



**THE COUNTY OF SANTA CRUZ  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2019**

Big Basin Redwoods State Park is one of many state parks located in Santa Cruz County. It is California's oldest State Park, established in 1902, earning its designation as a California Historical Landmark. Over the years, the size of the park has increased from 3,800 acres to over 18,000 acres. It is home to the largest continuous stand of ancient coast redwoods south of San Francisco. It contains 10,800 acres of old-growth forest as well as recovering redwood forest, with mixed conifer, oaks, chaparral and riparian habitats. The climate ranges from foggy and damp near the ocean to sunny, warm ridge tops. The park has over 81 miles of trails, many waterfalls, a wide variety of environments (from lush canyon bottoms to sparse chaparral-covered slopes), many animals (deer, raccoons, an occasional bobcat) and abundant bird life – including Steller's jays, egrets, herons and acorn woodpeckers.

Photo by Neil Simmons Photography

# *County of Santa Cruz, California*

*Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2019*

Prepared Under the Direction of  
Edith Driscoll  
Auditor-Controller



**COUNTY OF SANTA CRUZ**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**June 30, 2019**

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# **INTRODUCTORY SECTION**

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# COUNTY OF SANTA CRUZ

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EDITH DRISCOLL  
AUDITOR-CONTROLLER / TREASURER-TAX COLLECTOR  
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(831) 454-2500

December 17, 2019

The Honorable Board of Supervisors  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, CA 95060

Members of the Board and Fellow Citizens:

The Comprehensive Annual Financial Report (CAFR) of the County of Santa Cruz (the County) for the fiscal year ended June 30, 2019 is hereby submitted in accordance with the statutes of the State of California. The CAFR represents the culmination of all budgeting and accounting activities during the year and covers all funds of the County, its component units and its financial transactions.

Management assumes full responsibility for the completeness and reliability of the information contained in this report which is based upon a comprehensive internal control framework established for this purpose. To the best of our knowledge, the enclosed data 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 and account groups of the County. The independent auditors, Brown Armstrong Accountancy Corporation, who have rendered an unmodified opinion thereon, have audited these statements. Their report is provided herein.

The Governmental Accounting Standards Board (GASB) requires 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.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 (with amendment in 1996) and U.S. Office of Management and Budget (OMB) Uniform Guidance, the OMB Circular Compliance Supplement and Government Auditing Standards. A single audit is intended to provide a cost-effective audit for non-Federal entities that receive federal assistance awards in that one audit is conducted in lieu of multiple audits of individual programs. These reports are available in the County's separately issued Single Audit Report.

## **FINANCIAL INFORMATION**

Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County 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 Generally Accepted Accounting Principles (GAAP). Because the cost of internal

controls should not exceed the anticipated benefits, the objective is to provide a reasonable, rather than an absolute, assurance that the financial statements are free of any material misstatements.

## **PROFILE OF THE COUNTY**

The County of Santa Cruz was established by an act of the State Legislature in 1850 as one of the original 27 counties of the State of California. The County is a general law county and is governed by a five-member Board of Supervisors who are elected by district to serve alternating four-year terms. The Board of Supervisors appoints a County Administrative Officer (Chief Executive) to carry out its policies as set forth by County Ordinance. The Assessor-Recorder, Auditor-Controller/Treasurer-Tax Collector, County Clerk, District Attorney and Sheriff-Coroner are elected officials and all other department heads are appointed officials.

The County's principal functions include seven major areas: general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. In the public assistance and health areas, the state and federal governments mandate certain minimum levels of service. These functions are required by County ordinance or by state or federal law.

Santa Cruz is located on the Central Coast of California, and is bordered by San Mateo County to the North, Santa Clara County to the East, San Benito and Monterey Counties to the South and the Monterey Bay National Marine Sanctuary to the West. The County of Santa Cruz is the second smallest county in California in terms of land mass and the 23rd of 58 counties in terms of population. Approximately half of the County residents live in one of the County's four cities; Capitola, Santa Cruz, Scotts Valley, or Watsonville, with the other half living in the unincorporated County area.

In accordance with the County Budget Act in the California Government Code, the County must adopt a budget on or before October 2 for each fiscal year. The County maintains budgetary controls, whose objective is to ensure compliance with legal provisions embodied in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the character level of salaries and benefits, services and supplies for each budget unit within each budgeted fund. Other charges, land, plant and improvements, and equipment are controlled by line item within each budget unit.

The encumbrance system is employed by the County to record amounts committed for purchase orders or contracts. If appropriations are not sufficient, the Board of Supervisors must approve amendments or transfers of appropriations between funds or departments.

### *Factors Effecting Financial Conditions*

The following highlights are evidence of the changing economy on a Countywide basis that includes both the unincorporated area and the four incorporated cities.

Overall, economic indicators at the national, state and local levels show that the economy continued to improve during FY 2018-2019. The Santa Cruz local economy continues to improve in the real estate and construction industries. Additionally, Sales and Use Taxes and Transient Occupancy Taxes collected increased from previous years.

Property-related tax revenues in Santa Cruz County have continued to experience steady growth. Property taxes are determined based upon assessed values. The assessed values of secured property in Santa Cruz County increased by 5.20% in 2018-2019 and has had an annual positive increase over the

past five years of 5.76%. These revenues comprised approximately 75.0% of the County's total tax revenues in fiscal year 2018-2019.

An important indicator of the local economy is retail sales. Sales tax receipts in the unincorporated County comprised approximately 10.4% of the County's total tax revenues. Sales tax receipts increased by 21.3% in fiscal year 2018-2019. The average annual increase over the past five years reflects a 7.72% growth.

The County voters passed a Cannabis Business Tax effective November 2014. The tax, currently set at 7%, resulted in the collection of \$3.4 million in taxes in 2018-2019, an increase of 9.6% over the prior year.

Tourism is important to the local economy. Transient Occupancy Tax (TOT) collections, which comprise 6.9% of the County's total tax revenues, have increased an average of 10.9% over the past five years, with an increase in fiscal year 2018-2019 of 9.92%. On July 1, 2013, the voters passed a TOT rate increase on lodging facilities in the unincorporated area from 9.5% to 11%.

The County's population is estimated to be 275,221 as of January 2019, increasing by 12,859 residents or 4.9% since the April 2010 Census. The County's unemployment rate at June 30, 2019, was 6.1%, 0.6% lower than it was one year ago at 6.7%, and much lower than the high of 13.3% in 2011-2012.

### *Long Term Financial Planning*

The County is committed to building and maintaining a strategic reserve. The County has maintained its General Fund reserves within the minimum level.

- Total General Fund balance was \$69.8 million at June 30, 2019, an increase of \$9.4 million from \$60.4 million from June 30, 2018.
- General Fund committed and assigned designations totaled \$56.7 million at June 30, 2019, an increase of \$4.25 million from \$52.45 million at June 30, 2018, not including \$12.0 million assigned to fund next year's budget.

In November 2014, the County Board of Supervisors adopted a modified Fund Balance Policy which revised the Policy originally adopted in 2011 by increasing the minimum fund balance in the General Fund from 7% to 10% over the following seven years. The original 2011 Fund Balance Reserve Policy established a minimum balance in the committed and assigned categories for the County General Fund at 7% of the upcoming budget year's estimated revenues. This policy has helped the County maintain a stronger fiscal position to weather economic trends while still preserving flexibility.

The committed and assigned fund balance designations of the County's General Fund at June 30, 2019, of \$56.7 million (excluding subsequent year's budget deficit assigned to fund the fiscal year 2019-2020 budget), which is 10.0% of fiscal year 2019-2020 budgeted general fund operating revenues.

Looking ahead, the General Fund is expected to meet its obligations for FY 2020-21 by closing the gap of \$6-7 million through serious belt tightening and further reductions to department requests. Revenue growth is anticipated to decline and may be unable to match the estimated expenditure growth. The General Fund is unlikely to meet its obligations without new or increased revenues and/or major cost reductions that could potentially impact programs and services. Based on revised projections, the annual budget shortfall of \$6-7 million in 2020-21 declines to a more manageable \$3 million by 2023-24, however, it could be as high as \$11-12 million, declining to \$8 million if prior year savings are not

achieved and general purpose revenues stagnate or decline further than projected. Since retirement rates may level out to a more modest average increases of 3% by FY 2023-24, revenue growth could potentially cover expenditure growth based on current operations and additional revenue increases.

At the State level, California voters approved Proposition 30 in November 2012 to temporarily increase the statewide sales tax rate and the income tax rates on wealthier individuals. This Proposition was re-authorized through Measure 55 “Tax Extension for Education and Healthcare” approved by voters in November 2016. Voters also approved Proposition 39 to close a loophole for out-of-state businesses, projected to raise about \$1 billion a year. These tax measures, coupled with the State’s continuing economic growth and past budget cuts, provided California a positive economic outlook for fiscal year 2018-2019. California expects continued growth in revenue for fiscal year 2019-2020 by about 5.5%, much of which is from personal income taxes.

### *Employees’ Retirement Plan*

The California Public Employees Retirement System (CalPERS) pension fund, in which Santa Cruz County employees participate, has made significant and important changes in costs and benefits. In August 2012, the State legislature adopted changes including an increased retirement age and a lowered benefit formula for new employees, a cap on the annual pension payout, and a requirement for workers to pay half of their costs. CalPERS realized a gain of 8.6% on its investments for the year ended June 30, 2018, following gains of 11.2%, 0.6%, 2.4%, 17.7%, and 13.2% for the years ended June 30, 2017, June 30, 2016, June 30, 2015, June 30, 2014 and June 30, 2013, respectively.

CalPERS stated long-term 20-year investment return remains at 7.5%. The CalPERS Board of Administration adopted a Risk Mitigation Policy in November 2015 which is designed to reduce funding risk over time. The policy establishes a mechanism whereby CalPERS investment performance that significantly outperforms the discount rate triggers adjustments to the discount rate, expected investment return and strategic asset allocation targets. As modified in February 2017 a minimum excess investment return of 2% above the existing discount rate is necessary to cause a funding risk mitigation event. In December 2016, the CalPERS Board of Administration voted to lower the discount rate from 7.5% to 7% over the next three years. These discount rate changes approved by the CalPERS Board of 7.375% for fiscal year 2018-19, 7.25% for fiscal year 2019-20, and 7% for fiscal year 2020-21 were used to determine the minimum employer contributions for the said fiscal years.

Beginning with Fiscal Year 2017-18 CalPERS collects employer contributions toward the plan’s unfunded liability as dollar amounts instead of the prior method of a contribution rate. This change addresses potential funding issues that could arise from a declining payroll or reduction in the number of active members in the plan. The plan’s normal cost contribution continues to be collected as a percentage of payroll.

County employees also participate in the CalPERS health insurance program, whose average premiums increased by 4.85% in 2019, and will increase by 2.87% in 2020.

## **MAJOR INITIATIVES**

During the last fiscal year, under the leadership of the Board of Supervisors, several key programs and projects were successfully undertaken by the County:

- The County Administrative Officer initiated a countywide strategic planning effort in Fiscal Year 2017-2018. Throughout this process, called “Vision Santa Cruz County,” County staff have engaged with internal and external stakeholders through the use of surveys, employee mixers,

community forums, focus groups, and Board updates. The information gathered was used to inform and develop the strategic plan elements, and the final six-year strategic plan.

- Santa Cruz County voters passed Measure D in November 2016, a one-half cent sales tax that funds transportation projects for a 30-year period. Included in the Measure was an Expenditure Plan that specified the amount of funds and the types of projects that it would support. The County of Santa Cruz Public Works estimates it will receive an average of \$2.6 million per year for the next 30 years. The three top priorities ranked by the community were maintenance and repair of County roadways, neighborhood resurfacing projects, and neighborhood safety projects which the County has begun implementing.
- Santa Cruz voters approved Measure S for Libraries in June 2016. With approval of this measure, the Santa Cruz Libraries Facilities Financing Authority (LFFA) is authorized to distribute up to \$62 million in special tax revenues and bond proceeds to improve community libraries in Santa Cruz County. A total of \$26 million in funding has been identified for the library branches and facilities in the unincorporated areas of Santa Cruz County. The new Felton Library was the first project to break ground and others will follow thereafter.
- The County maintained organizational stability, customer service levels, and program efficiencies during recent leadership changeovers of the Director of Personnel, the Director of Public Works, the Director of General Services and Emergency Services, the Director of Human Services and the Director of Health Services.
- The Department of Public Works continued to work on the repairs related to the 2016-17 storms, which included 142 Federal Emergency Management Agency (FEMA) storm related projects and 95 Federal Highway Administration (FHWA) project storm related projects. The projects included the placement of a temporary bridge on Swanton Road and the Valencia Road Emergency Culvert Replacement Project.
- The County Administrative Office, in collaboration with all County Departments has set a goal of reducing the organization's carbon footprint by 20% as compared to 2015. General Services will continue to identify and implement energy efficiency upgrades regarding facilities and continue to work on improving vehicle fleet fuel standards.
- The Planning Department along with MidPen Housing, the Land Trust and other partners will identify a minimum of two potential Farmworker Housing Sites. The goal is to identify potential sites and initiate affordable year-round housing projects for two to five multi-family affordable rental projects, in projects up to 12 units / 36 beds.
- The Department of General Services and Department of Parks, Open Space and Cultural Services (Parks), along with several other departments, will begin deferred maintenance and improvements to The Simpkins Swim Center. Improvements will be to replace the water slide, replaster the 50-meter pool and repair the pool deck. The goal is to improve and preserve a safe facility for the community to utilize.
- The Department of General Services and Department of Public Works will complete a new parking area, add (11) electric vehicle charging stations, and roll out a redesigned parking program at the Government Center. The goal is to increase the number of parking spaces in order to accommodate the parking needs of both the public and employees at the Government Center and to accommodate the increased demand for charging stations for electric vehicles.

- The Board approved a 15-year license agreement with CEMEX at the former Davenport Cement Plant site for the construction of a new public safety communications tower that will provide the necessary coverage for law enforcement on the North Coast.
- The Health Services Agency (HSA), is in the process of implementing a Zero Day Wait Time Goal for availability of appointments at Santa Cruz County Health Care Clinics. The goal is to reduce average wait times from 1.3 days to 0 days, which will increase access to health care for patients with immediate medical needs. These goals will be achieved by hiring additional personnel and support staff, as well as utilizing all new exam room space.
- The Homeless Outreach, Proactive Engagement and Services (HOPES) Team is in the process of completing onboarding of staff to serve as a dedicated care team. The team will work with community partners to identify and refer eligible clients to the (HOPES) Program. Once the team is in place the goal is to increase client engagement by 40%, increase substance use treatment completion by 25%, and reduce client arrests six months after program engagement by 20%. HOPES will also continue to work with community partners to identify and refer eligible clients to the program.
- The County Clerk-Elections Department will upgrade the existing voting equipment purchased in 2006 to a new and more modern and accessible system that meets state and federal requirements. The department will educate the public through various community events and will conduct three of its own community forums about the new voting system.
- The Auditor-Controller-Treasurer-Tax Collector transitioned to a new County bank and a credit card processing service for all funds held in the County Treasury. This change improves efficiencies takes advantage of new services and decreases costs related to financial transactions.
- The Personnel Department continues to focus their efforts towards achieving long term collective bargaining agreements with labor unions and associations and expanding the on-line “Santa Cruz County Learns” Training Program to all County employees. During fiscal year 2019 Sheriff’s Correctional Officer agreement was re-negotiated. During fiscal year 2020, the following three agreements will be re-negotiated: Law Enforcement, Law Enforcement Middle Management and Sheriff’s Supervisory.
- The Agriculture Commissioner will improve access and knowledge of community services by 10%. It will partner with other County outreach departments to educate the public about invasive mosquitos and continue to evaluate and update its response and information plans for new mosquitos and diseases.
- The Agriculture Commissioner plans to reduce greenhouse emissions by 10% compared to 2018 levels in support of clean air efforts. It plans to reduce emissions by replacing aging equipment with battery models as they age out.

## OTHER INFORMATION

State statutes require an annual audit by independent Certified Public Accountants. The firm of Brown Armstrong was selected to audit the financial statements of the County’s various funds and account groups and has issued an unmodified (“Clean”) opinion thereon. In addition to meeting the requirements of State law, the audit was also designed to comply with the federal Single Audit Act of 1984 (with amendment in 1996) and U.S. Office of Management and Budget (OMB) Uniform Guidance, the OMB Circular Compliance Supplement and Government Auditing Standards. The auditors’ report on the



financial statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in a separate Single Audit Report.

### **Awards and Acknowledgments**

We are very proud of this CAFR and all of the County's award-winning financial reporting publications. Each publication has been prepared with great care and expertise with a goal of meeting the highest level of financial reporting preparation standards.

#### **GFOA Financial Reporting Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Santa Cruz for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

#### **GFOA Budget Presentation Award**

The County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2018. To receive this prestigious award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

### **Acknowledgments**

I wish to express my appreciation to the staff of the Accounting Division and Audit Division, the County departments that participated in the audit process, and Brown Armstrong for their contributions, assistance, and guidance in the preparation of this report.

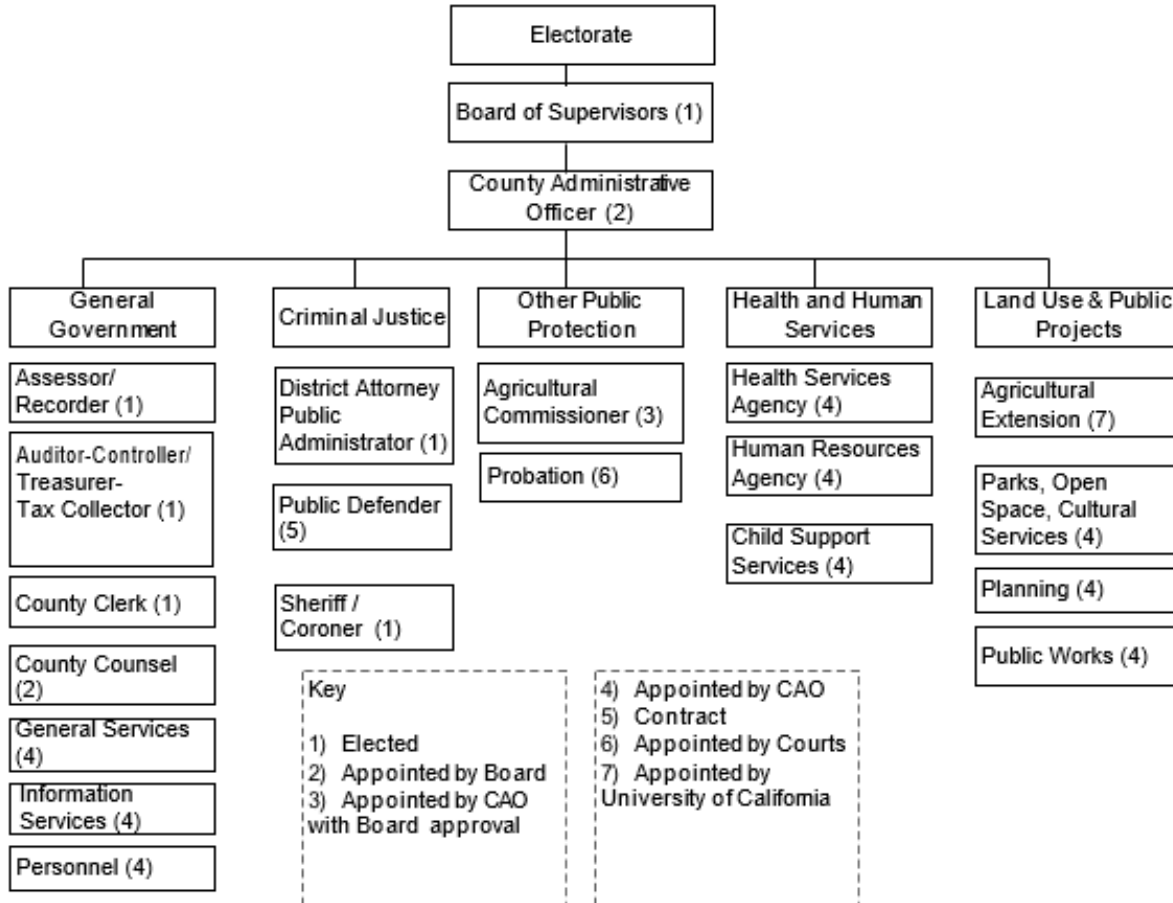
Respectfully submitted,



Edith Driscoll  
Auditor-Controller-Treasurer-Tax Collector

# COUNTY OF SANTA CRUZ

## ORGANIZATION CHART



# Directory of Public Officials

## Elective Officers

		<u>Term ends</u>
Supervisor, 1st District	John Leopold	January 2021
Supervisor, 2nd District	Zach Friend	January 2021
Supervisor, 3rd District	Ryan Coonerty	January 2023
Supervisor, 4th District	Greg Caput	January 2023
Supervisor, 5th District	Bruce McPherson	January 2021
State Senator, 17 <sup>th</sup> District	Bill Monning	December 2020
State Assemblyman, 29 <sup>th</sup> District	Mark Stone	December 2020
State Assemblyman, 30 <sup>th</sup> District	Robert Rivas	December 2020
U.S. Congressman, 20 <sup>th</sup> District	Jimmy Panetta	January 2021
U.S. Senator	Dianne Feinstein	January 2025
U.S. Senator	Kamala Harris	January 2023
U.S. Congresswoman, 18 <sup>th</sup> District	Anna G. Eshoo	January 2021
Assessor-Recorder	Sean Saldavia	January 2023
Auditor-Controller Treasurer-Tax Collector	Edith Driscoll	January 2023
County Clerk-Elections	Gail Pellerin	January 2023
District Attorney-Public Administrator	Jeff Rosell	January 2023
Sheriff-Coroner	Jim Hart	January 2023

## Appointed Officers

Administrative Officer	Carlos J. Palacios
Agricultural Commissioner	Juan Hidalgo
County Counsel	Dana McRae
Director of Agricultural Extension	Mark Bolda
Director of Child Support Services	Jamie Murray
Director of General Services	Michael Beaton
Director of Information Services	Kevin Bowling
Director of Human Services Department	Ellen Timberlake
Director of Planning	Kathy Molloy
Director of Public Works/Road Commissioner	Matt Machado
Director of Parks, Recreation and Cultural Services	Jeff Gaffney
Health Officer	Dr. Arnold Leff
Health Services Agency Director	Mimi Hall
Personnel Director	Ajita Patel
Probation Officer	Fernando Giraldo
Veteran's Services Officer	Dean Kaufman



Government Finance Officers Association

**Certificate of  
Achievement for  
Excellence in  
Financial Reporting**

Presented to

**Santa Cruz County California**

For its Comprehensive Annual Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

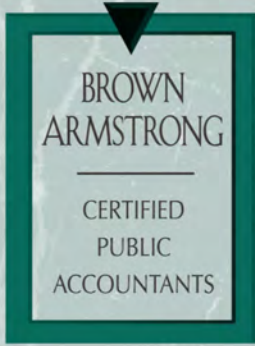
Executive Director/CEO

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# **FINANCIAL SECTION**

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BROWN ARMSTRONG  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Supervisors  
of the County of Santa Cruz  
Santa Cruz, California

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

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## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis pages 7-21; the respective Budgetary Comparison for the General Fund, the Off Highway, Road, and Transportation Fund, and the Housing Fund on pages 118-129; the County's Retirement Plans' Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions on pages 130-138; and the County's OPEB Plan Schedule of Changes in Total Other Postemployment Benefit (OPEB) Liability and Related Ratios and the Schedule of Contributions on pages 139-140 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, Budgetary Comparison for the Capital Projects Fund, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

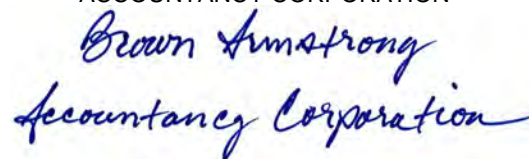
The Budgetary Comparison for the Capital Projects Fund and the combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison for the Capital Projects Fund and the combining and individual non-major fund financial statements and schedules 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 schedules and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019, 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, grant agreements, and other matters. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the firm.

Bakersfield, California  
December 17, 2019



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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019**

This section of the County of Santa Cruz (the "County") Comprehensive Annual Financial Report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

**FINANCIAL HIGHLIGHTS**

- The assets plus deferred outflows of resources of the County exceeded liabilities plus deferred inflows of resources at the close of the 2018-2019 fiscal year by \$168,105,732 (*net position*). Of this amount, a negative amount of \$469,749,391 is unrestricted, \$66,434,906 is restricted for specific purposes (*restricted net position*), and \$571,420,217 is the net investment in capital assets.
- The County's total net position increased by \$960,428. The increase was due to the County's total revenues of \$606.3 million exceeding total expenses of \$605.3 million.
- As of June 30, 2019, the County's governmental funds reported combined ending fund balances of \$190,914,690, an increase of \$18,882,835 in comparison with the prior year.
- Governmental fund revenues increased by approximately 39.5, \$4.7 million from taxes, \$6.9 million from fines, forfeits and penalties, \$1.7 million from the use of money and property, \$23.2 million from Federal and State Aid, \$0.2 million from charges for services and \$3.2 million from other revenue.
- Governmental fund expenditures increased by 2.17% or \$11,985,159. Increases in public protection of \$11.1 million, health and sanitation of \$9.1 million and public assistance of \$8.4 million were partially offset by a decrease in capital outlay of \$17.5 million.
- At the end of the fiscal year, the general fund reported an ending fund balance of \$69,826,486, of which \$1,706,963 was nonspendable, \$19,957,098 was committed, and \$48,162,425 was assigned as shown on page 35. There was no unassigned fund balance.

**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 are comprised of 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**

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all County assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference in assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the County is improving or deteriorating.

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

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and culture. The business-type activities of the County can be found under Proprietary funds below.

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 Santa Cruz County Sanitation District is reported as a discretely presented component unit of the County. The District is managed by the County Department of Public Works and provides sanitation services to a portion of the unincorporated areas of the County. For more detail, please refer to the Sanitation District's separately issued financial statements.

The government-wide financial statements can be found on pages 27-28 of this report.

### **Fund Financial Statements**

The fund financial statements are designed to report information about groupings of related funds which are used to account for 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 compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: 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. Most of the County's basic services are reported in the governmental funds. The governmental funds financial statements focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the County's programs.

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 statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The County maintains several individual governmental funds organized according to their type (general, special revenue, and capital projects). Information is presented separately in the governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances for the General Fund, Off Highway Road and Transportation Fund, Housing Fund, and the Capital Projects Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental funds financial statements can be found on pages 35-38 of this report.

**Proprietary funds** are used to account for services for which the County charges customers—either outside customers or internal units or departments of the County. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The County

maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The County enterprise funds used to account for the operations of the County include the County Disposal Sites CSA 9C, and the following Board of Supervisor Governed Districts: Boulder Creek CSA 7, Rolling Woods CSA 10, Septic Tank Maintenance CSA 12, Freedom County Sanitation District, Davenport Sanitation District, Place de Mer CSA 2, Sand Dollar Beach CSA 5, Trestle Beach CSA 20, Summit West CSA 54, and Graham Hill CSA 57 operations.
- **Internal Service funds** are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its central duplicating, information services, public works, service center, and insurance (risk management, dental and health, liability and property, workers' compensation, employee benefit staffing, and state unemployment insurance) functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary funds financial statements can be found on pages 41-45 of this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the County. 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 the County maintains are agency, investment trust funds and private purpose trust funds. Since these funds are custodial in nature, they do not involve the measurement of results of operations.

The fiduciary funds financial statements can be found on pages 49-51 of this report.

### **Notes to the Basic Financial Statements**

The notes to the basic 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 basic financial statements can be found on pages 57-113 of this report.

### **Required Supplementary Information (other than MD&A)**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County's general fund budgetary comparison schedule and progress in funding its obligation to provide pension benefits to its employees and other post-employment obligations to retirees.

The County adopts an annual budget, which is a compilation of operating budgets from individual functional units within the General Fund, Special Revenue Funds, Capital Projects Funds and Proprietary Funds. Budgets are adopted for all funds except for Fiduciary Funds and certain special revenue funds, namely the Financing Authorities and the Geological Hazard Abatement Districts. A budgetary comparison schedule has been provided for the General Fund, Off Highway, Road and Transportation Fund, Housing Fund and Capital Projects Fund to demonstrate compliance with these budgets. These can be found on pages 118-165 of this report.

### **Combining Statements and Schedules**

The combining and individual fund statements and schedules referred to earlier in connection with nonmajor governmental funds, enterprise and internal service funds, and fiduciary funds are presented immediately following the required supplementary information.

Analysis of Net Position							
	Governmental Activities		Business-Type Activities		Total		Dollar Change
	2019	2018	2019	2018	2019	2018	
<b>Assets:</b>							
Current and other assets	\$ 382,946,727	\$ 296,419,601	\$ 22,061,155	\$ 21,692,219	\$ 405,007,882	\$ 318,111,820	\$ 86,896,062
Capital assets	604,564,452	579,254,292	32,314,323	28,261,201	636,878,775	607,515,493	29,363,282
Total assets	987,511,179	875,673,893	54,375,478	49,953,420	1,041,886,657	925,627,313	116,259,344
Deferred outflows of resources	139,589,437	174,029,944	2,457,333	3,049,457	142,046,770	177,079,401	(35,032,631)
<b>Liabilities:</b>							
Current and other liabilities	196,172,664	127,383,833	196,172,664	1,801,223	392,345,328	129,185,056	263,160,272
Long-term liabilities	737,375,573	720,325,546	737,375,573	24,493,613	1,474,751,146	744,819,159	729,931,987
Total liabilities	933,548,237	847,709,379	933,548,237	26,294,836	1,867,096,474	874,004,215	993,092,259
Deferred inflows of resources	51,409,027	60,428,477	981,758	1,128,718	52,390,785	61,557,195	(9,166,410)
<b>Net position:</b>							
Net investment in capital assets	546,805,552	511,615,174	24,614,665	21,689,819	571,420,217	533,304,993	38,115,224
Restricted	66,391,479	55,332,944	43,427	633,771	66,434,906	55,966,715	10,468,191
Unrestricted	(471,053,679)	(425,382,137)	1,304,288	3,255,733	(469,749,391)	(422,126,404)	(47,622,987)
Total net position	\$ 142,143,352	\$ 141,565,981	\$ 25,962,380	\$ 25,579,323	\$ 168,105,732	\$ 167,145,304	\$ 960,428

## Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the County, assets plus deferred outflows of resources exceed liabilities plus deferred inflows of resources by \$168,105,732 at the close of the 2018-2019 fiscal year.

The County's net investment in capital assets of \$571,420,217, or 340% of total net position, reflects investments in capital assets (e.g., land, building and structures, and equipment), net of accumulated depreciation, in the amount of \$636,878,775, less the related outstanding debt used to acquire those assets of \$65,458,558. The County uses these capital assets to provide services to 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, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$66,434,906, or 40% of total net position, represents resources that are subject to external restrictions on how they may be used. Of the total, 27% is restricted for capital asset acquisition, 47% is dedicated to public roads and facilities, 18% is restricted for public safety and the rest is restricted for debt service, health and various County imposed purposes.

The County's unrestricted net position of \$(469,749,391) decreased by \$47,622,987 from the prior year. This amount consists of all net position that does not meet the definition of restricted net position or net investment in capital assets. The majority of negative unrestricted net position is primarily the result of the County's unfunded pension and OPEB obligations, due to the implementation of GASB Statement Nos. 68 and 75, offset by positive unrestricted net position predominantly in the County's General Fund.

	Change in Net Position							
	Governmental Activities		Business-Type Activities		Total		Dollar Change	%
	2019	2018	2019	2018	2019	2018		
<b>Revenues:</b>								
Program Revenues:								
Charges for services	\$ 101,990,387	\$ 95,344,096	\$ 18,505,858	\$ 18,021,551	\$ 120,496,245	\$ 113,365,647	\$ 7,130,598	6.3%
Operating grants and contributions	279,861,083	259,971,892	1,232,105	2,856,181	281,093,188	262,828,073	18,265,115	6.9%
Capital grants and contributions	22,829,216	19,532,096	59	-	22,829,275	19,532,096	3,297,179	16.9%
General Revenues:								
Property taxes	118,050,839	117,336,994	39,924	34,923	118,090,763	117,371,917	718,846	0.6%
Other taxes	35,107,164	31,143,069	-	-	35,107,164	31,143,069	3,964,095	12.7%
Investment earnings	6,619,121	4,453,572	366,015	(24,505)	6,985,136	4,429,067	2,556,069	57.7%
Miscellaneous	19,944,622	15,915,057	1,607,679	408,527	21,552,301	16,323,584	5,228,717	32.0%
Gain on sale of assets	60,056	(7,478)	52,140	(91,004)	112,196	(98,482)	210,678	-213.9%
Total revenues	584,462,488	543,689,298	21,803,780	21,205,673	606,266,268	564,894,971	\$ 41,371,297	7.3%
<b>Expenses:</b>								
General government	42,773,203	39,827,934	-	-	\$ 42,773,203	\$ 39,827,934	\$ 2,945,269	7.4%
Public protection	195,327,268	177,635,846	-	-	195,327,268	177,635,846	17,691,422	10.0%
Public ways and facilities	27,257,982	29,193,317	-	-	27,257,982	29,193,317	(1,935,335)	-6.6%
Health and sanitation	154,535,767	141,326,763	-	-	154,535,767	141,326,763	13,209,004	9.3%
Public assistance	144,066,059	132,800,689	-	-	144,066,059	132,800,689	11,265,370	8.5%
Education	5,996,043	5,883,813	-	-	5,996,043	5,883,813	112,230	1.9%
Recreation and cultural services	11,772,114	11,548,714	-	-	11,772,114	11,548,714	223,400	1.9%
Interest on long-term debt	2,156,682	1,731,164	-	-	2,156,682	1,731,164	425,518	24.6%
County Disposal Sites CSA	-	-	17,872,548	14,859,256	17,872,548	14,859,256	3,013,292	20.3%
Boulder Creek CSA	-	-	542,155	400,639	542,155	400,639	141,516	35.3%
Rolling Woods CSA	-	-	20,807	31,493	20,807	31,493	(10,686)	-33.9%
Septic Tank Maintenance CSA	-	-	1,123,854	923,420	1,123,854	923,420	200,434	21.7%
Freedom County Sanitation District	-	-	766,024	1,122,579	766,024	1,122,579	(356,555)	-31.8%
Davenport Sanitation District	-	-	550,626	581,024	550,626	581,024	(30,398)	-5.2%
Place De Mer CSA	-	-	164,055	157,126	164,055	157,126	6,929	4.4%
Sand Dollar Beach CSA	-	-	327,633	322,969	327,633	322,969	4,664	1.4%
Trestle Beach CSA	-	-	50,904	56,032	50,904	56,032	(5,128)	-9.2%
Summit West CSA	-	-	2,117	334	2,117	334	1,783	533.8%
Total expenses	583,885,117	539,948,240	21,420,723	18,454,872	605,305,840	558,403,112	46,902,728	8.4%
<b>Revenues over/(under) expenditures</b>	577,371	3,741,058	383,057	2,750,801	960,428	6,491,859	(5,531,431)	-85.2%
Transfers	-	338,271	-	(338,271)	-	-	-	0.0%
<b>Change in net position</b>	577,371	4,079,329	383,057	2,412,530	960,428	6,491,859	(5,531,431)	-85.2%
Net position, beginning of year	141,565,981	137,486,652	25,579,323	23,166,793	167,145,304	160,653,445	6,491,859	4.0%
<b>Net position, end of year</b>	<u>\$ 142,143,352</u>	<u>\$ 141,565,981</u>	<u>\$ 25,962,380</u>	<u>\$ 25,579,323</u>	<u>\$ 168,105,732</u>	<u>\$ 167,145,304</u>	<u>\$ 960,428</u>	<u>0.6%</u>

## Analysis of Change in Net Position

During the current fiscal year, the County's net position increased by \$960,428. This increase is explained in the governmental and business-type activity discussion below.

- **Governmental activities** increased the County's net position by \$577,371, accounting for 60% of the total increase in net position of the County.

Revenues increased by \$40,773,190 or 7.5% from the prior year primarily due to increases in grants and contributions of \$23.2 million. Other increases come from property taxes of \$0.7 million, investment income of \$2.2 million, other taxes of \$4.0 million, charges for services of \$6.6 million primarily due to property tax penalties, and miscellaneous revenues of \$4.0 million.

- Expenses overall increased by \$43,936,877. The majority of increases were in Public Protection, Health and sanitation, and Public assistance. Public protection increased by \$17.7 million. Health and sanitation increased by \$13.2 million. Public assistance increased by \$11.3 million. General government also had an increase in expenditures of \$2.9 million. All increases were primarily due to increases in salaries and benefits, particularly pension costs and other post-employment benefit

costs.

Overall expense increase by function follows:

	Amount	Percentage increase (decrease)
General government	\$ 2,945,269	7.4%
Public protection	17,691,422	10.0%
Public ways and facilities	(1,935,335)	-6.6%
Health and sanitation	13,209,004	9.3%
Public assistance	11,265,370	8.5%
Education	112,230	1.9%
Recreation and cultural services	223,400	1.9%
Interest on long-term debt	425,518	24.6%
	<u>\$ 43,936,877</u>	8.1%

- Business-type activities** increased the County's net position by \$383,057 over the prior year. Revenues and expenses increased by \$598,107 and \$2,965,851, respectively. The increase in expenses was mainly due to increase in service and supplies of the County Disposal Site CSA9C arising from \$1.7 million in labor costs and full staffing of positions and \$0.7 million in consulting management fees.

Please see the following section for a more detailed analysis on the governmental and business-type activities.

### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

#### Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the County include the general fund, special revenue funds, debt service funds, and capital project funds.

At June 30, 2019, the County's governmental funds reported combined ending fund balances of \$190,914,690, an increase of \$18.9 million in comparison with the prior year. The components of total fund balance are as follows (see Note 19 – Fund Balances).

- Nonspendable fund balance, \$1,706,963, are amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of (1) inventory, prepaids, and imprest cash of \$1,578,963, and (2) advances and loans of \$128,000.
- Restricted fund balance, \$121,088,204, consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations, or enabling legislation. Examples of restrictions on funds are those for (1) purpose of fund (i.e., flood control, library) of \$100,892,012, (2) debt service of \$2,219,018 and (3) amounts restricted for capital asset



acquisition of \$14,955,384.

- Committed fund balance, \$19,957,098, are amounts for specific purposes determined by the Board of Supervisors, which includes (1) Natural Disasters of \$400,000, (2) Working Capital of \$6,000,000, (3) Economic Uncertainty of \$10,000,000 and (4) Mental Health Services Act (MHSA) Prudent Reserve of \$3,557,098.
- Assigned fund balance of \$48,162,425 represents amounts that are intended for specific purposes and are established by the Board of Supervisors or an official or body delegated by the governing body. Examples of assigned fund balances are (1) federally qualified health programs of \$15,051,869, (2) structural deficit of \$6,363,992, (3) projected budgetary deficit of \$12,027,270, (4) unanticipated liabilities of \$2,000,000, (5) human services programs of \$4,537,533 and (6) salary savings of \$8,794,085.
- Unassigned fund balance is currently \$0.

Revenues for governmental functions totaled \$ 583,713,155 in fiscal year 2018-2019, which represents an increase of \$39,468,412, or 7.3% from fiscal year 2017-2018. Expenditures for governmental functions totaling \$564,192,631 increased by \$11,985,159, or 2.17%, from fiscal year 2017-2018. In the fiscal year 2018-2019, expenditures for governmental functions exceeded revenues by \$19,520,524. Other financing uses, including interfund, exceeded other financing sources by \$637,689.

The general fund is the primary operating fund of the County. At June 30, 2019, the general fund's total fund balance was \$69,826,486, of which \$1,706,963 was nonspendable, and \$68,119,523 was spendable. The spendable fund balance consists of \$19,957,098 in committed fund balance, \$48,162,425 in assigned fund balance, and \$0 in unassigned fund balance. As a measure of the general fund's liquidity, it may be useful to compare both total fund balance and spendable fund balance to total fund expenditures. Total fund balance is 14.7% of total General Fund expenditures while spendable fund balance is 14.3% of total General Fund expenditures.

The Off Highway Roads and Transportation Fund is a major fund of the County. At June 30, 2019, the fund had a restricted fund balance of \$2,676,157.

The Housing Fund is a major fund of the County. At June 30, 2019, the Housing Fund's total fund balance was \$76,672,274, all of which is spendable (restricted) for the purpose of the fund.

The Capital Projects fund balance of \$8,903,939 was spendable (restricted) at June 30, 2019, an increase of \$2,171,474 from the prior year. The increase was due to a reduction in capital outlay expenses as many projects were completed in the prior year.

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

**Revenues Classified by Source  
Governmental Funds**

	2019	% of Total	2018	% of Total	Change
Taxes	\$ 153,158,003	26.24%	\$ 148,480,064	27.28%	\$ 4,677,939
Licenses and permits	12,591,244	2.16%	12,664,538	2.33%	(73,294)
Fines, forfeits and penalties	10,796,004	1.85%	3,870,473	0.71%	6,925,531
Use of money and property	5,929,846	1.02%	4,196,947	0.77%	1,732,899
Aid from other governments	302,690,299	51.86%	279,503,987	51.36%	23,186,312
Charges for services	78,603,137	13.47%	78,809,087	14.48%	(205,950)
Other	19,944,622	3.42%	16,719,647	3.07%	3,224,975
<b>Total</b>	<b>\$ 583,713,155</b>	<b>100.00%</b>	<b>\$ 544,244,743</b>	<b>100.00%</b>	<b>\$ 39,468,412</b>

Revenues increased by \$39.5 million over the prior year. There was a \$4.7 million increase in taxes, consisting of increases of \$7.5 million in property taxes, \$1.2 million in other taxes and \$2.7 million in sales and use taxes. Increases were offset by a decrease of \$6.8 million resulting from a correction in financial reporting to move costs associated with delinquent taxes from taxes to fines, forfeits and penalties.

Fines, forfeits and penalties increased by \$6.9 million primarily due to a correction in financial reporting to move costs associated with delinquent taxes from taxes to fines, forfeits and penalties.

Use of money and property increased by \$1.7 million.

Aid from other governments increased by \$23.2 million due to increases in multiple sources including the following:

- Housing and Urban Development of \$2.1 million
- Highway Bridge Replacement and Rehabilitation of \$2.1 million
- Whole Person Care of \$5.5 million
- Federal grant administration revenue of \$3.4 million
- Short/Doyle Block Grant for mental health services of \$8.5 million
- State Highway User's tax of \$3.5 million
- State Public Assistance Program revenue of \$1.9 million
- State Transportation Program revenue of \$1.8 million

These increases were offset by a decrease in revenue from State Senate Bill 1022 related to prison construction and renovation.

Charges for services decreased by \$0.2 million as a result of an increase in interfund revenue of \$4.8 million. The increase was offset by decreases of \$2.7 million in patient revenue and outpatient clinic fees and a \$2.8 million decrease in contributions from other funds.

Other revenue increased by \$3.2 million primarily as a result of insurance proceeds.

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

**Expenditures Classified by Source  
Governmental Funds**

	2019	% of Total	2018	% of Total	Change
General government	\$ 35,550,486	6.30%	\$ 36,240,195	6.56%	\$ (689,709)
Public protection	172,236,081	30.53%	161,157,501	29.18%	11,078,580
Public ways and facilities	37,203,921	6.59%	37,324,349	6.76%	(120,428)
Health and sanitation	142,543,851	25.27%	133,423,762	24.16%	9,120,089
Public assistance	134,164,877	23.78%	125,795,624	22.78%	8,369,253
Education	5,753,143	1.02%	5,654,940	1.02%	98,203
Recreation and culture	10,460,088	1.85%	10,471,103	1.90%	(11,015)
Capital outlay	17,770,389	3.15%	35,286,850	6.39%	(17,516,461)
Debt Service - bond redemption	5,577,288	0.99%	4,576,542	0.83%	1,000,746
Debt Service -Interest and fiscal charges	2,932,507	0.52%	2,276,606	0.41%	655,901
<b>Total</b>	<b>\$ 564,192,631</b>	<b>100.00%</b>	<b>\$ 552,207,472</b>	<b>100.00%</b>	<b>\$ 11,985,159</b>

Overall expenditures increased by \$12 million. The primary cause of the increase was a result of increased salaries and benefits expenditures of \$15 million as the addition of 31.2 positions were approved by the Board of Supervisors primarily for the implementation of Measure G funded programs including Focused Intervention Team and expansion of homeless services. The implementation of Measure G funded programs was also the primary cause for the increase in expenditures for services and supplies of \$2 million. Other charges increased by \$4.6 million as a result of increases to insurance reserves.

Other financing sources and uses are presented below, including changes from the prior year. Refer to Note 10 for more information on long-term debt.

Transfers in and out are detailed in Note 5.

**Other Financing Sources and Uses  
Governmental Funds**

	2019	% of Total	2018	% of Total	Change
Proceeds of long-term debt	\$ -	0.00%	\$ 7,940,000	98.62%	\$ (7,940,000)
Bond premium/discount	-	0.00%	(63,415)	-0.79%	63,415
Inception of capital lease	30,033	-4.71%	92,489	1.15%	(62,456)
Sale of general capital assets	-	0.00%	23,500	0.29%	(23,500)
Miscellaneous	-	0.00%	143,591	1.78%	(143,591)
Transfers in	22,489,321	-3526.69%	28,411,340	352.87%	(5,922,019)
Transfers out	(23,157,043)	3631.40%	(28,495,998)	-353.92%	5,338,955
<b>Total</b>	<b>\$ (637,689)</b>	<b>100.00%</b>	<b>\$ 8,051,507</b>	<b>100.00%</b>	<b>\$ (8,689,196)</b>

The current year excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses is presented below:

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

	Major Funds					
	General Fund	Off Highway, Road and Transportation Fund	Housing Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues	\$ 500,947,633	\$ 38,702,811	\$ 2,531,007	\$ 8,462,285	\$ 33,069,419	\$ 583,713,155
Expenditures	(476,255,155)	(31,698,154)	(3,708,939)	(17,770,389)	(34,759,994)	(564,192,631)
Net other financing sources/(uses)	(15,274,257)	660,160	-	11,479,578	2,496,830	(637,689)
Net change in fund balances	9,418,221	7,664,817	(1,177,932)	2,171,474	806,255	18,882,835
Fund balances, beginning (restated)	60,408,265	(4,988,660)	77,850,206	6,732,465	32,029,579	172,031,855
Fund balances, ending	69,826,486	2,676,157	76,672,274	8,903,939	32,835,834	190,914,690

**Proprietary Funds**

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The business-type activities had total net position of \$25,465,764 at June 30, 2019, of which \$807,672 was unrestricted.

