A G E N D A

Meeting of the
Scotts Valley City Council

Date: February 19, 2020
Time: 6:00 pm

CONTACT INFORMATION	MEETING LOCATION	POSTING
City of Scotts Valley 1 Civic Center Drive Scotts Valley, CA 95066 (831) 440-5600	City Council Chambers 1 Civic Center Drive Scotts Valley, CA 95066	The agenda was posted 2-14-20 at City Hall, SV Senior Center, SV Library and on the Internet at www.scottsvalley.org.

ELECTED OFFICIALS	CITY STAFF MEMBERS
Randy Johnson, Mayor Derek Timm, Vice Mayor Jack Dilles, Council Member Donna Lind, Council Member Jim Reed, Council Member	Tina Friend, City Manager Kirsten Powell, City Attorney Steve Walpole, Chief of Police Taylor Bateman, Community Development Director Tony McFarlane, Administrative Services Director Daryl Jordan, Public Works Director Tracy Ferrara, City Clerk

MEETING NOTICE AND AGENDA PACKET MATERIALS

Notice regarding City Council Meetings:
The City Council meets regularly on the 1st and 3rd Wednesday of each month at 6:00 pm in the City Hall Council Chambers located at 1 Civic Center Drive, Scotts Valley, CA 95066.

Agenda and Agenda Packet Materials:
The City Council agenda and the complete agenda packet are available for review by 5:00 pm the Friday before the Wednesday meeting on the Internet at the City's website: www.scottsvalley.org and in the lobby of City Hall at 1 Civic Center Drive, Scotts Valley, CA. Pursuant to Government Code §54957.5, materials related to an agenda item, submitted after distribution of the agenda packet, are available for public inspection in the lobby of City Hall during normal business hours, Monday-Friday, 8am-12 pm and 1-5 pm. In accordance with AB 1344, such documents will be posted on the City's website at www.scottsvalley.org.

Televised Meetings:
City Council meetings are cablecast "Live" on Community Television of Santa Cruz County on Comcast Channel 25.

CALL TO ORDER 6:00 PM

PLEDGE OF ALLEGIANCE and MOMENT OF SILENCE

ROLL CALL

SPECIAL SET MATTER

Presentation regarding Safe Routes to School Plan from Amelia Conlen, Ecology Action.

COMMITTEE REPORTS

Council members are appointed to committees which are either City committees or committees dealing with other jurisdictions. This portion of the agenda allows the committee member to present oral or written reports to the Council regarding their committee assignments. It also allows the Council to make comments and give the committee member direction, as required.

CITY MANAGER REPORT

PUBLIC COMMENT TIME

This is the opportunity for individuals to make and/or submit written or oral comments to the Council on any items within the purview of the Council, which are NOT part of the Agenda. No action on the item may be taken, but the Council may request the matter be placed on a future agenda.

ALTERATIONS TO CONSENT AGENDA

Council can remove or add items to the Consent Agenda.

CONSENT AGENDA

The Consent Agenda is comprised of items which appear to be non-controversial. Persons wishing to speak on any items may do so raising their hand to be recognized by the Mayor.

A. Approve City Council minutes of 2-5-20

B. Approve check registers dated 2-7-20, 2-14-20

ALTERATIONS TO REGULAR AGENDA

Council can remove or add items to the Regular Agenda.

REGULAR AGENDA

Persons wishing to speak on any item may do so by raising their hand to be recognized by the Mayor.

1. Mid-Year Financial Review for FY 2019/20
   (Administrative Services Director McFarlane)

2. Future Council agenda items
   (This portion of the Regular Agenda allows the Council to determine items to be placed on a future agenda and to choose a date, if so desired.)

CONVENE TO CLOSED SESSION

CLOSED SESSION SUBJECT(S)

(1) Conference with legal counsel regarding potential litigation.

Legal Authority:	Government Code Section 54956.9(b)
Name of Case:	1 case
Staff Present:	City Manager, City Attorney, Administrative Services Director

(2) Conference with legal counsel regarding real property negotiations.

Legal Authority:	Government Code Section 54956.8
Property:	251 Kings Village Road, Scotts Valley, CA 95066
Staff Present:	City Manager, City Attorney

RECONVENE TO OPEN SESSION

REPORT ON ACTION TAKE DURING CLOSED SESSION

ADJOURNMENT

ADA NOTICE

The City of Scotts Valley does not discriminate against persons with disabilities. The City Council Chambers is an accessible facility. If you wish to attend a City Council meeting and require assistance such as sign language, a translator, or other special assistance or devices in order to attend and participate at the meeting, please call the City Clerk's office at (831) 440-5602 five to seven days in advance of the meeting to make arrangements for assistance. If you require the agenda of a City Council meeting be available in an alternative format consistent with a specific disability, please call the City Clerk’s Office. The California State Relay Service (TTY/VCO/HCO to Voice: English 1-800-735-2929, Spanish 1-800-855-3000; or, Voice to TTY/VCO/HCO: English 1-800-735-2922, Spanish 1-800-855-3000), provides Telecommunications Devices for the Deaf and Disabled and will provide a link between the TDD caller and users of telephone equipment.

PROCEDURAL INFORMATION FOR THE PUBLIC

THE FOLLOWING IS THE PROCEDURE COUNCIL SHOULD TAKE IN APPROVAL OF A RESOLUTION:

1. Move the Resolution number for approval.
2. Second the motion.
3. Vote by body, a roll call vote is not required.

THE FOLLOWING IS THE PROCEDURE COUNCIL SHOULD TAKE IN INTRODUCTION/ADOPTION OF AN ORDINANCE:

1. Move the Ordinance number for introduction (or adoption).
2. Move the Ordinance be introduced by title only and waive the reading of the text.
3. Read the Ordinance title.
4. Second the motion.
5. Vote by body, a roll call vote is not required.

THE FOLLOWING IS THE PROCEDURE COUNCIL SHOULD TAKE IN PUBLIC COMMENT/PUBLIC HEARINGS:

Unless otherwise determined by the presiding officer of the meeting:

1. Three minutes allowed per individual to speak.
2. Five minutes allowed per individual representing a group of three or more.

❖ ❖ ❖ ❖ ❖ ❖ ❖ ❖

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M I N U T E S

Meeting of the
Scotts Valley City Council

Date: February 5, 2020
Time: 6:00 pm

CONTACT INFORMATION	MEETING LOCATION	POSTING
City of Scotts Valley 1 Civic Center Drive Scotts Valley, CA 95066 (831) 440-5600	City Council Chambers 1 Civic Center Drive Scotts Valley, CA 95066	The agenda was posted 1-31-20 at City Hall, SV Senior Center, SV Library and on the Internet at www.scottsvalley.org.

CALL TO ORDER 6:00 PM

The City Council meeting was called to order at 6:00 pm.

PLEDGE OF ALLEGIANCE and MOMENT OF SILENCE

ROLL CALL

ELECTED OFFICIALS PRESENT:	**CITY STAFF MEMBERS PRESENT**:
Randy Johnson, Mayor Derek Timm, Vice Mayor Jack Dilles, Council Member Donna Lind, Council Member Jim Reed, Council Member	Tina Friend, City Manager Kirsten Powell, City Attorney Steve Walpole, Chief of Police Taylor Bateman, Community Development Director Tony McFarlane, Administrative Services Director Daryl Jordan, Public Works Director/City Engineer Tracy Ferrara, City Clerk

SPECIAL SET MATTER

Alex Clifford, General Manager of the Santa Cruz Metropolitan Transit District (SCMTD), presented the SCMTD Annual Report and responded to questions from Council.

Ilo Nilson, Scotts Valley resident, thanked the City and SCMTD for their attention to Bluebonnet neighborhood traffic concerns. She expressed concerns and made recommendations regarding traffic ingress and egress from the Transit Center onto Bluebonnet Lane.

? Walker, Scotts Valley resident, expressed concerns and made recommendations regarding traffic ingress and egress from the Transit Center onto Bluebonnet Lane.

David Jones, Scotts Valley resident, expressed concerns and made recommendations regarding traffic ingress and egress from the Transit Center onto Bluebonnet Lane.

Melissa Rice, Scotts Valley resident, expressed concerns and made recommendations regarding traffic ingress and egress from the Transit Center onto Bluebonnet Lane.

Eric Nilson, Scotts Valley resident, expressed concerns and made recommendations regarding traffic ingress and egress from the Transit Center onto Bluebonnet Lane.

COMMITTEE REPORTS

CM Reed reported that the Library Financing Authority met to discuss allocation of funds and the annual audit.

VM Timm reported that the Joint City/School met and discussed issues related to vaping and communications.

VM Timm reported that the Town Center Exploratory Subcommittee met and held a visioning process workshop.

VM Timm reported that he has been working on economic development related to the closure of K-Mart.

CM Dilles reported that he attended the Santa Margarita Groundwater Agency meeting where they are working on a water sustainability plan that is required to be in place by 2022. He reported that the latest meeting focused on the groundwater modeling process.

CM Lind reported that the Santa Cruz Metropolitan Transit District Board met and they are continuing to work on the budget process.

CITY MANAGER REPORT

1. **Glenwood Trails**: The Glenwood Preserve trails are nearing completion, with opening slated for Saturday, April 4th. This 4-mile trail system winds through redwoods forest, oak woodlands, wetlands, and grassland prairies. Come out and enjoy this wonderful new trail system on opening weekend. The flowers will be blooming and representatives from the Land Trust of Santa Cruz will be there to answer questions. Reminder-no dogs are allowed on the east preserve. Parking is at Shugart Park.

2. **Recreation**: The Spring 2020 recreation registration is now open!

   New Classes:
   - East Glenwood Guided Walks
   - 21+up classes Succulent design and Bunco Nights Community Partnership with Bruno's Bar & Grill
   - Play-Well Lego Enrichment Camp at Brook Knoll Elementary

   Old Favorites:
   - Swimming Lessons begin April 13th
   - Music Together
   - Gymnastics & Parkour
   - Tennis
   - Line Dancing

3. **City Project Update**: A project is underway at the parking lot across from Siltanen Park. This will provide improvements for pedestrian safety and accessibility. It will upgrade parking and striping across from Siltanen Park, pave a parking lot across from Scotts Valley High School for the trail system and a paved and striped access area on K Street. All three areas will incorporate ADA improvements and accessibility.

4. **Construction Update**: Construction has begun on the "The Hangar" commercial development located on Mount Hermon Road. The building is 13,000 square feet in area and is designed like an airport hangar to evoke the history of the former Skypark Airport site. Potential uses for the building are retail and food uses. The building is also one of the first buildings to be located in the Scotts Valley Town Center, the realization of a long-term vision of the City of Scotts Valley.

5. **Fiscal Emergency FAQs**: The City has a webpage dedicated to information about its Fiscal Emergency. You can find financial information, extensive FAQs and the official ballot language.
   Please visit www.scottsvalley.org/fiscalemergency.

PUBLIC COMMENT TIME

No one came forward.

ALTERATIONS TO CONSENT AGENDA

M/S: Reed/Timm
To approve the Consent Agenda.
Carried 5/0 (AYES: Dilles, Johnson, Lind, Reed, Timm)

CONSENT AGENDA

A. Approve City Council meeting minutes 1-15-20

B. Approve check register – 1-10-20, 1-17-20, 1-24-20, 1-31-20

C. Ratify the appointment of Jeanne Shada to serve on the Arts Commission, with an effective date of February 5, 2020

D. Approve Resolution No. 1955.9 increasing the salary range for the positions of Wastewater Plant Operator-In-Training, Wastewater Plant Operator I and Wastewater Plant Operator II

ALTERATIONS TO REGULAR AGENDA

M/S: Reed/Lind
To approve the Regular Agenda.
Carried 5/0 (AYES: Dilles, Johnson, Lind, Reed, Timm)

REGULAR AGENDA

1. **Future Council agenda items**

   CM Friend announced that an item related to a flavored tobacco ban will be coming forward in the next few months.

CONVENE TO CLOSED SESSION

The City Council convened to closed session at 6:45 p.m. to discuss the following items:

(1) Pursuant to Government Code Section 54956.9(b), the City Council met in closed session to confer with their legal counsel regarding potential litigation – 1 case.

(2) Pursuant to Government Code Section 54956.8, the City Council met in closed session to confer with their legal counsel regarding real property negotiations, APN 022-601-01.

RECONVENE TO OPEN SESSION

The City Council reconvened to open session at 7:20 p.m.

REPORT ON ACTION TAKE DURING CLOSED SESSION

Mayor Johnson announced that there was nothing to report.

ADJOURNMENT

The meeting adjourned at 7:20 p.m.

Approved: ______________________________
Randy Johnson, Mayor

Attest: ____________________________
Tracy A. Ferrara, City Clerk

AGENDA ITEM B
DATE: 2-19-2020

Report Selection:

RUN GROUP... 020720 COMMENT... 02/07/2020 A/P

DATA-JE-ID	DATA COMMENT
W-02072020-350	02/07/2020 A/P

Run Instructions:

Jobq	Banner	Copies	Form	Printer	Hold	Space	LPI	Lines	CPI	CP	SP	RT
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BANK	VENDOR	CHECK#	DATE	AMOUNT
BA	GENERAL CHECKING ACCOUNT			
000182	A SIGN ASAP	118244	02/07/20	374.96
003919	ACCO ENGINEERED SYSTEMS	118245	02/07/20	1,766.24
003497	ALVAREZ INDUSTRIES, INC	118246	02/07/20	1,111.00
003923	ANDRADE/TERRA	118247	02/07/20	34.00
001009	ARD/KRISTIN	118248	02/07/20	50.00
000097	AT&T	118249	02/07/20	257.88
003742	AVALOS/KEVIN	118250	02/07/20	50.00
003416	BALBOA CAPITAL	118251	02/07/20	225.63
000107	BIRT/DUSTIN	118252	02/07/20	50.00
003170	BOGARD CONSTRUCTION INC	118253	02/07/20	142.50
000500	BOLANOS/DORENE	118254	02/07/20	50.00
001306	BROWNING DDS/RICHARD	118255	02/07/20	141.60
000725	CALIFORNIA GREY BEARS, I	118256	02/07/20	1,517.00
003119	CALIFORNIA SOCIETY OF	118257	02/07/20	220.00
.15434	CASSANDRA ROZINSKY	118258	02/07/20	65.86
003729	CENTRAL COAST DIESEL	118259	02/07/20	280.00
003887	CHEUNG/ATHENA	118260	02/07/20	50.00
002091	COMCAST	118261	02/07/20	146.20
000488	DIENTES COMMUNITY DENTAL	118262	02/07/20	1,423.00
001537	DYNAMIC PRESS	118263	02/07/20	162.41
000191	EMPLOYMENT DEV. DEPT.	118264	02/07/20	2,657.00
000426	ENTENMANN-ROVIN CO	118265	02/07/20	336.56
001597	ENVIRONMENTAL INNOVATION	118266	02/07/20	5,918.39
000054	EWING IRRIGATION PRODUCT	118267	02/07/20	52.08
000703	FAMILY SERVICE AGENCY	118268	02/07/20	4,484.00
.15433	FRED WILSON	118269	02/07/20	480.66
001828	GONZALES/GABE	118270	02/07/20	50.00
003706	GRANADOS/JUSTIN	118271	02/07/20	50.00
003127	GRUNDY/LAURIE	118272	02/07/20	56.45
000615	HOHMANN/PATRICK J.	118273	02/07/20	379.07
000283	HOSE SHOP	118274	02/07/20	30.29
001856	HUB INTERNATIONAL	118275	02/07/20	130.15
001308	JOHNSON DDS/BRETT	118276	02/07/20	125.00
003790	JOHNSON/JARED	118277	02/07/20	100.96
001903	JONES/KIMARIE	118278	02/07/20	192.11
003701	JORDAN/DARYL	118279	02/07/20	2,300.00
001660	KING/KATI	118280	02/07/20	50.00
003761	LEDGER/CHASE	118281	02/07/20	50.00
003734	MCFARLANE/ANTHONY	118282	02/07/20	615.96
003652	METRO TRANSPORTATION COM	118283	02/07/20	1,500.00
003171	MICHALAK/GENE	118284	02/07/20	125.00
000218	MID VALLEY SUPPLY	118285	02/07/20	916.17
000083	MISSION UNIFORM SERVICE	118286	02/07/20	649.25
003490	MOTION PICTURE LICENSING	118287	02/07/20	319.60
000323	NBS GOVERNMENT FINANCE G	118288	02/07/20	1,040.00
003766	ORMONDE/ROBERT	118289	02/07/20	50.00
000349	OTC BRANDS INC	118290	02/07/20	142.64
003323	POMPETTE/NICOLE	118291	02/07/20	50.00

BANK	VENDOR	CHECK#	DATE	AMOUNT	
BA	GENERAL CHECKING ACCOUNT				
001097	PRODESSE PROPERTY GROUP	118292	02/07/20	3,523.52	
001591	ROD MARKELL	118293	02/07/20	1,974.00	
001544	SANTA CRUZ COUNTY CONFER	118294	02/07/20	18,084.23	
000710	SENIOR NETWORK SERVICES,	118295	02/07/20	1,549.00	
003674	SLOAN SAKAI YEUNG & WONG	118296	02/07/20	126.00	
002065	SOTO/ART	118297	02/07/20	50.00	
.15432	THE DENTAL GROUP OF LATT	118298	02/07/20	105.00	
003699	THOMAS/PHILIP	118299	02/07/20	83.96	
000153	THOMSON REUTERS-WEST	118300	02/07/20	314.15	
000098	TROWBRIDGE ENTERPRISES	118301	02/07/20	920.42	
001366	U.S. BANCORP OFFICE	118302	02/07/20	1,260.36	
000443	WALPOLE/STEVE	118303	02/07/20	125.00	
	GENERAL CHECKING ACCOUNT			59,085.26	***

BANK	VENDOR	CHECK#	DATE	AMOUNT
REPORT TOTALS:				59,085.26

RECORDS PRINTED - 000091

GL540R

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
001	GENERAL	42,404.58
002	RECYCLING/ENVIRONMENTAL	5,002.04
004	RECREATION	1,469.46
010	WASTEWATER OPERATIONS	2,255.63
011	TERTIARY TREATMENT PLANT	82.37
019	AFFORDABLE HOUSING	1,974.00
023	SVRDA SUCCESSOR AGENCY	4,563.52
031	STP EXCHANGE PROJECTS	374.96
088	LIBRARY FACILITIES-MEAS "S"	142.50
112	DENTAL INS INTERNAL SERV	496.60
123	COMMUNITY FACILITY CENTER	319.60
TOTAL ALL FUNDS		59,085.26

BANK RECAP:

BANK	NAME	DISBURSEMENTS
BA	GENERAL CHECKING ACCOUNT	59,085.26
TOTAL ALL BANKS		59,085.26

Report Selection:

Optional Report Title.......HISTORY FILES

INCLUSIONS:

Fund & Account.		thru	
CHECK # Date.................	02/14/2020	thru	02/14/2020
Source Codes.................		thru	
Journal Entry Dates.........		thru	
Journal Entry Ids...........		thru	
CHECK # Number..............	118304	thru	118353
PROJECT NAME................		thru	
Vendor......................		thru	
Invoice.....................		thru	
Purchase Order..............		thru	
Bank........................		thru	
VOUCHER		thru	
Released Date...............		thru	
Cleared Date................		thru	

Include Exp/Rev Closing Entries N
Create Excel file & Download N

Run Instructions:

Jobq	Banner	Copies	Form	Printer	Hold	Space	LPI	Lines	CPI	CP	SP	RT
L		01			Y	S	6	066	10			

Check History

HISTORY FILES

BANK	VENDOR	CHECK#	CHECK DATE	AMOUNT
BA GENERAL CHECKING ACCOUNT				
	A SIGN ASAP	118304	02/14/20	414.20
	ACCENT CLEAN & SWEEP INC	118305	02/14/20	2,123.00
	ACCO ENGINEERED SYSTEMS	118306	02/14/20	971.60
	AC3	118307	02/14/20	450.00
	AFLAC-FLEX ONE	118308	02/14/20	2,155.26
	ASSOCIATED SERVICES CO.	118309	02/14/20	56.45
	AT&T	118310	02/14/20	9.28
	BAY TREE, LLC	118311	02/14/20	3,620.38
	BIOTIC RESOURCES GROUP	118312	02/14/20	580.00
	BIRT/DUSTIN	118313	02/14/20	185.29
	BUSINESS WITH PLEASURE	118314	02/14/20	19.10
	C & N TRACTORS	118315	02/14/20	31.03
	CHEUNG/ATHENA	118316	02/14/20	53.33
	CIVIL CONSULTANTS GROUP	118317	02/14/20	810.00
	COMCAST	118318	02/14/20	283.65
	COMCAST	118319	02/14/20	323.10
	COMPLETE MAILING SERVICE	118320	02/14/20	1,450.00
	COURT APPOINTED SPECIAL	118321	02/14/20	1,198.00
	CRYSTAL SPRINGS WATER CO	118322	02/14/20	65.70
	CRYSTAL SPRINGS WATER CO	118323	02/14/20	7.00
	D & G SANITATION	118324	02/14/20	103.55
	DASSEL'S PETROLEUM INC	118325	02/14/20	4,576.54
	DEPARTMENT OF JUSTICE	118326	02/14/20	106.00
	ENTERPRISE SPECIALTY PRO	118327	02/14/20	123.41
	ENVIRONMENTAL INNOVATION	118328	02/14/20	5,430.83
	GENERAL LOGISTICS SYSTEM	118329	02/14/20	22.57
	HERWIT ENGINEERING	118330	02/14/20	8,712.50
	HOPE SERVICES	118331	02/14/20	406.00
	HOSE SHOP	118332	02/14/20	932.78
	JOHNSON DDS/BRETT	118333	02/14/20	886.00
	LIEBERT CASSIDY WHITMORE	118334	02/14/20	405.00
	LOGAN & POWELL, LLP	118335	02/14/20	18,560.00
	LONG/AMANDA	118336	02/14/20	51.00
	MITEL TECHNOLOGIES INC	118337	02/14/20	340.00
	MUSICAL ME, INC	118338	02/14/20	3,491.20
	NATIONAL COMTEL NETWORK	118339	02/14/20	15.19
	OLIN CORP-CHLOR ALKALI	118340	02/14/20	2,217.06
	PACIFIC GAS & ELECTRIC C	118341	02/14/20	36,952.97
	PACIFIC GAS & ELECTRIC C	118342	02/14/20	199.59
	PETE'S OUTFLOW TECHNICIA	118343	02/14/20	2,140.00
	PIED PIPER INC./THE	118344	02/14/20	63.50
	PROVISION GLASS & WINDOW	118345	02/14/20	422.87
	S.V. WATER DISTRICT - BU	118346	02/14/20	57.66
	STATE WATER RESOURCES CO	118347	02/14/20	230.00
	STEPFORD	118348	02/14/20	17,209.98
	STEVENS DDS/JOHN A	118349	02/14/20	204.00
	SWEDBERG ELECTRIC INC.	118350	02/14/20	405.00

Check History

HISTORY FILES

BANK	VENDOR	CHECK#	CHECK DATE	AMOUNT
BA	GENERAL CHECKING ACCOUNT			
	TRITON CONSTRUCTION	118351	02/14/20	100.00
	VARGAS ACADEMY OF GYMNAS	118352	02/14/20	1,715.00
	VIRTUAL PROJECT MANAGER	118353	02/14/20	1,000.00
				121,886.57

Check History

HISTORY FILES

BANK	VENDOR	CHECK#	CHECK DATE	AMOUNT
REPORT TOTALS:				121,886.57

RECORDS PRINTED - 000088

GL540R

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
001	GENERAL	59,271.80
002	RECYCLING/ENVIRONMENTAL	2,859.00
004	RECREATION	6,816.85
010	WASTEWATER OPERATIONS	44,213.72
011	TERTIARY TREATMENT PLANT	2,239.63
023	SVRDA SUCCESSOR AGENCY	3,620.38
028	SENIOR CENTER	667.94
050	PINEWOOD EST LNDSCP MAINT DT	10.84
077	SKYPARK MAINT ASSESS DIST	35.28
112	DENTAL INS INTERNAL SERV	1,090.00
123	COMMUNITY FACILITY CENTER	1,061.13
TOTAL ALL FUNDS		121,886.57

BANK RECAP:

BANK	NAME	DISBURSEMENTS
BA	GENERAL CHECKING ACCOUNT	121,886.57
TOTAL ALL BANKS		121,886.57

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: February 19, 2020

TO: Honorable Mayor and City Council

FROM: Tony McFarlane, Administrative Services Director

APPROVED: Tina Friend, City Manager

SUBJECT: **MID-YEAR FINANCIAL REVIEW FOR FY 2019/20**

SUMMARY OF ISSUE

This report provides an update of the City's current financial performance, including an overview of the year prior as reported by the FY 2018/19 Comprehensive Annual Financial Report (CAFR) and a Mid-Year Review for FY 2019/20 through December 31, 2019. This financial summary identifies mid-year revenue and expenditure trends for all City funds and a preliminary forecast for FY 2019/20 year-end fund balance.

FY 2018/19 COMPREHENSIVE ANNUAL FINANCIAL REPORT RESULTS
On January 15, 2020, the City Council accepted a draft of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2019. The City ended FY 2018/19 with $4.9 million in unassigned reserves in its General Fund, which equated to nearly 45% of annual operating expenditures. Available reserves in the Wastewater Enterprise Funds total $2.6 million at June 30, 2019. However, the Recreation Enterprise Fund had an accumulated deficit of approximately $135,000 as we started FY 2019/20. All other funds reported positive reserves available for appropriation as we began FY 2019/20. The CAFR indicated that tax revenues from sources such as property and real estate transfer tax, sales tax, and transient occupancy tax, as well as an increase in development activity in the City, provided continued growth in the City's revenue sources. Although these revenue trends are positive, they were not able to cover the cost of service delivery, including, but not limited to increases in planning/building contract services to meet developer service demands, CalPERS rates, and capital needs. The final version of the FY 2018/19 CAFR is attached to this report.

FY 2019/20 MID-YEAR FINANCIAL REVIEW THROUGH DECEMBER 31, 2019
During the first six months of FY 2019/20, revenues are meeting expectations as originally anticipated in the adopted FY 2019/20 annual budget. Expenses, however, are trending below expectations due to significant ongoing vacancies which creates budget savings in personnel costs and the refunding of lease revenue bonds in July 2019 which led to a lower than budgeted interest payment. Items of importance are noted below:

General Fund Revenues

General Fund revenues are trending higher than the previous year. Although revenues will be less than the prior year, they are still anticipated to exceed projections by approximately $260,000, or 2.2%.

- _Property taxes_ – the demand for housing continues to drive the housing market, **property tax revenue is anticipated to meet projections**.

- _Sales taxes_ – sales tax revenues related to the general 1% State sales tax rate and the 0.5% City local transactions and use tax rate have increased over the prior year, however, this was due to the state being behind with disbursements in the prior year. During the second half of FY 2018/19, the state caught up with allocating sales tax to the appropriate districts. ***Sales tax revenue is anticipated to meet expectations.***

- _Franchise taxes_ – **Franchise revenue from gas and electric services will be slightly lower than expectations when it is received by the end of March 2020**.

- _Transient occupancy taxes (TOT)_ – TOT revenue exceeded prior year due to the 1% rate increase and six full months of TOT from the Four Points Sheraton. ***TOT revenues are expected to exceed revenue projections by approximately $44,000, or 2%***.

- _Utility users taxes (UUT)_ – **UUT revenues are expected to meet budgeted projections by the end of the year based on current revenue trends**.

- _Fees for services_ – Although development activity has slowed as anticipated, **service fee revenues are expected to exceed projections by approximately $147,000.**

General Fund Expenditures

General Fund expenses are trending lower than anticipated due to turnover in staffing and the refunding of lease revenue bonds in July 2019. Staffing demographics are going through a transition as long tenured employees are retiring and being replaced with new employees at lower salary steps and tenure. **At current trends, the General Fund is anticipated to end the year approximately $2.13 million below budget.** Significant items are listed below;

- _General Government_ – In July, 2019, the city refunded three lease revenue bonds. Over the life of the debt service, total anticipated savings will be approximately $1.08 million. **Total savings for this fiscal year are approximately $319,000.**

- *Police* – The Police department has experienced significant turnover during the first half of the fiscal year. At the beginning of the fiscal year, 17 of the 28 authorized positions were budgeted at the highest salary step. Each new hire represents a reduction in anticipated salary and benefits. Lower salary steps lead to lower payments for benefits such as, medical, FICA, and retirement. **As a result, the Police Department is anticipated to end the year approximately $678,000 below budget.**

- *Building* – The Building department budget includes salaries and benefits for a building official and building permit technician that are currently vacant. These costs are included in the budget as a contingency as those services are currently being provided through contract. **As a result, the Building department is anticipated to end the year approximately $320,000 under budget.**

- *Public Works* – The Public Works department has also faced significant turnover resulting in vacant positions and new employees starting in lower salary steps. **Overall, the Public Works department is anticipated to end the year approximately $477,000 under budget.**

Budget Adjustments

- *General Fund (Fund 001)* – There were two errors identified in the adopted General Fund budget. Estimated revenues are overstated by $235,000 as the amount budgeted for transfers-in, $235,000, was included twice in the formula used to calculate Estimated Revenues. The Police department budget is understated by $5,265 due to a data entry error. The original budget request included $5,850 for small tools but $585 was entered into the final budget worksheet. A budget adjustment is need to correct these clerical errors. **Staff is recommending a decrease in revenue appropriation of $235,000 and an increase in expense appropriation in the Police department budget of $5,265.**

- *Affordable Housing Fund (Fund 019)* – The fund received unanticipated revenue related to in-lieu fees and a loan repayment totaling $300,000. In addition, a housing subsidy of $130,000 that was included in the prior year budget was not requested until after the fiscal year ended. This amount was not carried over into the current year budget. **Staff is recommending an increase in revenue appropriation of $300,000 and an increase in expense appropriation of $130,000.**

- *Glenwood Drive Rehabilitation* – The adopted FY 2019/20 CIP did not include the grant funding for this project of $1,360,000. In August 2019, Council approved a contract for the first phase of the Glenwood Drive Active Transportation Plan totaling $354,653. Funding sources for this project include STP Exchange funds of $990,000 and Measure D funds of $370,000.

