

City of
SANTA BARBARA
CALIFORNIA



Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022

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**CITY OF SANTA BARBARA, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2022**



Prepared Under the Supervision of
Keith DeMartini, Finance Director

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**CITY OF SANTA BARBARA
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022**

INTRODUCTORY SECTION

TRANSMITTAL LETTER	1
GOVERNMENT FINANCE OFFICERS ASSOCIATION CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	6
DIRECTORY OF CITY OFFICIALS	7
ADVISORY BOARDS AND COMMISSIONS	8
ORGANIZATIONAL CHART	9

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	13
MANAGEMENT'S DISCUSSION AND ANALYSIS	17
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	37
STATEMENT OF ACTIVITIES	38
FUND FINANCIAL STATEMENTS	
GOVERNMENTAL FUNDS	
BALANCE SHEET	40
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE NET POSITION OF GOVERNMENTAL ACTIVITIES	41
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	42
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	43
PROPRIETARY FUNDS	
STATEMENT OF NET POSITION	44
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION	46

**CITY OF SANTA BARBARA
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022**

STATEMENT OF CASH FLOWS	48
FIDUCIARY FUNDS	
STATEMENT OF FIDUCIARY NET POSITION	52
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	53
NOTES TO BASIC FINANCIAL STATEMENTS	55
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS – SAFETY RETIREMENT AND SAFETY SERVICE RETIREMENT PLANS	123
SCHEDULE OF CONTRIBUTIONS – SAFETY RETIREMENT AND SAFETY SERVICE RETIREMENT PLAN	125
SCHEDULE OF INVESTMENT RETURNS – SAFETY RETIREMENT AND SAFETY SERVICE RETIREMENT PLANS	127
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS	128
SCHEDULE OF CONTRIBUTIONS – CALPERS MISCELLANEOUS PENSION PLANS	130
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS – CALPERS SAFETY POLICE PENSION PLANS	132
SCHEDULE OF CONTRIBUTIONS – CALPERS SAFETY POLICE PENSION PLANS	134
SCHEDULE OF CITY’S PROPORTIONATE SHARE OF THE PLAN’S NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE – SAFETY FIRE - COST SHARING PLAN	136
SCHEDULE OF CONTRIBUTIONS – CALPERS SAFETY FIRE PENSION PLANS	138
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS	140
BUDGETARY COMPARISON SCHEDULES	
GENERAL FUND	141
AFFORDABLE HOUSING SPECIAL REVENUE FUND	142

**CITY OF SANTA BARBARA
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	143
NONMAJOR GOVERNMENTAL FUNDS	
DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS	153
OTHER SPECIAL REVENUE FUNDS	
COMBINING BALANCE SHEET	155
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	159
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	
TRAFFIC SAFETY SPECIAL REVENUE FUND	163
CREEK RESTORATION/WATER QUALITY SPECIAL REVENUE FUND	164
WILDLAND FIRE SUPPRESSION	165
TRANSPORTATION DEVELOPMENT	166
COMMUNITY DEVELOPMENT BLOCK GRANT	167
POLICE – ASSET FORFEITURE SPECIAL REVENUE FUND	168
COUNTY LIBRARY SPECIAL REVENUE FUND	169
MEASURE A SPECIAL REVENUE FUND	170
MISCELLANEOUS GRANTS SPECIAL REVENUE FUND	171
STREET SWEEPING SPECIAL REVENUE FUND	172
HOME PROGRAM SPECIAL REVENUE FUND	173
POLICE – SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND	174
STREETS SPECIAL REVENUE FUND	175
POLICE CAD-RMS SUPPORT SPECIAL REVENUE FUND	176
NONMAJOR PROPRIETARY FUNDS	
DESCRIPTION OF NONMAJOR PROPRIETARY FUNDS	179
NONMAJOR ENTERPRISE FUNDS	

**CITY OF SANTA BARBARA
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022**

COMBINING STATEMENT OF NET POSITION	180
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	181
COMBINING STATEMENT OF CASH FLOWS	182
INTERNAL SERVICE FUNDS	
DESCRIPTION OF INTERNAL SERVICE FUNDS	187
INTERNAL SERVICE FUNDS	
COMBINING STATEMENT OF NET POSITION	188
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	189
COMBINING STATEMENT OF CASH FLOWS	190
FIDUCIARY FUNDS	
DESCRIPTION OF FIDUCIARY FUNDS	195
FIDUCIARY FUNDS	
COMBINING STATEMENT OF FIDUCIARY NET POSITION	196
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	197
STATISTICAL SECTION (UNAUDITED)	
STATISTICAL TABLE OF CONTENTS	201
NET POSITION BY COMPONENT – LAST TEN FISCAL YEARS	203
CHANGES IN NET POSITION BY COMPONENT – LAST TEN FISCAL YEARS	204
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE – LAST TEN FISCAL YEARS	206
FUND BALANCES OF GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS	207
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS – LAST TEN YEARS	208
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY – LAST TEN FISCAL YEARS	210

**CITY OF SANTA BARBARA
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022**

DIRECT AND OVERLAPPING PROPERTY TAX RATES – LAST TEN FISCAL YEARS	211
PRINCIPAL PROPERTY TAXPAYERS – CURRENT YEAR AND TEN YEARS AGO	212
PROPERTY TAX LEVIES AND COLLECTIONS – :LAST TEN FISCAL YEARS	213
RATIOS OF OUTSTANDING DEBT BY TYPE – LAST TEN FISCAL YEARS	214
RATIOS OF GENERAL BONDED DEBT OUTSTANDING – LAST TEN FISCAL YEARS	215
LEGAL DEBT MARGIN INFORMATION	216
PLEDGED-REVENUE COVERAGE – LAST TEN FISCAL YEARS	217
DEMOGRAPHIC ECONOMIC STATISTICS – LAST TEN FISCAL YEARS	220
PRINCIPAL EMPLOYERS – CURRENT YEAR AND NINE YEARS AGO	221
CITY GOVERNMENT EMPLOYEES BY FUNCTION – LAST TEN FISCAL YEARS	222
OPERATING INDICATORS BY FUNCTION – LAST TEN FISCAL YEARS	223
CAPITAL ASSET STATISTICS BY FUNCTION – LAST TEN FISCAL YEARS	224

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INTRODUCTORY SECTION



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City of Santa Barbara

Finance Department

SantaBarbaraCA.gov

Accounting
Tel: (805) 560-7541

Accounts Payable
Tel: (805) 564-5359

Business Licensing
Tel: (805) 564-5346

Payroll
Tel: (805) 564-5357

Risk Management
Tel: (805) 564-5347
Fax: (805) 897-2642

Treasury
Tel: (805) 564-5340

Utility Billing
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Finance Administration
735 Anacapa Street
P.O. Box 1990
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93102-1990

Tel: (805) 564-5334
Fax: (805) 897-1978

Purchasing
Tel: (805) 564-5349

Warehouse
Tel: (805) 564-5354

Mailroom
Tel: (805) 564-5360

310 E. Ortega Street
P.O. Box 1990
Santa Barbara, CA
93102-1990

Fax: (805) 897-1977

March 1, 2023

Honorable Mayor, Members of the City Council, and Residents of the
City of Santa Barbara

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Santa Barbara for the fiscal year ended June 30, 2022, in accordance with Section 1219 of the City Charter. The report was prepared by the City's Finance Department and responsibility for the accuracy of the data, the completeness and fairness of the presentation, and all disclosures, rests with the City. To the best of our knowledge and belief, the information in the ACFR is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City.

This report consists of management's representations concerning the City finances. To provide a reasonable basis for making these representations, management established a comprehensive internal control framework designed both to protect the City'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 Generally Accepted Accounting Principles (GAAP).

The City Charter requires an annual audit of the City's financial statements by an independent certified public accountant. CliftonLarsonAllen LLP, the City's audit firm, has issued an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2022. The independent auditors' report is located on pages 13-16 within the financial section of this report. The ACFR has been prepared using the financial reporting requirements as prescribed by Government Accounting Standards Board (GASB) Statement No. 34. GASB 34 requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of a 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 MD&A can be found beginning on page 17.

PROFILE OF THE CITY OF SANTA BARBARA

The City of Santa Barbara is located between the Santa Ynez Mountains and the Pacific Ocean. Santa Barbara offers year-round sunshine, miles of beaches, a colorful history dating back to the Chumash Indian tribes, a rich Spanish heritage, gourmet dining, and spectacular parks. It is often referred to as the American Riviera. The City was incorporated in August of 1850 and today serves a local population of 88,255. The City is a major employment center and tourist destination.

The City provides a wide range of services to its citizens. These services include police and fire protection; construction and maintenance of highways, streets, traffic signals and infrastructure; community development; recreational activities and cultural events; parks; parking facilities; water; wastewater; library; airport; harbor; and a golf course, among many other services.

LOCAL ECONOMY

As far back as the late 1800's, the City of Santa Barbara was a place people from across the country came to enjoy its natural beauty, including its wonderful beaches, great year-round weather, and many recreational and cultural offerings. This is still true today, such that tourism is the largest industry in the City.

The national, state, and local economies have been enjoying one of the longest, most robust periods of stability and growth in many years leading into 2020. Many economic sectors experienced significantly reduced activity beginning in March of 2020, due to shutdowns in response to the COVID-19 pandemic. Locally in Santa Barbara and the surrounding region, immediate impacts included school and business closures, the temporary closure of many public buildings and places of congregation, a sharp increase in unemployment rates, and the immediate retooling of how public services can be provided in a virtual world.

Leisure/hospitality and retail industries were impacted immediately and significantly by the pandemic. Both industries provide a substantial portion of General Fund revenues to the City of Santa Barbara through transient occupancy and sales taxes, among other tax and revenue sources. The City has prioritized the gradual replenishment and building of General Fund reserves over the past 10 years following the Great Recession because of the City Council's strong commitment to fiscal sustainability. Through the use of these reserves, along with achieving expenditure savings, among other budget balancing strategies, the City has and will continue to operate within its means to continue to deliver services to Santa Barbara residents and visitors.

Local economic trends have shown strong growth in transient occupancy and sales tax revenues, particularly during the Spring and Summer months of 2022 compared to drastic decline in activity the years prior. Both transient occupancy and sales taxes have reached record levels in FY2022. The real estate market has remained relatively strong since the pandemic with property taxes continuing to grow at a strong and steady rate.

In May of 2021, the City received its first tranche of American Rescue Plan Act (ARPA) federal relief funds. The City Council took decisive action to accept those funds and allocate them to partially offset the revenue lost in the City's General Fund since the pandemic began to continue to sustain ongoing General Funded operations, such as police, fire, parks and recreation and library services. In May of 2022, the City received its second tranche of ARPA funds which the City Council appropriated for a variety of priority projects and initiatives, including park and recreation facility renovations, homeless and mental health services, and library digital materials, among many other initiatives.

The General Fund reserves have largely been replenished in FY2022 and are meeting the target contingency and disaster reserve targets set by the City Council. Through continuing to control costs, implementing strong financial controls, and realizing additional transient occupancy and sales tax revenues due to strong economic activity late in FY2022, the City achieved this important goal of replenishing reserves. The uses of reserves have been a tool that the City has utilized in prior years immediately following local natural disasters, such as the Thomas Fire and COVID. Continuing to prioritize the replenishment of these reserves allows the City to persevere through operational and financial hardship in the future.

The local economy is likely to continue to face many challenges in the coming year given continued economic and operating uncertainty. The City will continue to respond and support local businesses with their operational challenges.

LONG-TERM FINANCIAL PLANNING

Long-term financial planning is an integral part of the City's fiscal management and is even more critical now given the current and projected economic uncertainty. Each of the City's operating funds, including the General Fund and its enterprise funds, maintains a long-term financial model. For enterprise funds, which are largely funded from rates and charges for direct services provided, the financial models go out as far as ten years. These operations are relatively stable financially and, as such, lend themselves to a longer-term view, which in turn helps inform real time decisions of how to manage rates and charges to ensure operating costs are covered; and equally important is ensuring funds will be available for their capital needs.

A long-term financial model is also maintained for the General Fund. The model looks forward five years, rather than ten, because of the volatile nature of tax revenues in a tourist-based economy make it very difficult to predict revenues with any certainty beyond five years. Nonetheless, the financial model is invaluable in the development of the biannual financial plan and annual operating budget. The financial model has recently been enhanced to incorporate recession and more aggressive economic scenarios to understand the potential, additional impact on General Fund reserves. These models will continue to be refined over the coming months leading into the upcoming FY2024 and FY2025 operating budgets to articulate fiscally pragmatic assumptions for revenues.

As an additional planning tool, the City adopts a two-year financial plan, with the first year representing the adopted annual budget and the second year serving as a financial plan and a starting point for the following year. Two-year financial plans take more time to produce in the first year, but it forces the organization and staff to take a longer-term view of its operations at a more detailed level than a financial model that they might not otherwise do. Even though the City's Charter requires an annual budget, the City has embraced the concept and additional discipline required to incorporate a second year into its budget/planning document.

Annual pension expenses have been and are projected to continue to rise and represent a significant amount of the City's operating budget. The pension funded status remains around 68%, which is typical for many municipalities throughout the State. On December 6, 2022, the City Council took decisive action to address future pension-related costs and liabilities to appropriate 12.5%, or \$1.6 Million, of the FY2022 year-end savings in the General Fund to establishing a Section 115 Trust to allocate additional resources to address the growing and volatile pension liabilities. Staff will plan to introduce the Section 115 Trust, along with a pension management policy, to the City Council late in FY2023 for review and approval.

The City is self-insured and funds its own workers' compensation claims as well as coverage for liability and property. The Self-Insurance Fund (SIF) purchases several types of insurance to cap exposure to large or catastrophic loss. Property insurance has become increasingly expensive to purchase due to continued drought and wildfire conditions throughout California, and liability insurance has also become more expensive due to high claim costs associated with losses, such as law enforcement claims. The City Council has supported staff's recommendations to increase funding into the SIF in FY2022 and in years to come to ensure that the SIF has adequate funding and reserves to achieve adequate coverage for city facilities and operations.

FINANCIAL CONTROLS

The City's management is responsible for establishing and maintaining a system of internal controls designed to ensure that the City's assets are protected from loss, theft or misuse. The City's system of internal controls must also ensure that adequate accounting data is compiled

to allow for the preparation of financial statements in conformity with GAAP. The City's system of internal controls is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe that the City's system of internal controls adequately safeguards assets and provides reasonable assurance as to the proper recording of financial transactions. The City's internal controls are subject to periodic evaluation by the City's management.

Single Audit

As a recipient of federal assistance, the City is responsible for maintaining a system of internal controls that will ensure compliance with applicable laws and regulations related to those federal programs. As part of the City's federal single audit, tests are made to determine the adequacy of the internal controls, including that portion relating to federal financial assistance. The single audit also seeks to determine whether the City has complied with, in all material respects, all applicable laws and regulations that could have a direct or material effect on a major grant program. The single audit did not encounter any instances of material weaknesses in the City's internal controls over financial reporting.

Budgetary Controls

The City maintains budgetary controls designed to ensure compliance with the legal provisions contained in the annual budget approved by the City Council. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the department level for the General Fund and at the fund level for all other legally adopted budgets.

The City maintains a formal, integrated encumbrance accounting system as one means of ensuring budgetary control. Purchase orders that would result in an overrun of department appropriations at a major object category level are not released until additional funds have been appropriated. Appropriations for encumbrances outstanding at year-end are carried over and re-appropriated in the following fiscal year.

OTHER INFORMATION

Spending Limitation

Article XIII B of the California Constitution, also known as the Gann spending limit, restricts the amount of "proceeds of taxes" California governments may spend. As of June 30, 2022, the City had not reached its Article XIII B spending limitation.

AWARDS AND ACKNOWLEDGEMENTS

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 of Santa Barbara California for its ACFR for the fiscal year ended June 30, 2021. This was the thirty-fourth year that the City has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Staff believe that the current ACFR for the fiscal year ended June 30, 2022, continues to meet the Certificate of Achievement

Program's requirements and are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this ACFR could not have been accomplished without the hard work and team effort of the Finance Department, in particular Doug Smith, Accounting Manager, Jessica Yates, Accounting Supervisor, Jo Salamack and Takero Shinoda, Senior Accountants, and Sarolyn Boyd, Accountant II, all of whom put in tremendous hours in the preparation of this report. Staff appreciate the City Council's direction and policy oversight on the various fiscal and budget issues addressed during the year. In addition, Department Directors and staff at all levels should be acknowledged for their continued attention to planning and conducting the City financial and procurement operations in a responsible and progressive manner.

Respectfully submitted,



Rebecca Bjork
City Administrator/
Clerk/Treasurer



Keith DeMartini
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Santa Barbara
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF SANTA BARBARA
Directory of City Officials

City Council



Kristen Sneddon
Councilmember

Mike Jordan
Councilmember

Eric Friedman
Councilmember

Oscar Gutierrez
Councilmember

Alejandra Gutierrez
Councilmember

Randy Rowse
Mayor

Meagan Harmon
Councilmember

Management Team as of June 30, 2022

Rebecca Bjork, City Administrator/Clerk/Treasurer

Sarah Knecht, City Attorney

Rene Eyerly, Assistant City Administrator

Christopher Hastert, Airport Director

Keith DeMartini, Finance Director

Chris Mailes, Fire Chief

Elias Isaacson, Community Development Director

Wendy Levy, Human Resources Director

Justin Cure, Information Technology Director

Jessica Cadiente, Library Director

Jill Zachary, Parks and Recreation Director

Kelly Gordon, Police Chief

Clifford Mauer, Public Works Director

Alelia Parenteau, Sustainability and Resilience Director

Mike Wiltshire, Waterfront Director

CITY OF SANTA BARBARA

Advisory Boards and Commissions

Charter Boards and Commissions

Membership

Airport Commission	7
Architectural Board of Review	7
Civil Service Commission	5
Fire and Police Commission	5
Harbor Commission.....	7
Historic Landmarks Commission	9
Library Board.....	5
Parks and Recreation Commission.....	7
Planning Commission.....	7
Water Commission	5

Committees and Commissions

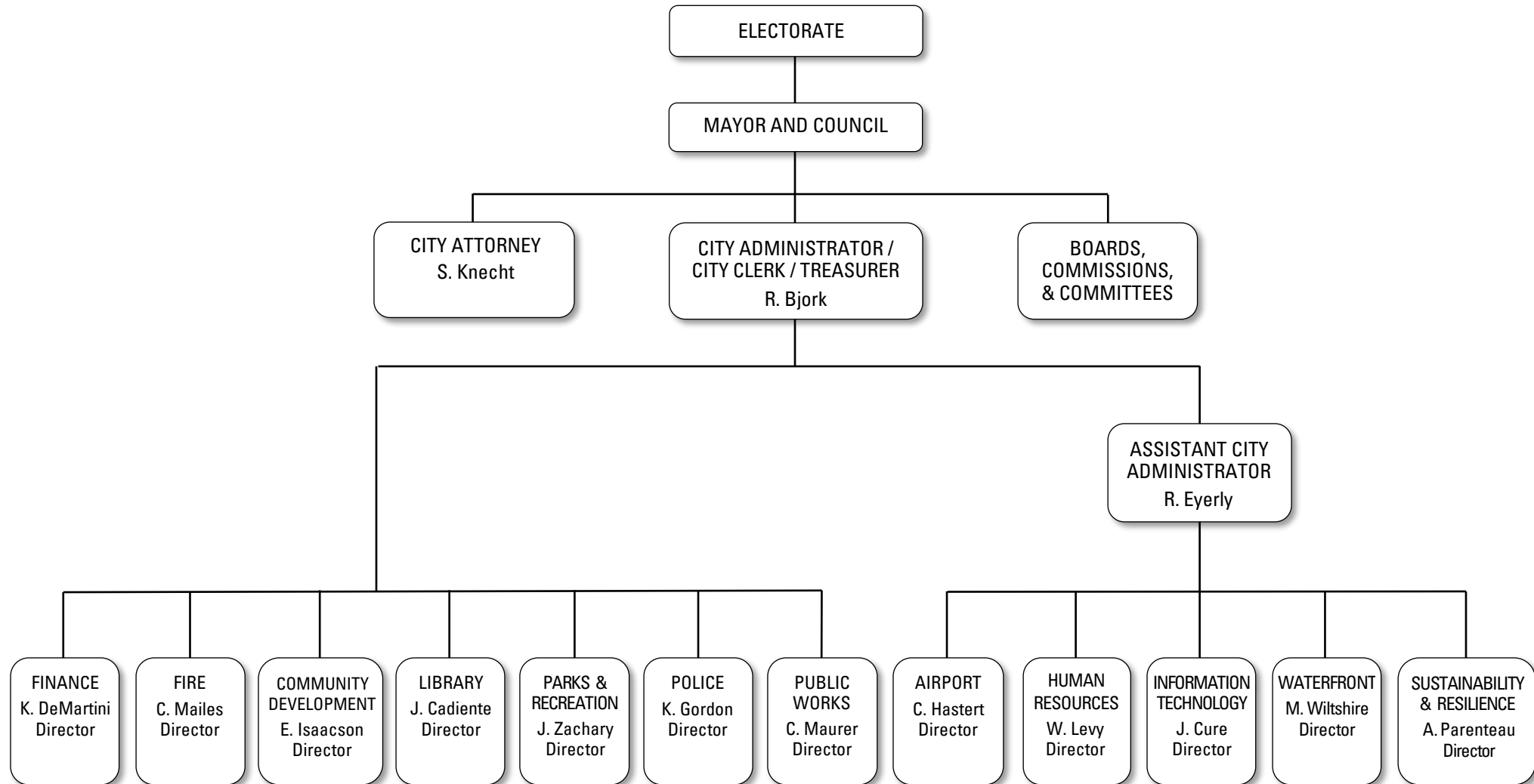
Access Advisory Committee	7
Arts Advisory Committee	7
Building and Fire Code Board of Appeals	7
Central Coast Commission for Senior Citizens	1
Citizens' Oversight Committee	7
Community Development and Human Services Committee.....	13
Community Events and Festivals Committee.....	7
County of Santa Barbara Library Advisory Committee	1
Creeks Advisory Committee	7
Downtown Parking Committee	7
Housing Authority Commission.....	7
Living Wage Advisory Committee	7
Measure P Committee.....	7
Metropolitan Transit District Board.....	2
Mosquito and Vector Management District Board	1
Neighborhood Advisory Council	13
Rental Housing Mediation Board	15
Santa Barbara Youth Council	15
Sign Committee.....	3
Single Family Design Board	7
Sister Cities Board.....	3
Transportation and Circulation Committee.....	7

Other Advisory Bodies

Arts and Crafts Show Advisory Committee	8
Golf Advisory Committee	7
Integrated Pest Management Advisory Committee	5
Staff Hearing Officer	1
Oversight Board	1
Street Tree Advisory Committee.....	5

CITY OF SANTA BARBARA ORGANIZATIONAL CHART

As of Dec 31, 2022





FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

The Honorable City Council
of the City of Santa Barbara
Santa Barbara, 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 Barbara, (the City) as of and for the year ended June 30, 2022, and the related notes to the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Barbara, as of June 30, 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, effective July 1, 2021, the City adopted new accounting guidance, Statement of Governmental Accounting Standards Board (GASB Statement) No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 GAAS 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 GAAS 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 – General and Major Special Revenue Funds, modified approach for City streets infrastructure capital assets, the schedules of changes in net pension liability and related ratios, the schedules of plan contributions, the schedule of investment returns – safety retirement and safety service retirement plans, and the schedules of changes in the total other postemployment benefit (OPEB) liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and individual fund budgetary 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 GAAS. In our opinion, the combining financial statements and individual fund budgetary 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.

The Honorable City Council
of the City of Santa Barbara

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2023, on our consideration of the 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 the 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 the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Irvine, California
March 1, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2022

This section of the City's Annual Comprehensive Financial Report presents an overview of the City's financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have included in our letter of transmittal, which can be found on pages 1-4 of this report.

FINANCIAL HIGHLIGHTS

Financial highlights include the following:

At the end of fiscal year 2022, the City's net position (assets and deferred outflows minus liabilities and deferred inflows) totaled \$955.0 million, an increase of approximately \$85.6 million from the prior year. Unrestricted funds may be used by the City to meet ongoing operations, subject to applicable federal and state laws and regulations. Of the total net position, unrestricted funds had a deficit balance of \$(73) million, due to the implementation of GASB 68. Business Type activities increased by \$40.5 million, and Governmental activities increased by \$45.1 million.

As of June 30, 2022, the City's governmental funds reported combined ending fund balances of \$179.0 million, an increase of \$29.1 million (19.4%) from the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

The City's basic financial statements are comprised of three components: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Basic Financial Statements. Each of these components is discussed below.

Government-wide Financial Statements

The Government-wide Financial Statements are designed to present financial information about the City as a whole in a manner similar to the private sector, including the use of accrual-based accounting to recognize its revenues and expenses. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities. Business-type activities rely primarily on user fees and charges to fund their operations. Governmental activities include those traditionally associated with local government, such as public safety (fire and police), community development, public works, library, parks and recreation, and general government (administrative) functions. Business-type activities include the City's utility operations (water, wastewater and solid waste), the City's municipal airport, the waterfront/harbor, downtown parking, golf course, and clean energy.

The Statement of Net Position presents all City assets, including capital assets, and deferred outflows, all related current liabilities, deferred inflows and long-term debt obligations. The difference between total assets and deferred outflows and total liabilities and deferred inflows is presented as "Net Position," which serves as a measure of the financial health of the City. Over time, increases or decreases in net position are indicators of an improving or deteriorating City financial condition.

The Statement of Activities provides the details of how the City's net position changed during the fiscal year. Decreases in net position are presented as "Expenses"; increases in net position are presented as "Revenues". Revenues directly attributable to a particular function or program within the City are presented as "Program Revenues". Tax revenues, including those restricted to a

particular program function, are reported as “General Revenues” unless specifically required to be reported as program revenues (i.e., gas and transportation taxes).

Fund Financial Statements

The City, like other state and local governments, uses fund accounting for recording its financial activities. In general, fund accounting provides a mechanism to separately account for a variety of different funding sources and thereby enables the City to demonstrate compliance with legal or contractual requirements that may be associated with these funds. Accordingly, the accompanying fund financial statements present individual funds, organized into one of three groups based on the nature of the activities and their purpose: Governmental, Proprietary, or Fiduciary Funds. Note that the fund financial statements only present information on the most significant (i.e., “major”) funds on the face of the statement. Non-major funds are grouped and presented in total on the face of the statements. In addition, the fund financial statements include a schedule that reconciles the fund financial statements to the government-wide financial statements previously described. This is designed to explain the differences created by the integrated approach.

Governmental Funds – Most of the City’s basic services are reported in governmental funds. Governmental funds include the General Fund, Special Revenue, Capital Projects, and Debt Service funds. In the fund financial statements, all governmental fund types are reported using the modified accrual basis of accounting. This is a departure from the basis of accounting used in the private sector and is used in the public sector in recognition of the different purpose and focus of financial reporting. Under the modified accrual basis of accounting, revenues are generally recognized when measurable and available to finance current operating costs, rather than when earned; and expenditures are recognized when the related liability is incurred. Because the focus is only on inflow (revenue) and outflow (expenditures) of current financial resources, the balance sheets of governmental funds present only short-term assets and liabilities.

The fund financial statements include separate columns, by fund type, for all major governmental funds of the City. All non-major governmental funds are consolidated into a single column labeled “Other Governmental Funds.” The details of these funds are included in the Combining and Individual Fund Statements and Schedules located in the Financial Section of this report.

Proprietary Funds – Proprietary funds are used to account for services provided to external customers or other City departments and funds that are primarily funded from user fees and charges. Proprietary funds use the accrual basis of accounting and measure the balance and change in total economic resources. This basis of accounting and financial reporting is consistent with the private sector in recognition that the purpose and focus of enterprise funds, while not on generating a profit, necessitate the measurement of the full cost of providing services for rate setting purposes. Accordingly, balance sheets of proprietary funds include all assets and liabilities, including long-term receivables, capital assets, and long-term liabilities. The basis of accounting and measurement focus used to prepare proprietary fund statements is the same that is used to prepare the government-wide statements. Thus, the proprietary fund statements provide the same, but more detailed, information about these funds, which are included in the “Business-Type Activity” column of the government-wide statements.

Proprietary funds include enterprise funds and internal service funds. The City uses enterprise funds to account for its water, wastewater, solid waste, airport, waterfront/harbor operations, downtown parking, golf, and clean energy. Internal service funds are used to account for intra-city services such as fleet maintenance and replacement, building maintenance, custodial, communications, information systems, self-insurance programs, and energy management.

Fiduciary Funds – Fiduciary funds are used to account for resources held by the City as trustee on behalf of other agencies or individuals. Fiduciary funds are not presented in the government-wide statements, as their resources are not available to support the operations of the City.

Notes to the Basic Financial Statements

The notes to the financial statements provide information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Other Information

In addition to the basic financial statements and related notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees; budgetary comparison schedules for the General Fund and each major special revenue fund; and schedules and disclosures of the modified approach for reporting the City's infrastructure.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City has presented its financial statements under the reporting model required by Governmental Accounting Standards Board Statement No. 34 (GASB 34). The following analysis of the Government-Wide statements includes a comparison between current and prior year results of operations and year-end balances.

Statement of Net Position

Table 1 below summarizes the Statement of Net Position for Governmental and Business Type Activities as of June 30, 2022, with comparative totals as of June 30, 2021. As previously stated, net position at year end serves as a useful indicator over time of whether the City's financial position is improving or deteriorating.

<p>Table 1 Statement of Net Position As of June 30, 2022 and 2021 in (000's)</p>						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other Assets	\$ 267,948	\$ 225,933	\$ 254,573	\$ 187,286	\$ 522,521	\$ 413,219
Capital Assets, Net	520,185	501,835	578,652	580,122	1,098,837	1,081,957
Total Assets	788,133	727,768	833,225	767,408	1,621,358	1,495,176
Deferred Outflows of Resources:	59,478	57,339	9,601	9,884	69,079	67,223
Liabilities:						
Current and other Liabilities	56,702	50,493	36,589	30,546	93,291	81,039
Noncurrent liabilities	274,894	368,754	203,368	239,768	478,262	608,523
Total Liabilities	331,596	419,248	239,957	270,314	571,554	689,562
Deferred Inflows of Resources:	108,638	3,534	55,723	345	164,361	3,879
Net Position:						
Net investment in capital assets	518,120	498,799	398,278	391,224	916,398	890,023
Restricted	105,464	97,387	5,663	5,662	111,126	103,049
Unrestricted	(216,208)	(233,861)	143,205	109,747	(73,002)	(124,114)
Total Net Position	\$ 407,376	\$ 362,325	\$ 547,146	\$ 506,634	\$ 954,523	\$ 868,958

As shown in Table 1, at June 30, 2022 the City's net position totaled \$954.5 million. The largest portion consists of the City's net investment in capital assets in the amount of \$916.4 million. This amount represents the total funds invested to acquire capital assets, reduced by the outstanding debt issued and any accounts receivable in connection with their construction, acquisition or payment. Capital assets of the City are not available, spendable resources, and generally are not liquidated to repay debt. A portion of the City's net position, \$111.1 million, is subject to restrictions imposed by external parties, and its use is determined by those restrictions and contractual agreements.

The City of Santa Barbara implemented GASB Statement 68 effective Fiscal Year ending June 30, 2015. With the reporting change, the City recognized a net pension asset, deferred outflows of resources, deferred inflows of resources, pension expense and a net pension liability. As a result of this change, unrestricted funds resulted in a deficit of \$73.0 million. Unrestricted funds may be used by the City to meet ongoing operations, subject to applicable federal and state laws and regulations. Before adjusting for GASB Statement 68, unrestricted funds were \$165.3 million

Decisions regarding the allocations are made by the administrators of the pension plan, CalPERS, not by the City of Santa Barbara's management.

Statement of Activities

As discussed earlier, the Statement of Net Position provides a measure of the financial health of an entity at a specific date in time (i.e. year-end). In contrast, the Statement of Activities provides details of how the City's net position changed from the prior year. Generally, it indicates whether the financial health of the City as a whole is better or worse at June 30, 2022, in relation to a year earlier. For the fiscal year ended June 30, 2022, total net position increased by \$85.6 million, or 9.8%.

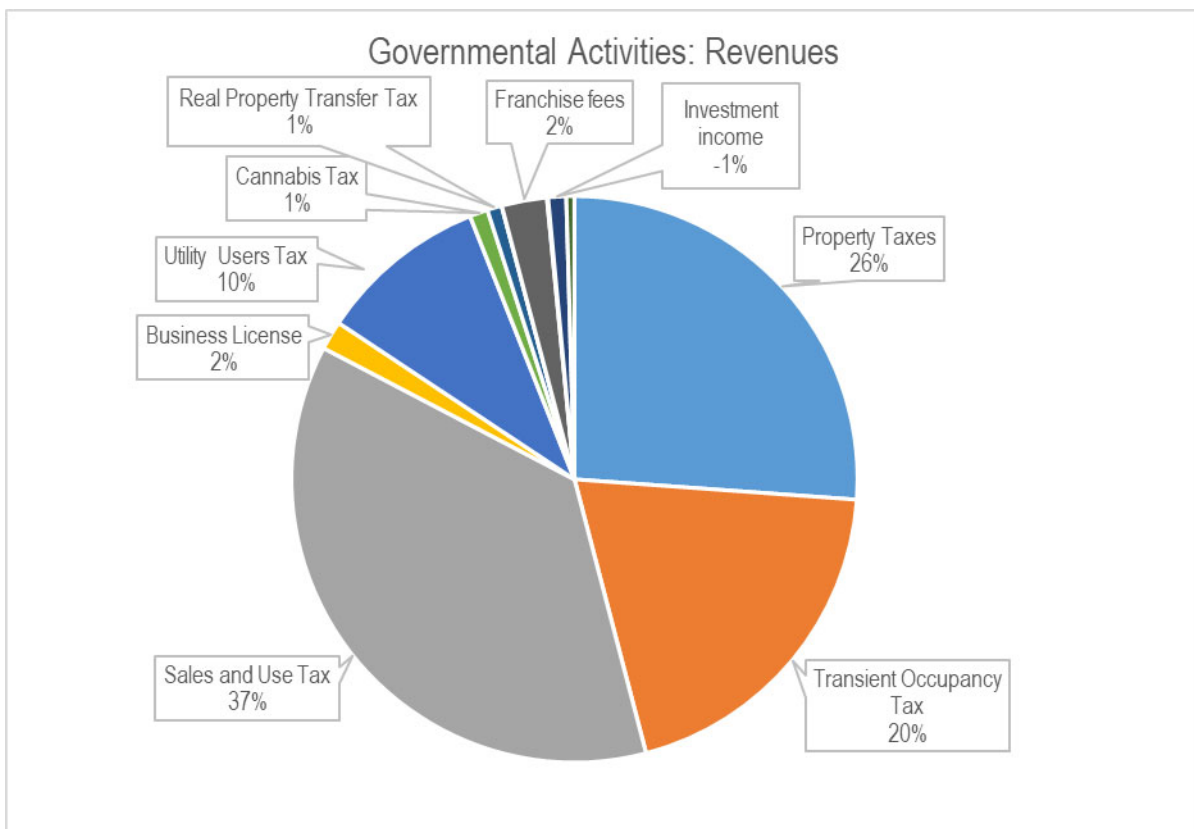
Table 2 summarizes the Statement of Activities for Governmental Activities and Business-Type Activities for the fiscal year ended June 30, 2022, with comparative totals for the fiscal year ended June 30, 2021.

<p style="text-align: center;">Table 2 Statement of Activities As of June 30, 2022 and 2021 in (000's)</p>						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 32,020	\$ 25,234	\$ 197,349	\$ 163,697	\$ 229,369	\$ 188,931
Operating Grants and Contribution:	22,360	33,100	17,913	8,742	40,272	41,842
Capital Grants and Contributions	22,688	21,274	292	3,565	22,980	24,839
General Revenues:						
Taxes	154,817	128,721	-	-	154,817	128,721
Franchise Fees	4,176	3,852	-	-	4,176	3,852
Motor Vehicle License Fees	108	69	-	-	108	69
Investment Income	(1,661)	2,478	(3,858)	419	(5,518)	2,898
Other Revenue	745	90	189	189	934	279
Total Revenues	235,254	214,818	211,885	176,613	447,139	391,430
Expenses:						
Program Expenses:						
Administration	19,176	19,964	-	-	19,176	19,964
Public Safety	90,004	88,435	-	-	90,004	88,435
Public Works	37,767	46,786	-	-	37,767	46,786
Community Services	24,967	27,392	-	-	24,967	27,392
Community Development	15,485	19,434	-	-	15,485	19,434
Sustainability and Resilience	110	38	-	-	110	38
Business Activities:						
Water	-	-	50,913	52,502	50,913	52,502
Wastewater	-	-	22,307	23,906	22,307	23,906
Airport	-	-	27,530	26,066	27,530	26,066
Waterfront	-	-	14,387	15,418	14,387	15,418
Solid Waste	-	-	30,333	31,245	30,333	31,245
Downtown Parking	-	-	9,173	9,138	9,173	9,138
Golf Course	-	-	3,401	3,446	3,401	3,446
Clean Energy	-	-	16,021	132	16,021	132
Total Expenses	187,509	202,050	174,065	161,853	361,574	363,904
Increase in Net Positions Before Transfers	47,745	12,767	37,820	14,759	85,564	27,526
Transfers In (Out)	(2,693)	625	2,693	(625)	-	-
Increase (Decrease) in Net Position	45,052	13,393	40,513	14,134	85,564	27,526
Net Position, beginning of fiscal year	362,325	345,013	506,634	492,500	868,958	837,513
Restatement Prior Year (Note 18)	-	3,919	-	-	-	3,919
Net Position, end of fiscal year	\$ 407,376	\$ 362,325	\$ 547,146	\$ 506,634	\$ 954,523	\$ 868,958

Governmental Activities

Revenue Highlights

Total revenues for governmental activities grew 9.5% compared to fiscal year ended June 30, 2021 at \$235.3 million. The largest component of total revenue is taxes at \$154.8 million, making up 65.8% of total revenue in the governmental funds. This is an increase of \$26.1 million when compared to Fiscal Year 2021, and is due to the rebound of economic activities following the pandemic. Receiving the majority of governmental revenue through general taxation is consistent with the nature and purpose of governmental funds, particularly in the General Fund, where programs are largely supported by general taxes. The largest tax revenues received by Governmental activities in Fiscal Year 2022 include, Sales and Use \$59.3 million (\$49.8 million in FY2021), Property \$42.2 million (\$39.9 million), Transient Occupancy \$32.0 million (\$18.8 million), Utility Users taxes \$15.6 million (\$14.7 million), Business Licenses \$2.7 million (\$2.5 million), and Cannabis \$1.7 million (\$1.9 million).



Some of the key changes in revenues are:

- Sales and Use taxes reported an increase of \$9.6 million from the prior year, or an 19.2% increase at \$59.3 million. Fiscal Year 2020 sales tax revenues saw a decline due to the impact of COVID-19 following health directed stay at home orders and a severe global reduction in travel and tourism. Restaurants and non-essential retail outlets were closed, and many local businesses were still recovering to pre-COVID economic activities. Late in Fiscal Year 2021, restaurant, retail, and automobile sales activities saw growth that continued through Fiscal Year 2022. Online retail sales remained strong year over year as consumers' purchasing patterns changed during the pandemic

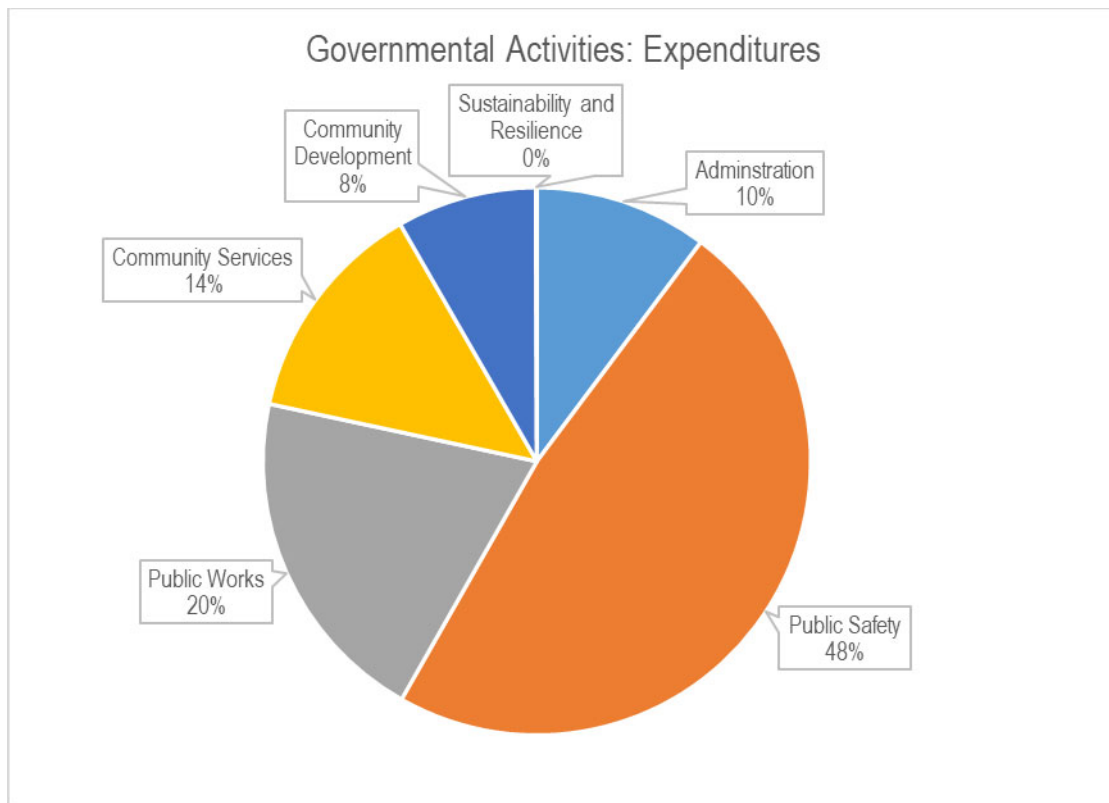
- **Property** taxes reported an increase of \$2.4 million from the prior year, or a 5.9% increase to \$42.2 million. Property taxes were not significantly impacted by COVID-19 health orders, as they are calculated on property values and transactions that tend to be lagging behind some of the consumer taxes that were instantly affected. Santa Barbara continues to be a very desirable location to live, and property prices and number of sales have remained strong even during recent economic uncertainty.
- **Transient Occupancy** taxes (TOT) was the most significantly impacted general tax because of the restrictions on travel and social gatherings during Fiscal Year 2020 and 2021. TOT revenues remained much lower than pre-COVID levels but increased significantly in Fiscal Year 2022. In the Spring and Summer of 2021, air travel and hotel occupancy returned to pre-COVID levels, and average daily rates for hotels late in Fiscal Year 2021 and into 2022 were the highest they've ever been.
- **Other non-tax** revenues reported an increase of \$1.0 million in Fiscal Year 2022 for a total of \$21.3 million.

