

SANTA CRUZ COUNTY, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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Santa Cruz County
 Comprehensive Annual Financial Report
 Fiscal Year Ended June 30, 2019

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ADMINISTRATIVE SERVICES SANTA CRUZ COUNTY

Mauricio A. Chavez
Administrative Services Director

March 24, 2020

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, 2019. 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 46,500 people. The neighboring community of Nogales, Sonora, Mexico has grown to an estimated population of 450,000.

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

Economic Condition and Outlook

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

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

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

The recent outbreak of the COVID-19 virus may negatively impact the County. Due to the uncertainty and unprecedented events linked to the COVID-19 crisis, it is too early to really know and quantify the extent of the impact. The County will consistently evaluate the crisis, monitor financials, and will propose measures as needed to protect the County's financial resources.

Major Initiatives

The Emergency Management Department collaborated with the Public Works Department and several outside agencies to conduct the annual Spring Santa Cruz River Clean-Up project. Over 130 volunteers led the effort to remove two-tons of trash, including tires and plastic.

The Board of Supervisors and County Manager attended the NaCo Annual Conference that included topics such as public lands policies, assessing telecommunications and technology needs, community and workforce development, growing stronger local economies from within, 2020-census preparation, the opioid epidemic crisis, and mental illness jail advocacy. The Board of Supervisors and Management staff attended the NaCo Legislative Conference to reach out to members of Congress to relate the current issues and concerns that impact the County. Some of the concerns continue to be port of entry staffing and infrastructure, innovative inspection technologies, the International Outfall Interceptor (IOI), Nogales wash and tunnels and infrastructure funding.

The Public Works Department completed the West Frontage Road at Lito Galindo & West Frontage Road Project. This intersection improvement project designed to help congestion during peak times during school days. The project added turn lanes on the West Frontage Road and curb and sidewalk on the south side. A temporary roundabout was constructed on the West Frontage Road at the Peck Canyon/I-19 interchange to alleviate the traffic congestion. The Public Works Department completed a new pedestrian path project along Pendleton Drive, running from Circulo Silva north to Palo Parado Road; this 1.2-mile pedestrian path is located in a County right-of-way and is the latest in projects

aimed at keeping our residents active. The Rio Rico Drive & Pendleton Drive intersection project and Ruby Road over the Potrero Creek Bridge project began the construction phase. Public Works Department completed numerous chip-sealing projects throughout Santa Cruz County completing approximately 20 miles.

The Community Development Block Grant for the Camino Ramanote and Camino Gilberto drainage project officially started. This project involves the construction of a detention basin and channels to convey storm water safely and in a controlled fashion through the neighborhood.

The School Superintendent's office was awarded a multi-year grant from the Department of Education to guide students along post-secondary path by educating them about career options as assist them navigate college including enrollment, financial aid and career choices.

The County Information Technology Department continues to provide new equipment to County departments resulting in a better working environment and promoting efficiency.

The Commerce Department, through ARIZONA@WORK held the fifth annual job fair and community expo, providing job seekers an opportunity to visit with over 100 employers and organizations from Southern Arizona. The successful event had over 800 attendees and many candidates had the opportunity to interview and receive job offers.

Financial Management and Information

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

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

Single Audit: As a recipient of federal and state financial assistance, the County is required to have an annual audit under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Uniform Guidance requirements also address the establishment and maintenance of an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. Tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as determining that the County has materially complied with applicable laws and regulations.

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

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

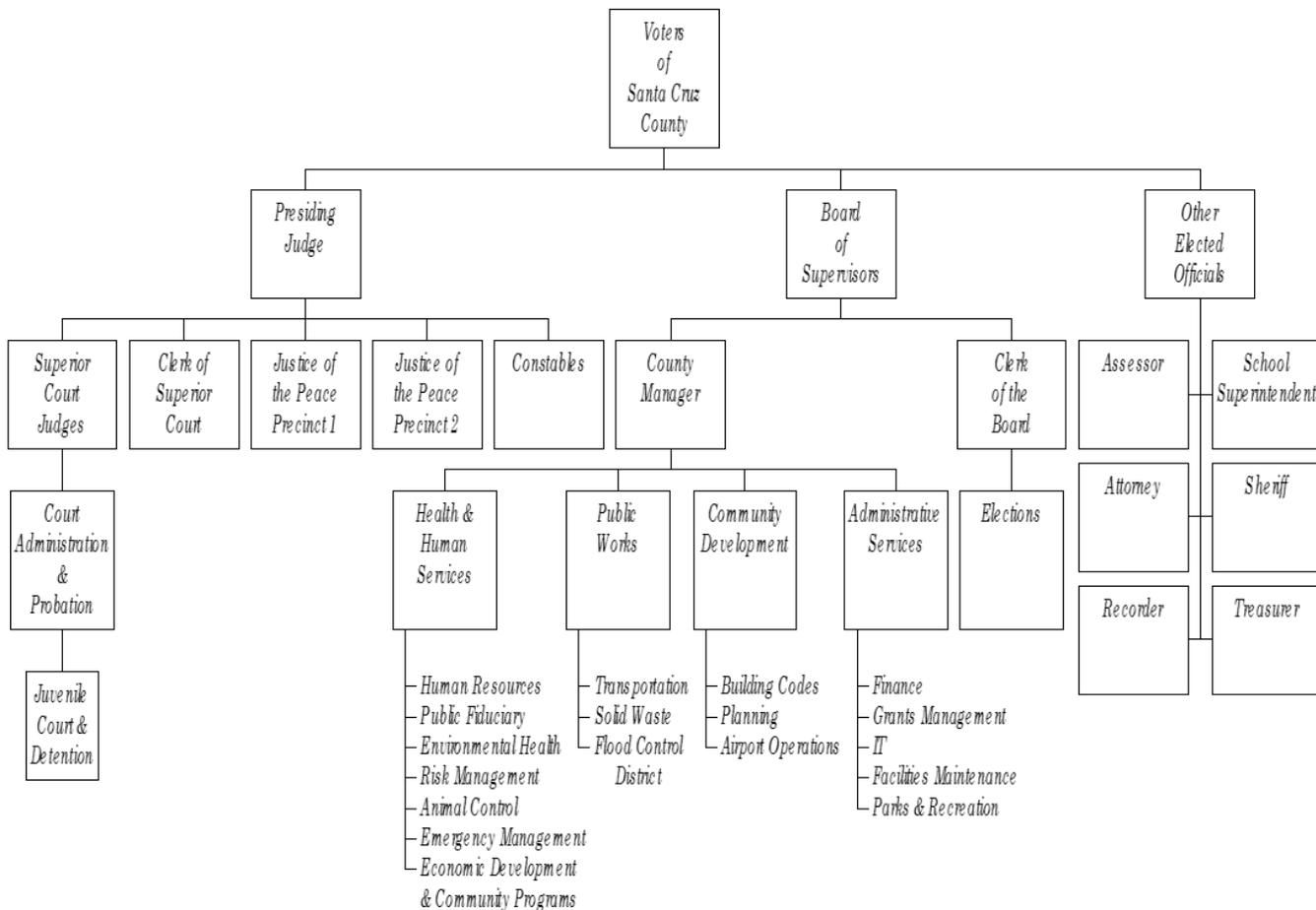
Acknowledgements

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

Respectfully submitted,

Mauricio A. Chavez, CMPI
Administrative Services Director

Santa Cruz County Organizational Chart



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Financial Section

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MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

ARIZONA AUDITOR GENERAL
LINDSEY A. PERRY

JOSEPH D. MOORE
DEPUTY AUDITOR GENERAL

Independent auditors' report

Members of the Arizona State Legislature

The Board of Supervisors of
Santa Cruz County, Arizona

Report on the financial statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Santa Cruz County as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the County as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other matters

Required supplementary information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5 through 14, budgetary comparison schedules on pages 66 through 72, schedule of the County's proportionate share of the net pension liability—cost-sharing plans on page 73, schedule of changes in the County's net pension liability and related ratios—agent plans on pages 74 through 75, and the schedule of County pension contributions on pages 76 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and other information

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

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

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

Compliance over the use of Highway User Revenue Fund and other dedicated State transportation revenue monies

In connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the authorized transportation purposes, insofar as they relate to accounting matters, for Highway User Revenue Fund monies it received pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated State transportation revenues it received. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the authorized transportation purposes referred to above, insofar as they relate to accounting matters.

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

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Lindsey Perry
Auditor General

March 24, 2020

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Santa Cruz County Management's Discussion and Analysis

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

Financial Highlights

- At June 30, 2019, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$53,730,318 (net position). Of this amount, \$70.6 million is the net investment in capital assets (e.g., land, buildings, improvements, construction and vehicles, furniture and equipment, infrastructure and construction in progress); \$12.1 million is restricted for specific purposes (restricted net position); and \$(28.9) million is the unrestricted net position deficit balance that is primarily a result of recognizing long-term liabilities related to pensions.
- The County's total net position as reported in the Statement of Activities increased by \$4,588,575.
- At June 30, 2019, total assets were \$148,623,956 compared to \$150,728,288, at June 30, 2018. This is a \$2,104,332 or 1.4 percent decrease over the prior fiscal year.
- At June 30, 2019, total liabilities were \$94,859,816 compared to \$108,235,039 at June 30, 2018. This is a \$13,375,223 or 12.4 percent decrease over the prior fiscal year.
- At June 30, 2019, total deferred outflows related to pensions and other postemployment benefits (OPEB) were \$6,054,127 compared to \$7,136,685 at June 30, 2018. This is a \$1,082,558 or 15.2 percent decrease over the prior fiscal year.
- At June 30, 2019, total deferred inflows related to pensions and OPEB were \$7,970,379 compared to \$2,510,133 at June 30, 2018. This is a \$5,460,246 or 217.53 percent increase over the prior fiscal year.
- At June 30, 2019, the governmental funds reported combined fund balances of \$19,722,539 or an increase in fund balance of \$148,483, in comparison with the prior year's balance of \$19,574,056.
- At June 30, 2019, \$11,325,832 or 57.5 percent of governmental fund balances were restricted, \$157,638 or 0.8 percent was assigned, \$8,152,221 or 41.3 percent were unassigned, and \$86,848 or 0.4 percent was nonspendable. Restricted fund balances have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations; or by constitutional provisions or enabling legislation. The assigned and unassigned fund balances are considered unrestricted. The unrestricted fund balances are available for spending at the County's discretion. However, the assigned fund balances are designated by management. The nonspendable fund balances include amounts that cannot be spent because they are not in spendable form, such as prepaid items.
- At June 30, 2019, unassigned fund balance for the general fund was \$8,738,969, approximately 39.3 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.

Santa Cruz County Management's Discussion and Analysis

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector businesses.

The *Statement of Net Position* presents information on all county assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

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

Santa Cruz County Management's Discussion and Analysis

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 four 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, Flood Control District, and Road funds. Data from the other governmental funds (nonmajor) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses its enterprise fund to account for the landfills operated by the County. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County has no internal service funds. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The County's landfill operation is considered to be a major fund and is presented in the proprietary fund financial statements.

The proprietary fund financial statements can be found on pages 22-24 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 25-26 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 27-64 of this report.

Required supplementary information presents budgetary comparison schedules for the General, Jail District, Flood Control District and Road funds of the County. It also includes pension plan schedules. Required supplementary information can be found on pages 66-79 of this report.

Government-wide Financial Analysis

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position of the County as of June 30, 2019, compared to the prior year.

Santa Cruz County Management's Discussion and Analysis

Statement of Net Position June 30, 2019 and 2018 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 25,011	\$ 24,165	\$ 4,874	\$ 3,960	\$ 29,885	\$ 28,125
Capital assets	115,141	118,696	3,598	3,907	118,739	122,603
Total assets	<u>140,152</u>	<u>142,861</u>	<u>8,472</u>	<u>7,867</u>	<u>148,624</u>	<u>150,728</u>
Deferred outflows of resources						
Total deferred outflows of resources	<u>7,865</u>	<u>9,085</u>	<u>72</u>	<u>73</u>	<u>7,937</u>	<u>9,158</u>
Current and other liabilities	3,423	2,542	196	46	3,619	2,588
Long-term liabilities	88,396	102,814	2,845	2,833	91,241	105,647
Total liabilities	<u>91,819</u>	<u>105,356</u>	<u>3,041</u>	<u>2,879</u>	<u>94,860</u>	<u>108,235</u>
Deferred inflows of resources						
Total deferred inflows of resources	<u>7,888</u>	<u>2,443</u>	<u>83</u>	<u>67</u>	<u>7,971</u>	<u>2,510</u>
Net Position						
Net investment in capital assets	67,246	66,618	3,328	3,595	70,574	70,213
Restricted	12,104	15,099			12,104	15,099
Unrestricted	(31,040)	(37,570)	2,092	1,399	(28,948)	(36,171)
Total net position	<u>\$ 48,310</u>	<u>\$ 44,147</u>	<u>\$ 5,420</u>	<u>\$ 4,994</u>	<u>\$ 53,730</u>	<u>\$ 49,141</u>

At June 30, 2019, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$53.7 million (net position).

The largest portion (\$70.6 million or 131.4 percent) of the County's net position reflects the investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and construction in progress), less accumulated depreciation and related debt still outstanding used to acquire those assets. The County uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, because the capital assets themselves will not be used to liquidate these liabilities. Restricted net position (\$12.1 million or 22.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance (\$28.9 million or negative 53.9 percent) is the unrestricted net position deficit balance that is primarily a result of recognizing long-term liabilities related to pensions as mentioned above.

The following provides an explanation of governmental activities deferred outflows and inflows of resources related to pensions and OPEB and pension liability that changed significantly over the prior year:

- As a result of an actuarial valuation of the total pension and OPEB asset/liability performed as of June 30, 2018 and a measurement date of June 30, 2018:
 - Deferred outflows of resources related to pensions and OPEB decreased \$1.1 million or 15.3 percent.
 - Deferred inflows of resources related to pensions and OPEB increased \$5.4 million or 222.9 percent.
 - Net pension and OPEB liabilities decreased \$12 million or 24.7 percent.

Santa Cruz County Management's Discussion and Analysis

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

- Current and other assets – the \$914,000 or 23.1 percent net increase was largely in cash and investments that primarily came from landfill net cash provided by operating activities.

Changes in Net position

The following table reflects the condensed Statement of Activities of the County for the year ended 2019 compared to the prior year.

Changes in Net Position For the Years Ended June 30, 2019 and 2018 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 3,399	\$ 2,961	\$ 2,075	\$ 2,298	\$ 5,474	\$ 5,259
Operating grants and contributions	13,663	14,590			13,663	14,590
Capital grants and contributions	130	1,369			130	1,369
General revenues:						
Property taxes	15,414	14,433			15,414	14,433
County excise tax	5,369	5,051			5,369	5,051
Share of state sales taxes	5,378	4,759			5,378	4,759
Share of state overweight permits	872	831			872	831
State appropriations	550	550			550	550
Payments in lieu of taxes	1,141	1,108			1,141	1,108
VLT unrestricted	1,851	1,774			1,851	1,774
Investment earnings	272	306	52	58	324	364
Miscellaneous	441	460			441	460
Gain on sale/trade-in of capital assets				50	-	50
Total revenues	<u>48,480</u>	<u>48,192</u>	<u>2,127</u>	<u>2,406</u>	<u>50,607</u>	<u>50,598</u>
Expenses:						
General government	11,121	20,804			11,121	20,804
Public safety	14,656	19,498			14,656	19,498
Highways and streets	8,897	5,686			8,897	5,686
Health, welfare and sanitation	4,985	4,969	1,701	1,111	6,686	6,080
Education and economic opportunity	2,609	2,281			2,609	2,281
Recreation	302	263			302	263
Interest on long-term debt	1,747	1,967			1,747	1,967
Total expenses	<u>44,317</u>	<u>55,468</u>	<u>1,701</u>	<u>1,111</u>	<u>46,018</u>	<u>56,579</u>
Changes in net position	4,163	(7,276)	426	1,295	4,589	(5,981)
Net position—beginning	<u>44,147</u>	<u>51,423</u>	<u>4,994</u>	<u>3,699</u>	<u>49,141</u>	<u>55,122</u>
Net position—ending	<u>\$ 48,310</u>	<u>\$ 44,147</u>	<u>\$ 5,420</u>	<u>\$ 4,994</u>	<u>\$ 53,730</u>	<u>\$ 49,141</u>

Santa Cruz County Management's Discussion and Analysis

Overall, the County's governmental revenues increased by \$288,000 or 0.6 percent and expenses decreased by \$11.1 million or 20.1 percent. The following provides an explanation of governmental activities revenues and expenses that changed significantly over the prior year:

- Shared of State Sales Taxes – The \$618,000 or 13 percent increase was due to an improved state economy in the current year.
- General government and public safety expenses decreased \$9.7 million or 46.5 percent and \$4.8 million or 24.8 percent, respectively, primarily due to net decreases in pension expenses.
- Highways and streets expenses increased \$3.2 million or 56.5 percent due to more roads maintained and repaired than the prior year, West Frontage Road improvement project was started and completed in the current year and the net increase between depreciation expense and purchased of capital assets.

Overall, the County's business-type revenues decreased \$280,000 or 11.6 percent and expenses increased by \$589,000 or 53 percent. The following provides an explanation of business-type activities expenses that changed significantly over the prior year:

Sanitation expenses – The \$589,000 or 53 percent increase was due to the following:

- The increase in professional services due to a notice of violation from ADEQ for an overwhelming amount of Bio Solids, consultants were contracted to monitor the landfills ground water, landfill gas, and perimeter monitoring. In addition, contract work was required to handle the sludge.
- The increase in equipment rental because the County did not have a dozer for the capacity to generate dirt to cover the trash and sludge.
- The increase in landfill closure and postclosure care costs due to the estimated calculated by the County's contracted engineering specialist.

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, 2019, the County's governmental funds reported combined fund balances of \$19,722,539, an increase of \$148,483 in comparison with the prior year's balance. Of the combined fund balances, \$8,152,221 constitutes unassigned fund balance, which is available to meet the County's current and future needs.

Santa Cruz County Management's Discussion and Analysis

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 \$8,738,969. Unassigned fund balance represents 39.3 percent of total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

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

General Fund

Due from other governments increased \$158,000 or 11.23 percent primarily due to the increase in state shared sales taxes.

Jail District Fund

- Cash and investments increased \$172,000 or 14,093.8 percent primarily due to the decrease of \$180,000 in due from other governmental units.
- Accounts payable increased \$79,000 or 69.7 percent due to more purchase of goods and services at year-end.
- Accrued payroll and employee benefits increased almost \$19,000 or 13.8 percent due to additional payroll days accrued at year-end.
- Intergovernmental revenue increased \$382,000 or 22.9 percent was primarily due to the net increase of federal and other intergovernmental reimbursements for housing additional inmates.

Flood Control District Fund

- Cash and investments increased \$327,000 or 11.5 percent due to the increase in accounts payable of \$353,000 or 483.6 percent at year-end.
- Public safety expenditures increased by \$564,000 or 46.5 percent was largely due to engineering costs for several projects including Camino Gilberto and Vencejo flood reduction study, Ephraim Canon single event design, I-19 corridor watershed study and Potrero Creek bank protection study. External contracts expenditures for the Harshaw Creek bank protection and the Potrero Creek and Firestone Gardens projects.

Road Fund

- Cash and investments decreased \$1.1 million or 25.1 percent and accounts payable increased \$410,000 or 72.1 percent primarily due to the increase in highways and streets expenditures of \$2.4 million as explained below.
- Due from other governmental units increased \$86,000 or 18.6 percent due to the increase of intergovernmental revenue for additional roads maintained and repaired in the current year as explained below.
- Highways and streets expenditures increased \$2.4 million or 46.8 percent was primarily due to more roads maintained and repaired than the prior year. In addition, the County started and completed the West Frontage Road improvement project in the current year.

Santa Cruz County Management's Discussion and Analysis

General Fund Budgetary Highlights

General Fund actual expenditures were approximately \$6 million under the adopted budget and actual revenues were more than estimated revenues by \$1.6 million. The County conservatively estimated revenues and budgeted expenditures.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets as of June 30, 2019, amounted to \$118.7 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 \$1.9 million was solely due to accumulated depreciation added during the fiscal year.
- Infrastructure decreased \$950 thousand mainly due to the completion of the West Frontage Road improvement project of \$548 thousand and the accumulated depreciation of \$1.5 million added during the fiscal year.

Capital Assets Net of Depreciation (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 22,352	\$ 22,347	\$ 230	\$ 230	\$ 22,582	\$ 22,577
Buildings	53,677	55,525	93	99	53,770	55,624
Improvements other than buildings	3,378	3,705	2,798	2,939	6,176	6,644
Construction equipment and vehicles	2,122	2,519	457	606	2,579	3,125
Furniture and equipment	986	1,087	20	33	1,006	1,120
Construction in progress	142	79			142	79
Infrastructure	32,484	33,434			32,484	33,434
Total capital assets, net	<u>\$115,141</u>	<u>\$118,696</u>	<u>\$ 3,598</u>	<u>\$3,907</u>	<u>\$118,739</u>	<u>\$122,603</u>

Additional information on the County's capital assets can be found in Note 5 of the Notes to Financial Statements on pages 37-38 of this report.

Santa Cruz County Management's Discussion and Analysis

Long-Term Debt

At June 30, 2019, the County had total long-term debt outstanding of \$91.2 million. This amount includes pledged revenue obligations of \$42.9 million, net pension and OPEB liabilities of \$37 million, long-term notes of \$5.9 million, compensated absences payable of \$2.1 million, landfill closure and post closure care costs payable of \$2 million, installment purchase contracts of \$785 thousand, capital leases payable of \$425 thousand, and claims and judgments payable of \$75 thousand.

Additional information on the County's long-term debt can be found in Note 6 of the Notes to Financial Statements on pages 38-42 of this report.

Economic Factors and Next Year's Budget

- Due to the economic and political turmoil in Mexico and the uncertainty of the US immigration, border wall and trade policies, the local economy has taken a downward turn while the state economy generally is continuing to improve, particularly in the urban areas.
- The recent outbreak of the COVID-19 virus may negatively impact the County. Due to the uncertainty and unprecedented events linked to the COVID-19 crisis, it is too early to really know and quantify the extent of the impact. The County will consistently evaluate the crisis, monitor financials, and will propose measures as needed to protect the County's financial resources.
- The structural imbalance of the State's budget has led to legislative budget proposals involving cost shifts, program shifts, lost revenue streams and HURF shifts to the detriment of the County ranging from \$600 thousand to \$1.4 million annually over the past nine years. The improving State economy should reduce this burden in future years, but lagging revenues on the local level continue to hamper the County's recovery from the recession.
- The economy of Santa Cruz County employs approximately 17.4 thousand people. The largest industries are retail trade, educational services and wholesale trade (produce industry). Within the retail trade, our largest industry, the County continues to experience brick and mortar store closures, a trend we anticipate will continue. The County relies heavily on shoppers from Mexico, however due to current border issues and the staffing shortages at the port of entries, many visitors and tourists avoid the trip. The produce industry is a major contributor to the regions' economy, but its unpredictability is well known. Current trade agreements renegotiations will come at a greater cost to importers due to the new border inspection requirements and duty fees. The trend to divert produce deliveries through Texas continues as a mechanism to reduce transportation costs and expedite deliveries. This continues to lead a shift of produce firms to that region, negatively affecting our employment base and economy.
- Due to border security and immigration policy dominating discussions on the national level, pedestrian border crossings at the Nogales POE decreased 27 percent in 2019 compared to last year, and vehicular passengers decreased by 30 percent.
- Construction of new commercial warehouse buildings continued after years of inactivity, however construction of new homes remains non-existent due to a surplus of vacant homes. While there have

Santa Cruz County Management's Discussion and Analysis

been significant improvements in the economy in urban counties with the State, rural areas typically lag 1-2 years behind.

