

# **THE COUNTY OF SANTA CRUZ**

## **STATE OF CALIFORNIA**

### **Annual Comprehensive Financial Report**

For the Fiscal Year Ended June 30, 2025



Santa Cruz County is known for its unique landscape and diverse microclimates. Geographically positioned between the redwood forests of the Santa Cruz mountains and the beautiful Pacific Ocean, this unique region produces unprecedented agricultural enrichment to this community. Many visitors to Santa Cruz County partake in hiking or walking along our parks and trails only to stumble upon furrowed rows of agricultural crops. It is here that one can find our hidden gems amongst our bountiful crops of food.

One of these amazing hikes is located just above Sunset Beach. Beyond the patches of ice plant covered cliffs lies the property of the once important Mayeda ranch. The Mayeda ranch was part of the larger Japanese American farming community in the Pajaro Valley area of Santa Cruz County around the Watsonville area. Japanese immigrants played a pivotal role in developing the Pajaro Valley's prominent strawberry industry. This pastoral farmland is still cultivated and leased out to the strawberry growers. Due to the perfect sandy soil, farmers in this area still farm year-round.

Santa Cruz soil cultivates some of the world's finest produce. A combination of cool microclimates and fertile soils allow for rich crops of berries and vegetables along the flatlands, while apples, vineyards and livestock span the hillsides. Dedicated farm workers cultivate and harvest an abundance of diverse foods to our local communities and world markets.

# *County of Santa Cruz, California*

*Annual Comprehensive Financial Report  
For the Fiscal Year Ended  
June 30, 2025*

Prepared Under the Direction  
of Laura Bowers  
Auditor-Controller-Treasurer-Tax Collector







# TABLE OF CONTENTS

## INTRODUCTORY SECTION

Letter of Transmittal .....	ii
Organization Chart .....	viii
Directory of Public Officials .....	ix
Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association.....	xi

## FINANCIAL SECTION

Independent Auditor's Report .....	3
Management's Discussion and Analysis .....	8

### *Basic Financial Statements:*

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

■ Statement of Net Position .....	32
■ Statement of Activities .....	34

#### *Fund Financial Statements:*

##### *Governmental Funds Financial Statements:*

■ Balance Sheet .....	42
■ Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position .....	43
■ Statement of Revenues, Expenditures, and Changes in Fund Balances .....	44
■ Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities .....	45

##### *Proprietary Funds Financial Statements:*

■ Statement of Net Position .....	50
■ Statement of Revenues, Expenses, and Changes in Fund Net Position .....	52
■ Statement of Cash Flows .....	53

##### *Fiduciary Funds Financial Statements:*

■ Statement of Fiduciary Net Position .....	57
■ Statement of Changes in Fiduciary Net Position .....	58

Notes to Basic Financial Statements .....	61
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### *Required Supplementary Information:*

Budgetary Principles .....	132
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#### *Budgetary Comparison Schedules:*

■ General Fund .....	134
■ Off-Highway, Road, and Transportation Special Revenue Fund .....	140
■ Housing Fund .....	141

Defined Benefit Pension Plan Schedule of Changes in the Net Pension Liability and Related Ratios .....	142
--	-----

Defined Benefit Pension Plan Schedule of Contributions .....	150
--	-----

# TABLE OF CONTENTS

Defined Benefit OPEB Plan Schedule of Changes in Total OPEB Liability and Related Ratios .....	154
Defined Benefit OPEB Plan Schedule of Contributions.....	155

## *Other Supplementary Information:*

### Budgetary Comparison Schedule:

■ Capital Projects Fund .....	158
■ Debt Service Fund .....	159

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

### *Nonmajor Special Revenue Funds:*

■ Combining Balance Sheet .....	166
■ Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	168

### Budgetary Comparison Schedules:

■ Library Special Revenue Fund .....	170
■ Fire Special Revenue Fund .....	171
■ Fish and Game Special Revenue Fund.....	172
■ Park Dedication and State Park Bonds Special Revenue Fund.....	173
■ Health Services Special Revenue Fund.....	174
■ Santa Cruz Flood Control and Water Conservation – Zone 7 Special Revenue Fund .....	175

### Districts Governed by the Board of Supervisors:

■ Public Protection Special Revenue Fund .....	176
■ Health and Sanitation Special Revenue Fund .....	177
■ Recreation and Cultural Services Special Revenue Fund.....	178
■ Public Ways and Facilities Special Revenue Fund .....	179

### *Nonmajor Enterprise Funds:*

■ Combining Statement of Net Position .....	184
■ Combining Statement of Revenues, Expenses, and Changes in Net Position .....	186
■ Combining Statement of Cash Flows .....	188

### *Internal Service Funds:*

■ Combining Statement of Net Position .....	196
■ Combining Statement of Revenues, Expenses, and Changes in Net Position .....	198
■ Combining Statement of Cash Flows .....	200

### *Fiduciary Funds:*

■ Combining Statement of Fiduciary Net Position - Custodial Funds .....	208
■ Combining Statement of Changes in Fiduciary Net Position - Custodial Funds .....	209
■ Combining Statement of Fiduciary Net Position – Private-purpose Trust Funds.....	210
■ Combining Statement of Changes in Fiduciary Net Position – Private-purpose Trust Funds.....	211

# TABLE OF CONTENTS

STATISTICAL SECTION (UNAUDITED)

Net Position by Component..... 215

Government-Wide Changes in Net Position..... 216

Fund Balances of Governmental Funds..... 218

Changes in Fund Balances of Governmental Funds..... 219

General Fund Tax Revenues by Source..... 220

Property Tax Levies and Collections ..... 221

Assessed Value of Taxable Property and Actual Value of Property ..... 222

Property Tax Rates – Direct and Overlapping Governments ..... 223

Ratios of Outstanding Debt by Type ..... 224

Computation of Legal Debt Margin ..... 225

Statement of Direct and Overlapping Debt ..... 226

Outstanding Debt of the Governmental Activities ..... 227

General Information ..... 228

Property Value, Construction and Bank Deposits..... 229

Special Assessment Billings and Collections ..... 230

Principal Taxpayers ..... 231

Principal Employers ..... 232

Operating Indicators by Function ..... 233

Budgeted Positions..... 235

Schedule of Insurance in Effect ..... 236

Capital Assets Statistics by Function..... 237

Glossary (Unaudited) ..... 241





# Introductory Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025



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AUDITOR-CONTROLLER / TREASURER-TAX COLLECTOR  
701 OCEAN STREET, SUITE 100, SANTA CRUZ, CA 95060-4073  
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December 19, 2025

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, 2025 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 fairly present the financial position and results of operations of the various funds and account groups of the County.

The independent auditors, Brown Armstrong Accountancy Corporation, who have rendered an unmodified ("clean") opinion thereon for the fiscal year ended June 30, 2025, have audited these statements. Their report is provided herein.

The Governmental Accounting Standards Board (GASB) requires management to 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 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, recreation and cultural services, and education. In the public assistance and health areas, the state and federal governments mandate certain minimum levels of service. These functions are required by County ordinance or by state or federal law.

Santa Cruz is located on the Central Coast of California, and is bordered by San Mateo County to the North, Santa Clara County to the East, San Benito and Monterey Counties to the South and the Monterey Bay National Marine Sanctuary to the West. The County of Santa Cruz is the second smallest county in California in terms of land mass and the 25th of 58 counties in terms of population. Approximately half of the County residents live in one of the County's four cities (Capitola, Santa Cruz, Scotts Valley, and Watsonville) with the other half living in the unincorporated area.

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

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 2024-2025, Transient Occupancy Taxes and Sales and Use Taxes both increased from the prior year as the impact of the COVID-19 pandemic continued to decrease throughout the State:

- The County's Transient Occupancy Tax increased by \$0.6 million, or 4.82%, to \$13.4 million during the fiscal year.
- The County's General Fund Sales and Use Tax increased overall by \$8.6 million, or 35.45%, to \$32.9 million. In 2019, Santa Cruz voters passed Measure G, a half-cent sales tax, bringing the unincorporated sales tax rate to 9.5%.

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 4.5% in 2024-2025 and have experienced an annual increase over the last five years of 26.8%. Current property tax revenues increased during the fiscal year by \$7.6 million, or 5.8%. These revenues comprised approximately 71.5% of the County's total tax revenues in the fiscal year 2024-2025.

The County voters passed a Cannabis Business Tax effective November 2014. The County's Cannabis Business Tax decreased in fiscal year 2024-2025 by approximately \$0.7 million, or -22.50%, to \$2.4 million.

Based on the California's Department of Finance Price Factor and Population information published in May 2025, the County's population is estimated to be 263,710 as of January 2025, which is an increase of 1,138, or 0.4%, from the prior year estimated population of 262,572 at January 2024. Compared to the actual April 2020 Census count of 270,861, the January 2025 estimated population count is a decrease of 7,151 persons, or -2.6%.

The County's unemployment rate at June 30, 2025 was 6.0%, 0.4% higher than it was one year ago at 5.6%, and much lower than the high of 17.8% in April 2020 and 6.5% in June 2015. Additionally, the number of workers in the labor force decreased by 6,133, or 0.46%, to 139,600 at June 30, 2025.

The Santa Cruz County real estate market experienced a decrease in value during the fiscal year 2024-2025. According to Zillow.com's Home Value Index, home values decreased by 2.7%, from \$1,145,538 in June 2024 to \$1,114,313 in June 2025.

### *Long-Term Financial Planning*

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

- Total General Fund balance was \$161.9 million at June 30, 2025, a decrease of \$20.3 million from \$182.2 million at June 30, 2024.
- General Fund Committed and Assigned designations totaled \$107.8 million at June 30, 2025, a decrease of \$29.6 million from \$137.4 million at June 30, 2024. Additionally, General Fund restricted fund balances were \$52.3 million, an increase of \$9.2 million from \$43.1 million at June 30, 2024. Of the current \$107.8 million committed and assigned fund balance at June 30, 2025, \$8.4 million is assigned to fund next year's budget.

The County's fund policy states the minimum unrestricted fund balance, which includes all Committed and Assigned General Fund balances, shall be a minimum of 10% of the adopted budget's budgeted operating expenditures. The policy does not include the assignment to eliminate the projected budgetary deficit in the subsequent year's budget. Although not policy, the Board directed during the 2024-2025 budget hearings to have no less than 12.5% of the unrestricted fund balance, excluding the portion reserved to fund the following year's budget. The policy allows the County to preserve necessary flexibility.

At June 30, 2025, the total adopted budgeted Assigned and Committed General Fund balances, which excludes the portion reserved to fund the following year's budget, was \$99.4 million and is equal to 12.5% of the General Fund estimated adopted operating expenditures in the 2025-2026 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 9.3% on its investments for the fiscal year ended June 30, 2024, following gains (losses) of 5.8%, (6.1%), 21.3%, 4.7%, 6.7%, 8.6%, 11.2%, 0.6%, 2.4%, 18.4%, and 12.5% for the years ended June 30, 2023, June 30, 2022, June 30, 2021, June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, June 30, 2014, and June 30, 2013, respectively.

On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.5% to 7.0% using a three-year-phase-in beginning with the June 30, 2016 actuarial valuations. The phase-in of the discount rate changes occurred in the following order: 7.375% for fiscal year 2018-19, 7.25% for fiscal year 2019-20, and 7.0% for fiscal years 2020-21 and thereafter. These discount 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 2022-2024 was 7.75%.

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

County employees also participate in the CalPERS health insurance program, whose average premiums increased by 7.93% in 2024, by 10.75% in 2025, and decreased by 0.56% in 2026.

## MAJOR INITIATIVES

During the 2024-2025 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 added countywide strategies, department objectives, and key steps for achieving the 24 strategic plan goals. The first of the three, two-year operational plans was for 2019-2021. The 2019-21 operational plan had 147 objectives, of which 134 were completed and 13 were withdrawn. The second two-year operational plan is for 2021-23. The plan includes 172 objectives, of which 146 have been completed and 18 have been consolidated. The third two-year operational plan is for 2023-25. The plan includes 149 objectives of which 119 have been completed, 19 have been amended, and 8 are in progress.

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

The following items were completed as of June 30, 2025:

- The Agricultural Commissioner offered a pilot informational course in Spanish on pesticide use and worker safety to at least 40 field workers and supervisors. In addition, the Agricultural Commissioner increased calls by 10 percent from realtors and property management companies responsible for unoccupied properties to enhance vector-related public health reporting and mitigation.
- The Agricultural Extension collaborated with at least 20 local berry growers to reduce irrigation water use by a cumulative total of 50 million gallons.
- The Assessor's Office mailed homeowners' exemption claim forms, in both English and Spanish, to all property owners who may qualify for, but are not currently receiving, the exemption.
- The Auditor-Controller-Treasurer-Tax Collector sent representatives from the Property Tax Administrative Division to at least two senior center events to educate older residents about property tax programs that could benefit them.
- The Cannabis Licensing Office developed and launched a public cannabis dashboard displaying data on the number of retail and non-retail licenses, ownership composition, and total land area by zoning district used for cannabis production.
- Child Support Services increased social media followers by 10 percent across all platforms through targeted bilingual outreach campaigns.
- CDI-Public Works completed all in-house engineering design for 100 percent of upcoming sewer replacement projects not requiring trenchless pipe installation and completed repairs to at least 20 percent of high-priority roads damaged during the January and March 2023 Atmospheric River storms.
- CDI-Planning, in partnership with the County Administrative Office, Health Services, Human Services, and the Sheriff-Coroner, developed coordinated and humane response protocols for addressing humanitarian and environmental needs arising when unhoused individuals camp or park in sensitive habitats within unincorporated areas of the County.
- The County Administrative Office co-led 20 performance management demonstration projects using standardized frameworks and data reporting tools, involving at least 140 County staff, including 50 percent from non-supervisory roles.
- County Clerk-Elections partnered with at least five community organizations to develop strategies for increasing outreach and engagement among South County residents ages 18 to 24.
- County Fire continued modernization of the County fleet, resulting in a 10 percent reduction in overall equipment due to greater reliability and durability.
- The District Attorney's Office increased the number of forensic digital evidence investigations successfully completed by 15 percent and collaborated with education and justice partners to reduce elementary school truancy by 10 percent and chronic absenteeism among kindergarten and first-grade students by 20 percent.
- General Services increased the proportion of electric vehicles in the County fleet by 10 percent and reduced the number of low-use vehicles (<7,000 mi/yr) by 10 percent, improving operational efficiency and sustainability, and completed a comprehensive Facilities Condition Assessment of all department-maintained properties.



- HSA–Behavioral Health assessed 90 percent of Medi-Cal beneficiaries receiving SMH and DMC-ODS services for primary care linkage and addressed unmet needs through Medi-Cal Managed Care Plans.
- HSA–Environmental Health conducted 100 percent of food booth inspections using a revised standard informed by community input.
- HSA–Public Health partnered with the Santa Cruz County Health Care Coalition to double the response rate to California Health Alert Network (CAHAN) emergency notification drills, strengthening preparedness across the health care system.
- Human Services collaborated with First 5, Health Services, and Home Visiting Program partners to collect demographic data, including race and ethnicity, for over 70 percent of participants, and reduced by 17 percent the average number of placement changes that children in foster care experience per year.
- Information Services partnered with Santa Cruz Regional 9-1-1, all fire agencies, four cities, and other first responder agencies to develop an RFP and award to a vendor, as well as establish governance and financial models to support implementation of the Next Generation radio system.
- The Office of Response, Recovery and Resilience (OR3) led two tabletop and two functional emergency management exercises to strengthen County and partner agency disaster preparedness, response, and recovery efforts, including testing of the new earthquake hazard plan and Alert and Warning tool.
- Parks replaced sand in five playgrounds with a safer, more accessible material to improve safety for children and families in County parks.
- Personnel Equal Employment Opportunity (EEO) and the County Administrative Office, in collaboration with County departments, tracked and reported each department's progress toward diversity, equity, and inclusion goals established in the 2022-2024 Equal Employment Opportunity and Cultural Competence (EEO/CC) Plan.
- Probation increased pre-arraignment release recommendations by 35 percent to promote equitable paths for release and advance pretrial practices, and further expanded access to treatment and intervention services for individuals under supervision and monitoring by partnering with contractors to provide at least 20 percent of services during evenings and weekends.
- The Public Defender provided full holistic intakes and outcome reporting for 75 percent of clients whose cases originated between June 2023 and June 2024.
- The Sheriff-Coroner completed replacement of the 30-year-old Main Jail control monitoring system, enhancing the safety and security of inmates, staff, and the public, and reported on the number of diversions in which individuals were served at the Sober Center instead of being booked into jail.

The following items are in-process as of June 30, 2025:

- The City of Santa Cruz, in partnership with the Regional Transportation Commission and County Parks, is finalizing design and right-of-way acquisition for 2.2 miles of multi-use path along the Santa Cruz Branch Rail Line from Pacific Avenue to 17th Avenue.
- Parks, in partnership with the Regional Transportation Commission and City of Capitola, is advancing final design and right-of-way acquisition for 4.2 miles of multi-use path along the Santa Cruz Branch Rail Line from 17th Avenue to State Park Drive.
- The Sheriff-Coroner has completed construction of the DNA laboratory and is on track to reduce DNA processing time for property crime cases by 40 percent compared to the California Department of Justice by June 2026.
- HSA–Behavioral Health completed construction of the Children's Crisis Center (the Center). The Center will include a Crisis Stabilization Program (CSP) with 8 beds and a Crisis Residential Program (CRP) with 16 beds to serve youth, regardless of insurance status. The CSP is scheduled to open in January 2026 and the CRP is scheduled to open in March 2026.
- General Services is expanding electric vehicle charging infrastructure in North and South County, adding 40 charging ports for both public and County use.
- CDI–Public Works is replacing 100 percent of hydraulic oil grinders in Sanitation District pump stations with electric technology to reduce noise, eliminate oil waste, and decrease maintenance requirements.

## 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 auditor's report on the financial statements is included in the financial section of this report. The auditor's 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, 2024. 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, 2024. 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.

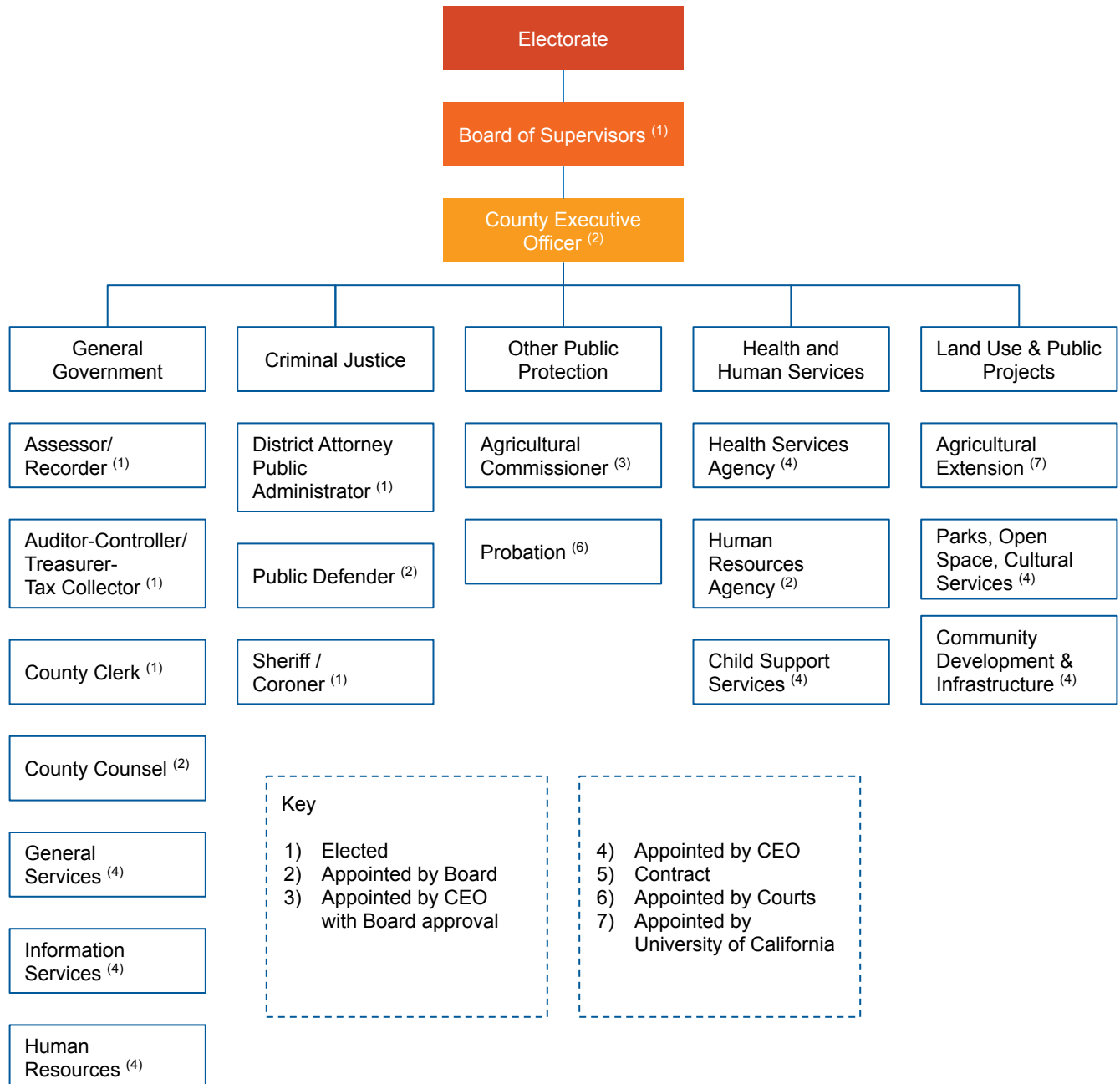
Respectfully submitted,



Laura Bowers, CPA, CPFO  
Auditor-Controller-Treasurer-Tax Collector

# COUNTY OF SANTA CRUZ

## ORGANIZATION CHART





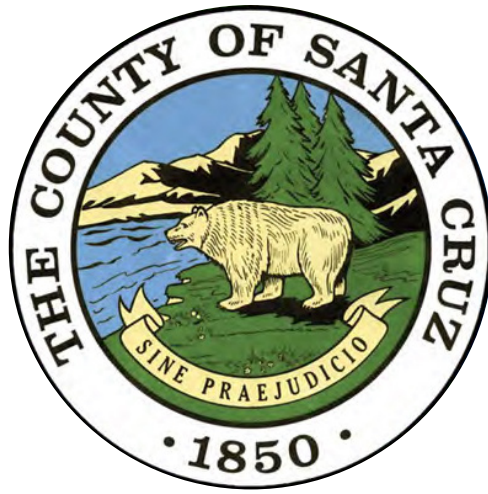
## Directory of Public Officials

### Elected Officers

		<u>Term ends</u>
Supervisor, 1st District	Manu Koenig	January 2029
Supervisor, 2nd District	Kimberly De Serpa	January 2029
Supervisor, 3rd District	Justin Cummings	January 2027
Supervisor, 4th District	Felipe Hernandez	January 2027
Supervisor, 5th District	Monica Martinez	January 2029
State Senator, 17th District	John Laird	December 2028
State Assembly, 28th District	Gail Pellerin	December 2026
State Assembly, 29th District	Robert Rivas	December 2026
State Assemblyman, 30th District	Dawn Addis	December 2026
U.S. Congressman, 19th District	Jimmy Panetta	January 2027
U.S. Senator	Adam Schiff	January 2031
U.S. Senator	Alex Padilla	January 2029
U.S. Congresswoman, 18th District	Zoe Lofgren	January 2027
Assessor-Recorder	Sheri Thomas	January 2027
Auditor-Controller-Treasurer-Tax Collector	Laura Bowers	January 2027
County Clerk-Elections	Tricia Webber	January 2027
District Attorney-Public Administrator	Jeff Rosell	January 2029
Sheriff-Coroner	Christopher Clark	January 2029

### Appointed Officers

Administrative Officer	Carlos J. Palacios
Agricultural Commissioner	David Sanford
Chief Probation Officer	Fernando Giraldo
County Counsel	Jason Heath
Director of Agricultural Extension	Mark Bolda
Director of Child Support Services	Jamie Murray
Director of General Services	Kimberly Finley
Director of Information Services	Tammie Weigl
Director of Human Services Department	Randy Morris
Director of Community Development & Infrastructure	Matt Machado
Director of Parks, Recreation and Cultural Services	Jeff Gaffney
Health Officer	Dr. Lisa Hernandez
Health Services Agency Director	Monica Morales
Personnel Director	Ajita Patel
Veteran's Services Officer	Andre Samayoa





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

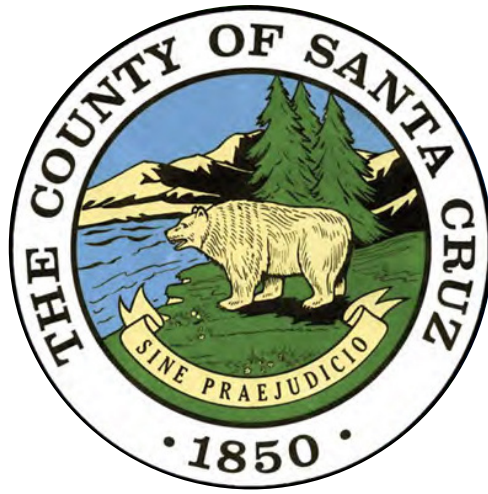
**County of Santa Cruz  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO



# Financial Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025





## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Santa Cruz, California (the County), as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Budgetary Comparisons for the Capital Projects Fund and the Debt Service Fund, and the combining and individual nonmajor fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparisons for the Capital Projects Fund and the Debt Service Fund, and the combining and individual nonmajor fund financial statements and schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

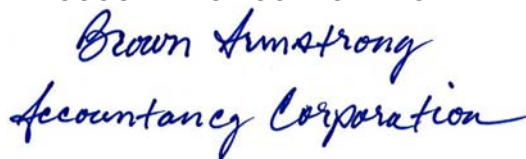
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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, flowing style.

Bakersfield, California  
December 19, 2025

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# Management's Discussion and Analysis

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS  
June 30, 2025

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, 2025. 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.

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. The difference in assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is 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, recreation and cultural services, and education. 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 32-35 of this report.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related funds 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 the funds of the County can be divided into the following 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, capital projects, and debt service). 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; Capital Projects Fund; and the Debt Service 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 42-45 of this report.

**Proprietary funds** are used to account for services provided to 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, but 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 following operations: County Disposal Sites CSA 9C, Boulder Creek CSA 7, Rolling Woods CSA 10, Septic Tank Maintenance CSA 12, Freedom County Sanitation District, Davenport County Sanitation District, Place de Mer CSA 2, Sand Dollar Beach CSA 5, and Trestle Beach CSA 20.
- **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, general services, 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 50-54 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 maintained by the County are the custodial fund, investment trust fund, and private purpose trust funds. As 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 57-58 of this report.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential for 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 62-129 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 for individual functional units within the General Fund, Special Revenue Funds, Capital Projects Funds, and Proprietary Funds. Budgets are adopted for all funds except for the Geological Hazard Abatement Districts. A budgetary comparison schedule has been provided for the General Fund, Off Highway, Road and Transportation Fund, Housing Fund, Capital Projects Fund, and Debt Service Fund to demonstrate compliance with these budgets. These can be found on pages 131-155 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.

**FINANCIAL HIGHLIGHTS****Government-Wide Financial Statements**

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. Over the past 2024-25 fiscal year, the County of Santa Cruz experienced a decrease in its net position of \$20,828,980, or 6.2%, to \$334,249,669. Net position is defined as assets and deferred outflows of resources less liabilities and deferred inflows of resources. The change includes a decrease in net position for governmental activities of \$25.1 million, and an increase of net position for business-type activities of \$4.2 million.

During the current fiscal year, the County's restated net position decreased by \$20.8 million. The net position of \$355.1 million, as previously stated, decreased by \$23,301 related to the correction of an error. A detailed explanation of the error correction can be found in Note 20, Changes to or Within the Financial Reporting Entity, on page 125.

The County's unrestricted net position of negative \$580,368,578 decreased by \$56,918,271 from the prior year. This amount consists of net position that does not meet the definition of restricted net position or net investment in capital assets. The majority of negative unrestricted net position is primarily the result of the County's unfunded portion of pension and unfunded OPEB obligations, due to the implementation of GASB Statement Nos. 68 and 75, offset by positive unrestricted net position, which is predominantly in the County's General Fund.

The County's net investment in capital assets of \$722,645,847, or 216% 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 \$902,362,463, less the related outstanding debt of \$205,774,743 used to acquire those assets. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, as the capital assets cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$191,972,400, or 57% of total net position, represents resources that are subject to external restrictions on how they may be used. Of the total, 21% is restricted for capital asset acquisition, 64% is dedicated to public ways and facilities, 14% is restricted for public safety, and the rest is restricted for debt service, health, and various County imposed purposes.

## County of Santa Cruz Net Position

	Governmental Activities		Business-Type Activities		Total		
	2025	2024 as restated	2025	2024 as restated	2025	2024 as restated	Dollar Change
<b>Assets:</b>							
Current and other assets	\$ 647,170,796	\$ 656,275,540	\$ 44,238,739	\$ 41,727,376	\$ 691,409,535	\$ 698,002,916	\$ (6,593,381)
Capital assets	853,252,901	836,735,836	49,109,562	47,850,832	902,362,463	884,586,668	17,775,795
Total assets	1,500,423,697	1,493,011,376	93,348,301	89,578,208	1,593,771,998	1,582,589,584	11,182,414
<b>Deferred outflows of resources</b>	153,047,143	193,552,611	-	-	153,047,143	193,552,611	(40,505,468)
<b>Liabilities:</b>							
Current and other liabilities	302,001,332	273,340,818	3,364,225	4,411,413	305,365,557	277,752,231	27,613,326
Long-term liabilities	1,039,884,689	1,064,695,525	24,377,682	23,759,487	1,064,262,371	1,088,455,012	(24,192,641)
Total liabilities	1,341,886,021	1,338,036,343	27,741,907	28,170,900	1,369,627,928	1,366,207,243	3,420,685
<b>Deferred inflows of resources</b>	42,778,595	54,677,059	162,949	179,244	42,941,544	54,856,303	(11,914,759)
<b>Net position:</b>							
Net investment in capital assets	682,820,219	657,050,822	39,825,628	37,935,743	722,645,847	694,986,565	27,659,282
Restricted	191,306,929	182,936,786	665,471	605,605	191,972,400	183,542,391	8,430,009
Unrestricted	(605,320,924)	(546,137,023)	24,952,346	22,686,716	(580,368,578)	(523,450,307)	(56,918,271)
Total net position as restated	\$ 268,806,224	\$ 293,850,585	\$ 65,443,445	\$ 61,228,064	\$ 334,249,669	\$ 355,078,649	\$ (20,828,980)

## Analysis of Net Position

**Governmental activities.** Current and other assets in governmental activities decreased by \$9.1 million from the prior year, driven primarily by a \$7.6 million reduction in restricted cash in the debt service fund and a \$4.0 million decrease in amounts due from other funds. The balance due from other funds is primarily made up of one-day cash loans between funds at year-end. In the prior year, several funds required temporary cash support, resulting in a higher balance; these loans were not needed to the same extent in fiscal year 2024-25, contributing to the decrease in current assets. These decreases were partially offset by \$1.1 million in new housing loans for County residents, in addition to other individually immaterial increases.

The decrease in restricted cash resulted from the use of previously issued bond proceeds for capital project spending. In fiscal year 2023-24, the County issued \$78.5 million in bonds for capital projects and debt refunding, leaving \$32.1 million in restricted cash at the end of fiscal year 2023-24. With no new bonds issued in 2024-25, these funds were drawn down to \$24.5 million to pay for ongoing capital projects. These reductions were partially offset by a \$1.1 million increase in loans receivable, resulting in a net \$9.1 million decrease in current and other assets.

Capital assets increased by \$16.5 million, primarily due to construction in progress for the Juvenile Hall renovation, the first major upgrade to the facility since it opened nearly 60 years ago. Construction began in February 2024 and includes improvements to infrastructure, living and support areas, program and recreation spaces, and safety and accessibility upgrades. These costs were capitalized as construction in progress during the year, accounting for the increase in capital assets.

Current and other liabilities increased by \$21.6 million from the prior year, primarily due to a \$19.1 million increase in the Tax Revenue Anticipation Note (TRAN). The TRAN is a short-term borrowing issued annually to provide cash flow when expenditures occur before property tax revenues are received. Accrued salaries and benefits payable increased by \$7.4 million, reflecting the timing of the next payroll, which fell closer to the end of the 2024-25 fiscal year end than in the prior year. Estimated claims increased by \$2.3 million, and the current portion of long-term

liabilities increased by \$1.1 million. These increases were partially offset by a \$9.4 million decrease in unearned revenue, related primarily to FEMA and State disaster relief funds received in 2023-24 for the 2017 winter storms that were recognized as revenue in 2024-25.

Long-term liabilities, which consist of bonds, notes, leases, subscription-based information technology arrangements, compensated absences, and postemployment benefit obligations, decreased by \$17.1 million from the prior year. The decrease was primarily due to \$17.9 million in scheduled debt service payments. No new long-term debt was issued during the year, resulting in a net reduction in long-term obligations.

Deferred outflows and deferred inflows of resources decreased by \$40.5 million and \$11.9 million, respectively. The decreases were primarily due to reductions in amounts related to the County's pension and other postemployment benefits (OPEB) obligations, reflecting updated actuarial assumptions, plan contributions, and changes in the fair value of pension plan assets.

**Business-type activities.** Current assets in business-type activities increased by \$2.5 million from the prior year. The increase was primarily due to a \$4.3 million rise in cash and a \$4.0 million decrease in the balance due from other funds, which is reported as a negative amount in "Due to other funds" on the government-wide statements. These increases were partially offset by a \$5.4 million decrease in receivables. In 2023-24, some proprietary funds had negative cash balances, resulting in a higher balance reported in "due to other funds". During 2024-25, these funds received payments that reduced receivables and eliminated their negative cash positions, lowering the balance of "due to other funds."

Net capital assets increased by \$1.3 million, primarily due to an increase of \$2.5 million in construction in progress for the Davenport County Sanitation District's drought-relief water project. This project involves expanding and improving water infrastructure to enhance system reliability during drought conditions. The increase was partially offset by routine depreciation on existing assets.

## County of Santa Cruz Change in Net Position

	Governmental Activities		Business-Type Activities		Total			
	2025	2024	2025	2024	2025	2024	Dollar Change	%
<b>Revenues:</b>								
Program Revenues:								
Charges for services	\$ 141,687,163	\$ 119,442,236	\$ 32,333,954	\$ 32,717,763	\$ 174,021,117	\$ 152,159,999	\$ 21,861,118	14.4%
Operating grants and contributions	414,094,809	488,720,331	658,759	6,493,729	414,753,568	495,214,060	(80,460,492)	(16.2%)
Capital grants and contributions	30,394,045	47,180,018	3,192,014	1,296	33,586,059	47,181,314	(13,595,255)	(28.8%)
General Revenues:								
Property taxes	161,878,437	152,963,082	57,449	53,400	161,935,886	153,016,482	8,919,404	5.8%
Other taxes	60,110,454	51,233,013	-	-	60,110,454	51,233,013	8,877,441	17.3%
Investments earnings	25,657,751	18,190,874	2,186,070	1,216,491	27,843,821	19,407,365	8,436,456	43.5%
Miscellaneous	10,267,465	16,531,346	224,293	241,514	10,491,758	16,772,860	(6,281,102)	(37.4%)
Gain on sale of assets	5,001,907	189,327	32,332	16,975	5,034,239	206,302	4,827,937	2340.2%
Total revenues	849,092,031	894,450,227	38,684,871	40,741,168	887,776,902	935,191,395	(47,414,493)	(5.1%)
<b>Expenses:</b>								
General government	65,260,909	59,381,215	-	-	65,260,909	59,381,215	5,879,694	9.9%
Public protection	253,846,749	230,295,560	-	-	253,846,749	230,295,560	23,551,189	10.2%
Public ways and facilities	48,292,215	44,314,477	-	-	48,292,215	44,314,477	3,977,738	9.0%
Health and sanitation	264,953,320	250,822,964	-	-	264,953,320	250,822,964	14,130,356	5.6%
Public assistance	201,094,461	194,719,693	-	-	201,094,461	194,719,693	6,374,768	3.3%
Education	9,491,973	8,014,036	-	-	9,491,973	8,014,036	1,477,937	18.4%
Recreation and cultural services	18,898,177	18,099,996	-	-	18,898,177	18,099,996	798,181	4.4%
Interest and fiscal charges	12,239,575	12,831,657	-	-	12,239,575	12,831,657	(592,082)	(4.6%)
County Disposal Sites								
CSA 9C	-	-	28,519,303	23,506,754	28,519,303	23,506,754	5,012,549	21.3%
Boulder Creek CSA	-	-	696,300	632,180	696,300	632,180	64,120	10.1%
Rolling Woods CSA	-	-	24,585	27,212	24,585	27,212	(2,627)	(9.7%)
Septic Tank								
Maintenance CSA	-	-	2,342,065	2,010,957	2,342,065	2,010,957	331,108	16.5%
Freedom County Sanitation District	-	-	1,453,372	1,710,841	1,453,372	1,710,841	(257,469)	(15.0%)
Davenport County Sanitation District	-	-	919,213	763,403	919,213	763,403	155,810	20.4%
Place De Mer CSA	-	-	101,180	154,773	101,180	154,773	(53,593)	(34.6%)
Sand Dollar Beach CSA	-	-	387,446	352,064	387,446	352,064	35,382	10.0%
Trestle Beach CSA	-	-	85,039	84,255	85,039	84,255	784	0.9%
Total expenses	874,077,379	818,479,598	34,528,503	29,242,439	908,605,882	847,722,037	60,883,845	7.2%
<b>Revenues over/(under) expenses</b>	(24,985,348)	75,970,629	4,156,368	11,498,729	(20,828,980)	87,469,358	(108,298,338)	(123.8%)
Transfers	(59,013)	-	59,013	-	-	-	-	100%
<b>Change in Net Position</b>	(25,044,361)	75,970,629	4,215,381	11,498,729	(20,828,980)	87,469,358	(108,298,338)	(123.8%)
Net Position, beginning, as restated	293,850,585 <sup>(1)</sup>	217,879,956 <sup>(1)</sup>	61,228,064 <sup>(1)</sup>	49,729,335 <sup>(1)</sup>	355,078,649 <sup>(1)</sup>	267,609,291 <sup>(1)</sup>	87,469,358	32.7%
<b>Net Position, end of year</b>	<u>\$ 268,806,224</u>	<u>\$ 293,850,585 <sup>(1)</sup></u>	<u>\$ 65,443,445</u>	<u>\$ 61,228,064 <sup>(1)</sup></u>	<u>\$ 334,249,669</u>	<u>\$ 355,078,649 <sup>(1)</sup></u>	<u>\$ (20,828,980)</u>	<u>(5.9%)</u>

(1) Net position balances have been restated based on Restatements of Beginning Balances described in Note 20

### Analysis of Change in Net Position

During the current fiscal year, the County's restated net position decreased by \$20.8 million. The net position as previously stated of \$355.1 million was decreased by \$23,301 related to the correction of an error. A detailed explanation of the error correction can be found in Note 20, Changes to or Within the Financial Reporting Entity, on page 125.

**Governmental activities** decreased the County's net position by \$25.0 million. The total decrease accounts for an 8.5% change to the net position of Governmental activities.

The total of program revenues and general revenues decreased by \$45.4 million, or 5.1%, from the prior year. The decline was driven primarily by a \$74.6 million decrease in operating grants and contributions, a \$16.8 million decrease in capital grants and contributions, and a \$6.3 million decrease in miscellaneous revenue. These reductions were partially offset by increases in charges for services, property taxes, other taxes, and investment earnings of \$22.2 million, \$8.9 million, \$8.9 million, and \$7.5 million, respectively.

The changes in governmental activities correspond directly to the revenue changes in the governmental funds. In the governmental funds, aid from other governments decreased by \$91.2 million. This decrease correlates to the combined reduction in operating grants and contributions and capital grants and contributions, each reported in the governmental activities. Aid from other governments in the fund statements is disaggregated in the government-wide statements into operating grants and contributions and capital grants and contributions. Thus, the \$75.6 million reduction in operating grants and contributions, together with the \$16.8 million reduction in capital grants and contributions, aligns with the fund-level decline of \$91.2 million.

These decreases were driven largely by nonrecurring revenues recognized in FY 2023-24:

- One-time Public Assistance Grant: In FY 2023-24, the County received \$39 million from the California Office of Emergency Services for COVID-19 disaster-related expenditures. No comparable revenue was recognized in FY 2024-25.
- Short-Doyle/Medi-Cal: Although Short-Doyle/Medi-Cal revenue was \$12.4 million higher in FY 2024 in the governmental funds, this reflected one-time CalAIM transition adjustments (retroactive reconciliations and updated rate methodologies). These nonrecurring items elevated prior-year operating grants and contributions but did not recur in FY 2024-25.
- Federal Highways Administration: FY 2023-24 included \$28.5 million of one-time federal aid related to 2023 winter storm damage, contributing to both prior-year operating and capital grant revenue that did not recur in FY 2024-25.

Despite the significant drop in intergovernmental revenue, several revenue categories increased in FY 2024-25:

- Charges for Services increased by \$22.2 million in governmental activities, consistent with the \$24.1 million increase reported in the governmental funds. Key drivers include the following:
  - Health fees (+\$15.1 million): Related to the implementation of the EPIC electronic health record and revenue-cycle system, which improved charge capture, standardized documentation, and cleared backlogged services.
  - Legal settlements (+\$4.2 million): Recording the County's share of statewide opioid settlement payments.
  - Road and street services (+\$2.7 million): Reflecting higher development-related impact fees due to increased building activity and updated fee schedules.
- Property taxes and other taxes each increased by \$8.9 million, mirroring fund-level activity:
  - Sales and use tax (+\$8.6 million): Driven by the implementation of Measure K, which increased the unincorporated sales tax rate from 9.0% to 9.5% effective July 1, 2024.
  - Secured property tax (+\$6.5 million): Resulting from a \$3.6 billion (5.95%) increase in the County's assessed property values, driven by reassessments from sales, new construction, and processing of delayed assessments tied to disasters and Proposition 19.



- Investment Earnings increased by \$7.5 million in governmental activities, consistent with a \$6.6 million increase in the governmental funds:
  - The increase primarily reflects improved investment market conditions during FY 2024-25, which resulted in a \$5.7 million recovery in investment values following market declines in 2022 that were partially recovered in FY 2022-23 and FY 2023-24.
  - As market values improved, the difference between the fair value and cost of investments became immaterial by the end of FY 2024-25, and no additional valuation adjustment was required.

Overall, the decrease in governmental activities revenue is largely the result of prior-year one-time disaster and program revenues that were not repeated in FY 2025. These declines were partially offset by increases in taxes, charges for services, and investment earnings, consistent with activity in the governmental funds.

Expenditures for governmental activities generally reflect the same trends as those reported in the governmental funds, with differences arising primarily from the conversion to the accrual basis of accounting and the allocation of internal service fund activity. Governmental activities expenses incorporate long-term cost elements—such as depreciation, pension and OPEB expense, and changes in long-term liabilities— which are not recorded in the governmental funds. In addition, the net income of internal service funds is allocated to the functions they support, which adjusts total expenses at the government-wide level. After these adjustments, the overall expenditure trends for governmental activities remain consistent with the underlying increases and decreases reported in the governmental funds.

Overall increase (decrease) in expense by function is as follows:

	Amount	Percentage increase (decrease)
General government	\$ 5,879,694	9.9%
Public protection	23,551,189	10.2%
Public ways and facilities	3,977,738	9.0%
Health and sanitation	14,130,356	5.6%
Public assistance	6,374,768	3.3%
Education	1,477,937	18.4%
Recreation and cultural services	798,181	4.4%
Interest and fiscal charges	(592,082)	(4.6%)
	<u>\$ 55,597,781</u>	6.8%

- Business-type activities** increased the County’s net position by \$4.2 million. Total revenues decreased by \$2.0 million from \$40.7 million to \$38.7 million, and expenses increased by \$5.3 million, from \$29.2 million to \$34.5 million. Revenues remained above expenses, however, resulting in an increase to net position. The primary cause of the increase in expenses related to County Disposal Sites CSA 9C, with a \$4.6 million increase in services and supplies that resulted from higher disposal costs. The higher disposal costs comprised an unexpected rate increase, significantly expanded planning and engineering work for the Buena Vista Transfer Station project, and a renegotiated recycling center contract.

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

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 balances 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 Fund, and Capital Projects Fund.

At June 30, 2025, the County's governmental funds reported combined ending fund balances of \$353,228,006, a decrease of \$11,906,193 in comparison with the prior year. The components of total fund balance are as follows (see Note 19 – Fund Balances):

- Nonspendable fund balance of \$1,807,310 consists of amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and is currently made up of prepaid expenses.
- Restricted fund balance of \$243,575,959 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., road and transportation fund, housing fund, flood control, library) of \$151,760,594, (2) amounts restricted for capital asset acquisition of \$4,666,233, (3) amounts restricted for debt service of \$34,880,102, and (4) other various restricted balances related to state, federal, grant-related, and other enabling legislation. Total restricted fund balance increased by \$16,860,490, made up of increases in restricted fund balances for General Fund of \$9.2 million, Housing Fund of \$3.3 million, Capital Fund of \$2.5 million, Debt Service Fund of \$2.8 million and other various Nonmajor Governmental Funds of \$10.0 million. These increases were offset by a decrease of \$11.0 million in the restricted fund balance for the Off Highway, Road, and Transportation Fund.
- Committed fund balance of \$33,489,215 consists of amounts for specific purposes determined by the Board of Supervisors, which includes (1) Natural Disasters of \$4,491,848, (2) Working Capital of \$6,000,000, (3) Strategic Reserve of \$20,000,000 and (4) Mental Health Services Act (MHSA) Prudent Reserve of \$2,997,367. Committed fund balance increased by \$41,469 due to an increase to the MHSA Prudent Reserve.
- Assigned fund balance of \$74,355,522 represents amounts that are intended for specific purposes and are established by the Board of Supervisors or an official or body delegated by the governing body. Examples of assigned fund balances are federally qualified health programs of \$39,043,034 and human services programs of \$7,585,506. Assigned balance decreased by \$42.1 million from the prior year largely due to a \$12.2 million decrease in assigned balances for federally qualified health programs and a \$31.0 million projected budgetary deficit in the subsequent year, all of which was partially offset by a \$1.1 million increase in assigned fund balances for other purposes. Assigned fund balances for other purposes include assignments for health services programs, emergency response, planning, and environmental impact purposes.
- Unassigned fund balance is currently \$0, which is an increase of \$721,939 from the prior fiscal year.

Revenues for governmental functions totaled \$843,167,591 in fiscal year 2024-2025, which represents a decrease of \$45,160,803, or 5.1%, from fiscal year 2023-2024. Expenditures for governmental functions totaling \$866,592,578 decreased by \$25,955,726, or 2.91%, from fiscal year 2023-2024. In fiscal year 2024-2025, other financing sources exceeded other financing uses by \$2,648,601.

The General Fund is the primary operating fund of the County. At June 30, 2025, the General Fund's total fund balance was \$161,921,077, of which \$1,807,310 was nonspendable and \$160,113,767 was spendable. The spendable fund balance consists of \$33,489,215 in committed fund balance, \$74,355,522 in assigned fund balance, and \$52,269,030 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 \$728,448,954. Total fund balance is 22.2% of total General Fund expenditures, while spendable fund balance is 22.0% of total General Fund expenditures.

**General Fund** nonspendable fund balance increased by \$81,902 from the prior year due to an increase in prepaid expenditures.

The General Fund's total fund balance decreased by 11.13%, or \$20,276,334, at June 30, 2025. The decrease was primarily driven by the nonrecurrence of \$39 million in Public Assistance Grant revenue received in the prior fiscal year from the State of California, Office of Emergency Services, related to the COVID-19 pandemic. This revenue did not recur in fiscal year 2024-25. This decrease was largely offset by a \$16.0 million increase in tax revenues, driven by the following:

- Sales and use tax revenues, resulting from the implementation of Measure K, which increased the unincorporated sales tax rate from 9.0% to 9.5%
- Property tax revenues, resulting from a 5.95% increase in assessed property values related to reassessments on sales, new construction, and processing of delayed assessments tied to disasters and Proposition 19.

