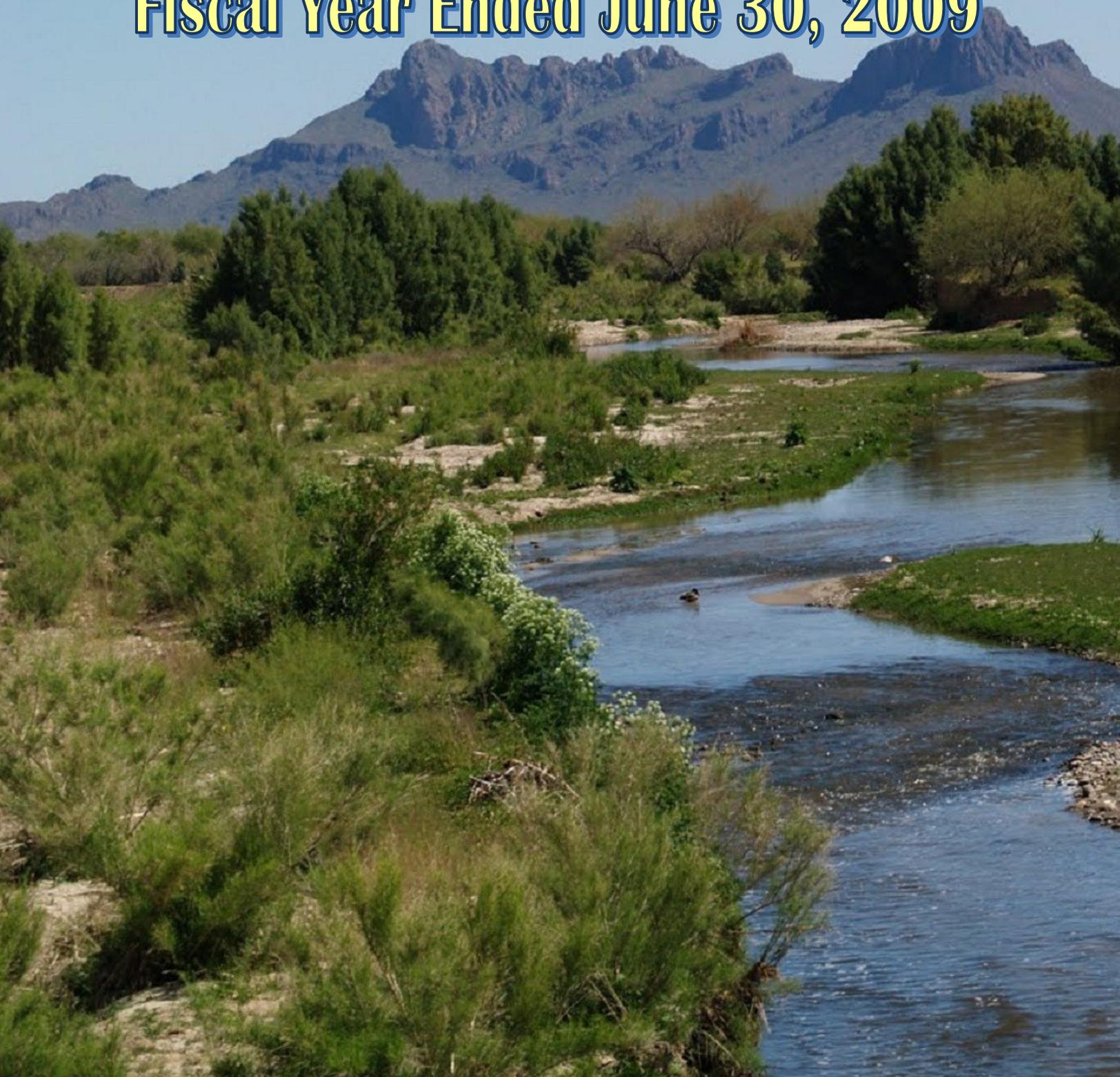


Santa Cruz County, AZ
Comprehensive Annual Financial Report
for the
Fiscal Year Ended June 30, 2009



SANTA CRUZ COUNTY, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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CHAIRMAN
DISTRICT #1

RUDY MOLERA,
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GREG LUCERO

PREPARED BY THE SANTA CRUZ COUNTY FINANCE DEPARTMENT

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ACCOUNTANT
PATRICIA AZCUE-VALDEZ

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ACCOUNTING SPECIALIST
ROSIE HERNANDEZ

ACCOUNTING SPECIALIST
SYLVIA BRENNER

Santa Cruz County
 Comprehensive Annual Financial Report
 Fiscal Year Ended June 30, 2009

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ADMINISTRATIVE SERVICES SANTA CRUZ COUNTY

Jennifer K. St. John, CPA
Director

August 13, 2010

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, 2009. This report has been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). 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. Santa Cruz County encompasses approximately 1,250 square miles and has roughly 49,000 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 75,000 visitors come from northwest Mexico daily to shop in Santa Cruz County.

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

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

Major Initiatives

The U.S. Department of Homeland Security recently announced it has received \$213 million to complete the planned expansion of the Mariposa Port of Entry (POE) to increase the number of traffic lanes for commercial trucks and personal vehicles. Construction of this project began in fiscal year 2010 and is expected to wrap up in 2013. When it is finished the Mariposa POE will process more vehicles daily than the total number of airplanes JFK and LAX airports handle combined. In the meantime, U.S. Immigration and Customs Enforcement have implemented two new programs, Fast Lanes and SENTRI, to improve trade flow at the border.

The County will soon be completing the construction of the new Justice and Detention Center Complex which started in November 2008. This \$65 million project includes five new court rooms and office space to house all court personnel, a new Administrative Office building for the Sheriff, a 372 bed adult detention facility, and a 32 bed juvenile detention center.

The County completed repaving of the main access road to the Nogales International Airport and installation of an emergency generator for the terminal building during the year.

The County geographic information system (GIS) project, though scaled back from previous years, has continued with data development, rectification, and quality assurance tasks and considerable work on roadway centerline data in support of public safety emergency response software. Final preparations for and participation in 2010 census work was also accomplished.

The 1904 Courthouse in Nogales has become the center of post secondary education offering college courses to residents of Santa Cruz County. Design work progressed throughout the year on a major upgrade/replacement to the HVAC system for the entire building. This work will be accomplished in the coming year.

The Chula Vista Project is a federally funded, three part flood control plan formulated and recommended in the "Feasibility Report and Environmental Assessment." The purpose of this project is to provide flood protection up to the 100-year future condition event for the Chula Vista community located about 4 miles north of the U.S./Mexico boundary. The project consists of increasing the channel capacity and realigning of the Nogales Wash, and redirecting the majority of the Potrero Creek in to the Nogales Wash prior to the Chula Vista Subdivision. The project is currently estimated to cost \$55 million with the Santa Cruz County share ranging from \$5.1 to \$5.4 million. Phase I of this project was completed during fiscal year 2006 at a cost of \$1.359 million. Phase II was partially constructed and due to problematic soils has been halted and is being value engineered by the Corps of Engineers. The Corps of Engineers currently has a consultant under contract to design an alternate which will meet the objectives of the project while avoiding the poor soil conditions.

Palo Parado Road and Bridge Project is currently under design by an outside consultant. The project will provide shovel ready plans for a corridor across the railroad tracks and the Santa Cruz River in northern Rio Rico. Studies have extensively demonstrated that Palo Parado is the ideal location for a connector route between Interstate 19 and Pendleton Drive. The roadway currently serves 1700 vehicles a day which cross through a dip section in the Santa Cruz River. The project calls for a new bridge over the Santa Cruz River and appurtenant bank protection and roadway paving to create an all-weather access to Interstate 19. The design contract is approximately \$862,000 and construction estimates are around \$8 million dollars.

The Santa Cruz DFIRM and Flood Map Modernization Project is a comprehensive effort to remap County flood risks using the latest flood modeling and digital mapping technologies. The Santa Cruz County Flood Control District became a FEMA Cooperating Technical Partner (CTP) to ensure local input into the process. This has allowed the District to have a direct hand in not only hiring of firms to perform the engineering studies and develop the maps, but also in the process of informing the public. Stantec Consulting, Inc. of Tucson, Arizona performed the engineering work and FEMA had Map IX-Mainland (a consortium of engineering companies) review the results to ensure they met FEMA's strict standards. FEMA has contracted with Michael Baker Corp. to perform the Post-Preliminary processing of the maps. Outreach is being conducted directly by the District. The new digital flood maps will provide detailed, property-specific flood risk data to guide construction and flood insurance decisions. With the planned release of these maps in Spring 2011, Santa Cruz County residents and business owners will have up-to-date, reliable, internet accessible data about the flood hazards they face. The District's cost share was \$496,000 of a \$1,496,000 total project cost. FEMA contributed the remaining \$1,000,000.

Financial Management and Information

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

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

Single Audit: As a recipient of federal and state financial assistance, the County is required to have an annual audit under the Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. OMB requirements also address the establishment and maintenance of an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. Tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as determining that the County has materially complied with applicable laws and regulations. The Single Audit Report is issued separately from this report and has not been completed for the fiscal year ended June 30, 2009, as of this date.

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

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

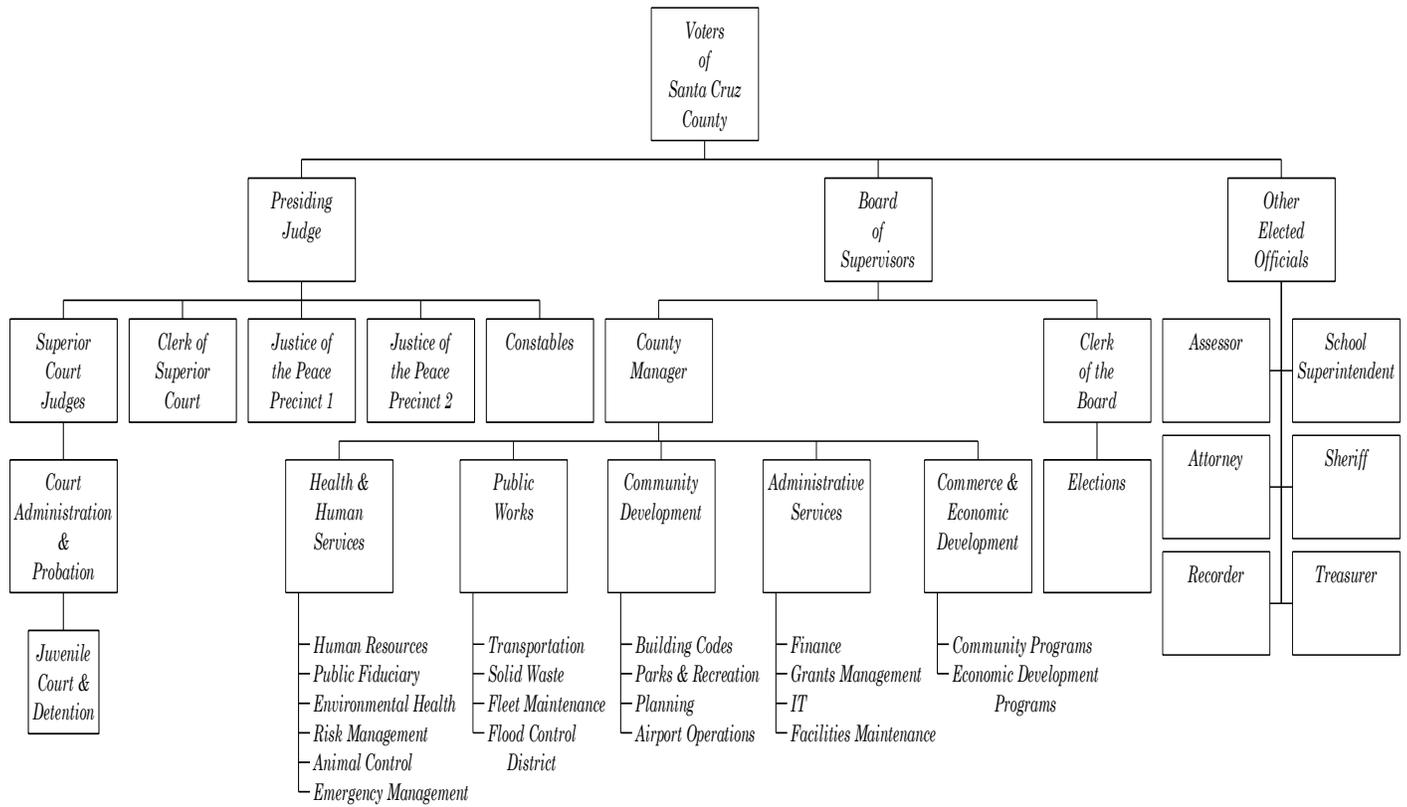
Acknowledgements

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

Respectfully submitted,

Jennifer K. St. John, CPA
Administrative Services Director

Santa Cruz County Organizational Chart



Financial Section



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Santa Cruz County, Arizona

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Santa Cruz County as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Santa Cruz County as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 3 through 13, the Schedule of Agent Retirement Plans' Funding Progress on page 56, and the Budgetary Comparison Schedules on pages 58 through 63 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Debbie Davenport
Auditor General

August 13, 2010

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, 2009, the assets of the County exceeded liabilities by \$99,100,684 (net assets). Of this amount, \$17,764,894 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$42,896,589 is restricted for specific purposes (restricted net assets), and \$38,439,201 is invested in capital assets, net of related debt.
- The County's total net assets as reported in the Statement of Activities increased by \$2,008,272.
- At June 30, 2009, total assets were \$171,518,327 compared to \$108,975,742 at June 30, 2008. This is a \$62,542,585 or 57.4 percent increase over the prior fiscal year.
- At June 30, 2009, the governmental funds reported combined fund balances of \$61,138,539, or an increase in fund balance of \$39,264,439, in comparison with the prior year.
- At June 30, 2009, unreserved fund balance for the general fund was \$15,052,394, approximately 76 percent of total general fund expenditures. In accordance with Arizona Revised Statutes §42-17151, this entire amount is budgeted to be spent in the next fiscal year.

Overview of the Financial Statements

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

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

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

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the County include general government, public safety, highways and streets, health, welfare and

Santa Cruz County Management's Discussion and Analysis

sanitation, education and economic opportunity, and recreation. The County has one business-type activity, which is the County Landfill.

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

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

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

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

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

The governmental fund financial statements can be found on pages 18-24 of this report.

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

Santa Cruz County Management's Discussion and Analysis

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

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

The fiduciary funds financial statements can be found on pages 28-29 of this report.

Notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-54 of this report.

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

Government-wide Financial Analysis

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, at June 30, 2009, assets exceeded liabilities by \$99,100,684.

Net Assets
June 30, 2009 and 2008 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008*	2009	2008	2009	2008*
Current and other assets	\$ 68,494	\$ 26,482	\$ 2,990	\$ 2,751	\$ 71,484	\$ 29,233
Capital assets	97,216	76,698	2,818	3,045	100,034	79,743
Total assets	<u>165,710</u>	<u>103,180</u>	<u>5,808</u>	<u>5,796</u>	<u>171,518</u>	<u>108,976</u>
Current and other liabilities	6,236	2,871	35	227	6,271	3,098
Long-term liabilities	63,571	3,767	2,575	4,419	66,146	8,186
Total liabilities	<u>69,807</u>	<u>6,638</u>	<u>2,610</u>	<u>4,646</u>	<u>72,417</u>	<u>11,284</u>
Net Assets						
Invested in capital assets, net of related debt	73,420	74,969	2,602	2,710	76,022	77,679
Restricted net assets	7,868	7,864	-	-	7,868	7,864
Unrestricted net assets (deficits)	14,615	13,109	596	(1,560)	15,211	11,549
Total net assets (deficit)	<u>\$ 95,903</u>	<u>\$ 95,942</u>	<u>\$ 3,198</u>	<u>\$ 1,150</u>	<u>\$ 99,101</u>	<u>\$ 97,092</u>

* As restated, see Note 12 to Financial Statements.

Santa Cruz County Management's Discussion and Analysis

The largest portion (\$76,022 or 77 percent) of the County's net assets reflects the investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and construction in progress), less accumulated depreciation and related debt still outstanding used to acquire those assets. The County uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, because the capital assets themselves will not be used to liquidate these liabilities.

Restricted net assets (\$7,868 or 8 percent) represents resources that are subject to external restrictions on how they are used.

The remaining balance of unrestricted net assets (\$15,211 or 15 percent) may be used to meet the government's ongoing obligations to the citizens and creditors.

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

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

- Current and other assets – the \$42 million increase was due to the proceeds from the long-term notes incurred in August 2008 to finance the construction of the Jail District Detention and Judicial facilities. The construction on this \$60 million project began in November 2008.
- Capital assets – the \$20.5 million increase was due largely to the increase in construction in progress during the fiscal year. This increase resulted from the new \$60 million construction of the Jail District Detention and Judicial facilities. Additional information on the County's capital assets can be found in Note 5 of the Notes to the Financial Statements on pages 40-41 of this report.
- Current and other liabilities – the \$3.4 million increase was due to an increase in accounts payable at June 30th, the majority of which was related to construction of the Jail District Detention and Judicial facilities.
- Long-term liabilities – the increase of \$59.8 million was largely due to the additional long-term notes payable the County entered into during the fiscal year to construct the Jail District Detention and Judicial facilities. Additional information on the County's long-term liabilities can be found in Note 7 of the Notes to Financial Statements on pages 42-45 of this report.
- Invested in capital assets, net of related debt – the decrease of \$39.1 million was due largely to the long term notes payable issued in August 2008 that will finance the construction of the Jail District Detention and Judicial facilities.
- Restricted net assets – the increase of \$35 million was due to the proceeds from the long-term notes incurred in August 2008 that will be used to construct the new \$60 million Jail District Detention and Judicial facilities.

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

Santa Cruz County Management's Discussion and Analysis

- Current and other liabilities – the \$192 thousand decrease resulted largely from a decrease of accounts payable at June 30th, the majority of which was related to payroll and employee related benefits.
- Long-term liabilities – the \$1.8 million decrease was due to the decrease in the Landfill closure and postclosure care costs. Additional information on the Landfill closure and postclosure care costs can be found in Note 7 of the Notes to the Financial Statements on pages 42-45 of this report.
- Unrestricted net assets – the \$2.2 million increase was primarily due to the decrease in the Landfill closure and postclosure care costs. Additional information on the landfill closure and postclosure care costs can be found in Note 7 of the Notes to the Financial Statements on pages 42-45 of this report.

Santa Cruz County Management's Discussion and Analysis

Changes in Net Assets

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

Changes in Net Assets
For the Years Ended June 30, 2009 and 2008 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008*	2009	2008	2009	2008*
Revenues:						
Program revenues:						
Charges for services	\$ 3,693	\$ 4,329	\$ 1,683	\$ 2,266	\$ 5,376	\$ 6,595
Operating grants and contributions	9,305	8,548**	8	-	9,313	8,548**
Capital grants and contributions	3,963	5,174**	-	-	3,963	5,174**
General revenues:						
Property taxes	12,666	12,276	-	-	12,666	12,276
County excise tax	5,913	6,029**	-	-	5,913	6,029**
Share of state sales taxes	4,151	4,577**	-	-	4,151	4,577**
Share of state lottery revenue	522	550**	-	-	522	550**
Share of federal disproportionate share revenue	215	215**	-	-	215	215**
Payments in lieu of taxes	1,360	578	-	-	1,360	578
Share of state vehicle license tax	1,528	1,592	-	-	1,528	1,592
Grants and contributions not restricted to specific programs	850	661	-	-	850	661
Investment earnings	(384)	771	15	90	(369)	861
Miscellaneous	531	252	-	-	531	252
Capital contribution	19	-	-	-	19	-
Total revenues	<u>44,332</u>	<u>45,552</u>	<u>1,706</u>	<u>2,356</u>	<u>46,038</u>	<u>47,908</u>
Expenses:						
General government	13,674	14,264	-	-	13,674	14,264
Public safety	14,631	12,960	-	-	14,631	12,960
Highways and streets	4,701	4,928	-	-	4,701	4,928
Health, welfare and sanitation	4,149	4,648	-	-	4,149	4,648
Education and economic opportunity	4,912	4,758	-	-	4,912	4,758
Recreation	329	354	-	-	329	354
Interest on long-term debt	1,976	63	-	-	1,976	63
Landfill	-	-	(342)	2,137	(342)	2,137
Total expenses	<u>44,372</u>	<u>41,975</u>	<u>(342)</u>	<u>2,137</u>	<u>44,030</u>	<u>44,112</u>
Changes in net assets	(40)	3,577	2,048	219	2,008	3,796
Net assets (deficit)—beginning	<u>95,942</u>	<u>92,365</u>	<u>1,150</u>	<u>931</u>	<u>97,092</u>	<u>93,296</u>
Net assets (deficit)—ending	<u>\$ 95,902</u>	<u>\$ 95,942</u>	<u>\$ 3,198</u>	<u>\$ 1,150</u>	<u>\$ 99,100</u>	<u>\$ 97,092</u>

* As restated, see Note 12 to the Financial Statements.

** To ensure comparability, these 2008 amounts have been adjusted to reflect the reclassification of certain program and general revenues, made in 2009.