Request for Information

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

Basic Financial Statements

Santa Cruz County
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 18,229,823	\$ 4,659,788	\$ 22,889,611
Cash and investments held by trustee	810,079		810,079
Property taxes receivable (net of allowance)	1,159,618		1,159,618
Internal balances	57,091	(57,091)	
Due from other governmental units	3,902,886	2,556	3,905,442
Accounts receivable	449,092	210,514	659,606
Interest receivable	1,224		1,224
Prepaid items	86,848		86,848
Noncurrent assets:			
Net pension and other postemployment benefits asset	314,000	605	314,605
Capital assets:			
Nondepreciable	22,494,781	229,996	22,724,777
Depreciable (net)	92,646,681	3,368,374	96,015,055
Total assets	<u>140,152,123</u>	<u>8,414,742</u>	<u>148,566,865</u>
Deferred Outflows of Resources			
Deferred outflows related to refunding debts	1,882,430		1,882,430
Deferred outflows related to pensions and other postemployment benefits	5,982,340	71,787	6,054,127
Total deferred outflows of resources	<u>7,864,770</u>	<u>71,787</u>	<u>7,936,557</u>
Liabilities			
Accounts payable	2,539,150	129,085	2,668,235
Due to other governments	4,610		4,610
Accrued payroll and employee benefits	879,562	9,818	889,380
Noncurrent liabilities:			
Due within 1 year	4,347,855	56,217	4,404,072
Due in more than 1 year	84,047,855	2,788,573	86,836,428
Total liabilities	<u>91,819,032</u>	<u>2,983,693</u>	<u>94,802,725</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions and other postemployment benefits	7,887,803	82,576	7,970,379
Total deferred inflows of resources	<u>7,887,803</u>	<u>82,576</u>	<u>7,970,379</u>
Net Position			
Net investment in capital assets	67,245,549	3,327,689	70,573,238
Restricted for:			
Capital projects	287,335		287,335
Education	826,073		826,073
Flood control	3,019,275		3,019,275
Health	51,391		51,391
Judicial activities	3,102,843		3,102,843
Law enforcement	948,125		948,125
Public safety	32,590		32,590
Social services	173,229		173,229
Highways and streets	2,929,920		2,929,920
Other purposes	733,412		733,412
Unrestricted (deficit)	(31,039,684)	2,092,571	(28,947,113)
Total net position	<u>\$ 48,310,058</u>	<u>\$ 5,420,260</u>	<u>\$ 53,730,318</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 11,121,601	\$ 2,866,110	\$ 739,793	\$ 101,574	\$ (7,414,124)		\$ (7,414,124)
Public safety	14,656,152	302,460	5,006,828	28,879	(9,317,985)		(9,317,985)
Highways and streets	8,897,030		5,152,012		(3,745,018)		(3,745,018)
Health, welfare and sanitation	4,984,972	220,573	917,148		(3,847,251)		(3,847,251)
Education and economic opportunity	2,609,450		1,847,454		(761,996)		(761,996)
Recreation	301,819	9,894			(291,925)		(291,925)
Interest on long-term debt	1,746,842				(1,746,842)		(1,746,842)
Total governmental activities	<u>44,317,866</u>	<u>3,399,037</u>	<u>13,663,235</u>	<u>130,453</u>	<u>(27,125,141)</u>		<u>(27,125,141)</u>
Business-type activities:							
Landfill	1,700,526	2,074,628				374,102	374,102
Total business-type activities	<u>1,700,526</u>	<u>2,074,628</u>				<u>374,102</u>	<u>374,102</u>
Total primary government	<u>\$ 46,018,392</u>	<u>\$ 5,473,665</u>	<u>\$ 13,663,235</u>	<u>\$ 130,453</u>	<u>\$ (27,125,141)</u>	<u>\$ 374,102</u>	<u>\$ (26,751,039)</u>
General revenues/expenses:							
Taxes							
Property taxes, levied for general purpose					13,028,106		13,028,106
Property taxes, levied for flood control district					2,385,561		2,385,561
Property taxes, levied for debt service					54		54
County excise tax for general purpose					2,686,263		2,686,263
County excise tax for jail district					2,683,076		2,683,076
Share of state sales taxes					5,377,693		5,377,693
Share of state vehicle license tax					1,850,973		1,850,973
Share of state overweight permits					872,081		872,081
State appropriations					550,050		550,050
Payments in lieu of taxes					1,141,215		1,141,215
Investment earnings					271,616	51,941	323,557
Miscellaneous					440,985		440,985
Transfers in (out)					(91)	91	
Total general revenues and transfers					<u>31,287,582</u>	<u>52,032</u>	<u>31,339,614</u>
Changes in net position					4,162,441	426,134	4,588,575
Net position—July 1, 2018					<u>44,147,617</u>	<u>4,994,126</u>	<u>49,141,743</u>
Net position—June 30, 2019					<u>\$ 48,310,058</u>	<u>\$ 5,420,260</u>	<u>\$ 53,730,318</u>

See accompanying notes to financial statements.

Santa Cruz County
Balance Sheet
Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Jail District Fund</u>	<u>Flood Control District Fund</u>	<u>Road Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets						
Cash and investments	\$ 6,184,808	\$ 173,164	\$ 3,182,129	\$ 3,347,188	\$ 5,342,534	\$ 18,229,823
Cash and investments held by trustee	810,079					810,079
Property taxes receivable (net of allowances for uncollectibles)	975,482		184,136			1,159,618
Due from other governmental units	1,573,673	540,015	89,755	546,701	1,152,742	3,902,886
Due from other funds	874,433			57,091		931,524
Accounts receivable	373,805	103		10,309	64,875	449,092
Interest receivable	1,224					1,224
Prepaid items	47,096	250			39,502	86,848
Total assets	<u>\$ 10,840,600</u>	<u>\$ 713,532</u>	<u>\$ 3,456,020</u>	<u>\$ 3,961,289</u>	<u>\$ 6,599,653</u>	<u>\$ 25,571,094</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 684,962	\$ 169,803	\$ 426,476	\$ 979,448	\$ 278,461	\$ 2,539,150
Due to other governments					4,610	4,610
Accrued payroll and employee benefits	470,676	154,678	10,269	51,921	192,018	879,562
Due to other funds			89,755		784,678	874,433
Total liabilities	<u>1,155,638</u>	<u>324,481</u>	<u>526,500</u>	<u>1,031,369</u>	<u>1,259,767</u>	<u>4,297,755</u>
Deferred Inflows of Resources						
Unavailable revenue—property taxes	859,287		161,381			1,020,668
Unavailable revenue—intergovernmental	36,557		89,755		397,939	524,251
Unavailable revenue—miscellaneous	3,053				2,828	5,881
Total deferred inflows of resources	<u>898,897</u>		<u>251,136</u>		<u>400,767</u>	<u>1,550,800</u>
Fund balances:						
Nonspendable	47,096	250			39,502	86,848
Restricted		388,801	2,768,139	2,929,920	5,238,972	11,325,832
Assigned					157,638	157,638
Unassigned	8,738,969		(89,755)		(496,993)	8,152,221
Total fund balances	<u>8,786,065</u>	<u>389,051</u>	<u>2,678,384</u>	<u>2,929,920</u>	<u>4,939,119</u>	<u>19,722,539</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,840,600</u>	<u>\$ 713,532</u>	<u>\$ 3,456,020</u>	<u>\$ 3,961,289</u>	<u>\$ 6,599,653</u>	<u>\$ 25,571,094</u>

See accompanying notes to financial statements.

Santa Cruz County
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
June 30, 2019

Fund balances—total governmental funds		\$ 19,722,539
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$213,304,146 and the accumulated depreciation is \$98,162,684</p>		115,141,462
<p>Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds</p>		1,550,800
<p>Long-term liabilities, such as net pension/OPEB liabilities and loans payable, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Pledged revenue obligations payable	\$ (38,755,000)	
Pledged revenue obligations premium payable	(4,143,183)	
Long-term loans payable	(5,940,916)	
Compensated absences payable	(2,050,934)	
Obligations under capital leases	(424,909)	
Installment purchase contracts	(514,335)	
Net pension and other postemployment benefits liabilities	(36,491,433)	
Estimated liabilities for claims and judgments	<u>(75,000)</u>	
		(88,395,710)
<p>Deferred outflows of resources related to long-term debts are applicable to future reporting periods and, therefore, are not reported in the funds</p>		1,882,430
<p>Net pension and OPEB assets held in trust for future benefits are not available for County operations and, therefore, are not reported in the funds.</p>		314,000
<p>Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future reporting periods and, therefore, are not reported in the funds</p>		<u>(1,905,463)</u>
Net position of governmental activities		<u>\$ 48,310,058</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General Fund	Jail District Fund	Flood Control District Fund	Road Fund	Other Governmental Funds	Total
Revenues:						
Taxes	\$ 15,688,056	\$ 2,683,076	\$ 2,288,655		\$ 54	\$ 20,659,841
Intergovernmental	9,291,150	2,051,892		\$ 6,024,093	6,959,593	24,326,728
Licenses and permits	486,291					486,291
Charges for services	571,407	3,224			551,617	1,126,248
Fines and forfeits	756,048				924,124	1,680,172
Investment earnings	122,636	5,696	41,625	59,410	42,249	271,616
Rents	106,326					106,326
Miscellaneous	32,244	36,315	317	148,298	221,116	438,290
Total revenues	<u>27,054,158</u>	<u>4,780,203</u>	<u>2,330,597</u>	<u>6,231,801</u>	<u>8,698,753</u>	<u>49,095,512</u>
Expenditures:						
Current:						
General government	12,970,265				1,696,729	14,666,994
Public safety	5,308,338	4,523,733	1,778,344		2,853,096	14,463,511
Highways and streets				7,666,701		7,666,701
Health, welfare and sanitation	2,973,308	332,035			1,758,345	5,063,688
Education and economic opportunity	400,182				2,493,269	2,893,451
Recreation	286,013					286,013
Debt service:						
Principal retirement	244,663	1,675,000	420,000	18,634	526,847	2,885,144
Interest and fiscal charges	37,994	1,248,635	215,769	1,212	435,838	1,939,448
Total expenditures	<u>22,220,763</u>	<u>7,779,403</u>	<u>2,414,113</u>	<u>7,686,547</u>	<u>9,764,124</u>	<u>49,864,950</u>
Excess (deficiency) of revenues over expenditures	4,833,395	(2,999,200)	(83,516)	(1,454,746)	(1,065,371)	(769,438)
Other financing sources (uses):						
Capital lease agreements	84,602			33,410		118,012
Loan proceeds	800,000					800,000
Transfers in	13,441	3,419,352		42,488	1,854,654	5,329,935
Transfers out	(5,199,068)	(36)	(91)		(130,831)	(5,330,026)
Total other financing sources (uses)	<u>(4,301,025)</u>	<u>3,419,316</u>	<u>(91)</u>	<u>75,898</u>	<u>1,723,823</u>	<u>917,921</u>
Net change in fund balances	532,370	420,116	(83,607)	(1,378,848)	658,452	148,483
Fund balances, beginning of year	8,253,695	(31,065)	2,761,991	4,308,768	4,280,667	19,574,056
Fund balances, end of year	<u>\$ 8,786,065</u>	<u>\$ 389,051</u>	<u>\$ 2,678,384</u>	<u>\$ 2,929,920</u>	<u>\$ 4,939,119</u>	<u>\$ 19,722,539</u>

See accompanying notes to financial statements.

Santa Cruz County
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended June 30, 2019

Net change in fund balances—total governmental funds \$ 148,483

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	\$ 1,277,190	
Less: current-year depreciation	<u>(4,824,268)</u>	(3,547,078)

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

(7,330)

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

Debt issued	(918,012)	
Refunding pledged revenue obligations premium amortized	332,118	
Deferred outflows related to refunding pledged revenue obligations amortized	(139,512)	
Principal repaid	<u>2,885,144</u>	2,159,738

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		131,460
--	--	---------

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

County pension/OPEB contributions	3,241,890	
Pension/OPEB expense	<u>2,650,392</u>	5,892,282

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

Intergovernmental	(938,929)	
Miscellaneous revenue	<u>(1,703)</u>	(940,632)

Some revenues reported in the Statement of Activities do not represent
the collection of current financial resources and therefore are not
reported as revenues in the governmental funds.

Property tax revenues	123,219	
Intergovernmental	197,901	
Miscellaneous revenue	<u>4,398</u>	<u>325,518</u>

Change in net position of governmental activities \$4,162,441

Santa Cruz County
Statement of Net Position
Propriety Funds
June 30, 2019

	Business-Type Activities - Enterprise Fund <u>Landfill</u>
Assets	
Current assets:	
Cash and investments	\$ 4,659,788
Due from other governmental units	2,556
Accounts receivable	210,514
Total current assets	<u>4,872,858</u>
Noncurrent assets:	
Net pension and other postemployment benefits asset	605
Capital assets	
Nondepreciable	229,996
Depreciable (net)	3,368,374
Total noncurrent assets	<u>3,598,975</u>
Total assets	<u>8,471,833</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions and OPEB	<u>71,787</u>
Total deferred outflows of resources	<u>71,787</u>
Liabilities	
Current liabilities:	
Accounts payable	129,085
Accrued payroll and employee benefits	9,818
Due to other funds	57,091
Installment purchase contracts payable—current portion	43,312
Compensated absences payable—current portion	12,905
Total current liabilities	<u>252,211</u>
Noncurrent liabilities:	
Landfill closure and postclosure care costs payable	2,004,082
Installment purchase contracts payable	227,369
Compensated absences payable	19,895
Net pension and OPEB liability	537,227
Total noncurrent liabilities	<u>2,788,573</u>
Total liabilities	<u>3,040,784</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions and OPEB	<u>82,576</u>
Total deferred inflows of resources	<u>82,576</u>
Net Position	
Net investment in capital assets	3,327,689
Unrestricted deficit	2,092,571
Total net position	<u>\$ 5,420,260</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2019

	Business-Type Activities— Enterprise Fund <u>Landfill</u>
Operating revenues:	
Landfill fees	\$ 2,074,340
Other	288
Total operating revenues	<u>2,074,628</u>
 Operating expenses:	
Personal services	223,402
Professional services	356,324
Supplies	26,556
Utilities	28,910
Repairs and maintenance	255,580
Insurance	3,286
Landfill closure and postclosure care costs	83,486
Depreciation	308,743
Other	401,225
Total operating expenses	<u>1,687,512</u>
 Operating income	 <u>387,116</u>
 Nonoperating revenues (expenses):	
Investment earnings	51,941
Transfers in (out)	91
Interest expense on capital leases	<u>(13,014)</u>
Total nonoperating revenues (expenses)	<u>39,018</u>
 Increase in net position	 426,134
 Net position, July 1, 2018	 <u>4,994,126</u>
 Net position, June 30, 2019	 <u>\$ 5,420,260</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019

	Business-Type Activities— Enterprise Fund Landfill
Cash flows from operating activities	
Receipts from customers	\$ 2,068,076
Payments to suppliers and providers of goods and services	(978,606)
Payments to employees	(236,717)
Net cash provided by operating activities	<u>852,753</u>
Cash flows from noncapital and related financing activities	
Operating transfers from governmental funds	<u>91</u>
Net cash provided by noncapital and related financing activities	<u>91</u>
Cash flows from capital and related financing activities	
Loan received from governmental funds	57,091
Principal paid on installment purchase contracts	(41,566)
Interest paid on capital leases	(13,014)
Net cash provided by capital and related financing activities	<u>2,511</u>
Cash flows from investing activities	
Interest received on investments	<u>51,941</u>
Net cash provided by investing activities	<u>51,941</u>
Net increase in cash and cash equivalents	907,296
Cash and cash equivalents, July 1, 2018	<u>3,752,492</u>
Cash and cash equivalents, June 30, 2019	<u>\$ 4,659,788</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 387,116
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	308,743
Changes in assets and liabilities	
Increase and decrease in:	
Due from other governmental units	1,536
Accounts receivable	(8,088)
Deferred outflows related to pensions and other postemployment benefits	1,833
Accounts payable	93,275
Accrued payroll and employee benefits	(505)
Compensated absences payable	66
Landfill closure and postclosure care costs payable	83,486
Deferred inflows related to pensions and other postemployment benefits	15,563
Net pension/OPEB asset	281
Net pension/OPEB liability	(30,553)
Net cash provided by operating activities	<u>\$ 852,753</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Investment Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 20,968,093	\$ 1,231,589
Total assets	<u>\$ 20,968,093</u>	<u>\$ 1,231,589</u>
 Liabilities		
Due to other governmental units		\$ 68,648
Deposits held for others		<u>1,162,941</u>
Total Liabilities		<u>\$ 1,231,589</u>
 Net Position		
Held in trust for investment trust participants	<u>\$ 20,968,093</u>	

See accompanying notes to financial statements.

Santa Cruz County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2019

	<u>Investment Trust Funds</u>
Additions	
Contributions from participants	\$ 115,656,914
Investment income	<u>220,411</u>
Total additions	<u>115,877,325</u>
 Deductions	
Distributions to participants	<u>119,356,440</u>
Total deductions	<u>119,356,440</u>
Changes in net position	(3,479,115)
Net position, July 1, 2018	<u>24,447,208</u>
Net position, June 30, 2019	<u>\$ 20,968,093</u>

See accompanying notes to financial statements.

Santa Cruz County
Notes to Financial Statements
June 30, 2019

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 a separately elected board of supervisors governs. The accompanying financial statements present the activities of the County (the primary government) and its component units.

Component units are legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are so intertwined with the County that they are in substance part of the County's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each blended component unit discussed below has a June 30 year-end. The County has no discretely presented component units.

The Santa Cruz County Flood Control District is a legally separate tax-levying entity pursuant to A.R.S. §48-3602 that provides flood control facilities and regulates floodplains and drainage to prevent flooding of property within Santa Cruz County. The Santa Cruz County Jail District is a legally separate tax-levying entity pursuant to A.R.S. §48-4002 that acquires, constructs, operates, maintains, and finances the County jail, jail system, and juvenile detention facility. The Santa Cruz County Board of Supervisors serves as the Board of Directors of the Flood Control and Jail Districts and significantly influences the programs, projects, activities, and level of services provided by the Districts. The Board also establishes policy, appoints management, exercises budgetary control and sets the tax rate for the Flood Control District. In addition, the Board exercises budgetary control for the Jail District. Further, the Districts provide services almost entirely for the benefit of the County; therefore, the Flood Control and Jail Districts are considered blended component units of the County. Separate financial statements for the Districts are not available.

B. Basis of Presentation

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

Santa Cruz County
Notes to Financial Statements
June 30, 2019

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

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

- Charges to customers or applicants for goods, services, or privileges provided,
- Operating grants and contributions,
- Capital grants and contributions, including special assessments.

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

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

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

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

Santa Cruz County
Notes to Financial Statements
June 30, 2019

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Jail District Fund* accounts for all financial resources of the Jail District and is funded by excise taxes, maintenance of effort payments from the County's General Fund, and federal reimbursements.

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

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

The County also reports the following major enterprise fund:

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

The County also reports the following fund types:

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

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

C. Basis of Accounting

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

Under the terms of grant agreements, the County funds certain programs by a combination of grants and general revenues. Therefore, when program expenses are incurred, there are both

Santa Cruz County
Notes to Financial Statements
June 30, 2019

restricted and unrestricted resources available to finance the program. The County applies grant resources to such programs before using general revenues.

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

D. Cash and Investments

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

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest-earning investment contracts with a remaining maturity of 1 year or less at the time of purchase that are not in the County Treasurer's investment pool 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 2 equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

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

F. Capital Assets

Capital assets are reported at actual cost (or estimated historical cost if historical records are not available). Donated assets are reported at acquisition value.

Santa Cruz County
Notes to Financial Statements
June 30, 2019

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

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

G. Deferred Outflows and Inflows of Resources

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

H. Postemployment Benefits

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

I. Fund Balance Classifications

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

Santa Cruz County
Notes to Financial Statements
June 30, 2019

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

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

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

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

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

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

J. Investment Earnings

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

K. Compensated Absences

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

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

Santa Cruz County
Notes to Financial Statements
June 30, 2019

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

L. Miscellaneous Disclosures

Pursuant to A.R.S. §35-391(B), the County shall disclose in its annual financial report the amount of any reward, discount, incentive, or other financial consideration received by the governmental entity resulting from credit card payments. The County received \$2,430 in credit card rebates during fiscal year 2019.

Note 2 – Stewardship, Compliance, and Accountability

Deficit fund balances—At June 30, 2019, the following nonmajor funds reported deficits in fund balance:

Fund	Deficit
Governmental funds:	
Special revenue	
Homeland Security	\$ 9,609
WIOA	36,521
Health Services	19,954
Capital projects	
Other	15,468

Note 3 – Deposits and Investments

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

Santa Cruz County
Notes to Financial Statements
June 30, 2019

funds. In addition, the County Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Specified bonds, debentures, notes and other evidences of indebtedness that are denominated in United States dollars must be rated "A" or better at the time of purchase by at least two nationally recognized rating agencies.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk

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

Concentration of credit risk

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

Interest rate risk

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. The maximum maturity for investments in repurchase agreements is 180 days.

Foreign currency risk

Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

Deposits—At June 30, 2019, the carrying amount of the County's deposits was \$34,806,102, and the bank balance was \$34,073,678. The County does not have a formal policy related to custodial credit risk for deposits.

Investments—The County had total investments of \$11,086,982 at June 30, 2019. The County categorizes certain investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles as follows:

Santa Cruz County
Notes to Financial Statements
June 30, 2019

Investments by fair value level	Amount	Quoted prices in active markets for identical assets (Level 1)
U.S. Government money market fund	\$810,079	\$810,079

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

The County also had investments of \$10,276,903 in the State Treasurer's investment pools measured at fair value. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the County held. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

Credit Risk—The County does not have a formal investment policy with respect to credit risk. At June 30, 2019, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pool 5	AAAf/S1+	Standard and Poor's	\$10,273,743
State Treasurer's investment pool 7	Unrated	Not applicable	3,160
U.S. Government money market fund	AAAm	Standard and Poor's	<u>810,079</u>
			<u>\$11,086,982</u>

Custodial credit risk—For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in an outside party's possession. The County does not have a formal investment policy with respect to custodial credit risk.

Concentration of credit risk—The County does not have a formal investment policy with respect to concentration of credit risk.

