

SANTA CRUZ COUNTY, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2013**

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Santa Cruz County
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013

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ADMINISTRATIVE SERVICES SANTA CRUZ COUNTY

Jennifer K. St. John, CPA
Director

May 30, 2014

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, 2013. This report has been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board. County management is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all representations and disclosures. To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

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

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

Profile of Santa Cruz County

Santa Cruz County is situated in the southern part of Arizona with its southern boundary bordering Mexico. The County was split from Pima County by the 20th Territorial Assembly in 1899. The County encompasses approximately 1,250 square miles and has roughly 49,200 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 60,000 visitors come from northwest Mexico daily to shop in Santa Cruz County.

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

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

Major Initiatives

The U.S. Department of Homeland Security continues work on a \$184 million expansion of the Mariposa Port of Entry to increase the number of traffic lanes for commercial trucks and personal vehicles. Construction of this project began in fiscal year 2010 and is expected to wrap up in August of 2014.

The County geographic information system (GIS) project has continued with data development, rectification, and quality assurance tasks. Monthly updates of the roadway centerline data continue in support of public safety emergency response software. A user's group has been formed to disseminate information about GIS within the County and to encourage its use. A major initiative this year has been to complete a county-wide building envelope data set, rectify parcel data to aerial imagery, and begin developing a web presence.

The County continues to partner with the U.S. Army Corps of Engineers (the Corps) to complete the Chula Vista Wash improvements. This project will replace the bridge that was demolished during the original construction project. The purpose of this project is to reestablish the connection between north and south portions of Old Tucson Road. The project consists of re-constructing a bridge over the Potrero Creek and installing bank protection. The project was bid out and awarded in the winter of 2013-2014, but construction was not commenced until the spring of 2014. The contract amount was \$4.9 million. The County has no further cash obligations for this project.

Overweight truck fees collected and distributed to the County are being used to repave critical roads in the South Industrial Park. Approximately \$500,000 has been spent thus far. Local contractors are being used for this project.

Financial Management and Information

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

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

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

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

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

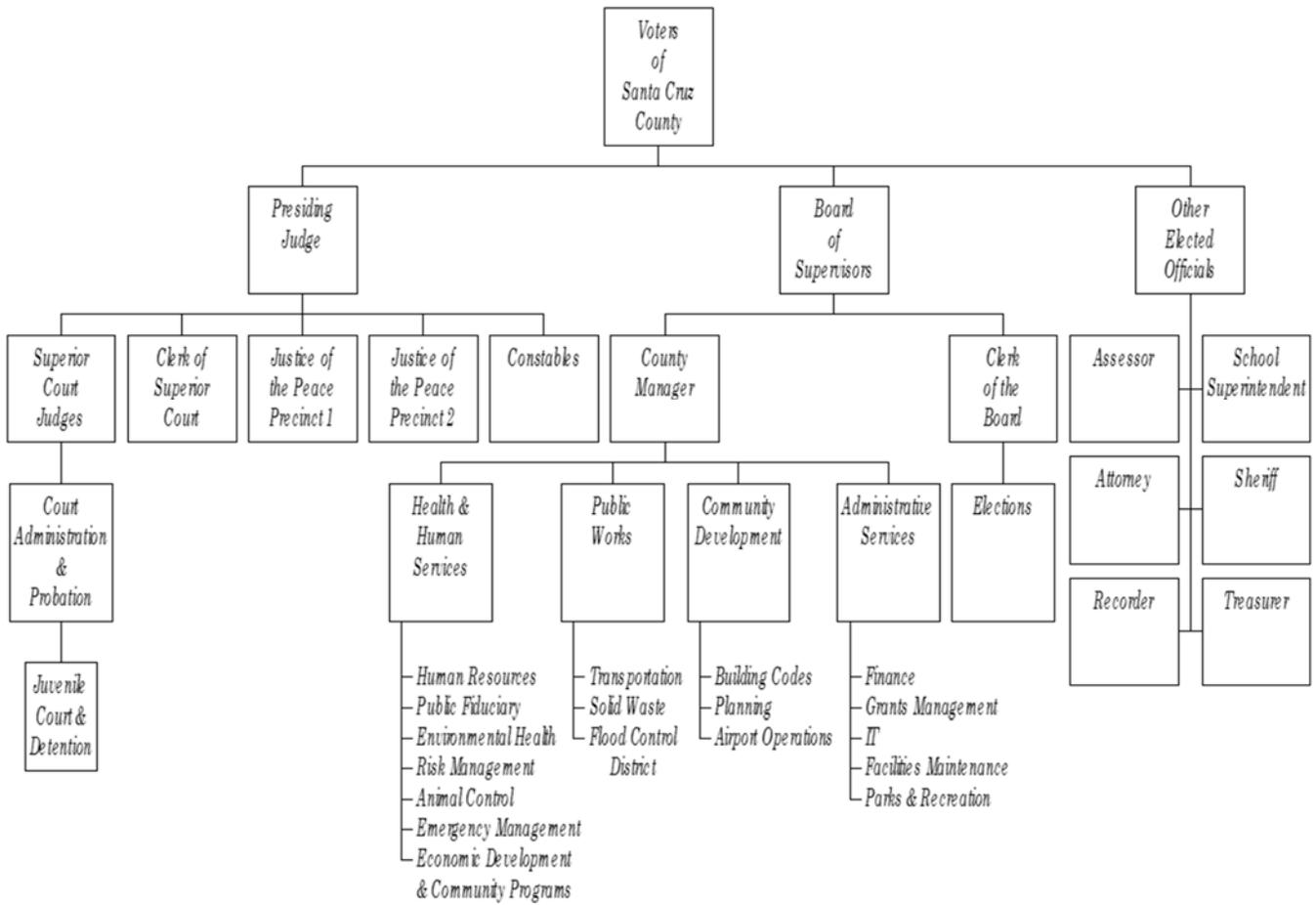
Acknowledgements

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

Respectfully submitted,

Jennifer K. St. John, CPA
Administrative Services Director

Santa Cruz County Organizational Chart



Financial Section



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Santa Cruz County, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Santa Cruz County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Santa Cruz County as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 5 through 12, the Budgetary Comparison Schedules on pages 54 through 60, and the Schedule of Agent Retirement Plans' Funding Progress on page 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will 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* in considering the County's internal control over financial reporting and compliance.

Debbie Davenport
Auditor General

May 30, 2014

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Santa Cruz County Management's Discussion and Analysis

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

Financial Highlights

- At June 30, 2013, the assets of the County exceeded liabilities by \$95,353,364 (net position). Of this amount, \$9,595,259 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, \$9,189,953 is restricted for specific purposes (restricted net position), and \$76,568,152 is the net investment in capital assets.
- The County's total net position as reported in the Statement of Activities decreased by \$3,989,744.
- At June 30, 2013, total assets were \$163,725,156 compared to \$169,620,530 at June 30, 2012. This is a \$5,895,374 or 3.5 percent decrease over the prior fiscal year.
- At June 30, 2013, the governmental funds reported combined fund balances of \$24,487,910 or a decrease in fund balance of \$4,653,891, in comparison with the prior year.
- At June 30, 2013, unassigned fund balance for the general fund was \$13,458,400, approximately 70 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 Position* presents information on all County assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Santa Cruz County Management's Discussion and Analysis

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

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

The government-wide financial statements can be found on pages 14-15 of this report.

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a County's near-term financing requirements. Governmental funds include the General, Special Revenue, Debt Service, and Capital Projects funds.

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

The governmental fund financial statements can be found on pages 16-22 of this report.

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses its enterprise fund to account for the landfills operated by the County. *Internal service funds* are an

Santa Cruz County Management's Discussion and Analysis

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

The proprietary fund financial statements can be found on pages 23-25 of this report.

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

The fiduciary funds financial statements can be found on pages 26-27 of this report.

Notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-51 of this report.

Required supplementary information presents budgetary comparison schedules for the General, Jail District, Criminal Justice Enhancement, and Flood Control funds of the County. It also includes a schedule of agent retirement plans' funding progress. Required supplementary information can be found on pages 54-61 of this report.

Government-wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, at June 30, 2013, assets exceeded liabilities by \$95,353,364.

Statement of Net Position
June 30, 2013 and 2012 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 27,822	\$ 34,295	\$ 1,382	\$ 1,301	\$ 29,204	\$ 35,596
Capital assets	<u>130,983</u>	<u>130,333</u>	<u>3,538</u>	<u>3,691</u>	<u>134,521</u>	<u>134,024</u>
Total assets	<u>158,805</u>	<u>164,628</u>	<u>4,920</u>	<u>4,992</u>	<u>163,725</u>	<u>169,620</u>
Current and other liabilities	1,425	2,521	43	31	1,468	2,552
Long-term liabilities	<u>64,210</u>	<u>66,080</u>	<u>2,694</u>	<u>1,645</u>	<u>66,904</u>	<u>67,725</u>
Total liabilities	<u>65,635</u>	<u>68,601</u>	<u>2,737</u>	<u>1,676</u>	<u>68,372</u>	<u>70,277</u>
Net Position						
Net investment in capital assets	73,030	74,702	3,538	3,691	76,568	78,393
Restricted net position	9,190	9,412	-	-	9,190	9,412
Unrestricted net position (deficit)	<u>10,951</u>	<u>11,913</u>	<u>(1,356)</u>	<u>(375)</u>	<u>9,595</u>	<u>11,538</u>
Total net position (deficit)	<u>\$ 93,171</u>	<u>\$ 96,027</u>	<u>\$ 2,182</u>	<u>\$ 3,316</u>	<u>\$ 95,353</u>	<u>\$ 99,343</u>

Santa Cruz County Management's Discussion and Analysis

The largest portion (\$76,568 or 80 percent) of the County's net position reflects the investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and construction in progress), less accumulated depreciation and related debt still outstanding used to acquire those assets. The County uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, because the capital assets themselves will not be used to liquidate these liabilities.

Restricted net position (\$9,190 or 10 percent) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position (\$9,595 or 10 percent) may be used to meet the government's ongoing obligations to the citizens and creditors.

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

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

- Current and other assets – the \$6.4 million decrease was primarily due to the spending of loan proceeds of \$5.1 million held by trustee at June 30, 2012, for the construction costs of the flood control project.
- Current and other liabilities – the \$1.1 million decrease was due to the completion of the flood control project and the overall decline in federal and state grants, leaving very little payable amount due at June 30, 2013.

For more information on the long-term loan payable, see Note 7 on page 40.

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

- Long-term liabilities – the \$1.0 million increase was primarily due to an increase in the landfill capacity during fiscal year 2013.

Santa Cruz County Management's Discussion and Analysis

Changes in Net Position

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

Changes in Net Position
For the Years Ended June 30, 2013 and 2012 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 4,297	\$ 4,010	\$ 1,269	\$ 968	\$ 5,566	\$ 4,978
Operating grants and contributions	9,077	10,777	-	-	9,077	10,777
Capital grants and contributions	3,513	3,447	-	-	3,513	3,447
General revenues:						
Property taxes	12,651	13,398	-	-	12,651	13,398
County excise tax	5,190	5,288	-	-	5,190	5,288
Share of state sales taxes	4,216	4,065	-	-	4,216	4,065
Share of state overweight permits	702	-	-	-	702	-
Payments in lieu of taxes	980	956	-	-	980	956
VLT unrestricted	1,311	1,367	-	-	1,311	1,367
Grants and contributions not restricted to specific programs	592	738	-	79	592	817
Investment earnings	98	68	6	2	104	70
Miscellaneous	402	531	-	-	402	531
Gain of the sale of assets	-	-	-	-	-	-
Capital contribution	39	37	-	-	39	37
Transfers	(22)	(18)	22	18	-	-
Total revenues	<u>43,046</u>	<u>44,664</u>	<u>1,297</u>	<u>1,067</u>	<u>44,343</u>	<u>45,731</u>
Expenses:						
General government	14,184	14,243	-	-	14,184	14,243
Public safety	15,420	18,004	-	-	15,420	18,004
Highways and streets	6,509	4,272	-	-	6,509	4,272
Health, welfare and sanitation	4,224	4,518	-	-	4,224	4,518
Education and economic opportunity	2,443	3,371	-	-	2,443	3,371
Recreation	139	141	-	-	139	141
Interest on long-term debt	2,983	2,965	-	-	2,983	2,965
Landfill	-	-	2,431	833	2,431	833
Total expenses	<u>45,902</u>	<u>47,514</u>	<u>2,431</u>	<u>833</u>	<u>48,333</u>	<u>48,347</u>
Changes in net position	(2,856)	(2,850)	(1,134)	234	(3,990)	(2,616)
Net position—beginning	<u>96,027</u>	<u>98,877</u>	<u>3,316</u>	<u>3,082</u>	<u>99,343</u>	<u>101,959</u>
Net position—ending	<u>\$93,171</u>	<u>\$96,027</u>	<u>\$ 2,182</u>	<u>\$3,316</u>	<u>\$95,353</u>	<u>\$ 99,343</u>

Santa Cruz County Management's Discussion and Analysis

Governmental activities – the change in net position for fiscal year 2013 was approximately \$2.9 million, which represents a decrease of approximately \$6 thousand from fiscal year 2012.

Business-type activities – landfill expenses increased by approximately \$1.6 million from fiscal year 2012 due largely to an increase in the landfill capacity which resulted in an increase in the closure and post-closure 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, 2013, the County's governmental funds reported combined fund balances of \$24,487,910 a decrease of \$4,653,891 in comparison with the prior year. This decrease is due largely to a loan obtained by the Flood Control District in fiscal year 2012 that was spent in fiscal year 2013. Of the combined fund balances, \$11,810,073 constitutes unassigned fund balance, which is available to meet the County's current and future needs.

The General Fund is the County's primary operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,458,400. Unassigned fund balance represents 70 percent of total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

During the fiscal year, the fund balance of the Criminal Justice Enhancement Fund increased by \$528,988 due to an increase in assets seized under the Anti-Racketeering program and not spent.

The fund balance in the Flood Control Fund decreased by \$4,694,154 over prior years due to the loan obtained in January 2012 that was spent during fiscal year 2013.

General Fund Budgetary Highlights

General Fund actual expenditures were approximately \$8.1 million under the adopted budget and actual revenues were more than estimated revenues by \$2.5 million. The County conservatively estimated revenues and collected prior year's property taxes and intergovernmental revenues in excess of what was anticipated and budgeted. The Sheriff's Office exceeded its budget by \$224,800 due to overruns in personnel expenditures, including the payout of vacation, compensation, and sick leave for employees who quit or retired during the year and overtime incurred during the fiscal year.

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, 2013, amounted to \$135 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, construction equipment and vehicles, furniture and equipment, construction in progress, and infrastructure. Major capital asset events during the current fiscal year included the following:

- Infrastructure increased by \$2.8 million, due to the construction of the flood control project.
- Buildings decreased by \$1.8 million, due to the accumulated depreciation of these assets added in fiscal year 2013.

	Capital Assets (Net of Depreciation) (In Thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 22,343	\$ 22,343	\$ 230	\$ 230	\$ 22,573	\$ 22,573
Buildings	64,103	65,880	130	136	64,233	66,016
Improvements other than buildings	1,729	1,841	3,160	3,235	4,889	5,076
Construction equipment and vehicles	1,424	1,570	18	90	1,442	1,660
Furniture and equipment	3,498	3,928	-	-	3,498	3,928
Construction in progress	3,968	3,688	-	-	3,968	3,688
Infrastructure	<u>33,918</u>	<u>31,083</u>	<u>-</u>	<u>-</u>	<u>33,918</u>	<u>31,083</u>
Totals	<u>\$130,983</u>	<u>\$130,333</u>	<u>\$3,538</u>	<u>\$3,691</u>	<u>\$134,521</u>	<u>\$134,024</u>

Additional information on the County's capital assets can be found in Note 6 of the Notes to Financial Statements on pages 39-40 of this report.

Long-Term Debt

At June 30, 2013, the County had total long-term debt outstanding of \$66,903,382. This amount includes of capital leases of just under \$1.3 million, and long-term notes of \$60.8 million.

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

Santa Cruz County Management's Discussion and Analysis

Economic Factors and Next Year's Budget

- The uncertainty of our current economic climate and the extreme slowness of the recovery has made it very difficult to predict or forecast our financial future. Consequently, our revenue projections are conservative as are our budgeted expenditures. State shared and local revenues are expected to increase for the first time in many years.
- The produce industry continues to have a significant role in the region's economy; unfortunately, it is an extremely unpredictable industry. The upcoming opening of the expanded Mariposa Port of Entry will improve the flow of goods into the country, if the Customs and Border Protection budget is fully funded and the port is properly staffed. The increase of outmigration of produce firms to Texas to improve distribution to the North and East coast continue to drain our largest private employment base. There will be a continued need for facilities in the region to supply the West coast but further reductions in the number of produce importers will impact employment and the local economy.
- The national focus on border security and immigration in Arizona continues. While the violence has decreased in Nogales, Sonora, Mexico there has not been a corresponding increase in tourism and border crossings. Declines overall in tourism remain a nagging problem due primarily to fears of drug violence perpetrated by the media.
- Property tax revenues will decrease again next fiscal year due to the continued decrease in assessed valuations. Construction of new homes remains non-existent due to a surplus of vacant homes. While there have been significant improvements in the economy in Counties within the State, rural areas typically lag 1-2 years behind.

