

City of Scotts Valley

Scotts Valley, California

Annual Comprehensive Financial Report

For the year ended June 30, 2022

Prepared by:
Administrative Services Department

This page intentionally left blank

City of Scotts Valley
Annual Comprehensive Financial Report
For the year ended June 30, 2022

Table of Contents

INTRODUCTORY SECTION

Table of Contents i
 Transmittal Letter v
 Directory of City Officials..... xi
 Organization Chart.....xii
 Certificate of Achievement for Excellence in Financial Reporting -
 Government Finance Officers Association..... xiii

FINANCIAL SECTION

Independent Auditors’ Report 1

Management’s Discussion and Analysis..... 5

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position..... 25
 Statement of Activities..... 26

Fund Financial Statements:

Governmental Fund Financial Statements:

Balance Sheet 30
 Reconciliation of the Governmental Funds Balance Sheet
 to the Government-Wide Statement of Net Position 33
 Statement of Revenues, Expenditures and Changes in Fund Balances..... 34
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
 Changes in Fund Balances to the Government-Wide Statement of Activities..... 36

Proprietary Fund Financial Statements:

Statement of Net Position 37
 Statement of Revenues, Expenses and Changes in Net Position 38
 Statement of Cash Flows..... 39

Fiduciary Fund Financial Statements:

Statement of Fiduciary Net Position..... 40
 Statement of Changes in Fiduciary Net Position..... 41

Notes to Basic Financial Statements..... 45

City of Scotts Valley
Annual Comprehensive Financial Report
For the year ended June 30, 2022

Table of Contents, Continued

	<u>Page</u>
Required Supplementary Information (Unaudited):	
Budgets and Budgetary Accounting.....	85
Budgetary Comparison Schedules:	
General Fund	86
Successor Housing Agency Fund	87
Library Facilities Fund	88
Lennar Fund.....	89
ARPA Fund.....	90
Defined Benefit Pension Plan:	
Schedule of the City's Proportionate Share of	
the Net Pension Liability - Last 10 Years	92
Schedule of Pension Contributions - Last 10 Years	92
Other Postemployment Benefits	
Schedule of Changes in Net OPEB Liability and	
Related Ratios during the Measurement Period - Last 10 Years	94
Schedule of OPEB Contributions - Last 10 Years	94
Supplementary Information:	
Enterprise Funds:	
Budgetary Comparison Schedule – Recreation Fund	97
Budgetary Comparison Schedule – Wastewater Fund	98
Non-Major Governmental Funds:	
Combining Balance Sheet.....	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	110
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Facility Fund	117
Traffic Impact Mitigation Fund	118
Recycling Fund	119
Gas Tax Fund	120
Drainage Construction Fun	121
Parks & Recreation Facilities Fund	122
Police Facility Fund	123
Senior Center Fund	124
Mt. Hermon Traffic Mitigation Fund	125
Green Building Fees Fund	126
Tree Replacement Fund	127
Pinewood Estates Landscape Maintenance Fund	128
Skypark Landscape Maintenance District	129
Library Fees Fund	130
SMIP Fee	131
Community Center Operations	132
Supplemental Law Enforcement Services	133

City of Scotts Valley
Annual Comprehensive Financial Report
For the year ended June 30, 2022

Table of Contents, Continued

	<u>Page</u>
Supplementary Information, Continued:	
Surface Transportation Projects Grant	134
Police Development Fees Fund	135
EDG Revolving Loan Fund	136
Homeland Security Grant Fund	137
Disability Compliance Fund	138
Transportation - Measure D Fund	139
Police Budget Act Fund	140
CalTrans – Get Everyone Moving Fund	141
Planning Grants Program Fund.....	142
Prop 68 Parks/Water Bond Act Fund	143
Police Prop 56 Tobacco Prevention Fund	144
General Capital Improvements Fund	145
COP Debt Service	146
Pension Obligation Bonds	147
Custodial Funds:	
Combining Statement of Fiduciary Net Position.....	148
Combining Statement of Changes in Fiduciary Net Position	149
 <u>STATISTICAL SECTION (unaudited)</u>	
Narrative Explanation of Statistical Section Categories	153
Financial Trends (last ten fiscal years):	
Table 1: Net Position by Component - Last Ten Fiscal Years	156
Table 2: Changes in Net Position- Last Ten Fiscal Years	158
Table 3: Fund Balances, Governmental Funds- Last Ten Fiscal Years	162
Table 4: Statement of Revenues, Expenditures, and Changes in Fund Balances- Last Ten Fiscal Years	164
Revenue Capacity Information (last ten fiscal years):	
Table 5: Assessed Values of Taxable Property- Last Ten Fiscal Years	168
Table 6: Direct and Overlapping Property Tax Rates- Last Ten Fiscal Years	169
Table 7: Principal Property Taxpayers- Last Ten Fiscal Years	170
Table 8: Property Tax Levies and Collections- Last Ten Fiscal Years	175
Debt Capacity Information (last ten fiscal years):	
Table 9: Direct and Overlapping Governmental Activities Debt	178
Table 10: Ratios of Outstanding Debt by Type- Last Ten Fiscal Years	179
Table 11: Legal Debt Margin Information- Last Ten Fiscal Years	180
Table 12: Pledged Revenue Coverage - Last Ten Fiscal Years	181
Demographic and Economic Information (last ten fiscal years):	
Table 13: Demographic and Economic Statistics- Last Ten Fiscal Years	184
Table 14: Principal Employers- Last Ten Fiscal Years	185
Operating Information (last ten fiscal years):	
Table 15: Full-Time Equivalent City Employees- Last Ten Fiscal Years	191

City of Scotts Valley
Annual Comprehensive Financial Report
For the year ended June 30, 2022

Table of Contents, Continued

Page

STATISTICAL SECTION (unaudited), Continued

Table 16: Capital Asset Statistics by Function I Program- Last Ten Fiscal Years 192
Table 17: Operating Indicators by Function I Program- Last Ten Fiscal Years 193



CITY OF SCOTT'S VALLEY

OFFICE OF THE CITY MANAGER

1 Civic Center Drive · Scotts Valley · California · 95066
Phone (831) 440-5600 · Facsimile (831) 438-2793 · www.scottsvally.org

April 4, 2023

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

SUBJECT: ANNUAL COMPREHENSIVE FINANCIAL REPORT - JUNE 30, 2022

REPORT PURPOSE AND ORGANIZATION

The Annual Comprehensive Financial Report (ACFR) for the City of Scotts Valley for fiscal year July 1, 2021 through June 30, 2022 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 Accountant, has audited the City's financial statements and issued an opinion that financial statements for Fiscal Year 2021-2022 (FY 2021-22), 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 ACFR for the City of Scotts Valley for the fiscal year ended June 30, 2022, and included in the financial section of this report.

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 requirements involving the administration of federal awards. A Single Audit Report on Federal Award Programs was not required or prepared in FY 2021-22 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 Auditor’s opinion, the Management’s Discussion and Analysis (MD&A), 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 auditor.

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 12,232. 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 José.

Form of Government

The City of Scotts Valley is a general law City, incorporated on August 2, 1966. It is subject to the framework and procedures established by California 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 services include police protection, parks and public works, community development, recreation, wastewater, and City administration including human resources, information technology, and finance. Independent special districts provide fire protection and water services.

The ACFR includes all financial activities of the City and the Successor Agency to the former Redevelopment Agency of the City of Scotts Valley, comprising of 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 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 (CIP), 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.

ECONOMIC CONDITIONS AND FISCAL OUTLOOK

On a national level, economic conditions are uncertain. Given the Federal Reserve's concerns about inflation and subsequent interest rate increases to address it, the probability of a future recession has increased. While current economic data continues to illustrate financially healthy individual households, continued interest rate increases and a prolonged duration of tighter monetary conditions will make a recession an increasing possibility.

The local, regional, and state economies all have been negatively impacted by the Coronavirus pandemic (COVID-19) and subsequent brief recession. Although the recession has since officially ended, the broader economic environment is still recovering and, in some areas, has not returned to pre-pandemic levels.

Some of the effects of the pandemic and recent downturn continued through FY 2021-22. The continued deployment of vaccines, boosters, and federal stimulus packages have been critical to the recovery of local government revenues as they have provided relief to the unemployed, small businesses, and state and local governments.

The unemployment rates at the local, state, and national levels continue to improve compared to the prior year. In December 2022, the unadjusted unemployment rate for Scotts Valley was 3.2 percent¹ compared to 3.7 percent¹ unadjusted in March 2022. The Scotts Valley June 2022 unemployment rate (2.7 percent)¹ continued to be lower than the unadjusted unemployment for the State (4.2 percent)² and the nation (3.8 percent)³.

The economic recovery happened more quickly than many anticipated, providing increases across several important revenue categories, that helped to significantly improve the City's General Fund budgetary position in FY 2021-22 and into FY 2022-23. As City operations continued their transition from a heightened pandemic response into more normal business operations, the City experienced slight revenue increases in recreation due to continued lifting of restrictions on indoor activities.

The City has steadily rebounded since the initial onset of the pandemic as evidenced by increased non-essential travel and subsequent transient occupancy tax receipts. The pace of the economic rebound is evidenced by the growth in taxable sales. Although, the City's property and sales taxes have proven to be fairly resilient throughout the pandemic, its transient occupancy tax has not fully recovered to pre-pandemic levels. These three revenue sources combined account for approximately 84% of all General Fund revenues.

In addition to the City's revenue sources, the City continues to benefit from the Federal American Rescue Plan Act (ARPA). The Act allocated \$2,812,524 to the City over a two-year period with the second payment of \$1,402,262 received in July 21, 2022. Plans for the funding include providing critical support for public safety services.

Sales Tax

Sales tax is the City's largest source of revenue, accounting for 51% of the General Fund Revenues. The City general fund sales tax consists of a 1% Bradley Burns tax rate. Sales tax receipts are volatile and reflect the changing local, state, and national economic conditions.

In addition, on March 3, 2020, voters overwhelmingly approved (with a 64.28% passage rate) Measure Z, which modified the local sales tax, beginning on July 1, 2020, eliminating the 0.50% rate and increasing it to 1.25%. For FY 2021-22, sales tax receipts of \$7,649,171 million were \$983,115 higher than the prior year's collection. Sales tax revenues continue to increase as a result of Measure Z and a favorable economy.

¹ <https://data.edd.ca.gov/Labor-Force-and-Unemployment-Rates/Local-Area-Unemployment-Statistics-LAUS-/e6gw-gvii/data>

² https://edd.ca.gov/en/about_edd/news_releases_and_announcements/unemployment-june-2022/

³ https://www.bls.gov/news.release/archives/empsit_07082022.pdf

Property Tax

Scotts Valley's second major source of revenue is property tax, accounting for 21% of the General Fund Revenues. In FY 2021-22, the General Fund received \$3,186,215 in base property tax receipts, prior to the inclusion of Documentary Transfer Tax and Residual RDA distributions. This base amount was \$222,977 lower than the prior year and continues a gradual decrease trend since the \$3.7 million received in 2019.

Changes in property values have less of an impact on the City's property tax revenue compared to other cities in Santa Cruz County because of lower property tax rate. The City receives approximately 6.5% of the assessed property taxes (its apportionment rate).

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. Due to appreciating property values, property tax revenues have remained relatively consistent. Based on historical data, it is anticipated this trend will continue into the next fiscal year.

Transient Occupancy Tax

Transient occupancy tax (TOT) represents 11% of General Fund revenues. In the current fiscal year, TOT revenues increased 3% due to the increase in both leisure and business travel. For FY 2021-22, TOT revenues of \$1,696,956 were \$435,856 higher than the prior year's collection. TOT has been steadily increasing year over year and this is the second highest year in the last ten years.

MAJOR INITIATIVES

During FY 2021-22, the City accomplished the following:

- Commenced a K-9 Police Officer Program
- Introduced a Police Bike Team
- Continued the Drug Abuse Resistance Education (DARE) and Junior Police academy programs
- Completed substantial renovations to the Scotts Valley Branch Library
- Completed Skypark Field restoration project
- Completed Whispering Pines Paving project
- Completed Wastewater Programmable Logic Controller (PLC) upgrade
- Adopted Sanitary Sewer Management Plan (SSMP)
- Entered into a partnership with Scotts Valley Unified School District for school childcare programs
- Adopted Recreation Restoration and Implementation Plan

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 auditor's opinion is 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 FY 2021-22.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 Annual Comprehensive Financial Report (ACFR) 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

Preparation of this ACFR was accomplished by the combined efforts and dedicated services of the Finance Department. We would like to extend our appreciation to Amanda Long, Accountant II, Amanda Armstrong, Human Resources Manager, and Don Rhoads, consultant with Baker Tilley for their efforts in preparing this report.

Further appreciation is extended to the Mayor and the City Council for their support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,


Mali LaGoe, City Manager


Selina Andrews, Finance Manager



**CITY OF SCOTTS VALLEY
PRINCIPAL CITY OFFICIALS
JUNE 30, 2022**

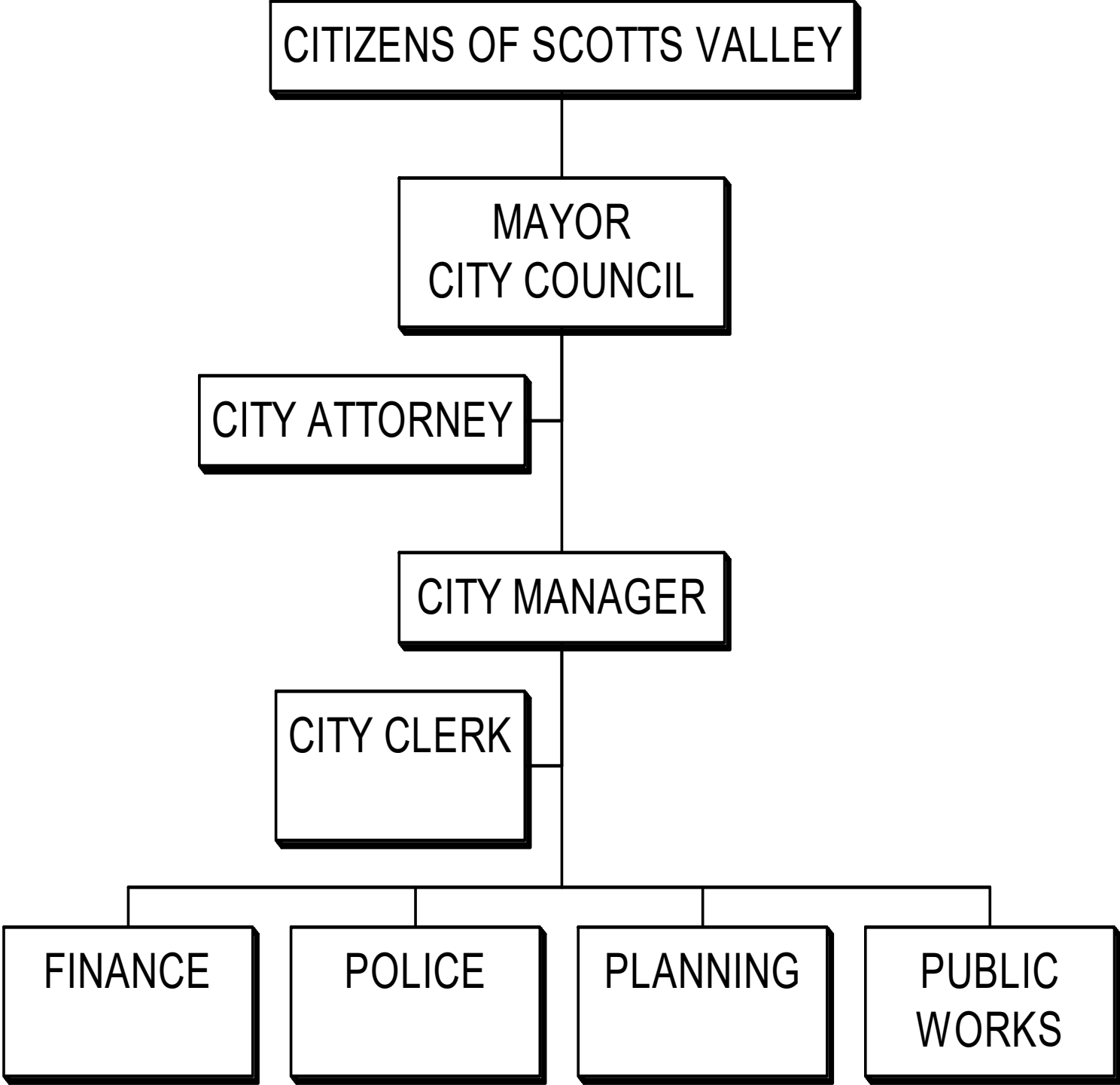
CITY COUNCIL MEMBERS

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

CHIEF ADMINISTRATIVE OFFICIALS

Malli LaGoe	City Manager
Kirsten Powell	City Attorney
Cathie Simonovich	City Clerk
Steve Walpole, Jr.	Chief of Police
Chris Lamm	Public Works Director
Taylor Bateman	Community Development Director
Casey Estorga	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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

This page intentionally left blank



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 Audit of the Financial Statements

Opinions

We have audited the 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 (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension plan and OPEB plan information on pages 5-19 and 86-94 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The major fund budgetary comparison schedules, combining and individual nonmajor fund financial statements and budgetary comparison schedules on page 97-149 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The major fund budgetary comparison schedules, combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 97-149 are the responsibility of management and were derived from and relates 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, major fund budgetary comparison schedules, combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

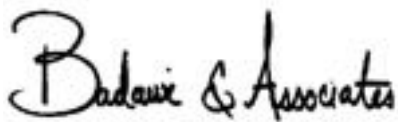
Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the information included in the annual comprehensive financial report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Honorable Mayor and Members
of the City Council of the City of Scotts Valley
Scotts Valley, California
Page 4

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates, CPAs
Berkeley, California
April 3, 2023



**City of Scotts Valley
Finance Department
Scotts Valley, California**

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of Scotts Valley’s Annual Comprehensive Financial Report provides a narrative overview and analysis of the City’s financial activities for the fiscal year ended June 30, 2022. 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, 2022 is \$29,890,693. The current year change in net position is an increase of \$1,874,972. Of the total net position, \$36,983,815 is invested in capital assets (net of related debt) and \$12,109,666 has restrictions on their use, leaving a negative \$19,202,788 as unrestricted. The current increase in the City’s net position is a combination of governmental activities increasing by \$3,029,333 and business-type activities decreasing by \$1,154,361.

As of June 30, 2022, the City’s governmental funds (General Fund, special revenue funds, debt service funds, and capital project funds) have a combined fund balance of \$20,288,525, an increase of \$2,465,409 from the previous year. This is a combination of an increase of \$1,347,378 in the General Fund, a decrease of \$314,818 in other major funds, and an increase of \$1,432,849 in non-major funds. Of the total City governmental fund balance, \$139,532 is non-spendable, \$10,804,666 is restricted, \$1,483,795 is assigned, and \$7,860,532 is unassigned.

In March 2020, ballot, the voters of Scotts Valley approved a ballot initiative for an increase in local transactions and use tax that increased the local sales tax rate from 0.5% to 1.25% effective July 1, 2020, for a period not to exceed twelve years. The City recorded revenues from the new measure totaling \$7,649,171 for the fiscal year, an increase of \$983,115 over the previous fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City’s overall financial status
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services such as public safety, were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer both short-term and long-term financial information about the activities the government operates like businesses, such as the sewer system and recreation.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

- 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 <u>Statements</u>	Governmental <u>Funds</u>	Proprietary <u>Funds</u>	Fiduciary <u>Funds</u>
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 entity's resources
Required financial statements	Statement of net position Statement of activities	Balance sheet, Statement of revenue, expenditures, and changes in fund balances	Statement of net position; Statement of revenues, expenses, and changes in net position; Statement of cash flows	Statement of fiduciary net position; Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, both short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statement

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all 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

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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.
- **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 45-81 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 \$29,890,693 as of June 30, 2022. The total City's net position increased by \$1,874,972 or 6.7% during the fiscal year largely as a combined net result of an approximate \$880,000 decrease in long-term liabilities outstanding and approximately \$1.4 million increase in capitalized assets. The decrease in long-term liabilities was mostly attributed to the decline in net pension liabilities of \$7 million. The decline was due to each plan's actual investment earnings having far exceeded the actuarial return assumptions during the plans' measurement periods (July 1, 2020 through June 30, 2021). The entire Statement of Net Position can be seen on Page 25.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 29,715,293	\$ 17,941,915	\$ 4,974,174	\$ 5,043,079	\$ 47,657,208	\$ 22,984,994
Capital assets, net	34,414,394	32,083,500	10,256,133	10,341,552	44,670,527	42,425,052
Total assets	64,129,687	50,025,415	15,230,307	15,384,631	79,359,994	65,410,046
Deferred outflows of resources	5,090,623	5,013,176	1,035,203	1,091,245	6,125,826	6,104,421
Total assets and deferred outflows of resources	69,220,310	55,038,591	16,265,510	16,475,876	85,485,820	71,514,467
Long-term debt outstanding	10,255,795	11,141,610	112,137	105,707	10,367,932	11,247,317
Other liabilities	26,318,077	29,339,981	6,340,996	7,844,001	32,659,073	37,183,982
Total liabilities	36,573,872	40,481,591	6,453,133	7,949,708	43,027,005	48,431,299
Deferred inflows of resources	9,591,388	2,021,606	2,976,734	536,164	12,568,122	2,557,770
Total liabilities and deferred inflows of resources	46,165,260	42,503,197	9,429,867	8,485,872	55,595,127	50,989,069
Net position:						
Net investment in capital assets	26,727,682	23,937,163	10,256,133	10,341,552	36,983,815	34,278,715
Restricted	10,804,666	9,782,727	1,305,000	746,708	12,109,666	10,529,435
Unrestricted	(14,477,298)	(13,694,173)	(4,725,490)	(3,098,256)	(19,202,788)	(16,792,429)
Total net position	\$ 23,055,050	\$ 20,025,717	\$ 6,835,643	\$ 7,990,004	\$ 29,890,693	\$ 28,015,721

The largest portion of the City's total net position of \$29 million, \$37 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, \$12.1 million represents resources that were subject to external restrictions on how they may be used. The remaining (\$19.2) 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 \$12.8 million net pension liability, and \$16.1 million net OPEB liability.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Changes in Net Position: The change in government-wide net position went from an increase of \$3,433,776 in FY 2021 to an increase of \$1,874,972 in FY 2022. This is a result of total revenues increasing by \$3,334,476 or 15.6%, and total expenses increasing by \$5,619,431 or 31.3% as illustrated in the table below.