Interest rate risk—The County does not have a formal investment policy with respect to interest rate risk. At June 30, 2019, the County had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (In Years)
State Treasurer's investment pool 5	\$10,273,743	0.09
State Treasurer's investment pool 7	3,160	0.08
U.S. Government money market fund	<u>810,079</u>	0.07
	<u>\$11,086,982</u>	

Santa Cruz County
Notes to Financial Statements
June 30, 2019

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

Cash, deposits, and investments:

Cash on hand	\$ 6,288
Amount of deposits	34,806,102
Amount of investments	<u>11,086,982</u>
Total	<u>\$45,899,372</u>

Statement of Net Position:

	Governmental Activities	Business- Type Activities	Investment Trust Funds	Agency Funds	Total
Cash and investments	\$18,229,823	\$4,659,788	\$20,968,093	\$1,231,589	\$45,089,293
Cash and investments held by trustee	<u>810,079</u>	<u>4,659,788</u>	<u>20,968,093</u>	<u>1,231,589</u>	<u>810,079</u>
	<u>\$19,039,902</u>	<u>\$4,659,788</u>	<u>\$20,968,093</u>	<u>\$1,231,589</u>	<u>\$45,899,372</u>

Note 4 – Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2019, for the County's individual major funds and nonmajor funds in the aggregate are shown as follows:

Description	Governmental Activities						Total
	General Fund	Jail District Fund	Flood Control District Fund	Road Fund	Other Governmental Funds	Business- Type Activities	
County half-cent sales tax	\$ 455,394	\$455,331					\$ 910,725
State shared sales tax	896,741						896,741
State vehicle license tax	71,653						71,653
State shared overweight permits				\$134,081			134,081
Highway user revenue				412,620			412,620
Federal and state reimbursement grants	51,858	84,500			\$1,147,510		1,283,868
Miscellaneous	<u>98,027</u>	<u>184</u>	<u>\$89,755</u>	<u>546,701</u>	<u>5,232</u>	<u>\$2,556</u>	<u>195,754</u>
	<u>\$1,573,673</u>	<u>\$540,015</u>	<u>\$89,755</u>	<u>\$546,701</u>	<u>\$1,152,742</u>	<u>\$2,556</u>	<u>\$3,905,442</u>

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Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Primary Government			Balance June 30, 2019
	Balance July 1, 2018	Increases	Decreases	
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 22,347,201	\$ 5,209		\$ 22,352,410
Construction in Progress	79,283	63,088		142,371
Total Capital assets not being depreciated	<u>22,426,484</u>	<u>68,297</u>		<u>22,494,781</u>
Capital assets being depreciated:				
Buildings	74,594,594			74,594,594
Improvements other than buildings	6,347,455	28,706		6,376,161
Construction equipment and vehicles	12,350,043	424,790	\$466,344	12,308,489
Furniture and equipment	12,217,885	207,648	19,172	12,406,361
Infrastructure	84,576,011	547,749		85,123,760
Total capital assets being depreciated	<u>190,085,988</u>	<u>1,208,893</u>	<u>485,516</u>	<u>190,809,365</u>
Less accumulated depreciation for:				
Buildings	19,069,307	1,848,432		20,917,739
Improvements other than buildings	2,642,916	355,114		2,998,030
Construction equipment and vehicles	9,831,093	814,275	459,014	10,186,354
Furniture and equipment	11,130,945	308,614	19,172	11,420,387
Infrastructure	51,142,341	1,497,833		52,640,174
Total accumulated depreciation	<u>93,816,602</u>	<u>4,824,268</u>	<u>478,186</u>	<u>98,162,684</u>
Total capital assets being depreciated, net	<u>96,269,386</u>	<u>(3,615,375)</u>	<u>7,330</u>	<u>92,646,681</u>
Governmental activities capital assets, net	<u>\$118,695,870</u>	<u>\$(3,547,078)</u>	<u>\$ 7,330</u>	<u>\$115,141,462</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>-</u>	<u>229,996</u>
Capital assets being depreciated:				
Buildings	246,067			246,067
Improvements other than buildings	4,383,102			4,383,102
Construction equipment and vehicles	2,073,691			2,073,691
Furniture and equipment	64,163		-	64,163
Total capital assets being depreciated	<u>6,767,023</u>		<u>-</u>	<u>6,767,023</u>
Less accumulated depreciation for:				
Buildings	146,841	6,156		152,997
Improvements other than buildings	1,443,822	140,722		1,584,544
Construction equipment and vehicles	1,467,765	149,032		1,616,797
Furniture and equipment	31,478	12,833	-	44,311
Total accumulated depreciation	<u>3,089,906</u>	<u>308,743</u>	<u>-</u>	<u>3,398,649</u>
Total capital assets being depreciated, net	<u>3,677,117</u>	<u>(308,743)</u>	<u>-</u>	<u>3,368,374</u>
Business-type activities capital assets, net	<u>\$ 3,907,113</u>	<u>\$(308,743)</u>	<u>\$ -</u>	<u>\$ 3,598,370</u>

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Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 988,716
Public safety	1,724,690
Highways and streets	1,951,436
Health, welfare and sanitation	46,597
Education and economic opportunity	62,520
Recreation	<u>50,309</u>
Total governmental activities depreciation expense	<u>\$4,824,268</u>
Business-type activities:	
Landfill	<u>\$ 308,743</u>
Total business-type activities depreciation expense	<u>\$ 308,743</u>

Note 6 – Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within 1 year
Governmental activities					
Pledged revenue obligations payable	\$ 40,910,000		\$ 2,155,000	\$38,755,000	\$2,210,000
Pledged revenue obligations premium payable	4,475,301		332,118	4,143,183	332,118
Long-term loans payable	5,655,000	\$ 800,000	514,084	5,940,916	633,094
Installment purchase contracts	672,642		158,307	514,335	164,698
Obligations under capital leases	364,650	118,012	57,753	424,909	76,248
Net pension and OPEB liabilities	48,479,164		11,987,731	36,491,433	
Compensated absences payable	2,182,394	998,333	1,129,793	2,050,934	931,697
Estimated liabilities for claims and judgments	<u>75,000</u>			<u>75,000</u>	
Total governmental activities long-term liabilities	<u>\$102,814,151</u>	<u>\$1,916,345</u>	<u>\$16,334,786</u>	<u>\$88,395,710</u>	<u>\$4,347,855</u>
Business-type activities					
Installment purchase contracts	\$ 312,247		\$ 41,566	\$ 270,681	\$ 43,312
Net pension and OPEB liabilities	567,780		30,553	537,227	
Compensated absences payable	32,734	\$ 12,772	12,706	32,800	12,905
Landfill closure and postclosure care costs payable	<u>1,920,596</u>	<u>83,486</u>		<u>2,004,082</u>	
Total business-type activities long-term liabilities	<u>\$ 2,833,357</u>	<u>\$ 96,258</u>	<u>\$ 84,825</u>	<u>\$ 2,844,790</u>	<u>\$ 56,217</u>

Pledged revenue refunding obligations payable—The County has issued pledged revenue refunding obligations that are generally callable with interest payable semiannually. The Series 2017-2 pledged revenue refunding obligations of \$3,675,000 were issued to refund the remaining outstanding principal balance of \$3,425,000 relating to the Greater Arizona Development Authority (GADA) loan for the 2008-1 project. The Series 2017 pledged revenue refunding obligations of \$29,515,000 were issued to refund the outstanding principal balance of \$32,045,000 relating to the GADA loan for the 2008-2 project. The Series 2016 pledged revenue refunding obligations of \$9,495,000 were issued to refund the outstanding principal balance of \$8,810,000 relating to the GADA loan for the 2008-1 project.

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Pledged revenue obligations payable at June 30, 2019, were as follows:

Description	Original Amount Issued	Interest Rates	Maturities	Outstanding Principal June 30, 2019
Santa Cruz Pledged Revenue Refunding Obligations, Series 2017-2	\$ 3,675,000	2.13%	2020-2026	\$ 3,190,000
Santa Cruz Pledged Revenue Refunding Obligations, Series 2017	29,515,000	3%-5%	2020-2031	26,200,000
Santa Cruz Pledged Revenue Refunding Obligations, Series 2016	9,495,000	2%-4%	2020-2038	<u>9,365,000</u>
				<u>\$38,755,000</u>

The following schedule details debt service requirements to maturity for the County's pledged revenue obligations payable at June 30, 2019:

Year Ending June 30	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 2,210,000	\$ 1,614,360
2021	2,265,000	1,552,337
2022	2,360,000	1,470,959
2023	2,445,000	1,386,161
2024	2,530,000	1,298,025
2025-2029	14,435,000	4,777,784
2030-2034	9,060,000	1,432,138
2035-2038	<u>3,450,000</u>	<u>281,081</u>
Total	<u>\$38,755,000</u>	<u>\$13,812,845</u>

Long-term loans payable—The County's long-term loans payable include two loan agreements. One agreement is with U. S. Bank National Association, the 2012 series. The purpose of the 2012 series loan is to finance the construction of bridges and other flood control projects that provide vehicle access to flood-prone areas within the County. The loan calls for an annual principal payment and semi-annual interest payments. The other agreement is with J. P. Morgan Chase Bank, the 2018 equipment loan. The purpose of the equipment loan is to finance the County's multiple types of technology upgrades, new computers, additional server storage, court equipment and an animal control vehicle.

Long-term loans payable at June 30, 2019, were as follows:

Description	Interest Rates	Maturities	Outstanding Principal July 1, 2018	Issues	Retirements	Outstanding Principal June 30, 2019
2012 series	3.82%	2020-2026	\$5,655,000		\$420,000	\$5,235,000
2018 equipment loan	3.47%	2020-2023		<u>\$800,000</u>	<u>94,084</u>	<u>705,916</u>
			<u>\$5,655,000</u>	<u>\$800,000</u>	<u>\$514,084</u>	<u>\$5,940,916</u>

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The following schedule details debt service requirements to maturity for the County's loans payable at June 30, 2019:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 633,094	\$ 222,812
2021	654,852	199,245
2022	676,847	174,869
2023	596,123	149,675
2024	510,000	129,116
2025-2026	2,870,000	199,022
Total	\$5,940,916	\$1,074,739

For the series 2016 and 2017-2 pledged revenue refunding obligations and series 2012 loan, the County has pledged a portion of its future general excise tax and state shared revenues toward the debt payments related to revenue refunding obligations and to repay the loan obtained from the private bank for funding the flood control project. For fiscal year 2019, the County received general excise tax revenues of \$2,686,263 and state shared revenues net of other statutory claims of \$2,975,134 and the total principal and interest payments were \$45,000 and \$347,763 for the series 2016 revenue refunding obligations, \$435,000 and \$77,213 for the series 2017-2 revenue refunding obligations, and \$420,000 and \$216,021 for the 2012 loan. At June 30, 2019, future debt service requirements through final maturity at July 1, 2038, and July 1, 2026, respectively, totaled \$23,723,751 consisting of total principal and interest remaining to be paid on the revenue refunding obligations and the 2012 loans of \$17,790,000 and \$5,933,751, respectively. Future principal and interest payments are expected to require 22 percent of pledged excise tax and state shared revenues.

For the series 2017 pledged revenue refunding obligations, the County has pledged the County's Jail District excise tax and the maintenance of effort payments from the County's General Fund toward the debt payments. For fiscal year 2019, the County received Jail District excise tax revenues of \$2,683,076 and made maintenance of effort payments of \$3,419,352, and the total principal and interest payments were \$1,675,000 and \$1,250,250. At June 30, 2019, future debt service requirements through final maturity at July 1, 2031, totaled \$35,104,000 consisting of \$26,200,000 for principal and \$8,904,000 for interest. Future principal and interest payments are expected to require 48 percent of pledged County's Jail District excise tax revenue and the maintenance of effort payments from the County's General Fund.

Refunded 2008-1 and 2008-2 Loan Agreements with Greater Arizona Development Authority (GADA)—The refunded debts had outstanding balances of \$12,235,000 and \$28,635,000, respectively, that are considered defeased and not included in the County's financial statements.

Installment purchase contracts—The County has acquired computer software and hardware equipment, vehicles, and construction equipment under contract agreements at a total

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purchase price \$1,038,900. The following schedule details debt service requirements to maturity for the County's installment purchase contracts payable at June 30, 2019:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$164,698	\$18,962	\$ 43,312	\$11,269
2021	171,353	12,307	45,131	9,450
2022	178,284	5,376	47,026	7,554
2023			49,002	5,579
2024			51,060	3,521
2025			35,150	1,409
	<u>\$514,335</u>	<u>\$36,645</u>	<u>\$270,681</u>	<u>\$38,782</u>

Obligations under capital leases—The County has acquired a building and construction equipment and vehicles under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a transfer of ownership by the end of the lease term or the lease term is equal to 75 percent or more of the estimated economic life of the leased property.

The assets acquired through capital leases are as follows:

	Governmental Activities
Building	\$1,025,840
Construction equipment and vehicles	266,575
Less: accumulated depreciation	<u>406,760</u>
Carrying value	<u>\$ 885,655</u>

The following schedule details minimum lease payments to maturity for the County's obligations under capital leases at June 30, 2019:

Year Ending June 30	Governmental Activities
2020	\$ 83,738
2021	63,891
2022	63,890
2023	63,891
2024	87,127
2025-2026	<u>90,347</u>
Total minimum lease payments	452,884
Less amount representing interest	<u>27,975</u>
Present value of net minimum lease payments	<u>\$424,909</u>

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

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The \$2,004,082 reported as landfill closure and postclosure care liability at June 30, 2019, represents the cumulative amount reported to date based on the use of 47 percent and 48 percent of the estimated capacity of the Rio Rico Sanitary Landfill and Sonoita Elgin Landfill, respectively. The County will recognize the remaining estimated cost of closure and postclosure care of \$2,209,614 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 2019 and the actual cost may be lower or higher each year due to deflation or inflation, changes in technology, changes in materials or changes in regulations. The County expects to close Rio Rico Sanitary Landfill in 2036 and Sonoita Elgin Landfill in 2085.

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

Compensated absences—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. During fiscal year 2019, the County paid for compensated absences as follows: 57 percent from the General Fund, 15 percent from the Jail District Fund, 2 percent from the Flood Control Fund, 5 percent from the Road Fund, 20 percent from the Other Governmental Funds, and 1 percent from the Enterprise Fund.

Note 7 – Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2019, were as follows:

	General Fund	Jail District Fund	Flood Control District Fund	Road Fund	Other Governmental Funds	Total
Fund balances:						
Nonspendable:						
Prepaid items	\$ 47,096	\$ 250	_____	_____	\$ 39,502	\$ 86,848
Total nonspendable	<u>47,096</u>	<u>250</u>	_____	_____	<u>39,502</u>	<u>86,848</u>

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	General Fund	Jail District Fund	Flood Control District Fund	Road Fund	Other Governmental Funds	Total
Restricted for:						
Capital projects					\$ 284,274	\$ 284,274
Education					571,673	571,673
Flood control			\$2,768,139			2,768,139
General government					571,450	571,450
Health					34,789	34,789
Judicial activities					3,031,220	3,031,220
Law enforcement		\$388,801			464,006	852,807
Public safety					16	16
Social services					132,996	132,996
Streets and highways				\$2,929,920		2,929,920
Other purposes					148,548	148,548
Total restricted		388,801	2,768,139	2,929,920	5,238,972	11,325,832
Assigned to:						
Capital projects					76,888	76,888
Debt service					43,221	43,221
Education					10,633	10,633
Health					26,896	26,896
Total assigned					157,638	157,638
Unassigned:	8,738,969		(89,755)		(496,993)	8,152,221
Total fund balances	\$8,786,065	\$389,051	\$2,678,384	\$2,929,920	\$4,939,119	\$19,722,539

Note 8 – Construction Commitments

At June 30, 2019, the County had three major contractual commitments related to the Rio Rico Drive and Pendleton street and intersection improvement projects. As of June 30, 2019, the County has spent \$142,371 on these projects and reported the total amount in construction in progress. An estimated cost to complete these projects is approximately \$1.7 million. These projects are predominantly financed by 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 these risks of loss, the County joined and is covered by 3 public entity risk pools: the Arizona Counties Property and Casualty Pool, the Arizona Counties Workers' Compensation Pool, and the Arizona Local Government Employee Benefit Trust. The County carries commercial insurance for all such risks of loss relating to the ownership of Nogales International Airport, and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past 3 fiscal years.

The Arizona Counties Property and Casualty Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties catastrophic loss

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

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 12 member counties. The pool provides member counties with workers' compensation coverage, as law requires, and risk-management services. The County is responsible for paying a premium based on an experience-rating formula that allocates pool expenditures and liabilities among the members.

The Arizona Local Government Employee Benefit Trust is a public entity risk pool currently composed of 9 member entities. The pool provides member entities with health, prescription dental, vision, life, short-term disability, and accidental death benefits for the entities' employees and their dependents. The County is responsible for paying a premium based on enrolled employees and dependents and requires its employees to contribute a portion of that premium. If it withdraws from the Trust, the County is responsible for any claims' run-out costs, including claims reported but not settled, claims incurred but not reported, and administrative costs. If the Trust were to terminate, the County would be responsible for its proportional share of any Trust deficit.

The Arizona Counties Property and Casualty Pool, the Arizona Counties Workers' Compensation Pool, and the Arizona Local Government Employee Benefit Trust receive independent audits annually and an audit by the Arizona Department of Insurance every 5 years. All pools accrue liabilities for losses that have been incurred but not reported. These liabilities are determined annually based on an independent actuarial valuation. If a pool were to become insolvent, the County would be assessed an additional contribution.

Note 10 – Pensions and Other Postemployment Benefits

The County contributes to the pension plans described below which are component units of the State of Arizona. The County also contributes to various other postemployment benefits (OPEB) plans. At June 30, 2019, the County reported the following aggregate amounts related to pension and OPEB for all plans to which it contributes:

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Statement of net position and statement of activities	Governmental activities	Business-type activities	Total
Net pension and OPEB asset	\$ 314,000	\$ 605	\$ 314,605
Net pension and OPEB liabilities	36,491,433	537,227	37,028,660
Deferred outflows of resources			
Related to pensions and OPEB	5,982,340	71,787	6,054,127
Deferred inflows of resources			
Related to pensions and OPEB	7,887,803	82,576	7,970,379
Pension and OPEB expense	(2,650,392)	2,990	(2,647,402)

The County's accrued payroll and employee benefits includes \$55,991 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2019. Also, the County reported \$3,241,890 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

The pension plans are described below and the OPEB plans are not further disclosed because of their relative insignificance to the County's financial statements.

A. Arizona State Retirement System

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

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

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

*With actuarially reduced benefits.

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

Contributions—In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2019, statute required active ASRS members to contribute at the actuarially determined rate of 11.64 percent for retirement of the members' annual covered payroll, and statute required the County to contribute at the actuarially determined rate of 11.18 percent for retirement of the active members' annual covered payroll. In addition, the County was required by statute to contribute at the actuarially determined rate of 10.41 percent for retirement of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the ASRS would typically fill. The County's contributions to the pension plan for the year ended June 30, 2019, were \$1,091,221.

During fiscal year 2019, the County paid for ASRS pension contributions as follows: 59 percent from the general fund, 8 percent from the Road Fund, 5 percent from the Jail District Fund, 2.5 percent from the Flood Control District Fund, 24 percent from other governmental funds, and 1.5 percent from the Landfill Fund.

Pension liability—At June 30, 2019, the County reported a net pension liability of \$13,815,384 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total pension liability as of June 30, 2018, reflects a change in actuarial assumption based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8 percent to 7.5 percent, changing the projected salary increases from 3–6.75 percent to 2.7–7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates.

The County's proportion of the net liability was based on the County's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The County's proportion measured as of June 30, 2018, was 0.099060 percent, which was a decrease of 0.003930 from its proportion measured as of June 30, 2017.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2019, the County recognized pension expense for ASRS of \$162,961. At June 30,

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2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 380,603	\$ 76,162
Changes of assumptions or other inputs	365,580	1,224,923
Net difference between projected and actual earnings on pension plan investments		332,227
Changes in proportion and differences between county contributions and proportionate share of contributions	179,902	412,988
County contributions subsequent to the measurement date	<u>1,091,221</u>	
Total	<u>\$2,017,306</u>	<u>\$2,046,300</u>

The \$1,091,221 reported as deferred outflows of resources related to ASRS pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2020	\$ 52,878
2021	(520,138)
2022	(503,964)
2023	(148,991)

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

ASRS	
Actuarial valuation date	June 30, 2017
Actuarial roll forward date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

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Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ASRS		Long-term expected geometric real rate of
Asset class	Target allocation	return
Equity	50%	5.50%
Fixed income	30%	3.83%
Real estate	<u>20%</u>	5.85%
Total	<u>100%</u>	

Discount Rate—At June 30, 2018, the discount rate used to measure the ASRS total pension liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the ASRS net pension liability to changes in the discount rate—The following table presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
County’s proportionate share of the net pension liability	\$19,694,148	\$13,815,384	\$8,903,772

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

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

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

County detention officers and Administrative Office of the Courts (AOC) probation, surveillance, and juvenile detention officers participate in the Corrections Officer Retirement Plan (CORP) or the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The CORP administers an agent multiple-employer defined benefit pension plan for county detention officers (agent plan), which was closed to new members as of July 1, 2018, and a cost-sharing multiple-employer defined benefit pension plan for AOC officers (cost-sharing plan). Employees who were CORP members before July 1, 2018, participate in CORP, and AOC probation and surveillance officers who became members on or after July 1, 2018, participate in CORP or PSPDCRP. Detention officers and juvenile detention officers who became members on or after July 1, 2018, participate in PSPDCRP. The PSPRS Board of Trustees and the participating local boards govern CORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

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

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

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PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and disability		
Years of service and age required to receive benefit	20 years of service any age 15 years of service age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor benefit		
Retired members	80% to 100% of retired member's pension benefit	
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

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CORP

Initial membership date:

**On or after
January 1, 2012 and
before July 1, 2018**

Before January 1, 2012

**Retirement and
disability**

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

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

Employees covered by benefit terms—At June 30, 2019, the following employees were covered by the agent pension plans' benefit terms:

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	PSPRS Sheriff	CORP Detention
Inactive employees or beneficiaries currently receiving benefits	22	5
Inactive employees entitled to but not yet receiving benefits	16	28
Active employees	<u>24</u>	<u>30</u>
Total	<u>62</u>	<u>63</u>

Contributions—State statutes establish the pension contribution requirements for active PSPRS and CORP employees. In accordance with State statutes, annual actuarial valuations determine employer contribution requirements for PSPRS and CORP pension benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2019, are indicated below. Rates are a percentage of active members' annual covered payroll.

	Active member— pension	County— pension
PSPRS Sheriff	7.65% – 11.65%	49.68%
CORP Detention	8.41	8.39
CORP AOC	8.41	32.43

In addition, statute required the County to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the County in positions that an employee who contributes to the PSPRS or CORP would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the County's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

	Pension
PSPRS Sheriff	37.75%
CORP Detention	2.62% – 6.00%
CORP AOC	24.49%

The County's contributions to the pension plans for the year ended June 30, 2019, were:

PSPRS Sheriff	CORP Detention	CORP AOC
\$915,548	\$68,481	\$462,492

During fiscal year 2019, the County paid for PSPRS and CORP pension contributions as follows: 62 percent from the General Fund, 23 percent from the Jail District Fund, and 15 percent from other governmental funds.

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Pension liability—At June 30, 2019, the County reported the following net pension liabilities:

	Net Pension Liability
PSPRS Sheriff	\$10,084,752
CORP Detention	214,231
CORP AOC (County's proportionate share)	4,588,245

The net pension liabilities were measured as of June 30, 2018, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total CORP pension liabilities as of June 30, 2018, reflect statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

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

PSPRS and CORP—Pension	
Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.4%
Wage inflation	3.5
Price inflation	2.5%
Cost-of-living adjustment	Included
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience.

