

THE COUNTY OF SANTA CRUZ

STATE OF CALIFORNIA

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2021





Stellar sea lions on the Santa Cruz One Mile Buoy

The Santa Cruz Lighted Whistle Buoy is one of a series of lighted whistle buoys that mark port entrances or other significant points. Located approximately one and a half miles south of the Santa Cruz Harbor, it is set in 10 Fathoms (60 feet of water) and secured by a weight on the sea floor.

At night it can be located due to its flashing light and its whistle sound for those navigating in nearby waters. The sound is created as the buoy rises and falls on the waves; air is compressed in a tube and forced out through the whistle creating a warning sound.

Stellar sea lions are found in coastal waters in the northern Pacific Ocean from Japan to Central California. The Western population of Stellar sea lions were listed as endangered in 1997.

Photo by Neil Simmons Photography

County of Santa Cruz, California

*Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2021*

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



TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal iii
 Organization Chart..... x
 Directory of Public Officials xi
 Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association.....xiii

FINANCIAL SECTION

Independent Auditor’s Report 3
 Management’s Discussion and Analysis 6

Basic Financial Statements:

Government-Wide Financial Statements:

- Statement of Net Position..... 28
- Statement of Activities 30

Fund Financial Statements:

Governmental Funds Financial Statements:

- Balance Sheet 38
- Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position 39
- Statement of Revenues, Expenditures, and Changes in Fund Balances 40
- Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities 41

Proprietary Funds Financial Statements:

- Statement of Net Position 46
- Statement of Revenues, Expenses, and Changes in Fund Net Position..... 48
- Statement of Cash Flows 49

Fiduciary Funds Financial Statements:

- Statement of Fiduciary Net Position 53
- Statement of Changes in Fiduciary Net Position..... 54

Notes to Basic Financial Statements 58

Required Supplementary Information:

Budgetary Principles 120

Budgetary Comparison Schedules:

- General Fund 122
- Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures 131
- Off-Highway, Road, and Transportation Special Revenue Fund 132
- Housing Fund 133

Defined Benefit Pension Plan Schedule of Changes in the Net Pension Liability and Related Ratios 134

Defined Benefit Pension Plan Schedule of Contributions..... 139

TABLE OF CONTENTS

Defined Benefit OPEB Plan Schedule of Changes in Total OPEB Liability and Related Ratios 143
 Defined Benefit OPEB Plan Schedule of Contributions..... 144

Other Supplementary Information:

Budgetary Comparison Schedule:

■ Capital Projects Fund..... 146

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds:

Fund Statements and Schedules:

■ Balance Sheet 151
 ■ Statement of Revenues, Expenditures, and Changes in Fund Balances 152

Nonmajor Special Revenue Funds:

■ Combining Balance Sheet 156
 ■ Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 158

Budgetary Comparison Schedules:

■ Library Special Revenue Fund 160
 ■ Fire Special Revenue Fund..... 161
 ■ Fish and Game Special Revenue Fund..... 162
 ■ Park Dedication and State Park Bonds Special Revenue Fund..... 163
 ■ Health Services Special Revenue Fund..... 164
 ■ Santa Cruz Flood Control and Water Conservation – Zone 7 Special Revenue Fund 165

Districts Governed by the Board of Supervisors:

■ Public Protection Special Revenue Fund 166
 ■ Health and Sanitation Special Revenue Fund 167
 ■ Recreation and Culture Special Revenue Fund 168
 ■ Public Ways and Facilities Special Revenue Fund 169

Nonmajor Enterprise Funds:

■ Combining Statement of Net Position 174
 ■ Combining Statement of Revenues, Expenses, and Changes in Net Position 176
 ■ Combining Statement of Cash Flows 178

Internal Service Funds:

■ Combining Statement of Net Position 186
 ■ Combining Statement of Revenues, Expenses, and Changes in Net Position 188
 ■ Combining Statement of Cash Flows 190

TABLE OF CONTENTS

Fiduciary Funds:

- Combining Statement of Fiduciary Net Position - Custodial Funds 197
- Combining Statement of Changes in Fiduciary Net Position - Custodial Funds 198
- Combining Statement of Fiduciary Net Position – Private-purpose Trust Funds..... 199
- Combining Statement of Changes in Fiduciary Net Position – Private-purpose Trust Funds..... 200

STATISTICAL SECTION (UNAUDITED)

Net Position by Component..... 204

Government-Wide Changes in Net Position..... 205

Fund Balances of Governmental Funds..... 207

Changes in Fund Balances of Governmental Funds..... 208

General Fund Tax Revenues by Source..... 209

Property Tax Levies and Collections 210

Assessed Value of Taxable Property and Actual Value of Property 211

Property Tax Rates – Direct and Overlapping Governments 212

Ratios of Outstanding Debt by Type 213

Computation of Legal Debt Margin 214

Statement of Direct and Overlapping Debt 215

Outstanding Debt of the Financing Authorities 216

General Information 217

Property Value, Construction and Bank Deposits 218

Special Assessment Billings and Collections 219

Principal Taxpayers..... 220

Principal Employers 221

Operating Indicators by Function 222

Budgeted Positions..... 224

Schedule of Insurance in Effect 225

Capital Assets Statistics by Function..... 226

Glossary (Unaudited) 229



Introductory Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021





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

December 22, 2021

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, 2021 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 year ended June 30, 2021, 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 23rd 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 2020-2021, 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 \$2.8 million , or 38.15%, to \$10.2 million during the fiscal year.
- The County's Sales and Use tax increased overall by \$5.9 million, or 35.60%, to \$22.6 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 3.7% in 2020-2021 and has had an annual positive increase over the last five years of 28.2%. Current property tax revenues increased during the fiscal year by \$5.3 million, or 5.0%. These revenues comprised approximately 71.8% of the County's total tax revenues in fiscal year 2020-2021.

The County voters passed a Cannabis Business Tax effective November 2014. The County's business tax increased in fiscal year 2020-2021 by approximately \$2.0 million, or 45.92%, to \$6.3 million.

The County's population is estimated to be 261,115 as of January 2021, which is a decrease of 10,118, or 3.7%, from the prior year estimated population at January 2020 of 271,233. Compared to the actual April 2010 Census count, the January 2021 estimated population count is a decrease of 1,247 persons, or 0.05%.

The County's unemployment rate at June 30, 2021, was 6.9%, 5.3% lower than it was one year ago at 12.2%, and much lower than the high of 13.1% in 2012-2013. Additionally, the number of workers in the labor force increased by 97, or 0.07%, to 134,357 in June 2021.

Santa Cruz County real estate market has been strong during the fiscal year 2020-2021. Based on Zillow.com's Home Value Index, home values increased by 31.7%, from \$1,002,000 in June 2020 to \$1,320,000 in June 2021.

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 \$111.7 million at June 30, 2021, an increase of \$54.0 million from \$57.7 million at June 30, 2020. The General Fund fund balance increase of \$54.0 million includes prior period adjustment of \$40.0 million. See note 20, Prior Period Adjustment.
- General Fund committed and assigned designations totaled \$84.5 million at June 30, 2021, an increase of \$28.4 million from \$56.1 million at June 30, 2020. Additionally, General Fund restricted fund balances were \$25.5 million, an increase of the same amount from June 30, 2020. Of the current \$84.5 million committed and assigned fund balance at June 30, 2021, \$10.9 million is assigned to fund next year's budget.

During fiscal year 2021, the County's Board of Supervisors approved a restoration of some of the reserves utilized in fiscal year 2020 in response to the COVID-19 Emergency. 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 amount of Committed and Assigned fund balances assigned to fund next year's budget. Although not policy, the goal was 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, 2021, total adopted budgeted Assigned and Committed General Fund fund balances, which excludes the portion reserved for next fiscal year 2021-2022 and additional reclassifications prepared during the implementation of GASB Statement No. 84, was \$71.0 million, which is equal to 10.6% of the General Fund estimated operating revenues in the 2021-2022 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 4.7% on its investments for the fiscal year ended June 30, 2020, following gains of 6.7%, 8.6%, 11.2%, 0.6%, 2.4%, 18.4%, and 12.5% for the years ended, 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 will occur 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 2020-2021 was 7.0%.

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

County employees also participate in the CalPERS health insurance program, whose average premiums increased by 7.25 % in 2021, and will increase by 4.06% in 2022.

MAJOR INITIATIVES

During the 2020-2021 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.

Through the website www.SCCVision.us, the County will track progress on each objective. The County's emergency response to the COVID-19 pandemic and the CZU Lighting Fires in August 2020 has been a collaborative effort of the entire organization. Every department has altered its workload and contributed staff and expertise to helping the community through this time. This shift in priorities was necessary, and meant reduced attention and bandwidth directed towards achieving the objectives of the operational plan.

The following items were completed as of June 30, 2021:

- The County's Auditor-Controller-Treasurer-Tax Collector office fully transitioned to a modern computerized collection software and updated collection procedures to efficiently collect debts owed to the County.
- The Agricultural Commissioner completed its goal of reducing greenhouse gas emissions by 10% (LBS of CO2) compared to 2018 levels to support clean air efforts.
- The County Administrative Office, in collaboration with General Services and Public Works, established policy guidelines for long-range facilities planning and campus master planning.
- The County's Health Services department engaged 20% of its patient population by promoting services such as medication assisted treatment (MAT) and diabetes self-management education.
- The County's Information Services department updated the County's aerial imagery data used for mapping and established a four-year refresh cycle of that data.
- The County's Health Services department, in collaboration with community partners, increased Homeless Outreach, Proactive Engagement Services (HOPES).
- The Assessor-Recorder's office successfully completed the transition to offer digitized vital records/certificates from 1950-1980 to the general public.
- The County finalized and the Board of Supervisors accepted the Long-Range Facilities Plan in February 2021 and it will be followed by campus master plans for the Freedom Boulevard Campus in Watsonville, CA and the County Government Center in Santa Cruz, CA.
- The County adopted its American Rescue Plan Act (ARPA) Recovery Plan on April 13, 2021 for the \$53 million allocated from the Coronavirus State and Local Fiscal Recovery Fund within ARPA. Half of this amount was received in 2020-21 and the second half is expected to be received in 2021-22.
- The County approved on March 23, 2021, the Indigent Defense Services Transition Plan to create a new County Public Defender's Office and transition from the contracted Public Defender starting on July 1, 2021.

The following items are in-process as of June 30, 2021:

- The County's Information Services department plans to complete the Requests for Proposal (RFP) process to extend broadband access to unserved areas of the County.
- The County's Office of Response, Recovery and Resiliency (OR3) plans to develop a draft of a countywide comprehensive disaster preparedness and resiliency plan, which includes mission, scope, strategy and implementation of OR3 initiatives. This includes identifying a grant that supports the mitigation, readiness, and preparedness activities for response, readiness and recover from natural and climate change hazards.
- Information Services plans to implement NextRequest Public Records Act (PRA) software to standardize and improve processing of PRA requests.

- The County’s Probation department plans to reduce technical violations for youth of color by 40% by utilizing community support systems and reducing the unnecessary use of detention.
- The County will be issuing approximately \$125 million in 2021 Taxable Pension Obligation Bonds to stabilize future payments and provide long-term cash flow savings.
- The County will be issuing 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 is developing and will present to the Board of Supervisors a new Pension Management Policy in August 2021.
- The County is finalizing and will present to the Board of Supervisors the second of three operational plans on September 28, 2021 covering Fiscal Years 2021-22 through 2022-23.
- The County is finalizing an agreement to acquire a new Budgeting and Capital project system to integrate operational plan metrics with budget and financial information.
- The County is finalizing plans to remobilize operations including expanding in-person office hours and setting policies for COVID-19 vaccination and/or testing.

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, 2020. 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, 2020. 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.

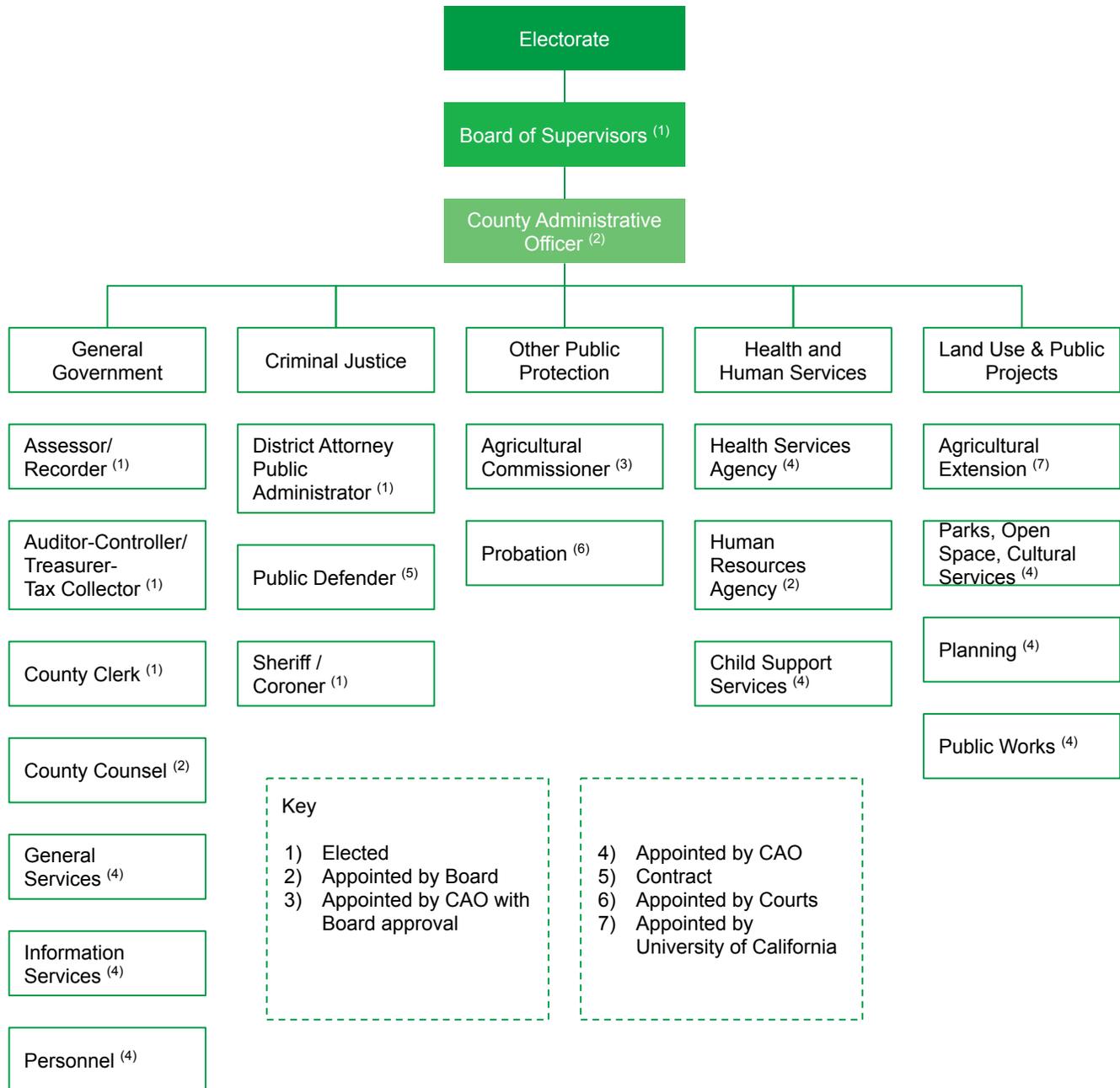
Respectfully submitted,

A handwritten signature in blue ink that reads "Edith Driscoll". The signature is written in a cursive style with a large initial 'E'.

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
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	Kevin Bowling
Director of Human Services Department	Randy Morris
Director of Planning	Kathy Molloy
Director of Public Works/Road Commissioner	Matt Machado
Director of Parks, Recreation and Cultural Services	Jeff Gaffney
Health Officer	Dr. Gail Newel
Health Services Agency Director	Mimi Hall
Personnel Director	Ajita Patel
Probation Officer	Fernando Giraldo
Veteran's Services Officer	Dean Kaufman





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Santa Cruz
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



Financial Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Santa Cruz, California (County), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

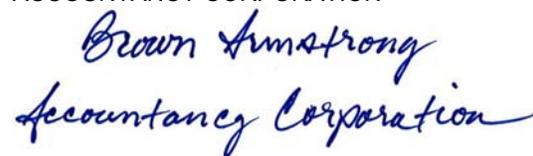
The Budgetary Comparison for the Capital Projects Fund and the combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style.

Bakersfield, California
December 22, 2021

Management's Discussion and Analysis

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

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, 2021. 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

Over the past fiscal year 2020-2021, and for current year activities only, including prior period adjustments, the County of Santa Cruz saw an increase in its net position of \$34.7 million, or 29%, to \$155.7 million. This includes an increase of net position for governmental activities of \$17.7 million and an increase of net position for business-type activities of \$16.9 million. Government-wide, including business-type activities, general revenues were \$210.7 million, which includes \$180.2 million in government-wide tax revenue collections. The remaining general revenues include grants and contributions not restricted for a specific purpose, interest and investment earnings, gain on disposal of capital assets, and miscellaneous revenues. Net of general revenues, governmental activities net expense for programs for the fiscal year was \$229.9 million and business-type activities net revenue was \$4.6 million, for a total of government-wide net expense of \$225.2 million, excluding general revenues.

Accounting changes discussed in Note 20 relating to (1) Governmental Accounting Standards Board (GASB) Statement No. 84 (GASB 84), and (2) reclassing Disposal Sites County Service Area (CSA) 9C Pension and other post-employment benefit (OPEB) obligations to the Department of Public Works Internal Service Fund, account for an increase in Governmental Activities net position of \$37.9 million and an increase in Business-Type Activities net position of \$11.3 million.

When excluding prior period adjustments, total government-wide net position decreased by \$14.5 million. Governmental activities net position decreased by \$20.2 million for current year activities and business-type net position increased by \$5.6 million for current year activities. Taking into account the prior period adjustment of \$49.2 million to net position, total Government-wide net position for the fiscal year decreased by \$14.6 million.

While total governmental activities program and general revenues were \$721.1 million, an increase of \$117.8 million, or 20%, from prior year, governmental activities expenses were \$741.3 million, an increase of \$92.1 million, or 14%, from prior year. The following government functions had the largest impacts to current-year activities.

Public protection net expense for the fiscal year was \$122.0 million, or 53.9% of total net expenses of governmental activities. Total revenues were \$101.3 million with expenses of \$223.3 million. Revenues increased \$26.0 million, or 34.6%, from prior year, and expenses increased \$15.5 million, or 7.5%. Revenues increased largely due to various types of intergovernmental revenues of \$17.8 million related to State programs, and charges for services by \$6.6 million largely related to fire protection services due to the CZU Fire in August 2020. Expenses largely increased due to needs for professional and special services related to the CZU Fire and COVID-19 pandemic.

Health and sanitation net expense for the fiscal year was \$27.1 million, or 12.0% of total net expenses of governmental activities. Total revenues were \$170.6 million with expenses of \$197.7 million. Revenues increased \$17.0, or 11.1%, from prior year, and expenses increased \$18.4 million, or 10.3%. Revenues increased largely due to various types of intergovernmental revenues, \$4.1 million for Coronavirus Aid, Relief, and Economic Security (CARES) Act funding and increases in realignment and mental health revenues of approximately \$10.6 million. Increases in expenses largely relate to increases in professional services, homeless needs, and extra-help wages for the COVID-19 pandemic.

Public assistance net expense for the fiscal year was \$80.7 million, or 35.6% of total net expenses of governmental activities. Total revenues were \$125.0 million with expenses of \$205.7 million. Although revenues increased \$17.0 million, or 15.8%, from prior year, expenses increased \$45.3 million, or 28.3%. Revenue increases were largely related to Federal Emergency Management Agency (FEMA) and CARES Act funding for COVID-19 purposes, along with other

FEMA and State funding. Increases in expenses largely relate to salaries and benefits of \$7.3 million for extra-help and overtime, as well as an increase in services and supplies related to the same. Total food expense was \$18.7 million, an increase of \$16.7 million. Total rents were \$10.1 million, an increase of \$7.3 million from prior year. Other increased expenses from prior year included security and professional services and affordable housing programs.

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, Trestle Beach CSA 20, and Summit West CSA 54 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 agency, investment trust funds and private purpose trust funds. Since these funds are custodial in nature, they do not involve the measurement of results of operations.

The fiduciary funds financial statements can be found on pages 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 58-118 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 122-169 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
	2021	2020	2021	2020	2021	2020	
Assets:							
Current and other assets	\$ 431,183,904	\$ 359,953,318	\$ 22,369,429	\$ 22,893,688	\$ 453,553,333	\$ 382,847,006	\$ 70,706,327
Capital assets	650,299,015	622,295,387	41,834,741	31,629,185	692,133,756	653,924,572	38,209,184
Total assets	1,081,482,919	982,248,705	64,204,170	54,522,873	1,145,687,089	1,036,771,578	108,915,511
Deferred outflows of resources	120,281,266	100,987,294	-	1,835,510	120,281,266	102,822,804	17,458,462
Liabilities:							
Current and other liabilities	180,163,579	169,839,362	3,530,512	3,754,715	183,694,091	173,594,077	10,100,014
Long-term liabilities	894,342,516	793,537,723	18,978,795	27,377,743	913,321,311	820,915,466	92,405,845
Total liabilities	1,074,506,095	963,377,085	22,509,307	31,132,458	1,097,015,402	994,509,543	102,505,859
Deferred inflows of resources	13,282,173	23,620,647	-	459,330	13,282,173	24,079,977	(10,797,804)
Net position:							
Net investment in capital assets	601,791,899	567,960,086	30,575,095	24,395,172	632,366,994	592,355,258	40,011,736
Restricted	125,372,696	132,069,809	566,229	43,427	125,938,925	132,113,236	(6,174,311)
Unrestricted	(613,188,678)	(603,791,628)	10,553,539	327,996	(602,635,139)	(603,463,632)	828,493
Total net position	\$ 113,975,917	\$ 96,238,267	\$ 41,694,863	\$ 24,766,595	\$ 155,670,780	\$ 121,004,862	\$ 34,665,918

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 \$155,670,780 at the close of the 2020-2021 fiscal year.

The County's net investment in capital assets of \$632,366,994, or 406% 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 \$692,133,756, less the related outstanding debt used to acquire those assets of \$59,766,762. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the

resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$125,938,925, or 81% of total net position, represents resources that are subject to external restrictions on how they may be used. Of the total, 22% is restricted for capital asset acquisition, 61% is dedicated to public roads and facilities, 14% 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 \$(602,635,139) increased by \$828,493 from the prior year. This amount consists of all net position that does not meet the definition of restricted net position or net investment in capital assets. The majority of negative unrestricted net position is primarily the result of the County's unfunded pension and OPEB obligations, due to the implementation of GASB Statement Nos. 68 and 75, offset by positive unrestricted net position predominantly in the County's General Fund.

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	%
	2021	2020	2021	2020	2021	2020		
Revenues:								
Program Revenues:								
Charges for services	\$ 109,575,795	\$ 99,597,336	22,816,926	\$ 21,291,365	\$ 132,392,721	\$ 120,888,701	\$ 11,504,020	9.5%
Operating grants and contributions	369,374,510	290,020,656	2,940,765	424,976	372,315,275	290,445,632	81,869,643	28.2%
Capital grants and contributions	32,521,885	18,531,839	-	-	32,521,885	18,531,839	13,990,046	75.5%
General Revenues:								
Property taxes	129,749,169	123,043,712	44,818	44,455	129,793,987	123,088,167	6,705,820	5.4%
Other taxes	50,497,017	36,905,640	-	-	50,497,017	36,905,640	13,591,377	36.8%
Grants and contributions not restricted	-	487,520	-	-	-	487,520	(487,520)	(100.0%)
Investments earnings	4,184,785	6,283,177	165,697	333,978	4,350,482	6,617,155	(2,266,673)	(34.3%)
Miscellaneous	25,206,757	28,370,557	819,845	448,046	26,026,602	28,818,603	(2,792,001)	(9.7%)
Gain on sale of assets	10,412	81,453	-	-	10,412	81,453	(71,041)	(87.2%)
Total revenues	721,120,330	603,321,890	26,788,051	22,542,820	747,908,381	625,864,710	122,043,671	19.5%
Expenses:								
General government	50,868,243	49,370,213	-	-	50,868,243	49,370,213	1,498,030	3.0%
Public protection	223,650,643	207,830,708	-	-	223,650,643	207,830,708	15,819,935	7.6%
Public ways and facilities	43,682,906	31,138,967	-	-	43,682,906	31,138,967	12,543,939	40.3%
Health and sanitation	197,847,950	179,329,958	-	-	197,847,950	179,329,958	18,517,992	10.3%
Public assistance	205,806,454	160,347,564	-	-	205,806,454	160,347,564	45,458,890	28.4%
Education	6,099,292	5,757,537	-	-	6,099,292	5,757,537	341,755	5.9%
Recreation and cultural services	11,484,824	12,182,022	-	-	11,484,824	12,182,022	(697,198)	(5.7%)
Interest and fiscal charges	1,890,256	3,270,006	-	-	1,890,256	3,270,006	(1,379,750)	(42.2%)
County Disposal Sites CSA	-	-	16,216,529	19,393,197	16,216,529	19,393,197	(3,176,668)	(16.4%)
Boulder Creek CSA	-	-	428,116	418,977	428,116	418,977	9,139	2.2%
Rolling Woods CSA	-	-	29,161	16,973	29,161	16,973	12,188	71.8%
Septic Tank Maintenance CSA	-	-	1,555,282	1,328,474	1,555,282	1,328,474	226,808	17.1%
Freedom County Sanitation District	-	-	1,175,314	1,205,895	1,175,314	1,205,895	(30,581)	(2.5%)
Davenport County Sanitation District	-	-	1,126,614	809,842	1,126,614	809,842	316,772	39.1%
Place De Mer CSA	-	-	233,874	175,544	233,874	175,544	58,330	33.2%
Sand Dollar Beach CSA	-	-	309,232	294,387	309,232	294,387	14,845	5.0%
Trestle Beach CSA	-	-	69,152	95,315	69,152	95,315	(26,163)	(27.4%)
Total expenses	741,330,568	649,226,975	21,143,274	23,738,605	762,473,842	672,965,579	89,508,263	13.3%
Change in Net Position	(20,210,238)	(45,905,085)	5,644,777	(1,195,785)	(14,565,461)	(47,100,869)	32,535,408	(69.1%)
Net Position, beginning of year as restated	134,186,155	(1) 142,143,352	36,050,086	(1) 25,962,380	170,236,241	(1) 168,105,732	2,130,509	1.3%
Net Position, end of year	\$ 113,975,917	\$ 96,238,267	\$ 41,694,863	\$ 24,766,595	\$ 155,670,780	\$ 121,004,863	\$ 34,665,917	28.6%

(1) See Note 20 for more information on restated net position for fiscal year 2021

Analysis of Change in Net Position

During the current fiscal year, the County's net position increased by \$34.7 million. This is explained in the governmental and business-type activities discussion below.

- **Governmental activities** increased the County's net position by \$17.7 million, which accounts for an increase of 51% of the total change of the County's total net position.

Revenues for governmental activities and general revenues increased by \$117.8 million, or 20%, from the prior year primarily due to increases in grants and contributions of \$93.3 million, property taxes of \$6.7 million, charges for services of \$8.3 million, and other taxes of \$13.6 million, followed by decreases in investment earnings of \$2.2 million and miscellaneous revenues of \$6.2 million.

Expenses on the overall increased by \$92.1 million, or 14%, from the prior year. The majority of the increases were in Public protection, Health and sanitation, Public ways and facilities, and Public assistance. Public protection increased by \$15.8 million. Health and sanitation increased by \$18.5 million. Public ways and facilities increased by \$10.0 million. Public assistance increased by \$45.5 million. Explanations for these increases are primarily due to the CZU Fire in Santa Cruz in August 2020 as well as COVID-19 and homeless shelter impacts throughout the County. More information can be found in the Financial Highlights section included in this Management Discussion and Analysis.

Overall expense increase by function follows:

	Amount	Percentage increase (decrease)
General government	\$ 1,498,030	3.0%
Public protection	15,819,935	7.6%
Public ways and facilities	12,543,939	40.3%
Health and sanitation	18,517,992	10.3%
Public assistance	45,458,890	28.4%
Education	341,755	5.9%
Recreation and cultural services	(697,198)	(5.7%)
Interest on long-term debt	(1,379,750)	(42.2%)
	<u>\$ 92,103,593</u>	14.2%

- **Business-type activities** increased the County's net position by \$16.9 million, or 49%, over the prior year. Revenues increased by \$4.2 million, mainly related to charges for services increase of \$1.5 million and operating grants and contributions increase of \$2.5 million. Expenses decreased by \$2.6 million, mainly related to decreased spending in the County Disposal Sites of \$3.2 million, with increases in spending for the Septic Tank and Davenport Sanitation Districts of approximately \$544,000.

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, 2021, the County's governmental funds reported combined ending fund balances of \$237,091,407, an increase of \$48,817,389 in comparison with the prior year. The components of total fund balance are as follows (see Note 19 – Fund Balances).

- Nonspendable fund balance of \$1,695,653 consists of amounts that are not spendable in form, or is legally or contractually required to be maintained intact, and is made up of inventory, prepaids, and imprest cash. Nonspendable fund balance increased by \$148,408 from the prior year, due to an increase of prepaid expenses of \$150,658, and a decrease in imprest cash of \$2,250.
- Restricted fund balance of \$152,762,375 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 \$91,224,881, (2) amounts restricted for capital asset acquisition of \$36,053,683, and (3) other various restricted balances related to state, federal, grant-related, and other enabling legislation. Total restricted fund balance increased by \$22,181,374 due to capital asset acquisition restrictions of \$9,930,120 and various restrictions (i.e. County Recorder, District Attorney, Health Care Programs, Probation, Public Defender and Sheriff programs) of \$25,483,811, offset by a decrease in restrictions related to the purpose of the fund of \$11,035,253 and a decrease in restrictions for debt service of \$2,197,304.
- 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 increased by \$1,200,000 due to an increase in the Commitment for Natural Disasters.
- Assigned fund balance of \$63,583,349 represents amounts that are intended for specific purposes and are established by the Board of Supervisors or an official or body delegated by the governing body. Examples of assigned fund balances are (1) federally qualified health programs of \$32,186,346, (2) structural deficit of \$7,646,039, (3) projected budgetary deficit of \$10,927,839, (4) unanticipated liabilities of \$2,000,000, (5) human services programs of \$7,079,355 and (6) salary savings of \$1,174,177. Assigned balance increased by \$27,193,475 from the prior year due, largely due to increases in the Assignment for Federally Qualified Health Program of \$19,417,545, an increase in the Assignment for Human Services Programs of \$4,382,847, and an increase in the Assignment Budgeted Structural Deficit of \$2,003,914.
- Unassigned fund balance is currently negative \$1,905,868, a decrease of the same amount from prior year. The negative fund balance relates 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 \$719,712,308 in fiscal year 2020-2021, which represents an increase of \$117,568,853, or 19.5%, from fiscal year 2019-2020. Expenditures for governmental functions totaling \$715,995,713 increased by \$95,695,680, or 15.4%, from fiscal year 2019-2020. In the fiscal year 2020-2021 other financing uses, including interfund, exceeded other financing sources by \$124,032.

The general fund is the primary operating fund of the County. At June 30, 2021, the general fund's total fund balance was \$111,718,711, of which \$1,695,653 was nonspendable and \$110,023,058 was spendable. The spendable fund

balance consists of \$20,955,898 in committed fund balance, \$63,583,349 in assigned fund balance, and \$25,483,811 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 \$597,496,016. Total fund balance is 18.6% of total General Fund expenditures, while spendable fund balance is 18.4% of total General Fund expenditures.

The Off Highway, Roads, and Transportation Fund is a major fund of the County. At June 30, 2021, the fund had a total fund balance of negative \$1,905,868. The fund balance decreased by \$6,574,558 over the prior fiscal year due to cash needs to help cover costs related to the CZU Complex Fire during August 2020.

The Housing Fund is a major fund of the County. At June 30, 2021, the Housing Fund's total fund balance was \$67,783,890, all of which is spendable (restricted) for the purpose of the fund.

The Capital Projects fund balance of \$13,551,461 was spendable (restricted) at June 30, 2021, an increase of \$3,161,391 from the prior year. The increase was due to a reduction in capital outlay expenses 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**

	2021	% of Total	2020	% of Total	Change
Taxes	\$ 180,246,186	25.04%	\$ 159,949,350	26.56%	\$ 20,296,836
Licenses and permits	13,781,550	1.91%	12,828,869	2.13%	952,681
Fines, forfeits and penalties	12,938,670	1.80%	8,723,449	1.45%	4,215,221
Use of money and property	3,901,300	0.54%	5,673,719	0.94%	(1,772,419)
Aid from other governments	401,443,111	55.78%	308,552,496	51.25%	92,890,615
Charges for services	82,855,575	11.51%	78,045,020	12.96%	4,810,555
Other	24,545,916	3.41%	28,370,552	4.71%	(3,824,636)
Total	\$ 719,712,308	99.99%	\$ 602,143,455	100.00%	\$ 117,568,853

Overall revenues increased by \$117.6 million over the prior year. The increase in revenue consisted of the following:

\$20.3 million increase in taxes in almost all areas including:

- \$5.7 million increase in property taxes resulting primarily from increases in property values,
- \$6.0 million increase in sales and use taxes as a result of an increase of \$2.6 million in Measure G ¼% sales tax and an increase of \$3.3 million in local sales tax from unincorporated areas. Sales tax increased overall due to increased tourism as COVID-19 restrictions eased compared to the prior year.
- \$1.6 million in property taxes in lieu of Vehicle License fees, which are based on property values, which rose from the prior year, and
- increase of \$7.6 million in other taxes including increases of \$2.8 million in Transient Occupancy Tax due to increased tourism, \$2.0 million in Cannabis Tax, \$1.5 million in assessments and \$1.3 million in documentary deed transfers taxes.

Fines, forfeits and penalties increased by \$4.2 million primarily due to:

- \$3.7 million increase in consumer fraud penalties resulting from a change in accounting due to the implementation of GASB 84, which resulted in changes to revenue recognition and,
- \$662,570 increase in penalties for delinquent taxes.

Use of money and property decreased by \$1.8 million due to a decrease in interest rates from the prior year.

Aid from other governments increased by \$92.9 million due to multiple changes including the following:

- \$26.5 million one time America Recovery Plan revenue,
- \$14.5 million increase in CARES Act revenue,
- \$11.7 million increase in Assembly Bill (AB) 118 revenue, partially due to changes in revenue recognition resulting from the implementation of GASB 84,
- \$6.0 million increase in other state grant revenue,
- \$3.5 million increase in state realignment revenue,
- \$4.1 million increase in FEMA revenue,
- \$6.0 million increase in federal emergency relief,
- \$1.0 million increase in State supplemental law enforcement revenue,
- \$2.1 million increase in state motor vehicle realignment revenue, and
- \$5.4 million increase in AB109 program revenue primarily due to changes in revenue recognition resulting from the implementation of GASB 84.

Charges for services increased by \$4.8 million due to various factors including the following:

- \$1.5 million increase in fire protection services as a result of the CZU lightning fires and
- \$2.6 million increase in administrative services revenue from Medi-Cal Administrative Activities.

