



City of Santa Cruz, California

Annual Comprehensive Financial Report for the

Fiscal Year Ended June 30, 2024

Prepared by

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December 27, 2024

To the Honorable Mayor, Members of the City Council, and Residents of the City of Santa Cruz:

In accordance with the City Charter, the Finance Department is pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Santa Cruz (City) for the fiscal year ended June 30, 2024. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the City. It is the opinion of the Finance Department that the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of the operations of the City and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The ACFR is presented in three major sections that provide introductory, financial, and statistical information about the City. The introductory section includes this transmittal letter, the City's organizational chart and a list of the City's principal officials. The financial section includes the independent auditors' report, management's discussion, and analysis (MD&A), basic financial statements, notes to basic financial statements, required supplementary information and supplementary information on nonmajor funds. The statistical section, which is unaudited, includes selected financial and demographic information.

The City's financial statements have been audited by The Pun Group, LLP, a public accounting firm licensed and qualified to perform audits within the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2024, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the needs of federal grantor agencies.

The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP 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 City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City, incorporated in 1866, is located on the northern part of the Monterey Bay approximately 74 miles south of San Francisco and 30 miles west of San Jose. The City was first founded in 1769 by the Spanish explorer Don Gaspar de Portola, who, along with Father Junipero Serra, began land-based settlement in the area. Santa Cruz is the county seat for the County of Santa Cruz and is a charter city which operates under the provisions of a voter-approved charter. The City has an area of 12 square miles and an estimated population of 62,776 as of June 2024. Santa Cruz is home to the University of California, Santa Cruz which first opened in 1965 with 650 students. It now has a current enrollment of nearly 17,812 undergraduate and 1,952 graduate students, and is the City's largest employer, with over 9,394 employees. The main campus covers over 2,000 acres overlooking the Monterey Bay National Marine Sanctuary. The City is also home to the historical Santa Cruz Beach Boardwalk and the Santa Cruz Warriors' basketball team. Major industries include tourism, manufacturing, and technology.

Like other charter cities in California, the City has limited ability to set tax rates. The State Constitution (Proposition 13) establishes a maximum rate for property tax at 1% of assessed value and sets the limit for increases of the assessed value to 2% per year. However, upon sale, the sales price becomes the assessed value. The property tax collected is allocated among the jurisdictions in the City's tax rate areas based on criteria established by the State Legislature.

The rates and tax base of two of the City's other general revenues, sales and use tax and motor vehicle in lieu fees, are also controlled by the Legislature. Changes to existing local taxes and any new taxes require voter approval. Taxes used for general purposes are subject to approval by a simple majority of voters while taxes levied for specific purposes require a two-thirds majority of voters.

Assessments must be approved by a majority vote of property owners with voting rights apportioned based on the amount of the assessment. Property related fees require public majority protest procedures and property related fees for services other than water, wastewater, and refuse must also be approved by a majority of property owners or 2/3 of the electorate. In addition, fees for facilities and services are subject to requirements that they not be set at levels that exceed the reasonable costs of providing services. As a result, net position generated by differences between fee revenue and related expense are retained and designated for services and facilities that benefit fee payers.

The City has operated under the council-manager form of government since its incorporation in 1866. Policy-making and legislative authority are vested in a seven-member governing council consisting of the Mayor and six Councilmembers who serve four year overlapping terms. In 2022, for the first time, the Mayor was elected directly by the people in the November general election. In 2022 the City also moved to district elections for Councilmembers. Each Councilmember represents a geographic district in the City and is subject to two consecutive term limits. The City Council is responsible for, among other things, passing ordinances, adopting the budget, approving nominees to commissions, and hiring the City Manager and City Attorney.

The City Manager serves as the administrative head of the City government and is responsible for carrying out the policies and ordinances of the City Council, and all management functions of the City, including budget, delivery of services, and hiring all department directors.

The City provides a broad range of services including police and fire protection, construction and maintenance of streets, parks, flood control and other infrastructure, a wharf facility, a golf course, recreational and cultural activities including a performing arts center, economic development, and human services programs. It also operates municipal utilities for water, wastewater, storm water, and refuse in addition to enterprise operations for parking facilities. The water utility sold approximately 2.25 billion gallons of clean, safe water in 2024. Service extends beyond the municipal boundaries and has a total service population of approximately 98,000. Many major public services delivered within the City's boundaries, including education and public transportation, are provided by other agencies. The City is not financially accountable for the operations of the franchisees or these government agencies.

As required by the City Charter, an annual budget is adopted by the City Council no later than the first regular meeting in July for the fiscal year beginning July 1st. The budget serves as the foundation for the City's financial planning and control. In conjunction with the City Manager and other departments, the Finance Department develops revenue estimates and budget guidelines in January of each year. All City departments submit budget requests to the Finance Department to be compiled and summarized for review by the City Manager. After meeting with individual departments, the City Manager's recommended budget is finalized and transmitted to the City Council and the public for review. The City Council holds public hearings and study sessions before final adoption.

The City Manager is authorized to approve appropriation transfers within any department; however, any new appropriation or appropriation transfer between funds or departments requires approval by the City Council. Several supplemental appropriations were necessary during the year and are reflected in the budget amounts in the financial statements. Expenditures may not legally exceed appropriations at the department level. The Council reviews budget estimates at budget adoption and mid-year review. The ongoing review and long-range planning focus for financial management provide numerous opportunities to identify and respond to changes in revenues and expenditures and in community priorities.

Factors Affecting Financial Condition

The Finance Department believes that the information presented in the financial statements is best understood when it is considered from the broader perspective of the context within which the City operates.

Economic Conditions and Outlook

The City was one of the cities in California that experienced severe winter storms from December 2022 through March 2023. The storms did not significantly impact the City's economy but there was substantial damage to City infrastructure including West Cliff drive, the Wharf, and water pipelines. The City is continuing to pursue reimbursements from FEMA, CalOES and FHWA for the repairs. The fiscal year 2025 budget does not include a contribution to the Capital Improvement Program (usually \$5M) which enabled the City to adopt a balanced 2025 budget on June 11, 2024. The City presented its 10-year financial forecast to Council in November 2023 providing options for addressing future deficits.

In November 2014, Measure L, the Santa Cruz City Cannabis Business Tax, passed with 82.21% of the vote, increasing the City's business tax for sale of cannabis (medical marijuana) from 7% to a maximum of 10%. This tax became effective January 2015 and is used solely for essential, primary support services such as Police, Fire, Public Works, Parks & Recreation, and community programs.

In November 2017, the City Council increased the tax from 7% to 8% and designated this 1% increase to a Children's Fund supporting enhancement and expansion of evidenced-based programs that prioritize access to early childhood development, prevention, and vulnerable youth programs. Cannabis Business Tax received in 2024 was \$1.27 million and is budgeted at \$2.13 million in fiscal year 2025.

In November 2016, Santa Cruz County voters approved Measure D, a ½-cent sales tax to provide funding for streets and road maintenance, bicycle and pedestrian projects, and other essential transportation projects and programs. For the City, Measure D generated \$1.74 million in revenue during fiscal year 2024.

In June 2018, City voters approved Measure S, which increased the City's sales tax rate by 1/4 percent from 9% to 9.25% effective October 1, 2018. In fiscal year 2024 this additional 1/4 percent tax generated \$4.0 million. In March 2024, voters approved Measure L, which increased the City's sales tax rate by 1/2 percent bringing the tax rate to the cap of 9.75%. This increase is expected to generate \$8.0 million in 2025.

During the COVID-19 pandemic, the U.S. government passed several stimulus and relief packages, and two of the relief packages provided direct fiscal funding to the City. In fiscal year 2021, the City received approximately \$0.8 million of State pass-through funding provided by The Coronavirus Aid, Relief, and Economic Security Act. The American Rescue Plan Act, which President Biden signed into law on March 11, 2021, appropriated \$1.9 trillion of stimulus and relief proposals with \$350 billion of the total funding going to state and local governments. The City was allocated approximately \$14.2 million, which was received over two fiscal years, \$7.1M each in fiscal years 2021 and 2022. The full amount of the award has been spent or obligated as of June 30, 2024 on revenue loss, early return from furlough, transitional shelter and day-use facilities servicing those that have been disproportionately affected by COVID-19 and experiencing homelessness.

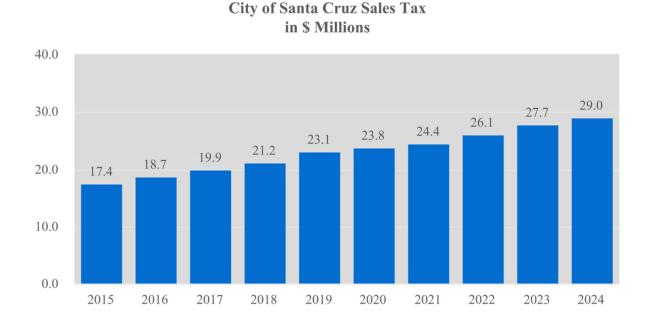
During the 2021 State Legislative session, Santa Cruz's representatives, Senator John Laird and Assembly member Mark Stone were able to obtain a one-time \$14 million allocation from the State General Fund for use by the City in addressing its issues with homelessness. Part of the justification for the funding is that Santa Cruz has a higher number of persons experiencing homelessness per city resident than much larger communities such as Los Angeles, San Francisco or San Diego. This situation, along with Santa Cruz's lack of adequate resources to site and build facilities such as a Navigation Center, a community resource that has proven to be an important element in working with those experiencing homelessness elsewhere in the state, provided further justification for this special, one-time appropriation. The City received this grant in November 2021, and as of June 30, 2024 has spent or obligated the full amount of the award.

The City continues to evaluate its financial future and seeks to find a structural equilibrium between available resources and service requirements. The City is also dedicated to increasing local revenues with more economic development and incentive programs to improve the quality of local motels and hotels. However, City management realizes that increases in expenditures will escalate faster than revenues and continues to plan for long-term structural adjustments. In November 2024, the City placed a measure on the ballot (Measure Z) to impose a \$.02 tax on the distribution of sugar-sweetened beverage products in the City. The tax passed, with a majority of voters voting in favor. The measure is expected to generate up to \$1.3 million in revenue for the City's General Fund.

Historical Trend Information

Property Tax

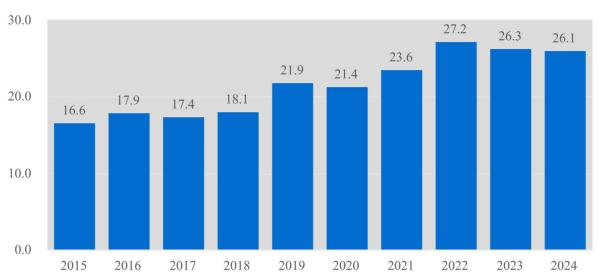
As illustrated in the following chart, property tax has continued to grow steadily, even through the pandemic. The average rate of growth over the last five years is 4.6%, fiscal year 2024 ended with \$29.0 million in property tax revenue.



Sales & Use Tax, Local Transactions and Use Tax and Supplemental Property Tax In-Lieu of Sales Tax

The City has a well-diversified economy and sales tax base and saw steady growth in sales tax revenue between 2015 and 2022 with only a small decrease in fiscal year 2020 due to the COVID-19 shelter-in- place orders. In 2018 voters approved a ¼ percent tax rate increase which resulted in a \$3 million increase in tax revenues in fiscal year 2019 to \$21.9 million. The reopening of businesses and the end of shelter in place orders resulted in significant increases in fiscal years 2021 and 2022. Fiscal years 2023 and 2024 saw slight declines in sales tax revenue as spending slowed in response to high interest rates and inflation concerns. Fiscal year 2024 ended with total sales tax revenue of \$26.09 million.

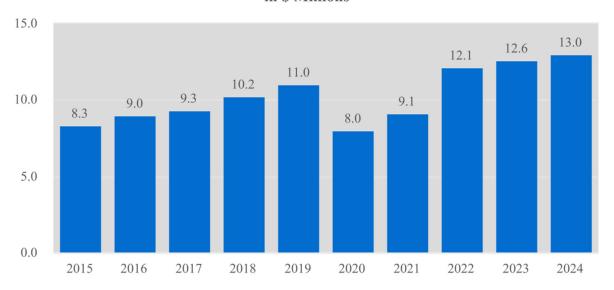




Transient Occupancy Tax

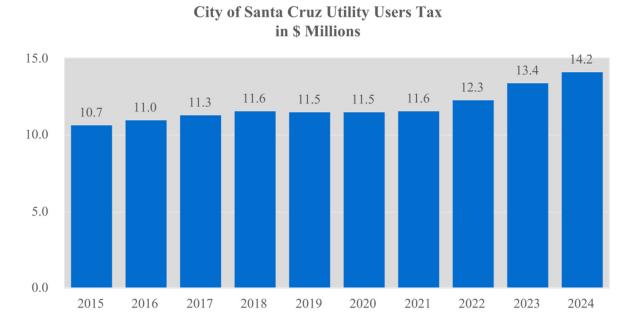
Transient Occupancy Tax (TOT) annual revenues have continued to grow each year, until 2020 when the COVID-19 pandemic resulted in a 27.3% decrease. Recovery from the pandemic began in fiscal year 2021 and continued in fiscal year 2022 with a 33.0% increase. With the passage of a ballot measure in November 2022 to increase the transient occupancy tax rate to 12% for hotels, motels and other commercial lodging facilities and to 14% for short term residential vacation rental properties fiscal year 2023 saw a slight increase of 4.1% to \$12.6 million. Fiscal Year 2024 was the first full year of the increase and TOT revenues increased by 2.9% to \$12.97 million. The City expects continued growth for fiscal year 2025.

City of Santa Cruz Transient Occupancy Tax in \$ Millions



Utility Users Tax

The Utility Users Tax is the third largest revenue source for the City, after property tax and sales tax. The utility users' tax is comprised of a tax on eight utilities: electric, wired telecom, wireless telecom, natural gas, cable, water, wastewater, and refuse (the last three being municipal utilities), and is charged to both businesses and residents. Modest increases over the last few years can be attributed to the rise in overall revenues in water, wastewater, and refuse municipal utilities due to customer rate increases, which has primarily led to fiscal year 2024 seeing an increase of 5.6% to \$14.15 million.



Health Care and Pension Costs

The City's bargaining units have all agreed to cost-sharing for health care and pension costs, with employees paying part of their health care premiums and part of the City's required retirement contribution. The City continues to incur rising unfunded pension liabilities and established two Section 115 Trusts – one for Pension and one for other post-employment benefits (OPEB) – to help address these rising costs. During the next five years, pension costs as a percentage of General Fund expenditures are expected to increase. This increase is primarily due to the California Public Employees Retirement System (CalPERS) lowering the discount rate from 7.5% to 7% in fiscal year 2020 and from 7% to 6.8% in November 2021. This rate went into effect July 1, 2021 with the City seeing the impact of this rate decrease in fiscal year 2024.

Major Initiatives

As mentioned earlier, the City operates four municipal utilities, including water, wastewater, storm water, and refuse collection/landfill operations. The Water Department has embarked upon an ambitious program of capital improvements over the next five years that will cost approximately \$310 million, to be financed partially through the issuance of new debt, as described in the Council approved Long Range Financial Plan for the Water Department.

In November 2023, Council received the Citywide Long Range Financial Plan (CWLRFP) which was developed with the help of consultant, Baker Tilly. Fiscal years 2024 and 2025 adopted budgets that met the primary goal of preserving services but in both years, this necessitated reducing the General Fund investment in the Capital Investment Program (CIP). The CWLRFP provided short and long term options such as full cost recovery, implementation of new technology, diversification of investment portfolio that will enable continued capital investment and will result in long term fiscal sustainability.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This was the sixteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The GFOA also awarded a Distinguished Budget Award for the fiscal year 2025 Annual Budget. This award is the highest form of recognition in governmental budgeting. This was the eleventh year that the government has received this esteemed award. In fiscal year 2023 the City also received the GFOA award for it's Popular Annual Financial Report. This was the first year the City received this award.

Acknowledgements

The City Council is specifically acknowledged for their leadership and interest in the financial affairs of the City. The Council's leadership has significantly contributed to the overall quality of the financial services provided. Recognition and thanks are given to the City Manager, Matt Huffaker, and Assistant City Manager Michelle Templeton, for their leadership and guidance. The City's department directors and City staff are recognized for their assistance and cooperation with the Finance Department. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to Assistant Finance Director Marisol Gómez for her overall support, Finance Manager Nicholas Gong for leading the development of this document, staff Accountants Edward Torres, Raudel Mendoza, and Noah Otts and Accounting Technician Joseph Balasabas who provided significant assistance over long hours in the compilation of this document. I also wish to thank the other Finance Division Managers, Ross Brandon, Tracy Cole, Elizabeth Millwee, and Emily Burton and the rest of the Finance Department staff, all of whom assisted with the transactions and postings that led to the preparation of this report. Finally, I want to express my gratitude for the partners and staff of our auditors for their professionalism and assistance in preparing this report.

Respectfully submitted.

Elizabeth Cabell Director of Finance



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

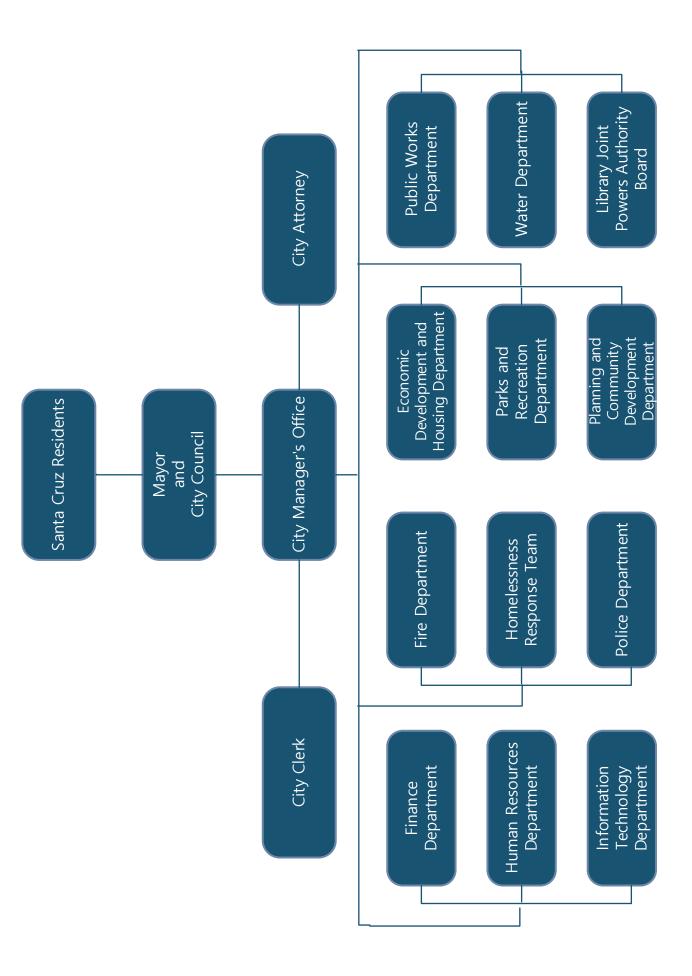
City of Santa Cruz California

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO









200 E. Sandpointe Avenue, Suite 600 Santa Ana, California 92707







INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council of the City of Santa Cruz Santa Cruz, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Cruz, California (the "City"), as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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





To the Honorable Mayor and Members of the City Council of the City of Santa Cruz Santa Cruz, California Page 2

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in Net Pension Liability and Related Ratios, Schedules of Contributions – Pension Plans, Schedule of Changes in Total OPEB Liability and Related Ratios, Schedule of OPEB Contributions and Schedule of OPEB Annual Money-Weighted Rate of Return as listed in the accompanying table of contents, 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.

To the Honorable Mayor and Members of the City Council of the City of Santa Cruz Santa Cruz, California Page 3

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2024, on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Santa Ana, California December 27, 2024 This page intentionally left blank.

The Management Discussion and Analysis (MD&A) section of the City of Santa Cruz's Annual Comprehensive Financial Report provides a narrative overview of the City's financial activities for the fiscal year ended June 30, 2024. This information should be read in conjunction with the Transmittal Letter (beginning on page i), the financial statements, and the notes to the financial statements that follow this analysis. Unless otherwise indicated, all amounts are expressed in millions of dollars.

Financial Highlights – Primary Government

• Government-wide Highlights:

The City's net position equaled \$420.3 million as of June 30, 2024. Net position is the amount by which total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources. The net position from governmental activities at June 30, 2024 was \$186.7 million, and from business-type activities, \$233.6 million. Of this \$420.3 million in net position, a deficit of \$86.8 million represents unrestricted net position, which is comprised of a deficit of \$106.6 million for governmental activities and \$19.8 million for business-type activities. In addition, the City's restricted net position totals \$46.8 million, which is comprised of governmental activities only, and is dedicated to specific purposes. The balance of \$460.3 million represents the City's net investment in capital assets; \$246.4 million for governmental activities and \$213.8 million for business-type activities.

The City's overall net position increased by \$15.9 million (4%) from the City's net position at the end of June 30, 2023. The change in net position is an increase of \$12.0 million for the governmental activities and an increase of \$3.9 million for the business-type activities from the previous fiscal year, as explained below.

The governmental activities' revenues were \$189.0 million, an increase of \$42.5 million from the prior fiscal year. The increase was due to an increase of \$17.6 million in capital grant revenues that included state grants from the Local Housing Trust Fund, the Active Transportation Program and the California Department of Fish and Game as well as a \$3.8 million contribution from the Santa Cruz Metro for the development of Pacific Station North. The \$21.9 million increase in charges for services was due to a change in methodology in the reporting of indirect administration services charges, or cost allocation, in which revenues and expenditures are reported separately instead of being netted, (\$13.3 million), an increase in workers comp and general liability insurance (\$5.2 million) and other miscellaneous one time revenues including an insurance reimbursement of \$2.0 million, and an increase in interest revenue of \$2.2 million. Governmental activities expenditures were \$177.9 million, an increase of \$39.0 million from the prior fiscal year. The increase is due to Community and Economic Development projects and Social Services provided for homelessness response during the 2024 fiscal year as well as a change in methodology for reporting indirect administration services charges or cost allocation in which revenues and expenditures are reported separately instead of being netted, (\$13.3 million). After transfers from the business-type activities in the amount of \$0.9 million, the ending fiscal year 2024 net position was \$186.7 million.

The business-type activities revenues exceeded expenditures (before transfers) by \$4.8 million, an increase of \$8.5 million from the prior fiscal year. Total revenues increased over the prior year by \$10.6 million, and expenditures increased by \$5.5 million. All enterprise funds except for Storm Water saw an increase in charges for services due to rate increases in Water and Parking and increases in consumption in Water, Wastewater, and Refuse. The largest revenue increase was \$7.7M or 18.4% in the Water fund. In addition, all enterprise funds saw increases in operating expenditures due to increases in salaries and benefits and inflationary increases in the cost of services and supplies. The largest percentage increase in operating expenditures was in the Refuse fund, 15.1%.

After transfers to the governmental activities in the amount of \$0.9 million, the ending fiscal year 2024 net position for business type activities was \$233.6 million.

Financial Highlights – Primary Government (Continued)

• Fund Highlights:

Governmental Funds – Governmental funds include the general, special revenue, capital improvement, and debt service funds. At the close of the fiscal year 2024, the City reported a combined ending fund balance of \$88.4 million, a decrease of \$2.3 million (2.6%) in comparison to the prior fiscal year. This is due to the spending down of Federal (ARPA) and State COVID relief money.

General Fund – At the close of fiscal year 2024, the City's General Fund reported a total fund balance of \$50.5 million, a decrease of \$1.4 million (2.8%) in comparison to the prior fiscal year. There is a \$7.0 million unassigned fund balance held in the City's Stabilization Fund that can be used for emergencies with Council authorization. Before net interfund transfers, revenues exceeded expenditures in the amount of \$1.6 million during fiscal year 2024. Social Services and Capital Outlay expenditures continue to see significant increases due to expanded homelessness response services. All General Fund revenue categories saw increases in 2024 over 2023, including Taxes which increased \$2.5 million due to an increase in transient occupancy rates. Use of Money and Property saw an increase of \$1.7 million resulting from positive investment returns and an increase in rental revenue.

Redevelopment Successor Agency Low-and-Moderate-Income Housing (LMIH) Fund – At the close of fiscal year 2024, the Redevelopment Successor Agency LMIH fund reported a total fund balance of \$12.8 million, only a small increase over the prior fiscal year. Fund balance in this fund is Restricted for housing programs.

General Capital Improvement Fund – At the close of fiscal year 2024, the City's General Capital Improvement Fund reported a fund balance of \$8.3 million. This is a \$5.2 million increase over the 2023 fund balance. This increase is due to the transfer of \$2.0 million from the General Fund into a CIP reserve for a new Enterprise Resource Planning (ERP) system and the recognition of \$3.2 million in grant revenue received from FHWA for storm repairs on West Cliff Drive.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which are comprised of four components:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements
- Required Supplementary Information

In addition, this report also contains other supplementary information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements present governmental activities and business-type activities separately. The governmental activities of the City include general government, public safety, parks and recreation, library, public works, transit, community and economic development, and social services. The business-type activities of the City include the four municipal utilities: water, wastewater, storm water, and refuse and landfill operation, and the self-supporting parking enterprise. Governmental activities are primarily supported by taxes, charges for services and grants, while business-type activities are self-supporting through user fees and charges.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The focus of the statement of activities is to present the major program costs with corresponding major resources. To the extent a program's cost is not recovered by direct charges and grants, it is funded from general taxes and other resources. This statement assists the user in determining the extent to which programs are self-supporting and/or subsidized by general revenues. All Activity on this statement is reported on the accrual basis of accounting, which requires that revenues are reported when earned and expenses are reported when incurred, regardless of when cash is received or disbursed. Examples include revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Blended Component Units – Component units are legally separate entities that meet certain criteria and would be misleading if their data were not included in this report. This report includes two separate legal entities in this category—the Santa Cruz Public Improvement Financing Corporation and the Santa Cruz Public Financing Authority. All component units in this report are blended with the primary government because the governing boards are substantively the same as the primary government, and the component units serve the primary government exclusively.

The government-wide financial statements can be found on pages 26 through 29 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The City's major funds are presented in their own columns and the remaining funds are combined into a column titled "Other Governmental Funds". For each major fund, a Budgetary Comparison Statement is presented. Individual fund data on the nonmajor funds is presented in the form of combining statements and schedules in the Supplementary Information section of this report on pages 139 through 142.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since 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. Readers will then be able to better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds organized according to their type (special revenue and capital projects), three of which are reported as major funds for presentation purposes. The City's three major funds, the General Fund, Redevelopment Successor Agency Low and Moderate Income Housing (LMIH) fund, and the General Capital Improvement Fund, are presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

Data from the other thirteen governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 34 through 40 of this report. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 139 through 142 of this report.

Proprietary Funds – The City maintains two different types of proprietary funds – *enterprise funds* and *internal service funds*. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the four municipal utilities: water, wastewater, storm water, and refuse and landfill operation; and the self-supporting parking enterprises. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet and equipment operation and maintenance, payroll taxes and benefits, and risk management activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The fund financial statements for the enterprise funds provide separate information for the four municipal utilities: water, wastewater, storm water, and refuse and landfill operations as well as the self-supporting parking enterprise. The basic enterprise fund financial statements can be found on pages 42 through 49 of this report. The three internal service funds are combined into a single aggregated column in the proprietary fund statements. Individual fund data for the internal service funds is provided in the form of *combining statements* on pages 164 through 169 of this report.

Fiduciary Funds — Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fiduciary funds represent private-purpose trust funds and custodial funds. Private-purpose trust funds are used to account for resources legally held in trust for special purposes, such as the Redevelopment Successor Agency Trust fund (created from the dissolution of the City's former Redevelopment Agency); and the Library Services trust funds: McCaskill Trust for Local History, the McCaskill Trust for Visually Impaired, the Finkeldey Trust for Musical Literature, the Whalen Estate - Felton Branch Trust, the Robert Leet Corday Estate Trust, the Morley Estate - La Selva Branch Trust, the Hale - Scotts Valley Branch Trust, and the Carolyn Virginia Claeys Charity trust which does not have any restriction on use. The Library services trust funds are presented in total on Private Purpose Trust funds balance sheet and income statements of this report.

Custodial funds are custodial in nature (assets equal liabilities), do not involve measurement of results of operations and use of the accrual basis of accounting. Custodial funds include activities of the Library Joint Powers Authority, and Trust Deposit Holding. The basic fiduciary fund financial statements can be found on pages 26 through 54 of this report.

Notes to the Financial Statements

The notes 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 financial statements can be found on pages 59 through 113 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required* supplementary information providing a budgetary comparison schedule for the General Fund and the Redevelopment Successor Agency – LMIH.

In addition, pension and other postemployment healthcare schedules present the City's progress toward funding its obligations to provide future pension and other postemployment healthcare benefits for its active and retired employees. Required supplementary information can be found on pages 117 through 131 of this report.

Supplementary Information

The *supplementary information* section of this report includes additional budgetary schedules for the General Capital Improvement Fund, the combining statements (referred to earlier in connection with nonmajor governmental funds), and the internal service funds. The fiduciary funds are presented immediately following the required supplementary information in the supplementary information section of this report. The supplementary information section can be found on pages 137 through 174 of this report.

Government-Wide Financial Analysis

Analysis of Net Position

As noted earlier, the City's net position may serve as a useful indicator of a government's financial health or financial position. As of June 30, 2024, the City's total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$420.3 million. This was an increase of \$15.9 million (4%) in comparison to the prior fiscal year. The following is a condensed summary of the City's net position for governmental and business-type activities:

Condensed Statements of Net Position

(amounts expressed in \$ millions)

	Governmental				Business-Type							
		Activities			Activities				Total			
		2024		2023		2024		2023		2024	2023	
Assets:												
Current assets	\$	122.4	\$	119.9	\$	106.1	\$	98.0	\$	228.5	\$	217.9
Noncurrent assets		35.2		37.8		2.4		2.3		37.6		40.1
Capital assets		251.9		229.9		421.4		394.1		673.3		624.0
Total assets		409.5		387.6		529.9		494.4		939.4		882.0
Deferred outflows of resources:												
Deferred charge on refunding		0.2		0.2		0.4		0.5		0.6		0.7
Deferred outflows related to OPEB		4.9		4.5		1.8		1.7		6.7		6.2
Deferred outflows related to pensions		62.3		65.9		21.0		23.8		83.3		89.7
Total deferred outflows of resources		67.4		70.6		23.2		26.0		90.6		96.6
Liabilities:												
Current liabilities		26.5		25.8		51.5		54.4		78.0		80.2
Noncurrent liabilities		231.5		219.3		264.8		232.3		496.3		451.6
Total liabilities		258.0		245.1		316.3		286.7		574.3		531.8
Deferred inflows of resources:												
Deferred inflows related to leases		20.2		21.1		0.1		0.2		20.3		21.3
Deferred inflows related to pensions		3.6		7.1		-		-		3.6		7.1
Deferred inflows related to OPEB		8.4		10.2		3.1		3.8		11.5		14.0
Total deferred inflows of resources		32.2		38.4		3.2		4.0		35.4		42.4
Net position												
Net investment in capital assets		246.4		219.5		213.8		214.3		460.2		433.8
Restricted		46.8		46.8		-		_		46.8		46.8
Unrestricted (deficit)		(106.5)		(91.6)		19.8		15.4		(86.7)		(76.2)
Total net position	\$	186.7	\$	174.7	\$	233.6	\$	229.7	\$	420.3	\$	404.4

At June 30, 2024, the City is able to report positive balances in two categories: net investment in capital assets and restricted. The unrestricted category presented a deficit of \$102.8 million at the end of the fiscal year an increase from the prior fiscal year deficit of \$76.2 million, as explained below.

By far the largest portion of the City's net position, \$460.3 million, reflects its net investment in capital assets (e.g., land, streets, bridges, water and sewer lines, buildings, machinery and equipment, less any related debt used to acquire those assets that is still outstanding). This category reflects an increase of \$26.4 million over the previous fiscal year. Over half of this increase was due to additions to the construction in progress category from new projects started during the year, but not completed and on-going work to repair damages caused by storms in late 2022 and early 2023. The City uses these capital assets to provide services to citizens, and consequently, these assets are not available for future spending. Although the City'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. Additional information on the City's capital assets can be found in the Notes to the Basic Financial Statements on pages 59 through 113 of this report.

The restricted portion of the City's net position, \$46.8 million, remains the same as the previous year indicating that the City is increasing its investment in capital assets without incurring additional debt. This category represents resources in the governmental activities that were subject to external restrictions on their use.

Of the total net position at June 30, 2024, a deficit amount of \$86.8 million, represents *unrestricted net position* (negative \$106.6 million for governmental activities and positive \$19.8 million for business-type activities) and may be used to meet the government's ongoing obligations to citizens and creditors. In the governmental activities due to a large balance in the net investment in capital asset category, the unrestricted net position category is reported as a deficit. The deficit net position is also due to an \$8.9 million increase in the net pension liability and deferred inflows, from \$161.2 million to \$170.1 million as well as a \$1.2 million increase in the net other post employment benefit (OPEB) liability and deferred inflows from \$37.7 million to \$38.9 million. These noncurrent liabilities vary each year based on actuarial valuations.

Changes in Net Position

During fiscal year 2024, the City's total net position increased by \$15.9 million, reflecting an \$12.0 million increase in the governmental activities and a \$3.9 million increase in the business-type activities. Notable changes in the statement of net position between June 30, 2024 and June 30, 2023 included:

- Capital assets held by the City increased by \$49.3 million due to increased work on projects that had been delayed coming out of the pandemic and additional work on projects resulting from storm damage sustained in 2022 and 2023. Capital assets for Business-type Activities increased by \$27.3 million and capital assets for Governmental Activities increased by \$22.0 million.
- City liabilities increased by \$42.5 million. This is due to an increase of \$29.8 million in Water enterprise fund debt issued to finance on-going capital improvements to the water system including a \$16.1 million line of credit from Wells Fargo, and an increase of \$15.2 million in the 2020 and 2021 State Water Resources loans. An increase of \$15.3M in Pension and OPEB liabilities also contributed to the large increase in City liabilities in 2024.

Analysis of Activities: The following table indicates the changes in net position for governmental and business-type activities:

Condensed Statements of Activities

(amounts expressed in millions)

	Governmental Activities			Business-Type Activities					Total			
	2024 2023		2023	2024 202			2023	2024 20		2023		
Revenues:												
Program revenues:												
Charges for services	\$	54.7	\$	32.8	\$	110.2	\$	95.6	\$	164.9	\$	128.4
Operating grants and contributions		5.3		5.8		4.3		4.0		9.6		9.8
Capital grants and contributions		26.6		9.0		-		-		26.6		9.0
Total program revenues		86.6		47.6		114.5		99.6		201.1		147.2
General revenues:												
Property taxes		28.6		27.4		0.3		0.3		28.9		27.7
Sales and use taxes		26.1		26.3		-		-		26.1		26.3
Franchise taxes		4.2		4.2		-		-		4.2		4.2
Transient occupancy taxes		13.0		12.6		-		-		13.0		12.6
Utility users taxes		14.2		13.4		-		-		14.2		13.4
Admissions taxes		3.0		7.4		-		-		3.0		7.4
Other taxes		7.0		2.8		-		-		7.0		2.8
Total taxes		96.1		94.1		0.3		0.3		96.4		94.4
Unrestricted investment earnings		6.0		4.1		4.3		1.0		10.3		5.1
Gain (loss) on sale of assets		-		0.1		0.2		0.0		0.2		0.1
Miscellaneous		0.3		0.6		-		-		0.3		0.6
Total revenues		189.0		146.5		119.3		100.9		308.3		247.4
Expenses:												
General government		30.2		22.7		-		-		30.2		22.7
Public safety		61.3		50.3		-		-		61.3		50.3
Parks and recreation		28.3		20.8		-		-		28.3		20.8
Library		0.2		0.3		-		-		0.2		0.3
Public works		23.7		19.3		-		-		23.7		19.3
Transit		1.2		1.3		-		-		1.2		1.3
Community and economic development		23.2		9.5		-		-		23.2		9.5
Social services		9.2		14.0		-		-		9.2		14.0
Interest and charges on long term debt		0.6		0.7		-		-		0.6		0.7
Water		-		-		43.2		39.4		43.2		39.4
Wastewater		-		-		32.2		31.1		32.2		31.1
Refuse		-		-		29.1		25.2		29.1		25.2
Parking		-		-		7.8		6.4		7.8		6.4
Storm water		_				2.2		2.5		2.2		2.5
Total expenses		177.9		138.9		114.5		104.6		292.4		243.5
Increase (decrease) before transfers		11.1		7.6		4.8		(3.7)		15.9		3.9
Transfers		0.9		0.9		(0.9)		(0.9)				
Change in net position		12.0		8.5		3.9		(4.6)		15.9		3.9
Net positon, beginning of year		174.7		166.2		229.7		234.3		404.4		400.5
Net position - end of year	\$	186.7	\$	174.7	\$	233.6	\$	229.7	\$	420.3	\$	404.4

Governmental Activities

The net position for the City's governmental activities increased in fiscal year 2024 by \$12.0 million. This is due to moderate increases in all tax revenues, and a \$1.9 million increase in investment earnings while expenses net of program revenues remained steady at \$91.3 million.

A comparison of the cost of services by function for the City's governmental activities is shown below, along with the revenues used to cover the net expenses of the governmental activities.

Condensed Governmental Activities Changes in Expenses, Revenues, and Transfers

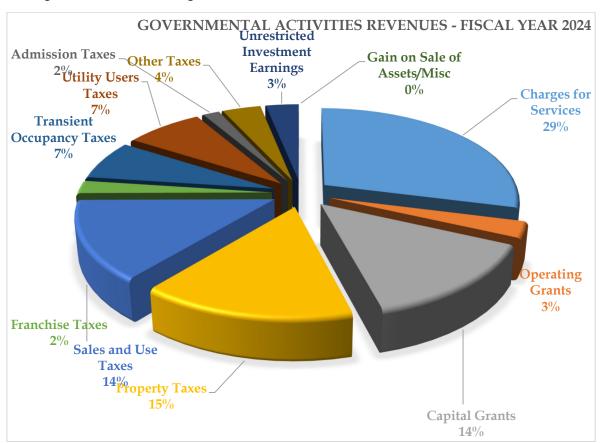
(amounts expressed in millions)

Expenses net of program revenues: Image: Content of the program revenues of the progra		2024		2023	Net Change	
Public safety (51.6) (41.8) (9.8) Parks and recreation (19.7) (14.7) (5.0) Library 0.3 0.2 0.1 Public works 2.0 (8.0) 10.0 Community and economic development (11.0) (6.5) (4.5) Social services (9.1) (14.0) 4.9 Interest and fiscal charges on long-term debt (0.6) (0.7) 0.1 Total expenses net of program revenues - (91.3) (91.3) - governmental activities (91.3) (91.3) - General revenues transfers and special items: (91.3) (91.3) - General revenues transfers and special items: 28.6 27.4 1.2 Sales and use taxes 26.1 26.3 (0.2) Franchise taxes 26.1 26.3 (0.2) Franchise taxes 13.0 12.6 0.4 Utility users taxes 14.2 13.5 0.7 Other taxes 10.1 0.1 0.1	Expenses net of program revenues:					
Parks and recreation (19.7) (14.7) (5.0) Library 0.3 0.2 0.1 Public works 2.0 (8.0) 10.0 Community and economic development (11.0) (6.5) (4.5) Social services (9.1) (14.0) 4.9 Interest and fiscal charges on long-term debt (0.6) (0.7) 0.1 Total expenses net of program revenues - (91.3) (91.3) - governmental activities (91.3) (91.3) - General revenues transfers and special items: 8 27.4 1.2 Sales and use taxes 26.1 26.3 (0.2) Franchise taxes 26.1 26.3 (0.2) Franchise taxes 4.2 4.2 - Transient occupancy taxes 13.0 12.6 0.4 Utility users taxes 14.2 13.5 0.7 Other taxes 10.1 0.1 0.1 Total taxes 6.0 4.1 1.9 Gain on sale of assets	General government	\$	(1.6) \$	5 (5.8)	\$	4.2
Library 0.3 0.2 0.1 Public works 2.0 (8.0) 10.0 Community and economic development (11.0) (6.5) (4.5) Social services (9.1) (14.0) 4.9 Interest and fiscal charges on long-term debt (0.6) (0.7) 0.1 Total expenses net of program revenues - governmental activities (91.3) (91.3) - General revenues transfers and special items: General revenues transfers and special items: Frapperty taxes 28.6 27.4 1.2 Sales and use taxes 26.1 26.3 (0.2) Franchise taxes 4.2 4.2 - Transient occupancy taxes 13.0 12.6 0.4 Utility users taxes 14.2 13.5 0.7 Other taxes 10.0 10.1 (0.1) Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets -	Public safety	(5	1.6)	(41.8)		(9.8)
Public works 2.0 (8.0) 10.0 Community and economic development (11.0) (6.5) (4.5) Social services (9.1) (14.0) 4.9 Interest and fiscal charges on long-term debt (0.6) (0.7) 0.1 Total expenses net of program revenues - governmental activities (91.3) (91.3) - General revenues transfers and special items General revenues transfers and special items Property taxes 28.6 27.4 1.2 Sales and use taxes 26.1 26.3 (0.2) Franchise taxes 4.2 4.2 - Transient occupancy taxes 13.0 12.6 0.4 Utility users taxes 14.2 13.5 0.7 Other taxes 10.0 10.1 (0.1) Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 <td>Parks and recreation</td> <td>(1</td> <td>9.7)</td> <td>(14.7)</td> <td></td> <td>(5.0)</td>	Parks and recreation	(1	9.7)	(14.7)		(5.0)
Community and economic development (11.0) (6.5) (4.5) Social services (9.1) (14.0) 4.9 Interest and fiscal charges on long-term debt (0.6) (0.7) 0.1 Total expenses net of program revenues - governmental activities (91.3) (91.3) - General revenues transfers and special items: General revenues: Property taxes 28.6 27.4 1.2 Sales and use taxes 26.1 26.3 (0.2) Franchise taxes 4.2 4.2 - Transient occupancy taxes 13.0 12.6 0.4 Utility users taxes 14.2 13.5 0.7 Other taxes 10.0 10.1 (0.1) Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3	Library		0.3	0.2		0.1
Social services (9.1) (14.0) 4.9 Interest and fiscal charges on long-term debt (0.6) (0.7) 0.1 Total expenses net of program revenues - governmental activities (91.3) (91.3) - General revenues transfers and special items: General revenues: Property taxes 28.6 27.4 1.2 Sales and use taxes 26.1 26.3 (0.2) Franchise taxes 4.2 4.2 - Transient occupancy taxes 13.0 12.6 0.4 Utility users taxes 14.2 13.5 0.7 Other taxes 10.0 10.1 (0.1) Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	Public works		2.0	(8.0)		10.0
Interest and fiscal charges on long-term debt (0.6) (0.7) 0.1 Total expenses net of program revenues - governmental activities (91.3) (91.3) - General revenues transfers and special items: General revenues: Property taxes 28.6 27.4 1.2 Sales and use taxes 26.1 26.3 (0.2) Franchise taxes 4.2 4.2 - Transient occupancy taxes 13.0 12.6 0.4 Utility users taxes 14.2 13.5 0.7 Other taxes 10.0 10.1 (0.1) Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	Community and economic development	(1	1.0)	(6.5)		(4.5)
Total expenses net of program revenues - governmental activities (91.3) (91.3) - General revenues transfers and special items: General revenues: Property taxes 28.6 27.4 1.2 Sales and use taxes 26.1 26.3 (0.2) Franchise taxes 4.2 4.2 - Transient occupancy taxes 13.0 12.6 0.4 Utility users taxes 14.2 13.5 0.7 Other taxes 10.0 10.1 (0.1) Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	Social services	((9.1)	(14.0)		4.9
governmental activities (91.3) (91.3) - General revenues transfers and special items: General revenues: Property taxes 28.6 27.4 1.2 Sales and use taxes 26.1 26.3 (0.2) Franchise taxes 4.2 4.2 - Transient occupancy taxes 13.0 12.6 0.4 Utility users taxes 14.2 13.5 0.7 Other taxes 10.0 10.1 (0.1) Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	Interest and fiscal charges on long-term debt		(0.6)	(0.7)		0.1
General revenues transfers and special items: General revenues: 28.6 27.4 1.2 Property taxes 26.1 26.3 (0.2) Franchise taxes 4.2 4.2 - Transient occupancy taxes 13.0 12.6 0.4 Utility users taxes 14.2 13.5 0.7 Other taxes 10.0 10.1 (0.1) Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	Total expenses net of program revenues -					
General revenues: Property taxes 28.6 27.4 1.2 Sales and use taxes 26.1 26.3 (0.2) Franchise taxes 4.2 4.2 - Transient occupancy taxes 13.0 12.6 0.4 Utility users taxes 14.2 13.5 0.7 Other taxes 10.0 10.1 (0.1) Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	· · · · · · · · · · · · · · · · · · ·	<u>(</u> 9	1.3)	(91.3)		-
Property taxes 28.6 27.4 1.2 Sales and use taxes 26.1 26.3 (0.2) Franchise taxes 4.2 4.2 - Transient occupancy taxes 13.0 12.6 0.4 Utility users taxes 14.2 13.5 0.7 Other taxes 10.0 10.1 (0.1) Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	General revenues transfers and special items:					
Sales and use taxes 26.1 26.3 (0.2) Franchise taxes 4.2 4.2 - Transient occupancy taxes 13.0 12.6 0.4 Utility users taxes 14.2 13.5 0.7 Other taxes 10.0 10.1 (0.1) Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	General revenues:					
Franchise taxes 4.2 4.2 - Transient occupancy taxes 13.0 12.6 0.4 Utility users taxes 14.2 13.5 0.7 Other taxes 10.0 10.1 (0.1) Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	Property taxes	2	8.6	27.4		1.2
Transient occupancy taxes 13.0 12.6 0.4 Utility users taxes 14.2 13.5 0.7 Other taxes 10.0 10.1 (0.1) Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	Sales and use taxes	2	6.1	26.3		(0.2)
Utility users taxes 14.2 13.5 0.7 Other taxes 10.0 10.1 (0.1) Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	Franchise taxes		4.2	4.2		-
Other taxes 10.0 10.1 (0.1) Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	Transient occupancy taxes	1	3.0	12.6		0.4
Total taxes 96.1 94.1 2.0 Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	Utility users taxes	1	4.2	13.5		0.7
Unrestricted investment earnings 6.0 4.1 1.9 Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	Other taxes	1	0.0	10.1		(0.1)
Gain on sale of assets - 0.1 (0.1) Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	Total taxes	9	6.1	94.1		2.0
Miscellaneous 0.3 0.6 (0.3) Transfers 0.9 0.9 - Total general revenues and transfers 103.3 99.8 3.5	Unrestricted investment earnings		6.0	4.1		1.9
Transfers0.90.9-Total general revenues and transfers103.399.83.5	Gain on sale of assets		-	0.1		(0.1)
Total general revenues and transfers 103.3 99.8 3.5	Miscellaneous		0.3	0.6		(0.3)
	Transfers		0.9	0.9		
Change in governmental activities net position \$ 12.0 \$ 8.5 \$ 3.5	Total general revenues and transfers	10	3.3	99.8	_	3.5
	Change in governmental activities net position	\$ 1	2.0	\$ 8.5	\$	3.5

Governmental Revenues

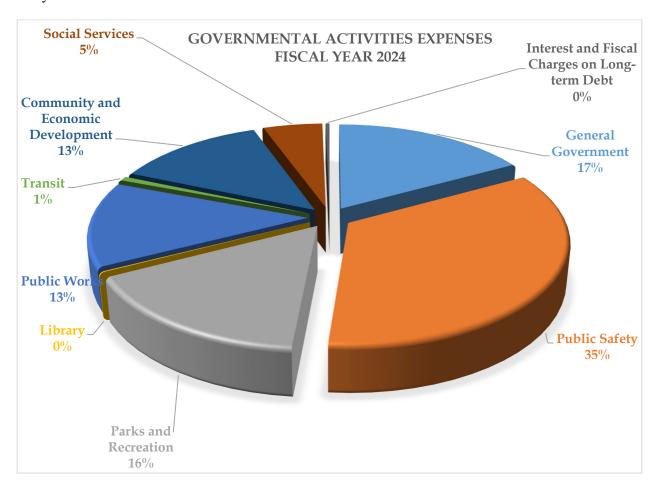
Program revenues are derived directly from users of those programs or services. They reduce the net cost of the function to be financed from the government's general revenues. Total program revenues from governmental activities were \$86.6 million in fiscal year 2024, an increase of \$39.0 million (81.9%) from the previous fiscal year. This large revenue increase is due to significant increases in both charges for services and capital grants and contributions. *Charges for services*, include licenses and permits, planning fees, developer fees, recreation charges, traffic and other fines and forfeitures, and several other revenues. Charges for services also include internal cost allocation charges. In fiscal year 2024 the City changed the methodology for reporting those internal charges showing them as revenues and expenditures in each General Fund department instead of netting the internal charges. This change resulted in a large increase in both governmental program revenues and governmental expenses. Program revenues under the *operating grants and contributions* category included revenues restricted for specific purposes, such as gasoline taxes and other federal, state and local grants. Program revenues in the *capital grants and contributions* category also included federal, state and local grants, but were restricted specifically to be used for capital projects or acquisitions. The significant increase in grants and contributions was due to the receipt of several state grants, a contribution from the Santa Cruz metro, and an insurance reimbursement.

