

THE COUNTY OF SANTA CRUZ

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020



Fall Creek State Park is one of the best-kept secrets of the park system in Santa Cruz County. The 2,390-acre unit is the northern unit of Henry Cowell Redwoods State Park and features towering coastal redwoods while encompassing almost the entirety of the Fall Creek watershed, beginning just southeast of Ben Lomond Mountain. The park features approximately 20 miles of hiking trails, most of which conform to old wagon roads forged in the late 1800s when the lime and forestry industries were at their peak. One can still see the vestiges of the old lime kilns at the end of the park's more spectacular hikes by following a generous path that winds alongside the pellucid waters of Fall Creek. The park was added to the system in 1972 due to a donation by Samuel "Harry" Cowell's foundation. Unfortunately, the CZU Lightning Fire ripped through the park in August, causing considerable damage to areas of the park. As of now, several trails remained closed as the danger of falling trees and branches in certain areas persists.

Photo by Neil Simmons Photography

County of Santa Cruz, California

*Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2020*

Prepared Under the Direction
of Edith Driscoll
Auditor-Controller



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Introductory Section

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020





EDITH DRISCOLL
AUDITOR-CONTROLLER / TREASURER-TAX COLLECTOR
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December 23, 2020

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

Members of the Board and Fellow Citizens:

The Comprehensive Annual Financial Report (CAFR) of the County of Santa Cruz (the County) for the fiscal year ended June 30, 2020 is hereby submitted in accordance with the statutes of the State of California. The CAFR represents the culmination of all budgeting and accounting activities during the year and covers all funds of the County, its component units and its financial transactions.

Management assumes full responsibility for the completeness and reliability of the information contained in this report which is based upon a comprehensive internal control framework established for this purpose. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the County.

The independent auditors, Brown Armstrong Accountancy Corporation, who have rendered an unmodified ("clean") opinion thereon for the year ended June 30, 2020, have audited these statements. Their report is provided herein.

The Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

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

FINANCIAL INFORMATION

Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide a reasonable, rather than an absolute, assurance that the financial statements are free of any material misstatements.

PROFILE OF THE COUNTY

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

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

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

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

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

Factors Effecting Financial Conditions

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

Important indicators of the local economy are retail sales and the hospitality industry. During fiscal year 2019-2020, and due to the COVID-19 pandemic, these areas were heavily impacted in the County:

- The County's Transient Occupancy Tax decreased by \$1.8 million, or 19.6%, to \$7.4 million during the fiscal year. This is due to the decrease in travel and tourism.
- Although the County's Sales and Use tax increased overall by approximately \$2.7 million, or 19.1%, this is due to a new Measure G half-cent sales tax that began in fiscal year 2019. Without this new sales tax, sales and use taxes would have decreased by approximately \$6.4 million, mainly due to the decrease in travel and tourism.

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 4.6% in 2019-2020 and has had an annual positive increase over the last five years of 23.7%. These revenues comprised approximately 74.9% of the County's total tax revenues in fiscal year 2019-2020.

The County voters passed a Cannabis Business Tax effective November 2014. The County's business tax increased for the fiscal year by approximately \$854,000, or 24.8%, to \$4.3 million.

The County's population is estimated to be 271,233 as of January 2020, which is a decrease of 3,988, or 1%, from prior year estimated population at January 2019 of 275,221. Compared to the actual April 2010 Census count, the January 2020 estimated population count is an increase of 8,871 persons, or 3.3%.

The County's unemployment rate at June 30, 2020, was 6.1%, 0.6% lower than it was one year ago at 6.7%, and much lower than the high of 13.3% in 2011-2012.

The County's unemployment rate increased to 13.4% compared to 4.2% in June of the prior year. Additionally, the number of workers in the labor force decreased by 12,616, or 8.7%, to 132,288 in June 2020.

Santa Cruz County real estate market has continued to stay strong, however, with not much increase in home sales values. Based on Zillow.com's Home Value Index, home values increased by less than 1% between June 2019 and June 2020, from \$845,000 to \$853,000, respectively.

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 \$57.7 million at June 30, 2020, a decrease of \$12.1 million from \$69.8 million at June 30, 2019.
- ◆ General Fund committed and assigned designations totaled \$56.1 million at June 30, 2020, a decrease of \$12.0 million from \$68.1 million at June 30, 2019. Of the current \$56.1 committed and assigned fund balance at June 30, 2020, \$12.1 million is assigned to fund next year's budget.

During fiscal year 2020 in response to the COVID-19 Emergency, the County's Board of Supervisors utilized reserves. The policy states that the minimum total Committed and Assigned General Fund fund balances shall be no less than 7.0% of the upcoming budget year's estimated revenues. The policy does not include the amount of Committed and Assigned fund balances assigned to fund next year's budget. Previously, although not policy, the goal was to have no less than 10% of the Assigned and Committed General Fund's fund balance, excluding the portion reserved to fund the following year's budget. This goal helped the County maintain a strong fiscal position to respond to the COVID-19 pandemic and to not go below the policy minimum of 7.0%. The policy allows the County to preserve necessary flexibility.

At June 30, 2020, total Assigned and Committed General Fund fund balances, excluding the portion reserved for next fiscal year 2020-2021, was \$44.0 million, which is equal to 7.2% of the General Fund estimated operating revenues in the 2020-2021 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 6.7% on its investments for the fiscal year ended June 30, 2019, following gains of 8.6%, 11.2%, 0.6%, 2.4%, 18.4%, and 12.5% for the years ended, June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, June 30, 2014 and June 30, 2013, respectively.

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

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

County employees also participate in the CalPERS health insurance program, whose average premiums increased by 2.87% in 2020, and will increase by 7.25% in 2021.

MAJOR INITIATIVES

During the 2019-20 fiscal year, under the leadership of the Board of Supervisors, several key programs and projects were successfully undertaken by the County. These items were a part of the County's six-year strategic plan approved by the Board of Supervisors in 2018. The Board subsequently approved the first of three two-year operational plans

in 2019 which adds countywide strategies, department objectives and key steps for achieving the 24 strategic plan goals.

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

- Voting equipment has been upgraded to a new, more accessible system meeting state and federal requirements. (County Clerk)
- County staff (a more than 15% increase) enrolled online in County benefits programs (Personnel).
- Almost 4,000 service days of withdrawal management were provided, doubling the availability and provision of this service within the County. (Health Services)
- A Complete Streets to Schools Plan, identifying 19 safe routes to schools in the unincorporated area and Scotts Valley was completed. (Health Services and Public Works)
- Over 65% of the seniors participating in the MENU program reported less food insecurity according to a USDA assessment. (Human Services)
- A Community Education Specialist was hired and assisted over 10 farmers and ranchers in adopting farm practices that mitigate greenhouse gas emissions. (Agricultural Extension)
- Phase I of the LEO's Haven playground at Chanticleer Park, an inclusive park for children of all abilities, was completed. (Parks)
- Amendments to the County's General Plan and land use regulations were completed to support the preservation of existing housing, including Accessory Dwelling Unit (ADU) policy, Enhanced Density Bonuses, and a new Permanent Room Housing Combining Zone District. (Planning)
- The County achieved a 20% reduction in the organization's carbon footprint compared to 2015, largely as a result of implementing Community Choice Energy. (County Administrative Office)

OTHER INFORMATION

State statutes require an annual audit by independent Certified Public Accountants. The firm of Brown Armstrong Accountancy Corporation was selected to audit the financial statements of the County's various funds and account groups and has issued an unmodified ("Clean") opinion thereon. In addition to meeting the requirements of State law, the audit was also designed to comply with the federal Single Audit Act of 1984 (with amendment in 1996) and U.S. Office of Management and Budget (OMB) *Uniform Guidance*, the OMB *Compliance Supplement* and *Government Auditing Standards*. The auditors' report on the financial statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in a separate Single Audit Report.

Awards and Acknowledgments

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

GFOA Financial Reporting Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Santa Cruz for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

GFOA Budget Presentation Award

The County received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2019. To receive this prestigious award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

Acknowledgments

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

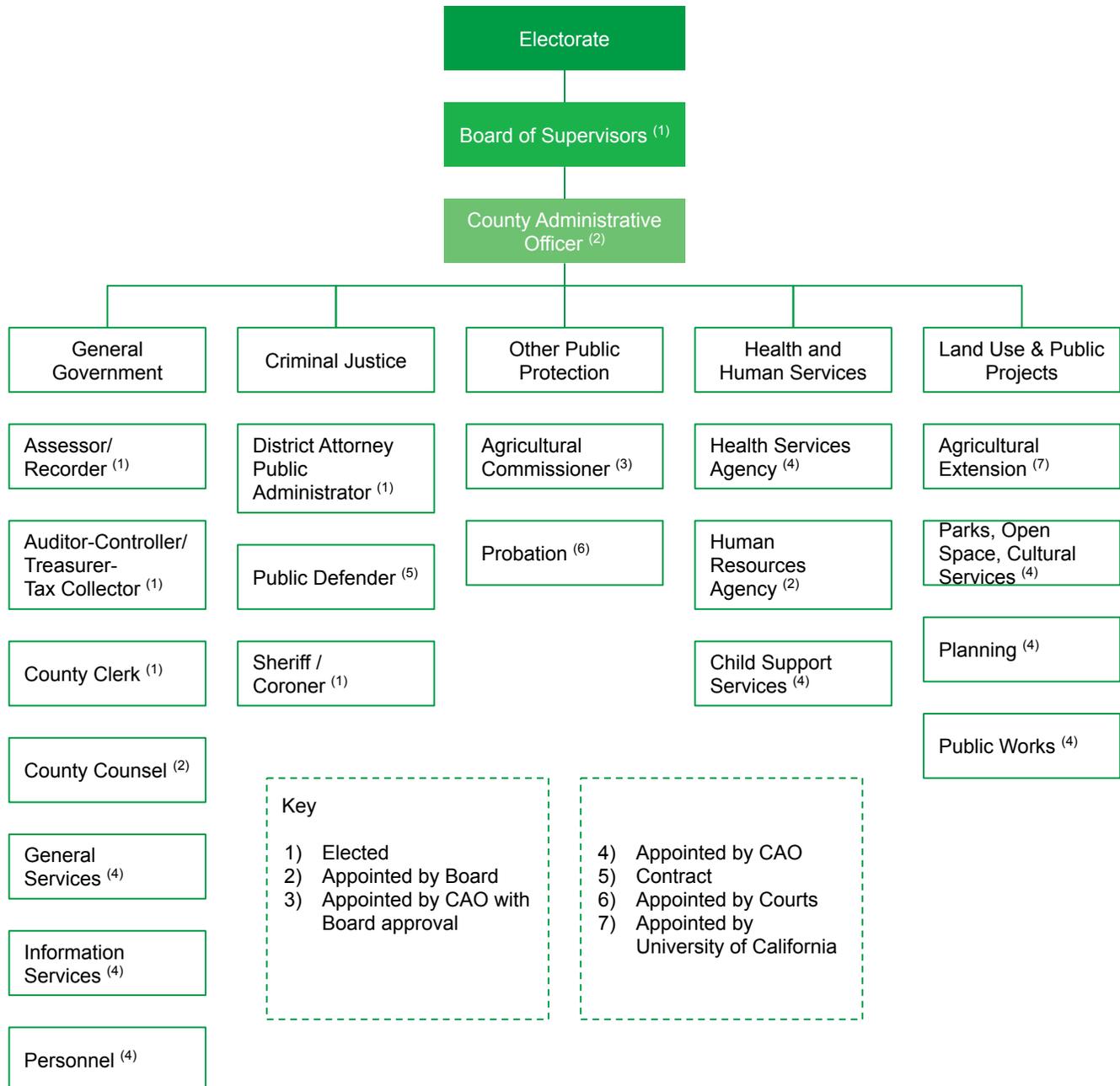
Respectfully submitted,

A handwritten signature in blue ink that reads "Edith Driscoll". The signature is written in a cursive style and is centered on the page.

Edith Driscoll
Auditor-Controller-Treasurer-Tax Collector



COUNTY OF SANTA CRUZ ORGANIZATION CHART



Directory of Public Officials

Elected Officers

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

Appointed Officers

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Santa Cruz
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

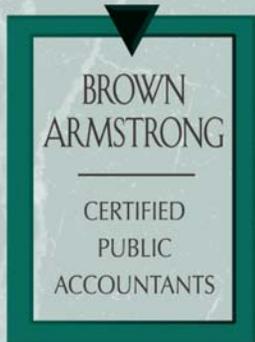
Executive Director/CEO



Financial Section

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020





BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Santa Cruz, California (County), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

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

Other Information

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

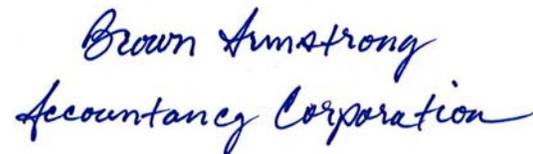
The Budgetary Comparison for the Capital Projects Fund and the combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

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

Bakersfield, California
December 23, 2020

Management's Discussion and Analysis

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2020

This section of the County of Santa Cruz (the "County") Comprehensive Annual Financial Report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

Over the past fiscal year 2019-2020, the County of Santa Cruz saw a decrease in its net position of \$47.1 million, or 28%, to \$121.0 million. This includes a decrease of net position for governmental activities of \$45.9 million and a decrease of net position for business-type activities of \$1.2 million. Government wide, including business-type activities, general revenues were \$196.0 million, which includes \$160.0 million in government-wide tax revenue collections. The remaining general revenues include grants and contributions not restricted for a specific purpose, interest and investment earnings, gain on disposal of capital assets, and miscellaneous revenues. Net of general revenues, governmental activities net expense for the fiscal year was \$241.0 million and business-type activities net expense was \$2.0 million, for a total of government-wide net expense of \$243.1 million, excluding general revenues.

Early estimates in May 2020 predicted that the County General Fund could face deficits of up to \$20 million in 2019-20 due to revenue losses from the COVID-19 pandemic. The County responded by instituting an immediate hiring and spending freeze to produce savings that would offset emergency expenses and revenue losses. Employee furloughs were also negotiated with all bargaining units, and departments were asked to make reductions to reduce their General Fund contribution. Overall, these strategies and improvements reduced the estimated General Fund deficit to \$12.4 million for 2019-20 before department reductions and employee furloughs.

While governmental activities revenues were \$603.3 million, an increase of \$18.9 million, or 3%, from prior year, governmental activities expenses were \$649.2 million, an increase of \$65.3 million, or 11%, from prior year.

Public protection net expense for the fiscal year was \$132.6 million, or 55.0% of total net expenses of governmental activities. This makes up 56.1% of the decrease in governmental activities net position. Revenues for public protection of \$75.2 million was \$1.8 million less from prior year, and expenses of \$207.8 million increased \$12.5 million, or 6.4%, from prior year. Of net expenses of \$132.6 million, wages and benefits were \$143.3 million, which was an increase of \$33.2 million, or 30.1%, from prior year. Additionally, services and supplies expenses were \$46.0 million, only a \$1.0 million increase from prior year. The increase in wages and benefits relates to increases in wages, accrued vacation, pension and medical benefits.

Health and sanitation net expense for the fiscal year was \$25.8 million. This makes up 10.7% of total net expenses of governmental activities. Revenues were \$153.6 million this year, a decrease from prior year of \$154.6 million. However, expenses were \$179.3 million, an increase of \$24.8 million, or 16.0%, over prior year. Salaries and benefits increased from prior year by \$22.6 million to \$96.7 million. Increases in salaries and benefits include increase in general wages, medical and pension costs, but also increases due to some additional hiring. Services and supplies increased during the year by \$12.8 million to \$72.3 million, or 21.5%. Services and supplies increased due to additional costs for inpatient care services, adult services, and other medical and professional service contractors.

Public assistance net expense for the fiscal year was \$52.3 million. This makes up 21.7% of total net expenses of governmental activities net position. Revenues were \$108.0 million, an increase of \$5.4 million, or 5.3%. However, expenses were \$160.3 million, an increase of \$16.3 million, or 11.3%, over prior year. Salaries and employee benefits were \$72.0 million, an increase of \$16.4 million, or 28.1%, over last year. This increase relates to increases in general wages, medical and pension benefits and additional staffing. Services and supplies expense was \$24.0 million, an increase of 15.7%. Other charges for affordable housing were \$61.9 million, an increase of \$6.5 million from prior year. The increases include \$2.9 million to support affordable housing and \$2.0 million in additional support to families with dependent children.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-wide Financial Statements

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

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

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

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

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. The Santa Cruz County Sanitation District (the Sanitation District) is reported as a discretely presented component unit of the County. The Sanitation District is managed by the County Department of Public Works and provides sanitation services to a portion of the unincorporated areas of the County. For more detail, please refer to the Sanitation District's separately issued financial statements.

The government-wide financial statements can be found on pages 27-29 of this report.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related funds which are used to account for resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are reported in the governmental funds. The governmental funds financial statements focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the County's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

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

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

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

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

The proprietary funds financial statements can be found on pages 41-44 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The fiduciary funds the County maintains are agency, investment trust funds and private purpose trust funds. Since these funds are custodial in nature, they do not involve the measurement of results of operations.

The fiduciary funds financial statements can be found on pages 47-48 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 52-102 of this report.

Required Supplementary Information (other than MD&A)

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

The County adopts an annual budget, which is a compilation of operating budgets from individual functional units within the General Fund, Special Revenue Funds, Capital Projects Funds and Proprietary Funds. Budgets are adopted for all funds except for Fiduciary Funds and certain special revenue funds, namely the Financing Authorities and the Geological Hazard Abatement Districts. A budgetary comparison schedule has been provided for the General Fund, Off Highway, Road and Transportation Fund, Housing Fund and Capital Projects Fund to demonstrate compliance with these budgets. These can be found on pages 105-153 of this report.

Combining Statements and Schedules

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

Analysis of Net Position

	Governmental Activities		Business-Type Activities		Total		Dollar Change
	2020	2019	2020	2019	2020	2019	
Assets:							
Current and other assets	\$ 359,953,318	\$ 382,946,727	\$ 22,893,688	\$ 22,061,155	\$ 382,847,006	\$ 405,007,882	\$ (22,160,876)
Capital assets	622,295,387	604,564,452	31,629,185	32,314,323	653,924,572	636,878,775	17,045,797
Total assets	982,248,705	987,511,179	54,522,873	54,375,478	1,036,771,578	1,041,886,657	(5,115,079)
Deferred outflows of resources	100,987,294	139,589,437	1,835,510	2,457,333	102,822,804	142,046,770	(39,223,966)
Liabilities:							
Current and other liabilities	169,839,362	196,172,664	3,754,715	2,985,333	173,594,077	199,157,997	(25,563,920)
Long-term liabilities	793,537,723	737,375,573	27,377,743	26,903,340	820,915,466	764,278,913	56,636,553
Total liabilities	963,377,085	933,548,237	31,132,458	29,888,673	994,509,543	963,436,910	31,072,633
Deferred inflows of resources	23,620,647	51,409,027	459,330	981,758	24,079,977	52,390,785	(28,310,808)
Net position:							
Net investment in capital assets	567,960,086	546,805,552	24,395,172	24,614,665	592,355,258	571,420,217	20,935,041
Restricted	132,069,809	66,391,479	43,427	43,427	132,113,236	66,434,906	65,678,330
Unrestricted	(603,791,628)	(471,053,679)	327,996	1,304,288	(603,463,632)	(469,749,391)	(133,714,241)
Total net position	\$ 96,238,267	\$ 142,143,352	\$ 24,766,595	\$ 25,962,380	\$ 121,004,862	\$ 168,105,732	\$ (47,100,870)

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the County, assets plus deferred outflows of resources exceed liabilities plus deferred inflows of resources by \$121,004,862 at the close of the 2019-2020 fiscal year.

The County's net investment in capital assets of \$592,355,258, or 490% 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 \$653,924,572, less the related outstanding debt used to acquire those assets of \$61,569,314. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$132,113,236, or 109% of total net position, represents resources that are subject to external restrictions on how they may be used. Of the total, 20% is restricted for capital asset acquisition, 67% is dedicated to public roads and facilities, 10% is restricted for public safety and the rest is restricted for debt service, health and various County imposed purposes.

The County's unrestricted net position of \$(603,463,632) decreased by \$133,714,241 from the prior year. This amount consists of all net position that does not meet the definition of restricted net position or net investment in capital assets. The majority of negative unrestricted net position is primarily the result of the County's unfunded pension and OPEB obligations, due to the implementation of GASB Statement Nos. 68 and 75, offset by positive unrestricted net position predominantly in the County's General Fund.

Change in Net Position

	Governmental Activities		Business-Type Activities		Total		Dollar Change	%
	2020	2019	2020	2019	2020	2019		
Revenues:								
Program Revenues:								
Charges for services	\$ 99,597,336	\$ 101,990,387	21,291,365	\$ 18,505,858	\$ 120,888,701	\$ 120,496,245	\$ 392,456	0.3%
Operating grants and contributions	290,020,656	279,861,083	424,976	1,232,105	290,445,632	281,093,188	9,352,444	3.3%
Capital grants and contributions	18,531,839	22,829,216	-	59	18,531,839	22,829,275	(4,297,436)	(18.8%)
General Revenues:								
Property taxes	123,043,712	118,050,839	44,455	39,924	123,088,167	118,090,763	4,997,404	4.2%
Other taxes	36,905,640	35,107,164	-	-	36,905,640	35,107,164	1,798,476	5.1%
Grants and contributions not restricted	487,520	-	-	-	487,520	-	487,520	100.0%
Investments earnings	6,283,177	6,619,121	333,978	366,015	6,617,155	6,985,136	(367,981)	(5.3%)
Miscellaneous	28,370,557	19,944,622	448,046	1,607,679	28,818,603	21,552,301	7,266,302	33.7%
Gain on sale of assets	81,453	60,056	-	52,140	81,453	112,196	(30,743)	(27.4%)
Total revenues	603,321,890	584,462,488	22,542,820	21,803,780	625,864,710	606,266,268	19,598,442	3.2%
Expenses:								
General government	49,370,213	42,773,203	-	-	49,370,213	42,773,203	6,597,010	15.4%
Public protection	207,830,708	195,327,268	-	-	207,830,708	195,327,268	12,503,440	6.4%
Public ways and facilities	31,138,967	27,257,982	-	-	31,138,967	27,257,982	3,880,985	14.2%
Health and sanitation	179,329,958	154,535,767	-	-	179,329,958	154,535,767	24,794,191	16.0%
Public assistance	160,347,564	144,066,059	-	-	160,347,564	144,066,059	16,281,505	11.3%
Education	5,757,537	5,996,043	-	-	5,757,537	5,996,043	(238,506)	(4.0%)
Recreation and cultural services	12,182,022	11,772,114	-	-	12,182,022	11,772,114	409,908	3.5%
Interest on long-term debt	3,270,006	2,156,681	-	-	3,270,006	2,156,681	1,113,325	51.6%
County Disposal Sites CSA	-	-	19,393,197	17,872,548	19,393,197	17,872,548	1,520,649	8.5%
Boulder Creek CSA	-	-	418,977	542,155	418,977	542,155	(123,178)	(22.7%)
Rolling Woods CSA	-	-	16,973	20,807	16,973	20,807	(3,834)	(18.4%)
Septic Tank Maintenance CSA	-	-	1,328,474	1,123,854	1,328,474	1,123,854	204,620	18.2%
Freedom County Sanitation District	-	-	1,205,895	766,024	1,205,895	766,024	439,871	57.4%
Davenport County Sanitation District	-	-	809,842	550,626	809,842	550,626	259,216	47.1%
Place De Mer CSA	-	-	175,544	164,055	175,544	164,055	11,489	7.0%
Sand Dollar Beach CSA	-	-	294,387	327,633	294,387	327,633	(33,246)	(10.1%)
Trestle Beach CSA	-	-	95,316	50,904	95,316	50,904	44,412	87.2%
Summit West CSA	-	-	-	2,117	-	2,117	(2,117)	(100.0%)
Total expenses	649,226,975	583,885,117	23,738,605	21,420,723	672,965,580	605,305,840	67,659,740	11.2%
Change in Net Position	(45,905,085)	577,371	(1,195,785)	383,057	(47,100,870)	960,428	(48,061,298)	(5004.2%)
Net Position, beginning of year	142,143,352	141,565,981	25,962,380	25,579,323	168,105,732	167,145,304	960,428	0.6%
Net Position, end of year	\$ 96,238,267	\$ 142,143,352	\$ 24,766,595	\$ 25,962,380	\$ 121,004,862	\$ 168,105,732	\$ (47,100,870)	(28.0%)

Analysis of Change in Net Position

During the current fiscal year, the County’s net position decreased by \$47.1 million. This decrease is explained in the governmental and business-type activities discussion below.

- **Governmental activities** decreased the County’s net position by \$45.9 million, accounting for 97% of the total decrease in net position of the County.

Revenues increased by \$18.9 million or 3% from the prior year primarily due to increases in miscellaneous revenues of \$8.4 million, grants and contributions of \$5.9 million, property taxes of \$5.0 million and other taxes of \$1.8 million. These increases were, however, offset by the decrease in charges for services of \$2.4 million.

Expenses on the overall increased by \$65.3 million or 11% from the prior year. The majority of the increases were in Public protection, Health and sanitation and Public assistance. Public protection increased by \$12.5 million. Health and sanitation increased by \$24.8 million. Public assistance increased by \$16.3 million. All increases were primarily due to increases in salaries and benefits, particularly pension costs and other post-employment benefits costs.

Overall expense increase by function follows:

	Amount	Percentage increase (decrease)
General government	\$ 6,597,010	15.4%
Public protection	12,503,440	6.4%
Public ways and facilities	3,880,985	14.2%
Health and sanitation	24,794,191	16.0%
Public assistance	16,281,505	11.3%
Education	(238,506)	(4.0%)
Recreation and cultural services	409,908	3.5%
Interest on long-term debt	1,113,325	51.6%
	<u>\$ 65,341,858</u>	11.2%

- Business-type activities decreased the County’s net position by \$1.2 million over the prior year. Revenues and expenses increased by \$0.7 million and \$2.3 million, respectively. The increase in expenses was mainly due to increase in service and supplies and depreciation.

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

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

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

Governmental Funds

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

At June 30, 2020 the County’s governmental funds reported combined ending fund balances of \$188,274,018, a decrease of \$2,640,672 in comparison with the prior year. The components of total fund balance are as follows (see Note 19 – Fund Balances).

- Nonspendable fund balance, \$1,547,245, are amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of (1) inventory, prepaids, and imprest cash of \$1,419,750,

and (2) advances and loans of \$127,495. Nonspendable fund balance decreased by \$159,718 from the prior year due to a decrease in imprest cash of \$505 and a decrease in prepaid expenses of \$159,213.

- Restricted fund balance of \$130,581,001 consists of amounts with externally imposed constraints put on their use by creditors, grantors, contributors, laws, regulations, or enabling legislation. Examples of restrictions on funds are those for (1) purpose of fund (i.e., flood control, library) of \$102,260,134 (2) debt service of \$2,197,304 and (3) amounts restricted for capital asset acquisition of \$26,123,563. Restricted fund balance increase by \$14,240,694 due to an increase in the amount restricted for capital asset acquisition of \$15,083,998 offset by a decrease in the amount restricted for the purpose of the funds, reflecting the ending balance in special revenue funds, of \$842,677, and a decrease in the amount restricted for debt service of \$627.
- Committed fund balance of \$19,755,898 are amounts for specific purposes determined by the Board of Supervisors, which includes (1) Natural Disasters of \$800,000, (2) Working Capital of \$6,000,000, (3) Economic Uncertainty of \$10,000,000 and (4) Mental Health Services Act (MHSA) Prudent Reserve of \$2,955,898. Committed fund balance decreased by \$201,200 from the prior year due to an increase in the Commitment for Natural Disasters, which is being replenished by \$400,000 annually until it reaches \$2,000,000, offset by a net decrease to the MHSA Prudent Reserve Commitment which increased by \$93,589 for interest income and decreased by \$694,789, as approved by the Board of Supervisors on March 10, 2020 to support mental health services.
- Assigned fund balance of \$36,389,874 represents amounts that are intended for specific purposes and are established by the Board of Supervisors or an official or body delegated by the governing body. Examples of assigned fund balances are (1) federally qualified health programs of \$12,768,801, (2) structural deficit of \$5,642,125, (3) projected budgetary deficit of \$12,108,263, (4) unanticipated liabilities of \$2,000,000, (5) human services programs of \$2,696,508 and (6) salary savings of \$1,174,177. Assigned balance decreased by \$11,772,551 from the prior year due to a decrease in the Assignment for Federally Qualified Health Program of \$2,283,068, a decrease in the Assignment for Human Services Programs of \$1,841,025, a decrease in the Assignment Budgeted Structural Deficit of \$721,867, and a decrease in the Assignment for Budgeted Salary Savings of \$7,619,908. These decreases were authorized by the Board of Supervisors in response to the COVID-19 pandemic.
- Unassigned fund balance is currently \$0, which is unchanged from the prior year.

Revenues for governmental functions totaled \$602,143,455 in fiscal year 2019-2020, which represents an increase of \$18,430,300, or 3.2% from fiscal year 2018-2019. Expenditures for governmental functions totaling \$620,300,033 increased by \$56,107,402, or 9.9%, from fiscal year 2018-2019. In the fiscal year 2019-2020 other financing sources, including interfund, exceeded other financing uses by \$15,515,906.

The general fund is the primary operating fund of the County. At June 30, 2020 the general fund's total fund balance was \$57,693,017, of which \$1,547,245 was nonspendable, and \$56,145,772 was spendable. The spendable fund balance consists of \$19,755,898 in committed fund balance, \$36,389,874 in assigned fund balance, and \$0 in unassigned fund balance. As a measure of the general fund's liquidity, it may be useful to compare both total fund balance and spendable fund balance to total fund expenditures. Total fund balance is 10.9% of total General Fund expenditures, while spendable fund balance is 10.6% of total General Fund expenditures.

The Off Highway Roads and Transportation Fund is a major fund of the County. At June 30, 2020, the fund had a total fund balance of \$4,668,690, all of which is spendable (restricted) for the purpose of the fund. The fund balance increased by \$1,992,533 over the prior fiscal year due to FEMA reimbursements for expenditures related to 2017 storm damage.

The Housing Fund is a major fund of the County. At June 30, 2020, the Housing Fund's total fund balance was \$73,222,898, all of which is spendable (restricted) for the purpose of the fund.

The Capital Projects fund balance of \$10,390,070 was spendable (restricted) at June 30, 2020, an increase of \$1,486,131 from the prior year. The increase was due to a reduction in capital outlay expenses as many projects were completed in the prior year.

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

**Revenues Classified by Source
Governmental Funds**

	2020	% of Total	2019	% of Total	Change
Taxes	\$ 159,949,350	26.56%	\$ 153,158,003	26.24%	\$ 6,791,347
Licenses and permits	12,828,869	2.13%	12,591,244	2.16%	237,625
Fines, forfeits and penalties	8,723,449	1.45%	10,796,004	1.85%	(2,072,555)
Use of money and property	5,673,719	0.94%	5,929,846	1.02%	(256,127)
Aid from other governments	308,552,496	51.24%	302,690,299	51.86%	5,862,197
Charges for services	78,045,020	12.96%	78,603,137	13.47%	(558,117)
Other	28,370,552	4.71%	19,944,622	3.42%	8,425,930
Total	\$ 602,143,455	100.00%	\$ 583,713,155	100.00%	\$ 18,430,300

Overall revenues increased by \$18.4 million over the prior year. The increase in revenue consisted of the following:
\$6.8 million increase in taxes primarily due to:

- \$3.2 million in property taxes resulting primarily from increases in property values
- \$2.7 million in sales and use taxes as a result of Measure G ¼% sales tax increase, which was passed in April 2019. The increase in Measure G sales tax of \$4.5 million, exceeded the sales tax decrease of \$1.9 million resulting in an overall increase.
- \$1.8 million in property taxes in lieu of Vehicle License fees, which are based on property values, which rose from the prior year
- Increases were offset by a decrease of \$1.1 million in other taxes primarily as a result of a \$2.0 million decrease in Transient Occupancy Tax due to the decline in tourism as a result of the COVID-19 pandemic. The decrease was partially offset by an increase of \$0.9 million in Cannabis Tax.

Fines, forfeits and penalties decreased by \$2.1 million primarily due to:

- \$1.1 million decrease in penalties for delinquent taxes caused by the waiver of penalties for delinquent taxes as a result of the COVID-19 pandemic
- \$499,084 decrease in civil penalties, which vary naturally from year to year
- \$389,185 decrease in parking and other vehicle related fines resulting from reduced tourism caused by the COVID-19 pandemic

Use of money and property decreased by \$0.3 million due to a decrease in interest rates from the prior year.

Aid from other governments increased by \$5.9 million primarily due to CARES ACT funding of \$6.2 million received as a result of the COVID-19 pandemic.

Charges for services increased decreased by \$0.6 million due to various factors including the following:

- \$1.1 million decrease in road and street services resulting from completion of various road and street projects related to 2017 storm damage
- \$2.5 million increase in outpatient clinic fees related to EPIC behavioral health program
- \$0.9 million decrease in other charges for services, which includes custodial services, cost recovery and administrative charges resulting from the reduced need for certain services as more employees are working remotely due to the COVID-19 pandemic
- \$0.4 million decrease in interfund revenue due primarily to a decrease in interfund services resulting from departmental cost savings strategies in response to the COVID-19 pandemic

Other revenue increased by \$8.4 million primarily as a result of the follow:

- \$5.0 million received for reimbursement of HEAP/CESH costs
- \$2.0 million increase in HUD fees

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

**Expenditures Classified by Source
Governmental Funds**

	2020	% of Total	2019	% of Total	Change
General government	\$ 44,122,515	7.11%	\$ 35,550,486	6.30%	\$ 8,572,029
Public protection	182,291,350	29.39%	172,236,081	30.53%	10,055,269
Public ways and facilities	35,768,656	5.77%	37,203,921	6.59%	(1,435,265)
Health and sanitation	164,253,037	26.48%	142,543,851	25.27%	21,709,186
Public assistance	149,538,981	24.11%	134,164,877	23.78%	15,374,104
Education	5,518,514	0.89%	5,753,143	1.02%	(234,629)
Recreation and culture	10,842,085	1.75%	10,460,088	1.85%	381,997
Capital outlay	14,586,921	2.35%	17,770,389	3.15%	(3,183,468)
Debt Service - bond redemption	10,219,867	1.65%	5,577,288	0.99%	4,642,579
Debt Service -Interest and fiscal charges	3,158,107	0.51%	2,932,507	0.52%	225,600
Total	<u>\$ 620,300,033</u>	<u>100.00%</u>	<u>\$ 564,192,631</u>	<u>100.00%</u>	<u>\$ 56,107,402</u>

Overall expenditures increased by \$56 million as a result of increased salaries and benefits expenditures of \$26.9 million as the addition of 74.11 positions were approved by the Board of Supervisors. Most of the additions were to address changing departmental needs for Measure G funded programs including Focused Intervention Team and expansion of homeless services. Additional positions were funded by projected revenue increases in Health and Human Services, General Services and Public Safety. The impact of the COVID-19 pandemic was the primary cause for the increase in expenditures for services and supplies of \$21.5 million.

Other financing sources and uses are presented below, including changes from the prior year. The change was primarily due to the issuance of a lease revenue refunding bond during the 2019-20 fiscal year. Refer to Note 10 for more information on long-term debt.

Transfers in and out are detailed in Note 5.

**Other Financing Sources and Uses
Governmental Funds**

	2020	% of Total	2019	% of Total	Change
Bond premium/discount	\$ 994,585	6.41%	\$ -	-%	\$ 994,585
Debt issuance costs	(281,367)	(1.81%)	-	-%	(281,367)
Issuance of debt-refunding bond	13,985,000	90.13%	-	-%	13,985,000
Inception of capital lease	894,471	5.76%	30,033	(4.71%)	864,438
Transfers in	18,285,203	117.85%	22,489,321	(3526.69%)	(4,204,118)
Transfers out	(18,361,986)	(118.34%)	(23,157,043)	3631.40%	4,795,057
Total	<u>\$ 15,515,906</u>	<u>100.00%</u>	<u>\$ (637,689)</u>	<u>100.00%</u>	<u>\$ 16,153,595</u>

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

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

	Major Funds					Total Governmental Funds
	General Fund	Off Highway, Road and Transportation Fund	Housing Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Revenues	\$ 527,225,564	\$ 30,583,130	\$ 1,289,440	\$ 8,608,801	\$ 34,436,520	\$ 602,143,455
Expenditures	(530,076,391)	(29,915,597)	(4,695,424)	(14,586,921)	(41,025,700)	(620,300,033)
Net other financing sources/ (uses)	(9,282,642)	1,325,000	(43,392)	7,464,251	16,052,689	15,515,906
Net change in fund balances	(12,133,469)	1,992,533	(3,449,376)	1,486,131	9,463,509	(2,640,672)
Fund balances, beginning	69,826,486	2,676,157	76,672,274	8,903,939	32,835,834	190,914,690
Fund balances, ending	<u>\$ 57,693,017</u>	<u>\$ 4,668,690</u>	<u>\$ 73,222,898</u>	<u>\$ 10,390,070</u>	<u>\$ 42,299,343</u>	<u>\$ 188,274,018</u>

Proprietary Funds

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

The business-type activities had total net position of \$25,219,077 at June 30, 2020, of which \$780,478 was unrestricted.

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

	Major Funds			
	County Disposal Sites CSA 9C	Nonmajor Funds	Total	Internal Service Funds
Operating revenues	\$ 17,775,649	\$ 3,963,762	\$ 21,739,411	\$ 84,130,290
Operating expenses	(18,316,952)	(4,219,126)	(22,536,078)	(87,915,603)
Net operating income/(loss)	(541,303)	(255,364)	(796,667)	(3,785,313)
Net nonoperating revenues/(expenses)	435,484	114,496	549,980	1,030,324
Net transfers in/(out)	-	-	-	76,783
Change in net position	(105,819)	(140,868)	(246,687)	(2,678,206)
Net position - beginning of year, as restated	4,572,988	20,892,776	25,465,764	(63,102,270)
Net position - end of year	<u>\$ 4,467,169</u>	<u>\$ 20,751,908</u>	<u>\$ 25,219,077</u>	<u>\$ (65,780,476)</u>

Total enterprise fund net position decreased by \$246,687. Operating revenues of \$21,739,411 increased by \$1,620,738 over the prior fiscal year. Operating expenses of \$22,536,078 increased by \$1,474,173 over the prior year, primarily due to overhead costs.

The Internal Service Funds net position decreased by \$2,678,206 compared to the prior fiscal year. This was primarily due to increases in salaries and benefits in Information Services and Public Works from the additions of funded positions, that were partially offset by cost plan rate increases in charges for services.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund actual expenditures were approximately \$41.6 million below final budget amounts. The variance was primarily made up of salaries and employee benefits cost savings of \$13.0 million due to vacancies in funded positions; unspent appropriations for services and supplies of \$25.9 million resulting for departmental cost saving strategies implemented in response to the COVID-19 pandemic; and unspent appropriations for other charges of \$5.0 million.

