

# THE COUNTY OF SANTA CRUZ

## STATE OF CALIFORNIA

### Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022



The last strands of morning mist disintegrate as the sun demands its rightful place in the low heavens. Within moments not a cloud remains in the brilliant expanse above. Below "surf ghetto," the blue of the vast Pacific deepens. Neoprene clad surfers revel in the perpetual grid of rollers, seeking the perfect wave amid the morning scent of kelp and the soothing sounds of tumbling tides.

Once touted as the last true "surf ghetto," the neighborhoods surrounding Pleasure Point have evolved over the years. The reliability of the waves continues, but gritty Point Boys have been replaced with tech impresarios, bologna sandwiches and beer have been replaced with kale salad and kombucha. Weather battered cottages have perished at the hand of glass and steel and money. Is it loss or gain? Cause for celebration or lamentation?

The waves are timeless though. The sun, the cold water. Guaranteed are we of days of calm and also tremendous swell. The cliffs will withstand battering for only so long. Sun-kissed turns to grey. We journey from soft-top to shortboards to longboards. Change is inevitable, but the waves will remain.

Photo by Neil Simmons Photography

# *County of Santa Cruz, California*

*Annual Comprehensive Financial Report  
For the Fiscal Year Ended  
June 30, 2022*

Prepared Under the Direction  
of Edith Driscoll  
Auditor-Controller-Treasurer-Tax Collector





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# Introductory Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022





EDITH DRISCOLL  
AUDITOR-CONTROLLER / TREASURER-TAX COLLECTOR  
701 OCEAN STREET, SUITE 100, SANTA CRUZ, CA 95060-4073  
(831) 454-2500

December 22, 2022

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

Members of the Board and Fellow Citizens:

The Annual Comprehensive Financial Report (ACFR) of the County of Santa Cruz (the County) for the fiscal year ended June 30, 2022 is hereby submitted in accordance with the statutes of the State of California. The ACFR 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 ("clean") opinion thereon for the fiscal year ended June 30, 2022, 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. 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 25th of 58 counties in terms of population. Approximately half of the County residents live in one of the County's four cities, with the other half living in the unincorporated area. The four cities include Capitola, Santa Cruz, Scotts Valley, and Watsonville.

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, and 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 Affecting 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.

Important indicators of the local economy are retail sales and the hospitality industry. During fiscal year 2021-2022, Transient Occupancy taxes and sales and use tax both increased significantly from prior year as the impacts of the COVID-19 pandemic lightened throughout the State:

- The County's Transient Occupancy Tax increased by \$3.9 million, or 38.10%, to \$14.1 million during the fiscal year.
- The County's Sales and Use Tax increased overall by \$5.7 million, or 25.07%, to \$28.2 million. In 2019, Santa Cruz voters passed Measure G half-cent sales tax.

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 6.2% in 2021-2022 and has had an annual positive increase over the last five years of 28.9%. Current property tax revenues increased during the fiscal year by \$26. million, or 23.6%. These revenues comprised approximately 71.8% of the County's total tax revenues in fiscal year 2021-2022.

The County voters passed a Cannabis Business Tax effective November 2014. The County's business tax decreased in fiscal year 2021-2022 by approximately \$3.3 million, or -(51.89%), to \$3.0 million.

Based on the California's Department of Finance Price Factor and Population information published in May 2022, the County's population is estimated to be 266,564 as of January 2022, which is an increase of 5,449, or 2.08%, from

the prior year estimated population at January 2021 of 261,115. Compared to the actual April 2020 Census count of 270,891, the January 2022 estimated population count is a decrease of 4,297 persons, or 1.60%.

The County's unemployment rate at June 30, 2022, was 3.8%, 3.1% lower than it was one year ago at 6.9%, and much lower than the high of 17.4% in April 2020 and 13.1% in 2012-2013. Additionally, the number of workers in the labor force increased by 1,032, or 0.7%, to 136,531 in June 2022.

Santa Cruz County real estate market has been strong during the fiscal year 2021-2022. Based on Zillow.com's Home Value Index, home values increased by 22.84%, from \$1,055,070 in June 2021 to \$1,296,093 in June 2022.

### *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 fund balance was \$135.5 million at June 30, 2022, an increase of \$23.8 million from \$111.7 million at June 30, 2021.
- General Fund committed and assigned designations totaled \$101.1 million at June 30, 2022, an increase of \$16.6 million from \$84.5 million at June 30, 2021. Additionally, General Fund restricted fund balances were \$33. million, an increase of \$7.5 million from \$25.5 million at June 30, 2021. Of the current \$101.1 million committed and assigned fund balance at June 30, 2022, \$33.6 million is assigned to fund next year's budget.

The County's fund policy states that the minimum total Committed and Assigned General Fund fund balances shall be no less than 7.0% of the upcoming budget year's estimated revenues. The policy does not include the assignment to eliminate the projected budgetary deficit in the subsequent year's budget. Although not policy, the Board directed during the 2022-2023 budget hearings to have no less than 10% of the Assigned and Committed General Fund's fund balance, excluding the portion reserved to fund the following year's budget. This goal helped the County maintain a strong fiscal position to respond to the COVID-19 pandemic and to not go below the policy minimum of 7.0%. The policy allows the County to preserve necessary flexibility.

At June 30, 2022, the total adopted budgeted Assigned and Committed General Fund fund balances, which excludes the portion reserved for next fiscal year 2022-2023 and the additional reclassifications prepared during the implementation of GASB Statement No. 84, was \$102.2 million, is equal to 10% of the General Fund estimated operating revenues in the 2022-2023 budget.

### *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 21.3% on its investments for the fiscal year ended June 30, 2021, following gains of 4.7%, 6.7%, 8.6%, 11.2%, 0.6%, 2.4%, 18.4%, and 12.5% for the years ended, June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, June 30, 2014 and June 30, 2013, respectively.

On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.5% to 7.0% using a three-year-phase-in beginning with the June 30, 2016 actuarial valuations. The phase-in of the discount rate changes occurred in the following order: 7.375% for fiscal year 2018-19, 7.25% for fiscal year 2019-20, and 7.0% for fiscal years 2020-21 and thereafter. These discounts rates were also used to determine the minimum employer contributions for the said fiscal years. As such, the minimum employer contributions for the County of Santa Cruz for fiscal year 2021-2022 was 7.0%.

Beginning with fiscal year 2017-18 CalPERS collected 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 4.06 % in 2022, and will increase by 4.75% in 2023.

## MAJOR INITIATIVES

During the 2021-2022 fiscal year, under the leadership of the Board of Supervisors, several key programs and projects were successfully undertaken by the County. These items were a part of the County's six-year strategic plan approved by the Board of Supervisors in 2018. The Board subsequently approved the first of three two-year operational plans in 2019 which adds countywide strategies, department objectives and key steps for achieving the 24 strategic plan goals. The first of the three two-year operational plans was for 2019-2021. The 2019-21 operational plan had 147 objectives, of which 134 were completed and 13 were withdrawn. The second two year operations plan is for 2021-23. The plan includes 180 objectives of which 45 have been completed, 44 have been amended, 5 were consolidated and 86 are in progress.

The County tracks progress on each objective through the website [www.SCCVision.us](http://www.SCCVision.us).

The following items were completed as of June 30, 2022:

- The Agricultural Cooperative Extension in collaboration with the Department of Agricultural Economics and local growers, completed revisions to the Cost of Production Study for Strawberries for the Central Coast to include the costs of implementing COVID-19 mitigation among farm laborers.
- The County's office of the Assessor-Recorder created an online appointment system for the Recorder's Office.
- The County's Cannabis Licensing office established a standard administrative hearing schedule to enable appeals to be heard in 90 days.
- The County's Clerk of the Board conducted a diversity, equity, and inclusion survey of County commissions, and elected and appointed bodies to assess representation compared to 2020 Census data.
- The County's Administrative Office completed the transition of indigent defense services to the new Public Defender's office.
- The County's Fire department implemented the Zonehaven evacuation management platform and, in partnership with CALFIRE, identified and performed at least three vegetation management projects.
- The County's District Attorney, in collaboration with the Criminal Justice Council, completed improvements to public safety policies, procedures and best practices.
- The County's General Services department implemented a warehouse management software program and installed the Avaya Safety paging intercom system in County buildings to increase safety and emergency communications.
- The County's Health Services department, with the County Office of Education, developed continuity of operations plans for school-based COVID-19 outbreak prevention and control and developed objectives and performance measures for countywide substance use disorder (SUD) prevention and mitigation.
- The County's Human Services department moved at least 68 Hispanic/Latinx, American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, Asian, Black, or African American, or Multi-Racial households from COVID-19 shelters into permanent homes and increased the number of permanent supportive housing slots county wide by 20% or 100.
- The County's Information Services department completed the Requests for Proposal (RFP) process to extend broadband access to unserved areas of the County and implemented NextRequest Public Records Act (PRA) software to standardize and improve processing of PRA requests.
- The County's Parks, Open Space, & Cultural Services department hired at least seven impacted workers through the Fire Impacts Recovery Effort (FIRE) program and increased the use of Agents of Discovery (AoD) mobile app (an educational mobile gaming platform that uses augmented reality to get youth active) by 15%.
- The County's Planning department completed its goal of assisting renters and landlords affected by COVID-19 by disbursing \$8 million in Federal Emergency Rental Assistance Program funds.

- The County's Probation department developed practices and policies to direct secure track commitments, case planning/youth and family engagement, and re-entry planning and leveraged the department's Race Equity Initiative and trainings to increase the capacity of staff/partners to contribute to equitable outcomes for youth impacted by the closure of the State's Division of Justice (DJJ).
- The County issued approximately \$26 million in 2021 Tax-exempt and Taxable lease revenue bonds for the acquisition of the South County Service Center in Watsonville, CA.
- The County issued \$125 million in Taxable Pension Obligation Bonds to stabilize future payments and provide long-term cash flow savings.
- The County finalized the second of three operational plans on September 28, 2021 covering fiscal years 2021-22 through 2022-23.
- The County implemented the Indigent Defense Services Transition Plan, created a new County Public Defender's Office and transitioned from the contracted Public Defender.

The following items are in-process as of June 30, 2022:

- The County's Agricultural Commissioner plans to publish 80% of service-related documents (online and print) in both English and Spanish to improve accessibility to our services.
- The County's Agricultural Extension plans to work with Pajaro Valley growers to reduce water use by 2,500 acre feet per year and develop and communicate a strategy to effectively minimize soil diseases in strawberry and caneberry.
- The County's Assessor-Recorder's plans to develop a community education program focused on property tax exclusions, exemptions and assistance for older adults.
- The County's Auditor-Controller-Treasurer-Tax Collector plans to review and revise contract and purchasing processes to improve clarity and transparency and to automate 10% of forms for claims, general accounting and payroll divisions.
- The County's Cannabis Licensing Office plans to decrease the rate of corrective actions and violations among legal operators by 50% and to increase non-retail licensees by 20%.
- The County's Child Support Services plans to increase the number of customers participating in the Debt Reduction Program by 10% greater than the prior State Fiscal Year annual period (July through June), increase current support collections by 1% (\$90,000) through outreach that promotes access to services and to decrease unpaid child support by collecting on at least 71% of cases carrying arrears balances.
- The County's Clerk of the Board plans to transition to a new Agenda Management System to reduce their processing time by 30% and plans to be prepared to handle Spanish language interactions at each Board of Supervisors meeting.
- The County's Administrative Office, in collaboration with staff, will continue to improve its remote work policy, resulting in an annual reduction of greenhouse gas emissions due to commuting by 40%.
- The County Clerk-Elections department plans to implement a Voter Service Center model with at least 18 locations, each offering early voting, in compliance with CA Elections Code Section 4005.
- The County's Fire department plans to increase the number of volunteer firefighters by 14% (10) and to expand fire surveillance cameras by 17% (2) throughout Santa Cruz County.
- The County's District Attorney's office, in collaboration with criminal justice partners, plans to reduce the COVID-19 backlog of cases by 15% and to implement a new case management system.
- The County's General Services department plans to create baseline measures and targets for County Fleet on vehicle utilization, safety, and carbon footprint and to develop an overarching Safety Program that will include heightened employee awareness, measurable outcomes, and a reduction in adverse health and safety outcomes.
- The County's Health Services department, in partnership with the Human Services department, plans to equitably distribute American Rescue Plan Act (ARPA) funds to community organizations supporting health equity, to become a partner of the Government Alliance on Race and Equity (GARE), and to develop population health strategies and performance measures.
- The County's Human Services plans to increase engagement of fathers, with 80% of reunification cases having a father participating in child welfare case planning and to provide employment services targeted to dislocated workers and 75% of dislocated workers will retain employment six months after exiting the program.

- The County's Information Services department plans to develop a plan for regional encrypted radio communications and to develop a standard website template that is easy to navigate, update and translate, and is compliant with Americans with Disabilities Act (ADA) requirements.
- The County's Office of Response, Recovery & Resilience (OR3) plans to complete a strategic plan to address comprehensive disaster preparedness and resiliency, develop coordinated strategy on hazardous fuel reduction with strategic prioritization of egress from single road access communities, and to complete an update of the County Climate Action Strategy, with increased emphasis on community resilience and social vulnerability to Climate Change.
- The County's Parks department plans to analyze park irrigation accounts to measure baseline water usage and costs, identify long-term sustainable options for reducing both water use, prioritize parks in which to implement changes and to replace sand in five County Park playgrounds with a safer and more user friendly material to improve safety for children and families in County Parks.
- The County's Personnel department plans to provide unconscious bias training to 90% of County staff and elected officials, promoting a diverse, equitable, and inclusive workplace, to increase current employee's electronic enrollment in County benefits by 10% and to decrease the time to process classification requests by 10%, improving services to our internal customers.
- The County's Planning department plans to develop ordinances and any necessary General Plan policy changes to include provisions that allow the construction of tiny homes and tiny home villages and to submit to the Planning Commission a draft update to the County's General Plan to include policies focused on equity and environmental justice for disadvantaged communities.
- The County's Probation department plans to reduce technical violations for Black adults on formal supervision by 30% to ensure cultural responsiveness to substance use disorders (SUDs) and practices, resulting in reducing recidivism and over-use of incarceration, increase by 10% successful program completion for AB 109 funded re-entry services, and to establish a South County Probation Service Center (PSC) with access to at least 75% of equivalent services offered at the North County PSC.
- The County's Public Works department plans to complete the acquisition and development of the South County Service Center to be located at 500 Westridge, Watsonville, complete construction of all six Measure S funded library projects and to complete schematic design and environmental review for segments 10 and 11 of the Rail Trail project.
- The County's Sheriff-Coroner will maintain biannual in-service trainings for all sworn staff to address implicit bias, cultural diversity and racial profiling awareness to promote equity in our community, to operate an internationally accredited Crime Laboratory in the following disciplines: Crime Scene, Latent Prints, Digital Evidence and Forensic Anthropology and to identify funding for the construction of an accredited Forensic DNA Laboratory.

## OTHER INFORMATION

State statutes require an annual audit by independent Certified Public Accountants. The firm of Brown Armstrong Accountancy Corporation 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 *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 ACFR 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. 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 Annual Comprehensive 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, 2021. 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**

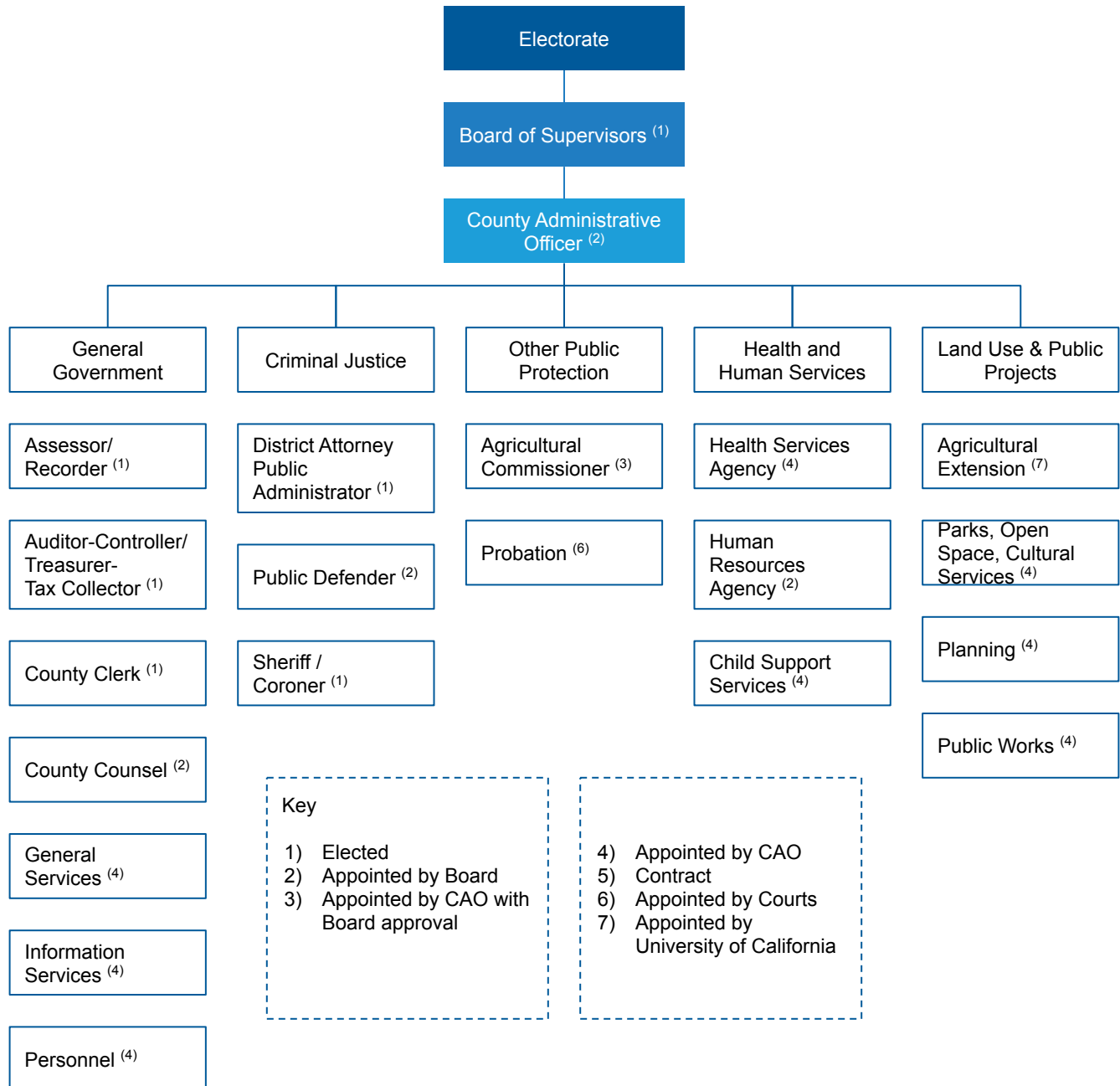
I wish to express my appreciation to the staff of the Accounting Division and Audit Division, the County departments that participated in the audit process, and Brown Armstrong Accountancy Corporation for their contributions, assistance, and guidance in the preparation of this report.

Respectfully submitted,

A handwritten signature in blue ink that reads "Edith Driscoll". The signature is written in a cursive style.

Edith Driscoll  
Auditor-Controller-Treasurer-Tax Collector

# COUNTY OF SANTA CRUZ ORGANIZATION CHART





## Directory of Public Officials

### Elected Officers

		<u>Term ends</u>
Supervisor, 1st District	Manu Koenig	January 2025
Supervisor, 2nd District	Zach Friend	January 2025
Supervisor, 3rd District	Ryan Coonerty	January 2023
Supervisor, 4th District	Greg Caput	January 2023
Supervisor, 5th District	Bruce McPherson	January 2025
State Senator, 17th District	John Laird	December 2024
State Assemblyman, 29th District	Mark Stone	December 2024
State Assemblyman, 30th District	Robert Rivas	December 2024
U.S. Congressman, 20th District	Jimmy Panetta	January 2023
U.S. Senator	Dianne Feinstein	January 2025
U.S. Senator	Alex Padilla	January 2023
U.S. Congresswoman, 18th District	Mia Bonta	December 2022
Assessor-Recorder	Sean Saldavia	January 2023
Auditor-Controller-Treasurer-Tax Collector	Edith Driscoll	January 2023
County Clerk-Elections	Tricia Webber	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
Chief Probation Officer	Fernando Giraldo
County Counsel	Jason Heath
Director of Agricultural Extension	Mark Bolda
Director of Child Support Services	Jamie Murray
Director of General Services	Michael Beaton
Director of Information Services	Tammie Weigl
Director of Human Services Department	Randy Morris
Director of Planning	Matt Machado
Director of Public Works/Road Commissioner	Matt Machado
Director of Parks, Recreation and Cultural Services	Jeff Gaffney
Health Officer	Dr. Gail Newel
Health Services Agency Director	Monica Morales
Personnel Director	Ajita Patel
Veteran's Services Officer	Dean Kaufman





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**County of Santa Cruz  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morrill*

Executive Director/CEO



# Financial Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022





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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Santa Cruz, California (the County), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; the respective Budgetary Comparison for the General Fund, the Off Highway, Road, and Transportation Fund, and the Housing Fund; the County's Retirement Plans' Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions; and the County's Other Postemployment Benefit (OPEB) Plan Schedule of Changes in Total OPEB Liability and Related Ratios and the Schedule of Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### **Supplementary 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 accompanying Budgetary Comparison for the Capital Projects Fund and the combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

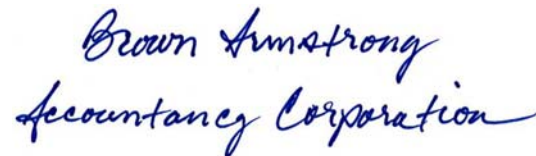
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the County's 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 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 22, 2022

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# Management's Discussion and Analysis

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **June 30, 2022**

This section of the County of Santa Cruz (the "County") Annual Comprehensive Financial Report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2022. 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**

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

Over the past fiscal year 2021-2022, for current year activities and prior period adjustments, the County of Santa Cruz saw an increase in its net position, which is defined as its assets and deferred outflows of resources less its liabilities and deferred inflows of resources, of \$63.2 million, or 41%, to \$218.9 million. This includes an increase of net position for governmental activities of \$61.2 million, including an increase of \$52.6 million for current year activities and a prior period adjustment of \$8.6 million, and an increase of net position for business-type activities of \$2.0 million. Government-wide, including business-type activities, general revenues were \$201.7 million, which includes \$189.5 million in government-wide tax revenue collections. The remaining general revenues include interest and investment earnings, gain on disposal of capital assets, and miscellaneous revenues. As a result of Governmental Accounting Standards Board (GASB) Statement No. 31 (GASB 31), which requires counties to report the change in fair market value of investments as interest and investment earnings, even if the change is a loss, the County reported a negative amount in interest and investment income in the current fiscal year. See Note 1 information on interest rate risk. Net of general revenues, governmental activities net expense for programs for the fiscal year were \$144.9 million and business-type activities net revenues were \$2.2 million for a total government-wide net expense of \$147.1 million excluding general revenues.

Prior Period Adjustments noted in Note 20 account for an increase in net position of \$8.6 million in Government-Wide Net Position due to the following items: (1) Governmental Accounting Standards Board (GASB) Statement No. 87 (GASB 87) Leases due to accounting changes related to leases, and (2) reclassing Housing Fund prior period loan payments that were previously recorded as revenue to a receivable.

Excluding prior period adjustments, total government-wide net position increased by \$54.6 million. The prior period adjustment only impacted Governmental Activities net position.

While total governmental activities program and general revenues were \$725.0 million, an increase of \$3.9 million, or 0.5%, from prior year, governmental activities expenses were \$672.4 million, a decrease of \$68.9 million, or 9.3%, from prior year.

Deferred outflows of resources related to pensions increased over the prior year by \$98.5 million. The increase largely relates to pension obligation bonds in the amount of \$115.1 million paid during fiscal year 2022 that will be recognized during fiscal year 2023. This is offset by changes in actuarial amounts for differences between expected and actual experience and net difference between projected and actual earnings on pension plan investments.

Deferred inflows of resources related to pensions increased over prior year by \$136.1 million. The increase mainly relates to the increase in net difference between projected and actual earnings on pension plan investments.

Bonds payable increased by \$140.8 million. The increase relates to three new bonds related to the Westridge facility as well as the Pension Obligation Bonds. More information can be found in Note 10.

Net pension liability decreased by \$175.0 million. Based on review of the pension actuarial reports, of the total decrease, \$272.0 million relates to Net Investment Income which is offset by other increases in the liability including service cost and interest on the total pension liability. The excess of actual net investment income over expected is accounted for by increase in deferred inflows of resources and will be amortized based on GASB 68 guidelines.



## 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 consist 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 cultural services. 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 (the Sanitation District) is reported as a discretely presented component unit of the County. The Sanitation 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 28-31 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 38-41 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 Supervisors Governed Districts: Boulder Creek CSA 7, Rolling Woods CSA 10, Septic Tank Maintenance CSA 12, Freedom County Sanitation District, Davenport County Sanitation District, Place de Mer CSA 2, Sand Dollar Beach CSA 5, and Trestle Beach CSA 20 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 46-50 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 custodial, 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 53-54 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 58-119 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 124-169 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
	2022	2021	2022	2021	2022	2021	
<b>Assets:</b>							
Current and other assets	\$ 491,157,439	\$ 431,183,904	\$ 27,339,784	\$ 22,369,429	\$ 518,497,223	\$ 453,553,333	\$ 64,943,890
Capital assets	698,298,275	650,299,015	42,871,850	41,834,741	741,170,125	692,133,756	49,036,369
Total assets	1,189,455,714	1,081,482,919	70,211,634	64,204,170	1,259,667,348	1,145,687,089	113,980,259
<b>Deferred outflows of resources</b>	218,088,565	120,281,266	-	-	218,088,565	120,281,266	97,807,299
<b>Liabilities:</b>							
Current and other liabilities	208,172,177	180,163,579	3,595,569	3,530,512	211,767,746	183,694,091	28,073,655
Long-term liabilities	867,374,933	894,342,516	22,930,546	18,978,795	890,305,479	913,321,311	(23,015,832)
Total liabilities	1,075,547,110	1,074,506,095	26,526,115	22,509,307	1,102,073,225	1,097,015,402	5,057,823
<b>Deferred inflows of resources</b>	156,818,213	13,282,173	-	-	156,818,213	13,282,173	143,536,040
<b>Net position:</b>							
Net investment in capital assets	631,243,860	601,791,899	31,920,388	30,575,095	663,164,248	632,366,994	30,797,254
Restricted	150,199,287	125,372,696	534,353	566,229	150,733,640	125,938,925	24,794,715
Unrestricted	(606,264,191)	(613,188,678)	11,230,778	10,553,539	(595,033,413)	(602,635,139)	7,601,726
Total net position	\$ 175,178,956	\$ 113,975,917	\$ 43,685,519	\$ 41,694,863	\$ 218,864,475	\$ 155,670,780	\$ 63,193,695

**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 \$218,864,475 at the close of the 2021-2022 fiscal year.

The County's net investment in capital assets of \$663,164,248, or 303% 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 \$741,170,125, less the related outstanding debt used to acquire those assets of \$78,005,877. 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 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, \$150,733,640, or 69% of total net position, represents resources that are subject to external restrictions on how they may be used. Of the total, 24% is restricted for capital asset

acquisition, 62% is dedicated to public roads and facilities, 11% 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 \$(595,033,413) increased by \$7,601,726 from the prior year. This amount consists of 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.

The amounts presented above include prior period adjustments to the beginning balance of net position. Please refer to Note 20 for more detail related to the prior period adjustments.

Change in Net Position

	Governmental Activities		Business-Type Activities		Total		Dollar Change	%
	2022	2021	2022	2021	2022	2021		
<b>Revenues:</b>								
Program Revenues:								
Charges for services	\$ 113,420,342	\$ 109,575,795	22,274,156	\$ 22,816,926	\$ 135,694,498	\$ 132,392,721	\$ 3,301,777	2.5%
Operating grants and contributions	399,130,029	369,374,510	2,711,788	2,940,765	401,841,817	372,315,275	29,526,542	7.9%
Capital grants and contributions	14,983,535	32,521,885	-	-	14,983,535	32,521,885	(17,538,350)	(53.9%)
General Revenues:								
Property taxes	136,153,613	129,749,169	49,156	44,818	136,202,769	129,793,987	6,408,782	4.9%
Other taxes	53,368,972	50,497,017	-	-	53,368,972	50,497,017	2,871,955	5.7%
Grants and contributions not restricted	-	-	-	-	-	-	-	(100.0%)
Investments earnings	(4,067,996)	4,184,785	(496,415)	165,697	(4,564,411)	4,350,482	(8,914,893)	(204.9%)
Miscellaneous	12,010,297	25,206,757	4,684,360	819,845	16,694,657	26,026,602	(9,331,945)	(35.9%)
Gain on sale of assets	19,623	10,412	-	-	19,623	10,412	9,211	88.5%
Total revenues	725,018,415	721,120,330	29,223,045	26,788,051	754,241,460	747,908,381	6,333,079	0.8%
<b>Expenses:</b>								
General government	42,186,979	50,868,243	-	-	42,186,979	50,868,243	(8,681,264)	(17.1%)
Public protection	201,256,125	223,650,643	-	-	201,256,125	223,650,643	(22,394,518)	(10.0%)
Public ways and facilities	30,783,275	43,682,906	-	-	30,783,275	43,682,906	(12,899,631)	(29.5%)
Health and sanitation	195,857,710	197,847,950	-	-	195,857,710	197,847,950	(1,990,240)	(1.0%)
Public assistance	179,813,704	205,806,454	-	-	179,813,704	205,806,454	(25,992,750)	(12.6%)
Education	6,306,072	6,099,292	-	-	6,306,072	6,099,292	206,780	3.4%
Recreation and cultural services	11,451,913	11,484,824	-	-	11,451,913	11,484,824	(32,911)	(0.3%)
Interest and fiscal charges	4,759,756	1,890,256	-	-	4,759,756	1,890,256	2,869,500	151.8%
County Disposal Sites CSA 9C	-	-	22,815,622	16,216,529	22,815,622	16,216,529	6,599,093	40.7%
Boulder Creek CSA	-	-	467,192	428,116	467,192	428,116	39,076	9.1%
Rolling Woods CSA	-	-	27,555	29,161	27,555	29,161	(1,606)	(5.5%)
Septic Tank Maintenance CSA	-	-	1,426,375	1,555,282	1,426,375	1,555,282	(128,907)	(8.3%)
Freedom County Sanitation District	-	-	1,183,385	1,175,314	1,183,385	1,175,314	8,071	0.7%
Davenport County Sanitation District	-	-	833,073	1,126,614	833,073	1,126,614	(293,541)	(26.1%)
Place De Mer CSA	-	-	123,723	233,874	123,723	233,874	(110,151)	(47.1%)
Sand Dollar Beach CSA	-	-	272,653	309,232	272,653	309,232	(36,579)	(11.8%)
Trestle Beach CSA	-	-	82,811	69,152	82,811	69,152	13,659	19.8%
Total expenses	672,415,534	741,330,568	27,232,389	21,143,274	699,647,923	762,473,842	(62,825,919)	(8.2%)
<b>Change in Net Position</b>	52,602,881	(20,210,238)	1,990,656	5,644,777	54,593,537	(14,565,461)	69,158,998	(474.8%)
Net Position, beginning of year as restated	122,576,075 (1)	134,186,155	41,694,863 (1)	36,050,086	164,270,938 (1)	170,236,241	(5,965,303)	(3.5%)
<b>Net Position, end of year</b>	\$ 175,178,956	\$ 113,975,917	\$ 43,685,519	\$ 41,694,863	\$ 218,864,475	\$ 155,670,780	\$ 63,193,695	40.6%

(1) See Note 20 for more information on restated net position for fiscal year 2022

**Analysis of Change in Net Position**

During the current fiscal year, the County's net position increased by \$63.2 million. This includes \$8.6 million related to a prior period adjustment and \$54.6 million in current activities. This is explained in the governmental and business-type activities discussions below.

- Governmental activities** increased the County's net position by \$61.2 million, including \$8.6 million related to a prior period adjustment, which accounts for an increase of 53.7% of the total change of the County's total net position. The \$8.6 million prior period adjustment relates to two for the following items: (1) GASB 87 Lease note that required accounting changes related to leases, and (2) a Housing fund prior period adjustment where revenue had been recorded that was to offset a receivable on the balance sheet.

Revenues for governmental activities and general revenues increased by \$3.9 million, or 0.5%, from the prior year primarily due to increases in operating and capital grants and contributions of \$12.2 million, property taxes of \$6.4 million, charges for services of \$3.8 million, and other taxes of \$2.9 million, followed by decreases in investment earnings of \$8.3 million and miscellaneous revenues of \$13.2 million. The decrease in investment earnings relates to the GASB 31 requirement to report investments at fair value. This reporting period saw a significant increase in interest rates, which resulted in a material unrealized decrease of \$8.2 million in fair value at June 30, 2022. More information can be found in Note 1, Cash and Investments .

Overall governmental expenditures decreased by \$68.9 million, or 9.3%, from the prior year. Public protection decreased by \$22.4 million. Health and sanitation decreased by \$2.0 million. Public ways and facilities decreased by \$12.9 million. Public assistance decreased by \$26.0 million. Across all areas, significant decreases in pension expenses were seen due to the collective changes in pension liability, deferred inflows of resources and deferred outflows of resources. Pension related GASB 68 related adjustments included decreases of pension expense to Public Protection of \$23.7 million, Health and Sanitation of \$11.9 million, Public Assistance of \$9.8 million, and General Government of \$5.3 million. Public Ways and Facilities saw overall decreases in expenses of \$12.9 million, which were mainly related to the 2020 CZU Fires and 2017 storms. Public Assistance also saw significant decreases in expenses related to COVID-19 related expenses, which were offset by increases in homeless assistance programs. More information can be found in the Financial Highlights section included in this Management Discussion and Analysis.

Overall expense increase (decrease) by function follows:

	Amount	Percentage increase (decrease)
General government	\$ (8,681,264)	(17.1%)
Public protection	(22,394,518)	(10.0%)
Public ways and facilities	(12,899,631)	(29.5%)
Health and sanitation	(1,990,240)	(1.0%)
Public assistance	(25,992,750)	(12.6%)
Education	206,780	3.4%
Recreation and cultural services	(32,911)	(0.3%)
Interest on long-term debt	2,869,500	151.8%
	<u>\$ (68,915,034)</u>	(9.3%)

- Business-type activities** increased the County's net position by \$2.0 million, or 1%, over the prior year. In the prior year, business-type activities increased the County's net position by \$16.9 million. While expenses increased more than revenue in the current fiscal year, business-type activities continue to increase the County's net position. Revenues increased by \$2.4 million, mainly related to an increase in other revenues of \$3.9 million due to the receipt of insurance proceeds to rebuild the Boulder Creek treatment plant which was damaged during



the CZU Lightning fires. The increase was partially offset by decreases in use of money and property, aid from other governments and charges for services of \$0.7 million, \$0.2 million and \$0.5 million, respectively. The decrease in use of money and property was a result of a decrease in the fair value of investments held in the County treasury. Charges for services declined as a result of a decline in refuse disposal fees which were higher in the prior year due to clean up after the CZU Lightning Fire. Expenses increased by \$6.1 million, primarily due to an increase of \$4.5 million as a result of recognizing the reassessed cost of closure and post closure care expense for the landfill at County Service Area 9C and an increase of \$1.5 million in services and supplies.

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 projects fund.

At June 30, 2022, the County's governmental funds reported combined ending fund balances of \$285,748,429, an increase of \$48,657,022 in comparison with the prior year. The components of total fund balance are as follows (see Note 19 – Fund Balances).

- Nonspendable fund balance of \$1,402,075 consists of amounts that are not spendable in form, or are legally or contractually required to be maintained intact and is currently made up of prepaids. Nonspendable fund balance decreased by \$293,578 from the prior year, due to a decrease in prepaid expenditures of \$267,308 and a reclassification of imprest cash balance of \$26,270 to unassigned fund balance.
- Restricted fund balance of \$183,221,349 consists of amounts with externally imposed constraints put on their use by creditors, grantors, contributors, laws, regulations or enabling legislation. Examples of restrictions on funds are those for (1) purpose of fund (i.e., flood control, library) of \$111,745,816, (2) amounts restricted for capital asset acquisition of \$38,453,472, and (3) other various restricted balances related to state, federal, grant-related and other enabling legislation. Total restricted fund balance increased by \$30,458,974 due to capital asset acquisition restrictions of \$2,399,789, an increase in restrictions related to the purpose of the fund of \$20,520,935 and various restrictions (i.e. County Recorder, District Attorney, Health Care Programs, Probation, Public Defender and Sheriff programs) of \$7,538,250.
- Committed fund balance of \$20,955,898 consists of amounts for specific purposes determined by the Board of Supervisors which includes (1) Natural Disasters of \$2,000,000, (2) Working Capital of \$6,000,000, (3) Strategic Reserve of \$10,000,000 and (4) Mental Health Services Act (MHSA) Prudent Reserve of \$2,955,898. Committed fund balance did not change in fiscal year 2021-2022.
- Assigned fund balance of \$80,169,108 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 federally qualified health programs of \$37,434,202 and human services programs of \$7,079,355. Assigned balance increased by \$16,585,759 from the prior year largely due to increases in the Assignment to Eliminate Projected Budgetary Deficit in Subsequent Year's Budget of \$22,653,200, an increase in the Assignment for Federally Qualified Health Program of \$5,247,856, offset by decreases in the Assignments for Unanticipated Liabilities, Budgeted Structural Deficit, and Salary Savings totaling \$10,820,216.
- Unassigned fund balance is currently \$0, an increase of \$1,905,868 from prior year. The prior year negative fund balance related to the Off Highway, Road and Transportation Fund cash needs for emergency repairs related to the CZU Complex Fire in August 2020.



Revenues for governmental functions totaled \$725,385,253 in fiscal year 2021-2022, which represents an increase of \$5,672,945, or \$0.8%, from fiscal year 2020-2021. Expenditures for governmental functions totaling \$836,669,786 increased by \$120,674,073, or 16.9%, from fiscal year 2020-2021. In the fiscal year 2021-2022, other financing sources, including interfund, exceeded other financing uses by \$151,369,141.

The General Fund is the primary operating fund of the County. At June 30, 2022, the general fund's total fund balance was \$135,549,142, of which \$1,402,075 was nonspendable and \$134,147,067 was spendable. The spendable fund balance consists of \$20,955,898 in committed fund balance, \$80,169,108 in assigned fund balance, and \$33,022,061 in restricted 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 general fund expenditures of \$733,255,985. Total fund balance is 18.5% of total General Fund expenditures, while spendable fund balance is 18.3% of total General Fund expenditures.

#### Changes to General Fund Balances

Nonspendable fund balance decreased by \$293,578 from the prior year due to a decrease in prepaid expenditures of \$267,308 and a reclassification imprest cash balance of \$26,270 to unassigned fund balance.

The General Fund's total fund balance increased by 21%, or \$23,830,431 at June 30, 2022 due to General Fund revenues exceeding general fund expenditures by that amount. Although revenues exceeded expenditures overall for the fiscal year ended June 30, 2022, both revenues and expenditures were under budget by \$52 million and \$92 million, respectively. Approximately \$9 million of that balance is accounted for by encumbrances for which the County is obligated to make payments on, which rolled into the 2022-23 budget.

The spendable balances increased \$22,653,351 to \$33,581,200 primarily in the following areas:

#### Restricted fund balance

- \$5.6 million from local realignment for public safety, health, and social programs;
- \$1 million for juvenile probation funding.

#### Assigned fund balance

- General Fund assigned balance increased by \$16,585,759 from the prior year largely due to:
  - An increase in the Assignment to Eliminate Projected Budgetary Deficit in Subsequent Year's Budget of \$22,653,200 due to budgeted expenditures exceeding budgeted revenues for 2022-2023. The County was conservative with its budget for FEMA revenues related to COVID 19 and CZU lightning fires, as there have been delays in receiving revenues from these funding sources.
  - An increase in the Assignment for Federally Qualified Health Program of \$5,247,856 due to federal revenues exceeding expenses for these funds in 2021-22.
  - Decreases in the Assignments for Unanticipated Liabilities, Budgeted Structural Deficit and Salary Savings totaling \$10,820,216. These assigned fund balances were eliminated in order to balance the 2022-23 budget, and as such, are now included in the Assignment to Eliminate Projected Budgetary Deficit. If sufficient FEMA revenues related to COVID 19 and CZU lightning fires are received in 2022-23, these assignments will be restored at the Board's direction.

#### Major Funds

The Off Highway, Roads, and Transportation Fund is a major fund of the County. At June 30, 2022, the fund had a total fund balance of \$2,400,944. The fund balance increased by \$4,306,812 over the prior fiscal year. This increase in fund balance was due to revenues exceeding expenditures by that amount, though both revenues and expenditures came in under budget by approximately \$52 million. This fund's primary revenue source is state and federal reimbursement and the fund had a negative fund balance in the prior year, but the revenue related to these expenditures was not recognized until 2021-22.