Expense Highlights

Functional expenses for the year totaled approximately \$187.5 million (\$202.1 million in Fiscal Year 2021), a decrease of \$14.5 million from the prior year. The decrease is primarily due to lower program expenses in Public Works and Community Development Departments.

The City uses CalPERS actuarial reports to calculate pension liabilities which included updated and adjusted assumptions regarding the rate of return for investments as well as other assumptions that impact the calculation of pension liability and expenses. Note 9 contains more information as to the retirement commitments of the City.

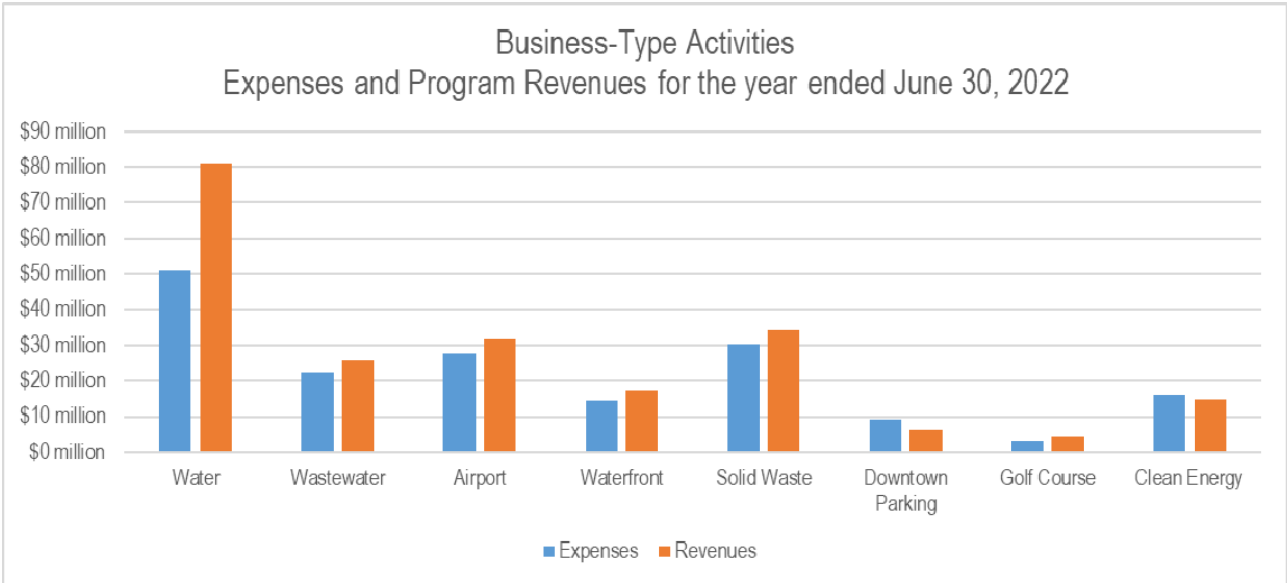
The largest component of total expenses was for Public Safety (fire and police), representing \$90.0 million (48%) of the total. A large portion of public safety costs are funded from general revenues, primarily taxes. In contrast, Public Works expenses, which total \$37.8 million, are funded largely from restricted revenues, including a ½ cent sales tax (Measure A), gas tax, utility user's taxes, and federal and state grants. These resources pay for street maintenance and improvements, street sweeping, transportation planning, and other related costs.



Business-Type Activities

The City’s business-type activities net position increased by \$40.5 million in Fiscal Year 2022 to \$547.2 million (\$506.6 million as of June 30, 2021.)

The chart below illustrates Expenses and Program Revenues for each business-type activity.



Revenue Highlights

Program revenues of \$215.6 million were generated in Fiscal Year 2022, an increase of \$39.5 million compared to prior year of \$176.0 million (22.5% increase). Charges for services, the largest category of revenue increased by 21% across all business-type. Water and Clean Energy were the largest growth contributors.

The Water and Wastewater funds reported \$15.4 million (23.4%) and \$1.3 million (5.4%) more revenue at \$69.1 million and \$25.8 million respectively, compared to prior year because of rate increases in Fiscal Year 2022, and reductions in water conservation following improvements in the City’s water supply and lifting of the most severe drought restrictions.

Downtown Parking revenues declined significantly because of COVID-19 stay-at-home orders that reduced demand for hourly, daily and monthly parking in downtown Santa Barbara. Revenues increased in Fiscal Year 2022 compared to 2021 ending the year \$1.7 million (39.7%) higher than Fiscal Year 2021 at \$6.1 million. Clean Energy Fund began in Fiscal Year 2021 and ramped up to normal, annual operations and reported revenues of \$14.7 million in Fiscal Year 2022.

Total operating and capital grant revenue received was \$18.2 million in Fiscal Year 2022 primarily attributable to the Water Department receiving grant funding to support the Desalination project, a new water supply agreement with the Montecito Water District and the Airport receiving Federal relief funds.

Expense Highlights

Expenses of the Business-Type Activities for the Fiscal Year ended June 30, 2022, totaled \$174.1 million (\$161.9 million as of June 30, 2021), a \$12.2 million increase from the prior year.

The Water Fund expended \$50.9 million, \$1.6 million less than Fiscal Year 2021. Fiscal Year 2020 experienced reduced operating costs within the desalination and recycled water plants from significant rainfall in prior years. More normal operational expenditures occurred during Fiscal Year 2021 and 2022.

Airport Fund expenses were \$1.5 million higher than fiscal year 2021 at \$27.5 million. Business at the airport is recovering, with record passenger counts occurring; from 58,000 in January 2022 to a new record of 114,000 in June 2022.

Clean Energy Fund began in Fiscal Year 2021 and ramped up to normal, annual operations in Fiscal Year 2022 and reported expenses of \$16 million. This reflects most of the increase seen over the prior year (\$15.9 million more than Fiscal Year 2021). Other business type activities had increases in salary and benefit savings that helped offset this variance.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

The City uses fund accounting to demonstrate compliance with legal and contractual requirements. This section provides an analysis and discussion of individual funds and fund types presented in the financial statements.

Governmental Funds

As of June 30, 2022, assets in the City's governmental funds totaled \$240.3 million (\$197.2 million as of June 30, 2021). Of this total, \$110.8 million (\$78.1 million in prior year) consisted of cash and investments, an increase of \$32.7 million over prior year. An additional \$79.0 million (\$78.5 million) represents outstanding loans receivable, which relate primarily to the City's Affordable Housing Fund and Community Development Block Grant and HOME Programs. The General Fund has \$2.5 million (\$1.0 million) in advances (loans) to other City funds which include the Clean Energy Fund, Golf Fund, and the Energy Management Fund.

Fund balances of governmental funds totaled \$179 million at June 30, 2022 (\$149.8 million in the prior year), an increase of \$29.1 million. An amount corresponding to prepaid assets, outstanding loans and advances receivable of \$7.1 million is reported as "Non-spendable" due to the long-term nature of the assets and, therefore, unavailable to fund current operations. A further \$98.4 million (\$95.8 million in the prior year) is restricted for specific programs, projects, and capital improvements with \$67.9 million (\$67.5 million) of this restricted for affordable housing and contributing to the increase in the year. The spendable portion of fund balance totals \$73.5 million, which includes committed, assigned and unassigned balances.

The General Fund's fund balance increased by \$12.8 million, 33.1%, to \$51.6 million. Through strong fiscal discipline by achieving operating expenditure reductions, budget revenues conservatively and minimizing the use of reserves, the General Fund balance grew in Fiscal Year 2022 compared to the prior year. The most significant committed portion of fund balance is \$39.1 million (\$35.6 million in Fiscal Year 2021) consisting of funds set aside, pursuant to City policy, for natural disasters and unexpected events such as significant economic downturns that have a significant impact on the General Fund. The policy requires all operating funds, including the General Fund, to set aside an amount equal to 25% of its operating budget. The unassigned fund balance in the General Fund is \$2.9 Million, an increase of \$2.4 Million from Fiscal Year 2021 reported as negative \$0.5 million.

Proprietary Funds

Unlike governmental funds, proprietary funds use the accrual basis of accounting for financial statement purposes. Accordingly, information reported for the individual fund statements is very similar to that presented as Business-Type Activities in the government-wide statements. Government-wide reporting requires the inclusion of activities of the City's internal service funds related to proprietary fund activities in the Business-Type Activities. Therefore, the following analysis is very similar to that presented for Business-Type Activities.

The net position of proprietary funds consist of amounts for net investment in capital assets, amounts restricted for capital projects and debt service, as well as unrestricted amounts. Net position totaled \$547.1 million as of June 30, 2022 (\$506.6 million as of June 30, 2021), which increased \$40.5 million, 8% from the prior year.

GENERAL FUND FINANCIAL AND BUDGETARY HIGHLIGHTS

The General Fund is the main operating fund of the City. Its revenues are primarily derived from taxes, charges for services and intra-governmental charges, which are used to pay for the traditional services provided by local government - public safety, library, parks and recreation, community development (building and planning), and public works.

Table 3 Summary of General Fund Revenues Fiscal Year Ended June 30, 2022 Budget and Actual - in (000's)				
	Budgeted Amounts		Actual Amounts	Variance from Budget
	Original	Final	2022	
Revenues:				
Taxes	\$ 122,718	\$ 128,554	\$ 141,665	\$ 13,111
Franchise Fees	3,707	3,707	4,176	469
Intergovernmental	1,571	13,703	8,151	(5,552)
Charges for Services	24,892	25,332	25,916	583
Use of Money and Property	898	898	(2,248)	(3,146)
Fines and Forfeitures	2,862	2,862	2,335	(527)
Other Revenues	10,276	10,354	12,057	1,703
Subtotal Revenues	166,923	185,409	192,052	6,642
Lease Obligation	-	-	1,179	1,179
Transfers In	1,684	1,815	1,815	-
Total other Financing Sources / (Uses)	1,684	1,815	1,815	-
Total Revenues	\$ 168,607	\$ 187,225	\$ 193,867	\$ 6,642

Revenues

The amended Fiscal Year 2022 General Fund revenue budget of \$187.2 million reflects adjustments of \$18.6 million that were approved by the City Council during the year. The most significant amendments included an increase to interdepartmental revenues to account for American Rescue Plan Act (ARPA) federal grant funding to assist with the economic impacts of COVID-19.

As shown on Table 3, actual revenues totaled \$193.9 million. Tax revenues ended the year higher than the amended budget by \$13.1 million, reflecting the beginning of the economic recovery from additional sales and transient occupancy tax revenues. The City Council took decisive action late in Fiscal Year 2021 to appropriate the first tranche of the American Rescue Plan Act (ARPA) funds into the General Fund to partially offset the lost revenue as a direct result of COVID. The action ensured that vital city services, including police, fire, parks and recreation and library services, continued and stabilized the budget leading into Fiscal Year 2022.

Expenditures

The amended Fiscal Year 2022 General Fund expenditure budget reflects amendments approved by the City Council during the year. The amended budget also reflects appropriations carried over from the prior year related to outstanding encumbrances as of June 30, 2021.

Table 4				
Summary of General Fund Expenditures				
Fiscal Year Ended June 30, 2022				
Budget and Actual - in (000's)				
	Budgeted Amounts		Actual Amounts	Variance from Budget
	Original	Final	2022	
Expenditures:				
Mayor and Council	\$ 3,591	\$ 3,613	\$ 3,469	\$ 144
City Attorney	4,003	4,664	5,075	(410)
City Administration	4,251	5,222	4,263	959
Human Resources	1,840	3,000	1,937	1,063
Finance	6,333	6,688	6,154	535
Public Safety	77,150	80,777	79,737	1,040
Public Works	9,767	10,599	9,039	1,561
Community Services	24,429	25,842	23,840	2,002
Community Development	11,270	12,102	12,676	(574)
Sustainability and Resilience	156	248	110	138
Debt: Principal Retirement	-	-	334	(334)
Debt: Interest & Fiscal Charges	-	-	84	(84)
Subtotal Expenditures	142,791	152,755	146,717	6,038
Transfers Out	(26,702)	(40,501)	(35,495)	(5,006)
Total Expenditures	\$ 116,089	\$ 112,254	\$ 111,222	\$ 1,032

As shown on Table 4 above, actual expenditures totaled \$111.2 million, and were under final budget by approximately \$1.0 million. The largest savings against budget are the result of salary and benefit savings due to vacancies in budgeted positions during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 5 summarizes the City's capital assets by class and by type of activity. It is important to note that capital assets are reported at historical cost, net of accumulated depreciation. These amounts do not represent the market value or replacement cost of City assets, which would be significantly higher. Historical cost is used, pursuant to accounting standards, to provide an objective basis for reporting capital assets.

<p>Table 5 Summary of Capital Assets Fiscal Year Ended June 30, 2022 Net of Accumulated Depreciation - in (000's)</p>			
	Governmental Activities	Business-Type Activities	Totals
Non-Depreciating Assets			
Construction in Progress	\$ 27,485	\$ 22,699	\$ 50,184
Art and Historical Treasure	1,759	-	1,759
Land	51,160	24,944	76,105
Streets	160,101	-	160,101
Depreciating Assets			
Buildings	9,413	84,126	93,539
Building Improvements	42,288	7,623	49,911
Other Improvements	51,653	181,580	233,233
Equipment	11,163	12,491	23,654
Infrastructure	163,227	160,786	324,012
Right to Use Assets	1,935	161	2,097
Underground Piping	-	84,242	84,242
Total Capital Assets	\$ 520,185	\$ 578,652	\$ 1,098,837

The City owns approximately \$1,098.8 million of capital assets net of depreciation and accounts receivable, an increase of \$15.9 million compared to the year ended June 30, 2021 (\$1,082.0 million). These capital assets require ongoing maintenance, improvement, and renovation. As a result, the City as a whole undertakes millions of dollars in capital improvement and construction projects each year.

The capital improvement projects undertaken in the Governmental Activities category typically include improvements to the City's infrastructure (roads, curbs, storm drains, bridges, sidewalks, gutters, etc.) and improvements to City public facilities, such as parks, restrooms, community facilities, and playgrounds. Starting in 2004, governmental funds have been required to capitalize and report the costs of acquiring or constructing infrastructure assets acquired or constructed after 1982. Where information was readily available, or if a value could be reasonably estimated, the City capitalized infrastructure assets acquired or constructed prior to 1982.

With regard to capital improvements to City streets, which is also considered "infrastructure," the City has elected to use the "modified approach" pursuant to Governmental Accounting Standards

Board (GASB) Statement No. 34 in accounting for streets. As such, these assets have been reported separately from other infrastructures in Table 5. The City has established a pavement condition assessment process whereby approximately one-third of the entire street system is assessed on a rotating basis every two years. Each road segment is rated and given a pavement condition index (PCI) value from zero to one hundred (0-100), where PCI scores of 51-70 are considered to be in "At Risk" condition, and roads with PCI scores of 71-100 are considered to be in "Excellent/Good" condition. The City has a minimum target PCI of 60, whereby the modified approach may be applied, with an aspiration to improve the PCI to 70 in the coming years whereby ongoing maintenance needs are considered to be most cost effective. Pursuant to the modified approach, depreciation is not reported for this subsystem and all costs, except for betterments and major improvements made to the subsystem, are expensed rather than capitalized. The most recent biennial report was for the period ended June 30, 2022, and the average PCI for City streets exceeded the minimum policy level of 60 with a reported average score of 63, defined as "At Risk."

Governmental Activities which include Internal Service Funds have construction in progress projects totaling \$27.5 million which have commenced or continued in fiscal year 2022 including: De La Vina Bridge project (\$4.2 million); Cabrillo bridge replacement (\$3.7 million); W. Carrillo light and signal upgrade (\$3.1 million); other streets, bike lane, pedestrian and sidewalk related improvements (\$4.4 million); new police station (\$1.9 million); general infrastructure and public facilities improvements (\$5.5 million); and fleet replacement (\$4.7 million).

For Business-Type Activities, construction in progress projects totaling \$22.7 million which have commenced or continued in Fiscal Year 2022 primarily relate to facilities used in connection with enterprise funds, including water, wastewater, airport, waterfront, golf and downtown parking. These operations can be much more capital intensive given the nature of the services they provide. The City's business-type funds included a net decrease of \$1.5 million in capital assets. Construction in progress increased by a net of \$14.2 million from Fiscal Year 2021. Capital projects completed in the year included: Water infrastructure improvements (\$15.9 million); general airport improvements (\$1.8 million); wastewater improvements (\$4.7 million); public parking improvements (\$0.14 million); and waterfront improvements (\$0.2 million). Additional information on the City of Santa Barbara's capital assets can be found in Notes 1 and 5 to the financial statements, and Required Supplementary Information of this report.

Long-Term Debt

Table 6 below summarizes outstanding long-term debt related to the issuance of bonds, certificates of participation, and loans; the table excludes outstanding claims payable, deferred debt costs, and compensated absences. As shown in the table, the City had approximately \$170.1 million (\$182.5 million in the prior year) in outstanding long-term debt at June 30, 2022, a net decrease of \$12.4 million from the prior year. It is important to note that the Governmental Activities, which primarily consists of the General Fund, has no long-term indebtedness, which is a good financial indicator.

<p style="text-align: center;">Table 6 Summary of Outstanding Issued Debt Fiscal Year Ended June 30, 2022 in (000's)</p>			
	Governmental Activities	Business- Type Activities	Totals
Revenue Bonds	\$ -	\$ 38,215	\$ 38,215
Certificates of Participation	-	9,095	9,095
Loans	-	122,785	122,785
Total Debt	\$ -	\$ 170,096	\$ 170,096

Revenue Bonds

The City has a total of \$38.2 million in outstanding revenue bonds including the following: \$26.7 million of 2019 Airport refunding bonds, \$6.0 million of 2016 Sewer refunding bonds, and \$5.5 million of 2014 Waterfront refunding bonds.

Certificates of Participation

The Water Fund has \$9.1 million in outstanding COP bonds which refunded the 2002 COP bonds in 2013 issued at \$22.7 million. These proceeds were used to finance capital improvements to the water distribution system.

Loans

Of the outstanding \$122.8 million in loans payable in the Business-Type Activities, \$81 million relates to the Water Fund. Two of the Water Fund loans are low-interest loans from the State Department of Water Resources (SDWR) used to fund the Cater Water Treatment Plant Project, the Ortega Ground Water Treatment Plant Project and the Cater Water Treatment Plant-Phase III Project. Approximately 40% of the SDWR loans will be reimbursed by the Montecito Water District and the Carpinteria Water District for the Cater Water Treatment Plant Project pursuant to a long-standing joint powers agreement. The third loan is a low interest loan from the State Water Resources Control Board used to fund the Desalination Plant Reactivation Project. The Desalination Project loan was issued for \$80 million, with an outstanding balance of \$58.9 million at June 30, 2022. The Desalination Project was completed in Fiscal Year 2018.

The Waterfront Fund has \$8.5 million in outstanding loans from the State Department of Parks & Recreation, Division of Boating and Waterways, used to finance major renovations to the marina.

The Airport Fund carries outstanding loans from the State Department of Transportation totaling \$0.41 million, used to finance capital improvements at the airport. Lastly, the Wastewater Fund accounts for \$32.9 million in loans from the California State Water Resources Control Board for sewer infrastructure improvements. Additional information on the City of Santa Barbara's long-term debt can be found in Note 7 to the financial statements. At this time all City Funds have sufficient reserves and cash-flow projections to meet all current debt obligations in the near future.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Santa Barbara's largest industry is tourism. The mild and sunny climate attract visitors from all over the world, who stay in the local lodging establishments, shop in the local stores and dine in the local restaurants. Consequently, the City receives a fair amount of revenues that are either directly or indirectly tied to tourism. In the General Fund, for example, sales taxes and transient occupancy taxes (TOT) represent more than half of its total revenues. Other operations outside of the General Fund are also dependent, to varying degrees, on tourism. These include the Waterfront Fund, which accounts for the activities along the beach, including Sterns Wharf and the harbor. Its revenues are primarily derived from parking and percentage rents from merchants (shops and restaurants). These revenues are largely impacted by economic conditions, but also by weather. Similarly, the Airport Fund is affected by trends and economic conditions that affect travel.

Between 2012 and 2015, the hospitality sector realized tremendous gains of 7-15% annually. A number of factors played into this, but the unusually warm and dry weather played a significant role, attracting many visitors to the area. The strong demand for hotel rooms resulted in increases to both occupancy rates as well as room rates. The City benefited from this activity in that a 12% transient occupancy tax (TOT) applies to all room rates (2% of this tax is transferred to the Creeks Division, as Measure B revenue leaving 10% for General Fund purposes).

Until Mid-March 2020, all revenues and expenditures were continuing to meet or exceed budget expectations continuing to build on the longest economic expansion on record. Many economic sectors experienced significantly reduced activity or a complete standstill during March of 2020 due to shutdowns in response to the COVID-19 pandemic. As of June 30, 2022, the economy has rebounded to pre-pandemic levels, on many accounts, and primarily with higher sales and transient occupancy taxes. Employment levels in local industries are strong with very low unemployment rates. The City's employment levels have been impacted, however, with an average vacancy rate of 10% or more at periods throughout the pandemic and still occurring beyond Fiscal Year 2022.

Economic indicators have been suggesting that an economic slowdown and possible recession would occur late in Fiscal Year 2022 and in the months following; however, a whole-scale economic slowdown has not occurred as tax revenues have remained strong. Property values in Santa Barbara have generally remained strong during the pandemic and show signs of continued growth into the next fiscal year. Because a majority of the City's General Fund revenues are comprised of highly variable and tourism-dependent activities in sales and transient occupancy taxes, the City will continue to closely monitor and maintain conservative budgeting practices in projecting future revenues.

Property taxes are another major source of General Fund revenue, representing approximately 23% of total General Fund revenues, the state of the housing market plays a key role in the City's finances. The recent trends of real estate investment interest in larger, single-family homes during the pandemic have supported continued stability in local property values and activities. Property taxes are projected to continue to be a strong source of revenue for the City. Modest increases are anticipated to continue in the next year with more typical annual increases anticipated in the coming years.

The Fiscal Year 2023 budget reflects a continuance of more stable economic and city activities after a period of two years of instability directly related to the pandemic. Overall, General Fund revenues were budgeted to decline slightly in fiscal year 2023 compared to the prior year due to

the signaling of a economic slowdown and possible recession. The Fiscal Year 2023 budget represents a plan for the delivery of services to meet the needs of the City's residents and visitors during a challenging time of economic uncertainty. It is likely that the economy will perform strong than initially anticipated in the Fiscal Year 2023 budget that will provide greater stability for the City's operation.

A longer-term view highlights continued challenges in the coming years as the ongoing revenue growth from existing revenues will likely not be enough to cover ongoing expenditure growth from existing operations. Like most full service municipalities, personnel costs are the largest area of expense in the General Fund. Although salary increases have been low to moderate in comparison to other agencies, increases in retirement costs are driving the overall cost increases with regard to City personnel costs. California Public Employees Retirement System (CalPERS) has adopted more conservative funding policies, resulting in the requirement for member agencies to make substantial increases in employer contributions that started in 2016 and will continue until at least 2025 and beyond. Modest revenue growth coupled with exceptional increases in retirement costs over the next five years will challenge the City to maintain a balanced budget. Should the economic expansion stall or fall into recession, this challenge will only heighten.

In December of 2022, the City Council took decisive action to address the City's pension costs and liabilities more substantially by directing staff to develop a pension management policy also allocated General Fund resources to be used to set up a Section 115 trust – a proven, effective tool that many municipalities use to address pension costs.

The City will consider a variety of short- and long-term strategies to effectively manage through current economic uncertainty and rising costs. These strategies may include continuing to control expenditures to achieve savings, considering revenue generating options and resource realignment focusing on the City Council's priorities.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need any additional financial information, please access the City's Internet web site at www.SantaBarbaraCa.gov/Finance/Budget-Reports. You may also contact the City's Finance Department at PO Box 1990 (735 Anacapa Street), Santa Barbara, California, 93101, (805) 564-5528, or email the Accounting Division, at Accounting@SantaBarbaraCA.gov.

BASIC FINANCIAL STATEMENTS



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CITY OF SANTA BARBARA
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Pooled Cash and Investments	\$ 141,508,377	\$ 182,639,577	\$ 324,147,954
Receivables:			
Accounts, Net	32,372,169	28,477,707	60,849,876
Loans	79,004,437	-	79,004,437
Interest	624,630	-	624,630
Leases	178,536	7,535,039	7,713,575
Due from Other Governments	16,248	-	16,248
Prepaid Assets and Deposits	2,713,585	4,344,484	7,058,069
Inventory	-	82,635	82,635
Internal Balances	7,039,722	(7,039,722)	-
Total Current Assets	263,457,704	216,039,720	479,497,424
Noncurrent Assets:			
Receivables:			
Loans	-	4,360,334	4,360,334
Leases	4,490,318	30,789,826	35,280,144
Restricted:			
Cash and Investments with Fiscal Agents	-	3,383,546	3,383,546
Capital Assets:			
Not Being Depreciated	240,505,628	47,643,569	288,149,197
Being Depreciated, Net	279,679,368	531,008,112	810,687,480
Total Noncurrent Assets	524,675,314	617,185,387	1,141,860,701
Total Assets	788,133,018	833,225,107	1,621,358,125
DEFERRED OUTFLOWS OF RESOURCES			
Pension-Related items	46,534,651	8,423,108	54,957,759
OPEB-Related items	12,943,283	-	12,943,283
Deferred Charge on Refunding	-	1,178,304	1,178,304
Total Deferred Outflows of Resources	59,477,934	9,601,412	69,079,346
LIABILITIES			
Current Liabilities:			
Accounts Payable	10,655,166	18,272,174	28,927,340
Salaries and Benefits Payable	5,422,569	1,093,614	6,516,183
Interest Payable	-	1,139,350	1,139,350
Unearned Revenue	10,144,562	512,133	10,656,695
Deposits	650,428	2,458,897	3,109,325
Due to Other Governments	13,158,377	-	13,158,377
Lease Payable	352,522	69,165	421,687
Compensated Absences	8,099,306	295,575	8,394,881
Claims Liabilities	5,555,614	-	5,555,614
Total OPEB Liability	2,145,219	-	2,145,219
Long-Term Debt	518,364	12,748,322	13,266,686
Total Current Liabilities	56,702,127	36,589,230	93,291,357
Noncurrent Liabilities:			
Unearned Revenue	-	4,360,334	4,360,334
Lease Payable	1,620,086	113,181	1,733,267
Net Pension Liability	204,551,666	33,714,468	238,266,134
Total OPEB Liability	51,779,506	-	51,779,506
Compensated Absences	899,923	2,613,074	3,512,997
Claims Liability	12,768,172	-	12,768,172
Long-Term Debt	3,275,011	162,566,907	165,841,918
Total Noncurrent Liabilities	274,894,364	203,367,964	478,262,328
Total Liabilities	331,596,491	239,957,194	571,553,685
DEFERRED INFLOWS OF RESOURCES			
Lease Related	4,550,100	37,531,466	42,081,566
Pension Related	95,719,180	18,191,479	113,910,659
OPEB Related	8,368,983	-	8,368,983
Total Deferred Inflows of Resources	108,638,263	55,722,945	164,361,208
NET POSITION			
Net Investment in Capital Assets	518,120,325	398,278,166	916,398,491
Restricted for:			
Administration	33,780	-	33,780
Public Safety Projects	1,783,720	-	1,783,720
Public Works	23,805,785	-	23,805,785
Community Services	5,964,571	-	5,964,571
Community Development	3,308,440	-	3,308,440
Capital Improvements	2,683,535	-	2,683,535
Debt Service Reserve	-	3,383,546	3,383,546
Airport Improvements	-	2,279,259	2,279,259
Affordable Housing	67,883,756	-	67,883,756
Unrestricted	(216,207,714)	143,205,409	(73,002,305)
Total Net Position	\$ 407,376,198	\$ 547,146,380	\$ 954,522,578

See accompanying Notes to Basic Financial Statements.

**CITY OF SANTA BARBARA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Administration	\$ 19,176,420	\$ 3,659,118	\$ 8,707,260	\$ -
Public Safety	90,023,258	5,965,052	3,486,876	-
Public Works	37,767,154	7,558,006	685,806	22,688,201
Community Services	24,973,318	7,396,836	1,327,395	-
Community Development	15,458,981	7,441,155	8,152,194	-
Sustainability and Resilience	109,765	-	-	-
Total Governmental Activities	<u>187,508,896</u>	<u>32,020,167</u>	<u>22,359,531</u>	<u>22,688,201</u>
Business-Type Activities				
Water	50,912,908	69,057,629	11,982,066	-
Wastewater	22,307,034	25,806,729	-	-
Airport	27,529,554	25,920,364	5,907,498	255,231
Waterfront	14,387,354	17,241,280	-	37,003
Solid Waste	30,333,012	34,293,752	23,211	-
Downtown Parking	9,172,583	6,082,120	-	-
Golf Course	3,401,465	4,228,617	-	-
Clean Energy	16,021,442	14,718,475	-	-
Total Business-Type Activities	<u>174,065,352</u>	<u>197,348,966</u>	<u>17,912,775</u>	<u>292,234</u>
Total	<u>\$ 361,574,248</u>	<u>\$ 229,369,133</u>	<u>\$ 40,272,306</u>	<u>\$ 22,980,435</u>
General Revenues				
Taxes:				
Property Taxes (Net of Pass-Through Payments)				
Transient Occupancy				
Sales and Use				
Business License				
Utility Users				
Cannabis				
Real Property Transfer Tax				
Other Taxes				
Franchise Fees				
Unrestricted Motor Vehicle License-in-Lieu				
Investment Income				
Other Revenue				
Transfers				

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

See accompanying Notes to Basic Financial Statements.

**CITY OF SANTA BARBARA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities			
Administration	\$ (6,810,042)	\$ -	\$ (6,810,042)
Public Safety	(80,571,330)	-	(80,571,330)
Public Works	(6,835,141)	-	(6,835,141)
Community Services	(16,249,087)	-	(16,249,087)
Community Development	134,368	-	134,368
Sustainability and Resilience	(109,765)	-	(109,765)
Total Governmental Activities	(110,440,997)	-	(110,440,997)
Business-Type Activities			
Water	-	30,126,787	30,126,787
Wastewater	-	3,499,695	3,499,695
Airport	-	4,553,539	4,553,539
Waterfront	-	2,890,929	2,890,929
Solid Waste	-	3,983,951	3,983,951
Downtown Parking	-	(3,090,463)	(3,090,463)
Golf Course	-	827,152	827,152
Clean Energy	-	(1,302,967)	(1,302,967)
Total Business-Type Activities	-	41,488,623	41,488,623
Total	(110,440,997)	41,488,623	(68,952,374)
General Revenues			
Taxes:			
Property Taxes (Net of Pass-Through Payments)	42,225,898	-	42,225,898
Transient Occupancy	31,955,795	-	31,955,795
Sales and Use	59,328,160	-	59,328,160
Business License	2,667,092	-	2,667,092
Utility Users	15,609,758	-	15,609,758
Cannabis	1,672,274	-	1,672,274
Real Property Transfer Tax	1,352,652	-	1,352,652
Other Taxes	5,501	-	5,501
Franchise Fees	4,176,091	-	4,176,091
Unrestricted Motor Vehicle License-in-Lieu	107,502	-	107,502
Investment Income	(1,660,533)	(3,857,780)	(5,518,313)
Other Revenue	745,428	188,823	934,251
Transfers	(2,693,115)	2,693,115	-
Total General Revenues and Transfers	155,492,503	(975,842)	154,516,661
Change in Net Position	45,051,506	40,512,781	85,564,287
Net Position - Beginning of Year	362,324,692	506,633,599	868,958,291
Net Position - End of Year	<u>\$ 407,376,198</u>	<u>\$ 547,146,380</u>	<u>\$ 954,522,578</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SANTA BARBARA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Special Revenue Fund Affordable Housing	Other Governmental Funds	Total Governmental Funds
ASSETS				
Pooled Cash and Investments	\$ 37,797,377	\$ 2,049,624	\$ 70,906,854	\$ 110,753,855
Receivables:				
Accounts, Net	17,307,342	182,405	14,752,819	32,242,566
Loans	118,353	65,727,707	13,158,377	79,004,437
Interest	624,630	-	-	624,630
Leases, Current	157,248	-	21,288	178,536
Leases, Noncurrent	4,134,741	-	355,577	4,490,318
Due from Other Governments	16,248	-	-	16,248
Prepays Assets and Deposits	121,676	-	-	121,676
Interfund Receivables	10,346,824	-	-	10,346,824
Advances to Other Funds	2,527,707	-	-	2,527,707
Total Assets	<u>\$ 73,152,146</u>	<u>\$ 67,959,736</u>	<u>\$ 99,194,915</u>	<u>\$ 240,306,797</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 2,727,252	\$ 63,533	\$ 5,437,553	\$ 8,228,338
Salaries and Benefits Payable	4,715,492	12,447	301,165	5,029,104
Unearned Revenue	9,110,055	-	955,907	10,065,962
Deposits	437,532	-	212,896	650,428
Due to Other Governments	-	-	13,158,377	13,158,377
Interfund Payables	-	-	7,851,328	7,851,328
Advances from Other Funds	-	-	2,122,416	2,122,416
Total Liabilities	<u>16,990,331</u>	<u>75,980</u>	<u>30,039,642</u>	<u>47,105,953</u>
DEFERRED INFLOWS OF RESOURCES				
Leases	4,180,757	-	369,343	4,550,100
Unavailable Revenue	412,923	-	9,283,546	9,696,469
Total Deferred Inflows of Resources	<u>4,593,680</u>	<u>-</u>	<u>9,652,889</u>	<u>14,246,569</u>
FUND BALANCES				
Nonspendable	7,059,725	-	-	7,059,725
Restricted	2,503,742	67,883,756	27,978,150	98,365,648
Committed	39,126,117	-	40,552,453	79,678,570
Unassigned	2,878,551	-	(9,028,219)	(6,149,668)
Total Fund Balances	<u>51,568,135</u>	<u>67,883,756</u>	<u>59,502,384</u>	<u>178,954,275</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 73,152,146</u>	<u>\$ 67,959,736</u>	<u>\$ 99,194,915</u>	<u>\$ 240,306,797</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SANTA BARBARA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022**

Fund Balances for Governmental Funds	\$	178,954,275
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore are not reported in the fund financial statements. This amount does not include \$20,675,766 of internal service funds net capital assets.

Capital Assets Not Being Depreciated	\$	235,853,879	
Capital Assets Being Depreciated		437,152,256	
Accumulated Depreciation		<u>(173,496,905)</u>	499,509,230

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances at June 30, 2022 are:

Compensated Absences	(8,320,985)
Lease Obligations	(1,972,608)

Pension-related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position as the changes in these amounts affect only the government-wide statements for governmental activities.

Deferred Outflows of Resources - Pension Related	44,352,833	
Deferred Inflows of Resources - Pension Related	(91,007,087)	
Total Pension Liability	(111,392)	
Net Pension Liability	<u>(194,195,591)</u>	(240,961,237)

Internal Service funds are used by management to charge the costs of certain activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in governmental in the Statement of Net Position.

(29,528,946)

Receivables that are measurable but not available are recorded as deferred inflows of resources under the modified accrual basis of accounting.

9,696,469

Net Position of Governmental Activities	\$	<u><u>407,376,198</u></u>
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CITY OF SANTA BARBARA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

		Special Revenue Fund		
	General Fund	Affordable Housing	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 141,665,066	\$ -	\$ 18,436,838	\$ 160,101,904
Franchise Fees	4,176,091	-	-	4,176,091
Intergovernmental	8,096,808	-	18,616,080	26,712,888
Charges for Services	26,224,289	-	392,691	26,616,980
Use of Money and Property	(2,228,391)	1,402,140	(447,714)	(1,273,965)
Fines and Forfeitures	2,334,683	-	914,529	3,249,212
Program Income	-	-	409,486	409,486
Other	11,783,066	-	1,446,932	13,229,998
Total Revenues	<u>192,051,612</u>	<u>1,402,140</u>	<u>39,768,842</u>	<u>233,222,594</u>
EXPENDITURES				
Current:				
Mayor and City Council	3,469,045	-	-	3,469,045
City Attorney	5,074,830	-	-	5,074,830
City Administration	4,262,574	-	-	4,262,574
Human Resources	1,937,370	-	-	1,937,370
Finance	6,153,633	-	20,648	6,174,281
Public Safety	79,737,205	-	863,855	80,601,060
Public Works	9,038,773	-	14,928,394	23,967,167
Community Services	23,839,923	-	1,520,603	25,360,526
Community Development	12,676,048	1,076,882	2,964,862	16,717,792
Sustainability and Resilience	109,765	-	-	109,765
Capital Outlay	-	-	34,651,789	34,651,789
Debt Service:				
Principal Retirement	333,713	-	-	333,713
Interest and Fiscal Charges	84,186	-	-	84,186
Total Expenditures	<u>146,717,065</u>	<u>1,076,882</u>	<u>54,950,151</u>	<u>202,744,098</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	45,334,547	325,258	(15,181,309)	30,478,496
OTHER FINANCING SOURCES (USES)				
Lease Obligation	1,178,796	-	-	1,178,796
Transfers In	1,815,159	8,674	40,146,107	41,969,940
Transfers Out	(35,494,681)	-	(8,996,793)	(44,491,474)
Total Other Financing Sources (Uses)	<u>(32,500,726)</u>	<u>8,674</u>	<u>31,149,314</u>	<u>(1,342,738)</u>
NET CHANGE IN FUND BALANCE	<u>12,833,821</u>	<u>333,932</u>	<u>15,968,005</u>	<u>29,135,758</u>
Fund Balances - Beginning Of Year	<u>38,734,314</u>	<u>67,549,824</u>	<u>43,534,379</u>	<u>149,818,517</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 51,568,135</u></u>	<u><u>\$ 67,883,756</u></u>	<u><u>\$ 59,502,384</u></u>	<u><u>\$ 178,954,275</u></u>

See accompanying Notes to Basic Financial Statements.

CITY OF SANTA BARBARA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 29,135,758

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures and do not include capital contributions. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense and capital contributions are recognized as revenue. This is the amount by which capital outlay exceeded depreciation expense in the current period and the amount of capital contributions received.

Capital Outlay	\$ 22,581,687	
Depreciation Expense	<u>(9,183,197)</u>	13,398,490

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. These amounts are the net effect of these differences in the treatment of long-term debt and related items.

Lease Obligation	1,178,796
Principal Paid	333,713

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

(1,379,627)

Pension expense reported in the governmental funds includes the annual required contributions. In the statement of activities, pension expense includes the change in the net pension liability, and related changes in pension amounts for deferred outflows of resources and deferred inflows of resources.

3,789,746

Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. However, the revenues are included on the accrual basis used in the government-wide statements. This amount represents the change during the fiscal year.

2,936,092

Internal service funds are used by management to charge costs of activities involved in rendering services to departments within the City. The changes in net position of the internal service funds are included in the statement of activities.

(4,341,462)

Change in Net Position of Governmental Activities

\$ 45,051,506

**CITY OF SANTA BARBARA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

	Water	Wastewater	Airport	Waterfront
ASSETS				
Current Assets:				
Pooled Cash and Investments	\$ 102,028,153	\$ 19,775,062	\$ 30,668,550	\$ 14,970,795
Accounts Receivable, Net	13,713,977	3,918,916	76,546	114,133
Prepaid Assets	3,835,802	-	-	-
Deposits	-	-	-	-
Leases Receivable	13,539	31,333	3,668,206	3,331,977
Inventories	-	-	-	-
Total Current Assets	<u>119,591,471</u>	<u>23,725,311</u>	<u>34,413,302</u>	<u>18,416,905</u>
Noncurrent Assets:				
Restricted:				
Cash and Investments with Fiscal Agent	2,791,987	1	2	591,556
Advances to Other Funds	-	-	-	-
Leases Receivable	14,020	379,650	15,453,998	13,554,457
Loans Receivable	4,360,334	-	-	-
Capital Assets:				
Nondepreciable	18,198,717	8,201,084	9,048,363	1,070,842
Depreciable, Net	<u>226,255,928</u>	<u>103,352,750</u>	<u>149,857,345</u>	<u>24,634,001</u>
Total Noncurrent Assets	<u>251,620,986</u>	<u>111,933,485</u>	<u>174,359,708</u>	<u>39,850,856</u>
Total Assets	<u>371,212,457</u>	<u>135,658,796</u>	<u>208,773,010</u>	<u>58,267,761</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	324,482	57,311	557,090	239,421
Pension-Related Items	2,631,275	1,777,677	1,911,609	1,057,828
OPEB-Related items	-	-	-	-
Total Deferred Outflows of Resources	<u>2,955,757</u>	<u>1,834,988</u>	<u>2,468,699</u>	<u>1,297,249</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	5,861,389	1,223,954	632,325	443,096
Salaries and Benefits Payable	309,632	199,612	238,280	188,370
Interest Payable	96,420	307,631	328,710	406,589
Unearned Revenue	-	-	-	227,804
Deposits	573,284	232	1,183,024	672,369
Interfund Payable	-	-	-	-
Compensated Absences Payable	100,840	59,574	45,482	53,847
Lease Payable	-	-	-	-
Claims Payable	-	-	-	-
Total OPEB Liability, due in one year	-	-	-	-
Current Portion Long-Term Debt	<u>7,339,420</u>	<u>2,624,755</u>	<u>1,323,061</u>	<u>1,461,086</u>
Total Current Liabilities	<u>14,280,985</u>	<u>4,415,758</u>	<u>3,750,882</u>	<u>3,453,161</u>
Noncurrent Liabilities:				
Advances from Other Funds	-	-	-	-
Unearned Revenue	4,360,334	-	-	-
Net Pension Liability	10,196,293	6,632,251	5,613,719	4,931,437
Total Other Postemployment Benefit Liability	-	-	-	-
Compensated Absences Payable, Net of Current Portion	886,552	526,785	402,175	476,143
Lease Payable, Net of Current Portion	-	-	-	-
Claims Payable, Net of Current Portion	-	-	-	-
Long-Term Debt, Net of Current Portion	<u>83,714,964</u>	<u>36,942,047</u>	<u>29,396,394</u>	<u>12,513,502</u>
Total Noncurrent Liabilities	<u>99,158,143</u>	<u>44,101,083</u>	<u>35,412,288</u>	<u>17,921,082</u>
Total Liabilities	<u>113,439,128</u>	<u>48,516,841</u>	<u>39,163,170</u>	<u>21,374,243</u>
DEFERRED INFLOWS OF RESOURCES				
Lease Related	26,292	406,759	18,737,110	16,547,797
Pension Related	5,682,794	3,839,269	4,128,523	2,284,602
OPEB Related	-	-	-	-
Total Deferred Inflows of Resources	<u>5,709,086</u>	<u>4,246,028</u>	<u>22,865,633</u>	<u>18,832,399</u>
NET POSITION				
Net Investment in Capital Assets	148,722,921	71,115,566	128,720,202	11,731,920
Restricted for Debt Service	2,791,987	1	2	591,556
Restricted for Airport Improvements	-	-	2,279,259	-
Unrestricted	<u>103,505,092</u>	<u>13,615,348</u>	<u>18,213,443</u>	<u>7,034,892</u>
Total Net Position	<u>\$ 255,020,000</u>	<u>\$ 84,730,915</u>	<u>\$ 149,212,906</u>	<u>\$ 19,358,368</u>
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds				
Current year's adjustment to reflect the consolidation of internal service funds' activities related to the enterprise funds				
Net Position of Business-Type Activities				

See accompanying Notes to Basic Financial Statements.