- *STP Exchange Projects (Fund 031)* – The adopted budget included estimates of $538,431 for revenues and $483,279 for expenses. A budget adjustment is needed to true-up the budget with the amount of grant funding allocated for this project. Any balance remaining at the end of the fiscal year will roll over to FY 2020/21. **Staff is recommending an increase to revenue appropriations of $953,628 and a corresponding increase to expense appropriations of $816,853.**

- *Measure D Sales Tax for Transportation (Fund 155)* – The adopted budget included estimates of $268,300 for revenues and $265,020 for expenses. A budget adjustment is needed to true-up the budget with the amount of Measure D funds allocated for this project. Any balance remaining at the end of the current fiscal year will be rolled over into FY 2020/21. **Staff is recommending an increase to expense appropriations of $209,602.**

- *Library Facility Improvements – Measure S (Fund 088)* – In 2016, voters approved Measure S to fund capital improvements for the 10 branches of the Santa Cruz Public Libraries system. Scotts Valley's portion of these funds is $3.75 million. The City is set to begin those improvements this year. As part of this process, the City is requesting a drawdown of approximately $500 thousand in bond proceeds to fund the improvements to the library building. **Staff is recommending an increase to revenue appropriations of $500,000 in order to receive the bond proceeds and an increase to expense appropriations of $500,000 in order to spend the bond proceeds.**

- *CalTrans – Get Everyone Moving (Fund 178)* – The City has entered into a restricted grant agreement with CalTrans to fund the development of the Scotts Valley Get Everyone Moving Plan. This plan will identify barriers to safe and frequent bicycling and walking and guide future active transportation developments within the City of Scotts Valley. The total amount of the grant is $175,000 with a local match component of $22,750. The City is identified as the authorized Agency and is working in partnership with Ecology Action, Bike Santa Cruz, and the Scotts Valley Active Transportation Group and an outside consultant in order to develop the Plan and meet the objectives of the grant. Public Works Engineering staff time will be used to satisfy the local match component of $22,750. **Staff is recommending an increase to revenue and expense appropriations of $175,000 to fund grant related activities.**

FY 2019/20 GENERAL FUND YEAR-END FUND BALANCE PROJECTION

The following table summarizes the FY 2019/20 year-end fund balance projection, considering anticipated revenue and expenditure trends indicated earlier. The adopted budget column includes the corrections to estimated revenues and budgeted expenditures identified earlier in this report. It is anticipated that the FY 2019/20 General Fund will end the year with a net surplus of $1,024,396, which is an improvement to the originally forecasted deficit of $1,293,918 due to the lower than anticipated expenses. The City's projected ending General Fund balance available for appropriations in future years is estimated to be $6,162,780, which is over $3.02 million higher than original expectations and is equivalent to 46.1% (5.5 months) of annual budgeted operating expenditures plus transfers out. This reserve level exceeds the City Council's target reserve policy of 17% (two months) of annual operating expenditures plus transfers out.

General Fund Reserves (Funds 1 & 6)	**Adopted Budget – FY 2019/20**	**Projected Results – FY 2019/20**
Opening Fund Balance at 7/1/2019	$ 4,436,174	$ 5,138,384
Estimated Revenues*	11,850,167	12,041,741
Transfers In	235,000	235,000
Budgeted Expenditures*	(12,908,392)	(10,781,652)
Transfers Out	(470,693)	(470,693)
Net Surplus (Deficit)	(1,293,918)	1,024,396
Ending Fund Balance at 6/30/2020	$ 3,142,256	$ 6,162,780

*includes corrections identified in report

DISCUSSION ITEMS

As General Fund expenses are anticipated to end the current year significantly under budget and reserves exceed the Council's target reserve policy, an opportunity presents itself for the City to redirect funds to address two outstanding items from the previous year. The following items will require Council discussion and direction if needed.

- *Public Works Building* – The current building has exceeded its useful life and needs to be replaced. Staff is currently reviewing proposals to replace the existing building with a new modular building. Staff is also considering funding options and will present to Council at a future meeting.

- *CDBG Loan* – The City entered into a loan agreement with the developer of the hotel that is now the Four Points Sheraton. The loan involved the use of Community Development Block Grant funds in the amount of $550,000. Given the timing of the loan repayment and the potential for the City to access additional CDBG funds for future economic development projects, the City may need to repay the Department of Housing and Urban Development before submitting an application for new funding.

PRELIMINARY BUDGET CALENDAR FOR FY 2020/21

The following milestones are presented as placeholders as it relates to the preparation and adoption of the City's FY 2019/20 Annual Budget.

Date (2020)	Meeting Forum	Milestone
Feb 19	Regular Meeting	Mid-Year Financial Report
Mar 4	Regular Meeting	Council Goal-Setting
Apr 1	Regular Meeting	Budget Direction, FSP and Five-Year Fiscal Forecast Update
Apr 15	Regular Meeting	Preliminary CIP Review
May 6	Regular Meeting	Fee Schedule Adoption
May 20	Regular Meeting	Community Services Funding
Jun 3	Regular Meeting	Adopt Operating and CIP Budget
Jun 30	N/A	Budget Publication

FISCAL IMPACT

There is no fiscal impact as a result of accepting the attached report.

STAFF RECOMMENDATION

It is recommended that Council consider taking the following actions:

1. Accept the attached reports and information regarding the FY 2019/20 Mid-Year Financial Report through December 31, 2019
2. Approve Resolution No. 630.39.3 amending the FY 2019/20 Annual Budget

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City of Scotts Valley
Revenues - All Funds
Mid-Year Financial Review for the Six Months Ended December 31, 2019

	FY 2018/19						FY 2019/20					
	Adopted Budget	Actual Year-End Totals	Over (Under) Projected Revenue Totals	Actual Totals for Six-Months Ended 12/31/2018	Actual Six-Month Totals as % of Adopted Budget	Actual Six-Months Totals as % of Year-End Actual Six-	Revised (Adopted + Add' Revenue Sources Approved)	Actual Totals for Six-Months Ended 12/31/2019	Actual Six-Months Totals as % of Adopted Budget	Increase (Decrease) from Prior Year 6-month Totals	Projected Year-End Revenues	Increase (Decrease) from Adopted Budget
General Fund Revenues												
Property Taxes - 1% Base	998,600	998,002	-0.06%	483,232	48.4%	48.4%	1,012,700	516,656	51.0%	6.92%	1,012,700	-
Property Taxes - TEA	351,100	469,079	33.6%	280,729	80.0%	59.8%	351,100	200,845	57.2%	-28.46%	401,691	50,591
Tax Increment - Successor Agency	120,000	442,129	268.4%	1,116	0.9%	0.3%	120,000	127,483	106.2%	11319.32%	254,966	134,966
Sales Tax - General	2,115,000	2,608,492	23.3%	853,857	40.4%	32.7%	2,244,148	1,016,536	45.3%	19.05%	2,244,148	-
Sales Tax - Measure U	1,340,000	1,479,418	10.4%	517,808	38.6%	35.0%	1,380,000	608,513	44.1%	17.52%	1,380,000	-
Franchise Taxes	1,036,900	1,013,694	-2.24%	326,105	31.4%	32.2%	1,055,600	295,896	28.0%	-9.26%	957,833	(97,767)
Transient Occupancy Tax	1,814,400	1,907,567	5.1%	731,495	40.3%	38.3%	2,253,399	1,062,499	47.2%	45.25%	2,297,375	43,976
Utility Users Tax	740,000	778,650	5.2%	293,758	39.7%	37.7%	762,200	391,346	51.3%	33.22%	782,692	20,492
Business License Tax	351,700	375,389	6.7%	279,825	79.6%	74.5%	362,300	245,858	67.9%	-12.14%	344,557	(17,743)
Total Taxes	**$ 8,867,700**	**$ 10,072,420**	**13.6%**	**$ 3,767,925**	**42.5%**	**37.4%**	**$ 9,541,447**	**$ 4,465,631**	**46.8%**	**18.52%**	**$ 9,675,962**	**$ 134,515**
Intergovernmental	1,172,500	1,280,127	9.2%	622,210	53.1%	48.6%	1,186,600	651,443	54.9%	4.70%	1,302,916	116,316
Fees and Services	796,300	859,445	7.9%	346,771	43.5%	40.3%	585,320	336,990	57.6%	-2.82%	731,986	146,666
Fines and Forfeitures	24,200	44,276	83.0%	23,506	97.1%	53.1%	24,400	15,144	62.1%	-35.58%	30,321	5,921
Investment Earnings	10,000	35,069	250.7%	7,232	72.3%	20.6%	35,000	20,536	58.7%	183.97%	41,073	6,073
Other	539,000	345,814	-35.84%	179,841	33.4%	52.0%	409,400	163,263	39.9%	-9.22%	259,485	(149,915)
Total General Fund Revenues	**$ 11,409,700**	**$ 12,637,151**	**10.8%**	**$ 4,947,485**	**43.4%**	**39.2%**	**$ 11,782,167**	**$ 5,653,007**	**48.0%**	**14.26%**	**$ 12,041,742**	**$ 259,575**
General Capital Improvement Fund												
General Capital Improvements (Fund 150)	**$ 113,500**	**$ 849,060**	**648.1%**	**$ 3,896**	**3.4%**	**0.5%**	**$ 7,500**	**$ 50,585**	**674.5%**	**1198.37%**	**$ 110,000**	**$ 102,500**
Special Revenue Funds - Development Impact Fees												
Drainage Construction (Fund 007)	11,505	67,803	489.3%	13,284	115.5%	19.6%	11,650	4,294	36.9%	-67.68%	21,915	10,265
Traffic Impact Mitigation (Fund 008)	847,000	393,197	-53.58%	155,915	18.4%	39.7%	36,000	17,081	47.4%	-89.04%	43,075	7,075
Park and Recreation Facilities (Fund 009)	1,098,200	378,536	-65.53%	331,273	30.2%	87.5%	50,000	25,507	51.0%	-92.30%	29,146	(20,854)
General Facility Impact Fee (Fund 021)	68,950	24,635	-64.27%	20,103	29.2%	81.6%	26,000	2,184	8.4%	-89.13%	2,677	(23,323)
Police Facility (Fund 027)	157,800	69,611	-55.89%	46,908	29.7%	67.4%	54,500	6,261	11.5%	-86.65%	9,291	(45,209)
Mt. Hermon Traffic Mitigation (Fund 051)	300	103,686	34462.0%	88,555	29518.3%	85.4%	2,500	1,917	76.7%	-97.84%	2,244	(256)
Library Impact Fees (Fund 086)	117,950	45,263	-61.62%	36,729	31.1%	81.1%	30,000	5,784	19.3%	-84.25%	7,128	(22,872)
Police Development Fees (Fund 315)	900	3,208	256.4%	1,529	169.9%	47.7%	3,000	1,299	43.3%	-15.03%	2,726	(274)
Total Special Revenue - DIF Expenses	**$ 2,302,605**	**$ 1,085,939**	**-52.84%**	**$ 694,296**	**30.2%**	**63.9%**	**$ 213,650**	**$ 64,326**	**30.1%**	**-90.74%**	**$ 118,202**	**(95,448)**
Special Revenue Funds - Non-DIF Funds												
Recycling/Environment (Fund 002)	66,060	84,369	27.7%	78,994	119.6%	93.6%	75,750	(967)	-1.28%	-101.22%	75,750	0
Gas Tax (Fund 003)	515,500	438,697	-14.90%	179,567	34.8%	40.9%	525,507	268,920	51.2%	49.76%	525,507	0
SMIP Fees (Fund 005)	5,060	6,494	28.3%	2,912	57.5%	44.8%	5,100	1,090	21.4%	-62.55%	2,432	(2,668)
Affordable Housing (Fund 019)	38,860	432,799	1013.7%	24,127	62.1%	5.6%	45,760	265,622	580.5%	1000.93%	345,760	300,000
Senior Center Operations (Fund 028)	77,650	82,137	5.8%	47,871	61.6%	58.3%	77,560	42,439	54.7%	-11.35%	72,816	(4,744)
STP Exchange Projects (Fund 031)	1,473,250	1,003,330	-31.90%	663,819	45.1%	66.2%	538,431	43,181	8.0%	-93.50%	1,492,059	953,628
Tree Replacement Fund (Fund 033)	610	819	34.3%	397	65.0%	48.4%	800	2,729	341.1%	587.85%	5,635	4,835
Green Building Fund (Fund 035)	108,900	67,029	-38.45%	34,397	31.6%	51.3%	32,000	9,763	30.5%	-71.62%	19,025	(12,975)
Disability Compliance (Fund 036)	750	5,826	676.8%	3,394	452.5%	58.2%	900	3,765	418.4%	10.95%	6,464	5,564
Pinewood Estates LMD (Fund 050)	6,290	6,719	6.8%	82	1.3%	1.2%	6,390	103	1.6%	25.31%	8,419	2,029
Skypark LMD (Fund 077)	41,750	42,064	0.8%	439	1.1%	1.0%	41,765	656	1.6%	49.30%	62,803	21,038
Skypark LMD Insurance (Fund 078)	11,230	18,674	66.3%	4,567	40.7%	24.5%	18,000	5,399	30.0%	18.22%	22,076	4,076
Library Facility Improvements Measure S (Fund 088)	300	197,780	65826.5%	19,040	6346.8%	9.6%	7,500	5,594	74.6%	-70.62%	507,500	500,000
Library County Excess Distribution (Fund 089)	339,321	342,719	1.0%	339,321	100.0%	99.0%	2,000	3,541	177.0%	-98.96%	3,576	1,576
Community Facility Center Operations (Fund 123)	110,850	115,392	4.1%	40,549	36.6%	35.1%	111,500	22,707	20.4%	-44.00%	111,500	0
Transportation Projects - Measure D (Fund 155)	265,900	298,840	12.4%	102,778	38.7%	34.4%	268,300	92,284	34.4%	-10.21%	268,328	28
CalTRANS - Get Everyone Moving (Fund 178)	-	-	0%	-	0%	0%	-	38,205	0%	0%	175,000	175,000
Supplemental Law Enforcement Services (Fund 306)	100,300	102,534	2.2%	42,127	42.0%	41.1%	101,500	56,012	55.2%	32.96%	136,328	34,828
Police Budget Act of 2016 (Fund 312)	-	666	0%	333	0%	50.0%	500	256	51.1%	-23.26%	511	11
Homeland Security Grant (Fund 316)	-	63,906	0%	-	0%	0%	-	6	0%	0%	-	0
EDG Revolving Loan (Fund 317)	-	11	0%	5	0%	46.6%	10	5	50.0%	0%	11	1

City of Scotts Valley
Revenues - All Funds
Mid-Year Financial Review for the Six Months Ended December 31, 2019

	FY 2018/19						FY 2019/20					
	Adopted Budget	Actual Year-End Totals	Over (Under) Projected Revenue Totals	Actual Totals for Six-Months Ended 12/31/2018	Actual Six-Month Totals as % of Adopted Budget	Actual Six-Months Totals as % of Year-End Actual Six-	Revised (Adopted + Add' Revenue Sources Approved)	Actual Totals for Six-Months Ended 12/31/2019	Actual Six-Months Totals as % of Adopted Budget	Increase (Decrease) from Prior Year 6-month Totals	Projected Year-End Revenues	Increase (Decrease) from Adopted Budget
Total Special Revenue - Non-DIF Expenses	**$ 3,162,581**	**$ 3,310,804**	**4.7%**	**$ 1,584,719**	**50.1%**	**47.9%**	**$ 1,859,273**	**$ 861,309**	**46.3%**	**-45.65%**	**$ 3,841,498**	**$ 1,982,225**
Debt Service												
Pension Obligation Bonds (Fund 026)	443,825	445,089	0.3%	445,089	100.3%	100.0%	448,759	403,985	90.0%	-9.23%	448,759	0
COP Debt Service (Fund 066)	4,100	18,463	350.3%	$ 8,780	214.2%	47.6%	10,000	10,088	100.9%	14.89%	20,176	10,176
Total Debt Service Funds	**$ 447,925**	**$ 463,551**	**3.5%**	**$ 453,869**	**101.3%**	**97.9%**	**$ 458,759**	**$ 414,073**	**90.3%**	**-8.77%**	**$ 468,935**	**$ 10,176**
Recreation Enterprise Fund												
Recreation (Fund 004)	**$ 1,050,100**	**$ 1,189,611**	**13.3%**	**$ 606,117**	**57.7%**	**51.0%**	**$ 1,247,500**	**$ 530,336**	**42.5%**	**-12.50%**	**$ 1,040,878**	**(206,622)**
Wastewater Enterprise Funds												
Wastewater Operations (Fund 010)	4,800,169	4,840,349	0.8%	387,181	8.1%	8.0%	2,505,500	439,516	17.5%	13.52%	2,946,718	441,218
Tertiary Operating (Fund 011)	121,200	176,593	45.7%	119,809	98.9%	67.8%	110,000	100,921	91.7%	-15.76%	185,704	75,704
Wastewater Capital Reserve (Fund 012)	1,481,710	875,476	-40.91%	119,378	8.1%	13.6%	215,000	26,787	12.5%	-77.56%	196,445	(18,555)
Wastewater Equipment Replacement (Fund 014)	3,000	14,154	371.8%	6,731	224.4%	47.6%	15,000	1,241	8.3%	-81.56%	2,483	(12,517)
TTP District Reserve	11,100	1,787	-83.90%	1,425	12.8%	79.8%	8,000	410	5.1%	-71.25%	820	(7,181)
Total Wastewater Enterprise Funds	**$ 6,417,179**	**$ 5,908,357**	**-7.93%**	**$ 634,524**	**9.9%**	**10.7%**	**$ 2,853,500**	**$ 568,875**	**19.9%**	**-10.35%**	**$ 3,332,169**	**$ 478,669**
Internal Service Fund												
Dental Insurance (Fund 112)	**$ 70,190**	**$ 59,199**	**-15.66%**	**$ 31,546**	**44.9%**	**53.3%**	**$ 70,750**	**$ 24,485**	**34.6%**	**-22.38%**	**$ 48,969.40**	**(21,781)**
Grand Total - All Funds	**$ 24,973,780**	**$ 25,503,673**	**2.1%**	**$ 8,956,452**	**35.9%**	**35.1%**	**$ 18,493,099**	**$ 8,166,996**	**44.2%**	**-8.81%**	**$ 21,002,395**	**$ 2,509,296**

RESOLUTION NO. 630.39.3

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY AMENDING THE CITY'S ANNUAL BUDGET FOR FISCAL YEAR 2019/20 AND MAKING APPROPRIATIONS FOR THE AMOUNTS BUDGETED

WHEREAS, the City Council adopted the Fiscal Year 2019/20 Annual Budget by Resolution 630.39 on June 5, 2019; and

WHEREAS, staff has performed a Mid-Year Financial Review and has identified revenue and expenditure variances based on actual performance that is projected to impact the General Fund (Fund 001), Affordable Housing Fund (Fund 019), STP Exchange Fund (Fund 031), Transportation Projects – Measure D Fund (Fund 155), and CalTrans Get Everyone Moving Fund (Fund 178); and,

WHEREAS, it is estimated that FY 2019/20 revenues will exceed original budget estimates by a total of $300,000 for the Affordable Housing Fund (Fund 019), $953,628 for the STP Exchange Fund (Fund 031), $500,000 for the Library Facilities – Measure S Fund (Fund 088), and $175,000 for the Caltrans – Get Everyone Moving Fund (Fund 178); and,

WHEREAS, additional appropriations to cover various operating and capital improvement expenditures are required for the General Fund (Fund 001) totaling $5,265, the Affordable Housing Fund (Fund 019) totaling $130,000, the STP Exchange Fund (Fund 031) totaling $816,853, the Library Facility – Measure S Fund (Fund 088) totaling $500,000, the Transportation Projects – Measure D Fund (Fund 155) totaling $209,602, and the Caltrans – Get Everyone Moving Fund (Fund 178) totaling $175,000.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED as follows:

1. That revenue appropriations are decreased by $235,000 in the General Fund (Fund 001) to correct an addition error in the adopted Annual FY 2019/20 Budget. The amount budgeted for transfers in was included twice in the estimated revenue calculation.
    - General Fund Revenue Decrease $235,000

2. That expenditure appropriations are increased by $5,265 in the General Fund (Fund 001) to correct a sliding error in the adopted Annual FY 2019/20 Budget.
    - Police Services Increase $5,265

3. That revenue appropriations are increased by $1,928,628 in the Adopted Annual Budgets of the Affordable Housing Fund (Fund 019), the STP Exchange Fund (Fund 031), the Library Facility – Measure S Fund (Fund 088), the Transportation Projects – Measure D Fund (Fund 155), and the CalTrans – Get Everyone Moving Fund (Fund 178) as follows:
    - Affordable Housing Increase $300,000
    - STP Exchange Fund Increase $953,628
    - Library Facility – Measure S Increase $500,000
    - CalTrans – Get Everyone Moving Increase $175,000

4. That expense appropriations are increased by $1,831,455 in the Adopted Annual Budgets of the Affordable Housing Fund (Fund 019), the STP Exchange Fund (Fund 031), the Library Facility – Measure S Fund (Fund 088), the Transportation Projects – Measure D Fund (Fund 155), and the CalTrans – Get Everyone Moving Fund (Fund 178) as follows:
    - Affordable Housing Increase $130,000
    - STP Exchange Fund Increase $816,853
    - Library Facility – Measure S Increase $500,000
    - Transportation Projects – Measure D Increase $209,602
    - CalTrans – Get Everyone Moving Increase $175,000

The above and foregoing resolution was duly and regularly adopted by the City Council of the City of Scotts Valley at a regular meeting held on the 19th day of February, 2020 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Approved: ______________________________
Randy Johnson, Mayor

Attest: ______________________________
Tracy A. Ferrara, City Clerk

City of Scotts Valley

Scotts Valley, California

Comprehensive Annual Financial Report

For the year ended June 30, 2019

Prepared by:
Finance Department

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CITY OF SCOTTS VALLEY

OFFICE OF THE CITY MANAGER
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January 31, 2020

Honorable Mayor,
Members of the City Council and
Residents of the City of Scotts Valley

SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT - JUNE 30, 2019

REPORT PURPOSE AND ORGANIZATION

The Comprehensive Annual Financial Report (CAFR) for the City of Scotts Valley for the fiscal year ended June 30, 2019 is hereby submitted. State law requires the accounts and fiscal affairs of all municipal entities be examined annually by an independent certified public accountant. The City's independent auditor, Badawi & Associates, Certified Public Accountants, has audited the City's financial statements and issued an opinion that financial statements for fiscal year ended June 30, 2019, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). This opinion, along with the basic financial statements of the City, are hereby submitted as the CAFR for the City of Scotts Valley for the fiscal year ended June 30, 2019, and included in the financial section of this report in fulfillment of the State requirement.

The independent audit of the financial statements is also typically conducted in conjunction with the federally mandated Single Audit. The standards governing the Single Audit require the independent auditor report on items beyond fair presentation of the financial statements, including internal controls and compliance with legal requirement involving the administration of federal awards. A Single Audit Report on Federal Award Programs was not required or prepared in fiscal year 2019 because the City had less than $750,000 in federal grant expenditures.

This report reflects a comprehensive overview of the City of Scotts Valley's finances as represented by city management. Management assumes full responsibility for completeness, accuracy of data, and fairness of presentation, including all footnotes and disclosures. Additionally, management believes the data presented is accurate in all material respects and is reflected in a manner that demonstrates the financial position and operational results of the City. The audit provides users with reasonable assurance that the information presented is free from material misstatements. As management, we assert that to the best of our knowledge, this financial report is complete and reliable in all material respects.

In accordance with the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA), and the standards adopted by the Governmental Accounting Standards Board, the accompanying report consists of three parts:

I. Introductory Section – Letter of Transmittal, List of Principal Officials and Organization Chart, and Certificate of Achievement from the GFOA.

II. Financial Section – Independent Auditors' Report, Government-wide Financial Statements, Fund Financial Statements, Notes to the Financial Statements followed by Required Supplementary Information and combining statements of the Non-major Fund Financial Statements.

III. Statistical Section – Presenting ten year historical trends of financial and non-financial information.

Accounting principles, generally accepted in the United States of America, require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement MD&A and should be read in conjunction with it. The City's MD&A follows the report of the independent auditors.

CITY OF SCOTTS VALLEY PROFILE

The City of Scotts Valley is a small community that encompasses an area of approximately 5 square miles with a population of approximately 12,082. Scotts Valley is located in Santa Cruz County and is six miles north of the City of Santa Cruz and 26 miles southwest of San Jose. The City operates under a council-manager form of municipal government and provides the following range of municipal services: police, parks, recreation, wastewater, streets and roads, public improvements, planning and zoning, construction inspection, and general administrative services. The City provides wastewater services and recreational programs, both of which are funded through user fees.

Form of Government

The City of Scotts Valley is a general law city incorporated on August 2, 1966. The City is subject to the framework and procedures established by State Law and operates under the Council-City Manager form of government. The Council is comprised of five council members that are elected directly by the citizens to four-year terms, and every year the council selects one member each to serve as Mayor and Vice-Mayor. The Council has the authority to establish all laws and regulations with respect to municipal affairs, subject to the limitations of the City Municipal Code and State legislation.

The City Council appoints a City Manager to serve as the City's chief administrative officer. The City Manager provides direction, leadership and supervision to all City departments and ensures that all City Council policies are implemented in the day-to-day operations of the City.

City Services

The City provides: police protection; street and road improvements and maintenance; park and facilities improvements and maintenance; public improvements; building, planning, zoning and inspection; recreation; wastewater; and administrative and financial services for Scotts Valley. Independent special districts provide fire protection and water services.

The CAFR includes all financial activities of the City and the Successor Agency to the former Redevelopment Agency of the City of Scotts Valley; two separate legal entities. City Council members also serve as the governing board members of the Successor Agency and the City Manager serves as its Executive Director. Financial activities of the Successor Agency are also subject to an independent Oversight Board.

Financial data for all funds through which services are provided by the City have been included in this report based on the criteria adopted by the Government Account Standards Board (GASB), which is the authoritative body in establishing United States Generally Accepted Accounting Procedures (GAAP) for local governments.

Internal Control Policy

City Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure 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 controls should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control Policy

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds, and Internal Service Funds are included in the annual appropriated budget. A Five-Year Financial Plan, or Capital Improvement Plan, is also adopted for the Capital Projects. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by function and activity within an individual fund. See Note 1 under Required Supplementary Information to the financial statements for further information on budgets and budgetary accounting.

The City's budgetary records are maintained on a modified accrual basis. Revenues are recorded when measurable and available and expenditures are recorded when goods or services are received and the liability incurred. The City produces an annual budget and a five-year financial plan which serves as the foundation for the City of Scotts Valley financial planning and control. Based on the City's financial management policies, the City is required to maintain a balanced operating budget. In accordance with the City's Municipal Code, the budget is adopted by resolution on or before June 30th for the ensuing fiscal year. The City Council may appropriate, amend, or transfer funds by an affirmative vote at any regular or special Council meeting.

As demonstrated by the statements and schedules included in the Financial Section of this report, the City continues to meet its responsibility for sound financial management.

FACTORS AFFECTING FINANCIAL CONDITION

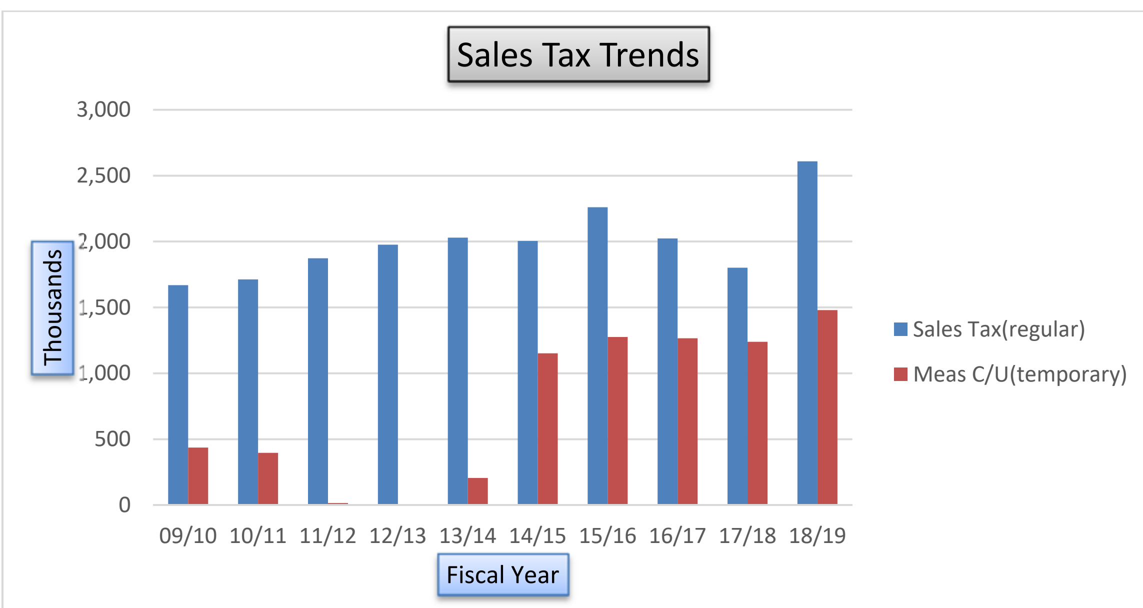
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment in which the City operates.

Local Economy

The three major sources of General Fund revenue include sales tax, property tax and transient occupancy tax. These three revenues account for approximately 56.1% of all General Fund Revenues.

Sales Tax
Sales tax is the City's largest source of revenue, accounting for 27.6% of the General Fund Revenues. The City general fund sales tax consists of 1% Bradley Burns, a portion of the Scotts Valley District Tax (Measure D) and a 0.50% Scotts Valley Temporary District Tax (Measure U) that became effective in the last quarter of fiscal year 2013/14. A temporary district tax of 0.25% (Measure C) ended in the first quarter of fiscal year 2010/11.