The following table shows the enterprise funds' actual revenues, expenses and results of operations for the current fiscal year:

	Major Funds			
	County Disposal Sites CSA 9C	Nonmajor Funds	Total	Internal Service Funds
Operating revenues	\$ 14,956,645	\$ 5,162,028	\$ 20,118,673	\$ 80,807,773
Operating expenses	(17,502,925)	(3,558,980)	(21,061,905)	(93,340,906)
Net operating income/(loss)	(2,546,280)	1,603,048	(943,232)	(12,533,133)
Net nonoperating revenues/(expenses)	250,083	935,551	1,185,634	645,692
Transfers in/(out)	-	-	-	667,722
Change in net position	(2,296,197)	2,538,599	242,402	(11,219,719)
Net position - beginning of year, as restated	6,869,185	18,354,177	25,223,362	(51,882,551)
Net position - end of year	\$ 4,572,988	\$ 20,892,776	\$ 25,465,764	\$ (63,102,270)

Total enterprise fund net position increased by \$242,402. Operating revenues of \$20,118,673 increased by \$1,688,595 over the prior fiscal year. Operating expenses of \$21,061,905 increased by \$3,280,036 over the prior year, mostly from overhead costs.

The Internal Service Funds net position decreased by \$11,219,719 compared to the prior fiscal year. This was primarily due to increases in insurance reserves for the Liability and Property Insurance Fund.

## GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund actual expenditures were approximately \$44.9 million below final budget amounts. The variance was primarily made up of salaries and employee benefits cost savings of \$14.3 million due to vacancies in funded positions; unspent appropriations for services and supplies of \$26.4 million; other charges of \$6.5 million; and \$1.00 million across other categories except Intrafund transfers which offset unspent appropriations by \$2.8 million.

**Expenditures:** The final General Fund budget was \$12,479,174 or 2.46% higher than the original budget. The primary cause of the change was due to unanticipated expenditures for services and supplies of \$10.5 million due to services offered by the Watsonville/Santa Cruz City & County Continuum of Care (CoC) and the California Emergency Solutions and Housing program resulting from a corresponding increase in unanticipated revenue. Other charges increased by \$2.7 million due to unanticipated increases in expenditures for CalWORKs housing support services and various increases in other unanticipated expenditures. Other changes were a result of budget realignments in all categories.

**Revenues:** General Fund actual revenues excluding transfers in were \$20.8 million less than final budgeted revenues primarily due to \$5.6 million less than expected revenues from charges for services and \$3.5 million less from licenses and permits. The shortfalls were slightly offset by increases in revenues from most other categories.

**Fund balance:** As a result of government-wide efforts to reduce spending, the General Fund's fund balance increased by \$10.0 million versus an estimated decrease of \$5.3 million.

For additional information, readers should refer to the letter of transmittal.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2019 totaled \$636,878,775 (net of accumulated depreciation of \$505,592,760). Capital assets includes land, construction in progress, infrastructure, buildings and structures, and equipment. There was a 4.83% increase in total activities for the 2018-2019 fiscal year in the amount of \$29,363,281.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the 2018-2019 fiscal year.

Fund financial statements record capital asset purchases as expenditures.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 64,007,639	\$ 64,007,639	\$ 1,858,849	\$ 1,858,849	\$ 65,866,488	\$ 65,866,488
Construction in progress	56,029,419	50,865,790	1,080,524	2,912,412	57,109,943	53,778,202
Infrastructure	693,459,391	665,926,249	-	-	693,459,391	665,926,249
Buildings and structures	205,352,392	192,506,962	56,516,585	51,485,894	261,868,977	243,992,856
Equipment	54,187,188	50,887,575	9,979,548	8,496,265	64,166,736	59,383,840
Accumulated depreciation	(468,471,577)	(444,939,923)	(37,121,183)	(36,492,218)	(505,592,760)	(481,432,141)
Total	\$ 604,564,452	\$ 579,254,292	\$ 32,314,323	\$ 28,261,202	\$ 636,878,775	\$ 607,515,494

Capital assets in governmental activities increased by \$25.3 million. Capital asset additions of \$48.8 million were offset by a change in depreciation of \$25.3 million. All categories of capital assets increased except land, which had no change. Of the total change, \$27.5 million related to infrastructure and \$12.8 million related to buildings and structures. The remaining \$8.5 million relates to increases in construction-in-progress and equipment.

Business-type capital assets increased by \$4.0 million. Total additions of \$4.6 million were offset by a change in depreciation of \$628,965. The increase of \$4.0 million includes decrease in construction-in-progress of \$1.8 million and increases in both building and structures of \$5.0 million and equipment of \$1.5 million.

Additional information on the County's capital assets can be found in Note No. 7 on pages 80-82 of this report.

## Long-term Debt

The County's long-term debt for governmental and business-type activities is presented below to illustrate changes from the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Refunding certificates of participation	\$ 33,648,084	\$ 37,332,157	\$ -	\$ -	\$ 33,648,084	\$ 37,332,157
Lease revenue bonds	21,083,730	21,948,023	6,030,310	6,295,018	27,114,040	28,243,041
Lease revenue refunding bonds	1,427,567	1,495,646	-	-	1,427,567	1,495,646
Certificates of participation	5,847,488	6,429,116	-	-	5,847,488	6,429,116
Revenue bonds	35,000	70,000	-	-	35,000	70,000
Loans payable	-	-	142,967	192,142	142,967	192,142
Capital leases	4,097,158	5,578,553	1,544,178	2,197	5,641,336	5,580,750
<b>Total</b>	<b>\$ 66,139,027</b>	<b>\$ 72,853,495</b>	<b>\$ 7,717,455</b>	<b>\$ 6,489,357</b>	<b>\$ 73,856,482</b>	<b>\$ 79,342,852</b>

For the governmental activities, the County had total long-term debt outstanding of \$66,139,027 as compared to \$72,853,495 the prior year (excluding compensated absences, estimated claims and other postemployment benefits liability), a decrease of \$6,714,468. No new bonds were issued in the current year.

For the business-type activities, the County had total long-term debt outstanding of \$7,717,455 as compared to \$6,489,357 in the prior year (excluding post-closure liability and other postemployment benefits liability), an increase of \$1,228,098 due to \$1,543,405 heavy equipment capital lease for the landfill.

The County's total debt for all primary government activities decreased by \$5,486,370 or 6.9% during the current fiscal year (excluding compensated absences, estimated claims, post-closure liability and other postemployment benefits liability).

The County maintains a Standard & Poor's 'SP-1+' and a Moody's 'MIG 1' rating for short-term notes. Moody's has assigned its long-term rating on the County's general fund certificates of participation and lease revenue bonds of "A1" and its Issuer Rating of "Aa3." This rating was last reviewed by Moody's in June 2018. Standard & Poor's has assigned its long-term rating on the County's general fund certificates of participation and lease revenue bonds of "AA+." This rating was last reviewed by Standard & Poor's in November 2017. Such ratings reflect only the views of the rating agency and any desired explanation of the significance of such ratings should be obtained from the rating agency.

The component unit, Santa Cruz Sanitation District, had total long-term debt outstanding of \$ 15,681,664 as compared to \$10,895,403 in the prior year. This amount consists of \$1,513 of capital leases and \$15,680,151 of Loans Payable, \$7,000,000 of which was issued in the current year for sewer improvements during the year, retirement of debt amounted to \$2,213,739.

Additional information on the County's long-term debt can be found in Note No. 10 on pages 86-94 of this report.

## RETIREMENT COSTS AND OBLIGATIONS

### Retirement Costs

The County's current retirement costs consist of several components, including pension costs, other post-employment benefits (OPEB) costs and social security costs. For the 2018-2019 fiscal year, total retirement costs for the County were \$87,487,051. Of the \$87.5 million in retirement costs, the County contributed \$60.5 million. Employee contributions account for the remaining \$27.0 million. Total retirement costs included pension cost of \$54.9 million, other post-employment benefits of \$6.9 million and social security

costs of \$25.7 million. These costs reflect an increase of \$3.7 million or 4.4% compared to the prior year. The change resulted from an increase in Pension, OPEB and social security costs over the prior year of \$2.7 million, \$0.1 million and \$0.9 million, respectively.

## Retirement Obligations

Obligations to pay pension and OPEB benefits in the future make up the County's retirement obligation. Total retirement obligations of the County were \$650,819,972 as of June 30, 2019; \$482.3 million was the liability for pension benefits and \$168.5 million was the liability for OPEB. Total retirement obligations increased by \$16.9 million or 2.7% over the prior year. The total increase was made up of increases in pension liability and OPEB liability of \$11.3 million and \$5.6 million, respectively.

Pension plan costs and obligations are presented below to illustrate changes from the prior three years.

**Annual Summary of Total Retirement Costs and Obligations**

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Total Pension Cost	\$ 40,402,558	\$ 46,744,026	\$ 52,259,332	\$ 54,919,852
Total OPEB Cost	6,477,103	3,871	6,773,092	6,873,540
Total Social Security Cost	22,330,939	23,824,548	24,798,664	25,693,659
<b>Total Retirement Cost</b>	<b>\$ 69,210,600</b>	<b>\$ 70,572,445</b>	<b>\$ 83,831,088</b>	<b>\$ 87,487,051</b>
Total Employee Contribution	\$ 23,063,788	\$ 24,808,840	\$ 26,082,530	\$ 27,023,171
Total County Contribution	46,146,811	45,763,605	57,748,558	60,463,881
<b>Total Retirement Cost</b>	<b>\$ 69,210,600</b>	<b>\$ 70,572,445</b>	<b>\$ 83,831,088</b>	<b>\$ 87,487,051</b>
Unfunded County Pension Liability Obligation	\$ 321,814,432	\$ 405,524,537	\$ 470,946,789	\$ 482,281,348
Unfunded County OPEB Liability Obligation	118,348,505	163,130,908	162,972,790	168,538,624
<b>Total County Unfunded Liabilities</b>	<b>\$ 440,162,937</b>	<b>\$ 568,655,445</b>	<b>\$ 633,919,579</b>	<b>\$ 650,819,972</b>
Miscellaneous Pension Plan Funded ratio Market Value of Assets (MVA)	74.3%	68.5%	70.3%	68.5%
Safety Pension Plan Funded Ratio (MVA)	74.7%	68.8%	69.3%	67.9%
Safety Sheriff Pension Plan Funded Ratio (MVA)	64.4%	59.9%	61.5%	60.5%

Additional information on Pension Plans and Post-Retirement Health Care Benefits can be found in Notes 14 and 15 of this report.

Fund financial statements record contributions to the County's pension and OPEB liabilities as expenditures.



## **FISCAL YEAR 2019-20 BUDGET AND ECONOMIC CONDITIONS**

The following factors were considered in preparing the County's operating budget for fiscal year 2019-20:

- After several years of steady growth, the 2019-20 proposed budget reflects the narrowed potential for growth to continue. The proposed budget reflects expected decreases in revenue of \$5 million in Other Financing Sources, \$35.7 million in Intergovernmental revenues, \$1.5 million in Miscellaneous and \$2.2 million in Licenses & Permit fees primarily from reduced construction and cannabis license fees. The proposed budget also reflects expected increases from Taxes of \$11.6, Charges for Services of \$6.9 million and Interest Earnings of \$0.9 million.
- Total Governmental Fund budgeted revenues show a projected increase of 13.5%, or \$76.6 million, comparing 2019-20 budget to 2018-19 actual revenues. The 2019-20 budget shows an increase in General Fund total revenues of 10.8%, or \$55.4 million, compared to 2018-19 actual revenues.
- The budget appropriations for total Governmental Fund expenditures for fiscal year 2019-20 includes a 22.6% increase, or \$124.2 million, when compared to 2018-19.
- As of June 30, 2019, the available spendable General Fund balance was \$68.7 million. Of this amount, \$20 million was Committed and \$48.8 million is Assigned, but remains available for appropriation.
- There was an increase of 74.11 positions in the County. Departments within the General Government added 3 positions, the Health and Human Services department added 40.7 positions, Land use and community services added 4.91 positions and 25.5 positions were to Public Safety & Justice.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in 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 Auditor-Controller's Office, County of Santa Cruz, 701 Ocean Street, Room 100, Santa Cruz, CA 95060.



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# **BASIC FINANCIAL STATEMENTS**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**COUNTY OF SANTA CRUZ**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 223,867,208	\$ 10,264,941	\$ 234,132,149	\$ 15,542,639
Restricted cash	9,280,584	8,012,205	17,292,789	7,000,000
Receivables, net	68,657,201	2,316,936	70,974,137	1,072
Due from other funds	16,871,153	-	16,871,153	-
Deposits with others	240,000	755,532	995,532	-
Inventory	462,390	182,196	644,586	13,299
Prepaid items	1,599,400	-	1,599,400	-
Due from other governments	159,103	-	159,103	-
Loans receivable	60,545,063	32,729	60,577,792	-
Land held for resale	1,633,241	-	1,633,241	-
Notes receivable	-	-	-	55,077
Advances to other entities	128,000	-	128,000	-
Internal balances	(496,616)	496,616	-	-
Capital Assets:				
Nondepreciable assets	120,037,058	2,939,373	122,976,431	7,054,029
Depreciable assets, net	484,527,394	29,374,950	513,902,344	126,348,447
<b>Total assets</b>	<b>987,511,179</b>	<b>54,375,478</b>	<b>1,041,886,657</b>	<b>156,014,563</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on bond refunding	913,503	-	913,503	-
Deferred pensions	131,809,050	2,310,208	134,119,258	-
Deferred OPEB	6,866,884	147,125	7,014,009	-
<b>Total deferred outflows of resources</b>	<b>139,589,437</b>	<b>2,457,333</b>	<b>142,046,770</b>	<b>-</b>
<b>LIABILITIES</b>				
Payables	41,181,322	2,853,067	44,034,389	4,703,968
Accrued interest payable	675,839	132,266	808,105	54,697
Tax and revenue anticipation notes payable	46,795,000	-	46,795,000	-
Advances from other funds	16,871,153	-	16,871,153	-
Advances from grantors and third parties	45,904,776	-	45,904,776	-
Compensated absences:				
Due within one year	24,135,695	-	24,135,695	-
Due in more than one year	4,330,706	-	4,330,706	-
Estimated claims:				
Due within one year	14,435,360	-	14,435,360	-
Due in more than one year	33,945,000	-	33,945,000	-
Other long-term liabilities:				
Due within one year	6,173,519	480,727	6,654,246	574,503
Due in more than one year	59,965,508	14,737,000	74,702,508	15,107,161
OPEB liability	165,148,084	3,390,540	168,538,624	-
Net pension liability	473,986,275	8,295,073	482,281,348	-
<b>Total liabilities</b>	<b>933,548,237</b>	<b>29,888,673</b>	<b>963,436,910</b>	<b>20,440,329</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pensions	40,647,272	762,502	41,409,774	-
Deferred OPEB	10,761,755	219,256	10,981,011	-
<b>Total deferred inflows of resources</b>	<b>51,409,027</b>	<b>981,758</b>	<b>52,390,785</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	546,805,552	24,614,665	571,420,217	124,720,812
Restricted for:				
Debt service	3,867,157	-	3,867,157	-
Capital asset acquisition	17,995,473	-	17,995,473	-
Public safety	12,022,104	-	12,022,104	-
Health and public assistance	1,128,221	-	1,128,221	-
Public ways and facilities	31,378,524	-	31,378,524	-
Other	-	43,427	43,427	-
Unrestricted	(471,053,679)	1,304,288	(469,749,391)	10,853,422
<b>Total net position</b>	<b>\$ 142,143,352</b>	<b>\$ 25,962,380</b>	<b>\$ 168,105,732</b>	<b>\$ 135,574,234</b>

See accompanying Notes to Basic Financial Statements.

**COUNTY OF SANTA CRUZ  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 42,773,203	\$ 26,431,528	\$ 12,437,558	\$ -	\$ 38,869,086
Public protection	195,327,268	23,899,214	53,034,310	126,615	77,060,139
Public ways and facilities	27,257,982	7,085,304	8,946,911	22,702,601	38,734,816
Health and sanitation	154,535,767	39,863,109	103,638,645	-	143,501,754
Public assistance	144,066,059	1,070,589	101,503,423	-	102,574,012
Education	5,996,043	989	120,044	-	121,033
Recreation and cultural	11,772,114	3,354,164	12,878	-	3,367,042
Debt service	2,156,682	285,490	167,314	-	452,804
Total governmental activities	583,885,117	101,990,387	279,861,083	22,829,216	404,680,686
Business-type activities:					
County Disposal Sites CSA 9C	17,872,548	14,757,572	415,983	-	15,173,555
Boulder Creek CSA 7	542,155	510,949	-	-	510,949
Rolling Woods CSA 10	20,807	104,130	-	-	104,130
Septic Tank Maintenance CSA 12	1,123,854	1,191,292	-	-	1,191,292
Freedom County Sanitation District	766,024	988,340	-	-	988,340
Davenport Sanitation District	550,626	523,019	816,122	-	1,339,141
Place de Mer CSA 2	164,055	94,340	-	59	94,399
Sand Dollar Beach CSA 5	327,633	285,556	-	-	285,556
Trestle Beach CSA 20	50,904	50,521	-	-	50,521
Summit West CSA 54	2,117	139	-	-	139
Total business-type activities	21,420,723	18,505,858	1,232,105	59	19,738,022
<b>Total primary government</b>	<b>\$ 605,305,840</b>	<b>\$ 120,496,245</b>	<b>\$ 281,093,188</b>	<b>\$ 22,829,275</b>	<b>\$ 424,418,708</b>
<b>Component unit:</b>					
Santa Cruz County Sanitation District	\$ 24,091,030	\$ 25,664,972	\$ -	\$ -	\$ 25,664,972

**General Revenues:**

Taxes:

- Property taxes
- Property transfer fees
- Sales and use taxes
- Transient occupancy taxes
- Other taxes
- Total taxes

Interest and investment earnings

Gain on disposal of capital assets

Miscellaneous

**Total general revenues and transfers**

Change in net position before prior period adjustment

**Net position - beginning of year**

**Net position - end of year**

See accompanying Notes to Basic Financial Statements.



**COUNTY OF SANTA CRUZ**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**  
**STATEMENT OF ACTIVITIES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (3,904,117)	\$ -	\$ (3,904,117)	
(118,267,129)	-	(118,267,129)	
11,476,834	-	11,476,834	
(11,034,013)	-	(11,034,013)	
(41,492,047)	-	(41,492,047)	
(5,875,010)	-	(5,875,010)	
(8,405,072)	-	(8,405,072)	
(1,703,878)	-	(1,703,878)	
<u>(179,204,431)</u>	<u>-</u>	<u>(179,204,431)</u>	
-	(2,698,993)	(2,698,993)	
-	(31,206)	(31,206)	
-	83,323	83,323	
-	67,438	67,438	
-	222,316	222,316	
-	788,515	788,515	
-	(69,656)	(69,656)	
-	(42,077)	(42,077)	
-	(383)	(383)	
-	(1,978)	(1,978)	
<u>-</u>	<u>(1,682,701)</u>	<u>(1,682,701)</u>	
<u>\$ (179,204,431)</u>	<u>\$ (1,682,701)</u>	<u>\$ (180,887,132)</u>	
			<u>\$ 1,573,942</u>
118,050,839	39,924	118,090,763	-
2,586,323	-	2,586,323	-
13,971,185	-	13,971,185	-
9,216,903	-	9,216,903	-
9,332,753	-	9,332,753	-
<u>153,158,003</u>	<u>39,924</u>	<u>153,197,927</u>	<u>-</u>
6,619,121	366,015	6,985,136	263,233
60,056	52,140	112,196	-
19,944,622	1,607,679	21,552,301	-
<u>179,781,802</u>	<u>2,065,758</u>	<u>181,847,560</u>	<u>263,233</u>
577,371	383,057	960,428	1,837,175
141,565,981	25,579,323	167,145,304	133,737,059
<u>\$ 142,143,352</u>	<u>\$ 25,962,380</u>	<u>\$ 168,105,732</u>	<u>\$ 135,574,234</u>

See accompanying Notes to Basic Financial Statements.



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# FUND FINANCIAL STATEMENTS

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# GOVERNMENTAL FUND

## FINANCIAL STATEMENTS

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**General Fund** – The General Fund is used to account for sources and uses of financial resources traditionally associated with governments, which are not required to be accounted for in another fund.

**Off Highway, Road, and Transportation Fund** – The Off Highway, Road, and Transportation Fund provides for the construction and maintenance of County roads, along with transportation planning activities. Revenues consist primarily of State and Federal grants, State taxes, and a State subvention from vehicle license fees.

**Housing Fund** – The Housing Fund is primarily used to account for Community Development Block Grant Programs. The principal sources of revenues are State grants and housing rehabilitation loan repayments.

**Capital Projects Fund** – The Capital Projects Fund is used to account for financial resources to be used for the acquisition of land, and acquisition and construction of major facilities other than those financed by the proprietary funds.

**Nonmajor Governmental Funds** – Nonmajor Governmental Funds is the aggregate of all the nonmajor governmental funds.



**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2019**

	Major Funds					Total Governmental Funds
	General Fund	Off Highway, Road and Transportation Fund	Housing Fund	Capital Projects Fund	Nonmajor Governmental Funds	
<b>ASSETS</b>						
Cash and investments	\$ 145,693,586	\$ -	\$ 14,805,089	\$ 10,214,846	\$ 25,326,176	\$ 196,039,697
Restricted cash and investments	-	-	-	-	9,280,584	9,280,584
Receivables, net	44,043,651	21,909,841	-	1,410,122	1,004,478	68,368,092
Due from other funds	164,342	-	-	198,170	612,324	974,836
Due from other governments	-	-	-	159,103	-	159,103
Loans receivable	-	-	60,545,063	-	-	60,545,063
Deposits with others	90,000	-	-	-	-	90,000
Prepays	1,544,021	-	-	-	-	1,544,021
Land held for resale	16,350	-	1,616,891	-	-	1,633,241
Advances to other entities	128,000	-	-	-	-	128,000
<b>Total assets</b>	<b>\$ 191,679,950</b>	<b>\$ 21,909,841</b>	<b>\$ 76,967,043</b>	<b>\$ 11,982,241</b>	<b>\$ 36,223,562</b>	<b>\$ 338,762,637</b>
<b>LIABILITIES</b>						
Payables	\$ 29,583,107	\$ 1,741,418	\$ 294,769	\$ 3,078,302	\$ 2,967,098	\$ 37,664,694
Tax and revenue anticipation notes payable	46,795,000	-	-	-	-	46,795,000
Due to other funds	612,324	16,508,642	-	-	362,511	17,483,477
Advances from grantors and third parties	44,863,033	983,624	-	-	58,119	45,904,776
<b>Total liabilities</b>	<b>121,853,464</b>	<b>19,233,684</b>	<b>294,769</b>	<b>3,078,302</b>	<b>3,387,728</b>	<b>147,847,947</b>
<b>FUND BALANCES</b>						
Nonspendable	1,706,963	-	-	-	-	1,706,963
Restricted	-	2,676,157	76,672,274	8,903,939	32,835,834	121,088,204
Committed	19,957,098	-	-	-	-	19,957,098
Assigned	48,162,425	-	-	-	-	48,162,425
<b>Total fund balances</b>	<b>69,826,486</b>	<b>2,676,157</b>	<b>76,672,274</b>	<b>8,903,939</b>	<b>32,835,834</b>	<b>190,914,690</b>
<b>Total liabilities and fund balances</b>	<b>\$ 191,679,950</b>	<b>\$ 21,909,841</b>	<b>\$ 76,967,043</b>	<b>\$ 11,982,241</b>	<b>\$ 36,223,562</b>	<b>\$ 338,762,637</b>

See accompanying Notes to Basic Financial Statements.

**COUNTY OF SANTA CRUZ  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
June 30, 2019**

<b>Total Fund Balances - Total Governmental Funds</b>		<b>\$ 190,914,690</b>
Amounts reported for Governmental Activities in the Statement of Net Position were different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. (Net of \$10,512,496 of internal service fund capital assets.)		592,904,912
Deferred outflows of resources reported in the Statement of Net Position are not reported in the governmental funds.		124,717,326
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Position:		
Internal service funds included in governmental activities		(63,102,271)
Transfer of internal service funds to business-type activities		(496,616)
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental funds.		
Refunding certificates of participation, including premium	(33,648,084)	
Lease revenue bonds	(21,083,730)	
Lease revenue refunding bonds, including premium	(1,427,567)	
Certificates of participation, including premium	(5,847,488)	
Revenue bonds	(35,000)	
Pension liability	(421,789,583)	
Other post-employment benefits (OPEB) liability	(145,774,862)	
Compensated absences	(23,854,866)	
Capital leases	(3,428,802)	(656,889,982)
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds.		(675,839)
Deferred inflows of resources reported in the Statement of Net Position are not reported in the governmental funds.		<u>(45,228,868)</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 142,143,352</u></b>

See accompanying Notes to Basic Financial Statements.



**COUNTY OF SANTA CRUZ**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Major Funds					Total Governmental Funds
	General Fund	Off Highway, Road and Transportation Fund	Housing Fund	Capital Projects Fund	Nonmajor Governmental Funds	
<b>REVENUES:</b>						
Taxes	\$ 129,859,218	\$ 3,243,303	\$ -	\$ -	\$ 20,055,482	\$ 153,158,003
Licenses and permits	12,547,996	-	-	-	43,248	12,591,244
Fines, forfeits and penalties	10,755,614	-	-	(679)	41,069	10,796,004
Use of money and property	4,998,934	(273,805)	458,079	93,025	653,613	5,929,846
Aid from other governments	261,544,845	31,454,190	558,671	7,531,836	1,600,757	302,690,299
Charges for services	64,226,435	2,586,525	831,618	315,984	10,642,575	78,603,137
Other	17,014,591	1,692,598	682,639	522,119	32,675	19,944,622
<b>Total revenues</b>	<b>500,947,633</b>	<b>38,702,811</b>	<b>2,531,007</b>	<b>8,462,285</b>	<b>33,069,419</b>	<b>583,713,155</b>
<b>EXPENDITURES:</b>						
Current:						
General government	35,099,570	-	-	-	450,916	35,550,486
Public protection	157,631,400	-	-	-	14,604,681	172,236,081
Public ways and facilities	209,586	31,698,154	-	-	5,296,181	37,203,921
Health and sanitation	142,511,500	-	-	-	32,351	142,543,851
Public assistance	130,455,938	-	3,708,939	-	-	134,164,877
Education	135,342	-	-	-	5,617,801	5,753,143
Recreation and cultural	8,754,471	-	-	-	1,705,617	10,460,088
Debt service:						
Principal	551,940	-	-	-	5,025,348	5,577,288
Interest	794,395	-	-	-	1,925,303	2,719,698
Fiscal charges	111,013	-	-	-	101,796	212,809
Capital outlay	-	-	-	17,770,389	-	17,770,389
<b>Total expenditures</b>	<b>476,255,155</b>	<b>31,698,154</b>	<b>3,708,939</b>	<b>17,770,389</b>	<b>34,759,994</b>	<b>564,192,631</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>24,692,478</b>	<b>7,004,657</b>	<b>(1,177,932)</b>	<b>(9,308,104)</b>	<b>(1,690,575)</b>	<b>19,520,524</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	2,629,243	660,160	-	12,061,354	7,138,564	22,489,321
Transfers out	(17,933,533)	-	-	(581,776)	(4,641,734)	(23,157,043)
Inception of capital lease	30,033	-	-	-	-	30,033
<b>Total other financing sources (uses)</b>	<b>(15,274,257)</b>	<b>660,160</b>	<b>-</b>	<b>11,479,578</b>	<b>2,496,830</b>	<b>(637,689)</b>
<b>Net change in fund balances</b>	<b>9,418,221</b>	<b>7,664,817</b>	<b>(1,177,932)</b>	<b>2,171,474</b>	<b>806,255</b>	<b>18,882,835</b>
Fund balances - beginning	60,408,265	(4,988,660)	77,850,206	6,732,465	32,029,579	172,031,855
Fund balances - ending	<b>\$ 69,826,486</b>	<b>\$ 2,676,157</b>	<b>\$ 76,672,274</b>	<b>\$ 8,903,939</b>	<b>\$ 32,835,834</b>	<b>\$ 190,914,690</b>

See accompanying Notes to Basic Financial Statements.

**COUNTY OF SANTA CRUZ  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>18,882,835</b>
Amounts reported for governmental activities in the Statement of Activities were different because:		
Governmental funds reported acquisitions of capital assets as part of capital outlay expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense:		
Expenditures for general capital assets, infrastructure, and other related capital assets	47,569,038	
Retirement of capital assets	(371,702)	
Less current year depreciation	(22,845,710)	24,351,626
Issuance of long-term debt provided current financial resources to the governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Also, the governmental funds report the effect of issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:		
Inception of capital lease	(30,033)	(30,033)
Repayment of debt principal was an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position:		
Refunding certificates of participation	3,620,000	
Certificates of participation	575,000	
Lease revenue bonds	855,000	
Lease revenue refunding bonds	68,918	
Local agency revenue bonds	35,000	
Capital leases	1,027,256	6,181,174
Some expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources. Therefore, they are not reported as expenditures in the governmental funds:		
Amortization of bond premium/discount	79,155	
Change in accrued interest payable	199,902	
Change in compensated absences	(71,888)	
Change in deferred loss on bond refunding	(107,118)	
Change in other postemployment benefits (OPEB) liability	(3,846,087)	
Change in net pension liability	(33,701,821)	(37,447,857)
Internal service funds were used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds was reported with governmental activities.		(11,219,719)
Reverse of prior year transfer of internal service funds to business-type activities.		355,961
Transfer of internal service funds to business-type activities.		(496,616)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>577,371</b>

See accompanying Notes to Basic Financial Statements.

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# PROPRIETARY FUND

## FINANCIAL STATEMENTS

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**Proprietary Funds** – Proprietary Funds consist of Enterprise Funds and Internal Service Funds.

**Enterprise Funds** – The Enterprise Funds are used to account for County operations that are financed and operated in a manner similar to private business enterprises. The intent of the County in using this type of fund is to determine that the costs (expenses, including depreciation) of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

**County Disposal Sites CSA 9C** – The County Disposal Sites CSA 9C Fund is used to account for the activities of the County’s refuse utility, which provides refuse pick-up services, recycling services, and a sanitary landfill for residents of the County.

**Internal Service Funds** – The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.



**COUNTY OF SANTA CRUZ**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2019**

	Business-Type Activities - Enterprise Funds			Governmental
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 5,512,698	\$ 4,752,243	\$ 10,264,941	\$ 27,827,511
Restricted cash	8,012,205	-	8,012,205	-
Receivables	703,901	1,613,035	2,316,936	289,109
Due from other funds	-	-	-	16,508,642
Deposits with others	738,696	16,836	755,532	150,000
Inventory	182,196	-	182,196	462,390
Prepaid items	-	-	-	55,379
<b>Total current assets</b>	<b>15,149,696</b>	<b>6,382,114</b>	<b>21,531,810</b>	<b>45,293,031</b>
Noncurrent assets:				
Loans receivable	-	32,729	32,729	-
Capital assets:				
Land	1,858,849	-	1,858,849	97,087
Construction in progress	-	1,080,524	1,080,524	5,750
Depreciable:				
Buildings and structures	32,043,489	24,473,097	56,516,586	3,998,400
Equipment	9,897,962	81,586	9,979,548	32,998,875
Accumulated depreciation	(26,901,061)	(10,220,123)	(37,121,184)	(25,440,572)
Capital assets, net	16,899,239	15,415,084	32,314,323	11,659,540
<b>Total noncurrent assets</b>	<b>16,899,239</b>	<b>15,447,813</b>	<b>32,347,052</b>	<b>11,659,540</b>
<b>Total assets</b>	<b>32,048,935</b>	<b>21,829,927</b>	<b>53,878,862</b>	<b>56,952,571</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension	2,310,208	-	2,310,208	14,062,925
Deferred OPEB	147,125	-	147,125	809,186
<b>Total deferred outflows of resources</b>	<b>2,457,333</b>	<b>-</b>	<b>2,457,333</b>	<b>14,872,111</b>
<b>LIABILITIES</b>				
Current liabilities:				
Payables	2,059,441	793,626	2,853,067	3,516,628
Current portion of long-term liabilities	274,707	50,500	325,207	-
Capital leases	155,520	-	155,520	506,164
Claims liability	-	-	-	14,435,360
Compensated absences, due within one year	-	-	-	3,501,038
Accrued interest payable	131,708	558	132,266	-
<b>Total current liabilities</b>	<b>2,621,376</b>	<b>844,684</b>	<b>3,466,060</b>	<b>21,959,190</b>
Noncurrent liabilities:				
Long-term liabilities	5,755,603	92,467	5,848,070	-
Capital leases	1,388,658	-	1,388,658	162,192
Claims liability	-	-	-	33,945,000
Closure and postclosure care costs liability	7,500,272	-	7,500,272	-
Compensated absences, due in more than one year	-	-	-	1,110,497
OPEB liability	3,390,540	-	3,390,540	19,373,222
Net pension liability	8,295,073	-	8,295,073	52,196,692
<b>Total noncurrent liabilities</b>	<b>26,330,146</b>	<b>92,467</b>	<b>26,422,613</b>	<b>106,787,603</b>
<b>Total liabilities</b>	<b>28,951,522</b>	<b>937,151</b>	<b>29,888,673</b>	<b>128,746,793</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension	762,502	-	762,502	4,918,717
Deferred OPEB	219,256	-	219,256	1,261,442
<b>Total deferred inflows of resources</b>	<b>981,758</b>	<b>-</b>	<b>981,758</b>	<b>6,180,159</b>
<b>NET POSITION</b>				
Net investment in capital assets	9,324,751	15,289,914	24,614,665	10,992,074
Restricted for:				
Debt service	-	43,427	43,427	1,488,808
Unrestricted	(4,751,763)	5,559,435	807,672	(75,583,152)
<b>Total net position</b>	<b>\$ 4,572,988</b>	<b>\$ 20,892,776</b>	<b>25,465,764</b>	<b>\$ (63,102,270)</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			496,616	
Net Position of Business-type Activities per Government-Wide Financial Statements			<b>\$ 25,962,380</b>	

**COUNTY OF SANTA CRUZ**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities Internal Service Funds
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 14,757,572	\$ 3,748,286	\$ 18,505,858	\$ 79,911,961
Other revenues	199,073	1,413,742	1,612,815	895,812
<b>Total operating revenues</b>	<u>14,956,645</u>	<u>5,162,028</u>	<u>20,118,673</u>	<u>80,807,773</u>
<b>OPERATING EXPENSES:</b>				
Salaries and employee benefits	-	-	-	46,085,646
Services and supplies	15,974,826	3,061,294	19,036,120	19,587,079
Insurance and compensation claims	-	-	-	25,395,468
Depreciation and amortization	1,528,099	497,686	2,025,785	2,272,713
<b>Total operating expenses</b>	<u>17,502,925</u>	<u>3,558,980</u>	<u>21,061,905</u>	<u>93,340,906</u>
<b>Operating income (loss)</b>	<u>(2,546,280)</u>	<u>1,603,048</u>	<u>(943,232)</u>	<u>(12,533,133)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Intergovernmental	415,987	816,181	1,232,168	-
Interest and investment income	280,927	85,088	366,015	689,275
Property taxes	-	39,924	39,924	-
Gain on disposal of capital assets	47,000	-	47,000	60,056
Loss on disposal of capital assets	(238,301)	-	(238,301)	(20,846)
Interest expense	(255,530)	(5,642)	(261,172)	(82,793)
<b>Total nonoperating revenues (expenses)</b>	<u>250,083</u>	<u>935,551</u>	<u>1,185,634</u>	<u>645,692</u>
<b>Income (loss) before transfers</b>	<u>(2,296,197)</u>	<u>2,538,599</u>	<u>242,402</u>	<u>(11,887,441)</u>
Transfers in	-	-	-	1,077,840
Transfers out	-	-	-	(410,118)
<b>Change in net position</b>	<u>(2,296,197)</u>	<u>2,538,599</u>	<u>242,402</u>	<u>(11,219,719)</u>
Net position - beginning	6,869,185	18,354,177	25,223,362	(51,882,551)
Net position - ending	<u>\$ 4,572,988</u>	<u>\$ 20,892,776</u>	<u>25,465,764</u>	<u>\$ (63,102,270)</u>
Change in Net Position of Business-type Activities			242,402	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			140,655	
Change in Net Position of Business-type Activities per Government-Wide Financial Statements			<u>\$ 383,057</u>	



**COUNTY OF SANTA CRUZ  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds			Governmental
	County	Nonmajor	Total	Activities
	Disposal	Enterprise		Internal
	Sites CSA 9C	Funds		Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 14,063,888	\$ 3,748,981	\$ 17,812,869	\$ 79,810,984
Receipts from interfund charges for services	-	-	-	(7,399,872)
Payments to suppliers for goods and services	(5,153,217)	(561,603)	(5,714,820)	(26,023,688)
Payments to employees for salaries and benefits	-	-	-	(37,212,246)
Payments to other funds for services provided	(7,967,793)	(603,391)	(8,571,184)	-
Payments for judgments and claims	-	-	-	(16,137,247)
Other receipts	-	1,413,168	1,413,168	17,847,317
<b>Net cash provided (used) by operating activities</b>	<b>942,878</b>	<b>3,997,155</b>	<b>4,940,033</b>	<b>10,885,248</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers from other funds	-	-	-	1,077,840
Transfers to other funds	-	-	-	(8,885,871)
Operating grants	415,989	(887,456)	(471,467)	-
Property taxes	-	39,929	39,929	-
<b>Net cash provided by noncapital financing activities</b>	<b>415,989</b>	<b>(847,527)</b>	<b>(431,538)</b>	<b>(7,808,031)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(2,842,072)	(3,464,234)	(6,306,306)	(3,238,601)
Proceeds from capital related debt	1,543,405	-	1,543,405	-
Principal paid on capital debt	(266,131)	(49,176)	(315,307)	(516,723)
Interest paid on capital debt	(229,905)	(5,642)	(235,547)	(82,793)
Proceeds from sale of capital assets	47,000	-	47,000	25,643
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,747,703)</b>	<b>(3,519,052)</b>	<b>(5,266,755)</b>	<b>(3,812,474)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	280,927	85,088	366,015	640,102
<b>Net cash provided (used) by investing activities</b>	<b>280,927</b>	<b>85,088</b>	<b>366,015</b>	<b>640,102</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(107,909)</b>	<b>(284,336)</b>	<b>(392,245)</b>	<b>(95,155)</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	13,632,812	5,036,579	18,669,391	27,922,666
End of year	<u>\$ 13,524,903</u>	<u>\$ 4,752,243</u>	<u>\$ 18,277,146</u>	<u>\$ 27,827,511</u>

(Continued)



**COUNTY OF SANTA CRUZ  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (2,546,280)	\$ 1,603,048	\$ (943,232)	\$ (12,533,133)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,528,099	497,686	2,025,785	2,272,713
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	427,502	128	427,630	(150,152)
Due from other funds	-	-	-	9,551,633
Deposits with others	(727,215)	-	(727,215)	-
Inventory	(917)	-	(917)	(447,581)
Prepaid items	-	-	-	40,706
Increase (decrease) in:				
Payables	1,633,748	1,896,293	3,530,041	3,277,660
Accrued salaries and benefits	-	-	-	8,873,402
Closure and postclosure care liability	627,941	-	627,941	-
Total adjustments	3,489,158	2,394,107	5,883,265	23,418,381
<b>Net cash provided (used) by operating activities</b>	<b>\$ 942,878</b>	<b>\$ 3,997,155</b>	<b>\$ 4,940,033</b>	<b>\$ 10,885,248</b>
<b>Schedule of non-cash capital and related financing activities:</b>				
Purchase of machinery, equipment and vehicles on account	5,083,308	3,437,896	8,521,204	3,238,601



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# FIDUCIARY FUND

## FINANCIAL STATEMENTS

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***Fiduciary Funds*** – The Fiduciary Funds are used to account for resources held for the benefit of parties outside the County. 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.

***Agency Funds*** – The Agency Funds are used to account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the County, acting in the capacity of an agent, for distribution to other governmental entities or other organizations.

***Investment Trust Fund*** – The Investment Trust Fund is used to account for the investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities.

***Private Purpose Trust Fund*** – The Private Purpose Trust Fund is used to report resources of other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.



**COUNTY OF SANTA CRUZ  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
June 30, 2019**

	Agency Funds	Investment Trust Fund	Private Purpose Trust Fund
<b>ASSETS</b>			
Cash and investments	\$ 50,749,438	\$ 531,043,627	\$ 14,449,294
Restricted cash with fiscal agents	-	-	4,502
Receivables	12,202,377	-	-
Prepaid insurance	-	-	1,531,097
Capital assets, net	-	-	9,114,559
<b>Total assets</b>	<u>\$ 62,951,815</u>	<u>\$ 531,043,627</u>	<u>\$ 25,099,452</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on refunding of debt	\$ -	\$ -	\$ 272,471
<b>Total deferred outflows of resources</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272,471</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 6,798,376	\$ -	\$ 7,295
Interest payable	-	-	2,860,730
Due to other governmental units	23,253,533	-	-
Agency funds held for others	32,899,906	-	-
Long-term debt	-	-	209,050,412
<b>Total liabilities</b>	<u>\$ 62,951,815</u>	<u>\$ -</u>	<u>\$ 211,918,437</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred tax increment revenue	\$ -	\$ -	\$ 563,927
Gain on refunding of debt	-	-	1,122,557
<b>Total deferred inflows of resources</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,686,484</u>
<b>NET POSITION</b>			
Net position held in trust	<u>\$ -</u>	<u>\$ 531,043,627</u>	<u>\$ (188,232,998)</u>

See accompanying Notes to Basic Financial Statements.



**COUNTY OF SANTA CRUZ  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Investment Trust Fund</u>	<u>Private Purpose Trust Fund</u>
<b>ADDITIONS</b>		
<b>Contributions:</b>		
Contributions to investment pool	\$ 1,521,430,601	\$ -
<b>Total contributions</b>	<u>1,521,430,601</u>	<u>-</u>
Investment income	9,875,778	228,383
Incremental property taxes	-	17,287,620
Other revenue	-	59,615
<b>Total Additions</b>	<u>1,531,306,379</u>	<u>17,575,618</u>
<b>DEDUCTIONS</b>		
Distributions from investment pool	1,584,330,844	-
Payments in accordance with enforceable obligations	-	7,748,568
<b>Total Deductions</b>	<u>1,584,330,844</u>	<u>7,748,568</u>
Change in net position held in trust	(53,024,465)	9,827,050
Net position held in trust - beginning of year	<u>584,068,092</u>	<u>(198,060,048)</u>
Net position held in trust - end of year	<u>\$ 531,043,627</u>	<u>\$ (188,232,998)</u>

See accompanying Notes to Basic Financial Statements.





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# **NOTES TO BASIC FINANCIAL STATEMENTS**

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**COUNTY OF SANTA CRUZ  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2019  
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**COUNTY OF SANTA CRUZ  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Reporting Entity***

The County of Santa Cruz (County) was established by an act of the State Legislature of California in 1850 and is governed by a five-member elected Board of Supervisors (the Board). The Board is responsible for the legislative and executive control of the County. The County provides various services on a countywide basis including law and justice, education, detention, social, health, hospital, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

As required by generally accepted accounting principles in the United States (GAAP), the accompanying basic financial statements present the County (the primary government) and its component units. Component units are legally separate entities for which the Board is considered to be financially accountable. Component units are entities that meet any one of the following tests:

1. The Board appoints the voting majority of the board and:
  - ◆ is able to impose its will on the component unit and/or
  - ◆ is in a relationship of financial benefit or burden with the component unit
2. The component unit is fiscally dependent upon the County.
3. The financial statements of the County would be misleading if data from the component unit were omitted.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities, are, in substance, part of the County's operations and so data from these units are combined with data of the primary government. The discretely presented component unit is reported in a separate column in the Government-Wide Financial Statements since it does not have a shared governing body nor is it of exclusive or almost exclusive benefit to the primary government.

**Blended Component Units**

The following entities serve citizens of the County and provide for the construction and maintenance of County parks and recreation, police protection, mosquito abatement, fire protection, street lighting, roads, flood control, sewer, and refuse disposal districts. They are reported as if they were part of the primary government because they are governed by the Board. The Board establishes the work program and adopts the budget. Administrative services are provided by various departments of the County.

*Santa Cruz County Flood Control and Water Conservation District – Zone 7*

Santa Cruz County Flood Control and Water Conservation District – Zone 7 (Zone 7) was established to provide funding for the local share of proposed Army Corps of Engineers flood control projects on the Pajaro River, Salsipuedes Creek, and Corralitos Creek. Zone 7 is governed by a seven-member board consisting of a Board of Directors and two additional members, one appointed by the City of Watsonville and another appointed by the Pajaro Valley Water Management Agency. Administrative services are provided by the County's Department of Public Works. Complete financial statements may be obtained from the Department of Public Works at 701 Ocean Street, Room 410, Santa Cruz, CA 95060.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**A. *Reporting Entity*** (Continued)

**Blended Component Units**, (Continued)

*Santa Cruz County Financing Authorities*

The Santa Cruz County Financing Authorities (Authorities) facilitate financing for the County. The Authorities are established and governed by the Board and are not legally required to adopt a budget. Administrative services are provided by the County. Complete financial statements may be obtained from the County at 701 Ocean Street, Room 100, Santa Cruz, CA 95060.

**Discretely Presented Component Unit**

*Santa Cruz County Sanitation District*

The Santa Cruz County Sanitation District (District) is included as a discretely presented component unit of the County because: 1) the Board appoints the District's governing board, and 2) the District has an ongoing relationship with the County. The District is governed by a three-member board and managed by the County's Department of Public Works under the direction of the District Board of Directors. The District, as a component unit, is presented separately from the primary government in the Government-Wide Financial Statements. Administrative services are provided by the County Department of Public Works and central support departments (i.e., personnel, purchasing, treasury, etc.). Complete financial statements may be obtained from the County, 701 Ocean Street, Room 410, Santa Cruz, CA 95060.