Santa Cruz County Management's Discussion and Analysis

Governmental activities – the change in net assets for fiscal year 2009 was approximately \$40 thousand, which represents a decrease of approximately \$3.6 million from fiscal year 2008. Key elements of this substantial decrease include:

- Revenue from “Capital grants and contributions” decreased by \$1.2 million due to a decrease in federal and state funding, especially highway user revenues.
- Payments in lieu of taxes (PILT) revenues increased by \$0.8 million due largely to the unexpected federal appropriation of PILT monies.
- Expenditures for “Public safety” increased by \$1.7 million due largely to loan discounts expensed as a result of the long-term notes incurred in August 2008 to finance the construction of the Jail District Detention Facility.
- Expenditures for “Interest on long-term debt” increased by \$1.9 million due to the additional notes payable entered into by the County during the fiscal year.

Business-type activities – Net assets increased by approximately \$2 million from fiscal year 2008 due largely to the decrease in Landfill closure and postclosure care costs.

Governmental Funds

Financial Analysis of the County's Funds

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

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

At June 30, 2009, the County's governmental funds reported combined fund balances of \$61,138,539, an increase of \$39,863,137 in comparison with the prior year. The entire combined fund balances constitutes unreserved fund balance, which is available to meet the County's current and future needs.

The General Fund is the County's primary operating fund. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$15,052,394. Unreserved fund balance represents 76 percent of total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

During the fiscal year, the fund balance of the County's General Fund increased by \$2,300,461 due largely to a tightened budget as the economy and revenue collections continued to decline, making additional budget cuts during the year a necessity.

Santa Cruz County Management's Discussion and Analysis

The fund balance in the Jail District Fund increased by \$373,226 over the prior year. The key factor in the increase was reduced expenditures as a result of budget cuts made for fiscal year 2008-09.

The fund balance in the Criminal Justice Enhancement Fund increased by \$303,930 over prior year's due to an increase in federal and state grant funding.

The increase in fund balance in the Other Governmental Funds of \$1,589,830 was due to additional federal and state grant funding received during the fiscal year.

The following table presents the amount of governmental revenues from various sources, as well as the increases or decreases from the prior year:

Revenues Classified by Source Governmental Funds (In Thousands)						
	Fiscal Year 2008-09		Fiscal Year 2007-08		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
<i>Revenues by Source</i>						
Taxes	\$ 19,195	43%	\$18,407*	40%	\$ 788	4%
Intergovernmental	21,884	49	21,597*	48	287	1
Licenses and permits	459	1	927	2	(468)	(50)
Charges for services	1,961	4	1,991	4	(30)	(2)
Fines and forfeits	1,273	3	933	2	340	36
Investment earnings	(384)	(1)	771	2	(1,155)	(150)
Rents	21	0	52	0	(31)	60
Miscellaneous	520	1	704	2	(184)	26
Totals	\$ 44,929	100%	\$ 45,382	100%	(\$453)	

* To ensure comparability, these 2008 amounts have been adjusted to reflect the reclassification of certain revenues made in 2009.

The following provides an explanation of revenues, by source, that changed significantly over the prior year:

- Taxes – The increase of \$788 thousand was largely due to the settlement and collection of delinquent property taxes during the fiscal year.
- Investment earnings – The \$1.2 million decrease was due largely to investment losses incurred by the State Treasurer as a result of the Lehman Brothers bankruptcy. The County was allocated a portion of these losses by the State Treasurer.

Santa Cruz County Management's Discussion and Analysis

The following table presents governmental expenditures by function compared to prior year amounts:

<i>Expenditures by Function</i>	Expenditures by Function Governmental Funds (In Thousands)					
	Fiscal Year 2008-09		Fiscal Year 2007-08		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$12,856	20%	\$13,564	29%	\$(708)	(5)%
Public safety	13,562	21	14,506	32	(944)	(7)
Highways and streets	4,187	7	3,836	8	351	9
Health, welfare and sanitation	4,027	6	4,542	10	(515)	(11)
Education and economic opportunity	4,886	8	4,732	10	154	3
Recreation	300	0	425	1	(125)	(29)
Capital outlay	22,249	35	3,985	9	18,264	458
Debt service	2,245	3	281	1	1,964	699
Totals	\$ 64,312	100%	\$ 45,871	100%	\$ 18,441	

The following provides an explanation of expenditures, by function, that changed significantly over the prior year:

- Public safety – The \$944 thousand decrease is due to the declining economy and reduction of sales tax revenues collected which forced a reduction in expenditures.
- Capital outlay – The \$18.3 million increase is due largely to the new construction of the Jail District Detention and Judicial facilities which began in November 2008 and is expected to be completed in Fall 2010.
- Debt service – The \$2 million increase is due largely to the long-term notes payable the County entered into during the fiscal year to construct the Jail District Detention and Judicial facilities.

General Fund Budgetary Highlights

General Fund actual expenditures were \$10.7 million under the adopted budget and actual revenues exceeded estimated revenues by \$2.4 million. The County conservatively estimated revenues, received additional payments in lieu of taxes from the federal government and collected prior year's property taxes in excess of what was anticipated and budgeted. No department within the general fund exceeded their budget.

Santa Cruz County
Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets as of June 30, 2009, amounted to \$100 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:

- Construction in progress increased by \$23 million due to construction of the new Jail District Detention and Judicial facilities. Remaining construction commitments on this project and other various capital projects totaled \$52.8 million at June 30, 2009.

Capital Assets
(Net of Depreciation)
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 22,151	\$ 22,151	\$ 230	\$ 230	\$ 22,381	\$ 22,381
Buildings	6,488	6,789	155	161	6,643	6,950
Improvements other than buildings	2,182	2,155	1,972	1,976	4,154	4,131
Construction equipment and vehicles	2,686	3,366	461	678	3,147	4,044
Furniture and equipment	1,837	2,318	-	-	1,837	2,318
Construction in progress	29,779	6,796	-	-	29,779	6,796
Infrastructure	32,093	33,123	-	-	32,093	33,123
Totals	<u>\$ 97,216</u>	<u>\$ 76,698</u>	<u>\$ 2,818</u>	<u>\$ 3,045</u>	<u>\$100,034</u>	<u>\$ 79,743</u>

Additional information on the County's capital assets can be found in Note 5 of the Notes to Financial Statements on pages 40-41 of this report.

Long-Term Debt

At June 30, 2009, the County had total long-term debt outstanding of \$61,594,907. This amount consists of capital leases of just over \$1.7 million, and long-term notes of \$59.9 million. The County made all scheduled debt service principal payments totaling \$388 thousand. The County entered into new lease agreements totaling \$64 thousand and long-term notes payable of \$59.9 million. There were no significant changes to the County's credit ratings or debt limitations during the current fiscal year.

Santa Cruz County Management's Discussion and Analysis

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

Economic Factors and Next Year's Budget

- The uncertainty of our current economic climate has made it very difficult to predict or forecast our financial future. Consequently, our revenue projections are extremely conservative as are our budgeted expenditures. State shared revenues are expected to be less than the prior year while the County contributions to State programs such as AHCCCS and ALTCS continue to rise. Further, the State has yet to adequately address their revenue shortfalls for fiscal year 2010 and all indications are their financial problems will become colossal in fiscal year 2011. The end result will be the State will shift costs and other measures onto local government to help balance their budget. What the impact will be on Santa Cruz County remains to be seen.
- The produce industry has a significant role in the region's economy; unfortunately, it is an extremely unpredictable industry. While the current economic climate has created global chaos, the produce industry, ironically, had one of its best years primarily because bad weather hurt competing industries in other regions. All indications are they will have a positive year next year as well.
- Nationally there is an increased focus on border security and immigration especially in Arizona with the passage of Senate Bill 1070. As a result, National Guard Troops have been deployed to the border and the U.S. Department of Homeland Security is increasing its staff levels as well. Drug violence in Mexico has increased dramatically and has resulted in a substantial decrease in tourism. As a result local merchants are seeing less and less shoppers from Mexico and, consequently, we are seeing sales tax revenue continue to decline.
- Property tax revenues continue to increase, unfortunately, recent state legislation has capped increases in assessed valuation. New construction has slowed dramatically and building permit revenues have dropped considerably.

Request for Information

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

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Basic Financial Statements

Santa Cruz County
Statement of Net Assets
June 30, 2009

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 29,892,267	\$ 2,806,293	\$ 32,698,560
Investments	31,952,627	-	31,952,627
Property taxes receivable (net of allowance)	1,341,685	-	1,341,685
Due from other governmental units	5,105,408	2,672	5,108,080
Accounts receivable	178,937	181,142	360,079
Prepaid items	23,188	-	23,188
Noncurrent assets:			
Capital assets:			
Nondepreciable	51,930,279	229,996	52,160,275
Depreciable (net)	<u>45,285,705</u>	<u>2,588,128</u>	<u>47,873,833</u>
Total assets	<u>165,710,096</u>	<u>5,808,231</u>	<u>171,518,327</u>
Liabilities			
Accounts payable	5,341,485	14,154	5,355,639
Due to other governments	4,608	-	4,608
Accrued payroll and employee benefits	890,125	21,358	911,483
Deferred revenues	223	-	223
Noncurrent liabilities:			
Due within 1 year	2,954,949	120,924	3,075,873
Due in more than 1 year	<u>60,615,857</u>	<u>2,453,960</u>	<u>63,069,817</u>
Total liabilities	<u>69,807,247</u>	<u>2,610,396</u>	<u>72,417,643</u>
Net Assets			
Invested in capital assets, net of related debt	73,419,833	2,602,199	76,022,032
Restricted for:			
Special districts	4,833,064	-	4,833,064
Highways and streets	906,460	-	906,460
Debt service	2,128,692	-	2,128,692
Unrestricted	<u>14,614,800</u>	<u>595,636</u>	<u>15,210,436</u>
Total net assets	<u>\$ 95,902,849</u>	<u>\$ 3,197,835</u>	<u>\$ 99,100,684</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Activities
Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 13,673,605	\$ 3,153,267	\$ 1,619,660	\$ 388,013	\$ (8,512,665)	\$ -	\$ (8,512,665)
Public safety	14,630,581	306,863	3,555,732	-	(10,767,986)	-	(10,767,986)
Highways and streets	4,701,278	6,799	74,351	3,575,041	(1,045,087)	-	(1,045,087)
Health, welfare and sanitation	4,149,221	218,015	852,841	-	(3,078,365)	-	(3,078,365)
Education and economic opportunity	4,912,274	-	3,202,750	-	(1,709,524)	-	(1,709,524)
Recreation	328,844	8,393	-	-	(320,451)	-	(320,451)
Interest on long-term debt	1,975,669	-	-	-	(1,975,669)	-	(1,975,669)
Total governmental activities	<u>44,371,472</u>	<u>3,693,337</u>	<u>9,305,334</u>	<u>3,963,054</u>	<u>(27,409,747)</u>	<u>-</u>	<u>(27,409,747)</u>
Business-type activities:							
Landfill	(341,963)	1,682,680	7,865	-	-	2,032,508	2,032,508
Total business-type activities	<u>(341,963)</u>	<u>1,682,680</u>	<u>7,865</u>	<u>-</u>	<u>-</u>	<u>2,032,508</u>	<u>2,032,508</u>
Total primary government	<u>\$ 44,029,509</u>	<u>\$ 5,376,017</u>	<u>\$ 9,313,199</u>	<u>\$ 3,963,054</u>	<u>\$ (27,409,747)</u>	<u>\$ 2,032,508</u>	<u>\$ (25,377,239)</u>
General revenues:							
Taxes							
Property taxes, levied for general purposes					10,603,878	-	10,603,878
Property taxes, levied for flood control district					2,062,131	-	2,062,131
County excise tax for general purposes					2,961,238	-	2,961,238
County excise tax for jail district					2,951,355	-	2,951,355
Share of state sales taxes					4,150,847	-	4,150,847
Share of state vehicle license tax					1,527,989	-	1,527,989
Share of state lottery revenue					522,533	-	522,533
Share of federal disproportionate share revenue					214,800	-	214,800
Payments in lieu of taxes					1,360,159	-	1,360,159
Grants and contributions not restricted to specific programs					849,777	-	849,777
Investment earnings					(384,314)	15,340	(368,974)
Miscellaneous					530,498	-	530,498
Capital contributions					19,280	-	19,280
Total general revenues					<u>27,370,171</u>	<u>15,340</u>	<u>27,385,511</u>
Changes in net assets					(39,576)	2,047,848	2,008,272
Net assets—July 1, 2008, as restated					<u>95,942,425</u>	<u>1,149,987</u>	<u>97,092,412</u>
Net assets—June 30, 2009					<u>\$ 95,902,849</u>	<u>\$ 3,197,835</u>	<u>\$ 99,100,684</u>

See accompanying notes to financial statements.

Santa Cruz County
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Jail District Fund	Criminal Justice Enhancement Fund
Assets			
Cash and cash equivalents	\$ 10,541,260	\$ 2,542,341	\$ 1,222,068
Investments	-	-	-
Property taxes receivable (net of allowances for uncollectibles)	1,263,002	-	-
Due from other governmental units	1,189,670	242,028	1,111,955
Due from other funds	4,084,220	-	-
Accounts receivable	78,204	315	87,946
Prepaid items	3,161	-	18,799
	<u>\$ 17,159,517</u>	<u>\$ 2,784,684</u>	<u>\$ 2,440,768</u>
Total assets			
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 417,821	\$ 118,812	\$ 36,953
Due to other governments	-	-	-
Accrued payroll and employee benefits	479,104	98,061	42,288
Due to other funds	129,415	-	1,183,470
Deferred revenue	1,080,783	-	-
	<u>2,107,123</u>	<u>216,873</u>	<u>1,262,711</u>
Total liabilities			
Fund balances:			
Unreserved, reported in:			
General fund	15,052,394	-	-
Special revenue funds	-	2,567,811	1,178,057
Capital projects funds	-	-	-
Debt service fund	-	-	-
	<u>15,052,394</u>	<u>2,567,811</u>	<u>1,178,057</u>
Total fund balances			
Total liabilities and fund balances	<u>\$ 17,159,517</u>	<u>\$ 2,784,684</u>	<u>\$ 2,440,768</u>

See accompanying notes to financial statements.

<u>New Facilities Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 8,400,294	\$ 7,186,304	\$ 29,892,267
31,952,627	-	31,952,627
-	78,683	1,341,685
5,451	2,556,304	5,105,408
-	1,013,833	5,098,053
-	12,472	178,937
-	1,228	23,188
<u>\$ 40,358,372</u>	<u>\$ 10,848,824</u>	<u>\$ 73,592,165</u>

\$ 4,236,312	\$ 531,587	\$ 5,341,485
-	4,608	4,608
-	270,672	890,125
826,370	2,958,798	5,098,053
-	38,572	1,119,355
<u>5,062,682</u>	<u>3,804,237</u>	<u>12,453,626</u>

-	-	15,052,394
-	5,183,212	8,929,080
35,295,690	(267,317)	35,028,373
-	2,128,692	2,128,692
<u>35,295,690</u>	<u>7,044,587</u>	<u>61,138,539</u>
<u>\$ 40,358,372</u>	<u>\$ 10,848,824</u>	<u>\$ 73,592,165</u>

Santa Cruz County
 Reconciliation of the Balance Sheet
 to the Statement of Net Assets
 Governmental Funds
 June 30, 2009

Total fund balances - governmental funds \$ 61,138,539

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$153,644,594 and the accumulated depreciation is \$56,428,610. 97,215,984

Some of the County's property tax receivables are not available to pay for current-period expenditures and therefore, are deferred in the funds. 1,119,132

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

Long-term loans payable	\$ (59,855,000)	
Compensated absences payable	(2,116,824)	
Obligations under capital leases	(1,523,982)	
Estimated liabilities for claims and judgments	(75,000)	
		(63,570,806)

Net assets of governmental activities (page 16) \$ 95,902,849

See accompanying notes to financial statements.

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Santa Cruz County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2009

	General Fund	Jail District Fund	Criminal Justice Enhancement Fund
Revenues:			
Taxes	\$ 13,905,005	\$ 2,951,355	\$ -
Intergovernmental	8,443,686	129,267	1,511,966
Licenses and permits	459,139	-	-
Charges for services	1,458,244	947	25,721
Fines and forfeits	654,388	-	508,771
Investment earnings	64,620	6,229	18,149
Rents	20,800	-	-
Miscellaneous	314,227	-	642
Total revenues	<u>25,320,109</u>	<u>3,087,798</u>	<u>2,065,249</u>
Expenditures:			
Current:			
General government	11,253,584	-	1,185,612
Public safety	4,335,118	4,228,719	803,050
Highways and streets	-	-	-
Health, welfare and sanitation	2,518,389	-	-
Education and economic opportunity	1,414,464	-	-
Recreation	300,356	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	17,757	-	-
Interest and fiscal charges	4,579	916,161	-
Total expenditures	<u>19,844,247</u>	<u>5,144,880</u>	<u>1,988,662</u>
Excess (deficiency) of revenues over (under) expenditures	5,475,862	(2,057,082)	76,587
Other financing sources (uses):			
Loan proceeds (net of discounts)	-	-	-
Proceeds from sales of capital assets	10,658	-	-
Capital lease agreements	-	-	64,414
Transfers in	6,216	2,430,308	169,911
Transfers out	(3,192,275)	-	(6,982)
Total other financing sources (uses)	<u>(3,175,401)</u>	<u>2,430,308</u>	<u>227,343</u>
Net change in fund balances	2,300,461	373,226	303,930
Fund balances, beginning of year, as restated	12,751,933	2,194,585	874,127
Fund balances, end of year	<u>\$ 15,052,394</u>	<u>\$ 2,567,811</u>	<u>\$ 1,178,057</u>

See accompanying notes to financial statements.

New Facilities Fund	Other Governmental Funds	Total
\$ -	\$ 2,338,900	\$ 19,195,260
-	11,798,911	21,883,830
-	-	459,139
-	476,577	1,961,489
-	109,551	1,272,710
(524,975)	51,663	(384,314)
-	-	20,800
-	205,490	520,359
<u>(524,975)</u>	<u>14,981,092</u>	<u>44,929,273</u>
-	417,251	12,856,447
-	4,195,566	13,562,453
-	4,186,599	4,186,599
-	1,508,160	4,026,549
-	3,471,220	4,885,684
-	-	300,356
22,157,579	91,784	22,249,363
-	251,917	269,674
648,188	406,741	1,975,669
<u>22,805,767</u>	<u>14,529,238</u>	<u>64,312,794</u>
(23,330,742)	451,854	(19,383,521)
59,171,586	-	59,171,586
-	-	10,658
-	-	64,414
-	1,269,255	3,875,690
(545,154)	(131,279)	(3,875,690)
<u>58,626,432</u>	<u>1,137,976</u>	<u>59,246,658</u>
35,295,690	1,589,830	39,863,137
-	5,454,757	21,275,402
<u>\$ 35,295,690</u>	<u>\$ 7,044,587</u>	<u>\$ 61,138,539</u>

Santa Cruz County
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances to the Statement of Activities
 Governmental Funds
 Year Ended June 30, 2009

Net change in fund balances—total governmental funds (page 23)		\$ 39,863,137
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Capital outlays	\$ 23,843,190	
Less: current-year depreciation	<u>(3,295,205)</u>	20,547,985
<p>Debt proceeds provide current financial resources to governmental funds, but incurring debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
Long-term loans incurred	(59,855,000)	
Capital lease incurred	(64,414)	
Principal repaid	<u>269,674</u>	(59,649,740)
<p>In the Statement of Activities, only the gain/loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the book value of the capital assets sold.</p>		
		(49,437)
<p>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.</p>		
Increase in compensated absences payable		(154,143)
<p>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.</p>		
Donated capital assets		19,280
<p>Collections of revenues in the governmental funds exceeded revenues reported in the Statement of Activities.</p>		
		<u>(616,658)</u>
Change in net assets of governmental activities (page 17)		\$ <u>(39,576)</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Net Assets
Proprietary Funds
June 30, 2009

	<u>Business-Type Activities - Enterprise Fund Landfill</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,806,293
Due from other governmental units	2,672
Accounts receivable	181,142
Total current assets	<u>2,990,107</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	229,996
Depreciable (net)	2,588,128
Total noncurrent assets	<u>2,818,124</u>
Total assets	<u>5,808,231</u>
Liabilities	
Current liabilities:	
Accounts payable	14,154
Accrued payroll and employee benefits	21,358
Obligations under capital leases—current portion	99,253
Compensated absences payable—current portion	21,671
Total current liabilities	<u>156,436</u>
Noncurrent liabilities:	
Obligations under capital leases	116,672
Landfill closure and postclosure care costs payable	2,321,665
Compensated absences payable	15,623
Total noncurrent liabilities	<u>2,453,960</u>
Total liabilities	<u>2,610,396</u>
Net Assets	
Invested in capital assets, net of related debt	2,602,199
Unrestricted	595,636
Total net assets	<u>\$ 3,197,835</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2009

	Business-Type Activities— Enterprise Fund Landfill
Operating revenues:	
Landfill fees	\$ 1,657,562
Other	25,118
Total operating revenues	1,682,680
Operating expenses:	
Personal services	595,184
Professional services	52,123
Supplies	36,480
Utilities	21,041
Repairs and maintenance	247,008
Recycling program	20,171
Insurance	10,340
Landfill closure and postclosure care costs	(1,722,243)
Depreciation	321,536
Other	58,953
Total operating expenses	(359,407)
Operating income	2,042,087
Nonoperating revenues (expenses):	
Grants and contributions	7,865
Investment earnings	15,340
Interest expense on capital leases	(17,444)
Total nonoperating revenues (expenses)	5,761
Increase in net assets	2,047,848
Total net assets, July 1, 2008	1,149,987
Total net assets, June 30, 2009	\$ 3,197,835

See accompanying notes to financial statements.