General revenues are all other revenues not categorized as program revenues, and include all taxes, unrestricted grants and contributions, and investment earnings, material gains on sales of capital assets, and other miscellaneous revenues. Taxes of \$96.1 million made up 50.1% of total governmental revenues for fiscal year 2024. The largest single source of general revenues received during fiscal year 2024 was \$28.6 million of property taxes, which were 15.1% of total revenues, followed by \$26.1 million of sales and use taxes, which were 13.8% of total revenues. With the additional revenue from investment earnings, and miscellaneous revenue of \$6.3 million, total general revenues from governmental activities, excluding transfers, for fiscal year 2024 were \$102.4 million. The following graph shows program and general revenues for all governmental activities.



Governmental Expenses

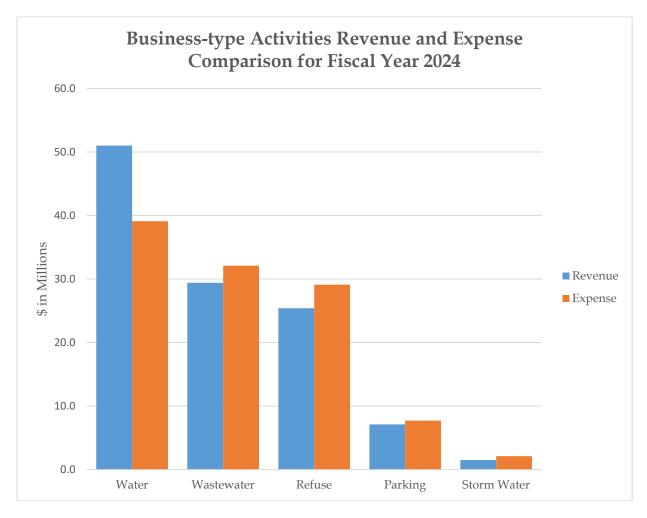
Total governmental activities expenses were \$177.9 million in fiscal year 2024, offset by \$86.6 million in program revenues. The expenses not covered by program revenues are funded through general revenues. The largest expenses incurred were for public safety at \$61.3 million, followed by general government which includes the departments of human resources, finance, information technology and city manager's office at \$30.2 million, parks and recreation at \$28.3 million, and public works at \$23.7 million. These expenses do not include capital outlay, which were reflected in the City's capital assets. The following graph shows the percentage of Governmental Activities expenses by program for fiscal year 2024.



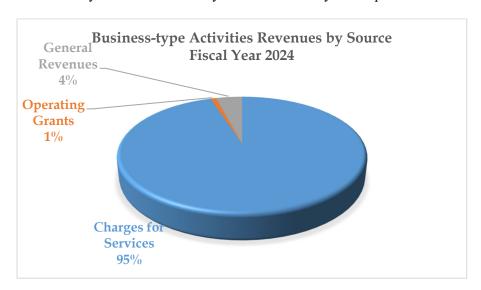
Business Type Activities

As shown in the condensed statement of activities table on page 16, net position for the City's business-type activities at June 30, 2024 was \$233.6 million, an increase of \$3.9 million from the previous fiscal year. Total program revenues for business-type activities were \$110.2 million. The largest program revenues were charges for services of \$109.2 million, which reflect rate increases for the Water and Parking enterprises. Total expenses before transfers for the business-type activities were \$110.1 million during fiscal year 2024.

The following chart shows fiscal year 2024 revenue and expenses for the City's five enterprise funds:



The following chart shows fiscal year 2024 revenues by source for the City's enterprise funds:



Financial Analysis of Individual Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City'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.

As of the close of the fiscal year 2024, the City's governmental funds reported a combined ending fund balance of \$88.4 million, a decrease of \$2.3 million (2.6%) in comparison with the prior fiscal year. Although the City saw increases in all revenue categories, increases in personnel expenditures as well as inflationary cost increases in supplies and services resulted in a slight decrease in fund balance. Of the \$88.4 million in fund balance, \$9.2 million is considered "nonspendable" because it represents the portion of the City's assets that cannot be readily converted to cash including long-term receivables, advances and prepaid expenses, \$40.1 million of the governmental fund balance is considered "restricted" as these balances are for specific services such as retiree benefits held in a section 115 trust, grants, housing programs, streets and roads and debt service. \$26.9 million is committed by City Council resolution for projects and contracts. The assigned and unassigned fund balance categories are part of the General Fund and are explained below. More information concerning fund balances can be found in Note 15 on pages 111 through 113 of this report.

General Fund – Total fund balance of the General Fund on June 30, 2024 was \$50.5 million, a decrease of \$1.4 million (2.8%) from the previous fiscal year. This is primarily due to increases in personnel costs, supplies and services. Of this amount, \$9.2 million was considered non-spendable, as explained above; \$9.7 million was restricted. Most of the restricted fund balance represents money held in a section 115 trust to be used only for retiree benefits. The committed fund balance of \$18.5 million is committed by City Council resolution for various projects and contracts. The \$5.7 million reported as assigned fund balance is for the Economic development trust fund; and the \$6.9 million in unassigned fund balance is held in the City's Stabilization Reserve fund for unexpected emergencies.

The assigned and unassigned fund balances may serve as a useful measurement of the government's net resources available for spending at the end of the fiscal year. The unassigned fund balance represents the portion of the fund balance that has not yet been obligated for a particular purpose by either an external party, the City Council, or anyone delegated with the authority to assign resources.

RDA Successor Agency – LMIH – The Redevelopment Successor Agency – LMIH (Low & Moderate Income Housing) fund is used to account for housing assets transferred from the former Redevelopment Agency (due to the State of California's dissolution of redevelopment agencies) to the City as a housing successor. At the end of fiscal year 2024, the total fund balance of the RDA Successor Agency – LMIH fund was \$12.8 million, which remains virtually unchanged from the prior year. The entire fund balance is restricted for housing programs.

General Capital Improvement Fund – The General Capital Improvement fund is used to account for the City's capital improvements. A portion of the City's transient occupancy tax receipts, combined with other funding sources, such as grants, provides funding for capital projects of general benefit, such as storm drain improvements, or improvements to public buildings.

At the end of fiscal year 2024, the total fund balance of the General Capital Improvement Fund was \$8.3 million an increase of \$5.1 million from the prior fiscal year's balance of \$3.2 million.

The entire amount is classified as committed. The increase in fund balance is due to funding transferred from the General Fund for ERP replacement and the receipt of grant revenue from the State for work on the Rail Trail, the San Lorenzo River Culvert, and paving on Ocean Street.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. They include both enterprise funds and internal service funds. For the government-wide financial statements, the internal service funds are consolidated with governmental activities, and the enterprise funds comprise the business-type activities.

At the end of fiscal year 2024, the net position of the enterprise funds was \$233.6 million, a \$3.9 million (1.7%) increase over the prior fiscal year, primarily due to rate increases resulting in an increase in charges for services.

Operating revenues in the City's enterprise funds experienced an increase of \$14.6 million when compared to the prior fiscal year, primarily due to an increase in charges for services. This is a result of Wastewater and Refuse rate increases during the year. Operating expenses increased by \$10.2 million compared to the prior fiscal year. All Enterprise Funds except Stormwater saw increases in Personnel costs totaling \$6.6 million and Services and Supplies for a total of \$2.2 million. These increases can be attributed to increases in wages, pension and benefit costs, the filling of vacancies, and inflationary increases in supplies, services, and materials.

Net position in the internal service funds in the amount of \$5.2 million represented an increase of \$0.5 million compared to the previous fiscal year. The increase was due to an increase in charges for services in the risk management fund which is the result of increased contributions from departments to cover rising premiums in liability and property insurance. Rising costs for materials, supplies and services have made it difficult for the equipment operations fund to generate enough revenue to cover expenditures.

General Fund Budgetary Highlights

The fiscal year 2024 final amended General Fund budget (not including other financing sources and uses) totaled \$168.6 million and included amendments to the original budget, resulting in a \$38.6 million increase when compared to the prior fiscal year total adjusted budget of \$130.0 million. This large increase is due to expenditures budgeted for a \$15.7 million grant awarded from the State Housing and Community Development (HCD) Affordable Housing Sustainable Communities (AHSC) and Infill Infrastructure Grants (IIG) for downtown area improvements, a \$13.3 million increase in cost allocation charges due to a change in methodology, and \$3.6 million budgeted for grant reimbursements from FEMA, Cal OES and insurance for the December 2022 and January 2023 storms. The balance of the increase in budgeted expenditures is due to increases in personnel costs and inflationary increases in materials, supplies and services.

At June 30, 2024, actual operating expenditures (not including other financing sources and uses) in the City's General Fund totaled \$143.9 million, which was \$24.7 million less than the final amended budget. The budgetary savings are most significant in Economic Development due to the budgeted IIG-AHSC grant but no actual expenditures in fiscal year 2024. Budgetary savings in Public Works and Social Services represent project commitments, including those to homelessness response, that have been carried forward into fiscal year 2025. Actual operating revenues totaled \$145.5 million which was \$18.4 million higher than the fiscal year 2024 adjusted budget. This was primarily due to budgeted grant revenues that were not received in 2024 and have been carried forward into 2025. Specifically the IIG-AHSC grant for \$15.7 million and an encampment resolution grant for \$4.0 million.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounted to \$673.3 million which includes \$559.7 million, of accumulated depreciation and amortization. Investment in capital assets included land, land improvements, infrastructure, buildings, machinery and equipment, lease improvements, intangibles, and construction in progress. The largest changes in capital assets were in the categories of construction in progress – governmental and business type activities, infrastructure – business type activities, and buildings – governmental activities.

Governmental activities realized an increase of \$17.0 million in construction in progress due to the start of several projects related to the restoration of West Cliff drive (\$8.4 million) which was damaged during storms in late 2023 and early 2024, the start of the Monterey Bay Sanctuary Scenic Trail Segment 7 (\$6.9 million), and repairs to the Civic Auditorium roof, solar, and building automation system (\$1.1 million). Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. Business type activities realized an increase of \$70.8 million due to the capitalization of the Newell Creek Dam Inlet/Outlet Pipeline (\$72.7 million). Buildings are structures that are permanently attached to the land, are not infrastructure, and are not intended to be transportable or moveable. Governmental activities increased by \$7.5 million due in part to competition of the Branciforte Measure S Facility Remodel (\$4.1 million), the purchase of the buildings as a part of the Downtown Mixed-Use project (\$2.5 million) and remodel of the Beach Street restroom (\$1.0 million). The total increase in the City's investment in capital assets for the current fiscal year, after deletions, was \$49.3 million. Additions and deletions consisted of an increase to capital assets of \$71.5 million offset by an increase to accumulated depreciation and amortization of \$22.2 million.

Additional information on the City of Santa Cruz's capital assets can be found in Note 7 to the financial statements.

Capital Assets

(net of depreciation and amortization) (amounts expressed in \$ millions)

Governmental Activities Business-Type Activities

	June 30		June 30				Total				
	- 2	2024	 2023		2024		2023	2024		2023	
							_				
Land	\$	85.6	\$ 85.6	\$	3.6	\$	2.7	\$	89.2	\$	88.3
Construction in progress		43.9	26.9		113.3		155.2		157.2		182.1
Land improvements		8.1	9.0		9.8		9.5		17.9		18.5
Infrastructure		59.0	61.7		213.5		142.7		272.5		204.4
Buildings		43.6	36.1		58.5		60.4		102.1		96.5
Machinery and equipment		8.7	6.5		19.9		20.3		28.6		26.8
Right-to-use lease assets		2.1	2.9		2.7		3.1		4.8		6.0
Subscriptions		0.9	1.2		0.1		0.2		1.0		1.4
Totals	\$	251.9	\$ 229.9	\$	421.4	\$	394.1	\$	673.3	\$	624.0

Debt Administration

Long Term Debt – At June 30, 2024, the City had \$231.1 million in long term debt outstanding compared to \$207.1 million last fiscal year, which was an increase of \$24.0 million (11.6%). The bonds, notes, loans and leases payable associated with governmental activities decreased to \$21.8 million, or 14.5%, from the prior year. This is the result of the City's regularly scheduled debt service payments. The bonds, notes, loans and leases payable associated with business-type activity debt increased to \$209.3 million, or 15.3%. This is primarily due to the issuance of notes payable related to the water fund, more specifically the 2020 & 2021 State Water Resource Control Board loans related to the Graham Hill Water Treatment Plant & Newell Creek Inlet/Outlet projects, as well as the 2023 Water Infrastructure Finance and Innovation Act (WIFIA).

The 2009 Refuse Refunding Loan, The Refuse Loan Payable to PG&E, and the Parking Loans Payable to PG&E were retired this year. As of June 30, 2024, the largest debt obligation in the City's business type funds is the 2020 Water California State Water Resources Control Board loan issued for City-wide improvements to the water system. The outstanding balance is \$83.7 million with the capacity to be drawn up to \$103.5 million.

The Water Department also issued new debt, the Water Fund Wells Fargo Line of Credit to replace the 2021 Water Fund Bank of America Loan. It allows the Water department to draw up to \$25.0 million.

The chart below illustrates the changes in bonds, notes, loans and leases payable for the year ending June 30, 2024:

Bonds, Notes, Loans and Leases Payable

(amounts expressed in \$ millions)

	Gov	ernment	al Ac	tivities	Business-Type			tivities					
		June	e 30			Jun	une 30			Total			
	2	024	2	023	2024		2023 2024		2024	2023			
Revenue bonds payable	\$	5.8	\$	6.2	\$	34.2	\$	35.7	\$	40.0	\$	41.9	
General obligation bonds		3.1		3.5		-		-		3.1		3.5	
Notes payable		9.8		11.7		172.5		142.8		182.3		154.5	
Leases payable		2.3		3.0		2.5		2.9		4.8		5.9	
Subscription liability		0.8		1.1		0.1		0.2		0.9		1.3	
Totals	\$	21.8	\$	25.5	\$	209.3	\$	181.6	\$	231.1	\$	207.1	

The City also has liabilities for claims and judgments, compensated absences (accrued vacation pay), and landfill closure and post closure costs. The amounts and changes of these liabilities are shown below:

Claims and Judgments, Compensated Absences, and Landfill Closure Costs Payable

(amounts expressed in \$ millions)

								June 30, 2024			
		Jun	e 30		Inc	rease	Percent	Due i	n less	Due i	n more
	2	2024	2	2023	(De	crease)	Change	than o	ne year	than o	ne year
Compensated absences	\$	6.7	\$	7.2	\$	(0.5)	-6.9%	\$	4.5	\$	2.2
Claims and judgments		19.5		18.6		0.9	4.8%		5.1		14.4
Closure and post closure											
landfill costs		11.0		10.3		0.7	6.8%		-		11.0
Totals	\$	37.2	\$	36.1	\$	1.1	3.0%	\$	9.6	\$	27.6
							· ·				

Additional information on the City of Santa Cruz's long-term debt can be found in Note 8 to the financial statements. Additional information on the City's compensated absences can be found in Note 9 to the financial statements. Additional information on the City's risk management and self-insurance can be found in note 10 to the financial statements. And, additional information on the City of Santa Cruz's landfill closure and post closure costs can be found in Note 13.

Economic Factors and Next Year's Budgets and Rates

The City of Santa Cruz, and Santa Cruz County is closely tied to the regional economy of the nine-county San Francisco Bay Area and to Silicon Valley in particular. Local private employers include a diverse array of manufacturing, business services, retail, hotel and food services, and biotechnology companies. In addition to the local private employers, the local economy also benefits from the University of California Santa Cruz. The University is a major employer, and has potential spin-off benefits from federal and state funded scientific research ventures including biomedical research, technology research, and adaptive optics.

As with other California cities, the City of Santa Cruz is subject to the State's past practice of balancing the annual budget using local resources. California's revenue base is highly dependent on personal income tax which is sensitive to unemployment and fluctuations in stock and other asset prices. A significant portion of California's economy is based on tourism, which has returned to pre-pandemic levels and is seeing moderate growth. The fiscal year 2025 budget does not include a contribution to the Capital Improvement Program (usually \$5M) which enabled the City to adopt a balanced 2025 budget on June 11, 2024. The City presented its 10-year financial forecast to Council in November 2023 providing options for addressing future deficits.

The City has a balanced tax base of property, sales, transient occupancy and utility tax. The major tax categories have seen steady growth over the last 10 years with only a small dip in 2020 and 2021 due to the pandemic. Property Taxes achieved the expected growth of 4% over the previous year for a total of \$28.6 million. Sales Tax for fiscal year 2024 saw a slight decline as spending slowed in response to high interest rates and inflation concerns, ending with \$26.1 million, or a decrease of 0.8% over the prior year. The City placed a 0.5% local sales tax rate increase on the March 2024 ballot, which was approved and took effect July 1, 2024. The City has reached the statutory cap of 9.75 percent and is estimating revenue will annually increase by \$8 million and will be used to support existing essential services. Transient Occupancy Tax revenues have increased 2.9% from the previous year to \$13 million. The last TOT rate change went into effect January 2023 and revenues from Transient Occupancy Tax (TOT) are expected to continue to increase slightly. The City continues to invite major name hotels into the area with a few projects slated to break ground in the coming years.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Santa Cruz, Finance Department, 1200 Pacific Avenue, Suite 290, Santa Cruz, CA 95060.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Santa Cruz Statement of Net Position June 30, 2024

		Primary Government						
	Governmental Activities			Business-Type Activities		Total		
ASSETS								
Current assets:								
Cash and investments	\$	68,910,703	\$	91,661,179	\$	160,571,882		
Restricted cash and investments		16,100,951		2,206		16,103,157		
Accounts receivable - net		7,245,170		15,755,562		23,000,732		
Taxes receivable		9,439,792		43,976		9,483,768		
Grants receivable		5,322,420		507,765		5,830,185		
Intergovernmental receivable		2,300,000		(2,300,000)		-		
Interest receivable		5,099,348		390,284		5,489,632		
Notes and loans receivable - net, due within one year		79,698		-		79,698		
Leases receivable - due within one year		1,095,897		20,243		1,116,140		
Inventories		138,740		-		138,740		
Deposits		6,630,866		30,000		6,660,866		
Total current assets		122,363,585		106,111,215		228,474,800		
Noncurrent assets:								
Restricted cash and investments		-		1,241,406		1,241,406		
Notes and loans receivable - due in more than one year		16,193,387		1,049,425		17,242,812		
Lease receivable - due in more than one year		18,968,817		13,787		18,982,604		
Capital assets:								
Not being depreciated/amortized		129,526,613		116,859,465		246,386,078		
Being depreciated/amortized, net		122,430,776		304,553,337		426,984,113		
Total capital assets		251,957,389		421,412,802		673,370,191		
Total noncurrent assets		287,119,593		423,717,420		710,837,013		
Total assets		409,483,178		529,828,635		939,311,813		
DEFERRED OUTFLOWS OF RESOURCES								
Deferred charge on refunding		178,988		421,781		600,769		
Deferred outflows related to OPEB		4,875,847		1,845,751		6,721,598		
Deferred outflows related to pensions		62,334,203		21,000,693		83,334,896		
Total deferred outflows of resources		67,389,038		23,268,225		90,657,263		

City of Santa Cruz Statement of Net Position (Continued) June 30, 2024

		Primary Government					
	Governmental Activities	Business-Type Activities	Total				
LIABILITIES							
Current liabilities:							
Accounts payable and other current liabilities	11,800,837	13,529,074	25,329,911				
Interest payable	150,699	1,799,008	1,949,707				
Unearned revenue	480,149	648,367	1,128,516				
Deposits payable	1,612,323	75,530	1,687,853				
Claims payable - due within one year	5,142,163	-	5,142,163				
Compensated absences - due within one year	3,273,755	1,175,452	4,449,207				
Long-term debt - due within one year	4,028,300	34,250,871	38,279,171				
Total current liabilities	26,488,226	51,478,302	77,966,528				
Noncurrent liabilities:							
Claims payable - due in more than one year	14,414,148	-	14,414,148				
Compensated absences - due in more than one year	1,636,878	587,726	2,224,604				
Long-term debt - due in more than one year	17,767,800	175,014,569	192,782,369				
Landfill closure liability	-	11,042,136	11,042,136				
Net OPEB liability	30,535,516	11,559,212	42,094,728				
Net pension liability	167,093,953	66,561,407	233,655,360				
Total noncurrent liabilities	231,448,295	264,765,050	496,213,345				
Total liabilities	257,936,521	316,243,352	574,179,873				
DEFERRED INFLOWS OF RESOURCES							
Related to leases	20,169,004	59,157	20,228,161				
Related to pensions	3,623,027	-	3,623,027				
Related to OPEB	8,429,011	3,190,801	11,619,812				
Total deferred inflows of resources	32,221,042	3,249,958	35,471,000				
NET POSITION							
Net investment in capital assets	246,441,228	213,812,755	460,253,983				
Restricted:							
Capital projects	9,519,674	-	9,519,674				
Debt service	1,392,661	-	1,392,661				
Public safety	1,394,890	-	1,394,890				
Parks and recreation	3,661,124	-	3,661,124				
Community and economic development	30,865,789		30,865,789				
Total restricted	46,834,138		46,834,138				
Unrestricted (deficit)	(106,560,713)	19,790,795	(86,769,918)				
Total net position	\$ 186,714,653	\$ 233,603,550	\$ 420,318,203				

City of Santa Cruz Statement of Activities For the Year Ended June 30, 2024

		Program Revenues								
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total					
Primary government:										
Governmental activities:										
General government	\$ 30,163,442	\$ 26,362,104	\$ 715,744	\$ 1,506,000	\$ 28,583,848					
Public safety	61,250,815	8,941,462	277,182	431,935	9,650,579					
Parks and recreation	28,300,226	8,089,167	59,646	534,991	8,683,804					
Library	238,597	551,233	-	-	551,233					
Public works	23,720,641	5,945,103	1,267,197	18,448,666	25,660,966					
Transit	1,243,811	-	1,313,240	-	1,313,240					
Community and economic development	23,161,236	4,801,270	1,652,011	5,663,793	12,117,074					
Social services	9,150,654	-	-	-	-					
Interest on long-term debt	592,432									
Total governmental activities	177,821,854	54,690,339	5,285,020	26,585,385	86,560,744					
Business-type activities:										
Water	43,223,736	49,632,965	1,351,473	-	50,984,438					
Wastewater	32,231,152	27,497,489	1,927,470	-	29,424,959					
Refuse	29,087,905	25,054,649	377,710	-	25,432,359					
Parking	7,751,995	7,093,432	-	-	7,093,432					
Storm water	2,180,383	893,049	614,060		1,507,109					
Total business-type activities	114,475,171	110,171,584	4,270,713	-	114,442,297					
Total primary government	\$ 292,297,025	\$ 164,861,923	\$ 9,555,733	\$ 26,585,385	\$ 201,003,041					

City of Santa Cruz Statement of Activities (Continued) For the Year Ended June 30, 2024

	Net (Expense) Revenue and Changes in Net Position						
Functions/Programs	Governmental Activities	Business-type Activities	Total				
Primary government:							
Governmental activities:							
General government	\$ (1,579,594)	\$ -	\$ (1,579,594)				
Public safety	(51,600,236)	-	(51,600,236)				
Parks and recreation	(19,616,422)	-	(19,616,422)				
Library	312,636	-	312,636				
Public works	1,940,325	-	1,940,325				
Transit	69,429	-	69,429				
Community and economic development	(11,044,162)	-	(11,044,162)				
Social services	(9,150,654)	-	(9,150,654)				
Interest on long-term debt	(592,432)		(592,432)				
Total governmental activities	(91,261,110)		(91,261,110)				
Business-type activities:							
Water	-	7,760,702	7,760,702				
Wastewater	-	(2,806,193)	(2,806,193)				
Refuse	-	(3,655,546)	(3,655,546)				
Parking	-	(658,563)	(658,563)				
Storm water		(673,274)	(673,274)				
Total business-type activities	_ _	(32,874)	(32,874)				
Total primary government	(91,261,110)	(32,874)	(91,293,984)				
General Revenues and Transfers:							
General revenues:							
Property taxes	28,645,944	326,722	28,972,666				
Sales and use taxes	26,086,726	-	26,086,726				
Franchise taxes	4,231,075	-	4,231,075				
Transient occupancy taxes	12,967,908	-	12,967,908				
Utility users taxes	14,150,178	-	14,150,178				
Other taxes	9,942,888	-	9,942,888				
Unrestricted investment earnings	5,999,057	4,287,709	10,286,766				
Gain on sale of assets	9,131	174,751	183,882				
Miscellaneous	334,722		334,722				
Total general revenues	102,367,629	4,789,182	107,156,811				
Transfers	861,023	(861,023)					
Total general revenues and transfers	103,228,652	3,928,159	107,156,811				
Change in net position	11,967,542	3,895,285	15,862,827				
Net Position:							
Beginning of year	174,747,111	229,708,265	404,455,376				
F 1 C							

End of year

<u>\$ 186,714,653</u> <u>\$ 233,603,550</u> <u>\$ 420,318,203</u>

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FUND FINANCIAL STATEMENTS

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Governmental Funds Financial Statements

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

RDA Successor Agency Low & Moderate Incoming Housing Fund - This fund is used to account for housing assets transferred from the former Redevelopment Agency to the City as housing successor.

General Capital Improvement Fund - This fund is used to account for capital improvements for which special projects funds have not been established. A portion of the City's transient occupancy tax receipts, combined with other funding sources, such as grants, provides funding for capital projects of general benefit, such as storm drain improvements, or improvements to public buildings.

Other Governmental Funds - Other Governmental funds is the aggregate of all the non-major governmental funds.

City of Santa Cruz Balance Sheet Governmental Funds June 30, 2024

	Major Funds							
		General		OA Successor	Ge	General Capital		
		Fund	Ag	ency - LMIH	Iı	nprovement		
ASSETS								
Cash and investments	\$	24,576,452	\$	2,554,345	\$	7,161,773		
Restricted cash and investments		10,557,007		-		5,543,944		
Accounts receivable - net		6,930,428		-		15,753		
Taxes receivable		9,212,390		-		-		
Interest receivable		1,013,046		1,630,111		48,910		
Grants receivable		70,056		-		4,957,533		
Deposits		552,911		-		-		
Notes and loans receivable - net		2,136,335		9,748,705		-		
Leases receivable		13,701,224		890,403		-		
Advances to other funds		6,609,687		500,000		-		
Total assets	\$	75,359,536	\$	15,323,564	\$	17,727,913		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities: Accounts payable and other current liabilities	\$	4,615,566	\$	-	\$	3,872,248		
Unearned revenues		12,171		-		-		
Deposits payable		1,608,323		2,000		2,000		
Advances from other funds		4,844,531				5,509,687		
Total liabilities		11,080,591		2,000		9,383,935		
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows related to leases		13,193,041		872,324		_		
Unavailable revenue		606,680		1,616,333		-		
Total deferred inflows of resources		13,799,721		2,488,657		-		
Fund Balances:								
Nonspendable								
Noncurrent receivables		2,644,518		-		-		
Interfund advances		6,609,687		-		-		
Restricted:								
Clean rivers, oceans, and beaches		-		-		-		
Debt service		-		-		-		
Hardship grants		282,227		-		-		
Housing programs		-		12,832,907		-		
Parks and recreation		-		-		-		
Police programs		-		-		-		
Streets and roads		-		-		-		
Traffic impact		-		-		-		
Technology Retiree benefits		0.661.520		-		-		
Committed		9,661,530		-		8,343,978		
Assigned		18,552,507 5,735,369		-		0,343,7/8		
Unassigned (deficit)		6,993,386		_		-		
- '				12.022.007		9 2 42 070		
Total fund balances		50,479,224		12,832,907		8,343,978		
Total liabilities, deferred inflows of resources, and fund balances	\$	75,359,536	\$	15,323,564	\$	17,727,913		
2 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 - 3 -		, ,	~	,,	-			

City of Santa Cruz Balance Sheet (Continued) Governmental Funds June 30, 2024

	Other Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 18,568,298	\$ 52,860,868
Restricted cash and investments	-	16,100,951
Accounts receivable - net	270,976	
Taxes receivable	227,402	9,439,792
Interest receivable	2,343,074	
Grants receivable	294,831	5,322,420
Deposits	4 200 045	552,911
Notes and loans receivable - net Leases receivable	4,388,045	16,273,085
Advances to other funds	5,473,087	20,064,714 7,109,687
Total assets	\$ 31,565,713	\$ 139,976,726
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable and other current liabilities	\$ 501,704	\$ 8,989,518
Unearned revenues	467,978	
Deposits payable	-	1,612,323
Advances from other funds	2,300,000	12,654,218
Total liabilities	3,269,682	23,736,208
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to leases	6,103,639	20,169,004
Unavailable revenue	5,445,726	
Total deferred inflows of resources	11,549,365	27,837,743
Fund Balances:		
Nonspendable		
Noncurrent receivables	_	2,644,518
Interfund advances	_	6,609,687
Restricted:		-,,
Clean rivers, oceans, and beaches	1,960,868	1,960,868
Debt service	1,433,547	1,433,547
Hardship grants	449,054	731,281
Housing programs	4,078,284	16,911,191
Parks and recreation	3,579,590	3,579,590
Police programs	3,472,856	3,472,856
Streets and roads	636,185	
Traffic impact	1,417,752	1,417,752
Technology	232,323	232,323
Retiree benefits	· -	9,661,530
Committed	-	26,896,485
Assigned	-	5,735,369
Unassigned (deficit)	(513,793	
Total fund balances	16,746,666	88,402,775
Total liabilities, deferred inflows of		
resources, and fund balances	\$ 31,565,713	\$ 139,976,726
		(Concluded)

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City of Santa Cruz Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position June 30, 2024

Total Fund Balances - Total Governmental Funds				\$ 88,402,77	5
Amounts reported for Governmental Activities in the Statement of Net Position were different because:					
Capital assets used in governmental activities are not current financial resources. Therefore, they are not reported in the governmental funds. Except for the internal service funds reported below, the capital assets are adjusted as follows:	Government- Wide Statement of Net Position	Int	ernal Service Funds		
Non-depreciable/amortizable	\$ 129,526,613	\$	-	129,526,61	3
Depreciable/amortizable, net	122,430,776		(901,880)	121,528,89	6
Total capital assets	\$ 251,957,389	\$	(901,880)	251,055,50	9
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 (net of \$919 in internal service funds).				(149,29	7)
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and equipment management, 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 Statement of Net Position.					
Equipment operations fund				(2,949,86	9)
Risk management fund				8,154,54	2
Total internal service funds				5,204,67	3
Unavailable revenue was deferred in the governmental funds balance sheet and reduced fund balance but was recognized as revenue on the government-wide statements.				7,668,73	9
Noncurrent liabilities and pension and OPEB deferrals were not due and payable in the current period. Therefore, they are not reported in the governmental funds. Except for internal service funds as reported above, the long-term liabilities are adjusted as follows:	Government- Wide Statement of Net Position	Int	ernal Service Funds		
Net OPEB liability	\$ (30,535,516)	\$	660,887	(29,874,62	9)
Net pension liability	(167,093,953)		3,898,504	(163,195,44	9)
OPEB-related deferred outflows of resources	4,875,847		(105,529)	4,770,31	8
Pension-related deferred outflows of resources	62,334,203		(1,230,011)	61,104,19	2
OPEB-related deferred inflows of resources	(8,429,011)		182,431	(8,246,58	0)
Pension-related deferred inflows of resources	(3,623,027)		-	(3,623,02	7)
Compensated absences, due within one year	(3,273,755)		26,295	(3,247,46	
Compensated absences, due in more than one year	(1,636,878)		13,148	(1,623,73	-
Long-term debt, due within one year	(4,028,300)		26,084	(4,002,21	
Long-term debt, due in more than one year	(17,767,800)		59,647	(17,708,15	3)
Total long-term liabilities and deferred items	\$ (169,178,190)	\$	3,531,456	(165,646,73	4)
Losses related to refunding of debt are reported as other financing uses in the governmental funds. For the Statement of Net Position, these amounts are capitalized and amortized as a					
deferred outflow of resources over the remaining life of the debt.				178,98	8
Net Position of Governmental Activities				\$ 186,714,65	3

City of Santa Cruz Statement of Revenues, Expenditures, and Changes in Fund Balances **Governmental Funds**

For the Year Ended June 30, 2024

	Major Funds							
		General		A Successor	General Capital			
		Fund	Age	ency - LMIH	Ir	nprovement		
REVENUES:								
Taxes	\$	92,310,872	\$	-	\$	1,961,009		
Licenses and permits		1,479,509		-		-		
Intergovernmental		1,594,253		989		14,500,105		
Charges for services		36,193,595		25,000		-		
Fines and forfeitures		1,603,711		-		-		
Use of money and property		9,700,297		229,285		318,870		
Other revenues		2,595,719		1,000		4,903,846		
Total revenues		145,477,956		256,274		21,683,830		
EXPENDITURES:								
Current:								
General government		21,792,647		-		974,555		
Public safety		59,387,383		-		53,779		
Parks and recreation/library		23,454,277		-		621,391		
Public works		11,602,436		-		4,308,544		
Transit		-		-		-		
Community and economic development		14,528,977		105,333		448,095		
Social services		9,150,654		-		-		
Capital outlay		995,626		-		28,614,196		
Debt service:								
Principal		2,830,238		-		133,541		
Interest and fiscal charges		109,990				162,682		
Total expenditures		143,852,228		105,333		35,316,783		
REVENUES OVER (UNDER) EXPENDITURES		1,625,728		150,941		(13,632,953)		
OTHER FINANCING SOURCES (USES):								
Proceeds from issuance of leases payable		135,283		-		-		
Transfers in		9,180,763		-		20,810,203		
Transfers out		(12,373,838)		-		(2,011,214)		
Total other financing sources (uses)		(3,057,792)		_		18,798,989		
NET CHANGE IN FUND BALANCES		(1,432,064)		150,941		5,166,036		
FUND BALANCES:								
Beginning of year		51,911,288		12,681,966		3,177,942		
End of year	\$	50,479,224	\$	12,832,907	\$	8,343,978		

City of Santa Cruz Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued) **Governmental Funds**

For the Year Ended June 30, 2024

REVENUES:	Other Governmental Funds	Total Governmental Funds
	4 1,752,020	Φ 06.024.710
Taxes	\$ 1,752,838	
Licenses and permits	16.267.065	1,479,509
Intergovernmental	16,267,965	
Charges for services	289,740	
Fines and forfeitures	12,312	
Use of money and property	1,154,560	
Other revenues	999,027	8,499,592
Total revenues	20,476,442	187,894,502
EXPENDITURES:		
Current:		
General government	-	22,767,202
Public safety	152,923	59,594,085
Parks and recreation/library	-	24,075,668
Public works	2,164,201	18,075,181
Transit	1,243,811	1,243,811
Community and economic development	6,508,120	21,590,525
Social services	-	9,150,654
Capital outlay	821,775	30,431,597
Debt service:		
Principal	749,992	3,713,771
Interest and fiscal charges	296,077	568,749
Total expenditures	11,936,899	191,211,243
REVENUES OVER (UNDER) EXPENDITURES	8,539,543	(3,316,741)
OTHER FINANCING SOURCES (USES):		
Proceeds from issuance of leases payable	-	135,283
Transfers in	153,983	
Transfers out	(14,892,905	
Total other financing sources (uses)	(14,738,922	1,002,275
NET CHANGE IN FUND BALANCES	(6,199,379	(2,314,466)
FUND BALANCES:		
Beginning of year	22,946,045	90,717,241
End of year	\$ 16,746,666	

City of Santa Cruz Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the Year Ended June 30, 2024

Amounts reported for Governmental Activities in the Statement of Net Position were different because: Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position the cost of those assets was allocated over their estimated useful lives as depreciation/amortization expenses. This is the amount of expital assets croorded in the current period. Depreciation/amortization expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense, net of internal service funds of \$466.441, was not reported as expenditures in the Governmental Funds. The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased net position. (942) Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds. Compensated absences expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds (net of \$19,505 deducted in internal service funds). Issuance of long-term liabilities provides current financial resources to governmental funds, but the issuance increased long-term liabilities in the Government-Wide Statement of Net Position (net of \$44,272 added in internal service funds). Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position (net of \$33,608 change in long-term liabilities in internal service funds). Governmental funds report pension expenditures equal to pension contributions, bowever, in the statement of net position, pension expenses are adjusted to reflect the changes in net pension liabili	Net Change in Fund Balance - All Governmental Funds	\$ (2,314,466)
and Changes in Net Position the cost of those assets was allocated over their estimated useful lives as depreciation/amortization expenses. This is the amount of capital assets recorded in the current period. Depreciation/amortization expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense, net of internal service funds of \$466.441, was not reported as expenditures in the Governmental Funds. Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds. Compensated absences expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds (net of \$19,505 deducted in internal service funds). Issuance of long-term liabilities provides current financial resources to governmental funds, but the issuance increased long-term liabilities in the Government-Wide Statement of Net Position (net of \$44,272 added in internal service funds). Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position (net of \$33,608 change in long-term liabilities in internal service funds). Governmental funds report OPEB expenditures equal to pension contributions, however, in the statement of net position, OPEB expenses are adjusted to reflect the changes in net OPEB liability and related deferrals. Governmental funds report OPEB expenditures equal to OPEB benefit payments, however, in the statement of net position, OPEB expenses on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year. A	Amounts reported for Governmental Activities in the Statement of Net Position were different because:	
Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense, net of internal service funds of \$466,441, was not reported as expenditures in the Governmental Funds. (8,022,904) The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased net position. (942) Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds. Compensated absences expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds (net of \$19,505 deducted in internal service funds). Sepayment of long-term liabilities provides current financial resources to governmental funds, but the issuance increased long-term liabilities in the Government-Wide Statement of Net Position (net of \$44,272 added in internal service funds). Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position (net of \$33,608 change in long-term liabilities in internal service funds). Governmental funds report pension expenditures equal to pension contributions, however, in the statement of net position, pension expenses are adjusted to reflect the changes in net pension liability and related deferrals. Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year. (11,780,553) Amortization of premium in not recorded in the governmental funds but it impacts the statement of activities. 23,350 Amortization of refunding costs is not recorded in the governmental funds but it impacts the statement of activities. 508,651	and Changes in Net Position the cost of those assets was allocated over their estimated useful lives as	30,478,954
Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds. Compensated absences expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds (net of \$19,505 deducted in internal service funds). Issuance of long-term liabilities provides current financial resources to governmental funds, but the issuance increased long-term liabilities in the Government-Wide Statement of Net Position (net of \$44,272 added in internal service funds). Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position (net of \$33,608 change in long-term liabilities in internal service funds). Governmental funds report pension expenditures equal to pension contributions, however, in the statement of net position, pension expenses are adjusted to reflect the changes in net opension liability and related deferrals. Governmental funds report OPEB expenditures equal to OPEB benefit payments, however, in the statement of net position, OPEB expenses are adjusted to reflect the changes in net OPEB liability and related deferrals. Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year. Amortization of premium in not recorded in the governmental funds but it impacts the statement of activities. 23,350 Amortization of refunding costs is not recorded in the governmental funds but it impacts the statement of activities. 23,350 Amortization of refunding costs is not recorded in the governmental funds but it impacts the statement of activities. 25,377) The internal service funds are used by management to charge the costs o	Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense,	(8,022,904)
Compensated absences expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds (net of \$19,505 deducted in internal service funds). Issuance of long-term liabilities provides current financial resources to governmental funds, but the issuance increased long-term liabilities in the Government-Wide Statement of Net Position (net of \$44,272 added in internal service funds). Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position (net of \$33,608 change in long-term liabilities in internal service funds). Governmental funds report pension expenditures equal to pension contributions, however, in the statement of net position, pension expenses are adjusted to reflect the changes in net pension liability and related deferrals. Governmental funds report OPEB expenditures equal to OPEB benefit payments, however, in the statement of net position, OPEB expenses are adjusted to reflect the changes in net OPEB liability and related deferrals. (11,780,553) Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year. Amortization of premium in not recorded in the governmental funds but it impacts the statement of activities. 23,350 Amortization of refunding costs is not recorded in the governmental funds but it impacts the statement of activities. (25,377) The internal service funds are used by management to charge the costs of certain activities of internal service funds is reported with governmental activities.		(942)
financial resources and, therefore, are not reported as expenditures in the governmental funds (net of \$19,505 deducted in internal service funds). Issuance of long-term liabilities provides current financial resources to governmental funds, but the issuance increased long-term liabilities in the Government-Wide Statement of Net Position (net of \$44,272 added in internal service funds). Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position (net of \$33,608 change in long-term liabilities in internal service funds). Governmental funds report pension expenditures equal to pension contributions, however, in the statement of net position, pension expenses are adjusted to reflect the changes in net pension liability and related deferrals. Governmental funds report OPEB expenditures equal to OPEB benefit payments, however, in the statement of net position, OPEB expenses are adjusted to reflect the changes in net OPEB liability and related deferrals. (849,385) Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year. Amortization of premium in not recorded in the governmental funds but it impacts the statement of activities. 23,350 Amortization of refunding costs is not recorded in the governmental funds but it impacts the statement of activities. 23,350 The internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance, risk management, and information technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		119,799
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position (net of \$33,608 change in long-term liabilities in internal service funds). Governmental funds report pension expenditures equal to pension contributions, however, in the statement of net position, pension expenses are adjusted to reflect the changes in net pension liability and related deferrals. Governmental funds report OPEB expenditures equal to OPEB benefit payments, however, in the statement of net position, OPEB expenses are adjusted to reflect the changes in net OPEB liability and related deferrals. Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year. Amortization of premium in not recorded in the governmental funds but it impacts the statement of activities. Amortization of refunding costs is not recorded in the governmental funds but it impacts the statement of activities. The internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance, risk management, and information technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. (135,283) (11,780,553) (11,780,553)	financial resources and, therefore, are not reported as expenditures in the governmental funds (net of \$19,505 deducted in	271,199
liabilities in the Government-Wide Statement of Net Position (net of \$33,608 change in long-term liabilities in internal service funds). Governmental funds report pension expenditures equal to pension contributions, however, in the statement of net position, pension expenses are adjusted to reflect the changes in net pension liability and related deferrals. Governmental funds report OPEB expenditures equal to OPEB benefit payments, however, in the statement of net position, OPEB expenses are adjusted to reflect the changes in net OPEB liability and related deferrals. Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year. Amortization of premium in not recorded in the governmental funds but it impacts the statement of activities. Amortization of refunding costs is not recorded in the governmental funds but it impacts the statement of activities. The internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance, risk management, and information technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		(135,283)
pension expenses are adjusted to reflect the changes in net pension liability and related deferrals. Governmental funds report OPEB expenditures equal to OPEB benefit payments, however, in the statement of net position, OPEB expenses are adjusted to reflect the changes in net OPEB liability and related deferrals. [849,385] Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year. Amortization of premium in not recorded in the governmental funds but it impacts the statement of activities. Amortization of refunding costs is not recorded in the governmental funds but it impacts the statement of activities. The internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance, risk management, and information technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. (19,272) 508,651	liabilities in the Government-Wide Statement of Net Position (net of \$33,608 change in long-term liabilities in internal	3,713,771
OPEB expenses are adjusted to reflect the changes in net OPEB liability and related deferrals. (849,385) Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year. (19,272) Amortization of premium in not recorded in the governmental funds but it impacts the statement of activities. 23,350 Amortization of refunding costs is not recorded in the governmental funds but it impacts the statement of activities. (25,377) The internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance, risk management, and information technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 508,651		(11,780,553)
use of current financial resources. This amount represented the changes in accrued interest from prior year. (19,272) Amortization of premium in not recorded in the governmental funds but it impacts the statement of activities. 23,350 Amortization of refunding costs is not recorded in the governmental funds but it impacts the statement of activities. (25,377) The internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance, risk management, and information technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 508,651		(849,385)
Amortization of refunding costs is not recorded in the governmental funds but it impacts the statement of activities. (25,377) The internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance, risk management, and information technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 508,651		(19,272)
The internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance, risk management, and information technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 508,651	Amortization of premium in not recorded in the governmental funds but it impacts the statement of activities.	23,350
management, and information technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 508,651	Amortization of refunding costs is not recorded in the governmental funds but it impacts the statement of activities.	(25,377)
Change in Net Position of Governmental Activities \$ 11,967,542	management, and information technology to individual funds. The net revenue of certain activities of internal service funds	508,651
	Change in Net Position of Governmental Activities	\$ 11,967,542

Proprietary Funds Financial Statements

Water - This fund accounts for the activities of the City's water utility, which provides water delivery services to the residents of the City and some residents of the County.

Wastewater - This fund accounts for the activities of the City's wastewater utility, which provides wastewater collection and treatment services to the residents of the City and some residents of the County.

Refuse - This fund accounts for the activities of the City's refuse utility, which provides refuse pick-up services, recycling services, and a sanitary landfill for residents of the City.

Parking - This fund accounts for the activities of the Downtown Parking District, which provides parking facilities in the downtown area.

Storm Water - This fund accounts for storm water utility fees on properties within the City limits. These fees provide funding for flood control improvements associated with the U.S. Army Corps of Engineers San Lorenzo River Flood Control project, storm water pollution prevention programs, and measures to comply with the U.S. Environmental Protection Agency Non-Point Pollution Discharge Emissions Standards Program (NPDES).