**Districts Governed by the Board of Supervisors**

*Public Protection*

- Aptos Seascapes County Service Area (CSA) 3
- County Fire Protection CSA 48
- Police Protection CSA 38
- Pajaro Storm Drain Maintenance District
- Pajaro Dunes Fire Protection CSA 4
- Pajaro Dunes Station Maintenance Fund
- Pajaro Dunes Station Assessment District Reserve
- Santa Cruz County Flood Control and Water Conservation Zone 4
- Santa Cruz County Flood Control and Water Conservation Zone 5
- Santa Cruz County Flood Control and Water Conservation Zone 6
- Santa Cruz County Flood Control and Water Conservation Zone 8
- Santa Cruz County Flood Control and Water Conservation Zone – General

*Health and Sanitation*

- Pasatiempo Rolling Woods Sewer District

*Recreation and Culture*

- Streetscape CSA 9E
- Parks and Recreation District CSA 11
- CSA 11 Zone E
- CSA 11L Lompico Community

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**A. Reporting Entity** (Continued)

*Public Ways and Facilities*

- County Highway Lighting CSA 9
- County Highway Residential Lighting CSA 9 Zone A
- School Crossing Guard CSA 9 Zone B
- County Road Maintenance CSA 9D Zone 1
- County Road Maintenance CSA 9D Zone 2
- CSA 9D Zone 3
- Hutchinson Road CSA 13
- Oakflat Road CSA 13A
- Huckleberry Woods Road CSA 15
- Robak Drive CSA 16
- Empire Acres CSA 17
- Whitehouse Canyon CSA 18
- Westdale Drive CSA 21
- Kelly Hill CSA 22
- Old Ranch Road CSA 23
- Pineridge CSA 24
- Viewpoint Road CSA 25
- Hidden Valley CSA 26
- Lomond Terrace CSA 28
- Glenwood Acres CSA 30
- View Circle CSA 32
- Soquel Village Parking Improvement
- Underground Utilities #4-41st Ave.
- Redwood Drive CSA 33
- Larsen Road CSA 34
- County Estates CSA 35
- Forest Glen CSA 36
- Roberts Road CSA 37
- Reed Street CSA 39
- Ralston Way CSA 40
- Loma Prieta CSA 41
- Sunlit Lane CSA 42
- Bonita-Encino Drive CSA 43
- Sunbeam Woods CSA 44
- Pinecrest CSA 46
- Braemoor CSA 47
- Vineyard CSA 50
- Hopkins Gulch CSA 51
- Upper Pleasant Valley CSA 52
- Mosquito Abatement CSA 53
- Riverdale Park Road CSA 55
- Felton Grove CSA 56
- Mansfield Street Assessment Dist.
- Ridge Drive CSA 58
- McGaffigan Mill Road CSA 59
- Soquel Village CSA 9F

*Geologic Hazard Abatement Districts (GHAD)*

- Corralitos GHAD
- Mid-County GHAD
- Heartwood GHAD

The following Board of Supervisors Governed District funds are reported as Enterprise Funds (Sewer and Refuse Disposal Districts):

- Boulder Creek CSA 7
- Rolling Woods CSA 10
- Septic Tank Maintenance CSA 12
- Freedom County Sanitation District
- Davenport County Sanitation District
- County Disposal Sites CSA 9C
- Sand Dollar Beach CSA 5
- Trestle Beach CSA 20
- Summit West CSA 54

**B. Basis of Accounting and Measurement Focus**

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below. The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purpose of which they are to be spent and means by which spending activities are controlled.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. *Basis of Accounting and Measurement Focus*** (Continued)

*New Accounting Pronouncements*

The following GASB Statements have been implemented in the current financial statements:

*GASB Statement No. 83*

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this statement are effective for the County's fiscal year beginning after June 15, 2018. This statement does not have a significant impact on the County's financial statements.

*GASB Statement No. 88*

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, addresses the information that is disclosed in notes to the financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for the County's fiscal year beginning after June 15, 2018.

*Upcoming Accounting Pronouncements*

The following GASB Statements will become effective for fiscal years subsequent to June 30, 2019. The County is currently analyzing its accounting practices to determine the potential impact on the financial statements for these GASB Statements.

*GASB Statement No. 84*

GASB Statement No. 84, *Fiduciary Activities*, provides improved guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. The requirements of this statement are effective for the County's fiscal year beginning after December 15, 2018.

*GASB Statement No. 87*

GASB Statement No. 87, *Leases*, addresses accounting and financial reporting for leases that were previously reported as operating leases by establishing a single model for lease accounting. The impact of implementation on the County's financial statements has not been fully judged. The requirements of this statement are effective for the County's fiscal year beginning after December 15, 2019.

*GASB Statement No. 89*

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this statement are effective for the County's fiscal year beginning after December 15, 2019.

*GASB Statement No. 90*

GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*, is intended to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the County's fiscal year beginning after December 15, 2018.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. *Basis of Accounting and Measurement Focus*** (Continued)

*New Accounting Pronouncements* (Continued)

*GASB Statement No. 91*

GASB Statement No. 91, *Conduit Debt Obligations*, is intended to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the County's fiscal year beginning after December 15, 2020.

*Government-Wide Financial Statements*

The County's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the County accompanied by a total column, as well as its discretely presented component unit. Fiduciary activities of the County are not included in these statements.

These basic financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the County in three categories:

- Fees, fines, and charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made to interfund activities as prescribed by GASB Statement No. 34. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column, if any. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to and from other funds
- Advances to and from other funds
- Transfers in and out

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. *Basis of Accounting and Measurement Focus*** (Continued)

Government-Wide Financial Statements (Continued)

The County prepares a County-wide cost allocation plan in accordance with United States Office of Management and Budget (OMB) Circular A-87. Using this directive, all indirect support costs are allocated to County funds and departments using a step-down method so that the true cost of operations can be included in determining the rates to be charged to users.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. The County has presented all major funds that met the applicable criteria.

The County reports the following major governmental funds:

**General Fund** – 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 specialized funds.

**Off Highway Road and Transportation Fund** – accounts for the County’s road and transportation fund. Revenues come primarily from State and Federal grants, State taxes, and a State subvention from vehicle license fees.

**Housing Fund** – accounts for the County’s housing developments and loans. Revenues come from State and Federal awards and grants, and offsets from major housing projects as well as housing impact fees.

**Capital Projects Fund** – used to account for the construction or acquisition of capital assets such as land, construction-in-progress, buildings and improvements, improvements other than buildings, and infrastructure. Revenues are provided by County Lease Revenue bonds as well as contributions from the former Redevelopment Agency per the County-Redevelopment Agency Cooperation Agreement.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recognized when “*measurable*” and “*available*.” Measurable means knowing or being able to reasonably estimate the amount. Available means having been earned and collectible within the current period or within 60 days after year-end for property tax revenues, and 180 days after year-end with limited exceptions extending the availability period for certain grant revenues. Expenditures (including capital outlay) are recorded when the related liability is incurred, except for debt service expenditures (principal and interest), as well as expenditures related to compensated absences, which are reported when due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Reconciliations of the Governmental Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. *Basis of Accounting and Measurement Focus*** (Continued)

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Fund Net Position; and a Statement of Cash Flows for all proprietary funds. The County reports the following major proprietary funds:

**County Disposal Sites CSA 9C Fund** – Accounts for the operation and expansion of the County’s landfills and implementation of state mandated environmental health programs. User fees, service area charges and revenues from the waste recovery and recycling projects finance the fund.

**Internal Service Funds** – Accounts for central duplicating, information services, public works, fleet management, and self-insurance services provided to other departments, or to other governments, on a cost reimbursement basis. Internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

The other proprietary funds provide sewer collection, treatment, and disposal services as well as septic tanks and water treatment within their area of service, along with unincorporated parts of the County.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position for all Agency Funds, the Investment Trust Fund, and the Private Purpose Trust Fund and a Statement of Changes in Net Position for the Investment Trust Fund and the Private Purpose Trust Fund. The County reports the following fiduciary funds:

**Agency Funds** – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are accounted for using the accrual basis accounting. These funds, including State and County revenue funds, tax collection funds, deposit funds, and clearing and revolving funds, account for assets held by the County in an agency capacity for individuals or other government units.

**Investment Trust Fund** – Accounts for the external portion of the County Treasurer’s investment pool, which commingles resources of legally separate local governments with the County in an investment portfolio for the benefit of all participants.

**Private Purpose Trust Fund** – Reports resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Private purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. This fund is used to report the assets, deferred outflows of resources, liabilities, deferred inflows of resources and activities of the County of Santa Cruz Redevelopment Successor Agency.

**C. *Cash, Cash Equivalents and Investments***

The County’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. *Cash, Cash Equivalents and Investments* (Continued)

The County participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* (LAIF) which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as well as to changes in interest rates.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*, certain disclosure requirements, if applicable, are provided for deposit and investment risk in the following areas:

- Interest Rate Risk
- Credit Risk
  - ◆ Overall
  - ◆ Custodial Credit Risk
  - ◆ Concentration of Credit Risk
- Foreign Currency Risk

All cash and investments of proprietary funds are held in the County's investment pool. Therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for purposes of the Statement of Cash Flows as these cash pools have the general characteristic of a demand deposit account.

### D. *Interfund Transactions*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., current portion of interfund loans) or "advances from/to other funds" (i.e., noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as "internal balances."

### E. *Inventories and Prepaid Items*

Inventories within the various fund types consist of materials and supplies which are valued at cost on a first-in, first-out basis. Cost is determined by the weighted average cost method. A reservation of fund balance has been reported in the governmental funds to show that inventories do not constitute "available spendable resources."

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased. A reservation of fund balance has been reported in the governmental funds to show that prepaid amounts do not constitute "available spendable resources."

### F. *Capital Assets*

#### **Government-Wide Financial Statements**

Capital assets, which include land, construction-in-progress, buildings and improvements, improvements other than buildings, machinery and equipment, autos and trucks, equipment under capitalized leases, and infrastructure assets (e.g., roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. County policy has set the capitalization threshold for reporting capital assets at \$5,000 (for equipment and vehicles) and \$25,000 (for infrastructure, buildings and structures). Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**F. Capital Assets** (Continued)

**Government-Wide Financial Statements** (Continued)

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Infrastructure	4-65 years
Buildings and structures	10-50 years
Equipment and vehicles	2-15 years

For infrastructure systems, the County elected to use the “Basic Approach” as defined by GASB Statement No. 34 for infrastructure reporting.

The County defines infrastructure as the basic physical assets that allow the County to function. The assets include streets, bridges, sidewalks, drainage systems, lighting systems, etc. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

**Fund Financial Statements**

The Governmental Fund Financial Statements do not present General Government capital assets. Consequently, capital assets are shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

The capital assets of the enterprise funds in the Proprietary Fund Financial Statements are the same as those shown in the business-type activities of the Government-Wide Financial Statements. Internal Service Funds’ capital assets are combined with governmental activities.

**G. Land Held for Resale**

Land held for resale is carried at cost. The amount equal to the carrying value of land is included in the restricted fund balance because such assets are restricted for the purpose of the fund.

**H. Deferred Outflows and Inflows of Resources**

The County recognizes deferred outflows of resources and deferred inflows of resources in accordance with GASB Statement No. 63 and GASB Statement No. 65. Deferred outflows and inflows of resources were items previously reported as assets and liabilities and are defined as “a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively.”

**I. Long-Term Debt**

**Government-Wide Financial Statements**

Long-term debt and other financed obligations are reported as liabilities in Government-Wide Financial Statements and the Proprietary Fund Financial Statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

***I. Long-Term Debt*** (Continued)

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Debt issuance costs should be reported as expenses in the period incurred.

**Fund Financial Statements**

The Governmental Fund Financial Statements do not present long-term debt. As such, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

***J. Compensated Absences***

**Government-Wide Financial Statements**

For governmental and business-type activities, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

**Fund Financial Statements**

In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the County's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such funds' share of the unpaid liability is recorded as a long-term liability of the fund. Vested or accumulated compensated absences in proprietary funds are recorded as an expense and liability of those funds as the benefits accrue to employees. Accrued but unpaid liabilities at year-end are recorded in the respective funds.

***K. Claims Payable***

The County records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims includes "incurred but not reported" (IBNR) claims. There is no fixed payment schedule to pay these liabilities.

***L. Pensions***

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Pension Plans note and the required supplementary information (RSI) on page 130 of this report), regardless of the amount recognized as pension expenditures on the governmental fund financial statements, which use the modified accrual basis of accounting.

In general, the County recognizes a net pension liability, which represents the County's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of the County's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**L. Pensions** (Continued)

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

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

**M. Other Postemployment Benefits (OPEB)**

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's OPEB Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

**N. Net Position and Fund Balances**

**Government-Wide Financial Statements** - In the Government-Wide Financial Statements, net position is classified into the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

**Fund Financial Statements** - In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**N. Net Position and Fund Balances** (Continued)

**Fund Financial Statements** (Continued)

Assigned fund balance – amounts that are constrained by the County’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose.

The Board of Supervisors has the authority to assign funds for a specific purpose with a simple majority vote. The same action is required to change or remove an assignment.

The County Administrative Officer also has the authority to assign funds for specific purposes, and to change or remove the assignment. The establishment, change or removal of an assignment by the County Administrative Officer must be reported to the Board of Supervisors at the next Board meeting. The Board may change or remove an assignment established by the County Administrative Officer with a simple majority vote.

An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year’s budget may be classified as assigned fund balance.

Unassigned fund balance – the residual classification for the County’s General Fund that includes amounts not contained in the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance amount. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, and it may be necessary to report a negative unassigned fund balance in that fund.

The County considers restricted fund balances to be spent first when both restricted and unrestricted resources are available for use. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the County considers Committed amounts to be reduced first, followed by Assigned amounts and then Unassigned amounts.

**Fund Balance Policy** - The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County needs to maintain unrestricted fund balance in its County funds sufficient to fund cash flows of the County and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the County’s fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

The County has adopted a policy to achieve and maintain committed and assigned fund balance categories of no less than 7% of the upcoming budget year’s estimated revenues.

Additional detailed information, along with the complete Fund Balance Policy can be obtained from the County Auditor-Controller-Treasurer-Tax Collector’s office located at 701 Ocean Street, Room 100, Santa Cruz, CA 95060.

Committed for Working Capital

The County has established a separate committed fund balance account for Working Capital. Funding for committed Working Capital is established by a resolution of the Board of Supervisors and will be approved annually by the Board during the budget approval process.

The County’s fund that is committed for Working Capital is to be used only if the Board of Supervisors declares a fiscal emergency. Any use of funds requires a four-fifths vote of the Board of Supervisors appropriating the funds.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

***N. Net Position and Fund Balances*** (Continued)

**Fund Balance Policy** (Continued)

Committed for Working Capital (Continued)

As of June 30, 2019, the County's fund for Working Capital had a balance of \$6,000,000 and is included in the General Fund.

Committed for Economic Uncertainty

The County has established a separate committed fund balance account for Economic Uncertainty. Funding for Economic Uncertainty is established by a resolution of the Board of Supervisors and will be approved annually by the Board during the budget approval process.

The County's fund that is committed for Economic Uncertainty is to be used only during recessions or periods of economic distress as measured by periods of time when the local unemployment rate exceeds 8% and/or the rate of inflation exceeds the growth in property taxes. Any use of funds requires a four-fifths vote of the Board of Supervisors appropriating the funds.

As of June 30, 2019, the County's fund for Economic Uncertainty had a balance of \$10,000,000 and is included in the General Fund.

Committed for Natural Disasters

The County has established a separate committed fund balance account for Natural Disasters. Funding for Natural Disasters is established by a resolution of the Board of Supervisors and will be approved annually by the Board during the budget approval process.

The purpose of the County's fund for Natural Disasters is to finance extraordinary operating costs, legal costs, and cash flow problems associated with delays in State and Federal reimbursements for any natural disaster declared by the County's Director of Emergency Services and subsequently ratified by the Board of Supervisors, and the State of California or the Federal government. Any use of funds requires a four-fifths vote of the Board of Supervisors appropriating the funds.

As of June 30, 2019, the County's fund for Natural Disasters had a balance of \$400,000 and is included in the General Fund.

Committed for Mental Health Service Act (MHSA) Prudent Reserve

The County has established a separate committed fund balance account for the Mental Health Service Act (MHSA) Prudent Reserve.

Welfare and Institutions Code (WIC) Section 5847(a)(7) requires each county to establish and maintain a MHSA Prudent Reserve fund to ensure that in years in which revenues for the MHSA Fund are below recent averages, the county will be able to continue to serve children, adults and seniors through the MHSA Community Services and Supports (CSS) and Prevention and Early Intervention (PEI) programs. The State provided guidance to counties that the State retains the authority to approve the use of these funds through a request from the county based on specified economic indicators established by the State. The minimum Prudent Reserve required is at least 50% of the total of MHSA funding provided to the County for CSS and PEI services. In April 2011, the California Department of Mental Health issued Notice No. 11-05 rescinding the Prudent Reserve 50% requirement and has left it to the counties' discretion to determine what their Prudent Reserve funding level should be.

As of June 30, 2019, the County's fund for the MHSA Prudent Reserve had a balance of \$3,557,098 and is included in the General Fund.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**O. Property Tax Levy, Collection and Maximum Rates**

The State of California Constitution, Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by the voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be increased by no more than 2% per year unless the property is sold or transferred. These general property tax rates do not apply to taxes levied to pay the interest and redemption charges on any indebtedness incurred prior to June 6, 1978, or subsequently approved by the voters. Supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction. The State Legislature has determined the method of distribution among the counties, cities, school districts, and other districts of receipts from the 1% property tax levy.

The County assesses properties, bills for, and collects taxes as follows:

	Secured	Unsecured
Levy Dates	July 1	July 1
Lien Dates	January 1	January 1
Due Dates	November 1 and February 1	August 1
Delinquent After	December 10 and April 10	August 31
Tax Rate Per \$100		
Full Cash Value	\$1	\$1
Late Penalty	10%	10%
Delinquent Interest	1-1.5% per month	1-1.5% per month

These taxes are secured by liens on the property being taxed. The Board annually sets the rates of the County and District taxes and levies County and district taxes as provided by law. The term "secured" refers to taxes on land and buildings, while "unsecured" refers to taxes on personal property other than land and buildings. During fiscal year 1993-1994, the Board adopted the Alternative Method of Tax Apportionment (the Teeter Plan). Under this method, the County allocates to all taxing jurisdictions under the County, 100% of the secured property taxes billed, even if it has not yet been collected. In return, the County retains the subsequent delinquent payments and associated penalties and interest. The penalties and interest are accumulated in an Agency Fund. The County may transfer to the General Fund any excess over the reserve required by the Board and the State.

Delinquent property taxes receivables are shown on the Statement of Net Position of the property tax collections funds reported in the Agency Funds. Under California law, real property is not subject to sale for reasons of delinquent taxes until the end of the fifth year of delinquency, and the taxpayer may arrange to repay the delinquent taxes over a five-year period and any time within the five-year period, although the property is subject to a cash redemption up to the time of the sale.

Secured property taxes are recorded as revenue when apportioned in the fiscal year of the levy. The County apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the State of California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll.

Under the alternate apportionment method, specified amounts of penalties and interest collected on delinquent secured taxes are held in trust in the secured tax losses reserve fund to fund specified tax redemption shortfalls.

**P. Use of Estimates**

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements and the related reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - CASH AND INVESTMENTS**

The investment pool activity is governed by the California Government Code and the County Investment Policy. The County Treasurer is responsible for managing the investment pool with deposits from the County, County school districts and various special districts pursuant to California Government Code Section 53600. The objectives of the County investment policy, in order of priority, are safety, liquidity, and yield. The County Board of Supervisors reviews the County Investment Policy annually, and all amendments to the policy require the approval of the County Board of Supervisors. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily cash balance of each fund. Interest earned through June 30, 2019, was distributed on June 30, 2019.

The following is a summary of cash and investments at June 30, 2019:

Government-Wide Statement of Net Position				
Primary Government				Component Unit
Governmental Activities	Business-Type Activities	Total	Santa Cruz County Sanitation District	
Cash and Investments	\$ 223,867,208	\$ 10,264,941	\$ 234,132,149	\$ 15,542,639
Restricted Cash and Investments	9,280,584	8,012,205	17,292,789	7,000,000
<b>Total Cash and Investments</b>	<b>\$ 233,147,792</b>	<b>\$ 18,277,146</b>	<b>\$ 251,424,938</b>	<b>\$ 22,542,639</b>
Fiduciary Funds				
Agency Funds	Investment Trust Fund	Private Purpose Trust Fund	County Total	
Cash and Investments	\$ 50,749,438	\$ 531,043,627	\$ 14,449,294	\$ 845,917,147
Restricted Cash and Investments	-	-	4,502	24,297,291
<b>Total Cash and Investments</b>	<b>\$ 50,749,438</b>	<b>\$ 531,043,627</b>	<b>\$ 14,453,796</b>	<b>\$ 870,214,438</b>

	Cash and Investments	Restricted Cash and Investments	Total
Primary Government and Fiduciary Funds:			
Cash on hand and imprest cash	\$ 4,833,203	\$ -	\$ 4,833,203
Cash deposits in treasury pool	19,820,743	-	19,820,743
Investments in treasury pool	805,720,561	-	805,720,561
Restricted investments in other pools	-	9,797,020	9,797,020
Restricted cash deposits in treasury pool:			
County Disposal Sites CSA 9C	-	7,500,272	7,500,272
<b>Total</b>	<b>830,374,507</b>	<b>17,297,292</b>	<b>847,671,799</b>
Component Unit:			
Investments in treasury pool	15,542,639	-	15,542,639
Restricted investments in other banks	-	7,000,000	7,000,000
<b>Total</b>	<b>15,542,639</b>	<b>7,000,000</b>	<b>22,542,639</b>
<b>Total cash and investments</b>	<b>\$ 845,917,146</b>	<b>\$ 24,297,292</b>	<b>\$ 870,214,438</b>

**NOTE 2 - CASH AND INVESTMENTS** (Continued)

At June 30, 2019, the County's cash on hand, deposits, and investments consisted of:

	Treasury Pool	Other Banks/ Investment Pools	Total
Primary Government and Fiduciary Funds:			
Cash on hand or imprest cash	\$ 109,356	\$ 4,723,847	\$ 4,833,203
Deposits	19,820,743	-	19,820,743
Investments	813,220,833	9,797,020	823,017,853
<b>Total Primary Government and Fiduciary Funds</b>	<b>833,150,932</b>	<b>14,520,867</b>	<b>847,671,799</b>
Component Unit:			
Investments	15,542,639	7,000,000	22,542,639
<b>Total Component Unit</b>	<b>15,542,639</b>	<b>7,000,000</b>	<b>22,542,639</b>
<b>Total Reporting Entity</b>	<b>\$ 848,693,571</b>	<b>\$ 21,520,867</b>	<b>\$ 870,214,438</b>

The carrying amount of the County's cash deposits was \$19,820,743 at June 30, 2019, of which the bank balances were fully insured or collateralized with securities held by the pledging financial institutions in the County's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the County's cash deposits by pledging securities as collateral. This California Government Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the County's name.

The fair value of pledged securities must equal at least 110% of the County's cash deposits. State law also allows institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the County's total cash deposits. The County may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The County, however, has not waived the collateralization requirements.

**NOTE 2 - CASH AND INVESTMENTS** (Continued)

**A. Investments**

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, where more restrictive. The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk.

Authorized Investment Types	Maximum Maturity	Maximum Percentage or Amount of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	10%	None
U.S. Treasury obligations	5 years	100%	None
U.S. Government Agency obligations	5 years	100%	25%
Bankers' acceptances	180 days	40%	10%
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	5 years	30%	10%
Bank deposit	5 years	10%	10%
Repurchase agreements	1 year	100%	10%
Medium-term notes	5 years	30%	10%
Mutual funds/money market mutual funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	\$65 million	None
Joint Powers Authority investment funds	N/A	25%	10%
Supranationals	5 years	30%	10%

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at cost, as the fair value adjustment at year-end was immaterial.

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the County's investment policy.

**B. Interest Rate Risk**

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

At June 30, 2019, the County had the following investment maturities:

Investment Type	Investment Maturities (In Years)					
	Fair Value	Less than 1	1 to 2	2 to 3	3 to 4	More than 4
Local Agency Bonds	\$ 24,381,126	\$ 12,247,926	\$ 12,133,200	\$ -	\$ -	\$ -
U.S. Treasury Securities	275,141,780	275,141,780	-	-	-	-
Federal Agency Securities	179,588,665	97,038,655	42,039,800	40,510,210	-	-
Medium-Term Notes - Other	105,058,110	64,562,760	-	25,016,750	15,478,600	-
Money Market Mutual Funds	55,000,000	55,000,000	-	-	-	-
Local Agency Investment Fund (LAIF)	65,238,769	65,238,769	-	-	-	-
Certificates of Deposit	95,022,400	95,022,400	-	-	-	-
Investment Agreements	12,000,000	12,000,000	-	-	-	-
Supernationals	50,948,550	35,945,100	15,003,450	-	-	-
Total Investments	\$ 862,379,400	\$ 712,197,390	\$ 69,176,450	\$ 65,526,960	\$ 15,478,600	\$ -

**NOTE 2 - CASH AND INVESTMENTS** (Continued)

**C. Concentration of Credit Risk**

At June 30, 2019, in accordance with State law and the County's Investment Policy, the County did not have 5% or more of its net investment in commercial paper, corporate bonds or medium-term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

The following schedule is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2019.

Investments Type	Standard & Poor's	Moody's	% of Portfolio
Local Agency Bonds	A	Aa3	2.83%
U.S. Treasury Securities	AA+	Aaa	31.90%
Federal Agency Securities	AA+	Aaa	20.82%
Medium-Term Notes	A/AAA	A+	12.18%
Money Market Mutual Funds	Unrated	Unrated	6.38%
Local Agency Investment Fund (LAIF)	Unrated	Unrated	7.56%
Certificates of Deposit	A1	P1	11.03%
Investment Agreements	Unrated	Unrated	1.39%
Supranational	AAA	Aaa	5.91%
<b>Total</b>			100.00%

**D. Custodial Credit Risk**

For investments and deposits held with fiscal agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County's investment pool and cash with fiscal agents had no securities exposed to custodial credit risk.

**E. Local Agency Investment Fund (LAIF)**

The County is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The County's investments with LAIF at June 30, 2019, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities: mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2019, the County had \$65,238,769 invested in LAIF, which had invested none of the pool investment funds in Structured Notes and Asset-Backed Securities just as in the previous year. LAIF provided a fair value factor of 1.001711790 to calculate the fair value of the investments in LAIF. However, an adjustment was not made to reflect the fair value of LAIF, as the fair value adjustment was considered immaterial.

**NOTE 2 - CASH AND INVESTMENTS** (Continued)

**F. California Asset Management Program (CAMP)**

The County began participating on January 1, 2019 in California Asset Management Program (CAMP), a California Joint Powers Authority (JPA), to provide California public agencies with professional investment services. As of June 30, 2019, the County had \$50,000,000 invested in CAMP. The funds are included in Money Market Mutual Funds noted above.

**G. Fair Value Measurements**

The Pool categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

Level 1: Investments reflect prices quoted in active markets,

Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active, and

Level 3: Investments reflect prices based upon unobservable sources.

The Pool has the following recurring fair value measurements as of June 30, 2019:

Investment by Fair Value Level	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt Securities:</b>			
Local Agency Bonds	\$ 24,381,126	\$ 24,381,126	\$ -
U.S. Treasury Securities	275,141,780	275,141,780	-
Federal Agency Securities	179,588,665	179,588,665	-
Medium-Term Notes - Other	105,058,110	105,058,110	-
Certificates of Deposit	95,022,400	95,022,400	-
Investment Agreements	12,000,000	12,000,000	-
Supernationals	50,948,550	50,948,550	-
Total investments measured at fair value	742,140,631	\$ 742,140,631	\$ -
<b>Investments measures at amortized cost:</b>			
Money Market Mutual Funds	55,000,000		
Local Agency Investment Fund (LAIF)	65,238,769		
Total pooled and directed investments	\$ 862,379,400		

**NOTE 3 - RESTRICTED CASH AND INVESTMENTS**

Cash and investments at June 30, 2019, that are restricted by legal or contractual requirements are comprised of the following:

<u>Governmental Activities</u>		
Nonmajor Governmental Funds:		
Used for debt service		\$ 9,280,584
<u>Business-Type Activities</u>		
County Disposal Site CSA 9C:		
Used for landfill deposits		8,012,205
<u>Fiduciary Funds</u>		
County of Santa Cruz Redevelopment Successor Agency:		
Used for debt service		4,502
		<u>\$ 17,297,291</u>

**NOTE 4 – RECEIVABLES**

Receivables at year-end for the County's major individual funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Off Highway, Road and Transportation Fund	Capital Projects Fund	Nonmajor Speical Revenue Funds	Internal Service Funds	Total Governmental Activities
Governmental Activities:						
Accounts	\$ 41,101,636	\$ 21,909,841	\$ 1,410,122	\$ 1,004,478	\$ 289,109	\$ 65,715,186
Taxes	5,276,677	-	-	-	-	5,276,677
Gross receivables	46,378,313	21,909,841	1,410,122	1,004,478	289,109	70,991,863
Less: allowance for uncollectibles	(2,334,662)	-	-	-	-	(2,334,662)
<b>Net receivables</b>	<u>\$ 44,043,651</u>	<u>\$ 21,909,841</u>	<u>\$ 1,410,122</u>	<u>\$ 1,004,478</u>	<u>\$ 289,109</u>	<u>\$ 68,657,201</u>
	County Disposal Sites CSA 9C	Nonmajor Funds	Total Business-Type Activities			
Business-Type Activities:						
Accounts receivable	<u>\$ 703,901</u>	<u>\$ 1,613,035</u>	<u>\$ 2,316,936</u>			



**NOTE 5 - INTERFUND TRANSACTIONS**

**A. Government-Wide Financial Statements**

Long-Term Internal Balances

At June 30, 2019, the County had the following long-term internal balances:

	<b>Internal Balances Receivable</b>
	Governmental Activities
<b>Internal Balances Payable</b>	
Business-Type Activities	<u>\$ (496,616)</u>

The "Internal balances" on the Statement of Net Position (Government-wide) represents the net total amount of due to/from and advances to/from between Governmental funds and Enterprise funds and between Internal Service funds and Enterprise funds. These due to/from amounts include any that are the result of allocating operating profits and losses of the Internal Service funds to the Enterprise funds (Internal Service fund allocation). The due to/from amounts that are the results of operating profits/losses of the Internal Service funds are cumulative. Each current year amount is netted with the amounts from prior year.

**B. Governmental and Proprietary Fund Financial Statements**

Due to/from

The County had the following due to/from other funds as of June 30, 2019:

		Due from Other Funds				
		General Fund	Capital Projects Fund	Internal Service Funds	Nonmajor Governmental Funds	Total
Due to Other Funds	General Fund	\$ -	\$ -	\$ -	\$ 612,324	\$ 612,324
	Off Highway, Road and Transportation	-	-	16,508,642	-	16,508,642
	Nonmajor Governmental Funds	164,342	198,170	-	-	362,512
	<b>Total</b>	<u>\$ 164,342</u>	<u>\$ 198,170</u>	<u>\$16,508,642</u>	<u>\$ 612,324</u>	<u>\$17,483,478</u>

All balances resulted from short-term loans used to cover operating cash deficits at year end. These amounts will be repaid in the following fiscal year.

**NOTE 5 - INTERFUND TRANSACTIONS** (Continued)

**B. Governmental and Proprietary Fund Financial Statements** (Continued)

Transfers in/out

The County had the following transfers for the year ended June 30, 2019:

		<b>Transfers In</b>					
Transfers Out		General Fund	Off Highway, Roads & Transportation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
		General Fund	\$ -	\$ 100,160	\$10,350,402	\$ 7,037,625	\$ 445,346
	Capital Projects Fund	-	560,000	-	21,776	-	581,776
	Nonmajor Governmental Funds	2,629,243		1,668,328	79,163	265,000	4,641,734
	Internal Service Funds	-		42,624	-	367,494	410,118
	<b>Total</b>	<u>\$ 2,629,243</u>	<u>\$ 660,160</u>	<u>\$12,061,354</u>	<u>\$ 7,138,564</u>	<u>\$ 1,077,840</u>	<u>\$23,567,161</u>

Transfers are contributions to other funds to finance various programs in accordance with budgetary authorizations.

Transfers to/from other funds at June 30, 2019 are as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Projects Fund	\$ 10,350,402	To finance various facilities capital projects
	Nonmajor Governmental Funds	7,037,625	To Financing Authorities Fund for debt service
	Internal Service Fund	252,242	To Information Services to purchase software & equipment
	Off Highway Road and Transportation Fund	100,160	To Road Fund for Twin Lakes Beach Front Improvement Project
	Internal Service Fund	193,104	To Fleet to purchase vehicles
		<u>17,933,533</u>	
Capital Projects Fund	Off Highway, Roads & Transportation Fund	560,000	To the Road Fund for improvements to Twin Lakes Beachfront
	Nonmajor Governmental Funds	3,776	To Fire Protection fundt refund cash remaining from remodel
	Nonmajor Governmental Funds	18,000	To Park Dedication for Art Project
		<u>581,776</u>	
Nonmajor Governmental Funds	General Fund	157,785	Financing Authorities to General Fund for projects
	Capital Projects Fund	633,846	Financing Authorities to Capital Projects fund for Capital Projects
	General Fund	5,681	Library to General Fund for Debt Service
	Capital Projects Fund	957,194	Library to Capital Projects fund
	Capital Projects Fund	11,999	Park Dedication to Capital Projects Fund for projects
	Internal Service Fund	265,000	Flood Control to ISD
	General Fund	800,000	Public Protection to General Fund for debt service
	General Fund	1,588,928	Health & Sanitation to General Fund for Mosquito Abatement Operations
	Capital Projects Fund	77,288	Health & Sanitation to Capital Projects for projects and improvements
	General Fund	64,850	Recreation & Culture to General Fund for debt service
	Internal Service Fund		
	Nonmajor Governmental Funds	79,163	From Public Protection to Public Ways & Facilities
		<u>4,641,734</u>	
Internal Service Funds	Capital Projects Fund	42,624	Liability & Property Insurance to Capital Projects fund for Roundtree Facility
	Internal Service Fund	367,494	From Public Works Liability Insurance fund to Public Works Internal Service Fund to close Liability and Property Fund
		<u>410,118</u>	
		<u>\$ 23,567,161</u>	

**NOTE 6 - LOANS RECEIVABLE**

**A. Government-Wide Financial Statements**

GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, requires the disclosure of significant receivable balances not expected to be collected within one year of the date of the financial statements. Following is the detail of receivable balance not expected to be collected within the next fiscal year:

<b>Loans Receivable</b>	
<b><u>Homeowner Loans</u></b>	
First Time Homebuyer Program	5,174,523
Homeowner Loan - Federal Grants	194,552
Homeowner Loan - State Grants	5,926,844
Mobile Home Change Out Program	4,811,980
Mobile Home Rehab Program	226,949
Mobile Home Rehab Program (Bonds)	23,069
Property Tax Postemployment Loans	119,274
Sorrento Oaks	10,000
<b>Total Homeowner Loans</b>	<b>16,487,191</b>
<b><u>Housing Project Loans</u></b>	
Aptos Cottages (Miller)	7,137,111
CFSC, Inc - Brommer St	2,407,200
Golden Torch	1,290,076
Housing for Independent People	40,940
Marmo's	1,642,323
McGregor	891,748
McIntosh Coach Purchase #12	98,000
McIntosh Coach Purchase	80,000
Mercy - McIntosh (Coach Loan)	348,666
Mercy - Rehab	95,236
MidPen Housing - St. Stephens	4,970,330
Mid-Peninsula the Farm, Inc	2,004,265
Minto	9,611,465
Pacific Family Coach Acquisitions	63,702
Pacific Family - SCH	2,670,411
Pleasant Acres Permanent Financing	3,512,453
San Andreas	700,000
South County Housing Corp	4,907,114
St. Stephens Predevelopment	421,832
Vista Verde Family Housing	1,165,000
<b>Total Housing Project Loans</b>	<b>44,057,872</b>
<b>Total Loans Receivable</b>	<b>60,545,063</b>

The St. Stephens Predevelopment loan is an unsecured loan, which will be converted to a loan secured by the deed of trust to the property upon commencement of development. All remaining loans are housing loans secured by deeds of trust on the properties.

**NOTE 6 - LOANS RECEIVABLE** (Continued)

**B. Business-Type Financial Statements**

The County had the following loans receivable as of June 30, 2019:

<b><u>Nonmajor business-type fund:</u></b>	
Septic Tank Maintenance CSA 12	\$ 32,729
<b>Total business-type loans receivable</b>	<b>\$ 32,729</b>

**NOTE 7 - CAPITAL ASSETS**

**A. Government-Wide Financial Statements**

The following is a summary of capital assets for governmental activities:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclass- ifications</u>	<u>Balance June 30, 2019</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 64,007,639	\$ -	\$ -	\$ -	\$ 64,007,639
Construction-in-progress	50,865,790	17,927,550	-	(12,763,921)	56,029,419
Total capital assets, not being depreciated	<u>114,873,429</u>	<u>17,927,550</u>	<u>-</u>	<u>(12,763,921)</u>	<u>120,037,058</u>
Capital assets, being depreciated:					
Infrastructure	665,926,249	27,533,142	-	-	693,459,391
Buildings	192,506,962	234,989	-	12,610,441	205,352,392
Machinery and equipment	50,887,575	5,142,847	(1,996,714)	153,480	54,187,188
Total capital assets, being depreciated	<u>909,320,786</u>	<u>32,910,978</u>	<u>(1,996,714)</u>	<u>12,763,921</u>	<u>952,998,971</u>
Less accumulated depreciation for:					
Infrastructure	(307,181,283)	(16,693,911)	-	-	(323,875,194)
Buildings	(100,008,867)	(4,756,704)	-	-	(104,765,571)
Machinery and equipment	(37,749,773)	(3,667,808)	1,586,769	-	(39,830,812)
Total accumulated depreciation	<u>(444,939,923)</u>	<u>(25,118,423)</u>	<u>1,586,769</u>	<u>-</u>	<u>(468,471,577)</u>
Total capital assets, being depreciated, net	<u>464,380,863</u>	<u>7,792,555</u>	<u>(409,945)</u>	<u>12,763,921</u>	<u>484,527,394</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 579,254,292</u></b>	<b><u>\$ 25,720,105</u></b>	<b><u>\$ (409,945)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 604,564,452</u></b>

**NOTE 7 - CAPITAL ASSETS** (Continued)

**A. Government-Wide Financial Statements,** (Continued)

Depreciation expense was charged to governmental functions as follows:

	<u>Total</u>
<u>Governmental Activities:</u>	
General government	\$ 1,407,771
Public protection	2,329,548
Public ways and facilities	16,693,911
Health and sanitation	1,162,751
Public assistance	513,644
Education	218,031
Recreation and culture	520,054
	<u>22,845,710</u>
Subtotal	22,845,710
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	
	2,272,713
<b>Total</b>	<u><u>\$ 25,118,423</u></u>

The following is a summary of capital assets for business-type activities:

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclass- ifications</u>	<u>Balance June 30, 2019</u>
<b>Business-Type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,858,849	\$ -	\$ -	\$ -	\$ 1,858,849
Construction-in-progress	2,912,411	773,691	-	(2,605,578)	1,080,524
Total capital assets, not being depreciated	<u>4,771,260</u>	<u>773,691</u>	<u>-</u>	<u>(2,605,578)</u>	<u>2,939,373</u>
Capital assets, being depreciated:					
Buildings	51,485,894	2,985,820	(560,707)	2,605,578	56,516,585
Machinery and equipment	8,496,265	2,557,697	(1,074,414)	-	9,979,548
Total capital assets, being depreciated	<u>59,982,159</u>	<u>5,543,517</u>	<u>(1,635,121)</u>	<u>2,605,578</u>	<u>66,496,133</u>
Less accumulated depreciation for:					
Buildings	(28,769,101)	(1,747,470)	322,407	-	(30,194,164)
Machinery and equipment	(7,723,117)	(278,315)	1,074,413	-	(6,927,019)
Total accumulated depreciation	<u>(36,492,218)</u>	<u>(2,025,785)</u>	<u>1,396,820</u>	<u>-</u>	<u>(37,121,183)</u>
Total capital assets, being depreciated, net	<u>23,489,941</u>	<u>3,517,732</u>	<u>(238,301)</u>	<u>2,605,578</u>	<u>29,374,950</u>
<b>Business-Type activities capital assets, net</b>	<u><u>\$ 28,261,201</u></u>	<u><u>\$ 4,291,423</u></u>	<u><u>\$ (238,301)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 32,314,323</u></u>

**NOTE 7 - CAPITAL ASSETS** (Continued)

**A. Government-Wide Financial Statements,** (Continued)

Depreciation expense was charged to business-type functions as follows:

	<u>Total</u>
<u>Business-Type Activities:</u>	
County Disposal Sites CSA 9C	\$ 1,528,099
Boulder Creek CSA 7	70,517
Rolling Woods CSA 10	9,019
Septic Tank Maintenance CSA 12	1,635
Freedom County Sanitation District	209,984
Davenport Sanitation District	169,486
Place de Mer CSA 2	5,542
Sand Dollar Beach CSA 5	31,503
<b>Total</b>	<u><u>\$ 2,025,785</u></u>

**B. Component Unit – Santa Cruz County Sanitation District (the District)**

	Balance July 1, 2018	Additions	Deletions	Reclassification	Balance June 30, 2019
Nondepreciable assets:					
Construction-in-progress	\$ 4,360,005	\$ 3,939,390	\$ (7,019)	\$ (1,238,347)	\$ 7,054,029
<b>Total nondepreciable assets</b>	<u>4,360,005</u>	<u>3,939,390</u>	<u>(7,019)</u>	<u>(1,238,347)</u>	<u>7,054,029</u>
Depreciable assets:					
Pumping stations	52,226,265	42,858	-	-	52,269,123
Transmission systems	128,008,956	296,421	-	1,238,347	129,543,724
Sewage treatment capacity rights	35,148,509	-	-	-	35,148,509
Mobile equipment	3,200,781	396,259	-	-	3,597,040
Other equipment	1,703,440	7,375	-	-	1,710,815
<b>Total depreciable assets</b>	<u>220,287,951</u>	<u>742,913</u>	<u>-</u>	<u>1,238,347</u>	<u>222,269,211</u>
Accumulated depreciation:					
Pumping stations	(24,919,089)	(1,056,618)	-	-	(25,975,707)
Transmission systems	(45,166,946)	(2,845,015)	-	-	(48,011,961)
Sewage treatment capacity rights	(16,740,353)	(912,948)	-	-	(17,653,301)
Mobile equipment	(2,751,657)	(135,775)	-	-	(2,887,432)
Other equipment	(1,254,646)	(137,717)	-	-	(1,392,363)
<b>Total accumulated depreciation</b>	<u>(90,832,691)</u>	<u>(5,088,073)</u>	<u>-</u>	<u>-</u>	<u>(95,920,764)</u>
<b>Depreciable assets, net</b>	<u>129,455,260</u>	<u>(4,345,160)</u>	<u>-</u>	<u>1,238,347</u>	<u>126,348,447</u>
<b>Total capital assets, net</b>	<u>\$ 133,815,265</u>	<u>\$ (405,770)</u>	<u>\$ (7,019)</u>	<u>\$ -</u>	<u>\$ 133,402,476</u>

Depreciation expense for the District at June 30, 2019, was \$5,088,073.

**NOTE 8 - SHORT-TERM DEBT – TAX AND REVENUE ANTICIPATION NOTES**

The County issues tax and revenue anticipation notes (TRAN) annually to meet current expenses, capital expenditures, and other obligations or indebtedness until sufficient taxes or revenues are collected to fund the County’s operations.

Tax and revenue anticipation notes payable debt activity for the year ended June 30, 2019, was as follows:

<u>TRAN for Fiscal Year</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Premiums/ Discount</u>	<u>Accrued Interest</u>	<u>Ending Balance</u>
2019	4.0%	\$ -	\$ 46,118,250	\$ -	\$ (1,118,250)	\$ 1,795,000	\$ 46,795,000

The TRAN outstanding at June 30, 2019 was paid on July 1, 2019.

**NOTE 9 - LEASES**

**A. *Operating Leases***

The County has entered into certain operating leases as lessee. Total expenditures for these operating leases for the fiscal year ended June 30, 2019, were \$2,410,282.

As of June 30, 2019, the County has future minimum operating lease payments with a remaining term in excess of one year as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2020	\$ 2,363,802
2021	2,352,918
2022	2,182,265
2023	1,351,811
2024	1,164,070
2025-2029	3,156,361
2030-2034	360,671
2035-2039	330,279
2040-2044	373,680
2045-2049	422,785
2050-2054	478,342
2055-2059	541,200
2060-2064	116,492
	<u>\$ 15,194,676</u>

**NOTE 9 – LEASES** (Continued)

**B. Capital Leases**

The County has entered into certain capital lease agreements under which the related equipment, computers, vehicles, and furniture become the property of the County. The leased assets are presented as components of capital assets and the lease liabilities are presented as components of long-term debt.