Santa Cruz County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2009

	<u>Business-Type Activities— Enterprise Fund Landfill</u>
Cash flows from operating activities	
Receipts from customers	\$ 1,631,497
Payments to suppliers and providers of goods and services	(636,691)
Payments to employees	(599,380)
Net cash provided by operating activities	<u>395,426</u>
Cash flows from noncapital and related financing activities	
Noncapital grant receipts	<u>60,232</u>
Net cash provided by noncapital and related financing activities	<u>60,232</u>
Cash flows from capital and related financing activities	
Purchases of capital assets	(95,100)
Principal paid on capital leases	(118,469)
Interest paid on capital leases	(17,444)
Net cash used for capital and related financing activities	<u>(231,013)</u>
Cash flows from investing activities	
Interest received on investments	<u>15,340</u>
Net cash provided by investing activities	<u>15,340</u>
Net increase in cash and cash equivalents	239,985
Cash and cash equivalents, July 1, 2008	<u>2,566,308</u>
Cash and cash equivalents, June 30, 2009	<u>\$ 2,806,293</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 2,042,087
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	321,536
Changes in assets and liabilities:	
Increase in:	
Accounts receivable	(51,183)
Decrease in:	
Accounts payable	(190,575)
Accrued payroll and employee benefits	(393)
Compensated absences payable	(3,803)
Landfill closure and postclosure care costs payable	(1,722,243)
Net cash provided by operating activities	<u>\$ 395,426</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Investment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 25,522,508	\$ 878,299
Investments	3,916,170	-
Interest receivable	14,088	-
Total assets	\$ 29,452,766	\$ 878,299
Liabilities		
Due to other governmental units	-	\$ 8,022
Deposits held for others	-	870,277
Total liabilities	-	\$ 878,299
Net Assets		
Held in trust for investment trust participants	\$ 29,452,766	

See accompanying notes to financial statements.

Santa Cruz County
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2009

	Investment Trust Funds
Additions	
Contributions from participants	\$ 110,541,264
Investment earnings	698,079
Total additions	111,239,343
 Deductions	
Distributions to participants	115,039,436
Total deductions	115,039,436
Change in net assets	(3,800,093)
Net assets, July 1, 2008	33,252,859
Net assets, June 30, 2009	\$ 29,452,766

See accompanying notes to financial statements.

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Santa Cruz County
Notes to Financial Statements
June 30, 2009

Note 1 – Summary of Significant Accounting Policies

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

For the year ended June 30, 2009, the County implemented the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB Statement No. 49 establishes standards for accounting and financial reporting, including note disclosure requirements, for pollution remediation obligations. The implementation of this statement did not have an effect on the County's financial statements.

A. Reporting Entity

The County is a general purpose local government that is governed by a separately elected board of three county supervisors. The accompanying financial statements present the activities of the County (the primary government) and its component units.

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

The following describes the County's component units:

Component Unit	Description; Criteria for Inclusion	Reporting Method	For Separate Financial Statements
Santa Cruz County Flood Control District	A tax-levying district that provides flood control systems; the County's Board of Supervisors serves as the board of directors	Blended	Not available
Santa Cruz County Jail District	A tax-levying district that acquires, constructs, operates, maintains, and finances county jails and jail systems; the County's Board of Supervisors serves as the governing board	Blended	Not available

Santa Cruz County
Notes to Financial Statements
June 30, 2009

B. Basis of Presentation

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

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

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

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

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

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

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.

Santa Cruz County
Notes to Financial Statements
June 30, 2009

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

The County reports the following major governmental funds:

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

The Jail District Fund accounts for all financial resources of the Jail District.

The Criminal Justice Enhancement Fund accounts for various public safety and criminal justice programs that provide crime prevention, criminal apprehension, and prosecution.

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

The County reports the following major enterprise fund:

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

The County reports the following fiduciary funds:

The Investment Trust Funds account for pooled and nonpooled assets held and invested by the County Treasurer on behalf of other governmental entities.

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

Santa Cruz County
Notes to Financial Statements
June 30, 2009

C. Basis of Accounting

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

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, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

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

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

D. Cash and Investments

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

Santa Cruz County
Notes to Financial Statements
June 30, 2009

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

E. Property Tax Calendar

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

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

F. Capital Assets

Capital assets are reported at actual cost, or estimated historical cost if historical records are not available. Donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	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	40 years

G. Investment Earnings

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

Santa Cruz County
Notes to Financial Statements
June 30, 2009

H. Compensated Absences

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

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

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative, but are forfeited upon termination of employment. However, for employees who terminate with a minimum of 5 years of continuous service and have accumulated sick leave hours in excess of 240 hours, sick leave benefits do vest and, therefore, are accrued. Such eligible terminating employees are compensated for actual sick leave at a percentage in proportion to years of service provided.

Note 2 – Stewardship, Compliance, and Accountability

Deficit fund balances—At June 30, 2009, the following funds reported deficits in fund balances:

Fund	Deficit
Governmental funds:	
Other governmental- Airport	\$ 327,702
Other governmental- WIA	278,171
Other governmental- Accommodation School	177,823
Other governmental- Case Management	74,977
Other governmental- Homeland Security	57,293
Other governmental- Animal Control	21,942
Other governmental- Old Courthouse	537

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

Santa Cruz County
Notes to Financial Statements
June 30, 2009

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; interest earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; and specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be rated P1 by Moody's investors service or A1 or better by Standard and Poor's rating service.
2. Corporate bonds, debentures, and notes must be rated A or better by Moody's investors service or Standard and Poor's rating service.
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 demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

Concentration of credit risk

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

Interest rate risk

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years and that public operating fund monies invested in securities and deposits have a maximum maturity of 3 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

Foreign currency risk

Statutes do not allow foreign investments.

Deposits— At June 30, 2009, the carrying amount of the County's deposits was \$17,944,613, and the bank balance was \$18,925,881. The County does not have a policy related to custodial credit risk.

Santa Cruz County
Notes to Financial Statements
June 30, 2009

Investments—The County's investments at June 30, 2009, were as follows:

Investment Type	Fair Value
State Treasurer's investment pool 5	\$ 13,163,652
State Treasurer's investment pool 7	6,860,021
U.S. agency securities	45,187,443
Money market mutual funds	293,034
Mutual funds	6,879,076
Corporate notes	<u>4,635,987</u>
	<u>\$ 77,019,213</u>

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

Credit Risk—The County does not have a formal investment policy with respect to credit risk. At June 30, 2009, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pool 5	AAAf/S1+	S&P	\$13,163,652
State Treasurer's investment pool 7	Unrated	N/A	6,860,021
U.S. agency securities	Aaa	Moody's	45,187,443
Money market mutual funds	Unrated	N/A	293,034
Mutual funds	Aaa	Moody's	6,879,076
Corporate notes	A1 to Aa2	Moody's	<u>4,635,987</u>
			<u>\$77,019,213</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 the possession of an outside party. The County does not have a formal investment policy with respect to custodial credit risk. At June 30, 2009, the County had \$6,288,510 of U.S. agency securities and \$4,074,391 in corporate notes held by the counterparty in the County's name.

Concentration of credit risk—The County does not have a formal investment policy with respect to concentration of credit risk. The County had investments in debt securities of various U.S. agencies at June 30, 2009, representing 5 percent or more of the County's total investments as follows:

Santa Cruz County
Notes to Financial Statements
June 30, 2009

U.S. Agency	Percent
Federal Home Loan Banks	26
Federal Home Loan Mortgage Corporation	14
Federal National Mortgage Association	12
Federal Farm Credit Banks	7

Interest rate risk—The County does not have a formal investment policy with respect to interest rate risk. At June 30, 2009, the County had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (In Years)
State Treasurer's investment pool 5	\$13,163,652	0.12
State Treasurer's investment pool 7	6,860,021	0.03
U.S. agency securities	45,187,443	2.87
Money market mutual funds	293,034	0.01
Mutual funds	6,879,076	0.10
Corporate notes	<u>4,635,987</u>	2.80
	<u>\$77,019,213</u>	

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

Cash, deposits, and investments:

Cash on hand	\$4,338
Amount of deposits	17,944,613
Amount of investments	<u>77,019,213</u>
Total	<u>\$94,968,164</u>

Statement of Net Assets:

	Governmental Activities	Business-Type Activities	Investment Trust Funds	Agency Funds	Total
Cash and cash equivalents	\$29,892,267	\$2,806,293	\$25,522,508	\$878,299	\$59,099,367
Investments	31,952,627	-	3,916,170	-	35,868,797
Total	<u>\$ 61,844,894</u>	<u>\$ 2,806,293</u>	<u>\$ 29,438,678</u>	<u>\$ 878,299</u>	<u>\$94,968,164</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2009

Note 4 – Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2009, in the General Fund include \$488,568 in health care contribution refunds, \$431,014 in sales taxes, and \$131,574 in auto lieu tax from the State of Arizona. Amounts due from other governmental units in the Jail District Fund include \$221,455 in sales tax from the State of Arizona. Amounts due from other governmental units in the New Facilities Fund include \$5,451 in interest earned on investments from the State Treasurer. Amounts due from other governmental units in the Criminal Justice Enhancement Fund and other Governmental Funds include \$1,111,955, and \$2,556,304, respectively, for federal and state reimbursement grants. The remaining balances results from various grants and contracts with other governmental units. Amounts due from other governmental units in the Enterprise Fund consist of \$2,672 in interest earned on investments from the State Treasurer.

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 22,151,078	\$ -	\$ -	\$ 22,151,078
Construction in progress	6,796,171	23,022,133	39,103	29,779,201
Total capital assets not being depreciated	<u>28,947,249</u>	<u>23,022,133</u>	<u>39,103</u>	<u>51,930,279</u>
Capital assets being depreciated:				
Buildings	12,009,573	-	-	12,009,573
Improvements other than buildings	3,037,405	137,663	-	3,175,068
Construction equipment and vehicles	9,799,453	308,193	303,055	9,804,591
Furniture and equipment	5,941,284	325,450	5,417	6,261,317
Infrastructure	70,355,632	108,134	-	70,463,766
Total	<u>101,143,347</u>	<u>879,440</u>	<u>308,472</u>	<u>101,714,315</u>
Less accumulated depreciation for:				
Buildings	5,220,582	300,516	-	5,521,098
Improvements other than buildings	882,522	110,636	-	993,158
Construction equipment and vehicles	6,433,412	939,275	253,618	7,119,069
Furniture and equipment	3,623,616	806,161	5,417	4,424,360
Infrastructure	37,232,308	1,138,617	-	38,370,925
Total	<u>53,392,440</u>	<u>3,295,205</u>	<u>259,035</u>	<u>56,428,610</u>
Total capital assets being depreciated, net	<u>47,750,907</u>	<u>(2,415,765)</u>	<u>49,437</u>	<u>45,285,705</u>
Governmental activities capital assets, net	<u>\$ 76,698,156</u>	<u>\$ 20,606,368</u>	<u>\$ 88,540</u>	<u>\$ 97,215,984</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2009

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 229,996	\$ -	\$ -	\$ 229,996
Total capital assets not being depreciated	229,996	-	-	229,996
Capital assets being depreciated:				
Buildings	246,067	-	-	246,067
Improvements other than buildings	2,389,589	59,273	-	2,448,862
Construction equipment and vehicles	2,311,730	35,827	-	2,347,557
Total	4,947,386	95,100	-	5,042,486
Less accumulated depreciation for:				
Buildings	85,281	6,156	-	91,437
Improvements other than buildings	414,105	62,616	-	476,721
Construction equipment and vehicles	1,633,436	252,764	-	1,886,200
Total	2,132,822	321,536	-	2,454,358
Total capital assets being depreciated, net	2,814,564	(226,436)	-	2,588,128
Business-type activities capital assets, net	\$ 3,044,560	\$ (226,436)	\$ -	\$ 2,818,124
Depreciation expense was charged to functions as follows:				
Governmental activities:				
General government		\$ 864,084		
Public safety		824,878		
Highways and streets		1,441,439		
Health, welfare, and sanitation		113,286		
Education and economic opportunity		24,700		
Recreation		26,818		
Total governmental activities depreciation expense		\$ 3,295,205		
Business-type activities:				
Sanitation		\$ 321,536		
Total business-type activities depreciation expense		\$ 321,536		

Note 6 – Construction Commitments

The County had major contractual commitments related to capital projects at June 30, 2009, for the construction of the Santa Cruz County Jail District Detention Facility Project, Santa Cruz County Court Facility Project, and other various capital projects. At June 30, 2009, the County had spent \$29,779,201 and had remaining contractual commitments of \$52,833,453. These projects are predominantly financed by proceeds from long-term loans.

Santa Cruz County
Notes to Financial Statements
June 30, 2009

Note 7 – Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Reductions	Change in Estimate	Balance June 30, 2009	Due within 1 year
Governmental activities						
Long-term loans payable	\$ -	\$ 59,855,000	\$ -	\$ -	\$ 59,855,000	\$1,570,000
Obligations under capital leases	1,729,242	64,414	269,674	-	1,523,982	293,655
Compensated absences payable	1,962,681	1,204,955	1,050,812	-	2,116,824	1,091,294
Estimated liabilities for claims and judgments	75,000	-	-	-	75,000	-
Governmental activities long-term liabilities	<u>\$3,766,923</u>	<u>\$61,124,369</u>	<u>\$1,320,486</u>	<u>\$ -</u>	<u>\$ 63,570,806</u>	<u>\$2,954,949</u>
Business-type activities						
Obligations under capital leases	\$ 334,394	\$ -	\$ 118,469	\$ -	\$ 215,925	\$ 99,253
Compensated absences payable	41,097	20,470	24,273	-	37,294	21,671
Landfill closure and postclosure care costs payable	4,043,908	-	-	1,722,243	2,321,665	-
Business-type activities long-term liabilities	<u>\$4,419,399</u>	<u>\$ 20,470</u>	<u>\$ 142,742</u>	<u>\$ 1,722,243</u>	<u>\$ 2,574,884</u>	<u>\$ 120,924</u>

Long-term loans payable—On August 1, 2008, the County entered into a loan agreement with the Greater Arizona Development Authority (GADA) for \$15,265,000 with interest rates between 4.00 and 5.39 percent. The purpose of this loan is to provide funds for the construction of its court and judicial facility (2008-1 project). The loan calls for an annual principal payment beginning on July 1, 2009, and ending on July 1, 2038. Interest is payable on January 1 and July 1 of each year and calculated based on the outstanding loan amount and interest rate during such period.

The County has pledged a portion of its future excise tax and state shared revenues to repay the loan obtained from GADA for funding the 2008-1 project. For fiscal year 2009, the County received excise tax revenues of \$2,961,238 and state shared revenues net of other statutory claims of \$1,127,197, and the principal and interest payments were \$0 and \$351,086, respectively. Total principal and interest remaining to be paid on the loan is \$29,559,407.

On August 1, 2008, the County entered into a loan agreement with GADA for \$44,590,000 with interest rates between 3.25 and 5.25 percent. The purpose of this loan is to provide funds for the construction of its Jail District detention facility (2008-2 project). The loan calls for an annual principal payment beginning on July 1, 2009, and ending on July 1, 2031.

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Interest is payable on January 1 and July 1 of each year and calculated based on the outstanding loan amount and interest rate during such period.

The County's debt service obligations to repay the loan obtained from GADA for funding the 2008-2 project are secured by a lien on (1) collections from the County's Jail District excise tax and (2) the maintenance of effort payments from the County's General Fund. For fiscal year 2009, the County received Jail District excise tax revenues of \$2,951,355 and made maintenance of effort payments of \$2,430,308 and the principal and interest payments were \$0 and \$918,961, respectively. Total principal and interest remaining to be paid on the loan is \$73,773,310.

Long-term loans payable at June 30, 2009, were as follows:

Description	Interest Rates	Maturities	Outstanding Principal June 30, 2009
2008-1 project	4.00% - 5.39%	2009 - 2038	\$ 15,265,000
2008-2 project	3.25% - 5.25%	2009 - 2031	44,590,000
			\$ 59,855,000

The following schedule details debt service requirements to maturity for the County's loans payable at June 30, 2009:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$ 1,570,000	\$ 2,776,169
2011	1,495,000	2,724,375
2012	1,545,000	2,671,394
2013	1,600,000	2,613,331
2014	1,665,000	2,549,497
2015-2019	9,370,000	11,661,216
2020-2024	11,555,000	9,398,516
2025-2029	14,645,000	6,208,956
2030-2034	12,120,000	2,287,838
2035-2038	4,290,000	586,425
Total	\$ 59,855,000	\$ 43,477,717

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Obligations under capital leases—The County has acquired 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 bargain purchase option or a transfer of ownership by the end of the lease term.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Construction equipment and vehicles	\$ 1,336,908	\$ 579,538
Less: accumulated depreciation	431,420	295,302
Carrying value	<u>\$ 905,488</u>	<u>\$ 284,236</u>

The following schedule details debt service requirements to maturity for the County's obligations under capital leases at June 30, 2009:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2010	\$ 361,905	\$ 110,113
2011	361,903	114,100
2012	279,067	5,938
2013	126,392	495
2014	75,171	-
2015-2019	301,319	-
2020-2024	301,318	-
2025-2026	120,527	-
Total minimum lease payments	<u>1,927,602</u>	<u>230,646</u>
Less amount representing interest	403,620	14,721
Present value of net minimum lease payments	<u>\$1,523,982</u>	<u>\$ 215,925</u>

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

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The \$2,321,665 reported as landfill closure and postclosure care liability at June 30, 2009, represents the cumulative amount reported to date based on the use of 58 percent

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and 14 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 \$2,465,924 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 2009. The County closed one landfill in 1994 and expects to close the remaining two landfills in 2016 and 2058, 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 landfill closure and postclosure care liability at June 30, 2009, was reduced by \$1,722,243 from June 30, 2008. The main reason for this cost reduction was because the County changed the final cover from a geosynthetic to a monolithic cover, which reduced estimated closure costs.

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

Insurance claims—The County provides life, health, and disability benefits to its employees and their dependents through the Arizona Local Government Employee Benefit Trust, currently composed of six member counties. The Trust provides the benefits through a self-funding agreement with its participants and administers the program. The County is responsible for paying the premium and requires its employees to contribute a portion of that premium. If it withdraws from the Trust, the County is responsible for any claims run-out costs, including claims reported but not settled, claims incurred but not reported, and administrative costs. If the Trust were to terminate, the County would be responsible for its proportional share of any trust deficit.

Compensated absences and claims and judgments—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Claims and judgments are generally paid from the fund that accounts for the activity that gave rise to the claim. During fiscal year 2009, the County paid for compensated absences as follows: 50 percent from the General Fund, 10 percent from the Jail District Fund, 5 percent from the Criminal Justice Enhancement Fund, 32 percent from the Other Governmental Funds, and 3 percent from the Enterprise Fund.

Note 8 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters; but was unable to obtain insurance at a cost it considered to be economically justifiable. Therefore, the County joined and is covered by three public entity risk pools: the Arizona Counties Property and Casualty Pool and the Arizona Counties Workers' Compensation Pool,

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which are described below, and the Arizona Local Government Employee Benefit Trust, which is described on page 45. The County carries commercial insurance for all such risks of loss relating to the ownership of Nogales International Airport, and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past 3 years.

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

The Arizona Counties Workers' Compensation Pool is a public entity risk pool currently composed of 11 member counties. The pool provides member counties with workers' compensation coverage, as required by law, and risk management services. The County is responsible for paying a premium based on an experience-rating formula that allocates pool expenditures and liabilities among the members.

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

Note 9 – Pensions and Other Postemployment Benefits

Plan Descriptions—The County contributes to the four plans described on the following page. Benefits are established by state statute and the plans generally provide retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are generally paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefits are for the retiree or for the retiree and his or her dependents.

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

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

The *Corrections Officer Retirement Plan* (CORP) administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers certain employees of the State of Arizona's Department of Corrections and Department of Juvenile Corrections, and county employees whose primary duties require direct inmate contact. The CORP is governed by The Fund Manager of PSPRS and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

The *Elected Officials Retirement Plan* (EORP) administers a cost-sharing, multiple-employer defined benefit pension plan and a cost-sharing, multiple-employer defined benefit health insurance premium plan that covers State of Arizona and county elected officials and judges, and elected officials of participating cities. The EORP is governed by The Fund Manager of PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. Because the health insurance premium plan benefit of the EORP is not established as a formal trust, the EORP is reported in accordance with GASB Statement No. 45 as an agent multiple-employer defined benefit plan. Accordingly, the disclosures that follow reflect the EORP as if it were an agent multiple-employer defined benefit plan.