(in thousands of dollars)

	2022	2021
Program revenues	\$ 9,798	\$ 7,032
General revenues	14,903	14,334
Governmental expenses	(17,734)	(14,275)
Business-type expenses	(5,818)	(3,657)
Net increase (decrease)	\$ 1,149	\$ 3,434

Revenues: Program revenues for governmental activities increased by \$2,343,938 or 59%. This is made up of an increase in charges for services of \$1,055,090, an increase in operating grants and contributions of \$736,046, and capital grants and contributions of \$552,802. This is due to one-time fees collected for large tenant improvement projects and bond proceeds related to Measure S.

Program revenues for business-type activities increased \$421,391 or 13.7%. This consists of an increase in charges for services of \$278,218 and an increase in capital grants and contributions of \$143,173. Charges for services in Wastewater increased by \$254,040 or 8.7% due to an increase in commercial usage. Charges for services in recreation programs increased by \$24,178, or 74% due primarily to an increase of social programs and activities. The increase in capital grants and contributions was due to wastewater development impact fees collected as a result of additional activity in Planning and Building.

Expenses: Governmental activities expenses increased by \$3,458,553, or 24%. This increase is the net effect of increased expenses associated with inflationary pressures of goods and services and employee cost of living adjustments and benefit increases.

Expenses for business-type activities increased by \$2,160,878, or 59%. Wastewater expenses increased by \$1,752,760 or 54.7%, due to certain wastewater treatment plant improvements. Recreation expenses increased by \$408,118 or 90.4%, due to increased staffing and program activity.

	Program Revenues (in thousands of dollars)									
	Expenses		Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Governmental activities:										
General government	\$ 4,070	\$ 3,119	\$ 199	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 199	\$ 100
Public safety	6,828	5,520	106	108	8	-	820	-	934	108
Planning and building	2,345	1,388	2,090	1,201	-	-	-	267	2,090	1,468
Public works	4,172	3,912	366	298	2,713	1,985	-	-	3,079	2,282
Interest	319	336	-	-	-	-	-	-	-	-
Total governmental activities	<u>17,734</u>	<u>14,275</u>	<u>2,762</u>	<u>1,706</u>	<u>2,721</u>	<u>1,985</u>	<u>820</u>	<u>267</u>	<u>6,302</u>	<u>3,958</u>
Business-type activities:										
Wastewater	4,959	3,206	3,179	2,925	-	-	259	116	3,439	3,041
Recreation programs	859	451	57	32.68	-	-	-	-	57	33
Total business-type activities	<u>\$ 5,818</u>	<u>\$ 3,657</u>	<u>\$ 3,236</u>	<u>\$ 2,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259</u>	<u>\$ 116</u>	<u>\$ 3,495</u>	<u>\$ 3,074</u>

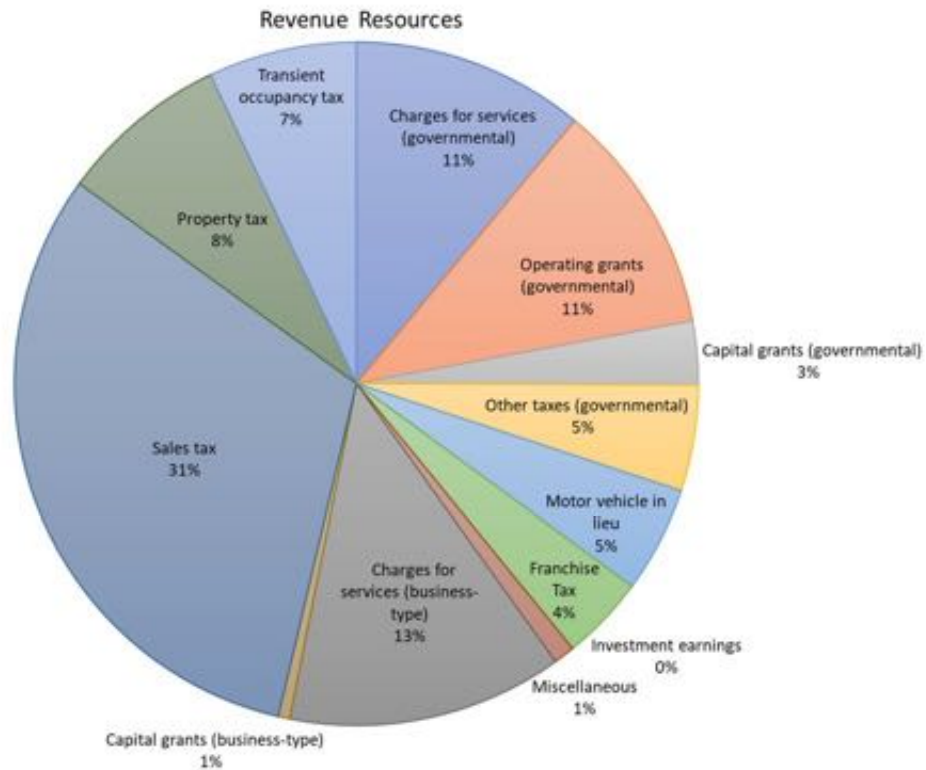
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

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.

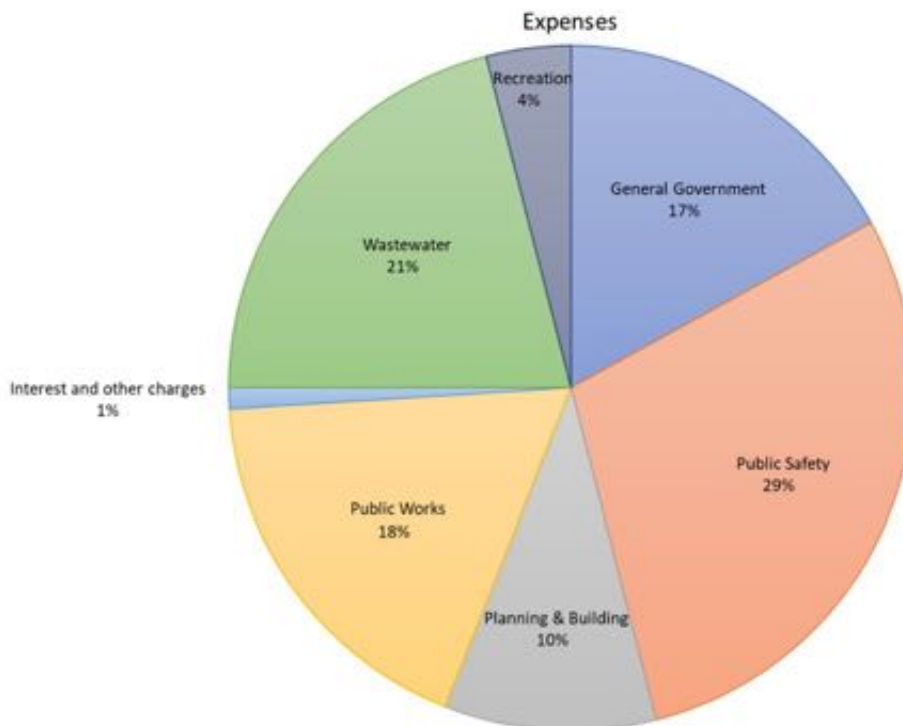
	Statement of Activities Change in Net Position (in thousands of dollars)					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 2,762	\$ 1,706	\$ 3,236	\$ 2,958	\$ 5,998	\$ 4,664
Operating grants	2,721	1,985	-	-	2,721	1,985
Capital grants	820	267	259	116	1,079	383
General revenues:						
Sales tax	7,649	6,666	-	-	7,649	6,666
Property tax	1,867	2,143	-	-	1,867	2,143
Franchise Tax	1,080	1,045			1,080	1,045
Transient occupancy tax	1,697	1,261			1,697	1,261
Motor vehicle in lieu	1,319	1,267	-	-	1,319	1,267
Other taxes	1,260	1,346	-	-	1,260	1,346
Investment earnings	(156)	34	8	3	(148)	38
Miscellaneous	178	569	-	-	178	569
Total revenues	21,197	18,289	3,503	3,078	24,701	21,366
Expenses:						
General Government	4,070	3,119	-	-	4,070	3,119
Public Safety	6,828	5,520	-	-	6,828	5,520
Planning & Building	2,345	1,388	-	-	2,345	1,388
Public Works	4,172	3,912	-	-	4,172	3,912
Interest on Debt	319	336	-	-	319	336
Wastewater			4,959	3,206	4,959	3,206
Recreation			859	451	859	451
Total expenses	17,734	14,275	5,818	3,657	23,552	17,932
Excess of (Deficiency)	3,463	4,013	(2,315)	(579)	1,149	3,434
Transfers	(470)	(275)	470	275	-	-
Change in net position	\$ 2,994	\$ 3,739	\$ (1,845)	\$ (305)	\$ 1,149	\$ 3,434
Net position:						
Beginning of year	20,026		7,990			
Prior period adjustment	36		691			
Beginning of year, as restated	20,061		8,681			
End of year	<u>\$ 23,055</u>		<u>\$ 6,836</u>			

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (continued)

Revenue Chart: As shown in the Statement of Activities, revenues for FY 2021-22 totaled \$24.7 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 FY 2021-22 totaled \$23.5 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 commitment that was placed on the City's taxpayers by each of these functions.

For governmental activities, total costs of \$17,733,997 were offset by Program Revenues of \$6,302,286 which included charges for services of \$2,761,534, operating grants/contributions of \$2,720,805, and capital grants/contributions of \$819,947, bringing the net cost of services to \$11,431,711. This is an increase in net cost of \$1,114,615 from the prior fiscal year.

For business-type activities, total costs of \$5,817,857 was offset by charges for services of \$3,236,038 and capital grants/contributions \$259,368, bringing the net cost of services to \$2,322,451. This is an increase in net cost of \$1,739,487 from the prior fiscal year.

Net Cost of Government and Business-type Activities

	Total Cost of Services	Program Revenue	Net Cost of Services
General Government	\$ 4,069,929	\$ 199,488	\$ 3,870,441
Public Safety	6,827,761	934,035	5,893,726
Planning and Building	2,345,299	2,089,506	255,793
Public Works	4,171,726	3,079,257	1,092,469
Interest on long-term debt	319,282	-	319,282
Total Government	\$ 17,733,997	\$ 6,302,286	\$ 11,431,711
Wastewater	4,958,504	3,438,550	1,519,954
Recreation	859,353	56,856	802,497
Total Business-type	\$ 5,817,857	\$ 3,495,406	\$ 2,322,451

A description of each program is listed below:

- General Government expenses comprise approximately 17% 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 29% of all expenses. Revenues from fines, citations, grants, and animal services partially offset the cost of this program.
- Planning and Building expenses comprise approximately 10% 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 1% of all expenses. The interest expense is used to pay long-term debt obligations.
- Wastewater expenses comprises 21% of all expenses. Sewer service fees and charges to customers help to offset expenses.
- Recreation expenses comprise 4% of all expenses. These programs are primarily funded through recreational program revenues and the general fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The Governmental Funds provide an overview on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Fund Balance- the City's Governmental Funds Balance Sheet report the following fund balances:

Nonspendable Fund Balance is a portion of net resources that cannot be spend because of their form. The City has \$139,532 classified as nonspendable which remained the same as the prior year.

Restricted Fund Balance has an externally enforceable limitation on use. The City's Restricted Fund balance was \$10,804,666, an increase of \$1,021,939 from the prior year.

Assigned Fund Balance is not restricted or committed to indicate that the City Council previously committed how the money will be spent. The City's Assigned Fund balance was \$1,483,795, an increase of \$153,291 from the prior year.

Unassigned Fund Balance is the residual of net resources. The City's Unassigned Fund balance was \$7,860,532, an increase of \$1,290,179 from the prior year.

Additional information on the City's Fund Balances can be found in Note 9 of the Notes to the Financial Statements section.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)

**TOTAL GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2022</u>	<u>2021</u>
REVENUES:		
Taxes and assessments	\$17,055,380	\$14,120,985
Intergovernmental revenues	684,297	1,657,378
Fees and services	3,278,328	1,768,492
Fines and forfeitures	17,438	17,510
Contributions from non-government	1,150	1,653
Facility and building rental	260,050	155,255
Investment earnings	(155,705)	34,156
Miscellaneous revenues	196,600	599,111
Total revenues	<u>21,337,538</u>	<u>18,354,540</u>
EXPENDITURES:		
Current:		
General government	3,747,809	2,983,275
Public safety	5,959,606	5,030,108
Planning and building	2,195,408	1,336,531
Public works	2,464,692	1,946,247
Capital outlay	3,672,055	2,060,807
Debt service:		
Principal	860,000	815,000
Interest and fiscal charges	317,502	346,896
Total expenditures	<u>19,217,072</u>	<u>14,518,864</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,120,466</u>	<u>3,835,676</u>
OTHER FINANCING SOURCES (USES):		
Issuance of debt	-	-
Premium from issuance of debt	-	-
Payment to escrow	-	-
Transfers in	754,053	732,189
Transfers out	(1,223,672)	(1,006,773)
Total other financing sources (uses)	<u>(469,619)</u>	<u>(274,584)</u>
Net change in fund balances	<u>1,650,847</u>	<u>3,561,092</u>
FUND BALANCES (DEFICITS):		
Beginning of year	17,823,116	13,367,064
Prior period adjustments	814,562	894,960
Beginning of year, as restated	<u>18,637,678</u>	<u>14,262,024</u>
Ending Fund Balances	<u><u>\$20,288,525</u></u>	<u><u>\$17,823,116</u></u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (Continued)

At the end of the current fiscal year, the City's governmental funds reported total ending fund balance of \$20,288,525 an increase of \$2,465,409 in comparison with the prior fiscal year.

Governmental revenues totaled \$21,337,538, an increase of \$2,982,998 from the prior year. This is due to an increase in sales tax receipts, transient occupancy tax, and fees for services. Expenditures totaled \$19,217,072, an increase of \$4,698,208 from the prior year. This is largely due to the pension cost allocation and near completion of the library renovations.

General Fund transfers increased \$21,864 from the prior year due to transfers from the American Rescue Plan Act monies to fund Public Works Facilities improvements and eligible general fund expenditures, subsidize Community Center program activities, and to eliminate the negative balance in the Homeland Security Grant fund.

The General Fund transfers out increased \$216,899 from the prior year. This is due to subsidizing the Recreation and Community Center programs, funding allocation costs associated with the Pension Obligation Bond debt and administrative costs, and to pay for the Economic Development Grant (EDG) Revolving loan advance for the Community Development Block Grant (CDBG).

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.

The below reflects amendments to the adopted budget that were approved by City Council during the year.

Description	Original Budget General Fund Revenue	Amended Budget General Fund Revenue
Sales Tax - Measure Z	\$ 3,473,200	\$ 4,218,829
Transient Occupancy Tax	1,445,300	1,617,373
Construction Permits	427,500	1,000,000
General Planning Fee	24,200	200,000
	\$ 5,370,200	\$ 7,036,202

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

Description	Original General Budget Fund Expenditures	Amended Budget General Fund Expenditures
Legislative	\$ 335,340	\$ 358,827
City Attorney	203,100	253,500
General Government	998,000	698,000
City Manager's Office	879,031	655,915
Administrative Services	1,842,061	2,001,568
Police	5,354,671	5,223,577
Community Development	1,461,662	1,164,817
Public Works	2,057,629	1,966,992
	\$ 13,131,494	\$ 12,323,196

Revenues:

**SUMMARY OF GENERAL FUND REVENUES
BUDGET AND ACTUAL
Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 11,716,400	\$ 12,634,102	\$ 13,393,627	\$ 759,525
Franchise fees	1,041,000	1,041,000	1,080,373	39,373
Intergovernmental revenues	8,500	8,500	22,952	14,452
Fees and services	1,048,300	1,796,600	1,960,135	163,535
Fines and forfeitures	16,800	16,800	17,438	638
Contributions from non-government	-	-	-	-
Facility and building rental	-	-	-	-
Investment earnings	69,700	69,700	(192,504)	(262,204)
Miscellaneous revenues	84,300	84,300	147,658	63,358
Transfers in	-	235,000	-	(235,000)
Total revenues	\$ 13,985,000	\$ 15,886,002	\$ 16,429,679	\$ 778,677

Actual revenues were above final budgeted amounts by \$778,677. Property taxes and assessments exceeded budget projections by \$759,525 due to better-than-anticipated sales tax receipts. Investment earnings underperformed mainly due to the lower mark-to-market value above historical investment cost than the prior year for the City's investment portfolio. These non-cash or paper gains/losses are recognized as investment income/loss as a result of the "mark to market value" procedure required by GASB 31.

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

Expenses:

SUMMARY OF GENERAL FUND EXPENDITURES BUDGET AND ACTUAL Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original	Final		
Expenditures:				
General government	\$ 4,203,782	\$ 4,156,059	\$ 3,895,120	\$ (260,939)
Public Safety	5,342,186	5,211,092	5,668,469	457,377
Planning and Building	1,461,662	1,164,818	1,488,374	323,556
Public Works	2,049,629	1,961,992	2,043,525	81,533
Capital outlay	320,485	327,485	26,765	(300,720)
Debt service	732,325	732,325	736,376	4,051
Transfers out	(1,223,672)	(665,693)	(1,223,672)	(557,979)
Total expenditures	<u>\$ 12,886,397</u>	<u>\$ 12,888,078</u>	<u>\$ 12,634,957</u>	<u>\$ (253,121)</u>

FY 2021-22 General Fund expenditures reflect an amendment to the adopted budget that was approved by City Council during the year.

Actual expenses, prior to transfers, were \$304,858 below the final adopted budget. General Government departments were lower than budgeted by \$260,939. Public Safety was over \$457,377; Planning and Building was over \$323,556; Public Works was over \$81,533. The overages were primarily due to departmental costs associated with increased activity through the use of contractors and additional staffing.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: A recap of the City's capital assets, net of accumulated depreciation, is shown in the following table. The City-wide increase (net of depreciation) is \$2,268,550. The governmental activities had net capital asset additions of \$2,330,894 with a current year depreciation of \$1,460,997. Business-type activities had a net capital asset decrease of \$62,344 with a current year depreciation expense of \$775,977.

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 7,012	\$ 7,012	\$ 529	\$ 529	\$ 7,541	\$ 7,541
Building and Improvements	2,583	3,560	1,081	1,201	3,664	4,761
Machinery and Equipment	631	469	1,119	1,088	1,750	1,556
Infrastructure	20,452	19,902	7,002	7,229	27,454	27,131
Outfall Agreement			50	53	50	53
Construction in progress	-	1,141	474	218	4,211	1,359
Total	\$ 34,414	\$ 32,084	\$ 10,256	\$ 10,318	\$ 44,671	\$ 42,402

More detailed information about the City's capital assets is presented in Note 6 to the financial statements.

Long-term Debt: A recap of the City's long-term debt is shown below. Total long-term debt decreased \$885,815, or 7.9%. Within the last two years, 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) 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 \$872,746. More detailed information about the City's long-term debt is presented in Note 7 of the financial statements.

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

	Governmental		Business Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Certificates of participation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lease Revenue refunding bonds	8,350	8,838	-	-	8,350	8,838
Pension Obligation Bonds	1,235	1,615	-	-	1,235	1,615
Installment note	65	70	-	-	65	70
Accrued compensated absences	605	619	106	106	711	724
Total	\$ 10,256	\$ 11,142	\$ 106	\$ 106	\$ 10,362	\$ 11,247

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Scotts Valley's economy and fiscal outlook continued to strengthen in FY 2021-22 but much uncertainty remains about the City's prospects over the next several years. Historically high inflation levels and the potential for a recession continue to drive up labor costs and could also pose risks to future revenues. While the City's budget for FY 2022-23 is balanced, it required the use of reserves and other one-time funds. Development of the City's budget for FY 2023-24 will likely be challenging. In addition to the aforementioned challenges, the City received the second tranche of American Rescue Plan Act (ARPA) funds and is not expected to receive additional future federal funding related to the pandemic.

The FY 2022-3 budget focused on Council's four strategic goals, strategic investments to enhance the City's long-term financial stability; a new economic development budget within the City Manager's Office to support the Town Center and continued economic recovery; investments in information technology infrastructure to enhance City services; and the return of recreation services and enhanced maintenance of City parks and other facilities to improve the quality of life for Scotts Valley residents.

The budget included modest increases to retirement, workers compensation, and contractual services expenses. Capital projects proposed in FY 2022-23 address the primary needs of streets with new paving, striping, safety enhancements, and continue to prioritize public safety and police services. The budget also included an investment of over \$11 million to address the wastewater treatment plant, public works facilities, police department, and city hall infrastructure.

The City's financial outlook remains stable given the financial challenges. Sales tax receipts returned to levels last seen prior to the pandemic and while volatile in economic downturns, continue to support City operations. Other revenue sources, including transient occupancy tax, are also showing an improvement from prior years. The reduction strategies adopted by City Council to align service levels with ongoing resources will allow the City to maintain services in future years. Staff will continue to monitor the long-term budget situation, both locally and at the State level, to keep the City Council informed of critical economic events that may impact the sustainability of the City's spending plan.

Further, staff will continue to assess the City's operations and service delivery models to achieve efficiencies where possible. Considering the ongoing economic uncertainty, the City must continue to focus its efforts on prioritizing fiscal initiatives such as adequate funding of infrastructure, thoughtful comprehensive planning, and optimization of business and residential development opportunities. Additionally, as new long-term needs are identified, the appropriate resources to meet those needs must also be identified.

Lastly, the City must maintain financial flexibility to ensure it is able to continue to quickly respond to changes in the economy and major revenue sources as evidenced by the current uncertain and unprecedented situation.

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 Administrative Services Department, 1 Civic Center Drive, Scotts Valley, CA 95066.