CITY OF SANTA BARBARA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2022

	Solid Waste	Other Enterprise Funds	Total	Internal Service Funds
ASSETS				
Current Assets:				
Pooled Cash and Investments	\$ 6,642,245	\$ 8,554,772	\$ 182,639,577	\$ 30,754,522
Accounts Receivable, Net	5,330,070	5,324,065	28,477,707	129,603
Prepaid Assets	-	283,682	4,119,484	2,591,909
Deposits	-	225,000	225,000	-
Leases Receivable	-	489,984	7,535,039	-
Inventories	-	82,635	82,635	-
Total Current Assets	11,972,315	14,960,138	223,079,442	33,476,034
Noncurrent Assets:				
Restricted:				
Cash and Investments with Fiscal Agent	-	-	3,383,546	-
Advances to Other Funds	-	-	-	2,122,416
Leases Receivable	-	1,387,701	30,789,826	-
Loans Receivable	-	-	4,360,334	-
Capital Assets:				
Nondepreciable	-	11,124,563	47,643,569	4,651,749
Depreciable, Net	-	26,908,088	531,008,112	16,024,017
Total Noncurrent Assets	-	39,420,352	617,185,387	22,798,182
Total Assets	11,972,315	54,380,490	840,264,829	56,274,216
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	-	-	1,178,304	-
Pension-Related Items	366,419	678,300	8,423,108	2,181,818
OPEB-Related items	-	-	-	12,943,283
Total Deferred Outflows of Resources	366,419	678,300	9,601,412	15,125,101
LIABILITIES				
Current Liabilities:				
Accounts Payable	4,060,061	6,051,349	18,272,174	2,426,828
Salaries and Benefits Payable	34,469	123,251	1,093,614	393,465
Interest Payable	-	-	1,139,350	-
Unearned Revenue	132,171	152,158	512,133	78,600
Deposits	-	29,988	2,458,897	-
Interfund Payable	-	-	-	2,495,496
Compensated Absences Payable	6,865	28,967	295,575	608,420
Lease Payable	-	69,165	69,165	-
Claims Payable	-	-	-	5,625,607
Total OPEB Liability, due in one year	-	-	-	2,234,742
Current Portion Long-Term Debt	-	-	12,748,322	518,364
Total Current Liabilities	4,233,566	6,454,878	36,589,230	14,381,522
Noncurrent Liabilities:				
Advances from Other Funds	-	2,503,567	2,503,567	24,140
Unearned Revenue	-	-	4,360,334	-
Net Pension Liability	933,018	5,407,750	33,714,468	10,244,683
Total Other Postemployment Benefit Liability	-	-	-	51,689,983
Compensated Absences Payable, Net of Current Portion	60,712	260,707	2,613,074	69,824
Lease Payable, Net of Current Portion	-	113,181	113,181	-
Claims Payable, Net of Current Portion	-	-	-	12,698,179
Long-Term Debt, Net of Current Portion	-	-	162,566,907	3,275,011
Total Noncurrent Liabilities	993,730	8,285,205	205,871,531	78,001,820
Total Liabilities	5,227,296	14,740,083	242,460,761	92,383,342
DEFERRED INFLOWS OF RESOURCES				
Lease Related	-	1,813,508	37,531,466	-
Pension Related	791,358	1,464,933	18,191,479	4,712,093
OPEB Related	-	-	-	8,368,983
Total Deferred Inflows of Resources	791,358	3,278,441	55,722,945	13,081,076
NET POSITION				
Net Investment in Capital Assets	-	37,987,557	398,278,166	20,366,182
Restricted for Debt Service	-	-	3,383,546	-
Restricted for Airport Improvements	-	-	2,279,259	-
Unrestricted	6,320,080	(947,291)	147,741,564	(54,431,283)
Total Net Position	\$ 6,320,080	\$ 37,040,266	551,682,535	\$ (34,065,101)
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds			(950,751)	
Current year's adjustment to reflect the consolidation of internal service funds' activities related to the enterprise funds			(3,585,404)	
Net Position of Business-Type Activities			\$ 547,146,380	

See accompanying Notes to Basic Financial Statements.

CITY OF SANTA BARBARA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Water	Wastewater	Airport	Waterfront
OPERATING REVENUES				
Sales	\$ 62,300,367	\$ 24,891,572	\$ -	\$ -
Service Charges	4,578,283	834,403	7,008,324	11,008,927
Leases and Rents	-	49,905	18,731,268	5,769,839
Other Revenues	2,178,979	30,849	180,772	462,514
Total Operating Revenues	69,057,629	25,806,729	25,920,364	17,241,280
OPERATING EXPENSES				
Salaries, Wage, and Benefits	9,651,237	6,066,672	7,010,979	6,534,773
Material, Supplies, and Services	29,450,992	9,589,360	11,868,664	5,291,894
Depreciation	9,902,849	5,295,858	6,678,480	1,572,809
Total Operating Expenses	49,005,078	20,951,890	25,558,123	13,399,476
OPERATING INCOME (LOSS)	20,052,551	4,854,839	362,241	3,841,804
NONOPERATING REVENUES (EXPENSES)				
Interest Income	(2,860,156)	(546,162)	(44,942)	260,507
Intergovernmental Revenue	11,982,066	-	5,907,498	-
Other Income	-	-	188,823	-
Interest Expense	(867,232)	(882,383)	(1,407,515)	(642,537)
Total Nonoperating Revenues (Expenses)	8,254,678	(1,428,545)	4,643,864	(382,030)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	28,307,229	3,426,294	5,006,105	3,459,774
CONTRIBUTIONS				
Capital Contributions	-	-	255,231	37,003
TRANSFERS				
Transfers In	203,701	135,537	146,443	128,603
Transfers Out	(161,237)	(10,216)	(13,105)	(9,414)
Total Transfers	42,464	125,321	133,338	119,189
CHANGES IN NET POSITION	28,349,693	3,551,615	5,394,674	3,615,966
Total Net Position - Beginning of Year	226,670,307	81,179,300	143,818,232	15,742,402
TOTAL NET POSITION - END OF YEAR	<u>\$ 255,020,000</u>	<u>\$ 84,730,915</u>	<u>\$ 149,212,906</u>	<u>\$ 19,358,368</u>

Adjustment to Reflect the Consolidation of Internal
Service Fund Activities Related to Enterprise Funds

Change in Net Position - Enterprise Funds

Change in Net Position of Business-Type Activities

See accompanying Notes to Basic Financial Statements.

**CITY OF SANTA BARBARA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Solid Waste	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES				
Sales	\$ 34,274,308	\$ -	\$ 121,466,247	\$ -
Service Charges	-	24,302,369	47,732,306	30,900,619
Leases and Rents	-	394,576	24,945,588	-
Other Revenues	19,444	332,267	3,204,825	666,958
Total Operating Revenues	34,293,752	25,029,212	197,348,966	31,567,577
OPERATING EXPENSES				
Salaries, Wage, and Benefits	1,149,966	4,029,241	34,442,868	15,740,456
Material, Supplies, and Services	28,631,872	22,764,998	107,597,780	20,532,113
Depreciation	-	1,486,550	24,936,546	2,361,970
Total Operating Expenses	29,781,838	28,280,789	166,977,194	38,634,539
OPERATING INCOME (LOSS)	4,511,914	(3,251,577)	30,371,772	(7,066,962)
NONOPERATING REVENUES (EXPENSES)				
Interest Income	(196,155)	(152,650)	(3,539,558)	(679,286)
Intergovernmental Revenue	23,211	-	17,912,775	-
Other Income	-	-	188,823	-
Interest Expense	-	(21,308)	(3,820,975)	(9,038)
Total Nonoperating Revenues (Expenses)	(172,944)	(173,958)	10,741,065	(688,324)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	4,338,970	(3,425,535)	41,112,837	(7,755,286)
CONTRIBUTIONS				
Capital Contributions	-	-	292,234	-
TRANSFERS				
Transfers In	20,239	2,309,184	2,943,707	992,431
Transfers Out	(51,946)	(4,675)	(250,593)	(1,164,011)
Total Transfers	(31,707)	2,304,509	2,693,114	(171,580)
CHANGES IN NET POSITION	4,307,263	(1,121,026)	44,098,185	(7,926,866)
Total Net Position - Beginning of Year	2,012,817	38,161,292	507,584,350	(26,138,235)
TOTAL NET POSITION - END OF YEAR	<u>\$ 6,320,080</u>	<u>\$ 37,040,266</u>	<u>\$ 551,682,535</u>	<u>\$ (34,065,101)</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			\$ (3,585,404)	
			44,098,185	
Change in Net Position - Enterprise Funds			<u>\$ 40,512,781</u>	
Change in Net Position of Business-Type Activities				

See accompanying Notes to Basic Financial Statements.

**CITY OF SANTA BARBARA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Water	Wastewater	Airport	Waterfront
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 62,994,256	\$ 25,505,427	\$ 26,345,483	\$ 17,414,872
Payments to Suppliers of Goods or Services	(25,580,051)	(9,802,338)	(11,886,588)	(5,169,101)
Payments to Employees	(12,183,096)	(7,682,704)	(8,867,442)	(7,593,672)
Receipts from Others	2,178,979	30,849	180,772	462,514
Net Cash Provided (Used) by Operating Activities	27,410,088	8,051,234	5,772,225	5,114,613
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash Transfers In	203,701	135,537	146,443	128,603
Cash Transfers Out	(161,237)	(10,216)	(13,105)	(9,414)
Advances from (to) Other Funds	-	-	-	-
Operating Grants Received	11,982,066	-	5,907,498	-
Net Cash Provided (Used) by Noncapital Financing Activities	12,024,530	125,321	6,040,836	119,189
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(17,348,229)	(3,471,874)	(722,417)	(878,370)
Principal Paid on Capital Debt	(7,154,406)	(2,555,613)	(1,263,479)	(1,407,541)
Interest Paid	(1,016,494)	(1,002,724)	(1,420,735)	(630,957)
Net Cash Provided (Used) by Capital and Related Financing Activities	(25,519,129)	(7,030,211)	(3,406,631)	(2,916,868)
CASH FLOWS FROM INVESTING ACTIVITIES				
Loans Provided	605,174	-	-	-
Change in Fair Value	(3,673,398)	(711,977)	(1,105,556)	(539,280)
Interest Received	813,242	165,815	1,060,614	799,787
Net Cash Provided (Used) by Investing Activities	(2,254,982)	(546,162)	(44,942)	260,507
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,660,507	600,182	8,361,488	2,577,441
Cash and Cash Equivalents - Beginning Of Year	93,159,633	19,174,881	22,307,064	12,984,910
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 104,820,140</u>	<u>\$ 19,775,063</u>	<u>\$ 30,668,552</u>	<u>\$ 15,562,351</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SANTA BARBARA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Solid Waste	Other Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 33,226,438	\$ 19,847,032	\$ 185,333,508	\$ 30,808,056
Payments to Suppliers of Goods or Services	(28,931,044)	(17,268,212)	(98,637,334)	(19,151,948)
Payments to Employees	(1,521,859)	(4,361,039)	(42,209,812)	(12,443,889)
Receipts from Others	19,444	332,267	3,204,825	666,958
Net Cash Provided (Used) by Operating Activities	2,792,979	(1,449,952)	47,691,187	(120,823)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash Transfers In	20,239	2,309,184	2,943,707	992,431
Cash Transfers Out	(51,946)	(4,675)	(250,593)	(1,164,011)
Advances from (to) Other Funds	-	1,582,841	1,582,841	905,644
Operating Grants Received	23,211	-	17,912,775	-
Net Cash Provided (Used) by Noncapital Financing Activities	(8,496)	3,887,350	22,188,730	734,064
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	-	(752,804)	(23,173,694)	(2,306,570)
Principal Paid on Capital Debt	-	-	(12,381,039)	(95,370)
Interest Paid	-	(21,308)	(4,092,218)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(774,112)	(39,646,951)	(2,401,940)
CASH FLOWS FROM INVESTING ACTIVITIES				
Loans Provided	-	-	605,174	-
Change in Fair Value	(239,146)	(282,884)	(6,552,241)	(858,397)
Interest Received	42,991	130,234	3,012,683	179,111
Net Cash Provided (Used) by Investing Activities	(196,155)	(152,650)	(2,934,384)	(679,286)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,588,328	1,510,636	27,298,582	(2,467,985)
Cash and Cash Equivalents - Beginning Of Year	4,053,917	7,044,136	158,724,541	33,222,507
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,642,245</u>	<u>\$ 8,554,772</u>	<u>\$ 186,023,123</u>	<u>\$ 30,754,522</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SANTA BARBARA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Water	Wastewater	Airport	Waterfront
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 20,052,551	\$ 4,854,839	\$ 362,241	\$ 3,841,804
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	9,902,849	5,295,858	6,678,480	1,572,809
(Increase) Decrease in Operating Assets and Deferred Outflows of Resources:				
Accounts Receivable	(3,716,844)	(266,229)	977,372	996,106
Lease Receivable	(27,559)	(410,983)	(19,122,204)	(16,886,434)
Prepays Assets and Deposits	668,136	-	-	-
Inventory	-	-	-	-
Deferred Outflows of Resources - Pension Related	(40,963)	101,721	47,928	7,250
Deferred Outflows of Resources - OPEB	-	-	-	-
Increase (Decrease) in Operating Liabilities and Deferred Inflows of Resources:				
Accounts Payable	3,202,805	(212,978)	(17,924)	122,793
Salaries and Benefits Payable	(296,345)	(206,717)	(208,370)	(197,578)
Deposits Payable	438,891	-	13,613	14,664
Lease Payable	-	-	-	-
Unearned Revenue	(605,174)	-	-	(36,027)
Compensated Absences Payable	126,675	62,390	(6,531)	65,565
Net Pension Liability	(7,899,604)	(5,336,936)	(5,739,024)	(3,175,805)
Total Other Postemployment Benefit Liability	-	-	-	-
Claims and Judgements	-	-	-	-
Deferred Inflows of Resources - Lease Related	26,292	406,759	18,737,110	16,547,797
Deferred Inflows of Resources - Pension Related	5,578,378	3,763,510	4,049,534	2,241,669
Deferred Inflows of Resources - OPEB Related	-	-	-	-
Total Adjustments	7,357,537	3,196,395	5,409,984	1,272,809
Net Cash Provided (Used) by Operating Activities	\$ 27,410,088	\$ 8,051,234	\$ 5,772,225	\$ 5,114,613
NONCASH CAPITAL AND FINANCING ACTIVITIES:				
Capital Contributions	\$ -	\$ -	\$ 255,231	\$ 37,003

See accompanying Notes to Basic Financial Statements.

**CITY OF SANTA BARBARA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Solid Waste	Other Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 4,511,914	\$ (3,251,577)	\$ 30,371,772	\$ (7,066,962)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	-	1,486,550	24,936,546	2,361,970
(Increase) Decrease in Operating Assets and Deferred Outflows of Resources:				
Accounts Receivable	(1,156,830)	(4,802,767)	(7,969,192)	(1,563)
Lease Receivable	-	(1,877,685)	(38,324,865)	-
Prepays Assets and Deposits	-	(131,043)	537,093	121,441
Inventory	-	(5,341)	(5,341)	-
Deferred Outflows of Resources - Pension Related	16,182	1,592	133,710	204,267
Deferred Outflows of Resources - OPEB	-	-	-	(1,857,407)
Increase (Decrease) in Operating Liabilities and Deferred Inflows of Resources:				
Accounts Payable	(299,172)	5,450,824	8,246,348	1,321,600
Salaries and Benefits Payable	(40,873)	(96,575)	(1,046,458)	(217,573)
Deposits Payable	-	7,602	474,770	(234)
Lease Payable	-	182,346	182,346	-
Unearned Revenue	108,960	9,429	(522,812)	(91,000)
Compensated Absences Payable	(23,077)	54,235	279,257	70,499
Net Pension Liability	(1,100,060)	(1,728,577)	(24,980,006)	(5,732,618)
Total Other Postemployment Benefit Liability	-	-	-	(252,493)
Claims and Judgements	-	-	-	(62,642)
Deferred Inflows of Resources - Lease Related	-	1,813,508	37,531,466	
Deferred Inflows of Resources - Pension Related	775,935	1,437,527	17,846,553	4,615,909
Deferred Inflows of Resources - OPEB Related	-	-	-	6,465,983
Total Adjustments	(1,718,935)	1,801,625	17,319,415	6,946,139
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,792,979</u>	<u>\$ (1,449,952)</u>	<u>\$ 47,691,187</u>	<u>\$ (120,823)</u>
NONCASH CAPITAL AND FINANCING ACTIVITIES:				
Capital Contributions	\$ -	\$ -	\$ 292,234	\$ -

See accompanying Notes to Basic Financial Statements.

**CITY OF SANTA BARBARA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022**

	Private-Purpose Trust Fund	Custodial Funds
ASSETS		
Current Assets:		
Pooled Cash and Investments	\$ -	\$ 487,961
Accounts Receivable, Net	-	72,122
Loans Receivable	-	2,142,478
Total Current Assets	<u>-</u>	<u>2,702,561</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	27,556
Due to the City Of Santa Barbara	<u>-</u>	<u>16,248</u>
Total Current Liabilities	-	43,804
NET POSITION		
Held in Trust:		
Restricted for Housing Assistance	-	2,602,883
Restricted for Law Enforcement	<u>-</u>	<u>55,874</u>
Total Net Position	<u><u>\$ -</u></u>	<u><u>\$ 2,658,757</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SANTA BARBARA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Private-Purpose Trust Fund	Custodial Funds
ADDITIONS		
Taxes	\$ -	\$ -
Investment Income:		
Interest	-	63,929
Charges for Service	-	153,772
Total Additions	<u>-</u>	<u>217,701</u>
DEDUCTIONS		
Administrative Expenses	-	187,947
Contractual Services	278,589	-
Program Expenses	-	903,789
Total Deductions	<u>278,589</u>	<u>1,091,736</u>
CHANGE IN NET POSITION	(278,589)	(874,035)
Net Position - Beginning of Year	<u>278,589</u>	<u>3,532,792</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 2,658,757</u></u>

See accompanying Notes to Basic Financial Statements.



CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Santa Barbara, California (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The following summary of the City's more significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying basic financial statements.

A. Description of the Financial Reporting Entity

The City's reporting entity includes the City (the primary government) and its component units. In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and applicable amendments including GASB 61. The basic, but not the only, criterion for including a potential component unit within the City's reporting entity is whether the City Council, as the City's governing body, has financial accountability for the potential component unit. The most significant manifestations of financial accountability include the ability of the Council to appoint a voting majority of the organization's governing body and the ability to impose its will on the organization; or that there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be deemed to be financially accountable if an organization is fiscally dependent on the City regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board. In addition to those organizations for which the City may be financially accountable, other organizations for which the City is not financially accountable, but for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete, may also be component units. Component units are presented on a "blended" basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City. In a blended presentation, a component unit's balances and transactions are reported in a manner similar to the balances and transactions of the City. Based upon the application of these criteria, the following is a brief review of the City and each component unit within the City's reporting entity.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description of the Financial Reporting Entity (Continued)

City of Santa Barbara

The City of Santa Barbara (the primary government) was incorporated on August 26, 1850. The City is a charter city under the laws of the state of California and operates under a Council-Administrator form of government. The Council consists of six council members elected by district, and a mayor elected at-large. The City moved to district elections starting 2015 with three district seats elected in 2016, two further seats elected in 2017, and the final seat elected in June 2018. The current City Charter was adopted on May 2, 1967 and provides for the following services: public safety (police and fire), construction and maintenance of highways and streets, sanitation, culture and recreation, public improvements, planning, zoning and general administration. Enterprise funds, operated in a manner similar to a private business, include water, wastewater, solid waste, airport, parking, golf and waterfront.

Santa Barbara Public Financing Authority

The Santa Barbara Public Financing Authority was formed on April 1, 2002, by a joint powers agreement between the City of Santa Barbara and the Redevelopment Agency of the City of Santa Barbara. It was created to acquire and finance the acquisition of public capital improvements necessary or convenient for the operation of the City or Agency. The Santa Barbara Public Financing Authority did not have any activity during the fiscal year and is considered a blended component unit of the City. Separate financial statements are not prepared for the Authority.

Redevelopment Agency of the City of Santa Barbara

The Redevelopment Agency of the City of Santa Barbara (Agency) was established in 1968 with the broad authority to acquire, rehabilitate, develop, administer, and sell or lease property in a "Redevelopment Area." It was formerly a separate governmental entity as prescribed in the State of California's Community Redevelopment law as set forth in the State's Health and Safety Code. However, 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, effective January 31, 2012. The Bill provided 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 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill. Also upon dissolution, the City Council elected to retain the housing assets, functions and powers previously performed by the Agency. The housing assets retained by the City are reported in the Affordable Housing Special Revenue Fund.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description of the Financial Reporting Entity (Continued)

Redevelopment Agency of the City of Santa Barbara (Continued)

The Successor Agency was created to serve as a custodian for all other assets and to wind down the affairs of the former Agency. The Successor Agency is a separate entity of the City, subject to the direction of an Oversight Board. The Oversight Board is comprised of seven-member representatives from local government bodies. In general, the Successor Agency's assets can only be used to pay for enforceable obligations in existence at the date of dissolution. In future fiscal years, the Successor Agency will only be allocated revenue in the amount necessary to pay the estimated payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and assets have been liquidated and was dissolved in fiscal year 2020-2021. Based upon the nature of the Successor Agency's custodial role, it is reported in a fiduciary fund (private-purpose trust fund).

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position (i.e., fund balances) as presented in these statements to the net position presented in the Government-wide financial statements.

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows for each proprietary fund and nonmajor funds aggregated. A column representing internal service funds is also presented in these statements. However, a portion of the internal service balances and activities have been combined with the governmental activities in the Government-wide financial statements.

The following are the major governmental funds of the City:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Affordable Housing Fund* accounts for affordable housing financial activity of the City. This includes monitoring low and moderate income housing covenants and accounting for payments on outstanding housing loans. Revenues are derived from principal and interest payments made by loan recipients.

The following are the major proprietary funds of the City:

- The *Water Fund* accounts for the provisions of water services to the residents of the City and some residents of the County.
- The *Wastewater Fund* accounts for the provision of sewer services to the residents of the City and some residents of the County.
- The *Airport Fund* accounts for the operation of the municipal airport and the administration of leases of airport property.
- The *Waterfront Fund* accounts for the operation of the City managed waterfront that includes a public wharf, a small craft harbor, and parking facilities.
- The *Solid Waste Fund* accounts for refuse revenues received from customers, payments remitted to the trash hauler, and franchise and recycling fees paid by hauler that are used for recycling programs in the City.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Additionally, the City reports the following fund types:

Governmental Fund Types

- *Special Revenue Funds* account for the proceeds of specific revenue sources (other than special assessments or major capital projects), that are restricted to expenditures for special purposes.
- *Capital Projects Funds* account for financial resources to be used for the acquisition or construction of major facilities other than those financed by Proprietary Funds.

Proprietary Funds

- *Internal Service Funds* account for (1) a maintenance facility for fleet and motor pool equipment used by all City departments, (2) intra-city service building maintenance operations, (3) information systems and computer support services, (4) self-insurance operations of workers' compensation, unemployment, and general liability insurance coverage, (5) postemployment health insurance and other benefits for City employees at retirement, and (6) energy management coordination for all City operations.

Fiduciary Funds

- *Private Purpose Trust Fund* is used to account for monies held on behalf of others in a fiduciary capacity, typically pursuant to a formal trust agreement. The City uses a private purpose trust fund to account for the Successor Agency of the Former Redevelopment Agency which was dissolved on January 31, 2012, pursuant to state law. All resources of the fund, including any earnings on invested resources, may be used to support this activity. There is no requirement that any portion of these resources be preserved as capital.
- *Custodial Funds* are used to account for resources held by the City in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. The custodial funds account for (1) moneys received from agencies for low and moderate income applicant's rehabilitation housing loans, (2) moneys received from agencies for the California Law Enforcement Tracking System (CLETS), and (3) financial activities of the Seismic Assessment District #1.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*, as is the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the granting agency have been met.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant funds and sales taxes earned but not received by the end of the fiscal period are recorded as a receivable, and revenue is recognized if collected within 90 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary, private-purpose trust funds, and custodial funds are reported using the *economic resources measurement focus* and the accrual basis of accounting.

D. New Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The City adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Interfund Activities

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard 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 government column. In the statement of activities, internal services funds transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated: Due to and from other funds, Advances to and from other funds, and Transfers in and out.

F. Description of Program Revenue

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

G. Definition of Operating and Nonoperating Revenues and Expenses

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. The principal operating revenues of the water, wastewater, solid waste, clean energy, parking, golf, airport and waterfront enterprise funds and the City's internal service funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue service charges, leases and rents, and other revenue. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

H. Flow Assumption for Restricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy for all fund types to use restricted resources first, and then unrestricted resources as they are needed.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Tax Calendar

In 1978, a State constitutional amendment (Article XIII A) provided that the ad valorem real property tax rate be limited to 1% of market value and be levied only by the county and shared with all other jurisdictions. The County of Santa Barbara collects the property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdictions' assessed valuations, subject to adjustments for voter approved debt.

Property taxes are formally due on November 1 and February 1 and become delinquent as of December 10 and April 10, respectively. Taxes become a lien on the property effective March 1 of the preceding year.

The City is a participant of the County's Teeter plan, which means the City would receive the full amount of tax due regardless of the amount actually collected. The County would assume the risk associated with collecting all existing and future past due property tax balances.

J. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and investments with original maturities of three months or less from the date of acquisition. With respect to cash and investments with fiscal agents, all investments have an original maturity of less than three months and are considered to be cash equivalents.

The City's proprietary fund participates in the pooling of City-wide cash and investments. Amounts held in the City pool are available to the fund on demand and are considered to be cash and cash equivalents for statement of cash flow purposes. Investments not held in the City pool that are short-term investments with original maturities of three months or less from the date of acquisition are considered cash and cash equivalents.

K. Investment Policies

Effective July 1, 1997, the City adopted the provisions of GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investments Pools*, as amended by GASB 72, which requires that governmental entities, including governmental external investment pools, report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred.

The fair value of pooled investments is determined annually and is based on current market prices received from the City's securities custodian. The Local Agency Investment Fund (LAIF) is required to invest in accordance with State statutes.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Investment Policies (Continued)

The City has developed a formal investment policy that is more restrictive than the State of California Government Code. The policy is adopted annually by the City Council.

L. Receivables and Payables

Interfund transactions are reflected as either: loans, services, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are 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 noncurrent portion of interfund loans). Any residual balances outstanding between the *governmental activities* and the *business-type activities* are reported in the government-wide financial statements as “internal balances.”

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Loans receivable in the governmental funds include the Affordable Housing Fund, Community Development Block Grant loans, Home Investment Partnership loans, Water fund loans and Employee Mortgages.

All accounts receivables are shown net of an allowance for uncollectible amounts, including water, wastewater, airport waterfront, solid waste, golf and parking. The allowance is estimated based on historical collections and a review of accounts receivable in light of unprecedented impacts of the COVID-19 Pandemic on the global, national, state and local economy.

M. Inventories and Prepaid Assets

Inventories are stated at cost (first-in, first-out basis) and lower of average cost or market for proprietary funds. Governmental fund inventories are recorded as expenditures when consumed rather than when purchased. Proprietary fund inventories consist primarily of materials and supplies held for consumption. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide and fund financial statements.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Capital Assets

Capital assets which include land, buildings, improvements to buildings, improvements other than buildings, equipment, construction in progress, and infrastructure (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide basic financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and an initial individual cost of \$25,000 or more for equipment and other improvements, \$100,000 or more for building improvements and infrastructure, and all buildings, regardless of cost. Such assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities or extend useful lives, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in results of operations. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets (except land, works of art and construction in progress) of the primary government are depreciated using the straight-line method using the estimated useful lives listed below.

Buildings	40 to 50 Years
Building Improvements	40 to 50 Years
Improvements other than Buildings	25 to 50 Years
Equipment	5 to 20 Years
Infrastructure (Except for the Maintained Pavement Subsystem)	10 to 100 Years

The City has networks of infrastructure assets such as roads, water and wastewater treatment plants, drainage systems and sidewalks. The streets pavement subsystem of the road network is reported using the modified approach. The City has established a pavement condition assessment process. Approximately one-third of the entire subsystem is assessed on a rotating basis every two years so that the entire street network is inspected every six years. Each road segment is inspected and the Pavement Condition Index (PCI) value from zero to one hundred (0-100) is calculated for each road segment. PCI's of 71 to 100 are considered "Good/Excellent," PCI's from 51 to 70 are considered "At Risk," PCI's from 25 to 50 are considered "Poor," and PCI's from 0 to 24 are considered "Very Poor/Failed." Accordingly, depreciation is not reported for this subsystem and all costs, except for betterments and major improvements made to the subsystem, are expensed rather than capitalized.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63 and GASB Statement No. 65, the City recognizes deferred outflows and inflows of resources. A deferred outflow of resources represents a consumption of net assets that applies to future periods. A deferred inflow of resources represents an acquisition of net assets that applies to future periods. Refer to Note 10 and Note 4 for a detailed listing of the deferred outflows and deferred inflows of resources the City has recognized.

P. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. For fire safety employees the value of the sick pay benefit is converted to additional years of service for purposes of calculating retirement benefits provided by the Public Employees Retirement System (PERS) and the employee is, therefore, compensated through an increased retirement benefit. All other employees upon retirement and with a minimum of 500 hours of accumulated sick pay benefits may elect to have an annuity or the cash value of an annuity for the value of those accumulated hours, calculated based on comparable actuarial assumptions used by PERS.

Governmental funds recognize the cost of vacation and sick pay benefits when payments are made to employees. The City has determined that 90% of the liability for compensated absences in both the governmental activities and the business-type activities at June 30, 2022, is deemed current and expected to be paid within the next 12 months with current financial resources.

The compensated absences for governmental funds will generally be liquidated through the general fund. The balances in the proprietary funds will generally be liquidated through the individual funds.

Q. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, and gains and losses on defeasance, are deferred and amortized over the life of the bonds using the bonds-outstanding method, which approximates the effective interest method.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs and gains and losses on defeasance, during the current period. The proceeds of long-term debt issued are reported as "other financing sources." Bonds payable are reported net of the applicable bond premium or discount and gains and losses on refunding. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Premiums received on debt issuances are reported as "other financing sources" while discounts are reported as "other financing uses."

R. Leases

Lessee

The City is a lessee for noncancellable leases of property and equipment. The City recognizes a lease liability and a right-to-use lease asset (lease asset) in the applicable governmental activities or business-type activities in the government-wide and in the proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$25,000 or more for equipment and no threshold for real estate.

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

Key estimates and judgments related to leases include how the 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 noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Leases (Continued)

Lessee (Continued)

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.

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

Lessor

The City is a lessor for noncancellable leases of buildings and land. The City recognizes a lease receivable and a deferred inflow of resources in the governmental activities in the government-wide and in the general 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.

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

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

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

S. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office and are in accordance with the implementation of GASB Statement No, 68. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS's website under Forms and Publications.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Other Postemployment Benefits

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the City's plan, have been determined by an independent actuary in accordance with GASB Statement No. 75.

U. Restricted Assets

The City has funds held by trustees or fiscal agents pledged to the payment or security of bonds and certificates of participation and are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The California Government Code provides that these funds, in absence of specific statutory provisions governing the issuance of bonds or certificates, may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments the trustees or fiscal agents may make.

V. Allocated Costs Policy

Expenses reported for functional activities include allocated indirect expenses pursuant to a cost allocation plan.

W. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 324,147,954
Cash and Investments with Fiscal Agents	3,383,546

Fiduciary Funds:

Cash and Investments	487,961
Total Cash and Investments	<u>\$ 328,019,461</u>

Cash on Hand	\$ 30,035
Demand Deposit Accounts with Financial Institutions	46,805,574
Investments	281,183,852
Total Cash and Investments	<u>\$ 328,019,461</u>

All of the City's deposits, except certain cash balances held by fiscal agents, are entirely insured or collateralized.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by trustees/fiscal agents that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percent of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
U.S. Agency Securities	5 Years	None	None
State of California/Local Agency Obligations	5 Years	None	None
Banker's Acceptances	180 Days	40%	10%
Commercial Paper	270 Days	25%	10%
Negotiable Certificates of Deposit	5 Years	15%	3%
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20%	None
Medium-Term Notes	5 Years	30%	5%
Supranational Obligations	5 Years	30%	None
Public Bank Obligations	5 Years	None	None
U.S. Government Money Market Funds	N/A	20%	10%
Bank/Time Deposits/Non-Negotiable CDs	5 Years	None	None
State Investment Pool (LAIF)	N/A	\$75 million*	N/A

* Excluding amounts held by trustees/fiscal agents that are not subject to California Government Code restrictions.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by trustees/fiscal agents are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by trustees/fiscal agents. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percent of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 Days	None	None
Commercial Paper	270 Days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 Years	None	None
State Investment Pool (LAIF)	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity its fair value will be to changes in market interest rates. In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the weighted average maturity of the overall investment portfolio to 2½ years. In addition, the City employs a "buy and hold" investment strategy whereby investments are held to maturity at which time the investment is redeemed at par. This strategy limits the City's exposure to declines in fair value to unforeseen emergencies when the need for cash beyond that which is planned and anticipated may arise.

Portfolio diversification is also employed as a way to control risk, including those associated with market changes or issuer default. To control market price risks, volatile investments are avoided, and to control risks of illiquidity, a minimum of 10% of the total portfolio is held in highly marketable U.S. Treasury Bills and Notes and/or the State of California Local Agency Investment Fund (LAIF) and/or Money Market Funds and/or securities maturing within 90 days.

<u>Authorized Investment Type</u>	<u>Fair Value</u>	<u>Weighted-Average Maturity</u>
U.S. Treasury Notes	\$ 53,186,120	.5 Years
U.S. Agency Securities	121,824,450	1.3 Years
Corporate Medium Term Notes	16,548,920	.1 Years
Supranational Obligations	12,206,410	.1 Years
State Investment Pool (LAIF)	74,034,406	N/A
Held by Trustees/Fiscal Agents:		
Money Market Fund	2,374,021	N/A
Investment Contracts	1,009,525	N/A
Total	<u>\$ 281,183,852</u>	

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements

The City adopted GASB Statement No. 72, *Fair Value Measurement and Application*, as of July 1, 2015. GASB Statement No. 72 establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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 3 inputs are significant unobservable inputs.

United States Treasury Notes, United States Government – Sponsored Agency securities, corporate medium-term notes, and negotiable certificates of deposit are classified in Level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

<u>Investment Type</u>	<u>June 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury Notes	\$ 53,186,120	\$ -	\$ 53,186,120	\$ -
U.S. Agency Securities	121,824,450	-	121,824,450	-
Corporate Medium-Term Notes	16,548,920	-	16,548,920	-
Supranational Obligations	12,206,410	-	12,206,410	-
Total Investments at Fair Value	203,765,900	<u>\$ -</u>	<u>\$ 203,765,900</u>	<u>\$ -</u>
<u>Investments at Amortized Cost</u>				
Held by Trustees/Fiscal Agents:				
Money Market Funds	2,374,021			
Investment Contracts	1,009,525			
Subtotal	<u>3,383,546</u>			
<u>Investments not Subject to Hierarchy</u>				
State Investment Pool (LAIF)	<u>74,034,406</u>			
Total Investments	<u>\$ 281,183,852</u>			

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as reported by Standard & Poor's or Moody's, as of year-end for each investment type:

Investment Type	Fair Value of Investment	Min. Legal Rating	Not Required To be Rated	Rating as of Year-End				
				AAA/Aaa	AA+	AA	A+	Unrated
U.S. Treasury Notes	\$ 53,186,120	N/A	\$ 53,186,120	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agency Securities	121,824,450	N/A	-	121,824,450	-	-	-	-
Corporate Medium-Term Notes	16,548,920	A	-	1,980,280	6,657,300	1,999,780	5,911,560	-
Supranational Obligations	12,206,410	N/A	-	12,206,410	-	-	-	-
Local Agency Investment Pool (LAIF)	74,034,406	N/A	-	-	-	-	-	74,034,406
Held by Trustees/Fiscal Agents:								
Money Market	2,374,021	N/A	-	2,374,021	-	-	-	-
Investment Contracts	1,009,525	N/A	-	-	-	-	-	1,009,525
Total	\$ 281,183,852		\$ 53,186,120	\$ 138,385,161	\$ 6,657,300	\$ 1,999,780	\$ 5,911,560	\$ 75,043,931

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

Issuer	Investment Type	Reported Amount	Percent
Federal Home Loan Bank	U.S. Agency Securities	\$ 56,588,140	20.1%
U.S. Treasury Notes	U.S. Treasury Securities	53,186,120	18.9%
Federal Farm Credit Bank	U.S. Agency Securities	26,686,090	9.5%
Federal Home Loan Mortgage Corp.	U.S. Agency Securities	19,399,680	6.9%

Disclosure Risk Relating to Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository 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. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Disclosure Risk Relating to Custodial Credit Risk (Continued)

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2022, the deposits were collateralized in accordance with Section 53652 of the California Government Code by the pledging financial institution in the City's name.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3 UNEARNED REVENUE

Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when earned. Therefore, the government-wide statement of net position, as well as governmental and proprietary funds, defers revenue recognition in connection with resources that have been received as of year-end, but not yet earned. Assets recognized in connection with a transaction before the earnings process is complete are offset by a corresponding liability for unearned revenue.

At June 30, 2022, the various components of unearned revenue reported are as follows:

	<u>Unearned</u>
Governmental Funds:	
General Fund:	
Deferred Business License Tax	\$ 1,349,070
Advance on Library Grant Funding	5,669,732
Prepaid Parks and Recreation Fees	<u>2,091,253</u>
Subtotal	9,110,055
Other Governmental Funds:	
Streets Grants Capital Fund:	
Advance on Transportation Grant Funding	805,853
Miscellaneous Grants Fund:	
Advance on Library Grant Funding	128,470
FEMA Reimbursement Fund:	
Advance on FEMA Grant Funding	<u>21,584</u>
Subtotal	<u>955,907</u>
Total Governmental Funds	<u><u>\$ 10,065,962</u></u>

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 UNEARNED REVENUE (CONTINUED)

	<u>Unearned</u>
Business-Type Activities:	
Water Fund:	
Joint Venture Agreement	\$ 4,360,334
Waterfront Fund:	
Advance on State Grant Funding	12,752
Prepaid Lease and Slipholder Revenue	215,052
Solid Waste Fund:	
Advance on State Grant Funding	132,171
Golf Course Fund:	
Golf Gift Cards and Credit Vouchers	152,158
Internal Service Fund (Energy Management):	
Advance on Energy Funding	78,600
Total Business-Type Activities	<u><u>\$ 4,951,067</u></u>

NOTE 4 DEFERRED OUTFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City recognized deferred outflows of resources in the entity-wide and proprietary fund statements. This item represents a consumption of net assets that applies to future periods. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Deferred outflows of resources balances as reported on the statement of net position for the year ended June 30, 2022, were as follows:

	<u>Balance June 30, 2022</u>
Governmental Activities	
Deferred Pension-Related Items	\$ 46,534,651
Deferred OPEB-Related Items	12,943,283
Total	<u><u>\$ 59,477,934</u></u>
Business-Type Activities	
Deferred Loss on Refunding - 2013 Water Certificates of Participation	\$ 324,482
Deferred Loss on Refunding - 2014 Waterfront Refunding Revenue Bonds	239,421
Deferred Loss on Refunding - 2016 Wastewater Revenue Refunding Bonds	57,311
Deferred Loss on Refunding - 2019 Airport Revenue Refunding Bonds	557,090
Deferred Pension-Related Items	8,423,108
Total	<u><u>\$ 9,601,412</u></u>

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 DEFERRED OUTFLOWS OF RESOURCES (CONTINUED)

Gains and losses related to changes in net pension liability and total OPEB liability are recognized systematically over time. Amounts are first recognized in pension and 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 pension or OPEB and are to be recognized in future pension and OPEB expense. The recognition period differs based on the source of the gain or loss. For the net difference between the projected and actual earnings on plan investments it is five years. All other amounts are recognized over the expected average remaining service lifetime.

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.

NOTE 5 CAPITAL ASSETS

Governmental Activities

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance July 1, 2021 As Restated	Increases	Transfers/ Reclassifications	Decreases	Ending Balance June 30, 2022
<u>Governmental Activities</u>					
Nondeprecating Capital Assets:					
Construction in Progress	\$ 36,015,192	\$ 23,414,506	\$ (31,867,177)	\$ (77,328)	\$ 27,485,193
Art and Historical Treasures	1,758,893	-	-	-	1,758,893
Land	51,160,364	-	-	-	51,160,364
Streets	160,101,178	-	-	-	160,101,178
Total Nondeprecating Capital Assets	249,035,627	23,414,506	(31,867,177)	(77,328)	240,505,628
Depreciating Capital Assets:					
Buildings	26,367,192	-	-	-	26,367,192
Building Improvements	42,392,890	144,663	10,280,985	-	52,818,538
Improvements Other than Buildings	63,843,391	1,821,905	18,074,131	-	83,739,427
Equipment	47,157,627	1,379,928	375,783	(672,260)	48,241,078
Infrastructure	260,001,311	905,485	3,136,278	-	264,043,074
Right to Use Assets	2,306,320	-	-	-	2,306,320
Total Depreciating Capital Assets	442,068,731	4,251,981	31,867,177	(672,260)	477,515,629
Less Accumulated Depreciation:					
Buildings	16,506,867	447,434	-	-	16,954,301
Building Improvements	9,345,245	1,184,842	-	-	10,530,087
Improvements Other than Buildings	29,913,555	2,173,117	-	-	32,086,672
Equipment	35,210,418	2,539,674	-	(672,260)	37,077,832
Infrastructure	95,987,269	4,829,138	-	-	100,816,407
Right to Use Assets	-	370,962	-	-	370,962
Total Accumulated Depreciation	186,963,354	11,545,167	-	(672,260)	197,836,261
Total Capital Assets					
Being Depreciated, Net	255,105,377	(7,293,186)	31,867,177	-	279,679,368
Governmental Activities Capital Assets, Net	\$ 504,141,004	\$ 16,121,320	\$ -	\$ (77,328)	\$ 520,184,996

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 CAPITAL ASSETS (CONTINUED)

Governmental Activities (Continued)

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental Activities:	
Administration	\$ 124,478
Public Safety	564,677
Public Works	6,034,155
Community Services	1,617,328
Community Development	842,559
Subtotal	<u>9,183,197</u>
Capital assets held by the city's internal service funds are charged to the various functions based on usage of the assets	
	2,361,970
Total Depreciation Expense - Governmental Activities	<u><u>\$ 11,545,167</u></u>

Business-Type Activities

	Beginning Balance July 1, 2021 As Restated	Increases	Transfers/ Reclassifications	Decreases	Ending Balance June 30, 2022
Business-Type Activities:					
Nondeprecating Capital Assets:					
Land	\$ 24,944,374	\$ -	\$ -	\$ -	\$ 24,944,374
Construction in Progress	8,509,528	16,605,182	(2,285,128)	(130,387)	22,699,195
Total Nondeprecating Capital Assets	33,453,902	16,605,182	(2,285,128)	(130,387)	47,643,569
Depreciating Capital Assets:					
Buildings	136,167,323	-	-	-	136,167,323
Building Improvements	13,277,586	-	224,338	-	13,501,924
Improvements Other than Buildings	464,640,575	728,969	738,388	-	466,107,932
Equipment	59,940,241	272,737	1,322,402	-	61,535,380
Underground Piping	226,169,091	5,767,386	-	-	231,936,477
Infrastructure	193,683,396	-	-	-	193,683,396
Right to Use Assets	222,042	-	-	-	222,042
Total Depreciating Capital Assets	1,094,100,254	6,769,092	2,285,128	-	1,103,154,474
Less Accumulated Depreciation:					
Buildings	49,707,718	2,333,806	-	-	52,041,524
Building Improvements	5,571,808	307,514	-	-	5,879,322
Improvements Other than Buildings	274,811,264	9,716,660	-	-	284,527,924
Equipment	46,484,858	2,559,767	-	-	49,044,625
Underground Piping	142,391,381	5,303,026	-	-	147,694,407
Infrastructure	28,242,787	4,655,018	-	-	32,897,805
Right to Use Assets	-	60,755	-	-	60,755
Total Accumulated Depreciation	547,209,816	24,936,546	-	-	572,146,362
Total Capital Assets					
Being Depreciated, Net	546,890,438	(18,167,454)	2,285,128	-	531,008,112
Business-Type Activities					
Capital Assets, Net	<u>\$ 580,344,340</u>	<u>\$ (1,562,272)</u>	<u>\$ -</u>	<u>\$ (130,387)</u>	<u>\$ 578,651,681</u>

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Business-Type Activities (Continued)

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-Type Activities:		
Water	\$	9,902,849
Wastewater		5,295,858
Airport		6,678,480
Waterfront		1,572,809
Downtown Parking		1,237,273
Golf		249,277
Total Depreciation Expense - Business-Type Activities	\$	<u>24,936,546</u>

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2022, is as follows:

The interfund balances at June 30, 2022, are generally short-term loans to cover temporary cash deficits in various funds.

