

Santa Cruz County, AZ

Comprehensive Annual Financial Report
for the
Fiscal Year Ended June 30, 2010



SANTA CRUZ COUNTY, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2010**

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**PREPARED BY THE
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Santa Cruz County
 Comprehensive Annual Financial Report
 Fiscal Year Ended June 30, 2010

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ADMINISTRATIVE SERVICES SANTA CRUZ COUNTY

Jennifer K. St. John, CPA
Director

August 5, 2011

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, 2010. 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 47,500 people. The neighboring community of Nogales, Sonora, Mexico has grown to an estimated population of 450,000.

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

Economic Condition and Outlook

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

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

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

Major Initiatives

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

The County has completed the construction of the new Ed Pastor Justice and Detention Center Complex which started in November 2008. This \$60 million project includes five new court rooms and office space to house all court personnel, a new Administrative Office building for the Sheriff, a 372 bed adult detention facility, and a 32 bed juvenile detention center.

The County geographic information system (GIS) project, though scaled back from previous years, has continued with data development, rectification, and quality assurance tasks and considerable work on roadway centerline data in support of public safety emergency response software. This fiscal year saw the completion of the decennial census nationwide which was supported by the County GIS personnel.

The 1904 Courthouse in Nogales has become the center of post secondary education offering college courses to residents of Santa Cruz County. Final design work for the HVAC upgrades was completed and the project is poised to be bid out with completion anticipated by the end of the calendar year.

The County continues to partner with the U.S. Army Corps of Engineers (the Corps) to complete the Chula Vista Wash improvements. This project will replace the bridge that was demolished during the original construction project. The purpose of this project is to reestablish the connection between north and south portions of Old Tucson Road. The project consists of re-constructing a bridge over the Potrero Creek and installing bank protection. The project is

currently estimated at \$2.5 to \$7 million with the County share ranging from \$250,000 to \$700,000. Phase I of the original project was completed during fiscal year 2006 at a cost of \$1.359 million to the County. Phase II was partially constructed, but due to problematic soils it was halted; after evaluating the problem and developing some alternatives the County opted to pull out of the original project and requested that the Corps replace the bridge that was demolished during Phase II.

Construction plans are complete for the Palo Parado Road and Bridge. The shelf-ready plans include a roadway connecting Interstate 19 and Pendleton Drive, an at-grade crossing over the railroad tracks, and a bridge across the Santa Cruz River. The roadway currently serves 1,700 vehicles a day which cross the Santa Cruz River at a low water crossing. This project will connect northeastern Rio Rico neighborhoods with the interstate to improve public safety response times and provide a second means of ingress and egress into this area. The bridge, estimated to cost \$7 million, is being funded by the Flood Control District, and work is expected to begin in the Spring 2012.

The Santa Cruz DFIRM and Flood Map Modernization Project is a comprehensive effort to update County flood risks using the latest flood modeling and digital mapping technologies. The County Flood Control District became a FEMA Cooperating Technical Partner (CTP) to ensure local input into the process. This has allowed the District to have a direct hand in not only hiring of firms to perform the engineering studies and develop the maps, but also in the process of informing the public. Stantec Consulting Services, Inc. of Tucson, Arizona performed the engineering work and FEMA had Map IX-Mainland (a consortium of engineering companies) reviews the results to ensure they met FEMA's strict standards. FEMA contracted with Michael Baker Corp. to perform the post-preliminary processing of the maps. Outreach is being conducted directly by the District, in cooperation with FEMA and the State of Arizona. The new digital flood maps will provide detailed, property-specific flood risk data to guide construction and flood insurance decisions. These maps will become effective on December 2, 2011, providing County residents and business owners with up-to-date, reliable, internet accessible data about the flood hazards they face. The District's cost share was \$496,000 of a \$1,496,000 total project cost. FEMA contributed the remaining \$1,000,000.

Financial Management and Information

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

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

Single Audit: As a recipient of federal and state financial assistance, the County is required to have an annual audit under the Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. OMB requirements also address the establishment and maintenance of an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. Tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as determining that the County has materially complied with applicable laws and regulations. The Single Audit Report is issued separately from this report and has not been completed for the fiscal year ended June 30, 2010, as of this date.

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

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

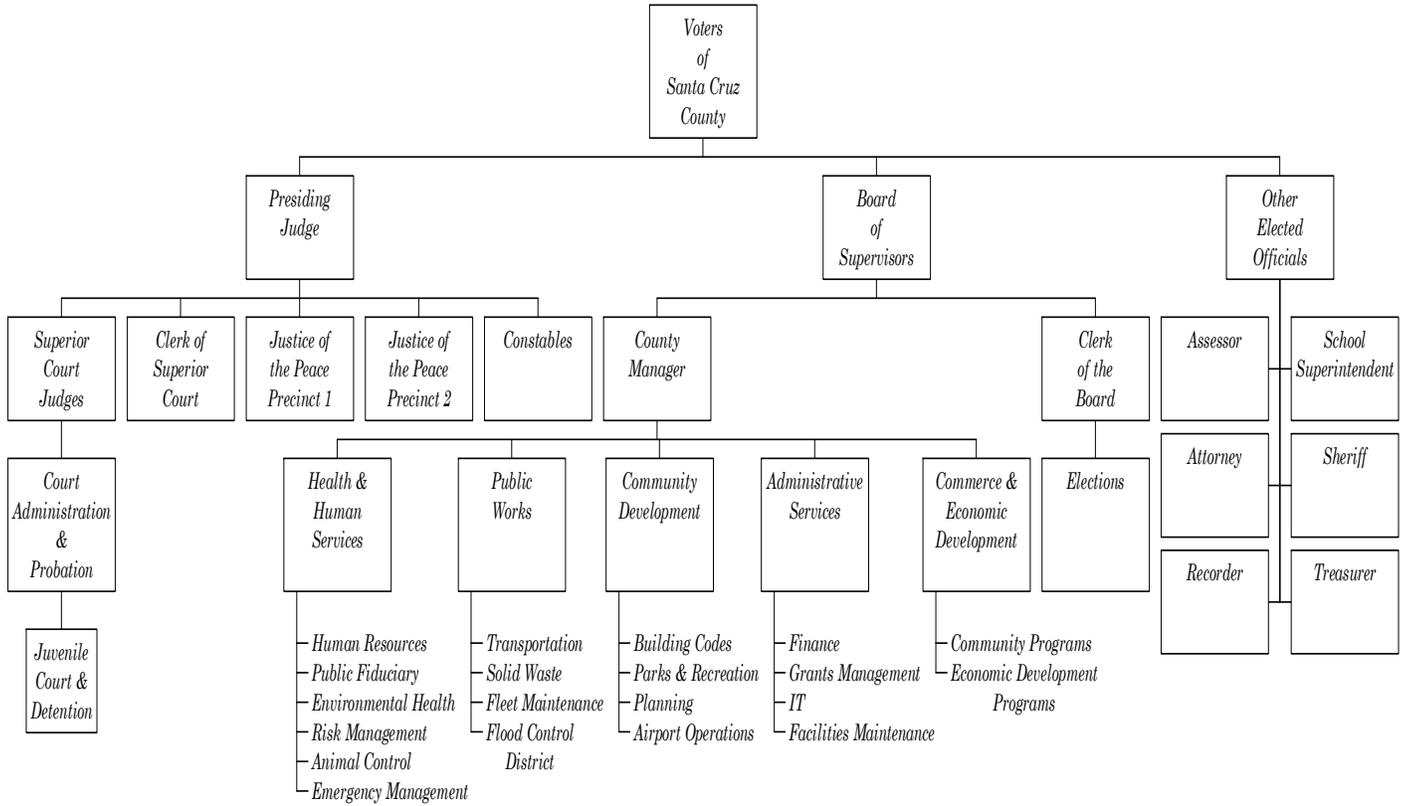
Acknowledgements

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

Respectfully submitted,

Jennifer K. St. John, CPA
Administrative Services Director

Santa Cruz County Organizational Chart



Financial Section



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

MELANIE M. CHESNEY
DEPUTY AUDITOR GENERAL

Independent Auditors' Report

Members of the Arizona State Legislature

The Board of Supervisors of
Santa Cruz County, Arizona

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Santa Cruz County as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Santa Cruz County as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis on pages 3 through 11, the Schedule of Agent Retirement Plans' Funding Progress on page 54, and the Budgetary Comparison Schedules on pages 56 through 61 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

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

Debbie Davenport
Auditor General

August 5, 2011

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, 2010, the assets of the County exceeded liabilities by \$98,530,565 (net assets). Of this amount, \$15,510,387 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, \$6,012,584 is restricted for specific purposes (restricted net assets), and \$77,007,594 is invested in capital assets, net of related debt.
- The County's total net assets as reported in the Statement of Activities decreased by \$409,465.
- At June 30, 2010, total assets were \$164,132,716 compared to \$171,357,673 at June 30, 2009. This is a \$7,224,957 or 4.2 percent decrease over the prior fiscal year.
- At June 30, 2010, the governmental funds reported combined fund balances of \$27,670,918, or a decrease in fund balance of \$33,306,967, in comparison with the prior year.
- At June 30, 2010, unreserved fund balance for the general fund was \$13,369,809, approximately 69 percent of total general fund expenditures. In accordance with Arizona Revised Statutes §42-17151, this entire amount is budgeted to be spent in the next fiscal year.

Overview of the Financial Statements

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

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

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

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

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

Santa Cruz County Management's Discussion and Analysis

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

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

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

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

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

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

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

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

Santa Cruz County Management's Discussion and Analysis

information as the government-wide financial statements, only in more detail. The County's landfill operation is considered to be a major fund and is presented in the proprietary fund financial statements.

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

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

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

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

Required supplementary information presents budgetary comparison schedules for the General, Jail District, Criminal Justice Enhancement, and WIA 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

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, at June 30, 2010, assets exceeded liabilities by \$98,530,565.

Net Assets						
June 30, 2010 and 2009 (In Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2010	2009*	2010	2009	2010	2009*
Current and other assets	\$ 33,823	\$ 68,333	\$ 2,483	\$ 2,990	\$ 36,306	\$ 71,323
Capital assets	125,142	97,216	2,684	2,818	127,826	100,034
Total assets	<u>158,965</u>	<u>165,549</u>	<u>5,167</u>	<u>5,808</u>	<u>164,132</u>	<u>171,357</u>
Current and other liabilities	3,531	6,236	45	35	3,576	6,271
Long-term liabilities	60,187	63,571	1,839	2,575	62,026	66,146
Total liabilities	<u>63,718</u>	<u>69,807</u>	<u>1,884</u>	<u>2,610</u>	<u>65,602</u>	<u>72,417</u>
Net Assets						
Invested in capital assets, net of related debt	74,440	73,420	2,567	2,602	77,007	76,022
Restricted net assets	6,012	7,707	-	-	6,012	7,707
Unrestricted net assets	14,795	14,615	716	596	15,511	15,211
Total net assets	<u>\$ 95,247</u>	<u>\$ 95,742</u>	<u>\$ 3,283</u>	<u>\$ 3,198</u>	<u>\$ 98,530</u>	<u>\$ 98,940</u>

* As restated, see Note 12 to Financial Statements

Santa Cruz County Management's Discussion and Analysis

The largest portion (\$77,007 or 78 percent) of the County's net assets reflects the investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and construction in progress), less accumulated depreciation and related debt still outstanding used to acquire those assets. The County uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, because the capital assets themselves will not be used to liquidate these liabilities.

Restricted net assets (\$6,012 or 6 percent) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net assets (\$15,511 or 16 percent) may be used to meet the government's ongoing obligations to the citizens and creditors.

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

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

- Current and other assets – the \$34.5 million decrease was due to the spending of loan proceeds used to continue construction of the County's Jail District Detention and Judicial facilities. The \$60 million construction project was 90 percent complete at fiscal year end.
- Capital assets – the \$27.9 million increase was due largely to the increase in construction in progress during the fiscal year. This increase resulted from the new \$60 million construction of the Jail District Detention and Judicial facilities, which is substantially complete at June 30, 2010. Additional information on the County's capital assets can be found in Note 5 of the Notes to the Financial Statements on pages 38-39 of this report.
- Current and other liabilities – the \$2.7 million decrease was due to a decrease in accounts payable at June 30th, the majority of which was related to construction of the nearly completed Jail District Detention and Judicial facilities.
- Restricted net assets – the decrease of \$1.7 million was primarily due to the reduction of restricted resources available to fund debt service payments on the long-term loans used to construct the Jail District Detention and Judicial facilities.

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

- Current and other assets – the \$507 thousand decrease was due to the declining economy and a decrease in revenue received at the Landfill.
- Long-term liabilities – the \$736 thousand decrease was due to the decrease in the Landfill closure and postclosure care costs. Additional information on the Landfill closure and postclosure care costs can be found in Note 7 of the Notes to the Financial Statements on pages 40-43 of this report.

Santa Cruz County Management's Discussion and Analysis

Changes in Net Assets

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

Changes in Net Assets
For the Years Ended June 30, 2010 and 2009 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009*	2010	2009	2010	2009*
Revenues:						
Program revenues:						
Charges for services	\$ 4,138	\$ 3,693	\$ 610	\$ 1,683	\$ 4,748	\$ 5,376
Operating grants and contributions	9,955	9,305	20	8	9,975	9,313
Capital grants and contributions	3,608	3,963	-	-	3,608	3,963
General revenues:						
Property taxes	14,187	12,666	-	-	14,187	12,666
County excise tax	4,964	5,913	-	-	4,964	5,913
Share of state sales taxes	3,675	4,151	-	-	3,675	4,151
Share of state lottery revenue	304	522	-	-	304	522
Share of federal disproportionate share revenue	-	215	-	-	-	215
Payments in lieu of taxes	324	1,360	-	-	324	1,360
Share of state vehicle license tax	1,432	1,528	-	-	1,432	1,528
Grants and contributions not restricted to specific programs	791	850	-	-	791	850
Investment earnings	730	(384)	17	15	747	(369)
Miscellaneous	754	531	-	-	754	531
Capital contribution	42	19	-	-	42	19
Total revenues	<u>44,904</u>	<u>44,332</u>	<u>647</u>	<u>1,706</u>	<u>45,551</u>	<u>46,038</u>
Expenses:						
General government	13,542	13,674	-	-	13,542	13,674
Public safety	12,986	14,631	-	-	12,986	14,631
Highways and streets	4,248	4,701	-	-	4,248	4,701
Health, welfare and sanitation	3,915	4,149	-	-	3,915	4,149
Education and economic opportunity	6,280	4,912	-	-	6,280	4,912
Recreation	208	329	-	-	208	329
Interest on long-term debt	4,220	1,976	-	-	4,220	1,976
Landfill	-	-	562	(342)	562	(342)
Total expenses	<u>45,399</u>	<u>44,372</u>	<u>562</u>	<u>(342)</u>	<u>45,961</u>	<u>44,030</u>
Changes in net assets	(495)	(40)	85	2,048	(410)	2,008
Net assets —beginning	<u>95,742</u>	<u>95,782</u>	<u>3,198</u>	<u>1,150</u>	<u>98,940</u>	<u>96,932</u>
Net assets —ending	<u>\$ 95,247</u>	<u>\$ 95,742</u>	<u>\$ 3,283</u>	<u>\$ 3,198</u>	<u>\$ 98,530</u>	<u>\$ 98,940</u>

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

Santa Cruz County Management's Discussion and Analysis

Governmental activities – the change in net assets for fiscal year 2010 was a \$495 thousand reduction, which represents a decrease of approximately \$455 thousand from fiscal year 2009. Key elements of this substantial decrease include:

- Revenue from “Property taxes” increased by \$1.5 million because in fiscal year 2009 the County wrote off all property tax receivables older than 3 years as uncollectible.
- Revenue from “County excise tax” decreased by \$949 thousand due to the declining economy and an overall decline in County sales.
- Expenditures for “Public safety” decreased by \$1.6 million due to an overall 15 percent decrease in County budgets and further reductions in federal and state grants.
- Expenditures for “Education and economic opportunity” increased \$1.4 million due largely to increased federal grants for the Workforce Investment Act, Schools and Roads program, and the County’s accommodation school.
- Expenditures for “Interest on long-term debt” increased by \$2.2 million due to interest payments made on long-term loans payable entered into by the County during the fiscal year 2008-2009.

Business-type activities – The change in net assets between fiscal years was a decrease of \$2 million and was largely due to the following. Charges for services revenues, which are predominantly landfill usage fees, decreased by \$1.1 million because of the declining economy and because several large landfill customers stopped using the County’s landfills in fiscal year 2010. Landfill expenses increased by \$904 thousand mainly because of the increase in landfill closure and postclosure care costs.

Governmental Funds

Financial Analysis of the County’s Funds

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

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

At June 30, 2010, the County’s governmental funds reported combined fund balances of \$27,670,918, a decrease of \$33,306,967 in comparison with the prior year. The entire combined fund balances constitutes unreserved fund balance, which is available to meet the County’s current and future needs.

The General Fund is the County’s primary operating fund. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$13,369,809. Unreserved fund balance represents 69 percent of

Santa Cruz County Management's Discussion and Analysis

total General Fund expenditures. This ratio indicates a strong fund balance position in comparison to expenditures.

During the fiscal year, the fund balance of the County's General Fund decreased by \$1,682,585 due to declining revenue collections and increases in state mandated expenditures and health insurance.

The fund balance in the Jail District decreased by \$1,424,834 over the prior year due largely to the first principal payment of debt service for the construction of the new Detention facility.

The fund balance in the New Facilities Fund decreased by \$28,921,984 over the prior year due to the substantial completion of the new Jail District Detention and Judicial facilities construction project.

General Fund Budgetary Highlights

General Fund actual expenditures were \$11.4 million under the adopted budget and actual revenues were less than estimated revenues by \$370 thousand. The County conservatively estimated revenues but received less payments in lieu of taxes from the federal government than what was anticipated and budgeted. No department within the General Fund exceeded their budget.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets as of June 30, 2010, amounted to \$127.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, construction equipment and vehicles, furniture and equipment, construction in progress, and infrastructure. Major capital asset events during the current fiscal year included the following:

- Construction in progress increased by \$28.3 million due to construction of the new Jail District Detention and Judicial facilities. Remaining construction commitments on this project and other various capital projects totaled \$6,105,247 at June 30, 2010.

Santa Cruz County Management's Discussion and Analysis

Capital Assets
(Net of Depreciation)
(In Thousands)
June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 22,151	\$ 22,151	\$ 230	\$ 230	\$ 22,381	\$ 22,381
Buildings	6,571	6,488	148	155	6,719	6,643
Improvements other than buildings	2,063	2,182	1,998	1,972	4,061	4,154
Construction equipment and vehicles	2,185	2,686	308	461	2,493	3,147
Furniture and equipment	2,852	1,837	-	-	2,852	1,837
Construction in progress	58,122	29,779	-	-	58,122	29,779
Infrastructure	31,198	32,093	-	-	31,198	32,093
Totals	\$ 125,142	\$ 97,216	\$ 2,684	\$ 2,818	\$127,826	\$ 100,034

Additional information on the County's capital assets can be found in Note 5 of the Notes to Financial Statements on pages 38-39 of this report.