Spendable balances decreased \$20,358,236 from \$180,472,003 to \$160,113,767, primarily in the following areas:

Restricted fund balance:

- Restricted fund balance increased by \$9,212,288 primarily due to:
  - An increase of \$8,973,242 for Health Care Programs
  - An increase of \$2,549,492 for Probation Programs
  - A decrease of \$2,362,727 for District Attorney Fraud programs

Assigned fund balance:

- General Fund assigned balance decreased by \$42,062,372 from the prior year largely due to:
  - A decrease in the Assignment for Federally qualified health programs of \$12,188,177
  - A decrease in the Assignment to Eliminate Projected Budgetary Deficit in Subsequent Year's Budget of \$30,965,866
  - A decrease in the Assignment for other purposes of \$1,091,671, including human services programs, emergency response, planning, and environmental impact purposes

**Off Highway, Roads, and Transportation Fund** is a fund type used to account for and report the County's financial resources that are restricted, committed, or assigned for the construction and maintenance of County roads and other transportation activities. At June 30, 2025, the fund had a total fund balance of \$6,858,286, a decrease of \$10,972,085 compared to the prior fiscal year. The decrease in fund balance was due to a decrease in revenues of \$39.8 million, primarily in aid from other governments. The decrease in revenue was accompanied by a decrease in expenditures of \$47.0 million, resulting in a decrease in overall fund balance. However, since the primary source of revenue for the Off Highway, Roads and Transportation Fund is from state and federal reimbursement grants, expenditures were higher than revenue due to timing differences in unreimbursed expenditures.

**Housing Fund** is a fund type used to account for and report the County's financial resources that are restricted, committed, or assigned for the County's housing programs, including grant programs and housing rehabilitation. At June 30, 2025, the Housing Fund's total fund balance was \$93,220,273, all of which is spendable (restricted) for the purpose of the fund. A \$3,333,294 increase in the fund balance was primarily the result of the receipt of \$8,000,000 from the California Department of Housing and Community Development for the Harvey West Studios Supportive Housing project, designed to develop affordable housing and reduce barriers to housing solutions. The increase was partially offset by a decrease of \$2,170,000 related to revenue from Project Homekey, which was carried out in prior fiscal years. Project Homekey was a program administered by the California Department of Housing and Community Development to create opportunities for agencies to acquire hotels, motels, apartments, and other buildings to provide long-term homes for people experiencing, or at risk of, homelessness. Expenditures remained fairly consistent, only increasing by \$617,934.

**Capital Projects Fund** is a fund type used to account for and report financial resources that are restricted, committed, or assigned for capital projects, including acquisition of land and construction of major facilities. The spendable (restricted) fund balance for the Capital Projects Fund is \$4,666,233 at June 30, 2025. Since most of the revenue in the Capital Projects Fund is from drawdowns for project costs, increases and decreases in the fund balance are primarily a result of timing differences between outlays for project costs and reimbursements for those costs.

**Debt Service Fund** is a fund type used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. The unspent cash balance of bonds issued is also reported in the Debt Service Fund. The Debt Service Fund had a total spendable (restricted) fund balance of \$34,880,102 at June 30, 2025, an increase of \$2,761,386 from the prior fiscal year. The fund balance in the Debt Service Fund is primarily related to the unspent portions of bond proceeds. There is also a cash balance of \$11.1 million restricted for future capital projects.

The following table presents the amount of revenues for all governmental funds, disaggregated by type, and the related increases or decreases from the prior year:

Revenues Classified by Source					
Governmental Funds	2025	% of Total	2024	% of Total	Change
Taxes	\$ 221,988,890	26.33%	\$ 204,196,096	22.99%	\$ 17,792,794
Licenses and permits	16,713,968	1.98%	16,939,055	1.91%	(225,087)
Fines, forfeits and penalties	5,717,216	0.68%	6,638,126	0.75%	(920,910)
Use of money and property	23,465,407	2.78%	16,855,264	1.90%	6,610,143
Aid from other governments	444,439,680	52.71%	535,645,455	60.28%	(91,205,775)
Charges for services	120,574,237	14.30%	96,450,815	10.86%	24,123,422
Other	10,268,193	1.22%	11,603,583	1.31%	(1,335,390)
Total	\$ 843,167,591	100.00%	\$ 888,328,394	100.00%	\$ (45,160,803)

Total revenues decreased by \$45.2 million from the prior year. The majority of the decrease was in aid from other governments, which decreased by \$91.2 million from the prior fiscal year, primarily due to the following:

- In fiscal year 2023-24, one-time Public Assistance Grant revenue of \$39 million was received from the State of California, Office of Emergency Services for the COVID-19 disaster for claims for expenditures related to the COVID-19 disaster.
- Short-Doyle/Medi-Cal revenue was \$12.4 million higher in fiscal year 2023-24, primarily due to one-time CalAIM transition payments, such as retroactive reconciliations and updated rate methodologies. Because these adjustments were tied to statewide payment reform rather than ongoing service levels, FY 2023-24 reflects a temporary spike in revenue.
- In fiscal year 2023-24, one-time aid of \$28.5 million from the Federal Highways Administration for damage caused by the 2023 winter storms was recognized as revenue.

The decreases were partially offset by increases in taxes, use of money and property, and charges for services of \$17.8 million, \$6.6 million, and \$24.1 million, respectively. The details are explained below.

Of the \$17.8 million increase in taxes, \$8.6 resulted from an increase in sales and use tax attributable to a 5% sales tax rate increase approved by Measure K, which was adopted by voters on March 5, 2024 and became effective July 1, 2024, raising the unincorporated area rate from 9.0% to 9.5%.

Secured property tax revenue increased by \$6.5 million. The increase in secured-property tax revenue for fiscal year 2024-25 reflects substantial growth in the County's taxable property base. The County's 2025–26 Assessment Roll reached a record \$64.7 billion, up \$3.6 billion, or 5.95%, over the prior year. This growth was driven primarily by recent property sales, which triggered a reassessment of market value, new residential and commercial construction, and the completion of a backlog of deferred assessments, many tied to previous disasters and ownership transfers under Proposition 19. Although most long-term properties remain subject to the 2% per-year cap under California

law, the influx of newly built and newly sold properties raised the overall tax base, resulting in the increase in secured property tax revenue.

Revenue from the use of money increased by approximately \$6.6 million in fiscal year 2024-25, primarily reflecting investment valuation gains from improved market conditions. These gains followed a period of market decline commencing in fiscal year 2021-22, which resulted in valuation losses that were partially recovered in fiscal years 2022-23 and 2023-24. Continued market recovery in fiscal year 2024-25 generated an additional \$5.7 million increase in portfolio values.

As a result of these market improvements, the difference between the fair value and cost of investment holdings became immaterial as of June 30, 2025, and therefore, no additional valuation adjustment was required in fiscal year 2024-25.

Charges for services increased by \$24.1 million, of which \$15.1 million is attributable to an increase in health fees from a \$2.7 million increase in patient revenue and a \$12.3 million increase in outpatient clinic fees from fiscal year 2023-24 to fiscal year 2024-25. The increases were primarily due to the County's implementation of the EPIC electronic health record and revenue-cycle system in fiscal year 2024. The new system improved electronic charge capture, standardized encounter documentation and coding, and cleared previously unbilled/backlogged services, resulting in one-time revenue recognition and ongoing improvements to billings and collections.

Fees for road and street services increased by \$2.7 million in fiscal year 2024-25 compared with the prior year, reflecting higher collection of development-related transportation/roadway impact fees under the County's Road/Transportation Improvement Fee program. This increase results from a combination of increased new development and building activity, updated fee schedules, and receipt of large one-time payments tied to subdivision or permit activity. As these fees are tied to development growth and not to ongoing service levels, the increase should be considered growth-driven and may not recur absent comparable development activity.

Also included in charges for services is revenue from legal settlements, which increased by \$4.2 million in fiscal year 2024-25 compared with the prior year, reflecting the County's share of the statewide opioid settlement with pharmaceutical distributors and manufacturers. Payments are being received over time, with most expected by fiscal year 2025-26 and some continuing through July 2035. These funds are intended to support programs and services addressing the public-health impacts of the opioid epidemic, and are recognized as revenue in the fiscal year they are received.

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

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

	2025	% of Total	2024	% of Total	Change
General government	\$ 57,957,605	6.69%	\$ 55,578,995	6.23%	\$ 2,378,610
Public protection	236,513,305	27.29%	218,488,875	24.48%	18,024,430
Public ways and facilities	52,371,606	6.04%	99,165,483	11.11%	(46,793,877)
Health and sanitation	251,836,531	29.06%	241,221,578	27.02%	10,614,953
Public assistance	192,048,019	22.16%	189,472,146	21.23%	2,575,873
Education	7,979,554	0.92%	7,168,291	0.80%	811,263
Recreation and culture	16,672,550	1.92%	16,947,685	1.90%	(275,135)
Capital outlay	22,005,633	2.54%	35,859,678	4.02%	(13,854,045)
Debt Service - bond redemption	17,937,947	2.07%	18,299,723	2.05%	(361,776)
Debt Service -Interest and fiscal charges	11,269,828	1.30%	10,345,850	1.16%	923,978
Total	<u>\$ 866,592,578</u>	<u>99.99%</u>	<u>\$ 892,548,304</u>	<u>100.00%</u>	<u>\$ (25,955,726)</u>



Total expenditures decreased by \$25,955,726 from the prior fiscal year. The decrease was primarily a result of decreased spending in public ways and facilities and capital outlay of \$46.8 million and \$13.9 million, respectively. The decreases were partially offset by increased spending in general government of \$2.4 million, public protection of \$18.0 million, health and sanitation of \$10.6 million, and public assistance of \$2.6 million, the details of which are discussed below.

The increase in general government expenditures of \$2.4 million resulted from a \$13.4 increase to intrafund transfers, offset by \$3.9 million and \$9.5 million decreases in salaries and benefits and services and supplies, respectively. These decreases were partially offset by a \$2 million increase in capital outlay related to \$1.0 million in new SBITAs and several other individually immaterial capital outlays. Refer to the following additional details with respect to these items:

- The \$13.4 million increase in intrafund transfers related to \$7.0 million from moving GSD to an internal service fund and \$4.6 million in increases of various departmental overhead charges.
- The \$9.5 million decrease in services and supplies was primarily due to a \$5.8 million reduction related to GSD and an \$8.9 million one-time payment to the County's Property and Liability fund. These decreases were partially offset by a \$3.4 million increase in spending for new water projects and \$1.0 million in the Human Resources Department due to higher operating costs.
- The \$3.9 million decrease in salaries and benefits resulted from moving the General Services Department (GSD) to an internal service fund, partially offset by cost-of-living adjustments, step increases, and related benefit cost increases.

Public protection expenditures increased by \$18.0 million. Salaries and benefits rose by \$13.9 million, reflecting negotiated cost-of-living adjustments, step increases, and higher-than-average increases in the Sheriff's Office due to incentive pay for difficult-to-recruit classifications. Services and supplies increased by \$6.4 million, primarily in the Sheriff's Office, including \$1.6 million related to switching jail medical services from California Forensic Medical Group to NaphCare, with the remainder due to general inflation.

Public ways and facilities expenditures decreased by \$46.8 million. The prior year included significant one-time disaster response and road repair costs related to the 2023 winter storms. While storm recovery work continues, the majority of emergency repairs were completed and recorded in the prior fiscal year.

Expenditures for health and sanitation increased by \$10.6 million, driven by \$8.5 million in higher salary and benefit costs and \$4.6 million in increased services and supplies expenditures. Other charges increased by \$3.8 million. These changes are consistent with expanded service delivery and normal program cost escalation across health departments.

Public assistance expenditures increased by \$2.6 million. Salaries and benefits increased by \$6.8 million due to negotiated compensation increases, filled vacancies, and added positions. Changes in services and supplies and other charges offset each other as they represent pass-through program costs.

Capital expenditures decreased by \$13.9 million, from \$35.9 million to \$22.0 million. Capital spending in the prior two fiscal years was elevated due to acquisition and development of 500 Westridge Drive for the South County Government Center, which opened in June 2024. With the completion of that project, capital activity returned to typical levels. Prior-year expenditures also included construction activity for a new DNA laboratory and the purchase of 150 Westridge Drive for administrative offices.

Other financing sources and uses are summarized below, along with changes from the prior fiscal year. The most significant variance relates to bond proceeds. In fiscal year 2023-24, the County received \$78.5 million in proceeds from the 2024 Lease Revenue Bonds, with no such proceeds received in fiscal year 2024-25. These bonds were issued to reimburse the County for road and facility improvements, fund the acquisition and improvement of an office building and parking lot in Watsonville, capitalize interest for a limited period, and pay issuance costs. The decrease in transfers in and out from fiscal year 2023-24 to 2024-25 is directly related to the movement of these bond proceeds from the Debt Service Fund to other funds.

Transfers in and out are discussed further in Note 5.



**Other Financing Sources and Uses  
Governmental Funds**

	2025	% of Total	2024	% of Total	Change
Issuance of debt	\$ -	-%	\$ 1,140,000	1.37%	\$ (1,140,000)
Bond proceeds	-	-%	78,462,568	93.61%	(78,462,568)
Bond premium	-	-%	2,971,258	3.54%	(2,971,258)
Bond discount	-	-%	(62,995)	(0.08%)	62,995
Lease inception	1,495,482	56.46%	547,281	0.65%	948,201
Sale of general capital assets	508,132	19.18%	-	-%	508,132
Transfers in	62,376,279	2355.07%	102,290,538	122.03%	(39,914,259)
Transfers out	(61,731,292)	(2330.71%)	(101,527,187)	(121.12%)	39,795,895
<b>Total</b>	<b>\$ 2,648,601</b>	<b>100.00%</b>	<b>\$ 83,821,463</b>	<b>100.00%</b>	<b>\$ (81,172,862)</b>

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

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

	Major Funds						
	General Fund	Off Highway, Road and Transportation Fund	Housing Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues	\$ 740,753,349	\$ 38,856,093	\$ 11,449,987	\$ 2,258,059	\$ 1,315,002	\$ 48,535,101	\$ 843,167,591
Expenditures	(728,448,954)	(47,520,385)	(7,449,469)	(22,005,633)	(25,049,614)	(36,118,523)	(866,592,578)
Net other financing sources/(uses)	(41,450,922)	(2,307,793)	(667,224)	22,249,936	26,495,998	(1,671,394)	2,648,601
<b>Net change in fund balances</b>	<b>(29,146,527)</b>	<b>(10,972,085)</b>	<b>3,333,294</b>	<b>2,502,362</b>	<b>2,761,386</b>	<b>10,745,184</b>	<b>(20,776,386)</b>
Fund balances, beginning as restated	191,067,604	17,830,371	89,886,979	2,163,871	32,118,716	40,936,851	374,004,392
Fund balances, ending	<u>\$ 161,921,077</u>	<u>\$ 6,858,286</u>	<u>\$ 93,220,273</u>	<u>\$ 4,666,233</u>	<u>\$ 34,880,102</u>	<u>\$ 51,682,035</u>	<u>\$ 353,228,006</u>

## Enterprise Funds

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

The net position of the enterprise fund activities was \$62,988,988 at June 30, 2025, of which \$22,497,889 was unrestricted.

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

	Major Fund County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total
Operating revenues	\$ 26,745,315	\$ 5,812,932	\$ 32,558,247
Operating expenses	(27,841,521)	(5,798,233)	(33,639,754)
Net operating income/(loss)	(1,096,206)	14,699	(1,081,507)
Net nonoperating revenues/(expenses)	2,585,037	3,225,998	5,811,035
Net transfers in/(out)	-	59,013	59,013
Change in net position	1,488,831	3,299,710	4,788,541
Net position - beginning, as restated	23,924,560 <sup>(1)</sup>	34,275,887 <sup>(1)</sup>	58,200,447 <sup>(1)</sup>
Net position - end of year	\$ 25,413,391	\$ 37,575,597	\$ 62,988,988

(1) Net position has been restated based on Restatements of Beginning Balances described in Note 20

The Enterprise Fund net position increased by \$4,788,541.

The increase in net position was attributable to nonoperating income of \$5.8 million, offset by total operating losses of \$1.1 million. The major components of nonoperating income were intergovernmental revenues of \$3.9 million and interest and investment income of \$2.2 million. Intergovernmental revenue consists primarily of grant funding. In fiscal year 2023-24, water project grants were awarded by the State Water Resources Control Board to Freedom County Sanitation District and Davenport County Sanitation District in the amounts of \$3.9 million and \$1.8 million, respectively, for phase II of the Freedom Sewer Rehabilitation Project and for water storage tanks at the Davenport Water Treatment Plant. In fiscal year 2024-25, an additional \$1.0 million was received from the State Water Resources Control Board for the Freedom Sewer Rehabilitation project. Furthermore, the Davenport County Sanitation District received an additional \$1.8 million from the Department of Water Resources for water storage tanks at the Davenport Water Treatment plant.

Operating expenses exceeded operating revenue by \$1.1 million, primarily from increased refuse disposal fees, which increased due to clean up related to damage caused by the 2023 winter storms. Interest income increased the net position by \$2.2 million, which was \$0.7 million more than the prior year due to higher interest rates and higher cash balances, resulting primarily from the higher revenue discussed above. Interest rates increased from an average of 3.74% in fiscal year 2023-24 to 4.28% in fiscal year 2024-25.

### GENERAL FUND BUDGETARY HIGHLIGHTS

**Original vs Final Budget:** The final General Fund budget for revenues was \$8.9 million higher than the original budget, made up of increases in aid from other governments of \$5.3 million, charges for services of \$1.0 million, and other revenue of \$2.6 million.

The \$5.3 million increase in the budget for aid from other governments was primarily due to a budget adjustment of \$4.8 million for unanticipated revenue from the U.S. Department of Agriculture for the Emergency Watershed Protection program. This program was designed to implement repair measures at up to 15 eligible private residences threatened by bank failures that occurred during the 2022-2023 Atmospheric River Storms.

The \$1.0 million increase in budgeted revenue in Charges for Services and \$2.6 million in Other Revenue are primarily due to multiple immaterial adjustments rather than a single major event.

The General Fund budget for expenditures was \$20.4 million, or 2.6% higher than the original budget, and the budget for General Fund transfers-out decreased by \$9.4 million, for a total increase in outflows of \$11.0 million. Increases in budgeted expenditures are related to planned spending of increases in the budgeted revenue discussed above.

**Final Budget vs Actual:** Actual General Fund expenditures were approximately \$85.1 million below the final budget amounts. The variance was primarily made up of \$48.3 million for services and supplies, \$15.2 million for other charges, \$8.1 million in unspent appropriations for salaries and employee benefits, \$7.3 million for appropriations for contingencies, \$5.7 million for principal, \$2.4 million for interest, and \$1.1 million for capital assets. The differences between budgeted and actual salaries and employee benefits, services and supplies, and other charges are related to unspent appropriations in health and sanitation and general government, which received unanticipated revenue as discussed above. The majority of the budget adjustments were made a few months before year-end. The main driver of the difference between budgeted and actual expenditures is related to timing differences between projects being budgeted and actual expenditures being incurred. When such timing differences occur, unspent appropriations for budgeted projects are carried forward to the subsequent fiscal year.

**Fund balance:** Based on the factors and circumstances explained above the General Fund's fund balance decreased by \$29.1 million compared to an estimated decrease of \$43.5 million.

For additional information, please refer to the letter of transmittal.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2025, the County's capital assets for its governmental and business-type activities totaled \$902,362,463 (net of accumulated depreciation of \$719,627,450). Capital assets include land, construction-in-progress, infrastructure, buildings and structures, equipment, and right-of-use (ROU) assets, such as leases and subscription-based information technology agreements. There was a \$17,775,795, or 2.0% increase in total capital assets for the 2024-2025 fiscal year.

For the government-wide financial statement presentation, non-depreciable capital assets have been reported at cost. All depreciable capital assets have been reported at cost, net of accumulated depreciation, based on their estimated useful lives at the end of the 2024-2025 fiscal year.

Capital asset purchases are recorded as expenditures in the fund financial statements.

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	
	2025	2024 as restated	2025	2024	2025	2024 as restated
Land	\$ 66,572,447	\$ 66,572,447	\$ 1,858,849	\$ 1,858,849	\$ 68,431,296	\$ 68,431,296
Construction-in-progress	33,567,140	18,586,403	5,454,859	7,855,814	39,021,999	26,442,217
Infrastructure	960,674,441	924,980,600	-	-	960,674,441	924,980,600
Buildings and structures	379,755,165	371,459,060	79,592,103	73,980,396	459,347,268	445,439,456
Equipment	60,683,843	66,334,993	12,845,412	12,435,460	73,529,255	78,770,453
Buildings - ROU	11,448,186	13,162,758	-	-	11,448,186	13,162,758
Land - ROU	356,449	46,290	-	-	356,449	46,290
Machinery and equipment - ROU	6,388,978	6,202,960	-	-	6,388,978	6,202,960
SBITAs	2,792,041	3,708,861	-	-	2,792,041	3,708,861
Accumulated depreciation	(668,985,789)	(634,318,536)	(50,641,661)	(48,279,687)	(719,627,450)	(682,598,223)
Total	\$ 853,252,901	\$ 836,735,836	\$ 49,109,562	\$ 47,850,832	\$ 902,362,463	\$ 884,586,668

### Governmental Activities

Net capital assets in governmental activities increased by \$16.5 million. The total increase in capital assets was \$78.6 million, which includes a \$3.7 million restatement for the correction of an error related to right-of-use leased assets (refer to Note 20 for more details), \$38.9 million in additions to construction-in-progress, \$8.9 million in completed projects transferred from construction-in-progress to buildings, and \$42.1 million in additions of other depreciable assets, including infrastructure, buildings and structures, machinery and equipment, and right-of-use leases and subscription based information technology agreements (SBITAs). The total increase is offset by depreciation and amortization expense of \$48.0 million, and disposals of \$14.8 million, net of related depreciation of \$13.3 million.

The total increase in buildings and improvements was \$8.3 million, which includes \$8.9 million in completed building projects from construction-in-progress and \$140.7 thousand in new buildings and improvements, which are offset by \$778.3 thousand in building and improvements retirements.

The total of infrastructure increased by \$35.7 million, related primarily to \$25.5 million in pedestrian ways (including roads, crosswalks, and sidewalks) and \$6.0 million in storm damage repairs. The remaining increases represent individually immaterial increases to various infrastructure.

The total of machinery and equipment decreased by \$5.7 million, which includes \$9.2 million in retirements, partially offset by \$3.5 million in new machinery and equipment.

Construction-in-progress increased by \$15.0 million, which includes \$23.9 million related primarily to renovation of the Juvenile Hall, partially offset by a decrease related to projects completed during the current fiscal year. The majority of the completed projects related to Public Protection, Health and Sanitation, and Recreation and Culture.

#### *Business-Type Activities*

Net capital assets for business-type activities increased by \$1.3 million. The net increase includes \$4.2 million in additions of nondepreciable and depreciable assets, offset by \$2.9 million in depreciation expense. The total increase in buildings was \$5.6 million, which includes \$4.9 million in completed projects reclassified from construction-in-progress.

The total increase in machinery and equipment was \$410.0 thousand, which includes \$980 thousand in additions, offset by \$570 thousand in disposals. Additional information on the County's capital assets can be found in Note 7 on pages 87-89 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	
	2025	2024	2025	2024	2025	2024
Refunding certificates of participation	\$ 12,408,646	\$ 14,827,719	\$ -	\$ -	\$ 12,408,646	\$ 14,827,719
Lease revenue bonds	140,670,844	149,668,983	4,104,814	4,467,214	144,775,658	154,136,197
Lease revenue refunding bonds	4,183,341	4,521,124	-	-	4,183,341	4,521,124
Taxable pension obligation bonds	103,085,000	108,310,000	-	-	103,085,000	108,310,000
Loans payable	3,202,379	3,870,623	5,016,171	5,447,874	8,218,550	9,318,497
Leases	11,539,098	10,413,275	-	-	11,539,098	10,413,275
Subscription Based Information Technology Agreements	1,677,277	1,283,284	-	-	1,677,277	1,283,284
Total	<u>\$ 276,766,585</u>	<u>\$ 292,895,008</u>	<u>\$ 9,120,985</u>	<u>\$ 9,915,088</u>	<u>\$ 285,887,570</u>	<u>\$ 302,810,096</u>

For governmental activities, the County had \$276,766,585 in outstanding long-term debt, compared to \$292,895,008 in the prior year (excluding compensated absences, estimated claims, pension, and other postemployment benefits liability), representing a decrease of \$16,128,423. This decrease consists of \$10,248,762 of debt service on outstanding bonds, \$5,885,000 in principal redemption on the 2024 Series A-1 Lease Revenue Bonds, \$4,429,566 in principal payments on leases and SBITAs, \$846,233 in net amortization of bond premiums and discounts, and \$668,244 in loan-related payments. These decreases were partially offset by a prior period adjustment of \$3,268,972, reflecting leases not previously recorded (see Note 20 for details), and \$2,680,410 in new leases and SBITAs.

For business-type activities, the County had \$9,120,984 in outstanding long-term debt, compared to \$9,915,088 in the prior year (excluding postclosure liability, pensions, and other post-employment benefits liability), representing a decrease of \$794,103. This decrease is due to \$431,703 in loan principal payments, \$296,792 in retirement of bond principal, and \$65,608 in amortization of bond premiums.

The County's total debt for all primary government activities decreased by \$16,922,527, or 5.6%, during the current fiscal year (excluding compensated absences, estimated claims, postclosure liability, pensions, 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 May 2025. Standard & Poor's has assigned its long-term rating on the County's general fund certificates of participation and lease revenue bonds of "AA+." This rating was last reviewed by Standard & Poor's in August 2025. 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 Santa Cruz County Sanitation District component unit had \$67,035,333 in total outstanding long-term debt, compared to \$66,112,120 in the prior year. This amount consists of \$48,386,814 in bonds payable and \$18,648,519 in loans payable, the latter of which includes \$2,616,874 in additional loans from the California State Water Resources Control Board (SWRCB). Retirement of debt amounted to \$1,693,661.

Additional information on the County’s long-term debt can be found in Note 10 on pages 94-106 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 2024-2025 fiscal year, total retirement costs for the County were \$132,707,632. Of the \$132.7 million in retirement costs, the County contributed \$93.4 million. Employee contributions account for the remaining \$39.3 million. Total retirement costs included pension costs of \$87.5 million, OPEB costs of \$7.7 million, and social security costs of \$37.5 million. These costs reflect an increase of \$7.1 million, or 5.7%, compared to the prior year. The change resulted from a \$4.4 million increase in pension costs and a \$2.9 million increase in social security costs, partially offset by a \$125.4 thousand decrease in OPEB.

Retirement Obligations

The County’s retirement obligation comprises pension and OPEB benefits to be paid in the future, totaling \$724,970,727 as of June 30, 2025. Of this amount, \$567.0 million was the liability for pension benefits and \$157.9 million was the liability for OPEB. Total retirement obligations decreased by \$4.8 million, or 0.7%, over the prior year. The decrease resulted from an \$8.0 million decrease in the pension liability, partially offset by a \$3.2 million increase in the OPEB liability.

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

Annual Summary of Total Retirement Costs and Obligations

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Total Pension Cost	\$ 76,413,986	\$ 197,572,848	\$ 83,142,297	\$ 87,500,363
Total OPEB Cost	7,798,262	7,778,586	7,872,181	7,746,808
Total Social Security Cost	29,700,358	32,076,641	34,587,411	37,460,461
<b>Total Retirement Cost</b>	<b>\$ 113,912,606</b>	<b>\$ 237,428,075</b>	<b>\$ 125,601,889</b>	<b>\$ 132,707,632</b>
Total Employee Contribution	\$ 30,965,269	\$ 32,235,738	\$ 35,366,056	\$ 39,307,724
Total County Contribution	82,947,337	205,192,336	90,235,834	93,399,909
<b>Total Retirement Cost</b>	<b>\$ 113,912,606</b>	<b>\$ 237,428,074</b>	<b>\$ 125,601,890</b>	<b>\$ 132,707,633</b>
Unfunded County Pension Liability Obligation	\$ 403,051,601	\$ 551,860,117	\$ 575,048,602	\$ 567,034,422
Unfunded County OPEB Liability Obligation	198,067,557	164,055,184	154,745,887	157,936,305
<b>Total County Unfunded Liabilities</b>	<b>\$ 601,119,158</b>	<b>\$ 715,915,301</b>	<b>\$ 729,794,489</b>	<b>\$ 724,970,727</b>
Miscellaneous Pension Plan Funded Ratio Market Value of Assets (MVA)	76.8%	67.2%	67.0%	69.60%
Safety Pension Plan Funded Ratio MVA	67.9%	86.0%	84.2%	85.10%
Safety Sheriff Pension Plan Funded Ratio MVA	77.1%	82.8%	81.4%	83.50%

Additional information on Pension Plans and OPEB can be found in Notes 14 and 15 of this report.

Contributions to the County’s pension and OPEB liabilities are recorded as expenditures in the fund financial statements.

## ECONOMIC CONDITIONS AND NEXT YEAR'S BUDGET

The following factors were considered in preparing the County's recommended budget for FY 2025-26:

The Recommended 2025-26 Budget was presented to the Board of Supervisors (Board) on April 29, 2025. It incorporated the Board's priorities for the coming year based on the County's adopted six-year Strategic Plan for 2018-24 and the proposed two-year Operational Plan for 2023-25. The \$1.23 billion recommended governmental fund budget included a balanced \$793.5 million General Fund that prioritized mandated services, protected essential programs, made strategic investments in the future, and included a recommended reduction of 74.40 Full Time Equivalent (FTE) positions for a total of 2,724.16 FTE positions. The development of the budget was influenced by the speed and breadth at which federal funding was being threatened from changes in Federal policy including the immediate loss of two federal public health grants worth \$408,000 and funded 5.7 FTE positions and proposals for reductions to Medi-Cal (medical, dental, vision, drug and behavioral health coverage for individuals and families), CalWORKs (monthly cash aid for families with children), and CalFresh (nutrition program for individuals and families). The reductions in total staffing were the result of \$11.1 million in health care reductions from changes in and lower Medi-Cal reimbursements, restrictions on billable activities under CalAIM (California Advancing and Innovating Medi-Cal) Behavioral Health Payment Reform, and significant reductions in Mental Health Services Act (MHSA) revenue. The budget was also threatened from the dependence on federal disaster reimbursements to maintain the planned pay-down of the disaster related bonds issued in 2024, as well as our community's exposure risk from climate-based disasters. The 2024 bonds funded the partial recovery from the 2022 and 2023 federally declared storm disasters.

The final and total adopted 2025-26 governmental fund budgeted revenues of \$1.238 billion reflected an increase of 13.5%, or \$147,379,688, as compared to 2024-25 actual revenues. The adopted 2025-26 budget appropriations for governmental fund expenditures of \$1.404 billion included a 19.4%, or \$219,632,807, increase when compared to 2024-25 actual expenditures. The adopted budget positions included a decrease of 54.80 FTE from the prior year adopted budget. The primary reasons for the increases in budgeted expenditures include the continuing expenditures in the Road Fund supported by prior year disaster reimbursements and the 2024 disaster debt for road repairs and recovery from the federally declared storm disasters in 2017, 2022 and 2023. Additional expenditure increases were from the carryover of prior year Capital Project expenditures and matching revenue to fund Health and Human Services projects, including the construction and planned opening in 2025-26 of the Esperanza Adelante Youth Crisis Center.

The Adopted 2025-26 Budget for the General Fund reflected an increase of \$77,965,446 and \$52,418,918 in revenues and expenditures, respectively, as compared to 2024-25 actuals. The increases were due largely to year-end routine concluding actions to carry over revenue and budget appropriations for multi-year contracts and projects, routine personnel cost increases, and increases in intergovernmental revenues and matching expenditures for the planned opening of the Esperanza Adelante Youth Crisis Center.

The Adopted 2025-26 Budget included \$152.5 million that had been reserved (obligated) in the general fund for specific purposes. The total committed and assigned obligations of \$99.6 million in the adopted budget represented 12.5% of the general fund operating revenues in accordance with the County's Fund Balance Policy, which states the minimum fund balance in the County general fund's committed and assigned fund balance categories shall be no less than a total of 7% of the upcoming budget year's estimated revenues. In addition, the general fund appropriations included a contingency of \$9.6 million, of which \$1.5 million is planned to be used for unanticipated disasters or any shortfalls of General Fund disaster claims and housing, and parks and environmental initiatives supported by local district sales tax revenue.

The County's interactive, award winning budget and the County's Two-Year Operational Plan can be found at the County of Santa Cruz Strategic Plan website: Vision Santa Cruz ([santacruzcountyca.gov](http://santacruzcountyca.gov)). The County's adopted budget document can be found on the County's Budget and Financial Reports website: Budget and Financial Reports ([santacruzcountyca.gov](http://santacruzcountyca.gov)).



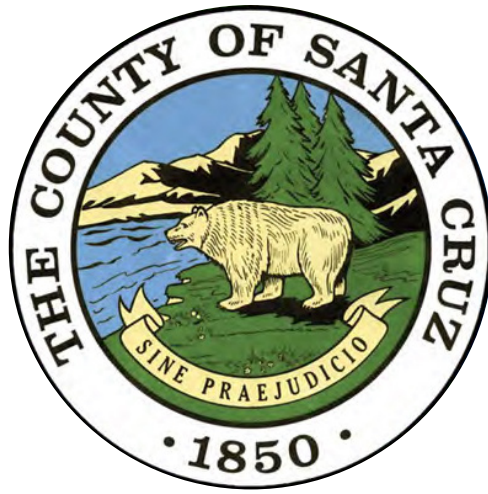
**REQUEST FOR INFORMATION**

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 2025



# Government-Wide Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025

GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF NET POSITION  
JUNE 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 377,398,227	\$ 24,147,831	\$ 401,546,058	\$ 24,724,728
Restricted cash and investments	24,506,963	16,316,500	40,823,463	27,226,300
Receivables, net	158,624,031	1,520,132	160,144,163	-
Due from other funds	583,446	(583,446)	-	-
Leases receivable	17,161	-	17,161	-
Deposits with others	875,000	154,301	1,029,301	-
Inventory	684,226	228,936	913,162	-
Prepaid expenses	2,294,228	-	2,294,228	-
Land held for resale	1,166,891	-	1,166,891	-
Loans receivable	83,475,080	28	83,475,108	-
Internal balances	(2,454,457)	2,454,457	-	-
Capital Assets:				
Nondepreciable assets	100,139,587	7,313,708	107,453,295	17,832,913
Depreciable assets, net	753,113,314	41,795,854	794,909,168	160,044,525
Total assets	1,500,423,697	93,348,301	1,593,771,998	229,828,466
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on bond refunding	270,795	-	270,795	-
Deferred pensions	137,683,702	-	137,683,702	-
Deferred OPEB	15,092,646	-	15,092,646	-
Total deferred outflows of resources	153,047,143	-	153,047,143	-

See accompanying Notes to Basic Financial Statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>LIABILITIES</b>				
Accounts payable	\$ 71,684,965	\$ 2,348,643	\$ 74,033,608	\$ 7,619,954
Salaries and benefits payable	33,784,321	-	33,784,321	-
Deposits payable	2,842,465	228,000	3,070,465	-
Accrued interest payable	884,020	27,194	911,214	138,241
Tax and revenue anticipation notes payable	83,101,493	-	83,101,493	-
Unearned revenues	38,229,595	-	38,229,595	-
Due to other governments	59,816	-	59,816	-
Long-term liabilities:				
Due within one year				
Compensated absences	34,245,971	-	34,245,971	-
Estimated claims	14,613,016	-	14,613,016	-
Leases & SBITAs payable	2,909,466	-	2,909,466	-
Bonds and loans payable	12,594,614	760,388	13,355,002	1,950,266
OPEB liability	7,051,590	-	7,051,590	-
Due in more than one year				
Compensated absences	6,578,047	-	6,578,047	-
Estimated claims	54,125,000	-	54,125,000	-
Leases & SBITAs payable	10,306,909	-	10,306,909	-
Bonds and loans payable	250,955,596	8,360,597	259,316,193	65,085,067
Postclosure care costs	-	16,017,085	16,017,085	-
OPEB liability	150,884,715	-	150,884,715	-
Net pension liability	567,034,422	-	567,034,422	-
Total liabilities	1,341,886,021	27,741,907	1,369,627,928	74,793,528
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Lease related	16,479	-	16,479	-
Gain on bond refunding	134,775	162,949	297,724	-
Deferred pensions	737,517	-	737,517	-
Deferred OPEB	41,889,824	-	41,889,824	-
Total deferred inflows of resources	42,778,595	162,949	42,941,544	-
<b>NET POSITION</b>				
Net investment in capital assets	682,820,219	39,825,628	722,645,847	138,068,405
Restricted for:				
Debt service	-	665,471	665,471	-
Capital asset acquisition	39,546,335	-	39,546,335	-
Public safety	26,461,663	-	26,461,663	-
Health and public assistance	2,137,560	-	2,137,560	-
Public ways and facilities	123,161,371	-	123,161,371	-
Unrestricted	(605,320,924)	24,952,346	(580,368,578)	16,966,533
Total net position	\$ 268,806,224	\$ 65,443,445	\$ 334,249,669	\$ 155,034,938

See accompanying Notes to Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 65,260,909	\$ 25,589,400	\$ 3,113,696	\$ 989,269	\$ 29,692,365
Public protection	253,846,749	27,919,267	67,167,488	109,585	95,196,340
Public ways and facilities	48,292,215	10,316,117	12,972,577	15,822,698	39,111,392
Health and sanitation	264,953,320	72,225,581	165,672,696	5,447,372	243,345,649
Public assistance	201,094,461	1,207,336	162,375,687	8,025,121	171,608,144
Education	9,491,973	2,418	154,459	-	156,877
Recreation and cultural services	18,898,177	4,427,044	569,306	-	4,996,350
Debt service	12,239,575	-	2,068,900	-	2,068,900
Total governmental activities	874,077,379	141,687,163	414,094,809	30,394,045	586,176,017
Business-type activities:					
County Disposal Sites CSA 9C	28,519,303	26,523,007	658,759	119,814	27,301,580
Boulder Creek CSA 7	696,300	719,683	-	-	719,683
Rolling Woods CSA 10	24,585	90,697	-	-	90,697
Septic Tank Maintenance CSA 12	2,342,065	2,180,046	-	-	2,180,046
Freedom County Sanitation District	1,453,372	1,579,082	-	1,042,062	2,621,144
Davenport County Sanitation District	919,213	654,391	-	2,025,450	2,679,841
Place de Mer CSA 2	101,180	115,591	-	-	115,591
Sand Dollar Beach CSA 5	387,446	380,446	-	4,688	385,134
Trestle Beach CSA 20	85,039	91,011	-	-	91,011
Total business-type activities	34,528,503	32,333,954	658,759	3,192,014	36,184,727
<b>Total primary government</b>	<b>\$ 908,605,882</b>	<b>\$ 174,021,117</b>	<b>\$ 414,753,568</b>	<b>\$ 33,586,059</b>	<b>\$ 622,360,744</b>
<b>Component unit:</b>					
Santa Cruz County Sanitation District	\$ 34,029,689	\$ 35,339,929	\$ 134,143	\$ -	\$ 35,474,072

**General Revenues:**

Taxes:

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

Interest and investment earnings  
Gain on disposal of capital assets

Miscellaneous

**Transfers**

**Total general revenues and transfers**

Change in net position

Net position - beginning, as previously reported

Restatement for correction of an error

**Net position - beginning, as restated**

**Net position - end of year**

See accompanying Notes to Basic Financial Statements.

Fiscal Year ended June 30, 2025

**GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (35,568,544)	\$ -	\$ (35,568,544)	
(158,650,409)	-	(158,650,409)	
(9,180,823)	-	(9,180,823)	
(21,607,671)	-	(21,607,671)	
(29,486,317)	-	(29,486,317)	
(9,335,096)	-	(9,335,096)	
(13,901,827)	-	(13,901,827)	
(10,170,675)	-	(10,170,675)	
<u>(287,901,362)</u>	<u>-</u>	<u>(287,901,362)</u>	
-	(1,217,723)	(1,217,723)	
-	23,383	23,383	
-	66,112	66,112	
-	(162,019)	(162,019)	
-	1,167,772	1,167,772	
-	1,760,628	1,760,628	
-	14,411	14,411	
-	(2,312)	(2,312)	
-	5,972	5,972	
-	1,656,224	1,656,224	
<u>\$ (287,901,362)</u>	<u>\$ 1,656,224</u>	<u>\$ (286,245,138)</u>	
			\$ 1,444,383
\$ 161,878,437	\$ 57,449	\$ 161,935,886	\$ -
2,689,570	-	2,689,570	-
36,798,049	-	36,798,049	-
13,428,319	-	13,428,319	-
7,194,516	-	7,194,516	-
<u>221,988,891</u>	<u>57,449</u>	<u>222,046,340</u>	<u>-</u>
25,657,751	2,186,070	27,843,821	2,764,286
5,001,907	32,332	5,034,239	5,990
10,267,465	224,293	10,491,758	230,380
(59,013)	59,013	-	-
<u>262,857,001</u>	<u>2,559,157</u>	<u>265,416,158</u>	<u>3,000,656</u>
(25,044,361)	4,215,381	(20,828,980)	4,445,039
293,873,886	61,228,064	355,101,950	150,550,043
(23,301)	-	(23,301)	39,856
<u>293,850,585</u>	<u>61,228,064</u>	<u>355,078,649</u>	<u>150,589,899</u>
<u>\$ 268,806,224</u>	<u>\$ 65,443,445</u>	<u>\$ 334,249,669</u>	<u>\$ 155,034,938</u>

See accompanying Notes to Basic Financial Statements.





# Fund Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025



# Governmental Funds Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025



**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.

**Debt Service Fund** – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

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

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2025**

	Major Funds						
	General Fund	Off Highway, Road, and Transportation Fund	Housing Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$ 210,942,604	\$ 5,245,980	\$ 15,666,747	\$ 7,774,136	\$ 11,141,071	\$ 51,582,178	\$ 302,352,716
Restricted cash and investments	-	-	-	-	24,506,963	-	24,506,963
Receivables, net	132,003,697	25,173,882	-	-	-	693,763	157,871,342
Due from other funds	-	83,589	-	414,239	-	-	497,828
Leases receivable	17,161	-	-	-	-	-	17,161
Loans receivable	-	-	83,475,080	-	-	-	83,475,080
Deposits with others	70,000	-	-	-	-	-	70,000
Prepaid expenses	1,737,310	-	555,875	-	-	-	2,293,185
Land held for resale	-	-	1,166,891	-	-	-	1,166,891
Advances to other funds	18,916,921	-	-	-	-	-	18,916,921
Total assets	<u>\$ 363,687,693</u>	<u>\$ 30,503,451</u>	<u>\$ 100,864,593</u>	<u>\$ 8,188,375</u>	<u>\$ 35,648,034</u>	<u>\$ 52,275,941</u>	<u>\$ 591,168,087</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 51,547,222	\$ 11,418,102	\$ 66,958	\$ 3,522,142	\$ 270,104	\$ 549,626	\$ 67,374,154
Salaries and benefits payable	32,287,007	-	-	-	-	-	32,287,007
Deposits payable	2,224,737	-	-	-	-	-	2,224,737
Tax and revenue anticipation notes payable	83,101,493	-	-	-	-	-	83,101,493
Due to other governments	59,816	-	-	-	-	-	59,816
Due to other funds	-	-	-	-	497,828	-	497,828
Advances from other funds	586,811	2,688,216	-	-	-	-	3,275,027
Unearned revenues	21,065,320	9,538,847	7,577,362	-	-	44,280	38,225,809
Total liabilities	<u>190,872,406</u>	<u>23,645,165</u>	<u>7,644,320</u>	<u>3,522,142</u>	<u>767,932</u>	<u>593,906</u>	<u>227,045,871</u>
<b>Deferred inflows of resources</b>							
Opioid settlement	10,877,731	-	-	-	-	-	10,877,731
Lease related	16,479	-	-	-	-	-	16,479
Total deferred inflows of resources	<u>10,894,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,894,210</u>
<b>FUND BALANCES</b>							
Nonspendable	1,807,310	-	-	-	-	-	1,807,310
Restricted	52,269,030	6,858,286	93,220,273	4,666,233	34,880,102	51,682,035	243,575,959
Committed	33,489,215	-	-	-	-	-	33,489,215
Assigned	74,355,522	-	-	-	-	-	74,355,522
Total fund balances	<u>161,921,077</u>	<u>6,858,286</u>	<u>93,220,273</u>	<u>4,666,233</u>	<u>34,880,102</u>	<u>51,682,035</u>	<u>353,228,006</u>
Total liabilities and fund balances	<u>\$ 363,687,693</u>	<u>\$ 30,503,451</u>	<u>\$ 100,864,593</u>	<u>\$ 8,188,375</u>	<u>\$ 35,648,034</u>	<u>\$ 52,275,941</u>	<u>\$ 591,168,087</u>

See accompanying Notes to Basic Financial Statements.