The Housing Fund is a major fund of the County. At June 30, 2022, the Housing Fund's total fund balance was \$76,650,245 all of which is spendable (restricted) for the purpose of the fund. This was a minor increase of \$293,941, or less than 1%.

The Capital Projects fund balance of \$13,959,670 was spendable (restricted) at June 30, 2022, an increase of \$408,209, or 3% from the prior year. The increase was due to a reduction in capital outlay expenditures as many projects were delayed for future periods due to COVID-19 pandemic.

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**

	2022	% of Total	2021	% of Total	Change
Taxes	\$ 189,522,587	26.13%	\$ 180,246,186	25.04%	\$ 9,276,401
Licenses and permits	16,787,591	2.31%	13,781,550	1.91%	3,006,041
Fines, forfeits and penalties	9,800,870	1.35%	12,938,670	1.80%	(3,137,800)
Use of money and property	(3,664,243)	(0.51%)	3,901,300	0.54%	(7,565,543)
Aid from other governments	414,107,759	57.10%	401,443,111	55.79%	12,664,648
Charges for services	86,831,882	11.97%	82,855,575	11.51%	3,976,307
Other	11,998,807	1.65%	24,545,916	3.41%	(12,547,109)
<b>Total</b>	<b>\$ 725,385,253</b>	<b>100.00%</b>	<b>\$ 719,712,308</b>	<b>100.00%</b>	<b>\$ 5,672,945</b>

Overall revenues increased by \$5.7 million over the prior year. The increase in revenue consisted of the following:

\$9.3 million increase in taxes in almost all areas including:

- \$3.3 million increase in property taxes resulting from strong growth in home sales and increased property values compared to prior years.
- \$2.2 million increase in sales and use taxes overall due to slowed but continued growth in tourism following the lifting of restrictions imposed during the COVID-19 pandemic
- \$1.3 million increase in property taxes in lieu of Vehicle License fees, which are based on property values, which have continued to rise from the prior year.
- an increase of \$0.7 million in other taxes as a result of an increase of \$3.9 million in Transient Occupancy Tax due to increased tourism, offset by a decline in Cannabis Tax of \$3.2 million as a result in a sharp decline in the cannabis industry as high state and local taxes on the industry drive prices up making cannabis unaffordable.

Revenue from licenses and permits increased by \$3.0 million over the prior fiscal year, primarily due to an increase in revenue from construction permits of \$2.0 million as people continue to rebuild homes damaged by the CZU Lightning Fire.

Fines, forfeits and penalties decreased by \$3.1 million resulting from the recognition of \$3.8 million in consumer fraud penalties in the prior fiscal year that had been received in prior years but not recognized. The County recognized the receipts after a review of consumer fraud penalties and other receipts with the implementation of GASB 84.

Use of money and property decreased by \$7.6 million due to a decrease in the fair value of investments held in the County's treasury. See Note 2 - Cash and Investments for a more detailed explanation of the fair value adjustment.

Aid from other governments increased by \$12.7 million. Decreases in one time FEMA and CARES Act revenue received in the prior year for the CZU Lightning Fire and COVID-19 pandemic of \$6.7 and \$20.6 million respectively, were more than offset by increases in State funding for mental health and public assistance programs in response to the growing homeless crisis caused by high inflation and displacement created by the COVID-19 pandemic.

Charges for services increased by \$4.0 million. The primary cause was an increase in outpatient clinic fees of \$4.9 million partially offset by a decline in patient revenue of \$1.7 million. Factors that contribute to the shift from inpatient to outpatient revenue include improved technology and techniques resulting in improvements in minimally invasive surgeries and an increase in online appointments.

Other revenue decreased by \$12.5 million primarily due to changes in revenue recognition as a result of the implementation of GASB 84.

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

**Expenditures Classified by Source**  
**Governmental Funds**

	2022	% of Total	2021	% of Total	Change
General government	\$ 41,915,257	5.01%	\$ 44,348,553	6.19%	\$ (2,433,296)
Public protection	318,651,678	38.09%	195,009,229	27.24%	123,642,449
Public ways and facilities	37,008,384	4.42%	68,935,407	9.63%	(31,927,023)
Health and sanitation	195,977,550	23.42%	181,814,723	25.39%	14,162,827
Public assistance	179,364,315	21.43%	193,726,864	27.05%	(14,362,549)
Education	5,605,975	0.67%	5,458,928	0.76%	147,047
Recreation and culture	10,532,363	1.26%	9,827,699	1.37%	704,664
Capital outlay	28,090,292	3.36%	7,888,830	1.10%	20,201,462
Debt Service - bond redemption	13,546,947	1.62%	6,074,699	0.85%	7,472,248
Debt Service -Interest and fiscal charges	5,977,025	0.71%	2,910,781	0.41%	3,066,244
<b>Total</b>	<b>\$ 836,669,786</b>	<b>99.99%</b>	<b>\$ 715,995,713</b>	<b>99.99%</b>	<b>\$ 120,674,073</b>

Overall expenditures increased by \$121 million primarily as a result of an increase of \$136.8 million in salaries and benefits and an increase of \$23.4 million in expenditures for capital assets. The increases were partially offset by a decrease of \$48.2 million in services and supplies. Salaries and benefits increased primarily as a result of the payment of a portion of the County’s unamortized, unfunded accrued actuarial liability to the California Public Employees’ Retirement System. Expenditures for capital assets increased primarily as a result of the purchase and light remodel of 500 Westridge Drive in Watsonville for approximately \$17.2 million. The facility will serve as a government center in the south county offering services currently only available at 701 Ocean Street in Santa Cruz. Other capital asset expenditures include animal shelter renovation and major maintenance of the pools at Simkins Swim Center. Expenditures for services and supplies decreased due to lower spending for COVID-19 and CZU lightning fires.

Other financing sources and uses are presented below, including changes from the prior year. The change was primarily due to the issuance of two bonds during fiscal year 2021-22. The bonds issued include pension obligation bonds used to pay a portion of the County’s unamortized, unfunded accrued actuarial liability to the California Public Employees’ Retirement System and lease revenue bonds issued to fund the purchase of 500 Westridge Drive in Watsonville. 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**

	2022	% of Total	2021	% of Total	Change
Loan proceeds	2,000,000	1.32%	-	-%	2,000,000
Bond proceeds	150,480,001	99.41%	-	-%	150,480,001
Bond premium	3,214,154	2.12%	-	-%	3,214,154
Bond discount	(52,588)	(0.03%)	-	-%	(52,588)
Lease inception	863,259	0.57%	-	-%	863,259
Transfers in	38,735,479	25.59%	19,678,411	(15865.59%)	19,057,068
Transfers out	(43,871,164)	(28.98%)	(19,802,443)	15965.59%	(24,068,721)
<b>Total</b>	<b>\$ 151,369,141</b>	<b>100.00%</b>	<b>\$ (124,032)</b>	<b>100.00%</b>	<b>\$ 151,493,173</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					Total Governmental Funds
	General Fund	Off Highway, Road and Transportation Fund	Housing Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Revenues	\$ 648,841,720	\$ 31,769,315	\$ 1,549,433	\$ 4,132,931	\$ 39,091,854	\$ 725,385,253
Expenditures	(733,225,985)	(32,084,120)	(1,255,492)	(28,090,292)	(42,013,897)	(836,669,786)
Net other financing sources/(uses)	108,214,696	4,621,617	-	24,365,570	14,167,258	151,369,141
Net change in fund balances	23,830,431	4,306,812	293,941	408,209	11,245,215	40,084,608
Fund balances, beginning as restated	111,718,711	(1,905,868)	76,356,304	13,551,461	45,943,213	245,663,821
Fund balances, ending	<u>\$ 135,549,142</u>	<u>\$ 2,400,944</u>	<u>\$ 76,650,245</u>	<u>\$ 13,959,670</u>	<u>\$ 57,188,428</u>	<u>\$ 285,748,429</u>

**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 a total net position of \$43,684,865 at June 30, 2022, of which \$11,230,124 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	\$ 18,423,078	\$ 4,405,635	\$ 22,828,713	\$ 91,258,026
Operating expenses	(22,762,125)	(4,370,402)	(27,132,527)	(98,179,309)
Net operating income/(loss)	(4,339,047)	35,233	(4,303,814)	(6,921,283)
Net nonoperating revenues/(expenses)	53,195	6,043,780	6,096,975	(411,604)
Capital contributions	-	-	-	257,803
Net transfers in/(out)	-	-	-	5,135,685
Change in net position	(4,285,852)	6,079,013	1,793,161	(1,939,399)
Net position - beginning of year as restated	18,723,302	23,168,402	41,891,704	(77,654,317)
Net position - end of year	<u>\$ 14,437,450</u>	<u>\$ 29,247,415</u>	<u>\$ 43,684,865</u>	<u>\$ (79,593,716)</u>

Total Enterprise fund net position increased by \$1,793,161. Nonmajor Enterprise funds net position increased by \$6.1 million partially offset by a decrease in fund net position of \$4.3 million for County Disposal Sites CSA 9C. The increase in Nonmajor Enterprise fund net position was a result of increased nonoperating revenue, while the decrease in County Disposal Sites CSA 9C fund net position was a result of increased expenses for services and supplies.

Nonoperating revenue of \$6,096,975 increased by \$2,872,978 over the prior year as a result of the receipt of insurance proceeds by Boulder Creek Sanitation CSA 7 to rebuild the treatment plant that was damaged in the CZU Lightning Fire. Operating expenses of \$27,132,527 increased by \$6,160,894 over the prior year, primarily due to a change in the post closure care costs liability for CSA 9C which increased significantly due to a higher rate of inflation than previously expected.

The Internal Service Funds net position decreased by \$1,939,399 for current year activities. Operating revenues of \$91,258,026 increased by \$1,550,908 over the prior fiscal year. Charges for services increased due to increased rates. Salaries and benefits decreased due to vacancies in funded positions, services and supplies increased due to rising costs caused by inflation and insurance claims decreased. The increase was related to changes in normal operations. Operating expenses of \$98,179,309 increased by \$2,372,117 over the prior year, mainly related to a decrease in insurance claims.

### GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund actual expenditures were approximately \$78.9 million below final budget amounts. The variance was primarily made up of unspent appropriations of \$22.1 million for salaries and employee benefits, \$42.8 million for services and supplies and \$4.3 million for other charges due to an inability to find staffing and operate newly budgeted programs.

**Expenditures:** The final General Fund budget was \$156.2 million, or 23.8%, higher than the original budget. The increase was primarily a result of increases in appropriations of \$134.9 million for salaries and benefits, \$7.5 million for services and supplies, \$2.1 million for capital assets, \$7.8 million for principal payment, and \$2.3 million for interest payments. The increase in salaries and benefits was primarily as a result of the payment of a portion of the County's unamortized, unfunded accrued actuarial liability to the California Public Employees' Retirement System. The increase in the budget to services and supplies was primarily due to an adjustment of \$5 million for the contribution to an outside agency for the operation or purchase of the Watsonville Community Hospital that was mistakenly budgeted to services and supplies. The entry for the expenditure was found and corrected during the County's review process, however, it was too late to reclassify the budget. Another \$3 million increase in services and supplies was related to the receipt of unanticipated revenue and related expenditures for installation of a shaded fuel break and emergency access project in the San Vicente Redwoods located in Davenport. The increase in principal and interest payments was a result of the issuance of pension obligations bonds by the general fund and related principal and interest payments and by the implementation of GASB 87, *Leases*, which changed accounting for leases requiring the County to report lease liabilities and related principal and interest payments.

**Revenues:** General Fund actual revenues, excluding other financing sources, were \$25.8 million less than final budgeted revenues due to revenue losses in charges for services, aid from other governments, other revenue and use of money and property. The difference between budgeted and actual revenue in aid from other governments was a result of a change in the timing of the closure of sheltering options that were authorized in response to the COVID-19 pandemic, which were extended several times during the year. Due to the extension of the authorized COVID-19 sheltering options various sheltering, housing and aid programs budgeted by the County went under utilized. Revenue from charges for services was lower than budget primarily as a result of the inability to fill vacancies in budgeted staff positions to run budgeted programs. Revenue from the use of money was lower than budgeted due to recognition of the unrealized change in fair value of investments held in the County treasury. The County is required to report investments at fair value. In prior years, the difference between the book value and fair value of investments was immaterial. In the current fiscal year, market conditions resulted in a significant decline in the fair value of investments held by the County necessitating an adjustment. However, the County has the full intent and ability to hold the investments to maturity and does not expect to realize actual losses on investments.

**Fund balance:** As a result of factors and circumstances explained above the General Fund's fund balance increased by \$23.8 million versus an estimated decrease of \$16.7 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, 2022 totaled \$741,170,125 (net of accumulated depreciation of \$598,626,821). Capital assets include land, construction-in-progress, infrastructure, buildings and structures, and equipment. There was a 7.1% increase in total activities for the 2021-2022 fiscal year in the amount of \$49,036,369.

For the government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the 2021-2022 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 Activities	
	2022	2021	2022	2021	2022	2021
Land	\$ 64,244,892	\$ 64,244,892	\$ 1,858,849	\$ 1,858,849	\$ 66,103,741	\$ 66,103,741
Construction-in-progress	36,877,786	17,101,770	14,555,546	11,968,548	51,433,332	29,070,318
Infrastructure	789,978,361	762,163,530	-	-	789,978,361	762,163,530
Buildings and structures	281,740,908	271,984,902	58,006,672	57,819,489	339,747,580	329,804,391
Equipment	59,112,346	56,165,913	11,175,681	10,655,759	70,288,027	66,821,672
Buildings - ROU	22,038,921	-	-	-	22,038,921	-
Machinery and equipment - ROU	206,984	-	-	-	206,984	-
Accumulated depreciation	(555,901,923)	(521,361,992)	(42,724,898)	(40,467,904)	(598,626,821)	(561,829,896)
Total	\$ 698,298,275	\$ 650,299,015	\$ 42,871,850	\$ 41,834,741	\$ 741,170,125	\$ 692,133,756

#### Governmental Activities

Net capital assets in governmental activities increased by \$48.0 million. The total increase in nondepreciable, depreciable and amortizable assets was \$84.0 million, which includes right-of-use assets of \$22.2 million related to the new GASB 87 Leases accounting change. The total increase is offset by depreciation and amortization expense of \$36.0 million, and disposals, net of related depreciation, of \$1.5 million. The total increase in buildings was \$9.8 million, which includes \$9.5 million in completed building projects reclassified from construction-in-progress. Additionally, infrastructure increased by \$27.8 million.

The total increase in machinery and equipment was \$2.9 million, which includes \$43,140 reclassified from construction-in-progress for the implementation of completed software, \$4.4 million in new machinery and equipment and \$1.5 million in retirements.

Construction-in-progress increased by \$19.8 million, which includes increases in construction-in-progress of \$29.3 million and a decrease of \$9.5 million due to completed projects. The majority of the completed projects related to Education (Libraries), General Government, and Parks and Recreation and Education areas.

#### Business-Type Activities

Net capital assets for business-type activities increased by \$1.0 million. The net increase includes additions of nondepreciable and depreciable assets of \$3.4 million, offset by added depreciation of \$2.4 million. The total increase in buildings was \$0.2 million.

The total increase in machinery and equipment was \$519.9 thousand, which includes new purchases of \$674.8 thousand and disposals of \$154.9 thousand. Additional information on the County's capital assets can be found in Note 7 on pages 83-85 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	
	2022	2021	2022	2021	2022	2021
Refunding certificates of participation	\$ 22,315,865	\$ 25,829,938	\$ -	\$ -	\$ 22,315,865	\$ 25,829,938
Lease revenue bonds	57,612,663	29,644,964	5,171,190	5,470,897	62,783,853	35,115,861
Lease revenue refunding bonds	5,167,183	5,480,460	-	-	5,167,183	5,480,460
Certificates of participation	500,228	737,044	-	-	500,228	737,044
Taxable pension obligation bonds	118,690,000	-	-	-	118,690,000	-
Loans payable	4,337,262	-	5,510,602	4,555,261	9,847,864	4,555,261
Leases	19,913,612	-	-	-	19,913,612	-
Capital leases	-	2,957,370	-	1,233,489	-	4,190,859
<b>Total</b>	<b>\$ 228,536,813</b>	<b>\$ 64,649,776</b>	<b>\$ 10,681,792</b>	<b>\$ 11,259,647</b>	<b>\$ 239,218,605</b>	<b>\$ 75,909,423</b>

For the governmental activities, the County had total long-term debt outstanding of \$228,536,813 as compared to \$64,649,776 the prior year (excluding compensated absences, estimated claims and other postemployment benefits liability), an increase of \$163,887,037. Two Lease Revenue Bonds were issued in the amounts of \$22,555,000 and \$3,730,000 to fund the acquisition and improvements of facilities located at 500 Westridge Dr. in Watsonville, CA and to pay for the cost of issuance. A Taxable Pension Obligation Bond was issued in the amount of \$124,195,000 to reduce pension unfunded accrued liability for its Safety and Sheriff CalPERS pension plans. This was offset by retirement of debt in the amount of \$11.6 million.

For the business-type activities, the County had total long-term debt outstanding of \$10,681,792 as compared to \$11,259,647 in the prior year (excluding postclosure liability and other post-employment benefits liability), a decrease of \$577,855. This decrease is due to bond debt retirement and GASB 87 lease accounting changes. GASB 87 required all prior capital leases to be accounted for as either loans or under the new definition of a lease. Business-type activities accounted for prior capital leases as loans and did not identify any leases.

The County's total debt for all primary government activities increased by \$163,309,182, or 215.1%, during the current fiscal year (excluding compensated absences, estimated claims, postclosure liability and other post-employment 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." These ratings were last reviewed by Moody's in June 2022. 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 August 2022. 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 County Sanitation District, had total long-term debt outstanding of \$39,029,969 as compared to \$18,635,132 in the prior year. This amount consists of \$18,542,548 of Loans Payable. Additionally, a green revenue bond in the amount of \$19,945,000, was issued to pay for multiple wastewater improvement projects and to pay for the cost of issuance. Retirement of debt amounted to \$887,042.

Additional information on the County's long-term debt can be found in Note 10 on pages 89-99 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 2021-2022 fiscal year, total retirement costs for the County were \$113,912,606. Of the \$113.9 million in retirement costs, the County contributed \$82.9 million. Employee contributions account for the remaining \$30.9 million. Total retirement costs included pension cost of \$76.4 million, other post-employment benefits of \$7.8 million and social security costs of \$29.7 million. These costs reflect an increase of \$8.0 million, or 7.5% compared to the prior year. The change resulted from an increase in Pension, OPEB and social security costs over the prior year of \$6.0 million, \$0.3 million and \$1.7 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 \$601,119,158 as of June 30, 2022; \$403.1 million was the liability for pension benefits and \$198.1 million was the liability for OPEB. Total retirement obligations decreased by \$176.2 million, or 22.7%, over the prior year. The total increase was made up of increases in pension liability and OPEB liability of \$175.1 million and \$1.1 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 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Total Pension Cost	\$ 54,919,852	\$ 61,415,383	\$ 70,436,125	\$ 76,413,986
Total OPEB Cost	6,873,540	7,014,009	7,502,010	7,798,262
Total Social Security Cost	25,693,659	27,812,605	28,004,288	29,700,358
<b>Total Retirement Cost</b>	<b>\$ 87,487,051</b>	<b>\$ 96,241,997</b>	<b>\$ 105,942,423</b>	<b>\$ 113,912,606</b>
Total Employee Contribution	\$ 27,023,171	\$ 28,339,466	\$ 29,850,345	\$ 30,965,269
Total County Contribution	60,463,880	67,902,531	76,092,078	82,947,337
<b>Total Retirement Cost</b>	<b>\$ 87,487,051</b>	<b>\$ 96,241,997</b>	<b>\$ 105,942,423</b>	<b>\$ 113,912,606</b>
Unfunded County Pension Liability Obligation	\$ 482,281,348	\$ 523,261,501	\$ 578,136,564	\$ 403,051,601
Unfunded County OPEB Liability Obligation	168,538,624	175,366,985	199,161,983	198,067,557
<b>Total County Unfunded Liabilities</b>	<b>\$ 650,819,972</b>	<b>\$ 698,628,486</b>	<b>\$ 777,298,547</b>	<b>\$ 601,119,158</b>
Miscellaneous Pension Plan Funded Ratio Market Value of Assets (MVA)	68.5%	68.2%	67.3%	76.8%
Safety Pension Plan Funded Ratio MVA	67.9%	68.1%	67.0%	67.9%
Safety Sheriff Pension Plan Funded Ratio MVA	60.5%	61.2%	61.3%	77.1%

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 2021-22 BUDGET AND ECONOMIC CONDITIONS**

On September 20, 2022, the Board of Supervisors (Board) approved the fiscal year 2022-23 Budget, which was based on the Proposed Budget provided in May 2022 and adjustments provided in the Supplemental, Last Day and Concluding actions approved by the Board during budget hearings.

**2021-22 Budget to Actual**

The County Governmental Funds combined ended fiscal year 2021-22 with \$87.8 million more in Fund Balance than the final budget. The largest reason for this result was the \$70.6 million in capital projects expenditures that ended the year below budget, but whose appropriations will carry over into the subsequent year. The General Fund revenues

fell short of the estimates in the Final Budget by \$25.8 million, largely attributed to continued COVID-19 pandemic impacts in reduced activity for behavioral and medical health. However, after reducing for encumbrances that will carry over into the subsequent year, the General Fund ended the year with a \$23.8 million increase in Fund Balance. This was the result of lower spending in Human Services, Health Services behavioral and medical health services, and Sheriff-Coroner by \$25.0 million, \$16.7 million, and \$9.8 million respectively. The General Fund emergency reimbursements by the Federal Emergency Management Agency (FEMA) were below estimates by \$29.2 million but were offset by freezing the American Rescue Plan Act (ARPA) related spending from the ARPA second and final allocation.

**Fiscal Year 2022-23 Adopted County Budget**

The 2022-23 County Budget for all funds increased over the 2021-22 budget by \$65.2 million financed by \$29.6 million in revenues and \$35.5 million in increased available fund balance. The largest Budget increases were within the General Fund (\$23.2 million) and the transportation Special Revenue Fund (\$23.1 million)

**Fiscal Year 2022-23 Adopted General Fund Budget**

The 2022-23 General Fund Budget increased over the 2021-22 budget by \$23.2 million financed by available fund balance from American Rescue Plan Act (ARPA) funding received in the prior years.

In fiscal year 2022-23, General Fund financing decreased slightly by \$0.1 million as the increase in taxes and intergovernmental revenues of \$26.8 million was offset by a reduction of \$27.9 million largely from the end of receipt of ARPA funding. Within the General Fund, the Health Services Agency department budget increased by \$29.9 million with the largest increase within Behavioral Health services for service delivery and medical service contracts. The Human Services department budget decreased by \$19.6 million with the demobilization of emergency care and shelter services.

**Reserves**

In accordance with the Board's concluding actions during budget hearings, a net decrease in reserves of \$3.5, brought total committed and assigned reserves to 10% of total revenues, or \$67.5 million, which met the 10% goal set by the Board of Supervisors.

**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.

# Basic Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022



# Government-Wide Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022

**GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 308,713,560	\$ 10,844,091	\$ 319,557,651	\$ 20,172,845
Restricted cash and investments	25,524,172	12,880,870	38,405,042	20,008,924
Receivables, net	84,602,151	3,008,934	87,611,085	-
Due from other funds	54,425	(54,425)	-	-
Leases receivable	79,880	-	79,880	-
Deposits with others	529,787	469,810	999,597	-
Inventory	550,992	181,702	732,694	-
Prepaid items	1,402,075	-	1,402,075	-
Due from other governments	1,361,955	-	1,361,955	-
Land held for resale	1,166,891	-	1,166,891	-
Loans receivable	67,172,205	8,148	67,180,353	-
Internal balances	(654)	654	-	-
Capital Assets:				
Nondepreciable assets	101,122,678	16,414,395	117,537,073	6,595,166
Depreciable assets, net	597,175,597	26,457,455	623,633,052	139,707,517
Total assets	<u>1,189,455,714</u>	<u>70,211,634</u>	<u>1,259,667,348</u>	<u>186,484,452</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on bond refunding	576,490	-	576,490	-
Deferred pensions	190,132,440	-	190,132,440	-
Deferred OPEB	27,379,635	-	27,379,635	-
Total deferred outflows of resources	<u>218,088,565</u>	<u>-</u>	<u>218,088,565</u>	<u>-</u>

See accompanying Notes to Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>LIABILITIES</b>				
Accounts payables	\$ 58,652,523	\$ 2,701,633	\$ 61,354,156	\$ 4,113,314
Salaries and benefits payable	16,496,086	-	16,496,086	-
Deposits payable	2,899,496	209,476	3,108,972	-
Accrued interest payable	789,708	100,630	890,338	147,222
Tax and revenue anticipation notes payable	49,467,306	-	49,467,306	-
Unearned revenues	28,498,021	-	28,498,021	-
Due to other governments	86,720	-	86,720	-
Long-term liabilities:				
Due within one year				
Compensated absences	26,116,826	-	26,116,826	-
Estimated claims	10,914,649	-	10,914,649	-
Leases payable	2,403,788	-	2,403,788	-
Bonds and loans payable	11,847,054	583,830	12,430,884	1,300,301
Due in more than one year				
Compensated absences	10,168,137	-	10,168,137	-
Estimated claims	41,792,000	-	41,792,000	-
Leases payable	17,519,491	-	17,519,491	-
Bonds and loans payable	196,776,147	10,097,962	206,874,109	37,729,668
Postclosure care costs	-	12,832,584	12,832,584	-
Total OPEB liability	198,067,557	-	198,067,557	-
Net pension liability	403,051,601	-	403,051,601	-
Total liabilities	1,075,547,110	26,526,115	1,102,073,225	43,290,505
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Lease related	78,742	-	78,742	-
Deferred pensions	136,843,480	-	136,843,480	-
Deferred OPEB	19,895,991	-	19,895,991	-
Total deferred inflows of resources	156,818,213	-	156,818,213	-
<b>NET POSITION</b>				
Net investment in capital assets	631,243,860	31,920,388	663,164,248	107,272,683
Restricted for:				
Debt service	2,378,349	534,353	2,912,702	-
Capital asset acquisition	36,075,122	-	36,075,122	-
Public safety	15,999,184	-	15,999,184	-
Health and public assistance	1,676,137	-	1,676,137	-
Public ways and facilities	94,070,495	-	94,070,495	-
Unrestricted	(606,264,191)	11,230,778	(595,033,413)	35,921,264
Total net position	\$ 175,178,956	\$ 43,685,519	\$ 218,864,475	\$ 143,193,947

See accompanying Notes to Basic Financial Statements.



**GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	\$ 42,186,979	\$ 27,224,033	\$ 36,292,871	\$ -	\$ 63,516,904
Public protection	201,256,125	28,937,519	64,873,941	141,296	93,952,756
Public ways and facilities	30,783,275	7,374,405	8,941,536	14,842,239	31,158,180
Health and sanitation	195,857,710	46,011,901	136,852,017	-	182,863,918
Public assistance	179,813,704	1,122,838	152,208,620	-	153,331,458
Education	6,306,072	999	121,083	-	122,082
Recreation and cultural services	11,451,913	2,708,135	62,961	-	2,771,096
Debt service	4,759,756	40,512	(223,000)	-	(182,488)
<b>Total governmental activities</b>	<b>672,415,534</b>	<b>113,420,342</b>	<b>399,130,029</b>	<b>14,983,535</b>	<b>527,533,906</b>
Business-type activities:					
County Disposal Sites CSA 9C	22,815,622	17,868,521	673,926	-	18,542,447
Boulder Creek CSA 7	467,192	526,406	152,891	-	679,297
Rolling Woods CSA 10	27,555	63,762	-	-	63,762
Septic Tank Maintenance CSA 12	1,426,375	1,512,872	-	-	1,512,872
Freedom County Sanitation District	1,183,385	1,239,426	1,882,291	-	3,121,717
Davenport County Sanitation District	833,073	569,091	2,680	-	571,771
Place de Mer CSA 2	123,723	103,070	-	-	103,070
Sand Dollar Beach CSA 5	272,653	313,544	-	-	313,544
Trestle Beach CSA 20	82,811	77,464	-	-	77,464
<b>Total business-type activities</b>	<b>27,232,389</b>	<b>22,274,156</b>	<b>2,711,788</b>	<b>-</b>	<b>24,985,944</b>
<b>Total primary government</b>	<b>\$ 699,647,923</b>	<b>\$ 135,694,498</b>	<b>\$ 401,841,817</b>	<b>\$ 14,983,535</b>	<b>\$ 552,519,850</b>
<b>Component unit:</b>					
Santa Cruz County Sanitation District	\$ 26,551,658	\$ 28,294,929	\$ 104,436	\$ -	\$ 28,399,365

**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**

Change in net position

Net position - beginning of year  
Prior period adjustment

**Net position - beginning of year as restated**

**Net position - end of year**

See accompanying Notes to Basic Financial Statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ 21,329,925	\$ -	\$ 21,329,925	
(107,303,369)	-	(107,303,369)	
374,905	-	374,905	
(12,993,792)	-	(12,993,792)	
(26,482,246)	-	(26,482,246)	
(6,183,990)	-	(6,183,990)	
(8,680,817)	-	(8,680,817)	
(4,942,244)	-	(4,942,244)	
<u>(144,881,628)</u>	<u>-</u>	<u>(144,881,628)</u>	
-	(4,273,175)	(4,273,175)	
-	212,105	212,105	
-	36,207	36,207	
-	86,497	86,497	
-	1,938,332	1,938,332	
-	(261,302)	(261,302)	
-	(20,653)	(20,653)	
-	40,891	40,891	
-	(5,347)	(5,347)	
-	(2,246,445)	(2,246,445)	
<u>\$ (144,881,628)</u>	<u>\$ (2,246,445)</u>	<u>\$ (147,128,073)</u>	
			\$ 1,847,707
\$ 136,153,613	\$ 49,156	\$ 136,202,769	-
3,782,314	-	3,782,314	-
28,220,884	-	28,220,884	-
14,137,276	-	14,137,276	-
7,228,498	-	7,228,498	-
<u>189,522,585</u>	<u>49,156</u>	<u>189,571,741</u>	<u>-</u>
(4,067,996)	(496,415)	(4,564,411)	(430,016)
19,623	-	19,623	-
<u>12,010,297</u>	<u>4,684,360</u>	<u>16,694,657</u>	<u>793,690</u>
<u>197,484,509</u>	<u>4,237,101</u>	<u>201,721,610</u>	<u>363,674</u>
52,602,881	1,990,656	54,593,537	2,211,381
113,975,917	41,694,863	155,670,780	140,982,566
8,600,158	-	8,600,158	-
<u>122,576,075</u>	<u>41,694,863</u>	<u>164,270,938</u>	<u>140,982,566</u>
<u>\$ 175,178,956</u>	<u>\$ 43,685,519</u>	<u>\$ 218,864,475</u>	<u>\$ 143,193,947</u>

See accompanying Notes to Basic Financial Statements.



# Fund Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022



# Governmental Funds Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022



**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, 2022**

	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	\$ 205,556,336	\$ -	\$ 8,046,040	\$ 14,299,345	\$ 35,680,247	\$ 263,581,968
Restricted cash and investments	-	-	-	-	25,524,172	25,524,172
Receivables, net	64,231,579	18,407,446	346,568	7,782	1,388,862	84,382,237
Due from other funds	-	-	-	1,030,371	-	1,030,371
Due from other governments	-	-	-	1,361,955	-	1,361,955
Leases receivable	79,880	-	-	-	-	79,880
Loans receivable	-	-	67,172,206	-	-	67,172,206
Deposits with others	70,000	-	-	-	-	70,000
Prepays	1,402,075	-	-	-	-	1,402,075
Land held for resale	-	-	1,166,891	-	-	1,166,891
<b>Total assets</b>	<b>\$ 271,339,870</b>	<b>\$ 18,407,446</b>	<b>\$ 76,731,705</b>	<b>\$ 16,699,453</b>	<b>\$ 62,593,281</b>	<b>\$ 445,771,755</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 40,092,126	\$ 4,089,265	\$ 81,460	\$ 2,739,783	\$ 4,324,451	\$ 51,327,085
Salaries and benefits payable	15,825,755	-	-	-	-	15,825,755
Deposits payable	1,743,883	-	-	-	-	1,743,883
Tax and revenue anticipation notes payable	49,467,305	-	-	-	-	49,467,305
Due to other governments	86,720	-	-	-	-	86,720
Due to other funds	-	8,172,232	-	-	1,030,371	9,202,603
Advances from other funds	1,486,962	2,306,250	-	-	-	3,793,212
Unearned revenues	27,009,235	1,438,755	-	-	50,031	28,498,021
<b>Total liabilities</b>	<b>135,711,986</b>	<b>16,006,502</b>	<b>81,460</b>	<b>2,739,783</b>	<b>5,404,853</b>	<b>159,944,584</b>
<b>Deferred inflows of resources</b>						
Lease related	78,742	-	-	-	-	78,742
<b>Total deferred inflows of resources</b>	<b>78,742</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,742</b>
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable	1,402,075	-	-	-	-	1,402,075
Restricted	33,022,061	2,400,944	76,650,245	13,959,670	57,188,428	183,221,348
Committed	20,955,898	-	-	-	-	20,955,898
Assigned	80,169,108	-	-	-	-	80,169,108
<b>Total fund balances (deficit)</b>	<b>135,549,142</b>	<b>2,400,944</b>	<b>76,650,245</b>	<b>13,959,670</b>	<b>57,188,428</b>	<b>285,748,429</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 271,339,870</b>	<b>\$ 18,407,446</b>	<b>\$ 76,731,705</b>	<b>\$ 16,699,453</b>	<b>\$ 62,593,281</b>	<b>\$ 445,771,755</b>

See accompanying Notes to Basic Financial Statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
 JUNE 30, 2022**

<b>Total Fund Balances - Total Governmental Funds</b>		\$ 285,748,429
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 \$11,910,015 of internal service fund capital assets.)		687,385,640
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows - pension related	183,643,390	
Deferred outflows - OPEB related	23,736,953	
Deferred inflows - pension related	(120,937,110)	
Deferred inflows - OPEB related	<u>(17,248,959)</u>	69,194,274
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		(79,593,717)
Transfer of internal service funds to business-type activities		(654)
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	(22,315,865)	
Lease revenue bonds	(57,612,663)	
Lease revenue refunding bonds, including premium	(5,167,183)	
Certificates of participation, including premium	(500,228)	
Pension obligation bonds	(118,690,000)	
Net pension liability	(356,201,812)	
Total other post-employment benefits (OPEB) liability	(171,715,962)	
Compensated absences	(30,887,322)	
Other long-term liabilities	(4,337,262)	
Lease related	<u>(19,913,612)</u>	(787,341,909)
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.		(789,597)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Deferred amount on refunding		<u>576,490</u>
<b>Net Position of Governmental Activities</b>		<u><u>\$ 175,178,956</u></u>

See accompanying Notes to Basic Financial Statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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	\$ 161,100,815	\$ 3,940,791	\$ -	\$ -	\$ 24,480,981	\$ 189,522,587
Licenses and permits	16,724,487	-	-	-	63,104	16,787,591
Fines, forfeits and penalties	9,788,183	-	-	-	12,687	9,800,870
Use of money and property	(3,004,171)	(379,042)	537,199	(140,800)	(677,429)	(3,664,243)
Aid from other governments	385,381,658	23,334,714	348,568	3,282,196	1,760,623	414,107,759
Charges for services	70,059,899	2,964,557	628,337	-	13,179,089	86,831,882
Other	8,790,849	1,908,295	35,329	991,535	272,799	11,998,807
<b>Total revenues</b>	<u>648,841,720</u>	<u>31,769,315</u>	<u>1,549,433</u>	<u>4,132,931</u>	<u>39,091,854</u>	<u>725,385,253</u>
<b>EXPENDITURES:</b>						
Current:						
General government	41,093,575	-	-	-	821,682	41,915,257
Public protection	297,393,244	-	-	-	21,258,434	318,651,678
Public ways and facilities	1,390	32,065,747	-	-	4,941,247	37,008,384
Health and sanitation	195,962,924	-	-	-	14,626	195,977,550
Public assistance	178,108,823	-	1,255,492	-	-	179,364,315
Education	140,467	-	-	-	5,465,508	5,605,975
Recreation and cultural services	9,100,463	-	-	-	1,431,900	10,532,363
Debt service:						
Principal	8,439,858	-	-	-	5,107,089	13,546,947
Interest	2,278,135	18,373	-	-	2,671,834	4,968,342
Bond issuance costs	554,663	-	-	-	288,916	843,579
Fiscal charges	152,443	-	-	-	12,661	165,104
Capital outlay	-	-	-	28,090,292	-	28,090,292
<b>Total expenditures</b>	<u>733,225,985</u>	<u>32,084,120</u>	<u>1,255,492</u>	<u>28,090,292</u>	<u>42,013,897</u>	<u>836,669,786</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(84,384,265)</u>	<u>(314,805)</u>	<u>293,941</u>	<u>(23,957,361)</u>	<u>(2,922,043)</u>	<u>(111,284,533)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Loan proceeds	2,000,000	-	-	-	-	2,000,000
Bonds issued	124,195,000	-	-	-	26,285,001	150,480,001
Bond premium	-	-	-	-	3,214,154	3,214,154
Bond discount	-	-	-	-	(52,588)	(52,588)
Lease inception	863,259	-	-	-	-	863,259
Transfers in	2,425,869	4,621,617	-	24,365,570	7,322,423	38,735,479
Transfers out	(21,269,432)	-	-	-	(22,601,732)	(43,871,164)
<b>Total other financing sources (uses)</b>	<u>108,214,696</u>	<u>4,621,617</u>	<u>-</u>	<u>24,365,570</u>	<u>14,167,258</u>	<u>151,369,141</u>
<b>Net change in fund balance (deficit)</b>	<u>23,830,431</u>	<u>4,306,812</u>	<u>293,941</u>	<u>408,209</u>	<u>11,245,215</u>	<u>40,084,608</u>
Fund balances - beginning	111,718,711	(1,905,868)	67,783,890	13,551,461	45,943,213	237,091,407
Prior period adjustment (Note 20)	-	-	8,572,414	-	-	8,572,414
Fund balances - beginning as restated	111,718,711	(1,905,868)	76,356,304	13,551,461	45,943,213	245,663,821
Fund balances (deficit) - ending	<u>\$ 135,549,142</u>	<u>\$ 2,400,944</u>	<u>\$ 76,650,245</u>	<u>\$ 13,959,670</u>	<u>\$ 57,188,428</u>	<u>\$ 285,748,429</u>

See accompanying Notes to Basic Financial Statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
 OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) TO THE  
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$ 40,084,608
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	60,281,197	
Retirement of capital assets	(31,138)	
Less current year depreciation and amortization	<u>(32,621,853)</u>	27,628,206
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:		
Pension obligation bonds issued	(124,195,000)	
Lease revenue bonds issued	(26,285,000)	
Discounts	52,588	
Premiums	(3,214,154)	
Loan proceeds	(2,000,000)	
Lease inception	<u>(863,258)</u>	(156,504,824)
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	3,450,000	
Certificates of participation	230,000	
Lease revenue bonds	1,170,000	
Lease revenue refunding bonds	316,048	
Pension obligation bonds	5,505,000	
Loan principal payments	585,853	
Lease related	<u>2,318,082</u>	13,574,983
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	376,984	
Change in accrued interest payable	(264,663)	
Change in compensated absences	1,043,732	
Change in deferred loss on bond refunding	(106,000)	
Change in total OPEB liability and related deferred outflows and inflows of resources	(6,319,090)	
Change in net pension liability and related deferred outflows and inflows of resources	<u>135,225,839</u>	129,956,802
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.		
		(1,939,399)
Reverse of prior year transfer of internal service funds to business-type activities.		
		(196,841)
Transfer of internal service funds to business-type activities.		
		<u>(654)</u>
<b>Change in Net Position of Governmental Activities</b>		<u>\$ 52,602,881</u>

See accompanying Notes to Basic Financial Statements.



# Proprietary Funds Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022



**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.



**STATEMENT OF NET POSITION (DEFICIT)  
PROPRIETARY FUNDS  
JUNE 30, 2022**

	Business-Type Activities - Enterprise Funds			Governmental
	County	Nonmajor	Total	Activities
	Disposal	Enterprise		Internal
	Sites CSA 9C	Funds	Service Funds	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 6,713,290	\$ 4,130,801	\$ 10,844,091	\$ 45,131,589
Restricted cash and investments	12,845,245	35,625	12,880,870	-
Receivables	687,508	2,321,426	3,008,934	219,914
Due from other funds	-	-	-	8,226,657
Deposits with others	469,810	-	469,810	459,787
Inventory	181,702	-	181,702	550,993
Advances to other funds	-	-	-	3,793,212
<b>Total current assets</b>	<b>20,897,555</b>	<b>6,487,852</b>	<b>27,385,407</b>	<b>58,382,152</b>
Noncurrent assets:				
Loans receivable	-	8,148	8,148	-
Capital Assets:				
Land	1,858,849	-	1,858,849	97,087
Construction-in-progress	111,322	14,444,224	14,555,546	115,474
Depreciable:				
Buildings and structures	33,354,384	24,652,288	58,006,672	4,403,660
Equipment	11,094,095	81,586	11,175,681	37,306,575
Accumulated depreciation	(31,767,494)	(10,957,404)	(42,724,898)	(31,010,161)
<b>Capital assets, net</b>	<b>14,651,156</b>	<b>28,220,694</b>	<b>42,871,850</b>	<b>10,912,635</b>
<b>Total noncurrent assets</b>	<b>14,651,156</b>	<b>28,228,842</b>	<b>42,879,998</b>	<b>10,912,635</b>
<b>Total assets</b>	<b>35,548,711</b>	<b>34,716,694</b>	<b>70,265,405</b>	<b>69,294,787</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension	-	-	-	6,489,050
Deferred OPEB	-	-	-	3,642,682
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,131,732</b>

See accompanying Notes to Basic Financial Statements.