Other revenue decreased by \$3.8 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**

	2021	% of Total	2020	% of Total	Change
General government	\$ 44,348,553	6.19%	\$ 44,122,515	7.11%	\$ 226,038
Public protection	195,009,229	27.24%	182,291,350	29.39%	12,717,879
Public ways and facilities	68,935,407	9.63%	35,768,656	5.77%	33,166,751
Health and sanitation	181,814,723	25.39%	164,253,037	26.48%	17,561,686
Public assistance	193,726,864	27.05%	149,538,981	24.11%	44,187,883
Education	5,458,928	0.76%	5,518,514	0.89%	(59,586)
Recreation and culture	9,827,699	1.37%	10,842,085	1.75%	(1,014,386)
Capital outlay	7,888,830	1.10%	14,586,921	2.35%	(6,698,091)
Debt Service - bond redemption	6,074,699	0.85%	10,219,867	1.65%	(4,145,168)
Debt Service -Interest and fiscal charges	2,910,781	0.41%	3,158,107	0.51%	(247,326)
Total	\$ 715,995,713	99.99%	\$ 620,300,033	100.00%	\$ 95,695,680

Overall expenditures increased by \$96 million primarily as a result of increased spending for services and supplies of \$92.9 million. The increase in services and supplies was slightly offset by overall decreases in other categories. Salaries and benefits and other charges increased by \$3.9 million and \$8.1 million respectively, while spending for capital assets, intrafund transfers and debt service declined by \$8 million, \$2.1 million, and \$4.7 million respectively. The increase in services and supplies was primarily due to the CZU lightning fires and increased spending for homeless services programs. The increased spending was offset by various sources of federal and state aid discussed in the previous section.

Other financing sources and uses are presented below, including changes from the prior year. The change was primarily due to the issuance of a lease revenue refunding bond during the 2019-20 fiscal year. No new bond debt was issued in the current fiscal year. Refer to Note 10 for more information on long-term debt.

Transfers in and out are detailed in Note 5.

**Other Financing Sources and Uses
Governmental Funds**

	2021	% of Total	2020	% of Total	Change
Bond premium/discount	\$ -	-%	\$ 994,585	6.41%	\$ (994,585)
Debt issuance costs	-	-%	(281,367)	(1.81%)	281,367
Issuance of debt-refunding bond	-	-%	13,985,000	90.13%	(13,985,000)
Inception of capital lease	-	-%	894,471	5.76%	(894,471)
Transfers in	19,678,411	(15865.59%)	18,285,203	117.85%	1,393,208
Transfers out	(19,802,443)	15965.59%	(18,361,986)	(118.34%)	(1,440,457)
Total	\$ (124,032)	100.00%	\$ 15,515,906	100.00%	\$ (15,639,938)

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	\$ 624,152,435	\$ 46,728,862	\$ 1,661,224	\$ 5,573,497	\$ 41,596,290	\$ 719,712,308
Expenditures	(599,212,523)	(62,829,536)	(6,917,203)	(7,888,830)	(39,147,621)	(715,995,713)
Net other financing sources/(uses)	(10,909,246)	3,500,965	-	5,476,724	1,807,525	(124,032)
Net change in fund balances	14,030,666	(12,599,709)	(5,255,979)	3,161,391	4,256,194	3,592,563
Fund balances, beginning as restated	97,688,045	10,693,841	73,039,869	10,390,070	41,687,019	233,498,844
Fund balances, ending	<u>\$ 111,718,711</u>	<u>\$ (1,905,868)</u>	<u>\$ 67,783,890</u>	<u>\$ 13,551,461</u>	<u>\$ 45,943,213</u>	<u>\$ 237,091,407</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 \$41,891,704 at June 30, 2021, of which \$10,750,380 was unrestricted.

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

	Major Funds			Internal Service Funds
	County Disposal Sites CSA 9C	Nonmajor Funds	Total	
Operating revenues	\$ 18,892,440	\$ 4,244,332	\$ 23,136,772	\$ 89,707,118
Operating expenses	(16,187,010)	(4,784,623)	(20,971,633)	(95,807,192)
Net operating income/(loss)	2,705,430	(540,291)	2,165,139	(6,100,074)
Net nonoperating revenues/(expenses)	267,212	2,956,785	3,223,997	1,379,139
Net transfers in/(out)	-	-	-	124,032
Change in net position	2,972,642	2,416,494	5,389,136	(4,596,903)
Net position - beginning of year as restated	15,750,660	20,751,908	36,502,568	(73,057,414)
Net position - end of year	<u>\$ 18,723,302</u>	<u>\$ 23,168,402</u>	<u>\$ 41,891,704</u>	<u>\$ (77,654,317)</u>

Total Enterprise fund net position increased by \$5,389,136, due to current year activities. Overall Enterprise fund net position for the year increased by \$16,672,627, which includes \$11,283,491 in a prior period adjustment, as noted in Note 20. Operating revenues of \$23,136,772 increased by \$1,397,361 over the prior fiscal year related to charges for services, mainly for the County Disposal Sites CSA 9C. Operating expenses of \$20,971,633 decreased by \$1,564,445 over the prior year, primarily due to overhead costs and other services and supplies.

The Internal Service Funds net position decreased by \$4,596,903 for current year activities. Overall Internal Service Funds net position decreased by \$11,873,841 when taking into account \$7,276,938 in a prior period adjustment, as noted in Note 20. Operating revenues of \$89,707,118 increased by \$5,576,828 over the prior fiscal year, mainly related to increases in charges for services. Operating expenses of \$95,807,192 increased by \$7,891,589 over the prior year, mainly relating to services and supplies and insurance claims.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund actual expenditures were approximately \$61.4 million below final budget amounts. The variance was primarily made up of salaries and employee benefits cost savings of \$7.9 million due to vacancies in funded positions; unspent appropriations for services and supplies of \$42.8 million resulting for departmental cost saving strategies implemented in response to the COVID-19 pandemic; and unspent appropriations for other charges of \$10.3 million.

Expenditures: The final General Fund budget was \$56.2 million, or 9.3%, higher than the original budget. The increase was a result of increases in appropriations of \$15.2 million for salaries and benefits, \$49.2 million for services and supplies and \$1.1 million for capital assets. The primary cause of the increases was a result of the COVID-19 pandemic. The largest adjustments were \$40.7 million for Human Services pandemic response largely attributed to shelter and care costs. Other adjustments were made for expenditures to build critical public health infrastructure, control outbreaks and support social and economic recovery for the County's most vulnerable populations and to fund services offered by the Watsonville/Santa Cruz City & County Continuum of Care (CoC) and the Homeless Emergency Aid Program (HEAP). The change in Other changes were a result of year end budget realignments in all functions.

Revenues: General Fund actual revenues, excluding transfers-in, were \$27.8 million less than final budgeted revenues due to revenue losses in aid from other governments and charges for services. Most of this revenue relates to homeless shelter and care related to the COVID-19 pandemic. Details of the revenue losses can be found in the General Fund Budgetary Comparison Schedule found on pages 122 - 131.

Fund balance: As a result of revenue losses and increased expenditures resulting from the COVID-19 pandemic, the General Fund's fund balance increased by \$14.0 million versus an estimated decrease of \$10.6 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, 2021 totaled \$692,133,756 (net of accumulated depreciation of \$561,829,896). Capital assets include land, construction-in-progress, infrastructure, buildings and structures, and equipment. There was a 5.8% increase in total activities for the 2020-2021 fiscal year in the amount of \$38,209,184.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the 2020-2021 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	
	2021	2020	2021	2020	2021	2020
Land	\$ 64,244,892	\$ 64,244,892	\$ 1,858,849	\$ 1,858,849	\$ 66,103,741	\$ 66,103,741
Construction-in-progress	17,101,770	26,998,983	11,968,548	528,885	29,070,318	27,527,868
Infrastructure	762,163,530	716,968,313	-	-	762,163,530	716,968,313
Buildings and structures	271,984,902	252,292,618	57,819,489	57,990,910	329,804,391	310,283,528
Equipment	56,165,913	53,255,613	10,655,759	10,550,119	66,821,672	63,805,732
Accumulated depreciation	(521,361,992)	(491,465,032)	(40,467,904)	(39,299,578)	(561,829,896)	(530,764,610)
Total	\$ 650,299,015	\$ 622,295,387	\$ 41,834,741	\$ 31,629,185	\$ 692,133,756	\$ 653,924,572

Governmental Activities

Net capital assets in governmental activities increased by \$28.0 million. The total increase in nondepreciable and depreciable assets was \$59.2 million, which is offset by added depreciation of \$31.2 million, and disposals, net of related depreciation for a loss of \$3.5 thousand. The total increase in buildings was \$19.7 million, which includes \$19.1 million in completed building projects reclassified from construction-in-progress. Additionally, infrastructure increased by \$45.2 million.

The total increase in machinery and equipment was \$2.9 million, which includes \$72,844 reclassified from construction-in-progress for the implementation of completed software, \$4.1 million in new machinery and equipment and \$1.3 million in retirements.

Construction-in-progress decreased by \$9.9 million, which includes increases in construction-in-progress of \$9.3 million and an increase of \$19.1 million due to completed projects. The majority of the completed projects related to Parks and Recreation and Education areas.

Business-Type Activities

Net capital assets for business-type activities increased by \$10.2 million. The net increase includes additions of nondepreciable and depreciable assets of \$12.7 million, offset by added depreciation of \$2.3 million. The total decrease in buildings was \$0.2 million.

The total increase in machinery and equipment was \$0.1 million. Additional information on the County's capital assets can be found in Note 7 on pages 81-83 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	
	2021	2020	2021	2020	2021	2020
Refunding certificates of participation	\$ 25,829,938	\$ 29,814,011	\$ -	\$ -	\$ 25,829,938	\$ 29,814,011
Lease revenue bonds	29,644,964	30,719,917	5,470,897	5,755,603	35,115,861	36,475,520
Lease revenue refunding bonds	5,480,460	5,821,216	-	-	5,480,460	5,821,216
Certificates of participation	737,044	968,860	-	-	737,044	968,860
Loans payable	-	-	4,555,261	92,467	4,555,261	92,467
Capital leases	2,957,370	3,719,440	1,233,489	1,388,658	4,190,859	5,108,098
Total	\$ 64,649,776	\$ 71,043,444	\$ 11,259,647	\$ 7,236,728	\$ 75,909,423	\$ 78,280,172

For the governmental activities, the County had total long-term debt outstanding of \$64,649,776 as compared to \$71,043,444 the prior year (excluding compensated absences, estimated claims and other postemployment benefits liability), a decrease of \$6,393,668 resulting from debt service payments. No new bonds were issued.

For the business-type activities, the County had total long-term debt outstanding of \$11,259,647 as compared to \$7,236,728 in the prior year (excluding postclosure liability and other post-employment benefits liability), an increase of \$4,022,919. This increase is the net of a new United States Department of Agriculture Rural Development loan, \$4,497,000, obtained for repairs to the sewer system in the Freedom County Sanitation District and retirement of debt.

The County's total debt for all primary government activities decreased by \$2,370,749, or 3.0%, 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 2018. Standard & Poor's has assigned its long-term rating on the County's general fund certificates of participation and lease revenue bonds of "AA+." This rating was last reviewed by Standard & Poor's in November 2017. Such ratings reflect only the views of the rating agency and any desired explanation of the significance of such ratings should be obtained from the rating agency.

The component unit, Santa Cruz County Sanitation District, had total long-term debt outstanding of \$18,635,132 as compared to \$17,741,798 in the prior year. This amount consists of \$18,635,132 of Loans Payable, \$1,625,320, of which was obtained in the current year to finance the Soquel Pump Station Force Main Replacement project. Retirement of debt amounted to \$731,986.

Additional information on the County's long-term debt can be found in Note 10 on pages 87-94 of this report.

RETIREMENT COSTS AND OBLIGATIONS

Retirement Costs

The County's current retirement costs consist of several components, including pension costs, other post-employment benefits (OPEB) costs and social security costs. For the 2020-2021 fiscal year, total retirement costs for the County were \$105,942,423. Of the \$105.9 million in retirement costs, the County contributed \$76.1 million. Employee contributions account for the remaining \$29.8 million. Total retirement costs included pension cost of \$70.4 million, other post-employment benefits of \$7.5 million and social security costs of \$28.0 million. These costs reflect an increase of \$9.7 million, or 10.1% compared to the prior year. The change resulted from an increase in Pension, OPEB and social security costs over the prior year of \$9.0 million, \$0.5 million and \$0.2 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 \$777,298,547 as of June 30, 2021; \$578.1 million was the liability for pension benefits and \$199.2 million was the liability for OPEB. Total retirement obligations increased by \$78.7 million, or 11.3%, over the prior year. The total increase was made up of increases in pension liability and OPEB liability of \$54.9 million and \$23.8 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 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Total Pension Cost	\$ 52,259,332	\$ 54,919,852	\$ 61,415,383	\$ 70,436,125
Total OPEB Cost	6,773,092	6,873,540	7,014,009	7,502,010
Total Social Security Cost	24,798,664	25,693,659	27,812,605	28,004,288
Total Retirement Cost	\$ 83,831,088	\$ 87,487,051	\$ 96,241,997	\$ 105,942,423
Total Employee Contribution	\$ 26,082,530	\$ 27,023,171	\$ 28,339,466	\$ 29,850,345
Total County Contribution	57,748,558	60,463,880	67,902,531	76,092,078
Total Retirement Cost	\$ 83,831,088	\$ 87,487,051	\$ 96,241,997	\$ 105,942,423
Unfunded County Pension Liability Obligation	\$ 470,946,789	\$ 482,281,348	\$ 523,261,501	\$ 578,136,564
Unfunded County OPEB Liability Obligation	162,972,790	168,538,624	175,366,985	199,161,983
Total County Unfunded Liabilities	\$ 633,919,579	\$ 650,819,972	\$ 698,628,486	\$ 777,298,547
Miscellaneous Pension Plan Funded Ratio Market Value of Assets (MVA)	70.3%	68.5%	68.2%	67.3%
Safety Pension Plan Funded Ratio MVA	69.3%	67.9%	68.1%	67.0%
Safety Sheriff Pension Plan Funded Ratio MVA	61.5%	60.5%	61.2%	61.3%

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 28, 2021, the Board of Supervisors (Board) approved the fiscal year 2021-22 Budget, which was based on the Proposed Budget provided in May 2021 and adjustments provided in the Supplemental, Last Day and Concluding actions approved by the Board during budget hearings.

2020-21 Mid-Year Estimates to Actual Savings

The County ended fiscal year 2020-21 with savings and unspent funds. For All Funds, actual expenditures and revenues were less than mid-year estimates and resulted in net savings of \$32 million, prior to encumbrance carryovers. Once carryovers were factored in, the ending fund balance was \$41.7 million, which was \$24.4 million less than the mid-year estimate of \$66.1 million. The General Fund revenues were more than estimates; however, once encumbrance carryovers were factored in, the General Fund fund balance available of \$14.3 million was \$1.7 million more than estimated primarily due to the receipt of the first allocation of the American Rescue Plan Act (ARPA) funding offset by the delay in Federal Emergency Management Agency (FEMA) reimbursements and the inclusion of the net cost of the trust funds reclassified within the General Fund in accordance with new requirements from the Governmental Accounting Standards Board (GASB) 84. Other Funds actuals were less than estimates, resulting in an ending fund balance available of \$26.8 million. The majority of unused funds within Other Funds was primarily due to incomplete projects, and funds were carried forward (rebudgeted) to FY 2021- 22.

FY 2021-22 Adopted County Budget

As a result of incomplete projects and unpaid obligations in the prior year and delayed FEMA reimbursements, the 2021-22 fiscal year County Budget increased by \$197.8 million financed by \$187.9 million in revenues and \$9.9 million in increased available fund balance. This includes \$21.1 million for costs associated with the County's continued response to COVID-19 funded from the FEMA and the ARPA funding, as approved by the Board of Supervisors during the prior year.

FY 2021-22 Adopted General Fund Budget

The 2021-22 General Fund Budget increased by \$86.4 million financed by \$79.9 million in increased revenues, primarily from funds allocated to respond to COVID-19, and other grants and \$6.5 million in increased available fund balance, primarily to cover the final elimination of 50% of the furlough, funded from the first allocation of ARPA funding received in fiscal year 2020-21. The available fund balance results from the following changes as part of the year-end reconciliation.

In fiscal year 2021-22, General Fund financing increased by \$16.5 million, primarily due to an increase of \$10.0 million in General County Revenues budget and an increase of \$6.5 million in available fund balance for the remaining elimination of the County furlough. The General County Revenues budget was better due to the year two allocation of the ARPA funding offset by costs for the continued COVID-19 response. The \$16.5 million net increase in General Fund expenditures by budget category (net cost) reflects changes approved by the Board during budget hearings, including the remaining elimination of the furlough and the continued COVID-19 response costs for year two of the ARPA funding. In addition, costs include rebudget of some unspent fiscal year 2020-21 funds for incomplete essential transfers for the local match for the CZU Lightning Complex Fire for debris removal, other incomplete capital improvem

Reserves

In accordance with the Board's concluding actions during budget hearings, a net increase in reserves of \$7.6 million plus \$19.4 million from the reclassification of trust funds to the General Fund per GASB 84, brought total committed and assigned reserves to 10.6% of total revenues, or \$71 million. This was slightly above the 10% goal set by the Board of Supervisors. As discussed during budget hearings, the County Administrative Officer and the Auditor-Controller-Treasurer-Tax Collector plan to update the fund balance policy in the mid-year County policy updates.

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 2021



Government-Wide Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments	\$ 256,936,508	\$ 16,675,915	\$ 273,612,423	\$ 16,612,452
Restricted cash	16,179,605	8,213,386	24,392,991	-
Receivables, net	90,502,508	1,024,822	91,527,330	55,077
Due from other funds	3,615,208	(3,615,208)	-	-
Deposits with others	529,787	55,434	585,221	-
Inventory	649,368	201,448	850,816	-
Prepaid items	1,707,548	-	1,707,548	-
Due from other governments	571,226	-	571,226	-
Land held for resale	1,166,891	-	1,166,891	-
Loans receivable	59,100,167	10,473	59,110,640	-
Advances to other entities	28,247	-	28,247	-
Internal balances	196,841	(196,841)	-	-
Capital Assets:				
Nondepreciable assets	81,346,662	13,827,397	95,174,059	14,216,028
Depreciable assets, net	568,952,353	28,007,344	596,959,697	132,930,079
Total assets	<u>1,081,482,919</u>	<u>64,204,170</u>	<u>1,145,687,089</u>	<u>163,813,636</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on bond refunding	682,490	-	682,490	-
Deferred pensions	91,599,409	-	91,599,409	-
Deferred OPEB	27,999,367	-	27,999,367	-
Total deferred outflows of resources	<u>120,281,266</u>	<u>-</u>	<u>120,281,266</u>	<u>-</u>

See accompanying Notes to Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts payables	\$ 51,012,023	\$ 2,736,079	\$ 53,748,102	\$ 3,980,135
Salaries and benefits payable	15,758,850	-	15,758,850	9,221
Deposits payable	2,226,718	199,976	2,426,694	-
Accrued interest payable	524,935	109,590	634,525	206,582
Tax and revenue anticipation notes payable	47,581,124	-	47,581,124	-
Unearned revenues	24,269,056	-	24,269,056	-
Due to other governments	64,372	-	64,372	-
Long-term liabilities:				
Due within one year				
Compensated absences	21,198,351	-	21,198,351	-
Estimated claims	11,583,463	-	11,583,463	-
Capital lease obligations	608,122	160,103	768,225	-
Bonds and loans payable	5,336,565	324,764	5,661,329	751,341
Due in more than one year				
Compensated absences	16,694,179	-	16,694,179	-
Estimated claims	41,162,001	-	41,162,001	-
Capital lease obligations	2,349,248	1,073,386	3,422,634	-
Bonds and loans payable	56,355,841	9,701,394	66,057,235	17,883,791
Postclosure care costs	-	8,204,015	8,204,015	-
Total OPEB liability	199,161,983	-	199,161,983	-
Net pension liability	578,136,564	-	578,136,564	-
Other long-term liabilities	482,700	-	482,700	-
Total liabilities	<u>1,074,506,095</u>	<u>22,509,307</u>	<u>1,097,015,402</u>	<u>22,831,070</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pensions	724,245	-	724,245	-
Deferred OPEB	<u>12,557,928</u>	-	<u>12,557,928</u>	-
Total deferred inflows of resources	<u>13,282,173</u>	-	<u>13,282,173</u>	-
NET POSITION				
Net investment in capital assets	601,791,899	30,575,095	632,366,994	128,510,975
Restricted for:				
Debt service	2,125,723	566,229	2,691,952	-
Capital asset acquisition	27,577,090	-	27,577,090	-
Public safety	17,281,629	-	17,281,629	-
Health and public assistance	1,531,689	-	1,531,689	-
Public ways and facilities	76,856,565	-	76,856,565	-
Unrestricted	<u>(613,188,678)</u>	<u>10,553,539</u>	<u>(602,635,139)</u>	<u>12,471,591</u>
Total net position	<u>\$ 113,975,917</u>	<u>\$ 41,694,863</u>	<u>\$ 155,670,780</u>	<u>\$ 140,982,566</u>

See accompanying Notes to Basic Financial Statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 50,868,243	\$ 23,901,253	\$ 37,663,655	\$ -	\$ 61,564,908
Public protection	223,650,643	31,131,959	68,414,935	1,707,289	101,254,183
Public ways and facilities	43,682,906	7,535,126	8,764,353	30,814,596	47,114,075
Health and sanitation	197,847,950	41,978,603	128,637,034	-	170,615,637
Public assistance	205,806,454	588,981	124,421,600	-	125,010,581
Education	6,099,292	2,122	86,176	-	88,298
Recreation and cultural services	11,484,824	2,332,161	1,251,017	-	3,583,178
Debt service	1,890,256	2,105,590	135,740	-	2,241,330
Total governmental activities	<u>741,330,568</u>	<u>109,575,795</u>	<u>369,374,510</u>	<u>32,521,885</u>	<u>511,472,190</u>
Business-type activities:					
County Disposal Sites CSA 9C	16,216,529	18,635,594	402,172	-	19,037,766
Boulder Creek CSA 7	428,116	522,963	-	-	522,963
Rolling Woods CSA 10	29,161	58,163	-	-	58,163
Septic Tank Maintenance CSA 12	1,555,282	1,445,352	-	-	1,445,352
Freedom County Sanitation District	1,175,314	1,118,875	2,538,359	-	3,657,234
Davenport County Sanitation District	1,126,614	543,587	234	-	543,821
Place de Mer CSA 2	233,874	101,050	-	-	101,050
Sand Dollar Beach CSA 5	309,232	307,397	-	-	307,397
Trestle Beach CSA 20	69,152	83,945	-	-	83,945
Total business-type activities	<u>21,143,274</u>	<u>22,816,926</u>	<u>2,940,765</u>	<u>-</u>	<u>25,757,691</u>
Total primary government	<u>\$ 762,473,842</u>	<u>\$ 132,392,721</u>	<u>\$ 372,315,275</u>	<u>\$ 32,521,885</u>	<u>\$ 537,229,881</u>
Component unit:					
Santa Cruz County Sanitation District	\$ 26,866,957	\$ 27,605,250	\$ 514,482	\$ -	\$ 28,119,732

General Revenues:

Taxes:

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

- Grants and contributions not restricted for a specific purpose
- 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 YEAR ENDED JUNE 30, 2021**

Governmental Activities	Net (Expense) Revenue and Changes in Net Position		Component Unit
	Business-Type Activities	Total	
\$ 10,696,665	\$ -	\$ 10,696,665	
(122,396,460)	-	(122,396,460)	
3,431,169	-	3,431,169	
(27,232,313)	-	(27,232,313)	
(80,795,873)	-	(80,795,873)	
(6,010,994)	-	(6,010,994)	
(7,901,646)	-	(7,901,646)	
351,074	-	351,074	
<u>(229,858,378)</u>	<u>-</u>	<u>(229,858,378)</u>	
-	2,821,237	2,821,237	
-	94,847	94,847	
-	29,002	29,002	
-	(109,930)	(109,930)	
-	2,481,920	2,481,920	
-	(582,793)	(582,793)	
-	(132,824)	(132,824)	
-	(1,835)	(1,835)	
-	14,793	14,793	
-	4,614,417	4,614,417	
<u>\$ (229,858,378)</u>	<u>\$ 4,614,417</u>	<u>\$ (225,243,961)</u>	
			\$ 1,252,775
\$ 129,749,169	\$ 44,818	\$ 129,793,987	-
3,728,479	-	3,728,479	-
22,564,128	-	22,564,128	-
10,237,089	-	10,237,089	-
13,967,321	-	13,967,321	-
<u>180,246,186</u>	<u>44,818</u>	<u>180,291,004</u>	-
-	-	-	-
4,184,785	165,697	4,350,482	92,097
10,412	-	10,412	-
25,206,757	819,845	26,026,602	175,317.0
<u>209,648,140</u>	<u>1,030,360</u>	<u>210,678,500</u>	<u>267,414</u>
(20,210,238)	5,644,777	(14,565,461)	1,520,189
96,238,267	24,766,595	121,004,862	139,462,377
37,947,888	11,283,491	49,231,379	-
<u>134,186,155</u>	<u>36,050,086</u>	<u>170,236,241</u>	<u>139,462,377</u>
<u>\$ 113,975,917</u>	<u>\$ 41,694,863</u>	<u>\$ 155,670,780</u>	<u>\$ 140,982,566</u>

See accompanying Notes to Basic Financial Statements.



Fund Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021



Governmental Fund Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021



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, 2021**

	Major Funds					Total Governmental Funds
	General Fund	Off Highway, Road, and Transportation Fund	Housing Fund	Capital Projects Fund	Nonmajor Governmental Funds	
ASSETS						
Cash and investments	\$ 167,107,613	\$ -	\$ 8,063,821	\$ 13,939,358	\$ 31,332,413	\$ 220,443,205
Restricted cash and investments	-	-	-	-	16,179,605	16,179,605
Receivables, net	65,845,879	22,250,184	19,413	15,000	2,254,353	90,384,829
Due from other funds	5,355,066	-	-	22,592	-	5,377,658
Due from other governments	2,451	-	-	568,774	-	571,225
Inventory	157,128	-	-	-	-	157,128
Loans receivable	-	-	59,100,167	-	-	59,100,167
Deposits with others	70,000	-	-	-	-	70,000
Prepays	1,669,110	-	-	-	-	1,669,110
Land held for resale	-	-	1,166,891	-	-	1,166,891
Advances to other entities	28,247	-	-	-	-	28,247
Total assets	\$ 240,235,494	\$ 22,250,184	\$ 68,350,292	\$ 14,545,724	\$ 49,766,371	\$ 395,148,065
LIABILITIES						
Accounts payable	\$ 38,120,550	\$ 6,957,885	\$ 566,402	\$ 994,263	\$ 2,010,678	\$ 48,649,778
Salaries and benefits payable	15,285,776	-	-	-	-	15,285,776
Deposits payable	1,622,674	-	-	-	-	1,622,674
Tax and revenue anticipation notes payable	47,581,124	-	-	-	-	47,581,124
Due to other governments	64,372	-	-	-	-	64,372
Due to other funds	-	14,640,430	-	-	1,762,449	16,402,879
Advances from other funds	1,668,121	2,512,878	-	-	-	4,180,999
Unearned revenues	24,174,166	44,859	-	-	50,031	24,269,056
Total liabilities	128,516,783	24,156,052	566,402	994,263	3,823,158	158,056,658
FUND BALANCES (DEFICIT)						
Nonspendable	1,695,653	-	-	-	-	1,695,653
Restricted	25,483,811	-	67,783,890	13,551,461	45,943,213	152,762,375
Committed	20,955,898	-	-	-	-	20,955,898
Assigned	63,583,349	-	-	-	-	63,583,349
Unassigned	-	(1,905,868)	-	-	-	(1,905,868)
Total fund balances (deficit)	111,718,711	(1,905,868)	67,783,890	13,551,461	45,943,213	237,091,407
Total liabilities and fund balances (deficit)	\$ 240,235,494	\$ 22,250,184	\$ 68,350,292	\$ 14,545,724	\$ 49,766,371	\$ 395,148,065

See accompanying Notes to Basic Financial Statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
 JUNE 30, 2021**

Total Fund Balances - Total Governmental Funds		\$ 237,091,407
<p>Amounts reported for Governmental Activities in the Statement of Net Position were different because:</p>		
<p>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.)</p>		638,389,001
<p>Deferred outflows of resources reported in the Statement of Net Position are not reported in the governmental funds.</p>		107,733,208
<p>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:</p>		
Internal service funds included in governmental activities		(77,654,317)
Transfer of internal service funds to business-type activities		196,841
<p>Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental funds.</p>		
Refunding certificates of participation, including premium	(25,829,938)	
Lease revenue bonds	(29,644,964)	
Lease revenue refunding bonds, including premium	(5,480,460)	
Certificates of participation, including premium	(737,044)	
Net pension liability	(510,935,295)	
Total other post-employment benefits (OPEB) liability	(172,243,819)	
Compensated absences	(31,931,057)	
Capital leases	(2,950,859)	(779,753,436)
<p>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.</p>		(524,935)
<p>Deferred inflows of resources reported in the Statement of Net Position are not reported in the governmental funds.</p>		(11,501,852)
Net Position of Governmental Activities		\$ 113,975,917

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Major Funds					Total Governmental Funds
	General Fund	Off Highway, Road, and Transportation Fund	Housing Fund	Capital Projects Fund	Nonmajor Governmental Funds	
REVENUES:						
Taxes	\$ 153,164,299	\$ 3,462,358	\$ -	\$ -	\$ 23,619,529	\$ 180,246,186
Licenses and permits	13,745,928	-	-	-	35,622	13,781,550
Fines, forfeits and penalties	12,883,101	-	-	-	55,569	12,938,670
Use of money and property	2,430,342	71,502	1,184,704	38,973	175,779	3,901,300
Aid from other governments	355,005,187	39,046,010	73,394	3,244,994	4,073,526	401,443,111
Charges for services	65,906,474	3,120,704	324,440	-	13,503,957	82,855,575
Other	21,017,104	1,028,288	78,686	2,289,530	132,308	24,545,916
Total revenues	<u>624,152,435</u>	<u>46,728,862</u>	<u>1,661,224</u>	<u>5,573,497</u>	<u>41,596,290</u>	<u>719,712,308</u>
EXPENDITURES:						
Current:						
General government	42,889,342	-	-	-	1,459,211	44,348,553
Public protection	177,449,162	-	-	-	17,560,067	195,009,229
Public ways and facilities	227,242	62,646,949	-	-	6,061,216	68,935,407
Health and sanitation	181,786,750	-	-	-	27,973	181,814,723
Public assistance	186,809,661	-	6,917,203	-	-	193,726,864
Education	122,647	-	-	-	5,336,281	5,458,928
Recreation and cultural services	9,009,839	-	-	-	817,860	9,827,699
Debt service:						
Principal	602,641	-	-	-	5,472,058	6,074,699
Interest	221,682	182,587	-	-	2,309,826	2,714,095
Fiscal charges	93,557	-	-	-	103,129	196,686
Capital outlay	-	-	-	7,888,830	-	7,888,830
Total expenditures	<u>599,212,523</u>	<u>62,829,536</u>	<u>6,917,203</u>	<u>7,888,830</u>	<u>39,147,621</u>	<u>715,995,713</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>24,939,912</u>	<u>(16,100,674)</u>	<u>(5,255,979)</u>	<u>(2,315,333)</u>	<u>2,448,669</u>	<u>3,716,595</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	2,313,389	3,500,965	-	6,476,724	7,387,333	19,678,411
Transfers out	(13,222,635)	-	-	(1,000,000)	(5,579,808)	(19,802,443)
Total other financing sources (uses)	<u>(10,909,246)</u>	<u>3,500,965</u>	<u>-</u>	<u>5,476,724</u>	<u>1,807,525</u>	<u>(124,032)</u>
Net change in fund balance (deficit)	<u>14,030,666</u>	<u>(12,599,709)</u>	<u>(5,255,979)</u>	<u>3,161,391</u>	<u>4,256,194</u>	<u>3,592,563</u>
Fund balances - beginning	57,693,017	4,668,690	73,222,898	10,390,070	42,299,343	188,274,018
Prior period adjustment (Note 20)	39,995,028	6,025,151	(183,029)	-	(612,324)	45,224,826
Fund balances - beginning as restated	97,688,045	10,693,841	73,039,869	10,390,070	41,687,019	233,498,844
Fund balances (deficit) - ending	<u>\$ 111,718,711</u>	<u>\$ (1,905,868)</u>	<u>\$ 67,783,890</u>	<u>\$ 13,551,461</u>	<u>\$ 45,943,213</u>	<u>\$ 237,091,407</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 YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds	\$	3,592,563
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	55,675,200	
Retirement of capital assets	(99,781)	
Less current year depreciation	(28,492,515)	27,082,904
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	3,920,000	
Certificates of participation	225,000	
Lease revenue bonds	1,235,000	
Lease revenue refunding bonds	73,672	
Capital leases	602,760	6,056,432
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	177,926	
Change in accrued interest payable	47,810	
Change in compensated absences	(5,104,463)	
Change in deferred loss on bond refunding	(106,000)	
Change in total OPEB liability and related deferred outflows and inflows of resources	(5,963,091)	
Change in net pension liabilities and related deferred outflows and inflows of resources	(41,141,775)	(52,089,593)
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.		(4,596,903)
Reverse of prior year transfer of internal service funds to business-type activities.		(452,482)
Transfer of internal service funds to business-type activities.		196,841
Change in Net Position of Governmental Activities	\$	(20,210,238)

See accompanying Notes to Basic Financial Statements.



Proprietary Fund Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021



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, 2021**

	Business-Type Activities - Enterprise Funds			Governmental
	County	Nonmajor	Total	Activities
	Disposal	Enterprise		Internal
	Sites CSA 9C	Funds		Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 10,119,265	\$ 6,556,649	\$ 16,675,914	\$ 36,493,303
Restricted cash and investments	8,213,386	-	8,213,386	-
Receivables	1,024,822	-	1,024,822	117,679
Due from other funds	-	-	-	14,640,430
Deposits with others	55,434	-	55,434	459,787
Inventory	201,448	-	201,448	492,240
Prepaid items	-	-	-	38,438
Advances to other funds	-	-	-	4,180,998
Total current assets	<u>19,614,355</u>	<u>6,556,649</u>	<u>26,171,004</u>	<u>56,422,875</u>
Noncurrent assets:				
Loans receivable	-	10,473	10,473	-
Capital Assets:				
Land	1,858,849	-	1,858,849	97,087
Construction-in-progress	-	11,968,550	11,968,550	109,938
Depreciable:				
Buildings and structures	33,167,204	24,652,285	57,819,489	4,252,413
Equipment	10,574,173	81,586	10,655,759	36,323,280
Accumulated depreciation	<u>(30,093,712)</u>	<u>(10,374,192)</u>	<u>(40,467,904)</u>	<u>(28,872,703)</u>
Capital assets, net	<u>15,506,514</u>	<u>26,328,229</u>	<u>41,834,743</u>	<u>11,910,015</u>
Total noncurrent assets	<u>15,506,514</u>	<u>26,338,702</u>	<u>41,845,216</u>	<u>11,910,015</u>
Total assets	<u>35,120,869</u>	<u>32,895,351</u>	<u>68,016,220</u>	<u>68,332,890</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension	-	-	-	8,745,422
Deferred OPEB	-	-	-	3,802,636
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,548,058</u>

See accompanying Notes to Basic Financial Statements.

STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			Governmental
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
LIABILITIES				
Current liabilities:				
Payables	\$ 1,179,829	\$ 1,556,250	\$ 2,736,079	\$ 2,362,245
Accrued salaries and benefits payable	-	-	-	473,074
Deposits payable	199,976	-	199,976	604,044
Due to other funds	-	3,615,209	3,615,209	-
Current portion of long-term liabilities	299,707	25,057	324,764	-
Capital leases	160,103	-	160,103	4,497
Claims liabilities	-	-	-	11,583,463
Compensated absences, due within one year	-	-	-	3,045,545
Accrued interest payable	109,361	229	109,590	-
Total current liabilities	1,948,976	5,196,745	7,145,721	18,072,868
Noncurrent liabilities:				
Long-term liabilities	5,171,190	4,530,204	9,701,394	482,700
Capital leases	1,073,386	-	1,073,386	2,014
Claims liabilities	-	-	-	41,162,001
Closure and postclosure care costs liability	8,204,015	-	8,204,015	-
Compensated absences, due in more than one year	-	-	-	2,915,928
Total OPEB liability	-	-	-	26,918,164
Net pension liability	-	-	-	67,201,269
Total noncurrent liabilities	14,448,591	4,530,204	18,978,795	138,682,076
Total liabilities	16,397,567	9,726,949	26,124,516	156,754,944
DEFERRED INFLOWS OF RESOURCES				
Deferred pension	-	-	-	84,184
Deferred OPEB	-	-	-	1,696,137
Total deferred inflows of resources	-	-	-	1,780,321
NET POSITION (DEFICIT)				
Net investment in capital assets	8,802,129	21,772,966	30,575,095	11,903,502
Restricted for:				
Debt service	522,804	43,425	566,229	459,787
Unrestricted	9,398,369	1,352,011	10,750,380	(90,017,606)
Total net position (deficit)	\$ 18,723,302	\$ 23,168,402	41,891,704	\$ (77,654,317)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(196,841)	
Net Position of Business-Type Activities per Government-Wide Financial Statements			\$ 41,694,863	

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	County	Nonmajor	Total	
	Disposal Sites CSA 9C	Enterprise Funds		
OPERATING REVENUES:				
Charges for services	\$ 18,634,515	\$ 4,181,332	\$ 22,815,847	\$ 87,603,693
Other revenues	257,925	63,000	320,925	2,103,425
Total operating revenues	<u>18,892,440</u>	<u>4,244,332</u>	<u>23,136,772</u>	<u>89,707,118</u>
OPERATING EXPENSES:				
Salaries and employee benefits	-	-	-	46,992,180
Services and supplies	14,477,621	4,179,887	18,657,508	32,914,988
Insurance and compensation claims	-	-	-	13,131,624
Depreciation and amortization	1,709,389	604,736	2,314,125	2,768,400
Total operating expenses	<u>16,187,010</u>	<u>4,784,623</u>	<u>20,971,633</u>	<u>95,807,192</u>
Operating income (loss)	<u>2,705,430</u>	<u>(540,291)</u>	<u>2,165,139</u>	<u>(6,100,074)</u>
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental	402,172	2,538,594	2,940,766	453,286
Interest and investment income	110,517	55,181	165,698	283,484
Property taxes	-	44,818	44,818	-
Gain on disposal of capital assets	-	-	-	10,412
Loss on disposal of capital assets	-	(149,337)	(149,337)	-
Interest expense	(245,477)	(32,471)	(277,948)	(28,884)
Other nonoperating revenue	-	500,000	500,000	660,841
Total nonoperating revenues (expenses)	<u>267,212</u>	<u>2,956,785</u>	<u>3,223,997</u>	<u>1,379,139</u>
Income (loss) before transfers	<u>2,972,642</u>	<u>2,416,494</u>	<u>5,389,136</u>	<u>(4,720,935)</u>
Transfers in	-	-	-	124,032
Change in net position (deficit)	<u>2,972,642</u>	<u>2,416,494</u>	<u>5,389,136</u>	<u>(4,596,903)</u>
Net position (deficit) - beginning	4,467,169	20,751,908	25,219,077	(65,780,476)
Prior period adjustment (Note 20)	11,283,491	-	11,283,491	(7,276,938)
Net position (deficit) - beginning as restated	<u>15,750,660</u>	<u>20,751,908</u>	<u>36,502,568</u>	<u>(73,057,414)</u>
Net position (deficit) - ending	<u>\$ 18,723,302</u>	<u>\$ 23,168,402</u>	<u>\$ 41,891,704</u>	<u>\$ (77,654,317)</u>
Change in Net Position of Business-Type Activities			\$ 5,389,136	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			255,641	
Change in Net Position of Business-Type Activities per Government-Wide Financial Statements			<u>\$ 5,644,777</u>	

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds			Governmental
	County	Nonmajor	Total	Activities
	Disposal	Enterprise		Internal
	Sites CSA 9C	Funds		Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 18,496,777	\$ 5,794,011	\$ 24,290,788	\$ 89,503,138
Payments to suppliers for goods and services	(14,637,708)	(3,551,390)	(18,189,098)	(32,681,803)
Payments to employees for salaries and benefits	-	-	-	(42,917,723)
Payments for judgments and claims	-	-	-	(7,962,646)
Closure and postclosure reserves increase (decrease)	197,129	-	197,129	-
Other receipts	257,925	63,000	320,925	2,103,425
Net cash provided (used) by operating activities	<u>4,314,123</u>	<u>2,305,621</u>	<u>6,619,744</u>	<u>8,044,391</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	-	-	-	3,975,282
Operating grants	402,172	-	402,172	453,286
Deposits with others	23,129	16,920	40,049	-
Other long-term liability	(284,706)	-	(284,706)	-
Advances to other entities	-	10,433	10,433	-
Due to other funds	-	2,190,957	2,190,957	-
Due from other funds	-	-	-	(11,463,008)
Matured interest payable	-	(157)	(157)	-
Intergovernmental receipts	-	2,538,594	2,538,594	-
Property taxes	-	44,818	44,818	-
Net cash provided (used) by noncapital financing activities	<u>140,595</u>	<u>4,801,565</u>	<u>4,942,160</u>	<u>(7,034,440)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(1,123,717)	(10,621,836)	(11,745,553)	(217,830)
Acquisition of equipment	(105,640)	-	(105,640)	(3,471,292)
Insurance proceeds	-	500,000	500,000	660,841
Loan proceeds	-	4,497,000	4,497,000	-
Principal paid on capital debt	(155,169)	(34,206)	(189,375)	(159,309)
Loss on disposal of asset	-	(149,336)	(149,336)	-
Interest paid on capital debt	(253,369)	(32,473)	(285,842)	(28,884)
Proceeds from sale of capital assets	-	-	-	10,412
Net cash provided (used) by capital and related financing activities	<u>(1,637,895)</u>	<u>(5,840,851)</u>	<u>(7,478,746)</u>	<u>(3,206,062)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	110,517	55,181	165,698	283,484
Net cash provided by investing activities	<u>110,517</u>	<u>55,181</u>	<u>165,698</u>	<u>283,484</u>
Net increase (decrease) in cash and cash equivalents	<u>2,927,340</u>	<u>1,321,516</u>	<u>4,248,856</u>	<u>(1,912,627)</u>
CASH AND CASH EQUIVALENTS:				
Beginning of year	15,405,311	5,279,913	20,685,224	38,405,930
End of year	<u>\$ 18,332,651</u>	<u>\$ 6,601,429</u>	<u>\$ 24,934,080</u>	<u>\$ 36,493,303</u>

See accompanying Notes to Basic Financial Statements.

STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			Governmental
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 2,705,430	\$ (540,291)	\$ 2,165,139	\$ (6,100,074)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,709,389	604,736	2,314,125	2,768,400
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	(337,714)	1,612,679	1,274,965	812,701
Inventory	43,324	-	43,324	(28,637)
Prepaid items	-	-	-	(18,515)
Increase (decrease) in:				
Payables	(254,870)	628,497	373,627	280,337
Deposits payable	199,976	-	199,976	604,044
Construction advances	-	-	-	482,700
Claims liabilities	-	-	-	5,168,978
Accrued salaries and benefits	51,459	-	51,459	4,074,457
Closure and postclosure care liability	197,129	-	197,129	-
Total adjustments	1,608,693	2,845,912	4,454,605	14,144,465
Net cash provided (used) by operating activities	\$ 4,314,123	\$ 2,305,621	\$ 6,619,744	\$ 8,044,391
Schedule of non-cash capital and related financing activities:				
Purchase of machinery, equipment and vehicles on account	-	668,491	668,491	-
Reconciliation of cash and cash equivalents to the Statement of Net Position				
Cash and investments per Statement of Net Position	\$ 10,119,265	\$ 6,556,649	\$ 16,675,914	\$ 36,493,303
Restricted cash per Statement of Net Position	8,213,386	-	8,213,386	-
Total cash and cash equivalents per Statement of Net Position	\$ 18,332,651	\$ 6,556,649	\$ 24,889,300	\$ 36,493,303

See accompanying Notes to Basic Financial Statements.

Fiduciary Fund Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

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, 2020

	Investment Trust Funds	Private- Purpose Trust Funds	Custodial Funds
ASSETS			
Cash and cash equivalents	\$ 608,313,989	\$ 15,403,344	\$ 44,955,878
Restricted cash with fiscal agents	-	4,410	-
Prepaid expenses	275,800	1,275,877	-
Receivables:			
Accounts receivable	89,352,248	-	-
Taxes for other governments	-	-	11,430,725
Other assets	34,519,980	-	-
Nondepreciable capital assets	8,597,751	-	-
Depreciable capital assets, net	29,710,137	7,425,950	-
Total assets	770,769,905	24,109,581	56,386,603
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	-	238,123	-
Total deferred outflows of resources	-	238,123	-
LIABILITIES			
Accounts payable and other liabilities	12,139,384	17,331	17,840,222
Due to local governments	568,774	-	2,452
Interest payable	-	2,660,268	-
Long-term liabilities due within one year	2,994,865	9,520,429	-
Long-term liabilities due in more than one year	89,871,255	181,389,125	-
Total liabilities	105,574,278	193,587,153	17,842,674
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding of debt	1,466,288	975,737	223,612
Deferred OPEB	1,001,950	-	-
Deferred pension	2,641,385	-	-
Total deferred inflows of resources	5,109,623	975,737	223,612
NET POSITION (DEFICIT)			
Restricted for:			
Pool participants	660,086,004	-	-
Individuals, organizations and other governments	-	(170,215,186)	38,320,317
Total net position (deficit)	\$ 660,086,004	\$ (170,215,186)	\$ 38,320,317

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (DEFICIT)
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Investment Trust Funds	Private- Purpose Trust Funds	Custodial Funds
ADDITIONS			
Member contributions	\$ 16,128,892	\$ -	\$ -
Employee contributions	12,565	-	-
Gifts and bequests	1,128,343	-	4,563
Interest, dividends and other	3,928,525	80,976	155,766
Tax collections	468,864,964	15,733,408	784,188,955
Other contributions	1,016,351,357	848,085	63,437,721
Total additions	<u>1,506,414,646</u>	<u>16,662,469</u>	<u>847,787,005</u>
DEDUCTIONS			
Beneficiary payments to individuals	-	600,000	-
Administrative expenses	692,990	494,317	-
Payments to other local governments	22,328,582	1,407,601	52,060,099
Payments of taxes to other local governments	-	-	661,950,846
Interest expense	26,772,537	6,800,311	25,721
Distributions from pooled investments	1,425,096,248	-	125,065,730
Other deductions	-	279,835	-
Total deductions	<u>1,474,890,357</u>	<u>9,582,064</u>	<u>839,102,396</u>
Net increase (decrease) in fiduciary net position (deficit)	<u>31,524,289</u>	<u>7,080,405</u>	<u>8,684,609</u>
Net position (deficit) - beginning	617,735,549	(177,295,591)	10,128,492
Prior period adjustment	10,826,166	-	19,507,216
Net position (deficit) - beginning, as restated	<u>628,561,715</u>	<u>(177,295,591)</u>	<u>29,635,708</u>
Net position (deficit) - ending	<u>\$ 660,086,004</u>	<u>\$ (170,215,186)</u>	<u>\$ 38,320,317</u>

See accompanying Notes to Basic Financial Statements.

Notes to Basic Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021



TABLE OF CONTENTS

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies	58
NOTE 2. Cash and Investments	71
NOTE 3. Restricted Cash and Investments.....	77
NOTE 4. Receivables.....	77
NOTE 5. Interfund Transactions.....	78
NOTE 6. Loans Receivable	80
NOTE 7. Capital Assets	81
NOTE 8. Short-Term Debt – Tax and Revenue Anticipation Notes	84
NOTE 9. Leases	84
NOTE 10. Long-Term Debt.....	87
NOTE 11. Pledge of Future Revenues.....	94
NOTE 12. Landfill Closure and Postclosure Costs	95
NOTE 13. Deficit Net Position and Fund Balances	96
NOTE 14. Pension Plans.....	97
NOTE 15. Other Post-Employment Benefits (OPEB).....	104
NOTE 16. Deferred Compensation Plan	107
NOTE 17. Commitments and Contingencies	108
NOTE 18. Risk Management.....	108
NOTE 19. Fund Balances.....	110
NOTE 20. Prior Period Adjustments	112
NOTE 21. Subsequent Events	116
NOTE 22. Excess Expenditures over Appropriations.....	117
NOTE 23. Tax Abatements	118

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

GASB Statement No. 98

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of common pronunciation and its acronym in generally accepted accounting principles for state and local governments. This statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This statement’s introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged and has been implemented by the County of Santa Cruz.

GASB Statement No. 90

GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*, is intended to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the County’s fiscal year ending June 30, 2021. The County reviewed its financial transactions and found that it had no majority equity interests.

GASB Statement No. 84

GASB Statement No. 84, *Fiduciary Activities*, provides improved guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. The requirements of this statement are effective for the County’s fiscal year ending June 30, 2021.

Upcoming Accounting Pronouncements

The following GASB Statements will become effective for fiscal years subsequent to June 30, 2021. The County is currently analyzing its accounting practices to determine the potential impact on the financial statements for these GASB Statements.

GASB Statement No. 89

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this statement are effective for the County’s fiscal year ending June 30, 2022.

GASB Statement No. 87

GASB Statement No. 87, *Leases*, addresses accounting and financial reporting for leases that were previously reported as operating leases by establishing a single model for lease accounting. The impact of implementation on the County’s financial statements has not been fully judged. The requirements of this statement are effective for the County’s fiscal year ending June 30, 2022.

GASB Statement No. 91

GASB Statement No. 91, *Conduit Debt Obligations*, is intended to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the County’s fiscal year ending June 30, 2023.

GASB Statement No. 92

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

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 in paragraph 11b will take effect for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 will take effect for the County’s financial statements starting with the fiscal year that ends June 30, 2022.

GASB Statement No. 94

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

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. 97

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 will take effect for the County's financial statements starting with the fiscal year that ends June 30, 2022. Portions of this statement related to GASB Statement No. 84 were effective for reporting periods beginning after December 15, 2019.

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 Change 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. These include unapportioned property taxes and other custodial funds.

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

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

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

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. Cost is determined by the weighted average cost method. A reservation of fund balance has been reported in the governmental funds to show that inventories do not constitute “available spendable resources.”

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

F. Capital Assets

Government-Wide Financial Statements

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

H. Deferred Outflows and Inflows of Resources

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

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.

I. Long-Term Debt

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

J. Compensated Absences

Government-Wide Financial Statements

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

Fund Financial Statements

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

and liability of those funds as the benefits accrue to employees. Accrued but unpaid liabilities at year-end are recorded in the respective funds.

K. **Claims Payable**

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

L. **Pensions**

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Pension Plans note and the required supplementary information (RSI) on page 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.

M. **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.

N. **Net Position and Fund Balances**

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

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

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

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

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

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

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

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

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, 2021, 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, 2021, 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, 2021, 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, 2021, the County's fund for the MHSA Prudent Reserve had a balance of \$2,955,898 and is included in the General Fund.

O. Property Tax Levy, Collection and Maximum Rates

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

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

	Secured	Unsecured
Levy Dates	July 1	July 1
Lien Dates	January 1	January 1
Due Dates	November 1 and February 1	August 1
Delinquent After	December 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 specified tax redemption shortfalls.

P. ***Use of Estimates***

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements and the related reported amounts of revenues and 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, 2021, was distributed on June 30, 2021.

The following is a summary of cash and investments at June 30, 2021:

	Government-Wide Statement of Net Position			
	Primary Government			Component Unit
	Government	Business-Type	Total	Santa Cruz County
	Activities	Activities		Sanitation District
Cash and Investments	\$ 256,936,508	\$ 16,675,915	\$ 273,612,423	\$ 16,612,452
Restricted Cash and Investments	16,179,605	8,213,386	24,392,991	-
Total Cash and Investments	\$ 273,116,113	\$ 24,889,301	\$ 298,005,414	\$ 16,612,452
	Fiduciary Funds			
	Custodial	Investment	Private-Purpose	County
	Funds	Trust Funds	Trust Funds	Total
Cash and Investments	\$ 44,955,878	\$ 608,313,989	\$ 15,403,344	\$ 958,898,086
Restricted Cash and Investments	-	-	4,410	24,397,401
Total Cash and Investments	\$ 44,955,878	\$ 608,313,989	\$ 15,407,754	\$ 983,295,487
	Cash and	Restricted Cash	Total	
	Investments	and Investments		
Primary Government and Fiduciary Funds:				
Cash on hand and imprest cash	\$ 13,909,961	\$ -	\$ 13,909,961	
Cash deposits in treasury pool	22,400,747	-	22,400,747	
Investments in treasury pool	905,974,926	-	905,974,926	
Restricted investments in other pools	-	16,184,015	16,184,015	
Restricted cash deposits in treasury pool:				
County Disposal Sites CSA 9C	-	8,213,386	8,213,386	
Total	942,285,634	24,397,401	966,683,035	
Component Unit:				
Investments in treasury pool	16,612,452	-	16,612,452	
Total	16,612,452	-	16,612,452	
Total cash and investments	\$ 958,898,086	\$ 24,397,401	\$ 983,295,487	

At June 30, 2021, the County's cash on hand, deposits, and investments consisted of:

	Treasury Pool	Other Banks/ Investment Pools	Total
Primary Government and Fiduciary Finds:			
Cash and imprest cash	\$ 86,517	\$ 13,823,444	\$ 13,909,961
Deposits	22,400,747	-	22,400,747
Investments	914,188,312	16,184,015	930,372,327
Total Primary Government and Fiduciary Funds	936,675,576	30,007,459	966,683,035
Component Unit:			
Investments	16,612,452	-	16,612,452
Total Component Unit	16,612,452	-	16,612,452
Total Reporting Entity	\$ 953,288,028	\$ 30,007,459	\$ 983,295,487

The carrying amount of the County's cash deposits was \$22,400,747 at June 30, 2021, 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 cost, as the fair value adjustment at year-end was immaterial.

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

B. Interest Rate Risk

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

At June 30, 2021, 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	\$ 34,310,999	\$ 12,196,320	\$ 9,633,535	\$ 3,118,948	\$ 9,362,196	\$ -
U.S. Treasury Securities	354,584,208	197,592,430	37,489,112	119,502,666	-	-
Federal Agency Securities	213,125,455	56,393,120	56,255,010	65,860,375	19,851,700	14,765,250
Medium-Term Notes - Other	50,860,161	35,282,061	15,578,100	-	-	-
Money Market Mutual Funds	20,100,004	20,100,004	-	-	-	-
Local Agency Investment Fund (LAIF)	75,060,887	75,060,887	-	-	-	-
Certificates of Deposit	95,008,900	95,008,900	-	-	-	-
Investment Agreements	12,500,000	12,500,000	-	-	-	-
Supranationals	96,860,370	20,031,000	10,349,300	48,701,650	-	17,778,420
Total Investments	\$ 952,410,984	\$ 524,164,722	\$ 129,305,057	\$ 237,183,639	\$ 29,213,896	\$ 32,543,670

C. Concentration of Credit Risk

At June 30, 2021, 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, 2021.

Investments Type	Standard & Poor’s	Moody’s	% of Portfolio
Local Agency Bonds	A	Aa3	3.50%
U.S. Treasury Securities	N/A	N/A	36.59%
Federal Agency Securities	Aa+	Aaa	21.92%
Medium-Term Notes	A/AAA	A+	5.17%
Money Market Mutual Funds	Unrated	Unrated	2.07%
Local Agency Investment Fund (LAIF)	Unrated	Unrated	9.04%
Certificates of Deposit	A1	P1	9.79%
Checking Account	Unrated	Unrated	1.92%
Supranationals	AAA	Aaa	10.00%
Total			100.00%

D. **Custodial Credit Risk**

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

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

The County is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The County's investments with LAIF at June 30, 2021, 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, 2021, the County had \$75,060,887 invested in LAIF, which had invested none of the pool investment funds in Structured Notes and Asset-Backed Securities just as in the previous year. LAIF provided a fair value factor of 1.004912795 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, 2021, the County had \$50,000,000 invested in CAMP. The funds are included in Money Market Mutual Funds noted above.

G. **Fair Value Measurements**

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

Level 1: Investments reflect prices quoted in active markets,

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

Level 3: Investments reflect prices based upon unobservable sources.

The pool has the following recurring fair value measurements as of June 30, 2021:

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)
Debt Securities:			
Local Agency Bonds	\$ 34,310,999	\$ 34,310,999	\$ -
U.S. Treasury Securities	354,584,208	354,584,208	-
Federal Agency Securities	213,125,455	213,125,455	-
Medium-Term Notes	50,860,161	50,860,161	-
Certificates of Deposit	95,008,900	95,008,900	-
Investment Agreements	12,500,000	12,500,000	-
Supranationals	96,860,370	96,860,370	-
Total investments measured at fair value	<u>857,250,093</u>	<u>\$ 857,250,093</u>	<u>\$ -</u>
Investments measured at amortized cost:			
Money Market Mutual Funds	20,100,004		
Local Agency Investment Fund (LAIF)	75,060,887		
Total pooled and directed investments	<u>\$ 952,410,984</u>		

NOTE 3 - RESTRICTED CASH AND INVESTMENTS

Cash and investments at June 30, 2021, that are restricted by legal or contractual requirements are comprised of the following:

<u>Governmental Activities</u>		
Nonmajor Governmental Funds:		
Used for debt service	\$	16,179,605
<u>Business-Type Activities</u>		
County Disposal Sites CSA 9C:		
Used for landfill deposits		8,213,386
<u>Fiduciary Funds</u>		
County of Santa Cruz Redevelopment Successor Agency:		
Used for debt service		4,410
	\$	<u>24,397,401</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
Governmental Activities:							
Accounts	\$ 64,473,304	\$ 22,250,184	\$ 19,413	\$ 15,000	\$ 2,254,353	\$ 117,679	\$ 89,129,933
Taxes	2,720,446	-	-	-	-	-	2,720,446
Gross receivables	67,193,750	22,250,184	19,413	15,000	2,254,353	117,679	91,850,379
Less: allowance for uncollectibles	(1,347,871)	-	-	-	-	-	(1,347,871)
Net receivables	<u>\$ 65,845,879</u>	<u>\$ 22,250,184</u>	<u>\$ 19,413</u>	<u>\$ 15,000</u>	<u>\$ 2,254,353</u>	<u>\$ 117,679</u>	<u>\$ 90,502,508</u>
	County Disposal Sites CSA 9C	Nonmajor Funds	Total Business- Type Activities				
Business-Type Activities:							
Accounts receivable	<u>\$ 1,024,822</u>	<u>\$ -</u>	<u>\$ 1,024,822</u>				

NOTE 5 - INTERFUND TRANSACTIONS

A. Government-Wide Financial Statements

Long-Term Internal Balances

At June 30, 2021, the County had the following long-term internal balances:

	Internal Balances Receivable
	Governmental Activities
Internal Balances Payable	
Business-Type Activities	\$ 196,841

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, 2021:

Due to Other Funds	Due from Other Funds			
	General Fund	Capital Projects Fund	Internal Service Funds	Total
Off Highway, Road, and Transportation	\$ -	\$ -	\$ 14,640,430	\$ 14,640,430
Financing Authorities	5,661	22,592	-	28,253
Park Dedication	1,524,531	-	-	1,524,531
Public Ways and Facilities	209,665	-	-	209,665
Enterprise Funds	3,615,209	-	-	3,615,209
Total	\$ 5,355,066	\$ 22,592	\$ 14,640,430	\$ 20,018,088

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, 2021:

Transfers Out	Transfers In					
	General	Off Highway, Road, & Transportation	Capital Projects	Nonmajor Governmental	Internal Service	Total
	Fund	Fund	Fund	Funds	Funds	
General Fund	\$ -	\$ 2,500,965	\$ 3,210,305	\$ 7,387,333	\$ 124,032	\$ 13,222,635
Capital Projects Fund	-	1,000,000	-	-	-	1,000,000
Nonmajor Governmental Funds	2,313,389	-	3,266,419	-	-	5,579,808
Total	\$ 2,313,389	\$ 3,500,965	\$ 6,476,724	\$ 7,387,333	\$ 124,032	\$ 19,802,443

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

Transfers to/from other funds at June 30, 2021 are as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Off Highway, Road, and Transportation Fund	\$ 2,500,965	Funding for CZU fires
	Capital Projects Fund	3,210,305	Financing for capital projects
	Internal Service Fund	50,000	To Public Works for Ralston Road project
	Internal Service Fund	74,032	To Service Center for mobile voicing trailer
	Nonmajor Governmental Funds	7,387,333	To Financing Authorities for debt service
			<u>13,222,635</u>
Capital Projects Fund	Off Highway, Road, and Transportation Fund	1,000,000	From Capital Projects Fund to Off Highway, Road, and Transportation Fund for infrastructure repairs
Nonmajor	General Fund	5,796	From Library to General Fund for debt service
Governmental	Capital Projects Fund	3,243,827	Financing Authorities to Capital Projects Fund for capital projects
Funds	Capital Projects Fund	22,592	From Financing Authorities to Capital Projects Fund for capital projects
	General Fund	5,661	Financing Authorities to General Fund to misc admin
	General Fund	183,498	Financing Authorities to General Fund for CREBS
	General Fund	14,035	Interest Credit received from IRS
	General Fund	800,000	From Park Dedication Fund to Capital Projects Fund for San Lorenzo Park improvements
	General Fund	1,238,473	From Public Protection to General Fund for debt service
	General Fund	800,000	From Health and Sanitation Fund to General Fund for Mosquito Abatement District operations
	General Fund	1,238,473	From Recreation and Culture to General Fund for debt service
	General Fund	65,926	
		<u>5,579,808</u>	
		<u>\$ 19,802,443</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:

Loans Receivable	
Homeowner Loans	
First Time Homebuyer Program	\$ 4,986,883
Homeowner Loan - Federal Grants	169,415
Homeowner Loan - State Grants	5,334,887
Mobile Home Change Out Program	4,751,980
Mobile Home Rehab Program	201,949
Mobile Home Rehab Program (Bonds)	23,069
Property Tax Postemployment Loans	101,534
Sorrento Oaks	10,000
Total Homeowner Loans	15,579,717
Housing Project Loans	
Aptos Cottages (Miller)	7,137,111
CFSC, Inc - Brommer St	2,407,200
Golden Torch	1,288,955
Housing for Independent People	40,940
Marmo's	1,642,324
McGregor	891,748
McIntosh Coach Purchase #12	98,000
McIntosh Coach Purchase	80,000
Mercy - McIntosh (Coach Loan)	348,666
Mercy - Rehab	95,236
MidPen Housing - St. Stephens	4,772,124
Mid-Peninsula the Farm, Inc	1,666,169
Minto	9,611,466
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
Total Housing Project Loans	43,520,450
Total Loans Receivable	\$ 59,100,167

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, 2021:

Nonmajor business-type fund:	
Septic Tank Maintenance CSA 12	\$ 10,473
Total business-type loans receivable	\$ 10,473

NOTE 7 - CAPITAL ASSETS

A. Government-Wide Financial Statements

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

	Balance July 1, 2020	Additions	Retirements	Reclass- ifications	Balance June 30, 2021
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 64,244,892	\$ -	\$ -	\$ -	\$ 64,244,892
Construction-in-progress	26,998,983	9,288,457	-	(19,185,670)	17,101,770
Total capital assets, not being depreciated	91,243,875	9,288,457	-	(19,185,670)	81,346,662
Capital assets, being depreciated:					
Infrastructure	716,968,313	45,195,217	-	-	762,163,530
Buildings	252,292,618	579,458	-	19,112,826	271,984,902
Machinery and equipment	53,255,613	4,108,631	(1,297,311)	98,980	56,165,913
Total capital assets being depreciated	1,022,516,544	49,883,306	(1,297,311)	19,211,806	1,090,314,345
Less accumulated depreciation for:					
Infrastructure	(341,795,433)	(20,156,964)	-	-	(361,952,397)
Buildings	(110,465,533)	(7,242,600)	-	-	(117,708,133)
Machinery and equipment	(39,204,066)	(3,765,071)	1,293,811	(26,136)	(41,701,462)
Total accumulated depreciation	(491,465,032)	(31,164,635)	1,293,811	(26,136)	(521,361,992)
Total capital assets, being depreciated, net	531,051,512	18,718,671	(3,500)	19,185,670	568,952,353
Governmental activities capital assets, net	\$ 622,295,387	\$ 28,007,128	\$ (3,500)	\$ -	\$ 650,299,015

Depreciation expense was charged to governmental functions as follows:

	<u>Total</u>
<u>Governmental Activities:</u>	
General government	\$ 1,133,527
Public protection	3,567,326
Public ways and facilities	20,156,964
Health and sanitation	1,774,304
Public assistance	447,983
Education	613,979
Recreation and cultural services	<u>702,152</u>
Subtotal	28,396,235
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>2,768,400</u>
Total	<u>\$ 31,164,635</u>

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

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclass- ifications</u>	<u>Balance</u> <u>June 30, 2021</u>
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,858,849	\$ -	\$ -	\$ -	\$ 1,858,849
Construction-in-progress	<u>528,885</u>	<u>11,439,663</u>	<u>-</u>	<u>-</u>	<u>11,968,548</u>
Total capital assets, not being depreciated	<u>2,387,734</u>	<u>11,439,663</u>	<u>-</u>	<u>-</u>	<u>13,827,397</u>
Capital assets, being depreciated:					
Buildings	57,990,910	1,123,717	(1,295,138)	-	57,819,489
Machinery and equipment	<u>10,550,119</u>	<u>105,640</u>	<u>-</u>	<u>-</u>	<u>10,655,759</u>
Total capital assets, being depreciated	<u>68,541,029</u>	<u>1,229,357</u>	<u>(1,295,138)</u>	<u>-</u>	<u>68,475,248</u>
Less accumulated depreciation:					
Buildings	(31,999,429)	(1,682,513)	1,145,799	-	(32,536,143)
Machinery and equipment	<u>(7,300,149)</u>	<u>(631,612)</u>	<u>-</u>	<u>-</u>	<u>(7,931,761)</u>
Total accumulated depreciation	<u>(39,299,578)</u>	<u>(2,314,125)</u>	<u>1,145,799</u>	<u>-</u>	<u>(40,467,904)</u>
Total capital assets, being depreciated, net	<u>29,241,451</u>	<u>(1,084,768)</u>	<u>(149,339)</u>	<u>-</u>	<u>28,007,344</u>
Business-Type activities capital assets, net	<u>\$ 31,629,185</u>	<u>\$ 10,354,895</u>	<u>\$ (149,339)</u>	<u>\$ -</u>	<u>\$ 41,834,741</u>

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

	Total
<u>Business-Type Activities:</u>	
County Disposal Sites CSA 9C	\$ 1,709,389
Boulder Creek CSA 7	36,169
Rolling Woods CSA 10	9,019
Freedom County Sanitation District	232,199
Davenport County Sanitation District	303,072
Place de Mer CSA 2	5,542
Sand Dollar Beach CSA 5	18,735
Total	<u>\$ 2,314,125</u>

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

	Balance July 1, 2020	Additions	Deletions	Reclass- ification	Balance June 30, 2021
Nondepreciable assets:					
Construction-in-progress	\$ 11,251,595	\$ 4,172,254	\$ (4,824)	\$ (1,202,996)	\$ 14,216,029
Total nondepreciable assets	<u>11,251,595</u>	<u>4,172,254</u>	<u>(4,824)</u>	<u>(1,202,996)</u>	<u>14,216,029</u>
Depreciable assets:					
Pumping stations	52,456,863	263,598	-	-	52,720,461
Transmission systems	138,592,829	5,173,632	-	783,846	144,550,307
Sewage treatment capacity rights	35,148,509	356,966	-	419,150	35,924,625
Mobile equipment	3,753,699	732,751	-	-	4,486,450
Other equipment	1,850,976	70,840	-	-	1,921,816
Total depreciable assets	<u>231,802,876</u>	<u>6,597,787</u>	<u>-</u>	<u>1,202,996</u>	<u>239,603,659</u>
Accumulated depreciation:					
Pumping stations	(27,118,970)	(1,104,657)	-	-	(28,223,627)
Transmission systems	(50,993,559)	(3,177,771)	-	-	(54,171,330)
Sewage treatment capacity rights	(18,566,249)	(921,772)	-	-	(19,488,021)
Mobile equipment	(3,037,018)	(167,412)	-	-	(3,204,430)
Other equipment	(1,464,452)	(121,722)	-	-	(1,586,174)
Total accumulated depreciation	<u>(101,180,248)</u>	<u>(5,493,334)</u>	<u>-</u>	<u>-</u>	<u>(106,673,582)</u>
Depreciable assets, net	<u>130,622,628</u>	<u>1,104,453</u>	<u>-</u>	<u>1,202,996</u>	<u>132,930,077</u>
Total capital assets, net	<u>\$ 141,874,223</u>	<u>\$ 5,276,707</u>	<u>\$ (4,824)</u>	<u>\$ -</u>	<u>\$ 147,146,106</u>

Depreciation expense for the District at June 30, 2021, was \$5,493,334.

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

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

Tax and revenue anticipation notes payable debt activity for the year ended June 30, 2021, was as follows:

TRAN for Fiscal Year	Interest Rate	Beginning Balance	Additions	Deletions	Premiums/Discount	Accrued Interest	Ending Balance
2020	4.0%	\$ 46,795,000	\$ -	\$ (46,795,000)	\$ -	\$ -	\$ -
2021	4.0%	\$ -	\$ 47,489,445	\$ -	\$ (989,445)	\$ 1,081,124	\$ 47,581,124

The TRAN outstanding at June 30, 2021 was paid on July 9, 2021.

NOTE 9 - LEASES

A. Operating Leases

The County has entered into certain operating leases as lessee. Total expenditures for these operating leases for the fiscal year ended June 30, 2021, were \$2,483,106.