Long-Term Debt

At June 30, 2010, the County had total long-term debt outstanding of \$58,137,000. This amount consists of \$1.3 million in capital leases, and long-term loans of \$56.8 million. The County made all scheduled debt service principal payments totaling \$3.5 million.

Additional information on the County's long-term debt can be found in Note 7 of the Notes to Financial Statements on pages 40-43 of this report.

Economic Factors and Next Year's Budget

- The uncertainty of our current economic climate and the extreme slowness of the recovery has made it very difficult to predict or forecast our financial future. Consequently, our revenue projections are conservative as are our budgeted expenditures. State shared revenues are expected to continue to be flat or reduced from prior years. Further, the State has, as expected, balanced their 2011 budget on the backs of local government resulting in just under an \$800,000 impact on our budget. And we can expect additional cost shifts next fiscal year. All indications are that the State's financial problems will continue to plague them in the next budget cycle and possibly become acute when the temporary one cent sales tax expires in May of 2013. If the past is any indication, the end result will be that the State will continue to shift costs and other measures onto local government to help balance their budget. We continue to play defense in the face of the State's offensive budgetary gamesmanship.

Santa Cruz County Management's Discussion and Analysis

- The produce industry continues to have a significant role in the region's economy; unfortunately, it is an extremely unpredictable industry. This past year's season was relatively good for the industry, but they have been struggling with trade issues such as the reassignment of federal customs and inspection workers to border patrol duties thereby impacting the ability of product to get to the market in a timely manner. Bad weather notwithstanding, all indications are they will have a positive year next year as well, and all look forward to the enhancements at the Mariposa Port of Entry scheduled for completion in 2014.
- The national focus on border security and immigration in Arizona continues and the economic fallout of the passage of Senate Bill 1070 has yet to be quantified. The increase in National Guard Troops and U.S. Department of Homeland Security staff is palpable and has been a boon to some sectors, such as the hospitality industry. Declines overall in tourism remains a nagging problem due primarily to fears of drug violence perpetrated by the media. Although some indications are that Mexican shoppers are beginning to think about returning, sales tax revenues were down significantly for this reporting year.
- Property tax revenues rose slightly, but are expected to decline next year due to the decrease in assessed valuation. But with housing vacancy rates at record levels countywide, new construction remains stagnant. As a result, building permit revenues continue the downward trend.

Request for Information

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

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Basic Financial Statements

Santa Cruz County
Statement of Net Assets
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and investments	\$ 28,175,919	\$ 2,471,571	\$ 30,647,490
Property taxes receivable (net of allowance)	1,762,137	-	1,762,137
Due from other governmental units	3,643,691	332	3,644,023
Accounts receivable	187,984	11,171	199,155
Prepaid items	53,664	-	53,664
Capital assets:			
Nondepreciable	80,273,235	229,996	80,503,231
Depreciable (net)	<u>44,868,761</u>	<u>2,454,255</u>	<u>47,323,016</u>
Total assets	<u>158,965,391</u>	<u>5,167,325</u>	<u>164,132,716</u>
Liabilities			
Accounts payable	2,622,463	24,797	2,647,260
Due to other governments	4,609	-	4,609
Accrued payroll and employee benefits	902,803	20,657	923,460
Deferred revenue	1,323	-	1,323
Noncurrent liabilities:			
Due within 1 year	2,893,484	134,900	3,028,384
Due in more than 1 year	<u>57,293,316</u>	<u>1,703,799</u>	<u>58,997,115</u>
Total liabilities	<u>63,717,998</u>	<u>1,884,153</u>	<u>65,602,151</u>
Net Assets			
Invested in capital assets, net of related debt	74,440,015	2,567,579	77,007,594
Restricted for:			
Special districts	3,976,963	-	3,976,963
Highways and streets	1,542,357	-	1,542,357
Debt service	493,264	-	493,264
Unrestricted	<u>14,794,794</u>	<u>715,593</u>	<u>15,510,387</u>
Total net assets	<u>\$ 95,247,393</u>	<u>\$ 3,283,172</u>	<u>\$ 98,530,565</u>

See accompanying notes to financial statements.

Santa Cruz County
Statement of Activities
Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 13,541,582	\$ 3,531,729	\$ 1,346,671	\$ 70,274	\$ (8,592,908)	\$ -	\$ (8,592,908)
Public safety	12,985,941	394,648	3,861,942	-	(8,729,351)	-	(8,729,351)
Highways and streets	4,247,845	2,338	34,452	3,537,968	(673,087)	-	(673,087)
Health, welfare and sanitation	3,915,677	202,104	802,328	-	(2,911,245)	-	(2,911,245)
Education and economic opportunity	6,279,781	410	3,909,139	-	(2,370,232)	-	(2,370,232)
Recreation	208,483	6,488	-	-	(201,995)	-	(201,995)
Interest on long-term debt	4,219,821	-	-	-	(4,219,821)	-	(4,219,821)
Total governmental activities	45,399,130	4,137,717	9,954,532	3,608,242	(27,698,639)	-	(27,698,639)
Business-type activities:							
Landfill	562,450	610,139	19,987	-	-	67,676	67,676
Total business-type activities	562,450	610,139	19,987	-	-	67,676	67,676
Total primary government	\$ 45,961,580	\$ 4,747,856	\$ 9,974,519	\$ 3,608,242	\$ (27,698,639)	\$ 67,676	\$ (27,630,963)
General revenues:							
Taxes							
Property taxes, levied for general purpose					11,703,764	-	11,703,764
Property taxes, levied for flood control district					2,481,870	-	2,481,870
Property taxes, levied for debt service					440	-	440
County excise tax for general purposes					2,518,516	-	2,518,516
County excise tax for Jail District					2,445,901	-	2,445,901
Share of state sales taxes					3,675,089	-	3,675,089
Share of state vehicle license tax					1,432,440	-	1,432,440
Share of state lottery revenue					304,381	-	304,381
Payments in lieu of taxes					323,746	-	323,746
Grants and contributions not restricted to specific programs					791,239	-	791,239
Investment earnings					729,567	17,661	747,228
Miscellaneous					754,482	-	754,482
Capital contributions					42,402	-	42,402
Total general revenues					27,203,837	17,661	27,221,498
Changes in net assets					(494,802)	85,337	(409,465)
Net assets—July 1, 2009, as restated					95,742,195	3,197,835	98,940,030
Net assets—June 30, 2010					\$ 95,247,393	\$ 3,283,172	\$ 98,530,565

See accompanying notes to financial statements.

Santa Cruz County
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Jail District Fund	Criminal Justice Enhancement Fund
Assets			
Cash and investments	\$ 9,218,407	\$ 1,054,996	\$ 1,884,444
Property taxes receivable (net of allowances for uncollectibles)	1,433,013	-	-
Due from other governmental units	893,768	222,946	981,911
Due from other funds	3,718,958	-	-
Accounts receivable	147,305	24	5,165
Prepaid items	49,495	-	-
Total assets	\$ 15,460,946	\$ 1,277,966	\$ 2,871,520
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 386,609	\$ 56,107	\$ 93,022
Due to other governments	-	-	-
Accrued payroll and employee benefits	468,203	78,882	60,336
Due to other funds	-	-	1,151,586
Deferred revenue	1,236,325	-	532,115
Total liabilities	2,091,137	134,989	1,837,059
Fund balances:			
Unreserved, reported in:			
General fund	13,369,809	-	-
Special revenue funds	-	1,142,977	1,034,461
Capital projects funds	-	-	-
Debt service fund	-	-	-
Total fund balances	13,369,809	1,142,977	1,034,461
Total liabilities and fund balances	\$ 15,460,946	\$ 1,277,966	\$ 2,871,520

See accompanying notes to financial statements.

WIA Fund	New Facilities Fund	Other Governmental Funds	Total
\$ 29,094	\$ 7,318,347	\$ 8,670,631	\$ 28,175,919
-	-	329,124	1,762,137
586,803	350	957,913	3,643,691
-	-	58,048	3,777,006
-	-	35,490	187,984
503	-	3,666	53,664
<u>\$ 616,400</u>	<u>\$ 7,318,697</u>	<u>\$ 10,054,872</u>	<u>\$ 37,600,401</u>
\$ 54,280	\$ 944,991	\$ 1,087,454	\$ 2,622,463
-	-	4,609	4,609
37,531	-	257,851	902,803
976,246	-	1,649,174	3,777,006
257,990	-	596,172	2,622,602
<u>1,326,047</u>	<u>944,991</u>	<u>3,595,260</u>	<u>9,929,483</u>
-	-	-	13,369,809
(709,647)	-	6,962,482	8,430,273
-	6,373,706	(996,134)	5,377,572
-	-	493,264	493,264
<u>(709,647)</u>	<u>6,373,706</u>	<u>6,459,612</u>	<u>27,670,918</u>
<u>\$ 616,400</u>	<u>\$ 7,318,697</u>	<u>\$ 10,054,872</u>	<u>\$ 37,600,401</u>

Santa Cruz County
 Reconciliation of the Balance Sheet
 to the Statement of Net Assets
 Governmental Funds
 June 30, 2010

Total fund balances—governmental funds \$ 27,670,918

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$184,659,010 and the accumulated depreciation is \$59,517,014. 125,141,996

Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 2,621,279

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

Long-term loans payable	\$ (56,790,000)	
Compensated absences payable	(2,091,472)	
Obligations under capital leases	(1,230,328)	
Estimated liabilities for claims and judgments	<u>(75,000)</u>	
		<u>(60,186,800)</u>

Net assets of governmental activities \$ 95,247,393

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, 2010

	<u>General Fund</u>	<u>Jail District Fund</u>	<u>Criminal Justice Enhancement Fund</u>
Revenues:			
Taxes	\$ 14,066,739	\$ 2,445,900	\$ -
Intergovernmental	6,290,697	193,512	751,793
Licenses and permits	379,875	-	-
Charges for services	1,189,289	-	30,856
Fines and forfeits	663,913	-	1,284,160
Investment earnings	56,695	6,521	12,258
Rents	42,000	-	-
Miscellaneous	313,377	-	165
Total revenues	<u>23,002,585</u>	<u>2,645,933</u>	<u>2,079,232</u>
Expenditures:			
Current:			
General government	10,637,616	-	1,555,186
Public safety	4,355,729	3,315,668	794,965
Highways and streets	-	-	-
Health, welfare and sanitation	2,319,576	-	-
Education and economic opportunity	1,766,106	-	-
Recreation	182,985	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	18,917	2,535,000	11,641
Interest and fiscal charges	3,418	3,039,501	3,266
Total expenditures	<u>19,284,347</u>	<u>8,890,169</u>	<u>2,365,058</u>
Excess (deficiency) of revenues over (under) expenditures	3,718,238	(6,244,236)	(285,826)
Other financing sources (uses):			
Transfers in	11,404	4,819,402	152,833
Transfers out	<u>(5,412,227)</u>	<u>-</u>	<u>(10,603)</u>
Total other financing sources (uses)	<u>(5,400,823)</u>	<u>4,819,402</u>	<u>142,230</u>
Net change in fund balances	(1,682,585)	(1,424,834)	(143,596)
Fund balances, beginning of year, as restated	<u>15,052,394</u>	<u>2,567,811</u>	<u>1,178,057</u>
Fund balances, end of year	<u>\$ 13,369,809</u>	<u>\$ 1,142,977</u>	<u>\$ 1,034,461</u>

See accompanying notes to financial statements.

WIA Fund	New Facilities Fund	Other Governmental Funds	Total
\$ -	\$ -	\$ 2,238,923	\$ 18,751,562
1,636,193	-	10,114,256	18,986,451
-	-	-	379,875
-	-	481,869	1,702,014
-	-	107,755	2,055,828
-	594,107	59,986	729,567
-	-	-	42,000
-	-	398,940	712,482
<u>1,636,193</u>	<u>594,107</u>	<u>13,401,729</u>	<u>43,359,779</u>
-	-	650,562	12,843,364
-	-	4,626,346	13,092,708
-	-	3,019,812	3,019,812
-	-	1,503,651	3,823,227
1,842,409	-	2,699,237	6,307,752
-	-	-	182,985
-	29,516,091	302,332	29,818,423
26,964	-	766,132	3,358,654
33,300	-	1,140,336	4,219,821
<u>1,902,673</u>	<u>29,516,091</u>	<u>14,708,408</u>	<u>76,666,746</u>
(266,480)	(28,921,984)	(1,306,679)	(33,306,967)
603	-	669,874	5,654,116
<u>(4,945)</u>	<u>-</u>	<u>(226,341)</u>	<u>(5,654,116)</u>
<u>(4,342)</u>	<u>-</u>	<u>443,533</u>	<u>-</u>
(270,822)	(28,921,984)	(863,146)	(33,306,967)
(438,825)	35,295,690	7,322,758	60,977,885
<u>\$ (709,647)</u>	<u>\$ 6,373,706</u>	<u>\$ 6,459,612</u>	<u>\$ 27,670,918</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, 2010

Net change in fund balances—total governmental funds \$ (33,306,967)

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 outlay	\$ 31,082,073	
Less: current-year depreciation	<u>(3,198,463)</u>	27,883,610

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Principal repaid		3,358,654
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when the financial resources are available.

Decrease in compensated absences payable		25,352
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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.

Intergovernmental revenues	1,103,218	
Property tax revenues	398,929	
Donated capital assets	<u>42,402</u>	<u>1,544,549</u>

Change in net assets of governmental activities \$ (494,802)

See accompanying notes to financial statements.

Santa Cruz County
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-Type Activities - Enterprise Fund Landfill
Assets	
Current assets:	
Cash and investments	\$ 2,471,571
Investments	-
Due from other governmental units	332
Accounts receivable	11,171
Total current assets	2,483,074
Noncurrent assets:	
Capital assets	
Nondepreciable	229,996
Depreciable (net)	2,454,255
Total noncurrent assets	2,684,251
Total assets	5,167,325
Liabilities	
Current liabilities:	
Accounts payable	24,797
Accrued payroll and employee benefits	20,657
Obligations under capital leases—current portion	110,472
Compensated absences payable—current portion	24,428
Total current liabilities	180,354
Noncurrent liabilities:	
Obligations under capital leases	6,200
Landfill closure and postclosure care costs payable	1,681,209
Compensated absences payable	16,390
Total noncurrent liabilities	1,703,799
Total liabilities	1,884,153
Net Assets	
Invested in capital assets, net of related debt	2,567,579
Unrestricted	715,593
Total net assets	\$ 3,283,172

See accompanying notes to financial statements.

Santa Cruz County
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2010

	Business-Type Activities— Enterprise Fund Landfill
Operating revenues:	
Landfill fees	\$ 584,132
Other	26,007
Total operating revenues	610,139
 Operating expenses:	
Personal services	551,969
Professional services	44,339
Supplies	28,814
Utilities	20,433
Repairs and maintenance	206,592
Recycling program	24,276
Insurance	19,153
Landfill closure and postclosure care costs	(640,456)
Depreciation	223,322
Other	73,148
Total operating expenses	551,590
Operating income	58,549
 Nonoperating revenues (expenses):	
Grants and contributions	19,987
Investment earnings	17,661
Interest expense on capital leases	(10,860)
Total nonoperating revenues	26,788
Increase in net assets	85,337
 Total net assets, July 1, 2009	3,197,835
 Total net assets, June 30, 2010	\$ 3,283,172

See accompanying notes to financial statements.

Santa Cruz County
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2010

	Business-Type Activities— Enterprise Fund Landfill
Cash flows from operating activities	
Receipts from customers	\$ 780,110
Payments to suppliers and providers of goods and services	(406,112)
Payments to employees	(549,146)
Net cash used for operating activities	(175,148)
 Cash flows from noncapital and related financing activities	
Grants and contributions	19,987
Net cash provided by noncapital and related financing activities	19,987
 Cash flows from capital and related financing activities	
Purchases of capital assets	(89,449)
Principal paid on capital leases	(99,253)
Interest paid on capital leases	(10,860)
Net cash used for capital and related financing activities	(199,562)
 Cash flows from investing activities	
Interest received on investments	20,001
Net cash provided by investing activities	20,001
 Net decrease in cash and cash equivalents	(334,722)
 Cash and cash equivalents, July 1, 2009	2,806,293
Cash and cash equivalents, June 30, 2010	\$ 2,471,571
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 58,549
Adjustments to reconcile operating income to net cash used for operating activities:	
Depreciation	223,322
Changes in assets and liabilities	
Increase in:	
Accounts payable	10,643
Compensated absences payable	3,524
Decrease in:	
Accounts receivable	169,971
Accrued payroll and employee benefits	(701)
Landfill closure and postclosure care costs payable	(640,456)
Net cash used for operating activities	\$ (175,148)

See accompanying notes to financial statements.

Santa Cruz County
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Investment Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 26,061,602	\$ 1,027,473
Interest receivable	3,732	-
Total assets	\$ 26,065,334	\$ 1,027,473
Liabilities		
Due to other governmental units	\$ -	\$ 16,786
Deposits held for others	-	1,010,687
Total liabilities	\$ -	\$ 1,027,473
Net Assets		
Held in trust for investment trust participants	\$ 26,065,334	

See accompanying notes to financial statements.

Santa Cruz County
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2010

	Investment Trust Funds
Additions	
Contributions from participants	\$ 108,527,173
Investment earnings	473,725
Total additions	109,000,898
 Deductions	
Distributions to participants	112,388,330
Total deductions	112,388,330
Change in net assets	(3,387,432)
Net assets, July 1, 2009	29,452,766
Net assets, June 30, 2010	\$ 26,065,334
	-

See accompanying notes to financial statements.

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Santa Cruz County
Notes to Financial Statements
June 30, 2010

Note 1 – Summary of Significant Accounting Policies

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

For the year ended June 30, 2010, the County implemented the provisions of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Implementing this statement did not affect the County's financial statements.

A. Reporting Entity

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

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

The following describes the County's component units:

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

Santa Cruz County
Notes to Financial Statements
June 30, 2010

B. Basis of Presentation

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

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

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

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

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

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

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

Santa Cruz County
Notes to Financial Statements
June 30, 2010

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

The County reports the following major governmental funds:

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

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

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

The Workforce Investment Act (WIA) Fund accounts for federal programs to help educate and train low-income youth and adults to improve the quality of the workforce.

