A G E N D A

Meeting of the
Scotts Valley City Council
REMOTE ACCESS ONLY
Date: January 20, 2021
Time: 6:00 pm

CONTACT INFORMATION	MEETING LOCATION	POSTING
City of Scotts Valley 1 Civic Center Drive Scotts Valley, CA 95066 (831) 440-5600	Zoom Videoconference	The agenda was posted 01-15-21 at City Hall and on the Internet at www.scottsvalley.org.

PUBLIC ADVISORY REGARDING COVID-19 AND PUBLIC PARTICIPATION

Consistent with Executive Order No. N-29-20 issued by Governor Newsom on March 17, 2020, and the County of Santa Cruz Health Services Agency Shelter In Place Public Health Order dated March 31, 2020, this regular meeting of the City Council will be conducted through videoconference. Elected Officials and City Staff Members will be participating remotely via videoconference.

Public Participation:
The meeting will be available on Zoom and broadcast through Community Television of Santa Cruz on Channel 25 and via their website at the following link: https://communitytv.org/watch/ (be sure to click on Channel 25). For those wishing to participate via Zoom you can join the following ways:

- Join from a PC, Mac, iPad, iPhone or Android device:
  Please click this URL to join. https://us02web.zoom.us/j/81533667293
- Or join by phone:
  Dial(for higher quality, dial a number based on your current location):
  US: +1 669 900 9128 or +1 346 248 7799 or +1 253 215 8782 or +1 312 626 6799 or +1 646 558 8656 or +1 301 715 8592
  Webinar ID: 815 3366 7293

You will be given opportunities to provide public comment at the appropriate times throughout the meeting via Zoom. If you are participating via dial-up only, use *9 to raise your hand at the requested time.

How to comment via Zoom:

1. At the appropriate times during the meeting for public comment, on items not on the agenda, and on specific agenda items, the Mayor will announce that public comment will be accepted. Our usual time limits of 3 minutes per individual, or 5 minutes for an individual who is representing a group of three or more, will apply. Please note that per our standard practice, this is not a question and answer time, but simply a time for you to provide your comments to the Council.
2. There is an option on Zoom to raise your hand. Please click on this option when the Mayor announces that public comment will be taken. Zoom places people in line automatically. If you are participating via dial-up, you can raise your hand at the appropriate time by pressing *9. When it is your turn, the City Clerk will unmute you, and you will be able to make your comments based on the above time frames. Once your time is up, you will once again be muted and the next person in line will be given their opportunity to speak.

How to comment via email:

1. Members of the public may provide public comment by sending comments to the City Clerk via email at cityhall@scottsvalley.org.
2. Additional materials and emails must be received by 5:30 pm the day of the meeting and will be distributed to agenda recipients prior to the meeting.
3. Emails received after 5:30 pm the day of the meeting will not be included in the record.

ELECTED OFFICIALS	CITY STAFF MEMBERS
Derek Timm, Mayor	Tina Friend, City Manager
Jim Reed, Vice Mayor	Kirsten Powell, City Attorney
Jack Dilles, Council Member	Steve Walpole, Chief of Police
Randy Johnson, Council Member	Taylor Bateman, Community Development Director
Donna Lind, Council Member	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.

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: http://scottsvalley.org/AgendaCenter. Due to COVID-19, City Hall is closed to the public therefore, the agenda is only available for viewing online.

Televised Meetings:
City Council meetings are cablecast "Live" on Community Television of Santa Cruz County on Comcast Channel 25 and are also available livestream on the Community TV website at the following link: https://communitytv.org/watch/

Zoom Meetings/Webinars:
For those wishing to participate via Zoom you can join from a PC, Mac, iPad, iPhone or Android device by entering or clicking on the following URL:
https://us02web.zoom.us/j/81533667293

CALL TO ORDER 6:00 PM

MOMENT OF SILENCE

ROLL CALL

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 12-16-20 Regular and Special meetings

B. Approve check registers dated 12-18-20, 1-8-21, 1-15-21

C. Accept the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2020

D. Approve Resolution No. 1992 authorizing the acceptance of the California Department of Justice Tobacco Law Enforcement grant pursuant to the California Healthcare, Research and Prevention Tobacco Tax Act of 2016, and authorizing the City Manager to execute the contract and any agreements associated with the acceptance of this grant

E. Approve Agreement for Professional Services between the City of Scotts Valley and Weber, Hayes & Associates for environmental consultation of undeveloped Skypark parcels in an amount not to exceed $60,000

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. Consideration of 2021 Interjurisdictional Committee and Standing Local Committee appointments (Mayor Timm)

2. Consideration of resolutions establishing project specific subcommittees (City Manager Friend)

3. 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.)

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: December 16, 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	Zoom Videoconference	The agenda was posted 12-11-20 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 6:02 pm.

MOMENT OF SILENCE

SPECIAL SET MATTERS

a) **Approval of Resolution No. 1978.2 declaring the results of the consolidated Presidential General Municipal Election held on November 3, 2020**

M/S: Dilles/Timm
To approve Resolution No. 1978.2 declaring the results of the consolidated Presidential General Municipal Election held on November 3, 2020.
Carried 5/0 (AYES: Dilles, Johnson, Lind, Reed, Timm)

b) **Swearing in of re-elected City Council Members Randy Johnson, Donna Lind and Jack Dilles**

City Clerk Ferrara administered the Oath of Office to re-elected City Council Members Randy Johnson, Donna Lind and Jack Dilles for 4-year terms to expire in 2024.

c) **Nomination/Motion of Mayor/Chair**

M: Lind
To appoint Vice Mayor Timm as Mayor/Chair for 2021.

Carried 5/0 (AYES: Dilles, Johnson, Lind, Reed, Timm)

d) Nomination/Motion of Vice Mayor/Vice Chair

CM Johnson nominated Council Member Reed to serve as the Vice Mayor/Vice Chair for 2021.

CM Dilles nominated Council Member Lind to serve as the Vice Mayor/Vice Chair for 2021.

M: Johnson
To appoint Council Member Reed as Vice Mayor/Vice Chair for 2021.
Carried 4/1 (AYES: Johnson, Lind, Reed, Timm; NOES: Dilles)

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

SPECIAL SET MATTER

Lina Williams, Manager of Energy Account Services for Central Coast Community Energy (CCCE), gave an Annual Update PowerPoint presentation to the City Council on CCCE and responded to questions from Council.

COMMITTEE REPORTS

CM Lind reported that she and CM Dilles attended the Joint Scotts Valley City/Scotts Valley Water District Committee. Each agency provided background information to assist with the mission of the Committee, which is to coordinate on the future of water and wastewater resources in Scotts Valley.

CM Lind reported that the Santa Cruz Metropolitan Transit Board (SCMTD) met and discussed COVID-19 protocols that are being established to meet OSHA requirements.

CM Dilles reported that he attended the Joint Scotts Valley City/Scotts Valley Water District Committee where they discussed the history of the facilities at the Wastewater Treatment Plant and their plans to collaborate on future projects.

CM Dilles reported that the Integrated Waste Management Task Force met and discussed the problems the County is having disposing of the pressure treated wood from the CZU fires. They also discussed the future requirement for organics recycling and a legal case that is at the State Supreme Court regarding franchise fees. He also reported that our Public Works Director, Daryl Jordan, was appointed Vice Chair of the Task Force.

CM Dilles reported that the Santa Margarita Groundwater Agency Joint Powers Authority met and they are continuing to work on the details of the Groundwater Sustainability Plan that needs to be completed in the near future.

CM Dilles reported that he attended a joint meeting of the Seniors Council Board and the Seniors Council Advisory Committee where they discussed the Master Plan for Aging that is being reviewed by the Governor. He stated that the main focus of the Plan is the following four items: (1) Long-Term Services and Support; (2) Livable Communities; (3) Health and Well-Being; and, (4) Economic Security and Safety.

CM Dilles reported that he attended the Monterey Bay Air Resources District Board meeting where they learned that the District has a current budget deficit, but they are in solid financial shape. They also learned that for the first time in history, ozone levels are below the threshold that has been set by the State of California.

Mayor Timm reported that the COVID-19 Local Business Recovery Committee has been meeting weekly and they are continuing to work with the Scotts Valley Chamber of Commerce and local businesses to provide support throughout these difficult economic times. He reported that with the new Tier levels going into effect are impacting several local business, and the small business loan program through NBC could potentially be a lifeline for some of those businesses.

Mayor Timm reported that he attended the Santa Cruz County Regional Transportation Commission meeting where they announced that they are receiving a $107 million grant for a variety of projects in the Highway 1 multi-modal corridor.

CITY MANAGER REPORT

COVID-19 Update: The County of Santa Cruz chose not to shut down until they were ordered to and the current shut down ordered by the State is set to take effect on Thursday, December 17th at midnight. Some of the impacts include retail being reduced from 25% to 20%, restaurants will have take-out, delivery and pick-up only, hotels will be closed to all but essential travel, worship services outdoor only, hair salons closed, nail salons closed and wine bars closed.

City Closure: The City Offices will be closed beginning December 24th and reopening on January 4th.

Welcome Back: Congratulations to Council Members Johnson, Lind and Dilles on their re-election.

PUBLIC COMMENT TIME

None.

ALTERATIONS TO CONSENT AGENDA

CM Friend stated that Item F needs to be removed from the consent agenda as the final copy of the CAFR was not available for the Council to review adequately prior to the meeting.

M/S: Lind/Dilles
To approve the Consent Agenda as amended removing Item F from the consent agenda.
Carried 5/0 (AYES: Dilles, Lind, Johnson, Reed, Timm)

CONSENT AGENDA

A. Approve City Council minutes of 12-2-20 Regular and Special meetings.

B. Approve check register dated 12-4-20, 12-11-20

C. Approve maintenance agreement for private stormwater management facility on Nashua Drive, APN 023-171-21

D. Approve Resolution No. 1980.1 authorizing the Community Development Director to take all necessary actions to receive the funds regarding the State of California LEAP Planning Grant Program application

E. Approve the revised Recreation Temporary Employee Salary Schedules for 2021 and 2022 to meet State of California minimum wage requirements

~~F. Accept the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2020~~

G. Approve Resolution No. 1955.10 revising the Accounting Manager Class Specification to Finance Manager, establishing a new salary schedule, assigning the classification from Management and Confidential Benefits Plan to the Mid-Management Association Bargaining Group and adding one FTE Finance Manager position to the City's FY 2020-2021 Personnel Complement

H. Approve Resolution No. 1955.11 amending the salary schedule for the City Clerk/Administrative Manager class specification and Resolution No. 1551.26 amending Section 2.00 of the Management and Confidential Compensation Benefits Package to include termination and severance benefits for the City Clerk/Administrative Manager

I. Authorize the City Manager to execute the financial services contract with Management Partners, in a form approved by the City Attorney, for a not-to-exceed amount of $120,000

ALTERATIONS TO REGULAR AGENDA

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

REGULAR AGENDA

1. **Future Agenda Items**

None.

CA Powell announced that pursuant to Government Code Section 54957.6 the City Council would be holding closed session with their labor negotiator regarding employee negotiations with Scotts Valley Police Bargaining Unit and the Scotts Valley Police Supervisors Association.

ADJOURNMENT

The meeting adjourned at 6:50 pm.

Approved: ______________________________
Derek Timm, Mayor

Attest: ____________________________
Tracy A. Ferrara, City Clerk

M I N U T E S

Special Closed Session Meeting of the
Scotts Valley City Council

Date: December 16, 2020
Time: 6:30 pm

CONTACT INFORMATION	MEETING LOCATION	POSTING
City of Scotts Valley 1 Civic Center Drive Scotts Valley, CA 95066 (831) 440-5600	Zoom Videoconference	The agenda was posted 12-11-20 at City Hall, SV Senior Center, SV Library and on the Internet at www.scottsvalley.org.

ROLL CALL	
ELECTED OFFICIALS PRESENT: Derek Timm, Mayor Jim Reed, Vice Mayor Jack Dilles, Council Member Randy Johnson, Council Member Donna Lind, Council Member	**CITY STAFF MEMBERS PRESENT**: Tina Friend, City Manager Kirsten Powell, City Attorney Steve Walpole, Chief of Police Daryl Jordan, Public Works Director/City Engineer Tim Davis, Labor Negotiator

CALL TO ORDER 6:30 PM

The City Council meeting was called to order at 6:55 pm on 12-16-2020.

CONVENE TO CLOSED SESSION

CLOSED SESSION SUBJECT(S)

The City Council convened to closed session at 6:55 pm to discuss the following items:

(1) Pursuant to Government Code Section 54957.6, the City Council met in closed session with their labor negotiator regarding employee negotiations with Scotts Valley Police Bargaining Unit and the Scotts Valley Police Supervisors Association.

RECONVENE TO OPEN SESSION

The City Council reconvened to open session at 7:55 pm.

REPORT ON ACTION TAKE DURING CLOSED SESSION

Mayor Timm announced that there was nothing to report.

ADJOURNMENT

The meeting adjourned at 7:55 pm.

Approved: ______________________________
Derek Timm, Mayor

Attest: ___________________________
Tracy A. Ferrara, City Clerk

AGENDA ITEM B
DATE: 1-20-2021

Report Selection:

RUN GROUP... 121820 COMMENT... 12/18/2020 A/P

DATA-JE-ID	DATA COMMENT
W-12182020-898	12/18/2020 A/P

Run Instructions:

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

BANK	VENDOR	CHECK#	DATE	AMOUNT
BA GENERAL CHECKING ACCOUNT				
003342	ACCENT CLEAN & SWEEP INC	120525	12/18/20	2,123.00
003919	ACCO ENGINEERED SYSTEMS	120526	12/18/20	670.00
001068	ACS	120527	12/18/20	190.00
003534	ADOBE ANIMAL HOSPITAL SO	120528	12/18/20	67.19
003497	ALVAREZ INDUSTRIES, INC	120529	12/18/20	671.00
001822	BC LABORATORIES INC.	120530	12/18/20	432.00
003170	BOGARD CONSTRUCTION INC	120531	12/18/20	4,285.00
000437	BRASS KEY LOCKSMITH	120532	12/18/20	211.82
003521	CARD SERVICE CENTER	120533	12/18/20	719.28
003975	CASEY LAW GROUP	120534	12/18/20	2,707.50
.15749	CHAVDA/PRITI	120535	12/18/20	12.00
.15745	CHEAH/YIH-LAN	120536	12/18/20	66.00
001656	CHRISTENSEN DDS/SAM	120537	12/18/20	1,100.00
.15746	CHRISTENSEN/DWAIN	120538	12/18/20	16.50
.15748	CLEMENT/CHRISTINE	120539	12/18/20	50.00
.15747	CLOVER/WILSON	120540	12/18/20	29.33
.15744	COE/LORY	120541	12/18/20	55.00
.15752	COLEMAN/CORINNE	120542	12/18/20	24.00
002091	COMCAST	120543	12/18/20	167.60
002091	COMCAST	120544	12/18/20	323.21
002091	COMCAST	120545	12/18/20	577.64
.15751	CONNER/JEANETTE	120546	12/18/20	24.00
.15750	COOK/KELLI	120547	12/18/20	160.00
.15759	COSENTINO/ASHLEY	120548	12/18/20	110.00
.15758	CRABLE/MEGAN	120549	12/18/20	11.66
.15757	CRAIG/JENNIFER	120550	12/18/20	23.50
.15753	CREE/WENDY	120551	12/18/20	172.00
.15760	CROSS/OTILIA	120552	12/18/20	72.00
000037	CRYSTAL SPRINGS WATER CO	120553	12/18/20	26.20
000037	CRYSTAL SPRINGS WATER CO	120554	12/18/20	15.50
.15761	D'ANDREA/SHARON	120555	12/18/20	14.33
.15762	DAUPHIN/MEGAN	120556	12/18/20	14.33
.15763	DE SANTOS/JACKI	120557	12/18/20	24.00
000207	DEPARTMENT OF JUSTICE	120558	12/18/20	32.00
001362	DUNCAN AUTO TECH	120559	12/18/20	113.50
001597	ENVIRONMENTAL INNOVATION	120560	12/18/20	14,080.00
000057	HACH COMPANY	120561	12/18/20	1,373.06
003266	INTERGRITY AUTOMOTIVE	120562	12/18/20	2,687.24
003914	LAND TRUST OF SANTA CRUZ	120563	12/18/20	95,892.68
001030	LEAGUE OF CA CITIES	120564	12/18/20	40.00
000218	MID VALLEY SUPPLY	120565	12/18/20	165.06
000939	NATIONAL COMTEL NETWORK	120566	12/18/20	7.22
003556	NATIONAL FILTER MEDIA	120567	12/18/20	2,385.10
000089	OLIVE SPRINGS QUARRY INC	120568	12/18/20	420.57
000101	PACIFIC GAS & ELECTRIC C	120569	12/18/20	90.58
000101	PACIFIC GAS & ELECTRIC C	120570	12/18/20	89.30
.15755	PHIL ALLEGRI ELECTRIC, I	120571	12/18/20	560.00
003503	PURETEC INDUSTRIAL WATER	120572	12/18/20	225.76

BANK	VENDOR		CHECK#	DATE	AMOUNT	
BA	GENERAL CHECKING ACCOUNT					
	.15756	REFRIGERATION EQUIPMENT	120573	12/18/20	368.20	
	000201	SAFETY-KLEEN SYSTEMS, IN	120574	12/18/20	264.00	
	003085	SHRED-IT USA	120575	12/18/20	236.04	
	000882	SUPERIOR ALARM COMPANY	120576	12/18/20	183.60	
	003973	THOMAS/TYLER	120577	12/18/20	250.00	
	001831	USA BLUE BOOK	120578	12/18/20	1,115.11	
	001106	VERIZON WIRELESS	120579	12/18/20	1,092.30	
	001930	WEST MARINE PRO	120580	12/18/20	315.43	
	GENERAL CHECKING ACCOUNT				137,152.34	***

BANK	VENDOR	CHECK#	DATE	AMOUNT
REPORT TOTALS:				137,152.34

RECORDS PRINTED - 000087

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
001	GENERAL	11,626.15
002	RECYCLING/ENVIRONMENTAL	14,663.00
004	RECREATION	895.94
010	WASTEWATER OPERATIONS	7,485.15
011	TERTIARY TREATMENT PLANT	579.32
028	SENIOR CENTER	167.60
031	STP EXCHANGE PROJECTS	95,892.68
088	LIBRARY FACILITIES-MEAS "S"	4,285.00
112	DENTAL INS INTERNAL SERV	1,100.00
123	COMMUNITY FACILITY CENTER	457.50
TOTAL ALL FUNDS		137,152.34

BANK RECAP:

BANK	NAME	DISBURSEMENTS
BA	GENERAL CHECKING ACCOUNT	137,152.34
TOTAL ALL BANKS		137,152.34

Report Selection:

RUN GROUP... 010821   COMMENT... 01/08/2021 A/P

DATA-JE-ID	DATA COMMENT
W-01082021-920	01/08/2021 A/P

Run Instructions:

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

BANK	VENDOR		CHECK#	DATE	AMOUNT
BA	GENERAL CHECKING ACCOUNT				
001840	A TOOL SHED, INC.		120601	01/08/21	240.00
000041	ACC BUSINESS		120602	01/08/21	1,812.96
001912	ADVANCED FLOW MEASUREMEN		120603	01/08/21	1,500.00
001405	AFLAC-FLEX ONE		120604	01/08/21	1,785.53
003953	ALFA LAVAL INC.		120605	01/08/21	102,596.51
001219	ALHAMBRA		120606	01/08/21	131.66
001219	ALHAMBRA		120607	01/08/21	2.68
001009	ARD/KRISTIN		120608	01/08/21	50.00
001670	AT &T		120609	01/08/21	3,749.75
000097	AT&T		120610	01/08/21	454.18
003594	BARTLE WELLS ASSOCIATES		120611	01/08/21	3,115.00
000614	BATTERIES + BULBS #314		120612	01/08/21	315.99
001373	BAY TREE, LLC		120613	01/08/21	3,620.38
001822	BC LABORATORIES INC.		120614	01/08/21	150.00
001066	BEHAVIORAL HEALTH CARE I		120615	01/08/21	100.00
001786	BEWICK/KENNETH		120616	01/08/21	400.00
003170	BOGARD CONSTRUCTION INC		120617	01/08/21	1,395.00
000437	BRASS KEY LOCKSMITH		120618	01/08/21	56.13
000018	BRINK'S AWARDS & SIGNS		120619	01/08/21	71.01
003894	BURKE, WILLIAMS & SORENS		120620	01/08/21	19,707.50
001216	C & N TRACTORS		120621	01/08/21	1,655.97
001633	CAL-WEST LIGHTING & SIGN		120622	01/08/21	1,937.91
003887	CHEUNG/ATHENA		120623	01/08/21	50.00
001051	COASTAL EVERGREEN CORP		120624	01/08/21	1,285.00
002091	COMCAST		120625	01/08/21	146.31
003564	CREATIVE SECURITY COMPAN		120626	01/08/21	2,755.45
000037	CRYSTAL SPRINGS WATER CO		120627	01/08/21	13.90
003160	DIXON & SON TIRE		120628	01/08/21	141.09
001257	EBRAHIMIAN DDS/MARK		120629	01/08/21	323.00
003654	GENERAL LOGISTICS SYSTEM		120630	01/08/21	21.85
001053	GOVERNMENT FINANCE OFFIC		120631	01/08/21	460.00
001881	GRAINGER		120632	01/08/21	1,074.75
003706	GRANADOS/JUSTIN		120633	01/08/21	156.11
003127	GRUNDY/LAURIE		120634	01/08/21	93.59
001898	GUARD PRODUCTS INC		120635	01/08/21	1,373.18
003944	HEBARD/TYLER		120636	01/08/21	881.20
003522	HOHMANN/VINCENT		120637	01/08/21	420.00
003266	INTERGRITY AUTOMOTIVE		120638	01/08/21	855.57
001903	JONES/KIMARIE		120639	01/08/21	50.00
003701	JORDAN/DARYL		120640	01/08/21	205.78
003292	KIMLEY-HORN & ASSOCIATES		120641	01/08/21	2,073.74
001660	KING/KATI		120642	01/08/21	833.76
003761	LEDGER/CHASE		120643	01/08/21	208.04
001673	LINCOLN FINANCIAL GROUP		120644	01/08/21	1,177.88
000078	LLOYD'S TIRE SERVICE INC		120645	01/08/21	35.00
003913	LONG/AMANDA		120646	01/08/21	50.00
003565	MANAGEMENT PARTNERS		120647	01/08/21	14,141.25
001591	MARKELL/ROD		120648	01/08/21	1,974.00

BANK	VENDOR	CHECK#	DATE	AMOUNT	
BA	GENERAL CHECKING ACCOUNT				
001815	MC GRATH/TRISH	120649	01/08/21	50.00	
000218	MID VALLEY SUPPLY	120650	01/08/21	34.01	
001872	NORTH CENTRAL LABORATORI	120651	01/08/21	429.39	
001615	OLIN CORP-CHLOR ALKALI	120652	01/08/21	2,237.28	
003766	ORMONDE/ROBERT	120653	01/08/21	50.00	
003912	PETTY CASH - AMANDA LONG	120654	01/08/21	36.24	
000723	PIED PIPER INC./THE	120655	01/08/21	63.50	
000102	PITNEY BOWES GLOBAL	120656	01/08/21	509.10	
001097	PRODESSE PROPERTY GROUP	120657	01/08/21	3,523.52	
003927	REIN & REIN, APC	120658	01/08/21	990.00	
000135	SAN LORENZO VALLEY WATER	120659	01/08/21	33.66	
.15765	SANTA CRUZ BACKFLOW	120660	01/08/21	75.00	
001544	SANTA CRUZ COUNTY CONFER	120661	01/08/21	17,208.49	
001544	SANTA CRUZ COUNTY CONFER	120662	01/08/21	27,536.17	
003555	SANTA CRUZ COUNTY DA OFF	120663	01/08/21	7,039.00	
003658	SANTA CRUZ OCCUPATIONAL	120664	01/08/21	40.00	
000128	SCARBOROUGH LUMBER	120665	01/08/21	4,003.73	
001586	SCOTTS VALLEY CLEANERS	120666	01/08/21	402.00	
003745	SCOTTS VALLEY HOTEL LP	120667	01/08/21	14,452.36	
000133	SCOTTS VALLEY SPRINKLER	120668	01/08/21	42.21	
000805	SHAPE INC.	120669	01/08/21	17,805.84	
003478	SHARPS SOLUTIONS, LLC	120670	01/08/21	75.00	
002065	SOTO/ART	120671	01/08/21	50.00	
002053	STEPFORD	120672	01/08/21	1,292.53	
003252	STEVENS/BRENDA	120673	01/08/21	50.00	
000143	SUMMIT UNIFORMS	120674	01/08/21	21.85	
001085	SYCAL ENGINEERING INC	120675	01/08/21	542.50	
001589	TELECOMMUNICATIONS	120676	01/08/21	6,666.24	
003973	THOMAS/TYLER	120677	01/08/21	87.27	
000153	THOMSON REUTERS-WEST	120678	01/08/21	293.03	
003548	TORO PETROLEUM CORP	120679	01/08/21	7,553.26	
001106	VERIZON WIRELESS	120680	01/08/21	734.98	
003924	VIRTUAL PROJECT MANAGER	120681	01/08/21	1,000.00	
000151	VISION SERVICE PLAN	120682	01/08/21	1,037.40	
003145	WAGE WORKS	120683	01/08/21	1,252.00	
000443	WALPOLE/STEVE	120684	01/08/21	81.70	
000443	WALPOLE/STEVE	120685	01/08/21	100.00	
000443	WALPOLE/STEVE	120686	01/08/21	270.40	
000443	WALPOLE/STEVE	120687	01/08/21	115.00	
000154	WINCHESTER AUTO STORES	120688	01/08/21	114.12	
003971	WIZIX TECHNOLOGY GROUP,	120689	01/08/21	125.87	
	GENERAL CHECKING ACCOUNT			293,673.26	***

BANK	VENDOR	CHECK#	DATE	AMOUNT
REPORT TOTALS:				293,673.26

RECORDS PRINTED - 000212

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
001	GENERAL	138,386.13
004	RECREATION	895.16
010	WASTEWATER OPERATIONS	139,659.35
011	TERTIARY TREATMENT PLANT	2,069.96
019	AFFORDABLE HOUSING	1,974.00
023	SVRDA SUCCESSOR AGENCY	7,143.90
028	SENIOR CENTER	57.97
077	SKYPARK MAINT ASSESS DIST	211.83
088	LIBRARY FACILITIES-MEAS "S"	1,395.00
112	DENTAL INS INTERNAL SERV	1,721.30
123	COMMUNITY FACILITY CENTER	158.66
TOTAL ALL FUNDS		293,673.26

BANK RECAP:

BANK	NAME	DISBURSEMENTS
BA	GENERAL CHECKING ACCOUNT	293,673.26
TOTAL ALL BANKS		293,673.26

SCOTTS VALLEY ACCOUNTS PAYABLE CITY OF SCOTTS VALLEY
01/15/2021 11:21:10 Check Register GL050S-V08.15 COVERPAGE
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Report Selection:

RUN GROUP... 011521 COMMENT... 01/15/2021 A/P

DATA-JE-ID	DATA COMMENT
W-01152021-943	01/15/2021 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	120690	01/15/21	1,010.83	
003497	ALVAREZ INDUSTRIES, INC	120691	01/15/21	2,136.00	
.15769	ASI AMERICAN STORMWATER	120692	01/15/21	350.00	
000097	AT&T	120693	01/15/21	9.36	
001822	BC LABORATORIES INC.	120694	01/15/21	442.00	
001593	BENEDICT DDS/NANETTE	120695	01/15/21	174.40	
001566	BUSINESS WITH PLEASURE	120696	01/15/21	113.26	
001553	CARD SHARK INC/THE	120697	01/15/21	42.80	
003787	CARMEL AREA WASTEWATER D	120698	01/15/21	7,419.75	
003351	CHEVROLET OF WATSONVILLE	120699	01/15/21	2,548.87	
002091	COMCAST	120700	01/15/21	323.21	
003564	CREATIVE SECURITY COMPAN	120701	01/15/21	2,070.00	
000389	DASSEL'S PETROLEUM INC	120702	01/15/21	3,159.77	
001362	DUNCAN AUTO TECH	120703	01/15/21	35.85	
001597	ENVIRONMENTAL INNOVATION	120704	01/15/21	6,380.00	
001967	FLO-LINE TECHNOLOGY INC	120705	01/15/21	1,540.93	
003654	GENERAL LOGISTICS SYSTEM	120706	01/15/21	21.67	
001053	GOVERNMENT FINANCE OFFIC	120707	01/15/21	190.00	
.15767	GREG BELLOWS PLUMBING	120708	01/15/21	353.52	
001898	GUARD PRODUCTS INC	120709	01/15/21	1,364.90	
003954	HEIT FAMILY DENTISTRY, I	120710	01/15/21	284.94	
003976	INTRADO LIFE & SAFETY	120711	01/15/21	16,951.20	
003726	LE DDS/VU	120712	01/15/21	110.00	
000078	LLOYD'S TIRE SERVICE INC	120713	01/15/21	39.80	
000284	LOGAN & POWELL, LLP	120714	01/15/21	16,760.00	
000291	MBASIA	120715	01/15/21	290,867.00	
000195	MESITI-MILLER ENGINEERIN	120716	01/15/21	2,120.10	
003652	METRO TRANSPORTATION COM	120717	01/15/21	1,500.00	
000218	MID VALLEY SUPPLY	120718	01/15/21	120.45	
000083	MISSION UNIFORM SERVICE	120719	01/15/21	926.73	
001418	MONTEREY REGIONAL	120720	01/15/21	5,910.75	
000939	NATIONAL COMTEL NETWORK	120721	01/15/21	6.67	
003970	PAC SHIELD ROOF SERVICES	120722	01/15/21	43,531.08	
.15766	PARS	120723	01/15/21	198.75	
003977	PECKHAM & MCKENNEY	120724	01/15/21	8,666.67	
001787	PETRINI'S GARDENING SERV	120725	01/15/21	125.00	
003117	PRIORITY 1 PUBLIC SAFETY	120726	01/15/21	28,249.36	
000134	S.V. WATER DISTRICT	120727	01/15/21	9,615.45	
000127	SANTA CRUZ SENTINEL	120728	01/15/21	1,423.15	
000319	SCOTTS VALLEY CAR WASH	120729	01/15/21	339.70	
000133	SCOTTS VALLEY SPRINKLER	120730	01/15/21	80.69	
003085	SHRED-IT USA	120731	01/15/21	118.36	
000098	TROWBRIDGE ENTERPRISES	120732	01/15/21	1,305.95	
001366	U.S. BANCORP OFFICE	120733	01/15/21	1,300.62	
001106	VERIZON WIRELESS	120734	01/15/21	988.19	
003991	WOWAK/PASCALE	120735	01/15/21	600.00	
003934	ZOLL MEDICAL CORPORATION	120736	01/15/21	469.08	
	GENERAL CHECKING ACCOUNT			462,296.81	***

BANK	VENDOR	CHECK#	DATE	AMOUNT
REPORT TOTALS:				462,296.81

RECORDS PRINTED - 000116

GL540R

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
001	GENERAL	292,607.65
002	RECYCLING/ENVIRONMENTAL	2,640.00
004	RECREATION	26,201.49
010	WASTEWATER OPERATIONS	59,337.20
011	TERTIARY TREATMENT PLANT	2,236.68
025	GENERAL TRUST	2,120.10
028	SENIOR CENTER	1,543.60
077	SKYPARK MAINT ASSESS DIST	1,699.88
088	LIBRARY FACILITIES-MEAS "S"	43,531.08
112	DENTAL INS INTERNAL SERV	569.34
123	COMMUNITY FACILITY CENTER	1,560.43
306	SUPPL LAW ENFORCEMENT SRVS	28,249.36
TOTAL ALL FUNDS		462,296.81

BANK RECAP:

BANK	NAME	DISBURSEMENTS
BA	GENERAL CHECKING ACCOUNT	462,296.81
TOTAL ALL BANKS		462,296.81

City of Scotts Valley
STAFF REPORT

DATE: January 20, 2021

TO: Honorable Mayor and City Council

FROM: Laurie Grundy, Senior Accountant

APPROVED: Tina Friend, City Manager

SUBJECT: **REVIEW AND ACCEPT THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FISCAL YEAR ENDING JUNE 30, 2020**

SUMMARY OF ISSUE

The City's Comprehensive Annual Financial Report (CAFR) represents the City's year-end financial statement which includes the results or operations and year-end balances of the City's various operating and capital funds. The CAFR is prepared based on the City's financial records and is subject to an audit by independent certified public accountants in accordance with governmental accounting and auditing standards. The audit includes an independent review of the City's financial reporting processes and internal controls.

The audit for the fiscal year ending June 30, 2020, was completed by the City's external auditors, Badawi & Associates, LLP - Certified Public Accountants (Badawi). Badawi was selected as the City's independent auditor in June 2019. This is the auditor's second year of a three-year contract, with an option to extend an additional three years.

Badawi has issued an unmodified ("clean") opinion on the CAFR which states that the City's financial statements are presented fairly, in all material respects. Despite the impacts from the COVID-19 pandemic, and due to actions taken by City leaders and the City Council, the results of the CAFR indicate that the City is in good financial health and maintains control over budgeted activities.

As of June 30, 2020, the City's government-wide net position (i.e., the difference by which the City's assets exceed its liabilities) totaled $24.6 million. Compared to the prior year, the City's net position reflected a decrease of $2.1 million. This change was driven by increases in expenditures relative to personnel costs and pension expense due to the growing unfunded liability with CalPERS, as well as a softening of transient occupancy taxes, sales taxes and recreation revenues due to the impact of the COVID-19 pandemic. The City's unassigned General Fund reserves (fund balance) at June 30, 2020 totals $3.9 million, which equates to 30.3% of annual operating expenditures plus operating transfers. This remains higher than the City's minimum reserve policy of two months, or 17%, of annual operating expenditures.

The City's financial statements provide information about the finances of the City in its entirety, as well as information about individual funds. The key sections of the report are as follows:

- **Transmittal Letter from the City Manager** – provides an executive summary overview of the City's financial positions as presented in the CAFR
- **Management's Discussion and Analysis (MD&A)** – complements the Transmittal Letter and provides greater detail of the City's financial positions and changes from the prior year.
- **Government-Wide Financial Statements** – the first set of financial statements presented to provide a broad overview of the City's finances similar to a private sector business, categorized by governmental activities and business-type activities (i.e., wastewater and recreation activities). They include two key statements:
    - ***Statement of Net Position*** – this is similar to the private sector balance sheet and presents assets, liabilities, and the resulting net position (difference between assets and liabilities) at June 30, 2020
    - ***Statement of Activities*** – this is broadly similar to the net income statement in the private sector, identifying functions of the City that are principally supported by taxes and those that receive program revenues. Governmental activities are those that are principally supported by taxes and program revenues. The governmental activities of the City include general government; public safety, planning and building, public works, wastewater, and recreation services; and interest on long-term debt. Business-type activities are supported by rates charged for wastewater activities and fees/charges for recreation activities.
- **Fund Financial Statements** – these statements present the balance sheet and statements of revenues, expenditures and changes in fund balance for all major[1] and non-major[2] funds of the City.
- **Notes to the Basic Financial Statements** - contain information on such topics as reporting entity, significant accounting policies, cash and investments, capital assets, long-term debt, retirement benefits, other post-employment benefits (OPEB), commitments, and other explanatory information that help the reader understand the balances presented in the financial statements.
- **Statistical Section** – provides unaudited data about the City of Scotts Valley in five major categories: financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information. These schedules, generally covering a ten-year period, provide operating context for the financial data presented in the financial section of the CAFR.

As a part of the annual audit, the auditors are also required to report to management about internal controls and the City's compliance with federal grant regulations, the latter

[1] A major fund is one of material significance and is determined through prescribed calculations. The General Fund is always considered a major fund by definition.
[2] Non-major funds represent all other funds and are combined for presentation. They are broken out separately in the Supplementary Information section.

of which is known as a Single Audit Report. Badawi found no instances of reportable conditions regarding internal controls. For Fiscal Year ending June 30, 2020, there was no requirement for a Single Audit Report as the City did not collect over $750,000 in federal funds.

Management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the City of Scotts Valley's financial statements in conformance with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The CAFR was submitted to the Governmental Finance Officers Association (GFOA) by the deadline of December 31, 2020 for consideration as part of the Certificate for Excellence in Financial Reporting program. The GFOA is a nationally recognized nonprofit professional association serving finance professionals throughout the United States and Canada. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. The City has received the GFOA certification for over 23 years.

FISCAL IMPACT

The City is required to issue independent audited financial statements on an annual basis. The City Council is asked to receive and file the CAFR. The cost of preparing the CAFR and the independent audit was budgeted as part of the FY 2020/21 operating budget. There is no fiscal impact as a result of accepting the attached report.

STAFF RECOMMENDATION

It is recommended that the City Council accept the published CAFR for the fiscal year ending June 30, 2020.

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City of Scotts Valley

Scotts Valley, California

Comprehensive Annual Financial Report

For the year ended June 30, 2020

Prepared by:
Finance Department

City of Scotts Valley
Comprehensive Annual Financial Report
For the year ended June 30, 2020

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CITY OF SCOTTS VALLEY

OFFICE OF THE CITY MANAGER
One Civic Center Drive Scotts Valley California 95066
Phone (831) 440-5600 Facsimile (831) 438-2793 www.scottsvalley.org

December 23, 2020

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

SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT - JUNE 30, 2020

REPORT PURPOSE AND ORGANIZATION

The Comprehensive Annual Financial Report (CAFR) for the City of Scotts Valley for the fiscal year ended June 30, 2020 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, 2020, 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, 2020, 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 2020 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.

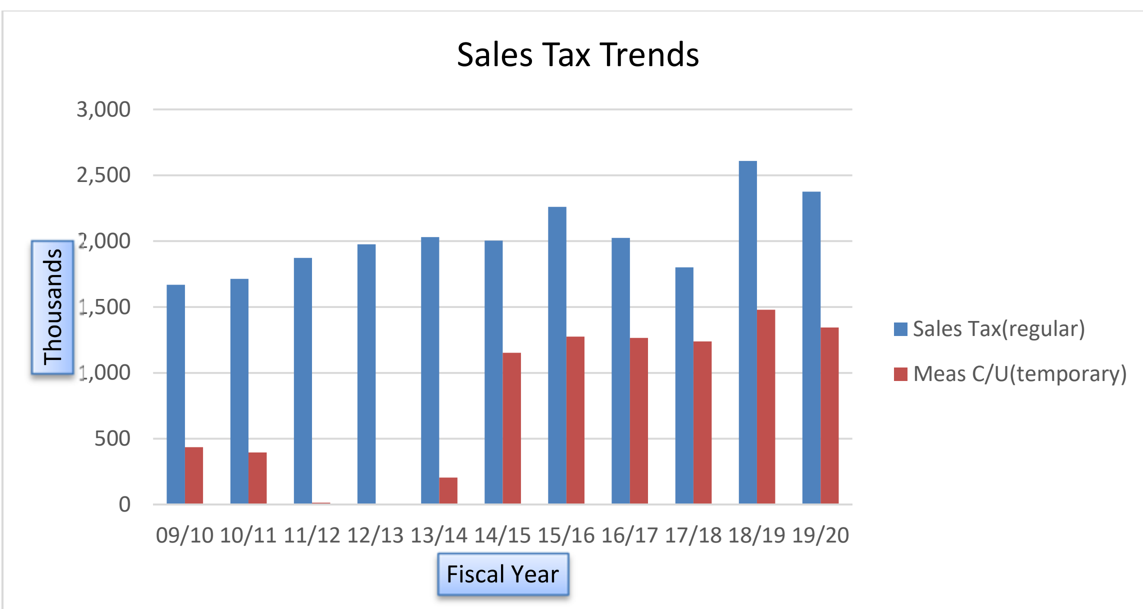
Local Economy

The three major sources of General Fund revenue include sales tax, property tax and transient occupancy tax. These three revenues account for approximately 61.9% of all General Fund Revenues.

Sales Tax

Sales tax is the City's largest source of revenue, accounting for 32.3% 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 April 2014.

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 Great Recession of 2007/08. 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. Sales tax revenues decreased in FY 2019/20 from the prior year due to the recessionary impacts from the COVID-19 pandemic that began to affect City revenues in March 2020.



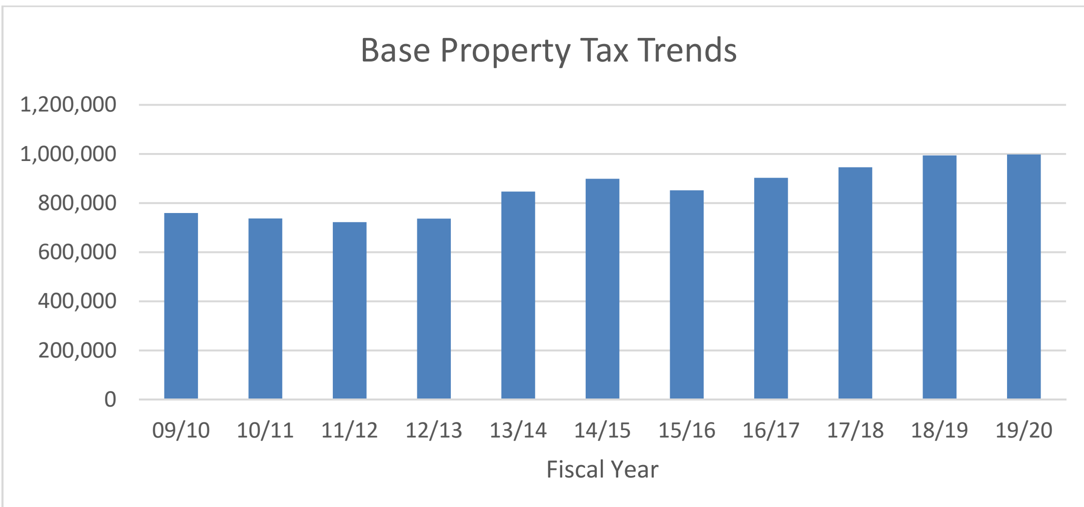
Property Tax

Scotts Valley's second major source of revenue is property tax, accounting for 16.4% of the

General Fund Revenues. In fiscal year 2019/20, the General Fund received $998,431 in base property tax receipts, prior to inclusion of Documentary Transfer Tax and Residual RDA distributions. This base amount was $4,268 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.

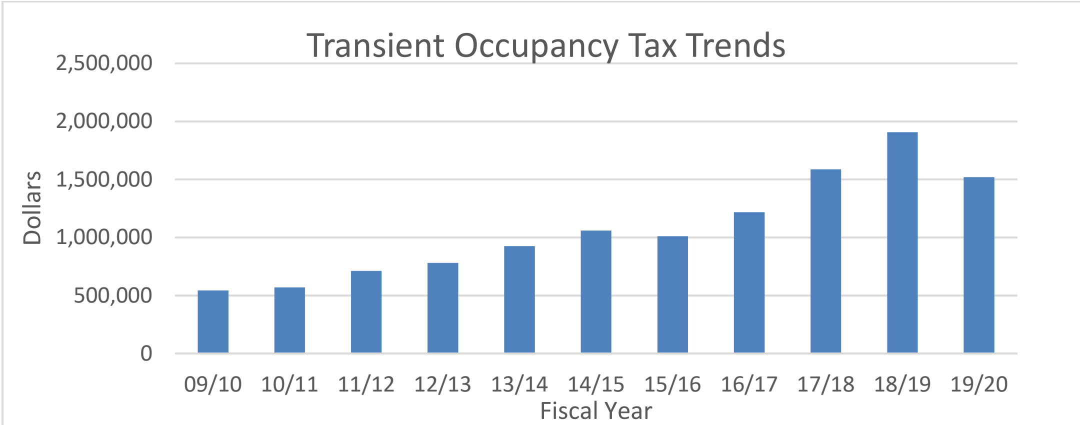
Due to the dissolution of the Scotts Valley Redevelopment Agency (RDA), the RDA's tax increment revenues are distributed to the Successor Agency Redevelopment Property Tax Trust Fund (RPTTF) in amounts that are only sufficient to fund obligations approved by the independent Oversight Board.

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 13.2% of General Fund revenues. According to the chart on the following page, for the 10 fiscal years prior to FY 2020, TOT revenues continued to rise due to increased economic performance and the addition of new hotels and other overnight accommodation providers. 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, TOT revenues were significantly and negatively impacted by the stay-at-home orders issued by the State of California and the Santa Cruz County Health Services Department as a result of the COVID-19 pandemic that impacted the region, state, nation and the world. TOT revenues fell by 20.3% due to a significant cutback in tourism and travel for the last three months of FY 2020.



MAJOR INITIATIVES

During fiscal year 2019/20, the City accomplished the following:

- Voters approved a 0.75% increase in the City's local transactions and use (sales) tax that will increase the rate to 1.25% starting in July 2020 for a period of twelve years.
- Refinanced over $8 million in outstanding debt related to certificates of participation at lower interest rates in the form of tax-exempt and taxable bonds that will reduce the City's annual debt service by 25% per year.
- Implemented changes to service delivery as a result of the COVID-19 pandemic, including halting all recreation programs but maintaining service levels for all other programs even in the midst of a worldwide health crisis.
- Initiated renovations to the Scotts Valley Branch Library, a nearly $4 million project once complete.

ECONOMIC FACTORS

The City of Scotts Valley is located in Santa Cruz County, approximately 75 miles south of San Francisco. The median prices of single-family homes continued to increase. The median home price for a single-family residence increased by 16.5% from June 2019 to June 2020. 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 (its apportionment rate).

Calendar year 2020 was marked by a world-wide pandemic related to the Novel Coronavirus Disease, commonly referred to as COVID-19. The United States began to see rising cases and death rates associated with the disease starting in February. California proclaimed a state of emergency on March 4, 2020. The Santa Cruz County Health Officer issued a stay-at-home directive, as did most other coastal and Bay Area counties, on March 16, 2020. The effect of the stay-at-home orders placed significant restrictions on businesses and residents in an effort to reduce the sudden spike in cases that would require acute medical care.

The restrictions required to save human life had an adverse impact on our economy. Unemployment rates increased dramatically due to the restrictions imposed on businesses. Tourism and non-essential travel were curtailed, impacting transient occupancy taxes. Reductions in fuel sales and in-store retail drove reductions in sales tax revenues. Recreation programs were required to shut down as group gatherings and sporting events were restricted. COVID-19 had a dramatic impact on the City, the county, and the state.

The City expects that the pandemic recession will continue well into FY 2021 and its impacts will likely continue until FY 2024. The creation and implementation of a vaccine, as well as the future response by the federal government regarding deployment of the vaccine and federal stimulus to provide relief to the unemployed, small businesses, and state and local governments will be critical in the recovery of local government revenues.

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
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%
2020	1,199,350	16.5%	1,139,500	15.1%

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. The COVID-19 pandemic had a severe impact on unemployment rates in 2020, yet Scotts Valley's unemployment rate was not as severely impacted as others in the county and the state.

Unemployment Rate

June 30,	Scotts Valley	Santa Cruz County	California
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%
2020	7.8%	13.1%	14.9%

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 2019/20.

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, 2019. 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 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, 2020

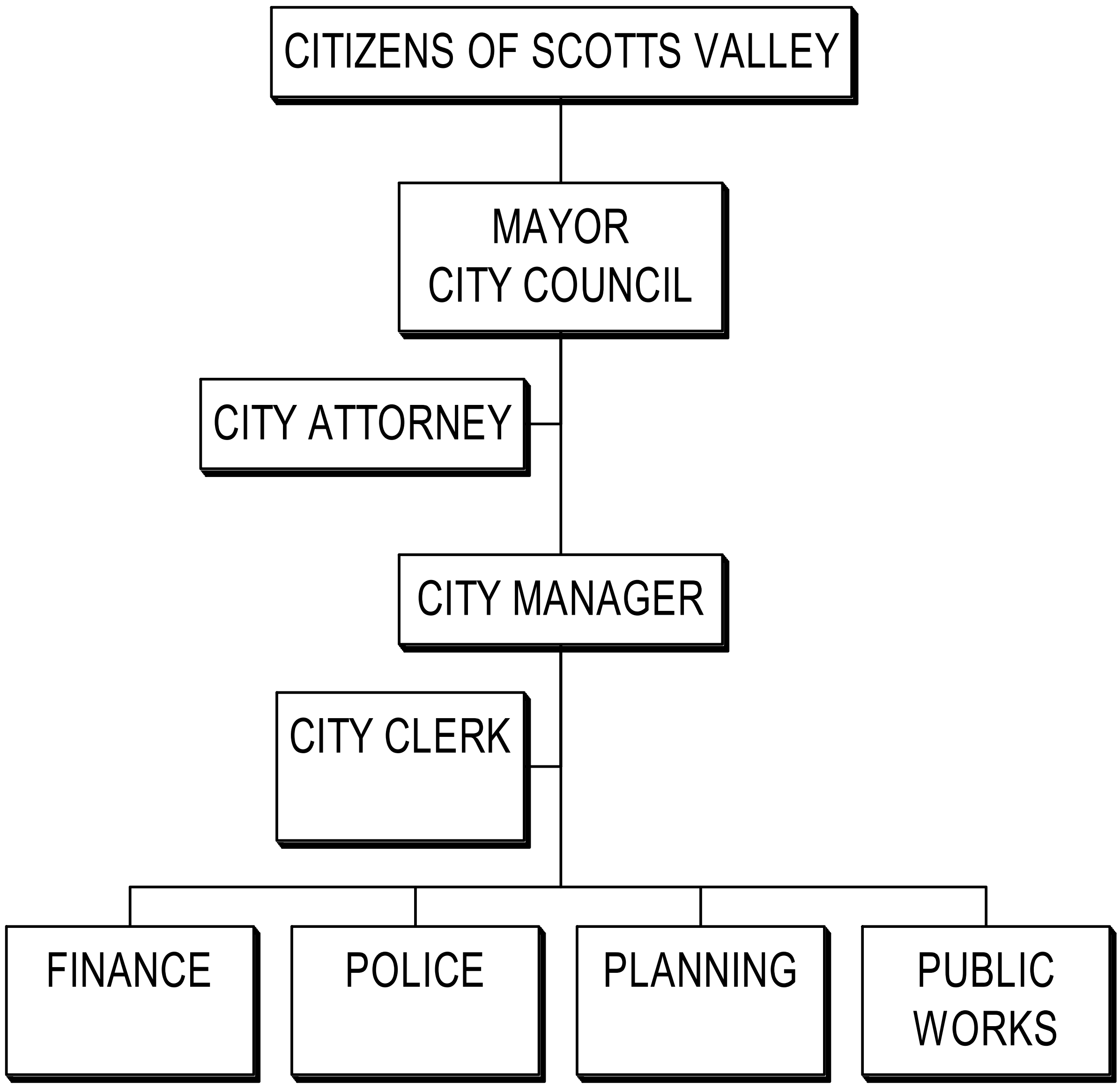
CITY COUNCIL MEMBERS

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

CHIEF ADMINISTRATIVE OFFICIALS

Tina Friend	City Manager
Kirsten Powell	City Attorney
Tracy Ferrara	City Clerk
Steve Walpole, Jr.	Chief of Police
Daryl Jordan	Director of Public Works
Taylor Bateman	Community Development Director
Tony McFarlane	Administrative Services 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, 2019

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, 2020, 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, 2020, 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 20 and 83 to 90 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 93-171, 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 93-171 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 93-171 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 December 23, 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
December 23, 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, 2020. 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, 2020 is $24,581,945. The current year change in net position is a decrease of ($2,116,681). Of the total net position, $35,261,698 is invested in capital assets (net of related debt) and $9,056,603 has restrictions on their use leaving a negative $19,736,356 as unrestricted. The current decrease in City net position is a combination of governmental activities decreasing ($1,745,426) and business-type activities decreasing ($371,255).

As of June 30, 2020, the City's governmental funds (General Fund, special revenue funds, debt service funds, and capital project funds) has a combined fund balance of $13,367,064, a decrease of ($957,003) from the previous year. This is a combination of a decrease in the General Fund of ($1,057,397), a decrease in other major funds of ($880), and an increase in non-major funds of $101,274. Of the total City governmental fund balance, $139,532 is non-spendable, $8,334,007 is restricted, $1,385,628 is assigned, and $3,507,897 is unassigned.

The voters in Scotts Valley approved a 1.25% local transactions and use tax measure on the March 2020 ballot that will increase the local sales tax rate by 0.75% from 0.5% to 1.25% effective July 1, 2020 for a period not to exceed twelve years. The previous local transactions and use tax measure went into effect on April 1, 2014. Fiscal year ended June 30, 2020 was the sixth full year for the previous measure. The City recorded revenues from the measure totaling $1,343,682 for the fiscal year, a decrease of $135,736 over the previous fiscal year, negatively impacted primarily as a result of the COVID-19 pandemic recession that befell the city, region, and the nation starting in March 2020.

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.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

- 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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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 the government's assets and liabilities. All 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:

- **Government funds**: 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.
- **Proprietary funds**: 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.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

- **Fiduciary funds**: 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 43-80 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 $24,581,945 as of June 30, 2020. This is a decrease of ($2,116,681), or (7.9%), from the previous year's net position as restated. It is a combination of an increase in Total Assets and Deferred Outflows of Resources of $602,000 and an increase in Total Liabilities and Deferred Inflows of Resources of $2,719,000. The entire Statement of Net Position can be seen on Page 25.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 22,363	$ 23,216	$ 4,748	$ 2,916	$ 27,111	$ 26,132
Capital assets, net	31,547	31,363	10,705	12,733	42,252	44,096
Total assets	53,910	54,579	15,453	15,649	69,363	70,228
Deferred outflows of resources	4,856	3,385	1,125	1,129	5,981	4,514
Total assets and deferred outflows of resources	**58,766**	**57,964**	**16,578**	**16,778**	**75,344**	**74,742**
Long-term debt outstanding	37,455	35,400	7,360	7,075	44,815	42,475
Other liabilities	3,026	2,305	285	420	3,311	2,725
Total liabilities	40,481	37,705	7,645	7,495	48,126	45,200
Deferred inflows of resources	1,998	2,227	638	616	2,636	2,843
Total liabilities and deferred inflows of resources	**42,479**	**39,932**	**8,283**	**8,111**	**50,762**	**48,043**
Net position:						
Net investment in capital assets	24,557	23,344	10,704	11,133	35,261	34,477
Restricted	8,334	8,053	723	723	9,057	8,776
Unrestricted	(16,604)	(13,365)	(3,132)	(3,189)	(19,736)	(16,554)
Total net position	**$ 16,287**	**$ 18,032**	**$ 8,295**	**$ 8,667**	**$ 24,582**	**$ 26,699**

The largest portion of the City's total net position of $24.6 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, $9.1 million, represents resources that were subject to external restrictions on how they may be used. The remaining ($19.7) 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 $18.4 million net pension liability, and $15.5 million net OPEB liability.

Changes in Net Position: The change in government-wide net position went from an increase of $3,088,497 in FY 2019 in fiscal year 2019 to a decrease of ($2,116,681) in fiscal year 2020. This is a result of total revenues decreasing by ($3,273,405), or (15.3%), and total expenses increasing by $1,931,773, or 10.5%. A further analysis is shown below.

	(in thousands of dollars)	
	2020	2019
Program revenues	$ 6,468	$ 8,716
General revenues	11,659	12,685
Governmental expenses	(15,765)	(13,643)
Business-type expenses	(4,479)	(4,669)
Net increase (decrease)	$ (2,117)	$ 3,089

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Revenues: Program revenues for governmental activities decreased by ($2,077,477), or (43.5%).This is made up of a decrease in capital grants and contributions of ($886,120) a decrease in operating grants and contributions of ($564,792), and a decrease in charges for services of ($626,385). Several capital projects that were grant funded were completed in FY 2019. The decrease in charges for services revenues was due to decreased development activity in FY 2020 as well as the impacts from the COVID-19 pandemic recession.