As of June 30, 2021, the County has future minimum operating lease payments with a remaining term in excess of one year as follows:

Year Ending June 30,	Governmental Activities
2022	\$ 2,365,142
2023	1,539,260
2024	1,346,097
2025	1,377,629
2026	1,036,865
2027-2031	1,831,087
2032-2036	306,697
2037-2041	346,999
2042-2046	392,598
2047-2051	444,188
2052-2056	502,558
2057-2061	449,195
	<u>\$ 11,938,315</u>

B. Capital Leases

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

	Start Interest Rate	Present Value of Remaining Payments as of June 30, 2021
Government-Wide Activities		
Governmental Activities:		
Energy efficient infrastructure	3.62%	\$ 2,403,667
Sheriff CLIPS Message Switch	3.80%	318,260
Whole Body Security Scanner	7.13%	81,715
Communications Tower	7.58%	119,473
Copy machines	8.5 % -11.74%	27,744
Subtotal Governmental Activities:		<u>2,950,859</u>
Internal Service Fund Activities:		
Public Works copy machines	9.0% -11.17%	5,245
Risk Management copy machine	9.00%	1,266
Subtotal Internal Service Fund Activities:		<u>6,511</u>
Total government-wide capital lease obligations		<u>\$ 2,957,370</u>
Business-Type Activities		
Enterprise Fund Activities:		
County Disposal Sites CSA 9C heavy equipment	3.18%	\$ 1,233,489
Total business-type capital lease obligations		<u>\$ 1,233,489</u>

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

	Governmental Activities	Business-Type Activities
Equipment, computers, furniture, and vehicles	\$ 1,606,861	\$ 2,006,518
Structures and improvements	6,041,400	-
Total assets under capital leases	<u>7,648,261</u>	<u>2,006,518</u>
Less: accumulated amortization	<u>(3,571,053)</u>	<u>(304,221)</u>
Net	<u>\$ 4,077,208</u>	<u>\$ 1,702,297</u>

As of June 30, 2021, capital lease annual amortization is as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities
2022	\$ 719,447	\$ 199,328
2023	664,064	199,328
2024	563,843	199,328
2025	449,250	199,328
2026	449,250	199,328
2027-2029	<u>449,250</u>	<u>398,656</u>
Total Requirements	3,295,104	1,395,296
Less: Interest	<u>(337,734)</u>	<u>(161,807)</u>
Present Value of Remaining Payments	<u>\$ 2,957,370</u>	<u>\$ 1,233,489</u>

NOTE 10 - LONG-TERM DEBT

The following is a summary of long-term liabilities transactions for the year ended June 30, 2021:

	Balance June 30, 2020	Prior Period Adjustment	Debt Issued or Transferred In	Debt Retired or Transferred Out	Balance June 30, 2021	Due in One Year	Due in More Than One Year
Governmental Activities Debt:							
1996 Refunding Certificates of Participation	\$ 9,650,000	\$ -	\$ -	\$ (1,180,000)	\$ 8,470,000	\$ 1,230,000	\$ 7,240,000
2008 Certificates of Participation	945,000	-	-	(225,000)	720,000	230,000	490,000
2008 Unamortized bond premium	23,860	-	-	(6,816)	17,044	6,816	10,228
Subtotal	<u>968,860</u>	<u>-</u>	<u>-</u>	<u>(231,816)</u>	<u>737,044</u>	<u>236,816</u>	<u>500,228</u>
2012 Lease Revenue Refunding Bond, Series A	1,368,864	-	-	(73,672)	1,295,192	76,048	1,219,144
2012A Unamortized bond discount	(11,753)	-	-	839	(10,914)	(839)	(10,075)
Subtotal	<u>1,357,111</u>	<u>-</u>	<u>-</u>	<u>(72,833)</u>	<u>1,284,278</u>	<u>75,209</u>	<u>1,209,069</u>
2014 Refunding Certificates of Participation	4,670,000	-	-	(300,000)	4,370,000	310,000	4,060,000
2014 Unamortized bond premium	198,473	-	-	(16,539)	181,934	16,539	165,395
Subtotal	<u>4,868,473</u>	<u>-</u>	<u>-</u>	<u>(316,539)</u>	<u>4,551,934</u>	<u>326,539</u>	<u>4,225,395</u>
2014 Lease Revenue Bonds	4,155,000	-	-	(205,000)	3,950,000	210,000	3,740,000
2014 Unamortized bond premium	165,282	-	-	(11,019)	154,263	11,019	143,244
Subtotal	<u>4,320,282</u>	<u>-</u>	<u>-</u>	<u>(216,019)</u>	<u>4,104,263</u>	<u>221,019</u>	<u>3,883,244</u>
2015 Refunding Certificates of Participation	6,585,000	-	-	(1,520,000)	5,065,000	1,570,000	3,495,000
2015 Lease Revenue Bonds, Series B	8,780,000	-	-	(270,000)	8,510,000	275,000	8,235,000
2015B Unamortized bond premium	50,110	-	-	(2,004)	48,106	2,004	46,102
Subtotal	<u>8,830,110</u>	<u>-</u>	<u>-</u>	<u>(272,004)</u>	<u>8,558,106</u>	<u>277,004</u>	<u>8,281,102</u>
2016 Refunding Certificates of Participation	7,950,000	-	-	(920,000)	7,030,000	340,000	6,690,000
2016 Unamortized bond premium	760,538	-	-	(47,534)	713,004	47,534	665,470
Subtotal	<u>8,710,538</u>	<u>-</u>	<u>-</u>	<u>(967,534)</u>	<u>7,743,004</u>	<u>387,534</u>	<u>7,355,470</u>
2017 Lease Revenue Bonds, Series A	7,110,000	-	-	(490,000)	6,620,000	470,000	6,150,000
2017A Unamortized bond discount	(55,955)	-	-	3,730	(52,225)	(3,730)	(48,495)
Subtotal	<u>7,054,045</u>	<u>-</u>	<u>-</u>	<u>(486,270)</u>	<u>6,567,775</u>	<u>466,270</u>	<u>6,101,505</u>
2020 Lease Revenue Bonds, Series A	9,490,000	-	-	-	9,490,000	215,000	9,275,000
2020A Unamortized bond discount	1,025,480	-	-	(100,660)	924,820	93,106	831,714
Subtotal	<u>10,515,480</u>	<u>-</u>	<u>-</u>	<u>(100,660)</u>	<u>10,414,820</u>	<u>308,106</u>	<u>10,106,714</u>
2020 Lease Revenue Bonds, Series B	4,495,000	-	-	(270,000)	4,225,000	240,000	3,985,000
2020B Unamortized bond discount	(30,895)	-	-	2,077	(28,818)	(1,932)	(26,886)
Subtotal	<u>4,464,105</u>	<u>-</u>	<u>-</u>	<u>(267,923)</u>	<u>4,196,182</u>	<u>238,068</u>	<u>3,958,114</u>
Subtotal bonds and loans payable	<u>67,324,004</u>	<u>-</u>	<u>-</u>	<u>(5,631,598)</u>	<u>61,692,406</u>	<u>5,336,565</u>	<u>56,355,841</u>
Total OPEB liability	151,676,770	-	20,567,049	-	172,243,819	-	172,243,819
Net Pension liability	457,818,060	8,628,233	44,489,002	-	510,935,295	-	510,935,295
Compensated absences	26,826,592	-	20,356,336	(15,251,871)	31,931,057	18,152,806	13,778,251
Capital leases	3,553,619	-	-	(602,760)	2,950,859	603,625	2,347,234
Total governmental activities	<u>\$707,199,045</u>	<u>\$ 8,628,233</u>	<u>\$ 85,412,387</u>	<u>\$ (21,486,229)</u>	<u>\$779,753,436</u>	<u>\$ 24,092,996</u>	<u>\$ 755,660,440</u>

	Balance	Prior Period	Debt Issued or	Debt Retired or	Balance	Due in	Due in More
	June 30, 2020	Adjustment	Transferred In	Transferred Out	June 30, 2021	One Year	Than One Year
Governmental Activities Debt, Continued:							
Internal Service Funds							
Total OPEB liability	\$ 20,165,323	\$ 3,524,892	\$ 3,227,949	\$ -	\$ 26,918,164	\$ -	\$ 26,918,164
Net Pension liability	56,360,121	9,083,320	1,757,828	-	67,201,269	-	67,201,269
Compensated absences	5,247,470	-	3,384,561	(2,670,558)	5,961,473	3,045,545	2,915,928
Estimated claims	47,576,484	-	6,381,979	(1,212,999)	52,745,464	11,583,463	41,162,001
Capital leases	165,821	-	-	(159,310)	6,511	4,497	2,014
Total Internal Service Funds	\$ 129,515,219	\$ 12,608,212	\$ 14,752,317	\$ (4,042,867)	\$ 152,832,881	\$ 14,633,505	\$ 138,199,376
Total Government-Wide Activities							
Compensated absences	\$ 32,074,062	\$ -	\$ 23,740,897	\$ (17,922,429)	\$ 37,892,530	\$ 21,198,351	\$ 16,694,179
Estimated claims	47,576,484	-	6,381,979	(1,212,999)	52,745,464	11,583,463	41,162,001
Other long-term liabilities:							
Bonds and loans payable	67,324,004	-	-	(5,631,598)	61,692,406	5,336,565	56,355,841
Capital leases	3,719,440	-	-	(762,070)	2,957,370	608,122	2,349,248
Subtotal other long-term liabilities	150,693,990	-	30,122,876	(25,529,096)	155,287,770	38,726,501	116,561,269
Total OPEB liability	171,842,093	3,524,892	23,794,998	-	199,161,983	-	199,161,983
Net Pension liability	514,178,181	17,711,553	46,246,830	-	578,136,564	-	578,136,564
Total Government-Wide Activities	\$ 836,714,264	\$ 21,236,445	\$ 100,164,704	\$ (25,529,096)	\$ 932,586,317	\$ 38,726,501	\$ 893,859,816
Business-Type Activities							
<i>Enterprise Funds</i>							
2014 Lease Revenue Bonds	\$ 5,535,000	\$ -	\$ -	\$ (270,000)	\$ 5,265,000	\$ 285,000	\$ 4,980,000
2014 Unamortized bond premium	220,603	-	-	(14,706)	205,897	14,707	191,190
Subtotal Bonds Payable	5,755,603	-	-	(284,706)	5,470,897	299,707	5,171,190
Loans from direct borrowings							
Septic Tank Maintenance CSA 12	9,800	-	-	(9,800)	-	-	-
Davenport County Sanitation District	82,667	-	-	(24,406)	58,261	25,057	33,204
Freedom County Sanitation District	-	-	4,497,000	-	4,497,000	-	4,497,000
Subtotal Loans from direct borrowings	92,467	-	4,497,000	(34,206)	4,555,261	25,057	4,530,204
Subtotal Bonds and Loans from direct borrowings	5,848,070	-	4,497,000	(318,912)	10,026,158	324,764	9,701,394
Postclosure liability							
Enterprise Fund - County Disposal Sites CSA 9C	8,006,887	-	197,128	-	8,204,015	-	8,204,015
Capital leases	1,388,658	-	-	(155,169)	1,233,489	160,103	1,073,386
Total OPEB liability	3,524,892	(3,524,892)	-	-	-	-	-
Net Pension liability	9,083,320	(9,083,320)	-	-	-	-	-
Total Business-Type Activities	\$ 27,851,827	\$ (12,608,212)	\$ 4,694,128	\$ (474,081)	\$ 19,463,662	\$ 484,867	\$ 18,978,795
Component Unit - Santa Cruz County Sanitation District							
Loans from direct borrowings							
2020 State Water Resources Control Board Loan	\$ 2,634,637	\$ -	\$ 1,625,320	\$ -	\$ 4,259,957	\$ -	\$ 4,259,957
2009 State Water Resources Control Board Loan	8,106,842	-	-	(587,642)	7,519,200	602,332	6,916,868
IBank loan	7,000,000	-	-	(144,025)	6,855,975	149,009	6,706,966
Capital lease	319	-	-	(319)	-	-	-
Total Component Unit	\$ 17,741,798	\$ -	\$ 1,625,320	\$ (731,986)	\$ 18,635,132	\$ 751,341	\$ 17,883,791

Descriptions of the long-term liabilities at June 30, 2021, are as follows:

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2021
Governmental Activities:					
Financing Authorities					
<i>Refunding Certificates of Participation</i>					
1996 Issue (financed construction of the County Emeline Avenue Health Services building and an infirmary in the County Medium Security Detention Facility)					
Collateral: Health Services Administration Building/Jail Infirmary					
Serial certificates	9/1/97-9/1/26	4.00-5.65%	\$190,000-\$1,065,000	\$ 20,955,000	\$ 4,570,000
Term bonds	3/1/21-9/1/23	5.60%	\$1,230,000-\$1,370,000	3,900,000	3,900,000
				Total 1996 Issue	<u>8,470,000</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	4,370,000
Unamortized bond premium				297,707	181,934
				Total 2014 Issue	<u>4,551,934</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	8,890,000	185,000
Term bonds	6/1/22-6/1/24	3.68%	\$1,570,000-\$1,685,000	4,880,000	4,880,000
				Total 2015 Issue	<u>5,065,000</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	5,395,000
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	713,004
				Total 2016 Issue	<u>7,743,004</u>
				Total Refunding Certificates of Participation	24,935,000
				Net Premiums/(Discounts)	894,938
				Total including Premiums/(Discounts)	<u>\$ 25,829,938</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	\$ 3,950,000
Unamortized bond premium				220,377	154,263
				Total 2014 Issue	<u>4,104,263</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	4,680,000
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	48,106
				Total 2015 Issue	<u>8,558,106</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	2,795,000
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)	(52,225)
				Total 2017 Issue	<u>6,567,775</u>

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2021
Governmental Activities, Continued:					
Financing Authorities, Continued					
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	\$ 2,255,000
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	924,820
				Total 2020 Issue	<u>10,414,820</u>
				Total Lease Revenue Bonds	28,570,000
				Net Premiums/(Discounts)	1,074,964
				Total including Premiums/(Discounts)	<u>\$ 29,644,964</u>
<i>Lease Revenue Refunding Bonds</i>					
2012 Series A (refinanced construction and equipment costs for the Santa Cruz County Consolidated Emergency Communications Center)					
Collateral: Santa Cruz County Regional 911 Center					
Serial bonds	6/15/13-6/15/30	2.00-5.00%	\$115,000-\$225,000	\$ 1,402,135	\$ 812,762
Term Bonds	6/15/31-6/15/34	5.00%		482,430	482,430
Unamortized bond discount				(18,465)	(10,914)
				Total 2012 Issue	<u>1,284,278</u>
2020 Series B (refinanced the 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	985,000
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)	(28,818)
				Total 2020 Issue	<u>4,196,182</u>
				Total Lease Revenue Refunding Bonds	5,520,192
				Net Premiums/(Discounts)	(39,732)
				Total including Premiums/(Discounts)	<u>\$ 5,480,460</u>
<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	\$ 720,000
Unamortized bond premium				102,244	17,044
				Total 2008 Issue	<u>737,044</u>
				Total Certificates of Participation	720,000
				Net Premiums/(Discounts)	17,044
				Total including Premiums/(Discounts)	<u>\$ 737,044</u>

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2021
Governmental Activities, Continued:					
<i>Capital leases</i>					
Energy efficient infrastructure	2008-2027	3.62%	\$135,989-\$220,635	\$ 5,989,594	\$ 2,403,667
Sheriff CLIPS Message Switch	2019-2024	3.80%	\$94,813-\$110,067	690,592	318,260
Whole Body Security Scanner	2020-2023	7.13	\$21,160-\$60,555	174,582	81,715
Copy Machines	2016-2024	8.50-11.74%	\$6,388-\$77,496	325,522	34,255
Communications tower	2018-2023	7.58%	\$49,736-\$198,755	609,202	119,473
Total Governmental Activities					\$ 64,649,776
Business-Type Activities:					
<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	\$ 5,265,000
Unamortized bond premium				294,138	205,897
Total 2014 Issue					<u>5,470,897</u>
<i>Loans from direct borrowings</i>					
Enterprise Fund - Davenport County Sanitation District					
California State Department of Water Resources (upgrade existing water facilities)					
	1/1/88-1/1/22	2.50%	\$4,550-\$10,575	250,000	10,542
California Technology, Trade & Commerce Agency (fund sanitation system improvements)					
	2/28/95-7/1/24	2.75%	\$3,550-\$4,817	310,691	47,719
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	4,497,000
Subtotal Loans from direct borrowings					<u>4,555,261</u>
Total Lease Revenue Bonds and Loans from direct borrowings					<u>9,820,261</u>
Net Premiums/(Discounts)					<u>205,897</u>
Total including Premiums/(Discounts)					<u>\$ 10,026,158</u>
<i>Capital leases</i>					
Equipment Lease	2019-2028	3.18%	\$154,747-\$193,185	1,543,405	1,233,489
Landfill postclosure					8,204,015
Total Business-Type Activities					\$ 19,463,662
Component Unit - Santa Cruz County Sanitation District (SCCSD)					
<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	\$ 4,259,957
2009 State Water Resources Control Board Loan					
(Aptos Transmission Main Relocation Project)					
	2013-2032	2.50%	\$630,445-\$959,296	11,981,910	7,519,200
IBank Loan					
(replace old and deteriorated sewer lines)					
	2019-2048	3.46%	\$144,025-\$1,745,807	7,000,000	6,855,975
Total Component Unit					\$ 18,635,132

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, 2021, 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
2022	\$ 3,450,000	\$ 1,057,043	\$ 1,170,000	\$ 1,049,021
2023	3,605,000	902,077	1,190,000	1,009,956
2024	3,755,000	740,067	1,220,000	969,688
2025	2,355,000	570,453	1,245,000	930,138
2026	2,280,000	449,666	1,280,000	885,900
2027-2031	5,885,000	1,134,869	6,890,000	3,693,250
2032-2036	3,040,000	314,256	6,925,000	2,355,524
2037-2041	565,000	8,475	4,160,000	1,296,100
2042-2046	-	-	2,790,000	554,500
2047-2051	-	-	1,700,000	156,000
Total	\$ 24,935,000	\$ 5,176,906	\$ 28,570,000	\$ 12,900,077

Year Ending June 30,	Lease Revenue		Certificates of Participation	
	Refunding Bonds		Principal	
	Principal	Interest	Principal	Interest
2022	\$ 316,048	\$ 168,918	\$ 230,000	\$ 25,550
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	-	-
2027-2031	1,895,947	523,674	-	-
2032-2036	1,965,733	183,736	-	-
Total	\$ 5,520,192	\$ 1,480,457	\$ 720,000	\$ 46,775

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

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 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.

B. Business-Type Activities

At June 30, 2021, 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
2022	\$ 285,000	\$ 211,475	\$ 25,057	\$ 1,477
2023	295,000	196,975	107,917	51,402
2024	310,000	184,950	109,330	49,943
2025	320,000	175,500	97,957	48,528
2026	330,000	162,450	96,000	47,418
2027-2031	1,905,000	561,863	495,000	220,669
2032-2036	1,820,000	149,000	523,000	192,229
2037-2041	-	-	553,000	162,135
2042-2046	-	-	585,000	130,320
2047-2051	-	-	619,000	96,660
2052-2055	-	-	654,000	61,054
2057-2062	-	-	690,000	23,434
Total	<u>\$ 5,265,000</u>	<u>\$ 1,642,213</u>	<u>\$ 4,555,261</u>	<u>\$ 1,085,269</u>

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

C. Component Unit

At June 30, 2021, annual debt service requirements of the District to maturity are as follows:

Year Ending June 30,	Loans from Direct Borrowings	
	Principal	Interest
2022	\$ 751,341	\$ 422,619
2023	897,300	487,877
2024	923,888	469,191
2025	945,420	445,388
2026	969,717	420,992
2027-2031	5,236,278	1,715,665
2032-2036	2,666,704	1,120,953
2037-2041	2,175,849	817,895
2042-2046	2,501,328	488,151
2047-2051	1,567,307	97,621
Total	<u>\$ 18,635,132</u>	<u>\$ 6,486,352</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, 2021, the District had a balance of \$7,519,200 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, 2021, the District had a balance of \$6,855,975 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 State Water Resources Control Board (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, 2021, the District has received a total of \$4,259,957 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.

D. **Legal Debt Limit**

The County's legal annual debt service limit as of June 30, 2021, is \$2,583,834,010. The County's legal debt service limit is 5% of the total full cash valuation of all real and personal property within the County.

E. **Arbitrage**

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

NOTE 11 - PLEDGE OF FUTURE REVENUES

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, 2021, total principal and interest remaining to be paid on the 2020 Bonds is \$20,400,993.

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, 2021, total principal and interest remaining to be paid on the bonds is \$18,262,375 for the 2015 bonds and \$8,314,821 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 \$475,000 (\$205,000 from governmental activities and \$270,000 from business-type activities). Total interest paid for the current year was \$392,038 (\$168,038 from governmental activities and \$224,000 from business-type activities). At June 30, 2021, total principal and interest remaining to be paid on the bonds is \$12,090,344 (\$5,183,131 from governmental activities and \$6,907,213 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. The Regional 911 was formed in a Joint Powers Authority Agreement with the cities of Santa Cruz, Watsonville, and Capitola and the County of Santa Cruz. Proceeds from the bonds provided funds to refinance an existing lease and to fund equipment purchases. The bonds were payable from use payments paid to the Regional 911 by the different governmental agencies. Annual principal and interest payments on the bonds continue through 2034 and are expected to require less than 12 percent of revenues. The total principal and interest remaining to be paid on the bonds is \$3,717,981. Pursuant to the Joint Powers Authority Agreement, the County is responsible for 47.53% of the total liability, or \$1,767,157. Total principal and interest paid for the current year and total customer revenues were \$285,588 and \$8,069,329, respectively. The County paid \$135,740 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, 2021, a liability for closure and postclosure maintenance in the amount of \$8,204,015 is reflected in the County Disposal Sites CSA 9C Enterprise Fund based upon landfill capacity used to date. As of June 30, 2021, Ben Lomond Landfill was filled to 100% capacity, and the County estimates that the Buena Vista Landfill is filled to 74.38% 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 \$2,690,136 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all

closure and postclosure care in 2021. 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, 2021, cash of \$8,204,015 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, 2021 were as follows:

Governmental Funds:	
Off Highway, Road and Transportation Fund	\$ 1,905,868
Internal Service Funds:	
Central Duplicating	243,126
Information Services	8,221,553
Public Works	51,130,302
Risk Management	1,933,009
Liability and Property Insurance	15,730,572
Workers' Compensation Insurance	11,115,428
Employee Benefit Staffing	416,696

The deficit fund balance in the Off Highway, Road, and Transportation governmental fund is primarily caused by the increase in "due to other funds" as a result of cash needs.

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 \$15,730,572 and \$11,115,428, 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, 2019 to June 30, 2020.

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

The provisions and benefits of the Plans in effect at June 30, 2021, 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	25.9%	25.9%	25.9%

	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	38.5%	38.5%	38.5%

	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%	12.0%
Required Employer Contribution Rates	50.9%	50.9%	50.9%

* 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:

	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	<u>6,692</u>	<u>818</u>	<u>386</u>

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, 2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, 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, 2019 valuation was rolled forward to determine the June 30, 2020 total pension liability, based on the following actuarial methods and assumptions:

	Miscellaneous	Safety	Safety Sheriff
Valuation Date	June 30, 2019	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020	June 30, 2020
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 ⁽¹⁾	Varies ⁽¹⁾	Varies ⁽¹⁾
Mortality Rate Table	Developed using CalPERS’ membership data for all Funds ⁽²⁾		
Post Retirement Benefit Increase	The lesser of contract Cost of Living Adjustment (COLA) or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter		

⁽¹⁾ Depending on Entry age and service

⁽²⁾ 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 – 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:

Miscellaneous Plan

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019	\$ 1,281,589,245	\$ 895,167,097	\$ 386,422,148
Prior period adjustment	27,270,541	19,807,842	7,462,699
Balance at June 30, 2019 - as restated	1,308,859,786	914,974,939	393,884,847
Changes in the year:			
Service Cost	24,938,175	-	24,938,175
Interest on the Total Pension Liability	91,880,806	-	91,880,806
Differences between Expected and Actual Experience	9,699,599	-	9,699,599
Contribution - Employer	-	39,110,970	(39,110,970)
Contribution - Employee	-	11,821,856	(11,821,856)
Net Investment Income	-	48,459,289	(48,459,289)
Benefit Payments, Including Refunds of Employee Contributions	(66,769,592)	(66,769,592)	-
Administrative Expenses	-	(1,277,475)	1,277,475
Net Changes	59,748,988	31,345,048	28,403,940
Balance at June 30, 2020	<u>\$ 1,368,608,774</u>	<u>\$ 946,319,987</u>	<u>\$ 422,288,787</u>

Safety Plan

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019	\$ 208,950,158	\$ 143,301,146	\$ 65,649,012
Prior period adjustment	9,338,578	8,317,472	1,021,106
Balance at June 30, 2019 - as restated	218,288,736	151,618,618	66,670,118
Changes in the year:			
Service Cost	5,091,972	-	5,091,972
Interest on the Total Pension Liability	15,446,336	-	15,446,336
Differences between Expected and Actual Experience	365,539	-	365,539
Contribution - Employer	-	7,088,547	(7,088,547)
Contribution - Employee	-	2,135,615	(2,135,615)
Net Investment Income	-	7,472,935	(7,472,935)
Benefit Payments, Including Refunds of Employee Contributions	(10,335,185)	(10,335,185)	-
Administrative Expenses	-	(213,745)	213,745
Net Changes	10,568,662	6,148,167	4,420,495
Balance at June 30, 2020	<u>\$ 228,857,398</u>	<u>\$ 157,766,785</u>	<u>\$ 71,090,613</u>

Safety Sheriff Plan

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019	\$ 193,634,623	\$ 122,444,282	\$ 71,190,341
Prior period adjustment	21,137,811	11,910,063	9,227,748
Balance at June 30, 2019 - as restated	214,772,434	134,354,345	80,418,089
Changes in the year:			
Service Cost	5,369,171	-	5,369,171
Interest on the Total Pension Liability	15,255,279	-	15,255,279
Differences between Expected and Actual Experience	518,877	-	518,877
Contribution - Employer	-	8,388,407	(8,388,407)
Contribution - Employee	-	1,890,730	(1,890,730)
Net Investment Income	-	6,714,522	(6,714,522)
Benefit Payments, Including Refunds of Employee Contributions	(9,230,726)	(9,230,726)	-
Administrative Expenses	-	(189,407)	189,407
Net Changes	11,912,601	7,573,526	4,339,075
Balance at June 30, 2020	<u>\$ 226,685,035</u>	<u>\$ 141,927,871</u>	<u>\$ 84,757,164</u>

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	\$ 597,235,863	\$ 103,031,007	\$ 117,048,256
Current Discount Rate			
Net Pension Liability	422,288,787	71,090,613	84,757,164
1% Increase			
Net Pension Liability	284,897,498	44,935,429	58,357,509

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, 2021, the County recognized a pension expense of \$89,572,006 as follows:

Miscellaneous	Safety	Safety Sheriff	TOTAL
\$62,650,324	\$14,071,735	\$12,849,947	\$89,572,006

At June 30, 2021, 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	\$ 42,429,388	\$ -
Changes in Assumptions	-	246,912
Differences between Actual and Expected Experience	14,563,846	-
Net Differences between Projected and Actual Earnings on Plan Investments	8,107,238	-
Total	\$ 65,100,472	\$ 246,912
	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 7,599,933	\$ -
Changes in Assumptions	-	218,025
Differences between Actual and Expected Experience	1,874,333	-
Net Differences between Projected and Actual Earnings on Plan Investments	1,435,965	-
Total	\$ 10,910,231	\$ 218,025
	Safety Sheriff	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 8,762,077	\$ -
Changes in Assumptions	2,069,727	259,308
Differences between Actual and Expected Experience	3,419,994	-
Net Differences between Projected and Actual Earnings on Plan Investments	1,336,908	-
Total	\$ 15,588,706	\$ 259,308
	TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 58,791,398	\$ -
Changes in Assumptions	2,069,727	724,245
Differences between Actual and Expected Experience	19,858,173	-
Net Differences between Projected and Actual Earnings on Plan Investments	10,880,111	-
Total	\$ 91,599,409	\$ 724,245

\$58,791,398 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, 2022. Details for each of the Plan follow:

Miscellaneous	Safety	Safety Sheriff	TOTAL
\$ 42,429,388	\$ 7,599,933	\$ 8,762,077	\$ 58,791,398

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	\$ 13,361,865	\$ 1,533,608	\$ 4,483,734	\$ 19,379,207
2023	5,178,740	897,837	1,396,837	7,473,414
2024	3,883,567	660,828	686,750	5,231,145
Total	<u>\$ 22,424,172</u>	<u>\$ 3,092,273</u>	<u>\$ 6,567,321</u>	<u>\$ 32,083,766</u>

C. **Payable to the Pension Plans**

At June 30, 2021, there was no outstanding amount of contributions payable to the Plans required for the year ended June 30, 2021.

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 age 50 with at least 5 years of service.

Employees Covered – At June 30, 2020, the measurement date, the following employees were covered by the benefit terms:

	Total
Active employees	2,308
Inactive employees or beneficiaries currently receiving benefit payments	1,372
Inactive employees entitled but not yet receiving benefit payments	379
Total	<u>4,059</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 2021, the County contributed \$7,798,262 to the OPEB Plan, \$1,634,287 of which is an implicit subsidy.

B. Total OPEB Liability

The County’s total OPEB liability of \$199,161,983 was measured as of June 30, 2020, 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, 2019 actuarial valuation date to the June 30, 2020 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, 2019
Measurement Date	June 30, 2020
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:	
Discount Rate	2.45% - No pre-funding
Inflation	2.75% per annum
Payroll Increases	Aggregate Increase -3.00%; Merit Increase - CalPERS 1997-2015 Experience Study
Mortality, Termination, Disability and Retirement	CalPERS 1997-2015 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2019
Medical Trend	Non-Medicare - 7.5% for 2021, decreasing to 4.0% in 2076; Medicare - 6.3% for 2021, decreasing to 4.0% in 2076
PEMHCA* Minimum Increase Rate	4.25% annually

*Public Employees’ Medical and Hospital Care Act (PEMHCA)

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

There was no experience study performed for the OPEB Plan. The actuarial assumptions used in the June 30, 2019 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, 2019	\$ 175,366,985
Changes for the year:	
Service Cost	8,885,901
Interest	5,649,710
Differences between Actual and Changes in Assumptions	16,761,397
Benefit Payments	(7,502,010)
Net Changes	23,794,998
Balance at June 30, 2020	\$ 199,161,983

Change of Assumptions – In 2020, the accounting discount rate decreased from 3.13 percent to 2.45 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 (1.45 percent) or one percentage point higher (3.45 percent) than the current rate:

Total OPEB Liability		
1.45%	2.45%	3.45%
(1% Decrease)	(Current Discount Rate)	(1% Increase)
\$ 228,694,274	\$ 199,161,983	\$ 175,287,015

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)
\$ 182,007,225	\$ 199,161,983	\$ 226,218,337

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$14,697,932. At June 30, 2021, 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	\$ 7,798,262	\$ -
Differences Between Expected and Actual Experience		6,074,437
Changes in Assumptions or Other Inputs	20,201,105	6,483,491
Total	\$ 27,999,367	\$ 12,557,928

\$7,798,262 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, 2022.

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
2022	\$ 137,607
2023	137,607
2024	550,607
2025	2,236,156
2026	2,394,931
Thereafter	2,186,269
Total	\$ 7,643,177

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, 2021, the deferred compensation plan's assets of \$252,210,383 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, 2021, the County has construction contract commitments included in the following funds in the following amounts:

Off Highway, Road, and Transportation Fund	\$	14,546,195
Capital Projects Fund		15,216,599
	\$	<u>29,762,794</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	\$	12,391,264
Nonmajor Governmental		6,247,871
Enterprise Funds		561,793
Internal Service Funds		1,561,375
	\$	<u>20,762,303</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, 2021, 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, 2021, and two prior years for all Self-Insurance Internal Service Funds combined is as follows:

	2021	2020	2019
Unpaid claims and claim adjustment expenses, beginning of the fiscal year	\$ 47,576,484	\$ 48,380,360	\$ 36,757,128
Incurred claims and claim adjustment expenses	18,300,604	7,188,472	16,022,236
Increase (decrease) in provision of insured events for prior years	5,168,980	(803,876)	9,373,232
Claim payments	(18,300,604)	(7,188,472)	(13,772,236)
Unpaid claims and claim adjustment expenses, end of the fiscal year	<u>\$ 52,745,464</u>	<u>\$ 47,576,484</u>	<u>\$ 48,380,360</u>

At June 30, 2021, the Self-Insurance Funds held a total of \$26,508,860 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, 2021, the estimated future liabilities were \$33,632,000. 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, 2021, the County had an estimated future liability of \$392,178 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, 2021, the County had estimated future liabilities totaling \$18,639,001 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, 2021, estimated future liabilities were \$82,285.