<u>Receivable Fund</u>	<u>Due to/from Other Funds Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 7,851,328
General Fund	Internal Service Funds	2,495,496
	Total	<u>\$ 10,346,824</u>
<u>Receivable Fund</u>	<u>Advances to/from Other Funds Payable Fund</u>	<u>Amount</u>
General Fund	Other Enterprise Funds	\$ 2,503,567
	Internal Service Funds	24,140
Internal Service Fund	Other Governmental Funds	2,122,416
	Total	<u>\$ 4,650,123</u>

The General Fund advanced money to the Other Enterprise Funds (Golf Course Enterprise Fund). This advance, totaling \$440,610 at June 30, 2022, was for the purpose of financing the Golf Safety Improvement Master Plan. The advance bears interest at 3%, with payments due annually.

The General Fund advanced money to the Other Enterprise Funds (Clean Energy Enterprise Fund). This advance, totaling \$2,062,957 at June 30, 2022, was for the purpose of financing the start-up costs for the Santa Barbara Clean Energy program. The advance bears interest at the rate of 1.65%. Repayments on this advance are due to start in Fiscal Year 2023, and are to be repaid annually over a five year period.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

The General Fund advanced money to the Internal Service Funds (Energy Management Fund). This advance, totaling \$24,140 at June 30, 2022, was for the purpose of financing energy efficiency projects. The advance bears interest at 0%, and has payments due annually.

The Internal Service Fund (Vehicle Capital Fund) advanced money to the Other Governmental Funds (Measure C Capital Projects Fund). This advance, totaling \$2,122,416 at June 30, 2022, was for the purpose of financing the Cabrillo Pavilion project. The advance bears interest at 2%, and has payments due annually.

A summary of interfund transfers during the year follows:

Transfers Out	Transfers In										Total
	General Fund	Affordable Housing Fund	Other Governmental Funds	Water Enterprise Fund	Wastewater Enterprise Fund	Solid Waste Enterprise Fund	Airport Enterprise Fund	Waterfront Enterprise Fund	Other Enterprise Funds	Internal Service	
Governmental Funds:											
General Fund	\$ -	\$ -	\$ 31,814,026	\$ 203,701	\$ 135,537	\$ 20,239	\$ 146,443	\$ 128,603	\$ 2,303,540	\$ 742,592	\$ 35,494,681
Other Govt Funds	710,321	8,674	8,185,814	-	-	-	-	-	5,644	86,340	8,996,793
Enterprise Funds:											
Water	-	-	146,267	-	-	-	-	-	-	14,970	161,237
Wastewater	-	-	-	-	-	-	-	-	-	10,216	10,216
Airport	-	-	-	-	-	-	-	-	-	13,105	13,105
Waterfront	-	-	-	-	-	-	-	-	-	9,414	9,414
Solid Waste	50,000	-	-	-	-	-	-	-	-	1,946	51,946
Other Enterprise Funds	-	-	-	-	-	-	-	-	-	4,675	4,675
Internal Service Funds	1,054,838	-	-	-	-	-	-	-	-	109,173	1,164,011
Total Transfers	<u>\$ 1,815,159</u>	<u>\$ 8,674</u>	<u>\$ 40,146,107</u>	<u>\$ 203,701</u>	<u>\$ 135,537</u>	<u>\$ 20,239</u>	<u>\$ 146,443</u>	<u>\$ 128,603</u>	<u>\$ 2,309,184</u>	<u>\$ 992,431</u>	<u>\$ 45,906,078</u>

The most significant interfund transfers related to the following:

1. Transfers from the General Fund to Other Governmental Funds totaled \$31.8 million. These were primarily due to capital outlay transfers of \$0.82 million to the General Capital Improvements Fund, and \$30.8 million to the Measure C Capital fund for a variety of capital projects throughout the city. Notable projects included roadway, sidewalk and access ramp improvements, business corridor improvements, and design work for the development of the new Police Station. In addition, Measure C funds were spent on a pilot program to provide temporary bridge safe shelter housing services.
2. Transfers from the General Fund to the Enterprise Funds totaled \$2.94 million. \$2.2 million of these transfers were for grant funding received through the American Rescue Plan Act (ARPA) for eligible COVID-19 pandemic costs incurred in the enterprise funds. The remaining non-ARPA transfers were to the Downtown Parking Fund which included \$0.33 million for the downtown maintenance contract to provide landscape maintenance and sidewalk cleaning, and \$0.30 million for the Downtown Ambassador Program, which provides assistance to the public in the downtown area.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

3. Transfers from the General Fund to the Internal Service Funds totaled \$0.74 million. The significant transfers included \$0.43 million to the Self Insurance Fund to fund litigation settlement costs, \$0.17 million for ARPA grant transfers for eligible COVID-19 pandemic costs incurred in the internal service funds, and a \$0.13 million transfer to the Information Service Fund for telecommunication software upgrades.
4. Transfers from the Other Governmental Funds to the General Fund totaled \$0.71 million. These transfers included \$0.37 million from the Streets Sweeping Fund for Police Department Street Sweeping Enforcements efforts, \$0.22 million from the Traffic Safety Fund for Police Department traffic safety costs, and \$0.10 million from the Asset Forfeiture Fund for Parking Enforcement Equipment.
5. Transfers between Other Governmental Funds totaled \$8.2 million and were primarily comprised of the following capital outlay transfers:
 - a. \$3.75 million from the Streets Fund to the Street Capital Improvement Fund.
 - b. \$2.2 million from the Measure A Fund to the Measure A Capital Improvements Fund for roadwork.
 - c. \$0.1 million from the Measure A Fund, \$0.45 million from the Measure A Capital Improvements Fund, and \$0.1 million from the Creek Restoration Capital Fund to the Street Grant Capital Fund for the city portion of grant funded streets and bridge projects.
 - d. \$1.03 million from the Creeks Restoration Fund to the Creek Restoration Capital Improvement Fund for various creek restoration projects.
 - e. \$0.20 million from both the Streets Operating Fund and the Creeks Restoration Fund to the Street Sweeping Fund for street sweeping operations.
6. Transfers from the Internal Service Funds to the General Fund totaled \$1.05 million. This was primarily to return funds from the Vehicle Capital Fund to the General Fund for Fire Department Vehicles.

NOTE 7 LONG-TERM DEBT

The City has issued debt in the business-type activities to provide funds for the acquisition and construction of major capital facilities. The types of debt include (1) Revenue Bonds where the City pledges income derived from a business-type activity to pay debt service, (2) certificates of participation that pledge general government revenue to pay base rent payments to the Santa Barbara Public Financing Corporation for real property and improvements owned by the City, and (3) loans from other governmental agencies. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. The claims liability item is generally liquidated by the self-insurance internal service fund (see Note 12).

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 LONG-TERM DEBT (CONTINUED)

Long-term liability activity for the year ended June 30, 2022, is as follows:

	Beginning Balance July 1, 2021	Additions	Deletions	Ending Balance June 30, 2022	Amount Due in One Year	Amount Due In More Than One Year
<u>Governmental Activities</u>						
Other Long-Term Liabilities:						
Compensated Absences	\$ 9,906,695	\$ 8,554,877	\$ 9,462,343	\$ 8,999,229	\$ 8,099,306	\$ 899,923
Financing Agreement	-	3,888,745	95,370	3,793,375	518,364	3,275,011
Claims Liability	18,386,428	4,908,663	4,971,305	18,323,786	5,555,614	12,768,172
Governmental Activity: Long-Term Liabilities	28,293,123	17,352,285	14,529,018	31,116,390	14,173,284	16,943,106
<u>Business-Type Activities</u>						
Direct Borrowings:						
Loans	130,600,439	-	7,815,079	122,785,360	7,990,757	114,794,603
Other Debt:						
Revenue Bonds	41,066,282	-	2,850,958	38,215,324	2,967,565	35,247,759
Certificates of Participation	10,810,000	-	1,715,000	9,095,000	1,790,000	7,305,000
Unamortized Debt Premium	5,801,776	-	538,738	5,263,038	-	5,263,038
Unamortized Debt Discount	(52,193)	-	(8,700)	(43,493)	-	(43,493)
Subtotal	188,226,304	-	12,911,075	175,315,229	12,748,322	162,566,907
Other Long-Term Liabilities:						
Compensated Absences	2,629,392	2,790,710	2,511,453	2,908,649	2,613,074	295,575
Business-Type Activity: Long-Term Liabilities	190,855,696	2,790,710	15,422,528	178,223,878	15,361,396	162,862,482
Total Debt Activity	\$ 219,148,819	\$ 20,142,995	\$ 29,951,546	\$ 209,340,268	\$ 29,534,680	\$ 179,805,588

Governmental Activities

On December 17, 2021, the City entered into a financing agreement for fire equipment for \$3,888,745 at a rate of 1.2977% and matures in June of 2029.

The annual requirements to amortize all long-term debt outstanding as of June 30, 2022, are as follows:

Fiscal Year Funding	Governmental Activities		
	Principal	Interest	Total
2023	\$ 518,364	\$ 88,007	\$ 606,371
2024	530,628	75,744	606,372
2025	543,217	63,156	606,373
2026	556,139	50,232	606,371
2027	569,404	36,966	606,370
2028-2032	1,075,623	32,711	1,108,334
Total	\$ 3,793,375	\$ 346,816	\$ 4,140,191

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Business-Type Activities

A description of long-term obligations outstanding at June 30, 2022, by category follows:

Revenue Bonds

Wastewater Fund

\$10,580,000 - 2016 Sewer Revenue Refunding Bonds. Bonds were issued to provide funds in order to refund the outstanding 2004A Sewer Revenue Bonds which were used to finance the acquisition of certain capital improvements to the Wastewater system. Remaining annual principal installments range from \$845,000 to \$1,120,000 through May 15, 2028. Interest rates range from 4.0% to 5.0% payable semiannually. \$ 5,995,000

Waterfront Fund

\$12,334,392 - Waterfront Refunding Revenue Bonds, Series 2014. Bonds were issued to provide funds in order to refund the outstanding City of Santa Barbara Waterfront Revenue Refunding Certificates of Participation, Series 2002 which were used to finance capital improvements at the waterfront. Remaining annual principal installments range from \$345,000 to \$1,092,700 through October 1, 2027. The interest rate is 3.53%. 5,485,324

Airport Fund

\$29,825,000 - 2019 Airport Revenue Refunding Bonds. Bonds were issued to provide funds in order to refund the outstanding 2009 Airport Revenue Bonds which were used to finance the construction a new passenger terminal building and related parking and roadway improvements at the Santa Barbara Municipal Airport. Annual principal installments range from \$1,075,000 to \$2,345,000 through April 1, 2038. Interest rates range from 4.0% to 5.0% payable semiannually. 26,735,000

Total Revenue Bonds 38,215,324

Certificates of Participation

Water Fund

\$22,680,000 - 2013 Refunding Water Certificates of Participation. Certificates issued to provide funds to refund the outstanding City of Santa Barbara 2002 Certificates, which were used to finance capital improvements to the water distribution system. Certificates were also used to defease a California Department of Health Services Safe Drinking Water State Revolving Fund loan, which was used to finance construction of a project that enabled the City to meet safe drinking water standards. Remaining annual principal installments range from \$1,425,000 to \$2,055,000 through October 1, 2026. Interest rates range from 3.0% to 5.0% payable semiannually. 9,095,000

Total Certificates of Participation 9,095,000

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Business-Type Activities (Continued)

Loans Payable

Water Fund

\$17,900,849 - California Department of Health Services Safe Drinking Water State Revolving Fund Loan. Funds used to assist in financing construction of a project which will enable the City to meet safe drinking water standards. Due in semiannual payments of \$572,123. Interest is 2.5132% per annum. The final payment is due July 1, 2025. \$ 3,286,682

\$26,614,040 California Department of Health Services Safe Drinking Water State Revolving Fund Loan. Funds used to assist in financing construction of a project which will enable the City to meet safe drinking water standards. Due in semiannual payments of \$849,840. Interest is 2.5017% per annum. The final payment is due July 1, 2035. 18,763,518

\$80,000,000 California State Water Resources Control Board Loan. Funds used to assist in financing the desalination plant reactivation project. Due in semiannual payments of \$2,104,805. Interest is 1.663% per annum. The final payment is due July 1, 2038. 58,923,683

Wastewater Fund

\$1,636,487 - California State Water Resources Control Board Loan. Funds used to assist in financing a biofuel conversion project to increase energy generated at the El Estero Wastewater Treatment Plant. Due in 20 annual payments of \$98,161. Interest is 1.8% per annum. The final payment is due December 31, 2036. 1,280,375

\$5,200,000 - California State Water Resources Control Board Loan. Funds used to assist in financing the replacement design, modifications to the washer compactor area, replacement of water compactor units, and a study of the electrical generators use for new mechanical screens and conveyance. Due in 20 annual payments of \$341,981. Interest is 2.6% per annum. The final payment is due July 31, 2033. 3,486,814

\$31,388,033 - California State Water Resources Control Board Loan. Funds used to assist in financing the upgrade to the aeration system and improve the secondary treatment process at the El Estero Wastewater Treatment Plant. Due in 20 annual payments of \$1,953,145. The final payment is due March 1, 2039. Interest is 1.9% per annum. 28,148,839

Airport Fund

\$2,450,339 - State Department of Transportation Loan. Funds used to finance capital improvements at the airport. Due in 17 annual payments of \$218,714. Interest is 5.0843% per annum. The final payment is due May 30, 2024. 406,193

Waterfront Fund

\$14,501,000 - State Department of Boating and Waterways Loan. Funds used to finance capital improvements at the marina. Interest is 4.5% per annum. Due in annual payments of \$889,263. The final payment is due August 1, 2037. 8,489,256

Total Loans Payable 122,785,360

Total Business-Type Activities \$ 170,095,684

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 LONG-TERM DEBT (CONTINUED)

Business-Type Activities (Continued)

The annual requirements to amortize all long-term debt outstanding as of June 30, 2022, are as follows:

	Business-Type Activities				
	Principal Payments				
Fiscal Year Funding	Revenue Bonds	Certificates of Participation	Direct Borrowings Other Loans	Total	
2023	\$ 2,967,565	\$ 1,790,000	\$ 7,990,757	\$ 12,748,322	
2024	3,100,102	1,865,000	8,170,948	13,136,050	
2025	3,248,721	1,960,000	8,136,106	13,344,827	
2026	3,396,259	2,055,000	7,164,094	12,615,353	
2027	3,542,677	1,425,000	7,317,845	12,285,522	
2028-2032	9,435,000	-	39,030,030	48,465,030	
2033-2037	10,180,000	-	36,793,930	46,973,930	
2038-2039	2,345,000	-	8,181,650	10,526,650	
Total Principal	38,215,324	9,095,000	122,785,360	170,095,684	
Fiscal Year Funding	Interest Payments				
2023	1,799,687	352,000	2,564,044	4,715,731	
2024	1,665,172	269,575	2,383,853	4,318,600	
2025	1,524,498	173,950	2,199,981	3,898,429	
2026	1,376,897	83,850	2,027,747	3,488,494	
2027	1,222,407	21,375	1,873,996	3,117,778	
2028-2032	4,416,889	-	6,929,164	11,346,053	
2033-2037	2,163,500	-	2,696,046	4,859,546	
2038-2039	117,250	-	170,931	288,181	
Total Interest	14,286,300	900,750	20,845,762	36,032,812	
Total Debt	\$ 52,501,624	\$ 9,995,750	\$ 143,631,122	\$ 206,128,496	

Revenue Bonds

Waterfront Refunding Revenue Bonds, Series 2014

On March 7, 2014, the City issued Waterfront Refunding Revenue Bonds, Series 2014 in the amount of \$12,334,392 to refund the 2002 Waterfront Certificates of Participation. The net proceeds of \$12,898,420 (less payment of \$141,112 in underwriting fees, bond insurance, and other issuance costs and a net additional \$581,456 contribution from the Waterfront reserve fund and \$1,431,597 of 2002 COP's reserve fund monies) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the full payoff of the 2002 COPs, and all future debt service payments on the advance refunding. As a result, the 2002 COP's are considered to be defeased and the liability for those bonds has been removed from the financial statements of the Waterfront Enterprise Fund.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 LONG-TERM DEBT (CONTINUED)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

Sewer Revenue Refunding Bonds, Series 2016

On December 21, 2016, the City issued Sewer Revenue Refunding Bonds, Series 2016 in the amount of \$10,580,000 to refund the 2004 Sewer Revenue Bonds. The net proceeds of \$13,029,030 (including an original issue premium of \$1,311,547, less payment of \$263,572 in underwriting fees, bond insurance, and other issuance costs and a net additional \$1,401,055 of 2004 Sewer Bond's reserve fund monies) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the full payoff of the 2004 Sewer Bonds, and all future debt service payments on the advance refunding. As a result, the 2004 Sewer Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements of the Wastewater Enterprise Fund.

This debt issue is subject to a reserve requirement in conjunction with nonsubordinate (parity) debt issued by the City. The City is in compliance with the revenue rate covenant requiring net revenues of the wastewater system to be at least equal to 1.20 times the amount necessary to pay principal and interest on the bonds and all other parity bonds.

Airport Refunding Revenue Bonds, Series 2019

On April 1, 2019, the Santa Barbara Financing Authority (Authority) issued Refunding Revenue Bonds, Series 2019 in the amount of \$29,825,000 to refund the 2009 Airport Revenue bonds. The net proceeds of \$41,158,138 (including an original issue premium of \$4,249,187, less payment of \$486,448 in underwriting fees and other issuance costs and a net additional \$3,000,000 from the Airport PFC funds and \$4,570,399 contribution from the 2009 Airport Bond fund monies) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the full payoff of the 2009 Bonds and all future debt service payments on the advance refunding. As a result, the 2009 Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements of the Airport Enterprise Fund.

The City and Authority entered into a Facility Lease agreement whereby the City pledges to make the necessary annual appropriations and make base rental payments equal to the annual debt service requirements. The remaining annual payments range between \$2,460,500 to \$2,472,750. The final payment is due April 1, 2038.

Certificates of Participation

Water Revenue Refunding Certificates of Participation, Series 2013

On May 22, 2013, the City issued Water Revenue Refunding Certificates of Participation, Series 2013 in the amount of \$22,680,000 to refund the 2003 California Department of Health Services Safe Drinking Water Loan and Water Revenue Certificates of Participation, Series 2002.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 LONG-TERM DEBT (CONTINUED)

Business-Type Activities (Continued)

Certificates of Participation (Continued)

Water Revenue Refunding Certificates of Participation, Series 2013 (Continued)

The net proceeds of \$27,076,018 (including an original issue premium of \$2,881,209, less payment of \$334,568 in underwriting fees, bond insurance, and other issuance costs and a net additional \$761,108 contribution from the Water Revenue Fund and \$1,088,269 of 2002 COP's reserve fund monies) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the full payoff of the 2003 State loan, and all future debt service payments on the advance refunding of the 2002 COP's. As a result, the 2002 COP's are considered to be defeased and the liability for those bonds has been removed from the financial statements of the Water Enterprise Fund.

This debt issue is subject to a reserve requirement in conjunction with nonsubordinate (parity) debt issued by the City. The City is in compliance with the revenue rate covenant requiring net revenues of the water system to be at least equal to 1.25 times the amount necessary to pay principal and interest on the bonds and all other parity bonds.

NOTE 8 CONTINGENCIES AND COMMITMENTS

Litigation and Claims

The City is presently involved in matters of litigation and claims that have arisen in the normal course of conducting City business. City management believes that, based upon consultation with the City Attorney, these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City.

Grants

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. Grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have a material adverse effect on the financial position of the City.

Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to contracts not yet performed and purchase orders not yet filled (executory contracts; and open purchase orders). Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities but, rather, as restricted or committed governmental fund balance. As of June 30, 2022, total governmental fund encumbrance balances for the City are as follows:

General Fund	\$ 1,806,287
Other Governmental Funds	<u>26,541,770</u>
Total Governmental Funds	<u><u>\$ 28,348,057</u></u>

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 RETIREMENT COMMITMENTS

The following is a summary of pension related items for the year ended June 30, 2022:

	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense
Miscellaneous	\$ 24,900,529	\$ (53,777,938)	\$ 108,992,932	\$ 2,948,261
Safety Police	11,686,738	(22,501,800)	70,053,022	4,747,018
Safety Fire	18,344,260	(37,630,921)	59,108,788	23,255,131
Safety Retirement	26,232	-	111,392	(13,390)
Total	<u>\$ 54,957,759</u>	<u>\$ (113,910,659)</u>	<u>\$ 238,266,134</u>	<u>\$ 30,937,020</u>

Pension liabilities are liquidated from the related employees' home program, with the majority funded out of the General Fund.

A. Public Employees' Retirement System (CalPERS)

1. General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least five years of services. PEPR miscellaneous members become eligible for service retirement upon attainment of age 52 with at least five years of service. All members are eligible for nonduty disability benefits after five 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. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 RETIREMENT COMMITMENTS (CONTINUED)

A. Public Employees' Retirement System (CalPERS) (Continued)

1. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. Pursuant to PEPRA, the Miscellaneous and Safety (Police and Fire) "Classic" plans are closed to new entrants as of January 1, 2013.

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous Plan	Miscellaneous Plan	Safety Police Plan	Safety Police Plan	Safety Fire	Safety Fire
Hire Date	Prior to April 1, 2012 (Tier 1)	After January 1, 2013 (PEPRA)	Prior to April 1, 2012 (Tier 1)	After January 1, 2013 (PEPRA)	Prior to January 1, 2013	After January 1, 2013 (PEPRA)
Benefit Formula	2.7% at 55	2% at 62	3% at 50	2.7% at 57	3% at 50	2.7% at 57
Benefit Vesting Schedule		5 Years of Credited Service			5 Years of Credited Service	5 Years of Credited Service
Benefit Payments		Monthly for Life			Monthly for Life	Monthly for Life
Retirement Age	50 and up	52 and up	50 and up	50 and up	50 and up	50 and up
Monthly Benefits, as a Percent of Eligible Compensation	2.0% - 2.7%	1.0% - 2.5%	3.00%	2.0% - 2.7%	3.00%	2.0% - 2.7%
Required Employee Contribution Rates	7.58%	6.75%	10.21%	12.00%	8.99%	13.75%
Required Employer Contribution Rates						
Normal Cost Rate	11.720%	11.720%	22.090%	22.090%	25.590%	13.980%
Payment of Unfunded Liability	\$ 16,754,789	\$ -	\$ 7,140,875	\$ -	\$5,651,127	\$7,954

Employees Covered

At the measurement date ended June 30, 2021, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety (Police)
Inactive Employees or Beneficiaries Currently Receiving Benefits	1,143	270
Inactive Employees Entitled to But Not Yet Receiving Benefits	992	75
Active Employees	734	129
Total	2,869	474

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 RETIREMENT COMMITMENTS (CONTINUED)

A. Public Employees' Retirement System (CalPERS) (Continued)

1. General Information about the Pension Plans (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS's 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. The City made contributions to the Miscellaneous, Safety (police) and Safety (fire) during the fiscal year ended June 30, 2022, of \$23,966,594, \$10,508,925, and \$8,084,528, respectively.

2. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 RETIREMENT COMMITMENTS (CONTINUED)

A. Public Employees' Retirement System (CalPERS) (Continued)

2. Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous Plan</u>	<u>Safety Police Plan</u>	<u>Safety Fire Plan</u>
Valuation Date	June 30, 2020	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:			
Discount Rate	7.15%	7.15%	7.15%
Inflation	2.50%	2.50%	2.50%
Projected Salary Increase	(1)	(1)	(1)
Mortality Rate Table	(2)	(2)	(2)
Post Retirement Benefit Increase	(3)	(3)	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Preretirement and Postretirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

Long-Term Expected Rate of Return

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

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 RETIREMENT COMMITMENTS (CONTINUED)

A. Public Employees' Retirement System (CalPERS) (Continued)

2. Net Pension Liability (Continued)

Long-Term Expected Rate of Return (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the CalPERS ACFR, fixed income is included in Global Debt Securities; liquidity is included in short-term investments; inflation assets are included in both Global Equity Securities, and Global Debt Securities.

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

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

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 RETIREMENT COMMITMENTS (CONTINUED)

A. Public Employees' Retirement System (CalPERS) (Continued)

2. Net Pension Liability (Continued)

Discount Rate

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

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-2021. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 RETIREMENT COMMITMENTS (CONTINUED)

A. Public Employees' Retirement System (CalPERS) (Continued)

3. Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan follows:

Miscellaneous Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2020 (Measurement Date)	\$ 651,820,561	\$ 468,071,367	\$ 183,749,194
Changes in the Year:			
Service Cost	10,993,296	-	10,993,296
Interest on the Total Pension Liability	45,902,084	-	45,902,084
Changes in Assumptions	-	-	-
Differences Between Actual and Expected Experience	1,483,308	-	1,483,308
Net Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	20,887,408	(20,887,408)
Contribution - Employee	-	6,252,846	(6,252,846)
Net Investment Income	-	106,462,271	(106,462,271)
Benefit Payments, Including Refunds of Employee Contributions	(33,626,670)	(33,626,670)	-
Administrative Expenses	-	(467,575)	467,575
Other Miscellaneous Income (Expense)	-	-	-
Net Changes	24,752,018	99,508,280	(74,756,262)
Balance at June 30, 2021 (Measurement Date)	<u>\$ 676,572,579</u>	<u>\$ 567,579,647</u>	<u>\$ 108,992,932</u>

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 RETIREMENT COMMITMENTS (CONTINUED)

A. Public Employees' Retirement System (CalPERS) (Continued)

3. Changes in the Net Pension Liability (Continued)

Safety Police Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2020 (Measurement Date)	\$ 298,758,010	\$ 198,952,763	\$ 99,805,247
Changes in the Year:			
Service Cost	5,132,860	-	5,132,860
Interest on the Total Pension Liability	20,991,410	-	20,991,410
Changes in Assumptions	-	-	-
Differences Between Actual and Expected Experience	422,522	-	422,522
Net Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	9,754,764	(9,754,764)
Contribution - Employee	-	1,720,503	(1,720,503)
Net Investment Income	-	45,022,492	(45,022,492)
Benefit Payments, Including Refunds of Employee Contributions	(16,321,634)	(16,321,634)	-
Administrative Expenses	-	(198,742)	198,742
Other Miscellaneous Income (Expense)	-	-	-
Net Changes	10,225,158	39,977,383	(29,752,225)
Balance at June 30, 2021 (Measurement Date)	<u>\$ 308,983,168</u>	<u>\$ 238,930,146</u>	<u>\$ 70,053,022</u>

Proportionate Share of Net Pension Liability

As of June 30, 2022, the City reported net pension liabilities for its proportionate shares of the net pension liability for the Safety Fire Plan as follows:

	Proportionate Share of Net Pension Liability
Safety Fire Plan	<u>\$ 59,108,788</u>

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 RETIREMENT COMMITMENTS (CONTINUED)

A. Public Employees' Retirement System (CalPERS) (Continued)

3. Changes in the Net Pension Liability (Continued)

Proportionate Share of Net Pension Liability (Continued)

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Safety Fire Plan as of June 30, 2020 and 2021 was as follows:

	<u>Safety Fire</u>
Proportion - June 30, 2020	1.17141%
Proportion - June 30, 2021	1.68426%
Change - Increase (Decrease)	<u>0.51285%</u>

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

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Plan Type	Discount Rate		
	1% Decrease (6.15%)	Current Rate (7.15%)	1% Increase (8.15%)
Miscellaneous	\$ 196,000,923	\$ 108,992,932	\$ 36,982,862
Safety Police	111,001,023	70,053,022	36,453,874
Safety Fire	88,010,245	59,108,788	35,369,811
Total	<u>\$ 395,012,191</u>	<u>\$ 238,154,742</u>	<u>\$ 108,806,547</u>

Pension Plan Fiduciary Net Position

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

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 RETIREMENT COMMITMENTS (CONTINUED)

A. Public Employees' Retirement System (CalPERS) (Continued)

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

For the year ended June 30, 2022, the City of Santa Barbara Miscellaneous, Safety Police and Safety Fire Plans recognized pension expense of \$2,948,261, \$4,747,018 and \$23,255,131 respectively. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 23,966,594	\$ -
Differences Between Actual and Expected Experience	933,935	(463,144)
Changes of Assumptions	-	-
Net Differences Between Projected and Actual Earnings on Plan Investments	-	(53,314,794)
Total	\$ 24,900,529	\$ (53,777,938)

Safety Police Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 10,508,925	\$ -
Differences Between Actual and Expected Experience	1,177,813	-
Changes of Assumptions	-	-
Net Differences Between Projected and Actual Earnings on Plan Investments	-	(22,501,800)
Total	\$ 11,686,738	\$ (22,501,800)

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 RETIREMENT COMMITMENTS (CONTINUED)

A. Public Employees' Retirement System (CalPERS) (Continued)

4. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Safety Fire Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 8,084,528	\$ -
Differences Between Actual and Expected Experience	10,098,685	-
Changes of Assumptions	-	-
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	161,047	(2,449,829)
Net Differences Between Projected and Actual Earnings on Plan Investments	-	(35,181,092)
Total	<u>\$ 18,344,260</u>	<u>\$ (37,630,921)</u>

\$23,966,588 for Miscellaneous, \$10,508,925 for Safety Police and \$8,084,528 for Safety Fire are reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30.</u>	Miscellaneous Plan Deferred Outflows/Inflows of Resources	Safety Police Plan Deferred Outflows/Inflows of Resources	Safety Fire Plan Deferred Outflows/Inflows of Resources
2023	\$ (13,410,387)	\$ (4,896,730)	\$ (4,341,191)
2024	(11,991,463)	(4,897,369)	(5,677,625)
2025	(12,784,285)	(5,333,487)	(7,671,028)
2026	(14,657,868)	(6,196,401)	(9,681,345)

5. Payable to the Pension Plan

At June 30, 2022, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 RETIREMENT COMMITMENTS (CONTINUED)

B. City Safety Retirement Pension Plan

1. General Information about the Pension Plan

Plan Description

In addition to the CalPERS, the City provides an additional single-employer defined benefit pension plan. The Safety Retirement Plan was established to account for the accumulation of resources to be used for retirement benefits for those police and fire employees hired between May 1937 and May 1965, and who were disabled due to job related injuries. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 68. The plan does not issue a separate report.

Benefits Provided and Employees Covered

As of June 30, 2021 measurement date, a total of five (5) retirees (or beneficiaries) are receiving benefits from the Safety Retirement Pension Trust Fund.

Contributions

For the year ended June 30, 2022, the Plan's contribution was \$26,232.

2. Total Pension Liability

The total pension liability of the Plan is measured as of June 30, 202, using an annual actuarial valuation as of June 30, 202. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Measurement Date	June 30, 2021
Valuation Date	June 30, 2021
Discount Rate	2.16%
Salary Increases	Not Assumed

Mortality rates were based on CalPERS 2000-2019 Experience Study. Mortality improvement Scale MP-2021 applied on a generational basis.

Discount Rate

The discount rate used to measure the total pension liability was 2.16% based on bond buyer 20-Bond General Obligation Index as of June 30, 2021.

Change in Assumption

The discount rate changed from 2.21% to 2.16%.

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 RETIREMENT COMMITMENTS (CONTINUED)

B. City Safety Retirement Pension Plan (Continued)

3. Changes in Total Pension Liability

The changes in the total pension liability are as follows:

	Total Pension Liability
Balance at June 30, 2020	<u>\$ 156,930</u>
Changes in the Year:	
Interest on Total Pension Liability	3,124
Differences Between Actual and Expected Experience	(16,140)
Changes in Assumptions	(1,370)
Benefit Payments, Including Refunds of Employee Contributions	<u>(31,152)</u>
Net Changes	<u>(45,538)</u>
Balance at June 30, 2021	<u><u>\$ 111,392</u></u>

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

The following presents the total pension liability of the Plan, calculated using the discount rate of 2.16%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1% lower (1.16%) or 1% higher (3.16%) than the current rate.

Safety Fire Plan	1% Lower (1.16%)	Current Discount Rate (2.16%)	1% Higher (3.16%)
Plan's Net Pension Liability/Assets	\$ 115,344	\$ 111,392	\$ 107,712

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 RETIREMENT COMMITMENTS (CONTINUED)

B. City Safety Retirement Pension Plan (Continued)

3. Changes in Total Pension Liability (Continued)

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

For the year ended June 30, 2022, the City recognized pension income of \$13,390. As of June 30, 2022, for the Safety Retirement Plan, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Made After the Measurement Date	\$ 26,232	\$ -
Total	<u>\$ 26,232</u>	<u>\$ -</u>

\$26,232 reported as deferred outflows of resources related to contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

C. Deferred Compensation Plan

The City offers two deferred compensation plans for regular employees and one for hourly employees created in accordance with Internal Revenue Code Section 457. Under the terms of these plans, employees may defer amounts of income up to a maximum of \$17,500 per year or 100% of includable compensation, whichever is less. Amounts so deferred may be withdrawn or directed for future payment at separation of employment but may not be paid to the employee during employment with the City except for a catastrophic circumstance creating an undue and unforeseen financial hardship for the employee.

Effective January 1, 1999, Federal legislation (Small Business Job Protection Act of 1996) requires the Section 457 plan assets to be placed in trust for the exclusive use of the plan participants and their beneficiaries. The City's deferred compensation administrator qualifies as the plan trustee to meet Federal requirements. Since the plan assets are no longer considered the property and rights of the City, such assets are no longer reflected in the accompanying basic financial statements.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 DEFERRED INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City recognized deferred inflows of resources in the entity- wide and proprietary fund statements. This item represents a consumption of net assets that applies to future periods. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report revenues not considered available to liquidate liabilities of the current period as deferred inflows of resources.

Gains and losses related to changes in net pension liability and total OPEB liability are recognized systematically over time. Amounts are first recognized in pension or 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 pension or OPEB and are recognized in future pension and OPEB expense. The recognition period differs based on the source of the gain or loss. For the net difference between the projected and actual earnings on plan investments it is 5 years. All other amounts are recognized over the expected average remaining service lifetime. Lease related inflows are amortized on a straight line basis over the length of the lease agreement.

Deferred inflows of resources balances as reported on the Statement of Net Position for the year ended June 30, 2022, were as follows:

Governmental Activities

Deferred Pension-Related Items	\$ 95,719,180
Deferred OPEB-Related Items	8,368,983
Deferred Lease-Related Items	4,550,100
Total	<u><u>\$ 108,638,263</u></u>

Business-Type Activities

Deferred Pension-Related Items	18,191,478
Deferred Lease-Related Items	37,531,467
Total	<u><u>\$ 55,722,945</u></u>

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 DEFERRED INFLOWS OF RESOURCES (CONTINUED)

Deferred inflows of resources balances as reported on the Governmental Funds Balance Sheet for the year ended June 30, 2022, were as follows:

Governmental Fund Financials

Major Government Funds

General Fund - Lease Related Items	\$ 4,180,757
General Fund - Unavailable Recycling Grant Revenue	25,004
General Fund - Unavailable Housing Planning Grant Revenue	1,226
General Fund - Unavailable Administrative Citation Revenue	386,693
Total	<u>\$ 4,593,680</u>

Nonmajor Governmental Funds

Streets Fund - Lease Related Items	\$ 369,343
Community Development Block Grant Fund - Unavailable Grant Revenue	4,939
Misc. Grants Fund - Unavailable Grant Revenue	286,709
General Capital Improvements Fund - Unavailable Grant Revenue	3,627
PLHA Fund - Unavailable Grant Revenue	90,825
FEMA Reimbursement Fund - Unavailable Grant Revenue	2,211,566
Street Grant Capital Fund - Unavailable Grant Revenue	6,685,880
Total	<u>\$ 9,652,889</u>

NOTE 11 CLASSIFICATION OF NET POSITION

In the government-wide financial statements, net position are classified as the following:

- Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- Restricted Net Position – This category presents all external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents the net position of the City, which are not restricted for any project or other purpose.

In the Fund financial statements, governmental funds report the following fund balance classifications:

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

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 CLASSIFICATION OF NET POSITION (CONTINUED)

- Restricted – Amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.
- Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, the City Council of the City of Santa Barbara. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution by the City Council of the City of Santa Barbara.
- Assigned – Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Administrator or Finance Director are authorized to assign amounts to a specific purpose as per the approved City Council Resolution No. 12-069.
- Unassigned – Residual amounts that have not been restricted, committed, or assigned to specific purposes.

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

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted or unrestricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

The City's general fund reserve policy consists of a Disaster Reserve of 15% of the general fund's most recently adopted fiscal year operating budget and a Contingency Reserve of 10% of the general fund's most recently adopted fiscal year operating budget. The use of the Disaster Reserve is limited to federal or state declared disasters and may only be used only after other available funds are exhausted, including the contingency reserve. The purpose of the Contingency reserve is to allow for the orderly implementation of a balancing strategy to address the fiscal impacts of unexpected events such as natural disasters, revenue impacts resulting from State actions or unfunded State mandates, unexpected loss of external funding from sources such as grants, unplanned loss of, or damage to, a City facility, mitigation of an emergency that poses a threat to public health and safety and adverse judicial actual that requires large cash payments to third parties.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 CLASSIFICATION OF NET POSITION (CONTINUED)

The components of the City's fund balances at June 30, 2022, consist of the following:

	General Fund	Special Revenue Funds Affordable Housing	Other Governmental Fund	Governmental Funds
Fund Balances				
Nonspendable:				
Prepaid Assets and Deposits	\$ 121,676	\$ -	\$ -	\$ 121,676
Loans Receivable	118,353	-	-	118,353
Lease Receivable	4,291,989	-	-	4,291,989
Advances to Other Funds	2,527,707	-	-	2,527,707
Restricted for:				
Administration	33,780	-	-	33,780
Public Safety	330,467	-	1,037,415	1,367,882
Public Works	12,326	-	17,116,297	17,128,623
Community Services	-	-	5,964,571	5,964,571
Community Development	2,127,169	-	1,176,332	3,303,501
Capital Improvements	-	-	2,683,535	2,683,535
Affordable Housing	-	67,883,756	-	67,883,756
Committed for:				
Capital Improvements	-	-	40,552,453	40,552,453
Contingencies	15,650,447	-	-	15,650,447
Disaster Contingency	23,475,670	-	-	23,475,670
Unassigned	2,878,551	-	(9,028,219)	(6,149,668)
Total Fund Balances	\$ 51,568,135	\$ 67,883,756	\$ 59,502,384	\$ 178,954,275

NOTE 12 SELF-INSURANCE FUND

The City is partially self-insured for workers' compensation and general and automobile liability claims, and fully self-insured for unemployment claims. The City has been partially self-insured for workers' compensation since 1974, and partially self-insured for general and automobile liability since 1978. There have been no significant changes in insurance coverage as compared to last year and settlements have not exceeded coverage in any of the past three fiscal years.

The City's workers' compensation program maintains a self-insured retention of \$750,000. The City purchases an excess insurance policy that provides statutory limits in excess of the City's self-insured retention. The excess insurance coverage consists of a \$9 million pooled layer above the City's self-insured retention amount plus the use of commercial insurance above the pooled layer. Employers' Liability coverage is also included within the limits of the \$9 million pooled layer.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 SELF-INSURANCE FUND (CONTINUED)

The City's general and automobile liability program maintains a self-insured retention of \$1,000,000. Excess liability coverage is provided through a Joint Powers Agreement. The City joined the Authority of California Cities Excess Liability (ACCEL) in July 1986. ACCEL is a public entity risk sharing pool created for the purpose of pooling various public sector risks. ACCEL began its 36th year July 2021 with membership totaling 13 cities. ACCEL was formed under the Joint Powers Agreement (JPA) provisions of State Law (Government Code Sections 990, 990.4, 990.8 and 65006515). In addition to the joint powers agreement, ACCEL is governed by bylaws, an investment policy, and a Memorandum of Coverage, adopted by the ACCEL members.

ACCEL now transfers most of its risk sharing exposures through the purchase of a series of commercial insurance policies underwritten by various carriers. ACCEL members have a \$1 million self-insured retention. ACCEL pools the next \$9 million, and the purchased commercial carriers provide \$44 million in coverage above that level. Thus, the City's participation in ACCEL provides liability coverage of \$55 million.

A Memorandum of Coverage acts as the instrument by which member cities are protected against covered losses above the self-insured retention (SIR). This document also serves as the manuscript form for which the commercial carriers provide coverage. Coverage includes comprehensive general and automobile liability protecting against bodily injury, property damage, public officials' errors and omissions, personal injury, employment practices, as well as damages arising from owned, nonowned, and hired automobiles.