	Stated Interest Rate	Present Value of Remaining Payments as of June 30, 2019
<b>Government-Wide Activities</b>		
<u>Governmental Activities:</u>		
Energy efficient infrastructure	3.62%	\$ 3,096,673
Communications Tower	7.58%	222,713
Copy machines	8.5 % -11.74%	109,416
<b>Subtotal Governmental Activities:</b>		<u>3,428,802</u>
<u>Internal Service Fund Activities:</u>		
Public Works copy machines	9.0% -11.17%	10,680
Information Services copy machines	10.75%	-
Information Services Phone System	5.25%	647,446
Risk Management copy machine	9.00%	10,230
<b>Subtotal Internal Service Fund Activities:</b>		<u>668,356</u>
<b>Total government-wide capital lease obligations</b>		<u><u>\$ 4,097,158</u></u>
<b>Business-type Activities</b>		
<u>Enterprise Fund Activities:</u>		
County Disposal Sites CSA 9C heavy equipment	3.18%	\$ 1,543,405
County Disposal Sites CSA 9C copy machines	11.17%	773
<b>Total business-type capital lease obligations</b>		<u><u>\$ 1,544,178</u></u>
<b>Component Unit Activities</b>		
<u>Santa Cruz County Sanitation District copy machine</u>	10.94%	<u>\$ 1,513</u>
<b>Total component unit capital lease obligations</b>		<u><u>\$ 1,513</u></u>

Equipment, computers, vehicles, furniture, and accumulated amortization under capital leases are as follows:

	Governmental Activities	Business-Type Activities	Component Unit
Equipment, computers, furniture, and vehicles	\$ 3,852,166	\$ 2,011,658	\$ 4,205
Structures and improvements	6,041,400	-	-
<b>Total assets under capital leases</b>	9,893,566	2,011,658	4,205
Less: accumulated amortization	(3,581,311)	(5,140)	(2,627)
<b>Net</b>	<u><u>\$ 6,312,255</u></u>	<u><u>\$ 2,006,518</u></u>	<u><u>\$ 1,578</u></u>



**NOTE 9 – LEASES** (Continued)

**B. Capital Leases,** (Continued)

As of June 30, 2019, capital lease annual amortization is as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Unit</u>
2020	\$ 1,149,018	\$ 200,134	\$ 1,312
2021	742,208	199,328	327
2022	530,739	199,328	-
2023	517,444	199,328	-
2024	449,250	199,328	-
2025-2028	1,347,751	797,313	-
Total Requirements	4,736,410	1,794,759	1,639
Less: Interest	<u>(639,252)</u>	<u>(250,581)</u>	<u>(126)</u>
Present Value of Remaining Payments	<u>\$ 4,097,158</u>	<u>\$ 1,544,178</u>	<u>\$ 1,513</u>

## NOTE 10 - LONG-TERM DEBT

The following is a summary of long-term liabilities transactions for the year ended June 30, 2019:

	Balance June 30, 2018	Debt Issued or Transferred In	Debt Retired or Transferred Out	Balance June 30, 2019	Due in One Year	Due in More Than One Year
<b>Governmental Activities Debt:</b>						
1996 Refunding Certificates of Participation	\$ 11,825,000	\$ -	\$ (1,060,000)	\$ 10,765,000	\$ 1,115,000	\$ 9,650,000
1999 Local Agency Revenue Bonds	70,000	-	(35,000)	35,000	35,000	-
2008 Certificates of Participation	1,565,000	-	(405,000)	1,160,000	215,000	945,000
2008 Unamortized bond premium	37,492	-	(6,816)	30,676	6,816	23,860
<b>Subtotal</b>	<b>1,602,492</b>	<b>-</b>	<b>(411,816)</b>	<b>1,190,676</b>	<b>221,816</b>	<b>968,860</b>
2011 Certificates of Participation	4,830,000	-	(170,000)	4,660,000	175,000	4,485,000
2011 Unamortized bond discount	(3,376)	-	188	(3,188)	(188)	(3,000)
<b>Subtotal</b>	<b>4,826,624</b>	<b>-</b>	<b>(169,812)</b>	<b>4,656,812</b>	<b>174,812</b>	<b>4,482,000</b>
2012 Lease Revenue Refunding Bond, Series A	1,509,077	-	(68,918)	1,440,159	71,295	1,368,864
2012 Unamortized bond discount	(13,431)	-	839	(12,592)	(839)	(11,753)
<b>Subtotal</b>	<b>1,495,646</b>	<b>-</b>	<b>(68,079)</b>	<b>1,427,567</b>	<b>70,456</b>	<b>1,357,111</b>
2014 Refunding Certificates of Participation	5,235,000	-	(275,000)	4,960,000	290,000	4,670,000
2014 Unamortized bond premium	231,551	-	(16,539)	215,012	16,539	198,473
<b>Subtotal</b>	<b>5,466,551</b>	<b>-</b>	<b>(291,539)</b>	<b>5,175,012</b>	<b>306,539</b>	<b>4,868,473</b>
2014 Lease Revenue Bonds	4,540,000	-	(190,000)	4,350,000	195,000	4,155,000
2014 Unamortized bond premium	187,320	-	(11,019)	176,301	11,019	165,282
<b>Subtotal</b>	<b>4,727,320</b>	<b>-</b>	<b>(201,019)</b>	<b>4,526,301</b>	<b>206,019</b>	<b>4,320,282</b>
2015 Refunding Certificates of Participation	9,505,000	-	(1,440,000)	8,065,000	1,480,000	6,585,000
2015 Lease Revenue Bonds	9,290,000	-	(250,000)	9,040,000	260,000	8,780,000
2015 Unamortized bond premium	54,118	-	(2,004)	52,114	2,004	50,110
<b>Subtotal</b>	<b>9,344,118</b>	<b>-</b>	<b>(252,004)</b>	<b>9,092,114</b>	<b>262,004</b>	<b>8,830,110</b>
2016 Refunding Certificates of Participation	9,680,000	-	(845,000)	8,835,000	885,000	7,950,000
2016 Unamortized bond premium	855,606	-	(47,534)	808,072	47,534	760,538
<b>Subtotal</b>	<b>10,535,606</b>	<b>-</b>	<b>(892,534)</b>	<b>9,643,072</b>	<b>932,534</b>	<b>8,710,538</b>
2017 Lease Revenue Bonds, Series A	7,940,000	-	(415,000)	7,525,000	415,000	7,110,000
2017 Unamortized bond discount	(63,415)	-	3,730	(59,685)	(3,730)	(55,955)
<b>Subtotal</b>	<b>7,876,585</b>	<b>-</b>	<b>(411,270)</b>	<b>7,465,315</b>	<b>411,270</b>	<b>7,054,045</b>
<b>Subtotal bonds and loans payable</b>	<b>67,274,942</b>	<b>-</b>	<b>(5,233,073)</b>	<b>62,041,869</b>	<b>5,215,450</b>	<b>56,826,419</b>
OPEB liability	140,977,368	4,797,494	-	145,774,862	-	145,774,862
Compensated absences	23,782,978	20,823,942	(20,752,055)	23,854,865	20,634,657	3,220,208
Capital leases	4,426,025	30,033	(1,027,256)	3,428,802	451,905	2,976,897
<b>Total governmental activities</b>	<b>\$ 236,461,313</b>	<b>\$ 25,651,469</b>	<b>\$ (27,012,384)</b>	<b>\$ 235,100,398</b>	<b>\$ 26,302,012</b>	<b>\$ 208,798,386</b>

**NOTE 10 - LONG-TERM DEBT (Continued)**

	Balance June 30, 2018	Debt Issued or Transferred In	Debt Retired or Transferred Out	Balance June 30, 2019	Due in One Year	Due in More Than One Year
<b>Governmental Activities Debt, Continued:</b>						
<b>Internal Service Funds</b>						
OPEB liability	\$ 18,728,001	\$ 645,221	\$ -	\$ 19,373,222	\$ -	\$ 19,373,222
Compensated absences	4,681,561	3,463,457	(3,533,482)	4,611,536	3,501,038	1,110,498
Estimated claims	36,757,128	11,623,232	-	48,380,360	14,435,360	33,945,000
Capital leases	1,152,528	-	(484,172)	668,356	506,164	162,192
<b>Total Internal Service Funds</b>	<b>\$ 61,319,218</b>	<b>\$ 15,731,910</b>	<b>\$ (4,017,654)</b>	<b>\$ 73,033,474</b>	<b>\$ 18,442,562</b>	<b>\$ 54,590,912</b>
<b>Total Government-Wide Activities</b>						
Compensated absences	\$ 28,464,539	\$ 24,287,399	\$ (24,285,537)	\$ 28,466,401	\$ 24,135,695	\$ 4,330,706
Estimated claims	36,757,128	11,623,232	-	48,380,360	14,435,360	33,945,000
Other long-term liabilities:						
Bonds and loans payable	67,274,942	-	(5,233,073)	62,041,869	5,215,450	56,826,419
Capital leases	5,578,553	30,033	(1,511,428)	4,097,158	958,069	3,139,089
<b>Subtotal other long-term liabilities</b>	<b>138,075,162</b>	<b>35,940,664</b>	<b>(31,030,038)</b>	<b>142,985,788</b>	<b>44,744,574</b>	<b>98,241,214</b>
OPEB liability	159,705,369	5,442,715	-	165,148,084	-	165,148,084
<b>Total Government-Wide Activities</b>	<b>\$ 297,780,531</b>	<b>\$ 41,383,379</b>	<b>\$ (31,030,038)</b>	<b>\$ 308,133,872</b>	<b>\$ 44,744,574</b>	<b>\$ 263,389,298</b>
<b>Business-Type Activities</b>						
<i>Enterprise Funds</i>						
2014 Lease Revenue Bonds	\$ 6,045,000	\$ -	\$ (250,000)	\$ 5,795,000	\$ 260,000	\$ 5,535,000
2014 Unamortized bond premium	250,018	-	(14,708)	235,310	14,707	220,603
<b>Subtotal Bonds Payable</b>	<b>6,295,018</b>	<b>-</b>	<b>(264,708)</b>	<b>6,030,310</b>	<b>274,707</b>	<b>5,755,603</b>
Loans from direct borrowings						
Septic Tank Maintenance CSA 12	43,890	-	(16,826)	27,064	17,264	9,800
Davenport Sanitation District	148,252	-	(32,349)	115,903	33,236	82,667
<b>Subtotal Loans from direct borrowings</b>	<b>192,142</b>	<b>-</b>	<b>(49,175)</b>	<b>142,967</b>	<b>50,500</b>	<b>92,467</b>
<b>Total Bonds and Loans from direct borrowings</b>	<b>\$ 6,487,160</b>	<b>\$ -</b>	<b>\$ (313,883)</b>	<b>\$ 6,173,277</b>	<b>\$ 325,207</b>	<b>\$ 5,848,070</b>
Postclosure liability						
Enterprise Fund - County Disposal CSA 9	6,872,331	627,941	-	7,500,272	-	7,500,272
Capital leases	2,197	1,543,405	(1,424)	1,544,178	155,520	1,388,658
OPEB liability	3,267,421	123,119	-	3,390,540	-	3,390,540
<b>Total Business-Type Activities</b>	<b>\$ 16,629,109</b>	<b>\$ 2,294,465</b>	<b>\$ (315,307)</b>	<b>\$ 18,608,267</b>	<b>\$ 480,727</b>	<b>\$ 18,127,540</b>
<b>Component Unit - Santa Cruz County</b>						
<b>Sanitation District</b>						
2004 Limited Obligation Refunding						
Improvement Bonds	90,000	-	(90,000)	-	-	-
2009 State Water Resources Control Board loan	9,239,477	-	(559,326)	8,680,151	573,309	8,106,842
City of Santa Cruz loan	1,563,340	-	(1,563,340)	-	-	-
IBank loan	-	7,000,000	-	7,000,000	-	7,000,000
Capital lease	2,586	-	(1,073)	1,513	1,194	319
<b>Total Component Unit</b>	<b>\$ 10,895,403</b>	<b>\$ 7,000,000</b>	<b>\$ (2,213,739)</b>	<b>\$ 15,681,664</b>	<b>\$ 574,503</b>	<b>\$ 15,107,161</b>

**NOTE 10 - LONG-TERM DEBT (Continued)**

Descriptions of the long-term liabilities at June 30, 2019, are as follows:

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2019
<b>Governmental Activities:</b>					
<b>Financing Authorities</b>					
<i>Refunding Certificates of Participation</i>					
1996 Issue (financed construction of the County Emeline Avenue Health Services building and an infirmary in the County Medium Security Detention Facility)					
Collateral: Health Services Administration Building/Jail Infirmary					
Serial certificates	9/1/97-9/1/26	4.00-5.65%	\$190,000-\$1,065,000	\$ 20,955,000	\$ 6,865,000
Term bonds	3/1/21-9/1/23	5.60%	\$1,230,000-\$1,370,000	3,900,000	3,900,000
				Total 1996 Issue	10,765,000
2014 Issue (defeased 2001 Series B Lease Revenue Bonds and refinanced existing leases)					
Collateral: Water Street Detention Facility/Blaine Street Women's Detention Facility					
Serial certificates	8/1/14-8/1/31	3.00-5.00%	\$280,000-\$485,000	\$ 6,285,000	4,960,000
Unamortized bond premium				297,707	215,012
				Total 2014 Issue	5,175,012
2015 Issue (defeased 2004 Lease Revenue Bonds and refinanced existing leases)					
Collateral: Main Administrative Building and Main Courts Building					
Serial certificates	6/1/16-6/1/25	1.14-3.97%	\$185,000-\$1,520,000	\$ 8,890,000	3,185,000
Term bonds	6/1/22-6/1/24	3.68%	\$1,570,000-\$1,685,000	4,880,000	4,880,000
				Total 2015 Issue	8,065,000
2016 Issue (defeased certain outstanding lease obligations and prepay the outstanding 2002 Refunding Certificates of Participation, 2005 Refunding Certificates of Participation, and 2006 Certificates of Participation, to finance a variety of capital improvements, to satisfy the Reserve Requirement for the Certificates and to pay the delivery costs of the Certificates)					
Collateral: Water Street Detention Facility and Blaine Street Detention Facility					
Serial certificates	8/1/17-8/1/33	2.00-4.00%	\$340,000-\$920,000	\$ 8,865,000	7,200,000
Term bonds	8/1/34-8/1/36	3.00%	\$525,000-\$565,000	1,635,000	1,635,000
Unamortized bond premium				950,674	808,072
				Total 2016 Issue	9,643,072
			Total Refunding Certificates of Participation		32,625,000
			Net Premiums/(Discounts)		1,023,084
			Total including Premiums/(Discounts)		\$ 33,648,084
<i>Lease Revenue Bonds</i>					
2014 Lease Revenue Bonds (financed capital improvements including financial system and additional module at County's Buena Vista sanitary landfill)					
Collateral: Behavior Health Center and Buena Vista Gatehouse					
Serial bonds	8/1/15-8/1/34	3.00-5.00%	\$170,000-\$360,000	\$ 5,065,000	\$ 4,350,000
Unamortized bond premium				220,377	176,301
				Total 2014 Issue	\$ 4,526,301
2015 Lease Revenue Bonds (financed capital improvements for various Santa Cruz County facilities and the Farm to Table Project)					
Collateral: Main Administrative Building and Main Courts Building					
Serial bonds	6/1/16-6/1/35	2.00-4.00%	\$180,000-\$395,000	\$ 6,115,000	\$ 5,210,000
Term bonds	6/1/36-6/1/40	4.00%	\$400,000-\$470,000	2,170,000	2,170,000
Term bonds	6/1/41-6/1/45	4.00%	\$305,000-\$360,000	1,660,000	1,660,000
Unamortized bond premium				60,130	52,114
				Total 2015 Issue	\$ 9,092,114
2017 Lease Revenue Bonds (financed acquisition and installation of photovoltaic energy systems at various County facilities and pay the cost of issuance.)					
Collateral: Behavior Health Center and Buena Vista Gatehouse					
Serial bonds	6/1/19-6/1/27	1.833-3.00%	\$415,000-\$470,000	\$ 4,075,000	\$ 3,660,000
Term bonds	6/1/28-6/1/31	3.38%	\$470,000-\$480,000	1,900,000	1,900,000
Term bonds	6/1/32-6/1/35	3.63%	\$485,000-\$495,000	1,965,000	1,965,000
Unamortized bond discount				(63,415)	(59,685)
				Total 2017 Issue	\$ 7,465,315
			Total Lease Revenue Bonds		20,915,000
			Net Premiums/(Discounts)		168,730
			Total including Premiums/(Discounts)		\$ 21,083,730

**NOTE 10 - LONG-TERM DEBT (Continued)**

<u>Type of Indebtedness (Purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2019</u>
<b>Governmental Activities, Continued:</b>					
<b>Financing Authorities, Continued</b>					
<i>Lease Revenue Refunding Bonds</i>					
2012 Series A (refinanced construction and equipment costs for the Santa Cruz County Consolidated Emergency Communications Center)					
Collateral: Santa Cruz County Regional 911 Center					
Serial bonds	6/15/13-6/15/30	2.00-5.00%	\$115,000-\$225,000	\$ 1,402,135	\$ 957,729
Term Bonds	6/15/31-6/15/34	5.000%		482,430	482,430
Unamortized bond discount				(18,465)	(12,592)
					<u>\$ 1,427,567</u>
Total Lease Revenue Refunding Bonds					
<i>Local Agency Revenue Bonds</i>					
1999 Issue (defeased 1992 Place de Mer and 1993 Sand Dollar Beach Districts bonds and financed construction of the Sunset Beach Water Main Extension Project)					
Local obligation bonds	9/2/00-9/2/19	4.00-5.50%	\$20,000-\$85,000	\$ 895,000	<u>\$ 35,000</u>
<i>Certificates of Participation</i>					
2008 Series Issue (finance purchase of computer software systems for various County departments)					
Collateral: Water Street Detention Facility/Rountree Lane Detention Facility					
Serial certificates	8/1/09-8/1/23	3.00-4.30%	\$215,000-\$405,000	\$ 4,625,000	\$ 1,160,000
Unamortized bond premium				102,244	30,676
					<u>\$ 1,190,676</u>
Total 2008 Issue					
2011 Series Issue (financed improvements to Veteran's Building and Main Jail roof)					
Collateral: Human Services Department Application Center					
Serial certificates	8/1/12-8/1/21	2.00-4.00%	\$145,000-\$340,000	\$ 1,495,000	\$ 550,000
Term certificates	8/1/22-8/1/26	4.25%		1,080,000	1,080,000
Term certificates	8/1/27-8/1/31	4.625%		1,340,000	1,340,000
Term certificates	8/1/32-8/1/36	5.00%		1,690,000	1,690,000
Unamortized bond discount				(4,692)	(3,188)
					<u>4,656,812</u>
Total 2011 Issue					
Total Certificates of Participation					
Net Premiums/(Discounts)					
Total including Premiums/(Discounts)					
					<u>\$ 5,847,488</u>

**NOTE 10 - LONG-TERM DEBT (Continued)**

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2019
<b>Governmental Activities, Continued:</b>					
<i>Capital leases</i>					
Energy efficient infrastructure	2008 - 2027	3.62%	\$135,989 - \$220,635	\$ 5,989,594	\$ 3,096,673
Elections equipment	2014 - 2017	6.82%	\$47,874 - \$56,225	263,175	-
<i>Parks &amp; Open Spaces</i>					
Mower	2013 - 2018	4.34%	\$11,796 - \$12,307	56,626	-
Copy Machines	2012 - 2021	8.50% - 12.54%	\$7,260 - \$108,191	511,089	130,326
Phone System	2014 - 2020	5.25%	\$405,100 - \$529,301	2,929,280	647,446
Communications tower	2018 - 2023	7.58%	\$152,682-\$198,755	1,050,000	222,713
<b>Total Governmental Activities</b>					<b>\$ 66,139,027</b>
<b>Business-Type Activities:</b>					
<i>Lease Revenue Bonds</i>					
Enterprise Fund - County Disposal Site CSA 9C					
2014 Lease Revenue Bonds (financed capital improvements including financial system and additional module at County's Buena Vista sanitary landfill)					
Collateral: Behavior Health Center and Buena Vista Gatehouse					
Serial bonds	8/1/15-8/1/34	3.00-5.00%	\$225,000-\$480,000	\$ 6,745,000	\$ 5,795,000
Unamortized bond premium				294,138	235,310
Total 2014 Issue					<b>\$ 6,030,310</b>
<i>Loans from direct borrowings</i>					
Enterprise Fund - Davenport Sanitation District					
California State Department of Water Resources (upgrade existing water facilities)					
	1/1/88-1/1/22	2.50%	\$4,550-\$10,575	250,000	\$ 30,899
California Technology, Trade & Commerce Agency (fund sanitation system improvements)					
	2/28/95-7/1/24	2.75%	\$3,550-\$4,817	310,691	75,585
California State Water Resources Control Board - revolving loan (fund sewer reconstruction project)					
	5/31/01-5/31/20	2.60%	\$5,940-\$9,429	151,547	9,419
Enterprise Fund - Septic Tank Maintenance CSA 12					
California State Water Resources Control Board					
	4/23/10-4/23/29	2.60%	\$10,753-\$17,512	277,467	27,064
Subtotal Loans from direct borrowings					<b>\$ 142,967</b>
Total Lease Revenue Bonds and Loans from direct borrowings					<b>\$ 5,937,967</b>
Net Premiums/(Discounts)					235,310
Total including Premiums/(Discounts)					<b>\$ 6,173,277</b>
<i>Capital leases</i>					
Copy Machine Lease	3/7/16-12/7/19	11.17%	\$526-\$1,424	5,140	773
Equipment Lease	2019-2028	3.18%	\$154,747 - \$193,185	1,543,405	1,543,405
Landfill postclosure					7,500,272
<b>Total Business-Type Activities</b>					<b>\$ 15,217,727</b>
<b>Component Unit - Santa Cruz County Sanitation District (SCCSD)</b>					
<i>Loans from direct borrowings</i>					
2009 State Water Resources Control Board Loan (Aptos Transmission Main Relocation Project)					
	2013-2032	2.50%	\$630,445-\$959,296	\$ 11,981,910	\$ 8,680,151
City of Santa Cruz Loan (construct treatment plant expansion)					
	2000-2019	1.60%	\$717,884-\$1,563,340	7,532,957	-
iBank Loan (replace old and deteriorated sewer lines)					
	2019-2048	3.46%	\$144,025-\$1,745,807	7,000,000	7,000,000
Copy Machine Lease	10/22/16 - 7/22/20	10.94%	\$657-\$1,194	4,205	1,513
<b>Total Component Unit</b>					<b>\$ 15,681,664</b>

**NOTE 10 - LONG-TERM DEBT** (Continued)

**A. Governmental Activities**

At June 30, 2019, annual debt service requirements of governmental activities to maturity are as follows:

*Financing Authorities*

Year Ending June 30,	Refunding Certificates of Participation		Lease Revenue Bonds		Lease Revenue Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 3,770,000	\$ 1,351,237	\$ 870,000	\$ 742,776	\$ 71,295	\$ 64,385
2021	3,920,000	1,205,478	915,000	718,485	73,672	62,068
2022	3,450,000	1,057,043	955,000	691,201	76,048	59,490
2023	3,605,000	902,077	970,000	660,756	78,425	56,638
2024	3,755,000	740,067	990,000	629,288	83,178	53,501
2025-2029	8,705,000	1,822,691	5,290,000	2,624,331	468,171	211,226
2030-2034	3,785,000	580,253	5,845,000	1,635,088	589,370	91,109
2035-2039	1,635,000	74,775	2,950,000	708,544	-	-
2040-2044	-	-	1,770,000	275,400	-	-
2045-2049	-	-	360,000	14,400	-	-
<b>Total</b>	<b>\$ 32,625,000</b>	<b>\$ 7,733,621</b>	<b>\$ 20,915,000</b>	<b>\$ 8,700,269</b>	<b>\$ 1,440,159</b>	<b>\$ 598,417</b>

Year Ending June 30,	Local Agency Revenue Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2020	\$ 35,000	\$ 963	\$ 390,000	\$ 254,325
2021	-	-	410,000	238,325
2022	-	-	420,000	221,725
2023	-	-	440,000	203,975
2024	-	-	455,000	184,894
2025-2029	-	-	1,175,000	753,363
2030-2034	-	-	1,465,000	451,288
2035-2039	-	-	1,065,000	81,375
<b>Total</b>	<b>\$ 35,000</b>	<b>\$ 963</b>	<b>\$ 5,820,000</b>	<b>\$ 2,389,270</b>

**NOTE 10 - LONG-TERM DEBT** (Continued)

**A. *Governmental Activities*** (Continued)

Financing Authorities (Continued)

The Refunding Certificates of Participation, Lease Revenue Refunding Bonds, Certificates of Participation, and Lease Revenue Bonds retirements and related interest payments are paid from revenues from the General Fund. The Local Agency Revenue Bonds retirements and related interest payments are paid from revenues generated from property owners' assessments.

Defeasance of Bonds

On July 19, 2016, The County issued \$10,500,000 2016 Refunding Certificates of Participation ("2016 Certificates"), with interest rates ranging from 0.64% to 2.46%. The proceeds of the 2016 Certificates were used to refinance certain outstanding lease obligations of the County and to prepay on a current basis the County's outstanding 2002 Refunding Certificates of Participation (the "2002 Certificates"), 2005 Refunding Certificates of Participation (the "2005 Certificates") and 2006 Certificates of Participation (the "2006 Certificates"), to finance a variety of capital improvements, to satisfy the Reserve Requirement for the Certificates and to pay the delivery costs of the Certificates.

As a result of the current refunding of the 2002 Certificates, the 2005 Certificates and the 2006 Certificates, the County decreased its total debt service payments by \$2,274,309, net of the cost to finance the capital improvements, resulting in an economic gain of \$1,464,328.

The 2016 Certificates of \$10,500,000 were issued to refund the County's outstanding 2002 and 2005 Refunding Certificates of Participation and 2006 Certificates of Participation, which had principal amounts outstanding of \$1,830,000, \$4,105,000 and \$5,900,000 respectively. Net of the amount of 2016 Certificates issued to finance capital improvements, the reacquisition price exceeded the net carrying amount of the old debt by \$492,357 resulting in a deferred loss of refunding. This loss on refunding is amortized over the remaining life of the refunded bonds.

**B. *Business-Type Activities***

At June 30, 2019, annual debt service requirements of business-type activities to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Lease Revenue Bonds</u>		<u>Loans from direct borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 260,000	\$ 234,600	\$ 50,500	\$ 3,434
2021	270,000	224,000	34,207	2,285
2022	285,000	211,475	25,055	1,477
2023	295,000	196,975	14,917	811
2024	310,000	184,950	15,330	398
2025-2029	1,750,000	722,206	2,958	41
2030-2034	2,145,000	317,006	-	-
2035-2039	480,000	9,600	-	-
<b>Total</b>	<b>\$ 5,795,000</b>	<b>\$ 2,100,812</b>	<b>\$ 142,967</b>	<b>\$ 8,446</b>

Loans payable principal and interest are paid from various enterprise fund revenues.



**NOTE 10 - LONG-TERM DEBT** (Continued)

**C. Component Unit**

At June 30, 2019, annual debt service requirements of the District to maturity are as follows:

Year Ending June 30,	Loans from direct borrowings	
	Principal	Interest
2020	\$ 573,309	\$ 217,004
2021	731,667	442,379
2022	751,342	422,619
2023	771,555	402,316
2024	792,324	381,455
2025-2029	4,293,689	1,573,703
2030-2034	3,305,266	978,667
2035-2039	1,242,427	667,206
2040-2044	1,472,765	432,883
2045-2049	1,745,807	155,120
<b>Total</b>	<b>\$ 15,680,151</b>	<b>\$ 5,673,352</b>

**Special Assessment Bonds**

During 2004, the District issued Limited Obligation Refunding Improvement Bonds to refinance the 1994 Freedom Boulevard Sewer Special Assessment bonds, pay costs related to the issuance of the bonds and to make a deposit to a Reserve Fund. These were fully paid on September 2, 2018.

**City of Santa Cruz Loan**

The City of Santa Cruz loan represents 47% of the State Water Resources Control Board loan for which the District has an agreement to participate in the repayment. The total loan proceeds made available in fiscal year 1998/1999 was approximately \$48 million, of which the District's share was 47% or approximately \$24.4 million of the original principal amount. These funds were used to construct the treatment plant expansion of which the District has capacity rights. On December 12, 2013, the City refunded the existing \$2.7 million 2005 Wastewater Bonds and \$16.0 million in State Revolving Funds and issued \$18.7 million in 2013 Wastewater Revenue Refunding Bonds. The District has fully paid this loan on August 1, 2018.

**State Water Resources Control Board Loan**

During 2009, the District entered into a Project Finance Agreement (Agreement) with the State Water Resources Control Board (SWRCB) to finance the Aptos Transmission Main Relocation Project. Under this Agreement, the SWRCB has agreed to loan the District a total of \$16,725,699. As of June 30, 2019, the District has received a total of \$8,680,151 in loan disbursements pursuant to this Agreement. Pursuant to the Agreement, the interest rate is 2.5% and the District began making payments to repay the loan in the 2013/2014 fiscal year.

**California Infrastructure and Economic Development Bank (IBank) Loan**

In April 2019, the District entered into an Installment Sale Agreement (Agreement) with IBank to reduce the frequency of Sanitary Sewer Overflows (SSO) and, wherever possible, prevent SSA while meeting all applicable regulatory requirements by replacing old and deteriorated sewer lines prior to their failure. Under this Agreement, IBank has agreed to loan the District a total of \$7,000,000. Pursuant to the Agreement, the interest rate is 3.46% with the first principal payment due on August 1, 2020 with a loan maturity date of August 1, 2048. As of June 30, 2019, the District had a balance of \$7,000,000 in loan distributions pursuant to this Agreement.

**NOTE 10 - LONG-TERM DEBT** (Continued)

***D. Legal Debt Limit***

The County's legal annual debt service limit as of June 30, 2019, is \$2,381,000,717. The County's legal debt service limit is 5% of the total full cash valuation of all real and personal property within the County.

***E. Arbitrage***

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. The County has hired a consultant to perform calculations of excess investment earnings on various bonds and financings, and it is anticipated that the County will be determined to be in compliance with arbitrage regulations.

**NOTE 11 - PLEDGE OF FUTURE REVENUES**

***2015 & 2017 Lease Revenue Bonds***

The 2015 and 2017 Lease Revenue Bonds, collectively referred to herein as "Bonds" are payable from the revenues pledged under the Indenture. The County is required to make the Lease Payments from legally available funds. The County has covenanted in the Lease Agreement to take such actions as may be necessary to include all Lease Payments in its annual budgets and to make the necessary annual appropriations for all such Lease Payments subject to complete or partial abatement of such Lease Payments resulting from a taking of the Leased Property (either in whole or in part) under the powers of eminent domain or resulting from title defect or damage or destruction of all or any portion of the Leased Property. Annual principal and interest payments on the 2015 bonds continue through 2045, while payments on the 2017 bonds continue through 2035. At June 30, 2019, total principal and interest remaining to be paid on the bonds is \$14,002,688 for the 2015 bonds and \$9,685,324 for the 2017 bonds.

***2014 Lease Revenue Bonds***

The bonds are payable from and secured by a pledge of revenues and certain funds and accounts established and held by the Trustee under the Indenture. Revenues, as defined in the Indenture, means (i) all lease payments and other amounts paid, or caused to be paid, by the County, and received by the Financing Authority pursuant to the Lease Agreement (but not additional payments), and (ii) all interest or other income from any investment of any money in any fund or account established pursuant to the Indenture (other than the Rebate Fund) to repay \$11,810,000 (\$5,065,000 financial management system software and \$6,745,000 County's Buena Vista Sanitary Landfill) in lease revenue bonds issued during April 2014. Proceeds from the bonds provided funds to finance capital improvements, including the County's new financial management system software and an additional module at the County's Buena Vista Sanitary Landfill, to fund capitalized interest for a portion of the bonds, to satisfy the Reserve Requirement for the bonds and to pay the costs of issuance of the bonds. Annual principal and interest payments on the bonds continue through 2034. Total principal for the current year was \$440,000 (\$190,000 from governmental activities and \$250,000 from business-type activities). Total interest paid for the current year was \$428,538 (\$183,738 from governmental activities and \$244,800 from business type activities). At June 30, 2019, total principal and interest remaining to be paid on the bonds is \$13,823,069 (\$5,927,256 from governmental activities and \$7,895,813 from business type activities).

**NOTE 11 - PLEDGE OF FUTURE REVENUES** (Continued)

*2012A Lease Revenue Refunding Bonds*

The revenues of the Santa Cruz Regional 911 (Regional 911) were pledged to repay \$3,965,000 in lease revenue refunding bonds issued in May 2012. The bonds were refunded on May 15, 2012. The Regional 911 was formed in a Joint Powers Authority Agreement with the cities of Santa Cruz, Watsonville, and Capitola and the County of Santa Cruz. Proceeds from the bonds provided funds to refinance an existing lease and to fund equipment purchases. The bonds were payable from use payments paid to the Regional 911 by the different governmental agencies. Annual principal and interest payments on the bonds continue through 2034 and are expected to require less than 12 percent of revenues. The total principal and interest remaining to be paid on the bonds is \$4,289,031. Pursuant to the Joint Powers Authority Agreement, the County is responsible for 47.53% of the total liability, or \$2,038,577. Total principal and interest paid for the current year and total customer revenues were \$284,994 and \$7,462,021 respectively. The County paid \$135,458 of the current year principal and interest.

**NOTE 12 - LANDFILL CLOSURE AND POSTCLOSURE COSTS**

The County operates the Buena Vista Landfill for the disposal of municipal waste and a transfer station at the site of the closed Ben Lomond Landfill. State and Federal laws and regulations, including the California Integrated Waste Management Board Title 14, California State Water Resources Control Board Title 23, and the Environmental Protection Agency Subtitle D of the Codified Federal Regulations 40, require the County to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on the County landfill's capacity used as of June 30 of each year.

As of June 30, 2019, a liability for closure and postclosure maintenance in the amount of \$7,500,272 is reflected in the County Disposal Sites CSA 9C Enterprise Fund based upon landfill capacity used to date. As of June 30, 2019, Ben Lomond Landfill was filled to 100% capacity, and the County estimates that the Buena Vista Landfill is filled to 70.88% of capacity with an estimated remaining useful life of 17 years. The Ben Lomond Landfill was closed during 1989 and the closure costs have been fully paid. The County will recognize the remaining estimated cost of closure and postclosure maintenance of the Buena Vista Landfill of \$2,987,170 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2019. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The estimates will also be adjusted annually for inflation or deflation, in accordance with State guidelines.

The County is required by State and Federal laws and regulations to make annual contributions to a fund to finance closure and postclosure maintenance. The County is in compliance with these requirements, and at June 30, 2019, cash of \$7,500,272 is held for this purpose, reported as restricted assets on the Statement of Net Position. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users.

Postclosure maintenance for both the Buena Vista and closed Ben Lomond Landfills are provided for through a "Pledge of Revenue." The Board adopted resolutions pledging future County Disposal Sites CSA 9C Fund's revenues annually through the prescribed postclosure maintenance period. An initial postclosure cost was estimated at the time of adoption of the Pledge of Revenue resolutions and is adjusted for inflation on an annual basis.

**NOTE 13 - DEFICIT NET POSITION AND FUND BALANCES**

Individual proprietary fund deficit net position at June 30, 2019, were as follows:

Internal Service Funds:	
Central Duplicating	\$225,311
Information Services	\$6,729,470
Public Works	\$39,640,903
Risk Management	\$1,504,652
Liability and Property Insurance	\$4,412,322
Workers' Compensation Insurance	\$15,413,030
Employee Benefit Staffing	\$642,870

The deficit net positions in the Central Duplicating, Information Services, Public Works, Risk Management Fund and Employee Benefit Staffing are primarily due to the reporting of the net pension and OPEB liabilities pursuant to the implementation of GASB Statement No. 68 and GASB Statement No. 75. The County is committed to fully funding the actuarially determined contributions annually.

The Liability and Property Insurance and Workers' Compensation Insurance Funds had deficit net positions of \$4,412,322 and \$15,413,030, respectively. The deficits are related to losses payable for claims and the inclusion of estimates for IBNR claims. Management anticipates that the County will have sufficient funds to pay annual requirements. These funds will normally show up as deficits since the County is set up on a pay-as-you go program.

**NOTE 14 - PENSION PLANS**

**A. General Information about the Pension Plans**

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the County’s separate Miscellaneous (all other), Safety (police and fire), and Safety Sheriff Plans (the Plans), through agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and County resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

CalPERS GASB Statement No. 68 Accounting Valuation Report differs from the amounts recognized by the County due to Plan participants that are not part of the County. The amounts have been reduced based on payments within the Measurement Period of July 1, 2017 to June 30, 2018.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each Plan are applied as specified by the California Public Employees’ Retirement Law.

The provisions and benefits of the Plans in effect at June 30, 2019, are summarized as follows:

Hire Date	Miscellaneous		
	Prior to December 17, 2012	December 17, 2012 to December 31, 2012 or reciprocal *	On or after January 1, 2013
Benefit Formula	2% at 55	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years
Earliest Retirement Age	50	50	52
Maximum Benefit Factor	2.418% @ 63	2.418% @ 63	2.5% @ 67
Final Compensation	12 Months	36 Months	36 Months
Required Employee Contribution Rates	7.0%	7.0%	6.3%
Required Employer Contribution Rates	21.4%	21.4%	21.4%

**NOTE 14 - PENSION PLANS** (Continued)

**A. General Information about the Pension Plan** (Continued)

Hire Date	Safety		
	Prior to June 9, 2012	June 9, 2012 to December 31, 2012 or reciprocal *	On or after January 1, 2013
Benefit Formula	2% at 50	2% at 50	2.7% at 57
Benefit Vesting Schedule	5 Years	5 Years	5 Years
Earliest Retirement Age	50	50	50
Maximum Benefit Factor	2.7% @ 55	2.7% @ 55	2.7% @ 57
Final Compensation	12 Months	36 Months	36 Months
Required Employee Contribution Rates	9.0%	9.0%	11.0%
Required Employer Contribution Rates	30.1%	30.1%	30.1%

Hire Date	Safety Sheriff		
	Prior to June 9, 2012	June 9, 2012 to December 31, 2012 or reciprocal *	On or after January 1, 2013
Benefit Formula	3% at 50	3% at 55	2.7% at 57
Benefit Vesting Schedule	5 Years	5 Years	5 Years
Earliest Retirement Age	50	50	50
Maximum Benefit Factor	3% @ 55	3% @ 55	2.7% @ 57
Final Compensation	12 Months	36 Months	36 Months
Required Employee Contribution Rates	9.0%	9.0%	12.0%
Required Employer Contribution Rates	43.0%	43.0%	43.0%

\*Reciprocal: Any employee who starts working for the County of Santa Cruz within six months of separating from another public agency in California that is either in the CalPERS retirement system or another public retirement system that has reciprocity with CalPERS, so long as the employee began employment with that agency prior to January 1, 2013.

**Employees Covered** – At June 30, 2019, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety	Safety Sheriff
Inactive Employees or Beneficiaries Currently Receiving Benefits	2,767	285	99
Inactive Employees Entitled to but not yet Receiving Benefits	1,641	259	109
Active Employees	2,006	211	142
Total	6,414	755	350

**NOTE 14 - PENSION PLANS** (Continued)

**A. General Information about the Pension Plan** (Continued)

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

**B. Net Pension Liability**

The County’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions** – The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Safety Sheriff</u>
Valuation Date	June 30, 2017	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:			
Discount Rate	7.15%	7.15%	7.15%
Inflation	2.75%	2.75%	2.75%
Payroll Growth	3.00%	3.00%	3.00%
Projected Salary Increase	Varies <sup>(1)</sup>	Varies <sup>(1)</sup>	Varies <sup>(1)</sup>
Investment Rate of Return	7.50% <sup>(2)</sup>	7.50% <sup>(2)</sup>	7.50% <sup>(2)</sup>
Mortality	<u>Derived using CalPERS' Membership Data for all Funds</u> <sup>(3)</sup>		
Post Retirement Benefit Increase	<u>Contract Cost of Living Adjustment up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter</u>		

<sup>(1)</sup> Depending on Entry age and service

<sup>(2)</sup> Net of Pension Plan Investment and Administrative Expenses, includes Inflation

<sup>(3)</sup> The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**NOTE 14 - PENSION PLANS** (Continued)

**B. Net Pension Liability** (Continued)

**Changes of Assumptions** – In 2018, demographic assumptions and the inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the accounting discount rate.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15% for each Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the Public Employees’ Retirement Fund’s (PERF) asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class.

Asset class <sup>(a)</sup>	Current Target Allocation	Real Return Years 1 - 10 <sup>(b)</sup>	Real Return Years 11+ <sup>(c)</sup>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	0.92%
Total	<u>100.00%</u>		

(a) In the CalPERS System’s CAFR, Fixed Income is included in Global Debt. Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.



**NOTE 14 - PENSION PLANS** (Continued)

**B. Net Pension Liability** (Continued)

**Changes in the Net Pension Liability** - The changes in the Net Pension Liability for each Plan follow:

<b>Miscellaneous Plan</b>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 1,156,334,068	\$ 807,148,611	\$ 349,185,457
Changes in the year:			
Service Cost	24,150,259	-	24,150,259
Interest on the Total Pension Liability	84,049,445	-	84,049,445
Changes of Benefit Terms	-	-	-
Changes in Assumptions	(7,767,870)	-	(7,767,870)
Differences between Expected and Actual Experience	10,391,498	-	10,391,498
Net Plan to Plan Resource Movement	-	3,748	(3,748)
Contribution - Employer	-	29,696,722	(29,696,722)
Contribution - Employee	-	10,680,415	(10,680,415)
Net Investment Income	-	69,528,113	(69,528,113)
Benefit Payments, Including Refunds of Employee Contributions	(57,081,704)	(57,081,704)	-
Administrative Expenses	-	(1,297,010)	1,297,010
Other Miscellaneous Income (Expense) <sup>1</sup>	-	(2,463,046)	2,463,046
Net Changes	53,741,628	49,067,238	4,674,390
Balance at June 30, 2018	<u>\$ 1,210,075,696</u>	<u>\$ 856,215,849</u>	<u>\$ 353,859,847</u>
 <b>Safety Plan</b>			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	186,343,868	128,058,982	\$ 58,284,886
Changes in the year:			
Service Cost	4,574,156	-	4,574,156
Interest on the Total Pension Liability	13,301,864	-	13,301,864
Changes of Benefit Terms	-	-	-
Changes in Assumptions	(987,231)	-	(987,231)
Differences between Expected and Actual Experience	3,844,045	-	3,844,045
Net Plan to Plan Resource Movement	-	5,196	(5,196)
Contribution - Employer	-	4,922,020	(4,922,020)
Contribution - Employee	-	1,845,744	(1,845,744)
Net Investment Income	-	10,848,222	(10,848,222)
Benefit Payments, Including Refunds of Employee Contributions	(8,907,017)	(8,907,017)	-
Administrative Expenses	-	(201,770)	201,770
Other Miscellaneous Income (Expense) <sup>1</sup>	-	(383,165)	383,165
Net Changes	11,825,817	8,129,230	3,696,587
Balance at June 30, 2018	<u>\$ 198,169,685</u>	<u>\$ 136,188,212</u>	<u>\$ 61,981,473</u>

**NOTE 14 - PENSION PLANS** (Continued)

**B. Net Pension Liability** (Continued)

**Changes in the Net Pension Liability** (Continued)

<b>Safety Sheriff Plan</b>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 168,519,858	\$ 105,043,412	\$ 63,476,446
Changes in the year:			
Service Cost	4,674,676	-	4,674,676
Interest on the Total Pension Liability	12,876,163	-	12,876,163
Changes of Benefit Terms	-	-	-
Changes in Assumptions	(600,321)	-	(600,321)
Differences between Expected and Actual Experience	2,605,790	-	2,605,790
Net Plan to Plan Resource Movement	-	(11,582)	11,582
Contribution - Employer	-	6,124,769	(6,124,769)
Contribution - Employee	-	1,650,182	(1,650,182)
Net Investment Income	-	9,329,278	(9,329,278)
Benefit Payments, Including Refunds of Employee Contributions	(7,436,783)	(7,436,783)	-
Administrative Expenses	-	(172,445)	172,445
Other Miscellaneous Income (Expense) <sup>1</sup>	-	(327,476)	327,476
Net Changes	12,119,525	9,155,943	2,963,582
Balance at June 30, 2018	<u>\$ 180,639,383</u>	<u>\$ 114,199,355</u>	<u>\$ 66,440,028</u>

<sup>1</sup> During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18 CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**NOTE 14 - PENSION PLANS** (Continued)

**C. Net Pension Liability** (Continued)

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the County for each Plan, calculated using the discount rate for each Plan, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.15 percent) or one percentage point higher (8.15 percent) than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Safety Sheriff</u>
1% Decrease Net Pension Liability	\$ 507,185,401	\$ 90,843,173	\$ 92,234,643
Current Discount Rate Net Pension Liability	\$ 353,859,847	\$ 61,981,473	\$ 66,440,028
1% Increase Net Pension Liability	\$ 225,821,614	\$ 38,315,226	\$ 45,418,442

**Pension Plan Fiduciary Net Position** – The Plan’s fiduciary net position disclosed in the County’s CalPERS GASB Statement No. 68 accounting valuation report may differ from the Plan assets reported in the County’s CalPERS funding actuarial valuation report due to several reasons. For example, for the accounting valuations, CalPERS must keep items such as deficiency reserves and fiduciary self-insurance included as assets. These amounts are excluded for rate setting purposes in the County’s funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

**NOTE 14 - PENSION PLANS** (Continued)

**C. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2019, the County recognized a pension expense of \$85,188,460. At June 30, 2019, the County's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 34,309,935	\$ -
Changes in Assumptions	22,032,451	5,262,106
Differences between Actual and Expected Experience	8,804,659	-
Net Differences between Projected and Actual Earnings on Plan Investments	<u>30,283,398</u>	<u>26,687,566</u>
Total	<u>\$ 95,430,443</u>	<u>\$ 31,949,672</u>

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 5,787,644	\$ -
Changes in Assumptions	5,038,067	727,434
Differences between Actual and Expected Experience	2,832,454	102,596
Net Differences between Projected and Actual Earnings on Plan Investments	<u>4,755,968</u>	<u>4,129,753</u>
Total	<u>\$ 18,414,133</u>	<u>\$ 4,959,783</u>

	Safety Sheriff	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 6,884,641	\$ -
Changes in Assumptions	6,171,227	980,725
Differences between Actual and Expected Experience	3,351,339	-
Net Differences between Projected and Actual Earnings on Plan Investments	<u>3,867,475</u>	<u>3,519,594</u>
Total	<u>\$ 20,274,682</u>	<u>\$ 4,500,319</u>

**NOTE 14 - PENSION PLANS** (Continued)

**D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions** (Continued)

	<b>TOTAL</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 46,982,220	\$ -
Changes in Assumptions	33,241,745	6,970,265
Differences between Actual and Expected Experience	14,988,452	102,596
Net Differences between Projected and Actual Earnings on Plan Investments	<u>38,906,841</u>	<u>34,336,913</u>
Total	<u>\$ 134,119,258</u>	<u>\$ 41,409,774</u>

\$46,982,220 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Details for each of the Plan follow:

Miscellaneous	Safety	Safety Sheriff	TOTAL
\$ 34,309,935	\$ 5,787,644	\$ 6,884,641	\$ 46,982,220

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Miscellaneous Deferred Inflows(Outflows) of Resources	Safety Deferred Inflows(Outflows) of Resources	Safety Sheriff Deferred Inflows(Outflows) of Resources	TOTAL Deferred Inflows(Outflows) of Resources
	2020	\$ 33,479,970	\$ 5,226,583	\$ 4,114,075
2021	5,953,131	3,441,771	3,195,785	12,590,687
2022	(8,085,701)	(661,897)	1,433,909	(7,313,689)
2023	(2,176,564)	(339,751)	106,633	(2,409,682)
2024	-	-	39,320	39,320
Total	<u>\$ 29,170,836</u>	<u>\$ 7,666,706</u>	<u>\$ 8,889,722</u>	<u>\$ 45,727,264</u>

**E. Payable to the Pension Plans**

At June 30, 2019, there was no outstanding amount of contributions payable to the Plans required for the year ended June 30, 2019.

**NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**A. General Information about the OPEB Plan**

**Plan Description.** Employees of the County who retire through CalPERS, their spouse, and eligible dependents may receive health plan coverage through the Public Employees' Medical & Hospital Care Program Plan (OPEB Plan). The OPEB Plan is a single-employer defined benefit plan administered by CalPERS which provides the retirees a monthly medical contribution that is not to exceed the cost of the plan selected. The cost of the OPEB Plan to the County for each bargaining group will be determined through CalPERS' regulations and requirements. For the Physicians Bargaining Unit, the County contributes fixed dollar amounts that vary by coverage [\$327.21 (single) and \$388.41 (for one or more dependents)]. For other bargaining units, the County contributions are based on longevity schedules with fixed dollar scaling that varies by bargaining unit. The OPEB Plan does not issue a financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Eligibility.** All County employees became participants in accordance with the Memorandum of Understanding (MOU) as negotiated by each group or bargaining unit. In order to receive benefits, eligible employees must meet the minimum requirements defined in their MOU.

The OPEB Plan is eligible to plan members who retire directly from the County through CalPERS at age 50 with at least 5 years of service.