Expenditures: The final General Fund budget was \$23,666,733 or 4.3% higher than the original budget. The increase was a result of increases in appropriations of \$4.5 million for salaries and benefits, \$14 million for services and supplies, \$3.3 million for other charges and \$1.3 million for capital assets. The primary cause of the increases was a result of the COVID-19 pandemic. The largest adjustment was for \$7,001,981 for shelter and care costs for the homeless population. Other adjustments were made for expenditures to build critical public health infrastructure, control outbreaks and support social and economic recovery for the County's most vulnerable populations and to fund services offered by the Watsonville/Santa Cruz City & County Continuum of Care (CoC) and the Homeless Emergency Aid Program (HEAP). The change in Other changes were a result of year end budget realignments in all functions.

Revenues: General Fund actual revenues excluding transfers-in were \$33.6 million less than final budgeted revenues due to revenue losses in all categories related to the COVID-19 pandemic. Details of the revenue losses can be found in the General Fund Budgetary Comparison Schedule found on pages 105 - 114.

Fund balance: As a result of revenue losses and increased expenditures resulting from the COVID-19 pandemic, the General Fund's fund balance decreased by \$12.1 million versus an estimated decrease of \$10.0 million.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2020 totaled \$653,924,572 (net of accumulated depreciation of \$530,764,610). Capital assets include land, construction-in-progress, infrastructure, buildings and structures, and equipment. There was a 2.7% increase in total activities for the 2019-2020 fiscal year in the amount of \$17,045,797.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the 2019-2020 fiscal year.

Fund financial statements record capital asset purchases as expenditures.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 64,244,892	\$ 64,007,639	\$ 1,858,849	\$ 1,858,849	\$ 66,103,741	\$ 65,866,488
Construction-in-progress	26,998,983	56,029,419	528,885	1,080,524	27,527,868	57,109,943
Infrastructure	716,968,313	693,459,391	-	-	716,968,313	693,459,391
Buildings and structures	252,292,618	205,352,392	57,990,910	56,516,585	310,283,528	261,868,977
Equipment	53,255,613	54,187,188	10,550,119	9,979,548	63,805,732	64,166,736
Accumulated depreciation	(491,465,032)	(468,471,577)	(39,299,578)	(37,121,183)	(530,764,610)	(505,592,760)
Total	\$ 622,295,387	\$ 604,564,452	\$ 31,629,185	\$ 32,314,323	\$ 653,924,572	\$ 636,878,775

Governmental Activities

Net capital assets in governmental activities increased by \$17.7 million. The total increase in non-depreciable and depreciable assets was \$45.4 million, which is offset by added depreciation of \$27.7 million, and disposals, net of related depreciation, of \$64.4 thousand. The total increase in buildings was \$46.9 million, which includes \$45.9 million in completed projects reclassified from construction-in-progress. Additionally, infrastructure increased by \$23.5 million.

Construction in progress decreased by \$29.0 million, which includes increases in construction-in-progress of \$16.8 million and a decrease of \$45.9 million due to completed projects. The majority of the completed projects related to Health Services and Public Protection areas.

Business-type Activities

Net capital assets for business-type activities decreased by \$0.7 million. The net decrease includes additions of non-depreciable and depreciable assets of \$1.7 million, offset by added depreciation of \$2.4 million. The total increase in buildings was \$1.5 million, which includes \$0.8 million in completed projects reclassified from construction in progress.

Additional information on the County's capital assets can be found in Note No. 7 on pages 74-76 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	
	2020	2019	2020	2019	2020	2019
Refunding certificates of participation	\$ 29,814,011	\$ 33,648,084	\$ -	\$ -	\$ 29,814,011	\$ 33,648,084
Lease revenue bonds	30,719,917	21,083,730	5,755,603	6,030,310	36,475,520	27,114,040
Lease revenue refunding bonds	5,821,216	1,427,567	-	-	5,821,216	1,427,567
Certificates of participation	968,860	5,847,488	-	-	968,860	5,847,488
Revenue bonds	-	35,000	-	-	-	35,000
Loans payable	-	-	92,467	142,967	92,467	142,967
Capital leases	3,719,440	4,097,158	1,388,658	1,544,178	5,108,098	5,641,336
Total	\$ 71,043,444	\$ 66,139,027	\$ 7,236,728	\$ 7,717,455	\$ 78,280,172	\$ 73,856,482

For the governmental activities, the County had total long-term debt outstanding of \$71,043,444 as compared to \$66,139,027 the prior year (excluding compensated absences, estimated claims and other postemployment benefits liability), an increase of \$4,904,417. This increase was mainly due to issuance of the 2020 Lease Revenue Bonds in the current year to finance various capital improvements and refund the 2011 Certificates of Participation.

For the business-type activities, the County had total long-term debt outstanding of \$7,236,728 as compared to \$7,717,455 in the prior year (excluding post-closure liability and other postemployment benefits liability), a decrease of \$480,727 resulting from annual debt service payments. No new bonds or loans were issued in the current year.

The County's total debt for all primary government activities increased by \$4,423,690 or 6.0% during the current fiscal year (excluding compensated absences, estimated claims, post-closure liability and other postemployment benefits liability).

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

The component unit, Santa Cruz County Sanitation District, had total long-term debt outstanding of \$17,741,798 as compared to \$15,681,664 in the prior year. This amount consists of \$319 of capital leases and \$17,741,479 of Loans Payable, \$2,634,637, of which was obtained in the current year to finance the Soquel Pump Station Force Main Replacement project. Retirement of debt amounted to \$574,503.

Additional information on the County's long-term debt can be found in Note No. 10 on pages 80-87 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 2019/20 fiscal year, total retirement costs for the County were \$96,241,997. Of the \$96.2 million in retirement costs, the County contributed \$67.9 million. Employee contributions account for the remaining \$28.3 million. Total retirement costs included pension cost of \$61.4 million, other post-employment benefits of \$7.0 million and social security costs of \$27.8 million. These costs reflect an increase of \$8.8 million or 10.0% compared to the prior year. The change resulted from an increase in Pension, OPEB and social security costs over the prior year of \$6.5 million, \$0.1 million and \$2.1 million, respectively.

Retirement Obligations

Obligations to pay pension and OPEB benefits in the future make up the County's retirement obligation. Total retirement obligations of the County were \$698,628,486 as of June 30, 2020; \$523.3 million was the liability for pension benefits and \$175.4 million was the liability for OPEB. Total retirement obligations increased by \$47.8 million or 7.3% over the prior year. The total increase was made up of increases in pension liability and OPEB liability of \$41.0 million and \$6.8 million, respectively.

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

Annual Summary of Total Retirement Costs and Obligations

	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
Total Pension Cost	\$ 46,744,026	\$ 52,259,332	\$ 54,919,852	\$ 61,415,383
Total OPEB Cost	3,871	6,773,092	6,873,540	7,014,009
Total Social Security Cost	23,824,548	24,798,664	25,693,659	27,812,605
Total Retirement Cost	\$ 70,572,445	\$ 83,831,088	\$ 87,487,051	\$ 96,241,997
Total Employee Contribution	\$ 24,808,840	\$ 26,082,530	\$ 27,023,171	\$ 28,339,466
Total County Contribution	45,763,605	57,748,558	60,463,880	67,902,531
Total Retirement Cost	\$ 70,572,445	\$ 83,831,088	\$ 87,487,051	\$ 96,241,997
Unfunded County Pension Liability Obligation	\$ 405,524,537	\$ 470,946,789	\$ 482,281,348	\$ 523,261,501
Unfunded County OPEB Liability Obligation	163,130,908	162,972,790	168,538,624	175,366,985
Total County Unfunded Liabilities	\$ 568,655,445	\$ 633,919,579	\$ 650,819,972	\$ 698,628,486
Miscellaneous Pension Plan Funded Ratio Market Value of Assets (MVA)	74.3%	68.5%	70.3%	68.5%
Safety Pension Plan Funded Ratio MVA	74.7%	68.8%	69.3%	67.9%
Safety Sheriff Pension Plan Funded Ratio MVA	64.4%	59.9%	61.5%	60.5%

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

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

FISCAL YEAR 2020-21 BUDGET AND ECONOMIC CONDITIONS

As a result of the COVID-19 pandemic the Board of Supervisors approved the 2020-21 Proposed Budget as a preliminary pro forma budget followed by a Revised Budget updated to reflect estimated effects of COVID-19.

2020-21 REVISED BUDGET

On June 30, 2020, the Board of Supervisors approved the 2020-21 Proposed Budget as a preliminary pro forma budget prepared before the impacts of the COVID-19 pandemic. The Proposed Budget provided a preliminary estimate that the General Fund revenue losses related to COVID-19 could result in a deficit of up to \$20 million in 2019- 20 and up to \$40 million in 2020-21. It was anticipated that the County would need to use reserves of up to \$20 million to address the 2019-20 deficit and prepare a revised budget with reductions up to \$40 million to cover the 2020-21 deficit. Departments were asked to revise their 2020-21 Proposed Budget plans to reflect up to a 20% reduction in General Fund contribution, with up to 10% for Health and Public Safety Departments. In addition, the County issued an immediate hiring and spending freeze with the goal of producing savings to offset emergency expenses and revenue losses. Based on the severity of these losses, the budget plan also needed to incorporate workforce reductions through a furlough with all bargaining units in order to minimize position eliminations and service reductions.

UPDATED COVID-19 BUDGET IMPACTS

As a result of improved revenues, department savings, use of one-time funds, and unexpected reimbursement of COVID-19 costs, the County anticipates using \$14.2 million in reserves to balance the budget through June 30, 2021 (earlier we had estimated using \$20 million in Reserves.) An additional \$2.8 million in reserves is needed to cover Mental Health services by 2021-22. In total, the County plans to use reserves of \$17 million (3%), leaving the 7% minimum per the General Fund reserve policy.

While the economic recovery remains uncertain, revenue estimates are currently better than preliminary estimates by \$12.9 million due to improved sales tax and hotel tax, resulting from the early reopening of businesses and tourism, and the State's realignment backfill, saving the County \$4.5 million. These revenue estimates could worsen as cases surge and closures resume, resulting in a second and potentially more severe downturn.

The 2020-21 Revised Budget plan addresses the \$23.1 million loss of General Fund revenues and \$4.5 million in lost fund balance offset by savings of \$12.6 million from department reductions and \$11.4 million from a 7.5% to 10% furlough with each bargaining unit beginning in July. These savings are offset by an increase in contingencies

of \$6.1 million, requiring the County to use reserves of \$9.7 million to cover the 2020-21 deficit. An additional \$4.5 million is needed to cover the 2019-20 deficit, resulting in a total use of reserves of \$14.2 million over the two years.

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020



Government-Wide Financial Statements

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020



**GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments	\$ 190,117,462	\$ 12,668,966	\$ 202,786,428	\$ 11,494,099
Restricted cash	18,508,252	8,016,258	26,524,510	7,021,004
Receivables, net	85,086,495	2,299,787	87,386,282	55,077
Due from other funds	1,424,253	-	1,424,253	-
Deposits with others	240,000	95,482	335,482	-
Inventory	463,602	244,772	708,374	13,420
Prepaid items	1,407,893	-	1,407,893	-
Due from other governments	859,341	-	859,341	-
Land held for resale	1,166,891	-	1,166,891	-
Loans receivable	60,098,647	20,905	60,119,552	-
Advances to other entities	128,000	-	128,000	-
Internal balances	452,482	(452,482)	-	-
Capital Assets:				
Nondepreciable assets	91,243,875	2,387,734	93,631,609	11,251,595
Depreciable assets, net	531,051,512	29,241,451	560,292,963	130,622,627
Total assets	<u>982,248,705</u>	<u>54,522,873</u>	<u>1,036,771,578</u>	<u>160,457,822</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on bond refunding	788,490	-	788,490	-
Deferred pensions	85,877,752	1,538,256	87,416,008	-
Deferred OPEB	14,321,052	297,254	14,618,306	-
Total deferred outflows of resources	<u>100,987,294</u>	<u>1,835,510</u>	<u>102,822,804</u>	<u>-</u>
LIABILITIES				
Payables	38,912,389	1,738,739	40,651,128	3,094,398
Accrued salaries and benefits payable	336,040	-	336,040	-
Accrued interest payable	572,745	117,639	690,384	159,249
Tax and revenue anticipation notes payable	46,795,000	-	46,795,000	-
Advances from other funds	-	1,424,253	1,424,253	-
Advances from grantors and third parties	40,046,647	-	40,046,647	-
Long-term liabilities:				
Due within one year				
Compensated absences	24,274,821	-	24,274,821	-
Estimated claims	12,625,485	-	12,625,485	-
Capital lease obligations	762,071	155,169	917,240	319
Bonds and loans payable	5,514,164	318,915	5,833,079	731,667
Due in more than one year				
Compensated absences	7,799,241	-	7,799,241	-
Estimated claims	34,950,999	-	34,950,999	-
Capital lease obligations	2,957,369	1,233,489	4,190,858	-
Bonds and loans payable	61,809,840	5,529,155	67,338,995	17,009,812
Postclosure care costs	-	8,006,887	8,006,887	-
Total OPEB liability	171,842,093	3,524,892	175,366,985	-
Net pension liability	514,178,181	9,083,320	523,261,501	-
Total liabilities	<u>963,377,085</u>	<u>31,132,458</u>	<u>994,509,543</u>	<u>20,995,445</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pensions	7,871,233	136,548	8,007,781	-
Deferred OPEB	15,749,414	322,782	16,072,196	-
Total deferred inflows of resources	<u>23,620,647</u>	<u>459,330</u>	<u>24,079,977</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	567,960,086	24,395,172	592,355,258	126,767,062
Restricted for:				
Debt service	3,614,531	43,427	3,657,958	-
Capital asset acquisition	26,195,144	-	26,195,144	-
Public safety	13,002,931	-	13,002,931	-
Health and public assistance	1,267,850	-	1,267,850	-
Public ways and facilities	87,989,353	-	87,989,353	-
Unrestricted	(603,791,628)	327,996	(603,463,632)	12,695,315
Total net position	<u>\$ 96,238,267</u>	<u>\$ 24,766,595</u>	<u>\$ 121,004,862</u>	<u>\$ 139,462,377</u>

See accompanying Notes to Basic Financial Statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues			Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 49,370,213	\$ 23,767,564	\$ 10,920,852	\$ -	\$ 34,688,416
Public protection	207,830,708	22,981,935	52,041,263	215,225	75,238,423
Public ways and facilities	31,138,967	6,528,424	6,368,569	18,316,614	31,213,607
Health and sanitation	179,329,958	41,219,473	112,341,204	-	153,560,677
Public assistance	160,347,564	523,588	107,475,530	-	107,999,118
Education	5,757,537	1,817	95,434	-	97,251
Recreation and cultural services	12,182,022	3,014,383	642,124	-	3,656,507
Debt service	3,270,006	1,560,152	135,680	-	1,695,832
Total governmental activities	<u>649,226,975</u>	<u>99,597,336</u>	<u>290,020,656</u>	<u>18,531,839</u>	<u>408,149,831</u>
Business-type activities:					
County Disposal Sites CSA 9C	19,393,197	17,327,604	398,867	-	17,726,471
Boulder Creek CSA 7	418,977	532,320	-	-	532,320
Rolling Woods CSA 10	16,973	45,087	-	-	45,087
Septic Tank Maintenance CSA 12	1,328,474	1,352,310	-	-	1,352,310
Freedom County Sanitation District	1,205,895	1,048,619	-	-	1,048,619
Davenport County Sanitation District	809,842	534,566	26,109	-	560,675
Place de Mer CSA 2	175,544	98,585	-	-	98,585
Sand Dollar Beach CSA 5	294,387	299,898	-	-	299,898
Trestle Beach CSA 20	95,316	52,376	-	-	52,376
Total business-type activities	<u>23,738,605</u>	<u>21,291,365</u>	<u>424,976</u>	<u>-</u>	<u>21,716,341</u>
Total primary government	<u>\$ 672,965,580</u>	<u>\$ 120,888,701</u>	<u>\$ 290,445,632</u>	<u>\$ 18,531,839</u>	<u>\$ 429,866,172</u>
Component unit:					
Santa Cruz County Sanitation District	\$ 24,570,975	\$ 27,096,777	\$ 1,160,140	\$ -	\$ 28,256,917

General Revenues:

Taxes:

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

Grants and contributions not restricted for a specific purpose

- Interest and investment earnings
- Gain on disposal of capital assets
- Miscellaneous

Total general revenues

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying Notes to Basic Financial Statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net (Expense) Revenue and Changes in Net Position		Total	Component Unit
Governmental Activities	Business-Type Activities		
\$ (14,681,797)	\$ -	\$ (14,681,797)	
(132,592,285)	-	(132,592,285)	
74,640	-	74,640	
(25,769,281)	-	(25,769,281)	
(52,348,446)	-	(52,348,446)	
(5,660,286)	-	(5,660,286)	
(8,525,515)	-	(8,525,515)	
(1,574,174)	-	(1,574,174)	
<u>(241,077,144)</u>	<u>-</u>	<u>(241,077,144)</u>	
-	(1,666,726)	(1,666,726)	
-	113,343	113,343	
-	28,114	28,114	
-	23,836	23,836	
-	(157,276)	(157,276)	
-	(249,167)	(249,167)	
-	(76,959)	(76,959)	
-	5,511	5,511	
-	(42,940)	(42,940)	
-	<u>(2,022,264)</u>	<u>(2,022,264)</u>	
<u>\$ (241,077,144)</u>	<u>\$ (2,022,264)</u>	<u>\$ (243,099,408)</u>	
			\$ 3,685,942
123,043,712	44,455	123,088,167	-
2,411,405	-	2,411,405	-
16,640,006	-	16,640,006	-
7,410,367	-	7,410,367	-
10,443,862	-	10,443,862	-
<u>159,949,352</u>	<u>44,455</u>	<u>159,993,807</u>	-
487,520	-	487,520	-
6,283,177	333,978	6,617,155	202,201
81,453	-	81,453	-
28,370,557	448,046	28,818,603	-
<u>195,172,059</u>	<u>826,479</u>	<u>195,998,538</u>	<u>202,201</u>
(45,905,085)	(1,195,785)	(47,100,870)	3,888,143
<u>142,143,352</u>	<u>25,962,380</u>	<u>168,105,732</u>	<u>135,574,234</u>
<u>\$ 96,238,267</u>	<u>\$ 24,766,595</u>	<u>\$ 121,004,862</u>	<u>\$ 139,462,377</u>

See accompanying Notes to Basic Financial Statements.



Fund Financial Statements

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020



Governmental Fund Financial Statements

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020

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

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

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

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

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

**GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2020**

	Major Funds					
	General Fund	Off Highway, Road and Transportation Fund		Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
		Housing Fund				
ASSETS						
Cash and investments	\$ 105,100,778	\$ -	\$ 12,278,740	\$ 9,901,407	\$ 24,430,607	\$ 151,711,532
Restricted cash and investments	-	-	-	-	18,508,252	18,508,252
Receivables, net	63,733,509	18,264,983	-	313,000	1,844,623	84,156,115
Due from other funds	3,032,093	-	-	1,185,008	612,324	4,829,425
Due from other governments	-	-	-	859,341	-	859,341
Loans receivable	-	-	60,098,647	-	-	60,098,647
Deposits with others	90,000	-	-	-	-	90,000
Prepays	1,387,970	-	-	-	-	1,387,970
Land held for resale	-	-	1,166,891	-	-	1,166,891
Advances to other entities	128,000	-	-	-	-	128,000
Total assets	<u>\$ 173,472,350</u>	<u>\$ 18,264,983</u>	<u>\$ 73,544,278</u>	<u>\$ 12,258,756</u>	<u>\$ 45,395,806</u>	<u>\$ 322,936,173</u>
LIABILITIES						
Payables	\$ 29,389,338	\$ 4,436,348	\$ 321,380	\$ 1,868,686	\$ 864,956	\$ 36,880,708
Tax and revenue anticipation notes payable	46,795,000	-	-	-	-	46,795,000
Due to other funds	612,324	8,110,375	-	-	2,217,101	10,939,800
Advances from grantors and third parties	38,982,671	1,049,570	-	-	14,406	40,046,647
Total liabilities	<u>115,779,333</u>	<u>13,596,293</u>	<u>321,380</u>	<u>1,868,686</u>	<u>3,096,463</u>	<u>134,662,155</u>
FUND BALANCES						
Nonspendable	1,547,245	-	-	-	-	1,547,245
Restricted	-	4,668,690	73,222,898	10,390,070	42,299,343	130,581,001
Committed	19,755,898	-	-	-	-	19,755,898
Assigned	36,389,874	-	-	-	-	36,389,874
Total fund balances	<u>57,693,017</u>	<u>4,668,690</u>	<u>73,222,898</u>	<u>10,390,070</u>	<u>42,299,343</u>	<u>188,274,018</u>
Total liabilities and fund balances	<u>\$ 173,472,350</u>	<u>\$ 18,264,983</u>	<u>\$ 73,544,278</u>	<u>\$ 12,258,756</u>	<u>\$ 45,395,806</u>	<u>\$ 322,936,173</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, 2020**

Total Fund Balances - Total Governmental Funds \$ 188,274,018

Amounts reported for Governmental Activities in the Statement of Net Position were different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. (Net of \$10,512,496 of internal service fund capital assets.) 611,306,092

Deferred outflows of resources reported in the Statement of Net Position are not reported in the governmental funds. 90,100,890

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	(65,780,476)
Transfer of internal service funds to business-type activities	452,482

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	(29,814,011)	
Lease revenue bonds	(30,719,917)	
Lease revenue refunding bonds, including premium	(5,821,216)	
Certificates of participation, including premium	(968,860)	
Pension liability	(457,818,061)	
Other post-employment benefits (OPEB) liability	(151,676,769)	
Compensated absences	(26,826,591)	
Capital leases	<u>(3,553,619)</u>	(707,199,044)

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. (572,745)

Deferred inflows of resources reported in the Statement of Net Position are not reported in the governmental funds. (20,342,950)

Net Position of Governmental Activities \$ 96,238,267

See accompanying Notes to Basic Financial Statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Major Funds					Total Governmental Funds
	General Fund	Off Highway, Road and Transportation Fund	Housing Fund	Capital Projects Fund	Nonmajor Governmental Funds	
REVENUES:						
Taxes	\$ 135,762,874	\$ 3,422,986	\$ -	\$ -	\$ 20,763,490	\$ 159,949,350
Licenses and permits	12,797,928	-	-	-	30,941	12,828,869
Fines, forfeits and penalties	8,709,559	-	-	-	13,890	8,723,449
Use of money and property	4,378,270	-	616,793	76,601	602,055	5,673,719
Aid from other governments	275,261,391	24,481,828	290,528	6,678,319	1,840,430	308,552,496
Charges for services	64,622,109	1,844,109	360,460	220,714	10,997,628	78,045,020
Other	25,693,433	834,207	21,659	1,633,167	188,086	28,370,552
Total revenues	527,225,564	30,583,130	1,289,440	8,608,801	34,436,520	602,143,455
EXPENDITURES:						
Current:						
General government	42,736,817	-	-	-	1,385,698	44,122,515
Public protection	167,631,772	-	-	-	14,659,578	182,291,350
Public ways and facilities	267,970	29,915,597	-	-	5,585,089	35,768,656
Health and sanitation	164,212,383	-	-	-	40,654	164,253,037
Public assistance	144,843,557	-	4,695,424	-	-	149,538,981
Education	138,940	-	-	-	5,379,574	5,518,514
Recreation and cultural services	9,009,544	-	-	-	1,832,541	10,842,085
Debt service:						
Principal	583,674	-	-	-	9,636,193	10,219,867
Interest	566,525	-	-	-	2,490,338	3,056,863
Fiscal charges	85,209	-	-	-	16,035	101,244
Capital outlay	-	-	-	14,586,921	-	14,586,921
Total expenditures	530,076,391	29,915,597	4,695,424	14,586,921	41,025,700	620,300,033
REVENUES OVER (UNDER) EXPENDITURES	(2,850,827)	667,533	(3,405,984)	(5,978,120)	(6,589,180)	(18,156,578)
OTHER FINANCING SOURCES (USES):						
Bond premium/discount	-	-	-	-	994,585	994,585
Debt issuance costs	-	-	-	-	(281,367)	(281,367)
Issuance of debt-refunding bond	-	-	-	-	13,985,000	13,985,000
Inception of capital lease	894,471	-	-	-	-	894,471
Transfers in	2,325,367	1,325,000	-	7,464,251	7,170,585	18,285,203
Transfers out	(12,502,480)	-	(43,392)	-	(5,816,114)	(18,361,986)
Total other financing sources (uses)	(9,282,642)	1,325,000	(43,392)	7,464,251	16,052,689	15,515,906
Net change in fund balances	(12,133,469)	1,992,533	(3,449,376)	1,486,131	9,463,509	(2,640,672)
Fund balances - beginning	69,826,486	2,676,157	76,672,274	8,903,939	32,835,834	190,914,690
Fund balances - ending	<u>\$ 57,693,017</u>	<u>\$ 4,668,690</u>	<u>\$ 73,222,898</u>	<u>\$ 10,390,070</u>	<u>\$ 42,299,343</u>	<u>\$ 188,274,018</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 YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances - Total Governmental Funds		\$ (2,640,672)
Amounts reported for governmental activities in the Statement of Activities were different because:		
Governmental funds reported acquisitions of capital assets as part of capital outlay expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense:		
Expenditures for general capital assets, infrastructure, and other related capital assets	47,381,777	
Retirement of capital assets	(3,930,668)	
Less current year depreciation	<u>(25,049,925)</u>	18,401,184
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:		
Issuance of long-term debt	(13,985,000)	
Premium/discount on long-term debt	(994,585)	
Inception of capital lease	<u>(894,471)</u>	(15,874,056)
Repayment of debt principal was an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position:		
Refunding certificates of participation	3,770,000	
Certificates of participation	4,875,000	
Lease revenue bonds	870,000	
Lease revenue refunding bonds	71,295	
Local agency revenue bonds	35,000	
Capital leases	<u>769,654</u>	10,390,949
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	76,155	
Change in accrued interest payable	103,094	
Change in compensated absences	(2,971,726)	
Change in deferred loss on bond refunding	(125,011)	
Change in OPEB liability and related deferred outflows and inflows of resources	(3,728,312)	
Change in net pension liabilities and related deferred outflows and inflows of resources	<u>(47,807,582)</u>	(54,453,382)
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.		
		(2,678,206)
Reverse of prior year transfer of internal service funds to business-type activities.		
		496,616
Transfer of internal service funds to business-type activities.		
		452,482
Change in Net Position of Governmental Activities		<u>\$ (45,905,085)</u>

See accompanying Notes to Basic Financial Statements.

Proprietary Fund Financial Statements

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020

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, 2020**

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	
ASSETS				
Current assets:				
Cash and investments	\$ 7,389,053	\$ 5,279,913	\$ 12,668,966	\$ 38,405,930
Restricted cash	8,016,258	-	8,016,258	-
Receivables	687,108	1,612,679	2,299,787	930,380
Due from other funds	-	-	-	7,534,627
Deposits with others	78,562	16,920	95,482	150,000
Inventory	244,772	-	244,772	463,602
Prepaid items	-	-	-	19,923
Total current assets	<u>16,415,753</u>	<u>6,909,512</u>	<u>23,325,265</u>	<u>47,504,462</u>
Noncurrent assets:				
Loans receivable	-	20,905	20,905	-
Capital Assets:				
Land	1,858,849	-	1,858,849	97,087
Construction in progress	-	528,885	528,885	78,594
Depreciable:				
Buildings and structures	32,043,489	25,947,421	57,990,910	4,064,290
Equipment	10,468,533	81,586	10,550,119	34,071,988
Accumulated depreciation	(28,384,323)	(10,915,255)	(39,299,578)	(27,322,665)
Capital assets, net	<u>15,986,548</u>	<u>15,642,637</u>	<u>31,629,185</u>	<u>10,989,294</u>
Total noncurrent assets	<u>15,986,548</u>	<u>15,663,542</u>	<u>31,650,090</u>	<u>10,989,294</u>
Total assets	<u>32,402,301</u>	<u>22,573,054</u>	<u>54,975,355</u>	<u>58,493,756</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension	1,538,256	-	1,538,256	9,195,357
Deferred OPEB	297,254	-	297,254	1,691,047
Total deferred outflows of resources	<u>1,835,510</u>	<u>-</u>	<u>1,835,510</u>	<u>10,886,404</u>
LIABILITIES				
Current liabilities:				
Payables	1,434,699	304,040	1,738,739	2,031,681
Accrued salaries and benefits payable	-	-	-	336,040
Due to other funds	-	1,424,253	1,424,253	-
Current portion of long-term liabilities	284,707	34,208	318,915	-
Capital leases	155,169	-	155,169	159,310
Claims liabilities	-	-	-	12,625,485
Compensated absences, due within one year	-	-	-	3,553,962
Accrued interest payable	117,253	386	117,639	-
Total current liabilities	<u>1,991,828</u>	<u>1,762,887</u>	<u>3,754,715</u>	<u>18,706,478</u>
Noncurrent liabilities:				
Long-term liabilities	5,470,896	58,259	5,529,155	-
Capital leases	1,233,489	-	1,233,489	6,511
Claims liabilities	-	-	-	34,950,999
Closure and postclosure care costs liability	8,006,887	-	8,006,887	-
Compensated absences, due in more than one year	-	-	-	1,693,508
Total OPEB liability	3,524,892	-	3,524,892	20,165,323
Net pension liability	9,083,320	-	9,083,320	56,360,121
Total noncurrent liabilities	<u>27,319,484</u>	<u>58,259</u>	<u>27,377,743</u>	<u>113,176,462</u>
Total liabilities	<u>29,311,312</u>	<u>1,821,146</u>	<u>31,132,458</u>	<u>131,882,940</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension	136,548	-	136,548	1,427,306
Deferred OPEB	322,782	-	322,782	1,850,390
Total deferred inflows of resources	<u>459,330</u>	<u>-</u>	<u>459,330</u>	<u>3,277,696</u>
NET POSITION				
Net investment in capital assets	8,842,287	15,552,885	24,395,172	10,824,279
Restricted for:				
Debt service	-	43,427	43,427	1,488,808
Unrestricted	(4,375,118)	5,155,596	780,478	(78,093,563)
Total net position	<u>\$ 4,467,169</u>	<u>\$ 20,751,908</u>	<u>25,219,077</u>	<u>\$ (65,780,476)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(452,482)	
Net Position of Business-type Activities per Government-Wide Financial Statements			<u>\$ 24,766,595</u>	

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities - Enterprise Funds			Governmental
	County	Nonmajor	Total	Activities
	Disposal	Enterprise		Internal
Sites CSA 9C	Funds		Service Funds	
OPERATING REVENUES:				
Charges for services	\$ 17,327,603	\$ 3,963,762	\$ 21,291,365	\$ 82,526,411
Other revenues	448,046	-	448,046	1,603,879
Total operating revenues	<u>17,775,649</u>	<u>3,963,762</u>	<u>21,739,411</u>	<u>84,130,290</u>
OPERATING EXPENSES:				
Salaries and employee benefits	-	-	-	51,517,492
Services and supplies	16,637,154	3,523,993	20,161,147	25,807,220
Insurance and compensation claims	-	-	-	7,992,348
Depreciation and amortization	1,679,798	695,133	2,374,931	2,598,543
Total operating expenses	<u>18,316,952</u>	<u>4,219,126</u>	<u>22,536,078</u>	<u>87,915,603</u>
Operating income (loss)	<u>(541,303)</u>	<u>(255,364)</u>	<u>(796,667)</u>	<u>(3,785,313)</u>
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental	398,867	26,109	424,976	487,519
Interest and investment income	286,235	47,743	333,978	609,460
Property taxes	-	44,455	44,455	-
Gain on disposal of capital assets	-	-	-	13,979
Loss on disposal of capital assets	-	-	-	(24,785)
Interest expense	(249,618)	(3,811)	(253,429)	(55,849)
Total nonoperating revenues (expenses)	<u>435,484</u>	<u>114,496</u>	<u>549,980</u>	<u>1,030,324</u>
Income (loss) before transfers	<u>(105,819)</u>	<u>(140,868)</u>	<u>(246,687)</u>	<u>(2,754,989)</u>
Transfers in	-	-	-	876,783
Transfers out	-	-	-	(800,000)
Change in net position	<u>(105,819)</u>	<u>(140,868)</u>	<u>(246,687)</u>	<u>(2,678,206)</u>
Net position - beginning	4,572,988	20,892,776	25,465,764	(63,102,270)
Net position - ending	<u>\$ 4,467,169</u>	<u>\$ 20,751,908</u>	<u>25,219,077</u>	<u>\$ (65,780,476)</u>
Change in Net Position of Business-type Activities			(246,687)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(949,098)	
Change in Net Position of Business-type Activities per Government-Wide Financial Statements			<u>\$ (1,195,785)</u>	

See accompanying Notes to Basic Financial Statements.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities - Enterprise Funds			Governmental
	County	Nonmajor	Total	Activities
	Disposal Sites CSA 9C	Enterprise Funds		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 17,344,396	\$ 3,964,119	\$ 21,308,515	\$ 81,885,139
Payments to suppliers for goods and services	(16,302,477)	(4,013,578)	(20,316,055)	(27,974,645)
Payments to employees for salaries and benefits	-	-	-	(46,040,018)
Payments for judgements and claims	-	-	-	(6,546,223)
Closure and postclosure reserves increase (decrease)	506,615	-	506,615	-
Other receipts	448,046	-	448,046	1,603,879
Net cash provided (used) by operating activities	<u>1,996,580</u>	<u>(49,459)</u>	<u>1,947,121</u>	<u>2,928,132</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	-	-	-	876,783
Transfers to other funds	-	-	-	(800,000)
Operating grants	398,867	-	398,867	-
Deposits with others	660,134	(85)	660,049	-
Other long-term liability	(274,707)	-	(274,707)	-
Advances to other entities	-	11,824	11,824	-
Due to other funds	-	1,424,252	1,424,252	-
Due from other funds	-	-	-	8,974,016
Matured interest payable	-	(172)	(172)	-
Intergovernmental receipts	-	26,109	26,109	487,519
Property taxes	-	44,455	44,455	-
Net cash provided by noncapital financing activities	<u>784,294</u>	<u>1,506,383</u>	<u>2,290,677</u>	<u>9,538,318</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	(922,687)	(922,687)	(65,890)
Acquisition of equipment	(767,108)	-	(767,108)	-
Principal paid on capital debt	(155,520)	(50,499)	(206,018)	(2,389,728)
Interest paid on capital debt	(264,073)	(3,811)	(267,884)	(55,849)
Proceeds from sale of capital assets	-	-	-	13,978
Net cash provided (used) by capital and related financing activities	<u>(1,186,701)</u>	<u>(976,997)</u>	<u>(2,163,698)</u>	<u>(2,497,489)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	286,235	47,743	333,978	609,458
Net cash provided by investing activities	<u>286,235</u>	<u>47,743</u>	<u>333,978</u>	<u>609,458</u>
Net increase in cash and cash equivalents	<u>1,880,408</u>	<u>527,670</u>	<u>2,408,078</u>	<u>10,578,419</u>
CASH AND CASH EQUIVALENTS:				
Beginning of year	13,524,903	4,752,243	18,277,146	27,827,511
End of year	<u>\$ 15,405,311</u>	<u>\$ 5,279,913</u>	<u>\$ 20,685,224</u>	<u>\$ 38,405,930</u>

See accompanying Notes to Basic Financial Statements.

STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			Governmental
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED (USED) BY OPERATING				
ACTIVITIES:				
Operating income (loss)	\$ (541,303)	\$ (255,364)	\$ (796,667)	\$ (3,785,313)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,679,798	695,133	2,374,931	2,598,543
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	16,793	357	17,150	(641,272)
Inventory	(62,575)	-	(62,575)	(1,212)
Prepaid items	-	-	-	35,459
Increase (decrease) in:				
Payables	(624,742)	(489,585)	(1,114,327)	(2,201,672)
Claims liabilities	-	-	-	1,446,125
Accrued salaries and benefits	1,021,994	-	1,021,994	5,477,474
Closure and postclosure care liability	506,615	-	506,615	-
Total adjustments	2,537,883	205,905	2,743,788	6,713,445
Net cash provided (used) by operating activities	<u>\$ 1,996,580</u>	<u>\$ (49,459)</u>	<u>\$ 1,947,121</u>	<u>\$ 2,928,132</u>
Schedule of non-cash capital and related financing activities:				
Purchase of machinery, equipment and vehicles on account	-	-	-	\$ 6,996
Reconciliation of cash and cash equivalents to the				
Statement of Net Position				
Cash and investments per Statement of Net Position	\$ 7,389,053	\$ 5,279,913	\$ 12,668,966	\$ 38,405,930
Restricted cash and investments per Statement of Net Position	8,016,258	-	8,016,258	-
Total cash and cash equivalents per Statement of Net Position	<u>\$ 15,405,311</u>	<u>\$ 5,279,913</u>	<u>\$ 20,685,224</u>	<u>\$ 38,405,930</u>

See accompanying Notes to Basic Financial Statements.

Fiduciary Fund Financial Statements

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020

Fiduciary Funds – The Fiduciary Funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County’s own programs.

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

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

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

STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2020

	Agency Funds	Investment Trust Fund	Private Purpose Trust Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 80,044,216	\$ 577,901,560	\$ 14,594,500
Restricted cash with fiscal agents	-	-	4,903
Receivables	11,697,745	-	-
Prepaid insurance	-	-	1,403,487
Capital assets, net	-	-	9,113,386
Total assets	<u>\$ 91,741,961</u>	<u>\$ 577,901,560</u>	<u>\$ 25,116,276</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding of debt	\$ -	\$ -	\$ 255,297
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,297</u>
LIABILITIES			
Accounts payable	\$ 16,485,244	\$ -	\$ 15,458
Interest payable	-	-	2,765,513
Due to other governmental units	25,336,170	-	-
Agency funds held for others	49,920,547	-	-
Long-term debt	-	-	200,124,983
Total liabilities	<u>\$ 91,741,961</u>	<u>\$ -</u>	<u>\$ 202,905,954</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding of debt	\$ -	\$ -	\$ 1,049,147
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,049,147</u>
NET POSITION			
Net position held in trust	<u>\$ -</u>	<u>\$ 577,901,560</u>	<u>\$ (178,583,528)</u>

See accompanying Notes to Basic Financial Statements.

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Investment Trust Fund	Private Purpose Trust Fund
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Contributions to investment pool	\$ 1,687,776,915	\$ -
Total contributions	<u>1,687,776,915</u>	<u>-</u>
Investment income	10,647,254	221,757
Tax increment received	-	16,895,168
Other revenue	-	73,745
Total Additions	<u>1,698,424,169</u>	<u>17,190,670</u>
DEDUCTIONS		
Distributions from investment pool	1,651,566,236	-
Payments in accordance with trust agreements	-	7,541,200
Total Deductions	<u>1,651,566,236</u>	<u>7,541,200</u>
Change in net position held in trust	46,857,933	9,649,470
Net position held in trust - beginning of year	531,043,627	(188,232,998)
Net position held in trust - end of year	<u>\$ 577,901,560</u>	<u>\$ (178,583,528)</u>

See accompanying Notes to Basic Financial Statements.