STATEMENT OF NET POSITION (DEFICIT)  
 PROPRIETARY FUNDS  
 JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			Governmental
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
<b>LIABILITIES</b>				
Current liabilities:				
Payables	\$ 1,724,052	\$ 977,581	\$ 2,701,633	\$ 7,325,439
Accrued salaries and benefits payable	-	-	-	670,329
Deposits payable	209,476	-	209,476	1,155,614
Due to other funds	-	54,425	54,425	-
Accrued interest payable	100,562	68	100,630	111
Current portion of long-term liabilities	474,913	108,917	583,830	-
Capital leases	-	-	-	4,837
Claims liabilities	-	-	-	10,914,649
Compensated absences, due within one year	-	-	-	3,498,041
<b>Total current liabilities</b>	<b>2,509,003</b>	<b>1,140,991</b>	<b>3,649,994</b>	<b>23,569,020</b>
Noncurrent liabilities:				
Long-term liabilities	5,769,674	4,328,288	10,097,962	-
Capital leases	-	-	-	4,830
Claims liabilities	-	-	-	41,792,000
Closure and postclosure care costs liability	12,832,584	-	12,832,584	-
Compensated absences, due in more than one year	-	-	-	1,899,600
Total OPEB liability	-	-	-	26,351,595
Net pension liability	-	-	-	46,849,789
<b>Total noncurrent liabilities</b>	<b>18,602,258</b>	<b>4,328,288</b>	<b>22,930,546</b>	<b>116,897,814</b>
<b>Total liabilities</b>	<b>21,111,261</b>	<b>5,469,279</b>	<b>26,580,540</b>	<b>140,466,834</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension	-	-	-	15,906,369
Deferred OPEB	-	-	-	2,647,032
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,553,401</b>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	8,136,899	23,783,489	31,920,388	10,902,968
Restricted for:				
Debt service	522,804	11,549	534,353	459,787
Unrestricted	5,777,747	5,452,377	11,230,124	(90,956,471)
<b>Total net position (deficit)</b>	<b>\$ 14,437,450</b>	<b>\$ 29,247,415</b>	<b>43,684,865</b>	<b>\$ (79,593,716)</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			654	
Net Position of Business-Type Activities per Government-Wide Financial Statements			<u>\$ 43,685,519</u>	

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Business-Type Activities - Enterprise Funds			Governmental
	County	Nonmajor	Total	Activities
	Disposal Sites CSA 9C	Enterprise Funds		Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 17,868,521	\$ 4,405,635	\$ 22,274,156	\$ 89,122,894
Other revenues	554,557	-	554,557	2,135,132
<b>Total operating revenues</b>	<u>18,423,078</u>	<u>4,405,635</u>	<u>22,828,713</u>	<u>91,258,026</u>
<b>OPERATING EXPENSES:</b>				
Salaries and employee benefits	-	-	-	43,340,392
Services and supplies	20,933,414	3,787,192	24,720,606	40,538,137
Insurance and compensation claims	-	-	-	10,968,398
Depreciation and amortization	1,828,711	583,210	2,411,921	3,332,382
<b>Total operating expenses</b>	<u>22,762,125</u>	<u>4,370,402</u>	<u>27,132,527</u>	<u>98,179,309</u>
<b>Operating income (loss)</b>	<u>(4,339,047)</u>	<u>35,233</u>	<u>(4,303,814)</u>	<u>(6,921,283)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Intergovernmental	673,926	2,037,863	2,711,789	5,804
Interest and investment income	(393,528)	(102,887)	(496,415)	(403,757)
Property taxes	-	49,156	49,156	-
Gain on disposal of capital assets	-	-	-	19,623
Loss on disposal of capital assets	-	-	-	(43,432)
Interest expense	(227,203)	(70,155)	(297,358)	(1,332)
Other nonoperating revenue	-	4,129,803	4,129,803	11,490
<b>Total nonoperating revenues (expenses)</b>	<u>53,195</u>	<u>6,043,780</u>	<u>6,096,975</u>	<u>(411,604)</u>
<b>Income (loss) before transfers</b>	<u>(4,285,852)</u>	<u>6,079,013</u>	<u>1,793,161</u>	<u>(7,332,887)</u>
Capital contributions	-	-	-	257,803
Transfers in	-	-	-	5,135,685
<b>Change in net position (deficit)</b>	<u>(4,285,852)</u>	<u>6,079,013</u>	<u>1,793,161</u>	<u>(1,939,399)</u>
Net position (deficit) - beginning	18,723,302	23,168,402	41,891,704	(77,654,317)
Net position (deficit) - ending	<u>\$ 14,437,450</u>	<u>\$ 29,247,415</u>	<u>\$ 43,684,865</u>	<u>\$ (79,593,716)</u>
Change in Net Position of Business-Type Activities			\$ 1,793,161	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			197,495	
Change in Net Position of Business-Type Activities per Government-Wide Financial Statements			<u>\$ 1,990,656</u>	

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	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	\$ 18,215,336	\$ 4,253,685	\$ 22,469,021	\$ 89,089,528
Payments to suppliers for goods and services	(20,369,445)	(4,365,858)	(24,735,303)	(35,595,258)
Payments to employees for salaries and benefits	-	-	-	(45,435,614)
Payments for judgments and claims	-	-	-	(11,007,212)
Closure and postclosure reserves increase (decrease)	4,628,568	-	4,628,568	-
Other receipts	554,557	-	554,557	2,135,132
<b>Net cash provided (used) by operating activities</b>	<u>3,029,016</u>	<u>(112,173)</u>	<u>2,916,843</u>	<u>(813,424)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating grants	663,926	-	663,926	5,804
Deposits with others	(414,377)	-	(414,377)	-
Other long-term liability	773,691	-	773,691	-
Advances to other entities	-	2,326	2,326	-
Due to other funds	-	(3,560,784)	(3,560,784)	-
Due from other funds	-	-	-	6,801,560
Matured interest payable	-	(162)	(162)	-
Intergovernmental receipts	-	2,037,863	2,037,863	-
Property taxes	-	49,156	49,156	-
Transfers from other funds	-	-	-	5,135,685
<b>Net cash provided (used) by noncapital financing activities</b>	<u>1,023,240</u>	<u>(1,471,601)</u>	<u>(448,361)</u>	<u>11,943,049</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(298,503)	(2,475,676)	(2,774,179)	(170,098)
Acquisition of equipment	(664,850)	-	(664,850)	(1,940,521)
Insurance proceeds	-	1,960,326	1,960,326	7,650
Principal paid on capital debt	(1,233,489)	(118,057)	(1,351,546)	-
Loss on disposal of asset	-	-	-	(3,015)
Interest payable	-	-	-	111
Interest paid on capital debt	(236,002)	(70,155)	(306,157)	(1,332)
Proceeds from sale of capital assets	-	-	-	19,623
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(2,432,844)</u>	<u>(703,562)</u>	<u>(3,136,406)</u>	<u>(2,087,582)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	(393,528)	(102,887)	(496,415)	(403,757)
<b>Net cash provided by investing activities</b>	<u>(393,528)</u>	<u>(102,887)</u>	<u>(496,415)</u>	<u>(403,757)</u>
<b>Net increase (decrease) in cash and cash and investments equivalents</b>	<u>1,225,884</u>	<u>(2,390,223)</u>	<u>(1,164,339)</u>	<u>8,638,286</u>
<b>CASH AND CASH AND INVESTMENTS EQUIVALENTS:</b>				
Beginning of year	18,332,651	6,556,649	24,889,300	36,493,303
End of year	<u>\$ 19,558,535</u>	<u>\$ 4,166,426</u>	<u>\$ 23,724,961</u>	<u>\$ 45,131,589</u>

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Business-Type Activities - Enterprise Funds			Governmental
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (4,339,047)	\$ 35,233	\$ (4,303,814)	\$ (6,921,283)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,828,711	583,210	2,411,921	3,332,382
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	337,315	(151,950)	185,365	(102,235)
Inventory	19,746	-	19,746	(58,753)
Prepaid items	-	-	-	38,437
Increase (decrease) in:				
Payables	544,223	(578,666)	(34,443)	4,963,195
Deposits payable	9,500	-	9,500	68,869
Claims liabilities	-	-	-	(38,814)
Accrued salaries and benefits	-	-	-	(2,095,222)
Closure and postclosure care liability	4,628,568	-	4,628,568	-
Total adjustments	7,368,063	(147,406)	7,220,657	6,107,859
<b>Net cash provided (used) by operating activities</b>	<b>\$ 3,029,016</b>	<b>\$ (112,173)</b>	<b>\$ 2,916,843</b>	<b>\$ (813,424)</b>

**Schedule of non-cash capital and related financing activities:**

Reconciliation of cash and cash equivalents to the Statement of Net Position				
Cash and investments per Statement of Net Position	\$ 6,713,290	\$ 4,130,801	\$ 10,844,091	\$ 45,131,589
Restricted cash per Statement of Net Position	12,845,245	35,625	12,880,870	-
Total cash and cash equivalents per Statement of Net Position	<b>\$ 19,558,535</b>	<b>\$ 4,166,426</b>	<b>\$ 23,724,961</b>	<b>\$ 45,131,589</b>

See accompanying Notes to Basic Financial Statements.

# Fiduciary Funds Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022

**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.

**Investment Trust Funds** – The Investment Trust Funds are used to report fiduciary activities from the external portion of an investment pool and individual investment accounts that are held in a trust. Participants include school and community college districts, other special districts governed by local boards, regional boards and authorities and cities that are required to keep cash in the County Treasury.

**Private-Purpose Trust Funds** – The Private-Purpose Trust Funds are used to report all fiduciary activities that (a) are not required to be reported in pension (and other employee benefits) trust funds or investment trust funds and (b) are held in a trust. These include the Public Guardian and the Redevelopment Successor Agency.

**Custodial Funds** – The Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. These include unapportioned property taxes and other custodial funds.

STATEMENT OF FIDUCIARY NET POSITION (DEFICIT)  
 FIDUCIARY FUNDS  
 JUNE 30, 2022

	Investment Trust Funds	Private- Purpose Trust Funds	Custodial Funds
<b>ASSETS</b>			
Cash and investments	\$ 809,458,229	\$ 17,283,175	\$ 53,622,376
Restricted cash and investments	11,610,980	2,570	899,628
Prepaid expenses	103,409	1,148,267	-
Receivables:			
Accounts receivable	94,871,429	1,200	-
Taxes for other governments	-	-	11,200,424
Other assets	19,148,002	-	-
Nondepreciable capital assets	4,789,246	7,425,950	-
Depreciable capital assets, net	32,986,224	-	-
<b>Total assets</b>	<u>972,967,519</u>	<u>25,861,162</u>	<u>65,722,428</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding of debt	-	220,949	-
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>220,949</u>	<u>-</u>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	12,548,645	81	19,930,225
Due to local governments	1,361,955	-	-
Interest payable	-	2,548,270	-
Long-term liabilities due in more than one year	2,880,000	-	-
Other liabilities	37,672,661	181,389,125	118,219
<b>Total liabilities</b>	<u>54,463,261</u>	<u>183,937,476</u>	<u>20,048,444</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Gain on refunding of debt	-	902,327	-
Deferred OPEB	1,001,950	-	-
Deferred pension	2,641,385	-	-
<b>Total deferred inflows of resources</b>	<u>3,643,335</u>	<u>902,327</u>	<u>-</u>
<b>NET POSITION (DEFICIT)</b>			
Restricted for:			
Pool participants	914,860,923	-	-
Individuals, organizations and other governments	-	(158,757,692)	45,673,984
<b>Total net position (deficit)</b>	<u>\$ 914,860,923</u>	<u>\$ (158,757,692)</u>	<u>\$ 45,673,984</u>

See accompanying Notes to Basic Financial Statements.



**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Investment Trust Funds	Private- Purpose Trust Funds	Custodial Funds
<b>ADDITIONS</b>			
Member contributions	\$ 16,542,055	\$ -	\$ -
Employee contributions	9,575	-	-
Gifts and bequests	613,038	-	187,716
Interest, dividends and other	(16,173,389)	(361,797)	(368,813)
Tax collections	503,598,974	18,173,258	816,001,555
Other contributions	1,277,364,141	452,059	63,748,096
<b>Total additions</b>	<u>1,781,954,394</u>	<u>18,263,520</u>	<u>879,568,554</u>
<b>DEDUCTIONS</b>			
Beneficiary payments to individuals	-	60,000	-
Administrative expenses	36,454,982	268,300	139,564
Payments to other local governments	27,405,957	-	58,374,496
Payments of taxes to other local governments	-	-	694,579,373
Interest expense	29,012,195	6,323,190	3,483
Distributions from pooled investments	1,433,614,133	-	119,117,971
Other deductions	-	154,535	-
<b>Total deductions</b>	<u>1,526,487,267</u>	<u>6,806,025</u>	<u>872,214,887</u>
<b>Net increase (decrease) in fiduciary net position (deficit)</b>	<u>255,467,127</u>	<u>11,457,495</u>	<u>7,353,667</u>
Net position (deficit) - beginning	660,086,004	(170,215,186)	38,320,317
Prior period adjustment	(692,208)	-	-
Net position (deficit) - beginning, as restated	<u>659,393,796</u>	<u>(170,215,186)</u>	<u>38,320,317</u>
<b>Net position (deficit) - ending</b>	<u>\$ 914,860,923</u>	<u>\$ (158,757,691)</u>	<u>\$ 45,673,984</u>

See accompanying Notes to Basic Financial Statements.

# Notes to Basic Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022



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**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:

- a) The Board appoints the voting majority of the governing 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.
- b) The component unit is fiscally dependent upon the County.
- c) 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.

*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

*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

**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.

*New Accounting Pronouncements*

The County implemented the following pronouncements for the fiscal year ended June 30, 2022.

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 requirements of this statement are effective for the County’s fiscal year ending June 30, 2022.

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 ending June 30, 2022.

GASB Statement No. 92, *Omnibus 2020*, is intended to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been

identified during the implementation and application of certain GASB Statements. The requirements of this statement are effective for the County's fiscal year ending June 30, 2022.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, addresses agreements entered by governments in which variable payments made or received depend on an Interbank Offered Rate (IBOR) – most notably the London Interbank Offered Rate (LIBOR); and, other accounting and financial reporting implications that result from the replacement thereof. The requirements of this statement are effective for the County's fiscal year ending June 30, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, and Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, has the objective of increasing consistency and comparability related to reporting of fiduciary component units. The requirements of this statement are effective for the County's fiscal year ending June 30, 2022.

#### Upcoming Accounting Pronouncements

The following GASB Statements will become effective for fiscal years subsequent to June 30, 2022. The County is currently analyzing its accounting practices to determine the potential impact on the financial statements for these GASB Statements.

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 ending June 30, 2023.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is intended to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this statement will take effect for the County's financial statements starting with the fiscal year that ends June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for governments and end users. The requirements of this statement will take effect for the County's financial statements starting with the fiscal year that ends June 30, 2023.

GASB Statement No. 99, *Omnibus 2022*, is intended to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Effective Date: The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*, provides guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement will take effect for the County's financial statements starting with the fiscal year that ends June 30, 2024.



GASB Statement No. 101, *Compensated Absences*, is intended to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement will take effect for the County's financial statements starting with the fiscal year that ends June 30, 2025.

#### 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

The County prepares a County-wide cost allocation plan in accordance with *Title 2 Code of Federal Regulations Part 200 (2 CFR Part 200)*, "State/Local Governmentwide Central Service Cost Allocation Plans." 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 presents 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.

For information related to budgetary policies and encumbrance accounting please refer to the Budgetary Principles section found in Required Supplementary Information.

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.

#### 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

The Fiduciary Fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. 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 County reports the following fiduciary fund types:

**Investment Trust Funds** – The Investment Trust Funds are used to report fiduciary activities from the external portion of an investment pool and individual investment accounts that are held in a trust. Participants include school and community college districts, other special districts governed by local boards, regional boards and authorities and cities that are required to keep cash in the County Treasury.

**Private-Purpose Trust Funds** – The Private-Purpose Trust Funds are used to report all fiduciary activities that (a) are not required to be reported in pension (and other employee benefits) trust funds or investment trust funds and (b) are held in a trust. These include the Public Guardian and the Redevelopment Successor Agency.

**Custodial Funds** – The Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. The County reports on 141 different custodial funds. The funds are held by the County in a custodial capacity for individuals or other government units. These include a fund for unapportioned property taxes and other custodial funds for special districts, joint powers authorities, city's redevelopment successor agencies, state agencies and individuals.

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

The County's cash and investments 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.

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 pooled 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. 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. 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. Interest on construction-related debt incurred during the period of construction is capitalized as a cost of the constructed assets.

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 Funds 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. **Lease**

Lessee: The County is a lessee for noncancellable leases of equipment, office space and warehouse space. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The County monitors changes in circumstances that would require a remeasurement of its lease and will reassure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Payments due under the lease contracts include fixed payments plus, for many of the County's leases, variable payments. For office space leases that include variable payments, those include payments for the County's proportionate share of the building's property taxes, insurance, and common area maintenance. For office equipment leases for which the County has elected not to separate lease and non-lease components, maintenance services are provided by the lessor at a fixed cost and are included in the fixed lease payments for the single, combined lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the County under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the County exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in a number of property and equipment leases across the County. These are used to maximize operational flexibility in terms of managing the assets used in the County's operations. The majority of extension and termination options held are exercisable only by the County and not by the respective lessor.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's estimated incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), are initially measured using the index or rate as of the commencement of the lease term.

Lessor: The County is a lessor for a noncancellable lease of office space. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

H. **Land Held for Resale**

Land held for resale is carried at cost. An amount equal to the carrying value of land is included in the nonspendable fund balance because such assets are not available to finance the County's current operations.

I. **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."

The deferred loss on bond refunding represents the excess of the amount placed in escrow (reacquisition price) over the carrying amount of the refunded bonds and is amortized as a component of interest expense over the shorter of the remaining life of the refunded or refunding bonds.

J. **Long-Term Debt**

**Government-Wide Financial Statements**

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

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.



**K. *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.

**L. *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.

**M. *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 134 of this report), regardless of the amount recognized as pension expenditures on the governmental funds 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.

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.

**N. *Other Post-Employment Benefits (OPEB)***

For purposes of measuring the total 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.

O. **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. The establishment of Committed fund balance requires the passage of a resolution by a simple majority vote before June 30 of the applicable fiscal year. Board action is required to change or remove the commitment. The Board resolution shall identify the title of the commitment, describe the specific purpose for the commitment, and the actual amount of the commitment or the process or formula necessary to calculate the actual amount. Funding for Committed fund balance shall be approved annually by the Board of Supervisors as part of the budget approval process.

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 7.0% 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.

As of June 30, 2022, the County's fund for Working Capital had a balance of \$6,000,000 and is included in the General Fund.

#### Committed for Strategic Reserve

The County has established a separate committed fund balance account known as the Strategic Reserve. The target funding level for the Strategic Reserve is an amount equivalent to 1.5% of general fund operating revenue. Funding for the Strategic Reserve is appropriated annually by the Board as part of the budget approval process.

The purpose of the County's Strategic Reserve is to:

- a) Mitigate economic downturns that reduce County general revenue;
- b) Mitigate state or federal budget actions that may reduce County revenue;
- c) Maintain core service levels essential to public health, safety, and welfare;

The monies in the Strategic Reserve are separate monies used only for the purposes stated above. The funds are used only to support the operating budget during recessions or periods of economic distress as measured by periods of time when the unemployment rate exceeds 8% and/or the rate of inflation exceeds the growth in property tax revenue. Any use of funds requires a four-fifths vote of the Board of Supervisors appropriating the funds.

As of June 30, 2022, the County's Strategic Reserve Fund Balance was \$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, 2022, the County's fund for Natural Disasters had a balance of \$2,000,000 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, 2022, the County's fund for the MHSA Prudent Reserve had a balance of \$2,955,898 and is included in the General Fund.

**P. *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 1 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 specific tax redemption shortfalls.

**Q. 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 expenditures or 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, 2022, was distributed on June 30, 2022.

The following is a summary of cash and investments at June 30, 2022:

	Government-Wide Statement of Net Position			
	Primary Government			Component Unit
	Government	Business-Type	Total	Santa Cruz County Sanitation District
	Activities	Activities		
Cash and Investments	\$ 308,713,560	\$ 10,844,091	\$ 319,557,651	\$ 20,172,845
Restricted Cash and Investments	25,524,172	12,880,870	38,405,042	20,008,924
<b>Total Cash and Investments</b>	<b>\$ 334,237,732</b>	<b>\$ 23,724,961</b>	<b>\$ 357,962,693</b>	<b>\$ 40,181,769</b>
	Fiduciary Funds			
	Custodial	Investment	Private-Purpose	County
	Funds	Trust Funds	Trust Funds	Total
Cash and Investments	\$ 53,622,376	\$ 809,458,229	\$ 17,283,175	\$ 1,220,094,276
Restricted Cash and Investments	899,628	11,610,980	2,570	70,927,144
<b>Total Cash and Investments</b>	<b>\$ 54,522,004</b>	<b>\$ 821,069,209</b>	<b>\$ 17,285,745</b>	<b>\$ 1,291,021,420</b>
	Cash and	Restricted Cash	Total	
	Investments	and Investments		
Primary Government and Fiduciary Funds:				
Cash on hand and imprest cash	\$ 17,939,122	\$ -	\$ 17,939,122	
Cash deposits in treasury pool	14,926,876	-	14,926,876	
Investments in treasury pool	1,167,055,433	-	1,167,055,433	
Restricted investments in other pools	-	38,050,010	38,050,010	
Restricted cash deposits in treasury pool:				
Freedom County Sanitation District	-	35,625	35,625	
County Disposal Sites CSA 9C	-	12,832,585	12,832,585	
<b>Total</b>	<b>1,199,921,431</b>	<b>50,918,220</b>	<b>1,250,839,651</b>	
Component Unit:				
Investments in treasury pool	20,172,845	-	20,172,845	
Restricted investments in other banks	-	20,008,924	20,008,924	
<b>Total</b>	<b>20,172,845</b>	<b>20,008,924</b>	<b>40,181,769</b>	
<b>Total cash and investments</b>	<b>\$ 1,220,094,276</b>	<b>\$ 70,927,144</b>	<b>\$ 1,291,021,420</b>	

At June 30, 2022, the County’s cash on hand, deposits, and investments consisted of:

	Treasury Pool	Other Banks/ Investment Pools	Total
<b>Primary Government and Fiduciary Finds:</b>			
Cash and imprest cash	\$ 17,939,122	\$ -	\$ 17,939,122
Deposits	14,926,876	-	14,926,876
Investments	1,179,923,643	38,050,010	1,217,973,653
<b>Total Primary Government and Fiduciary Funds</b>	<b>1,212,789,641</b>	<b>38,050,010</b>	<b>1,250,839,651</b>
<b>Component Unit:</b>			
Investments	20,172,845	20,008,924	40,181,769
<b>Total Component Unit</b>	<b>20,172,845</b>	<b>20,008,924</b>	<b>40,181,769</b>
<b>Total Reporting Entity</b>	<b>\$ 1,232,962,486</b>	<b>\$ 58,058,934</b>	<b>\$ 1,291,021,420</b>

The carrying amount of the County’s cash deposits was \$14,926,876 at June 30, 2022, 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.

**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	\$75 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 fair value. The fair value of investments correlates to changes in interest rates. When interest rates increase, an investment portfolio will see a decrease in fair value, as prior securities were purchased at lower yields. Inversely, when interest rates decrease, an investment portfolio will see an increase in fair value, as prior securities were purchased at higher yields. This reporting period saw a significant increase in interest rates, which resulted in a material unrealized decrease of \$32,494,816 in fair value of pool investments at June 30, 2022. This has been recorded in the financial statements of all funds with equity in pooled cash and investments in the County Treasury. The County has the full intent and ability to hold investments to maturity and does not expect to realize the decrease in fair value.

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, 2022, the County had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (In Years)				
		Less than 1	1 to 2	2 to 3	3 to 4	More than 4
Local Agency Bonds	\$ 40,787,104	\$ -	\$ 9,330,490	\$ 2,997,487	\$ 2,377,361	\$ 26,081,766
U.S. Treasury Securities	373,467,563	-	185,810,760	187,656,803	-	-
Federal Agency Securities	375,683,806	-	74,330,040	186,306,366	87,346,600	27,700,800
Medium-Term Notes - Other	93,807,374	-	27,103,701	34,857,589	27,315,684	4,530,400
Money Market Mutual Funds	132,100,009	132,100,009	-	-	-	-
Local Agency Investment Fund (LAIF)	5,036,569	5,036,569	-	-	-	-
Certificates of Deposit	99,597,250	-	99,597,250	-	-	-
Investment Agreements	16,000,000	-	16,000,000	-	-	-
Supranationals	86,827,180	-	9,992,100	46,331,170	13,998,450	16,505,460
<b>Total Investments</b>	<b>\$ 1,223,306,855</b>	<b>\$ 137,136,578</b>	<b>\$ 422,164,341</b>	<b>\$ 458,149,415</b>	<b>\$ 131,038,095</b>	<b>\$ 74,818,426</b>

**C. Concentration of Credit Risk**

At June 30, 2022, 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, 2022.

Investments Type	Standard & Poor’s	Moody’s	% of Portfolio
Local Agency Bonds	A	Aa3	3.33%
U.S. Treasury Securities	N/A	N/A	30.53%
Federal Agency Securities	AA+	Aaa	30.71%
Medium-Term Notes	A/AAA	A+	7.67%
Money Market Mutual Funds	Unrated	Unrated	10.80%
Local Agency Investment Fund (LAIF)	Unrated	Unrated	0.41%
Certificates of Deposit	A1	P1	8.14%
Checking Account	Unrated	Unrated	1.31%
Supranationals	AAA	Aaa	7.10%
<b>Total</b>			<b>100.00%</b>

**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, 2022, included a portion of the pooled 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, 2022, the County had \$5,036,569 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 .987125414 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.

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

The County began participating on January 1, 2019 in the California Asset Management Program (CAMP), a California Joint Powers Authority (JPA), to provide California public agencies with professional investment services. As of June 30, 2022, the County had \$132,000,000 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, 2022:

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	\$ 40,787,104	\$ 40,787,104	\$ -	\$ -
U.S. Treasury Securities	373,467,563	373,467,563	-	-
Federal Agency Securities	375,683,806	375,683,806	-	-
Medium-Term Notes	93,807,374	93,807,374	-	-
Certificates of Deposit	99,597,250	99,597,250	-	-
Investment Agreements	16,000,000	16,000,000	-	-
Supranationals	86,827,180	86,827,180	-	-
Total investments measured at fair value	<u>1,086,170,277</u>	<u>\$ 1,086,170,277</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Investments measured at amortized cost:</b>				
Money Market Mutual Funds	132,100,009			
Local Agency Investment Fund (LAIF)	5,036,569			
Total pooled and directed investments	<u>\$ 1,223,306,855</u>			



**NOTE 3 - RESTRICTED CASH AND INVESTMENTS**

Cash and investments at June 30, 2022, that are restricted by legal or contractual requirements are comprised of the following:

<u>Governmental Activities</u>	
Nonmajor Governmental Funds:	
Used for capital projects	\$ 25,524,172
<u>Business-Type Activities</u>	
County Disposal Sites CSA 9C:	
Used for landfill deposits	12,845,245
Freedom County Sanitation District:	
Set aside for USDA Loan reserve requirement	35,625
<u>Component Unit</u>	
Santa Cruz County Sanitation District:	
Bond proceeds used to replace aging sewer lines and upgrade pump station	20,008,924
<u>Fiduciary Funds</u>	
County of Santa Cruz Redevelopment Successor Agency:	
Used for debt service	2,569
Place De Mer Special Assessment District:	
Upgrade aging spetic system	899,628
Santa Cruz County Libraries Facilities Financing Authority:	
Used for construction and remodel of County libraries	<u>11,610,980</u>
	<u>\$ 70,927,143</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	Housing Fund	Capital Projects Fund	Nonmajor Special Revenue Funds	Internal Service Funds	Total Governmental Activities
<b>Governmental Activities:</b>							
Accounts	\$ 61,387,919	\$ 18,407,446	\$ 346,568	\$ 7,782	\$ 1,388,862	\$ 219,914	\$ 81,758,491
Taxes	3,742,399	-	-	-	-	-	3,742,399
Gross receivables	65,130,318	18,407,446	346,568	7,782	1,388,862	219,914	85,500,890
Less: allowance for uncollectibles	(898,739)	-	-	-	-	-	(898,739)
<b>Net receivables</b>	<b>\$ 64,231,579</b>	<b>\$ 18,407,446</b>	<b>\$ 346,568</b>	<b>\$ 7,782</b>	<b>\$ 1,388,862</b>	<b>\$ 219,914</b>	<b>\$ 84,602,151</b>
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total Business- Type Activities				
<b>Business-Type Activities:</b>							
Receivables	\$ 687,508	\$ 2,321,426	\$ 3,008,934				

**NOTE 5 - INTERFUND TRANSACTIONS**

**A. Government-Wide Financial Statements**

Long-Term Internal Balances

At June 30, 2022, the County had the following long-term internal balances:

	<b>Internal Balances Receivable</b>
	Governmental Activities
	<hr/>
<b>Internal Balances Payable</b>	
Business-Type Activities	\$ <u>(654)</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 amounts are netted with the amounts from prior year.

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

Due to/from

The County had the following due to/from other funds as of June 30, 2022:

<b>Due to Other Funds</b>	<b>Due from Other Funds</b>			
		Capital Projects Fund	Internal Service Funds	<b>Total</b>
	Off Highway, Road, and Transportation	\$ -	\$ 8,172,232	\$ 8,172,232
	Financing Authorities	1,030,371	-	1,030,371
	Enterprise Funds	-	54,425	54,425
	<b>Total</b>	<b>\$ 1,030,371</b>	<b>\$ 8,226,657</b>	<b>\$ 9,257,028</b>

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.

*Transfers in/out*

The County had the following transfers for the year ended June 30, 2022:

Transfers Out	Transfers In					
	General	Off Highway, Road, & Transportation	Capital Projects	Nonmajor Governmental	Internal Service	Total
	Fund	Fund	Fund	Funds	Funds	
General Fund	\$ -	\$ 4,621,617	\$ 4,189,707	\$ 7,322,423	\$ 5,135,685	\$ 21,269,432
Nonmajor Governmental Funds	2,425,869	-	20,175,863	-	-	22,601,732
<b>Total</b>	<b>\$ 2,425,869</b>	<b>\$ 4,621,617</b>	<b>\$ 24,365,570</b>	<b>\$ 7,322,423</b>	<b>\$ 5,135,685</b>	<b>\$ 43,871,164</b>

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

Transfers to/from other funds at June 30, 2022 are as follows:

Transfer From	Transfer To	Amount	Purpose	
General Fund	Off Highway, Road, and Transportation Fund	\$ 3,913,617	Funding for CZU Lightning Fire & ARPA	
	Off Highway, Road, and Transportation Fund	708,000	Holohan/Highway 152 infrastructure project	
	Internal Service Fund	241,560	To Information Services for Lucity	
	Internal Service Fund	292,000	To Public Works for Ralston Road project & fee study	
	Internal Service Fund	602,125	To Service Center for vehicles	
	Internal Service Fund	4,000,000	To Liability and Property fund for operations	
	Nonmajor Governmental Funds	7,322,423	To Financing Authorities for debt service	
	Capital Projects Fund	4,189,707	To finance capital projects	
			21,269,432	
				From Financing Authorities for interest credit received from the IRS
Nonmajor Governmental Funds	General Fund	207,687	Financing Authorities to General Fund to misc admin	
	General Fund	5,600	From Public Protection to General Fund for debt service	
Funds	General Fund	800,000	From Health and Sanitation Fund to General Fund for	
	General Fund	1,347,206	Mosquito Abatement District operations	
	General Fund	65,376	From Recreation and Cultural Services to General Fund for debt service	
	Capital Projects Fund	20,175,863	From Financing Authorities for capital projects	
		22,601,732		
		<u>\$ 43,871,164</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 balances not expected to be collected within the next fiscal year:

<b>Loans Receivable</b>	
<b>Homeowner Loans</b>	
First Time Homebuyer Program	\$ 4,828,429
Homeowner Loan - Federal Grants	154,415
Homeowner Loan - State Grants	4,861,644
Mobile Home Change Out Program	4,571,980
Mobile Home Rehab Program	181,949
Property Tax Postemployment Loans	101,534
Sorrento Oaks	10,000
<b>Total Homeowner Loans</b>	<b>14,709,951</b>
<b>Housing Project Loans</b>	
Aptos Cottages (Miller)	7,137,111
CFSC, Inc - Brommer St	2,407,200
Golden Torch	1,288,846
Housing for Independent People	40,940
Marmo's	1,642,323
McGregor	891,749
McIntosh Coach Purchase #12	98,000
McIntosh Coach Purchase	80,000
Mercy - McIntosh (Coach Loan)	348,666
Mercy - Rehab	95,237
MidPen Housing - St. Stephens	4,797,453
MidPen Housing - Orchards	3,500,000
MidPen Housing - 17th and Capitola	5,315,586
Mid-Peninsula the Farm, Inc	1,666,169
Minto	9,611,464
Novin - Park Avenue	101,000
Pacific Family Coach Acquisitions	63,702
Pacific Family - SCH	2,670,411
Pleasant Acres Permanent Financing	3,512,452
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>52,462,255</b>
<b>Total Loans Receivable</b>	<b>\$ 67,172,206</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.

**B. Business-Type Financial Statements**

The County had the following loans receivable as of June 30, 2022:

<b>Nonmajor business-type fund:</b>	
Septic Tank Maintenance CSA 12	\$ 8,148
<b>Total business-type loans receivable</b>	<b>\$ 8,148</b>

**NOTE 7 - CAPITAL ASSETS**

**A. Government-Wide Financial Statements**

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

	Balance July 1, 2021	Additions	Retirements	Reclass- ifications	Balance June 30, 2022
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 64,244,892	\$ -	\$ -	\$ -	\$ 64,244,892
Construction-in-progress	17,101,770	29,273,811	-	(9,497,795)	36,877,786
Total capital assets, not being depreciated	81,346,662	29,273,811	-	(9,497,795)	101,122,678
Capital assets, being depreciated:					
Infrastructure	762,163,530	27,814,831	-	-	789,978,361
Buildings	271,984,902	301,351	-	9,454,655	281,740,908
Machinery and equipment	56,165,913	4,390,949	(1,487,656)	43,140	59,112,346
Right of use assets being amortized:					
Buildings	-	22,038,921	-	-	22,038,921
Furniture, Machinery, and Equipment	-	206,984	-	-	206,984
Total right of use assets being amortized	-	22,245,905	-	-	22,245,905
Total capital assets being depreciated	1,090,314,345	54,753,036	(1,487,656)	9,497,795	1,153,077,520
Accumulated depreciation and amortization:					
Infrastructure	(361,952,397)	(21,375,323)	-	-	(383,327,720)
Buildings	(117,708,133)	(7,396,074)	-	-	(125,104,207)
Machinery and equipment	(41,701,462)	(4,525,271)	1,413,084	-	(44,813,649)
Buildings ROU	-	(2,571,321)	-	-	(2,571,321)
Furniture, Machinery, and Equipment ROU	-	(85,026)	-	-	(85,026)
Total accumulated depreciation and amortization; net	(521,361,992)	(35,953,015)	1,413,084	-	(555,901,923)
Total capital assets, being depreciated, net	568,952,353	18,800,021	(74,572)	9,497,795	597,175,597
<b>Governmental activities capital assets, net</b>	<b>\$ 650,299,015</b>	<b>\$ 48,073,832</b>	<b>\$ (74,572)</b>	<b>\$ -</b>	<b>\$ 698,298,275</b>

Depreciation and amortization expense was charged to governmental functions as follows:

	Capital	Right-to-use	Total
<b>Governmental Activities:</b>			
General government	\$ 1,374,455	\$ 149,410	\$ 1,523,865
Public protection	3,434,545	957,537	4,392,082
Public ways and facilities	21,375,323	0	21,375,323
Health and sanitation	1,806,090	205,433	2,011,523
Public assistance	444,607	1,334,441	1,779,048
Education	693,169	0	693,169
Recreation and cultural services	840,864	4,759	845,623
Subtotal	<u>29,969,053</u>	<u>2,651,580</u>	<u>32,620,633</u>
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	3,327,615	4,767	3,332,382
<b>Total</b>	<u>\$ 33,296,668</u>	<u>\$ 2,656,347</u>	<u>\$ 35,953,015</u>

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

	Balance July 1, 2021	Additions	Retirements	Reclass- ifications	Balance June 30, 2022
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,858,849	\$ -	\$ -	\$ -	\$ 1,858,849
Construction-in-progress	11,968,548	2,586,998	-	-	14,555,546
Total capital assets, not being depreciated	<u>13,827,397</u>	<u>2,586,998</u>	<u>-</u>	<u>-</u>	<u>16,414,395</u>
Capital assets, being depreciated:					
Buildings	57,819,489	187,183	-	-	58,006,672
Machinery and equipment	10,655,759	674,849	(154,927)	-	11,175,681
Right of use assets being amortized:					
Total capital assets, being depreciated	<u>68,475,248</u>	<u>862,032</u>	<u>(154,927)</u>	<u>-</u>	<u>69,182,353</u>
Accumulated depreciation and amortization:					
Buildings	(32,536,143)	(1,694,082)	154,927	-	(34,075,298)
Machinery and equipment	(7,931,761)	(717,839)	-	-	(8,649,600)
Total accumulated depreciation and amortization, net	<u>(40,467,904)</u>	<u>(2,411,921)</u>	<u>154,927</u>	<u>-</u>	<u>(42,724,898)</u>
Total capital assets, being depreciated, net	<u>28,007,344</u>	<u>(1,549,889)</u>	<u>-</u>	<u>-</u>	<u>26,457,455</u>
<b>Business-Type activities capital assets, net</b>	<u>\$ 41,834,741</u>	<u>\$ 1,037,109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,871,850</u>

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

	Total
<b>Business-Type Activities:</b>	
County Disposal Sites CSA 9C	\$ 1,828,711
Boulder Creek CSA 7	18,962
Rolling Woods CSA 10	9,019
Freedom County Sanitation District	223,519
Davenport County Sanitation District	303,072
Place de Mer CSA 2	5,542
Sand Dollar Beach CSA 5	18,735
<b>Total</b>	<u>\$ 2,411,921</u>

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

	Balance July 1, 2021	Additions	Deletions	Reclass- ification	Balance June 30, 2022
Nondepreciable assets:					
Construction-in-progress	\$ 14,216,029	\$ 2,312,820	\$ -	\$ (9,933,683)	\$ 6,595,166
Total nondepreciable assets	<u>14,216,029</u>	<u>2,312,820</u>	<u>-</u>	<u>(9,933,683)</u>	<u>6,595,166</u>
Depreciable assets:					
Pumping stations	52,720,461	60,860	-	9,436,117	62,217,438
Transmission systems	144,550,307	1,293,674	-	497,566	146,341,547
Sewage treatment capacity rights	35,924,625	-	-	-	35,924,625
Mobile equipment	4,486,450	360,085	-	-	4,846,535
Other equipment	1,921,816	813,669	(73,923)	-	2,661,562
Total depreciable assets	<u>239,603,659</u>	<u>2,528,288</u>	<u>(73,923)</u>	<u>9,933,683</u>	<u>251,991,707</u>
Accumulated depreciation:					
Pumping stations	(28,223,627)	(1,080,348)	-	-	(29,303,975)
Transmission systems	(54,171,330)	(2,064,642)	-	-	(56,235,972)
Sewage treatment capacity rights	(19,488,021)	(2,171,635)	-	-	(21,659,656)
Mobile equipment	(3,204,430)	(189,748)	-	-	(3,394,178)
Other equipment	(1,586,174)	(178,158)	73,923	-	(1,690,409)
Total accumulated depreciation	<u>(106,673,582)</u>	<u>(5,684,531)</u>	<u>73,923</u>	<u>-</u>	<u>(112,284,190)</u>
Depreciable assets, net	<u>132,930,077</u>	<u>(3,156,243)</u>	<u>-</u>	<u>9,933,683</u>	<u>139,707,517</u>
Total capital assets, net	<u>\$ 147,146,106</u>	<u>\$ (843,423)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,302,683</u>

Depreciation expense for the District at June 30, 2022, was \$5,684,531.