**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2025**

<b>Total Fund Balances - Total Governmental Funds</b>		\$ 353,228,006
Amounts reported for Governmental Activities in the Statement of Net Position were different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		831,467,811
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows - pension related	119,996,389	
Deferred outflows - OPEB related	12,799,793	
Deferred inflows - pension related	(632,181)	
Deferred inflows - OPEB related	(35,525,982)	96,638,019
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Position:		
Internal service funds included in governmental activities		(96,126,509)
Transfer of internal service funds to business-type activities		(2,454,457)
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental funds.		
Refunding certificates of participation, including premium	(12,408,646)	
Lease revenue bonds	(140,670,844)	
Lease revenue refunding bonds, including premium	(4,183,341)	
Pension obligation bonds	(103,085,000)	
Net pension liability	(486,047,296)	
Total other post-employment benefits (OPEB) liability	(133,942,852)	
Compensated absences	(34,502,386)	
Other long-term liabilities	(1,012,999)	
Lease related	(8,282,529)	(924,135,893)
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.		(824,504)
Governmental funds report revenue when it is measurable and available, whereas revenue that is collectible, but not available is recognized immediately in the statement of activities.		
Deferred inflows - Opioid settlement		10,877,731
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Deferred outflows - loss on refunding		270,795
Deferred inflows - gain on refunding		(134,775)
<b>Net Position of Governmental Activities</b>		<u>\$ 268,806,224</u>

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

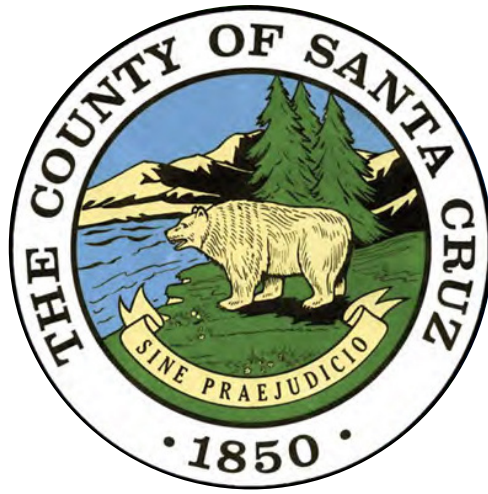
	Major Funds						
	General Fund	Off Highway, Road, and Transportation Fund	Housing Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Taxes	\$ 189,187,008	\$ 3,934,242	\$ -	\$ -	\$ -	\$ 28,867,640	\$ 221,988,890
Licenses and permits	16,679,468	-	-	-	-	34,500	16,713,968
Fines, forfeits and penalties	5,700,145	-	-	-	-	17,071	5,717,216
Use of money and property	17,693,423	446,719	1,676,024	81,187	1,315,002	2,253,052	23,465,407
Aid from other governments	404,210,190	28,769,187	9,179,708	119,977	-	2,160,618	444,439,680
Charges for services	99,210,269	5,698,798	570,537	-	-	15,094,633	120,574,237
Other	8,072,846	7,147	23,718	2,056,895	-	107,587	10,268,193
<b>Total revenues</b>	<u>740,753,349</u>	<u>38,856,093</u>	<u>11,449,987</u>	<u>2,258,059</u>	<u>1,315,002</u>	<u>48,535,101</u>	<u>843,167,591</u>
<b>EXPENDITURES:</b>							
Current:							
General government	57,284,405	-	-	-	-	673,200	57,957,605
Public protection	216,396,936	-	-	-	-	20,116,369	236,513,305
Public ways and facilities	-	47,223,774	-	-	-	5,147,832	52,371,606
Health and sanitation	251,801,554	-	-	-	-	34,977	251,836,531
Public assistance	184,598,550	-	7,449,469	-	-	-	192,048,019
Education	241,185	-	-	-	-	7,738,369	7,979,554
Recreation and cultural services	14,391,084	-	-	-	-	2,281,466	16,672,550
Debt service:							
Principal	1,811,506	-	-	-	16,048,208	78,233	17,937,947
Interest	1,524,852	296,611	-	-	8,731,302	48,077	10,600,842
Fiscal charges	398,882	-	-	-	270,104	-	668,986
Capital outlay	-	-	-	22,005,633	-	-	22,005,633
<b>Total expenditures</b>	<u>728,448,954</u>	<u>47,520,385</u>	<u>7,449,469</u>	<u>22,005,633</u>	<u>25,049,614</u>	<u>36,118,523</u>	<u>866,592,578</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>12,304,395</u>	<u>(8,664,292)</u>	<u>4,000,518</u>	<u>(19,747,574)</u>	<u>(23,734,612)</u>	<u>12,416,578</u>	<u>(23,424,987)</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Lease inception	1,495,482	-	-	-	-	-	1,495,482
Sale of general capital assets	-	-	-	412,937	-	95,195	508,132
Transfers in	2,655,640	4,471,893	27,853	22,346,770	32,717,493	156,630	62,376,279
Transfers out	(45,602,044)	(6,779,686)	(695,077)	(509,771)	(6,221,495)	(1,923,219)	(61,731,292)
<b>Total other financing sources (uses)</b>	<u>(41,450,922)</u>	<u>(2,307,793)</u>	<u>(667,224)</u>	<u>22,249,936</u>	<u>26,495,998</u>	<u>(1,671,394)</u>	<u>2,648,601</u>
<b>Net change in fund balance</b>	<u>(29,146,527)</u>	<u>(10,972,085)</u>	<u>3,333,294</u>	<u>2,502,362</u>	<u>2,761,386</u>	<u>10,745,184</u>	<u>(20,776,386)</u>
Fund balances - beginning, as previously reported	182,197,411	17,830,371	89,886,979	2,163,871	32,118,716	40,936,851	365,134,199
Change in reporting entity (Note 20)	8,870,193	-	-	-	-	-	8,870,193
Fund balances - beginning, as restated	191,067,604	17,830,371	89,886,979	2,163,871	32,118,716	40,936,851	374,004,392
Fund balances - ending	<u>\$ 161,921,077</u>	<u>\$ 6,858,286</u>	<u>\$ 93,220,273</u>	<u>\$ 4,666,233</u>	<u>\$ 34,880,102</u>	<u>\$ 51,682,035</u>	<u>\$ 353,228,006</u>

See accompanying Notes to Basic Financial Statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$ (20,776,386)
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	62,788,247	
Retirement of capital assets	(918,638)	
Less current year depreciation and amortization	<u>(42,275,545)</u>	19,594,064
Issuance of long-term debt provided current financial resources to the governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Also, the governmental funds report the effect of issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:		
Lease inception	(403,637)	
SBITA inception	<u>(1,092,573)</u>	(1,496,210)
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	2,355,000	
Lease revenue bonds	8,213,208	
Lease revenue refunding bonds	340,554	
Pension obligation bonds	5,225,000	
Loan principal payments	70,433	
Lease related	<u>1,751,313</u>	17,955,508
Some revenues reported in the Government-Wide Statement of Activities are not available to fund current operations. Therefore, they are not reported as revenues in the governmental funds:		
Change in deferred inflows - Opioid settlement		(1,318,259)
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	846,234	
Change in accrued interest payable	(32,270)	
Change in compensated absences	(1,356,914)	
Change in deferred loss on bond refunding	(93,694)	
Change in deferred gain on bond refunding	1,304	
Change in total OPEB liability and related deferred outflows and inflows of resources	2,832,738	
Change in net pension liability and related deferred outflows and inflows of resources	<u>(20,253,258)</u>	(18,055,860)
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.		
		(21,520,378)
Reversal of prior year transfer of internal service funds to business-type activities.		3,027,617
Transfer of internal service funds to business-type activities.		(2,454,457)
<b>Change in Net Position of Governmental Activities</b>		<u><u>\$ (25,044,361)</u></u>

See accompanying Notes to Basic Financial Statements.



# Proprietary Funds Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025



**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  
PROPRIETARY FUNDS  
JUNE 30, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 18,932,381	\$ 5,215,450	\$ 24,147,831	\$ 75,045,509
Restricted cash and investments	16,245,085	71,415	16,316,500	-
Receivables	790,240	729,892	1,520,132	752,689
Due from other funds	-	-	-	583,446
Deposits with others	154,301	-	154,301	805,000
Inventory	228,937	-	228,937	684,226
Prepaid expenses	-	-	-	1,042
Advances to other funds	-	-	-	3,275,027
Total current assets	36,350,944	6,016,757	42,367,701	81,146,939
Noncurrent assets:				
Loans receivable	-	28	28	-
Capital Assets:				
Land	1,858,849	-	1,858,849	97,087
Construction-in-progress	1,000,243	4,454,616	5,454,859	-
Depreciable:				
Buildings and structures	33,465,707	46,126,397	79,592,104	12,665,322
Equipment	12,763,825	81,586	12,845,411	43,466,684
Subscription based information technology	-	-	-	1,184,943
Accumulated depreciation	(36,559,308)	(14,082,353)	(50,641,661)	(35,628,945)
Capital assets, net	12,529,316	36,580,246	49,109,562	21,785,091
Total noncurrent assets	12,529,316	36,580,274	49,109,590	21,785,091
<b>Total assets</b>	<b>48,880,260</b>	<b>42,597,031</b>	<b>91,477,291</b>	<b>102,932,030</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension	-	-	-	17,687,314
Deferred OPEB	-	-	-	2,292,853
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,980,167</b>

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2025**

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 2,029,653	\$ 318,988	\$ 2,348,641	\$ 4,310,812
Accrued salaries and benefits payable	-	-	-	1,497,314
Deposits payable	228,000	-	228,000	617,728
Due to other funds	-	583,446	583,446	-
Advances from other funds	-	-	-	18,916,921
Current portion of long-term liabilities	663,388	97,000	760,388	616,252
Leases	-	-	-	1,204,478
Claims liabilities	-	-	-	14,613,016
Compensated absences, due within one year	-	-	-	5,019,000
OPEB liability	-	-	-	1,081,080
Accrued interest payable	27,197	-	27,197	59,513
Unearned revenues	-	-	-	3,787
Total current liabilities	2,948,238	999,434	3,947,672	47,939,901
Noncurrent liabilities:				
Long-term liabilities	4,338,597	4,022,000	8,360,597	1,573,128
Leases	-	-	-	3,729,368
Claims liabilities	-	-	-	54,125,000
Closure and postclosure care costs liability	16,017,085	-	16,017,085	-
Compensated absences, due in more than one year	-	-	-	1,302,632
OPEB liability	-	-	-	22,912,375
Net pension liability	-	-	-	80,987,125
Total noncurrent liabilities	20,355,682	4,022,000	24,377,682	164,629,628
<b>Total liabilities</b>	23,303,920	5,021,434	28,325,354	212,569,529
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on bond refunding	162,949	-	162,949	-
Deferred pension	-	-	-	105,335
Deferred OPEB	-	-	-	6,363,842
<b>Total deferred inflows of resources</b>	162,949	-	162,949	6,469,177
<b>NET POSITION</b>				
Net investment in capital assets	7,364,382	32,461,246	39,825,628	14,661,865
Restricted for:				
Debt service	522,805	142,666	665,471	459,787
Unrestricted	17,526,204	4,971,685	22,497,889	(111,248,161)
<b>Total net position</b>	\$ 25,413,391	\$ 37,575,597	\$ 62,988,988	\$ (96,126,509)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			2,454,457	
Net Position of Business-Type Activities per Government-Wide Financial Statements			\$ 65,443,445	

See accompanying Notes to Basic Financial Statements.

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 26,523,006	\$ 5,807,563	\$ 32,330,569	\$ 128,256,842
Other revenues	222,309	5,369	227,678	6,058,448
<b>Total operating revenues</b>	<u>26,745,315</u>	<u>5,812,932</u>	<u>32,558,247</u>	<u>134,315,290</u>
<b>OPERATING EXPENSES:</b>				
Salaries and employee benefits	-	-	-	71,727,322
Services and supplies	26,017,285	4,697,933	30,715,218	64,370,207
Insurance and compensation claims	-	-	-	19,570,639
Depreciation and amortization	1,824,236	1,100,300	2,924,536	5,715,255
<b>Total operating expenses</b>	<u>27,841,521</u>	<u>5,798,233</u>	<u>33,639,754</u>	<u>161,383,423</u>
<b>Operating income (loss)</b>	<u>(1,096,206)</u>	<u>14,699</u>	<u>(1,081,507)</u>	<u>(27,068,133)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Intergovernmental	778,573	3,072,200	3,850,773	49,173
Interest and investment income	1,946,604	239,469	2,186,073	2,192,344
Property taxes	-	57,449	57,449	-
Gain on disposal of capital assets	32,332	-	32,332	4,471,832
Loss on disposal of capital assets	(7,513)	-	(7,513)	(37,014)
Interest expense	(164,959)	(143,120)	(308,079)	(424,580)
<b>Total nonoperating revenues (expenses)</b>	<u>2,585,037</u>	<u>3,225,998</u>	<u>5,811,035</u>	<u>6,251,755</u>
<b>Income (loss) before transfers</b>	<u>1,488,831</u>	<u>3,240,697</u>	<u>4,729,528</u>	<u>(20,816,378)</u>
Transfers in	-	59,013	59,013	96,000
Transfers out	-	-	-	(800,000)
<b>Change in net position</b>	<u>1,488,831</u>	<u>3,299,710</u>	<u>4,788,541</u>	<u>(21,520,378)</u>
Net position - beginning, as previously reported	23,924,560	34,275,887	58,200,447	(57,498,219)
Change in reporting entity (Note 20)	-	-	-	(17,084,611)
Correction of an error (Note 20)	-	-	-	(23,301)
Net position - beginning, as restated	<u>23,924,560</u>	<u>34,275,887</u>	<u>58,200,447</u>	<u>(74,606,131)</u>
Net position - ending	<u>\$ 25,413,391</u>	<u>\$ 37,575,597</u>	<u>\$ 62,988,988</u>	<u>\$ (96,126,509)</u>
Change in Net Position of Business-Type Activities			\$ 4,788,541	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(573,160)	
Change in Net Position of Business-Type Activities per Government-Wide Financial Statements			<u>\$ 4,215,381</u>	

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 26,981,748	\$ 10,727,942	\$ 37,709,690	\$ 128,014,901
Payments to suppliers for goods and services	(25,887,860)	(5,550,915)	(31,438,775)	(63,248,543)
Payments to employees for salaries and benefits	-	-	-	(64,861,438)
Payments for judgments and claims	-	-	-	(10,820,591)
Closure and postclosure reserves increase	1,076,801	-	1,076,801	-
Other receipts	222,309	5,369	227,678	6,058,448
<b>Net cash provided (used) by operating activities</b>	<u>2,392,998</u>	<u>5,182,396</u>	<u>7,575,394</u>	<u>(4,857,223)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating grants	778,573	-	778,573	-
Deposits with others	(108,027)	-	(108,027)	-
Loans receivable	-	5,022	5,022	-
Intergovernmental receipts	-	3,072,200	3,072,200	49,173
Due from other funds	-	-	-	15,867,534
Deferred gain on bond refunding	(16,295)	-	(16,295)	-
Matured interest payable	10,546	(6)	10,540	-
Property taxes	-	57,449	57,449	-
Due to other funds	-	(4,009,461)	(4,009,461)	(75,695)
Advances from other funds	-	-	-	8,048,878
Transfers from other funds	-	59,013	59,013	96,000
Transfers to other funds	-	-	-	(800,000)
<b>Net cash provided (used) by noncapital financing activities</b>	<u>664,797</u>	<u>(815,783)</u>	<u>(150,986)</u>	<u>23,185,890</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(414,907)	(2,795,847)	(3,210,754)	(49,420)
Acquisition of equipment	(980,027)	-	(980,027)	(1,967,435)
Bonds and loans payable	(695,147)	-	(695,147)	-
Principal paid on lease agreements	-	(98,957)	(98,957)	(2,749,378)
Interest payable	-	-	-	1,069
Interest paid on capital debt	(164,959)	(143,120)	(308,079)	(424,580)
Proceeds from sale of capital assets	32,337	-	32,337	4,551,517
<b>Net cash used by capital and related financing activities</b>	<u>(2,222,703)</u>	<u>(3,037,924)</u>	<u>(5,260,627)</u>	<u>(638,227)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	1,946,604	239,469	2,186,073	2,192,344
<b>Net cash provided by investing activities</b>	<u>1,946,604</u>	<u>239,469</u>	<u>2,186,073</u>	<u>2,192,344</u>
<b>Net increase in cash, cash equivalents, and investments</b>	<u>2,781,696</u>	<u>1,568,158</u>	<u>4,349,854</u>	<u>19,882,784</u>
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS:</b>				
Beginning of year	32,395,770	3,718,707	36,114,477	55,162,725
End of year	<u>\$ 35,177,466</u>	<u>\$ 5,286,865</u>	<u>\$ 40,464,331</u>	<u>\$ 75,045,509</u>

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (1,096,206)	\$ 14,699	\$ (1,081,507)	\$ (27,068,133)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,824,236	1,100,300	2,924,536	5,715,255
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	452,242	4,920,379	5,372,621	(148,435)
Inventory	5,174	-	5,174	(19,909)
Prepaid expenses	-	-	-	31,143
Increase (decrease) in:				
Accounts payable	124,251	(852,982)	(728,731)	1,110,430
Unearned revenue	-	-	-	3,787
Deposits payable	6,500	-	6,500	(97,293)
Claims liabilities	-	-	-	8,750,048
Accrued salaries and benefits	-	-	-	6,865,884
Closure and postclosure care liability	1,076,801	-	1,076,801	-
Total adjustments	3,489,204	5,167,697	8,656,901	22,210,910
<b>Net cash provided (used) by operating activities</b>	<u>\$ 2,392,998</u>	<u>\$ 5,182,396</u>	<u>\$ 7,575,394</u>	<u>\$ (4,857,223)</u>
<b>Schedule of non-cash capital and related financing activities:</b>				
Purchase of capital assets on account	-	-	-	\$ 3,473,206
Lease and SBITA inception	-	-	-	\$ 94,073
Reconciliation of cash and cash equivalents to the Statement of Net Position				
Cash and investments per Statement of Net Position	\$ 18,932,381	\$ 5,215,450	\$ 24,147,831	\$ 75,045,509
Restricted cash per Statement of Net Position	16,245,085	71,415	16,316,500	-
Total cash and cash equivalents per Statement of Net Position	<u>\$ 35,177,466</u>	<u>\$ 5,286,865</u>	<u>\$ 40,464,331</u>	<u>\$ 75,045,509</u>
<b>Schedule of non-cash capital and related financing activities:</b>				
Purchase of capital assets on account	-	-	-	3,473,206
Lease and SBITA inception	-	-	-	94,073

See accompanying Notes to Basic Financial Statements.

# Fiduciary Funds Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025

**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 as follows:

**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 Fund** – The Other Custodial Fund is used to account for money or resources held on behalf of other parties, such as individuals, private organizations, or other governments. The County's Custodial Fund includes accounts that temporarily hold monies for the State of California, various Cities in Santa Cruz County, Special Districts, and other organizations in the County.

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2025**

	Investment Trust Funds	Private- Purpose Trust Funds	Custodial Funds
<b>ASSETS</b>			
Cash and investments	\$ 1,127,157,432	\$ 11,167,459	\$ 26,936,044
Restricted cash and investments	22,733,586	5,079,214	259,597
Prepaid expenses	140,315	835,426	-
Receivables:			
Accounts receivable	91,761,108	-	-
Taxes for other governments	-	-	22,421,720
Other assets	22,490,407	-	-
Nondepreciable capital assets	5,971,691	7,425,950	-
Depreciable capital assets, net	33,767,128	-	-
<b>Total assets</b>	<u>1,304,021,667</u>	<u>24,508,049</u>	<u>49,617,361</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding of debt	-	169,427	-
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>169,427</u>	<u>-</u>
<b>LIABILITIES</b>			
Accounts payable	29,134,902	4,239	15,902,994
Interest payable	-	2,160,332	-
Long-term liabilities due in more than one year	2,715,286	-	-
Other liabilities	94,966,018	151,770,030	10,877,897
<b>Total liabilities</b>	<u>126,816,206</u>	<u>153,934,601</u>	<u>26,780,891</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Gain on refunding of debt	-	696,811	-
Deferred OPEB	1,294,806	-	-
Deferred pension	7,333,475	-	-
<b>Total deferred inflows of resources</b>	<u>8,628,281</u>	<u>696,811</u>	<u>-</u>
<b>NET POSITION</b>			
Restricted for:			
Pool participants	1,168,577,180	-	-
Individuals, organizations and other governments	-	(129,953,936)	22,836,470
<b>Total net position</b>	<u>\$ 1,168,577,180</u>	<u>\$ (129,953,936)</u>	<u>\$ 22,836,470</u>

See accompanying Notes to Basic Financial Statements.



**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Investment Trust Funds	Private- Purpose Trust Funds	Custodial Funds
<b>ADDITIONS</b>			
Member contributions	\$ 22,328,082	\$ -	\$ -
Employee contributions	3,957	-	-
Gifts and bequests	982,302	-	104
Interest, dividends and other	56,500,220	796,402	2,311,611
Tax collections	566,732,906	15,982,874	971,817,164
Other contributions	1,526,749,268	145,583	34,969,829
<b>Total additions</b>	<u>2,173,296,735</u>	<u>16,924,859</u>	<u>1,009,098,708</u>
<b>DEDUCTIONS</b>			
Beneficiary payments to individuals	-	260,000	-
Administrative expenses	29,286,558	140,657	130,905
Payments to other local governments	28,524,163	-	69,962,713
Payments of taxes to other local governments	-	-	818,987,539
Interest expense	36,041,843	5,613,871	243,531
Distributions from pooled investments	1,872,345,601	-	121,194,135
Other deductions	-	382,255	-
<b>Total deductions</b>	<u>1,966,198,165</u>	<u>6,396,783</u>	<u>1,010,518,823</u>
<b>Net increase (decrease) in fiduciary net position</b>	207,098,570	10,528,076	(1,420,115)
Net position - beginning, as previously reported	962,294,085	(140,482,012)	23,685,026
Restatement for entity audit adjustments	(815,475)	-	571,559
Net position - beginning, as restated	<u>961,478,610</u>	<u>(140,482,012)</u>	<u>24,256,585</u>
<b>Net position - ending</b>	<u>\$ 1,168,577,180</u>	<u>\$ (129,953,936)</u>	<u>\$ 22,836,470</u>

See accompanying Notes to Basic Financial Statements.

# Notes to Basic Financial Statements

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025



TABLE OF CONTENTS  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies ..... 62

NOTE 2. Cash and Investments ..... 76

NOTE 3. Restricted Cash and Investments ..... 81

NOTE 4. Receivables ..... 82

NOTE 5. Interfund Transactions ..... 82

NOTE 6. Loans Receivable..... 85

NOTE 7. Capital Assets ..... 87

NOTE 8. Leases ..... 90

NOTE 9. Short-Term Debt – Tax and Revenue Anticipation Notes ..... 93

NOTE 10. Long-Term Debt..... 94

NOTE 11. Pledge of Future Revenues..... 107

NOTE 12. Landfill Closure and Postclosure Costs ..... 109

NOTE 13. Deficit Net Position and Fund Balances ..... 110

NOTE 14. Pension Plans..... 110

NOTE 15. Other Post-Employment Benefits (OPEB)..... 117

NOTE 16. Deferred Compensation Plan ..... 120

NOTE 17. Commitments and Contingencies ..... 121

NOTE 18. Risk Management..... 121

NOTE 19. Fund Balances ..... 123

NOTE 20. Changes to or Within the Financial Reporting Entity ..... 125

NOTE 21. Subsequent Events ..... 128

NOTE 22. Excess Expenditures over Appropriations ..... 128

NOTE 23. Tax Abatements..... 129

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. **Reporting Entity**

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

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

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

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

#### **Blended Component Units**

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

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

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

#### *Santa Cruz County Financing Authorities*

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

#### **Discretely Presented Component Unit**

#### *Santa Cruz County Sanitation District*

The Santa Cruz County Sanitation District (District) is included as a discretely presented component unit of the County because: 1) the Board appoints the District's governing board, and 2) the District has an ongoing

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

### **Districts Governed by the Board of Supervisors**

#### *Public Protection*

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

#### *Health and Sanitation*

- Pasatiempo Rolling Woods Sewer District

#### *Recreation and Culture*

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

#### *Public Ways and Facilities*

- |  |                                      |
|--|--------------------------------------|
| • County Highway Lighting CSA 9                    | • Kelly Hill CSA 22                  |
| • County Highway Residential Lighting CSA 9 Zone A | • Old Ranch Road CSA 23              |
| • School Crossing Guard CSA 9 Zone B               | • Pineridge CSA 24                   |
| • County Road Maintenance CSA 9D Zone 1            | • Viewpoint Road CSA 25              |
| • County Road Maintenance CSA 9D Zone 2            | • Hidden Valley CSA 26               |
| • CSA 9D Zone 3                                    | • Lomond Terrace CSA 28              |
| • Hutchinson Road CSA 13                           | • Glenwood Acres CSA 30              |
| • Oakflat Road CSA 13A                             | • View Circle CSA 32                 |
| • Huckleberry Woods Road CSA 15                    | • Soquel Village Parking Improvement |
| • Robak Drive CSA 16                               | • Underground Utilities #4-41st Ave. |
| • Empire Acres CSA 17                              | • Redwood Drive CSA 33               |
| • Whitehouse Canyon CSA 18                         | • Larsen Road CSA 34                 |
| • Westdale Drive CSA 21                            | • County Estates CSA 35              |
|  | • Forest Glen CSA 36                 |

- Roberts Road CSA 37
- Reed Street CSA 39
- Ralston Way CSA 40
- Loma Prieta CSA 41
- Sunlit Lane CSA 42
- Bonita-Encino Drive CSA 43
- Sunbeam Woods CSA 44
- Pinecrest CSA 46
- Braemoor CSA 47
- Vineyard CSA 50
- Hopkins Gulch CSA 51
- Upper Pleasant Valley CSA 52
- Mosquito Abatement CSA 53
- Riverdale Park Road CSA 55
- Felton Grove CSA 56
- Mansfield Street Assessment Dist.
- Ridge Drive CSA 58
- McGaffigan Mill Road CSA 59
- Soquel Village CSA 9F

Geologic Hazard Abatement Districts (GHAD)

- Corralitos GHAD
- Mid-County GHAD
- Heartwood GHAD

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

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

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

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

New Accounting Pronouncements

The County implemented the following pronouncements for its fiscal year ended June 30, 2025:

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized if the leave is attributable to services already rendered and the leave is more likely than not to be used for time off, or otherwise paid in cash or settled through noncash means, and establishes definitions, guidance, and disclosure requirements related to compensated absences. Application of this Statement did not have a significant impact on the County for the year ended June 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*, requires state and local governments to disclose significant risks related to concentrations or constraints that could lead to substantial impacts. Application of this Statement did not have a significant impact on the County for the year ended June 30, 2025.

### Upcoming Accounting Pronouncements

The following pronouncements will become effective for fiscal years beginning after June 15, 2025. The County is currently analyzing its accounting practices to determine the potential impact of the following pronouncements:

GASB Statement No. 103, *Financial Reporting Model Improvements*, introduces the following: (1) revisions to MD&A, (2) updates to the presentation of proprietary funds, (3) requires the display of inflows and outflows related to each unusual or infrequent item separately, (4) requires presentation of each major component unit separately in the government-wide statement of net position and statement of activities, and (5) requires presentation of budgetary comparison information in the required supplementary information. Application of this Statement is effective for the County's year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets, such as lease assets, intangible right-to-use assets, and SBITAs, to be disclosed separately by major classes of underlying assets in the capital assets footnote disclosures. The Statement also requires intangible assets other than those types to be disclosed separately by major classification. Finally, the Statement requires additional disclosures for capital assets held for sale. Application of this Statement is effective for the County's year ending June 30, 2026.

### 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 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 Government-Wide 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 aggregated nonmajor funds. 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.

**Debt Service Fund** – used to account for the accumulation of resources for, and for the payment of, general long-term debt. Debt service funds include the previously reported Special Revenue Funds under *Financing Authorities*.

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. The County reports the following major proprietary funds:

**Enterprise Funds** – 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, general services, and self-insurance services provided to other departments, or to other governments, on a cost reimbursement basis. Internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

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

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

#### **Fiduciary Fund Financial Statements**

The Fiduciary Fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Fiduciary Funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County’s own programs. The County reports the following fiduciary fund types:

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

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

**Custodial Funds** – The Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. The County reports on 2 different custodial funds. The custodial funds report resources, not in a trust, which are held by the County for other parties outside the County. These include a fund for unapportioned property taxes and an “other” custodial fund that accounts for the deposits, withdrawals, and earnings for other agencies outside the County including, but not limited to, special districts, joint powers authorities, city’s redevelopment successor agencies, state agencies, and individuals.

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

The County’s cash, cash equivalents, and investments 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 and changes in interest rates.

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

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

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

D. **Interfund Transactions**

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

E. **Inventories and Prepaid Items**

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

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

F. **Capital Assets**

**Government-Wide Financial Statements**

Capital assets, which include land, construction-in-progress, buildings and improvements, improvements other than buildings, machinery and equipment, vehicles, infrastructure assets (e.g., roads, bridges, traffic signals, and similar items), leased land, equipment, and subscription based information technology agreements, 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 \$10,000 (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 is 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 the estimated useful lives of the assets as follows:

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

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

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

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

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

### **Fund Financial Statements**

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

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

### **G. Lease**

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

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

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

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

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

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

Payments due under the lease contracts include fixed payments plus, for many of the County's leases, variable payments. For office space leases that include variable payments, those include payments for the County's proportionate share of the building's property taxes, insurance, and common area maintenance. For

office equipment leases for which the County has elected not to separate lease and non-lease components, maintenance services are provided by the lessor at a fixed cost and are included in the fixed lease payments for the single, combined lease component.

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

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

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

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

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

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

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

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

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

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

#### H. **Land Held for Resale**

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

#### I. **Deferred Outflows and Inflows of Resources**

The County recognizes deferred outflows of resources and deferred inflows of resources in accordance with GASB Statement No. 63 and GASB Statement No. 65. Deferred outflows and inflows of resources were items previously reported as assets and liabilities and are defined as "a consumption of net assets by the government

that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively.”

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

**J. Long-Term Debt**

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

**K. Compensated Absences**

**Government-Wide Financial Statements**

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

**Fund Financial Statements**

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

**L. Claims Payable**

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

**M. Pensions**

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note 14, Pension Plans, and the required supplementary information (RSI) on page 142 of this report), regardless of the amount recognized as pension expenditures on the governmental funds financial statements, which use the modified accrual basis of accounting.

In general, the County recognizes a net pension liability, which represents the County's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of the County's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences



between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

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

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

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

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

**O. Net Position and Fund Balances**

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

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

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

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

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

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

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

Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period. The establishment of Committed fund balance requires the passage of a resolution by a simple majority vote before June 30 of the applicable fiscal year. Board action is required to change or remove the commitment. The Board resolution shall identify the title of the commitment, describe the specific purpose for the commitment, and the actual amount of the commitment

or the process or formula necessary to calculate the actual amount. Funding for Committed fund balance shall be approved annually by the Board of Supervisors as part of the budget approval process.

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

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

The County Executive 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 Executive 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 Executive 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 an 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 10% of the upcoming adopted budget year's operating expenditures.

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 is 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, 2025, 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; and
- 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, 2025, the County's Strategic Reserve Fund Balance was \$20,000,000 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, 2025, the County's fund for Natural Disasters had a balance of \$4,491,848 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 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 left it to the counties' discretion to determine what their Prudent Reserve funding level should be.

As of June 30, 2025, the County's fund for the MHSA Prudent Reserve had a balance of \$2,997,367 and is included in the General Fund.

## **P. Property Tax Levy, Collection and Maximum Rates**

The State of California Constitution, Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by the voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be increased by no more than 2% per year unless the property is sold or transferred. These general property tax rates do not apply to taxes levied to pay the interest and redemption charges on any indebtedness.

incurred prior to June 6, 1978, or subsequently approved by the voters. Supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction. The State Legislature has determined the method of distribution among the counties, cities, school districts, and other districts of receipts from the 1% property tax levy.

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

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

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

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

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

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

#### Q. **Use of Estimates**

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

## NOTE 2 - CASH AND INVESTMENTS

The investment pool activity is governed by the California Government Code and the County Investment Policy. The County Treasurer is responsible for managing the investment pool with deposits from the County, County school districts and various special districts pursuant to California Government Code Section 53600. The objectives of the County investment policy, in order of priority, are safety, liquidity, and yield. The County Board of Supervisors reviews the County Investment Policy annually, and all amendments to the policy require the approval of the County Board of Supervisors. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily cash balance of each fund. Interest earned through June 30, 2025 was distributed on June 30, 2025.

The following is a summary of cash and investments at June 30, 2025:

Government-Wide Statement of Net Position				
	Primary Government			Component Unit
	Governmental	Business-Type	Total	Santa Cruz County
	Activities	Activities		Sanitation District
Cash and Investments	\$ 377,398,227	\$ 24,147,831	\$ 401,546,058	\$ 24,724,728
Restricted Cash and Investments	24,506,963	16,316,500	40,823,463	27,226,300
<b>Total Cash and Investments</b>	<b>\$ 401,905,190</b>	<b>\$ 40,464,331</b>	<b>\$ 442,369,521</b>	<b>\$ 51,951,028</b>
Fiduciary Funds				
	Custodial	Investment	Private-Purpose	County
	Funds	Trust Funds	Trust Funds	Total
Cash and Investments	\$ 26,936,044	\$ 1,127,157,432	\$ 11,167,459	\$ 1,591,531,721
Restricted Cash and Investments	259,597	22,733,586	5,079,214	96,122,160
<b>Total Cash and Investments</b>	<b>\$ 27,195,641</b>	<b>\$ 1,149,891,018</b>	<b>\$ 16,246,673</b>	<b>\$ 1,687,653,881</b>
	Cash and Investments	Restricted Cash and Investments	Total	
Primary Government and Fiduciary Funds:				
Cash on hand and imprest cash	\$ 6,925,307	\$ -	\$ 6,925,307	
Cash deposits in treasury pool	12,010,131	-	12,010,131	
Investments in treasury pool	1,547,871,555	-	1,547,871,555	
Restricted investments in other pools	-	52,579,361	52,579,361	
Restricted cash deposits in treasury pool:				
Freedom County Sanitation District	-	71,415	71,415	
County Disposal Sites CSA 9C	-	16,245,084	16,245,084	
<b>Total</b>	<b>1,566,806,993</b>	<b>68,895,860</b>	<b>1,635,702,853</b>	
Component Unit:				
Investments in treasury pool	24,724,728	-	24,724,728	
Restricted investments in other banks	-	27,226,300	27,226,300	
<b>Total</b>	<b>24,724,728</b>	<b>27,226,300</b>	<b>51,951,028</b>	
<b>Total cash and investments</b>	<b>\$ 1,591,531,721</b>	<b>\$ 96,122,160</b>	<b>\$ 1,687,653,881</b>	

At June 30, 2025, 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	\$ 6,925,307	\$ -	\$ 6,925,307
Deposits	12,010,131	-	12,010,131
Investments	1,564,188,054	52,579,361	1,616,767,415
<b>Total Primary Government and Fiduciary Funds</b>	<b>1,583,123,492</b>	<b>52,579,361</b>	<b>1,635,702,853</b>
Component Unit:			
Investments	24,724,728	27,226,300	51,951,028
<b>Total Component Unit</b>	<b>24,724,728</b>	<b>27,226,300</b>	<b>51,951,028</b>
<b>Total Reporting Entity</b>	<b>\$ 1,607,848,220</b>	<b>\$ 79,805,661</b>	<b>\$ 1,687,653,881</b>

The carrying amount of the County's cash deposits was \$12,010,131 at June 30, 2025, 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%
Non-negotiable certificates of deposit	5 years	None	10%
Bank deposit	5 years	10%	10%
Repurchase agreements	1 year	None	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 are stated at fair value. The fair value of investments correlates to changes in interest rates. When interest rates increase, an investment portfolio will see a decrease in fair value, as prior securities were purchased at lower yields. Inversely, when interest rates decrease, an investment portfolio will see an increase in fair value, as prior securities were purchased at higher yields. The fiscal year ended June 30, 2022 saw a significant increase in interest rates, which resulted in a material unrealized decrease in the fair value of pool investments. Interest rates have slowly declined over the past two fiscal years resulting in a steady increase in the fair value of pool investments. The negative fair value adjustment has decreased from \$32,494,816 at June 30, 2022, to \$25,566,028 at June 30, 2023, and to \$22,853,681, at June 30, 2024. In fiscal year 2025 the difference between the fair value and book value of pool investments was immaterial and all negative adjustments to the fair value have been reversed. The change has been recorded in the financial statements of all funds with equity in pooled cash and investments in the County Treasury.

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, 2025, 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	\$ 52,286,593	\$ 14,053,093	\$ 24,047,850	\$ 14,185,650	\$ -	\$ -
U.S. Treasury Securities	524,504,291	263,866,331	120,082,092	106,997,768	33,558,100	-
Federal Agency Securities	249,189,500	34,852,350	39,402,650	99,898,250	25,026,250	50,010,000
Medium-Term Notes - Other	238,662,364	153,712,504	-	24,824,000	35,113,360	25,012,500
Money Market Mutual Funds	262,010,000	262,010,000	-	-	-	-
Local Agency Investment Fund (LAIF)	45,000,000	45,000,000	-	-	-	-
Certificates of Deposit	149,992,215	149,992,215	-	-	-	-
Investment Agreements	10,000,000	10,000,000	-	-	-	-
Supranationals	88,028,060	17,773,200	-	-	44,894,360	25,360,500
Total Investments	<u>\$ 1,619,673,023</u>	<u>\$ 951,259,693</u>	<u>\$ 183,532,592</u>	<u>\$ 245,905,668</u>	<u>\$ 138,592,070</u>	<u>\$ 100,383,000</u>

**C. Concentration of Credit Risk**

At June 30, 2025, 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, 2025.

Investments Type	Standard & Poor's	Moody's	% of Portfolio
Local Agency Bonds	A	Aa3	3.23%
U.S. Treasury Securities	N/A	N/A	32.37%
Federal Agency Securities	AA+	Aaa	15.39%
Medium-Term Notes	A/AAA	A+	14.74%
Money Market Mutual Funds	Unrated	Unrated	16.18%
Local Agency Investment Fund (LAIF)	Unrated	Unrated	2.78%
Certificates of Deposit	A1	P1	9.26%
Checking Account	Unrated	Unrated	0.62%
Supranationals	AAA	Aaa	5.43%
<b>Total</b>			<b>100.00%</b>

**D. Custodial Credit Risk**

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

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

On January 1, 2019, the County began participating in the CAMP, a California Joint Powers Authority (JPA), to provide California public agencies with professional investment services. As of June 30, 2025, the County had \$212,000,000 invested in CAMP. The funds are included in Money Market Mutual Funds noted above.

**F. 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, 2025:

		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)
Investment by Fair Value Level				
Debt Securities:				
Local Agency Bonds	\$ 52,286,593	\$ 52,286,593	\$ -	\$ -
U.S. Treasury Securities	524,504,291	524,504,291	-	-
Federal Agency Securities	249,189,500	249,189,500	-	-
Medium-Term Notes	238,662,364	238,662,364	-	-
Certificates of Deposit	149,992,215	149,992,215	-	-
Investment Agreements	10,000,000	10,000,000	-	-
Supranationals	88,028,060	88,028,060	-	-
Total investments measured at fair value	<u>\$ 1,312,663,023</u>	<u>\$ 1,312,663,023</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at amortized cost:				
Money Market Mutual Funds	262,010,000			
Local Agency Investment Fund (LAIF)	45,000,000			
Total pooled and directed investments	<u>\$ 1,619,673,023</u>			

**NOTE 3 - RESTRICTED CASH AND INVESTMENTS**

Cash and investments at June 30, 2025 that are restricted by legal or contractual requirements are composed of the following:

<u>Governmental Activities</u>	
Debt Service Fund:	
Used for capital projects	\$ 24,506,963
<u>Business-Type Activities</u>	
County Disposal Sites CSA 9C:	
Used for landfill deposits	16,245,085
Freedom County Sanitation District	
Upgrade aging septic system	71,415
<u>Component Unit</u>	
Santa Cruz County Sanitation District:	
Bond proceeds used to replace aging sewer lines and upgrade pump station	27,226,300
<u>Fiduciary Funds</u>	
County of Santa Cruz Redevelopment Successor Agency:	
Used for debt service	5,079,214
Investment trust funds:	
Central Fire District	3,104,026
Libraries Facilities Financing Authority	19,486,159
Orchard Drive Sewer District	4
Felton Community Facilities District	24,505
Conservation Reassessment District	118,892
Total Investment trust funds	22,733,586
Custodial funds:	
Place De Mer Septic System Assessment District	259,597
	<u>\$ 96,122,160</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	Nonmajor Special Revenue Funds	Internal Service Funds	Total Governmental Activities
Governmental Activities:						
Accounts	\$ 129,383,715	\$ 25,173,882	\$ -	\$ 693,763	\$ 752,689	\$ 156,004,049
Taxes	3,897,000	-	-	-	-	3,897,000
Gross receivables	133,280,715	25,173,882	-	693,763	752,689	159,901,049
Less: allowance for uncollectible accounts	(1,277,018)	-	-	-	-	(1,277,018)
<b>Net receivables</b>	<u>\$ 132,003,697</u>	<u>\$ 25,173,882</u>	<u>\$ -</u>	<u>\$ 693,763</u>	<u>\$ 752,689</u>	<u>\$ 158,624,031</u>
			Total			
	Nonmajor Enterprise Funds	County Disposal Sites CSA 9C	Business- Type Activities			
Business-Type Activities:						
Receivables	<u>\$ 729,892</u>	<u>\$ 790,240</u>	<u>\$ 1,520,132</u>			

NOTE 5 - INTERFUND TRANSACTIONS

A. **Government-Wide Financial Statements**  
Long-Term Internal Balances

At June 30, 2025, the County had the following long-term internal balances:

	Internal Balances Receivable
	Governmental Activities
Internal Balances Payable	
Business-Type Activities	<u>\$ (2,454,457)</u>

The "Internal balances" on the Statement of Net Position (Government-wide) represent 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. 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, 2025:

Due to Other Funds	Due from Other Funds			
	Off Highway, Road, and Transportation		Internal Service Funds	Total
	Capital Projects Fund	Fund		
Debt Service Fund	\$ 414,239	\$ 83,589	\$ -	\$ 497,828
Enterprise Funds	-	-	583,446	583,446
<b>Total</b>	<b>\$ 414,239</b>	<b>\$ 83,589</b>	<b>\$ 583,446</b>	<b>\$ 1,081,274</b>

Balances due to Internal Service Funds resulted from short-term loans used to cover operating cash deficits at year-end. These amounts will be repaid in the following fiscal year. Balances between the Capital Projects Fund and Debt Service Fund are a result of the accrual of eligible construction costs.

Transfers in/out

The County had the following transfers for the year ended June 30, 2025:

Transfers Out	Transfers In								
	Off Highway, Road, & Debt Service Capital Nonmajor Internal Enterprise								Total
	General Fund	Housing Fund	Transportation Fund	Service Fund	Projects Fund	Governmental Funds	Service Funds	Enterprise Funds	
General Fund	\$ -	\$ 27,853	\$ 854,000	\$ 17,782,685	\$ 26,832,493	\$ -	\$ 46,000	\$ 59,013	\$ 45,602,044
Off Highway, Road, and Transportation Fund	-	-	-	894,686	5,885,000	-	-	-	6,779,686
Housing Fund	695,077	-	-	-	-	-	-	-	695,077
Debt Service Fund	141,376	-	2,725,893	3,354,226	-	-	-	-	6,221,495
Capital Projects Fund	211,141	-	92,000	-	-	156,630	50,000	-	509,771
Nonmajor Governmental Funds	1,608,046	-	-	315,173	-	-	-	-	1,923,219
Internal Service Funds	-	-	800,000	-	-	-	-	-	800,000
<b>Total</b>	<b>\$ 2,655,640</b>	<b>\$ 27,853</b>	<b>\$ 4,471,893</b>	<b>\$ 22,346,770</b>	<b>\$ 32,717,493</b>	<b>\$ 156,630</b>	<b>\$ 96,000</b>	<b>\$ 59,013</b>	<b>\$ 62,531,292</b>

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

# NOTES TO BASIC FINANCIAL STATEMENTS

The County Of Santa Cruz  
Fiscal Year ended June 30, 2025

Transfers to/from other funds at June 30, 2025 are as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Internal Service Funds	\$ 46,000	To Public Works for emergency road projects
	Debt Service Fund	15,706,955	For debt service payments
	Debt Service Fund	11,125,538	FEMA funds transferred for debt service
	Capital Projects Fund	17,782,685	To finance capital projects
	Housing Fund	27,853	For Veterans Village Permit fees
	Off Highway, Road, and		
	Transportation Fund	854,000	For emergency road project
	Enterprise Funds	59,013	To Davenport County Sanitation for sanitation project
		<u>45,602,044</u>	
			For operating expenses related to permanent
Housing Fund	General Fund	695,077	supportive housing
Debt Service Fund	General Fund	141,376	For interest credit received from the Internal Revenue
	Off Highway, Road, and		Service
	Transportation Fund	2,725,893	For capital improvements and for cost of repairs
	Capital Projects Fund	<u>3,354,226</u>	caused by storm damage
		6,221,495	For capital projects
Capital Projects Fund	Non-Major Special Revenue Funds	156,630	To Park Dedication Fund for capital improvements
	Internal Service Funds	50,000	To Public Works for Shark Fin Cove project
	Off Highway, Road, and		
	Transportation Fund	92,000	For capital projects, feasibility study, and road repairs
	General Fund	<u>211,141</u>	For capital projects
		509,771	
Off Highway, Road, and Transportation Fund			
	Debt Service Fund	5,885,000	For debt service
	Capital Projects Fund	<u>894,686</u>	For capital projects
		6,779,686	
Nonmajor Governmental Funds	Capital Projects Fund	5,173	From Library Fund to General Fund for Library Projects
	General Fund	22,446	From Parks to General Fund for debt service
			From Health and Sanitation Fund to General Fund for
	General Fund	1,521,247	Mosquito Abatement District operations
			From Recreation and Culture to General Fund for debt
	General Fund	64,353	service
			From Recreation and Cultural Services for office
		60,000	windows
	Capital Projects Fund	<u>250,000</u>	From Library Fund to Capital Projects fund for Live Oak
		8,702,905	Library Annex Plaza
Internal  Service Funds			
	Off Highway, Road, and		From Information Services to the Off Highway, Roads
	Transportation Fund	<u>800,000</u>	& Transportation Fund for Soquel buffered bike lane
		800,000	project.
		<u>\$ 62,531,292</u>	

**NOTE 6 - LOANS RECEIVABLE****A. Government-Wide Financial Statements**

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

<b>Loans Receivable</b>	
<b><u>Homeowner Loans</u></b>	
First Time Homebuyer Program	\$ 4,297,067
Homeowner Loan - Federal Grants	131,535
Homeowner Loan - State Grants	4,026,768
Mobile Home Change Out Program	4,098,980
Mobile Home Rehab Program	124,812
Property Tax Postemployment Loans	96,615
<b>Total Homeowner Loans</b>	<b>12,775,777</b>
<b><u>Housing Project Loans</u></b>	
Housing - AHIF	1,725,000
Aptos Cottages (Miller)	7,137,111
Casa Linda, Inc.	40,940
CFSC, Inc - Brommer St	2,407,200
CFSC, Inc - Anderson	199,000
CFSC, Inc - Freedom Blvd	651,927
CFSC, Inc - Freedom House	101,871
Corralitos Creek Assoc.	1,324,999
Dientes Community	46,250
Golden Torch	1,285,353
Habitat	2,929,997
Housing Authority	1,500,000
Marmo's	1,642,323
McGregor	891,748
McIntosh Coach Purchase #12	98,000
McIntosh Coach Purchase	80,000
Mercy - McIntosh (Coach Loan)	290,000
Mercy - Rehab	70,000
Mercy Housing	293,226
Mercy Properties	274,227
Merrill Rd Assoc.	300,000
MidPen Housing - St. Stephens	4,772,124
MidPen Housing - Orchards	3,500,000
MidPen Housing - 17th and Capitola	5,315,585
Mid-Peninsula the Farm, Inc	4,304,545
Monarch Inc	76,534
MP Jardines	421,670
MP Minto Associates	9,849,630
MP Murphy's Associates	475,783

Loans Receivable (continued)	
<b>Housing Project Loans (continued)</b>	
MP New Communities Assoc	1,435,189
Novin - Park Avenue	2,061,000
Pacific Family Coach Acquisitions	110,140
Pacific Family - SCH	2,622,565
Pleasant Acres Permanent Financing	3,512,452
San Andreas	700,000
South County Housing Corp	5,757,114
St. Stephens Predevelopment	265,800
Vista Verde Family Housing	2,230,000
<b>Total Housing Project Loans</b>	<b>70,699,303</b>
<b>Total Loans Receivable</b>	<b>\$ 83,475,080</b>

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

B. **Business-Type Financial Statements**

The County had the following loans receivable as of June 30, 2025:

<b>Nonmajor business-type fund:</b>	
Septic Tank Maintenance CSA 12	\$ 28
<b>Total business-type loans receivable</b>	<b>\$ 28</b>

## NOTE 7 - CAPITAL ASSETS

## A. Government-Wide Financial Statements

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

	Balance July 1, 2024	Restatement for Correction of an Error (Note 20)	Balance, as Restated July 1, 2024	Additions	Retirements	Reclass- ifications	Balance June 30, 2025
<b>Governmental activities:</b>							
Capital assets not being depreciated:							
Land	\$ 66,572,447	\$ -	\$ 66,572,447	\$ -	\$ -	\$ -	\$ 66,572,447
Construction-in-progress	18,586,403	-	18,586,403	23,914,453	-	(8,933,716)	33,567,140
Total capital assets not being depreciated	85,158,850	-	85,158,850	23,914,453	-	(8,933,716)	100,139,587
Capital assets being depreciated:							
Infrastructure	924,980,600	-	924,980,600	35,693,841	-	-	960,674,441
Buildings	371,459,060	-	371,459,060	140,698	(778,309)	8,933,716	379,755,165
Machinery and equipment	66,334,993	-	66,334,993	3,560,626	(9,211,776)	-	60,683,843
Right of use assets being amortized:							
Buildings	13,162,758	-	13,162,758	-	(1,714,572)	-	11,448,186
Land	46,290	-	46,290	310,159	-	-	356,449
Furniture, Machinery, and Equipment	2,488,727	3,714,233	6,202,960	471,354	(285,336)	-	6,388,978
SBITA	3,708,861	-	3,708,861	1,898,169	(2,814,989)	-	2,792,041
Total right of use assets being amortized	19,406,636	3,714,233	23,120,869	2,679,682	(4,814,897)	-	20,985,654
Total capital assets being depreciated	1,382,181,289	3,714,233	1,385,895,522	42,074,847	(14,804,982)	8,933,716	1,422,099,103
Accumulated depreciation and amortization:							
Infrastructure	(434,538,512)	-	(434,538,512)	(28,687,656)	-	-	(463,226,168)
Buildings	(141,005,380)	-	(141,005,380)	(10,222,456)	333,178	-	(150,894,658)
Machinery and equipment	(50,244,660)	-	(50,244,660)	(5,033,326)	8,683,044	-	(46,594,942)
Buildings ROU	(5,112,491)	-	(5,112,491)	(1,424,869)	1,386,172	-	(5,151,188)
Land - ROU	(2,942)	-	(2,942)	(36,138)	-	-	(39,080)
Furniture, Machinery, and Equipment ROU	(621,557)	(468,562)	(1,090,119)	(1,077,278)	106,169	-	(2,061,228)
SBITA	(2,324,432)	-	(2,324,432)	(1,509,082)	2,814,989	-	(1,018,525)
Total accumulated depreciation and amortization	(633,849,974)	(468,562)	(634,318,536)	(47,990,805)	13,323,552	-	(668,985,789)
Total capital assets being depreciated, net	748,331,315	3,245,671	751,576,986	(5,915,958)	(1,481,430)	8,933,716	753,113,314
<b>Governmental activities capital assets, net</b>	<b>\$ 833,490,165</b>	<b>\$ 3,245,671</b>	<b>\$ 836,735,836</b>	<b>\$ 17,998,495</b>	<b>\$ (1,481,430)</b>	<b>\$ -</b>	<b>\$ 853,252,901</b>

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

	Capital	Right-of-use	Total
<b>Governmental Activities:</b>			
General government	\$ 2,669,957	\$ 524,356	\$ 3,194,313
Public protection	3,877,592	1,107,074	4,984,666
Public ways and facilities	28,687,656	-	28,687,656
Health and sanitation	2,349,340	205,438	2,554,778
Public assistance	516,211	-	516,211
Education	1,396,155	-	1,396,155
Recreation and cultural services	941,771	-	941,771
Subtotal	40,438,682	1,836,868	42,275,550
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	3,504,754	2,210,502	5,715,256
<b>Total</b>	<b>\$ 43,943,436</b>	<b>\$ 4,047,370</b>	<b>\$ 47,990,806</b>

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

	Balance July 1, 2024	Additions	Retirements	Reclass- ifications	Balance June 30, 2025
<b>Business-Type Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 1,858,849	\$ -	\$ -	\$ -	\$ 1,858,849
Construction-in-progress	7,855,814	2,509,580	-	(4,910,535)	5,454,859
Total capital assets not being depreciated	9,714,663	2,509,580	-	(4,910,535)	7,313,708
Capital assets being depreciated:					
Buildings	73,980,396	701,172	-	4,910,535	79,592,103
Machinery and equipment	12,435,460	980,027	(570,075)	-	12,845,412
Total capital assets being depreciated	86,415,856	1,681,199	(570,075)	4,910,535	92,437,515
Accumulated depreciation and amortization:					
Buildings	(38,274,071)	(2,076,284)	-	(154,928)	(40,505,283)
Machinery and equipment	(10,005,616)	(848,252)	562,562	154,928	(10,136,378)
Total accumulated depreciation and amortization	(48,279,687)	(2,924,536)	562,562	-	(50,641,661)
Total capital assets being depreciated, net	38,136,169	(1,243,337)	(7,513)	4,910,535	41,795,854
<b>Business-Type activities capital assets, net</b>	<b>\$ 47,850,832</b>	<b>\$ 1,266,243</b>	<b>\$ (7,513)</b>	<b>\$ -</b>	<b>\$ 49,109,562</b>

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

	Total
<u>Business-Type Activities:</u>	
County Disposal Sites CSA 9C	\$ 1,824,236
Boulder Creek CSA 7	160,861
Rolling Woods CSA 10	9,019
Septic Tank Maintenance CSA 12	-
Freedom County Sanitation District	553,865
Davenport County Sanitation District	342,164
Place de Mer CSA 2	10,412
Sand Dollar Beach CSA 5	23,979
<b>Total</b>	<u>\$ 2,924,536</u>

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

	Balance July 1, 2024	Additions	Deletions	Reclass- ification	Balance June 30, 2025
Nondepreciable assets:					
Construction-in-progress	\$ 9,661,292	\$ 12,222,799	\$ -	\$ (4,051,178)	\$ 17,832,913
Total nondepreciable assets	<u>9,661,292</u>	<u>12,222,799</u>	<u>-</u>	<u>(4,051,178)</u>	<u>17,832,913</u>
Depreciable assets:					
Pumping stations	62,871,585	65,814	-	455,390	63,392,789
Transmission systems	169,721,847	7,791,941	-	3,595,788	181,109,576
Sewage treatment capacity rights	35,981,390	156,234	-	-	36,137,624
Mobile equipment	5,928,977	573,082	(92,357)	-	6,409,702
Other equipment	<u>4,425,413</u>	<u>240,808</u>	<u>(280,347)</u>	<u>-</u>	<u>4,385,874</u>
Total depreciable assets	<u>278,929,212</u>	<u>8,827,879</u>	<u>(372,704)</u>	<u>4,051,178</u>	<u>291,435,565</u>
Accumulated depreciation:					
Pumping stations	(31,737,767)	(1,057,215)	-	-	(32,794,982)
Transmission systems	(64,349,862)	(4,094,739)	-	-	(68,444,601)
Sewage treatment capacity rights	(22,350,999)	(987,232)	-	-	(23,338,231)
Mobile equipment	(3,828,769)	(342,316)	92,357	-	(4,078,728)
Other equipment	<u>(2,492,539)</u>	<u>(522,306)</u>	<u>280,347</u>	<u>-</u>	<u>(2,734,498)</u>
Total accumulated depreciation	<u>(124,759,936)</u>	<u>(7,003,808)</u>	<u>372,704</u>	<u>-</u>	<u>(131,391,040)</u>
Depreciable assets, net	<u>154,169,276</u>	<u>1,824,071</u>	<u>-</u>	<u>4,051,178</u>	<u>160,044,525</u>
Total capital assets, net	<u>\$ 163,830,568</u>	<u>\$ 14,046,870</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 177,877,438</u>

Depreciation expense for the District for the year ended June 30, 2025 was \$7,003,808.