A Board of Directors (Board) consisting of one representative from each member city governs ACCEL. This Board controls all aspects of ACCEL policy including budgeting, finance, underwriting, and claims. ACCEL conducts annual financial, claims, and payroll audits, and an annual actuarial study. A retrospective rating is performed each year on the program year ended five years earlier. The retrospective rating determines each member's share of losses and deposit return. ACCEL members share pooled losses above their self-insured retention. Losses are paid from a pool of funds comprised of member deposits. Deposits are actuarially determined to ensure that funds are available to pay any losses within the pooled layer. ACCEL collects a deposit from every member City for each program year in which the member participates. Separate deposit accounts are set for each member for each year of participation. Deposits are invested into pre-approved vehicles and each member account is credited monthly with investment income at the rate earned by the investment vehicle. ACCEL adopted its investment policy in accordance with existing government code criteria.

Insurable property is covered for all risks by policies with a pooled aggregate limit of \$1 billion. Earthquake and flood coverage have designated limits of \$30 million per peril. Unique risks such as airport liability, marine hull protection and indemnity, and boiler and machinery are fully insured. The City also maintains a faithful performance bond, and cyber liability insurance. The City filed two separate claims under the Cyber Liability insurance policy during fiscal year 2022. No other claims were filed during fiscal year 2022.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 SELF-INSURANCE FUND (CONTINUED)

The City's self-insurance fund is financed through contributions made by the City's General and Enterprise Funds. A cost allocation plan is used to apportion self-insurance fund costs. An actuarial study is performed every two-years. Actuarially determined liabilities in the fund include provisions for "incurred but not reported" claims. As of June 30, 2022, the estimated outstanding liabilities are \$15,888,267 for workers' compensation and \$2,435,519 for general and automobile liability.

These liabilities are based on an actuarial valuation as of June 30, 2020. There are no unpaid claims for which annuity contracts have been purchased.

The City is self-insured for unemployment claims. At June 30, 2022, the liability for unemployment claims was \$19,616, which is not included below. A summary of changes in claims liabilities is shown below:

	2022	2021	2020
Claims Liabilities - July 1	\$ 18,386,428	\$ 17,162,911	\$ 15,925,462
Incurred Claims	4,908,663	6,344,299	5,469,034
Actuarial Adjustment	(62,642)	4,623,517	(162,551)
Payments on Claims Attributable to Events of Current and Prior Years	(4,908,663)	(9,744,299)	(4,069,034)
Claims Liabilities - June 30	<u>\$ 18,323,786</u>	<u>\$ 18,386,428</u>	<u>\$ 17,162,911</u>

NOTE 13 JOINT POWER AGREEMENTS

Central Coast Water Authority

In 1991, the City's electorate approved participation in the State Water Project (SWP). As a result, the City joined in the formation of the Central Coast Water Authority (CCWA) in September 1991. The purpose of the Central Coast Water Authority is to provide for the financing, construction, operation, and maintenance of certain local (non-state owned) facilities required to deliver water from the SWP to certain water purveyors and users in Santa Barbara County.

Each CCWA Member Agency, including the City of Santa Barbara, has entered into a Water Supply Agreement in order to provide for the development, financing, construction, operation, and maintenance of the CCWA Project. The purpose of the Water Supply Agreement is to assist in carrying out the purposes of CCWA with respect to the CCWA Project by: (1) requiring CCWA to sell, and the Santa Barbara Project participants to buy, a specified amount of water from CCWA (take or pay); and (2) assigning the Santa Barbara Project participant's entitlement rights in the State Water Project to CCWA. Although the City does have an ongoing financial responsibility pursuant to the Water Supply Agreement between the City and CCWA, the City does not have an equity interest as defined by GASB Cod. Sec. J50.105.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 JOINT POWER AGREEMENTS (CONTINUED)

Central Coast Water Authority (Continued)

Each Santa Barbara Project participant is required to pay to CCWA an amount equal to its share of the total cost of "fixed project costs" and certain other costs in the proportion established in the Water Supply Agreement. This includes the Santa Barbara Project participant's share of payments to the California Department of Water Resources (DWR) under the State Water Supply Contract (including capital, operation, maintenance, power, and replacement costs of the DWR facilities), debt service on CCWA bonds, and all CCWA operating and administrative costs.

Each Santa Barbara Project participant is required to make payments under its Water Supply Agreement solely from the revenues of its water system. Each participant has agreed in its Water Supply Agreement to fix, prescribe, and collect rates and charges for its water system which will be at least sufficient to yield each fiscal year net revenues equal to 125% of the sum of (1) the payments required pursuant to the Water Supply Agreement, and (2) debt service on any existing participant obligation for which revenues are also pledged.

CCWA is composed of eight Member Agencies, all of which are public agencies. CCWA was organized and exists under a joint exercise of power agreement among the various participating public agencies. The Board of Directors is made up of one representative from each participating entity. Votes on the Board are apportioned between the entities based upon each entity's pro-rata share of the water provided by the project. The City's voting share of the project, based upon approximate allocation of State Water entitlement, is 11.47%. Operating and capital expenses are allocated among the members based upon various formulas recognizing the benefits of the various project components to each member.

On October 1, 1992, CCWA sold \$177,200,000 in revenue bonds at a true interest cost of 6.64% to enable CCWA to finance a portion of the costs of constructing a water treatment plant to treat State water for use by various participating water purveyors and users within Santa Barbara and San Luis Obispo Counties, a transmission system to deliver such water to the participating water purveyors and users within Santa Barbara County, and certain local improvements to the water systems of some of the participating purveyors.

On November 1, 1996, CCWA sold \$198,015,000 of revenue bonds at a true interest cost of 5.55% to defease CCWA's \$177,120,000 1992 revenue bonds and to pay certain costs of issuing the bonds. The 1996 bonds were issued in two series: Series A of \$173,015,000 and Series B of \$25,000,000. The Series B bonds are subject to mandatory redemption from amounts transferred from the Construction Fund and the Reserve Fund upon completion of the construction of CCWA facilities.

On September 28, 2006, CCWA sold \$123,190,000 of revenue bonds at an average interest rate of 4.24% to refund \$142,985,000 of outstanding 1996 Revenue Bonds with an average interest rate of 5.47%.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 JOINT POWER AGREEMENTS (CONTINUED)

Central Coast Water Authority (Continued)

On June 28, 2016, CCWA issued \$45,470,000 of revenue bonds at an average interest rate of 1.355% to refund \$59,645,000 of outstanding 2006 revenue bonds with an average interest rate of 4.24%.

Pursuant to the Water Supply Agreement, the City of Santa Barbara's payments to CCWA includes its share of DWR's fixed and variable costs, the debt service requirements on the CCWA Bonds, CCWA's fixed operating and maintenance costs, and variable costs, as shown on the following table:

Fiscal Year	DWR COSTS		CCWA COSTS			TOTAL CCWA AND DWR COSTS
	Fixed Costs	Variable Costs (1)	Fixed Costs	Variable Costs (1)	Total CCWA Costs	
2022-23	\$ 3,098,582	\$ 520,055	\$ 740,051	\$ 505,863	\$ 1,245,914	\$ 4,864,551
2023-24	3,262,214	865,904	762,252	580,478	1,342,730	5,470,848
2024-25	3,346,108	697,816	785,121	421,526	1,206,647	5,250,571
2025-26	3,318,842	732,573	808,674	432,559	1,241,233	5,292,648
2026-27	3,348,595	739,202	832,655	444,533	1,277,188	5,364,985
Total	<u>\$ 16,374,341</u>	<u>\$ 3,555,550</u>	<u>\$ 3,928,753</u>	<u>\$ 2,384,959</u>	<u>\$ 6,313,712</u>	<u>\$ 26,243,603</u>

(1) Source: CCWA State Water Cost Ten-Year Projections.

Additional information and complete financial statements for the CCWA are available for public inspection in the Finance Department at City Hall, 735 Anacapa Street, between the hours of 7:30 a.m. and 5:30 p.m., Monday through Thursday.

Cater Treatment Plant Cost Sharing Agreement

In 1978, the City of Santa Barbara entered into a cost sharing agreement with the Carpinteria Valley Water District (Carpinteria) and the Montecito Water District (Montecito) for regional water treatment at the Cater Water Treatment Plant (Treatment Plant). Under the agreement, Carpinteria and Montecito pay for the Treatment Plant operating costs according to each agency's proportional share of total treated water volumes. Additionally, Carpinteria and Montecito jointly pay for 39.7% of capital maintenance, renewal, and replacement costs.

The Districts also agreed to reimburse the City for a pro rata portion of capital expenses of the Treatment Plant including debt issued by and loans secured by the City to make the capital improvements. The City currently has two loans outstanding with the California State Department of Water Resources for improvements to the Plant (see Note 7) with principal balances outstanding totaling \$22,050,200 (\$3,286,682 and \$18,763,518). Of these loan balances, \$3,286,682 is shared by the City of Santa Barbara (60.3%), Carpinteria (20%), and Montecito (19.7%); \$12,386,118 is shared by the City of Santa Barbara (75.37%) and Montecito (24.63%); and \$6,377,400 is for the City of Santa Barbara (100%) for improvements to the Ortega Groundwater Treatment Plant.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 JOINT POWER AGREEMENTS (CONTINUED)

Cater Treatment Plant Cost Sharing Agreement (Continued)

The Districts repay the City semiannually for the costs of the water treatment improvements plus interest. These repayments by the Districts will be paid through June 30, 2035.

Cachuma Operation and Maintenance Board

The Cachuma Operation and Maintenance Board (COMB) is a California Joint Powers Agency (JPA) formed in 1956 pursuant to an agreement with the Bureau of Reclamation. The agreement transferred to the Cachuma Member Units the responsibility to operate, repair and maintain all Cachuma Project facilities, except Bradbury Dam, which the Bureau of Reclamation has continued to operate. COMB's Member Units include Carpinteria Valley Water District, City of Santa Barbara, Goleta Water District, and Montecito Water District. An Amended and Restated Agreement for the Establishment of a Board of Control to Operate and Maintain the Cachuma Project (Cachuma Operation and Maintenance Board) was adopted on May 23, 1996 and amended on September 16, 2003. In October 2018 the COMB JPA Separation Agreement was signed, acknowledging the removal of the Santa Ynez River Water Conservation District Improvement District No. 1 from COMB membership.

COMB is responsible for diversion of water to the South Coast through the Tecolote Tunnel, and operation and maintenance of the South Coast Conduit pipeline, flow control valves, meters, and instrumentation at control stations, and turnouts along the South Coast Conduit and at four regulating reservoirs. COMB coordinates closely with the Bureau of Reclamation and Member Units' staff to ensure that water supplies meet daily demands. The Fisheries Division of COMB conducts fish monitoring and habitat improvement projects to implement provisions of the October 2000 Lower Santa Ynez River Fish Management Plan. Following is a summary of the preliminary Fiscal Year 2022 year-end COMB expenditures, as presented at the August 22, 2022, COMB Board Meeting:

Operations Division	\$ 3,483,428
Fisheries Division	1,227,082
Other Interest Expense - Emergency Pump	
Facility Project	115
Operations Subtotal	<u>\$ 4,710,625</u>
 Total Fiscal Year 2022 Expenditures	 <u>\$ 4,710,625</u>

Expenditures for Fiscal Year 2022 represent normal costs for operation and maintenance of Cachuma Project facilities, as well as some special projects. The numbers above represent gross expenditures, prior to any revenue offsets from grants or other funds. Expenditures are allocated to Member Units in relation to percentage share of Cachuma Project yield. The City's share is typically 32.19% for costs apportioned among all Cachuma Member Units, and 35.89% for costs apportioned only among COMB Member Agencies (South Coast Member Units).

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 JOINT POWER AGREEMENTS (CONTINUED)

Cachuma Conservation Release Board

The Cachuma Conservation Release Board (CCRB) is a joint powers agency formed in January 1973 by Carpinteria Valley Water District, the City of Santa Barbara, Goleta Water District, and the Montecito Water District. In January 2011, Carpinteria withdrew its membership. CCRB was established to represent its members in protecting their Cachuma Project water rights and other related interests. CCRB's activities are funded by its Members, which in turn are funded by their water rate payors.

In 1993, CCRB began development of a Fish Management Plan Program in the Lower Santa Ynez River with many federal, state, and local partners. CCRB was the primary implementing agency of the fisheries program until January 2011. At that time, implementation of the Fish Management Plan was transferred to the Cachuma Operation and Maintenance Board (COMB). Since that time, CCRB has focused on issues related to the Cachuma Project water rights.

The U.S. Bureau of Reclamation, on behalf of the Cachuma Project Member Units, holds the Cachuma Project water right permits, and CCRB is the agency responsible for the actions and decisions relative to the terms and conditions of those permits for CCRB Member Units. These include issues related to downstream releases of water from Cachuma Reservoir for the benefit and protection of steelhead/rainbow trout and their habitats, and protection of the Cachuma Project water supply. Since 2000, CCRB has participated in multiple water rights hearings before the State Water Resources Control Board to establish the Cachuma Project operating parameters necessary to conform to the various parties' water rights. Since that time CCRB has participated in hearings related to the Final EIR on the water rights issues and continued legal and technical consultation for a new Water Rights Order (WR 2019-148), which the Water Resources Control Board ultimately approved and issued in September 2019. With its issuance, CCRB is now assisting Reclamation in implementing requirements of the Order for the Cachuma Project. In some instances, the costs for this work are shared with other parties that have similar interests. Following is a summary of preliminary Fiscal Year 2022 year-end CCRB expenditures as of June 30, 2022, for the portion of these activities that CCRB funds, as presented at the August 4, 2022, CCRB Board Meeting:

General and Administrative	\$ 228,659
Legal Activities	121,667
Consultant Activities	134,297
Total Fiscal Year 2022 Expenditures	<u><u>\$ 484,623</u></u>

CCRB members share costs based on each member's proportionate share of the total Cachuma Project yield held by CCRB members, resulting in a City cost share percentage of 40.88%, for most items. This represents approximately \$198,114 in City costs for Fiscal Year 2022 excluding any offsets from other CCRB income.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 EMPLOYEE MORTGAGE LOAN ASSISTANCE PROGRAM

On October 2, 2001, the City Council created an Employee Mortgage Loan Assistance Program (EMLAP). The purpose of the program was to help the City attract and retain highly qualified employees by providing assistance in dealing with the high cost of home ownership in the Santa Barbara area. The goals of the program included establishing a more stable workforce and, by promoting local homeownership, reducing commuting distances and times. The program was open to all permanent employees who are "first-time homebuyers" (defined as not having owned a market-rate home on the South Coast of Santa Barbara County within the last three years). Homes purchased under the City's EMLAP must be located on the South Coast of Santa Barbara County. The City's EMLAP was structured using a combination of an employee down payment, traditional bank mortgage financing, and City-provided financing as follows:

Employee Down Payment (Minimum)	5 %
Bank-Provided 1st Deed of Trust Loan	80
City-Funded 2nd Deed of Trust Loan (Maximum)	15
Total Financing	<u>100 %</u>

Under the terms of the EMLAP, City participation was limited to a purchase price of \$1,250,000. Therefore, the maximum second deed of trust loan available to an employee was \$187,500 (15% of \$1,250,000). Interest on the City loan is variable, adjusted annually, and is set equal to the most recent quarterly interest rate paid the City for the State of California Local Agency Investment Fund (LAIF rate) balances. The loan is repayable over 15 years, with interest only due for the first five years, converting to a 30-year amortization schedule payable over 10 years with a balloon payment due at the end of 15 years. Payments are made by payroll deduction. To assist the employee, the City also paid up to four points to the bank on the employee's first deed of trust loan up to \$40,000 to "buy down" the interest rate on the first trust deed. The points paid by the City are to be repaid when the second trust deed is refinanced or if the home is sold. However, if the employee maintains continuous employment with the City for five years from the date of the loan, then 25% of the value of the points loan obligation will be forgiven, and after 10 years 50% will be forgiven. Upon termination of employment the second deed of trust loan, and any related points, are payable either on the fifth anniversary of the loan, or 180 days from the last day of employment, whichever is longer.

As of June 30, 2022, the City has \$118,353 in employee loans outstanding. The City has loaned all approved funds and is not currently accepting any new applications for EMLAP loans.

NOTE 15 LEASES

Lease Receivable

The City, acting as lessor, leases for the use of land under long-term, noncancelable lease agreements, which expire at various dates through 2043 with an interest rates ranging from 3.5% of 4.5% depending on the length of the lease agreement. During the fiscal year ended June 30, 2022, the City recognized \$8,481,490 and \$1,802,216 in lease revenue and interest revenue, respectively, pursuant to these agreements.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 LEASES (CONTINUED)

Lease Payable

The City leases equipment and property under noncancelable lease agreements. A portion of these leases are allocated to the Golf Course Enterprise Fund. The leases expire at various dates through 2030 and does not have a renewal option. Total future minimum lease payments are as follows:

<u>Year Ending June 30.</u>	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 352,522	\$ 70,906	\$ 69,165	\$ 5,063
2024	366,978	56,610	71,625	2,603
2025	374,876	41,778	37,528	480
2026	385,344	26,613	4,028	18
2027	302,752	11,963	-	-
2028-2030	190,136	10,839	-	-
Total	<u>\$ 1,972,608</u>	<u>\$ 218,709</u>	<u>\$ 182,346</u>	<u>\$ 8,164</u>

NOTE 16 DEFICIT FUND EQUITY

The following funds had deficit balances as of June 30, 2022:

Self-Insurance Internal Service Fund	\$ (11,868,928)
Postemployment Benefits Internal Service Fund	(51,997,649)
Clean Energy Enterprise Fund	(1,524,518)
Permanent Local Housing Allocation Fund	(90,825)
Street Sweeping Fund	(12,345)
FEMA Reimbursement Fund	(2,815,086)
Street Grant Capital Fund	(5,974,580)

Deficit in the Permanent Local Housing Allocation, Street Sweeping, FEMA Reimbursement, and Streets Grants Capital Funds will be eliminated through receipt of revenue in fiscal year 2022. The deficit equity has been created by recognition of reimbursable costs, where payment had not been received by the City within the recognition period for the year ended June 30, 2022. The Clean Energy Enterprise Fund will be funded by charges to other funds in future years. The deficit in the Self Insurance Internal Service Fund represents the present value of future claim payments that are anticipated to be paid in future fiscal years. The deficit will be funded by increasing charges to other funds in future fiscal years. The deficit in the Postemployment Benefits Internal Service Fund represents the benefit liability of future retiree medical and sick leave benefits. This liability grew significantly in fiscal year 2020-2021 due to the City's change in healthcare plans to CalPERS medical, which includes a benefit option for retirees age 65 and older, for which the City will incur some costs. The deficit will be funded by increasing charges to other funds in future fiscal years.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS

The following is a summary of OPEB related items for the year ended June 30, 2022:

	Deferred Outflows	Deferred Inflow	Total OPEB Liability
Retiree Medical Care Benefits	\$ 10,582,594	\$ (7,927,033)	\$ 44,514,642
Sick Leave Retiree Benefits	2,360,689	(441,950)	9,410,083
Total	<u>\$ 12,943,283</u>	<u>\$ (8,368,983)</u>	<u>\$ 53,924,725</u>

Retiree Medical Care Benefits and Implied Subsidy of Retiree Health Insurance Premiums

Plan Description

The City provides a retiree medical insurance contribution benefit, in accordance with employee Memorandum of Understanding, to retired employees. This is a single employer defined benefits OPEB plan. The benefit is applicable to employees who retire from City service and,

1. have at least 10 or 15 years of classified or unclassified service, depending on bargaining unit; or
2. retire from City with an industrial disability.

The City contributes an amount each month toward the purchase of medical insurance for the retiree and his/her spouse or domestic partner registered with the City Clerk or the Secretary of State, if applicable. Eligibility and the monthly amount is determined by the applicable Memorandum of Agreement of the retired employee. The payment is based upon the employees' years of service up to a maximum of 35 years, multiplied by the annual amount for the respective employee unit.

The City will continue to make its contribution until the retiree reaches age 65 or dies, whichever occurs first, provided however, that if the retiree dies before reaching the age of 65 and there is a surviving spouse or registered domestic partner, the City's contribution shall cease when the retiree would have reached age 65. Thereafter, the spouse may remain on the insurance plan, at his/her own cost, subject to the conditions set forth by the insurance company.

Beginning January 1, 2020, the City replaced its current medical plans with medical plans offered through CalPERS Health Benefits Program. Contracting agencies such as the City of Santa Barbara are required to provide an employer health contribution toward the cost of the monthly premium for all employees and annuitants. Retirees age 65 or older have the option to purchase a Medicare Supplement plan offered through CalPERS, and the Public Employees' Medical & Hospital Care Act (PEMHCA) requires the City to make the minimum contributions including administrative fee toward the retiree's health premium and allows for various contribution methods. This change to the plan resulted in a significant increase to the total OPEB liability for the fiscal year ended June 30, 2021. However, it does not apply to retirees electing Medicare coverage in non-CalPERS medical plans.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Retiree Medical Care Benefits and Implied Subsidy of Retiree Health Insurance Premiums (Continued)

Plan Description (Continued)

For the Police bargaining unit only: The City will continue the normal retiree medical allowance past the age of 65 for the six specified employees named in the Police Memorandum of Understanding who retire after December 23, 2006 and thereafter certify, on an annual basis, that they are not eligible to apply for Medicare Part A (hospitalization) coverage on the basis of their City service, other covered employment, through a spouse's covered employment, or through any other means. The OPEB plan does not have a stand-alone financial report.

In addition to the direct City paid contributions, retirees covered under the City's plans receive pre-65 benefits that are subsidized as the cost of their coverage is based on blended (active and retiree) premium rates instead of normally higher retiree only rates. This implicit subsidy is also considered in the valuation for retirees electing City healthcare plan coverage. However, it does not apply to retirees electing coverage in non-City plans.

Employees Covered

As of the June 30, 2022, the following current and former employees were covered by the benefit terms under the plan:

	<u>Number of Covered Participants</u>
Inactive Currently Receiving Benefits	389
Inactive Entitled to but not yet Receiving Benefits	578
Active Employees*	<u>936</u>
Total	<u><u>1,903</u></u>

*Excludes active employees who would not meet service eligibility at age 65.

Contributions

The City currently administers its retiree medical plan. There is no requirement to contribute any amount beyond the pay-as-you-go contributions. If retirees elect medical insurance coverage through the City, the retiree pays the entire cost of the premiums, less the City's monthly payment to the retiree. The City is evaluating various options for funding the postretirement health benefits liability. The City has not set up a trust for purposes of funding the required retiree medical payments but continues to fund the benefit on a pay-as-you-go basis in the current year.

For the year ended June 30, 2022, cash contributions were \$833,805 and the estimated implied subsidy was \$460,854 resulting in total payments of \$1,294,659.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Retiree Medical Care Benefits and Implied Subsidy of Retiree Health Insurance
Premiums (Continued)**

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2021 for the measurement period July 1, 2020 through June 30, 2021. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial assumptions.

Actuarial Assumptions

Discount Rate	2.16%
Inflation	2.50%
Salary Increases	2.75% (Merit tables from CalPERS 2000-2019 Experience Study)
Mortality Rate	CalPERS 2000-2019 Experience Study
Mortality Improvement	Projected fully generational with Scale MP-2021
Healthcare Trend Rate	Non-Medicare -8.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076 and later years

Discount Rate

The discount rate used to measure the total OPEB liability was 2.16%. The discount rate is based on the bond buyer 20-bond index.

Change in Assumption

The discount rate changed from 2.21% to 2.16%, the inflation rate decreased from 2.75% to 2.50%, PEMHCA participation increased to 50%, demographic assumptions updated to CalPERS 2000-2019 Experience Study, and the mortality improvement scale was updated to Scale MP-2021.

CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Retiree Medical Care Benefits and Implied Subsidy of Retiree Health Insurance Premiums (Continued)

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the plan are as follows:

	<u>Total OPEB Liability</u>
Changes in Total OPEB Liability (Measurement Period 7/1/20 - 6/30/21)	
Service Cost	\$ 2,914,906
Interest	1,087,405
Actual vs. Expected Experience	2,377,732
Assumption Changes	(7,582,037)
Benefit Payments	<u>(1,144,612)</u>
Net Changes	(2,346,606)
Total OPEB Liability - Beginning of Year	46,861,248
Total OPEB Liability - End of Year	<u><u>\$ 44,514,642</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point higher or one percentage point lower than the current discount rate, for the measurement period June 30, 2021.

	<u>1% Decrease (1.16%)</u>	<u>Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total OPEB Liability	\$ 51,952,408	\$ 44,514,642	\$ 38,579,306

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point higher or one percentage point lower than the current healthcare cost trend rates:

	<u>Healthcare Trend Rate</u>		
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 37,701,652	\$ 44,514,642	\$ 53,420,573

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Retiree Medical Care Benefits and Implied Subsidy of Retiree Health Insurance Premiums (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$4,207,970. At June 30, 2022, the City's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 7,189,936	\$ (7,302,033)
Differences Between Actual and Expected Experience	2,097,999	(625,000)
Employer Contributions Made Subsequent to the Measurement Date	1,294,659	-
Total	<u>\$ 10,582,594</u>	<u>\$ (7,927,033)</u>

The \$1,294,659 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 200,841
2024	200,841
2025	200,841
2026	283,841
2027	360,841
Thereafter	113,697

Sick Leave Retiree Benefits

Plan Description

The City provides additional retirement benefits based on unused accumulated sick leave to eligible employees who retire with CalPERS pension benefits immediately upon termination of employment from the City. This is a single employer defined benefits OPEB plan. Under this plan, unused accumulated sick leave balances are converted to credited service that is used to provide additional retirement benefits. Annuity benefits are determined based on credited service, final average compensation, and the CalPERS benefit formulas. Employees are eligible for benefits if they terminate employment at a minimum of age 50 and 5 years' service. Eligibility is applicable to employees who have accrued at least 500 hours of unused sick leave.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sick Leave Retiree Benefits (Continued)

Employees Covered

As of the June 30, 2021 measurement date, the following current and former employees were covered by the benefit terms under the plan:

	Number of Covered Participants
Inactive Currently Receiving Benefits	1
Inactives Entitled to but not yet Receiving Benefits	-
Active Employees	929
Total	<u>930</u>

Contributions

The City has not set up a trust for purposes of funding the required sick leave retiree benefits but continues to fund the benefit on a pay-as-you-go basis in the current year. The City is evaluating various options for funding the postretirement benefits liability.

For the year ended June 30, 2022, cash contributions were \$850,860.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2021 for the measurement period July 1, 2020 through June 30, 2021. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial assumptions.

Actuarial Assumptions

Discount Rate	2.16%
Inflation	2.50%
Salary Increases	2.75% (Merit tables from CalPERS 2000-2019 Experience Study)
Mortality Rate	CalPERS 2000-2019 Experience Study
Mortality Improvement	Projected fully generational with Scale MP-2021
Healthcare Trend Rate	Benefit is not dependent on healthcare trend

Discount Rate

The discount rate used to measure the total OPEB liability was 2.16%. The discount rate is based on the bond buyer 20-bond index.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sick Leave Retiree Benefits (Continued)

Change in Assumption

The discount rate changed from 2.21% to 2.16%, the inflation rate decreased from 2.75% to 2.50%, demographic assumptions updated to CalPERS 2000-2019 Experience Study, and the mortality improvement scale was updated to Scale MP-2021.

Change of Benefit Terms

Fire and Fire management eligible for Plan benefits at retirement.

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the plan are as follows:

	<u>Total OPEB Liability</u>
Changes in Total OPEB Liability (Measurement Period 7/1/20 - 6/30/21)	
Service Cost	\$ 565,386
Interest	162,185
Changes of Benefit Terms	1,474,847
Actual vs. Expected Experience	1,099,518
Assumption Changes	(122,511)
Benefit Payments	<u>(1,085,312)</u>
Net Changes	2,094,113
Total OPEB Liability - Beginning of Year	<u>7,315,970</u>
Total OPEB Liability - End of Year	<u><u>\$ 9,410,083</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point higher or one percentage point lower than the current discount rate, for the measurement period June 30, 2021:

	<u>Discount Rate</u>		
	1% Decrease (1.16%)	Current Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 9,905,601	\$ 9,410,083	\$ 8,930,398

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The benefit is not dependent on healthcare trend rates.

**CITY OF SANTA BARBARA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 17 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB**

For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$2,293,632. At June 30, 2022, the City's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 505,097	\$ (321,950)
Differences Between Actual and Expected Experience	1,004,732	(120,000)
Employer Contributions Made Subsequent to the Measurement Date	850,860	-
Total	<u>\$ 2,360,689</u>	<u>\$ (441,950)</u>

The \$850,860 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2023	\$ 91,214
2024	91,214
2025	91,214
2026	91,214
2027	91,214
Thereafter	611,809



REQUIRED SUPPLEMENTARY INFORMATION



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CITY OF SANTA BARBARA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
SAFETY RETIREMENT AND SAFETY SERVICE RETIREMENT PLANS
LAST TEN FISCAL YEARS*

Fiscal Year Ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Measurement Period Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total Pension Liability:				
Interest on total pension liability	\$ 3,124	\$ 6,130	\$ 7,135	\$ 8,117
Differences between expected and actual experience	(16,140)	(10,704)	23,260	(4,543)
Changes in assumptions	(1,370)	5,666	809	(2,865)
Changes in benefits	-	-	-	-
Benefit payments, including refunds of employee contributions	(31,152)	(38,631)	(42,216)	(43,905)
Net Change in Total Pension Liability	(45,538)	(37,539)	(11,012)	(43,196)
Total Pension Liability - Beginning of Year	156,930	194,469	205,481	248,677
Total Pension Liability - End of Year (a)	<u>\$ 111,392</u>	<u>\$ 156,930</u>	<u>\$ 194,469</u>	<u>\$ 205,481</u>
Plan Fiduciary Net Position:				
Contributions - employer	\$ -	\$ -	\$ -	\$ -
Contributions - employee	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Fiduciary Net Position - Beginning of Year	-	-	-	-
Plan Fiduciary Net Position - End of Year (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Pension Liability - Ending (a)-(b)	<u>\$ 111,392</u>	<u>\$ 156,930</u>	<u>\$ 194,469</u>	<u>\$ 205,481</u>
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	N/A	N/A	N/A	N/A
Net pension liability as percentage of covered payroll	N/A	N/A	N/A	N/A

Notes to Schedule:

Changes in Assumptions:

From fiscal year June 30, 2020 to June 30, 2021:

The discount rate was reduced from 3.5% to 2.21%.

From fiscal year June 30, 2021 to June 30, 2022:

The discount rate was reduced from 2.21% to 2.16%.

During the fiscal year ended June 30, 2017, the safety service retirement plan trust was closed.

* Fiscal year 2014 was the first year of implementation and therefore only nine years are shown.

CITY OF SANTA BARBARA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
SAFETY RETIREMENT AND SAFETY SERVICE RETIREMENT PLANS (CONTINUED)
LAST TEN FISCAL YEARS*

Fiscal Year Ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Measurement Period Ended	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Total Pension Liability:					
Interest on total pension liability	\$ 16,437	\$ 38,189	\$ 58,515	\$ 63,008	\$ 277,220
Differences between expected and actual experience	26,062	41,577	(237,062)	-	-
Changes in assumptions	(13,101)	64,419	42,874	-	-
Changes in benefits	(416,227)	(227,990)	54,434	-	-
Benefit payments, including refunds of employee contributions	(90,589)	(116,087)	(113,370)	(173,700)	(175,058)
Net Change in Total Pension Liability	(477,418)	(199,892)	(194,609)	(110,692)	102,162
Total Pension Liability - Beginning of Year	726,095	925,987	1,120,596	1,231,288	1,129,126
Total Pension Liability - End of Year (a)	<u>\$ 248,677</u>	<u>\$ 726,095</u>	<u>\$ 925,987</u>	<u>\$ 1,120,596</u>	<u>\$ 1,231,288</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 48,972	\$ 48,972	\$ 49,611	\$ 102,126	\$ 96,992
Contributions - employee	-	-	-	-	-
Net investment income	4,392	28,595	1,123	62,733	36,741
Benefit payments	(506,816)	(116,087)	(113,370)	(173,700)	(175,058)
Net Change in Plan Fiduciary Net Position	(453,452)	(38,520)	(62,636)	(8,841)	(41,325)
Plan Fiduciary Net Position - Beginning of Year	453,452	491,972	554,608	563,449	604,774
Plan Fiduciary Net Position - End of Year (b)	<u>\$ -</u>	<u>\$ 453,452</u>	<u>\$ 491,972</u>	<u>\$ 554,608</u>	<u>\$ 563,449</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 248,677</u>	<u>\$ 272,643</u>	<u>\$ 434,015</u>	<u>\$ 565,988</u>	<u>\$ 667,839</u>
Plan fiduciary net position as a percentage of the total pension liability	0.00%	62.45%	53.13%	49.49%	45.76%
Covered payroll	N/A	N/A	N/A	N/A	N/A
Net pension liability as percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Changes in Assumptions:

From fiscal year June 30, 2020 to June 30, 2021:

The discount rate was reduced from 3.5% to 2.21%.

From fiscal year June 30, 2021 to June 30, 2022:

The discount rate was reduced from 2.21% to 2.16%.

During the fiscal year ended June 30, 2017, the safety service retirement plan trust was closed.

* Fiscal year 2014 was the first year of implementation and therefore only nine years are shown.

**CITY OF SANTA BARBARA
SCHEDULE OF CONTRIBUTIONS
SAFETY RETIREMENT AND SAFETY SERVICE RETIREMENT PLANS
LAST TEN FISCAL YEARS***

Fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Actuarially determined contribution	\$ 26,232	\$ 31,152	\$ 38,631	\$ 42,216
Contributions in relation to the actuarially determined contributions	<u>(26,232)</u>	<u>(31,152)</u>	<u>(38,631)</u>	<u>(42,216)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	N/A	N/A	N/A	N/A

Notes to Schedule:

During the fiscal year ended June 30, 2017, the safety service retirement plan trust was closed.

* Fiscal year 2014 was the first year of implementation and therefore only nine years are shown.

**CITY OF SANTA BARBARA
SCHEDULE OF CONTRIBUTIONS
SAFETY RETIREMENT AND SAFETY SERVICE RETIREMENT PLANS (CONTINUED)
LAST TEN FISCAL YEARS***

Fiscal year ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	\$ 43,905	\$ 48,972	\$ 49,611	\$ 108,000	\$ 105,000
Contributions in relation to the actuarially determined contributions	(43,905)	(48,972)	(49,611)	(104,000)	(97,000)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000</u>	<u>\$ 8,000</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

During the fiscal year ended June 30, 2017, the safety service retirement plan trust was closed.

* Fiscal year 2014 was the first year of implementation and therefore only nine years are shown.

**CITY OF SANTA BARBARA
SCHEDULE OF INVESTMENT RETURNS
SAFETY RETIREMENT AND SAFETY SERVICE RETIREMENT PLANS
LAST TEN FISCAL YEARS***

Measurement Date	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expense	11.82%	11.82%	6.40%	0%	0%	0%	0%	0%	0%

Notes to Schedule:

During the fiscal year ended June 30, 2017, the safety service retirement plan trust was closed.

CITY OF SANTA BARBARA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
CALPERS MISCELLANEOUS PENSION PLANS
LAST TEN FISCAL YEARS*

Fiscal Year Ended	June 30, 2022	June 30, 2021	June 30, 2020
Measurement Period Ended	June 30, 2021	June 30, 2020	June 30, 2019
Total Pension Liability:			
Service cost	\$ 10,993,296	\$ 11,117,944	\$ 11,242,442
Interest on total pension liability	45,902,084	44,176,368	42,609,454
Differences between expected and actual experience	1,483,308	(1,621,002)	5,289,518
Changes in assumptions	-	-	-
Changes in benefits	-	-	-
Benefit payments, including refunds of employee contributions	(33,626,670)	(31,532,186)	(28,975,301)
Net Change in Total Pension Liability	24,752,018	22,141,124	30,166,113
Total Pension Liability - Beginning of Year	651,820,561	629,679,437	599,513,324
Total Pension Liability - End of Year (a)	<u>\$ 676,572,579</u>	<u>\$ 651,820,561</u>	<u>\$ 629,679,437</u>
Plan Fiduciary Net Position:			
Contributions - employer	\$ 20,887,408	\$ 19,279,801	\$ 17,336,444
Contributions - employee	6,252,846	6,253,457	5,841,003
Net investment income	106,462,271	22,662,797	28,408,000
Benefit payments	(33,626,670)	(31,532,186)	(28,975,301)
Plan to plan resource movement	-	-	-
Administrative expense	(467,575)	(637,272)	(306,672)
Other miscellaneous income (expense)	-	-	999
Net Change in Plan Fiduciary Net Position	99,508,280	16,026,597	22,304,473
Plan Fiduciary Net Position - Beginning of Year	468,071,367	452,044,770	429,740,297
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 567,579,647</u>	<u>\$ 468,071,367</u>	<u>\$ 452,044,770</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 108,992,932</u>	<u>\$ 183,749,194</u>	<u>\$ 177,634,667</u>
Plan fiduciary net position as a percentage of the total pension liability	83.89%	71.81%	71.79%
Covered payroll	\$ 59,925,660	\$ 59,948,680	\$ 58,650,784
Net pension liability as percentage of covered payroll	181.88%	306.51%	302.87%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

Inflation was reduced from 2.75% to 2.50%.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no significant changes in assumptions.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

See accompanying Notes to Required Supplementary Information.

CITY OF SANTA BARBARA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
CALPERS MISCELLANEOUS PENSION PLANS (CONTINUED)
LAST TEN FISCAL YEARS*

Fiscal Year Ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Period Ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:					
Service cost	\$ 10,848,882	\$ 10,827,663	\$ 9,760,428	\$ 9,563,623	\$ 9,676,642
Interest on total pension liability	40,531,753	39,079,614	37,902,710	36,129,828	34,649,348
Differences between expected and actual experience	(291,764)	(5,119,771)	(132,903)	(4,360,012)	-
Changes in assumptions	(3,358,919)	32,405,333	-	(8,848,255)	-
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(26,641,065)	(25,274,088)	(23,474,988)	(21,493,097)	(20,041,269)
Net Change in Total Pension Liability	21,088,887	51,918,751	24,055,247	10,992,087	24,284,721
Total Pension Liability - Beginning of Year	578,424,437	526,505,686	502,450,439	491,458,352	467,173,631
Total Pension Liability - End of Year (a)	<u>\$ 599,513,324</u>	<u>\$ 578,424,437</u>	<u>\$ 526,505,686</u>	<u>\$ 502,450,439</u>	<u>\$ 491,458,352</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 15,654,944	\$ 14,693,333	\$ 14,184,385	\$ 13,162,072	\$ 11,373,020
Contributions - employee	5,249,989	5,071,882	4,988,705	4,833,301	4,587,261
Net investment income	34,092,665	40,908,639	2,007,173	8,218,938	54,806,585
Benefit payments	(26,641,065)	(25,274,088)	(23,474,988)	(21,493,097)	(20,041,269)
Plan to plan resource movement	(999)	(10,124)	-	(1,157)	-
Administrative expense	(628,306)	(543,859)	(226,033)	(435,768)	-
Other miscellaneous income (expense)	(1,193,164)	-	-	-	-
Net Change in Plan Fiduciary Net Position	26,534,064	34,845,783	(2,520,758)	4,284,289	50,725,597
Plan Fiduciary Net Position - Beginning of Year	403,206,233	368,360,450	370,881,208	366,596,919	315,871,322
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 429,740,297</u>	<u>\$ 403,206,233</u>	<u>\$ 368,360,450</u>	<u>\$ 370,881,208</u>	<u>\$ 366,596,919</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 169,773,027</u>	<u>\$ 175,218,204</u>	<u>\$ 158,145,236</u>	<u>\$ 131,569,231</u>	<u>\$ 124,861,433</u>
Plan fiduciary net position as a percentage of the total pension liability	71.68%	69.71%	69.96%	73.81%	74.59%
Covered payroll	\$ 57,069,164	\$ 55,884,714	\$ 55,485,351	\$ 53,022,251	\$ 50,588,866
Net pension liability as percentage of covered payroll	297.49%	313.54%	285.02%	248.14%	246.82%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

Inflation was reduced from 2.75% to 2.50%.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no significant changes in assumptions.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

See accompanying Notes to Required Supplementary Information.

**CITY OF SANTA BARBARA
SCHEDULE OF CONTRIBUTIONS
CALPERS MISCELLANEOUS PENSION PLANS
LAST TEN FISCAL YEARS***

Fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020
Actuarially determined contribution	\$ 23,966,588	\$ 20,836,231	\$ 19,206,093
Contributions in relation to the actuarially determined contributions	(23,966,588)	(20,836,231)	(19,206,093)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 61,614,977	\$ 59,925,660	\$ 59,948,680
Contributions as a percentage of covered payroll	38.90%	34.77%	32.04%

Notes to Schedule:

Valuation Date	6/30/2019	6/30/2018	6/30/2017
Methods and Assumptions Used to Determine Contribution Rates:			
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value
Inflation	2.500%	2.500%	2.625%
Salary increases	(2)	(2)	(2)
Investment rate of return	7.00% (3)	7.00% (3)	7.25% (3)
Retirement age	(4)	(4)	(4)
Mortality	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on age, service and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) The probabilities of retirement are based on the 2010 CalPERS Experience Study report.

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

**CITY OF SANTA BARBARA
SCHEDULE OF CONTRIBUTIONS
CALPERS MISCELLANEOUS PENSION PLANS (CONTINUED)
LAST TEN FISCAL YEARS***

Fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 17,247,341	\$ 15,613,850	\$ 14,693,333	\$ 14,184,385	\$ 13,162,072
Contributions in relation to the actuarially determined contributions	(17,247,341)	(15,613,850)	(14,693,333)	(14,184,385)	(13,162,072)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 58,650,784	\$ 57,069,164	\$ 55,884,714	\$ 55,485,351	\$ 53,022,251
Contributions as a percentage of covered payroll	29.41%	27.36%	26.29%	25.56%	24.82%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on age, service and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) The probabilities of retirement are based on the 2010 CalPERS Experience Study report.

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

See accompanying Notes to Required Supplementary Information.

CITY OF SANTA BARBARA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
CALPERS SAFETY POLICE PENSION PLANS
LAST TEN FISCAL YEARS*

Fiscal Year Ended	June 30, 2022	June 30, 2021	June 30, 2020
Measurement Period Ended	June 30, 2021	June 30, 2020	June 30, 2019
Total Pension Liability:			
Service cost	\$ 5,132,860	\$ 5,127,183	\$ 5,038,115
Interest on total pension liability	20,991,410	20,289,464	19,515,209
Differences between expected and actual experience	422,522	1,353,894	-
Changes in assumptions	-	-	1,774,631
Changes in benefits	-	-	-
Benefit payments, including refunds of employee contributions	(16,321,634)	(15,727,551)	(14,518,454)
Net Change in Total Pension Liability	10,225,158	11,042,990	11,809,501
Total Pension Liability - Beginning of Year	298,758,010	287,715,020	275,905,519
Total Pension Liability - End of Year (a)	<u>\$ 308,983,168</u>	<u>\$ 298,758,010</u>	<u>\$ 287,715,020</u>
Plan Fiduciary Net Position:			
Contributions - employer	\$ 9,754,764	\$ 9,073,135	\$ 8,168,274
Contributions - employee	1,720,503	1,840,823	1,606,426
Net investment income	45,022,492	9,697,393	12,279,660
Benefit payments	(16,321,634)	(15,727,551)	(14,518,454)
Plan to plan resource movement	-	-	-
Administrative expense	(198,742)	(273,976)	(133,404)
Other miscellaneous income (expense)	-	-	436
Net Change in Plan Fiduciary Net Position	39,977,383	4,609,824	7,402,938
Plan Fiduciary Net Position - Beginning of Year	198,952,763	194,342,939	186,940,001
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 238,930,146</u>	<u>\$ 198,952,763</u>	<u>\$ 194,342,939</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 70,053,022</u>	<u>\$ 99,805,247</u>	<u>\$ 93,372,081</u>
Plan fiduciary net position as a percentage of the total pension liability	77.33%	66.59%	67.55%
Covered payroll	\$ 15,924,804	\$ 16,359,278	\$ 16,273,075
Net pension liability as percentage of covered payroll	439.90%	610.08%	573.78%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

Inflation was reduced from 2.75% to 2.50%.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no significant changes in assumptions.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

See accompanying Notes to Required Supplementary Information.