**NOTE 8. LEASES**

**A. Lease receivable**

The County leases out office space in the Government Center at 701 Ocean Street. Most leases have initial terms of up to three years, and contain one or more renewals at our option, generally for two year periods. We have generally included these renewal periods in the lease term when it is reasonably certain that we will exercise the renewal option. The County's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County's leases is not readily determinable, the County utilizes its estimated incremental borrowing rate to discount the lease payments.

Although the County is exposed to changes in the residual value at the end of the current leases, the County typically enters into new operating leases and therefore will not immediately realize any reduction in residual value at the end of these leases.

Minimum lease payments receivable on leases of investment properties are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 33,437	\$ 1,252	\$ -	\$ -
2024	29,282	655	-	-
2025	17,161	115	-	-
2026	-	-	-	-
2027	-	-	-	-
Total	\$ 79,880	\$ 2,022	\$ -	\$ -

The total amount of inflows of resources relating to leases recognized in the current fiscal year are as follows:

	Governmental Activities	Business-type Activities	Total
Lease revenue	\$ 38,625	\$ -	\$ 38,625
Interest revenue	\$ 1,972	\$ -	\$ 1,972

**B. Lease Payable**

The County is obligated under leases covering certain office space, warehouse space, machinery and office equipment that expire at various dates during the next 43 years.

The County has entered into various lease agreements as lessee primarily for office space, warehouse space and office equipment. Most leases for office space and warehouse space have initial terms of up to 10 years, and contain one or more renewals at our option, generally for five to ten-year periods. We have included these renewal periods in the lease term when it is reasonably certain that we will exercise the renewal option. Most leases for office equipment have initial terms of four years and contain options to purchase or replace the equipment at the end of the term. The County's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes and insurance, which are expensed as incurred as variable lease payments. For office space leases that include variable payments, those include payments for the County's proportionate share of the building's property taxes, insurance, and common area maintenance. The County's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County's leases for office space and warehouse space is not readily determinable, the County utilizes its estimated incremental

borrowing rate to discount the lease payments. Lease payments for office equipment are discounted at the stated interest rate, which is included in most of the County's leases for office equipment.

The statement of net position shows the following amounts relating to leases:

<u>Right-of-use assets</u>	Governmental Activities	Business-type Activities	Total
	June 30, 2022	June 30, 2022	June 30, 2022
Buildings	\$ 19,467,600	\$ -	\$ 19,467,600
Furniture, Machinery, and Equipment	121,958	-	121,958
	<u>\$ 19,589,559</u>	<u>\$ -</u>	<u>\$ 19,589,559</u>

<u>Lease payable</u>	Governmental Activities	Business-type Activities	Total
	June 30, 2022	June 30, 2022	June 30, 2022
Current	\$ 2,403,788	\$ -	\$ 2,403,788
Non-current	17,519,491	-	17,519,491
	<u>\$ 19,923,279</u>	<u>\$ -</u>	<u>\$ 19,923,279</u>

The future principal and interest lease payments as of June 30, 2022, were as follows:

Fiscal year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 2,403,788	\$ 381,435	\$ -	\$ -
2024	2,317,908	330,071	-	-
2025	2,425,901	280,416	-	-
2026	2,152,122	234,247	-	-
2027	1,809,909	194,352	-	-
2028-2032	6,684,093	527,165	-	-
2033-2037	964,305	156,737	-	-
2038-2042	381,306	88,928	-	-
2043-2047	134,850	71,623	-	-
2048-2052	148,935	57,537	-	-
2053-2057	164,561	41,911	-	-
2058-2062	181,786	24,687	-	-
2063-2067	153,815	6,146	-	-
Total	<u>\$ 19,923,279</u>	<u>\$ 2,395,255</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 9 - 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 fiscal year ended June 30, 2022, was as follows:

TRAN for Fiscal Year	Interest Rate	Beginning Balance	Additions	Deletions	Premiums/ Discount	Accrued Interest	Ending Balance
2021	3.0%	\$ 47,581,124	\$ -	\$ (47,581,124)	\$ -	\$ -	\$ -
2022	2.0%	\$ -	\$ 49,395,952	\$ -	\$ (895,952)	\$ 967,306	\$ 49,467,306

The TRAN outstanding at June 30, 2022 was paid on July 5, 2022.

**NOTE 10 - LONG-TERM DEBT**

The following is a summary of long-term liabilities transactions for the fiscal year ended June 30, 2022:

	Balance June 30, 2021	Debt Issued or Transferred In	Debt Retired or Transferred Out	Balance June 30, 2022	Due in One Year	Due in More Than One Year
<b>Governmental Activities Debt:</b>						
1996 Refunding Certificates of Participation	\$ 8,470,000	\$ -	\$ (1,230,000)	\$ 7,240,000	\$ 1,300,000	\$ 5,940,000
2008 Certificates of Participation	720,000	-	(230,000)	490,000	240,000	250,000
2008 Unamortized bond premium	17,044	-	(6,816)	10,228	6,816	3,412
<b>Subtotal</b>	<b>737,044</b>	<b>-</b>	<b>(236,816)</b>	<b>500,228</b>	<b>246,816</b>	<b>253,412</b>
2012 Lease Revenue Refunding Bond, Series A	1,295,192	-	(76,048)	1,219,144	78,425	1,140,719
2012A Unamortized bond discount	(10,914)	-	839	(10,075)	(839)	(9,236)
<b>Subtotal</b>	<b>1,284,278</b>	<b>-</b>	<b>(75,209)</b>	<b>1,209,069</b>	<b>77,586</b>	<b>1,131,483</b>
2014 Refunding Certificates of Participation	4,370,000	-	(310,000)	4,060,000	330,000	3,730,000
2014 Unamortized bond premium	181,934	-	(16,539)	165,395	16,539	148,856
<b>Subtotal</b>	<b>4,551,934</b>	<b>-</b>	<b>(326,539)</b>	<b>4,225,395</b>	<b>346,539</b>	<b>3,878,856</b>
2014 Lease Revenue Bonds	3,950,000	-	(210,000)	3,740,000	220,000	3,520,000
2014 Unamortized bond premium	154,263	-	(11,019)	143,244	11,019	132,225
<b>Subtotal</b>	<b>4,104,263</b>	<b>-</b>	<b>(221,019)</b>	<b>3,883,244</b>	<b>231,019</b>	<b>3,652,225</b>
2015 Refunding Certificates of Participation	5,065,000	-	(1,570,000)	3,495,000	1,625,000	1,870,000
2015 Lease Revenue Bonds, Series B	8,510,000	-	(275,000)	8,235,000	285,000	7,950,000
2015B Unamortized bond premium	48,106	-	(2,004)	46,102	2,004	44,098
<b>Subtotal</b>	<b>8,558,106</b>	<b>-</b>	<b>(277,004)</b>	<b>8,281,102</b>	<b>287,004</b>	<b>7,994,098</b>
2016 Refunding Certificates of Participation	7,030,000	-	(340,000)	6,690,000	350,000	6,340,000
2016 Unamortized bond premium	713,004	-	(47,534)	665,470	47,534	617,936
<b>Subtotal</b>	<b>7,743,004</b>	<b>-</b>	<b>(387,534)</b>	<b>7,355,470</b>	<b>397,534</b>	<b>6,957,936</b>
2017 Lease Revenue Bonds, Series A	6,620,000	-	(470,000)	6,150,000	465,000	5,685,000
2017A Unamortized bond discount	(52,225)	-	3,730	(48,495)	(3,730)	(44,765)
<b>Subtotal</b>	<b>6,567,775</b>	<b>-</b>	<b>(466,270)</b>	<b>6,101,505</b>	<b>461,270</b>	<b>5,640,235</b>
2020 Lease Revenue Bonds, Series A	9,490,000	-	(215,000)	9,275,000	220,000	9,055,000
2020A Unamortized bond premium	924,820	-	(93,107)	831,713	86,744	744,969
<b>Subtotal</b>	<b>10,414,820</b>	<b>-</b>	<b>(308,107)</b>	<b>10,106,713</b>	<b>306,744</b>	<b>9,799,969</b>
2020 Lease Revenue Refunding Bonds, Series B	4,225,000	-	(240,000)	3,985,000	245,000	3,740,000
2020B Unamortized bond discount	(28,818)	-	1,932	(26,886)	(1,932)	(24,954)
<b>Subtotal</b>	<b>4,196,182</b>	<b>-</b>	<b>(238,068)</b>	<b>3,958,114</b>	<b>243,068</b>	<b>3,715,046</b>
2021 SCRZPOB, 2021 Tax Pension Obligation Bond	-	124,195,000	(5,505,000)	118,690,000	5,185,000	113,505,000
<b>Subtotal</b>	<b>-</b>	<b>124,195,000</b>	<b>(5,505,000)</b>	<b>118,690,000</b>	<b>5,185,000</b>	<b>113,505,000</b>
2021A Lease Revenue, LRB Westridge	-	22,555,000	-	22,555,000	-	22,555,000
2021A Unamortized bond premium	-	3,214,154	(207,777)	3,006,377	281,201	2,725,176
<b>Subtotal</b>	<b>-</b>	<b>25,769,154</b>	<b>(207,777)</b>	<b>25,561,377</b>	<b>281,201</b>	<b>25,280,176</b>
2021B Lease Revenue, LRB Westridge	-	3,730,000	-	3,730,000	-	3,730,000
2021B Unamortized bond discount	-	(52,588)	1,310	(51,278)	(1,773)	(49,505)
<b>Subtotal</b>	<b>-</b>	<b>3,677,412</b>	<b>1,310</b>	<b>3,678,722</b>	<b>(1,773)</b>	<b>3,680,495</b>
<b>Subtotal bonds payable</b>	<b>61,692,406</b>	<b>153,641,566</b>	<b>(11,048,033)</b>	<b>204,285,939</b>	<b>10,987,008</b>	<b>193,298,931</b>

# NOTES TO BASIC FINANCIAL STATEMENTS

The County Of Santa Cruz  
Fiscal Year ended June 30, 2022

	Balance June 30, 2021	Debt Issued or Transferred In	Debt Retired or Transferred Out	Balance June 30, 2022	Due in One Year	Due in More Than One Year
<b>Governmental Activities Debt, Continued:</b>						
Loans from direct borrowings						
Energy efficient Infrastructure Loan	\$ -	\$ 2,403,667	\$ (365,585)	\$ 2,038,082	\$ 378,929	\$ 1,659,153
Sheriff CLIPS Message Switch Loan	-	318,260	(102,156)	216,104	106,038	110,066
Whole Body Security Scanner Loan	-	81,715	(60,555)	21,160	21,160	-
Central Coast Community Energy Loan	-	2,000,000	-	2,000,000	292,003	1,707,997
Communications Tower Loan	-	119,473	(57,557)	61,916	61,916	-
<b>Subtotal loans</b>	-	4,923,115	(585,853)	4,337,262	860,046	3,477,216
<b>Subtotal bonds and loans payable</b>	61,692,406	158,564,681	(11,633,886)	208,623,201	11,847,054	196,776,147
Total OPEB liability	172,243,819	-	(527,857)	171,715,962	-	171,715,962
Net Pension liability	510,935,295	-	(154,733,483)	356,201,812	-	356,201,812
Compensated absences	31,931,057	22,338,424	(23,382,159)	30,887,322	22,618,785	8,268,537
Capital leases	2,950,859	-	(2,950,859)	-	-	-
Leases <sup>(1)</sup>	-	22,231,693	(2,318,081)	19,913,612	2,398,951	17,514,661
<b>Total governmental activities</b>	<u>\$ 779,753,436</u>	<u>\$ 200,211,683</u>	<u>\$ (192,595,466)</u>	<u>\$ 787,341,909</u>	<u>\$ 36,864,790</u>	<u>\$ 750,477,119</u>
<b>Internal Service Funds</b>						
Total OPEB liability	\$ 26,918,164	\$ (566,569)	\$ -	\$ 26,351,595	\$ -	\$ 26,351,595
Net Pension liability	67,201,269	-	(20,351,480)	46,849,789	-	46,849,789
Compensated absences	5,961,473	-	(563,832)	5,397,641	3,498,041	1,899,600
Estimated claims	52,745,464	10,890,769	(10,929,584)	52,706,649	10,914,649	41,792,000
Capital Leases	6,511	-	(6,511)	-	-	-
Leases <sup>(1)</sup>	-	14,213	(4,546)	9,667	4,837	4,830
<b>Total Internal Service Funds</b>	<u>\$ 152,832,881</u>	<u>\$ 10,338,413</u>	<u>\$ (31,855,953)</u>	<u>\$ 131,315,341</u>	<u>\$ 14,417,527</u>	<u>\$ 116,897,814</u>
<b>Total Government-Wide Activities</b>						
Compensated absences	\$ 37,892,530	\$ 22,338,424	\$ (23,945,991)	\$ 36,284,963	\$ 26,116,826	\$ 10,168,137
Estimated claims	52,745,464	10,890,769	(10,929,584)	52,706,649	10,914,649	41,792,000
Other long-term liabilities:						
Bonds and loans payable	61,692,406	158,564,681	(11,633,886)	208,623,201	11,847,054	196,776,147
Capital leases	2,957,370	-	(2,957,370)	-	-	-
Leases <sup>(1)</sup>	-	22,245,906	(2,322,627)	19,923,279	2,403,788	17,519,491
<b>Subtotal other long-term liabilities</b>	<u>155,287,770</u>	<u>214,039,780</u>	<u>(51,789,458)</u>	<u>317,538,092</u>	<u>51,282,317</u>	<u>266,255,775</u>
Total OPEB liability	199,161,983	(566,569)	(527,857)	198,067,557	-	198,067,557
Net Pension liability	578,136,564	-	(175,084,963)	403,051,601	-	403,051,601
<b>Total Government-Wide Activities</b>	<u>\$ 932,586,317</u>	<u>\$ 213,473,211</u>	<u>\$ (227,402,278)</u>	<u>\$ 918,657,250</u>	<u>\$ 51,282,317</u>	<u>\$ 867,374,933</u>
<b>Business-Type Activities</b>						
<i>Enterprise Funds</i>						
2014 Lease Revenue Bonds	\$ 5,265,000	\$ -	\$ (285,000)	\$ 4,980,000	\$ 295,000	\$ 4,685,000
2014 Unamortized bond premium	205,897	-	(14,707)	191,190	14,707	176,483
<b>Subtotal Bonds Payable</b>	<u>5,470,897.00</u>	<u>-</u>	<u>(299,707)</u>	<u>5,171,190</u>	<u>309,707</u>	<u>4,861,483</u>
Loans from direct borrowings						
Davenport County Sanitation District	\$ 58,261	\$ -	\$ (25,056)	\$ 33,205	\$ 14,917	\$ 18,288
CSA 9C Heavy Equipment	-	1,558,775	(485,378)	1,073,397	165,206	908,191
Freedom County Sanitation District	4,497,000	-	(93,000)	4,404,000	94,000	4,310,000
<b>Subtotal Loans from direct borrowings</b>	<u>4,555,261</u>	<u>1,558,775</u>	<u>(603,434)</u>	<u>5,510,602</u>	<u>274,123</u>	<u>5,236,479</u>
<b>Subtotal Bonds and Loans from direct borrowings</b>	<u>10,026,158</u>	<u>1,558,775</u>	<u>(903,141)</u>	<u>10,681,792</u>	<u>583,830</u>	<u>10,097,962</u>
Postclosure liability						
Enterprise Fund - County Disposal Sites						
CSA 9C	8,204,015	4,628,569	-	12,832,584	-	12,832,584
Capital leases	1,233,489	-	(1,233,489)	-	-	-
<b>Total Business-Type Activities</b>	<u>\$ 19,463,662</u>	<u>\$ 6,187,344</u>	<u>\$ (2,136,630)</u>	<u>\$ 23,514,376</u>	<u>\$ 583,830</u>	<u>\$ 22,930,546</u>

	Balance June 30, 2021	Debt Issued or Transferred In	Debt Retired or Transferred Out	Balance June 30, 2022	Due in One Year	Due in More Than One Year
<b>Governmental Activities Debt, Continued:</b>						
<b>Component Unit - Santa Cruz County</b>						
<b>Sanitation District</b>						
2022 Green Bond, 2022 Revenue Bonds	\$ -	\$ 19,945,000	\$ -	\$ 19,945,000	\$ 380,000	\$ 19,565,000
2022 Green Bond Unamortized Bond Premium	-	542,421	-	542,421	18,081	524,340
<b>Subtotal Bonds Payable</b>	<u>-</u>	<u>20,487,421</u>	<u>-</u>	<u>20,487,421</u>	<u>398,081</u>	<u>20,089,340</u>
Loans from direct borrowings						
2020 State Water Resources Control Board Loan	4,259,957	794,458	(135,670)	4,918,745	130,666	4,788,079
2009 State Water Resources Control Board Loan	7,519,200	-	(602,333)	6,916,867	617,391	6,299,476
IBank loan	6,855,975	-	(149,039)	6,706,936	154,163	6,552,773
<b>Subtotal Loans from direct borrowings</b>	<u>18,635,132</u>	<u>794,458</u>	<u>(887,042)</u>	<u>18,542,548</u>	<u>902,220</u>	<u>17,640,328</u>
<b>Total Component Unit</b>	<u>\$ 18,635,132</u>	<u>\$ 21,281,879</u>	<u>\$ (887,042)</u>	<u>\$ 39,029,969</u>	<u>\$ 1,300,301</u>	<u>\$ 37,729,668</u>

(1) Leases issued or transferred in includes lease inception and/or transfers in related to GASB 87.

Descriptions of the long-term liabilities at June 30, 2022, are as follows:

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2022
<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-\$1,230,000-	\$ 20,955,000	\$ 4,570,000
Term bonds	3/1/21-9/1/23	5.60%	\$1,370,000	3,900,000	2,670,000
				Total 1996 Issue	<u>7,240,000</u>
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	4,060,000
Unamortized bond premium				297,707	165,395
				Total 2014 Issue	<u>4,225,395</u>
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-\$1,570,000-	8,890,000	185,000
Term bonds	6/1/22-6/1/24	3.68%	\$1,685,000	4,880,000	3,310,000
				Total 2015 Issue	<u>3,495,000</u>
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	5,055,000
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	665,470
				Total 2016 Issue	<u>7,355,470</u>
				Total Refunding Certificates of Participation	21,485,000
				Net Premiums/(Discounts)	830,865
				Total including Premiums/(Discounts)	<u>\$ 22,315,865</u>
<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	\$ 3,740,000
Unamortized bond premium				220,377	143,244
				Total 2014 Issue	<u>3,883,244</u>
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	4,405,000
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	46,102
				Total 2015 Issue	<u>8,281,102</u>
2017 Lease Revenue Bonds (financed acquisition and installation of photovoltaic energy systems at various County facilities and pay the cost of issuance)					
Collateral: Main Administrative Building and Main Courts Building					
Serial bonds	6/1/19-6/1/27	1.833-3.00%	\$415,000-\$470,000	4,075,000	2,325,000
Term bonds	6/1/28-6/1/31	3.38%	\$470,000-\$480,000	1,900,000	1,880,000
Term bonds	6/1/32-6/1/35	3.63%	\$485,000-\$495,000	1,965,000	1,945,000
Unamortized bond discount				(63,415)	(48,495)
				Total 2017 Issue	<u>6,101,505</u>

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2022
<b>Governmental Activities, Continued:</b>					
<b>Financing Authorities, Continued</b>					
2020 Series A Lease Revenue Bonds (financed various capital improvements and pay the cost of issuance) Collateral: Felton Branch Library and adjacent nature discovery park and the Simkins Family Swim Center					
Serial bonds	6/1/22-6/1/30	4.00%	\$215,000-\$290,000	\$ 2,255,000	\$ 2,040,000
Term bonds	6/1/31-6/1/35	4.00%	\$300,000-\$355,000	1,645,000	1,645,000
Term bonds	6/1/36-6/1/40	4.00%	\$370,000-\$435,000	2,005,000	2,005,000
Term bonds	6/1/41-6/1/45	4.00%	\$265,000-\$450,000	1,575,000	1,575,000
Term bonds	6/1/46-6/1/51	3.00%	\$310,000-\$360,000	2,010,000	2,010,000
Unamortized bond discount				1,025,480	831,713
				Total 2020 Issue	<u>10,106,713</u>
2021 Series A Lease Revenue Bonds (finance the acquisition and improvements to certain land and facilities and to pay the cost of issuance) Collateral: South County Service Center					
Serial bonds	6/1/24-6/1/41	4.00%	\$455,000-\$885,000	11,670,000	11,670,000
Term bonds	6/1/42-6/1/46	4.00%	\$4,990,000	4,990,000	4,990,000
Term bonds	6/1/47-6/1/51	2.50%	\$5,895,000	5,895,000	5,895,000
Unamortized bond premium				3,006,377	3,006,377
					<u>25,561,377</u>
2021 Series B Lease Revenue Bonds (finance the acquisition and improvements to certain land and facilities and to pay the cost of issuance) Collateral: South County Service Center					
Serial bonds	6/1/24-6/1/36	.611-2.709%	\$100,000-\$120,000	1,400,000	1,400,000
Term bonds	6/1/37-6/1/51	3.00%	\$2,330,000	2,330,000	2,330,000
Unamortized bond discount				(51,278)	(51,278)
					<u>3,678,722</u>
				Total 2021 Issue	<u>29,240,099</u>
				Total Lease Revenue Bonds	<u>44,410,000</u>
				Net Premiums/(Discounts)	<u>3,095,950</u>
				Total including Premiums/(Discounts)	<u>\$ 47,505,950</u>
<b>Lease Revenue Refunding Bonds</b>					
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	\$ 736,714
Term Bonds	6/15/31-6/15/34	5.00%		482,430	482,430
Unamortized bond discount				(18,465)	(10,075)
				Total 2012 Issue	<u>1,209,069</u>
2020 Series B (refinanced 2011 Certificates of Participation and pay the cost of issuance) Collateral: Felton Branch Library and adjacent nature discovery park and the Simkins Family Swim Center					
Serial bonds	6/1/21-6/1/25	1.22-2.04%	\$270,000-\$255,000	1,255,000	745,000
Term Bonds	6/1/26-6/1/30	2.63%	\$260,000-\$285,000	1,355,000	1,355,000
Term Bonds	6/1/31-6/1/36	3.00%	\$290,000-\$335,000	1,885,000	1,885,000
Unamortized bond discount				(30,895)	(26,886)
				Total 2020 Issue	<u>3,958,114</u>
				Total Lease Revenue Refunding Bonds	<u>5,204,144</u>
				Net Premiums/(Discounts)	<u>(36,961)</u>
				Total including Premiums/(Discounts)	<u>\$ 5,167,183</u>



# NOTES TO BASIC FINANCIAL STATEMENTS

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2022
<b>Governmental Activities, Continued:</b>					
<b>Financing Authorities, Continued</b>					
<i>Certificates of Participation</i>					
2008 Series Issue (finance purchase of computer software systems for various County departments)					
Collateral: Water Street Detention Facility/Routree Lane Detention Facility					
Serial certificates	8/1/09-8/1/23	3.00-4.30%	\$215,000-\$405,000	\$ 4,625,000	\$ 490,000
Unamortized bond premium				102,244	10,228
				Total 2008 Issue	<u>500,228</u>
				Total Certificates of Participation	490,000
				Net Premiums/(Discounts)	10,228
				Total including Premiums/(Discounts)	<u>\$ 500,228</u>
<b>General</b>					
<i>Taxable Pension Obligation Bonds</i>					
2021 Taxable Pension Obligation Bond (to pay a portion of the County's Safety and Sheriff unamortized, unfunded liability to CalPERS.)					
Serial bonds	6/1/22-6/1/36	.163-2.651%	\$5,505,000-\$6,325,000	\$ 83,910,000	\$ 78,405,000
Term Bonds	6/1/37-6/1/41	2.804%	\$28,490,000.00	28,490,000	28,490,000
Term Bonds	6/1/42-6/1/47	2.914%	\$11,750,000.00	11,795,000	11,795,000
				Total 2021 Issue	<u>118,690,000</u>
				Total General	118,690,000
				Net Premiums/(Discounts)	-
				Total including Premiums/(Discounts)	<u>\$ 118,690,000</u>
<i>Loans</i>					
Energy efficient infrastructure	2008-2027	3.62%	\$135,989-\$220,635	\$ 5,989,594	\$ 2,038,082
Sheriff CLIPS Message Switch	2019-2024	3.80%	\$94,813-\$110,067	690,592	216,104
Whole Body Security Scanner	2020-2023	7.13%	\$21,160-\$60,555	174,582	21,160
Central Coast Community Energy (CCCE) Loan	2022-2031	1.87%	\$91,152-\$108,448	2,000,000	2,000,000
Communications tower	2018-2023	7.58%	\$49,736-\$198,755	609,202	61,916
<i>Leases</i>					19,913,612
<b>Total Governmental Activities</b>					<u>\$ 218,430,100</u>

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2022
<b>Business-Type Activities:</b>					
<i>Lease Revenue Bonds</i>					
Enterprise Fund - County Disposal Sites 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	\$ 4,980,000
Unamortized bond premium				294,138	191,190
				Total 2014 Issue	<u>5,171,190</u>
<i>Loans from direct borrowings</i>					
Enterprise Fund - Davenport County Sanitation District					
California Technology, Trade & Commerce Agency (fund sanitation system improvements)					
	2/28/95-7/1/24	2.75%	\$3,550-\$4,817	310,691	33,204
Enterprise Fund - Freedom County Sanitation District					
United States Department of Agriculture					
	7/1/22-7/1/60	1.13%	\$93,000-\$140,000	4,497,000	4,404,000
Enterprise Fund - CSA 9C Heavy Equipment Loan					
Zion Bank	12/19-12/27	3.18%	\$154,747-\$193,185	1,543,405	1,073,398
				Subtotal Loans from direct borrowings	5,510,602
				Total Lease Revenue Bonds and Loans from direct borrowings	10,490,602
				Net Premiums/(Discounts)	191,190
				Total including Premiums/(Discounts)	<u>\$ 10,681,792</u>
Landfill postclosure					12,832,584
				<b>Total Business-Type Activities</b>	<u>\$ 23,514,376</u>
<b>Component Unit - Santa Cruz County Sanitation District (SCCSD):</b>					
<i>Lease Bonds</i>					
2022 Green Bond, 2022 Revenue Bond (financed improvement of waste water systems)					
Collateral: Trust Indenture Agreement entered into on June 1, 2022					
Serial bonds	8/1/15-8/1/34	5.000%	\$235,000-\$590,000	\$ 6,180,000	\$ 6,180,000
Term bonds	6/1/37-6/1/38	5.000%	\$1,265,000	1,265,000	1,265,000
Term bonds	6/1/39-6/1/40	4.000%	\$1,385,000	1,385,000	1,385,000
Term bonds	6/1/41-6/1/42	4.000%	\$1,500,000	1,500,000	1,500,000
Term bonds	6/1/43-6/1/45	4.125%	\$2,485,000	2,485,000	2,485,000
Term bonds	6/1/46-6/1/48	4.125%	\$2,810,000	2,810,000	2,810,000
Term bonds	6/1/49-6/1/52	4.250%	\$4,320,000	4,320,000	4,320,000
Unamortized bond premium				542,421	542,421
				Total 2022 Issue	<u>20,487,421</u>
<i>Loans from direct borrowings</i>					
2020 State Water Resources Control Board Loan					
(Soquel Pump Station Force Main Replacement Project)					
	2020-2049	1.80%	\$125,744-\$213,286	\$ 4,259,957	4,918,745
2009 State Water Resources Control Board Loan					
(Aptos Transmission Main Relocation Project)					
	2013-2032	2.50%	\$630,445-\$959,296	11,981,910	6,916,867
IBank Loan					
(replace old and deteriorated sewer lines)					
	2019-2048	3.46%	\$144,025-\$1,745,807	7,000,000	6,706,936
			<b>Total Component Unit</b>		<u>\$ 39,029,969</u>

A. **Governmental Activities**

Compensated absences and net pension/total OPEB liabilities attributable to governmental activities will be liquidated by the general fund and the internal service funds. Claims liability will generally be liquidated by the self-insurance internal service funds (see Note 18).

At June 30, 2022, annual debt service requirements of governmental activities to maturity are as follows:

Financing Authorities

Year Ending June 30,	Refunding		Lease Revenue	
	Certificates of Participation		Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 3,605,000	\$ 902,077	\$ 1,190,000	\$ 1,919,973
2024	3,755,000	740,067	1,775,000	1,879,705
2025	2,355,000	570,453	1,820,000	1,821,344
2026	2,280,000	449,666	1,870,000	1,757,153
2027	2,395,000	330,385	1,925,000	1,687,100
2028-2032	4,450,000	913,741	10,455,000	7,345,844
2033-2037	2,645,000	213,475	10,365,000	5,312,734
2038-2042	-	-	8,890,000	3,496,525
2043-2047	-	-	8,515,000	1,780,125
2048-2052	-	-	6,880,000	462,475
<b>Total</b>	<b>\$ 21,485,000</b>	<b>\$ 4,119,864</b>	<b>\$ 53,685,000</b>	<b>\$ 27,462,978</b>

Year Ending June 30,	Lease Revenue		Certificates of Participation	
	Refunding Bonds		Principal	
	Principal	Interest	Principal	Interest
2023	\$ 323,425	\$ 162,627	\$ 240,000	\$ 15,850
2024	328,178	155,401	250,000	5,375
2025	340,554	147,467	-	-
2026	350,307	138,634	-	-
2027	357,684	127,843	-	-
2028-2032	1,959,711	462,218	-	-
2033-2037	1,544,286	117,349	-	-
<b>Total</b>	<b>\$ 5,204,145</b>	<b>\$ 1,311,539</b>	<b>\$ 490,000</b>	<b>\$ 21,225</b>

General

Year Ending June 30,	Tax Obligation Bonds	
	Principal	Interest
2023	\$ 5,185,000	\$ 2,453,393
2024	5,195,000	2,438,720
2025	5,225,000	2,413,784
2026	5,260,000	2,372,297
2027	5,320,000	2,318,435
2028-2032	27,825,000	10,360,663
2033-2037	30,680,000	7,291,604
2038-2042	26,165,000	3,229,187
2043-2047	7,835,000	495,526
<b>Total</b>	<b>\$ 118,690,000</b>	<b>\$ 33,373,609</b>

The Refunding Certificates of Participation Bonds, Lease Revenue Refunding Bonds, Certificates of Participation Bonds, and Lease Revenue Bonds retirement and related interest payments are paid from revenues from the General Fund.

The County issued Taxable Pension Obligation Bonds (POB) to prepay a partial obligation under its contract with CalPERS for the County’s Unfunded Accrued Actuarial Liability (UAAL). The County’s outstanding 2021 POB related to governmental activities of \$118,690,000 contain a provision that in an event of default, if the County is unable to make payment, all bonds then outstanding and the accrued interest may become due and payable immediately.

Defeasance of Bonds

On June 4, 2020, the County issued \$4,495,000 2020 Lease Revenue Refunding Bonds Series B (“2020B Bonds”) at a discount of \$30,895, with interest rates ranging from 1.223% to 3.00%. The net proceeds of \$4,371,895 (after underwriter’s discount of \$19,033 and payment of cost of issuance of \$73,177) plus an additional \$409,613 of the 2011 Certificates of Participation (the “2011 Certificates”) reserve fund monies were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2011 Certificates. As a result, the 2011 Certificates are considered to be defeased and the liability for those have been removed from the long-term debt account.

As a result of the advance refunding of the 2011 Certificates, the County decreased its total debt service payments over the next 16 years by \$923,235 resulting in an economic gain (difference between the present values of the debt service payments on the old debt and the new debt) of \$463,471.

The net carrying amount of the old debt exceeded the reacquisition price by \$17,895 resulting in a deferred gain on refunding. This gain on refunding is amortized over 16 years, the life of the refunding bonds.

**Business-Type Activities**

At June 30, 2022, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30,	Lease Revenue Bonds		Loans from Direct Borrowings	
	Principal	Interest	Principal	Interest
2023	\$ 295,000	\$ 196,975	\$ 444,573	\$ 79,237
2024	310,000	184,950	286,198	72,346
2025	320,000	175,500	280,417	65,327
2026	330,000	162,450	284,231	58,435
2027	350,000	145,450	291,185	51,390
2028-2032	1,985,000	480,613	505,000	209,475
2032-2036	1,390,000	84,800	535,000	180,394
2037-2041	-	-	566,000	149,625
2042-2046	-	-	598,000	117,079
2047-2051	-	-	633,000	82,654
2052-2055	-	-	669,000	46,260
2057-2062	-	-	417,999	9,428
<b>Total</b>	<u>\$ 4,980,000</u>	<u>\$ 1,430,738</u>	<u>\$ 5,510,602</u>	<u>\$ 1,121,650</u>

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

**B. Component Unit**

At June 30, 2022, annual debt service requirements of the Santa Cruz County Sanitation District to maturity are as follows:

Year Ending June 30,	Green Revenue Bond		Loans from Direct Borrowings	
	Principal	Interest	Principal	Interest
2023	\$ 380,000	\$ 818,001	\$ 902,188	\$ 490,853
2024	325,000	870,669	925,342	467,640
2025	345,000	854,419	949,075	443,811
2026	360,000	837,169	973,438	419,349
2027	380,000	819,169	998,448	394,237
2028-2032	2,200,000	3,791,594	5,391,303	1,570,462
2033-2037	2,805,000	3,184,094	1,970,265	1,036,797
2038-2042	3,535,000	2,452,194	2,260,982	742,356
2043-2047	4,320,000	1,668,131	2,598,642	400,283
2048-2052	5,295,000	692,380	1,572,865	63,697
Total	<u>\$ 19,945,000</u>	<u>\$ 15,987,820</u>	<u>\$ 18,542,548</u>	<u>\$ 6,029,485</u>

**State Water Resources Control Board Loan 2009**

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, 2022, the District had a balance of \$6,916,867 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 (IBank Loan Agreement) with IBank to reduce the frequency of Sanitary Sewer Overflows (SSO) and, wherever possible, prevent SSO while meeting all applicable regulatory requirements by replacing old and deteriorated sewer lines prior to their failure. Under this IBank Loan 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, 2022, the District had a balance of \$6,706,936 in loan distributions pursuant to this IBank Loan Agreement.

**State Water Resources Control Board Loan 2020**

During 2020, the District entered into a Construction Installment Sale Agreement (Agreement) with the SWRCB to finance the Soquel Pump Station Force Main Replacement Project. Under this Agreement, the SWRCB has agreed to loan the District a total of \$5,000,000. As of June 30, 2022, the District has received a total of \$4,918,745 in loan disbursements pursuant to this Agreement. Pursuant to the Agreement, the interest rate is 1.8% and the District is scheduled to begin making payments to repay the loan in the 2021/2022 fiscal year.

**Santa Cruz County Capital Financing Authority Revenue Bonds, Series 2022 (Green Bonds)**

On June 1, 2022, the Santa Cruz County Capital Financing Authority issued Green Revenue Bonds for \$19,945,000. The bonds were issued in varying types. There are 14 serial bonds and 6 term bonds issued at a premium (the bonds). Serial bonds mature annually on June 1 between 2023 and 2036. The interest rate on the serial bonds is 5%. There are six term bonds. The first term bond, for \$1,265,000, was issued at an interest rate of 5% and matures on June 1, 2038. The second term bond for \$1,385,000, was issued at an interest rate of 4% and matures on June 1, 2040. The third term bond for \$1,500,000, was issued at an interest rate of 4% and matures on June 1, 2042. The fourth term bond for \$2,485,000, was issued at an interest rate of 4.125% and matures on June 1, 2045. The fifth term bond for \$2,810,000, was issued at an interest rate of 4.125% and matures on June 1, 2048. The sixth term bond for \$4,320,000 was issued at an interest rate of 4.25% and matures on June 1, 2052. The bonds were issued to finance wastewater improvements, specifically 5 separate components that make up the wastewater improvement project.

**C. Legal Debt Limit**

The County's legal annual debt service limit as of June 30, 2022, is \$2,745,129,642. The County's legal debt service limit is 5% of the total full cash valuation of all real and personal property within the County.

**D. 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**

2021 Lease Revenue Bonds

The 2021 Series A Lease Revenue Bonds and the 2021 Series B Taxable Lease Revenue Bonds, collectively referred to herein as "2021 Bonds" are payable from the revenues pledged under an Indenture of Trust dated October 1, 2021. The County is required to make the Lease Payments from legally available funds. The County had made a covenant in the Lease Agreement to take all actions required to include all Lease Payments in its annual budgets during the term of the lease and to make the necessary annual appropriations for all such Lease Payments and Additional Rental 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 2021 Bonds continue through 2051. At June 30, 2022, total principal and interest remaining to be paid on the 2021 Bonds is \$41,896,922.

2020 Lease Revenue Bonds

The 2020 Series A Lease Revenue Bonds and the 2020 Series B Taxable Lease Revenue Refunding Bonds, collectively referred to herein as “2020 Bonds” are payable from the revenues pledged under an Indenture of Trust dated June 1, 2020. The County is required to make the Lease Payments from legally available funds. The County had made a covenant in the Lease Agreement to take all actions required to include all Lease Payments in its annual budgets during the term of the lease and to make the necessary annual appropriations for all such Lease Payments and Additional Rental 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 2020 Bonds continue through 2051. At June 30, 2022, total principal and interest remaining to be paid on the 2020 Bonds is \$19,477,065.

#### 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, 2022, total principal and interest remaining to be paid on the bonds is \$15,908,385 for the 2015 bonds and \$7,635,040 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, mean (i) all lease payments and other amounts paid, or caused to be paid, by the County, and received by the Financing Authorities 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 \$495,000 (\$210,000 from governmental activities and \$285,000 from business-type activities). Total interest paid for the current year was \$370,163 (\$158,688 from governmental activities and \$211,475 from business-type activities). At June 30, 2022, total principal and interest remaining to be paid on the bonds is \$11,225,231 (\$4,814,494 from governmental activities and \$6,410,737 from business type activities).



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. 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 \$3,432,819. Pursuant to the Joint Powers Authority Agreement, the County is responsible for 47.53% of the total liability, or \$1,631,619. Total principal and interest paid for the current year and total customer revenues were \$285,163 and \$8,215,586, respectively. The County paid \$135,538 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, 2022, a liability for closure and postclosure maintenance in the amount of \$12,832,584 is reflected in the County Disposal Sites CSA 9C Enterprise Fund based upon landfill capacity used to date. As of June 30, 2022, Ben Lomond Landfill was filled to 100% capacity, and the County estimates that the Buena Vista Landfill is filled to 76.9% of capacity with an estimated remaining useful life of 10 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 \$3,778,354 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2022. 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, 2022, cash of \$12,832,584 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 governmental fund deficit fund balance and proprietary fund deficit net positions at June 30, 2022 were as follows:

Internal Service Funds:		
Central Duplicating	\$	354,815
Information Services		6,141,906
Public Works		50,131,805
Risk Management		2,232,702
Liability and Property Insurance		19,877,085
Workers' Compensation Insurance		12,079,592
Employee Benefit Staffing		150,483

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 total 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 \$19,877,085 and \$12,079,592, 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, 2020 to June 30, 2021.

**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 based on the plan specifications. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2 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, 2022, are summarized as follows:

	Miscellaneous		
	Prior to December 17, 2012	December 17, 2012 to December 31, 2012 or reciprocal *	On or after January 1, 2013
Hire Date			
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% at 63	2.418% at 63	2.5% at 67
Final Compensation	12 Months	36 Months	36 Months
Required Employee Contribution Rates	7.0%	7.0%	7.0%
Required Employer Contribution Rates	27.68%	27.68%	27.68%
	Safety		
	Prior to June 9, 2012	June 9, 2012 to December 31, 2012 or reciprocal *	On or after January 1, 2013
Hire Date			
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% at 55	2.7% at 55	2.7% at 57
Final Compensation	12 Months	36 Months	36 Months
Required Employee Contribution Rates	9.0%	9.0%	12.5%
Required Employer Contribution Rates	40.11%	40.11%	40.11%
	Safety Sheriff		
	Prior to June 9, 2012	June 9, 2012 to December 31, 2012 or reciprocal *	On or after January 1, 2013
Hire Date			
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% at 55	3% at 55	2.7% at 57
Final Compensation	12 Months	36 Months	36 Months
Required Employee Contribution Rates	9.0%	9.0%	12.5%
Required Employer Contribution Rates	51.38%	51.38%	51.38%

\* 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.

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.