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, 2021, is as follows:

	General Fund	Off Highway, Road, and Transportation Fund	Housing Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventory, prepaids and impest cash	\$ 1,695,653	\$ -	\$ -	\$ -	\$ -	\$ 1,695,653
Total nonspendable fund balance	1,695,653	-	-	-	-	1,695,653
Restricted for:						
Purpose of fund	-	-	67,783,890	-	23,440,991	91,224,881
Capital asset acquisition	-	-	-	13,551,461	22,502,222	36,053,683
Cannabis Equity Grant	3,525	-	-	-	-	3,525
Real Estate Fraud	50,255	-	-	-	-	50,255
Recorder Micrographics	185,653	-	-	-	-	185,653
Recorder Improvement	1,090,153	-	-	-	-	1,090,153
Recorder Electronic Record Deletion	86,941	-	-	-	-	86,941
Vital Statistics	125,765	-	-	-	-	125,765
Child Support Services	325,492	-	-	-	-	325,492
DA Consumer Fraud	6,967,737	-	-	-	-	6,967,737
DA Drug Forfeiture	12,080	-	-	-	-	12,080
DA SLESF	23,724	-	-	-	-	23,724
DA Vehicle Registration Fees	1,615	-	-	-	-	1,615
Santa Cruz Regional 911	50	-	-	-	-	50
Health Care Programs	3,595,189	-	-	-	-	3,595,189
Human Services/Welfare Programs	260,456	-	-	-	-	260,456
Homeless Programs	31,635	-	-	-	-	31,635
Parks Projects	907,524	-	-	-	-	907,524
Veterans Memorial Building Deferred Compensation	11,577	-	-	-	-	11,577
Oversight	92,504	-	-	-	-	92,504
Planning Building Training	46,524	-	-	-	-	46,524
Emergency Rental Assistance	11,803	-	-	-	-	11,803
Probation Programs	783,659	-	-	-	-	783,659
Probation SLESF	906,513	-	-	-	-	906,513
Probation Realignment	6,677,198	-	-	-	-	6,677,198
Public Defender	139,499	-	-	-	-	139,499
Sheriff Drug Forfeiture	735,660	-	-	-	-	735,660
Sheriff Programs	1,823,037	-	-	-	-	1,823,037
Sheriff SLESA/SLESF	368,186	-	-	-	-	368,186
Sheriff Realignment	219,857	-	-	-	-	219,857
Total restricted fund balance	25,483,811	-	67,783,890	13,551,461	45,943,213	152,762,375

	General Fund	Off Highway, Road, and Transportation Fund	Housing Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Committed to:						
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>
Assigned to:						
Federally qualified health program	32,186,346	-	-	-	-	32,186,346
Budgeted structural deficit	7,646,039	-	-	-	-	7,646,039
Eliminate projected budgetary deficit in subsequent year's budget	10,927,839	-	-	-	-	10,927,839
Unanticipated liabilities	2,000,000	-	-	-	-	2,000,000
Human services programs	7,079,355	-	-	-	-	7,079,355
Salary savings	1,174,177	-	-	-	-	1,174,177
Other purposes	2,569,593	-	-	-	-	2,569,593
Total assigned fund balance	<u>63,583,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,583,349</u>
Unassigned Fund Balance	-	(1,905,868)	-	-	-	(1,905,868)
Total fund balances	<u>\$ 111,718,711</u>	<u>\$ (1,905,868)</u>	<u>\$ 67,783,890</u>	<u>\$ 13,551,461</u>	<u>\$ 45,943,213</u>	<u>\$ 237,091,407</u>

NOTE 20 – PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended June 30, 2021, the County implemented GASB Statement No. 84, *Fiduciary Activities (GASB 84)*. As a result, the County restated fund balance and net position as of June 30, 2020, to properly reflect beginning equity and the change in accounting related to the implementation. In addition, during the review of GASB 84 implementation, the County identified other erroneously recorded transactions that also require a prior period adjustment. Identified items are listed below under their related financial statements. The County prepared the following reclassifications, in addition to the GASB Statement No. 84 reclassifications:

Government-Wide Prior Period Adjustments

- Reclassified balances related to GASB 84
- Reclassified balances that were previously recorded as deferred credits, a liability account, to fund balance
- Reclassified fund balance, previously recorded as revenue, to unearned revenue
- Recognized a CalPERS refund related to prior year activity
- Reclassified fund balance as Welfare Advances Payable
- Reclassification of a prior period loan payment, recorded as revenue in prior period, as a decrease to receivable
- Prior period adjustments related to Internal Service funds, net of \$176,206 eliminating entry related to a repayment of Worker's Compensation Fund loan paid by the Off Highway, Road, and Transportation Governmental Fund

General Fund Prior Period Adjustments

- Reclassified balances related to GASB 84
- Reclassified balances that were previously recorded as deferred credits, a liability account, to fund balance
- Reclassified fund balance, previously recorded as revenue, to unearned revenue
- Recognized a CalPERS refund related to prior year activity
- Reclassified fund balance as Welfare Advances Payable
- Reclass Due to/Due from between the General Fund and Financing Authorities related to debt interest

Off Highway, Road, and Transportation Fund Prior Period Adjustments

- Reclass balances related to GASB 84
- Loan balance adjustment for Advance from Worker's Compensation Fund

Housing Fund Prior Period Adjustments

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

Nonmajor Governmental Funds – Financing Authorities - Prior Period Adjustments

- Eliminations of Due to/Due from between General Fund and Financing Authorities related to debt interest

Proprietary Fund Adjustments – Prior Period Adjustments

Enterprise Funds – Business Type

- Pension and OPEB liabilities and deferred inflows and outflows related to reclass from Enterprise Fund County Disposal Sites CSA 9C to Department of Public Works Internal Service Fund

Internal Service Funds

- Pension and OPEB liabilities and deferred inflows and outflows related to reclass from Enterprise Fund County Disposal Sites CSA 9C to Department of Public Works Internal Service Fund
- GASB 84 reclassifications
- Reclassification of Worker's Compensation deposit previously recorded as an expense

- Reclassification of Worker’s Compensation loan receivables previously recorded as revenue

Fiduciary Funds Prior Period Adjustments

Investment Trust Funds

- Posted adjustments related to outside entity audits
- Reclassified balances that were previously recorded as deferred credits, a liability account, to fund balance
- Reclassified balances to County of Santa Cruz General Fund for activity related to County operations

Custodial Funds

- Reclassified balances that were previously recorded as deferred credits, a liability account, to fund balance
- Reclassified balances to County of Santa Cruz General Fund for activity related to County operations

Government-Wide Financial Statements

Governmental Activities	2020 Previously Presented	Restatement	2020 Restated
Statement of Net Position			
Restricted/Assigned assets	\$ -	\$ 39,377,105	\$ 39,377,105
Deferred Credits	-	12,224,381	12,224,381
Unearned Revenue	-	(5,208,870)	(5,208,870)
CalPERS Refund	-	227,877	227,877
Welfare Advances Payable	-	(1,388,844)	(1,388,844)
Loan Receivable - Housing Fund	-	(183,029)	(183,029)
Internal Service Funds (ISF)	-	(7,100,732)	(7,100,732)
Net position, end of year	96,238,267	<u>\$ 37,947,888</u>	134,186,155
Business-Type Activities	2020 Previously Presented	Restatement	2020 Restated
Statement of Net Position			
Pension and OPEB reclass	\$ -	\$ 11,283,491	\$ 11,283,491
Net position, end of year	24,766,595	<u>\$ 11,283,491</u>	36,050,086

Governmental Fund Financial Statements

Governmental Activities	2020 Previously Presented	Restatement	2020 Restated
General Fund			
Restricted/Assigned assets	\$ -	\$ 37,374,947	\$ 37,374,947
Deferred Credits	-	12,224,381	12,224,381
Unearned Revenue	-	(5,208,870)	(5,208,870)
Recognition of refund from CalPERS related to prior period	-	227,877	227,877
Welfare Advances Payable	-	(1,388,844)	(1,388,844)
Advance from Worker's Compensation Fund	-	(3,846,787)	(3,846,787)
Due to/Due from	-	612,324	612,324
Fund Balances, end of year	57,693,017	<u>\$ 39,995,028</u>	97,688,045
Off Highway, Road, and Transportation Fund			
Restricted/Assigned assets	\$ -	\$ 2,002,158	\$ 2,002,158
Worker's Compensation Fund Loan	-	4,022,993	4,022,993
Fund Balances, end of year	4,668,690	<u>\$ 6,025,151</u>	10,693,841
Housing Fund - Housing loan receivable	\$ 73,222,898	<u>\$ (183,029)</u>	\$ 73,039,869
Nonmajor Governmental Funds - Financing Authorities - Due to/Due from	\$ 42,299,343	<u>\$ (612,324)</u>	\$ 41,687,019

Proprietary Funds Financial Statements

Enterprise Funds	2020 Previously Presented	Restatement	2020 Restated
Statement of Fiduciary Net Position:			
Pension and OPEB reclass	\$ -	\$ 11,283,491	\$ 11,283,491
Fiduciary net position end of year	25,219,077	<u>\$ 11,283,491</u>	36,502,568

Internal Service Funds	2020 Previously Presented	Restatement	2020 Restated
Statement of Fiduciary Net Position:			
Pension and OPEB reclass	\$ -	\$ (11,283,491)	\$ (11,283,491)
GASB 84 Reclassifications	-	3,872,972	3,872,972
Worker's compensation deposit	-	309,787	309,787
Worker's compensation loan principal	-	(176,206)	(176,206)
Fiduciary net position end of year	(65,780,476)	<u>\$ (7,276,938)</u>	(73,057,414)

Fiduciary Fund Financial Statements

Investment Trust Funds	2020 Previously Presented	Restatement	2020 Restated
Statement of Fiduciary Net Position:			
GASB 84 Reclassifications	\$ -	\$ (4,483,463)	\$ (4,483,463)
Deferred Credits	-	12,080,308	12,080,308
Outside Agency Audit Adjustments	-	3,229,321	3,229,321
Fiduciary net position end of year	617,735,549	<u>\$ 10,826,166</u>	628,561,715

Custodial Funds	2020 Previously Presented	Restatement	2020 Restated
Statement of Fiduciary Net Position:			
Deferred Credits	\$ -	\$ 28,622,471	\$ 28,622,471
GASB 84 Reclassifications	-	(9,115,255)	(9,115,255)
Fiduciary net position end of year	10,128,492	<u>\$ 19,507,216</u>	29,635,708

NOTE 21 - SUBSEQUENT EVENTS

On July 9, 2021, the County paid the principal and interest of the 2020-2021 Tax and Revenue Anticipation Notes in the total amount of \$47,581,125. On July 6, 2021, the County issued the 2021-2022 Tax and Revenue Anticipation Notes in the amount of \$48,500,000. The 2021-2022 Tax and Revenue Anticipation Notes bear interest at the rate of 2.0% and mature on July 5, 2022. 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.

On September 21, 2021, the County issued Taxable Pension Obligation Bonds (POBs) in the total amount of \$124,195,000. The POBs were issued in varying types. There are 15 serial bonds issued for a total of \$83,910,000. Serial bonds mature annually on June 1 between 2022 and 2036. Interest rates on serial bonds are between 0.163% and 2.651%, increasing for longer term maturity dates. There are two term bonds. The first term bond, for \$28,490,000, was issued at an interest rate of 2.804% and matures on June 1, 2041. The second term bond, for \$11,795,000, was issued at an interest rate of 2.914% and matures on June 1, 2047. The County issued POBs to reduce pension unfunded accrued liability for its Safety and Sheriff CalPERS pension plans. Because current federal tax law restricts the investment of the proceeds of tax-exempt bonds in higher yielding taxable securities, POBs are issued on a taxable basis.

On October 5, 2021, the Santa Cruz County Capital Financing Authority issued Series A Lease Revenue Bonds for \$22,555,000 and Series B Taxable Lease Revenue Bonds for \$3,730,000. Series A Bonds are comprised of 18 serial bonds and 2 term bonds issued at a premium (the Bonds). The Series A serial bonds were issued at an interest rate of 4% with interest payments made semi-annually on June 1 and December 1 and annual maturities payable on June 1 between 2024 and 2041. The first Series A term bond, for \$4,990,000, was issued at an interest rate of 4% and matures on June 1, 2046. The second Series A term bond, for \$5,895,000, was issued at an interest rate of 2.5% and matures on June 1, 2051. The Series B bonds are comprised of 13 serial bonds and one term bond issued at a discount. The Series B serial bonds were issued at interest rates between 0.611% and 2.709%, increasing for longer term maturity dates. Interest is payable semi-annually on June 1 and December 1 with annual maturities payable on June 1 between 2024 and 2036. The Series B term bond was issued at an interest rate of 3% and matures on June 1, 2051. The Bonds were issued to finance the acquisition of and improvements to land and facilities located at 500 Westridge Dr. in Watsonville, CA. The facilities will be used to consolidate many County services currently housed in various buildings throughout Santa Cruz County thereby reducing future lease and rental expenses and bringing added convenience to its south county residents.

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	
Purchasing - Salaries and Benefits	\$ 41,078
Personnel - Services and Supplies	66,918
Central Stores - Services and Supplies	36,998
General Fund - Public Protection	
Jail & Rehab Center - Services and Supplies	6,003,212
Jail & Rehab Center - Capital Assets	91,064
Planning - Salaries and Benefits	171,627
Off Highway, Road and Transportation Special Revenue Fund	
Other Charges	2,372,796
Capital Projects Fund	
Services and Supplies	56,192

General Fund – General Government: Purchasing – Salaries and Benefits, Personnel – Services and Supplies, and Central Stores – Services and Supplies - Expenditures exceeded appropriations due to the failure to budget expenditures before year-end. The increase in expenditures in each area was due to the County’s response to COVID-19 and the CZU Lightning fires.

General Fund – Public Protection: Jail and Rehab Center – Services and Supplies and Capital Assets - Expenditures exceeded appropriations for services and supplies due to a change in accounting resulting from the implementation of GASB 84. Expenditures for Capital assets exceeded appropriations due to a failure to budget expenditures related to the County’s response to COVID-19 and the CZU Lightning fires.

General Fund – Public Protection: Planning - Salaries and Benefits - Expenditures exceeded appropriations due to the failure to budget expenditures before year-end related to the County’s response to COVID-19 and the CZU Lightning fires.

Off Highway, Road and Transportation Fund: Other charges – Expenditures exceeded appropriations as a result of writing off insurance proceeds that had been accrued in fiscal year 2019-20 then later deemed to be uncollectible. This write-off had not been budgeted.

Capital Projects Fund – Services and Supplies – Expenditures exceeded appropriations due to the 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, 2021, the Agricultural Preserve Program tax abatements were \$348,193.

Required Supplementary Information

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

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 commitments of fund balance 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 YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING AS RESTATED	\$ 97,688,045	\$ 97,688,045	\$ 97,688,045	\$ -
RESOURCES (INFLOWS)				
Taxes	137,988,045	137,988,045	153,164,299	15,176,254
Licenses and permits	14,884,192	15,651,149	13,745,928	(1,905,221)
Fines, forfeits and penalties	8,347,138	8,423,276	12,883,101	4,459,825
Use of money and property	3,261,970	3,261,970	2,430,342	(831,628)
Aid from other governments	316,786,115	383,243,501	355,005,187	(28,238,314)
Charges for services	81,706,625	82,050,174	65,906,474	(16,143,700)
Other	20,140,743	21,279,404	21,017,104	(262,300)
Inception of capital lease	50,574	50,574	-	(50,574)
Transfers in	25,947,029	25,947,029	2,313,389	(23,633,640)
Amount Available for Appropriation	609,112,431	677,895,122	626,465,824	(51,429,298)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General Government:				
Board of Supervisors				
Salaries and employee benefits	2,734,914	2,743,914	2,739,589	4,325
Services and supplies	142,285	110,359	109,535	824
Total	2,877,199	2,854,273	2,849,124	5,149
Administrative Office				
Salaries and employee benefits	4,530,061	5,335,042	5,133,971	201,071
Services and supplies	8,927,297	9,948,991	6,823,096	3,125,895
Other charges	-	510,519	510,519	-
Intrafund transfers	(1,225,293)	(1,225,293)	(1,559,898)	334,605
Appropriations for contingencies	-	113,209	-	113,209
Total	12,232,065	14,682,468	10,907,688	3,774,780
Auditor-Controller-Treasurer-Tax Collector				
Salaries and employee benefits	5,171,008	5,250,824	5,208,548	42,276
Services and supplies	2,321,740	1,826,718	1,695,683	131,035
Capital assets	112,343	125,197	66,677	58,520
Intrafund transfers	(1,813,572)	(1,826,426)	(1,883,280)	56,854
Total	5,791,519	5,376,313	5,087,628	288,685

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
General Government, Continued:				
Assessor				
Salaries and employee benefits	\$ 2,754,363	\$ 2,862,794	\$ 2,862,794	\$ -
Services and supplies	763,751	467,294	467,294	-
Other charges	259,620	259,620	225,533	34,087
Intrafund transfers	(204,555)	(204,555)	(204,555)	-
Total	<u>3,573,179</u>	<u>3,385,153</u>	<u>3,351,066</u>	<u>34,087</u>
Purchasing				
Salaries and employee benefits	242,285	242,285	283,363	(41,078)
Services and supplies	138,880	164,338	111,524	52,814
Intrafund transfers	(187,637)	(187,637)	(139,346)	(48,291)
Total	<u>193,528</u>	<u>218,986</u>	<u>255,541</u>	<u>(36,555)</u>
County Counsel				
Salaries and employee benefits	3,671,130	3,823,085	3,823,085	-
Services and supplies	167,732	159,990	159,990	-
Intrafund transfers	(1,943,700)	(1,943,700)	(1,995,718)	52,018
Total	<u>1,895,162</u>	<u>2,039,375</u>	<u>1,987,357</u>	<u>52,018</u>
Personnel				
Salaries and employee benefits	3,722,540	3,817,840	3,607,448	210,392
Services and supplies	2,585,268	2,406,011	2,472,929	(66,918)
Intrafund transfers	(1,678,976)	(1,678,976)	(1,789,494)	110,518
Total	<u>4,628,832</u>	<u>4,544,875</u>	<u>4,290,883</u>	<u>253,992</u>
County Clerk/Elections				
Salaries and employee benefits	2,169,422	2,374,054	2,374,054	-
Services and supplies	2,076,213	2,079,241	1,926,750	152,491
Total	<u>4,245,635</u>	<u>4,453,295</u>	<u>4,300,804</u>	<u>152,491</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
General Government, Continued:				
Communications				
Salaries and employee benefits	\$ 838,957	\$ 844,090	\$ 830,329	\$ 13,761
Services and supplies	2,296,491	3,085,499	2,004,049	1,081,450
Other charges	222,299	347,299	346,921	378
Capital assets	7,744	7,500	-	7,500
Intrafund transfers	(611,638)	(1,534,397)	(679,229)	(855,168)
Appropriations for contingencies	-	8,995	-	8,995
Total	<u>2,753,853</u>	<u>2,758,986</u>	<u>2,502,070</u>	<u>256,916</u>
General Services				
Salaries and employee benefits	5,553,534	5,562,509	5,360,726	201,783
Services and supplies	5,287,368	5,085,620	4,845,416	240,204
Capital assets	-	258,884	258,884	-
Intrafund transfers	(5,194,705)	(5,181,889)	(4,875,355)	(306,534)
Total	<u>5,646,197</u>	<u>5,725,124</u>	<u>5,589,671</u>	<u>135,453</u>
Real Property Management				
Services and supplies	127,000	127,000	125,519	1,481
Total	<u>127,000</u>	<u>127,000</u>	<u>125,519</u>	<u>1,481</u>
Finance: Revenue-General Fund				
Services and supplies	1,989,580	2,144,980	1,430,077	714,903
Other charges	2,054,473	2,117,855	185,474	1,932,381
Intrafund transfers	(1,721,271)	(1,441,536)	(1,235,411)	(206,125)
Appropriations for contingencies	10,883,379	4,137,777	1,000,000	3,137,777
Total	<u>13,206,161</u>	<u>6,959,076</u>	<u>1,380,140</u>	<u>5,578,936</u>
Surveyor				
Services and supplies	79,060	251,060	216,697	34,363
Total	<u>79,060</u>	<u>251,060</u>	<u>216,697</u>	<u>34,363</u>
DPW Engineering				
Services and supplies	164,000	164,000	131,056	32,944
Total	<u>164,000</u>	<u>164,000</u>	<u>131,056</u>	<u>32,944</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
General Government, Continued:				
Central Stores				
Salaries and employee benefits	\$ 235,149	\$ 249,737	\$ 208,657	\$ 41,080
Services and supplies	113,080	97,634	134,632	(36,998)
Intrafund transfers	(289,430)	(289,430)	(429,191)	139,761
Total	<u>58,799</u>	<u>57,941</u>	<u>(85,902)</u>	<u>143,843</u>
Plant Acquisition				
Services and supplies	454,573	454,573	-	454,573
Total	<u>454,573</u>	<u>454,573</u>	<u>-</u>	<u>454,573</u>
Total General Government	<u>57,926,762</u>	<u>54,052,498</u>	<u>42,889,342</u>	<u>11,163,156</u>
Public Protection:				
Courts				
Services and supplies	270,300	270,300	206,986	63,314
Other charges	1,737,863	2,275,328	2,275,328	-
Total	<u>2,008,163</u>	<u>2,545,628</u>	<u>2,482,314</u>	<u>63,314</u>
Grand Jury				
Services and supplies	52,671	53,802	43,998	9,804
Total	<u>52,671</u>	<u>53,802</u>	<u>43,998</u>	<u>9,804</u>
Child Support				
Salaries and employee benefits	5,006,536	5,006,536	4,764,529	242,007
Services and supplies	773,835	773,835	617,701	156,134
Other charges	133,640	133,640	133,640	-
Total	<u>5,914,011</u>	<u>5,914,011</u>	<u>5,515,870</u>	<u>398,141</u>
District Attorney				
Salaries and employee benefits	17,697,938	17,644,119	17,168,292	475,827
Services and supplies	1,956,987	1,917,500	1,564,823	352,677
Other charges	378,897	378,897	266,754	112,143
Capital assets	-	5,856	5,341	515
Intrafund transfers	(783,044)	(783,044)	(55,387)	(727,657)
Total	<u>19,250,778</u>	<u>19,163,328</u>	<u>18,949,823</u>	<u>213,505</u>
Public Defender				
Services and supplies	13,193,269	13,103,990	11,988,026	1,115,964
Appropriations for contingencies	-	89,279	-	89,279
Total	<u>13,193,269</u>	<u>13,193,269</u>	<u>11,988,026</u>	<u>1,205,243</u>
Sheriff-Coroner				
Salaries and employee benefits	34,262,973	36,195,035	35,620,981	574,054
Services and supplies	8,468,133	9,581,347	9,308,400	272,947
Other charges	329,492	329,540	313,775	15,765
Capital assets	16,855	16,855	10,630	6,225
Intrafund transfers	(318,263)	(318,263)	(324,020)	5,757
Appropriations for contingencies	-	114,107	-	114,107
Total	<u>42,759,190</u>	<u>45,918,621</u>	<u>44,929,766</u>	<u>988,855</u>

(Continued)

**BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Public Protection, Continued:				
Jail and Rehabilitation Center				
Salaries and employee benefits	\$ 29,071,798	\$ 28,854,397	\$ 28,719,358	\$ 135,039
Services and supplies	10,182,806	10,255,140	16,258,352	(6,003,212)
Other charges	95,542	95,542	75,703	19,839
Capital assets	-	684,446	775,510	(91,064)
Appropriations for contingencies	-	85,452	-	85,452
Total	<u>39,350,146</u>	<u>39,974,977</u>	<u>45,828,923</u>	<u>(5,853,946)</u>
Probation Department				
Salaries and employee benefits	16,690,369	16,827,765	16,814,372	13,393
Services and supplies	10,247,557	10,354,835	8,882,989	1,471,846
Other charges	31,675	31,804	28,531	3,273
Capital assets	-	8,625	8,625	-
Intrafund transfers	(109,513)	(109,513)	(196,206)	86,693
Appropriations for contingencies	-	288,359	-	288,359
Total	<u>26,860,088</u>	<u>27,401,875</u>	<u>25,538,311</u>	<u>1,863,564</u>
State Correctional Schools				
Services and supplies	40,140	40,140	-	40,140
Other charges	24,000	48,000	45,369	2,631
Total	<u>64,140</u>	<u>88,140</u>	<u>45,369</u>	<u>42,771</u>
Agricultural Commissioner/ Weights and Measures				
Salaries and employee benefits	2,231,845	2,248,275	2,177,764	70,511
Services and supplies	417,178	492,722	405,295	87,427
Intrafund transfers	(205,136)	(205,136)	(205,136)	-
Total	<u>2,443,887</u>	<u>2,535,861</u>	<u>2,377,923</u>	<u>157,938</u>
Public Works - Roads				
Services and supplies	200,000	200,000	84,538	115,462
Total	<u>200,000</u>	<u>200,000</u>	<u>84,538</u>	<u>115,462</u>
Recorder				
Salaries and employee benefits	760,611	770,462	770,462	-
Services and supplies	552,948	543,097	529,331	13,766
Other charges	106,886	106,886	106,886	-
Total	<u>1,420,445</u>	<u>1,420,445</u>	<u>1,406,679</u>	<u>13,766</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Public Protection, Continued:				
County Emergency Office				
Salaries and employee benefits	\$ 183,267	\$ 333,745	\$ 333,744	\$ 1
Services and supplies	257,162	985,327	982,509	2,818
Total	440,429	1,319,072	1,316,253	2,819
Local Agency Formation Commission				
Other charges	133,933	133,933	133,933	-
Total	133,933	133,933	133,933	-
Planning Department				
Salaries and employee benefits	9,622,081	9,914,530	10,086,157	(171,627)
Services and supplies	4,133,838	6,111,854	4,691,557	1,420,297
Other charges	746,635	1,231,286	746,635	484,651
Intrafund transfers	(1,014,738)	(1,014,738)	(270,245)	(744,493)
Total	13,487,816	16,242,932	15,254,104	988,828
Animal Services				
Other charges	1,520,689	1,520,689	1,520,689	-
Total	1,520,689	1,520,689	1,520,689	-
Association of Monterey Bay Area Govts.				
Other charges	32,643	32,643	32,643	-
Total	32,643	32,643	32,643	-
Total Public Protection	169,132,298	177,659,226	177,449,162	210,064
Public Ways and Facilities:				
Public Ways - DPW				
Services and supplies	210,744	240,597	227,242	13,355
Appropriations for contingencies	-	147	-	147
Total	210,744	240,744	227,242	13,502
Total Public Ways and Facilities	210,744	240,744	227,242	13,502

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Health and Sanitation:				
Health Services Agency				
Salaries and employee benefits	\$ 82,762,319	\$ 86,811,403	\$ 83,467,601	\$ 3,343,802
Services and supplies	89,528,068	96,526,736	86,848,974	9,677,762
Other charges	29,452,891	29,203,466	28,640,617	562,849
Capital assets	776,035	785,560	46,908	738,652
Intrafund transfers	(18,165,295)	(18,165,295)	(18,518,565)	353,270
Total	184,354,018	195,161,870	180,485,535	14,676,335
Mosquito Abatement				
Salaries and employee benefits	1,230,356	1,230,356	868,656	361,700
Services and supplies	462,784	462,784	369,817	92,967
Total	1,693,140	1,693,140	1,238,473	454,667
Air Pollution				
Other charges	62,741	62,743	62,742	1
Total	62,741	62,743	62,742	1
Total Health and Sanitation	186,109,899	196,917,753	181,786,750	15,131,003
Public Assistance:				
Human Services Department				
Salaries and employee benefits	60,136,370	60,136,370	59,265,817	870,553
Services and supplies	22,905,205	23,974,165	18,496,656	5,477,509
Other charges	17,188,427	17,163,637	14,800,704	2,362,933
Capital assets	68,000	68,000	17,954	50,046
Intrafund transfers	(388,926)	(388,926)	(203,521)	(185,405)
Total	99,909,076	100,953,246	92,377,610	8,575,636
Community Programs				
Other charges	3,969,000	3,970,500	3,968,538	1,962
Total	3,969,000	3,970,500	3,968,538	1,962

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Public Assistance, Continued:				
Categorical Aids				
Services and supplies	\$ 83,508	\$ 83,508	\$ 64,828	\$ 18,680
Other charges	42,898,830	40,520,430	36,678,904	3,841,526
Total	<u>42,982,338</u>	<u>40,603,938</u>	<u>36,743,732</u>	<u>3,860,206</u>
General Assistance				
Services and supplies	1,000	1,000	-	1,000
Other charges	899,699	1,569,699	1,349,108	220,591
Total	<u>900,699</u>	<u>1,570,699</u>	<u>1,349,108</u>	<u>221,591</u>
Burial of Indigents				
Services and supplies	42,000	42,000	(675)	42,675
Total	<u>42,000</u>	<u>42,000</u>	<u>(675)</u>	<u>42,675</u>
Family Relations				
Services and supplies	32,025	208,025	133,024	75,001
Other charges	141,433	141,433	98,290	43,143
Total	<u>173,458</u>	<u>349,458</u>	<u>231,314</u>	<u>118,144</u>
Homeless				
Salaries and employee benefits	5,526,771	12,150,058	12,150,058	-
Services and supplies	22,120,470	55,739,982	35,677,662	20,062,320
Other charges	3,886,246	3,952,706	3,464,667	488,039
Capital assets	-	170,904	170,904	-
Intrafund transfers	-	300,000	9,937	290,063
Total	<u>31,533,487</u>	<u>72,313,650</u>	<u>51,473,228</u>	<u>20,840,422</u>
Wards of Court				
Services and supplies	30,000	30,000	12,263	17,737
Other charges	239,376	239,376	106,553	132,823
Total	<u>269,376</u>	<u>269,376</u>	<u>118,816</u>	<u>150,560</u>
Veterans Service Officer				
Salaries and employee benefits	467,789	487,765	487,765	-
Services and supplies	87,265	85,969	60,225	25,744
Total	<u>555,054</u>	<u>573,734</u>	<u>547,990</u>	<u>25,744</u>
Total Public Assistance	<u>180,334,488</u>	<u>220,646,601</u>	<u>186,809,661</u>	<u>33,836,940</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Education:				
Agricultural Extension Services				
Salaries and employee benefits	\$ 106,806	\$ 106,806	\$ 106,220	\$ 586
Services and supplies	23,749	20,660	16,427	4,233
Total	<u>130,555</u>	<u>127,466</u>	<u>122,647</u>	<u>4,819</u>
Total Education	<u>130,555</u>	<u>127,466</u>	<u>122,647</u>	<u>4,819</u>
Recreation and Culture:				
Recreation and Cultural Services				
Salaries and employee benefits	6,414,010	7,160,382	5,804,082	1,356,300
Services and supplies	3,489,943	6,110,380	3,842,792	2,267,588
Other charges	361,161	361,161	361,161	-
Intrafund transfers	(532,216)	(2,741,277)	(998,196)	(1,743,081)
Total	<u>9,732,898</u>	<u>10,890,646</u>	<u>9,009,839</u>	<u>1,880,807</u>
Total Recreation and Culture	<u>9,732,898</u>	<u>10,890,646</u>	<u>9,009,839</u>	<u>1,880,807</u>
Debt Service:				
Debt Service				
Services and supplies	186,771	186,771	93,557	93,214
Intrafund transfers	(1,717,305)	(1,717,305)	-	(1,717,305)
Principal	605,877	696,457	602,641	93,816
Interest	941,872	953,658	221,682	731,976
Total	<u>17,215</u>	<u>119,581</u>	<u>917,880</u>	<u>(798,299)</u>
Total Debt Service	<u>17,215</u>	<u>119,581</u>	<u>917,880</u>	<u>(798,299)</u>
Total Charges to Appropriations (Outflows)	<u>603,594,859</u>	<u>660,654,515</u>	<u>599,212,523</u>	<u>61,441,992</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
Transfers Out:				
Finance: Revenue-General Fund	\$ 195,000	\$ 195,000	\$ 195,000	\$ -
County Clerk	72,000	72,000	71,956	44
Plant	-	4,303,116	2,959,108	1,344,008
Sheriff-Coroner	-	80,000	-	80,000
Health Services Agency	11,414,526	15,629,128	2,835,627	12,793,501
Human Services Department	-	350,000	-	350,000
Debt Service to Financing Authorities	7,224,868	7,224,868	7,160,944	63,924
Total transfers out	<u>18,906,394</u>	<u>27,854,112</u>	<u>13,222,635</u>	<u>14,631,477</u>
Total Charges to Appropriations (Outflows)	<u>622,501,253</u>	<u>688,508,627</u>	<u>612,435,158</u>	<u>76,073,469</u>
Net change in fund balance	<u>(13,388,822)</u>	<u>(10,613,505)</u>	<u>14,030,666</u>	<u>24,644,171</u>
FUND BALANCE, ENDING	<u>\$ 84,299,223</u>	<u>\$ 87,074,540</u>	<u>\$ 111,718,711</u>	<u>\$ 24,644,171</u> (Concluded)

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

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule \$ 626,465,824
 Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (2,313,389)

Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds \$ 624,152,435

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule \$ 612,435,158
 Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (13,222,635)

Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds \$ 599,212,523

**BUDGETARY COMPARISON SCHEDULE
OFF HIGHWAY, ROAD, AND TRANSPORTATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE - BEGINNING AS RESTATED	\$ 10,693,841	\$ 10,693,841	\$ 10,693,841	\$ -
RESOURCES (INFLOWS)				
Taxes	2,171,682	2,171,682	3,462,358	1,290,676
Use of money and property	(81,000)	(81,000)	71,502	152,502
Aid from other governments	76,101,035	86,305,240	39,046,010	(47,259,230)
Charges for services	2,669,365	3,343,044	3,120,704	(222,340)
Other	214,750	214,750	1,028,288	813,538
Transfers in	30,000	5,041,556	3,500,965	(1,540,591)
Amounts available for appropriation	<u>81,105,832</u>	<u>96,995,272</u>	<u>50,229,827</u>	<u>(46,765,445)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	89,508,379	97,401,339	60,316,294	37,085,045
Other charges	-	-	2,513,242	(2,513,242)
Appropriations for contingencies	-	7,996,480	-	7,996,480
Transfers out	255,000	255,000	-	255,000
Total charges to appropriations	<u>89,508,379</u>	<u>105,397,819</u>	<u>62,829,536</u>	<u>42,568,283</u>
Net change in fund balance (deficit)	<u>(8,402,547)</u>	<u>(8,402,547)</u>	<u>(12,599,709)</u>	<u>(4,197,162)</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ 2,291,294</u>	<u>\$ 2,291,294</u>	<u>\$ (1,905,868)</u>	<u>\$ (4,197,162)</u>

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

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 50,229,827
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(3,500,965)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 46,728,862</u>

**BUDGETARY COMPARISON SCHEDULE
 HOUSING FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING as restated	\$ 73,039,869	\$ 73,039,869	\$ 73,039,869	\$ -
RESOURCES (INFLOWS)				
Use of money and property	327,915	327,915	1,184,704	856,789
Aid from other governments	523,132	1,089,084	73,394	(1,015,690)
Charges for services	500,000	511,026	324,440	(186,586)
Other	1,196,800	1,196,800	78,686	(1,118,114)
Amounts available for appropriation	<u>2,547,847</u>	<u>3,124,825</u>	<u>1,661,224</u>	<u>(1,463,601)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	3,145,108	2,973,432	954,312	2,019,120
Other charges	10,584,008	10,896,879	5,962,891	4,933,988
Total charges to appropriations	<u>13,729,116</u>	<u>13,870,311</u>	<u>6,917,203</u>	<u>6,953,108</u>
Net change in fund balance	<u>(11,181,269)</u>	<u>(10,745,486)</u>	<u>(5,255,979)</u>	<u>5,489,507</u>
FUND BALANCE, ENDING	<u>\$ 61,858,600</u>	<u>\$ 62,294,383</u>	<u>\$ 67,783,890</u>	<u>\$ 5,489,507</u>

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, 2021
LAST 10 YEARS***

	Miscellaneous						
	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Total Pension Liability							
Service Cost	\$ 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	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	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	(66,769,592)	(62,255,277)	(57,081,704)	(51,229,871)	(50,461,359)	(44,263,142)	(40,206,837)
Net Change in Total Pension Liability	59,748,988	71,513,549	53,741,628	116,387,659	52,760,568	16,391,282	47,735,384
Total Pension Liability - Beginning	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	1,308,859,786	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>\$ 1,368,608,774</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>
Plan Fiduciary Net Position							
Contribution - Employer	\$ 39,110,970	\$ 34,309,935	\$ 29,696,722	\$ 28,166,164	\$ 24,836,370	\$ 20,788,368	\$ 18,466,079
Contribution - Employee	11,821,856	10,979,359	10,680,415	10,534,891	9,898,794	9,264,211	8,586,012
Net Investment Income	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	(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	(1,277,475)	(621,076)	(1,297,010)	(1,092,049)	(482,672)	(855,524)	-
Other Miscellaneous Income (Expense) ⁽¹⁾	-	2,017	(2,463,046)	-	-	-	-
Net Change in Plan Fiduciary Net Position	31,345,048	38,951,248	49,067,238	68,543,511	(11,978,800)	1,891,373	99,096,080
Plan Fiduciary Net Position - Beginning ⁽²⁾	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	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>\$ 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>\$ 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>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.14%	69.85%	70.76%	69.80%	71.02%	76.03%	77.12%
Covered Payroll ⁽³⁾	\$ 163,421,851	\$ 157,607,406	\$ 154,561,652	\$ 143,976,672	\$ 142,900,632	\$ 129,365,289	\$ 128,891,451
Net Pension Liability as a Percentage of Covered Payroll	258.40%	245.18%	228.94%	242.53%	210.87%	182.89%	172.32%

⁽¹⁾ 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).

⁽²⁾ Includes any beginning of year adjustment.