Internal Service Funds - These funds are used to provide goods and services by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

City of Santa Cruz Statement of Net Position Proprietary Funds June 30, 2024

		Major	Funds		
	Water	Wastewater		Refuse	Parking
ASSETS		_			
Current assets:					
Cash and investments	\$ 45,642,915	\$ 23,010,893	\$	22,532,644	\$ -
Restricted cash and investments	-	-		-	-
Accounts receivable - net	7,154,693	4,875,523		3,198,227	525,400
Taxes receivable	-	-		-	4,984
Grants receivable	273,782	-		189,644	-
Interest receivable	188,501	90,077		103,876	1,359
Leases receivable	-	-		-	20,243
Inventories	-	-		-	-
Deposits	-	-		-	30,000
Due from other funds	 			59,226	
Total current assets	53,259,891	27,976,493		26,083,617	 581,986
Noncurrent assets:					
Restricted cash and investments	1,241,406	-		-	-
Leases receivable	-	-		-	13,787
Notes and loans receivable	1,049,425	-		-	-
Advances to other funds	-	-		-	-
Capital assets:					
Land	2,136,023	-		721,017	733,839
Construction in progress	108,653,531	878,966		735,668	545,042
Land improvements	3,412,667	1,698,317		7,560,600	337,496
Infrastructure	242,583,040	62,023,418		21,002,092	1,392,448
Buildings	18,742,857	126,746,279		3,121,543	23,817,641
Machinery and equipment	16,584,713	19,827,618		26,365,357	2,847,663
Lease improvements- buildings	-	70,000		-	-
Right-to-use leased assets	2,793,272	399,221		93,035	436,827
Software	778,339	332,185		438,631	9,934
Less accumulated depreciation and amortization	 (89,106,429)	 (141,085,225)		(38,267,912)	 (17,097,722)
Total capital assets	 306,578,013	 70,890,779		21,770,031	 13,023,168
Total noncurrent assets	 308,868,844	 70,890,779		21,770,031	 13,036,955
Total assets	 362,128,735	 98,867,272		47,853,648	 13,618,941
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding of debt	217,387	_		_	80,612
Deferred outflows related to OPEB	723,244	403,296		563,270	149,892
Deferred outflows related to pensions	 8,507,235	5,018,775		5,734,567	1,641,386
Total deferred outflows of resources	9,447,866	5,422,071		6,297,837	1,871,890

City of Santa Cruz Statement of Net Position (Continued) Proprietary Funds June 30, 2024

	Bı	Governmental				
	Non-Ma Storm W		,	Total	Se	Activities Internal ervice Funds
ASSETS						
Current assets:						
Cash and investments	\$ 4	74,727	\$	91,661,179	\$	16,049,835
Restricted cash and investments		2,206		2,206		_
Accounts receivable - net		1,719		15,755,562		28,013
Taxes receivable		38,992		43,976		· <u>-</u>
Grants receivable		44,339		507,765		_
Interest receivable		6,471		390,284		64,207
Leases receivable		-		20,243		-
Inventories		-		-		138,740
Deposits		-		30,000		6,077,955
Due from other funds		_		59,226		1,966,368
Total current assets	5	68,454	1	08,470,441		24,325,118
Noncurrent assets:						
Restricted cash and investments		-		1,241,406		-
Leases receivable		-		13,787		-
Notes and loans receivable		-		1,049,425		-
Advances to other funds		-		-		7,844,531
Capital assets:						
Land		-		3,590,879		-
Construction in progress	2,4	55,379	1	13,268,586		-
Land improvements	8	58,956		13,868,036		-
Infrastructure	23,5	08,005	3	50,509,003		-
Buildings		-	1	72,428,320		-
Machinery and equipment		61,226		65,686,577		3,821,883
Lease improvements- buildings		-		70,000		-
Right-to-use leased assets		-		3,722,355		206,301
Software		-		1,559,089		76,232
Less accumulated depreciation and amortization	(17,7	32,755)	(3	03,290,043)		(3,202,536)
Total capital assets	9,1	50,811	4	21,412,802		901,880
Total noncurrent assets	9,1	50,811	4	23,717,420		8,746,411
Total assets	9,7	19,265	5	32,187,861		33,071,529
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding of debt	1	23,782		421,781		_
Deferred outflows related to OPEB	•	6,049		1,845,751		105,529
Deferred outflows related to pensions		98,730		21,000,693		1,230,011
Total deferred outflows of resources	-	28,561		23,268,225		1,335,540
Total ucterfed outflows of resources		40,301		23,200,223		1,333,340

City of Santa Cruz Statement of Net Position (Continued) Proprietary Funds June 30, 2024

Business-type Activities									
	Major Funds								
	Water	Wastewater	Refuse	Parking					
LIABILITIES									
Current liabilities:									
Accounts payable and other current liabilities	11,049,992	1,047,302	1,244,714	131,966					
Interest payable	1,739,788	36,854	337	10,360					
Unearned revenue	648,367	-	-	-					
Deposits payable	57,389	-	1,500	16,641					
Due to other funds	-	-	-	59,226					
Claims and judgments - due within one year	-	-	-	-					
Compensated absences - due within one year	505,313	255,052	315,231	99,856					
Long-term debt - due within one year	30,764,216	45,751		1,756,541					
Total current liabilities	44,765,065	1,384,959	1,561,782	2,074,590					
Noncurrent liabilities:									
Advances from other funds	-	-	-	2,300,000					
Claims and judgments - due in more than one year	-	-	-	-					
Compensated absences - due in more than one year	252,657	127,526	157,615	49,928					
Long-term debt - due in more than one year	171,400,530	3,389,957	37,888	186,194					
Landfill closure and postclosure costs	-	-	11,042,136	-					
Net OPEB liability	4,529,393	2,525,684	3,527,538	938,712					
Net pension liability	26,963,563	15,906,938	18,175,632	5,202,351					
Total noncurrent liabilities	203,146,143	21,950,105	32,940,809	8,677,185					
Total liabilities	247,911,208	23,335,064	34,502,591	10,751,775					
DEFERRED INFLOWS OF RESOURCES									
Related to leases	_	_	26,319	32,838					
Related to OPEB	1,250,292	697,189	973,740	259,122					
Total deferred inflows of resources	1,250,292	697,189	1,000,059	291,960					
NET POSITION									
Net investment in capital assets	105,872,060	67,455,071	21,732,143	11,161,045					
Unrestricted (deficit)	16,543,041	12,802,019	(3,083,308)	(6,713,949)					
Total net position	\$ 122,415,101	\$ 80,257,090	\$ 18,648,835	\$ 4,447,096					

City of Santa Cruz Statement of Net Position (Continued) Proprietary Funds June 30, 2024

	Non-Major Storm Water 55,100 11,669	Total 13,529,074 1,799,008	Governmental Activities Internal Service Funds
Current liabilities: Accounts payable and other current liabilities Interest payable Unearned revenue Deposits payable Due to other funds Claims and judgments - due within one year Compensated absences - due within one year Long-term debt - due within one year Total current liabilities Noncurrent liabilities: Advances from other funds Claims and judgments - due in more than one year Compensated absences - due in more than one year		, ,	
Accounts payable and other current liabilities Interest payable Unearned revenue Deposits payable Due to other funds Claims and judgments - due within one year Compensated absences - due within one year Long-term debt - due within one year Total current liabilities Noncurrent liabilities: Advances from other funds Claims and judgments - due in more than one year Compensated absences - due in more than one year		, ,	
Interest payable Unearned revenue Deposits payable Due to other funds Claims and judgments - due within one year Compensated absences - due within one year Long-term debt - due within one year Total current liabilities Noncurrent liabilities: Advances from other funds Claims and judgments - due in more than one year Compensated absences - due in more than one year		, ,	
Unearned revenue Deposits payable Due to other funds Claims and judgments - due within one year Compensated absences - due within one year Long-term debt - due within one year Total current liabilities Noncurrent liabilities: Advances from other funds Claims and judgments - due in more than one year Compensated absences - due in more than one year	11,669	1,799,008	2,811,319
Deposits payable Due to other funds Claims and judgments - due within one year Compensated absences - due within one year Long-term debt - due within one year Total current liabilities Noncurrent liabilities: Advances from other funds Claims and judgments - due in more than one year Compensated absences - due in more than one year	-		1,402
Due to other funds Claims and judgments - due within one year Compensated absences - due within one year Long-term debt - due within one year Total current liabilities Noncurrent liabilities: Advances from other funds Claims and judgments - due in more than one year Compensated absences - due in more than one year		648,367	-
Claims and judgments - due within one year Compensated absences - due within one year Long-term debt - due within one year Total current liabilities Noncurrent liabilities: Advances from other funds Claims and judgments - due in more than one year Compensated absences - due in more than one year	-	75,530	-
Compensated absences - due within one year Long-term debt - due within one year Total current liabilities Noncurrent liabilities: Advances from other funds Claims and judgments - due in more than one year Compensated absences - due in more than one year	-	59,226	1,966,368
Long-term debt - due within one year Total current liabilities Noncurrent liabilities: Advances from other funds Claims and judgments - due in more than one year Compensated absences - due in more than one year	-	-	5,142,163
Total current liabilities Noncurrent liabilities: Advances from other funds Claims and judgments - due in more than one year Compensated absences - due in more than one year	-	1,175,452	26,295
Noncurrent liabilities: Advances from other funds Claims and judgments - due in more than one year Compensated absences - due in more than one year	1,684,363	34,250,871	26,084
Advances from other funds Claims and judgments - due in more than one year Compensated absences - due in more than one year	1,751,132	51,537,528	9,973,631
Claims and judgments - due in more than one year Compensated absences - due in more than one year			
Compensated absences - due in more than one year	-	2,300,000	-
· · · · · · · · · · · · · · · · · · ·	-	-	14,414,148
Long-term debt - due in more than one year	-	587,726	13,148
Long-term deot - due in more man one year	-	175,014,569	59,647
Landfill closure and postclosure costs	-	11,042,136	-
Net OPEB liability	37,885	11,559,212	660,887
Net pension liability	312,923	66,561,407	3,898,504
Total noncurrent liabilities	350,808	267,065,050	19,046,334
Total liabilities	2,101,940	318,602,578	29,019,965
DEFERRED INFLOWS OF RESOURCES			
Related to leases	-	59,157	-
Related to OPEB	10,458	3,190,801	182,431
Total deferred inflows of resources	10,458	3,249,958	182,431
NET POSITION			
Net investment in capital assets	7,592,436	213,812,755	816,149
Unrestricted (deficit)	242,992	19,790,795	4,388,524
Total net position §			

(Concluded)

City of Santa Cruz Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds

For the Year Ended June 30, 2024

	Business-type Activities								
				Major	Funds				
		Water	Wastewater		Refuse			Parking	
OPERATING REVENUES:									
Charges for services	\$	49,045,121	\$	27,488,415	\$	24,931,608	\$	6,859,423	
Rental revenues		7,600		-		(9,735)		220,217	
Other revenues		580,244		9,074		132,776		13,792	
Total operating revenues		49,632,965		27,497,489		25,054,649	1	7,093,432	
OPERATING EXPENSES:									
Personnel services		17,548,716		11,446,837		14,593,667		3,870,152	
Services, supplies, and other charges		15,710,937		15,660,263		12,042,116		3,083,915	
Depreciation/amortization		5,809,322		5,028,718		2,445,775		733,006	
Total operating expenses		39,068,975		32,135,818		29,081,558		7,687,073	
OPERATING INCOME (LOSS)		10,563,990		(4,638,329)		(4,026,909)		(593,641)	
NONOPERATING REVENUES (EXPENSES):									
Intergovernmental		1,351,473		1,927,470		377,710		326,722	
Investment earnings		2,091,764		1,005,625		1,125,474		8,600	
Interest expense and fiscal charges		(4,154,761)		(95,334)		(6,347)		(64,922)	
Miscellaneous		-		-		-		-	
Gain (loss) on sale of capital assets		17,350		7,000		144,900		5,501	
Total nonoperating revenues (expenses)		(694,174)		2,844,761		1,641,737		275,901	
INCOME (LOSS) BEFORE TRANSFERS		9,869,816		(1,793,568)		(2,385,172)		(317,740)	
TRANSFERS:									
Transfers in		-		-		-		5,000	
Transfers out		(312,121)		(653,888)		(53,479)		(54,971)	
Total transfers		(312,121)		(653,888)		(53,479)		(49,971)	
Changes in net position		9,557,695		(2,447,456)		(2,438,651)		(367,711)	
NET POSITION:									
Beginning of year		112,857,406		82,704,546		21,087,486		4,814,807	
End of year	\$	122,415,101	\$	80,257,090	\$	18,648,835	\$	4,447,096	

City of Santa Cruz Statement of Revenues, Expenses, and Changes in Net Position (Continued) **Proprietary Funds**

For the Year Ended June 30, 2024

	Business-typ	Governmental			
	Non-Major Storm Water	Total Enterprise Funds	Activities Internal Service Funds		
OPERATING REVENUES:					
Charges for services	\$ 893,624	\$ 109,218,191	\$ 38,364,662		
Rental revenues	-	218,082	-		
Other revenues	(575)	735,311	8,984		
Total operating revenues	893,049	110,171,584	38,373,646		
OPERATING EXPENSES:					
Personnel services	162,737	47,622,109	3,532,742		
Services, supplies, and other charges	1,138,011	47,635,242	34,772,474		
Depreciation/amortization	802,008	14,818,829	466,441		
Total operating expenses	2,102,756	110,076,180	38,771,657		
OPERATING INCOME (LOSS)	(1,209,707)	95,404	(398,011)		
NONOPERATING REVENUES (EXPENSES):					
Intergovernmental	614,060	4,597,435	-		
Investment earnings	56,246	4,287,709	914,724		
Interest expense and fiscal charges	(77,627)	(4,398,991)	(2,383)		
Miscellaneous	-	-	-		
Gain (loss) on sale of capital assets		174,751	290		
Total nonoperating revenues (expenses)	592,679	4,660,904	912,631		
INCOME (LOSS) BEFORE TRANSFERS	(617,028)	4,756,308	514,620		
TRANSFERS:					
Transfers in	277,795	282,795	-		
Transfers out	(69,359)	(1,143,818)	(5,969)		
Total transfers	208,436	(861,023)	(5,969)		
Changes in net position	(408,592)	3,895,285	508,651		
NET POSITION:					
Beginning of year	8,244,020	229,708,265	4,696,022		
End of year	\$ 7,835,428	\$ 233,603,550	\$ 5,204,673		

(Concluded)

City of Santa Cruz Statement of Cash Flows Proprietary Funds

For the Year Ended June 30, 2024

	Business-type Activities							
		Water		Wastewater		Refuse		Parking
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash received from customers and users	\$	47,810,042	\$	26,398,775	\$	24,614,983	\$	6,808,563
Cash payments to suppliers for goods and services		(16,818,223)		(15,807,228)		(11,610,327)		(3,085,410)
Cash payments for employee services and pensions Cash received from others		(16,305,456) 580,244		(10,112,906) 9,074		(12,927,841) 132,776		(3,653,235) 13,792
Net cash provided by (used in) operating activities		15,266,607		487,715		209,591		83,710
		13,200,007		407,713		207,371		03,710
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: Transfers from other funds								5,000
Transfers to other funds Transfers to other funds		(312,121)		(653,888)		(53,479)		(54,971)
Receipts on interfund loans		(312,121)		(033,000)		(55,477)		2,300,000
Due from other funds		_		-		(59,226)		-
Due to other funds		-		-		-		59,226
Receipts from other governments		1,359,572		1,927,470		275,779		326,027
Net cash provided by (used in) noncapital financing activities		1,047,451		1,273,582		163,074		2,635,282
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVIT	IES:							
Acquisition and construction of capital assets		(35,615,919)		(2,593,866)		(1,228,860)		(2,646,597)
Proceeds from sale of capital assets		17,350		7,000		144,900		5,501
Proceeds from debt issuance		46,619,323		-		653,503		(202 (70)
Principal paid on capital debt Interest paid on debt		(17,943,059)		(211,271)		(186,663)		(293,679)
•		(4,120,850)		(95,163)		(4,157)		(48,887)
Net cash (used in) capital and related financing activities		(11,043,155)		(2,893,300)		(621,277)		(2,983,662)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Investment income (loss)		1,982,175		954,776		1,067,890		8,430
Net cash provided by investing activities		1,982,175		954,776		1,067,890		8,430
Net change in cash and cash equivalents		7,253,078		(177,227)		819,278		(256,240)
CASH AND CASH EQUIVALENTS:								
Beginning of year		39,631,243		23,188,120		21,713,366		256,240
End of year	\$	46,884,321	\$	23,010,893	\$	22,532,644	\$	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:								
Operating income (loss)	\$	10,563,990	\$	(4,638,329)	\$	(4,026,909)	\$	(593,641)
Adjustments to reconcile operating (loss) to net								
cash provided by (used in) operating activities: Depreciation and amortization		5,809,322		5,028,718		2,445,775		733,006
Changes in operating assets and liabilities, and		- , ,-		- / /		, - ,		,
deferred outflows and inflows of resources:				(4.000.540)		(21 5 000)		(=== 0==0)
Accounts receivable, net		(1,243,335)		(1,089,640)		(316,098)		(271,939)
Leases receivable Prepaid items		3,968		-		167,125		(34,030)
Inventories		5,708		-		-		-
Pension-related deferred outflows		1,401,145		510,637		554,230		313,916
OPEB-related deferred outflows		(77,559)		(39,064)		(61,071)		(16,831)
Accounts payable and other current liabilities		(1,111,254)		(146,965)		431,789		(1,495)
Deposits payable		656		-		-		2,054
Claims and judgments payable		(104 002)		(25.594)		(17.405)		- (1(0
Compensated absences payable Net pension liability		(194,092) (234,992)		(25,584) 728,671		(17,405) 912,851		6,160 (164,964)
Net OPEB liability		571,824		293,207		449,426		123,141
OPEB-related deferred inflows		(223,066)		(133,936)		(172,205)		(44,505)
Leases-related deferred inflows						(157,917)		32,838
Total adjustments		4,702,617		5,126,044		4,236,500		677,351
Net cash provided by (used in) operating activities	\$	15,266,607	\$	487,715	\$	209,591	\$	83,710
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City of Santa Cruz Statement of Cash Flows (Continued) Proprietary Funds

For the Year Ended June 30, 2024

	Business-ty	Governmental	
	Non-Major Storm Water	Total Enterprise Funds	Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users Cash payments to suppliers for goods and services Cash payments for employee services and pensions	\$ 893,405 (1,474,003) (188,588)	\$ 106,525,768 (48,795,191) (43,188,026)	\$ 38,424,553 (33,401,939) (2,931,350)
Cash received from others	(575)	735,311	8,984
Net cash provided by (used in) operating activities	(769,761)	15,277,862	2,100,248
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	277,795	282,795	-
Transfers to other funds	(69,359)	(1,143,818)	(5,969)
Receipts on interfund loans	-	2,300,000	-
Due from other funds Due to other funds	-	(59,226)	-
Receipts from other governments	635,899	59,226 4,524,747	-
Net cash provided by (used in) noncapital financing activities	844,335	5,963,724	(5,969)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(79,879)	(42,165,121)	_
Proceeds from sale of capital assets	(17,017)	174,751	290
Proceeds from debt issuance	-	47,272,826	-
Principal paid on capital debt	(347,203)	(18,981,875)	(79,030)
Interest paid on debt	(50,441)	(4,319,498)	(1,899)
Net cash (used in) capital and related financing activities	(477,523)	(18,018,917)	(80,639)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income (loss)	53,224	4,066,495	874,510
Net cash provided by investing activities	53,224	4,066,495	874,510
Net change in cash and cash equivalents	(349,725)	7,289,164	2,888,150
CASH AND CASH EQUIVALENTS:			
Beginning of year	826,658	85,615,627	13,161,685
End of year	\$ 476.933	\$ 92,904,791	\$ 16,049,835
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss) Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:	\$ (1,209,707)	\$ 95,404	\$ (398,011)
Depreciation and amortization Changes in operating assets and liabilities, and	802,008	14,818,829	466,441
deferred outflows and inflows of resources: Accounts receivable, net	(219)	(2.021.221)	59,981
Accounts receivable, net Leases receivable	(219)	(2,921,231) 133,095	39,981
Prepaid items	_	3,968	_
Inventories	-	-	(36,288)
Pension-related deferred outflows	42,234	2,822,162	(24,999)
OPEB-related deferred outflows	(1,144)	(195,669)	(9,259)
Accounts payable and other current liabilities	(335,992)	(1,163,917)	1,569,039
Deposits payable Claims and judgments payable	-	2,710	(90) 993,671
Compensated absences payable	-	(230,921)	11,333
Net pension liability	(74,023)	1,167,543	590,740
Net OPEB liability	7,818	1,445,416	70,821
OPEB-related deferred inflows	(736)	(574,448)	(37,244)
Leases-related deferred inflows	<u>-</u> _	(125,079)	
Total adjustments	439,946	15,182,458	2,498,259
Net cash provided by (used in) operating activities	\$ (769,761)	\$ 15,277,862	\$ 2,100,248

(Concluded)

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Fiduciary Funds Financial Statements

Private - Purpose Trust Funds - Private-purpose trust funds are used to report the trust arrangements under which the principal and income benefit the Library Joint Powers Authority. In addition, the City accounts for the assets and liabilities of the former Redevelopment Agency and is allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former Redevelopment Agency are paid in full and assets have been liquidated.

Custodial Funds - Custodial funds are used to account for assets held by the City in a custodial capacity. The Library Joint Powers Authority assets are held by the City in a custodial capacity. The Library Joint Powers Authority was legally established for operations of the former City/County library system. The financial activities of these funds are excluded from the government-wide financial statements but are presented in separate fiduciary fund financial statements.

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City of Santa Cruz Statement of Fiduciary Net Position Fiduciary Funds June 30, 2024

	Custodial Funds	Private Purpose Trust Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,761,916	\$ 14,411,150
Restricted cash and equivalents	-	1,961,163
Accounts receivable	676,183	10,093
Taxes receivable	807,605	-
Notes receivable	-	12,169
Interest receivable	52,449	65,784
Non-current assets:		
Notes receivable	-	258,072
Nondepreciable capital assets	-	902,621
Depreciable capital assets		5,910,691
Total assets	13,298,153	23,531,743
LIABILITIES		
Current liabilities:		
Accounts payable and other current liabilities	437,561	-
Interest payable	16,489	39,575
Non-current liabilities:		
Bonds, notes, loans and leases payable - due in one year	-	1,110,000
Bonds, notes, loans and leases payable - due in more than one year		1,960,000
Total liabilities	454,050	3,109,575
NET POSITION		
Restricted for:		
Held in trust for Library programs	_	406,019
Held in trust for dissolution of RDA	_	20,016,149
Other governments, individuals and organizations	12,844,103	20,010,147
Total net position	\$ 12,844,103	\$ 20,422,168

City of Santa Cruz Statement of Changes in Fiduciary Net Position **Fiduciary Funds**

For the Year Ended June 30, 2024

	Custodial Funds		Private Purpose Trust Funds		
ADDITIONS:					
Taxes	\$	10,707,815	\$	1,104,641	
Use of money and property		572,291		799,961	
Member and private contributions		8,930,312		-	
Miscellaneous		251,712		1,760,657	
Total additions		20,462,130		3,665,259	
DEDUCTIONS:					
Payments to City		-		2,039,095	
Library programs		15,499,585		-	
Interest expense		-		178,500	
Contractual services		3,141,784		90,170	
Depreciation/amortization expense		-		334,945	
Miscellaneous		453,876		497,012	
Total deductions		19,095,245		3,139,722	
Change in net position		1,366,885		525,537	
NET POSITION:					
Beginning of year		11,477,218		19,896,631	
End of year	\$	12,844,103	\$	20,422,168	

NOTES TO THE BASIC FINANCIAL STATEMENTS

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Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Santa Cruz, California (the "City") have been prepared in conformity with Accounting Principles Generally Accepted in the United States ("GAAP") as applied to governmental agencies. 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 City's accounting policies are described below.

A. Reporting Entity

The City was incorporated as a town in 1866 under the laws of the State of California. It became a City in 1876. The City is a charter city administered under a council/manager form of government.

The financial statements present the City and its component units (legally separate entities for which the City is considered to be financially accountable). Component units include those entities for which the City may have governing authority or is in a relationship of financial benefit or burden. Component units also include entities that are fiscally dependent upon the City. The financial activities of these entities are integrally related to those of the City and, therefore, blended with those of the City. Blending involves combining component unit data with City data in the Government- Wide Financial Statements.

Based on the above criteria, the accompanying financial statements include the financial activities of the following entities as blended component units:

<u>Santa Cruz Public Improvement Financing Corporation</u> – The Santa Cruz Public Improvement Financing Corporation ("Corporation") is a non-profit benefit corporation organized and operated under the laws of the State of California. The primary purpose of the Corporation is to serve as a financing vehicle for the City. The City Council is responsible for the operations of the Corporation. Separate financial statements are not prepared for the Corporation.

<u>City of Santa Cruz Public Financing Authority</u> – The City of Santa Cruz Public Financing Authority ("Authority") is a Joint Powers Authority formed February 14, 2006, between the former Redevelopment Agency and the City for the purpose of creating a public agency which could provide financial assistance to the former Redevelopment Agency and the City in connection with the construction of public capital improvements. Separate financial statements are not prepared for the Authority.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self- balancing accounts that comprise its assets, liabilities, fund equity, deferred inflows/outflows of resources, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

B. Fiduciary Activities

The City presents its fiduciary activity information for assessing its accountability and financial reporting in their role as fiduciaries. The definition of a "fiduciary" is:

- The organization acts on behalf of another person or persons to manage assets;
- Fiduciary responsibility refers to the obligation that one party has in relationship with another one to act entirely on the other party's behalf and best interest. It is considered to be the standard of the highest care.

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Fiduciary Activities (Continued)

Included within the reporting entity as fiduciary activities is the following:

<u>Successor Agency Trust</u> – On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Santa Cruz that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 24, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number NS-28,450.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

C. Basis of Accounting and Measurement Focus

The City'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 City accompanied by a total column. Fiduciary funds of the City are not included in these statements.

Government-Wide Financial Statements

Government-Wide Financial Statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and deferred outflows of resources, and 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. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Additionally, the City allocates a portion of its indirect costs to individual functions. These indirect costs have been included as part of the program expenses reported for the various functional activities. 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 City. These transactions include:

- Charges for services,
- Operating grants and contributions, and
- Capital grants and contributions.

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

Certain eliminations have been made in regards to interfund activities, payables, and receivables. 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. 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/from other funds or advances to/from other funds,
- Transfers in/out, and
- Charges for services reported in the internal service funds.

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 non-major governmental funds aggregated. The City has presented all major funds that meet the applicable criteria. In addition to the General Fund, the City presents the RDA Successor Agency – LMIH Special Revenue Fund and the General Capital Improvement Fund as major funds.

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

The RDA - LMIH fund is used to account for housing assets assumed by the City after the dissolution of the former Redevelopment Agency. The fund collects rental revenue restricted for activities related to low income housing.

The General Capital Improvement Fund is used to account for capital improvements for which special projects funds have not been established. A portion of the City's transient occupancy tax receipts, combined with other funding sources, such as grants, provides funding for capital projects of general benefit, such as storm drain improvements or improvements to public buildings.

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 net current resources. 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. Generally, revenues are considered available if they are collected within 60 days after fiscal year end. If revenues are not subject to accrual, they are recorded when received in cash. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, pension liabilities, and other postemployment liabilities, are recorded only when payment is due.

Unavailable revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, these amounts are removed from the balance sheet and the revenues are recognized.

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in the Fund Financial Statements to the net position presented in the Government-Wide Financial Statements.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each proprietary fund. The City presents the Water Fund, Wastewater Fund, Refuse Fund, and Parking Fund as major funds.

The Water Fund accounts for the activities of the City's water utility, which provides water delivery services to the residents of the City and some residents of the County.

The Wastewater Fund accounts for the activities of the City's wastewater utility, which provides wastewater collection and treatment services to the residents of the City and some residents of the County.

The Refuse Fund accounts for the activities of the City's refuse utility, which provides refuse pick-up services, recycling services, and a sanitary landfill for residents of the City.

The Parking Fund accounts for the activities of the Downtown Parking District, which provides parking facilities in the downtown area.

A separate column representing internal service funds is also presented in these statements. However, internal service fund balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. Internal service funds may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government. The Internal Service Funds of the City include the Equipment Operations and the Risk Management fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and 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 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. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position and follow the full accrual basis of accounting and the "economic resources" measurement focus. The City's fiduciary funds consist of private-purpose trust funds and custodial funds. Private-purpose trust funds are used to account for activities legally held in trust for special purposes, such as the McCaskill Trusts for local history and the visually impaired; the Finkeldey Trust for musical literature; the Whalen Estate Trust for the Felton Library Branch; the Robert Leet Corday Estate Trust for the Central Library Branch; the Morley Estate Trust for the Scotts Valley Library Branch.

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting and Measurement Focus (Continued)

Fiduciary Fund Financial Statements (Continued)

Additionally, the Redevelopment Successor Agency Trust fund is used to account for the assets and deferred outflows of resources, liabilities and deferred inflows of resources of the former Redevelopment Agency and is allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former Redevelopment Agency are paid in full and assets have been liquidated.

Custodial funds are used to account for custodial activities of the Library Joint Powers Authority.

D. Use of Restricted/Unrestricted Net Position

Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

E. Cash, Cash Equivalents, and Investments

For purposes of both, the Statement of Net Position/Balance Sheet and the Statement of Cash Flows, cash and cash equivalents include currency on hand and deposits in the City's cash and investment pool. These deposits have the same characteristics for the participating funds as demand deposit accounts, in that the funds may deposit additional cash at any time and also effectively withdraw cash at any time without prior notice or penalty. Cash and cash equivalents also include restricted cash and money market funds held by fiscal agents. Except for money market funds, which are presented at cost, the City's cash and investments are stated at fair value, which is based on a quoted market price.

For purposes of the statement of cash flows, all highly liquid temporary investments purchased with a maturity of three months or less are considered cash equivalents.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund ("LAIF"), which has invested a portion of the pool funds in structured notes and asset—backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset—backed securities are subject to market risk and to change in interest rates. The reported value of the pool is the same as the fair value of the pool shares.

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Cash, Cash Equivalents, and Investments (Continued)

Certain disclosure requirements, if applicable for deposit and investment risk, are specified for the following areas:

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

GASB Statement No. 72, *Fair Value Measurement and Application*, defined fair value, established a framework for measuring fair value and established disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgement associated with the inputs used to measure their fair value. Levels of inputs are as follows:

- Level 1 Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.
- Level 2 Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.
- Level 3 Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

F. Restricted Cash and Investments with Fiscal Agents

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects. Cash and investments held in a pension stabilization trust are reported as restricted cash and investments.

G. Prepaid Items and Other Assets

Certain payments applicable to future accounting periods are recorded as prepaid items. Prepaid items are reported under the consumption method, which recognizes the expenditure/expense in the period associated with the goods consumed or the services rendered. Prepaid items do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reported as nonspendable in governmental funds.

H. Inventories

Inventories consist of material and supplies which are stated at cost using the first-in, first-out method. Inventories are recognized as expenditures (expense in proprietary funds) when consumed rather than when purchased.

I. Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the long-term 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."

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Capital Assets

Government-Wide Financial Statements

Capital assets are defined by the City as assets having an estimated useful life in excess of one year, and an initial, individual cost in excess of the capitalization thresholds described below:

Asset Type	Threshold			
Infrastructure	\$ 25,000			
Buildings and Lease Improvement	10,000			
Land Improvement	Improvement 10,00			
Leased buildings		10,000		
Machinery and Equipment		5,000		
Leased equipment		5,000		
Software (if qualified)		5,000		

All capital assets are valued at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated. Assets acquired under capital leases are capitalized in accordance with GAAP. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest accrued during capital assets construction, if any, is capitalized for the business-type activities and proprietary funds as part of the asset cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized. Capital assets are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements.

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

Asset Type	Years
Land Improvements	20
Buildings and Lease Improvements	15-50
Water Tanks and Water Mains	30-50
Underground Sewer Lines	50
Other Infrastructure	5-100
Leased buildings	5-50
Machinery and Equipment (including leases)	5-20
Software (if qualified)	5

Assets are grouped by asset type into one of the following accounts: land, land improvements, infrastructure (e.g. roads, bridges, sidewalks, and similar items), buildings (and improvements), machinery and equipment, lease improvements, software, and construction in progress.

For all infrastructure systems, the City elected to use the Basic Approach as defined by GAAP for infrastructure reporting. Estimated historical costs were developed in one of three ways: 1) historical records, 2) standard unit costs appropriate for the construction/acquisition date, or 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the initial reporting period. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line.

Fund Financial Statements

Capital assets are not presented in the governmental fund financial statements; 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Leases

<u>Lessee:</u> The City has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in our financial statements with an initial, individual value of \$5,000 or more with a lease term greater than one year. Variable payments based on future performance or usage of the underlying assets are not included in the measurement of the lease liability.

At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight—line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by
 the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount
 rate for leases.
- The lease term includes the noncancelable period of the lease, plus any option periods that are reasonably certain to be exercised.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of a lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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

<u>Lessor:</u> The City is a lessor for a noncancellable lease of equipment, land and buildings. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Leases (Continued)

The City determines the discount rate it uses to discount the expected lease payments to present value given the availability of information for both lessor and lessee activities. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or receivable. The City will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

L. Subscription-Based Information Technology Arrangements (SBITAs)

The City has a policy to recognize a SBITA liability and a right-to-use subscription asset (SBITA asset) in our financial statements with an initial, individual value of \$5,000 or more with a subscription term greater than one year.

At the commencement of a subscription, when the subscription asset is placed into service, the SBITA liability is measured at the present value of payments expected to be made during the subscription term. Future subscription payments are discounted using the City's incremental borrowing rate and the City recognizes amortization of the discount on the subscription liability as interest expense in subsequent financial reporting periods.

SBITA assets are measured as the sum of the initial subscription liability, payments made to the SBITA vendor before the commencement of the lease term, and capitalizable implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription assets are amortized using the straight-line method over the subscription term.

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

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the period during which the City has a noncancelable right to use the underlying IT asset. The subscription term also includes periods covered by an option to extend if it is reasonably certain to be exercised.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option years that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of a subscription and will remeasure any subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use subscription assets are reported along with other capital assets and subscription liabilities are reported as long-term debt on the statement of net position.

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Interest Payable

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for both, governmental and business-type activities. In the Fund Financial Statements, only proprietary fund types recognize the interest payable when the liability is incurred. Governmental funds recognize interest payable when due.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has three items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other deferred outflows of resources is related to pensions and other postemployment liabilities.

In addition to liabilities, the statement of net position and governmental balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sales taxes and grant revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other deferred inflows of resources reported on the statement of net position is related to pensions, other postemployment liabilities, and leases.

O. Compensated Absences

The City has accumulated unpaid regular vacation leave (for all departments) which is accounted for in accordance with GAAP. The maximum accumulation of vacation leave is limited to the total number of hours accruable during two years. Employees are paid 100% of their accumulated vacation pay when they terminate their employment for any reason. Employees are allowed a partial payoff of accumulated sick leave up to a certain maximum amount.

The City accrues for compensated absences in the government-wide financial statements and proprietary fund financial statements for which they are liable to make payment directly. The General, Internal Service, Water, Wastewater, Refuse, and Parking Funds incurred costs associated with compensated absences during the fiscal year. Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities' compensated absences is liquidated primarily by the General Fund.

P. Long-Term Debt

<u>Government-Wide Financial Statements</u> - Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities.

<u>Fund Financial Statements</u> - With the exception of advances from other funds, the governmental fund financial statements do not present long-term liabilities. Consequently, 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Bond Premiums and Discounts

For governmental funds, bond premiums and discounts are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Bond premiums and discounts are reported as a component of long-term debt and amortized over the life of the bonds using the straight-line method on the proprietary funds and government-wide financial statements.

R. Pensions

For purposes of measuring the net pension liability and deferred outflows of resources/deferred inflows of resources related to pension expense, information about the fiduciary net position of the City's defined benefit retirement plan, California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' 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 benefit terms. Investments are reported at fair value. Pension liabilities will be paid by the fund for which the employee worked.

Key dates related to the measurement of the net pension liability are as follows:

Valuation Date June 30, 2022 Measurement Date June 30, 2023

Measurement Period July 1, 2022 - June 30, 2023

S. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows of resources/deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the City's actuaries. For this purpose, benefit payments recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. OPEB liabilities will be paid by the fund for which the employee worked.

Key dates related to the measurement of the net OPEB liability are as follows:

Valuation Date June 30, 2022 Measurement Date June 30, 2023

Measurement Period July 1, 2022 - June 30, 2023

T. Net Position

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

<u>Net Investment in Capital Assets</u> – This component of net position consists of capital assets net of accumulated depreciation/amortization and reduced by outstanding debt and deferred outflows and inflows of resources that are attributed to the acquisition, construction, or improvement of the assets.

<u>Restricted Net Position</u> – This component of net position consists of restricted assets reduced by liabilities and deferred outflows/inflows of resources related to those assets. Restrictions are placed by external creditors, grantors, contributors, and/or laws or regulations of other governments.

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Net Position (Continued)

<u>Unrestricted Net Position</u> – This component of net position is the portion that does not meet the definition of "net investment in capital assets" or "restricted net position."

U. Fund Balances

In the Fund Financial Statements, governmental funds report nonspendable fund balances for amounts that are not available for appropriation and restricted fund balances for amounts that are legally restricted by outside parties for use for a specific purpose. Fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. Fund balance is classified into five categories: nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

<u>Nonspendable</u> – This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

<u>Restricted</u> – This category consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

<u>Committed</u> – This category consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council through approval of Resolutions. Formal action is taken with the passage of a simple majority vote at or prior to the last meeting for the applicable fiscal year. It also includes contractual obligations for which existing resources have been committed. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

<u>Assigned</u> – This category consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by the City Council or its designated officials, such as the City Manager or the Finance Director, to assign amounts to be used. Constraints imposed on the use of assigned amounts can be removed with no formal Council action. The City Manager and the Finance Director have been given authority by City Council to assign funds.

<u>Unassigned</u> – This category represents amounts that have not been restricted, committed, or assigned to specific purposes.

V. Property Taxes

Assessed property values are determined annually by the County Assessor as of March 1, and become a lien on real property at January 1. Taxes are levied on July 1 and are payable in two installments on November 1 and February 1, and are delinquent if not paid by December 10 and April 10, respectively.

Note 1 – Summary of Significant Accounting Policies (Continued)

V. Property Taxes (Continued)

The County bills and collects property taxes and remits them to the City under the State-authorized method of apportioning taxes whereby all local agencies, including cities, receive from the county their respective shares of the amount of ad valorem taxes collected. Property tax revenues are recognized when levied, provided the measurement and availability criteria have been met.

W. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the amounts reported and the disclosure of contingent assets, liabilities, and deferred inflows and outflows. In addition, estimates affect the reported amount of revenues, expenditures/expenses, and disclosures. Actual results could differ from these estimates and assumptions.

X. Implementation of New GASB Pronouncements

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement did not have a significant effect on the City's financial reporting for the fiscal year ended June 30, 2024.

Y. Upcoming GASB Pronouncements

In the next two years, the City will implement the following GASB Pronouncements:

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the City's fiscal year ending June 30, 2025.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints which may limit a government's ability to acquire resources or control spending. Application of this statement is effective for the City's fiscal year ending June 30, 2025.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Application of this statement is effective for the City's fiscal year ending June 30, 2026.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Application of this statement is effective for the City's fiscal year ending June 30, 2026.

Note 2 – Cash Deposits and Investments

The following is a summary of cash, cash equivalents, and investments, including restricted cash and investments with fiscal agents, consisted of the following at June 30, 2024:

		Government-Wide Statement of Net Position							
	_	overnmental Business-Typ Activities Activities			Total			tatement of Fiduciary let Position	Total
Unrestricted assets:		_		_		_		_	
Cash and investments	\$	68,910,703	\$	91,661,179	\$	160,571,882	\$	26,173,066	\$ 186,744,948
Total unrestricted assets		68,910,703		91,661,179		160,571,882		26,173,066	186,744,948
Restricted assets:									
Cash and cash equivalents		16,100,951		2,206		16,103,157		-	16,103,157
Cash and investments with fiscal agents				1,241,406		1,241,406		1,961,163	3,202,569
Total restricted assets		16,100,951		1,243,612		17,344,563		1,961,163	 19,305,726
Total cash and investments	\$	85,011,654	\$	92,904,791	\$	177,916,445	\$	28,134,229	\$ 206,050,674

The City pools its available cash for investment purposes. Investment income from this pool is allocated to each fund based on its proportionate share of the pool. Cash and investments not pooled include bond proceeds held by fiscal agents and other amounts required to be segregated by bond indentures or other regulations. Investment income from cash and investments with fiscal agents is credited directly to the related fund. Cash, cash equivalents, and investments consisted of the following at June 30, 2024:

Unrestricted cash and deposits:	
Pooled cash deposits	\$ 2,965,823
Other deposits and cash held by city	93,719
Total cash and deposits	3,059,542
Unrestricted investments:	
Certificates of deposit	233,973
Commercial paper	1,973,796
Asset-backed securities	4,886,775
Medium-term corporate notes	19,708,753
Money market mutual funds available for debt service	2,084,932
Federal agency securities	61,444,646
U.S. Treasuries	29,723,617
State local agency investment fund (LAIF)	67,004,843
Total unrestricted investments	187,061,335
Restricted investments:	
Money market held by fiscal agents	1,146,549
Mutual funds	14,783,248
Total restricted investments	15,929,797
Total cash, cash equivalents, and investments	\$ 206,050,674

A. Cash Deposits

As of June 30, 2024, the carrying amount of demand deposits was \$2,965,823 and the bank balance was \$6,026,158, of which the total amount was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

Note 2 – Cash Deposits and Investments (Continued)

A. Cash Deposits (Continued)

The total bank balance was collateralized or insured with securities held by the pledging financial institutions. The California Government Code requires California financial institutions to secure the local governments cash deposits by pledging securities in an undivided collateral pool. This 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.

The market value of pledged securities must equal at least 110% of the City's cash deposits in the pool. California law also allows institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the pool's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

The City waived the collateral requirements for three of its certificates of deposit with the condition that sufficient collateral be maintained for all amounts in excess of insured levels. As of June 30, 2024, the balances of these certificates of deposit were: Lighthouse Bank \$102,439, Santa Cruz County Bank, \$30,323, and Santa Cruz County Bank \$101,211.

B. Investments

The investments made by the City treasurer are limited to those allowable under State statutes as incorporated into the City's Investment Policy, most recently approved by City Council on July 11, 2023, which is more conservative than that allowed by State statute.

The scope of the investment policy includes all activities of the City and the following reporting entities:

- City of Santa Cruz, which includes the City acting in its capacity as Successor Agency to the former Redevelopment Agency of the City of Santa Cruz;
- Santa Cruz Public Financing Authority; and
- Santa Cruz Public Improvement Financing Corporation

Under provisions of this policy, the City is authorized to invest in the following types of investments:

- Money market accounts deposited with a nationally or state-chartered bank;
- Bonds issued by the City. Purchases of this type shall not exceed five years to maturity;
- U.S. Treasury bills, notes, bonds, or certificates of indebtedness, or those securities backed by the full faith and credit of the U.S. Government with maturities not to exceed five years;
- Obligations, participations, or other instruments of, or issued by, a Federal agency or a United States government-sponsored enterprise with maturities not to exceed five years;
- Bankers' acceptances with a term not to exceed 180 days' maturity or 40% of the City's portfolio;
- Nonnegotiable and nontransferable certificates of deposit issued by the following types of financial institutions which have branch office locations within Santa Cruz County: a nationally or state-chartered bank, a state or federal credit union, or a federally or state-licensed branch of a foreign bank. Purchases may not exceed 30% of the City's portfolio with no more than 5% of the portfolio deposited with a single issuer;
- State of California Local Agency Investment Fund (LAIF) as long as the total amount of City funds invested does not exceed the limit set by LAIF;
- Shares of beneficial interest issued by diversified management companies investing in authorized securities and obligations (e.g., money market mutual funds). Purchases shall not exceed 20% of the portfolio with no more than 10% of the portfolio in a single mutual fund;

Note 2 – Cash Deposits and Investments (Continued)

B. Investments (Continued)

- Repurchase agreements with primary dealers of the Federal Reserve with specific terms and conditions. The market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities, and the value shall be adjusted no less than quarterly. Securities that can be pledged for collateral consist only of investments permitted within this policy with a maximum maturity of five years. Purchases shall not exceed 92 days to maturity and 20% of the portfolio; and
- The provisions above do not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements. In addition, the provisions above do not apply to the City's section 115 trust, which was established and approved by the City council.

Bond proceeds held by fiscal agents to be used only for specific capital outlay, payments of certain long-term debt and maintaining required reserves are invested in accordance with the requirements and restrictions of the City's investment policy unless provided for otherwise by the City Council and as permitted by specific State statutes, applicable City ordinance or resolution, and bond indenture requirements.

<u>California Local Agency Investment Fund (LAIF)</u> – The City 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. As of June 30, 2024, the City had \$67,004,843 invested in LAIF. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. LAIF is reported at amortized cost, which approximates fair value.

<u>Fair Value Hierarchy</u> – The City categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 2 — Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. Investments in LAIF are uncategorized as deposits and withdrawals are made on the basis of \$1 and not fair value.

The City has the following recurring fair value measurements as of June 30, 2024:

Investment Type	Amount Level		Level 2	Subject to Fair Value or neategorized	
Certificates of deposit	\$	233,973	\$	-	\$ 233,973
Commercial paper		1,973,796		1,973,796	-
Asset-backed securities		4,886,775		4,886,775	-
Medium-term corporate notes		19,708,753		19,708,753	-
Federal agency securities		61,444,646		61,444,646	-
U.S. Treasuries		29,723,617		29,723,617	-
LAIF		67,004,843		-	67,004,843
Money market		3,231,481		-	3,231,481
Mutual funds		14,783,248		14,783,248	-
Cash and deposits		3,059,542			3,059,542
Total	\$	206,050,674	\$	132,520,835	\$ 73,529,839

Note 2 – Cash Deposits and Investments (Continued)

B. Investments (Continued)

Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasury Obligations, Federal Agency Securities: quoted prices for identical securities in markets that are not active;
- Mutual Funds: quoted prices for similar securities in active markets.

C. Risk Disclosures

<u>Interest Rate Risk</u> - In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to two and one- half (2½) years or less. The City is in compliance with this provision of the investment policy with a weighted average maturity of 442 days at June 30, 2024. At June 30, 2024, the City had the following investment maturities:

			Investment Maturities in Years						
Investment Type	Fair Value	No Maturity	< 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years		
Certificates of deposit	\$ 233,973	\$ -	\$ -	\$ 233,973	\$ -	\$ -	\$ -		
Commercial paper	1,973,796	-	1,973,796	-	-	-	-		
Asset-backed securities	4,886,775	-	-	-	-	-	4,886,775		
Medium-term corporate notes	19,708,753	-	-	1,067,157	8,911,846	4,892,885	4,836,865		
Federal agency securities	61,444,646	-	23,622,496	22,243,797	14,149,307	1,429,046	-		
U.S. Treasuries	29,723,617	-	2,029,703	1,980,625	4,708,141	13,978,703	7,026,445		
LAIF	67,004,843	67,004,843	-	-	-	-	-		
Money market	3,231,481	3,231,481	-	-	-	-	-		
Mutual funds	14,783,248	14,783,248	-	-	-	-	-		
Cash and deposits	3,059,542	3,059,542							
Total	\$ 206,050,674	\$ 88,079,114	\$ 27,625,995	\$ 25,525,552	\$ 27,769,294	\$ 20,300,634	\$ 16,750,085		

<u>Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations</u> – Investments in callable bonds are investments that, although having clearly defined maturities, allow for the issuer to redeem or call such bonds earlier than their respective maturity dates. The investor must then replace the called bonds with investments that may have lower yield than the original bonds. As a result, the fair value of the callable bonds is highly sensitive to changes in interest rates. As of June 30, 2024, the City held \$43,456,999 in callable securities, which amounted to approximately 23% of investments at June 30, 2024. The investment policy limits the purchase of callable U.S. Agency instruments to discreet calls and those that pay 100% of the principal at the redemption date. In addition, purchases of callable U.S. Agency instruments are not to exceed 30% of the value of the portfolio. The City is in compliance with these provisions of the investment policy.

Note 2 – Cash Deposits and Investments (Continued)

C. Risk Disclosures (Continued)

<u>Credit Risk</u> – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City manages credit risk by evaluating and pre-qualifying banks and primary dealers and by investing in securities with top ratings issued by nationally recognized statistical rating organizations. The City's investments are rated as follows:

	Moody's	Standard and Poor's
U.S. Agencies		1001 \$
Federal Farm Credit Bank	Aaa	AA+
Federal Home Loan Bank	Aaa	AA+
Federal Home Loan Mortgage Corporation	Aaa	AA+
Federal National Mortgage Association	Aaa	AA+
U.S. Treasury Money Market Mutual Funds		
BlackRock - T-Fund	Aaa-mf	AAAm
Federated Government Obligations Fund	Aaa-mf	AAAm
Fidelity Investments Money Market Govt. Portfolio	Aaa-mf	AAAm
Other Money Market Funds		
Drey fus California AMT-Free Muni Fund	Not rated	Not rated
First American Govt. Obligations Fund	Aaa-mf	AAAm
External Pool		
State of California - Local Agency Investment Fund	Not rated	Not rated
Pension Stabilization Mutual funds	Not rated	Not rated
US Treasury Bonds	Exempt	Exempt
Commercial Paper	A2	A-1
Medium-Term Notes	BBB+ - AA	A3 - Aa1
Asset-Backed Securities	Not rated - AAA	Not rated - Aaa

The City's investment policy requires that the management company of mutual funds must have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations. Although the investment in the Dreyfus California AMT-Free Muni Fund is not rated, and therefore, not in compliance with the City's policy, it was authorized by City Council and City Officials as a necessary investment to preserve the tax- exempt status of the related bond proceeds.

<u>Concentration of Credit Risk</u> – The City's investment policy states that not more than 25% of the portfolio shall be invested in any one entity or any one instrument to protect the City from concentration of credit risk, with the following exceptions: U.S. Treasury Obligations and the external investment pool (LAIF). In addition, purchases of mutual funds must not exceed 20% of the value of the portfolio. Purchases in a single mutual fund may not exceed 10% of the value of the portfolio. The City is in compliance with these provisions of the investment policy. The City did not maintain investments in any one issuer (other than U.S. Treasury securities and external investment pools) that represent 5% or more of total investments at June 30, 2024.