NOTE 8 - LEASES

A. Lease receivable

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

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

	Governmental Activities	
	Principal	Interest
2026	\$ 20,183	\$ 217
2027	-	-
2028	-	-
2029	-	-
2030	-	-
Total	\$ 20,183	\$ 217

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

	Governmental Activities
Lease revenue	\$ 35,885
Interest revenue	\$ 728

B. Lease Payable

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

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

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

Right-of-use assets (included in Depreciable assets, net)	Governmental Activities
	June 30, 2025
Buildings	\$ 6,296,998
Machinery and Equipment	4,327,749
Land	317,369
	<u>\$ 10,942,116</u>
	Governmental Activities
	June 30, 2025
Lease payable (included in Leases & SBITAs payable)	
Current	\$ 2,409,174
Non-current	9,129,924
	<u>\$ 11,539,098</u>

The future principal and interest lease payments as of June 30, 2025 were as follows:

Fiscal year	Principal	Governmental Activities	Interest
2026	\$ 2,409,174	\$ 409,680	
2027	2,137,787	303,159	
2028	2,098,437	197,566	
2029	1,073,843	116,944	
2030	606,898	87,612	
2031-2035	1,716,402	235,229	
2036-2040	662,300	109,940	
2041-2045	129,588	76,885	
2046-2050	143,151	63,322	
2051-2055	158,134	48,339	
2056-2060	174,672	31,800	
2061-2065	192,978	13,495	
2066-2070	35,734	343	
Total	<u>\$ 11,539,098</u>	<u>\$ 1,694,314</u>	

## C. SBITA Payable

The County is obligated under contracts covering certain subscription-based information technology arrangements (SBITA) that expire at various dates during the next five years. The County has entered into various SBITA contracts as lessee for information technology (IT) software. The County's SBITA contracts do not contain material residual value guarantees. As the interest rate implicit in the County's leases is not readily determinable, the County utilizes its incremental borrowing rate to discount the SBITA payments.

The statement of net position includes the following amounts relating to SBITAs:

Right-of-use assets (included in Depreciable assets, net)	Governmental Activities
	June 30, 2025
SBITA	\$ 1,773,516
	\$ 1,773,516
	Governmental Activities
SBITA payable (included in Leases & SBITAs payable)	June 30, 2025
Current	\$ 500,292
Non-current	1,176,985
	\$ 1,677,277

The future principal and interest SBITA payments as of June 30, 2025, were as follows:

Fiscal year	Principal	Governmental Activities	Interest
2026	\$ 500,292	\$ 69,415	
2027	453,941	49,747	
2028	410,148	32,108	
2029	312,896	14,810	
2030	-	-	
Total	\$ 1,677,277	\$ 166,080	

**NOTE 9 - SHORT-TERM DEBT – TAX AND REVENUE ANTICIPATION NOTES**

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

Tax and revenue anticipation notes payable debt activity for the fiscal year ended June 30, 2025 was as follows:

TRAN for Fiscal Year	Interest Rate	Beginning Balance	Additions	Deletions	Premiums/ Discounts	Accrued Interest	Ending Balance
2024	5.0%	\$ 64,041,528	\$ -	\$ (64,041,528)	\$ -	\$ -	\$ -
2025	5.0%	-	48,834,240	-	(834,240)	2,393,333	50,393,333
2026	5.0%	-	32,708,160	-	-	-	32,708,160
Total		<u>\$ 64,041,528</u>	<u>\$ 81,542,400</u>	<u>\$ (64,041,528)</u>	<u>\$ (834,240)</u>	<u>\$ 2,393,333</u>	<u>\$ 83,101,493</u>

The FY 24-25 TRAN outstanding at June 30, 2025 was paid on July 1, 2025.

The initial deposit of the FY 25-26 TRAN received in June 2025 is allocated between governmental activities of \$32,708,160 and the Teeter loan held in the custodial fund of \$10,221,300.

## NOTE 10 - LONG-TERM DEBT

The following is a summary of long-term liabilities transactions for the fiscal year ended June 30, 2025:

	June 30, 2024 As Previously Reported	Changes to or within the Financial Reporting Entity	June 30, 2024 As Restated	Debt Issued or Transferred In	Debt Retired or Transferred Out	Balance June 30, 2025	Due in One Year	Due in More Than One Year
<b>Governmental Activities Debt:</b>								
1996 Refunding Certificates of Participation	\$ 4,570,000	\$ -	\$ 4,570,000	\$ -	\$ (1,445,000)	\$ 3,125,000	\$ 1,520,000	\$ 1,605,000
2012 Lease Revenue Refunding Bond, Series A	1,057,543	-	1,057,543	-	(85,554)	971,989	90,307	881,682
2012A Unamortized bond discount	(8,397)	-	(8,397)	-	839	(7,558)	(839)	(6,719)
<b>Subtotal</b>	<b>1,049,146</b>	<b>-</b>	<b>1,049,146</b>	<b>-</b>	<b>(84,715)</b>	<b>964,431</b>	<b>89,468</b>	<b>874,963</b>
2014 Refunding Certificates of Participation	3,385,000	-	3,385,000	-	(360,000)	3,025,000	380,000	2,645,000
2014 Unamortized bond premium	132,317	-	132,317	-	(16,539)	115,778	16,539	99,239
<b>Subtotal</b>	<b>3,517,317</b>	<b>-</b>	<b>3,517,317</b>	<b>-</b>	<b>(376,539)</b>	<b>3,140,778</b>	<b>396,539</b>	<b>2,744,239</b>
2015 Refunding Certificates of Participation	185,000	-	185,000	-	(185,000)	-	-	-
2015 Lease Revenue Bonds, Series B	7,660,000	-	7,660,000	-	(300,000)	7,360,000	315,000	7,045,000
2015B Unamortized bond premium	42,094	-	42,094	-	(2,004)	40,090	2,004	38,086
<b>Subtotal</b>	<b>7,702,094</b>	<b>-</b>	<b>7,702,094</b>	<b>-</b>	<b>(302,004)</b>	<b>7,400,090</b>	<b>317,004</b>	<b>7,083,086</b>
2016 Refunding Certificates of Participation	5,985,000	-	5,985,000	-	(365,000)	5,620,000	380,000	5,240,000
2016 Unamortized bond premium	570,402	-	570,402	-	(47,534)	522,868	47,534	475,334
<b>Subtotal</b>	<b>6,555,402</b>	<b>-</b>	<b>6,555,402</b>	<b>-</b>	<b>(412,534)</b>	<b>6,142,868</b>	<b>427,534</b>	<b>5,715,334</b>
2017 Lease Revenue Bonds, Series A	5,220,000	-	5,220,000	-	(465,000)	4,755,000	465,000	4,290,000
2017A Unamortized bond discount	(41,035)	-	(41,035)	-	3,730	(37,305)	(3,730)	(33,575)
<b>Subtotal</b>	<b>5,178,965</b>	<b>-</b>	<b>5,178,965</b>	<b>-</b>	<b>(461,270)</b>	<b>4,717,695</b>	<b>461,270</b>	<b>4,256,425</b>
2020 Lease Revenue Bonds, Series A	8,825,000	-	8,825,000	-	(240,000)	8,585,000	250,000	8,335,000
2020A Unamortized bond premium	664,505	-	664,505	-	(74,229)	590,276	68,092	522,184
<b>Subtotal</b>	<b>9,489,505</b>	<b>-</b>	<b>9,489,505</b>	<b>-</b>	<b>(314,229)</b>	<b>9,175,276</b>	<b>318,092</b>	<b>8,857,184</b>
2020 Lease Revenue Refunding Bonds, Series B	3,495,000	-	3,495,000	-	(255,000)	3,240,000	260,000	2,980,000
2020B Unamortized bond discount	(23,022)	-	(23,022)	-	1,932	(21,090)	(1,931)	(19,159)
<b>Subtotal</b>	<b>3,471,978</b>	<b>-</b>	<b>3,471,978</b>	<b>-</b>	<b>(253,068)</b>	<b>3,218,910</b>	<b>258,069</b>	<b>2,960,841</b>
2021 SCRUIPOB, 2021 Tax Pension Obligation Bond	108,310,000	-	108,310,000	-	(5,225,000)	103,085,000	5,260,000	97,825,000
2021A Lease Revenue, LRB Westridge	22,100,000	-	22,100,000	-	(475,000)	21,625,000	490,000	21,135,000
2021A Unamortized bond premium	2,445,411	-	2,445,411	-	(262,511)	2,182,900	245,059	1,937,841
<b>Subtotal</b>	<b>24,545,411</b>	<b>-</b>	<b>24,545,411</b>	<b>-</b>	<b>(737,511)</b>	<b>23,807,900</b>	<b>735,059</b>	<b>23,072,841</b>
2021B Lease Revenue, LRB Westridge	3,630,000	-	3,630,000	-	(100,000)	3,530,000	100,000	3,430,000
2021B Unamortized bond discount	(47,731)	-	(47,731)	-	1,773	(45,958)	(1,773)	(44,185)
<b>Subtotal</b>	<b>3,582,269</b>	<b>-</b>	<b>3,582,269</b>	<b>-</b>	<b>(98,227)</b>	<b>3,484,042</b>	<b>98,227</b>	<b>3,385,815</b>
2023A Lease Revenue, LRB Westridge	17,300,000	-	17,300,000	-	-	17,300,000	350,000	16,950,000
2023A Unamortized bond premium	509,441	-	509,441	-	(87,601)	421,840	86,963	334,877
<b>Subtotal</b>	<b>17,809,441</b>	<b>-</b>	<b>17,809,441</b>	<b>-</b>	<b>(87,601)</b>	<b>17,721,840</b>	<b>436,963</b>	<b>17,284,877</b>
2024 Lease Revenue Bonds, Series A-1	35,000,000	-	35,000,000	-	(5,885,000)	29,115,000	-	29,115,000
2024A-1 Unamortized bond discount	(62,908)	-	(62,908)	-	(6,474)	(69,382)	(6,016)	(63,366)
<b>Subtotal</b>	<b>34,937,092</b>	<b>-</b>	<b>34,937,092</b>	<b>-</b>	<b>(5,891,474)</b>	<b>29,045,618</b>	<b>(6,016)</b>	<b>29,051,634</b>

# NOTES TO BASIC FINANCIAL STATEMENTS

	June 30, 2024 As Previously Reported	Changes to or within the Financial Reporting Entity	June 30, 2024 As Restated	Debt Issued or Transferred In	Debt Retired or Transferred Out	Balance June 30, 2025	Due in One Year	Due in More Than One Year
<b>Governmental Activities Debt, Continued:</b>								
2024 Lease Revenue Bonds, Series A-2	7,207,568	-	7,207,568	-	(748,208)	6,459,360	1,070,120	5,389,240
2024A-2 Unamortized bond premium	550,205	-	550,205	-	(125,305)	424,900	110,660	314,240
<b>Subtotal</b>	<b>7,757,773</b>	<b>-</b>	<b>7,757,773</b>	<b>-</b>	<b>(873,513)</b>	<b>6,884,260</b>	<b>1,180,780</b>	<b>5,703,480</b>
2024 Lease Revenue Bonds, Series B	9,080,000.00	-	9,080,000.00	-	-	9,080,000.00	-	9,080,000.00
2024 Lease Revenue Bonds, Series C	27,175,000	-	27,175,000	-	-	27,175,000	180,000	26,995,000
2024C Unamortized bond premium	2,411,433	-	2,411,433	-	(232,310)	2,179,123	232,049	1,947,074
<b>Subtotal</b>	<b>29,586,433</b>	<b>-</b>	<b>29,586,433</b>	<b>-</b>	<b>(232,310)</b>	<b>29,354,123</b>	<b>412,049</b>	<b>28,942,074</b>
<b>Subtotal bonds payable</b>	<b>277,327,826</b>	<b>-</b>	<b>277,327,826</b>	<b>-</b>	<b>(16,979,995)</b>	<b>260,347,831</b>	<b>11,905,038</b>	<b>248,442,793</b>
Financed purchases and loans from direct borrowings								
Energy efficient Infrastructure - Capital One Financed Purchase	1,266,394	(1,266,394)	-	-	-	-	-	-
Central Coast Community Energy Loan	1,520,797	(1,520,797)	-	-	-	-	-	-
188 Whiting Rd. Purchase - Lender Teresa Beserra Trust	1,083,432	-	1,083,432	-	(70,433)	1,012,999	73,324	939,675
<b>Subtotal loans</b>	<b>3,870,623</b>	<b>(2,787,191)</b>	<b>1,083,432</b>	<b>-</b>	<b>(70,433)</b>	<b>1,012,999</b>	<b>73,324</b>	<b>939,675</b>
<b>Subtotal bonds and loans payable</b>	<b>281,198,449</b>	<b>(2,787,191)</b>	<b>278,411,258</b>	<b>-</b>	<b>(17,050,428)</b>	<b>261,360,830</b>	<b>11,978,362</b>	<b>249,382,468</b>
Total OPEB liability	135,152,070	(3,362,635)	131,789,435	2,153,415	-	133,942,850	5,970,510	127,972,340
Net Pension liability	505,650,166	(10,356,476)	495,293,690	-	(9,246,393)	486,047,297	-	486,047,297
Compensated absences	33,747,082	(601,613)	33,145,469	29,434,352	(28,077,435)	34,502,386	29,226,971	5,275,415
Leases	8,715,809	-	8,715,809	403,637	(1,889,514)	7,229,932	1,370,512	5,859,420
Subscription Based Information Technology Agreements	271,194	-	271,194	1,092,573	(311,170)	1,052,597	334,476	718,121
<b>Total governmental fund activities</b>	<b>\$ 964,734,770</b>	<b>\$ (17,107,915)</b>	<b>\$ 947,626,855</b>	<b>\$ 33,083,977</b>	<b>\$ (56,574,940)</b>	<b>\$ 924,135,892</b>	<b>\$ 42,910,321</b>	<b>\$ 875,255,061</b>
<b>Internal Service Funds</b>								
Total OPEB liability	\$ 19,593,816	\$ 3,362,635	\$ 22,956,451	\$ 1,037,004	\$ -	\$ 23,993,455	\$ 1,081,080	\$ 22,912,375
Net Pension liability	69,398,435	10,356,476	79,754,911	1,232,214	-	80,987,125	-	80,987,125
Compensated absences	5,555,295	601,613	6,156,908	5,087,470	(4,922,746)	6,321,632	5,019,000	1,302,632
Estimated claims	59,987,968	-	59,987,968	27,320,686	(18,570,638)	68,738,016	14,613,016	54,125,000
Leases	1,697,466	3,268,972	4,966,438	378,602	(1,035,874)	4,309,166	1,038,662	3,270,504
Subscription Based Information Technology Agreements	1,012,090	-	1,012,090	805,598	(1,193,008)	624,680	165,816	458,864
General Services - Energy Efficient Infrastructure Finance Purchase	-	1,266,394	1,266,394	-	(407,093)	859,301	421,951	437,350
General Services - CCCE Loan Finance Purchase	-	1,520,797	1,520,797	-	(190,718)	1,330,079	194,301	1,135,778
<b>Total Internal Service Funds</b>	<b>\$ 157,245,070</b>	<b>\$ 20,376,887</b>	<b>\$ 177,621,957</b>	<b>\$ 35,861,574</b>	<b>\$ (26,320,077)</b>	<b>\$ 187,163,454</b>	<b>\$ 22,533,826</b>	<b>\$ 164,629,628</b>
<b>Total Governmental Activities</b>								
Compensated absences	\$ 39,302,377	\$ -	\$ 39,302,377	\$ 34,521,822	\$ (33,000,181)	\$ 40,824,018	\$ 34,245,971	\$ 6,578,047
Estimated claims	59,987,968	-	59,987,968	27,320,686	(18,570,638)	68,738,016	14,613,016	54,125,000
Other long-term liabilities:								
Bonds payable	277,327,826	-	277,327,826	-	(16,979,995)	260,347,831	11,905,038	248,442,793
Financed Purchases and loans from direct borrowings	3,870,623	-	3,870,623	-	(668,244)	3,202,379	689,576	2,512,803
Leases	10,413,275	3,268,972	13,682,247	782,239	(2,925,388)	11,539,098	2,409,174	9,129,924
Subscription Based Information Technology Agreements	1,283,284	-	1,283,284	1,898,171	(1,504,178)	1,677,277	500,292	1,176,985
<b>Subtotal other long-term liabilities</b>	<b>292,895,008</b>	<b>3,268,972</b>	<b>296,163,980</b>	<b>2,680,410</b>	<b>(22,077,805)</b>	<b>276,766,585</b>	<b>15,504,080</b>	<b>261,262,505</b>
Total OPEB liability	154,745,886	-	154,745,886	3,190,419	-	157,936,305	7,051,590	150,884,715
Net Pension liability	575,048,601	-	575,048,601	1,232,214	(9,246,393)	567,034,422	-	567,034,422
<b>Total Governmental Activities</b>	<b>\$ 1,121,979,840</b>	<b>\$ 3,268,972</b>	<b>\$ 1,125,248,812</b>	<b>\$ 68,945,551</b>	<b>\$ (82,895,017)</b>	<b>\$ 1,111,299,346</b>	<b>\$ 65,444,147</b>	<b>\$ 1,039,884,689</b>

# NOTES TO BASIC FINANCIAL STATEMENTS

The County Of Santa Cruz  
Fiscal Year ended June 30, 2025

	June 30, 2024 As Previously Reported	Changes to or Within the Financial Reporting Entity	June 30, 2024 As Restated	Debt Issued or Transferred In	Debt Retired or Transferred Out	Balance June 30, 2025	Due in One Year	Due in More Than One Year
<b>Business-Type Activities</b>								
<i>Enterprise Funds</i>								
2024A-2 Lease Revenue Bonds	\$ 4,052,432	\$ -	\$ 4,052,432	\$ -	\$ (296,792)	\$ 3,755,640	\$ 299,880	\$ 3,455,760
2024A-2 Unamortized bond premium	414,782	-	414,782	-	(65,608)	349,174	61,824	287,350
Subtotal Bonds Payable	4,467,214	-	4,467,214	-	(362,400)	4,104,814	361,704	3,743,110
<b>Loans from direct borrowings</b>								
Davenport County Sanitation District	\$ 2,957	\$ -	\$ 2,957	\$ -	\$ (2,957)	\$ -	\$ -	\$ -
Heavy Equipment Financed Purchase - Lender for CSA9C	737,963	-	737,963	-	(175,892)	562,071	181,461	380,610
Freedom County Sanitation District	4,215,000	-	4,215,000	-	(96,000)	4,119,000	97,000	4,022,000
Excavator Finances Purchase - Lender for CSA9C	491,954	-	491,954	-	(156,854)	335,100	120,223	214,877
Subtotal Loans from direct borrowings	5,447,874	-	5,447,874	-	(431,703)	5,016,171	398,684	4,617,487
Subtotal Bonds and Loans from direct borrowings	9,915,088	-	9,915,088	-	(794,103)	9,120,985	760,388	8,360,597
<b>Postclosure liability</b>								
Enterprise Fund - County Disposal Sites CSA 9C	14,940,283	-	14,940,283	1,076,802	-	16,017,085	-	16,017,085
Total Business-Type Activities	\$ 24,855,371	\$ -	\$ 24,855,371	\$ 1,076,802	\$ (794,103)	\$ 25,138,070	\$ 760,388	\$ 24,377,682
<b>Component Unit - Santa Cruz County</b>								
<i>Sanitation District</i>								
2022 Green Bond, 2022 Revenue Bonds	\$ 19,240,000	\$ -	\$ 19,240,000	\$ -	\$ (345,000)	\$ 18,895,000	\$ 360,000	\$ 18,535,000
2022 Green Bond Unamortized Bond Premium	506,259	-	506,259	-	(18,081)	488,178	18,081	470,097
Subtotal	19,746,259	-	19,746,259	-	(363,081)	19,383,178	378,081	19,005,097
2024 Green Bond, 2024 Revenue Bonds	\$ 27,990,000	\$ -	\$ 27,990,000	\$ -	\$ (335,000)	\$ 27,655,000	\$ 460,000	\$ 27,195,000
2024 Green Bond Unamortized Bond Premium	1,395,141	-	1,395,141	-	(46,505)	1,348,636	46,505	1,302,131
Subtotal	29,385,141	-	29,385,141	-	(381,505)	29,003,636	506,505	28,497,131
Subtotal Bonds Payable	49,131,400	-	49,131,400	-	(744,586)	48,386,814	884,586	47,502,228
<b>Loans from direct borrowings</b>								
2020 State Water Resources Control Board Loan	4,655,062	-	4,655,062	-	(135,412)	4,519,650	137,849	4,381,801
2009 State Water Resources Control Board Loan	5,666,650	-	5,666,650	-	(648,645)	5,018,005	664,862	4,353,143
IBank loan	6,393,305	-	6,393,305	-	(165,018)	6,228,287	170,727	6,057,560
SWRCB Loan	265,703	-	265,703	2,616,874	-	2,882,577	92,242	2,790,335
Subtotal Loans from direct borrowings	16,980,720	-	16,980,720	2,616,874	(949,075)	18,648,519	1,065,680	17,582,839
Total Component Unit	\$ 66,112,120	\$ -	\$ 66,112,120	\$ 2,616,874	\$ (1,693,661)	\$ 67,035,333	\$ 1,950,266	\$ 65,085,067

Descriptions of the long-term liabilities at June 30, 2025, are as follows:

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2025
<b>Governmental Activities:</b>					
<b>Debt Service</b>					
<i>Refunding Certificates of Participation</i>					
1996 Issue (financed construction of the County Emeline Avenue Health Services building and an infirmary in the County Medium Security Detention Facility)					
Collateral: Health Services Administration Building/Jail Infirmary					
Serial certificates	9/1/97-9/1/26	4.00-5.65%	\$190,000-\$1,065,000	\$ 20,955,000	\$ 3,125,000
Term bonds	3/1/21-9/1/23	5.60%	\$1,230,000-\$1,370,000	3,900,000	-
				Total 1996 Issue	3,125,000
2014 Issue (defeased 2001 Series B Lease Revenue Bonds and refinanced existing leases)					
Collateral: Water Street Detention Facility/Blaine Street Women's Detention Facility					
Serial certificates	8/1/14-8/1/31	3.00-5.00%	\$280,000-\$485,000	6,285,000	3,025,000
Unamortized bond premium				297,707	115,778
				Total 2014 Issue	3,140,778
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	3,985,000
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	522,868
				Total 2016 Issue	6,142,868
				Total Refunding Certificates of Participation	11,770,000
				Net Premiums/(Discounts)	638,646
				Total including Premiums/(Discounts)	\$ 12,408,646
<i>Lease Revenue Bonds</i>					
2015 Series B 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	\$ 3,530,000
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	40,090
				Total 2015 Issue	7,400,090
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	930,000
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)	(37,305)
				Total 2017 Issue	4,717,695



# NOTES TO BASIC FINANCIAL STATEMENTS

The County Of Santa Cruz

Fiscal Year ended June 30, 2025

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2025
<b>Governmental Activities, Continued:</b>					
<b>Debt Service, Continued</b>					
2020 Series A Lease Revenue Bonds (financed various capital improvements and pay the cost of issuance)					
Collateral: Felton Branch Library and adjacent nature discovery park and the Simkins Family Swim Center					
Serial bonds	6/1/22-6/1/30	4.00%	\$215,000-\$290,000	2,255,000.00	1,350,000
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 premium				1,025,480	590,276
					<u>9,175,276</u>
2021 Series A Lease Revenue Bonds (finance the acquisition and improvements to certain land and facilities and to pay the cost of issuance)					
Collateral: South County Service Center					
Serial bonds	6/1/24-6/1/41	4.00%	\$455,000-\$885,000	11,670,000	10,740,000
Term bonds	6/1/42-6/1/46	4.00%	\$4,990,000	4,990,000	4,990,000
Term bonds	6/1/47-6/1/51	2.50%	\$5,895,000	5,895,000	5,895,000
Unamortized bond premium				3,214,154	2,182,900
					<u>23,807,900</u>
2021 Series B Lease Revenue Bonds (finance the acquisition and improvements to certain land and facilities and to pay the cost of issuance)					
Collateral: South County Service Center					
Serial bonds	6/1/24-6/1/36	.611-2.709%	\$100,000-\$120,000	1,400,000	1,200,000
Term bonds	6/1/37-6/1/51	3.00%	\$2,330,000	2,330,000	2,330,000
Unamortized bond discount				(52,588)	(45,958)
					<u>3,484,042</u>
				Total 2021 Issue	<u>\$ 27,291,942</u>
2023 Series A Lease Revenue Bonds (finance the acquisition and improvements to certain land and facilities and to pay the cost of issuance)					
Collateral: South County Service Center					
Serial bonds	6/1/26-6/1/42	4.00-5.00%	\$350,000-\$730,000	8,795,000	8,795,000
Term bonds	6/1/43-6/1/45	4.00%	\$2,510,000	2,510,000	2,510,000
Term bonds	6/1/46-6/1/48	4.00%	\$2,825,000	2,825,000	2,825,000
Term bonds	6/1/49-6/1/51	4.00%	\$3,170,000	3,170,000	3,170,000
Unamortized bond premium				619,673	421,840
					<u>17,721,840</u>
2024 Series A-1 Lease Revenue Bonds (to reimburse the County for the costs of improvements to certain roads and facilities, to capitalize interest for a limited period and to pay for the cost of issuance)					
Collateral: County's main Administrative and Court Buildings					
Serial bonds	6/1/29-6/1/34	4.00%	\$2,590,000-\$3,155,000	17,190,000	11,305,000
Term bonds	6/1/35-6/1/39	4.13%	\$17,810,000	17,810,000	17,810,000
Unamortized bond discount				(62,995)	(69,382)
					<u>29,045,618</u>
2024 Series A-2 Lease Revenue Bonds (to reimburse the County for the costs of improvements to certain roads and facilities, to defease 2014 Lease Revenue Bonds and to pay for the cost of issuance)					
Collateral: County's main Administrative and Court Buildings					
Serial bonds	6/1/25-6/1/35	5.00%	\$406,400-\$1,017,600	7,207,568	6,459,360
Unamortized bond premium				552,727	424,900
					<u>6,884,260</u>
2024 Series B Taxable Lease Revenue Bonds (to reimburse the County for the costs of improvements to certain roads and facilities, to capitalize interest for a limited period and to pay for the cost of issuance)					
Collateral: County's main Administrative and Court Buildings					
Serial bonds	6/1/27-6/1/34	4.82-5.15%	\$440,000-\$1,065,000	6,230,000	6,230,000
Term bonds	6/1/35-6/1/39	5.45%	\$2,850,000	2,850,000	2,850,000
					<u>9,080,000</u>

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30,
<b>Governmental Activities, Continued:</b>					
<b>Debt Service, Continued</b>					
2024 Series C Lease Revenue Bonds (to reimburse the County for the costs of improvements to certain roads and facilities, to finance the acquisition of and improvements for certain facilities, to capitalize interest for a limited period and to pay for the cost of issuance)					
Collateral: South County Health Services Administrative Building, Live Oak Library, Aptos Library and the Behavioral Health Center					
Serial bonds	6/1/26-6/1/44	5.00%	\$180,000-\$1,795,000	21,615,000	21,615,000
Term bonds	6/1/45-6/1/49	4.00%	\$2,505,000	2,505,000	2,505,000
Term bonds	6/1/50-6/1/54	4.13%	\$3,055,000	3,055,000	3,055,000
Unamortized bond premium				2,418,531	2,179,123
					<u>29,354,123</u>
				Total 2024 Issue	<u>\$ 74,364,001</u>
				Total Lease Revenue Bonds	<u>\$ 134,984,360</u>
				Net Premiums/(Discounts)	<u>5,686,484</u>
				Total including Premiums/(Discounts)	<u>\$ 140,670,844</u>
<b>Lease Revenue Refunding Bonds</b>					
2012 Series A (refinanced construction and equipment costs for the Santa Cruz County Consolidated Emergency Communications Center)					
Collateral: Santa Cruz County Regional 911 Center					
Serial bonds	6/15/13-6/15/30	2.00-5.00%	\$115,000-\$225,000	\$ 1,402,135	\$ 489,559
Term Bonds	6/15/31-6/15/34	5.00%		482,430	482,430
Unamortized bond discount				(18,465)	(7,558)
				Total 2012 Issue	<u>964,431</u>
2020 Series B (refinanced 2011 Certificates of Participation and pay the cost of issuance)					
Collateral: Felton Branch Library and adjacent nature discovery park and the Simpkins Family Swim Center					
Serial bonds	6/1/21-6/1/25	1.22-2.04%	\$270,000-\$255,000	1,255,000	-
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)	(21,090)
				Total 2020 Issue	<u>3,218,910</u>
				Total Lease Revenue Refunding Bonds	<u>4,211,989</u>
				Net Premiums/(Discounts)	<u>(28,648)</u>
				Total including Premiums/(Discounts)	<u>\$ 4,183,341</u>
<b>Taxable Pension Obligation Bonds</b>					
2021 Taxable Pension Obligation Bond (to pay a portion of the County's Safety and Sheriff unamortized, unfunded liability to CalPERS.)					
Serial bonds	6/1/22-6/1/36	.163-2.651%	\$5,505,000-\$6,325,000	\$ 83,910,000	\$ 62,800,000
Term Bonds	6/1/37-6/1/41	2.804%	\$28,490,000.00	28,490,000	28,490,000
Term Bonds	6/1/42-6/1/47	2.914%	\$11,750,000.00	11,795,000	11,795,000
				Total 2021 Issue	<u>103,085,000</u>
				Total General	<u>103,085,000</u>
				Net Premiums/(Discounts)	<u>-</u>
				Total including Premiums/(Discounts)	<u>\$ 103,085,000</u>
<b>Financed purchases and loans from direct borrowings</b>					
Energy efficient infrastructure - Capital					
One Financed Purchase	2008-2027	3.62%	\$135,989-\$220,635	\$ 5,989,594	\$ 859,301
Central Coast Community Energy (CCCE)					
loan	2022-2031	1.87%	\$91,152-\$108,448	2,000,000	1,330,079
188 Whiting Rd. Purchase - Lender Teresa					
Beserra Trust	2023-2035	4.03%	\$1,140,000	1,140,000	1,012,999
				Subtotal Financed purchases and loans	<u>\$ 3,202,379</u>
<b>Leases and SBITAs</b>					
Leases					
Subscription Based Information					
Technology Agreements					
					\$ 11,539,098
					<u>1,677,277</u>
				Subtotal Leases and SBITAs	<u>\$ 13,216,375</u>
				<b>Total Governmental Activities</b>	<u>\$ 276,766,585</u>

# NOTES TO BASIC FINANCIAL STATEMENTS

The County Of Santa Cruz

Fiscal Year ended June 30, 2025

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2025
<b>Business-Type Activities:</b>					
2024 Series A-2 Lease Revenue Bonds (to reimburse the County for the costs of improvements to certain roads and facilities, to defease 2014 Lease Revenue Bonds, to capitalize interest for a limited period and to pay for the cost of issuance)					
Collateral: County's main Administrative and Court Buildings					
Serial bonds	6/1/25-6/1/35	5.00%	\$228,600-\$572,400	4,052,432	\$ 3,755,640
Unamortized bond premium				418,141	349,174
					<u>\$ 4,104,814</u>
<i>Financed purchases and loans from direct borrowings</i>					
Enterprise Fund - Davenport County Sanitation District					
Enterprise Fund - Heavy Equipment Fiananced Purchase - Lender for CSA 9C					
Zion Bank					
	12/19-12/27	3.18%	\$154,747-\$193,185	1,543,405	562,071
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	4,119,000
Enterprise Fund - Excavator Financed Purchase - Lender for CSA 9C					
ZMFU II, INC.					
	1/13/24-1/13/28	4.41%	\$110,282-\$131,061	602,236	335,100
					<u>5,016,171</u>
Landfill postclosure					16,017,085
<b>Total Business-Type Activities</b>					<u><u>\$ 25,138,070</u></u>
<b>Component Unit - Santa Cruz County Sanitation District (SCCSD):</b>					
<i>Lease Bonds</i>					
2022 Green Bond, 2022 Revenue Bond (financed improvement of wastewater systems)					
Collateral: Trust Indenture Agreement entered into on June 1, 2022					
Serial bonds	8/1/15-8/1/34	5.000%	\$325,000-\$590,000	\$ 6,180,000	\$ 5,130,000
Term bonds	6/1/37-6/1/38	5.000%	\$1,265,000	1,265,000	1,265,000
Term bonds	6/1/39-6/1/40	4.000%	\$1,385,000	1,385,000	1,385,000
Term bonds	6/1/41-6/1/42	4.000%	\$1,500,000	1,500,000	1,500,000
Term bonds	6/1/43-6/1/45	4.125%	\$2,485,000	2,485,000	2,485,000
Term bonds	6/1/46-6/1/48	4.125%	\$2,810,000	2,810,000	2,810,000
Term bonds	6/1/49-6/1/52	4.250%	\$4,320,000	4,320,000	4,320,000
Unamortized bond premium				542,421	488,178
				<b>Total 2022 Issue</b>	<u>19,383,178</u>
2024 Green Bond, 2024 Revenue Bond (financed improvement to upgrade sewer and pump stations)					
Collateral: Trust Indenture Agreement entered into on April 1, 2024					
Serial bonds	6/1/25-6/1/49	4.00%-5.00%	\$335,000-\$1,330,000	\$ 20,520,000	20,185,000
Term bonds	6/1/20-6/1/51	4.000%	\$2,815,000	2,815,000	2,815,000
Term bonds	6/1/52-6/1/54	4.000%	\$4,655,000	4,655,000	4,655,000
Unamortized bond premium				1,395,141	1,348,636
				<b>Total 2024 Issue</b>	<u>29,003,636</u>
				<b>Total Green Bonds</b>	<u>46,550,000</u>
				<b>Net Premiums/(Discounts)</b>	<u>1,836,814</u>
				<b>Total including Premiums/(Discounts)</b>	<u><u>\$ 48,386,814</u></u>

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30,
<b>Component Unit Activities, Continued:</b>					
<b>Debt Service, Continued</b>					
<b>General</b>					
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	\$ 4,519,650
2009 State Water Resources Control Board Loan (Aptos Transmission Main Relocation Project)	2013-2032	2.50%	\$630,445-\$959,296	11,981,910	5,018,005
IBank Loan (replace old and deteriorated sewer lines)	2019-2048	3.46%	\$144,025-\$1,745,807	7,000,000	6,228,287
23/24 State Water Resource Control Board Loan (Valencia Creek Sewer Relocation Project)	2024	0.90%	\$109,750	2,882,577	2,882,577
			Subtotal Loans from direct borrowings	\$	18,648,519
			Total Green Bonds and Loans form direct borrowings		65,198,519
			Net Premiums/(Discounts)		1,836,814
			Total including Premiums/(Discounts)		67,035,333
			<b>Total Component Unit</b>	\$	67,035,333

## 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, 2025, annual debt service requirements of governmental activities to maturity are as follows:

### Debt Service

Year Ending June 30,	Refunding Certificates of Participation		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2026	\$ 2,280,000	\$ 449,666	\$ 3,220,120	\$ 5,651,447
2027	2,395,000	330,385	4,215,840	5,514,138
2028	820,000	252,844	5,011,560	5,331,337
2029	855,000	219,344	5,226,568	5,107,749
2030	890,000	184,444	4,412,288	4,872,620
2031-2035	3,420,000	436,984	36,522,984	20,386,823
2036-2040	1,110,000	33,600	35,375,000	12,249,296
2041-2045	-	-	19,860,000	6,131,670
2046-2050	-	-	15,760,000	2,583,570
2051-2055	-	-	5,380,000	353,440
<b>Total</b>	<b>\$ 11,770,000</b>	<b>\$ 1,907,267</b>	<b>\$ 134,984,360</b>	<b>\$ 68,182,090</b>

Year Ending June 30,	Lease Revenue Refunding Bonds	
	Principal	Interest
2026	\$ 350,307	\$ 138,634
2027	357,684	127,843
2028	367,437	116,699
2029	377,188	105,212
2030	391,943	93,249
2031-2035	2,032,430	254,357
2036-2040	335,000	10,050
2041-2045	-	-
2046-2050	-	-
2051-2055	-	-
<b>Total</b>	<b>\$ 4,211,989</b>	<b>\$ 846,044</b>

General

Year Ending June 30,	Tax Pension Obligation Bonds	
	Principal	Interest
2026	\$ 5,260,000	\$ 2,372,297
2027	5,320,000	2,318,435
2028	5,385,000	2,250,658
2029	5,465,000	2,172,899
2030	5,555,000	2,082,125
2031-2035	29,490,000	8,693,778
2036-2040	29,745,000	4,852,419
2041-2045	15,705,000	1,279,788
2046-2050	1,160,000	45,313
2051-2055	-	-
<b>Total</b>	<b>\$ 103,085,000</b>	<b>\$ 26,067,712</b>

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

The County issued Taxable Pension Obligation Bonds (POB) to prepay a partial obligation under its contract with CalPERS for the County's Unfunded Accrued Actuarial Liability (UAAL). The County's outstanding 2021 POB related to governmental activities of \$103,085,000 contain a provision that in an event of default, if the County is unable to make payment, all bonds then outstanding and the accrued interest may become due and payable immediately.

Defeasance of Bonds

On June 4, 2020, the County issued \$4,495,000 in 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.

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

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

On June 20, 2024, the County issued \$11,260,000 in 2024 Lease Revenue Bonds Series A-2 ("2024-A-2 Bonds") including a premium of \$970,868 with an interest rate of 5.00%. Of the net proceeds of \$7,757,196 (after underwriter's discount of \$28,925 and payment of cost of issuance of \$40,960), a portion was deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2014 Lease revenue bonds. As a result, the 2014 Lease revenue bonds 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 2014 Lease revenue bonds, the County decreased its total debt service payments over the next 11 fiscal years by \$127,429, resulting in an economic gain (difference between the present values of the debt service payments on the old debt and the new debt) of \$288,098.

The net carrying amount of the old debt exceeded the reacquisition price by \$315,322 resulting in a deferred gain on refunding. The \$315,322 gain is split between \$136,078 attributed to the governmental funds and \$179,244 attributed to the CSA 9C component unit. This gain on refunding is amortized over 11 years, representing the life of the refunding bonds.

## Business-Type Activities

At June 30, 2025, 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
2026	\$ 299,880	\$ 187,782	\$ 398,684	\$ 78,984
2027	314,160	172,788	410,755	66,821
2028	328,440	157,080	381,732	54,033
2029	348,432	140,658	100,000	43,031
2030	362,712	123,236	101,000	41,906
2031-2035	2,102,016	325,441	523,000	192,229
2036-2040	-	-	553,000	162,135
2041-2045	-	-	585,000	130,320
2046-2050	-	-	619,000	96,660
2051-2055	-	-	654,000	61,054
2056-2060	-	-	690,000	23,434
2061-2065	-	-	-	-
<b>Total</b>	<u>\$ 3,755,640</u>	<u>\$ 1,106,985</u>	<u>\$ 5,016,171</u>	<u>\$ 950,607</u>

Principal and interest on loans payable are paid from various enterprise fund revenues.

**B. Component Unit**

At June 30, 2025, annual debt service requirements of the Santa Cruz County Sanitation District to maturity are as follows:

Year Ending June 30,	Green Revenue Bond		Loans from Direct Borrowings	
	Principal	Interest	Principal	Interest
2026	\$ 820,000	\$ 2,033,119	\$ 1,065,680	\$ 436,857
2027	860,000	1,992,119	1,083,087	419,350
2028	905,000	1,949,119	1,109,522	392,808
2029	945,000	1,903,869	1,136,648	365,572
2030	995,000	1,856,619	1,164,483	337,625
2031-2035	5,775,000	8,484,844	3,835,415	1,302,345
2036-2040	7,390,000	6,896,144	2,606,527	947,129
2041-2045	9,240,000	5,145,869	2,945,915	603,617
2046-2050	11,280,000	3,115,780	2,951,674	213,427
2051-2055	8,340,000	765,500	749,568	18,387
Total	<u>\$ 46,550,000</u>	<u>\$ 34,142,982</u>	<u>\$ 18,648,519</u>	<u>\$ 5,037,117</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, 2025, the District had a balance of \$5,018,005 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, 2025, the District had a balance of \$6,228,287 in loan distributions pursuant to this IBank Loan Agreement.

State Water Resources Control Board Loan 2020

During 2020, the District entered into a Construction Installment Sale Agreement (Agreement) with the SWRCB to finance the Soquel Pump Station Force Main Replacement Project. Under this Agreement, the SWRCB has agreed to loan the District a total of \$5,000,000. As of June 30, 2025, the District has received a total of \$4,519,650 in loan disbursements pursuant to this Agreement. Pursuant to the Agreement, the interest rate is 1.8% and the District began making payments to repay the loan in the 2021/2022 fiscal year.

State Water Resources Control Board Loan 2024

During 2024, the District entered into a Construction Installment Sale Agreement (Agreement) with the SWRCB to finance the Valencia Creek Sewer Project. Under this Agreement, the SWRCB has agreed to loan the District a total of \$3,265,000. As of June 30, 2025, the District has received a total of \$2,882,577 in loan disbursements pursuant to this Agreement. Pursuant to the Agreement, the interest rate is .90% and the District began making payments to repay the loan in the 2025/2026 fiscal year.



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

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

Santa Cruz County Capital Financing Authority Revenue Bonds, Series 2024 (Green Bonds)

On April 30, 2024, the Santa Cruz County Capital Financing Authority issued Green Revenue Bonds for \$27,990,000. The bonds were issued in varying types. There are 25 serial bonds and 2 term bonds issued at a premium (the bonds). Serial bonds mature annually on June 1 between 2025 and 2049. The interest rate on the serial bonds maturing between June 2025 and June 2039 is 5%. The interest rate on the serial bonds maturing between June 2040 and June 2049 is 4%. There are two term bonds. The first term bond, for \$2,815,000, was issued at an interest rate of 4% and matures on June 1, 2051. The second term bond for \$4,655,000, was issued at an interest rate of 4% and matures on June 1, 2054. The bonds were issued to finance wastewater improvements, reduce incidence of sanitary sewer overflows and provide critical maintenance of aging wastewater infrastructure, specifically 11 separate components that make up the wastewater improvement project.

C. **Legal Debt Limit**

The County's legal annual debt service limit as of June 30, 2025 is \$3,019,384,688. The County's legal debt service limit is 5% of the total full cash valuation of all real and personal property within the County.

D. **Arbitrage**

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

**NOTE 11 - PLEDGE OF FUTURE REVENUES****2024 Series C Lease Revenue Bond**

The 2024 Series C Lease Revenue Bond is payable from the revenues pledged under an Indenture of Trust dated June 1, 2024. The County is required to make the Base Rental Payments from legally available funds. The County had made a covenant in the Lease Agreement to take all actions required to include all Base Rental 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 Base Rental 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 2024 C Bond continue through 2054. At June 30, 2025, total principal and interest remaining to be paid on the 2024 C Bond is \$45,742,615.