Program revenues for business-type activities decreased ($170,696), or (4.3%). This is made up of an increase in charges for services of $23,724 offset by a decrease in capital grants and contributions of ($194,420). Charges for services increased in Wastewater by $406,011, or 15.5%, due primarily to planned fee increases of 15% to wastewater rate payers. Charges for services in recreation programs, however, decreased by ($382,287), or (35.0%), due primarily to the impacts of the stay-at-home orders issued by the County Health Department and the Governor's Office in March 2020 related to the COVID-19 pandemic. All recreation programs were effectively shut down from March 16, 2020 through the end of the fiscal year and, thus, revenues were not collected during that time. The decrease in capital grants and contributions was due to the completion of certain wastewater system improvements in FY 2019 that were partially funded through state grant programs.

Expenses: Governmental activities expenses increased by $2,121,588, or 15.6%. These increases were due primarily to pension and OPEB costs associated GASB 68 and GASB 75 pension expenses, respectively, as well as salary and benefits adjustments for staff.

Business-type activities decreased by ($189,815), or (4.1%). Wastewater expenses decreased by ($981,755), or (30.2%), due primarily to staffing vacancies and the fact that GASB 75 related OPEB costs were recorded for the first time in FY 2019. Recreation expenses increased by $791,940, or 55.8%, due in large part to adjustments to the OPEB liability in the recreation fund as well as one-time payouts of employee benefits associated with the layoff of most of the recreation staffing as a result of the shut down of recreation programs from the COVID-19 pandemic as indicated earlier.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

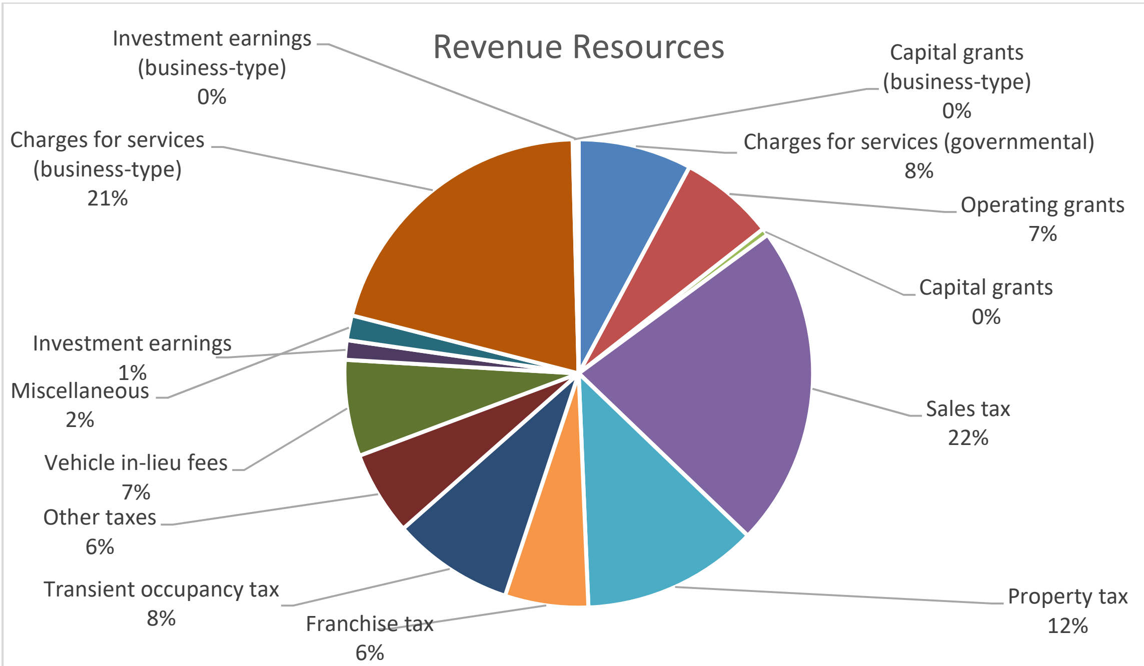
Statement of Activities/Change in Net Position: Below is a table of the current and prior fiscal year recap of the changes in net position. The entire Statement of Activities can be seen on Pages 26-27.

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

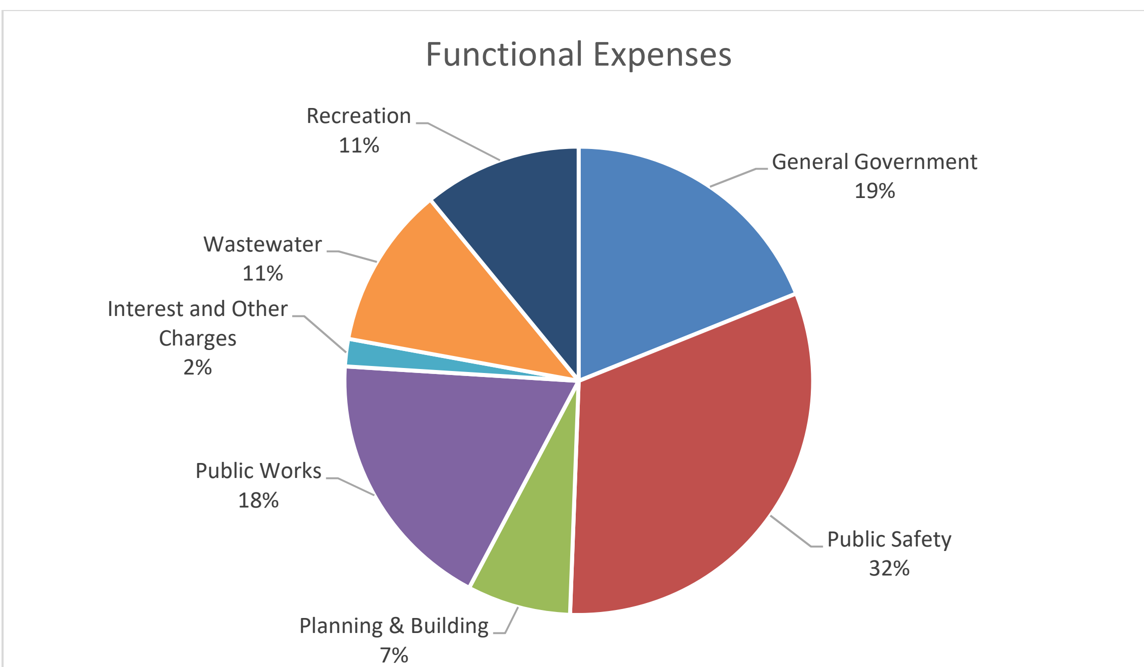
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	$ 1,420	$ 2,047	$ 3,733	$ 3,710	$ 5,153	$ 5,757
Operating grants	1,192	1,756	-	-	1,192	1,756
Capital grants	92	978	31	225	123	1,203
General revenues:						
Sales tax	4,035	4,379	-	-	4,035	4,379
Property tax	2,205	2,564	-	-	2,205	2,564
Other taxes	3,616	4,076	-	-	3,616	4,076
Fees	1,205	1,152	-	-	1,205	1,152
Investment earnings	244	184	44	36	288	220
Miscellaneous	311	296	-	-	311	296
Total revenues	14,320	17,432	3,808	3,971	18,128	21,403
Expenses:						
General Government	3,830	2,592	-	-	3,830	2,592
Public Safety	6,412	5,846	-	-	6,412	5,846
Planning & Building	1,450	1,324	-	-	1,450	1,324
Public Works	3,691	3,297	-	-	3,691	3,297
Interest on Debt	382	584	-	-	382	584
Wastewater	-	-	2,268	3,250	2,268	3,250
Recreation	-	-	2,211	1,419	2,211	1,419
Total expenses	15,765	13,643	4,479	4,669	20,244	18,312
Excess of (Deficiency)	(1,445)	3,789	(671)	(698)	(2,116)	3,091
Sale of Real Property		-	-	-	-	-
Transfers	(300)	53	300	(53)	-	-
Change in net position	$ (1,745)	$ 3,842	$ (371)	$ (751)	$ (2,116)	$ 3,091
Net position:						
Beginning of year	17,539		8,666			
Prior period adjustment	493		-			
Beginning of year, restated	18,032		8,666			
End of year	$ 16,287		$ 8,295			

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Revenue Chart: As shown in the Statement of Activities, revenues for fiscal year 2019/20 totaled $18.1 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 2019/20 totaled $20.2 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, total costs of $15,764,923 were offset by charges for services of ($1,420,239), operating grants/contributions of ($1,191,527), and capital grants/contributions of ($91,670), bringing the net cost of services to $13,061,487. This is an increase in net cost of $4,199,065 from the prior fiscal year.

For business-type activities, total costs of $4,479,208 were offset by charges for services of ($3,733,345) and capital grants/contributions ($31,204), bringing the net cost of services to $714,659. This is a decrease in net cost of ($19,119) 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	$ 3,829,666	$ 165,304	$ 3,664,362
Public safety	6,411,762	169,409	6,242,353
Planning and building	1,449,842	834,807	615,035
Public works	3,691,894	1,533,916	2,157,978
Interest on long term debt	381,759	-	381,759
Total government	$ 15,764,923	$ 2,703,436	$ 13,061,487
Wastewater	2,267,855	3,054,309	(786,454)
Recreation	2,211,353	710,240	1,501,113
Total business-type	$ 4,479,208	$ 3,764,549	$ 714,659

A description of each program is listed below:

- General Government expenses comprise approximately 19% 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 2% of all expenses. The interest expense is used to pay long-term debt obligations.
- Wastewater expenses comprises 11% of all expenses. Sewer service fees and charges to customers help to offset expenses.
- Recreation expenses comprise 11% of all expenses. These programs are primarily funded through recreational program revenues and the general fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The following analysis pertains to the fund financial statements (pages 29-41) 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 2019 to 2020. The total revenues and expenditures do not include any "other financing sources (uses)."

	Increase (Decrease) from Prior Year			
	Assets	Liabilities	Revenues	Expenditures
General Fund	$ (857,954)	$ 199,443	$ (1,191,727)	$ 1,341,445
Special Rev Funds	1,339,316	1,096,777	(2,062,853)	(511,028)
Debt Service Funds	19,446	(355,000)	4,533	1,685
Capital Project Funds	(206,594)	(45,005)	31,067	384,669
Totals	$ 294,214	$ 896,215	$ (3,218,980)	$ 1,216,771

The largest increase in assets of City funds were assets in the Special Revenue Funds of $1,339,316 attributed to unexpended development impact fee revenues received from developers, increasing cash assets in those funds. The largest increase in liabilities of City funds were liabilities in the Special Revenues Funds of $1,096,777 attributed to payables for construction work completed related to Measure D funded transportation projects and an increase in interfund borrowing for State transportation-funded projects in advance of receipt of grant funds from the State.

The largest decrease in revenues was in the Special Revenue Funds of $2,062,853, as there were significant capital projects in FY 2019 funded from intergovernmental grants that were recognized in the prior year. The decrease in general fund revenues is mainly attributed to decreases in transient occupancy taxes due to the impacts from the COVID-19 pandemic that significantly curtailed tourism and travel in the fourth quarter of FY 2020. The increases in expenditures of $1,341,445 in the General Fund were due to a variety of factors including increased unemployment insurance and contracted services costs associated with the response to the COVID-19 pandemic and increased pension costs.

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, 2020

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes and assessments	$ 9,672,447	$ 9,672,447	$ 9,445,761	$ (226,686)
Franchise fees	1,055,600	1,055,600	1,043,116	(12,484)
Intergovernmental revenues	1,000	1,000	-	(1,000)
Fees and services	880,620	880,620	847,416	(33,204)
Fines and forfeitures	24,300	24,300	31,442	7,142
Investment earnings	35,000	35,000	44,782	9,782
Miscellaneous revenues	181,200	181,200	107,064	(74,136)
	11,850,167	11,850,167	11,519,581	(330,586)
Transfers in	235,000	235,000	235,000	-
Total Revenues	**$ 12,085,167**	**$ 12,085,167**	**$ 11,754,581**	**$ (330,586)**

Fiscal year 2020 General Fund revenue budget reflects no amendments that were approved by the City Council during the year.

Actual revenues were below final budgeted amounts by ($330,586). Property tax revenue exceeded budget projections by $323,787 due to better-than-anticipated assessed valuations on properties. Sales taxes also finished the year $99,559 above budget projections. Favorable sales tax revenues from online sales offset decreases in fuel sales and retail associated with the fourth quarter shutdown during the COVID-19 pandemic. The largest deficiencies came from transient occupancy taxes that were ($733,027) below original projections, and business license taxes that were ($104,584) below projections. The State and County stay-at-home orders from March 16 through the end of May 2020 all but shut down hotels in Scotts Valley and the region, which led fewer hotel tax revenues as tourism and travel in the Santa Cruz region fell sharpy during one of the busiest times of the year. Business license taxes fell below projections due to delayed implementation of the City's online business license tax application which delayed collection of business license taxes into FY 2021.

GENERAL FUND BUDGETARY HIGHLIGHTS (concluded)

Expenses:

SUMMARY OF GENERAL FUND EXPENDITURES
BUDGET AND ACTUAL
Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
Expenditures:				
General government	$ 2,634,055	$ 2,717,302	$ 3,203,865	$ 486,563
Public Safety	5,762,592	5,762,592	5,613,498	(149,094)
Planning and building	1,540,574	1,540,574	1,149,823	(390,751)
Public Works	1,997,578	1,997,578	1,567,080	(430,498)
Capital Outlay	500	500	1,414	914
Debt Service	890,346	890,346	695,130	(195,216)
Total expenditures	12,825,645	12,908,892	12,230,810	(678,082)
Transfers out	758,519	665,693	758,519	92,826
Total expenditures	**$ 13,584,164**	**$ 13,574,585**	**$ 12,989,329**	**$ (585,256)**

The amended fiscal year 2020 General Fund expenditure budget reflects amendments approved by the City Council during the year.

Expenses, prior to transfers, were ($678,082) below the final adopted budget. The largest departments that were lower than budgeted were Public Works ($430,498), Planning and Building ($390,751) and Public Safety ($149,094). Debt service was ($195,216) below original budget as the City refinanced some of its general obligations at lower interest rates during the year. General government expenditures, however, finished the year $486,563 above the final adopted budget. Leading causes of the over-expenditure related to higher pension costs than anticipated, and the the need for contractual services and increased unemployment costs associated with the City’s response to the COVID-19 pandemic.

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 ($244,223), or .less than (0.1%). The governmental activities had net capital asset additions of $184,147. Current year depreciation was $1,444,126. Business-type activities had net capital asset to a net decrease of $599,591. The business-type activities had net capital asset reductions of ($428,270) with current year depreciation expense of $777,828.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	$ 7,012	$ 7,012	$ 529	$ 529	$ 7,541	$ 7,541
Buildings & Improvements	3,600	2,553	1,322	1,264	4,922	3,817
Equipment	417	510	1,223	677	1,640	1,187
Infrastructure	18,887	20,812	7,409	8,485	26,296	29,297
Outfall Agreement	-	-	56	59	56	59
Construction in Progress	1,631	476	166	119	1,797	595
TOTAL	$ 31,547	$ 31,363	$ 10,705	$ 11,133	$ 42,252	$ 42,496

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

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-term Debt: A recap of the City's long-term debt is shown below. Total long-term debt increased $2,433,000, or 5.6%. The City refinanced its obligations in three certificates of participation issuances (i.e., 1997-1 Refunding, 2003 Capital Improvement, and 2013 Refunding) by issuing a series of tax exempt and taxable lease revenue refunding bonds (PFA Series 2019A and 2019B) during the year to take advantage of low interest rates and reduce its long-term debt service obligations. Long-term borrowing in bonds and installment notes increased by a net amount of $209,710. The net OPEB obligation increased in total $1,422,028, consisting of an increase in governmental activities of $1,491,305 offset by a decrease in business activities of ($69,277). The net pension obligation increased by $1,403,197, consisting of increases in both governmental activities by $1,055,245 and business activities by $347,952. More detailed information about the City's long-term debt is presented in Notes 6, 7, & 8 to the financial statements.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Certificates of Participation	$ -	$ 9,334	$ -	$ -	$ -	$ 9,334
Lease Revenue Refunding Bonds	$ 9,298	$ -	$ -	$ -	$ 9,298	$ -
Pension Obligation Bonds	1,980	2,335	-	-	1,980	2,335
Installment Note	75	85		-	75	85
Accrued Compensated Absences	611	610	136	127	747	737
Net Pension Liability	14,292	13,237	4,133	3,785	18,425	17,022
Net OPEB Obligation	12,362	10,871	3,162	3,232	15,524	14,103
TOTAL	$ 38,618	$ 36,472	$ 7,431	$ 7,144	$ 46,049	$ 43,616

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

COVID-19 Pandemic

The Novel Coronavirus Disease, commonly referred to as COVID-19, was discovered in December 2019 and was declared a world-wide pandemic by the World Health Organization on March 11, 2020. At that same time, the United States began to see rising cases and death rates associated with the disease. California proclaimed a state of emergency on March 4, 2020. The Santa Cruz County Health Officer issued a stay-at-home directive, as did most other coastal and Bay Area counties, on March 16, 2020. The effect of the stay-at-home orders placed significant restrictions on businesses and residents in an effort to reduce the sudden spike in cases that would require acute medical care.

Scotts Valley was impacted just as the rest of the region and state have been impacted. The City was required to cease recreation programs, including after-school programs and recreation classes. Non-public-safety workers were required to work from home. Much of the City's business community was required to shut down, with the exception of non-essential businesses such as food stores, gas stations, hardware stores, and businesses that supported community infrastructure and housing. Sales tax revenues were impacted, but the changes made to sales tax allocation as a result of the *South Dakota v. Wayfair, Inc.* judgment has offset what might otherwise be a significant deterioration in sales tax revenues.

Due to the stay-at-home orders across the Western United States and the rest of the country, non-essential travel was discontinued. The City's transient occupancy tax generators, especially the Hilton Hotel, Four Seasons Hotel, Best Western, saw their operations decrease significantly during the start of the peak travel season in the region. The 1440 Multiversity property ceased operations as their business model would not allow for group gatherings and corporate clients retracted from conducting immersion learning programs.

Economy

If it were not for the impacts from the COVID-19 pandemic, the City's economy had 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.), continues to be affected by economic downturns. The elasticity of key revenues sources such as sales tax, transient occupancy tax, business license fees, and building permits is something that the City keeps a close watch upon. The City has buffeted these downturns through the use of reserves and key decisions relative to compensation and benefits for employees and identifying other cost-saving measures.

As the economy improved over the last several years, the city has improved its financial position that allowed it to weather the impacts of the COVID-19 pandemic recession. 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 have a significant impact on the City's personnel costs.

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.

The City approved a fiscal sustainability plan in 2018 that identified revenue enhancement and cost reduction strategies to address the projected fiscal gap in its General Fund. One of the budget strategies within that plan was increasing the City's transient occupancy tax by 1% (from 10% to 11%), which was approved by voters in November 2018.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

The most significant budget strategy to address the General Fund's fiscal gap was to increase the local transactions and use (sales) tax rate. The current sales tax rate of 0.5% was approved by voters in November 2013 that was set to expire in April 2022. However, the City placed a measure on the March 2020 primary ballot after declaring a fiscal emergency in accordance with State law to increase the local sales tax rate from 0.5% to 1.25% after legislative relief was provided by action of the California Legislature and approved by the Governor. Voters approved that measure in March 2020 and the new sales tax rate went into effect on July 1, 2020. The COVID-19 pandemic recession notwithstanding, the increased sales tax rate is expected to provide sufficient revenue sources long-term to allow the City's General Fund to solve its structural fiscal gap, maintain reserves above the City's minimum reserve level of two months (or 17%) of annual operating expenditures, and allow the City to maintain service levels to the community.

The City's wastewater operations are in the final year of a three year planned increase in rates of 15% per year. A sewer system master plan is being created that will identify the timing and magnitude of system improvements required to maintain the system to serve the community's needs today and in the future. The City will be conducting a rate study and will determine what changes will be necessary to ensure that current operations and future capital improvements to the City's wastewater collection and treatment facilities are adequately funded.

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.

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, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 12,328,511	$ 2,125,321	$ 14,453,832
Receivables	1,613,102	1,022,989	2,636,091
Total current assets	13,941,613	3,148,310	17,089,923
Noncurrent assets:			
Advances to Redevelopment Successor Agency	5,041,886	1,600,000	6,641,886
Loans receivable	3,376,109	-	3,376,109
Restricted cash with fiscal agent	3,397	-	3,397
Capital assets:			
Nondepreciable	8,643,362	694,935	9,338,297
Depreciable, net	22,903,303	10,009,573	32,912,876
Net capital assets	31,546,665	10,704,508	42,251,173
Total noncurrent assets	39,968,057	12,304,508	52,272,565
Total assets	53,909,670	15,452,818	69,362,488
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pension	3,111,816	881,932	3,993,748
Deferred outflows from OPEB	949,247	242,831	1,192,078
Deferred loss on refunding	794,889	-	794,889
Total deferred outflows of resources	4,855,952	1,124,763	5,980,715
LIABILITIES			
Current liabilities:			
Accounts payable	762,673	134,230	896,903
Accrued liabilities	262,977	42,359	305,336
Deposits payable	716,785	-	716,785
Unearned revenue	1,000	36,768	37,768
Long-term debt - current portion	1,292,038	71,954	1,363,992
Total current liabilities	3,035,473	285,311	3,320,784
Non-current liabilities:			
Accrued interest	118,594	-	118,594
Long-term debt - noncurrent portion	10,671,680	64,053	10,735,733
Net pension liability	14,292,265	4,132,731	18,424,996
Net OPEB liability	12,362,372	3,162,467	15,524,839
Total noncurrent liabilities	37,444,911	7,359,251	44,804,162
Total liabilities	40,480,384	7,644,562	48,124,946
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	944,534	368,590	1,313,124
Deferred inflows from OPEB	1,053,650	269,538	1,323,188
Total deferred inflows of resources	1,998,184	638,128	2,636,312
NET POSITION			
Net investment in capital assets	24,557,190	10,704,508	35,261,698
Restricted for:			-
Debt services	3,397	-	3,397
Low mod housing	1,589,318	-	1,589,318
Public safety	618,652	-	618,652
Public project	3,291,847	722,596	4,014,443
Parks & recreations	1,835,661	-	1,835,661
Others	995,132	-	995,132
Total Restricted:	8,334,007	722,596	9,056,603
Unrestricted	(16,604,143)	(3,132,213)	(19,736,356)
Total net position	$ 16,287,054	$ 8,294,891	$ 24,581,945

See accompanying Notes to Basic Financial Statements

City of Scotts Valley
Statement of Activities
For the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Program Revenues: Total
Primary Government:					
Governmental activities:					
General government	$ 3,829,666	$ 165,304	$ -	$ -	$ 165,304
Public safety	6,411,762	77,739	-	91,670	169,409
Planning and building	1,449,842	834,807	-	-	834,807
Public works	3,691,894	342,389	1,191,527	-	1,533,916
Interest	381,759	-	-	-	-
Total governmental activities	15,764,923	1,420,239	1,191,527	91,670	2,703,436
Business-type activities:					
Wastewater	2,267,855	3,023,105	-	31,204	3,054,309
Recreation programs	2,211,353	710,240	-	-	710,240
Total business-type activities	4,479,208	3,733,345	-	31,204	3,764,549
Total primary government	$ 20,244,131	$ 5,153,584	$ 1,191,527	$ 122,874	$ 6,467,985

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
$ (3,664,362)	$ -	$ (3,664,362)
(6,242,353)	-	(6,242,353)
(615,035)	-	(615,035)
(2,157,978)	-	(2,157,978)
(381,759)	-	(381,759)
(13,061,487)	-	(13,061,487)
-	786,454	786,454
-	(1,501,113)	(1,501,113)
-	(714,659)	(714,659)
$ (13,061,487)	$ (714,659)	$ (13,776,146)
4,035,344	-	4,035,344
2,204,764	-	2,204,764
1,043,116	-	1,043,116
1,520,372	-	1,520,372
794,878	-	794,878
257,716	-	257,716
1,205,024	-	1,205,024
243,666	43,902	287,568
310,683	-	310,683
(299,502)	299,502	-
11,316,061	343,404	11,659,465
(1,745,426)	(371,255)	(2,116,681)
18,032,480	8,666,146	26,698,626
$ 16,287,054	$ 8,294,891	$ 24,581,945

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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, 2020

	General Fund	Special Revenue Funds			
		Successor Housing Agency	General Facility	Traffic Impact Mitigation	Lennar Fund
ASSETS					
Cash and investments	$ 2,701,815	$ 945,131	$ 83,858	$ 645,125	$ 716,150
Receivables:					
Due from other governments	1,169,196	-	-	-	-
Other	-	-	-	-	-
Due from other funds	656,980	-	-	-	-
Advances to other funds	139,532	-	-	-	-
Notes receivable	-	650,000	-	-	-
Restricted cash with fiscal agent	3,397	-	-	-	-
Total assets	4,670,920	1,595,131	83,858	645,125	716,150
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	327,945	5,813	-	2,245	-
Accrued liabilities	260,988	-	-	-	-
Deposits	-	-	-	-	716,150
Unearned Revenues	1,000	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	139,532	-	-
Total liabilities	589,933	5,813	139,532	2,245	716,150
Fund balances:					
Nonspendable	139,532	-	-	-	-
Restricted	3,397	1,589,318	-	642,880	-
Assigned	-	-	-	-	-
Unassigned	3,938,058	-	(55,674)	-	-
Total fund balances	4,080,987	1,589,318	(55,674)	642,880	-
Total liabilities, deferred inflows of resources, and fund balances	$ 4,670,920	$ 1,595,131	$ 83,858	$ 645,125	$ 716,150

Capital Projects Fund		
General Capital Improvements	Nonmajor Governmental Funds	Total
$ 1,007,092	$ 6,194,194	$ 12,293,365
-	-	1,169,196
21,962	421,944	443,906
-	-	656,980
-	-	139,532
-	550,000	1,200,000
-	-	3,397
1,029,054	7,166,138	15,906,376
32,462	394,208	762,673
-	1,989	262,977
-	-	716,150
-	-	1,000
-	656,980	656,980
-	-	139,532
32,462	1,053,177	2,539,312
-	-	139,532
974,630	5,123,782	8,334,007
21,962	1,363,666	1,385,628
-	(374,487)	3,507,897
996,592	6,112,961	13,367,064
$ 1,029,054	$ 7,166,138	$ 15,906,376

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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, 2020

Total Fund Balances - Total Governmental Funds	$ 13,367,064
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.	2,176,109
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 follows:	
Non-depreciable	8,643,362
Depreciable, net	22,903,303
Deferred inflows of resources reported on the Government-wide Statement of Net Position:	
Deferred outflows - pension	3,111,816
Deferred outflows - OPEB	949,247
Deferred loss on refunding	794,889
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.	(118,594)
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.	34,511
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	(14,292,265)
Net OPEB liability	(12,362,372)
Long term liabilities - due within one year	(1,292,038)
Long term liabilities - due in more than one year	(10,671,680)
Deferred inflows of resources reported on the Government-wide Statement of Net Position:	
Deferred pension inflows	(944,534)
Deferred OPEB inflows	(1,053,650)
Net Position of Governmental Activities	$ 16,287,054

City of Scotts Valley
Statement of Revenues, Expenditures and Changes in Fund Balances
Govermental Funds
For the year ended June 30, 2020

	General Fund	Special Revenue Funds: Successor Housing Agency	General Facility	Traffic Impact Mitigation	Lennar Fund
REVENUES:					
Taxes and assessments	$ 10,488,877	$ -	$ -	$ -	$ -
Intergovernmental revenues	-	-	-	-	-
Fees and services	830,737	209,629	2,739	30,143	-
Fines and forfeitures	31,442	-	-	-	-
Contributions from non-government	-	-	-	-	4,945
Facility and building rental	-	112,354	-	-	-
Investment earnings	61,461	18,878	1,756	13,641	-
Miscellaneous revenues	107,064	-	-	-	-
Total revenues	11,519,581	340,861	4,495	43,784	4,945
EXPENDITURES:					
Current:					
General government	3,203,864	-	140	-	-
Public safety	5,613,499	-	-	-	-
Planning and building	1,149,823	204,566	-	-	-
Public works	1,567,080	-	-	23,728	-
Capital outlay	1,414	-	-	-	4,945
Debt service:					
Principal	515,000	-	-	-	-
Interest and fiscal charges	180,130	-	-	-	-
Total expenditures	12,230,810	204,566	140	23,728	4,945
REVENUES OVER (UNDER) EXPENDITURES	(711,229)	136,295	4,355	20,056	-
OTHER FINANCING SOURCES (USES):					
Issuance of debt	9,460,000	-	-	-	-
Premiuim from issuance of debt	356,636	-	-	-	-
Payment to escrow	(9,639,285)	-	-	-	-
Transfers in	235,000	-	-	-	-
Transfers out	(758,519)	-	-	-	-
Total other financing sources (uses)	(346,168)	-	-	-	-
Net change in fund balances	(1,057,397)	136,295	4,355	20,056	-
FUND BALANCES (DEFICITS):					
Beginning of year, as restated	5,138,384	1,453,023	(60,029)	622,824	-
End of year	$ 4,080,987	$ 1,589,318	$ (55,674)	$ 642,880	$ -