Notes to Basic Financial Statements

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020



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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Reporting Entity**

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

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

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

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

Blended Component Units

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

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

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

Santa Cruz County Financing Authorities

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

Discretely Presented Component Unit*Santa Cruz County Sanitation District*

The Santa Cruz County Sanitation District (District) is included as a discretely presented component unit of the County because: 1) the Board appoints the District's governing board, and 2) the District has an ongoing relationship with the County. The District is governed by a three-member board and managed by the County's Department of Public Works under the direction of the District Board of Directors. The District, as a component unit, is presented separately from the primary government in the Government-Wide Financial Statements. Administrative services are provided by the County Department of Public Works and central support departments

(i.e., personnel, purchasing, treasury, etc.). Complete financial statements may be obtained from the County, 701 Ocean Street, Room 410, Santa Cruz, CA 95060.

Districts Governed by the Board of Supervisors

Public Protection

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

Health and Sanitation

- ◆ Pasatiempo Rolling Woods Sewer District

Recreation and Culture

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

Public Ways and Facilities

- | | |
|---|---|
| <ul style="list-style-type: none"> ◆ County Highway Lighting CSA 9 ◆ County Highway Residential Lighting CSA 9 Zone A ◆ School Crossing Guard CSA 9 Zone B ◆ County Road Maintenance CSA 9D Zone 1 ◆ County Road Maintenance CSA 9D Zone 2 ◆ CSA 9D Zone 3 ◆ Hutchinson Road CSA 13 ◆ Oakflat Road CSA 13A ◆ Huckleberry Woods Road CSA 15 ◆ Robak Drive CSA 16 ◆ Empire Acres CSA 17 ◆ Whitehouse Canyon CSA 18 ◆ Westdale Drive CSA 21 ◆ Kelly Hill CSA 22 ◆ Old Ranch Road CSA 23 | <ul style="list-style-type: none"> ◆ Pineridge CSA 24 ◆ Viewpoint Road CSA 25 ◆ Hidden Valley CSA 26 ◆ Lomond Terrace CSA 28 ◆ Glenwood Acres CSA 30 ◆ View Circle CSA 32 ◆ Soquel Village Parking Improvement ◆ Underground Utilities #4-41st Ave. ◆ Redwood Drive CSA 33 ◆ Larsen Road CSA 34 ◆ County Estates CSA 35 ◆ Forest Glen CSA 36 ◆ Roberts Road CSA 37 ◆ Reed Street CSA 39 ◆ Ralston Way CSA 40 ◆ Loma Prieta CSA 41 |
|---|---|

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

Geologic Hazard Abatement Districts (GHAD)

- ◆ Corralitos GHAD
- ◆ Mid-County GHAD
- ◆ Heartwood GHAD

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

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

B. Basis of Accounting and Measurement Focus

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

New Accounting Pronouncements

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

GASB Statement No. 95

GASB Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, is intended to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. It postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or were scheduled to be effective for periods beginning after June 15, 2018. The requirements of this statement are effective immediately.

Upcoming Accounting Pronouncements

The following GASB Statements will become effective for fiscal years subsequent to June 30, 2020. The County is currently analyzing its accounting practices to determine the potential impact on the financial statements for these GASB Statements.

GASB Statement No. 84

GASB Statement No. 84, *Fiduciary Activities*, provides improved guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. The requirements of this statement are effective for the County’s fiscal year beginning after December 15, 2019.

GASB Statement No. 89

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this statement are effective for the County's fiscal year beginning after December 15, 2020.

GASB Statement No. 87

GASB Statement No. 87, *Leases*, addresses accounting and financial reporting for leases that were previously reported as operating leases by establishing a single model for lease accounting. The impact of implementation on the County's financial statements has not been fully judged. The requirements of this statement are effective for the County's fiscal year beginning after June 15, 2021.

GASB Statement No. 90

GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*, is intended to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the County's fiscal year beginning after December 15, 2019.

GASB Statement No. 91

GASB Statement No. 91, *Conduit Debt Obligations*, is intended to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the County's fiscal year beginning after December 15, 2021.

GASB Statement No. 92

GASB Statement No. 92, *Omnibus 2020*, is intended to enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements. The requirements of this statement are effective for the County's fiscal year beginning after June 15, 2021.

GASB Statement No. 93

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, addresses agreements entered by governments in which variable payments made or received depend on an Interbank Offered Rate (IBOR) – most notably the London Interbank Offered Rate (LIBOR); and, other accounting and financial reporting implications that result from the replacement thereof. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this statement are effective for the County's fiscal year beginning after June 15, 2021.

GASB Statement No. 94

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is intended to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this statement are effective for the County's fiscal year beginning after June 15, 2022.

GASB Statement No. 96

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for governments and end users. The requirements of this statement are effective for the County's fiscal year beginning after June 15, 2022.

GASB Statement No. 97

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, has the objective of increasing consistency and comparability related to reporting of fiduciary component units. The requirements of this statement are effective for the County's fiscal year beginning after June 15, 2021. Portions of this statement related to GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2019.

Government-Wide Financial Statements

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

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

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

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

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

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

The County prepares a County-wide cost allocation plan in accordance with *Title 2 U.S. Code of Federal Regulations*. United States Office of Management and Budget (OMB) Circular A-87. Using this directive, all indirect support costs are allocated to County funds and departments using a step-down method so that the true cost of operations can be included in determining the rates to be charged to users.

Governmental Fund Financial Statements

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

The County reports the following major governmental funds:

General Fund – The County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other specialized funds.

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

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

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

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances 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.

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

Proprietary Fund Financial Statements

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

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

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

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

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

net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Fiduciary Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

D. **Interfund Transactions**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (i.e., current portion of interfund loans) or “advances from/to other funds” (i.e., noncurrent portion of interfund loans). Any residual balances outstanding between the

governmental activities and business-type activities are reported in the Government-Wide Financial Statements as “internal balances.”

E. Inventories and Prepaid Items

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

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

F. Capital Assets

Government-Wide Financial Statements

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction-related debt incurred during the period of construction is capitalized as a cost of the constructed assets.

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

Fund Financial Statements

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

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

G. Land Held for Resale

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

H. Deferred Outflows and Inflows of Resources

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

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

I. Long-Term Debt**Government-Wide Financial Statements**

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

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

Fund Financial Statements

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

J. Compensated Absences**Government-Wide Financial Statements**

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

Fund Financial Statements

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

K. Claims Payable

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

L. Pensions

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Pension Plans note and the required supplementary information (RSI) on page 117 of this report), regardless of the amount recognized as pension expenditures on the governmental funds financial statements, which use the modified accrual basis of accounting.

In general, the County recognizes a net pension liability, which represents the County's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured

as of the County's prior fiscal year end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

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

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

M. Other Post-employment Benefits (OPEB)

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

N. Net Position and Fund Balances

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The County has adopted a policy to achieve and maintain committed and assigned fund balance categories of no less than 7.0% of the upcoming budget year's estimated revenues.

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

Committed for Working Capital

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

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

As of June 30, 2020, the County's fund for Working Capital had a balance of \$6,000,000 and is included in the General Fund.

Committed for Economic Uncertainty

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

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

As of June 30, 2020, the County's fund for Economic Uncertainty had a balance of \$10,000,000 and is included in the General Fund.

Committed for Natural Disasters

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

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

As of June 30, 2020, the County’s fund for Natural Disasters had a balance of \$800,000 and is included in the General Fund.

Committed for Mental Health Service Act (MHSA) Prudent Reserve

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

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

As of June 30, 2020, the County’s fund for the MHSA Prudent Reserve had a balance of \$2,955,898 and is included in the General Fund.

O. Property Tax Levy, Collection and Maximum Rates

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

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

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

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

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

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

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

P. Use of Estimates

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

NOTE 2 - CASH AND INVESTMENTS

The investment pool activity is governed by the California Government Code and the County Investment Policy. The County Treasurer is responsible for managing the investment pool with deposits from the County, County school districts and various special districts pursuant to California Government Code Section 53600. The objectives of the County investment policy, in order of priority, are safety, liquidity, and yield. The County Board of Supervisors reviews the County Investment Policy annually, and all amendments to the policy require the approval of the County Board of Supervisors. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily cash balance of each fund. Interest earned through June 30, 2020, was distributed on June 30, 2020.

The following is a summary of cash and investments at June 30, 2020:

	Government-Wide Statement of Net Position			
	Primary Government			Component Unit
	Government	Business-Type	Total	Santa Cruz County
	Activities	Activities		Sanitation District
Cash and Investments	\$ 190,117,462	\$ 12,668,966	\$ 202,786,428	\$ 11,494,099
Restricted Cash and Investments	18,508,252	8,016,258	26,524,510	7,021,004
Total Cash and Investments	\$ 208,625,714	\$ 20,685,224	\$ 229,310,938	\$ 18,515,103
	Fiduciary Funds			
	Agency	Investment	Private Purpose	County
	Funds	Trust Fund	Trust Fund	Total
Cash and Investments	\$ 80,044,216	\$ 577,901,560	\$ 14,594,500	\$ 886,820,803
Restricted Cash and Investments	-	-	4,903	33,550,417
Total Cash and Investments	\$ 80,044,216	\$ 577,901,560	\$ 14,599,403	\$ 920,371,220
	Cash and	Restricted Cash	Total	
	Investments	and Investments		
Primary Government and Fiduciary Funds:				
Cash on hand and imprest cash	\$ 14,376,454	\$ -	\$ 14,376,454	
Cash deposits in treasury pool	16,606,851	-	16,606,851	
Investments in treasury pool	844,343,399	-	844,343,399	
Restricted investments in other pools	-	18,513,155	18,513,155	
Restricted cash deposits in treasury pool:				
County Disposal Sites CSA 9C	-	8,016,258	8,016,258	
Total	875,326,704	26,529,413	901,856,117	
Component Unit:				
Investments in treasury pool	11,494,099	-	11,494,099	
Restricted investments in other banks	-	7,021,004	7,021,004	
Total	11,494,099	7,021,004	18,515,103	
Total cash and investments	\$ 886,820,803	\$ 33,550,417	\$ 920,371,220	

At June 30, 2020, 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	\$ 149,197	\$ 14,227,257	\$ 14,376,454
Deposits	16,606,851	-	16,606,851
Investments	852,359,657	18,513,155	870,872,812
Total Primary Government and Fiduciary Funds	869,115,705	32,740,412	901,856,117
Component Unit:			
Investments	11,494,099	7,021,004	18,515,103
Total Component Unit	11,494,099	7,021,004	18,515,103
Total Reporting Entity	\$ 880,609,804	\$ 39,761,416	\$ 920,371,220

The carrying amount of the County's cash deposits was \$16,606,851 at June 30, 2020, of which the bank balances were fully insured or collateralized with securities held by the pledging financial institutions in the County's name as discussed below.

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

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

A. Investments

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

Authorized Investment Types	Maximum Maturity	Maximum Percentage or Amount of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	10%	None
U.S. Treasury obligations	5 years	100%	None
U.S. Government Agency obligations	5 years	100%	25%
Bankers' acceptances	180 days	40%	10%
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	5 years	30%	10%
Bank deposit	5 years	10%	10%
Repurchase agreements	1 year	100%	10%
Medium-term notes	5 years	30%	10%
Mutual funds/money market mutual funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	\$75 million	None
Joint Powers Authority investment funds	N/A	25%	10%
Supranationals	5 years	30%	10%

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

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

B. Interest Rate Risk

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

At June 30, 2020, 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
Local Agency Bonds	\$ 30,841,654	\$ 12,248,536	\$ 12,360,000	\$ 3,135,870	\$ 3,097,248
U.S. Treasury Securities	197,217,124	197,217,124	-	-	-
Federal Agency Securities	280,503,053	62,158,190	54,189,633	164,155,230	-
Medium-Term Notes - Other	68,601,548	27,075,648	25,596,800	15,929,100	-
Money Market Mutual Funds	43,100,029	43,100,029	-	-	-
Local Agency Investment Fund (LAIF)	75,253,253	75,253,253	-	-	-
Certificates of Deposit	90,103,100	90,103,100	-	-	-
Investment Agreements	16,000,000	16,000,000	-	-	-
Supranationals	87,184,828	35,209,047	20,531,400	15,106,050	16,338,331
Total Investments	<u>\$ 888,804,589</u>	<u>\$ 558,364,927</u>	<u>\$ 112,677,833</u>	<u>\$ 198,326,250</u>	<u>\$ 19,435,579</u>

C. Concentration of Credit Risk

At June 30, 2020, 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, 2020.

Investments Type	Standard & Poor's	Moody's	% of Portfolio
Local Agency Bonds	A	Aa3	3.47%
U.S. Treasury Securities	N/A	N/A	22.19%
Federal Agency Securities	AA+	Aaa	31.55%
Medium-Term Notes	A/AAA	A+	7.72%
Money Market Mutual Funds	Unrated	Unrated	4.85%
Local Agency Investment Fund (LAIF)	Unrated	Unrated	8.47%
Certificates of Deposit	A1	P1	10.14%
Investment Agreements	Unrated	Unrated	1.80%
Supranationals	AAA	Aaa	9.81%
Total			<u>100.00%</u>

D. Custodial Credit Risk

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

E. Local Agency Investment Fund (LAIF)

The County is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The County's investments with LAIF at June 30, 2020, included a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities:

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

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

As of June 30, 2020, the County had \$75,253,253 invested in LAIF, which had invested none of the pool investment funds in Structured Notes and Asset-Backed Securities just as in the previous year. LAIF provided a fair value factor of 1.004912795 to calculate the fair value of the investments in LAIF. However, an adjustment was not made to reflect the fair value of LAIF, as the fair value adjustment was considered immaterial.

F. California Asset Management Program (CAMP)

The County began participating on January 1, 2019 in the California Asset Management Program (CAMP), a California Joint Powers Authority (JPA), to provide California public agencies with professional investment services. As of June 30, 2020, the County had \$50,000,000 invested in CAMP. The funds are included in Money Market Mutual Funds noted above.

G. Fair Value Measurements

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

Level 1: Investments reflect prices quoted in active markets,

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

Level 3: Investments reflect prices based upon unobservable sources.

The pool has the following recurring fair value measurements as of June 30, 2020:

Investment by Fair Value Level	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt Securities:				
Local Agency Bonds	\$ 30,841,654	\$ 30,841,654	\$ -	\$ -
U.S. Treasury Securities	197,217,124	197,217,124	-	-
Federal Agency Securities	280,503,053	280,503,053	-	-
Medium-Term Notes	68,601,548	68,601,548	-	-
Certificates of Deposit	90,103,100	90,103,100	-	-
Investment Agreements	16,000,000	16,000,000	-	-
Supranationals	87,184,828	87,184,828	-	-
Total investments measured at fair value	<u>770,451,307</u>	<u>\$ 770,451,307</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at amortized cost:				
Money Market Mutual Funds	43,100,029			
Local Agency Investment Fund (LAIF)	75,253,253			
Total pooled and directed investments	<u>\$ 888,804,589</u>			

NOTE 3 - RESTRICTED CASH AND INVESTMENTS

Cash and investments at June 30, 2020, that are restricted by legal or contractual requirements are comprised of the following:

<u>Governmental Activities</u>		
Nonmajor Governmental Funds:		
Used for debt service		\$ 18,508,252
<u>Business-Type Activities</u>		
County Disposal Site CSA 9C:		
Used for landfill deposits		8,016,258
<u>Component Unit</u>		
Santa Cruz County Sanitation District:		
Used for debt service		7,021,004
<u>Fiduciary Funds</u>		
County of Santa Cruz Redevelopment Successor Agency:		
Used for debt service		4,903
		<u>\$ 33,550,417</u>

NOTE 4 – RECEIVABLES

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

	General Fund	Off Highway, Road and Transportation Fund	Capital Projects Fund	Nonmajor Special Revenue Funds	Internal Service Funds	Total Governmental Activities
Governmental Activities:						
Accounts	\$ 62,804,167	\$ 18,264,983	\$ 313,000	\$ 1,844,623	\$ 930,380	\$ 84,157,153
Taxes	1,827,160	-	-	-	-	1,827,160
Gross receivables	64,631,327	18,264,983	313,000	1,844,623	930,380	85,984,313
Less: allowance for uncollectibles	(897,818)	-	-	-	-	(897,818)
Net receivables	<u>\$ 63,733,509</u>	<u>\$ 18,264,983</u>	<u>\$ 313,000</u>	<u>\$ 1,844,623</u>	<u>\$ 930,380</u>	<u>\$ 85,086,495</u>
	County Disposal Sites CSA 9C	Nonmajor Funds	Total Business- Type Activities			
Business-Type Activities:						
Accounts receivable	\$ 687,108	\$ 1,612,679	\$ 2,299,787			

NOTE 5 - INTERFUND TRANSACTIONS

A. Government-Wide Financial Statements

Long-Term Internal Balances

At June 30, 2020, the County had the following long-term internal balances:

	Internal Balances Receivable
	Governmental Activities

Internal Balances Payable	
Business-Type Activities	\$ <u>452,482</u>

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

B. Governmental and Proprietary Funds Financial Statements

Due to/from

The County had the following due to/from other funds as of June 30, 2020:

Due to Other Funds	Due from Other Funds				
	General Fund	Capital Projects Fund	Internal Service Funds	Nonmajor Governmental Funds	Total
	General Fund	\$ -	\$ -	\$ -	\$ 612,324
Off Highway, Road and Transportation	2,000,000	-	6,110,375	-	8,110,375
Nonmajor Governmental Funds	1,032,093	1,185,008	-	-	2,217,101
Nonmajor Enterprise Funds	-	-	1,424,253	-	1,424,253
Total	\$ 3,032,093	\$ 1,185,008	\$ 7,534,628	\$ 612,324	\$ 12,364,053

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

Transfers in/out

The County had the following transfers for the year ended June 30, 2020:

Transfers Out	Transfers In						Total
	General	Off Highway, Roads & Transportation	Capital Projects	Nonmajor Governmental	Internal Service		
	Fund	Fund	Fund	Funds	Funds		
General Fund	\$ -	\$ 525,000	\$ 3,930,112	\$ 7,170,585	\$ 876,783	\$ 12,502,480	
Housing Fund	43,392	-	-	-	-	43,392	
Nonmajor Governmental Funds	2,281,975	-	3,534,139	-	-	5,816,114	
Internal Service Funds	-	800,000	-	-	-	800,000	
Total	<u>\$ 2,325,367</u>	<u>\$ 1,325,000</u>	<u>\$ 7,464,251</u>	<u>\$ 7,170,585</u>	<u>\$ 876,783</u>	<u>\$ 19,161,986</u>	

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

Transfers to/from other funds at June 30, 2020 are as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Off Highway, Road and Transportation Fund	\$ 425,000	Reimburse unexpected costs for Capitola Road and Sumner Avenue change orders.
	Off Highway, Road and Transportation Fund	100,000	To finance pathway improvements on Greenvalley Road and Buena Vista Drive
	Capital Projects Fund	3,930,112	To finance various facilities capital projects
	Internal Service Fund	681,783	To Service Center for purchase of vehicles
			Repayment of loan from Workers' Compensation Insurance Fund for costs related to 2019-20 Winter Storm
	Internal Service Fund	195,000	
	Nonmajor Governmental Funds	7,169,736	To Financing Authorities for debt service
			Transfer unspent Fish & Wildlife Advisory Commission funds to Fish and Game Propagation Fund
	Nonmajor Governmental Funds	849	
		<u>12,502,480</u>	
Housing Fund	General Fund	43,392	To Housing Fund for housing specialist labor costs
		<u>43,392</u>	
Nonmajor	General Fund	51,846	Financing Authorities to General Fund for projects
Governmental Funds	Capital Projects Fund	1,726,296	Financing Authorities to Capital Projects Fund for Capital Projects
	General Fund	5,763	Library to General Fund for Debt Service
	Capital Projects Fund	1,588,116	Library to Capital Projects Fund for Library improvements
	General Fund	20,565	From Park Dedication Fund for San Lorenzo Park Improvement
	General Fund	800,000	Public Protection to General Fund for debt service
	General Fund	1,338,066	Health & Sanitation to General Fund for Mosquito Abatement District Operations
	General Fund		From Recreation & Culture for construction of Chanticleer Park
	Capital Projects Fund	219,727	
	General Fund	65,735	Recreation & Culture to General Fund for debt service
		<u>5,816,114</u>	
Internal Service Funds	Off Highway, Road and Transportation Fund	800,000	From Liability & Property Insurance fund to cover staff costs related to Granite Rock settlement
		<u>800,000</u>	
		<u>\$ 19,161,986</u>	

NOTE 6 - LOANS RECEIVABLE

A. Government-Wide Financial Statements

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

Loans Receivable	
Homeowner Loans	
First Time Homebuyer Program	\$5,117,662
Homeowner Loan - Federal Grants	194,552
Homeowner Loan - State Grants	5,544,030
Mobile Home Change Out Program	4,811,980
Mobile Home Rehab Program	226,949
Mobile Home Rehab Program (Bonds)	23,069
Property Tax Postemployment Loans	112,533
Sorrento Oaks	10,000
Total Homeowner Loans	16,040,775
Housing Project Loans	
Aptos Cottages (Miller)	7,137,111
CFSC, Inc - Brommer St	2,407,200
Golden Torch	1,290,076
Housing for Independent People	40,940
Marmo's	1,642,323
McGregor	891,748
McIntosh Coach Purchase #12	98,000
McIntosh Coach Purchase	80,000
Mercy - McIntosh (Coach Loan)	348,666
Mercy - Rehab	95,236
MidPen Housing - St. Stephens	4,970,330
Mid-Peninsula the Farm, Inc	2,004,265
Minto	9,611,465
Pacific Family Coach Acquisitions	63,702
Pacific Family - SCH	2,670,411
Pleasant Acres Permanent Financing	3,512,453
San Andreas	700,000
South County Housing Corp	4,907,114
St. Stephens Predevelopment	421,832
Vista Verde Family Housing	1,165,000
Total Housing Project Loans	44,057,872
Total Loans Receivable	\$60,098,647

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, 2020:

Nonmajor business-type fund:	
Septic Tank Maintenance CSA 12	\$ 20,905
Total business-type loans receivable	<u>\$ 20,905</u>

NOTE 7 - CAPITAL ASSETS

A. Government-Wide Financial Statements

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclass- ifications</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 64,007,639	\$ 237,253	\$ -	\$ -	\$ 64,244,892
Construction-in-progress	56,029,419	16,829,750	-	(45,860,186)	26,998,983
Total capital assets, not being depreciated	<u>120,037,058</u>	<u>17,067,003</u>	<u>-</u>	<u>(45,860,186)</u>	<u>91,243,875</u>
Capital assets, being depreciated:					
Infrastructure	693,459,391	23,508,922	-	-	716,968,313
Buildings	205,352,392	1,080,040	-	45,860,186	252,292,618
Machinery and equipment	54,187,188	3,743,357	(4,674,932)	-	53,255,613
Total capital assets being depreciated	<u>952,998,971</u>	<u>28,332,319</u>	<u>(4,674,932)</u>	<u>45,860,186</u>	<u>1,022,516,544</u>
Less accumulated depreciation for:					
Infrastructure	(323,875,194)	(17,920,239)	-	-	(341,795,433)
Buildings	(104,765,571)	(5,699,962)	-	-	(110,465,533)
Machinery and equipment	(39,830,812)	(4,112,632)	4,739,378	-	(39,204,066)
Total accumulated depreciation	<u>(468,471,577)</u>	<u>(27,732,833)</u>	<u>4,739,378</u>	<u>-</u>	<u>(491,465,032)</u>
Total capital assets, being depreciated, net	<u>484,527,394</u>	<u>599,486</u>	<u>64,446</u>	<u>45,860,186</u>	<u>531,051,512</u>
Governmental activities capital assets, net	<u>\$ 604,564,452</u>	<u>\$ 17,666,489</u>	<u>\$ 64,446</u>	<u>\$ -</u>	<u>\$ 622,295,387</u>

Depreciation expense was charged to governmental functions as follows:

	<u>Total</u>
<u>Governmental Activities:</u>	
General government	\$ 1,704,690
Public protection	2,721,427
Public ways and facilities	17,920,239
Health and sanitation	1,568,635
Public assistance	445,188
Education	218,031
Recreation and cultural services	<u>556,080</u>
Subtotal	25,134,290
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>2,598,543</u>
Total	<u>\$ 27,732,833</u>

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

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclass- ifications</u>	<u>Balance June 30, 2020</u>
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,858,849	\$ -	\$ -	\$ -	\$ 1,858,849
Construction-in-progress	<u>1,080,524</u>	<u>251,383</u>	<u>-</u>	<u>(803,022)</u>	<u>528,885</u>
Total capital assets, not being depreciated	<u>2,939,373</u>	<u>251,383</u>	<u>-</u>	<u>(803,022)</u>	<u>2,387,734</u>
Capital assets, being depreciated:					
Buildings	56,516,585	671,303	-	803,022	57,990,910
Machinery and equipment	<u>9,979,548</u>	<u>767,107</u>	<u>(196,536)</u>	<u>-</u>	<u>10,550,119</u>
Total capital assets, being depreciated	<u>66,496,133</u>	<u>1,438,410</u>	<u>(196,536)</u>	<u>803,022</u>	<u>68,541,029</u>
Less accumulated depreciation:					
Buildings	(30,194,164)	(1,805,265)	-	-	(31,999,429)
Machinery and equipment	<u>(6,927,019)</u>	<u>(569,666)</u>	<u>196,536</u>	<u>-</u>	<u>(7,300,149)</u>
Total accumulated depreciation	<u>(37,121,183)</u>	<u>(2,374,931)</u>	<u>196,536</u>	<u>-</u>	<u>(39,299,578)</u>
Total capital assets, being depreciated, net	<u>29,374,950</u>	<u>(936,521)</u>	<u>-</u>	<u>803,022</u>	<u>29,241,451</u>
Business-Type activities capital assets, net	<u>\$ 32,314,323</u>	<u>\$ (685,138)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,629,185</u>

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

	<u>Total</u>
<i>Business-Type Activities:</i>	
County Disposal Sites CSA 9C	\$ 1,679,798
Boulder Creek CSA 7	36,169
Rolling Woods CSA 10	9,019
Septic Tank Maintenance CSA 12	2,181
Freedom County Sanitation District	247,239
Davenport County Sanitation District	369,864
Place de Mer CSA 2	5,542
Sand Dollar Beach CSA 5	25,119
Total	<u>\$ 2,374,931</u>

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

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass- ification</u>	<u>Balance June 30, 2020</u>
Nondepreciable assets:					
Construction-in-progress	\$ 7,054,029	\$ 6,978,256	\$ (2,264)	\$ (2,778,426)	\$ 11,251,595
Total nondepreciable assets	<u>7,054,029</u>	<u>6,978,256</u>	<u>(2,264)</u>	<u>(2,778,426)</u>	<u>11,251,595</u>
Depreciable assets:					
Pumping stations	52,269,123	152,448	-	35,292	52,456,863
Transmission systems	129,543,724	6,305,971	-	2,743,134	138,592,829
Sewage treatment capacity rights	35,148,509	-	-	-	35,148,509
Mobile equipment	3,597,040	156,659	-	-	3,753,699
Other equipment	1,710,815	207,008	(66,846)	-	1,850,977
Total depreciable assets	<u>222,269,211</u>	<u>6,822,086</u>	<u>(66,846)</u>	<u>2,778,426</u>	<u>231,802,877</u>
Accumulated depreciation:					
Pumping stations	(25,975,707)	(1,143,264)	-	-	(27,118,971)
Transmission systems	(48,011,961)	(2,981,598)	-	-	(50,993,559)
Sewage treatment capacity rights	(17,653,301)	(912,948)	-	-	(18,566,249)
Mobile equipment	(2,887,432)	(149,586)	-	-	(3,037,018)
Other equipment	(1,392,363)	(131,955)	59,865	-	(1,464,453)
Total accumulated depreciation	<u>(95,920,764)</u>	<u>(5,319,351)</u>	<u>59,865</u>	<u>-</u>	<u>(101,180,250)</u>
Depreciable assets, net	<u>126,348,447</u>	<u>1,502,735</u>	<u>(6,981)</u>	<u>2,778,426</u>	<u>130,622,627</u>
Total capital assets, net	<u>\$ 133,402,476</u>	<u>\$ 8,480,991</u>	<u>\$ (9,245)</u>	<u>\$ -</u>	<u>\$ 141,874,222</u>

Depreciation expense for the District at June 30, 2020, was \$5,319,351.

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

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

Tax and revenue anticipation notes payable debt activity for the year ended June 30, 2020, was as follows:

TRAN for Fiscal Year	Interest Rate	Beginning Balance	Additions	Deletions	Premiums/Discount	Accrued Interest	Ending Balance
2020	4.0%	\$ 46,795,000	\$ 46,246,050	\$ (46,795,000)	\$ (1,246,050)	\$ 1,795,000	\$ 46,795,000

The TRAN outstanding at June 30, 2020 was paid on July 1, 2020.

NOTE 9 - LEASES

A. Operating Leases

The County has entered into certain operating leases as lessee. Total expenditures for these operating leases for the fiscal year ended June 30, 2020, were \$2,892,843.

As of June 30, 2020, the County has future minimum operating lease payments with a remaining term in excess of one year as follows:

Year Ending June 30,	Governmental Activities
2021	\$ 2,512,948
2022	2,346,296
2023	1,519,943
2024	1,336,405
2025	1,367,695
2026-2030	2,776,310
2031-2035	333,933
2036-2040	338,536
2041-2045	383,022
2046-2050	433,354
2051-2055	490,301
2056-2060	554,730
	<u>\$ 14,393,473</u>

B. Capital Leases

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

	Start Interest Rate	Present Value of Remaining Payments as of June 30, 2020
Government-Wide Activities		
Governmental Activities:		
Energy efficient infrastructure	3.62%	\$ 2,756,379
Sheriff CLIPS Message Switch	3.80%	416,676
Whole Body Security Scanner	7.13%	138,116
Communications Tower	7.58%	172,977
Copy machines	8.5 % -11.74%	69,471
Subtotal Governmental Activities:		<u>3,553,619</u>
Internal Service Fund Activities:		
Public Works copy machines	9.0% -11.17%	9,488
Information Services Phone System	5.25%	150,338
Risk Management copy machine	9.00%	5,995
Subtotal Internal Service Fund Activities:		<u>165,821</u>
Total government-wide capital lease obligations		<u>\$ 3,719,440</u>
Business-type Activities		
Enterprise Fund Activities:		
County Disposal Sites CSA 9C heavy equipment	3.18%	\$ 1,388,658
Total business-type capital lease obligations		<u>\$ 1,388,658</u>
Component Unit Activities		
Santa Cruz County Sanitation District copy machine	10.94%	\$ 319
Total component unit capital lease obligations		<u>\$ 319</u>

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

	Governmental Activities	Business-Type Activities	Component Unit
Equipment, computers, furniture, and vehicles	\$ 4,536,140	\$ 2,006,518	\$ 4,205
Structures and improvements	6,041,400	-	-
Total assets under capital leases	<u>10,577,540</u>	<u>2,006,518</u>	<u>4,205</u>
Less: accumulated amortization	<u>(4,201,379)</u>	<u>(17,576)</u>	<u>(3,679)</u>
Net	<u>\$ 6,376,161</u>	<u>\$ 1,988,942</u>	<u>\$ 526</u>

As of June 30, 2020, capital lease annual amortization is as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities	Component Unit
2021	\$ 930,229	\$ 199,328	\$ 328
2022	719,447	199,328	-
2023	664,064	199,328	-
2024	563,843	199,328	-
2025	449,250	199,328	-
2026-2028	<u>898,500</u>	<u>597,984</u>	<u>-</u>
Total Requirements	4,225,333	1,594,624	328
Less: Interest	<u>(505,893)</u>	<u>(205,966)</u>	<u>(9)</u>
Present Value of Remaining Payments	<u>\$ 3,719,440</u>	<u>\$ 1,388,658</u>	<u>\$ 319</u>

NOTE 10 - LONG-TERM DEBT

The following is a summary of long-term liabilities transactions for the year ended June 30, 2020:

	Balance June 30, 2019	Debt Issued or Transferred In	Debt Retired or Transferred Out	Balance June 30, 2020	Due in One Year	Due in More Than One Year
Governmental Activities Debt:						
1996 Refunding Certificates of Participation	\$ 10,765,000	\$ -	\$ (1,115,000)	\$ 9,650,000	\$ 1,180,000	\$ 8,470,000
1999 Local Agency Revenue Bonds	35,000	-	(35,000)	-	-	-
2008 Certificates of Participation	1,160,000	-	(215,000)	945,000	225,000	720,000
2008 Unamortized bond premium	30,676	-	(6,816)	23,860	6,816	17,044
Subtotal	1,190,676	-	(221,816)	968,860	231,816	737,044
2011 Certificates of Participation	4,660,000	-	(4,660,000)	-	-	-
2011 Unamortized bond discount	(3,188)	-	3,188	-	-	-
Subtotal	4,656,812	-	(4,656,812)	-	-	-
2012 Lease Revenue Refunding Bond, Series A	1,440,159	-	(71,295)	1,368,864	73,672	1,295,192
2012 Unamortized bond discount	(12,592)	-	839	(11,753)	(839)	(10,914)
Subtotal	1,427,567	-	(70,456)	1,357,111	72,833	1,284,278
2014 Refunding Certificates of Participation	4,960,000	-	(290,000)	4,670,000	300,000	4,370,000
2014 Unamortized bond premium	215,012	-	(16,539)	198,473	16,539	181,934
Subtotal	5,175,012	-	(306,539)	4,868,473	316,539	4,551,934
2014 Lease Revenue Bonds	4,350,000	-	(195,000)	4,155,000	205,000	3,950,000
2014 Unamortized bond premium	176,301	-	(11,019)	165,282	11,019	154,263
Subtotal	4,526,301	-	(206,019)	4,320,282	216,019	4,104,263
2015 Refunding Certificates of Participation	8,065,000	-	(1,480,000)	6,585,000	1,520,000	5,065,000
2015 Lease Revenue Bonds, Series B	9,040,000	-	(260,000)	8,780,000	270,000	8,510,000
2015 Unamortized bond premium	52,114	-	(2,004)	50,110	2,004	48,106
Subtotal	9,092,114	-	(262,004)	8,830,110	272,004	8,558,106
2016 Refunding Certificates of Participation	8,835,000	-	(885,000)	7,950,000	920,000	7,030,000
2016 Unamortized bond premium	808,072	-	(47,534)	760,538	47,534	713,004
Subtotal	9,643,072	-	(932,534)	8,710,538	967,534	7,743,004
2017 Lease Revenue Bonds, Series A	7,525,000	-	(415,000)	7,110,000	440,000	6,670,000
2017 Unamortized bond discount	(59,685)	-	3,730	(55,955)	(3,730)	(52,225)
Subtotal	7,465,315	-	(411,270)	7,054,045	436,270	6,617,775
2020 Lease Revenue Bonds, Series A	-	9,490,000	-	9,490,000	-	9,490,000
2020A Unamortized bond discount	-	1,025,480	-	1,025,480	33,080	992,400
Subtotal	-	10,515,480	-	10,515,480	33,080	10,482,400
2020 Lease Revenue Bonds, Series B	-	4,495,000	-	4,495,000	270,000	4,225,000
2020B Unamortized bond discount	-	(30,895)	-	(30,895)	(1,931)	(28,964)
Subtotal	-	4,464,105	-	4,464,105	268,069	4,196,036
Subtotal bonds and loans payable	62,041,869	14,979,585	(9,697,450)	67,324,004	5,514,164	61,809,840
OPEB liability	145,774,862	5,901,908	-	151,676,770	-	151,676,770
Net Pension liability	421,789,583	36,028,477	-	457,818,060	-	457,818,060
Compensated absences	23,854,865	21,397,358	(18,425,631)	26,826,592	20,720,859	6,105,733
Capital leases	3,428,802	894,471	(769,654)	3,553,619	602,761	2,950,858
Total governmental activities	\$ 656,889,981	\$ 79,201,799	\$ (28,892,735)	\$ 707,199,045	\$ 26,837,784	\$ 680,361,261

	Balance June 30, 2019	Debt Issued or Transferred In	Debt Retired or Transferred Out	Balance June 30, 2020	Due in One Year	Due in More Than One Year
Governmental Activities Debt,						
Continued:						
Internal Service Funds						
OPEB liability	\$ 19,373,222	\$ 792,101	\$ -	\$ 20,165,323	\$ -	\$ 20,165,323
Net Pension liability	52,196,692	4,163,429	-	56,360,121	-	56,360,121
Compensated absences	4,611,536	3,771,682	(3,135,748)	5,247,470	3,553,962	1,693,508
Estimated claims	48,380,360	2,306,000	(3,109,876)	47,576,484	12,625,485	34,950,999
Capital leases	668,356	6,996	(509,531)	165,821	159,310	6,511
Total Internal Service Funds	\$ 125,230,166	\$ 11,040,208	\$ (6,755,155)	\$ 129,515,219	\$ 16,338,757	\$ 113,176,462
Total Government-Wide Activities						
Compensated absences	\$ 28,466,401	\$ 25,169,040	\$ (21,561,379)	\$ 32,074,062	\$ 24,274,821	\$ 7,799,241
Estimated claims	48,380,360	2,306,000	(3,109,876)	47,576,484	12,625,485	34,950,999
Other long-term liabilities:						
Bonds and loans payable	62,041,869	14,979,585	(9,697,450)	67,324,004	5,514,164	61,809,840
Capital leases	4,097,158	901,467	(1,279,185)	3,719,440	762,071	2,957,369
Subtotal other long-term liabilities	142,985,788	43,356,092	(35,647,890)	150,693,990	43,176,541	107,517,449
OPEB liability	165,148,084	6,694,009	-	171,842,093	-	171,842,093
Net Pension liability	473,986,275	40,191,906	-	514,178,181	-	514,178,181
Total Government-Wide Activities	\$ 782,120,147	\$ 90,242,007	\$ (35,647,890)	\$ 836,714,264	\$ 43,176,541	\$ 793,537,723
Business-Type Activities						
<i>Enterprise Funds</i>						
2014 Lease Revenue Bonds	\$ 5,795,000	\$ -	\$ (260,000)	\$ 5,535,000	\$ 270,000	\$ 5,265,000
2014 Unamortized bond premium	235,310	-	(14,707)	220,603	14,707	205,896
Subtotal Bonds Payable	6,030,310	-	(274,707)	5,755,603	284,707	5,470,896
Loans from direct borrowings						
Septic Tank Maintenance						
CSA 12	27,064	-	(17,264)	9,800	9,800	-
Davenport County Sanitation District	115,903	-	(33,236)	82,667	24,408	58,259
Subtotal Loans from direct borrowings	142,967	-	(50,500)	92,467	34,208	58,259
Subtotal Bonds and Loans from direct borrowings	6,173,277	-	(325,207)	5,848,070	318,915	5,529,155
Postclosure liability						
Enterprise Fund - County Disposal CSA 9	7,500,272	506,615	-	8,006,887	-	8,006,887
Capital leases	1,544,178	-	(155,520)	1,388,658	155,169	1,233,489
OPEB liability	3,390,540	134,352	-	3,524,892	-	3,524,892
Net Pension liability	8,295,073	788,247	-	9,083,320	-	9,083,320
Total Business-Type Activities	\$ 26,903,340	\$ 1,429,214	\$ (480,727)	\$ 27,851,827	\$ 474,084	\$ 27,377,743
Component Unit - Santa Cruz County						
Sanitation District						
Loans from direct borrowings						
2020 State Water Resources Control Board Loan	\$ -	\$ 2,634,637	\$ -	\$ 2,634,637	\$ -	\$ 2,634,637
2009 State Water Resources Control Board Loan	8,680,151	-	(573,309)	8,106,842	587,642	7,519,200
IBank loan	7,000,000	-	-	7,000,000	144,025	6,855,975
Capital lease	1,513	-	(1,194)	319	319	-
Total Component Unit	\$ 15,681,664	\$ 2,634,637	\$ (574,503)	\$ 17,741,798	\$ 731,986	\$ 17,009,812