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS and CORP pension plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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PSPRS and CORP	Target	Long-term expected
Asset class	allocation	geometric real rate of return
Short term investments	2%	0.25%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private credit	16%	6.75%
Real estate	10%	3.75%
Private equity	12%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	<u>16%</u>	7.60%
Total	<u>100%</u>	

Pension discount rates—At June 30, 2018, the discount rate used to measure the PSPRS and CORP total pension liabilities was 7.4 percent, which was the same as the discount rate used as of June 30, 2017. The projection of cash flows used to determine the PSPRS and CORP discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

PSPRS Sheriff	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
Balances at June 30, 2018	\$18,139,661	\$7,058,877	\$11,080,784
Changes for the year:			
Service cost	294,913		294,913
Interest on the total pension liability	1,320,496		1,320,496
Differences between expected and actual experience in the measurement of the pension liability	(1,228,063)		(1,228,063)
Contributions—employer		801,812	(801,812)
Contributions—employee		165,975	(165,975)
Net investment income		446,564	(446,564)
Benefit payments, including refunds of employee contributions	(885,144)	(885,144)	

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PSPRS Sheriff	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
Administrative expense		(8,103)	8,103
Other changes		(22,870)	22,870
Net changes	<u>(497,798)</u>	<u>498,234</u>	<u>(996,032)</u>
Balances at June 30, 2019	<u>\$17,641,863</u>	<u>\$7,557,111</u>	<u>\$10,084,752</u>

CORP Detention	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a) – (b)
Balances at June 30, 2018	<u>\$2,837,935</u>	<u>\$2,396,142</u>	<u>\$ 441,793</u>
Changes for the year:			
Service cost	142,230		142,230
Interest on the total pension liability	209,663		209,663
Changes of benefit terms	(139,462)		(139,462)
Differences between expected and actual experience in the measurement of the pension liability	(92,059)		(92,059)
Contributions—employer		78,750	(78,750)
Contributions—employee		79,126	(79,126)
Net investment income		193,448	(193,448)
Benefit payments, including refunds of employee contributions	(151,539)	(151,539)	
Administrative expense		(3,339)	3,339
Other changes		(51)	51
Net changes	<u>(31,167)</u>	<u>196,395</u>	<u>(227,562)</u>
Balances at June 30, 2019	<u>\$2,806,768</u>	<u>\$2,592,537</u>	<u>\$ 214,231</u>

The County's proportion of the CORP AOC net pension liability was based on the County's actual contributions to the plan relative to the total of all participating counties' actual contributions for the year ended June 30, 2018. The County's proportion measured as of June 30, 2018, was 1.2746070 percent, which was a decrease of 0.0696990 from its proportion measured as of June 30, 2017.

Sensitivity of the County's net pension liability to changes in the discount rate—The following table presents the County's net pension liabilities calculated using the discount rate of 7.4 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate:

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	1% Decrease (6.4%)	Current discount rate (7.4%)	1% Increase (8.4%)
PSPRS Sheriff			
Net pension liability	\$12,335,639	\$10,084,752	\$8,250,014
CORP Detention			
Net pension liability (asset)	\$ 628,083	\$ 214,231	\$ (113,436)
CORP AOC			
County's proportionate share of the net pension liability	\$ 6,002,522	\$ 4,588,245	\$3,440,649

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

Pension expense—For the year ended June 30, 2019, the County recognized the following pension expense:

	Pension expense
PSPRS Sheriff	\$1,038,884
CORP Detention	(97,188)
CORP AOC (County's proportionate share)	(58,945)

Pension deferred outflows/inflows of resources—At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS Sheriff	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 421,840	\$1,210,914
Changes of assumptions or other inputs	519,254	
Net difference between projected and actual earnings on pension plan investments	100,591	
County contributions subsequent to the measurement date	<u>915,548</u>	
Total	<u>\$1,957,233</u>	<u>\$1,210,914</u>

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CORP Detention	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience		\$300,596
Changes of assumptions or other inputs	\$130,183	
Net difference between projected and actual earnings on pension plan investments	12,726	
County contributions subsequent to the measurement date	<u>68,481</u>	
Total	<u>\$211,390</u>	<u>\$300,596</u>

CORP AOC	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 17,182	\$236,003
Changes of assumptions or other inputs	304,325	
Net difference between projected and actual earnings on pension plan investments	82,999	
Changes in proportion and differences between county contributions and proportionate share of contributions		321,574
County contributions subsequent to the measurement date	<u>462,492</u>	
Total	<u>\$866,998</u>	<u>\$557,577</u>

The amounts reported as deferred outflows of resources related to pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PSPRS Sheriff	CORP Detention	CORP AOC
Year ending June 30			
2020	\$ 83,037	\$(33,747)	\$ 30,842
2021	67,741	(54,900)	(38,890)
2022	(224,617)	(56,769)	(80,785)
2023	(95,390)	(12,271)	(64,239)

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PSPDCRP plan—County sheriff employees, County detention officers, and AOC probation, surveillance, and juvenile detention officers who are not members of PSPRS or CORP participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2019, active PSPDCRP members were required by statute to contribute at least 9 percent (County sheriff employees) or 5 percent (County detention officers and AOC probation, surveillance, and juvenile detention officers) of the members' annual covered payroll, and the County was required by statute to contribute 9 percent or 5 percent, respectively, of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the County's contributions each year as set forth in statute. The plan retains nonvested County contributions when forfeited because of employment terminations. For the year ended June 30, 2019, the County recognized pension expense of \$8,981.

C. Elected Officials Retirement Plan

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

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

EORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and disability		
Years of service and age required to receive benefit	20 years any age 10 years age 62 5 years age 65 5 years any age* any years and age if disabled	10 years age 62 5 years age 65 any years and age if disabled

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EORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor Benefit		
Retired members	75% of retired member's benefit	50% of retired member's benefit
Active members and other inactive members	75% of disability retirement benefit	50% of disability retirement benefit

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

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan.

Contributions—State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2019, statute required active EORP members to contribute 7 or 13 percent of the members' annual covered payroll and the County to contribute at the actuarially determined rate of 61.5 percent of all active EORP members' annual covered payroll. Also, statute required the County to contribute 49.86 percent to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.5 percent to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the County's required contributions to ASRS and EODCRS for these elected officials and judges. The County's contributions to the pension plan for the year ended June 30, 2019, were \$614,925.

During fiscal year 2019, the County paid for EORP pension contributions as follows: 95 percent from the General Fund and 5 percent from the Jail District Fund.

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Pension liability—At June 30, 2019, the County reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the County's proportionate share of the State's appropriation for EORP. The amount the County recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the County were as follows:

County's proportionate share of the EORP net pension liability	\$8,208,402
State's proportionate share of the EORP net pension liability associated with the County	<u>1,406,457</u>
Total	<u>\$9,614,859</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2018, reflects statutory changes in benefit terms for automatic cost-of-living adjustments. The basis for cost-of-living adjustments was changed from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.

The County's proportion of the net pension liability was based on the County's required contributions to the plan relative to the total of all participating employers' required contributions for the year ended June 30, 2018. The County's proportion measured as of June 30, 2018, was 1.3026360 percent, which was a decrease of 0.0078140 from its proportion measured as of June 30, 2017.

Pension expense and deferred outflows/inflows of resources—For the year ended June 30, 2019, the County recognized negative pension expense for EORP of \$3,723,042 and negative revenue of \$399,889 for the County's proportionate share of the State's appropriation to EORP and the designated court fees. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience		\$ 128,022
Changes of assumptions or other inputs	\$ 51,145	3,417,221
Net difference between projected and actual earnings on pension plan investments	71,229	
Changes in proportion and differences between county contributions and proportionate share of contributions	41,935	47,569
County contributions subsequent to the measurement date	<u>614,925</u>	
Total	<u>\$779,234</u>	<u>\$3,592,812</u>

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The \$614,925 reported as deferred outflows of resources related to EORP pensions resulting from county contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized in pension expense as follows:

Year ending June 30	
2020	\$(3,169,254)
2021	(230,213)
2022	(30,218)
2023	1,182

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

EORP

Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.4%
Wage inflation	3.5%
Price inflation	2.5%
Cost-of-living adjustment	Included
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience.

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on EORP pension plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

EORP		Long-term expected
Asset class	Target	geometric real rate
	allocation	of return
Short term investments	2%	0.25%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private credit	16%	6.75%

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EORP	Target	Long-term expected
Asset class	allocation	geometric real rate of return
Real estate	10%	3.75%
Private equity	12%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	<u>16%</u>	7.60%
Total	<u>100%</u>	

Discount rate—At June 30, 2018, the discount rate used to measure the EORP total pension liability was 7.4 percent, which was an increase of 3.49 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the EORP net pension liability to changes in the discount rate—The following table presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate:

EORP	1% Decrease (6.4%)	Current discount rate (7.4%)	1% Increase (8.4%)
County's proportionate share of the net pension liability	\$9,425,153	\$8,208,402	\$7,174,127

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

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

For the year ended June 30, 2019, active EODCRS members were required by statute to contribute 8 percent of the members' annual covered payroll, and the County was required by

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statute to contribute 6 percent of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the County's contributions to the individual employee account and the earnings on those contributions. For the year ended June 30, 2019, the County recognized pension expense of \$8,287.

Note 11 – Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2019, were as follows:

	Payable to		
	General Fund	Road Fund	Total
Payable from			
Flood Control District Fund	\$ 89,755		\$ 89,755
Landfill Fund		\$57,091	57,091
Other Governmental Funds	<u>784,678</u>		<u>784,678</u>
Total	<u>\$874,433</u>	<u>\$57,091</u>	<u>\$931,524</u>

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

Interfund transfers—Interfund transfers for the year ended June 30, 2019, were as follows:

	Transfer to					Total
	General Fund	Jail District Fund	Road Fund	Other Governmental Funds	Landfill Fund	
Transfer from						
General Fund		\$3,419,352	\$34,988	\$1,744,728		\$5,199,068
Jail District Fund				36		36
Flood Control District Fund					\$91	91
Other Governmental Funds	<u>\$13,441</u>		<u>7,500</u>	<u>109,890</u>		<u>130,831</u>
Total	<u>\$13,441</u>	<u>\$3,419,352</u>	<u>\$42,488</u>	<u>\$1,854,654</u>	<u>\$91</u>	<u>\$5,330,026</u>

The principal purpose of interfund transfers was to provide grant matches or to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The largest transfer made in FY 2019 was \$3,419,352 from General Fund to Jail District Fund for the maintenance of effort payment.

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

Santa Cruz County
Notes to Financial Statements
June 30, 2019

program. In addition, the Treasurer determines the fair value of those pooled investments annually at June 30.

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

The Treasurer allocates interest earnings to each of the pool's participants.

The County's deposits and investments are included in the County Treasurer's investment pool, except for \$1,007,542 of deposits, \$810,079 of investments in US Government money market fund and \$7,837,552 of investments in the State Treasurer's investment pools. Therefore, the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks. See Note 3 for disclosure of the County's deposit and investment risks.

Details of the major investment classification follow:

Investment Type	Principal	Interest Rates	Maturities	Amount
State Treasurer's investment pool 5	\$2,439,351	None stated	None stated	\$2,439,351

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

Statement of Net Position:

Assets	\$ 36,239,111
Liabilities	
Net position	<u>\$ 36,239,111</u>
Net position held in trust for:	
Internal participants	\$ 15,111,134
External participants	<u>21,127,977</u>
Total net position held in trust	<u>\$ 36,239,111</u>

Statement of Changes in Net Position:

Total additions	\$163,609,331
Total deductions	<u>166,643,224</u>
Net decrease	(3,033,893)
Net position held in trust:	
July 1, 2018	<u>39,273,004</u>
June 30, 2019	<u>\$ 36,239,111</u>

Required Supplementary Information

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2019

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 15,095,193	\$ 15,688,056	\$ 592,863
Intergovernmental	8,865,255	9,291,150	425,895
Licenses and permits	600,100	486,291	(113,809)
Charges for services	238,750	571,407	332,657
Fines and forfeits	557,000	756,048	199,048
Investment earnings	50,000	122,636	72,636
Rents	39,000	106,326	67,326
Miscellaneous		<u>32,244</u>	<u>32,244</u>
Total revenues	<u>25,445,298</u>	<u>27,054,158</u>	<u>1,608,860</u>
Expenditures			
Current:			
General government			
Airport	59,420	48,917	10,503
Assessor	902,157	759,592	142,565
Board of Supervisors	5,245,543	2,763,369	2,482,174
Central Permits	59,838	44,198	15,640
Clerk of Superior Court	912,649	768,953	143,696
Constable #1	89,447	100,854	(11,407)
Constable #2	17,207	12,586	4,621
County Attorney	1,463,357	1,483,934	(20,577)
Elections	504,867	317,383	187,484
Finance	1,496,433	376,620	1,119,813
GIS	51,750	36,617	15,133
Grounds and Maintenance	2,076,686	1,348,203	728,483
Information Technology	1,234,776	1,269,328	(34,552)
Justice Court #1	718,845	834,993	(116,148)
Justice Court #2	155,092	120,699	34,393
Planning and Zoning	291,989	242,821	49,168
Recorder	324,516	319,377	5,139
Recorder - Election	221,292	160,220	61,072
Superior Court	1,727,323	1,626,084	101,239
Treasurer	<u>565,385</u>	<u>533,572</u>	<u>31,813</u>
Total general government	<u>18,118,572</u>	<u>13,168,320</u>	<u>4,950,252</u>

(Continued)

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2019
(Concluded)

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Public safety			
Adult Probation	\$ 569,331	\$ 429,524	\$ 139,807
Juvenile Probation	55,466	51,000	4,466
Building Codes	203,358	192,742	10,616
Emergency Services	350,551	288,489	62,062
Sheriff	<u>4,629,905</u>	<u>4,346,583</u>	<u>283,322</u>
Total public safety	<u>5,808,611</u>	<u>5,308,338</u>	<u>500,273</u>
Health, welfare and sanitation			
Public Fiduciary	<u>3,205,944</u>	<u>2,973,308</u>	<u>232,636</u>
Total health, welfare and sanitation	<u>3,205,944</u>	<u>2,973,308</u>	<u>232,636</u>
Education and economic opportunity			
School Superintendent	<u>476,387</u>	<u>400,182</u>	<u>76,205</u>
Total education and economic opportunity	<u>476,387</u>	<u>400,182</u>	<u>76,205</u>
Recreation			
Parks	<u>568,320</u>	<u>286,013</u>	<u>282,307</u>
Total recreation	<u>568,320</u>	<u>286,013</u>	<u>282,307</u>
Total expenditures	<u>28,177,834</u>	<u>22,136,161</u>	<u>6,041,673</u>
Excess (deficiency) of revenues over expenditures	(2,732,536)	4,917,997	7,650,533
Other financing sources (uses)			
Loan proceeds		800,000	800,000
Transfers in		13,441	13,441
Transfers out	<u>(5,633,128)</u>	<u>(5,199,068)</u>	<u>434,060</u>
Total other financing sources (uses)	<u>(5,633,128)</u>	<u>(4,385,627)</u>	<u>1,247,501</u>
Net change in fund balance	(8,365,664)	532,370	8,898,034
Fund balance, July 1, 2018	<u>8,365,664</u>	<u>8,253,695</u>	<u>(111,969)</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ 8,786,065</u>	<u>\$ 8,786,065</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
Jail District Fund
Year Ended June 30, 2019

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 2,300,000	\$ 2,683,076	\$ 383,076
Intergovernmental	1,655,437	2,051,892	396,455
Charges for services	3,000	3,224	224
Investment earnings		5,696	5,696
Miscellaneous		36,315	36,315
Total revenues	<u>3,958,437</u>	<u>4,780,203</u>	<u>821,766</u>
Expenditures			
Current:			
Public safety			
Juvenile Detention	2,252,475	2,234,997	17,478
Sheriff's Office	5,351,681	5,212,371	139,310
Health			
Environmental Health	<u>399,102</u>	<u>332,035</u>	<u>67,067</u>
Total expenditures	<u>8,003,258</u>	<u>7,779,403</u>	<u>223,855</u>
Excess (deficiency) of revenues over expenditures	(4,044,821)	(2,999,200)	1,045,621
Other financing sources (uses)			
Transfers in	4,044,597	3,419,352	(625,245)
Transfers out		<u>(36)</u>	<u>(36)</u>
Total other financing sources (uses)	<u>4,044,597</u>	<u>3,419,316</u>	<u>(625,281)</u>
Net change in fund balances	(224)	420,116	420,340
Fund balance, July 1, 2018	<u>224</u>	<u>(31,065)</u>	<u>(31,289)</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ 389,051</u>	<u>\$ 389,051</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Required Supplementary Information
 Budgetary Comparison Schedule
 Flood Control District Fund
 Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Taxes	\$ 2,326,197	\$ 2,288,655	\$ (37,542)
Investment earnings		41,625	41,625
Miscellaneous	-	317	317
Total revenues	2,326,197	2,330,597	4,400
Expenditures			
Public safety	5,177,795	2,414,113	2,763,682
Total expenditures	5,177,795	2,414,113	2,763,682
Excess (deficiency) of revenues over expenditures	(2,851,598)	(83,516)	2,768,082
Other financing sources (uses)			
Transfers out	-	(91)	(91)
Total other financing sources (uses)	-	(91)	(91)
Net change in fund balance	(2,851,598)	(83,607)	2,767,991
Fund balance, July 1, 2018	2,851,598	2,761,991	(89,607)
Fund balance, June 30, 2019	\$ -	\$ 2,678,384	\$ 2,678,384

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Budgetary Comparison Schedule
 Road Fund
 Year Ended June 30, 2019

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 5,475,000	\$ 6,024,093	\$ 549,093
Investment earnings		59,410	59,410
Miscellaneous	<u>50,000</u>	<u>148,298</u>	<u>98,298</u>
Total Revenues	<u>5,525,000</u>	<u>6,231,801</u>	<u>706,801</u>
Expenditures			
Highways and streets	<u>10,000,408</u>	<u>7,653,137</u>	<u>2,347,271</u>
Total expenditures	<u>10,000,408</u>	<u>7,653,137</u>	<u>2,347,271</u>
Excess (deficiency) of revenues over expenditures	(4,475,408)	(1,421,336)	3,054,072
Other financing sources			
Transfers in	<u>7,500</u>	<u>42,488</u>	<u>34,988</u>
Total other financing sources	<u>7,500</u>	<u>42,488</u>	<u>34,988</u>
Net change in fund balance	(4,467,908)	(1,378,848)	3,089,060
Fund balance, July 1, 2018	<u>4,467,908</u>	<u>4,308,768</u>	<u>(159,140)</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ 2,929,920</u>	<u>\$ 2,929,920</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Required Supplementary Information
 Notes to Budgetary Comparison Schedules
 June 30, 2019

Note 1 – Budgeting and Budgetary Control

A.R.S. requires the County to prepare and adopt a balanced budget annually for each governmental fund. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted.

Essentially, the County prepares its budget on the same modified accrual basis of accounting used to record actual revenues and expenditures. However, in the General Fund, Jail District Fund, and Road Fund the County records budgeted debt service expenditures by the expenditure function and department.

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

Note 2 – Budgetary Basis of Accounting

The County's budget is prepared on a basis consistent with generally accepted accounting principles; except for the present value of net minimum capital lease agreement payments were not budgeted:

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

	General Fund	Road Fund
Excess (deficiency) of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$4,833,395	\$(1,454,746)
Present value of net minimum capital lease agreements	<u>84,602</u>	<u>33,410</u>
Excess (deficiency) of revenues over expenditures from the Budgetary comparison schedules	<u>\$4,917,997</u>	<u>\$(1,421,336)</u>

Santa Cruz County
 Required Supplementary Information
 Notes to Budgetary Comparison Schedules
 June 30, 2019

Note 3 – Expenditures in Excess of Appropriations

For the year ended June 30, 2019, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Department/Fund	Excess
Constable #1 – General Fund	\$ 11,407
County Attorney – General Fund	20,577
Information Technology – General Fund	34,552
Justice Court #1 – General Fund	116,148
Other Agencies – Criminal Justice Enhancement Fund	5,776
Superior Court – Juvenile Services Fund	8,099
School Superintendent – Juvenile Services Fund	178,570

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

Santa Cruz County
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability
Cost-Sharing Pension Plans
June 30, 2019

Arizona State Retirement System

	Reporting Fiscal Year*				
	(Measurement Date)				
	2019	2018	2017	2016	2015
	(2018)	(2017)	(2016)	(2015)	(2014)
County's proportion of the net pension liability	0.10%	0.10%	0.10%	0.10%	0.10%
County's proportionate share of the net pension liability	\$ 13,815,384	\$ 16,043,834	\$ 16,145,847	\$ 15,579,144	\$ 14,450,456
County's covered payroll	\$ 9,801,915	\$ 9,686,112	\$ 9,670,325	\$ 9,180,476	\$ 8,829,998
County's proportionate share of the net pension liability as a percentage of its covered payroll	140.95%	165.64%	166.96%	169.70%	163.65%
Plan fiduciary net position as a percentage of the total pension liability	73.40%	69.92%	67.06%	68.35%	69.49%

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

	Reporting Fiscal Year*				
	(Measurement Date)				
	2019	2018	2017	2016	2015
	(2018)	(2017)	(2016)	(2015)	(2014)
County's proportion of the net pension liability	1.27%	1.34%	1.35%	1.40%	1.54%
County's proportionate share of the net pension liability	\$ 4,588,245	\$ 5,393,615	\$ 3,800,084	\$ 3,396,680	\$ 3,453,182
County's covered payroll	\$ 1,475,242	\$ 1,450,648	\$ 1,530,360	\$ 1,554,981	\$ 1,656,220
County's proportionate share of the net pension liability as a percentage of its covered payroll	311.02%	371.81%	248.31%	218.44%	208.50%
Plan fiduciary net position as a percentage of the total pension liability	53.72%	49.21%	54.81%	57.89%	58.59%

Elected Officials Retirement Plan

	Reporting Fiscal Year*				
	(Measurement Date)				
	2019	2018	2017	2016	2015
	(2018)	(2017)	(2016)	(2015)	(2014)
County's proportion of the net pension liability	1.30%	1.31%	1.25%	1.16%	1.21%
County's proportionate share of the net pension liability	\$ 8,208,402	\$ 15,968,592	\$ 11,842,355	\$ 9,101,181	\$ 8,082,842
State's proportionate share of the net pension liability associated with the County	1,406,457	3,314,207	2,445,138	2,837,369	2,478,274
Total	<u>\$ 9,614,859</u>	<u>\$ 19,282,799</u>	<u>\$ 14,287,493</u>	<u>\$ 11,938,550</u>	<u>\$ 10,561,116</u>
County's covered payroll	\$ 432,522	\$ 1,095,293	\$ 1,082,951	\$ 953,443	\$ 1,117,166
County's proportionate share of the net pension liability as a percentage of its covered payroll	1897.80%	1457.93%	1093.53%	954.56%	723.51%
Plan fiduciary net position as a percentage of the total pension liability	30.36%	19.66%	23.42%	28.32%	31.91%

* Information is not available for fiscal years 2010 through 2014.

See accompanying notes to pension plan schedules.