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

The County reports the following major enterprise fund:

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

The County reports the following fiduciary funds:

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

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

Santa Cruz County
Notes to Financial Statements
June 30, 2010

C. Basis of Accounting

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

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

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

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

D. Cash and Investments

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

Santa Cruz County
Notes to Financial Statements
June 30, 2010

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

E. Property Tax Calendar

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

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

F. Capital Assets

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

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

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

G. Investment Earnings

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

Santa Cruz County
Notes to Financial Statements
June 30, 2010

H. Compensated Absences

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

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

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

Note 2 – Stewardship, Compliance, and Accountability

Deficit fund balances—At June 30, 2010, the following funds reported deficits in fund balances:

Fund	Deficit
Governmental funds:	
WIA	\$ 709,647
Other governmental - Airport	800,722
Other governmental - Homeland Security	222,600
Other governmental - Accommodation School	63,571
Other governmental - Animal Control	21,235
Other governmental - Old Courthouse	4,807

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

Santa Cruz County
Notes to Financial Statements
June 30, 2010

Note 3 – Deposits and Investments

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

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be rated P1 by Moody's investors service or A1 or better by Standard and Poor's rating service.
2. Corporate bonds, debentures, and notes must be rated A or better by Moody's investors service or Standard and Poor's rating service.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk

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

Concentration of credit risk

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

Interest rate risk

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

Foreign currency risk

Statutes do not allow foreign investments.

Deposits— At June 30, 2010, the carrying amount of the County's deposits was \$1,241,711, and the bank balance was \$4,866,425. The County does not have a formal policy related to custodial credit risk for deposits.

Santa Cruz County
Notes to Financial Statements
June 30, 2010

Investments—The County's investments at June 30, 2010, were as follows:

Investment Type	Fair Value
State Treasurer's investment pool 5	\$ 28,192,486
State Treasurer's investment pool 7	239,698
U.S. agency securities	14,167,009
Money market mutual funds	9,613,770
Corporate notes	1,332,392
School district debt (deficit cash balance)	<u>2,945,159</u>
	<u>\$ 56,490,514</u>

As listed above, the County Treasurer under the authority of A.R.S. used the County Treasurer's investment pool monies to pay warrants for a school district that had a negative cash balance. As a result, the school district was charged interest on the deficit balance payable to pool participants until the district reimbursed the pool. The school district reimbursed the pool in September 2010.

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, 2010, credit risk for the County's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
State Treasurer's investment pool 5	AAAf	S&P	\$28,192,486
State Treasurer's investment pool 7	Unrated	N/A	239,698
U.S. agency securities	Aaa	Moody's	14,167,009
Money market mutual funds	Unrated	N/A	9,613,770
Corporate notes	Aaa to Aa2	Moody's	1,332,392
School district debt (deficit cash balance)	Unrated	N/A	<u>2,945,159</u>
			<u>\$56,490,514</u>

Custodial credit risk—For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal investment policy with respect to custodial credit risk. At June 30, 2010, the County had \$530,130 of U.S. agency securities and \$1,272,297 in corporate notes held by the counterparty in the County's name.

Santa Cruz County
Notes to Financial Statements
June 30, 2010

Concentration of credit risk—The County does not have a formal investment policy with respect to concentration of credit risk. The County’s investment in Nogales Unified School District debt (deficit cash balance) represented 5 percent of the County’s total investments. Also, the County had investments in debt securities of various U.S. agencies at June 30, 2010, representing 5 percent or more of the County’s total investments as follows:

U.S. Agency	Percent
Federal Farm Credit Banks	14
Federal Home Loan Banks	6

Interest rate risk—The County does not have a formal investment policy with respect to interest rate risk. At June 30, 2010, the County had the following investments in debt securities:

Investment Type	Amount	Weighted Average Maturity (In Years)
State Treasurer's investment pool 5	\$ 28,192,486	0.06
State Treasurer's investment pool 7	239,698	0.08
U.S. agency securities	14,167,009	3.41
Money market mutual funds	9,613,770	0.15
Corporate notes	1,332,392	1.44
School district debt (deficit cash balance)	<u>2,945,159</u>	Indefinite
	<u>\$ 56,490,514</u>	

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

Cash, deposits, and investments:

Cash on hand	\$ 4,340
Amount of deposits	1,241,711
Amount of investments	<u>56,490,514</u>
Total	<u>\$ 57,736,565</u>

Statement of Net Assets:

	Governmental Activities	Business-Type Activities	Investment Trust Funds	Agency Funds	Total
Cash and investments	\$28,175,919	\$2,471,571	\$26,061,602	\$1,027,473	\$57,736,565

Santa Cruz County
Notes to Financial Statements
June 30, 2010

Note 4 – Due From Other Governmental Units

Amounts due from other governmental units at June 30, 2010, in the General Fund include \$186,877 in health care contribution refunds, \$378,374 in sales taxes, and \$127,315 in auto lieu tax from the State of Arizona. Amounts due from other governmental units in the Jail District Fund include \$216,494 in sales tax from the State of Arizona. Amounts due from other governmental units in the Criminal Justice Enhancement Fund and WIA Fund include \$981,333 and \$586,803, respectively, for federal and state reimbursement grants. Amounts due from other governmental units in the Other Governmental Funds include \$320,911 in highway user revenue and \$635,137 in federal and state reimbursement grants. The remaining balances results from various grants and contracts with other governmental units and interest earned on investments from the State Treasurer.

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 22,151,078	\$ -	\$ -	\$ 22,151,078
Construction in progress	29,779,201	30,194,919	1,851,963	58,122,157
Total capital assets not being depreciated	<u>51,930,279</u>	<u>30,194,919</u>	<u>1,851,963</u>	<u>80,273,235</u>
Capital assets being depreciated:				
Buildings	12,009,573	385,952	-	12,395,525
Improvements other than buildings	3,175,068	1,518	-	3,176,586
Construction equipment and vehicles	9,804,591	350,493	90,381	10,064,703
Furniture and equipment	6,261,317	1,795,009	19,678	8,036,648
Infrastructure	70,463,766	248,547	-	70,712,313
Total	<u>101,714,315</u>	<u>2,781,519</u>	<u>110,059</u>	<u>104,385,775</u>
Less accumulated depreciation for:				
Buildings	5,521,098	303,732	-	5,824,830
Improvements other than buildings	993,158	119,953	-	1,113,111
Construction equipment and vehicles	7,119,069	851,065	90,381	7,879,753
Furniture and equipment	4,424,360	780,011	19,678	5,184,693
Infrastructure	38,370,925	1,143,702	-	39,514,627
Total	<u>56,428,610</u>	<u>3,198,463</u>	<u>110,059</u>	<u>59,517,014</u>
Total capital assets being depreciated, net	<u>45,285,705</u>	<u>(416,944)</u>	<u>-</u>	<u>44,868,761</u>
Governmental activities capital assets, net	<u>\$ 97,215,984</u>	<u>\$ 29,777,975</u>	<u>\$ 1,851,963</u>	<u>\$ 125,141,996</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2010

	<u>Balance July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 229,996	\$ -	\$ -	\$ 229,996
Total capital assets not being depreciated	<u>229,996</u>	<u>-</u>	<u>-</u>	<u>229,996</u>
Capital assets being depreciated:				
Buildings	246,067	-	-	246,067
Improvements other than buildings	2,448,862	89,449	-	2,538,311
Construction equipment and vehicles	<u>2,347,557</u>	<u>-</u>	<u>-</u>	<u>2,347,557</u>
Total	<u>5,042,486</u>	<u>89,449</u>	<u>-</u>	<u>5,131,935</u>
Less accumulated depreciation for:				
Buildings	91,437	6,156	-	97,593
Improvements other than buildings	476,721	64,007	-	540,728
Construction equipment and vehicles	<u>1,886,200</u>	<u>153,159</u>	<u>-</u>	<u>2,039,359</u>
Total	<u>2,454,358</u>	<u>223,322</u>	<u>-</u>	<u>2,677,680</u>
Total capital assets being depreciated, net	<u>2,588,128</u>	<u>(133,873)</u>	<u>-</u>	<u>2,454,255</u>
Business-type activities capital assets, net	<u>\$ 2,818,124</u>	<u>\$ (133,873)</u>	<u>\$ -</u>	<u>\$ 2,684,251</u>
Depreciation expense was charged to functions as follows:				
Governmental activities:				
General government		\$ 840,232		
Public safety		846,990		
Highways and streets		1,366,200		
Health, welfare and sanitation		94,085		
Education and economic opportunity		25,158		
Recreation		<u>25,798</u>		
Total governmental activities depreciation expense		<u>\$ 3,198,463</u>		
Business-type activities:				
Sanitation		<u>\$ 223,322</u>		
Total business-type activities depreciation expense		<u>\$ 223,322</u>		

Note 6 – Construction Commitments

The County had major contractual commitments related to capital projects at June 30, 2010, for the construction of the Santa Cruz County Jail District Detention Facility Project, Santa Cruz County Court Facility Project, and other various capital projects. At June 30, 2010, the County had spent \$58,122,157 and had remaining contractual commitments of \$6,105,247. These projects are predominantly financed by proceeds from long-term loans.

Santa Cruz County
Notes to Financial Statements
June 30, 2010

Note 7 – Long-Term Liabilities

The following schedule details the County's long-term liability and obligation activity for the year ended June 30, 2010:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Change in</u> <u>Estimate</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due Within</u> <u>1 Year</u>
Governmental activities						
Long-term loans payable	\$59,855,000	\$ -	\$3,065,000	\$ -	\$ 56,790,000	\$1,545,000
Obligations under capital leases	1,523,982	-	293,654	-	1,230,328	307,156
Compensated absences payable	2,116,824	1,065,942	1,091,294	-	2,091,472	1,041,328
Estimated liabilities for claims and judgments	75,000	-	-	-	75,000	-
Governmental activities long-term liabilities	<u>\$63,570,806</u>	<u>\$1,065,942</u>	<u>\$4,449,948</u>	<u>\$ -</u>	<u>\$ 60,186,800</u>	<u>\$2,893,484</u>
Business-type activities						
Obligations under capital leases	\$ 215,925	\$ -	\$ 99,253	\$ -	\$ 116,672	\$ 110,472
Compensated absences payable	37,294	25,195	21,671	-	40,818	24,428
Landfill closure and postclosure care costs payable	2,321,665	-	-	(640,456)	1,681,209	-
Business-type activities long-term liabilities	<u>\$ 2,574,884</u>	<u>\$ 25,195</u>	<u>\$ 120,924</u>	<u>\$ (640,456)</u>	<u>\$ 1,838,699</u>	<u>\$ 134,900</u>

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

For the 2008-1 project loan, the County has pledged a portion of its future excise tax and state shared revenues to repay the loan obtained from GADA for funding the 2008-1 project. For fiscal year 2010, the County received excise tax revenues of \$2,518,516 and state shared revenues net of other statutory claims of \$779,105, and the principal and interest payments were \$530,000 and \$1,111,013, respectively. Total principal and interest remaining to be paid on the loan is \$27,918,396.

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 2010, the County received Jail District excise tax revenues of \$2,445,901 and made maintenance of effort payments of \$2,786,098 and the principal and interest payments were \$2,535,000 and \$3,039,978, respectively. Total principal and interest remaining to be paid on the loan is \$68,198,330.

Santa Cruz County
Notes to Financial Statements
June 30, 2010

Long-term loans payable at June 30, 2010, were as follows:

Description	Interest Rates	Maturities	Outstanding Principal July 1, 2009	Retirements	Outstanding Principal June 30, 2010
2008-1 project	4.00% - 5.39%	2011 - 2038	\$ 15,265,000	\$ 530,000	\$ 14,735,000
2008-2 project	3.25% - 5.25%	2011 - 2031	44,590,000	2,535,000	42,055,000
			<u>\$ 59,855,000</u>	<u>\$ 3,065,000</u>	<u>\$ 56,790,000</u>

The following schedule details debt service requirements to maturity for the County's loans payable at June 30, 2010:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2011	\$ 1,545,000	\$ 2,699,106
2012	1,600,000	2,643,681
2013	1,665,000	2,582,981
2014	1,730,000	2,516,013
2015	1,795,000	2,446,431
2016-2020	10,165,000	11,063,138
2021-2025	12,670,000	8,550,013
2026-2030	16,155,000	5,065,300
2031-2035	6,760,000	1,471,050
2036-2038	2,705,000	289,012
Total	<u>\$ 56,790,000</u>	<u>\$ 39,326,725</u>

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

Santa Cruz County
Notes to Financial Statements
June 30, 2010

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Building	\$ 1,025,840	\$ -
Construction equipment and vehicles	1,336,908	506,769
Less: accumulated depreciation	<u>717,978</u>	<u>296,862</u>
Carrying value	<u>\$ 1,644,770</u>	<u>\$ 209,907</u>

The following schedule details debt service requirements to maturity for the County's obligations under capital leases at June 30, 2010:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2011	\$ 361,903	\$ 114,100
2012	279,067	5,938
2013	126,392	495
2014	75,170	-
2015	60,264	-
2016-2020	301,318	-
2021-2025	301,320	-
2026	<u>60,265</u>	<u>-</u>
Total minimum lease payments	1,565,699	120,533
Less amount representing interest	<u>335,371</u>	<u>3,861</u>
Present value of net minimum lease payments	<u>\$1,230,328</u>	<u>\$ 116,672</u>

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

The amount recognized each year is based on landfill capacity used at the end of each fiscal year. The \$1,681,209 reported as landfill closure and postclosure care liability at June 30, 2010, represents the cumulative amount reported to date based on the use of 41 percent

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and 14 percent of the estimated capacity of the Rio Rico Sanitary Landfill and Sonoita Elgin Landfill, respectively. The County will recognize the remaining estimated cost of closure and postclosure care of \$3,127,762 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 2010. The County closed one landfill in 1994 and expects to close the remaining two landfills in 2016 and 2114, and the actual cost may be lower or higher each year due to deflation or inflation, changes in technology, changes in materials or changes in regulations.

During fiscal year 2010, the landfill closure and postclosure care liability was reduced by \$640,456 because the County approved a vertical expansion of the Rio Rico landfill which increased its overall capacity.

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

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

Compensated absences and claims and judgments—Compensated absences are paid from various funds in the same proportion that those funds pay payroll costs. Claims and judgments are generally paid from the fund that accounts for the activity that gave rise to the claim. During fiscal year 2010, the County paid for compensated absences as follows: 50 percent from the General Fund, 6 percent from the Jail District Fund, 10 percent from the Criminal Justice Enhancement Fund, 3 percent from the WIA Fund, 28 percent from the Other Governmental Funds, and 3 percent from the Enterprise Fund.

Note 8 – Risk Management

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

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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 years.

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

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

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

Note 9 – Pensions and Other Postemployment Benefits

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

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

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

The *Corrections Officer Retirement Plan (CORP)* administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers state, county, and local correction officers; dispatchers; and probation, surveillance, and juvenile detention officers. The CORP is governed by The Fund Manager of PSPRS and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

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

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

ASRS

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

PSPRS, CORP, AND EORP

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

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

Cost-Sharing Plan—For the year ended June 30, 2010, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.4 percent (9.0 percent for retirement and 0.4 percent for long-term disability) of the members' annual covered payroll and the County was required by statute to contribute at the actuarially determined rate of 9.4 percent (8.34 percent for retirement, 0.66 percent for health insurance premium, and 0.4 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>
2010	\$ 791,797	\$ 62,660	\$ 37,891
2009	814,736	97,891	50,953
2008	844,789	110,191	52,469

Agent Plans—For the year ended June 30, 2010, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll and the County was required to contribute 20.49 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 0.67 percent of covered payroll. Active CORP members were required by statute to contribute 8.41 percent of the members' annual covered payroll. In addition, the County was required to contribute 5.00 percent. The aggregate of the members' and the County's contributions is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 0.44 percent of covered payroll. Active EORP members were required by statute to contribute 7.00 percent of the members' annual covered payroll; and the County was required to remit a designated portion of certain court fees plus additional contributions at the actuarially determined rate of 14.25 percent of the members' annual covered payroll. The health insurance premium portion of the contribution rate was actuarially set at 1.89 percent of covered payroll.

Actuarial methods and assumptions—The contribution requirements for the year ended June 30, 2010, were established by the June 30, 2008, 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

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

Projections of benefits are based on 1) the plans as understood by the County and plans' members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the County and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2010 contribution requirements, are as follows:

Actuarial valuation date	June 30, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	28 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases includes inflation at	5.50% - 8.50% for PSPRS and CORP; 5.00% for EORP 5.50% for PSPRS and CORP; 5.00% for EORP

Annual Pension/OPEB Cost—The County's pension/OPEB cost for the agent plans for the year ended June 30, 2010, and related information follows:

	<u>PSPRS</u>		<u>CORP</u>		<u>EORP</u>	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Annual pension/OPEB cost	\$458,980	\$24,418	\$35,410	\$5,407	\$135,305	\$20,690
Contributions made	477,170	6,228	40,817	-	135,305	20,690

Trend Information—Annual pension cost information for the current and 2 preceding years follows for each of the agent plans.

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Plan	Year Ended June 30	Annual Pension/OPEB Cost	Percentage of Annual Cost Contributed	Net Pension Asset/(OPEB Obligation)
PSPRS				
Pension	2010	\$ 458,980	104.0%	\$ 18,190
Health insurance	2010	24,418	25.5	(18,190)
Pension	2009	439,235	100.0	-
Health insurance	2009	27,576	100.0	-
Pension	2008	289,428	100.0	-
Health insurance	2008	23,787	100.0	-
CORP				
Pension	2010	\$ 35,410	115.3%	\$ 5,407
Health insurance	2010	5,407	-	(5,407)
Pension	2009	34,572	100.0	-
Health insurance	2009	10,148	100.0	-
Pension	2008	34,480	100.0	-
Health insurance	2008	8,567	100.0	-
EORP				
Pension	2010	\$ 135,305	100.0%	-
Health insurance	2010	20,690	100.0	-
Pension	2009	208,283	100.0	-
Health insurance	2009	9,337	100.0	-
Pension	2008	117,420	100.0	-
Health insurance	2008	10,457	100.0	-

Funded Status—The funded status of the plans as of the most recent valuation date, June 30, 2010, along with the actuarial assumptions and methods used in those valuations follow. The EORP, by statute, is a cost-sharing plan. However, because of its statutory construction, in accordance with GASB Statement No. 43, paragraphs 5 and 41, the EORP is reported for such purposes as an agent multiple-employer plan. The Fund Manager obtains an actuarial valuation for the EORP on its statutory basis as a cost-sharing plan and, therefore, actuarial information for the County, as a participating government, is not available.