CITY OF SANTA BARBARA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
CALPERS SAFETY POLICE PENSION PLANS (CONTINUED)
LAST TEN FISCAL YEARS*

Fiscal Year Ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Period Ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:					
Service cost	\$ 4,857,235	\$ 4,491,601	\$ 4,497,742	\$ 5,010,613	\$ 5,186,081
Interest on total pension liability	18,703,388	17,958,387	17,452,394	16,967,585	16,640,662
Differences between expected and actual experience	2,285,455	(1,701,292)	(4,101,607)	(7,448,519)	-
Changes in assumptions	(1,262,820)	15,186,679	-	(4,242,689)	-
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(13,624,691)	(12,846,960)	(11,957,196)	(10,608,382)	(9,641,215)
Net Change in Total Pension Liability	10,958,567	23,088,415	5,891,333	(321,392)	12,185,528
Total Pension Liability - Beginning of Year	264,946,952	241,858,537	235,967,204	236,288,596	224,103,068
Total Pension Liability - End of Year (a)	<u>\$ 275,905,519</u>	<u>\$ 264,946,952</u>	<u>\$ 241,858,537</u>	<u>\$ 235,967,204</u>	<u>\$ 236,288,596</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 7,279,784	\$ 6,100,953	\$ 5,502,842	\$ 5,729,090	\$ 5,811,400
Contributions - employee	1,434,341	1,408,892	1,366,145	1,462,940	1,514,918
Net investment income	14,936,635	18,139,466	934,079	3,780,559	25,268,419
Benefit payments	(13,624,691)	(12,846,960)	(11,957,196)	(10,608,382)	(9,641,215)
Plan to plan resource movement	(436)	10,605	-	(3,426)	-
Administrative expense	(276,932)	(243,830)	(103,244)	(184,197)	-
Other miscellaneous income (expense)	(525,899)	-	-	-	-
Net Change in Plan Fiduciary Net Position	9,222,802	12,569,126	(4,257,374)	176,584	22,953,522
Plan Fiduciary Net Position - Beginning of Year	177,717,199	165,148,073	169,405,447	169,228,863	146,281,803
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 186,940,001</u>	<u>\$ 177,717,199</u>	<u>\$ 165,148,073</u>	<u>\$ 169,405,447</u>	<u>\$ 169,235,325</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 88,965,518</u>	<u>\$ 87,229,753</u>	<u>\$ 76,710,464</u>	<u>\$ 66,561,757</u>	<u>\$ 67,053,271</u>
Plan fiduciary net position as a percentage of the total pension liability	67.76%	67.08%	68.28%	71.79%	71.62%
Covered payroll	\$ 15,669,261	\$ 14,020,481	\$ 15,555,046	\$ 17,232,219	\$ 17,126,518
Net pension liability as percentage of covered payroll	567.77%	622.16%	493.15%	386.26%	391.52%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

Inflation was reduced from 2.75% to 2.50%.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no significant changes in assumptions.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

See accompanying Notes to Required Supplementary Information.

**CITY OF SANTA BARBARA
SCHEDULE OF CONTRIBUTIONS
CALPERS SAFETY POLICE PENSION PLANS
LAST TEN FISCAL YEARS***

Fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020
Actuarially determined contribution	\$ 10,508,925	\$ 9,753,264	\$ 9,081,466
Contributions in relation to the actuarially determined contributions	(10,508,925)	(9,753,264)	(9,081,466)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 15,488,312	\$ 15,924,804	\$ 16,359,278
Contributions as a percentage of covered payroll	67.85%	61.25%	55.51%

Notes to Schedule:

Valuation Date	6/30/2018	6/30/2018	6/30/2017
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value
Inflation	2.500%	2.500%	2.625%
Salary increases	(2)	(2)	(2)
Investment rate of return	7.00% (3)	7.00% (3)	7.25% (3)
Retirement age	(4)	(4)	(4)
Mortality	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on age, service and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) The probabilities of retirement are based on the 2010 CalPERS Experience Study report.

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

**CITY OF SANTA BARBARA
SCHEDULE OF CONTRIBUTIONS
CALPERS SAFETY POLICE PENSION PLANS (CONTINUED)
LAST TEN FISCAL YEARS***

Fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 8,203,564	\$ 7,293,109	\$ 6,100,953	\$ 5,502,842	\$ 5,729,090
Contributions in relation to the actuarially determined contributions	(8,203,564)	(7,293,109)	(6,100,953)	(5,502,842)	(5,729,090)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 16,273,075	\$ 15,669,261	\$ 14,020,481	\$ 15,555,046	\$ 17,232,219
Contributions as a percentage of covered payroll	24.16%	46.54%	43.51%	35.38%	33.25%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on age, service and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) The probabilities of retirement are based on the 2010 CalPERS Experience Study report.

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

CITY OF SANTA BARBARA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE PLAN'S NET PENSION LIABILITY
AND RELATED RATIOS AS OF THE MEASUREMENT DATE
SAFETY FIRE – COST SHARING PLAN
LAST TEN YEARS*

Fiscal Year Ended	June 30, 2022	June 30, 2021	June 30, 2020
Measurement Period Ended	June 30, 2021	June 30, 2020	June 30, 2019
Plan's proportion of the net pension liability/(asset)	0.6843%	0.1714%	0.1737%
Plan's proportionate share of the net pension liability/(asset)	\$ 59,108,788	\$ 78,043,509	\$ 73,267,837
Plan's covered payroll	\$ 11,458,176	\$ 11,236,079	\$ 11,685,352
Plan's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	515.87%	694.58%	627.01%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	72.47%	62.55%	75.26%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no changes in assumptions.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

CITY OF SANTA BARBARA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE PLAN'S NET PENSION LIABILITY
AND RELATED RATIOS AS OF THE MEASUREMENT DATE
SAFETY FIRE – COST SHARING PLAN (CONTINUED)
LAST TEN YEARS*

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Fiscal Year Ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability/(asset)	0.7171%	1.1421%	1.1758%	1.2449%	0.7390%
Plan's proportionate share of the net pension liability/(asset)	\$ 69,104,402	\$ 68,239,700	\$ 60,895,072	\$ 51,295,415	\$ 45,980,620
Plan's covered payroll	\$ 11,156,660	\$ 10,848,464	\$ 10,699,018	\$ 10,382,054	\$ 10,161,327
Plan's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	619.40%	629.03%	569.17%	494.08%	452.51%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%	68.81%	75.87%	79.82%	78.40%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return is based on the expected rate of return on pension plan investments, net of pension plan administrative expenses. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no changes in assumptions.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

**CITY OF SANTA BARBARA
SCHEDULE OF CONTRIBUTIONS
CALPERS SAFETY FIRE – COST SHARING PENSION PLAN
LAST TEN FISCAL YEARS***

Fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020
Actuarially determined contribution	\$ 8,084,528	\$ 7,467,695	\$ 6,804,672
Contributions in relation to the actuarially determined contributions	(8,084,528)	(7,467,695)	(6,804,672)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 11,264,741	\$ 11,458,176	\$ 11,236,079
Contributions as a percentage of covered payroll	71.77%	65.17%	60.56%

Notes to Schedule:

Valuation Date	6/30/2019	6/30/2018	6/30/2017
Methods and Assumptions Used to Determine Contribution Rates:			
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.50%	2.63%
Salary increases	(2)	(2)	(2)
Investment rate of return	7.00% (3)	7.00% (3)	7.25% (3)
Retirement age	(4)	(4)	(4)
Mortality	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on age, service and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) The probabilities of retirement are based on the 2010 CalPERS Experience Study report.

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

**CITY OF SANTA BARBARA
SCHEDULE OF CONTRIBUTIONS
CALPERS SAFETY FIRE – COST SHARING PENSION PLAN (CONTINUED)
LAST TEN FISCAL YEARS***

Fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 6,089,508	\$ 5,446,909	\$ 4,917,209	\$ 3,672,002	\$ 3,535,869
Contributions in relation to the actuarially determined contributions	(6,089,508)	(5,446,909)	(4,917,209)	(3,672,002)	(3,535,869)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,685,352	\$ 11,156,660	\$ 10,848,464	\$ 10,699,018	\$ 10,382,054
Contributions as a percentage of covered payroll	24.16%	48.82%	45.33%	34.32%	34.06%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed.

(2) Depending on age, service and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) The probabilities of retirement are based on the 2010 CalPERS Experience Study report.

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the first year of implementation and therefore only eight years are shown.

CITY OF SANTA BARBARA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*

Fiscal Year Ended Measurement Period Ended	June 30, 2022 June 30, 2021	June 30, 2021 June 30, 2020	June 30, 2020 June 30, 2019	June 30, 2019 June 30, 2018	June 30, 2018 June 30, 2017
Retiree Medical Benefits and Implied Subsidy of Retiree Health Insurance Premiums					
Total OPEB Liability:					
Service cost	\$ 2,914,906	\$ 1,163,015	\$ 1,072,000	\$ 1,095,000	\$ 1,207,000
Interest on total OPEB liability	1,087,405	708,978	769,000	702,000	574,000
Differences between expected and actual experience	2,377,732	-	(973,000)	-	-
Changes in assumptions	(7,582,037)	8,962,160	486,000	(403,000)	(1,015,000)
Changes in benefits	-	17,472,095	-	-	-
Benefit payments, including refunds of employee contributions	(1,144,612)	(1,077,000)	(1,113,000)	(1,094,000)	(1,220,000)
Net Change in Total OPEB Liability	(2,346,606)	27,229,248	241,000	300,000	(454,000)
Total OPEB Liability - Beginning of Year	46,861,248	19,632,000	19,391,000	19,091,000	19,545,000
Total OPEB Liability - End of Year (a)	<u>\$ 44,514,642</u>	<u>\$ 46,861,248</u>	<u>\$ 19,632,000</u>	<u>\$ 19,391,000</u>	<u>\$ 19,091,000</u>
Covered employee payroll	\$ 106,214,415	\$ 106,214,415	\$ 104,812,000	\$ 104,063,000	\$ 99,027,000
Total OPEB liability as percentage of covered employee payroll	41.91%	44.12%	18.73%	18.63%	19.28%
Sick Leave Retiree Benefits					
Total OPEB Liability:					
Service cost	\$ 565,386	\$ 457,457	\$ 435,000	\$ 440,000	\$ 474,000
Interest on total OPEB liability	162,185	244,438	277,000	260,000	212,000
Differences between expected and actual experience	1,099,518	497,075	(165,000)	-	-
Changes in assumptions	(122,511)	-	132,000	(105,000)	(265,000)
Changes in benefits	1,474,847	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,085,312)	(819,000)	(936,000)	(453,000)	(628,000)
Net Change in Total OPEB Liability	2,094,113	379,970	(257,000)	142,000	(207,000)
Total OPEB Liability - Beginning of Year	7,315,970	6,936,000	7,193,000	7,051,000	7,258,000
Total OPEB Liability - End of Year (a)	<u>\$ 9,410,083</u>	<u>\$ 7,315,970</u>	<u>\$ 6,936,000</u>	<u>\$ 7,193,000</u>	<u>\$ 7,051,000</u>
Covered employee payroll	\$ 101,076,700	\$ 89,727,663	\$ 88,659,000	\$ 86,545,000	\$ 83,539,000
Total OPEB liability as percentage of covered employee payroll	9.31%	8.15%	7.82%	8.31%	8.44%

Notes to Schedule:

There are no assets accumulated in a trust that meets the criteria of GASB codification to pay related benefits for the OPEB plan.

Benefit Changes:

The City changed to CalPERS healthcare plan (PEMHCA) effective January 1, 2020, which resulted in a significant increase to the Total OPEB liability for the year ended June 30, 2021.

Changes in Assumptions:

From fiscal year June 30, 2017 to June 30, 2018:
Discount rate was changed from 2.85% to 3.58%.

From fiscal year June 30, 2018 to June 30, 2019:
Discount rate was changed from 3.58% to 3.87%.

From fiscal year June 30, 2019 to June 30, 2020:
Discount rate was changed from 3.87% to 3.50%.

From fiscal year June 30, 2020 to June 30, 2021:
Discount rate was changed from 3.50% to 2.21%.

From fiscal year June 30, 2021 to June 30, 2022:
Discount rate was changed from 2.21% to 2.16%.

* Fiscal year 2018 was the first year of implementation and therefore only five years are shown.

See accompanying Notes to Required Supplementary Information.

**CITY OF SANTA BARBARA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 122,717,745	\$ 128,553,757	\$ 141,665,066	\$ 13,111,309
Franchise Fees	3,706,830	3,706,830	4,176,091	469,261
Intergovernmental	1,520,792	13,653,259	8,096,808	(5,556,451)
Charges for Services	24,942,013	25,460,227	26,224,289	764,062
Use of Money and Property	897,834	897,834	(2,228,391)	(3,126,225)
Fines and Forfeitures	2,861,900	2,861,905	2,334,683	(527,222)
Other Revenue	10,275,610	10,275,610	11,783,066	1,507,456
Total Revenues	166,922,724	185,409,422	192,051,612	6,642,190
EXPENDITURES				
Current:				
Mayor and City Council	3,590,732	3,612,671	3,469,045	143,626
City Attorney	4,003,086	4,664,365	5,074,830	(410,465)
City Administration	4,250,866	5,221,572	4,262,574	958,998
Human Resources	1,840,056	3,000,071	1,937,370	1,062,701
Finance	6,333,459	6,688,248	6,153,633	534,615
Public Safety	77,150,443	80,776,935	79,737,205	1,039,730
Public Works	9,767,209	10,599,370	9,038,773	1,560,597
Community Services	24,428,891	25,842,318	23,839,923	2,002,395
Community Development	11,270,416	12,102,054	12,676,048	(573,994)
Sustainability and Resilience	156,300	247,535	109,765	137,770
Debt Service:				
Principal Retirement	-	-	333,713	(333,713)
Interest and Fiscal Charges	-	-	84,186	(84,186)
Total Expenditures	142,791,458	152,755,139	146,717,065	6,038,074
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	24,131,266	32,654,283	45,334,547	12,680,264
OTHER FINANCING SOURCES (USES)				
Lease Obligation	-	-	1,178,796	1,178,796
Transfers in	1,684,432	1,815,159	1,815,159	-
Transfers out	(26,702,153)	(40,500,774)	(35,494,681)	5,006,093
Total Other Financing Sources (Uses)	(25,017,721)	(38,685,615)	(32,500,726)	6,184,889
NET CHANGE IN FUND BALANCE	(886,455)	(6,031,332)	12,833,821	18,865,153
Fund Balance - Beginning of Year	38,734,314	38,734,314	38,734,314	-
FUND BALANCE - END OF YEAR	<u>\$ 37,847,859</u>	<u>\$ 32,702,982</u>	<u>\$ 51,568,135</u>	<u>\$ 18,865,153</u>

See accompanying Notes to Required Supplementary Information.

**CITY OF SANTA BARBARA
BUDGETARY COMPARISON SCHEDULE
AFFORDABLE HOUSING SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Use of Money and Property	\$ 1,517,445	\$ 1,517,445	\$ 1,402,140	\$ (115,305)
EXPENDITURES				
Current:				
Community Development	1,220,272	2,780,993	1,076,882	1,704,111
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	297,173	(1,263,548)	325,258	1,588,806
OTHER FINANCING SOURCES (USES)				
Transfers in	-	8,674	8,674	-
Total Other Financing Sources (Uses)	-	8,674	8,674	-
NET CHANGE IN FUND BALANCE	297,173	(1,254,874)	333,932	1,588,806
Fund Balance - Beginning of Year	67,549,824	67,549,824	67,549,824	-
FUND BALANCE - END OF YEAR	<u>\$ 67,846,997</u>	<u>\$ 66,294,950</u>	<u>\$ 67,883,756</u>	<u>\$ 1,588,806</u>

See accompanying Notes to Required Supplementary Information.

CITY OF SANTA BARBARA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MODIFIED APPROACH
JUNE 30, 2022

NOTE 1 BUDGETARY INFORMATION

A two-year financial plan is prepared from which annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and certain special revenue funds. Effective fiscal control for debt service is achieved through bond indenture provisions. While budgets are prepared for the City's capital projects, capital projects generally span more than one year and are effectively controlled at the project level.

In February of each year, departments submit their proposed budgets to the City Administrator. These proposals are reviewed and considered and adjusted as necessary based on funding limitations and priorities. In mid-April, the City Administrator presents a recommended budget to the City Council. From April through mid-June, public hearings are held, and the recommended budget is reviewed in detail with the Council and Finance Committee. The budget is adopted by June 30.

The appropriated budget is prepared by fund, department, and program. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed appropriations at the department level for the General Fund and at the fund level for all other legally budgeted funds. Department heads may make transfers of appropriations between line items within a program and across programs if they are within the same major object category (i.e., Salaries and Benefits, Supplies and Services, Capital, etc.). The City Administrator is authorized to transfer amounts within individual departmental budgets, both between programs and between major object categories. All other adjustments to appropriations that change the total of a department (within the General Fund) or fund must be approved by Council. The Permanent Local Housing Allocation Fund, FEMA Reimbursement Fund, Library Gift Fund and Canine Unit Fund did not have legally adopted budgets during the current year.

Budgeted amounts, as shown, reflect the originally adopted budget and the final budget that includes re-appropriated prior year encumbrances as well as any approved revisions as detailed below. The original and amended operating budget for the General Fund is shown in the table below.

Originally Adopted Budget	\$ 169,313,610
Re-appropriated Prior Year Encumbrances	1,800,731
Amendments	<u>22,141,572</u>
Amended Budget	<u>\$ 193,255,913</u>
Total	

Budgeted amendments in the General Fund totaled \$23.9 million. \$1.8 million was carried forward from Fiscal Year 2021 as encumbrances made in that year. New FY22 budget amendments totaled \$22.1 million. The largest change was \$9.87 million associated with the American Rescue Plan Act (ARPA) federal emergency grant to maintain services and address additional costs related to COVID-19. Other significant transfers included were \$5.84 million to the Measure C Capital Fund for additional sales tax revenue received, and \$1.55 million to advance to the Clean Energy Enterprise Fund for startup costs related to the Community Choice Energy program.

CITY OF SANTA BARBARA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MODIFIED APPROACH
JUNE 30, 2022

NOTE 1 BUDGETARY INFORMATION (CONTINUED)

Additional notable budget amendments included \$0.93 million for Fire department overtime costs due to Mutual Aid fire response and minimum staffing requirements, \$0.87 million for Police and Library Equipment/Materials, \$0.75 million for litigation costs related to three separate settlements, \$0.44 million for on-going city employee COVID-19 testing, \$0.78 million in contracted services to support increased demand, staffing shortages, and critical analysis, and \$0.48 million for Public Works Underground Storage Tank (UST) Abatement costs. The remaining \$0.64 million increased appropriations are across many programs in the City as approved by Council.

The City's Affordable Housing Fund had an originally Adopted Fiscal Year 2022 Budget of \$1.22 million that was amended by \$1.56 million to an Amended Budget of \$2.78 million. \$1.55 million of this increase was to fund a property development loan secured by a Deed of Trust with 116 East Cota Street Associates, LP for an Affordable Housing Project located at 100-116 East Cota St., to ensure completion of the new housing units for Low-, Very-Low-, and Extremely-Low-Income individuals. The remaining immaterial increase was related to a one-time special ARPA pay-out to employees who worked through the COVID-19 pandemic.

CITY OF SANTA BARBARA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MODIFIED APPROACH
JUNE 30, 2022

NOTE 2 MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City defines infrastructure as the basic physical assets including the streets system, water and wastewater treatment plants, drainage systems, bridges, and sidewalks. Each major infrastructure network can be divided into subsystems. For example, the street network can be divided into concrete and asphalt pavements, curbs and gutters, sidewalks, streetlights, traffic control devices, landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the “Modified Approach” as defined by GASB Statement No. 34 for infrastructure reporting for its Streets Pavement System. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with the characteristics of (1) an up-to-date periodic inventory is performed; (2) condition assessments and summary of results using a measurement scale is completed, and (3) annual amounts to maintain and preserve the eligible infrastructure capital assets at the established condition assessment level are estimated.
- The City documents that the eligible infrastructure capital assets are being preserved at the established and disclosed condition assessment level.

The pavement network within the City has approximately 245 miles of paved surfaces, comprised of 126 miles of residential streets, 47 miles of principal arterial and minor arterial streets, 69 miles of collector streets and three miles of alleys. This equates to almost 41 million square feet of pavement.

The City has developed a Pavement Management System (PMS) to inventory and document the physical condition of the City’s street network, including a pavement preservation program. Every two years the City updates a Pavement Management System Report, which identifies and documents the updated condition of the City’s street network.

City-owned streets are classified based on land use, access, and traffic utilization into the following five classifications: principal arterial, minor arterial, collector, residential, and alley. A condition assessment is performed, through physical street inspections, as part of each biennial report update covering at least one-third of the City’s streets on a rotating basis. As part of the report, each street segment is assigned a condition rating based on a variety of potential defects.

CITY OF SANTA BARBARA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MODIFIED APPROACH
JUNE 30, 2022

**NOTE 2 MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS
(CONTINUED)**

A Pavements Condition Index (PCI) rating, a nationally recognized index, is calculated for each street segment and is expressed in a continuous scale from 0 to 100, with 100 being a brand new street and 0 being a badly deteriorated street with virtually no remaining life. The following PCI thresholds, which are generally accepted industry standards, were assigned to each street segment:

Condition	Rating
Excellent/Good	71 to 100
At Risk	51 to 70
Poor	25 to 50
Very Poor/Failed	0 to 24

The City's Pavement Management System provides staff with current technical data to target a desirable level of pavement performance, while optimizing the expenditure of limited fiscal resources. The following table summarizes the average citywide PCI biennially reported since 2004.

Condition	Rating
2004	72
2006	71
2008	71
2010	69
2012	63
2014	64
2016	61
2018	61
2020	62
2022	63

Prior to 2012, the City previously used the then industry standard MicroPAVER pavement management software, but in 2012 transitioned to the StreetSaver pavement management software, which is widely used throughout California. The StreetSaver program has several advantages over MicroPAVER, one being the fact that StreetSaver provides PCI information in real-time. StreetSaver utilizes a street segment's actual inspection and maintenance history, in conjunction with standard pavement deterioration curves, to provide a real-time PCI. Real-time PCI information, as reported by StreetSaver, is more accurate than PCI information based on a past inspection or maintenance and repair treatment, as reported by MicroPAVER. This real-time PCI information provides the City with the greatest opportunity to effectively manage the PMS and accurately report the current condition of the street network.

CITY OF SANTA BARBARA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MODIFIED APPROACH
JUNE 30, 2022

**NOTE 2 MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS
(CONTINUED)**

As a result of this software change coupled with ongoing budgetary constraints, the average citywide PCI dropped significantly between 2010 (PCI 69) and 2012 (PCI 63). The PCI had generally been declining since 2002 due to budgetary constraints.

PCI rating levels in the mid-60s to low-70s range allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at posted speeds. The City's formal policy with regard to pavement condition levels is to maintain a minimum average rating of no less than 60 (At Risk) for all streets. This PCI was selected because there is a significant cost increase to maintain streets averaging below a PCI of 60. In the most recent Pavement Management System report that was run for fiscal year 2022, the City's street network was rated an average PCI index value of 63 ("At Risk") with the detail condition as follows:

<u>Condition</u>	<u>PCI Rating</u>	<u>Approximate Percent of Streets</u>
Excellent/Good	71-100	32
At Risk	51-70	40
Poor	25-50	20
Very Poor/Failed	0-24	8

In general, streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to minimize the deterioration through short-term maintenance activities such as pothole patching.

In January 2014, the former State Route 225 was relinquished to the City from the State, adding over 4.5 centerline miles of primary arterial roadway to the City's network. This equates to nearly 1.4 million additional square feet of asphalt pavement. The additional roadway segments were inspected in summer 2014 and were included in the analyses used for the 2014 report. Caltrans micro-surfaced the entire route in summer 2011 and as a result, the roadway segments were in "good/excellent" condition, with PCIs generally in the 80s. As a result of adding a large amount of square footage with relatively high PCIs, the citywide PCI increased slightly from a PCI of 63 in 2012 to a PCI of 64 in 2014. While this addition had a short-term positive effect on the citywide PCI, over the long-term, the unfunded backlog of roadwork will be increased due to the increase in pavement square footage requiring maintenance.

CITY OF SANTA BARBARA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MODIFIED APPROACH
JUNE 30, 2022

**NOTE 2 MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS
(CONTINUED)**

In Fiscal Year 2017, the PCI had fallen below the established condition assessment level with a citywide PCI of 59. The City addressed the issue by committing to increase annual expenditures on street maintenance projects. On November 7, 2017, a 1% general sales tax measure (Measure C) was approved, with significant community support for infrastructure needs, which will generate the necessary funds required to improve the citywide PCI rating. In Fiscal Year 2018, expenditures on street maintenance increased by more than \$1.0 million, in part due to Measure C. In Fiscal Year 2019, expenditures increased significantly by nearly three times Fiscal Year 2018 expenditures due to Measure C revenues.

During Fiscal Year 2020, the world faced an unprecedented global event, as the impacts of COVID-19 unfolded. The impacts of the pandemic were substantial to revenues across the City. Thanks to delinquent collections, Measure C revenues were not impacted to the degree that other revenues such as Transient Occupancy Taxes. However, in response to cash flow concerns citywide and the uncertainty of how revenues would be impacted, almost \$6 million in various Measure C project budgets were reduced from the Fiscal Year 2020 budget. Budget reductions were also taken into account for Fiscal Year 2021 and Fiscal Year 2022 although Measure C revenues came in \$2.0 million higher than expected; the funds were committed to competing City priorities.

Two major streets capital resurfacing projects were awarded and substantially completed in Fiscal Year 2022. In addition, a significant amount of paving work was done by the City's Streets Operations Team. Despite the reduction in expenditures in the last two fiscal years due to the pandemic, expenditures on street maintenance were still higher than pre-Measure C expenditures. These increased funding levels starting in Fiscal Year 2018 contributed to an increase in the average Pavement Condition Index (PCI) from 59 to 63, which is above the City's established policy's minimum PCI rating of 60.

In Fiscal Year 2022, the City expended \$10.2 million on street maintenance including both construction and soft costs (design, construction management, inspection, etc.). Per the 2022 Pavement Management System Report, the City estimated that in order to reach and maintain a PCI rating of 70, approximately \$26.9 million would have needed to be spent in fiscal year 2022, and an average of \$13 million would need to be budgeted for construction for the next four years (2023 – 2026). The amount of deferred maintenance would have been reduced to \$62.2 million in 2023 and increase to \$70.1 million by 2026. Even with the significant increase in pavement maintenance funding made possible through Measure C, deferred maintenance costs will continue to increase for the next several years while the City improves its PCI toward 70.

**CITY OF SANTA BARBARA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MODIFIED APPROACH
JUNE 30, 2022**

**NOTE 2 MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS
(CONTINUED)**

A schedule of estimated annual amount calculated to maintain and preserve its streets at the current PCI rating compared to actual expenditures for street maintenance for the last five years is presented below:

Fiscal Year	Estimate (to maintain current PCI)	Expenditures	PCI Rating
2017-2018	\$ 8,400,000	\$ 4,086,518	61
2018-2019	8,400,000	11,530,346	61
2019-2020	7,300,000	15,033,630	62
2020-2021	7,300,000	13,867,744	62
2021-2022	8,200,000	10,167,491	63

The City's ongoing street preservation program was developed with the goal of improving the condition rating of City streets to a score of 70. The City considers a score of 70 to be an industry standard maintenance level that is the most cost-effective condition to maintain. Due to a lack of available funds for many years, the overall condition of the road network has dropped as evidenced by the declining PCI rating to a point where less expensive preventative maintenance treatments, such as slurry seal, are no longer effective for many streets.

As a result, more expensive pavement rehabilitation treatments are required, such as grind and overlay, thus significantly increasing the cost to maintain the road network. Although the PCI has increased by a few points over the past several years, more expensive pavement rehabilitation treatments will continue to be required until the PCI reaches 70, when less expensive preventative maintenance treatments will be effective for the majority of the City's street network.

Funding for street pavement maintenance projects continue to increase as the City is committed to improving this critical infrastructure. The Fiscal Year 2023 budget includes \$15.7 million in appropriations for street paving projects, which is designed to ensure a continued improvement in the PCI rating.



NONMAJOR GOVERNMENTAL FUNDS



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CITY OF SANTA BARBARA, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

Traffic Safety Fund – To account for the receipt of fines collected pursuant to the California Vehicle Code. The State of California Government Code restricts use of these funds to traffic control devices, equipment and supplies related to traffic control or traffic safety and maintenance of public streets. The funds may not be used to pay compensation of traffic or police officers.

Creek Restoration/Water Quality Fund – To account for funds received from a 2% tax increase in the City's transient occupancy tax. The proceeds are restricted for use in the City's Creeks Restoration and Water Quality Improvement Program. Measure B was approved by the voters of Santa Barbara County in an election held on November 7, 2000. The tax became effective on January 1, 2001.

Wildland Fire Suppression Fund – To account for funds received and expended for wildland fire suppression.

Permanent Local Housing Allocation Fund – To account for receipt and disbursement of funds received through the Permanent Local Housing Allocation (PLHA) program. The PLHA program was enacted as part of the Building Homes and Jobs Act (California Senate Bill No. 2) in 2018. Its purpose is to provide ongoing funding to local governments for housing-related projects and programs that help address their unmet housing needs.

Transportation Development Fund – To account for the receipt and disbursement of the City's share of gasoline sales tax pursuant to the Transportation Development Act of 1971. These funds are restricted for use in support of alternative transportation, including sidewalks and bikeways.

Community Development Block Grant Fund – To account for the receipt and disbursement of the City's Community Development Block Grant funds.

Police – Asset Forfeiture Fund – To account for assets confiscated by police special operations. These funds are restricted to use in support of police operations.

County Library Fund – To account for funds received and expended for library services on behalf of the County (non-City) residents.

Measure A Fund – To account for funds received from a one-half cent sales tax levied Countywide pursuant to Measure A. This measure was approved by the voters of Santa Barbara County in an election held on November 4, 2008, and became effective on April 1, 2010. The proceeds are restricted to transportation uses.

Miscellaneous Grants Fund – To account for resources received from various granting agencies.

Street Sweeping Fund – To account for funds received and expended for street sweeping services.

HOME Program Fund – To account for the receipt and disbursement of the City's Federal HOME grant funds.

FEMA Reimbursement Fund – To account for costs incurred as a result of the three federally declared disasters from January and February 2017 winter storms, and the Thomas Fire and debris flow in December 2017 and January 2018.

CITY OF SANTA BARBARA, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022

Police – Supplemental Law Enforcement Fund – To account for State voter-approved grant funds (AB 3229) restricted to public safety and law enforcement.

Streets Fund – To account for street maintenance and operating costs.

Police CAD-RMS Support Fund – To account for the Police CAD-RMS.

Library Gifts Fund – To account for gifts and bequests made to the City library. Funds are used for library functions.

Canine Unit Fund – To account for contributions made for the Police's Canine Unit program.

General Capital Improvements Fund – To account for all capital projects financed by the General Fund.

Measure C Capital Fund – To account for capital projects financed by Measure C sales tax revenue.

Street Grant Capital Fund – To account for street-related capital projects financed by various grants.

Measure A Capital Fund – To account for capital projects financed by Measure A.

Street Capital Improvements Fund – To account for street-related capital projects not financed by Grants.

Creeks Restoration Capital Improvement Fund – To account for creeks restoration capital improvements funded by Measure B.

**CITY OF SANTA BARBARA
COMBINING BALANCE SHEET
OTHER SPECIAL REVENUE FUNDS
JUNE 30, 2022**

	Special Revenue Funds				
	Traffic Safety	Creek Restoration/Water Quality	Wildland Fire Suppression	Permanent Local Housing Allocation	Transportation Development
ASSETS					
Pooled Cash and Investments	\$ -	\$ 2,222,415	\$ 99,458	\$ 29,631	\$ 189,669
Accounts Receivable, Net	14,791	535,030	-	90,825	-
Loans Receivable	-	-	-	-	-
Lease Receivable	-	-	-	-	-
Total Assets	<u>\$ 14,791</u>	<u>\$ 2,757,445</u>	<u>\$ 99,458</u>	<u>\$ 120,456</u>	<u>\$ 189,669</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 3,010	\$ 67,867	\$ 4,315	\$ 116,480	\$ -
Salaries and Benefits Payable	-	33,669	3,284	3,976	-
Unearned Revenue	-	-	-	-	-
Deposits	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Interfund Payables	11,781	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Total Liabilities	<u>14,791</u>	<u>101,536</u>	<u>7,599</u>	<u>120,456</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Leases	-	-	-	-	-
Unavailable Revenue	-	-	-	90,825	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,825</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Restricted for:					
Public Safety	\$ -	\$ -	\$ 91,859	\$ -	\$ -
Public Works	-	2,655,909	-	-	189,669
Community Services	-	-	-	-	-
Community Development	-	-	-	-	-
Capital Improvements	-	-	-	-	-
Committed to:					
Capital Improvements	-	-	-	-	-
Unassigned	-	-	-	(90,825)	-
Total Fund Balances (Deficits)	<u>-</u>	<u>2,655,909</u>	<u>91,859</u>	<u>(90,825)</u>	<u>189,669</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 14,791</u>	<u>\$ 2,757,445</u>	<u>\$ 99,458</u>	<u>\$ 120,456</u>	<u>\$ 189,669</u>

**CITY OF SANTA BARBARA
COMBINING BALANCE SHEET
OTHER SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2022**

	Special Revenue Funds (Continued)						
	Community Development Block Grant	Police - Asset Forfeiture	County Library	Measure A	Miscellaneous Grants	Street Sweeping	HOME Program
ASSETS							
Pooled Cash and Investments	\$ 742,120	\$ 673,913	\$ 99,563	\$ 2,275,618	\$ 1,530,986	\$ 33,271	\$ -
Accounts Receivable, Net	466,775	198	62,506	475,224	457,756	-	163,777
Loans Receivable	3,338,401	-	-	-	-	-	9,819,976
Lease Receivable	-	-	-	-	-	-	-
Total Assets	<u>\$ 4,547,296</u>	<u>\$ 674,111</u>	<u>\$ 162,069</u>	<u>\$ 2,750,842</u>	<u>\$ 1,988,742</u>	<u>\$ 33,271</u>	<u>\$ 9,983,753</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 95,133	\$ -	\$ 60,518	\$ 14,524	\$ 48,442	\$ 42,681	\$ 21,620
Salaries and Benefits Payable	6,257	87,458	12,003	26,288	4,276	2,935	717
Unearned Revenue	-	-	-	-	128,470	-	-
Deposits	-	212,896	-	-	-	-	-
Due to Other Governments	3,338,401	-	-	-	-	-	9,819,976
Interfund Payables	-	-	-	-	-	-	67,674
Advances from Other Funds	-	-	-	-	-	-	-
Total Liabilities	<u>3,439,791</u>	<u>300,354</u>	<u>72,521</u>	<u>40,812</u>	<u>181,188</u>	<u>45,616</u>	<u>9,909,987</u>
DEFERRED INFLOWS OF RESOURCES							
Leases	-	-	-	-	-	-	-
Unavailable Revenue	4,939	-	-	-	286,709	-	-
Total Deferred Inflows of Resources	<u>4,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,709</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)							
Restricted for:							
Public Safety	\$ -	\$ 373,757	\$ -	\$ -	\$ 202,575	\$ -	\$ -
Public Works	-	-	-	2,710,030	-	-	-
Community Services	-	-	89,548	-	1,453,653	-	-
Community Development	1,102,566	-	-	-	-	-	73,766
Capital Improvements	-	-	-	-	-	-	-
Committed to:							
Capital Improvements	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(135,383)	(12,345)	-
Total Fund Balances (Deficits)	<u>1,102,566</u>	<u>373,757</u>	<u>89,548</u>	<u>2,710,030</u>	<u>1,520,845</u>	<u>(12,345)</u>	<u>73,766</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 4,547,296</u>	<u>\$ 674,111</u>	<u>\$ 162,069</u>	<u>\$ 2,750,842</u>	<u>\$ 1,988,742</u>	<u>\$ 33,271</u>	<u>\$ 9,983,753</u>

**CITY OF SANTA BARBARA
COMBINING BALANCE SHEET
OTHER SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2022**

	Special Revenue Funds					
	FEMA Reimbursement	Police Supplemental Law Enforcement	Streets	Police CAD-RMS Support	Library Gift	Canine Unit
ASSETS						
Pooled Cash and Investments	\$ -	\$ 6,038	\$ 391,130	\$ 373,662	\$ 4,404,029	\$ 17,341
Accounts Receivable, Net	2,647,533	-	1,043,251	-	-	-
Loans Receivable	-	-	-	-	-	-
Lease Receivable	-	-	376,865	-	-	-
Total Assets	<u>\$ 2,647,533</u>	<u>\$ 6,038</u>	<u>\$ 1,811,246</u>	<u>\$ 373,662</u>	<u>\$ 4,404,029</u>	<u>\$ 17,341</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 13,400	\$ 6,038	\$ 124,449	\$ 4,438	\$ -	\$ -
Salaries and Benefits Payable	-	-	120,302	-	-	-
Unearned Revenue	21,584	-	-	-	-	-
Deposits	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-
Interfund Payables	3,216,069	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-
Total Liabilities	<u>3,251,053</u>	<u>6,038</u>	<u>244,751</u>	<u>4,438</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Leases	-	-	369,343	-	-	-
Unavailable Revenue	<u>2,211,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>2,211,566</u>	<u>-</u>	<u>369,343</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Restricted for:						
Public Safety	\$ -	\$ -	\$ -	\$ 369,224	\$ -	\$ -
Public Works	-	-	1,197,152	-	-	-
Community Services	-	-	-	-	4,404,029	17,341
Community Development	-	-	-	-	-	-
Capital Improvements	-	-	-	-	-	-
Committed to:						
Capital Improvements	-	-	-	-	-	-
Unassigned	<u>(2,815,086)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>(2,815,086)</u>	<u>-</u>	<u>1,197,152</u>	<u>369,224</u>	<u>4,404,029</u>	<u>17,341</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 2,647,533</u>	<u>\$ 6,038</u>	<u>\$ 1,811,246</u>	<u>\$ 373,662</u>	<u>\$ 4,404,029</u>	<u>\$ 17,341</u>

**CITY OF SANTA BARBARA
COMBINING BALANCE SHEET
OTHER SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2022**

	Capital Projects Funds						Total Other Governmental Funds
	General Capital Improvements	Measure C Capital	Street Grant Capital	Measure A Capital	Streets Capital Improvements	Creek Restoration Capital	
ASSETS							
Pooled Cash and Investments	\$ 4,412,689	\$ 35,371,250	\$ -	\$ 2,064,230	\$ 5,528,100	\$ 10,441,741	\$ 70,906,854
Accounts Receivable, Net	23,425	-	8,759,061	-	12,667	-	14,752,819
Loans Receivable	-	-	-	-	-	-	13,158,377
Lease Receivable	-	-	-	-	-	-	376,865
Total Assets	<u>\$ 4,436,114</u>	<u>\$ 35,371,250</u>	<u>\$ 8,759,061</u>	<u>\$ 2,064,230</u>	<u>\$ 5,540,767</u>	<u>\$ 10,441,741</u>	<u>\$ 99,194,915</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 179,062	\$ 1,767,836	\$ 2,686,104	\$ 83,216	\$ 20,216	\$ 78,204	\$ 5,437,553
Salaries and Benefits Payable	-	-	-	-	-	-	301,165
Unearned Revenue	-	-	805,853	-	-	-	955,907
Deposits	-	-	-	-	-	-	212,896
Due to Other Governments	-	-	-	-	-	-	13,158,377
Interfund Payables	-	-	4,555,804	-	-	-	7,851,328
Advances from Other Funds	-	2,122,416	-	-	-	-	2,122,416
Total Liabilities	<u>179,062</u>	<u>3,890,252</u>	<u>8,047,761</u>	<u>83,216</u>	<u>20,216</u>	<u>78,204</u>	<u>30,039,642</u>
DEFERRED INFLOWS OF RESOURCES							
Leases	-	-	-	-	-	-	369,343
Unavailable Revenue	3,627	-	6,685,880	-	-	-	9,283,546
Total Deferred Inflows of Resources	<u>3,627</u>	<u>-</u>	<u>6,685,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,652,889</u>
FUND BALANCES (DEFICITS)							
Restricted for:							
Public Safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,037,415
Public Works	-	-	-	-	-	10,363,537	17,116,297
Community Services	-	-	-	-	-	-	5,964,571
Community Development	-	-	-	-	-	-	1,176,332
Capital Improvements	702,521	-	-	1,981,014	-	-	2,683,535
Committed to:							
Capital Improvements	3,550,904	31,480,998	-	-	5,520,551	-	40,552,453
Unassigned	-	-	(5,974,580)	-	-	-	(9,028,219)
Total Fund Balances (Deficits)	<u>4,253,425</u>	<u>31,480,998</u>	<u>(5,974,580)</u>	<u>1,981,014</u>	<u>5,520,551</u>	<u>10,363,537</u>	<u>59,502,384</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 4,436,114</u>	<u>\$ 35,371,250</u>	<u>\$ 8,759,061</u>	<u>\$ 2,064,230</u>	<u>\$ 5,540,767</u>	<u>\$ 10,441,741</u>	<u>\$ 99,194,915</u>