Note 2 – Cash Deposits and Investments (Continued)

C. Risk Disclosures (Continued)

<u>Custodial Credit Risk</u> – For deposits, custodial credit risk is the risk that, in the event of the failure of a deposit financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the provision for deposits stated in Note 2B. \$5,776,158 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts.

Note 3 – Notes and Loans Receivable

Government-Wide Statements

The following is a summary of notes and loans receivables net of allowances at June 30, 2024:

						Ar	nount Due in
	No	tes and Loans		Am	ount Due	Mo	ore Than One
		Receivable	Total	Within One Year			Year
Governmental Funds:							
General Fund	\$	2,136,335	\$ 2,136,335	\$	77,778	\$	2,058,557
RDA Successor Agency - LMIH		9,748,705	9,748,705		-		9,748,705
Other Governmental Funds		4,388,045	4,388,045		1,920		4,386,125
Total governmental funds		16,273,085	16,273,085		79,698		16,193,387
Proprietary Funds:							
Water		1,049,425	1,049,425		-		1,049,425
Total proprietary funds		1,049,425	1,049,425				1,049,425
Fiduciary Funds:							
Redevelopment Successor Agency Trust		270,241	270,241		12,169		258,072
Total fiduciary funds		270,241	270,241		12,169		258,072
Total notes and loans receivable	\$	17,592,751	\$ 17,592,751	\$	91,867	\$	17,500,884

Fund Financial Statements

At June 30, 2024, the Fund Financial Statements show the following notes, loans, and intergovernmental receivables:

Notes and loans receivable in the General Fund of \$2,136,335 (net of an allowance for doubtful amounts of \$409,973) consist of \$984,239 due from Santa Cruz Solar One, LLC for installation of solar panels on various City facilities. Payments on the Solar One note are due monthly at an interest rate of 4%. The lease receivable for 350 Ocean St. is \$300,000 and 712 Water St. is \$70,072. The remaining balance is made up of a note to Neary Lagoon Partners in the amount of \$208,800, which accrues interest at 2.25% per annum; a note from Economic Development's Microloan Program for \$45,295; a note to First Night Santa Cruz for \$20,000; Harvey West Assessment District notes in the amount of \$86,449 with an interest rate of 6.8%; and \$70,000 in loans with an interest rate of 4.5% to two borrowers participating in the Accessory Dwelling Unit Loan Program. No periodic payments on these loans are required until the occurrence of any triggering event as specified in the loan agreement. Some notes are secured by a deed of trust. In addition, the City recognizes a note receivable from the State for reimbursable state-mandated costs in the amount of \$659,301 and various other notes in the amount of \$102,152.

Note 3 – Notes and Loans Receivable (Continuned)

Fund Financial Statements (Continued)

Notes and loans receivable in the City's RDA Successor Agency – LMIH fund of \$9,748,705 (net of an allowance for uncollectible amounts of \$298,384), is made up of loans for low/moderate income housing projects. These loans were made with tax increment revenue from the former Redevelopment Agency. There are several types of loan repayment for these notes: due upon sale or transfer, a percentage of residual receipts from property operations, and no repayment if the property remains in use for low/moderate income housing for a specified time period. Interest rates range from 0% to 3.75%. The notes are all secured by a deed of trust.

Notes and loans receivable in the other governmental funds consist of loans of \$4,386,125 (net of an allowance for uncollectible amounts of \$12,177,595) for rehabilitation of low/moderate income housing. The bulk of these loans were made with Federal funds from the Department of Housing and Urban Development. There are various types of loan repayment schedules: monthly installments, due upon sale or transfer, deferred to a future date when monthly repayment will begin, a percentage of residual receipts from property operations, and no repayment if the property remains in use for low/moderate income housing for a specified time period. Interest rates range from 0% to 7%. The loans are all secured by a deed of trust on the property being rehabilitated.

Notes and loans receivable in the enterprise funds total \$1,049,425, which represents a note in the Water Enterprise Fund due from Neary Lagoon Partners for water system connection fees pertaining to a low/moderate income housing project. This note bears interest at a rate of 2.25% per annum, and repayment is deferred until December 1, 2067.

Allowance for Uncollectible Notes and Loans – When considerable uncertainty exists as to the collectability of a note (as determined by management) due to the terms of the loan or other factors, it is offset by an allowance for uncollectible amounts.

Fiduciary Activities

At June 30, 2024, loans receivable consisted of \$270,241 to Artspace Tannery, LLC to repay the Sachs Foundation Loan; assist with financing construction of tenant improvements; and assist with financing the initial subleasing and marketing obligations necessary for the opening of the Digital Media Center. The interest rate on this loan is 3% simple.

Note 4 – Leases Receivable

The City leases various types of property including land and buildings and easements. Leases receivable consist of agreements with others for the right—to—use of the underlying assets at various locations owned by the City. The remaining terms of the agreements range from 1 to 45 years. The calculated interest rates used vary depending on the length of the lease.

The City acts as the lessor for the use of land and buildings leases varying from 14 months to 67 years. During the fiscal year the City did not enter into any new long-term leases acting as the lessor for the use of land and buildings. The current leases have interest rates varying from 0.1850% to 1.7050% not including those leases adjusted for Consumer Price Index (CPI) adjustments. Also, the City entered into a 38-month lease for the use of infrastructure, as lessor for use by Solar Turbines. The lease has an interest rate of 0.3150%.

Note 4 – Leases Receivable (Continued)

For the fiscal year ended June 30, 2024, the City recognized \$1,196,248 in lease revenue and \$329,548 in interest revenue, and the outstanding receivable amount is \$20,064,714.

A summary of changes in leases receivable for the governmental activities for the fiscal year ended June 30, 2024 is as follows:

									Classi	ification		
	Balance						Balance	D	ue within	D	ue in More	
	July 1, 2023	A	Additions		Deletions		June 30, 2024		One Year		Than One Year	
Leases receivable	\$ 21,072,217	\$	112,373	\$	(1,119,876)	\$	20,064,714	\$	1,095,897	\$	18,968,817	
Total	\$ 21,072,217	\$	112,373	\$	(1,119,876)	\$	20,064,714	\$	1,095,897	\$	18,968,817	

As of June 30, 2024, the required payments for these leases, including interest, are:

Year Ending June 30,		Principal	Interest	Total		
2025	\$	1,095,897	\$ 313,946	\$	1,409,843	
2026		1,117,506	296,826		1,414,332	
2027		1,144,493	279,347		1,423,840	
2028		1,171,457	261,462		1,432,919	
2029		1,180,584	243,329		1,423,913	
2030-2034		5,409,619	952,767		6,362,386	
2035-2039		4,680,277	532,583		5,212,860	
2040-2044		2,397,940	261,303		2,659,243	
2045-2049		1,076,538	105,109		1,181,647	
2025-2054		658,288	34,556		692,844	
2055-2058		132,115	3,884		135,999	
Total	\$ 20,064,714		\$ 3,285,112	\$	23,349,826	

As of June 30, 2024, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending	
June 30,	Amount
2025	\$ 978,773
2026	978,773
2027	978,773
2028	978,773
2029	960,919
2030-2034	4,012,730
2035-2039	3,203,426
2040-2044	2,564,180
2045-2049	1,290,716
2025-2054	878,067
2055-2059	578,163
2060-2064	476,947
2065-2069	476,947
2070-2074	476,947
2075-2079	476,947
2080-2084	476,947
2085-2088	380,976
Total	\$ 20,169,004

City of Santa Cruz

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2024

Note 4 – Leases Receivable (Continued)

A summary of changes in leases receivable for the business-type activities for the fiscal year ended June 30, 2024 is as follows:

										Classification			
	E	Balance			Balance				Du	ie within	Due in More		
	July 1, 2023		Additions Deletions		Deletions	June 30, 2024		One Year		Than One Year			
Leases receivable	\$	167,125	\$	40,694	\$	(173,789)	\$	34,030	\$	20,243	\$	13,787	
Total	\$	167,125	\$	40,694	\$	(173,789)	\$	34,030	\$	20,243	\$	13,787	

As of June 30, 2024, the required payments for these leases, including interest, are:

Year Ending June 30,	Pı	rincipal	Int	terest	Total
2025	\$	20,243	\$	637	\$ 20,880
2026		13,787		133	13,920
Total	\$	34,030	\$	770	\$ 34,800

As of June 30, 2024, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending						
June 30,	Amount					
2025	\$	46,666				
2026		12,491				
Total	\$	59,157				

Note 5 – Deposits

The City had the following deposits at June 30, 2024:

Governmental Activities:	
Housing programs	\$ 70,687
Mailing house	12,100
Economic development	470,124
Workers' compensation	230,000
Liability insurance	5,847,955
Total governmental activities	6,630,866
Business-type Activities:	
Parking	30,000
Total business-type activities	30,000
Total deposits	\$ 6,660,866

A. Governmental Activities

Deposits in the City's governmental funds total \$6,630,866 at June 30, 2024. A deposit in the amount of \$70,000 was established with the Santa Cruz Community Credit Union ("SCCCU") for the purpose of maintaining an Accessory Dwelling Unit Loan Program. The deposit has accumulated interest of \$687 for a total deposit at June 30, 2024 of \$70,687. A deposit in the amount of \$12,100 has been placed with the City's outside mailing company. A deposit in the amount of \$500,000 was established with the Santa Cruz Community Credit Union for the purpose of giving small business loans to local business through Economic Development's Microloan Program.

Note 5 – Deposits (Continued)

A. Governmental Activities (Continued)

There was a total of \$498,500 in loans distributed. As of June 30, 2024, SCCCU has collected back \$457,189 in loan principal receipts and \$12,935 in interest and late fees, less processing fees for a total deposit of \$470,124. In FY 2005, the Workers Compensation Internal Service Fund established a deposit in the amount of \$230,000 with the Sedgwick CMS which equals approximately 6 weeks of expected claims. As referenced in the Risk Management and Self Insurance Note (Note 10), the City is self-insured for up to \$1,000,000. At June 30, 2024 the City had a deposit in the amount of \$5,847,955 with the City's third-party claims administrator.

B. Business-type Activities

In Fiscal Year 2005, a deposit in the amount \$30,000 was established with Katzoff & Riggs relating to a Commingled Plume Investigation and Remediation settlement between the City and Friend, Friend & Friend, L.P.

Note 6 - Interfund Balances and Transfers

A. Government-Wide Financial Statements

Transfers

The City had \$861,023 of net transfers between the governmental activities and business-type activities for the year ending June 30, 2024.

B. Funds Financial Statements

Long-Term Advances

The City had the following long-term advances as of June 30, 2024:

		Advances to Other Funds								
		Ge	eneral Fund		MIH RDA essor Agency Fund		Management ernal Service Fund	Total		
from	General Fund General Capital Improvement Fund	\$	2,509,687	\$	-	\$	4,844,531 3,000,000	\$	4,844,531 5,509,687	
es Fu	Non-Major Governmental Funds		1,800,000		500,000		-		2,300,000	
\dvanc Other	Parking Enterprise Fund		2,300,000		-				2,300,000	
< 0	Total	\$	6,609,687	\$	500,000	\$	7,844,531	\$	14,954,218	

Long-term advances consist of 1) from the Risk Management Internal Service Fund to the General Fund for various projects; 2) from the General Fund and the Risk Management Internal Service Fund to the General Capital Improvement Fund to fund various projects; and 3) from Low and Moderate Housing (LMIH) Fund to the Affordable Housing and Community Development Fund to fund housing projects.

Note 6 – Interfund Balances and Transfers (Continued)

B. Funds Financial Statements (Continued)

Transfers In / Out

The City had the following transfers for the year ending June 30, 2024:

						Trans	fers In					
		G			General Capital Non-Major Improvement Governmental Parking Storm Water eneral Fund Fund Funds Enterprise Fund Enterprise Fund			Total				
Г	Governmental Funds:											
	General Fund	\$	-	\$	11,948,274	\$ 142,769	\$	5,000	\$	277,795	\$	12,373,838
	General Capital Improvement Fund		2,000,000		-	11,214		-		-		2,011,214
	Non-Major Governmental Funds		7,053,130		7,839,775	-		-		-		14,892,905
	Enterprise Funds:											
Transfers Out	Water		4,019		308,102	-		-		-		312,121
LS (Wastewater		30,724		623,164	-		-		-		653,888
sfe	Refuse		15,267		38,212	-		-		-		53,479
ran	Parking		20,622		34,349	-		-		-		54,971
T	Storm Water		55,373		13,986	-		-		-		69,359
	Internal Service Funds											
	Equipment Operations Fund		1,628		-	-		-		-		1,628
	Risk Management Fund				4,341	 						4,341
	Total	\$	9,180,763	\$	20,810,203	\$ 153,983	\$	5,000	\$	277,795	\$	30,427,744

Transfers are used to 1) move revenues from the various funds to the General Capital Improvement Fund for financing various capital projects; 2) to move monies from Non-Major Governmental Funds to the General Fund to partially fund capital projects; 3) to move monies from various Enterprise funds to the General Fund to contribute to the after-hours call duty program; 4) to move monies from the Equipment Operations Fund to the General Fund for purchase of equipment; 5) to move monies from the Traffic Impact Fee to Measure D (gas tax); 6) to move monies from the Risk Management Fund to various funds for costs associated with self-insurance; 7) to move monies from the General Fund to the Water Fund for carbon reduction costs; and 8) to move monies from the Measure D to the Parking Fund to partially fund capital projects.

Due to Other Funds
Equipment

Total

59,226

1,966,368

2,025,594

\$

Due To/From Other Funds

The City had the following amounts due to/from other funds at June 30, 2024:

Amounts due to/from other funds were to cover short term cash deficiencies at June 30. These will be paid back through revenue earnings in the following fiscal year.

Note 7 – Capital Assets

A. Governmental Activities

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

Governmental Activities: July 1, 2023 Additions Deletions Transfers June 30, 2024 Capital assets, not being depreciated/amortized: 8 \$85,595,946 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		Balance				Balance		
Land \$ 85,595,946 \$ - \$ \$ - \$ \$ 85,595,946 Construction in progress 26,887,377 21,097,421 - 6 (4,054,131) 43,930,667 Total capital assets, not being depreciated/amortized 112,483,323 21,097,421 - 6 (4,054,131) 129,526,613 Capital assets, being depreciated/amortized: 23,874,980 20,130 - 5 (23,895,110) 23,895,110 Infrastructure 236,272,262 241,805 - 6 (4,054,131) 74,390,366 Machinery and equipment 27,437,821 3,809,076 (65,282) - 23,895,110 Lease improvements 573,239 - 6 (5,282) - 31,818,675 Lease improvements 4,231,630 135,405 (1,390) - 43,655,645 Subscriptions 1,551,891 - (59,093) - 14,227,98 Software 1,218,026 - (59,093) - (17,218,026) Total capital assets, being depreciated/amortized 360,320,697 9,381,533 (125,765) 4,054,131 373,630,596 Less accumulated depreciation/amortization: (14,829,955) (986,092) - (59,093) - (17,511,522) Bu	Governmental Activities:	July 1, 2023	Additions	Deletions	Transfers	June 30, 2024		
Construction in progress 26,887,377 21,097,421 - (4,054,131) 43,930,667 Total capital assets, not being depreciated/amortized: Land improvements 23,874,980 20,130 - - 23,895,110 Infrastructure 236,272,262 241,805 - - 236,514,067 Buildings 65,160,788 5,175,117 - 4,054,131 74,390,036 Machinery and equipment 27,437,881 3,809,076 (65,282) - 31,181,675 Lease improvements 573,239 - - 573,239 Right-to-use leased equipment 4,231,630 135,405 (1,300) - 4,365,645 Subscriptions 1,551,891 - (59,093) - 1,492,798 Software 1,218,026 - - - - 1,218,026 Total capital assets, being depreciated/amortized 36,320,697 9,381,533 (125,765) 4,054,131 373,630,596 Less accumulated depreciation/amortization: 1 1,482,9955 (986,092)	Capital assets, not being depreciated/amortized:							
Total capital assets, not being depreciated/amortized 112,483,323 21,097,421 - (4,054,131) 129,526,613 Capital assets, being depreciated/amortized: Land improvements 23,874,980 20,130 23,895,110 Infrastructure 236,272,262 241,805 23,895,110 Buildings 65,160,788 5,175,117 - 4,054,131 74,390,036 Machinery and equipment 27,437,881 3,809,076 (65,282) - 31,181,675 Lease improvements 573,239 573,239 Right-to-use leased equipment 4,231,630 135,405 (1,390) - 4,365,645 Subscriptions 1,551,891 - (59,093) - 1,492,798 Software 1,218,026 1,218,026 Total capital assets, being depreciated/amortized 360,320,697 9,381,533 (125,765) 4,054,131 373,630,596 Less accumulated depreciation/amortization: Land improvements (14,829,955) (986,092) (15,816,047) Infrastructure (174,521,186) (2,990,336) (177,511,522) Buildings (20,933,618) (1,685,124) - (60,819) (30,779,561) Machinery and equipment (20,916,886) (1,563,203) 65,282 - (22,414,807) Lease improvements (611,312) (3,899) - 60,819 (554,392) Right-to-use leased equipment (1,372,391) (914,697) 448 - (2,286,640) Subscriptions (335,409) (343,046) 59,093 - (61),362 Software (1,214,541) (2,948) (1,217,489) Total capital assets, being depreciated/amortized, net 117,485,399 892,188 (942) 4,054,131 122,430,776	Land	\$ 85,595,946	\$ -	\$ -	\$ -	\$ 85,595,946		
Capital assets, being depreciated/amortized: Land improvements 23,874,980 20,130 - 23,895,110 Infrastructure 236,272,262 241,805 - 236,514,067 Buildings 65,160,788 5,175,117 - 4,054,131 74,390,036 Machinery and equipment 27,437,881 3,809,076 (65,282) - 31,181,675 Lease improvements 573,239 573,239 Right-to-use leased equipment 4,221,630 135,405 (1,390) - 4,365,645 Subscriptions 1,551,891 - (59,093) - 1,422,798 Software 1,218,026 1,218,026 Total capital assets, being depreciated/amortized 360,320,697 9,381,533 (125,765) 4,054,131 373,630,596 Less accumulated depreciation/amortization: Land improvements (14,829,955) (986,092) (15,816,047) Infrastructure (174,521,186) (2,990,336) (177,511,522) Buildings (29,033,618) (1,685,124) - (60,819) (30,779,561) Machinery and equipment (20,916,886) (1,563,203) 65,282 - (22,414,807) Lease improvements (611,312) (3,899) - 60,819 (554,392) Right-to-use leased equipment (1,372,391) (914,697) 448 - (2,286,640) Subscriptions (335,409) (343,046) 59,093 - (60,819) (554,392) Right-to-use leased equipment (1,214,541) (2,948) (12,17,489) Software (1,214,541) (2,948) (1,217,489) Total capital assets, being depreciated/amortized, net 117,485,399 892,188 (942) 4,054,131 122,430,776	Construction in progress	26,887,377	21,097,421		(4,054,131)	43,930,667		
Land improvements 23,874,980 20,130 - - 23,895,110 Infrastructure 236,272,262 241,805 - - 236,514,067 Buildings 65,160,788 5,175,117 - 4,054,131 74,390,036 Machinery and equipment 27,437,881 3,809,076 (65,282) - 31,181,675 Lease improvements 573,239 - - - - 573,239 Right-to-use leased equipment 4,231,630 135,405 (1,390) - 4,365,645 Subscriptions 1,551,891 - (59,093) - 1,492,798 Software 1,218,026 - - - 1,218,026 Total capital assets, being depreciated/amortized 360,320,697 9,381,533 (125,765) 4,054,131 373,630,596 Less accumulated depreciation/amortization: (14,829,955) (986,092) - - - (15,816,047) Infrastructure (174,521,186) (2,990,336) - - (177,511,522)	Total capital assets, not being depreciated/amortized	112,483,323	21,097,421		(4,054,131)	129,526,613		
Infrastructure	Capital assets, being depreciated/amortized:							
Buildings 65,160,788 5,175,117 - 4,054,131 74,390,036 Machinery and equipment 27,437,881 3,809,076 (65,282) - 31,181,675 Lease improvements 573,239 - - - 573,239 Right-to-use leased equipment 4,231,630 135,405 (1,390) - 4,365,645 Subscriptions 1,518,991 - (59,093) - 1,218,026 Total capital assets, being depreciated/amortized 360,320,697 9,381,533 (125,765) 4,054,131 373,630,596 Less accumulated depreciation/amortization: Land improvements (14,829,955) (986,092) - - - (177,511,522) Buildings (29,033,618) (1,685,124) - (60,819) (30,779,561) Machinery and equipment (20,916,886) (1,563,203) 65,282 - (22,414,807) Lease improvements (611,312) (3,899) - 60,819 (30,779,561) Machinery and equipment (1,372,391) (914,697) 448 <td>Land improvements</td> <td>23,874,980</td> <td>20,130</td> <td>-</td> <td>-</td> <td>23,895,110</td>	Land improvements	23,874,980	20,130	-	-	23,895,110		
Machinery and equipment 27,437,881 3,809,076 (65,282) - 31,181,675 Lease improvements 573,239 - - - 573,239 Right-to-use leased equipment 4,231,630 135,405 (1,390) - 4,365,645 Subscriptions 1,551,891 - (59,093) - 1,492,798 Software 1,218,026 - - - - 1,218,026 Total capital assets, being depreciated/amortized 360,320,697 9,381,533 (125,765) 4,054,131 373,630,596 Less accumulated depreciation/amortization: Uses accumulated depreciation/amortization: - - - (15,816,047) Infrastructure (174,521,186) (2,990,336) - - (177,511,522) Buildings (29,033,618) (1,685,124) - (60,819) (30,779,561) Machinery and equipment (20,916,886) (1,563,203) 65,282 - (22,414,807) Lease improvements (611,312) (3,899) - 60,819 (554,	Infrastructure	236,272,262	241,805	-	-	236,514,067		
Lease improvements 573,239 - - - 573,239 Right-to-use leased equipment 4,231,630 135,405 (1,390) - 4,365,645 Subscriptions 1,551,891 - (59,093) - 1,492,798 Software 1,218,026 - - - - 1,218,026 Total capital assets, being depreciated/amortized 360,320,697 9,381,533 (125,765) 4,054,131 373,630,596 Less accumulated depreciation/amortization: Less accumulated depreciation/amortization: - - - - (15,816,047) Infrastructure (174,521,186) (2,990,336) - - - (177,511,522) Buildings (29,033,618) (1,685,124) - (60,819) (30,779,561) Machinery and equipment (20,916,886) (1,563,203) 65,282 - - (22,414,807) Lease improvements (611,312) (3,899) - 60,819 (554,392) Right-to-use leased equipment (1,372,391) (914,697)	Buildings	65,160,788	5,175,117	-	4,054,131	74,390,036		
Right-to-use leased equipment 4,231,630 135,405 (1,390) - 4,365,645 Subscriptions 1,551,891 - (59,093) - 1,492,798 Software 1,218,026 - - - - 1,218,026 Total capital assets, being depreciated/amortized 360,320,697 9,381,533 (125,765) 4,054,131 373,630,596 Less accumulated depreciation/amortization: Land improvements (14,829,955) (986,092) - - - (15,816,047) Infrastructure (174,521,186) (2,990,336) - - (177,511,522) Buildings (29,033,618) (1,685,124) - (60,819) (30,779,561) Machinery and equipment (20,916,886) (1,563,203) 65,282 - (22,414,807) Lease improvements (611,312) (3,899) - 60,819 (554,392) Right-to-use leased equipment (1,372,391) (914,697) 448 - (2,286,640) Subscriptions (335,409) (343,046) 59	Machinery and equipment	27,437,881	3,809,076	(65,282)	-	31,181,675		
Subscriptions 1,551,891 - (59,093) - 1,492,798 Software 1,218,026 - - - 1,218,026 Total capital assets, being depreciated/amortized 360,320,697 9,381,533 (125,765) 4,054,131 373,630,596 Less accumulated depreciation/amortization: Use accumulated depreciation/amortization: Land improvements (14,829,955) (986,092) - - - (175,816,047) Infrastructure (174,521,186) (2,990,336) - - - (177,511,522) Buildings (29,033,618) (1,685,124) - (60,819) (30,779,561) Machinery and equipment (20,916,886) (1,563,203) 65,282 - (22,414,807) Lease improvements (611,312) (3,899) - 60,819 (554,392) Right-to-use leased equipment (1,372,391) (914,697) 448 - (2,286,640) Subscriptions (335,409) (343,046) 59,093 - (619,362) Software </td <td>Lease improvements</td> <td>573,239</td> <td>-</td> <td>-</td> <td>-</td> <td>573,239</td>	Lease improvements	573,239	-	-	-	573,239		
Software 1,218,026 - - 1,218,026 Total capital assets, being depreciated/amortized 360,320,697 9,381,533 (125,765) 4,054,131 373,630,596 Less accumulated depreciation/amortization: Land improvements (14,829,955) (986,092) - - (15,816,047) Infrastructure (174,521,186) (2,990,336) - - (177,511,522) Buildings (29,033,618) (1,685,124) - (60,819) (30,779,561) Machinery and equipment (20,916,886) (1,563,203) 65,282 - (22,414,807) Lease improvements (611,312) (3,899) - 60,819 (554,392) Right-to-use leased equipment (1,372,391) (914,697) 448 - (2,286,640) Subscriptions (335,409) (343,046) 59,093 - (619,362) Software (1,214,541) (2,948) - - (1,217,489) Total capital assets, being depreciated/amortized, net 117,485,399 892,188 (942)	Right-to-use leased equipment	4,231,630	135,405	(1,390)	-	4,365,645		
Total capital assets, being depreciated/amortized 360,320,697 9,381,533 (125,765) 4,054,131 373,630,596 Less accumulated depreciation/amortization: Land improvements (14,829,955) (986,092) (15,816,047) Infrastructure (174,521,186) (2,990,336) (177,511,522) Buildings (29,033,618) (1,685,124) - (60,819) (30,779,561) Machinery and equipment (20,916,886) (1,563,203) 65,282 - (22,414,807) Lease improvements (611,312) (3,899) - 60,819 (554,392) Right-to-use leased equipment (1,372,391) (914,697) 448 - (2,286,640) Subscriptions (335,409) (343,046) 59,093 - (619,362) Software (1,214,541) (2,948) (1,217,489) Total accumulated depreciation/amortization (242,835,298) (8,489,345) 124,823 - (251,199,820) Total capital assets, being depreciated/amortized, net 117,485,399 892,188 (942) 4,054,131 122,430,776	Subscriptions	1,551,891	-	(59,093)	-	1,492,798		
Less accumulated depreciation/amortization: Land improvements (14,829,955) (986,092) - - (15,816,047) Infrastructure (174,521,186) (2,990,336) - - (177,511,522) Buildings (29,033,618) (1,685,124) - (60,819) (30,779,561) Machinery and equipment (20,916,886) (1,563,203) 65,282 - (22,414,807) Lease improvements (611,312) (3,899) - 60,819 (554,392) Right-to-use leased equipment (1,372,391) (914,697) 448 - (2,286,640) Subscriptions (335,409) (343,046) 59,093 - (619,362) Software (1,214,541) (2,948) - - (1,217,489) Total accumulated depreciation/amortization (242,835,298) (8,489,345) 124,823 - (251,199,820) Total capital assets, being depreciated/amortized, net 117,485,399 892,188 (942) 4,054,131 122,430,776	Software	1,218,026				1,218,026		
Land improvements (14,829,955) (986,092) - - (15,816,047) Infrastructure (174,521,186) (2,990,336) - - (177,511,522) Buildings (29,033,618) (1,685,124) - (60,819) (30,779,561) Machinery and equipment (20,916,886) (1,563,203) 65,282 - (22,414,807) Lease improvements (611,312) (3,899) - 60,819 (554,392) Right-to-use leased equipment (1,372,391) (914,697) 448 - (2,286,640) Subscriptions (335,409) (343,046) 59,093 - (619,362) Software (1,214,541) (2,948) - - (1,217,489) Total accumulated depreciation/amortization (242,835,298) (8,489,345) 124,823 - (251,199,820) Total capital assets, being depreciated/amortized, net 117,485,399 892,188 (942) 4,054,131 122,430,776	Total capital assets, being depreciated/amortized	360,320,697	9,381,533	(125,765)	4,054,131	373,630,596		
Infrastructure (174,521,186) (2,990,336) - - (177,511,522) Buildings (29,033,618) (1,685,124) - (60,819) (30,779,561) Machinery and equipment (20,916,886) (1,563,203) 65,282 - (22,414,807) Lease improvements (611,312) (3,899) - 60,819 (554,392) Right-to-use leased equipment (1,372,391) (914,697) 448 - (2,286,640) Subscriptions (335,409) (343,046) 59,093 - (619,362) Software (1,214,541) (2,948) - - (1,217,489) Total accumulated depreciation/amortization (242,835,298) (8,489,345) 124,823 - (251,199,820) Total capital assets, being depreciated/amortized, net 117,485,399 892,188 (942) 4,054,131 122,430,776	Less accumulated depreciation/amortization:							
Buildings (29,033,618) (1,685,124) - (60,819) (30,779,561) Machinery and equipment (20,916,886) (1,563,203) 65,282 - (22,414,807) Lease improvements (611,312) (3,899) - 60,819 (554,392) Right-to-use leased equipment (1,372,391) (914,697) 448 - (2,286,640) Subscriptions (335,409) (343,046) 59,093 - (619,362) Software (1,214,541) (2,948) - - (1,217,489) Total accumulated depreciation/amortization (242,835,298) (8,489,345) 124,823 - (251,199,820) Total capital assets, being depreciated/amortized, net 117,485,399 892,188 (942) 4,054,131 122,430,776	Land improvements	(14,829,955)	(986,092)	-	-	(15,816,047)		
Machinery and equipment (20,916,886) (1,563,203) 65,282 - (22,414,807) Lease improvements (611,312) (3,899) - 60,819 (554,392) Right-to-use leased equipment (1,372,391) (914,697) 448 - (2,286,640) Subscriptions (335,409) (343,046) 59,093 - (619,362) Software (1,214,541) (2,948) - - - (1,217,489) Total accumulated depreciation/amortization (242,835,298) (8,489,345) 124,823 - (251,199,820) Total capital assets, being depreciated/amortized, net 117,485,399 892,188 (942) 4,054,131 122,430,776	Infrastructure	(174,521,186)	(2,990,336)	-	-	(177,511,522)		
Lease improvements (611,312) (3,899) - 60,819 (554,392) Right-to-use leased equipment (1,372,391) (914,697) 448 - (2,286,640) Subscriptions (335,409) (343,046) 59,093 - (619,362) Software (1,214,541) (2,948) - - - (1,217,489) Total accumulated depreciation/amortization (242,835,298) (8,489,345) 124,823 - (251,199,820) Total capital assets, being depreciated/amortized, net 117,485,399 892,188 (942) 4,054,131 122,430,776	Buildings	(29,033,618)	(1,685,124)	-	(60,819)	(30,779,561)		
Right-to-use leased equipment (1,372,391) (914,697) 448 - (2,286,640) Subscriptions (335,409) (343,046) 59,093 - (619,362) Software (1,214,541) (2,948) - - - (1,217,489) Total accumulated depreciation/amortization (242,835,298) (8,489,345) 124,823 - (251,199,820) Total capital assets, being depreciated/amortized, net 117,485,399 892,188 (942) 4,054,131 122,430,776	Machinery and equipment	(20,916,886)	(1,563,203)	65,282	-	(22,414,807)		
Subscriptions (335,409) (343,046) 59,093 - (619,362) Software (1,214,541) (2,948) - - (1,217,489) Total accumulated depreciation/amortization (242,835,298) (8,489,345) 124,823 - (251,199,820) Total capital assets, being depreciated/amortized, net 117,485,399 892,188 (942) 4,054,131 122,430,776	Lease improvements	(611,312)	(3,899)	-	60,819	(554,392)		
Software (1,214,541) (2,948) - - (1,217,489) Total accumulated depreciation/amortization (242,835,298) (8,489,345) 124,823 - (251,199,820) Total capital assets, being depreciated/amortized, net 117,485,399 892,188 (942) 4,054,131 122,430,776	Right-to-use leased equipment	(1,372,391)	(914,697)	448	-	(2,286,640)		
Total accumulated depreciation/amortization (242,835,298) (8,489,345) 124,823 - (251,199,820) Total capital assets, being depreciated/amortized, net 117,485,399 892,188 (942) 4,054,131 122,430,776	Subscriptions	(335,409)	(343,046)	59,093	-	(619,362)		
Total capital assets, being depreciated/amortized, net 117,485,399 892,188 (942) 4,054,131 122,430,776	Software	(1,214,541)	(2,948)			(1,217,489)		
	Total accumulated depreciation/amortization	(242,835,298)	(8,489,345)	124,823		(251,199,820)		
Total capital assets - governmental activities \$ 229,968,722 \$ 21,989,609 \$ (942) \$ - \$ 251,957,389	Total capital assets, being depreciated/amortized, net	117,485,399	892,188	(942)	4,054,131	122,430,776		
	Total capital assets - governmental activities	\$ 229,968,722	\$ 21,989,609	\$ (942)	\$ -	\$ 251,957,389		

Depreciation and amortization expense of the governmental activities for the year ended June 30, 2024, was \$8,489,345 and was distributed as follows:

General Government	\$ 1,575,197
Public Safety	879,316
Parks and Recreation	1,273,665
Library - City	108,410
Public Works	3,566,502
Community & Economic Development	619,814
Total depreciation/amortization expense- general government	8,022,904
Internal Service Funds	466,441
Total depreciation/amortization expense- governmental	
activities	\$ 8,489,345

Note 7 – Capital Assets (Continued)

B. Business-Type Activities

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

Business-Type Activities	Balance July 1, 2023	Additions	Deletions	Transfers	Balance June 30, 2024	
Capital assets, not being depreciated/amortized:	- vary 1, 2023	Traditions	Detections	1141151615	7 4110 20, 202 .	
Land Construction in progress	\$ 2,662,704 155,240,657	\$ 928,175 23,872,888	\$ -	\$ - (65,844,959)	\$ 3,590,879 113,268,586	
Total capital assets, not being depreciated/amortized	157,903,361	24,801,063		(65,844,959)	116,859,465	
Capital assets, being depreciated/amortized:	107,500,001	21,001,000		(05,01,,555)	110,000,100	
Land improvements	12,661,663	1,206,374	_	_	13,868,037	
Infrastructure	273,791,078	10,899,811	(26,845)	65,844,959	350,509,003	
Buildings	170.892.176	1,536,144	(20,013)	-	172,428,320	
Machinery and equipment	62,945,678	3,722,901	(982,002)	_	65,686,577	
Lease improvements	70,000	-,,,,	-	_	70,000	
Right-to-use leased assets	3,723,531	_	(1,176)	_	3,722,355	
Subscriptions	311,650	_	(13,978)	_	297,672	
Software	1,261,417	-	-	-	1,261,417	
Total capital assets, being depreciated/amortized	525,657,193	17,365,230	(1,024,001)	65,844,959	607,843,381	
Less accumulated depreciation/amortization:						
Land improvements	(3,163,602)	(904,709)	-	-	(4,068,311)	
Infrastructure	(131,100,252)	(5,857,772)	26,845	-	(136,931,179)	
Buildings	(110,454,077)	(3,492,278)	-	-	(113,946,355)	
Machinery and equipment	(42,639,442)	(4,061,624)	982,002	-	(45,719,064)	
Lease improvements	(63,729)	(3,950)	-	-	(67,679)	
Right-to-use leased assets	(689,698)	(379,713)	-	-	(1,069,411)	
Subscriptions	(111,766)	(110,989)	13,982	-	(208,773)	
Software	(1,271,478)	(7,794)			(1,279,272)	
Total accumulated depreciation/amortization	(289,494,044)	(14,818,829)	1,022,829		(303,290,044)	
Total capital assets, being depreciated/amortized net	236,163,149	2,546,401	(1,172)	65,844,959	304,553,337	
Total capital assets - Business-type Activities	\$ 394,066,510	\$ 27,347,464	\$ (1,172)	\$ -	\$ 421,412,802	

Business-type activities depreciation and amortization expense for the year ended June 30, 2024 is as follows:

Water	\$ 5,809,322
Wastewater	5,028,718
Refuse	2,445,775
Parking	733,006
Storm Water	802,008
Total depreciation/amortization expense - business-type	
activities	\$ 14,818,829

Note 7 – Capital Assets (Continued)

C. Fiduciary Activities

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

	Balance July 1, 2023		Additions		Deletions		Transfers		Balance June 30, 2024	
Capital assets, not being depreciated/amortized:										
Land - parking lot	\$	902,621	\$	-	\$	-	\$	-	\$	902,621
Total capital assets, not being depreciated/amortized		902,621				-		-		902,621
Capital assets, being depreciated/amortized:										
Land improvements		513,741		-		-		-		513,741
Buildings		10,209,815		-		-		-		10,209,815
Machinery and equipment		110,026		-		-		-		110,026
Lease improvements		240,268		-		-		-		240,268
Intangibles		10,966								10,966
Total capital assets, being depreciated/amortized		11,084,816		-		-		-		11,084,816
Less accumulated depreciation/amortization:										
Land improvements		(267,835)		(22,355)		-		-		(290,190)
Buildings		(4,214,365)		(311,602)		-		-		(4,525,967)
Machinery and equipment		(110,026)		-		-		-		(110,026)
Lease improvements		(235,988)		(988)		-		-		(236,976)
Intangibles		(10,966)				-		-		(10,966)
Total accumulated depreciation/amortization		(4,839,180)		(334,945)		-		-		(5,174,125)
Total capital assets, being depreciated/amortized net		6,245,636		(334,945)		_		-		5,910,691
Total capital assets - Fiduciary Activities	\$	7,148,257	\$	(334,945)	\$	-	\$	-	\$	6,813,312

Depreciation/amortization expense of \$334,945 was recorded in the Redevelopment Successor Agency Trust Fund.

Note 8 – Long-Term Debt

A. Governmental Activities

At June 30, 2024, long-term debt for governmental activities consisted of the following amounts:

Description/Purpose	Maturity	Interest Rates	Annual Principal	Original Issue Amount	Balance at June 30, 2024
2009 General Obligation Refunding Bonds Refinanced 1999 GO Bonds issued for the acquisition and construction of municipal improvements	9/1/10 - 9/1/29	2.00%-4.38%	\$180,000 - \$605,000	\$ 6,995,000 unamortized premium net balance	\$ 3,110,000 8,046 3,118,046
2017 Refunding 2007 Lease Revenue Bonds Refinanced 2007 Lease Revenue Bonds. Original issue was for land acquisition and improvements for public library and water department purposes	11/1/17 - 11/1/37	2.00% - 5.00%	\$125,000 - \$390,000	\$ 5,265,000 unamortized premium net balance	4,040,000 148,668 4,188,668
2017 Refunding 2010 Refunding Lease Revenue Bonds, Series B Refinanced 2010 Series B Refunding. Original issue was for Civic Center acquisition, construction and improvement	11/1/17 - 11/1/37	2.00% - 5.00%	\$140,000 - \$220,000	\$ 2,420,000 unamortized premium net balance	1,520,000 79,444 1,599,444
2012 Golf COP 13 Refunding Issued for golf course improvements - Refunding of 2004 Golf COP 13	5/1/2029	3.50%	\$67,344 - \$115,309	\$ 2,960,536	1,101,744
Public Works Loans Payable to PG&E - Direct Borrowing For city-wide enhancements	various	0.00%	\$57,429 - \$62,151	various	88,167
2015 I-Bank Arterial Roads Loan - Direct Borrowing For City-wide road improvements	8/1/2024	2.00%	\$1,306,455 - \$1,524,530	\$ 14,130,000	1,524,530
2018 California Energy Commission Loan - Direct Borrowing For comprehensive energy efficiency retrofit project	12/22/2033	1.00%	\$67,344 - \$115,309	\$ 483,697	936,244
2023 California Energy Commission Loan - Direct Borrowing For comprehensive energy efficiency retrofit project	12/22/2042	1.00%	\$56,364 - \$71,679	\$ 2,424,224	2,424,224
2023 Site logiQ BofA Municipal Loan - Direct Borrowing For energy efficiency improvement projects	12/1/2042	3.71%	\$96,000 - \$325,000	\$ 3,721,000	3,721,000
Leases Payable For acquisition of right-to-use intangible assets	various	various	various	various	2,298,617
Subscription Liability For acquisition of right-to-use software	various	various	various	various	795,416
			Total long-term de	ebt of governmental activities	\$ 21,796,100

Events of Default and Acceleration Clauses

For the City's pension obligation bonds, lease revenue bonds, loans and revenue bonds, the City is considered to be in default if the City fails to pay the principal of and interest on the outstanding long-term debt when it becomes due and payable. If an event of default has occurred and is continuing, the aggregate principal of the long-term debt, together with the accrued interest, may be declared due and payable immediately.

Note 8 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

The following table summarizes long-term debt activity for the year ended June 30, 2024:

	Balance July 1, 2023		Additions		Retirements		Balance June 30, 2024		Amount Due Within One Year		Amount Due in More Than One Year	
General obligation bonds Bond issuance premiums	\$	3,520,000 9,603	\$	-	\$	(410,000) (1,557)	\$	3,110,000 8,046	\$	440,000	\$	2,670,000 8,046
Total general obligation bonds		3,529,603				(411,557)		3,118,046		440,000		2,678,046
Lease revenue bonds Bond issuance premiums		5,920,000 249,905		- -		(360,000) (21,793)		5,560,000 228,112		375,000		5,185,000 228,112
Total lease revenue bonds		6,169,905		-		(381,793)		5,788,112		375,000		5,413,112
Notes and loans payable		11,609,943		-		(1,814,034)		9,795,909		2,058,234		7,737,675
Leases payable		3,025,518		135,283		(862,184)		2,298,617		828,133		1,470,484
Subscription liability		1,142,001		-		(346,585)		795,416		326,933		468,483
Total long-term debt	\$	25,476,970	\$	135,283	\$	(3,816,153)	\$	21,796,100	\$	4,028,300	\$	17,767,800

As of June 30, 2024, the future debt service requirements to maturity for outstanding debt were:

	General Obli	gation I	Bonds	Lease Revo	enue Bo	onds	Notes and Loans Payable				
Year Ending June 30,	Principal		Interest	Principal		Interest		Principal	Interest		
2025	\$ 440,000	\$	123,412	\$ 375,000	\$	204,300	\$	2,058,234	\$	221,625	
2026	465,000		104,516	390,000		190,313		530,012		192,146	
2027	500,000		84,126	400,000		172,813		543,888		178,773	
2028	535,000		62,133	420,000		152,313		562,444		164,861	
2029	565,000		38,616	435,000		130,938		582,431		150,166	
2030-2034	605,000		13,234	2,065,000		423,994		1,930,857		604,217	
2035-2039	-		-	1,475,000		111,056		1,862,724		376,087	
2040-2043	-		-	-		-		1,725,319		101,755	
	3,110,000		426,037	5,560,000		1,385,727		9,795,909		1,989,630	
Unamortized premiums	8,046			228,112							
	\$ 3,118,046	\$	426,037	\$ 5,788,112	\$	1,385,727	\$	9,795,909	\$	1,989,630	

	Leases Payable				Subscription	on Liabil	ity	Totals				
For Year Ending June 30,		Principal		Interest	Principal	Interest Principal		Principal	Interest			
2025	\$	828,133	\$	31,653	\$ 326,933	\$	16,385	\$	4,028,300	\$	597,375	
2026		524,562		23,494	219,765		9,481		2,129,339		519,950	
2027		364,468		16,450	224,213		5,033		2,032,569		457,195	
2028		349,030		9,573	24,505		496		1,890,979		389,376	
2029		232,424		3,366	-		-		1,814,855		323,086	
2030-2034		-		-	-		-		4,600,857		1,041,445	
2035-2039		-		-	-		-		3,337,724		487,143	
2038-2043		-		-	-		-		1,725,319		101,755	
		2,298,617		84,536	795,416		31,395		21,559,942		3,917,325	
Unamortized premiums					 				236,158			
	\$	2,298,617	\$	84,536	\$ 795,416	\$	31,395	\$	21,796,100	\$	3,917,325	

Leases Payable

The City leases vehicles and a building in the governmental activities. The leases have interest rates between 4.75% and 8.75%. The value of the right-to-use leased equipment as of the end of the current fiscal year was \$2,079,005. Leases payables outstanding at June 30, 2024 were \$2,298,617.

Note 8 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Subscription Liability

The City has contracted for the "right-to-use" certain subscription-based information technology software in the governmental activities. The arrangements have interest rates between 2.75% and 3.5%. The value of the right-to-use subscription assets as of the end of the current fiscal year was \$873,436. Subscriptions payable outstanding at June 30, 2024 were \$795,416.

Annual Dringinal

B. Business-Type Activities

At June 30, 2024, long-term debt for business-type activities consisted of the following amounts:

			Annual Principal			
Description/Purpose	Maturity	Interest Rates	Installments	Original Issue Amount	Balance	e at June 30, 2024
2014 Storm Water Refunding Revenue Bonds	4/1/15 - 10/1/28	2.0% - 3.0%	\$210,000 - \$380,000	\$ 4,520,000	\$	1,675,000
Issued to refinance 2005 Revenue Bonds				unamortized premium		9,363
				net balance	\$	1,684,363
2014 Water Revenue Bonds	9/1/14 - 3/1/36	2.0% - 3.75%	\$400,000 - \$675,000	\$ 11,260,000	\$	6,810,000
Issued to refinance 2006 Water Revenue Bonds				unamortized premium		4,419
and Water Note Payable to the State				net balance	\$	6,814,419
2019 Water Revenue Bonds	3/1/20 - 3/1/49	5.00%	\$70,000 - \$1,310,000	\$ 20,925,000	\$	19,410,000
Issued to finance capital improvement projects				unamortized premium		4,488,566
for the City's water system and to repay outstanding amounts on bank loan.				net balance	\$	23,898,566
2017 Refunding 2010 Parking Lease Revenue Bonds	11/1/17 - 11/1/28	2.0% - 5.0%	\$235,000 - \$330,000	\$ 3,350,000	\$	1,643,532
Refinanced 2010 Parking Lease Revenue Bonds				unamortized premium		113,008
				net balance	\$	1,756,540
				Bonds subtotal	\$	34,153,888
2016 I-Bank Water Infrastructure Loan - Direct Borrowing						
For City-wide improvements to the water system	8/1/16-8/1/46	3.24%	\$505,367 - \$1,274,087	\$ 25,000,000	\$	21,099,395
2020 Water CA State Water Resources Control Board Loan -	Direct Borrowing 1					
For the Newell Creek Inlet - Outlet Replacement Project	3/1/21 - 10/1/52	1.40%	\$1,568,454 - \$2,347,321	\$ 83,740,423	\$	83,740,423
2020 I-Bank Wastewater Loan - Direct Borrowing						
UV Replacement Project	2/1/21 - 8/1/50	2.50%	\$79,221 - \$163,143	\$ 3,500,000	\$	3,254,806
2021 Water CA State Water Resources Control Board Loan -	Direct Borrowing 2					
For the Graham Hill Water Treatment Plant Concrete Tanks Replacement Project	4/30/21 - 4/30/54	1.40%	\$271.996 - \$407.065	\$ 28,404,927	\$	28,404,927
Concrete Fanks Replacement Floject	4/30/21 - 4/30/34	1.4070	\$271,990 - \$407,003	3 20,404,927	φ	20,404,927
2023 Water Infrastructure and Finance Innovation Act - Direct	-	**				
For water related projects	5/4/23 - 5/1/63	3.77%**	\$916,351 - \$3,262,562	\$ 19,897,146	\$	19,897,147
2024 Water Fund Wells Fargo Line of Credit ⁴						
For water related projects	5/16/24 - 5/14/27	4.41%	n/a	\$ 16,130,892	\$	16,130,893
				Notes and loans subtotal	\$	172,527,591
Leases Payable For acquisition of right-to-use intangible assets	various	various	\$140,977 - \$711,894	various		2,486,980
	, arroup		-110,277 W111,021	various		2, 100,700
Subscription Liability For acquisition of right-to-use software	various	various	\$72,696 - \$132,665	various		96,981
	141040	1411040		of business-type activities	\$	209,265,440
			1 oran iong renni debt	or caphiess type activities	Ψ	207,203,7

¹ The 2020 Water California State Water Resources Control Board loan is drawable up to \$103,453,000.

² The 2021 Water California State Water Resources Control Board loan is drawable up to \$45,900,000.

