cruz County
 Computation of Direct and Overlapping Debt
 Governmental Activities, Debt Outstanding
 June 30, 2012
 (Amounts in Thousands)

<u>Governmental Unit</u>	Net Debt Outstanding	Percent Applicable to Santa Cruz	Amount Applicable to Santa Cruz
Other Debt			
Santa Cruz County – Governmental Capital Lease	1,159	100	1,159
Santa Cruz County – Governmental Loans Payable	62,790	100	62,790

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>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>	<u>2012</u>
Assessed Value	\$235,056	\$246,303	\$253,681	\$265,934	\$294,247	\$341,684	\$404,366	\$450,859	\$442,665	\$399,532
Legal Debt Margin										
Debt Limit (15% of assessed value)	35,258	36,945	38,052	39,890	44,137	51,253	60,655	67,629	66,400	59,930
Debt applicable to limit:										
General obligation bonds	1,520	1,040	-	-	-	-	-	-	-	-
Less: Net Assets reserved for repayment of general obligation bonds	<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>	<u>(242)</u>
Total net debt applicable to the limit	<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>	<u>(242)</u>
Legal Debt Limit Margin	<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>	<u>(242)</u>
Total net debt applicable to the limit as a percentage of debt limit	3.19%	1.20%	(.78)%	(1.02)%	(1.01)%	(3.50)%	(3.51)%	(0.73)%	(0.36)%	(0.40)%

SOURCE: Basic Financial Statements

Santa Cruz County
Pledged Revenue Coverage
Last Ten Fiscal Years
June 30, 2012

Fiscal Year	Long Term Loan (Court and Judicial Facility: 2008-1 Project)			
	Revenues ⁽¹⁾	Debt Service		Coverage
		Principal	Interest	
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	4.86
2012	4,124,254	280,000	715,875	4.14

Fiscal Year	Long Term Loan (Jail District Detention Facility: 2008-2 Project)					
	Jail District Revenues ⁽²⁾	Less: Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	.87
2012	6,056,500	5,062,557	993,943	1,320,000	1,927,806	.31

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 ⁽¹⁾	Ratio of Debt Service to Total General Government Expenditures
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	-
2011-12	-	-	-	13,885	-

NOTES:

⁽¹⁾ 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
2003	40,088	18,190	729,208	10,171 ⁽²⁾	14,475	12.4
2004	40,777	19,110	779,232	10,528 ⁽³⁾	15,025	11.9
2005	42,150	19,901	838,841	10,510 ⁽⁴⁾	16,075	11.4
2006	42,066	22,326	939,156	10,510 ⁽⁵⁾	16,550	8.0
2007	42,692	25,386	1,083,783	11,183 ⁽⁶⁾	16,100	6.7
2008	43,133	26,466	1,141,556	11,267 ⁽⁷⁾	18,300	7.9
2009	43,771	25,987 ⁽¹⁾	1,137,477 ⁽¹⁾	10,611 ⁽⁸⁾	18,150	14.2
2010	47,420	25,181 ⁽¹⁾	1,194,102 ⁽¹⁾	11,246 ⁽⁹⁾	17,950	15.6
2011	47,539	24,400 ⁽¹⁾	1,159,970 ⁽¹⁾	11,028 ⁽¹⁰⁾	18,975	16.5
2012	48,724	24,666 ⁽¹⁾	1,201,845 ⁽¹⁾	10,502 ⁽¹¹⁾	18,352	18.3

NOTES:

- (1) Projected Estimate.
- (2) School enrollment as of November 5, 2003.
- (3) School enrollment as of August 25, 2004.
- (4) School enrollment as of April 27, 2005.
- (5) School enrollment as of January 18, 2006.
- (6) School enrollment as of September 27, 2006.
- (7) School enrollment as of November 26, 2007.
- (8) School enrollment as of January 20, 2009.
- (9) School enrollment as of April 30, 2010.
- (10) School enrollment as of February 28, 2011.
- (11) School enrollment as of June 30, 2012.