CITY OF SANTA BARBARA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – OTHER SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				
	Traffic Safety	Creek Restoration/Water Quality	Wildland Fire Suppression	Permanent Local Housing Allocation	Transportation Development
REVENUES					
Taxes	\$ -	\$ 5,327,684	\$ -	\$ -	\$ 98,771
Intergovernmental	-	-	-	453,109	-
Fines and Forfeitures	236,596	13,613	-	-	-
Charges for Services	-	-	-	-	-
Use of Money and Property	-	(355,802)	-	-	(5,795)
Program Income	-	-	-	-	-
Other	-	20,992	292,227	-	-
Total Revenues	236,596	5,006,487	292,227	453,109	92,976
EXPENDITURES					
Current:					
Finance	-	-	-	-	-
Public Safety	14,280	-	261,347	-	-
Public Works	-	2,333,516	-	-	157
Community Services	-	-	-	-	-
Community Development	-	-	-	416,930	-
Capital Outlay	-	-	-	-	-
Total Expenditures	14,280	2,333,516	261,347	416,930	157
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	222,316	2,672,971	30,880	36,179	92,819
OTHER FINANCING USES					
Transfers in	-	22,446	2,891	-	-
Transfers out	(222,316)	(1,224,431)	-	-	-
Total Other Financing Uses	(222,316)	(1,201,985)	2,891	-	-
NET CHANGE IN FUND BALANCES	-	1,470,986	33,771	36,179	92,819
Fund Balances (Deficits) - Beginning of Year	-	1,184,923	58,088	(127,004)	96,850
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ -</u>	<u>\$ 2,655,909</u>	<u>\$ 91,859</u>	<u>\$ (90,825)</u>	<u>\$ 189,669</u>

CITY OF SANTA BARBARA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – OTHER SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds (Continued)						
	Community Development Block Grant	Police - Asset Forfeiture	County Library	Measure A	Miscellaneous Grants	Street Sweeping	HOME Program
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ 5,205,504	\$ -	\$ -	\$ -
Intergovernmental	1,034,405	51,083	780,810	-	1,705,613	-	163,777
Fines and Forfeitures	-	-	2,831	-	-	661,489	-
Charges for Services	-	67,560	-	-	7,260	-	-
Use of Money and Property	-	1,163	(3,324)	(129,161)	-	-	-
Program Income	335,720	-	-	-	-	-	73,766
Other	-	6,998	163,348	-	363,841	-	-
Total Revenues	1,370,125	126,804	943,665	5,076,343	2,076,714	661,489	237,543
EXPENDITURES							
Current:							
Finance	-	-	-	-	-	-	-
Public Safety	-	151,753	-	-	159,229	-	-
Public Works	-	-	-	2,040,048	-	703,686	-
Community Services	-	-	911,241	-	609,362	-	-
Community Development	1,391,739	-	-	-	909,843	-	246,350
Capital Outlay	-	-	77,020	-	604	-	-
Total Expenditures	1,391,739	151,753	988,261	2,040,048	1,679,038	703,686	246,350
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(21,614)	(24,949)	(44,596)	3,036,295	397,676	(42,197)	(8,807)
OTHER FINANCING USES							
Transfers in	-	-	4,342	6,290	15,000	392,676	-
Transfers out	-	(100,000)	-	(2,379,876)	-	(372,420)	-
Total Other Financing Uses	-	(100,000)	4,342	(2,373,586)	15,000	20,256	-
NET CHANGE IN FUND BALANCES	(21,614)	(124,949)	(40,254)	662,709	412,676	(21,941)	(8,807)
Fund Balances (Deficits) - Beginning of Year	1,124,180	498,706	129,802	2,047,321	1,108,169	9,596	82,573
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 1,102,566</u>	<u>\$ 373,757</u>	<u>\$ 89,548</u>	<u>\$ 2,710,030</u>	<u>\$ 1,520,845</u>	<u>\$ (12,345)</u>	<u>\$ 73,766</u>

CITY OF SANTA BARBARA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – OTHER SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds					
	FEMA Reimbursement	Police Supplemental Law Enforcement	Streets	Police CAD-RMS Support	Library Gift	Canine Unit
REVENUES						
Taxes	\$ -	\$ -	\$ 7,804,879	\$ -	\$ -	\$ -
Intergovernmental	508,702	229,612	3,987,367	86,523	15,043	104
Fines and Forfeitures	-	-	-	-	-	-
Charges for Services	-	-	317,871	-	-	-
Use of Money and Property	-	13	45,192	-	-	-
Program Income	-	-	-	-	-	-
Other	-	-	347,382	-	242,144	-
Total Revenues	508,702	229,625	12,502,691	86,523	257,187	104
EXPENDITURES						
Current:						
Finance	8,154	-	-	-	-	12,494
Public Safety	-	232,516	-	44,730	-	-
Public Works	223,819	-	9,599,656	-	-	-
Community Services	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	231,973	232,516	9,599,656	44,730	-	12,494
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	276,729	(2,891)	2,903,035	41,793	257,187	(12,390)
OTHER FINANCING USES						
Transfers in	69,800	2,891	251,205	-	-	-
Transfers out	-	-	(4,034,809)	-	-	-
Total Other Financing Uses	69,800	2,891	(3,783,604)	-	-	-
NET CHANGE IN FUND BALANCES	346,529	-	(880,569)	41,793	257,187	(12,390)
Fund Balances (Deficits) - Beginning of Year	(3,161,615)	-	2,077,721	327,431	4,146,842	29,731
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (2,815,086)</u>	<u>\$ -</u>	<u>\$ 1,197,152</u>	<u>\$ 369,224</u>	<u>\$ 4,404,029</u>	<u>\$ 17,341</u>

CITY OF SANTA BARBARA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – OTHER SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Capital Projects Fund						Total Other Governmental Funds
	General Capital Improvements	Measure C Capital	Street Grant Capital	Measure A Capital	Streets Capital Improvements	Creek Restoration Capital	
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,436,838
Intergovernmental	19,798	-	9,530,134	-	-	50,000	18,616,080
Fines and Forfeitures	-	-	-	-	-	-	914,529
Charges for Services	-	-	-	-	-	-	392,691
Use of Money and Property	-	-	-	-	-	-	(447,714)
Program Income	-	-	-	-	-	-	409,486
Other	10,000	-	-	-	-	-	1,446,932
Total Revenues	29,798	-	9,530,134	-	-	50,000	39,768,842
EXPENDITURES							
Current:							
Finance	-	-	-	-	-	-	20,648
Public Safety	-	-	-	-	-	-	863,855
Public Works	27,512	-	-	-	-	-	14,928,394
Community Services	-	-	-	-	-	-	1,520,603
Community Development	-	-	-	-	-	-	2,964,862
Capital Outlay	556,891	17,595,716	14,214,613	702,743	22,155	1,482,047	34,651,789
Total Expenditures	584,403	17,595,716	14,214,613	702,743	22,155	1,482,047	54,950,151
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(554,605)	(17,595,716)	(4,684,479)	(702,743)	(22,155)	(1,432,047)	(15,181,309)
OTHER FINANCING USES							
Transfers in	900,151	30,824,430	645,246	2,232,712	3,751,027	1,025,000	40,146,107
Transfers out	(15,585)	-	-	(445,666)	(99,460)	(102,230)	(8,996,793)
Total Other Financing Uses	884,566	30,824,430	645,246	1,787,046	3,651,567	922,770	31,149,314
NET CHANGE IN FUND BALANCES	329,961	13,228,714	(4,039,233)	1,084,303	3,629,412	(509,277)	15,968,005
Fund Balances (Deficits) - Beginning of Year	3,923,464	18,252,284	(1,935,347)	896,711	1,891,139	10,872,814	43,534,379
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 4,253,425</u>	<u>\$ 31,480,998</u>	<u>\$ (5,974,580)</u>	<u>\$ 1,981,014</u>	<u>\$ 5,520,551</u>	<u>\$ 10,363,537</u>	<u>\$ 59,502,384</u>

**CITY OF SANTA BARBARA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ 233,000	\$ 236,596	\$ 236,596	\$ -
EXPENDITURES				
Current:				
Public Safety	15,000	14,280	14,280	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	218,000	222,316	222,316	-
OTHER FINANCING USES				
Transfers out	(218,000)	(222,316)	(222,316)	-
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF SANTA BARBARA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CREEK RESTORATION/WATER QUALITY
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 3,900,000	\$ 3,900,000	\$ 5,327,684	\$ 1,427,684
Fines and Forfeitures	-	-	13,613	13,613
Use of Money and Property	97,945	97,945	(355,802)	(453,747)
Other	12,402	12,402	20,992	8,590
Total Revenues	4,010,347	4,010,347	5,006,487	996,140
EXPENDITURES				
Current:				
Public Works	2,930,357	3,046,294	2,333,516	712,778
Total Expenditures	2,930,357	3,046,294	2,333,516	712,778
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,079,990	964,053	2,672,971	1,708,918
OTHER FINANCING USES				
Transfers in	-	(22,446)	22,446	44,892
Transfers out	(1,224,431)	(1,224,431)	(1,224,431)	-
Total Other Financing Uses	(1,224,431)	(1,246,877)	(1,201,985)	44,892
NET CHANGE IN FUND BALANCE	(144,441)	(282,824)	1,470,986	1,753,810
Fund Balance - Beginning of Year	1,184,923	1,184,923	1,184,923	-
FUND BALANCE - END OF YEAR	<u>\$ 1,040,482</u>	<u>\$ 902,099</u>	<u>\$ 2,655,909</u>	<u>\$ 1,753,810</u>

**CITY OF SANTA BARBARA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
WILDLAND FIRE SUPPRESSION
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Other	\$ 293,570	\$ 293,570	\$ 292,227	\$ (1,343)
EXPENDITURES				
Current:				
Public Safety	293,596	297,156	261,347	35,809
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(26)	(3,586)	30,880	34,466
OTHER FINANCING USES				
Transfers in	-	2,891	2,891	-
Total Other Financing Uses	-	2,891	2,891	-
NET CHANGE IN FUND BALANCE	(26)	(695)	33,771	34,466
Fund Balance - Beginning of Year	58,088	58,088	58,088	-
FUND BALANCE - END OF YEAR	<u>\$ 58,062</u>	<u>\$ 57,393</u>	<u>\$ 91,859</u>	<u>\$ 34,466</u>

**CITY OF SANTA BARBARA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
TRANSPORTATION DEVELOPMENT
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 78,745	\$ 97,847	\$ 98,771	\$ 924
Use of Money and Property	1,545	1,545	(5,795)	(7,340)
Total Revenues	80,290	99,392	92,976	(6,416)
EXPENDITURES				
Current:				
Public Works	80,395	154,170	157	154,013
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(105)	(54,778)	92,819	147,597
NET CHANGE IN FUND BALANCE	(105)	(54,778)	92,819	147,597
Fund Balance - Beginning of Year	96,850	96,850	96,850	-
FUND BALANCE - END OF YEAR	<u>\$ 96,745</u>	<u>\$ 42,072</u>	<u>\$ 189,669</u>	<u>\$ 147,597</u>

**CITY OF SANTA BARBARA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 896,247	\$ 1,714,181	\$ 1,034,405	\$ (679,776)
Program Income	300,000	300,000	335,720	35,720
Total Revenues	<u>1,196,247</u>	<u>2,014,181</u>	<u>1,370,125</u>	<u>(644,056)</u>
EXPENDITURES				
Current:				
Development Services	<u>1,196,247</u>	<u>2,664,896</u>	<u>1,391,739</u>	<u>1,273,157</u>
NET CHANGE IN FUND BALANCE	-	(650,715)	(21,614)	629,101
Fund Balance - Beginning of Year	<u>1,124,180</u>	<u>1,124,180</u>	<u>1,124,180</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 1,124,180</u>	<u>\$ 473,465</u>	<u>\$ 1,102,566</u>	<u>\$ 629,101</u>

**CITY OF SANTA BARBARA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
POLICE – ASSET FORFEITURE
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 52,000	\$ 62,700	\$ 51,083	\$ (11,617)
Charges for Services	95,000	95,000	67,560	(27,440)
Use of Money and Property	-	-	1,163	1,163
Other	-	-	6,998	6,998
Total Revenues	147,000	157,700	126,804	(30,896)
EXPENDITURES				
Current:				
Public Safety	168,746	197,173	151,753	45,420
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(21,746)	(39,473)	(24,949)	14,524
OTHER FINANCING USES				
Transfers out	-	(100,000)	(100,000)	-
NET CHANGE IN FUND BALANCE	(21,746)	(139,473)	(124,949)	14,524
Fund Balance - Beginning of Year	498,706	498,706	498,706	-
FUND BALANCE - END OF YEAR	<u>\$ 476,960</u>	<u>\$ 359,233</u>	<u>\$ 373,757</u>	<u>\$ 14,524</u>

**CITY OF SANTA BARBARA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
COUNTY LIBRARY
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 786,855	\$ 864,783	\$ 780,810	\$ (83,973)
Fines and Forfeitures	4,425	4,425	2,831	(1,594)
Use of Money and Property	2,500	2,500	(3,324)	(5,824)
Other	157,000	202,000	163,348	(38,652)
Total Revenues	950,780	1,073,708	943,665	(130,043)
EXPENDITURES				
Current:				
Community Services	885,414	1,017,376	911,241	106,135
Capital Outlay	100,239	61,739	77,020	(15,281)
Total Expenditures	985,653	1,079,115	988,261	90,854
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(34,873)	(5,407)	(44,596)	(39,189)
OTHER FINANCING USES				
Transfers in	-	4,342	4,342	-
NET CHANGE IN FUND BALANCE	(34,873)	(1,065)	(40,254)	(39,189)
Fund Balance - Beginning of Year	129,802	129,802	129,802	-
FUND BALANCE - END OF YEAR	<u>\$ 94,929</u>	<u>\$ 128,737</u>	<u>\$ 89,548</u>	<u>\$ (39,189)</u>

**CITY OF SANTA BARBARA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
MEASURE A
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 4,044,564	\$ 4,044,564	\$ 5,205,504	\$ 1,160,940
Use of Money and Property	11,145	11,145	(129,161)	(140,306)
Total Revenues	4,055,709	4,055,709	5,076,343	1,020,634
EXPENDITURES				
Current:				
Public Works	2,433,437	2,475,059	2,040,048	435,011
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,622,272	1,580,650	3,036,295	1,455,645
OTHER FINANCING USES				
Transfers in	-	6,290	6,290	-
Transfers out	(1,627,649)	(2,379,876)	(2,379,876)	-
Total Other Financing Uses	(1,627,649)	(2,373,586)	(2,373,586)	-
NET CHANGE IN FUND BALANCE	(5,377)	(792,936)	662,709	1,455,645
Fund Balance - Beginning of Year	2,047,321	2,047,321	2,047,321	-
FUND BALANCE - END OF YEAR	<u>\$ 2,041,944</u>	<u>\$ 1,254,385</u>	<u>\$ 2,710,030</u>	<u>\$ 1,455,645</u>

**CITY OF SANTA BARBARA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
MISCELLANEOUS GRANTS
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ -	\$ 4,932,570	\$ 1,705,613	\$ (3,226,957)
Charges for Services	19,000	19,000	7,260	(11,740)
Other	91,800	3,671,915	363,841	(3,308,074)
Total Revenues	110,800	8,623,485	2,076,714	(6,546,771)
EXPENDITURES				
Current:				
Public Safety	10,000	568,585	159,229	409,356
Development Services	-	1,347,363	-	1,347,363
Community Services	185,168	2,970,705	609,362	2,361,343
Public Works/Utilities	-	-	909,843	(909,843)
Capital Outlay	-	3,403,083	604	3,402,479
Total Expenditures	195,168	8,289,736	1,679,038	6,610,698
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(84,368)	333,749	397,676	63,927
OTHER FINANCING USES				
Transfers in	-	715,000	15,000	(700,000)
NET CHANGE IN FUND BALANCE	(84,368)	1,048,749	412,676	(636,073)
Fund Balance - Beginning of Year	1,108,169	1,108,169	1,108,169	-
FUND BALANCE - END OF YEAR	<u>\$ 1,023,801</u>	<u>\$ 2,156,918</u>	<u>\$ 1,520,845</u>	<u>\$ (636,073)</u>

**CITY OF SANTA BARBARA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
STREET SWEEPING
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ 697,000	\$ 697,000	\$ 661,489	\$ (35,511)
EXPENDITURES				
Current:				
Public Works	732,482	743,210	703,686	39,524
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(35,482)	(46,210)	(42,197)	4,013
OTHER FINANCING USES				
Transfers in	382,676	392,676	392,676	-
Transfers out	(372,420)	(372,420)	(372,420)	-
Total Other Financing Uses	10,256	20,256	20,256	-
NET CHANGE IN FUND BALANCE	(25,226)	(25,954)	(21,941)	4,013
Fund Balance - Beginning of Year	9,596	9,596	9,596	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (15,630)</u>	<u>\$ (16,358)</u>	<u>\$ (12,345)</u>	<u>\$ 4,013</u>

**CITY OF SANTA BARBARA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
HOME PROGRAM
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 513,817	\$ 1,198,931	\$ 163,777	\$ (1,035,154)
Program Income	65,000	82,573	73,766	(8,807)
Total Revenues	<u>578,817</u>	<u>1,281,504</u>	<u>237,543</u>	<u>(1,043,961)</u>
EXPENDITURES				
Current:				
Development Services	<u>578,817</u>	<u>1,247,827</u>	<u>246,350</u>	<u>1,001,477</u>
NET CHANGE IN FUND BALANCE	-	33,677	(8,807)	(42,484)
Fund Balance - Beginning of Year	<u>82,573</u>	<u>82,573</u>	<u>82,573</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 82,573</u>	<u>\$ 116,250</u>	<u>\$ 73,766</u>	<u>\$ (42,484)</u>

**CITY OF SANTA BARBARA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
POLICE – SUPPLEMENTAL LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 218,104	\$ 229,590	\$ 229,612	\$ 22
Use of Money and Property	-	-	13	13
Total Revenues	218,104	229,590	229,625	35
EXPENDITURES				
Current:				
Public Safety	220,556	235,179	232,516	2,663
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,452)	(5,589)	(2,891)	2,698
OTHER FINANCING USES				
Transfers in	-	2,891	2,891	-
NET CHANGE IN FUND BALANCE	(2,452)	(2,698)	-	2,698
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ (2,452)</u>	<u>\$ (2,698)</u>	<u>\$ -</u>	<u>\$ 2,698</u>

**CITY OF SANTA BARBARA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
STREETS
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 7,382,734	\$ 7,382,734	\$ 7,804,879	\$ 422,145
Intergovernmental	4,200,954	4,200,954	3,987,367	(213,587)
Charges for Services	202,436	202,436	317,871	115,435
Use of Money and Property	36,968	36,968	45,192	8,224
Other	336,822	336,822	347,382	10,560
Total Revenues	12,159,914	12,159,914	12,502,691	342,777
EXPENDITURES				
Current:				
Public Works	9,799,443	10,410,385	9,599,656	810,729
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,360,471	1,749,529	2,903,035	1,153,506
OTHER FINANCING USES				
Transfers in	-	251,205	251,205	-
Transfers out	(2,149,206)	(4,034,809)	(4,034,809)	-
Total Other Financing Uses	(2,149,206)	(3,783,604)	(3,783,604)	-
NET CHANGE IN FUND BALANCE	211,265	(2,034,075)	(880,569)	1,153,506
Fund Balance - Beginning of Year	2,077,721	2,077,721	2,077,721	-
FUND BALANCE - END OF YEAR	<u>\$ 2,288,986</u>	<u>\$ 43,646</u>	<u>\$ 1,197,152</u>	<u>\$ 1,153,506</u>

**CITY OF SANTA BARBARA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
POLICE CAD-RMS SUPPORT
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 86,523	\$ 86,523	\$ 86,523	\$ -
EXPENDITURES				
Current:				
Public Safety	85,000	107,890	44,730	63,160
NET CHANGE IN FUND BALANCE	1,523	(21,367)	41,793	63,160
Fund Balance - Beginning of Year	327,431	327,431	327,431	-
FUND BALANCE - END OF YEAR	<u>\$ 328,954</u>	<u>\$ 306,064</u>	<u>\$ 369,224</u>	<u>\$ 63,160</u>

NONMAJOR PROPRIETARY FUNDS



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CITY OF SANTA BARBARA, CALIFORNIA
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2022

Downtown Parking Fund – To account for the provision of parking services in the downtown area of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, capital acquisition and construction, financing and related debt service, and billing and collection of fees.

Golf Course Fund – To account for the operation of municipal golf course. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, capital acquisition and construction, financing and related debt service, and billing and collection of fees.

Clean Energy – To account for the cost to procure clean and renewable electricity on behalf of the Santa Barbara Community.

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

	Downtown Parking	Golf Course	Clean Energy	Total
ASSETS				
CURRENT ASSETS				
Pooled Cash and Investments	\$ 4,917,173	\$ 2,954,180	\$ 683,419	\$ 8,554,772
Receivables:				
Accounts	27,132	24,642	5,272,291	5,324,065
Leases	358,090	131,894	-	489,984
Prepaid Assets	-	-	283,682	283,682
Deposits	-	225,000	-	225,000
Inventories	-	82,635	-	82,635
Total Current Assets	5,302,395	3,418,351	6,239,392	14,960,138
NONCURRENT ASSETS				
Leases, Noncurrent	963,198	424,503	-	1,387,701
Capital Assets:				
Nondepreciable	10,782,261	342,302	-	11,124,563
Depreciable, Net	24,477,013	2,431,075	-	26,908,088
Total Noncurrent Assets	36,222,472	3,197,880	-	39,420,352
Total Assets	41,524,867	6,616,231	6,239,392	54,380,490
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related	617,104	19,483	41,713	678,300
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	210,846	380,946	5,459,557	6,051,349
Salaries and Benefits Payable	115,930	2,116	5,205	123,251
Unearned Revenue	-	152,158	-	152,158
Deposits	-	29,988	-	29,988
Lease Payable	-	69,165	-	69,165
Compensated Absences Payable	28,444	-	523	28,967
Total Current Liabilities	355,220	634,373	5,465,285	6,454,878
NONCURRENT LIABILITIES				
Advances from Other Funds	-	440,610	2,062,957	2,503,567
Lease Payable, Noncurrent	-	113,181	-	113,181
Compensated Absences Payable	255,997	-	4,710	260,707
Net Pension Liability	3,469,378	1,755,789	182,583	5,407,750
Total Noncurrent Liabilities	3,725,375	2,309,580	2,250,250	8,285,205
Total Liabilities	4,080,595	2,943,953	7,715,535	14,740,083
DEFERRED INFLOWS OF RESOURCES				
Pension Related	1,332,766	42,079	90,088	1,464,933
Lease Related	1,278,853	534,655	-	1,813,508
Total Deferred Inflows of Resources	2,611,619	576,734	90,088	3,278,441
NET POSITION				
Net Investment in Capital Assets	35,214,180	2,773,377	-	37,987,557
Unrestricted	235,577	341,650	(1,524,518)	(947,291)
Total Net Position	\$ 35,449,757	\$ 3,115,027	\$ (1,524,518)	\$ 37,040,266

**CITY OF SANTA BARBARA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2022**

	Downtown Parking	Golf Course	Clean Energy	Total
OPERATING REVENUES				
Service Charges	\$ 5,707,737	\$ 3,876,157	\$ 14,718,475	\$ 24,302,369
Leases and Rents	158,200	236,376	-	394,576
Other Revenues	216,183	116,084	-	332,267
Total Operating Revenues	<u>6,082,120</u>	<u>4,228,617</u>	<u>14,718,475</u>	<u>25,029,212</u>
OPERATING EXPENSES				
Salaries, Wage, and Benefits	3,578,257	56,733	394,251	4,029,241
Material, Supplies, and Services	4,124,430	3,013,377	15,627,191	22,764,998
Depreciation	1,237,273	249,277	-	1,486,550
Total Operating Expenses	<u>8,939,960</u>	<u>3,319,387</u>	<u>16,021,442</u>	<u>28,280,789</u>
OPERATING INCOME (LOSS)	(2,857,840)	909,230	(1,302,967)	(3,251,577)
NONOPERATING REVENUES (EXPENSES)				
Investment Income (Loss)	(88,357)	(64,366)	73	(152,650)
Interest Expense	-	(21,308)	-	(21,308)
Total Nonoperating Revenues (Expenses)	<u>(88,357)</u>	<u>(85,674)</u>	<u>73</u>	<u>(173,958)</u>
INCOME (LOSS) BEFORE TRANSFERS	(2,946,197)	823,556	(1,302,894)	(3,425,535)
TRANSFERS				
Transfers in	2,306,293	-	2,891	2,309,184
Transfers out	(4,675)	-	-	(4,675)
Total Transfers	<u>2,301,618</u>	<u>-</u>	<u>2,891</u>	<u>2,304,509</u>
CHANGES IN NET POSITION	(644,579)	823,556	(1,300,003)	(1,121,026)
Total Net Position - Beginning of Year	<u>36,094,336</u>	<u>2,291,471</u>	<u>(224,515)</u>	<u>38,161,292</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 35,449,757</u>	<u>\$ 3,115,027</u>	<u>\$ (1,524,518)</u>	<u>\$ 37,040,266</u>

**CITY OF SANTA BARBARA
COMBINING STATEMENT CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2022**

	Downtown Parking	Golf Course	Clean Energy	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 6,225,938	\$ 4,174,910	\$ 9,446,184	\$ 19,847,032
Payments to Suppliers of Goods or Services	(4,106,231)	(2,842,143)	(10,319,838)	(17,268,212)
Payments to Employees	(4,130,499)	(77,685)	(152,855)	(4,361,039)
Receipts from Others	216,183	116,084	-	332,267
Net Cash Provided (Used) by Operating Activities	(1,794,609)	1,371,166	(1,026,509)	(1,449,952)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash Received from Other Funds	2,306,293	-	2,891	2,309,184
Cash Paid to Other Funds	(4,675)	-	-	(4,675)
Advance from (to) Other Funds	-	(27,391)	1,610,232	1,582,841
Net Cash Provided (Used) by Noncapital Financing Activities	2,301,618	(27,391)	1,613,123	3,887,350
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(343,883)	(408,921)	-	(752,804)
Interest Paid	-	(21,308)	-	(21,308)
Net Cash Used by Capital and Related Financing Activities	(343,883)	(430,229)	-	(774,112)
CASH FLOWS FROM INVESTING ACTIVITIES				
Change in Fair Value	(176,594)	(106,290)	-	(282,884)
Interest Received	88,237	41,924	73	130,234
Net Cash Provided (Used) by Investing Activities	(88,357)	(64,366)	73	(152,650)
NET INCREASE IN CASH AND CASH EQUIVALENTS	74,769	849,180	586,687	1,510,636
Cash and Cash Equivalents - Beginning of Year	4,842,404	2,105,000	96,732	7,044,136
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,917,173</u>	<u>\$ 2,954,180</u>	<u>\$ 683,419</u>	<u>\$ 8,554,772</u>

(Continued)

**CITY OF SANTA BARBARA
COMBINING STATEMENT CASH FLOWS (CONTINUED)
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2022**

	Downtown Parking	Golf Course	Clean Energy	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ (2,857,840)	\$ 909,230	\$ (1,302,967)	\$ (3,251,577)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	1,237,273	249,277	-	1,486,550
Accounts Receivable	405,171	64,353	(5,272,291)	(4,802,767)
Lease Receivable	(1,321,288)	(556,397)	-	(1,877,685)
Inventory	-	(5,341)	-	(5,341)
Prepaid Assets	-	5,639	(136,682)	(131,043)
Deferred Outflows - Pension Related	47,277	(3,972)	(41,713)	1,592
Accounts Payable	18,199	(11,410)	5,444,035	5,450,824
Salaries and Benefits Payable	(101,840)	60	5,205	(96,575)
Deposits Payable	(2,735)	10,337	-	7,602
Lease Payable	-	182,346	-	182,346
Compensated Absences Payable	49,002	-	5,233	54,235
Unearned Revenue	-	9,429	-	9,429
Net Pension Liability	(1,852,666)	(58,494)	182,583	(1,728,577)
Deferred Inflows - Lease Related	1,278,853	534,655	-	1,813,508
Deferred Inflows - Pension Related	1,305,985	41,454	90,088	1,437,527
Total Adjustments	<u>1,063,231</u>	<u>461,936</u>	<u>276,458</u>	<u>1,801,625</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,794,609)</u>	<u>\$ 1,371,166</u>	<u>\$ (1,026,509)</u>	<u>\$ (1,449,952)</u>



INTERNAL SERVICE FUNDS



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CITY OF SANTA BARBARA, CALIFORNIA
INTERNAL SERVICE FUNDS
JUNE 30, 2022

Intra-City Service Fund – To account for the operating and capital costs of City-wide building maintenance operations, custodial services, and communications.

Self-Insurance Fund – To account for the cost of providing workers' compensation, unemployment, liability, employee health insurance coverage, and other postemployment benefits, on a City-wide basis.

Postemployment Benefits Fund – To account for the cost of retiree health insurance coverage, and other postemployment benefits, on a City-wide basis.

Information Systems Fund – To account for the cost of providing computer equipment and service to all departments and funds within the City.

Vehicle Capital Fund – To account for the costs of operating an automotive maintenance facility, maintaining all City departmental vehicles, and purchasing new vehicles for use within the City-wide organization.

Energy Management Fund – To account for the costs to provide energy efficiency and conservation management, energy generation project management, and electric and gas utility coordination for all City departments.

**CITY OF SANTA BARBARA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2022**

	Intra-City Service	Self-Insurance	Postemployment Benefits	Information Systems	Vehicle Capital	Energy Management	Total
ASSETS							
CURRENT ASSETS:							
Pooled Cash and Investments	\$ 2,165,773	\$ 6,862,406	\$ -	\$ 2,393,998	\$ 18,199,162	\$ 1,133,183	\$ 30,754,522
Accounts Receivable, Net	988	106,038	-	-	22,577	-	129,603
Prepays Assets and Deposits	591,413	1,755,438	-	-	245,058	-	2,591,909
Total Current Assets	2,758,174	8,723,882	-	2,393,998	18,466,797	1,133,183	33,476,034
NONCURRENT ASSETS							
Advance to Other Funds	-	-	-	-	2,122,416	-	2,122,416
Capital Assets:							
Nondepreciable	-	-	-	-	4,651,749	-	4,651,749
Depreciable, Net	5,415,200	-	-	2,464,990	8,143,827	-	16,024,017
Total Capital Assets, Net	5,415,200	-	-	2,464,990	12,795,576	-	22,798,182
Total Noncurrent Assets	5,415,200	-	-	2,464,990	14,917,992	-	22,798,182
Total Assets	8,173,374	8,723,882	-	4,858,988	33,384,789	1,133,183	56,274,216
DEFERRED OUTFLOWS OF RESOURCES							
Pension Related	860,258	194,154	-	626,123	379,127	122,156	2,181,818
OPEB Related	-	-	12,943,283	-	-	-	12,943,283
Total Deferred Outflows of Resources	860,258	194,154	12,943,283	626,123	379,127	122,156	15,125,101
LIABILITIES							
CURRENT LIABILITIES							
Accounts Payable	309,129	1,390,452	-	36,832	508,718	181,697	2,426,828
Salaries and Benefits Payable	97,880	21,127	151,728	71,394	37,408	13,928	393,465
Unearned Revenue	-	-	-	-	-	78,600	78,600
Deposits	-	-	-	-	-	-	-
Interfund Payables	-	-	2,495,496	-	-	-	2,495,496
Current Portion Long-Term Debt	-	-	-	-	518,364	-	518,364
Compensated Absences Payable	259,783	50,349	-	160,033	82,155	56,100	608,420
Claims Payable	-	5,625,607	-	-	-	-	5,625,607
Total OPEB Liability, due in one year	-	-	2,234,742	-	-	-	2,234,742
Total Current Liabilities	666,792	7,087,535	4,881,966	268,259	1,146,645	330,325	14,381,522
NONCURRENT LIABILITIES							
Advances from Other Funds	-	-	-	-	-	24,140	24,140
Compensated Absences Payable	28,865	5,594	-	20,004	9,128	6,233	69,824
Long-Term Debt, Net of Current Portion	-	-	-	-	3,275,011	-	3,275,011
Claims Payable	-	12,698,179	-	-	-	-	12,698,179
Net Pension Liability	5,074,165	576,339	-	2,156,478	1,903,008	534,693	10,244,683
Total Other Postemployment Benefit Liability	-	-	51,689,983	-	-	-	51,689,983
Total Noncurrent Liabilities	5,103,030	13,280,112	51,689,983	2,176,482	5,187,147	565,066	78,001,820
Total Liabilities	5,769,822	20,367,647	56,571,949	2,444,741	6,333,792	895,391	92,383,342
DEFERRED INFLOWS OF RESOURCES							
Pension Related	1,857,908	419,317	-	1,352,243	818,804	263,821	4,712,093
OPEB Related	-	-	8,368,983	-	-	-	8,368,983
Total Deferred Inflows of Resources	1,857,908	419,317	8,368,983	1,352,243	818,804	263,821	13,081,076
NET POSITION							
Net Investment In Capital Assets	5,415,200	-	-	2,464,990	12,485,992	-	20,366,182
Unrestricted	(4,009,298)	(11,868,928)	(51,997,649)	(776,863)	14,125,328	96,127	(54,431,283)
Total Net Position	\$ 1,405,902	\$ (11,868,928)	\$ (51,997,649)	\$ 1,688,127	\$ 26,611,320	\$ 96,127	\$ (34,065,101)

**CITY OF SANTA BARBARA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2022**

	Intra-City Service	Self-Insurance	Postemployment Benefits	Information Systems	Vehicle Capital	Energy Management	Total
OPERATING REVENUES							
Service Charges	\$ 6,084,340	\$ 9,788,654	\$ 1,993,186	\$ 4,485,983	\$ 6,088,383	\$ 2,460,073	\$ 30,900,619
Other Revenues	275,525	-	-	-	391,433	-	666,958
Total Operating Revenues	6,359,865	9,788,654	1,993,186	4,485,983	6,479,816	2,460,073	31,567,577
OPERATING EXPENSES							
Salaries, Wages, and Benefits	3,216,731	592,455	7,335,169	2,060,854	1,376,887	1,158,360	15,740,456
Materials, Supplies, and Services	2,834,018	12,026,287	-	2,020,987	2,008,605	1,642,216	20,532,113
Depreciation	248,229	-	-	442,836	1,670,905	-	2,361,970
Total Operating Expenses	6,298,978	12,618,742	7,335,169	4,524,677	5,056,397	2,800,576	38,634,539
OPERATING INCOME (LOSS)	60,887	(2,830,088)	(5,341,983)	(38,694)	1,423,419	(340,503)	(7,066,962)
NONOPERATING REVENUES							
Interest Income	-	(205,949)	-	-	(473,337)	-	(679,286)
Interest Expense	-	-	-	-	(9,038)	-	(9,038)
Total Nonoperating Revenues	-	(205,949)	-	-	(482,375)	-	(688,324)
INCOME (LOSS) BEFORE TRANSFERS	60,887	(3,036,037)	(5,341,983)	(38,694)	941,044	(340,503)	(7,755,286)
CONTRIBUTIONS							
Capital Contributions	-	-	-	-	-	-	-
Total Contributions	-	-	-	-	-	-	-
TRANSFERS							
Transfers in	80,526	518,889	-	291,255	90,196	11,565	992,431
Transfers out	(7,198)	(818)	-	(38,354)	(1,116,772)	(869)	(1,164,011)
Total Transfers	73,328	518,071	-	252,901	(1,026,576)	10,696	(171,580)
CHANGES IN NET POSITION	134,215	(2,517,966)	(5,341,983)	214,207	(85,532)	(329,807)	(7,926,866)
Total Net Position - Beginning of Year (Deficit)	1,271,687	(9,350,962)	(46,655,666)	1,473,920	26,696,852	425,934	(26,138,235)
TOTAL NET POSITION - END OF YEAR (DEFICIT)	<u>\$ 1,405,902</u>	<u>\$ (11,868,928)</u>	<u>\$ (51,997,649)</u>	<u>\$ 1,688,127</u>	<u>\$ 26,611,320</u>	<u>\$ 96,127</u>	<u>\$ (34,065,101)</u>

**CITY OF SANTA BARBARA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2022**

	Intra-City Service	Self-Insurance	Postemployment Benefits	Information Systems	Vehicle Capital	Energy Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from Customers and Users	\$ 6,084,440	\$ 9,790,234	\$ 1,993,186	\$ 4,485,983	\$ 6,084,293	\$ 2,369,920	\$ 30,808,056
Payments to Suppliers of Goods or Services	(2,702,475)	(10,910,132)	-	(2,146,502)	(1,799,455)	(1,593,384)	(19,151,948)
Payments to Employees	(3,934,237)	(792,703)	(2,964,586)	(2,623,766)	(1,666,266)	(462,331)	(12,443,889)
Receipts from (Payments to) Others	275,525	-	-	-	391,433	-	666,958
Net Cash Provided (Used) by Operating Activities	(276,747)	(1,912,601)	(971,400)	(284,285)	3,010,005	314,205	(120,823)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Cash Transfers in	80,526	518,889	-	291,255	90,196	11,565	992,431
Cash Transfers out	(7,198)	(818)	-	(38,354)	(1,116,772)	(869)	(1,164,011)
Advance from (to) Other Funds	-	-	971,400	-	(41,616)	(24,140)	905,644
Net Cash Provided (Used) by Noncapital Financing Activities	73,328	518,071	971,400	252,901	(1,068,192)	(13,444)	734,064
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Acquisition of Capital Assets	-	52,136	-	(679,844)	(1,678,862)	-	(2,306,570)
Principal Paid on Capital Debt	-	-	-	-	(95,370)	-	(95,370)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	52,136	-	(679,844)	(1,774,232)	-	(2,401,940)
CASH FLOWS FROM INVESTING ACTIVITIES							
Change in Fair Value	-	(247,072)	-	-	(611,325)	-	(858,397)
Interest Received	-	41,123	-	-	137,988	-	179,111
Net Cash Used by Investing Activities	-	(205,949)	-	-	(473,337)	-	(679,286)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(203,419)	(1,548,343)	-	(711,228)	(305,756)	300,761	(2,467,985)
Cash and Cash Equivalents - Beginning of Year	2,369,192	8,410,749	-	3,105,226	18,504,918	832,422	33,222,507
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,165,773</u>	<u>\$ 6,862,406</u>	<u>\$ -</u>	<u>\$ 2,393,998</u>	<u>\$ 18,199,162</u>	<u>\$ 1,133,183</u>	<u>\$ 30,754,522</u>

(Continued)

**CITY OF SANTA BARBARA
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2022**

	Intra-City Service	Self-Insurance	Postemployment Benefits	Information Systems	Vehicle Capital	Energy Management	Total
RECONCILIATION OF OPERATING INCOME							
(LOSS) TO NET CASH PROVIDED BY							
OPERATING ACTIVITIES:							
Operating Income (Loss)	\$ 60,887	\$ (2,830,088)	\$ (5,341,983)	\$ (38,694)	\$ 1,423,419	\$ (340,503)	\$ (7,066,962)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation and Amortization	248,229	-	-	442,836	1,670,905	-	2,361,970
(Increase) Decrease in Operating Assets and Deferred Outflows of Resources:							
Accounts Receivable	100	1,580	-	-	(4,090)	847	(1,563)
Prepaid Assets	75,359	143,957	-	-	(97,875)	-	121,441
Deferred Outflows of Resources - Pension Related	114,340	(10,609)	-	17,577	119,805	(36,846)	204,267
Deferred Outflows of Resources - OPEB Related	-	-	(1,857,407)	-	-	-	(1,857,407)
Increase (Decrease) in Operating Liabilities and Deferred Inflows of Resources:							
Accounts Payable	56,184	1,035,074	-	(125,515)	307,025	48,832	1,321,600
Deposits Payable	-	(234)	-	-	-	-	(234)
Salaries and Benefits Payable	(92,070)	(20,271)	14,500	(51,913)	(54,916)	(12,903)	(217,573)
Unearned Revenue	-	-	-	-	-	(91,000)	(91,000)
Compensated Absences Payable	24,265	1,604	-	24,872	(14,746)	34,504	70,499
Net Pension Liability	(2,582,663)	(582,890)	-	(1,879,743)	(1,138,214)	450,892	(5,732,618)
Total Other Postemployment Benefit Liability	-	-	(252,493)	-	-	-	(252,493)
Claims and Judgements	-	(62,642)	-	-	-	-	(62,642)
Deferred Inflows of Resources - Pension Related	1,818,622	411,918	-	1,326,295	798,692	260,382	4,615,909
Deferred Inflows of Resources - OPEB Related	-	-	6,465,983	-	-	-	6,465,983
Total Adjustments	<u>(337,634)</u>	<u>917,487</u>	<u>4,370,583</u>	<u>(245,591)</u>	<u>1,586,586</u>	<u>654,708</u>	<u>6,946,139</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (276,747)</u>	<u>\$ (1,912,601)</u>	<u>\$ (971,400)</u>	<u>\$ (284,285)</u>	<u>\$ 3,010,005</u>	<u>\$ 314,205</u>	<u>\$ (120,823)</u>



FIDUCIARY FUNDS



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CITY OF SANTA BARBARA, CALIFORNIA
FIDUCIARY FUNDS
JUNE 30, 2022

CUSTODIAL FUNDS

Revolving Rehabilitation Loan Fund – To account for moneys received from various public agencies for funding of rehabilitation loans to low- and moderate-income applicants.

Law Enforcement Telecommunication System Fund – To account for moneys received from various participating public agencies for the purchase of computer equipment for communication with the California Law Enforcement Tracking System (CLETS).

Seismic Safety Assessment Fund – To account for the financial activities of the Seismic Assessment District #1.

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

	Revolving Rehab	California Law Enforcement Telecommunications	Seismic Safety Assessment	Total Custodial Funds
ASSETS				
Current Assets:				
Pooled Cash and Investments	\$ 487,961	\$ -	\$ -	\$ 487,961
Accounts Receivable, Net	-	72,122	-	72,122
Loans Receivable	2,142,478	-	-	2,142,478
Total Assets	<u>\$ 2,630,439</u>	<u>\$ 72,122</u>	<u>\$ -</u>	<u>\$ 2,702,561</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 27,556	\$ -	\$ -	\$ 27,556
Due to the City Of Santa Barbara	-	16,248	-	16,248
Total Liabilities	<u>27,556</u>	<u>16,248</u>	<u>-</u>	<u>43,804</u>
NET POSITION				
Restricted for Housing Assistance	2,602,883	-	-	2,602,883
Restricted for Law Enforcement	-	55,874	-	55,874
Restricted for Seismic Activities	-	-	-	-
Total Net Position	<u>\$ 2,602,883</u>	<u>\$ 55,874</u>	<u>\$ -</u>	<u>\$ 2,658,757</u>

CITY OF SANTA BARBARA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2022

	Revolving Rehab	California Law Enforcement Telecommunications	Seismic Safety Assessment	Total Custodial Funds
ADDITIONS				
Interest Income	\$ 63,890	\$ 39	\$ -	\$ 63,929
Charges for Services	-	153,772	-	153,772
Total Additions	63,890	153,811	-	217,701
DEDUCTIONS				
Administrative Expenses	72,104	115,843	-	187,947
Program Expenses	662,158	37,614	204,017	903,789
Total Liabilities	734,262	153,457	204,017	1,091,736
Change in Net Position	(670,372)	354	(204,017)	(874,035)
Total Net Position, Beginning of Year	3,273,255	55,520	204,017	3,532,792
Total Net Position, End of Year	\$ 2,602,883	\$ 55,874	\$ -	\$ 2,658,757



STATISTICAL SECTION



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**CITY OF SANTA BARBARA, CALIFORNIA
STATISTICAL SECTION (UNAUDITED)
CONTENTS**

This part of the City of Santa Barbara'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.