³ The 2023 Water Infrastructure and Finance Innovation Act loan is drawable up to \$127,730,000.

⁴ The 2024 Water Fund Wells Fargo Line of Credit is drawable up to \$25,000,000.

^{*} Variable loan payment amounts depending on total principal amount drawn.

^{**} Variable rate, represents the current year expensed portion.

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

The following table summarizes business-type activities long-term debt activity for the year ended June 30, 2024:

	Ва	alance July 1, 2023	Additions	 Retirements	Ва	alance June 30, 2024	 mount Due hin One Year	nount Due in ore than One Year
Revenue bonds payable Bond issuance premiums	\$	30,900,000 4,825,494	\$ - -	\$ (1,361,468) (210,138)	\$	29,538,532 4,615,356	\$ 1,638,532	\$ 27,900,000 4,615,356
Total bonds payable		35,725,494	-	(1,571,606)		34,153,888	1,638,532	32,515,356
Notes and loans payable		142,774,050	46,619,322	(16,865,781)		172,527,591	32,074,162	140,453,429
Leases payable		2,923,088	-	(436,108)		2,486,980	441,196	2,045,784
Subscription liability		205,361	 -	(108,380)		96,981	96,981	 -
Total long-term debt	\$	181,627,993	\$ 46,619,322	\$ (18,981,875)	\$	209,265,440	\$ 34,250,871	\$ 175,014,569

As of June 30, 2024, the future debt service requirements to maturity for outstanding debt were:

	Revenue Bonds				Notes and Loans Payable 1				Leases Payable			
For Year Ending June 30,	Principal		Interest		Principal		Interest	Principal		Interest		
2025	\$ 1,638,532	\$	1,298,213	\$	717,599	\$	753,683	\$	441,196	\$	32,792	
2026	1,570,000		1,247,825		740,213		730,710		369,265		29,277	
2027	1,625,000		1,190,638		763,545		707,008		170,465		26,528	
2028	1,685,000		1,126,363		787,617		682,555		140,978		24,385	
2029	1,570,000		1,062,288		812,451		657,327		119,207		22,346	
2030-2034	5,825,000		4,581,331		4,463,234		2,879,296		644,712		79,990	
2035-2039	4,990,000		3,299,619		5,213,519		2,117,105		601,157		21,197	
2040-2044	4,670,000		2,314,250		6,090,706		1,225,989		-		-	
2045-2049	5,965,000		923,500		4,443,010		269,960		-		-	
2050-2054	-		-		322,307		8,107		-		-	
2055-2059	-		-		-		-					
2060-2064	-		-		-		-		-		-	
	29,538,532		17,044,027		24,354,201		10,031,740		2,486,980		236,515	
Unamortized premiums	 4,615,356		-		-		-				-	
Totals	\$ 34,153,888	\$	17,044,027	\$	24,354,201	\$	10,031,740	\$	2,486,980	\$	236,515	

	Subscription Liability					Total ¹						
For Year Ending June 30,	P	rincipal		Interest		Principal	Interest					
2025	\$	96,981	\$	2,118	\$	2,756,825	\$	1,998,308				
2026		-		-		2,559,010		1,915,147				
2027		-		-		2,613,594		1,596,225				
2028		-		-		-		-				
2029		-		-		2,501,658		1,741,961				
2030-2034		-		-		10,932,946		7,540,617				
2035-2039		-		-		10,804,676		5,437,921				
2040-2044		-		-		10,760,706		3,540,239				
2045-2049		-		-		10,408,010		1,193,460				
2050-2053		-		-		322,307		8,107				
		96,981		2,118		53,659,732		24,971,985				
Unamortized premiums		-		-		4,615,356		-				
Totals	\$	96,981	\$	2,118	\$	58,275,088	\$	24,971,985				

¹ The totals do not include a direct borrowing amortization table for the 2020 and 2021 Water CA State Water Resources Control Board Loans - Direct Borrowings (\$83,740,422 and \$28,404,927 outstanding, respectively), the 2024 Water Fund Wells Fargo Loan (\$16,130,892 outstanding) or the 2023 Water Infrastructure and Finance Innovation Act - Direct Borrowing (\$19,897,146 outstanding) as there are no fixed debt maturity schedules for these debts.

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Pledged Revenues

Certain long-term debt issues require a pledge of revenues to secure future debt service obligations as described below.

The Trust Indenture for the 2014 Storm Water Refunding Revenue Bonds requires the City to pledge its annual Net Revenues (defined as gross revenues received during the period minus the amount required to pay all operation and maintenance costs payable during the period excluding depreciation) in an amount equal to at least 125% of the annual debt service requirement each fiscal year, through final maturity of the Bonds in October 2029 or early retirement of the Bonds, whichever first occurs. A principal payment of \$345,000 and an interest payment in the amount of \$50,556 were made for a debt service total of \$395,556. The current year Storm Water net revenues were \$277,967, resulting in a revenue source to debt service ratio of 70.3%. (The ratio fell below the 125% threshold due to the change in vegetation management, pension expense, and regular labor). The City was not in compliance with the provisions of the bond covenants.

The Trust Indenture for the 2014 Water Refunding Revenue Bonds requires the City to pledge its annual Net Revenues (defined as gross revenues received during the period minus the amount required to pay all operation and maintenance costs payable during the period excluding depreciation) in an amount equal to at least 115% of the annual debt service requirement each fiscal year, through final maturity of the Bonds in March 2036 or early retirement of the Bonds, whichever first occurs. Principal payments of \$465,000 and interest payments of \$241,538 were made in the current year for a debt service total of \$706,538. Net Water revenues for the fiscal year ended June 30, 2024, were \$17,514,996 resulting in a revenue source to debt service ratio of 2,479%.

The 2009 Refuse Loan Agreement requires the City to pledge its annual Net Revenues (defined as gross revenues received during the period minus the amount required to pay all operation and maintenance costs payable during the period excluding depreciation) in an amount equal to at least 125% of the annual debt service requirement each fiscal year, through final maturity of the Loan in October 2023 or early prepayment, whichever first occurs. Debt service for the fiscal year ended June 30, 2024, consisted of \$144,000 in principal and \$3,516 in interest for a total of \$147,516. Net Refuse revenues for the fiscal year ended June 30, 2024, were \$307,184 resulting in a revenue source to debt service ratio of 208%.

The Trust Indenture for the 2019 Water Revenue Bonds requires the City to pledge its annual Net Revenues (defined as gross revenues received during the period minus the amount required to pay all operation and maintenance costs payable during the period excluding depreciation) in an amount equal to at least 115% of the annual debt service requirement each fiscal year, through final maturity of the Bonds in March 2049 or early retirement of the Bonds, whichever first occurs. Principal payments of \$390,000 and interest payments of \$990,000 were made in the current year for a debt service total of \$1,380,000. Net Water revenues for the fiscal year ended June 30, 2024, were \$13,091,784, resulting in a revenue source to debt service ratio of 948%.

The Trust Indenture for the 2020 Water California State Water Resources Control Board Loan requires the City to pledge its annual Net Revenues (defined as gross revenues received during the period minus the amount required to pay all operation and maintenance costs payable during the period excluding depreciation) in an amount equal to at least 120% of the annual debt service requirement each fiscal year, through final maturity of the Bonds in October 2052 or early retirement of the Bonds, whichever first occurs. No principal payments were made and interest payments of \$1,023,073 were made in the current year. Net Water revenues for the fiscal year ended June 30, 2024, were \$13,091,784, resulting in a revenue source to debt service ratio of 1,279%.

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Pledged Revenues (Continued)

The Trust Indenture for the 2021 Water California State Water Resources Control Board Loan requires the City to pledge its annual Net Revenues (defined as gross revenues received during the period minus the amount required to pay all operation and maintenance costs payable during the period excluding depreciation) in an amount equal to at least 120% of the annual debt service requirement each fiscal year, through final maturity of the Bonds in October 2052 or early retirement of the Bonds, whichever first occurs. No principal payments were made and interest payments of \$296,044 were made in the current year. Net Water revenues for the fiscal year ended June 30, 2024, were \$13,091,784, resulting in a revenue source to debt service ratio of 4,422%.

The Trust Indenture for the 2020 I-Bank Wastewater Loan requires the City to pledge its annual Net Revenues (defined as gross revenues received during the period minus the amount required to pay all operation and maintenance costs payable during the period excluding depreciation) in an amount equal to at least 125% of the annual debt service requirement each fiscal year, through final maturity of the Bonds in August 2050 or early retirement of the Bonds, whichever first occurs. Principal payments of \$83,758 and interest payments of \$82,417 were made in the current year for a debt service total of \$166,175 was applied against this indenture for the fiscal year ended June 30, 2024. The current year Wastewater revenues were \$5,127,112, resulting in a revenue source to debt service ratio of 3,085%.

The Trust Indenture for the 2023 Water Infrastructure and Finance Innovation Act ("WIFIA") requires the City to pledge the amount of Net Revenues, excluding amounts in the Rate Stabilization Fund, as shown by the books of the City for the Base Year, plus, at the option of the City and additional revenues, are at least equal to 120% of the amount of the maximum. No principal or interest payments were made in the current year. Net Water Revenues for the fiscal year ended June 30, 2024 were \$13,091,784. The City met the ratio requirement.

Events of Default and Acceleration Clauses

For the City's lease revenue bonds, loans and revenue bonds, the City is considered to be in default if the City fails to pay the principal of and interest on the outstanding long-term debt when become due and payable. If an event of default has occurred and is continuing, the aggregate principal of the long- term debt, together with the accrued interest, may be declared due and payable immediately.

C. Leases Payable

The City leases vehicles and property in the business-type activities. The leases have interest rates between 4.75% and 8.75%. The value of the right-to-use leased assets as of the end of the current fiscal year was \$2,652,946. Leases payable outstanding at June 30, 2024 were \$2,486,980.

Note 8 – Long-Term Debt (Continued)

D. Fiduciary Activities

The following table summarizes the fiduciary activities long-term debt for the year ended June 30, 2024:

Description/Purpose	Maturity	Interest Rates	Annual Principal Installments		inal Issue mount	Balan	ce at June 30, 2024
2004 Tax Allocation Bonds Refinanced Redevelopment Agency earthquake recovery and reconstruction bonds	10/1/05-10/1/31	2.5% - 4.625%	\$120,000 - \$320,000	\$	5,245,000	\$	2,190,000
2011 Taxable Housing Tax Allocation Bonds, Series A To fund housing-related projects in the Merged Earthquake Reconstruction Project Area ("Project Area")	10/1/11 - 10/1/24	6.59%	\$220,000 - \$880,000 Total long-term debt	\$ - Fiduciar	8,250,000 y Activities	\$	880,000 3,070,000

As of June 30, 2024, the future debt service requirements to maturity for outstanding debt were:

												Amount
	Bal	lance July 1,					Bal	ance June 30,	Aı	mount Due	Due	in More Than
		2023	A	dditions	F	Retirements		2024	Witl	hin One Year		One Year
Tax allocation bonds	\$	4,115,000	\$	-	\$	(1,045,000)	\$	3,070,000	\$	1,110,000	\$	1,960,000
Total	\$	4,115,000	\$	-	\$	(1,045,000)	\$	3,070,000	\$	1,110,000	\$	1,960,000

As of June 30, 2024, future debt service requirements to maturity for outstanding debt were:

	Tax Allocation Bonds									
For Year Ending June 30,	Principal	Interest								
2025	\$ 1,110,000	\$	124,130							
2026	245,000		84,446							
2027	255,000		73,196							
2028	265,000		61,364							
2029	280,000		48,794							
2030-2032	 915,000		64,865							
Totals	\$ 3,070,000	\$	456,795							

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low-and-Moderate-Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low-and-Moderate-Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$3,526,795 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the City and Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$1,104,641, and the debt service payments on the bonds was \$1,045,000 of principal payments on the 2011 Taxable Tax Allocation Bond Series B, and 2011 Tax-Exempt Tax Allocation Bond Series C Fiscal Year 2021.

Note 8 – Long-Term Debt (Continued)

E. Conduit Debt

During the fiscal year ended June 30, 2003, the Former Redevelopment Agency (Agency) issued variable rate demand multifamily housing revenue bonds to provide funding for loans made to Santa Cruz Shaffer Road Investors L.P., and 1010 Pacific Investors L.P. (both California limited partnerships). The revenue bonds were used to finance a portion of the costs of building a 206-unit multifamily residential development and for the rehabilitation and equipping of a 113-unit multifamily residential development within the City limits. The housing facilities are to be occupied by persons of low and very low income, to the extent required by federal tax law.

The bonds were issued under a Trust Indenture, dated July 1, 2002 between the Agency, and Wells Fargo Bank, National Association, as trustee. For the Shaffer Road Apartments, the Agency issued 2002 Series A bonds in the amount of \$29,925,000 and 2002 Series A-T bonds in the amount of \$985,000. The 2002 Series A-T bonds were called in full on March 15, 2011. For the 1010 Pacific Avenue Apartments, 2002 Series B bonds in the amount of \$21,650,000 were issued. As of June 30, 2024, the total amounts outstanding for all the 2002 Bonds were as follows: \$24,425,000 for Series A and \$16,495,000 for Series B. The remaining bonds mature on August 15, 2035. The bonds and interest are limited obligations of the Agency, payable solely from the "trust estate," which is specifically assigned and pledged to such purposes to the extent provided in the Official Statements.

During the fiscal year ended June 30, 2008, the Agency issued multifamily housing revenue bonds to provide funding for loans made to Tannery Artists Lofts Limited Partnership (a California Limited Partnership). The revenue bonds were used to finance the Borrower's construction and development of a 100-unit multifamily housing rental facility to be located within the City limits. The housing facilities are to be occupied by persons of low and very low income, to the extent required by federal tax law.

The bonds were issued under a Master Agency Agreement, dated August 1, 2007 between the Agency and Chase Bank. For the Tannery Artists Lofts, the Agency issued 2007 Series A-1 bonds in the amount of \$4,195,000, which mature March 1, 2045. The balance of the Series A-1 bonds was \$3,250,304 at June 30, 2024. The bonds and interest are limited obligations of the Agency, payable solely from the "trust estate," which is specifically assigned and pledged to such purposes to the extent provided in the Official Statements.

Note 9 – Compensated Absences

The change in compensated absences during the year ended June 30, 2024 was as follows:

									Classi	ficati	on
		Balance					Balance	D	ue within	Dι	ie in More
	Jı	ıly 1, 2023	 Additions	Deletions		June 30, 2024		One Year		Than One Yea	
Governmental activities	\$	5,170,499	\$ 5,717,580	\$	(5,977,446)	\$	4,910,633	\$	3,273,755	\$	1,636,878
Business-type activities		1,994,099	 2,465,829		(2,696,750)		1,763,178		1,175,452		587,726
Total	\$	7,164,598	\$ 8,183,409	\$	(8,674,196)	\$	6,673,811	\$	4,449,207	\$	2,224,604

Note 10 – Risk Management and Self-Insurance

The City has established a Risk Management Fund (an internal service fund) to account for a self-insurance program. For the period ending June 30, 2024, the City was self-insured for workers' compensation up to \$500,000 per occurrence and for general liability up to \$1,000,000 per occurrence. Claims in excess of these amounts are insured. The City is also completely self-insured for unemployment insurance, vision, and dental insurance claims; Unemployment is accounted for in the General Fund and the self-insurance for vision and dental is accounted for in the Risk Management Internal Service Fund. The City contracts with outside administrators to administer these programs.

In January 1997, the City joined the Authority for California Cities Excess Liability ("ACCEL"). ACCEL is a joint powers authority organized under the provisions of Section 6500 et. seq. of the California Government Code for the purpose of establishing a risk management pool for certain California municipalities. ACCEL began operations in 1986 and provides certain limited coverage for catastrophic general liability, automobile liability and public official errors and omission losses. ACCEL operates a liability risk pooling program which is subject to an annual independent financial audit and biennial actuarial study. ACCEL is governed by a thirteen member Board of Directors. Each member agency, including the City, appoints a representative to the Board of Directors. ACCEL is funded by its member participants and, at the discretion of its Board of Directors, may assess the members for additional premiums (in an unlimited amount) in the event the assets at any time are insufficient to discharge its liabilities.

ACCEL's day-to-day operations are administered by Alliant Insurance Services, Inc. (Alliant) contracted by ACCEL to provide accounting, risk consulting, insurance brokerage, and program administration services. Alliant's responsibility also includes the administration of policies and procedures as set forth by the ACCEL Joint Powers Authority Agreement, By-laws, and by the Board of Directors.

ACCEL has a retrospective rated refund liability plan which represents the amount of equity that is eligible for return to the Members of the pool. The liability is computed as the amount of the premiums paid in the pool, plus investment income earned in excess of the estimated losses and loss expenses calculated separately for each program year and Member. Members are eligible to receive distributions of equity (retro-refunds) five years after the end of the program year. At the June 2021 Board of Directors meeting, a retro calculation resulted in an initial available amount of \$7,773,185. The Board of Directors took action to restrict 100% of the available funds, resulting in a final retro liability of \$0. The amount of retrospectively rated refund that was retained in the name of the City was \$0. At June 30, 2024, claims outstanding against the City are \$19,556,311.

As of June 30, 2024, coverage provided by self-insurance, purchased insurance, and excess coverage is generally summarized as follows:

Type of Coverage	Self-Insured Retention	Excess Insurance
General liability	\$1,000,000 per occurrence	\$75,000,000 aggregate
Workers' compensation	\$500,000 per occurrence	Statutory limits
Property of others	\$1,000 per occurrence	\$1,000,000,000 aggregate
Boiler and machinery	\$5,000 per occurrence	\$100,000,000 aggregate
Pollution liability	\$100,000 per occurrence	\$25,000,000 aggregate
Crime	\$25,000 per occurrence	\$1,000,000 aggregate
Cyber liability	\$50,000 per occurrence	\$25,000,000 aggregate
Watercraft	\$1,000 per occurrence	\$1,000,000 aggregate

There were no significant reductions in insurance coverage. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

The Successor Agency is also covered under the City's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency.

Note 10 – Risk Management and Self-Insurance (Continued)

Changes in the balances of claims liability for the last three fiscal years were as follows:

	Begi	nning of Fiscal	Claim	s and Changes				Due in More				
	Y	ear Liability	in	Estimates	Cla	Claim Payments Year End		Year End		e in One Year	One Year	
2021-2022	\$	13,538,618	\$	7,256,079	\$	(3,473,499)	\$	17,321,198	\$	4,959,169	\$	12,362,029
2022-2023		17,321,198		1,369,678		(128,236)		18,562,640		5,113,675		13,420,477
2023-2024		18,562,640		1,165,512		(171,841)		19,556,311		5,142,163		14,414,148

Note 11 – Retirement Plans

<u>Summary</u>

As of and for the year ended June 30, 2024, the City reported the following pension items:

	Governmental Activities		Business-Type Activities		 Total
Deferred outflows of resources:		_		_	_
Pension contribution made after measurement date:					
CalPERS Miscellaneous	\$	7,951,323	\$	8,292,442	\$ 16,243,765
CalPERS Safety		11,136,212			11,136,212
Total pension contribution made after measurement date		19,087,535		8,292,442	 27,379,977
Changes in assumptions					
CalPERS Miscellaneous		2,307,435		2,406,427	4,713,862
CalPERS Safety		6,027,012		-	 6,027,012
Total change in assumptions		8,334,447		2,406,427	10,740,874
Projected earnings on pension plan investments in excess of actual earnings:					
CalPERS Miscellaneous		8,647,581		9,018,570	17,666,151
CalPERS Safety		14,132,557			 14,132,557
Total projected earnings on pension plan investments in excess of actual earnings		22,780,138		9,018,570	31,798,708
Adjustment due to difference in proportions					
CalPERS Safety		3,214,257			3,214,257
Total adjustment due to difference in proportions		3,214,257		_	 3,214,257
Difference between expected and actual experience					
CalPERS Miscellaneous		1,230,465		1,283,254	2,513,719
CalPERS Safety		6,932,871		_	6,932,871
Total difference between expected and actual experience		8,163,336		1,283,254	9,446,590
Employer contributions in excess of proportionate share of contributions					
CalPERS Safety		754,490		-	 754,490
Total employer contributions in excess of proportionate share of contributions		754,490		_	754,490
Total deferred outflows of resources					
CalPERS Miscellaneous		20,136,804		21,000,693	41,137,497
CalPERS Safety		42,197,399		_	 42,197,399
Total deferred outflows of resources	\$	62,334,203	\$	21,000,693	\$ 83,334,896
Net pension liabilities:					
CalPERS Miscellaneous	\$	63,823,328	\$	66,561,407	\$ 130,384,735
CalPERS Safety		103,270,625			103,270,625
Total net pension liabilities	\$	167,093,953	\$	66,561,407	\$ 233,655,360

Note 11 – Retirement Plans (Continued)

Governmental Activities		Business-Type Activities			Total
\$	3,623,027	\$	-	\$	3,623,027
	3,623,027		-		3,623,027
	3,623,027		-		3,623,027
\$	3,623,027	\$	-	\$	3,623,027
\$	12,796,853	\$	13,345,850	\$	26,142,703
	17,574,103		-		17,574,103
\$	30,370,956	\$	13,345,850	\$	43,716,806
	\$	\$ 3,623,027 3,623,027 3,623,027 \$ 3,623,027 \$ 12,796,853 17,574,103	\$ 3,623,027 \$ 3,623,027 \$ 3,623,027 \$ 3,623,027 \$ \$ 12,796,853 \$ 17,574,103	\$ 3,623,027 \$ - 3,623,027 - 3,623,027 - \$ 3,623,027 - \$ 3,623,027 \$ - \$ 12,796,853 \$ 13,345,850 17,574,103 -	Activities Activities \$ 3,623,027 \$ - \$ 3,623,027 - \$ 3,623,027 - \$ \$ 3,623,027 \$ - \$ \$ 12,796,853 \$ 13,345,850 \$ 17,574,103 - \$ 17,574,103 - \$ 17,574,103 - \$ 17,574,103

CalPERS Miscellaneous and Safety Employees' Pension Plans

The City contributes to the California Public Employee Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. The miscellaneous employees of the City are part of a three-tier agent multiple-employer defined benefit pension plan. The safety plan consists of individual six-tier cost sharing plans within the safety risk pool. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans administered by CalPERS. Benefit provisions under the Plans are established by State statute and City resolutions. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, and assumptions at the CalPERS website.

A. Miscellaneous Plan

Plan Description

The City contributes to the California Public Employees Retirement System (CalPERS), an agent multiple employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' Annual Financial Report may be obtained from CalPERS' website.

Benefits Provided

Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are, generally, eligible to retire at age 50 with statutorily reduced benefits. 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 Public Employees' Retirement Law.

Note 11 – Retirement Plans (Continued)

A. Miscellaneous Plan (Continued)

Benefits Provided (Continued)

The Plan provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Tier 1	Tier 2	Tier 3
Hire Date	Prior to 5/12/2012	Prior to 5/12/2012	Prior to 5/12/2012
Benefit formula	2.0% @ 55	2.0% @ 55	2.0% @ 55
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Minimum retirement age	50	50	52
Required employer contribution rates	10.61%	10.61%	10.61%
Required employee contribution rates	7.25%	7.25%	7.25%

Additional employer contributions of \$9,592,385 of UAL were made at the beginning of the year.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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 the 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. The net pension liabilities have been paid out through contributions by the fund employees worked for which was mainly by the General Fund in the prior years.

Employees Covered

At June 30, 2024, the following employees were covered by the benefit terms for Miscellaneous Plan.

Member Type	Miscellaneous Plan
Active members	684
Transferred embers	331
Separated members	400
Retired members and beneficiaries	1,008
Total	2,423

Note 11 – Retirement Plans (Continued)

A. Miscellaneous Plan (Continued)

<u>Actuarial Assumptions</u>

For the measurement period ended June 30, 2023, (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022, total pension liability. The June 30, 2022, total pension liabilities were based on the following actuarial methods and assumptions.

Valuation Date June 30, 2022

Measurement Date June 30, 2023

Actuarial Cost Method Entry Age Normal

Asset Valuation Method Fair Value of Assets

Actuarial Assumptions:

Discount Rate 6.90% Inflation 2.50%

Salary Increases Varies by Entry Age and Service

Investment Rate of Return 6.90%

Mortality Rate Table Derived using CALPERS'

membership data for all Funds

Post Retirement Benefit Increase Contract COLA up to 2.50% until

purchasing power protection allowance floor on purchasing power applies, 2.50%

thereafter

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the current 6.90% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Note 11 – Retirement Plans (Continued)

A. Miscellaneous Plan (Continued)

Discount Rate (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Strategic Allocation	Real Return
Global equity - cap-weighted	30.00%	4.45%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment-grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	100.00%	

Changes in Net Pension Liability

The following table shows the changes in net pension liability for the Miscellaneous Plan recognized over the measurement period:

	Increase (Decrease)						
		Total Pension Liability		Plan Fiduciary Net Position		Net Pension Liability	
Balance at June 30, 2022	\$	498,577,253	\$	373,755,982	\$	124,821,271	
Service cost		9,712,541		-		9,712,541	
Interest on the total pension liability		34,137,688		-		34,137,688	
Changes of benefit terms		676,803		-		676,803	
Changes of assumptions		-		-		-	
Differences between expected and							
actual experience		3,002,001		-		3,002,001	
Plan to plan resource movement		-		-		-	
Contributions from the employer		-		15,017,945		(15,017,945)	
Contributions from employees		-		4,035,934		(4,035,934)	
Net investment income (loss)		-		23,186,533		(23,186,533)	
Benefit payments, including							
refunds of employee contributions		(24,726,428)		(24,726,428)		-	
Administrative expense		_		(274,843)		274,843	
Net changes		22,802,605		17,239,141		5,563,464	
Balance at June 30, 2023	\$	521,379,858	\$	390,995,123	\$	130,384,735	

City of Santa Cruz

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2024

Note 11 – Retirement Plans (Continued)

A. Miscellaneous Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Discount Rate - 1%		Cui	rrent Discount	Dis	scount Rate +
	(5.90%)		Rate (6.90%)		1	1% (7.90%)
Net Pension Liability	\$	197,249,594	\$	130,384,735	\$	74,932,871

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

For the year ended June 30, 2024, the City recognized pension expense of \$26,142,703 for the Miscellaneous Plan and the City contributed \$16,243,765. At June 30, 2024 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Defe	erred Outflows	Deferre	ed Inflows of
Miscellaneous Plan		f Resources	Resources	
Pension contributions subsequent to the measurement date	\$	16,243,765	\$	-
Changes of assumptions		4,713,862		-
Differences between expected and actual experience		2,513,719		-
Net difference between projected and actual earnings on				
pension plan investments		17,666,151		-
Total	\$	41,137,497	\$	-

The \$16,243,765 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, 2025. 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 Ending June	Outf	lows/(Inflows)	
30,	0	f Resources	
2025	\$	9,343,525	
2026		2,748,470	
2027	12,324,45		
2028	477,27		
2029		-	
Thereafter		-	
Total	\$	24,893,732	

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2024, the City reported no payables outstanding to the pension plan.

Note 11 – Retirement Plans (Continued)

B. Safety Plans

Plan Description

The City contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer public employee defined benefit plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from CalPERS website.

Benefits Provided

Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are generally eligible to retire at age 50 with statutorily reduced benefits. 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 Public Employees' Retirement Law. The Plan provisions and benefits in effect at June 30, 2024, are summarized as follows:

<u>Police</u>	Tier 1	Tier 2	Tier 3
Hire Date	Prior to 9/3/2011	9/3/2011 - 12/31/2012	After 12/31/2012
Benefit formula - sworn	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit formula - non-sworn	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Minimum retirement age - sworn	50	50	50
Minimum retirement age - non-sworn	50	50	52
Required employer contribution rates - sworn	29.09%	24.79%	14.50%
Required employer contribution rates - non-sworn	10.61%	10.61%	10.61%
Required employee contribution rates - sworn	9.00%	9.00%	13.75%
Required employee contribution rates - non-sworn	7.25%	7.25%	7.25%
<u>Fire</u>	Tier 1	Tier 2	Tier 3
Hire Date	Prior to 9/3/2011	9/3/2011 - 12/31/2012	After 12/31/2012
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Minimum retirement age	50	50	50
Required employer contribution rates	29.09%	24.79%	14.50%
Required employee contribution rates	9.00%	9.00%	13.75%

Additional employer contributions of \$6,547,201 of UAL was made at the beginning of the year.

Note 11 – Retirement Plans (Continued)

B. Safety Plans (Continued)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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 the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The net pension liabilities have been paid out through contributions by General Fund in the prior years.

<u>Pension Liabilities, Pension Contributions, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions</u>

As of June 30, 2024, the City reported a liability of \$103,270,625 for its proportionate share of the Plan's net pension liability. The City's contribution to the Safety plan for the year ended June 30, 2024, was \$11,136,212 and recognized a pension expense in the amount of \$17,574,103. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023, using standard update procedures. The City's net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability of its risk pool with CalPERS. The City's proportion of the net pension liability was based on CalPERS' Public Agency Cost-Sharing Allocation Methodology Report, which can be obtained on the CalPERS website.

The City's proportionate share of the cost-sharing net pension liability for the Safety Plan as of June 30, 2023 (measurement date) was as follows:

	Proportion - June	Proportion - June	Change - Increase
	30, 2023	30, 2022	(Decrease)
Safety Plan	1.38156%	1.38830%	-0.00674%

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Defer	red Outflows of	Deferred Inflows of	
Safety Plan	Resources			Resources
Pension contributions subsequent to the				
measurement date	\$	11,136,212	\$	-
Changes of assumptions		6,027,012		-
Differences between expected and actual experience		6,932,871		-
Difference in actual contribution and proportionate				
share of contributions		754,490		(3,623,027)
Changes in proportion		3,214,257		-
Net difference between projected and actual earnings on				
pension plan investments		14,132,557		-
Total	\$	42,197,399	\$	(3,623,027)

Note 11 – Retirement Plans (Continued)

B. Safety Plans (Continued)

Pension Liabilities, Pension Contributions, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The contributions of \$11,136,212 were made subsequent to the measurement date and will be recognized in June 30, 2025. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Deferred			
	Outflows/(Inflows)			
Fiscal Year	О	f Resources		
2025	\$	9,043,934		
2026		6,378,032		
2027		11,621,729		
2028		394,465		
Total	\$	27,438,160		

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2023, (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022, total pension liability. The June 30, 2023, total pension liabilities were based on the following actuarial methods and assumptions:

Valuation Date June 30, 2022 Measurement Date June 30, 2023 Actuarial Cost Method Entry Age Normal Asset Valuation Method Fair Value of Assets

Actuarial Assumptions:

Discount Rate 6.90% Inflation 2.50%

Varies by Entry Age and Service Salary Increases

Investment Rate of Return 6.90%

Mortality Rate Table Derived using CALPERS' membership data for all Funds Post Retirement Benefit Increase Contract COLA up to 2.50% until purchasing power protection

allowance floor on purchasing power applies, 2.50% thereafter

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

City of Santa Cruz

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2024

Note 11 – Retirement Plans (Continued)

B. Safety Plans (Continued)

Discount Rate (Continued)

The long-term expected rate of return on pension plan investments was determined using a building - block method in which best-estimate ranges of 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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Strategic Allocation	Real Return
Global equity - cap-weighted	30.00%	4.45%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment-grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	100.00%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Disc	count Rate - 1%	Current Discount		Dis	count Rate +
	(5.90%)		Rate (6.90%)		1	% (7.90%)
Net Pension Liability	\$	151,463,018	\$	103,270,625	\$	63,869,915

Note 11 – Retirement Plans (Continued)

B. Safety Plans (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2024, the City reported no payables outstanding to the pension plan.

Note 12 – Other Post-Employment Retirement Benefits (OPEB)

A. Summary

As of and for the year ended June 30, 2024, the City recorded the following OPEB-related items:

	Governmental Activities		Business-Type Activities		 Total
Deferred outflows of resources:					
Contributions made after measurement date	\$	1,169,118	\$	442,570	\$ 1,611,688
Changes in assumptions		3,497,615		1,324,022	4,821,637
Difference between expected and actual experience		51,273		19,409	70,682
Projected earnings on pension plan investments in excess of actual earnings		157,841		59,750	217,591
Total deferred outflows of resources	\$	4,875,847	\$	1,845,751	\$ 6,721,598
Net OPEB liability	\$	30,535,516	\$	11,559,212	\$ 42,094,728
Deferred inflows of resources:					
Changes in assumptions	\$	6,768,314	\$	2,562,144	\$ 9,330,458
Difference between expected and actual experience		1,660,697		628,657	2,289,354
Total deferred inflows of resources	\$	8,429,011	\$	3,190,801	\$ 11,619,812
OPEB expense (credit):	\$	2,292,765	\$	867,925	\$ 3,160,690

B. Retiree Medical Plan Description

The City of Santa Cruz Post-Retirement Health Care Plan is an agent-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS). The Plan provides healthcare insurance benefits to eligible retirees. The City Council and unions have the authority to negotiate and amend benefit provisions to the Retiree Medical Incentive after City Council approval. The City contributes the Public Employees' Medical and Hospital Care Act ("PEMHCA") minimum required employer contribution of \$151 per month for calendar year 2023, and \$153 per month for calendar year 2024 towards the retiree monthly premium for eligible retirees participating in PEMHCA. The City also pays a 0.24%-of-premium administrative fee to PEMCA for each retiree. The Plan does not issue a financial report because no assets were accumulated in a trust fund.

City of Santa Cruz

Notes to the Basic Financial Statements (Continued) For the Year Ended June 30, 2024

Note 12 – Other Post-Employment Retirement Benefits (OPEB) (Continued)

B. Retiree Medical Plan Description (Continued)

All part-time and full-time regular employees that meet specified Memorandum of Understanding (MOU) continuous service and minimum age requirements are also eligible to receive a Retiree Medical Incentive. Employees must meet the following minimum eligibility requirements:

- Service Ten years of continued service with the City and be at least 55 years of age.
- Supervisor Ten years of continued service with the City and be at least 55 years of age.
- Management Five years of continued service with the City and be at least 50 years of age.
- Public Safety Five years of continued service with the City and be at least 50 years of age.

Retiree medical incentives will be provided until the retiree becomes eligible for Medicare or discontinues CalPERS medical coverage.

C. Employees Covered

At June 30, 2024, the following employees were covered by the benefit terms for the OPEB plan:

Active employees	826
Active employees or beneficiaries currently receiving benefits payments	312
	1,138

D. Contributions

The City is currently contributing to OPEB on a pay-as-you-go basis. OPEB liabilities will be paid by the fund for which the employee worked. Actuarial assumptions assume pay-as-you-go funding will continue. In fiscal year 2024, the City made benefit payments in the amount of \$1,611,688 excluding the implicit subsidy. The Net OPEB liabilities have been paid out through contributions by the fund where the employee worked which mainly was the General Fund in the prior years.

E. Assumption

The City's total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation dated June 30, 2022 that was based on the following actuarial methods and assumptions:

Actuarial cost method	Entry Age, Level Percent of Pay
Valuation of Fiduciary	Fair value of assets
Net Position	rair value of assets
Expected return on Plan	5.75%
Investments	3.73%
Discount Rate	4.25%
Inflation	2.50%
Salary Increases	3.00%
Mortality Rate	Pre-retirement and Post-retirement Mortality Rates for Public
	Agency Miscellaneous from CalPERS Experience Study (2000-
	2019)
	Pre-retirement and Post-retirement Mortality Rates for Public Agency Police from CalPERS Experience Study (2000-2019)
Healthcare Trend Rate	6.50% for 2022, 6.00% for 2023, 5.5% for 2024, 5.25% for 2025-2029, 5% for 2030-2039, 4.75% for 2040-2049, 4.5% for 2050-2069, and 4% for 2070 and later years

Note 12 – Other Post-Employment Retirement Benefits (OPEB) (Continued)

F. Changes in Net OPEB Liability

At June 30, 2024 (measurement date 2023), the change in the net OPEB liability was as follows:

	Increase (Decrease)					
	Total OPEB		Plan Fiduciary net		Net OPEB	
		Liability	Position		Liability	
Balance at June 30, 2022	\$	41,491,326	\$	3,907,542	\$	37,583,784
Changes recognized for the year:			1			
Service cost		2,559,751		-		2,559,751
Interest		1,990,959		-		1,990,959
Changes of benefit terms		-		-		-
Differences between expected and actual experience		-		-		-
Changes of assumptions		1,795,445		-		1,795,445
Contributions		-		1,556,203		(1,556,203)
Net investment income		-		282,379		(282,379)
Administrative expenses		-		(3,371)		3,371
Benefit payments		(1,556,203)		(1,556,203)		_
Net Changes		4,789,952		279,008		4,510,944
Balance at June 30, 2023	\$	46,281,278	\$	4,186,550	\$	42,094,728

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected tenyear compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

	Assumed Asset	
Asset Class	Allocation	Real Rate of Return
Broad U.S. Equity	45.00%	4.40%
Global ex-U.S. Equity	5.00%	4.80%
U.S. Fixed	50.00%	1.80%
	100.00%	

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower (3.25%) or one percentage point higher (5.25%) than the current rate, for year ended June 30, 2024:

Net OPEB Liability						
Current Discount						
Dis	scount Rate	Rate Discount Rate				
-1	% (3.25%)		(4.25%)	+	1% (5.25%)	
\$	47,885,792	\$	42,094,728	\$	37,238,010	

Note 12 – Other Post-Employment Retirement Benefits (OPEB) (Continued)

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage higher than the current rate, for year ended June 30, 2024:

Net OPEB Liability					
Trend Rate	Curr	ent Healthcare	7	Γrend Rate	
-1%	Cost Trend Rate			+1%	
\$ 35,761,334	\$	42,094,728	\$	50,040,265	

I. Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in Net OPEB liability are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in the future OPEB expense. For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$3,160.690.

	Deferred Outflows		Deferred Inflows		
Contributions subsequent to measurement date	\$	1,611,688	\$	-	
Difference between expected and actual experience		70,682		(2,289,354)	
Difference between projected and actual return					
on investments		217,591		-	
Changes in assumptions		4,821,637		(9,330,458)	
	\$	6,721,598	\$	(11,619,812)	

As of fiscal year, ended June 30, 2024, the City reported deferred outflows of resources related to OPEB in the amount of \$1,611,688 for its benefit payments subsequent to the measurement date. This amount will be recognized as an OPEB expense in fiscal year 2025. Other amounts will be recognized to OPEB expenses as follows:

	Deferred			
Fiscal Year	Out	flows/Inflows		
2025	\$	(1,168,805)		
2026		(904,446)		
2027		(895,125)		
2028		(871,123)		
2029		(885,499)		
Thereafter		(1,784,904)		
	\$	(6,509,902)		

Note 13 – Landfill Closure and Post-Closure Costs

In accordance with requirements established by the Department of Resources, Recycling, and Recovery, the City has recognized a portion of the landfill's closure and post closure care (closure) costs. These cost estimates are based on the amount of landfill used to date. The estimated closure and corrective action costs are current estimates based on data provided by an independent consultant and are subject to changes in inflation, technological advancements, or regulatory changes.

Total estimated closure costs	\$ 5,057,718
Total estimated postclosure costs	 15,698,411
Total estimated closure and postclosure costs	\$ 20,756,129

The City has increased the landfill's capacity through excavations and plans to continue excavating in future years to increase capacity. At June 30, 2024, the estimated landfill closure cost liabilities of \$11,042,136 and estimated annual landfill closure cost adjustment of \$653,504 were calculated as follows:

Total estimated closure and postclosure costs	\$ 20,756,129
Percent of used capacity to total capacity	53.20%
Revised estimated total closure and postclosure costs liability	11,042,136
Previous closure costs accrued	(10,388,632)
Expense for closure and postclosure costs	\$ 653,504

The landfill has an estimated remaining capacity of 3,891,518 cubic yards and has a current projected closure date of 2054.

Based upon the requirements of the Department of Resources, Recycling, and Recovery, the City has set aside invested cash (including pooled cash interest receivable) to equal the respective liabilities in each fund. The net position in each fund is zero with the exception of the allowance for fair value adjustment account. The market value of the invested cash at June 30, 2024 was \$10,452,294, and is available to provide for closure and post closure costs. Total funds accumulated as of June 30, 2024, are comprised as follows:

Postclosure	 8,351,460
Total	\$ 11,042,136

Note 14 – Commitments and Contingencies

The City participates in a number of federally assisted grant programs, of which the principal grants are the Disaster Assistance Program, Community Development Block Grant (CDBG), Home Investments Partnership Program (HOME), and various Department of Justice and Department of Transportation grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies upon audit cannot be determined at this time, although the City expects such amounts to be immaterial.

The California Legislature granted tidal and submerged lands in trust to the City to be used for a number of statewide purposes in furtherance of navigation, commerce, and fisheries. In accordance with this legislation, revenues derived from the Wharf are required to be used for purposes permitted under the grant statute.

Note 14 – Commitments and Contingencies (Continued)

There are a number of lawsuits presently against the City. While the ultimate outcome of these lawsuits is not determinable, in the opinion of the City Attorney and City management, recovery from the City, if any, would not have a material effect on the accompanying financial statements.

At June 30, 2024, the amount of encumbrances within the governmental funds that are expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 3,658,617
General Capital Improvement	22,389,932
Other governmental funds	1,563,551

The following list of major commitments and open amounts on contracts consists of both governmental and enterprise fund projects within the Capital Investment Program as of June 30, 2024:

Major Commitments and Contracts	
West Cliff Drive Bethany Curve Culvert	\$ 9,245,372
GHWTP CC Tanks Replacement	5,193,764
Front-Spruce-Pacific-Sewer Main Rehab	5,146,388
NCD I/O Replacement Project	3,118,590
MB Sanctuary Scenic Trail - Rail Trail S	2,905,312
West Cliff Drive Stabilization	2,499,219
MB Sanctuary Scenic Trail -Segment 8 & 9	1,412,547
CES - Soquel Front Garage Solar	1,074,349
Solar PV Expansion at Corp Yard	1,054,059
Downtown Mixed Use Project	953,117
Total Commitments and Contracts	\$ 32,602,716

Note 15 - Net Position and Fund Balance

A. Net Investment in Capital Assets

At June 30, 2024, the net investment in capital assets category of net position consisted of the following:

	Governmental Activities	Business-Type Activities
Net investment in capital assets:		
Capital assets, nondepreciable	\$ 129,526,613	\$ 116,859,465
Capital assets, depreciable/amortizable, net	122,430,776	304,553,337
Long-term debt:		
2009 General Obligation Refunding Bonds	(3,118,046)	-
2017 Refunding 2007 Lease Revenue Bonds	(4,188,668)	-
2017 Refunding 2010 Refunding Lease Revenue Bonds, Series B	(1,599,444)	-
2012 Golf COP 13 Refunding	(1,101,744)	-
Public Works Loans Payable to PG&E - Direct Borrowing	(88,167)	-
2015 I-Bank Arterial Roads Loan - Direct Borrowing	(1,524,530)	-
2018 California Energy Commission Loan - Direct Borrowing	(936,244)	-
2023 California Energy Commission Loan - Direct Borrowing	(2,424,224)	-
2023 Site logiQ BofA Municipal Loan - Direct Borrowing	(3,721,000)	-
Leases Payable	(2,298,617)	(2,486,980)
Subscription liabilities	(795,416)	(96,981)
2014 Storm Water Refunding Revenue Bonds	-	(1,684,363)
2014 Water Revenue Bonds	-	(6,814,419)
2019 Water Revenue Bonds	-	(23,898,566)
2017 Refunding 2010 Parking Lease Revenue Bonds	-	(1,756,540)
2016 I-Bank Water Infrastructure Loan	-	(21,099,395)
2020 Water CA State Water Resources Control Board Loan	-	(83,740,423)
2020 I-Bank Wastewater Loan	-	(3,254,806)
2021 Water CA State Water Resources Control Board Loan	-	(28,404,927)
2023 Water Infrastructure and Finance Innovation Act - Direct Borrowing	-	(19,897,147)
2024 Water Fund Wells Fargo Line of Credit	-	(16,130,893)
Deferred charge on refunding	178,988	421,781
Unspent bond proceeds	16,100,951	1,243,612
Total net investment in capital assets	\$ 246,441,228	\$ 213,812,755

B. Fund Balance Classifications

The order of fund balance classification within each fund is determined by the fund's total nonspendable amount and remaining fund balance. All nonspendable funds such as inventories and prepaid expenditures must always be classified first, even if this action creates a deficit unassigned fund balance, and classifying funds under the remaining categories is not allowable if the action creates a deficit unassigned fund balance. Unless prohibited by legal requirements, the following fund balance category order should be used when classifying any remaining funds: restricted, committed, assigned, and unassigned. Approved by Council through resolution, Council has been designated as the highest authority to establish, modify, or rescind a fund balance commitment, and the authority to establish, modify or rescind fund balance assignments has been delegated to the City Manager or the Finance Director.

Note 15 - Net Position and Fund Balance (Continued)

B. Fund Balance Classifications (Continued)

On June 11, 2013, City Council adopted Resolution NS-28,655 which established an emergency contingency reserve equivalent to a minimum of two-months of the current fiscal year's Adopted Total General Fund Operating Expenditure Budget. City Council authorized the City Manager to maintain a minimum balance defined above through transfers of available ending fund balance after the budget is adopted but before the end of the fiscal year. The reserve may be used for expenditures in the event of a declaration of a state or federal state of emergency or a local emergency as defined in the City Charter's Municipal Code Section 612. At June 30, 2024, the City had \$6,458,446 unassigned pursuant to Resolution NS-28,655.

The emergency contingency can be used, if any one of the unforeseen and non-recurring events listed below occur that create significant financial difficulty for the City:

- a) Sudden and unexpected significant facility failures that threaten the immediate safety of City patrons, staff or the community;
- b) Declaration of a State of Emergency by the Governor;
- c) Acts of Terrorism declared by the Governor or the President of the United States; or
- d) Acts of Nature, which are infrequent in occurrence.

The following table shows the classifications of the City's fund balances at the end of June 30, 2024:

Fund Balance Category	G	eneral Fund		A Successor			overnmental		Total	
Nonspendable:						<u> </u>				
Interfund advances	\$	6,609,687	\$	_	\$	_	\$	_	\$	6,609,687
Noncurrent receivables	Ψ	2,644,518	Ψ	_	Ψ	_	Ψ	_	Ψ	2,644,518
Prepaid items		-,,		-		-		-		-,,
Total nonspendable		9,254,205		-		-		-		9,254,205
Restricted:				_				_		
Clean rivers, oceans, and beaches		-		-		-		1,960,868		1,960,868
Debt service		-		-		-		1,433,547		1,433,547
Hardship grants		282,227		-		-		449,054		731,281
Housing programs		-		12,832,907		-		4,078,284		16,911,191
Parks and Recreation		-		-		-		3,579,590		3,579,590
Police programs		-		-		-		3,472,856		3,472,856
Streets and roads		-		-		-		636,185		636,185
Traffic impact		-		-		-		1,417,752		1,417,752
Technology		-		-		-		232,323		232,323
Retiree benefits		9,661,530		_		-		-		9,661,530
Total restricted		9,943,757		12,832,907		-		17,260,459		40,037,123
Committed		18,552,507		-		8,343,978				26,896,485
Assigned										
ED stabilization policy		5,735,369		-		-				5,735,369
Total assigned		5,735,369		-		_				5,735,369
Unassigned		6,993,386		-				(513,793)		6,479,593
Total fund balances	\$	50,479,224	\$	12,832,907	\$	8,343,978	\$	16,746,666	\$	88,402,775

Note 15 – Net Position and Fund Balance (Continued)

C. Stewardship and Accountability

Unrestricted Net Position Deficit. At June 30, 2024, the governmental activities had an unrestricted net position deficit of \$106,560,713. This deficit primarily results from the recognition of long-term liabilities, including pension and other post-employment benefit (OPEB) obligations, which are required to be reported in accordance with GASB Statements No. 68 for pensions and No. 75 for OPEB.

Deficit fund equity. At June 30, 2024, the following funds had deficit fund equity, which will be reduced through recognition of future available revenues or transfers in from other funds.