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

ASRS

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

PSPRS, CORP, AND EORP

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

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

Cost-Sharing Plan—For the year ended June 30, 2009, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.45 percent (8.95 percent for retirement and 0.5 percent for long-term disability) of the members' annual covered payroll and the County was required by statute to contribute at the actuarially determined rate of 9.45 percent (7.99 percent for retirement, 0.96 percent for health insurance premium, and 0.5 percent for long-term disability) of the members' annual covered payroll.

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

<u>Year Ended June 30</u>	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2009	\$ 814,736	\$ 97,891	\$ 50,953
2008	844,789	110,191	52,469
2007	841,950	131,272	56,584

Agent Plans—For the year ended June 30, 2009, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll and the County was required to contribute 20.74 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 0.82 percent of covered payroll. Active CORP members were required by statute to contribute 7.96 percent of the members' annual covered payroll except that, beginning in October 2008, all non-dispatcher members were required to contribute 8.41 percent. In addition, the County was required to contribute 5.00 percent. The aggregate of the members' and the County's contributions is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 0.61 percent of covered payroll. Active EORP members were required by statute to contribute 7.00 percent of the members' annual covered payroll; and the County was required to remit a designated portion of certain court fees plus additional contributions at the actuarially determined rate of 21.21 percent of the members' annual covered payroll through September 2008 and 14.05 percent of the members' annual covered payroll for October 2009 through June 2009. The health insurance premium portion of the contribution rate was actuarially set at 0.91 percent of covered payroll.

Actuarial methods and assumptions—The contribution requirements for the year ended June 30, 2009, were established by the June 30, 2007, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

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

Projections of benefits are based on 1) the plans as understood by the County and plans' members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2009 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	29 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases	5.50% - 8.50% for PSPRS and CORP; 5.00% for EORP
includes inflation at	5.00%

Annual Pension/OPEB Cost—The County's pension/OPEB cost for the agent plans for the year ended June 30, 2009, and related information follows:

	<u>PSPRS</u>		<u>CORP</u>		<u>EORP</u>	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Annual pension/OPEB cost	\$439,235	\$27,576	\$34,572	\$10,148	\$208,283	\$9,337
Contributions made	439,235	27,576	34,572	10,148	208,283	9,337

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Trend Information—Annual pension and OPEB cost information for the current and 2 preceding years follows for each of the agent plans. Separately reported OPEB cost information for the last year of the required trend information will be reported next year when it becomes available.

Plan	Year Ended June 30	Annual Pension/OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/OPEB Obligation
PSPRS				
Pension	2009	\$ 439,235	100.0%	-
Health insurance	2009	27,576	100.0	-
Pension	2008	289,428	100.0	-
Health insurance	2008	23,787	100.0	-
Pension and health insurance	2007	238,489	100.0	-
CORP				
Pension	2009	\$34,572	100.0%	-
Health insurance	2009	10,148	100.0	-
Pension	2008	34,480	100.0	-
Health insurance	2008	8,567	100.0	-
Pension and health insurance	2007	33,623	100.0	-
EORP				
Pension	2009	\$208,283	100.0%	-
Health insurance	2009	9,337	100.0	-
Pension	2008	117,420	100.0	-
Health insurance	2008	10,457	100.0	-
Pension and health insurance	2007	107,017	100.0	-

Funded Status—The funded status of the plans as of the most recent valuation date, June 30, 2009, along with the actuarial assumptions and methods used in those valuations follow. The EORP, by statute, is a cost-sharing plan. However, because of its statutory construction, in accordance with GASB Statement No. 43, paragraphs 5 and 41, the EORP is reported for such purposes as an agent multiple-employer plan. The Fund Manager obtains an actuarial valuation for the EORP on its statutory basis as a cost-sharing plan and, therefore, actuarial information for the County, as a participating government, is not available.

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	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Actuarial accrued liability (a)	\$9,170,829	\$ 273,357	\$ 1,390,209	\$ 31,743
Actuarial value of assets (b)	4,967,903	-	1,973,917	-
Unfunded actuarial accrued liability (funding excess) (a) – (b)	4,202,926	273,357	(583,708)	31,743
Funded ratio (b)/(a)	54.2%	0%	142.0%	0%
Covered payroll (c)	\$ 2,265,910	\$ 2,265,910	\$ 829,233	\$ 829,233
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll $[(a)-(b)]/(c)$	185.5%	12.06%	(70.39%)	3.83%

The actuarial methods and assumptions used are the same for all plans and related benefits, and for the most recent valuation date, are as follows:

Actuarial valuation date	June 30, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	27 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases includes inflation at	5.50% - 8.50% for PSPRS and CORP; 5.00% for EORP 5.50% for PSPRS and CORP; 5.00% for EORP

Santa Cruz County
Notes to Financial Statements
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Note 10 – Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2009, were as follows:

	Payable to		
	General Fund	Other Governmental Funds	Total
Payable from			
General Fund	\$ -	\$ 129,415	\$ 129,415
Criminal Justice Enhancement Fund	1,183,470	-	1,183,470
New Facilities Fund	-	826,370	826,370
Other Governmental Funds	2,900,750	58,048	2,958,798
Total Governmental Funds	<u>\$4,084,220</u>	<u>\$1,013,833</u>	<u>\$ 5,098,053</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, 2009, were as follows:

	Transfer to				Total
	General Fund	Jail District Fund	Criminal Justice Enhancement Fund	Other Governmental Funds	
Transfer from					
General Fund	\$ -	\$2,430,308	\$ 74,245	\$ 687,722	\$3,192,275
Criminal Justice Enhancement Fund	774	-	-	6,208	6,982
New Facilities Fund	-	-	-	545,154	545,154
Other Governmental Funds	5,442	-	95,666	30,171	131,279
Total Governmental Funds	<u>\$ 6,216</u>	<u>\$2,430,308</u>	<u>\$ 169,911</u>	<u>\$1,269,255</u>	<u>\$3,875,690</u>

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

Note 11 – County Treasurer’s Investment Pool

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a fiduciary responsibility to administer those and the County’s monies under his stewardship.

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The Treasurer invests, on a pool basis, all idle monies not specifically invested for a fund or program. In addition, the Treasurer determines the fair value of those pooled investments annually at June 30.

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

Deposits and investments of the County's primary government are included in the County Treasurer's investment pool, except for \$2,750,000 of deposits, \$20,023,049 of investments in the State Treasurer's investment pools, \$28,150,606 of investments in U.S. agency securities, and \$4,933,528 of investments in mutual funds. The County Treasurer manages these investments as well as the pooled investments, and the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks. See Note 3 for disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:

Investment Type	Principal	Interest Rates	Maturities	Fair Value
State Treasurer's investment pool 5	\$ 624	None stated	None stated	\$ 624
U.S. agency securities	16,925,000	1.625 to 7.125	9/09 to 3/14	17,036,837
Money market mutual funds	56,834	None stated	None stated	56,834
Mutual funds	2,181,748	None stated	None stated	2,181,748
Corporate bonds and notes	4,460,000	4.375 to 6.875	11/11 to 4/13	4,635,987

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

Statement of Net Assets:

Assets	\$ 38,483,386
Liabilities	-
Net assets	<u>\$ 38,483,386</u>
Net assets held in trust for:	
Internal participants	\$ 14,003,642
External participants	<u>24,479,744</u>
Total net assets held in trust	<u>\$ 38,483,386</u>

Santa Cruz County
Notes to Financial Statements
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Statement of Changes in Net Assets:

Total additions	\$137,260,075
Total deductions	<u>133,979,031</u>
Net increase	<u>3,281,044</u>
Net assets held in trust:	
July 1, 2008	<u>35,202,342</u>
June 30, 2009	<u>\$ 38,483,386</u>

Note 12 –Beginning Balances Restated

As a result of errors in the prior year in which the County recorded revenues for expenditures incurred under various governmental grant programs that were not reimbursable to the County, the net assets of the governmental activities and fund balances of the other governmental funds at July 1, 2008 have been restated from amounts previously reported as follows:

	Funds		
	Governmental Activities	Other Governmental Funds	Total Governmental Funds
Net assets/fund balance, June 30, 2008, as previously reported	\$96,541,123	\$6,053,455	\$21,874,100
Correction of intergovernmental revenue overstatement	(598,698)	(598,698)	(598,698)
Net assets/fund balance, July 1, 2008, as restated	<u>\$95,942,425</u>	<u>\$5,454,757</u>	<u>\$21,275,402</u>

Required Supplementary Information

Santa Cruz County
 Required Supplementary Information
 Schedule of Agent Retirement Plans' Funding Progress
 June 30, 2009

Public Safety Personnel Retirement System

Plan	Actual Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ((a-b)/c)
Pension	June 30, 2009	\$4,967,903	\$9,170,829	\$(4,202,926)	54.2%	\$2,265,910	185.5%
Health Insurance	June 30, 2009	-	273,357	(273,357)	0.0%	2,265,910	12.1%
Pension	June 30, 2008	4,414,142	8,292,376	(3,878,234)	53.2%	2,105,003	184.2%
Health Insurance	June 30, 2008	-	213,193	(213,193)	0.0%	2,105,003	10.1%
Pension	June 30, 2007	3,908,433	7,564,154	(3,655,721)	51.7%	1,876,653	194.8%
Health Insurance	June 30, 2007	-	195,472	(195,472)	0.0%	1,876,653	10.4%

Corrections Officer Retirement Plan

Plan	Actual Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ((a-b)/c)
Pension	June 30, 2009	\$1,973,917	\$1,390,209	\$ 583,708	142.0%	\$ 829,233	-
Health Insurance	June 30, 2009	-	31,743	(31,743)	0.0%	829,233	3.8%
Pension	June 30, 2008	1,898,222	1,393,710	504,512	136.2%	831,787	-
Health Insurance	June 30, 2008	-	28,842	(28,842)	0.0%	831,787	3.5%
Pension	June 30, 2007	1,896,284	1,253,272	643,012	151.3%	667,194	-
Health Insurance	June 30, 2007	-	67,120	(67,120)	0.0%	667,194	10.1%

Santa Cruz County
Required Supplementary Information
Notes to Schedule of Agent Retirement Plans' Funding Progress
June 30, 2009

Note 1 – Actuarial Information Available

The EORP, by statute, is a cost-sharing plan. However, because of its statutory construction, in accordance with GASB Statement No. 43, paragraphs 5 and 41, the EORP is reported for such purposes as an agent multiple-employer plan. The Fund Manager obtains an actuarial valuation for the EORP on its statutory basis as a cost-sharing plan and, therefore, actuarial information for the County, as a participating government, is not available.

Santa Cruz County
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	\$ 13,620,673	\$ 13,905,005	\$ 284,332
Intergovernmental	6,733,339	8,443,686	1,710,347
Licenses and permits	650,000	459,139	(190,861)
Charges for services	1,194,016	1,458,244	264,228
Fines and forfeits	437,500	654,388	216,888
Investment earnings	300,000	64,620	(235,380)
Rents	-	20,800	20,800
Miscellaneous	-	314,227	314,227
Total revenues	22,935,528	25,320,109	2,384,581
Expenditures:			
Current:			
General government:			
Airport	202,672	58,829	143,843
Assessor	957,958	889,674	68,284
Board of Supervisors	4,245,312	1,888,367	2,356,945
Central permits	214,143	85,247	128,896
Clerk of Superior Court	829,806	736,448	93,358
Constable #1	71,805	69,619	2,186
Constable #2	28,202	18,671	9,531
Court Attorney	1,425,890	1,308,479	117,411
Elections	364,295	300,085	64,210
Finance	2,123,778	828,059	1,295,719
GIS	321,487	115,787	205,700
Grounds and maintenance	3,439,509	880,182	2,559,327
Information technology	600,265	486,651	113,614
Justice Court #1	711,456	626,034	85,422
Justice Court #2	211,629	191,075	20,554
Planning and zoning	453,157	295,696	157,461
Recorder	295,895	243,982	51,913
Recorder-Election	240,103	132,737	107,366
Superior Court	2,103,015	1,611,925	491,090
Treasurer	624,754	490,616	134,138
Total general government	19,465,131	11,258,163	8,206,968
Public safety:			
Adult probation	729,087	449,487	279,600
Building codes	523,828	435,116	88,712
Emergency services	150,913	58,022	92,891
Sheriff	4,028,603	3,392,493	636,110
Total public safety	5,432,431	4,335,118	1,097,313

(Continued)

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2009
(Concluded)

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Health, welfare and sanitation:			
Public Fiduciary	3,332,154	2,518,389	813,765
Total health, welfare and sanitation	<u>3,332,154</u>	<u>2,518,389</u>	<u>813,765</u>
Education and economic opportunity:			
School Superintendent	1,674,572	1,414,464	260,108
Total education and economic opportunity	<u>1,674,572</u>	<u>1,414,464</u>	<u>260,108</u>
Recreation:			
Parks	681,067	318,113	362,954
Total recreation	<u>681,067</u>	<u>318,113</u>	<u>362,954</u>
Total expenditures	<u>30,585,355</u>	<u>19,844,247</u>	<u>10,741,108</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,649,827)</u>	<u>5,475,862</u>	<u>13,125,689</u>
Other financing sources (uses):			
Proceeds from the sale of capital assets	-	10,658	10,658
Transfers in	-	6,216	6,216
Transfers out	<u>(3,396,520)</u>	<u>(3,192,275)</u>	<u>204,245</u>
Total other financing sources (uses)	<u>(3,396,520)</u>	<u>(3,175,401)</u>	<u>221,119</u>
Net change in fund balances	(11,046,347)	2,300,461	13,346,808
Fund balance, July 1, 2008	11,046,347	12,751,933	1,705,586
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ 15,052,394</u>	<u>\$ 15,052,394</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Required Supplementary Information
 Budgetary Comparison Schedule
 Jail District Fund
 Year Ended June 30, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Taxes	\$ 2,600,000	\$ 2,951,355	\$ 351,355
Intergovernmental	75,000	129,267	54,267
Charges for services	-	947	947
Investment earnings	40,000	6,229	(33,771)
Total revenues	<u>2,715,000</u>	<u>3,087,798</u>	<u>372,798</u>
Expenditures:			
Current:			
Public safety:			
Juvenile detention	2,175,559	1,411,519	764,040
Sheriff's office	<u>5,397,964</u>	<u>3,733,361</u>	<u>1,664,603</u>
Total expenditures	<u>7,573,523</u>	<u>5,144,880</u>	<u>2,428,643</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,858,523)</u>	<u>(2,057,082)</u>	<u>2,801,441</u>
Other financing sources (uses):			
Transfers in	<u>2,389,575</u>	<u>2,430,308</u>	<u>40,733</u>
Total other financing sources (uses)	<u>2,389,575</u>	<u>2,430,308</u>	<u>40,733</u>
Net change in fund balance	(2,468,948)	373,226	2,842,174
Fund balance, July 1, 2008	2,468,948	2,194,585	(274,363)
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ 2,567,811</u>	<u>\$ 2,567,811</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Required Supplementary Information
 Budgetary Comparison Schedule
 Criminal Justice Enhancement Fund
 Year Ended June 30, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 1,415,987	\$ 1,511,966	\$ 95,979
Charges for services	25,900	25,721	(179)
Fines and forfeits	210,000	508,771	298,771
Investment earnings	7,150	18,149	10,999
Miscellaneous	12,000	642	(11,358)
Total revenues	<u>1,671,037</u>	<u>2,065,249</u>	<u>394,212</u>
Expenditures:			
Current:			
General government:			
County Attorney	1,258,279	1,090,770	167,509
Clerk of Superior Court	6,952	-	6,952
Justice Court	41,344	30,427	10,917
Superior Court	607,803	1	607,802
Total general government	<u>1,914,378</u>	<u>1,121,198</u>	<u>793,180</u>
Public safety:			
Juvenile probation	52,969	-	52,969
Adult probation	29,801	16,822	12,979
Sheriff's office	759,128	786,014	(26,886)
Other agencies	12,937	214	12,723
Total public safety	<u>854,835</u>	<u>803,050</u>	<u>51,785</u>
Total expenditures:	<u>2,769,213</u>	<u>1,924,248</u>	<u>844,965</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,098,176)</u>	<u>141,001</u>	<u>1,239,177</u>
Other financing sources (uses):			
Transfers in	-	169,911	169,911
Transfers out	-	(6,982)	(6,982)
Total other financing sources (uses)	<u>-</u>	<u>162,929</u>	<u>162,929</u>
Net change in fund balance	(1,098,176)	303,930	1,402,106
Fund balance, July 1, 2008	1,098,176	874,127	(224,049)
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ 1,178,057</u>	<u>\$ 1,178,057</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Required Supplementary Information
 Notes to Budgetary Comparison Schedules
 June 30, 2009

Note 1 – Budgeting and Budgetary Control

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

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

Note 2 – Budgetary Basis of Accounting

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

-Present value of net minimum capital lease payments.

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

	Criminal Justice Enhancement Fund
Excess of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$76,587
Present value of net minimum capital lease payments	64,414
Excess of revenues over expenditures from the budgetary comparison schedules	\$141,001

Note 3 – Expenditures In Excess of Appropriations

For the year ended June 30, 2009, expenditures exceeded final budgeted amounts at the department level (the legal level of budgetary control) as follows:

Santa Cruz County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2009

Fund/Department	Excess
<u>Criminal Justice Enhancement Fund:</u>	
Sheriff's office	\$26,886

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.

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Combining and Individual
Fund Statements and Schedules

Santa Cruz County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 60,782	\$ 1,184,455	\$ 5,941,067	\$ 7,186,304
Accounts receivable	-	-	12,472	12,472
Property taxes receivable (net of allowances for uncollectibles)	-	-	78,683	78,683
Due from other governmental units	527,746	2,140	2,026,418	2,556,304
Due from other funds	-	955,785	58,048	1,013,833
Prepaid items	-	-	1,228	1,228
Total assets	<u>588,528</u>	<u>2,142,380</u>	<u>8,117,916</u>	<u>10,848,824</u>
Liabilities and fund balances				
Accounts payable	56,892	-	474,695	531,587
Due to other governmental units	-	4,608	-	4,608
Accrued payroll and employee benefits	-	-	270,672	270,672
Due to other funds	798,953	9,080	2,150,765	2,958,798
Deferred revenue	-	-	38,572	38,572
Total liabilities	<u>855,845</u>	<u>13,688</u>	<u>2,934,704</u>	<u>3,804,237</u>
Fund balances:				
Unreserved reported in:	<u>(267,317)</u>	<u>2,128,692</u>	<u>5,183,212</u>	<u>7,044,587</u>
Total fund balances	<u>(267,317)</u>	<u>2,128,692</u>	<u>5,183,212</u>	<u>7,044,587</u>
Total liabilities and fund balances	<u>\$ 588,528</u>	<u>\$ 2,142,380</u>	<u>\$ 8,117,916</u>	<u>\$ 10,848,824</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2009

	Capital Projects Funds	Debt Service Fund	Special Revenue Funds	Total
Revenues:				
Taxes	\$ -	\$ 3,153	\$ 2,335,747	\$ 2,338,900
Intergovernmental	388,013	-	11,410,898	11,798,911
Charges for services	-	-	476,577	476,577
Fines and forfeits	-	-	109,551	109,551
Investment earnings	-	(2,254)	53,917	51,663
Miscellaneous	-	-	205,490	205,490
Total revenues	<u>388,013</u>	<u>899</u>	<u>14,592,180</u>	<u>14,981,092</u>
Expenditures:				
Current:				
General government	-	4,735	412,516	417,251
Public safety	-	-	4,195,566	4,195,566
Highways and streets	-	-	4,186,599	4,186,599
Health, welfare and sanitation	-	-	1,508,160	1,508,160
Education and economic opportunity	-	-	3,471,220	3,471,220
Capital outlay	91,784	-	-	91,784
Debt service				
Principal	-	-	251,917	251,917
Interest	-	333,995	72,746	406,741
Total expenditures	<u>91,784</u>	<u>338,730</u>	<u>14,098,724</u>	<u>14,529,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>296,229</u>	<u>(337,831)</u>	<u>493,456</u>	<u>451,854</u>
Other financing sources (uses):				
Transfer in	-	674,570	594,685	1,269,255
Transfer out	-	-	(131,279)	(131,279)
Total other financing sources (uses)	<u>-</u>	<u>674,570</u>	<u>463,406</u>	<u>1,137,976</u>
Net change in fund balances	296,229	336,739	956,862	1,589,830
Fund balances (deficit), July 1, 2008, as restated	(563,546)	1,791,953	4,226,350	5,454,757
Fund balances (deficit), June 30, 2009	<u>\$ (267,317)</u>	<u>\$ 2,128,692</u>	<u>\$ 5,183,212</u>	<u>\$ 7,044,587</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Special Revenue Funds
Year Ended June 30, 2009