Santa Cruz County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2019

PSPRS Sheriff

Reporting Fiscal Year*
(Measurement Date)

	2019	2018	2017	2016	2015
	(2018)	(2017)	(2016)	(2015)	(2014)
Total pension liability					
Service cost	\$ 294,913	\$ 470,043	\$ 327,050	\$ 325,750	\$ 391,688
Interest on the total pension liability	1,320,496	1,175,945	1,175,348	1,137,080	942,459
Changes of benefit terms		209,446	208,272		355,803
Differences between expected and actual experience in the measurement of the the pension liability	(1,228,063)	786,030	(714,623)	(182,980)	(152,819)
Changes of assumptions or other inputs		597,037	589,852		1,742,066
Benefit payments, including refunds of employee contributions	(885,144)	(1,086,162)	(815,276)	(770,744)	(763,205)
Net change in total pension liability	(497,798)	2,152,339	770,623	509,106	2,515,992
Total pension liability—beginning	18,139,661	15,987,322	15,216,699	14,707,593	12,191,601
Total pension liability—ending (a)	<u>\$17,641,863</u>	<u>\$18,139,661</u>	<u>\$15,987,322</u>	<u>\$15,216,699</u>	<u>\$ 14,707,593</u>
Plan fiduciary net position					
Contributions—employer	\$ 801,812	\$ 917,590	\$ 838,463	\$ 512,953	\$ 519,566
Contributions—employee	165,975	235,335	201,552	198,938	197,413
Net investment income	446,564	780,239	38,727	213,595	732,556
Benefit payments, including refunds of employee contributions	(885,144)	(1,086,162)	(815,276)	(770,744)	(763,205)
Administrative expense	(8,103)	(7,304)	(5,973)	(5,585)	(5,899)
Other changes	(22,870)	79	(39,946)	(120,893)	
Net change in plan fiduciary net position	498,234	839,777	217,547	28,264	680,431
Plan fiduciary net position—beginning	7,058,877	6,219,100	6,001,553	5,973,289	5,292,858
Plan fiduciary net position—ending (b)	<u>\$ 7,557,111</u>	<u>\$ 7,058,877</u>	<u>\$ 6,219,100</u>	<u>\$ 6,001,553</u>	<u>\$ 5,973,289</u>
County's net pension liability—ending (a) – (b)	<u>\$10,084,752</u>	<u>\$11,080,784</u>	<u>\$ 9,768,222</u>	<u>\$ 9,215,146</u>	<u>\$ 8,734,304</u>
Plan fiduciary net position as a percentage of the total pension liability	42.84%	38.91%	38.90%	39.44%	40.61%
Covered payroll	\$ 1,379,092	\$ 1,880,660	\$ 1,719,431	\$ 1,752,386	\$ 1,907,364
County's net pension liability as a percentage of covered payroll	731.26%	589.20%	568.11%	525.86%	457.93%

* Information is not available for fiscal years 2010 through 2014.

See accompanying notes to pension plan schedules.

Santa Cruz County
Required Supplementary Information
Schedule of Changes in the County's
Net Pension Liability and Related Ratios
Agent Pension Plans
June 30, 2019

CORP Detention

Reporting Fiscal Year*
(Measurement Date)

	2019	2018	2017	2016	2015
	(2018)	(2017)	(2016)	(2015)	(2014)
Total pension liability					
Service cost	\$ 142,230	\$ 153,896	\$ 114,754	\$ 166,936	\$ 196,551
Interest on the total pension liability	209,663	188,110	188,573	191,011	164,952
Changes of benefit terms	(139,462)	250,304	2,705		44,932
Differences between expected and actual experience in the measurement of the the pension liability	(92,059)	(163,018)	(129,310)	(173,115)	(176,819)
Changes of assumptions or other inputs		58,851	99,299		289,789
Benefit payments, including refunds of employee contributions	<u>(151,539)</u>	<u>(162,789)</u>	<u>(216,541)</u>	<u>(163,038)</u>	<u>(182,256)</u>
Net change in total pension liability	(31,167)	325,354	59,480	21,794	337,149
Total pension liability—beginning	<u>2,837,935</u>	<u>2,512,581</u>	<u>2,453,101</u>	<u>2,431,307</u>	<u>2,094,158</u>
Total pension liability—ending (a)	<u>\$ 2,806,768</u>	<u>\$ 2,837,935</u>	<u>\$2,512,581</u>	<u>\$2,453,101</u>	<u>\$2,431,307</u>
Plan fiduciary net position					
Contributions—employer	\$ 78,750	\$ 66,664	\$ 68,260	\$ 68,898	\$ 92,945
Contributions—employee	79,126	77,867	73,036	83,854	107,243
Net investment income	193,448	255,586	13,350	80,723	270,559
Benefit payments, including refunds of employee contributions	(151,539)	(162,789)	(216,541)	(163,038)	(182,256)
Administrative expense	(3,339)	(2,636)	(2,288)	(2,361)	(2,128)
Other changes	<u>(51)</u>	<u>(15)</u>	<u>(31,564)</u>	<u>(19,426)</u>	<u>(5,345)</u>
Net change in plan fiduciary net position	196,395	234,677	(95,747)	48,650	281,018
Plan fiduciary net position—beginning	<u>2,396,142</u>	<u>2,161,465</u>	<u>2,257,212</u>	<u>2,208,562</u>	<u>1,927,544</u>
Plan fiduciary net position—ending (b)	<u>\$ 2,592,537</u>	<u>\$ 2,396,142</u>	<u>\$2,161,465</u>	<u>\$2,257,212</u>	<u>\$2,208,562</u>
County's net pension liability—ending (a) – (b)	<u>\$ 214,231</u>	<u>\$ 441,793</u>	<u>\$ 351,116</u>	<u>\$ 195,889</u>	<u>\$ 222,745</u>
Plan fiduciary net position as a percentage of the total pension liability	92.37%	84.43%	86.03%	92.01%	90.84%
Covered payroll	\$ 942,410	\$ 892,742	\$ 898,399	\$ 990,632	\$1,275,200
County's net pension liability as a percentage of covered payroll	22.73%	49.49%	39.08%	19.77%	17.47%

* Information is not available for fiscal years 2010 through 2014.

See accompanying notes to pension plan schedules.

Santa Cruz County
 Required Supplementary Information
 Schedule of County Pension Contributions
 June 30, 2019

Arizona State Retirement System

	Reporting Fiscal Year*					
	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 1,091,221	\$ 1,065,279	\$ 1,040,838	\$ 1,046,432	\$ 997,087	\$ 941,966
County's contributions in relation to the statutorily required contribution	<u>1,091,221</u>	<u>1,065,279</u>	<u>1,040,838</u>	<u>1,046,432</u>	<u>997,087</u>	<u>941,966</u>
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 9,774,087	\$ 9,801,915	\$ 9,686,112	\$ 9,670,325	\$ 9,180,476	\$ 8,829,998
County's contributions as a percentage of covered payroll	11.16%	10.87%	10.75%	10.82%	10.86%	10.67%

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

	Reporting Fiscal Year*					
	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 462,492	\$ 332,077	\$ 291,290	\$ 292,758	\$ 231,381	\$ 239,324
County's contributions in relation to the statutorily required contribution	<u>462,492</u>	<u>332,077</u>	<u>291,290</u>	<u>292,758</u>	<u>231,381</u>	<u>239,324</u>
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 1,434,369	\$ 1,475,242	\$ 1,450,648	\$ 1,530,360	\$ 1,554,981	\$ 1,656,220
County's contributions as a percentage of covered payroll	32.24%	22.51%	20.08%	19.13%	14.88%	14.45%

Elected Officials Retirement Plan

	Reporting Fiscal Year*					
	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 692,665	\$ 372,494	\$ 235,389	\$ 238,801	\$ 224,059	\$ 256,832
County's contributions in relation to the statutorily required contribution	<u>614,925</u>	<u>77,033</u>	<u>235,389</u>	<u>238,801</u>	<u>224,059</u>	<u>256,832</u>
County's contribution deficiency (excess)	<u>\$ 77,740</u>	<u>\$ 295,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 1,071,010	\$ 432,522	\$ 1,095,293	\$ 1,082,951	\$ 953,443	\$ 1,117,166
County's contributions as a percentage of covered payroll	57.42%	17.81%	21.49%	22.05%	23.50%	22.99%

PSPRS Sheriff

	Reporting Fiscal Year*					
	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 936,687	\$ 916,460	\$ 808,120	\$ 764,136	\$ 499,255	\$ 519,566
County's contributions in relation to the actuarially determined contribution	<u>915,548</u>	<u>688,335</u>	<u>808,120</u>	<u>764,136</u>	<u>499,255</u>	<u>519,566</u>
County's contribution deficiency (excess)	<u>\$ 21,139</u>	<u>\$ 228,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 1,935,258	\$ 1,379,092	\$ 1,880,660	\$ 1,719,431	\$ 1,752,386	\$ 1,907,364
County's contributions as a percentage of covered payroll	47.31%	49.91%	42.97%	44.44%	28.49%	27.24%

* Information is not available for fiscal years 2010 through 2014.

Santa Cruz County
 Required Supplementary Information
 Schedule of County Pension Contributions
 June 30, 2019

CORP Detention

	Reporting Fiscal Year*					
	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 68,481	\$ 78,492	\$ 64,277	\$ 70,436	\$ 68,453	\$ 92,945
County's contributions in relation to the actuarially determined contribution	<u>68,481</u>	<u>78,492</u>	<u>64,277</u>	<u>70,436</u>	<u>68,453</u>	<u>92,945</u>
County's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 922,476	\$ 942,410	\$ 892,742	\$ 898,399	\$ 990,632	\$ 1,275,200
County's contributions as a percentage of covered payroll	7.42%	8.33%	7.20%	7.84%	6.91%	7.29%

* Information is not available for fiscal years 2010 through 2014.

Santa Cruz County
 Required Supplementary Information
 Notes to Pension Plan Schedules
 June 30, 2019

Note 1 – Actuarially Determined Contribution Rates

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

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2017 actuarial valuation	19 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0% to 3.5%–7.5% for PSPRS and from 4.0%–7.25% to 3.5%–6.5% for CORP. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%– 8.5% to 4.0%–8.0% for PSPRS and from 4.5%–7.75% to 4.0%– 7.25% for CORP. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS and from 5.0%–8.25% to 4.5%–7.75% for CORP.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS and CORP. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS and CORP. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006– June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females).

Santa Cruz County
Required Supplementary Information
Notes to Pension Plan Schedules
June 30, 2019

Note 2 – Factors that affect trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS, CORP, CORP-AOC, and EORP changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS and EORP also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-, CORP-, and CORP-AOC-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-, CORP-, and CORP-AOC-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. EORP-required contributions are not based on actuarial valuations, and therefore, these changes did not affect them. Also, the County refunded excess employee contributions to PSPRS and EORP members. PSPRS and EORP allowed the County to reduce its actual employer contributions for the refund amounts. As a result, the County's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

The fiscal year 2019 (measurement date 2018) pension liabilities for EORP and CORP reflect the replacement of the permanent benefit increase (PBI) for retirees based on investment returns with a cost of living adjustment based on inflation. Also, the EORP liability and required pension contributions for fiscal year 2019 reflect a statutory change that requires the employer contribution rate to be actuarially determined. This change increased the discount rate used to calculate the liability thereby reducing the total pension liability.

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Combining and Individual
Fund Statements and Schedules

Santa Cruz County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service</u>	<u>Total Other Governmental Funds</u>
Assets				
Cash and investments	\$ 4,955,169	\$ 339,534	\$ 47,831	\$ 5,342,534
Due from other governmental units	1,040,853	111,889		1,152,742
Accounts receivable	64,875			64,875
Prepaid items	<u>39,502</u>			<u>39,502</u>
Total assets	<u>\$ 6,100,399</u>	<u>\$ 451,423</u>	<u>\$ 47,831</u>	<u>\$ 6,599,653</u>
Liabilities				
Accounts payable	\$ 262,993	\$ 15,468		\$ 278,461
Accrued payroll and employee benefits	192,018			192,018
Due to other funds	697,478	87,200		784,678
Due to other governments			<u>\$ 4,610</u>	<u>4,610</u>
Total liabilities	<u>1,152,489</u>	<u>102,668</u>	<u>4,610</u>	<u>1,259,767</u>
Deferred Inflows of Resources				
Unavailable revenue - intergovernmental	394,878	3,061		397,939
Unavailable revenue - miscellaneous	<u>2,828</u>			<u>2,828</u>
Total deferred inflows of resources	<u>397,706</u>	<u>3,061</u>		<u>400,767</u>
Fund Balances				
Nonspendable	39,502			39,502
Restricted	4,954,698	284,274		5,238,972
Assigned	37,529	76,888	43,221	157,638
Unassigned	<u>(481,525)</u>	<u>(15,468)</u>		<u>(496,993)</u>
Total fund balance	<u>4,550,204</u>	<u>345,694</u>	<u>43,221</u>	<u>4,939,119</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 6,100,399</u>	<u>\$ 451,423</u>	<u>\$ 47,831</u>	<u>\$ 6,599,653</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2019

	Special Revenue Funds	Capital Projects Funds	Debt Service	Total Other Governmental Funds
Revenues				
Taxes			\$ 54	\$ 54
Intergovernmental	\$ 6,832,027	\$ 127,566		6,959,593
Charges for services	551,617			551,617
Fines and forfeits	924,124			924,124
Investment earnings	37,353	4,854	42	42,249
Miscellaneous	199,822	6,781	14,513	221,116
Total revenues	<u>8,544,943</u>	<u>139,201</u>	<u>14,609</u>	<u>8,698,753</u>
Expenditures				
General government	1,580,715	116,014		1,696,729
Public safety	2,813,925	39,171		2,853,096
Health, welfare and sanitation	1,758,345			1,758,345
Education and economic opportunity	2,493,269			2,493,269
Debt Service				
Principal retirement	46,847		480,000	526,847
Interest and fiscal charges	8,858		426,980	435,838
Total expenditures	<u>8,701,959</u>	<u>155,185</u>	<u>906,980</u>	<u>9,764,124</u>
Excess (deficiency) of revenues over expenditures	<u>(157,016)</u>	<u>(15,984)</u>	<u>(892,371)</u>	<u>(1,065,371)</u>
Other financing sources (uses)				
Transfers in	916,466	4,080	934,108	1,854,654
Transfers out	(130,831)			(130,831)
Total other financing sources (uses)	<u>785,635</u>	<u>4,080</u>	<u>934,108</u>	<u>1,723,823</u>
Net change in fund balance	628,619	(11,904)	41,737	658,452
Beginning fund balance	<u>3,921,585</u>	<u>357,598</u>	<u>1,484</u>	<u>4,280,667</u>
Ending fund balance	<u>\$ 4,550,204</u>	<u>\$ 345,694</u>	<u>\$ 43,221</u>	<u>\$ 4,939,119</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	<u>Homeland Security</u>	<u>Criminal Justice Enhancement</u>	<u>WIOA</u>	<u>Health Services</u>
Assets				
Cash and cash equivalents	\$ 4,026	\$ 1,830,995	\$ 57	\$ 26,590
Due from other governmental units	53,928	382,059	226,358	32,863
Accounts receivable	14	18,183		1,865
Prepaid items		12,067		282
Total assets	<u>\$ 57,968</u>	<u>\$ 2,243,304</u>	<u>\$ 226,415</u>	<u>\$ 61,600</u>
Liabilities				
Accounts payable		\$ 24,952	\$ 82,491	\$ 34,815
Accrued payroll and employee benefits	\$ 2,918	64,170	17,896	19,473
Due to other funds	<u>22,037</u>	<u>284,521</u>	<u>89,601</u>	<u>13,774</u>
Total liabilities	<u>24,955</u>	<u>373,643</u>	<u>189,988</u>	<u>68,062</u>
Deferred Inflows of Resources				
Unavailable revenue - intergovernmental	42,622	100,074	72,948	13,492
Unavailable revenue - miscellaneous				
Total deferred inflows of resources	<u>42,622</u>	<u>100,074</u>	<u>72,948</u>	<u>13,492</u>
Fund Balance				
Nonspendable		12,067		282
Restricted	1,137	1,846,935	15,528	31,814
Assigned				
Unassigned	<u>(10,746)</u>	<u>(89,415)</u>	<u>(52,049)</u>	<u>(52,050)</u>
Total fund balance (deficit)	<u>(9,609)</u>	<u>1,769,587</u>	<u>(36,521)</u>	<u>(19,954)</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 57,968</u>	 <u>\$ 2,243,304</u>	 <u>\$ 226,415</u>	 <u>\$ 61,600</u>

<u>Juvenile Services</u>	<u>Probation Services</u>	<u>Retrieval Conversion</u>	<u>Animal Control</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
\$ 302,629	\$ 784,369	\$ 856,831	\$ 35,339	\$ 1,114,333	\$ 4,955,169
207,285		87	5	138,268	1,040,853
199	9,303	24,166	3,498	7,647	64,875
21,965		3,688		1,500	39,502
<u>\$ 532,078</u>	<u>\$ 793,672</u>	<u>\$ 884,772</u>	<u>\$ 38,842</u>	<u>\$ 1,261,748</u>	<u>\$ 6,100,399</u>
\$ 84,389	\$ 3,249	\$ 1,595	\$ 9,687	\$ 21,815	\$ 262,993
40,555	24,501	485	17,308	4,712	192,018
199,816				87,729	697,478
<u>324,760</u>	<u>27,750</u>	<u>2,080</u>	<u>26,995</u>	<u>114,256</u>	<u>1,152,489</u>
141,363				24,379	394,878
			2,828		2,828
<u>141,363</u>		<u>-</u>	<u>2,828</u>	<u>24,379</u>	<u>397,706</u>
21,965		3,688		1,500	39,502
248,248	780,602	879,746	2,975	1,147,713	4,954,698
			26,896	10,633	37,529
<u>(204,258)</u>	<u>(14,680)</u>	<u>(742)</u>	<u>(20,852)</u>	<u>(36,733)</u>	<u>(481,525)</u>
<u>65,955</u>	<u>765,922</u>	<u>882,692</u>	<u>9,019</u>	<u>1,123,113</u>	<u>4,550,204</u>
<u>\$ 532,078</u>	<u>\$ 793,672</u>	<u>\$ 884,772</u>	<u>\$ 38,842</u>	<u>\$ 1,261,748</u>	<u>\$ 6,100,399</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2019

	<u>Homeland Security</u>	<u>Criminal Justice Enhancement</u>	<u>WIOA</u>	<u>Health Services</u>
Revenues				
Intergovernmental	\$ 860,532	\$ 1,375,956	\$ 896,964	\$ 487,562
Charges for services		105,007		150,449
Fines and forfeits		791,938		
Investment earnings		11,184		
Miscellaneous			680	
Total revenues	<u>860,532</u>	<u>2,284,085</u>	<u>897,644</u>	<u>638,011</u>
Expenditures				
General government		1,225,317		
Public safety	410,650	697,203		
Health, welfare and sanitation				997,366
Education and economic opportunity			844,923	
Debt Service				
Principal retirement			37,930	
Interest and fiscal charges			7,619	
Total expenditures	<u>410,650</u>	<u>1,922,520</u>	<u>890,472</u>	<u>997,366</u>
Excess (deficiency) of revenues over expenditures	<u>449,882</u>	<u>361,565</u>	<u>7,172</u>	<u>(359,355)</u>
Other financing sources (uses)				
Transfers in	7,109	148,704	20,347	331,011
Transfers out	<u>(6,638)</u>	<u>(1,448)</u>	<u>(6,551)</u>	
Total other financing sources (uses)	<u>471</u>	<u>147,256</u>	<u>13,796</u>	<u>331,011</u>
Net change in fund balance	450,353	508,821	20,968	(28,344)
Beginning fund balance (deficit)	<u>(459,962)</u>	<u>1,260,766</u>	<u>(57,489)</u>	<u>8,390</u>
Ending fund balance (deficit)	<u>\$ (9,609)</u>	<u>\$ 1,769,587</u>	<u>\$ (36,521)</u>	<u>\$ (19,954)</u>

<u>Juvenile Services</u>	<u>Probation Services</u>	<u>Retrieval Conversion</u>	<u>Animal Control</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
\$ 1,312,494	\$ 789,575	\$ 35,760	\$ 293,918	\$ 779,266	\$ 6,832,027
2,273	121,832	76,300	47,095	48,661	551,617
		132,186			924,124
2,257	8,266	9,301	348	5,997	37,353
<u>93,232</u>	<u>20</u>	<u>1,483</u>	<u>10,004</u>	<u>94,403</u>	<u>199,822</u>
<u>1,410,256</u>	<u>919,693</u>	<u>255,030</u>	<u>351,365</u>	<u>928,327</u>	<u>8,544,943</u>
140,290		85,904		129,204	1,580,715
678,503	890,513			137,056	2,813,925
			615,136	145,843	1,758,345
743,680				904,666	2,493,269
			8,917		46,847
			<u>1,239</u>		<u>8,858</u>
<u>1,562,473</u>	<u>890,513</u>	<u>85,904</u>	<u>625,292</u>	<u>1,316,769</u>	<u>8,701,959</u>
<u>(152,217)</u>	<u>29,180</u>	<u>169,126</u>	<u>(273,927)</u>	<u>(388,442)</u>	<u>(157,016)</u>
4,787	2,140		259,103	143,265	916,466
<u>(495)</u>		<u>(107,982)</u>		<u>(7,717)</u>	<u>(130,831)</u>
<u>4,292</u>	<u>2,140</u>	<u>(107,982)</u>	<u>259,103</u>	<u>135,548</u>	<u>785,635</u>
(147,925)	31,320	61,144	(14,824)	(252,894)	628,619
<u>213,880</u>	<u>734,602</u>	<u>821,548</u>	<u>23,843</u>	<u>1,376,007</u>	<u>3,921,585</u>
<u>\$ 65,955</u>	<u>\$ 765,922</u>	<u>\$ 882,692</u>	<u>\$ 9,019</u>	<u>\$ 1,123,113</u>	<u>\$ 4,550,204</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2019

	<u>Construction</u>	<u>Airport</u>	<u>Other</u>	<u>Total</u>
Assets				
Cash and investments	\$ 339,534	\$ -		\$ 339,534
Due from other governmental units	<u>5,140</u>	<u>106,749</u>		<u>111,889</u>
Total assets	<u>\$ 344,674</u>	<u>\$ 106,749</u>	<u>-</u>	<u>\$ 451,423</u>
Liabilities				
Accounts payable	\$ -		\$ 15,468	\$ 15,468
Due to other funds		<u>\$ 87,200</u>		<u>87,200</u>
Total liabilities		<u>87,200</u>	<u>15,468</u>	<u>102,668</u>
Deferred Inflows of Resources				
Unavailable revenue - intergovernmental		<u>3,061</u>		<u>3,061</u>
Total deferred inflows of resources		<u>3,061</u>	<u>-</u>	<u>3,061</u>
Fund Balance				
Restricted	267,786	16,488		284,274
Assigned	76,888			76,888
Unassigned			<u>(15,468)</u>	<u>(15,468)</u>
Total fund balance (deficit)	<u>344,674</u>	<u>16,488</u>	<u>(15,468)</u>	<u>345,694</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 344,674</u>	<u>\$ 106,749</u>	<u>\$ -</u>	<u>\$ 451,423</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances
Nonmajor Capital Projects Funds
Year Ended June 30, 2019

	<u>Construction</u>	<u>Airport</u>	<u>Other</u>	<u>Total</u>
Revenues				
Intergovernmental		\$ 103,688	\$ 23,878	\$ 127,566
Investment earnings	\$ 4,854			4,854
Miscellaneous	6,781			6,781
Total revenues	<u>11,635</u>	<u>103,688</u>	<u>23,878</u>	<u>139,201</u>
Expenditures				
General government		91,280	24,734	116,014
Public Safety			39,171	39,171
Total expenditures		<u>91,280</u>	<u>63,905</u>	<u>155,185</u>
Excess (deficiency) of revenues over expenditures	<u>11,635</u>	<u>12,408</u>	<u>(40,027)</u>	<u>(15,984)</u>
Other financing sources				
Transfers in		4,080		4,080
Transfers out				
Total other financing sources		<u>4,080</u>		<u>4,080</u>
Net change in fund balance	11,635	16,488	(40,027)	(11,904)
Beginning fund balance	<u>333,039</u>		<u>24,559</u>	<u>357,598</u>
Ending fund balance (deficit)	<u>\$ 344,674</u>	<u>\$ 16,488</u>	<u>\$ (15,468)</u>	<u>\$ 345,694</u>