Employees Covered – At June 30, 2021, the following employees were covered by the benefit terms for each Plan<sup>(1)</sup>:

	Miscellaneous	Safety	Safety Sheriff
Inactive Employees or Beneficiaries Currently Receiving Benefits	2,925	311	115
Inactive Employees Entitled to but not yet Receiving Benefits	1,665	286	116
Active Employees	2,102	221	155
Total	6,692	818	386

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, 2021, using an annual actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, 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, 2020 valuation was rolled forward to determine the June 30, 2021 total pension liability, based on the following actuarial methods and assumptions:

	Miscellaneous	Safety	Safety Sheriff
Valuation Date	June 30, 2020	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:			
Discount Rate	7.15%	7.15%	7.15%
Inflation	2.50%	2.50%	2.50%
Payroll Growth	2.75%	2.75%	2.75%
Projected Salary Increase	Varies <sup>(1)</sup>	Varies <sup>(1)</sup>	Varies <sup>(1)</sup>
Mortality Rate Table	Developed using CalPERS’ membership data for all Funds <sup>(2)</sup>		
Post Retirement Benefit Increase	The lesser of contract Cost of Living Adjustment (COLA) or 2.50% until Purchasing Power Protection Allowance Floor on Purchsing Power applies, 2.50% thereafter		

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

<sup>(2)</sup> The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

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

**Changes of Assumptions** – There were no changes between 2019 and 2021. In 2018, demographic assumptions and the inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions in 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, 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 rounded 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 (a)	Current Target Allocation	Real Return Years 1 -10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	-%	(0.92%)
Total	100.00%		

(a) In the CalPERS System’s Annual Comprehensive Financial Report (ACFR), Fixed Income is included in Global Debt Securities; 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.

**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, 2020	\$ 1,368,608,774	\$ 946,319,987	\$ 422,288,787
Changes in the year:			
Service Cost	26,758,403	-	26,758,403
Interest on the Total Pension Liability	96,844,686	-	96,844,686
Differences between Expected and Actual Experience	3,829,166	-	3,829,166
Contribution - Employer	-	43,047,943	(43,047,943)
Contribution - Employee	-	11,872,705	(11,872,705)
Net Investment Income	-	204,724,368	(204,724,368)
Benefit Payments, Including Refunds of Employee Contributions	(72,485,176)	(72,485,176)	-
Administrative Expenses	-	(944,765)	944,765
Net Changes	<u>54,947,079</u>	<u>186,215,075</u>	<u>(131,267,996)</u>
Balance at June 30, 2021	<u>\$ 1,423,555,853</u>	<u>\$ 1,132,535,062</u>	<u>\$ 291,020,791</u>
<b>Safety Plan</b>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020	\$ 228,857,398	\$ 157,766,785	\$ 71,090,613
Changes in the year:			
Service Cost	5,336,326	-	5,336,326
Interest on the Total Pension Liability	16,272,917	-	16,272,917
Differences between Expected and Actual Experience	1,613,751	-	1,613,751
Contribution - Employer	-	7,900,517	(7,900,517)
Contribution - Employee	-	2,184,434	(2,184,434)
Net Investment Income	-	35,254,179	(35,254,179)
Benefit Payments, Including Refunds of Employee Contributions	(11,090,130)	(11,090,130)	-
Administrative Expenses	-	(157,599)	157,599
Net Changes	<u>12,132,864</u>	<u>34,091,401</u>	<u>(21,958,537)</u>
Balance at June 30, 2021	<u>\$ 240,990,262</u>	<u>\$ 191,858,186</u>	<u>\$ 49,132,076</u>

Safety Sheriff Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020	\$ 226,685,035	\$ 141,927,871	\$ 84,757,164
Changes in the year:			
Service Cost	5,589,220	-	5,589,220
Interest on the Total Pension Liability	16,035,608	-	16,035,608
Differences between Expected and Actual Experience	(211,700)	-	(211,700)
Contribution - Employer	-	9,350,436	(9,350,436)
Contribution - Employee	-	2,057,951	(2,057,951)
Net Investment Income	-	32,004,948	(32,004,948)
Benefit Payments, Including Refunds of Employee Contributions	(9,987,419)	(9,987,419)	-
Administrative Expenses	-	(141,777)	141,777
Net Changes	11,425,709	33,284,139	(21,858,430)
Balance at June 30, 2021	\$ 238,110,744	\$ 175,212,010	\$ 62,898,734

**B. 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:

	Miscellaneous	Safety	Safety Sheriff
1% Decrease			
Net Pension Liability	\$ 466,954,057	\$ 82,865,106	\$ 96,185,239
Current Discount Rate			
Net Pension Liability	291,020,791	49,132,076	62,898,734
1% Increase			
Net Pension Liability	143,922,423	21,528,000	35,412,607

**Pension Plan Fiduciary Net Position** – The Plans’ 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 Annual Comprehensive Financial Report closing and final reconciled reserves.

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

For the year ended June 30, 2022, the County recognized a pension expense of \$38,142,346 as follows:

Miscellaneous	Safety	Safety Sheriff	TOTAL
\$25,374,882	\$4,692,290	\$8,075,174	\$38,142,346

At June 30, 2022, 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	\$ 45,370,797	\$ -
Differences between Actual and Expected Experience	6,861,411	-
Net Differences between Projected and Actual Earnings on Plan Investments	-	103,576,109
<b>Total</b>	<b>\$ 52,232,208</b>	<b>\$ 103,576,109</b>
	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 60,960,336	\$ -
Differences between Actual and Expected Experience	1,605,123	-
Net Differences between Projected and Actual Earnings on Plan Investments	-	17,263,160
<b>Total</b>	<b>\$ 62,565,459</b>	<b>\$ 17,263,160</b>
	Safety Sheriff	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 73,346,409	\$ -
Changes in Assumptions	-	135,829
Differences between Actual and Expected Experience	1,988,364	169,360
Net Differences between Projected and Actual Earnings on Plan Investments	-	15,699,022
<b>Total</b>	<b>\$ 75,334,773</b>	<b>\$ 16,004,211</b>
	<b>TOTAL</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 179,677,542	\$ -
Changes in Assumptions	-	135,829
Differences between Actual and Expected Experience	10,454,898	169,360
Net Differences between Projected and Actual Earnings on Plan Investments	-	136,538,291
<b>Total</b>	<b>\$ 190,132,440</b>	<b>\$ 136,843,480</b>

\$179,677,542 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, 2023. Details for each of the Plan follow:

Miscellaneous	Safety	Safety Sheriff	TOTAL
\$ 45,370,797	\$ 60,960,336	\$ 73,346,409	\$ 179,677,542

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 Outflows (Inflows) of Resources	Safety Deferred Outflows (Inflows) of Resources	Safety Sheriff Deferred Outflows (Inflows) of Resources	TOTAL Deferred Outflows (Inflows) of Resources
2022	\$ (20,944,216)	\$ (3,489,601)	\$ (2,881,343)	\$ (27,315,160)
2023	(22,337,283)	(3,447,327)	(3,009,193)	(28,793,803)
2024	(24,618,775)	(3,914,873)	(3,719,280)	(32,252,928)
2025	(28,814,424)	(4,806,236)	(4,406,031)	(38,026,691)
Total	\$ (96,714,698)	\$ (15,658,037)	\$ (14,015,847)	\$ (126,388,582)

C. **Payable to the Pension Plans**

At June 30, 2022, there was no outstanding amount of contributions payable to the Plans required for the year ended June 30, 2022.

**NOTE 15 - OTHER POST-EMPLOYMENT 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 GASB Statement No. 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 ages 50 or 52, depending on pension plan, with at least 5 years of service.

**Employees Covered** – At June 30, 2021, the measurement date, the following employees were covered by the benefit terms:

	<b>Total</b>
Active employees	2,301
Inactive employees or beneficiaries currently receiving benefit payments	1,430
Inactive employees entitled but not yet receiving benefit payments	389
Total	<u>4,120</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 2022, the County contributed \$7,778,586 to the OPEB Plan, \$1,484,000 of which is an implicit subsidy.

**B. Total OPEB Liability**

The County’s total OPEB liability of \$198,067,557 was measured as of June 30, 2021, the measurement date.

**Actuarial Assumptions and other inputs.** Actuarial valuations are done every two years. Update procedures were used to roll forward Total OPEB liability from the June 30, 2021 actuarial valuation date to the June 30, 2021 measurement date. Following are the actuarial assumptions and other inputs applied to the period included in the measurement unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Funding Policy	Pay-as-you-go
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Amortization Period	16 years for discount sensitivity rate analysis
Actuarial Assumptions:	
Contribution Policy	No pre-funding
Discount Rate	1.92%
Inflation	2.50% annually
Payroll Increases	Aggregate Increase -2.75%; Merit Increase - CalPERS 2000-2019 Experience Study
Mortality, Termination, Disability and Retirement	CalPERS 2000-2019 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2021
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to 4.0% in 2076; Medicare - 5.65% for 2023, decreasing to 3.75% in 2076
PEMHCA* Minimum Increase Rate	4.00% 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, 2021 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 the actuary’s estimate for the OPEB Plan’s very long-time horizon. The short-term healthcare trend was developed in consultation by the actuary with Axene Health Partners’ healthcare actuaries. The long-term healthcare trend was developed using Society of Actuaries’ Getzen Model of Long-Run Medical Cost Trends.

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

	Total OPEB Liability
Balance at June 30, 2020	\$ 199,161,983
Changes for the year:	
Service Cost	10,755,256
Interest	5,047,732
Differences between Actual and Expected Experience	(12,691,709)
Changes in Assumptions	3,569,076
Benefit Payments	(7,774,781)
Net Changes	(1,094,426)
Balance at June 30, 2021	\$ 198,067,557

**Change of Assumptions** – In 2021, the accounting discount rate decreased from 2.45 percent to 1.92 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 (0.92 percent) or one percentage point higher (2.92 percent) than the current rate:

Total OPEB Liability		
1%	2%	3%
(1% Decrease)	(Current Discount Rate)	(1% Increase)
\$ 227,458,271	\$ 198,067,557	\$ 174,166,919

**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)
\$ 182,629,717	\$ 198,067,557	\$ 222,918,994

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$14,641,957. At June 30, 2022, the County’s deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred of Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 7,778,586	\$ -
Differences Between Expected and Actual Experience	-	15,661,260
Changes in Assumptions or Other Inputs	19,601,049	4,234,731
<b>Total</b>	<b>\$ 27,379,635</b>	<b>\$ 19,895,991</b>

\$7,778,586 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, 2023.

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
2023	\$ (1,184,514)
2024	(771,514)
2025	914,035
2026	1,072,810
2027	864,148
Thereafter	(1,189,907)
<b>Total</b>	<b>\$ (294,942)</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, 2022, the deferred compensation plan’s assets of \$221,969,943 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. Construction contracts**

As of June 30, 2022, the County has construction contract commitments included in the following funds in the following amounts:

Off Highway, Road, and Transportation Fund	\$ 19,686,556
Capital Projects Fund	<u>15,370,330</u>
	<u>\$ 35,056,886</u>

**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 which may arise from the intermediaries' review.

**E. Encumbrances**

As discussed in the Required Supplementary Information of this report under Budgetary Principles, the County uses 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. This method of accounting ensures effective budgetary control and accountability, and facilitates effective cash planning and control. At year-end, the amount of encumbrances expected to be paid in the next year were as follows:

General Fund	\$ 8,716,787
Nonmajor Governmental	5,646,207
Enterprise Funds	4,868,068
Internal Service Funds	<u>3,918,250</u>
	<u>\$ 23,149,312</u>

**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, 2022, the workers’ compensation liability limit per occurrence was \$500,000.

The unpaid claims liability included in each of the Self-Insurance Internal Service Funds is based on the results of actuarial studies and includes 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.

The change in the balance of claims liabilities during the fiscal year ended June 30, 2022, and two prior years for all Self-Insurance Internal Service Funds combined is as follows:

	2022	2021	2020
Unpaid claims and claim adjustment expenses, beginning of the fiscal year	\$ 52,745,464	\$ 47,576,484	\$ 48,380,360
Incurred claims and claim adjustment expenses	10,929,583	18,300,604	7,188,472
Increase (decrease) in provision of insured events for prior years	(38,814)	5,168,980	(803,876)
Claim payments	<u>(10,929,584)</u>	<u>(18,300,604)</u>	<u>(7,188,472)</u>
Unpaid claims and claim adjustment expenses, end of the fiscal year	<u>\$ 52,706,649</u>	<u>\$ 52,745,464</u>	<u>\$ 47,576,484</u>

At June 30, 2022, the Self-Insurance Funds held a total of \$28,259,886 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, 2022, the estimated future liabilities were \$35,189,000. 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, 2022, the County had an estimated future liability of \$367,431 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, 2022, the County had estimated future liabilities totaling \$17,009,000 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, 2022, estimated future liabilities were \$141,218.

**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, 2022, 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>						
Prepays	\$ 1,402,075	\$ -	\$ -	\$ -	\$ -	\$ 1,402,075
Total nonspendable fund balance	1,402,075	-	-	-	-	1,402,075
<b>Restricted for:</b>						
Purpose of fund	-	2,400,944	76,650,245	-	32,694,627	111,745,816
Capital asset acquisition	-	-	-	13,959,670	24,493,802	38,453,472
COVID 19 Pandemic	13,656	-	-	-	-	13,656
Local Innovation	484,035	-	-	-	-	484,035
Cannabis Equity Grant	3,540	-	-	-	-	3,540
Real Estate Fraud	6,369	-	-	-	-	6,369
Recorder Micrographics	207,804	-	-	-	-	207,804
Recorder Improvement	965,345	-	-	-	-	965,345
Recorder Electronic Record Deletion	108,881	-	-	-	-	108,881
Vital Statistics	126,379	-	-	-	-	126,379
Child Support Services	337,525	-	-	-	-	337,525
DA Consumer Fraud	6,483,823	-	-	-	-	6,483,823
DA Drug Forfeiture	3,434	-	-	-	-	3,434
DA SLESF	52,731	-	-	-	-	52,731
DA Vehicle Registration Fees	-	-	-	-	-	-
Santa Cruz Regional 911	-	-	-	-	-	-
Health Care Programs	3,966,726	-	-	-	-	3,966,726
Human Services/Welfare Programs	1,241,204	-	-	-	-	1,241,204
Homeless Programs	67,411	-	-	-	-	67,411
Parks Projects	977,638	-	-	-	-	977,638
Veterans Memorial Building	11,630	-	-	-	-	11,630
Deferred Compensation	-	-	-	-	-	-
Oversight	83,850	-	-	-	-	83,850
Planning Building Training	49,377	-	-	-	-	49,377
Emergency Rental Assistance	12,337	-	-	-	-	12,337
Probation Programs	1,619,255	-	-	-	-	1,619,255
Probation SLESF	762,757	-	-	-	-	762,757
Probation Realignment	11,055,173	-	-	-	-	11,055,173
Public Defender	102,499	-	-	-	-	102,499
Sheriff Drug Forfeiture	776,795	-	-	-	-	776,795
Sheriff Programs	2,220,861	-	-	-	-	2,220,861
Sheriff SLESA/SLESF	452,640	-	-	-	-	452,640
Sheriff Realignment	828,386	-	-	-	-	828,386
Total restricted fund balance	33,022,061	2,400,944	76,650,245	13,959,670	57,188,429	183,221,349

# NOTES TO BASIC FINANCIAL STATEMENTS

	General Fund	Off Highway, Road, and Transportation Fund	Housing Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Committed to:</b>						
Natural Disasters	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
Working Capital	6,000,000	-	-	-	-	6,000,000
Strategic reserve	10,000,000	-	-	-	-	10,000,000
MHSA Prudent Reserve	2,955,898	-	-	-	-	2,955,898
Total committed fund balance	<u>20,955,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,955,898</u>
<b>Assigned to:</b>						
Federally qualified health program	37,434,202	-	-	-	-	37,434,202
Budgeted structural deficit	-	-	-	-	-	-
Eliminate projected budgetary deficit in subsequent year's budget	33,581,200	-	-	-	-	33,581,200
Unanticipated liabilities	-	-	-	-	-	-
Human services programs	7,079,355	-	-	-	-	7,079,355
Salary savings	-	-	-	-	-	-
Other purposes	2,074,351	-	-	-	-	2,074,351
Total assigned fund balance	<u>80,169,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,169,108</u>
<b>Unassigned Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 135,549,142</u>	<u>\$ 2,400,944</u>	<u>\$ 76,650,245</u>	<u>\$ 13,959,670</u>	<u>\$ 57,188,429</u>	<u>\$ 285,748,430</u>

**NOTE 20 – PRIOR PERIOD ADJUSTMENTS**

During the fiscal year ended June 30, 2022, the County implemented GASB Statement No. 87, *Leases*. As a result, the County restated net position as of June 30, 2021, to properly reflect beginning equity and the change in accounting related to the implementation.

During the County’s review process the item listed below under the Housing Fund financial statements was identified and the following adjustment was prepared:

Government-Wide Prior Period Adjustments

- Reclassification of a prior period loan payment, recorded as revenue in prior period, as a decrease to receivable
- Elimination of Capital lease liability related to implementation of GASB 87
- Addition of Lease liability related to implementation of GASB 87

Housing Fund Prior Period Adjustments

- Reclassification of a prior period loan payment, recorded as revenue in prior period, as a decrease to receivable

**Government-Wide Financial Statements**

Governmental Activities	2021 Previously Presented	Restatement	2021 Restated
Loan Receivable - Housing Fund	\$ -	\$ 8,572,414	\$ 8,572,414
Capital leases	-	2,950,859	2,950,859
Leases	-	(2,923,115)	(2,923,115)
Net position, end of year	113,975,917	\$ 8,600,158	122,576,075

**Governmental Fund Financial Statements**

Governmental Activities	2021 Previously Presented	Restatement	2021 Restated
Housing Fund net position, end of year	\$ 67,783,890	\$ 8,572,414	\$ 76,356,304

**Fiduciary Fund Financial Statements**

Investment Trust Funds	2021 Previously Presented	Restatement	2021 Restated
Fiduciary net position, end of year	\$ 660,086,004	\$ (692,208)	\$ 659,393,796



**NOTE 21 - SUBSEQUENT EVENTS**

On July 5, 2022, the County paid the principal and interest of the 2021-2022 Tax and Revenue Anticipation Notes in the total amount of \$49,469,306. On July 13, 2022, the County issued the 2022-2033 Tax and Revenue Anticipation Notes in the amount of \$48,000,000. The 2022-2023 Tax and Revenue Anticipation Notes bear interest at the rate of 5.0% and mature on July 6, 2023. 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.

**NOTE 22 - EXCESS EXPENDITURES OVER APPROPRIATIONS**

The following Funds had expenditures that exceeded appropriations:

<u>Account with excess expenditures</u>	<u>Excess Amount</u>
General Fund - General Government	
County Clerk/Elections - Services and supplies	\$ 5,996
County Clerk/Elections - Capital assets	860,788
General Fund - Public Protection	
District Attorney - Services and supplies	7,026
Public Defender - Services and supplies	56,268
Public Defender - Capital assets	89,199
Probation Department - Capital assets	2,470
General Fund - Health and Sanitation	
Health Services Agency - Other charges	4,381,096
General Fund - Education	
Agricultural Extension Services - Services and supplies	1,013
Library Fund	
Services and supplies	39,356

*General Fund – General Government: County Clerk/Elections – Services and supplies and Capital Assets.* Expenditures exceeded appropriations for all categories due to the failure to budget expenditures before year-end.

*General Fund – Public Protection: District Attorney – Services and supplies.* Expenditures exceeded appropriations due to a failure to budget expenditures before year end.

*General Fund – Public Protection: Public Defender - Services and Supplies and Capital Assets.* Expenditures exceeded appropriations due to a failure to budget expenditures before year end.

*General Fund – Public Protection: Probation Department – Capital Assets -* Expenditures exceeded appropriations due to a failure to budget expenditures before year end.

*General Fund – Health and Sanitation: Health Services Agency – Other charges -* Expenditures exceeded appropriations due to a failure to budget expenditures before year end.

*Library Fund: Services and supplies –* Expenditures exceeded appropriations due to a failure to budget expenditures before year end.

**NOTE 23 – 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 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, 2022, the Agricultural Preserve Program tax abatements were \$394,695.



# Required Supplementary Information

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022

**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:

- A. 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.
- B. 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.
- C. 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.
- D. 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.
- E. 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.
- F. Budget units are expenditure classifications which identify accounting or cost centers necessary or desirable for control of the County financial operation.
- G. 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.
- H. 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.
- I. 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.

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 part of the fund balance assigned to eliminate projected budgetary deficit in subsequent year's budget since they do not constitute expenditures or liabilities. Encumbrances at year-end are re-budgeted in the new year.

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 150,460,176	\$ 150,460,176	\$ 161,100,815	\$ 10,640,639
Licenses and permits	17,719,307	17,719,307	16,724,487	(994,820)
Fines, forfeits and penalties	8,872,811	8,872,811	9,788,183	915,372
Use of money and property	2,389,856	2,535,642	(3,004,171)	(5,539,813)
Aid from other governments	360,962,844	393,025,647	385,381,658	(7,643,989)
Charges for services	87,674,046	87,174,809	70,059,899	(17,114,910)
Other	14,026,345	14,825,525	8,790,849	(6,034,676)
<b>Total Revenues</b>	<b>642,105,385</b>	<b>674,613,917</b>	<b>648,841,720</b>	<b>(25,772,197)</b>
<b>EXPENDITURES:</b>				
General Government:				
Board of Supervisors				
Salaries and employee benefits	3,042,344	3,042,344	2,930,369	111,975
Services and supplies	144,318	133,823	118,886	14,937
Intrafund transfers	-	23	23	-
<b>Total</b>	<b>3,186,662</b>	<b>3,176,190</b>	<b>3,049,278</b>	<b>126,912</b>
Administrative Office				
Salaries and employee benefits	5,819,515	6,187,363	5,798,470	388,893
Services and supplies	3,750,680	7,086,725	2,379,905	4,706,820
Other charges	100,000	100,000	-	100,000
Intrafund transfers	(1,372,863)	(1,372,863)	(1,682,290)	309,427
<b>Total</b>	<b>8,297,332</b>	<b>12,001,225</b>	<b>6,496,085</b>	<b>5,505,140</b>
Auditor-Controller				
Salaries and employee benefits	5,880,274	5,880,274	5,821,764	58,510
Services and supplies	2,259,478	2,169,783	2,022,915	146,868
Capital assets	58,520	75,520	45,510	30,010
Intrafund transfers	(2,377,147)	(2,377,147)	(2,335,091)	(42,056)
<b>Total</b>	<b>5,821,125</b>	<b>5,748,430</b>	<b>5,555,098</b>	<b>193,332</b>
Assessor				
Salaries and employee benefits	3,042,468	3,079,428	3,079,427	1
Services and supplies	777,949	682,350	543,343	139,007
Other charges	224,517	-	-	-
Intrafund transfers	(199,739)	47,638	(174,339)	221,977
<b>Total</b>	<b>3,845,195</b>	<b>3,809,416</b>	<b>3,448,431</b>	<b>360,985</b>

(Continued)

**BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES, Continued:</b>				
General Government, Continued:				
County Counsel				
Salaries and employee benefits	\$ 4,331,010	\$ 4,387,963	\$ 4,387,963	\$ -
Services and supplies	180,128	178,934	178,933	1
Intrafund transfers	(1,879,547)	(1,879,547)	(1,947,541)	67,994
<b>Total</b>	<b>2,631,591</b>	<b>2,687,350</b>	<b>2,619,355</b>	<b>67,995</b>
Personnel				
Salaries and employee benefits	4,148,194	4,476,221	4,040,482	435,739
Services and supplies	2,994,284	3,003,850	2,859,712	144,138
Capital assets	-	15,000	9,884	5,116
Intrafund transfers	(1,618,698)	(1,996,725)	(1,657,164)	(339,561)
<b>Total</b>	<b>5,523,780</b>	<b>5,498,346</b>	<b>5,252,914</b>	<b>245,432</b>
County Clerk/Elections				
Salaries and employee benefits	2,216,717	2,228,607	2,228,606	1
Services and supplies	1,903,619	2,574,023	2,580,019	(5,996)
Capital assets	-	-	860,788	(860,788)
Intrafund transfers	-	91	90	1
<b>Total</b>	<b>4,120,336</b>	<b>4,802,721</b>	<b>5,669,503</b>	<b>(866,782)</b>
Communications				
Salaries and employee benefits	910,312	910,312	835,807	74,505
Services and supplies	1,410,841	1,482,169	1,381,061	101,108
Capital assets	-	15,000	-	15,000
Intrafund transfers	(1,541,045)	(1,563,989)	(1,913,020)	349,031
<b>Total</b>	<b>780,108</b>	<b>843,492</b>	<b>303,848</b>	<b>539,644</b>
General Services				
Salaries and employee benefits	6,527,096	6,648,440	6,648,440	-
Services and supplies	5,273,274	5,402,249	5,018,641	383,608
Capital assets	30,000	30,000	-	30,000
Intrafund transfers	(5,599,405)	(5,599,405)	(4,434,613)	(1,164,792)
<b>Total</b>	<b>6,230,965</b>	<b>6,481,284</b>	<b>7,232,468</b>	<b>(751,184)</b>
Emergency Services				
Services and supplies	1,663,496	1,663,496	1,641,546	21,950
Other charges	453,445	454,633	454,633	-
<b>Total</b>	<b>2,116,941</b>	<b>2,118,129</b>	<b>2,096,179</b>	<b>21,950</b>

(Continued)



**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES, Continued:</b>				
General Government, Continued:				
Community and Agency Support				
Services and supplies	\$ 1,729,012	\$ 886,215	\$ 7,498	\$ 878,717
Other charges	10,532,629	934,829	153,289	781,540
Intrafund transfers	(1,291,537)	(1,291,537)	(1,216,279)	(75,258)
Appropriations for contingencies	10,426,873	11,201,151	-	11,201,151
<b>Total</b>	<b>21,396,977</b>	<b>11,730,658</b>	<b>(1,055,492)</b>	<b>12,786,150</b>
Surveyor				
Services and supplies	469,971	506,900	425,908	80,992
<b>Total</b>	<b>469,971</b>	<b>506,900</b>	<b>425,908</b>	<b>80,992</b>
Plant Acquisition				
Services and supplies	454,573	454,573	-	454,573
<b>Total</b>	<b>454,573</b>	<b>454,573</b>	<b>-</b>	<b>454,573</b>
<b>Total General Government</b>	<b>64,875,556</b>	<b>59,858,714</b>	<b>41,093,575</b>	<b>18,765,139</b>
Public Protection:				
Courts				
Services and supplies	\$ 270,300	\$ 270,300	\$ (17,876)	\$ 288,176
Other charges	1,737,863	1,737,863	1,737,862	1
<b>Total</b>	<b>2,008,163</b>	<b>2,008,163</b>	<b>1,719,986</b>	<b>288,177</b>
Grand Jury				
Services and supplies	51,615	51,271	43,346	7,925
<b>Total</b>	<b>51,615</b>	<b>51,271</b>	<b>43,346</b>	<b>7,925</b>
Child Support				
Salaries and employee benefits	4,639,698	4,639,698	4,499,796	139,902
Services and supplies	1,165,213	910,330	371,902	538,428
Other charges	109,102	109,102	109,102	-
Intrafund transfers	-	885	884	1
<b>Total</b>	<b>5,914,013</b>	<b>5,660,015</b>	<b>4,981,684</b>	<b>678,331</b>
District Attorney				
Salaries and employee benefits	19,662,948	25,458,496	25,458,496	-
Services and supplies	1,895,415	1,900,074	1,907,100	(7,026)
Other charges	383,897	383,897	330,414	53,483
Capital assets	453	36,042	-	36,042
Intrafund transfers	(685,980)	287,820	(100,163)	387,983
<b>Total</b>	<b>21,256,733</b>	<b>28,066,329</b>	<b>27,595,847</b>	<b>470,482</b>

(Continued)

**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES, Continued:</b>				
Public Protection, Continued:				
Public Defender				
Salaries and employee benefits	\$ 594,429	\$ 429,879	\$ 429,879	\$ -
Services and supplies	13,584,108	14,456,969	14,513,237	(56,268)
Capital assets	-	95,962	185,161	(89,199)
<b>Total</b>	<b>14,178,537</b>	<b>14,982,810</b>	<b>15,128,277</b>	<b>(145,467)</b>
Sheriff-Coroner				
Salaries and employee benefits	65,541,333	157,958,941	154,548,069	3,410,872
Services and supplies	20,732,221	21,951,969	21,585,539	366,430
Other charges	412,955	329,492	327,188	2,304
Capital assets	-	146,258	103,170	43,088
Intrafund transfers	(318,263)	5,704,681	(300,008)	6,004,689
<b>Total</b>	<b>86,368,246</b>	<b>186,091,341</b>	<b>176,263,958</b>	<b>9,827,383</b>
Probation Department				
Salaries and employee benefits	18,421,049	41,962,929	41,335,455	627,474
Services and supplies	10,314,423	9,499,971	8,112,960	1,387,011
Other charges	36,063	61,063	48,583	12,480
Capital assets	-	13,342	15,812	(2,470)
Intrafund transfers	(50,598)	1,158,444	(253,435)	1,411,879
Appropriations for contingencies	-	549,652	-	549,652
<b>Total</b>	<b>28,720,937</b>	<b>53,245,401</b>	<b>49,259,375</b>	<b>3,986,026</b>
Agricultural Commissioner/Weights and Measures				
Salaries and employee benefits	2,381,230	2,381,230	2,316,036	65,194
Services and supplies	376,421	367,874	299,863	68,011
Intrafund transfers	(208,428)	(208,428)	(208,249)	(179)
<b>Total</b>	<b>2,549,223</b>	<b>2,540,676</b>	<b>2,407,650</b>	<b>133,026</b>
Public Works - Roads				
Services and supplies	200,000	200,000	121,641	78,359
<b>Total</b>	<b>200,000</b>	<b>200,000</b>	<b>121,641</b>	<b>78,359</b>

(Continued)

**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES, Continued:</b>				
Public Protection, Continued:				
Recorder				
Salaries and employee benefits	\$ 837,415	\$ 837,415	\$ 812,301	\$ 25,114
Services and supplies	673,235	616,628	590,109	26,519
Other charges	92,020	92,020	92,020	-
Capital assets	8,000	8,000	-	8,000
Intrafund transfers	-	43,908	43,907	1
<b>Total</b>	<u>1,610,670</u>	<u>1,597,971</u>	<u>1,538,337</u>	<u>59,634</u>
County Emergency Office				
Salaries and employee benefits	16,571	18,852	18,852	-
Services and supplies	312,429	354,957	353,488	1,469
Other charges	-	253,995	-	253,995
Intrafund transfers	46,290	53,507	53,506	1
Appropriations for contingencies	-	4,912	-	4,912
<b>Total</b>	<u>375,290</u>	<u>686,223</u>	<u>425,846</u>	<u>260,377</u>
Planning Department				
Salaries and employee benefits	10,817,944	11,016,517	10,627,807	388,710
Services and supplies	6,904,353	6,990,577	3,931,426	3,059,151
Other charges	1,405,549	2,099,809	1,587,608	512,201
Intrafund transfers	(1,019,868)	309,859	(28,796)	338,655
<b>Total</b>	<u>18,107,978</u>	<u>20,416,762</u>	<u>16,118,045</u>	<u>4,298,717</u>
Other Public Protection				
Other charges	1,789,252	1,789,252	1,789,252	-
<b>Total</b>	<u>1,789,252</u>	<u>1,789,252</u>	<u>1,789,252</u>	<u>-</u>
<b>Total Public Protection</b>	<u>183,130,657</u>	<u>317,336,214</u>	<u>297,393,244</u>	<u>19,942,970</u>
Public Ways and Facilities:				
Public Ways - DPW				
Services and supplies	159,692	159,692	1,390	158,302
<b>Total</b>	<u>159,692</u>	<u>159,692</u>	<u>1,390</u>	<u>158,302</u>
<b>Total Public Ways and Facilities</b>	<u>159,692</u>	<u>159,692</u>	<u>1,390</u>	<u>158,302</u>

(Continued)

**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES, Continued:</b>				
Health and Sanitation:				
Health Services Agency				
Salaries and employee benefits	\$ 93,234,775	\$ 103,957,010	\$ 91,851,135	\$ 12,105,875
Services and supplies	90,174,627	93,561,313	79,942,614	13,618,699
Other charges	32,747,137	39,263,653	43,644,749	(4,381,096)
Capital assets	196,211	1,365,337	166,756	1,198,581
Intrafund transfers	(22,126,637)	(26,932,468)	(21,098,360)	(5,834,108)
<b>Total</b>	<u>194,226,113</u>	<u>211,214,845</u>	<u>194,506,894</u>	<u>16,707,951</u>
Mosquito Abatement				
Salaries and employee benefits	1,113,721	1,113,721	966,110	147,611
Services and supplies	488,744	485,011	426,658	58,353
Capital assets	36,661	36,638	-	36,638
Intrafund transfers	-	23	23	-
<b>Total</b>	<u>1,639,126</u>	<u>1,635,393</u>	<u>1,392,791</u>	<u>242,602</u>
Air Pollution				
Other charges	63,239	63,239	63,239	-
<b>Total</b>	<u>63,239</u>	<u>63,239</u>	<u>63,239</u>	<u>-</u>
<b>Total Health and Sanitation</b>	<u>195,928,478</u>	<u>212,913,477</u>	<u>195,962,924</u>	<u>16,950,553</u>
Public Assistance:				
Human Services Department				
Salaries and employee benefits	68,009,896	64,659,896	63,386,412	1,273,484
Services and supplies	27,448,280	20,997,537	17,050,069	3,947,468
Other charges	58,304,648	57,788,563	51,710,549	6,078,014
Capital assets	118,000	531,208	490,410	40,798
Intrafund transfers	(229,987)	4,422,796	2,761,064	1,661,732
<b>Total</b>	<u>153,650,837</u>	<u>148,400,000</u>	<u>135,398,504</u>	<u>13,001,496</u>
Community Programs				
Other charges	4,405,000	4,405,000	4,312,920	92,080
<b>Total</b>	<u>4,405,000</u>	<u>4,405,000</u>	<u>4,312,920</u>	<u>92,080</u>

(Continued)

**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES, Continued:</b>				
Public Assistance, Continued:				
Homeless				
Salaries and employee benefits	\$ 6,239,525	\$ 10,719,525	\$ 8,911,355	\$ 1,808,170
Services and supplies	31,470,128	37,763,438	27,565,109	10,198,329
Other charges	2,512,706	2,512,706	1,986,787	525,919
Capital assets	-	200,000	-	200,000
Intrafund transfers	1,109,061	(1,756,764)	(1,010,843)	(745,921)
<b>Total</b>	<b>41,331,420</b>	<b>49,438,905</b>	<b>37,452,408</b>	<b>11,986,497</b>
Wards of Court				
Services and supplies	280,000	70,237	56,922	13,315
Other charges	239,376	239,376	55,696	183,680
Intrafund transfers	-	209,763	209,763	-
<b>Total</b>	<b>519,376</b>	<b>519,376</b>	<b>322,381</b>	<b>196,995</b>
Veterans Service Officer				
Salaries and employee benefits	537,928	546,547	546,547	-
Services and supplies	103,885	94,303	76,063	18,240
<b>Total</b>	<b>641,813</b>	<b>640,850</b>	<b>622,610</b>	<b>18,240</b>
<b>Total Public Assistance</b>	<b>200,548,446</b>	<b>203,404,131</b>	<b>178,108,823</b>	<b>25,295,308</b>
Education:				
Agricultural Extension Services				
Salaries and employee benefits	115,145	117,440	117,440	-
Services and supplies	19,245	22,014	23,027	(1,013)
<b>Total</b>	<b>134,390</b>	<b>139,454</b>	<b>140,467</b>	<b>(1,013)</b>
<b>Total Education</b>	<b>134,390</b>	<b>139,454</b>	<b>140,467</b>	<b>(1,013)</b>
Recreation and Culture:				
Recreation and Cultural Services				
Salaries and employee benefits	6,952,617	7,271,531	6,235,537	1,035,994
Services and supplies	4,728,179	4,941,711	3,055,513	1,886,198
Other charges	401,290	401,290	358,779	42,511
Intrafund transfers	(1,381,552)	(1,381,552)	(549,366)	(832,186)
<b>Total</b>	<b>10,700,534</b>	<b>11,232,980</b>	<b>9,100,463</b>	<b>2,132,517</b>
<b>Total Recreation and Culture</b>	<b>10,700,534</b>	<b>11,232,980</b>	<b>9,100,463</b>	<b>2,132,517</b>

(Continued)

**BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES, Continued:</b>				
Debt Service:				
Debt Service				
Services and supplies	\$ 161,771	\$ 135,343	\$ 100,186	\$ 35,157
Intrafund transfers	(1,174,649)	(5,121,826)	9,746	(5,131,572)
Other charges	-	42,511	42,511	-
Bond issuance costs	-	554,663	554,663	-
Principal	704,075	8,475,157	8,439,858	35,299
Interest	708,879	2,960,701	2,278,135	682,566
<b>Total</b>	<u>400,076</u>	<u>7,046,549</u>	<u>11,425,099</u>	<u>(4,378,550)</u>
<b>Total Debt Service</b>	<u>400,076</u>	<u>7,046,549</u>	<u>11,425,099</u>	<u>(4,378,550)</u>
<b>Total Expenditures</b>	<u>655,877,829</u>	<u>812,091,211</u>	<u>733,225,985</u>	<u>78,865,226</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(13,772,444)</u>	<u>(137,477,294)</u>	<u>(84,384,265)</u>	<u>(104,637,423)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	30,596,731	31,851,861	2,425,869	(29,425,992)
Transfers Out	(33,523,144)	(35,266,119)	(21,269,432)	13,996,687
Loan proceeds	-	-	2,000,000	2,000,000
Bond proceeds	-	124,195,000	124,195,000	-
Lease inception	-	-	863,259	863,259
<b>Total other financing sources (uses)</b>	<u>(2,926,413)</u>	<u>120,780,742</u>	<u>108,214,696</u>	<u>(12,566,046)</u>
<b>Net change in fund balance</b>	<u>(16,698,857)</u>	<u>(16,696,552)</u>	<u>23,830,431</u>	<u>(117,203,469)</u>
Fund balance, beginning	111,718,711	111,718,711	111,718,711	111,718,711
<b>FUND BALANCE, ENDING</b>	<u>\$ 95,019,854</u>	<u>\$ 95,022,159</u>	<u>\$ 135,549,142</u>	<u>\$ (5,484,758)</u>

**BUDGETARY COMPARISON SCHEDULE  
OFF HIGHWAY, ROAD, AND TRANSPORTATION SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 2,782,467	\$ 2,782,467	\$ 3,940,791	\$ 1,158,324
Use of money and property	(38,951)	(38,951)	(379,042)	(340,091)
Aid from other governments	76,286,995	76,936,995	23,334,714	(53,602,281)
Charges for services	3,074,242	3,074,242	2,964,557	(109,685)
Other	1,217,372	1,317,372	1,908,295	590,923
<b>Total revenues</b>	<u>83,322,125</u>	<u>84,072,125</u>	<u>31,769,315</u>	<u>(52,302,810)</u>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities	81,341,700	84,323,327	32,065,747	52,257,580
Interest	-	18,373	18,373	-
<b>Total expenditures</b>	<u>81,341,700</u>	<u>84,341,700</u>	<u>32,084,120</u>	<u>52,257,580</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,980,425</u>	<u>(269,575)</u>	<u>(314,805)</u>	<u>(104,560,390)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	4,517,467	4,517,467	4,621,617	104,150
Transfers out	(225,000)	(225,000)	-	225,000
<b>Total other financing sources (uses)</b>	<u>4,292,467</u>	<u>4,292,467</u>	<u>4,621,617</u>	<u>329,150</u>
<b>Net change in fund balances</b>	<u>6,272,892</u>	<u>4,022,892</u>	<u>4,306,812</u>	<u>(104,231,240)</u>
Fund balance - beginning	(1,905,868)	(1,905,868)	(1,905,868)	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 4,367,024</u>	<u>\$ 2,117,024</u>	<u>\$ 2,400,944</u>	<u>\$ (104,231,240)</u>

**BUDGETARY COMPARISON SCHEDULE  
 HOUSING FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with
	Original	Final		Final Budget
<b>REVENUES:</b>				
Use of money and property	\$ 422,901	\$ 422,901	\$ 537,199	\$ 114,298
Aid from other governments	-	1,265,952	348,568	(917,384)
Charges for services	500,000	500,000	628,337	128,337
Other	709,000	709,000	35,329	(673,671)
<b>Total revenues</b>	<u>1,631,901</u>	<u>2,897,853</u>	<u>1,549,433</u>	<u>(1,348,420)</u>
<b>EXPENDITURES:</b>				
Current:				
Public assistance	8,737,425	10,003,377	1,255,492	8,747,885
<b>Total expenditures</b>	<u>8,737,425</u>	<u>10,003,377</u>	<u>1,255,492</u>	<u>8,747,885</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(7,105,524)</u>	<u>(7,105,524)</u>	<u>293,941</u>	<u>(10,096,305)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of general capital assets	(750,000)	(750,000)	-	750,000
<b>Total other financing sources (uses)</b>	<u>(750,000)</u>	<u>(750,000)</u>	<u>-</u>	<u>750,000</u>
<b>Net change in fund balances</b>	<u>(7,855,524)</u>	<u>(7,855,524)</u>	<u>293,941</u>	<u>(9,346,305)</u>
Fund balance - beginning	67,783,890	67,783,890	67,783,890	-
Prior period adjustment	8,572,414	8,572,414	8,572,414	-
Fund balance - beginning, as restated	76,356,304	76,356,304	76,356,304	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 68,500,780</u>	<u>\$ 68,500,780</u>	<u>\$ 76,650,245</u>	<u>\$ (9,346,305)</u>



**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, 2022  
LAST 10 YEARS\***

Measurement Period	Miscellaneous								
	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	
<b>Total Pension Liability</b>									
Service Cost	\$ 26,758,403	\$ 24,938,175	\$ 24,139,995	\$ 24,150,259	\$ 22,555,385	\$ 20,403,352	\$ 18,761,846	\$ 19,489,676	
Interest on the Total Pension Liability	96,844,686	91,880,806	87,980,867	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	3,829,166	9,699,599	21,647,964	10,391,498	4,974,813	3,966,020	(13,201,310)	-	
Benefit Payments, Including Refunds of Employee Contributions	(72,485,176)	(66,769,592)	(62,255,277)	(57,081,704)	(51,229,871)	(50,461,359)	(44,263,142)	(40,206,837)	
<b>Net Change in Total Pension Liability</b>	<b>54,947,079</b>	<b>59,748,988</b>	<b>71,513,549</b>	<b>53,741,628</b>	<b>116,387,659</b>	<b>52,760,568</b>	<b>16,391,282</b>	<b>47,735,384</b>	
Total Pension Liability - Beginning	1,368,608,774	1,281,589,245	1,210,075,696	1,156,334,068	1,039,946,409	987,185,841	970,794,559	923,059,175	
Prior Period Adjustment	-	27,270,541	-	-	-	-	-	-	
Total Pension Liability - as Restated	1,368,608,774	1,308,859,786	1,210,075,696	1,156,334,068	1,039,946,409	987,185,841	970,794,559	923,059,175	
Total Pension Liability - Ending (a)	<u>\$ 1,423,555,853</u>	<u>\$ 1,368,608,774</u>	<u>\$ 1,281,589,245</u>	<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	\$ 43,047,943	\$ 39,110,970	\$ 34,309,935	\$ 29,696,722	\$ 28,166,164	\$ 24,836,370	\$ 20,788,368	\$ 18,466,079	
Contribution - Employee	11,872,705	11,821,856	10,979,359	10,680,415	10,534,891	9,898,794	9,264,211	8,586,012	
Net Investment Income	204,724,368	48,459,289	56,536,290	69,528,113	82,225,749	4,227,340	16,986,820	112,250,826	
Benefit Payments, Including Refunds of Employee Contributions	(72,485,176)	(66,769,592)	(62,255,277)	(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	(944,765)	(1,277,475)	(621,076)	(1,297,010)	(1,092,049)	(482,672)	(855,524)	-	
Other Miscellaneous Income (Expense) <sup>(1)</sup>	-	-	2,017	(2,463,046)	-	-	-	-	
<b>Net Change in Plan Fiduciary Net Position</b>	<b>186,215,075</b>	<b>31,345,048</b>	<b>38,951,248</b>	<b>49,067,238</b>	<b>68,543,511</b>	<b>(11,978,800)</b>	<b>1,891,373</b>	<b>99,096,080</b>	
Plan Fiduciary Net Position - Beginning <sup>(2)</sup>	946,319,987	895,167,097	856,215,849	807,148,611	738,605,100	750,583,900	748,692,527	649,596,447	
Prior Period Adjustment	-	19,807,842	-	-	-	-	-	-	
Plan Fiduciary Net Position - as Restated	946,319,987	914,974,939	856,215,849	807,148,611	738,605,100	750,583,900	748,692,527	649,596,447	
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,132,535,062</u>	<u>\$ 946,319,987</u>	<u>\$ 895,167,097</u>	<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>\$ 291,020,791</u>	<u>\$ 422,288,787</u>	<u>\$ 386,422,148</u>	<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>	

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)  
 AS OF JUNE 30, 2022  
 LAST 10 YEARS\***

	Miscellaneous							
	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Plan Fiduciary Net Position as a Percentage of								
Total Pension Liability	79.56%	69.14%	69.85%	70.76%	69.80%	71.02%	76.03%	77.12%
Covered Payroll <sup>(2)</sup>	\$ 174,373,516	\$ 165,010,030	\$ 155,681,644	\$ 154,561,652	\$ 143,976,672	\$ 142,900,632	\$ 129,365,289	\$ 128,891,450
Net Pension Liability as a Percentage of								
Covered Payroll	166.90%	255.92%	248.21%	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 No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), 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* (GASB 68).