	<u>Road</u>	<u>WIA</u>	<u>Flood</u>	<u>Health Services</u>
Assets				
Cash and cash equivalents	\$ 703,797	\$ 114,390	\$ 2,308,407	\$ 70,461
Accounts receivable	1,142	-	140	-
Property taxes receivable (net of allowances for uncollectibles)	-	-	78,683	-
Due from other governmental units	390,681	559,695	1,372	96,735
Due from other funds	58,048	-	-	-
Prepaid items	-	1,228	-	-
Total assets	<u>\$ 1,153,668</u>	<u>\$ 675,313</u>	<u>\$ 2,388,602</u>	<u>\$ 167,196</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 180,006	\$ 132,968	\$ 7,057	\$ 35,101
Accrued payroll and employee benefits	67,202	32,394	19,895	22,736
Due to other funds	-	788,122	58,048	63,485
Deferred revenue	-	-	38,349	-
Total liabilities	<u>247,208</u>	<u>953,484</u>	<u>123,349</u>	<u>121,322</u>
Fund balances:				
Unreserved	<u>906,460</u>	<u>(278,171)</u>	<u>2,265,253</u>	<u>45,874</u>
Total fund balances (deficit)	<u>906,460</u>	<u>(278,171)</u>	<u>2,265,253</u>	<u>45,874</u>
Total liabilities and fund balances	<u>\$ 1,153,668</u>	<u>\$ 675,313</u>	<u>\$ 2,388,602</u>	<u>\$ 167,196</u>

<u>Homeland Security</u>	<u>Juvenile Services</u>	<u>Probation Services</u>	<u>Retrieval Conversion</u>	<u>Accommodation School</u>	<u>Other</u>	<u>Total</u>
\$ 3,516	\$ 309,118	\$ 390,421	\$ 665,593	\$ -	\$ 1,375,364	\$ 5,941,067
-	779	2,758	2,208	-	5,445	12,472
-	-	-	-	-	-	78,683
649,143	107,048	232	(15)	25,329	196,198	2,026,418
-	-	-	-	-	-	58,048
-	-	-	-	-	-	1,228
<u>\$ 652,659</u>	<u>\$ 416,945</u>	<u>\$ 393,411</u>	<u>\$ 667,786</u>	<u>\$ 25,329</u>	<u>\$ 1,577,007</u>	<u>\$ 8,117,916</u>
\$ 30,837	\$ 14,595	\$ 3,896	\$ 3,833	\$ -	\$ 66,402	\$ 474,695
29,972	30,749	35,587	1,888	-	30,249	270,672
649,143	198,273	-	-	202,929	190,765	2,150,765
-	-	-	-	223	-	38,572
<u>709,952</u>	<u>243,617</u>	<u>39,483</u>	<u>5,721</u>	<u>203,152</u>	<u>287,416</u>	<u>2,934,704</u>
<u>(57,293)</u>	<u>173,328</u>	<u>353,928</u>	<u>662,065</u>	<u>(177,823)</u>	<u>1,289,591</u>	<u>5,183,212</u>
<u>(57,293)</u>	<u>173,328</u>	<u>353,928</u>	<u>662,065</u>	<u>(177,823)</u>	<u>1,289,591</u>	<u>5,183,212</u>
<u>\$ 652,659</u>	<u>\$ 416,945</u>	<u>\$ 393,411</u>	<u>\$ 667,786</u>	<u>\$ 25,329</u>	<u>\$ 1,577,007</u>	<u>\$ 8,117,916</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2009

	Road	WIA	Flood	Health Services
Revenues:				
Taxes	\$ -	\$ -	\$ 2,335,747	\$ -
Intergovernmental	3,628,491	1,419,909	20,901	451,334
Charges for services	6,799	-	-	147,920
Fines and forfeits	-	-	-	-
Investment earnings	10,276	-	7,654	(767)
Miscellaneous	11,488	-	948	-
Total revenues	<u>3,657,054</u>	<u>1,419,909</u>	<u>2,365,250</u>	<u>598,487</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	1,286,146	-
Highways and streets	4,186,599	-	-	-
Health, welfare and sanitation	-	-	-	843,043
Education and economic opportunity	-	1,406,661	-	-
Debt service				
Principal	161,825	25,699	64,393	-
Interest	24,584	34,565	13,597	-
Total expenditures	<u>4,373,008</u>	<u>1,466,925</u>	<u>1,364,136</u>	<u>843,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(715,954)</u>	<u>(47,016)</u>	<u>1,001,114</u>	<u>(244,556)</u>
Other financing sources (uses):				
Transfer in	7,500	13,915	-	291,804
Transfer out	-	(17,358)	-	-
Total other financing sources (uses)	<u>7,500</u>	<u>(3,443)</u>	<u>-</u>	<u>291,804</u>
Net change in fund balances	(708,454)	(50,459)	1,001,114	47,248
Fund balances (deficit), July 1, 2008, as restated	1,614,914	(227,712)	1,264,139	(1,374)
Fund balances (deficit), June 30, 2009	<u>\$ 906,460</u>	<u>\$ (278,171)</u>	<u>\$ 2,265,253</u>	<u>\$ 45,874</u>

<u>Homeland Security</u>	<u>Juvenile Services</u>	<u>Probation Services</u>	<u>Retrieval Conversion</u>	<u>Accommodation School</u>	<u>Other</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,335,747
758,364	1,110,437	959,306	-	1,437,496	1,624,660	11,410,898
-	15,618	88,452	131,752	-	86,036	476,577
-	-	-	109,551	-	-	109,551
7	5,204	3,878	15,247	-	12,418	53,917
-	-	2,992	-	146,060	44,002	205,490
<u>758,371</u>	<u>1,131,259</u>	<u>1,054,628</u>	<u>256,550</u>	<u>1,583,556</u>	<u>1,767,116</u>	<u>14,592,180</u>
-	151,001	7,095	54,147	-	200,273	412,516
796,232	743,119	1,012,918	-	-	357,151	4,195,566
-	-	-	-	-	-	4,186,599
-	-	-	-	-	665,117	1,508,160
-	275,588	-	-	1,534,966	254,005	3,471,220
-	-	-	-	-	-	251,917
-	-	-	-	-	-	72,746
<u>796,232</u>	<u>1,169,708</u>	<u>1,020,013</u>	<u>54,147</u>	<u>1,534,966</u>	<u>1,476,546</u>	<u>14,098,724</u>
<u>(37,861)</u>	<u>(38,449)</u>	<u>34,615</u>	<u>202,403</u>	<u>48,590</u>	<u>290,570</u>	<u>493,456</u>
-	7,450	2,463	6,208	-	265,345	594,685
-	-	-	(95,635)	-	(18,286)	(131,279)
-	<u>7,450</u>	<u>2,463</u>	<u>(89,427)</u>	-	<u>247,059</u>	<u>463,406</u>
(37,861)	(30,999)	37,078	112,976	48,590	537,629	956,862
(19,432)	204,327	316,850	549,089	(226,413)	751,962	4,226,350
<u>\$ (57,293)</u>	<u>\$ 173,328</u>	<u>\$ 353,928</u>	<u>\$ 662,065</u>	<u>\$ (177,823)</u>	<u>\$ 1,289,591</u>	<u>\$ 5,183,212</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Capital Projects Funds
Year Ended June 30, 2009

	Airport	Other	Total
Assets			
Cash and cash equivalents	\$ 397	\$ 60,385	\$ 60,782
Investments	-	-	-
Accounts receivable	-	-	-
Property taxes receivable (net of allowances for uncollectibles)	-	-	-
Due from other governmental units	514,207	13,539	527,746
Due from other funds	-	-	-
Prepaid items	-	-	-
Total assets	\$ 514,604	\$ 73,924	\$ 588,528
 Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 43,353	\$ 13,539	\$ 56,892
Due to other governmental units	-	-	-
Accrued payroll and employee benefits	-	-	-
Due to other funds	798,953	-	798,953
Deferred revenue	-	-	-
Total liabilities	842,306	13,539	855,845
 Fund balances:			
Unreserved	(327,702)	60,385	(267,317)
Total fund balances (deficit)	(327,702)	60,385	(267,317)
Total liabilities and fund balances	\$ 514,604	\$ 73,924	\$ 588,528

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances
Nonmajor Capital Projects Funds
Year Ended June 30, 2009

	<u>Airport</u>	<u>Other</u>	<u>Total</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	365,260	22,753	388,013
Licenses and permits	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Investment earnings	-	-	-
Rents	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>365,260</u>	<u>22,753</u>	<u>388,013</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Health, welfare and sanitation	-	-	-
Education and economic opportunity	-	-	-
Recreation	-	-	-
Capital outlay	69,031	22,753	91,784
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
Not classified	-	-	-
Total expenditures	<u>69,031</u>	<u>22,753</u>	<u>91,784</u>
Excess of revenues over expenditures	<u>296,229</u>	<u>-</u>	<u>296,229</u>
Other financing sources (uses):			
Capital leases	-	-	-
Capital lease agreements	-	-	-
Other financing use-bond discount	-	-	-
Other financing source-bond proceeds	-	-	-
Transfer in	-	-	-
Transfer out	-	-	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	296,229	-	296,229
Fund balances (deficit), July 1, 2008, as restated	(623,931)	60,385	(563,546)
Fund balances (deficit), June 30, 2009	<u>\$ (327,702)</u>	<u>\$ 60,385</u>	<u>\$ (267,317)</u>

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

Nonmajor Special Revenue Funds

Santa Cruz County
 Nonmajor Special Revenue Funds
 Road Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 3,958,457	\$ 3,958,457	\$ 3,628,491	\$ (329,966)
Charges for services	-	-	6,799	6,799
Investment earnings	35,000	35,000	10,276	(24,724)
Miscellaneous	15,000	15,000	11,488	(3,512)
Total revenues	<u>4,008,457</u>	<u>4,008,457</u>	<u>3,657,054</u>	<u>(351,403)</u>
Expenditures				
Current:				
Highways and streets	5,841,847	5,841,847	4,373,008	1,468,839
Total expenditures	<u>5,841,847</u>	<u>5,841,847</u>	<u>4,373,008</u>	<u>1,468,839</u>
Excess (deficiency) of revenues over (under) expenditures	(1,833,390)	(1,833,390)	(715,954)	1,117,436
Other financing sources:				
Transfers in	7,500	7,500	7,500	-
Total other financing sources	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>
Net change in fund balance	(1,825,890)	(1,825,890)	(708,454)	1,117,436
Fund balance, July 1, 2008	<u>1,825,890</u>	<u>1,825,890</u>	<u>1,614,914</u>	<u>(210,976)</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 906,460</u>	<u>\$ 906,460</u>

Santa Cruz County
Nonmajor Special Revenue Funds
WIA Fund
Budgetary Comparison Schedule
Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 2,264,428	\$ 2,264,428	\$ 1,419,909	\$ (844,519)
Total revenues	<u>2,264,428</u>	<u>2,264,428</u>	<u>1,419,909</u>	<u>(844,519)</u>
Expenditures				
Current:				
Education and economic opportunity	2,334,125	2,334,125	1,466,925	867,200
Total expenditures	<u>2,334,125</u>	<u>2,334,125</u>	<u>1,466,925</u>	<u>867,200</u>
Excess (deficiency) of revenues over (under) expenditures	(69,697)	(69,697)	(47,016)	22,681
Other financing sources (uses):				
Transfers in	-	-	13,915	13,915
Transfers out	-	-	(17,358)	(17,358)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,443)</u>	<u>(3,443)</u>
Net change in fund balance	(69,697)	(69,697)	(50,459)	19,238
Fund balance (deficit), July 1, 2008, as restated	<u>69,697</u>	<u>69,697</u>	<u>(227,712)</u>	<u>(297,409)</u>
Fund balance (deficit), June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (278,171)</u>	<u>\$ (278,171)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Flood Control Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,249,327	\$ 2,249,327	\$ 2,335,747	\$ 86,420
Intergovernmental	-	-	20,901	20,901
Investment earnings	-	-	7,654	7,654
Miscellaneous	-	-	948	948
Total revenues	<u>2,249,327</u>	<u>2,249,327</u>	<u>2,365,250</u>	<u>115,923</u>
Expenditures				
Current:				
Public safety	<u>3,526,300</u>	<u>3,526,300</u>	<u>1,364,136</u>	<u>2,162,164</u>
Total expenditures	<u>3,526,300</u>	<u>3,526,300</u>	<u>1,364,136</u>	<u>2,162,164</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,276,973)</u>	<u>(1,276,973)</u>	<u>1,001,114</u>	<u>2,278,087</u>
Net change in fund balance	(1,276,973)	(1,276,973)	1,001,114	2,278,087
Fund balance, July 1, 2008	<u>1,276,973</u>	<u>1,276,973</u>	<u>1,264,139</u>	<u>(12,834)</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,265,253</u>	<u>\$ 2,265,253</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Health Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 434,300	\$ 434,300	\$ 451,334	\$ 17,034
Charges for services	150,000	150,000	147,920	(2,080)
Investment earnings	2,000	2,000	(767)	(2,767)
Total revenues	<u>586,300</u>	<u>586,300</u>	<u>598,487</u>	<u>12,187</u>
Expenditures				
Current:				
Health, welfare and sanitation	1,014,334	1,014,334	843,043	171,291
Total expenditures	<u>1,014,334</u>	<u>1,014,334</u>	<u>843,043</u>	<u>171,291</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(428,034)</u>	<u>(428,034)</u>	<u>(244,556)</u>	<u>183,478</u>
Other financing sources:				
Transfers in	360,268	360,268	291,804	(68,464)
Total other financing sources	<u>360,268</u>	<u>360,268</u>	<u>291,804</u>	<u>(68,464)</u>
Net change in fund balance	(67,766)	(67,766)	47,248	115,014
Fund balance (deficit), July 1, 2008	<u>67,766</u>	<u>67,766</u>	<u>(1,374)</u>	<u>(69,140)</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,874</u>	<u>\$ 45,874</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Homeland Security Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 708,626	\$ 708,626	\$ 758,364	\$ 49,738
Investment earnings	-	-	7	7
Total revenues	<u>708,626</u>	<u>708,626</u>	<u>758,371</u>	<u>49,745</u>
Expenditures				
Current:				
Public safety	<u>712,148</u>	<u>712,148</u>	<u>796,232</u>	<u>(84,084)</u>
Total expenditures	<u>712,148</u>	<u>712,148</u>	<u>796,232</u>	<u>(84,084)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,522)</u>	<u>(3,522)</u>	<u>(37,861)</u>	<u>(34,339)</u>
Net change in fund balance	(3,522)	(3,522)	(37,861)	(34,339)
Fund balance (deficit), July 1, 2008	<u>3,522</u>	<u>3,522</u>	<u>(19,432)</u>	<u>(22,954)</u>
Fund balance (deficit), June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (57,293)</u>	<u>\$ (57,293)</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Juvenile Services Fund
Budgetary Comparison Schedule
Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 72,088	\$ 72,088	\$ -	\$ (72,088)
Intergovernmental	1,156,549	1,156,549	1,110,437	(46,112)
Charges for services	19,000	19,000	15,618	(3,382)
Investment earnings	2,116	2,116	5,204	3,088
Total revenues	<u>1,249,753</u>	<u>1,249,753</u>	<u>1,131,259</u>	<u>(118,494)</u>
Expenditures				
Current:				
General government	167,825	167,825	151,001	16,824
Public safety	916,575	916,575	743,119	173,456
Education and economic opportunity	534,265	534,265	275,588	258,677
Total expenditures	<u>1,618,665</u>	<u>1,618,665</u>	<u>1,169,708</u>	<u>448,957</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(368,912)</u>	<u>(368,912)</u>	<u>(38,449)</u>	<u>330,463</u>
Other financing sources:				
Transfers in	-	-	7,450	7,450
Total other financing sources	<u>-</u>	<u>-</u>	<u>7,450</u>	<u>7,450</u>
Net change in fund balance	(368,912)	(368,912)	(30,999)	337,913
Fund balance, July 1, 2008, as restated	<u>368,912</u>	<u>368,912</u>	<u>204,327</u>	<u>(164,585)</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,328</u>	<u>\$ 173,328</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Probation Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 951,122	\$ 951,122	\$ 959,306	\$ 8,184
Charges for services	83,500	83,500	88,452	4,952
Investment earnings	8,200	8,200	3,878	(4,322)
Miscellaneous	800	800	2,992	2,192
Total revenues	<u>1,043,622</u>	<u>1,043,622</u>	<u>1,054,628</u>	<u>11,006</u>
Expenditures				
Current:				
General government	-	-	7,095	(7,095)
Public safety	<u>1,401,498</u>	<u>1,401,498</u>	<u>1,012,918</u>	<u>388,580</u>
Total expenditures	<u>1,401,498</u>	<u>1,401,498</u>	<u>1,020,013</u>	<u>381,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(357,876)</u>	<u>(357,876)</u>	<u>34,615</u>	<u>392,491</u>
Other financing sources:				
Transfers in	<u>2,463</u>	<u>2,463</u>	<u>2,463</u>	<u>-</u>
Total other financing sources	<u>2,463</u>	<u>2,463</u>	<u>2,463</u>	<u>-</u>
Net change in fund balance	(355,413)	(355,413)	37,078	392,491
Fund balance, July 1, 2008	<u>355,413</u>	<u>355,413</u>	<u>316,850</u>	<u>(38,563)</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,928</u>	<u>\$ 353,928</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Retrieval Conversion Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 148,000	\$ 148,000	\$ 131,752	\$ (16,248)
Fines and forfeits	87,800	87,800	109,551	21,751
Investment earnings	4,500	4,500	15,247	10,747
Total revenues	<u>240,300</u>	<u>240,300</u>	<u>256,550</u>	<u>16,250</u>
Expenditures				
Current:				
General government	<u>701,352</u>	<u>701,352</u>	<u>54,147</u>	<u>647,205</u>
Total expenditures	<u>701,352</u>	<u>701,352</u>	<u>54,147</u>	<u>647,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(461,052)</u>	<u>(461,052)</u>	<u>202,403</u>	<u>663,455</u>
Other financing sources (uses):				
Transfers in	-	-	6,208	6,208
Transfers out	-	-	<u>(95,635)</u>	<u>(95,635)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(89,427)</u>	<u>(89,427)</u>
Net change in fund balance	(461,052)	(461,052)	112,976	574,028
Fund balance, July 1, 2008	<u>461,052</u>	<u>461,052</u>	<u>549,089</u>	<u>88,037</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 662,065</u>	<u>\$ 662,065</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Accommodation School Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,111,000	\$ 1,111,000	\$ 1,437,496	\$ 326,496
Miscellaneous	-	-	146,060	146,060
Total revenues	<u>1,111,000</u>	<u>1,111,000</u>	<u>1,583,556</u>	<u>472,556</u>
Expenditures				
Current:				
Education and economic opportunity	2,126,296	2,126,296	1,534,966	591,330
Total expenditures	<u>2,126,296</u>	<u>2,126,296</u>	<u>1,534,966</u>	<u>591,330</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,015,296)</u>	<u>(1,015,296)</u>	<u>48,590</u>	<u>1,063,886</u>
Net change in fund balance	(1,015,296)	(1,015,296)	48,590	1,063,886
Fund balance (deficit), July 1, 2008	<u>1,015,296</u>	<u>1,015,296</u>	<u>(226,413)</u>	<u>(1,241,709)</u>
Fund balance (deficit), June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (177,823)</u>	<u>\$ (177,823)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental—Animal Control
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 268,978	\$ 268,978	\$ 244,924	\$ (24,054)
Charges for services	30,000	30,000	43,884	13,884
Total revenues	<u>298,978</u>	<u>298,978</u>	<u>288,808</u>	<u>(10,170)</u>
Expenditures				
Current:				
Health, welfare and sanitation	<u>555,523</u>	<u>555,523</u>	<u>500,383</u>	<u>55,140</u>
Total expenditures	<u>555,523</u>	<u>555,523</u>	<u>500,383</u>	<u>55,140</u>
Excess (deficiency) of revenues over (under) expenditures	(256,545)	(256,545)	(211,575)	44,970
Other financing sources:				
Transfers in	<u>256,545</u>	<u>256,545</u>	<u>215,016</u>	<u>(41,529)</u>
Total other financing sources	<u>256,545</u>	<u>256,545</u>	<u>215,016</u>	<u>(41,529)</u>
Net change in fund balance	-	-	3,441	3,441
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>(25,383)</u>	<u>(25,383)</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,942)</u>	<u>\$ (21,942)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental— Case Management Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Intergovernmental	\$ 84,842	\$ 84,842	\$ 83,979	\$ (863)
Investment earnings	-	-	1,829	1,829
Miscellaneous	-	-	5,241	5,241
Total revenues	<u>84,842</u>	<u>84,842</u>	<u>91,049</u>	<u>6,207</u>
Expenditures				
Current:				
Health, welfare and sanitation	<u>166,100</u>	<u>166,100</u>	<u>85,462</u>	<u>80,638</u>
Total expenditures	<u>166,100</u>	<u>166,100</u>	<u>85,462</u>	<u>80,638</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(81,258)</u>	<u>(81,258)</u>	<u>5,587</u>	<u>86,845</u>
Net change in fund balance	(81,258)	(81,258)	5,587	86,845
Fund balance, July 1, 2008	<u>81,258</u>	<u>81,258</u>	<u>69,390</u>	<u>(11,868)</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,977</u>	<u>\$ 74,977</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental— Child Visitation Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 2,500	\$ 2,500	\$ 3,224	\$ 724
Investment earnings	750	750	1,191	441
Total revenues	<u>3,250</u>	<u>3,250</u>	<u>4,415</u>	<u>1,165</u>
Expenditures				
Current:				
General government	<u>47,287</u>	<u>47,287</u>	-	<u>47,287</u>
Total expenditures	<u>47,287</u>	<u>47,287</u>	-	<u>47,287</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,037)</u>	<u>(44,037)</u>	<u>4,415</u>	<u>48,452</u>
Net change in fund balance	(44,037)	(44,037)	4,415	48,452
Fund balance, July 1, 2008	<u>44,037</u>	<u>44,037</u>	<u>44,000</u>	<u>(37)</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,415</u>	<u>\$ 48,415</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental— Law Library Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Charges for services	\$ 22,000	\$ 22,000	\$ 28,973	\$ 6,973
Investment earnings	-	-	28	28
Total revenues	<u>22,000</u>	<u>22,000</u>	<u>29,001</u>	<u>7,001</u>
Expenditures				
Current:				
General government	<u>33,017</u>	<u>33,017</u>	<u>27,887</u>	<u>5,130</u>
Total expenditures	<u>33,017</u>	<u>33,017</u>	<u>27,887</u>	<u>5,130</u>
Excess (deficiency) of revenues over (under) expenditures	(11,017)	(11,017)	1,114	12,131
Other financing sources:				
Transfers in	<u>8,000</u>	<u>8,000</u>	<u>2,131</u>	<u>(5,869)</u>
Total other financing sources	<u>8,000</u>	<u>8,000</u>	<u>2,131</u>	<u>(5,869)</u>
Net change in fund balance	(3,017)	(3,017)	3,245	6,262
Fund balance, July 1, 2008	<u>3,017</u>	<u>3,017</u>	<u>(1,369)</u>	<u>(4,386)</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,876</u>	<u>\$ 1,876</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental— Old Courthouse Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 725,264	\$ 725,264	\$ -	\$ (725,264)
Investment earnings	-	-	(390)	(390)
Total revenues	<u>725,264</u>	<u>725,264</u>	<u>(390)</u>	<u>(725,654)</u>
Expenditures				
Current:				
General government	80,300	80,300	28,343	51,957
Capital outlay	901,264	901,264	-	901,264
Total expenditures	<u>981,564</u>	<u>981,564</u>	<u>28,343</u>	<u>953,221</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(256,300)</u>	<u>(256,300)</u>	<u>(28,733)</u>	<u>227,567</u>
Other financing sources:				
Transfers in	256,300	256,300	32,206	(224,094)
Total other financing sources	<u>256,300</u>	<u>256,300</u>	<u>32,206</u>	<u>(224,094)</u>
Net change in fund balance	-	-	3,473	3,473
Fund balance, July 1, 2008	-	-	(4,010)	(4,010)
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (537)</u>	<u>\$ (537)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental— School Forest Fees Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Intergovernmental	\$ 84,890	\$ 84,890	\$ 767,020	\$ 682,130
Investment earnings	-	-	6,988	6,988
Total revenues	<u>84,890</u>	<u>84,890</u>	<u>774,008</u>	<u>689,118</u>
Expenditures				
Current:				
Education and economic opportunity	<u>91,513</u>	<u>91,513</u>	<u>147,383</u>	<u>(55,870)</u>
Total expenditures	<u>91,513</u>	<u>91,513</u>	<u>147,383</u>	<u>(55,870)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,623)</u>	<u>(6,623)</u>	<u>626,625</u>	<u>633,248</u>
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>(7,500)</u>	<u>(7,500)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(7,500)</u>	<u>(7,500)</u>
Net change in fund balance	(6,623)	(6,623)	619,125	625,748
Fund balance, July 1, 2008	<u>6,623</u>	<u>6,623</u>	<u>17,592</u>	<u>10,969</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 636,717</u>	<u>\$ 636,717</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental— Waste Tire Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 85,000	\$ 85,000	\$ 57,283	\$ (27,717)
Investment earnings	-	-	(337)	(337)
Total revenues	<u>85,000</u>	<u>85,000</u>	<u>56,946</u>	<u>(28,054)</u>
Expenditures				
Current:				
Health, welfare and sanitation	85,000	85,000	70,908	14,092
Total expenditures	<u>85,000</u>	<u>85,000</u>	<u>70,908</u>	<u>14,092</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(13,962)</u>	<u>(13,962)</u>
Net change in fund balance	-	-	(13,962)	(13,962)
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>13,962</u>	<u>13,962</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Major and Nonmajor Capital Projects Funds