Descriptions of the long-term liabilities at June 30, 2020, are as follows:

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2020
Governmental Activities:					
Financing Authorities					
<i>Refunding Certificates of Participation</i>					
1996 Issue (financed construction of the County Emeline Avenue Health Services building and an infirmary in the County Medium Security Detention Facility)					
Collateral: Health Services Administration Building/Jail Infirmary					
Serial certificates	9/1/97-9/1/26	4.00-5.65%	\$190,000-\$1,065,000	\$ 20,955,000	\$ 5,750,000
Term bonds	3/1/21-9/1/23	5.60%	\$1,230,000-\$1,370,000	3,900,000	3,900,000
				Total 1996 Issue	<u>9,650,000</u>
2014 Issue (defeased 2001 Series B Lease Revenue Bonds and refinanced existing leases)					
Collateral: Water Street Detention Facility/Blaine Street Women's Detention Facility					
Serial certificates	8/1/14-8/1/31	3.00-5.00%	\$280,000-\$485,000	\$ 6,285,000	\$ 4,670,000
Unamortized bond premium				297,707	198,473
				Total 2014 Issue	<u>4,868,473</u>
2015 Issue (defeased 2004 Lease Revenue Bonds and refinanced existing leases)					
Collateral: Main Administrative Building and Main Courts Building					
Serial certificates	6/1/16-6/1/25	1.14-3.97%	\$185,000-\$1,520,000	\$ 8,890,000	\$ 1,705,000
Term bonds	6/1/22-6/1/24	3.68%	\$1,570,000-\$1,685,000	4,880,000	4,880,000
				Total 2015 Issue	<u>6,585,000</u>
2016 Issue (defeased certain outstanding lease obligations and prepay the outstanding 2002 Refunding Certificates of Participation, 2005 Refunding Certificates of Participation, and 2006 Certificates of Participation, to finance a variety of capital improvements, to satisfy the Reserve Requirement for the certificates and to pay the delivery costs of the certificates)					
Collateral: Water Street Detention Facility and Blaine Street Detention Facility					
Serial certificates	8/1/17-8/1/33	2.00-4.00%	\$340,000-\$920,000	\$ 8,865,000	\$ 6,315,000
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	760,538
				Total 2016 Issue	<u>8,710,538</u>
				Total Refunding Certificates of Participation	28,855,000
				Net Premiums/(Discounts)	959,011
				Total including Premiums/(Discounts)	<u>\$ 29,814,011</u>
<i>Lease Revenue Bonds</i>					
2014 Lease Revenue Bonds (financed capital improvements including financial system and additional module at County's Buena Vista sanitary landfill)					
Collateral: Behavior Health Center and Buena Vista Gatehouse					
Serial bonds	8/1/15-8/1/34	3.00-5.00%	\$170,000-\$360,000	\$ 5,065,000	\$ 4,155,000
Unamortized bond premium				220,377	165,282
				Total 2014 Issue	<u>\$ 4,320,282</u>
2015 Lease Revenue Bonds (financed capital improvements for various Santa Cruz County facilities and the Farm to Table Project)					
Collateral: Main Administrative Building and Main Courts Building					
Serial bonds	6/1/16-6/1/35	2.00-4.00%	\$180,000-\$395,000	\$ 6,115,000	\$ 4,950,000
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	50,110
				Total 2015 Issue	<u>\$ 8,830,110</u>
2017 Lease Revenue Bonds (financed acquisition and installation of photovoltaic energy systems at various County facilities and pay the cost of issuance)					
Collateral: Main Administrative Building and Main Courts Building					
Serial bonds	6/1/19-6/1/27	1.833-3.00%	\$415,000-\$470,000	\$ 4,075,000	\$ 3,245,000
Term bonds	6/1/28-6/1/31	3.38%	\$470,000-\$480,000	1,900,000	1,900,000
Term bonds	6/1/32-6/1/35	3.63%	\$485,000-\$495,000	1,965,000	1,965,000
Unamortized bond discount				(63,415)	(55,955)
				Total 2017 Issue	<u>\$ 7,054,045</u>

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2020
Governmental Activities, Continued:					
Financing Authorities, Continued					
2020 Series A Lease Revenue Bonds (financed various capital improvements and pay the cost of issuance)					
Collateral: Felton Branch Library and adjacent nature discovery park and the Simkins Family Swim Center					
Serial bonds	6/1/22-6/1/30	4.00%	\$215,000-\$290,000	\$ 2,255,000	\$ 2,255,000
Term bonds	6/1/31-6/1/35	4.00%	\$300,000-\$355,000	1,645,000	1,645,000
Term bonds	6/1/36-6/1/40	4.00%	\$370,000-\$435,000	2,005,000	2,005,000
Term bonds	6/1/41-6/1/45	4.00%	\$265,000-\$450,000	1,575,000	1,575,000
Term bonds	6/1/46-6/1/51	3.00%	\$310,000-\$360,000	2,010,000	2,010,000
Unamortized bond discount				1,025,480	1,025,480
				Total 2020 Issue	<u>10,515,480</u>
				Total Lease Revenue Bonds	29,535,000
				Net Premiums/(Discounts)	1,184,917
				Total including Premiums/(Discounts)	<u>\$ 30,719,917</u>
<i>Lease Revenue Refunding Bonds</i>					
2012 Series A (refinanced construction and equipment costs for the Santa Cruz County Consolidated Emergency Communications Center)					
Collateral: Santa Cruz County Regional 911 Center					
Serial bonds	6/15/13-6/15/30	2.00-5.00%	\$115,000-\$225,000	\$ 1,402,135	\$ 886,434
Term Bonds	6/15/31-6/15/34	5.00%		482,430	482,430
Unamortized bond discount				(18,465)	(11,753)
				Total 2012 Issue	<u>\$ 1,357,111</u>
2020 Series B (refinanced the 2011 Certificates of Participation and pay the cost of issuance)					
Collateral: Felton Branch Library and adjacent nature discovery park and the Simpkins Family Swim Center					
Serial bonds	6/1/21-6/1/25	1.22-2.04%	\$270,000-\$255,000	\$ 1,255,000	\$ 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)	(30,895)
				Total 2020 Issue	<u>\$ 4,464,105</u>
				Total Lease Revenue Refunding Bonds	5,863,864
				Net Premiums/(Discounts)	(42,648)
				Total including Premiums/(Discounts)	<u>\$ 5,821,216</u>
<i>Certificates of Participation</i>					
2008 Series Issue (finance purchase of computer software systems for various County departments)					
Collateral: Water Street Detention Facility/Routree Lane Detention Facility					
Serial certificates	8/1/09-8/1/23	3.00-4.30%	\$215,000-\$405,000	\$ 4,625,000	\$ 945,000
Unamortized bond premium				102,244	23,860
				Total 2008 Issue	<u>\$ 968,860</u>
				Total Certificates of Participation	945,000
				Net Premiums/(Discounts)	23,860
				Total including Premiums/(Discounts)	<u>\$ 968,860</u>

NOTES TO BASIC FINANCIAL STATEMENTS

The County Of Santa Cruz

Year ended June 30, 2020

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2020
Governmental Activities, Continued:					
<i>Capital leases</i>					
Energy efficient infrastructure	2008-2027	3.62%	\$135,989-\$220,635	\$ 5,989,594	\$ 2,756,379
Sheriff CLIPS Message Switch	2019-2024	3.80%	\$94,813-\$110,067	690,592	416,676
Whole Body Security Scanner	2020-2023	7.13	\$21,160-\$60,555	174,582	138,116
Copy Machines	2016-2024	8.50-11.74%	\$6,388-\$77,496	325,522	84,954
Phone System	2014-2021	5.25%	\$150,338-\$529,301	2,929,280	150,338
Communications tower	2018-2023	7.58%	\$49,736-\$198,755	609,202	172,977
Total Governmental Activities					\$ 71,043,444
Business-Type Activities:					
<i>Lease Revenue Bonds</i>					
Enterprise Fund - County Disposal Site CSA 9C					
2014 Lease Revenue Bonds (financed capital improvements including financial system and additional module at County's Buena Vista sanitary landfill)					
Collateral: Behavior Health Center and Buena Vista Gatehouse					
Serial bonds	8/1/15-8/1/34	3.00-5.00%	\$225,000-\$480,000	\$ 6,745,000	\$ 5,535,000
Unamortized bond premium				294,138	220,603
Total 2014 Issue					\$ 5,755,603
<i>Loans from direct borrowings</i>					
Enterprise Fund - Davenport County Sanitation District					
California State Department of Water Resources (upgrade existing water facilities)					
	1/1/88-1/1/22	2.50%	\$4,550-\$10,575	250,000	\$ 20,825
California Technology, Trade & Commerce Agency (fund sanitation system improvements)					
	2/28/95-7/1/24	2.75%	\$3,550-\$4,817	310,691	61,842
California State Water Resources Control Board - revolving loan (fund sewer reconstruction project)					
	5/31/01-5/31/20	2.60%	\$5,940-\$9,429	151,547	-
Enterprise Fund - Septic Tank Maintenance CSA 12					
California State Water Resources Control Board					
	4/23/10-4/23/29	2.60%	\$10,753-\$17,512	277,467	9,800
Subtotal Loans from direct borrowings					\$ 92,467
Total Lease Revenue Bonds and Loans from direct borrowings					\$ 5,627,467
Net Premiums/(Discounts)					220,603
Total including Premiums/(Discounts)					\$ 5,848,070
<i>Capital leases</i>					
Copy Machine Lease	3/7/16-12/7/19	11.17%	\$526-\$1,424	\$ 5,140	-
Equipment Lease	2019-2028	3.18%	\$154,747-\$193,185	1,543,405	1,388,658
Landfill postclosure					8,006,887
Total Business-Type Activities					\$ 15,243,615
Component Unit - Santa Cruz County Sanitation District (SCCSD)					
<i>Loans from direct borrowings</i>					
2020 State Water Resources Control Board Loan					
(Soquel Pump Station Force Main Replacement Project)					
	2020-2049	1.80%	\$125,744-\$213,286	\$ 2,634,637	\$ 2,634,637
2009 State Water Resources Control Board Loan					
(Aptos Transmission Main Relocation Project)					
	2013-2032	2.50%	\$630,445-\$959,296	\$ 11,981,910	\$ 8,106,842
IBank Loan					
(replace old and deteriorated sewer lines)					
	2019-2048	3.46%	\$144,025-\$1,745,807	7,000,000	7,000,000
	10/22/16-				
Copy Machine Lease	7/22/20	10.94%	\$657-\$1,194	4,205	319
Total Component Unit					\$ 17,741,798

A. Governmental Activities

Compensated absences and net pension/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, 2020, annual debt service requirements of governmental activities to maturity are as follows:

Financing Authorities

Year Ending June 30,	Refunding Certificates of Participation		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 3,920,000	\$ 1,205,478	\$ 915,000	\$ 1,074,989
2022	3,450,000	1,057,043	1,170,000	1,050,701
2023	3,605,000	902,077	1,190,000	1,011,656
2024	3,755,000	740,067	1,220,000	971,388
2025	2,355,000	570,453	1,245,000	931,838
2026-2030	7,240,000	1,436,683	6,770,000	3,948,019
2031-2035	3,420,000	436,984	7,605,000	2,639,604
2036-2040	1,110,000	33,600	4,175,000	1,463,100
2041-2045	-	-	3,235,000	683,900
2046-2050	-	-	1,650,000	205,500
2051-2055	-	-	360,000	10,800
Total	\$ 28,855,000	\$ 6,382,385	\$ 29,535,000	\$ 13,991,495

Year Ending June 30,	Lease Revenue Refunding Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2021	\$ 343,672	\$ 173,859	\$ 225,000	\$ 34,650
2022	316,048	168,918	230,000	25,550
2023	323,425	162,627	240,000	15,850
2024	328,178	155,401	250,000	5,375
2025	340,554	147,467	-	-
2026-2030	1,844,559	581,637	-	-
2031-2035	2,032,428	254,357	-	-
2036-2040	335,000	10,050	-	-
Total	\$ 5,863,864	\$ 1,654,316	\$ 945,000	\$ 81,425

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

Defeasance of Bonds

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

As a result, the 2011 Certificates are considered to be defeased and the liability for those have been removed from the long-term debt account.

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

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

B. Business-Type Activities

Net pension/OPEB liabilities attributable to business-type activities will generally be liquidated by the County Disposal Sites CSA 9C fund.

At June 30, 2020, 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
2021	\$ 270,000	\$ 224,000	\$ 34,208	\$ 2,285
2022	285,000	211,475	25,055	1,477
2023	295,000	196,975	14,917	811
2024	310,000	184,950	15,330	398
2025	320,000	175,500	2,957	40
2026-2030	1,825,000	643,313	-	-
2031-2035	2,230,000	230,000	-	-
Total	\$ 5,535,000	\$ 1,866,213	\$ 92,467	\$ 5,011

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

C. Component Unit

At June 30, 2020, annual debt service requirements of the District to maturity are as follows:

Year Ending June 30,	Loans from Direct Borrowings	
	Principal	Interest
2021	\$ 731,667	\$ 442,379
2022	816,675	470,073
2023	839,808	448,563
2024	861,806	426,474
2025	884,395	403,788
2026-2030	4,782,744	1,656,623
2031-2035	3,015,692	1,049,804
2036-2040	1,731,530	749,861
2041-2045	2,011,459	465,810
2046-2050	1,953,227	139,612
2051-2055	112,476	2,025
Total	\$ 17,741,479	\$ 6,255,012

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, 2020, the District had a balance of \$8,106,842 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, 2020, the District had a balance of \$7,000,000 in loan distributions pursuant to this IBank Loan Agreement.

State Water Resources Control Board Loan 2020

During 2020, the District entered into a Construction Installment Sale Agreement (Agreement) with the State Water Resources Control Board (SWRCB) to finance the Soquel Pump Station Force Main Replacement Project. Under this Agreement, the SWRCB has agreed to loan the District a total of \$5,000,000. As of June 30, 2020, the District has received a total of \$2,634,637 in loan disbursements pursuant to this Agreement. Pursuant to the Agreement, the interest rate is 1.8% and the District is scheduled to begin making payments to repay the loan in the 2021/2022 fiscal year.

D. **Legal Debt Limit**

The County's legal annual debt service limit as of June 30, 2020, is \$2,492,688,550. The County's legal debt service limit is 5% of the total full cash valuation of all real and personal property within the County.

E. **Arbitrage**

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

NOTE 11 - PLEDGE OF FUTURE REVENUES

2020 Lease Revenue Bonds

The 2020 Series A Lease Revenue Bonds and the 2020 Series B Taxable Lease Revenue Refunding Bonds, collectively referred to herein as "2020 Bonds" are payable from the revenues pledged under an Indenture of Trust dated June 1, 2020. The County is required to make the Lease Payments from legally available funds. The County had made a covenant in the Lease Agreement to take all actions required to include all Lease Payments in its annual budgets during the term of the lease and to make the necessary annual appropriations for all such Lease Payments and Additional Rental Payments subject to complete or partial abatement of such Lease Payments resulting from a taking of the Leased Property (either in whole or in part) under the powers of eminent domain or resulting from title defect or damage or destruction of all or any portion of the Leased Property. Annual principal and interest payments on the 2020 Bonds continue through 2051. At June 30, 2020, total principal and interest remaining to be paid on the 2020 Bonds is \$21,139,288.

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, 2020, total principal and interest remaining to be paid on the bonds is \$20,617,772 for the 2015 bonds and \$9,041,641 for the 2017 bonds.

2014 Lease Revenue Bonds

The bonds are payable from and secured by a pledge of revenues and certain funds and accounts established and held by the Trustee under the Indenture. Revenues, as defined in the Indenture, means (i) all lease payments and other amounts paid, or caused to be paid, by the County, and received by the Financing Authority pursuant to

the Lease Agreement (but not additional payments), and (ii) all interest or other income from any investment of any money in any fund or account established pursuant to the Indenture (other than the Rebate Fund) to repay \$11,810,000 (\$5,065,000 financial management system software and \$6,745,000 County's Buena Vista Sanitary Landfill) in lease revenue bonds issued during April 2014. Proceeds from the bonds provided funds to finance capital improvements, including the County's new financial management system software and an additional module at the County's Buena Vista Sanitary Landfill, to fund capitalized interest for a portion of the bonds, to satisfy the Reserve Requirement for the bonds and to pay the costs of issuance of the bonds. Annual principal and interest payments on the bonds continue through 2034. Total principal for the current year was \$455,000 (\$195,000 from governmental activities and \$260,000 from business-type activities). Total interest paid for the current year was \$410,638 (\$176,038 from governmental activities and \$234,600 from business type activities). At June 30, 2020, total principal and interest remaining to be paid on the bonds is \$12,957,431 (\$5,556,218 from governmental activities and \$7,401,213 from business type activities).

2012A Lease Revenue Refunding Bonds

The revenues of the Santa Cruz Regional 911 (Regional 911) were pledged to repay \$3,965,000 in lease revenue refunding bonds issued in May 2012. The bonds were refunded on May 15, 2012. The Regional 911 was formed in a Joint Powers Authority Agreement with the cities of Santa Cruz, Watsonville, and Capitola and the County of Santa Cruz. Proceeds from the bonds provided funds to refinance an existing lease and to fund equipment purchases. The bonds were payable from use payments paid to the Regional 911 by the different governmental agencies. Annual principal and interest payments on the bonds continue through 2034 and are expected to require less than 12 percent of revenues. The total principal and interest remaining to be paid on the bonds is \$4,003,569. Pursuant to the Joint Powers Authority Agreement, the County is responsible for 47.53% of the total liability, or \$1,902,896. Total principal and interest paid for the current year and total customer revenues were \$285,463 and \$8,175,712, respectively. The County paid \$135,680 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, 2020, a liability for closure and postclosure maintenance in the amount of \$8,006,887 is reflected in the County Disposal Sites CSA 9C Enterprise Fund based upon landfill capacity used to date. As of June 30, 2020, Ben Lomond Landfill was filled to 100% capacity, and the County estimates that the Buena Vista Landfill is filled to 74.38% of capacity with an estimated remaining useful life of 10 years. The Ben Lomond Landfill was closed during 1989 and the closure costs have been fully paid. The County will recognize the remaining estimated cost of closure and postclosure maintenance of the Buena Vista Landfill of \$2,674,776 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2020. 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, 2020, cash of \$8,006,887 is held for this purpose, reported as restricted assets on the Statement of Net Position. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users.

Postclosure maintenance for both the Buena Vista and closed Ben Lomond Landfills are provided for through a "Pledge of Revenue." The Board adopted resolutions pledging future County Disposal Sites CSA 9C Fund's

revenues annually through the prescribed postclosure maintenance period. An initial postclosure cost was estimated at the time of adoption of the Pledge of Revenue resolutions and is adjusted for inflation on an annual basis.

NOTE 13 - DEFICIT NET POSITION AND FUND BALANCES

Individual proprietary fund deficit net position at June 30, 2020, were as follows:

Enterprise Funds:	
Trestle Beach	\$4,425
Internal Service Funds:	
Central Duplicating	\$259,147
Information Services	\$8,150,603
Public Works	\$41,361,067
Risk Management	\$1,766,017
Liability and Property Insurance	\$5,828,633
Workers' Compensation Insurance	\$14,763,122
Employee Benefit Staffing	\$656,169

Major repairs on the wastewater treatment plant were the primary cause of an increase in expenditures of approximately 76% at Trestle Beach resulting in a deficit net position of \$4,425.

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

The Liability and Property Insurance and Workers' Compensation Insurance Funds had deficit net positions of \$5,828,633 and \$14,763,122, respectively. The deficits are related to losses payable for claims and the inclusion of estimates for IBNR claims. Management anticipates that the County will have sufficient funds to pay annual requirements. These funds will normally show up as deficits since the County is set up on a pay-as-you go program.

NOTE 14 - PENSION PLANS

A. General Information about the Pension Plans

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

CalPERS GASB Statement No. 68 Accounting Valuation Report differs from the amounts recognized by the County due to Plan participants that are not part of the County. The amounts have been reduced based on payments within the Measurement Period of July 1, 2018 to June 30, 2019.

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

The provisions and benefits of the Plans in effect at June 30, 2020, are summarized as follows:

	Miscellaneous		
	Prior to December 17, 2012	December 17, 2012 to December 31, 2012 or reciprocal *	On or after January 1, 2013
Hire Date			
Benefit Formula	2% at 55	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years
Earliest Retirement Age	50	50	52
Maximum Benefit Factor	2.418% at 63	2.418% at 63	2.5% at 67
Final Compensation	12 Months	36 Months	36 Months
Required Employee Contribution Rates	7.0%	7.0%	7.0%
Required Employer Contribution Rates	23.9%	23.9%	23.9%

	Safety		
	Prior to June 9, 2012	June 9, 2012 to December 31, 2012 or reciprocal *	On or after January 1, 2013
Hire Date			
Benefit Formula	2% at 50	2% at 50	2.7% at 57
Benefit Vesting Schedule	5 Years	5 Years	5 Years
Earliest Retirement Age	50	50	50
Maximum Benefit Factor	2.7% at 55	2.7% at 55	2.7% at 57
Final Compensation	12 Months	36 Months	36 Months
Required Employee Contribution Rates	9.0%	9.0%	12.0%
Required Employer Contribution Rates	34.7%	34.7%	34.7%

	Safety Sheriff		
	Prior to June 9, 2012	June 9, 2012 to December 31, 2012 or reciprocal *	On or after January 1, 2013
Hire Date			
Benefit Formula	3% at 50	3% at 55	2.7% at 57
Benefit Vesting Schedule	5 Years	5 Years	5 Years
Earliest Retirement Age	50	50	50
Maximum Benefit Factor	3% at 55	3% at 55	2.7% at 57
Final Compensation	12 Months	36 Months	36 Months
Required Employee Contribution Rates	9.0%	9.0%	12.0%
Required Employer Contribution Rates	47.1%	47.1%	47.1%

* 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, 2020, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety	Safety Sheriff
Inactive Employees or Beneficiaries Currently Receiving Benefits	2,862	300	107
Inactive Employees Entitled to but not yet Receiving Benefits	1,664	268	113
Active Employees	2,041	223	152
Total	<u>6,567</u>	<u>791</u>	<u>372</u>

B. **Net Pension Liability**

The County’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, 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, 2018 valuation was rolled forward to determine the June 30, 2019 total pension liability, based on the following actuarial methods and assumptions:

	Miscellaneous	Safety	Safety Sheriff
Valuation Date	June 30, 2018	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:			
Discount Rate	7.15%	7.15%	7.15%
Inflation	2.50%	2.50%	2.50%
Payroll Growth	2.75%	2.75%	2.75%
Projected Salary Increase	Varies ⁽¹⁾	Varies ⁽¹⁾	Varies ⁽¹⁾
Mortality Rate Table	Developed using CalPERS’ membership data for all Funds ⁽²⁾		
Post Retirement Benefit Increase	The lesser of contract Cost of Living Adjustment (COLA) or 2.50% until Purchasing Power Protection Allowance Floor on Purchsing Power applies, 2.50% thereafter		

⁽¹⁾ Depending on Entry age and service

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

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

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

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

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

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

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

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

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

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

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

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, 2018	\$ 1,210,075,696	\$ 856,215,849	\$ 353,859,847
Changes in the year:			
Service Cost	24,139,995	-	24,139,995
Interest on the Total Pension Liability	87,980,867	-	87,980,867
Differences between Expected and Actual Experience	21,647,964	-	21,647,964
Contribution - Employer	-	34,309,935	(34,309,935)
Contribution - Employee	-	10,979,359	(10,979,359)
Net Investment Income	-	56,536,290	(56,536,290)
Benefit Payments, Including Refunds of Employee Contributions	(62,255,277)	(62,255,277)	-
Administrative Expenses	-	(621,076)	621,076
Other Miscellaneous Income (Expense)	-	2,017	(2,017)
Net Changes	71,513,549	38,951,248	32,562,301
Balance at June 30, 2019	\$ 1,281,589,245	\$ 895,167,097	\$ 386,422,148

Safety Plan

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$ 198,169,685	\$ 136,188,212	\$ 61,981,473
Changes in the year:			
Service Cost	4,558,119	-	4,558,119
Interest on the Total Pension Liability	13,872,701	-	13,872,701
Differences between Expected and Actual Experience	1,607,319	-	1,607,319
Contribution - Employer	-	5,787,644	(5,787,644)
Contribution - Employee	-	1,839,392	(1,839,392)
Net Investment Income	-	8,840,214	(8,840,214)
Benefit Payments, Including Refunds of Employee Contributions	(9,257,666)	(9,257,666)	-
Administrative Expenses	-	(96,965)	96,965
Other Miscellaneous Income (Expense)	-	315	(315)
Net Changes	10,780,473	7,112,934	3,667,539
Balance at June 30, 2019	\$ 208,950,158	\$ 143,301,146	\$ 65,649,012

Safety Sheriff Plan

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$ 180,639,383	\$ 114,199,355	\$ 66,440,028
Changes in the year:			
Service Cost	4,665,792	-	4,665,792
Interest on the Total Pension Liability	13,603,359	-	13,603,359
Differences between Expected and Actual Experience	2,640,793	-	2,640,793
Contribution - Employer	-	6,884,641	(6,884,641)
Contribution - Employee	-	1,614,412	(1,614,412)
Net Investment Income	-	7,744,718	(7,744,718)
Benefit Payments, Including Refunds of Employee Contributions	(7,914,704)	(7,914,704)	-
Administrative Expenses	-	(84,414)	84,414
Other Miscellaneous Income (Expense)	-	274	(274)
Net Changes	12,995,240	8,244,927	4,750,313
Balance at June 30, 2019	\$ 193,634,623	\$ 122,444,282	\$ 71,190,341

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

	Miscellaneous	Safety	Safety Sheriff
1% Decrease Net Pension Liability	\$ 547,628,581	\$ 95,853,998	\$ 98,545,445
Current Discount Rate Net Pension Liability	\$ 386,422,148	\$ 65,649,012	\$ 71,190,341
1% Increase Net Pension Liability	\$ 251,860,970	\$ 40,898,379	\$ 48,855,322

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 Comprehensive Annual Financial Report closing and final reconciled reserves.

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

For the year ended June 30, 2020, the County recognized a pension expense of \$107,705,597 as follows:

Miscellaneous	Safety	Safety Sheriff	TOTAL
\$81,748,755	\$12,888,712	\$13,068,130	\$107,705,597

At June 30, 2020, 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	\$ 38,999,758	\$ -
Changes in Assumptions	2,002,950	2,756,341
Differences between Actual and Expected Experience	18,512,535	-
Net Differences between Projected and Actual Earnings on Plan Investments	-	3,464,826
Total	\$ 59,515,243	\$ 6,221,167
	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 6,670,471	\$ -
Changes in Assumptions	2,239,141	467,636
Differences between Actual and Expected Experience	2,981,705	35,900
Net Differences between Projected and Actual Earnings on Plan Investments	-	484,134
Total	\$ 11,891,317	\$ 987,670
	Safety Sheriff	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 7,753,959	\$ -
Changes in Assumptions	4,043,218	364,901
Differences between Actual and Expected Experience	4,212,271	-
Net Differences between Projected and Actual Earnings on Plan Investments	-	434,043
Total	\$ 16,009,448	\$ 798,944
	TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 53,424,188	\$ 0
Changes in Assumptions	8,285,309	3,588,878
Differences between Actual and Expected Experience	25,706,511	35,900
Net Differences between Projected and Actual Earnings on Plan Investments	-	4,383,003
Total	\$ 87,416,008	\$ 8,007,781

\$53,424,188 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Details for each of the Plan follow:

Miscellaneous		Safety		Safety Sheriff		TOTAL
\$	38,999,758	\$	6,670,471	\$	7,753,959	\$ 53,424,188

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

Year Ended June 30	Miscellaneous Deferred Outflows (Inflows) of Resources	Safety Deferred Outflows (Inflows) of Resources	Safety Sheriff Deferred Outflows (Inflows) of Resources	TOTAL Deferred Outflows (Inflows) of Resources
2021	\$ 13,921,020	\$ 4,046,301	\$ 3,879,484	\$ 21,846,805
2022	(117,812)	(57,366)	2,117,608	1,942,430
2023	(493,566)	86,188	790,331	382,953
2024	984,676	158,053	669,122	1,811,851
Total	\$ 14,294,318	\$ 4,233,176	\$ 7,456,545	\$ 25,984,039

C. **Payable to the Pension Plans**

At June 30, 2020, there was no outstanding amount of contributions payable to the Plans required for the year ended June 30, 2020.

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

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

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

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

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

	<u>Total</u>
Active employees	2,255
Inactive employees or beneficiaries currently receiving benefit payments	1,340
Inactive employees entitled but not yet receiving benefit payments	359
Total	<u>3,954</u>

Contributions. The contribution requirements for the County are established by a Memorandum of Understanding as negotiated by each group or bargaining unit. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2020, the County contributed \$7,526,724 to the OPEB Plan, \$1,588,402 of which is an implicit subsidy.

B. Total OPEB Liability

The County’s total OPEB liability of \$175,366,985 was measured as of June 30, 2019, the valuation date.

Actuarial Assumptions and other inputs. Actuarial valuations are done every two years. The Total OPEB liability in the June 30, 2019 actuarial valuation report was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Funding Policy	Pay-as-you-go
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Amortization Period	16 years for discount sensitivity rate analysis
Actuarial Assumptions:	
Discount Rate	3.13% - No pre-funding
Inflation	2.75% per annum
Payroll Increases	Aggregate Increase -3.00%; Merit Increase - CalPERS 1997-2015 Experience Study
Mortality, Termination, Disability and Retirement	CalPERS 1997-2015 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2019
Medical Trend	Non-Medicare - 7.5% for 2021, decreasing to 4.0% in 2076; Medicare - 6.3% for 2021, decreasing to 4.0% in 2076
PEMHCA* Minimum Increase Rate	4.25% annually

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

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

There was no experience study performed for the OPEB Plan. The actuarial assumptions used in the June 30, 2019 valuation were based on CalPERS experience studies, since covered employees are also in CalPERS plans. Mortality Improvement is the most recent Society of Actuaries table. Inflation is based on actuary’s estimate for the OPEB Plan’s very long-time horizon. Short-term healthcare trend was developed in consultation by actuary with Axene Health Partners’ healthcare actuaries. Long-term healthcare trend was developed using Society of Actuaries’ Getzen Model of Long-Run Medical Cost Trends.

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

	Total OPEB Liability
Balance at June 30, 2018	\$ 168,538,624
Changes for the year:	
Service Cost	7,853,538
Interest	6,258,826
Differences between Actual and Expected Experience	(8,605,453)
Changes in Assumptions	8,314,270
Benefit Payments	(6,992,820)
Net Changes	6,828,361
Balance at June 30, 2019	\$ 175,366,985

Change of Assumptions – In 2019, the accounting discount rate decreased from 3.62 percent to 3.13 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 (2.13 percent) or one percentage point higher (4.13 percent) than the current rate:

Total OPEB Liability		
2.13%	3.13%	4.13%
(1% Decrease)	(Current Discount Rate)	(1% Increase)
\$ 199,720,495	\$175,366,985	\$ 155,457,666

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)
\$ 162,749,551	\$175,366,985	\$ 195,210,283

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$11,841,972. At June 30, 2020, 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	\$ 7,526,724	\$ -
Differences between expected and actual experience		7,339,945
Changes in Assumptions or other inputs	7,091,582	8,732,251
Total	<u>\$ 14,618,306</u>	<u>\$ 16,072,196</u>

\$7,526,724 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability in the year ended June 30, 2021.

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
2021	\$ (2,291,581)
2022	(2,291,581)
2023	(2,291,581)
2024	(1,878,581)
2025	(193,032)
Thereafter	(34,258)
Total	<u>\$ (8,980,614)</u>

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, 2020, the deferred compensation plan's assets of \$205,184,106 are not recorded in the County's financial statements as they are deposited with a third party administrator independent of the County.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

A. **Contracts**

As of June 30, 2020, the County has construction contract commitments in the Department of Public Works (all funds types) and in Special Revenue and Capital Projects Funds in the amount of \$40,521,743 and \$4,281,393, respectively.

B. **Litigation**

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

C. **Federal and State Grants**

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

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

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

NOTE 18 - RISK MANAGEMENT

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

Amounts in excess of these limits are self-insured. None of the insurance settlements over the past three years has exceeded the amount of insurance coverage. As of June 30, 2020, 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, 2020, and two prior years for all Self-Insurance Internal Service Funds combined is as follows:

	2020	2019	2018
Unpaid claims and claim adjustment expenses, beginning of the fiscal year	\$ 48,380,360	\$ 36,757,128	\$ 36,757,128
Incurred claims and claim adjustment expenses	7,188,472	16,022,236	10,380,265
Increase (decrease) in provision of insured events for prior years	(803,876)	9,373,232	-
Claim payments	(7,188,472)	(13,772,236)	(10,380,265)
Unpaid claims and claim adjustment expenses, end of the fiscal year	<u>\$ 47,576,484</u>	<u>\$ 48,380,360</u>	<u>\$ 36,757,128</u>

At June 30, 2020, the Self-Insurance Funds held a total of \$25,944,195 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, 2020, the estimated future liabilities were \$34,844,999. 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, 2020, the County had an estimated future liability of \$326,810 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, 2020, the County had estimated future liabilities totaling \$12,373,000 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, 2020, estimated future liabilities were \$31,675.

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, 2020, is as follows:

	<u>General Fund</u>	<u>Off Highway, Road and Transportation Fund</u>	<u>Housing Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Inventory, prepaids and impest cash	\$ 1,419,750	\$ -	\$ -	\$ -	\$ -	\$ 1,419,750
Advances and loans	127,495	-	-	-	-	127,495
Total nonspendable fund balance	<u>1,547,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,547,245</u>
Restricted for:						
Purpose of fund	-	4,668,690	73,222,898	-	24,368,546	102,260,134
Debt service	-	-	-	-	2,197,304	2,197,304
Capital asset acquisition	-	-	-	10,390,070	15,733,493	26,123,563
Total restricted fund balance	<u>-</u>	<u>4,668,690</u>	<u>73,222,898</u>	<u>10,390,070</u>	<u>42,299,343</u>	<u>130,581,001</u>
Committed to:						
Natural Disasters	800,000	-	-	-	-	800,000
Working Capital	6,000,000	-	-	-	-	6,000,000
Economic Uncertainty	10,000,000	-	-	-	-	10,000,000
MHSA Prudent Reserve	2,955,898	-	-	-	-	2,955,898
Total committed fund balance	<u>19,755,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,755,898</u>
Assigned to:						
Federally qualified health program	12,768,801	-	-	-	-	12,768,801
Budgeted Structural Deficit	5,642,125	-	-	-	-	5,642,125
Eliminate projected budgetary deficit in subsequent year's budget	12,108,263	-	-	-	-	12,108,263
Unanticipated liabilities	2,000,000	-	-	-	-	2,000,000
Human services programs	2,696,508	-	-	-	-	2,696,508
Salary Savings	1,174,177	-	-	-	-	1,174,177
Total assigned fund balance	<u>36,389,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,389,874</u>
Total fund balances	<u>\$ 57,693,017</u>	<u>\$ 4,668,690</u>	<u>\$ 73,222,898</u>	<u>\$ 10,390,070</u>	<u>\$ 42,299,343</u>	<u>\$ 188,274,018</u>

NOTE 20 - SUBSEQUENT EVENTS

On July 1, 2020, the County paid the principal and interest of the 2019-2020 Tax and Revenue Anticipation Notes in the total amount of \$46,795,000. On September 30, 2020, the County issued the 2020-2021 Tax and Revenue Anticipation Notes in the amount of \$46,500,000. The 2020-2021 Tax and Revenue Anticipation Notes bear interest at the rate of 3.0% and mature on July 9, 2021. The County issues tax and revenue anticipation notes annually to meet current expenses, capital expenditures, and other obligations or indebtedness until sufficient taxes or revenues are collected to fund the County's operations.

On July 15, 2020, the County executed and delivered a Certificate of Participation ("Certificate") which was purchased by the U.S. Department of Agriculture ("USDA"). The Certificate is payable over 40 years from semiannual installment payments ("Installment Payments") through July 1, 2060, payable from Net Revenues of the County's Freedom County Sanitation District ("Enterprise") pursuant to an Installment Agreement ("Installment Agreement") with the Santa Cruz County Capital Financing Authority (Authority). Pursuant to an Assignment Agreement, the Authority assigned its rights in the Installment Agreement, including the right to receive Installment Payments from the Enterprise to the USDA. The Installment Agreement was delivered in the principal amount \$4,497,000 at an interest rate of 1.125%. The proceeds will finance the design, construction, and other costs associated with the Freedom Sewer Rehabilitation project which will remove and replace old failing sewer collection system and install new sewer collection pipes and manholes. Payments are to be made from Net Revenues of the Enterprise and are not payable from the general fund of the County.

On August 16, 2020, wildfires sparked by a lightning storm in the County known as the CZU Lightning Complex Fires began. The wildfires destroyed structures and threatened numerous residences and acres, resulting in the evacuations and displacement of residents, road closures and damage to property and utility systems. On August 19, 2020, the County Administrative Officer, acting as the Director of Emergency Services, proclaimed a local emergency related to these wildfires. The scope of the disaster caused by the Fires, including the destruction of more than 900 homes, and the evacuation of thousands of people, caused the Governor to proclaim a State of Emergency and declare the County eligible for a Fire Management Assistance Grant and other relief programs. Further, the President of the United States declared the existence of a major disaster in the State of California and ordered Federal aid to supplement State and local recovery efforts in the areas affected by wildfires, including those in Santa Cruz County. The CZU Lightning Complex fire was fully contained in September 2020. The value of resulting loss to county property has not yet been determined at the time of issuance of the County's financial statements.