Capital Projects Fund		
General Capital Improvements	Nonmajor Governmental Funds	Total
$ -	$ 628,196	$ 11,117,073
84,396	964,580	1,048,976
75,401	211,546	1,360,195
-	-	31,442
-	3,560	8,505
-	-	112,354
22,733	124,519	242,988
160,596	47,652	315,312
343,126	1,980,053	14,236,845
-	-	3,204,004
-	7,666	5,621,165
-	10,855	1,365,244
12,272	362,197	1,965,277
492,440	1,273,439	1,772,238
-	355,000	870,000
-	93,639	273,769
504,712	2,102,796	15,071,697
(161,586)	(122,743)	(834,852)
-	-	9,460,000
-	-	356,636
-	-	(9,639,285)
-	459,017	694,017
-	(235,000)	(993,519)
-	224,017	(122,151)
(161,586)	101,274	(957,003)
1,158,178	6,011,687	14,324,067
$ 996,592	$ 6,112,961	$ 13,367,064

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, 2020

Net Change in Fund Balances - Total Governmental Funds	$ (957,003)
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.	1,628,173
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.	(1,444,126)
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 Position.	(1,134)
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 Position.	673,794
Pension expenses and other postemployment benefits (OPEB) were reported in the Government-Wide Statement of Activities, but did not require the 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	109,275
Deferred outflows - OPEB	566,760
Net pension liability	(1,055,245)
Net OPEB liability	(1,491,305)
Deferred inflows - pension	(13,302)
Deferred inflows - OPEB	242,443
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 funds.	(89,135)
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 Position.	81,473
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 activities	3,906
Change in Net Position of Governmental Activities	$ (1,745,426)

City of Scotts Valley
Statement of Net Position
Proprietary Funds
June 30, 2020

	Enterprise Funds			
	Recreation Fund	Wastewater Fund	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and investments	$ 220	$ 2,125,101	$ 2,125,321	$ 35,146
Receivables:				
Sewer fees	-	947,366	947,366	-
Other	35,309	40,314	75,623	-
Advances to Successor Agency	-	1,600,000	1,600,000	-
Total current assets	35,529	4,712,781	4,748,310	35,146
Noncurrent assets:				
Capital assets:				
Nondepreciable	-	694,935	694,935	-
Depreciable, net	-	10,009,573	10,009,573	-
Total capital assets	-	10,704,508	10,704,508	-
Total noncurrent assets	-	10,704,508	10,704,508	-
Total assets	35,529	15,417,289	15,452,818	35,146
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	400,878	481,054	881,932	-
Deferred outflows related to OPEB	110,378	132,453	242,831	-
Total deferred outflows of resources	511,256	613,507	1,124,763	-
LIABILITIES				
Current liabilities:				
Accounts payable	4,439	129,791	134,230	635
Accrued liabilities	13,006	29,353	42,359	-
Compensated absences	71,478	64,529	136,007	-
Unearned revenues	36,768	-	36,768	-
Total current liabilities	125,691	223,673	349,364	635
Noncurrent liabilities:				
Net pension liability	1,878,514	2,254,217	4,132,731	-
Net OPEB liability	1,437,485	1,724,982	3,162,467	-
Total noncurrent liabilities	3,315,999	3,979,199	7,295,198	-
Total liabilities	3,441,690	4,202,872	7,644,562	635
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	167,541	201,049	368,590	-
Deferred inflows related to OPEB	122,517	147,021	269,538	-
Total deferred inflows of resources	290,058	348,070	638,128	-
NET POSITION				
Net investment in capital assets	-	10,704,508	10,704,508	-
Restricted for capital improvements	-	722,596	722,596	-
Unrestricted	(3,184,963)	52,750	(3,132,213)	34,511
Total net position	$ (3,184,963)	$ 11,479,854	$ 8,294,891	$ 34,511

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, 2020

	Enterprise Funds			
	Recreation Fund	Wastewater Fund	Total	Internal Service Fund
OPERATING REVENUES:				
Fees and services	$ 710,240	$ 3,023,105	$ 3,733,345	$ 47,771
Total operating revenues	710,240	3,023,105	3,733,345	47,771
OPERATING EXPENSES:				
Salaries	570,399	461,593	1,031,992	-
Taxes and benefits	1,322,548	(533,378)	789,170	-
Maintenance and operations	68,262	991,034	1,059,296	54
Advertising	494	-	494	-
Professional and contractual services	88,195	149,407	237,602	-
Utilities and communications	17,448	418,556	436,004	-
Insurance and bonds	143,507	3,315	146,822	44,492
Depreciation	500	777,328	777,828	-
Total operating expenses	2,211,353	2,267,855	4,479,208	44,546
OPERATING INCOME (LOSS)	(1,501,113)	755,250	(745,863)	3,225
NONOPERATING REVENUE (EXPENSES)				
Interest income	-	43,902	43,902	681
Total nonoperating revenues (expenses)	-	43,902	43,902	681
OTHER FINANCING SOURCES (USES):				
Capital contributions	-	31,204	31,204	-
Transfers in	380,535	-	380,535	-
Transfers out	(30,259)	(50,774)	(81,033)	-
Total contributions and transfers	350,276	(19,570)	330,706	-
Change in net position	(1,150,837)	779,582	(371,255)	3,906
NET POSITION:				
Beginning of year	(2,034,126)	10,700,272	8,666,146	30,605
End of year	$ (3,184,963)	$ 11,479,854	$ 8,294,891	$ 34,511

City of Scotts Valley
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2020

	Enterprise Funds			
	Recreation Fund	Wastewater Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers	$ 700,035	$ 2,205,552	$ 2,905,587	$ 47,771
Payments for goods and services	(357,741)	(1,555,809)	(1,913,550)	(47,490)
Payments to employees	(692,570)	(815,404)	(1,507,974)	-
Net cash provided by (used in) operating activities	(350,276)	(165,661)	(515,937)	281
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash receipts from other funds	380,535	-	380,535	-
Cash disbursements to other funds	(30,259)	(50,773)	(81,032)	-
Net cash provided by (used in) noncapital financing activities	350,276	(50,773)	299,503	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Cash receipts of connection and standby fees	-	31,204	31,204	-
Acquisition of capital assets	-	(349,556)	(349,556)	-
Net cash provided by (used in) capital and related financing activities	-	(318,352)	(318,352)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	-	43,901	43,901	681
Net cash provided by (used in) investing activities	-	43,901	43,901	681
Net Cash Flows	-	(490,885)	(490,885)	962
CASH AND CASH EQUIVALENTS - Beginning of Year	220	2,615,986	2,616,206	34,184
CASH AND CASH EQUIVALENTS - End of Year	$ 220	$ 2,125,101	$ 2,125,321	$ 35,146
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	$ (1,501,113)	$ 755,250	$ (745,863)	$ 3,225
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	500	777,328	777,828	-
Changes in assets and liabilities:				
(Increase) decrease in receivables	94,763	(817,553)	(722,790)	-
(Increase) decrease in deferred outflows of resources	(164,080)	168,252	4,172	-
Increase (decrease) in accounts payable	(9,660)	(4,554)	(14,214)	(2,944)
Increase (decrease) in accrued liabilities	(30,175)	11,057	(19,118)	-
Increase (decrease) in compensated absences	5,756	2,866	8,622	-
Increase (decrease) in unearned revenues	(104,968)	-	(104,968)	-
Increase (decrease) in net pension liability	845,248	(497,296)	347,952	-
Increase (decrease) in net OPEB liability	454,801	(524,078)	(69,277)	-
Increase (decrease) in deferred inflows of resources	58,652	(36,933)	21,719	-
Net cash provided by (used in) operating activities	$ (350,276)	$ (165,661)	$ (515,937)	$ 281

City of Scotts Valley
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Successor Agency Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments held for others, restricted	$ 1,168,671	$ 575,550
Cash and investments held in accordance with bond indentures, restricted	281	358,232
Capital assets:		
Nondepreciable	5,386,012	-
Depreciable, net	5,336,583	-
Total assets	11,891,547	933,782
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding of debt	1,033,934	-
Total deferred outflows of resources	1,033,934	-
LIABILITIES		
Deposits	-	237,407
Accrued interest payable	519,017	-
Advance assessments collected	-	338,143
Bond reserve payable	-	358,232
Long-term debt:		
Due in one year	530,000	-
Due in more than one year	17,824,930	-
Total liabilities	18,873,947	$ 933,782
NET POSITION:		
Held in trust for dissolution of RDA	(5,948,466)	
Total net position	$ (5,948,466)	

City of Scotts Valley
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2020

	Successor Agency Private Purpose Trust Fund
ADDITIONS:	
Redevelopment Property Tax Trust Fund	$ 1,564,631
Total additions	1,564,631
DEDUCTIONS	
Administrative expenses	61,085
Enforceable obligations of former Redevelopment Agency	841,832
Depreciation	186,153
Interest expense	575,711
Amortization expense	51,696
Total deductions	1,716,477
Change in fiduciary net position	(151,846)
NET POSITION:	
Beginning of year	(5,796,620)
End of year	$ (5,948,466)

See accompanying Notes to Basic Financial Statements

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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 parks 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 recognized when measurable and available. Sales and use tax, transient occupancy tax, franchise tax, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within 90 days of fiscal year end. Property taxes are accrued when their receipt occurs within 60 days of fiscal year end. 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.

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

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.

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, 2020, the City had not entered into any legally binding guarantees to support the participant equity in the investment pool.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents, and Investments, Continued

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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. Liquidation of the liability is recorded in the Statement of Net Position based upon the governmental and/or business-type activity to which each employee is allocated.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Long-Term Debt, Continued

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.

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. The net pension liability is liquidated primarily based on the allocation of current employees' charged to governmental and/or business-type activities.

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. The net OPEB liability is liquidated based on the allocation of current employees' charged to governmental and/or business-type activities. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

P. New Accounting Pronouncements

In 2020, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- *GASB Statement No.* 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* – Due to the spread of COVID-19 Pandemic, GASB issued the above statement postponing implementation of certain authoritative guidance. As such, no new accounting standards applicable to the City during the current fiscal year

2. CASH AND INVESTMENTS

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

	Government-Wide Statement of Net Position		Fund Financials	
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	$ 12,328,511	$ 2,125,321	$ 1,744,221	$ 16,198,053
Cash and investments with fiscal agents	3,397	-	358,513	361,910
Total	$ 12,331,908	$ 2,125,321	$ 2,102,734	$ 16,559,963

A. *Summary of Cash and Investments*

Cash, cash equivalents, and investments as of June 30, 2020, consist of the following:

Pooled deposits	$ 1,305,804
Pooled Investments:	
Local Agency Investment Fund (LAIF)	12,042,637
Money Market	2,849,612
Total cash and deposits	16,198,053
Investments with Fiscal Agents and Trustees	361,910
Total cash and investments	$ 16,559,963

B. *Deposits*

The carrying amount of the City's cash deposit was $1,305,804 at June 30, 2020. Bank balances before reconciling items were a positive amount of $1,375,946 at June 30, 2020. 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 is allocated quarterly to each fund based on its pro-rata ownership of the pool.

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, 2020, 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, 2020, the City had $12,042,637 invested in LAIF, which had invested 3.37% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 1.77% in the previous year. The LAIF fair value factor of 1.004912795 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, 2020, 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	$ 12,042,637	$ 12,042,637	$ -	$ -
Money Market	2,849,612	2,849,612	-	-
Total	$ 14,892,249	$ 14,892,249	$ -	$ -

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, 2020.

3. INTERFUND TRANSACTIONS

A. Due To/From Other Funds

At June 30, 2020, the City's Due To/From Other Fund balances were comprised of the following:

	Due From	
Due To	Nonmajor Governmental Funds	Total
General Fund	$ 656,980	$ 656,980
Total	$ 656,980	$ 656,980

3. INTERFUND TRANSACTIONS, Continued

B. Transfers

The City had the following transfers between funds during the year ended June 30, 2020:

	Transfers In			
Transfers Out	General Fund	Nonmajor Governmental Funds	Recreation Enterprise Fund	Total
General Fund	$ -	$ 377,984	$ 380,535	$ 758,519
Nonmajor Governmental Funds	235,000	-	-	235,000
Recreation Enterprise Fund	-	30,259	-	30,259
Wastewater Enterprise Fund	-	50,774	-	50,774
Total	$ 235,000	$ 459,017	$ 380,535	$ 1,074,552

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 debt service and negative cash balance. Transfers from the nonmajor governmental funds to the General Fund were for street projects.

C. Advances To/From Other Funds

At June 30, 2020, 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, 2020.

Description	Balance as of June 30, 2020	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	1,070,864	-
Silent Second Loan Program	555,245	-
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	3,376,109	1,200,000
Total	$ 10,017,995	$ 1,200,000

A. *Advances to Successor Agency*

General Fund and Successor Housing Agency

As of June 30, 2020, 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, 2020, the balance of the advance was $1,600,000.

The total of all advances to the Successor Agency as of June 30, 2020 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, 2020 are as follows:

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, 2020, the outstanding loan balance was $1,070,864.

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, 2020, the outstanding loan balance was $555,245.

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, 2020, 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, 2020, 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 the terms of a repayment agreements. Funds were loaned with Community Development Block Grant (CDBG) funds. The loan is secured by a deed of trust on commercial property. As of June 30, 2020, the outstanding loan balance was $550,000. The CDBG funds must be paid back by the City either through a restructuring of the loan or a payment plan to be determined by the City and HUD.

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, 2020, the outstanding loan balance was $650,000.

The total balance of all loans receivable as of June 30, 2020 was $3,376,109.

5. CAPITAL ASSETS

A. Government-Wide Financial Statements

The City's capital asset activity for the year ended June 30, 2020 was as follows.

	July 1, 2019 Balance	Additions	Reductions	June 30, 2020 Balance
Governmental activities				
Capital assets, not being depreciated				
Land	$ 7,011,920	$ -	$ -	$ 7,011,920
Construction in progress	476,492	1,429,199	(274,249)	1,631,442
Total capital assets, not being depreciated	7,488,412	1,429,199	(274,249)	8,643,362
Capital assets, being depreciated				
Buildings	5,940,144	44,626	-	5,984,770
Machinery and equipment	3,503,738	126,548	-	3,630,286
Infrastructure	43,253,441	302,049	-	43,555,490
Total capital assets, being depreciated	52,697,323	473,223	-	53,170,546
Less accumulated depreciation for:				
Buildings	(2,245,886)	(138,666)	-	(2,384,552)
Machinery and equipment	(2,994,175)	(218,933)	-	(3,213,108)
Infrastructure	(23,583,056)	(1,086,527)	-	(24,669,583)
Total accumulated depreciation	(28,823,117)	(1,444,126)	-	(30,267,243)
Total capital assets, being depreciated, net	23,874,206	(970,903)	-	22,903,303
Governmental activities capital assets, net	$ 31,362,618	$ 458,296	$ (274,249)	$ 31,546,665
Business-type activities				
Capital assets, not being depreciated				
Land	$ 529,416	$ -	$ -	$ 529,416
Construction in progress	119,343	243,466	(197,290)	165,519
Total capital assets, not being depreciated	648,759	243,466	(197,290)	694,935
Capital assets, being depreciated				
Buildings	5,287,273	-	-	5,287,273
Machinery and equipment	6,671,326	303,382	-	6,974,708
Infrastructure	23,112,053	-	-	23,112,053
Outfall agreement	178,000	-	-	178,000
Total capital assets, being depreciated	35,248,652	303,382	-	35,552,034
Less accumulated depreciation for:				
Buildings	(3,845,837)	(120,194)	-	(3,966,031)
Machinery and equipment	(5,598,652)	(153,630)	-	(5,752,282)
Infrastructure	(15,201,467)	(501,037)	-	(15,702,504)
Outfall agreement	(118,677)	(2,967)	-	(121,644)
Total accumulated depreciation	(24,764,633)	(777,828)	-	(25,542,461)
Total capital assets, being depreciated, net	10,484,019	(474,446)	-	10,009,573
Business-type activities capital assets, net	$ 11,132,778	$ (230,980)	$ (197,290)	$ 10,704,508

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

Depreciation expense by program for capital assets for the year ended June 30, 2020 is shown below.

	Governmental		Business-Type
General government	$ 43,174	Wastewater	$ 777,328
Public safety	202,655	Recreation programs	500
Planning and building	6,456		
Public works	1,191,841		
Total depreciation expense	$ 1,444,126	**Total depreciation expense**	$ 777,828

6. LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2020 is shown below.

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Governmental Activities					
Pension Obligation Bonds	$ 2,335,000	$ -	$ (355,000)	$ 1,980,000	$ 365,000
1997 Refunding COP (as restated)	4,151,276		(4,151,276)	-	-
2013 Capital Improvement COP	750,000		(750,000)	-	-
2003 Refunding COP	3,910,000		(3,910,000)	-	-
2019 Lease Revenue Bonds A	-	4,490,000	-	4,490,000	-
2019 Lease Revenue Bonds B	-	4,970,000	(505,000)	4,465,000	445,000
Unamortized premium and discount from issuance	-	356,636	(14,265)	342,371	-
Installment Note	85,000	-	(10,000)	75,000	10,000
Accrued Compensated Absences	610,213	500,042	(498,908)	611,347	472,038
Total Governmental Activities	11,841,489	10,316,678	(10,194,449)	11,963,718	1,292,038
Business-Type Activities					
Accrued Compensated Absences	127,386	93,634	(85,013)	136,007	71,954
Total Business-Type Activities	$ 127,386	$ 93,634	$ (85,013)	$ 136,007	$ 71,954

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 and were fully refunded during the current year as described below.

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. The capital appreciation certificates were refunded in fiscal year 2020 by the issuance of PFA 2019 Lease Revenue Refunding Bonds.

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 debt was refunded in fiscal year by the issuance of PFA 2019 Lease Revenue Refunding Bonds.

6. LONG-TERM DEBT, Continued

A. *Certificates of Participation, Continued*

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 2013 Refunding COP was refunded in fiscal year by the issuance of PFA 2019 Lease Revenue Refunding Bonds.

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 2025. The annual debt service requirements for bonds are as follow.

Year Ending June 30,	Principal	Interest	Total
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	$ 1,980,000	$ 217,433	$ 2,197,433

6. LONG-TERM DEBT, Continued

B. Bonds Payable, Continued

PFA Series 2019A and 2019B Lease revenue refunding bonds

On July 25, 2019, the Scotts Valley Public Financing Authority issued $4,490,000 Series A tax-exempt lease revenue refunding bonds and $4,970,000 Series B taxable revenue refunding bonds. The bond proceeds are used to refinance the City's obligation of 1997-1 Refunding Certificate of Participation, 2003 Capital Improvement Certificates of Participation, and 2013 Refunding Certificate of Participation. Annual principal payments range from $200,000 to $930,000 plus interest from 2.125% to 4.0% per annum, through 2044. Interest on Bonds is payable semiannually on April 1 and October 1 of each year.

	2019A - Tax Exempt		2019B - Taxable		Total	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ -	$ 160,550	$ 445,000	$ 101,978	$ 445,000	$ 262,528
2022	-	160,550	475,000	91,776	475,000	252,326
2023	-	160,550	510,000	80,609	510,000	241,159
2024	-	160,550	560,000	68,156	560,000	228,706
2025	-	160,550	600,000	54,795	600,000	215,345
2026-2030	605,000	767,050	1,875,000	67,630	2,480,000	834,680
2031-2035	1,165,000	568,250	-	-	1,165,000	568,250
2036-2040	1,415,000	317,600	-	-	1,415,000	317,600
2041-2044	1,305,000	79,725	-	-	1,305,000	79,725
	$ 4,490,000	$ 2,535,375	$ 4,465,000	$ 464,943	$ 8,955,000	$ 3,000,318

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
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	10,000	2,400	12,400
2026 - 2028	35,000	3,450	38,450
Total	$ 75,000	$ 20,850	$ 95,850

6. LONG-TERM DEBT, Continued

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, 2020 was $747,354.

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, 2020 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	11.432%	6.985%
Required unfunded liability payment	$638,571	$3,710

	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%	12%
Required employer contribution rates	20.707%	13.034%
Required unfunded liability payment	$500,973	$6,423

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, 2019 were $1,511,426.

7. DEFINED BENEFIT PENSION PLAN, Continued

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

As of June 30, 2020, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of $18,424,996.

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, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2018 rolled forward to June 30, 2019 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, 2018 and 2019 were as follows:

Proportion - June 30, 2018	0.17664%
Proportion - June 30, 2019	0.17981%
Change - Increase (decrease)	0.00317%

For the year ended June 30, 2020, the City recognized pension expense of $3,299,428. At June 30, 2020, 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	$ 1,221,813	$ (31,183)
Changes in assumptions	823,137	(237,710)
Net differences between projected actual earnings and actual earnings on plan investments	-	(291,267)
Changes in employer's proportion	236,120	(31,724)
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(721,240)
Pension contributions subsequent to the measurement date	1,712,678	-
Total	$ 3,993,748	$ (1,313,124)

7. DEFINED BENEFIT PENSION PLAN, Continued

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

$1,712,678 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, 2021.

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,		
2021	$	1,047,917
2022		(265,675)
2023		127,702
2024		58,002

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal in accordance with the requirement of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return	7.15%
Mortality (2)	Derived by CalPERS membership data for all funds

(1) Net of pension plan administrative expenses

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

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	-	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	-	(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	$	27,374,719
Current Discount Rate		7.15%
Net Pension Liability	$	18,424,996
1% Increase		8.15%
Net Pension Liability	$	11,060,763

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, 2020 the City reported no amount payable for outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

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	54
Total	90

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, 2020, the City contributed $498,857 (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, 2019 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	3.50%
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, 2019	$ 14,102,811
Service cost	525,243
Interest on the total OPEB liability	556,831
Changes in assumptions	819,261
Benefits paid to retirees	(479,307)
Net changes	1,422,028
Balance at June 30, 2020	$ 15,524,839

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, 2019:

1% Decrease	2.50%
Net OPEB Liability	$ 18,112,779
Current Discount Rate	3.50%
Net OPEB Liability	$ 15,524,839
1% Increase	4.50%
Net OPEB Liability	$ 13,453,596

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

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, 2019:

1% Decrease	3.0% to 6.5%
Net OPEB Liability	$ 13,178,178
Current Health Care Trend Rate	4.0% to 7.5%
Net OPEB Liability	$ 15,524,839
1% Increase	6.0% to 9.5%
Net OPEB Liability	$ 18,509,571

8. OTHER POST EMPLOYMENT BENEFIT PLAN, Continued

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

For the year ended June 30, 2020, the City recognized OPEB expense of $858,048. At June 30, 2020, 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	$ 693,221	$ (1,323,188)
OPEB contributions subsequent to the measurement date	498,857	-
Total	$ 1,192,078	$ (1,323,188)

$498,857 is reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 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 Outflows/(Inflows) of Resources
2021	$ (225,051)
2022	(225,051)
2023	(225,051)
2024	(96,689)
2025	78,853
Thereafter	63,022
Total	$ (629,967)

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 $947,801 at June 30, 2020 for the following projects:

Project	Commitment
Infrastructure Street Improvements	$ 572,235
Infrastructure Park Improvements	13,586
Building - Library Improvements	33,510
Sewer MP and SSMP	176,193
Grant & General Plan	152,277
	$ 947,801

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, 2020, 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	3,397	-	-	-	-	-	-	3,397
Low mod housing	-	1,589,318	-	-	-	-	-	1,589,318
Impact fees	-	-	-	642,880	-	-	-	642,880
Public works	-	-	-	-	-	974,630	1,674,337	2,648,967
Public safety	-	-	-	-	-	-	618,652	618,652
Parks & recreation	-	-	-	-	-	-	1,835,661	1,835,661
Community development	-	-	-	-	-	-	550,578	550,578
Planning	-	-	-	-	-	-	444,554	444,554
Subtotal	3,397	1,589,318	-	642,880	-	974,630	5,123,782	8,334,007
Assigned:								
Debt service	-	-	-	-	-	-	995,130	995,130
Public works	-	-	-	-	-	21,962	205,256	227,218
Parks & recreation	-	-	-	-	-	-	163,280	163,280
Subtotal	-	-	-	-	-	21,962	1,363,666	1,385,628
Unassigned	3,938,058	-	(55,674)	-	-	-	(374,487)	3,507,897
Total	$ 4,080,987	$ 1,589,318	$ (55,674)	$ 642,880	$ -	$ 996,592	$ 6,112,961	$ 13,367,064

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, 2020 is as follows:

	July 1, 2019 Balance	Additions	Reductions	June 30, 2020 Balance
Governmental activities				
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 furnitures	245,037	-	-	245,037
Total capital assets, being depreciated	7,283,005	-	-	7,283,005
Less accumulated depreciation for:				
Buildings	(562,265)	(59,186)	-	(621,451)
Improvements	(986,464)	(104,633)	-	(1,091,097)
Equipment and furnitures	(211,540)	(22,334)	-	(233,874)
Total accumulated depreciation	(1,760,269)	(186,153)	-	(1,946,422)
Total capital assets, being depreciated, net	5,522,736	(186,153)	-	5,336,583
Governmental activities capital assets, net	$ 10,908,748	$ (186,153)	$ -	$ 10,722,595

B. *Long-Term Debt*

Summary of changes long-term debt for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
2017 Tax Allocation Refunding Bonds	$ 12,152,304	$ -	$ (520,000)	$ 11,632,304	$ 530,000
Bond issuance premium	85,220	-	(4,480)	80,740	-
Total Refunding Bonds	12,237,524	-	(524,480)	11,713,044	530,000
Advance from the City	3,332,365	-	-	3,332,365	-
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	$ 18,879,410	$ -	$ (524,480)	$ 18,354,930	$ 530,000

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, 2020 was $11,632,304

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, 2020 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	$ 2,870,000

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, 2020, the City recorded prior period adjustments to correct beginning of year long-term debt payable and interest payable due to the 1997 COP accredited value adjustment.

		Prior Period Adjustments		
	Net Position/ Fund Balance as Previously Reported	Interest Payable	Long-term Debt	Net Position/ Fund Balance Net Position as Restated
Governmental-Wide Financial Statements				
Governmental Activities	$ 17,539,207	$ 3,393,961	$ (2,900,688)	$ 18,032,480
Total	$ 17,539,207	$ 3,393,961	$ (2,900,688)	$ 18,032,480

16. COVID-19 PANDEMIC

During December 2019, the Novel Corona Virus Disease (COVID-19) was discovered and subsequently declared a world-wide pandemic by the World Health Organization on March 11, 2020. On March 4, 2020, California State Governor Gavin Newsom proclaimed a State of Emergency as a result of the threat of the COVID-19 in the State of California, leading the Santa Cruz County Health Officer to issue a stay-at-home directive on March 16, 2020. This halted all business within Santa Cruz County except essential activities.

The stay-at-home orders were lifted on May 31, 2020. The City's recreation programs have been temporarily suspended and the City has taken other cost-cutting measures to address current impacts from the pandemic. Otherwise, City services have not been adversely impacted

The fiscal impacts to General Fund revenue sources such as sales tax and transient occupancy taxes have been incorporated into these financial statements for the year ended June 30, 2020. The City has the fiscal resources to address any additional impacts resulting from future stay home orders that may be required as the region, state and nation address this public health crisis.