Sales tax receipts are volatile and reflect the current local, state, and national economic condition. Sales tax collections for the City of Scotts Valley have increased moderately since the recessionary period in 2009/10. Additionally, the City relies heavily on taxes from fuel sales. In FY 2015/16, the City's sales tax jumped due to an increase in fuel prices. Consequently, when fuel prices decrease, so does sales tax revenue as reflected in FY 2016/17 and FY 2017/18. In FY 2018/19, sales tax jumped primarily due to an improved economy and late allocations from the State of California for prior year receipts.



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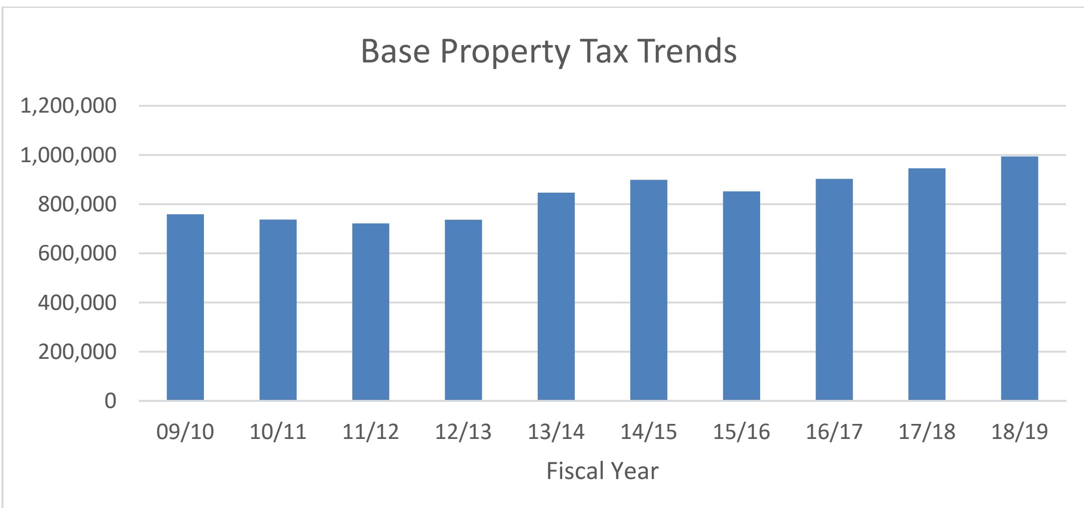
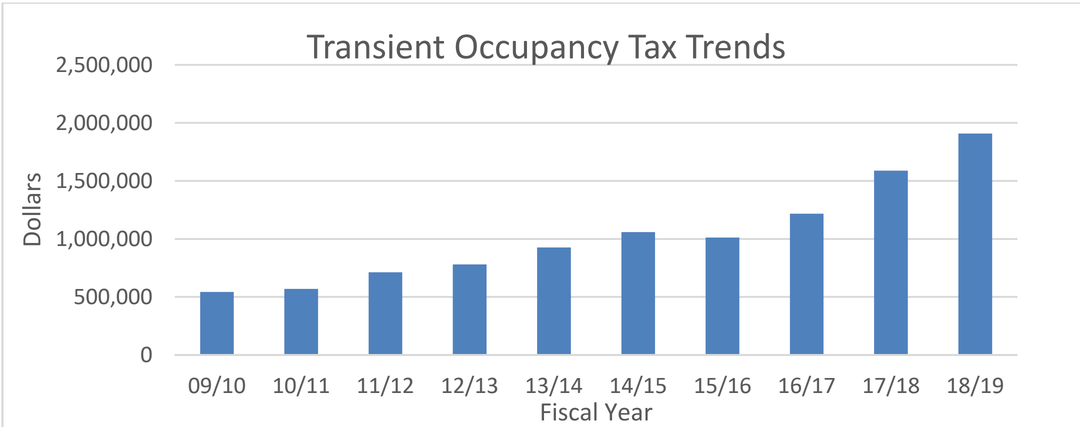
Property Tax
Scotts Valley's second major source of revenue is property tax, accounting for 15.2% of the General Fund Revenues. In fiscal year 2018/19, the General Fund received $994,163 in base property tax receipts, prior to inclusion of Documentary Transfer Tax and Residual RDA distributions. This base amount was $47,850 higher than the prior year and is also the highest amount the City has received from its base property tax allocation over the last ten fiscal years.

Due to the dissolution of the Scotts Valley Redevelopment Agency (RDA), the RDA's tax increment revenues are distributed to the Successor Agency Redevelopment Property Tax Trust Fund (RPTTF) in amounts that are only sufficient to fund obligations approved by the independent Oversight Board.

The City's property tax revenues tend to not be as economically sensitive as sales tax revenues. The following chart includes Property Tax Revenue. Based on the historical data, property tax revenues have remained relatively consistent, due to appreciating property values. It is anticipated this trend will continue into the next fiscal year.



Transient Occupancy Tax
Transient occupancy tax (TOT) represents approximately 14.4% of General Fund revenues. According to the table on the following page, over the last 10 fiscal years, TOT revenues have continued to rise due to increased economic performance. The slight decrease in fiscal year 2015/16 was attributable to the top hotel performing major renovations reducing the amount of available rooms. In the current fiscal year, the TOT revenues increased due to a voter approved 1% increase in the TOT rate and the opening of a 128-room hotel.



MAJOR INITIATIVES

During fiscal year 2018/19, the City accomplished the following:

- Contracted with the City of Capitola for shared building official services.
- Voters approved a 1% increase in the Transient Occupancy Tax rate.
- Four Points Sheraton, a 128-room hotel, opened in December 2018.
- Successfully negotiated with all employee bargaining groups for reduced cost savings related to increased pension contributions from City employees.
- Entered into an Exclusive Negotiation Agreement for development of the Town Center.

ECONOMIC FACTORS

The City of Scotts Valley is located in Santa Cruz County, approximately 75 miles south of San Francisco. The average and median prices of single-family homes increased for the seventh straight year, another reflection of the local economy. The 2019 average price increased 0.4% above the 2018 level and the median price increased 6.7% above the 2018 price as well. Property values do not have as much an impact on the City's property tax revenue as other cities in Santa Cruz County because the City is a low property tax city. The City receives approximately 6.5% of the assessed property taxes.

Based on information obtained from the Santa Cruz County Association of Realtors, the following is a table of the average and median sale prices of houses sold in Santa Cruz County as of June for each of the last five fiscal years.

	Single-family Homes			
June 30,	Average Price	Increase (Decrease) Over(Under) Prior Year	Median Price	Increase (Decrease) Over(Under) Prior Year
2015	800,980	4.9%	725,000	3.6%
2016	905,800	13.1%	800,000	10.3%
2017	937,662	3.5%	851,500	6.4%
2018	1,024,645	9.3%	927,500	8.9%
2019	1,029,230	0.4%	990,000	6.7%

Based on information obtained from the Employment Development Department (EDD), the unemployment rates for the City of Scotts Valley, the County of Santa Cruz, and the State of California as of June for the last five fiscal years are shown as follows.

Unemployment Rate

June 30,	Scotts Valley	Santa Cruz County	California
2015	5.2%	6.2%	6.3%
2016	5.6%	6.3%	5.7%
2017	4.8%	5.3%	4.9%
2018	3.7%	4.5%	4.5%
2019	3.1%	3.9%	3.9%

OTHER INFORMATION

Independent Audit: The Government Code requires an annual audit by independent certified public accountants selected by the City Council. The City has complied with this requirement. The auditors' unqualified opinion has been included in the financial section of this report. The City is also required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, unless exempt. The City did not meet the minimum threshold of federal funding to require a Single Audit for 2018/19.

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Scotts Valley for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standard for preparation of state and local government financial reports.

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

ACKNOWLEDGMENTS

I want to extend my appreciation to Tony McFarlane, Administrative Services Director, Laurie Grundy, Senior Accountant, and the Finance Department for helping prepare this report. This would not have been accomplished without their initiative and commitment.

In closing, I would like to recognize the leadership and support of the City Council which was instrumental to the preparation of this report.

Respectfully submitted,

Tina Friend
City Manager

CITY OF SCOTTS VALLEY

PRINCIPAL CITY OFFICIALS

JUNE 30, 2019

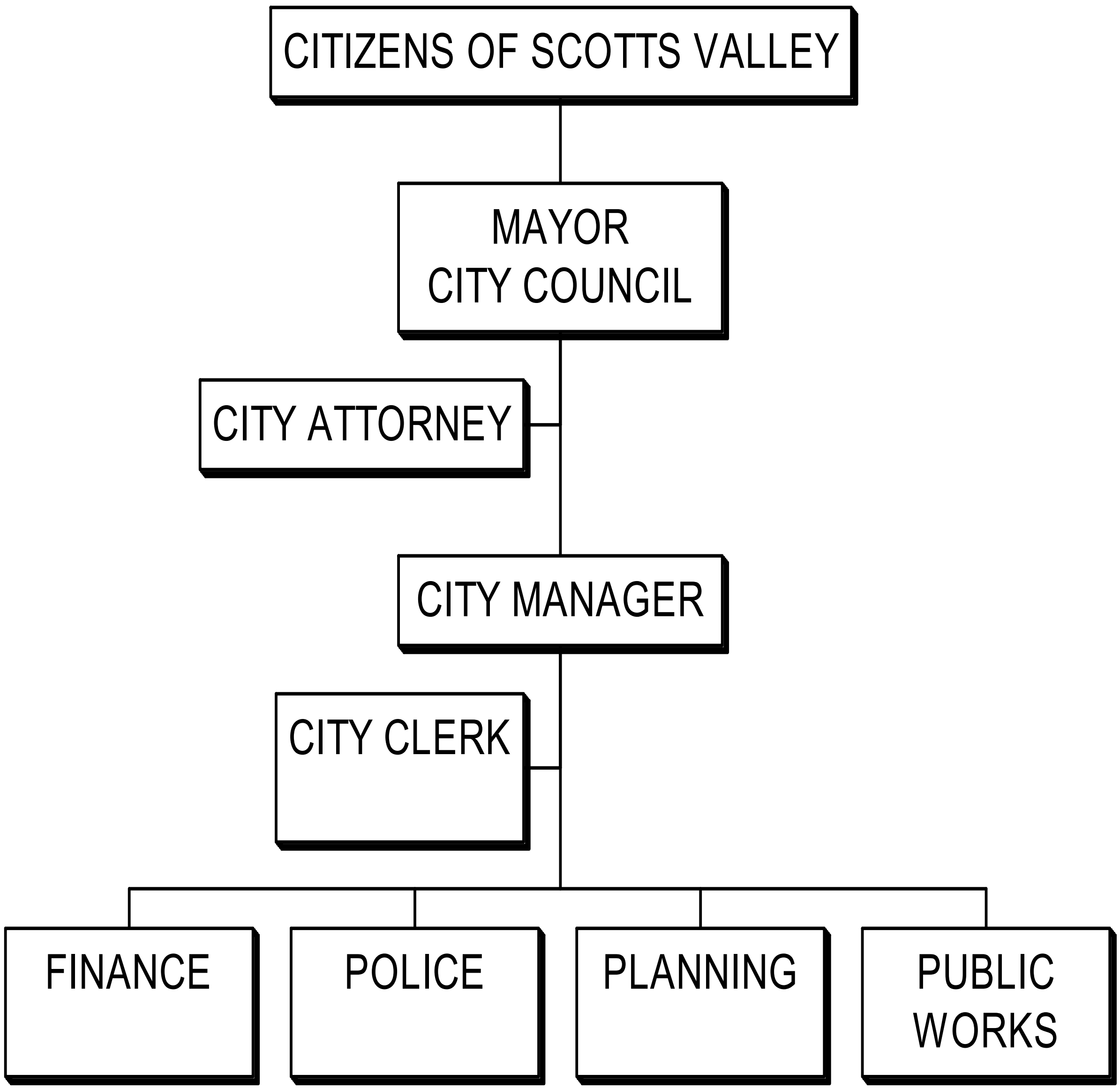
CITY COUNCIL MEMBERS

Jack Dilles	**Mayor**
Randy Johnson	**Vice Mayor**
Donna Lind	**Councilmember**
Jim Reed	**Councilmember**
Derek Timm	**Councilmember**

CHIEF ADMINISTRATIVE OFFICIALS

Jenny Haruyama	**City Manager**
Kirsten Powell	**City Attorney**
Tracy Ferrara	**City Clerk**
Steve Walpole, Jr.	**Chief of Police**
Tony McFarlane	**Administrative Services Director**
Daryl Jordan	**Director of Public Works**
Taylor Bateman	**Community Development Director**

CITY OF SCOTTS VALLEY
ORGANIZATION CHART



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Scotts Valley
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

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BADAWI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
of the City of Scotts Valley
Scotts Valley, California

Report on the Financial Statements

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 Scotts Valley, California (City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Address: 2855 Telegraph Avenue, Suite 312 Berkeley, CA 94705 • Phone: 510.768.8251 • Fax: 510.768.8249

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information, and OPEB information on pages 5 to 17 and 81 to 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, major fund budgetary comparison schedules, combining and individual nonmajor fund financial statements and budgetary comparison schedules, and statistical information on pages 91-170, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The major fund budgetary comparison schedules and combining individual nonmajor fund financial statements and budgetary comparison schedules on pages 91 to 170 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the major fund budgetary comparison schedules and combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 91 to 170 are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2020 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 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 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.

Badawi & Associates

Badawi and Associates
Certified Public Accountants
Berkeley, California
January 31, 2020

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City of Scotts Valley
Finance Department
Scotts Valley, California

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Scotts Valley, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. Readers are encouraged to consider the information presented here in conjunction with the accompanying letter of transmittal and the basic financial statements.

FINANCIAL HIGHLIGHTS

The City's net position as of June 30, 2019 is $26,205,353. The current year change in net position is an increase of $3,088,497. Of the total net position, $34,476,629 is invested in capital assets (net of related debt) and $8,775,618 has restrictions on their use leaving a negative $17,046,894 as unrestricted. The current increase in City net position is a combination of the governmental activities increasing $3,839,210 and the business-type activities decreasing $750,713.

As of June 30, 2019, the City's governmental funds (General Fund, special revenue funds, debt service funds, and capital project funds) has a combined fund balance of $14,324,067, an increase of $3,614,879 from the previous year. This is a combination of an increase in the General Fund of $1,074,981, an increase of $1,340,741 in major funds, and an increase in the non-major funds of $1,199,157. Of the total City governmental fund balance, $139,532 is non-spendable, $8,053,022 is restricted, $1,299,499 is assigned, and $4,832,014 is unassigned.

The voters in Scotts Valley approved a half-cent sales tax measure on the November 2013 ballot. The sales tax went into effect on April 1, 2014, and will continue for eight years. Fiscal year ended June 30, 2019 is the fifth full year for this additional sales tax. The City recorded $1,479,418 for the fiscal year, an increase of $240,066 over the previous fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents a combining statement for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

- The governmental funds statements tell how general government services such as public safety were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer both short-term and long-term financial information about the activities the government operates like businesses, such as the sewer system and recreation.
- Fiduciary fund statements provide information about the financial relationships (such as special assessment bond funds) in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed information. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, the City included a section with combining statements that provide details about the City's non-major governmental funds, each of which are added together and presented in single columns in the basic financial statements.

Figure 1 below summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and content of each of the statements.

Figure 1
Major Features of the City's Government-wide and Fund Financial Statements

	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for another entities resources
Required financial statements	Statement of net position Statement of activities	Balance sheet, Statement of revenue, expenditures, and changes in fund balances	Statement of net position; Statement of revenues, expenses, and changes in net position; Statement of cash flows	Statement of fiduciary net position; Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, both short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statement

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position (the difference between the City's assets and liabilities) is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the City are divided into two categories:

- Government activities: Most of the City's basic services are included here, such as the police, public works, planning, building, park/street maintenance, and general administration. Various taxes, franchise fees, service charges, and investment earnings finance most of these activities.
- Business-type activities: The City charges fees to customers to help cover the cost of certain services it provides. The City's wastewater system and recreation programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The City Council establishes other funds to control and manage money for particular purposes such as capital project grant funds or to show that it is properly using certain restricted taxes such as gas tax revenues.

The City has three types of funds:

- <u>Government funds</u>: Most of the City's basic services are included in government funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, there is additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- <u>Proprietary funds</u>: Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-term and long-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. Internal service funds (the other kind of proprietary fund) report activities that provide supplies and services for the City's other programs and activities, such as the City's Dental Insurance Program.
- <u>Fiduciary funds</u>: The City is the trustee for some bondholders and fiduciary for others of the City's limited obligation improvement bonds associated with various special

assessment districts within the City. The City is also responsible for other assets that, because of a trust arrangement, can be used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Notes to the Financial Statements

The Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 41-77 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the City of Scotts Valley budgetary information, pension plan information and schedules, and post-employment benefits schedule of funding progress.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following analysis pertains to the government-wide statements as described above in the overview of the financial statements.

Net Position: A condensed presentation of the government-wide net position shown below totals $26,205,353 as of June 30, 2019. This is an increase of $3,088,497, or 13.4%, from the previous year. It is a combination of a decrease in Total Liabilities and Deferred Inflows of Resources of $323,418 offset by an increase in Total Assets and Deferred Outflows of Resources of $2,740,482. The entire Statement of Net Position can be seen on Page 23.

City of Scotts Valley
Net Position
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 22,723	$ 19,521	$ 2,916	$ 4,190	$ 25,639	$ 23,711
Capital assets, net	31,363	30,866	12,733	11,732	44,096	42,598
Total assets	54,086	50,387	15,649	15,922	69,735	66,309
Deferred outflows of resources	3,385	3,865	1,129	1,335	4,514	5,200
Total assets and deferred outflows of resources	**57,471**	**54,252**	**16,778**	**17,257**	**74,249**	**71,509**
Long-term debt outstanding	35,400	33,655	7,075	7,154	42,475	40,809
Other liabilities	2,305	4,817	420	346	2,725	5,163
Total liabilities	37,705	38,472	7,495	7,500	45,200	45,972
Deferred inflows of resources	2,227	2,055	616	340	2,843	2,395
Total liabilities and deferred inflows of resources	**39,932**	**40,527**	**8,111**	**7,840**	**48,043**	**48,367**
Net position:						
Net investment in capital assets	23,344	24,579	11,133	11,732	34,477	36,311
Restricted	8,053	6,479	723	2,279	8,776	8,758
Unrestricted	(13,858)	(17,334)	(3,189)	(4,594)	(17,047)	(21,928)
Total net position	**$ 17,539**	**$ 13,724**	**$ 8,667**	**$ 9,417**	**$ 26,206**	**$ 23,141**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

The largest portion of the City's total net position of $26 million, is reflected in its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to its residents. Consequently, these assets are not available for future spending.

Although the City of Scotts Valley's investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used. An additional portion of the City's total net position, $8.78 million, represents resources that were subject to external restrictions on how they may be used. The remaining negative $17.04 million of the City's total net position is "unrestricted" and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted portion of fund balance is negative primarily due to the City's $17 million net pension liability, and $14.1 million net OPEB liability.

Changes in Net Position: The change in government-wide net position went from a decrease of $9,069,428 in fiscal year 2018 to an increase of $3,088,497 in fiscal year 2019. This is a result of total revenues increasing by $4,103,311, or 23.72%, and total expenses decreasing by $7,864,083, or 29.83%. A further analysis is shown below.

	(in thousands of dollars) 2019	2018
Program revenues	$ 8,716	$ 7,029
General revenues	12,685	10,269
Governmental expenses	(13,643)	(20,062)
Business-type expenses	(4,669)	(6,305)
Net increase (decrease)	$ 3,089	$ (9,069)

Revenues: Program revenues for governmental activities increased $1,514,036, or 46.35%. This is made up of an increase in operating grants and contributions of $1,201,377 and an increase in charges for services of $765,404 and offset by a decrease in capital grants and contributions of $452,745. The decrease was attributed to a decrease in grant funds as there were fewer capital projects completed during the fiscal year.

Program revenues for business-type activities increased $173,177, or 4.6%. This is made up of an increase in charges for services of $266,534 offset by a decrease in capital grants and contributions of $93,357. Charges for services increased in Wastewater by $353,889 and decreased in Recreation by $87,355. Wastewater charges for services increased due to the implementation of a fee increase and due to the occupancy of a few large commercial spaces and new residential developments. Charges for services in recreation programs decreased due to a decrease in participation in some programs. The increase in grants and contributions was attributed to Wastewater activities.

Expenses: Governmental activities expense decreased by $6,418,783. There were significant decreases from the prior year in all governmental activities primarily related to the City recording its OPEB liability for the first time in accordance with GASB 75 in the prior year. The City also had significant salary savings related to vacant staff positions throughout the fiscal year.

Business-type activities decreased $1,635,831. The decrease is attributed to the City recording its OPEB liability for the first time in accordance with GASB 75.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

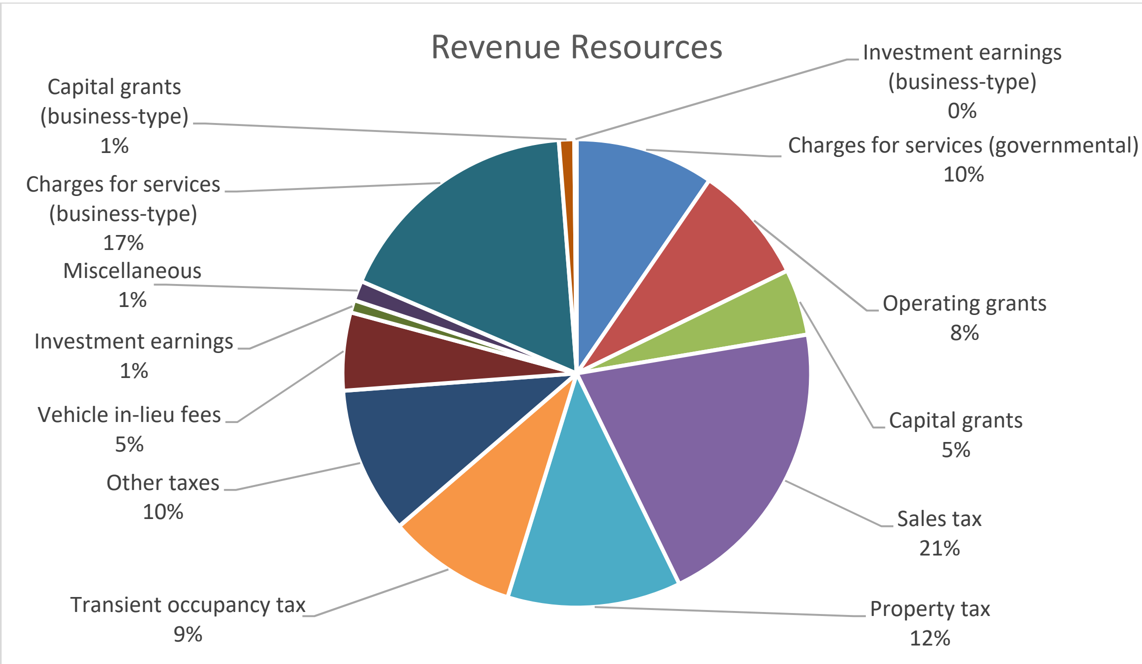
Statement of Activities/Change in Net Position: Below is a table of the current and prior fiscal year recap of the changes in net position. The entire Statement of Activities can be seen on Pages 24-25.

City of Scotts Valley
Statement of Activities
Change in Net Position
(in thousands of dollars)

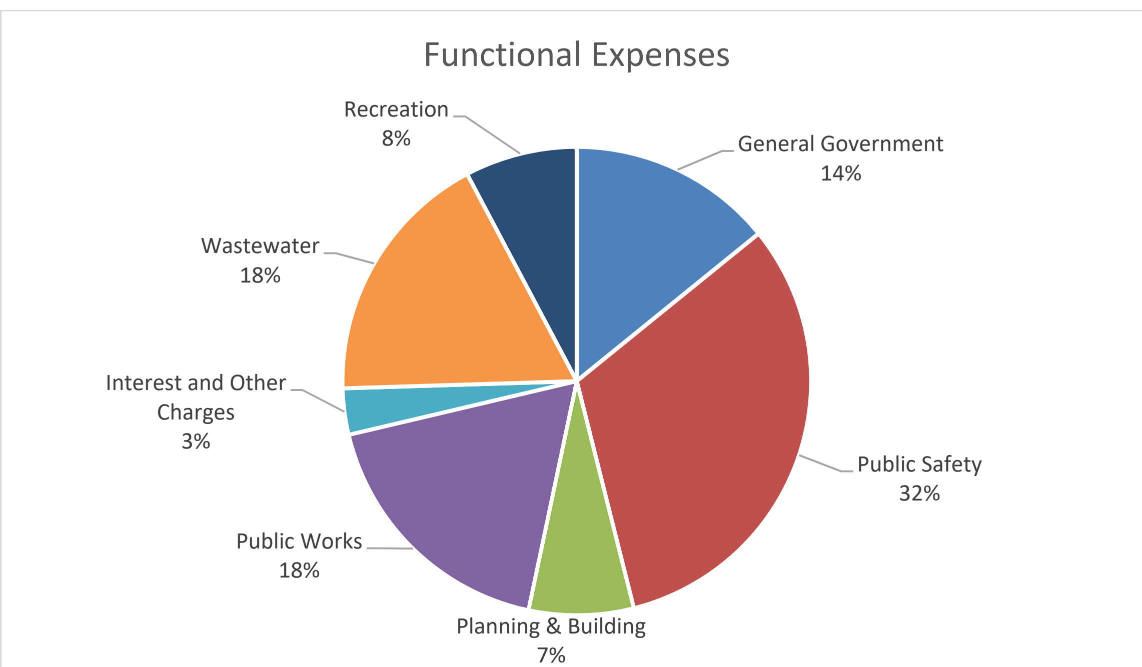
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues:						
Charges for services	$ 2,047	$ 1,281	$ 3,710	$ 3,443	$ 5,757	$ 4,724
Operating grants	1,756	555	-	-	1,756	555
Capital grants	978	1,431	225	319	1,203	1,750
General revenues:					-	-
Sales tax	4,376	3,347	-	-	4,376	3,347
Property tax	2,564	1,762	-	-	2,564	1,762
Other taxes	4,076	3,706	-	-	4,076	3,706
Fees	1,152	1,082	-	-	1,152	1,082
Investment earnings	184	52	36	18	220	70
Miscellaneous	296	302	-	-	296	302
Total revenues	17,429	13,518	3,971	3,780	21,400	17,298
Expenses:						
General Government	2,592	3,172	-	-	2,592	3,172
Public Safety	5,846	10,726	-	-	5,846	10,726
Planning & Building	1,324	1,352	-	-	1,324	1,352
Public Works	3,297	4,271	-	-	3,297	4,271
Interest on Debt	584	541	-	-	584	541
Wastewater	-	-	3,250	4,626	3,250	4,626
Recreation	-	-	1,419	1,679	1,419	1,679
Total expenses	13,643	20,062	4,669	6,305	18,312	26,367
Excess of (Deficiency)	3,786	(6,544)	(698)	(2,525)	3,088	(9,069)
Sale of Real Property	-	-	-	-	-	-
Transfers	53	81	(53)	(81)	-	-
Change in net position	$ 3,839	$ (6,463)	$ (751)	$ (2,606)	$ 3,088	$ (9,069)
Net position:						
Beginning of year	13,725					
Prior period adjustment	(25)					
Beginning of year, restated	13,700					
End of year	$ 17,539					

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Revenue Chart: As shown in the Statement of Activities, revenues for fiscal year 2018/19 totaled $21.4 million. The following graph includes program and general revenues and shows the percentage of total governmental and business-type revenues by source:



Expense Chart: As shown in the Statement of Activities, expenses for fiscal year 2018/19 totaled $18.3 million. The following graph includes expenses and shows the percentage of total governmental and business-type activity expenses by function:



FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Net Cost of Services: The following table presents the total cost of each of the City's governmental and business-type activities as well as each activity's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

For governmental activities, the total cost of $13,643,335 was offset by charges for services ($2,046,624), operating grants/contributions ($1,756,587), and capital grants/contributions ($977,790), bringing the net cost of services to $8,862,422. This is a decrease in net cost of $7,932,819 from the prior fiscal year.

For business-type activities, the total cost of $4,669,023 were offset by charges for services ($3,709,621) and capital grants/contributions ($225,624), bringing the net cost of services to $733,778. This is a decrease in net cost of $1,809,008 from the prior fiscal year.

Net Cost of Government and Business-type Activities

	Total Cost of Services	Program Revenues	Net Cost of Services
General government	$ 2,592,377	$ 224,835	$ 2,367,542
Public safety	5,845,546	1,139,143	4,706,403
Planning and building	1,324,136	1,095,574	228,562
Public works	3,297,140	2,321,361	975,779
Interest on long term debt	584,136	-	584,136
Total government	$ 13,643,335	$ 4,780,913	$ 8,862,422
Wastewater	3,249,610	2,842,718	406,892
Recreation	1,419,413	1,092,527	326,886
Total business-type	$ 4,669,023	$ 3,935,245	$ 733,778

A description of each program is listed below:

- General Government expenses comprise approximately 14% of all expenses. This includes City Council, City Manager, City Clerk, City Attorney, Finance, Administrative Services, and Risk Management. These programs are offset by administrative support fees and grants.
- Public Safety expenses comprise 32% of all expenses. Revenues from fines, citations, grants, and animal services partially offset the cost of this program.
- Planning and Building expenses comprise approximately 7% of all expenses. Various building and planning fees, along with grant revenues, assist in funding these program costs.
- Public Works expenses comprise 18% of all expenses. This includes street, facility, park and fleet maintenance. Costs are partially offset by taxes and various fees.
- Interest on long-term debt comprises 3% of all expenses. The interest expense is used to pay long-term debt obligations.
- Wastewater expenses comprises 18% of all expenses. Sewer service fees and charges to customers help to offset expenses.
- Recreation expenses comprise 8% of all expenses. These programs are primarily funded through recreational sports fees and the general fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The following analysis pertains to the fund financial statements (pages 27-39) in the overview of the financial statements.