NOTE 21 – TAX ABATEMENTS

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

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

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

Properties under contract will often be eligible for a reduced land value assessment. The Assessor's office values the parcels under contract annually using the lowest of three value calculations: the Proposition 13 value, the Fair 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, 2020, the Agricultural Preserve Program tax abatements were \$349,139.

Required Supplementary Information

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020

BUDGETARY PRINCIPLES

General Budget Policies

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

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

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

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

Encumbrances

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

**BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 69,826,486	\$ 69,826,486	\$ 69,826,486	\$ -
RESOURCES (INFLOWS)				
Taxes	140,320,972	140,320,972	135,762,874	(4,558,098)
Licenses and permits	14,314,171	14,324,171	12,797,928	(1,526,243)
Fines, forfeits and penalties	9,199,966	9,434,966	8,709,559	(725,407)
Use of money and property	5,238,447	5,238,447	4,378,270	(860,177)
Aid from other governments	265,549,828	281,348,832	275,261,391	(6,087,441)
Charges for services	82,118,935	79,346,346	64,622,109	(14,724,237)
Other	22,914,588	30,758,651	25,693,433	(5,065,218)
Inception of capital lease	15,196	909,669	894,471	(15,198)
Transfers in	27,603,834	27,609,014	2,325,367	(25,283,647)
Amount Available for Appropriation	567,275,937	589,291,068	530,445,402	(58,845,666)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General Government:				
Board of Supervisors				
Salaries and employee benefits	2,913,563	2,913,563	2,830,036	83,527
Services and supplies	175,202	165,328	136,547	28,781
Intrafund transfers	(72,566)	(72,566)	-	(72,566)
Total	3,016,199	3,006,325	2,966,583	39,742
Administrative Office				
Salaries and employee benefits	5,451,338	5,806,779	5,465,323	341,456
Services and supplies	8,505,837	11,362,231	7,328,356	4,033,875
Other charges	57,779	57,779	15,821	41,958
Intrafund transfers	(981,432)	797,472	(56,531)	854,003
Total	13,033,522	18,024,261	12,752,969	5,271,292
Auditor-Controller-Treasurer-Tax Collector				
Salaries and employee benefits	5,617,813	5,617,813	5,387,486	230,327
Services and supplies	2,360,710	1,896,676	1,801,923	94,753
Capital assets	135,349	140,529	51,846	88,683
Intrafund transfers	(2,395,190)	(2,395,190)	(2,239,153)	(156,037)
Total	5,718,682	5,259,828	5,002,102	257,726

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
General Government, Continued:				
Assessor				
Salaries and employee benefits	3,078,835	3,078,835	2,941,607	137,228
Services and supplies	774,228	566,541	496,000	70,541
Other charges	258,420	258,420	224,517	33,903
Intrafund transfers	(81,891)	(81,891)	(81,891)	-
Total	<u>4,029,592</u>	<u>3,821,905</u>	<u>3,580,233</u>	<u>241,672</u>
Purchasing				
Salaries and employee benefits	249,721	249,721	266,205	(16,484)
Services and supplies	150,948	147,993	97,769	50,224
Intrafund transfers	(93,247)	(93,247)	(81,145)	(12,102)
Total	<u>307,422</u>	<u>304,467</u>	<u>282,829</u>	<u>21,638</u>
County Counsel				
Salaries and employee benefits	4,161,369	4,160,982	4,032,437	128,545
Services and supplies	217,953	214,662	198,915	15,747
Intrafund transfers	(1,895,586)	(1,895,586)	(1,844,646)	(50,940)
Total	<u>2,483,736</u>	<u>2,480,058</u>	<u>2,386,706</u>	<u>93,352</u>
Personnel				
Salaries and employee benefits	3,909,172	3,908,704	3,749,186	159,518
Services and supplies	2,657,777	2,491,130	2,358,838	132,292
Intrafund transfers	(1,356,078)	(1,356,078)	(1,337,422)	(18,656)
Total	<u>5,210,871</u>	<u>5,043,756</u>	<u>4,770,602</u>	<u>273,154</u>
County Clerk/Elections				
Salaries and employee benefits	2,345,756	2,345,756	2,299,907	45,849
Services and supplies	1,509,404	1,814,599	1,710,749	103,850
Total	<u>3,855,160</u>	<u>4,160,355</u>	<u>4,010,656</u>	<u>149,699</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
General Government, Continued:				
Communications				
Salaries and employee benefits	\$ 955,050	\$ 924,050	\$ 786,575	\$ 137,475
Services and supplies		2,537,072	2,279,881	257,191
Other charges	2,360,051	490,577	490,577	-
Capital assets	20,000	51,000	28,380	22,620
Intrafund transfers	(1,105,027)	(1,485,027)	(966,293)	(518,734)
Total	<u>2,230,074</u>	<u>2,517,672</u>	<u>2,619,120</u>	<u>(101,448)</u>
General Services				
Salaries and employee benefits	6,113,474	5,748,149	5,443,437	304,712
Services and supplies	4,527,369	5,018,627	4,690,199	328,428
Capital assets	8,200	24,450	318,976	(294,526)
Intrafund transfers	(7,996,456)	(7,996,456)	(7,783,620)	(212,836)
Total	<u>2,652,587</u>	<u>2,794,770</u>	<u>2,668,992</u>	<u>125,778</u>
Real Property Management				
Services and supplies	171,134	271,134	257,131	14,003
Total	<u>171,134</u>	<u>271,134</u>	<u>257,131</u>	<u>14,003</u>
Finance: Revenue-General Fund				
Services and supplies	454,843	390,135	287,950	102,185
Other charges	620,374	685,081	434,380	250,701
Intrafund transfers	(1,104,095)	(4,095)	269,935	(274,030)
Total	<u>(28,878)</u>	<u>1,071,121</u>	<u>992,265</u>	<u>78,856</u>
Surveyor				
Services and supplies	188,560	188,560	145,212	43,348
Total	<u>188,560</u>	<u>188,560</u>	<u>145,212</u>	<u>43,348</u>
DPW Engineering				
Services and supplies	164,000	197,000	110,060	86,940
Total	<u>164,000</u>	<u>197,000</u>	<u>110,060</u>	<u>86,940</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
General Government, Continued:				
Central Stores				
Salaries and employee benefits	\$ 211,815	\$ 211,815	\$ 169,798	\$ 42,017
Services and supplies	87,341	87,341	86,465	876
Intrafund transfers	(248,334)	(248,334)	(237,620)	(10,714)
Total	<u>50,822</u>	<u>50,822</u>	<u>18,643</u>	<u>32,179</u>
Plant Acquisition				
Services and supplies	700,000	1,000,000	345,428	654,572
Intrafund transfers	975,445	130,302	(172,714)	303,016
Total	<u>1,675,445</u>	<u>1,130,302</u>	<u>172,714</u>	<u>957,588</u>
Total General Government	<u>44,758,928</u>	<u>50,322,336</u>	<u>42,736,817</u>	<u>7,585,519</u>
Public Protection:				
Courts				
Services and supplies	270,300	270,300	226,336	43,964
Other charges	1,737,863	1,737,862	1,737,862	-
Total	<u>2,008,163</u>	<u>2,008,162</u>	<u>1,964,198</u>	<u>43,964</u>
Grand Jury				
Services and supplies	55,913	58,322	44,360	13,962
Total	<u>55,913</u>	<u>58,322</u>	<u>44,360</u>	<u>13,962</u>
Child Support				
Salaries and employee benefits	5,939,875	5,939,875	5,569,916	369,959
Services and supplies	705,537	705,537	645,399	60,138
Other charges	203,885	203,885	203,885	-
Total	<u>6,849,297</u>	<u>6,849,297</u>	<u>6,419,200</u>	<u>430,097</u>
District Attorney				
Salaries and employee benefits	18,479,165	18,379,970	18,139,643	240,327
Services and supplies	2,129,042	2,333,369	2,260,674	72,695
Other charges	419,185	519,380	384,616	134,764
Intrafund transfers	(562,179)	(562,179)	(549,914)	(12,265)
Total	<u>20,465,213</u>	<u>20,670,540</u>	<u>20,235,019</u>	<u>435,521</u>
Public Defender				
Services and supplies	12,802,160	12,802,160	12,079,277	722,883
Total	<u>12,802,160</u>	<u>12,802,160</u>	<u>12,079,277</u>	<u>722,883</u>
Sheriff-Coroner				
Salaries and employee benefits	35,410,017	35,908,087	35,784,876	123,211
Services and supplies	9,110,096	8,865,314	6,890,069	1,975,245
Other charges	250,180	250,180	242,702	7,478
Capital assets	84,802	805,913	1,256,996	(451,083)
Intrafund transfers	-	30,275	27,422	2,853
Appropriations for contingencies	-	77,200	-	77,200
Total	<u>44,855,095</u>	<u>45,936,969</u>	<u>44,202,065</u>	<u>1,734,904</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Public Protection, Continued:				
Jail and Rehabilitation Center				
Salaries and employee benefits	\$ 27,899,191	\$ 29,162,333	\$ 28,379,457	\$ 782,876
Services and supplies	10,304,091	10,526,869	10,306,910	219,959
Other charges	302,730	302,730	75,703	227,027
Capital assets	128,500	333,082	279,558	53,524
Total	<u>38,634,512</u>	<u>40,325,014</u>	<u>39,041,628</u>	<u>1,283,386</u>
Probation Department				
Salaries and employee benefits	17,621,625	17,748,014	17,374,382	373,632
Services and supplies	9,524,518	9,699,157	6,878,667	2,820,490
Other charges	33,154	33,154	29,827	3,327
Capital assets	-	2,364	2,364	-
Intrafund transfers	(157,155)	(187,430)	(184,442)	(2,988)
Total	<u>27,022,142</u>	<u>27,295,259</u>	<u>24,100,798</u>	<u>3,194,461</u>
State Correctional Schools				
Services and supplies	40,140	15,833	15,610	223
Other charges	24,000	59,703	59,703	-
Total	<u>64,140</u>	<u>75,536</u>	<u>75,313</u>	<u>223</u>
Agricultural Commissioner/ Weights and Measures				
Salaries and employee benefits	2,406,889	2,483,331	2,435,085	48,246
Services and supplies	395,910	463,752	377,541	86,211
Intrafund transfers	(190,629)	(190,628)	(190,628)	-
Total	<u>2,612,170</u>	<u>2,756,455</u>	<u>2,621,998</u>	<u>134,457</u>
Public Works - Other Construction Inspection				
Services and supplies	100,000	260,500	265,362	(4,862)
Total	<u>100,000</u>	<u>260,500</u>	<u>265,362</u>	<u>(4,862)</u>
Recorder				
Salaries and employee benefits	892,049	887,049	820,062	66,987
Services and supplies	440,363	420,474	413,013	7,461
Other charges	112,861	112,861	112,861	-
Capital assets	-	24,889	21,424	3,465
Total	<u>1,445,273</u>	<u>1,445,273</u>	<u>1,367,360</u>	<u>77,913</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Public Protection, Continued:				
County Emergency Office				
Salaries and employee benefits	\$ 280,223	\$ 280,223	\$ 277,572	\$ 2,651
Services and supplies	347,990	2,417,459	493,470	1,923,989
Total	628,213	2,697,682	771,042	1,926,640
Local Agency Formation Commission				
Other charges	133,933	133,933	133,933	-
Total	133,933	133,933	133,933	-
Planning Department				
Salaries and employee benefits	10,182,170	10,182,170	10,157,965	24,205
Services and supplies	2,687,628	3,294,188	2,083,404	1,210,784
Other charges	576,419	576,419	569,491	6,928
Intrafund transfers	(768,832)	(768,832)	(217,880)	(550,952)
Total	12,677,385	13,283,945	12,592,980	690,965
Animal Services				
Other charges	1,684,432	1,684,432	1,684,432	-
Total	1,684,432	1,684,432	1,684,432	-
Association of Monterey Bay Area Govts.				
Other charges	32,807	32,807	32,807	-
Total	32,807	32,807	32,807	-
Total Public Protection	172,070,848	178,316,286	167,631,772	10,684,514
Public Ways and Facilities:				
Public Ways - DPW				
Services and supplies	215,000	270,000	267,970	2,030
Total	215,000	270,000	267,970	2,030
Total Public Ways and Facilities	215,000	270,000	267,970	2,030

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Health and Sanitation:				
Health Services Agency				
Salaries and employee benefits	\$ 88,355,977	\$ 88,787,339	\$ 82,233,442	\$ 6,553,897
Services and supplies	74,977,202	77,043,305	71,921,814	5,121,491
Other charges	26,646,322	27,801,467	26,289,622	1,511,845
Capital assets	323,334	323,334	344,036	(20,702)
Intrafund transfers	(17,819,231)	(17,485,648)	(17,973,453)	487,805
Total	172,483,604	176,469,797	162,815,461	13,654,336
Mosquito Abatement				
Salaries and employee benefits	1,243,903	1,243,903	991,732	252,171
Services and supplies	455,279	451,270	342,341	108,929
Total	1,699,182	1,695,173	1,334,073	361,100
Air Pollution				
Other charges	62,849	62,849	62,849	-
Total	62,849	62,849	62,849	-
Total Health and Sanitation	174,245,635	178,227,819	164,212,383	14,015,436
Public Assistance:				
Human Services Department				
Salaries and employee benefits	63,946,653	64,312,653	63,540,309	772,344
Services and supplies	21,618,012	21,959,196	19,315,569	2,643,627
Other charges	16,590,039	17,591,249	15,744,131	1,847,118
Capital assets	72,000	80,686	121,365	(40,679)
Intrafund transfers	(371,383)	(371,383)	(195,327)	(176,056)
Total	101,855,321	103,572,401	98,526,047	5,046,354
Community Programs				
Other charges	4,499,219	4,499,219	4,472,091	27,128
Total	4,499,219	4,499,219	4,472,091	27,128

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Public Assistance, Continued:				
Categorical Aids				
Services and supplies	\$ 111,650	\$ 86,650	\$ 78,551	\$ 8,099
Other charges	36,660,916	37,396,409	36,694,677	701,732
Total	36,772,566	37,483,059	36,773,228	709,831
General Assistance				
Services and supplies	1,000	1,000	-	1,000
Other charges	611,471	642,471	640,154	2,317
Total	612,471	643,471	640,154	3,317
Burial of Indigents				
Services and supplies	42,000	42,000	24,173	17,827
Total	42,000	42,000	24,173	17,827
Family Relations				
Services and supplies	7,025	76,275	56,024	20,251
Other charges	179,810	194,560	138,187	56,373
Total	186,835	270,835	194,211	76,624
Homeless				
Salaries and employee benefits	-	1,925,280	738,829	1,186,451
Services and supplies	546,919	5,386,260	3,380,702	2,005,558
Capital assets	-	237,360	237,360	-
Intrafund transfers	-	(1,850,904)	(810,844)	(1,040,060)
Total	546,919	5,697,996	3,546,047	2,151,949
Wards of Court				
Services and supplies	30,000	30,000	12,263	17,737
Other charges	239,375	227,978	87,499	140,479
Total	269,375	257,978	99,762	158,216
Veterans Service Officer				
Salaries and employee benefits	482,661	488,161	487,783	378
Services and supplies	120,661	121,061	80,061	41,000
Total	603,322	609,222	567,844	41,378
Total Public Assistance	145,388,028	153,076,181	144,843,557	8,232,624

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Education:				
Agricultural Extension Services				
Salaries and employee benefits	\$ 103,450	\$ 112,950	\$ 111,764	\$ 1,186
Services and supplies	37,849	37,849	27,176	10,673
Total	<u>141,299</u>	<u>150,799</u>	<u>138,940</u>	<u>11,859</u>
Total Education	<u>141,299</u>	<u>150,799</u>	<u>138,940</u>	<u>11,859</u>
Recreation and Culture:				
Recreation and Cultural Services				
Salaries and employee benefits	6,917,514	6,917,514	6,247,765	669,749
Services and supplies	3,664,618	3,710,692	2,910,060	800,632
Other charges	401,290	401,290	401,290	-
Intrafund transfers	(551,486)	(551,486)	(549,571)	(1,915)
Total	<u>10,431,936</u>	<u>10,478,010</u>	<u>9,009,544</u>	<u>1,468,466</u>
Total Recreation and Culture	<u>10,431,936</u>	<u>10,478,010</u>	<u>9,009,544</u>	<u>1,468,466</u>
Debt Service:				
Debt Service				
Services and supplies	149,250	149,250	86,297	62,953
Intrafund transfers	(1,174,708)	(1,174,708)	-	(1,174,708)
Principal	989,301	1,046,843	583,674	463,169
Interest	804,594	824,023	566,525	257,498
Other charges	-	-	(1,088)	1,088
Total	<u>768,437</u>	<u>845,408</u>	<u>1,235,408</u>	<u>(390,000)</u>
Total Debt Service	<u>768,437</u>	<u>845,408</u>	<u>1,235,408</u>	<u>(390,000)</u>
Total Charges to Appropriations (Outflows)	<u>548,020,111</u>	<u>571,686,839</u>	<u>530,076,391</u>	<u>41,610,448</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
Transfers Out:				
Finance: Revenue-General Fund	\$ 195,000	\$ 195,000	\$ 195,848	\$ (848)
Plant	2,100,000	2,545,000	525,000	2,020,000
Sheriff-Coroner	165,675	374,312	335,411	38,901
Jail and Rehabilitation Center	-	20,150	20,150	-
Mosquito Abatement	40,000	44,009	4,009	40,000
Health Services Agency	16,652,783	17,237,790	4,252,325	12,985,465
Debt Service to Financing Authorities	7,187,988	7,187,988	7,169,737	18,251
Total transfers out	<u>26,341,446</u>	<u>27,604,249</u>	<u>12,502,480</u>	<u>15,101,769</u>
Total Charges to Appropriations (Outflows)	<u>574,361,557</u>	<u>599,291,088</u>	<u>542,578,871</u>	<u>56,712,217</u>
Net change in fund balance	<u>(7,085,620)</u>	<u>(10,000,020)</u>	<u>(12,133,469)</u>	<u>(2,133,449)</u>
FUND BALANCE, ENDING	<u>\$ 62,740,866</u>	<u>\$ 59,826,466</u>	<u>\$ 57,693,017</u>	<u>\$ (2,133,449)</u> (Concluded)

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

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 530,445,402
Differences - budget to GAAP:	
Inception of capital leases are not revenues for financial reporting purposes	(894,471)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(2,325,367)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 527,225,564</u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 542,578,871
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(12,502,480)
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 530,076,391</u>

**BUDGETARY COMPARISON SCHEDULE
 OFF HIGHWAY, ROAD, AND TRANSPORTATION SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 2,676,157	\$ 2,676,157	\$ 2,676,157	\$ -
RESOURCES (INFLOWS)				
Taxes	2,648,392	2,648,392	3,422,986	774,594
Use of money and property	(135,800)	(135,800)	-	135,800
Aid from other governments	44,720,260	55,918,058	24,481,828	(31,436,230)
Charges for services	3,166,938	3,716,938	1,844,109	(1,872,829)
Other	1,899,059	1,899,059	834,207	(1,064,852)
Transfers in	6,718,730	8,043,730	1,325,000	(6,718,730)
Amounts available for appropriation	<u>59,017,579</u>	<u>72,090,377</u>	<u>31,908,130</u>	<u>(40,182,247)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	61,693,736	74,766,534	29,813,015	44,953,519
Other charges	-	-	102,582	(102,582)
Total charges to appropriations	<u>61,693,736</u>	<u>74,766,534</u>	<u>29,915,597</u>	<u>44,850,937</u>
Net change in fund balance	<u>(2,676,157)</u>	<u>(2,676,157)</u>	<u>1,992,533</u>	<u>4,668,690</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,668,690</u>	<u>\$ 4,668,690</u>

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

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 31,908,130
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(1,325,000)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 30,583,130</u>

**BUDGETARY COMPARISON SCHEDULE
HOUSING FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 76,672,274	\$ 76,672,274	\$ 76,672,274	\$ -
RESOURCES (INFLOWS)				
Use of money and property	268,415	268,415	616,793	348,378
Aid from other governments	620,952	620,952	290,528	(330,424)
Charges for services	500,000	500,000	360,460	(139,540)
Other	2,166,599	2,166,599	21,659	(2,144,940)
Amounts available for appropriation	<u>3,555,966</u>	<u>3,555,966</u>	<u>1,289,440</u>	<u>(2,266,526)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	2,149,724	2,589,197	1,066,300	1,522,897
Other charges	11,960,916	12,077,746	3,629,124	8,448,622
Transfers out	113,799	113,799	43,392	70,407
Total charges to appropriations	<u>14,224,439</u>	<u>14,780,742</u>	<u>4,738,816</u>	<u>10,041,926</u>
Net change in fund balance	<u>(10,668,473)</u>	<u>(11,224,776)</u>	<u>(3,449,376)</u>	<u>7,775,400</u>
FUND BALANCE, ENDING	<u>\$ 66,003,801</u>	<u>\$ 65,447,498</u>	<u>\$ 73,222,898</u>	<u>\$ 7,775,400</u>

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

Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule	\$ 4,738,816
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(43,392)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 4,695,424</u>

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, 2020
LAST 10 YEARS***

	Miscellaneous					
	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Total Pension Liability						
Service Cost	\$ 24,139,995	\$ 24,150,259	\$ 22,555,385	\$ 20,403,352	\$ 18,761,846	\$ 19,489,676
Interest on the Total Pension Liability	87,980,867	84,049,445	77,995,878	78,852,555	71,962,162	68,452,545
Changes of Benefit Terms	-	-	-	-	-	-
Changes in Assumptions	-	(7,767,870)	62,091,454	-	-	-
Differences between Expected and Actual Experience	21,647,964	10,391,498	4,974,813	3,966,020	(16,868,274)	-
Benefit Payments, Including Refunds of Employee Contributions	(62,255,277)	(57,081,704)	(51,229,871)	(50,461,359)	(44,263,142)	(40,206,837)
Net Change in Total Pension Liability	71,513,549	53,741,628	116,387,659	52,760,568	16,391,282	47,735,384
Total Pension Liability - Beginning	1,210,075,696	1,156,334,068	1,039,946,409	987,185,841	970,794,559	923,059,175
Total Pension Liability - Ending (a)	<u>\$1,281,589,245</u>	<u>\$1,210,075,696</u>	<u>\$1,156,334,068</u>	<u>\$1,039,946,409</u>	<u>\$ 987,185,841</u>	<u>\$ 970,794,559</u>
Plan Fiduciary Net Position						
Contribution - Employer	\$ 34,309,935	\$ 29,696,722	\$ 28,166,164	\$ 24,836,370	\$ 20,788,368	\$ 18,466,079
Contribution - Employee	10,979,359	10,680,415	10,534,891	9,898,794	9,264,211	8,586,012
Net Investment Income	56,536,290	69,528,113	82,225,749	4,227,340	16,986,820	112,250,826
Benefit Payments, Including Refunds of Employee Contributions	(62,255,277)	(57,081,704)	(51,229,871)	(50,461,359)	(44,263,142)	(40,206,837)
Net Plan to Plan Resource Movement	-	3,748	(61,373)	2,727	(29,360)	-
Administrative Expenses	(621,076)	(1,297,010)	(1,092,049)	(482,672)	(855,524)	-
Other Miscellaneous Income (Expense) ⁽¹⁾	2,017	(2,463,046)	-	-	-	-
Net Change in Plan Fiduciary Net Position	38,951,248	49,067,238	68,543,511	(11,978,800)	1,891,373	99,096,080
Plan Fiduciary Net Position - Beginning ⁽²⁾	856,215,849	807,148,611	738,605,100	750,583,900	748,692,527	649,596,447
Plan Fiduciary Net Position - Ending (b)	<u>\$ 895,167,097</u>	<u>\$ 856,215,849</u>	<u>\$ 807,148,611</u>	<u>\$ 738,605,100</u>	<u>\$ 750,583,900</u>	<u>\$ 748,692,527</u>
Net Pension Liability - [(a) - (b)]	<u>\$ 386,422,148</u>	<u>\$ 353,859,847</u>	<u>\$ 349,185,457</u>	<u>\$ 301,341,309</u>	<u>\$ 236,601,941</u>	<u>\$ 222,102,032</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.85%	70.76%	69.80%	71.02%	76.03%	77.12%
Covered Payroll ⁽³⁾	\$ 157,607,406	\$ 154,561,652	\$ 143,976,672	\$ 142,900,632	\$ 129,365,289	\$ 128,891,451
Net Pension Liability as a Percentage of Covered Payroll	245.18%	228.94%	242.53%	210.87%	182.89%	172.32%

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

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

⁽²⁾ Includes any beginning of year adjustment.

⁽³⁾ Includes one year's payroll growth using 2.75% for fiscal years ended June 30, 2018-19; 3.0% payroll growth for June 30, 2014-2017.

* Fiscal year 2019/20 was the 6th year of GASB Statement No. 68 implementation; therefore, only six years are shown.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
(CONTINUED)
AS OF JUNE 30, 2020
LAST 10 YEARS***

	Safety					
	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Total Pension Liability						
Service Cost	\$ 4,558,119	\$ 4,574,156	\$ 4,308,824	\$ 3,699,113	\$ 3,634,483	\$ 3,669,984
Interest on the Total Pension Liability	13,872,701	13,301,864	12,144,727	12,245,682	10,356,153	10,663,258
Changes of Benefit Terms	-	-	-	-	-	-
Changes in Assumptions	-	(987,231)	10,635,917	-	(2,711,954)	-
Differences between Expected and Actual Experience	1,607,319	3,844,045	(170,518)	(115,359)	2,154,731	-
Benefit Payments, Including Refunds of Employee Contributions	(9,257,666)	(8,907,017)	(8,473,271)	(7,830,764)	(5,050,435)	(6,316,966)
Net Change in Total Pension Liability	10,780,473	11,825,817	18,445,679	7,998,672	8,382,978	8,016,276
Total Pension Liability - Beginning	198,169,685	186,343,868	167,898,189	159,899,517	151,516,539	143,500,263
Total Pension Liability - Ending (a)	<u>\$ 208,950,158</u>	<u>\$ 198,169,685</u>	<u>\$ 186,343,868</u>	<u>\$ 167,898,189</u>	<u>\$ 159,899,517</u>	<u>\$ 151,516,539</u>
Plan Fiduciary Net Position						
Contribution - Employer	\$ 5,787,644	\$ 4,922,020	\$ 4,636,859	\$ 3,731,613	\$ 4,503,776	\$ 2,833,995
Contribution - Employee	1,839,392	1,845,744	1,731,239	1,613,925	1,200,032	1,364,228
Net Investment Income	8,840,214	10,848,222	12,764,280	588,970	2,087,758	17,564,582
Benefit Payments, Including Refunds of Employee Contributions	(9,257,666)	(8,907,017)	(8,473,271)	(7,830,764)	(5,050,435)	(6,316,966)
Net Plan to Plan Resource Movement	-	5,196	3,626	(106,353)	-	-
Administrative Expenses	(96,965)	(201,770)	(170,140)	(75,328)	(107,841)	-
Other Miscellaneous Income (Expense) ⁽¹⁾	315	(383,165)	-	-	-	-
Net Change in Plan Fiduciary Net Position	7,112,934	8,129,230	10,492,593	(2,077,937)	2,633,290	15,445,839
Plan Fiduciary Net Position - Beginning ⁽²⁾	136,188,212	128,058,982	117,566,389	119,644,326	117,011,036	101,565,197
Plan Fiduciary Net Position - Ending (b)	<u>\$ 143,301,146</u>	<u>\$ 136,188,212</u>	<u>\$ 128,058,982</u>	<u>\$ 117,566,389</u>	<u>\$ 119,644,326</u>	<u>\$ 117,011,036</u>
Net Pension Liability - [(a) - (b)]	<u>\$ 65,649,012</u>	<u>\$ 61,981,473</u>	<u>\$ 58,284,886</u>	<u>\$ 50,331,800</u>	<u>\$ 40,255,191</u>	<u>\$ 34,505,503</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	68.58%	68.72%	68.72%	70.02%	74.82%	77.23%
Covered Payroll ⁽³⁾	\$ 18,377,151	\$ 18,204,149	\$ 17,259,459	\$ 16,451,469	\$ 15,444,933	\$ 15,601,682
Net Pension Liability as a Percentage of Covered Payroll	357.23%	340.48%	337.70%	305.94%	260.64%	221.17%

⁽¹⁾ During Fiscal Year 2016/17, as a result of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*, 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 Slate of California agent pension plans and during Fiscal Year 2016/17 CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

⁽²⁾ Includes any beginning of year adjustment.

⁽³⁾ Includes one year's payroll growth using 2.75% for fiscal years ended June 30, 2018-19; 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, 2020
LAST 10 YEARS***

	Safety Sheriff					
	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Total Pension Liability						
Service Cost	\$ 4,665,792	\$ 4,674,676	\$ 4,330,397	\$ 3,942,199	\$ 3,490,555	\$ 3,589,667
Interest on the Total Pension Liability	13,603,359	12,876,163	11,690,824	11,528,363	11,193,336	9,442,627
Changes of Benefit Terms	-	-	-	-	-	-
Changes in Assumptions	-	(600,321)	10,427,243	-	(2,818,825)	-
Differences between Expected and Actual Experience	2,640,793	2,605,790	1,105,968	531,702	(2,577,906)	-
Benefit Payments, Including Refunds of Employee Contributions	(7,914,704)	(7,436,783)	(6,321,116)	(5,816,534)	(7,060,615)	(4,529,774)
Net Change in Total Pension Liability	12,995,240	12,119,525	21,233,316	10,185,730	2,226,545	8,502,520
Total Pension Liability - Beginning	180,639,383	168,519,858	147,286,542	137,100,812	134,874,267	126,371,747
Total Pension Liability - Ending (a)	<u>\$ 193,634,623</u>	<u>\$ 180,639,383</u>	<u>\$ 168,519,858</u>	<u>\$ 147,286,542</u>	<u>\$ 137,100,812</u>	<u>\$ 134,874,267</u>
Plan Fiduciary Net Position						
Contribution - Employer	\$ 6,884,641	\$ 6,124,769	\$ 5,773,111	\$ 5,279,477	\$ 3,212,095	\$ 3,752,346
Contribution - Employee	1,614,412	1,650,182	1,417,068	1,383,847	1,434,076	1,538,338
Net Investment Income	7,744,718	9,329,278	10,827,138	509,520	2,674,451	13,619,878
Benefit Payments, Including Refunds of Employee Contributions	(7,914,704)	(7,436,783)	(6,321,116)	(5,816,534)	(7,060,615)	(4,529,774)
Net Plan to Plan Resource Movement	-	(11,582)	53,634	(3,877)	-	-
Administrative Expenses	(84,414)	(172,445)	(141,537)	(60,831)	(133,531)	-
Other Miscellaneous Income (Expense) ⁽¹⁾	274	(327,476)	-	-	-	-
Net Change in Plan Fiduciary Net Position	8,244,927	9,155,943	11,608,298	1,291,602	126,476	14,380,788
Plan Fiduciary Net Position - Beginning ⁽²⁾	114,199,355	105,043,412	93,435,114	92,143,512	92,017,036	77,636,247
Plan Fiduciary Net Position - Ending (b)	<u>\$ 122,444,282</u>	<u>\$ 114,199,355</u>	<u>\$ 105,043,412</u>	<u>\$ 93,435,114</u>	<u>\$ 92,143,512</u>	<u>\$ 92,017,035</u>
Net Pension Liability - [(a) - (b)]	<u>\$ 71,190,341</u>	<u>\$ 66,440,028</u>	<u>\$ 63,476,446</u>	<u>\$ 53,851,428</u>	<u>\$ 44,957,300</u>	<u>\$ 42,857,232</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	63.23%	63.22%	62.33%	63.44%	67.21%	68.22%
Covered Payroll ⁽³⁾	\$ 16,007,547	\$ 15,575,504	\$ 14,344,287	\$ 14,432,887	\$ 13,136,050	\$ 12,367,504
Net Pension Liability as a Percentage of Covered Payroll	444.73%	426.57%	442.52%	373.12%	342.24%	346.53%

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

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

⁽²⁾ Includes any beginning of year adjustment.

⁽³⁾ Includes one year's payroll growth using 2.75% for fiscal years ended June 30, 2018-19; 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, 2020
LAST 10 YEARS***

	TOTAL					
	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Total Pension Liability						
Service Cost	\$ 33,363,906	\$ 33,399,091	\$ 31,194,606	\$ 28,044,664	\$ 25,886,884	\$ 26,749,327
Interest on the Total Pension Liability	115,456,927	110,227,472	101,831,429	102,626,600	93,511,651	88,558,430
Changes of Benefit Terms	-	-	-	-	-	-
Changes in Assumptions	-	(9,355,422)	83,154,614	-	(22,399,053)	-
Differences between Expected and Actual Experience	25,896,076	16,841,333	5,910,263	4,382,363	(13,624,485)	-
Benefit Payments, Including Refunds of Employee Contributions	(79,427,647)	(73,425,504)	(66,024,258)	(64,108,657)	(56,374,192)	(51,053,577)
Net Change in Total Pension Liability	95,289,262	77,686,970	156,066,654	70,944,970	27,000,805	64,254,180
Total Pension Liability - Beginning	1,588,884,764	1,511,197,794	1,355,131,140	1,284,186,170	1,257,185,365	1,192,931,185
Total Pension Liability - Ending (a)	<u>\$1,684,174,026</u>	<u>\$1,588,884,764</u>	<u>\$1,511,197,794</u>	<u>\$1,355,131,140</u>	<u>\$1,284,186,170</u>	<u>\$1,257,185,365</u>
Plan Fiduciary Net Position						
Contribution - Employer	\$ 46,982,220	\$ 40,743,511	\$ 38,576,134	\$ 33,847,460	\$ 28,504,239	\$ 25,052,420
Contribution - Employee	14,433,163	14,176,341	13,683,198	12,896,566	11,898,319	11,488,578
Net Investment Income	73,121,222	89,705,613	105,817,167	5,325,830	21,749,029	143,435,286
Benefit Payments, Including Refunds of Employee Contributions	(79,427,647)	(73,425,504)	(66,024,258)	(64,108,657)	(56,374,192)	(51,053,577)
Net Plan to Plan Resource Movement	-	(2,638)	(4,113)	(107,503)	(29,360)	-
Administrative Expenses	(802,455)	(1,671,225)	(1,403,726)	(618,831)	(1,096,896)	-
Other Miscellaneous Income (Expense) ⁽¹⁾	2,606	(3,173,687)	-	-	-	-
Net Change in Plan Fiduciary Net Position	54,309,109	66,352,411	90,644,402	(12,765,135)	4,651,139	128,922,707
Plan Fiduciary Net Position - Beginning ⁽²⁾	1,106,603,416	1,040,251,005	949,606,603	962,371,738	957,720,599	828,797,891
Plan Fiduciary Net Position - Ending (b)	<u>\$1,160,912,525</u>	<u>\$1,106,603,416</u>	<u>\$1,040,251,005</u>	<u>\$ 949,606,603</u>	<u>\$ 962,371,738</u>	<u>\$ 957,720,598</u>
Net Pension Liability - [(a) - (b)]	<u>\$ 523,261,501</u>	<u>\$ 482,281,348</u>	<u>\$ 470,946,789</u>	<u>\$ 405,524,537</u>	<u>\$ 321,814,432</u>	<u>\$ 299,464,767</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	68.93%	69.65%	68.84%	70.07%	74.94%	76.18%
Covered Payroll ⁽³⁾	\$ 191,992,104	\$ 188,341,305	\$ 175,580,418	\$ 173,784,988	\$ 157,946,272	\$ 156,860,637
Net Pension Liability as a Percentage of Covered Payroll	272.54%	256.07%	268.22%	233.35%	203.75%	190.91%

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

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

⁽²⁾ Includes any beginning of year adjustment.

⁽³⁾ Includes one year's payroll growth using 2.75% for fiscal years ended June 30, 2018-19; 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, 2020
LAST 10 YEARS***

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. None in 2019. In 2018, demographic assumptions and the inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the accounting discount rate. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, 2020
LAST 10 YEARS***

	Miscellaneous						
	2019/20	2018/19	2017/18	2016/17	2015/16	2016/15	2013/14
Actuarially Determined Contribution	\$ 38,999,757	\$ 34,309,935	\$ 29,696,722	\$ 28,166,164	\$ 24,836,370	\$ 20,788,368	\$ 18,466,079
Contributions in Relation to the Actuarially Determined Contribution	38,999,757	34,309,935	29,696,722	28,166,164	24,836,370	20,788,368	18,466,079
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 166,404,394	\$ 155,681,644	\$ 154,561,652	\$ 143,976,672	\$ 142,900,632	\$ 129,365,289	\$ 128,891,450
Contributions as a Percentage of Covered Payroll	23.44%	22.04%	19.21%	19.56%	17.38%	16.07%	14.33%

* Fiscal year 2019/20 was the 6th year of GASB Statement No. 68 implementation.

Notes to Schedule:

Valuation date: 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	2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.75% for fiscal years ended June 30, 2018-2020; 3.00% for fiscal years ended June 30, 2014-17
Investment rate of return	7.375%, previously 7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
 SCHEDULE OF CONTRIBUTIONS
 (CONTINUED)
 AS OF JUNE 30, 2020
 LAST 10 YEARS***

	Safety						
	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Actuarially Determined Contribution	\$ 6,670,471	\$ 5,787,644	\$ 4,922,020	\$ 4,636,859	\$ 3,731,613	\$ 4,503,776	\$ 2,833,995
Contributions in Relation to the Actuarially Determined Contribution	6,670,471	5,787,644	4,922,020	4,636,859	3,731,613	4,503,776	2,833,995
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 19,481,465	\$ 18,152,606	\$ 18,204,149	\$ 17,259,459	\$ 16,451,469	\$ 15,444,933	\$ 15,601,682
Contributions as a Percentage of Covered Payroll	34.24%	31.88%	27.04%	26.87%	22.68%	29.16%	18.16%

* Fiscal year 2019/20 was the 6th year of GASB Statement No. 68 implementation.

Notes to Schedule:

Valuation date: 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	2.75%.
Salary increases	Varies by Entry Age and Service.
Payroll growth	2.75% for fiscal years ended June 30, 2018-2020; 3.00% for fiscal years ended June 30, 2014-17
Investment rate of return	7.375%, previously 7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
(CONTINUED)
AS OF JUNE 30, 2020
LAST 10 YEARS***

	Safety Sheriff						
	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Actuarially Determined Contribution	\$ 7,753,959	\$ 6,884,641	\$ 6,124,769	\$ 5,773,111	\$ 5,279,477	\$ 3,212,095	\$ 3,752,346
Contributions in Relation to the Actuarially Determined Contribution	7,753,959	6,884,641	6,124,769	5,773,111	5,279,477	3,212,095	3,752,346
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 17,563,274	\$ 15,811,955	\$ 15,575,504	\$ 14,344,287	\$ 14,432,887	\$ 13,136,045	\$ 12,367,504
Contributions as a Percentage of Covered Payroll	44.15%	43.54%	39.32%	40.25%	36.58%	24.45%	30.34%

* Fiscal year 2019/20 was the 6th year of GASB Statement No. 68 implementation.