This page intentionally left blank

BASIC
FINANCIAL STATEMENTS

This page intentionally left blank

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

This page intentionally left blank

City of Scotts Valley
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 16,972,242	\$ 4,890,145	\$ 21,862,387
Receivables	3,972,413	322,008	4,294,421
Lease receivable - current portion	159,985	-	159,985
Internal balances	1,837,979	(1,837,979)	-
Total current assets	<u>22,942,619</u>	<u>3,374,174</u>	<u>26,316,793</u>
Noncurrent assets:			
Advances to Redevelopment Successor Agency	3,332,365	1,600,000	4,932,365
Loans receivable	2,909,909	-	2,909,909
Lease receivable - noncurrent portion	505,379	-	505,379
Restricted cash with fiscal agent	25,021	-	25,021
Capital assets:			
Nondepreciable	10,748,471	1,003,381	11,751,852
Depreciable, net	23,665,923	9,252,752	32,918,675
Net capital assets	<u>34,414,394</u>	<u>10,256,133</u>	<u>44,670,527</u>
Total noncurrent assets	<u>41,187,068</u>	<u>11,856,133</u>	<u>53,043,201</u>
Total assets	<u>64,129,687</u>	<u>15,230,307</u>	<u>79,359,994</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pension	3,310,315	766,174	4,076,489
Deferred outflows from OPEB	1,051,660	269,029	1,320,689
Deferred loss on refunding	728,648	-	728,648
Total deferred outflows of resources	<u>5,090,623</u>	<u>1,035,203</u>	<u>6,125,826</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,208,704	151,811	1,360,515
Accrued liabilities	95,909	10,520	106,429
Deposits payable	720,779	-	720,779
Unearned revenue	1,407,262	(33,269)	1,373,993
Accrued interest	70,541	-	70,541
Long-term debt - current portion	1,327,817	68,500	1,396,317
Total current liabilities	<u>4,831,012</u>	<u>197,562</u>	<u>5,028,574</u>
Non-current liabilities:			
Long-term debt - noncurrent portion	8,927,978	43,637	8,971,615
Net pension liability	9,960,046	2,923,488	12,883,534
Net OPEB liability	12,854,836	3,288,446	16,143,282
Total noncurrent liabilities	<u>31,742,860</u>	<u>6,255,571</u>	<u>37,998,431</u>
Total liabilities	<u>36,573,872</u>	<u>6,453,133</u>	<u>43,027,005</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	8,002,870	2,740,579	10,743,449
Deferred inflows from OPEB	923,155	236,155	1,159,310
Deferred inflows from lease	665,363	-	665,363
Total deferred inflows of resources	<u>9,591,388</u>	<u>2,976,734</u>	<u>12,568,122</u>
NET POSITION			
Net investment in capital assets	26,727,682	10,256,133	36,983,815
Restricted for:			
Debt services	25,021	-	25,021
Low mod housing	3,968,087	-	3,968,087
Public safety	661,217	-	661,217
Public project	2,704,302	1,305,000	4,009,302
Parks & recreations	2,454,660	-	2,454,660
Others	1,446,794	-	1,446,794
Total Restricted:	<u>10,804,666</u>	<u>1,305,000</u>	<u>12,109,666</u>
Unrestricted	(14,477,298)	(4,725,490)	(19,202,788)
Total net position	<u>\$ 23,055,050</u>	<u>\$ 6,835,643</u>	<u>\$ 29,890,693</u>

See accompanying Notes to Basic Financial Statements

City of Scotts Valley
Statement of Activities
For the year ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 4,069,929	\$ 199,488	\$ -	\$ -	\$ 199,488
Public safety	6,827,761	106,045	8,043	819,947	934,035
Planning and building	2,345,299	2,089,506	-	-	2,089,506
Public works	4,171,726	366,495	2,712,762	-	3,079,257
Interest	319,282	-	-	-	-
Total governmental activities	17,733,997	2,761,534	2,720,805	819,947	6,302,286
Business-type activities:					
Wastewater	4,958,504	3,179,182	-	259,368	3,438,550
Recreation programs	859,353	56,856	-	-	56,856
Total business-type activities	5,817,857	3,236,038	-	259,368	3,495,406
Total primary government	\$ 23,551,854	\$ 5,997,572	\$ 2,720,805	\$ 1,079,315	\$ 9,797,692

General Revenues and transfers:

Taxes:

Sales tax

Property tax

Franchise tax

Transient occupancy tax

Utility users' tax

Other taxes

Motor vehicle in-lieu

Investment earnings

Miscellaneous revenues

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Prior period adjustment

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
\$ (3,870,441)	\$ -	\$ (3,870,441)
(5,893,726)	-	(5,893,726)
(255,793)	-	(255,793)
(1,092,469)	-	(1,092,469)
(319,282)	-	(319,282)
<u>(11,431,711)</u>	<u>-</u>	<u>(11,431,711)</u>
-	(1,519,954)	(1,519,954)
-	(802,497)	(802,497)
-	(2,322,451)	(2,322,451)
<u>\$ (11,431,711)</u>	<u>\$ (2,322,451)</u>	<u>\$ (13,754,162)</u>

7,649,171	-	7,649,171
1,866,868	-	1,866,868
1,080,373	-	1,080,373
1,696,956	-	1,696,956
901,018	-	901,018
359,350	-	359,350
1,319,347	-	1,319,347
(155,581)	7,910	(147,671)
177,571	-	177,571
(469,619)	469,619	-
<u>14,425,454</u>	<u>477,529</u>	<u>14,902,983</u>
2,993,743	(1,844,922)	1,148,821
20,025,717	7,990,004	28,015,721
35,590	690,561	726,151
<u>20,061,307</u>	<u>8,680,565</u>	<u>28,741,872</u>
<u>\$ 23,055,050</u>	<u>\$ 6,835,643</u>	<u>\$ 29,890,693</u>

This page intentionally left blank

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, 2022

	Special Revenue Funds				
	General Fund	Successor Housing Agency	Library Facilities Fund	Lennar Fund	ARPA Fund
ASSETS					
Cash and investments	\$ 2,752,508	\$ 3,063,087	\$ 592,406	\$ 716,150	\$ 1,406,262
Receivables:					
Due from other governments	1,857,038	-	-	-	-
Other	1,466	-	1,997,492	-	-
Lease	399,976	60,074	-	-	-
Due from other funds	4,324,439	-	-	-	-
Advances to other funds	139,532	-	-	-	-
Notes receivable	-	390,000	-	-	-
Restricted cash with fiscal agent	25,021	-	-	-	-
Total assets	9,499,980	3,513,161	2,589,898	716,150	1,406,262
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	623,825	5,000	297,663	-	-
Accrued liabilities	95,327	-	-	-	-
Deposits	-	-	-	716,150	-
Unearned Revenues	1,000	-	-	-	1,406,262
Due to other funds	-	-	1,844,112	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	720,152	5,000	2,141,775	716,150	1,406,262
Deferred inflows of resources:					
Deferred inflows related to GASB 87 lease	399,976	60,074	-	-	-
Total deferred inflows of resources	399,976	60,074	-	-	-
Fund balances:					
Nonspendable	139,532	-	-	-	-
Restricted	25,021	3,448,087	448,123	-	-
Assigned	-	-	-	-	-
Unassigned	8,215,299	-	-	-	-
Total fund balances	8,379,852	3,448,087	448,123	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,499,980	\$ 3,513,161	\$ 2,589,898	\$ 716,150	\$ 1,406,262

Nonmajor Governmental Funds	Total
\$ 8,410,723	\$ 16,941,136
-	1,857,038
116,417	2,115,375
205,314	665,364
-	4,324,439
-	139,532
550,000	940,000
-	25,021
<u>9,282,454</u>	<u>27,007,905</u>

282,216	1,208,704
582	95,909
-	716,150
-	1,407,262
642,348	2,486,460
139,532	139,532
<u>1,064,678</u>	<u>6,054,017</u>

<u>205,313</u>	<u>665,363</u>
----------------	----------------

<u>205,313</u>	<u>665,363</u>
----------------	----------------

-	139,532
6,883,435	10,804,666
1,483,795	1,483,795
(354,767)	7,860,532
<u>8,012,463</u>	<u>20,288,525</u>

<u>\$ 9,282,454</u>	<u>\$ 27,007,905</u>
---------------------	----------------------

This page intentionally left blank

City of Scotts Valley
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2022

Total Fund Balances - Total Governmental Funds	\$ 20,288,525
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.	3,332,366
Long-term loans receivable are not current financial resources and, therefore, are offset in the Governmental Funds.	1,969,908
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	10,748,471
Depreciable, net	23,665,923
Deferred inflows of resources reported on the Government-wide Statement of Net Position:	
Deferred outflows - pension	3,310,315
Deferred outflows - OPEB	1,051,660
Deferred loss on refunding	728,648
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.	(70,541)
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.	26,477
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	(9,960,046)
Net OPEB liability	(12,854,836)
Long term liabilities - due within one year	(1,327,817)
Long term liabilities - due in more than one year	(8,927,978)
Deferred inflows of resources reported on the Government-wide Statement of Net Position:	
Deferred pension inflows	(8,002,870)
Deferred OPEB inflows	(923,155)
Net Position of Governmental Activities	\$ 23,055,050

City of Scotts Valley
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2022

	Special Revenue Funds				
	General Fund	Successor Housing Agency Fund	Library Facilities Fund	Lennar Fund	ARPA Fund
REVENUES:					
Taxes and assessments	\$ 14,474,000	\$ -	\$ 2,214,285	\$ -	\$ -
Intergovernmental revenues	22,952	-	-	-	-
Fees and services	1,960,135	66,871	-	-	-
Fines and forfeitures	17,438	-	-	-	-
Contributions from non-government	-	-	-	-	-
Facility and building rental	-	260,049	-	-	-
Investment earnings	(192,504)	7,589	2,669	-	-
Miscellaneous revenues	147,658	-	-	-	-
Total revenues	16,429,679	334,509	2,216,954	-	-
EXPENDITURES:					
Current:					
General government	3,747,681	-	-	-	-
Public safety	5,815,908	-	-	-	-
Planning and building	1,488,374	362,744	-	-	-
Public works	2,043,525	-	1,085	-	-
Capital outlay	26,765	-	3,004,193	-	-
Debt service:					
Principal	480,000	-	-	-	-
Interest and fiscal charges	256,376	-	-	-	-
Total expenditures	13,858,629	362,744	3,005,278	-	-
REVENUES OVER (UNDER) EXPENDITURES	2,571,050	(28,235)	(788,324)	-	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(1,223,672)	-	-	-	-
Total other financing sources (uses)	(1,223,672)	-	-	-	-
Net change in fund balances	1,347,378	(28,235)	(788,324)	-	-
FUND BALANCES (DEFICITS):					
Beginning of year	7,032,474	2,661,760	1,236,447	-	-
Prior period adjustments	-	814,562	-	-	-
Beginning of year, as restated	7,032,474	3,476,322	1,236,447	-	-
End of year	\$ 8,379,852	\$ 3,448,087	\$ 448,123	\$ -	\$ -

Nonmajor Governmental Funds	Total
\$ 367,095	\$ 17,055,380
661,345	684,297
1,251,322	3,278,328
-	17,438
1,150	1,150
1	260,050
26,541	(155,705)
48,942	196,600
<u>2,356,396</u>	<u>21,337,538</u>
128	3,747,809
143,698	5,959,606
344,290	2,195,408
420,082	2,464,692
641,097	3,672,055
380,000	860,000
61,126	317,502
<u>1,990,421</u>	<u>19,217,072</u>
<u>365,975</u>	<u>2,120,466</u>
754,053	754,053
-	(1,223,672)
<u>754,053</u>	<u>(469,619)</u>
1,120,028	1,650,847
6,892,435	17,823,116
-	814,562
6,892,435	18,637,678
<u>\$ 8,012,463</u>	<u>\$ 20,288,525</u>

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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 1,650,847
---	--------------

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.

	3,756,301
--	-----------

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.

	(1,460,997)
--	-------------

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.

	13,069
--	--------

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.

	860,000
--	---------

Amortization of debt issuance premium and refunding loss, which were not recorded in governmental funds.

	(20,374)
--	----------

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 postemployment benefits liability were not reported as an expenditure or (credit) in governmental funds:

Deferred outflows - pension	145,108
Deferred outflows - OPEB	(34,541)
Net pension liability	5,491,384
Net OPEB liability	(372,109)
Deferred inflows - pension	(7,277,175)
Deferred inflows - OPEB	372,756

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.

	18,594
--	--------

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.

	(140,303)
--	-----------

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

	(8,817)
--	---------

Change in Net Position of Governmental Activities	\$ 2,993,743
--	---------------------

City of Scotts Valley
Statement of Net Position
Proprietary Funds
June 30, 2022

	Enterprise Funds			Internal Service Fund
	Recreation Fund	Wastewater Fund	Total	
ASSETS				
Current assets:				
Cash and investments	\$ 182,866	\$ 4,707,279	\$ 4,890,145	\$ 31,106
Receivables:				
Sewer fees	-	163,905	163,905	-
Other	(5,295)	163,398	158,103	-
Advances to Successor Agency	-	1,600,000	1,600,000	-
Total current assets	177,571	6,634,582	6,812,153	31,106
Noncurrent assets:				
Capital assets:				
Nondepreciable	-	1,003,381	1,003,381	-
Depreciable, net	-	9,252,752	9,252,752	-
Total capital assets	-	10,256,133	10,256,133	-
Total noncurrent assets	-	10,256,133	10,256,133	-
Total assets	177,571	16,890,715	17,068,286	31,106
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	355,056	411,118	766,174	-
Deferred outflows related to OPEB	122,286	146,743	269,029	-
Total deferred outflows of resources	477,342	557,861	1,035,203	-
LIABILITIES				
Current liabilities:				
Accounts payable	13,473	138,338	151,811	4,629
Accrued liabilities	821	9,699	10,520	-
Due to other funds	-	1,837,979	1,837,979	-
Compensated absences - current portion	-	68,500	68,500	-
Unearned revenues	(33,269)	-	(33,269)	-
Total current liabilities	(18,975)	2,054,516	2,035,541	4,629
Noncurrent liabilities:				
Compensated absences - noncurrent portion	1,395	42,242	43,637	-
Net pension liability	1,354,787	1,568,701	2,923,488	-
Net OPEB liability	1,494,748	1,793,698	3,288,446	-
Total noncurrent liabilities	2,850,930	3,404,641	6,255,571	-
Total liabilities	2,831,955	5,459,157	8,291,112	4,629
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	1,270,024	1,470,555	2,740,579	-
Deferred inflows related to OPEB	107,343	128,812	236,155	-
Total deferred inflows of resources	1,377,367	1,599,367	2,976,734	-
NET POSITION				
Net investment in capital assets	-	10,256,133	10,256,133	-
Restricted for capital improvements	-	1,305,000	1,305,000	-
Unrestricted	(3,554,409)	(1,171,081)	(4,725,490)	26,477
Total net position	\$ (3,554,409)	\$ 10,390,052	\$ 6,835,643	\$ 26,477

City of Scotts Valley
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2022

	Enterprise Funds			Internal Service Fund
	Recreation Fund	Wastewater Fund	Total	
OPERATING REVENUES:				
Fees and services	\$ 56,856	\$ 3,179,182	\$ 3,236,038	\$ 46,265
Total operating revenues	56,856	3,179,182	3,236,038	46,265
OPERATING EXPENSES:				
Salaries	28,180	559,495	587,675	-
Taxes and benefits	521,660	1,078,005	1,599,665	-
Maintenance and operations	93,360	1,756,561	1,849,921	46
Professional and contractual services	87,825	236,932	324,757	-
Utilities and communications	6,607	430,709	437,316	-
Insurance and bonds	121,721	120,825	242,546	55,160
Depreciation	-	775,977	775,977	-
Total operating expenses	859,353	4,958,504	5,817,857	55,206
OPERATING INCOME (LOSS)	(802,497)	(1,779,322)	(2,581,819)	(8,941)
NONOPERATING REVENUE (EXPENSES)				
Interest income	-	7,910	7,910	124
Total nonoperating revenues (expenses)	-	7,910	7,910	124
OTHER FINANCING SOURCES (USES):				
Capital contributions	-	259,368	259,368	-
Transfers in	540,728	-	540,728	-
Transfers out	(15,665)	(55,444)	(71,109)	-
Total contributions and transfers	525,063	203,924	728,987	-
Change in net position	(277,434)	(1,567,488)	(1,844,922)	(8,817)
NET POSITION:				
Beginning of year	(3,276,975)	11,266,979	7,990,004	35,294
Prior period adjustments	-	690,561	690,561	-
Beginning of year, as restated	(3,276,975)	11,957,540	8,680,565	35,294
End of year	\$ (3,554,409)	\$ 10,390,052	\$ 6,835,643	\$ 26,477

City of Scotts Valley
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2022

	Enterprise Funds			Internal Service Fund
	Recreation Fund	Wastewater Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers	\$ 32,535	\$ 3,145,747	\$ 3,178,282	\$ 46,265
Payments for goods and services	(297,322)	(1,896,515)	(2,193,837)	(53,786)
Payments to employees	(77,630)	(1,040,210)	(1,117,840)	-
Net cash provided by (used in) operating activities	(342,417)	209,022	(133,395)	(7,521)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash receipts from other funds	540,728	1,837,979	2,378,707	-
Cash disbursements to other funds	(15,665)	(55,443)	(71,108)	-
Net cash provided by (used in) noncapital financing activities	525,063	1,782,536	2,307,599	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Cash receipts of connection and standby fees	-	259,368	259,368	-
Acquisition of capital assets	-	(690,558)	(690,558)	-
Net cash provided by (used in) capital and related financing activities	-	(431,190)	(431,190)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	-	7,909	7,909	124
Net cash provided by (used in) investing activities	-	7,909	7,909	124
Net Cash Flows	182,646	1,568,277	1,750,923	(7,397)
CASH AND CASH EQUIVALENTS - Beginning of Year	220	3,139,002	3,139,222	38,503
CASH AND CASH EQUIVALENTS - End of Year	\$ 182,866	\$ 4,707,279	\$ 4,890,145	\$ 31,106
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (802,497)	\$ (1,779,322)	\$ (2,581,819)	\$ (8,941)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	775,977	775,977	-
Changes in assets and liabilities:				
(Increase) decrease in receivables	15,284	(33,435)	(18,151)	-
(Increase) decrease in deferred outflows of resources	25,892	30,150	56,042	-
Increase (decrease) in accounts payable	12,216	645,127	657,343	1,420
Increase (decrease) in accrued liabilities	(25)	3,385	3,360	-
Increase (decrease) in compensated absences	(20,355)	26,785	6,430	-
Increase (decrease) in unearned revenues	(39,605)	-	(39,605)	-
Increase (decrease) in net pension liability	(708,437)	(820,295)	(1,528,732)	-
Increase (decrease) in net OPEB liability	43,268	51,922	95,190	-
Increase (decrease) in deferred inflows of resources	1,131,842	1,308,728	2,440,570	-
Net cash provided by (used in) operating activities	\$ (342,417)	\$ 209,022	\$ (133,395)	\$ (7,521)

City of Scotts Valley
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Successor Agency Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and investments held for others, restricted	\$ 1,705,841	\$ 755,860
Cash and investments held in accordance with bond indentures, restricted	281	358,634
Receivables	-	3,498
Capital assets:		
Nondepreciable	5,386,012	-
Depreciable, net	5,003,735	-
Total assets	<u>12,095,869</u>	<u>1,117,992</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding of debt	930,541	-
Total deferred outflows of resources	<u>930,541</u>	<u>-</u>
LIABILITIES		
Deposits	-	99,678
Accrued interest payable	557,104	-
Long-term debt:		
Due in one year	555,000	-
Due in more than one year	14,904,145	-
Total liabilities	<u>16,016,249</u>	<u>99,678</u>
NET POSITION:		
Held in trust for dissolution of RDA	(2,989,839)	-
Held for bond holders	-	1,018,314
Total net position	<u>\$ (2,989,839)</u>	<u>1,018,314</u>

City of Scotts Valley
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2022

	Successor Agency Private Purpose Trust Fund	Custodial Funds
ADDITIONS:		
Redevelopment Property Tax Trust Fund	\$ 2,265,449	\$ -
Assessment revenue	-	391,609
Total additions	2,265,449	\$ 391,609
DEDUCTIONS		
Administrative expenses	67,307	15,728
Bond payments	-	405,375
Enforceable obligations of former Redevelopment Agency	630,727	-
Depreciation	160,853	-
Interest expense	418,627	-
Amortization expense	51,696	-
Total deductions	1,329,210	421,103
Change in fiduciary net position	936,239	\$ (29,494)
NET POSITION:		
Beginning of year	(4,490,070)	1,047,808
Prior period adjustments	563,992	
Beginning of year, as restated	(3,926,078)	
End of year	\$ (2,989,839)	1,018,314

This page intentionally left blank

NOTES TO BASIC FINANCIAL STATEMENTS

This page intentionally left blank

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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 United 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 accompanied 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.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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 Library Facilities Fund – is used to account for library renovations and improvements.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

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 ARPA Fund – is used to account for qualifying expenditures under the provisions of the Act.

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.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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.

Custodial funds - three custodial 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, 2022, the City had not entered into any legally binding guarantees to support the participant equity in the investment pool.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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 XIII A 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.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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 assets 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 asset 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.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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, modifies, 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.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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. The General Fund is typically used to liquidate pension liabilities.

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, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

P. New Accounting Pronouncements

In 2022, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 87, *Leases* – The objective of this statement is to recognize in the financial statements certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

P. New Pronouncements, Continued

- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of the Construction Period* – The objective of this statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement did not apply to the City for the current fiscal year.
- GASB Statement No. 92, *Omnibus 2020* – The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement did not apply to the City for the current fiscal year.
- GASB Statement No. 99, *Omnibus 2022* – The primary objectives of this statement are to enhance the comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements. The requirements of this statement did not apply to the City for the current fiscal year.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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	\$ 16,972,242	\$ 4,890,145	\$ 2,461,701	\$ 24,324,088
Cash and investments with fiscal agents	25,021	-	358,915	383,936
Total	\$ 16,997,263	\$ 4,890,145	\$ 2,820,616	\$ 24,708,024

A. Summary of Cash and Investments

Cash, cash equivalents, and investments as of June 30, 2022, consist of the following:

Pooled deposits	\$ 5,330,232
Pooled Investments:	
Local Agency Investment Fund (LAIF)	16,143,464
Money Market	2,850,392
Total cash and deposits	24,324,088
Investments with Fiscal Agents and Trustees	383,936
Total cash and investments	\$ 24,708,024

B. Deposits

The carrying amount of the City's cash deposit was \$5,330,232 at June 30, 2022.

Bank balances before reconciling items were a positive amount of \$5,245,009 at June 30, 2022. 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.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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
Corporate Medium Term Notes	5 years	30%	None
U.S. Agency Mortgage Pass Through Securities	5 years	15%	None
Money Market Mutual Funds	N/A	15%	None
Commercial Paper	270 days	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Investment Fund of California (CalTRUST)	N/A	30%	None
Demand Deposits	N/A	None	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 market 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, 2022, 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, 2022, the City had \$16,143,464 invested in LAIF, which had invested 1.88% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 2.31% in the previous year. The LAIF market value factor of 0.987125414 was used to calculate the marketvalue of the investments in LAIF.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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 market value losses arising from changes in interest rates, the City’s investment policy limits investments to a maximum maturity of five years. As of June 30, 2022, investment maturities, other than investments of debt proceeds held by bond trustees, were as follows:

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or less	13-24 Months	More than 24 Months
LAIF	\$ 16,143,464	\$ 16,143,464	\$ -	\$ -
Money Market	2,850,392	2,850,392	-	-
Total	\$ 18,993,856	\$ 18,993,856	\$ -	\$ -

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 market value on a recurring basis. *Recurring* market 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. Market value measurements are categorized based on the valuation inputs used to measure an asset’s market 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, 2022.