Request for Information

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

Basic Financial Statements

Santa Cruz County
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 19,245,058	\$ 1,258,478	\$ 20,503,536
Property taxes receivable (net of allowance)	1,620,796		1,620,796
Due from other governmental units	2,769,187	1,603	2,770,790
Accounts receivable	345,461	121,641	467,102
Prepaid items	53,167		53,167
Noncurrent assets:			
Cash and investments held by trustee-restricted	3,788,515		3,788,515
Capital assets:			
Nondepreciable	26,311,562	229,996	26,541,558
Depreciable (net)	<u>104,671,854</u>	<u>3,307,838</u>	<u>107,979,692</u>
Total assets	<u>158,805,600</u>	<u>4,919,556</u>	<u>163,725,156</u>
Liabilities			
Accounts payable	1,050,123	33,857	1,083,980
Due to other governments	4,614		4,614
Accrued payroll and employee benefits	370,087	9,729	379,816
Noncurrent liabilities:			
Due within 1 year	3,177,830	30,879	3,208,709
Due in more than 1 year	<u>61,031,902</u>	<u>2,662,771</u>	<u>63,694,673</u>
Total liabilities	<u>65,634,556</u>	<u>2,737,236</u>	<u>68,371,792</u>
Net Position			
Net investment in capital assets	73,030,318	3,537,834	76,568,152
Restricted for:			
Capital projects	183,900		183,900
Education	836,472		836,472
Flood control	1,336,658		1,336,658
General government	432,349		432,349
Health	103,293		103,293
Judicial activities	2,031,221		2,031,221
Law enforcement	1,900,669		1,900,669
Social services	275,652		275,652
Highways and streets	2,036,131		2,036,131
Other purposes	53,608		53,608
Unrestricted (deficit)	<u>10,950,773</u>	<u>(1,355,514)</u>	<u>9,595,259</u>
Total net position	<u>\$ 93,171,044</u>	<u>\$ 2,182,320</u>	<u>\$ 95,353,364</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Activities
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 14,183,814	\$ 3,201,495	\$ 1,039,586	\$ 88,484	\$ (9,854,249)		\$ (9,854,249)
Public safety	15,419,983	920,087	6,064,711		(8,435,185)		(8,435,185)
Highways and streets	6,509,048			3,424,449	(3,084,599)		(3,084,599)
Health, welfare and sanitation	4,224,330	156,866	726,490		(3,340,974)		(3,340,974)
Education and economic opportunity	2,442,429	12,743	1,246,460		(1,183,226)		(1,183,226)
Recreation	139,194	5,997			(133,197)		(133,197)
Interest on long-term debt	2,983,185				(2,983,185)		(2,983,185)
Total governmental activities	<u>45,901,983</u>	<u>4,297,188</u>	<u>9,077,247</u>	<u>3,512,933</u>	<u>(29,014,615)</u>		<u>(29,014,615)</u>
Business-type activities:							
Landfill	2,431,574	1,268,695	-	-	-	\$ (1,162,879)	(1,162,879)
Total business-type activities	<u>2,431,574</u>	<u>1,268,695</u>				<u>(1,162,879)</u>	<u>(1,162,879)</u>
Total primary government	<u>\$ 48,333,557</u>	<u>\$ 5,565,883</u>	<u>\$ 9,077,247</u>	<u>\$ 3,512,933</u>	<u>(29,014,615)</u>	<u>(1,162,879)</u>	<u>(30,177,494)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					10,773,977		10,773,977
Property taxes, levied for flood control district					1,876,399		1,876,399
Property taxes, levied for debt service					154		154
County excise tax for general purposes					2,595,978		2,595,978
County excise tax for jail district					2,594,043		2,594,043
Share of state sales taxes					4,216,133		4,216,133
Share of state vehicle license tax					1,311,579		1,311,579
Share of state overweight permits					702,469		702,469
Payments in lieu of taxes					979,666		979,666
Grants and contributions not restricted to specific programs					592,015		592,015
Investment earnings					98,235	6,383	104,618
Miscellaneous					402,054		402,054
Capital contributions					38,665		38,665
Operating transfers in (out)					(22,373)	22,373	
Total general revenues and transfers					<u>26,158,994</u>	<u>28,756</u>	<u>26,187,750</u>
Changes in net position					(2,855,621)	(1,134,123)	(3,989,744)
Net position, July 1, 2012					<u>96,026,665</u>	<u>3,316,443</u>	<u>99,343,108</u>
Net position, June 30, 2013					<u>\$ 93,171,044</u>	<u>\$ 2,182,320</u>	<u>\$ 95,353,364</u>

See accompanying notes to financial statements.

Santa Cruz County
Balance Sheet
Governmental Funds
June 30, 2013

	<u>General Fund</u>	<u>Jail District Fund</u>	<u>Criminal Justice Enhancement Fund</u>
Assets			
Cash and investments	\$ 10,919,047	\$ 4,521	\$ 1,841,871
Cash and investments held by trustee-restricted			
Property taxes receivable (net of allowances for uncollectibles)	1,344,375		
Due from other governmental units	605,673	757,160	485,154
Due from other funds	2,280,511		
Accounts receivable	40,452	3,362	223,380
Prepaid items	<u>49,291</u>	<u>885</u>	<u>2,464</u>
Total assets	<u>\$ 15,239,349</u>	<u>\$ 765,928</u>	<u>\$ 2,552,869</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 370,294	\$ 124,063	\$ 103,239
Due to other governments			
Accrued payroll and employee benefits	172,205	79,082	40,782
Due to other funds		230,808	686,312
Deferred revenue	<u>1,189,159</u>	<u> </u>	<u>269,826</u>
Total liabilities	<u>1,731,658</u>	<u>433,953</u>	<u>1,100,159</u>
Fund balances:			
Nonspendable	49,291	885	2,464
Restricted		331,090	1,971,362
Assigned			790
Unassigned	<u>13,458,400</u>	<u> </u>	<u>(521,906)</u>
Total fund balances	<u>13,507,691</u>	<u>331,975</u>	<u>1,452,710</u>
 Total liabilities and fund balances	 <u>\$ 15,239,349</u>	 <u>\$ 765,928</u>	 <u>\$ 2,552,869</u>

See accompanying notes to financial statements.

<u>Flood Control Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 1,530,236	\$ 98,906	\$ 4,850,477	\$ 19,245,058
3,788,515			3,788,515
276,417	4		1,620,796
122	5	921,073	2,769,187
			2,280,511
6,615		71,652	345,461
		527	53,167
<u>\$ 5,601,905</u>	<u>\$ 98,915</u>	<u>\$ 5,843,729</u>	<u>\$ 30,102,695</u>
\$ 157,836		\$ 294,691	\$ 1,050,123
	\$ 4,614		4,614
9,457		68,561	370,087
	647,337	716,054	2,280,511
<u>244,748</u>		<u>205,717</u>	<u>1,909,450</u>
<u>412,041</u>	<u>651,951</u>	<u>1,285,023</u>	<u>5,614,785</u>
		527	53,167
5,189,864		5,022,133	12,514,449
		109,431	110,221
	<u>(553,036)</u>	<u>(573,385)</u>	<u>11,810,073</u>
<u>5,189,864</u>	<u>(553,036)</u>	<u>4,558,706</u>	<u>24,487,910</u>
<u>\$ 5,601,905</u>	<u>\$ 98,915</u>	<u>\$ 5,843,729</u>	<u>\$ 30,102,695</u>

Santa Cruz County
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 June 30, 2013

Total fund balances—governmental funds \$ 24,487,910

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$203,964,007 and the accumulated depreciation is \$72,980,591 130,983,416

Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 1,909,450

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

Long-term loans payable	\$ (60,790,000)	
Compensated absences payable	(2,083,680)	
Obligations under capital leases	(1,261,052)	
Estimated liabilities for claims and judgments	<u>(75,000)</u>	
		<u>(64,209,732)</u>

Net position of governmental activities \$ 93,171,044

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, 2013

	<u>General Fund</u>	<u>Jail District Fund</u>	<u>Criminal Justice Enhancement Fund</u>
Revenues:			
Taxes	\$ 13,487,665	\$ 2,594,043	
Intergovernmental	6,805,585	2,946,770	\$ 1,222,286
Licenses and permits	213,610		
Charges for services	1,060,627		76,804
Fines and forfeits	560,486		1,803,037
Investment earnings	41,656	5,388	2,749
Rents	44,964		
Miscellaneous	<u>230,514</u>	<u>250</u>	
Total revenues	<u>22,445,107</u>	<u>5,546,451</u>	<u>3,104,876</u>
Expenditures:			
Current:			
General government	11,561,853		1,611,306
Public safety	4,454,561	5,461,693	1,039,398
Highways and streets			
Health, welfare and sanitation	2,887,330	80,377	
Education and economic opportunity	261,372		
Recreation	122,428		
Debt service:			
Principal retirement	58,114	1,456,519	
Interest and fiscal charges	<u>7,692</u>	<u>1,894,439</u>	
Total expenditures	<u>19,353,350</u>	<u>8,893,028</u>	<u>2,650,704</u>
Excess (deficiency) of revenues over expenditures	3,091,757	(3,346,577)	454,172
Other financing sources (uses):			
Capital lease agreements	325,639		
Transfers in	216	2,956,629	96,011
Transfers out	<u>(3,467,411)</u>	<u>(1,069)</u>	<u>(21,195)</u>
Total other financing sources (uses)	<u>(3,141,556)</u>	<u>2,955,560</u>	<u>74,816</u>
Net change in fund balances	(49,799)	(391,017)	528,988
Fund balances, beginning of year	<u>13,557,490</u>	<u>722,992</u>	<u>923,722</u>
Fund balances, end of year	<u>\$ 13,507,691</u>	<u>\$ 331,975</u>	<u>\$ 1,452,710</u>

See accompanying notes to financial statements.

<u>Flood Control Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 1,944,153	\$ 154		\$ 18,026,015
		\$ 9,954,690	20,929,331
			213,610
		482,239	1,619,670
		100,385	2,463,908
8,354	6,820	33,268	98,235
			44,964
<u>286</u>		<u>126,040</u>	<u>357,090</u>
<u>1,952,793</u>	<u>6,974</u>	<u>10,696,622</u>	<u>43,752,823</u>
		431,687	13,604,846
5,910,839		2,567,454	19,433,945
		3,706,853	3,706,853
		1,262,588	4,230,295
		2,143,021	2,404,393
			122,428
373,125	295,000	41,277	2,224,035
<u>350,407</u>	<u>706,075</u>	<u>24,572</u>	<u>2,983,185</u>
<u>6,634,371</u>	<u>1,001,075</u>	<u>10,177,452</u>	<u>48,709,980</u>
(4,681,578)	(994,101)	519,170	(4,957,157)
			325,639
	198,700	506,974	3,758,530
<u>(12,576)</u>		<u>(278,652)</u>	<u>(3,780,903)</u>
<u>(12,576)</u>	<u>198,700</u>	<u>228,322</u>	<u>303,266</u>
(4,694,154)	(795,401)	747,492	(4,653,891)
<u>9,884,018</u>	<u>242,365</u>	<u>3,811,214</u>	<u>29,141,801</u>
<u>\$ 5,189,864</u>	<u>\$ (553,036)</u>	<u>\$ 4,558,706</u>	<u>\$ 24,487,910</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, 2013

Net change in fund balances—total governmental funds \$ (4,653,891)

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

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

Capital outlays	\$ 7,215,232	
Less: current-year depreciation	<u>(5,156,018)</u>	2,059,214

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

Capital lease incurred	(325,639)	
Principal repaid	<u>2,224,035</u>	1,898,396

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

(1,447,618)

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

Increase in compensated absences payable		(27,634)
--	--	----------

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

Property tax revenues	(185,464)	
Intergovernmental	<u>(598,639)</u>	(784,103)

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.

Forfeited capital assets	38,665	
Intergovernmental	<u>61,350</u>	<u>100,015</u>

Change in net position of governmental activities \$ (2,855,621)

See accompanying notes to financial statements.

Santa Cruz County
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-Type Activities - Enterprise Fund <u>Landfill</u>
Assets	
Current assets:	
Cash and investments	\$ 1,258,478
Due from other governmental units	1,603
Accounts receivable	<u>121,641</u>
Total current assets	<u>1,381,722</u>
Noncurrent assets:	
Capital assets	
Nondepreciable	229,996
Depreciable (net)	<u>3,307,838</u>
Total noncurrent assets	<u>3,537,834</u>
 Total assets	 <u>4,919,556</u>
Liabilities	
Current liabilities:	
Accounts payable	33,857
Accrued payroll and employee benefits	9,729
Compensated absences payable—current portion	<u>30,879</u>
Total current liabilities	<u>74,465</u>
Noncurrent liabilities:	
Landfill closure and postclosure care costs payable	2,597,772
Compensated absences payable	<u>64,999</u>
Total noncurrent liabilities	<u>2,662,771</u>
Total liabilities	<u>2,737,236</u>
Net Position	
Net investment in capital assets	3,537,834
Unrestricted (deficit)	<u>(1,355,514)</u>
Total net position	<u>\$ 2,182,320</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2013

	Business-Type Activities— Enterprise Fund Landfill
Operating revenues:	
Landfill fees	\$ 1,242,224
Other	<u>26,471</u>
Total operating revenues	<u>1,268,695</u>
 Operating expenses:	
Personal services	525,870
Professional services	71,755
Supplies	34,623
Utilities	22,257
Repairs and maintenance	513,304
Recycling program	12,878
Insurance	3,827
Landfill closure and postclosure care costs	1,041,378
Depreciation	179,856
Other	<u>25,826</u>
Total operating expenses	<u>2,431,574</u>
 Operating loss	 <u>(1,162,879)</u>
 Nonoperating revenues (expenses):	
Investment earnings	6,383
Transfers in	<u>22,373</u>
Total nonoperating revenues (expenses)	<u>28,756</u>
 Decrease in net position	 (1,134,123)
 Total net position, July 1, 2012	 <u>3,316,443</u>
 Total net position, June 30, 2013	 <u><u>\$ 2,182,320</u></u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2013

	Business-Type Activities— Enterprise Fund Landfill
Cash flows from operating activities	
Receipts from customers	\$ 1,227,178
Payments to suppliers and providers of goods and services	(673,897)
Payments to employees	(517,760)
Net cash provided by operating activities	<u>35,521</u>
Cash flows from noncapital and related financing activities	
Operating transfers from General, Flood, Road and Health Services Funds	<u>22,373</u>
Net cash provided by noncapital and related financing activities	<u>22,373</u>
Cash flows from capital and related financing activities	
Purchases of capital assets	(25,359)
Principal paid on capital leases	(32)
Net cash used for capital and related financing activities	<u>(25,391)</u>
Cash flows from investing activities	
Interest received on investments	<u>6,477</u>
Net cash provided by investing activities	<u>6,477</u>
Net increase in cash and cash equivalents	38,980
Cash and cash equivalents, July 1, 2012	<u>1,219,498</u>
Cash and cash equivalents, June 30, 2013	<u>\$ 1,258,478</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (1,162,879)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	179,856
Changes in assets and liabilities	
Increase and decrease in:	
Due from other governmental units	(1,485)
Accounts receivable	(40,032)
Accounts payable	10,573
Compensated absences payable	6,900
Accrued payroll and employee benefits	1,210
Landfill closure and postclosure care costs payable	<u>1,041,378</u>
Net cash provided by operating activities	<u>\$ 35,521</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Investment Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and investments	\$ 31,510,692	\$ 840,755
Interest receivable	<u>137,115</u>	<u> </u>
Total assets	<u>31,647,807</u>	<u>\$ 840,755</u>
Liabilities		
Due to other governmental units		\$ 6,683
Deposits held for others		<u>834,072</u>
Total liabilities		<u>\$ 840,755</u>
Net Position		
Held in trust for investment trust participants	<u>\$ 31,647,807</u>	

See accompanying notes to financial statements.

Santa Cruz County
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2013

	Investment Trust Funds
Additions	
Contributions from participants	\$ 102,572,092
Investment earnings	263,084
Total additions	102,835,176
 Deductions	
Distributions to participants	101,281,864
Total deductions	101,281,864
Change in net position	1,553,312
Net position, July 1, 2012	30,094,495
Net position, June 30, 2013	\$ 31,647,807

See accompanying notes to financial statements.

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Santa Cruz County
Notes to Financial Statements
June 30, 2013

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

The following describes the County's component units:

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

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund

Santa Cruz County
Notes to Financial Statements
June 30, 2013

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

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

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

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

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

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

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

Santa Cruz County
Notes to Financial Statements
June 30, 2013

administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense, are considered to be nonoperating expenses.

The County reports the following major governmental funds:

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

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

The *Criminal Justice Enhancement Fund* accounts for various public safety and criminal justice programs that provide crime prevention, criminal apprehension, and prosecution and is funded by fines, proceeds from the sale of seized assets, and federal and state grants.

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

The *Debt Service Fund* accounts for financial resources that will be used to pay the interest and principal of long-term debt.

The County reports the following major enterprise fund:

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

The County reports the following fund types:

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

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

C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The agency funds are custodial in nature and do not have a measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of

Santa Cruz County
Notes to Financial Statements
June 30, 2013

when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

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

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

D. Cash and Investments

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

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

E. Property Tax Calendar

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

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

Santa Cruz County
Notes to Financial Statements
June 30, 2013

F. Capital Assets

Capital assets are reported at actual cost, or estimated historical cost if historical records are not available. Donated assets are reported at estimated fair value at the time received. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

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

G. Fund Balance Classifications

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

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

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

Assigned fund balances are resources constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Supervisors has

Santa Cruz County
Notes to Financial Statements
June 30, 2013

authorized the Administrative Services Director to make assignments of resources for a specific purpose.

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

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

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

H. Investment Earnings

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

I. Compensated Absences

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

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

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

Santa Cruz County
Notes to Financial Statements
June 30, 2013

Note 2 – Fund Balance Classifications of the Governmental Funds

The fund balance classifications of the governmental funds as of June 30, 2013, were as follows:

	<u>General Fund</u>	<u>Jail District Fund</u>	<u>Criminal Justice Enhancement Fund</u>	<u>Flood Control Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund balances:							
Nonspendable:							
Prepaid items	\$ 49,291	\$ 885	\$ 2,464	_____	_____	\$ 527	\$ 53,167
Total nonspendable	<u>49,291</u>	<u>885</u>	<u>2,464</u>	_____	_____	<u>527</u>	<u>53,167</u>
Restricted for:							
Capital projects						154,632	154,632
Education						779,320	779,320
Flood control				\$5,189,864			5,189,864
General government						364,546	364,546
Health						75,153	75,153
Judicial activities			1,005,793			888,051	1,893,844
Law enforcement		331,090	965,569			441,166	1,737,825
Social services						229,526	229,526
Streets and highways						2,036,131	2,036,131
Other purposes						<u>53,608</u>	<u>53,608</u>
Total restricted	_____	<u>331,090</u>	<u>1,971,362</u>	<u>5,189,864</u>	_____	<u>5,022,133</u>	<u>12,514,449</u>
Assigned to:							
Capital projects						16,971	16,971
Education						53,633	53,633
Health						38,274	38,274
Judicial activities			790				790
Streets and highways						553	553
Total assigned	_____	_____	<u>790</u>	_____	_____	<u>109,431</u>	<u>110,221</u>
Unassigned:	13,458,400		(521,906)		\$(553,036)	(573,385)	11,810,073
Total fund balances	<u>\$13,507,691</u>	<u>\$331,975</u>	<u>\$1,452,710</u>	<u>\$5,189,864</u>	<u>\$(553,036)</u>	<u>\$4,558,706</u>	<u>\$24,487,910</u>

Note 3 – Stewardship, Compliance, and Accountability

Deficit fund balances—At June 30, 2013, the following nonmajor funds reported deficits in fund balance:

<u>Fund</u>	<u>Deficit</u>
Governmental funds:	
Other governmental	
Homeland Security	\$ 22,077
Construction	29,539
Airport	17,601
WIA	295,261

Santa Cruz County
Notes to Financial Statements
June 30, 2013

Note 4 – Deposits and Investments

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

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Corporate bonds, debentures, and notes must be rated within the top three ratings by a nationally recognized rating agency.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's (S&P) rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk

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

Concentration of credit risk

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

Interest rate risk

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

Foreign currency risk

Statutes do not allow foreign investments.

Deposits—At June 30, 2013, the carrying amount of the County's deposits was \$16,963,171, and the bank balance was \$17,743,242. The County does not have a formal policy related to custodial credit risk for deposits.