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—New Facilities Fund
 Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ -	\$ 165,000	\$ (524,975)	\$ (689,975)
Total revenues	<u>-</u>	<u>165,000</u>	<u>(524,975)</u>	<u>(689,975)</u>
Expenditures				
Current:				
Capital outlay	-	58,688,398	22,805,767	35,882,631
Total expenditures	<u>-</u>	<u>58,688,398</u>	<u>22,805,767</u>	<u>35,882,631</u>
Excess (deficiency) of revenues over (under) expenditures	-	(58,523,398)	(23,330,742)	35,192,656
Other financing sources (uses):				
Loan proceeds (net of discounts)	-	58,523,398	59,171,586	648,188
Transfers out	-	-	(545,154)	(545,154)
Total other financing sources (uses)	<u>-</u>	<u>58,523,398</u>	<u>58,626,432</u>	<u>103,034</u>
Net change in fund balances	-	-	35,295,690	35,295,690
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,295,690</u>	<u>\$ 35,295,690</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Airport Fund
 Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 424,000	\$ 424,000	\$ 365,260	\$ (58,740)
Total revenues	<u>424,000</u>	<u>424,000</u>	<u>365,260</u>	<u>(58,740)</u>
Expenditures				
Current:				
Capital outlay	424,397	424,397	69,031	355,366
Total expenditures	<u>424,397</u>	<u>424,397</u>	<u>69,031</u>	<u>355,366</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(397)</u>	<u>(397)</u>	<u>296,229</u>	<u>296,626</u>
Net change in fund balance	(397)	(397)	296,229	296,626
Fund balance (deficit), July 1, 2008, as restated	<u>397</u>	<u>397</u>	<u>(623,931)</u>	<u>(624,328)</u>
Fund balance (deficit), June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (327,702)</u>	<u>\$ (327,702)</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Other Fund
 Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 536,403	\$ 536,403	\$ 22,753	\$ (513,650)
Miscellaneous	19,500	19,500	-	(19,500)
Total revenues	<u>555,903</u>	<u>555,903</u>	<u>22,753</u>	<u>(533,150)</u>
Expenditures				
Current:				
Capital outlay	692,291	692,291	22,753	669,538
Total expenditures	<u>692,291</u>	<u>692,291</u>	<u>22,753</u>	<u>669,538</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(136,388)</u>	<u>(136,388)</u>	<u>-</u>	<u>136,388</u>
Other financing sources:				
Transfers in	76,003	76,003	-	(76,003)
Total other financing sources	<u>76,003</u>	<u>76,003</u>	<u>-</u>	<u>(76,003)</u>
Net change in fund balance	(60,385)	(60,385)	-	60,385
Fund balance, July 1, 2008	<u>60,385</u>	<u>60,385</u>	<u>60,385</u>	<u>-</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,385</u>	<u>\$ 60,385</u>

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

Nonmajor Debt Service Fund

Santa Cruz County
 Budgetary Comparison Schedule
 Debt Service Fund
 Year Ended June 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ -	\$ -	\$ 3,153	3,153
Investment earnings	-	-	(2,254)	(2,254)
Total revenues	<u>-</u>	<u>-</u>	<u>899</u>	<u>899</u>
Expenditures				
Current:				
General government	-	-	4,735	(4,735)
Capital outlay	1,035,852	1,035,852	-	1,035,852
Debt service				
Principal	280,000	280,000	-	280,000
Interest	<u>719,538</u>	<u>719,538</u>	<u>333,995</u>	<u>385,543</u>
Total expenditures	<u>2,035,390</u>	<u>2,035,390</u>	<u>338,730</u>	<u>1,696,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,035,390)</u>	<u>(2,035,390)</u>	<u>(337,831)</u>	<u>1,697,559</u>
Other financing sources:				
Transfers in	-	-	674,570	674,570
Total other financing sources	<u>-</u>	<u>-</u>	<u>674,570</u>	<u>674,570</u>
Net change in fund balance	(2,035,390)	(2,035,390)	336,739	2,372,129
Fund balance, July 1, 2008	<u>2,035,390</u>	<u>2,035,390</u>	<u>1,791,953</u>	<u>(243,437)</u>
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,128,692</u>	<u>\$ 2,128,692</u>

Investment Trust and Agency Funds

Santa Cruz County
Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2009

	Treasurer's Investment Pool	Individual Investment Accounts	Total
Assets			
Cash and cash equivalents	\$ 24,392,978	\$ 1,129,530	\$ 25,522,508
Investments	-	3,916,170	3,916,170
Interest receivable	12,326	1,762	14,088
Total assets	\$ 24,405,304	\$ 5,047,462	\$ 29,452,766
Net Assets			
Held in trust for investment trust participants	\$ 24,405,304	\$ 5,047,462	\$ 29,452,766

Santa Cruz County
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2009

	Property Tax Collection	Special Purpose	Total
Assets			
Cash and cash equivalents	\$ 74,440	\$ 803,859	\$ 878,299
Total assets	\$ 74,440	\$ 803,859	\$ 878,299
Liabilities			
Due to other governmental units	\$ 8,022	\$ -	\$ 8,022
Deposits held for others	66,418	803,859	870,277
Total liabilities	\$ 74,440	\$ 803,859	\$ 878,299

Santa Cruz County
Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
Year Ended June 30, 2009

	Treasurer's Investment Pool	Individual Investment Accounts	Total
Additions			
Contributions from participants	\$ 105,994,744	\$ 4,546,520	\$ 110,541,264
Investment earnings	680,878	17,201	698,079
Total additions	106,675,622	4,563,721	111,239,343
Deductions			
Distributions to participants	114,588,087	451,349	115,039,436
Total deductions	114,588,087	451,349	115,039,436
Changes in net assets	(7,912,465)	4,112,372	(3,800,093)
Net assets, July 1, 2008	32,317,769	935,090	33,252,859
Net assets, June 30, 2009	\$ 24,405,304	\$ 5,047,462	\$ 29,452,766

Santa Cruz County
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2009

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Property Tax Collection:				
Assets				
Cash and cash equivalents	\$ 197,395	\$ 1,574,831	\$ 1,697,786	\$ 74,440
Liabilities				
Due to other governmental units	\$ 2,731	\$ 6,730	\$ 1,439	\$ 8,022
Deposits held for other parties	194,664	1,568,101	1,696,347	66,418
Total liabilities	<u>\$ 197,395</u>	<u>\$ 1,574,831</u>	<u>\$ 1,697,786</u>	<u>\$ 74,440</u>
Fire District:				
Assets				
Cash and cash equivalents	\$ -	\$ 404,365	\$ 404,365	\$ -
Liabilities				
Due to other governmental units	\$ -	\$ 404,365	\$ 404,365	\$ -
Special Purpose:				
Assets				
Cash and cash equivalents	\$ 1,012,532	\$ 66,074	\$ 274,747	\$ 803,859
Liabilities				
Deposits held for other parties	\$ 1,012,532	\$ 66,074	\$ 274,747	\$ 803,859
Total - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,209,927	\$ 2,045,270	\$ 2,376,898	\$ 878,299
Liabilities				
Due to other governmental units	\$ 2,731	\$ 411,095	\$ 405,804	\$ 8,022
Deposits held for other parties	1,207,196	1,634,175	1,971,094	870,277
Total liabilities	<u>\$ 1,209,927</u>	<u>\$ 2,045,270</u>	<u>\$ 2,376,898</u>	<u>\$ 878,299</u>

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Statistical Section

FINANCIAL TRENDS:

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

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

	Fiscal Year				
	2009	2008	2007	2006	2005
Governmental Activities					
Invested in capital assets, net of related debt	\$ 73,420	\$ 74,969	\$ 71,338	\$ 23,757	\$ 20,734
Restricted for:					
Special districts	4,833	-	-	-	-
Highways and streets	906	1,452	1,213	4,153	2,925
Debt service	2,129	1,842	504	485	348
Other purposes	-	5,169	3,398	1,244	1,101
Unrestricted (deficit)	14,615	13,109	15,751	13,740	9,855
Total governmental activities net assets	<u>95,903</u>	<u>96,541</u>	<u>92,204</u>	<u>43,379</u>	<u>34,963</u>
Business-Type Activities					
Invested in capital assets, net of related debt	2,602	2,710	2,676	2,474	2,438
Unrestricted (deficit)	596	(1,560)	(1,745)	(1,966)	(2,179)
Total business-type activities net assets	<u>3,198</u>	<u>1,150</u>	<u>931</u>	<u>508</u>	<u>259</u>
Primary Government					
Invested in capital assets, net of related debt	76,022	77,679	74,014	26,231	23,172
Restricted for:					
Special districts	4,833	-	-	-	-
Highways and streets	906	1,452	1,213	4,153	2,925
Debt service	2,129	1,842	504	485	348
Other purposes	-	5,169	3,398	1,244	1,101
Unrestricted	15,211	11,549	14,006	11,774	7,676
Total primary government net assets	<u>\$ 99,101</u>	<u>\$ 97,691</u>	<u>\$ 93,135</u>	<u>\$ 43,887</u>	<u>\$ 35,222</u>

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

SOURCE: Comprehensive Annual Financial Reports for the relevant year

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

	Fiscal Year				
	2009	2008	2007	2006	2005
Expenses					
Governmental activities:					
General government	\$ 13,674	\$ 14,264	\$ 14,754	\$ 14,592	\$ 12,283
Public safety	14,631	12,961	8,789	8,049	7,758
Highways and streets	4,701	4,928	5,730	4,349	4,548
Health, welfare and sanitation	4,149	4,647	4,596	4,123	3,826
Education and economic opportunity	4,912	4,758	5,309	4,080	4,986
Recreation	329	354	302	347	271
Interest on long-term debt	1,976	63	52	35	59
Total governmental activities expenses	<u>44,371</u>	<u>41,975</u>	<u>39,532</u>	<u>35,575</u>	<u>33,731</u>
Business-type activities:					
Landfill	(342)	2,137	1,824	1,636	1,626
Total business-type activities expenses	<u>(342)</u>	<u>2,137</u>	<u>1,824</u>	<u>1,636</u>	<u>1,626</u>
Total primary government expenses	<u>44,991</u>	<u>44,112</u>	<u>41,356</u>	<u>37,211</u>	<u>35,357</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	3,153	3,629	3,459	2,785	2,102
Public safety	307	262	854	2,216	1,659
Highways and streets	7	-	22	-	6
Health, welfare and sanitation	218	242	596	623	615
Education and economic opportunity	-	182	155	-	253
Recreation	8	14	5	5	11
Operating grants and contributions*	9,305	16,402	16,051	14,317	12,113
Capital grants and contributions	3,963	656	1,351	1,578	1,108
Total governmental activities program revenues	<u>16,961</u>	<u>21,387</u>	<u>22,493</u>	<u>21,524</u>	<u>17,867</u>
Program Revenues					
Business-type activities:					
Charges for services					
Landfill	1,683	2,266	2,137	1,838	1,885
Operating grants and contributions	8	-	-	-	-
Total business-type program revenues	<u>1,691</u>	<u>2,266</u>	<u>2,137</u>	<u>1,838</u>	<u>1,885</u>
Total primary government program revenues	<u>\$ 18,652</u>	<u>\$ 23,653</u>	<u>\$ 24,630</u>	<u>\$ 23,362</u>	<u>\$ 19,752</u>

(continued)

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

	Fiscal Year				
	2009	2008	2007	2006	2005
Net (expense) revenue					
Governmental activities	\$ (27,372)	\$ (20,588)	\$ (17,039)	\$ (14,051)	\$ (15,864)
Business-type activities	2,033	129	313	202	259
Total primary government activities net (expense) revenue	<u>(25,339)</u>	<u>(20,459)</u>	<u>(16,726)</u>	<u>(13,849)</u>	<u>(15,605)</u>
General revenues and other changes in net assets					
Governmental activities:					
Taxes					
Property taxes	12,666	12,276	11,718	12,795	12,140
County excise tax	5,912	-	-	-	-
Share of state sales taxes	4,151	8,035	11,677	7,620	6,416
Payments in lieu of taxes	1,360	578	571	574	614
Vehicle lieu tax unrestricted*	1,528	1,592	1,615	-	-
Share of state lottery revenue	522	-	-	-	-
Share of federal disproportionate revenue	215	-	-	-	-
Unrestricted grants and contributions	850	661	842	796	765
Investment earnings	(384)	771	884	607	307
Miscellaneous	531	252	67	75	61
Capital contributions	19	-	-	-	-
Transfers	-	-	(23)	-	(429)
Loss on disposal	-	-	(32)	-	-
Total governmental activities	<u>27,370</u>	<u>24,165</u>	<u>27,319</u>	<u>22,467</u>	<u>19,874</u>
Business-type activities:					
Investment earnings	15	90	86	46	19
Miscellaneous	-	-	-	-	6
Transfers	-	-	23	-	429
Capital contributions	-	-	1	-	-
Total business-type activities	<u>15</u>	<u>90</u>	<u>110</u>	<u>46</u>	<u>454</u>
Total primary government	<u>27,347</u>	<u>24,255</u>	<u>27,429</u>	<u>22,513</u>	<u>20,328</u>
Changes in net assets					
Governmental activities	(40)	3,577	10,280	8,416	4,010
Business-type activities	2,048	219	423	248	713
Total primary government	<u>\$ 2,008</u>	<u>\$ 3,796</u>	<u>\$ 10,703</u>	<u>\$ 8,664</u>	<u>\$ 4,723</u>

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

SOURCE: Comprehensive Annual Financial Reports for the relevant year.

*During Prior FY Vehicle lieu tax unrestricted was reported under Operating Grants & Contributions

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

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	15,052	12,752	15,356	12,808	10,648	8,839	7,371	3,784	3,794	2,310
Subtotal general fund	<u>\$ 15,052</u>	<u>\$ 12,752</u>	<u>\$ 15,356</u>	<u>\$ 12,808</u>	<u>\$ 10,648</u>	<u>\$ 8,839</u>	<u>\$ 7,371</u>	<u>\$ 3,784</u>	<u>\$ 3,794</u>	<u>\$ 2,310</u>
All other governmental funds										
Reserved for:										
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds (deficits)	8,929	7,270	5,334	5,810	4,010	3,411	3,269	2,891	1,215	1,661
Capital projects funds (deficits)	35,028	60	(63)	1,025	(414)	(392)	(46)	(249)	41	53
Debt service	2,129	1,792	445	408	295	596	395	253	134	66
Total all other governmental funds	<u>\$ 46,086</u>	<u>\$ 9,122</u>	<u>\$ 5,716</u>	<u>\$ 7,243</u>	<u>\$ 3,891</u>	<u>\$ 3,615</u>	<u>\$ 3,619</u>	<u>\$ 2,895</u>	<u>\$ 1,390</u>	<u>\$ 1,780</u>

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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)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues:										
Taxes	\$ 19,195	\$ 13,889	\$ 13,709	\$ 13,377	\$ 12,581	\$ 11,698	\$ 11,048	\$ 10,149	\$ 9,089	\$ 8,394
Intergovernmental	21,884	26,115	30,736	24,711	21,833	21,324	16,727	18,771	15,697	14,565
Licenses and permits	459	927	1,156	1,823	1,298	878	648	464	380	416
Charges for services	1,961	1,991	1,952	1,949	1,398	1,385	2,679	1,711	1,702	1,465
Fines and forfeits	1,273	933	1,207	1,148	1,027	1,071	965	812	837	771
Investment earnings	(384)	771	884	607	306	212	(113)	186	300	264
Rents	21	52	44	30	30	33	30	15	-	8
Contributions	-	-	-	-	-	-	1	2	3	2
Miscellaneous	520	705	285	403	218	175	237	161	329	382
Total revenues	44,929	45,383	49,973	44,048	38,691	36,776	32,222	32,271	28,337	26,267
Expenditures:										
Current:										
General government	12,856	13,564	15,512	14,369	11,711	12,061	9,869	10,758	9,681	8,777
Public safety	13,562	14,506	10,189	8,153	8,019	6,683	5,747	5,429	5,162	4,945
Highways and streets	4,187	3,836	10,818	4,533	5,069	4,755	3,651	4,755	4,812	3,251
Health, welfare and sanitation	4,027	4,543	4,723	4,177	3,821	3,570	4,946	4,851	4,772	4,773
Education and economic opportunity	4,886	4,732	5,275	4,069	5,009	4,430	4,037	3,303	2,069	2,216
Recreation	300	425	327	289	285	207	151	152	143	375
Capital outlay	22,249	3,985	2,683	2,304	1,165	3,130	1,099	2,014	1,418	1,927
Debt service:										
Principal	270	218	91	978	1,040	480	455	435	415	390
Interest and other charges	1,976	63	52	35	59	84	108	130	150	168
Total expenditures	64,313	45,872	49,670	38,907	36,178	35,400	30,063	31,827	28,622	26,822
Excess (deficiency) of revenues over (under) expenditures	(19,384)	(489)	303	5,141	2,513	1,376	2,159	444	(285)	(555)
Other financing sources (uses):										
Loan proceeds (net of discounts)	59,172	-	-	-	-	-	-	-	-	-
Proceeds from sales of capital assets	11	-	-	-	-	-	-	-	-	-
Capital lease agreements	64	532	740	-	-	51	1,022	407	778	27
Transfers in	3,876	5,691	3,273	838	564	698	653	936	777	445
Transfers out	(3,876)	(5,691)	(3,296)	(838)	(993)	(698)	(653)	(936)	(777)	(445)
Proceeds from long-term notes	-	-	-	766	-	-	-	644	600	405
Total other financing sources (uses)	59,247	532	717	766	(429)	51	1,022	1,051	1,378	432
Net change in fund balances	\$ 39,863	\$ 43	\$ 1,020	\$ 5,907	\$ 2,084	\$ 1,427	\$ 3,181	\$ 1,495	\$ 1,093	\$ (123)
Debt service as a percentage of noncapital expenditures	5.34%	0.67%	0.30%	2.77%	3.14%	1.75%	1.94%	1.90%	2.08%	2.24%

SQI IRCE: 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
1999-00 ⁽¹⁾	8,393,625	13,781,349	416,327	1,465,321	769,863	263,859	8,400	384,856	25,483,600
2000-01 ⁽²⁾	9,089,430	15,480,611	380,183	1,702,029	837,859	299,608	0	331,851	28,121,571
2001-02 ⁽²⁾	10,149,300	18,771,323	463,603	1,711,073	812,058	185,369	14,524	163,291	32,270,541
2002-03 ⁽²⁾	11,047,960	16,727,344	648,236	2,678,823	965,193	(113,151)	30,000	237,327	32,221,732
2003-04 ⁽²⁾	11,697,379	21,323,727	878,249	1,385,361	1,071,318	212,222	32,593	175,012	36,775,861
2004-05 ⁽²⁾	12,580,901	21,800,991	1,298,251	1,398,450	1,026,658	306,478	30,000	218,033	38,659,762
2005-06 ⁽²⁾	13,376,664	24,711,234	1,822,794	1,949,422	1,148,059	606,507	30,000	402,839	44,047,519
2006-07 ⁽²⁾	13,708,503	30,736,174	1,155,737	1,951,691	1,207,025	884,162	44,100	285,400	49,972,792
2007-08 ⁽²⁾	13,889,123	26,114,526	927,316	1,990,784	932,840	770,585	52,000	704,489	45,381,663
2008-09 ⁽²⁾	19,195,260	21,883,830	459,139	1,961,489	1,272,710	(384,314)	20,800	520,359	44,929,273

NOTES:

⁽¹⁾ Includes the General Fund, Special Revenue Funds, Debt Service Fund, and the Private Industry Council (discretely presented component unit).