**Employees Covered** – At June 30, 2018, the following employees were covered by the benefit terms:

	<u>Total</u>
Active employees	1,943
Inactive employees or beneficiaries currently receiving benefit payments	1,259
Inactive employees entitled but not yet receiving benefit payments	<u>-</u>
Total	<u><u>3,202</u></u>

**Contributions.** The contribution requirements for the County are established by a Memorandum of Understanding as negotiated by each group or bargaining unit. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2019, the County contributed \$7,014,009 to the Plan, \$1,305,426 of which is implicit subsidy.

**NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

**B. Total OPEB Liability**

The County's total OPEB liability of \$168,538,624 was measured as of June 30, 2018. Update procedures were used to roll forward the Total OPEB Liability from the valuation date (June 30, 2017) to the measurement date (June 30, 2018).

**Actuarial Assumptions and Other Inputs.** Actuarial valuations are done every two years. The Total OPEB liability in the June 30, 2017 actuarial valuation report was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement unless otherwise specified:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Funding Policy	Pay -as-you-go
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Amortization Period	18 years for discount sensitivity rate analysis
Actuarial Assumptions:	
Discount Rate	3.62% - No pre-funding
Inflation	2.75% per annum
Payroll Increases	Aggregate Increases -3.00% Merit Increases - CALPERS 1997-2015 Experience Study
Mortality, Termination, Disability and Retirement	CALPERS 1997-2015 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2017
Medical Trend	Non- Medicare - 7.5% for 2019, decreasing to 4.0% in 2076; Medicare - 6.5% for 2019, decreasing to 4.0% in 2076
PEMHCA* Minimum Increase Rate	4.25% annually

\*Public Employees' Medical and Hospital Care Act (PEMHCA)

The discount rate was based on the Fidelity Municipal General Obligation AA 20 year bond index.

There was no experience study performed for the OPEB Plan. The actuarial assumptions used in the June 30, 2017 valuation were based on CalPERS experience studies, since covered employees are also in CalPERS plans. Mortality Improvement is the most recent Society of Actuaries table. Inflation is based on actuary's estimate for the OPEB Plan's very long-time horizon. Short-term healthcare trend was developed in consultation by actuary with Axene Health Partners' healthcare actuaries. Long-term healthcare trend was developed using Society of Actuaries' Getzen Model of Long-Run Medical Cost Trends.

**NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

**B. Total OPEB Liability** (Continued)

**Changes in the Total OPEB Liability** - The changes in the Total OPEB Liability follow:

	Total OPEB Liability
Balance at June 30, 2017	\$ 162,972,790
Changes for the year:	
Service Cost	7,732,196
Interest	5,955,259
Changes of Benefit Terms	-
Differences between Actual and Expected Experience	-
Changes in Assumptions	(1,276,771)
Benefit Payments	(6,844,850)
Net Changes	5,565,834
Balance at June 30, 2018	\$ 168,538,624

**Change of Assumptions** – In 2018, the accounting discount rate increased from 3.56 percent to 3.62 percent.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** – The following presents the Total OPEB liability of the County, as well as what the County’s Total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.62 percent) or one percentage point higher (4.62 percent) than the current rate:

Total OPEB Liability		
2.62%	3.62%	4.62%
(1% Decrease)	(Current Discount Rate)	(1% Increase)
\$ 192,056,939	\$ 168,538,624	\$ 149,354,424

**Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates** – The following presents the Total OPEB liability of the County, as well as what the County’s Total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Total OPEB Liability		
(1% Decrease)	(Current Healthcare Trend)	(1% Increase)
\$ 156,574,966	\$ 168,538,624	\$ 187,806,013



**NOTE 15 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

**C. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2019, the County recognized OPEB expense of \$11,467,262. At June 30, 2019, the County's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 7,014,009	\$ -
Changes in Assumptions or other inputs	-	10,981,011
<b>Total</b>	<b>\$ 7,014,009</b>	<b>\$ 10,981,011</b>

\$7,014,009 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Deferred Outflows (Inflows) of Resources
2020	\$ (2,248,760)
2021	(2,248,760)
2022	(2,248,760)
2023	(2,248,760)
2024	(1,835,760)
Thereafter	(150,211)
<b>Total</b>	<b>\$ (10,981,011)</b>

**NOTE 16 - DEFERRED COMPENSATION PLAN**

The County offers all of its full-time employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. The deferred compensation plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or emergency. Employees direct the investment of deferred compensation plan assets into certificates of deposits and various mutual funds. The County has insignificant administrative duties.

As of June 30, 2019, the deferred compensation plan's assets of \$193,807,248 are not recorded in the County's financial statements as they are deposited with a third party administrator independent of the County.

## **NOTE 17 - COMMITMENTS AND CONTINGENCIES**

### **A. *Contracts***

As of June 30, 2019, the County has construction contract commitments in the Department of Public Works (all funds types) and in Special Revenue and Capital Projects Funds in the amount of \$18,672,888 and \$4,517,985, respectively.

### **B. *Litigation***

There are several lawsuits and unresolved disputes involving the County or its employees in which the County is represented by the County Counsel. However, in the opinion of the County Counsel these actions will not, in the aggregate, have a material adverse effect upon the operations or financial position of the County.

### **C. *Federal and State Grants***

The County participates in a number of Federal and State grant programs subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. However, management does not believe that audit disallowances, if any, would have a significant effect on the financial position of the County.

### **D. *Medicare and Medi-Cal Reimbursements***

The County's Medicare and Medi-Cal cost reports for certain prior years are in various stages of review by the third-party intermediaries and have not been settled as a result of certain unresolved reimbursement issues. The County believes that it has adequately provided for any potential liabilities that may arise from the intermediaries' review.

## **NOTE 18 - 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; natural disasters; medical malpractice; unemployment coverage; and dental benefits to employees. The County is self-insured for its general and automobile liability, workers' compensation, property, unemployment insurance and employees' dental coverage. The County has chosen to establish risk-financing internal service funds, where assets are set aside for claim settlements associated with the above risk of loss up to certain limits. Excess coverage is provided by the California State Association of Counties (CSAC) Excess Insurance Authority (Insurance Authority), a joint powers authority whose purpose is to develop and fund programs of excess insurance for its member counties. The Insurance Authority is governed by a Board of Directors consisting of representatives of the member counties. Self-insurance limits per occurrence and Insurance Authority limits per year are as presented in the Statistical Section of this report.

Amounts in excess of these limits are self-insured. None of the insurance settlements over the past three years has exceeded the amount of insurance coverage. As of June 30, 2019, the workers' compensation liability limit per occurrence was \$500,000.

The unpaid claims liability included in each of the Self-Insurance Internal Service Funds are based on the results of actuarial studies and include amounts for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. It is the County's practice to obtain full actuarial studies bi-annually for the Liability/Property and Workers Compensation program. Annual premiums are charged by each Self-Insurance fund using various allocation methods which include actual costs, claims experience, and number of participants.

**NOTE 18 - RISK MANAGEMENT** (Continued)

The change in the balance of claims liabilities during the fiscal year ended June 30, 2019, and two prior years for all Self-Insurance Internal Service Funds combined is as follows:

	2019	2018	2017
Unpaid claims and claim adjustment expenses, beginning of the fiscal year	\$ 36,757,128	\$ 36,757,128	\$ 39,004,128
Incurred claims and claim adjustment expenses	16,022,236	10,380,265	15,815,693
Increase (decrease) in provision of insured events for prior years	9,373,232	-	(2,247,000)
Claim payments	<u>(13,772,236)</u>	<u>(10,380,265)</u>	<u>(15,815,693)</u>
Unpaid claims and claim adjustment expenses, end of the fiscal year	<u>\$ 48,380,360</u>	<u>\$ 36,757,128</u>	<u>\$ 36,757,128</u>

At June 30, 2019, the Self-Insurance Funds held a total of \$22,186,020 in cash for the payment of these claims.

**A. Workers' Compensation**

The Workers' Compensation self-insurance program is funded on a cash flow plus contingency reserve basis. The County is liable for the first \$500,000 and carries catastrophic insurance coverage. At June 30, 2019, the estimated future liabilities were \$32,539,000. As permitted by State and Federal guidelines, the Workers' Compensation program is funded on a pay-as-you-go basis. The funding is closely monitored to ensure that claims are paid when due or required by law.

**B. Dental and Medical**

The County provides a self-funded indemnity dental program for employees and their dependents and is funded by the various County departments through charges to their salary and benefits budgets. At June 30, 2019, the County had an estimated future liability of \$408,610 for dental benefits. The County is fully insured for its alternative capitation dental program and for medical coverage for employees represented by the Santa Cruz County Deputy Sheriffs' Association and the Santa Cruz County Lieutenants' Association.

**C. Liability and Property**

The County has a self-insured retention of \$1 million with excess insurance coverage for the general liability program. At June 30, 2019, the County had estimated future liabilities totaling \$15,366,000 which included estimates for known claims and losses incurred but not reported (IBNR).

**D. Unemployment Insurance**

The Unemployment Insurance self-insurance program is considered a "reimbursable" program by the Employment Development Department (EDD), since EDD provides benefits and bills the County quarterly after the fact. As billings are always one quarter in arrears, the estimated future liabilities are based on 25% of the amount budgeted for the new fiscal year. At June 30, 2019, estimated future liabilities were \$66,750.

**NOTE 19 - FUND BALANCES**

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2019, is as follows:

	General Fund	Off Highway, Road and Transportation Fund	Housing Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>						
Inventory, prepaids and imprest cash	\$ 1,578,963	\$ -	\$ -	\$ -	\$ -	\$ 1,578,963
Advances and loans	128,000	-	-	-	-	128,000
<b>Total nonspendable fund balance</b>	<b>1,706,963</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,706,963</b>
<b>Restricted for:</b>						
Purpose of fund	-	2,676,157	76,672,274	-	23,754,380	103,102,811
Debt service	-	-	-	-	2,197,931	2,197,931
Capital asset acquisition	-	-	-	8,903,939	6,883,523	15,787,462
<b>Total restricted fund balance</b>	<b>-</b>	<b>2,676,157</b>	<b>76,672,274</b>	<b>8,903,939</b>	<b>32,835,834</b>	<b>121,088,204</b>
<b>Committed to:</b>						
Natural Disasters	400,000	-	-	-	-	400,000
Working Capital	6,000,000	-	-	-	-	6,000,000
Economic Uncertainty	10,000,000	-	-	-	-	10,000,000
MHSA Prudent Reserve	3,557,098	-	-	-	-	3,557,098
<b>Total committed fund balance</b>	<b>19,957,098</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,957,098</b>
<b>Assigned to:</b>						
Federally qualified health program	15,051,869	-	-	-	-	15,051,869
Budgeted Structural Deficit	6,363,992	-	-	-	-	6,363,992
Eliminate projected budgetary deficit in subsequent year's budget	11,414,946	-	-	-	-	11,414,946
Unanticipated liabilities	2,000,000	-	-	-	-	2,000,000
Human services programs	4,537,533	-	-	-	-	4,537,533
Salary Savings	8,794,085	-	-	-	-	8,794,085
<b>Total assigned fund balance</b>	<b>48,162,425</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,162,425</b>
<b>Total fund balances</b>	<b>\$ 69,826,486</b>	<b>\$ 2,676,157</b>	<b>\$ 76,672,274</b>	<b>\$ 8,903,939</b>	<b>\$ 32,835,834</b>	<b>\$ 190,914,690</b>

## **NOTE 20 - SUBSEQUENT EVENTS**

On July 1, 2019, the County paid the principal and interest of the 2018-2019 Tax and Revenue Anticipation Notes in the total amount of \$46,795,000. On July 2, 2019, the County issued the 2019-2020 Tax and Revenue Anticipation Notes in the amount of \$45,000,000. The 2019-2020 Tax and Revenue Anticipation Notes bear interest at the rate of 4.0% and matures on July 1, 2020. The County issues tax and revenue anticipation notes annually to meet current expenses, capital expenditures, and other obligations or indebtedness until sufficient taxes or revenues are collected to fund the County's operations.

In September 2019, the Board of Directors of the Freedom County Sanitation District adopted a resolution authorizing and providing for the execution and delivery of a Certificate of Participation (COP) evidencing a loan in the amount of \$4,497,000 from the U.S. Department of Agriculture (USDA), and related installment sale financing agreements between the County and the Santa Cruz County Capital Financing Authority. The loan will finance the design, construction, and other costs associated with the first phase of the Freedom Sewer Rehabilitation project which will remove and replace deteriorating sanitary sewer pipes and upsize an undersized trunk line. The COP will bear interest at a rate not to exceed 2.375% and be payable over 40 years.

## **NOTE 21 – TAX ABATEMENTS**

The County provides property tax abatements through the Williamson Act program (the California Land Conservation Act of 1965), which allows eligible property owners to enter into a contract to preserve commercial agricultural land. Applications to enter into a new contract or to not renew or cancel an existing contract requires approval from the County Board of Supervisors with recommendations from the Agricultural Policy Advisory Commission and the Planning Commission.

Contracts are usually approved for a term of 10 or 20 years and automatically renew every year. The contract is maintained at the original term until the contract is not renewed by the property owner or the County, or until the contract is cancelled by the property owner. In the past, the State reimbursed counties to partially offset the loss of property tax revenue, but they discontinued the subvention payments in 2009. In response, the County resolved to not accept or take action on applications for new contracts.

To be eligible for the tax abatement, the parcels must be located within an Agricultural Preserve as Type 1, 2, or 3, and zoned Commercial Agriculture, Agriculture Preserve, or Timber Production. They must also be designated as Agriculture, Mountain Residential, Parks and Open Space, or Resource Conservation. Parcels must be at least 10 acres if designated as Type 1 or 3 and at least 40 acres if designated as Type 2.

Properties under contract will often be eligible for a reduced land value assessment. The Assessor's office values the parcels under contract annually using the lowest of three value calculations: the Proposition 13 value, the Fair Market value, or the Restricted value. The Restricted value is calculated based on the potential income the land could produce based on the land classification and type of agriculture it could support.

No other commitments were made by the County as part of the Williamson Act. For the fiscal year ended June 30, 2019, the Agricultural Preserve Program tax abatements were \$349,139.



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**REQUIRED SUPPLEMENTARY  
INFORMATION (UNAUDITED)**

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## COUNTY OF SANTA CRUZ BUDGETARY PRINCIPLES

### ***General Budget Policies***

In accordance with Chapter 1, Division 3, Title 3, of the Government Code of the State of California, known as the "Budget Act," the County of Santa Cruz (County) prepares and adopts a budget for each fiscal year. The budget is a compilation of operating budgets from: individual functional units within the General Fund, Special Revenue Funds, Capital Projects Fund, and Proprietary Funds (operating plans). Budgets are adopted for all funds except for Debt Service Funds and certain Special Revenue Funds, namely, the Financing Authorities, and Health Services, and Geological Hazard Abatement Districts funds.

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before June 10, each official in charge of a budget provides the County Administrative Officer an itemized request detailing the estimate of financing sources, financing uses, and any other matters required by the Board of Supervisors (Board). The auditor provides the estimates for bonded debt service requirements.
2. Prior to July 1, the County Administrative Officer submits to the Board a recommended budget for the fiscal year commencing the following July 1. By formal action, the Board approves the recommended budget, including the revisions it deems necessary.
3. On or before September 8, the Board publishes a notice in a newspaper of general circulation stating that the recommended budget documents are available to the public, and the dates of the public hearings at which any member of the public may attend and be heard on any item in the recommended budget.
4. On or before October 2, public hearings are conducted to obtain public comments, and the budget is legally adopted through the passage of a resolution. The public hearings shall be concluded within 14 calendar days.
5. On or before December 1, the Auditor-Controller publishes a final budget as recommended by the County Administrative Officer and adopted by the Board, in a format prescribed by the State Controller.
6. Budget units are expenditure classifications which identify accounting or cost centers necessary or desirable for control of the County financial operation.
7. The County uses formal budgetary integration as a management control device during the year for the primary government and all blended component units, except the Financing Authorities and certain Special Revenue Funds, which do not annually adopt a budget.
8. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) except for the following different classifications:
  - Interfund transfers are reported as revenues or expenditures for budgetary purposes, however, for GAAP purposes are reported as other financing sources or uses.
  - Proceeds from the sale of assets and the issuance of new debt are reported as revenues for budgetary purposes, however, for GAAP purposes they are reported as other financing sources.
9. Budgetary control is maintained at the character level, except for capital assets and other charges which are controlled by line item. Character levels are appropriation totals for salaries and employee benefits, and services and supplies. The Board approves all transfers of budgeted appropriation amounts between budget units within any fund or between expenditures outside of budgetary control limits. Unencumbered appropriations at year-end lapse into fund balance. See the following paragraph for encumbered appropriations at year-end.



## **BUDGETARY PRINCIPLES (Continued)**

### ***General Budget Policies*** (Continued)

The Board made several supplementary budgetary appropriations throughout the year, primarily to the Special Revenue and Capital Projects Funds. Other supplemental budgetary appropriations in other funds were not considered material.

### ***Encumbrances***

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary accounting in the General and Special Revenue Funds. Encumbrances outstanding at year-end are reported as commitments of fund balance since they do not constitute expenditures or liabilities. Encumbrances at year-end are re-budgeted in the new year.

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with
	Original	Final		Final Budget
<b>FUND BALANCE, BEGINNING</b>	\$ 55,790,885	55,790,885	\$ 60,408,265	\$ 4,617,380
<b>RESOURCES (INFLOWS)</b>				
Taxes	131,935,787	128,141,073	129,859,218	1,718,145
Licenses and permits	16,094,375	16,094,375	12,547,996	(3,546,379)
Fines, forfeits and penalties	5,540,587	11,131,852	10,755,614	(376,238)
Use of money and property	4,489,110	4,489,110	4,998,934	509,824
Aid from other governments	256,073,380	261,602,627	261,544,845	(57,782)
Charges for services	77,650,630	83,219,116	64,226,435	(18,992,681)
Other	14,300,784	16,470,997	17,014,591	543,594
Inception of capital lease	1,022,926	600,948	30,033	(570,915)
Transfers in	26,701,066	26,768,586	2,629,243	(24,139,343)
<b>Amount Available for Appropriation</b>	<b>533,808,645</b>	<b>548,518,684</b>	<b>503,606,909</b>	<b>(44,911,775)</b>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
General Government:				
Board of Supervisors				
Salaries and employee benefits	2,810,522	2,804,522	2,691,896	112,626
Services and supplies	163,064	163,352	163,439	(87)
<b>Total</b>	<b>2,973,586</b>	<b>2,967,874</b>	<b>2,855,335</b>	<b>112,539</b>
Administrative Office				
Salaries and employee benefits	5,032,107	5,143,107	4,856,746	286,361
Services and supplies	3,160,365	9,558,288	2,970,605	6,587,683
Other charges	252,811	403,811	403,382	429
Intrafund transfers	(713,450)	(617,120)	(1,306,230)	689,110
Appropriations for contingencies	-	44,311	-	44,311
<b>Total</b>	<b>7,731,833</b>	<b>14,532,397</b>	<b>6,924,503</b>	<b>7,607,894</b>
Auditor-Controller				
Salaries and employee benefits	4,051,084	5,454,015	5,002,958	451,057
Services and supplies	1,512,450	1,895,640	1,550,650	344,990
Capital assets	162,815	162,815	37,089	125,726
Intrafund transfers	(1,826,674)	(1,803,490)	(1,562,526)	(240,964)
Appropriations for contingencies	-	5,268	-	5,268
<b>Total</b>	<b>3,899,675</b>	<b>5,714,248</b>	<b>5,028,171</b>	<b>686,077</b>

(Continued)

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
General Government, Continued:				
Treasurer - Tax Collector				
Salaries and employee benefits	\$ 1,402,931	\$ -	\$ -	\$ -
Services and supplies	1,008,370	-	-	-
Intrafund transfers	23,184	-	-	-
<b>Total</b>	<u>2,434,485</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assessor				
Salaries and employee benefits	2,904,114	2,904,114	2,741,800	162,314
Services and supplies	803,009	502,356	472,950	29,406
Other charges	153,025	153,025	119,414	33,611
Intrafund transfers	(253,803)	(253,803)	(194,595)	(59,208)
<b>Total</b>	<u>3,606,345</u>	<u>3,305,692</u>	<u>3,139,569</u>	<u>166,123</u>
Purchasing				
Salaries and employee benefits	236,988	253,257	242,936	10,321
Services and supplies	143,505	127,236	107,270	19,966
Intrafund transfers	(43,270)	(43,270)	(32,445)	(10,825)
<b>Total</b>	<u>337,223</u>	<u>337,223</u>	<u>317,761</u>	<u>19,462</u>
County Counsel				
Salaries and employee benefits	3,928,678	3,928,678	3,813,760	114,918
Services and supplies	185,796	180,742	157,862	22,880
Intrafund transfers	(1,029,477)	(1,029,477)	(979,485)	(49,992)
<b>Total</b>	<u>3,084,997</u>	<u>3,079,943</u>	<u>2,992,137</u>	<u>87,806</u>
Personnel				
Salaries and employee benefits	3,794,758	3,794,758	3,514,529	280,229
Services and supplies	2,524,952	2,319,230	2,233,118	86,112
Intrafund transfers	(1,133,225)	(1,133,225)	(1,133,225)	-
<b>Total</b>	<u>5,186,485</u>	<u>4,980,763</u>	<u>4,614,422</u>	<u>366,341</u>
County Clerk/Elections				
Salaries and employee benefits	2,147,828	2,162,412	2,162,412	-
Services and supplies	1,596,975	1,611,991	1,311,589	300,402
<b>Total</b>	<u>3,744,803</u>	<u>3,774,403</u>	<u>3,474,001</u>	<u>300,402</u>

(Continued)

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
General Government, Continued:				
Communications				
Salaries and employee benefits	\$ 1,001,861	\$ 1,001,861	\$ 674,645	\$ 327,216
Services and supplies	1,908,388	2,468,862	1,783,774	685,088
Other charges	258,824	258,824	258,800	24
Capital assets	997,730	574,359	574,359	-
Intrafund transfers	(1,119,748)	(1,119,748)	(768,139)	(351,609)
<b>Total</b>	<u>3,047,055</u>	<u>3,184,158</u>	<u>2,523,439</u>	<u>660,719</u>
General Services				
Salaries and employee benefits	5,451,711	5,447,253	5,129,443	317,810
Services and supplies	4,714,889	4,866,868	4,597,616	269,252
Capital assets	-	8,000	7,743	257
Intrafund transfers	(7,325,649)	(7,325,649)	(6,925,525)	(400,124)
<b>Total</b>	<u>2,840,951</u>	<u>2,996,472</u>	<u>2,809,277</u>	<u>187,195</u>
Real Property Management				
Services and supplies	172,000	372,000	343,964	28,036
<b>Total</b>	<u>172,000</u>	<u>372,000</u>	<u>343,964</u>	<u>28,036</u>
Finance: Revenue-General Fund				
Services and supplies	332,919	525,651	273,135	252,516
Other charges	1,038,310	1,038,310	340,158	698,152
Intrafund transfers	(2,152,641)	(2,152,641)	(730,338)	(1,422,303)
Appropriations for contingencies	-	17,268	-	17,268
<b>Total</b>	<u>(781,412)</u>	<u>(571,412)</u>	<u>(117,045)</u>	<u>(454,367)</u>
Surveyor				
Services and supplies	188,560	223,560	71,468	152,092
Intrafund transfers	-	-	(308)	308
<b>Total</b>	<u>188,560</u>	<u>223,560</u>	<u>71,160</u>	<u>152,400</u>
DPW Engineering				
Services and supplies	184,000	184,000	78,408	105,592
<b>Total</b>	<u>184,000</u>	<u>184,000</u>	<u>78,408</u>	<u>105,592</u>

(Continued)

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
General Government, Continued:				
Central Stores				
Salaries and employee benefits	\$ 204,722	\$ 204,722	\$ 215,043	\$ (10,321)
Services and supplies	76,429	76,429	75,752	677
Intrafund transfers	(243,723)	(243,723)	(246,326)	2,603
<b>Total</b>	<u>37,428</u>	<u>37,428</u>	<u>44,469</u>	<u>(7,041)</u>
Plant Acquisition				
Intrafund transfers	975,445	130,302	-	130,302
<b>Total</b>	<u>975,445</u>	<u>130,302</u>	<u>-</u>	<u>130,302</u>
<b>Total General Government</b>	<u>39,663,459</u>	<u>45,249,051</u>	<u>35,099,571</u>	<u>10,149,480</u>
Public Protection:				
Courts				
Services and supplies	270,300	270,300	160,632	109,668
Other charges	1,737,863	1,737,863	1,737,863	-
<b>Total</b>	<u>2,008,163</u>	<u>2,008,163</u>	<u>1,898,495</u>	<u>109,668</u>
Grand Jury				
Services and supplies	50,244	51,734	47,180	4,554
<b>Total</b>	<u>50,244</u>	<u>51,734</u>	<u>47,180</u>	<u>4,554</u>
Child Support				
Salaries and employee benefits	6,175,625	6,175,625	5,337,617	838,008
Services and supplies	678,919	678,919	630,595	48,324
Other charges	160,384	160,384	160,384	-
<b>Total</b>	<u>7,014,928</u>	<u>7,014,928</u>	<u>6,128,596</u>	<u>886,332</u>
District Attorney				
Salaries and employee benefits	16,411,452	16,497,352	16,315,484	181,868
Services and supplies	1,759,463	2,211,460	2,142,284	69,176
Other charges	450,634	450,634	273,071	177,563
Intrafund transfers	(424,401)	(424,401)	(426,499)	2,098
<b>Total</b>	<u>18,197,148</u>	<u>18,735,045</u>	<u>18,304,340</u>	<u>430,705</u>
Public Defender				
Services and supplies	12,373,262	12,268,209	11,532,808	735,401
Appropriations for contingencies	-	105,053	-	105,053
<b>Total</b>	<u>12,373,262</u>	<u>12,373,262</u>	<u>11,532,808</u>	<u>840,454</u>
Sheriff-Coroner				
Salaries and employee benefits	33,329,833	32,666,063	32,349,571	316,492
Services and supplies	7,865,788	8,240,750	7,892,598	348,152
Other charges	250,180	250,206	239,813	10,393
Capital assets	76,216	75,795	69,761	6,034
Intrafund transfers	(292,396)	(292,396)	(390,152)	97,756
Appropriations for contingencies	-	51,868	-	51,868
<b>Total</b>	<u>41,229,621</u>	<u>40,992,286</u>	<u>40,161,591</u>	<u>830,695</u>

(Continued)

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
Public Protection, Continued:				
Jail and Rehabilitation Center				
Salaries and employee benefits	\$ 26,007,714	\$ 27,155,400	\$ 26,360,646	\$ 794,754
Services and supplies	9,104,239	10,131,192	9,945,968	185,224
Other charges	290,651	290,651	181,330	109,321
Capital assets	-	38,000	33,784	4,216
Appropriations for contingencies	-	9,175	-	9,175
<b>Total</b>	<b>35,402,604</b>	<b>37,624,418</b>	<b>36,521,728</b>	<b>1,102,690</b>
Probation Department				
Salaries and employee benefits	16,621,672	17,221,939	16,722,645	499,294
Services and supplies	6,971,550	6,953,391	6,369,115	584,276
Other charges	37,196	37,196	33,563	3,633
Capital assets	-	2,226	2,226	-
Intrafund transfers	(146,883)	(146,883)	(145,392)	(1,491)
Appropriations for contingencies	-	77,851	-	77,851
<b>Total</b>	<b>23,483,535</b>	<b>24,145,720</b>	<b>22,982,157</b>	<b>1,163,563</b>
State Correctional Schools				
Services and supplies	40,140	40,140	-	40,140
Other charges	24,000	24,000	36,427	(12,427)
<b>Total</b>	<b>64,140</b>	<b>64,140</b>	<b>36,427</b>	<b>27,713</b>
Agricultural Commissioner/				
Weights and Measures				
Salaries and employee benefits	2,151,787	2,221,308	2,203,820	17,488
Services and supplies	363,719	415,970	402,983	12,987
Other charges	-	277,336	277,336	-
Intrafund transfers	(209,942)	(209,942)	(209,942)	-
Appropriations for contingencies	-	86	-	86
<b>Total</b>	<b>2,305,564</b>	<b>2,704,758</b>	<b>2,674,197</b>	<b>30,561</b>
Public Works - Other Construction Inspection				
Services and supplies	90,000	180,000	4,475	175,525
<b>Total</b>	<b>90,000</b>	<b>180,000</b>	<b>4,475</b>	<b>175,525</b>
Recorder				
Salaries and employee benefits	958,226	958,226	913,940	44,286
Services and supplies	822,462	791,570	670,000	121,570
Other charges	134,714	134,714	134,714	-
Appropriations for contingencies	-	30,892	-	30,892
<b>Total</b>	<b>1,915,402</b>	<b>1,915,402</b>	<b>1,718,654</b>	<b>196,748</b>

(Continued)

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
Public Protection, Continued:				
County Emergency Office				
Salaries and employee benefits	\$ 264,419	\$ 264,419	\$ 257,481	\$ 6,938
Services and supplies	312,896	360,410	350,487	9,923
<b>Total</b>	<u>577,315</u>	<u>624,829</u>	<u>607,968</u>	<u>16,861</u>
Local Agency Formation Commission				
Other charges	128,800	128,800	128,800	-
<b>Total</b>	<u>128,800</u>	<u>128,800</u>	<u>128,800</u>	<u>-</u>
Planning Department				
Salaries and employee benefits	10,310,392	10,247,392	9,529,452	717,940
Services and supplies	2,571,962	2,478,181	1,905,888	572,293
Other charges	2,126,384	2,177,252	2,035,476	141,776
Intrafund transfers	(383,760)	(383,760)	(188,003)	(195,757)
Appropriations for contingencies	-	12,132	-	12,132
<b>Total</b>	<u>14,624,978</u>	<u>14,531,197</u>	<u>13,282,813</u>	<u>1,248,384</u>
Animal Services				
Other charges	1,568,125	1,568,125	1,568,125	-
<b>Total</b>	<u>1,568,125</u>	<u>1,568,125</u>	<u>1,568,125</u>	<u>-</u>
Association of Monterey Bay Area Govts.				
Other charges	33,046	33,046	33,046	-
<b>Total</b>	<u>33,046</u>	<u>33,046</u>	<u>33,046</u>	<u>-</u>
<b>Total Public Protection</b>	<u>161,066,875</u>	<u>164,695,853</u>	<u>157,631,400</u>	<u>7,064,453</u>
Public Ways and Facilities:				
Public Ways - DPW				
Services and supplies	213,330	213,330	209,586	3,744
<b>Total</b>	<u>213,330</u>	<u>213,330</u>	<u>209,586</u>	<u>3,744</u>
<b>Total Public Ways and Facilities</b>	<u>213,330</u>	<u>213,330</u>	<u>209,586</u>	<u>3,744</u>

(Continued)

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
Health and Sanitation:				
Health Services Agency				
Salaries and employee benefits	\$ 80,590,562	\$ 79,368,491	\$ 72,883,605	\$ 6,484,886
Services and supplies	69,893,491	70,758,939	59,096,676	11,662,263
Other charges	25,027,897	26,677,497	25,687,506	989,991
Capital assets	10,468	35,359	23,681	11,678
Intrafund transfers	(17,687,105)	(17,732,851)	(16,830,362)	(902,489)
<b>Total</b>	<u>157,835,313</u>	<u>159,107,435</u>	<u>140,861,106</u>	<u>18,246,329</u>
Mosquito Abatement				
Salaries and employee benefits	1,208,698	1,208,698	1,170,721	37,977
Services and supplies	474,490	474,490	386,690	87,800
Capital assets	83,000	83,000	35,269	47,731
<b>Total</b>	<u>1,766,188</u>	<u>1,766,188</u>	<u>1,592,680</u>	<u>173,508</u>
Air Pollution				
Other charges	57,714	57,714	57,714	-
<b>Total</b>	<u>57,714</u>	<u>57,714</u>	<u>57,714</u>	<u>-</u>
<b>Total Health and Sanitation</b>	<u>159,659,215</u>	<u>160,931,337</u>	<u>142,511,500</u>	<u>18,419,837</u>
Public Assistance:				
Human Services Department				
Salaries and employee benefits	60,461,093	60,219,740	58,127,323	2,092,417
Services and supplies	19,667,354	21,035,790	19,613,015	1,422,775
Other charges	14,702,032	15,560,699	14,407,021	1,153,678
Capital assets	50,000	71,374	69,363	2,011
Intrafund transfers	(168,860)	(183,860)	(194,477)	10,617
Appropriations for contingencies	-	86,561	-	86,561
<b>Total</b>	<u>94,711,619</u>	<u>96,790,304</u>	<u>92,022,245</u>	<u>4,768,059</u>
Community Programs				
Other charges	4,365,000	4,365,000	4,160,781	204,219
<b>Total</b>	<u>4,365,000</u>	<u>4,365,000</u>	<u>4,160,781</u>	<u>204,219</u>

(Continued)



**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
Public Assistance, Continued:				
Categorical Aids				
Services and supplies	\$ 196,000	\$ 196,000	\$ 94,661	\$ 101,339
Other charges	35,878,473	35,467,148	32,918,591	2,548,557
<b>Total</b>	<u>36,074,473</u>	<u>35,663,148</u>	<u>33,013,252</u>	<u>2,649,896</u>
General Assistance				
Services and supplies	1,000	1,000	-	1,000
Other charges	685,292	685,292	438,169	247,123
<b>Total</b>	<u>686,292</u>	<u>686,292</u>	<u>438,169</u>	<u>248,123</u>
Burial of Indigents				
Services and supplies	42,000	42,000	24,980	17,020
<b>Total</b>	<u>42,000</u>	<u>42,000</u>	<u>24,980</u>	<u>17,020</u>
Family Relations				
Services and supplies	7,025	43,350	43,350	-
Other charges	79,810	183,545	83,545	100,000
<b>Total</b>	<u>86,835</u>	<u>226,895</u>	<u>126,895</u>	<u>100,000</u>
Wards of Court				
Services and supplies	30,000	30,000	-	30,000
Other charges	224,100	224,100	150,110	73,990
<b>Total</b>	<u>254,100</u>	<u>254,100</u>	<u>150,110</u>	<u>103,990</u>
Veterans Service Officer				
Salaries and employee benefits	451,559	453,173	453,173	-
Services and supplies	73,604	120,989	66,333	54,656
<b>Total</b>	<u>525,163</u>	<u>574,162</u>	<u>519,506</u>	<u>54,656</u>
<b>Total Public Assistance</b>	<u>136,745,482</u>	<u>138,601,901</u>	<u>130,455,938</u>	<u>8,145,963</u>

(Continued)

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
Education:				
Agricultural Extension Services				
Salaries and employee benefits	\$ 99,689	\$ 100,013	\$ 100,013	\$ -
Services and supplies	32,040	35,321	35,329	(8)
<b>Total</b>	<u>131,729</u>	<u>135,334</u>	<u>135,342</u>	<u>(8)</u>
<b>Total Education</b>	<u>131,729</u>	<u>135,334</u>	<u>135,342</u>	<u>(8)</u>
Recreation and Culture:				
Recreation and Cultural Services				
Salaries and employee benefits	6,183,634	6,283,649	6,026,749	256,900
Services and supplies	3,254,703	3,281,892	2,694,220	587,672
Other charges	401,290	401,290	401,290	-
Intrafund transfers	(367,788)	(367,788)	(367,788)	-
Appropriations for contingencies	-	1,258	-	1,258
<b>Total</b>	<u>9,471,839</u>	<u>9,600,301</u>	<u>8,754,471</u>	<u>845,830</u>
<b>Total Recreation and Culture</b>	<u>9,471,839</u>	<u>9,600,301</u>	<u>8,754,471</u>	<u>845,830</u>
Debt Service:				
Debt Service				
Services and supplies	154,666	154,666	727,468	(572,802)
Intrafund transfers	(723,135)	(723,135)	(616,456)	(106,679)
Principal	656,970	663,146	551,940	111,206
Interest	1,035,116	1,032,936	794,395	238,541
<b>Total</b>	<u>1,123,617</u>	<u>1,127,613</u>	<u>1,457,347</u>	<u>(329,734)</u>
<b>Total Debt Service</b>	<u>1,123,617</u>	<u>1,127,613</u>	<u>1,457,347</u>	<u>(329,734)</u>
<b>Total Charges to Appropriations (Outflows)</b>	<u>508,075,546</u>	<u>520,554,720</u>	<u>476,255,155</u>	<u>44,299,565</u>

(Continued)

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Transfers Out:				
Cannabis	\$ 80,000	\$ 80,000	\$ 69,378	\$ 10,622
Plant	3,600,795	4,953,197	3,453,197	1,500,000
Planning Department	35,000	35,000	31,373	3,627
Sheriff-Coroner	-	162,511	51,836	110,675
Jail and Rehabilitation Center	60,000	60,000	58,652	1,348
Health Services Agency	17,174,250	20,772,596	7,091,472	13,681,124
Human Services Department	-	140,000	140,000	-
Debt Service to Financing Authorities	7,037,626	7,037,626	7,037,625	1
<b>Total transfers out</b>	<u>27,987,671</u>	<u>33,240,930</u>	<u>17,933,533</u>	<u>15,307,397</u>
<b>Total Charges to Appropriations (Outflows)</b>	<u>536,063,217</u>	<u>553,795,650</u>	<u>494,188,688</u>	<u>59,606,962</u>
<b>Net change in fund balance</b>	<u>(2,254,572)</u>	<u>(5,276,966)</u>	<u>9,418,221</u>	<u>14,695,187</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 53,536,313</u>	<u>\$ 50,513,919</u>	<u>\$ 69,826,486</u>	<u>\$ 19,312,567</u> (Concluded)

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 503,606,909
Differences - budget to GAAP:	
Inception of capital leases are not revenues for financial reporting purposes	(30,033)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(2,629,243)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 500,947,633</u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 494,188,688
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(17,933,533)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 476,255,155</u>

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
OFF HIGHWAY, ROAD, AND TRANSPORTATION SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 77,850,206	\$ 77,850,206	\$ 77,850,206	\$ -
<b>RESOURCES (INFLOWS)</b>				
Taxes	2,648,392	2,648,392	3,243,303	594,911
Use of money and property	(24,300)	(24,300)	(273,805)	(249,505)
Aid from other governments	59,423,524	62,465,006	31,454,190	(31,010,816)
Charges for services	4,077,198	4,077,198	2,586,525	(1,490,673)
Other	3,031,708	3,031,708	1,692,598	(1,339,110)
Transfers in	560,000	660,160	660,160	-
<b>Amounts available for appropriation</b>	<u>69,716,522</u>	<u>72,858,164</u>	<u>39,362,971</u>	<u>(33,495,193)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	64,852,878	67,678,820	31,698,154	35,980,666
Appropriations for contingencies	-	315,700	-	315,700
<b>Total charges to appropriations</b>	<u>64,852,878</u>	<u>67,994,520</u>	<u>31,698,154</u>	<u>36,296,366</u>
<b>Net change in fund balance</b>	<u>4,863,644</u>	<u>4,863,644</u>	<u>7,664,817</u>	<u>2,801,173</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 82,713,850</u>	<u>\$ 82,713,850</u>	<u>\$ 85,515,023</u>	<u>\$ 2,801,173</u>

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 39,362,971
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(660,160)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 38,702,811</u>

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
HOUSING FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 77,850,206	\$ 77,850,206	\$ 77,850,206	\$ -
<b>RESOURCES (INFLOWS)</b>				
Use of money and property	259,400	259,400	458,079	198,679
Aid from other governments	1,178,905	1,178,905	558,671	(620,234)
Charges for services	500,000	500,000	831,618	331,618
Other	1,105,900	1,105,900	682,639	(423,261)
<b>Amounts available for appropriation</b>	<u>3,044,205</u>	<u>3,044,205</u>	<u>2,531,007</u>	<u>(513,198)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	3,327,790	3,416,819	914,402	2,502,417
Other charges	15,482,718	15,383,287	2,794,537	12,588,750
Appropriations for contingencies	-	10,402	-	10,402
<b>Total charges to appropriations</b>	<u>18,810,508</u>	<u>18,810,508</u>	<u>3,708,939</u>	<u>15,101,569</u>
<b>Net change in fund balance</b>	<u>(15,766,303)</u>	<u>(15,766,303)</u>	<u>(1,177,932)</u>	<u>14,588,371</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 62,083,903</u>	<u>\$ 62,083,903</u>	<u>\$ 76,672,274</u>	<u>\$ 14,588,371</u>

**COUNTY OF SANTA CRUZ**  
**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**AS OF June 30, 2019**  
**LAST 10 YEARS\***

	Miscellaneous				
	2017-18	2016-17	2015-16	2014-15	2013-14
<b>Total Pension Liability</b>					
Service Cost	\$ 24,150,259	\$ 22,555,385	\$ 20,403,352	\$ 18,761,846	\$ 19,489,676
Interest on the Total Pension Liability	84,049,445	77,995,878	78,852,555	71,962,162	68,452,545
Changes of Benefit Terms	-	-	-	-	-
Changes in Assumptions	(7,767,870)	62,091,454	-	(16,868,274)	-
Differences between Expected and Actual Experience	10,391,498	4,974,813	3,966,020	(13,201,310)	-
Benefit Payments, Including Refunds of Employee Contributions	(57,081,704)	(51,229,871)	(50,461,359)	(44,263,142)	(40,206,837)
Net Change in Total Pension Liability	53,741,628	116,387,659	52,760,568	16,391,282	47,735,384
Total Pension Liability - Beginning	1,156,334,068	1,039,946,409	987,185,841	970,794,559	923,059,175
Total Pension Liability - Ending (a)	<u>\$ 1,210,075,696</u>	<u>\$ 1,156,334,068</u>	<u>\$ 1,039,946,409</u>	<u>\$ 987,185,841</u>	<u>\$ 970,794,559</u>
<b>Plan Fiduciary Net Position</b>					
Contribution - Employer	\$ 29,696,722	\$ 28,166,164	\$ 24,836,370	\$ 20,788,368	\$ 18,466,079
Contribution - Employee	10,680,415	10,534,891	9,898,794	9,264,211	8,586,012
Net Investment Income	69,528,113	82,225,749	4,227,340	16,986,820	112,250,826
Benefit Payments, Including Refunds of Employee Contributions	(57,081,704)	(51,229,871)	(50,461,359)	(44,263,142)	(40,206,837)
Net Plan to Plan Resource Movement	3,748	(61,373)	2,727	(29,360)	-
Administrative Expenses	(1,297,010)	(1,092,049)	(482,672)	(855,524)	-
Other Miscellaneous Income (Expense) <sup>1</sup>	(2,463,046)	-	-	-	-
Net Change in Plan Fiduciary Net Position	49,067,238	68,543,511	(11,978,800)	1,891,373	99,096,080
Plan Fiduciary Net Position - Beginning <sup>2</sup>	807,148,611	738,605,100	750,583,900	748,692,527	649,596,447
Plan Fiduciary Net Position - Ending (b)	<u>\$ 856,215,849</u>	<u>\$ 807,148,611</u>	<u>\$ 738,605,100</u>	<u>\$ 750,583,900</u>	<u>\$ 748,692,527</u>
Net Pension Liability - [(a) - (b)]	<u>\$ 353,859,847</u>	<u>\$ 349,185,457</u>	<u>\$ 301,341,309</u>	<u>\$ 236,601,941</u>	<u>\$ 222,102,032</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.76%	69.80%	71.02%	76.03%	77.12%
Covered Payroll	\$ 154,561,652	\$ 143,976,672	\$ 142,900,632	\$ 129,365,289	\$ 128,891,451
Net Pension Liability as a Percentage of Covered Payroll	228.94%	242.53%	210.87%	182.89%	172.32%

<sup>1</sup> During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18 CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

<sup>2</sup> Includes any beginning of year adjustment

\* Fiscal year 2018-19 was the 5<sup>th</sup> year of GASB Statement No. 68 implementation; therefore, only five years are shown.

**COUNTY OF SANTA CRUZ**  
**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**(CONTINUED)**  
**AS OF June 30, 2019**  
**LAST 10 YEARS\***

	Safety				
	2017-18	2016-17	2015-16	2014-15	2013-14
<b>Total Pension Liability</b>					
Service Cost	\$ 4,574,156	\$ 4,308,824	\$ 3,699,113	\$ 3,634,483	\$ 3,669,984
Interest on the Total Pension Liability	13,301,864	12,144,727	12,245,682	10,356,153	10,663,258
Changes of Benefit Terms	-	-	-	-	-
Changes in Assumptions	(987,231)	10,635,917	-	(2,711,954)	-
Differences between Expected and Actual Experience	3,844,045	(170,518)	(115,359)	2,154,731	-
Benefit Payments, Including Refunds of Employee Contributions	(8,907,017)	(8,473,271)	(7,830,764)	(5,050,435)	(6,316,966)
Net Change in Total Pension Liability	11,825,817	18,445,679	7,998,672	8,382,978	8,016,276
Total Pension Liability - Beginning	186,343,868	167,898,189	159,899,517	151,516,539	143,500,263
Total Pension Liability - Ending (a)	<u>\$ 198,169,685</u>	<u>\$ 186,343,868</u>	<u>\$ 167,898,189</u>	<u>\$ 159,899,517</u>	<u>\$ 151,516,539</u>
<b>Plan Fiduciary Net Position</b>					
Contribution - Employer	\$ 4,922,020	\$ 4,636,859	\$ 3,731,613	\$ 4,503,776	\$ 2,833,995
Contribution - Employee	1,845,744	1,731,239	1,613,925	1,200,032	1,364,228
Net Investment Income	10,848,222	12,764,280	588,970	2,087,758	17,564,582
Benefit Payments, Including Refunds of Employee Contributions	(8,907,017)	(8,473,271)	(7,830,764)	(5,050,435)	(6,316,966)
Net Plan to Plan Resource Movement	5,196	3,626	(106,353)	-	-
Administrative Expenses	(201,770)	(170,140)	(75,328)	(107,841)	-
Other Miscellaneous Income (Expense) <sup>1</sup>	(383,165)	-	-	-	-
Net Change in Plan Fiduciary Net Position	8,129,230	10,492,593	(2,077,937)	2,633,290	15,445,839
Plan Fiduciary Net Position - Beginning <sup>2</sup>	128,058,982	117,566,389	119,644,326	117,011,036	101,565,197
Plan Fiduciary Net Position - Ending (b)	<u>\$ 136,188,212</u>	<u>\$ 128,058,982</u>	<u>\$ 117,566,389</u>	<u>\$ 119,644,326</u>	<u>\$ 117,011,036</u>
Net Pension Liability - [(a) - (b)]	<u>\$ 61,981,473</u>	<u>\$ 58,284,886</u>	<u>\$ 50,331,800</u>	<u>\$ 40,255,191</u>	<u>\$ 34,505,503</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.72%	68.72%	70.02%	74.82%	77.23%
Covered Payroll	\$ 18,204,149	\$ 17,259,459	\$ 16,451,469	\$ 15,444,933	\$ 15,601,682
Net Pension Liability as a Percentage of Covered Payroll	340.48%	337.70%	305.94%	260.64%	221.17%

<sup>1</sup> During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18 CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

<sup>2</sup> Includes any beginning of year adjustment

\* Fiscal year 2018-19 was the 5<sup>th</sup> year of GASB Statement No. 68 implementation; therefore, only five years are shown.