<sup>(2)</sup> Includes any beginning of year adjustment.

<sup>(3)</sup> Includes one year's payroll growth using 2.75% for fiscal years ended June 30, 2018-20; 3.0% payroll growth for June 30, 2014-2017.

\* Fiscal year 2021/22 was the 8th year of GASB Statement No. 68 implementation; therefore, only eight years are shown.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)**  
**AS OF JUNE 30, 2022**  
**LAST 10 YEARS\***

Measurement Period	Safety							
	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
<b>Total Pension Liability</b>								
Service Cost	\$ 5,336,326	\$ 5,091,972	\$ 4,558,119	\$ 4,574,156	\$ 4,308,824	\$ 3,699,113	\$ 3,634,483	\$ 3,669,984
Interest on the Total Pension Liability	16,272,917	15,446,336	13,872,701	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	1,613,751	365,539	1,607,319	3,844,045	(170,518)	(115,359)	2,154,731	-
Benefit Payments, Including Refunds of Employee Contributions	(11,090,130)	(10,335,185)	(9,257,666)	(8,907,017)	(8,473,271)	(7,830,764)	(5,050,435)	(6,316,966)
<b>Net Change in Total Pension Liability</b>	<b>12,132,864</b>	<b>10,568,662</b>	<b>10,780,473</b>	<b>11,825,817</b>	<b>18,445,679</b>	<b>7,998,672</b>	<b>8,382,978</b>	<b>8,016,276</b>
Total Pension Liability - Beginning	228,857,398	208,950,158	198,169,685	186,343,868	167,898,189	159,899,517	151,516,539	143,500,263
Prior Period Adjustment	-	9,338,578	-	-	-	-	-	-
Total Pension Liability - as Restated	228,857,398	218,288,736	198,169,685	186,343,868	167,898,189	159,899,517	151,516,539	143,500,263
Total Pension Liability - Ending (a)	<u>\$ 240,990,262</u>	<u>\$ 228,857,398</u>	<u>\$ 208,950,158</u>	<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	\$ 7,900,517	\$ 7,088,547	\$ 5,787,644	\$ 4,922,020	\$ 4,636,859	\$ 3,731,613	\$ 4,503,776	\$ 2,833,995
Contribution - Employee	2,184,434	2,135,615	1,839,392	1,845,744	1,731,239	1,613,925	1,200,032	1,364,228
Net Investment Income	35,254,179	7,472,935	8,840,214	10,848,222	12,764,280	588,970	2,087,758	17,564,582
Benefit Payments, Including Refunds of Employee Contributions	(11,090,130)	(10,335,185)	(9,257,666)	(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	(157,599)	(213,745)	(96,965)	(201,770)	(170,140)	(75,328)	(107,841)	-
Other Miscellaneous Income (Expense) <sup>(1)</sup>	-	-	315	(383,165)	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>34,091,401</b>	<b>6,148,167</b>	<b>7,112,934</b>	<b>8,129,230</b>	<b>10,492,593</b>	<b>(2,077,937)</b>	<b>2,633,290</b>	<b>15,445,839</b>
Plan Fiduciary Net Position - Beginning <sup>(2)</sup>	157,766,785	143,301,146	136,188,212	128,058,982	117,566,389	119,644,326	117,011,036	101,565,197
Prior Period Adjustment	-	8,317,472	-	-	-	-	-	-
Total Pension Liability - as Restated	157,766,785	151,618,618	136,188,212	128,058,982	117,566,389	119,644,326	117,011,036	101,565,197
Plan Fiduciary Net Position - Ending (b)	<u>\$ 191,858,186</u>	<u>\$ 157,766,785</u>	<u>\$ 143,301,146</u>	<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>\$ 49,132,076</u>	<u>\$ 71,090,613</u>	<u>\$ 65,649,012</u>	<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>

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)  
 AS OF JUNE 30, 2022  
 LAST 10 YEARS\***

	Safety									
	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14		
Plan Fiduciary Net Position as a Percentage of										
Total Pension Liability	79.61%	68.94%	68.58%	68.72%	68.72%	70.02%	74.82%	77.23%		
Covered Payroll <sup>(2)</sup>	\$ 21,508,771	\$ 19,318,222	\$ 18,152,606	\$ 18,204,149	\$ 17,259,459	\$ 16,451,469	\$ 15,444,933	\$ 15,601,682		
Net Pension Liability as a Percentage of										
Covered Payroll	228.43%	349.03%	357.23%	340.48%	337.70%	305.94%	260.64%	221.17%		

<sup>(1)</sup> During Fiscal Year 2016/17, as a result of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), 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 2016/17 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* (GASB 68).

<sup>(2)</sup> Includes any beginning of year adjustment.

<sup>(3)</sup> Includes one year's payroll growth using 2.75% for fiscal years ended June 30, 2018-20; 3.0% payroll growth for June 30, 2014-2017.

\* Fiscal year 2020/21 was the 8th year of GASB Statement No. 68 implementation; therefore, only eight years are shown.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)**  
**AS OF JUNE 30, 2022**  
**LAST 10 YEARS\***

Measurement Period	Safety Sheriff							
	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
<b>Total Pension Liability</b>								
Service Cost	\$ 5,589,220	\$ 5,369,171	\$ 4,665,792	\$ 4,674,676	\$ 4,330,397	\$ 3,942,199	\$ 3,490,555	\$ 3,589,667
Interest on the Total Pension Liability	16,035,608	15,255,279	13,603,359	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	(211,700)	518,877	2,640,793	2,605,790	1,105,968	531,702	(2,577,906)	-
Benefit Payments, Including Refunds of Employee Contributions	(9,987,419)	(9,230,726)	(7,914,704)	(7,436,783)	(6,321,116)	(5,816,534)	(7,060,615)	(4,529,774)
<b>Net Change in Total Pension Liability</b>	<b>11,425,709</b>	<b>11,912,601</b>	<b>12,995,240</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	226,685,035	193,634,623	180,639,383	168,519,858	147,286,542	137,100,812	134,874,267	126,371,747
Prior Period Adjustment	-	21,137,811	-	-	-	-	-	-
Total Pension Liability - as Restated	226,685,035	214,772,434	180,639,383	168,519,858	147,286,542	137,100,812	134,874,267	126,371,747
Total Pension Liability - Ending (a)	<u>\$ 238,110,744</u>	<u>\$ 226,685,035</u>	<u>\$ 193,634,623</u>	<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	\$ 9,350,436	\$ 8,388,407	\$ 6,884,641	\$ 6,124,769	\$ 5,773,111	\$ 5,279,477	\$ 3,212,095	\$ 3,752,346
Contribution - Employee	2,057,951	1,890,730	1,614,412	1,650,182	1,417,068	1,383,847	1,434,076	1,538,338
Net Investment Income	32,004,948	6,714,522	7,744,718	9,329,278	10,827,138	509,520	2,674,451	13,619,878
Benefit Payments, Including Refunds of Employee Contributions	(9,987,419)	(9,230,726)	(7,914,704)	(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	(141,777)	(189,407)	(84,414)	(172,445)	(141,537)	(60,831)	(133,531)	-
Other Miscellaneous Income (Expense) <sup>(1)</sup>	-	-	274	(327,476)	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>33,284,139</b>	<b>7,573,526</b>	<b>8,244,927</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>	141,927,871	122,444,282	114,199,355	105,043,412	93,435,114	92,143,512	92,017,036	77,636,247
Prior Period Adjustment	-	11,910,063	-	-	-	-	-	-
Total Pension Liability - as Restated	141,927,871	134,354,345	114,199,355	105,043,412	93,435,114	92,143,512	92,017,036	77,636,247
Plan Fiduciary Net Position - Ending (b)	<u>\$ 175,212,010</u>	<u>\$ 141,927,871</u>	<u>\$ 122,444,282</u>	<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>
Net Pension Liability - [(a) - (b)]	<u>\$ 62,898,734</u>	<u>\$ 84,757,164</u>	<u>\$ 71,190,341</u>	<u>\$ 66,440,028</u>	<u>\$ 63,476,446</u>	<u>\$ 53,851,428</u>	<u>\$ 44,957,300</u>	<u>\$ 42,857,232</u>

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)  
 AS OF JUNE 30, 2022  
 LAST 10 YEARS\***

	Safety Sheriff							
	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Plan Fiduciary Net Position as a Percentage of								
Total Pension Liability	73.58%	62.61%	63.23%	63.22%	62.33%	63.44%	67.21%	68.22%
Covered Payroll <sup>(2)</sup>	\$ 19,246,627	\$ 17,416,105	\$ 15,811,955	\$ 15,575,504	\$ 14,344,287	\$ 14,432,887	\$ 13,136,045	\$ 12,367,504
Net Pension Liability as a Percentage of								
Covered Payroll	326.80%	486.66%	450.23%	426.57%	442.52%	373.12%	342.24%	346.53%

<sup>(1)</sup> During Fiscal Year 2016/17, as a result of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), 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 2016/17 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* (GASB 68).

<sup>(2)</sup> Includes any beginning of year adjustment.

<sup>(3)</sup> Includes one year's payroll growth using 2.75% for fiscal years ended June 30, 2018-20; 3.0% payroll growth for June 30, 2014-2017.

\* Fiscal year 2020/21 was the 8th year of GASB Statement No. 68 implementation; therefore, only eight years are shown.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)**  
**AS OF JUNE 30, 2022**  
**LAST 10 YEARS\***

Measurement Period	TOTAL							
	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
<b>Total Pension Liability</b>								
Service Cost	\$ 37,683,949	\$ 35,399,318	\$ 33,363,906	\$ 33,399,091	\$ 31,194,606	\$ 28,044,664	\$ 25,886,884	\$ 26,749,327
Interest on the Total Pension Liability	129,153,211	122,582,421	115,456,927	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	5,231,217	10,584,015	25,896,076	16,841,333	5,910,263	4,382,363	(13,624,485)	-
Benefit Payments, Including Refunds of Employee Contributions	(93,562,725)	(86,335,503)	(79,427,647)	(73,425,504)	(66,024,258)	(64,108,657)	(56,374,192)	(51,053,577)
<b>Net Change in Total Pension Liability</b>	<b>78,505,652</b>	<b>82,230,251</b>	<b>95,289,262</b>	<b>77,686,970</b>	<b>156,066,654</b>	<b>70,944,970</b>	<b>27,000,805</b>	<b>64,254,180</b>
Total Pension Liability - Beginning	1,824,151,207	1,684,174,026	1,588,884,764	1,511,197,794	1,355,131,140	1,284,186,170	1,257,185,365	1,192,931,185
Prior Period Adjustment	-	57,746,930	-	-	-	-	-	-
Total Pension Liability - as Restated	1,824,151,207	1,741,920,956	1,588,884,764	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>\$ 1,902,656,859</u>	<u>\$ 1,824,151,207</u>	<u>\$ 1,684,174,026</u>	<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	\$ 60,298,896	\$ 54,587,924	\$ 46,982,220	\$ 40,743,511	\$ 38,576,134	\$ 33,847,460	\$ 28,504,239	\$ 25,052,420
Contribution - Employee	16,115,090	15,848,201	14,433,163	14,176,341	13,683,198	12,896,566	11,898,319	11,488,578
Net Investment Income	271,983,495	62,646,746	73,121,222	89,705,613	105,817,167	5,325,830	21,749,029	143,435,286
Benefit Payments, Including Refunds of Employee Contributions	(93,562,725)	(86,335,503)	(79,427,647)	(73,425,504)	(66,024,258)	(64,108,657)	(56,374,192)	(51,053,577)
Net Plan to Plan Resource Movement	-	-	-	(2,638)	(4,113)	(107,503)	(29,360)	-
Administrative Expenses	(1,244,141)	(1,680,627)	(802,455)	(1,671,225)	(1,403,726)	(618,831)	(1,096,896)	-
Other Miscellaneous Income (Expense) <sup>(1)</sup>	-	-	2,606	(3,173,687)	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>253,590,615</b>	<b>45,066,741</b>	<b>54,309,109</b>	<b>66,352,411</b>	<b>90,644,402</b>	<b>(12,765,135)</b>	<b>4,651,139</b>	<b>128,922,707</b>
Plan Fiduciary Net Position - Beginning <sup>(2)</sup>	1,246,014,643	1,160,912,525	1,106,603,416	1,040,251,005	949,606,603	962,371,738	957,720,599	828,797,891
Prior Period Adjustment	-	40,035,377	-	-	-	-	-	-
Total Pension Liability - as Restated	1,246,014,643	1,200,947,902	1,106,603,416	1,040,251,005	949,606,603	962,371,738	957,720,599	828,797,891
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,499,605,258</u>	<u>\$ 1,246,014,643</u>	<u>\$ 1,160,912,525</u>	<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>\$ 403,051,601</u>	<u>\$ 578,136,564</u>	<u>\$ 523,261,501</u>	<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>

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)  
AS OF JUNE 30, 2022  
LAST 10 YEARS\***

	TOTAL							
	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Plan Fiduciary Net Position as a Percentage of								
Total Pension Liability	78.82%	68.31%	68.93%	69.65%	68.84%	70.07%	74.94%	76.18%
Covered Payroll <sup>(2)</sup>	\$ 215,128,914	\$ 201,744,357	\$ 189,646,205	\$ 188,341,305	\$ 175,580,418	\$ 173,784,988	\$ 157,946,267	\$ 156,860,636
Net Pension Liability as a Percentage of								
Covered Payroll	187.35%	286.57%	275.91%	256.07%	268.22%	233.35%	203.75%	190.91%

<sup>(1)</sup> During Fiscal Year 2016/17, as a result of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), 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 2016/17 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* (GASB 68).

<sup>(2)</sup> Includes any beginning of year adjustment.

<sup>(3)</sup> Includes one year's payroll growth using 2.75% for fiscal years ended June 30, 2018-21; 3.0% payroll growth for June 30, 2014-2017.

\* Fiscal year 2021/22 was the 8th year of GASB Statement No. 68 implementation; therefore, only eight years are shown.



**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)**  
**AS OF JUNE 30, 2022**  
**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, 2020 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.** None in 2021. In 2018, demographic assumptions and the inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions in 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 administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
 SCHEDULE OF CONTRIBUTIONS  
 AS OF JUNE 30, 2022  
 LAST 10 YEARS\***

	Miscellaneous									
	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	
Actuarially Determined Contribution	\$ 45,370,797	\$ 42,429,388	\$ 38,999,757	\$ 34,309,935	\$ 29,696,722	\$ 28,166,164	\$ 24,836,370	\$ 20,788,368	\$ 18,466,079	
Contributions in Relation to the Actuarially Determined Contribution	45,370,797	42,429,388	38,999,757	34,309,935	29,696,722	28,166,164	24,836,370	20,788,368	18,466,079	
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 175,923,248	\$ 174,373,516	\$ 165,010,030	\$ 155,681,644	\$ 154,561,652	\$ 143,976,672	\$ 142,900,632	\$ 129,365,289	\$ 128,891,450	
Contributions as a Percentage of Covered Payroll	25.79%	24.33%	23.63%	22.04%	19.21%	19.56%	17.38%	16.07%	14.33%	

\* Fiscal year 2021/22 was the 8th year of GASB Statement No. 68 implementation.

**Notes to Schedule:**

Valuation date: June 30, 2019, June 30, 2018, June 30, 2017, 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	Fair Value of Assets
Inflation	2.50%, previously 2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.75% for fiscal years ended June 30, 2018-2022; 3.00% for fiscal years ended June 30, 2014-17
Investment rate of return	7.00%, previously 7.375% in prior fiscal year, 7.50% in earlier year, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% Scale MP-2016 published by the Society of Actuaries.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CONTRIBUTIONS (CONTINUED)  
AS OF JUNE 30, 2022  
LAST 10 YEARS\***

	Safety								
	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Actuarially Determined Contribution	\$ 8,624,596	\$ 7,599,933	\$ 6,670,471	\$ 5,787,644	\$ 4,922,020	\$ 4,636,859	\$ 3,731,613	\$ 4,503,776	\$ 2,833,995
Contributions in Relation to the Actuarially Determined Contribution	8,624,596	7,599,933	6,670,471	5,787,644	4,922,020	4,636,859	3,731,613	4,503,776	2,833,995
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$21,251,640	\$21,508,771	\$19,318,222	\$18,152,606	\$18,204,149	\$17,259,459	\$16,451,469	\$15,444,933	\$15,601,682
Contributions as a Percentage of Covered Payroll	40.58%	35.33%	34.53%	31.88%	27.04%	26.87%	22.68%	29.16%	18.16%

\* Fiscal year 2021/22 was the 8th year of GASB Statement No. 68 implementation.

**Notes to Schedule:**

Valuation date: June 30, 2019, June 30, 2018, June 30, 2017, 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	Fair Value of Assets
Inflation	2.50%, previously 2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.75% for fiscal years ended June 30, 2018-2021; 3.00% for fiscal years ended June 30, 2014-17
Investment rate of return	7.00%, previously 7.375% in prior fiscal year, 7.50% in earlier year, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% Scale MP-2016 published by the Society of Actuaries.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
 SCHEDULE OF CONTRIBUTIONS (CONTINUED)  
 AS OF JUNE 30, 2022  
 LAST 10 YEARS\***

	Safety Sheriff								
	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Actuarially Determined Contribution	\$ 9,959,735	\$ 8,762,077	\$ 7,753,959	\$ 6,884,641	\$ 6,124,769	\$ 5,773,111	\$ 5,279,477	\$ 3,212,095	\$ 3,752,346
Contributions in Relation to the Actuarially Determined Contribution	9,959,735	8,762,077	7,753,959	6,884,641	6,124,769	5,773,111	5,279,477	3,212,095	3,752,346
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 19,142,239	\$ 19,246,627	\$ 17,416,105	\$ 15,811,955	\$ 15,575,504	\$ 14,344,287	\$ 14,432,887	\$ 13,136,045	\$ 12,367,504
Contributions as a Percentage of Covered Payroll	52.03%	45.53%	44.52%	43.54%	39.32%	40.25%	36.58%	24.45%	30.34%

\* Fiscal year 2021/22 was the 8th year of GASB Statement No. 68 implementation.

**Notes to Schedule:**

Valuation date: June 30, 2019, June 30, 2018, June 30, 2017, 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	Fair Value of Assets
Inflation	2.50%, previously 2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.75% for fiscal years ended June 30, 2018-2021; 3.00% for fiscal years ended June 30, 2014-17
Investment rate of return	7.00%, previously 7.375% in prior fiscal year, 7.50% in earlier year, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% Scale MP-2016 published by the Society of Actuaries.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CONTRIBUTIONS (CONTINUED)  
AS OF JUNE 30, 2022  
LAST 10 YEARS\***

	TOTAL								
	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Actuarially Determined Contribution	\$ 63,955,128	\$ 58,791,398	\$ 53,424,187	\$ 46,982,220	\$ 40,743,511	\$ 38,576,134	\$ 33,847,460	\$ 28,504,239	\$ 25,052,420
Contributions in Relation to the Actuarially									
Determined Contribution	63,955,128	58,791,398	53,424,187	46,982,220	40,743,511	38,576,134	33,847,460	28,504,239	25,052,420
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 216,317,127	\$ 215,128,914	\$ 201,744,357	\$ 189,646,205	\$ 188,341,305	\$ 175,580,418	\$ 173,784,988	\$ 157,946,267	\$ 156,860,636
Contributions as a Percentage of									
Covered Payroll	29.57%	27.33%	26.48%	24.77%	21.63%	21.97%	19.48%	18.05%	15.97%

\* Fiscal year 2021/22 was the 8th year of GASB Statement No. 68 implementation.

**Notes to Schedule:**

Valuation date: June 30, 2019, June 30, 2018, June 30, 2017, 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	Fair Value of Assets
Inflation	2.50%, previously 2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.75% for fiscal years ended June 30, 2018-2021; 3.00% for fiscal years ended June 30, 2014-17
Investment rate of return	7.00%, previously 7.375% in prior fiscal year, 7.50% in earlier year, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% Scale MP-2016 published by the Society of Actuaries.

**A SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN  
 SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
 AS OF JUNE 30, 2022  
 LAST 10 YEARS\***

	2020/21	2019/20	2018/19	2017/18	2016/17
<b>Total OPEB Liability</b>					
Service Cost	\$ 10,755,256	\$ 8,885,901	\$ 7,853,538	\$ 7,732,196	\$ 8,738,882
Interest	5,047,732	5,649,710	6,258,826	5,955,259	5,117,000
Changes of Benefit Terms	-	-	-	-	-
Changes in Assumptions	3,569,076	16,761,397	8,314,270	(1,276,771)	(14,014,000)
Differences between Actual and Expected Experience	(12,691,709)	-	(8,605,453)	-	-
Benefit Payments	<u>(7,774,781)</u>	<u>(7,502,010)</u>	<u>(6,992,820)</u>	<u>(6,844,850)</u>	<u>(6,773,092)</u>
Net Change in Total OPEB Liability	(1,094,426)	23,794,998	6,828,361	5,565,834	(6,931,210)
Total OPEB Liability - Beginning	<u>199,161,983</u>	<u>175,366,985</u>	<u>168,538,624</u>	<u>162,972,790</u>	<u>169,904,000</u>
Total OPEB Liability - Ending	<u>\$ 198,067,557</u>	<u>\$ 199,161,983</u>	<u>\$ 175,366,985</u>	<u>\$ 168,538,624</u>	<u>\$ 162,972,790</u>
Covered Payroll	\$ 230,823,941	\$ 230,343,320	\$ 213,716,345	\$ 203,044,467	\$ 195,374,299
Total OPEB Liability as a Percentage of Covered Payroll	85.81%	86.46%	82.06%	83.01%	83.42%

\* Fiscal year 17/18 was the 1st year of GASB Statement No.75 implementation.

**Notes to Schedule:**

Change in Assumptions. The accounting discount rate decreased from 3.13 percent to 2.45 percent in 2020, 3.62 percent to 3.13 percent in 2019 and increased from 3.56 percent to 3.62 percent in 2018.

**A SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN  
SCHEDULE OF CONTRIBUTIONS  
AS OF JUNE 30, 2022  
LAST 10 YEARS\***

	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17
Actuarially Determined Contributions	\$ 7,778,586	\$ 7,798,262	\$ 7,526,724	\$ 7,014,009	\$ 6,873,540	\$ 6,773,092
Contributions in Relation to the Actuarially Determined Contributions	7,778,586	7,798,262	7,526,724	7,014,009	6,873,540	6,773,092
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$242,721,718	\$230,823,941	\$230,343,320	\$213,716,345	\$ 203,044,467	\$ 195,374,299
Contributions as a Percentage of Covered Payroll	3.20%	3.38%	3.27%	3.28%	3.39%	3.47%

\* Fiscal year 17/18 was the 1st year of GASB Statement No. 75 implementation.

**Notes to Schedule:**

Valuation date: June 30, 2021; June 30, 2019; 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	1.92% in 2020-2021; 2.45% in 2019-2020; 3.13% in 2018-2019; 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	2.50% per annum
Payroll increases	Aggregate Increases - 2.75%; Merit Increases - CalPERS 2000-2019 Experience Study
Retirement	The probabilities of retirement are based on the CalPERS 2000-2019 Experience Study.
Mortality	The probabilities of mortality are based on the CalPERS 2000-2019 Experience Study. Post-retirement mortality projected fully generational with Society of Actuaries mortality improvement Scale MP-2021.

# Other Supplementary Information

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022



**BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with
	Original	Final		Final Budget
<b>REVENUES:</b>				
Use of money and property	\$ 680	\$ 680	\$ (140,800)	\$ (141,480)
Aid from other governments	24,983,527	25,003,527	3,282,196	(21,721,331)
Other	763,640	1,520,815	991,535	(529,280)
<b>Total revenues</b>	<u>25,747,847</u>	<u>26,525,022</u>	<u>4,132,931</u>	<u>(22,392,091)</u>
<b>EXPENDITURES:</b>				
Capital outlay	65,480,844	98,734,231	28,090,292	70,643,939
<b>Total expenditures</b>	<u>65,480,844</u>	<u>98,734,231</u>	<u>28,090,292</u>	<u>70,643,939</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(39,732,997)</u>	<u>(72,209,209)</u>	<u>(23,957,361)</u>	<u>(93,036,030)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	26,196,538	29,787,750	24,365,570	(5,422,180)
Bond proceeds	-	26,510,000	-	(26,510,000)
<b>Total other financing sources (uses)</b>	<u>26,196,538</u>	<u>56,297,750</u>	<u>24,365,570</u>	<u>(31,932,180)</u>
<b>Net change in fund balance</b>	<u>(13,536,459)</u>	<u>(15,911,459)</u>	<u>408,209</u>	<u>(124,968,210)</u>
Fund balance - beginning	13,551,461	13,551,461	13,551,461	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 15,002</u>	<u>\$ (2,359,998)</u>	<u>\$ 13,959,670</u>	<u>\$ (124,968,210)</u>

# **Combining and Individual Fund Statements and Schedules**

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022



# Non-major Special Revenue Funds

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022



**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 Cultural Services, and Public Ways and Facilities Funds** – The Public Protection, Health and Sanitation, Recreation and Cultural Services, 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.

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2022

	Library	Fire	Financing Authorities	Fish and Game	Park Dedication and State Park Bonds	Health Services
<b>ASSETS</b>						
Cash and investments	\$ 3,317,964	\$ 11,176,327	\$ -	\$ 49,929	\$ 1,803,235	\$ 14,000
Restricted cash and investments	-	-	25,524,172	-	-	-
Receivables, net	-	33,322	-	-	509,978	-
<b>Total assets</b>	<u>\$ 3,317,964</u>	<u>\$ 11,209,649</u>	<u>\$ 25,524,172</u>	<u>\$ 49,929</u>	<u>\$ 2,313,213</u>	<u>\$ 14,000</u>
<b>LIABILITIES</b>						
Accounts payables	\$ -	\$ 2,961,425	\$ -	\$ -	\$ 236,079	\$ -
Due to other funds	-	-	1,030,371	-	-	-
Unearned revenues	-	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>2,961,425</u>	<u>1,030,371</u>	<u>-</u>	<u>236,079</u>	<u>-</u>
<b>FUND BALANCES</b>						
Restricted	3,317,964	8,248,224	24,493,801	49,929	2,077,134	14,000
<b>Total fund balances</b>	<u>3,317,964</u>	<u>8,248,224</u>	<u>24,493,801</u>	<u>49,929</u>	<u>2,077,134</u>	<u>14,000</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,317,964</u>	<u>\$ 11,209,649</u>	<u>\$ 25,524,172</u>	<u>\$ 49,929</u>	<u>\$ 2,313,213</u>	<u>\$ 14,000</u>

Santa Cruz Flood Control and Water Conservation-Zone 7	Board of Supervisors Governed					Total Nonmajor Special Revenue Funds
	Public Protection	Health and Sanitation	Recreation and Cultural Services	Public Ways and Facilities	Geologic Hazard Abatement Districts	
\$ 243,324	\$ 7,566,572	\$ 1,662,137	\$ 3,086,146	\$ 6,562,797	\$ 197,816	\$ 35,680,247
-	-	-	-	-	-	25,524,172
440,576	188,572	-	-	216,414	-	1,388,862
<u>\$ 683,900</u>	<u>\$ 7,755,144</u>	<u>\$ 1,662,137</u>	<u>\$ 3,086,146</u>	<u>\$ 6,779,211</u>	<u>\$ 197,816</u>	<u>\$ 62,593,281</u>
\$ 489,035	\$ 406,449	\$ -	\$ -	\$ 231,463	\$ -	\$ 4,324,451
-	-	-	-	-	-	1,030,371
-	40,345	-	-	9,686	-	50,031
<u>489,035</u>	<u>446,794</u>	<u>-</u>	<u>-</u>	<u>241,149</u>	<u>-</u>	<u>5,404,853</u>
194,865	7,308,350	1,662,137	3,086,146	6,538,062	197,816	57,188,428
194,865	7,308,350	1,662,137	3,086,146	6,538,062	197,816	57,188,428
<u>\$ 683,900</u>	<u>\$ 7,755,144</u>	<u>\$ 1,662,137</u>	<u>\$ 3,086,146</u>	<u>\$ 6,779,211</u>	<u>\$ 197,816</u>	<u>\$ 62,593,281</u>



**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Library	Fire	Financing Authorities	Fish and Game	Park Dedication and State Park Bonds	Health Services
<b>REVENUES:</b>						
Taxes	\$ 8,019,634	\$ 2,646,905	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	999	355	-	9,635	-	-
Use of money and property	-	(197,896)	17,098	(992)	(41,777)	(279)
Aid from other governments	121,083	102,939	-	-	613,812	-
Charges for services	-	3,153,071	-	-	252,445	-
Other	-	17,100	-	-	43,500	-
<b>Total revenues</b>	<u>8,141,716</u>	<u>5,722,474</u>	<u>17,098</u>	<u>8,643</u>	<u>867,980</u>	<u>(279)</u>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	821,682	-
Public protection	-	5,899,232	-	14,648	-	-
Public ways and facilities	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-
Education	5,465,508	-	-	-	-	-
Recreation and cultural services	-	-	-	-	51,880	-
Principal	-	-	5,090,000	-	-	-
Interest	-	-	2,668,512	-	-	-
Bond issuance costs	-	-	288,916	-	-	-
Fiscal charges	-	-	12,661	-	-	-
<b>Total expenditures</b>	<u>5,465,508</u>	<u>5,899,232</u>	<u>8,060,089</u>	<u>14,648</u>	<u>873,562</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,676,208</u>	<u>(176,758)</u>	<u>(8,042,991)</u>	<u>(6,005)</u>	<u>(5,582)</u>	<u>(279)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Bonds issued	-	-	26,285,001	-	-	-
Bond premium	-	-	3,214,154	-	-	-
Bond discount	-	-	(52,588)	-	-	-
Transfers in	-	-	7,322,423	-	-	-
Transfers out	-	-	(20,383,550)	-	(5,600)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>16,385,440</u>	<u>-</u>	<u>(5,600)</u>	<u>-</u>
<b>Net change in fund balances</b>	2,676,208	(176,758)	8,342,449	(6,005)	(11,182)	(279)
Fund balances - beginning	641,756	8,424,982	16,151,352	55,934	2,088,316	14,279
Fund balances - ending	<u>\$ 3,317,964</u>	<u>\$ 8,248,224</u>	<u>\$ 24,493,801</u>	<u>\$ 49,929</u>	<u>\$ 2,077,134</u>	<u>\$ 14,000</u>

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

Santa Cruz Flood Control and Water Conservation-Zone 7	Board of Supervisors Governed					Total Nonmajor Special Revenue Funds
	Public Protection	Health and Sanitation	Recreation and Cultural Services	Public Ways and Facilities	Geologic Hazard Abatement Districts	
\$ -	\$ 10,727,986	\$ -	\$ 2,006,306	\$ 1,080,150	\$ -	\$ 24,480,981
-	20,151	-	-	42,953	-	63,104
-	1,035	-	67	596	-	12,687
(7,762)	(202,268)	(38,536)	(61,792)	(139,296)	(3,929)	(677,429)
141,296	324,002	-	8,430	449,061	-	1,760,623
2,129,278	1,732,901	1,545,095	-	4,366,299	-	13,179,089
61,400	120,782	-	-	30,017	-	272,799
<u>2,324,212</u>	<u>12,724,589</u>	<u>1,506,559</u>	<u>1,953,011</u>	<u>5,829,780</u>	<u>(3,929)</u>	<u>39,091,854</u>
-	-	-	-	-	-	821,682
3,441,954	11,902,600	-	-	-	-	21,258,434
-	-	-	-	4,941,247	-	4,941,247
-	-	14,626	-	-	-	14,626
-	-	-	-	-	-	5,465,508
-	-	-	1,380,020	-	-	1,431,900
-	-	-	-	17,089	-	5,107,089
-	-	-	-	3,322	-	2,671,834
-	-	-	-	-	-	288,916
-	-	-	-	-	-	12,661
<u>3,441,954</u>	<u>11,902,600</u>	<u>14,626</u>	<u>1,380,020</u>	<u>4,961,658</u>	<u>-</u>	<u>42,013,897</u>
<u>(1,117,742)</u>	<u>821,989</u>	<u>1,491,933</u>	<u>572,991</u>	<u>868,122</u>	<u>(3,929)</u>	<u>(2,922,043)</u>
-	-	-	-	-	-	26,285,001
-	-	-	-	-	-	3,214,154
-	-	-	-	-	-	(52,588)
-	-	-	-	-	-	7,322,423
-	(800,000)	(1,347,206)	(65,376)	-	-	(22,601,732)
-	(800,000)	(1,347,206)	(65,376)	-	-	14,167,258
(1,117,742)	21,989	144,727	507,615	868,122	(3,929)	11,245,215
1,312,607	7,286,361	1,517,410	2,578,531	5,669,940	201,745	45,943,213
<u>\$ 194,865</u>	<u>\$ 7,308,350</u>	<u>\$ 1,662,137</u>	<u>\$ 3,086,146</u>	<u>\$ 6,538,062</u>	<u>\$ 197,816</u>	<u>\$ 57,188,428</u>

**BUDGETARY COMPARISON SCHEDULE  
LIBRARY SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 7,420,056	\$ 7,636,021	\$ 8,019,634	\$ 383,613
Fines, forfeitures and penalties	1,000	1,000	999	(1)
Aid from other governments	90,000	90,000	121,083	31,083
<b>Total revenues</b>	<u>7,511,056</u>	<u>7,727,021</u>	<u>8,141,716</u>	<u>414,695</u>
<b>EXPENDITURES:</b>				
Current:				
Education	5,691,051	5,426,152	5,465,508	(39,356)
<b>Total expenditures</b>	<u>5,691,051</u>	<u>5,426,152</u>	<u>5,465,508</u>	<u>(39,356)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,820,005</u>	<u>2,300,869</u>	<u>2,676,208</u>	<u>454,051</u>
Transfers out	-	(50,000)	-	50,000
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
<b>Net change in fund balance</b>	<u>1,820,005</u>	<u>2,250,869</u>	<u>2,676,208</u>	<u>504,051</u>
Fund balance - beginning	641,756	641,756	641,756	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 2,461,761</u>	<u>\$ 2,892,625</u>	<u>\$ 3,317,964</u>	<u>\$ 504,051</u>

**BUDGETARY COMPARISON SCHEDULE  
 FIRE SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 2,691,483	\$ 2,691,483	\$ 2,646,905	\$ (44,578)
Fines, forfeitures and penalties	-	-	355	355
Use of money and property	81,641	81,641	(197,896)	(279,537)
Aid from other governments	124,360	124,360	102,939	(21,421)
Charges for services	3,023,765	3,023,765	3,153,071	129,306
Other	-	-	17,100	17,100
<b>Total revenues</b>	<u>5,921,249</u>	<u>5,921,249</u>	<u>5,722,474</u>	<u>(198,775)</u>
<b>EXPENDITURES:</b>				
Current:				
Public protection	11,105,263	11,180,263	5,899,232	5,281,031
<b>Total expenditures</b>	<u>11,105,263</u>	<u>11,180,263</u>	<u>5,899,232</u>	<u>5,281,031</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,184,014)</u>	<u>(5,259,014)</u>	<u>(176,758)</u>	<u>(5,479,806)</u>
<b>Net change in fund balance</b>	<u>(5,184,014)</u>	<u>(5,259,014)</u>	<u>(176,758)</u>	<u>(5,479,806)</u>
Fund balance - beginning	8,424,982	8,424,982	8,424,982	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 3,240,968</u>	<u>\$ 3,165,968</u>	<u>\$ 8,248,224</u>	<u>\$ (5,479,806)</u>

**BUDGETARY COMPARISON SCHEDULE  
FISH AND GAME SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fines, forfeitures and penalties	12,000	12,000	9,635	(2,365)
Use of money and property	300	300	(992)	(1,292)
<b>Total revenues</b>	<b>12,300</b>	<b>12,300</b>	<b>8,643</b>	<b>(3,657)</b>
<b>EXPENDITURES:</b>				
Current:				
Public protection	18,000	18,000	14,648	3,352
<b>Total expenditures</b>	<b>18,000</b>	<b>18,000</b>	<b>14,648</b>	<b>3,352</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,700)</b>	<b>(5,700)</b>	<b>(6,005)</b>	<b>(7,009)</b>
<b>Net change in fund balance</b>	<b>(5,700)</b>	<b>(5,700)</b>	<b>(6,005)</b>	<b>(7,009)</b>
Fund balances - beginning	55,934	55,934	55,934	-
<b>FUND BALANCES, ENDING</b>	<b>\$ 50,234</b>	<b>\$ 50,234</b>	<b>\$ 49,929</b>	<b>\$ (7,009)</b>