Santa Cruz County
Notes to Financial Statements
June 30, 2013

Investments—The County’s investments at June 30, 2013, were as follows:

Investment Type	Fair Value
State Treasurer’s investment pool 5	\$13,453,955
State Treasurer’s investment pool 7	6,025
Money market mutual fund	6,276,957
Corporate bonds	5,456,597
Corporate notes	8,085,631
Repurchase agreement	<u>6,396,224</u>
	<u>\$39,675,389</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, 2013, 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	\$13,453,955
State Treasurer’s investment pool 7	Unrated	N/A	6,025
Money market mutual funds	Aaa-mf	Moody’s	6,276,957
Corporate bonds	A1	Moody’s	536,505
Corporate bonds	A2	Moody’s	1,625,351
Corporate bonds	A3	Moody’s	1,127,580
Corporate bonds	Aa3	Moody’s	514,465
Corporate bonds	Baa1	Moody’s	1,106,811
Corporate bonds	Baa2	Moody’s	545,885
Corporate notes	A1	Moody’s	2,159,276
Corporate notes	A2	Moody’s	2,535,174
Corporate notes	A3	Moody’s	1,721,111
Corporate notes	Aa3	Moody’s	524,715
Corporate notes	Baa2	Moody’s	1,145,355
Repurchase agreement	P-1	Moody’s	<u>6,396,224</u>
			<u>\$39,675,389</u>

Custodial credit risk—For an investment, custodial credit risk is the risk that, in the event of the counterparty’s failure, the County will not be able to recover the value of its investments or collateral securities that are in an outside party’s possession. The County does not have a formal investment policy with respect to custodial credit risk. At June 30, 2013, the County had \$5,456,597 in corporate bonds and \$8,085,631 in corporate notes that were uninsured and held by the counterparty. In addition, the County had collateral for an overnight repurchase agreement consisting of a Real Estate Mortgage Investment Conduit (REMIC) issued by the Federal National Mortgage Association totaling \$6,396,224 that was uninsured and held by the counterparty.

Santa Cruz County
Notes to Financial Statements
June 30, 2013

Concentration of credit risk—The County does not have a formal investment policy with respect to concentration of credit risk. The County had investments at June 30, 2013, representing 5 percent or more of the County’s total investments as follows:

U.S. Agency	Percent
Federal National Mortgage Association	16

Interest rate risk—The County does not have a formal investment policy with respect to interest rate risk. At June 30, 2013, the County had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (In Years)
State Treasurer’s investment pool 5	\$13,453,955	0.06
State Treasurer’s investment pool 7	6,025	0.05
Money market mutual fund	6,276,957	0.00
Corporate bonds	5,456,597	3.58
Corporate notes	8,085,631	3.46
Repurchase agreement	<u>6,396,224</u>	0.00
	<u>\$39,675,689</u>	

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

Cash, deposits, and investments:

Cash on hand	\$ 4,938
Amount of deposits	16,963,171
Amount of investments	<u>39,675,389</u>
Total	<u>\$56,643,498</u>

Statement of Net Position:

	Governmental Activities	Business- Type Activities	Investment Trust Funds	Agency Funds	Total
Cash and investments	\$19,245,058	\$1,258,478	\$31,510,692	\$840,755	\$52,854,983
Cash and investments held by trustee—restricted	<u>3,788,515</u>				<u>3,788,515</u>
Total	<u>\$23,033,573</u>	<u>\$1,258,478</u>	<u>\$31,510,692</u>	<u>\$840,755</u>	<u>\$56,643,498</u>

Note 5 – Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2013, for the County’s individual major funds and nonmajor funds in the aggregate are shown as follows:

Santa Cruz County
Notes to Financial Statements
June 30, 2013

Recap of Due from Other Governmental Units

Description	Governmental Activities							Total
	General Fund	Jail District Fund	Criminal Justice Enhancement Fund	Flood Control Fund	Debt Service Fund	Other Governmental Funds	Business-Type Activities	
County half-cent sales tax	\$226,377	\$226,347						\$ 452,725
State shared sales Tax	204,109							204,109
Auto lieu tax	47,847							47,847
Miscellaneous reimbursements	126,422					\$101,785	\$1,485	229,692
Highway user revenue						291,554		291,554
Federal and state reimbursement grants		530,739	\$484,578			528,072		1,543,390
Other income	918	74	1	\$122	\$5	147	118	1,383
Prior-year carried forward balance (grants and contracts)						(485)		91
	<u>\$605,673</u>	<u>\$757,160</u>	<u>\$485,154</u>	<u>\$122</u>	<u>\$5</u>	<u>\$921,073</u>	<u>\$1,603</u>	<u>\$2,770,790</u>

Note 6 – Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Primary Government			Balance June 30, 2013
	Balance July 1, 2012	Increases	Decreases	
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 22,343,006			\$ 22,343,006
Construction in progress	<u>3,687,828</u>	<u>\$ 291,950</u>	<u>\$ 11,222</u>	<u>3,968,556</u>
Total capital assets not being depreciated	<u>26,030,834</u>	<u>291,950</u>	<u>11,222</u>	<u>26,311,562</u>
Capital assets being depreciated:				
Buildings	73,881,284	100,007	18,461	73,962,830
Improvements other than buildings	3,194,886	11,222		3,206,108
Construction equipment and vehicles	9,921,976	599,225	761,161	9,760,040
Furniture and equipment	10,728,104	723,782		11,451,886
Infrastructure	<u>75,592,580</u>	<u>5,538,933</u>	<u>1,859,932</u>	<u>79,271,581</u>
Total capital assets being depreciated	<u>173,318,830</u>	<u>6,973,169</u>	<u>2,639,554</u>	<u>177,652,445</u>
Less accumulated depreciation for:				
Buildings	8,001,593	1,858,990	461	9,860,122
Improvements other than buildings	1,353,594	123,702		1,477,296
Construction equipment and vehicles	8,351,738	728,266	744,604	8,335,400
Furniture and equipment	6,799,726	1,154,256		7,953,982
Infrastructure	<u>44,509,858</u>	<u>1,290,804</u>	<u>446,871</u>	<u>45,353,791</u>
Total accumulated depreciation	<u>69,016,509</u>	<u>5,156,018</u>	<u>1,191,936</u>	<u>72,980,591</u>
Total capital assets being depreciated, net	<u>104,302,321</u>	<u>1,817,151</u>	<u>1,447,618</u>	<u>104,671,854</u>
Governmental activities capital assets, net	<u>\$130,333,155</u>	<u>\$2,109,101</u>	<u>\$1,458,840</u>	<u>\$130,983,416</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2013

	Primary Government			Balance June 30, 2013
	Balance July 1, 2012	Increases	Decreases	
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 229,996	_____	_____	\$ 229,996
Total capital assets not being depreciated	<u>229,996</u>	_____	_____	<u>229,996</u>
Capital assets being depreciated:				
Buildings	246,067			246,067
Improvements other than buildings	3,940,882	\$ 26,709		3,967,591
Construction equipment and vehicles	<u>1,358,700</u>	_____	_____	<u>1,358,700</u>
Total capital assets being depreciated	<u>5,545,649</u>	<u>26,709</u>	_____	<u>5,572,358</u>
Less accumulated depreciation for:				
Buildings	109,905	6,156		116,061
Improvements other than buildings	706,068	101,442		807,510
Construction equipment and vehicles	<u>1,268,691</u>	<u>72,258</u>	_____	<u>1,340,949</u>
Total accumulated depreciation	<u>2,084,664</u>	<u>179,856</u>	_____	<u>2,264,520</u>
Total capital assets being depreciated, net	<u>3,460,985</u>	<u>(153,147)</u>	_____	<u>3,307,838</u>
Business-type activities capital assets, net	<u>\$ 3,690,981</u>	<u>\$ (153,147)</u>	=====	<u>\$ 3,537,834</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 989,511
Public safety	2,179,441
Highways and streets	1,893,034
Health, welfare and sanitation	40,547
Education and economic opportunity	36,719
Recreation	<u>16,766</u>
Total governmental activities depreciation expense	<u>\$5,156,018</u>
Business-type activities:	
Landfill	\$ 179,856
Total business-type activities depreciation expense	<u>\$ 179,856</u>

Note 7 – Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2013:

Santa Cruz County
Notes to Financial Statements
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	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due within</u> <u>1 year</u>
Governmental activities					
Long-term loans payable	\$62,790,000		\$2,000,000	\$60,790,000	\$2,080,000
Obligations under capital leases	1,159,448	\$ 325,639	224,035	1,261,052	252,134
Compensated absences payable	2,056,046	872,161	844,527	2,083,680	845,696
Estimated liabilities for claims and judgments	<u>75,000</u>	<u> </u>	<u> </u>	<u>75,000</u>	<u> </u>
Total governmental activities long-term liabilities	<u>\$66,080,494</u>	<u>\$1,197,800</u>	<u>\$3,068,562</u>	<u>\$64,209,732</u>	<u>\$3,177,830</u>
Business-type activities					
Obligations under capital leases	\$ 32		\$ 32		
Compensated absences payable	88,978	\$ 36,261	29,361	\$ 95,878	\$ 30,879
Landfill closure and postclosure care costs payable	<u>1,556,394</u>	<u>1,041,378</u>	<u> </u>	<u>2,597,772</u>	<u> </u>
Total business-type activities long-term liabilities	<u>\$ 1,645,404</u>	<u>\$1,077,639</u>	<u>\$ 29,393</u>	<u>\$ 2,693,650</u>	<u>\$ 30,879</u>

Long-term loans payable—The County's long-term loans payable include a loan agreement with U. S. Bank National Association, the 2012 series. The purpose of the 2012 series loan is to finance the construction of bridges and other flood control projects that provide vehicle access to flood-prone areas within the County. The loan calls for an annual principal payment and semi-annual interest payments.

In addition, the County's long-term loans payable includes two other loan agreements with the Greater Arizona Development Authority (GADA), the 2008-1 project and the 2008-2 project. The purpose of the 2008-1 project loan is to provide funds for the construction of the court and judicial facility, and the purpose of the 2008-2 loan is to provide funds for the construction of the County's Jail District detention facility. Both loans call for annual principal payments and semi-annual interest payments.

For the 2008-1 and 2012 project loans, the County has pledged a portion of its future excise tax and state shared revenues to repay the loans obtained from GADA for funding the 2008-1 project and the private bank for funding the flood control projects. For fiscal year 2013, the County received excise tax revenues of \$2,595,978 and state shared revenues net of other statutory claims of \$2,196,822 and the total principal and interest payments were \$295,000 and \$704,675 for the 2008-1 loan and \$335,000 and \$349,339 for the 2012 loan. At June 30, 2013, future pledged revenues through final maturity at August 1, 2038, and June 15, 2026, respectively, totaled \$36,907,153 consisting of total principal and interest remaining to be paid on the 2008-1 and 2012 loans of \$22,700,000 and \$14,207,153, respectively. Future principal and interest payments are expected to require 35 percent of pledged excise tax and state shared revenues.

For the 2008-2 project loan, the County's debt service obligations to repay the loan obtained from GADA for funding the 2008-2 project are secured by a lien on (1) collections from the County's Jail District excise tax and (2) the maintenance of effort payments from the County's General Fund. For fiscal year 2013, the County received Jail District excise tax revenues of \$2,594,044 and made maintenance of effort payments of \$2,956,629, and the principal and

Santa Cruz County
Notes to Financial Statements
June 30, 2013

interest payments were \$1,370,000 and \$1,878,306, respectively. At June 30, 2013, future pledged revenues through final maturity at August 1, 2031, totaled \$58,454,788 consisting of \$38,090,000 for principal and \$20,364,788 for interest. Total remaining to be paid on the loan is \$58,454,788. Future principal and interest payments are expected to require less than 59 percent of pledged County's Jail District excise tax revenue and the maintenance of effort payments from the County's General Fund.

Long-term loans payable at June 30, 2013, were as follows:

Description	Interest Rates	Maturities	Outstanding Principal July 1, 2012	Retirements	Outstanding Principal June 30, 2013
2008-1 project	4.00%-5.25%	2014-2038	\$14,185,000	\$ 295,000	\$13,890,000
2008-2 project	4.00%-5.25%	2014-2031	39,460,000	1,370,000	38,090,000
2012 series	3.82%	2014-2026	<u>9,145,000</u>	<u>335,000</u>	<u>8,810,000</u>
			<u>\$62,790,000</u>	<u>\$2,000,000</u>	<u>\$60,790,000</u>

The following schedule details debt service requirements to maturity for the County's loans payable at June 30, 2013:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2014	\$ 2,080,000	\$ 2,852,555
2015	2,160,000	2,769,603
2016	2,250,000	2,683,073
2017	2,335,000	2,592,932
2018	2,435,000	2,498,234
2019-2023	13,830,000	10,822,348
2024-2028	19,290,000	7,048,545
2029-2033	12,120,000	2,605,613
2034-2038	<u>4,290,000</u>	<u>699,038</u>
Total	<u>\$60,790,000</u>	<u>\$34,571,941</u>

Obligations under capital leases—The County has acquired a building, kitchen and phone equipment, and computer software and hardware under the provisions of various long-term lease agreements classified as capital leases for accounting purposes because they provide for a transfer of ownership by the end of the lease term.

The assets acquired through capital leases are as follows:

	Governmental Activities
Building	\$1,025,840
Furniture and equipment	1,022,784
Less: accumulated depreciation	<u>477,669</u>
Carrying value	<u>\$1,570,955</u>

The following schedule details debt service requirements to maturity for the County's obligations under capital leases at June 30, 2013:

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Notes to Financial Statements
June 30, 2013

Year Ending June 30	Governmental Activities
2014	\$ 299,227
2015	299,227
2016	213,685
2017	155,108
2018	60,263
2019-2023	301,319
2024-2026	<u>180,791</u>
Total minimum lease payments	1,509,620
Less amount representing interest	<u>248,568</u>
Present value of net minimum lease payments	<u>\$1,261,052</u>

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

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The \$2,597,772 reported as landfill closure and postclosure care liability at June 30, 2013, represents the cumulative amount reported to date based on the use of 50 percent and 54 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 \$2,551,132 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 2013. The County expects to close the landfills in 2040 and 2129, and the actual cost may be higher because of inflation, changes in technology, or changes in regulations.

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

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

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Notes to Financial Statements
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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 2013, the County paid for compensated absences as follows: 48 percent from the General Fund, 19 percent from the Jail District Fund, 7 percent from the Criminal Justice Enhancement Fund, 3 percent from the Flood Control Fund, 21 percent from the Other Governmental Funds, and 2 percent from the Enterprise Fund.

Note 8 – Construction Commitments

The County had major contractual commitments related to various capital projects at June 30, 2013, for the construction of bridges and other flood control projects that provide vehicles access to flood-prone areas within the County. At June 30, 2013, the County had spent \$3,968,556 on these projects and reported the total amount in construction in progress. An estimated cost to complete these projects is approximately \$1,520,000. These projects are predominantly financed by future excise tax and state shared revenues.

Note 9 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For those risks of loss, the County joined and is covered by three public entity risk pools: the Arizona Counties Insurance Pool and the Arizona Counties Workers' Compensation Pool, which are described below, and the Arizona Local Government Employee Benefit Trust, which is described on page 43. The County carries commercial insurance for all such risks of loss relating to the ownership of Nogales International Airport, and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past 3 fiscal years.

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

Santa Cruz County
Notes to Financial Statements
June 30, 2013

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 Insurance 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 10 – Pensions and Other Postemployment Benefits

Plan Descriptions—The County contributes to four plans, two of which are described below. The Elected Officials Retirement Plan (EORP) and the Corrections Officer Retirement Plan (CORP) are not described due to their relative insignificance to the County's financial statements. The plans are component units of the State of Arizona and 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. The health insurance premium benefit is paid as a fixed dollar amount per month toward the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

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

Santa Cruz County
Notes to Financial Statements
June 30, 2013

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report is available on their Web site or 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
www.azasrs.gov

PSPRS

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

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

Cost-Sharing Plan—For the year ended June 30, 2013, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.14 percent (10.9 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and the County was required by statute to contribute at the actuarially determined rate of 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium benefit, and 0.24 percent for long-term disability) of the members' annual covered payroll.

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

<u>Year Ended June 30</u>	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2013	\$919,835	\$58,331	\$21,538
2012	877,362	56,002	21,334
2011	811,086	53,112	22,503

Agent Plan—For the year ended June 30, 2013, active PSPRS members were required by statute to contribute 9.55 percent of the members' annual covered payroll and the County was required to contribute 25.69 percent, the aggregate of which is the actuarially required amount. The health insurance premium benefit portion of the contribution rate was actuarially set at 1.38 percent of covered payroll.

Actuarial methods and assumptions—The contribution requirements for the year ended June 30, 2013, were established by the June 30, 2011, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress presented as required supplementary information provides

Santa Cruz County
Notes to Financial Statements
June 30, 2013

multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plans as understood by the County and plans' members and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial methods and assumptions used to establish the fiscal year 2013 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2011
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	25 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.25%
Projected salary increases	5.0% - 8.0% for PSPRS
includes inflation at	5.0% for PSPRS

Annual Pension/OPEB Cost—The County's pension/OPEB cost for the PSPRS agent plan for the year ended June 30, 2013, and related information follows:

	PSPRS	
	Pension	Health Insurance Premium Benefit
Annual pension/OPEB cost	\$498,584	\$28,303
Contributions made	479,518	9,237

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

Santa Cruz County
Notes to Financial Statements
June 30, 2013

Plan	Year Ended June 30	Annual Pension/OPEB Cost	Percentage of Annual Cost Contributed	Net Pension Asset/(OPEB Obligation)
Pension	2013	\$498,584	96.2%	\$19,066
Health insurance premium benefit	2013	28,303	32.6	(19,066)
Pension	2012	418,127	105.5%	23,073
Health insurance premium benefit	2012	28,222	18.2	(23,073)
Pension	2011	409,353	105.4%	21,963
Health insurance premium benefit	2011	27,798	21.0	(21,963)

Funded Status—The funded status of the plan as of the most recent valuation date, June 30, 2013, along with the actuarial assumptions and methods used in those valuations follow.

	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>
Actuarial value of assets (a)	\$ 6,303,468	
Actuarial accrued liability (b)	12,191,601	\$ 411,331
Unfunded actuarial accrued liability (funding excess) (b) – (a)	5,888,133	411,331
Funded ratio (a)/(b)	51.7%	0%
Annual covered payroll (c)	\$2,050,941	\$2,050,941
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(b)-(a)]/(c))	287.1%	20.1%

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

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value (80%/120% market)
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5% – 8.5% for PSPRS
includes inflation at	4.5% for PSPRS

Santa Cruz County
Notes to Financial Statements
June 30, 2013

Note 11 – Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2013, were as follows:

Payable from	Payable to General Fund
Jail District	\$ 230,808
Criminal Justice Enhancement	686,312
Debt Service	647,337
Nonmajor Governmental Funds:	
Special Revenue:	
WIA	386,508
Homeland Security	56,759
Health Services	43,872
Juvenile Services	167,891
Probation Services	4,445
Retrieval Conversion	899
Capital Projects:	
Construction	29,269
Airport	26,411
Total	<u>\$2,280,511</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, 2013, were as follows:

	Transfers to						
	General Fund	Jail District Fund	Criminal Justice Enhancement Fund	Debt Service Fund	Nonmajor Governmental Funds	Landfill	Total
Transfers from							
General Fund		\$2,956,629	\$27,378	\$198,700	\$277,510	\$ 7,194	\$3,467,411
Jail District Fund					1,069		1,069
Criminal Justice Enhancement Fund					21,195		21,195
Flood Control Fund						12,576	12,576
Nonmajor Governmental Funds	<u>\$216</u>		<u>68,633</u>		<u>207,200</u>	<u>2,603</u>	<u>278,652</u>
Total	<u>\$216</u>	<u>\$2,956,629</u>	<u>\$96,011</u>	<u>\$198,700</u>	<u>\$506,974</u>	<u>\$22,373</u>	<u>\$3,780,903</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2013

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

Note 12 – County Treasurer’s Investment Pool

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

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

All deposits and investments of the County’s primary government are included in the County Treasurer’s investment pool, except for \$780,251 of deposits, \$11,048,663 of investments in the State Treasurer’s investment pools and \$3,787,546 of investments held by trustee. The County Treasurer manages these investments as well as the pooled investments, and the deposit and investment risks of the Treasurer’s investment pool are substantially the same as the County’s deposit and investment risks. See Note 4 for disclosure of the County’s deposit and investment risks.