REQUIRED SUPPLEMENTARY INFORMATION

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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, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes and assessments	$ 9,672,447	$ 9,672,447	$ 9,445,761	$ (226,686)
Franchise fees	1,055,600	1,055,600	1,043,116	(12,484)
Intergovernmental revenues	11,000	1,000	-	(1,000)
Fees and services	870,620	870,620	830,737	(39,883)
Fines and forfeitures	24,300	24,300	31,442	7,142
Investment earnings	45,000	45,000	61,461	16,461
Miscellaneous revenues	181,200	181,200	107,064	(74,136)
Total revenues	11,860,167	11,850,167	11,519,581	(330,586)
EXPENDITURES:				
Current:				
Legislative	178,124	261,371	248,186	13,185
Legal	184,000	184,000	249,577	(65,577)
General government	577,820	577,820	581,722	(3,902)
Administration	471,136	471,136	766,712	(295,576)
Finance	696,731	696,731	659,489	37,242
Human resources	40,800	40,800	146,773	(105,973)
Information technology	142,200	142,200	126,889	15,311
Risk management	343,244	343,244	424,517	(81,273)
Police	5,533,661	5,533,661	5,388,515	145,146
Animal control	120,000	120,000	116,070	3,930
Emergency services	108,931	108,931	108,913	18
Planning	685,053	685,053	656,448	28,605
Building	855,521	855,521	493,375	362,146
Engineering	805,110	805,110	657,553	147,557
Street maintenance	438,116	438,116	369,709	68,407
Vehicle maintenance	144,925	144,925	21,658	123,267
Park maintenance	341,586	341,586	309,920	31,666
Building maintenance	267,841	267,841	208,240	59,601
Capital outlay	500	500	1,414	(914)
Debt service:				
Principal	305,354	305,354	515,000	(209,646)
Interest and fiscal charges	584,992	584,992	180,130	404,862
Total expenditures	12,825,645	12,908,892	12,230,810	678,082
REVENUES OVER (UNDER) EXPENDITURES	(965,478)	(1,058,725)	(711,229)	347,496
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	9,816,636	9,816,636
Payment to escrow	-	-	(9,639,285)	(9,639,285)
Transfers in	235,000	235,000	235,000	-
Transfers out	(758,519)	(665,693)	(758,519)	(92,826)
Total other financing sources (uses)	(523,519)	(430,693)	(346,168)	84,525
Net change in fund balances	$ (1,488,997)	$ (1,489,418)	(1,057,397)	$ 432,021
FUND BALANCE:				
Beginning of year			5,138,384	
End of year			$ 4,080,987	

City of Scotts Valley
Budgetary Comparision Schedule - Successor Housing Agency
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ -	$ 300,000	$ 209,629	$ (90,371)
Facility and building rental	32,760	32,760	112,354	79,594
Investment earnings	13,000	13,000	18,878	5,878
Total revenues	45,760	345,760	340,861	(4,899)
EXPENDITURES:				
Current:				
Planning and building	195,139	325,139	204,566	120,573
Total expenditures	195,139	325,139	204,566	120,573
REVENUES OVER (UNDER) EXPENDITURES	(149,379)	20,621	136,295	115,674
Net change in fund balances	$ (149,379)	$ 20,621	136,295	$ 115,674
FUND BALANCES (DEFICITS):				
Beginning of year			1,453,023	
End of year			$ 1,589,318	

City of Scotts Valley
Budgetary Comparision Schedule - General Facility
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 25,000	$ 25,000	$ 2,739	$ (22,261)
Investment earnings	1,000	1,000	1,756	756
Total revenues	26,000	26,000	4,495	(21,505)
EXPENDITURES:				
Current:				
General government	200	200	140	60
Total expenditures	200	200	140	60
REVENUES OVER (UNDER) EXPENDITURES	25,800	25,800	4,355	(21,445)
Net change in fund balances	$ 25,800	$ 25,800	4,355	$ (21,445)
FUND BALANCES (DEFICITS):				
Beginning of year			(60,029)	
End of year			$ (55,674)	

City of Scotts Valley
Budgetary Comparision Schedule - Traffic Impact Mitigation
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 30,000	$ 30,000	$ 30,143	$ 143
Investment earnings	6,000	6,000	13,641	7,641
Total revenues	36,000	36,000	43,784	7,784
EXPENDITURES:				
Current:				
Public works	36,000	36,000	23,728	12,272
Capital outlay	-	-	-	-
Total expenditures	36,000	36,000	23,728	12,272
REVENUES OVER (UNDER) EXPENDITURES	-	-	20,056	20,056
Net change in fund balances	$ -	$ -	20,056	$ 20,056
FUND BALANCES (DEFICITS):				
Beginning of year			622,824	
End of year			$ 642,880	

City of Scotts Valley
Budgetary Comparision Schedule - Lennar Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Contributions from non-government	$ -	$ -	$ 4,945	$ 4,945
Total revenues	-	-	4,945	4,945
EXPENDITURES:				
Capital outlay	54,250	54,250	4,945	49,305
Total expenditures	54,250	54,250	4,945	49,305
REVENUES OVER (UNDER) EXPENDITURES	(54,250)	(54,250)	-	54,250
Net change in fund balances	$ (54,250)	$ (54,250)	-	$ 54,250
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	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Measurement date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.179810%	0.176640%	0.171970%	0.170910%	0.168390%	0.14606%
Proportionate share of the net pension liability	$ 18,424,996	$ 17,021,799	$ 17,054,661	$ 14,789,275	$ 11,558,421	$ 9,088,772
Covered payroll	$ 4,713,092	$ 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	390.93%	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%	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.
* CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65 to 7.15% in fiscal year 2018.
* The CalPERS mortality assumptions was adjusted in fiscal year 2019.

2. DEFINED BENEFIT PENSION PLANS

B. Schedule of Contributions - Last 10 Years

Fiscal Year End	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Contractually required contribution (actuarially determined)	$ 1,682,514	$ 1,511,426	$ 1,324,761	$ 1,213,139	$ 1,091,041	$ 840,335
Contractually in relation to the actuarially determined contributions	(1,712,678)	(1,511,426)	(1,324,761)	(1,213,139)	(1,091,041)	(840,335)
Contributions deficiency (excess)	$ (30,164)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 4,508,129	$ 4,713,092	4,719,986	4,620,961	4,527,362	4,236,936
Contributions as a percentage of covered payroll	37.32%	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.

Notes to Schedules for plan above:

The actuarial methods and assumptions used to set the actuarially determined contribution for FY2020 were derived from June 30, 2017 funding valuation report.

Actiarial cost method	Entry Age Normal Cost Method
Amortization Method/Period	Amortized all gain or loss over 30-year period; See details in June 30, 2017 funding report
Asset valuation method	Market value of assets
Inflation	2.625%
Salaries increase	Vary by category, entry age, and duration of service
Payroll growth	2.875%
Investment rate of return	7.25% net of investment and administrative expense
Post-Retirement Mortality	The post-retirement mortality rates above include 15 years of projected on-going mortality

3. OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

Fiscal Year End	6/30/2020	6/30/2019
Total OPEB Liability:		
Service cost	$ 525,243	$ 550,034
Interest on the total pension liability	556,831	516,005
Changes in benefit terms	-	-
Differences between actual and expected experience	-	-
Changes in assumptions	819,261	(613,407)
Benefits paid to retirees	(479,307)	(426,690)
Net change in Total OPEB Liability	1,422,028	25,942
Beginning of Year	$14,102,811	$14,076,869
End of Year	$15,524,839	$14,102,811
Plan Fiduciary Net Position:		
Employer contribution	$ 498,857	$ 480,332
Employee contributions	-	-
Net investment income	-	-
Benefit payments	(497,535)	(479,307)
Other	(1,322)	(1,025)
Net Change in Fiduciary Net Position	-	-
Beginning of Year	$ -	$ -
End of Year	$ -	$ -
Net OPEB Liability	$15,524,839	$14,201,811
Fiduciary Net Position as a % of Total OPEB Liability	0%	0%
Covered Employee Payroll	$ 4,708,708	$ 4,783,183
Net OPEB Liability as a % of covered employee payroll	329.70%	294.84%

SUPPLEMENTARY INFORMATION

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City of Scotts Valley
Budgetary Comparision Schedule - General Capital Improvements Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	$ -	$ -	$ 84,396	$ 84,396
Fees and services	-	-	75,401	75,401
Investment earnings	7,500	7,500	22,733	15,233
Miscellaneous revenues	-	-	160,596	160,596
Total revenues	7,500	7,500	343,126	335,626
EXPENDITURES:				
Current:				
Public works	20,500	20,500	12,272	8,228
Capital outlay	669,150	690,150	492,440	197,710
Total expenditures	689,650	710,650	504,712	205,938
REVENUES OVER (UNDER) EXPENDITURES	(682,150)	(703,150)	(161,586)	541,564
OTHER FINANCING SOURCES (USES):				
Transfers in	-	(216,000)	-	216,000
Total other financing sources (uses)	-	(216,000)	-	216,000
Net change in fund balances	$ (682,150)	$ (919,150)	(161,586)	$ 757,564
FUND BALANCES (DEFICITS):				
Beginning of year			1,158,178	
End of year			$ 996,592	

City of Scotts Valley
Enterprise Fund Budgetary Comparison Schedule - Recreation Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
OPERATING REVENUES:				
Fees and services	$ 1,147,500	$ 1,147,500	$ 710,240	$ (437,260)
Total operating revenues	1,147,500	1,147,500	710,240	(437,260)
OPERATING EXPENSES:				
Salaries	661,746	661,746	570,399	91,347
Taxes and benefits	118,649	118,649	1,322,548	(1,203,899)
Maintenance and operations	92,810	92,810	68,262	24,548
Advertising	9,000	9,000	494	8,506
Professional and contractual services	139,200	139,200	88,195	51,005
Utilities and communications	17,500	17,500	17,448	52
Insurance and bonds	154,693	154,693	143,507	11,186
Depreciation	1,000	1,000	500	500
Total operating expenses	1,194,598	1,194,598	2,211,353	(1,016,755)
OPERATING INCOME (LOSS)	(47,098)	(47,098)	(1,501,113)	(1,454,015)
Transfers in	(100,000)	(100,000)	380,535	480,535
Transfers out	(25,352)	(25,352)	(30,259)	(4,907)
Total contributions and transfers	(125,352)	(125,352)	350,276	475,628
Change in net position	$ (172,450)	$ (172,450)	(1,150,837)	$ (978,387)
NET POSITION:				
Beginning of year			(2,034,126)	
End of year			$ (3,184,963)	

City of Scotts Valley
Enterprise Fund Budgetary Comparison Schedule - Wastewater Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
OPERATING REVENUES:				
Fees and services	$ 2,623,000	$ 2,623,000	$ 3,023,105	$ 400,105
Total operating revenues	2,623,000	2,623,000	3,023,105	400,105
OPERATING EXPENSES:				
Salaries	644,885	644,885	461,593	183,292
Taxes and benefits	490,134	490,134	(533,378)	1,023,512
Maintenance and operations	1,519,580	1,652,594	991,034	661,560
Professional and contractual services	90,000	90,000	149,407	(59,407)
Utilities and communications	428,000	428,000	418,556	9,444
Insurance and bonds	158,040	158,040	3,315	154,725
Depreciation	795,000	795,000	777,328	17,672
Total operating expenses	4,125,639	4,258,653	2,267,855	1,990,798
OPERATING INCOME (LOSS)	(1,502,639)	(1,635,653)	755,250	2,390,903
NONOPERATING REVENUE (EXPENSES)				
Interest income	30,500	30,500	43,902	13,402
Total nonoperating revenues (expenses)	30,500	30,500	43,902	13,402
OTHER FINANCING SOURCES (USES):				
Capital contributions	200,000	200,000	31,204	(168,796)
Transfers out	(47,576)	(47,576)	(50,774)	(3,198)
Total contributions and transfers	152,424	152,424	(19,570)	(171,994)
Change in net position	$ (1,319,715)	$ (1,452,729)	779,582	$ 2,232,311
NET POSITION:				
Beginning of year			10,700,272	
End of year			$ 11,479,854	

City of Scotts Valley
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020

	Special Revenue Funds				
	Recycling	Gas Tax	Drainage Construction	Park and Recreation Facilities	Police Facility
ASSETS					
Cash and investments	$ -	$ 266,727	$ 32,855	$ 935,106	$ 311,090
Receivables:					
Other	-	31,955	-	-	-
Notes receivable	-	-	-	-	-
Total assets	-	298,682	32,855	935,106	311,090
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,870	-	-	-	-
Accrued liabilities	-	-	-	-	-
Due to other funds	68,341	-	-	-	-
Total liabilities	70,211	-	-	-	-
Fund balances:					
Restricted	-	298,682	32,855	935,106	311,090
Assigned	-	-	-	-	-
Unassigned	(70,211)	-	-	-	-
Total fund balances	(70,211)	298,682	32,855	935,106	311,090
Total liabilities, deferred inflows of resources, and fund balances	$ -	$ 298,682	$ 32,855	$ 935,106	$ 311,090

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
$ 776	$ 189,058	$ 439,125	$ 30,174	$ 9,201	$ 556,587	$ 346,769	$ 7,648
-	-	-	-	2,376	18,382	-	-
-	-	-	-	-	-	-	-
776	189,058	439,125	30,174	11,577	574,969	346,769	7,648
793	-	482	-	14,311	2,801	-	1,737
1,123	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,916	-	482	-	14,311	2,801	-	1,737
-	-	438,643	30,174	-	553,786	346,769	5,911
-	189,058	-	-	2,376	18,382	-	-
(1,140)	-	-	-	(5,110)	-	-	-
(1,140)	189,058	438,643	30,174	(2,734)	572,168	346,769	5,911
$ 776	$ 189,058	$ 439,125	$ 30,174	$ 11,577	$ 574,969	$ 346,769	$ 7,648

City of Scotts Valley
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020

	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	$ 147,245	$ 218,968	$ -	$ 66,778	$ 578
Receivables:					
Other	-	-	291,865	-	-
Notes receivable	-	-	-	-	550,000
Total assets	147,245	218,968	291,865	66,778	550,578
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,481	-	-	-	-
Accrued liabilities	866	-	-	-	-
Due to other funds	-	-	566,506	-	-
Total liabilities	2,347	-	566,506	-	-
Fund balances:					
Restricted	-	218,968	-	66,778	550,578
Assigned	144,898	-	-	-	-
Unassigned	-	-	(274,641)	-	-
Total fund balances	144,898	218,968	(274,641)	66,778	550,578
Total liabilities, deferred inflows of resources, and fund balances	$ 147,245	$ 218,968	$ 291,865	$ 66,778	$ 550,578

	Special Revenue Funds						Debt Service Funds		
	Homeland Security Grant	Disability Compliance Fund	Library Facilities Fund	Transportation Measure D Fund	Police Budget Act Fund	CalTrans - Get Everyone Moving Fund	COP Debt Service	Pension Obligation Bonds	Total Non-major Governmental Funds
	$ -	$ 13,831	$ 1,199,986	$ 405,998	$ 21,816	$ -	$ 995,130	$ (1,252)	$ 6,194,194
	-	-	-	52,633	-	24,733	-	-	421,944
	-	-	-	-	-	-	-	-	550,000
	-	13,831	1,199,986	458,631	21,816	24,733	995,130	(1,252)	7,166,138
	-	9	3,526	342,465	-	24,733	-	-	394,208
	-	-	-	-	-	-	-	-	1,989
	22,133	-	-	-	-	-	-	-	656,980
	22,133	9	3,526	342,465	-	24,733	-	-	1,053,177
	-	-	1,196,460	116,166	21,816	-	-	-	5,123,782
	-	13,822	-	-	-	-	995,130	-	1,363,666
	(22,133)	-	-	-	-	-	-	(1,252)	(374,487)
	(22,133)	13,822	1,196,460	116,166	21,816	-	995,130	(1,252)	6,112,961
	$ -	$ 13,831	$ 1,199,986	$ 458,631	$ 21,816	$ 24,733	$ 995,130	$ (1,252)	$ 7,166,138

City of Scotts Valley
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2020

	Special Revenue Funds				
	Recycling	Gas Tax	Drainage Construction	Park and Recreation Facilities	Police Facility
REVENUES:					
Taxes and assessments	$ -	$ -	$ -	$ -	$ -
Intergovernmental revenues	4,000	487,329	-	-	-
Fees and services	-	-	4,848	35,009	6,333
Contributions from non-government	-	-	-	-	-
Investment earnings	33	5,992	666	20,366	6,572
Miscellaneous revenues	-	-	-	-	-
Total revenues	4,033	493,321	5,514	55,375	12,905
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Planning and building	-	-	-	-	-
Public works	84,040	380	53	1,623	524
Capital outlay	1,980	27,800	-	43,831	4,000
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	86,020	28,180	53	45,454	4,524
REVENUES OVER (UNDER) EXPENDITURES	(81,987)	465,141	5,461	9,921	8,381
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(235,000)	-	-	-
Total other financing sources (uses)	-	(235,000)	-	-	-
Net change in fund balances	(81,987)	230,141	5,461	9,921	8,381
FUND BALANCES (DEFICITS):					
Beginning of year	11,776	68,541	27,394	925,185	302,709
End of year	$ (70,211)	$ 298,682	$ 32,855	$ 935,106	$ 311,090

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
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	3,286
52,031	-	22,004	3,080	-	9,000	4,781	-
3,560	-	-	-	-	-	-	-
-	4,015	9,029	621	213	11,663	7,321	140
591	-	-	-	5,940	41,121	-	-
56,182	4,015	31,033	3,701	6,153	61,784	12,102	3,426
-	-	-	-	-	-	-	-
-	-	4,549	50	-	-	-	5,610
65,289	321	-	-	20,055	27,070	583	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
65,289	321	4,549	50	20,055	27,070	583	5,610
(9,107)	3,694	26,484	3,651	(13,902)	34,714	11,519	(2,184)
13,315	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,315	-	-	-	-	-	-	-
4,208	3,694	26,484	3,651	(13,902)	34,714	11,519	(2,184)
(5,348)	185,364	412,159	26,523	11,168	537,454	335,250	8,095
$ (1,140)	$ 189,058	$ 438,643	$ 30,174	$ (2,734)	$ 572,168	$ 346,769	$ 5,911

City of Scotts Valley
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2020

	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	266,536	-	-
Fees and services	70,559	-	-	-	-
Contributions from non-government	-	-	-	-	-
Investment earnings	2,855	3,755	-	2,040	13
Miscellaneous revenues	-	-	-	-	-
Total revenues	73,414	103,755	266,536	2,040	13
EXPENDITURES:					
Current:					
Public safety	-	291	-	163	1
Planning and building	-	-	-	-	-
Public works	56,689	-	-	-	-
Capital outlay	-	8,754	563,425	102,939	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	56,689	9,045	563,425	103,102	1
REVENUES OVER (UNDER) EXPENDITURES	16,725	94,710	(296,889)	(101,062)	12
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	16,725	94,710	(296,889)	(101,062)	12
FUND BALANCES (DEFICITS):					
Beginning of year, as restated	128,173	124,258	22,248	167,840	550,566
End of year	$ 144,898	$ 218,968	$ (274,641)	$ 66,778	$ 550,578

Special Revenue Funds						Debt Service Funds		
Homeland Security Grant	Disability Compliance Fund	Library Facilities Fund	Transportation Measure D Fund	Police Budget Act Fund	CalTrans - Get Everyone Moving Fund	COP Debt Service	Pension Obligation Bonds	Total Non-major Governmental Funds
$ -	$ -	$ 316,558	$ 311,638	$ -	$ -	$ -	$ -	$ 628,196
-	-	-	-	-	103,429	-	-	964,580
-	3,901	-	-	-	-	-	-	211,546
-	-	-	-	-	-	-	-	3,560
11	289	20,337	6,954	503	-	21,131	-	124,519
-	-	-	-	-	-	-	-	47,652
11	4,190	336,895	318,592	503	103,429	21,131	-	1,980,053
2	-	-	-	7,209	-	-	-	7,666
-	646	-	-	-	-	-	-	10,855
-	-	1,600	541	-	103,429	-	-	362,197
23,609	-	24,636	472,465	-	-	-	-	1,273,439
-	-	-	-	-	-	-	355,000	355,000
-	-	-	-	-	-	1,685	91,954	93,639
23,611	646	26,236	473,006	7,209	103,429	1,685	446,954	2,102,796
(23,600)	3,544	310,659	(154,414)	(6,706)	-	19,446	(446,954)	(122,743)
-	-	-	-	-	-	-	445,702	459,017
-	-	-	-	-	-	-	-	(235,000)
-	-	-	-	-	-	-	445,702	224,017
(23,600)	3,544	310,659	(154,414)	(6,706)	-	19,446	(1,252)	101,274
1,467	10,278	885,801	270,580	28,522	-	975,684	-	6,011,687
$ (22,133)	$ 13,822	$ 1,196,460	$ 116,166	$ 21,816	$ -	$ 995,130	$ (1,252)	$ 6,112,961

City of Scotts Valley
Budgetary Comparison Schedule - Recycling Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	$ 75,000	$ 75,000	$ 4,000	$ (71,000)
Investment earnings	750	750	33	(717)
Total revenues	75,750	75,750	4,033	(71,717)
EXPENDITURES:				
Current:				
Public works	60,680	60,680	84,040	(23,360)
Capital outlay	-	-	1,980	(1,980)
Total expenditures	60,680	60,680	86,020	(25,340)
REVENUES OVER (UNDER) EXPENDITURES	15,070	15,070	(81,987)	(97,057)
Net change in fund balances	$ 15,070	$ 15,070	(81,987)	$ (97,057)
FUND BALANCES (DEFICITS):				
Beginning of year			11,776	
End of year			$ (70,211)	

City of Scotts Valley
Budgetary Comparison Schedule - Gas Tax Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	$ 523,007	$ 523,007	$ 487,329	$ (35,678)
Investment earnings	2,500	2,500	5,992	3,492
Total revenues	525,507	525,507	493,321	(32,186)
EXPENDITURES:				
Current:				
Public works	200	200	380	(180)
Capital outlay	250,000	250,000	27,800	222,200
Total expenditures	250,200	250,200	28,180	222,020
REVENUES OVER (UNDER) EXPENDITURES	275,307	275,307	465,141	189,834
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(235,000)	(235,000)	-
Total other financing sources (uses)	-	(235,000)	(235,000)	-
Net change in fund balances	$ 275,307	$ 40,307	230,141	$ 189,834
FUND BALANCES (DEFICITS):				
Beginning of year			68,541	
End of year			$ 298,682	

City of Scotts Valley
Budgetary Comparison Schedule - Drainage Construction Fun
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 11,400	$ 11,400	$ 4,848	$ (6,552)
Investment earnings	250	250	666	416
Total revenues	11,650	11,650	5,514	(6,136)
EXPENDITURES:				
Current:				
Public works	10,606	25	53	(28)
Total expenditures	10,606	25	53	(28)
REVENUES OVER (UNDER) EXPENDITURES	1,044	11,625	5,461	(6,164)
Net change in fund balances	$ 1,044	$ 11,625	5,461	$ (6,164)
FUND BALANCES (DEFICITS):				
Beginning of year			27,394	
End of year			$ 32,855	

City of Scotts Valley
Budgetary Comparison Schedule - Parks & Recreation Facilities Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 40,000	$ 40,000	$ 35,009	$ (4,991)
Investment earnings	10,000	10,000	20,366	10,366
Total revenues	50,000	50,000	55,375	5,375
EXPENDITURES:				
Current:				
Public works	2,000	2,000	1,623	377
Capital outlay	90,000	90,000	43,831	46,169
Total expenditures	92,000	92,000	45,454	46,546
Net change in fund balances	$ (42,000)	$ (42,000)	9,921	$ 51,921
FUND BALANCES (DEFICITS):				
Beginning of year			925,185	
End of year			$ 935,106	

City of Scotts Valley
Budgetary Comparison Schedule - Police Facility Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 50,000	$ 50,000	$ 6,333	$ (43,667)
Investment earnings	4,500	4,500	6,572	2,072
Total revenues	54,500	54,500	12,905	(41,595)
EXPENDITURES:				
Current:				
Public works	500	500	524	(24)
Capital outlay	228,000	214,000	4,000	210,000
Total expenditures	228,500	214,500	4,524	209,976
Net change in fund balances	$ (174,000)	$ (160,000)	8,381	$ 168,381
FUND BALANCES (DEFICITS):				
Beginning of year			302,709	
End of year			$ 311,090	

City of Scotts Valley
Budgetary Comparison Schedule - Senior Center Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 75,100	$ 75,100	$ 52,031	$ (23,069)
Contributions from non-government	2,000	2,000	3,560	1,560
Investment earnings	(60)	(60)	-	60
Miscellaneous revenues	400	400	591	191
Total revenues	77,440	77,440	56,182	(21,258)
EXPENDITURES:				
Current:				
Public works	102,283	102,283	65,289	36,994
Total expenditures	102,283	102,283	65,289	36,994
REVENUES OVER (UNDER) EXPENDITURES	(24,843)	(24,843)	(9,107)	15,736
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	13,315	13,315
Transfers out	(3,695)	(3,695)	-	3,695
Total other financing sources (uses)	(3,695)	(3,695)	13,315	17,010
Net change in fund balances	$ (28,538)	$ (28,538)	4,208	$ 32,746
FUND BALANCES (DEFICITS):				
Beginning of year			(5,348)	
End of year			$ (1,140)	

City of Scotts Valley
Budgetary Comparison Schedule - Mt. Hermon Traffic Mitigation Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	$ 2,500	$ 2,500	$ 4,015	$ 1,515
Total revenues	2,500	2,500	4,015	1,515
EXPENDITURES:				
Current:				
Public works	250	250	321	(71)
Total expenditures	250	250	321	(71)
Net change in fund balances	$ 2,250	$ 2,250	3,694	$ 1,586
FUND BALANCES (DEFICITS):				
Beginning of year			185,364	
End of year			$ 189,058	

City of Scotts Valley
Budgetary Comparison Schedule - Green Building Fees Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 24,000	$ 24,000	$ 22,004	$ (1,996)
Investment earnings	6,000	6,000	9,029	3,029
Total revenues	30,000	30,000	31,033	1,033
EXPENDITURES:				
Current:				
Planning and building	4,750	4,450	4,549	(99)
Total expenditures	4,750	4,450	4,549	(99)
Net change in fund balances	$ 25,250	$ 25,550	26,484	$ 934
FUND BALANCES (DEFICITS):				
Beginning of year			412,159	
End of year			$ 438,643	

City of Scotts Valley
Budgetary Comparison Schedule - Tree Replacement Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 300	$ 300	$ 3,080	$ 2,780
Investment earnings	500	500	621	121
Total revenues	800	800	3,701	2,901
EXPENDITURES:				
Current:				
Planning and building	50	50	50	-
Capital outlay	10,000	10,000	-	10,000
Total expenditures	10,050	10,050	50	10,000
Net change in fund balances	$ (9,250)	$ (9,250)	3,651	$ 12,901
FUND BALANCES (DEFICITS):				
Beginning of year			26,523	
End of year			$ 30,174	

City of Scotts Valley
Budgetary Comparison Schedule - Pinewood Estates Landscape Maintenance Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	$ 150	$ 150	$ 213	$ 63
Miscellaneous revenues	6,240	6,240	5,940	(300)
Total revenues	6,390	6,390	6,153	(237)
EXPENDITURES:				
Current:				
Public works	5,520	5,520	20,055	(14,535)
Total expenditures	5,520	5,520	20,055	(14,535)
Net change in fund balances	$ 870	$ 870	(13,902)	$ (14,772)
FUND BALANCES (DEFICITS):				
Beginning of year			11,168	
End of year			$ (2,734)	

City of Scotts Valley
Budgetary Comparison Schedule - Skypark Landscape Maintenance District
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Fees and services	$ 9,000	$ 9,000	$ 9,000	$ -
Investment earnings	9,015	9,015	11,663	2,648
Miscellaneous revenues	41,750	41,750	41,121	(629)
Total revenues	59,765	59,765	61,784	2,019
EXPENDITURES:				
Current:				
Public works	58,800	54,551	27,070	27,481
Total expenditures	58,800	54,551	27,070	27,481
REVENUES OVER (UNDER) EXPENDITURES	965	5,214	34,714	29,500
OTHER FINANCING SOURCES (USES):				
Transfers out	(12,000)	(12,000)	-	12,000
Total other financing sources (uses)	(12,000)	(12,000)	-	12,000
Net change in fund balances	$ (11,035)	$ (6,786)	34,714	$ 41,500
FUND BALANCES (DEFICITS):				
Beginning of year			537,454	
End of year			$ 572,168	