⁽²⁾ 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 Income	Rents	Contributions and Miscellaneous	Total
1999-00 ⁽¹⁾	32.94	54.08	1.63	5.75	3.02	1.04	0.03	1.51	100.00
2000-01 ⁽²⁾	32.32	55.05	1.35	6.05	2.98	1.07	0	1.18	100.00
2001-02 ⁽²⁾	31.45	58.17	1.44	5.30	2.52	0.57	0.05	0.50	100.00
2002-03 ⁽²⁾	34.29	51.91	2.01	8.31	3.00	(0.35)	0.09	0.74	100.00
2003-04 ⁽²⁾	31.81	57.98	2.39	3.77	2.91	0.58	0.09	0.47	100.00
2004-05 ⁽²⁾	32.54	56.39	3.36	3.62	2.66	0.79	0.08	0.56	100.00
2005-06 ⁽²⁾	30.37	56.10	4.14	4.43	2.61	1.37	0.07	0.91	100.00
2006-07 ⁽²⁾	27.43	61.50	2.31	3.91	2.42	1.77	0.09	0.57	100.00
2007-08 ⁽²⁾	30.61	57.54	2.04	4.39	2.06	1.70	0.11	1.55	100.00
2008-09 ⁽²⁾	42.72	48.71	1.02	4.37	2.83	(0.86)	0.05	1.16	100.00

NOTES:

- (1) Includes the General Fund, Special Revenue Funds, Debt Service Fund, and the Private Industry Council (discretely presented component unit).
- (2) 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
1999-00 ⁽¹⁾	8,777,360	4,943,688	3,251,114	4,773,391	2,216,010	375,407	557,975	24,894,945
2000-01 ⁽²⁾	9,681,412	5,162,176	4,811,564	4,771,920	2,068,935	142,964	564,931	27,203,902
2001-02 ⁽²⁾	10,758,141	5,428,538	4,754,708	4,850,726	3,303,198	152,015	564,656	29,811,982
2002-03 ⁽²⁾	9,868,573	5,746,799	3,651,617	4,946,608	4,037,183	150,626	562,631	28,964,037
2003-04 ⁽²⁾	12,060,892	6,682,806	4,755,173	3,569,856	4,430,356	206,567	564,270	32,269,920
2004-05 ⁽²⁾	11,710,628	8,018,946	5,069,150	3,821,242	5,008,858	285,075	1,099,220	35,013,119
2005-06 ⁽²⁾	14,369,156	8,153,189	4,533,009	4,177,390	4,068,513	289,157	1,013,108	36,603,522
2006-07 ⁽²⁾	15,512,469	10,188,891	10,818,202	4,723,017	5,275,053	326,817	143,102	46,987,551
2007-08 ⁽²⁾	13,563,616	14,505,806	3,836,048	4,542,542	4,732,069	425,060	280,656	41,885,797
2008-09 ⁽²⁾	12,856,447	13,562,453	4,186,599	4,026,549	4,885,684	300,356	2,245,343	42,063,431

NOTES:

- (1) Includes the General Fund, Special Revenue Funds, Debt Service Fund, and the Private Industry Council (discretely presented component unit). Expenditures reported as capital outlay are not included.
- (2) Includes the General Fund, Special Revenue Funds, and Debt Service Fund. Expenditures reported as capital outlay are not included.

SOURCE: Basic financial statements.

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Health, Welfare and Sanitation	Education and Economic Opportunity	Recreation	Debt Service	Total
1999-00 ⁽¹⁾	35.26	19.86	13.06	19.17	8.90	1.51	2.24	100.00
2000-01 ⁽²⁾	35.59	18.97	17.68	17.54	7.61	0.53	2.08	100.00
2001-02 ⁽²⁾	36.09	18.21	15.95	16.27	11.08	0.51	1.89	100.00
2002-03 ⁽²⁾	34.07	19.84	12.61	17.08	13.94	0.52	1.94	100.00
2003-04 ⁽²⁾	37.38	20.71	14.74	11.06	13.73	0.64	1.74	100.00
2004-05 ⁽²⁾	33.45	22.90	14.48	10.91	14.31	0.81	3.14	100.00
2005-06 ⁽²⁾	39.26	22.27	12.38	11.41	11.12	0.79	2.77	100.00
2006-07 ⁽²⁾	33.01	21.69	23.02	10.05	11.23	0.70	0.30	100.00
2007-08 ⁽²⁾	32.38	34.63	9.16	10.84	11.30	1.02	0.67	100.00
2008-09 ⁽²⁾	30.57	32.24	9.95	9.57	11.62	0.71	5.34	100.00

NOTES:

- ⁽¹⁾ Includes the General Fund, Special Revenue Funds, Debt Service Fund, and the Private Industry Council (discretely presented component unit). Expenditures reported as capital outlay are not included.
- ⁽²⁾ Includes the General Fund, Special Revenue 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
99-00	79,138	67,785	36,772	1,602	185,297	4.0719	1,371,767	13.51%
00-01	83,338	74,674	37,429	1,689	197,130	4.0719	1,458,893	13.51%
01-02	97,310	83,148	35,311	134	215,903	4.2719	1,590,882	13.57%
02-03	99,899	91,491	36,523	150	228,063	4.3719	1,701,682	13.40%
03-04	105,172	97,412	37,332	159	240,075	4.3719	1,791,502	13.40%
04-05	102,538	106,854	38,298	165	247,855	4.3719	1,890,755	13.11%
05-06	106,185	114,051	40,657	196	261,089	4.0602	2,011,601	12.98%
06-07	111,208	126,820	41,918	209	280,155	4.0165	2,176,915	12.87%
07-08	120,000	147,112	45,386	233	312,731	3.8924	2,469,255	12.66%
08-09	123,958	174,659	53,806	263	352,686	3.7170	2,848,115	12.38%

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

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

Fiscal Year	Santa Cruz County				Fire Districts				State of Arizona	Education Assistance
	County-Wide	Flood Control District	Fire District	Debt Service	Tubac	Rio Rico	Nogales Suburban	Sonoita Elgin		
1999-00	3.2487	0.4115	0.1000	0.3117	2.6168	2.0979	3.8073	0.0000	2.1654	0.5217
2000-01	3.2487	0.4115	0.1000	0.3117	2.6085	2.2117	3.8154	0.0000	2.1265	0.5123
2001-02	3.2487	0.6115	0.1000	0.3117	2.5901	2.2035	3.6850	0.0000	2.0647	0.4974
2002-03	3.3487	0.6115	0.1000	0.3117	2.6142	2.2627	3.6657	0.0000	2.0296	0.4889
2003-04	3.3487	0.6115	0.1000	0.3117	2.6231	2.7677	3.6621	0.0000	1.9583	0.4717
2004-05	3.3487	0.6115	0.1000	0.3117	2.6262	2.7826	3.0000	0.0000	1.8931	0.4560
2005-06	3.3487	0.6115	0.1000	0.0000	2.6414	2.7854	3.2500	0.0000	1.8090	0.4358
2006-07	3.3050	0.6115	0.1000	0.0000	2.6400	2.7500	3.2500	0.0000	1.7394	0.0000
2007-08	3.1809	0.6115	0.1000	0.0000	2.6398	2.7485	3.2500	1.4990	1.6020	0.0000
2008-09	3.0142	0.6228	0.1000	0.0000	2.6389	2.9228	3.2500	1.5105	1.4622	0.0000

SOURCE: Annual budgets.

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

Fiscal Year	Patagonia Union High School #20	Elementary Schools			Santa Cruz Valley Unified #35	Nogales Unified #1
		Patagonia #6	Sonoita #25	Santa Cruz #28		
1999-00	4.4549	2.7709	7.3342	8.3102	9.2809	6.7444
2000-01	4.4009	2.9293	7.1844	8.8315	9.1006	7.4978
2001-02	4.4347	3.7098	7.0119	8.5546	8.0142	6.8810
2002-03	3.5614	3.9804	6.1064	8.2479	7.5792	6.8164
2003-04	3.5633	4.9468	6.1031	8.1364	7.1726	7.0520
2004-05	3.5465	4.9368	6.1021	7.9880	6.7652	6.8507
2005-06	3.2983	4.6492	5.9349	7.8257	6.6384	7.3603
2006-07	3.0535	4.4570	4.8545	7.4907	6.5803	7.3749
2007-08	2.4882	3.6476	4.6478	7.3503	6.8060	7.3555
2008-09	2.1612	3.9584	4.9136	6.9068	6.7609	4.3349

SOURCE: Annual budgets.

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

Taxpayer	2009			2008			2007			2006			2005		
	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value
City of Nogales	2,767.00	5	0.74%	-	-	-	-	-	-	-	-	-	-	-	-
Unisource Energy Corporation *	14,580.00	1	3.91%	15,211.00	1	4.45%	13,790.00	1	4.69%	12,909.00	1	4.85%	11,622.00	1	4.58%
Qwest Corporation *	4,403.00	3	1.18%	4,467.00	3	1.31%	5,356.00	4	1.82%	4,916.00	2	1.85%	5,774.00	2	2.28%
Wal-Mart Stores, Inc	3,225.00	4	0.86%	3,824.00	5	1.12%	7,768.00	2	2.64%	3,641.00	4	1.37%	3,387.00	3	1.34%
Delta Properties LLP	4,583.00	2	1.23%	5,756.00	2	1.68%	6,034.00	3	2.05%	4,103.00	3	1.54%	3,310.00	4	1.30%
Union Pacific Railroad	-	-	-	-	-	-	-	-	-	2,229.00	7	0.84%	2,198.00	5	0.87%
Mariposa Shopping Center LP *	2,624.00	8	0.70%	3,956.00	4	1.16%	3,586.00	7	1.22%	3,120.00	5	1.17%	2,068.00	6	0.82%
Tubac Management Co, LLC	2,137.00	9	0.57%	2,633.00	9	0.77%	4,373.00	5	1.49%	-	-	-	-	-	-
Nogales Plaza Shopping Center LP	2,060.00	10	0.55%	2,182.00	10	0.64%	-	-	-	1,995.00	8	0.75%	1,884.00	7	0.74%
Vatere LLC	2,694.00	6	0.72%	3,143.00	6	0.92%	-	-	-	2,291.00	6	0.86%	1,631.00	9	0.64%
Loma Linda Mall LLC *	-	-	-	-	-	-	-	-	-	1,391.00	10	0.52%	1,257.00	10	0.50%
Tucson Electric Power Co	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rio Rico Properties	-	-	0.00%	2,827.00	8	0.83%	-	-	-	-	-	-	-	-	-
Edwards/PCF-Nogales LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PFC-Torrance LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Panousopoulos Constantine & Nelida	-	-	-	-	-	-	-	-	-	-	-	-	1,834.00	8	0.72%
Westrust Southwest Retail Partners LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lawyers Title Agency of AZ LLC	2,687.00	7	0.72%	2,938.00	7	0.86%	-	-	-	-	-	-	-	-	-
Home Depot USA Inc	-	-	-	-	-	-	4,084.00	6	1.39%	1,591.00	9	0.60%	-	-	-
Pilot Travel Centers LLC	-	-	-	-	-	-	3,195.00	9	1.09%	-	-	-	-	-	-
Copperfield LLC	-	-	-	-	-	-	3,307.00	8	1.12%	-	-	-	-	-	-
Naumann/Hobbs Material Handling	-	-	-	-	-	-	2,343.00	10	0.80%	-	-	-	-	-	-
Total	\$ 41,760.00		10.45%	\$ 46,937.00		13.74%	\$ 53,836.00		18.31%	\$ 38,186.00		14.35%	\$ 34,965.00		13.79%

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

(continued)

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

Taxpayer	2004			2003			2002			2001			2000		
	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value
Unisource Energy Corporation *	-			20,049.00	1	8.53%	19,676.00	1	8.77%	21,117.00	1	10.47%	11,045.00	1	5.80%
Qwest Corporation *	5,744.00	2	2.33%	5,893.00	2	2.51%	4,667.00	2	2.08%	4,416.00	2	2.19%	4,503.00	2	2.36%
Wal-Mart Stores, Inc	3,648.00	4	1.48%	1,927.00	6	0.82%	-		-	-		-	-		-
Delta Properties LLP	4,391.00	3	1.78%	4,436.00	3	1.89%	3,830.00	3	1.71%	3,265.00	3	1.62%	2,928.00	3	1.54%
Union Pacific Railroad	1,925.00	6	0.78%	2,075.00	5	0.88%	1,750.00	7	0.78%	1,781.00	7	0.88%	2,032.00	6	1.07%
Mariposa Shopping Center LP *	1,578.00	8	0.64%	1,578.00	7	0.67%	1,578.00	8	0.70%	1,578.00	8	0.78%	1,578.00	8	0.83%
Tubac Management Co, LLC	-			-			-		-	-		-	-		-
Nogales Plaza Shopping Center LP	-			-			-		-	-		-	-		-
Vatere LLC	2,506.00	5	1.02%	2,412.00	4	1.03%	2,135.00	6	0.95%	2,463.00	4	1.22%	-		-
Loma Linda Mall LLC *	-			1,118.00	10	0.48%	-		-	-		-	-		-
Tucson Electric Power Co	12,239.00	1	4.97%	-			-		-	-		-	-		-
Rio Rico Properties	1,810.00	7	0.73%	1,152.00	9	0.49%	2,280.00	4	1.02%	2,439.00	5	1.21%	2,289.00	4	1.20%
Edwards/PCF-Nogales LLC	1,118.00	9	0.45%	-			-		-	-		-	-		-
PFC-Torrance LLC	1,118.00	10	0.45%	-			-		-	-		-	-		-
Panousopoulos Constantine & Nelida	-			1,267.00	8	0.54%	1,320.00	10	0.59%	1,492.00	9	0.74%	1,470.00	9	0.77%
Westrust Southwest Retail Partners LLC	-			1,118.00		0.48%	2,237.00	5	1.00%	2,237.00	6	1.11%	2,238.00	5	1.18%
HGC/MW Dev Lim Part	-			-			1,526.00	9	0.68%	-		-	1,679.00	7	0.88%
Newhall Nogales General Printshop	-			-			-		-	1,331.00	10	0.66%	-		-
Rio Rico Utilities	-			-			-		-	-		-	964.00	10	0.51%
Mayer Alberto Family Limited	-			-			-		-	-		-	-		-
Omega Nogales Property*	-			-			-		-	-		-	-		-
Royal Sterilization Systems	-			-			-		-	-		-	-		-
Total	\$ 36,077.00		14.63%	\$ 43,025.00		18.32%	\$ 40,999.00		18.28%	\$ 42,119.00		20.88%	\$ 30,726.00		16.13%

*Name Changed

Source: Santa Cruz County Assessor's Office

Santa Cruz County
Property Tax Levies and Collections
Last Ten Years

Fiscal Year	Primary Property Taxes	Secondary Property Total	Total Property Tax Levy	Property Taxes Collected			Percent of Levy	Subsequent Taxes Collected	Total Tax Collections To Date	Percent of Levy	Outstanding Delinquent Taxes Receivable(1)
				Within Fiscal Year of Levy							
				Primary	Secondary	Total					
1999-00	6,019,737	1,468,769	7,488,506	5,300,727	1,360,135	6,660,862	88.95	600,315	7,261,177	96.96	860,219
2000-01	6,404,168	1,548,793	7,952,961	5,741,708	1,457,232	7,198,940	90.52	360,141	7,559,081	95.05	849,620
2001-02	7,014,033	2,082,873	9,096,906	6,333,560	1,895,653	8,229,213	90.46	336,696	8,565,909	94.16	1,187,156
2002-03	7,637,148	2,198,178	9,835,326	6,394,373	1,980,608	8,374,981	85.15	463,134	8,838,115	89.86	1,663,463
2003-04	8,039,398	2,301,829	10,341,227	7,337,463	2,025,959	9,363,422	90.54	296,851	9,660,273	93.42	1,383,224
2004-05	8,299,918	2,420,410	10,720,328	7,454,661	2,179,289	9,633,950	89.87	79,734	9,713,684	90.61	816,824
2005-06	8,743,144	1,711,148	10,454,292	8,070,534	1,725,698	9,796,232	93.71	883,713	10,679,945	102.16	1,808,008
2006-07	9,259,136	1,918,450	11,177,586	8,623,111	1,889,201	10,512,312	94.05	735,289	11,247,601	100.63	1,739,046
2007-08	9,947,132	2,242,325	12,189,457	9,497,528	2,171,670	11,669,198	95.73	320,894	11,990,092	98.36	1,887,672
2008-09	10,630,673	2,653,693	13,284,366	10,280,858	2,726,901	13,007,759	97.92	61,724	13,069,483	98.38	1,341,685

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.