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	PSPRS		CORP	
	Pension	Health Insurance	Pension	Health Insurance
Actuarial accrued liability (a)	\$10,055,856	\$ 303,130	\$ 1,481,538	\$ 36,615
Actuarial value of assets (b)	5,491,740	-	1,988,371	-
Unfunded actuarial accrued liability (funding excess) (a) – (b)	4,564,116	303,130	(506,833)	36,615
Funded ratio (b)/(a)	54.6%	-	134.2%	-
Covered payroll (c)	\$ 2,286,973	\$ 2,286,973	\$ 808,476	\$ 808,476
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(a)-(b)]/(c))	199.6%	13.25%	(62.69%)	4.53%

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

Actuarial valuation date	June 30, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	26 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases includes inflation at	5.50% - 8.50% for PSPRS and CORP; 5.00% for EORP 5.50% for PSPRS and CORP; 5.00% for EORP

Santa Cruz County
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June 30, 2010

Note 10 – Interfund Balances and Activity

Interfund receivables and payables—Interfund balances at June 30, 2010, were as follows:

	Payable to		Total
	General Fund	Nonmajor Governmental Funds	
Payable from			
Criminal Justice Enhancement Fund	\$ 1,151,586	\$ -	\$ 1,151,586
WIA Fund	976,246	-	976,246
Nonmajor Governmental Funds	1,591,126	58,048	1,649,174
Total	<u>\$ 3,718,958</u>	<u>\$ 58,048</u>	<u>\$ 3,777,006</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, 2010, were as follows:

	Transfer to					Total
	General Fund	Jail District Fund	Criminal Justice Enhancement Fund	WIA Fund	Nonmajor Governmental Funds	
Transfer from						
General Fund	\$ -	\$ 4,819,402	\$ 47,267	\$ -	\$ 545,558	\$ 5,412,227
Criminal Justice Enhancement Fund	10,000	-	-	603	-	10,603
WIA Fund	-	-	-	-	4,945	4,945
Nonmajor Governmental Funds	1,404	-	105,566	-	119,371	226,341
Total	<u>\$ 11,404</u>	<u>\$ 4,819,402</u>	<u>\$ 152,833</u>	<u>\$ 603</u>	<u>\$ 669,874</u>	<u>\$ 5,654,116</u>

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

Note 11 – County Treasurer’s Investment Pool

Arizona Revised Statutes require community colleges, school districts, and other local governments to deposit certain public monies with the County Treasurer. The Treasurer has a

Santa Cruz County
Notes to Financial Statements
June 30, 2010

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 \$894,815 of deposits, \$12,565,120 of investments in the State Treasurer's investment pools, and \$5,615,926 of investments in money market mutual funds. The County Treasurer manages these investments as well as the pooled investments, and the deposit and investment risks of the Treasurer's investment pool are substantially the same as the County's deposit and investment risks. See Note 3 for disclosure of the County's deposit and investment risks.

Details of each major investment classification follow:

Investment Type	Principal	Interest Rates	Maturities	Fair Value
State Treasurer's investment pool 5	\$ 15,867,064	None stated	None stated	\$ 15,867,064
U.S. agency securities	14,098,000	0.500 to 6.875	9/09 to 5/15	14,167,009
Money market mutual funds	3,997,844	None stated	None stated	3,997,844
Corporate notes	1,260,000	2.000 to 6.875	1/11 to 1/13	1,332,392
School district debt (deficit cash balance)	2,945,159	0.400	Indefinite	2,945,159

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

Statement of Net Assets:

Assets	\$ 38,656,364
Liabilities	-
Net assets	<u>\$ 38,656,364</u>
Net assets held in trust for:	
Internal participants	\$ 13,008,330
External participants	<u>25,648,034</u>
Total net assets held in trust	<u>\$ 38,656,364</u>

Santa Cruz County
Notes to Financial Statements
June 30, 2010

Statement of Changes in Net Assets:

Total additions	\$ 125,685,073
Total deductions	125,512,095
Net increase	<u>172,978</u>
Net assets held in trust:	
July 1, 2009	<u>38,483,386</u>
June 30, 2010	<u>\$ 38,656,364</u>

Note 12 –Beginning Balances Restated

As a result of errors in the prior year in which the County recorded revenues for expenditures incurred under various governmental grant programs that were not reimbursable to the County, the net assets of the governmental activities and fund balance of the WIA fund at July 1, 2009 have been restated from amounts previously reported as follows:

	Governmental Activities	WIA Fund	Total Governmental Funds
Net assets/fund balance (deficit), June 30, 2009, as previously reported	\$ 95,902,849	\$ (278,171)	\$ 61,138,539
Correction of intergovernmental revenue overstatement	(160,654)	(160,654)	(160,654)
Net assets/fund balance (deficit), July 1, 2009, as restated	<u>\$ 95,742,195</u>	<u>\$ (438,825)</u>	<u>\$ 60,977,885</u>

Required Supplementary Information

Santa Cruz County
 Required Supplementary Information
 Schedule of Agent Retirement Plans' Funding Progress
 June 30, 2010

Public Safety Personnel Retirement System

Plan	Actual Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ((a-b)/c)
Pension	June 30, 2010	\$ 5,491,740	\$ 10,055,856	\$ (4,564,116)	54.6%	\$ 2,286,973	199.6%
Health Insurance	June 30, 2010	-	303,130	(303,130)	-	2,286,973	13.3%
Pension	June 30, 2009	4,967,903	9,170,829	(4,202,926)	54.2%	2,265,910	185.5%
Health Insurance	June 30, 2009	-	273,357	(273,357)	-	2,265,910	12.1%
Pension	June 30, 2008	4,414,142	8,292,376	(3,878,234)	53.2%	2,105,003	184.2%
Health Insurance	June 30, 2008	-	213,193	(213,193)	-	2,105,003	10.1%

Corrections Officer Retirement Plan

Plan	Actual Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ((a-b)/c)
Pension	June 30, 2010	\$ 1,988,371	\$ 1,481,538	\$ 506,833	134.2%	\$ 808,476	-
Health Insurance	June 30, 2010	-	36,615	(36,615)	-	808,476	4.5%
Pension	June 30, 2009	1,973,917	1,390,209	583,708	142.0%	829,233	-
Health Insurance	June 30, 2009	-	31,743	(31,743)	-	829,233	3.8%
Pension	June 30, 2008	1,898,222	1,393,710	504,512	136.2%	831,787	-
Health Insurance	June 30, 2008	-	28,842	(28,842)	-	831,787	3.5%

Santa Cruz County
Required Supplementary Information
Notes to Schedule of Agent Retirement Plans' Funding Progress
June 30, 2010

Note 1 – Actuarial Information Available

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

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$13,991,178	\$13,991,178	\$ 14,066,739	\$ 75,561
Intergovernmental	7,149,148	7,149,148	6,290,697	(858,451)
Licenses and permits	400,000	400,000	379,875	(20,125)
Charges for services	1,204,547	1,204,547	1,189,289	(15,258)
Fines and forfeits	532,500	532,500	663,913	131,413
Investment earnings	45,000	45,000	56,695	11,695
Rents	-	-	42,000	42,000
Miscellaneous	50,000	50,000	313,377	263,377
Total revenues	<u>23,372,373</u>	<u>23,372,373</u>	<u>23,002,585</u>	<u>(369,788)</u>
Expenditures:				
Current:				
General government:				
Airport	187,666	187,666	41,115	146,551
Assessor	978,616	978,616	797,475	181,141
Board of Supervisors	4,210,943	4,160,520	1,628,080	2,532,440
Central Permits	209,458	209,458	57,238	152,220
Clerk of Superior Court	831,167	831,167	675,914	155,253
Constable #1	71,424	71,424	66,417	5,007
Constable #2	22,254	22,254	17,521	4,733
Court Attorney	1,384,796	1,384,796	1,351,609	33,187
Elections	344,770	387,970	175,516	212,454
Finance	2,110,957	2,110,957	781,300	1,329,657
GIS	313,338	313,338	37,267	276,071
Grounds and Maintenance	3,398,064	3,398,064	776,302	2,621,762
Information Technology	576,077	583,300	525,278	58,022
Justice Court #1	701,941	701,941	575,840	126,101
Justice Court #2	209,988	209,988	160,824	49,164
Planning and Zoning	435,527	435,527	249,141	186,386
Recorder	288,529	288,529	240,288	48,241
Recorder - Election	210,264	210,264	108,582	101,682
Superior Court	2,058,788	2,058,788	1,887,644	171,144
Treasurer	578,399	578,399	484,265	94,134
Total general government	<u>19,122,966</u>	<u>19,122,966</u>	<u>10,637,616</u>	<u>8,485,350</u>
Public Safety:				
Adult Probation	713,248	713,248	465,900	247,348
Building Codes	473,824	473,824	357,776	116,048
Emergency Services	165,783	165,783	85,735	80,048
Sheriff	4,135,707	4,135,707	3,446,318	689,389
Total public safety	<u>5,488,562</u>	<u>5,488,562</u>	<u>4,355,729</u>	<u>1,132,833</u>

(Continued)

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2010
(Concluded)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Health, welfare and sanitation:				
Public Fiduciary	3,357,032	3,357,032	2,319,576	1,037,456
Total health, welfare and sanitation	<u>3,357,032</u>	<u>3,357,032</u>	<u>2,319,576</u>	<u>1,037,456</u>
Education and economic opportunity:				
School Superintendent	2,033,011	2,033,011	1,766,106	266,905
Total education and economic opportunity	<u>2,033,011</u>	<u>2,033,011</u>	<u>1,766,106</u>	<u>266,905</u>
Recreation:				
Parks	680,308	680,308	205,320	474,988
Total recreation	<u>680,308</u>	<u>680,308</u>	<u>205,320</u>	<u>474,988</u>
Total expenditures	<u>30,681,879</u>	<u>30,681,879</u>	<u>19,284,347</u>	<u>11,397,532</u>
Excess (deficiency) of revenues over (under) expenditures	(7,309,506)	(7,309,506)	3,718,238	11,027,744
Other financing sources (uses):				
Transfer in	169,563	169,563	11,404	(158,159)
Transfer out	<u>(5,636,888)</u>	<u>(5,636,888)</u>	<u>(5,412,227)</u>	<u>224,661</u>
Total other financing sources (uses)	<u>(5,467,325)</u>	<u>(5,467,325)</u>	<u>(5,400,823)</u>	<u>66,502</u>
Net change in fund balances	(12,776,831)	(12,776,831)	(1,682,585)	11,094,246
Fund balance, July 1, 2009	<u>12,776,831</u>	<u>12,776,831</u>	<u>15,052,394</u>	<u>2,275,563</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,369,809</u>	<u>\$ 13,369,809</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
 Required Supplementary Information
 Budgetary Comparison Schedule
 Jail District Fund
 Year Ended June 30, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Taxes	\$ 2,480,000	\$ 2,445,900	\$ (34,100)
Intergovernmental	-	193,512	193,512
Investment earnings	-	6,521	6,521
Total revenues	<u>2,480,000</u>	<u>2,645,933</u>	<u>165,933</u>
Expenditures:			
Current:			
Public safety:			
Juvenile detention	1,200,656	837,342	363,314
Sheriff's office	3,022,024	2,478,326	543,698
Debt service	<u>5,619,063</u>	<u>5,574,501</u>	<u>44,562</u>
Total expenditures	<u>9,841,743</u>	<u>8,890,169</u>	<u>951,574</u>
Excess (deficiency) of revenues over (under) expenditures	(7,361,743)	(6,244,236)	1,117,507
Other financing sources			
Transfer in	<u>4,819,402</u>	<u>4,819,402</u>	<u>-</u>
Total other financing sources	<u>4,819,402</u>	<u>4,819,402</u>	<u>-</u>
Net change in fund balances	(2,542,341)	(1,424,834)	1,117,507
Fund balance, July 1, 2009	<u>2,542,341</u>	<u>2,567,811</u>	<u>25,470</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ 1,142,977</u>	<u>\$ 1,142,977</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, 2010

	Original and Final Budgeted Amounts	Actual Amount	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 1,014,111	\$ 751,793	\$ (262,318)
Charges for services	17,500	30,856	13,356
Fines and forfeits	259,100	1,284,160	1,025,060
Investment income	7,100	12,258	5,158
Miscellaneous	-	165	165
Total revenues	<u>1,297,811</u>	<u>2,079,232</u>	<u>781,421</u>
Expenditures:			
Current:			
General government:			
County Attorney	1,148,327	1,446,235	(297,908)
Clerk of Superior Court	7,168	-	7,168
Justice Court	6,720	19,623	(12,903)
Superior Court	683,332	104,235	579,097
Total general government	<u>1,845,547</u>	<u>1,570,093</u>	<u>275,454</u>
Public safety:			
Juvenile probation	56,966	-	56,966
Adult probation	53,828	12,979	40,849
Sheriff's office	676,105	763,302	(87,197)
Other agencies	14,506	18,684	(4,178)
Total public safety	<u>801,405</u>	<u>794,965</u>	<u>6,440</u>
Total expenditures	<u>2,646,952</u>	<u>2,365,058</u>	<u>281,894</u>
Excess (deficiency) of revenues over (under) expenditures	(1,349,141)	(285,826)	1,063,315
Other financing sources (uses):			
Transfer in	177,196	152,833	(24,363)
Transfer out	(49,124)	(10,603)	38,521
Total other financing sources (uses)	<u>128,072</u>	<u>142,230</u>	<u>14,158</u>
Net change in fund balances	(1,221,069)	(143,596)	1,077,473
Fund balance, July 1, 2009	<u>1,221,069</u>	<u>1,178,057</u>	<u>(43,012)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ 1,034,461</u>	<u>\$ 1,034,461</u>

See accompanying notes to budgetary comparison schedules.

Santa Cruz County
Required Supplementary Information
WIA Fund
Year Ended June 30, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 1,936,533	\$ 1,636,193	\$ (300,340)
Total revenues	<u>1,936,533</u>	<u>1,636,193</u>	<u>(300,340)</u>
Expenditures:			
Current:			
Education and economic opportunity	<u>2,050,933</u>	<u>1,902,673</u>	<u>148,260</u>
Total expenditures	<u>2,050,933</u>	<u>1,902,673</u>	<u>148,260</u>
Excess (deficiency) of revenues over (under) expenditures	(114,400)	(266,480)	(152,080)
Other financing sources (uses):			
Transfer in	-	603	603
Transfer out	-	(4,945)	(4,945)
Total other financing sources (uses)	<u>-</u>	<u>(4,342)</u>	<u>(4,342)</u>
Net change in fund balances	(114,400)	(270,822)	(156,422)
Fund balance, July 1, 2009, as restated	<u>114,400</u>	<u>(438,825)</u>	<u>(553,225)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ (709,647)</u>	<u>\$ (709,647)</u>

Santa Cruz County
Required Supplementary Information
Notes to Budgetary Comparison Schedules
Year Ended June 30, 2010

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 – Expenditures In Excess of Appropriations

For the year ended June 30, 2010, expenditures exceeded final budgeted amounts at the department level (the legal level of budgetary control) as follows:

Fund/Department	Excess
<u>Criminal Justice Enhancement Fund:</u>	
County Attorney	\$297,908
Justice Court	12,903
Sheriff's Office	87,197
Other Agencies	4,178

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

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Combining and Individual
Fund Statements and Schedules

Santa Cruz County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total Other Governmental Funds
Assets				
Cash and investments	\$ 7,483,480	\$ 60,782	\$ 1,126,369	\$ 8,670,631
Property taxes receivable (net of allowances for uncollectibles)	329,124	-	-	329,124
Due from other governmental units	946,578	11,294	41	957,913
Due from other funds	58,048	-	-	58,048
Accounts receivable	35,490	-	-	35,490
Prepaid items	3,666	-	-	3,666
Total assets	<u>8,856,386</u>	<u>72,076</u>	<u>1,126,410</u>	<u>10,054,872</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	453,217	5,700	628,537	1,087,454
Due to other governmental units	-	-	4,609	4,609
Accrued payroll and employee benefits	257,851	-	-	257,851
Due to other funds	836,761	812,413	-	1,649,174
Deferred revenue	596,172	-	-	596,172
Total liabilities	<u>2,144,001</u>	<u>818,113</u>	<u>633,146</u>	<u>3,595,260</u>
Fund balances:				
Unreserved	<u>6,712,385</u>	<u>(746,037)</u>	<u>493,264</u>	<u>6,459,612</u>
Total fund balances	<u>6,712,385</u>	<u>(746,037)</u>	<u>493,264</u>	<u>6,459,612</u>
Total liabilities and fund balances	<u>\$ 8,856,386</u>	<u>\$ 72,076</u>	<u>\$ 1,126,410</u>	<u>\$ 10,054,872</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2010

	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total Other Governmental Funds
Revenues:				
Taxes	\$ 2,238,483	\$ -	\$ 440	\$ 2,238,923
Intergovernmental	10,043,982	70,274	-	10,114,256
Charges for services	481,869	-	-	481,869
Fines and forfeits	107,755	-	-	107,755
Investment earnings	53,784	-	6,202	59,986
Miscellaneous	398,940	-	-	398,940
Total revenues	<u>13,324,813</u>	<u>70,274</u>	<u>6,642</u>	<u>13,401,729</u>
Expenditures:				
Current:				
General government	397,807	252,755	-	650,562
Public safety	4,626,346	-	-	4,626,346
Highways and streets	3,019,812	-	-	3,019,812
Health, welfare and sanitation	1,503,651	-	-	1,503,651
Education and economic opportunity	2,699,237	-	-	2,699,237
Capital outlay	-	302,332	-	302,332
Debt service				
Principal retirement	236,132	-	530,000	766,132
Interest and fiscal charges	28,266	-	1,112,070	1,140,336
Total expenditures	<u>12,511,251</u>	<u>555,087</u>	<u>1,642,070</u>	<u>14,708,408</u>
Excess (deficiency) of revenues over (under) expenditures	<u>813,562</u>	<u>(484,813)</u>	<u>(1,635,428)</u>	<u>(1,306,679)</u>
Other financing sources (uses):				
Transfer in	663,781	6,093	-	669,874
Transfer out	(226,341)	-	-	(226,341)
Total other financing sources (uses)	<u>437,440</u>	<u>6,093</u>	<u>-</u>	<u>443,533</u>
Net change in fund balances	1,251,002	(478,720)	(1,635,428)	(863,146)
Fund balances (deficit), July 1, 2009	<u>5,461,383</u>	<u>(267,317)</u>	<u>2,128,692</u>	<u>7,322,758</u>
Fund balances (deficit), June 30, 2010	<u>\$ 6,712,385</u>	<u>\$ (746,037)</u>	<u>\$ 493,264</u>	<u>\$ 6,459,612</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Special Revenue Funds
Year Ended June 30, 2010

	<u>Road</u>	<u>Flood</u>	<u>Health Services</u>	<u>Homeland Security</u>
Assets				
Cash and investments	\$ 1,395,989	\$ 2,986,296	\$ 73,145	\$ 2,467
Property taxes receivable (net of allowances for uncollectibles)	-	329,124	-	-
Due from other governmental units	321,002	170	92,494	329,264
Due from other funds	58,048	-	-	-
Accounts receivable	1,663	-	1,788	-
Prepaid items	-	-	-	-
Total assets	<u>1,776,702</u>	<u>3,315,590</u>	<u>167,427</u>	<u>331,731</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	176,134	114,287	29,290	-
Accrued payroll and employee benefits	58,211	27,532	24,000	35,042
Due to other funds	-	58,049	77,593	337,203
Deferred revenue	-	281,736	-	182,086
Total liabilities	<u>234,345</u>	<u>481,604</u>	<u>130,883</u>	<u>554,331</u>
Fund balances:				
Unreserved	<u>1,542,357</u>	<u>2,833,986</u>	<u>36,544</u>	<u>(222,600)</u>
Total fund balances (deficit)	<u>1,542,357</u>	<u>2,833,986</u>	<u>36,544</u>	<u>(222,600)</u>
Total liabilities and fund balances	<u>\$ 1,776,702</u>	<u>\$ 3,315,590</u>	<u>\$ 167,427</u>	<u>\$ 331,731</u>