Notes to Schedule:

Valuation date: 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	2.75%.
Salary increases	Varies by Entry Age and Service.
Payroll growth	2.75% for fiscal years ended June 30, 2018-2020; 3.00% for fiscal years ended June 30, 2014-17
Investment rate of return	7.375%, previously 7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
 SCHEDULE OF CONTRIBUTIONS
 (CONTINUED)
 AS OF JUNE 30, 2020
 LAST 10 YEARS***

	TOTAL						
	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Actuarially Determined Contribution	\$ 53,424,187	\$ 46,982,220	\$ 40,743,511	\$ 38,576,134	\$ 33,847,460	\$ 28,504,239	\$ 25,052,420
Contributions in Relation to the Actuarially Determined Contribution	53,424,187	46,982,220	40,743,511	38,576,134	33,847,460	28,504,239	25,052,420
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 203,449,133	\$ 189,646,205	\$ 188,341,305	\$ 175,580,418	\$ 173,784,988	\$ 157,946,267	\$ 156,860,636
Contributions as a Percentage of Covered Payroll	26.26%	24.77%	21.63%	21.97%	19.48%	18.05%	15.97%

* Fiscal year 2019/20 was the 6th year of GASB Statement No. 68 implementation.

Notes to Schedule:

Valuation date: 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	2.75%.
Salary increases	Varies by Entry Age and Service.
Payroll growth	2.75% for fiscal years ended June 30, 2018-2020; 3.00% for fiscal years ended June 30, 2014-17
Investment rate of return	7.375%, previously 7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**A SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, 2020
LAST 10 YEARS***

	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>
Total OPEB Liability			
Service Cost	\$ 7,853,538	\$ 7,732,196	\$ 8,738,882
Interest	6,258,826	5,955,259	5,117,000
Changes of Benefit Terms	-	-	-
Changes in Assumptions	8,314,270	(1,276,771)	(14,014,000)
Differences between Actual and Expected Experience	(8,605,453)	-	-
Benefit Payments	<u>(6,992,820)</u>	<u>(6,844,850)</u>	<u>(6,773,092)</u>
 Net Change in Total OPEB Liability	 6,828,361	 5,565,834	 (6,931,210)
 Total OPEB Liability - Beginning	 <u>168,538,624</u>	 <u>162,972,790</u>	 <u>169,904,000</u>
 Total OPEB Liability - Ending	 <u>\$ 175,366,985</u>	 <u>\$ 168,538,624</u>	 <u>\$ 162,972,790</u>
 Covered Payroll	 \$ 213,716,345	 \$ 203,044,467	 \$ 195,374,299
 Total OPEB Liability as a Percentage of Covered Payroll	 82.06%	 83.01%	 83.42%

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

Notes to Schedule:

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

**A SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN
 SCHEDULE OF CONTRIBUTIONS
 AS OF JUNE 30, 2020
 LAST 10 YEARS***

	2019/20	2018/19	2017/18	2016/17
Actuarially Determined Contributions	\$ 7,526,724	\$ 7,014,009	\$ 6,873,540	\$ 6,773,092
Contributions in Relation to the Actuarially Determined Contributions	7,526,724	7,014,009	6,873,540	6,773,092
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 230,343,320	\$ 213,716,345	\$ 203,044,467	\$ 195,374,299
Contributions as a Percentage of Covered Payroll	3.27%	3.28%	3.39%	3.47%

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

Notes to Schedule:

Valuation date: June 30, 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	3.13% in 2018-2019; 3.62% in 2017-18; 3.56% in 2016-17- No prefunding. Based on the Fidelity Municipal General Obligation AA 20 year bond index
Inflation	2.75% per annum
Payroll increases	Aggregate Increases - 3.00%; Merit Increases - CalPERS 1997-2015 Experience Study
Retirement	The probabilities of retirement are based on the CalPERS 1997-2015 Experience Study
Mortality	The probabilities of mortality are based on the CalPERS 1997-2015 Experience Study. Post-retirement mortality projected fully generational with Society of Actuaries mortality improvement Scale MP-2019



Other Supplementary Information

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 8,903,939	\$ 8,903,939	\$ 8,903,939	\$ -
RESOURCES (INFLOWS)				
Use of money and property	57	114	76,601	76,487
Aid from other governments	18,111,608	33,789,684	6,678,319	(27,111,365)
Charges for services	210,575	223,516	220,714	(2,802)
Other	1,470,156	1,704,760	1,633,167	(71,593)
Transfers in	17,142,878	23,379,348	7,464,250	(15,915,098)
Amounts available for appropriation	<u>36,935,274</u>	<u>59,097,422</u>	<u>16,073,051</u>	<u>(43,024,371)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Salaries and employee benefits	-	-	4,568	(4,568)
Services and supplies	-	-	5,641	(5,641)
Appropriations for contingencies	-	12,760	-	12,760
Capital assets	45,438,935	68,441,827	14,576,711	53,865,116
Total charges to appropriations	<u>45,438,935</u>	<u>68,454,587</u>	<u>14,586,920</u>	<u>53,867,667</u>
Net change in fund balance	<u>(8,503,661)</u>	<u>(9,357,165)</u>	<u>1,486,131</u>	<u>10,843,296</u>
FUND BALANCE, ENDING	<u>\$ 400,278</u>	<u>\$ (453,226)</u>	<u>\$ 10,390,070</u>	<u>\$ 10,843,296</u>

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

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 16,073,051
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(7,464,250)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 8,608,801</u>

Combining and Individual Fund Statements and Schedules

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020



Summary of Nonmajor Governmental Fund Financial Statements

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020

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

**BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2020**

		Nonmajor Governmental Funds
ASSETS		
Cash and investments	\$	24,430,607
Restricted cash and investments		18,508,252
Receivables, net		1,844,623
Due from other funds		612,324
Total assets	\$	45,395,806
LIABILITIES		
Payables	\$	864,956
Due to other funds		2,217,101
Advances from grantors and third parties		14,406
Total liabilities		3,096,463
FUND BALANCES		
Restricted	\$	42,299,343
Total fund balances		42,299,343
Total liabilities and fund balances	\$	45,395,806

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Nonmajor Governmental Funds
	Funds
REVENUES:	
Taxes	\$ 20,763,490
Licenses and permits	30,941
Fines, forfeits and penalties	13,890
Use of money and property	602,055
Aid from other governments	1,840,430
Charges for services	10,997,628
Other	188,086
Total revenues	34,436,520
EXPENDITURES:	
Current:	
General government	1,385,698
Public protection	14,659,578
Public ways and facilities	5,585,089
Health and sanitation	40,654
Education	5,379,574
Recreation and cultural services	1,832,541
Debt service:	
Fiscal charges	16,035
Principal	9,636,193
Interest	2,490,338
Total expenditures	41,025,700
REVENUES OVER (UNDER) EXPENDITURES	(6,589,180)
OTHER FINANCING SOURCES (USES):	
Bond premium/discount	994,585
Debt issuance costs	(281,367)
Issuance of debt-refunding bond	13,985,000
Transfers in	7,170,585
Transfers out	(5,816,114)
Total other financing sources (uses)	16,052,689
Net change in fund balances	9,463,509
FUND BALANCES:	
Beginning of year	32,835,834
End of year	\$ 42,299,343

Nonmajor Special Revenue Funds

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020



Special Revenue Funds:

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

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

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

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

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

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

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

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

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

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2020**

	Library	Fire	Financing Authorities	Fish and Game	Park Dedication and State Park Bonds	Health Services
ASSETS						
Cash and investments	\$ 874,002	\$ 6,298,618	\$ -	\$ 22,818	\$ 1,981,744	\$ 14,181
Restricted cash and investments	-	-	18,508,252	-	-	-
Receivables, net	-	-	-	-	1,030,299	-
Due from other funds	-	-	612,324	-	-	-
Total assets	<u>\$ 874,002</u>	<u>\$ 6,298,618</u>	<u>\$ 19,120,576</u>	<u>\$ 22,818</u>	<u>\$ 3,012,043</u>	<u>\$ 14,181</u>
LIABILITIES						
Payables	\$ -	\$ 121,846	\$ -	\$ 2,880	\$ 23,716	\$ -
Due to other funds	-	-	1,189,779	-	1,027,322	-
Advances from grantors and third parties	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>121,846</u>	<u>1,189,779</u>	<u>2,880</u>	<u>1,051,038</u>	<u>-</u>
FUND BALANCES						
Restricted	874,002	6,176,772	17,930,797	19,938	1,961,005	14,181
Total fund balances	<u>874,002</u>	<u>6,176,772</u>	<u>17,930,797</u>	<u>19,938</u>	<u>1,961,005</u>	<u>14,181</u>
Total liabilities and fund balances	<u>\$ 874,002</u>	<u>\$ 6,298,618</u>	<u>\$ 19,120,576</u>	<u>\$ 22,818</u>	<u>\$ 3,012,043</u>	<u>\$ 14,181</u>

Santa Cruz Flood Control and Water Conservation Zone 7	Board of Supervisors Governed					Total Nonmajor Special Revenue Funds
	Public Protection	Health and Sanitation	Recreation and Cultural Services	Public Ways and Facilities	Geologic Hazard Abatement Districts	
\$ 47,145	\$ 6,285,175	\$ 1,253,669	\$ 1,510,835	\$ 5,942,043	\$ 200,377	\$ 24,430,607
-	-	-	-	-	-	18,508,252
667,092	-	-	-	147,232	-	1,844,623
-	-	-	-	-	-	612,324
<u>\$ 714,237</u>	<u>\$ 6,285,175</u>	<u>\$ 1,253,669</u>	<u>\$ 1,510,835</u>	<u>\$ 6,089,275</u>	<u>\$ 200,377</u>	<u>\$ 45,395,806</u>
\$ 206,897	\$ 186,671	\$ -	\$ -	\$ 322,946	\$ -	\$ 864,956
-	-	-	-	-	-	2,217,101
-	-	-	-	14,406	-	14,406
<u>206,897</u>	<u>186,671</u>	<u>-</u>	<u>-</u>	<u>337,352</u>	<u>-</u>	<u>3,096,463</u>
507,340	6,098,504	1,253,669	1,510,835	5,751,923	200,377	42,299,343
507,340	6,098,504	1,253,669	1,510,835	5,751,923	200,377	42,299,343
<u>\$ 714,237</u>	<u>\$ 6,285,175</u>	<u>\$ 1,253,669</u>	<u>\$ 1,510,835</u>	<u>\$ 6,089,275</u>	<u>\$ 200,377</u>	<u>\$ 45,395,806</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Library	Fire	Financing Authorities	Fish and Game	Park Dedication and State Park Bonds	Health Services
REVENUES:						
Taxes	\$ 6,969,159	\$ 2,474,742	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	1,817	648	-	8,803	-	-
Use of money and property	-	129,551	134,083	551	42,661	277
Aid from other governments	95,434	107,085	135,681	-	1,056,739	-
Charges for services	-	1,471,541	-	-	134,042	-
Other	-	1,403	-	-	52,447	-
Total revenues	<u>7,066,410</u>	<u>4,184,970</u>	<u>269,764</u>	<u>9,354</u>	<u>1,285,889</u>	<u>277</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	1,385,698	-
Public protection	-	3,489,269	-	15,000	-	-
Public ways and facilities	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-
Education	5,379,574	-	-	-	-	-
Recreation and cultural services	-	-	-	-	110,042	-
Debt service:						
Principal	-	-	9,621,295	-	-	-
Interest	-	-	2,485,227	-	-	-
Fiscal charges	-	-	16,035	-	-	-
Total expenditures	<u>5,379,574</u>	<u>3,489,269</u>	<u>12,122,557</u>	<u>15,000</u>	<u>1,495,740</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,686,836</u>	<u>695,701</u>	<u>(11,852,793)</u>	<u>(5,646)</u>	<u>(209,851)</u>	<u>277</u>
OTHER FINANCING SOURCES (USES):						
Bond premium/discount	-	-	994,585	-	-	-
Debt issuance costs	-	-	(281,367)	-	-	-
Issuance of debt-refunding bond	-	-	13,985,000	-	-	-
Transfers in	-	-	7,169,736	849	-	-
Transfers out	(1,593,879)	-	(1,778,142)	-	(20,565)	-
Total other financing sources (uses)	<u>(1,593,879)</u>	<u>-</u>	<u>20,089,812</u>	<u>849</u>	<u>(20,565)</u>	<u>-</u>
Net change in fund balances	92,957	695,701	8,237,019	(4,797)	(230,416)	277
Fund balances - beginning	781,045	5,481,071	9,693,778	24,735	2,191,421	13,904
Fund balances - ending	<u>\$ 874,002</u>	<u>\$ 6,176,772</u>	<u>\$ 17,930,797</u>	<u>\$ 19,938</u>	<u>\$ 1,961,005</u>	<u>\$ 14,181</u>

Santa Cruz Flood Control and Water Conservation Zone 7	Board of Supervisors Governed					Total Nonmajor Special Revenue Funds
	Public Protection	Health and Sanitation	Recreation and Cultural Services	Public Ways and Facilities	Geologic Hazard Abatement Districts	
\$ -	\$ 8,405,302	\$ -	\$ 1,871,045	\$ 1,043,242	\$ -	\$ 20,763,490
-	14,615	-	-	16,326	-	30,941
-	1,898	-	123	601	-	13,890
4,216	139,943	20,191	31,881	94,782	3,919	602,055
12,312	223,723	-	6,101	203,355	-	1,840,430
2,052,665	1,297,137	1,497,881	-	4,544,362	-	10,997,628
-	89,502	-	-	44,734	-	188,086
<u>2,069,193</u>	<u>10,172,120</u>	<u>1,518,072</u>	<u>1,909,150</u>	<u>5,947,402</u>	<u>3,919</u>	<u>34,436,520</u>
-	-	-	-	-	-	1,385,698
2,739,747	8,415,562	-	-	-	-	14,659,578
-	-	-	-	5,585,089	-	5,585,089
-	-	40,654	-	-	-	40,654
-	-	-	-	-	-	5,379,574
-	-	-	1,722,499	-	-	1,832,541
-	-	-	-	14,898	-	9,636,193
-	-	-	-	5,111	-	2,490,338
-	-	-	-	-	-	16,035
<u>2,739,747</u>	<u>8,415,562</u>	<u>40,654</u>	<u>1,722,499</u>	<u>5,605,098</u>	<u>-</u>	<u>41,025,700</u>
<u>(670,554)</u>	<u>1,756,558</u>	<u>1,477,418</u>	<u>186,651</u>	<u>342,304</u>	<u>3,919</u>	<u>(6,589,180)</u>
-	-	-	-	-	-	994,585
-	-	-	-	-	-	(281,367)
-	-	-	-	-	-	13,985,000
-	-	-	-	-	-	7,170,585
-	(800,000)	(1,338,066)	(285,462)	-	-	(5,816,114)
-	(800,000)	(1,338,066)	(285,462)	-	-	16,052,689
(670,554)	956,558	139,352	(98,811)	342,304	3,919	9,463,509
1,177,894	5,141,946	1,114,317	1,609,646	5,409,619	196,458	32,835,834
<u>\$ 507,340</u>	<u>\$ 6,098,504</u>	<u>\$ 1,253,669</u>	<u>\$ 1,510,835</u>	<u>\$ 5,751,923</u>	<u>\$ 200,377</u>	<u>\$ 42,299,343</u>

**BUDGETARY COMPARISON SCHEDULE
LIBRARY SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 781,045	\$ 781,045	\$ 781,045	\$ -
RESOURCES (INFLOWS)				
Taxes	6,851,276	6,851,276	6,969,159	117,883
Fines, forfeits and penalties	1,500	1,500	1,817	317
Aid from other governments	90,000	90,000	95,434	5,434
Amounts available for appropriation	<u>6,942,776</u>	<u>6,942,776</u>	<u>7,066,410</u>	<u>123,634</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	5,123,001	5,123,001	5,121,183	1,818
Other charges	46,014	258,391	258,391	-
Transfers out	1,305,759	1,593,875	1,593,879	(4)
Total charges to appropriations	<u>6,474,774</u>	<u>6,975,267</u>	<u>6,973,453</u>	<u>1,814</u>
Net change in fund balance	<u>468,002</u>	<u>(32,491)</u>	<u>92,957</u>	<u>125,448</u>
FUND BALANCE, ENDING	<u>\$ 1,249,047</u>	<u>\$ 748,554</u>	<u>\$ 874,002</u>	<u>\$ 125,448</u>

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

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule \$ 6,973,453

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (1,593,879)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds \$ 5,379,574

**BUDGETARY COMPARISON SCHEDULE
 FIRE SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 5,481,071	\$ 5,481,071	\$ 5,481,071	\$ -
RESOURCES (INFLOWS)				
Taxes	2,382,728	2,382,728	2,474,742	92,014
Fines, forfeits and penalties	-	-	648	648
Use of money and property	87,001	87,001	129,551	42,550
Aid from other governments	703,069	723,069	107,085	(615,984)
Charges for services	1,463,236	1,463,236	1,471,541	8,305
Other	-	-	1,403	1,403
Amounts available for appropriation	<u>4,636,034</u>	<u>4,656,034</u>	<u>4,184,970</u>	<u>(471,064)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Salaries and employee benefits	130,470	130,470	99,868	30,602
Services and supplies	5,091,436	5,111,436	3,037,613	2,073,823
Other charges	295,867	295,867	229,087	66,780
Capital assets	1,329,000	1,329,000	122,701	1,206,299
Appropriations for contingencies	200,000	200,000	-	200,000
Total charges to appropriations	<u>7,046,773</u>	<u>7,066,773</u>	<u>3,489,269</u>	<u>3,577,504</u>
Net change in fund balance	<u>(2,410,739)</u>	<u>(2,410,739)</u>	<u>695,701</u>	<u>(4,048,568)</u>
FUND BALANCE, ENDING	<u>\$ 3,070,332</u>	<u>\$ 3,070,332</u>	<u>\$ 6,176,772</u>	<u>\$ 3,106,440</u>

**BUDGETARY COMPARISON SCHEDULE
FISH AND GAME SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 24,735	\$ 24,735	\$ 24,735	\$ -
RESOURCES (INFLOWS)				
Fines, forfeits and penalties	7,000	7,000	8,803	1,803
Use of money and property	200	200	551	351
Transfers in	-	-	849	849
Amounts available for appropriation	<u>7,200</u>	<u>7,200</u>	<u>10,203</u>	<u>3,003</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Other charges	15,000	15,000	15,000	-
Total charges to appropriations	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance	<u>(7,800)</u>	<u>(7,800)</u>	<u>(4,797)</u>	<u>3,003</u>
FUND BALANCE, ENDING	<u>\$ 16,935</u>	<u>\$ 16,935</u>	<u>\$ 19,938</u>	<u>\$ 3,003</u>

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

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 10,203
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(849)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 9,354</u>

**BUDGETARY COMPARISON SCHEDULE
 PARK DEDICATION AND STATE PARK BONDS SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 2,191,421	\$ 2,191,421	\$ 2,191,421	\$ -
RESOURCES (INFLOWS)				
Use of money and property	39,545	39,545	42,661	3,116
Aid from other governments	1,019,647	2,519,346	1,056,739	(1,462,607)
Charges for services	90,300	90,300	134,042	43,742
Other	47,000	57,450	52,447	(5,003)
Amounts available for appropriation	<u>1,196,492</u>	<u>2,706,641</u>	<u>1,285,889</u>	<u>(1,420,752)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	73,752	73,752	2,694	71,058
Other charges	40,532	40,532	5,600	34,932
Capital assets	3,143,859	4,654,008	1,487,446	3,166,562
Transfers out	20,565	20,565	20,565	-
Total charges to appropriations	<u>3,278,708</u>	<u>4,788,857</u>	<u>1,516,305</u>	<u>3,272,552</u>
Net change in fund balance	<u>(2,082,216)</u>	<u>(2,082,216)</u>	<u>(230,416)</u>	<u>1,851,800</u>
FUND BALANCE, ENDING	<u>\$ 109,205</u>	<u>\$ 109,205</u>	<u>\$ 1,961,005</u>	<u>\$ 1,851,800</u>

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

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule	\$ 1,516,305
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(20,565)</u>
Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	<u>\$ 1,495,740</u>

**BUDGETARY COMPARISON SCHEDULE
HEALTH SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 13,904	\$ 13,904	\$ 13,904	\$ -
RESOURCES (INFLOWS)				
Use of money and property	-	-	277	277
Amounts available for appropriation	-	-	277	277
CHARGES TO APPROPRIATIONS (OUTFLOWS)	-	-	-	-
Net change in fund balance	-	-	277	277
FUND BALANCE, ENDING	\$ 13,904	\$ 13,904	\$ 14,181	\$ 277

**BUDGETARY COMPARISON SCHEDULE
 SANTA CRUZ FLOOD CONTROL AND WATER CONSERVATION - ZONE 7 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE (DEFICIT), BEGINNING	\$ 1,177,894	\$ 1,177,894	\$ 1,177,894	\$ -
RESOURCES (INFLOWS)				
Use of money and property	-	-	4,216	4,216
Aid from other governments	916,069	916,069	12,312	(903,757)
Charges for services	2,025,960	2,025,960	2,052,665	26,705
Amounts available for appropriation	<u>2,942,029</u>	<u>2,942,029</u>	<u>2,069,193</u>	<u>(872,836)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	875,000	875,000	867,867	7,133
Capital assets	-	-	1,871,880	(1,871,880)
Transfers out	136,155	136,155	-	136,155
Appropriations for contingencies	413,206	260,652	-	260,652
Total charges to appropriations	<u>1,424,361</u>	<u>1,271,807</u>	<u>2,739,747</u>	<u>(1,467,940)</u>
Net change in fund balance	<u>1,517,668</u>	<u>1,670,222</u>	<u>(670,554)</u>	<u>(2,340,776)</u>
FUND BALANCE, ENDING	<u>\$ 2,695,562</u>	<u>\$ 2,848,116</u>	<u>\$ 507,340</u>	<u>\$ (2,340,776)</u>

**BUDGETARY COMPARISON SCHEDULE
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - PUBLIC PROTECTION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 5,141,946	\$ 5,141,946	\$ 5,141,946	\$ -
RESOURCES (INFLOWS)				
Taxes	8,187,112	8,187,112	8,405,302	218,190
Licenses and permits	14,030	14,030	14,615	585
Fines, forfeitures, and assessments	332	332	1,898	1,566
Use of money and property	77,517	77,517	139,943	62,426
Aid from other governments	1,064,661	1,076,451	223,723	(852,728)
Charges for services	1,271,739	1,271,739	1,297,137	25,398
Other	400	400	89,502	89,102
Amounts available for appropriation	<u>10,615,791</u>	<u>10,627,581</u>	<u>10,172,120</u>	<u>(455,461)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Salaries and employee benefits	71,399	71,399	27,150	44,249
Services and supplies	8,253,687	8,981,195	7,150,956	1,830,239
Other charges	1,249,260	1,249,260	1,237,456	11,804
Capital assets	4,066,099	3,275,381	-	3,275,381
Transfers out	800,000	800,000	800,000	-
Appropriations for contingencies	460,264	460,264	-	460,264
Total charges to appropriations	<u>14,900,709</u>	<u>14,837,499</u>	<u>9,215,562</u>	<u>5,621,937</u>
Net change in fund balance	<u>(4,284,918)</u>	<u>(4,209,918)</u>	<u>956,558</u>	<u>5,166,476</u>
FUND BALANCE, ENDING	<u>\$ 857,028</u>	<u>\$ 932,028</u>	<u>\$ 6,098,504</u>	<u>\$ 5,166,476</u>

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

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 9,215,562
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(800,000)
Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	<u>\$ 8,415,562</u>

**BUDGETARY COMPARISON SCHEDULE
 DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - HEALTH AND SANITATION SPECIAL REVENUE
 FUND
 FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 1,114,317	\$ 1,114,317	\$ 1,114,317	\$ -
RESOURCES (INFLOWS)				
Use of money and property	22,000	22,000	20,191	(1,809)
Charges for services	1,470,811	1,470,811	1,497,881	27,070
Amounts available for appropriation	<u>1,492,811</u>	<u>1,492,811</u>	<u>1,518,072</u>	<u>25,261</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	550	550	500	50
Other charges	40,154	40,154	40,154	-
Transfers out	1,739,182	1,739,182	1,338,066	401,116
Total charges to appropriations	<u>1,779,886</u>	<u>1,779,886</u>	<u>1,378,720</u>	<u>401,166</u>
Net change in fund balance	<u>(287,075)</u>	<u>(287,075)</u>	<u>139,352</u>	<u>426,427</u>
FUND BALANCE, ENDING	<u>\$ 827,242</u>	<u>\$ 827,242</u>	<u>\$ 1,253,669</u>	<u>\$ 426,427</u>

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

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule \$ 1,378,720

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (1,338,066)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds \$ 40,654

**BUDGETARY COMPARISON SCHEDULE
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - RECREATION AND CULTURAL SERVICES
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING	\$ 1,609,646	\$ 1,609,646	\$ 1,609,646	\$ -
RESOURCES (INFLOWS)				
Taxes	1,881,446	1,881,446	1,871,045	(10,401)
Fines, forfeits and penalties	-	-	123	123
Use of money and property	26,800	26,800	31,881	5,081
Aid from other governments	6,910	6,910	6,101	(809)
Transfers in	65,767	130,617	-	(130,617)
Amounts available for appropriation	<u>1,980,923</u>	<u>2,045,773</u>	<u>1,909,150</u>	<u>(136,623)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	1,844,402	1,844,402	1,717,514	(126,888)
Other charges	4,985	4,985	4,985	-
Capital assets	439,322	439,322	-	(439,322)
Transfers out	131,534	416,111	285,462	(130,649)
Total charges to appropriations	<u>2,420,243</u>	<u>2,704,820</u>	<u>2,007,961</u>	<u>(696,859)</u>
Net change in fund balance	<u>(439,320)</u>	<u>(659,047)</u>	<u>(98,811)</u>	<u>560,236</u>
FUND BALANCE, ENDING	<u>\$ 1,170,326</u>	<u>\$ 950,599</u>	<u>\$ 1,510,835</u>	<u>\$ 560,236</u>

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

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 2,007,961
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(285,462)</u>
Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	<u>\$ 1,722,499</u>

BUDGETARY COMPARISON SCHEDULE
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS-PUBLIC WAYS AND FACILITIES SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		
FUND BALANCE, BEGINNING RESOURCES (INFLOWS)	\$ 5,409,619	\$ 5,409,619	\$ 5,409,619	\$ -
Taxes	827,389	827,389	1,043,242	215,853
Licenses and permits	30,000	30,000	16,326	(13,674)
Fines, forfeits and penalties	30,013	30,013	601	(29,412)
Use of money and property	53,086	53,086	94,782	41,696
Aid from other governments	6,288	1,315,976	203,355	(1,112,621)
Charges for services	4,350,250	4,536,250	4,544,362	8,112
Other	-	14,000	44,734	30,734
Amounts available for appropriation	<u>5,297,026</u>	<u>6,806,714</u>	<u>5,947,402</u>	<u>(859,312)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	9,180,778	10,690,466	5,392,716	5,297,750
Other charges	16,500	16,500	192,373	(175,873)
Capital assets	466,433	466,433	-	466,433
Principal	20,223	20,223	14,898	5,325
Interest	8,649	8,649	5,111	3,538
Appropriations for contingencies	865,513	865,513	-	865,513
Total charges to appropriations	<u>10,558,096</u>	<u>12,067,784</u>	<u>5,605,098</u>	<u>6,462,686</u>
Net change in fund balance	<u>(5,261,070)</u>	<u>(5,261,070)</u>	<u>342,304</u>	<u>5,603,374</u>
FUND BALANCE, ENDING	<u>\$ 148,549</u>	<u>\$ 148,549</u>	<u>\$ 5,751,923</u>	<u>\$ 5,603,374</u>



Nonmajor Enterprise Funds

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020



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

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

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

Davenport 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, 2020**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
ASSETS				
Current assets:				
Cash and investments	\$ 1,334,875	\$ 848,187	\$ 250,485	\$ 358,652
Receivables	-	-	-	-
Deposits with others	-	-	-	-
Total current assets	<u>1,334,875</u>	<u>848,187</u>	<u>250,485</u>	<u>358,652</u>
Noncurrent assets:				
Loans receivable	-	-	-	-
Capital assets:				
Construction-in-progress	212,139	-	155,660	-
Buildings and structures	1,947,299	360,778	188,210	908,968
Equipment	46,448	-	-	-
Accumulated depreciation	(1,631,011)	(268,795)	(136,452)	(486,590)
Capital assets, net	<u>574,875</u>	<u>91,983</u>	<u>207,418</u>	<u>422,378</u>
Total noncurrent assets	<u>574,875</u>	<u>91,983</u>	<u>207,418</u>	<u>422,378</u>
Total assets	<u>1,909,750</u>	<u>940,170</u>	<u>457,903</u>	<u>781,030</u>
LIABILITIES				
Current liabilities:				
Payables	3,031	346	2,727	6,209
Due to other funds	-	-	-	-
Current portion of long-term liabilities	-	-	-	-
Accrued interest payable	-	-	-	-
Total current liabilities	<u>3,031</u>	<u>346</u>	<u>2,727</u>	<u>6,209</u>
Noncurrent liabilities:				
Long-term liabilities	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,031</u>	<u>346</u>	<u>2,727</u>	<u>6,209</u>
NET POSITION				
Net investment in capital assets	574,875	91,983	207,418	422,379
Restricted for:				
Debt service	-	-	-	-
Unrestricted	1,331,844	847,841	247,758	352,442
Total net position	<u>\$ 1,906,719</u>	<u>\$ 939,824</u>	<u>\$ 455,176</u>	<u>\$ 774,821</u>

COMBINING STATEMENT OF NET POSITION (CONTINUED)
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2020

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ -	\$ 1,628,439	\$ 859,275	\$ -	\$ 5,279,913
-	-	-	1,612,679	1,612,679
-	-	-	16,920	16,920
-	1,628,439	859,275	1,629,599	6,909,512
-	20,905	-	-	20,905
-	-	161,086	-	528,885
-	-	10,660,955	11,881,211	25,947,421
-	35,138	-	-	81,586
-	(28,051)	(5,178,400)	(3,185,956)	(10,915,255)
-	7,087	5,643,641	8,695,255	15,642,637
-	27,992	5,643,641	8,695,255	15,663,542
-	1,656,431	6,502,916	10,324,854	22,573,054
1,511	200,881	63,546	25,789	304,040
2,914	-	-	1,421,339	1,424,253
-	9,800	-	24,408	34,208
-	-	-	386	386
4,425	210,681	63,546	1,471,922	1,762,887
-	-	-	58,259	58,259
-	-	-	58,259	58,259
4,425	210,681	63,546	1,530,181	1,821,146
-	-	5,643,642	8,612,588	15,552,885
-	-	-	43,427	43,427
(4,425)	1,445,750	795,728	138,658	5,155,596
\$ (4,425)	\$ 1,445,750	\$ 6,439,370	\$ 8,794,673	\$ 20,751,908

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
OPERATING REVENUES				
Charges for services	\$ 532,319	\$ 45,087	\$ 98,585	\$ 299,899
Total operating revenues	<u>532,319</u>	<u>45,087</u>	<u>98,585</u>	<u>299,899</u>
OPERATING EXPENSES:				
Services and supplies	362,898	7,540	161,160	255,263
Depreciation and amortization	36,169	9,019	5,542	25,119
Total operating expenses	<u>399,067</u>	<u>16,559</u>	<u>166,702</u>	<u>280,382</u>
Operating income (loss)	<u>133,252</u>	<u>28,528</u>	<u>(68,117)</u>	<u>19,517</u>
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental	-	-	-	-
Interest and investment income	23,335	16,072	6,495	5,822
Property taxes	-	-	-	-
Interest expense	-	-	-	-
Total nonoperating revenues (expenses)	<u>23,335</u>	<u>16,072</u>	<u>6,495</u>	<u>5,822</u>
Change in net position	156,587	44,600	(61,622)	25,339
Net position - beginning	1,750,132	895,224	516,798	749,482
Net position - ending	<u>\$ 1,906,719</u>	<u>\$ 939,824</u>	<u>\$ 455,176</u>	<u>\$ 774,821</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION (CONTINUED)
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 52,376	\$ 1,352,310	\$ 1,048,619	\$ 534,567	\$ 3,963,762
52,376	1,352,310	1,048,619	534,567	3,963,762
90,358	1,325,589	908,795	412,390	3,523,993
-	2,181	247,239	369,864	695,133
90,358	1,327,770	1,156,034	782,254	4,219,126
(37,982)	24,540	(107,415)	(247,687)	(255,364)
-	-	-	26,109	26,109
312	30,897	24,593	(59,783)	47,743
-	-	-	44,455	44,455
-	(704)	-	(3,107)	(3,811)
312	30,193	24,593	7,674	114,496
(37,670)	54,733	(82,822)	(240,013)	(140,868)
33,245	1,391,017	6,522,192	9,034,686	20,892,776
\$ (4,425)	\$ 1,445,750	\$ 6,439,370	\$ 8,794,673	\$ 20,751,908

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 532,319	\$ 45,087	\$ 98,585	\$ 299,899
Payments to suppliers for goods and services	(388,613)	(7,358)	(159,223)	(254,484)
Other receipts	-	-	-	-
Net cash provided (used) by operating activities	<u>143,706</u>	<u>37,729</u>	<u>(60,638)</u>	<u>45,415</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Deposits with others	-	-	-	-
Advances to other entities	-	-	-	-
Due to other funds	-	-	-	-
Matured interest payable	-	-	-	-
Intergovernmental receipts	-	-	-	-
Property taxes	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	-	(90,297)	-
Principal paid on capital debt	-	-	-	-
Interest paid on capital debt	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(90,297)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	23,336	16,072	6,492	5,822
Net cash provided (used) by investing activities	<u>23,336</u>	<u>16,072</u>	<u>6,492</u>	<u>5,822</u>
Net increase (decrease) in cash and cash equivalents	167,042	53,801	(144,443)	51,237
Cash and cash equivalents at beginning of year	1,167,833	794,386	394,928	307,415
Cash and cash equivalents at end of year	<u>\$ 1,334,875</u>	<u>\$ 848,187</u>	<u>\$ 250,485</u>	<u>\$ 358,652</u>

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Trestle Beach CSA 20	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ 52,376	\$ 1,352,667	\$ 1,048,619	\$ 534,567	\$ 3,964,119
(90,839)	(1,270,190)	(1,386,672)	(456,199)	(4,013,578)
-	-	-	-	-
<u>(38,463)</u>	<u>82,477</u>	<u>(338,053)</u>	<u>78,368</u>	<u>(49,459)</u>
-	-	-	(85)	(85)
-	11,824	-	-	11,824
2,913	-	-	1,421,339	1,424,252
-	-	-	(172)	(172)
-	-	-	26,109	26,109
-	-	-	44,455	44,455
<u>2,913</u>	<u>11,824</u>	<u>-</u>	<u>1,491,646</u>	<u>1,506,383</u>
-	-	(832,390)	-	(922,687)
-	(17,264)	-	(33,235)	(50,499)
-	(704)	-	(3,107)	(3,811)
<u>-</u>	<u>(17,968)</u>	<u>(832,390)</u>	<u>(36,342)</u>	<u>(976,997)</u>
313	30,898	24,594	(59,784)	47,743
<u>313</u>	<u>30,898</u>	<u>24,594</u>	<u>(59,784)</u>	<u>47,743</u>
(35,237)	107,231	(1,145,849)	1,473,888	527,670
<u>35,237</u>	<u>1,521,208</u>	<u>2,005,124</u>	<u>(1,473,888)</u>	<u>4,752,243</u>
<u>\$ -</u>	<u>\$ 1,628,439</u>	<u>\$ 859,275</u>	<u>\$ -</u>	<u>\$ 5,279,913</u>

(Continued)

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5
RECONCILIATION OF OPERATING				
INCOME (LOSS) TO NET CASH PROVIDED				
(USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 133,252	\$ 28,528	\$ (68,117)	\$ 19,517
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	36,169.00	9,019.00	5,542.00	25,119.00
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	-	-	-	-
Increase (decrease) in:				
Payables	(25,715.08)	181.92	1,936.51	779.05
Total adjustments	10,454	9,201	7,479	25,898
Net cash provided (used) by operating activities	\$ 143,706	\$ 37,729	\$ (60,638)	\$ 45,415

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Trestle Beach CSA 20	Summit West CSA 54	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport County Sanitation District	Total
\$ (37,982)	\$ -	\$ 24,540	\$ (107,415)	\$ (247,687)	\$ (255,364)
-	-	2,181.00	247,239.00	369,864.00	695,133.00
-	-	357.00	-	-	357.00
(481.27)	-	55,399.19	(477,876.71)	(43,808.79)	(489,585.18)
(481)	-	57,937	(230,638)	326,055	205,905
<u>\$ (38,463)</u>	<u>\$ -</u>	<u>\$ 82,477</u>	<u>\$ (338,053)</u>	<u>\$ 78,368</u>	<u>\$ (49,459)</u>



Internal Service Funds

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020



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

Central Duplicating Fund – The Central Duplicating Fund accounts for the County print shop, copy center, and mail room.

Information Services Fund – The Information Services Fund accounts for data processing and telecommunications services provided to County departments.

Public Works Fund – The Public Works Fund accounts for such County functions as construction and maintenance of the County road system and management of certain special districts and other related activities.

Service Center Fund – The Service Center Fund accounts for the maintenance of the County fleet of vehicles and for related services to other County departments.

Self-Insurance Funds – The Self-Insurance Funds account for the County’s self-insured risk management, dental and health insurance, liability and property insurance, workers’ compensation insurance, employee benefit staffing, and State unemployment insurance program.