There are no restrictions, commitments, or other limitations that would significantly affect the availability of fund resources for the future.

To provide an overview of the City's funds, below is a table showing the increases and (decreases) to total assets, liabilities, revenues, and expenditures of the City fund types from fiscal year 2018 to 2019. The total revenues and expenditures do not include any "other financing sources (uses)."

	Increase (Decrease) from Prior Year			
	Assets	Liabilities	Revenues	Expenditures
General Fund	$ 928,348	$ (146,633)	$ 1,848,823	$ 100,133
Special Rev Funds	1,777,963	8,280	2,389,060	1,910,777
Debt Service Funds	16,600	-	8,286	11,877
Capital Project Funds	558,505	(170,511)	(493,481)	(1,178,089)
Totals	$ 3,281,416	$ (308,864)	$ 3,752,688	$ 844,698

The largest increase in assets of City funds, other than the General Fund, were assets in the special revenue funds of $1,777,963 attributed to receivables for infrastructure improvement projects. The largest decrease in liabilities were liabilities in the Capital Projects Fund of $170,511 attributed to a decrease in activity for projects in this fund.

The largest increase were revenues in the special revenue funds of $2,389,060, related to increased revenue from intergovernmental grants and restricted impact fees from development projects received in the current year. The increase in general fund revenues is mainly attributed to increases in property tax, sales tax and transient occupancy tax from the prior year. The increase in sales is attributed to one-time revenues of late application of sales tax payments received from the state. The increases in expenditures ($1,910,777) in the special revenue funds relates to city infrastructure improvement projects being completed, which included improvements on Green Hills Road and Kings Village Road.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

Revenues:

SUMMARY OF GENERAL FUND REVENUES
BUDGET AND ACTUAL
Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes	$ 9,003,300	$ 9,003,300	$ 10,338,853	$ 1,335,553
Franchise fees	1,036,900	1,036,900	1,013,694	(23,206)
Charges for services	1,072,400	1,072,400	1,135,291	62,891
Fines and forfeitures	24,100	24,100	44,265	20,165
Intergovernmental	11,000	11,000	11,647	647
Interest income	10,000	10,000	35,069	25,069
Other income	312,100	312,100	132,489	(179,611)
Total revenues	11,469,800	11,469,800	12,711,308	1,241,508
Transfers in	235,000	235,000	235,000	-
Total Revenues	**$11,704,800**	**$ 11,704,800**	**$ 12,946,308**	**$ 1,241,508**

The final fiscal year 2019 General Fund revenue budget reflects no amendments that were approved by the City Council during the year.

Actual revenues were above final budgeted amounts by $1,241,508. Property tax revenue met expectations, however, the tax increment revenue distributed by the county exceed projections by $440,108. There was also a one-time increase to sales tax of $493,492. In the prior year, the state was late in allocating sales tax to the appropriate district as a result of the implementation of a new tax allocation system. This increase offsets the decrease of $492,973 from the prior year. Other increases included transient occupancy tax of $93,167 as a result of voters increasing the transient occupancy tax rate 1% and the opening of the Four Points Sheraton in December 2018. Charges for services also exceed projection by $63,145 as a result of the increase in fees adopted at the beginning of the fiscal year.

Expenses:

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
Expenditures:				
General government	$ 2,604,051	$ 2,644,051	$ 2,401,113	$ (242,938)
Public Safety	5,327,045	5,397,045	5,200,390	(196,655)
Planning and building	1,473,855	1,363,855	1,103,014	(260,841)
Public Works	1,858,685	1,858,685	1,641,705	(216,980)
Total expenditures	11,263,636	11,263,636	10,346,223	(917,413)
Transfers out	989,769	989,769	981,962	(7,807)
Total expenditures	**$ 12,253,405**	**$ 12,253,405**	**$ 11,328,184**	**$ (925,221)**

GENERAL FUND BUDGETARY HIGHLIGHTS (concluded)

The amended fiscal year 2019 General Fund expenditure budget reflects amendments approved by the City Council during the year. The increases to public safety and general government were offset by decreases in planning and building resulting in no change to the original budget.

Expenses, prior to transfers, were $917,413 below the final adopted budget. The largest departments that were lower than budgeted were planning and building ($260,841), general government ($242,938) and public works ($216,980). The City realized significant budget savings as a result of vacant staff positions in these departments throughout the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: A recap of the City's capital assets, net of accumulated depreciation, is shown in the table below. The City-wide decrease (net of depreciation) is $102,379, or .02%. The governmental activities had capital assets additions of $548,333. Current year depreciation was $1,402,532. Business-type activities brought capital assets to a net decrease of $599,591. The business-type activities had capital asset additions of $195,762 with current year depreciation expense of $795,353.

City of Scotts Valley
Capital Assets, Net of Depreciation
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 7,012	$ 7,012	$ 529	$ 529	$ 7,541	$ 7,541
Buildings & Improvements	2,553	2,657	1,264	1,384	3,817	4,041
Equipment	510	546	677	1,135	1,187	1,681
Infrastructure	20,812	20,123	8,485	8,622	29,297	28,745
Outfall Agreement	-	-	59	62	59	62
Construction in Progress	476	527	119	-	595	527
TOTAL	$ 31,363	$ 30,865	$ 11,133	$ 11,732	$ 42,496	$ 42,597

More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

Long-term Debt: A recap of the City's long-term debt is shown below. Total long-term debt decreased $616,683, or 1.5%. The net OPEB obligation increased in total $25,942. An increase in governmental activities of $31,878 was offset by a decrease in business activities of $5,936. The net pension obligation decreased $32,862. Governmental activities decreased $26,093 and business activities decreased $6,769. The City did not take on any new debt during the fiscal year. More detailed information about the City's long-term debt is presented in Notes 6, 7, & 8 to the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

City of Scotts Valley
Outstanding Debt
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Certificates of Participation	$ 5,911	$ 6,191	$ -	$ -	$ 5,911	$ 6,191
Pension Obligation	2,335	2,675	-	-	2,335	2,675
Installment Note	85	95	-	-	85	95
Accrued Comp Absences	610	592	127	125	737	717
Net OPEB Obligation	10,871	10,839	3,232	3,238	14,103	14,077
Net Pension Liability	13,237	13,263	3,785	3,791	17,022	17,054
TOTAL	$ 33,049	$ 33,655	$ 7,144	$ 7,154	$ 40,193	$ 40,809

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economy

The City of Scotts Valley's economy has shown continued improvements, similar to other cities throughout the state. The General Fund, the City's primary operating fund from which the traditional services associated with local government are provided (police, community development, engineering, recreation, etc.) is particularly affected by economic downturns. Key revenues, such as sales tax, transient occupancy tax, business license fees, and building permits realized significant declines during previous years. Despite these declines, the City endeavored to keep General Fund revenues and expenditures in balance through a combination of cuts to spending, labor concessions, and one-time solutions that included the modest use of reserves.

As the economy has improved over the last several years, the city has improved its financial position. However, additional fiscal concerns are on the near horizon. The City expects significant increases in pension costs to phase in over the next several fiscal years, based on information from the California Public Employee's Retirement System, which is anticipated to drastically impact the City's financial forecast.

The current economic outlook is more favorable than in recent years; but the City continues to take a conservative approach to future projections.

Budget Outlook

Scotts Valley prides itself on the outstanding quality of services it provides to the community, and has taken all efforts to preserve services during these economically challenging times. Over the course of past several years, positions in the General Fund have been eliminated. This was accomplished by eliminating positions vacated through regular turnover or retirement. On the revenue side, there now continues to be slow but steady growth in the City of Scotts Valley economy.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (concluded)

Despite the improving economy and efforts to reduce costs, the City's financial forecast still showed operating deficits when factoring in necessary funding for rising pension costs. Exacerbating this issue was the dissolution of the Redevelopment Agency, which eliminated significant administrative reimbursements to the General Fund. Understanding that further meaningful expenditure cuts would radically alter the ability of the City to deliver the services valued by the community. The City Council turned to its voters to consider raising two local taxes. First, the voters in Scotts Valley approved a half-cent sales tax measure on the November 2013 ballot. The sales tax went into effect on April 1, 2014, and will continue for eight years. Secondly, a 1% transient occupancy tax increase (from 10% to 11%) was taken to the voters and approved on the November 2018 ballot. The increase went into effect in January 2019.

The additional revenues from these measures should allow the City to balance revenues and expenditures going forward for the foreseeable future. Future budgets will continue to emphasize economic development to grow our local economy in order to fund the City's needs in future years. However, should the half-cent sales tax be allowed to sunset, the City will be looking at a significant loss in revenue. The City will have to look for additional cost-cutting measures including alternative service delivery options in order to balance the budget.

Another significant change to the state and local financial landscape is the recently enacted Public Employees' Pension Reform Act ("PEPRA") of 2013, led by the Governor and overwhelmingly supported by the legislature. The City had already been proactive in pension reform and implemented many provisions that were included in PEPRA. Employees currently either contribute their full pension costs, or will do so by the end of their current Memorandum of Understanding. New employees are subject to a two tier plan. While PEPRA has no immediate impact to current pension costs, the law will slowly reduce pension costs of virtually all public employers over time as new employees hired after December 31, 2012 will be subject to a more moderate retirement plan. In the meantime, like all public agencies, the City of Scotts Valley still has an underfunded pension plan and OPEB plan for existing employees to address.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the residents, taxpayers, customers, investors, and creditors of Scotts Valley with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Scotts Valley Finance Department, 1 Civic Center Drive, Scotts Valley, CA 95066.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Scotts Valley
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 12,925,614	$ 2,616,206	$ 15,541,820
Receivables	1,360,045	300,199	1,660,244
Total current assets	14,285,659	2,916,405	17,202,064
Noncurrent assets:			
Advances to Redevelopment Successor Agency	5,041,886	1,600,000	6,641,886
Loans receivable	3,294,636	-	3,294,636
Restricted cash with fiscal agent	101,461	-	101,461
Capital assets:			
Nondepreciable	7,488,412	648,759	8,137,171
Depreciable, net	23,874,206	10,484,021	34,358,227
Net capital assets	31,362,618	11,132,780	42,495,398
Total noncurrent assets	39,800,601	12,732,780	52,533,381
Total assets	54,086,260	15,649,185	69,735,445
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pension	3,002,541	1,031,090	4,033,631
Deferred outflows from OPEB	382,487	97,845	480,332
Total deferred outflows of resources	3,385,028	1,128,935	4,513,963
LIABILITIES			
Current liabilities:			
Accounts payable	310,485	148,444	458,929
Accrued liabilities	197,289	61,477	258,766
Deposits payable	724,674	-	724,674
Unearned revenue	-	141,736	141,736
Long-term debt - current portion	1,072,110	68,571	1,140,681
Total current liabilities	2,304,558	420,228	2,724,786
Non-current liabilities:			
Accrued interest	3,423,420	-	3,423,420
Long-term debt - noncurrent portion	7,868,691	58,814	7,927,505
Net pension liability	13,237,020	3,784,779	17,021,799
Net OPEB liability	10,871,067	3,231,744	14,102,811
Total noncurrent liabilities	35,400,198	7,075,337	42,475,535
Total liabilities	37,704,756	7,495,565	45,200,321
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	931,232	238,222	1,169,454
Deferred inflows from OPEB	1,296,093	378,187	1,674,280
Total deferred inflows of resources	2,227,325	616,409	2,843,734
NET POSITION			
Net investment in capital assets	23,343,849	11,132,780	34,476,629
Restricted	8,053,022	722,596	8,775,618
Unrestricted	(13,857,664)	(3,189,230)	(17,046,894)
Total net position	$ 17,539,207	$ 8,666,146	$ 26,205,353

See accompanying Notes to Basic Financial Statements

City of Scotts Valley
Statement of Activities
For the year ended June 30, 2019

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Primary Government:					
Governmental activities:					
General government	$ 2,592,377	$ 224,835	$ -	$ -	$ 224,835
Public safety	5,845,546	161,353	-	977,790	1,139,143
Planning and building	1,324,136	1,095,574	-	-	1,095,574
Public works	3,297,140	564,862	1,756,499	-	2,321,361
Interest	584,136	-	-	-	-
Total governmental activities	13,643,335	2,046,624	1,756,499	977,790	4,780,913
Business-type activities:					
Wastewater	3,249,610	2,617,094	-	225,624	2,842,718
Recreation programs	1,419,413	1,092,527	-	-	1,092,527
Total business-type activities	4,669,023	3,709,621	-	225,624	3,935,245
Total primary government	$ 18,312,358	$ 5,756,245	$ 1,756,499	$ 1,203,414	$ 8,716,158

General Revenues and transfers:

Taxes:

Sales tax

Property tax

Franchise tax

Transient occupancy tax

Utility users' tax

Other taxes

Vehicle in-lieu fee

Investment earnings

Miscellaneous revenues

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year, as restated

Net position - end of year

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (2,367,542)	$ -	$ (2,367,542)
(4,706,403)	-	(4,706,403)
(228,562)	-	(228,562)
(975,779)	-	(975,779)
(584,136)	-	(584,136)
(8,862,422)	-	(8,862,422)
-	(406,892)	(406,892)
-	(326,886)	(326,886)
-	(733,778)	(733,778)
$ (8,862,422)	$ (733,778)	$ (9,596,200)
4,375,667	-	4,375,667
2,564,344	-	2,564,344
1,013,694	-	1,013,694
1,907,567	-	1,907,567
778,650	-	778,650
375,389	-	375,389
1,152,360	-	1,152,360
184,232	36,476	220,708
296,318	-	296,318
53,411	(53,411)	-
12,701,632	(16,935)	12,684,697
3,839,210	(750,713)	3,088,497
13,699,997	9,416,859	23,116,856
$ 17,539,207	$ 8,666,146	$ 26,205,353

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

City of Scotts Valley
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Special Revenue Funds: Successor Housing Agency	General Facility	Traffic Impact Mitigation	Lennar Fund
ASSETS					
Cash and investments	$ 4,093,176	$ 806,773	$ 79,503	$ 629,930	$ 721,095
Receivables:					
Due from other governments	1,193,534	-	-	-	-
Other	-	-	-	-	-
Due from other funds	1,171	-	-	-	-
Advances to other funds	139,532	-	-	-	-
Notes receivable	-	650,000	-	-	-
Restricted cash with fiscal agent	101,461	-	-	-	-
Total assets	5,528,874	1,456,773	79,503	629,930	721,095
IABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	194,151	3,750	-	7,106	-
Accrued liabilities	196,339	-	-	-	-
Deposits	-	-	-	-	721,095
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	139,532	-	-
Total liabilities	390,490	3,750	139,532	7,106	721,095
Fund balances:					
Nonspendable	139,532	-	-	-	-
Restricted	101,461	1,453,023	-	622,824	-
Assigned	-	-	-	-	-
Unassigned	4,897,391	-	(60,029)	-	-
Total fund balances	5,138,384	1,453,023	(60,029)	622,824	-
Total liabilities, deferred inflows of resources, and fund balances	$ 5,528,874	$ 1,456,773	$ 79,503	$ 629,930	$ 721,095

Capital Projects Fund		
General Capital Improvements	Nonmajor Governmental Funds	Total
$ 1,235,648	$ 5,325,305	$ 12,891,430
-	-	1,193,534
-	166,511	166,511
-	-	1,171
-	-	139,532
-	550,000	1,200,000
-	-	101,461
1,235,648	6,041,816	15,693,639
77,470	28,008	310,485
-	950	197,289
-	-	721,095
-	1,171	1,171
-	-	139,532
77,470	30,129	1,369,572
-	-	139,532
1,158,178	4,717,536	8,053,022
-	1,299,499	1,299,499
-	(5,348)	4,832,014
1,158,178	6,011,687	14,324,067
$ 1,235,648	$ 6,041,816	$ 15,693,639

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City of Scotts Valley
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position
June 30, 2019

Total Fund Balances - Total Governmental Funds	$ 14,324,067
Amounts reported for governmental activities in the Statement of Net Position	
Long-term advances to the Redevelopment Successor Agency are not current financial resources and, therefore, are offset in the Governmental Funds.	5,041,886
Long-term loans receivable are not current financial resources and, therefore, are offset in the Governmental Funds.	2,094,636
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as	
Non-depreciable	7,488,412
Depreciable, net	23,874,206
Deferred inflows of resources reported on the Government-wide Statement of Net Position:	
Deferred pension outflows	3,002,541
Deferred OPEB outflows	382,487
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	(3,423,420)
Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position.	30,605
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet:	
Net pension liability	(13,237,020)
Net OPEB Obligation	(10,871,067)
Long term liabilities - due within one year	(1,072,110)
Long term liabilities - due in more than one year	(7,868,691)
Deferred inflows of resources reported on the Government-wide Statement of Net Position:	
Deferred pension inflows	(931,232)
Deferred OPEB inflows	(1,296,093)
Net Position of Governmental Activities	$ 17,539,207

City of Scotts Valley
Statement of Revenues, Expenditures and Changes in Fund Balances
Govermental Funds
For the year ended June 30, 2019

		Special Revenue Funds			
	General Fund	Successor Housing Agency	General Facility	Traffic Impact Mitigation	Lennar Fund
REVENUES:					
Taxes and assessments	$ 11,352,547	$ -	$ -	$ -	$ -
Intergovernmental revenues	11,647	-	-	-	-
Fees and services	1,135,291	128,297	22,879	384,695	-
Fines and forfeitures	44,265	-	-	-	-
Contributions from non-government	-	-	-	-	4,650
Facility and building rental	-	288,912	-	-	-
Investment earnings	35,069	15,591	1,756	8,501	-
Miscellaneous revenues	132,489	-	-	-	-
Total revenues	12,711,308	432,800	24,635	393,196	4,650
EXPENDITURES:					
Current:					
General government	2,401,113	-	33,330	-	-
Public safety	5,200,390	-	-	-	-
Planning and building	1,103,014	165,636	-	-	-
Public works	1,641,705	-	-	39,940	-
Capital outlay	1,985	-	-	-	4,650
Debt service:					
Principal	290,000	-	-	-	-
Interest and fiscal charges	251,158	-	-	-	-
Total expenditures	10,889,365	165,636	33,330	39,940	4,650
REVENUES OVER (UNDER) EXPENDITURES	1,821,943	267,164	(8,695)	353,256	-
OTHER FINANCING SOURCES (USES):					
Transfers in	235,000	-	-	-	-
Transfers out	(981,962)	-	-	-	-
Total other financing sources (uses)	(746,962)	-	-	-	-
Net change in fund balances	1,074,981	267,164	(8,695)	353,256	-
FUND BALANCES (DEFICITS):					
Beginning of year, as restated	4,063,403	1,185,859	(51,334)	269,568	-
End of year	$ 5,138,384	$ 1,453,023	$ (60,029)	$ 622,824	$ -

See accompanying Notes to Basic Financial Statements

Capital Projects Fund		
General Capital Improvements	Nonmajor Governmental Funds	Total
$ -	$ 815,122	$ 12,167,669
-	1,732,755	1,744,402
146,942	839,905	2,658,009
-	-	44,265
-	13,818	18,468
-	-	288,912
9,290	99,640	169,847
155,827	48,584	336,900
312,059	3,549,824	17,428,472
-	-	2,434,443
-	37,717	5,238,107
-	8,900	1,277,550
36,912	308,405	2,026,962
83,131	1,812,066	1,901,832
		-
-	340,000	630,000
-	106,952	358,110
120,043	2,614,040	13,867,004
192,016	935,784	3,561,468
537,000	498,373	1,270,373
-	(235,000)	(1,216,962)
537,000	263,373	53,411
729,016	1,199,157	3,614,879
429,162	4,812,530	10,709,188
$ 1,158,178	$ 6,011,687	$ 14,324,067

City of Scotts Valley
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities
For the year ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds	$ 3,614,879
Amounts reported for governmental activities in the Statement of Activities were different because:	
Governmental funds reported asset acquisitions as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	1,899,744
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds.	(1,402,532)
Accrued compensated leave payable was an expenditure in governmental funds, but the accrued payable increased compensated leave liabilities in the Government-Wide Statement of Net	(17,657)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	630,000
Pension expenses and other postemployment benefits (OPEB) were reported in the Government-Wide Statement of Activities, but did not require dthe use of current financial resources. Therefore, the increase or decrease in the net pension liability and other postemployement benefits liability were not reported as an expenditure or (credit) in governmental funds:	
Deferred outflows - pension	36,459
Deferred outflows - OPEB	53,936
Net pension liability	26,093
Net OPEB liability	(31,878)
Deferred inflows - pension	(533,745)
Deferred inflows - OPEB	(208,881)
Accrual of interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the increase in accrued interest on long-term debt was not reported as an expenditures in the governmental	(146,026)
Repayment of long-term loans receivable is reported as income in governmental funds, but the repayment reduces long-term assets in the Statement of Net Assets.	(80,000)
An internal service fund is used by management to charge the costs of dental insurance to individuals fund. The net expense of this internal service fund is reported with governmental	(1,182)
Change in Net Position of Governmental Activities	$ 3,839,210

City of Scotts Valley
Statement of Net Position
Proprietary Funds
June 30, 2019

	Enterprise Funds			
	Recreation Fund	Wastewater Fund	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and investments	$ 220	$ 2,615,986	$ 2,616,206	$ 34,184
Receivables:				
Sewer fees	-	152,383	152,383	-
Other	130,072	17,744	147,816	-
Advances to Successor Agency	-	1,600,000	1,600,000	-
Total current assets	130,292	4,386,113	4,516,405	34,184
Noncurrent assets:				
Capital assets:				
Nondepreciable	-	648,759	648,759	-
Depreciable, net	500	10,483,521	10,484,021	-
Total capital assets	500	11,132,280	11,132,780	-
Total noncurrent assets	500	11,132,280	11,132,780	-
Total assets	130,792	15,518,393	15,649,185	34,184
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	317,442	713,648	1,031,090	-
Deferred outflows related to OPEB	29,734	68,111	97,845	-
Total deferred outflows of resources	347,176	781,759	1,128,935	-
LIABILITIES				
Current liabilities:				
Accounts payable	14,099	134,345	148,444	3,579
Accrued liabilities	43,181	18,296	61,477	-
Compensated absences	65,722	61,663	127,385	-
Unearned revenues	141,736	-	141,736	-
Total current liabilities	264,738	214,304	479,042	3,579
Noncurrent liabilities:				
Net pension liability	1,033,266	2,751,513	3,784,779	-
Net OPEB liability	982,684	2,249,060	3,231,744	-
Total noncurrent liabilities	2,015,950	5,000,573	7,016,523	-
Total liabilities	2,280,688	5,214,877	7,495,565	3,579
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	108,283	129,939	238,222	-
Deferred inflows related to OPEB	123,123	255,064	378,187	-
Total deferred inflows of resources	231,406	385,003	616,409	-
NET POSITION				
Net investment in capital assets	500	11,132,280	11,132,780	-
Restricted for capital improvements	-	722,596	722,596	-
Unrestricted	(2,034,626)	(1,154,604)	(3,189,230)	30,605
Total net position	$ (2,034,126)	$ 10,700,272	$ 8,666,146	$ 30,605

See accompanying Notes to Basic Financial Statements

City of Scotts Valley
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2019

	Enterprise Funds			
	Recreation Fund	Wastewater Fund	Total	Internal Service Fund
OPERATING REVENUES:				
Fees and services	$ 1,092,527	$ 2,617,094	$ 3,709,621	$ 58,538
Total operating revenues	1,092,527	2,617,094	3,709,621	58,538
OPERATING EXPENSES:				
Salaries	744,200	468,572	1,212,772	-
Taxes and benefits	257,756	701,616	959,372	-
Maintenance and operations	109,974	718,003	827,977	67
Advertising	7,057	585	7,642	-
Professional and contractual services	129,569	83,961	213,530	-
Utilities and communications	17,869	428,541	446,410	-
Insurance and bonds	151,988	53,979	205,967	60,315
Depreciation	1,000	794,353	795,353	-
Total operating expenses	1,419,413	3,249,610	4,669,023	60,382
OPERATING INCOME (LOSS)	(326,886)	(632,516)	(959,402)	(1,844)
NONOPERATING REVENUE (EXPENSES)				
Interest income	-	36,476	36,476	662
Total nonoperating revenues (expenses)	-	36,476	36,476	662
OTHER FINANCING SOURCES (USES):				
Capital contributions	-	225,624	225,624	-
Transfers in	97,084	-	97,084	-
Transfers out	(30,133)	(120,362)	(150,495)	-
Total contributions and transfers	66,951	105,262	172,213	-
Change in net position	(259,935)	(490,778)	(750,713)	(1,182)
NET POSITION:				
Beginning of year	(1,774,191)	11,191,050	9,416,859	31,787
End of year	$ (2,034,126)	$ 10,700,272	$ 8,666,146	$ 30,605

City of Scotts Valley
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2019

	Enterprise Funds			
	Recreation Fund	Wastewater Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers	$ 1,090,300	$ 2,735,627	$ 3,825,927	$ 58,538
Payments for goods and services	(407,102)	(1,254,348)	(1,661,450)	(58,718)
Payments to employees	(830,732)	(868,301)	(1,699,033)	-
Net cash provided by (used in) operating activities	(147,534)	612,978	465,444	(180)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash receipts from other funds	97,084	-	97,084	-
Cash disbursements to other funds	(30,133)	(120,361)	(150,494)	-
Net cash provided by (used in) noncapital financing activities	66,951	(120,361)	(53,410)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Cash receipts of connection and standby fees	-	225,624	225,624	-
Acquisition of capital assets	-	(195,762)	(195,762)	-
Net cash provided by (used in) capital and related financing activities	-	29,862	29,862	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	-	36,476	36,476	662
Net cash provided by (used in) investing activities	-	36,476	36,476	662
Net Cash Flows	(80,583)	558,955	478,372	482
CASH AND CASH EQUIVALENTS - Beginning of Year	80,803	2,057,031	2,137,834	33,702
CASH AND CASH EQUIVALENTS - End of Year	$ 220	$ 2,615,986	$ 2,616,206	$ 34,184
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	$ (326,886)	$ (632,516)	$ (959,402)	$ (1,844)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,000	794,353	795,353	-
Changes in assets and liabilities:				
(Increase) decrease in receivables	32,603	118,533	151,136	-
(Increase) decrease in deferred outflows of resources	35,722	170,742	206,464	-
Increase (decrease) in accounts payable	(56)	34,970	34,914	1,664
Increase (decrease) in accrued liabilities	9,411	(4,249)	5,162	-
Increase (decrease) in compensated absences	10,705	(8,125)	2,580	-
Increase (decrease) in unearned revenues	(34,830)	-	(34,830)	-
Increase (decrease) in net pension liability	(3,077)	499,214	496,137	-
Increase (decrease) in net OPEB liability	(2,697)	(506,145)	(508,842)	-
Increase (decrease) in deferred inflows of resources	130,571	146,201	276,772	-
Net cash provided by (used in) operating activities	$ (147,534)	$ 612,978	$ 465,444	$ (180)

See accompanying Notes to Basic Financial Statements

City of Scotts Valley
Statement of Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2019

	Successor Agency Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments held for others, restricted	$ 1,440,077	$ 739,049
Cash and investments held in accordance with bond indentures, restricted	766	359,341
Capital assets:		
Nondepreciable	5,386,012	-
Depreciable, net	5,522,736	-
Total assets	12,349,591	1,098,390
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding of debt	1,085,630	-
Total deferred outflows of resources	1,085,630	-
LIABILITIES		
Deposits	-	273,498
Accrued interest payable	352,431	-
Advance assessments collected	-	465,551
Bond reserve payable	-	359,341
Long-term debt:		
Due in one year	520,000	-
Due in more than one year	18,359,410	-
Total liabilities	19,231,841	$ 1,098,390
NET POSITION:		
Held in trust for dissolution of RDA	(5,796,620)	
Total net position	$ (5,796,620)	

See accompanying Notes to Basic Financial Statements

City of Scotts Valley
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2019

	Successor Agency Private Purpose Trust Fund
ADDITIONS:	
Redevelopment Property Tax Trust Fund	$ 1,928,008
Total additions	1,928,008
DEDUCTIONS	
Administrative expenses	80,072
Enforceable obligations of former Redevelopment Agency	896,808
Depreciation	186,834
Interest expense	539,323
Amortization expense	51,696
Total deductions	1,754,733
Change in fiduciary net position	173,275
NET POSITION:	
Beginning of year	(5,875,421)
Prior period adjustments	(94,474)
Beginning of year, as restated	(5,969,895)
End of year	$ (5,796,620)

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NOTES TO BASIC FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Scotts Valley, California, (City) have been prepared in conformity with accounting principles generally accepted in the Unites States of America (U.S. GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City of Scotts Valley was incorporated in 1966 as a general law city of the State of California, and is governed by an elected five member City Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the City's operations and data from these units are combined with data of the City. The City has no discretely presented component units. The following entity is reported as a blended component unit:

The *Scotts Valley Public Financing Authority* (Authority) was established in April 1989 by the City to facilitate financing for the City. Although the Authority is a separate legal entity from the City, it is reported as if it were part of the primary government because members of the City Council also serve as the Authority's governing board and because the Authority's sole purpose is to be a financing entity for the City. The Authority does not issue separate financial statements.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, fund equity, revenues and expenditures or expenses. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means to which spending activities are controlled.

Government-Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City accompanies by a total column.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

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

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

Certain limitations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except for those representing balances between the governmental activities and business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfer in/out

The City applies all applicable GASB pronouncements including all NCGA Statements and Interpretations currently in effect.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that meet specific qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

The City reports the following major governmental funds:

The General Fund – is the City's primary operating fund. It accounts for all financial resources of the general government.

The Successor Housing Agency Fund – is used to account for the affordable housing funds of the former Scotts Valley Redevelopment Agency.

The General Facilities Fund – is used to account for the impact fees imposed on new development to mitigate impacts on the City's streets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

The Traffic Mitigation Fund – is used to account for the impact fees imposed on new development to mitigate impacts on the City's streets.

The Lennar Fund – is used to account for funds paid by a developer to be used for park and recreational opportunities in the City at the sole discretion of City Council.