**2024 Lease Revenue Bonds**

The 2024 Series A-1 Lease Revenue Bonds and the 2024 Series A-2 Lease Revenue Bonds and the Series B Taxable Lease Revenue Bonds, collectively referred to herein as the "2024 Bonds", are payable from revenues pledged under an Indenture of Trust dated June 1, 2024. 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. Proceeds from the 2024 Bonds were used to reimburse the County for improvements to certain roads and facilities, capitalized interest and a portion of Series A-2 to refund the 2014 Lease Revenue Bonds originally related to the County and the County's Buena Vista Sanitary landfill. Annual principal and interest payments on the 2024 Bonds continue through 2039. At June 30, 2025, total principal and interest remaining to be paid on the 2024 Bonds is \$66,568,360 (\$61,705,735 from governmental activities and \$4,862,625 from business-type activities).

**2023 Lease Revenue Bond**

The 2023 Series A Lease Revenue Bond is payable from the revenues pledged under an Indenture of Trust dated March 1, 2023. 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 2023 A Bond continue through 2051. At June 30, 2025, total principal and interest remaining to be paid on the 2023 A Bond is \$28,677,000.

**2021 Lease Revenue Bonds**

The 2021 Series A Lease Revenue Bonds and the 2021 Series B Taxable Lease Revenue Bonds, collectively referred to herein as "2021 Bonds" are payable from the revenues pledged under an Indenture of Trust dated October 1, 2021. The County is required to make the Lease Payments from legally available funds. The County had made a covenant in the Lease Agreement to take all actions required to include all Lease Payments in its annual budgets during the term of the lease and to make the necessary annual appropriations for all such Lease Payments and Additional Rental Payments subject to complete or partial abatement of such Lease Payments resulting from a taking of the Leased Property (either in whole or in part) under the powers of eminent domain or resulting from title defect or damage or destruction of all or any portion of the Leased Property. Annual principal and interest payments on the 2021 Bonds continue through 2051. At June 30, 2025, total principal and interest remaining to be paid on the 2021 Bonds is \$38,055,682.

**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, 2025, total principal and interest remaining to be paid on the 2020 Bonds is \$16,710,879.

**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, 2025, total principal and interest remaining to be paid on the bonds is \$10,425,500 for the 2015 bonds and \$5,682,819 for the 2017 bonds.

**2012A Lease Revenue Refunding Bonds**

The revenues of the Santa Cruz Regional 911 (Regional 911) were pledged to repay \$3,965,000 in lease revenue refunding bonds issued in May 2012. The bonds were refunded on May 15, 2012. Regional 911 was formed in a Joint Powers Authority Agreement with the cities of Santa Cruz, Watsonville, and Capitola and the County of Santa Cruz. Proceeds from the bonds provided funds to refinance an existing lease and to fund equipment purchases. The bonds were payable from use payments paid to the Regional 911 by the different governmental agencies. Annual principal and interest payments on the bonds continue through 2034 and are expected to require less than 12 percent of revenues. The total principal and interest remaining to be paid on the bonds is \$2,575,750 Pursuant to the Joint Powers Authority Agreement, the County is responsible for 47.53% of the total liability, or \$1,224,254. Total principal and interest paid for the current year and total customer revenues were \$285,344 and \$10,300,901, respectively. The County paid \$135,624 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, 2025, a liability for closure and postclosure maintenance in the amount of \$16,017,085 is reflected in the County Disposal Sites CSA 9C Enterprise Fund based upon landfill capacity used to date. As of June 30, 2025, Ben Lomond Landfill was filled to 100% capacity, and the County estimates that the Buena Vista Landfill is filled to 84.7% of capacity with an estimated remaining useful life of seven 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 \$2,846,046 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2025. 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, 2025, cash of \$16,017,085 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, 2025 were as follows:

Internal Service Funds:	
Information Services	\$ 10,083,170
Public Works	39,354,288
General Services	9,675,965
Risk Management	1,205,383
Liability and Property Insurance	34,332,344
Workers' Compensation Insurance	12,567,999

The deficit net positions in the Information Services, Public Works, General Services, Risk Management, and Employee Benefit Staffing funds are primarily due to the reporting of the net pension and total OPEB liabilities pursuant to the implementation of GASB Statement Nos. 68 and 75, respectively. 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 \$34,332,344 and \$12,567,999, respectively. The deficits are related to losses payable for claims and the inclusion of estimates for Incurred but Not Reported (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.

The CalPERS GASB Statement No. 68 Accounting Valuation Report differs from the amounts recognized by the County due to Plan participants who are not part of the County. The amounts have been reduced based on payments within the Measurement Period of July 1, 2023 to June 30, 2024.

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

The provisions and benefits of the Plans in effect at June 30, 2025, 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	7.00%	7.0%	7.75%
Required Employer Contribution Rates	30.73%	30.73%	30.73%
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%	13.25%
Required Employer Contribution Rates	20.62%	20.62%	20.62%
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%	13.5%
Required Employer Contribution Rates	33.61%	33.61%	33.61%

\* 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, 2024, the following employees were covered by the benefit terms for each Plan<sup>(1)</sup>:

	Miscellaneous	Safety	Safety Sheriff
Inactive Employees or Beneficiaries Currently Receiving Benefits	3,180	370	150
Inactive Employees Entitled to but not yet Receiving Benefits	1,994	315	131
Active Employees	2,335	225	142
Total	7,509	910	423

## 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, 2024, using an annual actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, 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, 2023 valuation was rolled forward to determine the June 30, 2024 total pension liability, based on the following actuarial methods and assumptions:

	Miscellaneous	Safety	Safety Sheriff
Valuation Date	June 30, 2023	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2024	June 30, 2024	June 30, 2024
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:			
Discount Rate	6.90%	6.90%	6.90%
Inflation	2.30%	2.30%	2.30%
Payroll Growth	2.80%	2.80%	2.80%
Projected Salary Increase	Varies <sup>(1)</sup>	Varies <sup>(1)</sup>	Varies <sup>(1)</sup>
Mortality Rate Table	Developed using CalPERS’ membership data for all Funds <sup>(2)</sup>		
Post Retirement Benefit Increase	The lesser of contract Cost of Living Adjustment (COLA) or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter		

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

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



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

**Changes of Assumptions** – There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

**Discount Rate** – The discount rate used to measure the total pension liability was 6.90% 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

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

Asset class (a)	Current Target Allocation	Real Return (a) (b)
Global Equity - Cap Weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
Total	100.00%	



**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, 2023	\$ 1,569,956,548	\$ 1,076,341,842	\$ 493,614,706
Changes in the year:			
Service Cost	32,444,414	-	32,444,414
Interest on the Total Pension Liability	109,239,540	-	109,239,540
Differences between Expected and Actual Experience	23,646,735	-	23,646,735
Net Plan to Plan Resource Movement	-	(696)	696
Contribution - Employer	-	56,861,087	(56,861,087)
Contribution - Employee	-	15,616,669	(15,616,669)
Net Investment Income	-	101,690,146	(101,690,146)
Benefit Payments, Including Refunds of Employee Contributions	(87,313,157)	(87,313,157)	-
Administrative Expenses	-	(888,398)	888,398
Net Changes	78,017,532	85,965,651	(7,948,119)
Balance at June 30, 2024	<u>\$ 1,647,974,080</u>	<u>\$ 1,162,307,493</u>	<u>\$ 485,666,587</u>

**Safety Plan**

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2023	\$ 269,842,352	\$ 234,137,307	\$ 35,705,045
Changes in the year:			
Service Cost	6,230,716	-	6,230,716
Interest on the Total Pension Liability	18,701,379	-	18,701,379
Differences between Expected and Actual Experience	4,685,784	-	4,685,784
Contribution - Employer	-	3,995,028	(3,995,028)
Contribution - Employee	-	2,650,598	(2,650,598)
Net Investment Income	-	22,040,480	(22,040,480)
Benefit Payments, Including Refunds of Employee Contributions	(13,156,056)	(13,156,056)	-
Administrative Expenses	-	(192,517)	192,517
Net Changes	16,461,823	15,337,533	1,124,290
Balance at June 30, 2024	<u>\$ 286,304,175</u>	<u>\$ 249,474,840</u>	<u>\$ 36,829,335</u>

**Safety Sheriff Plan**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2023	\$ 276,667,960	\$ 230,939,110	\$ 45,728,850
Changes in the year:			
Service Cost	6,464,287	-	6,464,287
Interest on the Total Pension Liability	19,088,895	-	19,088,895
Differences between Expected and Actual Experience	3,239,895	-	3,239,895
Net Plan to Plan Resource Movement	-	726	(726)
Contribution - Employer	-	6,066,755	(6,066,755)
Contribution - Employee	-	2,310,226	(2,310,226)
Net Investment Income	-	21,793,636	(21,793,636)
Benefit Payments, Including Refunds of Employee Contributions	(12,978,700)	(12,978,700)	-
Administrative Expenses	-	(187,916)	187,916
Net Changes	15,814,377	17,004,727	(1,190,350)
Balance at June 30, 2024	\$ 292,482,337	\$ 247,943,837	\$ 44,538,500

**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 (5.90 percent) or one percentage point higher (7.90 percent) than the current rate:

	Miscellaneous	Safety	Safety Sheriff
1% Decrease			
Net Pension Liability	\$ 693,224,648	\$ 77,868,756	\$ 86,266,725
Current Discount Rate			
Net Pension Liability	485,666,587	36,829,335	44,538,500
1% Increase			
Net Pension Liability	312,749,326	3,405,257	10,517,528

**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, 2025, the County recognized a pension expense of \$101,458,930 as follows:

Miscellaneous	Safety	Safety Sheriff	TOTAL
\$76,521,733	\$11,748,360	\$13,188,837	\$101,458,930

At June 30, 2025, 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	\$ 62,343,962	\$ -
Changes in Assumptions	2,676,770	-
Differences between Actual and Expected Experience	18,187,397	(399,129)
Net Differences between Projected and Actual Earnings on Plan Investments	18,443,043	-
Total	<u>\$ 101,651,172</u>	<u>\$ (399,129)</u>

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 5,883,022	\$ -
Changes in Assumptions	437,089	-
Differences between Actual and Expected Experience	3,939,447	(15,443)
Net Differences between Projected and Actual Earnings on Plan Investments	4,374,094	-
Total	<u>\$ 14,633,652</u>	<u>\$ (15,443)</u>

	Safety Sheriff	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 7,962,281	\$ -
Changes in Assumptions	4,079,852	-
Differences between Actual and Expected Experience	4,957,801	(322,945)
Net Differences between Projected and Actual Earnings on Plan Investments	4,398,944	-
Total	<u>\$ 21,398,878</u>	<u>\$ (322,945)</u>

	TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 76,189,265	\$ -
Changes in Assumptions	7,193,711	-
Differences between Actual and Expected Experience	27,084,645	(737,517)
Net Differences between Projected and Actual Earnings on Plan Investments	27,216,081	-
Total	<u>\$ 137,683,702</u>	<u>\$ (737,517)</u>

The \$76,189,265 in pension contributions subsequent to the measurement date and reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Details for each of the Plans follow:

Miscellaneous	Safety	Safety Sheriff	TOTAL
\$ 62,343,962	\$ 5,883,022	\$ 7,962,281	\$ 76,189,265

Other amounts related to pensions and reported as deferred outflows of resources and deferred inflows of resources 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
2025	\$ 10,988,044	\$ 3,307,907	\$ 4,838,139	\$ 19,134,090
2026	36,312,673	7,213,850	8,822,030	52,348,553
2027	(2,690,971)	(560,228)	298,985	(2,952,214)
2028	(5,701,666)	(1,226,342)	(845,502)	(7,773,510)
2029	-	-	-	-
Total	\$ 38,908,080	\$ 8,735,187	\$ 13,113,652	\$ 60,756,919

#### C. Payable to the Pension Plans

There was no outstanding amount of contributions payable to the Plans required for the year ended June 30, 2025.

### 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 spouses, 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 and provides the retirees a monthly medical contribution that is not to exceed the cost of the plan selected. The cost of the OPEB Plan to the County for each bargaining group will be determined through CalPERS' regulations and requirements. For the Physicians Bargaining Unit, the County contributes fixed dollar amounts that vary by coverage [\$327.21 (single) and \$388.41 (for one or more dependents)]. For other bargaining units, the County contributions are based on longevity schedules with fixed dollar scaling that varies by bargaining unit. The OPEB Plan does not issue a financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

The OPEB Plan is eligible to plan members who retire directly from the County through CalPERS at ages 50 or 55, depending on the pension plan, with at least 5 years of service.

**Employees Covered** – At the June 30, 2024 measurement date, the following employees were covered by the benefit terms:

	Total
Active employees	2,545
Inactive employees or beneficiaries currently receiving benefit payments	1,474
Inactive employees entitled but not yet receiving benefit payments	529
Total	4,548

**Contributions.** The contribution requirements for the County are established by an MOU as negotiated by each group or bargaining unit. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2025, the County contributed \$7,998,993 to the OPEB Plan, \$1,374,000 of which is an implicit subsidy.

B. **Total OPEB Liability**

The County’s total OPEB liability of \$157,936,305 was measured as of June 30, 2024, which was the measurement date.

**Actuarial Assumptions and other inputs.** Actuarial valuations are conducted every two years. The total OPEB liability in the June 30, 2023 actuarial valuation report was determined using the following actuarial assumptions and other inputs applied to the period included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Funding Policy	Pay-as-you-go
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Amortization Period	16 years for discount rate sensitivity
Actuarial Assumptions:	
Contribution Policy	No pre-funding
Discount Rate	3.97%
Inflation	2.50% annually
Payroll Increases	Aggregate Increase -2.75%; Merit Increase - CalPERS 2000-2019 Experience Study
Mortality, Termination, Disability and Retirement	CalPERS 2000-2019 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2021
Medical Trend	Non-Medicare - Actual Premium for 2024, 8.50% for 2025, decreasing to 3.45% in 2076; Medicare - Actual Premium for 2024, 7.50% for 2025, decreasing to 3.45% in 2076
PEMHCA* Minimum Increase Rate	3.50% 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, 2023 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, 2024	\$ 154,745,886
Changes for the year:	
Service Cost	6,772,764
Interest	6,085,776
Differences between Actual and Expected Experience	-
Changes in Assumptions	(1,955,987)
Benefit Payments	(7,712,134)
Net Changes	3,190,419
Balance at June 30, 2025	\$ 157,936,305

**Change of Assumptions** – In 2024, the accounting discount rate increased from 3.86 percent to 3.97 percent.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** – The following presents the Total OPEB liability of the County, as well as what the County's Total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97 percent) or one percentage point higher (4.97 percent) than the current rate:

Total OPEB Liability		
2.97%	3.97%	4.97%
(1% Decrease)	(Current Discount Rate)	(1% Increase)
\$ 177,262,811	\$ 157,936,305	\$ 141,802,381

**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)
\$ 148,414,122	\$ 157,936,305	\$ 173,464,477

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

For the year ended June 30, 2025, the County recognized OPEB expense of \$5,447,026.

At June 30, 2025, 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	\$ 7,998,993	\$ -
Differences Between Expected and Actual Experience	-	13,771,720
Changes in Assumptions or Other Inputs	7,093,653	28,118,104
Total	\$ 15,092,646	\$ 41,889,824

The \$7,998,993 in OPEB contributions made subsequent to the measurement date and reported as deferred outflows of resources will be recognized as a reduction of the Total OPEB liability in the year ended June 30, 2026.

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
2026	\$ (7,287,412)
2027	(7,496,074)
2028	(9,550,129)
2029	(7,765,920)
2030	(2,417,211)
Thereafter	(279,425)
Total	\$ (34,796,171)

**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, 2025, the deferred compensation plan's assets of \$305,169,447 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, 2025, the County has construction contract commitments included in the following funds in the following amounts:

Off Highway, Road, and Transportation Fund	\$ 12,715,286
Capital Projects Fund	9,988,254
	<u>\$ 22,703,540</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 that 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	\$ 13,139,736
Nonmajor Governmental	4,511,189
Enterprise Funds	2,266,891
Internal Service Funds	2,473,154
	<u>\$ 22,390,970</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 have exceeded the amount of insurance coverage. As of June 30, 2025, 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, 2025, and two prior years for all Self-Insurance Internal Service Funds combined is as follows:

	2025	2024	2023
Unpaid claims and claim adjustment expenses, beginning of the fiscal year	\$ 59,987,968	\$ 57,647,829	\$ 52,706,649
Incurred claims and claim adjustment expenses	19,570,639	14,522,677	11,192,103
Increase in provision of insured events for prior years	8,750,048	2,340,139	4,941,180
Claim payments	(19,570,639)	(14,522,677)	(11,192,103)
Unpaid claims and claim adjustment expenses, end of the fiscal year	\$ 68,738,016	\$ 59,987,968	\$ 57,647,829

At June 30, 2025, the Self-Insurance Funds held a total of \$45,629,727 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, 2025, the estimated future liabilities were \$37,788,000. 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, 2025, the County had an estimated future liability of \$482,276 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, 2025, the County had estimated future liabilities totaling \$30,406,000 which included estimates for known claims and losses incurred but not reported (IBNR).

D. **Unemployment Insurance**

The Unemployment Insurance self-insurance program is considered a "reimbursable" program by the Employment Development Department (EDD), since EDD provides benefits and bills the County quarterly after the fact. As billings are always one quarter in arrears, the estimated future liabilities are based on 25% of the amount budgeted for the new fiscal year. At June 30, 2025, estimated future liabilities were \$61,740.

## 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, 2025, is as follows:

	General Fund	Off Highway, Road, and Transportation Fund	Housing Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>							
Prepays	\$ 1,737,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,737,310
Advances and loans	70,000	-	-	-	-	-	70,000
Total nonspendable fund balance	1,807,310	-	-	-	-	-	1,807,310
<b>Restricted for:</b>							
Purpose of fund	-	6,858,286	93,220,273	-	-	51,682,035	151,760,594
Debt service	-	-	-	-	34,880,102	-	34,880,102
Capital asset acquisition	-	-	-	4,666,233	-	-	4,666,233
COVID 19 Pandemic	13,656	-	-	-	-	-	13,656
Local Innovation	781,475	-	-	-	-	-	781,475
Cannabis Equity Grant	3,905	-	-	-	-	-	3,905
County Clerk Programs	11,175	-	-	-	-	-	11,175
Recorder							
Micrographics	112,935	-	-	-	-	-	112,935
Recorder Improvement	483,829	-	-	-	-	-	483,829
Recorder Electronic							
Record Deletion	126,321	-	-	-	-	-	126,321
Vital Statistics	64,887	-	-	-	-	-	64,887
Child Support Services	452,939	-	-	-	-	-	452,939
DA Consumer Fraud	1,201,776	-	-	-	-	-	1,201,776
Emergency Watershed Projects	1,476,594	-	-	-	-	-	1,476,594
Health Care Programs	16,760,697	-	-	-	-	-	16,760,697
Human Services/							
Welfare Programs	1,444,048	-	-	-	-	-	1,444,048
Homeless Programs	907,600	-	-	-	-	-	907,600
Parks Projects	1,128,621	-	-	-	-	-	1,128,621
Veterans Memorial Building	12,827	-	-	-	-	-	12,827
Deferred Compensation							
Oversight	89,289	-	-	-	-	-	89,289
Planning Building							
Training	286,105	-	-	-	-	-	286,105
Probation Programs	5,044,567	-	-	-	-	-	5,044,567
Probation SLESF	898,945	-	-	-	-	-	898,945
Probation Realignment	14,626,026	-	-	-	-	-	14,626,026
Public Defender	224,514	-	-	-	-	-	224,514
Sheriff Drug Forfeiture	948,978	-	-	-	-	-	948,978
Sheriff Programs	3,003,247	-	-	-	-	-	3,003,247
Sheriff SLESA/SLESF	452,989	-	-	-	-	-	452,989
Sheriff Realignment	1,711,085	-	-	-	-	-	1,711,085
Total restricted fund balance	52,269,030	6,858,286	93,220,273	4,666,233	34,880,102	51,682,035	243,575,959

# NOTES TO BASIC FINANCIAL STATEMENTS

The County Of Santa Cruz

Fiscal Year ended June 30, 2025

	General Fund	Off Highway, Road, and Transportation Fund	Housing Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Committed to:</b>							
Natural Disasters	\$ 4,491,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,491,848
Working Capital	6,000,000	-	-	-	-	-	6,000,000
Strategic reserve	20,000,000	-	-	-	-	-	20,000,000
MHSA Prudent Reserve	2,997,367	-	-	-	-	-	2,997,367
Total committed fund balance	33,489,215	-	-	-	-	-	33,489,215
<b>Assigned to:</b>							
Federally qualified health program	39,043,034	-	-	-	-	-	39,043,034
Eliminate projected budgetary deficit in subsequent year's budget	8,429,497	-	-	-	-	-	8,429,497
Unanticipated liabilities	14,820,216	-	-	-	-	-	14,820,216
Human services programs	7,585,506	-	-	-	-	-	7,585,506
Salary savings	-	-	-	-	-	-	-
Other purposes	4,477,269	-	-	-	-	-	4,477,269
Total assigned fund balance	74,355,522	-	-	-	-	-	74,355,522
<b>Unassigned Fund Balance</b>	-	-	-	-	-	-	-
Total fund balances	\$ 161,921,077	\$ 6,858,286	\$ 93,220,273	\$ 4,666,233	\$ 34,880,102	\$ 51,682,035	\$ 353,228,006

## NOTE 20 – CHANGES TO OR WITHIN THE FINANCIAL REPORTING ENTITY

### Accounting Changes

#### Governmental Funds

**General Fund** - In fiscal year 2024, the General Fund contributed \$8,870,193 to the Liability and Property Self Insurance Internal Service Fund. When the contribution was approved in September 2023 for disbursement in fiscal year 2024 it was not expected to be repaid. However, in fiscal year 2025, the Board of Supervisors decided to change the contribution to a loan from the General Fund to the Liability and Property Insurance Internal Service Fund. The restatement resulted in an increase in the fund balance of the General Fund of \$8,870,193 and a corresponding decrease in the fund balance of the Liability and Property Insurance Fund.

#### Proprietary Funds

##### Internal Service Funds

**Public Works** - In fiscal year 2024, ten positions in the Public Works Fund were moved to the General Services Fund as a result of a restructuring. The change resulted in an increase in fund balance in the Public Works fund and a decrease in fund balance of the General Service Fund of \$80,588 for the reclassification of payroll liabilities associated with the positions.

**General Services** - At the beginning of the 2024-25 fiscal year, the General Services Fund was established to record the activities of the General Services Department, which had been reported in the General Fund in prior years. The fund was established to more appropriately reflect the nature of the department's operations, which provides services to other County departments and funds on a cost-reimbursement basis. The change resulted in a negative fund balance adjustment of \$8,295,006 in the General Services Fund to reflect long-term asset and liability balances that had previously been reported in the Governmental Activities of the Government-Wide Statement of Net Position. Because the Internal Service Funds Statement of Net Position is consolidated into the Governmental Activities of the Government-Wide Statement, there was no change to the fund balance of Governmental Activities. The reclassification had no impact on the County's overall financial position or results of operations.

Additionally, in fiscal year 2024, ten positions that were in the Public Works Fund were moved to the General Services Fund as a result of a restructuring. The change resulted in an increase in the fund balance of the Public Works Fund and a decrease in the fund balance of the General Services fund of \$80,588 for the reclassification of payroll liabilities associated with the positions.

**Liability and Property Insurance** - In fiscal year 2024, the General Fund contributed \$8,870,193 to the Liability and Property Self Insurance Fund. When the contribution was approved in September 2023 for disbursement in fiscal year 2024 it was not expected to be repaid. However, in fiscal year 2025, the board decided to change the contribution to a loan from the General Fund to the Liability and Property Internal Service Fund (ISF). The restatement resulted in an increase in the fund balance of the General Fund of \$8,870,193 and a corresponding decrease in the fund balance of the Liability and Property Insurance Fund.

#### Fiduciary Funds

**Investment Trust Funds** - Changes to the beginning balances of investment trust funds are due to timing differences between when the County and the fiduciary funds issue financial reports. The differences require adjustments to ensure the accurate alignment of financial information between the entities.

**Custodial Funds** - Custodial Funds are used to account for money or resources that are held on behalf of another party such as an individual, private organization, or other government entity. In prior years, certain custodial fund activity was included within revenues and expenditures. In the current year, this activity is reflected as additions to

and deductions from custodial liabilities to better align with custodial fund reporting. The resulting adjustment to the beginning fund balance was \$571,559.

Error Corrections

Proprietary Funds

Internal Service Funds

**Service Center** - In fiscal years 2023 and 2024, the County of Santa Cruz Service Center Fund entered into 103 new vehicle leases. Governmental Accounting Standards Board Statement No. 87 - *Leases*, requires a lessee to recognize a lease liability and a lease asset at the commencement of the lease term for qualifying leases. Lease assets and liabilities were recognized for 16 of the 103 leases, resulting in understatements of lease assets, amortization expense, accumulated amortization, and lease liabilities, and an overstatement in lease payments, which were reported as an expense rather than as a reduction to the liability. The net effect of the correction was a \$23,301 decrease in the fund balance. The following table illustrates the amounts of the misstatements:

Lease asset	\$ 3,714,233
Accumulated amortization and amortization expense	(468,562)
Total understatement of lease assets	\$ 3,245,671
Lease liability	\$ 3,714,233
Principal payments	(445,261)
Total understatement of lease liabilities	\$ 3,268,972
Total understatement of fund balance	\$ 23,301

Santa Cruz County Sanitation District

The beginning fund balance of the Santa Cruz County Sanitation district was increased by \$39,856, resulting from the correction to interest expense recorded in fiscal year 2024.

## Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

	June 30, 2024 As Previously Reported	Change to or within the Financial Reporting Entity	Correction of Errors	June 30, 2024 As Restated
<b>Government-wide</b>				
Governmental Activities	\$ 293,873,886	\$ -	\$ (23,301)	\$ 293,850,585
<b>Total Primary Government</b>	<u>\$ 293,873,886</u>	<u>\$ -</u>	<u>\$ (23,301)</u>	<u>\$ 293,850,585</u>
<b>Governmental Funds</b>				
Major Funds:				
General Fund	\$ 182,197,411	\$ 8,870,193	\$ -	\$ 191,067,604
<b>Total Governmental Funds</b>	<u>\$ 182,197,411</u>	<u>\$ 8,870,193</u>	<u>\$ -</u>	<u>\$ 191,067,604</u>
<b>Proprietary Funds</b>				
Internal Service Funds				
Nonmajor funds:				
Public Works	\$ (35,967,955)	\$ 80,588	\$ -	\$ (35,887,367)
Service Center	7,456,433	-	(23,301)	7,433,132
General Services	-	(8,295,006)	-	(8,295,006)
Liability and Property Insurance	(10,225,083)	(8,870,193)	-	(19,095,276)
<b>Total Proprietary Funds</b>	<u>\$ (38,736,605)</u>	<u>\$ (17,084,611)</u>	<u>\$ (23,301)</u>	<u>\$ (55,844,517)</u>
<b>Santa Cruz County Sanitation District</b>	<u>\$ 150,550,043</u>	<u>\$ -</u>	<u>\$ 39,856</u>	<u>\$ 150,589,899</u>
<b>Fiduciary Funds</b>				
Investment Trust Funds	\$ 962,294,085	\$ (815,475)	\$ -	\$ 961,478,610
Custodial Funds	23,685,026	571,559	-	24,256,585
<b>Total Fiduciary Funds</b>	<u>\$ 985,979,111</u>	<u>\$ (243,916)</u>	<u>\$ -</u>	<u>\$ 985,735,195</u>

NOTE 21 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 19, 2025, which is the date the financial statements were available to be issued. No material subsequent events were noted.

NOTE 22 - EXCESS EXPENDITURES OVER APPROPRIATIONS

The following Funds had expenditures that exceeded appropriations:

Account with excess expenditures	Excess Amount
Debt Service Fund	
Principal	\$ 5,348,208
Transfers out	6,221,495
Santa Cruz Flood and Water Conservation Fund	
Interest	5,470

*Debt Service Fund - Principal.* Expenditures exceeded appropriations due to a failure to budget for the refunding payment for the 2024 Lease Revenue Bonds.

*Debt Service Fund - Transfers Out.* Expenditures exceeded appropriations due to a failure to budget for Transfers out of bond funds drawn down by other funds.

*Santa Cruz Flood and Water Conservation Fund - Interest.* Expenditures exceeded appropriations due to a failure to budget expenditures for interest expense, which was caused by negative monthly interest allocations resulting from negative cash balances.

**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 cancel or not renew an existing contract, require 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 renew automatically 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 canceled by the property owner. In the past, the State reimbursed counties to partially offset the loss of property tax revenue, but has since discontinued the subvention payments, effective in 2009. In response, the County resolved to not accept or take action on applications for new contracts.

Eligibility for the tax abatement requires the parcels to 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 the following 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, 2025, the Agricultural Preserve Program tax abatements totaled \$489,677.





# Required Supplementary Information

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025

## **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).

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.

**Geologic Hazard Abatement Districts** - The Geologic Hazard Abatement District fund consists of three assessment districts formed in December 1998. Special assessment revenues were restricted to geologic hazard abatement related to properties within these districts. Following demolition of the affected properties and acquisition of the land by the County for open-space use, the original purpose of the fund was fulfilled, and the fund has been inactive since 2007. Accordingly, no budget was prepared for the fund. However, the assessment districts have not been formally dissolved due to the complexity of the dissolution process.

*Encumbrances*

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

## BUDGETARY COMPARISON SCHEDULE GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 190,914,830	\$ 190,805,954	\$ 189,187,008	\$ (1,618,946)
Licenses and permits	18,024,988	18,024,988	16,679,468	(1,345,520)
Fines, forfeits and penalties	8,573,470	8,737,380	5,700,145	(3,037,235)
Use of money and property	11,787,922	11,787,922	17,693,423	5,905,501
Aid from other governments	478,640,339	483,953,611	404,210,190	(79,743,421)
Charges for services	103,995,708	104,965,245	99,210,269	(5,754,976)
Other	6,053,318	8,660,019	8,072,846	(587,173)
<b>Total Revenues</b>	<b>817,990,575</b>	<b>826,935,119</b>	<b>740,753,349</b>	<b>(86,181,770)</b>
<b>EXPENDITURES:</b>				
General Government:				
Board of Supervisors				
Salaries and employee benefits	3,334,400	3,901,136	3,617,322	283,814
Services and supplies	338,693	350,934	332,972	17,962
Other charges	40,000	50,000	49,320	680
Intrafund transfers	200	200	-	200
<b>Total</b>	<b>3,713,293</b>	<b>4,302,270</b>	<b>3,999,614</b>	<b>302,656</b>
Administrative Office				
Salaries and employee benefits	6,804,541	6,958,322	6,879,981	78,341
Services and supplies	9,841,865	16,551,514	6,120,635	10,430,879
Capital assets	-	1,224,340	1,031,046	193,294
Intrafund transfers	(1,764,847)	(1,508,511)	700,038	(2,208,549)
Appropriations for contingencies	-	134,646	-	134,646
<b>Total</b>	<b>14,881,559</b>	<b>23,360,311</b>	<b>14,731,700</b>	<b>8,628,611</b>
Auditor-Controller				
Salaries and employee benefits	7,218,648	7,280,990	7,280,804	186
Services and supplies	1,743,786	2,403,036	2,403,035	1
Capital assets	50,000	50,000	-	50,000
Intrafund transfers	(2,359,962)	(2,359,962)	1,151,910	(3,511,872)
Appropriations for contingencies	-	12,662	-	12,662
<b>Total</b>	<b>6,652,472</b>	<b>7,386,726</b>	<b>10,835,749</b>	<b>(3,449,023)</b>
Assessor				
Salaries and employee benefits	3,730,752	3,776,729	3,774,524	2,205
Services and supplies	687,506	734,665	719,688	14,977
Intrafund transfers	(189,973)	(189,973)	(189,973)	-
<b>Total</b>	<b>4,228,285</b>	<b>4,321,421</b>	<b>4,304,239</b>	<b>17,182</b>
County Counsel				
Salaries and employee benefits	5,762,370	6,013,685	6,008,706	4,979
Services and supplies	288,031	551,679	414,565	137,114
Intrafund transfers	(2,534,746)	(2,534,746)	(749,994)	(1,784,752)
Appropriations for contingencies	-	2,029	-	2,029
<b>Total</b>	<b>3,515,655</b>	<b>4,032,647</b>	<b>5,673,277</b>	<b>(1,640,630)</b>
Personnel				
Salaries and employee benefits	5,635,003	5,285,003	5,255,958	29,045
Services and supplies	4,446,965	5,202,595	5,002,563	200,032
Intrafund transfers	(2,144,475)	(2,207,298)	(1,234,595)	(972,703)
Appropriations for contingencies	-	4,000	-	4,000
<b>Total</b>	<b>7,937,493</b>	<b>8,284,300</b>	<b>9,023,926</b>	<b>(739,626)</b>

**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with Final Budget
	Original	Final	Actual	
EXPENDITURES, Continued:				
General Government, Continued:				
County Clerk/Elections				
Salaries and employee benefits	\$ 2,878,944	\$ 3,124,944	\$ 3,032,851	\$ 92,093
Services and supplies	3,611,081	3,228,103	2,382,658	845,445
Intrafund transfers	-	-	(10,000)	10,000
Total	6,490,025	6,353,047	5,405,509	947,538
Communications				
Salaries and employee benefits	1,072,062	1,072,062	998,572	73,490
Services and supplies	810,616	804,038	572,876	231,162
Other charges	39,218	39,218	39,218	-
Capital assets	10,000	1,112,410	1,058,394	54,016
Intrafund transfers	(1,094,965)	(1,094,965)	(1,140,819)	45,854
Total	836,931	1,932,763	1,528,241	404,522
General Services				
Services and supplies	248,572	100,681	-	100,681
Appropriations for contingencies	-	149,764	-	149,764
Total	248,572	250,445	-	250,445
Emergency Services				
Services and supplies	2,098,985	2,098,985	2,098,985	-
Other charges	692,519	692,519	619,685	72,834
Intrafund transfers	-	-	4,296	(4,296)
Total	2,791,504	2,791,504	2,722,966	68,538
Community and Agency Support				
Services and supplies	342,701	237,178	146,302	90,876
Other charges	91,289	91,289	91,289	-
Intrafund transfers	(1,331,782)	(1,331,782)	(1,373,756)	41,974
Appropriations for contingencies	10,466,653	5,518,135	-	5,518,135
Total	9,568,861	4,514,820	(1,136,165)	5,650,985
Surveyor				
Services and supplies	289,650	289,650	195,349	94,301
Total	289,650	289,650	195,349	94,301
Plant Acquisition				
Services and supplies	454,573	-	-	-
Appropriations for contingencies	-	454,573	-	454,573
Total	454,573	454,573	-	454,573
Total General Government	61,608,873	68,274,477	57,284,405	10,990,072
Public Protection				
Courts				
Services and supplies	270,300	270,300	228,737	41,563
Other charges	1,737,863	1,737,863	1,737,862	1
Intrafund transfers	-	-	(135)	135
Total	2,008,163	2,008,163	1,966,464	41,699
Grand Jury				
Services and supplies	51,122	50,948	49,570	1,378
Intrafund transfers	300	300	-	300
Total	51,422	51,248	49,570	1,678

**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES, Continued:				
Public Protection, Continued:				
Child Support				
Salaries and employee benefits	\$ 5,023,247	\$ 4,764,713	\$ 4,652,074	\$ 112,639
Services and supplies	435,077	423,791	394,124	29,667
Other charges	18,289	18,289	18,289	-
Intrafund transfers	305,777	305,777	7,461	298,316
Appropriations for contingencies	-	1,860	-	1,860
Total	5,782,390	5,514,430	5,071,948	442,482
District Attorney				
Salaries and employee benefits	24,009,898	23,532,871	22,732,511	800,360
Services and supplies	2,681,162	3,002,944	2,994,206	8,738
Other charges	372,809	372,809	215,769	157,040
Capital assets	-	101,730	101,729	1
Intrafund transfers	(1,118,239)	(1,055,197)	(103,567)	(951,630)
Appropriations for contingencies	-	5,536	-	5,536
Total	25,945,630	25,960,693	25,940,648	20,045
Public Defender				
Salaries and employee benefits	12,990,111	13,505,932	13,505,931	1
Services and supplies	4,991,599	5,503,860	5,034,377	469,483
Other charges	5,000	100	50	50
Capital assets	-	21,090	21,090	-
Intrafund transfers	(342,480)	(342,480)	(322,029)	(20,451)
Appropriations for contingencies	-	2,832	-	2,832
Total	17,644,230	18,691,334	18,239,419	451,915
Sheriff-Coroner				
Salaries and employee benefits	77,344,824	76,520,001	76,470,157	49,844
Services and supplies	29,797,605	29,178,557	28,773,431	405,126
Other charges	323,500	323,500	208,377	115,123
Capital assets	325,900	982,624	899,444	83,180
Intrafund transfers	1,346,439	2,754,492	1,733,776	1,020,716
Appropriations for contingencies	-	207,428	-	207,428
Total	109,138,268	109,966,602	108,085,185	1,881,417
Probation Department				
Salaries and employee benefits	22,372,019	22,454,144	20,746,649	1,707,495
Services and supplies	10,039,825	10,037,497	8,728,204	1,309,293
Other charges	5,000	5,000	4,078	922
Intrafund transfers	3,134,105	3,191,664	2,258,918	932,746
Appropriations for contingencies	-	59,283	-	59,283
Total	35,550,949	35,747,588	31,737,849	4,009,739
Agricultural Commissioner/Weights and Measures				
Salaries and employee benefits	2,734,119	2,734,119	2,591,384	142,735
Services and supplies	450,405	466,333	393,319	73,014
Intrafund transfers	(123,760)	(123,760)	(102,075)	(21,685)
Appropriations for contingencies	-	8,746	-	8,746
Total	3,060,764	3,085,438	2,882,628	202,810
Public Works - Roads				
Services and supplies	275,000	275,000	-	275,000
Total	275,000	275,000	-	275,000

## BUDGETARY COMPARISON SCHEDULE (CONTINUED)

## GENERAL FUND

## FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES, Continued:				
Public Protection, Continued:				
Recorder				
Salaries and employee benefits	\$ 941,921	\$ 979,184	\$ 979,183	\$ 1
Services and supplies	1,064,048	987,861	802,389	185,472
Other charges	14,029	14,029	14,029	-
Intrafund transfers	101,274	101,274	179,230	(77,956)
Total	2,121,272	2,082,348	1,974,831	107,517
County Emergency Office				
Salaries and employee benefits	67,812	67,812	11,353	56,459
Services and supplies	1,761,171	1,856,201	793,417	1,062,784
Other charges	498,626	594,822	43,452	551,370
Capital assets	138	138	-	138
Intrafund transfers	179,515	242,030	32,515	209,515
Appropriations for contingencies	-	4,080	-	4,080
Total	2,507,262	2,765,083	880,737	1,884,346
Planning Department				
Salaries and employee benefits	13,313,107	13,313,107	13,213,496	99,611
Services and supplies	3,875,440	4,526,025	3,659,139	866,886
Other charges	117,191	117,191	106,429	10,762
Intrafund transfers	2,395,941	2,395,941	184,215	2,211,726
Appropriations for contingencies	-	105,763	-	105,763
Total	19,701,679	20,458,027	17,163,279	3,294,748
Other Public Protection				
Other charges	2,404,573	2,404,573	2,404,378	195
Total	2,404,573	2,404,573	2,404,378	195
Total Public Protection	226,191,602	229,010,527	216,396,936	12,613,591
Health and Sanitation:				
Health Services Agency				
Salaries and employee benefits	120,406,689	119,624,218	115,612,234	4,011,984
Services and supplies	126,693,685	126,496,115	107,693,609	18,802,506
Other charges	29,563,954	33,054,455	29,151,880	3,902,575
Capital assets	1,131,100	1,273,429	896,804	376,625
Intrafund transfers	2,321,126	3,604,143	(3,144,844)	6,748,987
Appropriations for contingencies	-	52,969	-	52,969
Total	280,116,554	284,105,329	250,209,683	33,895,646
Mosquito Abatement				
Salaries and employee benefits	1,377,470	1,377,470	1,106,176	271,294
Services and supplies	931,589	702,501	313,505	388,996
Intrafund transfers	-	-	102,092	(102,092)
Appropriations for contingencies	-	245,766	-	245,766
Total	2,309,059	2,325,737	1,521,773	803,964
Air Pollution				
Other charges	70,107	70,107	70,098	9
Total	70,107	70,107	70,098	9
Total Health and Sanitation	282,495,720	286,501,173	251,801,554	34,699,619



**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES, Continued:				
Public Assistance:				
Human Services Department				
Salaries and employee benefits	\$ 81,244,844	\$ 81,530,670	\$ 81,467,876	\$ 62,794
Services and supplies	19,475,935	22,586,566	17,812,139	4,774,427
Other charges	58,479,479	56,933,131	53,739,705	3,193,426
Capital assets	141,738	141,738	119,410	22,328
Intrafund transfers	8,684,129	7,623,982	2,787,614	4,836,368
Appropriations for contingencies	-	231,771	-	231,771
Total	168,026,125	169,047,858	155,926,744	13,121,114
Response, Recovery & Resiliency				
Intrafund transfers	-	-	(604,680)	604,680
Total	-	-	(604,680)	604,680
Community Programs				
Other charges	5,992,457	5,992,457	5,904,276	88,181
Total	5,992,457	5,992,457	5,904,276	88,181
Homeless				
Salaries and employee benefits	4,591,415	4,503,510	4,430,932	72,578
Services and supplies	11,964,158	14,057,417	9,968,950	4,088,467
Other charges	10,982,022	12,945,175	6,976,838	5,968,337
Intrafund transfers	(109,376)	(1,225,225)	15,457	(1,240,682)
Total	27,428,219	30,280,877	21,392,177	8,888,700
Public Guardian				
Salaries and employee benefits	1,222,656	1,247,656	1,237,954	9,702
Services and supplies	99,828	81,857	71,665	10,192
Intrafund transfers	(439,908)	(439,908)	(747,839)	307,931
Total	882,576	889,605	561,780	327,825
Wards of Court				
Other charges	1,374,194	1,374,194	276,796	1,097,398
Intrafund transfers	30,000	30,000	523,157	(493,157)
Total	1,404,194	1,404,194	799,953	604,241
Veterans Service Officer				
Salaries and employee benefits	634,711	616,211	493,942	122,269
Services and supplies	130,171	153,165	124,358	28,807
Total	764,882	769,376	618,300	151,076
Total Public Assistance	204,498,453	208,384,367	184,598,550	23,785,817
Education:				
Agricultural Extension Services				
Salaries and employee benefits	133,902	133,902	117,605	16,297
Services and supplies	25,876	228,641	123,580	105,061
Other charges	5,000	5,000	-	5,000
Total	164,778	367,543	241,185	126,358
Total Education	164,778	367,543	241,185	126,358

**BUDGETARY COMPARISON SCHEDULE (CONTINUED)**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES, Continued:</b>				
Recreation and Culture:				
Recreation and Cultural Services				
Salaries and employee benefits	\$ 8,843,141	\$ 8,924,382	\$ 8,920,731	\$ 3,651
Services and supplies	6,714,696	8,568,669	5,325,107	3,243,562
Other charges	401,290	401,290	401,290	-
Capital assets	360,000	360,000	-	360,000
Intrafund transfers	(764,747)	(763,246)	(256,044)	(507,202)
Appropriations for contingencies	-	85,107	-	85,107
<b>Total</b>	<u>15,554,380</u>	<u>17,576,202</u>	<u>14,391,084</u>	<u>3,185,118</u>
<b>Total Recreation and Culture</b>	<u>15,554,380</u>	<u>17,576,202</u>	<u>14,391,084</u>	<u>3,185,118</u>
Debt Service				
Services and supplies	111,500	111,500	99,213	12,287
Intrafund transfers	(8,116,267)	(8,116,267)	299,669	(8,415,936)
Principal	6,773,376	7,512,836	1,811,506	5,701,330
Interest	3,871,906	3,946,742	1,524,852	2,421,890
<b>Total</b>	<u>2,640,515</u>	<u>3,454,811</u>	<u>3,735,240</u>	<u>(280,429)</u>
<b>Total Debt Service</b>	<u>2,640,515</u>	<u>3,454,811</u>	<u>3,735,240</u>	<u>(280,429)</u>
<b>Total Expenditures</b>	<u>793,154,321</u>	<u>813,569,100</u>	<u>728,448,954</u>	<u>85,120,146</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>24,836,254</u>	<u>13,366,019</u>	<u>12,304,395</u>	<u>(1,061,624)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,285,017	3,786,317	2,655,640	(1,130,677)
Transfers Out	(71,562,672)	(62,170,222)	(45,602,044)	16,568,178
Lease inception	-	1,495,485	1,495,482	(3)
<b>Total other financing sources (uses)</b>	<u>(68,277,655)</u>	<u>(56,888,420)</u>	<u>(41,450,922)</u>	<u>15,437,498</u>
<b>Net change in fund balance</b>	<u>(43,441,401)</u>	<u>(43,522,401)</u>	<u>(29,146,527)</u>	<u>14,375,874</u>
Fund balance, beginning as previously stated	182,197,411	182,197,411	182,197,411	-
Restatement	-	-	8,870,193	8,870,193
Fund balance, beginning as restated	<u>182,197,411</u>	<u>182,197,411</u>	<u>191,067,604</u>	<u>8,870,193</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 138,756,010</u>	<u>\$ 138,675,010</u>	<u>\$ 161,921,077</u>	<u>\$ 23,246,067</u>

**BUDGETARY COMPARISON SCHEDULE  
OFF HIGHWAY, ROAD, AND TRANSPORTATION SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 3,500,000	\$ 3,500,000	\$ 3,934,242	\$ 434,242
Use of money and property	(91,740)	(91,740)	446,719	538,459
Aid from other governments	85,244,170	90,134,295	28,769,187	(61,365,108)
Charges for services	3,769,053	4,206,624	5,698,798	1,492,174
Other	25,000	25,000	7,147	(17,853)
<b>Total revenues</b>	<u>92,446,483</u>	<u>97,774,179</u>	<u>38,856,093</u>	<u>(58,918,086)</u>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities	107,151,765	115,230,461	47,223,774	68,006,687
Principal	19,066	-	-	-
Interest	249,448	296,612	296,611	1
<b>Total expenditures</b>	<u>107,420,279</u>	<u>115,527,073</u>	<u>47,520,385</u>	<u>68,006,688</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(14,973,796)</u>	<u>(17,752,894)</u>	<u>(8,664,292)</u>	<u>9,088,602</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,025,000	2,995,000	4,471,893	1,476,893
Transfers out	(9,277,625)	(9,249,527)	(6,779,686)	2,469,841
Bond proceeds	4,141,449	4,141,449	-	(4,141,449)
<b>Total other financing sources (uses)</b>	<u>(3,111,176)</u>	<u>(2,113,078)</u>	<u>(2,307,793)</u>	<u>(194,715)</u>
<b>Net change in fund balances</b>	<u>(18,084,972)</u>	<u>(19,865,972)</u>	<u>(10,972,085)</u>	<u>8,893,887</u>
Fund balance - beginning	17,830,371	17,830,371	17,830,371	-
<b>FUND BALANCE, ENDING</b>	<u>\$ (254,601)</u>	<u>\$ (2,035,601)</u>	<u>\$ 6,858,286</u>	<u>\$ 8,893,887</u>

**BUDGETARY COMPARISON SCHEDULE  
HOUSING FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Use of money and property	\$ 239,500	\$ 239,500	\$ 1,676,024	\$ 1,436,524
Aid from other governments	10,149,422	13,726,800	9,179,708	(4,547,092)
Charges for services	100,000	100,000	570,537	470,537
Other	10,000	10,000	23,718	13,718
<b>Total revenues</b>	<u>10,498,922</u>	<u>14,076,300</u>	<u>11,449,987</u>	<u>(2,626,313)</u>
<b>EXPENDITURES:</b>				
Current:				
Public assistance	<u>15,297,543</u>	<u>19,244,335</u>	<u>7,449,469</u>	<u>11,794,866</u>
<b>Total expenditures</b>	<u>15,297,543</u>	<u>19,244,335</u>	<u>7,449,469</u>	<u>11,794,866</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,798,621)</u>	<u>(5,168,035)</u>	<u>4,000,518</u>	<u>9,168,553</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	168,817	168,817	27,853	(140,964)
Transfers out	(1,700,196)	(1,700,196)	(695,077)	1,005,119
Sale of general capital assets	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>	<u>700,000</u>
<b>Total other financing sources (uses)</b>	<u>(2,231,379)</u>	<u>(2,231,379)</u>	<u>(667,224)</u>	<u>1,564,155</u>
<b>Net change in fund balances</b>	<u>(7,030,000)</u>	<u>(7,399,414)</u>	<u>3,333,294</u>	<u>10,732,708</u>
Fund balance - beginning	<u>89,886,979</u>	<u>89,886,979</u>	<u>89,886,979</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 82,856,979</u>	<u>\$ 82,487,565</u>	<u>\$ 93,220,273</u>	<u>\$ 10,732,708</u>

## AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS AS OF JUNE 30, 2025 LAST 10 YEARS

Measurement Period	Miscellaneous									
	2023-24	2022-23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
<b>Total Pension Liability</b>										
Service Cost	\$ 32,444,414	\$ 29,604,586	\$ 29,071,891	\$ 26,758,403	\$ 24,938,175	\$ 24,139,995	\$ 24,150,259	\$ 22,555,385	\$ 20,403,352	\$ 18,761,846
Interest on the Total Pension Liability	109,239,540	103,807,463	99,697,278	96,844,686	91,880,806	87,980,867	84,049,445	77,995,878	78,852,555	71,962,162
Changes of Benefit Terms	-	1,926,083	-	-	-	-	-	-	-	-
Changes in Assumptions	-	-	42,608,913	-	-	-	(7,767,870)	62,091,454	-	(16,868,274)
Differences between Expected and	-	-	-	-	-	-	-	-	-	-
Actual Experience	23,646,735	5,131,182	(6,353,377)	3,829,166	9,699,599	21,647,964	10,391,498	4,974,813	3,966,020	(13,201,310)
Benefit Payments, Including Refunds of										
Employee Contributions	(87,313,157)	(82,178,889)	(76,914,435)	(72,485,176)	(66,769,592)	(62,255,277)	(57,081,704)	(51,229,871)	(50,461,359)	(44,263,142)
Net Change in Total Pension Liability	78,017,532	58,290,425	88,110,270	54,947,079	59,748,988	71,513,549	53,741,628	116,387,659	52,760,568	16,391,282
Total Pension Liability - Beginning	1,569,956,548	1,511,666,123	1,423,555,853	1,368,608,774	1,281,589,245	1,210,075,696	1,156,334,068	1,039,946,409	987,185,841	970,794,559
Restatement for correction of an error	-	-	-	-	27,270,541	-	-	-	-	-
Total Pension Liability - as Restated	1,569,956,548	1,511,666,123	1,423,555,853	1,368,608,774	1,308,859,786	1,210,075,696	1,156,334,068	1,039,946,409	987,185,841	970,794,559
Total Pension Liability - Ending (a)	<u>\$ 1,647,974,080</u>	<u>\$ 1,569,956,548</u>	<u>\$ 1,511,666,123</u>	<u>\$ 1,423,555,853</u>	<u>\$ 1,368,608,774</u>	<u>\$ 1,281,589,245</u>	<u>\$ 1,210,075,696</u>	<u>\$ 1,156,334,068</u>	<u>\$ 1,039,946,409</u>	<u>\$ 987,185,841</u>
<b>Plan Fiduciary Net Position</b>										
Contribution - Employer	\$ 56,861,087	\$ 54,186,761	\$ 47,941,887	\$ 43,047,943	\$ 39,110,970	\$ 34,309,935	\$ 29,696,722	\$ 28,166,164	\$ 24,836,370	\$ 20,788,368
Contribution - Employee	15,616,669	13,535,646	11,958,088	11,872,705	11,821,856	10,979,359	10,680,415	10,534,891	9,898,794	9,264,211
Net Investment Income	101,690,146	62,575,959	(85,822,849)	204,724,368	48,459,289	56,536,290	69,528,113	82,225,749	4,227,340	16,986,820
Benefit Payments, Including Refunds of										
Employee Contributions	(87,313,157)	(82,178,889)	(76,914,435)	(72,485,176)	(66,769,592)	(62,255,277)	(57,081,704)	(51,229,871)	(50,461,359)	(44,263,142)
Net Plan to Plan Resource Movement	(696)	-	-	-	-	-	3,748	(61,373)	2,727	(29,360)
Administrative Expenses	(888,398)	(764,802)	(710,586)	(944,765)	(1,277,475)	(621,076)	(1,297,010)	(1,092,049)	(482,672)	(855,524)
Other Miscellaneous Income (Expense) <sup>(1)</sup>	-	-	-	-	-	2,017	(2,463,046)	-	-	-
Net Change in Plan Fiduciary Net Position	85,965,651	47,354,675	(103,547,895)	186,215,075	31,345,048	38,951,248	49,067,238	68,543,511	(11,978,800)	1,891,373
Plan Fiduciary Net Position - Beginning <sup>(2)</sup>	1,076,341,842	1,028,987,167	1,132,535,062	946,319,987	895,167,097	856,215,849	807,148,611	738,605,100	750,583,900	748,692,527
Restatement for correction of an error	-	-	-	-	19,807,842	-	-	-	-	-
Plan Fiduciary Net Position - as Restated	1,076,341,842	1,028,987,167	1,132,535,062	946,319,987	914,974,939	856,215,849	807,148,611	738,605,100	750,583,900	748,692,527
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,162,307,493</u>	<u>\$ 1,076,341,842</u>	<u>\$ 1,028,987,167</u>	<u>\$ 1,132,535,062</u>	<u>\$ 946,319,987</u>	<u>\$ 895,167,097</u>	<u>\$ 856,215,849</u>	<u>\$ 807,148,611</u>	<u>\$ 738,605,100</u>	<u>\$ 750,583,900</u>
Net Pension Liability - [(a) - (b)]	<u>\$ 485,666,587</u>	<u>\$ 493,614,706</u>	<u>\$ 482,678,956</u>	<u>\$ 291,020,791</u>	<u>\$ 422,288,787</u>	<u>\$ 386,422,148</u>	<u>\$ 353,859,847</u>	<u>\$ 349,185,457</u>	<u>\$ 301,341,309</u>	<u>\$ 236,601,941</u>

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)**  
**AS OF JUNE 30, 2025**  
**LAST 10 YEARS**

	Miscellaneous									
	2023-24	2022-23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	70.53%	69.01%	57.85%	79.56%	69.14%	69.85%	70.76%	69.80%	71.02%	76.03%
Covered Payroll <sup>(2)</sup>	\$ 200,634,825	\$ 200,139,534	\$ 175,923,248	\$ 174,373,516	\$ 165,010,030	\$ 155,681,644	\$ 154,561,652	\$ 143,976,672	\$ 142,900,632	\$ 129,365,289
Net Pension Liability as a Percentage of Covered Payroll	242.06%	252.10%	280.59%	276.81%	176.37%	271.25%	250.01%	245.78%	244.36%	232.94%

<sup>(1)</sup> During Fiscal Year 2017/18, as a result of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one time expense as a result of the adoption of GASB 75.