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2020**

ASSETS	Central Duplicating	Information Services	Public Works	Service Center
Current assets:				
Cash and investments	\$ 93,021	\$ 3,826,384	\$ 5,907,734	\$ 2,634,596
Receivables	-	626,235	284,669	12
Due from other funds	-	-	2,815,897	-
Deposits with others	-	-	-	-
Inventory	-	-	443,555	20,047
Prepaid items	19,923	-	-	-
Total current assets	<u>112,944</u>	<u>4,452,619</u>	<u>9,451,855</u>	<u>2,654,655</u>
Capital assets:				
Land	-	-	62,914	34,173
Construction-in-progress	-	17,584	-	61,010
Buildings and structures	-	254,751	3,371,418	438,121
Equipment	282,636	12,004,547	9,459,795	12,308,405
Accumulated depreciation	(183,069)	(8,448,728)	(9,557,157)	(9,122,295)
Capital assets, net	<u>99,567</u>	<u>3,828,154</u>	<u>3,336,970</u>	<u>3,719,414</u>
Total assets	<u>212,511</u>	<u>8,280,773</u>	<u>12,788,825</u>	<u>6,374,069</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension	49,188	2,062,501	6,562,182	146,756
Deferred OPEB	13,211	317,071	1,261,679	26,423
Total deferred outflows of resources	<u>62,399</u>	<u>2,379,572</u>	<u>7,823,861</u>	<u>173,179</u>
LIABILITIES				
Current liabilities:				
Payables	6,271	146,097	585,924	105,409
Accrued salaries and benefits payable	1,509	65,662	254,113	3,559
Capital leases	-	150,338	4,243	-
Claims liabilities	-	-	-	-
Compensated absences, due within one year	2,065	734,685	2,656,207	29,852
Total current liabilities	<u>9,845</u>	<u>1,096,782</u>	<u>3,500,487</u>	<u>138,820</u>
Noncurrent liabilities:				
Capital leases	-	-	5,245	-
Claims liability	-	-	-	-
Compensated absences, due in more than one year	37,500	611,624	902,414	-
Total OPEB liability	158,852	3,814,927	14,926,982	390,875
Net pension liability	304,427	12,645,478	40,205,117	953,823
Total noncurrent liabilities	<u>500,779</u>	<u>17,072,029</u>	<u>56,039,758</u>	<u>1,344,698</u>
Total liabilities	<u>510,624</u>	<u>18,168,811</u>	<u>59,540,245</u>	<u>1,483,518</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension	8,892	293,579	1,060,250	21,328
Deferred OPEB	14,541	348,558	1,373,258	34,053
Total deferred inflows of resources	<u>23,433</u>	<u>642,137</u>	<u>2,433,508</u>	<u>55,381</u>
NET POSITION				
Net investment in capital assets	99,567	3,677,816	3,327,482	3,719,414
Restricted for:				
Debt service	-	-	1,338,808	-
Unrestricted	(358,714)	(11,828,419)	(46,027,357)	1,288,935
Total net position	<u>\$ (259,147)</u>	<u>\$ (8,150,603)</u>	<u>\$ (41,361,067)</u>	<u>\$ 5,008,349</u>

**COMBINING STATEMENT OF NET POSITION (CONTINUED)
INTERNAL SERVICE FUNDS
JUNE 30, 2020**

Risk Management	Dental and Health Insurance	Self-Insurance			Employee Benefit Staffing	State Unemployment Insurance Program	Total
		Liability and Property Insurance	Workers' Compensation Insurance				
\$ 401,124	\$ 1,927,621	\$ 7,435,304	\$ 15,475,409	\$ 295,435	\$ 409,302	\$ 38,405,930	
-	19,464	-	-	-	-	930,380	
-	-	-	4,718,730	-	-	7,534,627	
-	-	-	150,000	-	-	150,000	
-	-	-	-	-	-	463,602	
-	-	-	-	-	-	19,923	
<u>401,124</u>	<u>1,947,085</u>	<u>7,435,304</u>	<u>20,344,139</u>	<u>295,435</u>	<u>409,302</u>	<u>47,504,462</u>	
-	-	-	-	-	-	97,087	
-	-	-	-	-	-	78,594	
-	-	-	-	-	-	4,064,290	
16,605	-	-	-	-	-	34,071,988	
(11,416)	-	-	-	-	-	(27,322,665)	
5,189	-	-	-	-	-	10,989,294	
<u>406,313</u>	<u>1,947,085</u>	<u>7,435,304</u>	<u>20,344,139</u>	<u>295,435</u>	<u>409,302</u>	<u>58,493,756</u>	
259,993	-	-	-	114,737	-	9,195,357	
46,240	-	-	-	26,423	-	1,691,047	
<u>306,233</u>	-	-	-	<u>141,160</u>	-	<u>10,886,404</u>	
6,817	1,969	890,937	262,262	25,995	-	2,031,681	
8,461	-	-	-	2,736	-	336,040	
4,729	-	-	-	-	-	159,310	
-	326,810	4,229,000	8,038,000	-	31,675	12,625,485	
-	-	-	-	-	-	-	
97,157	-	-	-	33,996	-	3,553,962	
<u>117,164</u>	<u>328,779</u>	<u>5,119,937</u>	<u>8,300,262</u>	<u>62,727</u>	<u>31,675</u>	<u>18,706,478</u>	
1,266	-	-	-	-	-	6,511	
-	-	8,144,000	26,806,999	-	-	34,950,999	
100,567	-	-	-	41,403	-	1,693,508	
558,457	-	-	-	315,230	-	20,165,323	
1,485,567	-	-	-	765,709	-	56,360,121	
<u>2,145,857</u>	-	<u>8,144,000</u>	<u>26,806,999</u>	<u>1,122,342</u>	-	<u>113,176,462</u>	
<u>2,263,021</u>	<u>328,779</u>	<u>13,263,937</u>	<u>35,107,261</u>	<u>1,185,069</u>	<u>31,675</u>	<u>131,882,940</u>	
165,089	-	-	-	(121,832)	-	1,427,306	
50,453	-	-	-	29,527	-	1,850,390	
<u>215,542</u>	-	-	-	<u>(92,305)</u>	-	<u>3,277,696</u>	
-	-	-	-	-	-	10,824,279	
-	-	-	150,000	-	-	1,488,808	
(1,766,017)	1,618,306	(5,828,633)	(14,913,122)	(656,169)	377,627	(78,093,563)	
<u>\$ (1,766,017)</u>	<u>\$ 1,618,306</u>	<u>\$ (5,828,633)</u>	<u>\$ (14,763,122)</u>	<u>\$ (656,169)</u>	<u>\$ 377,627</u>	<u>\$ (65,780,476)</u>	

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Central Duplicating	Information Services	Public Works	Service Center
OPERATING REVENUES:				
Charges for services	\$ 534,504	\$ 14,037,986	\$ 45,009,755	\$ 2,790,184
Other revenues	-	87,726	53,941	30,869
Total operating revenues	<u>534,504</u>	<u>14,125,712</u>	<u>45,063,696</u>	<u>2,821,053</u>
OPERATING EXPENSES:				
Salaries and employee benefits	240,367	10,239,721	38,669,130	630,133
Services and supplies	294,082	4,208,776	8,000,064	1,175,365
Insurance and compensation claims	-	-	-	-
Depreciation and amortization	33,891	1,215,399	380,769	964,333
Total operating expenses	<u>568,340</u>	<u>15,663,896</u>	<u>47,049,963</u>	<u>2,769,831</u>
Operating income (loss)	<u>(33,836)</u>	<u>(1,538,184)</u>	<u>(1,986,267)</u>	<u>51,222</u>
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental revenue	-	170,615	219,701	-
Interest and investment income	-	-	50,648	-
Gain on disposal of capital assets	-	-	-	13,979
Loss on disposal of capital assets	-	-	(2,933)	(21,852)
Interest expense	-	(53,564)	(1,313)	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>117,051</u>	<u>266,103</u>	<u>(7,873)</u>
Income (loss) before transfers	<u>(33,836)</u>	<u>(1,421,133)</u>	<u>(1,720,164)</u>	<u>43,349</u>
Transfers in	-	-	-	681,783
Transfers out	-	-	-	-
Change in net position	<u>(33,836)</u>	<u>(1,421,133)</u>	<u>(1,720,164)</u>	<u>725,132</u>
Net position - beginning	(225,311)	(6,729,470)	(39,640,903)	4,283,217
Net position - ending	<u>\$ (259,147)</u>	<u>\$ (8,150,603)</u>	<u>\$ (41,361,067)</u>	<u>\$ 5,008,349</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION (CONTINUED)
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

Risk Management	Self-Insurance					Total
	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	
\$ 2,000,000	\$ 2,376,834	\$ 5,000,000	\$ 9,011,636	\$ 1,315,512	\$ 450,000	\$ 82,526,411
-	-	1,430,043	1,300	-	-	1,603,879
<u>2,000,000</u>	<u>2,376,834</u>	<u>6,430,043</u>	<u>9,012,936</u>	<u>1,315,512</u>	<u>450,000</u>	<u>84,130,290</u>
1,302,144	-	-	-	435,997	-	51,517,492
973,583	194,763	6,332,365	3,524,513	900,521	203,188	25,807,220
-	1,617,941	879,324	5,364,010	-	131,073	7,992,348
4,151	-	-	-	-	-	2,598,543
<u>2,279,878</u>	<u>1,812,704</u>	<u>7,211,689</u>	<u>8,888,523</u>	<u>1,336,518</u>	<u>334,261</u>	<u>87,915,603</u>
<u>(279,878)</u>	<u>564,130</u>	<u>(781,646)</u>	<u>124,413</u>	<u>(21,006)</u>	<u>115,739</u>	<u>(3,785,313)</u>
-	-	-	-	-	97,203	487,519
19,485	29,521	165,335	330,495	7,707	6,269	609,460
-	-	-	-	-	-	13,979
-	-	-	-	-	-	(24,785)
(972)	-	-	-	-	-	(55,849)
<u>18,513</u>	<u>29,521</u>	<u>165,335</u>	<u>330,495</u>	<u>7,707</u>	<u>103,472</u>	<u>1,030,324</u>
<u>(261,365)</u>	<u>593,651</u>	<u>(616,311)</u>	<u>454,908</u>	<u>(13,299)</u>	<u>219,211</u>	<u>(2,754,989)</u>
-	-	-	195,000	-	-	876,783
-	-	(800,000)	-	-	-	(800,000)
<u>(261,365)</u>	<u>593,651</u>	<u>(1,416,311)</u>	<u>649,908</u>	<u>(13,299)</u>	<u>219,211</u>	<u>(2,678,206)</u>
<u>(1,504,652)</u>	<u>1,024,655</u>	<u>(4,412,322)</u>	<u>(15,413,030)</u>	<u>(642,870)</u>	<u>158,416</u>	<u>(63,102,270)</u>
<u>\$ (1,766,017)</u>	<u>\$ 1,618,306</u>	<u>\$ (5,828,633)</u>	<u>\$ (14,763,122)</u>	<u>\$ (656,169)</u>	<u>\$ 377,627</u>	<u>\$ (65,780,476)</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Central Duplicating	Information Services	Public Works	Service Center
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 534,504	\$ 13,581,448	\$ 44,748,931	\$ 2,790,242
Payments to suppliers for goods and services	(287,990)	(4,219,757)	(8,029,434)	(1,147,689)
Payments to employees for salaries and benefits	(212,653)	(8,909,404)	(34,850,628)	(564,302)
Payments for judgments and claims	-	-	-	-
Other receipts	-	87,726	53,941	30,869
Net cash provided (used) by operating activities	<u>33,861</u>	<u>540,013</u>	<u>1,922,810</u>	<u>1,109,120</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Receipts from Intergovernmental entities	-	170,615	219,701	-
Due from other funds	-	-	4,583,976	-
Transfers from other funds	-	-	-	681,783
Transfers to other funds	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>170,615</u>	<u>4,803,677</u>	<u>681,783</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	(28,988)	(36,902)	-
Acquisition of equipment	(28,878)	(544,131)	(825,942)	(484,189)
Principal paid on capital debt	-	(497,110)	(5,244)	-
Interest paid on capital debt	-	(53,564)	(1,313)	-
Proceeds from sale of capital assets	-	-	-	13,978
Net cash provided (used) by capital and related financing activities	<u>(28,878)</u>	<u>(1,123,793)</u>	<u>(869,401)</u>	<u>(470,211)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	-	-	50,648	-
Net increase (decrease) in cash cash and cash equivalents	4,983	(413,165)	5,907,734	1,320,692
Cash and cash equivalents at beginning of year	88,038	4,239,549	-	1,313,904
Cash and cash equivalents at end of year	<u>\$ 93,021</u>	<u>\$ 3,826,384</u>	<u>\$ 5,907,734</u>	<u>\$ 2,634,596</u>

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Self-Insurance

Risk Management	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	Total
\$ 2,000,000	\$ 2,452,866	\$ 5,000,000	\$ 9,011,636	\$ 1,315,512	\$ 450,000	\$ 81,885,139
(977,542)	(237,714)	(8,046,309)	(3,940,996)	(884,026)	(203,188)	(27,974,645)
(1,126,844)	-	-	-	(376,187)	-	(46,040,018)
-	(1,699,741)	(1,622,324)	(3,058,010)	-	(166,148)	(6,546,223)
-	-	1,430,043	1,300	-	-	1,603,879
(104,386)	515,411	(3,238,590)	2,013,930	55,299	80,664	2,928,132
-	-	-	-	-	97,203	487,519
-	-	-	4,390,040	-	-	8,974,016
-	-	-	195,000	-	-	876,783
-	-	(800,000)	-	-	-	(800,000)
-	-	(800,000)	4,585,040	-	97,203	9,538,318
-	-	-	-	-	-	(65,890)
-	-	-	-	-	-	(1,883,140)
(4,234)	-	-	-	-	-	(506,588)
(972)	-	-	-	-	-	(55,849)
-	-	-	-	-	-	13,978
(5,206)	-	-	-	-	-	(2,497,489)
19,485	29,522	165,335	330,494	7,705	6,269	609,458
(90,107)	544,933	(3,873,255)	6,929,464	63,004	184,136	10,578,419
491,231	1,382,688	11,308,559	8,545,945	232,431	225,166	27,827,511
\$ 401,124	\$ 1,927,621	\$ 7,435,304	\$ 15,475,409	\$ 295,435	\$ 409,302	\$ 38,405,930

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Central Duplicating	Information Services	Public Works	Service Center
RECONCILIATION OF OPERATING				
INCOME (LOSS) TO NET CASH PROVIDED				
(USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (33,836)	\$ (1,538,184)	\$ (1,986,267)	\$ 51,222
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	33,891	1,215,399	380,769	964,333
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	-	(456,538)	(260,824)	58
Inventory	-	-	6,402	(7,614)
Prepaid items	6,471	28,988	-	-
Increase (decrease) in:				
Payables	(379)	(39,969)	(35,772)	35,290
Claims liabilities	-	-	-	-
Accrued salaries and benefits	27,714	1,330,317	3,818,502	65,831
Total adjustments	67,697	2,078,197	3,909,077	1,057,898
Net cash provided (used) by operating activities	\$ 33,861	\$ 540,013	\$ 1,922,810	\$ 1,109,120
Schedule of non-cash capital and related financing activities:				
Contributions of capital assets				
Purchase of machinery, equipment and vehicles on account	-	-	\$ 6,996	-

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Risk Management	Self-Insurance					Total
	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	
\$ (279,878)	\$ 564,130	\$ (781,646)	\$ 124,413	\$ (21,006)	\$ 115,739	\$ (3,785,313)
4,151	-	-	-	-	-	2,598,543
-	76,032	-	-	-	-	(641,272)
-	-	-	-	-	-	(1,212)
-	-	-	-	-	-	35,459
(3,959)	(42,951)	(1,713,944)	(416,483)	16,495	-	(2,201,672)
-	(81,800)	(743,000)	2,306,000	-	(35,075)	1,446,125
175,300	-	-	-	59,810	-	5,477,474
175,492	(48,719)	(2,456,944)	1,889,517	76,305	(35,075)	6,713,445
<u>\$ (104,386)</u>	<u>\$ 515,411</u>	<u>\$ (3,238,590)</u>	<u>\$ 2,013,930</u>	<u>\$ 55,299</u>	<u>\$ 80,664</u>	<u>\$ 2,928,132</u>
-	-	-	-	-	-	\$ 6,996



Fiduciary Funds

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020

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

Intergovernmental Agency Funds – Intergovernmental Agency Funds are used to account for deposits which are under the control of various single county officers. Disbursements are made from these funds by the Auditor-Controller based on a properly written authorization from the responsible officer.

Payroll Funds – The Payroll Funds are used to account for various employee payroll deductions, tax withholdings, and employer contributions for fringe benefits.

Property Tax Collections Funds – The Property Tax Collections Funds are used to account for the collection and distribution of property taxes and interest on bank deposits of other local governmental agencies.

Private Purpose Trust Fund – The Private Purpose Trust Fund reports resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. This fund is used to report the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and activities of the County of Santa Cruz Redevelopment Successor Agency.

COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2020

	Inter- governmental Agency	Payroll	Property Tax Collections	Total
ASSETS				
Cash and investments	\$ 49,920,547	\$ 16,485,244	\$ 13,638,425	\$ 80,044,216
Receivables	-	-	11,697,745	11,697,745
Total assets	<u>\$ 49,920,547</u>	<u>\$ 16,485,244</u>	<u>\$ 25,336,170</u>	<u>\$ 91,741,961</u>
LIABILITIES				
Accounts payable	-	\$ 16,485,244	-	\$ 16,485,244
Due to other governmental units	-	-	25,336,170	25,336,170
Agency funds held for others	49,920,547	-	-	49,920,547
Total liabilities	<u>\$ 49,920,547</u>	<u>\$ 16,485,244</u>	<u>\$ 25,336,170</u>	<u>\$ 91,741,961</u>

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
<u>Intergovernmental Agency</u>				
Assets:				
Cash and investments	\$ 32,899,906	\$ 4,125,869,691	\$ 4,108,849,050	\$ 49,920,547
Total assets	<u>\$ 32,899,906</u>	<u>\$ 4,125,869,691</u>	<u>\$ 4,108,849,050</u>	<u>\$ 49,920,547</u>
Liabilities:				
Accounts payable	\$ -	\$ 2,570,979,587	\$ 2,570,979,587	\$ -
Agency funds held for others	32,899,906	422,542,314	405,521,673	49,920,547
Total liabilities	<u>\$ 32,899,906</u>	<u>\$ 2,993,521,901</u>	<u>\$ 2,976,501,260</u>	<u>\$ 49,920,547</u>
<u>Payroll</u>				
Assets:				
Cash and investments	\$ 6,755,663	\$ 417,315,094	\$ 407,585,513	\$ 16,485,244
Receivables	41,005	-	41,005	-
Total assets	<u>\$ 6,796,668</u>	<u>\$ 417,315,094</u>	<u>\$ 407,626,518</u>	<u>\$ 16,485,244</u>
Liabilities:				
Accounts payable	\$ 6,796,668	\$ 1,212,949,852	\$ 1,203,261,276	\$ 16,485,244
Total liabilities	<u>\$ 6,796,668</u>	<u>\$ 1,212,949,852</u>	<u>\$ 1,203,261,276</u>	<u>\$ 16,485,244</u>
<u>Property Tax Collections</u>				
Assets:				
Cash and investments	\$ 11,093,869	\$ 1,271,091,949	\$ 1,268,547,393	\$ 13,638,425
Receivables	12,161,372	595,316,912	595,780,539	11,697,745
Total assets	<u>\$ 23,255,240</u>	<u>\$ 1,866,408,861</u>	<u>\$ 1,864,327,932</u>	<u>\$ 25,336,170</u>
Liabilities:				
Accounts payable	\$ 1,708	\$ 14,798,614	\$ 14,800,322	\$ -
Due to other governmental units	23,253,533	2,798,554,162	2,796,471,525	25,336,170
Total liabilities	<u>\$ 23,255,241</u>	<u>\$ 2,813,352,776</u>	<u>\$ 2,811,271,847</u>	<u>\$ 25,336,170</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$ 50,749,438	\$ 5,814,276,734	\$ 5,784,981,956	\$ 80,044,216
Receivables	12,202,377	595,316,912	595,821,544	11,697,745
Total assets	<u>\$ 62,910,815</u>	<u>\$ 6,409,593,646</u>	<u>\$ 6,380,803,500</u>	<u>\$ 91,741,961</u>
Liabilities:				
Accounts payable	\$ 6,798,376	\$ 3,798,728,053	\$ 3,789,041,185	\$ 16,485,244
Due to other governmental units	23,253,533	2,798,554,162	2,796,471,525	25,336,170
Agency funds held for others	32,899,906	422,542,314	405,521,673	49,920,547
Total liabilities	<u>\$ 62,951,815</u>	<u>\$ 7,019,824,529</u>	<u>\$ 6,991,034,383</u>	<u>\$ 91,741,961</u>

**SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY
 STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUND
 JUNE 30, 2020**

	Santa Cruz County Redevelopment Successor Agency
ASSETS	
Current Assets:	
Cash and investments	\$ 14,594,500
Total current assets	14,594,500
Noncurrent Assets:	
Restricted cash with fiscal agents	4,903
Prepaid insurance	1,403,487
Capital assets, net	9,113,386
Total noncurrent assets	10,521,776
Total assets	\$ 25,116,276
DEFERRED OUTFLOWS OF RESOURCES	
Loss on refunding of debt	\$ 255,297
Total deferred outflows of resources	\$ 255,297
LIABILITIES	
Current Liabilities:	
Accounts payable - claims	\$ 15,458
Interest payable	2,765,513
Long-term debt - due within one year	9,215,429
Total current liabilities	11,996,400
Long-term Liabilities:	
Long-term debt - due in more than one year	190,909,554
Total long-term liabilities	190,909,554
Total liabilities	\$ 202,905,954
DEFERRED INFLOWS OF RESOURCES	
Gain on refunding of debt	\$ 1,049,147
Total deferred inflows of resources	\$ 1,049,147
NET POSITION	
Net position held in trust	\$ (178,583,528)

**SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY
STATEMENT OF CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Santa Cruz County Redevelopment Successor Agency
ADDITIONS:	
Investment income	\$ 221,757
Incremental property taxes	16,895,168
Other revenue	73,745
Total additions	17,190,670
DEDUCTIONS:	
Payments in accordance with trust agreements	7,541,200
Total deductions	7,541,200
Change in net position held in trust	9,649,470
Net position held in trust - beginning	(188,232,998)
Net position held in trust - ending	\$ (178,583,528)

Statistical Section

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020



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STATISTICAL SECTION

This part of the County of Santa Cruz’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County’s overall financial health.

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These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.	193
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets	\$ 567,960	\$ 546,806	\$ 509,726	\$ 476,456	\$ 468,999	\$ 484,646	\$ 439,466	\$ 448,657	\$ 455,726	\$ 215,172
Restricted	132,070	66,391	55,333	57,360	63,880	55,856	75,773	67,014	96,980	117,713
Unrestricted	(603,792)	(471,054)	(423,493) ⁽¹⁾	(396,329)	(374,141)	(399,332)	(72,239)	(65,133)	(66,913)	(61,396)
Total governmental activities net position	\$ 96,238	\$ 142,143	\$ 141,566	\$ 137,487	\$ 158,738	\$ 141,170	\$ 443,000	\$ 450,538	\$ 485,793	\$ 271,489
Business-type activities										
Net investment in capital assets	\$ 24,395	\$ 24,615	\$ 21,690	\$ 20,724	\$ 28,466	\$ 28,585	\$ 24,033	\$ 25,023	\$ 25,442	\$ 24,677
Restricted	43	43	634	381	390	260	476	44	256	253
Unrestricted	328	1,304	3,255 ⁽¹⁾	2,062	(1,962)	3,620	8,130	7,634	6,520	5,803
Total business-type activities net position	\$ 24,766	\$ 25,962	\$ 25,579	\$ 23,167	\$ 26,894	\$ 32,465	\$ 32,639	\$ 32,701	\$ 32,218	\$ 30,733
Total primary government										
Net investment in capital assets	\$ 592,355	\$ 571,421	\$ 531,416	\$ 497,180	\$ 497,465	\$ 513,231	\$ 463,499	\$ 473,680	\$ 481,168	\$ 239,849
Restricted	132,113	66,434	55,967	57,740	64,270	56,116	76,249	67,058	97,236	117,966
Unrestricted	(603,464)	(469,750)	(420,238) ⁽¹⁾	(394,267)	(376,103)	(395,712)	(64,109)	(57,499)	(60,393)	(55,593)
Total primary government net position	\$ 121,004	\$ 168,105	\$ 167,145	\$ 160,653	\$ 185,632	\$ 173,635	\$ 475,639	\$ 483,239	\$ 518,011	\$ 302,222

⁽¹⁾ The 2018 reported unrestricted balances have been restated due to the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities:										
General government	\$ 49,370	\$ 42,773	\$ 39,812	\$ 43,566	\$ 35,068	\$ 33,544	\$ 25,451	\$ 17,725	\$ 27,417	\$ 39,206
Public protection	207,831	195,327	177,636	157,415	141,370	131,718	133,932	127,640	124,721	125,065
Public ways and facilities	31,139	27,258	29,193	24,716	28,271	32,900	18,961	47,167	32,192	36,694
Health and sanitation	179,330	154,536	141,327	123,519	114,209	108,999	108,571	111,441	113,242	107,497
Public assistance	160,348	144,066	132,801	129,000	126,834	116,902	112,840	104,889	105,835	101,990
Education	5,757	5,996	5,884	5,746	6,005	5,537	4,915	5,005	5,033	5,194
Recreation and cultural services	12,182	11,772	11,549	10,784	8,900	7,202	6,870	5,867	6,670	6,386
Interest on long-term debt	3,270	2,157	1,746	2,210	2,764	3,307	8,126	3,321	10,262	17,144
Total government activities expenses	<u>649,227</u>	<u>583,885</u>	<u>539,948</u>	<u>496,956</u>	<u>463,421</u>	<u>440,109</u>	<u>419,666</u>	<u>423,055</u>	<u>425,372</u>	<u>439,176</u>
Business-type activities:										
County Disposal Site										
CSA 9C	\$ 19,393	\$ 17,873	\$ 14,859	\$ 13,283	\$ 12,018	\$ 11,785	\$ 11,464	\$ 10,904	\$ 10,506	\$ 14,792
Boulder Creek CSA 7	419	542	401	308	362	332	310	344	295	299
Rolling Woods CSA 10	17	21	31	32	15	12	14	14	14	12
Septic Tank Maintenance										
CSA 12	1,328	1,124	923	1,016	1,090	1,058	1,114	1,017	943	1,050
Freedom County										
Sanitation District	1,206	766	1,123	1,090	808	965	607	441	857	825
Davenport County										
Sanitation District	810	551	581	556	518	656	557	458	532	477
Place de Mer CSA 2	176	164	157	30	38	50	23	21	37	70
Sand Dollar Beach CSA 5	294	328	323	247	237	275	243	260	265	315
Trestle Beach CSA 20	95	51	56	62	45	51	59	36	41	43
Summit West CSA 54	-	2	-	-	-	-	1	1	1	1
Graham Hill CSA 57	-	-	-	8	11	35	53	35	33	27
Total business-type activities expenses	<u>23,738</u>	<u>21,422</u>	<u>18,454</u>	<u>16,632</u>	<u>15,142</u>	<u>15,219</u>	<u>14,445</u>	<u>13,531</u>	<u>13,524</u>	<u>17,911</u>
Total primary government expenses	<u>\$ 672,965</u>	<u>\$ 605,307</u>	<u>\$ 558,402</u>	<u>\$ 513,588</u>	<u>\$ 478,563</u>	<u>\$ 455,328</u>	<u>\$ 434,111</u>	<u>\$ 436,586</u>	<u>\$ 438,896</u>	<u>\$ 457,087</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 25,328	\$ 26,717	\$ 19,799	\$ 21,379	\$ 19,053	\$ 18,605	\$ 19,150	\$ 18,071	\$ 17,695	\$ 18,305
Health, sanitation & public assistance	41,743	40,934	42,643	38,828	34,628	28,088	25,830	23,238	33,029	27,635
Public protection	22,982	23,899	23,357	22,877	22,514	22,913	21,426	20,742	20,623	20,954
Public ways & facilities, and recreation	9,542	10,439	9,545	9,408	8,051	8,217	8,286	8,869	9,412	8,453
Education	2	1	-	-	-	-	-	-	-	-
Operating grants and contributions	290,021	279,861	259,972	261,567	244,016	243,896	227,863	219,341	207,264	199,689
Capital grants and contributions	18,532	22,829	19,532	8,193	8,798	7,006	10,541	10,678	8,016	11,298
Total governmental activities program revenues	<u>408,150</u>	<u>404,680</u>	<u>374,848</u>	<u>362,252</u>	<u>337,060</u>	<u>328,725</u>	<u>313,096</u>	<u>300,939</u>	<u>296,039</u>	<u>286,334</u>
Business-type activities:										
Charges for services	21,291	18,506	18,022	15,638	14,763	13,933	13,350	13,137	13,313	13,058
Operating grants and contributions	425	1,232	2,856	342	490	226	382	208	573	289
Capital grants and contributions	-	-	-	327	129	118	-	60	345	1,097
Total business-type activities program revenues	<u>21,716</u>	<u>19,738</u>	<u>20,878</u>	<u>16,307</u>	<u>15,382</u>	<u>14,277</u>	<u>13,732</u>	<u>13,405</u>	<u>14,231</u>	<u>14,444</u>
Total primary government program revenues	<u>\$ 429,866</u>	<u>\$ 424,418</u>	<u>\$ 395,726</u>	<u>\$ 378,559</u>	<u>\$ 352,442</u>	<u>\$ 343,002</u>	<u>\$ 326,828</u>	<u>\$ 314,344</u>	<u>\$ 310,270</u>	<u>\$ 300,778</u>
Net (expense)/revenue										
Governmental activities	\$ (241,077)	\$ (179,205)	\$ (165,100)	\$ (134,704)	\$ (126,361)	\$ (111,384)	\$ (106,570)	\$ (122,116)	\$ (129,333)	\$ (152,843)
Business-type activities	(2,022)	(1,683)	2,424	(325)	240	(942)	(713)	(126)	707	(3,467)
Total primary government net expense	<u>\$ (243,099)</u>	<u>\$ (180,888)</u>	<u>\$ (162,676)</u>	<u>\$ (135,029)</u>	<u>\$ (126,121)</u>	<u>\$ (112,326)</u>	<u>\$ (107,283)</u>	<u>\$ (122,242)</u>	<u>\$ (128,626)</u>	<u>\$ (156,310)</u>

(Continued)

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 123,044	\$ 117,337	\$ 107,283	\$ 100,143	\$ 93,563	\$ 88,178	\$ 84,795	\$ 97,716	\$ 109,837	\$ 111,224
Other taxes	36,906	31,143	27,410	24,256	21,831	19,046	17,201	16,044	15,265	12,978
Grants and contributions not restricted for specific purposes	487	-	-	-	-	-	117	-	-	-
Use of money and property	6,283	4,454	3,741	4,096	3,473	3,652	1,254	2,741	2,827	3,373
Miscellaneous	28,371	16,253	7,960	9,460	4,306	751	(156)	52,099	6,033	4,606
Gain (Loss) on sale of assets	81	(7)	6	98	-	(4)	26	1,005	(6)	101
Total governmental activities	195,172	169,180	146,400	138,053	123,173	111,623	103,237	169,605	133,956	132,282
Business-type activities										
Property taxes	44	35	32	29	27	25	25	25	25	24
Use of money and property	334	(25)	(232)	(170)	49	95	(24)	45	12	13
Miscellaneous	448	70	333	332	6,539	531	609	705	631	760
Gain (Loss) on sale of assets	-	(91)	-	-	-	-	-	2	-	3
Total business-type activities	826	(11)	133	191	6,615	651	610	777	668	800
Total primary government	\$ 195,998	\$ 169,169	\$ 146,533	\$ 138,244	\$ 129,788	\$ 112,274	\$ 103,847	\$ 170,382	\$ 134,624	\$ 133,082
Extraordinary Item	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (16,377)	\$ 174,033	\$ -	\$ -
Change in Net Position										
Governmental activities	\$ (45,905)	\$ 4,080	\$ 11,696	\$ 11,692	\$ 11,789	\$ 5,053	\$ (35,256)	\$ 214,305	\$ (18,887)	\$ (17,635)
Business-type activities	(1,196)	2,413	(192)	431	5,673	(62)	484	1,484	(266)	(266)
Total primary government	\$ (47,101)	\$ 6,493	\$ 11,504	\$ 12,123	\$ 17,462	\$ 4,991	\$ (34,772)	\$ 215,789	\$ (21,686)	\$ (17,901)

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 1,547	\$ 1,707	\$ 1,758	\$ 703	\$ 751	\$ 1,135	\$ 872	\$ 3,544	\$ 3,739	\$ 4,118
Restricted	-	-	-	-	-	1	2	2	1	-
Committed	19,756	19,957	21,557	18,000	17,251	20,081	21,627	16,166	13,706	12,847
Assigned	36,390	48,162	37,094	37,159	33,767	29,059	18,214	20,857	24,722	22,231
Unassigned	-	-	-	(71)	(33)	(71)	-	-	-	171
Total General Fund	\$ 57,693	\$ 69,826	\$ 60,409	\$ 55,791	\$ 51,736	\$ 50,205	\$ 40,715	\$ 40,569	\$ 42,168	\$ 39,367
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 61,558	\$ -	\$ 61,184	\$ 60,226	\$ 56,077	\$ 49,883	\$ -
Restricted	130,581	121,088	116,612	54,594	124,769	55,820	69,455	67,030	97,824	166,676
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(4,989)	-	-	-	-	(17)	(22)	(37)
Total	\$ 130,581	\$ 121,088	\$ 111,623	\$ 116,152	\$ 124,769	\$ 117,004	\$ 129,681	\$ 123,090	\$ 147,685	\$ 166,639

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Taxes	\$ 159,949	\$ 153,158	\$ 148,480	\$ 134,693	\$ 124,399	\$ 115,394	\$ 107,224	\$ 101,997	\$ 113,760	\$ 125,101
Licenses and permits	12,829	12,591	12,665	13,268	11,881	11,053	9,847	9,819	10,356	9,046
Fines, forfeits and penalties	8,723	10,796	3,870	4,101	3,630	4,720	4,758	4,474	4,737	5,200
Use of money and property	5,674	5,930	4,197	3,623	4,083	3,417	3,480	1,264	2,635	2,718
Aid from other governments	308,552	302,690	279,504	269,760	252,814	250,902	238,404	230,019	215,280	210,987
Charges for services	78,045	78,603	78,809	75,124	68,734	62,050	60,087	56,626	65,666	61,115
Other	28,371	19,945	16,720	8,313	9,685	10,168	12,927	5,320	2,274	5,341
Total revenues	602,143	583,713	544,245	508,882	475,226	457,704	436,727	409,519	414,708	419,508
Expenditures										
Current										
General government	44,123	35,550	36,225	33,189	31,414	32,532	29,206	28,311	26,747	29,084
Public protection	182,291	172,236	161,157	156,582	146,434	137,893	134,296	129,562	118,671	117,531
Public ways and facilities	35,769	37,204	37,324	34,217	20,249	24,440	18,730	41,232	32,074	37,534
Health and sanitation	164,253	142,544	133,424	122,842	117,041	111,509	108,967	108,688	107,810	104,191
Public assistance	149,539	134,165	125,796	129,505	130,035	119,199	112,967	101,437	101,204	99,120
Education	5,518	5,753	5,655	5,535	5,793	5,325	4,915	4,781	4,810	4,974
Recreation and cultural services	10,842	10,460	10,471	10,014	8,667	7,156	6,951	6,900	7,004	6,928
Capital outlay	14,587	17,770	35,287	14,862	7,607	9,306	18,875	-	-	35,417
Debt service										
Principal	10,220	5,577	4,592	4,857	4,744	3,992	3,797	3,815	7,790	7,603
Bond redemption	-	-	-	-	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-	-	-	-	1,127
Interest and fiscal charges	3,158	2,933	2,276	2,904	2,770	3,239	3,151	3,318	10,482	15,677
Total expenditures	620,300	564,192	552,207	514,507	474,754	454,591	441,855	428,044	416,592	459,186
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,157)	19,521	(7,962)	(5,625)	472	3,113	(5,128)	(18,525)	(1,884)	(39,678)
Other Financing Sources (Uses)										
Sale of capital assets	-	24	24	6	98	-	-	-	1,139	-
Gain/(Loss) on land held for resale	-	-	-	-	-	-	-	-	(137)	(9)
Debt issue cost	(281)	-	-	-	-	-	-	-	(248)	-
Escrow transfers in	-	-	-	-	-	-	-	-	-	29,876
Escrow transfers out	-	-	-	-	-	-	-	-	-	(29,876)
Proceeds from long-term debt	-	-	-	9,945	9,945	11,810	11,810	-	7,490	-
Contributed capital	-	-	-	-	-	-	-	233	45,701	35,410
Bond premium/discount	995	(63)	(63)	951	60	-	812	-	(23)	(914)
Gain on conversion of receivables	-	-	-	-	-	-	-	-	5,024	-
Proceeds from refunding bonds	13,985	7,940	7,940	10,500	13,770	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	(10,620)	(13,097)	-	(6,362)	-	(1,399)	-
Transfers in	18,285	22,489	28,411	21,582	17,489	12,312	36,185	17,620	24,252	145,035
Transfers out	(18,362)	(23,157)	(28,496)	(21,750)	(17,701)	(18,706)	(37,268)	(18,379)	(24,282)	(145,709)
Inception of capital lease	894	30	92	129	70	93	403	36	80	123
Miscellaneous	-	144	144	-	-	-	-	-	-	-
Total other financing sources (uses)	15,516	(638)	8,052	798	10,634	(6,301)	5,580	(490)	57,597	33,936
Extraordinary Item	-	-	-	-	-	-	-	(7,179)	(71,866)	-
Net change in fund balances	\$ (2,641)	\$ 18,883	\$ 90	\$ (4,827)	\$ 11,106	\$ (3,188)	\$ 452	\$ (26,194)	\$ (16,153)	\$ (5,742)
Debt service as a percentage of noncapital expenditures	1.65%	1.65%	1.40%	1.63%	1.64%	1.69%	1.64%	1.79%	4.59%	5.76%

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

Fiscal Year	Current Property Taxes	Prior Property Taxes ⁽¹⁾	Delinquent Penalties and Costs	Sales and Use Tax	Occupancy Tax	Business Tax ⁽²⁾	Property Transfer Tax	Other Taxes	Total Tax Revenues
2011	\$ 69,970	\$ 89	\$ 4,671	\$ 7,212	\$ 3,511	\$ -	\$ 1,630	\$ 74	\$ 87,157
2012	69,497	77	4,243	8,378	4,605	-	1,528	79	88,407
2013	69,152	65	3,522	9,129	4,515	-	1,936	72	88,391
2014	71,929	41	3,656	9,840	5,514	-	1,906	72	92,958
2015	77,497	146	2,017	10,248	6,482	978	2,243	76	99,687
2016	82,863	260	2,436	10,071	7,084	2,504	2,266	82	107,566
2017	88,414	173	3,210	11,863	8,002	2,805	2,317	89	116,873
2018	94,000	135	6,781	11,514	8,385	3,137	2,609	83	126,644
2019	100,409	153	4,243	13,971	9,217	3,440	2,586	84	134,103
2020	104,689	234	3,134	16,640	7,410	4,294	2,411	85	138,897

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

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

⁽³⁾ Amounts have been corrected to reflect current accounting methods.