The General Capital Improvements Fund is used to account for the City's major capital projects.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally those received 45 to 90 days after year-end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, franchise taxes, etc.), grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position.

The City reports the following proprietary funds as major:

The Recreation Fund accounts for the operations of the City's recreation program services.

The Wastewater Fund accounts for the operations of the City's wastewater treatment and distribution system.

The Internal Service Fund accounts for and charges the costs of employee dental to individual funds.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City has one private-purpose trust fund. The private-purpose trust fund accounts for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments (i.e. unclaimed property/escheat property). Fiduciary funds are accounted for using the accrual basis of accounting. The City reports the following fiduciary funds:

The Private-Purpose Trust Fund – the City maintains one private purpose trust fund to account for activities of the Successor Agency to the former Redevelopment Agency.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Fiduciary Fund Financial Statements, Continued

Agency funds **–** three agency funds account for: (1) receipt of special taxes and assessments used to pay municipal and interest on two assessment district bonds with no direct City liability, and (2) receipt and disbursement of monies held in general trust.

C. Cash, Cash Equivalents, and Investments

The City pools cash and investments of all funds, except amounts held by fiscal agents. The Council invests on behalf of most funds of the City in accordance with the California State Government Code and the City's investment policy.

Investments are reported in the accompanying balance sheet at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

Participant's equity in an investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants annually. During the fiscal year ended June 30, 2019, the City had not entered into any legally binding guarantees to support the participant equity in the investment pool.

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

D. Unbilled Receivables

The City bills wastewater service every two months. Whenever the fiscal year ending date does not coincide with a billing month, the City accrues unbilled wastewater service fees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than $10,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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 assets lives are not capitalized.

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

Property, plant, equipment, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Equipment	5 - 10
Furniture and Fixtures	5 - 10
Software	5 - 7
Building and Improvements	40
Infrastructure	20 - 75

F. Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied.

Grants and entitlements from federal and state projects and programs received before eligibility requirements are met are recorded as unearned revenue.

G. Compensated Absences

Accumulated vested unused employee vacation and similar compensatory leave balances are recognized as liabilities of the City since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Sick leave benefits are accumulated only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. *Compensated Absences, Continued*

The City's proprietary funds accrue all leave benefits relating to their operations. A current liability is accrued in the governmental funds for material leave benefits due on demand to governmental fund employees that have terminated prior to fiscal year end. Noncurrent amounts will be recorded as expenditures in the governmental funds in the year in which they are paid or become due on demand to terminated employees.

The City's employees earn vacation leave (varying depending on years of service) based on days employed. Upon retirement or early termination, payment of accumulated vacation may not exceed that which can be accumulated within state limits. Unused sick leave, based on days employed, can be accumulated up to certain limits. Upon retirement or termination, employees will be paid within the maximum hours of sick pay allowed.

H. *Long-Term Debt*

Government-Wide Financial Statements – Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount. Bond issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred.

Fund Financial Statements – The governmental fund financial statements do not present long-term debt. As such, long-term debt is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Bond premiums and discounts are recognized during the current period as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Bond proceeds are reported as other financing sources.

Proprietary Fund and Fiduciary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

I. *Property Taxes*

Santa Cruz County (County) is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions. Secured property taxes attach as an enforceable lien on property as of July 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before July 1.

Property taxes are accounted for in the General Fund and the Private-Purpose Trust Fund (formally the City's Redevelopment Agency). Property tax revenues are recognized when they become measurable and available to finance current liabilities.

The City is permitted by Article XIIIA of the State of California Constitution (Proposition 13) to levy a maximum tax of 1% of assessed value, plus other increases as approved by the voters.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position (balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position (balance sheet) reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

K. Encumbrances

Encumbrance accounting is employed by the City in all of its budgeted governmental funds. In doing so, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation.

L. Net Position and Fund Balance

Government-Wide Financial Statements

In the government-wide financial statements, net position is classified in the following categories:

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

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

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

Fund Financial Statements

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

Nonspendable **–** Amounts that are not in spendable form (such as inventory) or are required either legally or contractually to be maintained intact.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Net Position and Fund Balance, Continued

Fund Financial Statements, Continued

Committed – Amounts constrained to specific purposes by the City itself, using the City's highest level of decision-making authority (the City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned - Amounts the City intends to use for a specific purpose. Intent can be expressed by the City at either the highest level of decision-making authority or by an official or body to which the City delegates the authority. This is also the classification for residual funds in the City's special revenue funds.

Unassigned - The residual classification for the City's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The City Council establishes, modifiers, or rescinds fund balance commitments and assignments by action, which includes passage of a resolution adopting the budget and appropriating revenue for the fiscal year.

Net Position and Fund Balance Flow Assumption

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to use restricted resources first.

When an expenditure is incurred for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the City's policy to use restricted amounts first. If unrestricted fund balances are available, the City considers amounts to have been spent first out of committed, then assigned, and finally unassigned funds, as needed.

M. Use of Estimates

The preparation of the Basic Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amounts of revenues and expenses. Actual results could differ from these estimates and assumptions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Pension

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

O. Other Post Employment Health Care Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

P. New Accounting Pronouncements

In 2019, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- *GASB Statement No.* 83, *Certain Asset Retirement Obligations* – The objective of this statement is to provide financial statement users with information about asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The requirements of this statement did not apply to the City for the current fiscal year.

- *GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* – The objective of this statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The requirements of this statement did not apply to the City for the current fiscal year.

2. CASH AND INVESTMENTS

Cash, cash equivalents, and investments are reported in the accompanying basic financial statements as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	$ 12,925,614	$ 2,616,206	$ 2,179,126	$ 17,720,946
Cash and investments				-
with fiscal agents	101,461	-	360,107	461,568
Total	$ 13,027,075	$ 2,616,206	$ 2,539,233	$ 18,182,514

A. *Summary of Cash and Investments*

Cash, cash equivalents, and investments as of June 30, 2019, consist of the following:

Pooled deposits	$ 1,825,192
Pooled Investments:	
Local Agency Investment Fund (LAIF)	13,040,328
Money Market	2,855,426
Total cash and deposits	17,720,946
Investments with Fiscal Agents and Trustees	461,568
Total cash and investments	$ 18,182,514

B. *Deposits*

The carrying amount of the City's cash deposit was $1,824,272 at June 30, 2019. Bank balances before reconciling items were a positive amount of $1,995,713 at June 30, 2019. The City's cash deposit was fully insured up to $250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the City's name.

The California Government Code (Code) Section 53652 requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash

2. CASH AND INVESTMENTS, Continued

C. Investments

Under the provisions of the City's investment policy, and in accordance with the Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Securities	5 years	None	None
U.S. Agency Securities	5 years	None	None
Certificates of Deposit	5 years	30%	None
Bankers' Acceptances	180 days	40%	None
Repurchase Agreements	30 days	15%	None
Corprate Medium Term Notes	On demand	30%	None
U.S. Agency Mortgage Pass Through Securities	N/A	15%	None
Money Market Mutual Funds	N/A	15%	None
Commercial Paper	270 days	30%	None
Local Agency Investment Fund (LAIF)	On demand	30%	None
Investment Fund of California (CalTRUST)	On demand	30%	None

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. Generally the City's practice is to buy and hold investments until maturity dates. Consequently, the City's investments are carried at fair value.

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2019, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

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

As of June 30, 2019, the City had $13,040,328 invested in LAIF, which had invested 1.77% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 2.67% in the previous year. The LAIF fair value factor of 1.001711790 was used to calculate the fair value of the investments in LAIF.

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures

Interest Risk: Interest rate risk is the market value fluctuation due to overall changes in the interest rates. As a means of limiting its exposure to fair value losses airising from changes in interest rates, the City's investment policy limits investments to a maximum maturity of five years. As of June 30, 2019, investment maturities, other than investments of debt proceeds held by bond trustees, were as follows:

		Remaining Maturity (in Months)		
Investment Type	**Total**	**12 Months or Less**	**13 - 24 Months**	**More than 24 Months**
LAIF	$ 13,040,328	$ 13,040,328	$ -	$ -
Money Market	2,855,426	2,855,426	-	-
Total	$ 15,895,754	$ 15,895,754	$ -	$ -

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

E. Investment Valuation

Investments (except for money market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. *Recurring* fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: 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.

The City held no investments subject to the levelling disclosure as of June 30, 2019.

3. INTERFUND TRANSACTIONS

A. Due To/From Other Funds

At June 30, 2019, the City's Due To/From Other Fund balances were comprised of the following:

	Due From	
Due To	Nonmajor Governmental Funds	Total
General Fund	$ 1,171	$ 1,171
Total	$ 1,171	$ 1,171

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3. INTERFUND TRANSACTIONS, Continued

B. Transfers

The City had the following transfers between funds during the year ended June 30, 2019:

	Transfers In				
Transfers Out	General Fund	General Capital Improvement Fund	Nonmajor Governmental Funds	Recreation Enterprise Fund	Total
General Fund	$ -	$ 467,200	$ 417,678	$ 97,084	$ 981,962
Nonmajor Governmental Funds	235,000	-	-	-	235,000
Recreation Enterprise Fund	-	-	30,133	-	30,133
Wastewater Enterprise Fund	-	69,800	50,562	-	120,362
Total	$ 235,000	$ 537,000	$ 498,373	$ 97,084	$ 1,367,457

Transfers from the General Fund and Wastewater Enterprise Fund to the General Capital Improvement Fund were for capital improvement projects. Transfers from the General Fund to the Recreation Enterprise Fund were for covering operating costs and negative cash balances. Transfers from the General Fund to the nonmajor governmental funds were for primarily for capital improvement projects and debt service. Transfers from the nonmajor governmental funds to the General Fund were for street projects.

C. Advances To/From Other Funds

At June 30, 2019, the City had the following interfund advances that were not expected to be repaid in the next fiscal year.

	Advance To	
Advance From	General Facilities Fund	Total
General Fund	$ 139,532	$ 139,532
Total	$ 139,532	$ 139,532

The advance from the General Fund to the General Facilities Fund is will be repaid with future impact fee revenues. The funds were loaned for the construction of the current City Hall.

4. LOANS RECEIVABLE AND ADVANCES

The City's loans and advances receivable were comprised of the following as of June 30, 2019.

Description	Balance as of June 30, 2019	Current Portion
Advances to Successor Agency:		
Advance from General Fund	$ 3,332,365	$ -
Advance from Successor Agency Housing Fund	1,709,521	-
Advance from Wastewater Fund	1,600,000	-
Advances to Successor Agency subtotal	6,641,886	-
Loans Receivable:		
Mid-Penninsula Housing	1,119,391	-
Silent Second Loan Program	425,245	-
MP Scotts Valley Associates	400,000	-
Habitat for Humanity	150,000	-
Scotts Valley Housing, LLC	650,000	650,000
Four Points Hotel (CDBG Funds)	550,000	550,000
Loans receivable subtotal	3,294,636	1,200,000
Total	$ 9,936,522	$ 1,200,000

A. *Advances to Successor Agency*

General Fund and Successor Housing Agency

As of June 30, 2019, advances to the Redevelopment Successor Agency consist of loans from the City's General Fund in the amount of $3,332,365 and the former Redevelopment Agency Affordable Housing Fund, now the Successor Housing Agency, in the amount of $1,709,521. The advance from the General Fund was for start-up expenses, initial formation of the Redevelopment Agency, and improvement projects. The advance from the former Affordable Housing Fund was for the repayment to the State for the Education Augmentation Fund (ERAF) and Supplemental Educational Revenue Augmentation Fund (SERAF). The advance will be repaid with tax increment revenues allocated to the Successor Agency Private Purpose Trust Fund.

Advance from the Wastewater Fund

Advance to Redevelopment Successor Agency is from the City's Wastewater Fund to the former Redevelopment Agency for the purchase of property. The advance will be repaid with tax increment revenues allocated to the Successor Agency Private Purpose Trust Fund. As of June 30, 2019, the balance of the advance was $1,600,000.

The total of all advances to the Successor Agency as of June 30, 2019 was $6,641,886.

4. LOANS RECEIVABLE AND ADVANCES, Continued

B. Loans and Notes Receivable

The City's loans and notes receivable as of June 30, 2019 are as follow:

Due from a California Limited Partnership with simple interest at 3%, all due and payable by November 22, 2026. Funds were loaned to facilitate the construction of 46 affordable housing units. This receivable is recorded in the Successor Housing Agency Fund. The loan is secured by a deed of trust on the housing units. As of June 30, 2019, the outstanding loan balance was $1,119,391.

Due from nine parties together with contingent interest calculated as an amount equal to 10% of appreciation of the residential properties purchased by the various parties, all due and payable: upon sale or transfer, upon default, upon cash-out refinancing of the superior "first" or "second" loan, or upon the date the "first" note becomes due and payable. Funds were loaned to facilitate the purchase of affordable housing through the Agency's "silent second" loan program. This receivable is recorded in the Successor Housing Agency Fund. The loans are secured by deeds of trust on the respective properties. As of June 30, 2019, the outstanding loan balance was $425,245.

Due from a California Limited Partnership with interest at the "applicable federal rate" as of the date of the Note, all due and payable by September 15, 2054. Funds were loaned under the HOME Investment Partnerships Program to facilitate the construction of residential units that are occupied by and affordable to Very-Low Income Persons for the term of the loan. The loan is administered by the City as set forth by federal regulations dated April 30, 1999 between the City and the State of California, by and through the Department of Housing and Community Development. The loan is secured by a deed of trust on the housing units. As of June 30, 2019, the outstanding loan balance was $400,000.

Due from a California Non-profit Public Benefit Corporation with simple interest at the Local Agency Investment Fund (LAIF) rate, due and payable at maturity. Loan matures and is fully due and payable five years from the date the third unit on the Property is issued a certificate of occupancy or no later than 1 0 years from the date of the Promissory Note. Funds were loaned to facilitate the construction of three Assisted Units, in accordance with Agency requirements related to Low and Moderate Income Housing Trust Funds. This receivable is recorded in the Successor Housing Agency Fund. As of June 30, 2019, the outstanding loan balance was $150,000.

Due from a California Limited Liability Company with simple interest at 3.25% per annum, due and payable under a repayment agreement terms. Funds were loaned with the Community Development Block Grant funds. The loan is secured by a deed of trust on commercial property. As of June 30, 2019, the outstanding loan balance was $550,000.

Due from a California Limited Liability Company with simple interest at 3.25% per annum on the outstanding balance with quarterly installments until paid, on or before September 1, 2027 or upon the sale of secured property. The loan was a result of the sale of City property and is secured by a deed of trust. As of June 30, 2019, the outstanding loan balance was $650,000.

The total balance of all loans receivable as of June 30, 2019 was $3,294,636.

5. CAPITAL ASSETS

A. Government-Wide Financial Statements

The City's capital asset activity for the year ended June 30, 2019 was as follows.

	July 1, 2018 Balance	Additions	Reductions	June 30, 2019 Balance
Governmental activities				
Capital assets, not being depreciated				
Land	$ 7,011,920	$ -	$ -	$ 7,011,920
Construction in progress	527,613	1,123,514	(1,174,635)	476,492
Total capital assets, not being depreciated	7,539,533	1,123,514	(1,174,635)	7,488,412
Capital assets, being depreciated				
Buildings	5,902,976	37,168	-	5,940,144
Machinery and equipment	3,340,088	163,650	-	3,503,738
Infrastructure	41,503,394	1,750,047	-	43,253,441
Total capital assets, being depreciated	50,746,458	1,950,865	-	52,697,323
Less accumulated depreciation for:				
Buildings	(3,246,372)	(141,214)	-	(3,387,586)
Machinery and equipment	(2,794,215)	(1,061,358)	-	(3,855,573)
Infrastructure	(21,379,998)	(199,960)	-	(21,579,958)
Total accumulated depreciation	(27,420,585)	(1,402,532)	-	(28,823,117)
Total capital assets, being depreciated, net	23,325,873	548,333	-	23,874,206
Governmental activities capital assets, net	$ 30,865,406	$ 1,671,847	$ (1,174,635)	$ 31,362,618
Business-type activities				
Capital assets, not being depreciated				
Land	$ 529,416	$ -	$ -	$ 529,416
Construction in progress	-	119,343	-	119,343
Total capital assets, not being depreciated	529,416	119,343	-	648,759
Capital assets, being depreciated				
Buildings	5,287,273	-	-	5,287,273
Machinery and equipment	6,594,907	76,419	-	6,671,326
Infrastructure	23,112,053	-	-	23,112,053
Outfall agreement	178,000	-	-	178,000
Total capital assets, being depreciated	35,172,233	76,419	-	35,248,652
Less accumulated depreciation for:				
Buildings	(3,903,192)	(120,194)	-	(4,023,386)
Machinery and equipment	(5,460,235)	(534,777)	-	(5,995,012)
Infrastructure	(14,490,141)	(137,415)	-	(14,627,556)
Outfall agreement	(115,710)	(2,967)	-	(118,677)
Total accumulated depreciation	(23,969,278)	(795,353)	-	(24,764,631)
Total capital assets, being depreciated, net	11,202,955	(718,934)	-	10,484,021
Business-type activities capital assets, net	$ 11,732,371	$ (599,591)	$ -	$ 11,132,780

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

Depreciation expense by program for capital assets for the year ended June 30, 2019 is shown below.

	Governmental			Business-Type
General government	$ 42,203		Wastewater	$ 794,353
Public safety	184,653		Recreation programs	1,000
Planning and building	6,456			
Public works	1,169,220			
Total depreciation expense	$ 1,402,532		**Total depreciation expense**	$ 795,353

6. LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2019 is shown below.

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Governmental Activities					
Certificates of participation:					
1997 Refunding COP	$ 1,250,588	$ -	$ -	$ 1,250,588	$ 145,354
2003 Capital Improvement COP	885,000	-	(135,000)	750,000	150,000
2013 Refunding COP	4,055,000	-	(145,000)	3,910,000	-
Total COP	6,190,588	-	(280,000)	5,910,588	295,354
Pension Obligation Bonds	2,675,000	-	(340,000)	2,335,000	355,000
Installment Note	95,000	-	(10,000)	85,000	10,000
Accrued Compensated Absences	592,556	581,925	(564,268)	610,213	411,756
Total Governmental Activities	9,553,144	581,925	(1,194,268)	8,940,801	1,072,110
Business-Type Activities					
Accrued Compensated Absences	124,805	102,550	(99,970)	127,385	68,571
Total Business-Type Activities	$ 124,805	$ 102,550	$ (99,970)	$ 127,385	$ 68,571

6. LONG-TERM DEBT, Continued

A. Certificates of Participation

The City entered into lease and sub-lease agreements with the Scotts Valley Public Financing Authority, a Joint Powers Authority formed by the City of Scotts Valley to lease and lease-back certain public assets. The lease revenues are used as security for the issuance of Certificates of Participation (COP). The annual lease payments are equal to the total debt service payments on the Certificates. The leases have a purchase option for the Scotts Valley Public Financing Authority to acquire the public assets that are subordinated to a bargain purchase option in the City's sublease agreement. Since the City's financial activities of the Scotts Valley Public Financing Authority are included in the financial statements, economic substance is emphasized over legal form and the above leasing transactions are reported as City general obligation debts and recorded in the Government-wide Statement of Net Position under Governmental Activities. The following COPs were outstanding at June 30, 2019. Each are described and is followed by a future debt service requirements schedule.

1997-1 Refunding Certificate of Participation

In 1997, the Scotts Valley Public Financing Authority issued $4,940,588 of refunding COPs. The proceeds were used to refund a portion of the current interest bonds from the 1992 Refunding COP and Public Improvement bonds. The 1992 Refunding COP and PIB was issued to refinance former bonds from 1986 and 1990 which were issued to finance the City's City Hall project, the Scotts Valley Drive Reconstruction - Phase I, and repair the Granite Creek Bridge and sewer after the Loma Prieta Earthquake of 1989. The 1997 COP consisted of $3,690,000 of current interest certificates ranging from 3.70% to 5.25% per annum, and $1,250,588 of capital appreciation certificates ranging from 5.60% to 5. 70% per annum. The current interest certificates were refunded by the 2006 Refunding COPs. Only the capital appreciation certificates remain outstanding. The annual debt service requirements for the COP are as follow:

Year Ending June 30,	Principal	Interest	Total
2020	$ 145,354	$ 344,646	$ 490,000
2021	136,139	348,861	485,000
2022	181,146	508,854	690,000
2023	155,194	469,806	625,000
2024	146,781	478,219	625,000
2025 - 2027	485,974	1,884,026	2,370,000
Total	$ 1,250,588	$ 4,034,412	$ 5,285,000

6. LONG-TERM DEBT, Continued

A. Certificates of Participation, Continued

2003 Capital Improvement Certificates of Participation

In 2003, the Scotts Valley Public Financing Authority issued $1,000,000 of 2003 Capital Improvement Project Certificates of Participation. The proceeds were used to provide partial funding for the purchase of an existing building to be used as a City community center. The interest rates for this COP range from 4.5% to 4.7% per annum. In 2017, the Department of Finance determined the 2003 COP did not meet the criteria for an enforceable obligation of the Scotts Valley Successor Agency. The debt was transferred to the General Fund as a long-term debt obligation as of July 1, 2017. The annual debt service requirements for the COP are as follow.

Year Ending June 30,	Principal	Interest	Total
2020	$ 150,000	$ 30,500	$ 180,500
2021	180,000	23,075	203,075
2022	-	19,025	19,025
2023	40,000	18,125	58,125
2024	60,000	15,875	75,875
2025 - 2027	320,000	24,568	344,568
Total	$ 750,000	$ 131,168	$ 881,168

2013 Refunding Certificate of Participation

In 2013, the Scotts Valley Public Financing Authority issued $4,605,000 of 2013 Refunding Certificates of Participation. The proceeds were used to refund the remaining 2003 Public Improvements Project (PIB) (partial refinance of the 1992 COP & PIB) and the 2006 Refunding Certificates of Participation current interest certificates, which also refinance public improvement bonds. The interest rates for this COP range from 2.0% to 5.4%. The annual debt service requirements for the COP are as follow.

Year Ending June 30,	Principal	Interest	Total
2020	$ -	$ 204,445	$ 204,445
2021	-	204,445	204,445
2022	-	204,445	204,445
2023	-	204,445	204,445
2024	-	204,445	204,445
2025 - 2029	475,000	1,000,675	1,475,675
2030 - 2034	955,000	815,608	1,770,608
2035 - 2039	1,235,000	539,670	1,774,670
2040 - 2043	1,245,000	172,530	1,417,530
Total	$ 3,910,000	$ 3,550,708	$ 7,460,708

6. LONG-TERM DEBT, Continued

B. Bonds Payable

Pension Obligation Bonds

On June 21, 2012, the Scotts Valley City Council issued $4,460,000 par value bonds. The proceeds of the Bonds were used to refund the City's outstanding "side fund" obligations to the California Public Employees' Retirement System (PERS) pursuant to a contract between the City and the Board of Administration of PERS. Annual principal payments range from $180,000 to $430,000 plus interest from .75% to 4.4% per annum, through 2024. The annual debt service requirements for bonds are as follow.

Year Ending June 30,	Principal	Interest	Total
2020	$ 355,000	$ 88,757	$ 443,757
2021	365,000	75,245	440,245
2022	380,000	60,345	440,345
2023	395,000	44,648	439,648
2024	410,000	27,735	437,735
2025	430,000	9,460	439,460
Total	$ 2,335,000	$ 306,190	$ 2,641,190

C. Notes Payable

Installment Note

In 1997, the City agreed to a $165,000 installment note payable to the Scotts Valley Water District for the City's share of bonds issued by the Water District for the construction of recycled water pipe lines. The District and the City shared the proceeds of the bond issue in order to save on issuance costs. The proceeds were used for recycled water pipes to City parks. Annual principal amounts vary from $-0- to $15,000 plus interest at 6% per annum, through 2028. The annual debt service requirements for the installment note are as follow.

Year Ending June 30,	Principal	Interest	Total
2020	$ 10,000	$ 4,800	$ 14,800
2021	5,000	4,350	9,350
2022	5,000	4,050	9,050
2023	10,000	3,600	13,600
2024	10,000	3,000	13,000
2025 - 2028	45,000	5,850	50,850
Total	$ 85,000	$ 25,650	$ 110,650

D. Accrued Compensated Absences

Employees accrue vacation, annual leave, earned time-off, and holiday leave up to certain maximums based on the employee’s bargaining unit. The City accrues for compensated absences as it is earned by employees. The amount of compensated absences payable outstanding as of June 30, 2019 was $737,598.

7. DEFINED BENEFIT PENSION PLAN

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors four rate plans (two miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefit 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 with statutorily reduced benefits. All members are eligible for non-duty are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee's Retirement Law.

7. DEFINED BENEFIT PENSION PLAN, Continued

Benefit Provided, Continued

The rate plan provisions and benefits in effect at June 30, 2019 are summarized as follows:

	Miscellaneous	Miscellaneous PEPRA
Hire date	Prior to 1/1/2013	On or after 1/1/2013
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 year service	5 year service
Benefit payment	Monthly for life	Monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits as a % of annual salary	2.0% - 2.5%	1.0% - 2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	10.069%	6.842%
Required unfunded liability payment	$531,303	$2,096

	Safety	Safety PEPRA
Hire date	Prior to 1/1/2013	On or after 1/1/2013
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 year service	5 year service
Benefit payment	Monthly for life	Monthly for life
Retirement age	50	50 - 57
Monthly benefits as a % of annual salary	3.0%	2.0% - 2.7%
Required employee contribution rates	9.0%	11.50%
Required employer contribution rates	19.416%	12.141%
Required unfunded liability payment	$405,532	$6,106

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are to be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. 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.

The City's contributions to the Plan for the measurement period ended June 30, 2018 were $1,324,761.

7. DEFINED BENEFIT PENSION PLAN, Continued

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

As of June 30, 2019, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of $17,021,799.

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City's proportionate of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for each Plan as of **June 30, 2017** and 2018 were as follows:

Proportion - June 30, 2017	0.17664%
Proportion - June 30, 2018	0.17197%
Change - Increase (decrease)	-0.00467%

For the year ended June 30, 2019, the City recognized pension expense of $2,405,355. At June 30, 2019, the City reported deferred outflow of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 472,567	$ (71,540)
Changes in assumptions	1,819,262	(363,348)
Net differences between projected actual earnings and actual earnings on plan investments	98,097	-
Changes in employer's proportion and actual earnings on plan investments	132,279	(71,378)
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(663,188)
Pension contributions subsequent to the measurement date	1,511,426	-
Total	$ 4,033,631	$ (1,169,454)

7. DEFINED BENEFIT PENSION PLAN, Continued

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

$1,511,426 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 ending June 30, 2020.

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

Fiscal Year Ending June 30,		
2020	$	1,356,078
2021		710,885
2022		(576,898)
2023		(137,314)

Actuarial Assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return (1)	7.15%
Mortality	Derived by CalPERS membership data for all funds

(1) Net of pension plan administrative expenses

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

7. DEFINED BENEFIT PENSION PLAN, Continued

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

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class (a)	New Strategic 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 System's CAFR, 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 2.00% used for this period.

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

7. DEFINED BENEFIT PENSION PLAN, Continued

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	$ 25,740,861
Current Discount Rate	7.15%
Net Pension Liability	$ 17,021,799
1% Increase	8.15%
Net Pension Liability	$ 9,849,356

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2019 the City reported no amount payable for outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

8. OTHER POST EMPLOYMENT BENEFIT PLAN

A. Plan Description

The City administers a single-employer defined benefit post-employment healthcare plan (Plan) which provides post-employment benefits to eligible employees in the form of partial reimbursement for post-retirement health insurance premiums. Eligibility requirements include a minimum of ten years employment with the City and minimum retirement ages of 50 years for safety employees and 55 years for non-safety employees. For eligible employees, the City will pay 31.2% to 100% of the retired employee's health insurance premiums, the exact amount determined by years of service, employee group, and age. In addition, there is a cap on what the City will contribute that is indexed to the cost of CaiPERS post-retirement medical insurance premiums. The Plan does not issue separate financial statements. The obligation of the City to provide these benefits is determined by agreements with the various employee bargaining groups.

8. OTHER POST EMPLOYMENT BENEFIT PLAN, Continued

B. Employees Covered

As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the Retiree Health Plan:

Inactives currently receiving benefits	36
Active employees	56
Total	92

C. Contribution

The contribution requirements of plan members and the City are established and may be amended by the City. The required contribution is based on a projected pay-as-you-go financing requirements, with additional amounts to prefund benefits determined annually by the City Council. For the fiscal year ended June 30, 2019, the City contributed $480,332 (including implicit subsidy) and zero to prefund benefits. Plan members receiving benefits contributed no amounts to the total premiums. The General Fund has typically been used to liquidate OPEB liabilities for governmental funds.

D. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018 using the following actuarial methods and assumptions:

Actuarial Assumptions:	
Contribution policy	No pre-funding
Discount Rate	3.87%
Inflation	2.75%
Salaries Increases	3.00%
Mortality	CalPERS 1997- 2015 Experience Study
Medical Trend	4.0% to 7.5%

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. The City's OPEB plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high quality 20-year municipal bonds, as of the valuation date.

8. OTHER POST EMPLOYMENT BENEFIT PLAN, Continued

F. Changes in the Total OPEB Liability

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

		Total OPEB Liability
Balance at June 30, 2018	$	14,076,869
Service cost		550,034
Interest on the total OPEB liability		516,005
Differences between actual and expected experience		-
Changes in assumptions		(613,407)
Benefits paid to retirees		(426,690)
Net changes		25,942
Balance at June 30, 2019	$	14,102,811

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

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the measurement period ended June 30, 2018:

1% Decrease		2.87%
Net OPEB Liability	$	16,397,186
Current Discount Rate		3.87%
Net OPEB Liability	$	14,102,811
1% Increase		4.87%
Net OPEB Liability	$	12,259,579

8. OTHER POST EMPLOYMENT BENEFIT PLAN, Continued

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

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate for the measurement period ended June 30, 2018:

1% Decrease		4.0% to 7.5%
Net OPEB Liability	$	12,129,801
Current Discount Rate		5.0% to 8.5%
Net OPEB Liability	$	14,102,811
1% Increase		6.0% to 9.5%
Net OPEB Liability	$	16,586,730

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

For the year ended June 30, 2019, the City recognized OPEB expense of $136,866. At June 30, 2019, the City reported deferred outflow of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ -	$ 1,674,280
Pension contributions subsequent to the measurement date	480,332	-
Total	$ 480,332	$ 1,674,280

There were no amounts reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ending June 30,	Deferred Inflows of Resources
2020	$ (351,091)
2021	(351,091)
2022	(351,091)
2023	(351,091)
2024	(222,729)
Thereafter	(47,187)
Total	$ (1,674,280)

9. COMMITMENTS AND CONTINGENCIES

Under an agreement with the City of Santa Cruz, the City is obligated to pay 4% of the actual new

outfall facilities operation and maintenance costs in order to use the Santa Cruz sewer outfall facility.