Fund	Fund Type	Deficit
Lease Revenue Bond	Debt Service Fund	\$ (513,793)
Equipment Operations	Internal Service Fund	(2,949,869)

Excess Expenditures Above Appropriations. For the year ended June 30, 2024, the following funds had expenditures that exceeded appropriations:

Fund	Function		Expenditures ppropriations		
General Fund	General government				
	Finance	\$	29,324		
	Police		764,880		
	Interest and fiscal charges		2,988		
General Capital Improvement Capital Projects Fund	t Capital Projects Fund General government				
	Parks and recreation		621,391		
	Public works		3,178,023		
	Community and economic development		359,503		
	Interest and fiscal charges		103,388		
State Highway Special Revenue Fund	Public works		583,758		

Note 16 – Prior Period Adjustments

The City recorded the following adjustments to beginning balances at July 1, 2023:

	venue Fund	venue Fund *
Beginning of year, as previously reported fund balance Regroup certain City impact fee general ledger funds	\$ 1,220,432 (285,356)	\$ 1,110,906 285,356
Beginning of year, as restated, fund balance	\$ 935,076	\$ 1,396,262

^{*} Note: The Impact Fee Special Revenue Fund was called the Traffic Impact Fee Special Revenue Fund in the 2023 financial statements. The name has been changed to include public safety impact fees as well as traffic impact fees.

Note 17 – Subsequent Events

In August 2024, the City adopted a resolution authorizing approval of a financing agreement in an amount not to exceed \$41,352,000 with the California State Water Resources Control Board for the Newell Creek Pipeline Replacement Water Treatment Plant Project.

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Santa Cruz Notes to Required Supplementary Information For the Year Ended June 30, 2024

Budgetary Information

An annual budget is adopted by the City Council no later than the first regular meeting in July for the fiscal year beginning July first. As part of the budget process, all City departments submit budget requests for the next fiscal year. These requests are reviewed, and a final City Manager recommended budget showing estimated revenues and expenditures of the City is prepared. This proposed budget is transmitted to the City Council and made available to the public for review. Study sessions and a public hearing are conducted before final adoption of the budget by the City Council.

Transfers of appropriations between major expense categories within the same fund and department require the approval of the City Manager. Any new appropriation, appropriation transfer between funds or department, or transfers between Capital Investment Program projects over \$100,000 requires approval by the City Council. Several supplemental appropriations were necessary during the year and are reflected in the budget amounts in the financial statements. Expenditures may not legally exceed appropriations at the department level.

Under the City Charter, all unexpended appropriations shall lapse at the end of the fiscal year unless they are lawfully committed, or are required by law to be continuously appropriated from year to year.

Lawfully committed amounts include amounts legally encumbered at year end. 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 integration in the governmental fund types. Encumbrances outstanding at year-end do not constitute expenditures or liabilities, and re-appropriations in the subsequent year provide authority to complete these transactions as expenditures.

In addition, project-length (or non-lapsing) budgets are adopted for capital improvement and other projects, and grant-funded projects or programs that may not be completed within the fiscal year during which the budget appropriation for the project or program originates. Under these circumstances, the appropriation continues until project or program completion, or unless the appropriation is subsequently amended or rescinded by the City Council.

In the Budgetary Comparison Schedules, the "Original Budget" column includes the final adopted budget amounts. Reappropriations for prior year encumbrances and continuing appropriations for project length budgets automatically carried over from prior years are included in the "Final Budget" column.

The City Charter requires the City Council, upon recommendation of the City Manager and after providing sufficient funds to meet debt service and operating needs, to annual set aside in the enterprise funds an amount to be used for the acquisition and betterment of plant facilities. Such amounts, if any, would be shown in the financial statements as cash and investments held for betterment of plant facilities. No such funds were set aside during the year ended June 30, 2024. Budgets are adopted each year for all general, special revenue, debt service, and capital projects funds.

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City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual **General Fund**

For the Year Ended June 30, 2024

		Budgeted			Actual	Variance with Final Budget Favorable/		
REVENUES:		Original		Final		Amounts	((Jnfavorable)
	¢	01 407 125	ď	01 (77 127	¢.	02 210 972	ø	(22.745
Taxes Licenses and permits	\$	91,487,125 1,486,200	\$	91,677,127 1,486,200	\$	92,310,872 1,479,509	\$	633,745 (6,691)
Intergovernmental		797,684		26,251,213		1,594,253		(24,656,960)
Charges for services		32,804,850		32,726,528		36,193,595		3,467,067
Fines and forfeitures		1,183,600		1,183,600		1,603,711		420,111
Use of money and property		7,526,116		7,704,916		9,700,297		1,995,381
Other revenues		869,494		2,887,069		2,595,719		(291,350)
Total revenues		136,155,069		163,916,653		145,477,956		(18,438,697)
EXPENDITURES:								
Current:								
General government:								
City Council		552,890		901,477		859,979		41,498
City Manager		5,400,971		7,184,035		5,479,562		1,704,473
City Attorney		1,614,110		2,458,131		2,455,679		2,452
Human Resources		1,820,115		1,848,681		1,725,950		122,731
Finance		4,391,501		4,855,614		4,884,938		(29,324)
Information technology		6,471,829		6,706,966		6,386,539		320,427
total general government		20,251,416		23,954,904		21,792,647		2,162,257
Public safety:								
Police		34,337,282		34,118,341		34,883,221		(764,880)
Fire		24,433,707		24,662,799		24,504,162		158,637
total public safety		58,770,989		58,781,140		59,387,383		(606,243)
Parks and recreation		20,612,894		21,820,057		21,239,731		580,326
Library		1,814,751		2,214,546		2,214,546		-
Public works		11,094,414		15,180,497		11,602,436		3,578,061
Planning and community development		9,063,641		9,930,734		9,160,630		770,104
Economic development		4,277,606		15,674,292		5,368,347		10,305,945
Social services		5,089,514		13,628,886		9,150,654		4,478,232
Capital outlay		6,231,575		5,468,094		995,626		4,472,468
Debt Service:		1 001 400		1 012 452		2 020 220		(1.016.705)
Principal Interest and fiscal charges		1,991,400 422,917		1,813,453 107,002		2,830,238 109,990		(1,016,785) (2,988)
Total expenditures		139,621,117		168,573,605		143,852,228		24,721,377
REVENUES OVER (UNDER) EXPENDITURES		(3,466,048)		(4,656,952)		1,625,728		6,282,680
OTHER FINANCING SOURCES (USES):								
Proceeds from issuance of leases payable		-		-		135,283		135,283
Transfers in		10,252,788		12,689,442		9,180,763		(3,508,679)
Transfers out		(8,122,699)		(31,527,504)		(12,373,838)		19,153,666
Total other financing sources (uses)		2,130,089		(18,838,062)		(3,057,792)		15,780,270
Net change in fund balance	\$	(1,335,959)	\$	(23,495,014)		(1,432,064)	\$	22,062,950
FUND BALANCE:								
Beginning of year						51,911,288		
End of year					\$	50,479,224		
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City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual RDA Successor Agency - LMIH Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Amounts Original Final					Actual Amounts	Fin Fa	riance with all Budget avorable/
		Juginai		гшаг		Amounts	(Un	favorable)
REVENUES:								
Intergovernmental	\$	-	\$	-	\$	989	\$	989
Charges for services		25,000		25,000		25,000		-
Use of money and property		139,712		139,712		229,285		89,573
Other revenues		_		_		1,000		1,000
Total revenues		164,712		164,712		256,274		91,562
EXPENDITURES:								
Current:								
Community and economic development		127,276		233,363		105,333		128,030
Capital outlay		-		43,064		-		43,064
Total expenditures		127,276		276,427		105,333		171,094
Net change in fund balance	\$	37,436	\$	(111,715)		150,941	\$	262,656
FUND BALANCE:								
Beginning of year						12,681,966		
End of year					\$	12,832,907		

City of Santa Cruz Schedule of Changes in the Net Pension Liability and Related Ratios - Miscellaneous Plan As of June 30, for the Last Ten Fiscal Years

Measurement period, year ended	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Total pension liability					
Service cost	\$ 9,712,541	\$ 9,012,357	\$ 8,396,388	\$ 7,885,876	\$ 7,900,459
Interest on total pension liability	34,137,688	32,660,579	31,498,485	30,039,327	28,954,157
Differences between expected and actual					
experience	3,002,001	1,537,155	3,840,186	(1,476,176)	2,306,451
Changes in assumptions Changes in benefit terms	676,803	14,141,584	-	-	-
Benefit payments, including refunds of employee	070,803	-	-	-	-
contributions	(24,726,428)	(23,862,469)	(22,293,785)	(20,931,911)	(19,455,950)
Net change in total pension liability	22,802,605	33,489,206	21,441,274	15,517,116	19,705,117
Total pension liability - beginning	498,577,253	465,088,047	443,646,773	428,129,657	408,424,540
Total pension liability - ending (a)	\$ 521,379,858	\$ 498,577,253	\$ 465,088,047	\$ 443,646,773	\$ 428,129,657
• 500					
Plan fiduciary net position					
Contributions - employer	15,017,945	13,501,287	12,056,643	11,514,417	10,017,877
Contributions - employee	4,035,934	3,872,768	3,381,764	3,647,909	3,376,687
Net investment income (loss)	23,186,533	(31,080,817)	77,048,877	16,613,297	20,786,561
Plan to plan resource movement	-	-	-	(24,593)	12,275
Administrative expenses	(274,843)	(256,391)	(341,367)	(467,161)	(226,122)
Other miscellaneous income/expense	-	-	-	-	718
Benefit payments	(24,726,428)	(23,862,469)	(22,293,785)	(20,931,911)	(19,455,950)
Net change in plan fiduciary net position	17,239,141	(37,825,622)	69,852,132	10,351,958	14,512,046
Plan fiduciary net position - beginning	373,755,982	411,581,604	341,729,472	331,377,514	316,865,468
Plan fiduciary net position - ending (b)	\$ 390,995,123	\$ 373,755,982	\$ 411,581,604	\$ 341,729,472	\$ 331,377,514
Net pension liability - ending (a)-(b)	\$ 130,384,735	\$ 124,821,271	\$ 53,506,443	\$ 101,917,301	\$ 96,752,143
Plan fiduciary net position as a percentage					
of the total pension liability	74.99%	74.96%	88.50%	77.03%	77.40%
Covered payroll	\$ 55,028,560	\$ 50,546,029	\$ 52,313,945	\$ 48,498,624	\$ 48,199,981
Net pension liability as a percentage of					
covered payroll	236.94%	246.95%	102.28%	210.14%	200.73%
Significant changes in assumptions:					
Discount rate	6.90%	6.90%	7.15%	7.15%	7.15%
Inflation rate	2.50%	2.50%	2.50%	2.50%	2.50%
					(Continued)

(Continued)

City of Santa Cruz Schedule of Changes in the Net Pension Liability and Related Ratios - Miscellaneous Plan (Continued) As of June 30, for the Last Ten Fiscal Years

Measurement period, year ended	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Total pension liability					
Service cost	\$ 7,783,394	\$ 7,610,704	\$ 6,591,034	\$ 6,361,790	\$ 6,509,468
Interest on total pension liability	27,583,659	26,530,096	25,672,408	24,481,828	23,328,077
Differences between expected and actual	02.022	(2.402.006)	(1.225.070)	(1.07(.012)	
experience Changes in assumptions	93,822 (2,696,137)	(3,403,096) 21,609,175	(1,235,979)	(1,976,012) (5,898,908)	-
Changes in benefit terms	(2,070,137)	-	-	(5,656,566)	-
Benefit payments, including refunds of employee					
contributions	(17,672,540)	(16,106,784)	(14,925,407)	(13,392,860)	(12,418,981)
Net change in total pension liability	15,092,198	36,240,095	16,102,056	9,575,838	17,418,564
Total pension liability - beginning	393,332,342	357,092,247	340,990,191	331,414,353	313,995,789
Total pension liability - ending (a)	\$ 408,424,540	\$ 393,332,342	\$ 357,092,247	\$ 340,990,191	\$ 331,414,353
Plan fiduciary net position					
Contributions - employer	\$ 17,249,540	\$ 8,246,952	\$ 7,535,401	\$ 6,695,193	\$ 6,556,875
Contributions - employee Net investment income (loss)	3,338,059 24,652,641	3,303,116 30,093,835	2,970,890 1,468,227	2,877,107 6,037,806	2,954,292 40,388,310
Plan to plan resource movement	(718)	244	1,408,227	(183,350)	40,388,310
Administrative expenses	(452,852)	(391,943)	(163,685)	(302,581)	_
Other miscellaneous income/expense	(859,975)	-	-	-	_
Benefit payments	(17,672,540)	(16,106,784)	(14,925,407)	(13,392,860)	(12,418,981)
Net change in plan fiduciary net position	26,254,155	25,145,420	(3,113,193)	1,731,315	37,480,496
Plan fiduciary net position - beginning	290,611,313	265,465,893	268,579,086	266,847,771	229,367,275
Plan fiduciary net position - ending (b)	\$ 316,865,468	\$ 290,611,313	\$ 265,465,893	\$ 268,579,086	\$ 266,847,771
Net pension liability - ending (a)-(b)	\$ 91,559,072	\$ 102,721,029	\$ 91,626,354	\$ 72,411,105	\$ 64,566,582
Plan fiduciary net position as a percentage					
of the total pension liability	77.58%	73.88%	74.34%	78.76%	80.52%
Covered payroll	\$ 47,026,728	\$ 44,898,260	\$ 42,997,153	\$ 41,057,056	\$ 40,191,826
Net pension liability as a percentage of					
covered payroll	194.70%	228.79%	213.10%	176.37%	160.65%
Significant changes in assumptions:					
Discount rate	7.15%	7.15%	7.65%	7.65%	7.50%
Inflation rate	2.50%	2.75%	2.75%	2.75%	2.75%
					(Concluded)

(Concluded)

City of Santa Cruz Schedule of Contributions - Miscellaneous Plan For the Last Ten Fiscal Years

Fiscal Year:	2023-24	2022-23	2021-22	2020-21	2019-20
Contractually determined contribution (actuarially determined)	\$ 16,243,765	\$ 15,017,115	\$ 13,501,287	\$ 12,514,417	\$ 11,511,262
Contributions in relation to the actuarially determined contributions	(16,243,765)	 (15,017,115)	 (13,501,287)	(12,514,417)	(11,511,262)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 56,541,845	\$ 55,028,560	\$ 50,546,029	\$ 52,313,945	\$ 48,498,624
Contributions as a percentage of covered payroll	28.73%	27.29%	26.71%	23.92%	23.74%

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age Normal
Amortization method/period Level percent of payroll

Asset valuation method Market value Inflation 2.30%

Salary increases Varies by entry age and service

Payroll growth 2.75% Discount rate 6.90%

(Continued)

City of Santa Cruz Schedule of Contributions - Miscellaneous Plan (Continued) For the Last Ten Fiscal Years

Fiscal Year:	2018-19	2017-18	2016-17	2015-16	2014-15
Contractually determined contribution (actuarially determined) Contributions in relation to the	\$ 10,017,851	\$ 9,241,056	\$ 8,246,665	\$ 7,450,526	\$ 6,695,193
actuarially determined contributions	(10,017,851)	(9,241,056)	(8,246,665)	(7,450,526)	(6,695,193)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 48,199,981	\$ 47,026,728	\$ 44,898,260	\$ 42,997,153	\$ 41,057,056
Contributions as a percentage of covered payroll	20.78%	19.65%	18.37%	17.33%	16.31%

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age Normal
Amortization method/period Level percent of payroll

Asset valuation method Market value Inflation 2.30%

Salary increases Varies by entry age and service

Payroll growth 2.75% Discount rate 6.90%

(Concluded)

City of Santa Cruz Schedule of Proportionate Share of the Net Pension Liability - Safety Plan As of June 30, for the Last Ten Fiscal Years

Measurement period, year ended	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Plan's proportion of the net pension liability	1.3816%	1.3883%	1.4283%	1.2252%	1.2252%
Plan's proportionate share of the net pension liability Plan's covered-employee payroll	\$ 103,270,625 \$ 16,858,315	\$ 95,398,088 \$ 16,407,119	\$ 50,126,040 \$ 15,967,999	\$ 81,628,137 \$ 16,204,876	\$ 74,225,347 \$ 16,620,902
Plan's proportionate share of the net pension liability as a percentage of covered-employee payroll	612.58%	581.44%	313.92%	503.73%	446.58%
Plan's fiduciary net position	\$ 248,031,444	\$ 238,058,667	\$ 257,997,571	\$ 212,136,105	\$ 205,395,045
Plan's fiduciary net position as a percentage of the total pension liability	70.60%	71.39%	83.73%	72.21%	73.45%
Plan's proportionate share of aggregate employer contributions	\$ 10,907,976	\$ 9,967,212	\$ 8,998,387	\$ 8,124,640	\$ 7,266,279
Significant changes in assumptions:					
Discount rate	6.90%	6.90%	7.15%	7.15%	7.15%
Inflation rate	2.50%	2.50%	2.50%	2.50%	2.50%
					(Continued)

City of Santa Cruz Schedule of Proportionate Share of the Net Pension Liability - Safety Plan (Continued) As of June 30, for the Last Ten Fiscal Years

6/30/2018		6/30/2017		6/30/2016		6/30/2015		6/30/2014
 1.1638%		112.8200%		1.1262%		1.0898%		1.0167%
\$ 68,287,671	\$	67,411,262	\$	58,326,239	\$	44,902,753	\$	38,137,949
\$ 18,450,275	\$	19,321,503	\$	18,222,345	\$	17,578,572	\$	16,480,683
370.12%		348.89%		320.08%		255.44%		231.41%
\$ 197,077,754	\$	182,678,118	\$	165,186,236	\$	166,159,648	\$	165,647,002
74.27%		73.05%		73.90%		78.73%		81.29%
\$ 6,330,925	\$	6,366,360	\$	5,913,845	\$	4,731,093	\$	4,593,294
7.15%		7.15%		7.65%		7.65%		7.50%
2.50%		2.75%		2.75%		2.75%		2.75%
\$ \$	\$ 68,287,671 \$ 18,450,275 370.12% \$ 197,077,754 74.27% \$ 6,330,925	1.1638% \$ 68,287,671 \$ \$ 18,450,275 \$ 370.12% \$ 197,077,754 \$ 74.27% \$ 6,330,925 \$	1.1638% 112.8200% \$ 68,287,671 \$ 67,411,262 \$ 18,450,275 \$ 19,321,503 370.12% 348.89% \$ 197,077,754 \$ 182,678,118 74.27% 73.05% \$ 6,330,925 \$ 6,366,360 7.15% 7.15%	1.1638% 112.8200% \$ 68,287,671 \$ 67,411,262 \$ 18,450,275 \$ 19,321,503 \$ 348.89% \$ 197,077,754 \$ 182,678,118 \$ 74.27% 73.05% \$ 6,330,925 \$ 6,366,360 \$ 7.15%	1.1638% 112.8200% 1.1262% \$ 68,287,671 \$ 67,411,262 \$ 58,326,239 \$ 18,450,275 \$ 19,321,503 \$ 18,222,345 370.12% 348.89% 320.08% \$ 197,077,754 \$ 182,678,118 \$ 165,186,236 74.27% 73.05% 73.90% \$ 6,330,925 \$ 6,366,360 \$ 5,913,845 7.15% 7.15% 7.65%	1.1638% 112.8200% 1.1262% \$ 68,287,671 \$ 67,411,262 \$ 58,326,239 \$ 18,450,275 \$ 19,321,503 \$ 18,222,345 \$ 370.12% 348.89% 320.08% \$ 197,077,754 \$ 182,678,118 \$ 165,186,236 \$ 74.27% 73.05% 73.90% \$ 6,330,925 \$ 6,366,360 \$ 5,913,845 \$ 7.15% 7.65%	1.1638% 112.8200% 1.1262% 1.0898% \$ 68,287,671 \$ 67,411,262 \$ 58,326,239 \$ 44,902,753 \$ 18,450,275 \$ 19,321,503 \$ 18,222,345 \$ 17,578,572 370.12% 348.89% 320.08% 255.44% \$ 197,077,754 \$ 182,678,118 \$ 165,186,236 \$ 166,159,648 74.27% 73.05% 73.90% 78.73% \$ 6,330,925 \$ 6,366,360 \$ 5,913,845 \$ 4,731,093 7.15% 7.15% 7.65% 7.65%	3.66.2010 3.66.2017 3.66.2016 3.66.2016 3.66.2016 3.66.2018

City of Santa Cruz Schedule of Contributions - Miscellaneous Plan For the Last Ten Fiscal Years

Fiscal Year:	2023-24	2022-23	2021-22	2020-21	2019-20
Contractually determined contribution (actuarially determined)	\$ 11,136,212	\$ 10,907,976	\$ 9,967,212	\$ 8,998,387	\$ 8,124,640
Contributions in relation to the actuarially determined contributions	(11,136,212)	(10,907,976)	(9,967,212)	(8,998,387)	(8,124,640)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 17,893,862	\$ 17,414,951	\$ 16,948,857	\$ 15,967,999	\$ 16,204,876
Contributions as a percentage of covered payroll	62.23%	62.64%	58.81%	56.35%	50.14%

City of Santa Cruz Schedule of Contributions - Miscellaneous Plan (Continued) For the Last Ten Fiscal Years

Fiscal Year:	2018-19	 2017-18	2016-17	2015-16	2014-15
Contractually determined contribution (actuarially determined)	\$ 7,266,279	\$ 6,330,925	\$ 6,366,360	\$ 5,913,845	\$ 4,731,093
Contributions in relation to the actuarially determined contributions	(7,266,279)	(6,330,925)	(6,366,360)	(5,913,845)	(4,731,093)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 16,620,902	\$ 18,450,275	\$ 19,321,503	\$ 18,222,345	\$ 17,578,572
Contributions as a percentage of covered payroll	43.72%	34.31%	32.95%	32.45%	26.91%

City of Santa Cruz Schedule of Changes in the Net OPEB Liability and Related Ratios As of June 30, for the Last Ten Fiscal Years ¹

Measurement period, year ending:	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Total OPEB liability				
Service cost	\$ 2,559,751	\$ 3,453,407	\$ 2,808,910	\$ 2,636,320
Interest	1,990,959	1,330,358	1,391,582	1,427,248
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	91,472	-	(4,007,945)
Changes of assumptions	1,795,445	(11,610,576)	3,291,972	1,104,915
Benefit payments, including refunds of member contributions	 (1,556,203)	(1,383,760)	(1,387,130)	(1,226,765)
Net change in total OPEB liability	4,789,952	(8,119,099)	6,105,334	(66,227)
Total OPEB liability - beginning	41,491,326	49,610,425	43,505,091	43,571,318
Total OPEB liability - ending (a)	\$ 46,281,278	\$ 41,491,326	\$ 49,610,425	\$ 43,505,091
OPEB fiduciary net position				
Contributions - employer	\$ 1,556,203	\$ 1,383,760	\$ 1,387,130	\$ 1,226,765
Other income - recognition of OPEB trust	-	-	-	3,463,974
Net investment income	282,379	(589,020)	814,719	228,367
Administrative expenses	(3,371)	(3,533)	(3,534)	(3,431)
Benefit payments, including refunds of member contributions	(1,556,203)	(1,383,760)	(1,387,130)	(1,226,765)
Net change in plan fiduciary net position	279,008	(592,553)	811,185	3,688,910
Plan fiduciary net position - beginning	 3,907,542	 4,500,095	3,688,910	-
Plan fiduciary net position - ending (b)	\$ 4,186,550	\$ 3,907,542	\$ 4,500,095	\$ 3,688,910
Plan net OPEB liability - ending (a) - (b)	\$ 42,094,728	\$ 37,583,784	\$ 45,110,330	\$ 39,816,181
Plan fiduciary net position as a	 	 	 	
percentage of the total OPEB liability	9.05%	9.42%	9.07%	8.48%
Covered-employee payroll	\$ 71,950,636	\$ 75,175,660	\$ 65,877,334	\$ 65,797,300
Plan net OPEB liability as a				
percentage of covered-employee payroll	58.51%	49.99%	68.48%	60.51%
				(Continued)

¹ Information only presented from the implementation year

City of Santa Cruz Schedule of Changes in the Net OPEB Liability and Related Ratios (Continued) As of June 30, for the Last Ten Fiscal Years ¹

Measurement period, year ending:	6/30/2019		6/30/2018	(6/30/2017
Total OPEB liability					
Service cost	\$ 2,357,686	\$	2,602,431	\$	1,758,129
Interest	1,448,770		1,214,282		1,156,132
Changes of benefit terms	-		-		
Differences between expected and actual experience	-		(2,094,895)		-
Changes of assumptions	2,587,946		(1,793,250)		-
Benefit payments, including refunds of member contributions	 (964,742)	_	(1,154,846)		(959,486)
Net change in total OPEB liability	5,429,660		(1,226,278)		1,954,775
Total OPEB liability - beginning	38,141,658		39,367,936		37,413,161
Total OPEB liability - ending (a)	\$ 43,571,318	\$	38,141,658	\$	39,367,936
OPEB fiduciary net position					
Contributions - employer	\$ -	\$	-	\$	-
Other income - recognition of OPEB trust	-		-		-
Net investment income	-		-		-
Administrative expenses	-		-		-
Benefit payments, including refunds of member contributions					
Net change in plan fiduciary net position	-		-		-
Plan fiduciary net position - beginning			-		-
Plan fiduciary net position - ending (b)	\$ -	\$	-	\$	-
Plan net OPEB liability - ending (a) - (b)	\$ 43,571,318	\$	38,141,658	\$	39,367,936
Plan fiduciary net position as a					
percentage of the total OPEB liability	0.00%		0.00%		0.00%
Covered-employee payroll	\$ 62,330,109	\$	65,699,401	\$	62,434,938
Plan net OPEB liability as a					
percentage of covered-employee payroll	69.90%		58.05%		63.05%
					(Concluded)

¹ Information only presented from the implementation year

City of Santa Cruz Schedule of Contributions - OPEB Plan For the Last Ten Fiscal Years ¹

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Fiscal Year:	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Actuarially determined contribution	\$ 1,611,688	\$ 1,556,203	\$ 1,209,418	\$ 1,387,130	\$ 1,226,765	\$ 964,742	\$ 1,154,846
Contributions in relation to the actuariall determined contribution	(1,611,688)	(1,556,203)	(1,209,418)	(1,387,130)	(1,226,765)	(964,742)	(1,154,846)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 72,203,031	\$ 70,100,030	\$ 68,058,282	\$ 65,877,334	\$ 65,797,300	\$ 62,330,109	\$ 65,699,401
Contributions as a percentage of covered payroll	2.23%	2.22%	1.78%	2.11%	1.86%	1.55%	1.76%
Significant changes in assumptions:							
Discount rate	5.75%	5.75%	2.54%	3.05%	3.13%	3.62%	3.13%
Inflation rate	2.50%	2.50%	2.75%	2.75%	3.00%	3.00%	3.00%
Annual money-weighted rate of return, r	net 7.23%	-13.08%	22.10%	n/a	n/a	n/a	n/a

 $^{^{1}\,}$ Information only presented from the implementation year

City of Santa Cruz Other Postemployment Benefits Liability - Annual Money-Weighted Rate of Return For the Last Ten Fiscal Years ¹

	2024	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return net of investment expense	7.23%	-13.08%	22.10%	N/A	N/A	N/A	N/A

Note: the City did not have plan assets for the years that are marked "N/A."

¹Ten year historical information is not available.

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SUPPLEMENTARY INFORMATION

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Non-Major Governmental Funds

Special Revenue Funds:

Police Fund - This fund is used to account for state and federal grants and other revenues restricted to be used for police programs.

State Highway Fund - This fund is used to account for the City's apportionment of the State excise tax on gasoline and other related grants or receipts that are restricted for the planning, construction and maintenance of streets and roads. It is also used to account for a subvention of the State sales tax on gasoline (Traffic Congestion Relief Funds) that are restricted for street and highway maintenance, and rehabilitation and reconstruction of necessary associated facilities such as drainage and traffic control devices.

Impact Fee Fund - This fund is used to account for the collection and expenditures of traffic and public safety impact fees collected. The fees provide financial resources for improvements to transit stops, bike and pedestrian facilities, signal coordination, park and ride lots, and other alternative transportation sources impacted by development, as well as providing funds for public safety expenditures.

Clean Rivers, Oceans and Beaches Fund - This fund used to account for parcel tax revenues earned and expenditures incurred as per the voters Measure E ballot measure of 2008.

Parks and Recreation Fund - This fund is used to account for tax and fee revenues restricted for parks and recreation use.

Housing and Community Development Fund - This fund is used to account for receipts and expenditures under the Housing and Community Development Act, which includes Community Development Block Grant funds and HOME program funds. It also is used to account for Red Cross housing reconstruction loan repayments and income and related expenditures for City- owned rental properties.

Transportation Development Act Fund - This fund is used to account for receipts of State Transportation Development Act (TDA) funds restricted to be used for specialized or unmet transit needs. Acting as the public agency sponsor, the City contracts with non-profit agencies to meet these obligations.

American Rescue Plan Act Fund - This fund accounts for receipts and expenditures of the American Rescue Plan Act (ARPA) federal grant award which are provided for specific purposes.

COVID Relief Emergency Account Fund - This fund accounts for receipts and expenditures of the Coronavirus State and Local Fiscal Recovery Fund federal grant award which are provided for specific purposes.

2016 Transportation Measure D Fund - This fund accounts for receipts and expenditures of the 2016 Measure D sales tax received from the Santa Cruz Regional Transportation Commission.

Opioid Settlement Fund - This fund accounts for receipts and expenditures of the National Opioid Abatement Trust (NOAT) and Janssen Opioid settlement payments. These funds are restricted for use on activities to abate the opioid crisis.

Grant Loan Programs Fund - This fund accounts for receipts and expenditures of state funding of IIG and federal funding of Set-Aside. These federal funds are restricted both the Metro North and Library Mixed Use projects, while the state grant funding will be for IIG funding for Pacific Station North Affordable Housing.

Technology Surcharge Fund - This fund accounts for receipts and expenditures of state funding of IIG and federal funding of Set-Aside. These federal funds are restricted both the Metro North and Library Mixed Use projects, while the state grant funding will be for IIG funding for Pacific Station North Affordable Housing.

Non-Major Governmental Funds (Continued)

Debt Service Funds:

General Obligation Bond Fund - This fund is used to account for the debt service for a \$7 million general obligation bond issue approved by voters in November 1998. Funds for payment of principal and interest on the bonds are generated by a property tax override assessment of \$9.00 per \$100,000 of assessed value.

Lease Revenue Bond Fund - This fund is used to account for the debt service for a \$6.9 million revenue bond issued December 19, 2007. Funds for the payment of principal and interest on the bonds are generated by revenues received in the form of lease payments from the Water Enterprise Fund and the Library JPA for occupying the City's Locust/Union Building.

City of Santa Cruz Combining Balance Sheet Non-Major Governmental Funds June 30, 2024

			S	Special	Revenue Fun	ds			
	Police		State Highway	I	mpact Fee		lean River, Oceans, nd Beaches		Parks and Recreation
ASSETS									
Cash and investments Accounts receivable - net Taxes receivable Interest receivable Grants receivable Notes and loans receivable - net Leases receivable		413 \$ 8851 - 656 - -	480,416 91,596 150,631 12,130 163,197	\$	1,390,134 21,109 - 29,926 - 148,697	\$	2,018,896 - 31,920 8,829 - -	\$	3,563,581 - - 25,189 - 134,340
Total assets	\$ 1,590,9	920 \$	897,970	\$	1,589,866	\$	2,059,645	\$	3,723,110
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:	Φ.	Φ.	221.215	Φ.		Φ.	00.777	Ф	
Accounts payable and other current liabilities Unearned revenues Advances from other funds	467,9	- \$ 978 -	331,215	\$	-	\$	98,777 - -	\$	-
Total liabilities	467,9	978	331,215		-		98,777		-
Deferred inflows of resources:									
Deferred inflows related to leases Unavailable revenue		- -	-		- 172,114		-		143,520
Total deferred inflows of resources		<u>-</u>	-		172,114		-		143,520
Fund Balances:									
Restricted:									
Clean rivers, oceans, and beaches		-	-		-		1,960,868		-
Debt service		-	-		-		-		-
Hardship grants		-	-		-		-		-
Housing programs		-	-		-		-		2 570 500
Parks and recreation Police programs	1,122,9	-	-		-		-		3,579,590
Streets and roads	1,122,	942	566,755		-		-		_
Technology		_	300,733		_		_		
Traffic impact		_	_		1,417,752		_		_
Unassigned (deficit)		-	-		-		-		_
Total fund balances	1,122,9	942	566,755		1,417,752		1,960,868		3,579,590
Total liabilities, deferred									
inflows of resources, and fund balances	\$ 1,590,9		897,970						

City of Santa Cruz Combining Balance Sheet (Continued) Non-Major Governmental Funds June 30, 2024

			S	pecial Revo	enue Fur	ıds			
	C	Iousing and Community evelopment	nsportation velopment Act	Amer Rescue Ac	Plan	Emer	O Relief gency count		2016 ansportation Measure D
ASSETS									
Cash and investments	\$	5,170,684	\$ 1	\$	-	\$	-	\$	2,204,100
Accounts receivable - net		29,679	-		-		-		127,741
Taxes receivable		2 214 (22	-		-		-		15 057
Interest receivable Grants receivable		2,214,623 59,989	69,429		-		-		15,857 2,216
Notes and loans receivable - net		4,105,008	09,429		-		-		2,210
Leases receivable		-	_		_		_		-
Total assets	\$	11,579,983	\$ 69,430	\$	_	\$	-	\$	2,349,914
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities:									
Accounts payable and other current liabilities Unearned revenues	\$	71,607	\$ -	\$	-	\$	-	\$	-
Advances from other funds		2,300,000	_		_		_		_
Total liabilities		2,371,607	-		-		-		-
Deferred inflows of resources:									
Deferred inflows related to leases		-	-		-		-		-
Unavailable revenue		5,130,092	 -		-		-	.,	-
Total deferred inflows of resources		5,130,092	 		-		-		
Fund Balances:									
Restricted:									
Clean rivers, oceans, and beaches		-	-		-		-		-
Debt service Hardship grants		_	_		-		_		_
Housing programs		4,078,284	_		_		_		_
Parks and recreation		-	-		-		-		-
Police programs		-	-		-		-		2,349,914
Streets and roads		-	69,430		-		-		-
Technology		-	-		-		-		-
Traffic impact Unassigned (deficit)		-	-		-		-		-
Total fund balances		4,078,284	 69,430						2,349,914
Total liabilities, deferred		.,,=	 27,.20						-,,,, 1 1
inflows of resources, and fund balances	¢	11,579,983	\$ 69,430	¢		\$		\$	2,349,914

City of Santa Cruz Combining Balance Sheet (Continued) Non-Major Governmental Funds June 30, 2024

			Sp	ecial Revenue				Debt Serv	vice F	unds	
	_	Opioid Settlement		Grant Loan Programs		Technology Surcharge		General Obligation Bond		Lease Revenue Bond	
ASSETS											
Cash and investments	\$	448,105	\$	-	\$	232,428	\$	1,383,251	\$	93,289	
Accounts receivable - net		-		-		-		-		-	
Taxes receivable		-		-		-		44,851		-	
Interest receivable		949		-		-		5,445		23,470	
Grants receivable		-		-		-		-		-	
Notes and loans receivable - net		-		-		-		-		- 452 005	
Leases receivable		-				-				5,473,087	
Total assets	\$	449,054	\$		\$	232,428	\$	1,433,547	\$	5,589,846	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES											
Liabilities:											
Accounts payable and other current liabilities	\$	-	\$	-	\$	105	\$	-	\$	-	
Unearned revenues		-		-		-		-		-	
Advances from other funds		-		-	. ——	-		-		-	
Total liabilities		-		-		105		-		-	
Deferred inflows of resources:											
Deferred inflows related to leases		_		_		-		_		6,103,639	
Unavailable revenue		-		-		-		-		-	
Total deferred inflows of resources		-		-		-		-		6,103,639	
Fund Balances:											
Restricted:											
Clean rivers, oceans, and beaches		-		-		-		-		-	
Debt service		-		-		-		1,433,547		-	
Hardship grants		449,054		-		-		-		-	
Housing programs		-		-		-		-		-	
Parks and recreation Police programs		-		-		-		-		-	
Streets and roads		_		_		-		-		-	
Technology		_		_		232,323		_		_	
Traffic impact		_		-				_		_	
Unassigned (deficit)							_			(513,793)	
Total fund balances		449,054		-		232,323		1,433,547		(513,793)	
Total liabilities, deferred inflows of resources,											
and fund balances	©	449,054	¢		C	232,428	\$	1,433,547	\$	5,589,846	

City of Santa Cruz Combining Balance Sheet (Continued) Non-Major Governmental Funds June 30, 2024

	Total Non-Major Governmental Funds
ASSETS	
Cash and investments	\$ 18,568,298
Accounts receivable - net	270,976
Taxes receivable	227,402
Interest receivable	2,343,074
Grants receivable	294,831
Notes and loans receivable - net	4,388,045
Leases receivable	5,473,087
Total assets	\$ 31,565,713
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities:	
Accounts payable and other current liabilities	\$ 501,704
Unearned revenues	467,978
Advances from other funds	2,300,000
Total liabilities	3,269,682
Deferred inflows of resources:	
Deferred inflows related to leases	6,103,639
Unavailable revenue	5,445,726
Total deferred inflows of resources	11,549,365
Fund Balances:	
Restricted:	1 0/0 0/0
Clean rivers, oceans, and beaches Debt service	1,960,868
Hardship grants	1,433,547 449,054
Housing programs	4,078,284
Parks and recreation	3,579,590
Police programs	3,472,856
Streets and roads	636,185
Technology	232,323
Traffic impact	1,417,752
Unassigned (deficit)	(513,793)
Total fund balances	16,746,666
Total liabilities, deferred	
inflows of resources,	
and fund balances	\$ 31,565,713
	(Concluded)

City of Santa Cruz Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-Major Governmental Funds For the Year Ended June 30, 2024

		S	Special Revenue Fund	ls		
	Police	State Highway	Impact Fee	Clean River Oceans and Beaches	Parks and Recreation	
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ 630,479	\$ 574,836	
Intergovernmental	308,153	4,288,450	-	-	-	
Charges for services	37,944	-	-	-	-	
Fines and forfeitures	12,312	-	-	-	-	
Use of money and property	69,516	123,863	69,254	94,645	175,754	
Other revenues		22,850	219,700	-		
Total revenues	427,925	4,435,163	288,954	725,124	750,590	
EXPENDITURES:						
Current:						
Public safety	152,923	-	-	-	-	
Public works	-	1,279,505	150,250	651,220	-	
Transit	-	-	-	-	-	
Community and economic development	-	-	-	-	-	
Capital outlay	-	821,775	-	-	-	
Debt service:						
Principal	-	-	-	-	-	
Interest and fiscal charges						
Total expenditures	152,923	2,101,280	150,250	651,220		
REVENUES OVER (UNDER) EXPENDITURES	275,002	2,333,883	138,704	73,904	750,590	
				,		
OTHER FINANCING SOURCES (USES)):					
Transfers in	-	153,983	-	-	-	
Transfers out	(87,136)	(4,583,996)	(117,214)	(344)	(686,176)	
Total other financing sources (uses)	(87,136)	(4,430,013)	(117,214)	(344)	(686,176)	
NET CHANGES IN FUND BALANCES	187,866	(2,096,130)	21,490	73,560	64,414	
FUND BALANCES (DEFICIT):						
Beginning of year	935,076	2,662,885	1,396,262	1,887,308	3,515,176	
End of year	\$ 1,122,942	\$ 566,755	\$ 1,417,752	\$ 1,960,868	\$ 3,579,590	

City of Santa Cruz Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued) Non-Major Governmental Funds For the Year Ended June 30, 2024

		S	Special Revenue Fund	ls	
	Housing and Community Development	Transportation Development Act	American Rescue Plan Act	COVID Relief Emergency Account	2016 Transportation Measure D
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,348,295	1,313,240	1,267,873	-	1,741,954
Charges for services	18,900	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	517,715	-	3,980	17,170	181,766
Other revenues	488,707				
Total revenues	8,373,617	1,313,240	1,271,853	17,170	1,923,720
EXPENDITURES:					
Current:					
Public safety	_	_	_	-	_
Public works	-	-	-	-	83,226
Transit	-	1,243,811	-	-	· -
Community and economic development	6,508,120	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-				
Total expenditures	6,508,120	1,243,811			83,226
REVENUES OVER					
(UNDER) EXPENDITURES	1,865,497	69,429	1,271,853	17,170	1,840,494
OTHER FINANCING SOURCES (USES):				
Transfers in	-	_	_	-	-
Transfers out	(216,501)	_	(1,271,853)	(6,038,817)	(1,890,868)
Total other financing sources (uses)	(216,501)		(1,271,853)	(6,038,817)	(1,890,868)
NET CHANGES IN FUND BALANCES	1,648,996	69,429	-	(6,021,647)	(50,374)
FUND BALANCES (DEFICIT):					
Beginning of year	2,429,288	1	-	6,021,647	2,400,288
End of year	\$ 4,078,284	\$ 69,430	\$ -	\$ -	\$ 2,349,914

City of Santa Cruz Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued) Non-Major Governmental Funds For the Year Ended June 30, 2024

		Special Revenue		Debt Service Funds			
	Opioid Settlement	Grant Loan Programs	Technology Surcharge	General Obligation Bond	Lease Revenue Bond		
REVENUES:							
Taxes	\$ -	\$ -	\$ -	\$ 547,523	\$ -		
Intergovernmental	-	-	-	-	-		
Charges for services	-	-	232,896	-	-		
Fines and forfeitures	-	-	-	-	-		
Use of money and property	7,328	-	(1,075)	58,979	(164,335)		
Other revenues	267,268		502				
Total revenues	274,596		232,323	606,502	(164,335)		
EXPENDITURES:							
Current:							
Public safety	_	-	_	_	-		
Public works	-	-	-	-	-		
Transit	-	-	-	-	-		
Community and economic development	-	-	-	-	-		
Capital outlay	-	-	-	-	-		
Debt service:							
Principal	-	-	-	410,000	339,992		
Interest and fiscal charges				141,976	154,101		
Total expenditures				551,976	494,093		
REVENUES OVER							
(UNDER) EXPENDITURES	274,596		232,323	54,526	(658,428)		
OTHER FINANCING SOURCES (USES):						
Transfers in	_	-	-	_	-		
Transfers out	_	_					
Total other financing sources (uses)	-		-				
NET CHANGES IN FUND BALANCES	274,596	-	232,323	54,526	(658,428)		
FUND BALANCES (DEFICIT):							
Beginning of year	174,458			1,379,021	144,635		
End of year	\$ 449,054	\$ -	\$ 232,323	\$ 1,433,547	\$ (513,793)		

City of Santa Cruz Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued) Non-Major Governmental Funds For the Year Ended June 30, 2024

REVENUES:	Total Non-Major Governmental Funds
Taxes	\$ 1,752,838
Intergovernmental	16,267,965
Charges for services	289,740
Fines and forfeitures	12,312
Use of money and property	1,154,560
Other revenues	999,027
Total revenues	20,476,442
EXPENDITURES:	
Current:	
Public safety	152,923
Public works	2,164,201
Transit	1,243,811
Community and economic development	6,508,120
Capital outlay	821,775
Debt service:	7 40.000
Principal Line 15 and 1	749,992
Interest and fiscal charges	296,077
Total expenditures	11,936,899
REVENUES OVER (UNDER) EXPENDITURES	8,539,543
OTHER FINANCING SOURCES (USES):	
Transfers in	153,983
Transfers out	(14,892,905)
Total other financing sources (uses)	(14,738,922)
NET CHANGES IN FUND BALANCES	(6,199,379)
FUND BALANCES (DEFICIT):	
Beginning of year	22,946,045
End of year	\$ 16,746,666
	(Concluded)

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual General Capital Improvement Capital Projects Fund For the Year Ended June 30, 2024

	Budgeted Amounts Original Final				Actual Amounts		Variance with Final Budget Favorable/	
		Original		Final	Amounts			Unfavorable)
REVENUES:								
Taxes	\$	1,955,611	\$	1,955,611	\$	1,961,009	\$	5,398
Intergovernmental		61,570,800		107,806,646		14,500,105		(93,306,541)
Use of money and property		100,629		100,629		318,870		218,241
Other revenues		249,672		6,535,936		4,903,846		(1,632,090)
Total revenues		63,876,712		116,398,822		21,683,830		(94,714,992)
EXPENDITURES:								
Current:								
General government		-		-		974,555		(974,555)
Public safety		-		400,000		53,779		346,221
Parks and recreation		-		-		621,391		(621,391)
Public works		50,000		1,130,521		4,308,544		(3,178,023)
Community and economic development		47,503		88,592		448,095		(359,503)
Capital outlay		72,644,555		177,638,555		28,614,196		149,024,359
Debt Service:		160,000		160,000		122.541		26.450
Principal Land Control of the Contro		160,000		160,000		133,541		26,459
Interest and fiscal charges	-	59,294		59,294		162,682	-	(103,388)
Total expenditures		72,961,352		179,476,962		35,316,783		144,160,179
REVENUES OVER (UNDER) EXPENDITURES		(9,084,640)		(63,078,140)		(13,632,953)		49,445,187
OTHER FINANCING SOURCES (USES):								
Proceeds from issuance of debt		_		607,029		_		(607,029)
Contributions from other entities		_		1,650,000		_		(1,650,000)
Transfers in		11,167,657		46,559,844		20,810,203		(25,749,641)
Transfers out		(200,886)		(8,294,327)		(2,011,214)		6,283,113
Total other financing sources (uses)		10,966,771		40,522,546		18,798,989		(21,723,557)
Net change in fund balance	\$	1,882,131	\$	(22,555,594)		5,166,036	\$	27,721,630
FUND BALANCE:								
Beginning of year						3,177,942		
End of year					\$	8,343,978		

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual Police Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Driginal	Amoui	nts Final	 Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)		
REVENUES:							
Intergovernmental	\$ 400,000	\$	200,000	\$ 308,153	\$	108,153	
Charges for services	-		-	37,944		37,944	
Fines and forfeitures	-		-	12,312		12,312	
Use of money and property	 8,249		8,249	69,516		61,267	
Total revenues	 408,249		208,249	 427,925		219,676	
EXPENDITURES:							
Current:							
Public safety	 203,116		203,116	152,923		50,193	
Total expenditures	203,116		203,116	152,923		50,193	
REVENUES OVER (UNDER) EXPENDITURES	205,133		5,133	 275,002		269,869	
OTHER FINANCING SOURCES (USES):							
Transfers out	-		(170,942)	(87,136)		83,806	
Total other financing sources (uses)	-		(170,942)	(87,136)		83,806	
Net change in fund balance	\$ 205,133	\$	(165,809)	187,866	\$	353,675	
FUND BALANCE:							
Beginning of year				935,076			
End of year				\$ 1,122,942			

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual State Highway Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Amounts Original Final				Actual Amounts			Variance with Final Budget Favorable/ Unfavorable)
REVENUES:								
Intergovernmental	\$	13,614,467	\$	38,253,504	\$	4,288,450	\$	(33,965,054)
Use of money and property Other revenues		20,658		20,658		123,863		103,205
		-		200,000		22,850		(177,150)
Total revenues		13,635,125		38,474,162		4,435,163		(34,038,999)
EXPENDITURES:								
Current:								
Public works		695,747		695,747		1,279,505		(583,758)
Capital outlay		13,575,000		42,071,673		821,775		41,249,898
Total expenditures		14,270,747		42,767,420		2,101,280		40,666,140
REVENUES OVER (UNDER) EXPENDITURES		(635,622)		(4,293,258)		2,333,883		6,627,141
OTHER FINANCING SOURCES (USES):								
Transfers in		300,000		4,432,524		153,983		(4,278,541)
Transfers out		(1,010,161)		(5,986,264)		(4,583,996)		1,402,268
Total other financing sources (uses)		(710,161)		(1,553,740)		(4,430,013)		(2,876,273)
Net change in fund balance	\$	(1,345,783)	\$	(5,846,998)		(2,096,130)	\$	3,750,868
FUND BALANCE:								
Beginning of year						2,662,885		
End of year					\$	566,755		

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual Impact Fee Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Amounts Original Final					Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)		
REVENUES:									
Use of money and property	\$	44,033	\$	44,033	\$	69,254	\$	25,221	
Other revenues		696,000		838,769		219,700		(619,069)	
Total revenues		740,033		882,802		288,954		(593,848)	
EXPENDITURES: Current:									
Public works		155,441		156,058		150,250		5,808	
Total expenditures		155,441		156,058		150,250		5,808	
REVENUES OVER (UNDER) EXPENDITURES		584,592		726,744		138,704		(588,040)	
OTHER FINANCING SOURCES (USES):									
Transfers out		(200,000)		(1,538,524)		(117,214)		1,421,310	
Total other financing sources (uses)		(200,000)		(1,538,524)		(117,214)		1,421,310	
Net change in fund balance	\$	384,592	\$	(811,780)		21,490	\$	833,270	
FUND BALANCE:									
Beginning of year						1,396,262			
End of year					\$	1,417,752			