⁽³⁾ 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 7th year of GASB Statement No. 68 implementation; therefore, only seven 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, 2021
LAST 10 YEARS***

	Safety						
	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Total Pension Liability							
Service Cost	\$ 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	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	365,539	1,607,319	3,844,045	(170,518)	(115,359)	2,154,731	-
Benefit Payments, Including Refunds of Employee Contributions	(10,335,185)	(9,257,666)	(8,907,017)	(8,473,271)	(7,830,764)	(5,050,435)	(6,316,966)
Net Change in Total Pension Liability	10,568,662	10,780,473	11,825,817	18,445,679	7,998,672	8,382,978	8,016,276
Total Pension Liability - Beginning	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	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>\$ 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>
Plan Fiduciary Net Position							
Contribution - Employer	\$ 7,088,547	\$ 5,787,644	\$ 4,922,020	\$ 4,636,859	\$ 3,731,613	\$ 4,503,776	\$ 2,833,995
Contribution - Employee	2,135,615	1,839,392	1,845,744	1,731,239	1,613,925	1,200,032	1,364,228
Net Investment Income	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	(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	(213,745)	(96,965)	(201,770)	(170,140)	(75,328)	(107,841)	-
Other Miscellaneous Income (Expense) ⁽¹⁾	-	315	(383,165)	-	-	-	-
Net Change in Plan Fiduciary Net Position	6,148,167	7,112,934	8,129,230	10,492,593	(2,077,937)	2,633,290	15,445,839
Plan Fiduciary Net Position - Beginning ⁽²⁾	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	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>\$ 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>\$ 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>
Plan Fiduciary Net Position as a Percentage of							
Total Pension Liability	68.94%	68.58%	68.72%	68.72%	70.02%	74.82%	77.23%
Covered Payroll ⁽³⁾	\$ 20,367,887	\$ 18,377,151	\$ 18,204,149	\$ 17,259,459	\$ 16,451,469	\$ 15,444,933	\$ 15,601,682
Net Pension Liability as a Percentage of Covered Payroll	349.03%	357.23%	340.48%	337.70%	305.94%	260.64%	221.17%

⁽¹⁾ 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).

⁽²⁾ Includes any beginning of year adjustment.

⁽³⁾ 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 7th year of GASB Statement No. 68 implementation; therefore, only seven 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, 2021
LAST 10 YEARS***

	Safety Sheriff						
	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Total Pension Liability							
Service Cost	\$ 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	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	518,877	2,640,793	2,605,790	1,105,968	531,702	(2,577,906)	-
Benefit Payments, Including Refunds of Employee Contributions	(9,230,726)	(7,914,704)	(7,436,783)	(6,321,116)	(5,816,534)	(7,060,615)	(4,529,774)
Net Change in Total Pension Liability	11,912,601	12,995,240	12,119,525	21,233,316	10,185,730	2,226,545	8,502,520
Total Pension Liability - Beginning	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	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>\$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>
Plan Fiduciary Net Position							
Contribution - Employer	\$ 8,388,407	\$ 6,884,641	\$ 6,124,769	\$ 5,773,111	\$ 5,279,477	\$ 3,212,095	\$ 3,752,346
Contribution - Employee	1,890,730	1,614,412	1,650,182	1,417,068	1,383,847	1,434,076	1,538,338
Net Investment Income	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	(9,230,726)	(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	(189,407)	(84,414)	(172,445)	(141,537)	(60,831)	(133,530)	-
Other Miscellaneous Income (Expense) ⁽¹⁾	-	274	(327,476)	-	-	-	-
Net Change in Plan Fiduciary Net Position	7,573,526	8,244,927	9,155,943	11,608,298	1,291,602	126,477	14,380,788
Plan Fiduciary Net Position - Beginning ⁽²⁾	122,444,282	114,199,355	105,043,412	93,435,114	92,143,512	92,017,035	77,636,247
Prior Period Adjustment	11,910,063	-	-	-	-	-	-
Total Pension Liability - as Restated	134,354,345	114,199,355	105,043,412	93,435,114	92,143,512	92,017,035	77,636,247
Plan Fiduciary Net Position - Ending (b)	<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>\$ 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>
Plan Fiduciary Net Position as a Percentage of							
Total Pension Liability	62.61%	63.23%	63.22%	62.33%	63.44%	67.21%	68.22%
Covered Payroll ⁽³⁾	\$ 18,362,417	\$ 16,007,547	\$ 15,575,504	\$ 14,344,287	\$ 14,432,887	\$ 13,136,050	\$ 12,367,504
Net Pension Liability as a Percentage of Covered Payroll	461.58%	444.73%	426.57%	442.52%	373.12%	342.24%	346.53%

⁽¹⁾ 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).

⁽²⁾ Includes any beginning of year adjustment.

⁽³⁾ 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 7th year of GASB Statement No. 68 implementation; therefore, only seven 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, 2021
LAST 10 YEARS***

	TOTAL						
	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Total Pension Liability							
Service Cost	\$ 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	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	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	(86,335,503)	(79,427,647)	(73,425,504)	(66,024,258)	(64,108,657)	(56,374,192)	(51,053,577)
Net Change in Total Pension Liability	82,230,251	95,289,262	77,686,970	156,066,654	70,944,970	27,000,805	64,254,180
Total Pension Liability - Beginning							
Prior Period Adjustment	57,746,930	-	-	-	-	-	-
Total Pension Liability - as Restated							
Total Pension Liability - Ending (a)	\$	\$	\$	\$	\$	\$	\$
Plan Fiduciary Net Position							
Contribution - Employer	\$ 54,587,924	\$ 46,982,220	\$ 40,743,511	\$ 38,576,134	\$ 33,847,460	\$ 28,504,239	\$ 25,052,420
Contribution - Employee	15,848,201	14,433,163	14,176,341	13,683,198	12,896,566	11,898,319	11,488,578
Net Investment Income	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	(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	(1,680,627)	(802,455)	(1,671,225)	(1,403,726)	(618,831)	(1,096,895)	-
Other Miscellaneous Income (Expense) ⁽¹⁾	-	2,606	(3,173,687)	-	-	-	-
Net Change in Plan Fiduciary Net Position	45,066,741	54,309,109	66,352,411	90,644,402	(12,765,135)	4,651,140	128,922,707
Plan Fiduciary Net Position - Beginning ⁽²⁾				949,606,603	962,371,738	957,720,598	828,797,891
Prior Period Adjustment	40,035,377	-	-	-	-	-	-
Total Pension Liability - as Restated				949,606,603	962,371,738	957,720,598	828,797,891
Plan Fiduciary Net Position - Ending (b)	\$	\$	\$	\$	\$949,606,603	\$962,371,738	\$957,720,598
Net Pension Liability - [(a) - (b)]	\$578,136,564	\$523,261,501	\$482,281,348	\$470,946,789	\$405,524,537	\$321,814,432	\$299,464,767
Plan Fiduciary Net Position as a Percentage of							
Total Pension Liability	68.31%	68.93%	69.65%	68.84%	70.07%	74.94%	76.18%
Covered Payroll ⁽³⁾	\$202,152,155	\$191,992,104	\$188,341,305	\$175,580,418	\$173,784,988	\$157,946,272	\$156,860,637
Net Pension Liability as a Percentage of Covered Payroll	285.99%	272.54%	256.07%	268.22%	233.35%	203.75%	190.91%

⁽¹⁾ 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).

⁽²⁾ Includes any beginning of year adjustment.

⁽³⁾ 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 7th year of GASB Statement No. 68 implementation; therefore, only seven 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, 2021
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, 2019 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 2020. 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, 2021
 LAST 10 YEARS***

	Miscellaneous							
	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Actuarially Determined Contribution	\$ 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	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	\$174,373,516	\$166,404,394	\$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	24.33%	23.44%	22.04%	19.21%	19.56%	17.38%	16.07%	14.33%

* Fiscal year 2020/21 was the 7th year of GASB Statement No. 68 implementation.

Notes to Schedule:

Valuation date: 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, 2021
LAST 10 YEARS***

	Safety							
	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Actuarially Determined Contribution	\$ 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	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	\$ 21,508,771	\$ 19,481,465	\$ 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	35.33%	34.24%	31.88%	27.04%	26.87%	22.68%	29.16%	18.16%

* Fiscal year 2020/21 was the 7th year of GASB Statement No. 68 implementation.

Notes to Schedule:

Valuation date: 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, 2021
LAST 10 YEARS***

	Safety Sheriff							
	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Actuarially Determined Contribution	\$ 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	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	\$ 21,508,771	\$ 17,563,274	\$ 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	40.74%	44.15%	43.54%	39.32%	40.25%	36.58%	24.45%	30.34%

* Fiscal year 2020/21 was the 7th year of GASB Statement No. 68 implementation.

Notes to Schedule:

Valuation date: 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, 2021
LAST 10 YEARS***

	TOTAL							
	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Actuarially Determined Contribution	\$ 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	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	\$217,391,058	\$203,449,133	\$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	27.04%	26.26%	24.77%	21.63%	21.97%	19.48%	18.05%	15.97%

* Fiscal year 2020/21 was the 7th year of GASB Statement No. 68 implementation.

Notes to Schedule:

Valuation date: 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, 2021
 LAST 10 YEARS***

	2019/20	2018/19	2017/18	2016/17
Total OPEB Liability				
Service Cost	\$ 8,885,901	\$ 7,853,538	\$ 7,732,196	\$ 8,738,882
Interest	5,649,710	6,258,826	5,955,259	5,117,000
Changes of Benefit Terms	-	-	-	-
Changes in Assumptions	16,761,397	8,314,270	(1,276,771)	(14,014,000)
Differences between Actual and Expected Experience	-	(8,605,453)	-	-
Benefit Payments	(7,502,010)	(6,992,820)	(6,844,850)	(6,773,092)
 Net Change in Total OPEB Liability	 23,794,998	 6,828,361	 5,565,834	 (6,931,210)
 Total OPEB Liability - Beginning	 <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>\$ 199,161,983</u>	 <u>\$ 175,366,985</u>	 <u>\$ 168,538,624</u>	 <u>\$ 162,972,790</u>
 Covered Payroll	 \$ 230,343,320	 \$ 213,716,345	 \$ 203,044,467	 \$ 195,374,299
 Total OPEB Liability as a Percentage of Covered Payroll	 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, 2021
LAST 10 YEARS***

	2020/21	2019/20	2018/19	2017/18	2016/17
Actuarially Determined Contributions	\$ 7,798,262	\$ 7,526,724	\$ 7,014,009	\$ 6,873,540	\$ 6,773,092
Contributions in Relation to the Actuarially Determined Contributions	7,798,262	7,526,724	7,014,009	6,873,540	6,773,092
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 230,823,941	\$ 230,343,320	\$ 213,716,345	\$ 203,044,467	\$ 195,374,299
Contributions as a Percentage of Covered Payroll	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, 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	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	2.75% per annum
Payroll increases	Aggregate Increases - 3.00%; Merit Increases - CalPERS 1997-2015 Experience Study
Retirement	The probabilities of retirement are based on the CalPERS 1997-2015 Experience Study.
Mortality	The probabilities of mortality are based on the CalPERS 1997-2015 Experience Study. Post-retirement mortality projected fully generational with Society of Actuaries mortality improvement Scale MP-2019.

Other Supplementary Information

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 10,390,070	\$ 10,390,070	\$ 10,390,070	\$ -
RESOURCES (INFLOWS)				
Use of money and property	963	963	38,973	38,010
Aid from other governments	27,798,856	28,275,677	3,244,994	(25,030,683)
Charges for services	2,802	2,802	-	(2,802)
Other	80,230	1,392,810	2,289,530	896,720
Transfers in	28,990,641	29,398,784	6,476,724	(22,922,060)
Amounts available for appropriation	<u>56,873,492</u>	<u>59,071,036</u>	<u>12,050,221</u>	<u>(47,020,815)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	-	-	56,192	(56,192)
Capital assets	65,435,125	66,632,669	7,832,638	58,800,031
Transfers out	43,747	1,043,747	1,000,000	43,747
Total charges to appropriations	<u>65,478,872</u>	<u>67,676,416</u>	<u>8,888,830</u>	<u>58,787,586</u>
Net change in fund balance	<u>(8,605,380)</u>	<u>(8,605,380)</u>	<u>3,161,391</u>	<u>11,766,771</u>
FUND BALANCE, ENDING	<u>\$ 1,784,690</u>	<u>\$ 1,784,690</u>	<u>\$ 13,551,461</u>	<u>\$ 11,766,771</u>

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

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 12,050,221
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(6,476,724)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 5,573,497</u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule	\$ 8,888,830
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(1,000,000)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 7,888,830</u>

Combining and Individual Fund Statements and Schedules

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021



Summary of Nonmajor Governmental Fund Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

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

**BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021**

	Nonmajor Governmental Funds
ASSETS	
Cash and investments	\$ 31,332,413
Restricted cash and investments	16,179,605
Receivables, net	2,254,353
Total assets	<u>\$ 49,766,371</u>
LIABILITIES	
Payables	\$ 2,010,678
Due to other funds	1,762,449
Unearned revenues	50,031
Total liabilities	<u>3,823,158</u>
FUND BALANCES	
Restricted	<u>45,943,213</u>
Total fund balances	<u>45,943,213</u>
Total liabilities and fund balances	<u>\$ 49,766,371</u>

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Nonmajor Governmental Funds
REVENUES:	
Taxes	\$ 23,619,529
Licenses and permits	35,622
Fines, forfeits and penalties	55,569
Use of money and property	175,779
Aid from other governments	4,073,526
Charges for services	13,503,957
Other	132,308
Total revenues	41,596,290
EXPENDITURES:	
Current:	
General government	1,459,211
Public protection	17,560,067
Public ways and facilities	6,061,216
Health and sanitation	27,973
Education	5,336,281
Recreation and cultural services	817,860
Debt service:	
Fiscal charges	103,129
Principal	5,472,058
Interest	2,309,826
Total expenditures	39,147,621
REVENUES OVER (UNDER) EXPENDITURES	2,448,669
OTHER FINANCING SOURCES (USES):	
Transfers in	7,387,333
Transfers out	(5,579,808)
Total other financing sources (uses)	1,807,525
Net change in fund balances	4,256,194
FUND BALANCES:	
Beginning of year, as restated	41,687,019
End of year	\$ 45,943,213

Nonmajor Special Revenue Funds

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021



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, 2021**

	Library	Fire	Financing Authorities	Fish and Game	Park Dedication and State Park Bonds	Health Services
ASSETS						
Cash and investments	\$ 641,756	\$ 9,231,771	\$ -	\$ 55,934	\$ 2,112,625	\$ 14,279
Restricted cash and investments	-	-	16,179,605	-	-	-
Receivables, net	-	120,030	-	-	1,584,699	-
Total assets	<u>\$ 641,756</u>	<u>\$ 9,351,801</u>	<u>\$ 16,179,605</u>	<u>\$ 55,934</u>	<u>\$ 3,697,324</u>	<u>\$ 14,279</u>
LIABILITIES						
Accounts payables	\$ -	\$ 926,819	\$ -	\$ -	\$ 84,477	\$ -
Due to other funds	-	-	28,253	-	1,524,531	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>926,819</u>	<u>28,253</u>	<u>-</u>	<u>1,609,008</u>	<u>-</u>
FUND BALANCES						
Restricted	641,756	8,424,982	16,151,352	55,934	2,088,316	14,279
Total fund balances	<u>641,756</u>	<u>8,424,982</u>	<u>16,151,352</u>	<u>55,934</u>	<u>2,088,316</u>	<u>14,279</u>
Total liabilities and fund balances	<u>\$ 641,756</u>	<u>\$ 9,351,801</u>	<u>\$ 16,179,605</u>	<u>\$ 55,934</u>	<u>\$ 3,697,324</u>	<u>\$ 14,279</u>

Board of Supervisors Governed							Total Nonmajor Special Revenue Funds
Santa Cruz Flood Control and Water Conservation-Zone 7	Public Protection	Health and Sanitation	Recreation and Cultural Services	Public Ways and Facilities	Geologic Hazard Abatement Districts		
\$ 1,177,947	\$ 7,886,729	\$ 1,517,410	\$ 2,578,531	\$ 5,913,686	\$ 201,745	\$ 31,332,413	
-	-	-	-	-	-	16,179,605	
441,717	-	-	-	107,907	-	2,254,353	
<u>\$ 1,619,664</u>	<u>\$ 7,886,729</u>	<u>\$ 1,517,410</u>	<u>\$ 2,578,531</u>	<u>\$ 6,021,593</u>	<u>\$ 201,745</u>	<u>\$ 49,766,371</u>	
\$ 307,057	\$ 560,023	\$ -	\$ -	\$ 132,302	\$ -	\$ 2,010,678	
-	-	-	-	209,665	-	1,762,449	
-	40,345	-	-	9,686	-	50,031	
<u>307,057</u>	<u>600,368</u>	<u>-</u>	<u>-</u>	<u>351,653</u>	<u>-</u>	<u>3,823,158</u>	
1,312,607	7,286,361	1,517,410	2,578,531	5,669,940	201,745	45,943,213	
<u>1,312,607</u>	<u>7,286,361</u>	<u>1,517,410</u>	<u>2,578,531</u>	<u>5,669,940</u>	<u>201,745</u>	<u>45,943,213</u>	
<u>\$ 1,619,664</u>	<u>\$ 7,886,729</u>	<u>\$ 1,517,410</u>	<u>\$ 2,578,531</u>	<u>\$ 6,021,593</u>	<u>\$ 201,745</u>	<u>\$ 49,766,371</u>	

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Library	Fire	Financing Authorities	Fish and Game	Park Dedication and State Park Bonds	Health Services
REVENUES:						
Taxes	\$ 7,645,100	\$ 2,587,064	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	2,122	754	-	49,600	-	-
Use of money and property	-	48,761	3,508	207	13,548	98
Aid from other governments	86,176	156,629	135,740	-	1,378,438	-
Charges for services	-	3,668,660	-	-	203,221	-
Other	-	(922)	-	-	30,200	-
Total revenues	<u>7,733,398</u>	<u>6,460,946</u>	<u>139,248</u>	<u>49,807</u>	<u>1,625,407</u>	<u>98</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	1,459,211	-
Public protection	-	4,212,736	-	13,811	-	-
Public ways and facilities	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-
Education	5,336,281	-	-	-	-	-
Recreation and cultural services	-	-	-	-	24,850	-
Debt service:						
Principal	-	-	5,453,671	-	-	-
Interest	-	-	2,304,891	-	-	-
Fiscal charges	-	-	103,129	-	-	-
Total expenditures	<u>5,336,281</u>	<u>4,212,736</u>	<u>7,861,691</u>	<u>13,811</u>	<u>1,484,061</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,397,117</u>	<u>2,248,210</u>	<u>(7,722,443)</u>	<u>35,996</u>	<u>141,346</u>	<u>98</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	7,387,333	-	-	-
Transfers out	(2,629,363)	-	(832,011)	-	(14,035)	-
Total other financing sources (uses)	<u>(2,629,363)</u>	<u>-</u>	<u>6,555,322</u>	<u>-</u>	<u>(14,035)</u>	<u>-</u>
Net change in fund balances	<u>(232,246)</u>	<u>2,248,210</u>	<u>(1,167,121)</u>	<u>35,996</u>	<u>127,311</u>	<u>98</u>
Fund balances - beginning	874,002	6,176,772	17,930,797	19,938	1,961,005	14,181
Prior period adjustment - (Note 20)	-	-	(612,324)	-	-	-
Fund balances - beginning as restated	874,002	6,176,772	17,318,473	19,938	1,961,005	14,181
Fund balances - ending	<u>\$ 641,756</u>	<u>\$ 8,424,982</u>	<u>\$ 16,151,352</u>	<u>\$ 55,934</u>	<u>\$ 2,088,316</u>	<u>\$ 14,279</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	
\$ -	\$ 10,438,088	\$ -	\$ 1,909,326	\$ 1,039,951	\$ -	\$ 23,619,529
-	22,805	-	-	12,817	-	35,622
-	2,212	-	143	738	-	55,569
735	52,630	8,511	11,429	34,984	1,368	175,779
1,216,259	561,610	-	5,734	532,940	-	4,073,526
2,119,883	1,636,992	1,521,676	-	4,353,525	-	13,503,957
615	74,815	-	-	27,600	-	132,308
<u>3,337,492</u>	<u>12,789,152</u>	<u>1,530,187</u>	<u>1,926,632</u>	<u>6,002,555</u>	<u>1,368</u>	<u>41,596,290</u>
-	-	-	-	-	-	1,459,211
2,532,225	10,801,295	-	-	-	-	17,560,067
-	-	-	-	6,061,216	-	6,061,216
-	-	27,973	-	-	-	27,973
-	-	-	-	-	-	5,336,281
-	-	-	793,010	-	-	817,860
-	-	-	-	18,387	-	5,472,058
-	-	-	-	4,935	-	2,309,826
-	-	-	-	-	-	103,129
<u>2,532,225</u>	<u>10,801,295</u>	<u>27,973</u>	<u>793,010</u>	<u>6,084,538</u>	<u>-</u>	<u>39,147,621</u>
<u>805,267</u>	<u>1,987,857</u>	<u>1,502,214</u>	<u>1,133,622</u>	<u>(81,983)</u>	<u>1,368</u>	<u>2,448,669</u>
-	-	-	-	-	-	7,387,333
-	(800,000)	(1,238,473)	(65,926)	-	-	(5,579,808)
-	(800,000)	(1,238,473)	(65,926)	-	-	1,807,525
805,267	1,187,857	263,741	1,067,696	(81,983)	1,368	4,256,194
507,340	6,098,504	1,253,669	1,510,835	5,751,923	200,377	42,299,343
-	-	-	-	-	-	(612,324)
<u>507,340</u>	<u>6,098,504</u>	<u>1,253,669</u>	<u>1,510,835</u>	<u>5,751,923</u>	<u>200,377</u>	<u>41,687,019</u>
<u>\$ 1,312,607</u>	<u>\$ 7,286,361</u>	<u>\$ 1,517,410</u>	<u>\$ 2,578,531</u>	<u>\$ 5,669,940</u>	<u>\$ 201,745</u>	<u>\$ 45,943,213</u>

**BUDGETARY COMPARISON SCHEDULE
LIBRARY SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 874,002	\$ 874,002	\$ 874,002	-
RESOURCES (INFLOWS)				
Taxes	7,144,005	7,241,022	7,645,100	404,078
Fines, forfeits and penalties	1,000	1,000	2,122	1,122
Aid from other governments	90,000	90,000	86,176	(3,824)
Amounts available for appropriation	<u>7,235,005</u>	<u>7,332,022</u>	<u>7,733,398</u>	<u>401,376</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	5,154,035	5,370,938	5,130,547	240,391
Other charges	205,734	205,734	205,734	-
Transfers out	2,629,352	2,629,352	2,629,363	(11)
Total charges to appropriations	<u>7,989,121</u>	<u>8,206,024</u>	<u>7,965,644</u>	<u>240,380</u>
Net change in fund balance	<u>(754,116)</u>	<u>(874,002)</u>	<u>(232,246)</u>	<u>641,756</u>
FUND BALANCE, ENDING	<u>\$ 119,886</u>	<u>\$ -</u>	<u>\$ 641,756</u>	<u>\$ 641,756</u>

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

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule \$ 7,965,644

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (2,629,363)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds \$ 5,336,281

**BUDGETARY COMPARISON SCHEDULE
 FIRE SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 6,176,772	\$ 6,176,772	\$ 6,176,772	\$ -
RESOURCES (INFLOWS)				
Taxes	2,520,848	2,520,848	2,587,064	66,216
Fines, forfeits and penalties	-	-	754	754
Use of money and property	130,669	130,669	48,761	(81,908)
Aid from other governments	131,698	152,704	156,629	3,925
Charges for services	3,103,747	3,103,747	3,667,738	563,991
Amounts available for appropriation	<u>5,886,962</u>	<u>5,907,968</u>	<u>6,460,946</u>	<u>552,978</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Salaries and employee benefits	172,806	172,806	137,551	35,255
Services and supplies	5,801,249	6,416,249	3,536,374	2,879,875
Other charges	283,129	283,129	174,457	108,672
Capital assets	1,342,775	2,649,775	364,354	2,285,421
Appropriations for contingencies	200,000	11,000	-	11,000
Total charges to appropriations	<u>7,799,959</u>	<u>9,532,959</u>	<u>4,212,736</u>	<u>5,320,223</u>
Net change in fund balance	<u>(1,912,997)</u>	<u>(3,624,991)</u>	<u>2,248,210</u>	<u>(4,767,245)</u>
FUND BALANCE, ENDING	<u>\$ 4,263,775</u>	<u>\$ 2,551,781</u>	<u>\$ 8,424,982</u>	<u>\$ 5,873,201</u>

**BUDGETARY COMPARISON SCHEDULE
FISH AND GAME SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 19,938	\$ 19,938	\$ 19,938	\$ -
RESOURCES (INFLOWS)				
Fines, forfeits and penalties	8,000	8,000	49,600	41,600
Use of money and property	300	300	207	(93)
Amounts available for appropriation	<u>8,300</u>	<u>8,300</u>	<u>49,807</u>	<u>41,507</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Other charges	18,000	18,000	13,811	4,189
Total charges to appropriations	<u>18,000</u>	<u>18,000</u>	<u>13,811</u>	<u>4,189</u>
Net change in fund balance	<u>(9,700)</u>	<u>(9,700)</u>	<u>35,996</u>	<u>45,696</u>
FUND BALANCE, ENDING	<u>\$ 10,238</u>	<u>\$ 10,238</u>	<u>\$ 55,934</u>	<u>\$ 45,696</u>

**BUDGETARY COMPARISON SCHEDULE
 PARK DEDICATION AND STATE PARK BONDS SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 1,961,005	\$ 1,961,005	\$ 1,961,005	\$ -
RESOURCES (INFLOWS)				
Use of money and property	22,295	22,295	13,548	(8,747)
Aid from other governments	1,462,608	1,857,608	1,378,438	(479,170)
Charges for services	88,300	88,300	203,221	114,921
Other	13,500	30,200	30,200	-
Amounts available for appropriation	<u>1,586,703</u>	<u>1,998,403</u>	<u>1,625,407</u>	<u>(372,996)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	90,176	90,176	6,741	83,435
Other charges	37,751	37,751	-	37,751
Capital assets	3,281,430	3,693,130	1,477,320	2,215,810
Transfers out	14,035	14,035	14,035	-
Total charges to appropriations	<u>3,423,392</u>	<u>3,835,092</u>	<u>1,498,096</u>	<u>2,336,996</u>
Net change in fund balance	<u>(1,836,689)</u>	<u>(1,836,689)</u>	<u>127,311</u>	<u>1,964,000</u>
FUND BALANCE, ENDING	<u>\$ 124,316</u>	<u>\$ 124,316</u>	<u>\$ 2,088,316</u>	<u>\$ 1,964,000</u>

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

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule	\$ 1,498,096
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(14,035)</u>
Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	<u>\$ 1,484,061</u>

**BUDGETARY COMPARISON SCHEDULE
HEALTH SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 14,181	\$ 14,181	\$ 14,181	\$ -
RESOURCES (INFLOWS)				
Use of money and property	-	-	98	98
Amounts available for appropriation	-	-	98	98
Net change in fund balance	-	-	98	98
FUND BALANCE, ENDING	\$ 14,181	\$ 14,181	\$ 14,279	\$ 98

**BUDGETARY COMPARISON SCHEDULE
 SANTA CRUZ FLOOD CONTROL AND WATER CONSERVATION - ZONE 7 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 507,340	\$ 507,340	\$ 507,340	\$ -
RESOURCES (INFLOWS)				
Use of money and property	3,645	3,645	735	(2,910)
Aid from other governments	2,041,932	2,041,932	1,216,259	(825,673)
Charges for services	2,132,480	2,132,480	2,119,883	(12,597)
Other	-	-	615	615
Amounts available for appropriation	<u>4,178,057</u>	<u>4,178,057</u>	<u>3,337,492</u>	<u>(840,565)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	923,628	923,628	791,996	131,632
Capital assets	-	-	1,740,229	(1,740,229)
Appropriations for contingencies	152,555	153,779	-	153,779
Total charges to appropriations	<u>1,076,183</u>	<u>1,077,407</u>	<u>2,532,225</u>	<u>(1,454,818)</u>
Net change in fund balance	<u>3,101,874</u>	<u>3,100,650</u>	<u>805,267</u>	<u>(2,295,383)</u>
FUND BALANCE, ENDING	<u>\$ 3,609,214</u>	<u>\$ 3,607,990</u>	<u>\$ 1,312,607</u>	<u>\$ (2,295,383)</u>

**BUDGETARY COMPARISON SCHEDULE
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - PUBLIC PROTECTION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 6,098,504	\$ 6,098,504	\$ 6,098,504	\$ -
RESOURCES (INFLOWS)				
Taxes	10,010,126	10,010,126	10,438,088	427,962
Licenses and permits	17,014	17,014	22,805	5,791
Fines, forfeitures, and assessments	407	407	2,212	1,805
Use of money and property	110,589	110,589	52,630	(57,959)
Aid from other governments	449,552	919,492	561,610	(357,882)
Charges for services	1,262,714	1,262,714	1,636,992	374,278
Other	400	400	74,815	74,415
Amounts available for appropriation	<u>11,850,802</u>	<u>12,320,742</u>	<u>12,789,152</u>	<u>468,410</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Salaries and employee benefits	43,185	43,185	-	43,185
Services and supplies	10,299,577	10,831,301	8,042,868	2,788,433
Other charges	2,826,211	2,826,211	2,758,427	67,784
Capital assets	3,575,656	3,675,656	-	3,675,656
Transfers out	800,000	861,784	800,000	61,784
Appropriations for contingencies	197,996	97,996	-	97,996
Total charges to appropriations	<u>17,742,625</u>	<u>18,336,133</u>	<u>11,601,295</u>	<u>6,734,838</u>
Net change in fund balance	<u>(5,891,823)</u>	<u>(6,015,391)</u>	<u>1,187,857</u>	<u>7,203,248</u>
FUND BALANCE, ENDING	<u>\$ 206,681</u>	<u>\$ 83,113</u>	<u>\$ 7,286,361</u>	<u>\$ 7,203,248</u>

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

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 11,601,295
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(800,000)
Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	<u>\$ 10,801,295</u>

**BUDGETARY COMPARISON SCHEDULE
 DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - HEALTH AND SANITATION SPECIAL REVENUE
 FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 827,242	\$ 827,242	\$ 1,253,669	\$ 426,427
RESOURCES (INFLOWS)				
Use of money and property	22,660	22,660	8,511	(14,149)
Charges for services	1,491,029	1,491,029	1,521,676	30,647
Amounts available for appropriation	<u>1,513,689</u>	<u>1,513,689</u>	<u>1,530,187</u>	<u>16,498</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	562	562	500	62
Other charges	27,473	27,473	27,473	-
Transfers out	1,693,138	1,693,138	1,238,473	454,665
Total charges to appropriations	<u>1,721,173</u>	<u>1,721,173</u>	<u>1,266,446</u>	<u>454,727</u>
Net change in fund balance	<u>(207,484)</u>	<u>(207,484)</u>	<u>263,741</u>	<u>471,225</u>
FUND BALANCE, ENDING	<u>\$ 619,758</u>	<u>\$ 619,758</u>	<u>\$ 1,517,410</u>	<u>\$ 897,652</u>

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

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 1,266,446
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(1,238,473)</u>
Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	<u>\$ 27,973</u>

**BUDGETARY COMPARISON SCHEDULE
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - RECREATION AND CULTURAL SERVICES
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 1,510,835	\$ 1,510,835	\$ 1,510,835	\$ -
RESOURCES (INFLOWS)				
Taxes	1,946,012	1,946,012	1,909,326	(36,686)
Fines, forfeits and penalties	-	-	143	143
Use of money and property	23,960	23,960	11,429	(12,531)
Aid from other governments	7,533	7,533	5,734	(1,799)
Transfers in	65,966	65,966	-	(65,966)
Amounts available for appropriation	<u>2,043,471</u>	<u>2,043,471</u>	<u>1,926,632</u>	<u>(116,839)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	2,145,225	2,145,225	787,835	1,357,390
Other charges	5,175	5,175	5,175	-
Capital assets	482,000	482,000	-	482,000
Transfers out	131,932	131,932	65,926	66,006
Total charges to appropriations	<u>2,764,332</u>	<u>2,764,332</u>	<u>858,936</u>	<u>1,905,396</u>
Net change in fund balance	<u>(720,861)</u>	<u>(720,861)</u>	<u>1,067,696</u>	<u>1,788,557</u>
FUND BALANCE, ENDING	<u>\$ 789,974</u>	<u>\$ 789,974</u>	<u>\$ 2,578,531</u>	<u>\$ 1,788,557</u>

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

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 858,936
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(65,926)</u>
Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	<u>\$ 793,010</u>

BUDGETARY COMPARISON SCHEDULE
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS-PUBLIC WAYS AND FACILITIES SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING RESOURCES (INFLOWS)	\$ 5,751,923	\$ 5,751,923	\$ 5,751,923	\$ -
Taxes	844,530	844,530	1,039,951	195,421
Licenses and permits	35,652	35,652	12,817	(22,835)
Fines, forfeits and penalties	70,911	70,911	738	(70,173)
Use of money and property	58,657	58,657	34,984	(23,673)
Aid from other governments	1,129,735	1,411,616	532,940	(878,676)
Charges for services	4,373,193	4,373,193	4,353,525	(19,668)
Other	-	-	27,600	27,600
Amounts available for appropriation	<u>6,512,678</u>	<u>6,794,559</u>	<u>6,002,555</u>	<u>(792,004)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	11,304,727	11,111,954	5,938,682	5,173,272
Other charges	17,500	17,500	122,534	(105,034)
Capital assets	199,744	199,744	-	199,744
Principal	15,723	18,123	18,387	(264)
Interest	4,749	5,449	4,935	514
Appropriations for contingencies	928,692	1,050,246	-	1,050,246
Total charges to appropriations	<u>12,471,135</u>	<u>12,403,016</u>	<u>6,084,538</u>	<u>6,318,478</u>
Net change in fund balance	<u>(5,958,457)</u>	<u>(5,608,457)</u>	<u>(81,983)</u>	<u>5,526,474</u>
FUND BALANCE, ENDING	<u>\$ (206,534)</u>	<u>\$ 143,466</u>	<u>\$ 5,669,940</u>	<u>\$ 5,526,474</u>



Nonmajor Enterprise Funds

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021



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, 2021**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 893,992	\$ 115,419	\$ 381,350
Total current assets	<u>-</u>	<u>893,992</u>	<u>115,419</u>	<u>381,350</u>
Noncurrent assets:				
Loans receivable	-	-	-	-
Capital assets:				
Construction-in-progress	3,801,398	-	180,826	-
Buildings and structures	652,164	360,778	188,209	908,968
Equipment	46,448	-	-	-
Accumulated depreciation	(521,382)	(277,814)	(141,993)	(505,325)
Capital assets, net	<u>3,978,628</u>	<u>82,964</u>	<u>227,042</u>	<u>403,643</u>
Total noncurrent assets	<u>3,978,628</u>	<u>82,964</u>	<u>227,042</u>	<u>403,643</u>
Total assets	<u>3,978,628</u>	<u>976,956</u>	<u>342,461</u>	<u>784,993</u>
LIABILITIES				
Current liabilities:				
Accounts payables	723,070	2,585	22,201	14,130
Due to other funds	749,974	-	-	-
Current portion of long-term liabilities	-	-	-	-
Accrued interest payable	-	-	-	-
Total current liabilities	<u>1,473,044</u>	<u>2,585</u>	<u>22,201</u>	<u>14,130</u>
Noncurrent liabilities:				
Long-term liabilities	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,473,044</u>	<u>2,585</u>	<u>22,201</u>	<u>14,130</u>
NET POSITION				
Net investment in capital assets	3,978,627	82,964	227,042	403,643
Restricted for:				
Debt service	-	-	-	-
Unrestricted	(1,473,043)	891,407	93,218	367,220
Total net position	<u>\$ 2,505,584</u>	<u>\$ 974,371</u>	<u>\$ 320,260</u>	<u>\$ 770,863</u>