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

Nonmajor Special Revenue Funds

Santa Cruz County
 Nonmajor Special Revenue Funds
 Criminal Justice Enhancement Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 1,446,804	\$ 1,375,956	\$ (70,848)
Charges for services	65,765	105,007	39,242
Fines and forfeits	487,636	791,938	304,302
Investment earnings	2,158	11,184	9,026
Miscellaneous	187		(187)
Total revenues	2,002,550	2,284,085	281,535
Expenditures			
Current:			
General government			
County Attorney	1,346,873	1,089,925	256,948
Clerk of Superior Court	15,104		15,104
Justice Court	301,673	55,447	246,226
Superior Court	1,021,296	79,945	941,351
Total general government	2,684,946	1,225,317	1,459,629
Public safety			
Juvenile Probation	104,575		104,575
Sheriff's Office	812,473	691,427	121,046
Other Agencies		5,776	(5,776)
Total public safety	917,048	697,203	219,845
Total expenditures	3,601,994	1,922,520	1,679,474
Excess (deficiency) of revenues over expenditures	(1,599,444)	361,565	1,961,009
Other financing sources (uses)			
Transfers in	105,000	148,704	43,704
Transfers out		(1,448)	(1,448)
Total other financing sources (uses)	105,000	147,256	42,256
Net change in fund balance	(1,494,444)	508,821	2,003,265
Fund balance, July 1, 2018	1,494,444	1,260,766	(233,678)
Fund balance, June 30, 2019	\$ -	\$ 1,769,587	\$ 1,769,587

Santa Cruz County
Nonmajor Special Revenue Funds
WIOA Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 1,896,384	\$ 896,964	\$ (999,420)
Miscellaneous	<u>10,000</u>	<u>680</u>	<u>(9,320)</u>
Total revenues	<u>1,906,384</u>	<u>897,644</u>	<u>(1,008,740)</u>
Expenditures			
Education and economic opportunity	<u>1,906,418</u>	<u>890,472</u>	<u>1,015,946</u>
Total expenditures	<u>1,906,418</u>	<u>890,472</u>	<u>1,015,946</u>
Excess (deficiency) of revenues over expenditures	(34)	7,172	7,206
Other financing sources (uses)			
Transfers in		20,347	20,347
Transfers out	<u> </u>	<u>(6,551)</u>	<u>(6,551)</u>
Total other financing sources (uses)	<u> </u>	<u>13,796</u>	<u>13,796</u>
Net change in fund balance	(34)	20,968	21,002
Fund balance (deficit), July 1, 2018	<u>34</u>	<u>(57,489)</u>	<u>(57,523)</u>
Fund balance (deficit), June 30, 2019	<u>\$ -</u>	<u>\$ (36,521)</u>	<u>\$ (36,521)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Homeland Security Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 458,179	\$ 860,532	\$ 402,353
Total revenues	458,179	860,532	402,353
Expenditures			
Current:			
Public safety			
Emergency management	60,685	26,187	34,498
Sheriff's Office	400,721	384,463	16,258
Total expenditures	461,406	410,650	50,756
Excess (deficiency) of revenues over expenditures	(3,227)	449,882	453,109
Other financing sources (uses)			
Transfers in		7,109	7,109
Transfers out		(6,638)	(6,638)
Total other financing sources (uses)		471	471
Net change in fund balance	(3,227)	450,353	453,580
Fund balance (deficit), July 1, 2018	3,227	(459,962)	(463,189)
Fund balance (deficit), June 30, 2019	\$ -	\$ (9,609)	\$ (9,609)

Santa Cruz County
 Nonmajor Special Revenue Funds
 Health Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2019

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 499,539	\$ 487,562	\$ (11,977)
Charges for services	<u>131,426</u>	<u>150,449</u>	<u>19,023</u>
Total revenues	<u>630,965</u>	<u>638,011</u>	<u>7,046</u>
Expenditures			
Health, welfare & sanitation	<u>1,003,141</u>	<u>997,366</u>	<u>5,775</u>
Total expenditures	<u>1,003,141</u>	<u>997,366</u>	<u>5,775</u>
Excess (deficiency) of revenues over expenditures	(372,176)	(359,355)	12,821
Other financing sources			
Transfers in	<u>336,554</u>	<u>331,011</u>	<u>(5,543)</u>
Total other financing sources	<u>336,554</u>	<u>331,011</u>	<u>(5,543)</u>
Net change in fund balance	(35,622)	(28,344)	7,278
Fund balance, July 1, 2018	<u>35,622</u>	<u>8,390</u>	<u>(27,232)</u>
Fund balance (deficit), June 30, 2019	<u>\$ -</u>	<u>\$ (19,954)</u>	<u>\$ (19,954)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Juvenile Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2019

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 1,223,571	\$ 1,312,494	\$ 88,923
Charges for service	2,900	2,273	(627)
Investment earnings	220	2,257	2,037
Miscellaneous	<u>20,000</u>	<u>93,232</u>	<u>73,232</u>
Total revenues	<u>1,246,691</u>	<u>1,410,256</u>	<u>163,565</u>
Expenditures			
General government			
Superior Court	132,191	140,290	(8,099)
Public safety			
Probation	862,185	678,503	183,682
Education			
School Superintendent	<u>565,110</u>	<u>743,680</u>	<u>(178,570)</u>
Total expenditures	<u>1,559,486</u>	<u>1,562,473</u>	<u>(2,987)</u>
Excess (deficiency) of revenues over expenditures	(312,795)	(152,217)	160,578
Other financing sources (uses)			
Transfers in		4,787	4,787
Transfers out		<u>(495)</u>	<u>(495)</u>
Total other financing sources (uses)		<u>4,292</u>	<u>4,292</u>
Net change in fund balance	(312,795)	(147,925)	164,870
Fund balance, July 1, 2018	<u>312,795</u>	<u>213,880</u>	<u>(98,915)</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ 65,955</u>	<u>\$ 65,955</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Probation Services Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 803,455	\$ 789,575	\$ (13,880)
Charges for service	96,400	121,832	25,432
Investment earnings	1,515	8,266	6,751
Miscellaneous	<u> </u>	<u>20</u>	<u>20</u>
Total revenues	<u>901,370</u>	<u>919,693</u>	<u>18,323</u>
Expenditures			
Public safety	<u>1,640,745</u>	<u>890,513</u>	<u>750,232</u>
Total expenditures	<u>1,640,745</u>	<u>890,513</u>	<u>750,232</u>
Excess (deficiency) of revenues over expenditures	(739,375)	29,180	768,555
Other financing sources			
Transfers in	<u>2,140</u>	<u>2,140</u>	<u> </u>
Total other financing sources	<u>2,140</u>	<u>2,140</u>	<u> </u>
Net change in fund balance	(737,235)	31,320	768,555
Fund balance, July 1, 2018	<u>737,235</u>	<u>734,602</u>	<u>(2,633)</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ 765,922</u>	<u>\$ 765,922</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Retrieval Conversion Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2019

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 35,772	\$ 35,760	(12)
Charges for services	64,500	76,300	\$ 11,800
Fines and forfeits	98,500	132,186	33,686
Investment earnings	60	9,301	9,241
Miscellaneous	<u> </u>	<u>1,483</u>	<u>1,483</u>
Total revenues	<u>198,832</u>	<u>255,030</u>	<u>56,198</u>
Expenditures			
General government	<u>920,096</u>	<u>85,904</u>	<u>834,192</u>
Total expenditures	<u>920,096</u>	<u>85,904</u>	<u>834,192</u>
Excess (deficiency) of revenues over expenditures	(721,264)	169,126	890,390
Other financing uses			
Transfers out	<u>(105,000)</u>	<u>(107,982)</u>	<u>(2,982)</u>
Total other financing uses	<u>(105,000)</u>	<u>(107,982)</u>	<u>(2,982)</u>
Net change in fund balance	(826,264)	61,144	887,408
Fund balance, July 1, 2018	<u>826,264</u>	<u>821,548</u>	<u>(4,716)</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ 882,692</u>	<u>\$ 882,692</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Animal Control Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2019

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 291,804	\$ 293,918	\$ 2,114
Charges for services	43,275	47,095	3,820
Investment earnings		348	348
Miscellaneous	<u>10,000</u>	<u>10,004</u>	<u>4</u>
Total revenues	<u>345,079</u>	<u>351,365</u>	<u>6,286</u>
Expenditures			
Current:			
Health, welfare and sanitation	<u>647,734</u>	<u>625,292</u>	<u>22,442</u>
Total expenditures	<u>647,734</u>	<u>625,292</u>	<u>22,442</u>
Excess (deficiency) of revenues over expenditures	(302,655)	(273,927)	28,728
Other financing sources			
Transfers in	<u>256,803</u>	<u>259,103</u>	<u>2,300</u>
Total other financing sources	<u>256,803</u>	<u>259,103</u>	<u>2,300</u>
Net change in fund balance	(45,852)	(14,824)	31,028
Fund balance, July 1, 2018	<u>45,852</u>	<u>23,843</u>	<u>(22,009)</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ 9,019</u>	<u>\$ 9,019</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Special Revenue Funds
 Budgetary Comparison Schedule
 Year Ended June 30, 2019

	<u>Original and Final Budget Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 630,445	\$ 779,266	\$ 148,821
Charges for services	98,650	48,661	(49,989)
Investment earnings	100	5,997	5,897
Miscellaneous	<u>10,000</u>	<u>94,403</u>	<u>84,403</u>
Total revenues	<u>739,195</u>	<u>928,327</u>	<u>189,132</u>
Expenditures			
General government	284,342	129,204	155,138
Public safety	395,258	137,056	258,202
Health, welfare and sanitation	258,373	145,843	112,530
Education and economic opportunity	<u>1,238,277</u>	<u>904,666</u>	<u>333,611</u>
Total expenditures	<u>2,176,250</u>	<u>1,316,769</u>	<u>859,481</u>
Excess (deficiency) of revenues over expenditures	(1,437,055)	(388,442)	(670,349)
Other financing sources (uses)			
Transfers in	73,678	143,265	69,587
Transfers out	<u>(7,500)</u>	<u>(7,717)</u>	<u>(217)</u>
Total other financing sources (uses)	<u>66,178</u>	<u>135,548</u>	<u>69,370</u>
Net change in fund balance	(1,370,877)	(252,894)	1,117,983
Fund balance, July 1, 2018	<u>1,370,877</u>	<u>1,376,007</u>	<u>5,130</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ 1,123,113</u>	<u>\$ 1,123,113</u>

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

Nonmajor Capital Projects Funds

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Construction Fund
 Year Ended June 30, 2019

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Investment earnings	\$ -	\$ 4,854	\$ 4,854
Miscellaneous	-	6,781	6,781
Total revenues	<u>-</u>	<u>11,635</u>	<u>11,635</u>
Expenditures			
General government	65,510		65,510
Public safety	236,337		236,337
Total expenditures	<u>301,847</u>		<u>301,847</u>
Excess (deficiency) of revenues over expenditures	<u>(301,847)</u>	<u>11,635</u>	<u>313,482</u>
Net change in fund balances	(301,847)	11,635	313,482
Fund balance, July 1, 2018	<u>301,847</u>	<u>333,039</u>	<u>31,192</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ 344,674</u>	<u>\$ 344,674</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Airport Fund
 Year Ended June 30, 2019

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 307,331	\$ 103,688	\$ (203,643)
Total Revenues	<u>307,331</u>	<u>103,688</u>	<u>(203,643)</u>
Expenditures			
General government	<u>321,712</u>	<u>91,280</u>	<u>230,432</u>
Total expenditures	<u>321,712</u>	<u>91,280</u>	<u>230,432</u>
Excess (deficiency) of revenues over expenditures	(14,381)	12,408	26,789
Other financing sources			
Transfers in	<u>14,381</u>	<u>4,080</u>	<u>(10,301)</u>
Total other financing sources	<u>14,381</u>	<u>4,080</u>	<u>(10,301)</u>
Net change in fund balance	-	16,488	16,488
Fund balance, July 1, 2018	<u> </u>	<u> </u>	<u> </u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ 16,488</u>	<u>\$ 16,488</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Other Funds
 Year Ended June 30, 2019

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 210,000	\$ 23,878	\$ (186,122)
Total revenues	210,000	23,878	(186,122)
Expenditures			
General government	24,734	24,734	
Public safety	210,000	39,171	170,829
Total expenditures	234,734	63,905	170,829
Excess (deficiency) of revenues over expenditures	(24,734)	(40,027)	(15,293)
Net change in fund balance	(24,734)	(40,027)	(15,293)
Fund balance, July 1, 2018	24,734	24,559	(175)
Fund balance (deficit), June 30, 2019	\$ -	\$ (15,468)	\$ (15,468)

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

Nonmajor Debt Service Fund

Santa Cruz County
Debt Service Fund
Budgetary Comparison Schedule
Year Ended June 30, 2019

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ -	\$ 54	\$ 54
Investment earnings		42	42
Miscellaneous		14,513	14,513
Total revenues	<u> </u>	<u>14,609</u>	<u>14,609</u>
Expenditures			
Debt service	<u>949,174</u>	<u>906,980</u>	<u>42,194</u>
Total expenditures	<u>949,174</u>	<u>906,980</u>	<u>42,194</u>
Excess (deficiency) of revenues over expenditures	(949,174)	(892,371)	56,803
Other financing sources			
Transfers in	<u>904,975</u>	<u>934,108</u>	<u>29,133</u>
Total other financing sources	<u>904,975</u>	<u>934,108</u>	<u>29,133</u>
Net change in fund balance	(44,199)	41,737	85,936
Fund balance, July 1, 2018	<u>44,199</u>	<u>1,484</u>	<u>(42,715)</u>
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ 43,221</u>	<u>\$ 43,221</u>

Investment Trust and Agency Funds

Santa Cruz County
Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2019

	Treasurer's Investment Pool	Individual Investment Accounts	Total
Assets			
Cash and investments	<u>\$ 20,903,930</u>	<u>\$ 64,163</u>	<u>\$ 20,968,093</u>
Total assets	<u>\$ 20,903,930</u>	<u>\$ 64,163</u>	<u>\$ 20,968,093</u>
Net Position			
Held in trust for investment trust participants	<u>\$ 20,903,930</u>	<u>\$ 64,163</u>	<u>\$ 20,968,093</u>

Santa Cruz County
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2019

	<u>Property Tax Collection</u>	<u>Fire District</u>	<u>Special Purpose</u>	<u>Total</u>
Assets				
Cash and investments	\$ 224,047	\$ -	\$ 1,007,542	\$ 1,231,589
Total assets	<u>\$ 224,047</u>	<u>\$ -</u>	<u>\$ 1,007,542</u>	<u>\$ 1,231,589</u>
Liabilities				
Due to other governmental units	\$ 68,648	\$ -		\$ 68,648
Deposits held for others	<u>155,399</u>		<u>\$ 1,007,542</u>	<u>1,162,941</u>
Total liabilities	<u>\$ 224,047</u>	<u>\$ -</u>	<u>\$ 1,007,542</u>	<u>\$ 1,231,589</u>

Santa Cruz County
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
Year Ended June 30, 2019

	Treasurer's Investment Pool	Individual Investment Accounts	Total
Additions			
Contributions from participants	\$ 115,656,914		\$ 115,656,914
Investment earnings	<u>218,866</u>	\$ <u>1,545</u>	<u>220,411</u>
Total additions	<u>115,875,780</u>	<u>1,545</u>	<u>115,877,325</u>
Deductions			
Distributions to participants	<u>119,356,440</u>	<u> </u>	<u>119,356,440</u>
Total deductions	<u>119,356,440</u>	<u> </u>	<u>119,356,440</u>
Changes in net position	(3,480,660)	1,545	(3,479,115)
Net position, July 1, 2018	<u>24,384,590</u>	<u>62,618</u>	<u>24,447,208</u>
Net position, June 30, 2019	<u><u>\$ 20,903,930</u></u>	<u><u>\$ 64,163</u></u>	<u><u>\$ 20,968,093</u></u>

Santa Cruz County
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Property Tax Collection:				
Assets				
Cash and investments	\$ 715,869	\$ 1,750,970	\$ 2,242,792	\$ 224,047
Liabilities				
Due to other governmental units	\$ 578,217	\$ 43	\$ 509,612	\$ 68,648
Deposits held for others	137,652	1,750,927	1,733,180	155,399
Total liabilities	<u>\$ 715,869</u>	<u>\$ 1,750,970</u>	<u>\$ 2,242,792</u>	<u>\$ 224,047</u>
Fire District:				
Assets				
Cash and investments	\$ -	\$ 329,646	\$ 329,646	\$ -
Liabilities				
Due to other governmental units	\$ -	\$ 329,646	\$ 329,646	\$ -
Special Purpose:				
Assets				
Cash and investments	\$ 969,247	\$ 241,041	\$ 202,746	\$ 1,007,542
Liabilities				
Deposits held for others	\$ 969,247	\$ 241,041	\$ 202,746	\$ 1,007,542
Total - All Agency Funds				
Assets				
Cash and investments	\$ 1,685,116	\$ 2,321,657	\$ 2,775,184	\$ 1,231,589
Liabilities				
Due to other governmental units	\$ 578,217	\$ 329,689	\$ 839,258	\$ 68,648
Deposits held for others	1,106,899	1,991,968	1,935,926	1,162,941
Total liabilities	<u>\$ 1,685,116</u>	<u>\$ 2,321,657</u>	<u>\$ 2,775,184</u>	<u>\$ 1,231,589</u>

Statistical Section

FINANCIAL TRENDS:

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

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities										
Net investment in capital assets	\$ 67,246	\$ 66,618	\$ 66,653	\$ 69,644	\$ 70,340	\$ 70,668	\$ 73,030	\$ 74,702	\$ 75,658	\$ 74,440
Restricted	12,104	15,063	13,255	9,756	7,711	9,515	9,190	9,412	10,559	6,012
Unrestricted	<u>(31,040)</u>	<u>(37,534)</u>	<u>(28,547)</u>	<u>(23,902)</u>	<u>(22,125)</u>	<u>9,783</u>	<u>10,951</u>	<u>11,913</u>	<u>10,801</u>	<u>14,795</u>
Total governmental activities net position	<u>48,310</u>	<u>44,147</u>	<u>51,361</u>	<u>55,498</u>	<u>55,926</u>	<u>89,966</u>	<u>93,171</u>	<u>96,027</u>	<u>97,018</u>	<u>95,247</u>
Business-Type Activities										
Net investment in capital assets	3,328	3,595	3,829	4,115	4,274	3,660	3,538	3,691	3,393	2,568
Unrestricted (deficit)	<u>2,092</u>	<u>1,399</u>	<u>(130)</u>	<u>(1,128)</u>	<u>(1,278)</u>	<u>(1,182)</u>	<u>(1,356)</u>	<u>(375)</u>	<u>(351)</u>	<u>715</u>
Total business-type activities net position (deficit)	<u>5,420</u>	<u>4,994</u>	<u>3,699</u>	<u>2,987</u>	<u>2,996</u>	<u>2,478</u>	<u>2,182</u>	<u>3,316</u>	<u>3,042</u>	<u>3,283</u>
Primary Government										
Net investment in capital assets	70,574	70,213	70,482	73,759	74,614	74,328	76,568	78,393	79,051	77,008
Restricted	12,104	15,063	13,255	9,756	7,711	9,515	9,190	9,412	10,559	6,012
Unrestricted	<u>(28,948)</u>	<u>(36,135)</u>	<u>(28,677)</u>	<u>(25,030)</u>	<u>(23,403)</u>	<u>8,601</u>	<u>9,595</u>	<u>11,538</u>	<u>10,450</u>	<u>15,510</u>
Total primary government net position	<u>\$ 53,730</u>	<u>\$ 49,141</u>	<u>\$ 55,060</u>	<u>\$ 58,485</u>	<u>\$ 58,922</u>	<u>\$ 92,444</u>	<u>\$ 95,353</u>	<u>\$ 99,343</u>	<u>\$ 100,060</u>	<u>\$ 98,530</u>

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SOURCE: Comprehensive Annual Financial Reports for the relevant year.

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities:										
General government	\$ 11,122	\$ 20,804	\$ 17,992	\$ 16,403	\$ 16,772	\$ 14,525	\$ 14,184	\$ 14,243	\$ 13,285	\$ 13,542
Public safety	14,656	19,498	15,862	14,854	16,431	16,043	15,420	17,894	14,733	12,986
Highways and streets	8,897	5,686	5,848	5,966	7,474	6,972	6,509	4,239	4,570	4,248
Health, welfare and sanitation	4,985	4,969	4,926	4,621	4,633	4,754	4,224	4,518	3,865	3,916
Education and economic opportunity	2,609	2,281	2,168	2,909	3,259	2,454	2,443	3,371	4,589	6,280
Recreation	302	263	267	202	152	165	139	141	121	208
Interest on long-term debt	1,747	1,967	3,089	3,141	2,810	2,899	2,983	2,965	2,767	4,220
Total governmental activities expenses	<u>44,318</u>	<u>55,468</u>	<u>50,152</u>	<u>48,096</u>	<u>51,531</u>	<u>47,812</u>	<u>45,902</u>	<u>47,371</u>	<u>43,930</u>	<u>45,400</u>
Business-type activities:										
Landfill	<u>1,700</u>	<u>1,111</u>	<u>1,621</u>	<u>1,941</u>	<u>887</u>	<u>1,511</u>	<u>2,432</u>	<u>833</u>	<u>1,261</u>	<u>562</u>
Total business-type activities expenses	<u>1,700</u>	<u>1,111</u>	<u>1,621</u>	<u>1,941</u>	<u>887</u>	<u>1,511</u>	<u>2,432</u>	<u>833</u>	<u>1,261</u>	<u>562</u>
Total primary government expenses	<u>46,018</u>	<u>56,579</u>	<u>51,773</u>	<u>50,037</u>	<u>52,418</u>	<u>49,323</u>	<u>48,334</u>	<u>48,204</u>	<u>45,191</u>	<u>45,962</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	2,866	2,472	2,146	2,161	2,412	2,569	3,201	3,326	3,087	3,532
Public safety	302	176	244	244	450	399	920	400	218	395
Highways and streets	-	-	-	-	-	-	-	-	-	2
Health, welfare and sanitation	221	223	178	188	156	174	157	185	206	202
Education and economic opportunity	-	78	85	26	73	128	13	88	14	1
Recreation	10	12	9	9	9	8	6	11	10	6
Operating grants and contributions*	13,663	9,959	8,781	9,079	8,993	8,338	9,077	10,777	11,079	9,955
Capital grants and contributions	130	6,200	5,114	5,810	4,747	4,512	3,513	3,447	4,335	3,608
Total governmental activities program revenues	<u>17,192</u>	<u>19,120</u>	<u>16,557</u>	<u>17,517</u>	<u>16,840</u>	<u>16,128</u>	<u>16,887</u>	<u>18,234</u>	<u>18,949</u>	<u>17,701</u>
Business-type activities:										
Charges for services										
Landfill	2,075	2,298	2,326	2,062	1,993	1,600	1,269	968	1,001	610
Operating grants and contributions	-	-	-	-	-	94	-	-	-	20
Total business-type program revenues	<u>2,075</u>	<u>2,298</u>	<u>2,326</u>	<u>2,062</u>	<u>1,993</u>	<u>1,694</u>	<u>1,269</u>	<u>968</u>	<u>1,001</u>	<u>630</u>
Total primary government program revenues	<u>19,267</u>	<u>21,418</u>	<u>18,883</u>	<u>19,579</u>	<u>18,833</u>	<u>17,822</u>	<u>18,156</u>	<u>19,202</u>	<u>19,950</u>	<u>18,331</u>
Net (expense) revenue										
Governmental activities	(27,126)	(36,348)	(33,595)	(30,579)	(34,691)	(31,684)	(29,015)	(29,137)	(24,981)	(27,699)
Business-type activities	375	1,187	705	121	1,106	183	(1,163)	135	(260)	68
Total primary government activities net (expense) revenue	<u>(26,751)</u>	<u>(35,161)</u>	<u>(32,890)</u>	<u>(30,458)</u>	<u>(33,585)</u>	<u>(31,501)</u>	<u>(30,178)</u>	<u>(29,002)</u>	<u>(25,241)</u>	<u>(27,631)</u>