Details of each major investment classification follow:

<u>Investment Type</u>	<u>Principal</u>	<u>Interest Rate(s)</u>	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer’s investment pool 5	\$2,411,317	None stated	None stated	\$2,411,317
Corporate bonds	5,000,000	1.13-5.55%	5/10/16-4/27/17	5,456,597
Corporate notes	7,500,000	1.65-6.75%	6/1/16-6/27/17	8,085,631
Money Market Mutual Funds	2,489,411	None stated	None stated	2,489,411
Repurchase agreement	6,396,224	0.01-0.05%	Overnight	6,396,224

Santa Cruz County
Notes to Financial Statements
June 30, 2013

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

Statement of Net Position:

Assets	\$ 41,159,207
Liabilities	-
Net position	<u>\$ 41,159,207</u>
Net position held in trust for:	
Internal participants	\$ 9,515,687
External participants	<u>31,643,520</u>
Total net position held in trust	<u>\$ 41,159,207</u>

Statement of Changes in Net Position:

Total additions	\$148,713,946
Total deductions	<u>146,865,692</u>
Net increase	1,848,254
Net position held in trust:	
July 1, 2012	<u>39,310,953</u>
June 30, 2013	<u>\$ 41,159,207</u>

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Required Supplementary Information

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2013

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 12,725,390	\$ 13,487,665	\$ 762,275
Intergovernmental	5,568,142	6,805,585	1,237,443
Licenses and permits	293,000	213,610	(79,390)
Charges for services	910,296	1,060,627	150,331
Fines and forfeits	427,500	560,486	132,986
Investment earnings	17,500	41,656	24,156
Rents		44,964	44,964
Miscellaneous		230,514	230,514
Total revenues	<u>19,941,828</u>	<u>22,445,107</u>	<u>2,503,279</u>
Expenditures			
Current:			
General government			
Airport	171,695	27,362	144,333
Assessor	821,192	802,613	18,579
Board of Supervisors	6,421,861	2,446,544	3,975,317
Central Permits	164,029	42,039	121,990
Clerk of Superior Court	710,110	698,828	11,282
Constable #1	71,329	69,722	1,607
Constable #2	26,694	25,731	963
County Attorney	1,191,337	1,164,064	27,273
Elections	331,481	246,032	85,449
Finance	1,984,185	920,559	1,063,626
GIS	25,000	26,693	(1,693)
Grounds and Maintenance	3,088,314	1,301,435	1,786,879
Information Technology	512,601	577,621	(65,020)
Justice Court #1	596,631	611,137	(14,506)
Justice Court #2	169,938	174,829	(4,891)
Planning and Zoning	380,187	255,986	124,201
Recorder	236,405	229,259	7,146
Recorder - Election	261,787	142,529	119,258
Superior Court	1,120,458	1,075,942	44,516
Treasurer	496,221	463,095	33,126
Total general government	<u>18,781,455</u>	<u>11,302,020</u>	<u>7,479,435</u>
Public safety			
Adult Probation	489,645	459,653	29,992
Building Codes	212,168	174,031	38,137
Emergency Services	143,437	127,805	15,632
Sheriff	3,468,272	3,693,072	(224,800)
Total public safety	<u>4,313,522</u>	<u>4,454,561</u>	<u>(141,039)</u>

(Continued)

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2013
(Concluded)

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Health, welfare and sanitation			
Public Fiduciary	<u>\$ 3,242,976</u>	<u>\$ 2,887,330</u>	<u>\$ 355,646</u>
Total health, welfare and sanitation	<u>3,242,976</u>	<u>2,887,330</u>	<u>355,646</u>
Education and economic opportunity			
School Superintendent	<u>367,481</u>	<u>261,372</u>	<u>106,109</u>
Total education and economic opportunity	<u>367,481</u>	<u>261,372</u>	<u>106,109</u>
Recreation			
Parks	<u>402,583</u>	<u>122,428</u>	<u>280,155</u>
Total recreation	<u>402,583</u>	<u>122,428</u>	<u>280,155</u>
Total expenditures	<u>27,108,017</u>	<u>19,027,711</u>	<u>8,080,306</u>
Excess (deficiency) of revenues over expenditures	(7,166,189)	3,417,396	10,583,585
Other financing sources (uses)			
Transfers in	108,055	216	(107,839)
Transfers out	<u>(3,553,368)</u>	<u>(3,467,411)</u>	<u>85,957</u>
Total other financing sources (uses)	<u>(3,445,313)</u>	<u>(3,467,195)</u>	<u>(21,882)</u>
Net change in fund balance	(10,611,502)	(49,799)	10,561,703
Fund balance, July 1, 2012	<u>10,611,502</u>	<u>13,557,490</u>	<u>2,945,988</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ 13,507,691</u>	<u>\$ 13,507,691</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
Jail District Fund
Year Ended June 30, 2013

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 2,750,000	\$ 2,594,043	\$ (155,957)
Intergovernmental	3,350,000	2,946,770	(403,230)
Investment earnings		5,388	5,388
Miscellaneous		250	250
Total revenues	<u>6,100,000</u>	<u>5,546,451</u>	<u>(553,549)</u>
Expenditures			
Current:			
Public safety			
Juvenile Detention	1,164,908	1,091,393	73,515
Sheriff's Office	4,709,500	4,370,300	339,200
Health			
Environmental Health	396,796	80,377	316,419
Debt service			
Principal retirement	1,370,000	1,456,519	(86,519)
Interest and fiscal charges	<u>1,878,306</u>	<u>1,894,439</u>	<u>(16,133)</u>
Total expenditures	<u>9,519,510</u>	<u>8,893,028</u>	<u>626,482</u>
Excess (deficiency) of revenues over expenditures	(3,419,510)	(3,346,577)	72,933
Other financing sources			
Transfers in	2,956,915	2,956,629	(286)
Transfers out		<u>(1,069)</u>	<u>(1,069)</u>
Total other financing sources	<u>2,956,915</u>	<u>2,955,560</u>	<u>(1,355)</u>
Net change in fund balances	(462,595)	(391,017)	71,578
Fund balance, July 1, 2012	<u>462,595</u>	<u>722,992</u>	<u>260,397</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ 331,975</u>	<u>\$ 331,975</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, 2013

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 1,071,608	\$ 1,222,286	\$ 150,678
Charges for services	44,500	76,804	32,304
Fines and forfeits	540,000	1,803,037	1,263,037
Investment earnings	<u>1,505</u>	<u>2,749</u>	<u>1,244</u>
Total revenues	<u>1,657,613</u>	<u>3,104,876</u>	<u>1,447,263</u>
Expenditures			
Current:			
General government			
County Attorney	1,536,107	1,562,869	(26,762)
Clerk of Superior Court	8,906		8,906
Justice Court	75,865	18,464	57,401
Superior Court	<u>689,048</u>	<u>29,973</u>	<u>659,075</u>
Total general government	<u>2,309,926</u>	<u>1,611,306</u>	<u>698,620</u>
Public safety			
Juvenile Probation	77,278		77,278
Sheriff's Office	716,647	812,578	(95,931)
Other Agencies	<u>113,925</u>	<u>226,820</u>	<u>(112,895)</u>
Total public safety	<u>907,850</u>	<u>1,039,398</u>	<u>(131,548)</u>
Total expenditures	<u>3,217,776</u>	<u>2,650,704</u>	<u>567,072</u>
Excess (deficiency) of revenues over expenditures	(1,560,163)	454,172	2,014,335
Other financing sources (uses)			
Transfers in	183,888	96,011	(87,877)
Transfers out	<u>(134,348)</u>	<u>(21,195)</u>	<u>113,153</u>
Total other financing sources (uses)	<u>49,540</u>	<u>74,816</u>	<u>25,276</u>
Net change in fund balance	(1,510,623)	528,988	2,039,611
Fund balance, July 1, 2012	<u>1,510,623</u>	<u>923,722</u>	<u>(586,901)</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ 1,452,710</u>	<u>\$ 1,452,710</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Required Supplementary Information
 Budgetary Comparison Schedule
 Flood Control Fund
 Year Ended June 30, 2013

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 1,953,612	\$ 1,944,153	\$ (9,459)
Investment earnings		8,354	8,354
Miscellaneous		286	286
Total revenues	<u>1,953,612</u>	<u>1,952,793</u>	<u>(819)</u>
Expenditures			
Public safety	<u>12,435,480</u>	<u>6,634,371</u>	<u>5,801,109</u>
Total expenditures	<u>12,435,480</u>	<u>6,634,371</u>	<u>5,801,109</u>
Excess (deficiency) of revenues over expenditures	(10,481,868)	(4,681,578)	5,800,290
Other financing sources (uses):			
Transfers in			
Transfers out		(12,576)	(12,576)
Total other financing sources (uses)	<u>-</u>	<u>(12,576)</u>	<u>(12,576)</u>
Net change in fund balance	(10,481,868)	(4,694,154)	5,787,714
Fund balance, July 1, 2012	<u>10,481,868</u>	<u>9,884,018</u>	<u>(597,850)</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ 5,189,864</u>	<u>\$ 5,189,864</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2013

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 Balance to the budgetary comparison schedule:

	General Fund
Excess of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$3,091,757
Present value of net minimum capital lease payments	<u>325,639</u>
Excess of revenues over expenditures from the budgetary comparison schedules	<u>\$3,417,396</u>

Santa Cruz County
 Required Supplementary Information
 Notes to Budgetary Comparison Schedules
 June 30, 2013

Note 3 – Expenditures in Excess of Appropriations

For the year ended June 30, 2013, expenditures exceeded final budget amounts at the department level (the legal level of budgetary control) as follows:

Fund/Department	Excess
GIS - General Fund	\$ 1,693
Information Technology - General Fund	65,020
Justice Court #1 - General Fund	14,506
Justice Court #2 - General Fund	4,891
Juvenile Detention – Principal Retirement – Jail District	25,956
Juvenile Detention – Interest and Fiscal Charges – Jail District	4,840
County Attorney – Criminal Justice Enhancement Fund	26,762
Other Agencies – Criminal Justice Enhancement Fund	112,895
Commerce Department – WIA Fund	58,406
Sheriff's Office:	
General Fund	224,800
Criminal Justice Enhancement Fund	95,931
Jail District – Principal Retirement	60,563
Jail District – Interest and Fiscal Charges	11,293
Sheriff's Office – Total	392,587

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

Santa Cruz County
 Required Supplementary Information
 Schedule of Agent Retirement Plans' Funding Progress
 June 30, 2013

Public Safety Personnel Retirement System

	Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b-a)	Funded ratio (a/b)	Annual covered payroll (c)	UAAL (funding excess) as percentage of covered payroll ((b-a)/c)
Pension	June 30, 2013	\$6,303,468	\$12,191,601	\$5,888,133	51.7%	\$2,050,941	287.1%
Health	June 30, 2013	-	411,331	411,331	0.0%	2,050,941	20.1%
Pension	June 30, 2012	5,980,797	\$11,586,161	\$5,605,364	51.6%	\$2,004,335	279.7%
Health	June 30, 2012	-	326,152	326,152	0.0%	2,004,335	16.3%
Insurance	June 30, 2011	5,717,985	10,383,222	4,665,237	55.1%	1,973,917	236.3%
Health	June 30, 2011	-	321,252	321,252	0.0%	1,973,917	16.3%
Insurance	June 30, 2011	-	321,252	321,252	0.0%	1,973,917	16.3%

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Combining and Individual
Fund Statements and Schedules

Santa Cruz County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Assets			
Cash and cash equivalents	\$ 3,449,245	\$ 155,368	\$ 3,604,613
Investments	1,229,630	16,234	1,245,864
Due from other governmental units	865,393	55,680	921,073
Accounts receivable	71,652		71,652
Prepaid items	527		527
Total assets	<u>\$ 5,616,447</u>	<u>\$ 55,680</u>	<u>\$ 5,843,729</u>
Liabilities			
Accounts payable	\$ 294,421	\$ 270	\$ 294,691
Accrued payroll and employee benefits	68,561		68,561
Due to other funds	660,374	55,680	716,054
Deferred revenue	158,451	47,266	205,717
Total liabilities	<u>1,181,807</u>	<u>103,216</u>	<u>1,285,023</u>
Fund Balance			
Fund balance	4,434,640	124,066	4,558,706
Total fund balance	<u>4,434,640</u>	<u>124,066</u>	<u>4,558,706</u>
Total liabilities and fund balance	<u>\$ 5,616,447</u>	<u>\$ 227,282</u>	<u>\$ 5,843,729</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Other Governmental Funds</u>
Revenues			
Intergovernmental	\$ 9,876,940	\$ 77,750	\$ 9,954,690
Charges for services	482,239		482,239
Fines and forfeits	100,385		100,385
Investment earnings	16,329	16,939	33,268
Miscellaneous	<u>77,094</u>	<u>48,946</u>	<u>126,040</u>
Total revenues	<u>10,552,987</u>	<u>143,635</u>	<u>10,696,622</u>
Expenditures			
General government	343,203	88,484	431,687
Public safety	2,529,997	37,457	2,567,454
Highways and streets	3,706,853		3,706,853
Health, welfare and sanitation	1,262,588		1,262,588
Education and economic opportunity	2,143,021		2,143,021
Debt Service			
Principal retirement	41,277		41,277
Interest and fiscal charges	<u>24,572</u>		<u>24,572</u>
Total expenditures	<u>10,051,511</u>	<u>125,941</u>	<u>10,177,452</u>
Excess (deficiency) of revenues over expenditures	501,476	17,694	519,170
Other financing sources (uses)			
Transfers in	506,974		506,974
Transfers out	<u>(79,952)</u>	<u>(198,700)</u>	<u>(278,652)</u>
Total other financing sources (uses)	<u>427,022</u>	<u>(198,700)</u>	<u>228,322</u>
Net change in fund balance	928,498	(181,006)	747,492
Beginning fund balance	<u>3,506,142</u>	<u>305,072</u>	<u>3,811,214</u>
Ending fund balance	<u>\$ 4,434,640</u>	<u>\$ 124,066</u>	<u>\$ 4,558,706</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013

	<u>Road</u>	<u>WIA</u>	<u>Health Services</u>	<u>Juvenile Services</u>
Assets				
Cash and cash equivalents	\$ 753,980	\$ 12,701	\$ 73,724	\$ 239,099
Investments	1,054,490			24,733
Due from other governmental units	363,849	166,975	44,872	167,894
Accounts receivable	31,333		2,100	2,018
Prepaid items		527		
Total assets	<u>\$ 2,203,652</u>	<u>\$ 180,203</u>	<u>\$ 120,696</u>	<u>\$ 433,744</u>
Liabilities				
Accounts payable	\$ 148,229	\$ 27,287	\$ 4,172	\$ 72,077
Accrued payroll and employee benefits	18,739	5,044	6,241	12,238
Due to other funds		386,508	43,872	167,891
Deferred revenue		56,625	28,140	41,681
Total liabilities	<u>166,968</u>	<u>475,464</u>	<u>82,425</u>	<u>293,887</u>
Fund Balance				
Fund balance	<u>2,036,684</u>	<u>(295,261)</u>	<u>38,271</u>	<u>139,857</u>
Total fund balance (deficit)	<u>2,036,684</u>	<u>(295,261)</u>	<u>38,271</u>	<u>139,857</u>
 Total liabilities and fund balance	 <u>\$ 2,203,652</u>	 <u>\$ 180,203</u>	 <u>\$ 120,696</u>	 <u>\$ 433,744</u>

<u>Probation Services</u>	<u>Homeland Security</u>	<u>Retrieval Conversion</u>	<u>Animal Control</u>	<u>Accommodation School</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
\$ 326,238	\$ 3,536	\$ 617,890	\$ 38,849		\$ 1,383,228	\$ 3,449,245
143,426		6,981				1,229,630
5,582	58,712	78	24		57,407	865,393
10,892		6,891	1,153		17,265	71,652
						527
<u>\$ 486,138</u>	<u>\$ 62,248</u>	<u>\$ 631,840</u>	<u>\$ 40,026</u>		<u>\$ 1,457,900</u>	<u>\$ 5,616,447</u>
\$ 4,515	\$ 520	\$ 2,889	\$ 5,644		\$ 29,088	\$ 294,421
15,747		789	7,040		2,723	68,561
4,445	56,759	899				660,374
4,445	27,046	514				158,451
<u>29,152</u>	<u>84,325</u>	<u>5,091</u>	<u>12,684</u>		<u>31,811</u>	<u>1,181,807</u>
456,986	(22,077)	626,749	27,342		1,426,089	4,434,640
<u>456,986</u>	<u>(22,077)</u>	<u>626,749</u>	<u>27,342</u>		<u>1,426,089</u>	<u>4,434,640</u>
<u>\$ 486,138</u>	<u>\$ 62,248</u>	<u>\$ 631,840</u>	<u>\$ 40,026</u>		<u>\$ 1,457,900</u>	<u>\$ 5,616,447</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2013

	<u>Road</u>	<u>WIA</u>	<u>Health Services</u>	<u>Juvenile Services</u>
Revenues				
Intergovernmental	\$ 4,126,918	\$ 947,270	\$ 350,931	\$ 1,335,922
Charges for services			117,432	10,748
Fines and forfeits				
Investment earnings	11,294		26	1,045
Miscellaneous	19,081			
Total revenues	<u>4,157,293</u>	<u>947,270</u>	<u>468,389</u>	<u>1,347,715</u>
Expenditures				
General government				129,410
Public safety				679,214
Highways and streets	3,706,853			
Health, welfare and sanitation			589,268	
Education and economic opportunity		822,357		600,745
Debt Service				
Principal retirement	10,135	31,142		
Interest and fiscal charges	33	24,539		
Total expenditures	<u>3,717,021</u>	<u>878,038</u>	<u>589,268</u>	<u>1,409,369</u>
Excess (deficiency) of revenues over expenditures	440,272	69,232	(120,879)	(61,654)
Other financing sources (uses)				
Transfers in	83,134		172,762	1,000
Transfers out	(2,054)		(550)	
Total other financing sources (uses)	<u>81,080</u>		<u>172,212</u>	<u>1,000</u>
Net change in fund balance	521,352	69,232	51,333	(60,654)
Beginning fund balance	<u>1,515,332</u>	<u>(364,493)</u>	<u>(13,062)</u>	<u>200,511</u>
Ending fund balance	<u>\$ 2,036,684</u>	<u>\$ (295,261)</u>	<u>\$ 38,271</u>	<u>\$ 139,857</u>