City of Scotts Valley
Budgetary Comparison Schedule - Library Fees Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 25,000	$ 25,000	$ 4,781	$ (20,219)
Investment earnings	5,000	5,000	7,321	2,321
Total revenues	30,000	30,000	12,102	(17,898)
EXPENDITURES:				
Current:				
Public works	700	500	583	(83)
Total expenditures	700	500	583	(83)
Net change in fund balances	$ 29,300	$ 29,500	11,519	$ (17,981)
FUND BALANCES (DEFICITS):				
Beginning of year			335,250	
End of year			$ 346,769	

City of Scotts Valley
Budgetary Comparison Schedule - SMIP Fee
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	$ 5,000	$ 5,000	$ 3,286	$ (1,714)
Investment earnings	100	100	140	40
Total revenues	5,100	5,100	3,426	(1,674)
EXPENDITURES:				
Current:				
Planning and building	8,090	8,070	5,610	2,460
Total expenditures	8,090	8,070	5,610	2,460
Net change in fund balances	$ (2,990)	$ (2,970)	(2,184)	$ 786
FUND BALANCES (DEFICITS):				
Beginning of year			8,095	
End of year			$ 5,911	

City of Scotts Valley
Budgetary Comparison Schedule - Community Center Operations
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 110,000	$ 110,000	$ 70,559	$ (39,441)
Investment earnings	1,000	1,000	2,855	1,855
Miscellaneous revenues	500	500	-	(500)
Total revenues	111,500	111,500	73,414	(38,086)
EXPENDITURES:				
Current:				
Public works	72,659	72,659	56,689	15,970
Total expenditures	72,659	72,659	56,689	15,970
REVENUES OVER (UNDER) EXPENDITURES	38,841	38,841	16,725	(22,116)
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,443)	(1,443)	-	1,443
Total other financing sources (uses)	(1,443)	(1,443)	-	1,443
Net change in fund balances	$ 37,398	$ 37,398	16,725	$ (20,673)
FUND BALANCES (DEFICITS):				
Beginning of year			128,173	
End of year			$ 144,898	

City of Scotts Valley
Budgetary Comparison Schedule - Supplemental Law Enforcement Services
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Intergovernmental revenues	$ 100,000	$ 100,000	$ 100,000	$ -
Investment earnings	1,500	1,500	3,755	2,255
Total revenues	101,500	101,500	103,755	2,255
EXPENDITURES:				
Current:				
Public safety	29,400	29,400	291	29,109
Capital outlay	110,000	110,000	8,754	101,246
Total expenditures	139,400	139,400	9,045	130,355
Net change in fund balances	$ (37,900)	$ (37,900)	94,710	$ 132,610
FUND BALANCES (DEFICITS):				
Beginning of year			124,258	
End of year			$ 218,968	

City of Scotts Valley
Budgetary Comparison Schedule - Surface Transportation Projects Grant
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	$ 1,492,059	$ 1,492,059	$ 266,536	$ (1,225,523)
Total revenues	1,492,059	1,492,059	266,536	(1,225,523)
EXPENDITURES:				
Current:				
Public works	20	20	-	20
Capital outlay	1,300,112	1,300,112	563,425	736,687
Total expenditures	1,300,132	1,300,132	563,425	736,707
Net change in fund balances	$ 191,927	$ 191,927	(296,889)	$ (488,816)
FUND BALANCES (DEFICITS):				
Beginning of year			22,248	
End of year			$ (274,641)	

City of Scotts Valley
Budgetary Comparison Schedule - Police Development Fees Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	$ 3,000	$ 3,000	$ 2,040	$ (960)
Total revenues	3,000	3,000	2,040	(960)
EXPENDITURES:				
Current:				
Public safety	250	250	163	87
Capital outlay	-	-	102,939	(102,939)
Total expenditures	250	250	103,102	(102,852)
Net change in fund balances	$ 2,750	$ 2,750	(101,062)	$ (103,812)
FUND BALANCES (DEFICITS):				
Beginning of year			167,840	
End of year			$ 66,778	

City of Scotts Valley
Budgetary Comparison Schedule - EDG Revolving Loan Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Investment earnings	$ 510	$ 510	$ 13	$ (497)
Total revenues	510	510	13	(497)
EXPENDITURES:				
Current:				
Public safety	1	-	1	(1)
Total expenditures	1	-	1	(1)
Net change in fund balances	$ 509	$ 510	12	$ (498)
FUND BALANCES (DEFICITS):				
Beginning of year			550,566	
End of year			$ 550,578	

City of Scotts Valley
Budgetary Comparison Schedule - Homeland Security Grant Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Investment earnings	-	-	11	11
Total revenues	-	-	11	11
EXPENDITURES:				
Current:				
Public safety	-	30	2	28
Capital outlay	-	-	23,609	(23,609)
Total expenditures	-	30	23,611	(23,581)
Net change in fund balances	$ -	$ (30)	(23,600)	$ (23,570)
FUND BALANCES (DEFICITS):				
Beginning of year			1,467	
End of year			$ (22,133)	

City of Scotts Valley
Budgetary Comparison Schedule - Disability Compliance Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Fees and services	$ 750	$ 750	$ 3,901	$ 3,151
Investment earnings	150	150	289	139
Total revenues	900	900	4,190	3,290
EXPENDITURES:				
Current:				
Planning and building	5,020	5,020	646	4,374
Total expenditures	5,020	5,020	646	4,374
Net change in fund balances	$ (4,120)	$ (4,120)	3,544	$ 7,664
FUND BALANCES (DEFICITS):				
Beginning of year			10,278	
End of year			$ 13,822	

City of Scotts Valley
Budgetary Comparison Schedule - Library Facilities Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Taxes and assessments	$ 2,739,000	$ 500,000	$ 316,558	$ (183,442)
Investment earnings	9,500	9,500	20,337	10,837
Total revenues	2,748,500	509,500	336,895	(172,605)
EXPENDITURES:				
Current:				
Public works	1,550	1,050	1,600	(550)
Capital outlay	2,549,000	500,000	24,636	475,364
Total expenditures	2,550,550	501,050	26,236	474,814
Net change in fund balances	$ 197,950	$ 8,450	310,659	$ 302,209
FUND BALANCES (DEFICITS):				
Beginning of year			885,801	
End of year			$ 1,196,460	

City of Scotts Valley
Budgetary Comparison Schedule - Transportation - Measure D Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes and assessments	$ 265,800	$ 265,800	$ 311,638	$ 45,838
Investment earnings	2,500	2,500	6,954	4,454
Total revenues	268,300	268,300	318,592	50,292
EXPENDITURES:				
Current:				
Public works	20	20	541	(521)
Capital outlay	474,602	474,602	472,465	2,137
Total expenditures	474,622	474,622	473,006	1,616
Net change in fund balances	$ (206,322)	$ (206,322)	(154,414)	$ 51,908
FUND BALANCES (DEFICITS):				
Beginning of year			270,580	
End of year			$ 116,166	

City of Scotts Valley
Budgetary Comparison Schedule - Police Budget Act Fund
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	$ 500	$ 500	$ 503	$ 3
Total revenues	500	500	503	3
EXPENDITURES:				
Current:				
Public safety	15,100	15,000	7,209	7,791
Total expenditures	15,100	15,000	7,209	7,791
Net change in fund balances	$ (14,600)	$ (14,500)	(6,706)	$ 7,794
FUND BALANCES (DEFICITS):				
Beginning of year			28,522	
End of year			$ 21,816	

City of Scotts Valley
Budgetary Comparison Schedule - CalTrans - Get Everyone Moving Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	$ -	$ -	$ 103,429	$ 103,429
Total revenues	-	-	103,429	103,429
EXPENDITURES:				
Current:				
Public works	-	-	103,429	(103,429)
Total expenditures	-	-	103,429	(103,429)
Net change in fund balances	$ -	$ -	-	$ -
FUND BALANCES (DEFICITS):				
Beginning of year			-	
End of year			$ -	

City of Scotts Valley
Budgetary Comparison Schedule - COP Debt Service
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	$ 10,000	$ 10,000	$ 21,131	$ 11,131
Total revenues	10,000	10,000	21,131	11,131
EXPENDITURES:				
Debt service:				
Interest and fiscal charges	1,500	1,500	1,685	(185)
Total expenditures	1,500	1,500	1,685	(185)
Net change in fund balances	$ 8,500	$ 8,500	19,446	$ 10,946
FUND BALANCES (DEFICITS):				
Beginning of year			975,684	
End of year			$ 995,130	

City of Scotts Valley
Budgetary Comparison Schedule - Pension Obligation Bonds
For the year ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES:				
Debt service:				
Principal	$ 355,000	$ 355,000	$ 355,000	$ -
Interest and fiscal charges	92,258	92,258	91,954	(304)
Total expenditures	447,258	447,258	446,954	(304)
REVENUES OVER (UNDER) EXPENDITURES	(447,258)	(447,258)	(446,954)	304
OTHER FINANCING SOURCES (USES):				
Transfers in	(448,759)	(448,759)	445,702	894,461
Total other financing sources (uses)	(448,759)	(448,759)	445,702	894,461
Net change in fund balances	$ (896,017)	$ (896,017)	(1,252)	$ 894,765
FUND BALANCES (DEFICITS):				
Beginning of year			-	
End of year			$ (1,252)	

City of Scotts Valley
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2020

	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	$ 237,407	$ 264,378	$ 8,376	$ 65,389	$ 575,550
Cash and investments held in accordance with bond indentures, restricted	-	-	-	358,232	358,232
Total assets	$ 237,407	$ 264,378	$ 8,376	$ 423,621	$ 933,782
LIABILITIES					
Deposits	$ 237,407	$ -	$ -	$ -	$ 237,407
Advance assessments collected	-	264,378	8,376	65,389	338,143
Bond reserve payable	-	-	-	358,232	358,232
Total liabilities	$ 237,407	$ 264,378	$ 8,376	$ 423,621	$ 933,782

City of Scotts Valley
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
General Trust Fund				
ASSETS				
Cash and investments held for others, restricted	$ 273,497	$ 100,000	$ (136,090)	$ 237,407
Total assets	$ 273,497	$ 100,000	$ (136,090)	$ 237,407
LIABILITIES				
Deposits	$ 273,497	$ 100,000	$ (136,090)	$ 237,407
Total liabilities	$ 273,497	$ 100,000	$ (136,090)	$ 237,407
SV Drive A Redemption				
ASSETS				
Cash and investments held for others, restricted	$ 393,228	$ 284,093	$ (412,943)	$ 264,378
Total assets	$ 393,228	$ 284,093	$ (412,943)	$ 264,378
LIABILITIES				
Advance assessments collected	$ 393,228	$ 284,093	$ (412,943)	$ 264,378
Total liabilities	$ 393,228	$ 284,093	$ (412,943)	$ 264,378
SV Drive A Prepayment				
ASSETS				
Cash and investments held for others, restricted	$ 8,212	$ 178	$ (14)	$ 8,376
Total assets	$ 8,212	$ 178	$ (14)	$ 8,376
LIABILITIES				
Advance assessments collected	$ 8,212	$ 178	$ (14)	$ 8,376
Total liabilities	$ 8,212	$ 178	$ (14)	$ 8,376

City of Scotts Valley
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
SV Drive A Reserve				
ASSETS				
Cash and investments held for others, restricted	$ 64,111	$ 1,388	$ (110)	$ 65,389
Cash and investments held in accordance with bond indentures, restricted	359,341	5,040	(6,149)	358,232
Total assets	$ 423,452	$ 6,428	$ (6,259)	$ 423,621
LIABILITIES				
Advance assessments collected	$ 64,111	$ 1,388	$ (110)	$ 65,389
Bond reserve payable	359,341	5,040	(6,149)	358,232
Total liabilities	$ 423,452	$ 6,428	$ (6,259)	$ 423,621

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Totals - All Agency Funds				
ASSETS				
Cash and investments held for others, restricted	$ 739,048	$ 385,659	$ (549,157)	$ 575,550
Cash and investments held in accordance with bond indentures, restricted	359,341	5,040	(6,149)	358,232
Total assets	$ 1,098,389	$ 390,699	$ (555,306)	$ 933,782
LIABILITIES				
Deposits	$ 273,497	$ 100,000	$ (136,090)	$ 237,407
Advance assessments collected	465,551	285,659	(413,067)	338,143
Bond reserve payable	359,341	5,040	(6,149)	358,232
Total liabilities	$ 1,098,389	$ 390,699	$ (555,306)	$ 933,782

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STATISTICAL SECTION
(Unaudited)

CITY OF SCOTTS VALLEY CALIFORNIA
1966

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			
	2020	2019	2018	2017
Governmental Activities:				
Net Investment in Capital Assets	$ 24,557,190	$ 23,343,849	$ 24,579,818	$ 24,866,903
Restricted	8,334,007	8,053,022	6,479,194	6,406,654
Unrestricted	(16,604,143)	(13,857,664)	(17,334,416)	(10,085,490)
Total Governmental Activities	$ 16,287,054	$ 17,539,207	$ 13,724,596	$ 21,188,067
Business-Type Activities:				
Net Investment in Capital Assets	$ 10,704,508	$ 11,132,780	$ 11,732,371	$ 12,161,439
Restricted	722,596	722,596	2,279,246	2,170,321
Unrestricted	(3,132,213)	(3,189,230)	(4,594,758)	(2,308,944)
Total Business-Type Activities	$ 8,294,891	$ 8,666,146	$ 9,416,859	$ 12,022,816
Primary Government:				
Net Investment in Capital Assets	$ 35,261,698	$ 34,476,629	$ 36,312,189	$ 37,028,342
Restricted	9,056,603	8,775,618	8,758,440	8,576,975
Unrestricted	(19,736,356)	(17,046,894)	(21,929,174)	(12,394,434)
Total Primary Government	$ 24,581,945	$ 26,205,353	$ 23,141,455	$ 33,210,883

Table 1

Fiscal Year					
2016	2015	2014	2013	2012	2011
$ 25,069,334	$ 25,777,811	$ 25,257,926	$ 26,144,045	$ 22,507,403	$ 27,040,188
5,624,316	4,706,893	5,156,689	5,040,899	9,167,537	9,263,744
(8,111,236)	(6,941,140)	1,067,845	1,132,287	4,841,149	2,572,631
$ 22,582,414	$ 23,543,564	$ 31,482,460	$ 32,317,231	$ 36,516,089	$ 38,876,563
$ 12,877,519	$ 13,535,881	$ 14,021,485	$ 14,323,746	$ 14,717,231	$ 15,316,734
2,150,421	2,155,781	2,298,653	2,443,372	2,298,653	2,298,653
(644,072)	(269,661)	1,835,651	2,469,689	3,260,042	3,653,362
$ 14,383,868	$ 15,422,001	$ 18,155,789	$ 19,236,807	$ 20,275,926	$ 21,268,749
$ 37,946,853	$ 39,313,692	$ 39,279,411	$ 40,467,791	$ 37,224,634	$ 42,356,922
7,774,737	6,862,674	7,455,342	7,484,271	11,466,190	11,562,397
(8,755,308)	(7,210,801)	2,903,496	3,601,976	8,101,191	6,225,993
$ 36,966,282	$ 38,965,565	$ 49,638,249	$ 51,554,038	$ 56,792,015	$ 60,145,312

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

	Fiscal Year			
	2020	2019	2018	2017
Expenses:				
Governmental Activities				
General Government	$ 3,829,666	$ 2,592,377	$ 3,171,897	$ 2,801,847
Public Safety	6,411,762	5,845,546	10,725,905	6,609,761
Planning & Building	1,449,842	1,324,136	1,352,185	1,690,507
Public Works	3,691,894	3,297,140	4,270,705	4,104,603
Redevelopment	-	-	-	-
Interest on Long-Term Debt and Fiscal Agent Charges	381,759	584,136	541,426	575,795
Total Governmental Activities Expense	15,764,923	13,643,335	20,062,118	15,782,513
Business-Type Activities				
Wastewater	2,267,855	3,249,610	4,625,969	4,209,282
Recreation Programs	2,211,353	1,419,413	1,678,885	1,321,072
Total Business-Type Activities Expense	4,479,208	4,669,023	6,304,854	5,530,354
Total Primary Government Expense	$ 20,244,131	$ 18,312,358	$ 26,366,972	$ 21,312,867
Program Revenues:				
Governmental Activities				
Charges for Services				
Planning and Building fees	$ 834,807	$ 1,095,574	$ 808,419	$ 1,352,630
Police fees	77,739	161,353	33,428	33,023
Senior Center / Community Ctr	165,304	224,835	147,726	187,678
Public Works fees	342,389	564,862	282,600	413,312
Redevelopment	-	-	-	-
Other activities	-	-	9,047	314,261
Operating Grants and Contributions	1,191,527	1,756,499	555,122	362,647
Capital Grants and Contributions	91,670	977,790	1,430,535	471,761
Total Gov'tal Activities Program Revenue	2,703,436	4,780,913	3,266,877	3,135,312
Business-Type Activities				
Charges for Services				
Wastewater fees	3,023,105	2,617,094	2,263,205	1,988,203
Recreational program fees	710,240	1,092,527	1,179,882	1,010,276
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	31,204	225,624	318,981	58,280
Total Business-Type Activities Program Revenues	3,764,549	3,935,245	3,762,068	3,056,759
Total Primary Gov't Program Revenues	$ 6,467,985	$ 8,716,158	$ 7,028,945	$ 6,192,071

Table 2

	2016	2015	2014	2013	2012	2011
	$ 1,905,906	$ 1,841,382	$ 1,942,629	$ 1,813,920	$ 5,563,325	$ 1,616,506
	5,332,955	4,614,596	4,432,039	4,590,667	4,855,212	4,545,261
	1,223,947	927,748	804,651	3,157,314	1,185,758	1,177,840
	3,352,397	3,025,535	2,951,185	2,924,033	2,961,167	2,964,358
	-	-	-	-	-	3,036,341
	508,274	515,679	712,066	627,398	967,148	1,327,314
	12,323,479	10,924,940	10,842,570	13,113,332	15,532,610	14,667,620
	2,987,794	2,721,258	2,812,627	2,765,435	3,291,469	2,767,101
	1,125,041	1,002,901	988,782	930,671	1,410,728	1,082,101
	4,112,835	3,724,159	3,801,409	3,696,106	4,702,197	3,849,202
	$ 16,436,314	$ 14,649,099	$ 14,643,979	$ 16,809,438	$ 20,234,807	$ 18,516,822
	$ 481,578	$ 684,540	$ 461,104	$ 405,476	$ 366,747	$ 263,223
	39,246	35,756	24,781	27,800	46,587	44,752
	176,620	154,877	131,248	126,627	126,143	113,109
	286,999	120,999	89,839	137,427	99,328	66,082
	-	-	-	-	-	20,759
	163,755	109,741	185,953	203,234	240,540	42,810
	502,181	595,858	612,003	498,658	670,329	551,923
	189,924	1,153,630	646,290	439,962	344,033	2,644,693
	1,840,303	2,855,401	2,151,218	1,839,184	1,893,707	3,747,351
	1,968,900	1,868,388	1,789,141	1,606,806	1,636,584	1,658,676
	981,434	962,819	832,749	737,035	810,703	853,043
	86,720	-	-	-	-	-
	28,989	78,371	59,964	171,084	137,245	20,326
	3,066,043	2,909,578	2,681,854	2,514,925	2,584,532	2,532,045
	$ 4,906,346	$ 5,764,979	$ 4,833,072	$ 4,354,109	$ 4,478,239	$ 6,279,396

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

	Fiscal Year			
	2020	2019	2018	2017
Net (Expense) Revenue				
Governmental Activities	$ (13,061,487)	$ (8,862,422)	$ (16,795,241)	$ (12,647,201)
Business-Type Activities	(714,659)	(733,778)	(2,542,786)	(2,473,595)
Total Primary Government Net Expense	$ (13,776,146)	$ (9,596,200)	$ (19,338,027)	$ (15,120,796)
General Revenues and Other Changes in Net Position				
General Activities				
Taxes				
Sales tax	$ 4,035,344	$ 4,375,666	$ 3,346,995	$ 3,289,289
Property tax	2,204,764	2,564,344	1,761,638	1,757,571
Franchise fees	1,043,116	1,013,694	986,783	994,614
Transient Occupancy Tax	1,520,372	1,907,567	1,588,106	1,218,063
Utility users tax	794,878	778,650	740,358	747,585
Other taxes	257,716	375,389	390,028	438,564
Vehicle-in-lieu fee	1,205,024	1,152,360	1,082,327	1,019,933
Investment Earnings	243,666	184,232	52,305	29,248
Miscellaneous	310,683	296,319	301,942	1,110,461
Special Item: Sale of Property		-	-	746,924
Transfers	(299,502)	53,411	81,288	(99,398)
Total Governmental Activities	11,316,061	12,701,632	10,331,770	11,252,854
Business-Type Activities				
Investment Earnings	43,902	36,476	18,117	13,145
Miscellaneous	-	-	-	-
Transfers	299,502	(53,411)	(81,288)	99,398
Total Business-Type Activities	343,404	(16,935)	(63,171)	112,543
Total Primary Government	$ 11,659,465	$ 12,684,697	$ 10,268,599	$ 11,365,397
Extraordinary Gain	$ -	$ -	$ -	$ -
Change in Net Position				
Governmental Activities	$ (1,745,426)	$ 3,839,210	$ (6,463,471)	$ (1,394,347)
Business-Type Activities	(371,255)	(750,713)	(2,605,957)	(2,361,052)
Total Primary Government	$ (2,116,681)	$ 3,088,497	$ (9,069,428)	$ (3,755,399)

Table 2 (concluded)

2016	2015	2014	2013	2012	2011
$ (10,483,176)	$ (8,069,539)	$ (8,691,352)	$ (11,274,148)	$ (13,638,903)	$ (10,920,269)
(1,046,792)	(814,581)	(1,119,555)	(1,181,181)	(2,117,665)	(1,317,157)
$ (11,529,968)	$ (8,884,120)	$ (9,810,907)	$ (12,455,329)	$ (15,756,568)	$ (12,237,426)
$ 3,534,523	$ 3,156,258	$ 2,234,797	$ 1,976,580	$ 1,887,496	$ 2,108,247
1,313,578	1,821,109	1,738,055	1,855,084	2,143,174	5,677,178
972,951	948,949	798,928	798,514	770,730	809,404
1,011,432	1,058,996	926,199	780,648	712,605	569,684
694,552	654,411	637,547	602,892	600,478	628,824
529,092	460,091	397,325	372,313	345,945	340,697
960,758	897,721	839,118	828,062	840,480	902,756
38,666	81,574	20,406	60,497	85,866	43,869
466,529	588,801	294,999	444,698	450,130	453,954
-	-	-	-	-	-
(55)	(10,936)	(30,793)	(134,929)	(1,111,294)	(207,385)
9,522,026	9,656,974	7,856,581	7,584,359	6,725,610	11,327,228
8,604	5,842	7,744	7,133	13,548	30,150
-	-	-	-	-	-
55	10,936	30,793	134,929	1,111,294	207,385
8,659	16,778	38,537	142,062	1,124,842	237,535
$ 9,530,685	$ 9,673,752	$ 7,895,118	$ 7,726,421	$ 7,850,452	$ 11,564,763
$ -	$ -	$ -	$ -	$ 4,552,819	$ -
$ (961,150)	$ 1,587,435	$ (834,771)	$ (3,689,789)	$ (2,360,474)	$ 406,959
(1,038,133)	(797,803)	(1,081,018)	(1,039,119)	(992,823)	(1,079,622)
$ (1,999,283)	$ 789,632	$ (1,915,789)	$ (4,728,908)	$ (3,353,297)	$ (672,663)

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

	Fiscal Year			
	2020	2019	2018	2017
General Fund				
Restricted	$ 139,532	$ 139,532	$ 100,487	$ 99,356
Unassigned	3,397	101,461	3,962,916	4,131,884
	3,938,058	4,897,391		
Total General Fund	$ 4,080,987	$ 5,138,384	$ 4,063,403	$ 4,231,240
All Other Governmental Funds				
Restricted	$ 8,330,610	$ 7,951,561	$ 5,618,311	$ 5,264,677
Assigned	1,385,628	1,299,499	1,107,190	1,042,621
Unassigned	(430,161)	(65,377)	(55,117)	(79,691)
Total All Other Governmental Fund	$ 9,286,077	$ 9,185,683	$ 6,670,384	$ 6,227,607
Total All Governmental Funds	$ 13,367,064	$ 14,324,067	$ 10,733,787	$ 10,458,847

Table 3

2016	2015	2014	2013	2012	2011
$ 99,003	$ 98,920	$ 211,940	$ 433,352	$ 433,346	$ 433,369
2,896,849	2,830,280	1,507,677	1,434,328	2,719,892	6,316,586
$ 2,995,852	$ 2,929,200	$ 1,719,617	$ 1,867,680	$ 3,153,238	$ 6,749,955
$ 4,464,158	$ 4,471,522	$ 4,882,321	$ 4,734,977	$ 7,081,826	$ 8,830,375
1,058,584	1,031,061	1,025,646	1,297,844	1,474,699	1,762,356
(86,638)	(68,502)	(61,445)	(65,610)	(78,617)	(4,553,072)
$ 5,436,104	$ 5,434,081	$ 5,846,522	$ 5,967,211	$ 8,477,908	$ 6,039,659
$ 8,431,956	$ 8,363,281	$ 7,566,139	$ 7,834,891	$ 11,631,146	$ 12,789,614

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

	Fiscal Year			
	2020	2019	2018	2017
Revenues:				
Taxes and Assessments	$ 11,117,073	$ 12,167,669	$ 10,314,528	$ 9,675,857
Intergovernmental Revenues	1,048,976	1,744,402	803,971	288,725
Fees and Services	1,376,874	2,658,009	1,578,574	2,344,647
Fines and Forfeitures	31,442	44,265	35,013	37,680
Contributions, Non-Gov't	8,505	18,468	167,840	2,865
Facility/Building Rental	112,354	288,912	32,760	32,760
Investment Earnings	226,309	169,847	93,966	63,020
Miscellaneous Revenues	315,312	336,900	649,132	1,378,011
Total Revenues	14,236,845	17,428,472	13,675,784	13,823,565
Expenditures:				
Current:				
General Government	3,204,004	2,434,443	2,134,089	2,216,039
Public Safety	5,621,165	5,238,107	5,217,774	4,960,402
Planning and Building	1,365,244	1,277,550	1,089,776	1,336,664
Public Works	1,965,277	2,026,962	2,307,435	1,925,211
Capital Outlay	1,772,238	1,901,832	1,757,388	1,193,706
Tax Increment Pass-Through	-	-	-	-
Debt Service				
Principal	870,000	630,000	600,000	470,000
Interest/Finance Charges	273,769	358,110	375,670	342,178
Bond Issuance Costs	-	-	-	-
Total Expenditures	15,071,697	13,867,004	13,482,132	12,444,200
Excess(Deficit) of Revenues over (under) Expenditures	(834,852)	3,561,468	193,652	1,379,365
Other Financing Sources (Uses):				
Transfers In	694,017	1,270,373	1,442,138	1,616,826
Transfers Out	(993,519)	(1,216,962)	(1,360,850)	(1,716,224)
Proceeds from Debt	9,460,000	-	-	-
Premium on Debt Issued	356,636	-	-	-
Payment to Escrow	(9,639,285)	-	-	-
Sale of Real Property	-	-	-	746,924
Net Other Sources (Uses)	(122,151)	53,411	81,288	647,526
Extraordinary Gain	-	-	-	-
Change in Fund Balances	$ (957,003)	$ 3,614,879	$ 274,940	$ 2,026,891
Debt Services as a Percentage of Noncapital Expenditures	9%	8%	8%	7%

2016	2015	2014	2013	2012	2011
$ 9,362,093	$ 9,444,126	$ 8,052,339	$ 7,598,884	$ 7,748,024	$ 11,447,535
152,753	1,062,025	352,004	110,828	217,028	228,618
1,192,986	1,285,952	1,183,852	1,187,315	1,018,433	621,447
35,411	70,470	41,731	54,438	57,815	51,001
2,306	19,911	2,167	46,003	14,340	18,902
44,910	22,500	30,000	32,400	32,100	30,000
54,860	92,967	24,865	68,205	97,544	71,123
517,064	525,360	473,808	613,979	542,296	3,534,381
11,362,383	12,523,311	10,160,766	9,712,052	9,727,580	16,003,007
1,942,389	1,814,779	1,850,794	1,763,970	5,407,571	1,475,238
4,927,713	4,511,889	4,223,936	4,297,153	4,495,974	4,193,222
1,182,716	929,264	756,737	4,214,913	1,133,940	1,438,042
1,979,404	1,753,952	1,753,449	1,696,000	1,668,457	1,705,250
446,373	1,902,961	764,110	524,019	687,698	6,819,604
-	-	-	-	-	3,036,003
465,000	445,000	4,995,000	290,353	262,871	405,568
350,058	357,388	354,808	586,970	745,957	1,202,960
-	-	304,891	-	158,332	-
11,293,653	11,715,233	15,003,725	13,373,378	14,560,800	20,275,887
68,730	808,078	(4,842,959)	(3,661,326)	(4,833,220)	(4,272,880)
725,455	1,228,612	1,316,588	900,381	4,965,711	3,405,217
(725,510)	(1,239,548)	(1,347,381)	(1,035,310)	(6,077,005)	(3,612,602)
-	-	4,605,000	-	4,460,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(55)	(10,936)	4,574,207	(134,929)	3,348,706	(207,385)
-	-	-	-	326,046	-
$ 68,675	$ 797,142	$ (268,752)	$ (3,796,255)	$ (1,158,468)	$ (4,480,265)
8%	8%	38%	7%	7%	12%

Revenue Capacity Information

CITY OF SCOTTS VALLEY Table 5
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
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%
2020	$ 2,185,062,044	$ 759,726,144	$ 2,944,788,188	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 2019/20 CAFR Statistical Basic Package for the City of Scotts Valley

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

Table 6

		Overlapping Rates	
Fiscal Year	(1) General Tax Rate	Scotts Valley Unified School District	Cabrillo Community College District
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%
2020	1.000%	0.077%	0.025%

(1) See explanation on Table 5.