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 15,414	\$ 14,408	\$ 13,915	\$ 14,495	\$ 14,041	\$ 13,915	\$ 12,650	\$ 13,398	\$ 13,988	\$ 14,187
County general excise tax	2,686	2,526	2,578	2,654	2,504	2,685	2,596	2,646	2,571	2,519
County jail excise tax	2,683	2,525	2,569	2,654	2,504	2,685	2,594	2,642	2,609	2,446
Share of state sales taxes-general government	2,975	2,645	2,685	2,621	2,421	2,426	2,197	2,018	2,272	779
Share of state sales taxes-welfare	2,403	2,114	2,070	2,062	2,033	2,024	2,019	2,047	1,589	1,540
Share of state sales taxes-education										1,356
Payments in lieu of taxes	1,141	1,108	1,080	1,073	932	978	980	956	834	324
Vehicle lieu tax unrestricted*	1,851	1,774	1,716	1,649	1,527	1,466	1,312	1,367	1,343	1,432
Share of state lottery revenue	550	550	550	550	1,100	-	-	-	-	304
Share of federal disproportionate revenue	-	-	-	-	-	-	-	-	-	-
Share of state overweight permits	872	831	833	802	783	754	702	-	-	-
Unrestricted grants and contributions			63	433	522	506	592	738	564	791
Investment earnings (loss)	272	306	80	59	14	130	98	68	205	730
Miscellaneous	441	284	354	378	377	855	402	531	747	754
Capital contributions	-	-	-	256	-	29	39	37	33	42
Transfers	-	-	-	150	(2)	(109)	(22)	(18)	(12)	-
Gain on sale of capital assets	-	-	-	315	4	134	-	-	9	-
Loss on disposal	-	-	-	-	-	-	-	(144)	-	-
Total governmental activities	<u>31,288</u>	<u>29,071</u>	<u>28,493</u>	<u>30,151</u>	<u>28,760</u>	<u>28,478</u>	<u>26,159</u>	<u>26,286</u>	<u>26,752</u>	<u>27,204</u>
Business-type activities:										
Grants and contributions	-	-	-	-	-	-	-	80	-	-
Investment earnings	52	58	7	3	1	4	7	2	6	18
Miscellaneous	-	50	-	57	-	-	-	-	-	-
Transfers	-	-	-	-	2	109	22	18	12	-
Capital contributions	-	-	-	(190)	-	-	-	-	-	-
Total business-type activities	<u>52</u>	<u>108</u>	<u>7</u>	<u>(130)</u>	<u>3</u>	<u>113</u>	<u>29</u>	<u>100</u>	<u>18</u>	<u>18</u>
Total primary government	<u>31,340</u>	<u>29,179</u>	<u>28,500</u>	<u>30,021</u>	<u>28,763</u>	<u>28,591</u>	<u>26,188</u>	<u>26,386</u>	<u>26,770</u>	<u>27,222</u>
Changes in net position										
Governmental activities	4,162	(7,277)	(5,102)	(428)	(5,931)	(3,205)	(2,856)	(2,851)	1,771	(495)
Business-type activities	427	1,295	712	(9)	1,109	296	(1,134)	235	(242)	86
Total primary government	<u>\$ 4,589</u>	<u>\$ (5,982)</u>	<u>\$ (4,390)</u>	<u>\$ (437)</u>	<u>\$ (4,822)</u>	<u>\$ (2,909)</u>	<u>\$ (3,990)</u>	<u>\$ (2,616)</u>	<u>\$ 1,529</u>	<u>\$ (409)</u>

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	13,370
Nonspendable*	47	45	48	46	95	51	49	44	42	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	8,739	8,209	9,222	11,063	11,125	11,021	13,458	13,513	13,945	-
Subtotal general fund	<u>\$ 8,786</u>	<u>\$ 8,254</u>	<u>\$ 9,270</u>	<u>\$ 11,109</u>	<u>\$ 11,220</u>	<u>\$ 11,072</u>	<u>\$ 13,507</u>	<u>\$ 13,557</u>	<u>\$ 13,987</u>	<u>\$ 13,370</u>
All other governmental funds										
Reserved for:										
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds (deficits)	-	-	-	-	-	-	-	-	-	8,430
Nonspendable*	40	6	2	9	7	8	4	2	4	-
Restricted	11,042	11,773	10,350	7,997	9,486	11,872	12,360	16,295	9,724	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	37	61	77	34	52	192	110	370	521	-
Unassigned	(571)	(879)	(416)	(747)	(845)	(687)	(1,648)	(1,431)	(2,616)	-
Capital projects funds (deficits)	-	-	-	-	-	-	-	-	-	5,378
Nonspendable*	-	-	-	-	-	-	-	-	-	-
Restricted	284	284	241	226	270	60	155	108	61	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	77	73	65	59	53	-	-	-	-	-
Unassigned	(15)	-	(28)	(7)	(236)	-	-	(1)	(792)	-
Debt Service Assigned	43	1	206	202	99	98	-	242	236	493
Total all other governmental funds	<u>\$ 10,937</u>	<u>\$ 11,319</u>	<u>\$ 10,497</u>	<u>\$ 7,773</u>	<u>\$ 8,886</u>	<u>\$ 11,543</u>	<u>\$ 10,981</u>	<u>\$ 15,585</u>	<u>\$ 7,138</u>	<u>\$ 14,301</u>

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

SOURCE: Comprehensive Annual Financial Reports for the relevant year.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Taxes	\$ 20,660	\$ 19,535	\$ 19,193	\$ 19,991	\$ 19,198	\$ 19,189	\$ 18,026	\$ 18,573	\$ 19,181	\$ 18,752
Intergovernmental	24,327	23,867	22,192	23,599	22,022	20,926	20,929	22,283	21,173	18,986
Licenses and permits	486	617	348	409	384	324	214	293	318	380
Charges for services	1,126	1,260	1,143	1,169	1,519	1,676	1,620	1,625	1,751	1,702
Fines and forfeits	1,680	1,084	1,172	1,050	1,197	1,278	2,464	2,092	1,466	2,056
Investment earnings	272	306	80	59	14	130	98	68	206	730
Rents	106	40	42	39	42	37	45	33	59	42
Contributions			-	-	-	-	-	-	-	-
Miscellaneous	438	244	309	342	337	817	357	497	688	712
Total revenues	<u>49,095</u>	<u>46,953</u>	<u>44,479</u>	<u>46,658</u>	<u>44,713</u>	<u>44,377</u>	<u>43,753</u>	<u>45,464</u>	<u>44,842</u>	<u>43,360</u>
Expenditures:										
Current:										
General government	14,667	15,099	15,173	15,091	13,379	13,840	13,605	13,885	14,807	12,843
Public safety	14,464	15,497	13,241	14,208	13,582	15,096	19,435	16,355	20,821	13,093
Highways and streets	7,667	5,221	3,952	4,543	6,816	4,872	3,707	3,607	3,068	3,020
Health, welfare and sanitation	5,064	4,966	4,991	4,710	4,625	4,738	4,230	4,425	3,790	3,823
Education and economic opportunity	2,893	2,183	2,002	2,779	3,132	2,421	2,404	3,331	4,572	6,308
Recreation	286	247	224	167	438	148	122	122	99	183
Capital outlay				-	-	-	-	-	-	29,818
Debt service:										
Principal	2,885	2,561	2,531	3,776	2,421	2,332	2,224	2,133	1,935	3,359
Interest and other charges	1,939	2,162	3,071	3,049	2,809	2,900	2,983	2,965	2,767	4,220
Total expenditures	<u>49,865</u>	<u>47,936</u>	<u>45,185</u>	<u>48,323</u>	<u>47,202</u>	<u>46,347</u>	<u>48,710</u>	<u>46,823</u>	<u>51,859</u>	<u>76,667</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(770)</u>	<u>(983)</u>	<u>(706)</u>	<u>(1,665)</u>	<u>(2,489)</u>	<u>(1,970)</u>	<u>(4,957)</u>	<u>(1,359)</u>	<u>(7,017)</u>	<u>(33,307)</u>
Other financing sources (uses):										
Pledged revenue refunding obligations proceeds		3,675	33,850	9,997						
Payment to debt refinancing escrow agent		(3,557)	(33,224)	(9,798)						
Loan proceeds (net of discounts)	800	-	-	-	-	-	-	9,300	-	-
Proceeds from sales of capital assets	-	-	-	-	-	134	-	-	11	-
Capital lease agreements/installment purchase contracts	118	672		93	-	-	326	224	473	-
Transfers in	5,330	4,987	5,328	5,982	5,187	7,077	3,759	6,962	5,488	5,654
Transfers out	(5,330)	(4,987)	(5,328)	(5,832)	(5,189)	(7,132)	(3,781)	(6,980)	(5,500)	(5,654)
Proceeds from long-term notes	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>918</u>	<u>790</u>	<u>626</u>	<u>442</u>	<u>(2)</u>	<u>79</u>	<u>304</u>	<u>9,506</u>	<u>472</u>	<u>-</u>
Net change in fund balances	<u>\$ 148</u>	<u>\$ (193)</u>	<u>\$ (80)</u>	<u>\$ (1,223)</u>	<u>\$ (2,491)</u>	<u>\$ (1,891)</u>	<u>\$ (4,653)</u>	<u>\$ 8,147</u>	<u>\$ (6,545)</u>	<u>\$ (33,307)</u>
Debt service as a percentage of noncapital expenditures	9.67%	9.85%	12.40%	14.12%	11.08%	11.29%	10.69%	10.89%	9.07%	16.18%

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
2009-10 ⁽¹⁾	18,751,562	18,986,451	379,875	1,702,014	2,055,828	729,567	42,000	712,482	43,359,779
2010-11 ⁽¹⁾	19,180,849	21,173,272	318,010	1,750,998	1,466,191	205,553	58,620	688,527	44,842,020
2011-12 ⁽¹⁾	18,572,950	22,282,885	293,019	1,624,831	2,091,593	67,877	33,391	497,579	45,464,125
2012-13 ⁽¹⁾	18,026,015	20,929,331	213,610	1,619,670	2,463,908	98,235	44,964	357,090	43,752,823
2013-14 ⁽¹⁾	19,188,991	20,925,579	324,466	1,675,691	1,277,530	130,325	37,437	816,763	44,376,782
2014-15 ⁽¹⁾	19,198,139	22,021,951	383,509	1,519,051	1,196,855	13,667	42,437	336,976	44,712,585
2015-16 ⁽¹⁾	19,990,913	23,598,765	408,765	1,169,039	1,049,694	59,353	39,177	341,966	46,657,672
2016-17 ⁽¹⁾	19,192,931	22,191,925	348,423	1,143,104	1,171,546	79,618	41,546	309,501	44,478,594
2017-18 ⁽¹⁾	19,534,949	23,866,791	617,078	1,260,440	1,083,814	306,022	39,999	244,197	46,953,290
2018-19 ⁽¹⁾	20,659,841	24,326,728	486,291	1,126,248	1,680,172	271,616	106,326	438,290	49,095,512

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
2009-10 ⁽¹⁾	43.24	43.79	0.88	3.93	4.74	1.68	0.10	1.64	100.00
2010-11 ⁽¹⁾	42.77	47.22	0.71	3.90	3.27	0.46	0.13	1.54	100.00
2011-12 ⁽¹⁾	40.85	49.01	0.65	3.57	4.60	0.15	0.07	1.10	100.00
2012-13 ⁽¹⁾	41.20	47.84	0.49	3.70	5.63	0.22	0.10	0.82	100.00
2013-14 ⁽¹⁾	43.24	47.16	0.73	3.78	2.88	0.29	0.08	1.84	100.00
2014-15 ⁽¹⁾	42.94	49.25	0.86	3.40	2.68	0.03	0.09	0.75	100.00
2015-16 ⁽¹⁾	42.85	50.58	0.88	2.50	2.25	0.13	0.08	0.73	100.00
2016-17 ⁽¹⁾	43.15	49.89	0.79	2.57	2.63	0.18	0.09	0.70	100.00
2017-18 ⁽¹⁾	41.61	50.83	1.31	2.68	2.31	0.65	0.09	0.52	100.00
2018-19 ⁽¹⁾	42.08	49.55	0.99	2.30	3.42	0.55	0.22	0.89	100.00

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
2009-10 ⁽¹⁾	12,843,364	13,092,708	3,019,812	3,823,227	6,307,752	182,985	7,578,475	46,848,323
2010-11 ⁽¹⁾	14,807,146	20,820,966	3,067,846	3,790,279	4,572,614	98,941	4,701,642	51,859,434
2011-12 ⁽¹⁾	13,884,751	16,355,330	3,607,007	4,425,594	3,330,380	121,848	5,097,891	46,822,801
2012-13 ⁽¹⁾	13,604,846	19,433,945	3,706,853	4,230,295	2,404,393	122,428	5,207,220	48,709,980
2013-14 ⁽¹⁾	13,840,300	15,096,016	4,871,659	4,737,804	2,421,005	147,906	5,231,833	46,346,523
2014-15 ⁽¹⁾	13,378,702	13,581,726	6,816,505	4,624,765	3,131,769	437,707	5,230,166	47,201,340
2015-16 ⁽¹⁾	15,091,368	14,207,884	4,543,361	4,710,248	2,779,419	166,627	6,824,548	48,323,455
2016-17 ⁽¹⁾	15,172,848	13,241,269	3,952,178	4,990,896	2,002,195	223,449	5,601,698	45,184,533
2017-18 ⁽¹⁾	15,099,080	15,496,885	5,221,572	4,966,217	2,183,569	246,897	4,722,564	47,936,784
2018-19 ⁽¹⁾	14,666,994	14,463,511	7,666,701	5,063,688	2,893,451	286,013	4,824,592	49,864,950

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
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
2009-10 ⁽¹⁾	27.41	27.95	6.45	8.16	13.46	0.39	16.18	100.00
2010-11 ⁽¹⁾	28.55	40.14	5.92	7.31	8.82	0.19	9.07	100.00
2011-12 ⁽¹⁾	29.66	34.93	7.70	9.45	7.11	0.26	10.89	100.00
2012-13 ⁽¹⁾	27.93	39.90	7.61	8.68	4.94	0.25	10.69	100.00
2013-14 ⁽¹⁾	28.34	28.77	14.44	9.80	6.64	0.93	11.08	100.00
2014-15 ⁽¹⁾	28.36	28.00	14.39	9.81	6.64	0.93	11.87	100.00
2015-16 ⁽¹⁾	31.23	29.40	9.40	9.75	5.75	0.34	14.13	100.00
2016-17 ⁽¹⁾	33.58	29.30	8.75	11.04	4.43	0.5	12.4	100.00
2017-18 ⁽¹⁾	31.5	32.33	10.89	10.36	4.56	0.52	9.84	100.00
2018-19 ⁽¹⁾	29.41	29.01	15.38	10.15	5.80	0.57	9.68	100.00

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
09-10	129,492	197,372	62,795	284	389,943	3.5747	3,192,880	12.21%
10-11	103,762	242,772	69,570	366	416,470	3.4858	3,433,258	12.13%
11-12	95,038	190,399	72,600	229	358,266	3.4858	3,279,301	10.93%
12-13	93,281	176,954	73,525	317	344,077	3.4858	3,154,273	10.91%
13-14	87,089	160,104	65,464	297	312,954	4.2058	2,904,354	10.78%
14-15	87,926	146,635	59,364	278	294,203	4.4765	2,770,291	10.62%
15-16	86,930	144,969	55,977	263	288,139	4.6703	2,758,579	10.45%
16-17	84,588	149,680	46,268	333	280,869	4.6703	2,746,137	10.23%
17-18	87,135	153,817	46,468	348	287,768	4.6978	2,805,576	10.26%
18-19	93,945	160,181	45,498	509	300,133	4.7578	2,911,356	10.31%

SOURCES: Annual Budget, Abstract of the Assessment Roll published by Arizona Department of Revenue obtained through Assessor's Office

Santa Cruz County
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(Per \$100 of Assessed Values)

Fiscal Year	Santa Cruz County				Fire Districts				State of Arizona	Education Assistance
	County-Wide	Flood Control District	Fire District	Debt Service	Tubac	Rio Rico	Nogales Suburban	Sonoita Elgin		
2009-10	2.8956	0.5791	0.1000	0.0000	3.3719	2.9986	3.2500	1.4182	1.3726	0.3306
2010-11	2.8215	0.5643	0.1000	0.0000	3.1392	2.9925	3.2500	1.4210	1.4797	0.3564
2011-12	2.8215	0.5643	0.1000	0.0000	3.2066	3.3320	3.2500	1.5200	1.7682	0.4259
2012-13	2.8215	0.5643	0.1000	0.0000	3.2583	3.6475	3.2500	1.6500	1.9585	0.4717
2013-14	3.4215	0.6843	0.1000	0.0000	3.2902	3.7517	3.2500	1.9800	2.1265	0.5123
2014-15	3.6471	0.7294	0.1000	0.0000	3.4000	3.7769	3.2500	2.1000	2.1123	0.5089
2015-16	3.8086	0.7617	0.1000	0.0000	3.4302	3.8295	3.2500	2.1200	2.0977	0.5054
2016-17	3.8086	0.7617	0.1000	0.0000	3.5101	3.8217	3.2500	2.5000	2.0793	0.5010
2017-18	3.8315	0.7663	0.1000	0.0000	3.5000	3.7215	3.2500	2.6500	2.0234	0.4875
2018-19	3.8815	0.7763	0.1000	0.0000	3.4202	3.5744	3.2500	2.6500	1.9679	0.4741

SOURCES: Annual budgets.

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

Fiscal Year	Patagonia Union High School	Elementary Schools			Santa Cruz Valley Unified #35	Nogales Unified #1
		Patagonia #6	Sonoita #25	Santa Cruz #28		
2009-10	2.1612	3.9584	4.9136	6.9068	6.7609	4.3349
2010-11	2.1566	3.1159	4.4055	5.0505	6.7557	4.4026
2011-12	2.2687	3.1483	4.0675	4.9061	6.7550	4.6789
2012-13	2.2503	3.1298	4.0675	4.5000	6.7238	5.1559
2013-14	2.1957	3.0708	4.0668	4.5000	6.2765	5.6064
2014-15	2.2462	3.6141	4.0605	5.5846	5.7221	5.8757
2015-16	2.3710	3.8950	4.0502	5.5846	5.7194	6.5549
2016-17	2.6348	4.6495	4.4995	5.5000	3.8639	6.8170
2017-18	2.5559	4.4603	4.6316	7.5051	4.3818	5.9517
2018-19	2.7060	4.3088	4.6271	7.4375	4.4237	5.9224

SOURCES: Annual budgets.

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

Taxpayer	2019			2018			2017			2016			2015		
	Net Assessed Value	Rank	Percent of Total Net Assessed Primary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Primary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Primary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Primary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value
City of Nogales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unisource Energy Corporation *	18,816	1	5.71%	17,937	1	5.63%	19,014	1	6.14%	18,276	1	5.76%	17,956	1	5.54%
Qwest Corporation *	1,580	8	0.48%	1,785	8	0.56%	1,777	8	0.57%	1,892	6	0.60%	1,936	6	0.60%
Wal-Mart Stores, Inc.	2,364	5	0.72%	2,341	5	0.73%	2,152	5	0.69%	2,101	5	0.66%	2,235	5	0.69%
Delta Properties LLP	11,088	2	3.36%	8,142	2	2.56%	5,619	2	1.81%	4,837	2	1.52%	4,800	2	1.48%
Union Pacific Railroad	3,135	3	0.95%	3,262	3	1.02%	3,147	3	1.02%	2,521	3	0.79%	2,454	4	0.76%
Mariposa Shopping Center LP *	2,355	6	0.71%	2,210	7	0.69%	2,062	7	0.67%	2,197	4	0.69%	2,599	3	0.80%
Tubac Management Co, LLC	1,471	10	0.45%	1,487	8	0.47%	1,372	9	0.44%	1,385	10	0.44%	1,555	7	0.48%
Nogales Plaza Shopping Center LF	-	-	-	1,341	10	0.42%	1,234	10	0.40%	1,472	8	0.46%	1,276	10	0.39%
SOAC Properties Corporation	1,481	9	0.45%	2,307	6	0.72%	2,095	6	0.68%	1,453	9	0.46%	1,543	8	0.48%
Alta Real Estate LLC	1,987	7	0.60%	-	-	-	-	-	-	-	-	-	-	-	-
Vatere LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rio Rico Properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Crisantes Properties, LLC Loma Linda Mall LLC	2,487	4	0.75%	2,478	4	0.78%	2,158	4	0.70%	1,596	7	0.50%	1,468	9	0.45%
Edwards/PCF-Nogales LLC															
Lawyers Title Agency of AZ, LLC			-	-	-	-	-	-	-	-	-	-	-	-	-
Rio Rico Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Title Security Agency of Arizona	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mayer Alberto Family Limited															
Newhall Nogales General Printshop															
Omega Nogales Property*															
Royal Sterilization Systems															
Total	<u>46,764</u>		14.19%	<u>43,290</u>		13.59%	<u>40,630</u>		13.11%	<u>37,730</u>		11.89%	<u>37,822</u>		11.68%

* Name Changed

** FY16-FY18 Percent of Total Net Assessed Value is based on the Limited Cash Value (Primary Rates) as per A.R.S. §42-13301 - §42-13304

Sources: Santa Cruz County Assessor's Office & Arizona Department of Revenue, Central Information Services

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

Taxpayer	2014			2013			2012			2011			2010		
	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value
City of Nogales	-	-	-	-	-	-	-	-	-	-	-	-	2,945	4	0.65%
Unisource Energy Corporation *	16,987	1	5.00%	16,670	1	4.44%	15,062	1	3.77%	13,935	1	3.15%	14,303	1	3.17%
Qwest Corporation *	1,929	5	0.57%	2,112	7	0.56%	2,979	3	0.75%	2,897	3	0.65%	3,230	3	0.72%
Wal-Mart Stores, Inc.	2,546	3	0.75%	2,270	5	0.60%	2,519	5	0.63%	2,554	6	0.58%	2,660	6	0.59%
Delta Properties LLP	5,770	2	1.70%	6,178	2	1.64%	5,197	2	1.30%	5,697	2	1.29%	4,374	2	0.97%
Union Pacific Railroad	2,498	4	0.73%	2,040	8	0.54%	1,926	7	0.48%	1,710	10	0.39%	-	-	-
Mariposa Shopping Center LP *	1,745	6	0.51%	2,326	4	0.62%	1,832	9	0.46%	1,947	8	0.44%	2,119	8	0.47%
Tubac Management Co, LLC	1,744	7	0.51%	1,679	9	0.45%	1,859	8	0.47%	1,902	9	0.43%	-	-	-
Nogales Plaza Shopping Center LF	-	-	-	-	-	-	-	-	-	-	-	-	1,966	10	0.44%
SOAC Properties Corporation	1,578	8	0.46%	-	-	-	-	-	-	-	-	-	-	-	-
Alta Real Estate	-	0	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Vatere LLC	-	-	-	2,591	3	0.69%	2,126	6	0.53%	2,611	5	0.59%	2,630	7	0.58%
Rio Rico Properties	-	-	-	2,245	6	0.60%	1,591	10	0.40%	2,116	7	0.48%	2,023	9	0.45%
Crisantes Properties, LLC Loma Linda Mall LLC *	1,433	10	0.42%	1,609	10	0.43%	-	-	-	-	-	-	-	-	-
Edwards/PCF-Nogales LLC															
Lawyers Title Agency of AZ, LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rio Rico Utilities	1,462	9	0.43%	-	-	-	-	-	-	-	-	-	-	-	-
Title Security Agency of Arizona	-	-	-	-	-	-	2,695	4	0.67%	2,695	4	0.61%	2,687	5	0.60%
Total	37,692		11.08%	39,720		10.57%	37,786		9.46%	38,064		8.60%	38,937		8.64%