<u>Juvenile Services</u>	<u>Probation Services</u>	<u>Retrieval Conversion</u>	<u>Accommodation School</u>	<u>Other</u>	<u>Total</u>
\$ 293,350	\$ 435,772	\$ 745,811	\$ -	\$ 1,550,650	\$ 7,483,480
-	-	-	-	-	329,124
19,718	1,148	-	-	182,782	946,578
-	-	-	-	-	58,048
465	6,764	10,196	-	14,614	35,490
468	-	198	-	3,000	3,666
<u>314,001</u>	<u>443,684</u>	<u>756,205</u>	<u>-</u>	<u>1,751,046</u>	<u>8,856,386</u>
14,759	3,454	2,138	-	113,155	453,217
33,898	37,434	5,331	-	36,403	257,851
110,971	-	-	62,248	190,697	836,761
-	-	-	1,323	131,027	596,172
<u>159,628</u>	<u>40,888</u>	<u>7,469</u>	<u>63,571</u>	<u>471,282</u>	<u>2,144,001</u>
154,373	402,796	748,736	(63,571)	1,279,764	6,712,385
154,373	402,796	748,736	(63,571)	1,279,764	6,712,385
<u>\$ 314,001</u>	<u>\$ 443,684</u>	<u>\$ 756,205</u>	<u>\$ -</u>	<u>\$ 1,751,046</u>	<u>\$ 8,856,386</u>

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2010

	<u>Road</u>	<u>Flood</u>	<u>Health Services</u>	<u>Homeland Security</u>
Revenues:				
Taxes	\$ -	\$ 2,238,483	\$ -	\$ -
Intergovernmental	3,572,421	-	431,093	799,761
Charges for services	2,338	-	126,650	-
Fines and forfeits	-	-	-	-
Investment earnings	10,751	12,051	122	4
Miscellaneous	163,439	551	-	-
Total revenues	<u>3,748,949</u>	<u>2,251,085</u>	<u>557,865</u>	<u>799,765</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	1,518,257	-	965,098
Highways and streets	3,019,812	-	-	-
Health, welfare and sanitation	-	-	847,281	-
Education and economic opportunity	-	-	-	-
Debt service				
Principal retirement	168,769	67,363	-	-
Interest and fiscal charges	17,639	10,627	-	-
Total expenditures	<u>3,206,220</u>	<u>1,596,247</u>	<u>847,281</u>	<u>965,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>542,729</u>	<u>654,838</u>	<u>(289,416)</u>	<u>(165,333)</u>
Other financing sources (uses):				
Transfer in	94,572	967	280,086	26
Transfer out	(1,404)	(87,072)	-	-
Total other financing sources (uses)	<u>93,168</u>	<u>(86,105)</u>	<u>280,086</u>	<u>26</u>
Net change in fund balances	635,897	568,733	(9,330)	(165,307)
Fund balances (deficit), July 1, 2009	906,460	2,265,253	45,874	(57,293)
Fund balances (deficit), June 30, 2010	<u>\$ 1,542,357</u>	<u>\$ 2,833,986</u>	<u>\$ 36,544</u>	<u>\$ (222,600)</u>

Juvenile Services	Probation Services	Retrieval Conversion	Accommodation School	Other	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,238,483
906,793	976,641	40,856	1,829,276	1,487,141	10,043,982
11,568	79,776	128,609	-	132,928	481,869
-	-	107,755	-	-	107,755
3,167	3,363	9,289	821	14,216	53,784
-	2,092	-	174,501	58,357	398,940
<u>921,528</u>	<u>1,061,872</u>	<u>286,509</u>	<u>2,004,598</u>	<u>1,692,642</u>	<u>13,324,813</u>
115,396	-	91,521	-	190,890	397,807
695,282	1,015,459	-	-	432,250	4,626,346
-	-	-	-	-	3,019,812
-	-	-	-	656,370	1,503,651
131,926	-	-	1,890,346	676,965	2,699,237
-	-	-	-	-	236,132
-	-	-	-	-	28,266
<u>942,604</u>	<u>1,015,459</u>	<u>91,521</u>	<u>1,890,346</u>	<u>1,956,475</u>	<u>12,511,251</u>
<u>(21,076)</u>	<u>46,413</u>	<u>194,988</u>	<u>114,252</u>	<u>(263,833)</u>	<u>813,562</u>
3,098	2,455	-	-	282,577	663,781
(977)	-	(108,317)	-	(28,571)	(226,341)
<u>2,121</u>	<u>2,455</u>	<u>(108,317)</u>	<u>-</u>	<u>254,006</u>	<u>437,440</u>
(18,955)	48,868	86,671	114,252	(9,827)	1,251,002
173,328	353,928	662,065	(177,823)	1,289,591	5,461,383
<u>\$ 154,373</u>	<u>\$ 402,796</u>	<u>\$ 748,736</u>	<u>\$ (63,571)</u>	<u>\$ 1,279,764</u>	<u>\$ 6,712,385</u>

Santa Cruz County
Combining Balance Sheet
Nonmajor Capital Projects Funds
Year Ended June 30, 2010

	Airport	Other	Total
Assets			
Cash and investments	\$ 397	\$ 60,385	\$ 60,782
Property taxes receivable (net of allowances for uncollectibles)	-	-	-
Due from other governmental units	-	11,294	11,294
Due from other funds	-	-	-
Accounts receivable	-	-	-
Prepaid items	-	-	-
Total assets	397	71,679	72,076
 Liabilities and fund balances			
Liabilities:			
Accounts payable	-	5,700	5,700
Due to other governmental units	-	-	-
Accrued payroll and employee benefits	-	-	-
Due to other funds	801,119	11,294	812,413
Deferred revenue	-	-	-
Total liabilities	801,119	16,994	818,113
 Fund balances:			
Unreserved	(800,722)	54,685	(746,037)
Total fund balances (deficit)	(800,722)	54,685	(746,037)
Total liabilities and fund balances	\$ 397	\$ 71,679	\$ 72,076

Santa Cruz County
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances
Nonmajor Capital Projects Funds
Year Ended June 30, 2010

	<u>Airport</u>	<u>Other</u>	<u>Total</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	5,278	64,996	70,274
Licenses and permits	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>5,278</u>	<u>64,996</u>	<u>70,274</u>
Expenditures:			
Current:			
General government	240,674	12,081	252,755
Public safety	-	-	-
Highways and streets	-	-	-
Health, welfare and sanitation	-	-	-
Education and economic opportunity	-	-	-
Recreation	-	-	-
Capital outlay	243,717	58,615	302,332
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>484,391</u>	<u>70,696</u>	<u>555,087</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(479,113)</u>	<u>(5,700)</u>	<u>(484,813)</u>
Other financing sources (uses):			
Transfer in	6,093	-	6,093
Transfer out	-	-	-
Total other financing sources (uses)	<u>6,093</u>	<u>-</u>	<u>6,093</u>
Net change in fund balances	(473,020)	(5,700)	(478,720)
Fund balances (deficit), July 1, 2009	(327,702)	60,385	(267,317)
Fund balances (deficit), June 30, 2010	<u>\$ (800,722)</u>	<u>\$ 54,685</u>	<u>\$ (746,037)</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, 2010

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 3,388,867	\$ 3,388,867	\$ 3,572,421	\$ 183,554
Charges for services	6,000	6,000	2,338	(3,662)
Investment earnings	5,000	5,000	10,751	5,751
Miscellaneous	87,500	87,500	163,439	75,939
Total revenues	<u>3,487,367</u>	<u>3,487,367</u>	<u>3,748,949</u>	<u>261,582</u>
Expenditures:				
Current:				
Highways and streets	4,199,019	4,199,019	3,206,220	992,799
Total expenditures	<u>4,199,019</u>	<u>4,199,019</u>	<u>3,206,220</u>	<u>992,799</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(711,652)</u>	<u>(711,652)</u>	<u>542,729</u>	<u>1,254,381</u>
Other financing sources (uses):				
Transfers in	7,500	7,500	94,572	87,072
Transfers out	-	-	(1,404)	(1,404)
Total other financing sources (uses)	<u>7,500</u>	<u>7,500</u>	<u>93,168</u>	<u>85,668</u>
Net change in fund balance	(704,152)	(704,152)	635,897	1,340,049
Fund balance, July 1, 2009	<u>704,152</u>	<u>704,152</u>	<u>906,460</u>	<u>202,308</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,542,357</u>	<u>\$ 1,542,357</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Flood Control Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 2,417,733	\$ 2,417,733	\$ 2,238,483	\$ (179,250)
Investment earnings	-	-	12,051	12,051
Miscellaneous	-	-	551	551
Total revenues	<u>2,417,733</u>	<u>2,417,733</u>	<u>2,251,085</u>	<u>(166,648)</u>
Expenditures:				
Current:				
Public safety	4,722,485	4,722,485	1,596,247	3,126,238
Total expenditures	<u>4,722,485</u>	<u>4,722,485</u>	<u>1,596,247</u>	<u>3,126,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,304,752)</u>	<u>(2,304,752)</u>	<u>654,838</u>	<u>2,959,590</u>
Other financing sources (uses):				
Transfers in	-	-	967	967
Transfers out	-	-	(87,072)	(87,072)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(86,105)</u>	<u>(86,105)</u>
Net change in fund balance	(2,304,752)	(2,304,752)	568,733	2,873,485
Fund balance, July 1, 2009	<u>2,304,752</u>	<u>2,304,752</u>	<u>2,265,253</u>	<u>(39,499)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,833,986</u>	<u>\$ 2,833,986</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Health Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 360,875	\$ 360,875	\$ 431,093	\$ 70,218
Charges for services	135,000	135,000	126,650	(8,350)
Investment earnings	-	-	122	122
Total revenues	<u>495,875</u>	<u>495,875</u>	<u>557,865</u>	<u>61,990</u>
Expenditures:				
Current:				
Health, welfare and sanitation	864,994	864,994	847,281	17,713
Total expenditures	<u>864,994</u>	<u>864,994</u>	<u>847,281</u>	<u>17,713</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(369,119)</u>	<u>(369,119)</u>	<u>(289,416)</u>	<u>79,703</u>
Other financing sources:				
Transfers in	298,659	298,659	280,086	(18,573)
Total other financing sources	<u>298,659</u>	<u>298,659</u>	<u>280,086</u>	<u>(18,573)</u>
Net change in fund balance	(70,460)	(70,460)	(9,330)	61,130
Fund balance, July 1, 2009	<u>70,460</u>	<u>70,460</u>	<u>45,874</u>	<u>(24,586)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,544</u>	<u>\$ 36,544</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Homeland Security Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$213,496	\$213,496	\$ 799,761	\$ 586,265
Investment earnings	-	-	4	4
Total revenues	<u>213,496</u>	<u>213,496</u>	<u>799,765</u>	<u>586,269</u>
Expenditures:				
Current:				
Public safety	217,025	217,025	965,098	(748,073)
Total expenditures	<u>217,025</u>	<u>217,025</u>	<u>965,098</u>	<u>(748,073)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,529)</u>	<u>(3,529)</u>	<u>(165,333)</u>	<u>(161,804)</u>
Other financing sources:				
Transfers in	-	-	26	26
Total other financing sources	<u>-</u>	<u>-</u>	<u>26</u>	<u>26</u>
Net change in fund balance	(3,529)	(3,529)	(165,307)	(161,778)
Fund balance, July 1, 2009	<u>3,529</u>	<u>3,529</u>	<u>(57,293)</u>	<u>(60,822)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (222,600)</u>	<u>\$ (222,600)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Juvenile Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2010

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Intergovernmental	\$ 963,615	\$ 963,615	\$ 906,793	\$ (56,822)
Charges for service	10,500	10,500	11,568	1,068
Investment earnings	1,300	1,300	3,167	1,867
Total revenues	<u>975,415</u>	<u>975,415</u>	<u>921,528</u>	<u>(53,887)</u>
Expenditures:				
Current:				
General government	168,176	168,176	115,396	52,780
Public safety	874,677	874,677	695,282	179,395
Education	241,679	241,679	131,926	109,753
Total expenditures	<u>1,284,532</u>	<u>1,284,532</u>	<u>942,604</u>	<u>341,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(309,117)</u>	<u>(309,117)</u>	<u>(21,076)</u>	<u>288,041</u>
Other financing sources (uses):				
Transfers in	-	-	3,098	3,098
Transfers out	-	-	(977)	(977)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,121</u>	<u>2,121</u>
Net change in fund balance	(309,117)	(309,117)	(18,955)	290,162
Fund balance, July 1, 2009	<u>309,117</u>	<u>309,117</u>	<u>173,328</u>	<u>(135,789)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,373</u>	<u>\$ 154,373</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Probation Services Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2010

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Intergovernmental	\$ 944,991	\$ 944,991	\$ 976,641	\$ 31,650
Charges for service	58,100	58,100	79,776	21,676
Investment earnings	800	800	3,363	2,563
Miscellaneous	2,500	2,500	2,092	(408)
Total revenues	<u>1,006,391</u>	<u>1,006,391</u>	<u>1,061,872</u>	<u>55,481</u>
Expenditures:				
Current:				
Public safety	1,399,606	1,399,606	1,015,459	384,147
Total expenditures	<u>1,399,606</u>	<u>1,399,606</u>	<u>1,015,459</u>	<u>384,147</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(393,215)</u>	<u>(393,215)</u>	46,413	439,628
Other financing sources:				
Transfers in	2,455	2,455	2,455	-
Total other financing sources	<u>2,455</u>	<u>2,455</u>	<u>2,455</u>	<u>-</u>
Net change in fund balance	(390,760)	(390,760)	48,868	439,628
Fund balance, July 1, 2009	<u>390,760</u>	<u>390,760</u>	<u>353,928</u>	<u>(36,832)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402,796</u>	<u>\$ 402,796</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Retrieval Conversion Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 40,856	\$ 40,856
Charges for service	116,800	116,800	128,609	11,809
Fines and forfeits	91,200	91,200	107,755	16,555
Investment earnings	2,000	2,000	9,289	7,289
Total revenues	<u>210,000</u>	<u>210,000</u>	<u>286,509</u>	<u>76,509</u>
Expenditures:				
Current:				
General government	800,590	800,590	91,521	709,069
Total expenditures	<u>800,590</u>	<u>800,590</u>	<u>91,521</u>	<u>709,069</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(590,590)</u>	<u>(590,590)</u>	<u>194,988</u>	<u>785,578</u>
Other financing uses:				
Transfers out	(75,000)	(75,000)	(108,317)	(33,317)
Total other financing uses	<u>(75,000)</u>	<u>(75,000)</u>	<u>(108,317)</u>	<u>(33,317)</u>
Net change in fund balance	(665,590)	(665,590)	86,671	752,261
Fund balance, July 1, 2009	<u>665,590</u>	<u>665,590</u>	<u>662,065</u>	<u>(3,525)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748,736</u>	<u>\$ 748,736</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Accommodation School Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,111,000	\$ 1,111,000	\$ 1,829,276	\$ 718,276
Investment earnings	-	-	821	821
Miscellaneous	-	-	174,501	174,501
Total revenues	<u>1,111,000</u>	<u>1,111,000</u>	<u>2,004,598</u>	<u>893,598</u>
Expenditures:				
Current:				
Education and economic opportunity	1,566,850	1,566,850	1,890,346	(323,496)
Total expenditures	<u>1,566,850</u>	<u>1,566,850</u>	<u>1,890,346</u>	<u>(323,496)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(455,850)</u>	<u>(455,850)</u>	<u>114,252</u>	<u>570,102</u>
Net change in fund balance	(455,850)	(455,850)	114,252	570,102
Fund balance, July 1, 2009	<u>455,850</u>	<u>455,850</u>	<u>(177,823)</u>	<u>(633,673)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (63,571)</u>	<u>\$ (63,571)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental—Animal Control
 Budgetary Comparison Schedule
 Year Ended June 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 268,978	\$ 268,978	\$ 242,597	\$ (26,381)
Charges for services	35,000	35,000	53,854	18,854
Miscellaneous	-	-	2,024	2,024
Total revenues	<u>303,978</u>	<u>303,978</u>	<u>298,475</u>	<u>(5,503)</u>
Expenditures:				
Current:				
Health, welfare and sanitation	522,768	522,768	508,912	13,856
Total expenditures	<u>522,768</u>	<u>522,768</u>	<u>508,912</u>	<u>13,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(218,790)</u>	<u>(218,790)</u>	<u>(210,437)</u>	<u>8,353</u>
Other financing sources:				
Transfers in	218,790	218,790	211,144	(7,646)
Total other financing sources	<u>218,790</u>	<u>218,790</u>	<u>211,144</u>	<u>(7,646)</u>
Net change in fund balance	-	-	707	707
Fund balance, July 1, 2009	-	-	(21,942)	(21,942)
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,235)</u>	<u>\$ (21,235)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental— Case Management Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 84,842	\$ 84,842	\$ 60,911	\$ (23,931)
Investment earnings	-	-	1,103	1,103
Total revenues	<u>84,842</u>	<u>84,842</u>	<u>62,014</u>	<u>(22,828)</u>
Expenditures:				
Current:				
Health, welfare and sanitation	97,706	97,706	83,163	14,543
Capital outlay	59,496	59,496	-	59,496
Total expenditures	<u>157,202</u>	<u>157,202</u>	<u>83,163</u>	<u>74,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(72,360)</u>	<u>(72,360)</u>	<u>(21,149)</u>	<u>51,211</u>
Other financing sources:				
Transfers in	-	-	5,352	5,352
Total other financing sources	<u>-</u>	<u>-</u>	<u>5,352</u>	<u>5,352</u>
Net change in fund balance	(72,360)	(72,360)	(15,797)	56,563
Fund balance, July 1, 2009	<u>72,360</u>	<u>72,360</u>	<u>74,977</u>	<u>2,617</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,180</u>	<u>\$ 59,180</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental— Child Visitation Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 2,500	\$ 2,500	\$ 4,609	\$ 2,109
Investment earnings	-	-	744	744
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>5,353</u>	<u>2,853</u>
Expenditures:				
Current:				
General government	<u>50,915</u>	<u>50,915</u>	-	<u>50,915</u>
Total expenditures	<u>50,915</u>	<u>50,915</u>	-	<u>50,915</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,415)</u>	<u>(48,415)</u>	<u>5,353</u>	<u>53,768</u>
Net change in fund balance	(48,415)	(48,415)	5,353	53,768
Fund balance, July 1, 2009	<u>48,415</u>	<u>48,415</u>	<u>48,415</u>	<u>-</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,768</u>	<u>\$ 53,768</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental— Law Library Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 23,000	\$ 23,000	\$ 28,954	\$ 5,954
Investment earnings	-	-	64	64
Total revenues	<u>23,000</u>	<u>23,000</u>	<u>29,018</u>	<u>6,018</u>
Expenditures:				
Current:				
General government	33,514	33,514	33,934	(420)
Total expenditures	<u>33,514</u>	<u>33,514</u>	<u>33,934</u>	<u>(420)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,514)</u>	<u>(10,514)</u>	<u>(4,916)</u>	<u>5,598</u>
Other financing sources:				
Transfers in	8,000	8,000	4,774	(3,226)
Total other financing sources	<u>8,000</u>	<u>8,000</u>	<u>4,774</u>	<u>(3,226)</u>
Net change in fund balance	(2,514)	(2,514)	(142)	2,372
Fund balance, July 1, 2009	<u>2,514</u>	<u>2,514</u>	<u>1,876</u>	<u>(638)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,734</u>	<u>\$ 1,734</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental— Old Courthouse Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 490,264	\$ 490,264	\$ -	\$ (490,264)
Investment earnings	-	-	(72)	(72)
Total revenues	<u>490,264</u>	<u>490,264</u>	<u>(72)</u>	<u>(490,336)</u>
Expenditures:				
Current:				
General government	105,300	105,300	38,858	66,442
Capital outlay	434,264	434,264	-	434,264
Total expenditures	<u>539,564</u>	<u>539,564</u>	<u>38,858</u>	<u>500,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(49,300)</u>	<u>(49,300)</u>	<u>(38,930)</u>	<u>10,370</u>
Other financing sources:				
Transfers in	49,300	49,300	34,660	(14,640)
Total other financing sources	<u>49,300</u>	<u>49,300</u>	<u>34,660</u>	<u>(14,640)</u>
Net change in fund balance	-	-	(4,270)	(4,270)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(537)</u>	<u>(537)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,807)</u>	<u>\$ (4,807)</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental— School Forest Fees Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 675,537	\$ 675,537	\$ 671,872	\$ (3,665)
Investment earnings	-	-	10,781	10,781
Total revenues	<u>675,537</u>	<u>675,537</u>	<u>682,653</u>	<u>7,116</u>
Expenditures:				
Current:				
Public safety	-	-	58,372	(58,372)
Education	1,157,860	1,157,860	509,329	648,531
Total expenditures	<u>1,157,860</u>	<u>1,157,860</u>	<u>567,701</u>	<u>590,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(482,323)</u>	<u>(482,323)</u>	<u>114,952</u>	<u>597,275</u>
Other financing sources (uses):				
Transfers in	-	-	9,871	9,871
Transfers out	(177,063)	(177,063)	(7,500)	169,563
Total other financing sources (uses)	<u>(177,063)</u>	<u>(177,063)</u>	<u>2,371</u>	<u>179,434</u>
Net change in fund balance	(659,386)	(659,386)	117,323	776,709
Fund balance, July 1, 2009	<u>659,386</u>	<u>659,386</u>	<u>636,717</u>	<u>(22,669)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 754,040</u>	<u>\$ 754,040</u>