**BUDGETARY COMPARISON SCHEDULE  
 PARK DEDICATION AND STATE PARK BONDS SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with
	Original	Final		Final Budget
<b>REVENUES:</b>				
Use of money and property	17,153	17,153	(41,777)	(58,930)
Aid from other governments	360,000	1,057,240	613,812	(443,428)
Charges for services	102,000	102,000	252,445	150,445
Other	13,500	228,500	43,500	(185,000)
<b>Total revenues</b>	492,653	1,404,893	867,980	(536,913)
<b>EXPENDITURES:</b>				
Current:				
General government	2,341,714	3,038,954	821,682	2,217,272
Recreation and cultural services	99,750	314,750	51,880	262,870
<b>Total expenditures</b>	2,441,464	3,353,704	873,562	2,480,142
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(1,948,811)	(1,948,811)	(5,582)	(3,017,055)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(5,600)	(5,600)	(5,600)	-
<b>Total other financing sources (uses)</b>	(5,600)	(5,600)	(5,600)	-
<b>Net change in fund balance</b>	(1,954,411)	(1,954,411)	(11,182)	(3,017,055)
Fund balance - beginning	2,088,316	2,088,316	2,088,316	-
<b>FUND BALANCE, ENDING</b>	\$ 133,905	\$ 133,905	\$ 2,077,134	\$ (3,017,055)

**BUDGETARY COMPARISON SCHEDULE  
HEALTH SERVICES SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	-	-	(279)	(279)
<b>Total revenues</b>	-	-	(279)	(279)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(279)	(279)
<b>Net change in fund balance</b>	-	-	(279)	(279)
Fund balance - beginning	14,279	14,279	14,279	-
<b>FUND BALANCE, ENDING</b>	\$ 14,279	\$ 14,279	\$ 14,000	\$ (279)

**BUDGETARY COMPARISON SCHEDULE  
 SANTA CRUZ FLOOD CONTROL AND WATER CONSERVATION - ZONE 7 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	-	-	(7,762)	(7,762)
Aid from other governments	1,530,458	1,530,458	141,296	(1,389,162)
Charges for services	2,162,593	2,162,593	2,129,278	(33,315)
Other	-	-	61,400	61,400
<b>Total revenues</b>	<u>3,693,051</u>	<u>3,693,051</u>	<u>2,324,212</u>	<u>(1,368,839)</u>
<b>EXPENDITURES:</b>				
Current:				
Public protection	4,955,658	4,955,658	3,441,954	1,513,704
<b>Total expenditures</b>	<u>4,955,658</u>	<u>4,955,658</u>	<u>3,441,954</u>	<u>1,513,704</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,262,607)</u>	<u>(1,262,607)</u>	<u>(1,117,742)</u>	<u>(2,882,543)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(50,000)	(50,000)	-	50,000
<b>Total other financing sources (uses)</b>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
<b>Net change in fund balance</b>	<u>(1,312,607)</u>	<u>(1,312,607)</u>	<u>(1,117,742)</u>	<u>(2,832,543)</u>
Fund balance - beginning	1,312,607	1,312,607	1,312,607	-
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,865</u>	<u>\$ (2,832,543)</u>



**BUDGETARY COMPARISON SCHEDULE  
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - PUBLIC PROTECTION SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with
	Original	Final		Final Budget
<b>REVENUES:</b>				
Taxes	\$ 10,189,290	\$ 10,189,290	\$ 10,727,986	\$ 538,696
Licenses and permits	19,200	19,200	20,151	951
Fines, forfeitures and penalties	755	755	1,035	280
Use of money and property	62,870	62,870	(202,268)	(265,138)
Aid from other governments	1,698,288	1,707,263	324,002	(1,383,261)
Charges for services	1,222,398	1,277,398	1,732,901	455,503
Other	-	-	120,782	120,782
<b>Total revenues</b>	<u>13,192,801</u>	<u>13,256,776</u>	<u>12,724,589</u>	<u>(532,187)</u>
<b>EXPENDITURES:</b>				
Current:				
Public protection	<u>18,966,063</u>	<u>19,035,038</u>	<u>11,902,600</u>	<u>7,132,438</u>
<b>Total expenditures</b>	<u>18,966,063</u>	<u>19,035,038</u>	<u>11,902,600</u>	<u>7,132,438</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,773,262)</u>	<u>(5,778,262)</u>	<u>821,989</u>	<u>(7,664,625)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(800,000)</u>	<u>(800,000)</u>	<u>(800,000)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(800,000)</u>	<u>(800,000)</u>	<u>(800,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(6,573,262)</u>	<u>(6,578,262)</u>	<u>21,989</u>	<u>(7,664,625)</u>
Fund balance - beginning	<u>7,286,361</u>	<u>7,286,361</u>	<u>7,286,361</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 713,099</u>	<u>\$ 708,099</u>	<u>\$ 7,308,350</u>	<u>\$ (7,664,625)</u>

**BUDGETARY COMPARISON SCHEDULE  
 DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - HEALTH AND SANITATION SPECIAL REVENUE  
 FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	9,000	9,000	(38,536)	(47,536)
Charges for services	1,502,854	1,502,854	1,545,095	42,241
<b>Total revenues</b>	<u>1,511,854</u>	<u>1,511,854</u>	<u>1,506,559</u>	<u>(5,295)</u>
<b>EXPENDITURES:</b>				
Current:				
Health and sanitation	14,636	14,636	14,626	10
<b>Total expenditures</b>	<u>14,636</u>	<u>14,636</u>	<u>14,626</u>	<u>10</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,497,218</u>	<u>1,497,218</u>	<u>1,491,933</u>	<u>(5,305)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,639,126)	(1,639,126)	(1,347,206)	291,920
<b>Total other financing sources (uses)</b>	<u>(1,639,126)</u>	<u>(1,639,126)</u>	<u>(1,347,206)</u>	<u>291,920</u>
<b>Net change in fund balance</b>	<u>(141,908)</u>	<u>(141,908)</u>	<u>144,727</u>	<u>286,615</u>
Fund balance - beginning	1,517,410	1,517,410	1,517,410	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,375,502</u>	<u>\$ 1,375,502</u>	<u>\$ 1,662,137</u>	<u>\$ 286,615</u>

**BUDGETARY COMPARISON SCHEDULE  
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - RECREATION AND CULTURAL SERVICES  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with
	Original	Final		Final Budget
<b>REVENUES:</b>				
Taxes	\$ 1,994,199	\$ 1,994,199	\$ 2,006,306	\$ 12,107
Fines, forfeitures and penalties	-	-	67	67
Use of money and property	9,700	9,700	(61,792)	(71,492)
Aid from other governments	4,590	4,590	8,430	3,840
<b>Total revenues</b>	<u>2,008,489</u>	<u>2,008,489</u>	<u>1,953,011</u>	<u>(55,478)</u>
<b>EXPENDITURES:</b>				
Current:				
Recreation and cultural services	2,634,780	3,003,859	1,380,020	1,623,839
<b>Total expenditures</b>	<u>2,634,780</u>	<u>3,003,859</u>	<u>1,380,020</u>	<u>1,623,839</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(626,291)</u>	<u>(995,370)</u>	<u>572,991</u>	<u>(1,679,317)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(65,420)	(65,420)	(65,376)	44
<b>Total other financing sources (uses)</b>	<u>(65,420)</u>	<u>(65,420)</u>	<u>(65,376)</u>	<u>44</u>
<b>Net change in fund balance</b>	<u>(691,711)</u>	<u>(1,060,790)</u>	<u>507,615</u>	<u>(1,679,273)</u>
Fund balance - beginning	2,578,531	2,578,531	2,578,531	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,886,820</u>	<u>\$ 1,517,741</u>	<u>\$ 3,086,146</u>	<u>\$ (1,679,273)</u>

**BUDGETARY COMPARISON SCHEDULE  
 DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS-PUBLIC WAYS AND FACILITIES SPECIAL REVENUE  
 FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance with
	Original	Final		Final Budget
<b>REVENUES:</b>				
Taxes	\$ 863,797	\$ 863,797	\$ 1,080,150	\$ 216,353
Licenses and permits	31,835	31,835	42,953	11,118
Fines, forfeitures and penalties	12,950	12,950	596	(12,354)
Use of money and property	48,030	48,030	(139,296)	(187,326)
Aid from other governments	801,588	820,617	449,061	(371,556)
Charges for services	4,591,131	4,615,131	4,366,299	(248,832)
Other	-	20,000	30,017	10,017
<b>Total revenues</b>	<u>6,349,331</u>	<u>6,412,360</u>	<u>5,829,780</u>	<u>(582,580)</u>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities	11,854,411	11,917,440	4,941,247	6,976,193
Principal	17,090	17,090	17,089	1
Interest	3,329	3,329	3,322	7
<b>Total expenditures</b>	<u>11,874,830</u>	<u>11,937,859</u>	<u>4,961,658</u>	<u>6,976,201</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,525,499)</u>	<u>(5,525,499)</u>	<u>868,122</u>	<u>(7,558,781)</u>
<b>Net change in fund balance</b>	<u>(5,525,499)</u>	<u>(5,525,499)</u>	<u>868,122</u>	<u>(7,558,781)</u>
Fund balance - beginning	5,669,940	5,669,940	5,669,940	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 144,441</u>	<u>\$ 144,441</u>	<u>\$ 6,538,062</u>	<u>\$ (7,558,781)</u>



# Nonmajor Enterprise Funds

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022



**Boulder Creek CSA 7, Rolling Woods CSA 10, Place de Mer CSA 2, Sand Dollar Beach CSA 5, and Trestle Beach CSA 20** – 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 County 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.



**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2022**

	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	\$ -	\$ 919,082	\$ 63,557	\$ 415,223
Restricted cash and investments	-	-	-	-
Receivables	2,169,477	-	-	1,300
<b>Total current assets</b>	<u>2,169,477</u>	<u>919,082</u>	<u>63,557</u>	<u>416,523</u>
Noncurrent assets:				
Loans receivable	-	-	-	-
Capital assets:				
Construction-in-progress	5,267,479	-	200,986	-
Buildings and structures	652,165	360,778	188,209	908,969
Equipment	46,448	-	-	-
Accumulated depreciation	(540,345)	(286,834)	(147,535)	(524,060)
Capital assets, net	<u>5,425,747</u>	<u>73,944</u>	<u>241,660</u>	<u>384,909</u>
<b>Total noncurrent assets</b>	<u>5,425,747</u>	<u>73,944</u>	<u>241,660</u>	<u>384,909</u>
<b>Total assets</b>	<u>7,595,224</u>	<u>993,026</u>	<u>305,217</u>	<u>801,432</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payables	702,508	994	8,315	1,069
Due to other funds	54,425	-	-	-
Current portion of long-term liabilities	-	-	-	-
Accrued interest payable	-	-	-	-
<b>Total current liabilities</b>	<u>756,933</u>	<u>994</u>	<u>8,315</u>	<u>1,069</u>
Noncurrent liabilities:				
Long-term liabilities	-	-	-	-
<b>Total noncurrent liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>756,933</u>	<u>994</u>	<u>8,315</u>	<u>1,069</u>
<b>NET POSITION</b>				
Net investment in capital assets	5,425,747	73,944	241,660	384,909
Restricted for:				
Debt service	-	-	-	-
Unrestricted	1,412,544	918,088	55,242	415,454
<b>Total net position</b>	<u>\$ 6,838,291</u>	<u>\$ 992,032</u>	<u>\$ 296,902</u>	<u>\$ 800,363</u>

**COMBINING STATEMENT OF NET POSITION (CONTINUED)  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2022**

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 4,388	\$ 1,445,772	\$ 1,235,431	\$ 47,348	\$ 4,130,801
-	-	35,625	-	35,625
-	150,649	-	-	2,321,426
<u>4,388</u>	<u>1,596,421</u>	<u>1,271,056</u>	<u>47,348</u>	<u>6,487,852</u>
-	8,148	-	-	8,148
-	-	8,943,915	31,844	14,444,224
-	-	10,660,955	11,881,212	24,652,288
-	35,138	-	-	81,586
-	(32,413)	(5,634,117)	(3,792,100)	(10,957,404)
-	2,725	13,970,753	8,120,956	28,220,694
-	10,873	13,970,753	8,120,956	28,228,842
<u>4,388</u>	<u>1,607,294</u>	<u>15,241,809</u>	<u>8,168,304</u>	<u>34,716,694</u>
1,658	213,930	24,201	24,906	977,581
-	-	-	-	54,425
-	-	94,000	14,917	108,917
-	-	-	68	68
<u>1,658</u>	<u>213,930</u>	<u>118,201</u>	<u>39,891</u>	<u>1,140,991</u>
-	-	4,310,000	18,288	4,328,288
-	-	4,310,000	18,288	4,328,288
<u>1,658</u>	<u>213,930</u>	<u>4,428,201</u>	<u>58,179</u>	<u>5,469,279</u>
-	2,725	9,566,753	8,087,751	23,783,489
-	-	-	11,549	11,549
<u>2,730</u>	<u>1,390,639</u>	<u>1,246,855</u>	<u>10,825</u>	<u>5,452,377</u>
<u>\$ 2,730</u>	<u>\$ 1,393,364</u>	<u>\$ 10,813,608</u>	<u>\$ 8,110,125</u>	<u>\$ 29,247,415</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	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	\$ 526,406	\$ 63,762	\$ 103,070	\$ 313,544
<b>Total operating revenues</b>	<u>526,406</u>	<u>63,762</u>	<u>103,070</u>	<u>\$ 313,544</u>
<b>OPERATING EXPENSES:</b>				
Services and supplies	453,057	18,736	119,454	\$ 256,652
Depreciation and amortization	18,962	9,019	5,542	\$ 18,735
<b>Total operating expenses</b>	<u>472,019</u>	<u>27,755</u>	<u>124,996</u>	<u>\$ 275,387</u>
<b>Operating income (loss)</b>	<u>54,387</u>	<u>36,007</u>	<u>(21,926)</u>	<u>\$ 38,157</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Intergovernmental	152,891	-	-	-
Interest and investment income	(4,374)	(18,346)	(1,432)	\$ (8,657)
Property taxes	-	-	-	-
Interest expense	-	-	-	-
Other nonoperating revenue	4,129,803	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<u>4,278,320</u>	<u>(18,346)</u>	<u>(1,432)</u>	<u>\$ (8,657)</u>
<b>Change in net position (deficit)</b>	4,332,707	17,661	(23,358)	\$ 29,500
Net position (deficit) - beginning	2,505,584	974,371	320,260	\$ 770,863
Net position - ending	<u>\$ 6,838,291</u>	<u>\$ 992,032</u>	<u>\$ 296,902</u>	<u>\$ 800,363</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN NET POSITION (CONTINUED)  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 77,464	\$ 1,512,872	\$ 1,239,426	\$ 569,091	\$ 4,405,635
77,464	1,512,872	1,239,426	569,091	4,405,635
83,703	1,422,014	899,557	534,019	3,787,192
-	4,361	223,519	303,072	583,210
83,703	1,426,375	1,123,076	837,091	4,370,402
(6,239)	86,497	116,350	(268,000)	35,233
-	-	1,882,292	2,680	2,037,863
(340)	(38,264)	(29,934)	(1,540)	(102,887)
-	-	-	49,156	49,156
-	-	(68,485)	(1,670)	(70,155)
-	-	-	-	4,129,803
(340)	(38,264)	1,783,873	48,626	6,043,780
(6,579)	48,233	1,900,223	(219,374)	6,079,013
9,309	1,345,131	8,913,385	8,329,499	23,168,402
\$ 2,730	\$ 1,393,364	\$ 10,813,608	\$ 8,110,125	\$ 29,247,415

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	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	\$ 526,406	\$ 63,762	\$ 103,070	\$ 312,243
Payments to suppliers for goods and services	(473,618)	(20,326)	(133,340)	(269,713)
<b>Net cash provided (used) by operating activities</b>	<u>52,788</u>	<u>43,436</u>	<u>(30,270)</u>	<u>42,530</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Advances to other entities	-	-	-	-
Due to other funds	(695,549)	-	-	-
Matured interest payable	-	-	-	-
Intergovernmental receipts	152,891	-	-	-
Property taxes	-	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(542,658)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(1,466,082)	-	(20,160)	-
Insurance proceeds	1,960,326	-	-	-
Principal paid on capital debt	-	-	-	-
Interest paid on capital debt	-	-	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>494,244</u>	<u>-</u>	<u>(20,160)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	(4,374)	(18,346)	(1,432)	(8,657)
<b>Net cash provided by investing activities</b>	<u>(4,374)</u>	<u>(18,346)</u>	<u>(1,432)</u>	<u>(8,657)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	-	25,090	(51,862)	33,873
Cash and cash equivalents at beginning of year	-	893,992	115,419	381,350
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 919,082</u>	<u>\$ 63,557</u>	<u>\$ 415,223</u>

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 77,464	\$ 1,362,223	\$ 1,239,426	\$ 569,091	\$ 4,253,685
(85,649)	(1,476,121)	(1,364,069)	(543,022)	(4,365,858)
(8,185)	(113,898)	(124,643)	26,069	(112,173)
-	2,326	-	-	2,326
-	-	(2,865,235)	-	(3,560,784)
-	-	-	(162)	(162)
-	-	1,882,292	2,680	2,037,863
-	-	-	49,156	49,156
-	2,326	(982,943)	51,674	(1,471,601)
-	-	(957,590)	(31,844)	(2,475,676)
-	-	-	-	1,960,326
-	-	(93,000)	(25,057)	(118,057)
-	-	(68,485)	(1,670)	(70,155)
-	-	(1,119,075)	(58,571)	(703,562)
(340)	(38,264)	(29,934)	(1,540)	(102,887)
(340)	(38,264)	(29,934)	(1,540)	(102,887)
(8,525)	(149,836)	(2,256,595)	17,632	(2,390,223)
12,913	1,595,608	3,527,651	29,716	6,556,649
\$ 4,388	\$ 1,445,772	\$ 1,271,056	\$ 47,348	\$ 4,166,426

(Continued)

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	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)	\$ 54,387	\$ 36,007	\$ (21,926)	\$ 38,157
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	18,962	9,019	5,542	18,735
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	-	-	-	(1,301)
Increase (decrease) in:				
Payables	(20,561)	(1,590)	(13,886)	(13,061)
Total adjustments	(1,599)	7,429	(8,344)	4,373
<b>Net cash provided (used) by operating activities</b>	<u>\$ 52,788</u>	<u>\$ 43,436</u>	<u>\$ (30,270)</u>	<u>\$ 42,530</u>
Reconciliation of cash and cash equivalents to the				
Statement of Net Position				
Cash and investments per Statement of Net Position	-	919,082	63,557	415,223
Restricted cash per Statement of				
Net Position	-	-	-	-
Total cash and cash equivalents per Statement of Net Position	<u>\$ -</u>	<u>\$ 919,082</u>	<u>\$ 63,557</u>	<u>\$ 415,223</u>

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ (6,239)	\$ 86,497	\$ 116,350	\$ (268,000)	\$ 35,233
-	4,361	223,519	303,072	583,210
-	(150,649)	-	-	(151,950)
(1,946)	(54,107)	(464,512)	(9,003)	(578,666)
(1,946)	(200,395)	(240,993)	294,069	(147,406)
<u>\$ (8,185)</u>	<u>\$ (113,898)</u>	<u>\$ (124,643)</u>	<u>\$ 26,069</u>	<u>\$ (112,173)</u>
4,388	1,445,772	1,235,431	47,348	\$ 4,130,801
-	-	35,625	-	35,625
<u>\$ 4,388</u>	<u>\$ 1,445,772</u>	<u>\$ 1,271,056</u>	<u>\$ 47,348</u>	<u>\$ 4,166,426</u>





# Internal Service Funds

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022



**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.

COMBINING STATEMENT OF NET POSITION (DEFICIT)  
INTERNAL SERVICE FUNDS  
JUNE 30, 2022

ASSETS	Central Duplicating	Information Services	Public Works	Service Center
Current assets:				
Cash and investments	\$ 70,464	\$ 7,906,693	\$ 5,846,955	\$ 3,047,591
Receivables	193	-	181,516	-
Due from other funds	-	-	8,226,657	-
Deposits with others	-	-	-	-
Inventory	-	-	530,548	20,445
Advances to other funds	-	-	-	-
<b>Total current assets</b>	<u>70,657</u>	<u>7,906,693</u>	<u>14,785,676</u>	<u>3,068,036</u>
Capital assets:				
Land	-	-	62,914	34,173
Construction-in-progress	-	59,450	56,024	-
Buildings and structures	-	254,751	3,703,323	445,586
Equipment	274,235	11,274,336	10,785,335	14,956,064
Accumulated depreciation	(253,680)	(8,731,479)	(10,817,724)	(11,190,673)
<b>Capital assets, net</b>	<u>20,555</u>	<u>2,857,058</u>	<u>3,789,872</u>	<u>4,245,150</u>
<b>Total assets</b>	<u>91,212</u>	<u>10,763,751</u>	<u>18,575,548</u>	<u>7,313,186</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension	27,669	1,276,942	4,892,985	61,380
Deferred OPEB	23,808	559,497	2,892,718	47,617
<b>Total deferred outflows of resources</b>	<u>51,477</u>	<u>1,836,439</u>	<u>7,785,703</u>	<u>108,997</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payables	-	598,836	688,198	28,502
Accrued salaries and benefits payable	3,211	122,944	514,070	5,880
Deposits payable	-	-	1,155,614	-
Accrued interest payable	-	-	111	-
Lease payable	-	-	4,837	-
Claims liabilities	-	-	-	-
Compensated absences, due within one year	18,221	595,271	2,707,782	32,625
<b>Total current liabilities</b>	<u>21,432</u>	<u>1,317,051</u>	<u>5,070,612</u>	<u>67,007</u>
Noncurrent liabilities:				
Lease payable	-	-	4,830	-
Claims liability	-	-	-	-
Compensated absences, due in more than one year	18,950	621,589	1,068,817	2,592
Total OPEB liability	172,233	4,047,468	20,926,265	344,465
Net pension liability	199,765	9,219,296	35,326,482	443,153
<b>Total noncurrent liabilities</b>	<u>390,948</u>	<u>13,888,353</u>	<u>57,326,394</u>	<u>790,210</u>
<b>Total liabilities</b>	<u>412,380</u>	<u>15,205,404</u>	<u>62,397,006</u>	<u>857,217</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension	67,823	3,130,122	11,993,995	150,458
Deferred OPEB	17,301	406,570	2,102,055	34,602
<b>Total deferred inflows of resources</b>	<u>85,124</u>	<u>3,536,692</u>	<u>14,096,050</u>	<u>185,060</u>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	20,555	2,857,058	3,780,205	4,245,150
Restricted for:				
Debt service	-	-	-	-
Unrestricted	(375,370)	(8,998,964)	(53,912,010)	2,134,756
<b>Total net position (deficit)</b>	<u>\$ (354,815)</u>	<u>\$ (6,141,906)</u>	<u>\$ (50,131,805)</u>	<u>\$ 6,379,906</u>

COMBINING STATEMENT OF NET POSITION (DEFICIT) (CONTINUED)  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2022

Risk Management	Dental and Health Insurance	Liability and Property Insurance	Self-Insurance			State Unemployment Insurance Program	Total
			Workers' Compensation Insurance	Employee Benefit Staffing			
\$ 209,331	\$ 5,904,800	\$ 2,258,410	\$ 18,931,923	\$ 591,077	\$ 364,345	\$ 45,131,589	
-	38,205	-	-	-	-	219,914	
-	-	-	-	-	-	8,226,657	
-	-	-	459,787	-	-	459,787	
-	-	-	-	-	-	550,993	
-	-	-	3,793,212	-	-	3,793,212	
209,331	5,943,005	2,258,410	23,184,922	591,077	364,345	58,382,152	
-	-	-	-	-	-	97,087	
-	-	-	-	-	-	115,474	
-	-	-	-	-	-	4,403,660	
16,605	-	-	-	-	-	37,306,575	
(16,605)	-	-	-	-	-	(31,010,161)	
-	-	-	-	-	-	10,912,635	
209,331	5,943,005	2,258,410	23,184,922	591,077	364,345	69,294,787	
175,074	-	-	-	55,000	-	6,489,050	
95,234	-	-	-	23,808	-	3,642,682	
270,308	-	-	-	78,808	-	10,131,732	
2,539	803,935	5,126,495	75,514	1,420	-	7,325,439	
18,314	-	-	-	5,910	-	670,329	
-	-	-	-	-	-	1,155,614	
-	-	-	-	-	-	111	
-	-	-	-	-	-	4,837	
-	367,431	5,185,000	5,221,000	-	141,218	10,914,649	
113,301	-	-	-	30,841	-	3,498,041	
134,154	1,171,366	10,311,495	5,296,514	38,171	141,218	23,569,020	
-	-	-	-	-	-	4,830	
-	-	11,824,000	29,968,000	-	-	41,792,000	
126,902	-	-	-	60,750	-	1,899,600	
688,931	-	-	-	172,233	-	26,351,595	
1,264,000	-	-	-	397,093	-	46,849,789	
2,079,833	-	11,824,000	29,968,000	630,076	-	116,897,814	
2,213,987	1,171,366	22,135,495	35,264,514	668,247	141,218	140,466,834	
429,151	-	-	-	134,820	-	15,906,369	
69,203	-	-	-	17,301	-	2,647,032	
498,354	-	-	-	152,121	-	18,553,401	
-	-	-	-	-	-	10,902,968	
-	-	-	459,787	-	-	459,787	
(2,232,702)	4,771,639	(19,877,085)	(12,539,379)	(150,483)	223,127	(90,956,471)	
\$ (2,232,702)	\$ 4,771,639	\$ (19,877,085)	\$ (12,079,592)	\$ (150,483)	\$ 223,127	\$ (79,593,716)	

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Central Duplicating	Information Services	Public Works	Service Center
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 451,381	\$ 16,428,738	\$ 44,787,902	\$ 3,370,648
Other revenues	-	69,818	235	-
<b>Total operating revenues</b>	<u>451,381</u>	<u>16,498,556</u>	<u>44,788,137</u>	<u>3,370,648</u>
<b>OPERATING EXPENSES:</b>				
Salaries and employee benefits	199,637	8,242,408	33,065,237	384,776
Services and supplies	323,927	5,117,906	10,258,554	1,679,035
Insurance and compensation claims	-	-	-	-
Depreciation and amortization	39,506	1,279,774	816,125	1,195,939
<b>Total operating expenses</b>	<u>563,070</u>	<u>14,640,088</u>	<u>44,139,916</u>	<u>3,259,750</u>
<b>Operating income (loss)</b>	<u>(111,689)</u>	<u>1,858,468</u>	<u>648,221</u>	<u>110,898</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Intergovernmental	-	-	-	-
Interest and investment income	-	-	53,732	924
Gain on disposal of capital assets	-	-	-	19,623
Loss on disposal of capital assets	-	(20,381)	(1,749)	(21,302)
Interest expense	-	-	(1,297)	-
Other nonoperating revenue	-	-	7,590	-
<b>Total nonoperating revenues (expenses)</b>	<u>-</u>	<u>(20,381)</u>	<u>58,276</u>	<u>(755)</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>(111,689)</u>	<u>1,838,087</u>	<u>706,497</u>	<u>110,143</u>
Capital contributions	-	-	-	257,803
Transfers in	-	241,560	292,000	602,125
<b>Change in net position (deficit)</b>	<u>(111,689)</u>	<u>2,079,647</u>	<u>998,497</u>	<u>970,071</u>
Net position (deficit) - beginning	(243,126)	(8,221,553)	(51,130,302)	5,409,835
Net position (deficit) - ending	<u>\$ (354,815)</u>	<u>\$ (6,141,906)</u>	<u>\$ (50,131,805)</u>	<u>\$ 6,379,906</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN NET POSITION (CONTINUED)  
 INTERNAL SERVICE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Risk Management	Self-Insurance					Total
	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	
\$ -	\$ 8,068,729	\$ 5,775,000	\$ 8,510,764	\$ 1,329,732	\$ 400,000	\$ 89,122,894
2,000,000	58,631	6,075	373	-	-	2,135,132
2,000,000	8,127,360	5,781,075	8,511,137	1,329,732	400,000	91,258,026
1,256,406	-	-	-	191,928	-	43,340,392
1,033,064	6,574,813	9,090,840	5,401,071	858,408	200,519	40,538,137
-	1,885,894	4,798,770	3,742,989	-	540,745	10,968,398
1,038	-	-	-	-	-	3,332,382
2,290,508	8,460,707	13,889,610	9,144,060	1,050,336	741,264	98,179,309
(290,508)	(333,347)	(8,108,535)	(632,923)	279,396	(341,264)	(6,921,283)
-	5,804	-	-	-	-	5,804
(9,150)	(56,438)	(41,878)	(331,241)	(13,183)	(6,523)	(403,757)
-	-	-	-	-	-	19,623
-	-	-	-	-	-	(43,432)
(35)	-	-	-	-	-	(1,332)
-	-	3,900	-	-	-	11,490
(9,185)	(50,634)	(37,978)	(331,241)	(13,183)	(6,523)	(411,604)
(299,693)	(383,981)	(8,146,513)	(964,164)	266,213	(347,787)	(7,332,887)
-	-	-	-	-	-	257,803
-	-	4,000,000	-	-	-	5,135,685
(299,693)	(383,981)	(4,146,513)	(964,164)	266,213	(347,787)	(1,939,399)
(1,933,009)	5,155,620	(15,730,572)	(11,115,428)	(416,696)	570,914	(77,654,317)
\$ (2,232,702)	\$ 4,771,639	\$ (19,877,085)	\$ (12,079,592)	\$ (150,483)	\$ 223,127	\$ (79,593,716)



COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Central Duplicating	Information Services	Public Works	Service Center
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 451,189	\$ 16,428,738	\$ 44,764,149	\$ 3,370,651
Payments to suppliers for goods and services	(290,896)	(4,799,503)	(10,174,496)	(1,964,000)
Payments to employees for salaries and benefits	(210,205)	(9,008,049)	(34,135,455)	(488,419)
Payments for judgments and claims	-	-	-	-
Other receipts	-	69,818	235	-
<b>Net cash provided (used) by operating activities</b>	<u>(49,912)</u>	<u>2,691,004</u>	<u>454,433</u>	<u>918,232</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Intergovernmental receipts	-	-	-	-
Due from other funds	-	-	3,773,343	-
Transfers from other funds	-	241,560	292,000	602,125
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>	<u>241,560</u>	<u>4,065,343</u>	<u>602,125</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	-	-	(170,098)	-
Acquisition of equipment	-	(852,556)	(677,464)	(410,501)
Insurance proceeds	-	-	3,750	-
Loss on disposal of capital assets	-	-	(1,749)	-
Interest payable	-	-	111	-
Interest expense	-	-	(1,297)	-
Proceeds from sale of capital assets	-	-	-	19,623
<b>Net cash provided (used) by capital and related financing activities</b>	<u>-</u>	<u>(852,556)</u>	<u>(846,747)</u>	<u>(390,878)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	-	-	53,732	924
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(49,912)</u>	<u>2,080,008</u>	<u>3,726,761</u>	<u>1,130,403</u>
Cash and cash equivalents at beginning of year	120,376	5,826,685	2,120,194	1,917,188
Cash and cash equivalents at end of year	<u>\$ 70,464</u>	<u>\$ 7,906,693</u>	<u>\$ 5,846,955</u>	<u>\$ 3,047,591</u>

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
 INTERNAL SERVICE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Self-Insurance

Risk Management	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	Total
\$ -	\$ 8,059,305	\$ 5,775,000	\$ 8,510,764	\$ 1,329,732	\$ 400,000	\$ 89,089,528
(1,033,242)	(5,866,143)	(4,292,691)	(6,097,780)	(875,988)	(200,519)	(35,595,258)
(1,228,327)	-	-	-	(365,159)	-	(45,435,614)
-	(1,910,641)	(6,428,770)	(2,185,989)	-	(481,812)	(11,007,212)
2,000,000	58,631	6,075	373	-	-	2,135,132
(261,569)	341,152	(4,940,386)	227,368	88,585	(282,331)	(813,424)
-	5,804	-	-	-	-	5,804
-	-	-	3,028,217	-	-	6,801,560
-	-	4,000,000	-	-	-	5,135,685
-	5,804	4,000,000	3,028,217	-	-	11,943,049
-	-	-	-	-	-	(170,098)
-	-	-	-	-	-	(1,940,521)
-	-	3,900	-	-	-	7,650
(1,266)	-	-	-	-	-	(3,015)
-	-	-	-	-	-	111
(35)	-	-	-	-	-	(1,332)
-	-	-	-	-	-	19,623
(1,301)	-	3,900	-	-	-	(2,087,582)
(9,150)	(56,438)	(41,878)	(331,241)	(13,183)	(6,523)	(403,757)
(272,020)	290,518	(978,364)	2,924,344	75,402	(288,854)	8,638,286
481,351	5,614,282	3,236,774	16,007,579	515,675	653,199	36,493,303
\$ 209,331	\$ 5,904,800	\$ 2,258,410	\$ 18,931,923	\$ 591,077	\$ 364,345	\$ 45,131,589

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Central Duplicating	Information Services	Public Works	Service Center
<b>RECONCILIATION OF OPERATING</b>				
<b>INCOME (LOSS) TO NET CASH PROVIDED</b>				
<b>(USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (111,689)	\$ 1,858,468	\$ 648,221	\$ 110,898
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	39,506	1,279,774	816,125	1,195,939
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	(192)	-	(92,622)	3
Inventory	-	-	(53,731)	(5,022)
Prepaid items	38,437	-	-	-
Increase (decrease) in:				
Payables	(5,406)	318,403	137,789	(279,943)
Deposits payable	-	-	68,869	-
Claims liabilities	-	-	-	-
Accrued salaries and benefits	(10,568)	(765,641)	(1,070,218)	(103,643)
Total adjustments	61,777	832,536	(193,788)	807,334
<b>Net cash provided (used) by operating activities</b>	<b>\$ (49,912)</b>	<b>\$ 2,691,004</b>	<b>\$ 454,433</b>	<b>\$ 918,232</b>

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Risk Management	Self-Insurance					Total
	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	
\$ (290,508)	\$ (333,347)	\$ (8,108,535)	\$ (632,923)	\$ 279,396	\$ (341,264)	\$ (6,921,283)
1,038	-	-	-	-	-	3,332,382
-	(9,424)	-	-	-	-	(102,235)
-	-	-	-	-	-	(58,753)
-	-	-	-	-	-	38,437
(178)	708,670	4,798,149	(696,709)	(17,580)	-	4,963,195
-	-	-	-	-	-	68,869
-	(24,747)	(1,630,000)	1,557,000	-	58,933	(38,814)
28,079	-	-	-	(173,231)	-	(2,095,222)
28,939	674,499	3,168,149	860,291	(190,811)	58,933	6,107,859
<u>\$ (261,569)</u>	<u>\$ 341,152</u>	<u>\$ (4,940,386)</u>	<u>\$ 227,368</u>	<u>\$ 88,585</u>	<u>\$ (282,331)</u>	<u>\$ (813,424)</u>



# Fiduciary Funds

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**Custodial Funds**

**Unapportioned Collections** - The Unapportioned Collections Fund is used to account for property taxes receivable, amounts which are impounded because of disputes or litigation, as well as amounts held pending authority for apportionment.

**Other Custodial Funds** – Custodial Funds are used to account for assets which are held for other governmental agencies or individuals by the County in a custodial capacity.

**Private-Purpose Trust Funds**

**Public Guardian** - The Public Guardian Fund is used to account for assets which are held in trust for Santa Cruz County Residents who, as a result of a disability, have lost the ability to care for themselves and have no one else willing and able to care for them.

**Redevelopment Successor Agency** - The Redevelopment Successor Agency accounts for assets held by the County in a trust to wind down the affairs of the former Redevelopment Agency.

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 CUSTODIAL FUNDS  
 JUNE 30, 2022

	Unapportioned Collections	Other Custodial Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 16,697,694	\$ 36,924,682	\$ 53,622,376
Restricted cash with fiscal agents	-	899,628	899,628
Receivables:			
Taxes for other governments	11,200,424	-	11,200,424
<b>Total assets</b>	<u>27,898,118</u>	<u>37,824,310</u>	<u>65,722,428</u>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	17,609,611	2,320,614	19,930,225
Other liabilities	-	118,219	118,219
<b>Total liabilities</b>	<u>17,609,611</u>	<u>2,438,833</u>	<u>20,048,444</u>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	10,288,507	35,385,477	45,673,984
<b>Total net position</b>	<u>\$ 10,288,507</u>	<u>\$ 35,385,477</u>	<u>\$ 45,673,984</u>



**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Unapportioned Collections	Other Custodial Funds	Total
<b>ADDITIONS</b>			
Gifts and bequests	\$ -	\$ 187,716	\$ 187,716
Interest, dividends and other	(85,296)	(283,517)	(368,813)
Tax collections	684,884,611	131,116,944	816,001,555
Other contributions	14,064,639	49,683,457	63,748,096
<b>Total additions</b>	<u>698,863,954</u>	<u>180,704,600</u>	<u>879,568,554</u>
<b>DEDUCTIONS</b>			
Administrative expenses	45,221	94,343	139,564
Payments to other local governments	17,002,375	41,372,121	58,374,496
Payments of taxes to other local governments	680,547,707	14,031,666	694,579,373
Interest expense	3,232	251	3,483
Distributions from pooled investments	10,831	119,107,140	119,117,971
<b>Total deductions</b>	<u>697,609,366</u>	<u>174,605,521</u>	<u>872,214,887</u>
 Net increase in fiduciary net position	 1,254,588	 6,099,079	 7,353,667
 Net position - beginning	 9,033,919	 29,286,398	 38,320,317
Net position - ending	<u>\$ 10,288,507</u>	<u>\$ 35,385,477</u>	<u>\$ 45,673,984</u>

COMBINING STATEMENT OF FIDUCIARY NET POSITION (DEFICIT)  
 PRIVATE-PURPOSE TRUST FUNDS  
 JUNE 30, 2022

	Public Guardian	Redevelopment Successor Agency	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,708,766	\$ 15,574,409	\$ 17,283,175
Restricted cash with fiscal agents	-	2,570	2,570
Prepaid expenses	-	1,148,267	1,148,267
Receivables:			
Receivables	-	1,200	1,200
Nondepreciable capital assets	-	7,425,950	7,425,950
<b>Total assets</b>	<u>1,708,766</u>	<u>24,152,396</u>	<u>25,861,162</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on refunding of debt	-	220,949	220,949
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>220,949</u>	<u>220,949</u>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	-	81	81
Interest payable	-	2,548,270	2,548,270
Other liabilities	-	181,389,125	181,389,125
<b>Total liabilities</b>	<u>-</u>	<u>183,937,476</u>	<u>183,937,476</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Gain on refunding of debt	-	902,327	902,327
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>902,327</u>	<u>902,327</u>
<b>NET POSITION (DEFICIT)</b>			
Restricted for:			
Individuals, organizations and other governments	1,708,766	(160,466,458)	(158,757,692)
<b>Total net position (deficit)</b>	<u>\$ 1,708,766</u>	<u>\$ (160,466,458)</u>	<u>\$ (158,757,692)</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Public Guardian	Redevelopment Successor Agency	Total
<b>ADDITIONS</b>			
Interest, dividends and other	\$ (34,815)	\$ (326,982)	\$ (361,797)
Tax collections	-	18,173,258	18,173,258
Other contributions	380,563	71,496	452,059
<b>Total additions</b>	<u>345,748</u>	<u>17,917,772</u>	<u>18,263,520</u>
<b>DEDUCTIONS</b>			
Beneficiary payments to individuals	60,000	-	60,000
Administrative expenses	-	268,300	268,300
Interest expense	3,346	6,319,844	6,323,190
Other deductions	-	154,535	154,535
<b>Total deductions</b>	<u>63,346</u>	<u>6,742,679</u>	<u>6,806,025</u>
<b>Net increase in fiduciary net position (deficit)</b>	282,402	11,175,093	11,457,495
Net position (deficit) - beginning	1,426,364	(171,641,551)	(170,215,187)
<b>Net position (deficit) - ending</b>	<u>\$ 1,708,766</u>	<u>\$ (160,466,458)</u>	<u>\$ (158,757,692)</u>

# Statistical Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022



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## STATISTICAL SECTION

This part of the County of Santa Cruz’s annual comprehensive 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.

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Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Reported in Thousands)*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets	\$ 631,244	\$ 601,792	\$ 567,960	\$ 546,806	\$ 509,726	\$ 476,456	\$ 468,999	\$ 484,646	\$ 439,466	\$ 448,657
Restricted	150,199	125,373	132,070	66,391	55,333	57,360	63,880	55,856	75,773	67,014
Unrestricted	(606,264)	(613,189)	(603,792)	(471,054)(1)	(423,493)	(396,329)	(374,141)	(399,332)	(72,239)	(65,133)
Total governmental activities net position	<u>\$ 175,179</u>	<u>\$ 113,976</u>	<u>\$ 96,238</u>	<u>\$ 142,143</u>	<u>\$ 141,566</u>	<u>\$ 137,487</u>	<u>\$ 158,738</u>	<u>\$ 141,170</u>	<u>\$ 443,000</u>	<u>\$ 450,538</u>
Business-type activities										
Net investment in capital assets	\$ 31,920	\$ 30,575	\$ 24,395	\$ 24,615	\$ 21,690	\$ 20,724	\$ 28,466	\$ 28,585	\$ 24,033	\$ 25,023
Restricted	534	566	43	43	634	381	390	260	476	44
Unrestricted	11,231	10,554	328	1,304	3,255	2,062	(1,962)	3,620	8,130	7,634
Total business-type activities net position	<u>\$ 43,685</u>	<u>\$ 41,695</u>	<u>\$ 24,766</u>	<u>\$ 25,962</u>	<u>\$ 25,579</u>	<u>\$ 23,167</u>	<u>\$ 26,894</u>	<u>\$ 32,465</u>	<u>\$ 32,639</u>	<u>\$ 32,701</u>
Total primary government										
Net investment in capital assets	\$ 663,164	\$ 632,367	\$ 592,355	\$ 571,421	\$ 531,416	\$ 497,180	\$ 497,465	\$ 513,231	\$ 463,499	\$ 473,680
Restricted	150,733	125,939	132,113	66,434	55,967	57,740	64,270	56,116	76,249	67,058
Unrestricted	(595,033)	(602,635)	(603,464)	(469,750)	(420,238)	(394,267)	(376,103)	(395,712)	(64,109)	(57,499)
Total primary government net position	<u>\$ 218,864</u>	<u>\$ 155,671</u>	<u>\$ 121,004</u>	<u>\$ 168,105</u>	<u>\$ 167,145</u>	<u>\$ 160,653</u>	<u>\$ 185,632</u>	<u>\$ 173,635</u>	<u>\$ 475,639</u>	<u>\$ 483,239</u>

(1) 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.