<u>Probation Services</u>	<u>Homeland Security</u>	<u>Retrieval Conversion</u>	<u>Animal Control</u>	<u>Accommodation School</u>	<u>Other Special Revenue Funds</u>	<u>Total</u>
\$ 999,235	\$ 761,550	\$ 15,800	\$ 244,198		\$ 1,095,116	\$ 9,876,940
101,579		81,335	37,534		133,611	482,239
		100,385				100,385
1,999		790	63		1,112	16,329
2,426			10,857		44,730	77,094
<u>1,105,239</u>	<u>761,550</u>	<u>198,310</u>	<u>292,652</u>	<u>-</u>	<u>1,274,569</u>	<u>10,552,987</u>
	2,560	137,752			73,481	343,203
1,074,355	484,985				291,443	2,529,997
			507,807		165,513	3,706,853
				\$ 37,880	682,039	1,262,588
						2,143,021
						41,277
						24,572
<u>1,074,355</u>	<u>487,545</u>	<u>137,752</u>	<u>507,807</u>	<u>37,880</u>	<u>1,212,476</u>	<u>10,051,511</u>
30,884	274,005	60,558	(215,155)	(37,880)	62,093	501,476
1,855	597	9,195	173,753		64,678	506,974
		(68,633)			(8,715)	(79,952)
<u>1,855</u>	<u>597</u>	<u>(59,438)</u>	<u>173,753</u>	<u>-</u>	<u>55,963</u>	<u>427,022</u>
32,739	274,602	1,120	(41,402)	(37,880)	118,056	928,498
424,247	(296,679)	625,629	68,744	37,880	1,308,033	3,506,142
<u>\$ 456,986</u>	<u>\$ (22,077)</u>	<u>\$ 626,749</u>	<u>\$ 27,342</u>	<u>\$ -</u>	<u>\$ 1,426,089</u>	<u>\$ 4,434,640</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2013

	<u>New Facilities</u>	<u>Construction</u>	<u>Airport</u>	<u>Other</u>	<u>Total</u>
Assets					
Cash and investments	\$ 94,315		\$ 397	\$ 60,656	\$ 155,368
Investments	16,234				16,234
Due from other governmental units	<u>1</u>	<u>\$ 29,268</u>	<u>26,411</u>		<u>55,680</u>
Total assets	<u>\$ 110,550</u>	<u>\$ 29,268</u>	<u>\$ 26,808</u>	<u>\$ 60,656</u>	<u>\$ 227,282</u>
Liabilities					
Accounts payable		\$ 270			\$ 270
Due to other funds		29,269	\$ 26,411		55,680
Deferred revenue		<u>29,268</u>	<u>17,998</u>		<u>47,266</u>
Total liabilities	<u>-</u>	<u>58,807</u>	<u>44,409</u>	<u>-</u>	<u>103,216</u>
Fund Balance					
Fund balance	<u>\$ 110,550</u>	<u>\$ (29,539)</u>	<u>\$ (17,601)</u>	<u>\$ 60,656</u>	<u>\$ 124,066</u>
Total fund balance	<u>110,550</u>	<u>(29,539)</u>	<u>(17,601)</u>	<u>60,656</u>	<u>124,066</u>
 Total liabilities and fund balance	 <u>\$ 110,550</u>	 <u>\$ 29,268</u>	 <u>\$ 26,808</u>	 <u>\$ 60,656</u>	 <u>\$ 227,282</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances
Nonmajor Capital Projects Funds
Year Ended June 30, 2013

	<u>New Facilities</u>	<u>Construction</u>	<u>Airport</u>	<u>Other</u>	<u>Total</u>
Revenues					
Taxes					
Intergovernmental		\$ 5,600	\$ 72,150		\$ 77,750
Investment earnings	\$ 16,939				16,939
Miscellaneous	48,896	50			48,946
Total revenues	<u>65,835</u>	<u>5,650</u>	<u>72,150</u>	<u>-</u>	<u>143,635</u>
Expenditures					
General government			88,484		88,484
Public safety	2,268	35,189			37,457
Highways and streets					-
Health, welfare and sanitation					-
Education and economic opportunity					-
Debt Service					-
Principal retirement					-
Interest and fiscal charges					-
Total expenditures	<u>2,268</u>	<u>35,189</u>	<u>88,484</u>	<u>-</u>	<u>125,941</u>
Excess (deficiency) of revenues over (under) expenditures	63,567	(29,539)	(16,334)		17,694
Other financing sources (uses)					
Transfers in					
Transfers out	(198,700)				(198,700)
Total other financing sources (uses)	<u>(198,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(198,700)</u>
Net change in fund balance	(135,133)	(29,539)	(16,334)		(181,006)
Beginning fund balance (deficit)	<u>245,683</u>	<u>-</u>	<u>(1,267)</u>	<u>\$ 60,656</u>	<u>305,072</u>
Ending fund balance (deficit)	<u>\$ 110,550</u>	<u>\$ (29,539)</u>	<u>\$ (17,601)</u>	<u>\$ 60,656</u>	<u>\$ 124,066</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, 2013

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Intergovernmental	\$ 3,400,000	\$ 4,126,918	\$ 726,918
Investment earnings		11,294	11,294
Miscellaneous	150,000	19,081	(130,919)
Total revenues	3,550,000	4,157,293	607,293
Expenditures			
Highways and streets	5,502,967	3,717,021	1,785,946
Total expenditures	5,502,967	3,717,021	1,785,946
Excess (deficiency) of revenues over expenditures	(1,952,967)	440,272	2,393,239
Other financing sources (uses)			
Transfers in	104,500	83,134	(21,366)
Transfers out	-	(2,054)	(2,054)
Total other financing sources and uses	104,500	81,080	(23,420)
Net change in fund balance	(1,848,467)	521,352	2,369,819
Fund balance, July 1, 2012	1,848,467	1,515,332	(333,135)
Fund balance, June 30, 2013	\$ -	\$ 2,036,684	\$ 2,036,684

Santa Cruz County
 Nonmajor Special Revenue Funds
 WIA Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2013

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 806,646	\$ 947,270	\$ 140,624
Total revenues	<u>806,646</u>	<u>947,270</u>	<u>140,624</u>
Expenditures			
Education and economic opportunity—Commerce	<u>819,632</u>	<u>878,038</u>	<u>(58,406)</u>
Total expenditures	<u>819,632</u>	<u>878,038</u>	<u>(58,406)</u>
Excess (deficiency) of revenues over expenditures	(12,986)	69,232	82,218
Other financing sources (uses)			
Transfers in	_____	_____	_____
Transfers out	_____	_____	_____
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(12,986)	69,232	82,218
Fund balance, July 1, 2012	<u>12,986</u>	<u>(364,493)</u>	<u>(377,479)</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ (295,261)</u>	<u>\$ (295,261)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Health Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2013

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 162,578	\$ 350,931	\$ 188,353
Charges for services	120,000	117,432	(2,568)
Investment earnings	<u>26</u>	<u>26</u>	<u>26</u>
Total revenues	<u>282,578</u>	<u>468,389</u>	<u>185,811</u>
Expenditures			
Health, welfare & sanitation	<u>609,248</u>	<u>589,268</u>	<u>19,980</u>
Total expenditures	<u>609,248</u>	<u>589,268</u>	<u>19,980</u>
Excess (deficiency) of revenues over expenditures	(326,670)	(120,879)	205,791
Other financing sources (uses)			
Transfers in	256,205	172,762	(83,443)
Transfers out	<u>(10,417)</u>	<u>(550)</u>	<u>9,867</u>
Total other financing sources	<u>245,788</u>	<u>172,212</u>	<u>(73,576)</u>
Net change in fund balance	(80,882)	51,333	132,215
Fund balance, July 1, 2012	<u>80,882</u>	<u>(13,062)</u>	<u>(93,944)</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ 38,271</u>	<u>\$ 38,271</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Juvenile Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2013

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 954,441	\$ 1,335,922	\$ 381,481
Charges for service	8,400	10,748	2,348
Investment earnings	450	1,045	595
Total revenues	<u>963,291</u>	<u>1,347,715</u>	<u>384,424</u>
Expenditures			
General government			
Superior Court	120,824	129,410	(8,586)
Public safety			
Probation	920,277	679,214	241,063
Education			
School Superintendent	<u>245,463</u>	<u>600,745</u>	<u>(355,282)</u>
Total expenditures	<u>1,286,564</u>	<u>1,409,369</u>	<u>(122,805)</u>
Excess (deficiency) of revenues over expenditures	(323,273)	(61,654)	261,619
Other financing sources (uses)			
Transfers in		1,000	1,000
Transfers out			
Total other financing sources	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Net change in fund balance	(323,273)	(60,654)	262,619
Fund balance, July 1, 2012	<u>323,273</u>	<u>200,511</u>	<u>(122,762)</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ 139,857</u>	<u>\$ 139,857</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Probation Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2013

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 986,374	\$ 999,235	\$ 12,861
Charges for service	69,400	101,579	32,179
Investment earnings	800	1,999	1,199
Miscellaneous	<u>1,700</u>	<u>2,426</u>	<u>726</u>
Total revenues	<u>1,058,274</u>	<u>1,105,239</u>	<u>46,965</u>
Expenditures			
Public safety	<u>1,516,227</u>	<u>1,074,355</u>	<u>441,872</u>
Total expenditures	<u>1,516,227</u>	<u>1,074,355</u>	<u>441,872</u>
Excess (deficiency) of revenues over expenditures	(457,953)	30,884	488,837
Other financing sources (uses)			
Transfers in	4,745	1,855	(2,890)
Transfers out	<u>(2,890)</u>	<u> </u>	<u>2,890</u>
Total other financing sources	<u>1,855</u>	<u>1,855</u>	<u>-</u>
Net change in fund balance	(456,098)	32,739	488,837
Fund balance, July 1, 2012	<u>456,098</u>	<u>424,247</u>	<u>(31,851)</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ 456,986</u>	<u>\$ 456,986</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Homeland Security Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2013

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 502,133	\$ 761,550	\$ 259,417
Total revenues	<u>502,133</u>	<u>761,550</u>	<u>259,417</u>
Expenditures			
General Government			
County Attorney		2,560	(2,560)
Public safety			
Emergency Management	5,668	34,086	(28,418)
Sheriff's Office	<u>500,000</u>	<u>450,899</u>	<u>49,101</u>
Total expenditures	<u>505,668</u>	<u>487,545</u>	<u>18,123</u>
Excess (deficiency) of revenues over expenditures	(3,535)	274,005	277,540
Other financing sources (uses)			
Transfers in		597	597
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>597</u>	<u>597</u>
Net change in fund balance	(3,535)	274,602	278,137
Fund balance, July 1, 2012	<u>3,535</u>	<u>(296,679)</u>	<u>(300,214)</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ (22,077)</u>	<u>\$ (22,077)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Retrieval Conversion Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2013

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 15,769	\$ 15,800	\$ 31
Charges for services	125,000	81,335	(43,665)
Fines and forfeits	18,982	100,385	81,403
Investment earnings	<u>700</u>	<u>790</u>	<u>90</u>
Total revenues	<u>160,451</u>	<u>198,310</u>	<u>37,859</u>
Expenditures			
General government	<u>723,220</u>	<u>137,752</u>	<u>585,468</u>
Total expenditures	<u>723,220</u>	<u>137,752</u>	<u>585,468</u>
Excess (deficiency) of revenues over expenditures	(562,769)	60,558	623,327
Other financing sources (uses)			
Transfers in	-	9,195	9,195
Transfers out	<u>(78,000)</u>	<u>(68,633)</u>	<u>9,367</u>
Total other financing uses	<u>(78,000)</u>	<u>(59,438)</u>	<u>18,562</u>
Net change in fund balance	(640,769)	1,120	641,889
Fund balance, July 1, 2012	<u>640,769</u>	<u>625,629</u>	<u>(15,140)</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ 626,749</u>	<u>\$ 626,749</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Animal Control Fund
Budgetary Comparison Schedule
Year Ended June 30, 2013

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 245,863	\$ 244,198	\$ (1,665)
Charges for services	37,750	37,534	(216)
Investment earnings		63	63
Miscellaneous		10,857	10,857
Total revenues	<u>283,613</u>	<u>292,652</u>	<u>9,039</u>
Expenditures			
Current:			
Health, welfare and sanitation	<u>530,644</u>	<u>507,807</u>	<u>22,837</u>
Total expenditures	<u>530,644</u>	<u>507,807</u>	<u>22,837</u>
Excess (deficiency) of revenues over expenditures	(247,031)	(215,155)	31,876
Other financing sources (uses)			
Transfers in	204,201	173,753	(30,448)
Transfers out			
Total other financing sources	<u>204,201</u>	<u>173,753</u>	<u>(30,448)</u>
Net change in fund balance	(42,830)	(41,402)	1,428
Fund balance, July 1, 2012	<u>42,830</u>	<u>68,744</u>	<u>25,914</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ 27,342</u>	<u>\$ 27,342</u>

Santa Cruz County
Nonmajor Special Revenue Funds
Other Special Revenue Funds
Budgetary Comparison Schedule
Year Ended June 30, 2013

	Original and Final Budget Amounts	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ 673,770	\$ 1,095,116	\$ 421,346
Charges for services	92,100	133,611	41,511
Investment earnings	40	1,112	1,072
Miscellaneous	40	44,730	44,690
Total revenues	<u>765,950</u>	<u>1,274,569</u>	<u>508,619</u>
Expenditures			
General government	173,323	73,481	99,842
Public safety	650,269	291,443	358,826
Health, welfare and sanitation	198,011	165,513	32,498
Education and economic opportunity	884,372	682,039	202,333
Total expenditures	<u>1,905,975</u>	<u>1,212,476</u>	<u>693,499</u>
Excess (deficiency) of revenues over expenditures	(1,140,025)	62,093	1,202,118
Other financing sources (uses)			
Transfers in	59,895	64,678	4,783
Transfers out	<u>(14,086)</u>	<u>(8,715)</u>	<u>5,371</u>
Total other financing sources (uses)	<u>45,809</u>	<u>55,963</u>	<u>10,154</u>
Net change in fund balance	(1,094,216)	118,056	1,212,272
Fund balance, July 1, 2012	<u>1,094,216</u>	<u>1,308,033</u>	<u>213,817</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ 1,426,089</u>	<u>\$ 1,426,089</u>

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

Nonmajor Capital Projects Funds

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—New Facilities Fund
 Year Ended June 30, 2013

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Investment earnings	\$ -	\$ 16,939	\$ 16,939
Miscellaneous	<u> </u>	<u>48,896</u>	<u>48,896</u>
Total revenues	<u> </u>	<u>65,835</u>	<u>65,835</u>
Expenditures			
Public safety	<u> </u>	<u>2,268</u>	<u>(2,268)</u>
Total expenditures	<u> </u>	<u>2,268</u>	<u>(2,268)</u>
Excess (deficiency) of revenues over expenditures		63,567	63,567
Other financing sources (uses)			
Transfers in			
Transfers out	<u>(283,995)</u>	<u>(198,700)</u>	<u>85,295</u>
Total other financing uses	<u>(283,995)</u>	<u>(198,700)</u>	<u>85,295</u>
Net change in fund balance	(283,995)	(135,133)	148,862
Fund balance, July 1, 2012	<u>283,995</u>	<u>245,683</u>	<u>(38,312)</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ 110,550</u>	<u>\$ 110,550</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Construction Fund
 Year Ended June 30, 2013

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ -	\$ 5,600	\$ 5,600
Miscellaneous	<u> </u>	<u>50</u>	<u>50</u>
Total revenues	<u> </u>	<u>5,650</u>	<u>5,650</u>
Expenditures			
Public safety	<u> </u>	<u>35,189</u>	<u>(35,189)</u>
Total expenditures	<u> </u>	<u>35,189</u>	<u>(35,189)</u>
Net change in fund balance	-	(29,539)	(29,539)
Fund balance, July 1, 2012	<u> </u>	<u> </u>	<u> </u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ (29,539)</u>	<u>\$ (29,539)</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Airport Fund
 Year Ended June 30, 2013

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ -	\$ 72,150	\$ 72,150
Total Revenues	<u>-</u>	<u>72,150</u>	<u>72,150</u>
Expenditures			
General government	<u>397</u>	<u>88,484</u>	<u>(88,087)</u>
Total expenditures	<u>397</u>	<u>88,484</u>	<u>(88,087)</u>
Net change in fund balance	(397)	(16,334)	(15,937)
Fund balance (deficit), July 1, 2012	<u>397</u>	<u>(1,267)</u>	<u>(1,664)</u>
Fund balance (deficit), June 30, 2013	<u>\$ -</u>	<u>\$ (17,601)</u>	<u>\$ (17,601)</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Other Funds
 Year Ended June 30, 2013

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
General government	1,022		1,022
Education and economic opportunity	<u>59,683</u>	<u> </u>	<u>59,683</u>
Total expenditures	<u>60,705</u>	<u>-</u>	<u>60,705</u>
Excess (deficiency) of revenues over expenditures	(60,705)		60,705
Net change in fund balance	(60,705)		60,705
Fund balance, July 1, 2012	<u>60,705</u>	<u>60,656</u>	<u>(49)</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ 60,656</u>	<u>\$ 60,656</u>

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

Major Debt Service Fund

Santa Cruz County
 Budgetary Comparison Schedule
 Debt Service Fund
 Year Ended June 30, 2013

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ -	\$ 154	\$ 154
Investment earnings	<u> </u>	<u>6,820</u>	<u>6,820</u>
Total Revenues	<u> </u>	<u>6,974</u>	<u>6,974</u>
Expenditures			
Debt service			
Principal	295,000	295,000	-
Interest and fiscal charges	<u>1,071,945</u>	<u>706,075</u>	<u>365,870</u>
Total expenditures	<u>1,366,945</u>	<u>1,001,075</u>	<u>365,870</u>
Excess (deficiency) of revenues over expenditures	(1,366,945)	(994,101)	372,844
Other financing sources (uses)			
Transfers in	198,700	198,700	-
Transfers out	<u> </u>	<u> </u>	<u> </u>
Total other financing sources	<u>198,700</u>	<u>198,700</u>	<u> </u>
Net change in fund balance	(1,168,245)	(795,401)	372,844
Fund balance, July 1, 2012	<u>1,168,245</u>	<u>242,365</u>	<u>(925,880)</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ (553,036)</u>	<u>\$ (553,036)</u>

Investment Trust and Agency Funds

Santa Cruz County
Combining Statement of Fiduciary Net Position
Investment Trust Fund
June 30, 2013

	Treasurer's Investment Pool	Individual Investment Accounts	Total
Assets			
Cash and investments	\$ 31,444,940	\$ 65,752	\$ 31,510,692
Interest receivable	137,107	8	137,115
Total assets	\$ 31,582,047	\$ 65,760	\$ 31,647,807
Net Position			
Held in trust for investment trust participants	\$ 31,582,047	\$ 65,760	\$ 31,647,807