3. INTERFUND TRANSACTIONS

A. Due To/From Other Funds

At June 30, 2022, the City’s Due To/From Other Fund balances were comprised of the following:

Due To	Due From			Total
	Library Facilities Fund	Nonmajor Governmental Funds	Wastewater Fund	
General Fund	\$ 1,844,112	\$ 642,348	\$ 1,837,979	\$ 4,324,439
Total	\$ 1,844,112	\$ 642,348	\$ 1,837,979	\$ 4,324,439

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

3. INTERFUND TRANSACTIONS, Continued

B. Transfers

The City had the following transfers between funds during the year ended June 30, 2022:

Transfers Out	Transfers In		
	Nonmajor Governmental Funds	Recreation Enterprise Fund	Total
General Fund	\$ 682,944	\$ 540,728	\$ 1,223,672
Recreation Enterprise Fund	15,665	-	15,665
Wastewater Enterprise Fund	55,444	-	55,444
Total	\$ 754,053	\$ 540,728	\$ 1,294,781

Transfers from the General Fund to the Recreation Enterprise Fund were for covering operating costs. Transfers from the General Fund to the nonmajor governmental funds were primarily for covering Senior Center operating cost, and debt services costs. Transfers from the Recreation Enterprise Fund and Wastewater Enterprise Fund to nonmajor governmental fund were for covering Pension Obligation bonds debt service and administrative costs.

C. Advances To/From Other Funds

At June 30, 2022, the City had the following interfund advances that were not expected to be repaid in the next fiscal year.

Advance From	Advance To	
	Nonmajor Governmental Funds	Total
General Fund	\$ 139,532	\$ 139,532
Total	\$ 139,532	\$ 139,532

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

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

4. LOANS RECEIVABLE AND ADVANCES

The City's loans and advances receivable were comprised of the following as of June 30, 2022.

Description	Balance as of June 30, 2022	Current Portion
<i>Advances to Successor Agency:</i>		
Advance from General Fund	\$ 3,332,365	\$ -
Advance from Wastewater Fund	1,600,000	-
Advances to Successor Agency subtotal	4,932,365	-
 <i>Loans Receivable:</i>		
Silent Second Loan Program	181,278	-
MP Scotts Valley Associates	1,378,631	-
Habitat for Humanity	150,000	-
Scotts Valley Housing, LLC	650,000	-
Four Points Hotel (CDBG Funds)	550,000	-
Loans receivable subtotal	2,909,909	-
Total	\$ 7,842,274	\$ -

A. Advances to Successor Agency

General Fund and Successor Housing Agency

As of June 30, 2022, advances to the Redevelopment Successor Agency consist of loans from the City's General Fund in the amount of \$3,332,365. 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, 2022, the balance of the advance was \$1,600,000.

The total of all advances to the Successor Agency as of June 30, 2022 was \$4,932,365

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

4. LOANS RECEIVABLE AND ADVANCES, Continued

B. Loans and Notes Receivable

The City's loans and notes receivable as of June 30, 2022 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, 2022, the outstanding loan balance was \$978,631.

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, 2022, the outstanding loan balance was \$181,278.

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, 2022, 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 10 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, 2022, 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, 2022, 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, 2022, the outstanding loan balance was \$650,000.

The total balance of all loan receivable as of June 30, 2022 was \$2,909,909.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

5. LEASES RECEIVABLE

Pursuant to GASB 87, the City has the following lease receivables:

Vineyard Church Site

On September 1, 2021, the City entered into a lease with Vineyard Church, for leasing of a parcel of real property located at 360 Kings Village Road. Under the lease, the lessee pays the City \$7,494 per month from 11/1/2021 - 10/31/2024. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2%. In fiscal year 2022, the City recognized \$56,795 of lease revenue and \$3,164 of interest revenue under the lease.

Cell Tower - Lodator Park

On 7/18/2007, the City entered into a lease with Crown Castle GT Company LLC, for leasing a portion of land. The lease is automatically renewed for four additional term of five years, after the initial five-year term. The initial lease payment starts from \$2,400 per month and was adjusted with CPI annually. The lease payment in fiscal year 2021 was adjusted to \$3,842. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2%. In fiscal year 2022, the City recognized \$39,070 of lease revenue and \$8,424 of interest revenue under the lease.

RV/Trailer Storage

On September 15, 2009, the City entered into a lease with Ow Trusts for leasing of a property located in the Scotts Valley Town Center Specific Plan Area. The lease has the option to extend the lease for two five-year period after the initial five-year term. In fiscal year 2022, the lease is in the last extended period and the lease payment is calculated as \$2,867 per agreement. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2%. In fiscal year 2022, the City recognized \$32,839 of lease revenue and \$1,558 of interest revenue under the lease.

Year Ending June 30,	Vineyard Church		Cell Tower - Lodator Park		RV/Trailer Storage		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 86,624	\$ 3,315	\$ 39,859	\$ 7,635	\$ 33,502	\$ 895	\$ 159,985	\$ 11,845
2024	88,373	1,567	40,663	6,831	26,572	230	155,608	8,628
2025	30,317	128	41,484	6,010	-	-	71,801	6,138
2026	-	-	42,321	5,537	-	-	42,321	5,537
2027	-	-	43,175	4,318	-	-	43,175	4,318
2028-2032	-	-	192,474	8,416	-	-	192,474	8,416
Total	\$ 205,314	\$ 5,010	\$ 399,976	\$ 38,747	\$ 60,074	\$ 1,125	\$ 665,364	\$ 44,882

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

6. CAPITAL ASSETS

A. Government-Wide Financial Statements

The City's capital asset activity for the year ended June 30, 2022 was as follows.

	June 30, 2021				June 30, 2022
	Balance, as restated	Adjustments	Additions	Reductions	Balance
Governmental activities					
<i>Capital assets, not being depreciated</i>					
Land	\$ 7,011,920	-	\$ -	\$ -	\$ 7,011,920
Construction in progress	1,141,208	35,590	3,611,045	(1,051,292)	3,736,551
Total capital assets, not being depreciated	<u>8,153,128</u>	<u>35,590</u>	<u>3,611,045</u>	<u>(1,051,292)</u>	<u>10,748,471</u>
<i>Capital assets, being depreciated</i>					
Buildings	6,076,932	-	302,841	-	6,379,773
Machinery and equipment	3,688,212	-	149,256	(220,819)	3,616,649
Infrastructure	45,687,165	-	744,451	-	46,431,616
Total capital assets, being depreciated	<u>55,452,309</u>	<u>-</u>	<u>1,196,548</u>	<u>(220,819)</u>	<u>56,428,038</u>
<i>Less accumulated depreciation for:</i>					
Buildings	(2,517,162)	(1,135,801)	(143,610)	-	(3,796,573)
Machinery and equipment	(3,219,708)	199,960	(186,823)	220,819	(2,985,752)
Infrastructure	(25,785,067)	935,841	(1,130,564)	-	(25,979,790)
Total accumulated depreciation	<u>(31,521,937)</u>	<u>-</u>	<u>(1,460,997)</u>	<u>220,819</u>	<u>(32,762,115)</u>
Total capital assets, being depreciated, net	<u>23,930,372</u>	<u>-</u>	<u>(264,449)</u>	<u>-</u>	<u>23,665,923</u>
Governmental activities capital assets, net	<u>\$ 32,083,500</u>	<u>\$ -</u>	<u>\$ 3,346,596</u>	<u>\$ (1,051,292)</u>	<u>\$ 34,414,394</u>
Business-type activities					
<i>Capital assets, not being depreciated</i>					
Land	\$ 529,416	-	\$ -	\$ -	\$ 529,416
Construction in progress	218,060	23,075	468,592	(235,762)	473,965
Total capital assets, not being depreciated	<u>747,476</u>	<u>23,075</u>	<u>468,592</u>	<u>(235,762)</u>	<u>1,003,381</u>
<i>Capital assets, being depreciated</i>					
Buildings	5,287,273	-	-	-	5,287,273
Machinery and equipment	7,296,737	-	221,966	-	7,518,703
Infrastructure	23,112,053	-	235,762	-	23,347,815
Outfall agreement	178,000	-	-	-	178,000
Total capital assets, being depreciated	<u>35,874,063</u>	<u>-</u>	<u>457,728</u>	<u>-</u>	<u>36,331,791</u>
<i>Less accumulated depreciation for:</i>					
Buildings	(4,086,225)	-	(120,194)	-	(4,206,419)
Machinery and equipment	(6,209,146)	-	(190,068)	-	(6,399,214)
Infrastructure	(15,883,080)	-	(462,748)	-	(16,345,828)
Outfall agreement	(124,611)	-	(2,967)	-	(127,578)
Total accumulated depreciation	<u>(26,303,062)</u>	<u>-</u>	<u>(775,977)</u>	<u>-</u>	<u>(27,079,039)</u>
Total capital assets, being depreciated, net	<u>9,571,001</u>	<u>-</u>	<u>(318,249)</u>	<u>-</u>	<u>9,252,752</u>
Business-type activities capital assets, net	<u>\$ 10,318,477</u>	<u>\$ 23,075</u>	<u>\$ 150,343</u>	<u>\$ (235,762)</u>	<u>\$ 10,256,133</u>

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

Depreciation expense by program for capital assets for the year ended June 30, 2022 is shown below.

	<u>Governmental</u>		<u>Business-Type</u>
General government	\$ 50,288	Wastewater	\$ 775,977
Public safety	170,311	Recreation programs	-
Planning and building	6,456		
Public works	<u>1,233,942</u>		
Total depreciation expense	\$ 1,460,997	Total depreciation expense	\$ 775,977

7. LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2022 is shown below.

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>	<u>One Year</u>
Governmental Activities					
Pension Obligation Bonds	\$ 1,615,000	\$ -	\$ (380,000)	\$ 1,235,000	\$ 395,000
2019 Lease Revenue Bonds A	4,490,000	-	-	4,490,000	-
2019 Lease Revenue Bonds B	4,020,000	-	(475,000)	3,545,000	510,000
Unamortized premium and discount from issuance	328,106	-	(12,746)	315,360	13,737
Installment Note	70,000	-	(5,000)	65,000	10,000
Accrued Compensated Absences	618,504	554,282	(567,351)	605,435	399,080
Total Governmental Activities	11,141,610	554,282	(1,440,097)	10,255,795	1,327,817
Business-Type Activities					
Accrued Compensated Absences	105,707	79,478	(73,048)	112,137	68,500
Total Business-Type Activities	\$ 105,707	\$ 79,478	\$ (73,048)	\$ 112,137	\$ 68,500

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

6. LONG-TERM DEBT, CONTINUED

A. 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
2023	\$ 395,000	\$ 44,648	\$ 439,648
2024	410,000	27,735	437,735
2025	430,000	9,460	439,460
Total	\$ 1,235,000	\$ 81,843	\$ 1,316,843

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. The refunding resulted in an \$828,009 refunding loss, and an aggregated difference of \$961,846 in debt service, which decreased the total debt service after the refunding.

Year Ending June 30,	2019A - Tax Exempt		2019B - Taxable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	160,550	575,000	40,737	575,000	201,287
2027	-	160,550	930,000	21,803	930,000	182,353
2028-2032	1,050,000	700,950	370,000	5,089	1,420,000	706,039
2033 - 2037	1,255,000	471,650	-	-	1,255,000	471,650
2038 - 2042	1,515,000	218,675	-	-	1,515,000	218,675
2042 - 2044	670,000	20,250	-	-	670,000	20,250
	\$ 4,490,000	\$ 2,214,275	\$ 3,545,000	\$ 271,189	\$ 8,035,000	\$ 2,485,464

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

6. LONG-TERM DEBT, Continued

B. 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
2023	\$ 10,000	\$ 3,600	\$ 13,600
2024	10,000	3,000	13,000
2025	10,000	2,400	12,400
2026	10,000	1,800	11,800
2027	10,000	1,200	11,200
2028	15,000	450	15,450
Total	\$ 65,000	\$ 12,450	\$ 77,450

C. 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 general fund is typically used to liquidate compensated absences. The City accrues for compensated absences as it is earned by employees. The amount of compensated absences payable outstanding as of June 30, 2022 was \$717,571.

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.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

7. DEFINED BENEFIT PENSION PLAN, COTINUED

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.

The rate plan provisions and benefits in effect at June 30, 2022 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	7.953%	6.75%
Required employer contribution rates	12.20%	7.59%
Required unfunded liability payment	833,062	9,008
	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	8.990%	13%
Required employer contribution rates	22.48%	13.13%
Required unfunded liability payment	672,704	10,693

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, 2021 were \$1,803,286.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

7. DEFINED BENEFIT PENSION PLAN, Continued

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

As of June 30, 2022, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$12,883,534.

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, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2020 rolled forward to June 30, 2021 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, 2020 and 2021 were as follows:

Proportion - June 30, 2020	0.18293%
Proportion - June 30, 2021	<u>0.23822%</u>
Change - Increase (decrease)	0.05529%

For the year ended June 30, 2022, the City recognized pension expense of \$4,771,242. At June 30, 2022, the City reported deferred outflow of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,782,513	\$ -
Net differences between projected actual earnings and actual earnings on plan investments	-	9,648,698
Changes in employer's proportion	217,816	49,002
Differences between the employer's contributions and the employer's proportionate share of contributions	-	1,045,749
Pension contributions subsequent to the measurement date	<u>2,076,160</u>	<u>-</u>
Total	<u>\$ 4,076,489</u>	<u>\$ 10,743,449</u>

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

7. DEFINED BENEFIT PENSION PLAN, Continued

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

\$2,076,160 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, 2022.

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,	
2023	(1,850,267)
2024	(1,992,835)
2025	(2,237,597)
2026	(2,662,421)
Thereafter	-

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

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Post-retirement benefit increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies
Mortality ⁽¹⁾	Derived by CalPERS membership data for all funds

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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)	Assumed Asset Allocation	Real Return ¹ Years 1 - 10 ²	Real Return ¹ Years 11+ ³
Public 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 %		

(1) Figures are based on previous 2017 ALM.
(2) An expected inflation of 2.00% used for this period.
(3) An expected inflation of 2.92% used for this period.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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	\$ 22,387,209
Current Discount Rate	7.15%
Net Pension Liability	\$ 12,883,534
1% Increase	8.15%
Net Pension Liability	\$ 5,050,368

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

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. There are no assets accumulated in a GASB-compliant trust.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

8. OTHER POST EMPLOYMENT BENEFIT PLAN, Continued

B. Employees Covered

As of the June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the Retiree Health Plan:

Inactives currently receiving benefits	41
Inactives entitled to but not yet receiving benefits	21
Active employees	52
Total	114

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, 2022, the City contributed \$591,761 (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. Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020 using the following actuarial methods and assumptions:

Actuarial Assumptions:	
Contribution policy	No pre-funding
Discount Rate	2.16% (Bond Buyer 20-Bond Index)
Inflation	2.50% annually
Salaries Increases	Aggregate - 2.75% annually
	Merit - CalPERS 1997-201 Experience Study
Mortality	CalPERS 1997- 2015 Experience Study
Mortality Improvements	Mortality projected fully generationsI with Scale MP-2021
Medical Trend	3.75% to 6.75%

E. Discount Rate

The discount rate used to measure the total OPEB liability was 2.16%. 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.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

8. OTHER POST EMPLOYMENT BENEFIT PLAN, Continued

F. Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balance at June 30, 2021	\$ 15,675,983
Service cost	564,033
Interest on the total OPEB liability	352,641
Differences between actual and expected experience	-
Changes in assumptions	117,428
Benefits paid to retirees	-
Net changes	<u>467,299</u>
Balance at June 30, 2022	<u>\$ 16,143,282</u>

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, 2021:

1% Decrease	1.16%
Total OPEB Liability	\$ 18,793,938
Current Discount Rate	2.16%
Total OPEB Liability	\$ 16,143,282
1% Increase	3.16%
Total OPEB Liability	\$ 14,022,053

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, 2021:

1% Decrease	2.75% to 5.75%
Total OPEB Liability	\$ 13,758,311
Current Health Care Trend Rate	3.75% to 6.75%
Total OPEB Liability	\$ 16,143,282
1% Increase	4.75% to 7.75%
Total OPEB Liability	\$ 19,175,451

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

9. COMMITMENTS AND CONTINGENCIES, CONTINUED

All costs associated with the management of the Preserve 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.

b) Through an agreement with the City of Santa Cruz, the City is obligated to pay 4% of the new outfall facilities operation and maintenance costs in order to use the Santa Cruz sewer outfall facility.

c) The City has construction contract commitments in the amount of \$3,276,177 at June 30, 2022 for the following projects:

<u>Project</u>	<u>Commitment</u>
Street Improvements	\$ 166,714
Parks Improvements	166,714
Library Building Improvements	2,942,750
	<u>\$ 3,276,178</u>

10. CLASSIFICATION FUND BALANCE

As of June 30, 2022, fund balances were classified as shown below.

	General Fund	Successor Housing Agency	Library Facilities	Lennar Fund	ARPA Fund	Nonmajor Governmental Funds	Total
Nonspendable:	\$ 139,532	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,532
Restricted:							
Debt service	25,021	-	-	-	-	-	25,021
Low mod housing	-	3,448,087	-	-	-	-	3,448,087
Impact fees	-	-	-	-	-	903,467	903,467
Public works	-	-	-	-	-	2,423,143	2,423,143
Public safety	-	-	-	-	-	661,217	661,217
Parks & recreation	-	-	448,123	-	-	2,006,537	2,454,660
Community development	-	-	-	-	-	345,744	345,744
Planning	-	-	-	-	-	543,327	543,327
Subtotal	<u>25,021</u>	<u>3,448,087</u>	<u>448,123</u>	<u>-</u>	<u>-</u>	<u>6,883,435</u>	<u>10,804,666</u>
Assigned:							
Debt service	-	-	-	-	-	996,807	996,807
Public works	-	-	-	-	-	210,504	210,504
Parks & recreation	-	-	-	-	-	276,484	276,484
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,483,795</u>	<u>1,483,795</u>
Unassigned	<u>8,215,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(354,767)</u>	<u>7,860,532</u>
Total	<u>\$ 8,379,852</u>	<u>\$ 3,448,087</u>	<u>\$ 448,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,012,463</u>	<u>\$ 20,288,525</u>

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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 unless 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.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

11. SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY, Continued

A. Capital Assets

Summary of changes in capital asset for the year ended June 30, 2022 is as follows:

	June 30, 2021 Balance	Additions	Reductions	June 30, 2022 Balance
Governmental activities				
<i>Capital assets, not being depreciated</i>				
Land	\$ 5,386,012	\$ -	\$ -	\$ 5,386,012
Total capital assets, not being depreciated	5,386,012	-	-	5,386,012
<i>Capital assets, being depreciated</i>				
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
<i>Less accumulated depreciation for:</i>				
Buildings	(680,636)	(59,186)	-	(739,822)
Improvements	(1,193,744)	(100,668)	-	(1,294,412)
Equipment and furnitures	(244,037)	(999)	-	(245,036)
Total accumulated depreciation	(2,118,417)	(160,853)	-	(2,279,270)
Total capital assets, being depreciated, net	5,164,588	(160,853)	-	5,003,735
Governmental activities capital assets, net	\$ 10,550,600	\$ (160,853)	\$ -	\$ 10,389,747

B. Long-Term Debt

Summary of changes long-term debt for the year ended June 30, 2022 is as follows:

	Balance June 30, 2021 as restated	Additions	Deletions	Balance June 30, 2022	Due Within One Year
2017 Tax Allocation Refunding Bonds	\$ 11,000,000	\$ -	\$ (545,000)	\$ 10,455,000	\$ 555,000
Bond issuance premium	76,260	-	(4,480)	71,780	-
Total Refunding Bonds	11,713,044	-	(549,480)	10,526,780	555,000
Advance from the City	3,332,365	-	-	3,332,365	-
Note Payable - Housing Fund	814,563	-	(814,563)	-	-
Note Payable - Enterprise Fund	1,600,000	-	-	1,600,000	-
Total Successor Agency long-term debt	\$ 18,354,930	\$ -	\$ (1,364,043)	\$ 15,459,145	\$ 555,000

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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, 2022 was \$10,526,780.

Advances from the City

Advance from the City's General Fund (\$3,332,365) 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, 2022 was \$4,932,365.

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	\$ 2,305,000
--	--------------

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.

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

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, 2022, the City recorded prior period adjustments to record the payment of loan receivable of the Successor Agency, and to correct the missed construction in progress in governmental activities occurred in fiscal year 2021. The City also recorded the prior period adjustments to correct enterprise funds and fiduciary funds expenditure offset accounts from expenditures to fund balance.

	Net Position/ Fund Balance as Previously Reported	Prior Period Adjustments			Net Position/ Fund Balance Net Position as Restated
		Notes Receivable - Successor Agency	Expenditures	Capital Asset	
Governmental activities	\$ 20,025,717	\$ -	\$ -	\$ 35,590	\$ 20,061,307
Fund Financial Statements					
<i>Governmental Fund</i>					
Successor Housing Agency Fund	2,661,760	814,562	-	-	3,476,322
<i>Enterprise Funds</i>					
Wastewater Fund	11,266,979	-	690,561	-	11,957,540
<i>Fiduciary Funds</i>					
Successor Agency Private Purpose Fund	(4,490,070)	-	563,992	-	(3,926,078)

City of Scotts Valley
Notes to Basic Financial Statements
For the year ended June 30, 2022

16. DEFERRED COMPENSATION PLAN

Effective September 7, 1977, the City established a 457 Governmental Deferred Compensation Plan with ICMA Retirement Corporation to provide retirement income and other deferred benefits to the Employee of the Employer and the Employees' Beneficiaries in accordance with the provisions of Section 457 of the Code. All full-time permanent employees are eligible to participate in this plan. In fiscal year 2022, the employees were able to contribute to the plan up to \$20,500, and employer contributed \$28,605.

17. DEFICIT FUND BALANCES AND NET POSITION AND EXPENDITURES IN EXCESS OF APPROPRIATIONS

At June 30, 2022, the following City funds had deficit fund balances:

- Recreation Fund - (\$3,554,409). The deficit is due to the closing of Recreation Department during COVID-19
- General Facilities Fund - (\$28,219).
- Recycling Fund - (\$227,645). The fund was replenished by the General Fund and the City will make a decision on whether to continue to use this fund.
- Pinewood Estates Landscape Maintenance District Fund - (\$457).
- CalTrans - Get Everyone Moving Fund - (\$12).
- Planning Grant Program Fund - (\$90,885). The fund was replenished by the General Fund and the City will make a decision on whether to continue to use this fund.
- Prop 68 Parks/Water Bond Act Fund - (\$5,053)
- Pension Obligation Bonds Fund - (\$2,496)

The following funds had significant expenditures in excess of appropriations:

- General Fund - has expenditures in excess of appropriations of \$304,858.
- Successor Housing Agency Fund - has expenditures in excess of appropriations of \$197,244.
- Library Facilities Fund - has expenditures in excess of appropriations of \$287,478.