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

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

<sup>(3)</sup> Includes one year's payroll growth using 2.80% for fiscal years ended June 30, 2023-24, 2.75% for fiscal years ended June 30, 2018-22; 3.0% payroll growth for June 30, 2014-2017.

## AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN

### SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)

#### AS OF JUNE 30, 2025

#### LAST 10 YEARS

Measurement Period	Safety									
	2023-24	2022-23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
<b>Total Pension Liability</b>										
Service Cost	\$ 6,230,716	\$ 5,782,050	\$ 5,666,318	\$ 5,336,326	\$ 5,091,972	\$ 4,558,119	\$ 4,574,156	\$ 4,308,824	\$ 3,699,113	\$ 3,634,483
Interest on the Total Pension Liability	18,701,379	17,625,636	16,747,614	16,272,917	15,446,336	13,872,701	13,301,864	12,144,727	12,245,682	10,356,153
Changes of Benefit Terms	-	199,357	-	-	-	-	-	-	-	-
Changes in Assumptions	-	-	4,807,984	-	-	-	(987,231)	10,635,917	-	(2,711,954)
Differences between Expected and Actual Experience	4,685,784	1,914,589	(169,874)	1,613,751	365,539	1,607,319	3,844,045	(170,518)	(115,359)	2,154,731
Benefit Payments, Including Refunds of Employee Contributions	(13,156,056)	(12,240,591)	(11,480,993)	(11,090,130)	(10,335,185)	(9,257,666)	(8,907,017)	(8,473,271)	(7,830,764)	(5,050,435)
Net Change in Total Pension Liability	16,461,823	13,281,041	15,571,049	12,132,864	10,568,662	10,780,473	11,825,817	18,445,679	7,998,672	8,382,978
Total Pension Liability - Beginning	269,842,352	256,561,311	240,990,262	228,857,398	208,950,158	198,169,685	186,343,868	167,898,189	159,899,517	151,516,539
Restatement for correction of an error	-	-	-	-	9,338,578	-	-	-	-	-
Total Pension Liability - as Restated	269,842,352	256,561,311	240,990,262	228,857,398	218,288,736	198,169,685	186,343,868	167,898,189	159,899,517	151,516,539
Total Pension Liability - Ending (a)	\$ 286,304,175	\$ 269,842,352	\$ 256,561,311	\$ 240,990,262	\$ 228,857,398	\$ 208,950,158	\$ 198,169,685	\$ 186,343,868	\$ 167,898,189	\$ 159,899,517
<b>Plan Fiduciary Net Position</b>										
Contribution - Employer	\$ 3,995,028	\$ 5,237,472	\$ 60,247,161	\$ 7,900,517	\$ 7,088,547	\$ 5,787,644	\$ 4,922,020	\$ 4,636,859	\$ 3,731,613	\$ 4,503,776
Contribution - Employee	2,650,598	2,404,792	2,330,061	2,184,434	2,135,615	1,839,392	1,845,744	1,731,239	1,613,925	1,200,032
Net Investment Income	22,040,480	13,502,488	(17,436,008)	35,254,179	7,472,935	8,840,214	10,848,222	12,764,280	588,970	2,087,758
Benefit Payments, Including Refunds of Employee Contributions	(13,156,056)	(12,240,591)	(11,480,993)	(11,090,130)	(10,335,185)	(9,257,666)	(8,907,017)	(8,473,271)	(7,830,764)	(5,050,435)
Net Plan to Plan Resource Movement	-	-	-	-	-	-	5,196	3,626	(106,353)	-
Administrative Expenses	(192,517)	(165,746)	(119,515)	(157,599)	(213,745)	(96,965)	(201,770)	(170,140)	(75,328)	(107,841)
Other Miscellaneous Income (Expense) <sup>(1)</sup>	-	-	-	-	-	315	(383,165)	-	-	-
Net Change in Plan Fiduciary Net Position	15,337,533	8,738,415	33,540,706	34,091,401	6,148,167	7,112,934	8,129,230	10,492,593	(2,077,937)	2,633,290
Plan Fiduciary Net Position - Beginning <sup>(2)</sup>	234,137,307	225,398,892	191,858,186	157,766,785	143,301,146	136,188,212	128,058,982	117,566,389	119,644,326	117,011,036
Restatement for correction of an error	-	-	-	-	8,317,472	-	-	-	-	-
Total Pension Liability - as Restated	234,137,307	225,398,892	191,858,186	157,766,785	151,618,618	136,188,212	128,058,982	117,566,389	119,644,326	117,011,036
Plan Fiduciary Net Position - Ending (b)	\$ 249,474,840	\$ 234,137,307	\$ 225,398,892	\$ 191,858,186	\$ 157,766,785	\$ 143,301,146	\$ 136,188,212	\$ 128,058,982	\$ 117,566,389	\$ 119,644,326
Net Pension Liability - [(a) - (b)]	\$ 36,829,335	\$ 35,705,045	\$ 31,162,419	\$ 49,132,076	\$ 71,090,613	\$ 65,649,012	\$ 61,981,473	\$ 58,284,886	\$ 50,331,800	\$ 40,255,191

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)**  
**AS OF JUNE 30, 2025**  
**LAST 10 YEARS**

	Safety									
	2023-24	2022-23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.14%	85.78%	95.15%	79.61%	68.94%	68.58%	68.72%	68.72%	70.02%	74.82%
Covered Payroll <sup>(2)</sup>	\$ 23,772,287	\$ 21,907,647	\$ 21,251,640	\$ 21,508,771	\$ 19,318,222	\$ 18,152,606	\$ 18,204,149	\$ 17,259,459	\$ 16,451,469	\$ 15,444,933
Net Pension Liability as a Percentage of Covered Payroll	154.93%	183.72%	168.01%	144.88%	254.33%	391.63%	360.63%	359.12%	354.28%	325.88%

<sup>(1)</sup> During Fiscal Year 2016/17, as a result of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2016/17 CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

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

<sup>(3)</sup> Includes one year's payroll growth using 2.80% for fiscal years ended June 30, 2023-24, 2.75% for fiscal years ended June 30, 2018-20; 3.0% payroll growth for June 30, 2014-2017.



**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)**  
**AS OF JUNE 30, 2025**  
**LAST 10 YEARS**

Measurement Period	Safety Sheriff									
	2023-24	2022-23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
<b>Total Pension Liability</b>										
Service Cost	\$ 6,464,287	\$ 6,010,624	\$ 6,180,206	\$ 5,589,220	\$ 5,369,171	\$ 4,665,792	\$ 4,674,676	\$ 4,330,397	\$ 3,942,199	\$ 3,490,555
Interest on the Total Pension Liability	19,088,895	18,056,355	16,957,037	16,035,608	15,255,279	13,603,359	12,876,163	11,690,824	11,528,363	11,193,336
Changes of Benefit Terms	-	68,272	-	-	-	-	-	-	-	-
Changes in Assumptions	-	-	10,879,604	-	-	-	(600,321)	10,427,243	-	(2,818,825)
Differences between Expected and Actual Experience	3,239,895	4,469,453	(748,278)	(211,700)	518,877	2,640,793	2,605,790	1,105,968	531,702	(2,577,906)
Benefit Payments, Including Refunds of Employee Contributions	(12,978,700)	(12,160,019)	(11,156,038)	(9,987,419)	(9,230,726)	(7,914,704)	(7,436,783)	(6,321,116)	(5,816,534)	(7,060,615)
Net Change in Total Pension Liability	15,814,377	16,444,685	22,112,531	11,425,709	11,912,601	12,995,240	12,119,525	21,233,316	10,185,730	2,226,545
Total Pension Liability - Beginning	276,667,960	260,223,275	238,110,744	226,685,035	193,634,623	180,639,383	168,519,858	147,286,542	137,100,812	134,874,267
Restatement for correction of an error	-	-	-	-	21,137,811	-	-	-	-	-
Total Pension Liability - as Restated	276,667,960	260,223,275	238,110,744	226,685,035	214,772,434	180,639,383	168,519,858	147,286,542	137,100,812	134,874,267
Total Pension Liability - Ending (a)	<u>\$ 292,482,337</u>	<u>\$ 276,667,960</u>	<u>\$ 260,223,275</u>	<u>\$ 238,110,744</u>	<u>\$ 226,685,035</u>	<u>\$ 193,634,623</u>	<u>\$ 180,639,383</u>	<u>\$ 168,519,858</u>	<u>\$ 147,286,542</u>	<u>\$ 137,100,812</u>
<b>Plan Fiduciary Net Position</b>										
Contribution - Employer	\$ 6,066,755	\$ 5,645,714	\$ 73,186,382	\$ 9,350,436	\$ 8,388,407	\$ 6,884,641	\$ 6,124,769	\$ 5,773,111	\$ 5,279,477	\$ 3,212,095
Contribution - Employee	2,310,226	2,131,912	1,909,269	2,057,951	1,890,730	1,614,412	1,650,182	1,417,068	1,383,847	1,434,076
Net Investment Income	21,793,636	13,280,369	(16,837,943)	32,004,948	6,714,522	7,744,718	9,329,278	10,827,138	509,520	2,674,451
Benefit Payments, Including Refunds of Employee Contributions	(12,978,700)	(12,160,019)	(11,156,038)	(9,987,419)	(9,230,726)	(7,914,704)	(7,436,783)	(6,321,116)	(5,816,534)	(7,060,615)
Net Plan to Plan Resource Movement	726	-	-	-	-	-	(11,582)	53,634	(3,877)	-
Administrative Expenses	(187,916)	(163,399)	(109,147)	(141,777)	(189,407)	(84,414)	(172,445)	(141,537)	(60,831)	(133,531)
Other Miscellaneous Income (Expense) <sup>(1)</sup>	-	-	-	-	-	274	(327,476)	-	-	-
Net Change in Plan Fiduciary Net Position	17,004,727	8,734,577	46,992,523	33,284,139	7,573,526	8,244,927	9,155,943	11,608,298	1,291,602	126,476
Plan Fiduciary Net Position - Beginning <sup>(2)</sup>	230,939,110	222,204,533	175,212,010	141,927,871	122,444,282	114,199,355	105,043,412	93,435,114	92,143,512	92,017,036
Restatement for correction of an error	-	-	-	-	11,910,063	-	-	-	-	-
Total Pension Liability - as Restated	230,939,110	222,204,533	175,212,010	141,927,871	134,354,345	114,199,355	105,043,412	93,435,114	92,143,512	92,017,036
Plan Fiduciary Net Position - Ending (b)	<u>\$ 247,943,837</u>	<u>\$ 230,939,110</u>	<u>\$ 222,204,533</u>	<u>\$ 175,212,010</u>	<u>\$ 141,927,871</u>	<u>\$ 122,444,282</u>	<u>\$ 114,199,355</u>	<u>\$ 105,043,412</u>	<u>\$ 93,435,114</u>	<u>\$ 92,143,512</u>
Net Pension Liability - [(a) - (b)]	<u>\$ 44,538,500</u>	<u>\$ 45,728,850</u>	<u>\$ 38,018,742</u>	<u>\$ 62,898,734</u>	<u>\$ 84,757,164</u>	<u>\$ 71,190,341</u>	<u>\$ 66,440,028</u>	<u>\$ 63,476,446</u>	<u>\$ 53,851,428</u>	<u>\$ 44,957,300</u>

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)**  
**AS OF JUNE 30, 2025**  
**LAST 10 YEARS**

	Safety Sheriff									
	2023-24	2022-23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.77%	81.77%	95.35%	73.58%	73.58%	62.61%	63.23%	63.22%	62.33%	63.44%
Covered Payroll <sup>(1)</sup>	\$ 20,639,485	\$ 18,987,676	\$ 19,142,239	\$ 19,246,627	\$ 17,416,105	\$ 15,811,955	\$ 15,575,504	\$ 14,344,287	\$ 14,432,887	\$ 13,136,045
Net Pension Liability as a Percentage of Covered Payroll	215.79%	281.44%	238.89%	197.53%	361.15%	536.03%	457.07%	463.18%	439.80%	409.95%

<sup>(1)</sup> During Fiscal Year 2016/17, as a result of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2016/17 CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

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

<sup>(3)</sup> Includes one year's payroll growth using 2.80% for fiscal years ended June 30, 2023-24, 2.75% for fiscal years ended June 30, 2018-20; 3.0% payroll growth for June 30, 2014-2017.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)  
AS OF JUNE 30, 2025  
LAST 10 YEARS**

Measurement Period	TOTAL									
	2023-24	2022-23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
<b>Total Pension Liability</b>										
Service Cost	\$ 45,139,417	\$ 41,397,260	\$ 40,918,415	\$ 37,683,949	\$ 35,399,318	\$ 33,363,906	\$ 33,399,091	\$ 31,194,606	\$ 28,044,664	\$ 25,886,884
Interest on the Total Pension Liability	147,029,814	139,489,454	133,401,929	129,153,211	122,582,421	115,456,927	110,227,472	101,831,429	102,626,600	93,511,651
Changes of Benefit Terms	-	2,193,712	-	-	-	-	-	-	-	-
Changes in Assumptions	-	-	58,296,501	-	-	-	(9,355,422)	83,154,614	-	(22,399,053)
Differences between Expected and Actual Experience	31,572,414	11,515,224	(7,271,529)	5,231,217	10,584,015	25,896,076	16,841,333	5,910,263	4,382,363	(13,624,485)
Benefit Payments, Including Refunds of Employee Contributions	(113,447,913)	(106,579,499)	(99,551,466)	(93,562,725)	(86,335,503)	(79,427,647)	(73,425,504)	(66,024,258)	(64,108,657)	(56,374,192)
Net Change in Total Pension Liability	110,293,732	88,016,151	125,793,850	78,505,652	82,230,251	95,289,262	77,686,970	156,066,654	70,944,970	27,000,805
Total Pension Liability - Beginning	2,116,466,860	2,028,450,709	1,902,656,859	1,824,151,207	1,684,174,026	1,588,884,764	1,511,197,794	1,355,131,140	1,284,186,170	1,257,185,365
Restatement for correction of an error	-	-	-	-	57,746,930	-	-	-	-	-
Total Pension Liability - as Restated	2,116,466,860	2,028,450,709	1,902,656,859	1,824,151,207	1,741,920,956	1,588,884,764	1,511,197,794	1,355,131,140	1,284,186,170	1,257,185,365
Total Pension Liability - Ending (a)	<u>\$ 2,226,760,592</u>	<u>\$ 2,116,466,860</u>	<u>\$ 2,028,450,709</u>	<u>\$ 1,902,656,859</u>	<u>\$ 1,824,151,207</u>	<u>\$ 1,684,174,026</u>	<u>\$ 1,588,884,764</u>	<u>\$ 1,511,197,794</u>	<u>\$ 1,355,131,140</u>	<u>\$ 1,284,186,170</u>
<b>Plan Fiduciary Net Position</b>										
Contribution - Employer	\$ 66,922,870	\$ 65,069,947	\$ 181,375,430	\$ 60,298,896	\$ 54,587,924	\$ 46,982,220	\$ 40,743,511	\$ 38,576,134	\$ 33,847,460	\$ 28,504,239
Contribution - Employee	20,577,493	18,072,350	16,197,418	16,115,090	15,848,201	14,433,163	14,176,341	13,683,198	12,896,566	11,898,319
Net Investment Income	145,524,262	89,358,816	(120,096,800)	271,983,495	62,646,746	73,121,222	89,705,613	105,817,167	5,325,830	21,749,029
Benefit Payments, Including Refunds of Employee Contributions	(113,447,913)	(106,579,499)	(99,551,466)	(93,562,725)	(86,335,503)	(79,427,647)	(73,425,504)	(66,024,258)	(64,108,657)	(56,374,192)
Net Plan to Plan Resource Movement	30	-	-	-	-	-	(2,638)	(4,113)	(107,503)	(29,360)
Administrative Expenses	(1,268,831)	(1,093,947)	(939,248)	(1,244,141)	(1,680,627)	(802,455)	(1,671,225)	(1,403,726)	(618,831)	(1,096,896)
Other Miscellaneous Income (Expense) <sup>(1)</sup>	-	-	-	-	-	2,606	(3,173,687)	-	-	-
Net Change in Plan Fiduciary Net Position	118,307,911	64,827,667	(23,014,666)	253,590,615	45,066,741	54,309,109	66,352,411	90,644,402	(12,765,135)	4,651,139
Plan Fiduciary Net Position - Beginning <sup>(2)</sup>	1,541,418,259	1,476,590,592	1,499,605,258	1,246,014,643	1,160,912,525	1,106,603,416	1,040,251,005	949,606,603	962,371,738	957,720,599
Restatement for correction of an error	-	-	-	-	40,035,377	-	-	-	-	-
Total Pension Liability - as Restated	1,541,418,259	1,476,590,592	1,499,605,258	1,246,014,643	1,200,947,902	1,106,603,416	1,040,251,005	949,606,603	962,371,738	957,720,599
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,659,726,170</u>	<u>\$ 1,541,418,259</u>	<u>\$ 1,476,590,592</u>	<u>\$ 1,499,605,258</u>	<u>\$ 1,246,014,643</u>	<u>\$ 1,160,912,525</u>	<u>\$ 1,106,603,416</u>	<u>\$ 1,040,251,005</u>	<u>\$ 949,606,603</u>	<u>\$ 962,371,738</u>
Net Pension Liability - [(a) - (b)]	<u>\$ 567,034,422</u>	<u>\$ 575,048,601</u>	<u>\$ 551,860,117</u>	<u>\$ 403,051,601</u>	<u>\$ 578,136,564</u>	<u>\$ 523,261,501</u>	<u>\$ 482,281,348</u>	<u>\$ 470,946,789</u>	<u>\$ 405,524,537</u>	<u>\$ 321,814,432</u>

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)**  
**AS OF JUNE 30, 2025**  
**LAST 10 YEARS**

	TOTAL									
	2023-24	2022-23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74.54%	72.86%	72.79%	78.82%	68.31%	68.93%	69.65%	68.84%	70.07%	74.94%
Covered Payroll <sup>(1)</sup>	\$ 245,046,597	\$ 241,034,857	\$ 216,317,127	\$ 215,128,914	\$ 201,744,357	\$ 189,646,205	\$ 188,341,305	\$ 175,580,418	\$ 173,784,988	\$ 157,946,267
Net Pension Liability as a Percentage of Covered Payroll	231.40%	248.20%	265.84%	187.35%	286.57%	275.91%	256.07%	268.22%	233.35%	203.75%

<sup>(1)</sup> During Fiscal Year 2016/17, as a result of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2016/17 CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

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

<sup>(3)</sup> Includes one year's payroll growth using 2.80% for fiscal years ended June 30, 2023-24, 2.75% for fiscal years ended June 30, 2018-21; 3.0% payroll growth for June 30, 2014-2017.

**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, 2021 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.** There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CONTRIBUTIONS  
AS OF JUNE 30, 2025  
LAST 10 YEARS

	Miscellaneous									
	2024-25	2023-24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Actuarially Determined Contribution	\$ 62,343,962	\$ 56,030,307	\$ 49,660,268	\$ 45,370,797	\$ 42,429,388	\$ 38,999,757	\$ 34,309,935	\$ 29,696,722	\$ 28,166,164	\$ 24,836,370
Contributions in Relation to the Actuarially Determined Contribution	62,343,962	56,030,307	49,660,268	45,370,797	42,429,388	38,999,757	34,309,935	29,696,722	28,166,164	24,836,370
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 215,414,352	\$ 200,634,825	\$ 181,956,276	\$ 175,923,248	\$ 174,373,516	\$ 165,010,030	\$ 155,681,644	\$ 154,561,652	\$ 143,976,672	\$ 142,900,632
Contributions as a Percentage of Covered Payroll	28.94%	27.93%	27.29%	25.79%	24.33%	23.63%	22.04%	19.21%	19.56%	17.38%

Notes to Schedule:

Valuation date: June 30,2023,June 30,2022, June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013, June 30, 2012 and June 30, 2011, respectively

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

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of payroll
Asset valuation method	Fair Value of Assets
Inflation	2.30%, previously 2.50%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.80% for fiscal years ended June 30, 2023-24; 2.75% for fiscal years ended June 30, 2018-2022; 3.00% for fiscal years ended June 30, 2014-17 6.90%, previously 6.80% in prior fiscal year, 7.00% in earlier year, net of pension plan investment and administrative expenses, including inflation
Investment rate of return	
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CONTRIBUTIONS (CONTINUED)**  
**AS OF JUNE 30, 2025**  
**LAST 10 YEARS**

	Safety									
	2024-25	2023-24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Actuarially Determined Contribution	\$ 4,247,435	\$ 4,247,435	\$ 6,720,634	\$ 8,624,596	\$ 7,599,933	\$ 6,670,471	\$ 5,787,644	\$ 4,922,020	\$ 4,636,859	\$ 3,731,613
Contributions in Relation to the Actuarially Determined Contribution	4,247,435	4,247,435	6,720,634	8,624,596	7,599,933	6,670,471	5,787,644	4,922,020	4,636,859	3,731,613
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 24,333,526	\$ 23,772,287	\$ 21,907,647	\$ 21,251,640	\$ 21,508,771	\$ 19,318,222	\$ 18,152,606	\$ 18,204,149	\$ 17,259,459	\$ 16,451,469
Contributions as a Percentage of Covered Payroll	17.46%	17.87%	30.68%	40.58%	35.33%	34.53%	31.88%	27.04%	26.87%	22.68%

**Notes to Schedule:**

Valuation date: June 30, 2021, June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013, June 30, 2012 and June 30, 2011, respectively

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

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of payroll
Asset valuation method	Fair Value of Assets
Inflation	2.30%, previously 2.50%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.80% for fiscal years ended June 30, 2023; 2.75% for fiscal years ended June 30, 2018-2022; 3.00% for fiscal years ended June 30, 2014-17
Investment rate of return	6.80%, previously 7.00% in prior fiscal year, 7.375% 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, 2025  
LAST 10 YEARS

	Safety Sheriff									
	2024-25	2023-24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Actuarially Determined Contribution	\$ 6,247,504	\$ 6,247,504	\$ 6,418,679	\$ 9,959,735	\$ 8,762,077	\$ 7,753,959	\$ 6,884,641	\$ 6,124,769	\$ 5,773,111	\$ 5,279,477
Contributions in Relation to the Actuarially Determined Contribution	6,247,504	6,247,504	6,418,679	9,959,735	8,762,077	7,753,959	6,884,641	6,124,769	5,773,111	5,279,477
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 20,385,892	\$ 20,639,485	\$ 18,987,676	\$ 19,142,239	\$ 19,246,627	\$ 17,416,105	\$ 15,811,955	\$ 15,575,504	\$ 14,344,287	\$ 14,344,287
Contributions as a Percentage of Covered Payroll	30.65%	30.27%	33.80%	52.03%	45.53%	44.52%	43.54%	39.32%	40.25%	36.81%

Notes to Schedule:

Valuation date:	June 30,2021, June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013, June 30, 2012 and June 30, 2011, respectively
Methods and assumptions used to set the actuarially determined contribution rates:	
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of payroll
Asset valuation method	Fair Value of Assets
Inflation	2.30%, previously 2.50%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.80% for fiscal years ended June 30, 2023; 2.75% for fiscal years ended June 30, 2018-2022; 3.00% for fiscal years ended June 30, 2014-17 6.80%, previously 7.00% in prior fiscal year, 7.375% in earlier year, net of pension plan investment and administrative expenses, including inflation
Investment rate of return	
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, 2025**  
**LAST 10 YEARS**

	TOTAL									
	2024-25	2023-24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Actuarially Determined Contribution	\$ 72,838,901	\$ 66,525,246	\$ 62,799,581	\$ 63,955,128	\$ 58,791,398	\$ 53,424,187	\$ 46,982,220	\$ 40,743,511	\$ 38,576,134	\$ 33,847,460
Contributions in Relation to the Actuarially Determined Contribution	72,838,901	66,525,246	62,799,581	63,955,128	58,791,398	53,424,187	46,982,220	40,743,511	38,576,134	33,847,460
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 260,133,770	\$ 245,046,597	\$ 222,851,599	\$ 216,317,127	\$ 215,128,914	\$ 201,744,357	\$ 189,646,205	\$ 188,341,305	\$ 175,580,418	\$ 173,784,988
Contributions as a Percentage of Covered Payroll	28.00%	27.15%	28.18%	29.57%	27.33%	26.48%	24.77%	21.63%	21.97%	19.48%

**Notes to Schedule:**

Valuation date: June 30, 2021, June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013, June 30, 2012 and June 30, 2011, respectively

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

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of payroll
Asset valuation method	Fair Value of Assets
Inflation	2.30%, previously 2.50%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.80% for fiscal years ended June 30, 2023; 2.75% for fiscal years ended June 30, 2018-2022; 3.00% for fiscal years ended June 30, 2014-17
Investment rate of return	6.80%, previously 7.00% in prior fiscal year; 7.375% 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, 2025**  
**LAST 10 YEARS\***

	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
<b>Total OPEB Liability</b>							
Service Cost	\$ 6,772,764	\$ 7,315,290	\$ 10,812,207	\$ 10,755,256	\$ 8,885,901	\$ 7,853,538	\$ 5,955,259
Interest	6,085,776	6,178,939	3,936,054	5,047,732	5,649,710	6,258,826	
Changes of Benefit Terms	-	-	-	-	-	-	-
Changes in Assumptions	(1,955,987)	(4,569,300)	(41,006,803)	3,569,076	16,761,397	8,314,270	(1,276,771)
Differences between Actual and Expected Experience	-	(10,395,164)	-	(12,691,709)	-	(8,605,453)	-
Benefit Payments	(7,712,134)	(7,839,062)	(7,753,833)	(7,774,779)	(7,502,010)	(6,992,820)	(6,844,850)
Net Change in Total OPEB Liability	3,190,419	(9,309,298)	(34,012,375)	(1,094,424)	23,794,998	6,828,361	5,565,834
Total OPEB Liability - Beginning	154,745,886	164,055,184	198,067,559	199,161,983	175,366,985	168,538,624	162,972,790
Total OPEB Liability - Ending	<u>\$ 157,936,305</u>	<u>\$ 154,745,886</u>	<u>\$ 164,055,184</u>	<u>\$ 198,067,559</u>	<u>\$ 199,161,983</u>	<u>\$ 175,366,985</u>	<u>\$ 168,538,624</u>
Covered-employee Payroll**	\$ 273,458,198	\$ 255,084,837	\$ 234,312,241	\$ 217,851,005	\$ 224,885,589	\$ 213,716,345	\$ 203,044,467
Total OPEB Liability as a Percentage of Covered Payroll	57.76%	60.66%	70.02%	90.92%	88.56%	82.06%	83.01%

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

\* The label of Year refers to the measurement period, not the fiscal year.

\* **The OPEB plan is not administered through a trust. There are no assets accumulated in a trust to pay related OPEB benefits.**

\*\*The OPEB plan is not administered through a trust or equivalent arrangement. As a result, the RSI schedules now use 'covered-employee payroll' as the measure of pay (rather than 'covered payroll'). Amounts have been updated for all periods beginning with 2016/17.

Change in Assumptions. The accounting discount rate increased from 3.86% in 2023 to 3.97% in 2024, from 3.69% in 2022 to 3.86% in 2023, from 1.92% in 2021 to 3.69% in 2022, decreased from 2.45% in 2020 to 1.92% in 2021, from 3.13% to 2.45% in 2020, from 3.62% to 3.13% in 2019, and increased from 3.56% to 3.62% in 2018.

**A SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN  
SCHEDULE OF CONTRIBUTIONS  
AS OF JUNE 30, 2025  
LAST 10 YEARS\***

	2024-25	2023-24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18
Actuarially Determined Contributions	\$ 7,998,993	\$ 7,746,808	\$ 7,872,181	\$ 7,778,586	\$ 7,798,262	\$ 7,526,724	\$ 7,014,009	\$ 6,873,540
Contributions in Relation to the Actuarially Determined Contributions	7,998,993	7,746,808	7,872,181	7,778,586	7,798,262	7,526,724	7,014,009	6,873,540
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee Payroll**	\$295,579,466	\$273,458,198	\$255,084,837	\$234,312,241	\$217,851,005	\$224,885,589	\$213,716,345	\$203,044,467
Contributions as a Percentage of Covered Payroll	2.71%	2.83%	3.09%	3.32%	3.58%	3.35%	3.28%	3.39%

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

**Notes to Schedule:**

Valuation date: June 30, 2023; June 30, 2021; June 30, 2019; June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of payroll
Discount rate	3.86% in 2022-23; 1.92% in 2020-2021; 2.45% in 2019-2020; 3.13% in 2018-2019; 3.62% in 2017-18; 3.56% in 2016-17- No prefunding. Based on the Fidelity Municipal General Obligation AA 20-year bond index.
Inflation	2.50% per annum
Payroll increases	Aggregate Increases - 2.75%; Merit Increases - CalPERS 2000-2019 Experience Study
Retirement	The probabilities of retirement are based on the CalPERS 2000-2019 Experience Study.
Mortality	The probabilities of mortality are based on the CalPERS 2000-2019 Experience Study. Post-retirement mortality projected fully generational with Society of Actuaries mortality improvement Scale MP-2021.



## **Other Supplementary Information**

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 583,260	\$ 583,260	\$ 81,187	\$ (502,073)
Aid from other governments	17,637,952	22,406,952	119,977	(22,286,975)
Other	392,000	2,448,872	2,056,895	(391,977)
<b>Total revenues</b>	<u>18,613,212</u>	<u>25,439,084</u>	<u>2,258,059</u>	<u>(23,181,025)</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>81,236,587</u>	<u>88,668,410</u>	<u>22,005,633</u>	<u>66,662,777</u>
<b>Total expenditures</b>	<u>81,236,587</u>	<u>88,668,410</u>	<u>22,005,633</u>	<u>66,662,777</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(62,623,375)</u>	<u>(63,229,326)</u>	<u>(19,747,574)</u>	<u>(89,843,802)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	41,775,981	43,798,562	22,346,770	(21,451,792)
Transfers out	(1,065,991)	(2,432,621)	(509,771)	1,922,850
Bond proceeds	16,969,224	16,969,224	-	(16,969,224)
Sale of general capital assets	350,000	350,000	412,937	62,937
<b>Total other financing sources (uses)</b>	<u>58,029,214</u>	<u>58,685,165</u>	<u>22,249,936</u>	<u>(36,435,229)</u>
<b>Net change in fund balance</b>	<u>(4,594,161)</u>	<u>(4,544,161)</u>	<u>2,502,362</u>	<u>(126,279,031)</u>
Fund balance - beginning	<u>2,163,871</u>	<u>2,163,871</u>	<u>2,163,871</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ (2,430,290)</u>	<u>\$ (2,380,290)</u>	<u>\$ 4,666,233</u>	<u>\$ (126,279,031)</u>

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ 1,315,002	\$ 1,315,002	\$ -
Other	7,638,784	-	-	-
<b>Total revenues</b>	<u>7,638,784</u>	<u>1,315,002</u>	<u>1,315,002</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
Principal	10,700,000	10,700,000	16,048,208	(5,348,208)
Interest	9,196,394	9,196,394	8,731,302	465,092
Fiscal charges	-	-	270,104	(270,104)
<b>Total expenditures</b>	<u>19,896,394</u>	<u>19,896,394</u>	<u>25,049,614</u>	<u>(5,153,220)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(12,257,610)</u>	<u>(18,581,392)</u>	<u>(23,734,612)</u>	<u>5,153,220</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	30,257,610	31,048,932	32,717,493	1,668,561
Transfers out	-	-	(6,221,495)	(6,221,495)
<b>Total other financing sources (uses)</b>	<u>30,257,610</u>	<u>31,048,932</u>	<u>26,495,998</u>	<u>(4,552,934)</u>
<b>Net change in fund balances</b>	<u>18,000,000</u>	<u>12,467,540</u>	<u>2,761,386</u>	<u>600,286</u>
Fund balance - beginning	<u>32,118,716</u>	<u>32,118,716</u>	<u>32,118,716</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 50,118,716</u>	<u>\$ 44,586,256</u>	<u>\$ 34,880,102</u>	<u>\$ 600,286</u>



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

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025





# Nonmajor Special Revenue Funds

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025



**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.

**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 District fund consists of three assessment districts formed in December 1998. Special assessment revenues were restricted to geologic hazard abatement related to properties within these districts. Following demolition of the affected properties and acquisition of the land by the County for open-space use, the original purpose of the fund was fulfilled, and the fund has been inactive since 2007. Accordingly, no budget was prepared for the fund. However, the assessment districts have not been formally dissolved due to the complexity of the dissolution process.

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2025**

	Library	Fire	Fish and Game	Park Dedication and State Park Bonds	Health Services
<b>ASSETS</b>					
Cash and investments	\$ 9,444,983	\$ 12,797,194	\$ 34,791	\$ 2,485,989	\$ 15,821
Receivables, net	-	88,915	-	263,177	-
<b>Total assets</b>	<u>\$ 9,444,983</u>	<u>\$ 12,886,109</u>	<u>\$ 34,791</u>	<u>\$ 2,749,166</u>	<u>\$ 15,821</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 72,455	\$ -	\$ 22,908	\$ -
Salaries and benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>72,455</u>	<u>-</u>	<u>22,908</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted	9,444,983	12,813,654	34,791	2,726,258	15,821
<b>Total fund balances</b>	<u>9,444,983</u>	<u>12,813,654</u>	<u>34,791</u>	<u>2,726,258</u>	<u>15,821</u>
<b>Total liabilities and fund balances</b>	<u>\$ 9,444,983</u>	<u>\$ 12,886,109</u>	<u>\$ 34,791</u>	<u>\$ 2,749,166</u>	<u>\$ 15,821</u>

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2025

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	
\$ -	\$ 13,849,290	\$ 2,121,739	\$ 2,512,774	\$ 8,096,058	\$ 223,539	\$ 51,582,178
-	-	-	-	341,671	-	693,763
<u>\$ -</u>	<u>\$ 13,849,290</u>	<u>\$ 2,121,739</u>	<u>\$ 2,512,774</u>	<u>\$ 8,437,729</u>	<u>\$ 223,539</u>	<u>\$ 52,275,941</u>
\$ -	\$ 419,266	\$ -	\$ 2,780	\$ 32,217	\$ -	\$ 549,626
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	40,345	-	3,935	-	-	44,280
-	459,611	-	6,715	32,217	-	593,906
-	13,389,679	2,121,739	2,506,059	8,405,512	223,539	51,682,035
-	13,389,679	2,121,739	2,506,059	8,405,512	223,539	51,682,035
<u>\$ -</u>	<u>\$ 13,849,290</u>	<u>\$ 2,121,739</u>	<u>\$ 2,512,774</u>	<u>\$ 8,437,729</u>	<u>\$ 223,539</u>	<u>\$ 52,275,941</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Library	Fire	Fish and Game	Park Dedication and State Park Bonds	Health Services
<b>REVENUES:</b>					
Taxes	\$ 9,543,758	\$ 3,071,686	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines, forfeits and penalties	2,418	829	10,238	-	-
Use of money and property	-	651,759	2,504	137,187	906
Aid from other governments	154,459	122,041	-	906,781	-
Charges for services	-	3,161,038	-	692,477	-
Other	-	-	-	93,500	-
<b>Total revenues</b>	<u>9,700,635</u>	<u>7,007,353</u>	<u>12,742</u>	<u>1,829,945</u>	<u>906</u>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	673,200	-
Public protection	-	4,791,729	18,500	-	-
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Education	7,738,369	-	-	-	-
Recreation and cultural services	-	-	-	201,643	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<u>7,738,369</u>	<u>4,791,729</u>	<u>18,500</u>	<u>874,843</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,962,266</u>	<u>2,215,624</u>	<u>(5,758)</u>	<u>955,102</u>	<u>906</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Sale of general capital assets	-	95,195	-	-	-
Transfers in	-	-	-	156,630	-
Transfers out	(5,174)	-	-	(272,446)	-
<b>Total other financing sources (uses)</b>	<u>(5,174)</u>	<u>95,195</u>	<u>-</u>	<u>(115,816)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>1,957,092</u>	<u>2,310,819</u>	<u>(5,758)</u>	<u>839,286</u>	<u>906</u>
Fund balances - beginning	<u>7,487,891</u>	<u>10,502,835</u>	<u>40,549</u>	<u>1,886,972</u>	<u>14,915</u>
Fund balances - ending	<u>\$ 9,444,983</u>	<u>\$ 12,813,654</u>	<u>\$ 34,791</u>	<u>\$ 2,726,258</u>	<u>\$ 15,821</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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	
\$ -	\$ 12,593,711	\$ -	\$ 2,356,196	\$ 1,302,289	\$ -	\$ 28,867,640
-	34,500	-	-	-	-	34,500
-	2,505	-	619	462	-	17,071
-	774,643	121,689	177,808	373,752	12,804	2,253,052
-	941,135	-	10,114	26,088	-	2,160,618
2,443,095	2,515,518	1,665,647	-	4,616,858	-	15,094,633
-	-	-	-	14,087	-	107,587
<u>2,443,095</u>	<u>16,862,012</u>	<u>1,787,336</u>	<u>2,544,737</u>	<u>6,333,536</u>	<u>12,804</u>	<u>48,535,101</u>
-	-	-	-	-	-	673,200
1,715,686	13,590,454	-	-	-	-	20,116,369
-	-	-	-	5,147,832	-	5,147,832
-	-	34,977	-	-	-	34,977
-	-	-	-	-	-	7,738,369
-	-	-	2,079,823	-	-	2,281,466
-	-	-	70,433	7,800	-	78,233
5,470	-	-	42,371	236	-	48,077
<u>1,721,156</u>	<u>13,590,454</u>	<u>34,977</u>	<u>2,192,627</u>	<u>5,155,868</u>	<u>-</u>	<u>36,118,523</u>
<u>721,939</u>	<u>3,271,558</u>	<u>1,752,359</u>	<u>352,110</u>	<u>1,177,668</u>	<u>12,804</u>	<u>12,416,578</u>
-	-	-	-	-	-	95,195
-	-	-	-	-	-	156,630
-	-	(1,521,246)	(124,353)	-	-	(1,923,219)
-	-	(1,521,246)	(124,353)	-	-	(1,671,394)
721,939	3,271,558	231,113	227,757	1,177,668	12,804	10,745,184
(721,939)	10,118,121	1,890,626	2,278,302	7,227,844	210,735	40,936,851
<u>\$ -</u>	<u>\$ 13,389,679</u>	<u>\$ 2,121,739</u>	<u>\$ 2,506,059</u>	<u>\$ 8,405,512</u>	<u>\$ 223,539</u>	<u>\$ 51,682,035</u>



**BUDGETARY COMPARISON SCHEDULE  
LIBRARY SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Taxes	\$ 8,823,026	\$ 8,823,026	\$ 9,543,758	\$ 720,732
Fines, forfeitures and penalties	1,500	1,500	2,418	918
Aid from other governments	91,000	91,000	154,459	63,459
<b>Total revenues</b>	<u>8,915,526</u>	<u>8,915,526</u>	<u>9,700,635</u>	<u>785,109</u>
<b>EXPENDITURES:</b>				
Current:				
Education	8,126,618	8,126,618	7,738,369	388,249
<b>Total expenditures</b>	<u>8,126,618</u>	<u>8,126,618</u>	<u>7,738,369</u>	<u>388,249</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>788,908</u>	<u>788,908</u>	<u>1,962,266</u>	<u>1,173,358</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(25,000)	(25,000)	(5,174)	19,826
<b>Total other financing sources (uses)</b>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(5,174)</u>	<u>19,826</u>
<b>Net change in fund balance</b>	<u>763,908</u>	<u>763,908</u>	<u>1,957,092</u>	<u>1,193,184</u>
Fund balance - beginning	7,487,891	7,487,891	7,487,891	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 8,251,799</u>	<u>\$ 8,251,799</u>	<u>\$ 9,444,983</u>	<u>\$ 1,193,184</u>

**BUDGETARY COMPARISON SCHEDULE  
FIRE SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 2,870,862	\$ 2,870,862	\$ 3,071,686	\$ 200,824
Fines, forfeitures and penalties	-	-	829	829
Use of money and property	160,300	160,300	651,759	491,459
Aid from other governments	146,057	154,705	122,041	(32,664)
Charges for services	3,091,250	3,091,250	3,161,038	69,788
Other	20,000	20,000	-	(20,000)
<b>Total revenues</b>	<u>6,288,469</u>	<u>6,297,117</u>	<u>7,007,353</u>	<u>710,236</u>
<b>EXPENDITURES:</b>				
Current:				
Public protection	11,605,484	11,623,903	4,791,729	6,832,174
<b>Total expenditures</b>	<u>11,605,484</u>	<u>11,623,903</u>	<u>4,791,729</u>	<u>6,832,174</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,317,015)</u>	<u>(5,326,786)</u>	<u>2,215,624</u>	<u>7,542,410</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	143,771	143,771	-	(143,771)
Sale of general capital assets	-	-	95,195	95,195
<b>Total other financing sources (uses)</b>	<u>143,771</u>	<u>143,771</u>	<u>95,195</u>	<u>(48,576)</u>
<b>Net change in fund balance</b>	<u>(5,173,244)</u>	<u>(5,183,015)</u>	<u>2,310,819</u>	<u>7,493,834</u>
Fund balance - beginning	10,502,835	10,502,835	10,502,835	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 5,329,591</u>	<u>\$ 5,319,820</u>	<u>\$ 12,813,654</u>	<u>\$ 7,493,834</u>