Santa Cruz County
 Nonmajor Special Revenue Funds
 Other Governmental— Waste Tire Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 85,000	\$ 85,000	\$ 67,726	\$ (17,274)
Investment earnings	-	-	(168)	(168)
Total revenues	<u>85,000</u>	<u>85,000</u>	<u>67,558</u>	<u>(17,442)</u>
Expenditures:				
Current:				
Health, welfare and sanitation	<u>85,000</u>	<u>85,000</u>	<u>63,113</u>	<u>21,887</u>
Total expenditures	<u>85,000</u>	<u>85,000</u>	<u>63,113</u>	<u>21,887</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>4,445</u>	<u>4,445</u>
Net change in fund balance	-	-	4,445	4,445
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,445</u>	<u>\$ 4,445</u>

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

Major and Nonmajor Capital Projects Funds

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—New Facilities Fund
 Year Ended June 30, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Investment earnings	\$ 20,000	\$ 594,107	\$ 574,107
Total revenues	20,000	594,107	574,107
Expenditures:			
Current:			
Capital outlay	40,372,921	29,516,091	10,856,830
Total expenditures	40,372,921	29,516,091	10,856,830
Excess (deficiency) of revenues over (under) expenditures	(40,352,921)	(28,921,984)	11,430,937
Net change in fund balances	(40,352,921)	(28,921,984)	11,430,937
Fund balance, July 1, 2009	40,352,921	35,295,690	(5,057,231)
Fund balance, June 30, 2010	\$ -	\$ 6,373,706	\$ 6,373,706

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Airport Fund
 Year Ended June 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 328,399	\$ 328,399	\$ 5,278	\$ (323,121)
Total revenues	<u>328,399</u>	<u>328,399</u>	<u>5,278</u>	<u>(323,121)</u>
Expenditures:				
Current:				
General government	-	-	240,674	(240,674)
Capital outlay	340,470	340,470	243,717	96,753
Total expenditures	<u>340,470</u>	<u>340,470</u>	<u>484,391</u>	<u>(143,921)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,071)</u>	<u>(12,071)</u>	<u>(479,113)</u>	<u>(467,042)</u>
Other financing sources:				
Transfer in	11,674	11,674	6,093	(5,581)
Total other financing sources	<u>11,674</u>	<u>11,674</u>	<u>6,093</u>	<u>(5,581)</u>
Net change in fund balance	(397)	(397)	(473,020)	(472,623)
Fund balance, July 1, 2009	<u>397</u>	<u>397</u>	<u>(327,702)</u>	<u>(328,099)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (800,722)</u>	<u>\$ (800,722)</u>

Santa Cruz County
 Budgetary Comparison Schedule
 Capital Projects—Other Fund
 Year Ended June 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 739,816	\$ 739,816	\$ 64,996	\$ (674,820)
Total revenues	<u>739,816</u>	<u>739,816</u>	<u>64,996</u>	<u>(674,820)</u>
Expenditures:				
Current:				
General government	-	-	12,081	(12,081)
Capital outlay	<u>975,737</u>	<u>975,737</u>	<u>58,615</u>	<u>917,122</u>
Total expenditures	<u>975,737</u>	<u>975,737</u>	<u>70,696</u>	<u>905,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(235,921)</u>	<u>(235,921)</u>	<u>(5,700)</u>	<u>230,221</u>
Other financing sources:				
Transfers in	<u>175,536</u>	<u>175,536</u>	-	(175,536)
Total other financing sources	<u>175,536</u>	<u>175,536</u>	<u>-</u>	<u>(175,536)</u>
Net change in fund balance	(60,385)	(60,385)	(5,700)	54,685
Fund balance, July 1, 2009	<u>60,385</u>	<u>60,385</u>	<u>60,385</u>	<u>-</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,685</u>	<u>\$ 54,685</u>

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

Nonmajor Debt Service Fund

Santa Cruz County
 Budgetary Comparison Schedule
 Debt Service Fund
 Year Ended June 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 440	\$ 440
Investment earnings	-	-	6,202	6,202
Total revenues	<u>-</u>	<u>-</u>	<u>6,642</u>	<u>6,642</u>
Expenditures:				
Current:				
Capital outlay	292,313	292,313	-	292,313
Debt service				
Principal	270,000	270,000	530,000	(260,000)
Interest	742,474	742,474	1,112,070	(369,596)
Total expenditures	<u>1,304,787</u>	<u>1,304,787</u>	<u>1,642,070</u>	<u>(337,283)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,304,787)</u>	<u>(1,304,787)</u>	<u>(1,635,428)</u>	<u>(330,641)</u>
Net change in fund balance	(1,304,787)	(1,304,787)	(1,635,428)	(330,641)
Fund balance, July 1, 2009	<u>1,304,787</u>	<u>1,304,787</u>	<u>2,128,692</u>	<u>823,905</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493,264</u>	<u>\$ 493,264</u>

Investment Trust and Agency Funds

Santa Cruz County
Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2010

	Treasurer's Investment Pool	Individual Investment Accounts	Total
Assets			
Cash and investments	\$ 25,515,376	\$ 546,226	\$ 26,061,602
Interest receivable	3,622	110	3,732
Total assets	\$ 25,518,998	\$ 546,336	\$ 26,065,334
Net Assets			
Held in trust for investment trust participants	\$ 25,518,998	\$ 546,336	\$ 26,065,334

Santa Cruz County
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2010

	Property Tax Collection	Fire District	Special Purpose	Total
Assets				
Cash and investments	\$ 125,655	\$ 3,381	\$ 898,437	\$ 1,027,473
Total assets	\$ 125,655	\$ 3,381	\$ 898,437	\$ 1,027,473
Liabilities				
Due to other governmental units	\$ 13,405	\$ 3,381	\$ -	\$ 16,786
Deposits held for others	112,250	-	898,437	1,010,687
Total liabilities	\$ 125,655	\$ 3,381	\$ 898,437	\$ 1,027,473

Santa Cruz County
Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
Year Ended June 30, 2010

	Treasurer's Investment Pool	Individual Investment Accounts	Total
Additions			
Contributions from participants	\$ 108,527,173	\$ -	\$ 108,527,173
Investment earnings	469,584	4,141	473,725
Total additions	108,996,757	4,141	109,000,898
Deductions			
Distributions to participants	107,883,063	4,505,267	112,388,330
Total deductions	107,883,063	4,505,267	112,388,330
Changes in net assets	1,113,694	(4,501,126)	(3,387,432)
Net assets, July 1, 2009	24,405,304	5,047,462	29,452,766
Net assets, June 30, 2010	\$ 25,518,998	\$ 546,336	\$ 26,065,334

Santa Cruz County
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2010

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Property Tax Collection:				
Assets				
Cash and investments	\$ 74,440	\$ 3,773,994	\$ 3,722,779	\$ 125,655
Liabilities				
Due to other governmental units	\$ 8,022	\$ 1,163,019	\$ 1,157,636	\$ 13,405
Deposits held for other parties	66,418	2,610,975	2,565,143	112,250
Total liabilities	<u>\$ 74,440</u>	<u>\$ 3,773,994</u>	<u>\$ 3,722,779</u>	<u>\$ 125,655</u>
Fire District:				
Assets				
Cash and investments	\$ -	\$ 454,256	\$ 450,875	\$ 3,381
Liabilities				
Due to other governmental units	\$ -	\$ 454,256	\$ 450,875	\$ 3,381
Special Purpose:				
Assets				
Cash and investments	\$ 803,859	\$ 339,791	\$ 245,213	\$ 898,437
Liabilities				
Deposits held for other parties	\$ 803,859	\$ 339,791	\$ 245,213	\$ 898,437
Total - All Agency Funds				
Assets				
Cash and investments	\$ 878,299	\$ 4,568,041	\$ 4,418,867	\$ 1,027,473
Liabilities				
Due to other governmental units	\$ 8,022	\$ 1,617,275	\$ 1,608,511	\$ 16,786
Deposits held for other parties	870,277	2,950,766	2,810,356	1,010,687
Total liabilities	<u>\$ 878,299</u>	<u>\$ 4,568,041</u>	<u>\$ 4,418,867</u>	<u>\$ 1,027,473</u>

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Statistical Section

FINANCIAL TRENDS:

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

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

	Fiscal Year				
	2010	2009	2008	2007	2006
Governmental Activities					
Invested in capital assets, net of related debt	\$ 74,440	\$ 73,420	\$ 74,969	\$ 71,338	\$ 23,757
Restricted for:					
Special districts	3,977	4,833	-	-	-
Highways and streets	1,542	906	1,452	1,213	4,153
Debt service	493	2,129	1,842	504	485
Other purposes	-	-	5,169	3,398	1,244
Unrestricted	14,795	14,615	13,109	15,751	13,740
Total governmental activities net assets	<u>95,247</u>	<u>95,903</u>	<u>96,541</u>	<u>92,204</u>	<u>43,379</u>
Business-Type Activities					
Invested in capital assets, net of related debt	2,568	2,602	2,710	2,676	2,474
Unrestricted (deficit)	715	596	(1,560)	(1,745)	(1,966)
Total business-type activities net assets (deficit)	<u>3,283</u>	<u>3,198</u>	<u>1,150</u>	<u>931</u>	<u>508</u>
Primary Government					
Invested in capital assets, net of related debt	77,008	76,022	77,679	74,014	26,231
Restricted for:					
Special districts	3,977	4,833	-	-	-
Highways and streets	1,542	906	1,452	1,213	4,153
Debt service	493	2,129	1,842	504	485
Other purposes	-	-	5,169	3,398	1,244
Unrestricted (deficit)	15,511	15,211	11,549	14,006	11,774
Total primary government net assets (deficit)	<u>\$ 98,531</u>	<u>\$ 99,101</u>	<u>\$ 97,691</u>	<u>\$ 93,135</u>	<u>\$ 43,887</u>

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

SOURCE: Comprehensive Annual Financial Reports for the relevant year.

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

	Fiscal Year				
	2010	2009	2008	2007	2006
Expenses					
Governmental activities:					
General government	\$ 13,542	\$ 13,674	\$ 14,264	\$ 14,754	\$ 14,592
Public safety	12,986	14,631	12,961	8,789	8,049
Highways and streets	4,248	4,701	4,928	5,730	4,349
Health, welfare and sanitation	3,916	4,149	4,647	4,596	4,123
Education and economic opportunity	6,280	4,912	4,758	5,309	4,080
Recreation	208	329	354	302	347
Interest on long-term debt	4,220	1,976	63	52	35
Total governmental activities expenses	<u>45,400</u>	<u>44,371</u>	<u>41,975</u>	<u>39,532</u>	<u>35,575</u>
Business-type activities:					
Landfill	562	(342)	2,137	1,824	1,636
Total business-type activities expenses	<u>562</u>	<u>(342)</u>	<u>2,137</u>	<u>1,824</u>	<u>1,636</u>
Total primary government expenses	<u>45,962</u>	<u>44,029</u>	<u>44,112</u>	<u>41,356</u>	<u>37,211</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	3,532	3,153	3,629	3,459	2,785
Public safety	395	307	262	854	2,216
Highways and streets	2	7	-	22	-
Health, welfare and sanitation	202	218	242	596	623
Education and economic opportunity	1	-	182	155	-
Recreation	6	8	14	5	5
Operating grants and contributions*	9,955	9,305	16,402	16,051	14,317
Capital grants and contributions	3,608	3,963	656	1,351	1,578
Total governmental activities program revenues	<u>17,701</u>	<u>16,961</u>	<u>21,387</u>	<u>22,493</u>	<u>21,524</u>
Program Revenues					
Business-type activities:					
Charges for services					
Landfill	610	1,683	2,266	2,137	1,838
Operating grants and contributions	20	8	-	-	-
Total business-type program revenues	<u>630</u>	<u>1,691</u>	<u>2,266</u>	<u>2,137</u>	<u>1,838</u>
Total primary government program revenues	<u>\$ 18,331</u>	<u>\$ 18,652</u>	<u>\$ 23,653</u>	<u>\$ 24,630</u>	<u>\$ 23,362</u>

(continued)

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

	Fiscal Year				
	2010	2009	2008	2007	2006
Net (expense) revenue					
Governmental activities	\$ (27,699)	\$ (27,410)	\$ (20,588)	\$ (17,039)	\$ (14,051)
Business-type activities	68	2,033	129	313	202
Total primary government activities net (expense) revenue	<u>(27,631)</u>	<u>(25,377)</u>	<u>(20,459)</u>	<u>(16,726)</u>	<u>(13,849)</u>
General revenues and other changes in net assets					
Governmental activities:					
Taxes					
Property taxes	14,187	12,666	12,276	11,718	12,795
County excise tax	4,965	5,912	-	-	-
Share of state sales taxes	3,675	4,151	8,035	11,677	7,620
Payments in lieu of taxes	324	1,360	578	571	574
Vehicle lieu tax unrestricted*	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	791	850	661	842	796
Investment earnings	730	(384)	771	884	607
Miscellaneous	754	531	252	67	75
Capital contributions	42	19	-	-	-
Transfers	-	-	-	(23)	-
Loss on disposal	-	-	-	(32)	-
Total governmental activities	<u>27,204</u>	<u>27,370</u>	<u>24,165</u>	<u>27,319</u>	<u>22,467</u>
Business-type activities:					
Investment earnings	18	15	90	86	46
Miscellaneous	-	-	-	-	-
Transfers	-	-	-	23	-
Capital contributions	-	-	-	1	-
Total business-type activities	<u>18</u>	<u>15</u>	<u>90</u>	<u>110</u>	<u>46</u>
Total primary government	<u>27,222</u>	<u>27,385</u>	<u>24,255</u>	<u>27,429</u>	<u>22,513</u>
Changes in net assets					
Governmental activities	(495)	(40)	3,577	10,280	8,416
Business-type activities	86	2,048	219	423	248
Total primary government	<u>\$ (409)</u>	<u>\$ 2,008</u>	<u>\$ 3,796</u>	<u>\$ 10,703</u>	<u>\$ 8,664</u>

NOTE 1: In accordance with GASB 34, the County capitalized in fiscal year 2007 all major infrastructure assets 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 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									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	13,370	15,052	12,752	15,356	12,808	10,648	8,839	7,371	3,784	3,794
Subtotal general fund	<u>\$13,370</u>	<u>\$15,052</u>	<u>\$12,752</u>	<u>\$15,356</u>	<u>\$12,808</u>	<u>\$10,648</u>	<u>\$ 8,839</u>	<u>\$ 7,371</u>	<u>\$ 3,784</u>	<u>\$ 3,794</u>
All other governmental funds										
Reserved for:										
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	8,430	8,929	7,270	5,334	5,810	4,010	3,411	3,269	2,891	1,215
Capital projects funds (deficits)	5,378	35,028	60	(63)	1,025	(414)	(392)	(46)	(249)	41
Debt service	493	2,129	1,792	445	408	295	596	395	253	134
Total all other governmental funds	<u>\$14,301</u>	<u>\$46,086</u>	<u>\$ 9,122</u>	<u>\$ 5,716</u>	<u>\$ 7,243</u>	<u>\$ 3,891</u>	<u>\$ 3,615</u>	<u>\$ 3,619</u>	<u>\$ 2,895</u>	<u>\$ 1,390</u>