The City has construction contract commitments in the amount of $625,843 at June 30, 2019 for the following projects:

Project	Commitment
Sewer MP and SSMP	$242,380
Flexrake	$161,271
Grant & General Plan	$202,982
Other Projects	$19,210

In December of 2003, the City entered into a Memorandum of Understanding (MOU) with the Land Trust of Santa Cruz County, a nonprofit organization. The Land Trust manages approximately 162 acres of open space in accordance with the Glenwood Open Space Management Plan approved by the City Council on June 4, 2004. The City placed $1,070,000 in an endowment trust fund managed by the Land Trust.

All costs associated with the management of the open space are paid by investment earnings and principal of this endowment. If the Land Trust is unable to provide management services or if the agreement is terminated, any remaining amount in the endowment trust fund will be returned to the City.

10. CLASSIFICATION FUND BALANCE

As of June 30, 2019, fund balances were classified as shown below.

	General Fund	Successor Housing Agency	General Facilities	Traffic Impact Mitigation	Lennar Fund	General Capital Improvements	Nonmajor Governmental Funds	Total
Nonspendable:	$ 139,532	$ -	$ -	$ -	$ -	$ -	$ -	$ 139,532
Restricted:								
Debt service	101,461	-	-	-	-	-	-	101,461
Low mod housing	-	1,453,023	-	-	-	-	-	1,453,023
Impact fees	-	-	-	622,824	-	-	1,255,490	1,878,314
Public works	-	-	-	-	-	1,158,178	68,541	1,226,719
Public safety	-	-	-	-	-	-	624,796	624,796
Parks & recreation	-	-	-	-	-	-	1,797,889	1,797,889
Community development	-	-	-	-	-	-	550,566	550,566
Planning	-	-	-	-	-	-	420,254	420,254
Subtotal	101,461	1,453,023	-	622,824	-	1,158,178	4,717,536	8,053,022
Assigned:								
Debt service	-	-	-	-	-	-	975,684	975,684
Public works	-	-	-	-	-	-	195,642	195,642
Parks & recreation	-	-	-	-	-	-	128,173	128,173
Subtotal	-	-	-	-	-	-	1,299,499	1,299,499
Unassigned	4,897,391	-	(60,029)	-	-	-	(5,348)	4,832,014
Total	$ 5,138,384	$ 1,453,023	$ (60,029)	$ 622,824	$ -	$ 1,158,178	$ 6,011,687	$ 14,324,067

11. SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY

On June 29, 2011, Assembly Bills 1x 26 (the "Dissolution Act") and 1x 27 (the "Continuation Act") were enacted as part of the FY 2011-12 state budget package. The Dissolution Act required each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for impending dissolution. Assembly Bill 1x 27 provided a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program.

The league of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn the Dissolution Act and Assembly Bill 1 x 27 on the grounds that these bills violate the California Constitution.

On December 29, 2011, the California Supreme Court upheld the Dissolution Act and struck down the Continuation Act.

On June 27, 2012, as part of the FY 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each a "Dissolved RDA") was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDS which is the sponsoring community of the Dissolved RDA uncles is elected not to serve as the Successor Agency.

On February 1, 2012, the City adopted a Resolution electing to serve as the Successor Agency to the City of Scotts Valley Redevelopment Agency.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards are to administer the wind down of each dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA's housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The City of Scotts Valley Housing Authority elected to serve as the Housing Successor Agency on February 1, 2012. Prior to February 1, 2012, the activities of the Dissolved RDA were reported in the governmental funds statements of the City. After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA are reported in a fiduciary fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have also been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

11. SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY, Continued

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller, the California Department of Finance (the "DOF") and the California State Controller's office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs. The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTFF") for each successor agency and depositing into the RPTFF for each six-month period the amount of property taxes that would have otherwise been paid to the Dissolved RDA as property tax increment. The deposit in the RPTFF fund is to be used to pay to the successor agency the amounts due on the successor agency's enforceable obligations for the upcoming six-month period.

The successor agency is required to prepare a recognized obligation payment schedule (the "ROPS") approved by the oversight board setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the successor agency from the RPTFF based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due over the next six months.

The process of making RPTFF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

The State Controller of the State of California has been directed to review the propriety of any transfers of assets between Dissolved RDA and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency.

11. SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY, Continued

A. *Capital Assets*

Summary of changes in capital asset for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, not being depreciated				
Land	$ 5,386,012	$ -	$ -	$ 5,386,012
Total capital assets, not being depreciated	5,386,012	-	-	5,386,012
Capital assets, being depreciated				
Buildings	2,959,278	-	-	2,959,278
Improvements	4,078,690	-	-	4,078,690
Equipment and furniture	245,037	-	-	245,037
Total capital assets, being depreciated	7,283,005	-	-	7,283,005
Less accumulated depreciation for:				
Buildings	(503,079)	(59,186)	-	(562,265)
Improvements	(881,150)	(105,314)	-	(986,464)
Equipment and furniture	(189,206)	(22,334)	-	(211,540)
Total accumulated depreciation	(1,573,435)	(186,834)	-	(1,760,269)
Total capital assets, being depreciated, net	5,709,570	(186,834)	-	5,522,736
Governmental activities capital assets, net	$ 11,095,582	$ (186,834)	$ -	$ 10,908,748

B. *Long-Term Debt*

Summary of changes long-term debt for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018 (as restated)	Additions	Deletions	Balance June 30, 2019	Due Within One Year
2017 Tax Allocation Refunding Bonds	$ 12,682,304	$ -	$ (530,000)	$ 12,152,304	$ 520,000
Bond issuance premium	89,700	-	(4,480)	85,220	-
Total Refunding Bonds	12,772,004	-	(534,480)	12,237,524	520,000
Advance from the City	3,332,365	-	-	3,332,365	355,000
Note Payable - Housing Fund	1,709,521	-	-	1,709,521	-
Note Payable - Enterprise Fund	1,600,000	-	-	1,600,000	-
Total Successor Agency long-term debt	$ 19,413,890	$ -	$ (534,480)	$ 18,879,410	$ 875,000

11. SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY, Continued

B. Long-Term Debt, Continued

Tax Allocation Refunding Bonds

In April 2017, the Scotts Valley Successor Agency issued $9,150,000 par value of Series A Tax Allocation Refunding Bonds and $3,805,000 par value of Taxable Series B Tax Allocation Refunding Bonds. The proceeds were used in part to fully refund the 2006 Tax Allocation Refunding Bonds and to fully refund in October of 2019 the 2009 Lease Revenue, Series A and Series B (Taxable) bonds. The annual repayment installments range from $410,000 to $715,000, plus interest at 3.125% to 4.0% per annum, through 2036. The balance as of June 30, 2019 was $12,152,304.

Advances from the City

Advance from the City's General Fund ($3,332,365), former Redevelopment Agency Affordable Housing Fund ($1,709,521), and Wastewater Enterprise Fund ($1,600,000). The advances will be repaid with tax increment revenues allocated to the Successor Agency Private Trust Fund. The total balance as of June 30, 2019 was $6,641,886.

12. ASSESSMENT DISTRICT BOND OBLIGATIONS

The City acts as an agent for collection of property taxes and repayment of community facilities improvement bonds issued by the Community Facilities District located within the City. Since the City is not obligated in the event of any manner for these special assessment bonds, the debt is not recorded in these financial statements The outstanding balance of the bond obligations at year end was as follows:

Community Facilities District, 97-1 Series A	$ 2,230,000

13. RISK MANAGEMENT

The City participates in a public entity risk pool that operates as a common risk management and insurance program for nine other local jurisdictions, created pursuant to California law for liability and workers' compensation insurance services. The City pays an annual premium to the pool for its general liability and workers' compensation coverage. Risk of loss is retained for general liability claims by each city per occurrence. The agreement with the pool provides that it will be self-sustaining through member premiums and that excess coverage be carried for general liability claims and for workers’ compensation claims in excess per insured event. The amount of unpaid claims was immaterial at fiscal year-end.

The City established a Dental Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss for employee dental care. The Dental Insurance Fund finances employee and dependent claims per participant per calendar year entirely through self-insurance. The amount of unpaid claims was immaterial at fiscal year-end.

The City continues to carry commercial insurance for all other insured risks of loss. The City paid no settlements in excess of insurance coverage in any of the past three fiscal years.

14. JOINT POWERS AUTHORITY

Bay Area Self Insurance Authority (MBASIA). The relationship between the City and the JPA is such that the JPA is not a component of the City for financial reporting purposes.

The Monterey Bay Area Self Insurance Authority (MBASIA) provides workers' compensation and liability insurance for its members: various small cities in the Monterey Bay Area. MBASIA is governed by a board of directors composed of representatives from each of the member cities. This board controls the operations of the MBASIA, including selection of management and approval of operating budgets independent of any influence by the member cities beyond their representation on the Board. Each member city pays a premium based on factors determined by the board.

Financial statements may be obtained from MBASIA c/o Alliant Insurance Services, 100 Pine Street, 11th Floor, San Francisco, CA 94111.

15. PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2019, the City recorded prior period adjustments to correct beginning of year accounts receivable and to recognize deferred loss on refunding of the Successor Agency's 2009 Lease Revenue Bonds and 2006 Tax Allocation Bonds, and premium on the 2017 Tax Allocation Refunding Bonds as of June 30, 2018.

		Prior Period Adjustments				
	Net Position/ Fund Balance as Previously Reported	Restricted Cash and Invesments	Accounts Receivable	Deferred Loss on Refunding	Long-term Debt	Net Position/ Fund Balance Net Position as Restated
Governmental-Wide Financial Statements						
Governmental Activities	$ 13,724,596	$ -	$ (24,599)	$ -	$ -	$ 13,699,997
Total	$ 13,724,596	$ -	$ (24,599)	$ -	$ -	$ 13,699,997
Fund Financial Statements						
Non-major Governmental Funds	$ 4,837,129	$ -	$ (24,599)	$ -	$ -	$ 4,812,530
Total	$ 4,837,129	$ -	$ (24,599)	$ -	$ -	$ 4,812,530
Successor Agency Private Purpose Trust Fund	$ (5,875,421)	$ (9,991,800)	$ -	$ 1,137,326	$ 8,760,000	$ (5,969,895)
Total	$ (5,875,421)	$ (9,991,800)	$ -	$ 1,137,326	$ 8,760,000	$ (5,969,895)

16. SUBSEQUENT EVENTS

In July 2019, the City of Scotts Valley Public Financing Authority issued lease revenue refunding bonds in the total amount of $9,460,000. The City used the proceeds to fully refund the remaining outstanding balances of the 2007 Refunding COP, 2003 Capital Improvement COP, and 2013 Refunding COP.

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REQUIRED SUPPLEMENTARY INFORMATION

1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. Appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, function and department. The City manager may make transfers of appropriations within a department. Transfers between departments and other changes require City Council approval. The legal level of control is the department and fund level. The Council made supplemental appropriations during the fiscal year. Encumbrance accounting is not employed in governmental funds.

City of Scotts Valley
Budgetary Comparision Schedule - General Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes and assessments	$ 9,003,300	$ 9,003,300	$ 10,338,853	$ 1,335,553
Franchise fees	1,036,900	1,036,900	1,013,694	(23,206)
Intergovernmental revenues	11,000	11,000	11,647	647
Fees and services	1,072,400	1,072,400	1,135,291	62,891
Fines and forfeitures	24,100	24,100	44,265	20,165
Investment earnings	10,000	10,000	35,069	25,069
Miscellaneous revenues	312,100	312,100	132,489	(179,611)
Total revenues	11,469,800	11,469,800	12,711,308	1,241,508
EXPENDITURES:				
Current:				
Legislative	265,817	265,817	246,355	19,462
Legal	184,000	184,000	160,975	23,025
General government	585,620	585,620	515,042	70,578
Administration	476,037	476,037	443,306	32,731
Finance	724,504	704,504	602,446	102,058
Human resources	16,800	16,800	34,203	(17,403)
Information technology	156,500	156,500	135,743	20,757
Risk management	234,773	234,773	263,043	(28,270)
Police	5,172,083	5,137,083	4,985,219	151,864
Animal control	120,000	120,000	116,790	3,210
Emergency services	104,962	104,962	98,381	6,581
Planning	560,094	560,094	596,150	(36,056)
Building	803,761	858,761	506,865	351,896
Engineering	692,199	692,199	598,064	94,135
Street maintenance	432,463	432,463	392,403	40,060
Vehicle maintenance	149,593	149,593	112,384	37,209
Park maintenance	335,832	335,832	283,878	51,954
Building maintenance	248,598	248,598	254,975	(6,377)
Capital outlay	450	450	1,985	(1,535)
Debt service:				
Principal	400,000	400,000	290,000	110,000
Interest and fiscal charges	259,570	259,570	251,158	8,412
Total expenditures	11,923,656	11,923,656	10,889,365	1,034,291
REVENUES OVER (UNDER) EXPENDITURES	(453,856)	(453,856)	1,821,943	207,217
OTHER FINANCING SOURCES (USES):				
Transfers in	235,000	235,000	235,000	-
Transfers out	(981,962)	(981,962)	(981,962)	-
Total other financing sources (uses)	(746,962)	(746,962)	(746,962)	-
Net change in fund balances	$ (1,200,818)	$ (1,200,818)	1,074,981	$ 207,217
FUND BALANCE:				
Beginning of year			4,063,403	
End of year			$ 5,138,384	

City of Scotts Valley
Budgetary Comparision Schedule - Successor Housing Agency
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 222,000	$ 111,000	$ 128,297	$ 17,297
Facility and building rental	452,760	242,760	288,912	46,152
Investment earnings	6,100	6,100	15,591	9,491
Total revenues	680,860	359,860	432,800	72,940
EXPENDITURES:				
Current:				
Planning and building	69,639	64,489	165,636	(101,147)
Total expenditures	69,639	64,489	165,636	(101,147)
REVENUES OVER (UNDER) EXPENDITURES	611,221	295,371	267,164	174,087
Net change in fund balances	$ 611,221	$ 295,371	267,164	$ 174,087
FUND BALANCES (DEFICITS):				
Beginning of year			1,185,859	
End of year			$ 1,453,023	

City of Scotts Valley
Budgetary Comparision Schedule - General Facility
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 68,700	$ 68,700	$ 22,879	$ (45,821)
Investment earnings	250	250	1,756	1,506
Total revenues	68,950	68,950	24,635	(44,315)
EXPENDITURES:				
Current:				
General government	40,055	40,055	33,330	6,725
Total expenditures	40,055	40,055	33,330	6,725
REVENUES OVER (UNDER) EXPENDITURES	28,895	28,895	(8,695)	(51,040)
Net change in fund balances	$ 28,895	$ 28,895	(8,695)	$ (51,040)
FUND BALANCES (DEFICITS):				
Beginning of year			(51,334)	
End of year			$ (60,029)	

City of Scotts Valley
Budgetary Comparision Schedule - Traffic Impact Mitigation
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 842,400	$ 842,400	$ 384,695	$ (457,705)
Investment earnings	4,600	4,600	8,501	3,901
Total revenues	847,000	847,000	393,196	(453,804)
EXPENDITURES:				
Current:				
Public works	650	650	39,940	(39,290)
Capital outlay	22,750	22,750	-	22,750
Total expenditures	23,400	23,400	39,940	(16,540)
REVENUES OVER (UNDER) EXPENDITURES	823,600	823,600	353,256	(437,264)
Net change in fund balances	$ 823,600	$ 823,600	353,256	$ (437,264)
FUND BALANCES (DEFICITS):				
Beginning of year			269,568	
End of year			$ 622,824	

City of Scotts Valley
Budgetary Comparision Schedule - Lennar Fund
For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Contributions from non-government	$ -	$ -	$ 4,650	$ 4,650
Total revenues	-	-	4,650	4,650
EXPENDITURES:				
Capital outlay	58,800	58,800	4,650	54,150
Total expenditures	58,800	58,800	4,650	54,150
REVENUES OVER (UNDER) EXPENDITURES	(58,800)	(58,800)	-	(49,500)
Net change in fund balances	$ (58,800)	$ (58,800)	-	$ (49,500)
FUND BALANCES (DEFICITS):				
Beginning of year			-	
End of year			$ -	

2. DEFINED BENEFIT PENSION PLANS

A. Schedule of the City's Proportionate Share of the Net Pension Liability – Last 10 Years

Fiscal Year End	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Measurement date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.176640%	0.171970%	0.170910%	0.168390%	0.14606%
Proportionate share of the net pension liability	$17,021,799	$17,054,661	$14,789,275	$11,558,421	$ 9,088,772
Covered payroll	$ 4,719,986	$ 4,620,961	$ 4,527,362	$ 4,236,936	$ 4,236,936
Proportionate share of the net pension liability as a percentage of covered	360.63%	369.07%	326.66%	272.80%	214.51%
Plan's share of fiduciary net position as a percentage of total net pension	75.26%	73.31%	74.06%	78.40%	79.82%

* Fiscal year 2015 was the 1st year of implementation, therefore there are fewer than 10 years shown.

B. Schedule of Contributions - Last 10 Years

Fiscal Year End	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Contractually required contribution (actuarially determined)	$ 1,511,426	$ 1,324,761	$ 1,213,139	$ 1,091,041	$ 840,335
Contractually in relation to the actuarially determined contributions	(1,511,426)	(1,324,761)	(1,213,139)	(1,091,041)	(840,335)
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 4,713,092	4,719,986	4,620,961	4,527,362	4,236,936
Contributions as a percentage of covered payroll	32.07%	28.07%	26.25%	24.10%	19.83%

* Fiscal year 2015 was the 1st year of implementation, therefore there are fewer than 10 years shown.

3. OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. Schedule of Changes in the City's Net OPEB Liability and Related Ratios

Fiscal Year End	6/30/2019	6/30/2018
Total OPEB Liability:		
Service cost	$ 550,034	$ 648,557
Interest on the total pension liability	516,005	440,907
Changes in benefit terms	-	-
Differences between actual and expected experience	-	-
Changes in assumptions	(613,407)	(1,668,685)
Benefits paid to retirees	(426,690)	(331,549)
Net change in Total OPEB Liability	25,942	(910,770)
Beginning of Year	$14,076,869	$14,987,639
End of Year	$14,102,811	$14,076,869
Plan Fiduciary Net Position:		
Employer contribution	$ 480,332	$ 331,549
Employee contributions	-	-
Net investment income	-	-
Benefit payments	(479,307)	(331,549)
Other	(1,025)	-
Net Change in Fiduciary Net Position	-	-
Beginning of Year	$ -	$ -
End of Year	$ -	$ -
Net OPEB Liability	$14,201,811	$14,760,869
Fiduciary Net Position as a % of Total OPEB Liability	0%	0%
Covered Employee Payroll	$ 4,783,183	$ 4,760,794
Net OPEB Liability as a % of covered employee payroll	294.84%	295.68%

SUPPLEMENTARY INFORMATION

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City of Scotts Valley
Budgetary Comparision Schedule - General Capital Improvements Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	$ 12,000	$ 12,000	$ -	$ (12,000)
Fees and services	-	-	146,942	146,942
Investment earnings	500	500	9,290	8,790
Miscellaneous revenues	101,000	101,000	155,827	54,827
Total revenues	113,500	113,500	312,059	198,559
EXPENDITURES:				
Current:				
Public works	170	170	36,912	(36,742)
Capital outlay	528,200	709,200	83,131	626,069
Total expenditures	528,370	709,370	120,043	589,327
REVENUES OVER (UNDER) EXPENDITURES	(414,870)	(595,870)	192,016	(390,768)
OTHER FINANCING SOURCES (USES):				
Transfers in	518,000	569,000	537,000	(32,000)
Total other financing sources (uses)	518,000	569,000	537,000	(32,000)
Net change in fund balances	$ 103,130	$ (26,870)	729,016	$ (422,768)
FUND BALANCES (DEFICITS):				
Beginning of year			429,162	
End of year			$ 1,158,178	

City of Scotts Valley
Enterprise Fund Budgetary Comparison Schedule - Recreation Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
OPERATING REVENUES:				
Fees and services	$ 1,050,100	$ 1,050,100	$ 1,092,527	$ 42,427
Total operating revenues	1,050,100	1,050,100	1,092,527	42,427
OPERATING EXPENSES:				
Salaries	555,162	555,162	744,200	(189,038)
Taxes and benefits	111,220	111,220	257,756	(146,536)
Maintenance and operations	86,010	86,010	109,974	(23,964)
Advertising	9,000	9,000	7,057	1,943
Professional and contractual services	132,300	132,300	129,569	2,731
Utilities and communications	11,500	11,500	17,869	(6,369)
Insurance and bonds	162,567	162,567	151,988	10,579
Depreciation	-	-	1,000	(1,000)
Total operating expenses	1,067,759	1,067,759	1,419,413	(351,654)
OPERATING INCOME (LOSS)	(17,659)	(17,659)	(326,886)	394,081
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	97,084	97,084
Transfers out	24,490	24,490	(30,133)	54,623
Total contributions and transfers	24,490	24,490	66,951	151,707
Change in net position	$ 6,831	$ 6,831	(259,935)	$ 545,788
NET POSITION:				
Beginning of year			(1,774,191)	
Prior period adjustments			-	
Beginning of year, as restated			(1,774,191)	
End of year			$ (2,034,126)	

City of Scotts Valley
Enterprise Fund Budgetary Comparison Schedule - Wastewater Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
OPERATING REVENUES:				
Fees and services	$ 2,610,583	$ 2,610,583	$ 2,617,094	$ 6,511
Total operating revenues	2,610,583	2,610,583	2,617,094	6,511
OPERATING EXPENSES:				
Salaries	572,485	572,485	468,572	103,913
Taxes and benefits	475,423	475,423	701,616	(226,193)
Maintenance and operations	1,698,952	1,698,952	718,003	980,949
Advertising	-	-	585	(585)
Professional and contractual services	90,000	90,000	83,961	6,039
Utilities and communications	418,000	418,000	428,541	(10,541)
Insurance and bonds	167,781	167,781	53,979	113,802
Depreciation	-	-	794,353	(794,353)
Total operating expenses	3,422,641	3,422,641	3,249,610	173,031
OPERATING INCOME (LOSS)	(812,058)	(812,058)	(632,516)	(166,520)
NONOPERATING REVENUE (EXPENSES)				
Interest income	8,700	8,700	36,476	27,776
Total nonoperating revenues (expenses)	8,700	8,700	36,476	27,776
OTHER FINANCING SOURCES (USES):				
Capital contributions	848,200	848,200	225,624	(622,576)
Transfers in	-	-	-	-
Transfers out	44,569	44,569	(120,362)	164,931
Total contributions and transfers	892,769	892,769	105,262	(457,645)
Change in net position	$ 89,411	$ 89,411	(490,778)	$ (596,389)
NET POSITION:				
Beginning of year			11,191,050	
Prior period adjustments			-	
Beginning of year, as restated			11,191,050	
End of year			$ 10,700,272	

City of Scotts Valley
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019

	Special Revenue Funds				
	Recycling	Gas Tax	Drainage Construction	Park and Recreation Facilities	Police Facility
ASSETS					
Cash and investments	$ 21,537	$ 28,629	$ 27,394	$ 925,185	$ 302,709
Receivables:					
Other	-	39,912	-	-	-
Notes receivable	-	-	-	-	-
Total assets	21,537	68,541	27,394	925,185	302,709
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	9,761	-	-	-	-
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	9,761	-	-	-	-
Fund balances:					
Restricted	11,776	68,541	27,394	925,185	302,709
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	11,776	68,541	27,394	925,185	302,709
Total liabilities, deferred inflows of resources, and fund balances	$ 21,537	$ 68,541	$ 27,394	$ 925,185	$ 302,709

Special Revenue Funds							
Senior Center	Mt. Hermon Traffic Mitigation	Green Building Fees	Tree Replacement	Pinewood Estates Landscape Maintenance District	Skypark Landscape Maintenance District	Library Fees	SMIP Fees
$ 150	$ 185,364	$ 412,705	$ 26,523	$ 11,179	$ 539,118	$ 335,250	$ 8,095
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
150	185,364	412,705	26,523	11,179	539,118	335,250	8,095
4,881	-	546	-	11	1,664	-	-
617	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,498	-	546	-	11	1,664	-	-
-	-	412,159	26,523	11,168	537,454	335,250	8,095
-	185,364	-	-	-	-	-	-
(5,348)	-	-	-	-	-	-	-
(5,348)	185,364	412,159	26,523	11,168	537,454	335,250	8,095
$ 150	$ 185,364	$ 412,705	$ 26,523	$ 11,179	$ 539,118	$ 335,250	$ 8,095

City of Scotts Valley
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019

	Special Revenue Funds				
	Community Center Operations	Supplemental Law Enforcement Services	Surface Transportation Projects Grant	Police Development Fees	EDG Revolving Loan Fund
ASSETS					
Cash and investments	$ 130,481	$ 132,837	$ (46,263)	$ 167,840	$ 566
Receivables:					
Other	-	-	68,511	-	-
Notes receivable	-	-	-	-	550,000
Total assets	130,481	132,837	22,248	167,840	550,566
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,975	8,579	-	-	-
Accrued liabilities	333	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	2,308	8,579	-	-	-
Fund balances:					
Restricted	-	124,258	22,248	167,840	550,566
Assigned	128,173	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	128,173	124,258	22,248	167,840	550,566
Total liabilities, deferred inflows of resources, and fund balances	$ 130,481	$ 132,837	$ 22,248	$ 167,840	$ 550,566

Special Revenue Funds					Debt Service Funds		
Homeland Security Grant	Disability Compliance Fund	Library Facilities Fund	Transportation Measure D Fund	Police Budget Act Fund	COP Debt Service	Pension Obligation Bonds	Total Non-major Governmental Funds
$ (31,268)	$ 10,283	$ 886,192	$ 246,398	$ 28,717	$ 975,684	$ -	$ 5,325,305
33,906	-	-	24,182	-	-	-	166,511
-	-	-	-	-	-	-	550,000
2,638	10,283	886,192	270,580	28,717	975,684	-	6,041,816
-	5	391	-	195	-	-	28,008
-	-	-	-	-	-	-	950
1,171	-	-	-	-	-	-	1,171
1,171	5	391	-	195	-	-	30,129
1,467	-	885,801	270,580	28,522	-	-	4,717,536
-	10,278	-	-	-	975,684	-	1,299,499
-	-	-	-	-	-	-	(5,348)
1,467	10,278	885,801	270,580	28,522	975,684	-	6,011,687
$ 2,638	$ 10,283	$ 886,192	$ 270,580	$ 28,717	$ 975,684	$ -	$ 6,041,816

City of Scotts Valley
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2019

	Special Revenue Funds				
	Recycling	Gas Tax	Drainage Construction	Park and Recreation Facilities	Police Facility
REVENUES:					
Taxes and assessments	$ -	$ -	$ -	$ -	$ -
Intergovernmental revenues	83,803	475,346	-	-	-
Fees and services	-	-	16,803	362,711	64,166
Contributions from non-government	-	-	-	-	-
Investment earnings	566	3,263	-	15,825	5,445
Miscellaneous revenues	-	-	-	-	-
Total revenues	84,369	478,609	16,803	378,536	69,611
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Planning and building	-	-	-	-	-
Public works	72,208	302	40,420	1,581	546
Capital outlay	-	222,703	-	39,813	16,441
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	72,208	223,005	40,420	41,394	16,987
REVENUES OVER (UNDER) EXPENDITURES	12,161	255,604	(23,617)	337,142	52,624
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	51,000	-	-
Transfers out	-	(235,000)	-	-	-
Total other financing sources (uses)	-	(235,000)	51,000	-	-
Net change in fund balances	12,161	20,604	27,383	337,142	52,624
FUND BALANCES (DEFICITS):					
Beginning of year, as restated	(385)	47,937	11	588,043	250,085
End of year	$ 11,776	$ 68,541	$ 27,394	$ 925,185	$ 302,709

Special Revenue Funds							
Senior Center	Mt. Hermon Traffic Mitigation	Green Building Fees	Tree Replacement	Pinewood Estates Landscape Maintenance District	Skypark Landscape Maintenance District	Library Fees	SMIP Fees
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	6,370
64,701	103,686	59,736	320	-	9,000	39,176	-
13,818	-	-	-	-	-	-	-
38	2,990	7,293	499	179	9,742	6,087	124
50	-	-	-	6,539	41,995	-	-
78,607	106,676	67,029	819	6,718	60,737	45,263	6,494
-	-	-	-	-	-	-	-
-	-	4,893	50	-	-	-	3,587
83,758	297	-	-	6,565	26,581	612	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
83,758	297	4,893	50	6,565	26,581	612	3,587
(5,151)	106,379	62,136	769	153	34,156	44,651	2,907
2,906	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,906	-	-	-	-	-	-	-
(2,245)	106,379	62,136	769	153	34,156	44,651	2,907
(3,103)	78,985	350,023	25,754	11,015	503,298	290,599	5,188
$ (5,348)	$ 185,364	$ 412,159	$ 26,523	$ 11,168	$ 537,454	$ 335,250	$ 8,095