Source: Annual Budgets

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

Fiscal Year	Net Assessed Value	Estimated Actual Value	Ratio of Net Assessed to Estimated Actual Value
1999-00 Primary	185,297	1,371,767	13.51
1999-00 Secondary	190,410	1,418,095	13.43
2000-01 Primary	197,130	1,458,893	13.51
2000-01 Secondary	201,652	1,495,744	13.48
2001-02 Primary	215,903	1,590,882	13.57
2001-02 Secondary	224,373	1,660,243	13.51
2002-03 Primary	228,063	1,701,682	13.40
2002-03 Secondary	235,056	1,755,656	13.39
2003-04 Primary	240,075	1,791,502	13.40
2003-04 Secondary	246,303	1,838,350	13.40
2004-05 Primary	247,855	1,890,755	13.11
2004-05 Secondary	253,681	1,933,114	13.12
2005-06 Primary	261,091	2,011,601	12.98
2005-06 Secondary	265,934	2,044,045	13.01
2006-07 Primary	280,155	2,176,915	12.87
2006-07 Secondary	294,247	2,283,668	12.88
2007-08 Primary	312,714	2,469,255	12.66
2007-08 Secondary	341,684	2,692,936	12.69
2008-09 Primary	352,686	2,848,115	12.38
2008-09 Secondary	404,366	3,266,623	12.38

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

DEBT CAPACITY:

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

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

Fiscal Year	Governmental Activities			Business- Type Activities Capital Leases	Total Primary Government	Personal Income	Percentage of Personal Income	Population	Debt Per Capita
	General Obligation Bonds	Capital Leases	Long- Term Loans Payable						
1999-2000	2,825	789	836	0	4,450	650,679	.68%	38,567	115
2000-2001	2,410	1,221	785	0	4,416	683,879	.65%	39,038	113
2001-2002	1,975	1,290	949	0	4,214	678,762	.62%	39,604	106
2002-2003	1,520	1,741	784	0	4,045	729,208	.55%	40,088	101
2003-2004	1,040	748	616	631	3,035	779,232	.39%	40,777	74
2004-2005	0	532	447	496	1,475	838,841	.18%	42,150	35
2005-2006	0	0	766	324	1,090	939,156	.12%	42,066	26
2006-2007	0	673	742	421	1,836	1,021,801 ⁽¹⁾	.18%	46,545 ⁽¹⁾	39
2007-2008	0	1,012	718	334	2,064	1,100,480 ⁽¹⁾	.19%	47,777 ⁽¹⁾	43
2008-2009	0	1,524	59,855	216	61,595	1,177,514 ⁽¹⁾	5.3%	48,998 ⁽¹⁾	1,257

NOTE:

⁽¹⁾ Projected Estimate

SOURCE: Basic Financial Statements

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

Fiscal Year	Population	Secondary Assessed Value	Gross Bonded Debt	Debt Service Monies Available for Principal	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1999-00	38,567	190,410	2,825	66	2,759	0.01	0.07
2000-01	39,038	201,652	2,410	134	2,276	0.01	0.06
2001-02	39,604	224,373	1,975	253	1,722	0.01	0.04
2002-03	40,088	235,056	1,520	360	1,160	0.01	0.03
2003-04	40,777	246,303	1,040	480	560	0.00	0.01
2004-05	42,150	253,681	0	0	0	0.00	0.00
2005-06	46,495	265,934	0	0	0	0.00	0.00
2006-07	46,545 ⁽¹⁾	294,247	0	0	0	0.00	0.00
2007-08	47,777 ⁽¹⁾	341,684	0	0	0	0.00	0.00
2008-09	48,988 ⁽¹⁾	404,366	0	0	0	0.00	0.00

NOTE:

⁽¹⁾ Projected Estimate

SOURCE: Annual budget and debt retirement schedule.

Santa Cruz County
 Computation of Direct and Overlapping Debt
 Governmental Activities, Debt Outstanding
 June 30, 2009
 (Amounts in Thousands)

<u>Governmental Unit</u>	Net Debt Outstanding	Percent Applicable to Santa Cruz	Amount Applicable to Santa Cruz
Other Debt			
Santa Cruz County – Governmental Capital Lease	1,524	100	1,524
Santa Cruz County – Governmental Loans Payable	59,855	100	59,855
Santa Cruz County – Landfill Capital Lease	216	100	216

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

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

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed Value	\$190,410	\$201,652	\$224,373	\$235,056	\$246,303	\$253,681	\$265,934	\$294,247	\$341,684	\$404,366
Legal Debt Margin										
Debt Limit (15% of assessed value)	28,562	30,248	33,656	35,258	36,945	38,052	39,890	44,137	51,253	60,655
Debt applicable to limit:										
General obligation bonds	2,825	2,410	1,975	1,520	1,040	0	0	0	0	0
Less: Net Assets reserved for repayment of general obligation bonds	<u>(66)</u>	<u>(134)</u>	<u>(253)</u>	<u>(395)</u>	<u>(596)</u>	<u>(295)</u>	<u>(408)</u>	<u>(445)</u>	<u>(1,792)</u>	<u>(2,129)</u>
Total net debt applicable to the limit	<u>2,759</u>	<u>2,276</u>	<u>1,722</u>	<u>1,125</u>	<u>444</u>	<u>(295)</u>	<u>(408)</u>	<u>(445)</u>	<u>(1,792)</u>	<u>(2,129)</u>
Legal Debt Limit Margin	<u>66</u>	<u>134</u>	<u>253</u>	<u>395</u>	<u>596</u>	<u>(295)</u>	<u>(408)</u>	<u>(445)</u>	<u>(1,792)</u>	<u>(2,129)</u>
Total net debt applicable to the limit as a percentage of debt limit	9.66%	7.52%	5.12%	3.19%	1.20%	(.78)%	(1.02)%	(1.01)%	(3.50)%	(3.51)%

SOURCE: Basic Financial Statements

Santa Cruz County
Pledged Revenue Coverage
Last Ten Fiscal Years
June 30, 2009

Long-Term Loan (Court and Judicial Facility; 2008-1 Project)						
Fiscal Year	Revenues ⁽¹⁾	Debt Service		Coverage		
		Principal	Interest			
2000 *	-	-	-	-		
2001 *	-	-	-	-		
2002 *	-	-	-	-		
2003 *	-	-	-	-		
2004 *	-	-	-	-		
2005 *	-	-	-	-		
2006 *	-	-	-	-		
2007 *	-	-	-	-		
2008 *	-	-	-	-		
2009	\$ 4,088,435	\$ -	\$ 351,086	11.65		

Long-Term Loan (Jail District Detention Facility; 2008-2 Project)							
Fiscal Year	Jail District Revenues ⁽²⁾	Less: Expenditures	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2000 *	-	-	-	-	-	-	
2001 *	-	-	-	-	-	-	
2002 *	-	-	-	-	-	-	
2003 *	-	-	-	-	-	-	
2004 *	-	-	-	-	-	-	
2005 *	-	-	-	-	-	-	
2006 *	-	-	-	-	-	-	
2007 *	-	-	-	-	-	-	
2008 *	-	-	-	-	-	-	
2009	\$ 7,576,248	\$ 4,228,719	\$ 3,347,529	\$ -	\$ 918,961	3.64	

SOURCE: Basic financial statements.

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

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

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

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Government Expenditures	Ratio of Debt Service to Total General Government Expenditures
1999-00 ⁽¹⁾	390	168	558	8,777	0.06
2000-01 ⁽²⁾	415	150	565	9,681	0.06
2001-02 ⁽²⁾	435	130	565	10,758	0.05
2002-03 ⁽²⁾	455	108	563	9,869	0.06
2003-04 ⁽²⁾	480	84	564	12,061	0.05
2004-05 ⁽²⁾	1,040	59	1,099	11,711	0.09
2005-06 ⁽²⁾	978	35	1,013	14,369	0.07
2006-07 ⁽²⁾	92	52	144	15,512	0.009
2007-08 ⁽²⁾	218	63	281	13,564	0.02
2008-09 ⁽²⁾	270	1,975	2,245	12,856	0.17

NOTES:

⁽¹⁾ Includes the General Fund, Special Revenue Funds, Debt Service Fund, and the Private Industry Council (discretely presented component unit).

⁽²⁾ Includes the General Fund, Special Revenue Funds, and Debt Service Fund.

SOURCE: Basic financial statements.

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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
2000	38,567	16,871	650,679	9,434 ⁽²⁾	12,525	13.5
2001	39,038	17,518	683,879	9,324 ⁽³⁾	13,425	7.6
2002	39,604	17,139	678,762	10,288 ⁽⁴⁾	13,225	9.1
2003	40,088	18,190	729,208	10,171 ⁽⁵⁾	14,475	12.4
2004	40,777	19,110	779,232	10,528 ⁽⁶⁾	15,025	11.9
2005	42,150	19,901	838,841	10,510 ⁽⁷⁾	16,075	11.4
2006	42,066	22,326	939,156	10,510 ⁽⁸⁾	16,550	8.0
2007	46,545 ⁽¹⁾	21,953 ⁽¹⁾	1,021,801 ⁽¹⁾	11,183 ⁽⁹⁾	16,100	6.7
2008	47,777 ⁽¹⁾	23,034 ⁽¹⁾	1,100,480 ⁽¹⁾	11,267 ⁽¹⁰⁾	18,300	7.9
2009	48,998 ⁽¹⁾	24,032	1,177,514 ⁽¹⁾	10,611 ⁽¹¹⁾	18,150	14.2

NOTES:

- (1) Projected Estimate.
- (2) School enrollment as of June 9, 2000.
- (3) School enrollment as of June 9, 2001.
- (4) School enrollment as of January 31, 2002.
- (5) School enrollment as of November 5, 2003.
- (6) School enrollment as of August 25, 2004.
- (7) School enrollment as of April 27, 2005.
- (8) School enrollment as of January 18, 2006.
- (9) School enrollment as of September 27, 2006.
- (10) School enrollment as of November 26, 2007.
- (11) School enrollment as of January 20, 2009.

SOURCES: Annual reports of the Superintendent of Public Instruction; Bureau of Economic Analysis—United States Department of Commerce; Arizona Workforce Informer Web site.

Santa Cruz County
Principal Employers
Last Ten Years
June 30, 2009

Employer	2009			2008			2007			2006			2005		
	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force	Employees	Rank	Percent of Total Work Force
Nogales Unified School District #1	620	1	3.4%	700	1	3.8%	695	2	4.3%	1,341	1	8.1%	727	1	4.5%
US Border Patrol	N/A	N/A	N/A	638	2	3.5%	975	1	6.1%	537	3	3.2%	529	2	3.3%
Super Wal-Mart	530	3	2.9%	600	3	3.3%	644	3	4.0%	640	2	3.9%	475	3	3.0%
US Customs and Border Protection	N/A	N/A	N/A	425	5	2.3%	359	6	2.2%	387	6	2.3%	411	5	2.6%
Santa Cruz County	406	4	2.2%	390	6	2.1%	418	5	2.6%	415	5	2.5%	363	6	2.3%
Santa Cruz Valley Unified School District #35	608	2	3.3%	450	4	2.5%	430	4	2.7%	437	4	2.6%	425	4	2.6%
City of Nogales	316	5	1.7%	309	7	1.7%	307	7	1.9%	304	7	1.8%	293	7	1.8%
Carondelet Health Network - Holy Cross Hospital	245	6	1.3%	264	8	1.4%	242	8	1.5%	249	8	1.5%	249	8	1.5%
Mariposa Community Health Center, Inc.	215	7	1.2%	198	10	1.1%	198	9	1.2%	193	9	1.2%	189	9	1.2%
Tubac Golf Resort	N/A	N/A	N/A	200	9	1.1%	180	10	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Canchola Group	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	80	10	0.5%	140	10	0.9%
Total	2,940		16.1%	4,174		22.8%	4,448		27.6%	4,583		27.7%	3,801		23.6%
Total Work Force	18,300			18,300			16,100			16,550			16,075		

Employer	2004			2003			2002			2001			2000		
	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	747	1	5.0%	745	1	5.1%	745	1	5.6%	675	1	5.0%	847	1	6.8%
US Border Patrol	433	3	2.9%	388	3	2.7%	388	3	2.9%	384	2	2.9%	320	4	2.6%
Super Wal-Mart	605	2	4.0%	492	2	3.4%	467	2	3.5%	278	7	2.1%	258	7	2.1%
US Customs and Border Protection	400	4	2.7%	279	7	1.9%	279	7	2.1%	279	6	2.1%	279	6	2.2%
Santa Cruz County	361	5	2.4%	347	4	2.4%	346	4	2.6%	342	3	2.5%	325	3	2.6%
Santa Cruz Valley Unified School District #35	359	6	2.4%	355	5	2.5%	336	5	2.5%	330	4	2.5%	318	5	2.5%
City of Nogales	302	7	2.0%	323	6	2.2%	317	6	2.4%	322	5	2.4%	340	2	2.7%
Carondelet Health Network - Holy Cross Hospital	179	8	1.2%	193	8	1.3%	221	8	1.7%	221	8	1.6%	239	8	1.9%
Mariposa Community Health Center, Inc.	186	9	1.2%	180	9	1.2%	175	9	1.3%	162	9	1.2%	150	9	1.2%
Tubac Golf Resort	N/A	N/A	N/A												
Canchola Group	155	10	1.0%	133	10	0.9%	147	10	1.1%	110	10	0.8%	115	10	0.9%
Total	3,727		24.8%	3,435		23.7%	3,421		25.9%	3,103		23.1%	3,191		25.5%
Total Work Force	15,025			14,475			13,225			13,425			12,525		

Sources: www.a2starnet.com/sn/star200; phone call & e-mail surveys to local employees

Santa Cruz County
Employment Statistics
Last Ten Years
June 30, 2009

Type of Employment	2009		2008		2007		2006		2005	
	Employees	Percent of Total								
Goods-Producing	900	7.1%	950	6.5%	1,100	8.2%	825	6.0%	1,025	8.0%
Trade, Transportation, and Utilities	5,375	42.6%	6,250	42.8%	4,925	36.5%	5,650	40.9%	5,150	40.3%
Other Private Service-Producing	2,750	21.9%	3,700	25.3%	4,075	30.3%	4,025	29.1%	3,325	26.0%
Federal Government	1,575	12.5%	1,525	10.4%	1,400	10.4%	1,300	9.4%	1,200	9.4%
State Government	<u>2,025</u>	<u>16.0%</u>	<u>2,175</u>	<u>14.9%</u>	<u>1,975</u>	<u>14.7%</u>	<u>2,025</u>	<u>14.6%</u>	<u>2,075</u>	<u>16.2%</u>
	<u><u>12,625</u></u>	<u><u>100.0%</u></u>	<u><u>14,600</u></u>	<u><u>100.0%</u></u>	<u><u>13,475</u></u>	<u><u>100.0%</u></u>	<u><u>13,825</u></u>	<u><u>100.0%</u></u>	<u><u>12,775</u></u>	<u><u>100.0%</u></u>

Type of Employment	2004		2003		2002		2001		2000	
	Employees	Percent of Total								
Goods-Producing	1,350	10.7%	1,350	11.0%	1,325	11.2%	1,400	11.5%	1,400	11.5%
Trade, Transportation, and Utilities	5,100	40.3%	4,975	40.5%	4,500	38.1%	4,750	39.1%	5,575	46.0%
Other Private Service-Producing	2,825	22.3%	2,775	22.7%	2,900	24.5%	3,025	24.8%	2,000	16.5%
Federal Government	1,175	9.3%	1,100	9.0%	1,125	9.5%	1,075	8.8%	1,000	8.2%
State Government	<u>2,200</u>	<u>17.4%</u>	<u>2,075</u>	<u>16.9%</u>	<u>1,975</u>	<u>16.7%</u>	<u>1,900</u>	<u>15.6%</u>	<u>2,150</u>	<u>17.7%</u>
	<u><u>12,650</u></u>	<u><u>100.0%</u></u>	<u><u>12,275</u></u>	<u><u>100.0%</u></u>	<u><u>11,825</u></u>	<u><u>100.0%</u></u>	<u><u>12,150</u></u>	<u><u>100.0%</u></u>	<u><u>12,125</u></u>	<u><u>100.0%</u></u>

SOURCES: Arizona Economic Indicators Fall Edition, published by the University of Arizona-Economic and Business Research, Arizona Workforce Informer Website

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

Year	Persons			Vehicles
	United States Citizens	Aliens	Total	
2000	3,146,755	12,715,067	15,861,822	4,840,233
2001	2,845,166	11,243,340	14,088,506	4,847,408
2002	2,792,955	11,609,578	14,402,533	4,227,673
2003	2,909,467	12,064,912	14,974,379	3,713,387
2004	3,150,402	13,955,605	17,106,007	3,722,759
2005	N/A ⁽¹⁾	N/A ⁽¹⁾	15,328,674	3,709,989
2006	N/A ⁽¹⁾	N/A ⁽¹⁾	16,596,888	3,353,681
2007	N/A ⁽¹⁾	N/A ⁽¹⁾	16,546,042	3,296,351
2008	N/A ⁽¹⁾	N/A ⁽¹⁾	16,247,495	3,106,341
2009	N/A ⁽¹⁾	N/A ⁽¹⁾	17,000,000	3,263,716

NOTE:

⁽¹⁾ Information not available.

SOURCE: United States Customs and Border Protection.

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

Year	Sales ⁽¹⁾		Con- struction Awards	Number of Dwelling Units Awarded	Bank Deposits
	Construction	Retail Trade			
2000	47,377	313,267	68,637	528	528,395
2001	46,129	333,886	49,005	319	565,385
2002	46,895	342,025	40,939	379	571,175
2003	53,167	357,472	58,470	446	598,614
2004	70,471	389,224	72,466	794	713,000
2005	61,301	434,479	173,864	932	657,083
2006	115,792	491,800	174,049	1,152	757,872
2007	120,801	533,154	109,653	764	794,000
2008	103,134	507,324	60,056	567	753,000
2009	128,347	411,854	30,439	395	775,352

NOTE:

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

SOURCES: Abstract of the Assessment Roll, obtained through the Assessor's Office.
Arizona Economic Indicators published by the University of Arizona—Economic and Business Research Program.
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, 2009

Fiscal Year	Governmental Activities							Business-Type Activities Sanitation Landfill Enterprise	Total Employees in all Functions
	General Government	Public Safety	Highways and Streets	Health and Welfare	Recreation	Education and Economic Opportunity	Total		
99-00	148	84	39	26	2	12	311	14	325
00-01	157	83	39	22	3	25	329	13	342
01-02	151	89	36	22	3	30	331	15	346
02-03	160	87	37	15	2	32	333	14	347
03-04	131	122	36	18	3	37	347	14	361
04-05	153	95	37	15	5	47	352	12	364
05-06	169	108	41	20	6	57	401	14	415
06-07	195.25	110	40.25	21	7	26.5	400	18	418
07-08	184	111	38	20	6	19	378	12	390
08-09	134	135	40	20	6	21	356	13	369

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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

	2009	2008	2007	2006	2005	2004	2003	2002	2001
MILES OF STREETS									
Paved	422.16	412.32	408.43	407.68	407.60	398.34	391.93	392.36	392.36
Unpaved	292.84	317.67	321.91	322.57	322.57	329.33	334.98	336.60	336.60
REGISTERED VOTERS									
Democrat	53.35%	54.93%	54.87%	56.24%	57.42%	58.76%	60.05%	61.18%	63.16%
Republican	18.39%	19.06%	19.49%	20.14%	20.63%	20.51%	20.72%	20.62%	21.12%
NUMBER OF JUDICIAL COURTS									
Superior Court Department	1	1	1	1	1	1	1	1	1
Justice of Peace Courts	2	2	2	2	2	2	2	2	2
FLOOD PROTECTION									
Flood control district	1	1	1	1	1	1	1	1	1
Number of employees	9	9	9	8	8	9	9	11	11
SHERIFF PROTECTION									
Number of stations	4	4	4	4	4	4	3	4	4
Number of employees	90	81	79	88	79	79	76	73	71
Major crimes	586	418	430	415	306	215	96	173	393
Vehicular patrol units	32	27	27	30	25	22	22	56	52
SANITARY LANDFILLS									
Number of landfills	2	2	2	2	2	2	2	2	2
NUMBER OF PARKS									
Neighborhood parks	8	8	8	8	8	7	7	6	5

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, 2009
 (Amounts in Thousands)

	2009	2008	2007	2006*	2005
Governmental funds capital assets					
Infrastructure	\$ 70,463	\$ 70,356	\$ 67,645	\$ 62,175	\$ 2,746
Land	22,151	22,151	22,145	21,844	6,619
Buildings	12,010	12,010	11,992	10,317	10,303
Improvements other than buildings	3,175	3,037	2,962	2,558	2,429
Construction equipment and vehicles	9,805	9,799	8,870	7,364	6,676
Furniture and equipment	6,261	5,941	5,227	3,672	3,026
Construction in progress	29,779	6,796	4,590	2,903	1,461
Total governmental funds capital assets	<u>\$ 153,644</u>	<u>\$ 130,090</u>	<u>\$ 123,431</u>	<u>\$ 110,833</u>	<u>\$ 33,260</u>

Investments in governmental funds capital assets by source

General Fund	\$ 18,939	\$ 14,402	\$ 13,692	\$ 12,696	\$ 11,972
Special Revenue Funds*	114,782	95,843	89,903	80,791	6,033
Capital Projects Funds	19,923	19,845	19,836	17,346	15,255
Total governmental funds capital assets	<u>\$ 153,644</u>	<u>\$ 130,090</u>	<u>\$ 123,431</u>	<u>\$ 110,833</u>	<u>\$ 33,260</u>

	2004	2003	2002	2001	2000
Governmental funds capital assets					
Infrastructure	\$ 443	\$ -	\$ -	\$ -	\$ -
Land	6,596	5,703	5,826	5,756	5,681
Buildings	10,303	10,210	10,094	9,978	9,987
Improvements other than buildings	2,429	2,429	4,245	2,310	2,282
Construction equipment and vehicles	6,242	5,880	6,255	7,530	6,252
Furniture and equipment	2,537	2,113	1,752	1,261	1,203
Construction in progress	2,353	319	673	290	64
Total governmental funds capital assets	<u>\$ 30,903</u>	<u>\$ 26,654</u>	<u>\$ 28,845</u>	<u>\$ 27,125</u>	<u>\$ 25,469</u>

Investments in governmental funds capital assets by source

General Fund	\$ 11,744	\$ 11,423	\$ 12,394	\$ 11,750	\$ 10,753
Special Revenue Funds	4,904	4,026	5,322	4,809	4,383
Capital Projects Funds	14,255	11,205	11,129	10,566	10,333
Total governmental funds capital assets	<u>\$ 30,903</u>	<u>\$ 26,654</u>	<u>\$ 28,845</u>	<u>\$ 27,125</u>	<u>\$ 25,469</u>

SOURCE: Comprehensive Annual Financial Reports for the relevant year

*Amounts restated: GASB 34 Infrastructure