COMBINING STATEMENT OF NET POSITION (CONTINUED)
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2021

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 12,913	\$ 1,595,608	\$ 3,527,651	\$ 29,716	\$ 6,556,649
<u>12,913</u>	<u>1,595,608</u>	<u>3,527,651</u>	<u>29,716</u>	<u>6,556,649</u>
-	10,473	-	-	10,473
-	-	7,986,326	-	11,968,550
-	-	10,660,955	11,881,211	24,652,285
-	35,138	-	-	81,586
-	(28,051)	(5,410,599)	(3,489,028)	(10,374,192)
-	7,087	13,236,682	8,392,183	26,328,229
-	17,560	13,236,682	8,392,183	26,338,702
<u>12,913</u>	<u>1,613,168</u>	<u>16,764,333</u>	<u>8,421,899</u>	<u>32,895,351</u>
3,604	268,037	488,713	33,910	1,556,250
-	-	2,865,235	-	3,615,209
-	-	-	25,057	25,057
-	-	-	229	229
<u>3,604</u>	<u>268,037</u>	<u>3,353,948</u>	<u>59,196</u>	<u>5,196,745</u>
-	-	4,497,000	33,204	4,530,204
-	-	4,497,000	33,204	4,530,204
<u>3,604</u>	<u>268,037</u>	<u>7,850,948</u>	<u>92,400</u>	<u>9,726,949</u>
-	7,087	8,739,681	8,333,922	21,772,966
-	-	-	43,425	43,425
9,309	1,338,044	173,704	(47,848)	1,352,011
<u>\$ 9,309</u>	<u>\$ 1,345,131</u>	<u>\$ 8,913,385</u>	<u>\$ 8,329,499</u>	<u>\$ 23,168,402</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
OPERATING REVENUES				
Charges for services	\$ 522,962	\$ 58,163	\$ 101,050	\$ 307,397
Other	-	-	-	-
Total operating revenues	<u>522,962</u>	<u>58,163</u>	<u>101,050</u>	<u>307,397</u>
OPERATING EXPENSES:				
Services and supplies	246,335	20,451	231,837	294,958
Depreciation and amortization	36,169	9,019	5,542	18,735
Total operating expenses	<u>282,504</u>	<u>29,470</u>	<u>237,379</u>	<u>313,693</u>
Operating income (loss)	<u>240,458</u>	<u>28,693</u>	<u>(136,329)</u>	<u>(6,296)</u>
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental	-	-	-	-
Interest and investment income	7,744	5,854	1,413	2,338
Property taxes	-	-	-	-
Loss on disposal of capital assets	(149,337)	-	-	-
Interest expense	-	-	-	-
Other nonoperating revenue	500,000	-	-	-
Total nonoperating revenues (expenses)	<u>358,407</u>	<u>5,854</u>	<u>1,413</u>	<u>2,338</u>
Change in net position (deficit)	<u>598,865</u>	<u>34,547</u>	<u>(134,916)</u>	<u>(3,958)</u>
Net position (deficit) - beginning	1,906,719	939,824	455,176	774,821
Net position - ending	<u>\$ 2,505,584</u>	<u>\$ 974,371</u>	<u>\$ 320,260</u>	<u>\$ 770,863</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION (CONTINUED)
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021**

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 83,945	\$ 1,445,352	\$ 1,118,875	\$ 543,588	\$ 4,181,332
-	-	-	63,000	63,000
<u>83,945</u>	<u>1,445,352</u>	<u>1,118,875</u>	<u>606,588</u>	<u>4,244,332</u>
70,214	1,555,027	957,588	803,477	4,179,887
-	-	232,199	303,072	604,736
<u>70,214</u>	<u>1,555,027</u>	<u>1,189,787</u>	<u>1,106,549</u>	<u>4,784,623</u>
13,731	(109,675)	(70,912)	(499,961)	(540,291)
-	-	2,538,360	234	2,538,594
3	9,311	6,567	21,951	55,181
-	-	-	44,818	44,818
-	-	-	-	(149,337)
-	(255)	-	(32,216)	(32,471)
-	-	-	-	500,000
<u>3</u>	<u>9,056</u>	<u>2,544,927</u>	<u>34,787</u>	<u>2,956,785</u>
13,734	(100,619)	2,474,015	(465,174)	2,416,494
(4,425)	1,445,750	6,439,370	8,794,673	20,751,908
<u>\$ 9,309</u>	<u>\$ 1,345,131</u>	<u>\$ 8,913,385</u>	<u>\$ 8,329,499</u>	<u>\$ 23,168,402</u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 522,962	\$ 58,163	\$ 101,050	\$ 307,397
Payments to suppliers for goods and services	(194,787)	(18,213)	(212,364)	(287,037)
Other receipts	-	-	-	-
Net cash provided (used) by operating activities	<u>328,175</u>	<u>39,950</u>	<u>(111,314)</u>	<u>20,360</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Deposits with others	-	-	-	-
Advances to other entities	-	-	-	-
Due to other funds	749,974	-	-	-
Matured interest payable	-	-	-	-
Intergovernmental receipts	-	-	-	-
Property taxes	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>749,974</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(2,771,431)	-	(25,166)	-
Insurance proceeds	500,000	-	-	-
Loan proceeds	-	-	-	-
Principal paid on capital debt	-	-	-	-
Loss on disposal of asset	(149,336)	-	-	-
Interest paid on capital debt	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(2,420,767)</u>	<u>-</u>	<u>(25,166)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	7,743	5,855	1,414	2,338
Net cash provided by investing activities	<u>7,743</u>	<u>5,855</u>	<u>1,414</u>	<u>2,338</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,334,875)</u>	<u>45,805</u>	<u>(135,066)</u>	<u>22,698</u>
Cash and cash equivalents at beginning of year	1,334,875	848,187	250,485	358,652
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 893,992</u>	<u>\$ 115,419</u>	<u>\$ 381,350</u>

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 83,945	\$ 1,445,352	\$ 1,118,875	\$ 2,156,267	\$ 5,794,011
(68,121)	(1,487,870)	(487,642)	(795,356)	(3,551,390)
-	-	-	63,000	63,000
15,824	(42,518)	631,233	1,423,911	2,305,621
-	-	-	16,920	16,920
-	10,433	-	-	10,433
(2,913)	-	2,865,235	(1,421,339)	2,190,957
-	-	-	(157)	(157)
-	-	2,538,360	234	2,538,594
-	-	-	44,818	44,818
(2,913)	10,433	5,403,595	(1,359,524)	4,801,565
-	-	(7,825,239)	-	(10,621,836)
-	-	-	-	500,000
-	-	4,497,000	-	4,497,000
-	(9,800)	-	(24,406)	(34,206)
-	-	-	-	(149,336)
-	(257)	-	(32,216)	(32,473)
-	(10,057)	(3,328,239)	(56,622)	(5,840,851)
2	9,311	6,567	21,951	55,181
2	9,311	6,567	21,951	55,181
12,913	(32,831)	2,713,156	29,716	1,321,516
-	1,628,439	859,275	-	5,279,913
\$ 12,913	\$ 1,595,608	\$ 3,572,431	\$ 29,716	\$ 6,601,429

(Continued)

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
RECONCILIATION OF OPERATING				
INCOME (LOSS) TO NET CASH PROVIDED				
(USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 240,458	\$ 28,693	\$ (136,329)	\$ (6,296)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	36,169	9,019	5,542	18,735
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	-	-	-	-
Increase (decrease) in:				
Payables	51,548	2,238	19,473	7,921
Total adjustments	87,717	11,257	25,015	26,656
Net cash provided (used) by operating activities	\$ 328,175	\$ 39,950	\$ (111,314)	\$ 20,360
Schedule of non-cash capital and related financing activities:				
Purchase of machinery, equipment and vehicles on account	668,491	-	-	-

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 13,731	\$ (109,675)	\$ (70,912)	\$ (499,961)	\$ (540,291)
-	-	232,199	303,072	604,736
-	-	-	1,612,679	1,612,679
<u>2,093</u>	<u>67,157</u>	<u>469,946</u>	<u>8,121</u>	<u>628,497</u>
<u>2,093</u>	<u>67,157</u>	<u>702,145</u>	<u>1,923,872</u>	<u>2,845,912</u>
<u>\$ 15,824</u>	<u>\$ (42,518)</u>	<u>\$ 631,233</u>	<u>\$ 1,423,911</u>	<u>\$ 2,305,621</u>
-	-	-	-	668,491



Internal Service Funds

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021



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, 2021**

ASSETS	Central Duplicating	Information Services	Public Works	Service Center
Current assets:				
Cash and investments	\$ 120,376	\$ 5,826,685	\$ 2,120,194	\$ 1,917,188
Receivables	-	-	88,895	3
Due from other funds	-	-	11,999,999	-
Deposits with others	-	-	-	-
Inventory	-	-	476,817	15,423
Prepaid items	38,438	-	-	-
Advances to other funds	-	-	-	-
Total current assets	<u>158,814</u>	<u>5,826,685</u>	<u>14,685,905</u>	<u>1,932,614</u>
Capital assets:				
Land	-	-	62,914	34,173
Construction-in-progress	-	72,765	37,173	-
Buildings and structures	-	254,751	3,552,076	445,586
Equipment	282,636	11,536,066	10,169,039	14,318,934
Accumulated depreciation	(222,575)	(8,558,926)	(10,071,029)	(10,004,606)
Capital assets, net	<u>60,061</u>	<u>3,304,656</u>	<u>3,750,173</u>	<u>4,794,087</u>
Total assets	<u>218,875</u>	<u>9,131,341</u>	<u>18,436,078</u>	<u>6,726,701</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension	37,290	1,720,960	6,594,373	82,723
Deferred OPEB	24,838	586,900	2,995,397	58,891
Total deferred outflows of resources	<u>62,128</u>	<u>2,307,860</u>	<u>9,589,770</u>	<u>141,614</u>
LIABILITIES				
Current liabilities:				
Accounts payables	5,406	280,433	550,410	308,445
Accrued salaries and benefits payable	2,176	88,330	361,517	5,004
Deposits payable	-	-	604,044	-
Capital leases	-	-	3,231	-
Claims liabilities	-	-	-	-
Compensated absences, due within one year	15,365	516,768	2,399,258	26,368
Total current liabilities	<u>22,947</u>	<u>885,531</u>	<u>3,918,460</u>	<u>339,817</u>
Noncurrent liabilities:				
Long-term liabilities	-	-	482,700	-
Capital leases	-	-	2,014	-
Claims liability	-	-	-	-
Compensated absences, due in more than one year	23,180	958,282	1,693,947	9,608
Total OPEB liability	179,658	4,300,469	21,003,625	446,292
Net pension liability	286,541	13,224,143	50,672,248	635,657
Total noncurrent liabilities	<u>489,379</u>	<u>18,482,894</u>	<u>73,854,534</u>	<u>1,091,557</u>
Total liabilities	<u>512,326</u>	<u>19,368,425</u>	<u>77,772,994</u>	<u>1,431,374</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension	359	16,566	63,478	796
Deferred OPEB	11,444	275,763	1,319,678	26,310
Total deferred inflows of resources	<u>11,803</u>	<u>292,329</u>	<u>1,383,156</u>	<u>27,106</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	60,061	3,304,656	3,744,927	4,794,086
Restricted for:				
Debt service	-	-	-	-
Unrestricted	(303,187)	(11,526,209)	(54,875,229)	615,749
Total net position (deficit)	<u>\$ (243,126)</u>	<u>\$ (8,221,553)</u>	<u>\$ (51,130,302)</u>	<u>\$ 5,409,835</u>

COMBINING STATEMENT OF NET POSITION (DEFICIT) (CONTINUED)
INTERNAL SERVICE FUNDS
JUNE 30, 2021

Risk Management	Dental and Health Insurance	Liability and Property Insurance	Self-Insurance			State Unemployment Insurance Program	Total
			Workers' Compensation Insurance	Employee Benefit Staffing			
\$ 481,351	\$ 5,614,282	\$ 3,236,774	\$ 16,007,579	\$ 515,675	\$ 653,199	\$ 36,493,303	
-	28,781	-	-	-	-	117,679	
-	-	-	2,640,431	-	-	14,640,430	
-	-	-	459,787	-	-	459,787	
-	-	-	-	-	-	492,240	
-	-	-	-	-	-	38,438	
-	-	-	4,180,998	-	-	4,180,998	
<u>481,351</u>	<u>5,643,063</u>	<u>3,236,774</u>	<u>23,288,795</u>	<u>515,675</u>	<u>653,199</u>	<u>56,422,875</u>	
-	-	-	-	-	-	97,087	
-	-	-	-	-	-	109,938	
-	-	-	-	-	-	4,252,413	
16,605	-	-	-	-	-	36,323,280	
(15,567)	-	-	-	-	-	(28,872,703)	
1,038	-	-	-	-	-	11,910,015	
<u>482,389</u>	<u>5,643,063</u>	<u>3,236,774</u>	<u>23,288,795</u>	<u>515,675</u>	<u>653,199</u>	<u>68,332,890</u>	
235,950	-	-	-	74,126	-	8,745,422	
96,148	-	-	-	40,462	-	3,802,636	
<u>332,098</u>	-	-	-	<u>114,588</u>	-	<u>12,548,058</u>	
2,718	95,265	328,345	772,223	19,000	-	2,362,245	
12,056	-	-	-	3,991	-	473,074	
-	-	-	-	-	-	604,044	
1,266	-	-	-	-	-	4,497	
-	392,178	6,025,000	5,084,000	-	82,285	11,583,463	
60,926	-	-	-	26,860	-	3,045,545	
<u>76,966</u>	<u>487,443</u>	<u>6,353,345</u>	<u>5,856,223</u>	<u>49,851</u>	<u>82,285</u>	<u>18,072,868</u>	
-	-	-	-	-	-	482,700	
-	-	-	-	-	-	2,014	
-	-	12,614,001	28,548,000	-	-	41,162,001	
172,036	-	-	-	58,875	-	2,915,928	
645,082	-	-	-	343,038	-	26,918,164	
1,813,079	-	-	-	569,601	-	67,201,269	
<u>2,630,197</u>	-	<u>12,614,001</u>	<u>28,548,000</u>	<u>971,514</u>	-	<u>138,682,076</u>	
<u>2,707,163</u>	<u>487,443</u>	<u>18,967,346</u>	<u>34,404,223</u>	<u>1,021,365</u>	<u>82,285</u>	<u>156,754,944</u>	
2,271	-	-	-	714	-	84,184	
38,062	-	-	-	24,880	-	1,696,137	
<u>40,333</u>	-	-	-	<u>25,594</u>	-	<u>1,780,321</u>	
(228)	-	-	-	-	-	11,903,502	
-	-	-	459,787	-	-	459,787	
(1,932,781)	5,155,620	(15,730,572)	(11,575,215)	(416,696)	570,914	(90,017,606)	
<u>\$ (1,933,009)</u>	<u>\$ 5,155,620</u>	<u>\$ (15,730,572)</u>	<u>\$ (11,115,428)</u>	<u>\$ (416,696)</u>	<u>\$ 570,914</u>	<u>\$ (77,654,317)</u>	

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION (DEFICIT)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Central Duplicating	Information Services	Public Works	Service Center
OPERATING REVENUES:				
Charges for services	\$ 471,009	\$ 13,915,783	\$ 46,146,193	\$ 2,746,463
Other revenues	-	83,519	40	-
Total operating revenues	<u>471,009</u>	<u>13,999,302</u>	<u>46,146,233</u>	<u>2,746,463</u>
OPERATING EXPENSES:				
Salaries and employee benefits	183,721	9,070,942	35,863,614	162,425
Services and supplies	231,761	3,758,274	8,453,915	1,243,446
Insurance and compensation claims	-	-	-	-
Depreciation and amortization	39,506	1,213,457	487,736	1,023,550
Total operating expenses	<u>454,988</u>	<u>14,042,673</u>	<u>44,805,265</u>	<u>2,429,421</u>
Operating income (loss)	<u>16,021</u>	<u>(43,371)</u>	<u>1,340,968</u>	<u>317,042</u>
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental	-	-	-	-
Interest and investment income	-	-	52,167	-
Gain on disposal of capital assets	-	-	-	10,412
Interest expense	-	(27,579)	(828)	-
Other nonoperating revenue	-	-	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>(27,579)</u>	<u>51,339</u>	<u>10,412</u>
Income (loss) before transfers	<u>16,021</u>	<u>(70,950)</u>	<u>1,392,307</u>	<u>327,454</u>
Transfers in	-	-	50,000	74,032
Change in net position (deficit)	<u>16,021</u>	<u>(70,950)</u>	<u>1,442,307</u>	<u>401,486</u>
Net position (deficit) - beginning	(259,147)	(8,150,603)	(41,361,067)	5,008,349
Prior period adjustment (Note 20)	-	-	(11,211,542)	-
Net position (deficit) - beginning as restated	<u>(259,147)</u>	<u>(8,150,603)</u>	<u>(52,572,609)</u>	<u>5,008,349</u>
Net position (deficit) - ending	<u>\$ (243,126)</u>	<u>\$ (8,221,553)</u>	<u>\$ (51,130,302)</u>	<u>\$ 5,409,835</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION (DEFICIT) (CONTINUED)
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021**

Risk Management	Self-Insurance					Total
	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	
\$ -	\$ 8,326,956	\$ 4,775,000	\$ 9,505,068	\$ 1,317,220	\$ 400,001	\$ 87,603,693
2,000,000	17,716	1,917	233	-	-	2,103,425
2,000,000	8,344,672	4,776,917	9,505,301	1,317,220	400,001	89,707,118
1,367,975	-	-	-	343,503	-	46,992,180
853,873	6,472,655	7,533,734	3,426,576	739,671	201,083	32,914,988
-	2,148,901	7,837,029	2,737,893	-	407,801	13,131,624
4,151	-	-	-	-	-	2,768,400
2,225,999	8,621,556	15,370,763	6,164,469	1,083,174	608,884	95,807,192
(225,999)	(276,884)	(10,593,846)	3,340,832	234,046	(208,883)	(6,100,074)
53,286	-	-	-	-	400,000	453,286
6,198	13,174	31,066	173,282	5,427	2,170	283,484
-	-	-	-	-	-	10,412
(477)	-	-	-	-	-	(28,884)
-	-	660,841	-	-	-	660,841
59,007	13,174	691,907	173,282	5,427	402,170	1,379,139
(166,992)	(263,710)	(9,901,939)	3,514,114	239,473	193,287	(4,720,935)
-	-	-	-	-	-	124,032
(166,992)	(263,710)	(9,901,939)	3,514,114	239,473	193,287	(4,596,903)
(1,766,017)	1,618,306	(5,828,633)	(14,763,122)	(656,169)	377,627	(65,780,476)
-	3,801,024	-	133,580	-	-	(7,276,938)
(1,766,017)	5,419,330	(5,828,633)	(14,629,542)	(656,169)	377,627	(73,057,414)
\$ (1,933,009)	\$ 5,155,620	\$ (15,730,572)	\$ (11,115,428)	\$ (416,696)	\$ 570,914	\$ (77,654,317)

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Central Duplicating	Information Services	Public Works	Service Center
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 471,009	\$ 14,542,018	\$ 47,428,711	\$ 2,746,472
Payments to suppliers for goods and services	(251,141)	(3,623,939)	(8,522,692)	(1,035,785)
Payments to employees for salaries and benefits	(192,513)	(8,133,421)	(32,705,654)	(414,315)
Payments for judgments and claims	-	-	-	-
Other receipts	-	83,519	40	-
Net cash provided (used) by operating activities	<u>27,355</u>	<u>2,868,177</u>	<u>6,200,405</u>	<u>1,296,372</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental receipts	-	-	-	-
Due from other funds	-	-	(9,184,103)	-
Transfers from other funds	-	-	50,000	74,032
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>(9,134,103)</u>	<u>74,032</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	-	(217,830)	-
Acquisition of equipment	-	(689,960)	(683,108)	(2,098,224)
Insurance proceeds	-	-	-	-
Principal paid on capital debt	-	(150,337)	(4,243)	-
Interest paid on capital debt	-	(27,579)	(828)	-
Proceeds from sale of capital assets	-	-	-	10,412
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(867,876)</u>	<u>(906,009)</u>	<u>(2,087,812)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	-	-	52,167	-
Net increase (decrease) in cash cash and cash equivalents	<u>27,355</u>	<u>2,000,301</u>	<u>(3,787,540)</u>	<u>(717,408)</u>
Cash and cash equivalents at beginning of year	93,021	3,826,384	5,907,734	2,634,596
Cash and cash equivalents at end of year	<u>\$ 120,376</u>	<u>\$ 5,826,685</u>	<u>\$ 2,120,194</u>	<u>\$ 1,917,188</u>

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

Self-Insurance

Risk Management	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	Total
\$ -	\$ 8,317,639	\$ 4,775,000	\$ 9,505,068	\$ 1,317,220	\$ 400,001	\$ 89,503,138
(857,973)	(6,429,585)	(8,096,325)	(2,916,615)	(746,665)	(201,083)	(32,681,803)
(1,116,078)	-	-	-	(355,742)	-	(42,917,723)
-	(2,083,533)	(1,571,029)	(3,950,893)	-	(357,191)	(7,962,646)
2,000,000	17,716	1,917	233	-	-	2,103,425
25,949	(177,763)	(4,890,437)	2,637,793	214,813	(158,273)	8,044,391
53,286	-	-	-	-	400,000	453,286
-	-	-	(2,278,905)	-	-	(11,463,008)
-	3,851,250	-	-	-	-	3,975,282
53,286	3,851,250	-	(2,278,905)	-	400,000	(7,034,440)
-	-	-	-	-	-	(217,830)
-	-	-	-	-	-	(3,471,292)
-	-	660,841	-	-	-	660,841
(4,729)	-	-	-	-	-	(159,309)
(477)	-	-	-	-	-	(28,884)
-	-	-	-	-	-	10,412
(5,206)	-	660,841	-	-	-	(3,206,062)
6,198	13,174	31,066	173,282	5,427	2,170	283,484
80,227	3,686,661	(4,198,530)	532,170	220,240	243,897	(1,912,627)
401,124	1,927,621	7,435,304	15,475,409	295,435	409,302	38,405,930
\$ 481,351	\$ 5,614,282	\$ 3,236,774	\$ 16,007,579	\$ 515,675	\$ 653,199	\$ 36,493,303

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Central Duplicating	Information Services	Public Works	Service Center
RECONCILIATION OF OPERATING				
INCOME (LOSS) TO NET CASH PROVIDED				
(USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 16,021	\$ (43,371)	\$ 1,340,968	\$ 317,042
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	39,506	1,213,457	487,736	1,023,550
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	-	626,235	195,774	9
Inventory	-	-	(33,262)	4,625
Prepaid items	(18,515)	-	-	-
Increase (decrease) in:				
Payables	(865)	134,335	(35,515)	203,036
Deposits payable	-	-	604,044	-
Construction advances	-	-	482,700	-
Claims liabilities	-	-	-	-
Accrued salaries and benefits	(8,792)	937,521	3,157,960	(251,890)
Total adjustments	11,334	2,911,548	4,859,437	979,330
Net cash provided (used) by operating activities	\$ 27,355	\$ 2,868,177	\$ 6,200,405	\$ 1,296,372

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Risk Management	Self-Insurance					Total
	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	
\$ (225,999)	\$ (276,884)	\$ (10,593,846)	\$ 3,340,832	\$ 234,046	\$ (208,883)	\$ (6,100,074)
4,151	-	-	-	-	-	2,768,400
-	(9,317)	-	-	-	-	812,701
-	-	-	-	-	-	(28,637)
-	-	-	-	-	-	(18,515)
(4,100)	43,070	(562,591)	509,961	(6,994)	-	280,337
-	-	-	-	-	-	604,044
-	-	-	-	-	-	482,700
-	65,368	6,266,000	(1,213,000)	-	50,610	5,168,978
251,897	-	-	-	(12,239)	-	4,074,457
<u>251,948</u>	<u>99,121</u>	<u>5,703,409</u>	<u>(703,039)</u>	<u>(19,233)</u>	<u>50,610</u>	<u>14,144,465</u>
\$ 25,949	\$ (177,763)	\$ (4,890,437)	\$ 2,637,793	\$ 214,813	\$ (158,273)	\$ 8,044,391



Fiduciary Funds

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021

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, 2021**

	Unapportioned Collections	Other Custodial Funds	Total
ASSETS			
Cash and cash equivalents	\$ 11,009,741	\$ 33,946,137	\$ 44,955,878
Receivables:			
Taxes for other governments	11,430,725	-	11,430,725
Total assets	22,440,466	33,946,137	56,386,603
LIABILITIES			
Accounts payable and other liabilities	13,406,547	4,433,675	17,840,222
Due to local governments	-	2,452	2,452
Total liabilities	13,406,547	4,436,127	17,842,674
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding of debt	-	223,612	223,612
Total deferred inflows of resources	-	223,612	223,612
NET POSITION			
Restricted for:			
Individuals, organizations and other governments	9,033,919	29,286,398	38,320,317
Total net position	\$ 9,033,919	\$ 29,286,398	\$ 38,320,317

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Unapportioned Collections	Other Custodial Funds	Total
ADDITIONS			
Gifts and bequests	\$ -	\$ 4,563	\$ 4,563
Interest, dividends and other	38,198	117,568	155,766
Tax collections	664,452,914	119,736,041	784,188,955
Other contributions	1,090,266	62,347,455	63,437,721
Total additions	<u>665,581,378</u>	<u>182,205,627</u>	<u>847,787,005</u>
DEDUCTIONS			
Payments to other local governments	16,067,137	35,992,962	52,060,099
Payments of taxes to other local governments	647,723,589	14,227,257	661,950,846
Interest expense	25,721	-	25,721
Distributions from pooled investments	1,025,575	124,040,155	125,065,730
Total deductions	<u>664,842,022</u>	<u>174,260,374</u>	<u>839,102,396</u>
Net increase in fiduciary net position	739,356	7,945,253	8,684,609
Net position - beginning	53,110	10,075,382	10,128,492
Prior period adjustment	8,241,453	11,265,763	19,507,216
Net position - beginning, as restated	<u>8,294,563</u>	<u>21,341,145</u>	<u>29,635,708</u>
Net position - ending	<u>\$ 9,033,919</u>	<u>\$ 29,286,398</u>	<u>\$ 38,320,317</u>

COMBINING STATEMENT OF FIDUCIARY NET POSITION (DEFICIT)
 PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2021

	Public Guardian	Redevelopment Successor Agency	Total
ASSETS			
Cash and cash equivalents	\$ 1,426,364	\$ 13,976,980	\$ 15,403,344
Restricted cash with fiscal agents	-	4,410	4,410
Prepaid expenses	-	1,275,877	1,275,877
Depreciable capital assets, net	-	7,425,950	7,425,950
Total assets	<u>1,426,364</u>	<u>22,683,217</u>	<u>24,109,581</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding of debt	-	238,123	238,123
Total deferred outflows of resources	<u>-</u>	<u>238,123</u>	<u>238,123</u>
LIABILITIES			
Accounts payable and other liabilities	-	17,331	17,331
Interest payable	-	2,660,268	2,660,268
Long-term liabilities due within one year	-	9,520,429	9,520,429
Long-term liabilities due in more than one year	-	181,389,125	181,389,125
Total liabilities	<u>-</u>	<u>193,587,153</u>	<u>193,587,153</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding of debt	-	975,737	975,737
Total deferred inflows of resources	<u>-</u>	<u>975,737</u>	<u>975,737</u>
NET POSITION (DEFICIT)			
Restricted for:			
Individuals, organizations and other governments	1,426,364	(171,641,550)	(170,215,186)
Total net position (deficit)	<u>\$ 1,426,364</u>	<u>\$ (171,641,550)</u>	<u>\$ (170,215,186)</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (DEFICIT)
PRIVATE-PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Public Guardian	Redevelopment Successor Agency	Total
ADDITIONS			
Interest, dividends and other	\$ 9,367	\$ 71,609	\$ 80,976
Tax collections	-	15,733,408	15,733,408
Other contributions	750,000	98,085	848,085
Total additions	<u>759,367</u>	<u>15,903,102</u>	<u>16,662,469</u>
DEDUCTIONS			
Beneficiary payments to individuals	600,000	-	600,000
Administrative expenses	-	494,317	494,317
Payments to other local governments	-	1,407,601	1,407,601
Interest expense	20,940	6,779,371	6,800,311
Other deductions	-	279,835	279,835
Total deductions	<u>620,940</u>	<u>8,961,124</u>	<u>9,582,064</u>
Net increase in fiduciary net position (deficit)	138,427	6,941,978	7,080,405
Net position (deficit) - beginning	1,287,937	(178,583,528)	(177,295,591)
Net position (deficit) - ending	<u>\$ 1,426,364</u>	<u>\$ (171,641,550)</u>	<u>\$ (170,215,186)</u>

Statistical Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021



TABLE OF CONTENTS

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.

Contents	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	204
Revenue Capacity	
These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.	209
Debt Capacity	
These schedules present information to help the reader assess the affordability of the County’s current level of outstanding debt and the County’s ability to issue additional debt in the future.	213
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.	217
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.	222

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Net investment in capital assets	\$ 601,792	\$ 567,960	\$ 546,806	\$ 509,726	\$ 476,456	\$ 468,999	\$ 484,646	\$ 439,466	\$ 448,657	\$ 455,726
Restricted	125,373	132,070	66,391	55,333	57,360	63,880	55,856	75,773	67,014	96,980
Unrestricted	(613,189)	(603,792)	(471,054) ⁽¹⁾	(423,493)	(396,329)	(374,141)	(399,332)	(72,239)	(65,133)	(66,913)
Total governmental activities net position	<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>	<u>\$ 485,793</u>
Business-type activities										
Net investment in capital assets	\$ 30,575	\$ 24,395	\$ 24,615	\$ 21,690	\$ 20,724	\$ 28,466	\$ 28,585	\$ 24,033	\$ 25,023	\$ 25,442
Restricted	566	43	43	634	381	390	260	476	44	256
Unrestricted	10,554	328	1,304	3,255 ⁽¹⁾	2,062	(1,962)	3,620	8,130	7,634	6,520
Total business-type activities net position	<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>	<u>\$ 32,218</u>
Total primary government										
Net investment in capital assets	\$ 632,367	\$ 592,355	\$ 571,421	\$ 531,416	\$ 497,180	\$ 497,465	\$ 513,231	\$ 463,499	\$ 473,680	\$ 481,168
Restricted	125,939	132,113	66,434	55,967	57,740	64,270	56,116	76,249	67,058	97,236
Unrestricted	(602,635)	(603,464)	(469,750)	(420,238) ⁽¹⁾	(394,267)	(376,103)	(395,712)	(64,109)	(57,499)	(60,393)
Total primary government net position	<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>	<u>\$ 518,011</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.