This page intentionally left blank

**REQUIRED
SUPPLEMENTARY INFORMATION**

This page intentionally left blank

City of Scotts Valley
Required Supplementary Information
For the year ended June 30, 2022

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 Comparison Schedule - General Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 11,716,400	\$ 12,634,102	\$ 13,393,627	\$ 759,525
Franchise fees	1,041,000	1,041,000	1,080,373	39,373
Intergovernmental revenues	8,500	8,500	22,952	14,452
Fees and services	1,048,300	1,796,600	1,960,135	163,535
Fines and forfeitures	16,800	16,800	17,438	638
Investment earnings	69,700	69,700	(192,504)	(262,204)
Miscellaneous revenues	84,300	84,300	147,658	63,358
Total revenues	13,985,000	15,651,002	16,429,679	778,677
EXPENDITURES:				
Current:				
Legislative	335,340	358,826	366,370	(7,544)
Legal	296,000	300,500	318,007	(17,507)
General government	698,000	698,000	709,911	(11,911)
Administration	879,031	654,815	640,606	14,209
Finance	1,046,194	884,637	886,417	(1,780)
Human resources	147,950	147,950	32,129	115,821
Information technology	171,500	430,500	263,190	167,310
Risk management	476,417	527,481	531,051	(3,570)
Police	5,342,186	5,211,092	5,668,469	(457,377)
Animal control	105,000	105,000	101,662	3,338
Emergency services	48,350	48,350	45,777	2,573
Planning	956,886	717,379	874,827	(157,448)
Building	504,776	447,439	613,547	(166,108)
Engineering	853,048	722,000	733,467	(11,467)
Street maintenance	322,964	355,800	480,008	(124,208)
Vehicle maintenance	130,043	130,043	19,439	110,604
Park maintenance	518,825	512,677	560,213	(47,536)
Building maintenance	224,749	241,472	250,398	(8,926)
Capital outlay	320,485	327,485	26,765	300,720
Debt service:				
Principal	480,000	480,000	480,000	-
Interest and fiscal charges	252,325	252,325	256,376	(4,051)
Total expenditures	14,110,069	13,553,771	13,858,629	(304,858)
REVENUES OVER (UNDER) EXPENDITURES	(125,069)	2,097,231	2,571,050	473,819
OTHER FINANCING SOURCES (USES):				
Transfers in	-	235,000	-	(235,000)
Transfers out	(1,223,672)	(665,693)	(1,223,672)	(557,979)
Total other financing sources (uses)	(1,223,672)	(430,693)	(1,223,672)	(792,979)
Net change in fund balances	\$ (1,348,741)	\$ 1,666,538	1,347,378	\$ (319,160)
FUND BALANCE:				
Beginning of year			7,032,474	
End of year			<u>\$ 8,379,852</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Successor Housing Agency
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fees and services	\$ 120,000	\$ 120,000	\$ 66,871	\$ (53,129)
Facility and building rental	849,300	849,300	260,049	(589,251)
Investment earnings	37,800	37,800	7,589	(30,211)
Total revenues	1,008,100	1,008,100	334,509	(673,591)
EXPENDITURES:				
Current:				
Planning and building	165,500	165,500	362,744	(197,244)
Total expenditures	165,500	165,500	362,744	(197,244)
REVENUES OVER (UNDER) EXPENDITURES	842,600	842,600	(28,235)	(870,835)
Net change in fund balances	\$ 842,600	\$ 842,600	(28,235)	\$ (870,835)
FUND BALANCES (DEFICITS):				
Beginning of year, as restated			3,476,322	
End of year			\$ 3,448,087	

City of Scotts Valley
Budgetary Comparison Schedule - Library Facilities Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 2,412,800	\$ 2,412,800	\$ 2,214,285	\$ (198,515)
Investment earnings	17,200	17,200	2,669	(14,531)
Total revenues	<u>2,430,000</u>	<u>2,430,000</u>	<u>2,216,954</u>	<u>(213,046)</u>
EXPENDITURES:				
Current:				
Public works	1,800	1,800	1,085	715
Capital outlay	2,716,000	2,716,000	3,004,193	(288,193)
Total expenditures	<u>2,717,800</u>	<u>2,717,800</u>	<u>3,005,278</u>	<u>(287,478)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(287,800)</u>	<u>(287,800)</u>	<u>(788,324)</u>	<u>(500,524)</u>
Net change in fund balances	<u>\$ (287,800)</u>	<u>\$ (287,800)</u>	<u>(788,324)</u>	<u>\$ (500,524)</u>
FUND BALANCES (DEFICITS):				
Beginning of year			<u>1,236,447</u>	
End of year			<u>\$ 448,123</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Lennar Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Capital outlay	136,300	136,300	-	136,300
Total expenditures	136,300	136,300	-	136,300
REVENUES OVER (UNDER)				
EXPENDITURES	(136,300)	(136,300)	-	136,300
FUND BALANCES (DEFICITS):				
Beginning of year			-	
End of year			\$ -	

City of Scotts Valley
Budgetary Comparison Schedule - ARPA Grant Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-
Fees and services	-	-	-	-
Fines and forfeitures	-	-	-	-
Contributions from non-government	-	-	-	-
Facility and building rental	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous revenues	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Planning and building	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ -	\$ -	-	\$ -
FUND BALANCES (DEFICITS):				
Beginning of year			-	
End of year			\$ -	

This page intentionally left blank

City of Scotts Valley
Required Supplementary Information
For the year ended June 30, 2022

2. DEFINED BENEFIT PENSION PLANS

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

Fiscal Year End	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Proportion of the net pension liability	0.238220%	0.182930%	0.179810%	0.176640%	0.171970%
Proportionate share of the net pension liability	\$ 12,883,534	\$ 19,903,650	\$ 18,424,996	\$ 17,021,799	\$ 17,054,661
Covered payroll	\$ 4,024,586	\$ 4,508,129	\$ 4,713,092	\$ 4,719,986	\$ 4,620,961
Proportionate share of the net pension liability as a percentage of covered payroll	320.12%	441.51%	390.93%	360.63%	369.07%
Plan's share of fiduciary net position as a percentage of total net pension liability	88.29%	75.10%	75.26%	75.26%	73.31%

* 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 discount rate decreased to 7% for fiscal year 2022
 * 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	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Contractually required (actuarially determined)	\$ 2,076,160	\$ 1,803,286	\$ 1,682,514	\$ 1,511,426	\$ 1,324,761
Contractually in relation to the actuarially determined contributions	(2,076,160)	(1,803,286)	(1,712,678)	(1,511,426)	(1,324,761)
Contributions deficiency (excess)	\$ -	\$ -	\$ (30,164)	\$ -	\$ -
Covered payroll	\$ 4,655,766	\$ 4,024,586	\$ 4,508,129	\$ 4,713,092	4,719,986
Contributions as a percentage of covered payroll	44.59%	44.81%	37.32%	32.07%	28.07%

* 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 fiscal year 2022 were derived from June 30, 2019 funding valuation report

Actuarial cost method	Entry Age Normal Cost Method
Amortization Method/Period	Level percent of pay, direct rate smoothing
Asset valuation method	Market value of assets
Inflation	2.500%
Salaries increase	Vary by Entry Age and Services
Remaining Amortization Periods	Differs by employer rate plan but not more than 30 years
Investment rate of return	7.00% net of investment and administrative expense
Mortality	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates above include 15 years of projected on-going mortality improvement using 90 percent

<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
6/30/2016	6/30/2015	6/30/2014
0.170910%	0.168390%	0.14606%
\$ 14,789,275	\$ 11,558,421	\$ 9,088,772
\$ 4,527,362	\$ 4,236,936	\$ 4,236,936
326.66%	272.80%	214.51%
74.06%	78.40%	79.82%

<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
\$ 1,213,139	\$ 1,091,041	\$ 840,335
<u>(1,213,139)</u>	<u>(1,091,041)</u>	<u>(840,335)</u>
\$ -	\$ -	\$ -
<u>4,620,961</u>	<u>4,527,362</u>	<u>4,236,936</u>
26.25%	24.10%	19.83%

City of Scotts Valley
Required Supplementary Information
For the year ended June 30, 2022

3. OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

Fiscal Year End	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability:					
Service cost	\$ 564,033	\$ 595,930	\$ 525,243	\$ 550,034	\$ 648,557
Interest on the total pension liability	352,641	555,520	556,831	516,005	440,907
Differences between actual and expected experience	-	(772,346)	-	-	-
Changes in assumptions	117,428	269,575	819,261	(613,407)	(1,668,685)
Benefits paid to retirees	(566,803)	(497,535)	(479,307)	(426,690)	(331,549)
Net change in Total OPEB Liability	467,299	151,144	1,422,028	25,942	(910,770)
Beginning of Year	\$ 15,675,983	\$ 15,524,839	\$ 14,102,811	\$ 14,076,869	\$ 14,987,639
End of Year	\$ 16,143,282	\$ 15,675,983	\$ 15,524,839	\$ 14,102,811	\$ 14,076,869
Total OPEB Liability	\$ 16,143,282	\$ 15,675,983	\$ 15,524,839	\$ 14,201,811	\$ 14,076,869
Covered Employee Payroll	\$ 4,384,493	\$ 4,460,277	\$ 4,708,708	\$ 4,783,183	\$ 4,760,794
Total OPEB Liability as a % of covered employee payroll	368.2%	351.5%	329.7%	294.8%	295.7%

* Fiscal year 2018 was the 1st year of implementation, therefore there are fewer than 10 years shown.
There are no assets accumulated in a trust that meets the criteria in paragraph 101, GASB codification, section P52.134D.

SUPPLEMENTARY INFORMATION

This page intentionally left blank

City of Scotts Valley
Enterprise Fund Budgetary Comparison Schedule - Recreation Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Fees and services	\$ 327,700	\$ 327,700	\$ 56,856	\$ (270,844)
Total operating revenues	<u>327,700</u>	<u>327,700</u>	<u>56,856</u>	<u>(270,844)</u>
OPERATING EXPENSES:				
Salaries	173,934	173,934	28,180	145,754
Taxes and benefits	60,906	60,906	521,660	(460,754)
Maintenance and operations	21,000	21,000	93,360	(72,360)
Advertising	1,500	1,500	-	1,500
Professional and contractual services	30,000	30,000	87,825	(57,825)
Utilities and communications	3,500	3,500	6,607	(3,107)
Insurance and bonds	181,709	181,709	121,721	59,988
Depreciation	-	-	-	-
Total operating expenses	<u>472,549</u>	<u>472,549</u>	<u>859,353</u>	<u>(386,804)</u>
OPERATING INCOME (LOSS)	<u>(144,849)</u>	<u>(144,849)</u>	<u>(802,497)</u>	<u>(657,648)</u>
Transfers in	-	-	540,728	540,728
Transfers out	-	-	(15,665)	(15,665)
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>525,063</u>	<u>525,063</u>
Change in net position	<u>\$ (144,849)</u>	<u>\$ (144,849)</u>	<u>(277,434)</u>	<u>\$ (132,585)</u>
NET POSITION:				
Beginning of year			<u>(3,276,975)</u>	
End of year			<u>\$ (3,554,409)</u>	

City of Scotts Valley
Enterprise Fund Budgetary Comparison Schedule - Wastewater Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Fees and services	\$ 3,287,800	\$ 3,287,800	\$ 3,179,182	\$ (108,618)
Total operating revenues	3,287,800	3,287,800	3,179,182	(108,618)
OPERATING EXPENSES:				
Salaries	684,304	684,304	559,495	124,809
Taxes and benefits	625,529	625,529	1,078,005	(452,476)
Maintenance and operations	2,960,947	2,960,947	1,756,561	1,204,386
Professional and contractual services	166,950	166,950	236,932	(69,982)
Utilities and communications	436,000	436,000	430,709	5,291
Insurance and bonds	110,569	110,569	120,825	(10,256)
Depreciation	-	-	775,977	(775,977)
Total operating expenses	4,984,299	4,984,299	4,958,504	25,795
OPERATING INCOME (LOSS)	(1,696,499)	(1,696,499)	(1,779,322)	(82,823)
NONOPERATING REVENUE (EXPENSES)				
Interest income	17,900	17,900	7,910	(9,990)
Total nonoperating revenues (expenses)	17,900	17,900	7,910	(9,990)
OTHER FINANCING SOURCES (USES):				
Capital contributions	50,000	50,000	259,368	209,368
Transfers out	-	-	(55,444)	(55,444)
Total contributions and transfers	50,000	50,000	203,924	153,924
Change in net position	\$ (1,628,599)	\$ (1,628,599)	(1,567,488)	\$ 61,111
NET POSITION:				
Beginning of year			11,266,979	
Prior period adjustments			690,561	
Beginning of year, as restated			11,957,540	
End of year			<u>\$ 10,390,052</u>	

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

General Facilities Fund - This fund accounts for the impact fee to fund improvements or additions to the City's general facilities and equipment.

Traffic Impact Mitigation Fund - This fund accounts for traffic mitigation fees for improvements to the City's streets and thoroughfares.

Recycling Fund - This fund accounts for fees paid by solid waste companies and customers through the County of Santa Cruz for disposal of solid waste in County transfer facilities. A portion of these revenues are sent back to the City help pay for recycling and environmental protection

Gas Tax Fund - This fund accounts for fees charged for maintenance and construction of streets in accordance with the State of California Streets and Highways Code Sections 2106, 2107 and 2107.5.

Drainage Construction Fund - This fund accounts for fees related to construction of storm drain improvements based on the size (square foot) of the project.

Park and Recreation Facilities Fund - This fund accounts for the impact fee charged to residential developers based on the number of housing units to help fund park improvements or new amenities.

Police Facility Fund - This fund accounts for the impact fee is charged to developers to fund improvements to law enforcement facilities

Senior Center Fund - This fund accounts for the city owned and operated Senior Center.

Mr. Hermon Traffic Mitigation Fund - This fund accounts for the impact fee for proposed developments that would negatively impact traffic on Mount Hermon Road

Green Building Fees Fund - This fund accounts for the fee charged on property developments that are not otherwise exempt from the fee based on their proposed green building elements of the project and based on the assessed valuation of improvements in accordance with the provisions of Scotts Valley Municipal Code

Tree Replacement Fund - This fund accounts for the tree removal fee.

Pinewood Estates Landscape Maintenance District Fund - This account accounts for the landscape maintenance assessment district established in 1987 for 25 parcels in the Pinewood Estates subdivision to maintain improvements consisting of ornamental landscaping, irrigation equipment, signs, fences and storm

Skypark Landscape Maintenance District Fund - This fund accounts for the open space maintenance assessment district established in 1995 to maintain a linear park and two greenbelt areas that are the responsibility of 190 parcel owners adjacent to Skypark.

Library Fees Fund - This fund accounts for Measure S funding for the renovation of the Scotts Valley Branch

SMIP Fees Fund - This fund accounts for fees charged in relation to the California Department of Conservation, which funds the purchase, installation, maintenance, data collection and interpretation of information collected from seismic instrumentation placed in geographic environments throughout the state. These funds are remitted to the State as required by California Public Resources Code §2700-2709.1.

Community Center Operations Fund - This fund accounts for a City owned and operated Community Center.

Supplemental Law Enforcement Service Fund - This fund accounts for the City's SLESF allocation to provide "front-line law enforcement services"

Surface Transportation Project Grant Fund - This fund accounts for the grant revenues and associated capital project expenditures for certain approved projects related to transportation.

Police Development Fees Fund - This fund accounts for impact fees used to fund law enforcement facilities and equipment.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

EDG Revolving Loan Fund - This fund was established to account for a notes receivable due from a developer that is secured by that property. The loan was provided from Community Development Block Grant funds and is payable upon the sale of the property.

Homeland Security Grant Fund - This fund accounts for funding provided by the United States department of Homeland Security to local law enforcement agencies.

Disability Compliance Fund - This fund accounts for a \$4 fee collected by the City in accordance with Senate Bill 1186 (2012) to fund training and retention of certified access specialists (CASPs) and activities or programs that facilitate accessibility compliance.

Transportation Measure D Fund - This fund accounts for a countywide tax to fund transportation projects approved by the Regional Transportation Commission.

Police Budget Act Fund - This fund accounts for monies used to supplement existing funds for such areas as homeless outreach, gang resistance education and training, outreach to high-risk youth, and other similar

CalTrans - Get Everyone Moving Fund - This fund accounts for grant monies received by the State of California and is used to identify barriers to safe and frequent bicycling and walking and will guide future active transportation developments within the City of Scotts Valley.

Planning Grant Program Fund - This fund accounts for revenues and expenditures related to and used in accordance with Senate Bill 2 funding.

Prop 68 Grant Program Fund - This fund was established to account for grant funds received and expended for treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water.

Prop 68 Parks/Water Bond Act Fund - This fund accounts for grants to fund environmental protection, water infrastructure, and flood protection projects.

Police Prop 56 Tobacco Prevention Fund - This fund is used to account for a school resource officer.

CAPITAL PROJECT FUNDS

General Capital Improvements Fund - This fund accounts for funding of capital improvement projects.

DEBT SERVICE FUNDS

COP Debt Service Fund - This fund holds reserve assets for the debt obligations being charged directly out of the General Fund.

Pension Obligation Bonds Fund - The City issued pension obligation bonds in 2012 to finance its unfunded pension obligations with CalPERS. The bonds require debt service in the form of annual principal and semiannual interest payments, and will be fully paid off by FY 2024- 25.

This page intentionally left blank

City of Scotts Valley
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2022

	Special Revenue Funds			
	General Facilities Fund	Traffic Impact Mitigation Fund	Recycling Fund	Gas Tax Fund
ASSETS				
Cash and investments	\$ 111,313	\$ 903,467	\$ -	\$ 546,440
Receivables:				
Other	-	-	-	23,195
Notes receivable	-	-	-	-
Lease receivable	-	-	-	-
Total assets	<u>111,313</u>	<u>903,467</u>	<u>-</u>	<u>569,635</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	31,483	-
Accrued liabilities	-	-	-	-
Due to other funds	-	-	196,162	-
Advances from other funds	139,532	-	-	-
Total liabilities	<u>139,532</u>	<u>-</u>	<u>227,645</u>	<u>-</u>
Deferred inflows of resources:				
Deferred inflows related to GASB 87 lease	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	-	903,467	-	569,635
Assigned	-	-	-	-
Unassigned	(28,219)	-	(227,645)	-
Total fund balances	<u>(28,219)</u>	<u>903,467</u>	<u>(227,645)</u>	<u>569,635</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 111,313</u>	<u>\$ 903,467</u>	<u>\$ -</u>	<u>\$ 569,635</u>

Special Revenue Funds

Drainage Construction Fund	Park and Recreation Facilities Fund	Police Facility Fund	Senior Center Fund	Mt. Hermon Traffic Mitigation Fund	Green Building Fees Fund
\$ 76,090	\$ 1,445,069	\$ 374,722	\$ 64,727	\$ 189,386	\$ 538,404
-	-	-	(455)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
76,090	1,445,069	374,722	64,272	189,386	538,404
-	-	-	1,627	-	1,458
-	-	-	442	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,069	-	1,458
-	-	-	-	-	-
-	-	-	-	-	-
76,090	1,445,069	374,722	-	-	536,946
-	-	-	62,203	189,386	-
-	-	-	-	-	-
76,090	1,445,069	374,722	62,203	189,386	536,946
\$ 76,090	\$ 1,445,069	\$ 374,722	\$ 64,272	\$ 189,386	\$ 538,404

City of Scotts Valley
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2022

	Special Revenue Funds			
		Pinewood		
		Estates	Skypark	
	Tree	Landscape	Landscape	Library
Replacement	Maintenance	Maintenance	Fees	
Fund	District	District	Fund	
Fund	Fund	Fund	Fund	
ASSETS				
Cash and investments	\$ 39,043	\$ 999	\$ 565,733	\$ 399,275
Receivables:				
Other	-	238	761	-
Notes receivable	-	-	-	-
Lease receivable	-	-	-	-
Total assets	39,043	1,237	566,494	399,275
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	4,265	-
Accrued liabilities	-	-	-	-
Due to other funds	-	1,694	-	-
Advances from other funds	-	-	-	-
Total liabilities	-	1,694	4,265	-
Deferred inflows of resources:				
Deferred inflows related to GASB 87 lease	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted	39,043	-	561,468	399,275
Assigned	-	-	761	-
Unassigned	-	(457)	-	-
Total fund balances	39,043	(457)	562,229	399,275
Total liabilities, deferred inflows of resources, and fund balances	\$ 39,043	\$ 1,237	\$ 566,494	\$ 399,275

Special Revenue Funds

SMIP Fees Fund	Community Center Operations Fund	Supplemental Law Enforcement Services Fund	Surface Transportation Projects Grant Fund	Police Development Fees Fund
\$ 7,148	\$ 215,627	\$ 195,341	\$ 364,021	\$ 66,890
-	(458)	-	-	-
-	-	-	-	-
-	205,314	-	-	-
<u>7,148</u>	<u>420,483</u>	<u>195,341</u>	<u>364,021</u>	<u>66,890</u>
767	1,510	-	3,775	-
-	140	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>767</u>	<u>1,650</u>	<u>-</u>	<u>3,775</u>	<u>-</u>
-	205,313	-	-	-
-	205,313	-	-	-
6,381	-	195,341	360,246	66,890
-	213,520	-	-	-
-	-	-	-	-
<u>6,381</u>	<u>213,520</u>	<u>195,341</u>	<u>360,246</u>	<u>66,890</u>
<u>\$ 7,148</u>	<u>\$ 420,483</u>	<u>\$ 195,341</u>	<u>\$ 364,021</u>	<u>\$ 66,890</u>

City of Scotts Valley
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2022

	Special Revenue Funds			
	EDG Revolving Loan Fund	Homeland Security Grant Fund	Disability Compliance Fund	Transportation Measure D Fund
ASSETS				
Cash and investments	\$ -	\$ 1,478	\$ 21,292	\$ 331,568
Receivables:				
Other	-	-	(174)	93,310
Notes receivable	550,000	-	-	-
Lease receivable	-	-	-	-
Total assets	550,000	1,478	21,118	424,878
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	45,167	-	-	11,396
Accrued liabilities	-	-	-	-
Due to other funds	159,089	-	-	189,453
Advances from other funds	-	-	-	-
Total liabilities	204,256	-	-	200,849
Deferred inflows of resources:				
Deferred inflows related to GASB 87 lease	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted	345,744	1,478	-	224,029
Assigned	-	-	21,118	-
Unassigned	-	-	-	-
Total fund balances	345,744	1,478	21,118	224,029
Total liabilities, deferred inflows of resources, and fund balances	\$ 550,000	\$ 1,478	\$ 21,118	\$ 424,878