Source: Santa Cruz County Treasurer / Tax Collector

CITY OF SCOTTS VALLEY Table 7
PRINCIPAL PROPERTY TAX PAYERS
LAST TEN FISCAL YEARS

	2020			2011		
Taxpayer	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation
Ashford Scotts Valley	$ 42,584	1	1.45%	$ -	-	-
FIT Ren Oak Tree Villa, LLC	28,425	2	0.97%	25,263	3	1.21%
Scotts Valley Hotel	28,303	3	0.96%	-	-	-
Carefree Communities California	20,171	4	0.68%	-	-	-
Granite Creek Business Center	19,117	5	0.65%	12,751	7	0.61%
RP and JP	16,240	6	0.55%	-	-	-
Fox Factory Inc	15,135	7	0.51%	-	-	-
Broughton Land LLC	13,878	8	0.47%	-	-	-
Gilbert Trustees	12,796	9	0.43%	-	-	-
Kaiser Foundation	11,598	10	0.39%	-	-	-
McNellis, John E	-	-	-	-	-	-
American Yiluen Dev & Holdings	-	-	-	-	-	-
Comcast	-	-	-	-	-	-
Graham Family Trust	-	-	-	-	-	-
1440 DEVCO, LLC	-	-	-	-	-	-
Ow, David L. Trustee, et al.	-	-	-	9,712	10	0.46%
Ritchie, T	-	-	-	-	-	-
Bethany College of Assemblies	-	-	-	-	-	-
Threshold Enterprises	-	-	-	-	-	-
Scotts Valley Associates	-	-	-	14,085	5	0.67%
LBUBS 2004-Enterprise Way LP	-	-	-	67,335	1	3.22%
Scarborough, Nena, TC, ETAL	-	-	-	12,727	8	0.61%
S & A Ito Family Partnership	-	-	-	-	-	-
Sammie Rae Abitbol, LLC	-	-	-	-	-	-
Appenrodt Living Trust	-	-	-	-	-	-
CCMS 2005-CD1 La Madrona LP	-	-	-	13,329	6	0.64%
Santa Cruz-Monterey-Merced	-	-	-	-	-	-
Seagate Technology, LLC	-	-	-	44,316	2	2.12%
Aviza Technology	-	-	-	14,871	4	0.71%
General Elec Cr Equities	-	-	-	10,825	9	0.52%
Top Ten Totals	$ 208,247		7.05%	$ 225,214		10.77%

Note: Dollar amounts are in thousands.

Source: Santa Cruz County Assessor
HDL 2019/20 CAFR Statistical Basic Package for the City of Scotts Valley.

CITY OF SCOTTS VALLEY Table 8
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	(1) Taxes Levied	(2) Current Collections	Percent of Levy Collected
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%
2020	1,002,540	1,002,540	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 Table 9
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2020

	Total Debt June 30, 2020	Percentage Applicable (1)	City's Share of Direct and Overlapping Debt June 30, 2020
2019-20 Assessed Valuation			**$ 2,944,788,188**
Overlapping Tax and Assessment Debt:			
Cabrillo Joint Community College District	$ 114,961,609	6.062%	$ 6,968,973
Scotts Valley Unified School District	39,770,000	65.128%	25,901,406
Santa Cruz High School District	114,887,508	0.0003%	345
City of Scotts Valley Community Facilities District	2,870,000	100.000%	2,870,000
Santa Cruz Libraries Facilities Financning Authority CFD	39,080,000	6.754%	2,639,463
Total Overlapping Tax and Assessment Debt	311,569,117		38,380,187
Overlapping General Fund Debt:			
Santa Cruz County General Fund Obligations	70,733,864	6.1080%	4,320,424
Santa Cruz County Office Of Education Certificates	8,158,808	6.1080%	498,340
Scotts Valley Unified School District Certificates	9,760,000	65.1280%	6,356,493
Total Direct & Overlapping General Fund Debt	88,652,672		11,175,257
Overlapping Tax Increment Debt			
Successor Agency	11,530,000	100.0000%	11,530,000
Total Overlapping Tax Increment Debt	$ 11,530,000		11,530,000
City Direct Debt:			
City of Scotts Valley Certificates of Participation			8,955,000
City of Scotts Valley Pension Ogbligations			1,980,000
City of Scotts Valley Water District Installment Note			75,000
Total Direct Debt			11,010,000
Combined Total Debt			$ 72,095,444
Ratios to 2019-20 Assessed Valuation:			
Total Overlapping Tax and Assessment Debt			1.30%
Total Direct Debt			0.37%
Combined Total Debt			2.45%

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 tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.
(3) Exculdes 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
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
2020	$ 9,298	$ -	$ -	$ 1,980	$ 75	$ -	$ 11,353	1.74%	971

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

Table 11

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Assessed Valuation	$ 2,944	$ 2,820	$ 2,651	$ 2,498	$ 2,355	$ 2,199	$ 2,047	$ 2,035	$ 2,056	$ 2,091
Redevelopment Incremental Valuation	-	-	-	-	-	-	-	-	-	(499)
Net Assessed Valuation	$ 2,944	$ 2,820	$ 2,651	$ 2,498	$ 2,355	$ 2,199	$ 2,047	$ 2,035	$ 2,056	$ 1,592
Debt Limit (15%)	$ 442	$ 423	$ 398	$ 375	$ 353	$ 330	$ 307	$ 305	$ 308	$ 239
Total Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	$ 442	$ 423	$ 398	$ 375	$ 353	$ 330	$ 307	$ 305	$ 308	$ 239

Note: Amounts are in millions.

Source: Santa Cruz County Assessor's Office

CITY OF SCOTTS VALLEY
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Table 12

	Special Assessment Bonds			
	Special Assessment	Debt Service		
Fiscal Year	Collections	Principal	Interest	Coverage
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
2020	$ 444,571	$ 27,000	$ 137,595	2.70

Source: City of Scotts Valley Finance Department

Demographic and Economic Information

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

Table 13

Fiscal Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (2)
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%
2020	11,693	564,018	55,932	2.7%

Source: (1) California State Department of Finance / HdL 2019/20 CAFR Statistical Package
(2) HDL 2019/20 CAFR Statistical Basic Package for the City of Scotts Valley. Figures are for the preceding calendar year (e.g. Fiscal Year 2020 is 2019 calendar year data). Some prior period numbers were revised by HDL and have been restated here.

CITY OF SCOTTS VALLEY
PRINCIPAL EMPLOYERS
LAST TEN FISCAL YEARS

Table 14

	2020			2011		
Employer	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Threshold Enterprises, LTD	395	1	7.50%	392	2	7.73%
Central Coast Alliance	361	2	6.85%	160	3	3.16%
Fox Racing Shox	336	3	6.38%	75	7	1.48%
Bay Photo Lab	326	4	6.19%	-	3	-
1440 OPCO, LLC	169	5	3.21%	-		-
Universal Audio, Inc.	141	6	2.68%	72	8	1.42%
Bell Sports, Inc	138	7	2.62%	135	4	2.66%
Zero Motorcycles	138	8	2.62%	-		-
The Camp	91	9	1.73%	-		-
Pernamente Medical Group	79	10	1.50%	77	5	1.52%
Brookdale Senior Living	-	-	-	-		-
Oxford/X-ray Technology Grp	-	-	-	-		-
Safeway Stores, Inc.	-	-	-	67	10	1.32%
Nob Hill Foods	-	-	-	-		-
Oak Tree Villa SHP	-	-	-	67	9	1.32%
Seagate Technology	-	-	-	627	1	12.37%
Hilton -Scotts Valley	-	-	-	-		-
Comcast Cable	-	-	-	75	6	1.48%
Embarcardero Technologies	-	-	-	77	5	1.52%
Total	2,174		47.00%	1,824		35.98%

Source: City of Scotts Valley Finance Department

Operating Information

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

Table 15

Function / Program	Fiscal Year 2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Legislative	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Administration	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.10
Finance	2.85	2.85	2.85	2.85	2.85	2.85	3.35	3.35	3.35	4.35
Police										
Officers	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Dispatch and Support	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.50
Planning	2.00	2.00	2.00	3.00	3.00	3.50	3.50	3.50	3.50	3.30
Building	-	-	-	-	-	1.00	1.00	1.00	1.00	1.00
Public Works										
Engineering	4.00	4.00	4.00	4.00	3.10	3.30	3.30	3.30	3.30	3.50
Street Maintenance	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Vehicle Maintenance	-	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Park Maintenance	1.30	1.30	1.30	1.30	1.30	2.30	2.30	2.30	2.30	2.30
Building Maintenance	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Wastewater Treatment Plant	6.15	6.15	6.15	6.15	7.05	7.05	6.35	7.35	7.35	7.35
Recreation	5.50	5.70	5.70	5.70	5.00	5.00	5.00	5.00	6.00	7.00
Redevelopment/ Affordable Hs	-	-	-	-	-	-	-	-	-	1.90
Total	54.40	55.70	55.70	56.70	56.00	58.70	58.50	59.50	60.50	64.50

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

CITY OF SCOTTS VALLEY Table 16
CAPITAL ASSET STATISTICS BY FUNCTION / PROGR/
LAST TEN FISCAL YEARS

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Emergency Vehicles	15	15	15	15	15	15	15	15	15	15
Public Works:										
Streets (miles)	35	35	35	35	35	35	35	35	35	35
Streetlights	212	212	212	212	212	212	212	212	212	212
Traffic Signals	16	16	16	16	16	16	16	16	16	16
Senior Center	1	1	1	1	1	1	1	1	1	1
Community Center	1	1	1	1	1	1	1	1	1	1
Wastewater										
Treatment Plant	1	1	1	1	1	1	1	1	1	1
Recreation										
Parks / Playgrounds	6	6	6	6	6	6	6	6	6	6
Soccer Fields	3	3	3	3	3	3	3	3	3	3
Tennis Courts	4	4	4	4	4	4	4	4	4	4

Source: Various City Departments

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

	Fiscal Year			
	2020	2019	2018	2017
General Government				
Number of Citizen Complaints Received	19	28	15	23
Police				
Total Incident Calls	20,744	20,820	15,151	14,425
Number of Citations Written	675	1,398	1,232	949
Number of Arrests	400	667	547	479
Planning				
Planning Applications Submitted	49	92	95	109
Lot Line Adjustment Apps Processed	-	2	-	-
Building				
Number of Building Inspections	2,048	2,278	2,249	1,945
Building Permits Submitted	452	460	388	454
Building Permits Issued	407	457	379	367
Public Works				
Building Permit Applications Processed	21	28	43	62
Encroachment Permits Processed	123	56	53	64
Transportation Permits Processed	13	63	66	84
Sewer Allocations Issued	1	15	7	6
Subdivision Maps Recorded	2	2	3	1
Wastewater Treatment Plant (all amounts in thousands of gallons)				
Total Flow	280,168	285,680	203,670	251,869
Highest Average Daily Flow	1,165	1,056	1,867	1,394
Lowest Average Daily Flow	678	673	166	506

Source: Various City departments

Table 17

2016	2015	2014	2013	2012	2011
23	16	9	19	14	15
18,297	18,310	17,748	18,356	13,732	17,601
1,447	1,194	1,108	1,095	1,299	1,690
589	499	468	447	535	617
112	112	93	81	101	95
-	-	-	-	-	-
3,766	3,299	1,373	1,122	727	654
402	334	332	295	251	233
382	334	285	285	227	204
58	59	28	25	17	30
43	24	25	20	36	31
67	38	17	55	37	47
10	42	17	49	7	1
2	1	4	2	-	3
253,914	288,294	287,580	305,680	325,770	370,691
865	843	882	1,060	1,113	1,083
508	771	707	737	788	725

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: January 20, 2021

TO: Honorable Mayor and City Council

FROM: Steve Walpole, Police Chief

APPROVED: Tina Friend, City Manager

SUBJECT: **RESOLUTION NO. 1992AUTHORIZING ACCEPTANCE OF CALIFORNIA DEPARTMENT OF JUSTICE TOBACCO GRANT AWARD TO SCOTTS VALLEY POLICE DEPARTMENT**

SUMMARY OF ISSUE

The California Healthcare, Research and Prevention Tobacco Tax Act of 2016 (Proposition 56) provides local public agencies with funding to promote a healthier California by reducing illegal sales and marketing of cigarettes and tobacco products, including e-cigarettes, to minors. The Office of the Attorney General makes these annual funds available to local law enforcement agencies through the California Department of Justice Tobacco Grant Program.

In August, the City of Scotts Valley (City) submitted a grant proposal for the program to fund a School Resource Officer (SRO) in the Police Department for a three-year period. Partnering with the Scotts Valley Unified School District (SVUSD) and the schools in Scotts Valley, the SRO would provide youth tobacco use prevention services. The SRO will develop and implement a targeted curriculum to educate students about the dangers of tobacco use and will prevent and deter use of tobacco products on school premises. The SRO would also work to educate tobacco retailers on compliance and train them on proper sales behavior related to tobacco, in addition to conducting store inspections and enforcement at each of the 13 retail tobacco establishments in the Scotts Valley. The scope of the SRO's duties is allocated in the following formula:

1) Youth Education and Prevention (65%): SRO will educate more than 2,400 students in the SVUSD each year. During each school year, the SRO will produce and conduct a pre- and post- attitudinal survey of tobacco use among teens to measure the effectiveness of anti-tobacco education and training on an ongoing basis.

2) Retailer Outreach and Education (10%): The SRO will conduct an annual site evaluation, tailor education and conduct store inspections on each of the 13 retail tobacco establishments in the City.

3) Retailer Compliance and Enforcement (25%): Each store in the City will undergo at least two shoulder tap operations each year. Offenders will receive a range of targeted enforcement operations, depending on subsequent compliance.

The City was notified in late December 2020 that the grant proposal had been approved by the Attorney General's Office.

FISCAL IMPACT

The state has awarded the City of Scotts Valley total project costs of $567,006 over three years, beginning in FY 2021/2022. This includes three years of salary, benefits and overtime for a new SRO position, administrative costs ($17,640), and the costs of training/marketing materials ($14,595). No local match is required for this grant.

STAFF RECOMMENDATION

It is recommended that the City Council approve Resolution No. 1992, authorizing the acceptance of the California Department of Justice Tobacco Law Enforcement grant pursuant to the California Healthcare, Research and Prevention Tobacco Tax Act of 2016, and authorizing the City Manager to execute the contract and any agreements associated with the acceptance of this grant.

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RESOLUTION NO. 1992

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY AUTHORIZING THE ACCEPTANCE OF THE CALIFORNIA DEPARTMENT OF JUSTICE TOBACCO LAW ENFORCEMENT GRANT PURSUANT TO THE CALIFORNIA HEALTHCARE, RESEARCH AND PREVENTION TOBACCO TAX ACT OF 2016, AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE CONTRACT AND ANY AGREEMENTS ASSOCIATED WITH THE ACCEPTANCE OF THE GRANT

WHEREAS, a 2018-19 California Healthy Kids Survey of students in the Scotts Valley Unified School District revealed that 25% of 9th graders and 31% of 11th graders had ever used electronic cigarettes, and 12% of 9th graders and 16% of 11th graders were current users of electronic cigarettes; and

WHEREAS, the California Department of Justice Division of Law Enforcement has awarded the City of Scotts Valley a grant funding allocation of $567,006 over a three-year period in accordance with the California Healthcare, Research and Prevention Tobacco Tax Act of 2016; and

WHEREAS, the award will be used to fund a School Resource Officer in the Scotts Valley Unified School District schools to provide education and outreach to students and training and enforcement to local tobacco retailers; and

WHEREAS, the Scotts Valley City Council must formally accept the grant and authorize the associated contracts and necessary agreements to receive these funds.

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

That the City Council of the City of Scotts Valley hereby accepts the California Department of Justice Tobacco Law Enforcement Grant award of $567,006 for use over three fiscal years, from FY 2021/2022 through FY 2023/2024, and authorizes and directs the City Manager to execute all necessary agreements and contracts to accept the California Department of Justice Tobacco grant, as well as future amendments, if any, for the purpose of increasing funding provided in the original contract, without an additional Resolution from the City Council.

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 20th day of January, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Approved: ______________________________
Derek Timm, Mayor

Attest: ______________________________
Tracy A. Ferrara, City Clerk

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: January 20, 2021

TO: Honorable Mayor and City Council

FROM: Tina Friend, City Manager

SUBJECT: **APPROVAL OF CONTRACT WITH WEBER, HAYES & ASSOCIATES FOR ENVIRONMENTAL CONSULTATION**

SUMMARY OF ISSUE

The City of Scotts Valley seeks additional environmental characterization of its undeveloped Skypark parcels. Weber, Hayes & Associates was selected to conduct environmental sampling and reporting for the ultimate purpose to transition the former airport parcels to a mixed, residential-commercial land use.

The attached professional services agreement outlines the scope of services to: (1) fully characterize the magnitude and limits of any residual contaminants; and, (2) outline options for remedial actions. The agreement does not include the costs of any remedial work. If approved, the characterization and planning could commence immediately and be completed by the end of the calendar year.

FISCAL IMPACT

The contract has a not-to-exceed amount of $60,000 paid from the General Fund.

STAFF RECOMMENDATION

It is recommended that the City Council authorize the City Manager to execute a professional services agreement not to exceed $60,000 with Weber, Hayes & Associates, in a form approved by the City Attorney.

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AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement for Professional Services ("Agreement") is made and entered into as of January 20, 2021, by and between the City of Scotts Valley, a municipal corporation, hereinafter referred to as "CITY", and Weber, Hayes & Associates, hereinafter referred to as "CONSULTANT".

RECITALS

A. CITY desires to retain Consultant for certain professional services as set forth in this Agreement.

B. CONSULTANT is specially trained, experienced and competent to perform the special services which will be required by this Agreement.

C. CONSULTANT possesses the skill, ability, background, certification and knowledge to provide the services described in this Agreement on the terms and conditions described herein.

NOW, THEREFORE, in consideration of the recitals and the mutual promises contained herein, CITY and CONSULTANT agree as follows:

AGREEMENT

1. **Employment of CONSULTANT**: CITY agrees to, and hereby does, retain and employ CONSULTANT to perform the professional services as outlined in the Scope of Work attached hereto and incorporated herein as Exhibit "A". CONSULTANT'S work product shall be performed pursuant to generally accepted standards of practice in effect at the time of performance.

2. **Responsible Personnel**: CITY has relied upon the professional training and ability of CONSULTANT to perform the services hereunder as a material inducement to enter into this Agreement. Primary personnel responsible for the completion of the work described in this Agreement shall be: Pat Hoban, Principal Geologist, and Jered Chaney, Senior Geologist, whose address is 120 Westgate Drive, Watsonville, CA 95076; telephone: (831) 722-3580; Email: pat@weber-hayes.com and jered@weber-hayes.com.

3. **Scope of Work:** CONSULTANT shall perform the services as specified in Exhibit A in a professional manner.

4. **Time of Performance:** The services of CONSULTANT are to commence upon execution of this Agreement and shall continue until all authorized work is approved by the CITY. All such work shall be completed no later than December 31, 2021 . Time is of the essence in the performance of this Agreement. No waiver by either party hereto of the nonperformance or any breach of any term, provision, or condition of this Agreement,

or any default hereunder shall be considered to be or operate as a waiver of any subsequent nonperformance, breach or default.

5. **Compensation:** CONSULTANT shall accept compensation for services performed as set forth in Section 3 in an amount not to exceed $60,000. Periodic payments to CONSULTANT shall be made upon submittal of invoices by CONSULTANT to CITY for review and approval by the City Manager. Invoices will be paid by CITY within a reasonable time after the invoices are received and approved.

6. **Insurance:** CONSULTANT agrees to have and maintain, for the duration of the contract, the following:

i. General Liability insurance policies insuring him/her and his/her firm to an amount not less than One Million Dollars ($1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage.

ii. Automobile Liability insurance policy ensuring him/her and his/her staff to an amount not less than One Million Dollars ($1,000,000) combined single limit per accident for bodily injury and property damage.

iii. CONSULTANT agrees to have and maintain, for the duration of the contract, professional liability insurance in amounts not less than $ 1,000,000 which is Page 3 of 6 sufficient to insure CONSULTANT for professional errors or omissions in the performance of the particular scope of work under this agreement.

iv. CONSULTANT shall provide to the CITY all certificates of insurance, with original endorsements effecting coverage. CONSULTANT agrees that all certificates and endorsements are to be received and approved by the CITY before work commences.

v. The CONSULTANT'S insurance coverage shall be primary insurance as respects the CITY, its officers, officials, employees and volunteers. Any insurance or self -insurances maintained by the CITY, its officers, officials, employees or volunteers shall be excess of the CONSULTANT'S insurance and shall not contribute with it.

7. **Indemnity:** CONSULTANT shall hold harmless, indemnify and defend CITY, its elective and appointive boards, commissions, officers, agents, servants, volunteers, and employees from and against any and all claims, costs, damages, liability, losses, or suits (including court costs and attorney fees) for personal injury (including death), property damage and any other damages of any sort whatsoever, arising out of, or alleged to have arisen out of, the willful or negligent acts, errors, or omissions of CONSULTANT or CONSULTANT'S contractors, subcontractors, agents, or employees in the performance of this Agreement. This indemnity shall not apply to any claims brought by CONSULTANT for default of this Agreement, or for claims brought by CITY or any third party where the underlying injury or damage is finally determined by a court of competent jurisdiction to arise solely from the negligent or willful misconduct of CITY.

8. **Termination:** This Agreement may be terminated by the CITY immediately for cause or by either party without cause upon fifteen days' written notice of termination. Upon termination, CONSULTANT shall be entitled to compensation for services performed up to the effective date of termination.

CONSULTANT shall accept, for itself, as full payment for services rendered and all work to be done and performed hereunder and in complete satisfaction of all claims against CITY by reason of voluntary abandonment or suspension of work or termination of the Agreement, the sum determined on an hourly basis in accordance with the provisions of this Agreement, or any modification of amendment thereto, plus all direct expenses incurred, including those expenses incurred which are directly attributable to the incomplete portion of the work which could not be canceled.

In the event of termination, CONSULTANT shall deliver as a condition to the payment of the compensation provided for above, or otherwise make available to CITY, all research data. reports, estimates, summaries, and other such information and materials as may have been accumulated by CONSULTANT in performing this Agreement, whether completed or in process in accordance with Section 9 of this Agreement.

9. **Documents:** Notes, studies, chain, computations, electronic files, and other data and information obtained by CONSULTANT for this project shall, upon receipt of payment for services rendered, be made available to CITY by CONSULTANT at CITY'S request and shall become the property of CITY. In the event CITY alters the document, CITY agrees CONSULTANT shall have no responsibility whatsoever for any claim arising out of, or alleged to have risen out of, use of the altered document,

All plans, studies, documents, charts, computations, and electronic files prepared by and for CONSULTANT, its officers, employees and agents and subcontractors in the course of implementing this Agreement, except working notes and internal documents, shall become the property of the CITY upon payment to CONSULTANT for such work, and the CITY shall have the sole right to use such materials in its discretion without further compensation to CONSULTANT or to any other party. CONSULTANT shall, at CONSULTANT'S expense, provide such reports, plans, studies, documents and other writings to CITY upon written request.

10. **Independent Contractor:** CONTRACTOR is an independent contractor retained by CITY to perform the work described herein. ALL personnel employed by CONSULTANT are not and shall not be deemed to be employees of CITY. CONSULTANT shall obtain no rights to retirement benefits or other benefits that accrue to CITY'S employees, and CONSULTANT hereby expressly waives any claim it may have to such rights. CONSULTANT shall comply with all state and federal laws pertaining to employment and compensation of its employees and its agents, including the provision of Workers' Compensation.

11. **Licenses:** CONSULTANT represents and warrants to CITY that it has all licenses, permits, qualifications, insurance and approvals of whatsoever nature which are legally required of CONSULTANT to practice its profession. CONSULTANT represents and warrants to CITY that CONSULTANT shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement, any licenses, permits, insurance and approvals which are legally required of CONSULTANT to practice its profession. Consultant shall maintain a City of Scotts Valley business license.

12. **Assignment:** The parties recognize that a substantial inducement to CITY for entering into this Agreement is the professional reputation, experience and competence of CONSULTANT. Assignments of any or all rights, duties or obligations of the CONSULTANT under this Agreement will be permitted only with the express consent of the CITY. CONSULTANT shall not subcontract any portion of the work to be performed under this Agreement without the written authorization of the CITY. If the CITY consents to such subcontract, CONSULTANT shall be fully responsible to CITY for all acts or omissions of the subcontractor. Nothing in this Agreement shall create any contractual relationship between CITY and subcontractor nor shall it create any obligation on the part of the CITY to pay or to see to the payment of any monies due to any such contractor other than as otherwise required by law.

13. **Binding on Successors:** This Agreement is binding on the heirs, successors and assigns of the parties hereto.

14. **Amendment:** This Agreement may be amended, modified or changed by the parties, provided that said Agreement, modification or change is in writing and approved by the authorized representative of the parties.

15. **Applicable Law and Attorney's Fees:** This Agreement shall be construed and enforced in accordance with the laws of the State of California, and any action brought relating to this Agreement shall be held exclusively in a state court in the County of Santa Cruz. Should any legal action be brought by a party for breach of this Agreement or to enforce any provision of the Agreement, the prevailing party of such action shall be entitled to recover its reasonable litigation expenses, including attorney fees.

16. **Entire Agreement:** This Agreement contains the entire understanding between the parties with respect to the subject matter herein. There are no representations, agreements or understandings. Whether oral or written, between or among the parties relating to the subject matter of this Agreement which are not fully expressed herein. The drafting and negotiation of this Agreement have been participated in by each of the parties and/or their counsel, and for all purposes this Agreement shall be deemed to have been drafted jointly by all parties.

17. **Waiver:** Waiver of a breach or default under this Agreement shall not constitute a continuing waiver of a subsequent breach of the same or any other provision under this agreement.

18. **Severability:** If any term or portion of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or otherwise unenforceable, the remaining provisions of this Agreement shall continue in full force and effect.

WITNESS WHEREOF this Agreement is executed by CITY and by CONSULTANT on this 20th day of January, 2021, at Scotts Valley, California.