**COUNTY OF SANTA CRUZ**  
**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**(CONTINUED)**  
**AS OF June 30, 2019**  
**LAST 10 YEARS\***

	Safety Sheriff				
	2017-18	2016-17	2015-16	2014-15	2013-14
<b>Total Pension Liability</b>					
Service Cost	\$ 4,674,676	\$ 4,330,397	\$ 3,942,199	\$ 3,490,555	\$ 3,589,667
Interest on the Total Pension Liability	12,876,163	11,690,824	11,528,363	11,193,336	9,442,627
Changes of Benefit Terms	-	-	-	-	-
Changes in Assumptions	(600,321)	10,427,243	-	(2,818,825)	-
Differences between Expected and Actual Experience	2,605,790	1,105,968	531,702	(2,577,906)	-
Benefit Payments, Including Refunds of Employee Contributions	(7,436,783)	(6,321,116)	(5,816,534)	(7,060,615)	(4,529,774)
<b>Net Change in Total Pension Liability</b>	<b>12,119,525</b>	<b>21,233,316</b>	<b>10,185,730</b>	<b>2,226,545</b>	<b>8,502,520</b>
Total Pension Liability - Beginning	168,519,858	147,286,542	137,100,812	134,874,267	126,371,747
Total Pension Liability - Ending (a)	<u>\$ 180,639,383</u>	<u>\$ 168,519,858</u>	<u>\$ 147,286,542</u>	<u>\$ 137,100,812</u>	<u>\$ 134,874,267</u>
<b>Plan Fiduciary Net Position</b>					
Contribution - Employer	\$ 6,124,769	\$ 5,773,111	\$ 5,279,477	\$ 3,212,095	\$ 3,752,346
Contribution - Employee	1,650,182	1,417,068	1,383,847	1,434,076	1,538,338
Net Investment Income	9,329,278	10,827,138	509,520	2,674,451	13,619,878
Benefit Payments, Including Refunds of Employee Contributions	(7,436,783)	(6,321,116)	(5,816,534)	(7,060,615)	(4,529,774)
Net Plan to Plan Resource Movement	(11,582)	53,634	(3,877)	-	-
Administrative Expenses	(172,445)	(141,537)	(60,831)	(133,531)	-
Other Miscellaneous Income (Expense) <sup>1</sup>	(327,476)	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>9,155,943</b>	<b>11,608,298</b>	<b>1,291,602</b>	<b>126,476</b>	<b>14,380,788</b>
Plan Fiduciary Net Position - Beginning <sup>2</sup>	105,043,412	93,435,114	92,143,512	92,017,036	77,636,247
Plan Fiduciary Net Position - Ending (b)	<u>\$ 114,199,355</u>	<u>\$ 105,043,412</u>	<u>\$ 93,435,114</u>	<u>\$ 92,143,512</u>	<u>\$ 92,017,035</u>
<b>Net Pension Liability - [(a) - (b)]</b>	<u><b>\$ 66,440,028</b></u>	<u><b>\$ 63,476,446</b></u>	<u><b>\$ 53,851,428</b></u>	<u><b>\$ 44,957,300</b></u>	<u><b>\$ 42,857,232</b></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.22%	62.33%	63.44%	67.21%	68.22%
Covered Payroll	\$ 15,575,504	\$ 14,344,287	\$ 14,432,887	\$ 13,136,050	\$ 12,367,504
Net Pension Liability as a Percentage of Covered Payroll	426.57%	442.52%	373.12%	342.24%	346.53%

<sup>1</sup> During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18 CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

<sup>2</sup> Includes any beginning of year adjustment

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**COUNTY OF SANTA CRUZ**  
**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**(CONTINUED)**  
**AS OF June 30, 2019**  
**LAST 10 YEARS\***

	TOTAL				
	2017-18	2016-17	2015-16	2014-15	2013-14
<b>Total Pension Liability</b>					
Service Cost	\$ 33,399,091	\$ 31,194,606	\$ 28,044,664	\$ 25,886,884	\$ 26,749,327
Interest on the Total Pension Liability	110,227,472	101,831,429	102,626,600	93,511,651	88,558,430
Changes of Benefit Terms	-	-	-	-	-
Changes in Assumptions	(9,355,422)	83,154,614	-	(22,399,053)	-
Differences between Expected and Actual Experience	16,841,333	5,910,263	4,382,363	(13,624,485)	-
Benefit Payments, Including Refunds of Employee Contributions	(73,425,504)	(66,024,258)	(64,108,657)	(56,374,192)	(51,053,577)
Net Change in Total Pension Liability	77,686,970	156,066,654	70,944,970	27,000,805	64,254,180
Total Pension Liability - Beginning	1,511,197,794	1,355,131,140	1,284,186,170	1,257,185,365	1,192,931,185
Total Pension Liability - Ending (a)	<u>\$ 1,588,884,764</u>	<u>\$ 1,511,197,794</u>	<u>\$ 1,355,131,140</u>	<u>\$ 1,284,186,170</u>	<u>\$ 1,257,185,365</u>
<b>Plan Fiduciary Net Position</b>					
Contribution - Employer	\$ 40,743,511	\$ 38,576,134	\$ 33,847,460	\$ 28,504,239	\$ 25,052,420
Contribution - Employee	14,176,341	13,683,198	12,896,566	11,898,319	11,488,578
Net Investment Income	89,705,613	105,817,167	5,325,830	21,749,029	143,435,286
Benefit Payments, Including Refunds of Employee Contributions	(73,425,504)	(66,024,258)	(64,108,657)	(56,374,192)	(51,053,577)
Plan to Plan Resource Movement	(2,638)	(4,113)	(107,503)	(29,360)	-
Administrative Expenses	(1,671,225)	(1,403,726)	(618,831)	(1,096,896)	-
Other Miscellaneous Income (Expense) <sup>1</sup>	(3,173,687)	-	-	-	-
Net Change in Plan Fiduciary Net Position	66,352,411	90,644,402	(12,765,135)	4,651,139	128,922,707
Plan Fiduciary Net Position - Beginning <sup>2</sup>	1,040,251,005	949,606,603	962,371,738	957,720,599	828,797,891
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,106,603,416</u>	<u>\$ 1,040,251,005</u>	<u>\$ 949,606,603</u>	<u>\$ 962,371,738</u>	<u>\$ 957,720,598</u>
Net Pension Liability - [(a) - (b)]	<u>\$ 482,281,348</u>	<u>\$ 470,946,789</u>	<u>\$ 405,524,537</u>	<u>\$ 321,814,432</u>	<u>\$ 299,464,767</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.65%	68.84%	70.07%	74.94%	76.18%
Covered Payroll	\$ 188,341,305	\$ 175,580,418	\$ 173,784,988	\$ 157,946,272	\$ 156,860,637
Net Pension Liability as a Percentage of Covered Payroll	256.07%	268.22%	233.35%	203.75%	190.91%

<sup>1</sup> During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18 CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

<sup>2</sup> Includes any beginning of year adjustment

\* Fiscal year 2018-19 was the 5<sup>th</sup> year of GASB Statement No. 68 implementation; therefore, only five years are shown.

**COUNTY OF SANTA CRUZ  
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
(CONTINUED)  
AS OF June 30, 2019  
LAST 10 YEARS\***

**Notes to Schedule:**

**Benefit changes.** The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes in assumptions.** In 2018, demographic assumptions and the inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the accounting discount rate. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administration expense. In 2014, amounts reported were based on the 7.5 percent discount rate.

**COUNTY OF SANTA CRUZ**  
**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CONTRIBUTIONS**  
**AS OF June 30, 2019**  
**LAST 10 YEARS\***

	Miscellaneous					
	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially Determined Contribution	\$ 29,778,415	\$ 29,696,722	\$ 28,166,164	\$ 24,836,370	\$ 20,788,368	\$ 18,466,079
Contributions in Relation to the Actuarially Determined Contribution	<u>29,778,415</u>	<u>29,696,722</u>	<u>28,166,164</u>	<u>24,836,370</u>	<u>20,788,368</u>	<u>18,466,079</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 159,361,674	\$ 154,561,652	\$ 143,976,672	\$ 142,900,632	\$ 129,365,289	\$ 128,891,450
Contributions as a Percentage of Covered Payroll	18.69%	19.21%	19.56%	17.38%	16.07%	14.33%

\* Fiscal year 2018-19 was the 5<sup>th</sup> year of GASB Statement No. 68 implementation.

**Notes to Schedule:**

Valuation date: June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013, June 30, 2012 and June 30, 2011, respectively.

Methods and assumptions used to set the actuarially determined contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of payroll
Asset valuation method	Market Value of Assets
Inflation	2.75%.
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation.

Retirement age The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

Mortality The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**COUNTY OF SANTA CRUZ  
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CONTRIBUTIONS  
(CONTINUED)  
AS OF June 30, 2019  
LAST 10 YEARS\***

	Safety					
	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially Determined Contribution	\$ 4,855,310	\$ 4,855,310	\$ 4,636,859	\$ 3,731,613	\$ 4,503,776	\$ 2,833,995
Contributions in Relation to the Actuarially Determined Contribution	4,855,310	4,855,310	4,636,859	3,731,613	4,503,776	2,833,995
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 18,581,700	\$ 18,204,149	\$ 17,259,459	\$ 16,451,469	\$ 15,444,933	\$ 15,601,682
Contributions as a Percentage of Covered Payroll	26.13%	26.67%	26.87%	22.68%	29.16%	18.16%

\* Fiscal year 2018-19 was the 5<sup>th</sup> year of GASB Statement No. 68 implementation.

**Notes to Schedule:**

Valuation date: June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013, June 30, 2012 and June 30, 2011, respectively.

Methods and assumptions used to set the actuarially determined contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of payroll
Asset valuation method	Market Value of Assets
Inflation	2.75%.
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**COUNTY OF SANTA CRUZ  
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CONTRIBUTIONS  
(CONTINUED)  
AS OF June 30, 2019  
LAST 10 YEARS\***

	Safety Sheriff					
	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially Determined Contribution	\$ 6,109,786	\$ 6,109,786	\$ 5,773,111	\$ 5,279,477	\$ 3,212,095	\$ 3,752,346
Contributions in Relation to the Actuarially Determined Contribution	6,109,786	6,109,786	5,773,111	5,279,477	3,212,095	3,752,346
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 16,185,721	\$ 15,575,504	\$ 14,344,287	\$ 14,432,887	\$ 13,136,045	\$ 12,367,504
Contributions as a Percentage of Covered Payroll	37.75%	39.23%	40.25%	36.58%	24.45%	30.34%

\* Fiscal year 2018-19 was the 5<sup>th</sup> year of GASB Statement No. 68 implementation.

**Notes to Schedule:**

Valuation date: June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013, June 30, 2012 and June 30, 2011, respectively.

Methods and assumptions used to set the actuarially determined contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of payroll
Asset valuation method	Market Value of Assets
Inflation	2.75%.
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**COUNTY OF SANTA CRUZ  
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CONTRIBUTIONS  
(CONTINUED)  
AS OF June 30, 2019  
LAST 10 YEARS\***

	TOTAL					
	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially Determined Contribution	\$ 40,743,511	\$ 40,661,818	\$ 38,576,134	\$ 33,847,460	\$ 28,504,239	\$ 25,052,420
Contributions in Relation to the Actuarially Determined Contribution	40,743,511	40,661,818	38,576,134	33,847,460	28,504,239	25,052,420
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 194,129,095	\$ 188,341,305	\$ 175,580,418	\$ 173,784,988	\$ 157,946,267	\$ 156,860,636
Contributions as a Percentage of Covered Payroll	20.99%	21.59%	21.97%	19.48%	18.05%	15.97%

\* Fiscal year 2018-19 was the 5<sup>th</sup> year of GASB Statement No. 68 implementation.

**Notes to Schedule:**

Valuation date: June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013, June 30, 2012 and June 30, 2011, respectively.

Methods and assumptions used to set the actuarially determined contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of payroll
Asset valuation method	Market Value of Assets
Inflation	2.75%.
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**COUNTY OF SANTA CRUZ**  
**A SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**AS OF June 30, 2019**  
**LAST 10 YEARS\***

	<u>2017-18</u>	<u>2016-17</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 7,732,196	\$ 8,738,882
Interest	5,955,259	5,117,000
Changes of Benefit Terms	-	-
Changes in Assumptions	(1,276,771)	(14,014,000)
Differences between Actual and Expected Experience	-	-
Benefit Payments	<u>(6,844,850)</u>	<u>(6,773,092)</u>
Net Change in Total OPEB Liability	5,565,834	(6,931,210)
Total OPEB Liability - Beginning	<u>162,972,790</u>	<u>169,904,000</u>
Total OPEB Liability - Ending	<u>\$ 168,538,624</u>	<u>\$ 162,972,790</u>
Covered Payroll	\$ 203,044,467	\$ 195,374,299
Total OPEB Liability as a Percentage of Covered Payroll	83.01%	83.42%

\* Fiscal year 2017-18 was the 1<sup>st</sup> year of GASB Statement No.75 implementation.

**Notes to Schedule:**

**Change in assumptions.** In 2018, the accounting discount rate increased from 3.56 percent to 3.62 percent.

**COUNTY OF SANTA CRUZ**  
**A SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN**  
**SCHEDULE OF CONTRIBUTIONS**  
**AS OF June 30, 2019**  
**LAST 10 YEARS\***

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
Actuarially Determined Contributions	\$ 7,014,009	\$ 6,873,540	\$ 6,773,092
Contributions in Relation to the Actuarially Determined Contributions	<u>7,014,009</u>	<u>6,873,540</u>	<u>6,773,092</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 213,716,345	\$ 203,044,467	\$ 195,374,299
Contributions as a Percentage of Covered Payroll	3.28%	3.39%	3.47%

\* Fiscal year 2017-18 was the 1st year of GASB Statement No. 75 implementation.

**Notes to Schedule:**

Valuation date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of payroll
Discount rate	3.62% in 2017-18; 3.56% in 2016-17- No prefunding Based on the Fidelity Municipal General Obligation AA 20 year bond index
Inflation	2.75% per annum
Payroll increases	Aggregate Increases - 3.00%; Merit Increases - CalPERS 1997-2015 Experience Study
Retirement	The probabilities of retirement are based on the CalPERS 1997-2015 Experience Study
Mortality	The probabilities of mortality are based on the CalPERS 1997-2015 Experience Study. Post-retirement mortality projected fully generational with Society of Actuaries mortality improvement Scale MP-2017.



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# OTHER SUPPLEMENTARY INFORMATION

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**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 6,732,465	\$ 6,732,465	\$ 6,732,465	\$ -
<b>RESOURCES (INFLOWS)</b>				
Fines, forfeitures and penalties	-	-	(679)	(679)
Use of money and property	39	8,039	93,025	84,986
Aid from other governments	23,742,939	25,643,387	7,531,836	(18,111,551)
Charges for services	346,457	528,163	315,984	(212,179)
Other	472,790	1,988,950	522,119	(1,466,831)
Transfers in	19,409,793	23,704,292	12,061,354	(11,642,938)
<b>Amounts available for appropriation</b>	<u>43,972,018</u>	<u>51,872,831</u>	<u>20,523,639</u>	<u>(31,349,192)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Transfers out	810,059	1,435,340	581,776	853,564
Appropriations for contingencies	-	3,330	-	3,330
Capital assets	50,064,465	57,335,989	17,770,389	39,565,600
<b>Total charges to appropriations</b>	<u>50,874,524</u>	<u>58,774,659</u>	<u>18,352,165</u>	<u>40,422,494</u>
<b>Net change in fund balance</b>	<u>(6,902,506)</u>	<u>(6,901,828)</u>	<u>2,171,474</u>	<u>9,073,302</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ (170,041)</u>	<u>\$ (169,363)</u>	<u>\$ 8,903,939</u>	<u>\$ 9,073,302</u>

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 20,523,639
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(12,061,354)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 8,462,285</u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule	\$ 18,352,165
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(581,776)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 17,770,389</u>

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# **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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# SUMMARY OF NONMAJOR GOVERNMENTAL FUND FINANCIAL STATEMENTS

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**Special Revenue Funds** – The Special Revenue Funds are used to account for the proceeds of special revenue sources which are legally restricted to expenditures for specific purposes.

**COUNTY OF SANTA CRUZ  
BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2019**

		<u>Nonmajor Governmental Funds</u>
<b>ASSETS</b>		
Cash and investments	\$	25,326,176
Restricted cash and investments		9,280,584
Receivables, net		1,004,478
Due from other funds		612,324
<b>Total assets</b>	<b>\$</b>	<b><u>36,223,562</u></b>
<b>LIABILITIES</b>		
Payables	\$	2,967,098
Due to other funds		362,511
Advances from grantors and third parties		58,119
<b>Total liabilities</b>		<b><u>3,387,728</u></b>
<b>FUND BALANCES</b>		
Restricted		<u>32,835,834</u>
<b>Total fund balances</b>		<b>32,835,834</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b><u>36,223,562</u></b>



**COUNTY OF SANTA CRUZ  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Nonmajor Governmental Funds</u>
<b>REVENUES:</b>	
Taxes	\$ 20,055,482
Licenses and permits	43,248
Fines, forfeits and penalties	41,069
Use of money and property	653,613
Aid from other governments	1,600,757
Charges for services	10,642,575
Other	32,675
<b>Total revenues</b>	<u>33,069,419</u>
<b>EXPENDITURES:</b>	
Current:	
General government	450,916
Public protection	14,604,681
Public ways and facilities	5,296,181
Health and sanitation	32,351
Education	5,617,801
Recreation and culture	1,705,617
Debt service:	
Fiscal charges	101,796
Principal	5,025,348
Interest	1,925,303
<b>Total expenditures</b>	<u>34,759,994</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,690,575)</u>
<b>OTHER FINANCING SOURCES (USES):</b>	
Transfers in	7,138,564
Transfers out	(4,641,734)
<b>Total other financing sources (uses)</b>	<u>2,496,830</u>
<b>Net change in fund balances</b>	<u>806,255</u>
<b>FUND BALANCES:</b>	
Beginning of year	<u>32,029,579</u>
Beginning of year, as restated	<u>32,029,579</u>
End of year	<u>\$ 32,835,834</u>



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# NONMAJOR

## SPECIAL REVENUE FUNDS

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### **Special Revenue Funds:**

***Library Fund*** – The Library Fund finances library services in the unincorporated area of the County through contracts with the cities of Santa Cruz and Watsonville. Revenue is collected from property taxes in the unincorporated area of the County and from the cities of Scotts Valley and Capitola and is dedicated to the Santa Cruz County Library Joint Powers Authority for library operations.

***Fire Fund*** – The Fire Fund provides support for coordinating fire protection and prevention activities with local fire protection agencies, County departments, and advisory bodies. Revenues consist of taxes and charges for services.

***Financing Authorities*** – The Financing Authorities are legal entities separate from the County, although they are not reported as component units of the County. The Financing Authorities facilitate financing for the County and the County of Santa Cruz Redevelopment Successor Agency.

***Fish and Game Fund*** – The Fish and Game Fund provides for expenditures, which are used for the protection and propagation of fish and game. Revenues are from the County's share of fines collected for violations of fish and game laws.

***Park Dedication and State Park Bonds Fund*** – The Park Dedication and State Park Bonds Fund finances park land acquisition and park development. Revenues come from development impact fees charged on new residential development and major residential remodeling.

***Health Services Fund*** – The Health Services Fund provides for future purchases of health facilities.

***Santa Cruz Flood Control and Water Conservation Zone 7*** – The Santa Cruz Flood Control and Water Conservation Zone 7 Fund supports a special purpose district fund administered by the Department of Public Works. It is governed by an independent Board of Directors. Revenues consist largely of service charges.

***Districts Governed by the Board of Supervisors: Public Protection, Health and Sanitation, Recreation and Culture, and Public Ways and Facilities Funds*** – The Public Protection, Health and Sanitation, Recreation and Culture, and Public Ways and Facilities Funds support a number of special purpose district funds administered by the Department of Public Works. Revenues consist of tax levies and service charges.

***Districts Governed by the Board of Supervisors: Geologic Hazard Abatement Districts Fund*** – The Geologic Hazard Abatement Districts Fund provides for financing and maintaining improvements necessary or incidental to the prevention, mitigation, abatement, or control of geologic hazards.

**COUNTY OF SANTA CRUZ  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
June 30, 2019**

	Library	Fire	Financing Authorities	Fish and Game	Park Dedication and State Park Bonds	Health Services
<b>ASSETS</b>						
Cash and investments	\$ 781,045	\$ 7,425,324	\$ -	\$ 24,735	\$ 2,212,820	\$ 13,904
Restricted cash and investments	-	-	9,280,584	-	-	-
Receivables, net	-	-	-	-	165,343	-
Due from other funds	-	-	612,324	-	-	-
Loans Receivable	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 781,045</b>	<b>\$ 7,425,324</b>	<b>\$ 9,892,908</b>	<b>\$ 24,735</b>	<b>\$ 2,378,163</b>	<b>\$ 13,904</b>
<b>LIABILITIES</b>						
Payables	\$ -	\$ 1,944,253	\$ -	\$ -	\$ 23,361	\$ -
Due to other funds	-	-	199,130	-	163,381	-
Advances from grantors and third parties	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>1,944,253</b>	<b>199,130</b>	<b>-</b>	<b>186,742</b>	<b>-</b>
<b>FUND BALANCES</b>						
Restricted	781,045	5,481,071	9,693,778	24,735	2,191,421	13,904
<b>Total fund balances</b>	<b>781,045</b>	<b>5,481,071</b>	<b>9,693,778</b>	<b>24,735</b>	<b>2,191,421</b>	<b>13,904</b>
<b>Total liabilities and fund balances</b>	<b>\$ 781,045</b>	<b>\$ 7,425,324</b>	<b>\$ 9,892,908</b>	<b>\$ 24,735</b>	<b>\$ 2,378,163</b>	<b>\$ 13,904</b>

Board of Supervisors Governed

Santa Cruz Flood Control and Water Conservation Zone 7	Public Protection	Health and Sanitation	Recreation and Culture	Public Ways and Facilities	Geologic Hazard Abatement Districts	Total Nonmajor Special Revenue Funds
\$ 787,664	\$ 5,692,567	\$ 1,114,317	\$ 1,609,646	\$ 5,467,696	\$ 196,458	\$ 25,326,176
-	-	-	-	-	-	9,280,584
664,987	8,153	-	-	165,995	-	1,004,478
-	-	-	-	-	-	612,324
-	-	-	-	-	-	-
<u>\$ 1,452,651</u>	<u>\$ 5,700,720</u>	<u>\$ 1,114,317</u>	<u>\$ 1,609,646</u>	<u>\$ 5,633,691</u>	<u>\$ 196,458</u>	<u>\$ 36,223,562</u>
\$ 274,757	\$ 558,774	\$ -	\$ -	\$ 165,953	\$ -	\$ 2,967,098
-	-	-	-	-	-	362,511
-	-	-	-	58,119	-	58,119
<u>274,757</u>	<u>558,774</u>	<u>-</u>	<u>-</u>	<u>224,072</u>	<u>-</u>	<u>3,387,728</u>
1,177,894	5,141,946	1,114,317	1,609,646	5,409,619	196,458	32,835,834
1,177,894	5,141,946	1,114,317	1,609,646	5,409,619	196,458	32,835,834
<u>\$ 1,452,651</u>	<u>\$ 5,700,720</u>	<u>\$ 1,114,317</u>	<u>\$ 1,609,646</u>	<u>\$ 5,633,691</u>	<u>\$ 196,458</u>	<u>\$ 36,223,562</u>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Library	Fire	Financing Authorities	Fish and Game	Park Dedication and State Park Bonds	Health Services
<b>REVENUES:</b>						
Taxes	\$ 6,717,840	\$ 2,394,286	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	989	350	-	9,182	-	-
Use of money and property	-	122,555	211,331	354	44,279	275
Aid from other governments	120,044	122,841	167,314	-	302,871	-
Charges for services	-	1,514,090	-	-	151,984	-
Other	-	10,704	-	-	-	-
<b>Total revenues</b>	<b>6,838,873</b>	<b>4,164,826</b>	<b>378,645</b>	<b>9,536</b>	<b>499,134</b>	<b>275</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	450,916	-
Public protection	-	3,694,612	-	131	-	-
Public ways and facilities	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-
Education	5,617,801	-	-	-	-	-
Recreation and culture	-	-	-	-	26,961	-
Debt service:						
Principal	-	-	5,019,390	-	-	-
Interest	-	-	1,919,442	-	-	-
Fiscal charges	-	-	101,796	-	-	-
<b>Total expenditures</b>	<b>5,617,801</b>	<b>3,694,612</b>	<b>7,040,628</b>	<b>131</b>	<b>477,877</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,221,072</b>	<b>470,214</b>	<b>(6,661,983)</b>	<b>9,405</b>	<b>21,257</b>	<b>275</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	3,776	7,037,625	-	18,000	-
Transfers out	(962,875)	-	(791,631)	-	(11,999)	-
<b>Total other financing sources (uses)</b>	<b>(962,875)</b>	<b>3,776</b>	<b>6,245,994</b>	<b>-</b>	<b>6,001</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>258,197</b>	<b>473,990</b>	<b>(415,989)</b>	<b>9,405</b>	<b>27,258</b>	<b>275</b>
Fund balances - beginning	522,848	5,007,081	10,109,767	15,330	2,164,163	13,629
Fund balances - ending	<b>\$ 781,045</b>	<b>\$ 5,481,071</b>	<b>\$ 9,693,778</b>	<b>\$ 24,735</b>	<b>\$ 2,191,421</b>	<b>\$ 13,904</b>

Board of Supervisors Governed

Santa Cruz Flood Control and Water Conservation Zone 7	Public Protection	Health and Sanitation	Recreation and Culture	Public Ways and Facilities	Geologic Hazard Abatement Districts	Total Nonmajor Special Revenue Funds
\$ -	\$ 8,119,600	\$ -	\$ 1,821,352	\$ 1,002,404	\$ -	\$ 20,055,482
-	9,360	-	-	33,888	-	43,248
-	1,037	-	67	29,444	-	41,069
9,247	129,494	22,801	34,297	75,091	3,889	653,613
201,428	482,164	-	8,772	195,323	-	1,600,757
1,966,906	1,243,780	1,459,347	-	4,306,468	-	10,642,575
-	5,771	-	-	16,200	-	32,675
<u>2,177,581</u>	<u>9,991,206</u>	<u>1,482,148</u>	<u>1,864,488</u>	<u>5,658,818</u>	<u>3,889</u>	<u>33,069,419</u>
-	-	-	-	-	-	450,916
2,127,465	8,782,473	-	-	-	-	14,604,681
-	-	-	-	5,296,181	-	5,296,181
-	-	32,351	-	-	-	32,351
-	-	-	-	-	-	5,617,801
-	-	-	1,678,656	-	-	1,705,617
-	-	-	-	5,958	-	5,025,348
-	-	-	-	5,861	-	1,925,303
-	-	-	-	-	-	101,796
<u>2,127,465</u>	<u>8,782,473</u>	<u>32,351</u>	<u>1,678,656</u>	<u>5,308,000</u>	<u>-</u>	<u>34,759,994</u>
<u>50,116</u>	<u>1,208,733</u>	<u>1,449,797</u>	<u>185,832</u>	<u>350,818</u>	<u>3,889</u>	<u>(1,690,575)</u>
-	-	-	-	79,163	-	7,138,564
(265,000)	(879,163)	(1,666,216)	(64,850)	-	-	(4,641,734)
<u>(265,000)</u>	<u>(879,163)</u>	<u>(1,666,216)</u>	<u>(64,850)</u>	<u>79,163</u>	<u>-</u>	<u>2,496,830</u>
(214,884)	329,570	(216,419)	120,982	429,981	3,889	806,255
1,392,778	4,812,376	1,330,736	1,488,664	4,979,638	192,569	32,029,579
<u>\$ 1,177,894</u>	<u>\$ 5,141,946</u>	<u>\$ 1,114,317</u>	<u>\$ 1,609,646</u>	<u>\$ 5,409,619</u>	<u>\$ 196,458</u>	<u>\$ 32,835,834</u>

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
LIBRARY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 522,848	\$ 522,848	\$ 522,848	\$ -
<b>RESOURCES (INFLOWS)</b>				
Taxes	6,505,146	6,503,646	6,717,840	214,194
Fines, forfeits and penalties	-	1,500	989	(511)
Aid from other governments	70,144	75,527	120,044	44,517
<b>Amounts available for appropriation</b>	<u>6,575,290</u>	<u>6,580,673</u>	<u>6,838,873</u>	<u>258,200</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	5,121,531	5,126,914	5,126,913	1
Other charges	490,888	490,888	490,888	-
Transfers out	962,871	962,871	962,875	(4)
<b>Total charges to appropriations</b>	<u>6,575,290</u>	<u>6,580,673</u>	<u>6,580,676</u>	<u>(3)</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>258,197</u>	<u>258,197</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 522,848</u>	<u>\$ 522,848</u>	<u>\$ 781,045</u>	<u>\$ 258,197</u>

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 6,580,676
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(962,875)</u>
Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	<u>\$ 5,617,801</u>

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
FIRE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 5,007,081	\$ 5,007,081	\$ 5,007,081	\$ -
<b>RESOURCES (INFLOWS)</b>				
Taxes	2,276,670	2,276,670	2,394,286	117,616
Fines, forfeits and penalties	-	-	350	350
Use of money and property	35,300	35,300	122,555	87,255
Aid from other governments	102,788	102,788	122,841	20,053
Charges for services	1,403,347	1,403,347	1,514,090	110,743
Other	-	-	10,704	10,704
Transfers in	-	-	3,776	3,776
<b>Amounts available for appropriation</b>	<u>3,818,105</u>	<u>3,818,105</u>	<u>4,168,602</u>	<u>350,497</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Salaries and employee benefits	126,915	126,915	99,116	27,799
Services and supplies	5,780,323	4,371,781	2,952,408	1,419,373
Other charges	302,211	302,211	230,253	71,958
Capital assets	931,290	931,290	412,835	518,455
Appropriations for contingencies	200,000	1,608,542	-	1,608,542
<b>Total charges to appropriations</b>	<u>7,340,739</u>	<u>7,340,739</u>	<u>3,694,612</u>	<u>3,646,127</u>
<b>Net change in fund balance</b>	<u>(3,522,634)</u>	<u>(3,522,634)</u>	<u>473,990</u>	<u>(3,295,630)</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,484,447</u>	<u>\$ 1,484,447</u>	<u>\$ 5,481,071</u>	<u>\$ 3,996,624</u>

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule \$ 4,168,602

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (3,776)

Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds \$ 4,164,826

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
FISH AND GAME SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 15,330	\$ 15,330	\$ 15,330	\$ -
<b>RESOURCES (INFLOWS)</b>				
Fines, forfeits and penalties	7,000	7,073	9,182	2,109
Use of money and property	100	100	354	254
<b>Amounts available for appropriation</b>	<u>7,100</u>	<u>7,173</u>	<u>9,536</u>	<u>2,363</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Other charges	15,000	15,073	131	14,942
<b>Total charges to appropriations</b>	<u>15,000</u>	<u>15,073</u>	<u>131</u>	<u>14,942</u>
<b>Net change in fund balance</b>	<u>(7,900)</u>	<u>(7,900)</u>	<u>9,405</u>	<u>17,305</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 7,430</u>	<u>\$ 7,430</u>	<u>\$ 24,735</u>	<u>\$ 17,305</u>



**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
PARK DEDICATION AND STATE PARK BONDS SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 2,164,163	\$ 2,164,163	\$ 2,164,163	\$ -
<b>RESOURCES (INFLOWS)</b>				
Use of money and property	20,870	20,870	44,279	23,409
Aid from other governments	727,102	1,365,710	302,871	(1,062,839)
Charges for services	121,690	146,690	151,984	5,294
Transfers in	-	18,000	18,000	-
<b>Amounts available for appropriation</b>	<u>869,662</u>	<u>1,551,270</u>	<u>517,134</u>	<u>(1,034,136)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	59,718	59,718	38,892	20,826
Other charges	41,867	41,867	3,150	38,717
Capital assets	2,841,877	3,523,485	435,835	3,087,650
Transfers out	11,999	11,999	11,999	-
<b>Total charges to appropriations</b>	<u>2,955,461</u>	<u>3,637,069</u>	<u>489,876</u>	<u>3,147,193</u>
<b>Net change in fund balance</b>	<u>(2,085,799)</u>	<u>(2,085,799)</u>	<u>27,258</u>	<u>2,113,057</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 78,364</u>	<u>\$ 78,364</u>	<u>\$ 2,191,421</u>	<u>\$ 2,113,057</u>

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule \$ 517,134

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (18,000)

Total revenues as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds \$ 499,134

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule \$ 489,876

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (11,999)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds \$ 477,877

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
HEALTH SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 13,629	\$ 13,629	\$ 13,629	\$ -
<b>RESOURCES (INFLOWS)</b>				
Use of money and property	-	-	275	275
<b>Amounts available for appropriation</b>	-	-	275	275
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>	-	-	-	-
<b>Net change in fund balance</b>	-	-	275	275
<b>FUND BALANCE, ENDING</b>	<u>\$ 13,629</u>	<u>\$ 13,629</u>	<u>\$ 13,904</u>	<u>\$ 275</u>

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
SANTA CRUZ FLOOD CONTROL AND WATER CONSERVATION ZONE 7 SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE (DEFICIT) , BEGINNING</b>	\$ 1,392,778	\$ 1,392,778	\$ 1,392,778	\$ -
<b>RESOURCES (INFLOWS)</b>				
Use of money and property	-	-	9,247	9,247
Aid from other governments	1,652,570	1,866,156	201,428	(1,664,728)
Charges for services	1,916,075	1,916,075	1,966,906	50,831
<b>Amounts available for appropriation</b>	<u>3,568,645</u>	<u>3,782,231</u>	<u>2,177,581</u>	<u>(1,604,650)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	727,990	960,025	938,246	21,779
Capital assets	3,768,433	3,749,984	1,189,219	2,560,765
Transfers out	265,000	265,000	265,000	-
Appropriations for contingencies	200,000	200,000	-	200,000
<b>Total charges to appropriations</b>	<u>4,961,423</u>	<u>5,175,009</u>	<u>2,392,465</u>	<u>2,782,544</u>
<b>Net change in fund balance</b>	<u>(1,392,778)</u>	<u>(1,392,778)</u>	<u>(214,884)</u>	<u>1,177,894</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,177,894</u>	<u>\$ 1,177,894</u>

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule	\$ 2,392,465
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(265,000)</u>
Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	<u>\$ 2,127,465</u>

**COUNTY OF SANTA CRUZ  
 BUDGETARY COMPARISON SCHEDULE  
 DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - PUBLIC PROTECTION SPECIAL REVENUE  
 FUND  
 FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 4,812,376	\$ 4,812,376	\$ 4,812,376	\$ -
<b>RESOURCES (INFLOWS)</b>				
Taxes	7,647,541	7,721,664	8,119,600	397,936
Licenses and permits	11,400	11,400	9,360	(2,040)
Fines, forfeits, and penalties	-	821	1,037	216
Use of money and property	31,515	42,965	129,494	86,529
Aid from other governments	547,113	1,335,080	482,164	(852,916)
Charges for services	1,035,817	1,091,817	1,243,780	151,963
Other	-	-	5,771	5,771
<b>Amounts available for appropriation</b>	<u>9,273,386</u>	<u>10,203,747</u>	<u>9,991,206</u>	<u>(212,541)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Salaries and employee benefits	58,705	58,705	49,571	9,134
Services and supplies	9,353,133	9,855,953	7,349,171	2,506,782
Other charges	1,207,527	1,207,527	1,207,527	-
Capital assets	1,517,853	1,832,658	176,204	1,656,454
Transfers out	800,000	800,000	879,163	(79,163)
Appropriations for contingencies	302,843	730,891	-	730,891
<b>Total charges to appropriations</b>	<u>13,240,061</u>	<u>14,485,734</u>	<u>9,661,636</u>	<u>4,824,098</u>
<b>Net change in fund balance</b>	<u>(3,966,675)</u>	<u>(4,281,987)</u>	<u>329,570</u>	<u>4,611,557</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 845,701</u>	<u>\$ 530,389</u>	<u>\$ 5,141,946</u>	<u>\$ 4,611,557</u>

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 9,661,636
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(879,163)</u>
Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	<u>\$ 8,782,473</u>

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - HEALTH AND SANITATION SPECIAL  
REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 1,330,736	\$ 1,330,736	\$ 1,330,736	\$ -
<b>RESOURCES (INFLOWS)</b>				
Use of money and property	16,948	16,948	22,801	5,853
Charges for services	1,471,488	1,471,488	1,459,347	(12,141)
<b>Amounts available for appropriation</b>	<u>1,488,436</u>	<u>1,488,436</u>	<u>1,482,148</u>	<u>(6,288)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	745	745	695	50
Other charges	31,656	31,656	31,656	-
Transfers out	1,766,188	1,766,188	1,666,216	99,972
<b>Total charges to appropriations</b>	<u>1,798,589</u>	<u>1,798,589</u>	<u>1,698,567</u>	<u>100,022</u>
<b>Net change in fund balance</b>	<u>(310,153)</u>	<u>(310,153)</u>	<u>(216,419)</u>	<u>93,734</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,020,583</u>	<u>\$ 1,020,583</u>	<u>\$ 1,114,317</u>	<u>\$ 93,734</u>

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 1,698,567
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(1,666,216)</u>
Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	<u>\$ 32,351</u>

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - RECREATION AND CULTURE SPECIAL  
REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 1,488,664	\$ 1,488,664	\$ 1,488,664	\$ -
<b>RESOURCES (INFLOWS)</b>				
Taxes	1,714,062	1,714,062	1,821,352	107,290
Fines, forfeits, and penalties	-	-	67	67
Use of money and property	12,200	12,200	34,297	22,097
Aid from other governments	4,927	4,927	8,772	3,845
Charges for services	(367,816)	(367,816)	-	367,816
Transfers in	-	64,850	-	(64,850)
<b>Amounts available for appropriation</b>	<u>1,363,373</u>	<u>1,428,223</u>	<u>1,864,488</u>	<u>436,265</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	1,662,238	1,662,238	1,618,977	43,261
Other charges	4,332	4,332	4,332	-
Capital assets	364,846	364,846	55,347	309,499
Transfers out	64,619	349,196	64,850	284,346
<b>Total charges to appropriations</b>	<u>2,096,035</u>	<u>2,380,612</u>	<u>1,743,506</u>	<u>637,106</u>
<b>Net change in fund balance</b>	<u>(732,662)</u>	<u>(952,389)</u>	<u>120,982</u>	<u>1,073,371</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 756,002</u>	<u>\$ 536,275</u>	<u>\$ 1,609,646</u>	<u>\$ 1,073,371</u>

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 1,743,506
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(64,850)</u>
Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	<u>\$ 1,678,656</u>

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS-PUBLIC WAYS AND FACILITIES SPECIAL  
REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 4,979,638	\$ 4,979,638	\$ 4,979,638	\$ -
<b>RESOURCES (INFLOWS)</b>				
Taxes	801,883	801,874	1,002,404	200,530
Licenses and permits	38,500	38,500	33,888	(4,612)
Fines, forfeits and penalties	26,000	26,009	29,444	3,435
Use of money and property	36,400	36,875	75,091	38,216
Aid from other governments	6,200	1,395,735	195,323	(1,200,412)
Charges for services	4,232,334	4,232,334	4,306,468	74,134
Other	-	15,000	16,200	1,200
Transfers in	22,000	22,000	79,163	57,163
<b>Amounts available for appropriation</b>	<u>5,163,317</u>	<u>6,568,327</u>	<u>5,737,981</u>	<u>(830,346)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	8,159,287	9,632,599	5,141,426	4,491,173
Other charges	15,000	15,000	15,000	-
Capital assets	540,490	350,106	139,755	210,351
Principal	-	-	5,958	(5,958)
Interest	-	-	5,861	(5,861)
Transfers out	22,000	22,000	-	22,000
Appropriations for contingencies	975,106	998,988	-	998,988
<b>Total charges to appropriations</b>	<u>9,711,883</u>	<u>11,018,693</u>	<u>5,308,000</u>	<u>5,710,693</u>
<b>Net change in fund balance</b>	<u>(4,548,566)</u>	<u>(4,450,366)</u>	<u>429,981</u>	<u>4,880,347</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 431,072</u>	<u>\$ 529,272</u>	<u>\$ 5,409,619</u>	<u>\$ 4,880,347</u>

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule \$ 5,737,981

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (79,163)

Total revenues as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds \$ 5,658,818





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# NONMAJOR ENTERPRISE FUNDS

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***Boulder Creek CSA 7, Rolling Woods CSA 10, Place de Mer CSA 2, Sand Dollar Beach CSA 5, Trestle Beach CSA 20, and Summit West CSA 54*** – These County Service Areas provide sewage collection, treatment, and disposal services to residents within each district’s area. User fees are the principal source of revenue.

***Septic Tank Maintenance CSA 12*** – This County Service Area provides maintenance for septic tanks in unincorporated areas of the County. User fees are the principal source of revenue.

***Freedom County Sanitation District*** – This district provides sewage collection, treatment, and disposal services for the residents of the Freedom area. User fees are the principal source of revenue.

***Davenport Sanitation District*** – This district provides sewage collection, treatment, and disposal services as well as the supplying and treatment of water to Davenport, Newtown, and San Vicente. User fees and contributions from the principal commercial customer are the principal sources of revenue.