Special Revenue Funds

Police Budget Act Fund	CalTrans - Get Everyone Moving Fund	Planning Grant Program Fund	Prop 68 Parks/Water Bond Act Fund	Police Prop 56 Tobacco Prevention Fund
\$ 15,527	\$ -	\$ -	\$ -	\$ 8,043
-	-	-	-	-
-	-	-	-	-
15,527	-	-	-	8,043
784	-	-	-	-
-	-	-	-	-
-	12	90,885	5,053	-
-	-	-	-	-
784	12	90,885	5,053	-
-	-	-	-	-
-	-	-	-	-
14,743	-	-	-	8,043
-	-	-	-	-
-	(12)	(90,885)	(5,053)	-
14,743	(12)	(90,885)	(5,053)	8,043
\$ 15,527	\$ -	\$ -	\$ -	\$ 8,043

City of Scotts Valley
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2022

	Capital Project		Pension	Total
	Funds	Debt Service Funds		
	General	COP	Bonds	Governmental
	Capital	Debt		Funds
	Improvements	Service		
	Fund	Fund	Fund	
ASSETS				
Cash and investments	\$ 934,809	\$ 996,807	\$ (2,496)	\$ 8,410,723
Receivables:				
Other	-	-	-	116,417
Notes receivable	-	-	-	550,000
Lease receivable	-	-	-	205,314
Total assets	934,809	996,807	(2,496)	9,282,454
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	179,984	-	-	282,216
Accrued liabilities	-	-	-	582
Due to other funds	-	-	-	642,348
Advances from other funds	-	-	-	139,532
Total liabilities	179,984	-	-	1,064,678
Deferred inflows of resources:				
Deferred inflows related to GASB 87 lease	-	-	-	205,313
Total deferred inflows of resources	-	-	-	205,313
Fund balances:				
Restricted	754,825	-	-	6,883,435
Assigned	-	996,807	-	1,483,795
Unassigned	-	-	(2,496)	(354,767)
Total fund balances	754,825	996,807	(2,496)	8,012,463
Total liabilities, deferred inflows of resources, and fund balances	\$ 934,809	\$ 996,807	\$ (2,496)	\$ 9,282,454

This page intentionally left blank

City of Scotts Valley
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2022

	Special Revenue Funds			
	General Facilities Fund	Traffic Impact Mitigation Fund	Recycling Fund	Gas Tax Fund
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	26,156	519,186
Fees and services	18,379	236,298	-	-
Contributions from non-government	-	-	-	-
Investment earnings	366	2,877	-	1,624
Miscellaneous revenues	-	-	-	-
Total revenues	18,745	239,175	26,156	520,810
EXPENDITURES:				
Current:				
General government	128	-	-	-
Public safety	-	-	-	-
Planning and building	-	-	-	-
Public works	1	997	102,601	562
Capital outlay	-	-	-	219,752
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	129	997	102,601	220,314
REVENUES OVER (UNDER) EXPENDITURES	18,616	238,178	(76,445)	300,496
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	18,616	238,178	(76,445)	300,496
FUND BALANCES (DEFICITS):				
Beginning of year	(46,835)	665,289	(151,200)	269,139
End of year	\$ (28,219)	\$ 903,467	\$ (227,645)	\$ 569,635

Special Revenue Funds

Drainage Construction Fund	Park and Recreation Facilities Fund	Police Facility Fund	Senior Center Fund	Mt. Hermon Traffic Mitigation Fund	Green Building Fees Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
33,888	401,314	42,457	13,210	-	87,910
-	-	-	1,150	-	-
224	4,560	1,251	-	655	1,757
-	-	-	1,451	-	-
<u>34,112</u>	<u>405,874</u>	<u>43,708</u>	<u>15,811</u>	<u>655</u>	<u>89,667</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,515
75	1,574	442	80,246	235	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>75</u>	<u>1,574</u>	<u>442</u>	<u>80,246</u>	<u>235</u>	<u>2,515</u>
<u>34,037</u>	<u>404,300</u>	<u>43,266</u>	<u>(64,435)</u>	<u>420</u>	<u>87,152</u>
-	-	-	130,834	-	-
-	-	-	130,834	-	-
34,037	404,300	43,266	66,399	420	87,152
<u>42,053</u>	<u>1,040,769</u>	<u>331,456</u>	<u>(4,196)</u>	<u>188,966</u>	<u>449,794</u>
<u>\$ 76,090</u>	<u>\$ 1,445,069</u>	<u>\$ 374,722</u>	<u>\$ 62,203</u>	<u>\$ 189,386</u>	<u>\$ 536,946</u>

City of Scotts Valley
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2022

	Special Revenue Funds			
	Tree Replacement Fund	Pinewood Estates Landscape Maintenance District Fund	Skypark Landscape Maintenance District Fund	Library Fees Fund
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-
Fees and services	1,680	-	9,000	36,383
Contributions from non-government	-	-	-	-
Investment earnings	133	-	1,896	1,342
Miscellaneous revenues	-	5,940	41,551	-
Total revenues	1,813	5,940	52,447	37,725
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Planning and building	47	-	-	-
Public works	-	4,691	43,995	476
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	47	4,691	43,995	476
REVENUES OVER (UNDER) EXPENDITURES	1,766	1,249	8,452	37,249
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	1,766	1,249	8,452	37,249
FUND BALANCES (DEFICITS):				
Beginning of year, as restated	37,277	(1,706)	553,777	362,026
End of year	\$ 39,043	\$ (457)	\$ 562,229	\$ 399,275

Special Revenue Funds

SMIP Fees Fund	Community Center Operations	Supplemental Law Enforcement Services	Surface Transportation Projects Grant	Police Development Fees
\$ -	\$ -	\$ -	\$ -	\$ -
6,635	-	101,325	-	-
-	144,850	-	-	-
-	-	-	-	-
25	775	599	1,259	231
-	-	-	-	-
<u>6,660</u>	<u>145,626</u>	<u>101,924</u>	<u>1,259</u>	<u>231</u>
-	-	-	-	-
-	-	205	-	83
6,312	-	-	-	-
-	58,366	-	452	-
-	-	49,923	3,775	-
-	-	-	-	-
-	-	-	-	-
<u>6,312</u>	<u>58,366</u>	<u>50,128</u>	<u>4,227</u>	<u>83</u>
348	87,260	51,796	(2,968)	148
-	-	-	-	-
-	-	-	-	-
<u>348</u>	<u>87,260</u>	<u>51,796</u>	<u>(2,968)</u>	<u>148</u>
6,033	126,260	143,545	363,214	66,742
<u>\$ 6,381</u>	<u>\$ 213,520</u>	<u>\$ 195,341</u>	<u>\$ 360,246</u>	<u>\$ 66,890</u>

City of Scotts Valley
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2022

	Special Revenue Funds			
	EDG Revolving Loan Fund	Homeland Security Grant	Disability Compliance Fund	Transportation Measure D Fund
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 367,095
Intergovernmental revenues	-	-	-	-
Fees and services	-	-	1,420	-
Contributions from non-government	-	-	-	-
Investment earnings	1	5	73	760
Miscellaneous revenues	-	-	-	-
Total revenues	1	5	1,493	367,855
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	138,168	2	-	-
Planning and building	250,000	-	511	-
Public works	-	-	-	22,187
Capital outlay	-	-	-	44,645
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	388,168	2	511	66,832
REVENUES OVER (UNDER)				
EXPENDITURES	(388,167)	3	982	301,023
OTHER FINANCING SOURCES (USES):				
Transfers in	183,333	-	-	-
Total other financing sources (uses)	183,333	-	-	-
Net change in fund balances	(204,834)	3	982	301,023
FUND BALANCES (DEFICITS):				
Beginning of year	550,578	1,475	20,136	(76,994)
End of year	\$ 345,744	\$ 1,478	\$ 21,118	\$ 224,029

Special Revenue Funds

Police Budget Act Fund	CalTrans - Get Everyone Moving Fund	Planning Grant Program	Prop 68 Parks/Water Bond Act Fund	Police Prop 56 Tobacco Prevention Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	8,043
-	-	-	-	-
-	-	-	-	-
64	7	-	-	-
-	-	-	-	-
<u>64</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>8,043</u>
-	-	-	-	-
5,240	-	-	-	-
-	-	84,905	-	-
-	17,999	-	-	-
-	-	-	5,053	-
-	-	-	-	-
-	-	-	-	-
<u>5,240</u>	<u>17,999</u>	<u>84,905</u>	<u>5,053</u>	<u>-</u>
<u>(5,176)</u>	<u>(17,992)</u>	<u>(84,905)</u>	<u>(5,053)</u>	<u>8,043</u>
-	-	-	-	-
-	-	-	-	-
<u>(5,176)</u>	<u>(17,992)</u>	<u>(84,905)</u>	<u>(5,053)</u>	<u>8,043</u>
19,919	17,980	(5,980)	-	-
<u>\$ 14,743</u>	<u>\$ (12)</u>	<u>\$ (90,885)</u>	<u>\$ (5,053)</u>	<u>\$ 8,043</u>

City of Scotts Valley
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2022

	Capital Project		Total Non-major Governmental Funds	
	Funds	Debt Service Funds		
	General Capital Improvements Fund	COP Debt Service	Pension Obligation Bonds	
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 367,095
Intergovernmental revenues	-	-	-	661,345
Fees and services	224,533	-	-	1,251,322
Contributions from non-government	-	-	-	1,150
Investment earnings	2,610	3,447	-	26,541
Miscellaneous revenues	-	-	-	48,942
Total revenues	227,143	3,447	-	2,356,396
EXPENDITURES:				
Current:				
General government	-	-	-	128
Public safety	-	-	-	143,698
Planning and building	-	-	-	344,290
Public works	85,183	-	-	420,082
Capital outlay	317,949	-	-	641,097
Debt service:				
Principal	-	-	380,000	380,000
Interest and fiscal charges	-	1,238	59,888	61,126
Total expenditures	403,132	1,238	439,888	1,990,421
REVENUES OVER (UNDER)				
EXPENDITURES	(175,989)	2,209	(439,888)	365,975
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	439,886	754,053
Total other financing sources (uses)	-	-	439,886	754,053
Net change in fund balances	(175,989)	2,209	(2)	1,120,028
FUND BALANCES (DEFICITS):				
Beginning of year	930,814	994,598	(2,494)	6,892,435
End of year	\$ 754,825	\$ 996,807	\$ (2,496)	\$ 8,012,463

City of Scotts Valley
Budgetary Comparison Schedule - General Facility
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fees and services	\$ 10,300	\$ 10,300	\$ 18,379	\$ 8,079
Investment earnings	1,500	1,500	366	(1,134)
Total revenues	11,800	11,800	18,745	6,945
EXPENDITURES:				
Current:				
General government	-	-	128	(128)
Public works	-	-	1	(1)
Total expenditures	-	-	129	(129)
REVENUES OVER (UNDER) EXPENDITURES	11,800	11,800	18,616	6,816
Net change in fund balances	\$ 11,800	\$ 11,800	18,616	\$ 6,816
FUND BALANCES (DEFICITS):				
Beginning of year			(46,835)	
End of year			\$ (28,219)	

City of Scotts Valley
Budgetary Comparison Schedule - Traffic Impact Mitigation
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fees and services	\$ 51,500	\$ 51,500	\$ 236,298	\$ 184,798
Investment earnings	12,100	12,100	2,877	(9,223)
Total revenues	63,600	63,600	239,175	175,575
EXPENDITURES:				
Current:				
Capital outlay	365,000	365,000	997	364,003
Total expenditures	365,000	365,000	997	364,003
REVENUES OVER (UNDER) EXPENDITURES	(301,400)	(301,400)	238,178	539,578
Net change in fund balances	\$ (301,400)	\$ (301,400)	238,178	\$ 539,578
FUND BALANCES (DEFICITS):				
Beginning of year			665,289	
End of year			\$ 903,467	

City of Scotts Valley
Budgetary Comparison Schedule - Recycling Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ -	\$ -	\$ 26,156	\$ 26,156
Investment earnings	100	100	-	(100)
Total revenues	100	100	26,156	26,056
EXPENDITURES:				
Current:				
Public works	100,050	100,050	102,601	(2,551)
Total expenditures	100,050	100,050	102,601	(2,551)
REVENUES OVER (UNDER)				
EXPENDITURES	(99,950)	(99,950)	(76,445)	23,505
Net change in fund balances	\$ (99,950)	\$ (99,950)	(76,445)	\$ 23,505
FUND BALANCES (DEFICITS):				
Beginning of year			(151,200)	
End of year			\$ (227,645)	

City of Scotts Valley
Budgetary Comparison Schedule - Gas Tax Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 546,600	\$ 546,600	\$ 519,186	\$ (27,414)
Investment earnings	3,000	3,000	1,624	(1,376)
Total revenues	549,600	549,600	520,810	(28,790)
EXPENDITURES:				
Current:				
Public works	-	-	562	(562)
Capital outlay	341,000	341,000	219,752	121,248
Total expenditures	341,000	341,000	220,314	120,686
REVENUES OVER (UNDER) EXPENDITURES	208,600	208,600	300,496	91,896
Net change in fund balances	\$ 208,600	\$ 208,600	300,496	\$ 91,896
FUND BALANCES (DEFICITS):				
Beginning of year			269,139	
End of year			<u>\$ 569,635</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Drainage Construction Fun
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fees and services	\$ 15,500	\$ 15,500	\$ 33,888	\$ 18,388
Investment earnings	500	500	224	(276)
Total revenues	16,000	16,000	34,112	18,112
EXPENDITURES:				
Current:				
Public works	25,000	25,000	75	24,925
Total expenditures	25,000	25,000	75	24,925
REVENUES OVER (UNDER) EXPENDITURES	(9,000)	(9,000)	34,037	43,037
Net change in fund balances	\$ (9,000)	\$ (9,000)	34,037	\$ 43,037
FUND BALANCES (DEFICITS):				
Beginning of year			42,053	
End of year			\$ 76,090	

City of Scotts Valley
Budgetary Comparison Schedule - Parks & Recreation Facilities Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fees and services	\$ 41,200	\$ 41,200	\$ 401,314	\$ 360,114
Investment earnings	17,700	17,700	4,560	(13,140)
Total revenues	58,900	58,900	405,874	346,974
EXPENDITURES:				
Current:				
Public works	-	-	1,574	(1,574)
Capital outlay	30,000	30,000	-	30,000
Total expenditures	30,000	30,000	1,574	28,426
Net change in fund balances	\$ 28,900	\$ 28,900	404,300	\$ 375,400
FUND BALANCES (DEFICITS):				
Beginning of year			1,040,769	
End of year			\$ 1,445,069	

City of Scotts Valley
Budgetary Comparison Schedule - Police Facility Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fees and services	\$ 10,300	\$ 10,300	\$ 42,457	\$ 32,157
Investment earnings	2,000	2,000	1,251	(749)
Total revenues	<u>12,300</u>	<u>12,300</u>	<u>43,708</u>	<u>31,408</u>
EXPENDITURES:				
Current:				
Public works	750	750	442	308
Capital outlay	93,000	93,000	-	93,000
Total expenditures	<u>93,750</u>	<u>93,750</u>	<u>442</u>	<u>93,308</u>
Net change in fund balances	<u>\$ (81,450)</u>	<u>\$ (81,450)</u>	43,266	<u>\$ 124,716</u>
FUND BALANCES (DEFICITS):				
Beginning of year			<u>331,456</u>	
End of year			<u>\$ 374,722</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Senior Center Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fees and services	\$ 19,400	\$ 19,400	\$ 13,210	\$ (6,190)
Contributions from non-government	4,100	4,100	1,150	(2,950)
Miscellaneous revenues	-	-	1,451	1,451
Total revenues	23,500	23,500	15,811	(7,689)
EXPENDITURES:				
Current:				
Public works	93,392	93,392	80,246	13,146
Total expenditures	93,392	93,392	80,246	13,146
REVENUES OVER (UNDER) EXPENDITURES	(69,892)	(69,892)	(64,435)	5,457
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	130,834	130,834
Total other financing sources (uses)	-	-	130,834	130,834
Net change in fund balances	\$ (69,892)	\$ (69,892)	66,399	\$ 136,291
FUND BALANCES (DEFICITS):				
Beginning of year			(4,196)	
End of year			\$ 62,203	

City of Scotts Valley
Budgetary Comparison Schedule - Mt. Hermon Traffic Mitigation Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 2,500	\$ 2,500	\$ 655	\$ (1,845)
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>655</u>	<u>(1,845)</u>
EXPENDITURES:				
Current:				
Public works	-	-	235	(235)
Total expenditures	<u>-</u>	<u>-</u>	<u>235</u>	<u>(235)</u>
Net change in fund balances	<u>\$ 2,500</u>	<u>\$ 2,500</u>	420	<u>\$ (1,610)</u>
FUND BALANCES (DEFICITS):				
Beginning of year			<u>188,966</u>	
End of year			<u>\$ 189,386</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Green Building Fees Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fees and services	\$ 21,600	\$ 21,600	\$ 87,910	\$ 66,310
Investment earnings	8,600	8,600	1,757	(6,843)
Total revenues	30,200	30,200	89,667	59,467
EXPENDITURES:				
Current:				
Planning and building	3,840	3,840	2,515	1,325
Total expenditures	3,840	3,840	2,515	1,325
Net change in fund balances	\$ 26,360	\$ 26,360	87,152	\$ 60,792
FUND BALANCES (DEFICITS):				
Beginning of year			449,794	
End of year			<u>\$ 536,946</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Tree Replacement Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fees and services	\$ 1,000	\$ 1,000	\$ 1,680	\$ 680
Investment earnings	500	500	133	(367)
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>1,813</u>	<u>313</u>
EXPENDITURES:				
Current:				
Planning and building	50	50	47	3
Capital outlay	10,000	10,000	-	10,000
Total expenditures	<u>10,050</u>	<u>10,050</u>	<u>47</u>	<u>10,003</u>
Net change in fund balances	<u>\$ (8,550)</u>	<u>\$ (8,550)</u>	1,766	<u>\$ 10,316</u>
FUND BALANCES (DEFICITS):				
Beginning of year			<u>37,277</u>	
End of year			<u>\$ 39,043</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Pinewood Estates Landscape Maintenance Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 200	\$ 200	\$ -	\$ (200)
Miscellaneous revenues	6,300	6,300	5,940	(360)
Total revenues	6,500	6,500	5,940	(560)
EXPENDITURES:				
Current:				
Public works	5,400	5,400	4,691	709
Total expenditures	5,400	5,400	4,691	709
Net change in fund balances	\$ 1,100	\$ 1,100	1,249	\$ 149
FUND BALANCES (DEFICITS):				
Beginning of year			(1,706)	
End of year			<u>\$ (457)</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Skypark Landscape Maintenance District
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fees and services	\$ 9,000	\$ 9,000	\$ 9,000	\$ -
Investment earnings	10,300	10,300	1,896	(8,404)
Miscellaneous revenues	42,000	42,000	41,551	(449)
Total revenues	61,300	61,300	52,447	(8,853)
EXPENDITURES:				
Current:				
Public works	28,060	28,060	43,995	(15,935)
Total expenditures	28,060	28,060	43,995	(15,935)
REVENUES OVER (UNDER) EXPENDITURES	33,240	33,240	8,452	(24,788)
Net change in fund balances	\$ 33,240	\$ 33,240	8,452	\$ (24,788)
FUND BALANCES (DEFICITS):				
Beginning of year			553,777	
End of year			\$ 562,229	

City of Scotts Valley
Budgetary Comparison Schedule - Library Fees Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fees and services	\$ 15,800	\$ 15,800	\$ 36,383	\$ 20,583
Investment earnings	6,600	6,600	1,342	(5,258)
Total revenues	22,400	22,400	37,725	15,325
EXPENDITURES:				
Current:				
Public works	620	620	476	144
Total expenditures	620	620	476	144
REVENUES OVER (UNDER) EXPENDITURES	21,780	21,780	37,249	15,181
Net change in fund balances	\$ 21,780	\$ 21,780	37,249	\$ 15,469
FUND BALANCES (DEFICITS):				
Beginning of year			362,026	
End of year			\$ 399,275	

City of Scotts Valley
Budgetary Comparison Schedule - SMIP Fee
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 2,200	\$ 2,200	\$ 6,635	\$ 4,435
Investment earnings	100	100	25	(75)
Total revenues	<u>2,300</u>	<u>2,300</u>	<u>6,660</u>	<u>4,360</u>
EXPENDITURES:				
Current:				
Planning and building	4,990	4,990	6,312	(1,322)
Total expenditures	<u>4,990</u>	<u>4,990</u>	<u>6,312</u>	<u>(1,322)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,690)</u>	<u>(2,690)</u>	<u>348</u>	<u>5,682</u>
Net change in fund balances	<u>\$ (2,690)</u>	<u>\$ (2,690)</u>	<u>348</u>	<u>\$ 3,038</u>
FUND BALANCES (DEFICITS):				
Beginning of year			<u>6,033</u>	
End of year			<u>\$ 6,381</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Community Center Operations
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fees and services	\$ 34,200	\$ 34,200	\$ 144,850	\$ 110,650
Investment earnings	-	-	775	775
Total revenues	<u>34,200</u>	<u>34,200</u>	<u>145,626</u>	<u>111,426</u>
EXPENDITURES:				
Current:				
Public works	98,120	98,120	58,366	39,754
Total expenditures	<u>98,120</u>	<u>98,120</u>	<u>58,366</u>	<u>39,754</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(63,920)</u>	<u>(63,920)</u>	<u>87,260</u>	<u>151,180</u>
Net change in fund balances	<u>\$ (63,920)</u>	<u>\$ (63,920)</u>	<u>87,260</u>	<u>\$ 151,180</u>
FUND BALANCES (DEFICITS):				
Beginning of year			<u>126,260</u>	
End of year			<u>\$ 213,520</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Supplemental Law Enforcement Services
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 100,000	\$ 100,000	\$ 101,325	\$ 1,325
Investment earnings	2,500	2,500	599	(1,901)
Total revenues	102,500	102,500	101,924	(576)
EXPENDITURES:				
Current:				
Public safety	-	-	205	(205)
Capital outlay	-	-	49,923	(49,923)
Total expenditures	-	-	50,128	(50,128)
Net change in fund balances	\$ 102,500	\$ 102,500	51,796	\$ (50,704)
FUND BALANCES (DEFICITS):				
Beginning of year			143,545	
End of year			<u>\$ 195,341</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Surface Transportation Projects Grant
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 400,000	\$ 400,000	\$ -	\$ (400,000)
Investment earnings	700	700	1,259	559
Total revenues	400,700	400,700	1,259	(399,441)
EXPENDITURES:				
Current:				
Public works	-	-	452	(452)
Capital outlay	-	-	3,775	(3,775)
Total expenditures	-	-	4,227	(4,227)
Net change in fund balances	\$ 400,700	\$ 400,700	(2,968)	\$ (403,668)
FUND BALANCES (DEFICITS):				
Beginning of year			363,214	
End of year			<u>\$ 360,246</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Police Development Fees Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 2,600	\$ 2,600	\$ 231	\$ (2,369)
Total revenues	<u>2,600</u>	<u>2,600</u>	<u>231</u>	<u>(2,369)</u>
EXPENDITURES:				
Current:				
Public safety	-	-	83	(83)
Total expenditures	<u>-</u>	<u>-</u>	<u>83</u>	<u>(83)</u>
Net change in fund balances	<u>\$ 2,600</u>	<u>\$ 2,600</u>	148	<u>\$ (2,452)</u>
FUND BALANCES (DEFICITS):				
Beginning of year			<u>66,742</u>	
End of year			<u>\$ 66,890</u>	