CONSULTANT: WEBER, HAYES & ASSOCIATES	CITY: CITY OF SCOTTS VALLEY
________________________ By:	________________________ Tina Friend, City Manager
APPROVED AS TO FORM:	ATTEST:
________________________ Kirsten M. Powell, City Attorney	________________________ Tracy A. Ferrara, City Clerk

EXHIBIT "A"

SCOPE OF WORK

ATTACHED

Weber, Hayes & Associates
Hydrogeology and Environmental Engineering
120 Westgate Drive, Watsonville, CA 95076
(831) 722-3580 // www.weber-hayes.com

December 22, 2020

Clients: **City of Scotts Valley**
c/o: Tina Friend, City Manager
1 Civic Center Drive
Scotts Valley, California 95066
< TFriend@scottsvalley.org >
(831) 440-5600

Costs: **General Scope of Environmental Tasks and Costs to Prepare Site for Redevelopment**

Location: **Mt. Hermon Road, Scotts Valley**
City of Scotts Valley Parcels (022-721-06, 022-601-01, & 022-212-19)

This proposal is for completing an agency-required *Workplan,* sampling, and reporting for transitioning the vacant, former Skypark parcels to a mixed, residential-commercial land use. Note that this environmental assessment work will be completed as a combined and paralleled effort along with the City of Santa Cruz owned Skypark parcels (APNs 022-721-07, -08, & 09) in the interest of cost effectiveness. We have discussed this combined approach with County of Santa Cruz Environmental Health Division staff and they are amenable.

Current Research Information: The majority of the site is undeveloped land, formerly a part of a small municipal facility (the historic Skypark Airport). These parcels were initially assessed in 2014 as preliminary evaluation for development of a City center. Testing details were presented in the following Bureau Veritas reports:

- *Phase I Environmental Site Assessment* (ESA), dated March 27, 2014;
- *Limited Subsurface Investigation Report*, dated May 30, 2014; and
- *Additional Subsurface Investigation Report,* dated Sept. 30, 2014.

It was notable that during the 2014 Phase II drilling program, *no staining or other field indicators of contamination* were observed in shallow soil beneath the site although there were a few relic stockpiles of soil and asphalt observed that may ultimately need testing for proper off-site disposal.

In 2014, the testing consultant (Bureau Veritas) concluded that prior to redevelopment, soil management plans should be developed to properly manage: a) asphaltic debris, and b) localized soil impacts present that exceed **naturally occurring levels**[(1)] for Arsenic, or were detected as common urban contaminants (i.e., Total Petroleum Hydrocarbons as motor oil, Lead, Phenol). Bureau Veritas recommended completing the following standard of care steps:

a) Properly manage the limited existing soil contamination during grading and excavation work.
b) Control and monitor dust during any remedial excavation/grading work.
c) Groundwater dewatering (if encountered); and
d) Stormwater control.

[1]: The local oversight agency (Santa Cruz County Environmental Health Services, SCC-EHS) allows "background" concentrations of arsenic to remain (i.e., naturally occurring + local anthropogenic contribution), due to Arsenic's extraordinarily low, risk-based screening levels based on animal studies. A background Arsenic investigation at the adjoining former Suburban Propane parcel (260 Mt. Herman Road) generated an abundant set of data and the County agreed that the reasonable, background concentration for Arsenic is 12 mg/kg. This concentration can likely be relied upon to be a reasonable cleanup goal for the Skypark parcels.

Some low-level detections of Volatile Organic Compounds (VOCs) were detected in shallow soil gas (including dry cleaning solvent concentrations that is attributed to a known solvent release originating from the adjoining Scotts Valley Dry Cleaners and benzene, a constituent of fuels). Some soil gas concentrations exceeded residential threshold limits but were relatively low and suggest there is negligible risk to human health and safety. However, further evaluation is needed to confirm whether or not vapor concentrations will warrant the installation of vapor barriers for future buildings.

The County of Santa Cruz Environmental Health Division (CSCEHD) has reviewed the above referenced documents and has provided you with a *Notice of Intent to Open Remedial Action Case under Voluntary Cleanup Program* (November 23, 2020). The City of Santa Cruz received a similar letter regarding their adjoining parcels.

For Planning Purposes:

The following is an overview of the standard environmental assessment and cleanup steps needed for obtaining agency closure letter (i.e., a *No Further Action (NFA)* letter) for undeveloped property having detectable contaminant impacts include:

<u>Step 1</u> ***Voluntary Cleanup Program - <u>COMPLETED</u>:*** Enter into this agency cost recovery oversight program to obtain investigation clearance from the CSCEHD:

a) Submit application to include a summary of existing data, copies of completed assessment reports, and provide cost-recovery information to CSCEHD.
b) CSCEHD obtains clearance from sister agencies to be the lead.
c) Prepare & meet with lead County staff/client to affirm the plan moving forward.

<u>Step 2</u>: ***Complete Data Gap Characterization:*** Designed to fully characterized the magnitude and limits of any residual contaminants prior to any remedial actions.

a) ***Workplan***: Submit a standard-of-care plan to fully characterize data gaps and identify potential redevelopment liabilities. The plan would detail tasks to:
    - Confirm the site-specific, background concentration of naturally occurring Arsenic (statistical ProUCL analysis) and delineate (& calculate soil volumes of) any areas that are shown to contain elevated Arsenic concentrations).
    - Confirm/delineate any other potential contaminants of concern in shallow soil that were identified in the 2014 *Phase II Report*.
    - Obtain two seasonal vapor sampling events (dry and wet season sampling) to confirm vapor intrusion is not a significant environmental liability.
b) ***Implementation of the Workplan***: Complete the field sampling and lab testing to delineate areas having elevated chemical impacts to refine soil volumes that may need remediation. Tasks would include:
    - <u>Field Work</u>: Approximately 5-6 days of combined data gap soil core drilling for the collection of soil, & soil vapor (+ second round of seasonal vapor sampling).
    - <u>Reporting</u>: Complete a data submittal (report) along with a *Remedial Action Plan* (RAP):
        a. <u>Initial Agency Consultation</u>: Meet and review data and get agency buy in prior to submittal of technical report.
            - Reaffirm site-specific cleanup goals and potential limits/goals behind excavation/grading with County Health.

- If needed: complete *Baseline Human Health Risk Assessment* (HHRA) to refine site-specific risk-based cleanup goals.

b. Technical Report:

- Develop alternatives that include a) off-site disposal, and b) on-site Area of Containment/Capping Plan to safely "bury" shallow, arsenic-impacted soils at appropriate locations (safe, cost effective, and agency-approvable). Currently, Arsenic-impacts to shallow soil are not fully defined.
- Provide remedial alternative options and costs and review with client. Alternatives include:
  1. Option 1: Complete Contaminant Removal & Off-site Disposal of impacted soils to landfill (this would result in an agency *No Further Action* letter and an unencumbered property), or
  2. Deed Restriction: The more cost-effective alternative (and a safe option) would be on-site containment (shallow burial) and "capping" with clean soil (this would result in an agency *No Further Remedial Action* letter with a limited deed restriction/disclosure).

Step 3: ***Remedial Actions*** (not included in this estimate of costs but described for transparency). This earthworks/construction effort would most cost effectively be conducted during property development by a developer (i.e., incorporate the "cleanup" into site redevelopment activities):

a) Implement an agency-approved, *Remedial Action Plan*

- Option 1: Complete Contaminant Removal & Off-site Disposal: TPH & Arsenic-Impacted Soil Removal & Off-Site Disposal (Excavation & Off-Haul)
  - Obtain landfill acceptance; hot-load and truck to local Class III landfill (i.e., "non-hazardous" waste); import clean backfill and compact; compaction testing.
- Option 2: "*Area of Containment" Capping* that safely "buries" shallow, arsenic-impacted soils at appropriate locations (i.e., under roads and parking lots).
  - This option would likely to produce significant cost savings if additional volumes of impacted soil are detected during the completion of site characterization. This "area of containment" approach would also require a deed restriction designed primarily to document where impacted soils were safely buried and to confirm that the integrity of the "cap" of clean soil/asphalt remains in undamaged shape.

- Submit Remedial Implementation & Closure Report
  - Include Soil Management Plan (for potential post-remediation discoveries during construction).

If necessary, deed restriction for select parcels.

Proposed Scope of Work: This propose includes Tasks 1 and 2 above but does not include Task 3 (the remedial actions step is described for clarity of the process, but the costs cannot be accurately determined until the first two tasks are completed).

Budget: A detailed spreadsheet of estimated costs to complete this scope of work is attached. The total cost to characterize the City of Scotts Valley parcels in this combined effort is estimated to be **$55,337**.

These services are provided on a time and materials basis according to the attached *Schedule of Charges*. The estimated budget is based on our experience with projects of similar scope and the time to complete. Should difficult field conditions occur, we will notify you of the status of the project and obtain your approval for additional fees. The assessment costs include standard drilling and lab testing that includes: utility clearance, continuous coring using a GeoProbe driven-probe sampling rig, installation of temporary soil vapor sampling points, shallow soil samples, testing for a standard suite of analysis by a State-Certified laboratory, summary review, analysis and reporting.

Please contact me at our office if you have any questions regarding this proposal (722-3580).

Sincerely,

WEBER, HAYES AND ASSOCIATES

Pat Hoban

Patrick Hoban, PG
Principal Geologist

And:

Jared Chaney

Jered Chaney, PG
Senior Geologist

Attachments: *Cost Spreadsheet, Schedule of Charges*

AGREEMENT FOR SERVICES

I agree to the foregoing scope and understand that the signing of this letter (or issuance of a Purchase Order) constitutes a formal agreement on my part and on behalf of my successors and assigns. I have the authority, or have been given the authority, to allow personnel from Weber, Hayes and Associates to complete the drilling work on the subject property.

CLIENT NAME: ______________________________ DATE: ____________________

SIGNATURE: ______________________________

CLIENT NAME: ______________________________ DATE: ____________________

SIGNATURE: ______________________________

Cost Estimate

Environmental Tasks for Mixed-Use Site Development

Includes: *Workplan,* Agency Coordination, Follow-up Data Gap Sampling/Testing (soil & soil vapor), and Preparation of a *Corrective Action Plan*

City of Scotts Valley Parcels (022-721-06, 022-601-01 & 022-212-19), Scotts Valley - 5.07 Acres

ITEM / DESCRIPTION	UNIT	UNIT COST	NUMBER OF UNITS	ITEM COST	ITEM TOTAL
Task 1: Workplan Preparation & Regulatory Correspondence					
Labor - Workplan Preparation & Regulatory Correspondence					
Senior Geologist - Work Plan Preparation / Technical Review / Regulatory Correspondence	hr.	$120	6	$720	
Project Geologist - Work Plan Preparation / Technical Review	hr.	$100	12	$1,200	
Staff Geologist - Drafting / Work Plan Preparation	hr.	$65	14	$910	
Administrative Assistant - Word Processing/Data Entry/Drafting/Copying, etc.	hr.	$50	4	$200	
Task 1 Total (workplan preparation):					***$3,030***
Task 2a: Site-Wide Data Gap Field Sampling (Soil & Soil Vapor) - assumes agency approval of Workplan and ~3 days of drilling/sampling fieldwork					
Labor - Fieldwork Planning, Fieldwork & Regulatory Reporting					
Senior Geologist - Report Preparation / Technical Review	hr.	$120	8	$960	
Project Geologist - Fieldwork Planning, Fieldwork, Data Acquisition/Analysis & Report Preparation	hr.	$100	32	$3,200	
Staff Geologist - Fieldwork & Report Preparation	hr.	$65	28	$1,820	
Field Equipment - Truck, PID Meter, disposables, etc.....	lump	$750	1	$750	
			Fieldwork Subtotal:	***$6,730***	
Subcontractors (includes 15% mark-up)					
Private Utility Locator	hr.	$173	4	$692	
C-57 Drilling Subcontractor - Direct Push Drilling (includes mob/demob & materials) - 3 days	day	$3,000	3	$9,000	
Investigative Waste Disposal (soil & decon water)	drum	$350	2	$700	
			Driller-locator-waste subtotal:	***$10,392***	
Laboratory Analysis (ESC, includes 15% mark-up)					
Soil Vapor Testing - VOCs by EPA TO-15 (assumes 8 locations x 2 depths + 2 QA/QC duplicates)	ea.	$173	18	$3,105	
Soil Testing : Assumes 4 locations per acre x 5 acres (note: 2 depths per sample location) + 2 QA/QC duplicates					
- Metals: CAM 17 Metals by EPA 6010/7470	ea.	$104	42	$4,347	
- Fuels TPH as diesel and motor oil by EPA 8015	ea.	$52	42	$2,174	
- Select testing: Volatile Organics by EPA 8260 & Polyaromatic Aromatic Hydrocarbons (PAHs by EPA 8270 SIM)	ea.	$178	21	$3,743	
- Select testing: Pesticides/PCB's by EPA 8081/8082	ea.	$132	21	$2,777	
			Laboratory Subtotal:	***$16,146***	
Task 2a Total (for Site-Wide Data Gap Sampling & Regulatory Reporting):					***$33,268***
Task 2b: Follow-up Soil Vapor Sampling (2nd, seasonal round) & Regulatory Reporting (assumes 8 locations x 2 depths, and 2 days of drilling/sampling fieldwork)					
Labor - Follow-up Fieldwork & Regulatory Reporting (w/ coordination/planning)					
Senior Geologist - Report Preparation / Technical Review	hr.	$120	6	$720	
Project Geologist - Fieldwork Planning, Fieldwork, Data Acquisition/Analysis & Report Preparation	hr.	$100	24	$2,400	
Staff Geologist - Fieldwork & Report Preparation	hr.	$65	24	$1,560	
Field Equipment - Truck, PID Meter, disposables, etc.....	lump	$425	1	$425	
			Fieldwork Subtotal:	***$5,105***	
Subcontractors (includes 15% mark-up)					
C-57 Drilling Subcontractor - Direct Push Drilling (includes mob/demob & materials) - 3 days	day	$3,000	2	$6,000	
Investigative Waste Disposal (decon water)	drum	$350	1	$350	
Laboratory Analysis: Soil Vapor Samples - VOCs by EPA TO-15	ea.	$173	18	$3,114	
			Subcontractor Subtotal:	***$9,464***	
Task 2b Total (for Follow-Up Soil Vapor Sampling & Regulatory Reporting):					***$14,569***
Task 3: Preparation and Regulatory Submittal of Corrective Action Plan					
Labor - Corrective Action Plan (CAP) Preparation and Soil Management Plan, & Regulatory Correspondence					
Senior Geologist - Work Plan Preparation / Technical Review / Regulatory Correspondence	hr.	$120	10	$1,200	
Project Geologist - Work Plan Preparation / Technical Review	hr.	$100	18	$1,800	
Staff Geologist - Drafting / Work Plan Preparation	hr.	$65	18	$1,170	
Administrative Assistant - Word Processing/Data Entry/Drafting/Copying, etc.	hr.	$50	6	$300	
Task 3 Total (for Corrective Action Plan):					***$4,470***
Estimated Total for Tasks 1, 2a, 2b and 3:					***$55,337***

General Assumptions:

As required by law, we will mark drilling locations for clearance by utility companies. In addition, we will use a use a private underground utility locater to screen for undocumented underground utilities. If encountered, we are not responsible for damage to underground utilities - we will repair on a time and materials basis.

Standard turnaround time on laboratory analysis (5 to 7 business days).

Weber, Hayes & Associates
Hydrogeology and Environmental Engineering
120 Westgate Drive, Watsonville, CA 95076
(831) 722-3580 // www.weber-hayes.com

SCHEDULE OF CHARGES⬩

PERSONNEL CHARGES

Word Processing/Administrative Support	$50 per hour
Information Technician	$60 per hour
Staff Scientist/Technical Writer	$65 per hour
Water System Specialist/Field Technician	$65 per hour
Accountant	$75 per hour
Senior Technician/Scientist	$75 per hour
Staff Geologist/Engineer	$85 per hour
Project Geologist/Engineer	$100 per hour
Senior Geologist/Engineer	$120 per hour
Principal Geologist/Engineer	$140 per hour
Associate	$200 per hour
Court Appearances as an Expert Witness	$1,600 per day (Minimum half day charge of $800)

ADDITIONAL CHARGES

Travel Time is billed in accordance with the above schedule, to a maximum of 8 hours per day.

Charges for special outside services, equipment, and facilities not furnished directly by Weber, Hayes and Associates will be billed at cost plus 15 percent. Such charges may include, but are not limited to, the following services:

- Printing and reproduction
- Rental of field equipment
- Subcontractors
- Rental & operation of drilling or excavation equipment
- Rental or Purchase of Remediation Equipment
- Special permits, fees, etc.
- Travel expenses
- Meals and lodging per diem
- Shipping Costs

⬩*Weber, Hayes and Associates rates are effective as of June 2015*

Thank you for the opportunity to serve you.

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: January 20, 2021

TO: Honorable Mayor and City Council

FROM: Tracy A. Ferrara, City Clerk

APPROVED: Tina Friend, City Manager

SUBJECT: **2021 INTERJURISDICTIONAL COMMITTEE AND STANDING LOCAL COMMITTEE APPOINTMENTS**

SUMMARY OF ISSUE

Each year, the newly appointed Mayor nominates individual Council Members to serve on Interjursidictional Committees and Standing Local Committees. As a reminder, standing local committees are publicly noticed committee meetings that fall under the Brown Act (open government laws) and are open to the public. The 2020 Council Member Committee/Subcommittee appointments are attached for your information.

FISCAL IMPACT

There is no fiscal impact associated with this action.

STAFF RECOMMENDATION

It is recommended that the Mayor provide direction regarding the 2021 Interjurisdictional Committee and Standing Local Committee appointments and the Council approve those appointments.

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2020 COMMITTEE APPOINTMENTS

INTERJURISDICTIONAL/STANDING LOCAL/PROJECT SPECIFIC

Updated 1-14-2021

INTERJURISDICTIONAL COMMITTEES				
COMMITTEE	**REPRESENTATIVE/ ALTERNATE**	**MEETING DAYS**	**MEETING TIME**	**MEETING LOCATION**
AMBAG http://www.ambag.org/	Timm/Dilles	2nd Wednesday	6:00 pm	Monterey
Arts Council of Santa Cruz County http://www.artscouncilsc.org/	Lind	Quarterly		Tannery Arts Center
City Selection Committee	Mayor/ Vice Mayor	2nd Wednesday Bi-Monthly	12:15 pm	Location varies
City/School District Joint Committee	Reed/Timm	3rd Wednesday Quarterly	5:00 pm	Alternates: City / School District
Criminal Justice Council *CM Lind also serves on the Executive Committee Contact: CJC Admin Assistant @ 510-219-6030	Lind/Dilles	2nd Thursday Quarterly	3:00 - 5:00 pm	Santa Cruz SO 5200 Soquel Ave Santa Cruz, CA
Criminal Justice Council Executive Committee Contact: CJC Admin Assistant @ 510-219-6030	Lind	3rd Thursday Quarterly	Noon - 1:00 pm	Santa Cruz SO 5200 Soquel Ave Santa Cruz, CA
Scotts Valley General Plan Advisory Committee (GPAC) http://www.scottsvalleygeneralplan.com/	Timm/Reed	As needed	6:00 pm	Scotts Valley City Council Chambers
Hazardous Materials Advisory Commission http://www.co.santa-cruz.ca.us/Government/Commissions,CommitteesAdvisoryBodies/HazardousMaterialsAdvisoryCommission-Contact.aspx	Ron Whittle	N/A	N/A	N/A

INTERJURISDICTIONAL COMMITTEES				
COMMITTEE	**REPRESENTATIVE/ ALTERNATE**	**MEETING DAYS**	**MEETING TIME**	**MEETING LOCATION**
Interagency Advisory Task Force Subcommittee (Water, School, Fire, City)	Mayor/Vice Mayor			
LAFCO http://www.santacruzlafco.org/	N/A	1st Wednesday 6 x per year	10:00 am - Noon	Board of Supervisors
League of California Cities http://www.cacities.org/	Timm	Annual schedule	Varies	Location varies
Library Advisory Commission https://www.santacruzpl.org/library_boards/LAC/	Jim Landreth	N/A	N/A	N/A
Library Facilities Financing Authority https://www.santacruzpl.org/library_boards/LFFA/ Library Joint Powers Authority Board https://www.santacruzpl.org/library_boards/LJPB/	City Manager	1st Thursday Monthly	9:00 - 11:30 am	Santa Cruz
Library Financing Authority	Reed/Johnson	January / July		Santa Cruz
Santa Cruz County Consolidated Oversight Board Effective July 2018	Alternates Dilles/Johnson/Reed			
Santa Cruz County Integrated Waste Management Local Task Force http://dpw.co.santa-cruz.us/Home/RecyclingSolidWaste/Recycling/LocalTaskForce.aspx	PWD Designee or Dilles	1st Thursday Mar / Sep / Dec	3:00 - 5:00 pm	Santa Cruz
Santa Cruz County Regional Transportation Comm http://sccrtc.org/meetings/commission/agendas/	Johnson/Timm	1st & 3rd Thursdays Monthly	9:00 am	Location varies
Santa Cruz METRO https://www.scmtd.com/en/agency-info/board/board-meeting-schedule	Lind	4th Friday Monthly	8:30 am	Location varies

INTERJURISDICTIONAL COMMITTEES				
COMMITTEE	**REPRESENTATIVE/ ALTERNATE**	**MEETING DAYS**	**MEETING TIME**	**MEETING LOCATION**
Santa Margarita Groundwater Agency Joint Powers Authority http://smgwa.org/meetings/	Dilles/Lind			Santa Margarita Community Room
Seniors Advisory Council http://www.seniorscouncil.org/	Dilles	3rd Wednesday Monthly	10:00 am - Noon	Aptos, Watsonville, or San Benito County.

2020 CITY SELECTION COMMITTEE APPOINTMENTS		
COMMITTEES	**REPRESENTATIVES**	**MEETING INFO**
Monterey Bay Air Resources District https://www.mbard.org/board-of-directors (Appointed by the City Selection Committee 5/1/20)	Rep: Jack Dilles	3rd Weds 1:30 pm Monterey
Visit Santa Cruz County (VSCC) Board of Directors Representative - Scotts Valley, Watsonville, and Capitola (Appointed by City Selection Committee per VSCC Bylaws) https://www.santacruz.org/partners/board-meeting-agendas	Tina Friend, City Manager	

STANDING LOCAL CITY COUNCIL COMMITTEES		
COMMITTEES	**REPRESENTATIVES**	**MEETING DATE**
Traffic Safety Committee *The purpose of the Traffic Safety Subcommittee is to review and analyze traffic safety issues and concerns raised by residents, and if necessary make recommendations to the City Council.*	Lind/Johnson	As needed
Economic Development Committee *The purpose of the Economic Development Committee is to provide guidance on matters specifically related to business attraction, retention, and expansion, and commercial development within the City. The Committee's recommendations are subject to confirmation by the City Council.*	Johnson/Reed	As needed
Affordable Housing Committee *The purpose of the Affordable Housing Committee is to discuss the City's terms and requirements for affordable housing per the Scotts Valley Municipal Code (SVMC) Section 14.01.030 as it relates to new residential development. The Committee's recommended terms are subject to confirmation by the City Council. In accordance with Resolution No. 1940, adopted 2-21-2018, in addition to those duties outlined in SVMC Title 14, the Scotts Valley Affordable Housing Subcommittee shall: (1) Provide a recommendation on the expansion of the affordable housing requirements City wide; (2) Formulate and recommend amendments to Title 14 to ensure the City is implementing best practices; and, (3) Research and make recommendations on alternative ways to make housing more affordable in Scotts Valley.*	Dilles/Timm	As needed

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: January 20, 2021

TO: Honorable Mayor and City Council

FROM: Tina Friend, City Manager

SUBJECT: **ADOPT RESOLUTIONS ESTABLISHING PROJECT SPECIFIC SUBCOMMITTEES**

SUMMARY OF ISSUE

To complement the City Council's consideration of appointments to interjurisdictional committees and standing local committees, staff recommends that the City Council establish and appoint Council Members to two temporary project specific Council subcommittees: the (1) FY 21/22 Budget Subcommittee; and, (2) Measure S Renovations Subcommittee.

The attached resolutions, summarized below, clarify the Council subcommittees' purpose, duration, and Council representation.

PROJECT SPECIFIC COUNCIL FY 21/22 BUDGET SUBCOMMITTEE

Term: The Council FY 21/22 Budget Subcommittee shall be effective January 21, 2021 through January 20, 2022.

Representation: The Council FY 21/22 Budget Subcommittee is recommended to be comprised of the Mayor and Vice Mayor.

Purpose: The purpose of the Council FY 21/22 Budget Subcommittee is to monitor the City's post-pandemic economic recovery and make recommendations for the FY 2021/22 City Budget, revenue enhancements and ongoing refinement of the City's Fiscal Sustainability Plan.

PROJECT SPECIFIC COUNCIL MEASURE S RENOVATIONS SUBCOMMITTEE

Term: The Council Measure S Renovations Subcommittee shall be effective January 21, 2021 through January 20, 2022.

Representation: The Council is requested to make two appointments to the Measure S Renovations Subcommittee.

Purpose: The purpose of the Council Measure S Renovations Subcommittee is to:

- Guide the final elements of the Scotts Valley Branch Library capital/renovations planning and develop recommendations for Council consideration.
- Oversee the construction and implementation of branch improvements, to commence Fall/Winter of 2021.

The City Manager and pertinent staff will work directly with both subcommittees to prepare information and craft recommendations for Council consideration.

FISCAL IMPACT

There is no fiscal impact associated with this action.

STAFF RECOMMENDATION

It is recommended that the Council adopt the attached resolutions establishing the following temporary project specific subcommittees:

- Resolution No. 1959.6, Council FY 21/22 Budget Subcommittee
- Resolution No. 1959.7, Measure S Renovations Subcommittee

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RESOLUTION NO. 1959.6

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY ESTABLISHING A TEMPORARY PROJECT SPECIFIC COUNCIL FY 21/22 BUDGET SUBCOMMITTEE

WHEREAS, the City Council may establish project specific Council subcommittees to address an explicit purpose or need; and

WHEREAS, project specific Council subcommittees are of a limited duration and should be active for no more than one year; and

WHEREAS, the Council desires to establish a project specific Council FY 21/22 Budget Subcommittee effective January 21, 2021 through January 20, 2022; and

WHEREAS, the Council FY 21/22 Budget Subcommittee will be comprised of the Mayor and Vice Mayor; and

WHEREAS, the purpose of the Council FY 21/22 Budget Subcommittee is to monitor the City's post-pandemic economic recovery and make recommendations for the FY 2021/22 City Budget, revenue enhancements and ongoing refinement of the City's Fiscal Sustainability Plan.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the City Council of the City of Scotts Valley hereby establishes a Temporary Project Specific Council FY 21/22 Budget Subcommittee.

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 20th day of January, 2021 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Approved: ______________________________
Derek Timm, Mayor

Attest: ______________________________
Tracy A. Ferrara, City Clerk

RESOLUTION NO. 1959.7

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY ESTABLISHING A TEMPORARY PROJECT SPECIFIC COUNCIL MEASURE S RENOVATIONS SUBCOMMITTEE

WHEREAS, the City Council may establish project specific Council subcommittees to address an explicit purpose or need; and

WHEREAS, project specific Council subcommittees are of a limited duration and should be active for no more than one year; and

WHEREAS, the Council desires to establish a project specific Council Measure S Renovations Subcommittee effective January 21, 2021 through January 20, 2022; and

WHEREAS, the Council Measure S Renovations Subcommittee will be comprised of _______________ and __________________; and

WHEREAS, the purpose of the Council Measure S Renovations Subcommittee is to accomplish the following:

- Guide the final elements of the Scotts Valley Branch Library capital/renovations planning and develop recommendations for Council consideration; and
- Oversee the construction and implementation of branch improvements, to commence Fall/Winter of 2021.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the City Council of the City of Scotts Valley hereby establishes a Temporary Project Specific Council Measure S Renovations Subcommittee.

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 20th day of January, 2021 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Approved:_____________________________
Derek Timm, Mayor

Attest: ____________________________
Tracy A. Ferrara, City Clerk