City of Scotts Valley
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2019

	Special Revenue Funds				
	Community Center Operations	Supplemental Law Enforcement Services	Surface Transportation Projects Grant	Police Development Fees	EDG Revolving Loan Fund
REVENUES:					
Taxes and assessments	$ -	$ -	$ -	$ -	$ -
Intergovernmental revenues	-	100,000	1,003,330	-	-
Fees and services	113,935	-	-	-	-
Contributions from non-government	-	-	-	-	-
Investment earnings	1,458	2,534	-	3,208	11
Miscellaneous revenues	-	-	-	-	-
Total revenues	115,393	102,534	1,003,330	3,208	11
EXPENDITURES:					
Current:					
Public safety	-	26,233	-	324	2
Planning and building	-	-	-	-	-
Public works	50,897	-	-	-	-
Capital outlay	-	46,841	1,114,138	2,060	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	50,897	73,074	1,114,138	2,384	2
REVENUES OVER (UNDER) EXPENDITURES	64,496	29,460	(110,808)	824	9
OTHER FINANCING SOURCES (USES):					
Transfers in	(622)	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	(622)	-	-	-	-
Net change in fund balances	63,874	29,460	(110,808)	824	9
FUND BALANCES (DEFICITS):					
Beginning of year, as restated	64,299	94,798	133,056	167,016	550,557
End of year	$ 128,173	$ 124,258	$ 22,248	$ 167,840	$ 550,566

Special Revenue Funds					Debt Service Funds		
Homeland Security Grant	Disability Compliance Fund	Library Facilities Fund	Transportation Measure D Fund	Police Budget Act Fund	COP Debt Service	Pension Obligation Bonds	Total Non-major Governmental Funds
$ -	$ -	$ 527,366	$ 287,756	$ -	$ -	$ -	$ 815,122
63,906	-	-	-	-	-	-	1,732,755
-	5,671	-	-	-	-	-	839,905
-	-	-	-	-	-	-	13,818
-	155	13,132	7,962	666	18,463	-	99,640
-	-	-	-	-	-	-	48,584
63,906	5,826	540,498	295,718	666	18,463	-	3,549,824
-	-	-	-	11,158	-	-	37,717
-	370	-	-	-	-	-	8,900
-	-	23,856	782	-	-	-	308,405
62,144	-	390	307,536	-	-	-	1,812,066
-	-	-	-	-	-	340,000	340,000
-	-	-	-	-	1,863	105,089	106,952
62,144	370	24,246	308,318	11,158	1,863	445,089	2,614,040
1,762	5,456	516,252	(12,600)	(10,492)	16,600	(445,089)	935,784
-	-	-	-	-	-	445,089	498,373
-	-	-	-	-	-	-	(235,000)
-	-	-	-	-	-	445,089	263,373
1,762	5,456	516,252	(12,600)	(10,492)	16,600	-	1,199,157
(295)	4,822	369,549	283,180	39,014	959,084	-	4,812,530
$ 1,467	$ 10,278	$ 885,801	$ 270,580	$ 28,522	$ 975,684	$ -	$ 6,011,687

City of Scotts Valley
Budgetary Comparison Schedule - Recycling Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	$ 66,000	$ 66,000	$ 83,803	$ 17,803
Investment earnings	60	60	566	506
Total revenues	66,060	66,060	84,369	18,309
EXPENDITURES:				
Current:				
Public works	60,680	60,680	72,208	(11,528)
Total expenditures	60,680	60,680	72,208	(11,528)
REVENUES OVER (UNDER) EXPENDITURES	5,380	5,380	12,161	29,837
Net change in fund balances	$ 5,380	$ 5,380	12,161	$ 29,837
FUND BALANCES (DEFICITS):				
Beginning of year			(385)	
End of year			$ 11,776	

City of Scotts Valley
Budgetary Comparison Schedule - Gas Tax Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	$ 513,000	$ 513,000	$ 475,346	$ (37,654)
Investment earnings	2,500	2,500	3,263	763
Total revenues	515,500	515,500	478,609	(36,891)
EXPENDITURES:				
Current:				
Public works	160	160	302	(142)
Capital outlay	360,218	280,109	222,703	57,406
Total expenditures	360,378	280,269	223,005	57,264
REVENUES OVER (UNDER) EXPENDITURES	155,122	235,231	255,604	(94,155)
OTHER FINANCING SOURCES (USES):				
Transfers out	(235,000)	(235,000)	(235,000)	-
Total other financing sources (uses)	(235,000)	(235,000)	(235,000)	-
Net change in fund balances	$ (79,878)	$ 231	20,604	$ (94,155)
FUND BALANCES (DEFICITS):				
Beginning of year			47,937	
End of year			$ 68,541	

City of Scotts Valley
Budgetary Comparison Schedule - Drainage Construction Fun
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 11,400	$ 11,400	$ 16,803	$ 5,403
Investment earnings	105	105	-	(105)
Total revenues	11,505	11,505	16,803	5,298
EXPENDITURES:				
Current:				
Public works	102,025	51,025	40,420	10,605
Total expenditures	102,025	51,025	40,420	10,605
REVENUES OVER (UNDER) EXPENDITURES	(90,520)	(39,520)	(23,617)	(5,307)
OTHER FINANCING SOURCES (USES):				
Transfers in	102,000	(51,000)	51,000	102,000
Total other financing sources (uses)	102,000	(51,000)	51,000	102,000
Net change in fund balances	$ 11,480	$ (90,520)	27,383	$ 96,693
FUND BALANCES (DEFICITS):				
Beginning of year			11	
End of year			$ 27,394	

City of Scotts Valley
Budgetary Comparison Schedule - Parks & Recreation Facilities Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 1,095,300	$ 1,095,300	$ 362,711	$ (732,589)
Investment earnings	1,900	1,900	15,825	13,925
Miscellaneous revenues	1,000	1,000	-	(1,000)
Total revenues	1,098,200	1,098,200	378,536	(719,664)
EXPENDITURES:				
Current:				
Public works	380	380	1,581	(1,201)
Capital outlay	90,000	90,000	39,813	50,187
Total expenditures	90,380	90,380	41,394	48,986
Net change in fund balances	$ 1,007,820	$ 1,007,820	337,142	$ (768,650)
FUND BALANCES (DEFICITS):				
Beginning of year			588,043	
End of year			$ 925,185	

City of Scotts Valley
Budgetary Comparison Schedule - Police Facility Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 157,000	$ 157,000	$ 64,166	$ (92,834)
Investment earnings	800	800	5,445	4,645
Total revenues	157,800	157,800	69,611	(88,189)
EXPENDITURES:				
Current:				
Public works	170	170	546	(376)
Capital outlay	244,000	244,000	16,441	227,559
Total expenditures	244,170	244,170	16,987	227,183
Net change in fund balances	$ (86,370)	$ (86,370)	52,624	$ (315,372)
FUND BALANCES (DEFICITS):				
Beginning of year			250,085	
End of year			$ 302,709	

City of Scotts Valley
Budgetary Comparison Schedule - Senior Center Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 75,100	$ 75,100	$ 64,701	$ (10,399)
Contributions from non-government	2,000	2,000	13,818	11,818
Investment earnings	50	50	38	(12)
Miscellaneous revenues	500	500	50	(450)
Total revenues	77,650	77,650	78,607	957
EXPENDITURES:				
Current:				
Public works	102,112	102,112	83,758	18,354
Total expenditures	102,112	102,112	83,758	18,354
REVENUES OVER (UNDER) EXPENDITURES	(24,462)	(24,462)	(5,151)	(17,397)
OTHER FINANCING SOURCES (USES):				
Transfers in	(3,552)	(3,552)	2,906	6,458
Total other financing sources (uses)	(3,552)	(3,552)	2,906	6,458
Net change in fund balances	$ (28,014)	$ (28,014)	(2,245)	$ (10,939)
FUND BALANCES (DEFICITS):				
Beginning of year			(3,103)	
End of year			$ (5,348)	

City of Scotts Valley
Budgetary Comparison Schedule - Mt. Hermon Traffic Mitigation Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ -	$ -	$ 103,686	$ 103,686
Investment earnings	300	300	2,990	2,690
Total revenues	300	300	106,676	106,376
EXPENDITURES:				
Current:				
Public works	55	55	297	(242)
Total expenditures	55	55	297	(242)
Net change in fund balances	$ 245	$ 245	106,379	$ 106,618
FUND BALANCES (DEFICITS):				
Beginning of year			78,985	
End of year			$ 185,364	

City of Scotts Valley
Budgetary Comparison Schedule - Green Building Fees Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 108,000	$ 108,000	$ 59,736	$ (48,264)
Investment earnings	900	900	7,293	6,393
Total revenues	108,900	108,900	67,029	(41,871)
EXPENDITURES:				
Current:				
Planning and building	4,240	4,240	4,893	(653)
Total expenditures	4,240	4,240	4,893	(653)
Net change in fund balances	$ 104,660	$ 104,660	62,136	$ (41,218)
FUND BALANCES (DEFICITS):				
Beginning of year			350,023	
End of year			$ 412,159	

City of Scotts Valley
Budgetary Comparison Schedule - Tree Replacement Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 500	$ 500	$ 320	$ (180)
Investment earnings	110	110	499	389
Total revenues	610	610	819	209
EXPENDITURES:				
Current:				
Planning and building	25	25	50	(25)
Capital outlay	10,000	10,000	-	10,000
Total expenditures	10,025	10,025	50	9,975
Net change in fund balances	$ (9,415)	$ (9,415)	769	$ (9,766)
FUND BALANCES (DEFICITS):				
Beginning of year			25,754	
End of year			$ 26,523	

City of Scotts Valley
Budgetary Comparison Schedule - Pinewood Estates Landscape Maintenance Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	$ 50	$ 50	$ 179	$ 129
Miscellaneous revenues	6,240	6,240	6,539	299
Total revenues	6,290	6,290	6,718	428
EXPENDITURES:				
Current:				
Public works	5,515	5,515	6,565	(1,050)
Total expenditures	5,515	5,515	6,565	(1,050)
Net change in fund balances	$ 775	$ 775	153	$ 1,478
FUND BALANCES (DEFICITS):				
Beginning of year			11,015	
End of year			$ 11,168	

City of Scotts Valley
Budgetary Comparison Schedule - Skypark Landscape Maintenance District
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 9,000	$ 9,000	$ 9,000	$ -
Investment earnings	2,230	2,230	9,742	7,512
Miscellaneous revenues	41,750	41,750	41,995	245
Total revenues	52,980	52,980	60,737	7,757
EXPENDITURES:				
Current:				
Public works	46,400	46,400	26,581	19,819
Total expenditures	46,400	46,400	26,581	19,819
Net change in fund balances	$ 6,580	$ 6,580	34,156	$ (12,062)
FUND BALANCES (DEFICITS):				
Beginning of year			503,298	
End of year			$ 537,454	

City of Scotts Valley
Budgetary Comparison Schedule - Library Fees Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 116,800	$ 116,800	$ 39,176	$ (77,624)
Investment earnings	1,150	1,150	6,087	4,937
Total revenues	117,950	117,950	45,263	(72,687)
EXPENDITURES:				
Current:				
Public works	210	210	612	(402)
Total expenditures	210	210	612	(402)
Net change in fund balances	$ 117,740	$ 117,740	44,651	$ (72,285)
FUND BALANCES (DEFICITS):				
Beginning of year			290,599	
End of year			$ 335,250	

City of Scotts Valley
Budgetary Comparison Schedule - SMIP Fee
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	$ 5,000	$ 5,000	$ 6,370	$ 1,370
Investment earnings	60	60	124	64
Total revenues	5,060	5,060	6,494	1,434
EXPENDITURES:				
Current:				
Planning and building	8,070	8,070	3,587	4,483
Total expenditures	8,070	8,070	3,587	4,483
Net change in fund balances	$ (3,010)	$ (3,010)	2,907	$ (3,049)
FUND BALANCES (DEFICITS):				
Beginning of year			5,188	
End of year			$ 8,095	

City of Scotts Valley
Budgetary Comparison Schedule - Community Center Operations
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 110,000	$ 110,000	$ 113,935	$ 3,935
Investment earnings	350	350	1,458	1,108
Miscellaneous revenues	500	500	-	(500)
Total revenues	110,850	110,850	115,393	4,543
EXPENDITURES:				
Current:				
Public works	75,115	75,115	50,897	24,218
Total expenditures	75,115	75,115	50,897	24,218
REVENUES OVER (UNDER) EXPENDITURES	35,735	35,735	64,496	(19,675)
OTHER FINANCING SOURCES (USES):				
Transfers in	(1,445)	(1,445)	(622)	823
Total other financing sources (uses)	(1,445)	(1,445)	(622)	823
Net change in fund balances	$ 34,290	$ 34,290	63,874	$ (18,852)
FUND BALANCES (DEFICITS):				
Beginning of year			64,299	
End of year			$ 128,173	

City of Scotts Valley
Budgetary Comparison Schedule - Supplemental Law Enforcement Services
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	$ 100,000	$ 100,000	$ 100,000	$ -
Investment earnings	300	300	2,534	2,234
Total revenues	100,300	100,300	102,534	2,234
EXPENDITURES:				
Current:				
Public safety	9,400	9,400	26,233	(16,833)
Capital outlay	137,500	137,500	46,841	90,659
Total expenditures	146,900	146,900	73,074	73,826
Net change in fund balances	$ (46,600)	$ (46,600)	29,460	$ (71,592)
FUND BALANCES (DEFICITS):				
Beginning of year			94,798	
End of year			$ 124,258	

City of Scotts Valley
Budgetary Comparison Schedule - Surface Transportation Projects Grant
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	$ 2,178,250	$ 1,473,250	$ 1,003,330	$ (469,920)
Total revenues	2,178,250	1,473,250	1,003,330	(469,920)
EXPENDITURES:				
Current:				
Public works	20	20	-	20
Capital outlay	2,390,250	1,579,250	1,114,138	465,112
Total expenditures	2,390,270	1,579,270	1,114,138	465,132
Net change in fund balances	$ (212,020)	$ (106,020)	(110,808)	$ (935,052)
FUND BALANCES (DEFICITS):				
Beginning of year			133,056	
End of year			$ 22,248	

City of Scotts Valley
Budgetary Comparison Schedule - Police Development Fees Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	$ 900	$ 900	$ 3,208	$ 2,308
Total revenues	900	900	3,208	2,308
EXPENDITURES:				
Current:				
Public safety	150	150	324	(174)
Capital outlay	-	-	2,060	(2,060)
Total expenditures	150	150	2,384	(2,234)
Net change in fund balances	$ 750	$ 750	824	$ 4,542
FUND BALANCES (DEFICITS):				
Beginning of year			167,016	
End of year			$ 167,840	

City of Scotts Valley
Budgetary Comparison Schedule - EDG Revolving Loan Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	$ -	$ -	$ 11	$ 11
Total revenues	-	-	11	11
EXPENDITURES:				
Current:				
Public safety	-	-	2	(2)
Total expenditures	-	-	2	(2)
Net change in fund balances	$ -	$ -	9	$ 13
FUND BALANCES (DEFICITS):				
Beginning of year			550,557	
End of year			$ 550,566	

City of Scotts Valley
Budgetary Comparison Schedule - Homeland Security Grant Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	$ -	$ -	$ 63,906	$ 63,906
Total revenues	-	-	63,906	63,906
EXPENDITURES:				
Current:				
Public safety	30	30	-	30
Capital outlay	-	-	62,144	(62,144)
Total expenditures	30	30	62,144	(62,114)
Net change in fund balances	$ (30)	$ (30)	1,762	$ 126,020
FUND BALANCES (DEFICITS):				
Beginning of year			(295)	
End of year			$ 1,467	

City of Scotts Valley
Budgetary Comparison Schedule - Disability Compliance Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 750	$ 750	$ 5,671	$ 4,921
Investment earnings	-	-	155	155
Total revenues	750	750	5,826	5,076
EXPENDITURES:				
Current:				
Planning and building	5,005	5,005	370	4,635
Total expenditures	5,005	5,005	370	4,635
Net change in fund balances	$ (4,255)	$ (4,255)	5,456	$ 441
FUND BALANCES (DEFICITS):				
Beginning of year			4,822	
End of year			$ 10,278	

City of Scotts Valley
Budgetary Comparison Schedule - Library Facilities Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes and assessments	$ 339,321	$ 339,321	$ 527,366	$ 188,045
Investment earnings	300	300	13,132	12,832
Total revenues	339,621	339,621	540,498	200,877
EXPENDITURES:				
Current:				
Public works	170	170	23,856	(23,686)
Capital outlay	-	-	390	(390)
Total expenditures	170	170	24,246	(24,076)
Net change in fund balances	$ 339,451	$ 339,451	516,252	$ 224,953
FUND BALANCES (DEFICITS):				
Beginning of year			369,549	
End of year			$ 885,801	

City of Scotts Valley
Budgetary Comparison Schedule - Transportation - Measure D Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes and assessments	$ 265,800	$ 265,800	$ 287,756	$ 21,956
Investment earnings	100	100	7,962	7,862
Total revenues	265,900	265,900	295,718	29,818
EXPENDITURES:				
Current:				
Public works	20	20	782	(762)
Capital outlay	574,238	289,619	307,536	(17,917)
Total expenditures	574,258	289,639	308,318	(18,679)
Net change in fund balances	$ (308,358)	$ (23,739)	(12,600)	$ 48,497
FUND BALANCES (DEFICITS):				
Beginning of year			283,180	
End of year			$ 270,580	

City of Scotts Valley
Budgetary Comparison Schedule - Police Budget Act Fund
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	$ -	$ -	$ 666	$ 666
Total revenues	-	-	666	666
EXPENDITURES:				
Current:				
Public safety	15,000	15,000	11,158	3,842
Total expenditures	15,000	15,000	11,158	3,842
Net change in fund balances	$ (15,000)	$ (15,000)	(10,492)	$ (3,176)
FUND BALANCES (DEFICITS):				
Beginning of year			39,014	
End of year			$ 28,522	

City of Scotts Valley
Budgetary Comparison Schedule - COP Debt Service
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	$ 4,100	$ 4,100	$ 18,463	$ 14,363
Total revenues	4,100	4,100	18,463	14,363
EXPENDITURES:				
Debt service:				
Interest and fiscal charges	700	700	1,863	(1,163)
Total expenditures	700	700	1,863	(1,163)
Net change in fund balances	$ 3,400	$ 3,400	16,600	$ 15,526
FUND BALANCES (DEFICITS):				
Beginning of year			959,084	
End of year			$ 975,684	

City of Scotts Valley
Budgetary Comparison Schedule - Pension Obligation Bonds
For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES:				
Debt service:				
Principal	$ 340,000	$ 340,000	$ 340,000	$ -
Interest and fiscal charges	103,825	103,825	105,089	(1,264)
Total expenditures	443,825	443,825	445,089	(1,264)
OTHER FINANCING SOURCES (USES):				
Transfers in	443,825	443,825	445,089	1,264
Total other financing sources (uses)	443,825	443,825	445,089	1,264
Net change in fund balances	$ -	$ -	-	$ 2,528
FUND BALANCES (DEFICITS):				
Beginning of year			-	
End of year			$ -	

City of Scotts Valley
Combining Statement of Assets and Liabilities
Agency Funds
For the year ended June 30, 2019

	General Trust Fund	SV Drive A Redemption	SV Drive A Prepayment	SV Drive A Reserve	Total Agency Funds
ASSETS					
Cash and investments held for others, restricted	$ 273,497	$ 393,228	$ 8,212	$ 64,111	$ 739,048
Cash and investments held in accordance with bond indentures, restricted	-	-	-	359,341	359,341
Total assets	$ 273,497	$ 393,228	$ 8,212	$ 423,452	$ 1,098,389
LIABILITIES					
Deposits	$ 273,497	$ -	$ -	$ -	$ 273,497
Advance assessments collected	-	393,228	8,212	64,111	465,551
Bond reserve payable	-	-	-	359,341	359,341
Total liabilities	$ 273,497	$ 393,228	$ 8,212	$ 423,452	$ 1,098,389

City of Scotts Valley
Combining Statement of Assets and Liabilities
Agency Funds
For the year ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
General Trust Fund				
ASSETS				
Cash and investments held for others, restricted	$ 266,047	$ 7,450	$ -	$ 273,497
Total assets	$ 266,047	$ 7,450	$ -	$ 273,497
LIABILITIES				
Deposits	$ 266,047	$ 7,450	$ -	$ 273,497
Total liabilities	$ 266,047	$ 7,450	$ -	$ 273,497
SV Drive A Redemption				
ASSETS				
Cash and investments held for others, restricted	$ 319,239	$ 817,031	$ (743,042)	$ 393,228
Total assets	$ 319,239	$ 817,031	$ (743,042)	$ 393,228
LIABILITIES				
Advance assessments collected	$ 319,239	$ 817,031	$ (743,042)	$ 393,228
Total liabilities	$ 319,239	$ 817,031	$ (743,042)	$ 393,228
SV Drive A Prepayment				
ASSETS				
Cash and investments held for others, restricted	$ 8,073	$ 155	$ (16)	$ 8,212
Total assets	$ 8,073	$ 155	$ (16)	$ 8,212
LIABILITIES				
Advance assessments collected	$ 8,073	$ 155	$ (16)	$ 8,212
Total liabilities	$ 8,073	$ 155	$ (16)	$ 8,212

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
SV Drive A Reserve				
ASSETS				
Cash and investments held for others, restricted	$ 133,760	$ 332,676	$ (402,325)	$ 64,111
Cash and investments held in accordance with bond indentures, restricted	351,925	7,416	-	359,341
Total assets	$ 485,685	$ 340,092	$ (402,325)	$ 423,452
LIABILITIES				
Advance assessments collected	$ 133,760	$ 332,676	$ (402,325)	$ 64,111
Bond reserve payable	351,925	7,416	-	359,341
Total liabilities	$ 485,685	$ 340,092	$ (402,325)	$ 423,452

City of Scotts Valley
Combining Statement of Assets and Liabilities
Agency Funds
For the year ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Totals - All Agency Funds				
ASSETS				
Cash and investments held for others, restricted	$ 727,119	$ 1,157,312	$ (1,145,383)	$ 739,048
Cash and investments held in accordance with bond indentures, restricted	351,925	7,416	-	359,341
Total assets	$ 1,079,044	$ 1,164,728	$ (1,145,383)	$ 1,098,389
LIABILITIES				
Deposits	$ 266,047	$ 7,450	$ -	$ 273,497
Advance assessments collected	461,072	1,149,862	(1,145,383)	465,551
Bond reserve payable	351,925	7,416	-	359,341
Total liabilities	$ 1,079,044	$ 1,164,728	$ (1,145,383)	$ 1,098,389

STATISTICAL SECTION
(Unaudited)

CITY OF SCOTTS VALLEY
NARRATIVE EXPLANATION OF STATISTICAL SECTION CATEGORIES

Financial Trends

The financial trends section provides information to assist the user in understanding and assessing how the City's financial position has changed over time. Tables 1 and 2 present information from the government-wide statements. Tables 3 and 4 present information from the fund financial statements.

Revenue Capacity Information

The revenue capacity information section provides information to assist the user in understanding and assessing the factors affecting the City's ability to generate its own-source revenues. Table 5 presents the assessed value of the residential, commercial and other property within the City. Table 6 presents the general property tax rate as well as tax rates from various school districts. Table 7 presents the top ten property tax payers. Table 8 presents the amount of property taxes levied and collected.

Debt Capacity Information

The debt capacity information section provides information to assist the user in understanding and assessing the City's debt burden and ability to issue additional debt. Table 9 presents the outstanding balance of all direct and overlapping government debt at fiscal year end. Table 10 presents the City's debt by type as well as total debt as a percentage of personal income and total debt per capita. The personal income is of the County of Santa Cruz because there is no information available for the City of Scotts Valley alone. Table 11 presents the maximum amount of debt the City can legally incur. Table 12 presents the coverage of pledged revenue sources to the total debt they service.

Demographic and Economic Information

The demographic and economic information section provides information to assist the user in 1) understanding the socioeconomic environment within which the City operates, and 2) to provide information that facilitates comparisons of financial statement information over time and among governments. Table 13 presents population and unemployment rate for the City of Scotts Valley as well as the population, personal income, and per capita income for the County of Santa Cruz. Table 14 presents the top ten employers in terms of number of employees.

Operating Information

The operating information section provides contextual information about the City's operations and resources to assist readers in using financial statement information to understand and assess the City's economic condition. Table 15 provides the number of full-time equivalent City employees. For example, two half-time employees would equal one full-time equivalent employee. Table 16 provides operating statistics for various city departments. Table 17 presents capital assets by city function.

Financial Trends Information

CITY OF SCOTTS VALLEY
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental Activities:					
Net Investment in Capital Assets	$ 23,343,849	$ 24,579,818	$ 24,866,903	$ 25,069,334	$ 25,777,811
Restricted	8,053,022	6,479,194	6,406,654	5,624,316	4,706,893
Unrestricted	(13,857,664)	(17,334,416)	(10,085,490)	(8,111,236)	(6,941,140)
Total Governmental Activities	$ 17,539,207	$ 13,724,596	$ 21,188,067	$ 22,582,414	$ 23,543,564
Business-Type Activities:					
Net Investment in Capital Assets	$ 11,132,780	$ 11,732,371	$ 12,161,439	$ 12,877,519	$ 13,535,881
Restricted	722,596	2,279,246	2,170,321	2,150,421	2,155,781
Unrestricted	(3,189,230)	(4,594,758)	(2,308,944)	(644,072)	(269,661)
Total Business-Type Activities	$ 8,666,146	$ 9,416,859	$ 12,022,816	$ 14,383,868	$ 15,422,001
Primary Government:					
Net Investment in Capital Assets	$ 34,476,629	$ 36,312,189	$ 37,028,342	$ 37,946,853	$ 39,313,692
Restricted	8,775,618	8,758,440	8,576,975	7,774,737	6,862,674
Unrestricted	(17,046,894)	(21,929,174)	(12,394,434)	(8,755,308)	(7,210,801)
Total Primary Government	$ 26,205,353	$ 23,141,455	$ 33,210,883	$ 36,966,282	$ 38,965,565

Table 1

2014	2013	2012	2011	2010
$ 25,257,926	$ 26,144,045	$ 22,507,403	$ 27,040,188	$ 21,970,018
5,156,689	5,040,899	9,167,537	9,263,744	9,367,619
1,067,845	1,132,287	4,841,149	2,572,631	7,131,967
$ 31,482,460	$ 32,317,231	$ 36,516,089	$ 38,876,563	$ 38,469,604
$ 14,021,485	$ 14,323,746	$ 14,717,231	$ 15,316,734	$ 15,934,291
2,298,653	2,443,372	2,298,653	2,298,653	2,271,452
1,835,651	2,469,689	3,260,042	3,653,362	4,142,628
$ 18,155,789	$ 19,236,807	$ 20,275,926	$ 21,268,749	$ 22,348,371
$ 39,279,411	$ 40,467,791	$ 37,224,634	$ 42,356,922	$ 42,191,295
7,455,342	7,484,271	11,466,190	11,562,397	11,521,016
2,903,496	3,601,976	8,101,191	6,225,993	9,464,438
$ 49,638,249	$ 51,554,038	$ 56,792,015	$ 60,145,312	$ 63,176,749

CITY OF SCOTTS VALLEY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2019	2018	2017	2016	2015
Expenses:					
Governmental Activities					
General Government	$ 2,592,377	$ 3,171,897	$ 2,801,847	$ 1,905,906	$ 1,841,382
Public Safety	5,845,546	10,725,905	6,609,761	5,332,955	4,614,596
Planning & Building	1,324,136	1,352,185	1,690,507	1,223,947	927,748
Public Works	3,297,140	4,270,705	4,104,603	3,352,397	3,025,535
Redevelopment	-	-	-	-	-
Interest on Long-Term Debt and Fiscal Agent Charges	584,136	541,426	575,795	508,274	515,679
Total Governmental Activities Expense	13,643,335	20,062,118	15,782,513	12,323,479	10,924,940
Business-Type Activities					
Wastewater	3,249,610	4,625,969	4,209,282	2,987,794	2,721,258
Recreation Programs	1,419,413	1,678,885	1,321,072	1,125,041	1,002,901
Total Business-Type Activities Expense	4,669,023	6,304,854	5,530,354	4,112,835	3,724,159
Total Primary Government Expense	$ 18,312,358	$ 26,366,972	$ 21,312,867	$ 16,436,314	$ 14,649,099
Program Revenues:					
Governmental Activities					
Charges for Services					
Planning and Building fees	$ 1,095,574	$ 808,419	$ 1,352,630	$ 481,578	$ 684,540
Police fees	161,353	33,428	33,023	39,246	35,756
Senior Center / Community Ctr	224,835	147,726	187,678	176,620	154,877
Public Works fees	564,862	282,600	413,312	286,999	120,999
Redevelopment	-	-	-	-	-
Other activities	-	9,047	314,261	163,755	109,741
Operating Grants and Contributions	1,756,499	555,122	362,647	502,181	595,858
Capital Grants and Contributions	977,790	1,430,535	471,761	189,924	1,153,630
Total Gov'tal Activities Program Revenue	4,780,913	3,266,877	3,135,312	1,840,303	2,855,401
Business-Type Activities					
Charges for Services					
Wastewater fees	2,617,094	2,263,205	1,988,203	1,968,900	1,868,388
Recreational program fees	1,092,527	1,179,882	1,010,276	981,434	962,819
Operating Grants and Contributions	-	-	-	86,720	-
Capital Grants and Contributions	225,624	318,981	58,280	28,989	78,371
Total Business-Type Activities Program Revenues	3,935,245	3,762,068	3,056,759	3,066,043	2,909,578
Total Primary Gov't Program Revenues	$ 8,716,158	$ 7,028,945	$ 6,192,071	$ 4,906,346	$ 5,764,979