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*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 if Levy							
				Primary	Secondary	Total					
2009-10	11,291,178	2,868,608	14,159,786	10,976,580	2,677,899	13,654,479	96.43	758,807 ⁽²⁾	14,413,286	101.79	1,762,137
2010-11	11,609,650	2,759,623	14,369,273	10,779,893	2,622,616	13,402,509	93.27	1,013,143 ⁽³⁾	14,415,652	100.32	1,798,561
2011-12	10,795,615	2,489,025	13,284,640	11,027,773	2,196,355	13,224,128	99.54	1,525,502 ⁽⁴⁾	14,749,630	111.03	1,853,248
2012-13	10,425,390	2,329,282	12,754,672	10,424,958	2,399,481	12,824,439	100.55	849,087 ⁽⁵⁾	13,673,526	107.20	1,620,796
2013-14	11,576,873	2,473,562	14,050,435	10,103,854	2,329,991	12,433,845	88.49	240,177 ⁽⁶⁾	12,674,022	90.20	1,652,912
2014-15	11,707,247	2,472,680	14,179,927	11,116,222	2,396,504	13,512,726	95.29	34,655 ⁽⁷⁾	13,547,381	95.54	1,538,693
2015-16	12,087,325	2,494,180	14,581,505	11,420,682	2,412,240	13,832,922	94.87	31,329 ⁽⁸⁾	13,864,251	95.08	1,317,553
2016-17	11,800,370	2,435,549	14,235,919	11,883,376	2,459,923	14,343,299	100.75	123,571 ⁽⁹⁾	14,466,870	101.62	1,169,024
2017-18	12,208,404	2,515,130	14,723,534	11,492,755	2,373,785	13,866,540	94.18	62,865 ⁽¹⁰⁾	13,929,405	94.61	1,108,672
2018-19	12,795,193	2,655,843	15,451,036	12,518,283	2,589,205	15,107,488	97.78	103,565 ⁽¹¹⁾	15,211,053	98.45	1,159,618

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NOTES:

- ⁽¹⁾ Amount was obtained from applicable years' financial statements and represents primary and secondary county tax levies receivable, net of uncollectible as of fiscal year-end.
- ⁽²⁾ Subsequent Taxes Collected as of March 21, 2011.
- ⁽³⁾ Subsequent Taxes Collected as of January 25, 2012.
- ⁽⁴⁾ Subsequent Taxes Collected as of March 13, 2013.
- ⁽⁵⁾ Subsequent Taxes Collected as of March 3, 2014.
- ⁽⁶⁾ Subsequent Taxes Collected as of September 30, 2014.
- ⁽⁷⁾ Subsequent Taxes Collected as of September 15, 2015.
- ⁽⁸⁾ Subsequent Taxes Collected as of September 26, 2016.
- ⁽⁹⁾ Subsequent Taxes Collected as of September 30, 2017.
- ⁽¹⁰⁾ Subsequent Taxes Collected as of September 30, 2018
- ⁽¹¹⁾ Subsequent Taxes Collected as of September 30, 2019

Source: Annual Budget

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

Fiscal Year	Net Assessed Value	Estimated Actual Value	Ratio of Net Assessed to Estimate Actual Value
2009-10 Primary	389,943	3,192,880	12.21
2009-10 Secondary	450,859	3,676,653	12.26
2010-11 Primary	411,476	3,433,258	11.99
2010-11 Secondary	442,665	3,667,071	12.07
2011-12 Primary	382,516	3,279,301	11.66
2011-12 Secondary	399,532	3,402,767	11.74
2012-13 Primary	369,498	3,154,273	11.71
2012-13 Secondary	375,670	3,199,700	11.74
2013-14 Primary	338,357	2,904,354	11.65
2013-14 Secondary	339,878	2,918,828	11.64
2014-15 Primary	320,999	2,770,291	11.59
2014-15 Secondary	323,844	2,794,839	11.59
2015-16 Primary	317,371	2,758,579	11.50
2015-16 Secondary	322,650	2,808,000	11.49
2016-17 Primary	309,835	2,746,137	11.28
2016-17 Secondary	333,858	2,891,790	11.55
2017-18 Primary	318,626	2,805,576	11.36
2017-18 Secondary	344,939	2,976,561	11.59
2018-19 Primary	329,646	2,911,356	11.32
2018-19 Secondary	372,808	3,218,402	11.58

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

DEBT CAPACITY:

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

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

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	Personal Income	Percentage of Personal Income	Population	Debt Per Capita
	Pledged Revenue Obligations	Capital Leases & Installment Purchase Contracts	Long-Term Loans Payable	Capital Leases & Installment Purchase Contracts					
2009-2010	-	1,230	56,790	117	58,137	1,194,102	4.87%	47,420	1,226
2010-2011	-	1,313	55,245	6	56,564	1,159,970 ⁽¹⁾	4.88%	47,539	1,189
2011-2012	-	1,159	62,790	-	63,949	1,201,845 ⁽¹⁾	5.32%	48,724	1,312
2012-2013	-	1,261	60,790	-	62,051	1,220,160 ⁽¹⁾	5.09%	49,200	1,261
2013-2014	-	1,009	58,710	-	59,719	1,289,709 ⁽¹⁾	4.63%	49,816	1,199
2014-2015	-	748	56,550	675	57,973	1,358,316 ⁽¹⁾	4.27%	50,495	1,148
2015-2016	9,989	581	44,225	718	55,513	1,418,082 ⁽¹⁾	3.91%	50,999	1,089
2016-2017	43,777	425	9,845	617	54,664	1,500,331 ⁽¹⁾	3.64%	51,728	1,057
2017-2018	45,385	1037	5,655	312	52,389	1,635,361 ⁽¹⁾	3.20%	52,455	0.999
2018-2019	42,898	939	5,941	271	50,049	1,708,952 ⁽¹⁾	2.93%	53,136	0.942

SOURCE: Basic Financial Statements
Demographic Statistics-Economic Indicators

⁽¹⁾ Projected Estimate

Santa Cruz County
 Computation of Direct and Overlapping Debt
 Governmental Activities, Debt Outstanding
 June 30, 2019
 (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 & Installment Purchase Contracts	939	100	939
Santa Cruz County - Loans Payable	5,941	100	5,941
Santa Cruz County – Governmental Pledged Revenue Obligations	42,898	100	42,898

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Value	\$450,859	\$442,665	\$399,532	\$375,670	\$339,878	\$323,844	\$322,650	\$333,858	\$344,939	\$372,808
Legal Debt Margin										
Debt Limit (15% of assessed value)	67,629	66,400	59,930	56,351	50,982	48,577	48,398	50,079	51,741	55,921
Debt applicable to limit: General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Net Position reserved for repayment of general obligation bonds	<u>(493)</u>	<u>(236)</u>	<u>(242)</u>	<u>553</u>	<u>(98)</u>	<u>(99)</u>	<u>(202)</u>	<u>(206)</u>	<u>(1)</u>	<u>(43)</u>
Total net debt applicable to the limit	<u>(493)</u>	<u>(236)</u>	<u>(242)</u>	<u>553</u>	<u>(98)</u>	<u>(99)</u>	<u>(202)</u>	<u>(206)</u>	<u>(1)</u>	<u>(43)</u>
Legal Debt Limit Margin	<u><u>(493)</u></u>	<u><u>(236)</u></u>	<u><u>(242)</u></u>	<u><u>553</u></u>	<u><u>(98)</u></u>	<u><u>(99)</u></u>	<u><u>(202)</u></u>	<u><u>(206)</u></u>	<u><u>(1)</u></u>	<u><u>(43)</u></u>
Total net debt applicable to the limit as a percentage of debt limit	(3.51)%	(0.73)%	(0.36)%	(0.40)%	(0.98)%	(0.19)%	(0.20)%	(0.42)%	0.00%	(0.08)%

Source: Basic Financial Statements

Santa Cruz County
Pledged Revenue Coverage
Last Ten Fiscal Years

**Long Term Loan (Court and Judicial Facility: 2008-1 Project and Flood Control: 2012
and Series 2016 and Series 2017 Courthouse Pledged Revenue Refunding Obligations)**

Fiscal Year	Revenues ⁽¹⁾	Debt Service		Coverage
		Principal	Interest	
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	881,663	3.13
2013	4,792,800	295,000	1,054,014	2.85
2014	5,110,986	305,000	1,029,048	3.03
2015	4,926,041	680,000	1,003,097	2.93
2016	5,274,692	710,000	784,859	3.53
2017	5,262,751	775,000	789,328	3.36
2018	5,171,365	860,000	653,464	3.42
2019	5,661,398	900,000	640,997	3.67

**Long Term Loan (Jail District Detention Facility: 2008-2 Project)
and Series 2017 Pledged Revenue Refunding Obligations**

Fiscal Year	Jail District Revenues ⁽²⁾	Less: Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	0.87
2012	6,056,500	5,062,557	993,943	1,320,000	1,927,806	0.31
2013	6,273,665	5,542,070	731,595	1,370,000	1,878,306	0.23
2014	7,093,279	5,211,356	1,881,923	1,425,000	1,823,506	0.58
2015	6,129,524	4,286,321	1,843,203	1,480,000	1,766,506	0.57
2016	6,247,859	4,431,585	1,816,274	1,540,000	1,707,306	0.56
2017	6,603,367	4,571,067	2,032,300	1,600,000	1,645,649	0.63
2018	6,034,144	4,813,398	1,220,746	1,640,000	1,290,178	0.42
2019	6,102,428	4,855,768	1,246,660	1,675,000	1,250,250	0.43

SOURCES: Basic financial statements and debt retirement schedules.

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

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

DEMOGRAPHIC AND ECONOMIC INFORMATION:

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

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

Santa Cruz County
Demographic Statistics-Economic Indicators
Last Ten Years

Year	Population	Per Capita Income	Personal Income	School Enrollment	Civilian Labor Force	Unemployment Rate
2010	47,420	25,181 ⁽¹⁾	1,194,102 ⁽¹⁾	11,246 ⁽²⁾	17,950	15.6
2011	47,539	24,400 ⁽¹⁾	1,159,970 ⁽¹⁾	11,028 ⁽³⁾	18,975	16.5
2012	48,724	24,666 ⁽¹⁾	1,201,845 ⁽¹⁾	10,502 ⁽⁴⁾	18,352	18.3
2013	49,200	24,800 ⁽¹⁾	1,220,160 ⁽¹⁾	10,719 ⁽⁵⁾	17,917	17.3
2014	49,819	25,890 ⁽¹⁾	1,289,709 ⁽¹⁾	11,009 ⁽⁶⁾	17,328	15.2
2015	50,495	26,900 ⁽¹⁾	1,358,316 ⁽¹⁾	10,885 ⁽⁷⁾	19,907	11.0
2016	50,999	27,806 ⁽¹⁾	1,418,082 ⁽¹⁾	10,830 ⁽⁸⁾	19,700	10.5
2017	51,728	29,004 ⁽¹⁾	1,500,331 ⁽¹⁾	10,998 ⁽⁹⁾	19,272	9.7
2018	52,455	31,176 ⁽¹⁾	1,635,361 ⁽¹⁾	11,397 ⁽¹⁰⁾	18,779	8.5
2019	53,136	32,162 ⁽¹⁾	1,708,952 ⁽¹⁾	11,050 ⁽¹¹⁾	19,315	9.0

NOTES:

- (1) Projected Estimate.
- (2) School enrollment as of April 30, 2010.
- (3) School enrollment as of February 28, 2011.
- (4) School enrollment as of June 30, 2012.
- (5) School enrollment as of June 30, 2013.
- (6) School enrollment as of September 30, 2014.
- (7) School enrollment as of September 30, 2015.
- (8) School enrollment as of September 30, 2016.
- (9) School enrollment as of June 30, 2017.
- (10) School enrollment as of September 30, 2018.
- (11) School enrollment as of September 30, 2019.

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

Santa Cruz County
Principal Employers
Last Ten Years
June 30, 2019

Employer	2019			2018			2017			2016			2015		
	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	556	1	2.9%	559	1	3.0%	563	3	2.9%	567	2	2.9%	563	2	2.8%
US Border Patrol*	N/A	-	0.0%	N/A	-	0.0%	623	1	3.2%	651	1	3.3%	670	1	3.4%
Super Wal-Mart	357	4	1.8%	384	4	2.0%	380	6	2.0%	398	4	2.0%	430	4	2.2%
US Customs and Border Protection*	N/A	-	0.0%	N/A	-	0.0%	616	2	3.2%	440	3	2.2%	457	3	2.3%
Santa Cruz County	400	2	2.1%	394	3	2.1%	412	4	2.1%	331	6	1.7%	309	6	1.6%
Santa Cruz Valley Unified School District #35	396	3	2.1%	401	2	2.1%	383	5	2.0%	389	5	2.0%	386	5	1.9%
City of Nogales	280	6	1.4%	296	6	1.6%	294	7	1.5%	300	7	1.5%	269	7	1.4%
Carondelet Health Network - Holy Cross Hospital	174	7	0.9%	174	8	0.9%	167	10	0.9%	170	10	0.9%	178	10	0.9%
Mariposa Community Health Center, Inc.	322	5	1.7%	298	5	1.6%	288	8	1.5%	262	8	1.3%	248	8	1.2%
Tubac Golf Resort	169	8	0.9%	199	7	1.1%	187	9	1.0%	176	9	0.9%	190	9	1.0%
Total	2,654		13.7%	2,705		14.4%	3,913		20.3%	3,684		18.7%	3,700		18.6%
Total Work Force	19,315			18,779			19,272			19,700			19,907		

Employer	2014			2013			2012			2011			2010		
	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force
Nogales Unified School District #1	567	2	3.3%	603	2	3.4%	562	2	3.1%	591	1	3.1%	683	2	3.8%
US Border Patrol*	716	1	4.1%	735	1	4.1%	751	1	4.1%	N/A	N/A	N/A	737	1	4.1%
Super Wal-Mart	421	4	2.4%	487	3	2.7%	466	4	2.5%	412	4	2.2%	500	4	2.8%
US Customs and Border Protection*	490	3	2.8%	470	4	2.6%	482	3	2.6%	440	2	2.3%	390	5	2.2%
Santa Cruz County	400	6	2.3%	411	5	2.3%	419	6	2.3%	373	5	2.0%	387	6	2.2%
Santa Cruz Valley Unified School District #35	434	5	2.5%	401	6	2.2%	430	5	2.3%	430	3	2.3%	584	3	3.3%
City of Nogales	295	7	1.7%	288	7	1.6%	275	7	1.5%	280	6	1.5%	327	7	1.8%
Carondelet Health Network - Holy Cross Hospital	172	10	1.0%	217	9	1.2%	175	9	1.0%	206	8	1.1%	206	9	1.1%
Mariposa Community Health Center, Inc.	242	8	1.4%	237	8	1.3%	228	8	1.2%	233	7	1.2%	209	8	1.2%
Tubac Golf Resort	192	9	1.1%	N/A	N/A	N/A	N/A	N/A	N/A	170	9	0.9%	160	10	0.9%
Total	3,929		22.7%	3,849		21.5%	3,788		20.6%	3,135		16.5%	4,183		23.3%
Total Work Force	17,328			17,917			18,352			18,975			17,950		

Sources: www.azeconomy.org/data/santa-cruz-county; phone call & e-mail surveys to local employees
* Organization(s) did not disclose information requested due to employee safety concerns

Santa Cruz County
Employment Statistics
Last Ten Years
June 30, 2018

Type of Employment	2019		2018		2017		2016		2015	
	Employees	Percent of Total								
Goods-Producing	809	6.25%	675	5.32%	793	6.23%	704	5.30%	700	5.27%
Trade, Transportation, and Utilities	5,410	41.83%	5,575	43.90%	5,334	41.91%	5,618	42.31%	5,950	44.82%
Other Private Service-Producing	3,007	23.25%	2,925	23.03%	2,945	23.14%	3,196	24.07%	3,025	22.79%
Federal Government	1,598	12.36%	1,550	12.20%	1,569	12.32%	1,623	12.22%	1,650	12.43%
State Government	<u>2,109</u>	<u>16.31%</u>	<u>1,975</u>	<u>15.55%</u>	<u>2,087</u>	<u>16.40%</u>	<u>2,137</u>	<u>16.10%</u>	<u>1,950</u>	<u>14.69%</u>
	<u>12,933</u>	<u>100%</u>	<u>12,700</u>	<u>100%</u>	<u>12,728</u>	<u>100%</u>	<u>13,278</u>	<u>100%</u>	<u>13,275</u>	<u>100%</u>

Type of Employment	2014		2013		2012		2011		2010	
	Employees	Percent of Total								
Goods-Producing	600	4.65%	625	5.03%	650	4.91%	750	5.9%	825	6.8%
Trade, Transportation, and Utilities	5,550	43.02%	5,300	42.66%	5,825	44.13%	4,950	38.7%	4,850	39.9%
Other Private Service-Producing	2,925	22.67%	2,600	20.92%	2,675	20.27%	3,100	24.2%	2,800	23.1%
Federal Government	1,750	13.57%	1,800	14.49%	1,825	13.83%	1,725	13.5%	1,600	13.2%
State Government	<u>2,075</u>	<u>16.09%</u>	<u>2,100</u>	<u>16.90%</u>	<u>2,225</u>	<u>16.86%</u>	<u>2,275</u>	<u>17.8%</u>	<u>2,075</u>	<u>17.1%</u>
	<u>12,900</u>	<u>100%</u>	<u>12,425</u>	<u>100%</u>	<u>13,200</u>	<u>100%</u>	<u>12,800</u>	<u>100%</u>	<u>12,150</u>	<u>100%</u>

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

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

Year	Sales ⁽¹⁾		Construction Awards	Number of Dwelling Units Awarded	Bank Deposits
	Construction	Retail Trade			
2010	62,274	404,372	27,614	394	835,032
2011	54,042	301,465	21,834	283	843,570
2012	83,200	299,091	31,354	314	871,385
2013	61,454	303,458	12,602	259	908,522
2014	58,457	323,635	28,540	278	753,881
2015	41,929	323,169	38,758	388	847,350
2016	33,807	340,372	36,358	436	918,691
2017	29,427	327,751	26,767	384	862,837
2018	34,990	319,906	59,249	377	866,395
2019	33,835	339,042	41,289	343	886,113

NOTE:

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

SOURCES: Arizona Department of Revenue Annual Report.

Report of building or zoning permits issued and local public construction.

Federal Deposit Insurance Corporation Web site.

OPERATING INFORMATION:

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

Santa Cruz County
 Employees by Function
 Last Ten Years
 June 30, 2019

Fiscal Year	Governmental Activities							Total	Business-Type	Total Employees in all Functions
	General Government	Public Safety	Highways and Streets	Health and Welfare	Recreation	Education and Economic Opportunity	Sanitation Landfill Enterprise			
09-10	184	104	36	19	1	31	375	13	388	
10-11	168	125	36	16	1	16	362	12	374	
11-12	182	136	31	17	1	16	383	11	394	
12-13	164	136	28	18	1	16	363	13	376	
13-14	165	119	30	16	1	16	347	14	361	
14-15	162	114	27	17	1	18	339	10	349	
15-16	162	102	27	18	1	15	325	9	334	
16-17	176	109	25	16	1	15	342	7	349	
17-18	172	105	23	19	1	16	336	5	341	
18-19	181	102	20	20	3	20	346	5	351	

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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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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
MILES OF STREETS										
Paved	430.00	428.00	411.00	430.00	405.47	405.47	425.38	425.00	425.38	425.38
Unpaved	278.00	390.00	312.40	389.00	331.52	331.52	316.64	316.00	316.64	316.64
REGISTERED VOTERS										
Democrat	28,742	27,764	26,805	24,866	26,784	26,023	25,023	23,296	23,607	22,246
Republican	50.16%	51.11%	50.86%	51.89%	47.86%	49.32%	53.90%	50.81%	51.37%	52.63%
	16.40%	16.62%	16.06%	16.84%	15.56%	15.99%	17.64%	16.96%	16.98%	17.38%
NUMBER OF JUDICIAL COURTS										
Superior Court Department	1	1	1	1	1	1	1	1	1	1
Justice of Peace Courts	1	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	3	4	10	7	6	6	6	8	9	8
SHERIFF PROTECTION										
Number of Stations	4	4	4	4	4	3	3	3	1	1
Number of Employees	84	81	111	77	91	96	119	114	104	119
Major Crimes	134	134	170	170	206	76	207	271	285	460
Vehicular Patrol Units	36	36	27	33	33	16	25	56	25	25
SANITARY LANDFILLS										
Number of Landfills	1	1	1	1	1	2	2	2	2	2
NUMBER OF PARKS										
Neighborhood Parks	8	8	8	8	8	8	8	8	8	8

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

Santa Cruz County
Capital Assets Used in the Operation of Governmental Funds
Last Ten Fiscal Years
June 30, 2019
(Amounts in Thousands)

	2019	2018	2017	2016	2015
Governmental funds capital assets					
Infrastructure	\$ 85,124	\$ 84,576	\$ 83,229	\$ 81,390	\$ 81,457
Land	22,352	22,347	22,347	22,347	22,343
Buildings	74,595	74,595	74,595	74,594	73,963
Improvements other than buildings	6,376	6,347	6,326	6,326	3,802
Construction equipment and vehicles	12,309	12,350	12,015	11,791	10,661
Furniture and equipment	12,406	12,218	11,514	11,113	11,251
Construction in progress	142	79	70	1,547	1,316
Total governmental funds capital assets	<u>\$ 213,304</u>	<u>\$ 212,512</u>	<u>\$ 210,096</u>	<u>\$ 209,108</u>	<u>\$ 204,793</u>
Investments in governmental funds capital assets by source					
General Fund	\$ 20,031	\$ 19,990	\$ 19,736	\$ 19,147	\$ 18,720
Special Revenue Funds*	133,286	132,471	131,638	131,594	129,474
Capital Projects Funds	59,789	59,789	58,441	58,079	56,598
Capital Contributions	198	262	281	288	1
Total governmental funds capital assets	<u>\$ 213,304</u>	<u>\$ 212,512</u>	<u>\$ 210,096</u>	<u>\$ 209,108</u>	<u>\$ 204,793</u>
Governmental funds capital assets					
	2014	2013	2012*	2011	2010
Infrastructure	\$ 79,346	\$ 79,271	\$ 75,593	\$ 70,992	\$ 70,712
Land	22,343	22,343	22,343	22,151	22,151
Buildings	73,963	73,963	73,881	73,098	12,396
Improvements other than buildings	3,267	3,206	3,195	3,177	3,176
Construction equipment and vehicles	9,636	9,760	9,922	10,450	10,065
Furniture and equipment	11,097	11,452	10,728	10,532	8,037
Construction in progress	2,664	3,969	3,688	3,607	58,122
Total governmental funds capital assets	<u>\$ 202,316</u>	<u>\$ 203,964</u>	<u>\$ 199,350</u>	<u>\$ 194,007</u>	<u>\$ 184,659</u>
Investments in governmental funds capital assets by source					
General Fund	\$ 18,148	\$ 18,589	\$ 18,267	\$ 18,984	\$ 19,080
Special Revenue Funds	127,566	128,738	124,519	119,176	115,898
Capital Projects Funds	56,599	56,637	56,564	55,847	49,681
Capital Contributions	3	-	-	-	-
Total governmental funds capital assets	<u>\$ 202,316</u>	<u>\$ 203,964</u>	<u>\$ 199,350</u>	<u>\$ 194,007</u>	<u>\$ 184,659</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.