Santa Cruz County
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2013

	Property Tax Collection	Fire District	Special Purpose	Total
Assets				
Cash and investments	<u>\$ 54,875</u>	<u>\$ 6,598</u>	<u>\$ 779,282</u>	<u>\$ 840,755</u>
Total assets	<u>\$ 54,875</u>	<u>\$ 6,598</u>	<u>\$ 779,282</u>	<u>\$ 840,755</u>
Liabilities				
Due to other governmental units	\$ 85	\$ 6,598		\$ 6,683
Deposits held for others	<u>54,790</u>	<u> </u>	<u>\$ 779,282</u>	<u>834,072</u>
Total liabilities	<u>\$ 54,875</u>	<u>\$ 6,598</u>	<u>\$ 779,282</u>	<u>\$ 840,755</u>

Santa Cruz County
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
Year Ended June 30, 2013

	Treasurer's Investment Pool	Individual Investment Accounts	Total
Additions			
Contributions from participants	\$ 102,570,826	\$ 1,266	\$ 102,572,092
Investment income	<u>262,957</u>	<u>127</u>	<u>263,084</u>
Total additions	<u>102,833,783</u>	<u>1,393</u>	<u>102,835,176</u>
Deductions			
Distributions to participants	<u>101,267,119</u>	<u>14,745</u>	<u>101,281,864</u>
Total deductions	<u>101,267,119</u>	<u>14,745</u>	<u>101,281,864</u>
Changes in net position	1,566,664	(13,352)	1,553,312
Net position, July 1, 2012	<u>30,015,383</u>	<u>79,112</u>	<u>30,094,495</u>
Net position, June 30, 2013	<u>\$ 31,582,047</u>	<u>\$ 65,760</u>	<u>\$ 31,647,807</u>

Santa Cruz County
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2013

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Property Tax Collection:				
Assets				
Cash and investments	\$ 28,097	\$ 4,309,509	\$ 4,282,731	\$ 54,875
Liabilities				
Due to other governmental units	\$ 28,097	\$ 1,706,987	\$ 1,734,999	\$ 85
Deposits held for other parties	-	2,602,522	2,547,732	54,790
Total liabilities	<u>\$ 28,097</u>	<u>\$ 4,309,509</u>	<u>\$ 4,282,731</u>	<u>\$ 54,875</u>
Fire District:				
Assets				
Cash and investments	\$ -	\$ 393,537	\$ 386,939	\$ 6,598
Liabilities				
Due to other governmental units	\$ -	\$ 393,537	\$ 386,939	\$ 6,598
Special Purpose:				
Assets				
Cash and investments	\$ 949,393	\$ 46,272	\$ 216,383	\$ 779,282
Liabilities				
Deposits held for other parties	\$ 949,393	\$ 46,272	\$ 216,383	\$ 779,282
Total - All Agency Funds				
Assets				
Cash and investments	<u>\$ 977,490</u>	<u>\$ 4,749,318</u>	<u>\$ 4,886,053</u>	<u>\$ 840,755</u>
Liabilities				
Due to other governmental units	\$ 28,097	\$ 2,100,524	\$ 2,121,938	\$ 6,683
Deposits held for other parties	949,393	2,648,794	2,764,115	834,072
Total liabilities	<u>\$ 977,490</u>	<u>\$ 4,749,318</u>	<u>\$ 4,886,053</u>	<u>\$ 840,755</u>

Statistical Section

FINANCIAL TRENDS:

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

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities										
Net investment in capital assets	\$73,030	\$74,702	\$75,658	\$74,440	\$73,420	\$74,969	\$71,338	\$23,757	\$20,734	\$18,317
Restricted	9,190	9,412	10,559	6,012	7,868	8,463	5,115	5,882	4,374	2,125
Unrestricted	<u>10,951</u>	<u>11,913</u>	<u>10,801</u>	<u>14,795</u>	<u>14,615</u>	<u>13,109</u>	<u>15,751</u>	<u>13,740</u>	<u>9,855</u>	<u>10,512</u>
Total governmental activities net position	<u>93,171</u>	<u>96,027</u>	<u>97,018</u>	<u>95,247</u>	<u>95,903</u>	<u>96,541</u>	<u>92,204</u>	<u>43,379</u>	<u>34,963</u>	<u>30,954</u>
Business-Type Activities										
Net investment in capital assets	3,538	3,691	3,393	2,568	2,602	2,710	2,676	2,474	2,438	2,393
Unrestricted (deficit)	<u>(1,356)</u>	<u>(375)</u>	<u>(351)</u>	<u>715</u>	<u>596</u>	<u>(1,560)</u>	<u>(1,745)</u>	<u>(1,966)</u>	<u>(2,179)</u>	<u>(2,847)</u>
Total business-type activities net position (deficit)	<u>2,182</u>	<u>3,316</u>	<u>3,042</u>	<u>3,283</u>	<u>3,198</u>	<u>1,150</u>	<u>931</u>	<u>508</u>	<u>259</u>	<u>(454)</u>
Primary Government										
Net investment in capital assets	76,568	78,393	79,051	77,008	76,022	77,679	74,014	26,231	23,172	20,710
Restricted	9,190	9,412	10,559	6,012	7,868	8,463	5,115	5,882	4,374	2,125
Unrestricted	<u>9,595</u>	<u>11,538</u>	<u>10,450</u>	<u>15,510</u>	<u>15,211</u>	<u>11,549</u>	<u>14,006</u>	<u>11,774</u>	<u>7,676</u>	<u>7,665</u>
Total primary government net position	<u>\$95,353</u>	<u>\$99,343</u>	<u>\$100,060</u>	<u>\$98,530</u>	<u>\$99,101</u>	<u>\$97,691</u>	<u>\$93,135</u>	<u>\$43,887</u>	<u>\$35,222</u>	<u>\$30,500</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 Position
Last Ten Fiscal Years
(Amounts in Thousands)
(Accrual Basis of Accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental activities:										
General government	\$ 14,184	\$ 14,243	\$ 13,285	\$ 13,542	\$ 13,674	\$ 14,264	\$ 14,754	\$ 14,592	\$ 12,283	\$ 11,810
Public safety	15,420	17,894	14,733	12,986	14,631	12,961	8,789	8,049	7,758	6,822
Highways and streets	6,509	4,239	4,570	4,248	4,701	4,928	5,730	4,349	4,548	4,636
Health, welfare and sanitation	4,224	4,518	3,865	3,916	4,149	4,647	4,596	4,123	3,826	3,527
Education and economic opportunity	2,443	3,371	4,589	6,280	4,912	4,758	5,309	4,080	4,986	4,432
Recreation	139	141	121	208	329	354	302	347	271	209
Interest on long-term debt	2,983	2,965	2,767	4,220	1,976	63	52	35	59	84
Total governmental activities expenses	<u>45,902</u>	<u>47,371</u>	<u>43,930</u>	<u>45,400</u>	<u>44,371</u>	<u>41,975</u>	<u>39,532</u>	<u>35,575</u>	<u>33,731</u>	<u>31,520</u>
Business-type activities:										
Landfill	<u>2,432</u>	<u>833</u>	<u>1,261</u>	<u>562</u>	<u>(342)</u>	<u>2,137</u>	<u>1,824</u>	<u>1,636</u>	<u>1,626</u>	<u>1,350</u>
Total business-type activities expenses	<u>2,432</u>	<u>833</u>	<u>1,261</u>	<u>562</u>	<u>(342)</u>	<u>2,137</u>	<u>1,824</u>	<u>1,636</u>	<u>1,626</u>	<u>1,350</u>
Total primary government expenses	<u>48,334</u>	<u>48,204</u>	<u>45,191</u>	<u>45,962</u>	<u>44,029</u>	<u>44,112</u>	<u>41,356</u>	<u>37,211</u>	<u>35,357</u>	<u>32,870</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	3,201	3,326	3,087	3,532	3,153	3,629	3,459	2,785	2,102	2,087
Public safety	920	400	218	395	307	262	854	2,216	1,659	1,241
Highways and streets	-	-	-	2	7	-	22	-	6	-
Health, welfare and sanitation	157	185	206	202	218	242	596	623	615	545
Education and economic opportunity	13	88	14	1	-	182	155	-	253	118
Recreation	6	11	10	6	8	14	5	5	11	7
Operating grants and contributions*	9,077	10,777	11,079	9,955	9,305	16,402	16,051	14,317	12,113	12,707
Capital grants and contributions	3,513	3,447	4,335	3,608	3,963	656	1,351	1,578	1,108	2,818
Total governmental activities program revenues	<u>16,887</u>	<u>18,234</u>	<u>18,949</u>	<u>17,701</u>	<u>16,961</u>	<u>21,387</u>	<u>22,493</u>	<u>21,524</u>	<u>17,867</u>	<u>19,523</u>
Business-type activities:										
Charges for services										
Landfill	1,269	968	1,001	610	1,683	2,266	2,137	1,838	1,885	1,829
Operating grants and contributions	-	-	-	20	8	-	-	-	-	-
Total business-type program revenues	<u>1,269</u>	<u>968</u>	<u>1,001</u>	<u>630</u>	<u>1,691</u>	<u>2,266</u>	<u>2,137</u>	<u>1,838</u>	<u>1,885</u>	<u>1,829</u>
Total primary government program revenues	<u>18,156</u>	<u>19,202</u>	<u>\$ 19,950</u>	<u>\$ 18,331</u>	<u>\$ 18,652</u>	<u>\$ 23,653</u>	<u>\$ 24,630</u>	<u>\$ 23,362</u>	<u>\$ 19,752</u>	<u>\$ 21,352</u>
Net (expense) revenue										
Governmental activities	(29,015)	(29,137)	(24,981)	(27,699)	(27,410)	(20,588)	(17,039)	(14,051)	(15,864)	(11,997)
Business-type activities	<u>(1,163)</u>	<u>135</u>	<u>(260)</u>	<u>68</u>	<u>2,033</u>	<u>129</u>	<u>313</u>	<u>202</u>	<u>259</u>	<u>479</u>
Total primary government activities net (expense) revenue	<u>30,178</u>	<u>(29,002)</u>	<u>(25,241)</u>	<u>(27,631)</u>	<u>(25,377)</u>	<u>(20,459)</u>	<u>(16,726)</u>	<u>(13,849)</u>	<u>(15,605)</u>	<u>(11,518)</u>

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 12,650	\$ 13,398	\$ 13,988	\$ 14,187	\$ 12,666	\$ 12,276	\$ 11,718	\$ 12,795	\$ 12,140	\$ 10,044
County excise tax	5,190	5,288	5,180	4,965	5,912	-	-	-	-	-
Share of state sales taxes	4,918	4,065	3,861	3,675	4,151	8,035	11,677	7,620	6,416	5,595
Payments in lieu of taxes	980	956	834	324	1,360	578	571	574	614	621
Vehicle lieu tax unrestricted*	1,312	1,367	1,343	1,432	1,528	1,592	1,615	-	-	-
Share of state lottery revenue	-	-	-	304	522	-	-	-	-	-
Share of federal disproportionate revenue	-	-	-	-	215	-	-	-	-	-
Unrestricted grants and contributions	592	738	564	791	850	661	842	796	765	573
Investment earnings (loss)	98	68	205	730	(384)	771	884	607	307	212
Miscellaneous	402	531	747	754	531	252	67	75	61	59
Capital contributions	39	37	33	42	19	-	-	-	-	-
Transfers	(22)	(18)	(12)	-	-	-	(23)	-	(429)	-
Gain on sale of capital assets	-	-	9	-	-	-	-	-	-	-
Loss on disposal	-	(144)	-	-	-	-	(32)	-	-	-
Total governmental activities	<u>26,159</u>	<u>26,286</u>	<u>26,752</u>	<u>27,204</u>	<u>27,370</u>	<u>24,165</u>	<u>27,319</u>	<u>22,467</u>	<u>19,874</u>	<u>17,104</u>
Business-type activities:										
Grants and contributions	-	80	-	-	-	-	-	-	-	-
Investment earnings	7	2	6	18	15	90	86	46	19	6
Miscellaneous	-	-	-	-	-	-	-	-	6	13
Transfers	22	18	12	-	-	-	23	-	429	-
Capital contributions	-	-	-	-	-	-	1	-	-	-
Total business-type activities	<u>29</u>	<u>100</u>	<u>18</u>	<u>18</u>	<u>15</u>	<u>90</u>	<u>110</u>	<u>46</u>	<u>454</u>	<u>19</u>
Total primary government	<u>26,188</u>	<u>26,386</u>	<u>26,770</u>	<u>27,222</u>	<u>27,385</u>	<u>24,255</u>	<u>27,429</u>	<u>22,513</u>	<u>20,328</u>	<u>17,123</u>
Changes in net position										
Governmental activities	(2,856)	(2,851)	1,771	(495)	(40)	3,577	10,280	8,416	4,010	5,107
Business-type activities	(1,134)	235	(242)	86	2,048	219	423	248	713	498
Total primary government	<u>\$ (3,990)</u>	<u>\$ (2,616)</u>	<u>\$ 1,529</u>	<u>\$ (409)</u>	<u>\$ 2,008</u>	<u>\$ 3,796</u>	<u>\$ 10,703</u>	<u>\$ 8,664</u>	<u>\$ 4,723</u>	<u>\$ 5,605</u>

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

SOURCE: Comprehensive Annual Financial Reports for the relevant year.

*During FY 2006 and prior Vehicle lieu tax unrestricted was reported under Operating Grants & Contributions

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	13,370	15,052	12,752	15,356	12,808	10,648	8,839
Nonspendable*	49	44	42	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	13,458	13,513	13,945	-	-	-	-	-	-	-
Subtotal general fund	<u>\$13,507</u>	<u>\$13,557</u>	<u>\$13,987</u>	<u>\$13,370</u>	<u>\$15,052</u>	<u>\$12,752</u>	<u>\$15,356</u>	<u>\$12,808</u>	<u>\$10,648</u>	<u>\$8,839</u>
All other governmental funds										
Reserved for:										
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds (deficits)	-	-	-	8,430	8,929	7,270	5,334	5,810	4,010	3,411
Nonspendable*	4	2	4	-	-	-	-	-	-	-
Restricted	12,360	16,295	9,724	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	110	370	521	-	-	-	-	-	-	-
Unassigned	(1,648)	(1,431)	(2,616)	-	-	-	-	-	-	-
Capital projects funds (deficits)	-	-	-	5,378	35,028	60	(63)	1,025	(414)	(392)
Nonspendable*	-	-	-	-	-	-	-	-	-	-
Restricted	155	108	61	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(1)	(792)	-	-	-	-	-	-	-
Debt Service Assigned	-	242	236	493	2,129	1,792	445	408	295	596
Total all other governmental funds	<u>\$10,981</u>	<u>\$15,585</u>	<u>\$ 7,138</u>	<u>\$14,301</u>	<u>\$46,086</u>	<u>\$ 9,122</u>	<u>\$ 5,716</u>	<u>\$ 7,243</u>	<u>\$ 3,891</u>	<u>\$3,615</u>

*Due to the implementation of GASB 54 in FY 2011 categories regarding fund balances have been redefined. See Note 1 pages 29-35 for further explanation of categories. See Note 2 page 36 for purpose details.

SOURCE: Comprehensive Annual Financial Reports for the relevant year.

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Taxes	\$ 18,026	\$ 18,573	\$ 19,181	\$ 18,752	\$ 19,195	\$ 13,889	\$ 13,709	\$ 13,377	\$ 12,581	\$ 11,698
Intergovernmental	20,929	22,283	21,173	18,986	21,884	26,115	30,736	24,711	21,833	21,324
Licenses and permits	214	293	318	380	459	927	1,156	1,823	1,298	878
Charges for services	1,620	1,625	1,751	1,702	1,961	1,991	1,952	1,949	1,398	1,385
Fines and forfeits	2,464	2,092	1,466	2,056	1,273	933	1,207	1,148	1,027	1,071
Investment earnings	98	68	206	730	(384)	771	884	607	306	212
Rents	45	33	59	42	21	52	44	30	30	33
Contributions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	357	497	688	712	520	705	285	403	218	175
Total revenues	<u>43,753</u>	<u>45,464</u>	<u>44,842</u>	<u>43,360</u>	<u>44,929</u>	<u>45,383</u>	<u>49,973</u>	<u>44,048</u>	<u>38,691</u>	<u>36,776</u>
Expenditures:										
Current:										
General government	13,605	13,885	14,807	12,843	12,856	13,564	15,512	14,369	11,711	12,061
Public safety	19,435	16,355	20,821	13,093	13,562	14,506	10,189	8,153	8,019	6,683
Highways and streets	3,707	3,607	3,068	3,020	4,187	3,836	10,818	4,533	5,069	4,755
Health, welfare and sanitation	4,230	4,425	3,790	3,823	4,027	4,543	4,723	4,177	3,821	3,570
Education and economic opportunity	2,404	3,331	4,572	6,308	4,886	4,732	5,275	4,069	5,009	4,430
Recreation	122	122	99	183	300	425	327	289	285	207
Capital outlay	-	-	-	29,818	22,249	3,985	2,683	2,304	1,165	3,130
Debt service:										
Principal	2,224	2,133	1,935	3,359	270	218	91	978	1,040	480
Interest and other charges	2,983	2,965	2,767	4,220	1,976	63	52	35	59	84
Total expenditures	<u>48,710</u>	<u>46,823</u>	<u>51,859</u>	<u>76,667</u>	<u>64,313</u>	<u>45,872</u>	<u>49,670</u>	<u>38,907</u>	<u>36,178</u>	<u>35,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,957)</u>	<u>(1,359)</u>	<u>(7,017)</u>	<u>(33,307)</u>	<u>(19,384)</u>	<u>(489)</u>	<u>303</u>	<u>5,141</u>	<u>2,513</u>	<u>1,376</u>
Other financing sources (uses):										
Loan proceeds (net of discounts)	-	9,300	-	-	59,172	-	-	-	-	-
Proceeds from sales of capital assets	-	-	11	-	11	-	-	-	-	-
Capital lease agreements	326	224	473	-	64	532	740	-	-	51
Transfers in	3,759	6,962	5,488	5,654	3,876	5,691	3,273	838	564	698
Transfers out	(3,781)	(6,980)	(5,500)	(5,654)	(3,876)	(5,691)	(3,296)	(838)	(993)	(698)
Proceeds from long-term notes	-	-	-	-	-	-	-	766	-	-
Total other financing sources (uses)	<u>304</u>	<u>9,506</u>	<u>472</u>	<u>-</u>	<u>59,247</u>	<u>532</u>	<u>717</u>	<u>766</u>	<u>(429)</u>	<u>51</u>
Net change in fund balances	\$ (4,653)	\$ 8,147	\$ (6,545)	\$ (33,307)	\$ 39,863	\$ 43	\$ 1,020	\$ 5,907	\$ 2,084	\$ 1,427
Debt service as a percentage of noncapital expenditures	10.69%	10.89%	9.07%	16.18%	5.34%	0.67%	0.30%	2.77%	3.14%	1.75%

SOURCE: Comprehensive Annual Financial Reports for the relevant year

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

Fiscal Year	Taxes	Intergovernmental Revenues	Licenses and Permits	Charges for Services	Fines and Forfeits	Investment Earnings	Rents	Contributions and Miscellaneous	Total
2003-04 ⁽¹⁾	11,697,379	21,323,727	878,249	1,385,361	1,071,318	212,222	32,593	175,012	36,775,861
2004-05 ⁽¹⁾	12,580,901	21,800,991	1,298,251	1,398,450	1,026,658	306,478	30,000	218,033	38,659,762
2005-06 ⁽¹⁾	13,376,664	24,711,234	1,822,794	1,949,422	1,148,059	606,507	30,000	402,839	44,047,519
2006-07 ⁽¹⁾	13,708,503	30,736,174	1,155,737	1,951,691	1,207,025	884,162	44,100	285,400	49,972,792
2007-08 ⁽¹⁾	13,889,123	26,114,526	927,316	1,990,784	932,840	770,585	52,000	704,489	45,381,663
2008-09 ⁽¹⁾	19,195,260	21,883,830	459,139	1,961,489	1,272,710	(384,314)	20,800	520,359	44,929,273
2009-10 ⁽¹⁾	18,751,562	18,986,451	379,875	1,702,014	2,055,828	729,567	42,000	712,482	43,359,779
2010-11 ⁽¹⁾	19,180,849	21,173,272	318,010	1,750,998	1,466,191	205,553	58,620	688,527	44,842,020
2011-12 ⁽¹⁾	18,572,950	22,282,885	293,019	1,624,831	2,091,593	67,877	33,391	497,579	45,464,125
2012-13 ⁽¹⁾	18,026,015	20,929,331	213,610	1,619,670	2,463,908	98,235	44,964	357,090	43,752,823

NOTES:

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

SOURCE: Basic financial statements.