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual Clean Rivers, Oceans, and Beaches Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Amounts Original Final				 Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)		
REVENUES:								
Taxes	\$	635,000	\$	635,000	\$ 630,479	\$	(4,521)	
Use of money and property		17,425		17,425	 94,645		77,220	
Total revenues		652,425		652,425	 725,124		72,699	
EXPENDITURES:								
Current:								
Public works		944,425		990,839	651,220		339,619	
Capital outlay		100,000		232,321	 		232,321	
Total expenditures		1,044,425		1,223,160	 651,220		571,940	
REVENUES OVER (UNDER) EXPENDITURES		(392,000)		(570,735)	73,904		644,639	
OTHER FINANCING SOURCES (USES):								
Transfers out		(344)		(344)	(344)		_	
Total other financing sources (uses)		(344)		(344)	(344)			
Net change in fund balance	\$	(392,344)	\$	(571,079)	73,560	\$	644,639	
FUND BALANCE:								
Beginning of year					1,887,308			
End of year					\$ 1,960,868			

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual Parks and Recreation Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Amounts Original Final				 Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)	
REVENUES:							
Taxes Use of money and property	\$	515,000 19,689	\$	515,000 19,689	\$ 574,836 175,754	\$	59,836 156,065
Total revenues		534,689		534,689	750,590		215,901
REVENUES OVER (UNDER) EXPENDITURES		534,689		534,689	 750,590		215,901
OTHER FINANCING SOURCES (USES):							
Transfers in		-		34,719	-		(34,719)
Transfers out		(1,045,000)		(2,236,867)	 (686,176)		1,550,691
Total other financing sources (uses)		(1,045,000)		(2,202,148)	 (686,176)		1,515,972
Net change in fund balance	\$	(510,311)	\$	(1,667,459)	64,414	\$	1,731,873
FUND BALANCE:							
Beginning of year					3,515,176		
End of year					\$ 3,579,590		

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual Housing and Community Development Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Original	Amo	mounts Actual Final Amounts			Variance with Final Budget Favorable/ (Unfavorable)		
REVENUES:								
Intergovernmental	\$ 2,276,720	\$	20,718,306	\$	7,348,295	\$	(13,370,011)	
Charges for services	15,000		15,000		18,900		3,900	
Use of money and property	47,454		47,454		517,715		470,261	
Other revenues	 110,000		110,000		488,707		378,707	
Total revenues	 2,449,174		20,890,760		8,373,617		(12,517,143)	
EXPENDITURES: Current: Community and economic development	15,605,325		21,460,761		6,508,120		14,952,641	
Total expenditures	 15,605,325		21,460,761		6,508,120		14,952,641	
Total expenditures	13,003,323		21,400,701		0,308,120		14,732,041	
REVENUES OVER (UNDER) EXPENDITURES	 (13,156,151)		(570,001)		1,865,497		2,435,498	
OTHER FINANCING SOURCES (USES):								
Transfers out	 (402,432)		(978,777)		(216,501)		762,276	
Total other financing sources (uses)	 (402,432)		(978,777)		(216,501)		762,276	
Net change in fund balance	\$ (13,558,583)	\$	(1,548,778)		1,648,996	\$	3,197,774	
FUND BALANCE:								
Beginning of year					2,429,288			
End of year				\$	4,078,284			

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual **Transportation Development Act Special Revenue Fund** For the Year Ended June 30, 2024

	 Budgeted Original	l Amou	nts Final	Actual Amounts	Fina Fa	ance with al Budget vorable/ favorable)
REVENUES:						
Intergovernmental	\$ 1,200,000	\$	1,243,812	\$ 1,313,240	\$	69,428
Total revenues	 1,200,000		1,243,812	 1,313,240		69,428
EXPENDITURES: Current: Transit	 1,200,000		1,243,812	1,243,811		1_
Total expenditures	 1,200,000		1,243,812	1,243,811		1
Net change in fund balance	\$ 	\$		69,429	\$	69,429
FUND BALANCE:						
Beginning of year				 1		
End of year				\$ 69,430		

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual American Rescue Plan Act Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Original	eted Amounts Actual Final Amounts				Fi:	riance with nal Budget avorable/ nfavorable)
REVENUES:							
Intergovernmental	\$ -	\$	-	\$	1,267,873	\$	1,267,873
Use of money and property	 -		-		3,980		3,980
Total revenues	 		_		1,271,853		1,271,853
REVENUES OVER (UNDER) EXPENDITURES			-		1,271,853		1,271,853
OTHER FINANCING SOURCES (USES):							
Transfers out	 (1,000,000)		(1,351,761)		(1,271,853)		79,908
Total other financing sources (uses)	(1,000,000)		(1,351,761)		(1,271,853)		79,908
Net change in fund balance	\$ (1,000,000)	\$	(1,351,761)		-	\$	1,351,761
FUND BALANCE:							
Beginning of year					_		
End of year				\$			

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual COVID Relief Emergency Account Special Revenue Fund For the Year Ended June 30, 2024

DEVENTES	_	Budgeted Original	ed Amounts Final					iance with al Budget avorable/ favorable)
REVENUES:	\$		\$		\$	17 170	\$	17 170
Use of money and property	•		<u> </u>		D	17,170	2	17,170
Total revenues						17,170		17,170
OTHER FINANCING SOURCES (USES):								
Transfers out		(6,180,705)		(5,952,052)		(6,038,817)		(86,765)
Total other financing sources (uses)		(6,180,705)		(5,952,052)		(6,038,817)		(86,765)
Net change in fund balance	\$	(6,180,705)	\$	(5,952,052)		(6,021,647)	\$	(69,595)
FUND BALANCE:								
Beginning of year						6,021,647		
End of year					\$			

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual 2016 Transportation Measure D Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Original	Amou	ints Final	 Actual Amounts	Fir F	riance with nal Budget avorable/ nfavorable)
REVENUES:						
Intergovernmental Use of money and property	\$ 1,587,401 13,971	\$	1,587,401 13,971	\$ 1,741,954 181,766	\$	154,553 167,795
Total revenues	 1,601,372		1,601,372	1,923,720		322,348
EXPENDITURES:						
Current:	92.704		02 411	92.226		107
Public works	 82,794		83,411	 83,226		185
Total expenditures	 82,794		83,411	 83,226		185
REVENUES OVER (UNDER) EXPENDITURES	 1,518,578		1,517,961	1,840,494		322,533
OTHER FINANCING SOURCES (USES):						
Transfers out	(2,795,000)		(4,649,110)	(1,890,868)		2,758,242
Total other financing sources (uses)	 (2,795,000)		(4,649,110)	 (1,890,868)		2,758,242
Net change in fund balance	\$ (1,276,422)	\$	(3,131,149)	(50,374)	\$	3,080,775
FUND BALANCE:						
Beginning of year				2,400,288		
End of year				\$ 2,349,914		

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual Opioid Settlement Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Amounts Original Final				,	Actual	Fin Fa	iance with al Budget
REVENUES:	<u> </u>	iginai		Final	Amounts		(Unfavorable)	
Use of money and property Other revenues	\$	-	\$	-	\$	7,328 267,268	\$	7,328 267,268
Total revenues		-		-		274,596		274,596
REVENUES OVER (UNDER) EXPENDITURES		-				274,596		274,596
Net change in fund balance	\$		\$	-		274,596	\$	274,596
FUND BALANCE:								
Beginning of year						174,458		
End of year					\$	449,054		

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual Grant Loan Programs Special Revenue Fund For the Year Ended June 30, 2024

	Bud Original	Budgeted Amounts al Final			Actual mounts	F	ariance with inal Budget Favorable/ Jnfavorable)
REVENUES:							
Intergovernmental	\$		\$	9,800,000	\$ -	\$	(9,800,000)
Total revenues				9,800,000	 -		(9,800,000)
EXPENDITURES:							
Current:							
Community and economic development				9,800,000	-		9,800,000
Total expenditures				9,800,000	 -		9,800,000
REVENUES OVER (UNDER) EXPENDITURES					 -		<u> </u>
Net change in fund balance	\$	<u> </u>	\$		-	\$	
FUND BALANCE:							
Beginning of year					 	_	
End of year					\$ -	:	

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual Technology Surcharge Special Revenue Fund For the Year Ended June 30, 2024

	Budgeted Amounts Original Final		 Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)		
REVENUES:						
Charges for services Use of money and property Other revenues	\$	- - -	\$ 249,600	\$ 232,896 (1,075) 502	\$	(16,704) (1,075) 502
Total revenues		_	249,600	232,323		(17,277)
REVENUES OVER (UNDER) EXPENDITURES			249,600	232,323		(17,277)
Net change in fund balance	\$	_	\$ 249,600	232,323	\$	(17,277)
FUND BALANCE:						
Beginning of year				 		
End of year				\$ 232,323		

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual General Obligation Bond Debt Service Fund For the Year Ended June 30, 2024

	Budgetec Original	l Amou	nts Final	 Actual Amounts	Fina Fa	ance with al Budget vorable/ cavorable)
REVENUES:						
Taxes Use of money and property	\$ 550,000 13,712	\$	550,000 13,712	\$ 547,523 58,979	\$	(2,477) 45,267
Total revenues	 563,712		563,712	606,502		42,790
EXPENDITURES:						
Current:						
Debt Service:						
Principal	410,000		410,000	410,000		-
Interest and fiscal charges	 140,947		141,977	 141,976		1
Total expenditures	 550,947		551,977	 551,976		1
Net change in fund balance	\$ 12,765	\$	11,735	54,526	\$	42,791
FUND BALANCE:						
Beginning of year				1,379,021		
End of year				\$ 1,433,547		

City of Santa Cruz Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual Lease Revenue Bond Debt Service Fund For the Year Ended June 30, 2024

	 Budgetee Original	l Amour	nts Final	A	Actual Amounts	Fir F	riance with nal Budget avorable/ nfavorable)
REVENUES:							
Use of money and property	\$ 433,435	\$	433,435	\$	(164,335)	\$	(597,770)
Total revenues	433,435		433,435		(164,335)		(597,770)
EXPENDITURES:							
Debt Service:							
Principal	200,000		339,992		339,992		-
Interest and fiscal charges	 160,494		154,101		154,101		
Total expenditures	 360,494		494,093		494,093		-
Net change in fund balance	\$ 72,941	\$	(60,658)		(658,428)	\$	(597,770)
FUND BALANCE (DEFICIT):							
Beginning of year					144,635		
End of year				\$	(513,793)		

Internal Service Funds

Equipment Operations - This fund is used to account for the expenses related to city-wide fleet operations and maintenance activities, including vehicles, communications equipment, and other pooled equipment. Internal contributions to support this fund are based on cost recovery through charges to user departments and funds. These charges do not include the cost of equipment replacement.

Risk Management - This fund is used to account for cash transferred from various funds to pay for payroll liabilities, which are paid out of this fund, as well as the expenses of the City's insurance program, including costs related to claims, administration, legal defense, and insurance premiums. Internal contributions to support this fund are based on cost recovery through charges to departments and funds. The following insurance activities are provided for in this fund:

- Workers' Compensation Insurance
- Liability Insurance
- Unemployment

City of Santa Cruz Combining Statement of Net Position All Internal Service Funds June 30, 2024

	Equipment	Risk	
Cash and cash equivalents Accounts receivable - net Interest receivable Inventories Deposits Due from other funds Total current assets	Operations	Management	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 16,049,835	\$ 16,049,835
Accounts receivable - net	23,396	4,617	28,013
Interest receivable	-	64,207	64,207
Inventories	138,740	-	138,740
Deposits	-	6,077,955	6,077,955
Due from other funds		1,966,368	1,966,368
Total current assets	162,136	24,162,982	24,325,118
Noncurrent assets:			
Advances to other funds	-	7,844,531	7,844,531
Capital assets:			
Machinery and equipment	3,813,723	8,160	3,821,883
Right-to-use leased assets	206,301	-	206,301
Software	-	76,232	76,232
Less: accumulated depreciation and amortization	(3,148,056)	(54,480)	(3,202,536)
Total capital assets	871,968	29,912	901,880
Total noncurrent assets	871,968	7,874,443	8,746,411
Total assets	1,034,104	32,037,425	33,071,529
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to OPEB	55,117	50,412	105,529
Deferred outflows related to pension	612,949	617,062	1,230,011
Total deferred outflow of resources	668,066	667,474	1,335,540

City of Santa Cruz Combining Statement of Net Position (Continued) All Internal Service Funds June 30, 2024

	Equipment	Risk	
	Operations	Management	Total
LIABILITIES		<u> </u>	
Current liabilities:			
Accounts payable and other current liabilities	203,276	2,608,043	2,811,319
Interest payable	113	1,289	1,402
Due to other funds	1,966,368	-	1,966,368
Claims and judgments payable - due within one year	-	5,142,163	5,142,163
Compensated absences payable - due within one year	26,295	-	26,295
Long-term debt - due within one year.		26,084	26,084
Total current liabilities	2,196,052	7,777,579	9,973,631
Noncurrent liabilities:			
Claims and judgments payable - due in more than one year	-	14,414,148	14,414,148
Compensated absences payable - due in more than one year	13,148	-	13,148
Long-term debt - due in more than one year	59,647	-	59,647
Total OPEB liability	345,177	315,710	660,887
Net pension liability	1,942,733	1,955,771	3,898,504
Total noncurrent liabilities	2,360,705	16,685,629	19,046,334
Total liabilities	4,556,757	24,463,208	29,019,965
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB	95,282	87,149	182,431
Total deferred inflows of resources	95,282	87,149	182,431
NET POSITION			
Net investment in capital assets	812,321	3,828	816,149
Unrestricted (deficit)	(3,762,190)	8,150,714	4,388,524
Total net position	\$ (2,949,869)	\$ 8,154,542	\$ 5,204,673

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City of Santa Cruz Combining Statement of Revenues, Expenses, and Changes in Net Position All Internal Service Funds For the Year Ended June 30, 2024

	.	, . ,		D' I	
		Equipment Operations	Μ	Risk Ianagement	Total
OPERATING REVENUES:					
Charges for services	\$	4,643,843	\$	33,720,819	\$ 38,364,662
Other revenues		8,984			 8,984
Total operating revenues		4,652,827		33,720,819	 38,373,646
OPERATING EXPENSES:					
Personnel services		1,613,189		1,919,553	3,532,742
Services, supplies, and other charges		3,166,895		31,605,579	34,772,474
Depreciation/amortization		440,304		26,137	 466,441
Total operating expenses		5,220,388		33,551,269	 38,771,657
OPERATING INCOME (LOSS)		(567,561)		169,550	 (398,011)
NONOPERATING REVENUES (EXPENSES):					
Investment earnings		(63,339)		978,063	914,724
Interest expense and fiscal charges		(843)		(1,540)	(2,383)
Gain (loss) on sale of capital assets		290		-	290
Total nonoperating revenues (expenses)		(63,892)		976,523	 912,631
INCOME (LOSS) BEFORE TRANSFERS		(631,453)		1,146,073	 514,620
TRANSFERS:					
Transfers in		-		-	-
Transfers out		(1,628)		(4,341)	(5,969)
Total transfers		(1,628)		(4,341)	 (5,969)
Changes in net position		(633,081)		1,141,732	508,651
NET POSITION (DEFICIT):					
Beginning of year		(2,316,788)		7,012,810	4,696,022
End of year	\$	(2,949,869)	\$	8,154,542	\$ 5,204,673

City of Santa Cruz Combining Statement of Cash Flows All Internal Service Funds For the Year Ended June 30, 2024

		Equipment Operations	N	Risk Management	Total Internal Service Funds		
CASH FLOWS FROM OPERATING ACTIVITIES:	· ·	_					
Cash received from customers and users Cash payments to suppliers for goods and services Cash payments to employees for services Cash received from others	\$	4,656,465 (3,208,936) (1,286,365) 8,984	\$	33,768,088 (30,193,003) (1,644,985)	\$	38,424,553 (33,401,939) (2,931,350) 8,984	
Net cash provided by operating activities		170,148		1,930,100		2,100,248	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Due from other funds		-		49,926		49,926	
Due to other funds		(49,926)		-		(49,926)	
Transfers to other funds		(1,628)		(4,341)		(5,969)	
Net cash provided by (used in) noncapital financing activities		(51,554)		45,585		(5,969)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Cash effect of disposal of capital assets		290		-		290	
Principal paid on debt		(54,746)		(24,284)		(79,030)	
Interest paid on debt		(799)		(1,100)		(1,899)	
Net cash (used in) capital and related financing activities		(55,255)		(25,384)		(80,639)	
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest income received		(63,339)		937,849		874,510	
Net cash provided by (used in) investing activities		(63,339)		937,849		874,510	
Net change in cash and cash equivalents	' <u></u>	-		2,888,150		2,888,150	
CASH AND CASH EQUIVALENTS:							
Beginning of year		_		13,161,685		13,161,685	
End of year	\$	_	\$	16,049,835	\$	16,049,835	

(Continued)

City of Santa Cruz Combining Statement of Cash Flows (Continued) All Internal Service Funds For the Year Ended June 30, 2024

	equipment Operations	M	Risk anagement	Total Internal Service Funds		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:						
Operating income (loss)	\$ (567,561)	\$	169,550	\$	(398,011)	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation/amortization	440,304		26,137		466,441	
Changes in operating assets and liabilities, and						
deferred outflows and inflows of resources:						
Accounts receivable, net	12,622		47,359		59,981	
Inventories	(36,288)		-		(36,288)	
Pension-related deferred outflows	(21,811)		(3,188)		(24,999)	
OPEB-related deferred outflows	(5,449)		(3,810)		(9,259)	
Accounts payable and other current liabilities	(5,753)		1,574,792		1,569,039	
Deposits payable	-		(90)		(90)	
Compensated absences	11,333		-		11,333	
Claims and judgments payable	-		993,671		993,671	
Total OPEB liability	40,748		30,073		70,821	
Net pension liability	320,056		270,684		590,740	
OPEB-related deferred inflows	 (18,053)		(19,191)		(37,244)	
Total adjustments	737,709		1,760,550		2,498,259	
Net cash provided by operating activities	\$ 170,148	\$	1,930,100	\$	2,100,248	
NONCASH CAPITAL						
AND RELATED FINANCING ACTIVITIES:						
Contributed property, plant and equipment	\$ 	\$		\$	-	
Total noncash capital and related financing activities	\$ 	\$	_	\$	-	

(Concluded)

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Private Purpose Trust Funds

The Library Trust Fund - The Library Trust Fund is a private-purpose trust fund which holds assets for benefit of various branches of the Santa Cruz Library system and the Library Joint Powers Authority. The Library Trust Fund includes the McCaskill Trust restricted in purpose to promulgate local history and provide library materials for the visually impaired and the Finkeldey Trust restricted in purpose to acquire musical literature for benefit of the Library Joint Powers Authority. The Whalen Estate restricted in purpose to benefit the Felton Branch of the Santa Cruz Library for capital improvements and/or new books. The Robert Leet - Corday Estate Trust restricted in purpose to benefit the Santa Cruz Main Library (Central Branch). The Morley Estate restricted in purpose to benefit the La Selva Beach branch. The Hale Trust restricted in purpose to benefit the Scotts Valley branch and the Anna Gruber Living Trust restricted in purpose to benefit the Branciforte branch.

Redevelopment Successor Agency Trust - With the dissolution of the Redevelopment Agency, their assets and liabilities were transferred to a Successor Agency. This fund is used to account for the activities of the Successor Agency as it winds down the former Redevelopment Agency obligations.

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City of Santa Cruz Combining Statement of Fiduciary Net Position Private Purpose Trust Funds June 30, 2024

ASSETS	Library rust Fund	development cessor Agency Trust	Total Private - Purpose Trust Funds		
Current assets:					
Cash and cash equivalents	\$ 403,269	\$ 14,007,881	\$	14,411,150	
Restricted cash and equivalents	, <u>-</u>	1,961,163		1,961,163	
Accounts receivable	-	10,093		10,093	
Interest receivable	2,750	63,034		65,784	
Notes receivable	-	12,169		12,169	
Non-current assets:					
Notes receivable	-	258,072		258,072	
Nondepreciable capital assets	-	902,621		902,621	
Depreciable capital assets	 	5,910,691		5,910,691	
Total current assets	 406,019	23,125,724		23,531,743	
LIABILITIES					
Current liabilities:					
Interest payable	-	39,575		39,575	
Non-current liabilities:					
Bonds, notes, loans and leases payable - due in one year	-	1,110,000		1,110,000	
Bonds, notes, loans and leases payable - due in more than one year	-	1,960,000		1,960,000	
Total liabilities	-	3,109,575		3,109,575	
NET POSITION					
Restricted for library programs	406,019	_		406,019	
Restricted for RDA Successor Agency	-	20,016,149		20,016,149	
Total held in trust	\$ 406,019	\$ 20,016,149	\$	20,422,168	

City of Santa Cruz Combining Statement of Changes in Fiduciary Net Position Private Purpose Trust Funds For the Year Ended June 30, 2024

	Library Trust Fund			development cessor Agency Trust	Total Private - Purpose Trust Funds		
ADDITIONS Taxes	\$	_	\$	1,104,641	\$	1,104,641	
Use of money and property		29,651		770,310		799,961	
Total additions		(163,945)		3,829,204		3,665,259	
DEDUCTIONS							
Payments to City		9,568		2,029,527		2,039,095	
Interest expense		-		178,500		178,500	
Contractual services		-		90,170		90,170	
Depreciation expense		-		334,945		334,945	
Miscellaneous				497,012		497,012	
Total deductions		9,568		3,130,154		3,139,722	
Changes in net position		(173,513)		699,050		525,537	
NET POSITION:							
Beginning of year		579,532		19,317,099		19,896,631	
End of year	\$	406,019	\$	20,016,149	\$	20,422,168	

STATISTICAL SECTION (Unaudited)

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STATISTICAL SECTION

(Unaudited)

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

Contents

Financial Trends

These tables contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

178-187

Revenue Capacity

These tables contain information to help the reader assess the city's most significant local revenue source, the property tax.

188-195

Debt Capacity

These tables present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

196-205

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

206-207

Operating Information

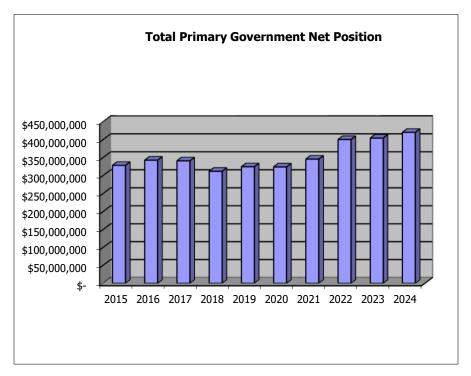
These tables contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

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

City of Santa Cruz Net Position By Component Last Ten Fiscal Years

		Fis	cal Y	Year Ended June	30		
	2015	2016		2017		2018	2019
Governmental activities: Net investment in capital assets Restricted Unrestricted (deficit)	\$ 174,861,173 32,780,047 (85,451,031)	\$ 170,874,890 36,509,334 (78,202,386)	\$	170,120,986 32,106,963 (79,330,554)	\$	174,499,307 37,100,853 (108,356,521)	\$ 175,095,083 32,044,904 (98,607,199)
Total governmental activities net position	\$ 122,190,189	\$ 129,181,838	\$	122,897,395	\$	103,243,639	\$ 108,532,788
Business-type activities: Net investment in capital assets Unrestricted Total business-type activities net position	\$ 202,323,678 4,087,360 206,411,038	\$ 207,622,283 6,281,769 213,904,052	\$ 	190,911,518 27,360,407 218,271,925	\$	185,244,609 23,709,249 208,953,858	\$ 191,291,517 24,962,438 216,253,955
Primary government: Net investment in capital assets Restricted Unrestricted (deficit)	\$ 377,184,851 32,780,047 (81,363,671)	\$ 378,497,173 36,509,334 (71,920,617)	\$	361,032,504 32,106,963 (51,970,147)	\$	359,743,916 37,100,853 (84,647,272)	\$ 366,386,600 32,044,904 (73,644,761)
Total primary government net position	\$ 328,601,227	\$ 343,085,890	\$	341,169,320	\$	312,197,497	\$ 324,786,743



City of Santa Cruz Net Position By Component (Continued) Last Ten Fiscal Years

		Fic	ool V	Year Ended June	30		
	2020	2021	car	2022	30	2023	2024
Governmental activities: Net investment in capital assets Restricted Unrestricted (deficit)	\$ 179,686,573 33,807,828 (107,641,856)	\$ 184,585,738 40,776,314 (105,109,136)	\$	199,711,083 48,870,533 (82,387,391)	\$	219,512,008 46,834,138 (91,599,035)	\$ 246,441,228 46,834,138 (106,560,713)
Total governmental activities net position	\$ 105,852,545	\$ 120,252,916	\$	166,194,225	\$	174,747,111	\$ 186,714,653
Business-type activities: Net investment in capital assets Unrestricted Total business-type activities net position	\$ 205,455,757 13,005,526 218,461,283	\$ 215,604,468 10,236,647 225,841,115	\$	215,993,915 18,321,820 234,315,735	\$	214,253,287 15,454,978 229,708,265	\$ 213,812,755 19,790,795 233,603,550
Primary government: Net investment in capital assets Restricted Unrestricted (deficit)	\$ 385,142,330 33,807,828 (94,636,330)	\$ 400,190,206 40,776,314 (94,872,489)	\$	415,704,998 48,870,533 (64,065,571)	\$	433,765,295 46,834,138 (76,144,057)	\$ 460,253,983 46,834,138 (86,769,918)
Total primary government net position	\$ 324,313,828	\$ 346,094,031	\$	400,509,960	\$	404,455,376	\$ 420,318,203

Unrestriced net position was restated in 2018 for the implementation of GASB Statement 75 for \$17,333,231 and \$5,784,623 in the governmental activities and business type activities, respectively.

City of Santa Cruz Changes in Net Position Last Ten Fiscal Years

		Fis	scal Y	ear Ended June 3		
	 2015	2016		2017	2018	2019
Expenses		_		_	_	
Governmental activities:						
General government	\$ 17,104,364	\$ 12,974,400	\$	18,898,202	\$ 19,350,479	\$ 20,614,327
Public safety	40,273,833	42,167,371		47,939,341	51,394,586	56,513,231
Parks and recreation	12,854,772	13,509,643		16,516,857	17,650,040	17,529,459
Library	1,347,161	1,207,356		1,552,010	1,559,242	1,553,115
Public works	16,430,725	13,408,682		18,578,171	15,609,565	16,471,190
Transit	707,736	701,935		748,134	745,940	798,782
Community and economic development	3,431,560	6,108,539		4,627,227	10,516,746	4,185,767
Social services	1,378,574	1,371,129		1,436,421	2,159,544	2,027,873
Interest and fiscal charges on long-term debt	 1,975,129	 2,354,508		1,950,851	 1,581,810	 1,456,449
Total governmental activities expenses	 95,503,854	 93,803,563		112,247,214	 120,567,952	 121,150,193
Business-type activities:						
Water	25,219,745	25,319,800		28,375,996	33,284,532	36,562,160
Wastewater	19,164,660	18,426,042		20,760,433	21,785,697	20,933,694
Refuse	15,991,886	15,360,501		17,099,090	18,451,537	19,253,241
Parking	4,344,177	4,231,893		4,853,232	5,226,564	5,530,210
Storm Water	1,782,683	1,990,558		1,761,243	1,673,093	1,368,656
Golf course	 2,259,995	 1,983,470			 _	 -
Total business-type activities expenses	 68,763,146	67,312,264		72,849,994	 80,421,423	83,647,961
Total primary government expenses	\$ 164,267,000	\$ 161,115,827	\$	185,097,208	\$ 200,989,375	\$ 204,798,154
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 10,347,805	\$ 9,110,127	\$	10,188,422	\$ 10,985,577	\$ 11,626,464
Public safety	3,711,308	5,785,089		5,492,880	6,583,350	7,580,577
Parks and recreation	3,538,225	3,376,136		5,384,041	5,294,923	5,018,462
Library	623,334	518,681		440,100	462,438	462,438
Public works	5,291,833	6,699,865		5,126,400	6,023,639	5,745,566
Community and economic development	377,862	514,499		336,016	980,009	2,970,700
Operating grants and contributions	4,112,975	3,495,313		6,029,003	4,239,889	5,702,440
Capital grants and contributions	 6,157,091	3,109,623		2,099,106	 8,697,888	 5,032,786
Total governmental activities program revenues	 34,160,433	32,609,333		35,095,968	43,267,713	44,139,433
Business-type activities:						
Charges for services:						
Water	24,560,507	27,798,717		30,920,646	41,061,955	40,503,745
Wastewater	17,244,371	18,558,775		20,100,738	21,018,559	19,750,169
Refuse	16,944,604	18,642,441		19,750,388	20,664,437	21,166,912
Parking	4,444,322	4,950,879		5,102,475	5,456,159	6,215,875
Storm Water	899,925	896,171		897,693	895,130	891,611
Golf course	1,570,590	1,486,366		-	-	-
Operating grants and contributions	 1,314,782	1,211,419		613,711	1,543,354	 929,175
Total business-type activities program revenues	 66,979,101	73,544,768		77,385,651	 90,639,594	89,457,487
Total primary government program revenues	 101,139,534	 106,154,101		112,481,619	 133,907,307	 133,596,920
Net (expense)/revenue:						
Governmental activities	(61,343,421)	(61,194,230)		(77,151,246)	(77,300,239)	(77,010,760)
Business-type activities	(1,784,045)	6,232,504		4,535,657	10,218,171	5,809,526

City of Santa Cruz Changes in Net Position (Continued) Last Ten Fiscal Years

		Fis	scal Y	ear Ended June 3	0		
	2020	2021		2022		2023	2024
Expenses							
Governmental activities:							
General government	\$ 20,322,085	\$ 23,476,418	\$	21,935,750		\$9,764,269	\$30,163,442
Public safety	57,811,196	54,785,622		53,197,958		49,997,725	61,250,815
Parks and recreation	17,067,868	15,098,626		17,025,262		21,200,478	28,300,226
Library	1,474,896	1,888,881		213,503		281,736	238,597
Public works	17,352,820	14,170,843		19,034,665		23,398,921	23,720,641
Transit	1,013,564	797,240		1,063,500		1,335,582	1,243,811
Community and economic development	6,268,475	4,199,540		4,112,247		18,261,414	23,161,236
Social services	2,005,337	2,191,401		2,601,450		14,025,049	9,150,654
Interest and fiscal charges on long-term debt	1,152,581	972,836		791,598		659,450	592,432
Total governmental activities expenses	 124,468,822	117,581,407		119,975,933		138,924,624	177,821,854
Business-type activities:							
Water	37,405,164	38,078,715		36,703,987		34,814,510	43,223,736
Wastewater	24,170,115	23,392,966		21,004,203		31,063,751	32,231,152
Refuse	21,556,523	19,809,687		18,538,166		25,256,080	29,087,905
Parking	6,199,876	5,527,325		6,261,166		6,388,710	7,751,995
Storm Water	1,565,293	1,664,018		2,551,066		2,480,885	2,180,383
Golf course	 			-			
Total business-type activities expenses	 90,896,971	 88,472,711		85,058,588		100,003,936	 114,475,171
Total primary government expenses	\$ 215,365,793	\$ 206,054,118	\$	205,034,521	\$	238,928,560	\$ 292,297,025
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 11,076,557	\$ 11,333,060	\$	11,641,708	\$	12,169,415	\$ 26,362,104
Public safety	6,016,418	7,647,791		7,305,973		7,759,280	8,941,462
Parks and recreation	3,760,139	4,140,970		5,683,150		5,694,661	8,089,167
Library	462,444	485,560		509,838		527,783	551,233
Public works	4,819,236	4,345,088		4,998,217		6,174,299	5,945,103
Community and economic development	654,022	454,492		622,922		367,372	4,801,270
Operating grants and contributions	9,264,260	7,780,766		5,748,324		5,786,226	5,285,020
Capital grants and contributions	6,041,232	13,972,656		37,975,187		9,004,393	26,585,385
Total governmental activities program revenues	42,094,308	50,160,383		74,485,319		47,483,429	86,560,744
Business-type activities:							
Charges for services:							
Water	41,982,726	41,992,539		41,608,957		42,872,550	49,632,965
Wastewater	21,296,244	21,647,635		22,847,859		27,258,634	27,497,489
Refuse	20,769,432	21,324,222		22,561,510		23,198,251	25,054,649
Parking	5,378,070	3,910,682		4,371,755		4,649,621	7,093,432
Storm Water	1,036,569	2,869,033		894,520		1,567,339	893,049
Golf course	-	-		-		-	-
Operating grants and contributions	 1,459,564	2,136,000		3,169,427		<u>-</u>	4,270,713
Total business-type activities program revenues	91,922,605	93,880,111		95,454,028		99,546,395	114,442,297
Total primary government program revenues	 134,016,913	144,040,494		169,939,347		147,029,824	201,003,041
Net (expense)/revenue:							
Governmental activities	(82,374,514)	(67,421,024)		(45,490,614)		(91,441,195)	(91,261,110)
Business-type activities	1,025,634	5,407,400		10,395,440		(457,541)	(32,874)
3.1							

City of Santa Cruz Changes in Net Position Last Ten Fiscal Years

		Fis	scal Ye	ear Ended June 3	0		
	2015	2016		2017		2018	2019
General Revenues and Other Changes in Net Position							
Governmental activities:							
Taxes							
Property taxes \$	17,364,174	\$ 18,720,421	\$	19,890,236	\$	20,681,464	\$ 23,135,942
Sales and use taxes	16,572,267	17,934,333		17,361,753		17,400,320	21,860,332
Franchise taxes	3,148,619	3,369,016		3,538,252		3,678,560	4,025,643
Transient occupancy taxes	8,255,379	9,027,506		9,282,551		10,185,738	10,985,786
Utility users taxes	10,671,804	11,028,860		11,314,374		11,568,654	11,517,468
Admission taxes	2,394,716	2,523,654		2,483,608		2,679,859	2,646,472
Other taxes	3,263,780	3,718,803		4,958,113		6,930,592	6,219,024
Unrestricted Investment earnings	815,789	686,914		419,090		279,220	1,383,144
Gain (loss) on sale of assets	16,446	1,551,578		33,487		584,367	-
Miscellaneous	-	-		-		-	-
Transfers	(487,857)	(375,206)		404,783		990,940	 526,098
Total governmental activities	62,015,117	68,185,879		69,686,247		74,979,714	82,299,909
Business-type activities:							
Taxes							
Property taxes	68,070	68,070		112,754		128,614	68,080
Unrestricted Investment earnings	678,166	557,824		254,678		730,023	1,916,038
Gain (loss) on sale of assets	338,049	259,410		6,840		47,906	32,551
Transfers	487,857	375,206		(404,783)		(990,940)	(526,098)
Special item		_		_		(13,667,218)	-
Total business-type activities	1,572,142	1,260,510		(30,511)		(13,751,615)	1,490,571
Total primary government \$	63,587,259	\$ 69,446,389	\$	69,655,736	\$	61,228,099	\$ 83,790,480
Change in Net Position		 					
Governmental activities \$	671,696	\$ 6,991,649	\$	(7,464,999)	\$	(2,320,525)	\$ 5,289,149
Business-type activities	(211,903)	7,493,014		4,505,146		(3,533,444)	7,300,097
Total primary government \$	459,793	\$ 14,484,663	\$	(2,959,853)	\$	(5,853,969)	\$ 12,589,246

City of Santa Cruz Changes in Net Position (Continued) Last Ten Fiscal Years

			Fiscal Year Ended June 30						
_		2020		2021		2022		2023	2024
General Revenues and Other Changes in Net Positi	on								
Governmental activities:									
Taxes									
Property taxes	\$	23,836,366	\$	24,152,410	\$	25,804,829	\$	27,444,537	\$ 28,645,944
Sales and use taxes		21,376,655		23,578,620		27,223,493		26,310,460	26,086,726
Franchise taxes		4,014,250		3,953,531		4,089,489		4,240,753	4,231,075
Transient occupancy taxes		8,035,134		9,121,782		12,066,476		12,633,022	12,967,908
Utility users taxes		11,459,173		11,600,692		12,264,890		13,433,448	14,150,178
Admission taxes		1,721,753		663,919		8,586,123		7,400,296	-
Other taxes		6,911,076		7,696,545		2,131,088		2,703,881	9,942,888
Unrestricted Investment earnings		1,836,583		2,112,366		(1,275,802)		4,111,368	5,999,057
Gain (loss) on sale of assets		7,479		-		36,199		128,737	9,131
Miscellaneous		-		-		-		613,492	334,722
Transfers		495,802		(1,058,506)		505,138		932,875	 861,023
Total governmental activities		79,694,271		81,821,359		91,431,923		99,952,869	103,228,652
Business-type activities:									
Taxes									
Property taxes		-		240,815		274,750		288,972	326,722
Unrestricted Investment earnings		1,677,496		563,557		(1,711,880)		1,044,421	4,287,709
Gain (loss) on sale of assets		-		109,554		21,448		45,487	174,751
Transfers		(495,802)		1,058,506		(505,138)		(932,875)	(861,023)
Special item		-				-			 -
Total business-type activities		1,181,694		1,972,432		(1,920,820)		446,005	3,928,159
Total primary government	\$	80,875,965	\$	83,793,791	\$	89,511,103	\$	100,398,874	\$ 107,156,811
Change in Net Position									
Governmental activities	\$	(2,680,243)	\$	14,400,335	\$	45,941,309	\$	8,511,674	\$ 11,967,542
Business-type activities		2,207,328		7,379,832		8,474,620		(11,536)	3,895,285
Total primary government	\$	(472,915)	\$	21,780,167	\$	54,415,929	\$	8,500,138	\$ 15,862,827

City of Santa Cruz Fund Balances of Governmental Funds Last Ten Fiscal Years

	Fiscal Year Ended June 30											
		2015		2016		2017		2018		2019		
General Fund												
Non-spendable	\$	7,456,064	\$	6,905,534	\$	8,432,086	\$	11,993,475	\$	5,788,162		
Restricted		257,893		256,229		256,329		10,508,749		11,215,594		
Committed		14,450,622		17,153,279		17,985,712		5,706,670		4,082,699		
Assigned		5,831,522		5,991,161		-		-		3,603,735		
Unassigned		(1,361,952)		654,129		-		-		7,199,928		
Total General Fund	\$	26,634,149	\$	30,960,332	\$	26,674,127	\$	28,208,894	\$	31,890,118		
All Other Governmental Funds												
Non-spendable	_											
Redevelopment Agency fund		10,952,599		11,533,360		-		-		-		
General Capital Improvement fund		_		-		-		1,949		-		
Special revenue funds		2,900,207		2,889,311		-		22,039		940		
Restricted												
Redevelopment Agency fund		15,253		-		11,123,868		11,471,281		12,025,370		
Special revenue funds		8,948,513		9,395,720		10,856,240		13,716,604		17,556,668		
Capital projects funds		10,888,867		9,663,216		5,337,686		-		-		
Debt service funds		1,716,922		1,728,900		1,571,705		1,682,256		1,729,413		
Committed												
Capital projects funds		_		-		-		-		-		
Unassigned (deficit)												
Special revenue funds		-		(472,996)		-		-		-		
Capital projects funds								(301,062)		(2,564,118)		
Total all other governmental funds	\$	35,422,361	\$	34,737,511	\$	28,889,499	\$	26,593,067	\$	28,748,273		

City of Santa Cruz Fund Balances of Governmental Funds (Continued) Last Ten Fiscal Years

		Fis	cal Y	ear Ended June :	30		
	 2020	2021		2022		2023	2024
General Fund							
Non-spendable	\$ 5,066,943	\$ 5,498,946	\$	5,168,665	\$	6,906,392	\$ 9,254,205
Restricted	11,928,524	10,001,975		7,787,634		8,830,952	9,943,757
Committed	3,709,804	9,895,162		25,640,741		22,449,897	18,552,507
Assigned	3,668,540	4,356,223		5,259,744		6,347,533	5,735,369
Unassigned	4,116,415	 6,264,915		7,141,345		7,376,514	6,972,239
Total General Fund	\$ 28,490,226	\$ 36,017,221	\$	50,998,129	\$	51,911,288	\$ 50,458,077
All Other Governmental Funds							
Non-spendable							
Redevelopment Agency fund	-	-		-		-	-
General Capital Improvement fund	-	-		-		-	-
Special revenue funds	-	-		-		-	-
Restricted							
Redevelopment Agency fund	12,249,579	12,449,485		12,721,801		12,681,966	12,832,907
Special revenue funds	17,787,809	22,364,037		27,149,578		21,422,390	15,848,059
Capital projects funds	(6,183,533)	-		-		-	-
Debt service funds	1,748,363	1,814,621		1,835,591		1,523,655	1,433,547
Committed							
Capital projects funds	-	-		-		3,177,942	8,343,978
Unassigned (deficit)							
Special revenue funds	-	(4,685,290)		-		-	(513,793)
Capital projects funds	 			(7,780,078)			
Total all other governmental funds	\$ 25,602,218	\$ 31,942,853	\$	33,926,892	\$	38,805,953	\$ 37,944,698

City of Santa Cruz Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years

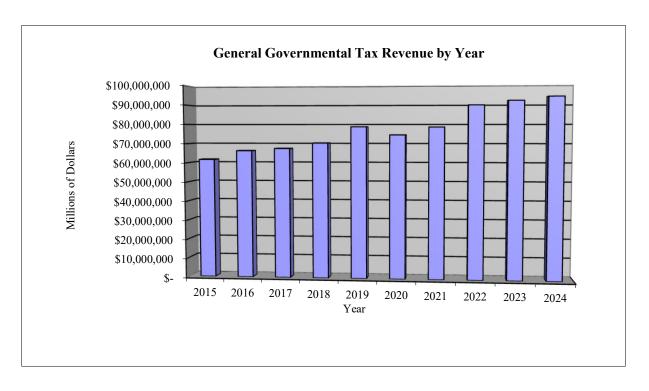
		Fise	cal Year Ended Jun	e 30	
	2015	2016	2017	2018	2019
Revenues					
Taxes	\$ 61,670,739	\$ 66,322,593	\$ 68,828,889	\$ 73,781,043	\$ 80,390,667
Licenses and permits	956,587	1,237,340	1,059,040	1,449,842	1,617,733
Intergovernmental	6,415,667	6,464,559	6,086,088	8,344,392	8,785,444
Charges for services	13,873,068	15,759,647	16,765,767	18,415,749	19,221,412
Fines and forfeitures	1,947,157	1,943,034	1,821,418	1,723,744	1,753,002
Use of money and property	5,774,210	6,063,555	5,768,075	6,889,627	8,863,017
Other revenues	4,914,494	3,177,854	1,829,894	7,678,476	3,455,888
Total revenues	95,551,922	100,968,582	102,159,171	118,282,873	124,087,163
Expenditures					
General government	16,772,766	16,422,406	18,118,532	18,706,083	20,548,575
Public safety	40,423,564	43,100,322	45,715,309	46,445,392	50,084,320
Parks and recreation/Library	11,371,378	12,009,683	14,270,030	15,045,740	15,969,852
Library	1,394,751	1,394,751	1,464,751	1,534,781	1,604,751
Public works	8,255,477	8,677,836	7,858,508	8,383,175	14,685,689
Transit	707,736	701,935	748,134	745,940	798,782
Community and economic development	4,389,168	5,071,783	3,417,657	4,670,681	2,787,499
Social services	1,378,574	1,371,129	1,436,421	2,159,544	2,027,873
Capital outlay	14,394,876	4,253,195	12,332,342	18,603,906	5,557,262
Debt service:					
Principal	2,299,080	3,779,157	4,042,493	4,158,166	4,610,644
Interest and fiscal charges	1,647,830	1,935,405	1,695,100	1,594,081	1,427,030
Bond issuance costs	-	-	135,322	-	-
Total expenditures	103,035,200	98,717,602	111,234,599	122,047,489	120,102,277
Excess of revenues over (under) expenditures	(7,483,278)	2,250,980	(9,075,428)	(3,764,616)	3,984,886
Other financing sources (uses)					
Proceeds from asset dispositions	16,446	1,762,040	33,487	584,367	629,237
Proceeds from long-term debt issued	14,130,000	1,702,010	7,685,000	483,697	854,614
Payment to refunded bond escrow agent	- 1,150,000	_	(8,665,624)	-	-
Premiums on bonds sold	_	_	384,292	_	_
Transfers in	6,321,861	1,715,874	4,484,501	4,954,350	4,393,946
Transfers out	(6,649,588)	(2,087,561)	(4,980,445)	(3,019,463)	(4,026,253)
Total other financing sources (uses)	13,818,719	1,390,353	(1,058,789)	3,002,951	1,851,544
Net change in fund balances	\$ 6,335,441	\$ 3,641,333	\$ (10,134,217)	\$ (761,665)	\$ 5,836,430
T . 1	* 402.027.200	A 00 515 (00			
Total expenditures	\$ 103,035,200	\$ 98,717,602	\$ 111,234,599	\$ 122,047,489	\$ 120,102,277
Capitalized portion of capital outlay	12,362,613	1,560,817	4,039,289	9,630,958	5,557,262
Total non-capitalized expenditures	\$ 90,672,587	\$ 97,156,785	\$ 107,195,310	\$ 112,416,531	\$ 114,545,015
Debt service: principal & interest	\$ 3,946,910	\$ 5,714,562	\$ 5,737,593	\$ 5,752,247	\$ 6,037,674
Debt service as a percentage of noncapital					
expenditures	4.4%	5.9%	5.4%	5.1%	5.3%

City of Santa Cruz Changes in Fund Balances of Governmental Funds (Continued) Last Ten Fiscal Years

		Fis	cal Year Ended Jun	e 30	
	2020	2021	2022	2023	2024
Revenues					
Taxes	\$ 77,354,407	\$ 80,873,029	\$ 92,166,387	\$ 94,166,397	\$ 96,024,719
Licenses and permits	1,492,276	1,497,268	1,370,582	1,684,201	1,479,509
Intergovernmental	10,181,715	19,173,004	37,445,652	24,626,525	32,363,312
Charges for services	16,376,880	18,597,007	20,183,511	21,196,737	36,508,335
Fines and forfeitures	1,535,295	1,105,221	1,165,243	1,341,043	1,616,023
Use of money and property	8,151,370	8,840,372	4,869,041	9,045,975	11,403,012
Other revenues	1,557,853	1,575,984	1,733,051	2,559,845	8,499,592
Total revenues	116,649,796	131,661,885	158,933,467	154,620,723	187,894,502
Expenditures				_	
General government	19,495,392	22,560,800	21,139,517	18,906,929	22,767,202
Public safety	49,920,365	48,712,588	52,163,701	50,104,613	59,594,085
Parks and recreation/Library	14,417,269	13,513,957	17,174,643	19,381,672	24,075,668
Library	1,674,751	1,744,751	-	, , , <u>-</u>	, , , <u>-</u>
Public works	14,521,880	10,391,455	16,156,788	15,149,121	18,075,181
Transit	1,013,564	797,240	1,063,500	1,335,582	1,243,811
Community and economic development	4,480,675	3,396,495	3,935,690	16,139,480	21,590,525
Social services	2,005,337	2,191,401	2,601,450	8,326,322	9,150,654
Capital outlay	9,766,959	10,968,458	21,737,119	22,566,735	30,431,597
Debt service:					
Principal	4,992,514	5,298,916	6,075,609	3,550,087	3,713,771
Interest and fiscal charges	1,257,449	1,002,144	814,340	614,484	568,749
Bond issuance costs	-	-	-	-	-
Total expenditures	123,546,155	120,578,205	142,862,357	156,075,025	191,211,243
Excess of revenues over (under) expenditures	(6,896,359)	11,083,680	16,071,110	(1,454,302)	(3,316,741)
Other financing sources (uses)					
Proceeds from asset dispositions	20,528	68,513	36,199	112,245	_
Proceeds from long-term debt issued		222,500	-	8,353,930	135,283
Payment to refunded bond escrow agent	_	-	_	-	-
Premiums on bonds sold	_	_	_	_	_
Transfers in	5,751,315	5,261,804	18,311,436	25,835,930	30,123,802
Transfers out	(5,421,431)	(2,700,389)	(17,471,323)	(27,055,585)	(29,256,810)
Total other financing sources (uses)	350,412	2,852,428	876,312	7,246,520	1,002,275
Net change in fund balances	\$ (6,545,947)	\$ 13,936,108	\$ 16,947,422	\$ 5,792,218	\$ (2,314,466)
Total expenditures	\$ 123,546,155	\$ 120,578,205	\$ 142,862,357	\$ 156,075,025	\$ 191,211,243
Capitalized portion of capital outlay	10,604,396	10,968,458	21,737,119	23,060,903	30,478,954
Total non-capitalized expenditures	\$ 112,941,759	\$ 109,609,747	\$ 121,125,238	\$ 133,014,122	\$ 160,732,289
Debt service: principal & interest	\$ 6,249,963	\$ 6,301,060	\$ 6,889,949	\$ 4,164,571	\$ 4,282,520
Debt service as a percentage of noncapital					
expenditures	5.5%	5.7%	5.7%	3.1%	2.7%

City of Santa Cruz General Governmental Tax Revenues by Source¹ Last Ten Fiscal Years

Fiscal Year Ended		Sales		Transient	Utility		Cle	ean River,
June 30	Property	ty and Use Franchise		Occupancy	Users	Admission	Beacl	hes & Ocean
2015	\$ 17,432,244	\$ 16,572,267	\$ 3,148,619	\$ 8,255,379	\$10,671,804	\$ 2,394,716	\$	627,144
2016	18,720,421	17,934,333	3,369,016	9,027,506	11,028,860	2,523,654		628,787
2017	19,890,236	17,361,753	3,538,252	9,282,551	11,314,374	2,483,608		629,206
2018	20,681,464	17,400,320	3,678,560	10,185,738	11,568,654	2,679,859		629,045
2019	23,135,942	21,860,332	4,025,643	10,985,786	11,517,468	2,646,472		629,191
2020	23,836,366	21,376,655	4,014,250	8,035,134	11,459,173	1,721,753		629,680
2021	24,152,410	23,684,149	3,483,705	9,121,782	12,070,520	663,919		659,854
2022	25,804,827	27,223,493	4,089,489	12,066,476	12,264,891	2,648,394		632,654
2023	27,444,537	26,310,460	4,240,753	12,633,022	13,433,448	2,726,453		630,263
2024	28,645,944	26,086,726	4,231,075	12,967,908	14,150,178	3,009,300		630,479



City of Santa Cruz General Governmental Tax Revenues by Source¹ (Continued) Last Ten Fiscal Years

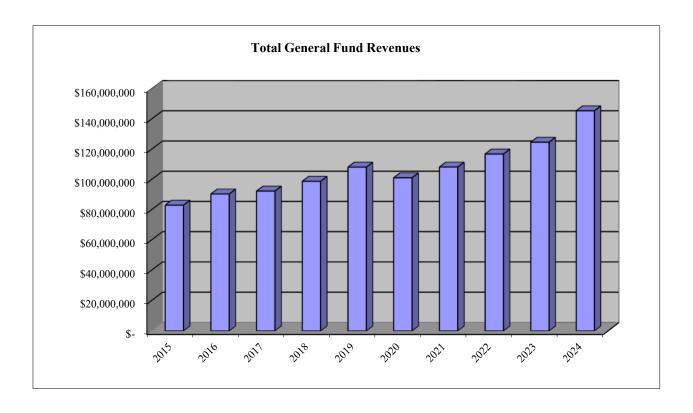
Parking	Business provement ²	Property Transfer	Business License	R	erks and ecreation	A:	Fourism farketing District ssessment ess payout)	(Cannabis	Total
\$ 563,399	\$ 458,073	\$ 272,855	\$ 871,672	\$	259,307	\$	56,144	\$	155,186	\$ 61,738,809
633,183	456,562	279,942	856,783		493,034		60,918		309,596	66,322,595
615,555	464,879	327,391	885,021		291,940		57,801		354,205	67,496,772
685,552	459,033	362,690	848,580		540,356		(33,504)		669,080	70,355,427
699,715	464,868	306,256	902,226		457,973		163,345		943,832	78,739,049
509,965	486,099	319,874	867,252		233,342		(304,202)		1,410,175	74,595,516
484,660	459,837	490,874	810,313		837,416		_		1,689,100	78,608,539
898,560	218,222	553,703	744,162		536,050		_		2,133,575	89,814,496
840,026	215,208	351,310	772,632		1,085,778		-		1,363,654	92,047,544
966,298	407,732	376,190	748,426		574,836		-		1,268,618	94,063,709

Notes:

¹ This table includes all governmental fund types.