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, 2012

Employer	2012			2011			2010			2009			2008		
	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	562	2	3.1%	591	1	3.1%	683	2	3.8%	620	1	3.4%	700	1	3.8%
US Border Patrol	751	1	4.1%	N/A	N/A	N/A	737	1	4.1%	N/A	N/A	N/A	638	2	3.5%
Super Wal-Mart	466	4	2.5%	412	4	2.2%	500	4	2.8%	530	3	2.9%	600	3	3.3%
US Customs and Border Protection	482	3	2.6%	440	2	2.3%	390	5	2.2%	N/A	N/A	N/A	425	5	2.3%
Santa Cruz County	419	6	2.3%	373	5	2.0%	387	6	2.2%	406	4	2.2%	390	6	2.1%
Santa Cruz Valley Unified School District #35	430	5	2.3%	430	3	2.3%	584	3	3.3%	608	2	3.3%	450	4	2.5%
City of Nogales	275	7	1.5%	280	6	1.5%	327	7	1.8%	316	5	1.7%	309	7	1.7%
Carondelet Health Network - Holy Cross Hospital	175	9	1.0%	206	8	1.1%	206	9	1.1%	245	6	1.3%	264	8	1.4%
Mariposa Community Health Center, Inc.	228	8	1.2%	233	7	1.2%	209	8	1.2%	215	7	1.2%	198	10	1.1%
Tubac Golf Resort	N/A	N/A	N/A	170	9	0.9%	160	10	0.9%	N/A	N/A	N/A	200	9	1.1%
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	3,788		20.6%	3,135		16.5%	4,183		23.3%	2,940		16.1%	4,174		22.8%
Total Work Force	18,352			18,975			17,950			18,300			18,300		

Employer	2007			2006			2005			2004			2003		
	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	695	2	4.3%	1,341	1	8.1%	727	1	4.5%	747	1	5.0%	745	1	5.1%
US Border Patrol	975	1	6.1%	537	3	3.2%	529	2	3.3%	433	3	2.9%	388	3	2.7%
Super Wal-Mart	644	3	4.0%	640	2	3.9%	475	3	3.0%	605	2	4.0%	492	2	3.4%
US Customs and Border Protection	359	6	2.2%	387	6	2.3%	411	5	2.6%	400	4	2.7%	279	7	1.9%
Santa Cruz County	418	5	2.6%	415	5	2.5%	363	6	2.3%	361	5	2.4%	347	4	2.4%
Santa Cruz Valley Unified School District #35	430	4	2.7%	437	4	2.6%	425	4	2.6%	359	6	2.4%	355	5	2.5%
City of Nogales	307	7	1.9%	304	7	1.8%	293	7	1.8%	302	7	2.0%	323	6	2.2%
Carondelet Health Network - Holy Cross Hospital	242	8	1.5%	249	8	1.5%	249	8	1.5%	179	8	1.2%	193	8	1.3%
Mariposa Community Health Center, Inc.	198	9	1.2%	193	9	1.2%	189	9	1.2%	186	9	1.2%	180	9	1.2%
Tubac Golf Resort	180	10	1.1%	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	N/A	N/A	N/A	80	10	0.5%	140	10	0.9%	155	10	1.0%	133	10	0.9%
Total	4,448		27.6%	4,583		27.7%	3,801		23.6%	3,727		24.8%	3,435		23.7%
Total Work Force	16,100			16,550			16,075			15,025			14,475		