Fiscal Year ended June 30, 2022

**GOVERNMENT-WIDE CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(Reported in Thousands)*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Expenses</b>										
Governmental activities:										
General government	\$ 42,187	\$ 50,868	\$ 49,370	\$ 42,773	\$ 39,812	\$ 43,566	\$ 35,068	\$ 33,544	\$ 25,451	\$ 17,725
Public protection	201,256	223,651	207,831	195,327	177,636	157,415	141,370	131,718	133,932	127,640
Public ways and facilities	30,783	43,683	31,139	27,258	29,193	24,716	28,271	32,900	18,961	47,167
Health and sanitation	195,858	197,848	179,330	154,536	141,327	123,519	114,209	108,999	108,571	111,441
Public assistance	179,814	205,806	160,348	144,066	132,801	129,000	126,834	116,902	112,840	104,889
Education	6,305	6,099	5,757	5,996	5,884	5,746	6,005	5,537	4,915	5,005
Recreation and cultural services	11,452	11,485	12,182	11,772	11,549	10,784	8,900	7,202	6,870	5,867
Interest on long-term debt	4,760	1,890	3,270	2,157	1,746	2,210	2,764	3,307	8,126	3,321
Total government activities expenses	<u>672,415</u>	<u>741,330</u>	<u>649,227</u>	<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>
Business-type activities:										
County Disposal Sites										
CSA 9C	22,816	16,217	19,393	17,873	14,859	13,283	12,018	11,785	11,464	10,904
Boulder Creek CSA 7	467	428	419	542	401	308	362	332	310	344
Rolling Woods CSA 10	28	29	17	21	31	32	15	12	14	14
Septic Tank Maintenance										
CSA 12	1,426	1,555	1,328	1,124	923	1,016	1,090	1,058	1,114	1,017
Freedom County										
Sanitation District	1,183	1,175	1,206	766	1,123	1,090	808	965	607	441
Davenport County										
Sanitation District	833	1,127	810	551	581	556	518	656	557	458
Place de Mer CSA 2	124	234	176	164	157	30	38	50	23	21
Sand Dollar Beach CSA 5	273	309	294	328	323	247	237	275	243	260
Trestle Beach CSA 20	83	69	95	51	56	62	45	51	59	36
Summit West CSA 54	-	-	-	2	-	-	-	-	1	1
Graham Hill CSA 57	-	-	-	-	-	8	11	35	53	35
Total business-type activities expenses	<u>27,233</u>	<u>21,143</u>	<u>23,738</u>	<u>21,422</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>
Total primary government expenses	<u>\$ 699,648</u>	<u>\$ 762,473</u>	<u>\$ 672,965</u>	<u>\$ 605,307</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>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 27,224	\$ 23,901	\$ 23,768	\$ 26,432	\$ 19,799	\$ 21,379	\$ 19,053	\$ 18,605	\$ 19,150	\$ 18,071
Public protection	28,937	31,132	22,982	23,599	23,357	22,877	22,514	22,913	21,426	20,742
Public ways and facilities	7,374	7,535	6,528	7,085	6,154	6,129	4,929	5,624	5,167	5,994
Health and sanitation	46,012	41,979	41,219	39,863	41,364	38,413	33,927	27,520	25,318	22,889
Public assistance	1,123	589	523,588	1,071	1,278	415	700	568	512	350
Education	1	2	2	1	-	-	-	-	-	-
Recreation and cultural services	2,708	2,332	3,014	3,354	3,392	3,279	8,051	2,594	3,119	2,875
Debt service	41	2,106	1,560	285	-	-	-	-	-	-
Operating grants and contributions	399,130	369,375	290,021	279,861	259,972	261,567	244,016	243,896	227,863	219,341
Capital grants and contributions	14,984	32,522	18,532	22,829	19,532	8,193	8,798	7,006	10,541	10,678
Total governmental activities program revenues	<u>527,534</u>	<u>511,472</u>	<u>408,150</u>	<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>
Business-type activities:										
Charges for services	22,274	22,817	21,291	18,506	18,022	15,638	14,763	13,933	13,350	13,137
Operating grants and contributions	2,712	2,941	425	1,232	2,856	342	490	226	382	208
Capital grants and contributions	-	-	-	-	-	327	129	118	-	60
Total business-type activities program revenues	<u>24,986</u>	<u>25,758</u>	<u>21,716</u>	<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>
Total primary government program revenues	<u>\$ 552,520</u>	<u>\$ 537,230</u>	<u>\$ 429,866</u>	<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>
Net (expense)/revenue	<u>\$ (144,881)</u>	<u>\$ (229,858)</u>	<u>\$ (241,077)</u>	<u>\$ (179,205)</u>	<u>\$ (165,100)</u>	<u>\$ (134,704)</u>	<u>\$ (126,361)</u>	<u>\$ (111,384)</u>	<u>\$ (106,570)</u>	<u>\$ (122,116)</u>
Business-type activities	<u>(2,247)</u>	<u>4,615</u>	<u>(2,022)</u>	<u>(1,683)</u>	<u>2,424</u>	<u>(325)</u>	<u>240</u>	<u>(942)</u>	<u>(713)</u>	<u>(126)</u>
Total primary government net expense	<u>\$ (147,128)</u>	<u>\$ (225,243)</u>	<u>\$ (243,099)</u>	<u>\$ (180,888)</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>

(Continued)



GOVERNMENT-WIDE CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Reported in Thousands)

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 136,154	\$ 129,749	\$ 123,044	\$ 118,051	\$ 117,337	\$ 107,283	\$ 100,143	\$ 93,563	\$ 88,178	\$ 84,795
Other taxes	53,369	50,497	36,906	35,107	31,143	27,410	24,256	21,831	19,046	17,201
Grants and contributions not restricted for specific purposes	-	-	487	-	-	-	-	-	-	117
Interest and investment earnings	(4,067)	4,186	-	-	-	-	-	-	-	-
Use of money and property	-	-	6,283	6,619	4,454	3,741	4,096	3,473	3,652	1,254
Miscellaneous	12,010	25,207	28,371	19,945	16,253	7,960	9,460	4,306	751	(156)
Gain (Loss) on sale of assets	20	10	81	60	(7)	6	98	-	(4)	26
<b>Total governmental activities</b>	<b>197,486</b>	<b>209,649</b>	<b>195,172</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>
Business-type activities:										
Property taxes	49	45	44	40	35	32	29	27	25	25
Interest and investment earnings	(497)	165	-	-	-	-	-	-	-	-
Use of money and property	-	-	334	366	(25)	(232)	(170)	49	95	(24)
Miscellaneous	4,684	820	448	1,608	70	333	332	6,539	531	609
Gain (Loss) on sale of assets	-	-	-	52	(91)	-	-	-	-	-
<b>Total business-type activities</b>	<b>4,236</b>	<b>1,030</b>	<b>826</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>Total primary government</b>	<b>\$ 201,722</b>	<b>\$ 210,679</b>	<b>\$ 195,998</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>
Extraordinary Item	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16,377)
<b>Change in Net Position</b>										
Governmental activities	\$ 52,603	\$ (20,210)	\$ (45,905)	\$ 577	\$ 4,080	\$ 11,696	\$ 11,692	\$ 11,789	\$ 5,053	\$ (35,256)
Business-type activities	1,991	5,645	(1,196)	383	2,413	(192)	431	5,673	(62)	484
<b>Total primary government</b>	<b>\$ 54,594</b>	<b>\$ (14,565)</b>	<b>\$ (47,101)</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>

**FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Reported in Thousands)**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>General Fund</b>										
Nonspendable	\$ 1,402	\$ 1,696	\$ 1,547	\$ 1,707	\$ 1,758	\$ 703	\$ 751	\$ 1,135	\$ 872	\$ 3,544
Restricted	33,022	25,484	-	-	-	-	-	1	2	2
Committed	20,956	20,956	19,756	19,957	21,557	18,000	17,251	20,081	21,627	16,166
Assigned	80,169	63,583	36,390	48,162	37,094	37,159	33,767	29,059	18,214	20,857
Unassigned	-	-	-	-	-	(71)	(33)	(71)	-	-
<b>Total General Fund</b>	<u>\$ 135,549</u>	<u>\$ 111,719</u>	<u>\$ 57,693</u>	<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>
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,558	\$ -	\$ 61,184	\$ 60,226	\$ 56,077
Restricted	150,199	127,279	130,581	121,088	116,612	54,594	124,769	55,820	69,455	67,030
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(1,906)	-	-	(4,989)	-	-	-	-	(17)
	<u>\$ 150,199</u>	<u>\$ 125,373</u>	<u>\$ 130,581</u>	<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>

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Reported in Thousands)**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues</b>										
Taxes	\$ 189,522	\$ 180,246	\$ 159,949	\$ 153,158	\$ 148,480	\$ 134,693	\$ 124,399	\$ 115,394	\$ 107,224	\$ 101,997
Licenses and permits	16,787	13,782	12,829	12,591	12,665	13,268	11,881	11,053	9,847	9,819
Fines, forfeits and penalties	9,801	12,939	8,723	10,796	3,870	4,101	3,630	4,720	4,758	4,474
Use of money and property	(3,664)	3,901	5,674	5,930	4,197	3,623	4,083	3,417	3,480	1,264
Aid from other governments	414,108	401,443	308,552	302,690	279,504	269,760	252,814	250,902	238,404	230,019
Charges for services	86,832	82,856	78,045	78,603	78,809	75,124	68,734	62,050	60,087	56,626
Other	11,999	24,546	28,371	19,945	16,720	8,313	9,685	10,168	12,927	5,320
<b>Total revenues</b>	<b>725,385</b>	<b>719,713</b>	<b>602,143</b>	<b>583,713</b>	<b>544,245</b>	<b>508,882</b>	<b>475,226</b>	<b>457,704</b>	<b>436,727</b>	<b>409,519</b>
<b>Expenditures</b>										
<b>Current</b>										
General government	41,915	44,349	44,123	35,550	36,225	33,189	31,414	32,532	29,206	28,311
Public protection	318,652	195,009	182,291	172,236	161,157	156,582	146,434	137,893	134,296	129,562
Public ways and facilities	37,008	68,935	35,769	37,204	37,324	34,217	20,249	24,440	18,730	41,232
Health and sanitation	195,978	181,815	164,253	142,544	133,424	122,842	117,041	111,509	108,967	108,688
Public assistance	179,365	193,727	149,539	134,165	125,796	129,505	130,035	119,199	112,967	101,437
Education	5,606	5,458	5,518	5,753	5,655	5,535	5,793	5,325	4,915	4,781
Recreation and cultural services	10,532	9,828	10,842	10,460	10,471	10,014	8,667	7,156	6,951	6,900
Capital outlay	28,090	7,889	14,587	17,770	35,287	14,862	7,607	9,306	18,875	-
<b>Debt service</b>										
Principal	13,547	6,075	10,220	5,577	4,592	4,857	4,744	3,992	3,797	3,815
Bond redemption	-	-	-	-	-	-	-	-	-	-
Bond issue costs	844	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	5,133	2,911	3,158	2,933	2,276	2,904	2,770	3,239	3,151	3,318
<b>Total expenditures</b>	<b>836,670</b>	<b>715,996</b>	<b>620,300</b>	<b>564,192</b>	<b>552,207</b>	<b>514,507</b>	<b>474,754</b>	<b>454,591</b>	<b>441,855</b>	<b>428,044</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(111,285)</b>	<b>3,717</b>	<b>(18,157)</b>	<b>19,521</b>	<b>(7,962)</b>	<b>(5,625)</b>	<b>472</b>	<b>3,113</b>	<b>(5,128)</b>	<b>(18,525)</b>
<b>Other Financing Sources (Uses)</b>										
Sale of capital assets	-	-	-	-	24	6	98	-	-	-
Gain/(Loss) on land held for resale	-	-	-	-	-	-	-	-	-	-
Debt issue cost	-	-	(281)	-	-	-	-	-	-	-
Escrow transfers in	-	-	-	-	-	-	-	-	-	-
Escrow transfers out	-	-	-	-	-	-	-	-	-	-
Proceeds from long-term debt	152,480	-	-	-	-	-	9,945	-	11,810	-
Contributed capital	-	-	-	-	-	-	-	-	-	233
Bond premium	3,214	-	995	-	(63)	951	60	-	812	-
Bond discount	(52)	-	-	-	-	-	-	-	-	-
Proceeds from refunding bonds	-	-	13,985	-	7,940	10,500	13,770	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	(10,620)	(13,097)	-	(6,362)	-
Transfers in	38,736	19,678	18,285	22,489	28,411	21,582	17,489	12,312	36,185	17,620
Transfers out	(43,871)	(19,802)	(18,362)	(23,157)	(28,496)	(21,750)	(17,701)	(18,706)	(37,268)	(18,379)
Lease inception	863	-	894	30	92	129	70	93	403	36
Miscellaneous	-	-	-	-	144	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>151,370</b>	<b>(124)</b>	<b>15,516</b>	<b>(638)</b>	<b>8,052</b>	<b>798</b>	<b>10,634</b>	<b>(6,301)</b>	<b>5,580</b>	<b>(490)</b>
<b>Extraordinary Item</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,179)</b>
<b>Net change in fund balances</b>	<b>\$ 40,085</b>	<b>\$ 3,593</b>	<b>\$ (2,641)</b>	<b>\$ 18,883</b>	<b>\$ 90</b>	<b>\$ (4,827)</b>	<b>\$ 11,106</b>	<b>\$ (3,188)</b>	<b>\$ 452</b>	<b>\$ (26,194)</b>
Debt service as a percentage of noncapital expenditures	2.38%	1.33%	2.32%	1.61%	1.40%	1.63%	1.64%	1.69%	1.64%	1.79%

**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 <sup>(3)</sup>
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	135	6,780	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
2020	104,689	234	3,134	16,640	7,410	4,294	2,411	84	138,896
2021	109,956	330	3,796	22,564	10,237	6,266	3,728	83	156,960
2022	135,907	247	4,139	28,221	14,137	3,014	3,782	76	189,523

<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>The difference between total tax revenues reported above and revenues classified as taxes on the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance is the above revenues classified as "Delinquent Penalties and Costs." These tax revenues are reported under "Fines, forfeits and penalties" on the Statement of Revenues, Expenditures and Changes in Fund Balance.

**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
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%
2020	587,578	580,758	98.8%	5,046	585,804	99.7%
2021	615,206	609,436	99.1%	5,997	615,433	100.0%
2022	638,000	631,953	99.1%	6,554	638,507	100.1%

<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.

**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>
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%
2020	49,853,771	1,032,834	50,886,605	1.00%
2021	51,676,680	1,035,947	52,712,628	1.00%
2022	54,902,593	1,138,888	56,041,480	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.

**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					
	2013	1.064					
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
2020	1.063	1.183	25.5	5.0	57.0	12.5	100.0
2021	1.061	1.198	25.5	5.0	57.0	12.5	100.0
2022	1.061	1.212	25.5	5.0	57.0	12.5	100.0

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Reported in Thousands, Except Per Capita Information)**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Capital leases	\$ -	\$ 2,957	\$ 3,719	\$ 4,097	\$ 5,579	\$ 5,968	\$ 6,739	\$ 4,731	\$ 5,077	\$ 5,075
Leases <sup>(1)</sup>	19,923	-	-	-	-	-	-	-	-	-
Refunding Certificates of Participation - 1996	7,240	8,470	9,650	10,765	11,825	12,830	19,770	21,440	23,025	24,534
Lease Revenue Bonds Refunding Certificates of Participation - 2015	57,613	29,645	30,720	21,083	21,948	14,504	14,927	12,325	12,325	6,450
Lease Revenue Refunding Bonds - 2012	3,495	5,065	6,585	8,065	9,505	10,915	12,305	-	-	-
Lease Revenue Refunding Bonds - 2020	1,209	1,284	1,357	1,428	1,496	1,561	1,627	1,690	1,751	1,812
Local Agency Revenue Bonds - 1999	3,958	4,196	4,464	-	-	-	-	-	-	-
Certificates of Participation Refunding Certificates of Participation - 2014	-	-	-	35	70	105	135	165	195	225
Refunding Certificates of Participation - 2016	500	737	969	5,847	6,429	6,991	13,390	27,266	29,307	31,278
SCRUZPOB, 2021 Tax Pension	4,225	4,552	4,868	5,175	5,467	5,748	6,020	6,286	6,583	-
City of Scotts Valley Writ of Mandate	7,355	7,743	8,711	9,643	10,536	11,403	-	-	-	-
McGaffigan Mill Road HOA	118,690	-	-	-	-	-	-	-	-	-
CA Energy Resources Conservation and Development Commission	-	-	-	-	-	16	58	-	-	-
Internal Service Funds	-	-	-	-	-	-	-	26	19	16
Business-type activities										
Lease Revenue Bonds	5,171	5,471	5,756	6,030	6,295	6,550	6,799	-	-	-
Loans Payable	5,511	58	92	143	192	240	287	449	490	531
Capital leases	-	1,233	1,389	1,544	2	3	4	-	2	3
<b>Total Primary government<sup>(2)</sup></b>	<b>\$234,890</b>	<b>\$71,411</b>	<b>\$78,280</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>
Percentage of personal income <sup>(3,5)</sup>	1.03%	0.35%	0.40%	0.39%	0.44%	0.46%	0.50%	0.47%	0.54%	0.50%
Per capita <sup>(4,5)</sup>	\$ 877	\$ 265	\$ 287	\$ 269	\$ 288	\$ 279	\$ 299	\$ 271	\$ 293	\$ 265

<sup>(1)</sup>GASB 87

<sup>(2)</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>(3)</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 2022 is based on 2021 calendar year personal income data). Personal income data is provided by the Bureau of Economic Analysis (BEA).

<sup>(4)</sup>Per capita data is calculated from per capita income data for the preceding calendar year (e.g. per capita for Fiscal Year 2022 is based on 2021 calendar year per capita income data). Per capita income data is provided by the Bureau of Economic Analysis.

<sup>(5)</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.



**COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS**

Fiscal Year	Assessed Value <sup>(1)</sup>	Legal Debt Limit <sup>(2)</sup>	Total Net Applicable Debt	Legal Debt Margin	Debt Margin/ Debt Limit
2013	\$ 33,625,169,225	\$ 1,681,258,461	\$ -	420,314,615	100.00%
2014	35,996,363,446	1,799,818,172	-	449,954,543	100.00%
2015	38,321,843,499	1,916,092,175	-	479,023,044	100.00%
2016	40,296,052,356	2,014,802,618	-	503,700,654	100.00%
2017	42,608,503,591	2,130,425,180	-	2,130,425,180	100.00%
2018	45,265,421,591	2,263,271,080	-	2,263,271,080	100.00%
2019	47,620,014,333	2,381,000,717	-	2,381,000,717	100.00%
2020	49,853,771,007	2,492,688,550	-	2,492,688,550	100.00%
2021	51,676,680,196	2,583,834,010	-	2,583,834,010	100.00%
2022	54,902,592,846	2,745,129,642	-	2,745,129,642	100.00%

<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.

**STATEMENT OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2022  
(Reported in Thousands)**

2021-2022 Total Net Assessed Valuation	\$	<u>55,782,703</u>				
			<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;"></td> <td style="width: 20%; text-align: center;">Percentage Applicable<sup>(1)</sup></td> <td style="width: 20%; text-align: center;">Net Debt Outstanding</td> </tr> </table>		Percentage Applicable <sup>(1)</sup>	Net Debt Outstanding
	Percentage Applicable <sup>(1)</sup>	Net Debt Outstanding				
<u>Overlapping Tax and Assessment and General Obligation Debt</u>						
SCHOOL DISTRICTS						
Elementary School Districts						
Live Oak Elementary	100.00%	\$	9,151			
Santa Cruz City Elementary	100.00%		71,091			
Soquel Union Elementary	100.00%		54,321			
Mountain Elementary	100.00%		2,220			
Santa Cruz City High	100.00%		145,243			
Scotts Valley Unified	100.00%		34,925			
San Lorenzo Valley Unified	100.00%		64,707			
Pacific	100.00%		800			
Pajaro Valley Unified	100.00%		164,626			
Cabrillo College	100.00%		104,215			
SPECIAL DISTRICTS						
Zayante Fire	100.00%		-			
Lompico Water	100.00%		-			
Rolling Woods Water	100.00%		-			
Rolling Woods Sewer Improvements	100.00%		-			
North Polo Drive Sewer Extension	100.00%		-			
Orchard Drive	100.00%		600			
Consolidated Reassessment District 2021	100.00%		1,215			
Place De Mer AD 2021-01	100.00%		2,615			
Felton Community Facilities - District No. 1	100.00%		6,710			
Total Overlapping Tax and Assessment and General Obligation Debt			<u>662,439</u>			
<u>Direct Debt</u>						
Santa Cruz County <sup>(2)</sup>	100.00%		228,537			
Total Direct Debt			<u>228,537</u>			
Total Combined Overlapping and Direct Debt		\$	<u>890,976</u>			
<u>Ratio to 2021-2022 Assessed Valuation</u>						
Total Overlapping Tax and Assessment and General Obligation Debt	1.19%					
Total Direct Debt	0.41%					
Total Combined Direct Debt and Overlapping Debt	1.60%					

<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.

**OUTSTANDING DEBT OF THE GOVERNMENTAL ACTIVITIES<sup>(1)</sup>**  
**JUNE 30, 2022**  
*(Reported in Thousands)*

YEAR OF ISSUANCE	PRINCIPAL	INTEREST	TOTAL
Debt <sup>(2)</sup>			
1996	\$ 7,240	\$ 1,064	\$ 8,304
2008	490	21	511
2012A	1,219	412	1,631
2014	4,060	915	4,975
2014	3,740	1,074	4,814
2015	3,495	206	3,701
2015	8,235	3,973	12,208
2016	6,690	1,935	8,625
2017	6,150	1,486	7,636
2020A	9,275	5,318	14,593
2020B	3,985	899	4,884
2021A	22,555	13,784	36,339
2021B	3,730	1,828	5,558
2021 Tax Obligation Bonds	<u>118,690</u>	<u>33,374</u>	<u>152,064</u>
Total debt outstanding for the Governmental Activities	<u>\$ 199,554</u>	<u>\$ 66,289</u>	<u>\$ 265,843</u>

<sup>(1)</sup> All bonds noted are debts of The Public Financing Authority, a separate legal entity for whose debt the County is not liable except for the 2021 Tax Obligation Bonds.

<sup>(2)</sup> Certificates of Participation, Refunding Certificates of Participation, Lease Revenue Bonds, Lease Revenue Refunding Bonds, Revenue Bonds, and Local Agency Revenue Bonds.

**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
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
2020	271	685,431	2,529	104,689	386
2021	261	749,829	2,873	109,956	421
2022	267	918,988	3,442	135,907	509

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>
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	4.4%
2020	49,853,771	71,592	19,559,977	69,828	12.2%
2021	51,676,680	75,957	20,502,635	67,610	6.9%
2022	54,902,593	85,554	22,910,773	66,748	3.8%

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 2022 is 2021 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 2022 is annual average for 2021 calendar year) as calculated by the California Employment Development Department (EDD). Calendar year 2013 was revised by the EDD and has been restated here.

**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)
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	66	1	67	18,228	1,025	19,253	6,133,076
2018	34	1	35	9,189	315	9,504	6,269,787
2019	50	1	51	12,227	995	13,222	7,415,466
2020	59	-	59	11,124	221	11,345	8,426,670
2021	144 <sup>(3)</sup>	1 <sup>(3)</sup>	145	27,475 <sup>(3)</sup>	4,769 <sup>(3)</sup>	32,244	8,937,210

<sup>(1)</sup> Compiled by the California Department of Finance - Economic Research Unit. Calendar year 2022 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, 2022.

<sup>(3)</sup> Compiled by the County of Santa Cruz Planning Department. Figures from prior years have been restated to reflect the data the county planning department tracks. Data from the cities of Watsonville, Scotts Valley, Capitola, and Santa Cruz are not included in these restated figures.

**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)
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)
2020	151,767	208,299	-	-
2021	184,246	197,373	-	-
2022	168,264	294,764	-	-

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.

**PRINCIPAL TAXPAYERS  
CURRENT AND TEN YEARS AGO**

Taxpayer	Type of Business	Assessed Value 2021-2022	Percentage of Total Assessed Valuation 2021-2022 <sup>(1)</sup>
Pacific Gas & Electric Company	Gas & Electric Utility	\$ 436,014,510	0.78%
Santa Cruz Seaside Company	Amusement Park	157,549,367	0.28%
Dignity Health	Hospital	153,716,185	0.28%
Regency Hilltop LLC	Property management	117,750,000	0.21%
Capitola Mall, LLC	Property management	117,711,928	0.21%
Rancho Del Mar Center	Property management	60,238,920	0.11%
S Martinelli & Co	Consumer Goods	55,247,853	0.10%
Cypress Point Real Estate Investors	Real Estate	51,204,468	0.09%
Watsonville LLC	Property management	50,195,077	0.09%
Selby Development Group LLC	Construction & Development	44,547,619	0.08%
<b>Totals</b>		<b>\$ 1,244,175,927</b>	<b>2.23%</b>

Taxpayer	Type of Business	Assessed Value 2011-2012	Percentage of Total Assessed Valuation 2011-2012 <sup>(2)</sup>
Pacific Gas and Electric	Gas & Electric Utility	\$ 216,140,226	0.65%
Macerich Partnership L P	Commercial Real Estate	75,108,137	0.23%
Santa Cruz Seaside Company	Amusement Park	62,543,482	0.19%
Pacific Bell Telephone Co.	Telephone utility	59,547,074	0.18%
Watsonville Hospital Corp	Hospital	57,905,619	0.18%
George Ow, Jr. et al	Real Estate	46,001,956	0.14%
Safeway Inc	Food Retailer	45,640,395	0.14%
SC Beach Hotel Partners LLC	Hotel	43,727,854	0.13%
Cypress Point RE Investors LLC	Apartment Complex	42,382,155	0.13%
Green Valley Corporation	Construction & Development	41,707,106	0.13%
<b>Totals</b>		<b>\$ 690,704,004</b>	<b>2.10%</b>

Note: Principal taxpayer data for fiscal year 2021/22 is derived from the 2021 tax roll, which was billed and collected during 2022. Data for fiscal year 2011-2012 is derived from the 2011 tax roll, which was billed and collected during 2012.

<sup>(1)</sup> Percentage of total assessed valuation for 2021/22 is calculated from the total net assessed valuation of \$55,782,703,312.

<sup>(2)</sup> Percentage of total assessed valuation for 2010/11 is calculated from the total net assessed valuation of \$33,145,951,621.

**PRINCIPAL EMPLOYERS  
CURRENT AND TEN YEARS AGO**

Employer	Product/Service	Number of Employees 2021-2022 <sup>(1)</sup>	Percentage of Total Employment 2021-2022 <sup>(2)</sup>
University of California at Santa Cruz	Education	1,000-4,999	2.00%
Pajaro Valley Unified School District	Education	1,000-4,999	2.00
County of Santa Cruz	County Services	1,000-4,999	2.00
Dominican Hospital	Hospital	1,000-4,999	2.00
Granite Rock	Excavating Contractors	500-999	0.20
Plantronics Inc	Telephone Apparatus Mfg.	500-999	0.20
Watsonville Community Hospital	Hospital	500-999	0.20
Source Naturals	Vitamin Manufacturer	500-999	0.20
Santa Cruz Health Center	Clinics	500-999	0.20
Monterey Mushrooms	Agriculture	500-999	0.20
Larse Farms Inc	Agriculture	500-999	0.20
Ameri-Kleen	Services NEC	500-999	0.20

Employer <sup>(3)</sup>	Product/Service <sup>(3)</sup>	Number of Employees 2011-2012 <sup>(3)</sup>	Percentage of Total Employment 2011-2012 <sup>(3)</sup>
University of California, Santa Cruz	Education	1,000-4,999	2.10%
County of Santa Cruz	County Services	1,000-4,999	2.10
Pajaro Valley Unified School District	Education	1,000-4,999	2.10
Dominican Hospital	Hospital	1,000-4,999	2.10
Santa Cruz Beach Boardwalk	Amusement/Recreation	1,000-4,999	2.10
Cabrillo College	Education	500-999	0.52
City of Santa Cruz	City Services	500-999	0.52
Seagate Technology	Disc Drives	500-999	0.52
Watsonville Community Hospital	Hospital	500-999	0.52
West Marine	Retail	500-999	0.52
Plantronics	Telephone Apparatus Mfg.	500-999	0.52
Santa Cruz City School District	Education	500-999	0.52

<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 131,300 as reported by the EDD for June 2022.

<sup>(3)</sup>Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2012.



OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Public Assistance</b>										
Human Services Department										
Adult Protective Services										
Referrals received	1,899	1,825	1,792	1,764	1,406	1,011	936	754	630	603
Investigations completed	1,570	1,474	1,550	1,649	1,098	906	816	601	444	420
Family and Children's Services										
Annual referrals (families)	2,096	2,399	2,399	2,699	2,788	2,770	2,635	2,727	2,591	2,457
Finalized adoptions	19	28	28	40	37	52	50	45	72	58
Licensed foster homes (monthly average)	112	141	141	100	60	139	130	125	113	106
Benefit Services										
Average number of Medi-Cal recipients	81,045	75,626	69,355	71,077	73,041	76,713	73,060	64,344	44,600	37,971
<b>Public Ways and Facilities</b>										
Public Works										
Roads										
Miles of road maintained	600	600	600	596	596	596	600	600	600	600
Potholes repaired	7,707	6,193	9,592	1,756	4,295	4,013	3,750	3,994	4,130	3,700
Minor culverts maintained	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,262
Bridges and major culverts maintained	160	160	160	160	160	160	160	160	160	160
Traffic signs replaced/ repaired	1,368	1,505	1,500	2,938	2,657	1,047	1,377	1,238	1,452	1,463
Miles of street swept	899	424	1,133	186	112	285	518	381	1,607	1,800
Sanitation										
Miles of pipe maintained	228	87	98	245	245	245	245	244	236	236
Maintenance call responses	110	282	573	279	401	150	209	319	100	138
Landfill										
Waste generated (tons)	177,225	179,484	178,898	166,332	168,225	197,810	155,789	172,555	166,594	139,529
Waste disposed (tons)	91,420	96,384	95,762	100,097	103,067	125,610	91,399	83,642	79,292	60,974
<b>Recreation and Cultural Services</b>										
Parks, Open Space and Cultural Services										
Facility bookings	4,989	3,069	4,516	7,409	7,602	6,927	6,716	7,621	7,532	6,877
Recreation registrations	2,259	3,022	7,116	7,144	7,025	7,591	7,295	6,720	6,831	6,218
Swim admissions	89,446	77,148	128,725	200,628	188,127	184,064	178,882	178,289	158,573	130,059

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.

**OPERATING INDICATORS BY FUNCTION (CONTINUED)  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Public Protection</b>										
Agricultural Commissioner										
High risk quarantine inspections	887	453	697	943	1,228	1,394	1,468	1,347	1,293	1,569
District Attorney										
Criminal Prosecution										
Felony filings	1,390	1,462	2,034	2,022	1,859	2,379	1,757	2,113	2,703	2,322
Juvenile filings	288	262	348	414	385	591	817	413	652	709
Consumer Affairs										
Number of calls received	132	167	176	226	412	2,198	1,821	2,143	2,040	2,410
Number of written complaints received	125	117	138	163	243	148	127	129	121	195
Planning										
Building permits issued	5,992	5,565	4,009	4,424	4,452	4,463	4,072	4,097	3,487	3,446
Building permit inspection sites visited	10,355	12,925	9,580	9,924	11,979	10,998	9,503	10,084	9,081	8,700
Code compliance cases resolved	111	97	91	216	251	114	102	105	77	112
Probation										
Juvenile division referrals	n/a	504	559	693	765	913	980	1,220	1,074	1,160
Juvenile division petitions filed	n/a	169	240	298	327	362	430	569	430	445
Juvenile court investigations	n/a	33	53	67	69	54	53	60	62	54
Public Defender										
Total cases	6,576	6,530	6,300	11,038	10,955	10,900	10,800	10,445	10,910	11,268
Sheriff/Coroner(Investigation Division)										
Total cases reviewed	n/a	10,418	10,581	11,138	10,990	11,072	10,481	10,471	10,425	10,686
Total arrests	n/a	142	112	104	64	85	86	168	216	188
Detention										
Main jail bookings	7,201	6,907	7,411	9,404	9,208	10,641	11,305	10,964	10,487	9,658
Weights and Measures										
Establishments visited	1,057	1,053	1,229	1,537	1,348	1,200	1,200	1,039	1,237	1,043
<b>Special District</b>										
Mosquito Abatement/Vector Control CSA #53										
Mosquito inspections	11,021	13,518	10,501	7,104	7,228	8,423	8,859	6,440 (1)	2,995	3,342

Sources. Various County Departments

(1)Prior period reported an estimate which has been restated here to reflect actual data.

(2)Data is presented on a calendar year basis, which is not yet available.

**BUDGETED POSITIONS  
LAST TEN FISCAL YEARS**

DEPARTMENT/FUNCTION	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
COUNTY ADMINISTRATIVE OFFICE	15.75	15.75	17.00	17.00	22.00	22.00	22.00	18.00	18.00	18.00
CLERK OF THE BOARD (5 added to CAO)	4.00	4.00	5.00	5	5	5	-	-	-	-
AGRICULTURAL COMMISSIONER <sup>(1)</sup>	19.81	19.81	19.81	18.40	16.40	16.40	16.40	20.40	19.40	19.40
MOSQUITO ABATEMENT/VECTOR CONTROL	9.00	9.00	10.00	10.00	10.00	10.00	10.00	9.00	9.00	8.00
AGRICULTURAL EXTENSION	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
ASSESSOR	26.00	26.00	26.00	26.00	26.00	26.00	29.00	33.25	33.25	33.25
AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR <sup>(2)</sup>	44.25	42.75	45.75	45.75	44.75	42.75	42.75	30.00	29.00	29.00
BOARD OF SUPERVISORS	17.00	17.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
CANNABIS LICENSING	5.00	5.00	5.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00
RECORDER	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	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	20.50	20.50	20.50	19.50	18.50	18.50	18.50	18.50	18.50	18.50
DISTRICT ATTORNEY	106.00	106.00	106.00	103.00	99.00	97.00	94.00	90.50	89.50	89.50
CHILD SUPPORT SERVICES	34.00	34.00	49.00	49.00	51.00	59.00	59.00	61.00	64.00	63.00
EMERGENCY SERVICES	0.00	1.00	2.00	2.00	2.00	1.50	2.00	2.00	2.00	2.00
GENERAL SERVICES	6.00	9.00	9.00	9.00	9.00	9.00	8.00	8.80	8.80	8.80
FACILITIES MAINTENANCE	44.00	43.00	43.00	42.00	42.00	42.00	42.00	44.00	44.00	44.00
CENTRAL STORES/DUPLICATING	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
PURCHASING	3.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
SERVICE CENTER	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
HEALTH SERVICES	747.00	615.00	607.90	568.20	550.45	531.85	534.30	526.95	512.40	508.05
HOMELESS SERVICES COORDINATION	0.00	2.00	2.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
HUMAN SERVICES	595.50	525.50	532.50	532.50	530.50	570.00	574.50	515.00	489.50	441.00
VETERANS SERVICES	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00
INFORMATION SERVICES/TELEPHONE	63.00	54.00	57.00	56.00	56.00	56.00	57.00	64.50	64.50	64.50
INFORMATION SERVICES/COMM. TECH.	5.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00
OFFICE OF RESPONSE, RECOVERY AND RESILIENCE	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PARKS OPEN SPACE & CULTURAL SERVICES	53.50	48.00	52.25	49.25	47.50	45.75	44.75	40.80	33.80	34.80
PERSONNEL	30.00	27.00	27.00	27.00	27.00	27.00	25.00	26.50	24.50	24.25
PUBLIC DEFENDER	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RISK MANAGEMENT	12.00	12.00	12.00	12.00	12.00	12.00	12.00	11.00	11.00	11.00
PLANNING	72.50	72.00	71.50	71.00	66.50	65.25	64.00	65.25	66.00	66.00
PROBATION	101.50	98.50	98.50	97.50	97.25	96.25	91.25	93.25	98.25	93.75
JUVENILE HALL	31.00	30.00	30.00	30.00	30.00	31.00	30.50	30.50	30.50	30.50
PUBLIC WORKS	269.75	270.50	268.80	267.80	262.80	256.80	256.00	267.50	267.50	267.50
RDA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
SHERIFF-CORONER	192.50	192.50	187.50	180.00	175.00	175.00	173.00	173.00	170.00	171.00
CORRECTIONS	151.00	150.00	166.00	152.00	151.00	150.00	151.00	149.00	145.00	164.50
COURT SECURITY	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00
TREASURER-TAX COLLECTOR <sup>(2)</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.75	13.50	13.50
WORKFORCE INNOVATIONS	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<u>2,795.56</u>	<u>2,516.81</u>	<u>2,557.01</u>	<u>2,481.90</u>	<u>2,437.65</u>	<u>2,452.05</u>	<u>2,443.95</u>	<u>2,398.45</u>	<u>2,350.90</u>	<u>2,311.80</u>

Source: Annual Adopted County Budget

<sup>(1)</sup>Weights and Measures was incorporated into the Agricultural Commissioner.

<sup>(2)</sup>On January 5, 2015, the County began consolidating the offices of Auditor-Controller and Treasurer-Tax Collector.

**SCHEDULE OF INSURANCE IN EFFECT  
JUNE 30, 2022**

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	\$ 690,000,000 690,000,000 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	10,000,000 25,000
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 25,000
Fine Arts	Wells Fargo/Travelers Includes fossils and fine arts for all County locatoins 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
Watercraft Coverage	CSAC-Excess Insurance Authority Protection and Indemnity Deductible	1,000,000 1,000

Source: Santa Cruz County Risk Department

**CAPITAL ASSETS STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<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	2	1	1	1	1	1	1	1	1	1
Courthouses	3	3	3	3	3	3	2	3	3	3
Morgue	1	1	1	1	1	1	1	1	1	1
Center for Public Safety	2	2	2	2	2	1	1	1	1	-
<b>Public assistance</b>										
Other buildings <sup>(3)</sup>	4	-	-	-	-	-	-	-	-	-
Child day care center	-	-	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	1	2	2	2	2	2	2	2	2	2
Clinics <sup>(2)</sup>	2	-	-	-	-	-	-	-	-	-
Behavioral Health Unit	1	1	1	1	1	1	1	1	1	-
<b>Recreation and culture</b>										
Parks acreage	237	237	236	236	236	228	228	228	228	226
Sites	66	65	65	65	65	63	60	60	60	59
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>										
Roads										
Pavement (miles)	600	600	600	596	596	596	600	600	600	600
Junction structures	2,964	2,964	2,964	2,964	2,964	2,964	2,964	2,964	2,964	2,964
Minor culverts	2,262	2,262	242	404	2,262	2,262	2,262	2,262	2,262	2,262
Bridges and major culverts	160	160	54	137	160	160	160	160	160	160
Sanitation										
Pipe (miles)	228	232	232	245	245	245	245	244	236	236
Pump stations/treatment plants	62	62	62	60	61	61	63	64	63	63
<b>General government</b>										
Administrative/other facilities <sup>(1)</sup>	13	12	12	12	12	12	12	12	12	11

Source: Various County Departments

<sup>(1)</sup>Includes buildings and centers utilized by various departments within different functions.

<sup>(2)</sup>There have been one to two clinic sites previously, however, were added to this schedule in fiscal year 2022. Prior periods were not updated.

<sup>(3)</sup>Other buildings are included for first time during fiscal year 2022 and include buildings there are either unoccupied or rented to other entities. Prior periods were not updated.

# Glossary (Unaudited)

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2022



**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.

**ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR).** A financial report that encompasses all funds and component units of the government. The ACFR 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 ACFR 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.

**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 ACFRs 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.

**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 non-fiduciary 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 ACFR/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 *Title 2 U.S. Code of Federal Regulations*. 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).