**BUDGETARY COMPARISON SCHEDULE  
FISH AND GAME SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Fines, forfeitures and penalties	\$ 12,000	\$ 12,000	\$ 10,238	\$ (1,762)
Use of money and property	300	300	2,504	2,204
<b>Total revenues</b>	<u>12,300</u>	<u>12,300</u>	<u>12,742</u>	<u>442</u>
<b>EXPENDITURES:</b>				
Current:				
Public protection	<u>24,000</u>	<u>24,000</u>	<u>18,500</u>	<u>5,500</u>
<b>Total expenditures</b>	<u>24,000</u>	<u>24,000</u>	<u>18,500</u>	<u>5,500</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(11,700)</u>	<u>(11,700)</u>	<u>(5,758)</u>	<u>5,942</u>
<b>Net change in fund balance</b>	(11,700)	(11,700)	(5,758)	5,942
Fund balances - beginning	<u>40,549</u>	<u>40,549</u>	<u>40,549</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 28,849</u>	<u>\$ 28,849</u>	<u>\$ 34,791</u>	<u>\$ 5,942</u>

**PARK DEDICATION AND STATE PARK BONDS SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Use of money and property	\$ 34,086	\$ 76,086	\$ 137,187	\$ 61,101
Aid from other governments	1,050,000	1,050,000	906,781	(143,219)
Charges for services	370,659	370,659	692,477	321,818
Other	150,500	384,005	93,500	(290,505)
<b>Total revenues</b>	<u>1,605,245</u>	<u>1,880,750</u>	<u>1,829,945</u>	<u>(50,805)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	2,917,736	2,959,736	673,200	2,286,536
Recreation and cultural services	337,362	585,867	201,643	384,224
<b>Total expenditures</b>	<u>3,255,098</u>	<u>3,545,603</u>	<u>874,843</u>	<u>2,670,760</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,649,853)</u>	<u>(1,664,853)</u>	<u>955,102</u>	<u>2,619,955</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	156,630	156,630
Transfers out	(272,446)	(272,446)	(272,446)	-
<b>Total other financing sources (uses)</b>	<u>(272,446)</u>	<u>(272,446)</u>	<u>(115,816)</u>	<u>156,630</u>
<b>Net change in fund balance</b>	<u>(1,922,299)</u>	<u>(1,937,299)</u>	<u>839,286</u>	<u>2,776,585</u>
Fund balance - beginning	1,886,972	1,886,972	1,886,972	-
<b>FUND BALANCE, ENDING</b>	<u>\$ (35,327)</u>	<u>\$ (50,327)</u>	<u>\$ 2,726,258</u>	<u>\$ 2,776,585</u>

BUDGETARY COMPARISON SCHEDULE  
HEALTH SERVICES SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	-	-	906	906
<b>Total revenues</b>	-	-	906	906
REVENUES OVER (UNDER) EXPENDITURES	-	-	906	906
<b>Net change in fund balance</b>	-	-	906	906
Fund balance - beginning	14,915	14,915	14,915	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 14,915</u>	<u>\$ 14,915</u>	<u>\$ 15,821</u>	<u>\$ 906</u>

**BUDGETARY COMPARISON SCHEDULE  
SANTA CRUZ FLOOD CONTROL AND WATER CONSERVATION - ZONE 7 SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Aid from other governments	\$ 1,871,947	\$ 1,871,947	\$ -	\$ (1,871,947)
Charges for services	2,427,073	2,977,073	2,443,095	(533,978)
<b>Total revenues</b>	4,299,020	4,849,020	2,443,095	(2,405,925)
<b>EXPENDITURES:</b>				
Current:				
Public protection	3,577,081	4,127,081	1,715,686	2,411,395
Interest	-	-	5,470	(5,470)
<b>Total expenditures</b>	3,577,081	4,127,081	1,721,156	2,405,925
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	721,939	721,939	721,939	-
<b>Net change in fund balance</b>	721,939	721,939	721,939	-
Fund balance - beginning	(721,939)	(721,939)	(721,939)	-
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ -	\$ -

**BUDGETARY COMPARISON SCHEDULE**  
**DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - PUBLIC PROTECTION SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Taxes	\$ 11,342,852	\$ 12,625,772	\$ 12,593,711	\$ (32,061)
Licenses and permits	30,660	30,660	34,500	3,840
Fines, forfeitures and penalties	755	755	2,505	1,750
Use of money and property	186,315	186,315	774,643	588,328
Aid from other governments	585,774	5,585,774	941,135	(4,644,639)
Charges for services	1,328,443	1,328,443	2,515,518	1,187,075
Other	81,000	81,000	-	(81,000)
<b>Total revenues</b>	<b>13,555,799</b>	<b>19,838,719</b>	<b>16,862,012</b>	<b>(2,976,707)</b>
<b>EXPENDITURES:</b>				
Current:				
Public protection	21,779,367	28,089,934	13,590,454	14,499,480
<b>Total expenditures</b>	<b>21,779,367</b>	<b>28,089,934</b>	<b>13,590,454</b>	<b>14,499,480</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(8,223,568)</b>	<b>(8,251,215)</b>	<b>3,271,558</b>	<b>11,522,773</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(943,771)	(333,771)	-	333,771
<b>Total other financing sources (uses)</b>	<b>(943,771)</b>	<b>(333,771)</b>	<b>-</b>	<b>333,771</b>
<b>Net change in fund balance</b>	<b>(9,167,339)</b>	<b>(8,584,986)</b>	<b>3,271,558</b>	<b>11,856,544</b>
Fund balance - beginning	10,118,121	10,118,121	10,118,121	-
<b>FUND BALANCE, ENDING</b>	<b>\$ 950,782</b>	<b>\$ 1,533,135</b>	<b>\$ 13,389,679</b>	<b>\$ 11,856,544</b>

**BUDGETARY COMPARISON SCHEDULE**  
**DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - HEALTH AND SANITATION SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Use of money and property	\$ 8,300	\$ 8,300	\$ 121,689	\$ 113,389
Charges for services	1,641,481	1,641,481	1,665,647	24,166
<b>Total revenues</b>	<u>1,649,781</u>	<u>1,649,781</u>	<u>1,787,336</u>	<u>137,555</u>
<b>EXPENDITURES:</b>				
Current:				
Health and sanitation	34,987	34,987	34,977	10
<b>Total expenditures</b>	<u>34,987</u>	<u>34,987</u>	<u>34,977</u>	<u>10</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,614,794</u>	<u>1,614,794</u>	<u>1,752,359</u>	<u>137,565</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(2,309,059)	(2,309,059)	(1,521,246)	787,813
<b>Total other financing sources (uses)</b>	<u>(2,309,059)</u>	<u>(2,309,059)</u>	<u>(1,521,246)</u>	<u>787,813</u>
<b>Net change in fund balance</b>	<u>(694,265)</u>	<u>(694,265)</u>	<u>231,113</u>	<u>925,378</u>
Fund balance - beginning	1,890,626	1,890,626	1,890,626	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,196,361</u>	<u>\$ 1,196,361</u>	<u>\$ 2,121,739</u>	<u>\$ 925,378</u>



**BUDGETARY COMPARISON SCHEDULE**  
**DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - RECREATION AND CULTURAL SERVICES**  
**SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 2,081,755	\$ 2,081,755	\$ 2,356,196	\$ 274,441
Fines, forfeitures and penalties	-	-	619	619
Use of money and property	96,000	96,000	177,808	81,808
Aid from other governments	7,922	7,922	10,114	2,192
<b>Total revenues</b>	<u>2,185,677</u>	<u>2,185,677</u>	<u>2,544,737</u>	<u>359,060</u>
<b>EXPENDITURES:</b>				
Current:				
Recreation and cultural services	2,909,390	3,092,370	2,079,823	1,012,547
Debt service:				
Principal	70,433	70,433	70,433	-
Interest	42,371	42,371	42,371	-
<b>Total expenditures</b>	<u>3,022,194</u>	<u>3,205,174</u>	<u>2,192,627</u>	<u>1,012,547</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(836,517)</u>	<u>(1,019,497)</u>	<u>352,110</u>	<u>1,371,607</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(64,410)	(124,410)	(124,353)	57
<b>Total other financing sources (uses)</b>	<u>(64,410)</u>	<u>(124,410)</u>	<u>(124,353)</u>	<u>57</u>
<b>Net change in fund balance</b>	<u>(900,927)</u>	<u>(1,143,907)</u>	<u>227,757</u>	<u>1,371,664</u>
Fund balances - beginning	2,278,302	2,278,302	2,278,302	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,377,375</u>	<u>\$ 1,134,395</u>	<u>\$ 2,506,059</u>	<u>\$ 1,371,664</u>

**BUDGETARY COMPARISON SCHEDULE**  
**DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS-PUBLIC WAYS AND FACILITIES SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES:</b>				
Taxes	\$ 1,117,652	\$ 1,117,652	\$ 1,302,289	\$ 184,637
Fines, forfeitures and penalties	565	565	462	(103)
Use of money and property	47,952	47,952	373,752	325,800
Aid from other governments	477,549	1,133,456	26,088	(1,107,368)
Charges for services	4,595,371	4,595,371	4,616,858	21,487
Other	34,578	34,578	14,087	(20,491)
<b>Total revenues</b>	<u>6,273,667</u>	<u>6,929,574</u>	<u>6,333,536</u>	<u>(596,038)</u>
<b>EXPENDITURES:</b>				
Current:				
Public ways and facilities	13,606,241	13,397,360	5,147,832	8,249,528
Debt service:				
Principal	13,454	13,454	7,800	5,654
Interest	1,559	1,559	236	1,323
<b>Total expenditures</b>	<u>13,621,254</u>	<u>13,412,373</u>	<u>5,155,868</u>	<u>8,256,505</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(7,347,587)</u>	<u>(6,482,799)</u>	<u>1,177,668</u>	<u>7,660,467</u>
<b>Net change in fund balance</b>	<u>(7,347,587)</u>	<u>(6,482,799)</u>	<u>1,177,668</u>	<u>7,660,467</u>
Fund balance - beginning	<u>7,227,844</u>	<u>7,227,844</u>	<u>7,227,844</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ (119,743)</u>	<u>\$ 745,045</u>	<u>\$ 8,405,512</u>	<u>\$ 7,660,467</u>



# Nonmajor Enterprise Funds

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025



**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, 2025**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 304,009	\$ 1,243,258	\$ 64,468	\$ 289,581
Restricted cash and investments	-	-	-	-
Receivables	-	-	-	235
<b>Total current assets</b>	<b>304,009</b>	<b>1,243,258</b>	<b>64,468</b>	<b>289,816</b>
Noncurrent assets:				
Loans receivable	-	-	-	-
Capital assets:				
Construction-in-progress	282,304	-	-	-
Buildings and structures	6,115,267	360,778	383,014	1,066,284
Equipment	46,448	-	-	-
Accumulated depreciation	(999,278)	(313,892)	(169,031)	(585,508)
Capital assets, net	5,444,741	46,886	213,983	480,776
<b>Total noncurrent assets</b>	<b>5,444,741</b>	<b>46,886</b>	<b>213,983</b>	<b>480,776</b>
<b>Total assets</b>	<b>5,748,750</b>	<b>1,290,144</b>	<b>278,451</b>	<b>770,592</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	14,383	253	950	-
Due to other funds	-	-	-	-
Current portion of long-term liabilities	-	-	-	-
<b>Total current liabilities</b>	<b>14,383</b>	<b>253</b>	<b>950</b>	<b>-</b>
Noncurrent liabilities:				
Long-term liabilities	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>14,383</b>	<b>253</b>	<b>950</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	5,444,741	46,886	213,983	480,776
Restricted for:				
Debt service	-	-	-	-
Unrestricted	289,626	1,243,005	63,518	289,816
<b>Total net position</b>	<b>\$ 5,734,367</b>	<b>\$ 1,289,891</b>	<b>\$ 277,501</b>	<b>\$ 770,592</b>

COMBINING STATEMENT OF NET POSITION (CONTINUED)  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2025

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 15,206	\$ 2,432,623	\$ 866,305	\$ -	\$ 5,215,450
-	-	71,415	-	71,415
-	-	-	729,657	729,892
15,206	2,432,623	937,720	729,657	6,016,757
-	28	-	-	28
-	-	-	4,172,312	4,454,616
-	-	26,211,356	11,989,698	46,126,397
-	35,138	-	-	81,586
-	(35,138)	(7,235,107)	(4,744,399)	(14,082,353)
-	-	18,976,249	11,417,611	36,580,246
-	28	18,976,249	11,417,611	36,580,274
15,206	2,432,651	19,913,969	12,147,268	42,597,031
745	277,044	17,569	8,044	318,988
-	-	-	583,446	583,446
-	-	97,000	-	97,000
745	277,044	114,569	591,490	999,434
-	-	4,022,000	-	4,022,000
-	-	4,022,000	-	4,022,000
745	277,044	4,136,569	591,490	5,021,434
-	-	14,857,249	11,417,611	32,461,246
-	-	142,666	-	142,666
14,461	2,155,607	777,485	138,167	4,971,685
\$ 14,461	\$ 2,155,607	\$ 15,777,400	\$ 11,555,778	\$ 37,575,597



**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
<b>OPERATING REVENUES</b>				
Charges for services	\$ 719,683	\$ 90,696	\$ 115,591	\$ 380,446
Other	-	-	-	-
<b>Total operating revenues</b>	<u>719,683</u>	<u>90,696</u>	<u>115,591</u>	<u>380,446</u>
<b>OPERATING EXPENSES:</b>				
Services and supplies	523,344	15,063	87,280	353,948
Depreciation and amortization	<u>160,861</u>	<u>9,019</u>	<u>10,412</u>	<u>23,979</u>
<b>Total operating expenses</b>	<u>684,205</u>	<u>24,082</u>	<u>97,692</u>	<u>377,927</u>
<b>Operating income (loss)</b>	<u>35,478</u>	<u>66,614</u>	<u>17,899</u>	<u>2,519</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Intergovernmental	-	-	-	4,688
Interest and investment income	8,870	68,143	2,856	13,669
Property taxes	-	-	-	-
Interest expense	-	-	-	-
Other nonoperating revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total nonoperating revenues (expenses)</b>	<u>8,870</u>	<u>68,143</u>	<u>2,856</u>	<u>18,357</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>44,348</u>	<u>134,757</u>	<u>20,755</u>	<u>20,876</u>
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<u>44,348</u>	<u>134,757</u>	<u>20,755</u>	<u>20,876</u>
Net position - beginning, as previously reported	5,690,019	1,155,134	256,746	749,716
Net position - ending	<u>\$ 5,734,367</u>	<u>\$ 1,289,891</u>	<u>\$ 277,501</u>	<u>\$ 770,592</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION (CONTINUED)  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 91,012	\$ 2,180,046	\$ 1,579,082	\$ 651,007	\$ 5,807,563
-	-	-	5,369	5,369
91,012	2,180,046	1,579,082	656,376	5,812,932
82,626	2,342,066	805,302	488,304	4,697,933
-	-	553,865	342,164	1,100,300
82,626	2,342,066	1,359,167	830,468	5,798,233
8,386	(162,020)	219,915	(174,092)	14,699
-	-	1,042,062	2,025,450	3,072,200
151	145,780	-	-	239,469
-	-	-	57,449	57,449
-	-	(65,967)	(77,153)	(143,120)
-	-	-	-	-
151	145,780	976,095	2,005,746	3,225,998
8,537	(16,240)	1,196,010	1,831,654	3,240,697
-	-	-	59,013	59,013
8,537	(16,240)	1,196,010	1,890,667	3,299,710
5,924	2,171,847	14,581,390	9,665,111	34,275,887
\$ 14,461	\$ 2,155,607	\$ 15,777,400	\$ 11,555,778	\$ 37,575,597

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 719,683	\$ 90,696	\$ 115,591	\$ 381,169
Payments to suppliers for goods and services	(514,054)	(15,040)	(109,637)	(354,238)
Other receipts	-	-	-	-
<b>Net cash provided by operating activities</b>	<u>205,629</u>	<u>75,656</u>	<u>5,954</u>	<u>26,931</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Loans receivable	-	-	-	-
Due to other funds	-	-	-	-
Matured interest payable	-	-	-	-
Intergovernmental receipts	-	-	-	4,688
Property taxes	-	-	-	-
Transfers from other funds	-	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,688</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(53,166)	-	-	-
Principal paid on lease agreements	-	-	-	-
Interest paid on capital debt	-	-	-	-
<b>Net cash used by capital and related financing activities</b>	<u>(53,166)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	8,870	68,143	2,856	13,669
<b>Net cash provided by investing activities</b>	<u>8,870</u>	<u>68,143</u>	<u>2,856</u>	<u>13,669</u>
<b>Net increase in cash and cash equivalents</b>	161,333	143,799	8,810	45,288
Cash and cash equivalents at beginning of year	142,676	1,099,459	55,658	244,293
Cash and cash equivalents at end of year	<u>\$ 304,009</u>	<u>\$ 1,243,258</u>	<u>\$ 64,468</u>	<u>\$ 289,581</u>

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 91,012	\$ 2,180,046	\$ 5,423,398	\$ 1,726,347	\$ 10,727,942
(82,712)	(2,068,091)	(1,385,890)	(1,021,253)	(5,550,915)
-	-	-	5,369	5,369
8,300	111,955	4,037,508	710,463	5,182,396
-	5,022	-	-	5,022
-	-	(3,278,709)	(730,752)	(4,009,461)
-	-	-	(6)	(6)
-	-	1,042,062	2,025,450	3,072,200
-	-	-	57,449	57,449
-	-	-	59,013	59,013
-	5,022	(2,236,647)	1,411,154	(815,783)
-	-	(701,174)	(2,041,507)	(2,795,847)
-	-	(96,000)	(2,957)	(98,957)
-	-	(65,967)	(77,153)	(143,120)
-	-	(863,141)	(2,121,617)	(3,037,924)
151	145,780	-	-	239,469
151	145,780	-	-	239,469
8,451	262,757	937,720	-	1,568,158
6,755	2,169,866	-	-	3,718,707
\$ 15,206	\$ 2,432,623	\$ 937,720	\$ -	\$ 5,286,865

(Continued)

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 35,478	\$ 66,614	\$ 17,899	\$ 2,519
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	160,861	9,019	10,412	23,979
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	-	-	-	723
Increase (decrease) in:				
Payables	9,290	23	(22,357)	(290)
Total adjustments	170,151	9,042	(11,945)	24,412
<b>Net cash provided (used) by operating activities</b>	<u>\$ 205,629</u>	<u>\$ 75,656</u>	<u>\$ 5,954</u>	<u>\$ 26,931</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position				
Cash and investments per Statement of Net Position	\$ 304,009	\$ 1,243,258	\$ 64,468	\$ 289,581
Restricted cash per Statement of Net Position	-	-	-	-
Total cash and cash equivalents per Statement of Net Position	<u>\$ 304,009</u>	<u>\$ 1,243,258</u>	<u>\$ 64,468</u>	<u>\$ 289,581</u>

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 8,386	\$ (162,020)	\$ 219,915	\$ (174,092)	\$ 14,699
-	-	553,865	342,164	1,100,300
-	-	3,844,316	1,075,340	4,920,379
(86)	273,975	(580,588)	(532,949)	(852,982)
(86)	273,975	3,817,593	884,555	5,167,697
<u>\$ 8,300</u>	<u>\$ 111,955</u>	<u>\$ 4,037,508</u>	<u>\$ 710,463</u>	<u>\$ 5,182,396</u>
\$ 15,206	\$ 2,432,623	\$ 866,305	\$ -	\$ 5,215,450
-	-	71,415	-	71,415
<u>\$ 15,206</u>	<u>\$ 2,432,623</u>	<u>\$ 937,720</u>	<u>\$ -</u>	<u>\$ 5,286,865</u>



# Internal Service Funds

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025





**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.

**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.

**General Services Fund** – The General Services Fund accounts for the maintenance and construction projects for County owned and leased facilities.

**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

## INTERNAL SERVICE FUNDS

JUNE 30, 2025

	Information Services	Public Works	Service Center	General Services
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 4,981,540	\$ 17,444,642	\$ 4,999,668	\$ 60,341
Receivables	395,845	147,289	5,050	140,242
Due from other funds	-	583,446	-	-
Deposits with others	-	-	-	-
Inventory	-	631,994	52,232	-
Prepaid items	1,042	-	-	-
Advances to other funds	-	1,997,850	-	-
<b>Total current assets</b>	<u>5,378,427</u>	<u>20,805,221</u>	<u>5,056,950</u>	<u>200,583</u>
Capital assets:				
Land	-	62,914	34,173	-
Buildings and structures	215,196	3,981,959	431,330	8,036,837
Equipment	11,069,218	13,872,622	18,434,234	74,005
Subscription based information technology agreements	842,293	-	-	342,650
Accumulated depreciation	(9,130,682)	(11,953,993)	(12,745,034)	(1,782,631)
<b>Capital assets, net</b>	<u>2,996,025</u>	<u>5,963,502</u>	<u>6,154,703</u>	<u>6,670,861</u>
<b>Total assets</b>	<u>8,374,452</u>	<u>26,768,723</u>	<u>11,211,653</u>	<u>6,871,444</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension	3,106,622	11,781,661	153,335	2,119,415
Deferred OPEB	307,290	1,483,263	23,638	413,659
<b>Total deferred outflows of resources</b>	<u>3,413,912</u>	<u>13,264,924</u>	<u>176,973</u>	<u>2,533,074</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	469,155	245,293	105,043	399,498
Accrued salaries and benefits payable	263,949	932,772	12,758	240,770
Deposits payable	-	617,728	-	-
Advances from other funds	-	-	-	-
Current portion of long-term liabilities	-	-	-	616,252
Lease payable	276,326	-	872,993	55,159
Claims liabilities	-	-	-	-
Compensated absences, due within one year	926,055	3,136,645	41,484	757,172
OPEB liability	150,150	690,690	10,920	193,830
Accrued interest payable	31,104	-	15,068	13,341
Unearned revenues	-	-	-	3,787
<b>Total current liabilities</b>	<u>2,116,739</u>	<u>5,623,128</u>	<u>1,058,266</u>	<u>2,279,809</u>
Noncurrent liabilities:				
Long-term liabilities	-	-	-	1,573,128
Lease payable	1,204,126	-	2,297,751	227,491
Claims liability	-	-	-	-
Compensated absences, due in more than one year	389,137	800,806	-	-
OPEB liability	3,065,468	14,830,850	236,435	4,134,886
Net pension liability	14,224,677	53,946,171	702,095	9,704,431
<b>Total noncurrent liabilities</b>	<u>18,883,408</u>	<u>69,577,827</u>	<u>3,236,281</u>	<u>15,639,936</u>
<b>Total liabilities</b>	<u>21,000,147</u>	<u>75,200,955</u>	<u>4,294,547</u>	<u>17,919,745</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension	18,501	70,165	913	12,622
Deferred OPEB	852,886	4,116,815	65,607	1,148,116
<b>Total deferred inflows of resources</b>	<u>871,387</u>	<u>4,186,980</u>	<u>66,520</u>	<u>1,160,738</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,515,573	5,963,502	2,983,959	4,198,831
Restricted for:				
Debt service	-	-	-	-
Unrestricted	(11,598,743)	(45,317,790)	4,043,600	(13,874,796)
<b>Total net position</b>	<u>\$ (10,083,170)</u>	<u>\$ (39,354,288)</u>	<u>\$ 7,027,559</u>	<u>\$ (9,675,965)</u>

## COMBINING STATEMENT OF NET POSITION (CONTINUED)

## INTERNAL SERVICE FUNDS

JUNE 30, 2025

Risk Management	Dental and Health Insurance	Self-Insurance		Employee Benefit Staffing	State Unemployment Insurance Program	Total
		Liability and Property Insurance	Workers' Compensation Insurance			
\$ 1,043,771	\$ 3,944,739	\$ 17,266,015	\$ 23,747,044	\$ 885,820	\$ 671,929	\$ 75,045,509
-	64,263	-	-	-	-	752,689
-	-	-	-	-	-	583,446
-	-	-	805,000	-	-	805,000
-	-	-	-	-	-	684,226
-	-	-	-	-	-	1,042
-	-	-	1,277,177	-	-	3,275,027
1,043,771	4,009,002	17,266,015	25,829,221	885,820	671,929	81,146,939
-	-	-	-	-	-	97,087
-	-	-	-	-	-	12,665,322
16,605	-	-	-	-	-	43,466,684
-	-	-	-	-	-	1,184,943
(16,605)	-	-	-	-	-	(35,628,945)
-	-	-	-	-	-	21,785,091
1,043,771	4,009,002	17,266,015	25,829,221	885,820	671,929	102,932,030
402,870	-	-	-	123,411	-	17,687,314
47,275	-	-	-	17,728	-	2,292,853
450,145	-	-	-	141,139	-	19,980,167
1,566	205,599	2,275,438	609,220	-	-	4,310,812
37,149	-	-	-	9,916	-	1,497,314
-	-	-	-	-	-	617,728
-	-	18,916,921	-	-	-	18,916,921
-	-	-	-	-	-	616,252
-	-	-	-	-	-	1,204,478
-	482,276	8,037,000	6,032,000	-	61,740	14,613,016
126,099	-	-	-	31,545	-	5,019,000
27,300	-	-	-	8,190	-	1,081,080
-	-	-	-	-	-	59,513
-	-	-	-	-	-	3,787
192,114	687,875	29,229,359	6,641,220	49,651	61,740	47,939,901
-	-	-	-	-	-	1,573,128
-	-	-	-	-	-	3,729,368
-	-	22,369,000	31,756,000	-	-	54,125,000
61,493	-	-	-	51,196	-	1,302,632
467,410	-	-	-	177,326	-	22,912,375
1,844,670	-	-	-	565,081	-	80,987,125
2,373,573	-	22,369,000	31,756,000	793,603	-	164,629,628
2,565,687	687,875	51,598,359	38,397,220	843,254	61,740	212,569,529
2,399	-	-	-	735	-	105,335
131,213	-	-	-	49,205	-	6,363,842
133,612	-	-	-	49,940	-	6,469,177
-	-	-	-	-	-	14,661,865
-	-	-	459,787	-	-	459,787
(1,205,383)	3,321,127	(34,332,344)	(13,027,786)	133,765	610,189	(111,248,161)
\$ (1,205,383)	\$ 3,321,127	\$ (34,332,344)	\$ (12,567,999)	\$ 133,765	\$ 610,189	\$ (96,126,509)

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Information Services	Public Works	Service Center	General Services
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 18,607,740	\$ 55,639,211	\$ 5,481,923	\$ 14,893,524
Other revenues	3,403,379	771	24,940	2,629,351
Total operating revenues	22,011,119	55,639,982	5,506,863	17,522,875
<b>OPERATING EXPENSES:</b>				
Salaries and employee benefits	12,569,535	44,251,426	581,412	12,152,072
Services and supplies	11,262,047	14,070,489	3,069,567	6,572,794
Insurance and compensation claims	-	-	-	-
Depreciation and amortization	2,225,862	995,192	2,156,245	337,956
Total operating expenses	26,057,444	59,317,107	5,807,224	19,062,822
Operating income (loss)	(4,046,325)	(3,677,125)	(300,361)	(1,539,947)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Intergovernmental	19,761	-	-	-
Interest and investment income	-	-	-	206,912
Gain on disposal of capital assets	903	121,053	211,056	35,126
Loss on disposal of capital assets	(10,659)	(6,849)	(19,506)	-
Interest expense	(44,768)	-	(296,762)	(83,050)
Total nonoperating revenues (expenses)	(34,763)	114,204	(105,212)	158,988
Income (loss) before capital contributions and transfers	(4,081,088)	(3,562,921)	(405,573)	(1,380,959)
Transfers in	-	96,000	-	-
Transfers out	(800,000)	-	-	-
Change in net position	(4,881,088)	(3,466,921)	(405,573)	(1,380,959)
Net position - beginning	(5,202,082)	(35,967,955)	7,456,433	-
Change to reporting entity (Note 20)	-	80,588	-	(8,295,006)
Restatement for correction of an error (Note 20)	-	-	(23,301)	-
Net position - beginning	(5,202,082)	(35,887,367)	7,433,132	(8,295,006)
Net position - ending	\$ (10,083,170)	\$ (39,354,288)	\$ 7,027,559	\$ (9,675,965)

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION (CONTINUED)  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Risk Management	Self-Insurance					Total
	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	
\$ 2,062,823	\$ 10,926,247	\$ 10,058,073	\$ 8,507,316	\$ 1,479,988	\$ 599,997	\$ 128,256,842
-	-	-	7	-	-	6,058,448
2,062,823	10,926,247	10,058,073	8,507,323	1,479,988	599,997	134,315,290
1,778,946	-	-	-	393,931	-	71,727,322
644,328	7,046,766	13,495,726	6,960,146	1,002,657	245,687	64,370,207
-	2,143,991	15,259,590	1,917,593	-	249,465	19,570,639
-	-	-	-	-	-	5,715,255
2,423,274	9,190,757	28,755,316	8,877,739	1,396,588	495,152	161,383,423
(360,451)	1,735,490	(18,697,243)	(370,416)	83,400	104,845	(27,068,133)
-	29,412	-	-	-	-	49,173
75,655	94,226	435,998	1,280,213	58,907	40,433	2,192,344
-	-	3,024,177	1,079,517	-	-	4,471,832
-	-	-	-	-	-	(37,014)
-	-	-	-	-	-	(424,580)
75,655	123,638	3,460,175	2,359,730	58,907	40,433	6,251,755
(284,796)	1,859,128	(15,237,068)	1,989,314	142,307	145,278	(20,816,378)
-	-	-	-	-	-	96,000
-	-	-	-	-	-	(800,000)
(284,796)	1,859,128	(15,237,068)	1,989,314	142,307	145,278	(21,520,378)
(920,587)	1,461,999	(10,225,083)	(14,557,313)	(8,542)	464,911	(57,498,219)
-	-	(8,870,193)	-	-	-	(17,084,611)
-	-	-	-	-	-	(23,301)
(920,587)	1,461,999	(19,095,276)	(14,557,313)	(8,542)	464,911	(74,606,131)
\$ (1,205,383)	\$ 3,321,127	\$ (34,332,344)	\$ (12,567,999)	\$ 133,765	\$ 610,189	\$ (96,126,509)

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Information Services	Public Works	Service Center	General Services
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 18,567,852	\$ 55,589,324	\$ 5,476,873	\$ 14,757,069
Payments to suppliers for goods and services	(10,978,233)	(14,318,849)	(3,066,853)	(6,173,297)
Payments to employees for salaries and benefits	(11,223,488)	(40,424,371)	(530,137)	(10,653,848)
Payments for judgments and claims	-	-	-	-
Other receipts	3,403,379	771	24,940	2,629,351
<b>Net cash provided (used) by operating activities</b>	<b>(230,490)</b>	<b>846,875</b>	<b>1,904,823</b>	<b>559,275</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Intergovernmental receipts	19,761	-	-	-
Due from other funds	-	8,141,066	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	(1,997,850)	-	-
Transfers from other funds	-	96,000	-	-
Transfers to other funds	(800,000)	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(780,239)</b>	<b>6,239,216</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	-	(35,968)	-	(13,452)
Acquisition of equipment	(265,867)	(1,461,178)	(240,390)	-
Principal paid on lease agreements	(1,293,768)	-	(797,799)	(657,811)
Interest payable	(21,022)	-	8,750	13,341
Interest expense	(44,768)	-	(296,762)	(83,050)
Proceeds from sale of capital assets	-	201,641	211,056	35,126
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,625,425)</b>	<b>(1,295,505)</b>	<b>(1,115,145)</b>	<b>(705,846)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	-	-	-	206,912
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,636,154)</b>	<b>5,790,586</b>	<b>789,678</b>	<b>60,341</b>
Cash and cash equivalents at beginning of year	7,617,694	11,654,056	4,209,990	-
Cash and cash equivalents at end of year	<u>\$ 4,981,540</u>	<u>\$ 17,444,642</u>	<u>\$ 4,999,668</u>	<u>\$ 60,341</u>

## COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

## INTERNAL SERVICE FUNDS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2025

## Self-Insurance

Risk Management	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	Total
\$ 2,062,823	\$ 10,915,586	\$ 10,058,073	\$ 8,507,316	\$ 1,479,988	\$ 599,997	\$ 128,014,901
(626,160)	(7,024,466)	(12,401,920)	(7,410,163)	(1,002,915)	(245,687)	(63,248,543)
(1,594,011)	-	-	-	(435,583)	-	(64,861,438)
-	(2,031,448)	(6,674,590)	(1,867,593)	-	(246,960)	(10,820,591)
-	-	-	7	-	-	6,058,448
(157,348)	1,859,672	(9,018,437)	(770,433)	41,490	107,350	(4,857,223)
-	29,412	-	-	-	-	49,173
-	-	-	7,726,468	-	-	15,867,534
-	-	-	-	-	(75,695)	(75,695)
-	-	10,046,728	-	-	-	8,048,878
-	-	-	-	-	-	96,000
-	-	-	-	-	-	(800,000)
-	29,412	10,046,728	7,726,468	-	(75,695)	23,185,890
-	-	-	-	-	-	(49,420)
-	-	-	-	-	-	(1,967,435)
-	-	-	-	-	-	(2,749,378)
-	-	-	-	-	-	1,069
-	-	-	-	-	-	(424,580)
-	-	3,024,177	1,079,517	-	-	4,551,517
-	-	3,024,177	1,079,517	-	-	(638,227)
75,655	94,226	435,998	1,280,213	58,907	40,433	2,192,344
(81,693)	1,983,310	4,488,466	9,315,765	100,397	72,088	19,882,784
1,125,464	1,961,429	12,777,549	14,431,279	785,423	599,841	55,162,725
\$ 1,043,771	\$ 3,944,739	\$ 17,266,015	\$ 23,747,044	\$ 885,820	\$ 671,929	\$ 75,045,509



**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Information Services	Public Works	Service Center	General Services
<b>RECONCILIATION OF OPERATING</b>				
<b>INCOME (LOSS) TO NET CASH PROVIDED</b>				
<b>(USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (4,046,325)	\$ (3,677,125)	\$ (300,361)	\$ (1,539,947)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	2,225,862	995,192	2,156,245	337,956
Changes in assets and liabilities:				
Receivables	(39,888)	47,406	(5,050)	(140,242)
Inventory	-	(50,598)	30,689	-
Prepaid expenses	6,585	-	-	-
Payables	277,229	(197,762)	(27,975)	399,497
Unearned revenue	-	-	-	3,787
Deposits payable	-	(97,293)	-	-
Claims liabilities	-	-	-	-
Accrued salaries and benefits	1,346,047	3,827,055	51,275	1,498,224
Total adjustments	3,815,835	4,524,000	2,205,184	2,099,222
<b>Net cash provided (used) by operating activities</b>	<u>\$ (230,490)</u>	<u>\$ 846,875</u>	<u>\$ 1,904,823</u>	<u>\$ 559,275</u>
<b>Schedule of non-cash capital and related financing activities:</b>				
Purchase of capital assets on account	\$ 420,458	\$ 1,033,702	\$ 1,009,523	\$ 1,009,523
Lease and SBITA inception	94,073	-	-	-

**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Risk Management	Self-Insurance					Total
	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	
\$ (360,451)	\$ 1,735,490	\$ (18,697,243)	\$ (370,416)	\$ 83,400	\$ 104,845	\$ (27,068,133)
-	-	-	-	-	-	5,715,255
-	(10,661)	-	-	-	-	(148,435)
-	-	-	-	-	-	(19,909)
24,558	-	-	-	-	-	31,143
(6,390)	22,300	1,093,806	(450,017)	(258)	-	1,110,430
-	-	-	-	-	-	3,787
-	-	-	-	-	-	(97,293)
-	112,543	8,585,000	50,000	-	2,505	8,750,048
184,935	-	-	-	(41,652)	-	6,865,884
203,103	124,182	9,678,806	(400,017)	(41,910)	2,505	22,210,910
<u>\$ (157,348)</u>	<u>\$ 1,859,672</u>	<u>\$ (9,018,437)</u>	<u>\$ (770,433)</u>	<u>\$ 41,490</u>	<u>\$ 107,350</u>	<u>\$ (4,857,223)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,473,206
-	-	-	-	-	-	94,073



# Fiduciary Funds

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025



**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 Fund** – The Other Custodial Fund is used to account for money or resources held on behalf of other parties, such as individuals, private organizations, or other governments. The County's Other Custodial Fund includes accounts that temporarily hold monies for the State of California, various Cities in Santa Cruz County, Special Districts, and other organizations in the County.

**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, 2025**

	Unapportioned Collections	Other Custodial Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,285,597	\$ 16,650,447	\$ 26,936,044
Restricted cash with fiscal agents	-	259,597	259,597
Receivables:			
Taxes to be collected and remitted to other governments	22,421,720	-	22,421,720
<b>Total assets</b>	<u>32,707,317</u>	<u>16,910,044</u>	<u>49,617,361</u>
<b>LIABILITIES</b>			
Accounts payable	11,884,753	4,018,241	15,902,994
Other liabilities	10,341,573	536,324	10,877,897
<b>Total liabilities</b>	<u>22,226,326</u>	<u>4,554,565</u>	<u>26,780,891</u>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	10,480,991	12,355,479	22,836,470
<b>Total net position</b>	<u>\$ 10,480,991</u>	<u>\$ 12,355,479</u>	<u>\$ 22,836,470</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Unapportioned Collections	Other Custodial Fund	Total
<b>ADDITIONS</b>			
Gifts and bequests	\$ -	\$ 104	\$ 104
Interest, dividends and other	1,471,254	840,357	2,311,611
Tax collections	831,527,104	140,290,060	971,817,164
Other contributions	2,106,908	32,862,921	34,969,829
<b>Total additions</b>	<u>835,105,266</u>	<u>173,993,442</u>	<u>1,009,098,708</u>
<b>DEDUCTIONS</b>			
Administrative expenses	20,290	110,615	130,905
Payments to other local governments	25,231,929	44,730,784	69,962,713
Payments of taxes to other local governments	806,188,530	12,799,009	818,987,539
Interest expense	242,886	645	243,531
Distributions from pooled investments	-	121,194,135	121,194,135
<b>Total deductions</b>	<u>831,683,635</u>	<u>178,835,188</u>	<u>1,010,518,823</u>
Net increase in fiduciary net position	3,421,631	(4,841,746)	(1,420,115)
Net position - beginning, as previously reported	7,059,360	16,625,666	23,685,026
Restatements	-	571,559	571,559
Net position - beginning, as restated	<u>7,059,360</u>	<u>17,197,225</u>	<u>24,256,585</u>
Net position - ending	<u>\$ 10,480,991</u>	<u>\$ 12,355,479</u>	<u>\$ 22,836,470</u>



**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2025**

	Public Guardian	Redevelopment Successor Agency	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 944,111	\$ 10,223,348	\$ 11,167,459
Restricted cash with fiscal agents	-	5,079,214	5,079,214
Prepaid expenses	-	835,426	835,426
Receivables:			
Nondepreciable capital assets	-	7,425,950	7,425,950
<b>Total assets</b>	<u>944,111</u>	<u>23,563,938</u>	<u>24,508,049</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on refunding of debt	-	169,427	169,427
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>169,427</u>	<u>169,427</u>
<b>LIABILITIES</b>			
Accounts payable	1,814	2,425	4,239
Interest payable	-	2,160,332	2,160,332
Other liabilities	100,000	151,670,030	151,770,030
<b>Total liabilities</b>	<u>101,814</u>	<u>153,832,787</u>	<u>153,934,601</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Gain on refunding of debt	-	696,811	696,811
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>696,811</u>	<u>696,811</u>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	842,297	(130,796,233)	(129,953,936)
<b>Total net position</b>	<u>\$ 842,297</u>	<u>\$ (130,796,233)</u>	<u>\$ (129,953,936)</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Public Guardian	Redevelopment Successor Agency	Total
<b>ADDITIONS</b>			
Interest, dividends and other	\$ 65,451	\$ 730,951	\$ 796,402
Tax collections	-	15,982,874	15,982,874
Other contributions	-	145,583	145,583
<b>Total additions</b>	<u>65,451</u>	<u>16,859,408</u>	<u>16,924,859</u>
<b>DEDUCTIONS</b>			
Beneficiary payments to individuals	260,000	-	260,000
Administrative expenses	-	140,657	140,657
Interest expense	7,527	5,606,344	5,613,871
Other deductions	-	382,255	382,255
<b>Total deductions</b>	<u>267,527</u>	<u>6,129,256</u>	<u>6,396,783</u>
<b>Net increase in fiduciary net position</b>	(202,076)	10,730,152	10,528,076
Net position - beginning	1,044,373	(141,526,385)	(140,482,012)
<b>Net position - ending</b>	<u>\$ 842,297</u>	<u>\$ (130,796,233)</u>	<u>\$ (129,953,936)</u>



# Statistical Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025

# 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	Page
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.	<b>215</b>
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.	<b>220</b>
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the County’s current level of outstanding debt and the County’s ability to issue additional debt in the future.	<b>224</b>
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.	<b>228</b>
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.	<b>233</b>

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets	\$ 682,820	\$ 657,074	\$ 642,444	\$ 631,244	\$ 601,792	\$ 567,960	\$ 546,806	\$ 509,726	\$ 476,456	\$ 468,999
Restricted	191,307	182,937	110,108	151,725	126,899	133,596	67,917	56,859 -2	58,886	65,406 <sup>(2)</sup>
Unrestricted	(605,321)	(546,137)	(534,673)	(606,264)	(613,189)	(603,792)	(471,054)	(423,493)	(396,329)	(374,141)
Total governmental activities net position	<u>\$ 268,806</u>	<u>\$ 293,874</u>	<u>\$ 217,879</u>	<u>\$ 176,705</u>	<u>\$ 115,502</u>	<u>\$ 97,764</u>	<u>\$ 143,669</u>	<u>\$ 143,092</u>	<u>\$ 139,013</u>	<u>\$ 160,264</u>
Business-type activities										
Net investment in capital assets	\$ 39,826	\$ 37,936	\$ 32,266	\$ 31,920	\$ 30,575	\$ 24,395	\$ 24,615	\$ 21,690	\$ 20,724	\$ 28,466
Restricted	665	605	14,986	534	566	43	43	634	381	390
Unrestricted	24,952	22,687	2,477	10,092	10,554	328	1,304	3,255	2,062	(1,962)
Total business-type activities net position	<u>\$ 65,443</u>	<u>\$ 61,228</u>	<u>\$ 49,729</u>	<u>\$ 42,546</u>	<u>\$ 41,695</u>	<u>\$ 24,766</u>	<u>\$ 25,962</u>	<u>\$ 25,579</u>	<u>\$ 23,167</u>	<u>\$ 26,894</u>
Total primary government										
Net investment in capital assets	\$ 722,646	\$ 695,010	\$ 674,710	\$ 663,164	\$ 632,367	\$ 592,355	\$ 571,421	\$ 531,416	\$ 497,180	\$ 497,465
Restricted	191,972	183,542	125,094	152,259	127,465	133,639	67,960	57,493	59,267	65,796
Unrestricted	(580,369)	(523,450)	(532,196)	(596,172)	(602,635)	(603,464)	(469,750)	(420,238)	(394,267)	(376,103)
Total primary government net position	<u>\$ 334,249</u>	<u>\$ 355,102</u>	<u>\$ 267,608</u>	<u>\$ 219,251</u>	<u>\$ 157,197</u>	<u>\$ 122,530</u>	<u>\$ 169,631</u>	<u>\$ 168,671</u>	<u>\$ 162,180</u>	<u>\$ 187,158</u>

<sup>(1)</sup> The 2017 reported unrestricted balances have been restated due to the implementation of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

<sup>(2)</sup> Net positions by component have been restated based on Restatements of Beginning Balances described in Note 20

GOVERNMENT-WIDE CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Reported in Thousands)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Expenses</b>										
Governmental activities:										
General government	\$ 65,261	\$ 59,377	\$ 81,907	\$ 42,187	\$ 50,868	\$ 49,370	\$ 42,773	\$ 39,812	\$ 43,566	\$ 35,068
Public protection	253,846	230,280	222,982	201,256	223,651	207,831	195,327	177,636	157,415	141,370
Public ways and facilities	48,292	44,314	31,112	30,783	43,683	31,139	27,258	29,193	24,716	28,271
Health and sanitation	264,953	250,821	226,021	195,858	197,848	179,330	154,536	141,327	123,519	114,209
Public assistance	201,094	194,719	191,422	179,814	205,806	160,348	144,066	132,801	129,000	126,834
Education	9,491	8,014	7,525	6,305	6,099	5,757	5,996	5,884	5,746	6,005
Recreation and cultural services	18,898	18,099	15,068	11,452	11,485	12,182	11,772	11,549	10,784	8,900
Interest on long-term debt	12,240	12,832	11,757	4,760	1,890	3,270	2,157	1,746	2,210	2,764
Total government activities expenses	874,075	818,456	787,794	672,415	741,330	649,227	583,885	539,948	496,956	463,421
Business-type activities:										
County Disposal Sites										
CSA 9C	28,520	23,507	18,515	22,816	16,217	19,393	17,873	14,859	13,283	12,018
Boulder Creek CSA 7	696	632	464	467	428	419	542	401	308	362
Rolling Woods CSA 10	25	27	16	28	29	17	21	31	32	15
Septic Tank Maintenance										
CSA 12	2,342	2,011	1,532	1,426	1,555	1,328	1,124	923	1,016	1,090
Freedom County										
Sanitation District	1,453	1,711	1,289	1,183	1,175	1,206	766	1,123	1,090	808
Davenport County										
Sanitation District	919	763	800	833	1,127	810	551	581	556	518
Place de Mer CSA 2	101	155	94	124	234	176	164	157	30	38
Sand Dollar Beach CSA 5	388	352	381	273	309	294	328	323	247	237
Trestle Beach CSA 20	85	84	68	83	69	95	51	56	62	45
Summit West CSA 54	-	-	-	-	-	-	2	-	-	-
Graham Hill CSA 57	-	-	-	-	-	-	-	-	8	11
Total business-type activities expenses	34,529	29,242	23,159	27,233	21,143	23,738	21,422	18,454	16,632	15,142
Total primary government expenses	\$ 908,604	\$ 847,698	\$ 810,953	\$ 699,648	\$ 762,473	\$ 672,965	\$ 605,307	\$ 558,402	\$ 513,588	\$ 478,563
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 25,590	\$ 24,833	\$ 30,702	\$ 27,224	\$ 23,901	\$ 23,768	\$ 26,432	\$ 19,799	\$ 21,379	\$ 19,053
Public protection	27,919	26,768	26,981	28,937	31,132	22,982	23,899	23,357	22,877	22,514
Public ways and facilities	10,316	7,214	6,800	7,374	7,535	6,528	7,085	6,154	6,129	4,930
Health and sanitation	72,226	54,436	69,704	46,012	41,979	41,219	39,863	41,364	38,413	33,927
Public assistance	1,207	1,424	1,533	1,123	589	524	1,071	1,278	415	700
Education	2	3	2	1	2	2	1	-	-	-
Recreation and cultural services	4,427	4,764	4,273	2,708	2,332	3,014	3,354	3,392	3,279	3,122
Debt service	-	-	-	41	2,106	1,560	285	-	-	-
Operating grants and contributions	414,095	488,720	447,171	399,130	369,375	290,021	279,861	259,972	261,567	244,016
Capital grants and contributions	30,394	47,180	16,015	14,984	32,521	18,532	22,829	19,532	8,193	8,798
Total governmental activities program revenues	586,176	655,342	603,181	527,534	511,472	408,150	404,680	374,848	362,252	337,060
Business-type activities:										
Charges for services	32,334	32,718	28,655	22,274	22,817	21,291	18,506	18,022	15,638	14,763
Operating grants and contributions	659	6,494	726	2,712	2,941	425	1,232	2,856	342	490
Capital grants and contributions	3,192	1	4	-	-	-	-	-	327	129
Total business-type activities program revenues	36,185	39,213	29,385	24,986	25,758	21,716	19,738	20,878	16,307	15,382
Total primary government program revenues	\$ 622,361	\$ 694,555	\$ 632,566	\$ 552,520	\$ 537,230	\$ 429,866	\$ 424,418	\$ 395,726	\$ 378,559	\$ 352,442
Net (expense)/revenue	\$ (287,899)	\$ (163,114)	\$ (184,613)	\$ (144,881)	\$ (229,858)	\$ (241,077)	\$ (179,205)	\$ (165,100)	\$ (134,704)	\$ (126,361)
Governmental activities	1,656	9,971	6,226	(2,247)	4,615	(2,022)	(1,683)	2,424	(325)	240
Business-type activities										
Total primary government net expense	\$ (286,243)	\$ (153,143)	\$ (178,387)	\$ (147,128)	\$ (225,243)	\$ (243,099)	\$ (180,888)	\$ (162,676)	\$ (135,029)	\$ (126,121)