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, 2012

Type of Employment	2012		2011		2010		2009		2008	
	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total
Goods-Producing	650	4.91%	750	5.86%	825	6.8%	900	7.1%	950	6.5%
Trade, Transportation, and Utilities	5,825	44.13%	4,950	38.67%	4,850	39.9%	5,375	42.6%	6,250	42.8%
Other Private Service-Producing	2,675	20.27%	3,100	24.22%	2,800	23.1%	2,750	21.8%	3,700	25.4%
Federal Government	1,825	13.83%	1,725	13.48%	1,600	13.2%	1,575	12.5%	1,525	10.4%
State Government	<u>2,225</u>	<u>16.86%</u>	<u>2,275</u>	<u>17.77%</u>	<u>2,075</u>	<u>17.1%</u>	<u>2,025</u>	<u>16.0%</u>	<u>2,175</u>	<u>14.9%</u>
	<u>13,200</u>	<u>100%</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>

Type of Employment	2007		2006		2005		2004		2003	
	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total	Employees	Percent of Total
Goods-Producing	1,100	8.2%	825	6.0%	1,025	8.0%	1,350	10.7%	1,350	11.0%
Trade, Transportation, and Utilities	4,925	36.5%	5,650	40.9%	5,150	40.3%	5,100	40.3%	4,975	40.5%
Other Private Service-Producing	4,075	30.2%	4,025	29.1%	3,325	26.1%	2,825	22.3%	2,775	22.6%
Federal Government	1,400	10.4%	1,300	9.4%	1,200	9.4%	1,175	9.3%	1,100	9.0%
State Government	<u>1,975</u>	<u>14.7%</u>	<u>2,025</u>	<u>14.6%</u>	<u>2,075</u>	<u>16.2%</u>	<u>2,200</u>	<u>17.4%</u>	<u>2,075</u>	<u>16.9%</u>
	<u>13,475</u>	<u>100.0%</u>	<u>13,825</u>	<u>100.0%</u>	<u>12,775</u>	<u>100.0%</u>	<u>12,650</u>	<u>100.0%</u>	<u>12,275</u>	<u>100.0%</u>

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

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

Year	Persons			Vehicles
	United States Citizens	Aliens	Total	
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 ⁽¹⁾	N/A ⁽¹⁾	15,328,674	3,709,989
2006	N/A ⁽¹⁾	N/A ⁽¹⁾	16,596,888	3,353,681
2007	N/A ⁽¹⁾	N/A ⁽¹⁾	16,546,042	3,296,351
2008	N/A ⁽¹⁾	N/A ⁽¹⁾	16,247,495	3,106,341
2009	N/A ⁽¹⁾	N/A ⁽¹⁾	17,000,000	3,263,716
2010	N/A ⁽¹⁾	N/A ⁽¹⁾	16,150,000	3,278,640
2011	N/A ⁽¹⁾	N/A ⁽¹⁾	10,000,000	3,000,000
2012	N/A ⁽¹⁾	N/A ⁽¹⁾	9,201,087	3,035,353

NOTE:

⁽¹⁾ 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 ⁽¹⁾		Construction Awards	Number of Dwelling Units Awarded	Bank Deposits
	Construction	Retail Trade			
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
2012	83,200	299,091	31,354	314	871,385

NOTE:

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

SOURCES: Arizona Department of Revenue 2012 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, 2012

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	
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
11-12	182	136	31	17	1	16	383	13	396