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

Fiscal Year Ended June 30	Total Secured Tax Levy for Fiscal Year ⁽¹⁾	Collections within the Fiscal Year of the Levy ⁽²⁾		Collections in Subsequent Years ⁽³⁾	Total Collections to Date	
		Amount	Percentage of Levy		Total Tax Collections	Percentage of Levy
2011	\$ 394,498	\$ 385,099	97.6%	\$ 12,706	\$ 397,805	100.8%
2012	395,546	388,135	98.1%	7,241	395,376	100.0%
2013	399,146	393,223	98.5%	6,212	399,435	100.1%
2014	418,414	413,276	98.8%	6,767	420,043	100.4%
2015	443,002	437,476	98.8%	4,534	442,010	99.8%
2016	470,552	465,411	98.9%	5,831	471,242	100.1%
2017	503,093	496,571	98.7%	4,739	501,310	99.6%
2018	536,687	530,953	98.9%	5,226	536,179	99.9%
2019	560,534	554,765	99.0%	3,547	558,312	99.6%
2020	587,578	580,758	98.8%	5,046	585,804	99.7%

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

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

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

ASSESSED VALUE OF TAXABLE PROPERTY AND ACTUAL VALUE OF PROPERTY⁽¹⁾
LAST TEN FISCAL YEARS
(Reported in Thousands)

Fiscal Year Beginning July 1,	Secured ⁽²⁾	Unsecured	Total Taxable Assessed Value ⁽³⁾	Total Direct Tax Rate ⁽⁴⁾
2011	\$ 32,332,271	\$ 767,714	\$ 33,099,985	1.00%
2012	32,033,769	767,064	32,800,833	1.00%
2013	33,625,169	764,939	34,390,108	1.00%
2014	35,996,363	823,369	36,819,732	1.00%
2015	38,321,843	873,141	39,194,984	1.00%
2016	40,296,052	876,810	41,172,862	1.00%
2017	42,608,504	936,890	43,545,394	1.00%
2018	45,265,422	982,250	46,247,672	1.00%
2019	47,620,014	1,021,496	48,641,510	1.00%
2020	49,853,771	1,032,834	50,886,605	1.00%

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

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

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

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

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

Fiscal Year	Property Tax Rates Per \$100 of Assessed Valuation		County	Cities	School Districts	Special Districts	Total
	Low	High					
	2011	1.065					
2012	1.067	1.195	26.5	5.0	56.0	12.5	100.0
2013	1.064	1.197	26.5	5.0	56.0	12.5	100.0
2014	1.058	1.189	26.0	5.0	56.5	12.5	100.0
2015	1.058	1.189	25.5	5.0	57.0	12.5	100.0
2016	1.056	1.178	25.5	5.0	57.0	12.5	100.0
2017	1.051	1.163	25.5	5.0	57.0	12.5	100.0
2018	1.064	1.118	25.5	5.0	57.0	12.5	100.0
2019	1.060	1.174	25.5	5.0	57.0	12.5	100.0
2020	1.063	1.183	25.5	5.0	57.0	12.5	100.0

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Capital leases	\$ 3,719	\$ 4,097	\$ 5,579	\$ 5,968	\$ 6,739	\$ 4,731	\$ 5,077	\$ 5,075	\$ 5,337	\$ 5,544
Refunding Certificates of Participation - 1996	9,650	10,765	11,825	12,830	19,770	21,440	23,025	24,534	25,959	27,334
Lease Revenue Bonds	30,720	21,083	21,948	14,504	14,927	12,325	12,325	6,450	6,670	6,885
Refunding Certificates of Participation - 2015	6,585	8,065	9,505	10,915	12,305	-	-	-	-	-
Lease Revenue Refunding Bonds - 2012	1,357	1,428	1,496	1,561	1,627	1,690	1,751	1,812	1,866	1,404
Lease Revenue Refunding Bonds - 2020	4,464	-	-	-	-	-	-	-	-	-
Revenue Bonds	-	-	-	-	-	-	-	-	405	785
Local Agency Revenue Bonds - 1999	-	35	70	105	135	165	195	225	250	275
Certificates of Participation	969	5,847	6,429	6,991	13,390	27,266	29,307	31,278	33,024	29,110
Refunding Certificates of Participation - 2014	4,868	5,175	5,467	5,748	6,020	6,286	6,583	-	-	-
Refunding Certificates of Participation - 2016	8,711	9,643	10,536	11,403						
City of Scotts Valley Writ of Mandate	-	-	-	-	-	-	725	1,450	2,175	-
McGaffigan Mill Road HOA	-	-	-	-	-	-	-	1	33	63
CA Energy Resources Conservation and Development Commission	-	-	-	16	58	-	-	-	-	-
CA Transportation Finance Bank	-	-	-	-	-	-	-	-	-	-
RDA Tax Allocation Bonds	-	-	-	-	-	-	-	-	-	247,995
Internal Service Funds	-	-	-	-	-	26	19	16	29	22
Business-type activities										
Lease Revenue Bonds	5,756	6,030	6,295	6,550	6,799	-	-	-	-	-
Loans Payable	92	143	192	240	287	449	490	531	570	608
Capital leases	1,389	1,544	2	3	4	-	2	3	-	-
Total Primary government⁽¹⁾	\$ 78,280	\$ 73,855	\$ 79,344	\$ 76,834	\$ 82,061	\$ 74,378	\$ 79,499	\$ 71,375	\$ 76,318	\$ 320,025
Percentage of personal income ^(2,4)	0.40%	0.39%	0.44%	0.46%	0.50%	0.47%	0.54%	0.50%	0.55%	2.44%
Per capita ^(3,4)	\$ 287	\$ 269	\$ 288	\$ 279	\$ 299	\$ 271	\$ 293	\$ 265	\$ 286	\$ 1,208

⁽¹⁾Excludes Component Unit. Total primary government, percentage of personal income and per capita data for prior periods were restated here to exclude amounts related to the Component Unit.

⁽²⁾Percentage of personal income is calculated from personal income data for the preceding calendar year (e.g. percentage of personal income for Fiscal Year 2020 is based on 2019 calendar year personal income data). Personal income data is provided by the Bureau of Economic Analysis (BEA).

⁽³⁾Per capita data is calculated from per capita income data for the preceding calendar year (e.g. per capita for Fiscal Year 2020 is based on 2019 calendar year per capita income data). Per capita income data is provided by the Bureau of Economic Analysis.

⁽⁴⁾Some prior period personal and per capita income data was revised by the Bureau of Economic Analysis and thus some prior period calculations have been restated here.

⁽⁵⁾Personal income percentages & per capita calculations corrected to incorporate published estimates by the Bureau of Economic Analysis.

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

Fiscal Year	Assessed Value ⁽¹⁾	Legal Debt Limit ⁽²⁾	Total Net Applicable Debt	Legal Debt Margin	Debt Margin/ Debt Limit
2011	\$ 32,332,270,918	\$ 1,616,613,546	\$ -	404,153,386	25.00%
2012	32,033,769,082	1,601,688,454	-	400,422,114	25.00%
2013	33,625,169,225	1,681,258,461	-	420,314,615	25.00%
2014	35,996,363,446	1,799,818,172	-	449,954,543	25.00%
2015	38,321,843,499	1,916,092,175	-	479,023,044	25.00%
2016	40,296,052,356	2,014,802,618	-	503,700,654	25.00%
2017	42,608,503,591	2,130,425,180	-	2,130,425,180	100.00%
2018	45,265,421,591	2,263,271,080	-	2,263,271,080	100.00%
2019	47,620,014,333	2,381,000,717	-	2,381,000,717	100.00%
2020	49,853,771,007	2,492,688,550	-	2,492,688,550	100.00%

⁽¹⁾Total Assessed Value includes exempt property.

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

**STATEMENT OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2020
(Reported in Thousands)**

2019-2020 Total Net Assessed Valuation	<u>\$ 50,629,141</u>		
		<u>Percentage Applicable⁽¹⁾</u>	<u>Net Debt Outstanding</u>
<u>Overlapping Tax and Assessment and General Obligation Debt</u>			
SCHOOL DISTRICTS			
Elementary School Districts			
Live Oak Elementary	100.00%	\$	10,231
Santa Cruz City Elementary	100.00%		56,312
Soquel Union Elementary	100.00%		49,355
Mountain Elementary	100.00%		2,220
Santa Cruz City High	100.00%		114,888
Scotts Valley Unified	100.00%		39,770
San Lorenzo Valley Unified	100.00%		46,357
Pacific	100.00%		813
Pajaro Valley Unified	100.00%		176,514
Cabrillo College	100.00%		114,962
SPECIAL DISTRICTS			
Zayante Fire	100.00%		-
Lompico Water	100.00%		-
Rolling Woods Water	100.00%		825
Rolling Woods Sewer Improvements	100.00%		470
North Polo Drive Sewer Extension	100.00%		130
Orchard Drive	100.00%		630
Felton Community Facilities - District No. 1	100.00%		7,430
 Total Overlapping Tax and Assessment and General Obligation Debt			<u>620,907</u>
<u>Direct Debt</u>			
Santa Cruz County ⁽²⁾	100.00%		
Total Direct Debt			<u>71,043</u>
			<u>71,043</u>
 Total Combined Overlapping and Direct Debt			<u>\$ 691,950</u>
<u>Ratio to 2019-2020 Assessed Valuation</u>			
Total Overlapping Tax and Assessment and General Obligation Debt	1.23%		
Total Direct Debt	0.14%		
Total Combined Direct Debt and Overlapping Debt	1.37%		

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

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

OUTSTANDING DEBT OF THE FINANCING AUTHORITIES⁽¹⁾
JUNE 30, 2020
(Reported in Thousands)

YEAR OF ISSUANCE	PRINCIPAL	INTEREST	TOTAL
Debt ⁽²⁾			
1996	\$ 9,650	\$ 2,016	\$ 11,666
2008	945	81	1,026
2012A	1,369	534	1,903
2014	4,670	1,301	5,971
2014	4,155	1,401	5,556
2015	6,585	628	7,213
2015	8,780	4,625	13,405
2016	7,950	2,438	10,388
2017	7,110	1,932	9,042
2020	9,490	6,034	15,524
2020	4,495	1,120	5,615
Total debt outstanding for the Public Financing Authority	\$ 65,199	\$ 22,110	\$ 87,309

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

⁽²⁾ Certificates of Participation, Refunding Certificates of Participation, Lease Revenue Bonds, Lease Revenue Refunding Bonds, Revenue Bonds, and Local Agency Revenue Bonds.

**GENERAL INFORMATION
LAST TEN FISCAL YEARS**

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

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

Fiscal Year	Population ⁽¹⁾ (in thousands)	Budget Requirements ⁽²⁾ (in thousands)	Budget Per Capita	Current Property Taxes (in thousands)	Taxes Per Capita
2011	264	\$ 422,464	\$ 1,600	\$ 69,606	\$ 264
2012	266	432,514	1,626	69,497	261
2013	267	447,006	1,674	69,152	259
2014	272	458,496	1,686	71,929	264
2015	272	505,725	1,859	77,497	285
2016	276	539,798	1,956	82,863	300
2017	277	552,333	1,994	88,414	319
2018	276	590,759	2,140	94,000	341
2019	275	646,197	2,350	100,409	365
2020	271	685,431	2,529	104,689	386

Fiscal Year	Assessed Valuation (in thousands)	Per Capita Income ⁽³⁾	Personal Income ⁽³⁾ (in thousands)	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2011	\$ 32,332,271	\$ 42,808	\$ 11,267,634	68,543	13.3%
2012	32,033,769	45,770	12,125,514	69,336	13.1%
2013	33,625,169	49,195	13,116,916	69,194	11.8%
2014	35,996,363	49,942	13,456,565	69,342	10.3%
2015	38,321,843	52,280	14,209,814	70,516	8.7%
2016	40,296,052	59,598	16,347,740	70,411	7.5%
2017	42,608,504	60,924	16,766,106	70,282	6.9%
2018	45,265,422	64,901	17,854,678	70,702	6.7%
2019	47,620,014	69,355	19,021,010	70,328	6.1%
2020	49,853,771	71,592	19,559,977	69,828	17.4%

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 2020 is 2019 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 2020 is annual average for 2019 calendar year) as calculated by the California Employment Development Department (EDD). Calendar year 2013 was revised by the EDD and has been restated here.

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

Calendar Year	New Dwelling Units ⁽¹⁾			Valuation of New Units ⁽¹⁾ (in thousands)			Deposits ⁽²⁾
	Single Family	Multiple Family	Total Units	Residential	Non-Residential	Total Valuation	Amount (in thousands)
2010	92	23	115	\$ 61,446	\$ 40,841	\$ 102,287	\$ 4,172,547
2011	79	111	190	58,010	40,165	98,175	4,235,090
2012	80	173	253	68,932	51,671	120,603	4,308,423
2013	94	32	126	69,559	44,708	114,267	4,441,443
2014	113	5	118	70,444	79,182	149,626	4,729,351
2015	101	62	163	72,860	42,430	115,290	5,439,646
2016	116	202	318	102,393	93,011	195,404	6,076,534
2017	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

⁽¹⁾ Compiled by the California Department of Finance - Economic Research Unit. Calendar year 2020 new construction and property valuation data is not available.

⁽²⁾ Compiled by the Federal Deposit Insurance Corporation (FDIC) as reported in the Deposit Market Share Report reflecting deposits as of June 30, 2020.

**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)
2011	\$ 201,300	\$ 201,300	\$ 92,629	\$ 92,653
2012	199,146	223,739	89,947	89,946
2013	195,230	199,209	92,052	92,171
2014	197,814	221,247	93,061	93,062
2015	195,882	185,882	90,298	90,298
2016	193,708	204,728	91,601	91,598
2017	264,054	275,353	91,707	91,703
2018	211,083	246,813	92,271	91,349
2019	212,413	248,062	-	(129,567)
2020	151,767	208,299	-	-

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 2019-2020	Percentage of Total Assessed Valuation 2019-2020 ⁽¹⁾
Pacific Gas & Electric Company	Gas & Electric Utility	\$ 340,850,863	0.67%
Santa Cruz Seaside Company	Amusement Park	145,587,693	0.29%
Capitola Mall, LLC	Property Management	121,784,375	0.24%
Rancho Del Mar Center	Property Management	58,414,432	0.12%
363 Western Drive LLC	Real Estate	57,468,030	0.11%
S Martinelli & Co	Consumer Goods	51,675,017	0.10%
Cypress Point Real Estate Investors	Real Estate	49,703,337	0.10%
Hilton Santa Cruz / Scotts Valley	Hotel	48,198,612	0.10%
Watsonville Hospital	Hospital	47,889,461	0.09%
Selby Development Group LLC	Real Estate	43,226,792	0.09%
Totals		\$ 964,798,612	1.91%

Taxpayer	Type of Business	Assessed Value 2009-2010	Percentage of Total Assessed Valuation 2009-2010 ⁽²⁾
Pacific Gas and Electric	Gas & Electric Utility	\$ 197,984,476	0.59%
NNN Enterprise Way LLF et al	Software producer	67,513,819	0.20%
Macerich Partnership L P	Commercial Real Estate	67,478,590	0.20%
AT&T California	Telephone Utility	63,493,430	0.19%
Watsonville Hospital Corp	Hospital	60,429,871	0.18%
Lonestar California Inc	Cement Manufacturer	57,383,708	0.17%
Santa Cruz Seaside Company	Amusement Park	56,141,548	0.17%
George Ow, Jr. et al	Real Estate	46,703,789	0.14%
Cypress Point RE Investors LLC	Apartment Complex	42,209,111	0.13%
SC Beach Hotel Partners LLC	Hotel	41,349,240	0.12%
Totals		\$ 700,687,582	2.10%

Note: Principal taxpayer data for fiscal year 2019/20 is derived from the 2019 tax roll, which was billed and collected during 2020. Data for fiscal year 2009-2010 is derived from the 2009 tax roll, which was billed and collected during 2010.

⁽¹⁾ Percentage of total assessed valuation for 2019/20 is calculated from the total net assessed valuation of \$50,629,141,368.

⁽²⁾ Percentage of total assessed valuation for 2009-2010 is calculated from the total net assessed valuation of \$33,417,744,265.

**PRINCIPAL EMPLOYERS
CURRENT AND TEN YEARS AGO**

Employer	Product/Service	Number of Employees 2019-2020 ⁽¹⁾	Percentage of Total Employment 2019-2020 ⁽²⁾
University of California at Santa Cruz	Education	1,000-4,999	2.18%
Pajaro Valley Unified School District	Education	1,000-4,999	2.18
County of Santa Cruz	County Services	1,000-4,999	2.18
Dominican Hospital	Hospital	1,000-4,999	2.18
Santa Cruz Beach Boardwalk	Amusement/Recreation	1,000-4,999	2.18
Granite Rock	Excavating Contractors	500-999	0.22
Poly Inc (formely Plantronics)	Telephone Apparatus Mfg.	500-999	0.22
Watsonville Community Hospital	Hospital	500-999	0.22
Source Naturals	Vitamin Manufacturer	500-999	0.22
Santa Cruz Health Center	Clinics	500-999	0.22
Monterey Mushrooms	Agriculture	500-999	0.22
Larse Farms Inc	Agriculture	500-999	0.22

Employer ⁽³⁾	Product/Service ⁽³⁾	Number of Employees 2009-2010 ⁽³⁾	Percentage of Total Employment 2009-2010 ⁽³⁾
University of California, Santa Cruz	Education	1,000-4,999	2.20%
Pajaro Valley Unified School District	Education	1,000-4,999	2.20
County of Santa Cruz	County Services	1,000-4,999	2.20
Dominican Hospital	Hospital	1,000-4,999	2.20
Santa Cruz Beach Boardwalk	Amusement/Recreation	1,000-4,999	2.20
Cabrillo College	Education	500-999	0.55
Santa Cruz City School District	Education	500-999	0.55
City of Santa Cruz	City Services	500-999	0.55
Seagate Technology	Disc Drives	500-999	0.55
Watsonville Hospital	Hospital	500-999	0.55
West Marine	Retail	500-999	0.55
Plantronics	Telephone Apparatus Mfg.	500-999	0.55

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

⁽²⁾Average of the reported range divided by total civilian employment of 114,900 as reported by the EDD for June 2020.

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

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

Function	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Assistance										
Human Services										
Department										
Adult Protective Services										
Referrals received	1,792	1,764 ⁽²⁾	1,406 ⁽¹⁾	1,011	936	754	630	603	626	547
Investigations completed	1,550	1,649 ⁽²⁾	1,098 ⁽¹⁾	906	816	601	444	420	386	352
Family and Children's Services										
Annual referrals (families) Finalized	2,399	2,699 ⁽²⁾	2,788 ⁽¹⁾	2,770	2,635	2,727	2,591	2,457	3,200	2,870
adoptions	28	40 ⁽²⁾	37 ⁽¹⁾	52	50	45	72	58	51	41
Licensed foster homes (monthly average)	141	100 ⁽²⁾	60 ⁽¹⁾	139	130	125	113	106	112	105
Benefit Services										
Average number of Medi-Cal recipients	69,355	71,077 ⁽²⁾	73,041 ⁽¹⁾	76,713	73,060	64,344	44,600	37,971	31,624	30,786
Public Ways and Facilities										
Public Works										
Roads										
Miles of road maintained	600	596	596	596	600	600	600	600	600	600
Potholes repaired	9,592	1,756	4,295	4,013	3,750	3,994	4,130	3,700	4,500	3,552
Minor culverts maintained	242	404 ⁽³⁾	2,262	2,262	2,262	2,262	2,262	2,262 ⁽³⁾	2,262	1,010
Bridges and major culverts maintained	54	137 ⁽³⁾	160	160	160	160	160	160	160	160
Traffic signs replaced/repaired	1,500	2,938	2,657	1,047	1,377	1,238	1,452	1,463	1,516	1,850
Miles of street swept	1,133	186	112	285	518	381	1,607	1,800	1,555	1,465
Sanitation										
Miles of pipe maintained	98	245	245	245	245	244	236	236	230	230
Maintenance call responses	573	279	401	150	209	319	100	138	168	182
Landfill										
Waste generated (tons)	178,898	166,332	168,225	197,810	155,789	172,555	166,594	139,529	138,448	139,365
Waste disposed (tons)	95,762	100,097	103,067	125,610	91,399	83,642	79,292	60,974	61,503	71,470
Recreation and Cultural Services										
Parks, Open Space and Cultural Services										
Facility bookings	4,516	7,409	7,602	6,927	6,716	7,621	7,532	6,877	6,114	5,545
Recreation registrations	7,116	7,144	7,025	7,591	7,295	6,720	6,831	6,218	6,165	6,273
Swim admissions	128,725	200,628	188,127	184,064	178,882	178,289	158,573	130,059	77,022	76,334

Sources: Various County Departments
⁽¹⁾ Prior period reported an estimate which has been restated here to reflect actual data.
⁽²⁾ Prior period restated here consistent with Capital Assets Statistics by Function.
⁽³⁾ New reporting system with more precise tracking capabilities was implemented.

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

Function	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Protection										
Agricultural										
Commissioner										
High risk quarantine inspections	697	943	1,228	1,394	1,468	1,347	1,293	1,569	1,450	1,669
District Attorney										
Criminal Prosecution										
Felony filings	2,034	2,022	1,859	2,379	1,757	2,113	2,703	2,322	2,164	2,169
Juvenile filings	348	414	385	591	817	413	652	709	799	503
Consumer Affairs										
Number of calls received	176	226	412	2,198	1,821	2,143	2,040	2,410	2,345	2,410
Number of written complaints received	138	163	243	148	127	129	121	195	272	302
Planning										
Building permits issued	4,009	4,424	4,452	4,463	4,072	4,097	3,487	3,446	2,899	2,787
Building permit inspection sites visited	9,580	9,924	11,979	10,998	9,503	10,084	9,081	8,700	8,601	7,620
Code compliance cases resolved	91	216	251	114	102	105	77	112	249	228
Probation										
Juvenile division referrals	n/a ⁽²⁾	693 ⁽²⁾	765	913	980	1,220	1,074	1,160	1,453	1,613
Juvenile division petitions filed	n/a ⁽²⁾	298 ⁽²⁾	327	362	430	569	430	445	637	851
Juvenile court investigations	n/a ⁽²⁾	67 ⁽²⁾	69	54	53	60	62	54	96	110
Public Defender										
Total cases	6,300	11,038	10,955	10,900	10,800	10,445	10,910	11,268	11,268	10,311
Sheriff/Coroner(Investigation Division)										
Total cases reviewed	n/a ⁽²⁾	11,138	10,990	11,072	10,481	10,471	10,425	10,686	10,989	11,660
Total arrests	n/a ⁽²⁾	104	64	85	86	168	216	188	98	269
Detention										
Main jail bookings	7,411	9,404	9,208	10,641	11,305	10,964	10,487	9,658	10,699	12,274
Weights and Measures Establishments										
visited	1,229	1,537	1,348	1,200	1,200	1,039	1,237	1,043	1,027	1,139
Special District										
Mosquito Abatement/Vector Control CSA #53										
Mosquito inspections	10,501	7,104	7,228	8,423	8,859	6,440 ⁽¹⁾	2,995	3,342	3,885	4,500

Sources: Various County Departments

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

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

**BUDGETED POSITIONS
LAST TEN FISCAL YEARS**

DEPARTMENT/FUNCTION	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
COUNTY ADMINISTRATIVE OFFICE	17.00	17.00	22.00	22.00	22.00	18.00	18.00	18.00	18.00	18.00
CLERK OF THE BOARD (5 added to CAO)	5.00	5.00	5.00	5	-	-	-	-	-	-
AGRICULTURAL COMMISSIONER ⁽¹⁾	19.81	18.40	16.40	16.40	16.40	20.40	19.40	19.40	19.60	19.70
MOSQUITO ABATEMENT/VECTOR CONTROL	10.00	10.00	10.00	10.00	10.00	9.00	9.00	8.00	8.00	8.00
AGRICULTURAL EXTENSION	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
ASSESSOR	26.00	26.00	26.00	26.00	29.00	33.25	33.25	33.25	33.25	33.50
AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR ⁽²⁾	45.75	45.75	44.75	42.75	42.75	30.00	29.00	29.00	29.00	29.00
BOARD OF SUPERVISORS	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
CANNABIS LICENSING	5.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RECORDER	9.00	9.00	9.00	9.00	9.00	9.00	11.00	11.00	11.00	11.00
COUNTY CLERK/ELECTIONS	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
COUNTY COUNSEL	20.50	19.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50	18.50
DISTRICT ATTORNEY	106.00	103.00	99.00	97.00	94.00	90.50	89.50	89.50	89.50	90.50
CHILD SUPPORT SERVICES	49.00	49.00	51.00	59.00	59.00	61.00	64.00	63.00	62.00	65.50
EMERGENCY SERVICES	2.00	2.00	2.00	1.50	2.00	2.00	2.00	2.00	2.00	2.00
GENERAL SERVICES	9.00	9.00	9.00	9.00	8.00	8.80	8.80	8.80	8.80	9.00
FACILITIES MAINTENANCE	43.00	42.00	42.00	42.00	42.00	44.00	44.00	44.00	44.00	44.00
CENTRAL STORES/DUPLICATING	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
PURCHASING	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00
SERVICE CENTER	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
HEALTH SERVICES	607.90	568.20	550.45	531.85	534.30	526.95	512.40	508.05	522.00	498.25
HOMELESS SERVICES COORDINATION	2.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HUMAN SERVICES	532.50	532.50	530.50	570.00	574.50	515.00	489.50	441.00	435.50	434.50
VETERANS SERVICES	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	4.00	4.00
INFORMATION SERVICES/TELEPHONE	57.00	56.00	56.00	56.00	57.00	64.50	64.50	64.50	64.00	65.00
INFORMATION SERVICES/COMM. TECH.	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00
PARKS OPEN SPACE & CULTURAL SERVICES	52.25	49.25	47.50	45.75	44.75	40.80	33.80	34.80	29.80	42.10
PERSONNEL	27.00	27.00	27.00	27.00	25.00	26.50	24.50	24.25	24.25	24.50
RISK MANAGEMENT	12.00	12.00	12.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00
PLANNING	71.50	71.00	66.50	65.25	64.00	65.25	66.00	66.00	63.25	75.60
PROBATION	98.50	97.50	97.25	96.25	91.25	93.25	98.25	93.75	77.50	77.00
JUVENILE HALL	30.00	30.00	30.00	31.00	30.50	30.50	30.50	30.50	30.50	30.50
PUBLIC WORKS	268.80	267.80	262.80	256.80	256.00	267.50	267.50	267.50	272.50	272.50
RDA	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	22.00
SHERIFF-CORONER	187.50	180.00	175.00	175.00	173.00	173.00	170.00	171.00	171.00	170.75
CORRECTIONS	166.00	152.00	151.00	150.00	151.00	149.00	145.00	164.50	156.50	155.00
COURT SECURITY	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	25.00
TREASURER-TAX COLLECTOR ⁽³⁾	0.00	0.00	0.00	0.00	0.00	13.75	13.50	13.50	13.50	13.50
TOTAL	<u>2,557.01</u>	<u>2,481.90</u>	<u>2,437.65</u>	<u>2,452.05</u>	<u>2,443.95</u>	<u>2,398.45</u>	<u>2,350.90</u>	<u>2,311.80</u>	<u>2,292.95</u>	<u>2,318.90</u>

Source: Annual Adopted County Budget

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

⁽²⁾On July 1, 2005, the Public Guardian was transferred to Health Services Agency. Its positions are incorporated into Health Services Agency.

⁽³⁾On January 5, 2015, the County began consolidating of the offices of Auditor-Controller and Treasurer-Tax Collector.

**SCHEDULE OF INSURANCE IN EFFECT
JUNE 30, 2020**

COVERAGE	DETAILS OF COVERAGE	LIMITS
Property	CSAC-Excess Insurance Authority Blanket buildings and equipment including EDP, Vehicles, Contractors' Equipment, Boiler & Machinery. All Risk, flood, replacement cost-agreed amount including earthquake at scheduled locations All Risk & Flood Limits Earthquake Limits Deductible	\$ 600,000,000 640,000,000 5,000
Crime Bond	CSAC-Excess Insurance Authority Faithful Performance Bond (covers failure to faithfully perform duties and employee dishonesty). Includes all employees and Treasurer Deductible	10,000,000 2,500
Non-owned aircraft	Wells Fargo National Union Fire Includes passengers' bodily injury, terrorism and property damage combined each occurrence	5,000,000
Excess Workers' Compensation Employer's Liability	CSAC-Excess Insurance Authority Workers' Compensation Employer's Liability \$500,000 Self-Insured Retention Deductible (per occurrence) Workers' Compensation and Employer's Liability	Statutory Limits
Medical Malpractice and General Liability	CSAC-Excess Insurance Authority Comprehensive hospital professional and general liability for HSA staff and operations and Jail Medical Unit Deductible	21,500,000 25,000
Fine Arts	Wells Fargo/Travelers Includes fossils and fine arts for all County locations Deductible	125,000 500
Excess Liability (GLII)	CSAC-Excess Insurance Authority Excess Liability Insurance \$1,000,000 Self-Insured Retention to \$25,000,000	25,000,000
Optional Excess	CSAC - Excess Insurance Authority \$25,000,000 excess of \$25,000,000	25,000,000
County Fire Auto & Liability Insurance	Wells Fargo/American Alternative Insurance Corp. Includes property insurance for County owned fire stations including contents, business interruption, money & securities, boiler & machinery Fire Liability Auto Liability Deductible Equipment Deductible	3,000,000 1,000,000 1,000 100
Pollution Program	CSAC-Excess Insurance Authority Pollution Program Self-Insured Retention Deductible	10,000,000 250,000
Cyber Liability	CSAC-Excess Insurance Authority Claims Made Policy protecting against information security & privacy insurance with electronic media liability Self-Insurance Retention Deductible	2,000,000 50,000
Watercraft Coverage	CSAC-Excess Insurance Authority Protection and Indemnity Deductible	1,000,000 1,000

Source: Santa Cruz County Risk Department

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

Function	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public protection										
Jail facilities	3	3	3	3	3	3	3	3	3	3
Rehabilitation center	1	1	1	1	1	1	1	1	1	1
Juvenile center ⁽²⁾	1	1	1	1	1	1	1	1	1	1
Courthouses	3	3	3	3	2	3	3	3	3	3
Morgue	1	1	1	1	1	1	1	1	1	1
Center for Public Safety	2	2	2	1	1	1	1	-	-	-
Public assistance										
Child day care center	1	1	1	1	1	1	1	1	1	1
Elder day care center	1	1	1	1	1	1	1	1	1	1
Residential care facility	1	1	1	1	1	1	1	1	1	1
Volunteer center	1	1	1	1	1	1	1	1	1	1
Veterans centers	2	2	2	2	2	2	2	2	2	2
Behavioral Health Unit	1	1	1	1	1	1	1	-	-	-
Recreation and culture										
Parks acreage	236	236	236	228	228	228	228	226	225	223
Sites	65	65	65	63	60	60	60	59	59	57
Athletic fields	17	17	17	17	17	17	17	17	17	17
Swimming pools	4	4	4	4	4	4	4	4	4	4
Public ways and facilities										
Roads										
Pavement (miles)	600	596	596	596	600	600	600	600	600	600
Junction structures	2,964	2,964 ⁽⁴⁾	3,000 ⁽⁴⁾	3,000 ⁽⁴⁾						
Minor culverts	242	404	2,262	2,262	2,262	2,262	2,262	2,262	2,262	2,000
Bridges and major culverts	54	137	160	160	160	160	160	160	160	160
Sanitation										
Pipe (miles)	232	245	245	245	245	244	236	236	230	230
Pump stations/treatment plants	62	60	61	61	63	64	63	63	62	62
General government										
Administrative/other facilities ^(1,3)	12	12	12	12	12	12	12	11	11	10

Sources: Various County Departments

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

^(2,3) Figures for 2019 & 2018 have been restated.

⁽⁴⁾ Prior years were estimates and have been restated to reflect actual data.

Glossary (Unaudited)

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2020



ACCOUNTS PAYABLE. A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNTS RECEIVABLE. An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

ACCRUAL BASIS. The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events, and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ACCUMULATED DEPRECIATION. A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

ADVANCE FROM OTHER FUNDS. A liability account used to record noncurrent portions of a long-term debt owed by one fund to another fund within the same reporting entity. See DUE TO OTHER FUNDS and INTERFUND RECEIVABLE/PAYABLE.

ADVANCE TO OTHER FUNDS. An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See DUE FROM OTHER FUNDS.

AGENCY FUND. A fund normally used to account for assets held by a government as an agent for individuals, private organizations, or other governments and/or other funds.

AMORTIZATION. (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

APPROPRIATION. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

ASSESSED VALUATION. A valuation set upon real estate or other property by a government as a basis for levying taxes.

ASSIGNED FUND BALANCE. Amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.

AUDITOR'S REPORT. In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

BALANCE SHEET. The financial statement disclosing the assets, liabilities, and equity of an entity at a specified date in conformity with GAAP.

BASIC FINANCIAL STATEMENTS (BFS). The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

BASIS OF ACCOUNTING. A term used to refer to when revenues, expenditures, expenses, and transfers and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual basis.

BUDGET. A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

BUDGETARY CONTROL. The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

CAPITAL ASSETS. Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include buildings, equipment, improvements other than buildings, land and infrastructure. In the private sector, these assets are referred to most often as property, plant, and equipment.

CAPITAL EXPENDITURES. Expenditures resulting in the acquisition of or addition to the government’s general capital assets.

CAPITALIZATION POLICY. The criteria used by a government to determine which outlays should be reported as capital assets.

CAPITAL LEASE. An agreement that conveys the right to use property, plant, or equipment, usually for a stated period of time. See LEASE-PURCHASE AGREEMENTS.

CAPITAL PROJECTS FUND. A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

CASH BASIS. A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CASH WITH FISCAL AGENT. An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM. A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable CAFRs and to provide technical assistance and peer recognition to the finance officers preparing them.

CHANGE IN THE FAIR VALUE OF INVESTMENTS. The difference between the fair value of investments at the beginning of the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

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

COMPENSATED ABSENCES. Absences, such as vacation and illness, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation, or other long-term fringe benefits, such as group insurance and long-term disability pay.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). A financial report that encompasses all funds and component units of the government. The CAFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The CAFR is the governmental unit’s official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance related legal and contractual provisions, and statistical data.

CONTINGENT LIABILITY. Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

COST-SHARING MULTIPLE-EMPLOYER PLAN. A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members and the same contribution rate(s) applies for each employer.

CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS. Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for State and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

DEBT. An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

DEBT SERVICE FUND. A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEFERRED CHARGES. Expenditures that are not chargeable to the fiscal period in which they were made but that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g., bond issuance costs).

Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation.

DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES. The consumption or acquisition of net position in one period that is applicable to future periods.

DEFICIT. (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

DEFINED BENEFIT PENSION PLAN. A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

DEPRECIATION. (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

DUE FROM OTHER FUNDS. An asset account used to indicate amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

DUE TO OTHER FUNDS. A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. These amounts include only short-term obligations on open account, not interfund loans.

ECONOMIC RESOURCES MEASUREMENT FOCUS. Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net position. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

ENCUMBRANCES. Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

ENTERPRISE FUND. Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

EXPENDITURE-DRIVEN GRANTS. Government-mandated or voluntary nonexchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

EXCHANGE-LIKE TRANSACTION. Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

EXPENDITURES. Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net position, debt service and capital outlays, and intergovernmental grants, entitlement, and shared revenues.

EXPENSES. Outflows or other using up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services, or carrying out other activities that constitute the entity's ongoing major or central operations.

EXTERNAL AUDITORS. Independent auditors typically engaged to conduct an audit of a government's financial statements.

EXTERNAL INVESTMENT POOL. An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsors reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual State or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool

includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

FAIR VALUE. The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FIDUCIARY FUNDS. The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds.

FINANCIAL RESOURCES. Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables, investments). Financial resources may also include inventories and prepaids (because they obviate the need to expend current available resources).

FISCAL AGENT. A fiduciary agency, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

FUND. A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

FUND BALANCE. The difference between fund assets and fund liabilities of governmental and similar trust funds.

FUND FINANCIAL STATEMENTS. Basic financial statements presented on the basis of funds. Term used in contrast with *government-wide financial statements*.

FUND TYPE. Anyone of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

GENERAL REVENUES. All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax – for example, property tax, sales tax, transient occupancy tax. All other nontax revenues (including interest, grants and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

GENERAL FUND. The General Fund is one of five governmental fund types and typically serves as the chief operating fund of the government. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for State and local governments are set forth by Statements of Auditing Standards (SAS) No. 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles" in the Independent Auditor's Report*.

GOVERNMENTAL ACCOUNTING. The composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governments.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB). The ultimate authoritative accounting and financial reporting standard-setting body for State and local governments. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).

GOVERNMENTAL FUNDS. Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS. Financial statements that incorporate all of a government's governmental and business-type activities, as well as its non-fiduciary component units. There are two basic government-wide financial statements: the statement of net position and the statement of activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

INFRASTRUCTURE. Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

INTERFUND RECEIVABLE/PAYABLE. Short-term loans made by one fund to another, or the current portion of an advance to or from another fund.

INTERFUND TRANSFERS. Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.

INTERNAL SERVICE FUND. A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

JOINT VENTURE. A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.

LAPSE. As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of the period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

LEASE-PURCHASE AGREEMENTS. Contractual agreements that are termed leases, but that in substance are purchase contracts.

LEGAL LEVEL OF BUDGETARY CONTROL. The level at which spending in excess of budgeted amounts would be a violation of law.

LEVEL OF BUDGETARY CONTROL. The level at which a government's management may not reallocate resources without special approval from the legislative body.

LIABILITIES. Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

LOANS RECEIVABLE. An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

MAJOR FUND. A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The General Fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets, or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other governmental or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

MANAGEMENT'S DISCUSSION AND ANALYSIS. A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the entity's financial activities.

MEASUREMENT FOCUS. A way of presenting an entity's financial performance and position by considering which resources are measured (financial or economic) and when the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

MODIFIED ACCRUAL BASIS. The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds, and agency funds are accounted for using the modified accrual basis of accounting.

NET INVESTMENT IN CAPITAL ASSETS. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NET POSITION. The residual of all other elements of the statement of financial position. In other words, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources.

NONSPENDABLE FUND BALANCE. Amounts that cannot be spent because they are either (1) not spendable in form or (2) legally or contractually required to be maintained intact.

OTHER FINANCING SOURCES. An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP.

OTHER FINANCING USES. A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of other financing uses category is limited to items so classified by GAAP.

OVERLAPPING DEBT. The proportionate share that property within each government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

PROGRAM REVENUES. Term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

PROPRIETARY FUNDS. Funds that focus on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

PRIVATE PURPOSE TRUST FUND. Trust fund used to report resources of other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

REBATABLE ARBITRAGE. A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the Federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

REPORTING ENTITY. The oversight unit and all of its component units, if any, that are combined in the CAFR/BFS.

REQUIRED SUPPLEMENTARY INFORMATION. Consists of statements, schedules, statistical data, or other information which, according to the GASB, is necessary to supplement, although not required to be a part of the basic financial statements.

RESERVED FUND BALANCE. The portion of a governmental fund's net position that is not available for appropriation.

RESTRICTED ASSETS. Assets whose use is subject to constraints that are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED FUND BALANCE. Amounts with constraints placed on their use that are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED NET POSITION. A component of net position calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

REVENUE BONDS. Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

RISK MANAGEMENT. All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

SELF-INSURANCE. A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

SINGLE AUDIT. An audit performed in accordance with *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).