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

Fiscal Year	Taxes	Intergovernmental Revenues	Licenses and Permits	Charges for Services	Fines and Forfeits	Investment Earnings	Rents	Contributions and Miscellaneous	Total
2003-04 ⁽¹⁾	31.81	57.98	2.39	3.77	2.91	0.58	0.09	0.47	100.00
2004-05 ⁽¹⁾	32.54	56.39	3.36	3.62	2.66	0.79	0.08	0.56	100.00
2005-06 ⁽¹⁾	30.37	56.10	4.14	4.43	2.61	1.37	0.07	0.91	100.00
2006-07 ⁽¹⁾	27.43	61.50	2.31	3.91	2.42	1.77	0.09	0.57	100.00
2007-08 ⁽¹⁾	30.61	57.54	2.04	4.39	2.06	1.70	0.11	1.55	100.00
2008-09 ⁽¹⁾	42.72	48.71	1.02	4.37	2.83	(0.86)	0.05	1.16	100.00
2009-10 ⁽¹⁾	43.24	43.79	0.88	3.93	4.74	1.68	0.10	1.64	100.00
2010-11 ⁽¹⁾	42.77	47.22	0.71	3.90	3.27	0.46	0.13	1.54	100.00
2011-12 ⁽¹⁾	40.85	49.01	0.65	3.57	4.60	0.15	0.07	1.10	100.00
2012-13 ⁽¹⁾	41.20	47.84	0.49	3.70	5.63	0.22	0.10	0.82	100.00

NOTES:

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

SOURCE: Basic financial statements.

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Health, Welfare and Sanitation	Education and Economic Opportunity	Recreation	Debt Service	Total
2003-04 ⁽¹⁾	12,060,892	6,682,806	4,755,173	3,569,856	4,430,356	206,567	564,270	32,269,920
2004-05 ⁽¹⁾	11,710,628	8,018,946	5,069,150	3,821,242	5,008,858	285,075	1,099,220	35,013,119
2005-06 ⁽¹⁾	14,369,156	8,153,189	4,533,009	4,177,390	4,068,513	289,157	1,013,108	36,603,522
2006-07 ⁽¹⁾	15,512,469	10,188,891	10,818,202	4,723,017	5,275,053	326,817	143,102	46,987,551
2007-08 ⁽¹⁾	13,563,616	14,505,806	3,836,048	4,542,542	4,732,069	425,060	280,656	41,885,797
2008-09 ⁽¹⁾	12,856,447	13,562,453	4,186,599	4,026,549	4,885,684	300,356	2,245,343	42,063,431
2009-10 ⁽¹⁾	12,843,364	13,092,708	3,019,812	3,823,227	6,307,752	182,985	7,578,475	46,848,323
2010-11 ⁽¹⁾	14,807,146	20,820,966	3,067,846	3,790,279	4,572,614	98,941	4,701,642	51,859,434
2011-12 ⁽¹⁾	13,884,751	16,355,330	3,607,007	4,425,594	3,330,380	121,848	5,097,891	46,822,801
2012-13 ⁽¹⁾	13,604,846	19,433,945	3,706,853	4,230,295	2,404,393	122,428	5,207,220	48,709,980

NOTES:

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

SOURCE: Basic financial statements.

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

Fiscal Year	General Government	Public Safety	Highways and Streets	Health, Welfare and Sanitation	Education and Economic Opportunity	Recreation	Debt Service	Total
2003-04 ⁽¹⁾	37.38	20.71	14.74	11.06	13.73	0.64	1.74	100.00
2004-05 ⁽¹⁾	33.45	22.90	14.48	10.91	14.31	0.81	3.14	100.00
2005-06 ⁽¹⁾	39.26	22.27	12.38	11.41	11.12	0.79	2.77	100.00
2006-07 ⁽¹⁾	33.01	21.69	23.02	10.05	11.23	0.70	0.30	100.00
2007-08 ⁽¹⁾	32.38	34.63	9.16	10.84	11.30	1.02	0.67	100.00
2008-09 ⁽¹⁾	30.57	32.24	9.95	9.57	11.62	0.71	5.34	100.00
2009-10 ⁽¹⁾	27.41	27.95	6.45	8.16	13.46	0.39	16.18	100.00
2010-11 ⁽¹⁾	28.55	40.14	5.92	7.31	8.82	0.19	9.07	100.00
2011-12 ⁽¹⁾	29.66	34.93	7.70	9.45	7.11	0.26	10.89	100.00
2012-13 ⁽¹⁾	27.93	39.90	7.61	8.68	4.94	0.25	10.69	100.00

NOTES:

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

SOURCE: Basic financial statements.

REVENUE CAPACITY:

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

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

Fiscal Year	Commercial Property	Residential Property	Vacant Land	Other	Taxable Net Assessed Value	Total Direct Tax Rate	Estimated Limited Value	Assessed Value as a Percentage of Limited Value
03-04	105,172	97,412	37,332	159	240,075	4.3719	1,791,502	13.40%
04-05	102,538	106,854	38,298	165	247,855	4.3719	1,890,755	13.11%
05-06	106,185	114,051	40,657	196	261,089	4.0602	2,011,601	12.98%
06-07	111,208	126,820	41,918	209	280,155	4.0165	2,176,915	12.87%
07-08	120,000	147,112	45,386	233	312,731	3.8924	2,469,255	12.66%
08-09	123,958	174,659	53,806	263	352,686	3.7170	2,848,115	12.38%
09-10	129,492	197,372	62,795	284	389,943	3.5747	3,192,880	12.21%
10-11	103,762	242,772	69,570	366	416,470	3.4858	3,433,258	12.13%
11-12	95,038	190,399	72,600	229	358,266	3.4858	3,279,301	10.93%
12-13	93,281	176,954	73,525	317	344,077	3.4858	3,154,273	10.91%

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		
2003-04	3.3487	0.6115	0.1000	0.3117	2.6231	2.7677	3.6621	0.0000	1.9583	0.4717
2004-05	3.3487	0.6115	0.1000	0.3117	2.6262	2.7826	3.0000	0.0000	1.8931	0.4560
2005-06	3.3487	0.6115	0.1000	0.0000	2.6414	2.7854	3.2500	0.0000	1.8090	0.4358
2006-07	3.3050	0.6115	0.1000	0.0000	2.6400	2.7500	3.2500	0.0000	1.7394	0.0000
2007-08	3.1809	0.6115	0.1000	0.0000	2.6398	2.7485	3.2500	1.4990	1.6020	0.0000
2008-09	3.0142	0.6228	0.1000	0.0000	2.6389	2.9228	3.2500	1.5105	1.4622	0.0000
2009-10	2.8956	0.5791	0.1000	0.0000	3.3719	2.9986	3.2500	1.4182	1.3726	0.3306
2010-11	2.8215	0.5643	0.1000	0.0000	3.1392	2.9925	3.2500	1.4210	1.4797	0.3564
2011-12	2.8215	0.5643	0.1000	0.0000	3.2066	3.3320	3.2500	1.5200	1.7682	0.4259
2012-13	2.8215	0.5643	0.1000	0.0000	3.2583	3.6475	3.2500	1.6500	1.9585	0.4717

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		
2003-04	3.5633	4.9468	6.1031	8.1364	7.1726	7.0520
2004-05	3.5465	4.9368	6.1021	7.9880	6.7652	6.8507
2005-06	3.2983	4.6492	5.9349	7.8257	6.6384	7.3603
2006-07	3.0535	4.4570	4.8545	7.4907	6.5803	7.3749
2007-08	2.4882	3.6476	4.6478	7.3503	6.8060	7.3555
2008-09	2.1217	3.3947	3.9152	7.1079	6.7135	6.4868
2009-10	2.1612	3.9584	4.9136	6.9068	6.7609	4.3349
2010-11	2.1566	3.1159	4.4055	5.0505	6.7557	4.4026
2011-12	2.2687	3.1483	4.0675	4.9061	6.7550	4.6789
2012-13	2.2503	3.1298	4.0675	4.5000	6.7238	5.1559

SOURCE: Annual budgets.

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

Taxpayer	2013			2012			2011			2010			2009		
	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value	Net Assessed Value	Rank	Percent of Total Net Assessed Secondary Value
City of Nogales										2,945.00	4	0.65%	2,767.00	5	0.74%
Unisource Energy Corporation *	16,670.00	1	4.44%	15,062.00	1	3.77%	13,935.00	1	3.15%	14,303.00	1	3.17%	14,580.00	1	3.91%
Qwest Corporation *	2,112.00	7	0.56%	2,979.00	3	0.75%	2,897.00	3	0.65%	3,230.00	3	0.72%	4,403.00	3	1.18%
Wal-Mart Stores, Inc	2,270.00	5	0.60%	2,519.00	5	0.63%	2,554.00	6	0.58%	2,660.00	6	0.59%	3,225.00	4	0.86%
Delta Properties LLP	6,178.00	2	1.64%	5,197.00	2	1.30%	5,697.00	2	1.29%	4,374.00	2	0.97%	4,583.00	2	1.23%
Union Pacific Railroad	2,040.00	8	0.54%	1,926.00	7	0.48%	1,710.00	10	0.39%						
Mariposa Shopping Center LP *	2,326.00	4	0.62%	1,832.00	9	0.46%	1,947.00	8	0.44%	2,119.00	8	0.47%	2,624.00	8	0.70%
Tubac Management Co, LLC	1,679.00	9	0.45%	1,859.00	8	0.47%	1,902.00	9	0.43%				2,137.00	9	0.57%
Nogales Plaza Shopping Center LP										1,966.00	10	0.44%	2,060.00	10	0.55%
Vatere LLC	2,591.00	3	0.69%	2,126.00	6	0.53%	2,611.00	5	0.59%	2,630.00	7	0.58%	2,694.00	6	0.72%
Loma Linda Mall LLC *															-
Tucson Electric Power Co															-
Rio Rico Properties	2,245.00	6	0.60%	1,591.00	10	0.40%	2,116.00	7	0.48%	2,023.00	9	0.45%			0.00%
Crisantes Properties, LLC	1,609.00	10	0.43%												-
Panousopoulos Constantine & Nelida															-
Westrust Southwest Retail Partners LLC															-
Lawyers Title Agency of AZ LLC													2,687.00	7	0.72%
Home Depot USA Inc															-
Pilot Travel Centers LLC															-
Copperfield LLC															-
Naumann/Hobbs Material Handling															-
Title Security Agency of Arizona				2,695.00	4	0.67%	2,695.00	4	0.61%	2,687.00	5	0.60%			
Total	<u>\$39,720.00</u>		10.57%	<u>\$37,786.00</u>		9.46%	<u>\$38,064.00</u>		8.60%	<u>\$38,937.00</u>		8.64%	<u>\$41,760.00</u>		10.45%

(continued)

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

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

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

Taxpayer	2008			2007			2006			2005			2004		
	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 *													-		-
Qwest Corporation *	15,211.00	1	4.45%	13,790.00	1	4.69%	12,909.00	1	4.85%	11,622.00	1	4.58%	5,744.00	2	2.33%
Wal-Mart Stores, Inc	4,467.00	3	1.31%	5,356.00	4	1.82%	4,916.00	2	1.85%	5,774.00	2	2.28%	3,648.00	4	1.48%
Delta Properties LLP	3,824.00	5	1.12%	7,768.00	2	2.64%	3,641.00	4	1.37%	3,387.00	3	1.34%	4,391.00	3	1.78%
Union Pacific Railroad	5,756.00	2	1.68%	6,034.00	3	2.05%	4,103.00	3	1.54%	3,310.00	4	1.30%	1,925.00	6	0.78%
Mariposa Shopping Center LP *	-		-	-		-	2,229.00	7	0.84%	2,198.00	5	0.87%	1,578.00	8	0.64%
Tubac Management Co, LLC	3,956.00	4	1.16%	3,586.00	7	1.22%	3,120.00	5	1.17%	2,068.00	6	0.82%	-		-
Nogales Plaza Shopping Center LP	2,633.00	9	0.77%	4,373.00	5	1.49%	-		-	-		-	-		-
Vatere LLC	2,182.00	10	0.64%	-		-	1,995.00	8	0.75%	1,884.00	7	0.74%	2,506.00	5	1.02%
Loma Linda Mall LLC *	3,143.00	6	0.92%	-		-	2,291.00	6	0.86%	1,631.00	9	0.64%	-		-
Tucson Electric Power Co	-		-	-		-	1,391.00	10	0.52%	1,257.00	10	0.50%	12,239.00	1	4.97%
Rio Rico Properties	-		-	-		-	-		-	-		-	1,810.00	7	0.73%
Edwards/PCF-Nogales LLC	2,827.00	8	0.83%	-		-	-		-	-		-	1,118.00	9	0.45%
PFC-Torrance LLC	-		-	-		-	-		-	-		-	1,118.00	10	0.45%
Panousopoulos Constantine & Nelida	-		-	-		-	-		-	-		-	-		-
Westrust Southwest Retail Partners LLC	-		-	-		-	-		-	1,834.00	8	0.72%	-		-
HGC/MW Dev Lim Part	-		-	-		-	-		-	-		-	-		-
Newhall Nogales General Printshop	2,938.00	7	0.86%	-		-	-		-	-		-	-		-
Rio Rico Utilities	-		-	4,084.00	6	1.39%	1,591.00	9	0.60%	-		-	-		-
Mayer Alberto Family Limited	-		-	3,195.00	9	1.09%	-		-	-		-	-		-
Omega Nogales Property*	-		-	3,307.00	8	1.12%	-		-	-		-	-		-
Royal Sterilization Systems	-		-	2,343.00	10	0.80%	-		-	-		-	-		-
Total	\$46,937.00		13.74%	\$53,836.00		18.31%	\$38,186.00		14.35%	\$34,965.00		13.79%	\$36,077.00		14.63%

*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					
2003-04	8,039,398	2,301,829	10,341,227	7,337,463	2,025,959	9,363,422	90.54	296,851	9,660,273	93.42	1,383,224
2004-05	8,299,918	2,420,410	10,720,328	7,454,661	2,179,289	9,633,950	89.87	79,734	9,713,684	90.61	816,824
2005-06	8,743,144	1,711,148	10,454,292	8,070,534	1,725,698	9,796,232	93.71	883,713	10,679,945	102.16	1,808,008
2006-07	9,259,136	1,918,450	11,177,586	8,623,111	1,889,201	10,512,312	94.05	735,289	11,247,601	100.63	1,739,046
2007-08	9,947,132	2,242,325	12,189,457	9,497,528	2,171,670	11,669,198	95.73	320,894	11,990,092	98.36	1,887,672
2008-09	10,630,673	2,653,693	13,284,366	10,280,858	2,726,901	13,007,759	97.92	61,724	13,069,483	98.38	1,341,685
2009-10	11,291,178	2,868,608	14,159,786	10,976,580	2,677,899	13,654,479	96.43	758,807 ⁽²⁾	14,413,286	101.79	1,762,137
2010-11	11,609,650	2,759,623	14,369,273	10,779,893	2,622,616	13,402,509	93.27	1,013,143 ⁽³⁾	14,415,652	100.32	1,798,561
2011-12	10,795,615	2,489,025	13,284,640	11,027,773	2,196,355	13,224,128	99.54	1,525,502 ⁽⁴⁾	14,749,630	111.03	1,853,248
2012-13	10,425,390	2,329,282	12,754,672	10,424,958	2,399,481	12,824,439	100.55	849,087 ⁽⁵⁾	13,673,526	107.20	1,620,796

NOTES:

- (1) Amount was obtained from applicable years' financial statements and represents primary and secondary county tax levies receivable, net of uncollectible as of fiscal year-end.
- (2) Subsequent Taxes Collected as of March 21, 2011.
- (3) Subsequent Taxes Collected as of January 25, 2012
- (4) Subsequent Taxes Collected as of March 13, 2013
- (5) Subsequent Taxes Collected as of March 3, 2014

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
2003-04 Primary	240,075	1,791,502	13.40
2003-04 Secondary	246,303	1,838,350	13.40
2004-05 Primary	247,855	1,890,755	13.11
2004-05 Secondary	253,681	1,933,114	13.12
2005-06 Primary	261,091	2,011,601	12.98
2005-06 Secondary	265,934	2,044,045	13.01
2006-07 Primary	280,155	2,176,915	12.87
2006-07 Secondary	294,247	2,283,668	12.88
2007-08 Primary	312,714	2,469,255	12.66
2007-08 Secondary	341,684	2,692,936	12.69
2008-09 Primary	352,686	2,848,115	12.38
2008-09 Secondary	404,366	3,266,623	12.38
2009-10 Primary	389,943	3,192,880	12.21
2009-10 Secondary	450,859	3,676,653	12.26
2010-11 Primary	411,476	3,433,258	11.99
2010-11 Secondary	442,665	3,667,071	12.07
2011-12 Primary	382,516	3,279,301	11.66
2011-12 Secondary	399,532	3,402,767	11.74
2012-13 Primary	369,498	3,154,273	11.71
2012-13 Secondary	375,670	3,199,700	11.74

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

DEBT CAPACITY:

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

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

Fiscal Year	Governmental Activities			Business- Type Activities Capital Leases	Total Primary Government	Personal Income	Percentage of Personal Income	Population	Debt Per Capita
	General Obligation Bonds	Capital Leases	Long- Term Loans Payable						
2003-2004	1,040	748	616	631	3,035	779,232	.39%	40,777	74
2004-2005	-	532	447	496	1,475	838,841	.18%	42,150	35
2005-2006	-	-	766	324	1,090	939,156	.12%	42,066	26
2006-2007	-	673	742	421	1,836	1,083,783	.17%	42,692	43
2007-2008	-	1,012	718	334	2,064	1,141,556	.18%	43,133	48
2008-2009	-	1,524	59,855	216	61,595	1,137,477	5.4 %	43,771	1,407
2009-2010	-	1,230	56,790	117	58,137	1,194,102	4.9 %	47,420	1,226
2010-2011	-	1,313	55,245	6	56,564	1,159,970 ⁽¹⁾	4.9 %	47,539	1,189
2011-2012	-	1,159	62,790	-	63,949	1,201,845 ⁽¹⁾	5.3 %	48,724	1,312
2012-2013	-	1,261	60,790	-	62,051	1,220,160 ⁽¹⁾	5.1 %	49,200	1,261

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
2003-04	40,777	246,303	1,040	480	560	-	0.01
2004-05	42,150	253,681	-	-	-	-	-
2005-06	42,066	265,934	-	-	-	-	-
2006-07	42,692	294,247	-	-	-	-	-
2007-08	43,133	341,684	-	-	-	-	-
2008-09	43,771	404,366	-	-	-	-	-
2009-10	47,420	450,859	-	-	-	-	-
2010-11	47,539	442,665	-	-	-	-	-
2011-12	48,724	399,532	-	-	-	-	-
2012-13	49,200	375,670	-	-	-	-	-

SOURCE: Annual budget and debt retirement schedule.