City of Scotts Valley
Budgetary Comparison Schedule - EDG Revolving Loan Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 394,456	\$ 394,456	\$ -	\$ (394,456)
Investment earnings	-	-	1	1
Total revenues	<u>394,456</u>	<u>394,456</u>	<u>1</u>	<u>(394,455)</u>
EXPENDITURES:				
Current:				
Public safety	234,612	234,612	138,168	96,444
Planning and building	343,177	343,177	250,000	93,177
Total expenditures	<u>577,789</u>	<u>577,789</u>	<u>388,168</u>	<u>189,621</u>
Net change in fund balances	<u>\$ (183,333)</u>	<u>\$ (183,333)</u>	(204,834)	<u>\$ (21,501)</u>
FUND BALANCES (DEFICITS):				
Beginning of year			550,578	
End of year			<u>\$ 345,744</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Homeland Security Grant Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	-	-	5	5
Total revenues	-	-	5	5
EXPENDITURES:				
Current:				
Public safety	-	-	2	(2)
Total expenditures	-	-	2	(2)
REVENUES OVER (UNDER) EXPENDITURES	-	-	3	7
Net change in fund balances	\$ -	\$ -	3	\$ 3
FUND BALANCES (DEFICITS):				
Beginning of year			1,475	
End of year			<u>\$ 1,478</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Disability Compliance Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fees and services	\$ 4,000	\$ 4,000	\$ 1,420	\$ (2,580)
Investment earnings	300	300	73	(227)
Total revenues	4,300	4,300	1,493	(2,807)
EXPENDITURES:				
Current:				
Planning and building	5,020	5,020	511	4,509
Total expenditures	5,020	5,020	511	4,509
Net change in fund balances	\$ (720)	\$ (720)	982	\$ 1,702
FUND BALANCES (DEFICITS):				
Beginning of year			20,136	
End of year			<u>\$ 21,118</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Transportation - Measure D Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 301,900	\$ -	\$ 367,095	\$ 367,095
Investment earnings	6,100	6,100	760	(5,340)
Total revenues	308,000	6,100	367,855	361,755
EXPENDITURES:				
Current:				
Public works	-	-	22,187	(22,187)
Capital outlay	574,100	574,100	44,645	529,455
Total expenditures	574,100	574,100	66,832	507,268
Net change in fund balances	\$ (266,100)	\$ (568,000)	301,023	\$ 869,023
FUND BALANCES (DEFICITS):				
Beginning of year			(76,994)	
End of year			<u>\$ 224,029</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Police Budget Act Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 500	\$ 500	\$ 64	\$ (436)
Total revenues	<u>500</u>	<u>500</u>	<u>64</u>	<u>(436)</u>
EXPENDITURES:				
Current:				
Public safety	1,000	1,000	5,240	(4,240)
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>5,240</u>	<u>(4,240)</u>
Net change in fund balances	<u>\$ (500)</u>	<u>\$ (500)</u>	(5,176)	<u>\$ (4,676)</u>
FUND BALANCES (DEFICITS):				
Beginning of year			<u>19,919</u>	
End of year			<u>\$ 14,743</u>	

City of Scotts Valley
Budgetary Comparison Schedule - CalTrans - Get Everyone Moving Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 7	\$ 7
Total revenues	-	-	7	7
EXPENDITURES:				
Current:				
Public works	-	-	17,999	(17,999)
Total expenditures	-	-	17,999	(17,999)
Net change in fund balances	\$ -	\$ -	(17,992)	\$ (17,992)
FUND BALANCES (DEFICITS):				
Beginning of year			17,980	
End of year			<u>\$ (12)</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Planning Grants Program Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Planning and building	\$ -	\$ -	84,905	\$ (84,905)
Total expenditures	-	-	84,905	(84,905)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(84,905)	(84,905)
Net change in fund balances	\$ -	\$ -	(84,905)	\$ (84,905)
FUND BALANCES (DEFICITS):				
Beginning of year			(5,980)	
End of year			\$ (90,885)	

City of Scotts Valley
Budgetary Comparison Schedule - Prop 68 Parks/Water Bond Act Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 178,000	\$ 178,000	\$ -	\$ (178,000)
Total revenues	<u>178,000</u>	<u>178,000</u>	<u>-</u>	<u>(178,000)</u>
EXPENDITURES:				
Current:				
Capital outlay	178,000	178,000	5,053	172,947
Total expenditures	<u>178,000</u>	<u>178,000</u>	<u>5,053</u>	<u>172,947</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>-</u>	<u>-</u>	<u>(5,053)</u>	<u>(5,053)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(5,053)</u>	<u>\$ (5,053)</u>
FUND BALANCES (DEFICITS):				
Beginning of year			<u>-</u>	
End of year			<u>\$ (5,053)</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Police Prop 56 Tobacco Prevention Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 189,002	\$ 189,002	\$ 8,043	\$ (180,959)
Total revenues	<u>189,002</u>	<u>189,002</u>	<u>8,043</u>	<u>(180,959)</u>
EXPENDITURES:				
Current:				
Public safety	189,002	189,002	-	189,002
Total expenditures	<u>189,002</u>	<u>189,002</u>	<u>-</u>	<u>189,002</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>8,043</u>	<u>8,043</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>8,043</u>	<u>\$ 8,043</u>
FUND BALANCES (DEFICITS):				
Beginning of year			-	
End of year			<u>\$ 8,043</u>	

City of Scotts Valley
Budgetary Comparison Schedule - General Capital Improvements Fund
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fees and services	\$ 45,400	\$ 45,400	\$ 224,533	\$ 179,133
Investment earnings	20,200	20,200	2,610	(17,590)
Total revenues	<u>65,600</u>	<u>65,600</u>	<u>227,143</u>	<u>161,543</u>
EXPENDITURES:				
Current:				
Public works	-	-	85,183	(85,183)
Capital outlay	1,350,900	1,350,900	317,949	1,032,951
Total expenditures	<u>1,350,900</u>	<u>1,350,900</u>	<u>403,132</u>	<u>947,768</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,285,300)</u>	<u>(1,285,300)</u>	<u>(175,989)</u>	<u>1,109,311</u>
Net change in fund balances	<u>\$ (1,285,300)</u>	<u>\$ (1,285,300)</u>	<u>(175,989)</u>	<u>\$ 1,109,311</u>
FUND BALANCES (DEFICITS):				
Beginning of year			<u>930,814</u>	
End of year			<u>\$ 754,825</u>	

City of Scotts Valley
Budgetary Comparison Schedule - COP Debt Service
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 22,200	\$ 22,200	\$ 3,447	\$ (18,753)
Total revenues	<u>22,200</u>	<u>22,200</u>	<u>3,447</u>	<u>(18,753)</u>
EXPENDITURES:				
Debt service:				
Interest and fiscal charges	-	-	1,238	(1,238)
Total expenditures	<u>-</u>	<u>-</u>	<u>1,238</u>	<u>(1,238)</u>
Net change in fund balances	<u>\$ 22,200</u>	<u>\$ 22,200</u>	2,209	<u>\$ (19,991)</u>
FUND BALANCES (DEFICITS):				
Beginning of year			<u>994,598</u>	
End of year			<u>\$ 996,807</u>	

City of Scotts Valley
Budgetary Comparison Schedule - Pension Obligation Bonds
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Debt service:				
Principal	\$ 380,000	\$ 380,000	\$ 380,000	\$ -
Interest and fiscal charges	63,844	63,844	59,888	(3,956)
Total expenditures	443,844	443,844	439,888	(3,956)
REVENUES OVER (UNDER)				
EXPENDITURES	(443,844)	(443,844)	(439,888)	3,956
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	439,886	439,886
Total other financing sources (uses)	-	-	439,886	439,886
Net change in fund balances	\$ (443,844)	\$ (443,844)	(2)	\$ 443,842
FUND BALANCES (DEFICITS):				
Beginning of year			(2,494)	
End of year			<u>\$ (2,496)</u>	

City of Scotts Valley
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2022

	General Trust Fund	SV Drive A Redemption	SV Drive A Prepayment	SV Drive A Reserve	Total Custodial Funds
ASSETS					
Cash and investments held for others, restricted	\$ 281,180	\$ 400,768	\$ 8,390	\$ 65,522	\$ 755,860
Cash and investments held in accordance with bond indentures, restricted	-	-	-	358,634	358,634
Other receivables	-	3,498	-	-	3,498
Total assets	<u>281,180</u>	<u>404,266</u>	<u>8,390</u>	<u>424,156</u>	<u>1,117,992</u>
LIABILITIES					
Deposits	99,678	-	-	-	99,678
Total liabilities	<u>99,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,678</u>
NET POSITION					
Restricted for Bondholders	181,502	404,266	8,390	424,156	1,018,314
Total net position	<u>\$ 181,502</u>	<u>\$ 404,266</u>	<u>\$ 8,390</u>	<u>\$ 424,156</u>	<u>\$ 1,018,314</u>

City of Scotts Valley
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the year ended June 30, 2022

	General Trust Fund	SV Drive A Redemption	SV Drive A Prepayment	SV Drive A Reserve	Total Custodial Funds
ADDITIONS					
Assessments revenue	\$ -	\$ 390,899	\$ 29	\$ 681	\$ 391,609
Total additions	-	390,899	29	681	391,609
DELETIONS					
Administrative expenses	-	15,659	10	59	15,728
Debt service payment	-	405,375	-	-	405,375
Total deletions	-	421,034	10	59	421,103
Changes in net position	-	(30,135)	19	622	(29,494)
Beginning of the year	181,502	434,401	8,371	423,534	1,047,808
End of year	<u>\$ 181,502</u>	<u>\$ 404,266</u>	<u>\$ 8,390</u>	<u>\$ 424,156</u>	<u>\$ 1,018,314</u>

This page intentionally left blank

STATISTICAL SECTION
(Unaudited)



CITY OF SCOTTS VALLEY
NARRATIVE EXPLANATION OF STATISTICAL SECTION CATEGORIES

Financial Trends

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

Revenue Capacity Information

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

Debt Capacity Information

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

Demographic and Economic Information

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

Operating Information

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



Financial Trends Information

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

	<u>Fiscal Year</u>			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Governmental Activities:				
Net Investment in				
Capital Assets	\$ 26,727,682	\$ 25,583,381	\$ 24,557,190	\$ 23,343,849
Restricted	10,804,666	9,782,727	8,334,007	8,053,022
Unrestricted	<u>(14,477,298)</u>	<u>(15,340,391)</u>	<u>(16,604,143)</u>	<u>(13,857,664)</u>
Total Governmental Activities	<u>\$ 23,055,050</u>	<u>\$ 20,025,717</u>	<u>\$ 16,287,054</u>	<u>\$ 17,539,207</u>
Business-Type Activities:				
Net Investment in				
Capital Assets	\$ 10,256,133	\$ 10,341,552	\$ 10,704,508	\$ 11,132,780
Restricted	1,035,000	746,708	722,596	722,596
Unrestricted	<u>(4,725,490)</u>	<u>(3,098,256)</u>	<u>(3,132,213)</u>	<u>(3,189,230)</u>
Total Business-Type Activities	<u>\$ 6,565,643</u>	<u>\$ 7,990,004</u>	<u>\$ 8,294,891</u>	<u>\$ 8,666,146</u>
Primary Government:				
Net Investment in				
Capital Assets	\$ 36,983,815	\$ 35,924,933	\$ 35,261,698	\$ 34,476,629
Restricted	11,839,666	10,529,435	9,056,603	8,775,618
Unrestricted	<u>(19,202,788)</u>	<u>(18,438,647)</u>	<u>(19,736,356)</u>	<u>(17,046,894)</u>
Total Primary Government	<u>\$ 29,620,693</u>	<u>\$ 28,015,721</u>	<u>\$ 24,581,945</u>	<u>\$ 26,205,353</u>

Table 1

Fiscal Year					
<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 24,579,818	\$ 24,866,903	\$ 25,069,334	\$ 25,777,811	\$ 25,257,926	\$ 26,144,045
6,479,194	6,406,654	5,624,316	4,706,893	5,156,689	5,040,899
(17,334,416)	(10,085,490)	(8,111,236)	(6,941,140)	1,067,845	1,132,287
<u>\$ 13,724,596</u>	<u>\$ 21,188,067</u>	<u>\$ 22,582,414</u>	<u>\$ 23,543,564</u>	<u>\$ 31,482,460</u>	<u>\$ 32,317,231</u>
\$ 11,732,371	\$ 12,161,439	\$ 12,877,519	\$ 13,535,881	\$ 14,021,485	\$ 14,323,746
2,279,246	2,170,321	2,150,421	2,155,781	2,298,653	2,443,372
(4,594,758)	(2,308,944)	(644,072)	(269,661)	1,835,651	2,469,689
<u>\$ 9,416,859</u>	<u>\$ 12,022,816</u>	<u>\$ 14,383,868</u>	<u>\$ 15,422,001</u>	<u>\$ 18,155,789</u>	<u>\$ 19,236,807</u>
\$ 36,312,189	\$ 37,028,342	\$ 37,946,853	\$ 39,313,692	\$ 39,279,411	\$ 40,467,791
8,758,440	8,576,975	7,774,737	6,862,674	7,455,342	7,484,271
(21,929,174)	(12,394,434)	(8,755,308)	(7,210,801)	2,903,496	3,601,976
<u>\$ 23,141,455</u>	<u>\$ 33,210,883</u>	<u>\$ 36,966,282</u>	<u>\$ 38,965,565</u>	<u>\$ 49,638,249</u>	<u>\$ 51,554,038</u>

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

	Fiscal Year			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenses:				
Governmental Activities				
General Government	\$ 4,069,929	\$ 3,118,926	\$ 3,829,666	\$ 2,592,377
Public Safety	6,827,761	5,520,484	6,411,762	5,845,546
Planning & Building	2,345,299	1,388,104	1,449,842	1,324,136
Public Works	4,171,726	3,911,638	3,691,894	3,297,140
Redevelopment	-	-	-	-
Interest on Long-Term Debt and Fiscal Agent Charges	319,282	336,292	381,759	584,136
Total Governmental Activities Expense	<u>17,733,997</u>	<u>14,275,444</u>	<u>15,764,923</u>	<u>13,643,335</u>
Business-Type Activities				
Wastewater	4,958,504	3,205,747	2,267,855	3,249,610
Recreation Programs	859,353	451,235	2,211,353	1,419,413
Total Business-Type Activities Expense	<u>5,817,857</u>	<u>3,656,982</u>	<u>4,479,208</u>	<u>4,669,023</u>
Total Primary Government Expense	<u>\$ 23,551,854</u>	<u>\$ 17,932,426</u>	<u>\$ 20,244,131</u>	<u>\$ 18,312,358</u>
Program Revenues:				
Governmental Activities				
Charges for Services				
Planning and Building fees	\$ 2,089,506	\$ 1,200,696	\$ 834,807	\$ 1,095,574
Police fees	106,045	108,240	77,739	161,353
Senior Center / Community Ctr	199,488	99,843	165,304	224,835
Public Works fees	366,495	297,665	342,389	564,862
Redevelopment	-	-	-	-
Other activities	-	-	-	-
Operating Grants and Contributions	2,720,805	1,984,759	1,191,527	1,756,499
Capital Grants and Contributions	819,947	267,145	91,670	977,790
Total Gov'tal Activities Program Revenue	<u>6,302,286</u>	<u>3,958,348</u>	<u>2,703,436</u>	<u>4,780,913</u>
Business-Type Activities				
Charges for Services				
Wastewater fees	3,179,182	2,925,142	3,023,105	2,617,094
Recreational program fees	56,856	32,678	710,240	1,092,527
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	259,368	116,195	31,204	225,624
Total Business-Type Activities Program Revenues	<u>3,495,406</u>	<u>3,074,015</u>	<u>3,764,549</u>	<u>3,935,245</u>
Total Primary Gov't Program Revenues	<u>\$ 9,797,692</u>	<u>\$ 7,032,363</u>	<u>\$ 6,467,985</u>	<u>\$ 8,716,158</u>

Table 2

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 3,171,897	\$ 2,801,847	\$ 1,905,906	\$ 1,841,382	\$ 1,942,629	\$ 1,813,920
10,725,905	6,609,761	5,332,955	4,614,596	4,432,039	4,590,667
1,352,185	1,690,507	1,223,947	927,748	804,651	3,157,314
4,270,705	4,104,603	3,352,397	3,025,535	2,951,185	2,924,033
-	-	-	-	-	-
541,426	575,795	508,274	515,679	712,066	627,398
<u>20,062,118</u>	<u>15,782,513</u>	<u>12,323,479</u>	<u>10,924,940</u>	<u>10,842,570</u>	<u>13,113,332</u>
4,625,969	4,209,282	2,987,794	2,721,258	2,812,627	2,765,435
1,678,885	1,321,072	1,125,041	1,002,901	988,782	930,671
<u>6,304,854</u>	<u>5,530,354</u>	<u>4,112,835</u>	<u>3,724,159</u>	<u>3,801,409</u>	<u>3,696,106</u>
<u>\$ 26,366,972</u>	<u>\$ 21,312,867</u>	<u>\$ 16,436,314</u>	<u>\$ 14,649,099</u>	<u>\$ 14,643,979</u>	<u>\$ 16,809,438</u>
\$ 808,419	\$ 1,352,630	\$ 481,578	\$ 684,540	\$ 461,104	\$ 405,476
33,428	33,023	39,246	35,756	24,781	27,800
147,726	187,678	176,620	154,877	131,248	126,627
282,600	413,312	286,999	120,999	89,839	137,427
-	-	-	-	-	-
9,047	314,261	163,755	109,741	185,953	203,234
555,122	362,647	502,181	595,858	612,003	498,658
<u>1,430,535</u>	<u>471,761</u>	<u>189,924</u>	<u>1,153,630</u>	<u>646,290</u>	<u>439,962</u>
<u>3,266,877</u>	<u>3,135,312</u>	<u>1,840,303</u>	<u>2,855,401</u>	<u>2,151,218</u>	<u>1,839,184</u>
2,263,205	1,988,203	1,968,900	1,868,388	1,789,141	1,606,806
1,179,882	1,010,276	981,434	962,819	832,749	737,035
-	-	86,720	-	-	-
<u>318,981</u>	<u>58,280</u>	<u>28,989</u>	<u>78,371</u>	<u>59,964</u>	<u>171,084</u>
<u>3,762,068</u>	<u>3,056,759</u>	<u>3,066,043</u>	<u>2,909,578</u>	<u>2,681,854</u>	<u>2,514,925</u>
<u>\$ 7,028,945</u>	<u>\$ 6,192,071</u>	<u>\$ 4,906,346</u>	<u>\$ 5,764,979</u>	<u>\$ 4,833,072</u>	<u>\$ 4,354,109</u>

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

	Fiscal Year			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net (Expense) Revenue				
Governmental Activities	\$ (11,431,711)	\$ (10,317,096)	\$ (13,061,487)	\$ (8,862,422)
Business-Type Activities	<u>(2,322,451)</u>	<u>(582,967)</u>	<u>(714,659)</u>	<u>(733,778)</u>
Total Primary Government Net Expense	<u>\$ (13,754,162)</u>	<u>\$ (10,900,063)</u>	<u>\$ (13,776,146)</u>	<u>\$ (9,596,200)</u>
General Revenues and Other Changes in Net Position				
General Activities				
Taxes				
Sales tax	\$ 7,649,171	\$ 6,666,056	\$ 4,035,344	\$ 4,375,666
Property tax	1,866,868	2,142,631	2,204,764	2,564,344
Franchise fees	1,080,373	1,044,899	1,043,116	1,013,694
Transient Occupancy Tax	1,696,956	1,261,100	1,520,372	1,907,567
Utility users tax	901,018	828,420	794,878	778,650
Other taxes	359,350	517,171	257,716	375,389
Motor Vehicle-in-lieu	1,319,347	1,266,561	1,205,024	1,152,360
Investment Earnings	(155,581)	34,203	243,666	184,232
Miscellaneous	177,571	569,302	310,683	296,319
Special Item: Sale of Property				-
Transfers	<u>(469,619)</u>	<u>(274,584)</u>	<u>(299,502)</u>	<u>53,411</u>
Total Governmental Activities	<u>14,425,454</u>	<u>14,055,759</u>	<u>11,316,061</u>	<u>12,701,632</u>
Business-Type Activities				
Investment Earnings	7,910	3,493	43,902	36,476
Miscellaneous	-	-	-	-
Transfers	<u>469,619</u>	<u>274,584</u>	<u>299,502</u>	<u>(53,411)</u>
Total Business-Type Activities	<u>477,529</u>	<u>278,077</u>	<u>343,404</u>	<u>(16,935)</u>
Total Primary Government	<u>\$ 14,902,983</u>	<u>\$ 14,333,836</u>	<u>\$ 11,659,465</u>	<u>\$ 12,684,697</u>
Extraordinary Gain	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position				
Governmental Activities	\$ 2,993,743	\$ 3,738,663	\$ (1,745,426)	\$ 3,839,210
Business-Type Activities	<u>(1,844,922)</u>	<u>(304,890)</u>	<u>(371,255)</u>	<u>(750,713)</u>
Total Primary Government	<u>\$ 1,148,821</u>	<u>\$ 3,433,773</u>	<u>\$ (2,116,681)</u>	<u>\$ 3,088,497</u>

Table 2 (concluded)