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities:										
General government	\$ 50,868	\$ 49,370	\$ 42,773	\$ 39,812	\$ 43,566	\$ 35,068	\$ 33,544	\$ 25,451	\$ 17,725	\$ 27,417
Public protection	223,651	207,831	195,327	177,636	157,415	141,370	131,718	133,932	127,640	124,721
Public ways and facilities	43,683	31,139	27,258	29,193	24,716	28,271	32,900	18,961	47,167	32,192
Health and sanitation	197,848	179,330	154,536	141,327	123,519	114,209	108,999	108,571	111,441	113,242
Public assistance	205,806	160,348	144,066	132,801	129,000	126,834	116,902	112,840	104,889	105,835
Education	6,099	5,757	5,996	5,884	5,746	6,005	5,537	4,915	5,005	5,033
Recreation and cultural services	11,485	12,182	11,772	11,549	10,784	8,900	7,202	6,870	5,867	6,670
Interest on long-term debt	1,890	3,270	2,157	1,746	2,210	2,764	3,307	8,126	3,321	10,262
Total governmental activities expenses	<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>	<u>425,372</u>
Business-type activities:										
County Disposal Sites										
CSA 9C	16,217	19,393	17,873	14,859	13,283	12,018	11,785	11,464	10,904	10,506
Boulder Creek CSA 7	428	419	542	401	308	362	332	310	344	295
Rolling Woods CSA 10	29	17	21	31	32	15	12	14	14	14
Septic Tank Maintenance										
CSA 12	1,555	1,328	1,124	923	1,016	1,090	1,058	1,114	1,017	943
Freedom County										
Sanitation District	1,175	1,206	766	1,123	1,090	808	965	607	441	857
Davenport County										
Sanitation District	1,127	810	551	581	556	518	656	557	458	532
Place de Mer CSA 2	234	176	164	157	30	38	50	23	21	37
Sand Dollar Beach CSA 5	309	294	328	323	247	237	275	243	260	265
Trestle Beach CSA 20	69	95	51	56	62	45	51	59	36	41
Summit West CSA 54	-	-	2	-	-	-	-	1	1	1
Graham Hill CSA 57	-	-	-	-	8	11	35	53	35	33
Total business-type activities expenses	<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>	<u>13,524</u>
Total primary government expenses	<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>	<u>\$ 438,896</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 26,007	\$ 25,328	\$ 26,717	\$ 19,799	\$ 21,379	\$ 19,053	\$ 18,605	\$ 19,150	\$ 18,071	\$ 17,695
Health, sanitation & public assistance	42,568	41,743	40,934	42,643	38,828	34,628	28,088	25,830	23,238	33,029
Public protection	31,132	22,982	23,899	23,357	22,877	22,514	22,913	21,426	20,742	20,623
Public ways & facilities, and recreation	9,866	9,542	10,439	9,545	9,408	8,051	8,217	8,286	8,869	9,412
Education	2	2	1	-	-	-	-	-	-	-
Operating grants and contributions	369,375	290,021	279,861	259,972	261,567	244,016	243,896	227,863	219,341	207,264
Capital grants and contributions	32,522	18,532	22,829	19,532	8,193	8,798	7,006	10,541	10,678	8,016
Total governmental activities program revenues	<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>	<u>296,039</u>
Business-type activities:										
Charges for services	22,817	21,291	18,506	18,022	15,638	14,763	13,933	13,350	13,137	13,313
Operating grants and contributions	2,941	425	1,232	2,856	342	490	226	382	208	573
Capital grants and contributions	-	-	-	-	327	129	118	-	60	345
Total business-type activities program revenues	<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>	<u>14,231</u>
Total primary government program revenues	<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>	<u>\$ 310,270</u>
Net (expense)/revenue										
Governmental activities	\$ (229,858)	\$ (241,077)	\$ (179,205)	\$ (165,100)	\$ (134,704)	\$ (126,361)	\$ (111,384)	\$ (106,570)	\$ (122,116)	\$ (129,333)
Business-type activities	4,615	(2,022)	(1,683)	2,424	(325)	240	(942)	(713)	(126)	707
Total primary government net expense	<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>	<u>\$ (128,626)</u>

(Continued)

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 129,749	\$ 123,044	\$ -	\$ 117,337	\$ 107,283	\$ 100,143	\$ 93,563	\$ 88,178	\$ 84,795	\$ 97,716
Other taxes	50,497	36,906	35,107	31,143	27,410	24,256	21,831	19,046	17,201	16,044
Grants and contributions not restricted for specific purposes	-	487	-	-	-	-	-	-	117	-
Interest and investment earnings	4,186	-	-	-	-	-	-	-	-	-
Use of money and property	-	6,283	6,619	4,454	3,741	4,096	3,473	3,652	1,254	2,741
Miscellaneous	25,207	28,371	19,945	16,253	7,960	9,460	4,306	751	(156)	52,099
Gain (Loss) on sale of assets	10	81	60	(7)	6	98	-	(4)	26	1,005
Total governmental activities	209,649	195,172	179,782	169,180	146,400	138,053	123,173	111,623	103,237	169,605
Business-type activities:										
Property taxes	45	44	40	35	32	29	27	25	25	25
Interest and investment earnings	165	-	-	-	-	-	-	-	-	-
Use of money and property	-	334	366	(25)	(232)	(170)	49	95	(24)	45
Miscellaneous	820	448	1,608	70	333	332	6,539	531	609	705
Gain (Loss) on sale of assets	-	-	52	(91)	-	-	-	-	-	2
Total business-type activities	1,030	826	2,066	(11)	133	191	6,615	651	610	777
Total primary government	\$ 210,679	\$ 195,998	\$ 181,848	\$ 169,169	\$ 146,533	\$ 138,244	\$ 129,788	\$ 112,274	\$ 103,847	\$ 170,382
Extraordinary Item	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16,377)	\$ 174,033
Change in Net Position										
Governmental activities	\$ (20,210)	\$ (45,905)	\$ 577	\$ 4,080	\$ 11,696	\$ 11,692	\$ 11,789	\$ 5,053	\$ (35,256)	\$ 214,305
Business-type activities	5,645	(1,196)	383	2,413	(192)	431	5,673	(62)	484	1,484
Total primary government	\$ (14,565)	\$ (47,101)	\$ 960	\$ 6,493	\$ 11,504	\$ 12,123	\$ 17,462	\$ 4,991	\$ (34,772)	\$ 215,789

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable	\$ 1,696	\$ 1,547	\$ 1,707	\$ 1,758	\$ 703	\$ 751	\$ 1,135	\$ 872	\$ 3,544	\$ 3,739
Restricted	25,484	-	-	-	-	-	1	2	2	1
Committed	20,956	19,756	19,957	21,557	18,000	17,251	20,081	21,627	16,166	13,706
Assigned	63,583	36,390	48,162	37,094	37,159	33,767	29,059	18,214	20,857	24,722
Unassigned	-	-	-	-	(71)	(33)	(71)	-	-	-
Total General Fund	\$ 111,719	\$ 57,693	\$ 69,826	\$ 60,409	\$ 55,791	\$ 51,736	\$ 50,205	\$ 40,715	\$ 40,569	\$ 42,168
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 61,558	\$ -	\$ 61,184	\$ 60,226	\$ 56,077	\$ 49,883
Restricted	127,279	130,581	121,088	116,612	54,594	124,769	55,820	69,455	67,030	97,824
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(1,906)	-	-	(4,989)	-	-	-	-	(17)	(22)
	\$ 125,373	\$ 130,581	\$ 121,088	\$ 111,623	\$ 116,152	\$ 124,769	\$ 117,004	\$ 129,681	\$ 123,090	\$ 147,685

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Taxes	\$ 180,246	\$ 159,949	\$ 153,158	\$ 148,480	\$ 134,693	\$ 124,399	\$ 115,394	\$ 107,224	\$ 101,997	\$ 113,760
Licenses and permits	13,782	12,829	12,591	12,665	13,268	11,881	11,053	9,847	9,819	10,356
Fines, forfeits and penalties	12,939	8,723	10,796	3,870	4,101	3,630	4,720	4,758	4,474	4,737
Use of money and property	3,901	5,674	5,930	4,197	3,623	4,083	3,417	3,480	1,264	2,635
Aid from other governments	401,443	308,552	302,690	279,504	269,760	252,814	250,902	238,404	230,019	215,280
Charges for services	82,856	78,045	78,603	78,809	75,124	68,734	62,050	60,087	56,626	65,666
Other	24,546	28,371	19,945	16,720	8,313	9,685	10,168	12,927	5,320	2,274
Total revenues	719,713	602,143	583,713	544,245	508,882	475,226	457,704	436,727	409,519	414,708
Expenditures										
Current										
General government	44,349	44,123	35,550	36,225	33,189	31,414	32,532	29,206	28,311	26,747
Public protection	195,009	182,291	172,236	161,157	156,582	146,434	137,893	134,296	129,562	118,671
Public ways and facilities	68,935	35,769	37,204	37,324	34,217	20,249	24,440	18,730	41,232	32,074
Health and sanitation	181,815	164,253	142,544	133,424	122,842	117,041	111,509	108,967	108,688	107,810
Public assistance	193,727	149,539	134,165	125,796	129,505	130,035	119,199	112,967	101,437	101,204
Education	5,458	5,518	5,753	5,655	5,535	5,793	5,325	4,915	4,781	4,810
Recreation and cultural services	9,828	10,842	10,460	10,471	10,014	8,667	7,156	6,951	6,900	7,004
Capital outlay	7,889	14,587	17,770	35,287	14,862	7,607	9,306	18,875	-	-
Debt service										
Principal	6,075	10,220	5,577	4,592	4,857	4,744	3,992	3,797	3,815	7,790
Bond redemption	-	-	-	-	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	2,911	3,158	2,933	2,276	2,904	2,770	3,239	3,151	3,318	10,482
Total expenditures	715,996	620,300	564,192	552,207	514,507	474,754	454,591	441,855	428,044	416,592
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,717	(18,157)	19,521	(7,962)	(5,625)	472	3,113	(5,128)	(18,525)	(1,884)
Other Financing Sources (Uses)										
Sale of capital assets	-	-	-	24	6	98	-	-	-	1,139
Gain/(Loss) on land held for resale	-	-	-	-	-	-	-	-	-	(137)
Debt issue cost	-	(281)	-	-	-	-	-	-	-	(248)
Escrow transfers in	-	-	-	-	-	-	-	-	-	-
Escrow transfers out	-	-	-	-	-	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-	9,945	-	11,810	-	7,490
Contributed capital	-	-	-	-	-	-	-	-	233	45,701
Bond premium/discount	-	995	-	(63)	951	60	-	812	-	(23)
Gain on conversion of receivables	-	-	-	-	-	-	-	-	-	5,024
Proceeds from refunding bonds	-	13,985	-	7,940	10,500	13,770	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	(10,620)	(13,097)	-	(6,362)	-	(1,399)
Transfers in	19,678	18,285	22,489	28,411	21,582	17,489	12,312	36,185	17,620	24,252
Transfers out	(19,802)	(18,362)	(23,157)	(28,496)	(21,750)	(17,701)	(18,706)	(37,268)	(18,379)	(24,282)
Inception of capital lease	-	894	30	92	129	70	93	403	36	80
Miscellaneous	-	-	-	144	-	-	-	-	-	-
Total other financing sources (uses)	(124)	15,516	(638)	8,052	798	10,634	(6,301)	5,580	(490)	57,597
Extraordinary Item	-	-	-	-	-	-	-	-	(7,179)	(71,866)
Net change in fund balances	\$ 3,593	\$ (2,641)	\$ 18,883	\$ 90	\$ (4,827)	\$ 11,106	\$ (3,188)	\$ 452	\$ (26,194)	\$ (16,153)
Debt service as a percentage of noncapital expenditures	1.36%	2.34%	1.65%	1.40%	1.63%	1.64%	1.69%	1.64%	1.79%	4.59%

GENERAL FUND TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Reported in Thousands)

Fiscal Year	Current Property Taxes	Prior Property Taxes ⁽¹⁾	Delinquent Penalties and Costs	Sales and Use Tax	Occupancy Tax	Business Tax ⁽²⁾	Property Transfer Tax	Other Taxes	Total Tax Revenues ⁽³⁾
2012	\$ 69,497	\$ 77	\$ 4,249	\$ 8,378	\$ 4,605	\$ -	\$ 1,528	\$ 72	\$ 88,406
2013	69,152	65	3,522	9,129	4,515	-	1,936	72	88,391
2014	71,929	41	3,656	9,840	5,514	-	1,906	72	92,958
2015	77,497	146	2,017	10,248	6,482	978	2,243	76	99,687
2016	82,863	260	2,436	10,071	7,084	2,504	2,267	82	107,567
2017	88,414	174	3,210	11,863	8,002	2,805	2,321	85	116,874
2018	94,000	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

⁽¹⁾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.

⁽²⁾The County began collecting Cannabis Business Tax during 2014-2015.

⁽³⁾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 ⁽¹⁾	Collections within the Fiscal Year of the Levy ⁽²⁾		Collections in Subsequent Years ⁽³⁾	Total Collections to Date	
		Amount	Percentage of Levy		Total Tax Collections	Percentage of Levy
2012	\$ 395,546	\$ 388,135	98.1%	\$ 7,241	\$ 395,376	100.0%
2013	399,146	393,223	98.5%	6,212	399,435	100.1%
2014	418,414	413,276	98.8%	6,767	420,043	100.4%
2015	443,002	437,476	98.8%	4,534	442,010	99.8%
2016	470,552	465,411	98.9%	5,831	471,242	100.1%
2017	503,093	496,571	98.7%	4,739	501,310	99.6%
2018	536,687	530,953	98.9%	5,226	536,179	99.9%
2019	560,534	554,765	99.0%	3,547	558,312	99.6%
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%

⁽¹⁾ Secured tax levy for the County itself, school districts, cities and special districts under the supervision of their own governing boards.

⁽²⁾ 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.

⁽³⁾ 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⁽¹⁾
LAST TEN FISCAL YEARS
(Reported in Thousands)

Fiscal Year Beginning July 1,	Secured ⁽²⁾	Unsecured	Total Taxable Assessed Value ⁽³⁾	Total Direct Tax Rate ⁽⁴⁾
2012	\$ 32,033,769	\$ 767,064	\$ 32,800,833	1.00%
2013	33,625,169	764,939	34,390,108	1.00%
2014	35,996,363	823,369	36,819,732	1.00%
2015	38,321,843	873,141	39,194,984	1.00%
2016	40,296,052	876,810	41,172,862	1.00%
2017	42,608,504	936,890	43,545,394	1.00%
2018	45,265,422	982,250	46,247,672	1.00%
2019	47,620,014	1,021,496	48,641,510	1.00%
2020	49,853,771	1,032,834	50,886,605	1.00%
2021	51,676,680	1,035,947	52,712,628	1.00%

⁽¹⁾Assessed value of taxable property represents all taxable property within the County except as excluded or exempted by the State Constitution and the Legislature.

⁽²⁾Includes unitary properties (e.g., railroads, utilities), which are assessed by the State Board of Equalization.

⁽³⁾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.

⁽⁴⁾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					
	2012	1.067					
2013	1.064	1.197	26.5	5.0	56.0	12.5	100.0
2014	1.058	1.189	26.0	5.0	56.5	12.5	100.0
2015	1.058	1.189	25.5	5.0	57.0	12.5	100.0
2016	1.056	1.178	25.5	5.0	57.0	12.5	100.0
2017	1.051	1.163	25.5	5.0	57.0	12.5	100.0
2018	1.064	1.118	25.5	5.0	57.0	12.5	100.0
2019	1.060	1.174	25.5	5.0	57.0	12.5	100.0
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

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Capital leases	\$ 2,957	\$ 3,719	\$ 4,097	\$ 5,579	\$ 5,968	\$ 6,739	\$ 4,731	\$ 5,077	\$ 5,075	\$ 5,337
Refunding Certificates of Participation - 1996	8,470	9,650	10,765	11,825	12,830	19,770	21,440	23,025	24,534	25,959
Lease Revenue Bonds	29,645	30,720	21,083	21,948	14,504	14,927	12,325	12,325	6,450	6,670
Refunding Certificates of Participation - 2015	5,065	6,585	8,065	9,505	10,915	12,305	-	-	-	-
Lease Revenue Refunding Bonds - 2012	1,284	1,357	1,428	1,496	1,561	1,627	1,690	1,751	1,812	1,866
Lease Revenue Refunding Bonds - 2020	4,196	4,464	-	-	-	-	-	-	-	-
Revenue Bonds	-	-	-	-	-	-	-	-	-	405
Local Agency Revenue Bonds - 1999	-	-	35	70	105	135	165	195	225	250
Certificates of Participation	737	969	5,847	6,429	6,991	13,390	27,266	29,307	31,278	33,024
Refunding Certificates of Participation - 2014	4,552	4,868	5,175	5,467	5,748	6,020	6,286	6,583	-	-
Refunding Certificates of Participation - 2016	7,743	8,711	9,643	10,536	11,403	-	-	-	-	-
City of Scotts Valley Writ of Mandate	-	-	-	-	-	-	-	725	1,450	2,175
McGaffigan Mill Road HOA	-	-	-	-	-	-	-	-	1	33
CA Energy Resources Conservation and Development Commission	-	-	-	-	16	58	-	-	-	-
CA Transportation Finance Bank	-	-	-	-	-	-	-	-	-	-
RDA Tax Allocation Bonds	-	-	-	-	-	-	-	-	-	-
Internal Service Funds	-	-	-	-	-	-	26	19	16	29
Business-type activities										
Lease Revenue Bonds	5,471	5,756	6,030	6,295	6,550	6,799	-	-	-	-
Loans Payable	58	92	143	192	240	287	449	490	531	570
Capital leases	1,233	1,389	1,544	2	3	4	-	2	3	-
Total Primary government⁽¹⁾	\$ 71,411	\$ 78,280	\$ 73,855	\$ 79,344	\$ 76,834	\$ 82,061	\$ 74,378	\$ 79,499	\$ 71,375	\$ 76,318
Percentage of personal income ^(2,4)	0.35%	0.40%	0.39%	0.44%	0.46%	0.50%	0.47%	0.54%	0.50%	0.55%
Per capita ^(3,4)	\$ 265	\$ 287	\$ 269	\$ 288	\$ 279	\$ 299	\$ 271	\$ 293	\$ 265	\$ 286

⁽¹⁾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.

⁽²⁾Percentage of personal income is calculated from personal income data for the preceding calendar year (e.g. percentage of personal income for Fiscal Year 2021 is based on 2020 calendar year personal income data). Personal income data is provided by the Bureau of Economic Analysis (BEA).

⁽³⁾Per capita data is calculated from per capita income data for the preceding calendar year (e.g. per capita for Fiscal Year 2021 is based on 2020 calendar year per capita income data). Per capita income data is provided by the Bureau of Economic Analysis.

⁽⁴⁾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 ⁽¹⁾	Legal Debt Limit ⁽²⁾	Total Net Applicable Debt	Legal Debt Margin	Debt Margin/ Debt Limit
2012	\$ 32,033,769,082	\$ 1,601,688,454	\$ -	400,422,114	100.00%
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%

⁽¹⁾Total Assessed Value includes exempt property.

⁽²⁾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, 2021
(Reported in Thousands)

2020-2021 Total Net Assessed Valuation	\$	<u>52,456,703</u>	
		<u>Percentage</u>	<u>Net Debt</u>
		Applicable ⁽¹⁾	Outstanding
<u>Overlapping Tax and Assessment and General Obligation Debt</u>			
SCHOOL DISTRICTS			
Elementary School Districts			
Live Oak Elementary		100.00%	\$ 9,718
Santa Cruz City Elementary		100.00%	53,375
Soquel Union Elementary		100.00%	44,940
Mountain Elementary		100.00%	2,220
Santa Cruz City High		100.00%	108,796
Scotts Valley Unified		100.00%	37,220
San Lorenzo Valley Unified		100.00%	49,730
Pacific		100.00%	806
Pajaro Valley Unified		100.00%	169,709
Cabrillo College		100.00%	109,958
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%	135
Orchard Drive		100.00%	1,215
Consolidated Reassessment District 2021		100.00%	2,615
Place De Mer AD 2021-01		100.00%	-
Felton Community Facilities - District No. 1		100.00%	7,075
Total Overlapping Tax and Assessment and General Obligation Debt			<u>597,512</u>
<u>Direct Debt</u>			
Santa Cruz County ⁽²⁾		100.00%	64,650
Total Direct Debt			<u>64,650</u>
Total Combined Overlapping and Direct Debt			<u>\$ 662,162</u>
<u>Ratio to 2020-2021 Assessed Valuation</u>			
Total Overlapping Tax and Assessment and General Obligation Debt		1.14%	
Total Direct Debt		0.12%	
Total Combined Direct Debt and Overlapping Debt		1.26%	

⁽¹⁾Percentage of overlapping agency's assessed valuation located within the boundaries of the County.

⁽²⁾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 FINANCING AUTHORITIES⁽¹⁾
JUNE 30, 2021
(Reported in Thousands)

YEAR OF ISSUANCE	PRINCIPAL	INTEREST	TOTAL
Debt ⁽²⁾			
1996	\$ 8,470	\$ 1,506	\$ 9,976
2008	720	47	767
2012A	1,295	472	1,767
2014	4,370	1,101	5,471
2014	3,950	1,233	5,183
2015	5,065	393	5,458
2015	8,510	4,295	12,805
2016	7,030	2,177	9,207
2017	6,620	1,695	8,315
2020A	9,490	5,678	15,168
2020B	4,225	1,008	5,233
Total debt outstanding for the Public Financing Authority	<u>\$ 59,745</u>	<u>\$ 19,605</u>	<u>\$ 79,350</u>

⁽¹⁾ The Public Financing Authority is a separate legal entity for whose debt the County is not liable.

⁽²⁾ 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 ⁽¹⁾ (in thousands)	Budget Requirements ⁽²⁾ (in thousands)	Budget Per Capita	Current Property Taxes (in thousands)	Taxes Per Capita
2012	266	\$ 432,514	\$ 1,626	\$ 69,497	\$ 261
2013	267	447,006	1,674	69,152	259
2014	272	458,496	1,686	71,929	264
2015	272	505,725	1,859	77,497	285
2016	276	539,798	1,956	82,863	300
2017	277	552,333	1,994	88,414	319
2018	276	590,759	2,140	94,000	341
2019	275	646,197	2,350	100,409	365
2020	271	685,431	2,529	104,689	386
2021	261	749,829	2,873	109,956	421

Fiscal Year	Assessed Valuation (in thousands)	Per Capita Income ⁽³⁾	Personal Income ⁽³⁾ (in thousands)	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2012	\$ 32,033,769	\$ 45,770	\$ 12,125,514	69,336	13.1%
2013	33,625,169	49,195	13,116,916	69,194	11.8%
2014	35,996,363	49,942	13,456,565	69,342	10.3%
2015	38,321,843	52,280	14,209,814	70,516	8.7%
2016	40,296,052	59,598	16,347,740	70,411	7.5%
2017	42,608,504	60,924	16,766,106	70,282	6.9%
2018	45,265,422	64,901	17,854,678	70,702	6.7%
2019	47,620,014	69,355	19,021,010	70,328	4.4% ⁽⁶⁾
2020	49,853,771	71,592	19,559,977	69,828	12.2% ⁽⁶⁾
2021	51,676,680	75,957	20,502,635	67,610	6.9%

SOURCES:

⁽¹⁾Based on information compiled by the California Department of Finance.

⁽²⁾Santa Cruz County Final/Adopted Budgets.

⁽³⁾U.S. Bureau of Economic Analysis (BEA). Figures are for the preceding calendar year (e.g., Fiscal Year 2021 is 2020 calendar year data). All prior period numbers have been revised by the BEA and have been restated here.

⁽⁴⁾Total includes data obtained from the California Department of Education, the University of California at Santa Cruz, and Cabrillo College.

⁽⁵⁾Data reflects the annual average rate for the calendar year (e.g., Fiscal Year 2021 is annual average for 2020 calendar year) as calculated by the California Employment Development Department (EDD). Calendar year 2013 was revised by the EDD and has been restated here.

⁽⁶⁾Data has been restated with finalized numbers.

**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN CALENDAR YEARS**

Calendar Year	New Dwelling Units ⁽¹⁾			Valuation of New Units ⁽¹⁾ (in thousands)			Deposits ⁽²⁾
	Single Family	Multiple Family	Total Units	Residential	Non-Residential	Total Valuation	Amount (in thousands)
2011	79	111	190	\$ 58,010	\$ 40,165	\$ 98,175	\$ 4,235,090
2012	80	173	253	68,932	51,671	120,603	4,308,423
2013	94	32	126	69,559	44,708	114,267	4,441,443
2014	113	5	118	70,444	79,182	149,626	4,729,351
2015	101	62	163	72,860	42,430	115,290	5,439,646
2016	116	202	318	102,393	93,011	195,404	6,076,534
2017	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

⁽¹⁾ Compiled by the California Department of Finance - Economic Research Unit. Calendar year 2021 new construction and property valuation data is not available.

⁽²⁾ Compiled by the Federal Deposit Insurance Corporation (FDIC) as reported in the Deposit Market Share Report reflecting deposits as of June 30, 2021.

**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)
2012	\$ 199,146	\$ 223,739	\$ 89,947	\$ 89,946
2013	195,230	199,209	92,052	92,171
2014	197,814	221,247	93,061	93,062
2015	195,882	185,882	90,298	90,298
2016	193,708	204,728	91,601	91,598
2017	264,054	275,353	91,707	91,703
2018	211,083	246,813	92,271	91,349
2019	212,413	248,062	-	(129,567)
2020	151,767	208,299	-	-
2021	184,246	197,373	-	-

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 2020-2021	Percentage of Total Assessed Valuation 2020-2021 ⁽¹⁾
Pacific Gas & Electric Company	Gas & Electric Utility	\$ 449,972,972	0.86%
Dignity Health	Hospital	175,817,669	0.34%
Santa Cruz Seaside Company	Amusement Park	149,156,124	0.28%
Capitola Mall, LLC	Property Management	115,885,323	0.22%
New Horizons Affordable Housing & Development	Non Profit Organization	87,300,000	0.17%
Rancho Del Mar Center	Property Management	59,057,766	0.11%
363 Western Drive LLC	Real Estate	58,129,966	0.11%
S Martinelli & Co	Consumer Goods	50,537,468	0.10%
Cypress Point Real Estate Investors	Real Estate	50,201,801	0.10%
MPT of Watsonville LLC	Property Management	49,730,645	0.09%
Totals		\$ 1,245,789,734	2.37%

Taxpayer	Type of Business	Assessed Value 2010-2011	Percentage of Total Assessed Valuation 2010-2011 ⁽²⁾
Pacific Gas and Electric	Gas & Electric Utility	\$ 204,181,526	0.61%
Macerich Partnership L P	Commercial Real Estate	67,573,275	0.20%
NNN Enterprise Way LLF et al	Software Producere	67,334,940	0.20%
Santa Cruz Seaside Company	Amusement Park	59,954,875	0.18%
Watsonville Hospital Corp	Hospital	59,174,644	0.18%
Pacific Bell Telephone Co.	Telephone Utility	51,187,977	0.15%
George Ow, Jr. et al	Real Estate	46,377,241	0.14%
SC Beach Hotel Partners LLC	Hotel	43,859,749	0.13%
Cypress Point RE Investors LLC	Apartment Complex	42,090,471	0.13%
Seagate Technology LLC	Electronic Manufactuer	37,647,841	0.11%
Totals		\$ 679,382,539	2.03%

Note: Principal taxpayer data for fiscal year 2020/21 is derived from the 2020 tax roll, which was billed and collected during 2021. Data for fiscal year 2010-2011 is derived from the 2010 tax roll, which was billed and collected during 2011.

⁽¹⁾ Percentage of total assessed valuation for 2020/21 is calculated from the total net assessed valuation of \$52,456,702,568.

⁽²⁾ Percentage of total assessed valuation for 2010/11 is calculated from the total net assessed valuation of \$33,214,355,012.

**PRINCIPAL EMPLOYERS
CURRENT AND TEN YEARS AGO**

Employer	Product/Service	Number of Employees 2020-2021 ⁽¹⁾	Percentage of Total Employment 2020-2021 ⁽²⁾
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
Santa Cruz Governmental Center	City Services	1,000-4,999	2.00
Granite Rock	Excavating Contractors	500-999	0.20
Plantronics	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

Employer ⁽³⁾	Product/Service ⁽³⁾	Number of Employees 2010-2011 ⁽³⁾	Percentage of Total Employment 2010-2011 ⁽³⁾
University of California, Santa Cruz	Education	1,000-4,999	2.26%
Dominican Hospital	Hospital	1,000-4,999	2.26
Santa Cruz Beach Boardwalk	Amusement/Recreation	1,000-4,999	2.26
County of Santa Cruz	County Services	1,000-4,999	2.26
Pajaro Valley Unified School District	Education	1,000-4,999	2.26
Cabrillo College	Education	500-999	0.564
City of Santa Cruz	City Services	500-999	0.564
Seagate Technology	Disc Drives	500-999	0.564
Watsonville Hospital	Hospital	500-999	0.564
West Marine	Retail	500-999	0.564
Plantronics	Telephone Apparatus Mfg.	500-999	0.564
Santa Cruz City School District	Education	500-999	0.564

⁽¹⁾Number of employees reflects a range provided by California Employment Development Department (EDD) data.

⁽²⁾Average of the reported range divided by total civilian employment of 114,900 as reported by the EDD for June 2021.

⁽³⁾Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2010.

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Assistance										
Human Services										
Department										
Adult Protective Services										
Referrals received	1,825	1,792	1,764 ⁽²⁾	1,406 ⁽¹⁾	1,011	936	754	630	603	626
Investigations completed	1,474	1,550	1,649 ⁽²⁾	1,098 ⁽¹⁾	906	816	601	444	420	386
Family and Children's Services										
Annual referrals (families)	2,399	2,399	2,699 ⁽²⁾	2,788 ⁽¹⁾	2,770	2,635	2,727	2,591	2,457	3,200
Finalized adoptions	28	28	40 ⁽²⁾	37 ⁽¹⁾	52	50	45	72	58	51
Licensed foster homes (monthly average)	141	141	100 ⁽²⁾	60 ⁽¹⁾	139	130	125	113	106	112
Benefit Services										
Average number of Medi-Cal recipients	75,626	69,355	71,077 ⁽²⁾	73,041 ⁽¹⁾	76,713	73,060	64,344	44,600	37,971	31,624
Public Ways and Facilities										
Public Works										
Roads										
Miles of road maintained	600	600	596	596	596	600	600	600	600	600
Potholes repaired	6,193	9,592	1,756	4,295	4,013	3,750	3,994	4,130	3,700	4,500
Minor culverts maintained	2,262	242	404 ⁽³⁾	2,262	2,262	2,262	2,262	2,262 ⁽³⁾	2,262	2,262
Bridges and major culverts maintained	160	54	137 ⁽³⁾	160	160	160	160	160	160	160
Traffic signs replaced/repared	1,505	1,500	2,938	2,657	1,047	1,377	1,238	1,452	1,463	1,516
Miles of street swept	424	1,133	186	112	285	518	381	1,607	1,800	1,555
Sanitation										
Miles of pipe maintained	87	98	245	245	245	245	244	236	236	230
Maintenance call responses	282	573	279	401	150	209	319	100	138	168
Landfill										
Waste generated (tons)	179,484	178,898	166,332	168,225	197,810	155,789	172,555	166,594	139,529	138,448
Waste disposed (tons)	96,384	95,762	100,097	103,067	125,610	91,399	83,642	79,292	60,974	61,503
Recreation and Cultural Services										
Parks, Open Space and Cultural Services										
Facility bookings	3,069	4,516	7,409	7,602	6,927	6,716	7,621	7,532	6,877	6,114
Recreation registrations	3,022	7,116	7,144	7,025	7,591	7,295	6,720	6,831	6,218	6,165
Swim admissions	77,148	128,725	200,628	188,127	184,064	178,882	178,289	158,573	130,059	77,022

Sources: Various County Departments

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

⁽²⁾ Prior period restated here consistent with Capital Assets Statistics by Function.

⁽³⁾ New reporting system with more precise tracking capabilities was implemented.

OPERATING INDICATORS BY FUNCTION (CONTINUED)
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Protection										
Agricultural										
Commissioner										
High risk quarantine inspections	453	697	943	1,228	1,394	1,468	1,347	1,293	1,569	1,450
District Attorney										
Criminal Prosecution										
Felony filings	1,462	2,034	2,022	1,859	2,379	1,757	2,113	2,703	2,322	2,164
Juvenile filings	262	348	414	385	591	817	413	652	709	799
Consumer Affairs										
Number of calls received	167	176	226	412	2,198	1,821	2,143	2,040	2,410	2,345
Number of written complaints received	117	138	163	243	148	127	129	121	195	272
Planning										
Building permits issued	5,565	4,009	4,424	4,452	4,463	4,072	4,097	3,487	3,446	2,899
Building permit inspection sites visited	12,925	9,580	9,924	11,979	10,998	9,503	10,084	9,081	8,700	8,601
Code compliance cases resolved	97	91	216	251	114	102	105	77	112	249
Probation										
Juvenile division referrals	n/a	559 ⁽²⁾	693	765	913	980	1,220	1,074	1,160	1,453
Juvenile division petitions filed	n/a	240 ⁽²⁾	298	327	362	430	569	430	445	637
Juvenile court investigations	n/a	53 ⁽²⁾	67	69	54	53	60	62	54	96
Public Defender										
Total cases	6,530	6,300	11,038	10,955	10,900	10,800	10,445	10,910	11,268	10,731
Sheriff/Coroner(Investigation Division)										
Total cases reviewed	n/a	10,581 ⁽²⁾	11,138	10,990	11,072	10,481	10,471	10,425	10,686	10,989
Total arrests	n/a	112 ⁽²⁾	104	64	85	86	168	216	188	98
Detention										
Main jail bookings	6,907	7,411	9,404	9,208	10,641	11,305	10,964	10,487	9,658	10,699
Weights and Measures Establishments										
visited	1,053	1,229	1,537	1,348	1,200	1,200	1,039	1,237	1,043	1,027
Special District										
Mosquito Abatement/Vector Control CSA #53										
Mosquito inspections	13,518	10,501	7,104	7,228	8,423	8,859	6,440 ⁽¹⁾	2,995	3,342	3,885

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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
COUNTY ADMINISTRATIVE OFFICE	15.75	17.00	17.00	22.00	22.00	22.00	18.00	18.00	18.00	18.00
CLERK OF THE BOARD (5 added to CAO)	4.00	5.00	5.00	5	5	-	-	-	-	-
AGRICULTURAL COMMISSIONER ⁽¹⁾	19.81	19.81	18.40	16.40	16.40	16.40	20.40	19.40	19.40	19.60
MOSQUITO ABATEMENT/VECTOR CONTROL	9.00	10.00	10.00	10.00	10.00	10.00	9.00	9.00	8.00	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	29.00	33.25	33.25	33.25	33.25
AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR ⁽²⁾	42.75	45.75	45.75	44.75	42.75	42.75	30.00	29.00	29.00	29.00
BOARD OF SUPERVISORS	17.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
CANNABIS LICENSING	5.00	5.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RECORDER	9.00	9.00	9.00	9.00	9.00	9.00	9.00	11.00	11.00	11.00
COUNTY CLERK/ELECTIONS	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
COUNTY COUNSEL	20.50	20.50	19.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50
DISTRICT ATTORNEY	106.00	106.00	103.00	99.00	97.00	94.00	90.50	89.50	89.50	89.50
CHILD SUPPORT SERVICES	34.00	49.00	49.00	51.00	59.00	59.00	61.00	64.00	63.00	62.00
EMERGENCY SERVICES	1.00	2.00	2.00	2.00	1.50	2.00	2.00	2.00	2.00	2.00
GENERAL SERVICES	9.00	9.00	9.00	9.00	9.00	8.00	8.80	8.80	8.80	8.80
FACILITIES MAINTENANCE	43.00	43.00	42.00	42.00	42.00	42.00	44.00	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	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
SERVICE CENTER	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
HEALTH SERVICES	615.00	607.90	568.20	550.45	531.85	534.30	526.95	512.40	508.05	522.00
HOMELESS SERVICES COORDINATION	2.00	2.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HUMAN SERVICES	525.50	532.50	532.50	530.50	570.00	574.50	515.00	489.50	441.00	435.50
VETERANS SERVICES	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	4.00
INFORMATION SERVICES/TELEPHONE	54.00	57.00	56.00	56.00	56.00	57.00	64.50	64.50	64.50	64.00
INFORMATION SERVICES/COMM. TECH.	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00
PARKS OPEN SPACE & CULTURAL SERVICES	48.00	52.25	49.25	47.50	45.75	44.75	40.80	33.80	34.80	29.80
PERSONNEL	27.00	27.00	27.00	27.00	27.00	25.00	26.50	24.50	24.25	24.25
RISK MANAGEMENT	12.00	12.00	12.00	12.00	12.00	12.00	11.00	11.00	11.00	11.00
PLANNING	72.00	71.50	71.00	66.50	65.25	64.00	65.25	66.00	66.00	63.25
PROBATION	98.50	98.50	97.50	97.25	96.25	91.25	93.25	98.25	93.75	77.50
JUVENILE HALL	30.00	30.00	30.00	30.00	31.00	30.50	30.50	30.50	30.50	30.50
PUBLIC WORKS	270.50	268.80	267.80	262.80	256.80	256.00	267.50	267.50	267.50	272.50
RDA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
SHERIFF-CORONER	192.50	187.50	180.00	175.00	175.00	173.00	173.00	170.00	171.00	171.00
CORRECTIONS	150.00	166.00	152.00	151.00	150.00	151.00	149.00	145.00	164.50	156.50
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 ⁽²⁾	0.00	0.00	0.00	0.00	0.00	0.00	13.75	13.50	13.50	13.50
TOTAL	<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>	<u>2,292.95</u>

Source: Annual Adopted County Budget

⁽¹⁾Weights and Measures was incorporated into the Agricultural Commissioner.

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

**SCHEDULE OF INSURANCE IN EFFECT
JUNE 30, 2021**

COVERAGE	DETAILS OF COVERAGE	LIMITS
Property	CSAC-Excess Insurance Authority Blanket buildings and equipment including EDP, Vehicles, Contractors' Equipment, Boiler & Machinery. All Risk, flood, replacement cost-agreed amount including earthquake at scheduled locations All Risk & Flood Limits Earthquake Limits Deductible	\$ 600,000,000 600,000,000 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 locatoinis 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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public protection										
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	1	1	1	1	1	1	1	1	1	1
Courthouses	3	3	3	3	3	2	3	3	3	3
Morgue	1	1	1	1	1	1	1	1	1	1
Center for Public Safety	2	2	2	2	1	1	1	1	-	-
Public assistance										
Child day care center	-	1	1	1	1	1	1	1	1	1
Elder day care center	1	1	1	1	1	1	1	1	1	1
Residential care facility	1	1	1	1	1	1	1	1	1	1
Volunteer center	1	1	1	1	1	1	1	1	1	1
Veterans centers	2	2	2	2	2	2	2	2	2	2
Behavioral Health Unit	1	1	1	1	1	1	1	1	-	-
Recreation and culture										
Parks acreage	237	236	236	236	228	228	228	228	226	225
Sites	65	65	65	65	63	60	60	60	59	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
Public ways and facilities										
Roads										
Pavement (miles)	600	600	596	596	596	600	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	242	404	2,262	2,262	2,262	2,262	2,262	2,262	2,262
Bridges and major culverts	160	54	137	160	160	160	160	160	160	160
Sanitation										
Pipe (miles)	232	232	245	245	245	245	244	236	236	230
Pump stations/treatment plants	62	62	60	61	61	63	64	63	63	62
General government										
Administrative/other facilities ⁽¹⁾	12	12	12	12	12	12	12	12	11	11

Source: Various County Departments

⁽¹⁾Includes buildings and centers utilized by various departments within different functions.

Glossary (Unaudited)

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021



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).