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)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues:										
Taxes	\$ 18,752	\$ 19,195	\$ 13,889	\$ 13,709	\$ 13,377	\$ 12,581	\$ 11,698	\$ 11,048	\$ 10,149	\$ 9,089
Intergovernmental	18,986	21,884	26,115	30,736	24,711	21,833	21,324	16,727	18,771	15,697
Licenses and permits	380	459	927	1,156	1,823	1,298	878	648	464	380
Charges for services	1,702	1,961	1,991	1,952	1,949	1,398	1,385	2,679	1,711	1,702
Fines and forfeits	2,056	1,273	933	1,207	1,148	1,027	1,071	965	812	837
Investment earnings	730	(384)	771	884	607	306	212	(113)	186	300
Rents	42	21	52	44	30	30	33	30	15	-
Contributions	-	-	-	-	-	-	-	1	2	3
Miscellaneous	712	520	705	285	403	218	175	237	161	329
Total revenues	43,360	44,929	45,383	49,973	44,048	38,691	36,776	32,222	32,271	28,337
Expenditures:										
Current:										
General government	12,843	12,856	13,564	15,512	14,369	11,711	12,061	9,869	10,758	9,681
Public safety	13,093	13,562	14,506	10,189	8,153	8,019	6,683	5,747	5,429	5,162
Highways and streets	3,020	4,187	3,836	10,818	4,533	5,069	4,755	3,651	4,755	4,812
Health, welfare and sanitation	3,823	4,027	4,543	4,723	4,177	3,821	3,570	4,946	4,851	4,772
Education and economic opportunity	6,308	4,886	4,732	5,275	4,069	5,009	4,430	4,037	3,303	2,069
Recreation	183	300	425	327	289	285	207	151	152	143
Capital outlay	29,818	22,249	3,985	2,683	2,304	1,165	3,130	1,099	2,014	1,418
Debt service:										
Principal	3,359	270	218	91	978	1,040	480	455	435	415
Interest and fiscal charges	4,220	1,976	63	52	35	59	84	108	130	150
Total expenditures	76,667	64,313	45,872	49,670	38,907	36,178	35,400	30,063	31,827	28,622
Excess (deficiency) of revenues over (under) expenditures	(33,307)	(19,384)	(489)	303	5,141	2,513	1,376	2,159	444	(285)
Other financing sources (uses):										
Loan proceeds (net of discounts)	-	59,172	-	-	-	-	-	-	-	-
Proceeds from sales of capital assets	-	11	-	-	-	-	-	-	-	-
Capital lease agreements	-	64	532	740	-	-	51	1,022	407	778
Transfers in	5,654	3,876	5,691	3,273	838	564	698	653	936	777
Transfers out	(5,654)	(3,876)	(5,691)	(3,296)	(838)	(993)	(698)	(653)	(936)	(777)
Proceeds from long-term notes	-	-	-	-	766	-	-	-	644	600
Total other financing sources (uses)	-	59,247	532	717	766	(429)	51	1,022	1,051	1,378
Net change in fund balances	\$ (33,307)	\$ 39,863	\$ 43	\$ 1,020	\$ 5,907	\$ 2,084	\$ 1,427	\$ 3,181	\$ 1,495	\$ 1,093
Debt service as a percentage of noncapital expenditures	16.18%	5.34%	0.30%	2.77%	3.14%	1.75%	1.75%	1.94%	1.90%	2.08%

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
2000-01 ⁽¹⁾	9,089,430	15,480,611	380,183	1,702,029	837,859	299,608	-	331,851	28,121,571
2001-02 ⁽¹⁾	10,149,300	18,771,323	463,603	1,711,073	812,058	185,369	14,524	163,291	32,270,541
2002-03 ⁽¹⁾	11,047,960	16,727,344	648,236	2,678,823	965,193	(113,151)	30,000	237,327	32,221,732
2003-04 ⁽¹⁾	11,697,379	21,323,727	878,249	1,385,361	1,071,318	212,222	32,593	175,012	36,775,861
2004-05 ⁽¹⁾	12,580,901	21,800,991	1,298,251	1,398,450	1,026,658	306,478	30,000	218,033	38,659,762
2005-06 ⁽¹⁾	13,376,664	24,711,234	1,822,794	1,949,422	1,148,059	606,507	30,000	402,839	44,047,519
2006-07 ⁽¹⁾	13,708,503	30,736,174	1,155,737	1,951,691	1,207,025	884,162	44,100	285,400	49,972,792
2007-08 ⁽¹⁾	13,889,123	26,114,526	927,316	1,990,784	932,840	770,585	52,000	704,489	45,381,663
2008-09 ⁽¹⁾	19,195,260	21,883,830	459,139	1,961,489	1,272,710	(384,314)	20,800	520,359	44,929,273
2009-10 ⁽¹⁾	18,751,562	18,986,451	379,875	1,702,014	2,055,828	729,567	42,000	712,482	43,359,779

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
2000-01 ⁽¹⁾	32.32	55.05	1.35	6.05	2.98	1.07	-	1.18	100.00
2001-02 ⁽¹⁾	31.45	58.17	1.44	5.30	2.52	0.57	0.05	0.50	100.00
2002-03 ⁽¹⁾	34.29	51.91	2.01	8.31	3.00	(0.35)	0.09	0.74	100.00
2003-04 ⁽¹⁾	31.81	57.98	2.39	3.77	2.91	0.58	0.09	0.47	100.00
2004-05 ⁽¹⁾	32.54	56.39	3.36	3.62	2.66	0.79	0.08	0.56	100.00
2005-06 ⁽¹⁾	30.37	56.10	4.14	4.43	2.61	1.37	0.07	0.91	100.00
2006-07 ⁽¹⁾	27.43	61.50	2.31	3.91	2.42	1.77	0.09	0.57	100.00
2007-08 ⁽¹⁾	30.61	57.54	2.04	4.39	2.06	1.70	0.11	1.55	100.00
2008-09 ⁽¹⁾	42.72	48.71	1.02	4.37	2.83	(0.86)	0.05	1.16	100.00
2009-10 ⁽¹⁾	43.24	43.79	0.88	3.93	4.74	1.68	0.10	1.64	100.00

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
2000-01 ⁽¹⁾	9,681,412	5,162,176	4,811,564	4,771,920	2,068,935	142,964	564,931	27,203,902
2001-02 ⁽¹⁾	10,758,141	5,428,538	4,754,708	4,850,726	3,303,198	152,015	564,656	29,811,982
2002-03 ⁽¹⁾	9,868,573	5,746,799	3,651,617	4,946,608	4,037,183	150,626	562,631	28,964,037
2003-04 ⁽¹⁾	12,060,892	6,682,806	4,755,173	3,569,856	4,430,356	206,567	564,270	32,269,920
2004-05 ⁽¹⁾	11,710,628	8,018,946	5,069,150	3,821,242	5,008,858	285,075	1,099,220	35,013,119
2005-06 ⁽¹⁾	14,369,156	8,153,189	4,533,009	4,177,390	4,068,513	289,157	1,013,108	36,603,522
2006-07 ⁽¹⁾	15,512,469	10,188,891	10,818,202	4,723,017	5,275,053	326,817	143,102	46,987,551
2007-08 ⁽¹⁾	13,563,616	14,505,806	3,836,048	4,542,542	4,732,069	425,060	280,656	41,885,797
2008-09 ⁽¹⁾	12,856,447	13,562,453	4,186,599	4,026,549	4,885,684	300,356	2,245,343	42,063,431
2009-10 ⁽¹⁾	12,843,364	13,092,708	3,019,812	3,823,227	6,307,752	182,985	7,578,475	46,848,323

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
2000-01 ⁽¹⁾	35.59	18.97	17.68	17.54	7.61	0.53	2.08	100.00
2001-02 ⁽¹⁾	36.09	18.21	15.95	16.27	11.08	0.51	1.89	100.00
2002-03 ⁽¹⁾	34.07	19.84	12.61	17.08	13.94	0.52	1.94	100.00
2003-04 ⁽¹⁾	37.38	20.71	14.74	11.06	13.73	0.64	1.74	100.00
2004-05 ⁽¹⁾	33.45	22.90	14.48	10.91	14.31	0.81	3.14	100.00
2005-06 ⁽¹⁾	39.26	22.27	12.38	11.41	11.12	0.79	2.77	100.00
2006-07 ⁽¹⁾	33.01	21.69	23.02	10.05	11.23	0.70	0.30	100.00
2007-08 ⁽¹⁾	32.38	34.63	9.16	10.84	11.30	1.02	0.67	100.00
2008-09 ⁽¹⁾	30.57	32.24	9.95	9.57	11.62	0.71	5.34	100.00
2009-10 ⁽¹⁾	27.41	27.95	6.45	8.16	13.46	0.39	16.18	100.00

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
00-01	83,338	74,674	37,429	1,689	197,130	4.0719	1,458,893	13.51%
01-02	97,310	83,148	35,311	134	215,903	4.2719	1,590,882	13.57%
02-03	99,899	91,491	36,523	150	228,063	4.3719	1,701,682	13.40%
03-04	105,172	97,412	37,332	159	240,075	4.3719	1,791,502	13.40%
04-05	102,538	106,854	38,298	165	247,855	4.3719	1,890,755	13.11%
05-06	106,185	114,051	40,657	196	261,089	4.0602	2,011,601	12.98%
06-07	111,208	126,820	41,918	209	280,155	4.0165	2,176,915	12.87%
07-08	120,000	147,112	45,386	233	312,731	3.8924	2,469,255	12.66%
08-09	123,958	174,659	53,806	263	352,686	3.7170	2,848,115	12.38%
09-10	129,492	197,372	62,795	284	389,943	3.5747	3,192,880	12.21%

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		
2000-01	3.2487	0.4115	0.1000	0.3117	2.6085	2.2117	3.8154	0.0000	2.1265	0.5123
2001-02	3.2487	0.6115	0.1000	0.3117	2.5901	2.2035	3.6850	0.0000	2.0647	0.4974
2002-03	3.3487	0.6115	0.1000	0.3117	2.6142	2.2627	3.6657	0.0000	2.0296	0.4889
2003-04	3.3487	0.6115	0.1000	0.3117	2.6231	2.7677	3.6621	0.0000	1.9583	0.4717
2004-05	3.3487	0.6115	0.1000	0.3117	2.6262	2.7826	3.0000	0.0000	1.8931	0.4560
2005-06	3.3487	0.6115	0.1000	0.0000	2.6414	2.7854	3.2500	0.0000	1.8090	0.4358
2006-07	3.3050	0.6115	0.1000	0.0000	2.6400	2.7500	3.2500	0.0000	1.7394	0.0000
2007-08	3.1809	0.6115	0.1000	0.0000	2.6398	2.7485	3.2500	1.4990	1.6020	0.0000
2008-09	3.0142	0.6228	0.1000	0.0000	2.6389	2.9228	3.2500	1.5105	1.4622	0.0000
2009-10	2.8956	0.5791	0.1000	0.0000	3.3719	2.9986	3.2500	1.4182	1.3726	0.3306

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		
2000-01	4.4009	2.9293	7.1844	8.8315	9.1006	7.4978
2001-02	4.4347	3.7098	7.0119	8.5546	8.0142	6.8810
2002-03	3.5614	3.9804	6.1064	8.2479	7.5792	6.8164
2003-04	3.5633	4.9468	6.1031	8.1364	7.1726	7.0520
2004-05	3.5465	4.9368	6.1021	7.9880	6.7652	6.8507
2005-06	3.2983	4.6492	5.9349	7.8257	6.6384	7.3603
2006-07	3.0535	4.4570	4.8545	7.4907	6.5803	7.3749
2007-08	2.4882	3.6476	4.6478	7.3503	6.8060	7.3555
2008-09	2.1217	3.3947	3.9152	7.1079	6.7135	6.4868
2009-10	2.1612	3.9584	4.9136	6.9068	6.7609	4.3349

SOURCE: Annual budgets.

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

Taxpayer	2010			2009			2008			2007			2006		
	Net Assesed Value	Rank	Percent of Total Net Assesed Secondary Value	Net Assesed Value	Rank	Percent of Total Net Assesed Secondary Value	Net Assesed Value	Rank	Percent of Total Net Assesed Secondary Value	Net Assesed Value	Rank	Percent of Total Net Assesed Secondary Value	Net Assesed Value	Rank	Percent of Total Net Assesed Secondary Value
City of Nogales	2,945.00	4	0.65%	2,767.00	5	0.74%	-	-	-	-	-	-	-	-	-
Unisource Energy Corporation *	14,303.00	1	3.17%	14,580.00	1	3.91%	15,211.00	1	4.45%	13,790.00	1	4.69%	12,909.00	1	4.85%
Qwest Corporation *	3,230.00	3	0.72%	4,403.00	3	1.18%	4,467.00	3	1.31%	5,356.00	4	1.82%	4,916.00	2	1.85%
Wal-Mart Stores, Inc	2,660.00	6	0.59%	3,225.00	4	0.86%	3,824.00	5	1.12%	7,768.00	2	2.64%	3,641.00	4	1.37%
Delta Properties LLP	4,374.00	2	0.97%	4,583.00	2	1.23%	5,756.00	2	1.68%	6,034.00	3	2.05%	4,103.00	3	1.54%
Union Pacific Railroad	-	-	-	-	-	-	-	-	-	-	-	-	2,229.00	7	0.84%
Mariposa Shopping Center LP *	2,119.00	8	0.47%	2,624.00	8	0.70%	3,956.00	4	1.16%	3,586.00	7	1.22%	3,120.00	5	1.17%
Tubac Management Co, LLC	-	-	-	2,137.00	9	0.57%	2,633.00	9	0.77%	4,373.00	5	1.49%	-	-	-
Nogales Plaza Shopping Center LP	1,966.00	10	0.44%	2,060.00	10	0.55%	2,182.00	10	0.64%	-	-	-	1,995.00	8	0.75%
Vatere LLC	2,630.00	7	0.58%	2,694.00	6	0.72%	3,143.00	6	0.92%	-	-	-	2,291.00	6	0.86%
Loma Linda Mall LLC *	-	-	-	-	-	-	-	-	-	-	-	-	1,391.00	10	0.52%
Tucson Electric Power Co	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rio Rico Properties	2,023.00	9	0.45%	-	-	-	2,827.00	8	0.83%	-	-	-	-	-	-
Edwards/PCF-Nogales LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PFC-Torrance LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Panousopoulos Constantine & Nelida	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Westrust Southwest Retail Partners LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lawyers Title Agency of AZ LLC	-	-	-	2,687.00	7	0.72%	2,938.00	7	0.86%	-	-	-	-	-	-
Home Depot USA Inc	-	-	-	-	-	-	-	-	-	4,084.00	6	1.39%	1,591.00	9	0.60%
Pilot Travel Centers LLC	-	-	-	-	-	-	-	-	-	3,195.00	9	1.09%	-	-	-
Copperfield LLC	-	-	-	-	-	-	-	-	-	3,307.00	8	1.12%	-	-	-
Naumann/Hobbs Material Handling	-	-	-	-	-	-	-	-	-	2,343.00	10	0.80%	-	-	-
Title Security Agency of Arizona	2,687.00	5	0.60%	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 38,937.00		8.64%	\$ 41,760.00		10.45%	\$ 46,937.00		13.74%	\$ 53,836.00		18.31%	\$ 38,186.00		14.35%

(continued)

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

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

Taxpayer	2005			2004			2003			2002			2001		
	Net Assesed Value	Rank	Percent of Total Net Assesed Secondary Value	Net Assesed Value	Rank	Percent of Total Net Assesed Secondary Value	Net Assesed Value	Rank	Percent of Total Net Assesed Secondary Value	Net Assesed Value	Rank	Percent of Total Net Assesed Secondary Value	Net Assesed Value	Rank	Percent of Total Net Assesed Secondary Value
Unisource Energy Corporation *	-	-	-	-	-	-	20,049.00	1	8.53%	19,676.00	1	8.77%	21,117.00	1	10.47%
Qwest Corporation *	11,622.00	1	4.58%	5,744.00	2	2.33%	5,893.00	2	2.51%	4,667.00	2	2.08%	4,416.00	2	2.19%
Wal-Mart Stores, Inc	5,774.00	2	2.28%	3,648.00	4	1.48%	1,927.00	6	0.82%	-	-	-	-	-	-
Delta Properties LLP	3,387.00	3	1.34%	4,391.00	3	1.78%	4,436.00	3	1.89%	3,830.00	3	1.71%	3,265.00	3	1.62%
Union Pacific Railroad	3,310.00	4	1.30%	1,925.00	6	0.78%	2,075.00	5	0.88%	1,750.00	7	0.78%	1,781.00	7	0.88%
Mariposa Shopping Center LP *	2,198.00	5	0.87%	1,578.00	8	0.64%	1,578.00	7	0.67%	1,578.00	8	0.70%	1,578.00	8	0.78%
Tubac Management Co, LLC	2,068.00	6	0.82%	-	-	-	-	-	-	-	-	-	-	-	-
Nogales Plaza Shopping Center LP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valere LLC	1,884.00	7	0.74%	2,506.00	5	1.02%	2,412.00	4	1.03%	2,135.00	6	0.95%	2,463.00	4	1.22%
Loma Linda Mall LLC *	1,631.00	9	0.64%	-	-	-	1,118.00	10	0.48%	-	-	-	-	-	-
Tucson Electric Power Co	1,257.00	10	0.50%	12,239.00	1	4.97%	-	-	-	-	-	-	-	-	-
Rio Rico Properties	-	-	-	1,810.00	7	0.73%	1,152.00	9	0.49%	2,280.00	4	1.02%	2,439.00	5	1.21%
Edwards/PCF-Nogales LLC	-	-	-	1,118.00	9	0.45%	-	-	-	-	-	-	-	-	-
PFC-Torrance LLC	-	-	-	1,118.00	10	0.45%	-	-	-	-	-	-	-	-	-
Panousopoulos Constantine & Nelida	-	-	-	-	-	-	1,267.00	8	0.54%	1,320.00	10	0.59%	1,492.00	9	0.74%
Westrust Southwest Retail Partners LLC	1,834.00	8	0.72%	-	-	-	1,118.00	-	0.48%	2,237.00	5	1.00%	2,237.00	6	1.11%
HGC/MW Dev Lim Part	-	-	-	-	-	-	-	-	-	1,526.00	9	0.68%	-	-	-
Newhall Nogales General Printshop	-	-	-	-	-	-	-	-	-	-	-	-	1,331.00	10	0.66%
Rio Rico Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mayer Alberto Family Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Omega Nogales Property*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Royal Sterilization Systems	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 34,965.00		13.79%	\$ 36,077.00		14.63%	\$ 43,025.00		18.32%	\$ 40,999.00		18.28%	\$ 42,119.00		20.88%

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

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.