**COUNTY OF SANTA CRUZ**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**June 30, 2019**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 1,167,833	\$ 794,386	\$ 394,928	\$ 307,415
Receivables	-	-	-	-
Deposits with others	-	-	-	-
<b>Total current assets</b>	<b>1,167,833</b>	<b>794,386</b>	<b>394,928</b>	<b>307,415</b>
Noncurrent assets:				
Loans receivable	-	-	-	-
Capital assets:				
Construction in progress	212,139	-	65,363	-
Buildings and structures	1,947,300	360,778	188,209	908,969
Equipment	46,448	-	-	-
Accumulated depreciation	(1,594,842)	(259,775)	(130,910)	(461,472)
Capital assets, net	611,045	101,003	122,662	447,497
<b>Total noncurrent assets</b>	<b>611,045</b>	<b>101,003</b>	<b>122,662</b>	<b>447,497</b>
<b>Total assets</b>	<b>1,778,878</b>	<b>895,389</b>	<b>517,590</b>	<b>754,912</b>
<b>LIABILITIES</b>				
Current liabilities:				
Payables	28,746	165	792	5,430
Current portion of long-term liabilities	-	-	-	-
Accrued interest payable	-	-	-	-
<b>Total current liabilities</b>	<b>28,746</b>	<b>165</b>	<b>792</b>	<b>5,430</b>
Noncurrent liabilities:				
Long-term liabilities	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>28,746</b>	<b>165</b>	<b>792</b>	<b>5,430</b>
<b>NET POSITION</b>				
Net investment in capital assets	611,045	101,003	122,662	447,497
Restricted for:				
Debt service	-	-	-	-
Unrestricted	1,139,087	794,221	394,136	301,985
<b>Total net position</b>	<b>\$ 1,750,132</b>	<b>\$ 895,224</b>	<b>\$ 516,798</b>	<b>\$ 749,482</b>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF NET POSITION (CONTINUED)  
NONMAJOR ENTERPRISE FUNDS  
June 30, 2019**

Trestle Beach CSA 20	Summit West CSA 54	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport Sanitation District	Total
\$ 35,237	\$ -	\$ 1,521,208	\$ 2,005,124	\$ (1,473,888)	\$ 4,752,243
-	-	357	-	1,612,678	1,613,035
-	-	-	-	16,836	16,836
<u>35,237</u>	<u>-</u>	<u>1,521,565</u>	<u>2,005,124</u>	<u>155,626</u>	<u>6,382,114</u>
-	-	32,729	-	-	32,729
-	-	-	803,022	-	1,080,524
-	-	-	9,186,629	11,881,212	24,473,097
-	-	35,138	-	-	81,586
-	-	(25,871)	(4,931,161)	(2,816,092)	(10,220,123)
<u>-</u>	<u>-</u>	<u>9,267</u>	<u>5,058,490</u>	<u>9,065,120</u>	<u>15,415,084</u>
<u>-</u>	<u>-</u>	<u>41,996</u>	<u>5,058,490</u>	<u>9,065,120</u>	<u>15,447,813</u>
<u>35,237</u>	<u>-</u>	<u>1,563,561</u>	<u>7,063,614</u>	<u>9,220,746</u>	<u>21,829,927</u>
1,992	-	145,480	541,422	69,599	793,626
-	-	17,264	-	33,236	50,500
-	-	-	-	558	558
<u>1,992</u>	<u>-</u>	<u>162,744</u>	<u>541,422</u>	<u>103,393</u>	<u>844,684</u>
-	-	9,800	-	82,667	92,467
-	-	9,800	-	82,667	92,467
<u>1,992</u>	<u>-</u>	<u>172,544</u>	<u>541,422</u>	<u>186,060</u>	<u>937,151</u>
-	-	-	5,058,490	8,949,217	15,289,914
-	-	-	-	43,427	43,427
<u>33,245</u>	<u>-</u>	<u>1,391,017</u>	<u>1,463,702</u>	<u>42,042</u>	<u>5,559,435</u>
<u>\$ 33,245</u>	<u>\$ -</u>	<u>\$ 1,391,017</u>	<u>\$ 6,522,192</u>	<u>\$ 9,034,686</u>	<u>\$ 20,892,776</u>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 510,949	\$ 104,130	\$ 94,340	\$ 285,556
Other	-	-	-	-
<b>Total operating revenues</b>	<u>510,949</u>	<u>104,130</u>	<u>94,340</u>	<u>285,556</u>
<b>OPERATING EXPENSES:</b>				
Services and supplies	475,679	11,889	159,871	298,667
Depreciation and amortization	70,517	9,019	5,542	31,503
<b>Total operating expenses</b>	<u>546,196</u>	<u>20,908</u>	<u>165,413</u>	<u>330,170</u>
<b>Operating income (loss)</b>	<u>(35,247)</u>	<u>83,222</u>	<u>(71,073)</u>	<u>(44,614)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Intergovernmental	-	-	59	-
Interest and investment income	21,815	14,506	8,741	5,694
Property taxes	-	-	-	-
Interest expense	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>21,815</u>	<u>14,506</u>	<u>8,800</u>	<u>5,694</u>
<b>Change in net position</b>	<u>(13,432)</u>	<u>97,728</u>	<u>(62,273)</u>	<u>(38,920)</u>
Net position - beginning	<u>1,763,564</u>	<u>797,496</u>	<u>579,071</u>	<u>788,402</u>
Net position - ending	<u>\$ 1,750,132</u>	<u>\$ 895,224</u>	<u>\$ 516,798</u>	<u>\$ 749,482</u>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION (CONTINUED)  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

Trestle Beach CSA 20	Summit West CSA 54	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport Sanitation District	Total
\$ 50,521	\$ 139	\$ 1,191,292	\$ 988,340	\$ 523,019	\$ 3,748,286
-	-	574	-	1,413,168	1,413,742
<u>50,521</u>	<u>139</u>	<u>1,191,866</u>	<u>988,340</u>	<u>1,936,187</u>	<u>5,162,028</u>
51,340	2,135	1,121,078	560,803	379,832	3,061,294
-	-	1,635	209,984	169,486	497,686
<u>51,340</u>	<u>2,135</u>	<u>1,122,713</u>	<u>770,787</u>	<u>549,318</u>	<u>3,558,980</u>
(819)	(1,996)	69,153	217,553	1,386,869	1,603,048
-	-	-	-	816,122	816,181
637	21	35,442	38,160	(39,928)	85,088
-	-	-	-	39,924	39,924
-	-	(1,141)	-	(4,501)	(5,642)
<u>637</u>	<u>21</u>	<u>34,301</u>	<u>38,160</u>	<u>811,617</u>	<u>935,551</u>
(182)	(1,975)	103,454	255,713	2,198,486	2,538,599
<u>33,427</u>	<u>1,975</u>	<u>1,287,563</u>	<u>6,266,479</u>	<u>6,836,200</u>	<u>18,354,177</u>
<u>\$ 33,245</u>	<u>\$ -</u>	<u>\$ 1,391,017</u>	<u>\$ 6,522,192</u>	<u>\$ 9,034,686</u>	<u>\$ 20,892,776</u>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 510,949	\$104,130	\$ 94,340	\$285,556
Payments to suppliers for goods and services	(449,453)	(11,724)	(175,419)	(294,908)
Payments to other funds for services provided	-	-	-	-
Other receipts	-	-	-	-
<b>Net cash provided (used) by operating activities</b>	<u>61,496</u>	<u>92,406</u>	<u>(81,079)</u>	<u>(9,352)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating grants	-	-	-	-
Property taxes	-	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(4,998)	-	(26,338)	-
Principal paid on capital debt	-	-	-	-
Interest paid on capital debt	-	-	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(4,998)</u>	<u>-</u>	<u>(26,338)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	21,815	14,506	8,741	5,694
<b>Net cash provided (used) by investing activities</b>	<u>21,815</u>	<u>14,506</u>	<u>8,741</u>	<u>5,694</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	78,313	106,912	(98,676)	(3,658)
Cash and cash equivalents at beginning of year	1,089,520	687,474	493,604	311,073
Cash and cash equivalents at end of year	<u>\$1,167,833</u>	<u>\$794,386</u>	<u>\$394,928</u>	<u>\$307,415</u>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

Trestle Beach CSA 20	Summit West CSA 54	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport Sanitation District	Total
\$ 50,521	\$ 139	\$ 1,191,993	\$ 988,340	\$ 523,013	\$ 3,748,981
(49,999)	(2,135)	(1,108,670)	337,568	1,193,137	(561,603)
-	-	-	(371,783)	(231,608)	(603,391)
-	-	-	-	1,413,168	1,413,168
<u>522</u>	<u>(1,996)</u>	<u>83,323</u>	<u>954,125</u>	<u>2,897,710</u>	<u>3,997,155</u>
-	-	-	-	(887,456)	(887,456)
-	-	-	-	39,929	39,929
-	-	-	-	(847,527)	(847,527)
-	-	-	(895,421)	(2,537,477)	(3,464,234)
-	-	(16,826)	-	(32,350)	(49,176)
-	-	(1,141)	-	(4,501)	(5,642)
-	-	(17,967)	(895,421)	(2,574,328)	(3,519,052)
<u>637</u>	<u>21</u>	<u>35,442</u>	<u>38,160</u>	<u>(39,928)</u>	<u>85,088</u>
<u>637</u>	<u>21</u>	<u>35,442</u>	<u>38,160</u>	<u>(39,928)</u>	<u>85,088</u>
1,159	(1,975)	100,798	96,864	(564,073)	(284,336)
<u>34,078</u>	<u>1,975</u>	<u>1,420,410</u>	<u>1,908,260</u>	<u>(909,815)</u>	<u>5,036,579</u>
<u>\$ 35,237</u>	<u>\$ -</u>	<u>\$ 1,521,208</u>	<u>\$ 2,005,124</u>	<u>\$ (1,473,888)</u>	<u>\$ 4,752,243</u>

(Continued)

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
<b>RECONCILIATION OF OPERATING</b>				
<b>INCOME (LOSS) TO NET CASH PROVIDED</b>				
<b>(USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (35,247)	\$ 83,222	\$ (71,073)	\$ (44,614)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	70,517	9,019	5,542	31,503
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	-	-	-	-
Increase (decrease) in:				
Payables	26,226	165	(15,548)	3,759
Total adjustments	<u>96,743</u>	<u>9,184</u>	<u>(10,006)</u>	<u>35,262</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 61,496</u>	<u>\$ 92,406</u>	<u>\$ (81,079)</u>	<u>\$ (9,352)</u>
<b>Schedule of non-cash capital and related financing activities:</b>				
Purchase of machinery, equipment and vehicles on account	4,998	-	-	-



**COUNTY OF SANTA CRUZ  
 COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019**

Trestle Beach CSA 20	Summit West CSA 54	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport Sanitation District	Total
\$ (819)	\$ (1,996)	\$ 69,153	\$ 217,553	\$ 1,386,869	\$ 1,603,048
-	-	1,635	209,984	169,486	497,686
-	-	128	-	-	128
1,341	-	12,407	526,588	1,341,355	1,896,293
1,341	-	14,170	736,572	1,510,841	2,394,107
\$ 522	\$ (1,996)	\$ 83,323	\$ 954,125	\$ 2,897,710	\$ 3,997,155
-	-	-	895,421	2,537,477	3,437,896



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# INTERNAL SERVICE FUNDS

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**Internal Service Funds** are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

**Central Duplicating Fund** – The Central Duplicating Fund accounts for the County print shop, copy center, and mail room.

**Information Services Fund** – The Information Services Fund accounts for data processing and telecommunications services provided to County departments.

**Public Works Fund** – The Public Works Fund accounts for such County functions as construction and maintenance of the County road system and management of certain special districts and other related activities.

**Service Center Fund** – The Service Center Fund accounts for the maintenance of the County fleet of vehicles and for related services to other County departments.

**Self-Insurance Funds** – The Self-Insurance Funds account for the County's self-insured risk management, dental and health insurance, liability and property insurance, workers' compensation insurance, employee benefit staffing, and State unemployment insurance program.

**COUNTY OF SANTA CRUZ**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2019**

	Central Duplicating	Information Services	Public Works	Service Center
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 88,038	\$ 4,239,549	\$ -	\$ 1,313,904
Receivables	-	169,697	23,845	70
Due from other funds	-	-	7,399,872	-
Deposits with others	-	-	-	-
Inventory	-	-	449,957	12,433
Prepaid items	26,394	28,985	-	-
<b>Total current assets</b>	<b>114,432</b>	<b>4,438,231</b>	<b>7,873,674</b>	<b>1,326,407</b>
Capital assets:				
Land	-	-	62,914	34,173
Construction in progress	-	5,750	-	-
Buildings and structures	-	225,763	3,334,516	438,121
Equipment	253,757	11,505,854	8,641,464	12,581,195
Accumulated depreciation	(149,178)	(7,266,931)	(9,185,118)	(8,832,080)
<b>Capital assets, net</b>	<b>104,579</b>	<b>4,470,436</b>	<b>2,853,776</b>	<b>4,221,409</b>
<b>Total assets</b>	<b>219,011</b>	<b>8,908,667</b>	<b>10,727,450</b>	<b>5,547,816</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension	74,996	3,193,467	9,980,213	244,376
Deferred OPEB	6,397	156,720	594,895	15,992
<b>Total deferred outflows of resources</b>	<b>81,393</b>	<b>3,350,187</b>	<b>10,575,108</b>	<b>260,368</b>
<b>LIABILITIES</b>				
Current liabilities:				
Payables	13,879	478,169	1,780,902	90,314
Capital leases	-	497,108	4,821	-
Claims liabilities	-	-	-	-
due within one year	16,579	670,641	2,611,053	23,878
<b>Total current liabilities</b>	<b>30,458</b>	<b>1,645,918</b>	<b>4,396,776</b>	<b>114,192</b>
Noncurrent liabilities:				
Capital leases	-	150,338	5,859	-
Claims liability	-	-	-	-
Compensated absences, due in more than one year	22,337	482,008	536,856	-
Net OPEB liability	152,739	3,671,405	14,327,168	381,847
Net pension liability	282,541	11,736,574	37,192,542	913,193
<b>Total noncurrent liabilities</b>	<b>457,617</b>	<b>16,040,325</b>	<b>52,062,425</b>	<b>1,295,040</b>
<b>Total liabilities</b>	<b>488,075</b>	<b>17,686,243</b>	<b>56,459,201</b>	<b>1,409,232</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension	27,699	1,063,951	3,550,413	90,884
Deferred OPEB	9,941	238,130	933,847	24,851
<b>Total deferred inflows of resources</b>	<b>37,640</b>	<b>1,302,081</b>	<b>4,484,260</b>	<b>115,735</b>
<b>NET POSITION</b>				
Net investment in capital assets	104,579	3,822,990	2,843,096	4,221,409
Restricted for:				
Debt service	-	-	1,338,808	-
Unrestricted	(329,890)	(10,552,460)	(43,822,807)	61,808
<b>Total net position</b>	<b>\$ (225,311)</b>	<b>\$ (6,729,470)</b>	<b>\$ (39,640,903)</b>	<b>\$ 4,283,217</b>

**COUNTY OF SANTA CRUZ**  
**COMBINING STATEMENT OF NET POSITION (CONTINUED)**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2019**

Risk Management	Self-Insurance					Total
	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	
\$ 491,231	\$ 1,382,688	\$ 11,308,559	\$ 8,545,945	\$ 232,431	\$ 225,166	27,827,511
-	95,497	-	-	-	-	289,109
-	-	-	9,108,770	-	-	16,508,642
-	-	-	150,000	-	-	150,000
-	-	-	-	-	-	462,390
-	-	-	-	-	-	55,379
491,231	1,478,185	11,308,559	17,804,715	232,431	225,166	45,293,031
-	-	-	-	-	-	97,087
-	-	-	-	-	-	5,750
-	-	-	-	-	-	3,998,400
16,605	-	-	-	-	-	32,998,875
(7,265)	-	-	-	-	-	(25,440,572)
9,340	-	-	-	-	-	11,659,540
500,571	1,478,185	11,308,559	17,804,715	232,431	225,166	56,952,571
312,637	-	-	-	257,236	-	14,062,925
25,587	-	-	-	9,595	-	809,186
338,224	-	-	-	266,831	-	14,872,111
52,377	44,920	354,881	678,745	22,441	-	3,516,628
4,235	-	-	-	-	-	506,164
-	408,610	6,252,000	7,708,000	-	66,750	14,435,360
160,652	-	-	-	18,235	-	3,501,038
217,264	453,530	6,606,881	8,386,745	40,676	66,750	21,959,190
5,995	-	-	-	-	-	162,192
-	-	9,114,000	24,831,000	-	-	33,945,000
-	-	-	-	-	-	-
16,472	-	-	-	52,824	-	1,110,497
540,258	-	-	-	299,805	-	19,373,222
1,345,536	-	-	-	726,306	-	52,196,692
1,908,261	-	9,114,000	24,831,000	1,078,935	-	106,787,603
2,125,525	453,530	15,720,881	33,217,745	1,119,611	66,750	128,746,793
183,573	-	-	-	2,197	-	4,918,717
34,349	-	-	-	20,324	-	1,261,442
217,922	-	-	-	22,521	-	6,180,159
-	-	-	-	-	-	10,992,074
-	-	-	150,000	-	-	1,488,808
(1,504,652)	1,024,655	(4,412,322)	(15,563,030)	(642,870)	158,416	(75,583,152)
\$ (1,504,652)	\$ 1,024,655	\$ (4,412,322)	\$ (15,413,030)	\$ (642,870)	\$ 158,416	\$ (63,102,270)

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Central Duplicating	Information Services	Public Works	Service Center
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 177,584	\$ 14,044,294	\$ 43,250,763	\$ 2,912,542
Other revenues	-	51,852	6,346	39,925
<b>Total operating revenues</b>	<b>177,584</b>	<b>14,096,146</b>	<b>43,257,109</b>	<b>2,952,467</b>
<b>OPERATING EXPENSES:</b>				
Salaries and employee benefits	231,596	8,793,174	34,897,727	520,736
Services and supplies	316,590	4,183,586	7,876,771	1,316,250
Insurance and compensation claims	-	-	-	-
Depreciation and amortization	25,985	1,281,532	171,237	789,808
<b>Total operating expenses</b>	<b>574,171</b>	<b>14,258,292</b>	<b>42,945,735</b>	<b>2,626,794</b>
<b>Operating income (loss)</b>	<b>(396,587)</b>	<b>(162,146)</b>	<b>311,374</b>	<b>325,673</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest and investment income	-	-	49,173	-
Gain on disposal of capital assets	-	-	34,413	25,643
Loss on disposal of capital assets	-	(20,846)	-	-
Interest expense	-	(79,710)	(1,670)	-
<b>Total nonoperating revenues (expenses)</b>	<b>-</b>	<b>(100,556)</b>	<b>81,916</b>	<b>25,643</b>
<b>Income (loss) before transfers</b>	<b>(396,587)</b>	<b>(262,702)</b>	<b>393,290</b>	<b>351,316</b>
Transfers in	-	252,242	632,494	193,104
Transfers out	-	-	-	-
<b>Change in net position</b>	<b>(396,587)</b>	<b>(10,460)</b>	<b>1,025,784</b>	<b>544,420</b>
Net position - beginning	171,276	(6,719,010)	(40,666,687)	3,738,797
Net position - ending	<b>\$ (225,311)</b>	<b>\$ (6,729,470)</b>	<b>\$ (39,640,903)</b>	<b>\$ 4,283,217</b>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION (CONTINUED)  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

Risk Management	Self-Insurance					Total
	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	
\$ 1,500,000	\$ 2,405,394	\$ 5,649,796	\$ 8,520,966	\$ 1,050,564	\$ 400,058	\$ 79,911,961
-	-	794,173	3,516	-	-	895,812
1,500,000	2,405,394	6,443,969	8,524,482	1,050,564	400,058	80,807,773
1,290,213	-	-	-	352,200	-	46,085,646
888,548	30,542	2,673,780	1,525,582	772,916	2,514	19,587,079
-	2,323,480	13,372,846	9,277,847	-	421,295	25,395,468
4,151	-	-	-	-	-	2,272,713
2,182,912	2,354,022	16,046,626	10,803,429	1,125,116	423,809	93,340,906
(682,912)	51,372	(9,602,657)	(2,278,947)	(74,552)	(23,751)	(12,533,133)
21,956	28,612	207,029	372,829	3,845	5,831	689,275
-	-	-	-	-	-	60,056
-	-	-	-	-	-	(20,846)
(1,413)	-	-	-	-	-	(82,793)
20,543	28,612	207,029	372,829	3,845	5,831	645,692
(662,369)	79,984	(9,395,628)	(1,906,118)	(70,707)	(17,920)	(11,887,441)
-	-	-	-	-	-	1,077,840
-	-	(410,118)	-	-	-	(410,118)
(662,369)	79,984	(9,805,746)	(1,906,118)	(70,707)	(17,920)	(11,219,719)
(842,283)	944,671	5,393,424	(13,506,912)	(572,163)	176,336	(51,882,551)
\$ (1,504,652)	\$ 1,024,655	\$ (4,412,322)	\$ (15,413,030)	\$ (642,870)	\$ 158,416	\$ (63,102,270)

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Central Duplicating	Information Services	Public Works	Service Center
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 177,584	\$ 13,874,598	\$ 43,415,048	\$ 2,912,472
Receipts from interfund charges for services	-	-	(7,399,872)	-
Payments to suppliers for goods and services	(271,708)	(3,982,788)	(8,012,574)	(1,296,574)
Payments to employees for salaries and benefits	(197,637)	(7,792,965)	(27,337,620)	(438,304)
Payments for judgments and claims	(6,830)	(63,918)	-	(25,616)
Other receipts	-	51,852	6,346	39,925
<b>Net cash provided (used) by operating activities</b>	<u>(298,591)</u>	<u>2,086,779</u>	<u>671,328</u>	<u>1,191,903</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers from other funds	-	252,242	632,494	193,104
Transfers to other funds	-	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>	<u>252,242</u>	<u>632,494</u>	<u>193,104</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(119,520)	(719,191)	(1,296,486)	(1,103,404)
Principal paid on capital debt	-	(507,264)	(5,666)	-
Interest paid on capital debt	-	(79,710)	(1,670)	-
Proceeds from sale of capital assets	-	-	-	25,643
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(119,520)</u>	<u>(1,306,165)</u>	<u>(1,303,822)</u>	<u>(1,077,761)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	-	-	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	(418,111)	1,032,856	-	307,246
Cash and cash equivalents at beginning of year	506,149	3,206,693	-	1,006,658
Cash and cash equivalents at end of year	<u>\$ 88,038</u>	<u>\$ 4,239,549</u>	<u>\$ -</u>	<u>\$ 1,313,904</u>



**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

Self-Insurance							
Risk Management	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	Total	
\$ 1,500,000	\$ 2,309,897	\$ 5,649,796	\$ 8,520,966	\$ 1,050,565	\$ 400,058	\$ 79,810,984	
-	-	-	-	-	-	(7,399,872)	
(867,945)	(35,688)	(414,807)	(10,363,754)	(775,336)	(2,514)	(26,023,688)	
(1,094,242)	-	-	-	(351,478)	-	(37,212,246)	
(18,647)	(2,320,990)	(6,751,846)	(6,532,847)	-	(416,553)	(16,137,247)	
-	-	794,173	16,955,021	-	-	17,847,317	
(480,834)	(46,781)	(722,684)	8,579,386	(76,249)	(19,009)	10,885,248	
-	-	-	-	-	-	1,077,840	
-	-	(410,118)	(8,475,753)	-	-	(8,885,871)	
-	-	(410,118)	(8,475,753)	-	-	(7,808,031)	
-	-	-	-	-	-	(3,238,601)	
(3,793)	-	-	-	-	-	(516,723)	
(1,413)	-	-	-	-	-	(82,793)	
-	-	-	-	-	-	25,643	
(5,206)	-	-	-	-	-	(3,812,474)	
21,956	28,612	207,029	372,829	3,845	5,831	640,102	
21,956	28,612	207,029	372,829	3,845	5,831	640,102	
(464,084)	(18,169)	(925,773)	476,462	(72,404)	(13,178)	(95,155)	
955,315	1,400,857	12,234,332	8,069,483	304,835	238,344	27,922,666	
\$ 491,231	\$ 1,382,688	\$ 11,308,559	\$ 8,545,945	\$ 232,431	\$ 225,166	\$ 27,827,511	

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Central Duplicating	Information Services	Public Works	Service Center
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (396,587)	\$ (162,146)	\$ 311,374	\$ 325,673
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	25,985	1,281,532	171,237	789,808
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	-	(169,697)	115,112	(70)
Due from other funds	-	-	(7,399,872)	-
Inventory	-	-	(449,957)	2,376
Prepaid items	40,706	-	-	-
Increase (decrease) in:				
Payables	(2,654)	136,880	363,327	(8,316)
Accrued salaries and benefits	33,959	1,000,210	7,560,107	82,432
Compensated absences				
Total adjustments	97,996	2,248,925	359,954	866,230
<b>Net cash provided (used) by operating activities</b>	<b>\$ (298,591)</b>	<b>\$ 2,086,779</b>	<b>\$ 671,328</b>	<b>\$ 1,191,903</b>

**Schedule of non-cash capital and related financing activities:**

Contributions of capital assets				
Purchase of machinery, equipment and vehicles on account	119,520	719,191	1,296,486	1,103,404

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

Risk Management	Self-Insurance					Total
	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	
\$ (682,912)	\$ 51,372	\$ (9,602,657)	\$ (2,278,947)	\$ (74,552)	\$ (23,751)	\$ (12,533,133)
4,151	-	-	-	-	-	2,272,713
-	(95,497)	-	-	-	-	(150,152)
-	-	-	16,951,505	-	-	9,551,633
-	-	-	-	-	-	(447,581)
-	-	-	-	-	-	40,706
1,956	(2,656)	8,879,973	(6,093,172)	(2,420)	4,742	3,277,660
195,971	-	-	-	723	-	8,873,402
202,078	(98,153)	8,879,973	10,858,333	(1,697)	4,742	23,418,381
\$ (480,834)	\$ (46,781)	\$ (722,684)	\$ 8,579,386	\$ (76,249)	\$ (19,009)	\$ 10,885,248
-	-	-	-	-	-	3,238,601



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# FIDUCIARY FUNDS

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**Agency Funds** – Agency Funds are used to account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the County, acting in the capacity of an agent for distribution to other governmental entities or other organizations.

**Intergovernmental Agency Funds** – Intergovernmental Agency Funds are used to account for deposits which are under the control of various single county officers. Disbursements are made from these funds by the Auditor-Controller based on a properly written authorization from the responsible officer.

**Payroll Funds** – The Payroll Funds are used to account for various employee payroll deductions, tax withholdings, and employer contributions for fringe benefits.

**Property Tax Collections Funds** – The Property Tax Collections Funds are used to account for the collection and distribution of property taxes and interest on bank deposits of other local governmental agencies.

**Private Purpose Trust Fund** – The Private Purpose Trust Fund reports resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. This fund is used to report the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and activities of the County of Santa Cruz Redevelopment Successor Agency.



**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
June 30, 2019**

	Inter- governmental Agency	Payroll	Property Tax Collections	Total
<b>ASSETS</b>				
Cash and investments	\$ 32,899,906	\$ 6,755,663	\$ 11,093,869	\$ 50,749,438
Receivables	-	41,005	12,161,372	12,202,377
<b>Total assets</b>	<u>\$ 32,899,906</u>	<u>\$ 6,796,668</u>	<u>\$ 23,255,241</u>	<u>\$ 62,951,815</u>
<b>LIABILITIES</b>				
Accounts payable	-	\$ 6,796,668	1,708	\$ 6,798,376
Due to other governmental units	-	-	23,253,533	23,253,533
Agency funds held for others	32,899,906	-	-	32,899,906
<b>Total liabilities</b>	<u>\$ 32,899,906</u>	<u>\$ 6,796,668</u>	<u>\$ 23,255,241</u>	<u>\$ 62,951,815</u>

**COUNTY OF SANTA CRUZ**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<b><u>Intergovernmental Agency</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 31,961,920	\$3,785,297,194	\$3,784,359,208	\$ 32,899,906
Receivables	22,467	-	22,467	-
<b>Total assets</b>	<b>\$ 31,984,387</b>	<b>\$3,785,297,194</b>	<b>\$3,784,381,675</b>	<b>\$ 32,899,906</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$2,432,296,119	\$2,432,296,119	\$ -
Agency funds held for others	31,984,387	250,175,652	249,260,133	32,899,906
<b>Total liabilities</b>	<b>\$ 31,984,387</b>	<b>\$2,682,471,771</b>	<b>\$2,681,556,252</b>	<b>\$ 32,899,906</b>
<b><u>Payroll</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 6,625,623	\$ 376,892,324	\$ 376,762,284	\$ 6,755,663
Receivables	-	41,005	-	41,005
<b>Total assets</b>	<b>\$ 6,625,623</b>	<b>\$ 376,933,329</b>	<b>\$ 376,762,284</b>	<b>\$ 6,796,668</b>
<b>Liabilities:</b>				
Accounts payable	\$ 6,625,623	\$1,099,614,222	\$1,099,443,177	\$ 6,796,668
<b>Total liabilities</b>	<b>\$ 6,625,623</b>	<b>\$1,099,614,222</b>	<b>\$1,099,443,177</b>	<b>\$ 6,796,668</b>
<b><u>Property Tax Collections</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 6,164,119	\$1,210,655,299	\$1,205,725,549	\$ 11,093,869
Receivables	11,059,157	566,930,773	565,828,558	12,161,372
<b>Total assets</b>	<b>\$ 17,223,276</b>	<b>\$1,777,586,072</b>	<b>\$1,771,554,107</b>	<b>\$ 23,255,241</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 7,639,374	\$ 7,637,666	\$ 1,708
Due to other governmental units	17,223,276	1,777,980,065	1,771,949,808	23,253,533
<b>Total liabilities</b>	<b>\$ 17,223,276</b>	<b>\$1,785,619,439</b>	<b>\$1,779,587,474</b>	<b>\$ 23,255,241</b>
<b><u>Total Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 44,751,662	\$5,372,844,817	\$5,366,847,041	\$ 50,749,438
Receivables	11,081,624	566,930,778	565,851,025	12,161,377
<b>Total assets</b>	<b>\$ 55,833,286</b>	<b>\$5,939,775,595</b>	<b>\$5,932,698,066</b>	<b>\$ 62,910,815</b>
<b>Liabilities:</b>				
Accounts payable	\$ 6,625,623	\$3,539,549,715	\$3,539,376,962	\$ 6,798,376
Due to other governmental units	17,223,276	1,777,980,065	1,771,949,808	23,253,533
Agency funds held for others	31,984,387	250,175,652	249,260,133	32,899,906
<b>Total liabilities</b>	<b>\$ 55,833,286</b>	<b>\$5,567,705,432</b>	<b>\$5,560,586,903</b>	<b>\$ 62,951,815</b>



**COUNTY OF SANTA CRUZ  
SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY  
STATEMENT OF NET POSITION  
PRIVATE PURPOSE TRUST FUND  
June 30, 2019**

Santa Cruz County  
Redevelopment  
Successor Agency

**ASSETS**

Current Assets:	
Cash and investments	\$ 14,449,294
Total current assets:	<u>14,449,294</u>
Noncurrent Assets:	
Restricted cash with fiscal agent	4,502
Prepaid insurance	1,531,097
Capital assets, net	9,114,559
Total noncurrent assets:	<u>10,650,158</u>
<b>Total assets</b>	<u><u>\$ 25,099,452</u></u>

**DEFERRED OUTFLOWS OF RESOURCES**

Loss on refunding of debt	\$ 272,471
<b>Total deferred outflows of resources</b>	<u><u>\$ 272,471</u></u>

**LIABILITIES**

Current Liabilities:	
Accounts payable - claims	\$ 7,295
Interest payable	2,860,730
Long-term debt - due within one year	8,925,429
Total current liabilities:	<u>11,793,454</u>
Long-term Liabilities:	
Long-term debt - due in more than one year	200,124,983
Total long-term liabilities:	<u>200,124,983</u>
<b>Total liabilities</b>	<u><u>\$ 211,918,437</u></u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred tax increment revenue	\$ 563,927
Gain on refunding of debt	1,122,557
<b>Total deferred inflows of resources</b>	<u><u>\$ 1,686,484</u></u>

**NET POSITION**

Net position held in trust	<u><u>\$ (188,232,998)</u></u>
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**COUNTY OF SANTA CRUZ  
SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY  
STATEMENT OF CHANGES IN NET POSITION  
PRIVATE PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Santa Cruz County Redevelopment <u>Successor Agency</u>
<b>ADDITIONS:</b>	
Investment income	\$ 228,383
Incremental property taxes	17,287,620
Other revenue	59,615
<b>Total additions</b>	<u>17,575,618</u>
 <b>DEDUCTIONS:</b>	
Payments in accordance with enforceable obligations	7,748,568
<b>Total deductions</b>	<u>7,748,568</u>
Change in net position held in trust	9,827,050
Net position held in trust - beginning	<u>(198,060,048)</u>
Net position held in trust - ending	<u><u>\$ (188,232,998)</u></u>

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# STATISTICAL SECTION

## (UNAUDITED)

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This part of the County of Santa Cruz's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<b>Contents</b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	192-196
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	197-200
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.	201-204
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	205-209
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	210-214

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**COUNTY OF SANTA CRUZ  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(Reported in Thousands)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Governmental activities</b>										
Net investment in capital assets	\$ 546,806	\$ 509,726	\$ 476,456	\$ 468,999	\$ 484,646	\$ 439,466	\$ 448,657	\$ 455,726	\$ 215,172	\$ 212,557
Restricted	66,391	55,333	57,360	63,880	55,856	75,773	67,014	96,980	117,713	40,865
Unrestricted	(471,054)	(423,493)	(396,329) <sup>1</sup>	(374,141)	(399,332)	(72,239)	(65,133)	(66,913)	(61,396)	36,955
<b>Total governmental activities net position</b>	<b>\$ 142,143</b>	<b>\$ 141,566</b>	<b>\$ 137,487</b>	<b>\$ 158,738</b>	<b>\$ 141,170</b>	<b>\$ 443,000</b>	<b>\$ 450,538</b>	<b>\$ 485,793</b>	<b>\$ 271,489</b>	<b>\$ 290,377</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 24,615	\$ 21,690	\$ 20,724	\$ 28,466	\$ 28,585	\$ 24,033	\$ 25,023	\$ 25,442	\$ 24,677	\$ 26,662
Restricted	43	634	381	390	260	476	44	256	253	317
Unrestricted	1,304	3,255	2,062 <sup>1</sup>	(1,962)	3,620	8,130	7,634	6,520	5,803	6,553
<b>Total business-type activities net position</b>	<b>\$ 25,962</b>	<b>\$ 25,579</b>	<b>\$ 23,167</b>	<b>\$ 26,894</b>	<b>\$ 32,465</b>	<b>\$ 32,639</b>	<b>\$ 32,701</b>	<b>\$ 32,218</b>	<b>\$ 30,733</b>	<b>\$ 33,532</b>
<b>Total primary government</b>										
Net investment in capital assets	\$ 571,421	\$ 531,416	\$ 497,180	\$ 497,465	\$ 513,231	\$ 463,499	\$ 473,680	\$ 481,168	\$ 239,849	\$ 239,219
Restricted	66,434	55,967	57,740	64,270	56,116	76,249	67,058	97,236	117,966	41,182
Unrestricted	(469,750)	(420,238)	(394,267) <sup>1</sup>	(376,103)	(395,712)	(64,109)	(57,499)	(60,393)	(55,593)	43,508
<b>Total primary government net position</b>	<b>\$ 168,105</b>	<b>\$ 167,145</b>	<b>\$ 160,653</b>	<b>\$ 185,632</b>	<b>\$ 173,635</b>	<b>\$ 475,639</b>	<b>\$ 483,239</b>	<b>\$ 518,011</b>	<b>\$ 302,222</b>	<b>\$ 323,909</b>

<sup>1</sup> The 2017 reported unrestricted balances have been restated due to the implementation of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

**COUNTY OF SANTA CRUZ**  
**GOVERNMENT-WIDE CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(Reported in Thousands)*

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenses</b>										
Governmental activities:										
General government	\$ 42,773	\$ 39,812	\$ 43,566	\$ 35,068	\$ 33,544	\$ 25,451	\$ 17,725	\$ 27,417	\$ 39,206	\$ 30,407
Public protection	195,327	177,636	157,415	141,370	131,718	133,932	127,640	124,721	125,065	122,743
Public ways and facilities	27,258	29,193	24,716	28,271	32,900	18,961	47,167	32,192	36,694	45,826
Health and sanitation	154,536	141,327	123,519	114,209	108,999	108,571	111,441	113,242	107,497	105,239
Public assistance	144,066	132,801	129,000	126,834	116,902	112,840	104,889	105,835	101,990	108,121
Education	5,996	5,884	5,746	6,005	5,537	4,915	5,005	5,033	5,194	5,140
Recreation and culture	11,772	11,549	10,784	8,900	7,202	6,870	5,867	6,670	6,386	6,617
Interest on long-term debt	2,157	1,746	2,210	2,764	3,307	8,126	3,321	10,262	17,144	15,782
Total government activities expenses	<u>583,885</u>	<u>539,948</u>	<u>496,956</u>	<u>463,421</u>	<u>440,109</u>	<u>419,666</u>	<u>423,055</u>	<u>425,372</u>	<u>439,176</u>	<u>439,875</u>
Business-type activities:										
County Disposal Site CSA 9C	\$ 17,873	\$ 14,859	\$ 13,283	\$ 12,018	\$ 11,785	\$ 11,464	\$ 10,904	\$ 10,506	\$ 14,792	\$ 12,283
Boulder Creek CSA 7	542	401	308	362	332	310	344	295	299	298
Rolling Woods CSA 10	21	31	32	15	12	14	14	14	12	44
Septic Tank Maintenance CSA 12	1,124	923	1,016	1,090	1,058	1,114	1,017	943	1,050	951
Freedom County Sanitation CSA	766	1,123	1,090	808	965	607	441	857	825	551
Davenport County Sanitation District CSA	551	581	556	518	656	557	458	532	477	701
Place de Mer CSA 2	164	157	30	38	50	23	21	37	70	32
Sand Dollar Beach CSA 5	328	323	247	237	275	243	260	265	315	252
Trestle Beach CSA 20	51	56	62	45	51	59	36	41	43	71
Summit West CSA 54	2	-	-	-	-	1	1	1	1	1
Graham Hill CSA 57	-	0	8	11	35	53	35	33	27	27
Total business-type activities expenses	<u>21,421</u>	<u>18,454</u>	<u>16,632</u>	<u>15,142</u>	<u>15,219</u>	<u>14,445</u>	<u>13,531</u>	<u>13,524</u>	<u>17,911</u>	<u>15,211</u>
Total primary government expenses	<u>\$ 605,306</u>	<u>\$ 558,402</u>	<u>\$ 513,588</u>	<u>\$ 478,563</u>	<u>\$ 455,328</u>	<u>\$ 434,111</u>	<u>\$ 436,586</u>	<u>\$ 438,896</u>	<u>\$ 457,087</u>	<u>\$ 455,086</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 26,717	\$ 19,799	\$ 21,379	\$ 19,053	\$ 18,605	\$ 19,150	\$ 18,071	\$ 17,695	\$ 18,305	\$ 17,083
Health, sanitation & public assistance	40,934	42,643	38,828	34,628	28,088	25,830	23,238	33,029	27,635	24,754
Public protection	23,899	23,357	22,877	22,514	22,913	21,426	20,742	20,623	20,954	20,961
Public ways & facilities, and recreation	10,439	9,545	9,408	8,051	8,217	8,286	8,869	9,412	8,453	8,555
Education	1	-	-	-	-	-	-	-	-	-
Operating grants and contributions	279,861	259,972	261,567	244,016	243,896	227,863	219,341	207,264	199,689	209,932
Capital grants and contributions	22,829	19,532	8,193	8,798	7,006	10,541	10,678	8,016	11,298	8,673
Total governmental activities program revenues	<u>404,680</u>	<u>374,848</u>	<u>362,252</u>	<u>337,060</u>	<u>328,725</u>	<u>313,096</u>	<u>300,939</u>	<u>296,039</u>	<u>286,334</u>	<u>289,958</u>
Business-type activities:										
Charges for services	18,506	18,022	15,638	14,763	13,933	13,350	13,137	13,313	13,058	13,166
Operating grants and contributions	1,232	2,856	342	490	226	382	208	573	289	964
Capital grants and contributions	0	-	327	129	118	-	60	345	1,097	15
Total business-type activities program revenues	<u>19,738</u>	<u>20,878</u>	<u>16,307</u>	<u>15,382</u>	<u>14,277</u>	<u>13,732</u>	<u>13,405</u>	<u>14,231</u>	<u>14,444</u>	<u>14,145</u>
Total primary government program revenues	<u>\$ 424,418</u>	<u>\$ 395,726</u>	<u>\$ 378,559</u>	<u>\$ 352,442</u>	<u>\$ 343,002</u>	<u>\$ 326,828</u>	<u>\$ 314,344</u>	<u>\$ 310,270</u>	<u>\$ 300,778</u>	<u>\$ 304,103</u>
Net (expense)/revenue										
Governmental activities	\$ (179,205)	\$ (165,100)	\$ (134,704)	\$ (126,361)	\$ (111,384)	\$ (106,570)	\$ (122,116)	\$ (129,333)	\$ (152,843)	\$ (149,917)
Business-type activities	(1,683)	2,424	(325)	240	(942)	(713)	(126)	707	(3,467)	(1,066)
Total primary government net expense	<u>\$ (180,887)</u>	<u>\$ (162,676)</u>	<u>\$ (135,029)</u>	<u>\$ (126,121)</u>	<u>\$ (112,326)</u>	<u>\$ (107,283)</u>	<u>\$ (122,242)</u>	<u>\$ (128,626)</u>	<u>\$ (156,310)</u>	<u>\$ (150,983)</u>

(Continued)

**COUNTY OF SANTA CRUZ**  
**GOVERNMENT-WIDE CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(Reported in Thousands)*

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>General Revenue and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 118,051	\$ 117,337	\$ 107,283	\$ 100,143	\$ 93,563	\$ 88,178	\$ 84,795	\$ 97,716	\$ 109,837	\$ 111,224
Other taxes	35,107	31,143	27,410	24,256	21,831	19,046	17,201	16,044	15,265	12,978
Grants and contributions not restricted for specific purposes	-	-	-	-	-	-	117	-	-	-
Use of money and property	6,619	4,454	3,741	4,096	3,473	3,652	1,254	2,741	2,827	3,373
Miscellaneous	19,945	16,253	7,960	9,460	4,306	751	(156)	52,099	6,033	4,606
Gain (Loss) on sale of assets	60	(7)	6	98	-	(4)	26	1,005	(6)	101
<b>Total governmental activities</b>	<b>179,782</b>	<b>169,180</b>	<b>146,400</b>	<b>138,053</b>	<b>123,173</b>	<b>111,623</b>	<b>103,237</b>	<b>169,605</b>	<b>133,956</b>	<b>132,282</b>
Business-type activities:										
Property taxes	40	35	32	29	27	25	25	25	25	24
Use of money and property	366	(25)	(232)	(170)	49	95	(24)	45	12	13
Miscellaneous	1,608	70	333	332	6,539	531	609	705	631	760
Gain (Loss) on sale of assets	52	(91)	-	-	-	-	-	2	-	3
<b>Total business-type activities</b>	<b>2,066</b>	<b>(11)</b>	<b>133</b>	<b>191</b>	<b>6,615</b>	<b>651</b>	<b>610</b>	<b>777</b>	<b>668</b>	<b>800</b>
<b>Total primary government</b>	<b>\$ 181,848</b>	<b>\$ 169,169</b>	<b>\$ 146,533</b>	<b>\$ 138,244</b>	<b>\$ 129,788</b>	<b>\$ 112,274</b>	<b>\$ 103,847</b>	<b>\$ 170,382</b>	<b>\$ 134,624</b>	<b>\$ 133,082</b>
Extraordinary Item:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16,377)	\$ 174,033	\$ -	\$ -
<b>Change in Net Position</b>										
Governmental activities	\$ 577	\$ 4,080	\$ 11,696	\$ 11,692	\$ 11,789	\$ 5,053	\$ (35,256)	\$ 214,305	\$ (18,887)	\$ (17,635)
Business-type activities	383	2,413	(192)	431	5,673	(62)	484	1,484	(2,799)	(266)
<b>Total primary government</b>	<b>\$ 960</b>	<b>\$ 6,493</b>	<b>\$ 11,504</b>	<b>\$ 12,123</b>	<b>\$ 17,462</b>	<b>\$ 4,991</b>	<b>\$ (34,772)</b>	<b>\$ 215,789</b>	<b>\$ (21,686)</b>	<b>\$ (17,901)</b>

(Continued)

**COUNTY OF SANTA CRUZ  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Reported in Thousands)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund <sup>1</sup>										
Nonspendable	\$ 1,707	\$ 1,758	\$ 703	\$ 751	\$ 1,135	\$ 872	\$ 3,544	\$ 3,739	\$ 4,118	\$ 1,525
Restricted	-	-	-	-	1	2	2	1	-	-
Committed	19,957	21,557	18,000	17,251	20,081	21,627	16,166	13,706	12,847	11,748
Assigned	48,162	37,094	37,159	33,767	29,059	18,214	20,857	24,722	22,231	15,430
Unassigned	-	-	(71)	(33)	(71)	-	-	-	171	-
Total General Fund	<u>\$ 69,826</u>	<u>\$ 60,409</u>	<u>\$ 55,791</u>	<u>\$ 51,736</u>	<u>\$ 50,205</u>	<u>\$ 40,715</u>	<u>\$ 40,569</u>	<u>\$ 42,168</u>	<u>\$ 39,367</u>	<u>\$ 28,703</u>
All other governmental funds										
Nonspendable		\$ -	\$ 61,558	\$ -	\$ 61,184	\$ 60,226	\$ 56,077	\$ 49,883	\$ -	\$ -
Restricted	121,088	116,612	54,594	124,769	55,820	69,455	67,030	97,824	166,676	183,044
Unassigned		(4,989)	-	-	-	-	(17)	(22)	(37)	-
	<u>\$ 121,088</u>	<u>\$ 111,623</u>	<u>\$ 116,152</u>	<u>\$ 124,769</u>	<u>\$ 117,004</u>	<u>\$ 129,681</u>	<u>\$ 123,090</u>	<u>\$ 147,685</u>	<u>\$ 166,639</u>	<u>\$ 183,044</u>

	Fiscal Year									
	<u>2009</u>									
General Fund										
Reserved										\$ 2,919
Unreserved										14,674
Total General Fund										<u>\$ 17,593</u>
All other governmental funds										
Reserved										\$ 38,930
Unreserved, reported in:										
Special revenue funds										121,946
Capital project funds										10,273
Total all other governmental funds										<u>\$ 171,149</u>

<sup>1</sup> In fiscal year 2010-2011 the County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned.

**COUNTY OF SANTA CRUZ**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Reported in Thousands)*

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Revenues</b>										
Taxes	\$ 153,158	\$ 148,480	\$ 134,693	\$ 124,399	\$ 115,394	\$ 107,224	\$ 101,997	\$ 113,760	\$ 125,101	\$ 123,718
Licenses and permits	12,591	12,665	13,268	11,881	11,053	9,847	9,819	10,356	9,046	9,247
Fines, forfeits and penalties	10,796	3,870	4,101	3,630	4,720	4,758	4,474	4,737	5,200	5,231
Use of money and property	5,930	4,197	3,623	4,083	3,417	3,480	1,264	2,635	2,718	3,197
Aid from other governments	302,690	279,504	269,760	252,814	250,902	238,404	230,019	215,280	210,987	219,090
Charges for services	78,603	78,809	75,124	68,734	62,050	60,087	56,626	65,666	61,115	56,845
Other	19,945	16,720	8,313	9,685	10,168	12,927	5,320	2,274	5,341	4,617
Total revenues	583,713	544,245	508,882	475,226	457,704	436,727	409,519	414,708	419,508	421,945
<b>Expenditures</b>										
Current										
General government	35,550	36,225	33,189	31,414	32,532	29,206	28,311	26,747	29,084	26,198
Public protection	172,236	161,157	156,582	146,434	137,893	134,296	129,562	118,671	117,531	118,848
Public ways and facilities	37,204	37,324	34,217	20,249	24,440	18,730	41,232	32,074	37,534	53,095
Health and sanitation	142,544	133,424	122,842	117,041	111,509	108,967	108,688	107,810	104,191	102,048
Public assistance	134,165	125,796	129,505	130,035	119,199	112,967	101,437	101,204	99,120	100,294
Education	5,753	5,655	5,535	5,793	5,325	4,915	4,781	4,810	4,974	4,921
Recreation and culture	10,460	10,471	10,014	8,667	7,156	6,951	6,900	7,004	6,928	7,345
Capital outlay	17,770	35,287	14,862	7,607	9,306	18,875	-	-	35,417	769
Debt service										
Principal	5,577	4,592	4,857	4,744	3,992	3,797	3,815	7,790	7,603	6,958
Bond issue costs	-	-	-	-	-	-	-	-	1,127	-
Interest and fiscal charges	2,933	2,276	2,904	2,770	3,239	3,151	3,318	10,482	15,677	15,742
Total expenditures	564,192	552,207	514,507	474,754	454,591	441,855	428,044	416,592	459,186	436,218
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	19,521	(7,962)	(6,625)	472	3,113	(5,128)	(18,525)	(1,884)	(39,678)	(14,273)
<b>Other Financing Sources (Uses)</b>										
Sale of capital assets		24	6	98	-	-	-	1,139	-	57
Gain/(Loss) on land held for resale				-	-	-	-	(137)	(9)	-
Debt issue cost				-	-	-	-	(248)	-	-
Escrow transfers in				-	-	-	-	-	29,876	-
Escrow transfers out				-	-	-	-	-	(29,876)	-
Proceeds from long-term debt				9,945		11,810		7,490		
Contributed capital				-	-	-	233	45,701	35,410	-
Bond premium/discount		(63)	951	60	-	812	-	(23)	(914)	-
Gain on conversion of receivables				-	-	-	-	5,024	-	-
Proceeds from refunding bonds		7,940	10,500	13,770	-	-	-	-	-	-
Payment to bond refunding escrow agent		-	(10,620)	(13,097)	-	(6,362)	-	(1,399)	-	-
Transfers in	22,489	28,411	21,582	17,489	12,312	36,185	17,620	24,252	145,035	29,843
Transfers out	(23,157)	(28,496)	(21,750)	(17,701)	(18,706)	(37,268)	(18,379)	(24,282)	(145,709)	(30,551)
Inception of capital lease	30	92	129	70	93	403	36	80	123	-
Miscellaneous		144	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(638)	8,052	798	10,634	(6,301)	5,580	(490)	57,597	33,936	(651)
<b>Extraordinary Item</b>	-	-	-	-	-	-	(7,179)	(71,866)	-	-
<b>Net change in fund balance</b>	\$ 18,883	\$ 90	\$ (4,827)	\$ 11,106	\$ (3,188)	\$ 452	\$ (26,194)	\$ (16,153)	\$ (5,742)	\$ (14,924)
Debt service as a percentage of noncapital expenditures	1.65%	1.40%	1.63%	1.64%	1.69%	1.64%	1.79%	4.59%	5.76%	5.57%



**COUNTY OF SANTA CRUZ  
GENERAL FUND TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Reported in Thousands)**

Fiscal Year	Current Property Taxes	Prior Property Taxes <sup>1</sup>	Delinquent Penalties and Costs	Sales and Use Tax	Occupancy Tax	Business Tax <sup>2</sup>	Property Transfer Tax	Other Taxes	Total Tax Revenues
2010	69,970	89	4,671	7,212	3,511	-	1,630	74	87,157
2011	69,606	118	5,156	7,892	4,101	-	1,709	72	88,654
2012	69,497	77	4,249	8,378	4,605	-	1,528	72	88,406
2013	69,152	65	3,522	9,129	4,515	-	1,936	72	88,391
2014	71,929	41	3,656	9,840	5,514	-	1,906	72	92,958
2015	77,497	146	2,017	10,248	6,482	978	2,243	76	99,687
2016	82,863	260	2,436	10,071	7,084	2,504	2,267	82	107,567
2017	88,414	174	3,210	11,863	8,002	2,805	2,321	85	116,874
2018	94,000 <sup>3</sup>	135	6,780 <sup>3</sup>	11,514	8,385	3,138	2,609	83	126,644
2019	100,409	153	4,243	13,971	9,217	3,440	2,586	83	134,102

<sup>1</sup> The County uses the Alternative Tax Apportionment Method, which treats prior taxes as payments against an outstanding taxes receivable balance. Amounts shown are either past adjustments or present delinquent payments applicable to the supplemental tax roll.

