

**REPORT
HIGHLIGHTS**
FINANCIAL STATEMENT AUDIT

Subject

Santa Cruz County issues a *Comprehensive Annual Financial Report*. The County is responsible for preparing financial statements, maintaining strong internal controls, and demonstrating accountability for its use of public monies. As the auditors, our job is to determine whether the County has met its responsibilities.

Our Conclusion

The information in the County's financial statements is reliable. Because our audit followed governmental auditing standards, we will also report, at a later date, any internal control weaknesses we noted during our audit.



2002

Year Ended June 30, 2002

**County Expenditures
Represent a Variety of Services**

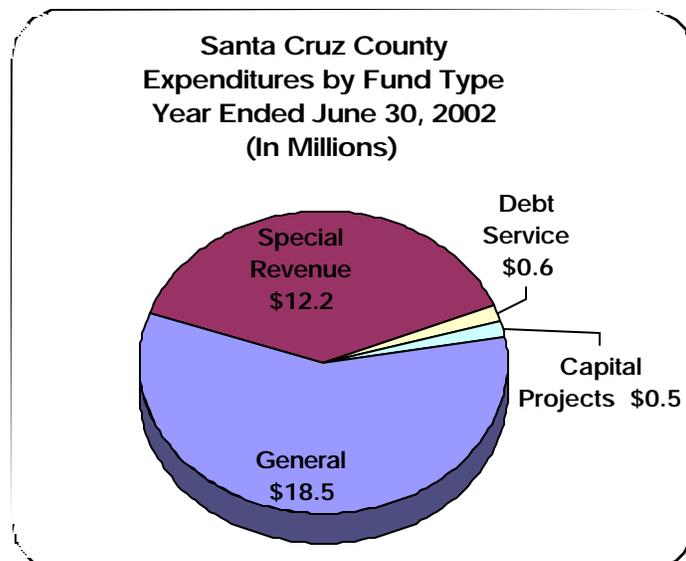
The County spent \$31.8 million for operations, debt service, and capital projects in fiscal year 2002. The majority of the expenditures, over 58 percent, are from the General Fund. A brief description of the types of expenditures for each of the County's funds follows.

General Fund expenditures cover a wide variety of services in addition to general government activities. Those additional services include public safety; health, welfare, and sanitation; education and economic opportunity; recreation; and capital outlay.

Special Revenue Funds expenditures, representing 38 percent, result from statutory, grantor, or local policy requirements. The largest programs are for road maintenance, flood control, criminal justice, workforce investment act, public health services, and public safety programs.

Debt Service Fund expenditures, representing nearly 2 percent, are the principal and interest payments associated with the County's outstanding general obligation bonds.

Capital Projects Funds expenditures, representing 1.5 percent, result primarily from construction projects for the County's airport industrial park. The remaining expenditures are for community development projects.



Intergovernmental and Tax Revenues Increased During Fiscal Year 2002

Intergovernmental and tax revenues represent almost 90 percent of total revenues in fiscal year 2002.

Intergovernmental revenues consist primarily of federal and state grants, highway user revenues, and sales taxes. Intergovernmental revenues increased 19 percent due to additional federal funding to complete continuing repairs for a Governor declared disaster and for the Workforce Investment Act grant.

Tax revenues consist primarily of real and personal property taxes, auto lieu taxes, and excise taxes. Tax revenue increased 12 percent due to a higher tax rate for the Flood Control District in the Special Revenue Funds and a higher assessed property valuation countywide.

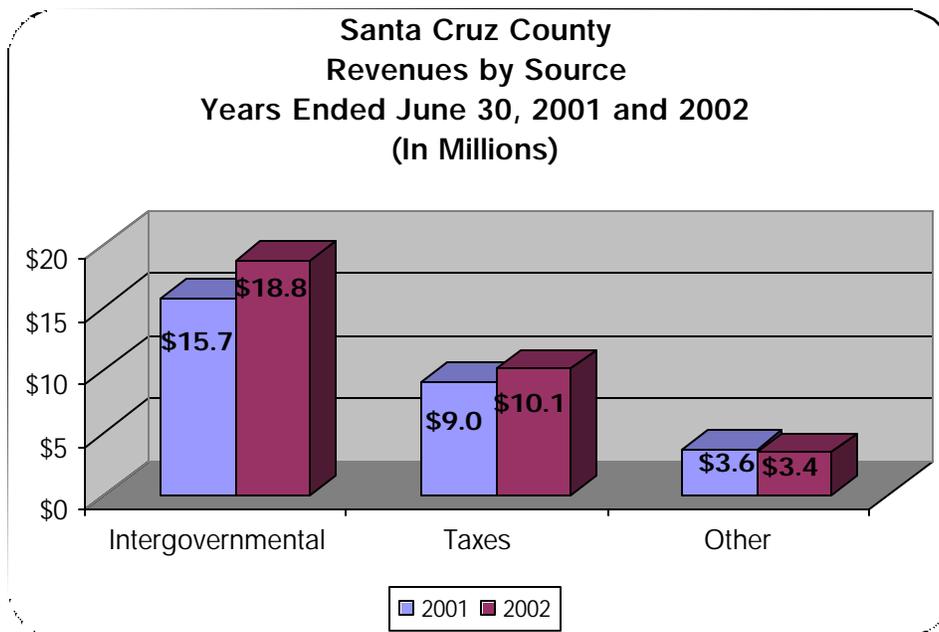
TO OBTAIN MORE INFORMATION

A copy of the full report can be obtained by calling the County at
(520) 375-7800



or by visiting our Web site at:
www.auditorgen.state.az.us

Contact person for this report:
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The County Received Its Twelfth Consecutive Award for Reporting Excellence

During fiscal year 2002, the County received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for its fiscal year 2001 Comprehensive Annual Financial Report.

This marks the twelfth consecutive year the County has received this award. The County plans to submit this year's report to the certificate program.

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