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	201
<i>Revenue Capacity</i> These schedules contain trend information to help the reader assess the City's most significant local revenue source, the property tax.	204
<i>Debt Capacity</i> These schedules 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.	212
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	218
<i>Operating Information</i> These schedules 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.	220

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.



**CITY OF SANTA BARBARA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING
(AMOUNTS EXPRESSED IN THOUSANDS))**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$312,891	\$362,540	\$381,554	\$427,683	\$436,966	\$443,975	\$465,776	\$493,238	\$498,799	\$518,120
Restricted	66,510	65,614	81,979	80,934	65,647	81,702	82,205	87,096	97,387	105,464
Unrestricted	42,378	45,146	(190,965)	(186,953)	(164,523)	(189,963)	(211,108)	(235,289)	(233,861)	(216,208)
Total governmental activities net position	<u>\$421,779</u>	<u>\$473,300</u>	<u>\$272,568</u>	<u>\$321,664</u>	<u>\$338,090</u>	<u>\$335,714</u>	<u>\$336,873</u>	<u>\$345,045</u>	<u>\$362,325</u>	<u>\$407,376</u>
Business-type activities										
Net investment in capital assets	\$300,997	\$340,246	\$347,257	\$361,076	\$365,505	\$359,890	\$380,202	\$384,837	\$391,224	\$398,278
Restricted	1,358	3,659	3,794	11,962	13,546	13,052	9,349	10,457	5,662	5,663
Unrestricted	98,908	95,656	43,114	37,996	57,464	78,131	68,259	97,205	109,747	143,206
Total business-type activities net position	<u>\$401,263</u>	<u>\$439,561</u>	<u>\$394,165</u>	<u>\$411,034</u>	<u>\$436,515</u>	<u>\$451,073</u>	<u>\$457,810</u>	<u>\$492,499</u>	<u>\$506,633</u>	<u>\$547,147</u>
Primary government										
Net investment in capital assets	\$613,888	\$702,786	\$728,811	\$788,759	\$802,471	\$803,865	\$845,978	\$878,075	\$890,023	\$916,398
Restricted	67,868	69,273	85,773	92,896	79,193	94,754	91,554	97,553	103,049	111,127
Unrestricted	141,286	140,802	(147,851)	(148,957)	(107,059)	(111,832)	(142,849)	(138,084)	(124,114)	(73,002)
Total primary government net position	<u>\$823,042</u>	<u>\$912,861</u>	<u>\$666,733</u>	<u>\$732,698</u>	<u>\$774,605</u>	<u>\$786,787</u>	<u>\$794,683</u>	<u>\$837,544</u>	<u>\$868,958</u>	<u>\$954,523</u>

**CITY OF SANTA BARBARA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Fiscal Years									
Expenses	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Administration	\$11,851	\$14,650	\$17,100	\$16,179	\$16,612	\$20,045	\$19,586	\$20,956	\$19,964	\$19,177
Public safety	61,719	66,525	65,260	63,451	66,678	82,485	79,814	90,295	88,435	90,023
Public works	25,252	24,552	29,672	26,053	28,565	34,583	44,753	40,103	46,787	37,767
Community services	24,104	24,083	25,377	26,454	27,635	30,500	25,777	25,294	27,392	24,973
Community development	11,864	13,567	12,077	16,933	17,442	16,083	18,753	18,182	19,434	15,459
Sustainability and Resilience	-	-	-	-	-	-	-	-	38	110
Interest on long-term debt	82	74	56	42	66	-	-	-	-	-
Total governmental activities expenses	<u>134,872</u>	<u>143,451</u>	<u>149,542</u>	<u>149,112</u>	<u>156,998</u>	<u>183,696</u>	<u>188,683</u>	<u>194,830</u>	<u>202,050</u>	<u>187,509</u>
Business-type activities:										
Water	32,214	35,316	40,409	35,859	37,291	45,239	51,504	50,122	52,502	50,913
Wastewater	17,217	16,930	17,242	17,376	18,299	20,542	20,828	22,794	23,906	22,307
Airport	21,376	20,557	21,616	21,361	22,057	24,507	26,139	26,745	26,066	27,530
Waterfront	12,026	12,707	12,179	12,639	12,975	15,010	15,861	15,710	15,418	14,387
Solid Waste	19,124	19,732	20,353	20,498	20,837	23,948	24,325	27,146	31,245	30,333
Parking	7,359	7,693	8,325	7,941	8,481	10,104	10,277	9,758	9,138	9,173
Golf course	1,949	1,820	2,018	2,022	2,591	2,642	2,625	2,358	3,446	3,401
Clean Energy	-	-	-	-	-	-	-	-	132	16,021
Total business-type activities expenses	<u>111,265</u>	<u>114,755</u>	<u>122,142</u>	<u>117,696</u>	<u>122,531</u>	<u>141,992</u>	<u>151,559</u>	<u>154,633</u>	<u>161,853</u>	<u>174,065</u>
Total primary government expenses	<u>\$246,137</u>	<u>\$258,206</u>	<u>\$271,684</u>	<u>\$266,808</u>	<u>\$279,529</u>	<u>\$325,688</u>	<u>\$340,242</u>	<u>\$349,463</u>	<u>\$363,903</u>	<u>\$361,574</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Administration	\$1,259	\$2,008	\$4,851	\$4,479	\$4,143	\$3,826	\$2,043	\$2,273	\$1,757	\$3,659
Public safety	10,538	13,627	10,794	10,650	11,758	12,141	5,838	5,464	5,025	5,965
Public works	8,789	9,434	8,945	9,161	9,586	9,333	7,282	6,615	7,534	7,558
Community services	5,532	7,934	10,869	11,909	12,400	12,629	6,416	5,471	5,201	7,397
Community development	5,095	5,348	5,347	6,540	6,081	6,916	5,529	5,091	5,717	7,441
Operating grants and contributions	13,251	14,490	6,303	8,487	7,882	10,462	20,162	19,508	33,100	22,360
Capital grants and contributions	8,474	10,517	24,137	26,181	16,966	16,301	24,112	23,446	21,274	22,688
Total governmental activities program revenues	<u>52,938</u>	<u>63,358</u>	<u>71,246</u>	<u>77,407</u>	<u>68,816</u>	<u>71,608</u>	<u>71,382</u>	<u>67,868</u>	<u>79,608</u>	<u>77,068</u>
Business-type activities:										
Charges for services:										
Water	38,171	36,368	34,573	45,097	51,641	56,117	54,622	60,133	65,633	69,058
Wastewater	17,658	17,991	17,742	18,632	20,142	20,738	21,402	22,990	24,474	25,807
Airport	17,740	17,910	17,902	17,988	19,175	20,650	23,205	23,275	19,596	25,920
Waterfront	12,782	13,776	14,982	14,658	15,075	14,815	14,639	14,215	15,644	17,241
Solid Waste	19,354	20,689	20,827	21,059	20,953	22,116	24,191	27,455	29,817	34,294
Parking	7,691	7,955	8,432	8,457	8,514	8,285	8,473	6,383	4,355	6,082
Golf course	1,833	2,031	1,950	1,950	2,531	2,607	2,629	2,681	4,079	4,229
Clean Energy	-	-	-	-	-	-	-	-	100	14,718
Operating grants and contributions	-	-	-	24	23	23	23	23	8,742	17,913
Capital grants and contributions	4,256	3,663	3,289	5,582	496	8,640	2,220	46	3,565	292
Total business-type activities program revenues	<u>119,485</u>	<u>120,383</u>	<u>119,697</u>	<u>133,447</u>	<u>138,550</u>	<u>153,991</u>	<u>151,404</u>	<u>157,201</u>	<u>176,005</u>	<u>215,554</u>
Total primary government program revenues	<u>\$172,423</u>	<u>\$183,741</u>	<u>\$190,943</u>	<u>\$210,854</u>	<u>\$207,366</u>	<u>\$225,599</u>	<u>\$222,786</u>	<u>\$225,069</u>	<u>\$255,613</u>	<u>\$292,622</u>

CITY OF SANTA BARBARA
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (expense)/revenue										
Governmental activities	(\$81,934)	(\$80,093)	(\$78,296)	(\$71,705)	(\$88,182)	(\$112,088)	(\$117,301)	(\$126,962)	(\$122,442)	(\$110,441)
Business-type activities	8,220	5,628	(2,445)	15,751	16,019	11,999	(155)	2,568	10,044	41,489
Total primary government net expense	(\$73,714)	(\$74,465)	(\$80,741)	(\$55,954)	(\$72,163)	(\$100,089)	(\$117,456)	(\$124,394)	(\$112,398)	(\$68,952)
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Property	\$27,575	\$26,555	\$27,691	\$29,382	\$31,612	\$34,928	\$35,187	\$38,148	\$39,862	\$42,226
Transient occupancy	17,611	20,186	22,527	22,379	23,110	22,650	23,421	18,168	18,807	31,956
Sales & use	20,134	21,323	21,958	21,932	21,807	25,203	48,603	44,533	49,770	59,328
Business license	2,345	2,555	2,574	2,636	2,651	2,786	2,725	2,765	2,543	2,667
Utility users	14,054	14,016	13,810	14,338	14,014	14,149	13,888	14,120	14,674	15,610
Real property transfer	642	669	692	730	762	795	863	658	1,144	1,353
Other taxes	-	-	-	-	-	11	94	1,055	1,921	1,672
Franchise fees	3,579	3,822	3,751	3,132	4,231	3,597	3,637	3,635	3,852	6
Unrestricted motor vehicle license-in-lieu	77	40	39	37	42	49	46	74	69	4,176
Investment income	2,521	2,165	2,030	2,288	1,733	2,172	4,137	4,291	2,478	108
Other revenue	6,193	660	669	419	2,610	11,289	57	8,982	90	-
Extraordinary gain	-	38,084 ²	-	23,054	1,335	-	-	-	-	745
Extraordinary loss	-	-	-	-	-	-	-	-	-	-
Gain/loss on sale of capital assets	(695)	-	-	44	404	-	-	-	-	-
Transfers	748	918	342	433	299	(462)	(277)	(165)	625	(2,693)
Total governmental activities	94,784	130,995	96,083	120,804 #	104,610	117,167 #	132,381	136,264	135,835	155,493
Business-type activities:										
Investment earnings	582	1,562	1,218	1,304	556	724	4,574	3,952	419	(3,858)
Other revenue	-	221	555	248	9,205	1,372	1,914	28,873	4,296	189
Extraordinary gain	-	28,956 ²	-	-	-	-	-	-	-	-
Transfers	(748)	(918)	(342)	(433)	(299)	462	277	165	(625)	2,693
Total business-type activities	(166)	29,821	1,431	1,119	9,462	2,558	6,765	32,990	4,090	(976)
Total primary government	\$94,618	\$160,816	\$97,514	\$121,923	\$114,072	\$119,725	\$139,146	\$169,254	\$139,925	\$154,517
Change in Net Position										
Governmental activities	\$12,850	\$50,902	\$17,787	\$49,099	\$16,429	\$5,079	\$15,080	\$9,302	\$13,393	\$45,052
Business-type activities	8,054	35,449	(1,014)	16,870	25,481	14,557	6,610	35,558	14,134	40,513
Total primary government	\$20,904	\$86,351	\$16,773	\$65,969	\$41,909	\$19,636	\$21,690	\$44,860	\$27,527	\$85,565

Note: Description of extraordinary gain / loss

¹ Extraordinary loss of dissolution of RDA

² Extraordinary gain from Successor Agency property transfer

**CITY OF SANTA BARBARA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING
(AMOUNTS EXPRESSED IN THOUSANDS)**

Fiscal Year	Property Tax	Sales & Use Tax	Transient Occupancy Tax	Utility Users Tax	Trans- portation Tax	Business License Tax	Real Property Transfer Tax	Cannabis Tax	Other Tax	Total
2013	\$ 27,575	\$ 20,134	\$ 17,611	\$ 14,054	\$ 3,322	\$ 2,345	\$ 642	\$ -	\$ -	\$ 85,683
2014	26,555	21,323	20,186	14,016	3,488	2,555	669	-	-	88,792
2015	27,691	21,958	22,527	13,810	3,637	2,574	692	-	-	92,889
2016	29,382	21,932	22,379	14,338	3,689	2,636	730	-	-	95,086
2017	31,612	21,807	23,110	14,014	3,746	2,651	762	-	-	97,702
2018	34,928	25,203 (1)	22,650	14,149	3,954	2,785	795	11 (2)	-	104,475
2019	35,187	48,603	23,421	13,888	4,141	2,725	863	79	15	128,922
2020	38,148	44,465	18,168	14,137	4,100	2,765	658	1,052	3	123,496
2021	39,862	49,770	18,807	14,674	4,438	2,543	1,144	1,920	-	133,159
2022	42,226	59,328	31,956	15,610	5,304	2,667	1,353	1,672	6	160,122

Source: FY 22, Munis reporting.

(1) Measure C, a 1% sales and use tax increase, became effective April 1, 2018.

(2) Cannabis Taxes commenced in FY2018 following State ballot measure to legalize Cannabis production and retail.

**CITY OF SANTA BARBARA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING
(AMOUNTS EXPRESSED IN THOUSANDS))**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 7,813	\$ 6,910	\$ 4,033	\$ 2,747	\$ 2,105	\$ 1,689	\$ 9,592	\$ 1,252	\$ 1,277	\$ 7,060
Restricted	421	2,213	2,464	2,682	2,667	2,856	2,995	2,140	2,299	2,504
Committed	20,762	21,644	26,575	30,299	31,461	27,917	26,777	26,499	35,639	39,126
Assigned	226	153	177	203	312	357	-	-	-	-
Unassigned	-	-	-	-	-	-	(4,412)	2,261	(481)	2,878
Total general fund	<u>\$ 29,222</u>	<u>\$ 30,920</u>	<u>\$ 33,249</u>	<u>\$ 35,931</u>	<u>\$ 36,545</u>	<u>\$ 32,819</u>	<u>\$ 34,952</u>	<u>\$ 32,152</u>	<u>\$ 38,734</u>	<u>\$ 51,568</u>
All other governmental funds										
Nonspendable	\$ 434	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	66,088	63,401	62,301	62,104	62,980	78,845	79,020	84,883	93,492	95,862
Committed	2,807	11,050	12,170	12,965	12,883	11,899	11,052	13,342	23,364	40,552
Assigned	10,603	8,636	8,156	3,789	2,837	2,857	3,961	-	-	-
Unassigned	(283)	(722)	(152)	(1,604)	(949)	(4,546)	(7,295)	(6,702)	(5,772)	(9,028)
Total all other governmental funds	<u>\$ 79,649</u>	<u>\$ 82,365</u>	<u>\$ 82,475</u>	<u>\$ 77,254</u>	<u>\$ 77,751</u>	<u>\$ 89,055</u>	<u>\$ 86,738</u>	<u>\$ 91,523</u>	<u>\$ 111,084</u>	<u>\$ 127,386</u>

CITY OF SANTA BARBARA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING
(AMOUNTS EXPRESSED IN THOUSANDS)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$85,683	\$88,791	\$92,888	\$95,086	\$97,702	\$104,477	\$128,923	\$123,502	\$133,159	\$160,102
Franchise fees	3,579	3,822	3,751	3,132	4,231	3,597	3,637	3,650	3,852	4,176
Intergovernmental	16,801	19,569	23,899	27,055	19,929	17,723	23,344	24,211	39,572	26,713
Fines and forfeitures	4,416	4,529	4,177	3,597	4,106	3,975	3,481	2,812	2,225	3,249
Use of money and property	2,924	2,047	1,938	2,177	1,684	2,107	3,710	3,905	2,448	(1,274)
Charges for services	20,192	20,923	21,567	22,336	21,811	22,849	22,401	20,733	22,532	26,617
Program income	493	311	511	386	399	374	236	828	757	409
Other revenues	12,192	9,642	11,537	13,672	15,453	23,069	13,737	21,835	11,853	13,230
Total revenues	146,280	149,634	160,268	167,441	165,315	178,171	199,469	201,476	216,398	233,222
Expenditures										
General government/administration (1)	10,788	11,444	13,792	15,923	15,980	17,681	18,261	19,005	17,803	20,918
Public safety	59,166	61,216	62,559	64,330	66,847	73,706	72,602	75,984	74,849	80,601
Public works	13,072	12,829	21,087	20,536	20,465	21,252	22,324	23,423	22,556	23,967
Community services	20,365	21,140	22,009	23,191	24,224	24,727	23,808	22,408	22,039	25,360
Community development	11,085	12,332	11,776	13,646	13,494	13,573	16,836	15,736	17,663	16,718
Community promotions (1)	2,005	2,051	2,620	-	-	-	-	-	-	-
Sustainability and Resilience	-	-	-	-	-	-	-	-	38	110
Capital outlay	22,229	22,943	23,370	32,068	21,056	19,076	45,300	42,070	32,435	34,652
Debt service										
Principal	274	287	300	307	663	-	-	-	-	334
Interest	75	64	51	38	58	-	-	-	-	84
Total expenditures	139,059	144,306	157,564	170,039	162,787	170,015	199,131	198,626	187,383	202,744
Excess of revenues over (under) expenditures	7,221	5,328	2,704	(2,598)	2,528	8,156	338	2,850	29,015	30,478

(Continued)

Note:

(1) Beginning in Fiscal Year 2016, Community Promotions expenditures were recorded in the General Government/Administration classification.

CITY OF SANTA BARBARA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING
(AMOUNTS EXPRESSED IN THOUSANDS)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Other financing sources (uses)										
Lease obligation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,179
Transfers in	12,433	11,605	20,009	9,150	11,625	18,006	36,040	33,238	35,742	41,970
Transfers out	<u>(12,239)</u>	<u>(12,520)</u>	<u>(20,275)</u>	<u>(9,093)</u>	<u>(13,042)</u>	<u>(18,580)</u>	<u>(36,564)</u>	<u>(34,103)</u>	<u>(42,501)</u>	<u>(44,491)</u>
 Total other financing sources (uses)	<u>194</u>	<u>(915)</u>	<u>(266)</u>	<u>57</u>	<u>(1,417)</u>	<u>(574)</u>	<u>(524)</u>	<u>(865)</u>	<u>(6,759)</u>	<u>(1,342)</u>
 Net change in fund balances	<u><u>7,415</u></u>	<u><u>4,413</u></u>	<u><u>2,438</u></u>	<u><u>(2,541)</u></u>	<u><u>1,111</u></u>	<u><u>7,582</u></u>	<u><u>(186)</u></u>	<u><u>1,985</u></u>	<u><u>22,256</u></u>	<u><u>29,136</u></u>
 Debt service as a percentage of noncapital expenditures	0.28%	0.27%	0.00%	0.24%	0.26%	0.47%	0.00%	0.00%	0.00%	0.23%

CITY OF SANTA BARBARA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year	Secured	Unsecured	SBE Nonunitary	Net Taxable Assessed Value	Total Direct Tax Rate
2013	\$ 14,450,300	\$ 897,146	\$ -	\$ 15,347,446	1.00%
2014	15,115,761	916,616	-	16,032,377	1.00%
2015	15,828,353	950,610	-	16,778,963	1.00%
2016	16,893,957	1,000,471	-	17,894,428	1.00%
2017	17,897,470	1,002,168	-	18,899,638	1.00%
2018	18,999,710	1,046,971	-	20,046,681	1.00%
2019	20,146,839	1,058,569	-	21,205,408	1.00%
2020	21,207,130	1,074,831	-	22,281,961	1.00%
2021	22,473,303	1,125,860	-	23,599,163	1.00%
2022	23,186,266	1,200,282	-	24,386,548	1.00%

Notes:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Exempt values are not included in Total

In Fiscal Year 2018, the City engaged HDL, Coren & Cone to provide data for the statistical section of the Annual Comprehensive Financial Report. Historical data was updated based upon this information.

HDL Coren & Cone Data Source: Santa Barbara County Assessor 2012/13 - 2021/22 Combined Tax Rolls.

**CITY OF SANTA BARBARA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(RATE PER \$100 OF TAXABLE VALUE)
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Direct Rates:										
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates: (2)										
Cold Spring Elementary	0.01443	0.01450	0.01446	0.01411	0.01207	0.01192	0.01177	0.01177	0.01176	0.01217
Goleta Union	0.01627	0.01383	0.01314	0.01248	0.01061	0.00955	0.00907	0.00862	0.00776	0.02621
Hope Elementary	0.00883	0.00883	0.01850	0.01779	0.01514	0.01222	0.01181	0.01181	0.02280	0.02340
Montecito Union Elementary Bond 1997 A	0.00089	0.00067	0.00050	0.00025	0.00019	0.00010	0.00007	0.00007	0.00007	0.00007
Santa Barbara Community College Bond 2008	0.00850	0.00850	0.00850	0.00850	0.00731	0.00731	0.00731	0.00731	0.00731	0.00709
Santa Barbara Elementary	0.01728	0.01995	0.01995	0.01995	0.01776	0.01713	0.03445	0.02850	0.02616	0.02639
Santa Barbara High Bond	0.01391	0.01995	0.01995	0.01670	0.01581	0.02692	0.02417	0.02417	0.02414	0.02415
	0.08011	0.08623	0.09500	0.08978	0.07889	0.08515	0.09865	0.09225	0.10000	0.11948
Total Direct and Overlapping Rates:	1.08011	1.08623	1.09500	1.08978	1.07889	1.08515	1.09865	1.09225	1.10000	1.11948
City's Share of 1% Levy Per Prop 13: (3)	0.11963	0.11963	0.11963	0.11963	0.11963	0.11963	0.11963	0.11963	0.11963	0.11963
Voter Approved City Debt Rate										
Total Direct Rate: (4)	0.23570	0.12008	0.12008	0.12019	0.12010	0.12009	0.12009	0.12011	0.11877	0.11880

Notes:

(1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

(3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.

(4) Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in fiscal year 2014 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during fiscal year 2013. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

In Fiscal Year 2018, the City engaged HdL, Coren & Cone to provide data for the statistical section of the Comprehensive Annual Financial Report. Historical data was updated based upon this information.

HdL Coren & Cone Data Source: Santa Barbara County Assessor 2012/13 - 2021/22 Tax Rate Table.

**CITY OF SANTA BARBARA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(AMOUNTS EXPRESSED IN THOUSANDS)**

Taxpayer	Fiscal Year 2022	
	Taxable Net Assessed Value	Percentage of Total Taxable Net Assessed Value
Levon Investments LLC	\$148,501	0.61%
Fess Parker Doubletree Hotel	113,853	0.47%
KHP IV Santa Barbara LLC	95,990	0.39%
Paseo Nuevo Owner LLC	88,391	0.36%
XHR Santa Barbara LLC	87,253	0.36%
El Encanto Inc	81,285	0.33%
Dario L Pini Trust	71,397	0.29%
HC Assetco	69,340	0.28%
MCC BB Property LLC	66,227	0.27%
Hitchcock Holdings LLC	61,972	0.25%
	\$884,209	3.63%

Taxpayer	Fiscal Year 2013	
	Taxable Net Assessed Value	Percentage of Total Taxable Net Assessed Value
Fess Parker Doubletree Hotel	\$84,187	0.55%
Levon Investments LLC	81,628	0.53%
Dario Pini	54,704	0.36%
FW CA-Five Points Shopping Center LLC	51,939	0.34%
Hitchcock Holdings LLC	50,690	0.33%
Estate of Huguette M Clark	45,900	0.30%
I and G Direct Real Estate 3 LP	44,003	0.29%
MCC BB Property LLC	42,863	0.28%
Patricia S Nettleship Trustee	38,170	0.25%
KHP II Canary	34,612	0.23%
	\$528,696	3.44%

Notes:

In Fiscal Year 2018, the City engaged HdL, Coren & Cone to provide data for the statistical section of the Comprehensive Annual Financial Report. Historical data was updated based upon this information.

HdL Coren & Cone Data Source: Santa Barbara County Assessor 2012/13 and 2021/22 Combined Tax Rolls and the SBE Non Unitary Tax Roll.

**CITY OF SANTA BARBARA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 27,575	\$ 27,575	100%	-	\$ 27,575	100%
2014	26,555	26,555	100%	-	26,555	100%
2015	27,691	27,691	100%	-	27,691	100%
2016	29,382	29,382	100%	-	29,382	100%
2017	31,612	31,612	100%	-	31,612	100%
2018	34,928	34,928	100%	-	34,928	100%
2019	35,187	35,187	100%	-	35,187	100%
2020	38,148	38,148	100%	-	38,148	100%
2021	39,862	39,862	100%	-	39,862	100%
2022	42,226	42,226	100%	-	42,226	100%

CITY OF SANTA BARBARA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT PER CAPITA AMOUNT)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Certificates of	Tax Allocation	Loans	Revenue	Certificates of	Loans			
	Participation	Bonds		Bonds	Participation				
2013	\$ 1,555	\$ -	\$ -	\$ 60,384	\$ 39,569	\$ 45,071	\$ 146,579	4.48%	\$ 1,634
2014	1,268	-	-	70,991	24,422	50,970	147,651	4.52%	1,634
2015	968	-	-	68,660	22,711	56,231	148,570	4.48%	1,640
2016	662	-	-	66,243	20,965	77,781	165,651	4.90%	1,778
2017	-	-	-	62,686	19,001	116,494	198,181	5.83%	2,130
2018	-	-	-	60,030	17,334	141,290	218,654	6.27%	2,306
2019	-	-	-	51,655	15,617	140,301	207,573	5.47%	2,219
2020	-	-	-	48,699	13,835	138,249	200,783	5.00%	2,147
2021	-	-	-	45,633	11,993	130,600	188,226	4.46%	2,023
2022	-	-	-	42,782	10,278	122,785	175,845	3.89%	2,031

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. **The amount of outstanding debt by type reported above is net of related premiums and discounts.**

¹ See the Schedule of Demographic and Economic Statistics for personal income and population data.

**CITY OF SANTA BARBARA
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS, EXCEPT PER CAPITA AMOUNT)**

Fiscal Year	Certificates of Participation	Tax Allocation Bonds	Loans	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
2013	\$ 1,555	\$ -	\$ -	\$ 561	\$ 994	0.01%	11
2014	1,268	-	-	561	707	0.00%	8
2015	968	-	-	580	388	0.00%	4
2016	662	-	-	576	86	0.00%	1
2017	-	-	-	-	-	0.00%	0
2018	-	-	-	-	-	0.00%	0
2019	-	-	-	-	-	0.00%	0
2020	-	-	-	-	-	0.00%	0
2021	-	-	-	-	-	0.00%	0
2022	-	-	-	-	-	0.00%	0

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics.

**CITY OF SANTA BARBARA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessed valuation	\$16,766,951	\$17,554,215	\$18,330,384	\$19,637,766	\$20,856,683	\$22,171,096	\$23,507,910	\$24,610,953	\$25,832,015	\$26,720,501
Coverage percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	\$4,191,738	\$4,388,554	\$4,582,596	\$4,909,442	\$5,214,171	\$5,542,774	\$5,876,978	\$6,152,738	\$6,458,004	\$6,680,125
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	\$628,761	\$658,283	\$687,389	\$736,416	\$782,126	\$831,416	\$881,547	\$922,911	\$968,701	\$1,002,019
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$628,761</u>	<u>\$658,283</u>	<u>\$687,389</u>	<u>\$736,416</u>	<u>\$782,126</u>	<u>\$831,416</u>	<u>\$881,547</u>	<u>\$922,911</u>	<u>\$968,701</u>	<u>\$1,002,019</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of

In Fiscal Year 2018, the City engaged HdL, Coren & Cone to provide data for the statistical section of the Comprehensive Annual Financial Report.

HDL Coren & Cone Data Source: Santa Barbara County Assessor 2021/22 Combined Tax Rolls

**CITY OF SANTA BARBARA
PLEDGE-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)**

Fiscal Year	Water Revenue Bonds						Wastewater Revenue Bonds						Tax Allocation Bonds				
	Less		Net Available Revenue	Debt Service		Coverage	Less		Net Available Revenue	Debt Service		Coverage	Tax Increment	Debt Service		Coverage	
	Water Revenue	Operating Expenses		Principal	Interest		Waste- water Revenue	Operating Expenses		Principal	Interest			Principal	Interest		
2013	\$ 38,172	\$ 23,577	\$ 14,595	\$ 655	\$ 83	19.78	\$ 17,658	\$ 11,688	\$ 5,970	\$ 655	\$ 701	4.40	\$ 8,145 ¹	\$ 5,925 ¹	\$ 2,220 ¹	1.00	
2014	36,485	27,675	8,810	1,475	666	4.11	18,030	11,788	6,242	675	677	4.62	8,145 ¹	6,195 ¹	1,950 ¹	1.00	
2015	34,904	31,823	3,081	1,360	775	1.44	17,778	11,774	6,004	700	652	4.44	8,147 ¹	6,485 ¹	1,662 ¹	1.00	
2016	45,268	27,096	18,172	1,390	747	8.50	18,712	11,556	7,156	730	625	5.28	8,147 ¹	6,790 ¹	1,357 ¹	1.00	
2017	52,079	28,869	23,210	1,425	712	10.86	20,181	12,656	7,525	750	492	6.06	8,143 ¹	7,085 ¹	1,058 ¹	1.00	
2018	57,234	34,798	22,436	1,470	668	10.49	20,808	15,026	5,782	700	463	4.97	8,145 ¹	7,430 ¹	715 ¹	1.00	
2019	55,384	40,004	15,380	1,520	616	7.20	21,418	15,348	6,070	725	435	5.23	8,146	7,795 ¹	351 ¹	1.00	
2020	79,432	38,066	41,366	1,585	554	19.34	23,003	16,086	6,917	760	398	5.97	-	- ^{1,2}	- ¹	-	
2021	65,633	37,983	27,650	1,645	489	12.96	24,474	15,825	8,649	805	360	7.42	-	- ^{1,2}	- ¹	-	
2022	69,058	39,102	29,955	1,715	422	14.02	25,807	15,807	10,151	845	320	8.71	-	- ^{1,2}	- ¹	-	

Note: 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 expenses.

¹ Debt service payments of the former Redevelopment Agency have become Recognized Obligation Payments of the Successor Agency Trust of the former Redevelopment Agency.

² Final year of debt service FY2019

**CITY OF SANTA BARBARA
PLEDGE-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)**

Fiscal Year	Airport Revenue Bonds						Airport Promissory Note 4						Waterfront Revenue Bonds					
	Airport Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Airport Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Waterfront Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest					Principal	Interest	
2013	\$ 17,740	\$ 12,945	\$ 4,795	\$ 865	\$ 2,259	1.53	\$ 17,740	\$ 12,945	\$ 4,795	\$ 185	\$ 402	8.17	\$ -	\$ -	\$ -	\$ -	\$ -	-
2014	17,997	13,498	4,499	900	2,226	1.44	17,997	13,498	4,499	267	194	9.76	13,776	10,035	3,741	194	29	16.78
2015	18,113	13,244	4,869	935	2,189	1.56	18,113	13,244	4,869	276	184	10.58	14,982	10,013	4,969	738	422	4.28
2016	17,996	13,011	4,985	970	2,147	1.60	17,996	13,011	4,985	286	175	10.81	14,660	10,309	4,351	760	396	3.76
2017	19,178	14,254	4,924	1,020	2,102	1.58	19,178	14,254	4,924	296	165	10.68	15,080	10,857	4,223	794	369	3.63
2018	20,656	16,421	4,235	1,065	2,060	1.36	20,656	16,421	4,235	306	154	9.21	14,822	12,650	2,172	814	340	1.88
2019	23,326	17,247	6,079	1,105	2,011	1.95	23,326	17,247	6,079	317	143	13.22	14,995	13,033	1,962	842	311	1.70
2020	31,141	18,560	12,581	990	1,473	5.11	31,141	18,560	12,581	3,856	67	3.21	14,629	12,748	1,881	873	281	1.63
2021	19,569	16,206	3,363	1,025	1,442	1.36	19,569	16,206	3,363	-	-	-	15,644	11,626	4,018	903	250	3.48
2022	25,920	18,880	7,041	1,075	1,391	2.86	25,920	18,880	7,041	-	-	-	17,241	11,827	5,415	931	218	4.71

Note: 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 expenses.

⁴ Final year of debt service FY2020

**CITY OF SANTA BARBARA
 PLEDGE-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (AMOUNTS EXPRESSED IN THOUSANDS)**

Fiscal Year	Golf Certificates of Participation					
	Golf Revenue	Less	Net	Debt Service		Coverage
		Operating Expenses	Available Revenue	Principal	Interest	
2013	\$ 1,833	\$ 1,613	\$ 220	\$ 141	\$ 39	1.22
2014	2,031	1,538	493	148	33	2.73
2015	1,950	1,650	300	155	26	1.66
2016	1,950	1,767	183	158	19	1.03
2017	2,587	2,341	246	342	8	0.70
2018	2,680	2,384	296	-	-	-
2019	2,692	2,414	278	-	-	-
2020	2,737	2,141	596	-	-	-
2021	4,097	3,024	1,073	-	-	-
2022	4,229	3,070	1,159	-	-	-

Note: 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 expenses.

**CITY OF SANTA BARBARA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	City Population ⁽¹⁾	Personal Income (in thousands) ⁽²⁾	Per Capita Personal Income ⁽²⁾	June 30 Unemployment Rate ⁽³⁾
2013	89,681	\$ 3,270,666	\$ 36,470	4.2%
2014	90,385	3,268,683	36,164	3.8%
2015	90,612	3,315,221	36,587	4.9%
2016	93,190	3,379,787	36,267	4.2%
2017	93,063	3,397,602	36,508	4.0%
2018	94,807	3,486,408	36,773	3.3%
2019	93,532	3,797,190	40,597	2.6%
2020	93,511	4,012,701	42,911	2.3%
2021	93,055	4,224,865	45,401	7.0%
2022	86,591	4,515,159	52,143	4.3%

Notes:

In Fiscal Year 2018, the City engaged HdL, Coren & Cone to provide data for the statistical section of the Annual Comprehensive Financial Report.

HdL, Coren & Cone Data Sources:

(1) Population data: California State Department of Finance.

(2) 2000-2009 Income data - ESRI - Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. 2010 and later Income data - US Census Bureau, most recent American Community Survey.

(3) Unemployment data: California Employment Development Department.

**CITY OF SANTA BARBARA
PRINCIPAL EMPLOYERS
TEN LARGEST EMPLOYERS – SOUTH SANTA BARBARA COUNTY
CURRENT YEAR AND NINE YEARS AGO**

As of June 30, 2022			As of June 30, 2013		
Employer	Number of Employees (1)	Percentage of Total Employment	Employer	Number of Employees (1)	Percentage of Total Employment
County of Santa Barbara	4,400	5.12%	University of California, Santa Barbara	10,063	18.26%
University of California, Santa Barbara	4,250	4.95%	County of Santa Barbara	4,383	7.95%
Cottage Health	3,052	3.55%	Cottage Health System	2,845	5.16%
Mission Linen Supply	2,000	2.33%	Santa Barbara Unified School District	2,531	4.59%
AppFolio	1,350	1.57%	Santa Barbara City College	1,791	3.25%
Santa Barbara Unified School District	1,350	1.57%	Raytheon Electronic Systems	1,400	2.54%
Sansum	1,289	1.50%	Santa Barbara County Education Office	1,029	1.87%
Raytheon	1,100	1.28%	City of Santa Barbara	998	1.81%
Procore Technologies	900	1.05%	Sansum Medical Foundation Clinic	960	1.74%
Goleta Union School District	700	0.81%	US Postal Service	736	1.34%
<hr/>			<hr/>		
Ten largest companies or organizations	20,391	23.74%		26,736	48.52%
<hr/>			<hr/>		

Sources:

(1) County of Santa Barbara, City of Santa Barbara, Pacific Coast Business Times

Source Notes: In preparing the FY22 principal employers schedule, the number of employees at 6/30/22 was taken entirely from the "Top 25 Santa Barbara County Employers" schedule in the Pacific Coast Business Times "2022 Book of Lists". The FY13 data was not taken from the City's FY13ACFR. This is because we previously used the County's numbers for any employers that appeared on the City's schedule. Effective FY18, the County is now using data from the Pacific Coast Business Times and revised the historical data accordingly.

CITY OF SANTA BARBARA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	Full-time Equivalent Employees as of June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administration	101.9	101.8	105.6	106.5	106.5	108.3	111.3	103.0	106.0	110.3
Administrative services	25.5	25.5	28.5	30.5	30.5	30.5	31.5	28.0	29.0	32.0
City administrator	10.5	10.5	10.5	9.5	9.5	8.5	8.5	13.0	14.0	15.0
City attorney	11.4	11.3	11.6	11.0	11.0	13.8	15.8	15.0	16.0	16.8
Finance	46.5	46.5	47.0	47.5	47.5	47.5	47.5	39.0	39.0	38.5
Mayor and city council	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Public safety	317.0	317.0	316.0	317.0	317.0	316.0	316.0	316.0	315.0	316.0
Police	207.0	207.0	211.0	212.0	212.0	211.0	210.0	210.0	209.0	210.0
Fire	110.0	110.0	105.0	105.0	105.0	105.0	106.0	106.0	106.0	106.0
Public works	138.0	139.0	144.0	143.0	140.0	141.0	143.0	142.0	142.0	146.8
Community services	115.2	116.7	122.4	126.5	131.6	132.8	125.5	123.0	124.0	129.8
Library	34.6	36.1	36.1	36.1	38.4	40.4	35.0	34.0	35.0	39.0
Parks and recreation	80.6	80.6	86.3	90.4	93.3	92.5	90.5	89.0	89.0	90.8
Community development	74.0	64.8	67.8	70.8	73.8	72.8	75.3	76.0	78.0	81.0
Water	68.3	67.3	68.8	74.3	75.3	72.8	72.8	70.5	71.5	71.0
Wastewater	49.0	49.0	49.0	49.0	49.0	52.5	52.5	56.5	56.5	57.0
Sustainability and resilience (2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.0	15.0	17.0
Airport	54.0	52.0	55.5	55.5	55.8	61.0	63.0	66.0	67.0	71.0
Waterfront	46.0	46.0	46.0	46.0	47.0	47.0	47.0	48.0	48.0	48.0
Parking and transportation	34.4	34.4	30.4	31.4	31.4	30.4	30.4	27.0	27.0	30.4
Golf (1)	12.8	10.3	10.3	9.8	0.0	0.0	0.0	0.0	0.0	0.0
Total	<u>1,010.6</u>	<u>998.3</u>	<u>1,015.7</u>	<u>1,029.7</u>	<u>1,027.3</u>	<u>1,034.5</u>	<u>1,036.7</u>	<u>1,042.0</u>	<u>1,050.0</u>	<u>1,078.2</u>

Note:

Source: City's Human Resources Department

Note:

(1) Effective July 1, 2016 operation of the golf course was contracted to a private management company. Consequently, there were no golf employees at June 30, 2016

(2) Sustainability and resilience started in FY20

CITY OF SANTA BARBARA OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Police										
Criminal citations issued	3,172	4,282	5,298	3,511	1,087	932	815	665	485	687
Parking citations	46,450	55,555	55,700	55,716	59,580	59,613	72,038	49,439	55,439	51,554
Street sweeping citations	25,612	26,187	27,109	29,031	27,032	26,349	26,922	19,514	21,675	25,925
Fire										
Number of calls received	8,038	8,165	8,341	9,102	9,891	9,240	10,583	7,312	9,198	11,292
Engine company fire inspections	2,773	2,661	3,116	2,890	2,450	2,329	2,034	924	-	564.00
Public works										
Street resurfacing (Blocks)	26.2	32	23.7	14.2	8.4	11.3	36.0	54.0	31.0	0.0
Community services										
Library items checked out	826,627	853,177	782,860	825,731	792,767	826,420	957,879	749,877	565,258	697,963
Community development										
Building inspections completed	10,665	11,220	11,650	11,403	11,805	13,128	11,690	13,252	12,091	13,838
Total permits issued	2,373	2,412	2,580	2,818	2,571	2,777	2,741	2,438	2,388	2,273
Water										
Million gallons water treated	7,481	7,527	4,960	4,247	4,132	4,600	4,016	4,382	5,558	2,687
Percent of drinking water regulations met	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Wastewater										
Million gallons waste water treated	2,627	2,551	2,360	2,301	2,312	2,252	2,369	2,202	2,088	2,137
Miles of wastewater collection system pipes cleaned	217	230	219	262	219	277	346	280	275	330
Percent of discharge requirements met	100.0%	100.0%	100.0%	100%	100%	100%	100%	100%	100%	100%
Airport										
Total number of annual passengers	722,041	699,916	628,837	630,612	690,992	738,079	860,909	796,908	426,836	1,122,129
Annual tons of airfreight	1,813	1,764	1,800	1,794	1,736	1,943	1,838	1,675	1,758	1,607
Waterfront										
Number of lease contracts managed	65	65	64	64	65	60	60	61	61	62
Number of parking permits distributed	564,294	702,622	814,800	765,471	781,419	727,345	736,660	609,178	754,696	840,583
Parking										
Vehicles parked in city lots	4,324,000	4,430,000	4,488,773	4,433,780	4,358,066	4,128,353	4,118,116	2,797,736	1,672,513	2,076,236
Golf course										
Paid rounds of golf	61,558	62,512	57,089	55,376	53,799	54,300	52,222	54,465	76,393	72,248

Source: Various City Departments

(All the information was found thru the P3 reports found on the Access P3 Database)

CITY OF SANTA BARBARA CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Public works										
Streets (miles)	238	254	254	255	255	255	254	254	254	254
Streetlights										
Concrete installed-sidewalk, curb and gutter (sq ft.)	16,088	10,754	12,140	14,145	15,976	15,387	83,698	28,242	21,481	54,837
Community services										
Parks acreage	1,765	1,765	1,765	1,765	1,808	1,808	1,810	1,815	1,815	1,815
Parks and sports facilities	54	56	57	57	60	60	60	60	60	60
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis and pickle ball courts	34	34	34	34	33	33	33	33	33	33
Community buildings	12	15	15	15	16	16	16	16	16	16
Libraries	2	2	2	2	2	2	2	2	3	3
Number of volumes (books, periodicals, tapes, etc.)	319,898	330,703	330,773	439,773	396,055	564,103	506,195	521,414	454,560	436,554
Community development										
Water										
Number of distribution system reservoirs	15	15	15	15	15	15	15	15	15	15
Number of water supply reservoirs	1	1	1	1	1	1	1	2	2	3
Number of pump stations	14	14	14	14	14	14	14	15	17	17
Number of treatment plants	2	2	2	2	3	3	3	3	3	3
Number of wells	9	9	9	8	9	10	10	9	9	9
Wastewater										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Number of lift stations	9	9	9	7	7	7	7	7	7	7
Airport										
Runways and Taxiways, paved surface (sq. footage)	6,842,079	6,842,079	6,842,079	6,842,079	6,842,079	6,842,079	6,842,079	6,943,779	6,784,710	6,784,710
Waterfront										
Number of harbor slips	1,139	1,139	1,139	1,139	1,143	1,141	1,143	1,143	1,143	1,143
Parking										
Number of parking structures and lots	15	15	16	16	15	15	15	15	15	15
Number of parking spaces	3,620	3,548	3,628	3,628	3,605	3,605	3,605	3,605	3,605	3,605