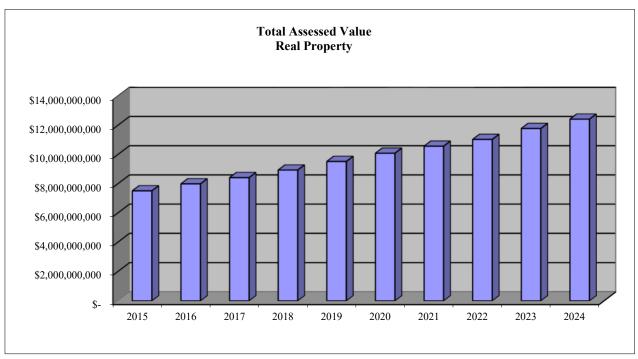
City of Santa Cruz General Fund Revenues by Source Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes	censes and Permits	Gov	Inter- vernmental	 Charges for Services		es and eitures	e of Money ad Property		Other	_	Total
2015	\$ 60,325,657	\$ 956,587	\$	346,773	\$ 13,818,324	\$ 1,9	947,157	\$ 5,106,451	\$	535,425	\$	83,036,374
2016	64,729,972	1,237,340		588,460	15,705,991	1,9	943,034	5,216,813	1	,002,839		90,424,449
2017	66,079,290	1,059,040		354,279	16,673,446	1,8	320,941	5,090,589	1	1,264,153		92,341,738
2018	69,841,882	1,449,842		492,888	18,351,158	1,6	689,605	5,943,664	1	,046,712		98,815,751
2019	77,141,459	1,617,733		589,336	19,152,126	1,7	750,058	7,270,160		680,469		108,201,341
2020	73,226,236	1,492,276		1,261,048	16,315,020	1,5	35,295	6,810,672		529,933		101,170,480
2021	76,602,978	1,497,268		1,953,282	18,546,386	1,1	05,221	8,194,469		360,421		108,260,025
2022	88,124,347	1,370,582		1,277,145	20,097,878	1,1	65,243	4,338,175		508,307		116,881,677
2023	89,795,560	1,684,201		2,121,784	21,121,206	1,3	341,043	7,999,871		625,336		124,689,001
2024	92,310,872	1,479,509		1,594,253	36,193,595	1,6	503,711	9,700,297	2	2,595,719		145,477,956



City of Santa Cruz Assessed Value of Taxable Property Last Ten Fiscal Years

Fiscal Year Ended		Real F	Property			Total Assessed	Total Direct Tax
June 30	Residential	Commercial	Other	Total	Unsecured	Value	Rate
2015	\$ 6,263,167,155	\$ 895,240,618	\$ 355,088,792	\$ 7,513,496,565	\$ 212,839,210	\$ 7,726,335,775	0.006%
2016	6,679,113,621	949,045,750	364,381,608	7,992,540,979	260,412,664	8,252,953,643	0.006%
2017	7,008,164,159	1,017,940,619	391,194,339	8,417,299,117	253,665,905	8,670,965,022	0.005%
2018	7,449,222,934	1,104,556,139	383,212,771	8,936,991,844	263,601,080	9,200,592,924	0.005%
2019	7,927,418,102	1,196,069,243	400,653,617	9,524,140,962	275,180,236	9,799,321,198	0.005%
2020	8,408,918,190	1,244,844,880	436,735,058	10,090,498,128	301,488,477	10,391,986,605	0.005%
2021	8,796,161,890	1,311,326,779	462,768,918	10,570,257,587	303,544,487	10,873,802,074	0.005%
2022	9,207,357,265	1,363,763,533	462,822,119	11,033,942,917	288,069,303	11,322,012,220	0.004%
2023	9,833,245,042	1,480,213,796	467,850,614	11,781,309,452	315,692,855	12,097,002,307	0.004%
2024	10,369,600,339	1,555,981,377	497,008,357	12,422,590,073	381,715,087	12,804,305,160	0.004%



Notes

This table has been adjusted to reflect fiscal year assessed values.

With the passage of a constitutional amendment (Proposition 13) and subsequently enacted State legislation, property is assessed according to a base year rather than on a percentage of market value. Accordingly, a reliable estimate of actual value of taxable property within the City is not possible.

Source: California Municipal Statistics, Inc.

County of Santa Cruz Auditor-Controller's Office

County of Santa Cruz Assessor's Office

City of Santa Cruz Direct and Overlapping Property Tax Rates Last Ten Fiscal Years

-	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Direct Rates:										
General Obligation Bonds	0.006	0.006	0.005	0.005	0.005	0.005	0.005	0.004	0.004	0.004
Total Direct Rate	0.006	0.006	0.005	0.005	0.005	0.005	0.005	0.004	0.004	0.004
Overlapping Rates ² : County ³	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
School Districts:										
Cabrillo College	0.037	0.037	0.033	0.024	0.021	0.021	0.021	0.024	0.024	0.024
Santa Cruz Schools	0.042	0.040	0.038	0.090	0.086	0.078	0.076	0.074	0.077	0.068
Bonny Doon Schools	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Live Oak Schools	0.053	0.046	0.036	0.020	0.021	0.021	0.021	0.021	0.020	0.026
Scotts Valley Schools	0.041	0.075	0.051	0.084	0.069	0.086	0.078	0.076	0.072	0.067
Total Overlapping Rate	1.172	1.198	1.157	1.218	1.197	1.206	1.195	1.195	1.192	1.185
Total Direct and Overlapping Rate	\$ 1.178	\$ 1.203	\$ 1.162	\$ 1.223	\$ 1.202	\$ 1.211	\$ 1.199	\$ 1.200	\$ 1.197	\$ 1.189

Notes:

- 1 Rates are per \$100.00 of assessed value.
- 2 Overlapping rates are those of entities that apply to property owners within the City of Santa Cruz. Not all overlapping rates apply to all property owners (e.g., the rates for school districts apply only to the proportion of the city's property owners whose property is located within the geographic boundaries of the school district).
- 3 The passage of a constitutional amendment (Proposition 13) in June 1978 limits the property tax rate to a base of \$1.00 per \$100.00. The \$1.00 rate is levied by the County and apportioned to local agencies according to a formula prescribed by the California legislature.

Source: California Municipal Statistics, Inc.

City of Santa Cruz Principal Property Tax Owners Current Year and Nine Years Ago

		2024 1				2015 2					
Tax Owner				Percentage of				Percentage of			
		Assessed Valuation		Total Assessed		Assessed		Total Assessed			
				Valuation		Valuation	Rank	Valuation			
Santa Cruz Seaside Co INC	\$	124,749,469	1	0.97%	\$	81,332,710	1	1.05%			
Regency Hilltop LLC		120,105,000	2	0.94%							
FIVE55 Santa Cruz LLC		53,273,090	3	0.42%							
Cypress Point RE Investors LLC		52,246,830	4	0.41%		43,644,821	3	0.56%			
Selby Development Group LLC		45,436,414	5	0.35%							
BHOV Santa Cruz LLC		42,777,655	6	0.33%							
Santa Cruz Shaffer Road Investors		42,644,133	7	0.33%		35,408,033	4	0.46%			
Anton Santa Cruz LLC		41,586,960	8	0.32%							
BRFII Santa Cruz LLC		36,414,000	9	0.28%							
SC Beach Holdco LLC		32,056,819	10	0.25%		44,595,006	2	0.58%			
Frederick Electronics Corporation						34,321,841	5	0.44%			
Regents of the University of California						32,313,498	6	0.42%			
Costco						25,059,073	7	0.32%			
UCSC						26,005,170	8	0.34%			
1010 Pacific Investors						24,163,565	9	0.31%			
Essex Chestnut Apartments LP						23,176,559	10	0.30%			
Totals	\$	591,290,370	: :	4.62%	\$	370,020,276	: :	4.79%			
Total assessed value	\$	12,804,305,160			\$	7,726,335,775					

Sources:

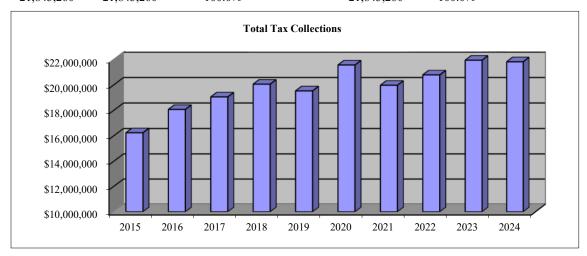
¹ County of Santa Cruz

² HDL Coren & Cone

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City of Santa Cruz Property Tax Levies and Collections Last Ten Fiscal Years

								Outstanding
Fiscal						Total		Delinquent
Year			Percent	Delinquent	Total	Collections	Outstanding	Taxes as
Ended	Total Tax	Current Tax	of Levy	Tax	Tax	as Percent of	Delinquent	Percent of
June 30	Levy ²	Collections ²	Collected	Collections ³	Collections	Current Levy	Taxes ³	Current Levy
2015	\$16,266,137	\$ 16,266,137	100.0%	\$ -	\$ 16,266,137	100.0%	\$ -	\$ -
2016	18,095,927	18,095,927	100.0%	-	18,095,927	100.0%	-	-
2017	19,080,127	19,080,127	100.0%	-	19,080,127	100.0%	-	-
2018	20,085,027	20,085,027	100.0%	-	20,085,027	100.0%	-	-
2019	19,557,083	19,557,083	100.0%	-	19,557,083	100.0%	-	-
2020	21,590,859	21,590,859	100.0%	-	21,590,859	100.0%	-	-
2021	19,997,427	19,997,427	100.0%	-	19,997,427	100.0%	-	-
2022	20,814,730	20,814,730	100.0%	-	20,814,730	100.0%	-	-
2023	21,965,114	21,965,114	100.0%	-	21,965,114	100.0%	-	-
2024	21,843,260	21,843,260	100.0%	-	21,843,260	100.0%	-	-



Notes:

- 1 This table includes levies and collections for the Redevelopment Agency.
- 2 Does not include amounts for Property Taxes in Lieu of Vehicle License Fees.
- 3 Because the County adopted a new method of distributing property taxes (commonly referred to as the "Teeter Plan"), the County is now responsible for all delinquent secured property taxes.

Source: County of Santa Cruz Auditor-Controller's Office City of Santa Cruz Finance Department

City of Santa Cruz Ratios of Outstanding Debt By Type Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2015 2016			2017	2018		2019			
Governmental Activities:										
General obligation bonds	\$	5,965,000	\$	5,730,000	\$	5,475,000	\$	5,205,000	\$	4,915,000
Pension obligation bonds		17,160,000		15,310,000		13,295,000		11,100,000		8,685,000
Revenue bonds payable		8,995,000		8,680,000		7,685,000		7,560,000		7,255,000
Capital leases		297,379		249,630		201,170		152,536		102,813
Notes		14,318,705		12,987,297		13,920,402		12,871,003		12,162,137
Leases		-		-		-		-		-
Subscriptions		-		-		-		-		-
Premiums		26,565		24,747		399,607		376,258		352,908
Total Governmental Activities		46,762,649		42,981,674		40,976,180		37,264,797		33,472,857
Business-type Activities:										
Wastewater revenue bonds		15,359,178		11,925,013		8,433,487		4,888,944		1,272,570
Storm water revenue bonds		4,520,000		4,245,000		3,945,000		3,640,000		3,330,000
Water revenue bonds		10,670,000		10,235,000		9,835,000		9,425,000		9,015,000
Refuse revenue bonds		2,545,000		2,215,000		1,875,000		1,525,000		1,160,000
Parking Revenue bonds		4,190,000		3,930,000		3,350,000		3,065,000		2,830,000
Notes		4,653,748		4,277,317		26,632,000		29,407,533		35,655,891
Leases		-		-		-		-		-
Subscriptions		_		-		_		_		_
Premiums		99,035		87,363		359,289		322,811		286,332
Total Business-type Activities		42,036,961		36,914,693		54,429,776		52,274,288		53,549,793
Successor Agency Trust:										
Tax allocation bonds		33,855,000		31,835,000		29,690,000		27,415,000		25,000,000
Premiums		7,873		6,374		4,874		3,374		1,875
Total Successor Agency Trust		33,862,873		31,841,374		29,694,874	_	27,418,374		25,001,875
Total Primary Government	\$	122,662,483	\$	111,737,741	\$	125,100,830	\$	116,957,459	\$	112,024,525
Personal income ¹	\$ 3	,334,888,920	\$ 3	3,700,634,424	¢ :	3,934,137,350	•	4,254,916,712	\$ /	,564,044,485
Debt as percentage of personal income	φJ	3.68%	φυ	3.02%	Φ.	3.18%	Φ	2.75%	φ-	2.45%
Population ²		63,789		64,632		66,170		66,454		65,807
Debt per capita		1,923		1,729		1,891		1,760		1,702
Assessed value ³	7	,726,335,775	ç	3,252,953,643	ç	8,670,965,022		9,200,592,924	c	0,799,321,198
Debt as percentage of assessed value	/	1.59%	c	1.35%	(1.44%		1.27%	>	1.14%
Debt as percentage of assessed value		1.59/0		1.55/0		1.77/0		1.2//0		1.17/0

Notes:

Source:

¹ Personal income is calculated based on data from the US Department of Commerce, Bureau of Economic Analysis (refer to Table 16).

² California Department of Finance

³ California Municipal Statistics, Inc.

City of Santa Cruz Ratios of Outstanding Debt By Type (Continued) Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2020	2021	2022	2023	2024					
Governmental Activities:										
General obligation bonds	\$ 4,600,000	\$ 4,265,000	\$ 3,905,000	\$ 3,520,000	\$ 3,110,000					
Pension obligation bonds	6,040,000	3,150,000	-	-	-					
Revenue bonds payable	6,940,000	6,615,000	6,270,000	5,920,000	5,560,000					
Capital leases	42,813	-	-	-	-					
Notes	10,504,623	9,021,020	7,252,736	11,609,943	9,795,909					
Leases	-	-	-	3,025,518	2,298,617					
Subscriptions	-	-	-	1,142,001	795,415					
Premiums	329,558	306,208	282,858	259,508	236,158					
Total Governmental Activities	28,456,994	23,357,228	17,710,594	25,476,970	21,796,100					
Business-type Activities:										
Wastewater revenue bonds	967,858	653,339	329,605	-	-					
Storm water revenue bonds	3,015,000	2,690,000	2,360,000	2,020,000	1,675,000					
Water revenue bonds	29,450,000	28,685,000	27,895,000	27,075,000	26,220,000					
Refuse revenue bonds	785,000	400,000	-	<u>-</u>	-					
Parking Revenue bonds	2,590,000	2,340,000	2,080,000	1,805,000	1,643,532					
Notes	24,376,046	197,461,242	115,255,699	142,774,050	172,527,591					
Leases	-	-	_	2,923,088	2,486,980					
Subscriptions	-	-	_	205,361	96,981					
Premiums	5,466,295	5,247,847	5,035,632	4,825,494	4,615,356					
Total Business-type Activities	66,650,199	237,477,428	152,955,936	181,627,993	209,265,440					
Successor Agency Trust:										
Tax allocation bonds	22,435,000	6,035,000	5,105,000	4,115,000	3,070,000					
Premiums	375	-	· · · · · -	· -	-					
Total Successor Agency Trust	22,435,375	6,035,000	5,105,000	4,115,000	3,070,000					
Total Primary Government	\$ 117,542,568	\$ 266,869,656	\$ 175,771,530	\$ 211,219,963	\$ 234,131,540					
Personal income ¹	\$ 4,612,243,008	\$ 4,265,441,292	\$ 5,481,872,550	\$ 5,460,340,760	\$ 5,560,760,856					
Debt as percentage of personal income	2.55%		3.21%	3.87%	4.21%					
Population ²	64,424	56,156	64,075	63,224	62,776					
Debt per capita	1,825	4,752	2,743	3,341	3,730					
Assessed value ³	10,391,986,605	10,873,802,074	11,322,012,220	12,097,002,307	12,804,305,160					
Debt as percentage of assessed value	1.13%		1.55%	1.75%	1.83%					

Notes:

Source:

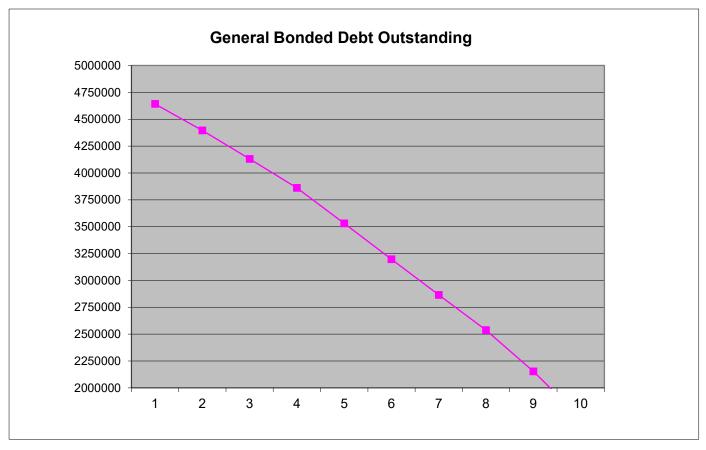
¹ Personal income is calculated based on data from the US Department of Commerce, Bureau of Economic Analysis (refer to Table 16).

² California Department of Finance

³ California Municipal Statistics, Inc.

City of Santa Cruz Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year Ended June 30	(General Obligation Bonds	ess: Amount Available in Debt ervice Fund	Total	Percentage of Assessed Value	Debt Per Capita	Assessed Value ¹	Population ²
2015	\$	5,965,000	\$ 1,324,435	\$ 4,640,565	0.06%	\$ 73	\$ 7,726,335,775	63,789
2016		5,730,000	1,336,146	4,393,854	0.05%	66	8,252,953,643	66,170
2017		5,475,000	1,346,719	4,128,281	0.05%	63	8,670,965,022	65,070
2018		5,222,390	1,364,141	3,858,249	0.04%	58	9,200,592,924	66,454
2019		4,930,833	1,402,848	3,527,985	0.04%	55	9,799,321,198	64,424
2020		4,614,275	1,418,805	3,195,470	0.03%	50	10,391,986,605	64,424
2021		4,277,718	1,414,239	2,863,479	0.03%	51	10,873,802,074	56,156
2022		3,916,160	1,381,355	2,534,805	0.02%	40	11,322,012,220	64,075
2023		3,529,603	1,379,021	2,150,582	0.02%	34	12,097,002,307	63,224
2024		3,118,046	1,396,553	1,721,493	0.01%	27	12,804,305,160	62,776



Source:

City of Santa Cruz Finance Department (for all others)

¹ California Municipal Statistics, Inc.

² California Department of Finance

City of Santa Cruz Computation of Direct and Overlapping Debt June 30, 2024

2023-2024 Assessed Valuation

\$ 12,804,305,160

	Total Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Cabrillo Joint Community College District	\$ 91,586,964	21.699%	\$ 19,873,455
Santa Cruz High School District	134,354,446	46.601%	62,610,515
Santa Cruz Elementary School District	65,672,944	95.373%	62,634,257
Live Oak School District	7,534,000	1.016%	76,545
City of Santa Cruz	3,110,000	100.000%	3,110,000
Santa Cruz Libraries FA Community Facilities District No. 2016-1	35,785,000	24.101%	8,624,543
Total Direct and Overlapping Tax and Assessment Debt	\$ 338,043,354		\$ 156,929,315
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Santa Cruz County General Fund Obligations	167,498,341	21.879%	36,646,962
Santa Cruz County Office of Education Certificates of Participation	6,612,042	21.879%	1,446,649
Santa Cruz City Schools Certificates of Participation	440,000	46.601%	205,044
Live Oak School District Certificates of Participation	11,213,973	1.016%	113,934
Santa Cruz High School District Certificates of Participation	664,349	46.601%	309,593
City of Santa Cruz General Fund Obligations	11,878,821	100.000%	11,878,821
City of Santa Cruz Share of County Emergency Center	508,635	100.000%	508,635
Total Direct and Overlapping General Fund Debt	198,816,161		51,109,638
OVERLAPPING TAX INCREMENT DEBT	3,070,000	100.000%	3,070,000
TOTAL DIRECT DEBT			15,497,456
TOTAL OVERLAPPING DEBT			195,611,497
Combined Total Debt	\$ 536,859,515		\$ 211,108,953 (2)

Notes:

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2023-24 Assessed Valuation:

Direct Debt (\$3,110,000)	0.02%
Total Direct and Overlapping Tax and Assessment Debt	1.23%
Total Direct Debt (\$15,497,456)	0.12%
Combined Total Debt	1.65%
Ratios to Incremental Valuation (\$2,581,453,036)	
Total Overlapping Tax Increment Debt	0.12%

Source: California Municipal Statistics, Inc.

City of Santa Cruz Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year Ended June 30											
	2015	2016	2017	2018	2019							
Debt limit Total net debt applicable to limit	\$ 1,158,950,366 4,640,565	\$ 1,237,943,046 4,393,854	\$ 1,300,644,753 4,128,281	\$ 1,380,088,939 3,840,859	\$ 1,469,898,180 3,512,152							
Legal debt margin	\$ 1,154,309,801	\$ 1,233,549,192	\$ 1,296,516,472	\$ 1,376,248,080	\$ 1,466,386,028							
Total net debt applicable to the limit as a percentage of debt limit	0.40%	0.35%	0.32%	0.28%	0.24%							

Notes:

California Government Code, Section 43605, sets the debt limit at 15%. The Code section was enacted when assessed valuations were based on 25% of full market value. This has since changed to 100% of full market value. Thus, the limit shown is 3.75 is (one-fourth the limit of 15%).

So County of Santa Cruz Auditor-Controller's Office City of Santa Cruz Finance Department

^{*} Revised calculation using 15% of total assessed value as opposed to 3.75% which is used for General Law Cities. As a Charter City, the City of Santa Cruz municipal code states that the legal debt limit will be 15% of the total assessed value.

City of Santa Cruz Legal Debt Margin Information (Continued) Last Ten Fiscal Years

		Fis	cal Year Ended June	30						
	2020	2021	2022	2023	2024					
Debt limit Total net debt applicable to limit	\$ 1,558,797,991 3,181,195	\$ 1,631,070,311 2,850,761	\$ 1,698,301,833 2,523,645	\$ 1,814,550,346 2,140,979	\$ 1,920,645,774 1,713,447					
Legal debt margin	\$ 1,555,616,796	\$ 1,628,219,550	\$ 1,695,778,188	\$ 1,812,409,367	\$ 1,918,932,327					
Total net debt applicable to the limit as a percentage of debt limit	0.20%	0.20% 0.17% 0.15% 0.12%								
	Legal Debt Margin Calculation For Fiscal Year 2023-24 Total assessed value \$ 12,804,305,1									
	Debt applicable to l				1,920,645,774					
	C	tion bonds (reported t available in debt ser	,		3,110,000					
		ayment of bonds			1,396,553 1,713,447 \$ 1,918,932,327					

Notes:

California Government Code, Section 43605, sets the debt limit at 15%. The Code section was enacted when assessed valuations were based on 25% of full market value. This has since changed to 100% of full market value. Thus, the limit shown is 3.75 is (one-fourth the limit of 15%).

So County of Santa Cruz Auditor-Controller's Office City of Santa Cruz Finance Department

^{*} Revised calculation using 15% of total assessed value as opposed to 3.75% which is used for General Law Cities. As a Charter City, the City of Santa Cruz municipal code states that the legal debt limit will be 15% of the total assessed value.

City of Santa Cruz Pledged-Revenue Coverage Last Ten Fiscal Years

		Fis	cal Y	ear Ended June	30		
	2015	2016		2017		2018	2019
Wastewater Revenue Bonds:							
Wastewater charges and other	\$ 17,702,332	\$ 18,638,430	\$	20,294,352	\$	21,239,594	\$ 20,020,688
Less: operating expenses	13,317,173	13,543,016		14,269,230		15,535,701	15,666,972
Net available revenue	4,385,160	5,095,414		6,025,121		5,703,892	4,353,716
Debt service:							
Principal	1,709,898	3,434,164		3,491,526		3,544,544	3,616,374
Interest	48,609	234,324		176,024		116,764	43,118
Total	 1,758,507	3,668,488		3,667,550		3,661,308	3,659,492
Coverage	 2.49	1.39		1.64		1.56	1.19
Water Revenue Bonds:							
Water charges and other	\$ 24,654,059	\$ 26,676,455	\$	31,120,650	\$	41,515,458	\$ 41,036,708
Less: operating expenses	21,279,237	21,949,166		22,464,366		27,393,908	26,631,004
Net available revenue	3,374,822	4,727,289		8,656,284		14,121,550	14,405,704
Debt service:							
Principal	-	348,000		320,000		328,000	328,000
Interest	72,733	279,705		242,057		235,603	229,043
Total	 72,733	627,705		562,057		563,603	557,043
Coverage	 46.40	7.53		15.40		25.06	25.86
Water Loan Agreement:							
Water charges and other	\$ -	\$ -	\$	_	\$	-	\$ _
Less: operating expenses	-	-		-		-	-
Net available revenue	-	-		-		-	-
Debt service:							
Interest	-	-		-		-	_
Total	 -	-		-		-	-
Coverage	-	-		-		-	-
Storm Water Revenue Bonds:							
Storm Water charges and other	\$ 889,617	\$ 1,025,705	\$	915,299	\$	920,052	\$ 911,553
Less: operating expenses	312,574	576,609		726,257		709,824	229,031
Net available revenue	 577,043	449,096		189,042		210,228	682,522
Debt service:							
Principal	275,000	275,000		300,000		305,000	310,000
Interest	26,109	100,313		94,438		88,363	82,188
Total	\$ 301,109	\$ 375,313	\$	394,438	\$	393,363	\$ 392,188
Coverage	1.92	 1.20		0.48		0.53	1.74

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation.

City of Santa Cruz Pledged-Revenue Coverage (Continued) Last Ten Fiscal Years

		Fis	cal Y	ear Ended June	30		
	 2020	2021		2022		2023	2024
Wastewater Revenue Bonds:						,	
Wastewater charges and other	\$ 21,534,439	\$ 24,218,993	\$	24,535,867	\$	25,578,767	\$ 28,143,144
Less: operating expenses	17,807,641	16,827,091		16,454,197		18,794,927	23,016,032
Net available revenue	3,726,798	7,391,902		8,081,670		6,783,841	5,127,112
Debt service:							
Principal	304,712	314,519		323,734		329,605	-
Interest	 35,177	 23,044		14,839		4,268	
Total	339,889	337,563		338,573		333,873	_
Coverage	10.96	21.90		23.87		20.32	-
Water Revenue Bonds:							
Water charges and other	\$ 42,647,198	\$ 41,820,438	\$	41,782,686	\$	42,585,631	\$ 46,416,041
Less: operating expenses	 28,641,586	27,750,088		29,236,693		29,540,218	 33,324,257
Net available revenue	 14,005,612	14,070,349		12,545,993		13,045,413	 13,091,784
Debt service:							
Principal	406,000	765,000		790,000		820,000	855,000
Interest	 799,607	1,315,188		1,289,838		1,263,538	1,231,538
Total	 1,205,607	2,080,188		2,079,838		2,083,538	2,086,538
Coverage	11.62	6.76		6.03		6.26	6.27
Water Loan Agreement:							
Water charges and other	\$ 42,647,198	\$ 41,820,438	\$	41,782,686	\$	42,585,631	\$ 46,416,041
Less: operating expenses	 28,641,586	 27,750,088		29,236,693		29,540,218	33,324,257
Net available revenue	14,005,612	14,070,349		12,545,993		13,045,413	13,091,784
Debt service:							
Interest	 	_		247,541		850,192	1,319,117
Total	 -	-		247,541		850,192	1,319,117
Coverage	 	 _		51		15	 10
Storm Water Revenue Bonds:							
Storm Water charges and other	\$ 912,701	\$ 899,419	\$	905,203	\$	943,862	\$ 906,011
Less: operating expenses	 626,822	 583,215		848,058		750,067	628,044
Net available revenue	285,879	316,204		57,145		193,795	277,967
Debt service:							
Principal	315,000	325,000		330,000		340,000	345,000
Interest	 75,912	71,088		64,538		57,838	50,556
Total	\$ 390,912	\$ 396,088	\$	394,538	\$	397,838	\$ 395,556
Coverage	0.73	0.80		0.14		0.49	0.70

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation.

City of Santa Cruz Pledged-Revenue Coverage (Continued) Last Ten Fiscal Years

		Fis	scal Y	ear Ended June	30		
	 2015	2016		2017		2018	2019
Refuse Loan Agreement:							
Refuse charges and other	\$ 16,771,121	\$ 18,011,931	\$	19,965,814	\$	21,031,042	\$ 21,539,115
Less: operating expenses	14,006,805	13,960,753		15,011,430		16,485,296	17,406,827
Net available revenue	2,764,316	4,051,178		4,954,384		4,545,746	4,132,288
Debt service:							
Principal	98,300	232,333		208,700		219,100	229,900
Interest	24,833	94,517		84,591		74,176	63,243
Total	123,133	326,850		293,291		293,276	293,143
Coverage	22.45	12.39		16.89		15.50	14.10
Wastewater Loan Agreement:							
Wastewater charges and other	\$ -	\$ -	\$	-	\$	-	\$ -
Less: operating expenses	-	-		-		-	-
Net available revenue	 -	-		-		-	-
Debt service:							
Principal	-	-		-		-	-
Interest	-	-		-		-	-
Total	-	-		-		-	-
Coverage		-		-		-	-
Parking Lease Revenue Bonds:							
Parking charges and other	\$ 4,542,711	\$ 5,049,171	\$	5,250,820	\$	5,645,434	\$ 6,354,197
Less: operating expenses	3,568,439	3,740,393		4,073,705		4,557,291	4,724,064
Net available revenue	974,272	1,308,778		1,177,116		1,088,143	1,630,133
Debt service:							
Principal	-	260,000		-		285,000	235,000
Interest	54,055	160,866		97,038		101,134	112,750
Total	\$ 54,055	\$ 420,866	\$	97,038	\$	386,134	\$ 347,750
Coverage	18.02	3.11		12.13		2.82	4.69

Notes

Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation.

City of Santa Cruz Pledged-Revenue Coverage (Continued) Last Ten Fiscal Years

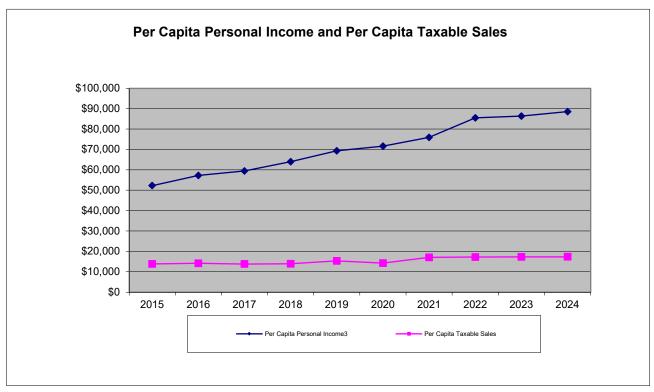
		Fis	cal Y	ear Ended June	30		
	2020	2021		2022		2023	2024
Refuse Loan Agreement:							
Refuse charges and other	\$ 21,161,698	\$ 21,340,183	\$	22,659,568	\$	23,071,233	\$ 24,721,247
Less: operating expenses	19,399,515	17,987,201		15,507,881		22,667,379	24,414,064
Net available revenue	1,762,183	3,352,982		7,151,687		403,854	307,184
Debt service:							
Principal	241,200	253,100		265,600		278,000	144,400
Interest	51,775	39,740		27,111		13,889	1,758
Total	292,975	292,840		292,711		291,889	146,158
Coverage	6.01	11.45		24.43		1.37	1.37
Wastewater Loan Agreement:							
Wastewater charges and other	\$ 21,534,439	\$ 24,218,993	\$	24,532,559	\$	25,578,767	\$ 28,143,144
Less: operating expenses	17,807,641	16,827,091		17,148,989		18,794,927	23,016,032
Net available revenue	3,726,799	7,391,902		7,383,570		6,783,841	5,127,112
Debt service:							
Principal	-	-		79,722		81,715	83,758
Interest	-	17,257		86,503		84,486	82,417
Total	 -	17,257		166,225		166,200	166,175
Coverage	-	428.34		44.42		40.82	30.85
Parking Lease Revenue Bonds:							
Parking charges and other	\$ 5,489,968	\$ 4,177,266	\$	4,604,672	\$	4,929,718	\$ 7,400,771
Less: operating expenses	5,463,240	4,748,504		5,396,157		5,445,472	6,770,886
Net available revenue	26,728	(571,238)		(791,485)		(515,754)	629,885
Debt service:	 						
Principal	240,000	250,000		260,000		275,000	161,468
Interest	104,000	100,800		90,800		76,733	73,185
Total	\$ 344,000	\$ 350,800	\$	350,800	\$	351,733	\$ 234,653
Coverage	 0.08	(1.63)		(2.26)		(1.47)	2.68

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation.

City of Santa Cruz Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year Ended June 30	Population ¹	Unemployment Rate ²		Total Personal Income		Personal		Per Capita Personal Income ³		Taxable Sales ⁴		er Capita Γaxable Sales
2015	63,789	5.1%	\$	3,334,889	\$	52,280	\$	882,542	\$	13,835		
2016	64,632	4.8%		3,700,634		57,257		916,490		14,180		
2017	66,170	4.5%		3,934,137		59,455		913,691		13,808		
2018	66,454	3.4%		4,254,917		64,028		922,226		13,878		
2019	65,807	4.2%		4,564,044		69,355		1,009,300		15,337		
2020	64,424	11.2%		4,612,243		71,592		915,857		14,216		
2021	56,156	6.0%		4,265,441		75,957		958,980		17,077		
2022	64,075	3.0%		5,481,873		85,554		1,103,754		17,226		
2023	63,224	4.8%		5,460,341		86,365		1,091,180		17,259		
2024	62,776	5.4%		5,560,761		88,581		1,087,930		17,330		



Notes:

- A For calendar year ending during the fiscal year.
- B Amounts are for the Santa Cruz-Watsonville Metropolitan Area.
- C Total Personal Income and Taxable Sales amounts are in thousands.
- D Calendar year data not yet available.

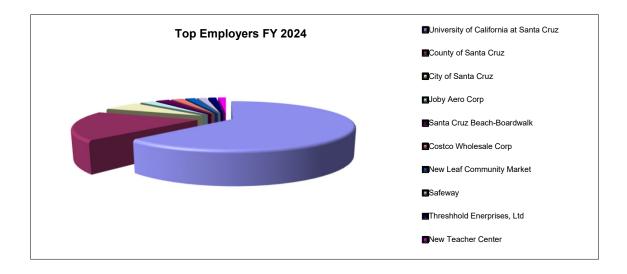
Source:

- ¹ California Department of Finance
- ² California Employment Development Department
- ³ U.S. Department of Commerce, Bureau of Economic Analysis
- ⁴ California Department of Tax and Fee Administration

City of Santa Cruz Principal Employers Current Year and Ten Years Ago

Fiscal Year Ended June 30

		2024				
			Percentage			Percentage
	Number of		of Total	Number of		of Total
	Employees	Rank	Employment	Employees	Rank	Employment
Employer:						
University of California at Santa Cruz	9,394	1	31.106%	8,143	1	25.607%
County of Santa Cruz	2,851	2	9.440%	2,398	2	7.542%
City of Santa Cruz	934	3	3.093%	807	3	2.538%
Joby Aero Corp	364	4	1.205%	-	-	-
Santa Cruz Beach-Boardwalk	347	5	1.149%	347	5	1.091%
Costco Wholesale Corp	314	6	1.040%	252	6	0.792%
New Leaf Community Market	261	7	0.864%	-	-	-
Safeway	246	8	0.815%	-	-	-
Threshhold Enerprises, Ltd	213	9	0.705%	213	9	0.670%
New Teacher Center	211	10	0.699%	211	10	0.664%
Plantronics	-	-	-	529	4	1.664%
Women, Infants, Children (WIC)	-	-	-	223	7	0.701%
Sycamore St Child Development Center	-	-	-	219	8	0.689%
Totals	15,135		50.116%	13,342		41.957%
Total employment	30,200			31,800		

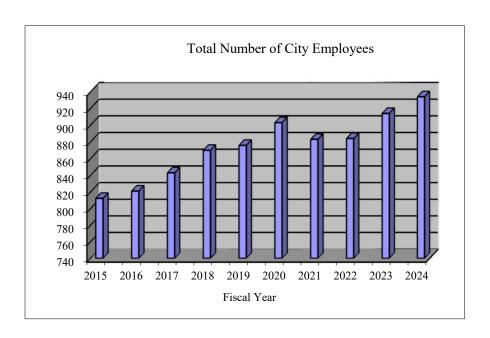


Source: California Employment Development Department
City of Santa Cruz Business License database
City of Santa Cruz Finance Department

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City of Santa Cruz Number of City Employees by Department Last Ten Fiscal Years

_	Fiscal Year Ended June 30									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Departments:										
City Manager	12	12	12	12	12	13	13	15	18	22
Administrative Services	30	31	31	32	32	34	32	32	34	36
Finance	30	30	30	30	32	32	30	30	29	31
Police	124	124	124	127	136	144	133	134	134	135
Fire ²	65	65	65	66	66	66	66	66	69	70
Parks and Recreation	84	88	94	96	87	86	84	83	84	86
Library	83	84	90	93	93	98	100	101	111	112
Public Works	234	235	240	250	251	258	258	258	264	268
Planning and Community Development	37	38	39	39	39	38	34	33	35	35
Economic Development/Redevelopment	11	12	12	12	14	15	14	15	15	16
Water	102	102	107	113	114	119	119	117	121	123
Total	812	821	843	870	876	903	883	884	914	934



Notes

Source: City of Santa Cruz Budget Document

¹ Personnel authorizations budgeted (figures rounded to whole numbers).

City of Santa Cruz Operating Indicators By Function Last Ten Fiscal Years

	Fiscal Year Ended June 30								
		2015		2016		2017		2018	2019
Function:									
City Clerk									
Hours for creating the agenda									
for posting		500		500		500		300	500
Advisory body hours		300		300		300		300	300
Election hours		-		-		450		450	-
Initiative/referendum petitions									
processing hours		-		-		200		200	300
Human Resources									
Number of recruitments		101		118		129		127	128
Number of applications		3,438		4,087		3,885		3,613	3,619
Workers compensation claim payments	\$	2,059,341	\$	1,368,840	\$	1,725,200	\$	2,339,551	\$ 2,635,482
Police									
Calls for service		102,592		103,645		100,877		101,181	96,231
Cases		10,759		11,119		10,733		10,129	12,295
Fire									
Emergency calls		8,264		8,741		8,596		9,133	8,891
Inspections		1,946		2,951		1,475		1,165	1,282
Parks and Recreation									
Number of classes		901		962		903		843	752
Facility rentals:									
Parks (Picnic Areas)		598		2,506		791		1,478	526
Louden Nelson		5,218		6,504		5,430		5,856	5,272
Civic Auditorium		142		124		148		163	238
Swimming pool		80		85		975		276	340
Special events produced		30		12		10		13	12
Library (all locations)									
Items checked out		1,961,846		1,785,427		1,756,741		1,809,648	1,544,328
Queries handled		263,308		287,505		302,958		287,256	149,431
Open hours/week		359		359		359		425	384
Public Works									
Overlay (square footage)		633,386		349,245		461,961		856,680	149,600
Seal coat (square footage)		-		817,506		2,234,457		-	718,902
Sewer									
New connections		66		57		72		40	37
Average daily flow (MGD)		8		8		10		10	8
Annual total flow (MG)		2,767		3,077		3,687		3,650	2,920
Water									
Active accounts		24,511		24,514		24,517		24,518	24,550
Average daily consumption (MGD)		8		6		6		7	7
Annual consumption (MG)		2,979		2,234		2,342		2,437	2,416
Average monthly residential bill	\$	41	\$	48	\$	50	\$	66	\$ 68

City of Santa Cruz Operating Indicators By Function (Continued) Last Ten Fiscal Years

	Fiscal Year Ended June 30									
		2020		2021		2022		2023		2024
Function:										
City Clerk										
Hours for creating the agenda										
for posting		500		500		500		500		500
Advisory body hours		100		300		300		300		300
Election hours		450		200		450		500		500
Initiative/referendum petitions										
processing hours		400		200		400		200		300
Human Resources										
Number of recruitments		120		82		134		145		113
Number of applications		3,983		2,184		3,071		3,819		4,589
Workers compensation claim payments	\$	2,437,257	\$	2,825,590	\$	3,443,478	\$	4,193,610	\$	3,689,656
Police										
Calls for service		100,055		96,252		86,634		75,226		67,105
Cases		11,409		11,268		7,931		7,230		7,212
Fire										
Emergency calls		8,121		8,033		9,386		10,480		9,488
Inspections		943		815		1,215		885		1,300
Parks and Recreation										
Number of classes		972		148		805		987		2,416
Facility rentals:										
Parks (Picnic Areas)		238		130		999		431		1,036
Louden Nelson		3,281		596		2,456		2,801		3,641
Civic Auditorium		141		2		81		144		192
Swimming pool		62		358		171		-		-
Special events produced		8		2		3		5		20
Library (all locations)										
Items checked out		1,252,509		785,261		672,684		1,616,673		1,781,187
Queries handled		114,318		25,000		25,000		N/A		N/A
Open hours/week		355		104		224		414		414
Public Works										
Overlay (square footage)		445,352		196,180		98,100		124,281		415,039
Seal coat (square footage)		-		547,917		73,944		-		_
Sewer										
New connections		25		28		21		15		_
Average daily flow (MGD)		8		8		7		7		6
Annual total flow (MG)		2,920		2,920		2,409		2,373		2,241
Water										
Active accounts		24,545		24,626		24,674		24,697		24,759
Average daily consumption (MGD)		6		6		6		6		6
Annual consumption (MG)		2,345		2,247		2,219		2,219		2,296
Average monthly residential bill	\$	74	\$	76	\$	67	\$	67	\$	82

City of Santa Cruz Capital Asset Statistics By Function Last Ten Fiscal Years

Fiscal Year Ended June 30 Function: Public Safety Police Stations Vehicular patrol units Fire stations Lifeguard Headquarters **Public Parking** Lots Spaces 5,514 5,244 5,174 5,357 5,470 Parking meters 1,931 1,922 1,920 1,906 1,906 Parks and Recreation Parks Parks acreage 1,706 1,706 1,706 1,706 1,706 Playgrounds Swimming pools Tennis courts Golf course Libraries Headquarters Central library Branch libraries within city Streets Miles of paved streets Miles of alleys Street lights 3,096 3,136 2,926 3,136 2,904 Sewer Miles of sanitary sewers Miles of storm drains Water Miles of water mains Fire hydrants 2,031 2,031 2,028 2,033 2,034

City of Santa Cruz Capital Assets Statistics By Function (Continued) Last Ten Fiscal Years

	Fiscal Year Ended June 30								
	2020	2021	2022	2023	2024				
Function:									
Public Safety									
Police									
Stations	1	1	1	1	1				
Vehicular patrol units	70	72	72	79	80				
Fire stations	4	4	4	4	4				
Lifeguard Headquarters	1	1	1	1	1				
Public Parking									
Lots	24	24	23	23	17				
Spaces	5,460	5,454	5,239	5,225	4,596				
Parking meters	1,906	1,900	1,900	1,890	1,906				
Parks and Recreation									
Parks	31	46	46	46	46				
Parks acreage	1,706	1,700	1,700	1,700	1,700				
Playgrounds	18	21	21	21	21				
Swimming pools	1	1	1	1	1				
Tennis courts	6	6	6	6	6				
Golf course	1	1	1	1	1				
Libraries									
Headquarters	1	1	1	1	1				
Central library	1	1	1	1	1				
Branch libraries within city	2	2	2	2	2				
Streets									
Miles of paved streets	136	136	136	136	136				
Miles of alleys	13	13	13	13	13				
Street lights	2,861	3,000	3,000	3065	3065				
Sewer									
Miles of sanitary sewers	155	155	155	155	155				
Miles of storm drains	50	50	50	50	50				
Water									
Miles of water mains	294	294	294	294	294				
Fire hydrants	2,039	2,038	2,041	2,044	2,046				

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