2014	2013	2012	2011	2010
$ 1,942,629	$ 1,813,920	$ 5,563,325	$ 1,616,506	$ 1,810,197
4,432,039	4,590,667	4,855,212	4,545,261	4,478,827
804,651	3,157,314	1,185,758	1,177,840	1,324,567
2,951,185	2,924,033	2,961,167	2,964,358	2,893,508
-	-	-	3,036,341	4,262,521
712,066	627,398	967,148	1,327,314	1,089,220
10,842,570	13,113,332	15,532,610	14,667,620	15,858,840
2,812,627	2,765,435	3,291,469	2,767,101	2,699,018
988,782	930,671	1,410,728	1,082,101	1,014,510
3,801,409	3,696,106	4,702,197	3,849,202	3,713,528
$ 14,643,979	$ 16,809,438	$ 20,234,807	$ 18,516,822	$ 19,572,368
$ 461,104	$ 405,476	$ 366,747	$ 263,223	$ 404,389
24,781	27,800	46,587	44,752	42,941
131,248	126,627	126,143	113,109	95,281
89,839	137,427	99,328	66,082	68,962
-	-	-	20,759	44,767
185,953	203,234	240,540	42,810	54,805
612,003	498,658	670,329	551,923	570,137
646,290	439,962	344,033	2,644,693	1,585,890
2,151,218	1,839,184	1,893,707	3,747,351	2,867,172
1,789,141	1,606,806	1,636,584	1,658,676	1,649,206
832,749	737,035	810,703	853,043	811,764
-	-	-	-	-
59,964	171,084	137,245	20,326	18,204
2,681,854	2,514,925	2,584,532	2,532,045	2,479,174
$ 4,833,072	$ 4,354,109	$ 4,478,239	$ 6,279,396	$ 5,346,346

CITY OF SCOTTS VALLEY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2019	2018	2017	2016	2015
Net (Expense) Revenue					
Governmental Activities	$ (8,862,422)	$ (16,795,241)	$ (12,647,201)	$ (10,483,176)	$ (8,069,539)
Business-Type Activities	(733,778)	(2,542,786)	(2,473,595)	(1,046,792)	(814,581)
Total Primary Government Net Expense	$ (9,596,200)	$ (19,338,027)	$ (15,120,796)	$ (11,529,968)	$ (8,884,120)
General Revenues and Other Changes in Net Position					
General Activities					
Taxes					
Sales tax	$ 4,375,666	$ 3,346,995	$ 3,289,289	$ 3,534,523	$ 3,156,258
Property tax	2,564,344	1,761,638	1,757,571	1,313,578	1,821,109
Franchise fees	1,013,694	986,783	994,614	972,951	948,949
Transient Occupancy Tax	1,907,567	1,588,106	1,218,063	1,011,432	1,058,996
Utility users tax	778,650	740,358	747,585	694,552	654,411
Other taxes	375,389	390,028	438,564	529,092	460,091
Vehicle-in-lieu fee	1,152,360	1,082,327	1,019,933	960,758	897,721
Investment Earnings	184,232	52,305	29,248	38,666	81,574
Miscellaneous	296,319	301,942	1,110,461	466,529	588,801
Special Item: Sale of Property	-	-	746,924	-	-
Transfers	53,411	81,288	(99,398)	(55)	(10,936)
Total Governmental Activities	12,701,632	10,331,770	11,252,854	9,522,026	9,656,974
Business-Type Activities					
Investment Earnings	36,476	18,117	13,145	8,604	5,842
Miscellaneous	-	-	-	-	-
Transfers	(53,411)	(81,288)	99,398	55	10,936
Total Business-Type Activities	(16,935)	(63,171)	112,543	8,659	16,778
Total Primary Government	$ 12,684,697	$ 10,268,599	$ 11,365,397	$ 9,530,685	$ 9,673,752
Extraordinary Gain	$ -	$ -	$ -	$ -	$ -
Change in Net Position					
Governmental Activities	$ 3,839,210	$ (6,463,471)	$ (1,394,347)	$ (961,150)	$ 1,587,435
Business-Type Activities	(750,713)	(2,605,957)	(2,361,052)	(1,038,133)	(797,803)
Total Primary Government	$ 3,088,497	$ (9,069,428)	$ (3,755,399)	$ (1,999,283)	$ 789,632

2014	2013	2012	2011	2010
$ (8,691,352)	$ (11,274,148)	$ (13,638,903)	$ (10,920,269)	$(12,991,668)
(1,119,555)	(1,181,181)	(2,117,665)	(1,317,157)	(1,234,354)
$ (9,810,907)	$ (12,455,329)	$ (15,756,568)	$ (12,237,426)	$(14,226,022)
$ 2,234,797	$ 1,976,580	$ 1,887,496	$ 2,108,247	$ 2,105,107
1,738,055	1,855,084	2,143,174	5,677,178	6,051,637
798,928	798,514	770,730	809,404	791,649
926,199	780,648	712,605	569,684	543,946
637,547	602,892	600,478	628,824	631,493
397,325	372,313	345,945	340,697	336,638
839,118	828,062	840,480	902,756	898,579
20,406	60,497	85,866	43,869	117,998
294,999	444,698	450,130	453,954	416,946
-	-	-	-	-
(30,793)	(134,929)	(1,111,294)	(207,385)	(228,180)
7,856,581	7,584,359	6,725,610	11,327,228	11,665,813
7,744	7,133	13,548	30,150	38,255
-	-	-	-	-
30,793	134,929	1,111,294	207,385	228,180
38,537	142,062	1,124,842	237,535	266,435
$ 7,895,118	$ 7,726,421	$ 7,850,452	$ 11,564,763	$ 11,932,248
$ -	$ -	$ 4,552,819	$ -	$ -
$ (834,771)	$ (3,689,789)	$ (2,360,474)	$ 406,959	$ (1,325,855)
(1,081,018)	(1,039,119)	(992,823)	(1,079,622)	(967,919)
$ (1,915,789)	$ (4,728,908)	$ (3,353,297)	$ (672,663)	$ (2,293,774)

CITY OF SCOTTS VALLEY
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year				
	2019	2018	2017	2016	2015
General Fund					
Nonspendable	$ 139,532	$ -	$ -	$ -	$ -
Restricted	101,461	100,487	99,356	99,003	98,920
Unassigned	4,897,391	3,962,916	4,131,884	2,896,849	2,830,280
Reserved	Pre-GASB 54 balances stated above				
Unreserved					
Total General Fund	$ 5,138,384	$ 4,063,403	$ 4,231,240	$ 2,995,852	$ 2,929,200
All Other Governmental Funds					
Restricted	$ 7,951,561	$ 5,618,311	$ 5,264,677	$ 4,464,158	$ 4,471,522
Assigned	1,299,499	1,107,190	1,042,621	1,058,584	1,031,061
Unassigned	(65,377)	(55,117)	(79,691)	(86,638)	(68,502)
Reserved	Pre-GASB 54 balances stated above				
Unreserved, reported in					
Special revenue funds					
Capital project funds					
Debt service funds					
Total All Other Governmental Funds	$ 9,185,683	$ 6,670,384	$ 6,227,607	$ 5,436,104	$ 5,434,081
Total All Governmental Funds	$ 14,324,067	$ 10,733,787	$10,458,847	$ 8,431,956	$ 8,363,281

NOTE: Starting with fiscal year ended June 30, 2011, the City has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Prior year fund balances have not been restated under GASB 54.

Table 3

2014	2013	2012	2011	2010
$ -	$ -	$ -	$ -	
211,940	433,352	433,346	433,369	Per GASB 54
1,507,677	1,434,328	2,719,892	6,316,586	
Pre-GASB 54 balances stated above				$ 4,119,674
				1,593,968
$ 1,719,617	$ 1,867,680	$ 3,153,238	$ 6,749,955	$ 5,713,642
$ 4,882,321	$ 4,734,977	$ 7,081,826	$ 8,830,375	Per GASB 54
1,025,646	1,297,844	1,474,699	1,762,356	
(61,445)	(65,610)	(78,617)	(4,553,072)	
Pre-GASB 54 balances stated above				$ 6,864,865
				5,367,094
				379,662
				(1,055,384)
$ 5,846,522	$ 5,967,211	$ 8,477,908	$ 6,039,659	$ 11,556,237
$ 7,566,139	$ 7,834,891	$ 11,631,146	$ 12,789,614	$ 17,269,879

CITY OF SCOTTS VALLEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
LAST TEN FISCAL YEARS

	Fiscal Year				
	2019	2018	2017	2016	2015
Revenues:					
Taxes and Assessments	$12,167,669	$10,314,528	$ 9,675,857	$ 9,362,093	$ 9,444,126
Intergovernmental Revenues	1,744,402	803,971	288,725	152,753	1,062,025
Fees and Services	2,658,009	1,578,574	2,344,647	1,192,986	1,285,952
Fines and Forfeitures	44,265	35,013	37,680	35,411	70,470
Contributions, Non-Governement	18,468	167,840	2,865	2,306	19,911
Facility/Building Rental	288,912	32,760	32,760	44,910	22,500
Investment Earnings	169,847	93,966	63,020	54,860	92,967
Miscellaneous Revenues	336,900	649,132	1,378,011	517,064	525,360
Total Revenues	17,428,472	13,675,784	13,823,565	11,362,383	12,523,311
Expenditures:					
Current:					
General Government	2,434,443	2,134,089	2,216,039	1,942,389	1,814,779
Public Safety	5,238,107	5,217,774	4,960,402	4,927,713	4,511,889
Planning and Building	1,277,550	1,089,776	1,336,664	1,182,716	929,264
Public Works	2,026,962	2,307,435	1,925,211	1,979,404	1,753,952
Capital Outlay	1,901,832	1,757,388	1,193,706	446,373	1,902,961
Tax Increment Pass-Through	-	-	-	-	-
Debt Service					
Principal	630,000	600,000	470,000	465,000	445,000
Interest and Finance Charges	358,110	375,670	342,178	350,058	357,388
Bond Issuance Costs	-	-	-	-	-
Total Expenditures	13,867,004	13,482,132	12,444,200	11,293,653	11,715,233
Excess(Deficit) of Revenues over (under) Expenditures	3,561,468	193,652	1,379,365	68,730	808,078
Other Financing Sources (Uses):					
Transfers In	1,270,373	1,442,138	1,616,826	725,455	1,228,612
Transfers Out	(1,216,962)	(1,360,850)	(1,716,224)	(725,510)	(1,239,548)
Proceeds from Debt	-	-	-	-	-
Premium on Debt Issued	-	-	-	-	-
Sale of Real Property	-	-	746,924	-	-
Net Other Sources (Uses)	53,411	81,288	647,526	(55)	(10,936)
Extraordinary Gain	-	-	-	-	-
Change in Fund Balances	$ 3,614,879	$ 274,940	$ 2,026,891	$ 68,675	$ 797,142
Debt Services as a Percentage of Noncapital Expenditures	8%	8%	7%	8%	8%

Table 4

2014	2013	2012	2011	2010
$ 8,052,339	$ 7,598,884	$ 7,748,024	$ 11,447,535	$ 11,776,466
352,004	110,828	217,028	228,618	1,154,106
1,183,852	1,187,315	1,018,433	621,447	838,973
41,731	54,438	57,815	51,001	98,056
2,167	46,003	14,340	18,902	16,883
30,000	32,400	32,100	30,000	30,000
24,865	68,205	97,544	71,123	158,550
473,808	613,979	542,296	3,534,381	718,131
10,160,766	9,712,052	9,727,580	16,003,007	14,791,165
1,850,794	1,763,970	5,407,571	1,475,238	1,723,271
4,223,936	4,297,153	4,495,974	4,193,222	4,135,205
756,737	4,214,913	1,133,940	1,438,042	1,287,042
1,753,449	1,696,000	1,668,457	1,705,250	1,715,856
764,110	524,019	687,698	6,819,604	6,193,587
-	-	-	3,036,003	4,262,521
4,995,000	290,353	262,871	405,568	398,457
354,808	586,970	745,957	1,202,960	871,365
304,891	-	158,332	-	360,606
15,003,725	13,373,378	14,560,800	20,275,887	20,947,910
(4,842,959)	(3,661,326)	(4,833,220)	(4,272,880)	(6,156,745)
1,316,588	900,381	4,965,711	3,405,217	7,444,742
(1,347,381)	(1,035,310)	(6,077,005)	(3,612,602)	(7,672,922)
4,605,000	-	4,460,000	-	8,760,000
-	-	-	-	30,188
-	-	-	-	-
4,574,207	(134,929)	3,348,706	(207,385)	8,562,008
-	-	326,046	-	-
$ (268,752)	$ (3,796,255)	$ (1,158,468)	$ (4,480,265)	$ 2,405,263
38%	7%	7%	12%	9%

Revenue Capacity Information

CITY OF SCOTTS VALLEY
ASSESSED VALUES OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial and Other Property	Total Taxable Assessed Value	(1) General Tax Rate
2010	1,438,965,976	689,493,889	2,128,459,865	1.00%
2011	1,435,266,066	655,264,432	2,090,530,498	1.00%
2012	1,413,942,688	642,128,306	2,056,070,994	1.00%
2013	1,414,040,184	598,441,394	2,012,481,578	1.00%
2014	1,483,067,171	564,469,568	2,047,536,739	1.00%
2015	1,627,120,418	571,942,811	2,199,063,229	1.00%
2016	1,753,326,658	601,424,458	2,354,751,116	1.00%
2017	1,850,625,172	647,799,289	2,498,424,461	1.00%
2018	1,966,471,659	684,245,880	2,650,717,539	1.00%
2019	2,083,096,965	736,609,304	2,819,706,269	1.00%

(1) Property tax rates are limited to $1.00 per $100.00 assessed valuation based on a June 1978 state constitutional amendment (Proposition 13). The tax rate (1%) is levied by the County and apportioned to local agencies according to a formula prescribed by the State legislature.

The City's share of the 1% property tax rate for its own General Fund is less than 6.5%. The City established a Redevelopment Agency in 1980. The Agency's Redevelopment Plan was adopted in November 1990. The City's General Fund does not receive any property tax from the tax revenues generated above the base year amount (tax increment revenue). The Agency entered into pass-through agreements with various governmental entities. Approximately 47% of the total tax increment revenue is paid out per these agreements. Another 20% is restricted for low and moderate income housing purposes. California state law eliminated redevelopment agencies effective February 1, 2012. The former tax increment revenue is being collected by the County of Santa Cruz and distributed to the successor redevelopment agencies to the extent of their enforceable obligations. Any revenue collected in excess of the amount of enforceable obligations is distributed to the taxing entities in the same proportion that they receive property taxes.

Source: Santa Cruz County Assessor
HDL 2018/19 CAFR Statistical Basic Package for the City of Scotts Valley.

CITY OF SCOTTS VALLEY
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

		Overlapping Rates	
Fiscal Year	(1) General Tax Rate	Scotts Valley Unified School District	Cabrillo Community College District
2010	1.000%	0.045%	0.036%
2011	1.000%	0.046%	0.036%
2012	1.000%	0.048%	0.039%
2013	1.000%	0.046%	0.040%
2014	1.000%	0.041%	0.040%
2015	1.000%	0.075%	0.037%
2016	1.000%	0.051%	0.037%
2017	1.000%	0.084%	0.033%
2018	1.000%	0.084%	0.024%
2019	1.000%	0.069%	0.021%

(1) See explanation on Table 5.

Source: Santa Cruz County Treasurer / Tax Collector

CITY OF SCOTTS VALLEY
PRINCIPAL PROPERTY TAX PAYERS
LAST TEN FISCAL YEARS

Table 7

	2019			2010		
Taxpayer	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation
Ashford Scotts Valley	$ 41,811	1	1.58%	$ -	-	-
1440 DEVCO, LLC	28,505	2	1.08%	-	-	-
FIT Ren Oak Tree Villa, LLC	27,868	3	1.05%	24,623	3	1.16%
Carefree Communities California	19,786	4	0.75%	-	-	-
Granite Creek Business Center	18,742	5	0.71%	12,751	8	0.60%
McNellis John E	15,921	6	0.60%	-	-	-
American Yiluen Dev & Holdings	13,475	7	0.51%	-	-	-
Fox Factory Inc	14,356	8	0.54%	-	-	-
Broughton Land LLC	13,438	9	0.51%	-	-	-
Comcast	12,762	10	0.48%	-	-	-
Graham Family Trust	-	-	0.00%	-	-	-
Gilbert Trustees	-	-	0.00%			-
Ow, David L. Trustee, et al.	-	-	-	9,735	10	0.46%
Ritchie, T	-	-	-	-	-	-
Bethany College of Assemblies	-	-	-	-	-	-
Threshold Enterprises	-	-	-	-	-	-
Scotts Valley Associates	-	-	-	14,068	5	0.66%
LBUBS 2004-Enterprise Way LP	-	-	-	67,514	1	3.17%
Scarborough, Nena, TC, ETAL	-	-	-	12,758	7	0.60%
S & A Ito Family Partnership	-	-	-	-	-	-
Sammie Rae Abitbol, LLC	-	-	-	-	-	-
Appenrodt Living Trust	-	-	-	-	-	-
CCMS 2005-CD1 La Madrona LP	-	-	-	13,331	6	0.63%
Santa Cruz-Monterey-Merced	-	-	-	-	-	-
Seagate Technology, LLC	-	-	-	40,461	2	1.90%
Aviza Technology	-	-	-	13,075	4	0.61%
General Elec Cr Equities	-	-	-	11,861	9	0.56%
Top Ten Totals	$206,664		7.79%	$220,177		10.34%

Note: Dollar amounts are in thousands.

Source: Santa Cruz County Assessor
HDL 2018/19 CAFR Statistical Basic Package for the City of Scotts Valley.

CITY OF SCOTTS VALLEY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	(1) Taxes Levied	(2) Current Collections	Percent of Levy Collected
2010	759,512	759,512	100%
2011	737,523	737,523	100%
2012	722,279	722,279	100%
2013	737,021	737,021	100%
2014	847,061	847,061	100%
2015	899,215	899,215	100%
2016	852,270	852,270	100%
2017	903,233	903,233	100%
2018	946,313	946,313	100%
2019	995,819	995,819	100%

(1) Levies include real and personal property.

(2) Beginning with the 1993-94 fiscal year, the County of Santa Cruz began distributing 100% of the property taxes assessed under a method of property tax distribution called the Teeter Plan. Therefore, the City collects only current levies; all delinquent levies and penalties are collected by the County

Source: City of Scotts Valley Finance Department

Debt Capacity Information

CITY OF SCOTTS VALLEY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2019

	Total Debt June 30, 2019	Percentage Applicable (1)	City's Share of Direct and Overlapping Debt June 30, 2019	
2018-19 Assessed Valuation			$ 2,819,706,269	
Overlapping Tax and Assessment Debt:				
Cabrillo Joint Community College District	$ 101,080,130	6.119%	$ 6,185,093	
Scotts Valley Unified School District	42,425,000	65.209%	27,664,918	
City of Scotts Valley Community Facilities District	3,140,000	100.000%	3,140,000	
Santa Cruz High School District	78,903,871	0.0003%	237	
Santa Cruz Libraries Facilities Financing Authority CFD	20,920,000	6.813%	1,425,280	
Total Overlapping Tax and Assessment Debt	246,469,001		38,415,528	
Overlapping General Fund Debt:				
Santa Cruz County General Fund Obligations	66,595,159	6.164%	4,104,926	
Santa Cruz County Office of Education Certificates of Participatio	8,515,993	6.164%	524,926	
Scotts Valley Unified School District Certificates of Participation	9,790,000	65.209%	6,383,961	
Total Overlapping General Fund Debt	352,290,153		11,013,813	
Overlapping Tax Increment Debt:				
Successor Agency	12,050,000	100.000%	12,050,000	
Total Overlapping Tax Increment Debt	449,241,305		12,050,000	
City Direct Debt:				
City of Scotts Valley Certificates of Participation			5,910,588	(2)
City of Scotts Valley Pension Obligations			2,335,000	
City of Scotts Valley Water District Installment Note			85,000	
Total Direct Debt			8,330,588	
Combined Total Debt			$ 69,809,928	(3)
Ratios to 2018-19 Assessed Valuation:				
Total Overlapping Tax and Assessment Debt			1.36%	
Total Direct Debt			0.30%	
Combined Total Debt			2.48%	

Source: California Municipal Statistics, Inc.

NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The precentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable precentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.
(2) Excludes refunding issues dated 7/25/19. Includes issues to be refunded.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

CITY OF SCOTTS VALLEY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 10

	Governmental Activities					Business-Type Activities			
Fiscal Year	Certificates of Participation	Revenue Bonds	Tax Allocation Bonds	Pension Obligation Bond	Installment Notes	Installment Notes	Total Primary Government	Percentage of Personal Income	Per Capita
2010	7,264	8,760	5,655	-	130	-	21,809	3.79%	1,853
2011	7,154	8,760	5,365	-	125	-	21,404	4.46%	1,798
2012	6,045	-	-	4,460	-	-	10,505	2.12%	902
2013	5,936	-	-	4,280	-	-	10,216	2.02%	875
2014	5,856	-	-	3,970	-	-	9,826	1.92%	822
2015	5,649	-	-	3,655	110	-	9,414	1.88%	798
2016	5,512	-	-	3,335	105	-	8,952	1.72%	737
2017	5,451	-	-	3,010	100	-	8,561	1.51%	704
2018	6,191	-	-	2,675	95	-	8,961	1.58%	735
2019	5,911	-	-	2,335	85	-	8,331	1.41%	690

Notes: Dollar amounts are in thousands, except for per capita.
See note (3) on Table 12 regarding the above Revenue Bonds.
Details of the City's outstanding debt can be found in Note 5 to the financial statements.
The City of Scotts Valley has no general bonded debt.

Source: City of Scotts Valley Finance Department

CITY OF SCOTTS VALLEY
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2019	2018	2017	2016	2015
Assessed Valuation	$ 2,820	$ 2,651	$ 2,498	$ 2,355	$ 2,199
Redevelopment Incremental Valuation	-	-	-	-	-
Net Assessed Valuation	$ 2,820	$ 2,651	$ 2,498	$ 2,355	$ 2,199
Debt Limit (15%)	$ 423	$ 398	$ 375	$ 353	$ 330
Total Debt Applicable to Limit	-	-	-	-	-
Legal Debt Margin	$ 423	$ 398	$ 375	$ 353	$ 330

Note: Amounts are in millions.

Source: Santa Cruz County Assessor's Office

Table 11

2014	2013	2012	2011	2010
$ 2,047	$ 2,035	$ 2,056	$ 2,091	$ 2,128
-	-	-	(499)	(531)
$ 2,047	$ 2,035	$ 2,056	$ 1,592	$ 1,597
$ 307	$ 305	$ 308	$ 239	$ 240
-	-	-	-	-
$ 307	$ 305	$ 308	$ 239	$ 240

CITY OF SCOTTS VALLEY
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

	Special Assessment Bonds			
	Special Assessment	Debt Service		
Fiscal Year	Collections	Principal	Interest	Coverage
2010	1,167,710	540,000	368,813	1.28
2011	1,009,856	580,000	429,098	1.00
2012	1,133,951	605,000	369,952	1.16
2013	1,273,669	725,400	256,505	1.30
2014	799,962	755,400	220,848	0.82
2015	416,039	220,000	185,588	1.03
2016	398,619	225,000	177,623	0.99
2017	414,002	230,000	167,948	1.04
2018	403,145	245,000	157,148	1.00
2019	412,299	255,000	147,124	1.03

Source: City of Scotts Valley Finance Department

Demographic and Economic Information

CITY OF SCOTTS VALLEY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (2)
2010	11,771	575,904	48,926	5.4%
2011	11,903	480,203	40,343	6.2%
2012	11,641	494,836	42,508	5.9%
2013	11,678	504,723	43,220	4.7%
2014	11,954	510,603	42,714	4.3%
2015	11,800	501,476	42,498	7.9%
2016	12,143	520,659	42,877	6.8%
2017	12,163	566,632	46,586	6.3%
2018	12,195	566,915	46,487	4.6%
2019	12,082	589,169	48,764	3.8%

Source: (1) California State Department of Finance
(2) HDL 2018/19 CAFR Statistical Basic Package for the City of Scotts Valley. Figures are for the preceding calendar year (e.g. Fiscal Year 2019 is 2018 calendar year data). Some prior period numbers were revised by HDL

CITY OF SCOTTS VALLEY
PRINCIPAL EMPLOYERS
LAST TEN FISCAL YEARS

Table 14

	2019			2010		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Threshold Enterprises, LTD	568	1	11.38%	430	2	7.93%
Central Coast Alliance	419	2	8.40%	145	3	2.67%
Fox Racing Shox	297	3	5.95%	75	8	1.38%
1440 OPCO, LLC	152	4	3.05%	-	-	-
Bell Sports, Inc	136	5	2.73%	132	4	2.43%
Universal Audio, Inc.	136	6	2.73%	-	-	-
Zero Motorcycles	128	7	2.57%	-	-	-
Brookdale Senior Living Soluti	79	8	1.58%	-	-	-
The Camp	77	9	1.54%	73	9	1.35%
Oxford/X-ray Technology Grp	71	10	1.42%	-	-	-
Safeway Stores, Inc.	-	-	-	-	-	-
Nob Hill Foods	-	-	-	68	10	1.25%
Bay Photo Lab	-	-	-	-	3	-
Oak Tree Villa SHP	-	-	-	-	-	-
Seagate Technology	-	-	-	847	1	15.62%
Hilton -Scotts Valley	-	-	-	-	-	-
Comcast Cable	-	-	-	78	7	1.44%
Embarcardero Technologies	-	-	-	87	6	1.60%
Aviza	-	-	-	91	5	1.68%
Total	2,063		41.34%	2,026		37.35%

Source: City of Scotts Valley Finance Department

Operating Information

CITY OF SCOTTS VALLEY
FULL-TIME EQUIVALENT CITY EMPLOYEES
LAST TEN FISCAL YEARS

	Fiscal Year				
Function / Program	2019	2018	2017	2016	2015
General Government					
Legislative	0.50	0.50	0.50	0.50	0.50
Administration	1.50	1.50	1.50	1.50	1.50
Finance	2.85	2.85	2.85	2.85	2.85
Police					
Officers	19.00	19.00	19.00	19.00	19.00
Dispatch and Support	8.00	8.00	8.00	8.00	8.00
Planning	2.00	2.00	3.00	3.00	3.50
Building	-	-	-	-	1.00
Public Works					
Engineering	4.00	4.00	4.00	3.10	3.30
Street Maintenance	2.30	2.30	2.30	2.30	2.30
Vehicle Maintenance	1.10	1.10	1.10	1.10	1.10
Park Maintenance	1.30	1.30	1.30	1.30	2.30
Building Maintenance	1.30	1.30	1.30	1.30	1.30
Wastewater Treatment Plant	6.15	6.15	6.15	7.05	7.05
Recreation	5.70	5.70	5.70	5.00	5.00
Redevelopment/Affordable Housing	-	-	-	-	-
Total	55.70	55.70	56.70	56.00	58.70

Source: City of Scotts Valley Annual Budget
Full-time equivalent employees are presented net of positions frozen by City Council for budget saving purposes.

Table 15

2014	2013	2012	2011	2010
0.50	0.50	0.50	0.50	0.50
1.50	1.50	1.50	1.10	1.10
3.35	3.35	3.35	4.35	4.35
19.00	19.00	19.00	19.00	19.00
8.00	8.00	8.00	8.50	8.50
3.50	3.50	3.50	3.30	3.30
1.00	1.00	1.00	1.00	1.00
3.30	3.30	3.30	3.50	3.50
2.30	2.30	2.30	2.30	2.30
1.10	1.10	1.10	1.10	1.10
2.30	2.30	2.30	2.30	2.30
1.30	1.30	1.30	1.30	1.30
6.35	7.35	7.35	7.35	7.35
5.00	5.00	6.00	7.00	7.00
-	-	-	1.90	1.90
58.50	59.50	60.50	64.50	64.50

CITY OF SCOTTS VALLEY
CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year				
	2019	2018	2017	2016	2015
Police:					
Stations	1	1	1	1	1
Emergency Vehicles	15	15	15	15	15
Public Works:					
Streets (miles)	35	35	35	35	35
Streetlights	212	212	212	212	212
Traffic Signals	16	16	16	16	16
Senior Center	1	1	1	1	1
Community Center	1	1	1	1	1
Wastewater					
Treatment Plant	1	1	1	1	1
Recreation					
Parks / Playgrounds	6	6	6	6	6
Soccer Fields	3	3	3	3	3
Tennis Courts	4	4	4	4	4

Source: Various City Departments

Table 16

2014	2013	2012	2011	2010
1	1	1	1	1
15	15	15	15	15
35	35	35	35	35
212	212	212	212	212
16	16	16	16	16
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
6	6	6	6	6
3	3	3	3	3
4	4	4	4	4

CITY OF SCOTTS VALLEY
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year				
	2019	2018	2017	2016	2015
General Government					
Number of Citizen Complaints Received	28	15	23	23	16
Police					
Total Incident Calls	20,820	15,151	14,425	18,297	18,310
Number of Citations Written	1,398	1,232	949	1,447	1,194
Number of Arrests	667	547	479	589	499
Planning					
Planning Applications Submitted	92	95	109	112	112
Lot Line Adjustment Apps Processed	2	1	1	2	2
Building					
Number of Building Inspections	2,278	2,249	1,945	3,766	3,299
Building Permits Submitted	460	388	454	402	334
Building Permits Issued	457	379	367	382	334
Public Works					
Building Permit Applications Processed	28	43	62	58	59
Encroachment Permits Processed	56	53	64	43	24
Transportation Permits Processed	63	66	84	67	38
Sewer Allocations Issued	15	7	6	10	42
Subdivision Maps Recorded	2	3	1	2	1
Wastewater Treatment Plant (all amounts in thousands of gallons)					
Total Flow	285,680	203,670	251,869	253,914	288,294
Highest Average Daily Flow	1,056	1,867	1,394	865	843
Lowest Average Daily Flow	673	166	506	508	771

Source: Various City departments

Table 17

2014	2013	2012	2011	2010
9	19	14	15	27
17,748	18,356	13,732	17,601	16,933
1,108	1,095	1,299	1,690	1,847
468	447	535	617	427
93	81	101	95	75
2	2	1	1	2
1,373	1,122	727	654	719
332	295	251	233	228
285	285	227	204	223
28	25	17	30	27
25	20	36	31	17
17	55	37	47	45
17	49	7	1	-
4	2	-	3	3
287,580	305,680	325,770	370,691	306,412
882	1,060	1,113	1,083	1,084
707	737	788	725	732