<sup>2</sup> The County began collecting Cannabis Business Tax during 2014-2015.

<sup>3</sup> Amounts have been corrected to reflect actual amounts.

**COUNTY OF SANTA CRUZ**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
*(Reported in Thousands)*

Fiscal Year Ended June 30	Total Secured Tax Levy for Fiscal Year <sup>1</sup>	Collections within the Fiscal Year of the Levy <sup>2</sup>		Collections in Subsequent Years <sup>3</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Total Tax Collections	Percentage of Levy
2010	395,628	383,707	97.0%	13,142	396,849	100.3%
2011	394,498	385,099	97.6%	12,706	397,805	100.8%
2012	395,546	388,135	98.1%	7,241	395,376	100.0%
2013	399,146	393,223	98.5%	6,212	399,435	100.1%
2014	418,414	413,276	98.8%	6,767	420,043	100.4%
2015	443,002	437,476	98.8%	4,534	442,010	99.8%
2016	470,552	465,411	98.9%	5,831	471,242	100.1%
2017	503,093	496,571	98.7%	4,739	501,310	99.6%
2018	536,687	530,953	98.9%	5,226	536,179	99.9%
2019	560,534	554,765	99.0%	3,547	558,312	99.6%

<sup>1</sup> Secured tax levy for the County itself, school districts, cities and special districts under the supervision of their own governing boards.

<sup>2</sup> Included are amounts collected by the County on behalf of itself, school districts, cities and special districts under the supervision of their own governing boards.

<sup>3</sup> Under the Alternative Method of Tax Apportionment (the Teeter Plan) the County allocates to all taxing jurisdictions under the County, 100% of the secured property taxes billed, even if not yet collected. In return, the County retains the subsequent delinquent payments and associated penalties and interest. Refer to schedule of General Fund Tax Revenues by Source for property tax collections applicable to the County.

<sup>4</sup> Amounts restated to reflect collected taxes in the current fiscal year from all prior years delinquencies.

**COUNTY OF SANTA CRUZ**  
**ASSESSED VALUE OF TAXABLE PROPERTY AND ACTUAL VALUE OF PROPERTY<sup>1</sup>**  
**LAST TEN FISCAL YEARS**  
*(Reported in Thousands)*

Fiscal Year Beginning July 1,	Secured <sup>2</sup>	Unsecured	Total Taxable Assessed Value <sup>3</sup>	Total Direct Tax Rate <sup>4</sup>
2010	32,390,765	801,371	33,192,136	1.00%
2011	32,332,271	767,714	33,099,985	1.00%
2012	32,033,769	767,064	32,800,833	1.00%
2013	33,625,169	764,939	34,390,108	1.00%
2014	35,996,363	823,369	36,819,732	1.00%
2015	38,321,843	873,141	39,194,984	1.00%
2016	40,296,052	876,810	41,172,862	1.00%
2017	42,608,504	936,890	43,545,394	1.00%
2018	45,265,422	982,250	46,247,672	1.00%
2019	47,620,014	1,021,496	48,641,510	1.00%

<sup>1</sup> Assessed value of taxable property represents all taxable property within the County except as excluded or exempted by the State Constitution and the Legislature.

<sup>2</sup> Includes unitary properties (e.g., railroads, utilities), which are assessed by the State Board of Equalization.

<sup>3</sup> The County does not track the estimated actual value of all County properties due in part to the manner in which assessed value is calculated following the passage of California Proposition 13. Thus, the total taxable assessed value reported represents all property within the County.

<sup>4</sup> The maximum tax rate is 1% of the full cash value or \$1/\$100 of the assessed value, excluding the tax rate for debt service.

**COUNTY OF SANTA CRUZ  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS  
(Reported in Thousands)**

Fiscal Year	Property Tax Rates Per \$100 of Assessed Valuation		County	Cities	School Districts	Special Districts	Total
	Low	High					
2010	1.059	1.174	26.5	5.0	56.0	12.5	100.0
2011	1.065	1.190	26.5	5.0	56.0	12.5	100.0
2012	1.067	1.195	26.5	5.0	56.0	12.5	100.0
2013	1.064	1.197	26.5	5.0	56.0	12.5	100.0
2014	1.058	1.189	26.0	5.0	56.5	12.5	100.0
2015	1.058	1.189	25.5	5.0	57.0	12.5	100.0
2016	1.056	1.178	25.5	5.0	57.0	12.5	100.0
2017	1.051	1.163	25.5	5.0	57.0	12.5	100.0
2018	1.064	1.118	25.5	5.0	57.0	12.5	100.0
2019	1.060	1.174	25.5	5.0	57.0	12.5	100.0

**COUNTY OF SANTA CRUZ**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
*(Reported in Thousands, Except Per Capita Information)*

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Capital leases	\$ 4,097	\$ 5,579	\$ 5,968	\$ 6,739	\$ 4,731	\$ 5,077	\$ 5,075	\$ 5,337	\$ 5,544	\$ 5,673
Refunding Certificates of Participation - 1996	10,765	11,825	12,830	19,770	21,440	23,025	24,534	25,959	27,334	28,634
Lease Revenue Bonds	21,083	21,948	14,504	14,927	12,325	12,325	6,450	6,670	6,885	7,090
Refunding Certificates of Participation - 2015	8,065	9,505	10,915	12,305	-	-	-	-	-	-
Lease Revenue Refunding Bonds - 2012	1,428	1,496	1,561	1,627	1,690	1,751	1,812	1,866	1,404	1,535
Revenue Bonds	-	-	-	-	-	-	-	405	785	1,145
Local Agency Revenue Bonds - 1999	35	70	105	135	165	195	225	250	275	295
Certificates of Participation	5,847	6,429	6,991	13,390	27,266	29,307	31,278	33,024	29,110	30,746
Refunding Certificates of Participation - 2014	5,175	5,467	5,748	6,020	6,286	6,583	-	-	-	-
Refunding Certificates of Participation - 2016	9,643	10,536	11,403	-	-	-	-	-	-	-
City of Scotts Valley Writ of Mandate	-	-	-	-	-	725	1,450	2,175	-	-
McGaffigan Mill Road HOA and Development Commission	-	-	16	58	-	-	1	33	63	91
RDA Tax Allocation Bonds	-	-	-	-	-	-	-	-	247,995	217,472
Internal Service Funds	-	-	-	-	26	19	16	29	22	-
Business-type activities										
Lease Revenue Bonds	6,030	6,295	6,550	6,799	-	-	-	-	-	-
Loans Payable	143	192	240	287	449	490	531	570	608	646
Capital leases	1,544	2	3	4	-	2	3	-	-	-
<b>Total Primary government<sup>1</sup></b>	<b>\$ 73,855</b>	<b>\$79,344</b>	<b>\$76,834</b>	<b>\$82,061</b>	<b>\$74,378</b>	<b>\$79,499</b>	<b>\$71,375</b>	<b>\$76,318</b>	<b>\$320,025</b>	<b>\$293,327</b>
Percentage of personal income <sup>2,4</sup>	0.39%	0.44%	0.46%	0.50%	0.47%	0.54%	0.50%	0.55%	2.44%	2.33%
Per capita <sup>3,4</sup>	\$269	\$288	\$279	\$299	\$271	\$293	\$265	\$286	\$1,208	\$1,114

<sup>1</sup> Excludes Component Unit. Total primary government, percentage of personal income and per capita data for prior periods were restated here to exclude amounts related to the Component Unit.

<sup>2</sup> Percentage of personal income is calculated from personal income data for the preceding calendar year (e.g. percentage of personal income for Fiscal Year 2019 is based on 2018 calendar year personal income data). Personal income data is provided by the Bureau of Economic Analysis (BEA).

<sup>3</sup> Per capita data is calculated from per capita income data for the preceding calendar year (e.g. per capita for Fiscal Year 2019 is based on 2018 calendar year per capita income data). Per capita income data is provided by the Bureau of Economic Analysis.

<sup>4</sup> Some prior period personal and per capita income data was revised by the Bureau of Economic Analysis and thus some prior period calculations have been restated here.

<sup>5</sup> Personal income percentages & per capita calculations corrected to incorporate published estimates by the Bureau of Economic Analysis.

**COUNTY OF SANTA CRUZ  
COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Assessed Value <sup>1</sup></u>	<u>Legal Debt Limit <sup>2&amp;3</sup></u>	<u>Total Net Applicable Debt</u>	<u>Legal Debt Margin</u>	<u>Debt Margin/ Debt Limit</u>
2010	32,390,764,838	1,619,538,242		404,884,560	100%
2011	32,332,270,918	1,616,613,546		404,153,386	100%
2012	32,033,769,082	1,601,688,454		400,422,114	100%
2013	33,625,169,225	1,681,258,461		420,314,615	100%
2014	35,996,363,446	1,799,818,172		449,954,543	100%
2015	38,321,843,499	1,916,092,175		479,023,044	100%
2016	40,296,052,356	2,014,802,618		503,700,654	100%
2017	42,608,503,591	2,130,425,180		2,130,425,180	100%
2018	45,265,421,591	2,263,271,080		2,263,271,080	100%
2019	47,620,014,333	2,381,000,717		2,381,000,717	100%

<sup>1</sup> Total Assessed Value includes exempt property.

<sup>2</sup> Section 29909 of the California Government Code limits the General Obligation Bond indebtedness to 5 percent of the total full cash valuation of all real and personal property within the County. The Legal Debt Margin is the Legal Debt Limit reduced by the General Bonded Debt. The County does not have any General Bonded Debt.

<sup>3</sup> Amounts were misreported in prior years and have been restated here.

**COUNTY OF SANTA CRUZ**  
**STATEMENT OF DIRECT AND OVERLAPPING DEBT**  
**JUNE 30, 2019**  
*(Reported in Thousands)*

2018-2019 Total Net Assessed Valuation	\$ 48,382,546		
		Percentage Applicable <sup>1</sup>	Net Debt Outstanding
<u>Overlapping Tax and Assessment and General Obligation Debt</u>			
<b>SCHOOL DISTRICTS</b>			
Elementary School Districts			
Live Oak Elementary	100%	\$	10,696
Santa Cruz City Elementary	100%		38,818
Soquel Union Elementary	100%		47,905
Mountain Elementary	100%		2,300
Santa Cruz City High	100%		78,904
Scotts Valley Unified	100%		42,425
San Lorenzo Valley Unified	100%		23,645
Pacific	100%		817
Pajaro Valley Unified	100%		173,384
Cabrillo College	100%		106,005
<b>SPECIAL DISTRICTS</b>			
Zayante Fire	100%		--
Lompico Water	100%		--
Rolling Woods Water	100%		910
Rolling Woods Sewer Improvements	100%		485
North Polo Drive Sewer Extension	100%		135
Orchard Drive	100%		695
Felton Community Facilities - District No. 1	100%		7,770
Total Overlapping Tax and Assessment and General Obligation Debt			534,894
<u>Direct Debt</u>			
Santa Cruz County <sup>2</sup>	100%		
Total Direct Debt			66,139
Total Combined Overlapping and Direct Debt			\$ 601,033
<u>Ratio to 2017-2018 Assessed Valuation</u>			
Total Overlapping Tax and Assessment and General Obligation Debt	1.11%		
Total Direct Debt	0.14%		
Total Combined Direct Debt and Overlapping Debt	1.24%		

<sup>1</sup> Percentage of overlapping agency's assessed valuation located within the boundaries of the County.

<sup>2</sup> Governmental activities debt excluding tax and revenue anticipation notes, compensated absences and estimated claims, business-type activities and debt related to the Santa Cruz County Sanitation District.

**COUNTY OF SANTA CRUZ**  
**OUTSTANDING DEBT OF THE FINANCING AUTHORITIES<sup>1</sup>**  
**JUNE 30, 2019**  
*(Reported in Thousands)*

<u>YEAR OF ISSUANCE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
Debt <sup>2</sup>			
1996	\$ 10,765	\$ 2,590	\$ 13,355
1999	35	1	36
2008	1,160	125	1,285
2011	4,660	2,264	6,924
2012A	1,440	598	2,038
2014	4,960	1,512	6,472
2014	4,350	1,577	5,927
2015	8,065	906	8,971
2015	9,040	4,963	14,003
2016	8,835	2,726	11,561
2017	7,525	2,160	9,685
Total debt outstanding for the Public Financing Authority	<u>\$ 60,835</u>	<u>\$ 19,422</u>	<u>\$ 80,257</u>

<sup>1</sup> The Public Financing Authority is a separate legal entity for whose debt the County is not liable.

<sup>2</sup> Certificates of Participation, Refunding Certificates of Participation, Lease Revenue Bonds, Lease Revenue Refunding Bonds, Revenue Bonds, and Local Agency Revenue Bonds.



**COUNTY OF SANTA CRUZ  
GENERAL INFORMATION  
LAST TEN FISCAL YEARS**

Santa Cruz County is the second smallest county in the State of California, with an area of 440 square miles. It is also one of the original 27 counties formed in 1850, and prior to California's independence it was one of three Spanish Pueblos in California.

Santa Cruz County is located in the northern crescent of Monterey Bay, 74 miles south of San Francisco, 375 miles north of Los Angeles, 159 miles southwest of Sacramento, and 164 miles northwest of Fresno.

Fiscal Year	Population <sup>1</sup> (in thousands)	Budget Requirements <sup>2</sup> (in thousands)	Budget Per Capita	Current Property Taxes (in thousands)	Taxes Per Capita
2010	272	\$ 411,120	\$ 1,511	\$ 69,970	\$ 257
2011	264	422,464	1,600	69,606	264
2012	266	432,514	1,626	69,497	261
2013	267	447,006	1,674	69,152	259
2014	272	458,496	1,686	71,929	264
2015	272	505,725	1,859	77,497	285
2016	276	539,798	1,956	82,863	300
2017	277	552,333	1,994	88,414	319
2018	276	590,759	2,140	94,000	341
2019	275	646,197	2,350	100,409	365

Fiscal Year	Assessed Valuation (in thousands)	Per Capita Income <sup>3</sup>	Personal Income <sup>3</sup> (in thousands)	School Enrollment <sup>4</sup>	Unemployment Rate <sup>5</sup>
2010	\$ 32,390,765	\$ 42,616	\$ 11,080,626	69,958	11.1%
2011	32,332,271	42,808	11,267,634	68,543	13.3%
2012	32,033,769	45,770	12,125,514	69,336	13.1%
2013	33,625,169	49,195	13,116,916	69,194	11.8%
2014	35,996,363	49,942	13,456,565	69,342	10.3%
2015	38,321,843	52,280	14,209,814	70,516	8.7%
2016	40,296,052	59,598	16,347,740	70,411	7.5%
2017	42,608,504	60,924	16,766,106	70,282	6.9%
2018	45,265,422	64,901	17,854,678	70,702	6.7%
2019	47,620,014	69,355	19,021,010	70,328	6.1%

**SOURCES**

<sup>1</sup> Based on information compiled by the California Department of Finance.

<sup>2</sup> Santa Cruz County Final/Adopted Budgets.

<sup>3</sup> U.S. Bureau of Economic Analysis (BEA). Figures are for the preceding calendar year (e.g., Fiscal Year 2019 is 2018 calendar year data). All prior period numbers have been revised by the BEA and have been restated here.

<sup>4</sup> Total includes data obtained from the California Department of Education, the University of California at Santa Cruz, and Cabrillo College.

<sup>5</sup> Data reflects the annual average rate for the calendar year (e.g., Fiscal Year 2019 is annual average for 2018 calendar year) as calculated by the California Employment Development Department. Calendar year 2013 was revised by the EDD and has been restated here.

<sup>6</sup> Amounts have been corrected to reflect actual amounts.

**COUNTY OF SANTA CRUZ  
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS  
LAST TEN CALENDAR YEARS**

Calendar Year	New Dwelling Units <sup>1</sup>			Valuation of New Units <sup>1</sup> (in thousands)			Deposits <sup>2</sup>
	Single Family	Multiple Family	Total Units	Residential	Non-Residential	Total Valuation	Amount (in thousands)
2009	107	2	109	54,300	50,809	105,109	4,224,669
2010	92	23	115	61,446	40,841	102,287	4,172,547
2011	79	111	190	58,010	40,165	98,175	4,235,090
2012	80	173	253	68,932	51,671	120,603	4,308,423
2013	94	32	126	69,559	44,708	114,267	4,441,443
2014	113	5	118	70,444	79,182	149,626	4,729,351
2015	101	62	163	72,860	42,430	115,290	5,439,646
2016	116	202	318	102,393	93,011	195,404	6,076,534
2017	222	156	378	120,210	36,810	157,020	6,133,076
2018	170	129	299	110,871	47,434	158,305	6,269,787

<sup>1</sup> Compiled by the California Department of Finance - Economic Research Unit. Calendar year 2019 new construction and property valuation data is not available.

<sup>2</sup> Compiled by the Federal Deposit Insurance Corporation (FDIC) as reported in the Deposit Market Share Report reflecting deposits as of June 30, 2019.

**COUNTY OF SANTA CRUZ  
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Year Ended June 30,	Debt Service Funds		Enterprise Funds	
	Special Assessment Billed	Special Assessment Collected	Special Assessment Billed	Special Assessment Collected / (Refunded)
2010	\$ 206,325	\$ 203,641	\$ 90,075	\$ 90,139
2011	201,300	201,300	92,629	92,653
2012	199,146	223,739	89,947	89,946
2013	195,230	199,209	92,052	92,171
2014	197,814	221,247	93,061	93,062
2015	195,882	185,882	90,298	90,298
2016	193,708	204,728	91,601	91,598
2017	264,054	275,353	91,707	91,703
2018	211,083	246,813	92,271	91,349
2019	212,413	248,062	-	(129,567)

Note: The billings and collections shown are for those special assessment bonds for which the County has established redemption funds for the purpose of facilitating bond payment in the case of delinquent accounts.

**COUNTY OF SANTA CRUZ  
PRINCIPAL TAXPAYERS  
CURRENT AND TEN YEARS AGO**

Taxpayer	Type of Business	Assessed Value 2018-2019	Percentage of Total Assessed Valuation 2018-20 <sup>1</sup> 91
Pacific Gas & Electric Company	Gas & Electric Utility	\$ 328,810,212	0.68 %
Santa Cruz Seaside Company	Amusement Park	132,585,341	0.27
Capitola Mall, LLC	Property management	97,396,446	0.20
Watsonville Hospital	Hospital	61,917,088	0.13
363 Western Drive LLC	Real Estate	56,242,800	0.12
S Martinelli & Co	Consumer Goods	54,089,585	0.11
Cypress Point Real Estate Investors	Real Estate	48,543,532	0.10
Ow Family LLCC	Real Estate	48,543,532	0.10
Rancho Del Mar Center	Property management	46,728,840	0.10
Safeway	Grocery Store	43,762,094	0.09
Totals		<u>\$ 918,619,470</u>	<u>1.90 %</u>

Taxpayer	Type of Business	Assessed Value 2008-2009	Percentage of Total Assessed Valuation 2008-20 <sup>0</sup> 92
Pacific Gas and Electric	Gas & Electric Utility	\$ 178,105,113	0.52 %
Lonestar California Inc	Cement Manufacturer	74,634,608	0.22
NNN Enterprise Way LLF et al	Software producer	66,226,064	0.19
Macerich Partnership L P	Commercial Real Estate	65,878,888	0.19
AT&T California	Telephone Utility	61,859,072	0.18
Watsonville Hospital Corp	Hospital	59,008,298	0.17
Santa Cruz Seaside Company	Amusement Park	55,693,126	0.16
George Ow, Jr. et al	Real Estate	45,497,831	0.13
Cypress Point RE Investors LLC	Apartment Complex	41,404,723	0.12
Seagate Technology	Electronic Manufacturer	40,874,406	0.12
Totals		<u>\$ 689,182,129</u>	<u>2.00 %</u>

Note: Principal taxpayer data for fiscal year 2018-2019 is derived from the 2018 tax roll, which was billed and collected during 2019.

Data for fiscal year 2008-2009 is derived from the 2008 tax roll, which was billed and collected during 2009.

<sup>1</sup>Percentage of total assessed valuation for 2018-2019 is calculated from the total net assessed valuation of \$48,382,546,102.

<sup>2</sup>Percentage of total assessed valuation for 2008-2009 is calculated from the total net assessed valuation of \$34,450,640,511.

**COUNTY OF SANTA CRUZ  
PRINCIPAL EMPLOYERS  
CURRENT AND TEN YEARS AGO**

<b>Employer</b>	<b>Product/Service</b>	<b>Number of Employees 2018-2019 <sup>1</sup></b>	<b>Percentage of Total Employment 2018-2019 <sup>2</sup></b>
University of California at Santa Cruz	Education	1,000-4,999	1.84 %
Pajaro Valley Unified School District	Education	1,000-4,999	1.84
County of Santa Cruz	County Services	1,000-4,999	1.84
Dominican Hospital	Hospital	1,000-4,999	1.84
Santa Cruz Beach Boardwalk	Amusement/Recreation	1,000-4,999	1.84
Granite Rock	Excavating Contractors	500-999	0.19
Poly Inc (formely Plantronics)	Telephone Apparatus Mfg.	500-999	0.19
Watsonville Community Hospital	Hospital	500-999	0.19
Source Naturals	Vitamin Manufacturer	500-999	0.19
Santa Cruz Health Center	Clinics	500-999	0.19
Monterey Mushrooms	Agriculture	500-999	0.19
Larse Farms Inc	Agriculture	500-999	0.19

<b>Employer<sup>3</sup></b>	<b>Product/Service<sup>3</sup></b>	<b>Number of Employees 2008-2009 <sup>3</sup></b>	<b>Percentage of Total Employment 2008-2009 <sup>3</sup></b>
University of California, Santa Cruz	Education	1,000-4,999	2.04 %
Pajaro Valley Unified School District	Education	1,000-4,999	2.04
County of Santa Cruz	County Services	1,000-4,999	2.04
Dominican Hospital	Hospital	1,000-4,999	2.04
Santa Cruz Beach Boardwalk	Amusement/Recreation	1,000-4,999	2.04
Cabrillo College	Education	500-999	0.51
Santa Cruz City School District	Education	500-999	0.51
City of Santa Cruz	City Services	500-999	0.51
Seagate Technology	Disc Drives	500-999	0.51
Watsonville Hospital	Hospital	500-999	0.51
West Marine	Retail	500-999	0.51
Plantronics	Telephone Apparatus Mfg.	500-999	0.51

<sup>1</sup> Number of employees reflects a range provided by California Employment Development Department (EDD) data.

<sup>2</sup> Average of the reported range divided by total civilian employment of 138,900 as reported by the EDD for June 2019.

<sup>3</sup> Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2009

**COUNTY OF SANTA CRUZ  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Public Assistance</b>										
Human Services Department										
Adult Protective Services										
Referrals received	1,764 <sup>2</sup>	1,406 <sup>1</sup>	1,011	936	754	630	603	626	547	542
Investigations completed	1,649 <sup>2</sup>	1,098 <sup>1</sup>	906	816	601	444	420	386	352	320
Family and Children's Services										
Annual referrals (families)	2,699 <sup>2</sup>	2,788 <sup>1</sup>	2,770	2,635	2,727	2,591	2,457	3,200	2,870	2,624
Finalized adoptions	40 <sup>2</sup>	37 <sup>1</sup>	52	50	45	72	58	51	41	32
Licensed foster homes (monthly average)	100 <sup>2</sup>	60 <sup>1</sup>	139	130	125	113	106	112	105	100
Benefit Services										
Average number of Medi-Cal recipients	71,077 <sup>2</sup>	73,041 <sup>1</sup>	76,713	73,060	64,344	44,600	37,971	31,624	30,786	28,998
<b>Public Ways and Facilities</b>										
Public Works										
Roads										
Miles of road maintained	596	596	596	600	600	600	600	600	600	600
Potholes repaired	1,756	4,295	4,013	3,750	3,994	4,130	3,700	4,500	3,552	2,500
Minor culverts maintained	404 <sup>3</sup>	2,262	2,262	2,262	2,262	2,262	2,262	2,262 <sup>3</sup>	1,010	2,000
Bridges and major culverts maintained	137 <sup>3</sup>	160	160	160	160	160	160	160	160	160
Traffic signs replaced/repared	2,938	2,657	1,047	1,377	1,238	1,452	1,463	1,516	1,850	1,029
Miles of street swept	186	112	285	518	381	1,607	1,800	1,555	1,465	4,000
Sanitation										
Miles of pipe maintained	245	245	245	245	244	236	236	230	230	230
Maintenance call responses	279	401	150	209	319	100	138	168	182	238
Landfill										
Waste generated (tons)						166,594	139,529	138,448	139,365	153,873
Waste disposed (tons)				91,399	83,642	79,292	60,974	61,503	71,470	71,701
<b>Recreation and Cultural Services</b>										
Parks, Open Space and Cultural Services										
Facility bookings	7,409	7,602	6,927	6,716	7,621	7,532	6,877	6,114	5,545	5,942
Recreation registrations	7,144	7,025	7,591	7,295	6,720	6,831	6,218	6,165	6,273	5,518
Swim admissions	200,628	188,127	184,064	178,882	178,289	158,573	130,059	77,022	76,334	90,771

Sources: Various County Departments

<sup>1</sup> Prior period reported an estimate which has been restated here to reflect actual data.

<sup>2</sup> Prior period restated here consistent with Capital Assets Statistics by Function.

<sup>3</sup> New reporting system with more precise tracking capabilities was implemented.

**COUNTY OF SANTA CRUZ  
OPERATING INDICATORS BY FUNCTION, CONTINUED  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Public Protection</b>										
Agricultural Commissioner										
High risk quarantine inspections	943	1,228	1,394	1,468	1,347	1,293	1,569	1,450	1,669	1,900
District Attorney										
Criminal Prosecution										
Felony filings	2,022	1,859	2,379	1,757	2,113	2,703	2,322	2,164	2,169	2,457
Juvenile filings	414	385	591	817	413	652	709	799	503	594
Consumer Affairs										
Number of calls received	226	412	2,198	1,821	2,143	2,040	2,410	2,345	2,410	2,622
Number of written complaints received	163	243	148	127	129	121	195	272	302	462
Planning										
Building permits issued	4,424	4,452	4,463	4,072	4,097	3,487	3,446	2,899	2,787	2,463
Building permit inspection sites visited	9,924	11,979	10,998	9,503	10,084	9,081	8,700	8,601	7,620	7,093
Code compliance cases resolved	216	251	114	102	105	77	112	249	228	400
Probation										
Juvenile division referrals	n/a <sup>2</sup>	765	913	980	1,220	1,074	1,160	1,453	1,613	1,649
Juvenile division petitions filed	n/a <sup>2</sup>	327	362	430	569	430	445	637	851	880
Juvenile court investigations	n/a <sup>2</sup>	69	54	53	60	62	54	96	110	116
Public Defender										
Total cases	11,038	10,955	10,900	10,800	10,445	10,910	11,268	10,731	10,311	10,805
Sheriff/Coroner (Investigation Division)										
Total cases reviewed	n/a <sup>2</sup>	10,990	11,072	10,481	10,471	10,425	10,686	10,989	11,660	12,535
Total arrests	n/a <sup>2</sup>	64	85	86	168	216	188	98	269	307
Detention										
Main jail bookings	9,404	9,208	10,641	11,305	10,964	10,487	9,658	10,699	12,274	12,716
Weights and Measures										
Establishments visited	1,537	1,348	1,200	1,200	1,039	1,237	1,043	1,027	1,139	1,500
<b>Special District</b>										
Mosquito Abatement/Vector Control CSA #53										
Mosquito inspections	7,104	7,228	8,423	8,859	6,440 <sup>1</sup>	2,995	3,342	3,885	4,500	5,515

Sources: Various County Departments

<sup>1</sup> Prior period reported an estimate which has been restated here to reflect actual data.

<sup>2</sup> Data is presented on a calendar year basis, which is not yet available.

**COUNTY OF SANTA CRUZ  
BUDGETED POSITIONS  
LAST TEN FISCAL YEARS**

<u>DEPARTMENT/FUNCTION</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
COUNTY ADMINISTRATIVE OFFICE	17.00	22.00	22.00	22.00	18.00	18.00	18.00	18.00	18.00	18.00
CLERK OF THE BOARD (5 added to CAO)	5.00	5.00	5.00							
AGRICULTURAL COMMISSIONER <sup>1</sup>	18.40	16.40	16.40	16.40	20.40	19.40	19.40	19.60	19.70	19.75
MOSQUITO ABATEMENT/VECTOR CONTROL	10.00	10.00	10.00	10.00	9.00	9.00	8.00	8.00	8.00	9.00
AGRICULTURAL EXTENSION	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.75
ASSESSOR	26.00	26.00	26.00	29.00	33.25	33.25	33.25	33.25	33.50	35.50
AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR <sup>2</sup>	45.75	44.75	42.75	42.75	30.00	29.00	29.00	29.00	29.00	29.00
BOARD OF SUPERVISORS	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
CANNABIS LICENSING	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RECORDER	9.00	9.00	9.00	9.00	9.00	11.00	11.00	11.00	11.00	11.00
COUNTY CLERK/ELECTIONS	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
COUNTY COUNSEL	19.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50
DISTRICT ATTORNEY	103.00	99.00	97.00	94.00	90.50	89.50	89.50	89.50	90.50	92.50
CHILD SUPPORT SERVICES	49.00	51.00	59.00	59.00	61.00	64.00	63.00	62.00	65.50	66.50
EMERGENCY SERVICES	2.00	2.00	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
GENERAL SERVICES	9.00	9.00	9.00	8.00	8.80	8.80	8.80	8.80	9.00	9.00
FACILITIES MAINTENANCE	42.00	42.00	42.00	42.00	44.00	44.00	44.00	44.00	44.00	47.00
CENTRAL STORES/DUPLICATING	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
PURCHASING	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
SERVICE CENTER	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00
HEALTH SERVICES	568.20	550.45	531.85	534.30	526.95	512.40	508.05	522.00	498.25	486.50
HOMELESS SERVICES COORDINATION	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HUMAN SERVICES	532.50	530.50	570.00	574.50	515.00	489.50	441.00	435.50	434.50	445.50
VETERANS SERVICES	4.00	4.00	4.00	4.00	4.00	4.00	3.00	4.00	4.00	4.00
INFORMATION SERVICES/TELEPHONE	56.00	56.00	56.00	57.00	64.50	64.50	64.50	64.00	65.00	65.00
INFORMATION SERVICES/COMM. TECH.	7.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00
PARKS OPEN SPACE & CULTURAL SERVICES	49.25	47.50	45.75	44.75	40.80	33.80	34.80	29.80	42.10	47.50
PERSONNEL	27.00	27.00	27.00	25.00	26.50	24.50	24.25	24.25	24.50	25.50
RISK MANAGEMENT	12.00	12.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00	12.00
PLANNING	71.00	66.50	65.25	64.00	65.25	66.00	66.00	63.25	75.60	87.25
PROBATION	97.50	97.25	96.25	91.25	93.25	98.25	93.75	77.50	77.00	81.00
JUVENILE HALL	30.00	30.00	31.00	30.50	30.50	30.50	30.50	30.50	30.50	30.50
PUBLIC WORKS	267.80	262.80	256.80	256.00	267.50	267.50	267.50	272.50	272.50	274.00
RDA	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	22.00	22.00
SHERIFF-CORONER	180.00	175.00	175.00	173.00	173.00	170.00	171.00	171.00	170.75	173.75
CORRECTIONS	152.00	151.00	150.00	151.00	149.00	145.00	164.50	156.50	155.00	165.25
COURT SECURITY	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	25.00	26.00
TREASURER-TAX COLLECTOR <sup>3</sup>	0.00	0.00	0.00	0.00	13.75	13.50	13.50	13.50	13.50	14.75
TOTAL	2,481.90	2,437.65	2,452.05	2,443.95	2,398.45	2,350.90	2,311.80	2,292.95	2,318.90	2,370.00

Source: Annual Adopted County Budget

<sup>1</sup> Weights and Measures was incorporated into the Agricultural Commissioner.

<sup>2</sup> On July 1, 2005, the Public Guardian was transferred to Health Services Agency. Its positions are incorporated into Health Services Agency.

<sup>3</sup> On January 5, 2015, the County began consolidating of the offices of Auditor-Controller and Treasurer-Tax Collector.



**COUNTY OF SANTA CRUZ  
SCHEDULE OF INSURANCE IN EFFECT  
JUNE 30, 2019**

COVERAGE	DETAILS OF COVERAGE	LIMITS
Property	CSAC-Excess Insurance Authority Blanket buildings and equipment including EDP, Vehicles, Contractors' Equipment, Boiler & Machinery. All Risk, flood, replacement cost-agreed amount including earthquake at scheduled locations All Risk & Flood Limits Earthquake Limits Deductible	\$ 600,000,000 640,000,000 5,000
Crime Bond	CSAC-Excess Insurance Authority Faithful Performance Bond (covers failure to faithfully perform duties and employee dishonesty). Includes all employees and Treasurer Deductible	15,000,000 2,500
Non-owned aircraft	Wells Fargo National Union Fire Includes passengers' bodily injury, terrorism and property damage combined each occurrence	5,000,000
Excess Workers' Compensation Employer's Liability	CSAC-Excess Insurance Authority Workers' Compensation Employer's Liability \$500,000 Self-Insured Retention Deductible (per occurrence) Workers' Compensation and Employer's Liability	Statutory Limits
Medical Malpractice and General Liability	CSAC-Excess Insurance Authority Comprehensive hospital professional and general liability for HSA staff and operations and Jail Medical Unit Deductible	21,500,000 10,000
Fine Arts	Wells Fargo/Travelers Includes fossils and fine arts for all County locations Deductible	125,000 500
Excess Liability (GLII)	CSAC-Excess Insurance Authority Excess Liability Insurance \$1,000,000 Self-Insured Retention to \$25,000,000	25,000,000
Optional Excess	CSAC - Excess Insurance Authority \$25,000,000 excess of \$25,000,000	25,000,000
County Fire Auto & Liability Insurance	Wells Fargo/American Alternative Insurance Corp. Includes property insurance for County owned fire stations including contents, business interruption, money & securities, boiler & machinery Fire Liability Auto Liability Deductible Equipment Deductible	3,000,000 1,000,000 1,000 100
Pollution Program	CSAC-Excess Insurance Authority Pollution Program Self-Insured Retention Deductible	10,000,000 250,000
Cyber Liability	CSAC-Excess Insurance Authority Claims Made Policy protecting against information security & privacy insurance with electronic media liability Self-Insurance Retention Deductible	2,000,000 50,000
Warcraft Coverage	CSAC-Excess Insurance Authority Protection and Indemnity Deductible	1,000,000 1,000

**COUNTY OF SANTA CRUZ  
CAPITAL ASSETS STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Public protection</b>										
Jail facilities	3	3	3	3	3	3	3	3	3	3
Rehabilitation center	1	1	1	1	1	1	1	1	1	1
Juvenile center <sup>2</sup>	1	1	1	1	1	1	1	1	1	1
Courthouses	3	3	3	2	3	3	3	3	3	3
Morgue	1	1	1	1	1	1	1	1	1	1
Center for Public Safety	2	2	1	1	1	1	-	-	-	-
<b>Public assistance</b>										
Child day care center	1	1	1	1	1	1	1	1	1	1
Elder day care center	1	1	1	1	1	1	1	1	1	1
Residential care facility	1	1	1	1	1	1	1	1	1	1
Volunteer center	1	1	1	1	1	1	1	1	1	1
Veterans centers	2	2	2	2	2	2	2	2	2	2
Behavioral Health Unit	1	1	1	1	1	1	-	-	-	-
<b>Recreation and culture</b>										
Parks acreage	236	236	228	228	228	228	226	225	223	223
Sites	65	65	63	60	60	60	59	59	57	57
Athletic fields	17	17	17	17	17	17	17	17	17	17
Swimming pools	4	4	4	4	4	4	4	4	4	4
<b>Public ways and facilities</b>										
<b>Roads</b>										
Pavement (miles)	596	596	596	600	600	600	600	600	600	600
Junction structures	15,884	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Minor culverts	404	2,262	2,262	2,262	2,262	2,262	2,262	2,262	1,010	2,000
Bridges and major culverts	137	160	160	160	160	160	160	160	160	160
<b>Sanitation</b>										
Pipe (miles)	245	245	245	245	244	236	236	230	230	230
Pump stations/treatment plants	60	61	61	63	64	63	63	62	62	62
<b>General government</b>										
Administrative/other facilities <sup>1,3</sup>	12	12	12	12	12	12	11	11	10	10

Sources: Various County Departments

<sup>1</sup> Includes buildings and centers utilized by various departments within different functions.

<sup>2,3</sup> Figures for 2018 & 2017 have been restated.

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# **GLOSSARY (UNAUDITED)**

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**ACCOUNTS PAYABLE.** A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

**ACCOUNTS RECEIVABLE.** An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

**ACCRUAL BASIS.** The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events, and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

**ACCUMULATED DEPRECIATION.** A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

**ADVANCE FROM OTHER FUNDS.** A liability account used to record noncurrent portions of a long-term debt owed by one fund to another fund within the same reporting entity. See DUE TO OTHER FUNDS and INTERFUND RECEIVABLE/PAYABLE.

**ADVANCE TO OTHER FUNDS.** An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See DUE FROM OTHER FUNDS.

**AGENCY FUND.** A fund normally used to account for assets held by a government as an agent for individuals, private organizations, or other governments and/or other funds.

**AMORTIZATION.** (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

**APPROPRIATION.** A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

**ASSESSED VALUATION.** A valuation set upon real estate or other property by a government as a basis for levying taxes.

**ASSIGNED FUND BALANCE.** Amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.

**AUDITOR'S REPORT.** In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

**BALANCE SHEET.** The financial statement disclosing the assets, liabilities, and equity of an entity at a specified date in conformity with GAAP.

**BASIC FINANCIAL STATEMENTS (BFS).** The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

**BASIS OF ACCOUNTING.** A term used to refer to *when* revenues, expenditures, expenses, and transfers and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the *timing* of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual basis.

**BUDGET.** A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term “budget” is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

**BUDGETARY CONTROL.** The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

**CAPITAL ASSETS.** Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include buildings, equipment, improvements other than buildings, land and infrastructure. In the private sector, these assets are referred to most often as property, plant, and equipment.

**CAPITAL EXPENDITURES.** Expenditures resulting in the acquisition of or addition to the government’s general capital assets.

**CAPITALIZATION POLICY.** The criteria used by a government to determine which outlays should be reported as capital assets.

**CAPITAL LEASE.** An agreement that conveys the right to use property, plant, or equipment, usually for a stated period of time. See LEASE-PURCHASE AGREEMENTS.

**CAPITAL PROJECTS FUND.** A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**CASH BASIS.** A basis of accounting under which transactions are recognized only when cash is received or disbursed.

**CASH WITH FISCAL AGENT.** An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest

**CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM.** A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable CAFRs and to provide technical assistance and peer recognition to the finance officers preparing them.

**CHANGE IN THE FAIR VALUE OF INVESTMENTS.** The difference between the fair value of investments at the beginning of the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

**COMMITTED FUND BALANCE.** Amounts that can only be used for specific purposes determined by formal action of the County’s highest level of decision-making authority (the Board of Supervisors), and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

**COMPENSATED ABSENCES.** Absences, such as vacation and illness, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation, or other long-term fringe benefits, such as group insurance and long-term disability pay.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR).** A financial report that encompasses all funds and component units of the government. The CAFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The CAFR is the governmental unit’s official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance related legal and contractual provisions, and statistical data.

**CONTINGENT LIABILITY.** Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

**COST-SHARING MULTIPLE-EMPLOYER PLAN.** A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members and the same contribution rate(s) applies for each employer.

**CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS.** Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for State and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

**DEBT.** An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

**DEBT SERVICE FUND.** A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**DEFERRED CHARGES.** Expenditures that are not chargeable to the fiscal period in which they were made but that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g., bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation.

**DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES.** The consumption or acquisition of net position in one period that is applicable to future periods.

**DEFICIT.** (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

**DEFINED BENEFIT PENSION PLAN.** A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

**DEPRECIATION.** (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

**DUE FROM OTHER FUNDS.** An asset account used to indicate amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

**DUE TO OTHER FUNDS.** A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. These amounts include only short-term obligations on open account, not interfund loans.

**ECONOMIC RESOURCES MEASUREMENT FOCUS.** Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net position. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

**ENCUMBRANCES.** Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

**ENTERPRISE FUND.** Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

**EXPENDITURE-DRIVEN GRANTS.** Government-mandated or voluntary nonexchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

**EXCHANGE-LIKE TRANSACTION.** Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

**EXPENDITURES.** Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net position, debt service and capital outlays, and intergovernmental grants, entitlement, and shared revenues.

**EXPENSES.** Outflows or other using up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services, or carrying out other activities that constitute the entity's ongoing major or central operations.

**EXTERNAL AUDITORS.** Independent auditors typically engaged to conduct an audit of a government's financial statements.

**EXTERNAL INVESTMENT POOL.** An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsors reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual State or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

**FAIR VALUE.** The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**FIDUCIARY FUNDS.** The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds.

**FINANCIAL RESOURCES.** Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables, investments). Financial resources may also include inventories and prepaids (because they obviate the need to expend current available resources).

**FISCAL AGENT.** A fiduciary agency, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

**FUND.** A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

**FUND BALANCE.** The difference between fund assets and fund liabilities of governmental and similar trust funds.

**FUND FINANCIAL STATEMENTS.** Basic financial statements presented on the basis of funds. Term used in contrast with *government-wide financial statements*.

**FUND TYPE.** Anyone of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

**GENERAL REVENUES.** All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax – for example, property tax, sales tax, transient occupancy tax. All other nontax revenues (including interest, grants and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

**GENERAL FUND.** The General Fund is one of five governmental fund types and typically serves as the chief operating fund of the government. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

**GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP).** The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for State and local governments are set forth by Statements of Auditing Standards (SAS) No. 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles" in the Independent Auditor's Report*.

**GOVERNMENTAL ACCOUNTING.** The composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governments.

**GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB).** The ultimate authoritative accounting and financial reporting standard-setting body for State and local governments. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).

**GOVERNMENTAL FUNDS.** Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS.** Financial statements that incorporate all of a government's governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements: the statement of net position and the statement of activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

**INFRASTRUCTURE.** Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

**INTERFUND RECEIVABLE/PAYABLE.** Short-term loans made by one fund to another, or the current portion of an advance to or from another fund.

**INTERFUND TRANSFERS.** Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.

**INTERNAL SERVICE FUND.** A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

**JOINT VENTURE.** A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.



**LAPSE.** As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of the period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

**LEASE-PURCHASE AGREEMENTS.** Contractual agreements that are termed leases, but that in substance are purchase contracts.

**LEGAL LEVEL OF BUDGETARY CONTROL.** The level at which spending in excess of budgeted amounts would be a violation of law.

**LEVEL OF BUDGETARY CONTROL.** The level at which a government's management may not reallocate resources without special approval from the legislative body.

**LIABILITIES.** Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

**LOANS RECEIVABLE.** An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

**MAJOR FUND.** A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The General Fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets, or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other governmental or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

**MANAGEMENT'S DISCUSSION AND ANALYSIS.** A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the entity's financial activities.

**MEASUREMENT FOCUS.** A way of presenting an entity's financial performance and position by considering which *resources* are measured (financial or economic) and *when* the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

**MODIFIED ACCRUAL BASIS.** The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds, and agency funds are accounted for using the modified accrual basis of accounting.

**NET INVESTMENT IN CAPITAL ASSETS.** Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**NET POSITION.** The residual of all other elements of the statement of financial position. In other words, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources.

**NONSPENDABLE FUND BALANCE.** Amounts that cannot be spent because they are either (1) not spendable in form or (2) legally or contractually required to be maintained intact.

**OTHER FINANCING SOURCES.** An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP.

**OTHER FINANCING USES.** A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of other financing uses category is limited to items so classified by GAAP.

**OVERLAPPING DEBT.** The proportionate share that property within each government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

**PROGRAM REVENUES.** Term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

**PROPRIETARY FUNDS.** Funds that focus on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

**PRIVATE PURPOSE TRUST FUND.** Trust fund used to report resources of other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

**REBATABLE ARBITRAGE.** A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the Federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

**REPORTING ENTITY.** The oversight unit and all of its component units, if any, that are combined in the CAFR/BFS.

**REQUIRED SUPPLEMENTARY INFORMATION.** Consists of statements, schedules, statistical data, or other information which, according to the GASB, is necessary to supplement, although not required to be a part of the basic financial statements.

**RESERVED FUND BALANCE.** The portion of a governmental fund's net position that is not available for appropriation.

**RESTRICTED ASSETS.** Assets whose use is subject to constraints that are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

**RESTRICTED FUND BALANCE.** Amounts with constraints placed on their use that are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

**RESTRICTED NET POSITION.** A component of net position calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

**REVENUE BONDS.** Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

**RISK MANAGEMENT.** All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

**SELF-INSURANCE.** A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

**SINGLE AUDIT.** An audit performed in accordance with the Single Audit Act of 1997 and Office of Management and Budget's (OMB) Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. The Single Audit Act allows or requires governments (depending on the amount of Federal assistance received) to have one audit performed to meet the needs of all Federal agencies.

**SPECIAL DISTRICT.** An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, transit authorities, port authorities, and electric power authorities.

**SPECIAL REVENUE FUND.** A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

**TAX AND REVENUE ANTICIPATION NOTES (TRANS).** Notes issued in anticipation of the collection of taxes and revenues, usually retireable only from tax collections, and frequently only from the proceeds of the tax and revenues levy whose collection they anticipate.

**TRUST FUNDS.** Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

**UNASSIGNED FUND BALANCE.** The residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

**UNMODIFIED OPINION.** An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

**UNRESERVED FUND BALANCE.** That portion of a fund balance available for spending or appropriation in the future.

**UNRESTRICTED NET POSITION.** That portion of net position that is neither restricted nor invested in capital assets (net of related debt).