(Continued)

Fiscal Year ended June 30, 2025

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 161,878	\$ 152,963	\$ 145,671	\$ 136,154	\$ 129,749	\$ 123,044	\$ 118,051	\$ 117,337	\$ 107,283	\$ 100,143
Other taxes	60,111	51,233	48,352	53,369	50,497	36,906	35,107	31,143	27,410	24,256
Grants and contributions not restricted for specific purposes	-	-	-	-	-	487	-	-	-	-
Interest and investment earnings	25,658	18,191	10,786	(4,067)	4,186	-	-	-	-	-
Use of money and property	-	-	-	-	-	6,283	6,619	4,454	3,741	4,096
Miscellaneous Gain (Loss) on sale of assets	10,267	16,531	8,355	12,010	25,207	28,371	19,945	16,253	7,960	9,460
Transfers	5,002	190	54	20	10	81	60	(7)	6	98
	(59)	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>262,857</u>	<u>239,108</u>	<u>213,218</u>	<u>197,486</u>	<u>209,649</u>	<u>195,172</u>	<u>179,782</u>	<u>169,180</u>	<u>146,400</u>	<u>138,053</u>
Business-type activities:										
Property taxes	58	53	53	49	45	44	40	35	32	29
Interest and investment earnings	2,186	1,216	523	(497)	165	-	-	-	-	-
Use of money and property	-	-	-	-	-	334	366	(25)	(232)	(170)
Miscellaneous Gain (Loss) on sale of assets	224	242	289	3,545	820	448	1,608	70	333	332
Transfers	32	17	-	-	-	-	52	(91)	-	-
	59	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>2,559</u>	<u>1,528</u>	<u>865</u>	<u>3,097</u>	<u>1,030</u>	<u>826</u>	<u>2,066</u>	<u>(11)</u>	<u>133</u>	<u>191</u>
Total primary government	<u>\$ 265,416</u>	<u>\$ 240,636</u>	<u>\$ 214,083</u>	<u>\$ 200,583</u>	<u>\$ 210,679</u>	<u>\$ 195,998</u>	<u>\$ 181,848</u>	<u>\$ 169,169</u>	<u>\$ 146,533</u>	<u>\$ 138,244</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (25,044)	\$ 75,994	\$ 28,514	\$ 52,603	\$ (20,210)	\$ (45,905)	\$ 577	\$ 4,080	\$ 11,696	\$ 11,692
Business-type activities	4,215	11,499	7,183	852	5,645	(1,196)	383	2,413	(192)	431
Total primary government	<u>\$ (20,829)</u>	<u>\$ 87,493</u>	<u>\$ 35,697</u>	<u>\$ 53,455</u>	<u>\$ (14,565)</u>	<u>\$ (47,101)</u>	<u>\$ 960</u>	<u>\$ 6,493</u>	<u>\$ 11,504</u>	<u>\$ 12,123</u>

<sup>(1)</sup> Miscellaneous revenues have been restated based on Restatements of Beginning Balances described in Note 20



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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	\$ 1,807	\$ 1,725	\$ 1,974	\$ 1,402	\$ 1,696	\$ 1,547	\$ 1,707	\$ 1,758	\$ 703	\$ 751
Restricted	52,269	43,057	34,741	33,022	25,484	-	-	-	-	-
Committed	33,489	20,997	20,997	20,956	20,956	19,756	19,957	21,557	18,000	17,251
Assigned	74,356	116,418	81,700	80,169	63,583	36,390	48,162	37,094	37,159	33,767
Unassigned	-	-	-	-	-	-	-	-	(71)	(33)
Total General Fund	<u>\$ 161,921</u>	<u>\$ 182,197</u>	<u>\$ 139,412</u>	<u>\$ 135,549</u>	<u>\$ 111,719</u>	<u>\$ 57,693</u>	<u>\$ 69,826</u>	<u>\$ 60,409</u>	<u>\$ 55,791</u>	<u>\$ 51,736</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,558	\$ -
Restricted	191,307	183,659	167,418	151,725	128,805	132,107	122,614	118,138	56,120	126,295 <sup>(1)</sup>
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(722)	(21,298)	-	(1,906)	-	-	(4,989)	-	-
	<u>\$ 191,307</u>	<u>\$ 182,937</u>	<u>\$ 146,120</u>	<u>\$ 151,725</u>	<u>\$ 126,899</u>	<u>\$ 132,107</u>	<u>\$ 122,614</u>	<u>\$ 113,149</u>	<u>\$ 117,678</u>	<u>\$ 126,295</u>

<sup>(1)</sup> Fund balances have been restated based on Restatements of Beginning Balances described in Note 20

Fiscal Year ended June 30, 2025

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Revenues</b>										
Taxes	\$ 221,989	\$ 204,196	\$ 194,023	\$ 189,522	\$ 180,246	\$ 159,949	\$ 153,158	\$ 148,480	\$ 134,693	\$ 124,399
Licenses and permits	16,714	16,939	16,175	16,787	13,782	12,829	12,591	12,665	13,268	11,881
Fines, forfeits and penalties	5,717	6,638	13,059	9,801	12,939	8,723	10,796	3,870	4,101	3,630
Use of money and property	23,465	16,855	10,091	(3,664)	3,901	5,674	5,930	4,197	3,623	4,083
Aid from other governments	444,440	535,645	462,949	414,108	401,443	308,552	302,690	279,504	269,760	252,814
Charges for services	120,574	96,451	97,979	86,832	82,856	78,045	78,603	78,809	75,124	68,734
Other	10,268	11,604	8,220	11,999	24,546	28,371	19,945	16,720	8,313	9,685
Total revenues	843,167	888,328	802,496	725,385	719,713	602,143	583,713	544,245	508,882	475,226
<b>Expenditures</b>										
Current										
General government	57,958	55,579	75,857	41,915	44,349	44,123	35,550	36,225	33,189	31,414
Public protection	236,513	218,489	205,226	318,652	195,009	182,291	172,236	161,157	156,582	146,434
Public ways and facilities	52,372	99,165	69,523	37,008	68,935	35,769	37,204	37,324	34,217	20,249
Health and sanitation	251,836	241,221	214,863	195,978	181,815	164,253	142,544	133,424	122,842	117,041
Public assistance	192,048	189,472	183,051	179,365	193,727	149,539	134,165	125,796	129,505	130,035
Education	7,979	7,168	6,671	5,606	5,458	5,518	5,753	5,655	5,535	5,793
Recreation and cultural services	16,672	16,948	13,716	10,532	9,828	10,842	10,460	10,471	10,014	8,667
Capital outlay	22,006	35,860	37,114	28,090	7,889	14,587	17,770	35,287	14,862	7,607
Debt service										
Principal	17,938	18,300	14,256	13,547	6,075	10,220	5,577	4,592	4,857	4,744
Bond redemption	-	-	-	-	-	-	-	-	-	-
Bond issue costs	-	829	320	844	-	-	-	-	-	-
Interest and fiscal charges	11,270	9,517	8,809	5,133	2,911	3,158	2,933	2,276	2,904	2,770
Total expenditures	866,592	892,548	829,406	836,670	715,996	620,300	564,192	552,207	514,507	474,754
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(23,425)</b>	<b>(4,220)</b>	<b>(26,910)</b>	<b>(111,285)</b>	<b>3,717</b>	<b>(18,157)</b>	<b>19,521</b>	<b>(7,962)</b>	<b>(5,625)</b>	<b>472</b>
<b>Other Financing Sources (Uses)</b>										
Sale of capital assets	508	-	-	-	-	-	-	24	6	98
Debt issue cost	-	-	-	-	-	(281)	-	-	-	-
Proceeds from long-term debt	-	78,463	17,300	152,480	-	-	-	-	-	9,945
Issuance of Debt	-	1,140	-	-	-	-	-	-	-	-
Bond premium	-	2,971	620	3,214	-	995	-	(63)	951	60
Bond discount	-	(63)	-	(52)	-	-	-	-	-	-
Proceeds from refunding bonds	-	-	-	-	-	13,985	-	7,940	10,500	13,770
Payment to bond refunding escrow agent	-	-	-	-	-	-	-	-	(10,620)	(13,097)
Transfers in	62,376	102,291	46,655	38,736	19,678	18,285	22,489	28,411	21,582	17,489
Transfers out	(61,731)	(101,527)	(52,388)	(43,871)	(19,802)	(18,362)	(23,157)	(28,496)	(21,750)	(17,701)
Lease inception	1,496	547	309	863	-	894	30	92	129	70
Miscellaneous	-	-	-	-	-	-	-	144	-	-
Total other financing sources (uses)	2,649	83,822	12,496	151,370	(124)	15,516	(638)	8,052	798	10,634
<b>Net change in fund balances</b>	<b>\$ (20,776)</b>	<b>\$ 79,602</b>	<b>\$ (14,414)</b>	<b>\$ 40,085</b>	<b>\$ 3,593</b>	<b>\$ (2,641)</b>	<b>\$ 18,883</b>	<b>\$ 90</b>	<b>\$ (4,827)</b>	<b>\$ 11,106</b>
Debt service as a percentage of noncapital expenditures	3.55%	3.68%	2.87%	2.38%	1.33%	2.32%	1.61%	1.40%	1.63%	1.64%

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

Fiscal Year	Current Property Taxes	Prior Property Taxes <sup>(1)</sup>	Delinquent Penalties and Costs	Sales and Use Tax	Transient Occupancy Tax	Business Tax <sup>(2)</sup>	Property Transfer Tax	Other Taxes	Total Tax Revenues <sup>(3)</sup>
2016	\$ 82,863	\$ 260	\$ 2,436	\$ 10,071	\$ 7,084	\$ 2,504	\$ 2,267	\$ 82	\$ 107,567
2017	88,414	174	3,210	11,863	8,002	2,805	2,321	85	116,874
2018	94,000	135	6,780	11,514	8,385	3,138	2,609	83	126,644
2019	100,409	153	4,243	13,971	9,217	3,440	2,586	83	134,102
2020	104,689	234	3,134	16,640	7,410	4,294	2,411	84	138,896
2021	109,956	330	3,796	22,564	10,237	6,266	3,728	83	156,960
2022	115,620	195	4,894	24,280	14,137	3,014	3,782	72	165,995
2023	123,553	263	8,546	23,522	11,528	2,614	2,457	60	172,543
2024	129,826	365	3,574	24,262	12,811	3,155	2,448	60	176,501
2025	137,405	296	3,047	32,864	13,428	2,445	2,690	59	192,234

<sup>(1)</sup>The County uses the Alternative Tax Apportionment Method, which treats prior taxes as payments against an outstanding taxes receivable balance. Amounts shown are either past adjustments or present delinquent payments applicable to the supplemental tax roll.

<sup>(2)</sup>The County began collecting Cannabis Business Tax during 2014-2015.

<sup>(3)</sup> The difference between total tax revenues reported above and revenues classified as taxes on the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance is the above revenues classified as "Delinquent Penalties and Costs." These tax revenues are reported under "Fines, forfeits and penalties" on the Statement of Revenues, Expenditures and Changes in Fund Balance.

<sup>(4)</sup> Amounts for fiscal year 2022 were updated to agree with General Fund tax revenues. They were previously reported for Government-Wide tax revenues, erroneously.

**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
*(Reported in Thousands)*

Fiscal Year Ended June 30	Total Secured Tax Levy for Fiscal Year <sup>(1)</sup>	Collections within the Fiscal Year of the Levy <sup>(2)</sup>		Collections in Subsequent Years <sup>(3)</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Total Tax Collections	Percentage of Levy
2016	\$ 470,552	\$ 465,411	98.9%	\$ 5,831	\$ 471,242	100.1%
2017	503,093	496,571	98.7%	4,739	501,310	99.6%
2018	536,687	530,953	98.9%	5,226	536,179	99.9%
2019	560,534	554,765	99.0%	3,547	558,312	99.6%
2020	587,578	580,758	98.8%	5,046	585,804	99.7%
2021	615,206	609,436	99.1%	5,997	615,433	100.0%
2022	638,000	631,953	99.1%	6,554	638,507	100.1%
2023	683,093	675,076	98.8%	5,932	681,008	99.7%
2024	719,922	710,649	98.7%	4,989	715,638	99.4%
2025	762,355	747,215	98.0%	6,357	753,572	98.8%

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

<sup>(2)</sup> Included are amounts collected by the County on behalf of itself, school districts, cities and special districts under the supervision of their own governing boards.

<sup>(3)</sup> Under the Alternative Method of Tax Apportionment (the Teeter Plan), the County allocates to all taxing jurisdictions under the County, 100% of the secured property taxes billed, even if not yet collected. In return, the County retains the subsequent delinquent payments and associated penalties and interest. Refer to schedule of General Fund Tax Revenues by Source for property tax collections applicable to the County.

**ASSESSED VALUE OF TAXABLE PROPERTY AND ACTUAL VALUE OF PROPERTY<sup>(1)</sup>**  
**LAST TEN FISCAL YEARS**  
**(Reported in Thousands)**

Fiscal Year	Secured <sup>(2)</sup>	Unsecured <sup>(5)</sup>	Total Taxable Assessed Value <sup>(3) (5)</sup>	Total Direct Tax Rate <sup>(4)</sup>
2016	\$ 38,321,843	\$ 873,141	\$ 39,194,984	1.00%
2017	40,296,052	876,810	41,172,862	1.00%
2018	42,608,504	936,890	43,545,394	1.00%
2019	45,265,422	982,250	46,247,672	1.00%
2020	47,620,014	1,021,496	48,641,510	1.00%
2021	49,853,771	1,032,834	50,886,605	1.00%
2022	51,676,680	1,035,947	52,712,627	1.00%
2023	54,902,593	1,138,888	56,041,481	1.00%
2024	57,806,984	1,291,488	59,098,472	1.00%
2025	60,387,694	1,352,066	61,739,760	1.00%

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

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

<sup>(3)</sup> The County does not track the estimated actual value of all County properties due in part to the manner in which assessed value is calculated following the passage of California Proposition 13. Thus, the total taxable assessed value reported represents all property within the County.

<sup>(4)</sup> The maximum tax rate is 1% of the full cash value or \$1/\$100 of the assessed value, excluding the tax rate for debt service.

<sup>(5)</sup> Previous values for column were incorrectly reported by one year due to rollforward error. Unsecured column has been corrected for this fiscal year.

**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**  
*(Reported in Thousands)*

Fiscal Year	Property Tax Rates Per \$100 of Assessed Valuation		General Fund	Cities	School Districts	Special Districts <sup>(1)</sup>	Redevelopment Successor Agency	Total
	Low	High						
2016	1.056	1.178	13.0	5.0	57.0	13.5	11.5	100.0
2017	1.051	1.163	13.0	5.0	57.0	13.5	11.5	100.0
2018	1.064	1.118	13.0	5.0	57.0	13.5	11.5	100.0
2019	1.060	1.174	13.0	5.0	57.0	13.5	11.5	100.0
2020	1.063	1.183	13.0	5.0	57.0	13.5	11.5	100.0
2021	1.061	1.198	13.0	5.0	57.0	13.5	11.5	100.0
2022	1.061	1.212	13.0	5.0	57.0	13.5	11.5	100.0
2023	1.062	1.220	13.0	5.0	57.0	13.5	11.5	100.0
2024	1.038	1.211	13.5	5.0	57.0	13.5	11.0	100.0
2025	1.028	1.220	13.5	5.0	57.0	13.5	11.0	100.0

<sup>(1)</sup> Includes Autonomous Special Districts, Board Governed Special Districts, the Library Special Revenue Fund and the Fire Special Revenue Fund.

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Leases <sup>(1,7)</sup>	7,230	\$ 8,716	\$ 19,099	\$ 19,913	\$ 2,957	\$ 3,719	\$ 4,097	\$ 5,579	\$ 5,968	\$ 6,739
Refunding Certificates of Participation	12,409	14,828	18,647	22,315	25,830	29,814	33,648	37,333	40,896	38,095
Lease Revenue Bonds	140,671	149,669	73,944	57,613	29,645	30,720	21,083	21,948	14,504	14,927
Lease Revenue Refunding Bonds	4,183	4,521	4,847	5,167	5,480	5,821	1,428	1,496	1,561	1,627
Local Agency Revenue Bonds - 1999	-	-	-	-	-	-	35	70	105	135
Certificates of Participation	-	-	253	500	737	969	5,847	6,429	6,991	13,390
SCRUZPOB, 2021 Tax Pension Subscription based Information Technology Agreements	1,053	271	1,611							
Loans Payable <sup>(6)</sup>	1,013	3,871	3,477	4,337	-	-	-	-	16	58
Internal Service Funds Subscription based Information Technology Agreements	625	1,012	2,078	-	-	-	-	-	-	-
Leases <sup>(1,7)</sup>	4,309	1,697	1,849	10	-	-	-	-	-	-
Loans Payable <sup>(6)</sup>	2,189	-	-	-	-	-	-	-	-	-
Business-type activities										
Lease Revenue Bonds	4,105	4,467	4,861	5,171	5,471	5,756	6,030	6,295	6,550	6,799
Loans Payable	5,016	5,448	5,237	5,511	58	92	143	192	240	287
Leases	-	-	-	-	1,233	1,389	1,544	2	3	4
Total Primary government <sup>(2)</sup>	<u>\$ 285,888</u>	<u>\$ 302,810</u>	<u>\$ 249,408</u>	<u>\$ 239,227</u>	<u>\$ 71,411</u>	<u>\$ 78,280</u>	<u>\$ 73,855</u>	<u>\$ 79,344</u>	<u>\$ 76,834</u>	<u>\$ 82,061</u>
Percentage of personal income <sup>(3,5)</sup>	1.23%	1.33%	1.09%	1.04%	0.35%	0.40%	0.39%	0.44%	0.46%	0.50%
Per capita <sup>(4,5)</sup>	\$ 1,093	\$ 1,135	\$ 931	\$ 893	\$ 265	\$ 287	\$ 269	\$ 288	\$ 279	\$ 299

<sup>(1)</sup> Implementation of GASB 87 requires the term "leases" (rather than "capital leases") be used throughout the annual comprehensive financial report. Line items for capital leases have been removed and added to "leases".

<sup>(2)</sup> Excludes Component Unit. Total primary government, percentage of personal income and per capita data for prior periods were restated here to exclude amounts related to the Component Unit.

<sup>(3)</sup> Percentage of personal income is calculated from personal income data for the preceding calendar year, if available (e.g. percentage of personal income for Fiscal Year 2025 is based on 2023 calendar year personal income data). Personal income data is provided by the Bureau of Economic Analysis (BEA).

<sup>(4)</sup> Per capita data is calculated from per capita income data for the preceding calendar year, if available (e.g. per capita for Fiscal Year 2025 is based on 2023 calendar year per capita income data). Per capita income data is provided by the Bureau of Economic Analysis.

<sup>(5)</sup> Some prior period personal and per capita income data was revised by the Bureau of Economic Analysis and thus some prior period calculations have been restated here.

<sup>(6)</sup> Loans Payable amounts between governmental activities and internal service funds were updated to agree to their service area for FY 24. Overall loan Liability amounts are unchanged.

<sup>(7)</sup> Lease amounts between governmental activities and internal service funds were updated to agree to their service area for FY24. Overall lease liability amounts are unchanged.

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

Fiscal Year <sup>(3)</sup>	Assessed Value <sup>(1)</sup>	Legal Debt Limit <sup>(2)</sup>	Total Net Applicable Debt	Legal Debt Margin	Debt Margin/ Debt Limit
2016	\$ 38,321,843,499	\$ 1,916,092,175	\$ -	\$ 479,023,044	100.00%
2017	40,296,052,356	2,014,802,618	-	503,700,654	100.00%
2018	42,608,503,591	2,130,425,180	-	2,130,425,180	100.00%
2019	45,265,421,591	2,263,271,080	-	2,263,271,080	100.00%
2020	47,620,014,333	2,381,000,717	-	2,381,000,717	100.00%
2021	49,853,771,007	2,492,688,550	-	2,492,688,550	100.00%
2022	51,676,680,196	2,583,834,010	-	2,583,834,010	100.00%
2023	54,902,592,846	2,745,129,642	-	2,745,129,642	100.00%
2024	57,806,984,366	2,890,349,218	-	2,890,349,218	100.00%
2025	60,387,693,750	3,019,384,688	-	3,019,384,688	100.00%

<sup>(1)</sup>Total Assessed Value includes exempt property.

<sup>(2)</sup>Section 29909 of the California Government Code limits the General Obligation Bond indebtedness to 5 percent of the total full cash valuation of all real and personal property within the County. The Legal Debt Margin is the Legal Debt Limit reduced by the General Bonded Debt. The County does not have any General Bonded Debt.

<sup>(3)</sup>Previous reported numbers were found to be one year behind. Numbers presented above have been updated to the correct fiscal year.



STATEMENT OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2025  
(Reported in Thousands)

2024-2025 Total Net Assessed Valuation	\$ 61,470,670		
		Percentage Applicable <sup>(1)</sup>	Net Debt Outstanding
<u>Overlapping Tax and Assessment and General Obligation Debt</u>			
SCHOOL DISTRICTS			
Live Oak Elementary	100.00%	\$	21,401
Santa Cruz City Elementary	100.00%		62,651
Soquel Union Elementary	100.00%		41,629
Mountain Elementary	100.00%		2,220
Santa Cruz City High	100.00%		129,106
Scotts Valley Unified	100.00%		27,015
San Lorenzo Valley Unified	100.00%		56,254
Pacific	100.00%		1,994
Pajaro Valley Unified	100.00%		152,068
Cabrillo College	100.00%		84,707
SPECIAL DISTRICTS			
Orchard Drive	100.00%		555
Consolidated Reassessment District 2021	100.00%		1,040
Place De Mer AD 2021-01	100.00%		2,465
Felton Community Facilities - District No. 1	100.00%		5,520
Total Overlapping Tax and Assessment and General Obligation Debt			588,625
<u>Direct Debt</u>			
Santa Cruz County <sup>(2)</sup>	100.00%		276,767
Total Direct Debt			276,767
Total Combined Overlapping and Direct Debt		\$	865,392
<u>Ratio to 2024-2025 Assessed Valuation</u>			
Total Overlapping Tax and Assessment and General Obligation Debt	0.96%		
Total Direct Debt	0.45%		
Total Combined Direct Debt and Overlapping Debt	1.41%		

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

<sup>(2)</sup>Governmental activities debt excluding tax and revenue anticipation notes, compensated absences and estimated claims, business-type activities and debt related to the Santa Cruz County Sanitation District.

OUTSTANDING DEBT OF THE GOVERNMENTAL ACTIVITIES<sup>(1)</sup>

JUNE 30, 2025

(Reported in Thousands)

YEAR OF ISSUANCE	PRINCIPAL	INTEREST	TOTAL
Debt <sup>(2)</sup>			
1996	\$ 3,125	\$ 179	\$ 3,304
2012A	972	252	1,224
2014	3,025	456	3,481
2015	7,360	3,065	10,425
2016	5,620	1,273	6,893
2017	4,755	928	5,683
2020A	8,585	4,292	12,877
2020B	3,240	594	3,834
2021A	21,625	11,361	32,986
2021B	3,530	1,539	5,069
2021 Taxable Pension Obligation Bonds	103,085	26,068	129,153
2023A	17,300	11,377	28,677
2024A-1	29,115	12,326	41,441
2024A-2	6,459	1,297	7,756
2024B	9,080	3,428	12,508
2024C	27,175	18,568	45,743
Total debt outstanding for the Governmental Activities	\$ 254,051	\$ 97,003	\$ 351,054

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

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

GENERAL INFORMATION  
LAST TEN FISCAL YEARS

Santa Cruz County is the second smallest county in the State of California, with an area of 440 square miles. It is also one of the original 27 counties formed in 1850, and, prior to California's independence, it was one of three Spanish Pueblos in California.

Santa Cruz County is located in the northern crescent of Monterey Bay, 74 miles south of San Francisco, 375 miles north of Los Angeles, 159 miles southwest of Sacramento, and 164 miles northwest of Fresno.

Fiscal Year	Population <sup>(1)</sup> (in thousands)	Budget Requirements <sup>(2)</sup> (in thousands)	Budget Per Capita	Current Property Taxes (in thousands)	Taxes Per Capita
2016	276	\$ 539,798	\$ 1,956	\$ 82,863	\$ 300
2017	277	552,333	1,994	88,414	319
2018	276	590,759	2,140	94,000	341
2019	275	646,197	2,350	100,409	365
2020	271	685,431	2,529	104,689	386
2021	261	749,829	2,873	109,956	421
2022	267	875,026	3,277	135,907	509
2023	262	918,988	3,508	(7) 145,339	555
2024	263	1,052,918	4,003	129,826	494
2025	264	1,151,402	4,361	137,405	520

Fiscal Year	Assessed Valuation (in thousands)	Per Capita Income <sup>(3)</sup>	Personal Income <sup>(3)</sup> (in thousands)	School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
2016	\$ 38,321,843	\$ 59,598	\$ 16,347,740	\$ 70,411	7.5%
2017	40,296,052	60,924	16,766,106	70,282	6.9%
2018	42,608,504	64,901	17,854,678	70,702	6.7%
2019	45,265,422	69,355	19,021,010	70,328	4.4%
2020	47,620,014	71,592	19,559,977	69,828	12.2%
2021	49,853,771	75,957	20,502,635	67,610	6.9%
2022	51,676,680	85,554	22,910,773	66,748	3.8%
2023	54,902,593	86,365	22,832,500	67,122	5.3%
2024	57,806,984	88,581	23,168,187	67,978	5.8%
2025	60,387,694	- (8)	- (8)	67,462	6.0%

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 2025 is 2024 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 2025 is annual average for 2024 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) School enrollment for fiscal year 22/23 was updated to reflect the correct number

(7) Prior year amount reported was adjusted to agree with actual.

(8) As of 12/08/2025 Bureau of Economic Analysis per capita income not updated since 2023 (for the 2024 fiscal year).2025 numbers unavailable

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

Calendar Year	New Dwelling Units <sup>(1)</sup>			Valuation of New Units <sup>(1)</sup> (in thousands)			Deposits <sup>(2)</sup>
	Single Family	Multiple Family	Total Units	Residential	Non-Residential	Total Valuation	Amount (in thousands)
2015	101	62	163	\$ 72,860	\$ 42,430	\$ 115,290	\$ 5,439,646
2016	116	202	318	102,393	93,011	195,404	6,076,534
2017	66	1	67	18,228	1,025	19,253	6,133,076
2018	34	1	35	9,189	315	9,504	6,269,787
2019	50	1	51	12,227	995	13,222	7,415,466
2020	59	-	59	11,124	221	11,345	8,426,670
2021	144 <sup>(3)</sup>	1 <sup>(3)</sup>	145	27,475 <sup>(3)</sup>	4,769 <sup>(3)</sup>	32,244	8,937,210
2022	203 <sup>(3)</sup>	9 <sup>(3)</sup>	212	54,822 <sup>(3)</sup>	1,272 <sup>(3)</sup>	56,094	8,213,622
2023	108 <sup>(3)</sup>	4 <sup>(3)</sup>	112	23,055 <sup>(3)</sup>	9,072 <sup>(3)</sup>	32,127	8,069,564
2024	81 <sup>(3)</sup>	6 <sup>(3)</sup>	87	23,439 <sup>(3)</sup>	-(4)	23,439	7,738,923

<sup>(1)</sup> Compiled by the California Department of Finance - Economic Research Unit. Calendar year 2025 new construction and property valuation data is not available.

<sup>(2)</sup> Compiled by the Federal Deposit Insurance Corporation (FDIC) as reported in the Deposit Market Share Report reflecting deposits as of June 30, 2025.

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

<sup>(4)</sup> Decrease from calendar year 2023 is a result of decrease in projects.

**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)
2016	\$ 193,708	\$ 204,728	\$ 91,601	\$ 91,598
2017	264,054	275,353	91,707	91,703
2018	211,083	246,813	92,271	91,349
2019	212,413	248,062	-	(129,567)
2020	151,767	208,299	-	-
2021	184,246	197,373	-	-
2022	168,264	294,764	-	-
2023	149,690	294,982	-	-
2024	144,995	290,225	-	-
2025	150,050	327,095	-	-

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 2024-25	Percentage of Total Assessed Valuation 2024-2025 <sup>(1)</sup>
Pacific Gas & Electric Company	Gas & Electric Utility	\$ 625,784,924	0.96%
Dignity Health	Hospital	167,144,288	0.26%
Santa Cruz Seaside Company	Property management	154,902,176	0.24%
Regency Hilltop LLC	Property management	124,964,742	0.19%
MGP XI Capitola LLC - Capitola Mall	Property management	124,248,877	0.19%
LHO Santa Cruz Hotel One LP	Property management	71,343,619	0.11%
Anton Santa Cruz LLC	Property management	77,496,227	0.12%
S. Martinelli & Co	Property management	82,808,783	0.13%
Mt. Hermon Road Association Inc.	Property management	71,006,393	0.11%
Sutter Bay Medical Foundation	Hospital	130,685,521	0.20%
Totals		<u>\$ 1,630,385,550</u>	<u>2.51%</u>

Taxpayer	Type of Business	Assessed Value 2014-2015	Percentage of Total Assessed Valuation 2014-2015 <sup>(2)</sup>
Pacific Gas and Electric	Gas & Electric Utility	\$ 240,242,602	0.70%
Santa Cruz Seaside Company	Amusement Park	86,482,162	0.25%
Pacific Bell Telephone Co.	Telephone Utility	47,682,986	0.14%
SC Beach Hotel Partners	Hotel Operator	42,714,484	0.13%
Macerich Partnership L P	Commercial Real Estate	68,448,331	0.20%
Cypress Point RE Investors LLC	Real Estate	43,644,821	0.13%
Bei-Scott Co.	Property Management	40,330,684	0.12%
PDC - Rancho Del Mar	Property Management	38,925,725	0.11%
Paradise Park Masonic Club Inc.	Housing Development	38,028,470	0.11%
Watsonville Hospital	Hospital	61,476,390	0.18%
Totals		<u>\$ 707,976,655</u>	<u>2.07%</u>

Note: Principal taxpayer data for fiscal year 2025-26 is derived from the 2024 tax roll, which was billed and collected during 2025. Data for fiscal year 2014-2015 is derived from the 2014 tax roll, which was billed and collected during 2013.

<sup>(1)</sup> Percentage of total assessed valuation for 2025-26 is calculated from the total net assessed valuation of \$65,174,533,277.

<sup>(2)</sup> Percentage of total assessed valuation for 2013-14 is calculated from the total net assessed valuation of \$34,123,151,535.

**PRINCIPAL EMPLOYERS  
CURRENT AND TEN YEARS AGO**

Employer	Product/Service	Number of Employees 2024-2025 <sup>(1)</sup>	Percentage of Total Employment 2024-2025 <sup>(2)</sup>
University of California at Santa Cruz	Education	1,000-4,999	2.28%
Santa Cruz Government Center	County Services	1,000-4,999	2.28
Dominican Hospital	Hospital	1,000-4,999	2.28
Santa Cruz Health Center	County Services	500-999	0.57
Granite Rock	Excavating Contractors	500-999	0.57
Poly, an HP Inc. Corp.	Telephone Apparatus Mfg.	500-999	0.57
Watsonville City Sewer Dept	City Services	500-999	0.57
Source Naturals	Vitamin Manufacturer	500-999	0.57
Cabrillo Sesnon House 1	Venue and Event spaces	500-999	0.57
Monterey Mushrooms	Agriculture	500-999	0.57
Larse Farms Inc	Agriculture	500-999	0.57
Ameri-Kleen	Services NEC	500-999	0.57

Employer <sup>(3)</sup>	Product/Service <sup>(3)</sup>	Number of Employees 2014-2015 <sup>(3)</sup>	Percentage of Total Employment 2014-2015 <sup>(3)</sup>
University of California, Santa Cruz	Education	1,000-4,999	2.26%
County of Santa Cruz	County Services	1,000-4,999	2.23
Pajaro Valley Unified School District	Education	1,000-4,999	2.23
Dominican Hospital	Hospital	1,000-4,999	2.23
Santa Cruz Beach Boardwalk	Amusement/Recreation	1,000-4,999	2.23
CB North	Sports/Recreation Clubs	1,000-4,999	2.23
Dutra Farms	Grocery/Wholesale	1,000-4,999	2.23
Cabrillo College	Education	500-999	0.56
City of Santa Cruz	City Services	500-999	0.56
Watsonville Community Hospital	Hospital	500-999	0.56
West Marine	Retail	500-999	0.56
Plantronics	Telephone Apparatus Mfg.	500-999	0.56

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

<sup>(2)</sup>Average of the reported range divided by total civilian employment of 131,193 as reported by the U.S. Bureau of Labor Statistics for June 2025.

<sup>(3)</sup>Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2015.

Fiscal Year ended June 30, 2025

### OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Public Assistance</b>										
Human Services Department										
Adult Protective Services										
Referrals received	2,703	2,253	2,082	1,899	1,825	1,792	1,764 <sup>(2)</sup>	1,406 <sup>(1)</sup>	1,011	936
Investigations completed	2,214	1,853	1,662	1,570	1,474	1,550	1,649 <sup>(2)</sup>	1,098 <sup>(1)</sup>	906	816
Family and Children's Services										
Annual referrals (families)	2,336	2,139	2,314	2,096	2,399	2,399	2,699 <sup>(2)</sup>	2,788 <sup>(1)</sup>	2,770	2,635
Finalized adoptions	16	13	13	19	28	28	40 <sup>(2)</sup>	37 <sup>(1)</sup>	52	50
Licensed foster homes (monthly average)	93	120	124	112	141	141	100 <sup>(2)</sup>	60 <sup>(1)</sup>	139	130
Benefit Services										
Average number of Medi-Cal recipients	76,531	78,791	91,519	81,045	75,626	69,355	71,077 <sup>(2)</sup>	73,041 <sup>(1)</sup>	76,713	73,060
<b>Public Ways and Facilities</b>										
Public Works										
Roads										
Miles of road maintained	600	600	600	600	600	600	596	596	596	600
Potholes repaired	8,545	9,520	10,294	7,707	6,193	9,592	1,756	4,295	4,013	3,750
Minor culverts maintained	3,322	3,330	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,262
Bridges and major culverts maintained	160	160	160	160	160	160	160	160	160	160
Traffic signs replaced/										
repaired	1,012	1,444	722	1,368	1,505	1,500	2,938	2,657	1,047	1,377
Miles of street swept	1,574	1,928	1,670	899	424	1,133	186	112	285	518
Sanitation										
Miles of pipe maintained	228	228	228	228	87	98	245	245	245	245
Maintenance call responses	289	306	393	110	282	573	279	401	150	209
Landfill										
Waste generated (tons)	111,907	115,278	141,606	177,225	179,484	178,898	166,332	168,225	197,810	155,789
Waste disposed (tons)	60,229	69,201	98,216	91,420	96,384	95,762	100,097	103,067	125,610	91,399
<b>Recreation and Cultural Services</b>										
Parks, Open Space and Cultural Services										
Facility bookings	8,238	6,267	5,778	4,989	3,069	4,516	7,409	7,602	6,927	6,716
Recreation registrations	9,131	5,652	2,804	2,259	3,022	7,116	7,144	7,025	7,591	7,295
Swim admissions	102,872	96,066	82,989	89,446	77,148	128,725 <sup>(4)</sup>	200,628	188,127	184,064	178,882

Sources: Various County Departments

<sup>(1)</sup> Prior period reported an estimate which has been restated here to reflect actual data.<sup>(2)</sup> Prior period restated here consistent with Capital Assets Statistics by Function.<sup>(3)</sup> New reporting system with more precise tracking capabilities was implemented.<sup>(4)</sup> As of 2020, new method to count swim admissions; only individuals counted, not those in a program (e.g. lessons, jr guards, etc)



OPERATING INDICATORS BY FUNCTION (CONTINUED)  
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Public Protection</b>										
Agricultural Commissioner										
High risk quarantine inspections	695	468	544 <sup>(4)</sup>	887	453	697	943	1,228	1,394	1,468
District Attorney										
Criminal Prosecution										
Felony filings	1,574	1,564	2,071	1,390	1,462	2,034	2,022	1,859	2,379	1,757
Juvenile filings	174 <sup>(5)</sup>	280	399	288	262	348	414	385	591	817
Consumer Affairs										
Number of calls received	103	58	107	132	167	176	226	412	2,198	1,821
Number of written complaints received	67	87	119	125	117	138	163	243	148	127
Planning										
Building permits issued	6,070	6,801	6,303	5,992	5,565	4,009	4,424	4,452	4,463	4,072
Building permit inspection sites visited	11,926	12,219	10,742	10,355	12,925	9,580	9,924	11,979	10,998	9,503
Code compliance cases resolved	312	133	96	111	97	91	216	251	114	102
Probation										
Juvenile division referrals	441	484	530	504	504	559	693	765	913	980
Juvenile division petitions filed	196	261	276	169	169	240	298	327	362	430
Juvenile court investigations	13	17	40	54	33	53	67	69	54	53
Public Defender										
Total cases	7,843	7,397	6,779	6,576	6,530	6,300	11,038	10,955	10,900	10,800
Sheriff/Coroner(Investigation Division)										
Total cases reviewed	10,023	10,389	10,500	10,024	10,418 <sup>(3)</sup>	10,581	11,138	10,990	11,072	10,481
Total arrests	145	137	150	137	142 <sup>(3)</sup>	112	104	64	85	86
Detention										
Main jail bookings	6,849	7,433	8,102	7,468	6,907	7,411	9,404	9,208	10,641	11,305
Weights and Measures										
Establishments visited	1,026	1,302	824	1,057	1,053	1,229	1,537	1,348	1,200	1,200
<b>Special District</b>										
Mosquito Abatement/Vector Control CSA #53										
Mosquito inspections	9,888	12,206	11,258	11,021(1)	13,518	10,501	7,104	7,228	8,423	8,859

Sources. Various County Departments

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

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

<sup>(3)</sup> Data is now reported on a fiscal year period with updated system abilities

<sup>(4)</sup> Updated with corrected amount

<sup>(5)</sup> A new program was enacted FY24/25 that reduced the number of Juvenile Cases that were referred to and filed by the DA's Office

Fiscal Year ended June 30, 2025

### BUDGETED POSITIONS LAST TEN FISCAL YEARS

DEPARTMENT/FUNCTION	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
COUNTY ADMINISTRATIVE OFFICE	16.00	16.00	16.00	15.75	15.75	17.00	17.00	22.00	22.00	22.00
CLERK OF THE BOARD (5 added to CAO)	5.00	5.00	5.00	4	4	5	5	5	5	-
AGRICULTURAL COMMISSIONER	17.81	18.81	18.81	19.81	19.81	19.81	18.40	16.40	16.40	16.40
MOSQUITO ABATEMENT/VECTOR CONTROL	9.00	9.00	9.00	9.00	9.00	10.00	10.00	10.00	10.00	10.00
AGRICULTURAL EXTENSION	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
ASSESSOR	24.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	29.00
AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR <sup>(1)</sup>	45.00	45.55	44.55	44.25	42.75	45.75	45.75	44.75	42.75	42.75
BOARD OF SUPERVISORS	17.00	17.00	17.00	17.00	17.00	18.00	18.00	18.00	18.00	18.00
CANNABIS LICENSING	2.00	3.00	4.25	5.00	5.00	5.00	5.00	0.00	0.00	0.00
RECORDER	7.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
COMMUNITY DEVELOPMENT & INFRASTRUCTURE <sup>(2)</sup>	353.50	366.25	356.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	23.00	22.00	20.50	20.50	20.50	20.50	19.50	18.50	18.50	18.50
DISTRICT ATTORNEY	110.00	109.00	107.00	106.00	106.00	106.00	103.00	99.00	97.00	94.00
CHILD SUPPORT SERVICES	30.00	32.00	33.00	34.00	34.00	49.00	49.00	51.00	59.00	59.00
EMERGENCY SERVICES	0.00	0.00	0.00	0.00	1.00	2.00	2.00	2.00	1.50	2.00
GENERAL SERVICES	22.00	10.00	6.00	6.00	9.00	9.00	9.00	9.00	9.00	8.00
FACILITIES MAINTENANCE	53.00	46.00	47.00	44.00	43.00	43.00	42.00	42.00	42.00	42.00
CENTRAL STORES/DUPLICATING	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
PURCHASING	3.00	0.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	3.00
SERVICE CENTER	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00
HEALTH SERVICES	729.25	770.60	754.90	747.00	615.00	607.90	568.20	550.45	531.85	534.30
HOMELESS SERVICES COORDINATION	0.00	0.00	0.00	0.00	2.00	2.00	1.00	0.00	0.00	0.00
HUMAN SERVICES	574.00	579.00	575.00	595.50	525.50	532.50	532.50	530.50	570.00	574.50
VETERANS SERVICES	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
INFORMATION SERVICES/TELEPHONE	30.00	36.00	33.00	63.00	54.00	57.00	56.00	56.00	56.00	57.00
INFORMATION SERVICES/COMM. TECH.	33.00	31.00	35.00	5.00	7.00	7.00	7.00	7.00	7.00	7.00
OFFICE OF RESPONSE, RECOVERY AND RESILIENCE	5.00	5.00	5.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00
PARKS OPEN SPACE & CULTURAL SERVICES	55.00	58.50	54.50	53.50	48.00	52.25	49.25	47.50	45.75	44.75
PERSONNEL	30.00	30.00	30.00	30.00	27.00	27.00	27.00	27.00	27.00	25.00
PUBLIC DEFENDER	64.00	60.00	57.00	50.00	0.00	0.00	0.00	0.00	0.00	0.00
RISK MANAGEMENT	13.00	13.00	13.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
PLANNING	0.00	0.00	0.00	72.50	72.00	71.50	71.00	66.50	65.25	64.00
PROBATION	104.00	104.00	102.00	101.50	98.50	98.50	97.50	97.25	96.25	91.25
JUVENILE HALL	30.00	31.00	31.00	31.00	30.00	30.00	30.00	30.00	31.00	30.50
PUBLIC WORKS	0.00	0.00	0.00	269.75	270.50	268.80	267.80	262.80	256.80	256.00
SHERIFF-CORONER	180.00	192.50	191.50	192.50	192.50	187.50	180.00	175.00	175.00	173.00
CORRECTIONS	154.00	152.00	152.00	151.00	150.00	166.00	152.00	151.00	150.00	151.00
COURT SECURITY	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00
TREASURER-TAX COLLECTOR <sup>(2)</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WORKFORCE INNOVATIONS	5.00	5.00	0.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>2,792.56</b>	<b>2,851.21</b>	<b>2,805.26</b>	<b>2,795.56</b>	<b>2,516.81</b>	<b>2,557.01</b>	<b>2,481.90</b>	<b>2,437.65</b>	<b>2,452.05</b>	<b>2,443.95</b>

Source: Annual Adopted County Budget

<sup>(1)</sup>On January 5, 2015, the County began consolidating the offices of Auditor-Controller and Treasurer-Tax Collector.<sup>(2)</sup>During FY22/23, the Department of Public Works (DPW) & Planning merged to form Community Development & Infrastructure

**SCHEDULE OF INSURANCE IN EFFECT  
JUNE 30, 2025**

COVERAGE	DETAILS OF COVERAGE	LIMITS
Property	PRISM - Public Risk Innovation, Solutions, and Management 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	\$ 600,000,000 565,000,000 25,000
Crime Bond	Alliant Insurance: (A) National Unition Fire Ins Co; (B) Berkeley Ins Co; (C) Great American Ins Co Faithful Performance Bond (covers failure to faithfully perform duties and employee dishonesty). Includes all employees and Treasurer Deductible	25,000,000 2,500
Non-owned aircraft	USI Insurance Services, LLC National Union Fire Includes passengers' bodily injury, terrorism and property damage combined each occurrence Deductibles	5,000,000 1000 NIM/2500 IM
Excess Workers' Compensation Employer's Liability	PRISM - Public Risk Innovation, Solutions, and Management 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	PRISM - Public Risk Innovation, Solutions, and Management Comprehensive hospital professional and general liability for HSA staff and operations and Jail Medical Unit Deductible	21,500,000 25,000
Fine Arts	StarStone National Ins. Co. Includes fossils and fine arts for all County locations Deductible	2,417,140 1,000
Excess Liability (GLII)	PRISM - Public Risk Innovation, Solutions, and Management Excess Liability Insurance \$1,000,000 Self-Insured Retention to \$25,000,000	25,000,000
Optional Excess	PRISM - Public Risk Innovation, Solutions, and Management \$25,000,000 excess of \$25,000,000	25,000,000
County Fire Auto & Liability Insurance	USI - National Fire Ins Co of Pittsburgh, PA Includes property insurance for County owned fire stations including contents, business interruption, money & securities, boiler & machinery Fire Liability Auto Liability Deductible(property) Equipment Deductible	3,000,000 1,000,000 5,000 1,000
Pollution Program	PRISM - Public Risk Innovation, Solutions, and Management Pollution Program Self-Insured Retention Deductible	10,000,000 250,000
Cyber Liability	PRISM - Public Risk Innovation, Solutions, and Management Claims Made Policy protecting against information security & privacy insurance with electronic media liability Self-Insurance Retention Deductible	18,000,000 100,000
Watercraft Coverage	PRISM - Public Risk Innovation, Solutions, and Management Protection and Indemnity Deductible	1,000,000 1,000

Source: Santa Cruz County Risk Department

PRISM, the primary provider of excess insurance coverage, rebranded from the CSAC Excess Insurance Authority in 2020. Prior-year presentations reflect the former name for comparability.

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

Function	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Public protection</b>										
Jail facilities	3	3	3	3	3	3	3	3	3	3
Rehabilitation center	1	1	1	1	1	1	1	1	1	1
Juvenile center	2	2	2	2	1	1	1	1	1	1
Courthouses	3	3	3	3	3	3	3	3	3	2
Morgue	1	1	1	1	1	1	1	1	1	1
Center for Public Safety	2	2	2	2	2	2	2	2	1	1
<b>Public assistance</b>										
Other buildings <sup>(3)</sup>	4	4	5	4	-	-	-	-	-	-
Child day care center	-	-	-	-	-	1	1	1	1	1
Elder day care center	1	1	1	1	1	1	1	1	1	1
Residential care facility	2	2	1	1	1	1	1	1	1	1
Volunteer center	1	1	1	1	1	1	1	1	1	1
Veterans centers	1	1	1	1	2	2	2	2	2	2
Clinics <sup>(2)</sup>	4	4	2	2	-	-	-	-	-	-
Behavioral Health Unit	1	1	1	1	1	1	1	1	1	1
<b>Recreation and culture</b>										
Parks acreage	288	237	237	237	237	236	236	236	228	228
Sites	67	66	66	66	65	65	65	65	63	60
Athletic fields	18	17	17	17	17	17	17	17	17	17
Swimming pools	4	4	4	4	4	4	4	4	4	4
<b>Public ways and facilities</b>										
<b>Roads</b>										
Pavement (miles)	600	600	600	600	600	600	596	596	596	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 <sup>(4)</sup>	3,322	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,262
Bridges and major culverts <sup>(4)</sup>	160	160	160	160	160	160	160	160	160	160
<b>Sanitation</b>										
Pipe (miles)	228	228	228	228	232	232	245	245	245	245
Pump stations/treatment plants	65	63	63	62	62	62	60	61	61	63
<b>General government</b>										
Administrative/other facilities <sup>(1)</sup>	17	17	13	13	12	12	12	12	12	12

Source: Various County Departments

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

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

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

<sup>(4)</sup>Data has been restated for prior years



## Glossary (Unaudited)

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2025



**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.** Prior to the implementation of GASB 87 in the fiscal year ended June 30, 2022, a capital lease was a long-term, non-cancelable agreement that was essentially a purchase agreement. Capital leases are no longer reported in the financial statements, however the term is still used in the Ratios of Outstanding Debt by Type on page 224 which compares financial data over the past ten years.

**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 Government Finance Officers Association (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.** An agreement that conveys the right to use property, plant, or equipment, usually for a stated period of time.

**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).