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
2000-01 Primary	197,130	1,458,893	13.51
2000-01 Secondary	201,652	1,495,744	13.48
2001-02 Primary	215,903	1,590,882	13.57
2001-02 Secondary	224,373	1,660,243	13.51
2002-03 Primary	228,063	1,701,682	13.40
2002-03 Secondary	235,056	1,755,656	13.39
2003-04 Primary	240,075	1,791,502	13.40
2003-04 Secondary	246,303	1,838,350	13.40
2004-05 Primary	247,855	1,890,755	13.11
2004-05 Secondary	253,681	1,933,114	13.12
2005-06 Primary	261,091	2,011,601	12.98
2005-06 Secondary	265,934	2,044,045	13.01
2006-07 Primary	280,155	2,176,915	12.87
2006-07 Secondary	294,247	2,283,668	12.88
2007-08 Primary	312,714	2,469,255	12.66
2007-08 Secondary	341,684	2,692,936	12.69
2008-09 Primary	352,686	2,848,115	12.38
2008-09 Secondary	404,366	3,266,623	12.38
2009-10 Primary	389,943	3,192,880	12.21
2009-10 Secondary	450,859	3,676,653	12.26

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						
2000-2001	2,410	1,221	785	-	4,416	683,879	.65%	39,038	113
2001-2002	1,975	1,290	949	-	4,214	678,762	.62%	39,604	106
2002-2003	1,520	1,741	784	-	4,045	729,208	.55%	40,088	101
2003-2004	1,040	748	616	631	3,035	779,232	.39%	40,777	74
2004-2005	-	532	447	496	1,475	838,841	.18%	42,150	35
2005-2006	-	-	766	324	1,090	939,156	.12%	42,066	26
2006-2007	-	673	742	421	1,836	1,083,783	.17%	42,692	43
2007-2008	-	1,012	718	334	2,064	1,141,556	.18%	43,133	48
2008-2009	-	1,524	59,855	216	61,595	1,177,514 ⁽¹⁾	5.3 %	43,771	1,407
2009-2010	-	1,230	56,790	117	58,137	1,239,922 ⁽¹⁾	4.7 %	47,420	1,226

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
2000-01	39,038	201,652	2,410	134	2,276	0.01	0.06
2001-02	39,604	224,373	1,975	253	1,722	0.01	0.04
2002-03	40,088	235,056	1,520	360	1,160	0.01	0.03
2003-04	40,777	246,303	1,040	480	560	-	0.01
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	-	-	-	-	-

SOURCE: Annual budget and debt retirement schedule.

Santa Cruz County
 Computation of Direct and Overlapping Debt
 Governmental Activities, Debt Outstanding
 June 30, 2010
 (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	1,230	100	1,230
Santa Cruz County – Governmental Loans Payable	56,790	100	56,790
Santa Cruz County – Landfill Capital Lease	117	100	117

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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Assessed Value	\$201,652	\$224,373	\$235,056	\$246,303	\$253,681	\$265,934	\$294,247	\$341,684	\$404,366	\$450,859
Legal Debt Margin										
Debt Limit (15% of assessed value)	30,248	33,656	35,258	36,945	38,052	39,890	44,137	51,253	60,655	67,629
Debt applicable to limit:										
General obligation bonds	2,410	1,975	1,520	1,040	-	-	-	-	-	-
Less: Net Assets reserved for repayment of general obligation bonds	<u>(134)</u>	<u>(253)</u>	<u>(395)</u>	<u>(596)</u>	<u>(295)</u>	<u>(408)</u>	<u>(445)</u>	<u>(1,792)</u>	<u>(2,129)</u>	<u>(493)</u>
Total net debt applicable to the limit	<u>2,276</u>	<u>1,722</u>	<u>1,125</u>	<u>444</u>	<u>(295)</u>	<u>(408)</u>	<u>(445)</u>	<u>(1,792)</u>	<u>(2,129)</u>	<u>(493)</u>
Legal Debt Limit Margin	<u>134</u>	<u>253</u>	<u>395</u>	<u>596</u>	<u>(295)</u>	<u>(408)</u>	<u>(445)</u>	<u>(1,792)</u>	<u>(2,129)</u>	<u>(493)</u>
Total net debt applicable to the limit as a percentage of debt limit	9.66%	7.52%	5.12%	3.19%	1.20%	(.78)%	(1.02)%	(1.01)%	(3.50)%	(0.73)%

SOURCE: Basic Financial Statements

Santa Cruz County
Pledged Revenue Coverage
Last Ten Fiscal Years
June 30, 2010

Long Term Loan (Courtand Judicial Facility; 2008-1 Project)

Fiscal Year	Revenues ⁽¹⁾	Debt Service		Coverage
		Principal	Interest	
2001 *	-	-	-	-
2002 *	-	-	-	-
2003 *	-	-	-	-
2004 *	-	-	-	-
2005 *	-	-	-	-
2006 *	-	-	-	-
2007 *	-	-	-	-
2008 *	-	-	-	-
2009	\$ 4,088,435	-	\$ 351,086	11.65
2010	3,297,621	\$ 530,000	1,111,013	2.01

Long Term Loan (Jail District Detention Facility; 2008-2 Project)

Fiscal Year	Jail District Revenues ⁽²⁾	Less: Expenditures	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2001 *	-	-	-	-	-	-
2002 *	-	-	-	-	-	-
2003 *	-	-	-	-	-	-
2004 *	-	-	-	-	-	-
2005 *	-	-	-	-	-	-
2006 *	-	-	-	-	-	-
2007 *	-	-	-	-	-	-
2008 *	-	-	-	-	-	-
2009	\$ 7,576,248	\$ 4,228,719	\$ 3,347,529	-	\$ 918,961	3.64
2010	9,833,114	3,315,668	6,517,446	\$ 2,535,000	3,039,978	1.12

SOURCE: Basic financial statements and debt retirement shcedules.

* 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
2000-01	415	150	565	9,681	0.06
2001-02	435	130	565	10,758	0.05
2002-03	455	108	563	9,869	0.06
2003-04	480	84	564	12,061	0.05
2004-05	1,040	59	1,099	11,711	0.09
2005-06	-	-	-	14,369	-
2006-07	-	-	-	15,512	-
2007-08	-	-	-	13,564	-
2008-09	-	-	-	12,856	-
2009-10	-	-	-	12,843	-

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
2001	39,038	17,518	683,879	9,324 ⁽²⁾	13,425	7.6
2002	39,604	17,139	678,762	10,288 ⁽³⁾	13,225	9.1
2003	40,088	18,190	729,208	10,171 ⁽⁴⁾	14,475	12.4
2004	40,777	19,110	779,232	10,528 ⁽⁵⁾	15,025	11.9
2005	42,150	19,901	838,841	10,510 ⁽⁶⁾	16,075	11.4
2006	42,066	22,326	939,156	10,510 ⁽⁷⁾	16,550	8.0
2007	42,692	25,386	1,083,783	11,183 ⁽⁸⁾	16,100	6.7
2008	43,133	26,466	1,141,556	11,267 ⁽⁹⁾	18,300	7.9
2009	43,771	26,902 ⁽¹⁾	1,177,514 ⁽¹⁾	10,611 ⁽¹⁰⁾	18,150	14.2
2010	47,420	26,148 ⁽¹⁾	1,239,922 ⁽¹⁾	11,246 ⁽¹¹⁾	17,950	15.6

NOTES:

- (1) Projected Estimate.
- (2) School enrollment as of June 9, 2001.
- (3) School enrollment as of January 31, 2002.
- (4) School enrollment as of November 5, 2003.
- (5) School enrollment as of August 25, 2004.
- (6) School enrollment as of April 27, 2005.
- (7) School enrollment as of January 18, 2006.
- (8) School enrollment as of September 27, 2006.
- (9) School enrollment as of November 26, 2007.
- (10) School enrollment as of January 20, 2009.
- (11) School enrollment as of April 30, 2010.

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, 2010

Employer	2010			2009			2008			2007			2006		
	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	683	2	3.8%	620	1	3.4%	700	1	3.8%	695	2	4.3%	1,341	1	8.1%
US Border Patrol	737	1	4.1%	N/A	N/A	N/A	638	2	3.5%	975	1	6.1%	537	3	3.2%
Super Wal-Mart	500	4	2.8%	530	3	2.9%	600	3	3.3%	644	3	4.0%	640	2	3.9%
US Customs and Border Protection	390	5	2.2%	N/A	N/A	N/A	425	5	2.3%	359	6	2.2%	387	6	2.3%
Santa Cruz County	387	6	2.2%	406	4	2.2%	390	6	2.1%	418	5	2.6%	415	5	2.5%
Santa Cruz Valley Unified School District #35	584	3	3.3%	608	2	3.3%	450	4	2.5%	430	4	2.7%	437	4	2.6%
City of Nogales	327	7	1.8%	316	5	1.7%	309	7	1.7%	307	7	1.9%	304	7	1.8%
Carondelet Health Network - Holy Cross Hospital	206	9	1.1%	245	6	1.3%	264	8	1.4%	242	8	1.5%	249	8	1.5%
Mariposa Community Health Center, Inc.	209	8	1.2%	215	7	1.2%	198	10	1.1%	198	9	1.2%	193	9	1.2%
Tubac Golf Resort	160	10	0.9%	N/A	N/A	N/A	200	9	1.1%	180	10	N/A	N/A	N/A	N/A
Canchola Group	N/A	N/A	N/A	80	10	0.5%									
Total	4,183		23.3%	2,940		16.1%	4,174		22.8%	4,448		27.6%	4,583		27.7%
Total Work Force	17,950			18,300			18,300			16,100			16,550		
Employer	2005			2004			2003			2002			2001		
	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	727	1	4.5%	747	1	5.0%	745	1	5.1%	745	1	5.6%	675	1	5.0%
US Border Patrol	529	2	3.3%	433	3	2.9%	388	3	2.7%	388	3	2.9%	384	2	2.9%
Super Wal-Mart	475	3	3.0%	605	2	4.0%	492	2	3.4%	467	2	3.5%	278	7	2.1%
US Customs and Border Protection	411	5	2.6%	400	4	2.7%	279	7	1.9%	279	7	2.1%	279	6	2.1%
Santa Cruz County	363	6	2.3%	361	5	2.4%	347	4	2.4%	346	4	2.6%	342	3	2.5%
Santa Cruz Valley Unified School District #35	425	4	2.6%	359	6	2.4%	355	5	2.5%	336	5	2.5%	330	4	2.5%
City of Nogales	293	7	1.8%	302	7	2.0%	323	6	2.2%	317	6	2.4%	322	5	2.4%
Carondelet Health Network - Holy Cross Hospital	249	8	1.5%	179	8	1.2%	193	8	1.3%	221	8	1.7%	221	8	1.6%
Mariposa Community Health Center, Inc.	189	9	1.2%	186	9	1.2%	180	9	1.2%	175	9	1.3%	162	9	1.2%
Tubac Golf Resort	N/A	N/A	N/A												
Canchola Group	140	10	0.9%	155	10	1.0%	133	10	0.9%	147	10	1.1%	110	10	0.8%
Total	3,801		23.6%	3,727		24.8%	3,435		23.7%	3,421		25.9%	3,103		23.1%
Total Work Force	16,075			15,025			14,475			13,225			13,425		

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

Santa Cruz County
Employment Statistics
Last Ten Years
June 30, 2010

Type of Employment	2010		2009		2008		2007		2006	
	Employees	Percent of Total								
Goods-Producing	825	6.8%	900	7.1%	950	6.5%	1,100	8.2%	825	6.0%
Trade, Transportation, and Utilities	4,850	39.9%	5,375	42.6%	6,250	42.8%	4,925	36.5%	5,650	40.9%
Other Private Service-Producing	2,800	23.1%	2,750	21.8%	3,700	25.4%	4,075	30.2%	4,025	29.1%
Federal Government	1,600	13.2%	1,575	12.5%	1,525	10.4%	1,400	10.4%	1,300	9.4%
State Government	2,075	17.1%	2,025	16.0%	2,175	14.9%	1,975	14.7%	2,025	14.6%
	<u>12,150</u>	<u>100.0%</u>	<u>12,625</u>	<u>100.0%</u>	<u>14,600</u>	<u>100.0%</u>	<u>13,475</u>	<u>100.0%</u>	<u>13,825</u>	<u>100.0%</u>

Type of Employment	2005		2004		2003		2002		2001	
	Employees	Percent of Total								
Goods-Producing	1,025	8.0%	1,350	10.7%	1,350	11.0%	1,325	11.2%	1,400	11.5%
Trade, Transportation, and Utilities	5,150	40.3%	5,100	40.3%	4,975	40.5%	4,500	38.1%	4,750	39.1%
Other Private Service-Producing	3,325	26.1%	2,825	22.3%	2,775	22.6%	2,900	24.5%	3,025	25.0%
Federal Government	1,200	9.4%	1,175	9.3%	1,100	9.0%	1,125	9.5%	1,075	8.8%
State Government	2,075	16.2%	2,200	17.4%	2,075	16.9%	1,975	16.7%	1,900	15.6%
	<u>12,775</u>	<u>100.0%</u>	<u>12,650</u>	<u>100.0%</u>	<u>12,275</u>	<u>100.0%</u>	<u>11,825</u>	<u>100.0%</u>	<u>12,150</u>	<u>100.0%</u>

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

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

Year	Persons			Vehicles
	United States Citizens	Aliens	Total	
2001	2,845,166	11,243,340	14,088,506	4,847,408
2002	2,792,955	11,609,578	14,402,533	4,227,673
2003	2,909,467	12,064,912	14,974,379	3,713,387
2004	3,150,402	13,955,605	17,106,007	3,722,759
2005	N/A ⁽¹⁾	N/A ⁽¹⁾	15,328,674	3,709,989
2006	N/A ⁽¹⁾	N/A ⁽¹⁾	16,596,888	3,353,681
2007	N/A ⁽¹⁾	N/A ⁽¹⁾	16,546,042	3,296,351
2008	N/A ⁽¹⁾	N/A ⁽¹⁾	16,247,495	3,106,341
2009	N/A ⁽¹⁾	N/A ⁽¹⁾	17,000,000	3,263,716
2010	N/A	N/A	16,150,000	3,278,640

NOTE:

⁽¹⁾ Information not available.

SOURCE: United States Customs and Border Protection.

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

Year	Sales ⁽¹⁾		Con- struction Awards	Number of Dwelling Units Awarded	Bank Deposits
	Construction	Retail Trade			
2001	46,129	333,886	49,005	319	565,385
2002	46,895	342,025	40,939	379	571,175
2003	53,167	357,472	58,470	446	598,614
2004	70,471	389,224	72,466	794	713,000
2005	61,301	434,479	173,864	932	657,083
2006	115,792	491,800	174,049	1,152	757,872
2007	120,801	533,154	109,653	764	794,000
2008	103,134	507,324	60,056	567	753,000
2009	128,347	411,854	30,439	395	775,352
2010	62,274	404,372	27,614	394	835,032

NOTE:

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

SOURCES: Arizona Economic Indicators published by the University of Arizona—Economic and Business Research Program.
Report of building or zoning permits issued and local public construction.
Federal Deposit Insurance Corporation Web site.

OPERATING INFORMATION:

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

Santa Cruz County
Employees By Function
Last Ten Years
June 30, 2010

Fiscal Year	Governmental Activities							Business-Type	Total Employees in all Functions
	General Government	Public Safety	Highways and Streets	Health and Welfare	Recreation	Education and Economic Opportunity	Total	Sanitation Landfill Enterprise	
00-01	157	83	39	22	3	25	329	13	342
01-02	151	89	36	22	3	30	331	15	346
02-03	160	87	37	15	2	32	333	14	347
03-04	131	122	36	18	3	37	347	14	361
04-05	153	95	37	15	5	47	352	12	364
05-06	169	108	41	20	6	57	401	14	415
06-07	195.25	110	40.25	21	7	26.5	400	18	418
07-08	184	111	38	20	6	19	378	12	390
08-09	155	135	40	20	6	21	377	13	390
09-10	184	104	36	19	1	31	375	12	387

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

Santa Cruz County Operating Indicators Last Ten Fiscal Years

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

		2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
MILES OF STREETS											
Paved		425.38	422.16	412.32	408.43	407.68	407.60	398.34	391.93	392.36	392.36
Unpaved		316.64	292.84	317.67	321.91	322.57	322.57	329.33	334.98	336.60	336.60
REGISTERED VOTERS											
Democrat		22,246	23,205	24,132	22,146	21,267	21,334	19,332	17,644	17,066	16,457
Republican		52.63%	53.35%	54.93%	54.87%	56.24%	57.42%	58.76%	60.05%	61.18%	63.16%
		17.38%	18.39%	19.06%	19.49%	20.14%	20.63%	20.51%	20.72%	20.62%	21.12%
NUMBER OF JUDICIAL COURTS											
Superior Court Department		1	1	1	1	1	1	1	1	1	1
Justice of Peace Courts		2	2	2	2	2	2	2	2	2	2
FLOOD PROTECTION											
Flood control district		1	1	1	1	1	1	1	1	1	1
Number of employees		8	9	9	9	8	8	9	9	11	11
SHERIFF PROTECTION											
Number of stations		1	4	4	4	4	4	4	3	4	4
Number of employees		119	90	81	79	88	79	79	76	73	71
Major crimes		460	586	418	430	415	306	215	96	173	393
Vehicular patrol units		25	32	27	27	30	25	22	22	56	52
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	7	7	6	5

SOURCE: Santa Cruz County Departments: Public Works, Recorders, 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, 2010
(Amounts in Thousands)

	2010	2009	2008	2007	2006*
Governmental funds capital assets					
Infrastructure	\$ 70,712	\$ 70,463	\$ 70,356	\$ 67,645	\$ 62,175
Land	22,151	22,151	22,151	22,145	21,844
Buildings	12,396	12,010	12,010	11,992	10,317
Improvements other than buildings	3,176	3,175	3,037	2,962	2,558
Construction equipment and vehicles	10,065	9,805	9,799	8,870	7,364
Furniture and equipment	8,037	6,261	5,941	5,227	3,672
Construction in progress	58,122	29,779	6,796	4,590	2,903
Total governmental funds capital assets	<u>\$ 184,659</u>	<u>\$ 153,644</u>	<u>\$ 130,090</u>	<u>\$ 123,431</u>	<u>\$ 110,833</u>

Investments in governmental funds capital assets by source					
General Fund	\$ 19,080	\$ 18,939	\$ 14,402	\$ 13,692	\$ 12,696
Special Revenue Funds*	115,898	114,782	95,843	89,903	80,791
Capital Projects Funds	49,681	19,923	19,845	19,836	17,346
Total governmental funds capital assets	<u>\$ 184,659</u>	<u>\$ 153,644</u>	<u>\$ 130,090</u>	<u>\$ 123,431</u>	<u>\$ 110,833</u>

	2005	2004	2003	2002	2001
Governmental funds capital assets					
Infrastructure	\$ 2,746	\$ 443	\$ -	\$ -	\$ -
Land	6,619	6,596	5,703	5,826	5,756
Buildings	10,303	10,303	10,210	10,094	9,978
Improvements other than buildings	2,429	2,429	2,429	4,245	2,310
Construction equipment and vehicles	6,676	6,242	5,880	6,255	7,530
Furniture and equipment	3,026	2,537	2,113	1,752	1,261
Construction in progress	1,461	2,353	319	673	290
Total governmental funds capital assets	<u>\$ 33,260</u>	<u>\$ 30,903</u>	<u>\$ 26,654</u>	<u>\$ 28,845</u>	<u>\$ 27,125</u>

Investments in governmental funds capital assets by source					
General Fund	\$ 11,972	\$ 11,744	\$ 11,423	\$ 12,394	\$ 11,750
Special Revenue Funds	6,033	4,904	4,026	5,322	4,809
Capital Projects Funds	15,255	14,255	11,205	11,129	10,566
Total governmental funds capital assets	<u>\$ 33,260</u>	<u>\$ 30,903</u>	<u>\$ 26,654</u>	<u>\$ 28,845</u>	<u>\$ 27,125</u>

SOURCE: Comprehensive Annual Financial Reports for the relevant year

*Amounts restated: GASB 34 Infrastructure