Santa Cruz County
 Computation of Direct and Overlapping Debt
 Governmental Activities, Debt Outstanding
 June 30, 2013
 (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	1,261	100	1,261
Santa Cruz County – Governmental Loans Payable	60,790	100	60,790

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

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed Value	\$246,303	\$253,681	\$265,934	\$294,247	\$341,684	\$404,366	\$450,859	\$442,665	\$399,532	\$375,670
Legal Debt Margin										
Debt Limit (15% of assessed value)	36,945	38,052	39,890	44,137	51,253	60,655	67,629	66,400	59,930	56,351
Debt applicable to limit:										
General obligation bonds	1,040	-	-	-	-	-	-	-	-	-
Less: Net Position reserved for repayment of general obligation bonds	<u>(596)</u>	<u>(295)</u>	<u>(408)</u>	<u>(445)</u>	<u>(1,792)</u>	<u>(2,129)</u>	<u>(493)</u>	<u>(236)</u>	<u>(242)</u>	<u>553</u>
Total net debt applicable to the limit	<u>444</u>	<u>(295)</u>	<u>(408)</u>	<u>(445)</u>	<u>(1,792)</u>	<u>(2,129)</u>	<u>(493)</u>	<u>(236)</u>	<u>(242)</u>	<u>553</u>
Legal Debt Limit Margin	<u>596</u>	<u>(295)</u>	<u>(408)</u>	<u>(445)</u>	<u>(1,792)</u>	<u>(2,129)</u>	<u>(493)</u>	<u>(236)</u>	<u>(242)</u>	<u>553</u>
Total net debt applicable to the limit as a percentage of debt limit	1.20%	(0.78)%	(1.02)%	(1.01)%	(3.50)%	(3.51)%	(0.73)%	(0.36)%	(0.40)%	(0.98)%

SOURCE: Basic Financial Statements

Santa Cruz County
Pledged Revenue Coverage
Last Ten Fiscal Years
June 30, 2013

Fiscal Year	Long Term Loan (Court and Judicial Facility: 2008-1 Project)			
	Revenues ⁽¹⁾	Debt Service		Coverage
		Principal	Interest	
2004*				
2005*				
2006*				
2007*				
2008*				
2009	\$4,088,435		\$ 351,086	11.65
2010	3,297,621	\$ 530,000	1,111,013	2.01
2011	4,843,455	270,000	726,675	4.86
2012	4,124,254	280,000	715,875	4.14
2013	4,792,800	295,000	704,675	4.79

Fiscal Year	Long Term Loan (Jail District Detention Facility: 2008-2 Project)					Coverage
	Jail District Revenues ⁽²⁾	Less: Expenditures	Net Available Revenue	Debt Service		
				Principal	Interest	
2004*						
2005*						
2006*						
2007*						
2008*						
2009	\$7,576,248	\$4,228,719	\$3,347,529		\$ 918,961	3.64
2010	9,833,114	3,315,668	6,517,446	\$2,535,000	3,039,978	1.17
2011	7,301,354	4,465,324	2,836,030	1,275,000	1,972,431	.87
2012	6,056,500	5,062,557	993,943	1,320,000	1,927,806	.31
2013	6,273,665	5,542,070	731,595	1,370,000	1,878,306	.23

SOURCE: Basic financial statements and debt retirement schedules.

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

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

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

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Government Expenditures⁽¹⁾	Ratio of Debt Service to Total General Government Expenditures
2003-04	480	84	564	12,061	0.05
2004-05	1,040	59	1,099	11,711	0.09
2005-06	-	-	-	14,369	-
2006-07	-	-	-	15,512	-
2007-08	-	-	-	13,564	-
2008-09	-	-	-	12,856	-
2009-10	-	-	-	12,843	-
2010-11	-	-	-	14,807	-
2011-12	-	-	-	13,885	-
2012-13	-	-	-	13,605	-

NOTES:

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

SOURCE: Basic financial statements.

DEMOGRAPHIC AND ECONOMIC INFORMATION:

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

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

Santa Cruz County
Demographic Statistics-Economic Indicators
Last Ten Years

Year	Population	Per Capita Income	Personal Income	School Enrollment	Civilian Labor Force	Unemployment Rate
2004	40,777	19,110	779,232	10,528 ⁽³⁾	15,025	11.9
2005	42,150	19,901	838,841	10,510 ⁽⁴⁾	16,075	11.4
2006	42,066	22,326	939,156	10,510 ⁽⁵⁾	16,550	8.0
2007	42,692	25,386	1,083,783	11,183 ⁽⁶⁾	16,100	6.7
2008	43,133	26,466	1,141,556	11,267 ⁽⁷⁾	18,300	7.9
2009	43,771	25,987 ⁽¹⁾	1,137,477 ⁽¹⁾	10,611 ⁽⁸⁾	18,150	14.2
2010	47,420	25,181 ⁽¹⁾	1,194,102 ⁽¹⁾	11,246 ⁽⁹⁾	17,950	15.6
2011	47,539	24,400 ⁽¹⁾	1,159,970 ⁽¹⁾	11,028 ⁽¹⁰⁾	18,975	16.5
2012	48,724	24,666 ⁽¹⁾	1,201,845 ⁽¹⁾	10,502 ⁽¹¹⁾	18,352	18.3
2013	49,200	24,800 ⁽¹⁾	1,220,160 ⁽¹⁾	10,719 ⁽¹²⁾	17,917	17.3

NOTES:

- (1) Projected Estimate.
- (2) School enrollment as of November 5, 2003.
- (3) School enrollment as of August 25, 2004.
- (4) School enrollment as of April 27, 2005.
- (5) School enrollment as of January 18, 2006.
- (6) School enrollment as of September 27, 2006.
- (7) School enrollment as of November 26, 2007.
- (8) School enrollment as of January 20, 2009.
- (9) School enrollment as of April 30, 2010.
- (10) School enrollment as of February 28, 2011.
- (11) School enrollment as of June 30, 2012.
- (12) School enrollment as of June 30, 2013.

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

Santa Cruz County
Principal Employers
Last Ten Years
June 30, 2013

Employer	2013			2012			2011			2010			2009		
	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	603	2	3.4%	562	2	3.1%	591	1	3.1%	683	2	3.8%	620	1	3.4%
US Border Patrol	735	1	4.1%	751	1	4.1%	N/A	N/A	N/A	737	1	4.1%	N/A	N/A	N/A
Super Wal-Mart	487	3	2.7%	466	4	2.5%	412	4	2.2%	500	4	2.8%	530	3	2.9%
US Customs and Border Protection	470	4	2.6%	482	3	2.6%	440	2	2.3%	390	5	2.2%	N/A	N/A	N/A
Santa Cruz County	411	5	2.3%	419	6	2.3%	373	5	2.0%	387	6	2.2%	406	4	2.2%
Santa Cruz Valley Unified School District #35	401	6	2.2%	430	5	2.3%	430	3	2.3%	584	3	3.3%	608	2	3.3%
City of Nogales	288	7	1.6%	275	7	1.5%	280	6	1.5%	327	7	1.8%	316	5	1.7%
Carondelet Health Network - Holy Cross Hospital	217	9	1.2%	175	9	1.0%	206	8	1.1%	206	9	1.1%	245	6	1.3%
Mariposa Community Health Center, Inc.	237	8	1.3%	228	8	1.2%	233	7	1.2%	209	8	1.2%	215	7	1.2%
Tubac Golf Resort	N/A	N/A	N/A	N/A	N/A	N/A	170	9	0.9%	160	10	0.9%	N/A	N/A	N/A
Canchola Group	N/A	N/A	N/A												
Total	3,849		21.4%	3,788		20.6%	3,135		16.6%	4,183		23.4%	2,940		16.0%
Total Work Force	17,917			18,352			18,975			17,950			18,300		

Employer	2008			2007			2006			2005			2004		
	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	700	1	3.8%	695	2	4.3%	1,341	1	8.1%	727	1	4.5%	747	1	5.0%
US Border Patrol	638	2	3.5%	975	1	6.1%	537	3	3.2%	529	2	3.3%	433	3	2.9%
Super Wal-Mart	600	3	3.3%	644	3	4.0%	640	2	3.9%	475	3	3.0%	605	2	4.0%
US Customs and Border Protection	425	5	2.3%	359	6	2.2%	387	6	2.3%	411	5	2.6%	400	4	2.7%
Santa Cruz County	390	6	2.1%	418	5	2.6%	415	5	2.5%	363	6	2.3%	361	5	2.4%
Santa Cruz Valley Unified School District #35	450	4	2.5%	430	4	2.7%	437	4	2.6%	425	4	2.6%	359	6	2.4%
City of Nogales	309	7	1.7%	307	7	1.9%	304	7	1.8%	293	7	1.8%	302	7	2.0%
Carondelet Health Network - Holy Cross Hospital	264	8	1.4%	242	8	1.5%	249	8	1.5%	249	8	1.5%	179	8	1.2%
Mariposa Community Health Center, Inc.	198	10	1.1%	198	9	1.2%	193	9	1.2%	189	9	1.2%	186	9	1.2%
Tubac Golf Resort	200	9	1.1%	180	10	1.1%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Canchola Group	N/A	N/A	N/A	N/A	N/A	N/A	80	10	0.5%	140	10	0.9%	155	10	1.0%
Total	4,174		22.8%	4,448		27.6%	4,583		27.6%	3,801		23.6%	3,727		24.8%
Total Work Force	18,300			16,100			16,550			16,075			15,025		

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

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

Santa Cruz County
Employment Statistics
Last Ten Years
June 30, 2013

Type of Employment	2013		2012		2011		2010		2009	
	Employees	Percent of Total								
Goods-Producing	625	5.03%	650	4.91%	750	5.86%	825	6.8%	900	7.1%
Trade, Transportation, and Utilities	5,300	42.66%	5,825	44.13%	4,950	38.67%	4,850	39.9%	5,375	42.6%
Other Private Service-Producing	2,600	20.92%	2,675	20.27%	3,100	24.22%	2,800	23.1%	2,750	21.8%
Federal Government	1,800	14.49%	1,825	13.83%	1,725	13.48%	1,600	13.2%	1,575	12.5%
State Government	<u>2,100</u>	<u>16.90%</u>	<u>2,225</u>	<u>16.86%</u>	<u>2,275</u>	<u>17.77%</u>	<u>2,075</u>	<u>17.1%</u>	<u>2,025</u>	<u>16.0%</u>
	<u>12,425</u>	<u>100%</u>	<u>13,200</u>	<u>100%</u>	<u>12,800</u>	<u>100%</u>	<u>12,150</u>	<u>100.0%</u>	<u>12,625</u>	<u>100.0%</u>

Type of Employment	2008		2007		2006		2005		2004	
	Employees	Percent of Total								
Goods-Producing	950	6.5%	1,100	8.2%	825	6.0%	1,025	8.0%	1,350	10.7%
Trade, Transportation, and Utilities	6,250	42.8%	4,925	36.5%	5,650	40.9%	5,150	40.3%	5,100	40.3%
Other Private Service-Producing	3,700	25.4%	4,075	30.2%	4,025	29.1%	3,325	26.1%	2,825	22.3%
Federal Government	1,525	10.4%	1,400	10.4%	1,300	9.4%	1,200	9.4%	1,175	9.3%
State Government	<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>2,200</u>	<u>17.4%</u>
	<u>14,600</u>	<u>100.0%</u>	<u>13,475</u>	<u>100.0%</u>	<u>13,825</u>	<u>100.0%</u>	<u>12,775</u>	<u>100.0%</u>	<u>12,650</u>	<u>100.0%</u>

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

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

Year	Sales ⁽¹⁾		Construction Awards	Number of Dwelling Units Awarded	Bank Deposits
	Construction	Retail Trade			
2004	70,471	389,224	72,466	794	713,000
2005	61,301	434,479	173,864	932	657,083
2006	115,792	491,800	174,049	1,152	757,872
2007	120,801	533,154	109,653	764	794,000
2008	103,134	507,324	60,056	567	753,000
2009	128,347	411,854	30,439	395	775,352
2010	62,274	404,372	27,614	394	835,032
2011	54,042	301,465	21,834	283	843,570
2012	83,200	299,091	31,354	314	871,385
2013	61,454	303,458	12,602	259	908,522

NOTE:

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

SOURCES: Arizona Department of Revenue 2013 Annual Report.
Report of building or zoning permits issued and local public construction.
Federal Deposit Insurance Corporation Web site.

OPERATING INFORMATION:

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

Santa Cruz County
 Employees by Function
 Last Ten Years
 June 30, 2013

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Fiscal Year	Governmental Activities						Total	Business-Type Activities	Total Employees in all Functions
	General Government	Public Safety	Highways and Streets	Health and Welfare	Recreation	Education and Economic Opportunity		Sanitation Landfill Enterprise	
03-04	131	122	36	18	3	37	347	14	361
04-05	153	95	37	15	5	47	352	12	364
05-06	169	108	41	20	6	57	401	14	415
06-07	195.25	110	40.25	21	7	26.5	400	18	418
07-08	184	111	38	20	6	19	378	12	390
08-09	155	135	40	20	6	21	377	13	390
09-10	184	104	36	19	1	31	375	12	387
10-11	168	125	36	16	1	16	362	11	373
11-12	182	136	31	17	1	16	383	13	396
12-13	164	136	28	18	1	16	363	14	377

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

Santa Cruz County
Operating Indicators
Last Ten Fiscal Years

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

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	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
MILES OF STREETS										
Paved	425.38	425.00	425.38	425.38	422.16	412.32	408.43	407.68	407.60	398.34
Unpaved	316.64	316.00	316.64	316.64	292.84	317.67	321.91	322.57	322.57	329.33
REGISTERED VOTERS	25,023	23,296	23,607	22,246	23,205	24,132	22,146	21,267	21,334	19,332
Democrat	53.90%	50.81%	51.37%	52.63%	53.35%	54.93%	54.87%	56.24%	57.42%	58.76%
Republican	17.64%	16.96%	16.98%	17.38%	18.39%	19.06%	19.49%	20.14%	20.63%	20.51%
NUMBER OF JUDICIAL COURTS										
Superior Court Department	1	1	1	1	1	1	1	1	1	1
Justice of Peace Courts	2	2	2	2	2	2	2	2	2	2
FLOOD PROTECTION										
Flood control district	1	1	1	1	1	1	1	1	1	1
Number of employees	6	8	9	8	9	9	9	8	8	9
SHERIFF PROTECTION										
Number of stations	3	3	1	1	4	4	4	4	4	4
Number of employees	119	114	104	119	90	81	79	88	79	79
Major crimes	207	271	285	460	586	418	430	415	306	215
Vehicular patrol units	25	56	25	25	32	27	27	30	25	22
SANITARY LANDFILLS										
Number of landfills	2	2	2	2	2	2	2	2	2	2
NUMBER OF PARKS										
Neighborhood parks	8	8	8	8	8	8	8	8	8	7

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

Santa Cruz County
Capital Assets Used in the Operation of Governmental Funds
Last Ten Fiscal Years
June 30, 2013
(Amounts in Thousands)

	<u>2013</u>	<u>2012*</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental funds capital assets					
Infrastructure	\$ 79,271	\$ 75,593	\$ 70,992	\$ 70,712	\$ 70,463
Land	22,343	22,343	22,151	22,151	22,151
Buildings	73,963	73,881	73,098	12,396	12,010
Improvements other than buildings	3,206	3,195	3,177	3,176	3,175
Construction equipment and vehicles	9,760	9,922	10,450	10,065	9,805
Furniture and equipment	11,452	10,728	10,532	8,037	6,261
Construction in progress	<u>3,969</u>	<u>3,688</u>	<u>3,607</u>	<u>58,122</u>	<u>29,779</u>
Total governmental funds capital assets	<u>\$203,964</u>	<u>\$199,350</u>	<u>\$194,007</u>	<u>\$184,659</u>	<u>\$153,644</u>

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

General Fund	\$ 18,589	\$ 18,267	\$ 18,984	\$ 19,080	\$ 18,939
Special Revenue Funds*	130,599	124,519	119,176	115,898	114,782
Capital Projects Funds	<u>56,637</u>	<u>56,564</u>	<u>55,847</u>	<u>49,681</u>	<u>19,923</u>
Total governmental funds capital assets	<u>\$205,825</u>	<u>\$199,350</u>	<u>\$194,007</u>	<u>\$184,659</u>	<u>\$153,644</u>

	<u>2008</u>	<u>2007</u>	<u>2006*</u>	<u>2005</u>	<u>2004</u>
Governmental funds capital assets					
Infrastructure	\$ 70,356	\$ 67,645	\$ 62,175	\$ 2,746	\$ 443
Land	22,151	22,145	21,844	6,619	6,596
Buildings	12,010	11,992	10,317	10,303	10,303
Improvements other than buildings	3,037	2,962	2,558	2,429	2,429
Construction equipment and vehicles	9,799	8,870	7,364	6,676	6,242
Furniture and equipment	5,941	5,227	3,672	3,026	2,537
Construction in progress	<u>6,796</u>	<u>4,590</u>	<u>2,903</u>	<u>1,461</u>	<u>2,353</u>
Total governmental funds capital assets	<u>\$130,090</u>	<u>\$123,431</u>	<u>\$110,833</u>	<u>\$ 33,260</u>	<u>\$ 30,903</u>

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

General Fund	\$ 14,402	\$ 13,692	\$ 12,696	\$ 11,972	\$ 11,744
Special Revenue Funds	95,843	89,903	80,791	6,033	4,904
Capital Projects Funds	<u>19,845</u>	<u>19,836</u>	<u>17,346</u>	<u>15,255</u>	<u>14,255</u>
Total governmental funds capital assets	<u>\$130,090</u>	<u>\$123,431</u>	<u>\$110,833</u>	<u>\$ 33,260</u>	<u>\$ 30,903</u>

SOURCE: Comprehensive Annual Financial Reports for the relevant year

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