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

Santa Cruz County
Operating Indicators
Last Ten Fiscal Years

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

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	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
MILES OF STREETS										
Paved	425.00	425.38	425.38	422.16	412.32	408.43	407.68	407.60	398.34	391.93
Unpaved	316.00	316.64	316.64	292.84	317.67	321.91	322.57	322.57	329.33	334.98
REGISTERED VOTERS	23,296	23,607	22,246	23,205	24,132	22,146	21,267	21,334	19,332	17,644
Democrat	50.81%	51.37%	52.63%	53.35%	54.93%	54.87%	56.24%	57.42%	58.76%	60.05%
Republican	16.96%	16.98%	17.38%	18.39%	19.06%	19.49%	20.14%	20.63%	20.51%	20.72%
NUMBER OF JUDICIAL COURTS										
Superior Court Department	1	1	1	1	1	1	1	1	1	1
Justice of Peace Courts	2	2	2	2	2	2	2	2	2	2
FLOOD PROTECTION										
Flood control district	1	1	1	1	1	1	1	1	1	1
Number of employees	8	9	8	9	9	9	8	8	9	9
SHERIFF PROTECTION										
Number of stations	3	1	1	4	4	4	4	4	4	3
Number of employees	114	104	119	90	81	79	88	79	79	76
Major crimes	271	285	460	586	418	430	415	306	215	96
Vehicular patrol units	56	25	25	32	27	27	30	25	22	22
SANITARY LANDFILLS										
Number of landfills	2	2	2	2	2	2	2	2	2	2
NUMBER OF PARKS										
Neighborhood parks	8	8	8	8	8	8	8	8	7	7

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, 2012
 (Amounts in Thousands)

	<u>2012*</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental funds capital assets					
Infrastructure	\$ 75,593	\$ 70,992	\$ 70,712	\$ 70,463	\$ 70,356
Land	22,343	22,151	22,151	22,151	22,151
Buildings	73,881	73,098	12,396	12,010	12,010
Improvements other than buildings	3,195	3,177	3,176	3,175	3,037
Construction equipment and vehicles	9,922	10,450	10,065	9,805	9,799
Furniture and equipment	10,728	10,532	8,037	6,261	5,941
Construction in progress	<u>3,688</u>	<u>3,607</u>	<u>58,122</u>	<u>29,779</u>	<u>6,796</u>
Total governmental funds capital assets	<u>\$ 199,350</u>	<u>\$ 194,007</u>	<u>\$ 184,659</u>	<u>\$ 153,644</u>	<u>\$ 130,090</u>
Investments in governmental funds capital assets by source					
General Fund	\$ 18,267	\$ 18,984	\$ 19,080	\$ 18,939	\$ 14,402
Special Revenue Funds*	124,519	119,176	115,898	114,782	95,843
Capital Projects Funds	<u>56,564</u>	<u>55,847</u>	<u>49,681</u>	<u>19,923</u>	<u>19,845</u>
Total governmental funds capital assets	<u>\$ 199,350</u>	<u>\$ 194,007</u>	<u>\$ 184,659</u>	<u>\$ 153,644</u>	<u>\$ 130,090</u>
	<u>2007</u>	<u>2006*</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental funds capital assets					
Infrastructure	\$ 67,645	\$ 62,175	\$ 2,746	\$ 443	\$ -
Land	22,145	21,844	6,619	6,596	5,703
Buildings	11,992	10,317	10,303	10,303	10,210
Improvements other than buildings	2,962	2,558	2,429	2,429	2,429
Construction equipment and vehicles	8,870	7,364	6,676	6,242	5,880
Furniture and equipment	5,227	3,672	3,026	2,537	2,113
Construction in progress	<u>4,590</u>	<u>2,903</u>	<u>1,461</u>	<u>2,353</u>	<u>319</u>
Total governmental funds capital assets	<u>\$ 123,431</u>	<u>\$ 110,833</u>	<u>\$ 33,260</u>	<u>\$ 30,903</u>	<u>\$ 26,654</u>
Investments in governmental funds capital assets by source					
General Fund	\$ 13,692	\$ 12,696	\$ 11,972	\$ 11,744	\$ 11,423
Special Revenue Funds	89,903	80,791	6,033	4,904	4,026
Capital Projects Funds	<u>19,836</u>	<u>17,346</u>	<u>15,255</u>	<u>14,255</u>	<u>11,205</u>
Total governmental funds capital assets	<u>\$ 123,431</u>	<u>\$ 110,833</u>	<u>\$ 33,260</u>	<u>\$ 30,903</u>	<u>\$ 26,654</u>

SOURCE: Comprehensive Annual Financial Reports for the relevant year

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