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ (16,795,241)	\$ (12,647,201)	\$ (10,483,176)	\$ (8,069,539)	\$ (8,691,352)	\$ (11,274,148)
<u>(2,542,786)</u>	<u>(2,473,595)</u>	<u>(1,046,792)</u>	<u>(814,581)</u>	<u>(1,119,555)</u>	<u>(1,181,181)</u>
<u>\$ (19,338,027)</u>	<u>\$ (15,120,796)</u>	<u>\$ (11,529,968)</u>	<u>\$ (8,884,120)</u>	<u>\$ (9,810,907)</u>	<u>\$ (12,455,329)</u>
\$ 3,346,995	\$ 3,289,289	\$ 3,534,523	\$ 3,156,258	\$ 2,234,797	\$ 1,976,580
1,761,638	1,757,571	1,313,578	1,821,109	1,738,055	1,855,084
986,783	994,614	972,951	948,949	798,928	798,514
1,588,106	1,218,063	1,011,432	1,058,996	926,199	780,648
740,358	747,585	694,552	654,411	637,547	602,892
390,028	438,564	529,092	460,091	397,325	372,313
1,082,327	1,019,933	960,758	897,721	839,118	828,062
52,305	29,248	38,666	81,574	20,406	60,497
301,942	1,110,461	466,529	588,801	294,999	444,698
-	746,924	-	-	-	-
81,288	(99,398)	(55)	(10,936)	(30,793)	(134,929)
<u>10,331,770</u>	<u>11,252,854</u>	<u>9,522,026</u>	<u>9,656,974</u>	<u>7,856,581</u>	<u>7,584,359</u>
18,117	13,145	8,604	5,842	7,744	7,133
-	-	-	-	-	-
(81,288)	99,398	55	10,936	30,793	134,929
<u>(63,171)</u>	<u>112,543</u>	<u>8,659</u>	<u>16,778</u>	<u>38,537</u>	<u>142,062</u>
<u>\$ 10,268,599</u>	<u>\$ 11,365,397</u>	<u>\$ 9,530,685</u>	<u>\$ 9,673,752</u>	<u>\$ 7,895,118</u>	<u>\$ 7,726,421</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (6,463,471)	\$ (1,394,347)	\$ (961,150)	\$ 1,587,435	\$ (834,771)	\$ (3,689,789)
<u>(2,605,957)</u>	<u>(2,361,052)</u>	<u>(1,038,133)</u>	<u>(797,803)</u>	<u>(1,081,018)</u>	<u>(1,039,119)</u>
<u>\$ (9,069,428)</u>	<u>\$ (3,755,399)</u>	<u>\$ (1,999,283)</u>	<u>\$ 789,632</u>	<u>\$ (1,915,789)</u>	<u>\$ (4,728,908)</u>

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

	Fiscal Year			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Fund				
Nonspendable	\$ 139,532	\$ 139,532	\$ 139,532	\$ 139,532
Restricted	25,021	33,184	3,397	101,461
Unassigned	8,215,299	6,859,758	3,938,058	4,897,391
Total General Fund	<u>\$ 8,379,852</u>	<u>\$ 7,032,474</u>	<u>\$ 4,080,987</u>	<u>\$ 5,138,384</u>
All Other Governmental Funds				
Restricted	\$ 10,779,645	\$ 9,749,543	\$ 8,330,610	\$ 7,951,561
Assigned	1,483,795	1,330,504	1,385,628	1,299,499
Unassigned	(354,767)	(289,405)	(430,161)	(65,377)
Total All Other Governmental Funds	<u>\$ 11,908,673</u>	<u>\$ 10,790,642</u>	<u>\$ 9,286,077</u>	<u>\$ 9,185,683</u>
Total All Governmental Funds	<u>\$ 20,288,525</u>	<u>\$ 17,823,116</u>	<u>\$ 13,367,064</u>	<u>\$ 14,324,067</u>

Table 3

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 100,487	\$ 99,356	\$ 99,003	\$ 98,920	\$ 211,940	\$ 433,352
3,962,916	4,131,884	2,896,849	2,830,280	1,507,677	1,434,328
<u>\$ 4,063,403</u>	<u>\$ 4,231,240</u>	<u>\$ 2,995,852</u>	<u>\$ 2,929,200</u>	<u>\$ 1,719,617</u>	<u>\$ 1,867,680</u>
\$ 5,618,311	\$ 5,264,677	\$ 4,464,158	\$ 4,471,522	\$ 4,882,321	\$ 4,734,977
1,107,190	1,042,621	1,058,584	1,031,061	1,025,646	1,297,844
(55,117)	(79,691)	(86,638)	(68,502)	(61,445)	(65,610)
<u>\$ 6,670,384</u>	<u>\$ 6,227,607</u>	<u>\$ 5,436,104</u>	<u>\$ 5,434,081</u>	<u>\$ 5,846,522</u>	<u>\$ 5,967,211</u>
<u>\$ 10,733,787</u>	<u>\$ 10,458,847</u>	<u>\$ 8,431,956</u>	<u>\$ 8,363,281</u>	<u>\$ 7,566,139</u>	<u>\$ 7,834,891</u>

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

	Fiscal Year			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues:				
Taxes and Assessments	\$ 17,055,380	\$ 14,120,985	\$ 11,117,073	\$ 12,167,669
Intergovernmental Revenues	684,297	1,657,378	1,048,976	1,744,402
Fees and Services	3,278,328	1,768,492	1,376,874	2,658,009
Fines and Forfeitures	17,438	17,510	31,442	44,265
Contributions, Non-Gov't	1,150	1,653	8,505	18,468
Facility/Building Rental	260,050	155,255	112,354	288,912
Investment Earnings	(155,705)	34,156	226,309	169,847
Miscellaneous Revenues	196,600	599,111	315,312	336,900
Total Revenues	<u>21,337,538</u>	<u>18,354,540</u>	<u>14,236,845</u>	<u>17,428,472</u>
Expenditures:				
Current:				
General Government	3,747,809	2,983,275	3,204,004	2,434,443
Public Safety	5,959,606	5,030,108	5,621,165	5,238,107
Planning and Building	2,195,408	1,336,531	1,365,244	1,277,550
Public Works	2,464,692	1,946,247	1,965,277	2,026,962
Capital Outlay	3,672,055	2,060,807	1,772,238	1,901,832
Tax Increment Pass-Through	-	-	-	-
Debt Service				
Principal	860,000	815,000	870,000	630,000
Interest/Finance Charges	317,502	346,896	273,769	358,110
Bond Issuance Costs	-	-	-	-
Total Expenditures	<u>19,217,072</u>	<u>14,518,864</u>	<u>15,071,697</u>	<u>13,867,004</u>
Excess(Deficit) of Revenues over (under) Expenditures	<u>2,120,466</u>	<u>3,835,676</u>	<u>(834,852)</u>	<u>3,561,468</u>
Other Financing Sources (Uses):				
Transfers In	754,053	732,189	694,017	1,270,373
Transfers Out	(1,223,672)	(1,006,773)	(993,519)	(1,216,962)
Proceeds from Debt	-	-	9,460,000	-
Premium on Debt Issued	-	-	356,636	-
Payment to Escrow	-	-	(9,639,285)	-
Sale of Real Property	-	-	-	-
Net Other Sources (Uses)	<u>(469,619)</u>	<u>(274,584)</u>	<u>(122,151)</u>	<u>53,411</u>
Extraordinary Gain	-	-	-	-
Change in Fund Balances	<u>\$ 1,650,847</u>	<u>\$ 3,561,092</u>	<u>\$ (957,003)</u>	<u>\$ 3,614,879</u>
Debt Services as a Percentage of Noncapital Expenditures	<u>7%</u>	<u>9%</u>	<u>9%</u>	<u>8%</u>

Table 4

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 10,314,528	\$ 9,675,857	\$ 9,362,093	\$ 9,444,126	\$ 8,052,339	\$ 7,598,884
803,971	288,725	152,753	1,062,025	352,004	110,828
1,578,574	2,344,647	1,192,986	1,285,952	1,183,852	1,187,315
35,013	37,680	35,411	70,470	41,731	54,438
167,840	2,865	2,306	19,911	2,167	46,003
32,760	32,760	44,910	22,500	30,000	32,400
93,966	63,020	54,860	92,967	24,865	68,205
649,132	1,378,011	517,064	525,360	473,808	613,979
<u>13,675,784</u>	<u>13,823,565</u>	<u>11,362,383</u>	<u>12,523,311</u>	<u>10,160,766</u>	<u>9,712,052</u>
2,134,089	2,216,039	1,942,389	1,814,779	1,850,794	1,763,970
5,217,774	4,960,402	4,927,713	4,511,889	4,223,936	4,297,153
1,089,776	1,336,664	1,182,716	929,264	756,737	4,214,913
2,307,435	1,925,211	1,979,404	1,753,952	1,753,449	1,696,000
1,757,388	1,193,706	446,373	1,902,961	764,110	524,019
-	-	-	-	-	-
600,000	470,000	465,000	445,000	4,995,000	290,353
375,670	342,178	350,058	357,388	354,808	586,970
-	-	-	-	304,891	-
<u>13,482,132</u>	<u>12,444,200</u>	<u>11,293,653</u>	<u>11,715,233</u>	<u>15,003,725</u>	<u>13,373,378</u>
193,652	1,379,365	68,730	808,078	(4,842,959)	(3,661,326)
1,442,138	1,616,826	725,455	1,228,612	1,316,588	900,381
(1,360,850)	(1,716,224)	(725,510)	(1,239,548)	(1,347,381)	(1,035,310)
-	-	-	-	4,605,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	746,924	-	-	-	-
<u>81,288</u>	<u>647,526</u>	<u>(55)</u>	<u>(10,936)</u>	<u>4,574,207</u>	<u>(134,929)</u>
-	-	-	-	-	-
<u>\$ 274,940</u>	<u>\$ 2,026,891</u>	<u>\$ 68,675</u>	<u>\$ 797,142</u>	<u>\$ (268,752)</u>	<u>\$ (3,796,255)</u>
<u>8%</u>	<u>7%</u>	<u>8%</u>	<u>8%</u>	<u>38%</u>	<u>7%</u>



Revenue Capacity Information

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

Table 5

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial and Other Property</u>	<u>Total Taxable Assessed Value</u>	<u>(1) General Tax Rate</u>
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%
2021	2,309,749,776	790,738,571	3,100,488,347	1.00%
2022	2,429,540,270	788,674,008	3,218,214,278	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%.

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.

Source: Santa Cruz County Assessor
 HdL 2021/22 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

Fiscal Year	General Tax Rate	Overlapping Rates		
		Scotts Valley Unified School District	Santa Cruz High School	Cabrillo Community College District
2013	1.00%	0.046	0.026	0.040
2014	1.00%	0.041	0.023	0.040
2015	1.00%	0.075	0.021	0.037
2016	1.00%	0.051	0.020	0.037
2017	1.00%	0.084	0.018	0.033
2018	1.00%	0.084	0.045	0.024
2019	1.00%	0.069	0.043	0.021
2020	1.00%	0.077	0.039	0.025
2021	1.00%	0.077	0.038	0.025
2022	1.00%	0.076	0.037	0.024

(1) Source: Santa Cruz County Tax Rate Table

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

Taxpayer	2022		Percentage of Total Assessed Valuation
	Assessed Valuation (thousands)	Rank	
Ashford Scotts Valley	\$ 38,912	1	1.21%
FIT Ren Oak Tree Villa, LLC	29,294	2	0.91%
Scotts Valley Hotel	24,969	3	0.78%
JG Trust	20,663	4	0.64%
Carefree Communities California	20,251	5	0.63%
Kaiser Foundation	19,882	6	0.62%
Granite Creek Business Center	19,702	7	0.61%
Fox Factory, Inc	16,903	8	0.53%
Broughton Land LLC	14,302	9	0.44%
Gilbert Trustees	13,188	10	0.41%
Top Ten Totals	\$ 218,066		6.77%

Source: Santa Cruz County Assessor
 HDL 2021/22 ACFR Statistical Basic Package for the City of Scotts Valley.

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

Taxpayer	2021			2020		
	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation
Ashford Scotts Valley	\$ 48,197	1	1.55%	\$ 42,584	1	1.45%
FIT Ren Oak Tree Villa, LLC	28,994	2	0.94%	28,425	2	0.97%
Carefree Communities California	25,484	3	0.82%	28,303	3	0.96%
Scotts Valley Hotel	24,713	4	0.80%	20,171	4	0.68%
Granite Creek Business Center	19,500	5	0.63%	19,117	5	0.65%
RP and JP	16,565	6	0.53%	16,240	6	0.55%
Fox Factory Inc	16,450	7	0.53%	15,135	7	0.51%
Broughton Land LLC	14,155	8	0.46%	13,878	8	0.47%
Gilbert Trustees	13,052	9	0.42%	12,796	9	0.43%
Ow, David L. Trustee, et al.	11,598	10	0.37%	11,598	10	0.39%
Top Ten Totals	\$ 218,708		7.04%	\$ 208,247		7.05%

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
PRINCIPAL PROPERTY TAX PAYERS
LAST TEN FISCAL YEARS**

Table 7

Taxpayer	2019			2018		
	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation
Ashford Scotts Valley	\$ 41,811	1	1.48%	\$ 41,008	1	1.55%
FIT Ren Oak Tree Villa, LLC	27,868	3	0.99%	27,321	2	1.03%
Scotts Valley Hotel	28,505	2	1.01%	-	-	-
Carefree Communities California	19,786	4	0.70%	19,412	3	0.73%
Granite Creek Business Center RP and JP	18,742	5	0.66%	18,375	4	0.69%
RP and JP	-	-	-	-	-	-
Fox Factory Inc	14,356	8	0.49%	11,009	10	0.42%
Broughton Land LLC	13,438	9	0.48%	11,493	9	0.43%
Gilbert Trustees	-	-	-	12,299	8	0.46%
Kaiser Foundation	-	-	-	-	-	-
Top Ten Totals	\$ 164,506		5.80%	\$ 140,917		5.31%

Note: Dollar amounts are in thousands.

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

Table 7
Continued

2017			2016			2015		
Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation
\$ 39,063	1	1.56%	\$ 11,527	7	0.49%	\$ 11,853	5	0.54%
27,163	2	1.09%	26,787	1	1.14%	21,241	1	0.97%
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
13,949	4	0.56%	14,683	3	0.62%	12,751	4	0.58%
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
12,537	8	0.50%	12,450	6	0.53%	11,538	6	0.52%
12,058	9	0.48%	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 104,770</u>		<u>4.18%</u>	<u>\$ 65,447</u>		<u>2.77%</u>	<u>\$ 57,383</u>		<u>2.60%</u>

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

Table 7
 Concluded

Taxpayer	2014			2013		
	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation	Assessed Valuation (in thousands)	Rank	Percentage of Total Assessed Valuation
Ashford Scotts Valley	\$ -	-	-	\$ -	-	-
FIT Ren Oak Tree Villa, LLC	21,293	2	1.04%	21,359	2	1.06%
Scotts Valley Hotel	-	-	-	-	-	-
Carefree Communities California	-	-	-	-	-	-
Granite Creek Business Center RP and JP	12,751	4	0.62%	12,751	7	0.63%
Fox Factory Inc	-	-	-	-	-	-
Broughton Land LLC	10,662	5	0.52%	10,843	9	0.54%
Gilbert Trustees	-	-	-	-	-	-
REF!	-	-	-	-	-	-
Top Ten Totals	\$ 44,706		2.20%	\$ 44,953		2.23%

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

Table 8

<u>Fiscal Year</u>	<u>(1) Taxes Levied</u>	<u>(2) Current Collections</u>	<u>Percent of Levy Collected</u>
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%
2021	1,029,139	1,029,139	100%
2022	1,536,287 (3)	1,536,287	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.

(3) Beginning with the 2021-22 fiscal year, property taxes collected as part of the Tax Equity Allocation (TEA) program were included in this total.

Source: City of Scotts Valley Finance Department



Debt Capacity Information

CITY OF SCOTTS VALLEY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2022

Table 9

2021-22 Assessed Valuation			\$ 3,218,214,278
			City's Share of Direct and Overlapping Debt
	<u>Total Debt</u>	<u>Percentage</u>	<u>June 30, 2022</u>
	June 30, 2022	Applicable (1)	June 30, 2022
<u>Direct and Overlapping Tax and Assessment Debt:</u>			
Cabrillo Joint Community College District	\$ 104,215,000	6.062%	6,317,513
Scotts Valley Unified School District	34,925,000	65.128%	22,745,954
Santa Cruz High School District	145,243,000	0.0003%	436
City of Scotts Valley Community Facilities District	2,305,000	100.00%	2,305,000
Santa Cruz Libraries Facilities Financing Authority CFD	37,725,000	6.754%	2,547,947
Total Direct and Overlapping Tax and Assessment Debt	<u>324,413,000</u>		<u>33,916,851</u>
<u>Overlapping General Fund Debt:</u>			
Santa Cruz County Certificates of Participation	87,894,145	6.108%	5,368,574
Santa Cruz County Office of Education Certificates of Participation	7,409,779	6.108%	452,589
Scotts Valley Unified School District Certificates of Participation	2,775,000	65.1280%	1,807,302
Total Direct & Overlapping General Fund Debt	<u>98,078,924</u>		<u>7,628,466</u>
<u>Overlapping Tax Increment Debt</u>			
Successor Agency	10,455,000	100.00%	10,455,000
Total Overlapping Tax Increment Debt	<u>10,455,000</u>		<u>10,455,000</u>
<u>City Direct Debt:</u>			
City of Scotts Valley Certificates of Participation	8,350,360	100.00%	8,350,360 (2)
City of Scotts Valley Pension Obligations	1,235,000	100.00%	1,235,000
City of Scotts Valley Water District Installment Note	65,000	100.00%	65,000
Total Direct Debt			<u>9,650,360</u>
Total Direct Debt			9,650,360
Total Overlapping Debt			<u>52,000,316</u>
Combined Total Debt			<u>\$ 61,650,676</u> (3)
<u>Ratios to 2020-21 Assessed Valuation:</u>			
Total Overlapping Tax and Assessment Debt			1.62%
Total Direct Debt			0.30%
Combined Total Debt			1.92%

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 percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages 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) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

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

Table 10

Fiscal Year	Governmental Activities					Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	Revenue Bonds	Tax Allocation Bonds	Pension Obligation Bond	Installment Notes	Installment Notes			
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	8,955	-	-	1,980	75	-	11,010	1.68%	942
2021	8,510	-	-	1,615	70	-	10,195	1.53%	867
2022	8,350	-	-	1,235	65	-	9,650	1.42%	801

Notes: Dollar amounts are in thousands, except for per capita.
The City of Scotts Valley has no general bonded debt.

Source: City of Scotts Valley Finance Department and HdL 2021/22 ACFR Statistical Basic Package.

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

Table 11

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Assessed Valuation	\$ 3,100	\$ 2,944	\$ 2,820	\$ 2,651	\$ 2,498	\$ 2,355	\$ 2,199	\$ 2,047	\$ 2,035	\$ 2,056
Redevelopment Incremental Valuation	-	-	-	-	-	-	-	-	-	-
Net Assessed Valuation	<u>\$ 3,100</u>	<u>\$ 2,944</u>	<u>\$ 2,820</u>	<u>\$ 2,651</u>	<u>\$ 2,498</u>	<u>\$ 2,355</u>	<u>\$ 2,199</u>	<u>\$ 2,047</u>	<u>\$ 2,035</u>	<u>\$ 2,056</u>
Debt Limit (15%)	\$ 465	\$ 442	\$ 423	\$ 398	\$ 375	\$ 353	\$ 330	\$ 307	\$ 305	\$ 308
Total Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 465</u>	<u>\$ 442</u>	<u>\$ 423</u>	<u>\$ 398</u>	<u>\$ 375</u>	<u>\$ 353</u>	<u>\$ 330</u>	<u>\$ 307</u>	<u>\$ 305</u>	<u>\$ 308</u>

Note: Amounts are in millions.

Source: Santa Cruz County Assessor's Office

**CITY OF SCOTT'S VALLEY
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS**

Table 12

Fiscal Year	Special Assessment Bonds			
	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
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	270,000	137,595	1.09
2021	423,540	275,000	126,965	1.05
2022	390,297	290,000	115,375	0.96

Source: City of Scotts Valley Finance Department (Fund 090)



Demographic and Economic Information

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

Table 13

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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%
2021	11,755	666,417	56,692	6.2%
2022	12,049	678,128	56,280	4.9%

Source: HdL 2021/22 ACFR Statistical Package

**CITY OF SCOTTS VALLEY
PRINCIPAL EMPLOYERS
LAST TEN FISCAL YEARS**

Employer	2022			2021		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
THRESHOLD ENTERPRISES LTD	426	1	8.22%	509	1	9.97%
CENTRAL CALIFORNIA ALLIANCE FOR HEALTH	333	2	6.43%	435	2	8.52%
BAY PHOTO LAB	290	3	5.60%	301	3	5.89%
FOX FACTORY INC	240	4	4.63%	203	4	3.97%
ZERO MOTORCYCLES, INC.	179	5	3.46%	179	5	3.50%
SAFEWAY STORES INC. #300	101	6	1.95%	101	6	1.98%
BELL SPORTS, INC.	100	7	1.93%	91	7	1.78%
THE CAMP	91	8	1.76%	83	8	1.63%
THE PERMANENTE MEDICAL GROUP, INC.	84	9	1.62%	72	9	1.41%
BROOKDALE SENIOR LIVING SOLUTIONS	79	10	1.53%	60	10	1.17%
1440 MULTIVERSITY	75	-	-	60	-	-
NOB HILL FOODS #620	72	-	-	57	-	-
OXFORD/X-RAY TECHNOLOGY GROUP	60	-	-	55	-	-
DIGITAL DYNAMICS INC	59	-	-	52	-	-
CANEPA	55	-	-	50	-	-
COMCAST OF CA/MA/MI/UTAH, LLC	45	-	-	50	-	-
THE PERFUMER'S APPRENTICE & THE FLAVOR AF	43	-	-	46	-	-
PAYSTAND, INC.	42	-	-	42	-	-
TRADIN ORGANICS USA, LLC	40	-	-	40	-	-
LARKIN PRECISION MACHINING INC	39			37		
Total	2,453		47.36%	2,523		54.54%

Source: HdL business license consultant

Table 14

2020			2019			2018			2017		
Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
395	1	7.50%	568	1	11.38%	515	1	11.13%	573	1	11.49%
361	2	6.85%	419	2	8.40%	389	2	8.41%	372	2	7.46%
336	3	6.38%	297	3	5.95%	305	3	6.59%	278	3	5.57%
326	4	6.19%	-	-	-	-	-	-	226	4	4.53%
169	5	3.21%	152	4	3.05%	-	-	-	-	-	-
141	6	2.68%	136	6	2.72%	127	5	2.75%	119	6	2.39%
138	7	2.62%	136	5	2.72%	130	4	2.81%	154	5	3.09%
138	8	2.62%	128	7	2.56%	114	6	2.46%	102	7	2.04%
91	9	1.73%	77	9	1.54%	68	8	1.47%	83	8	1.66%
79	10	1.50%	-	-	-	-	-	-	-	-	-
-	-	-	79	8	1.58%	-	-	-	-	-	-
-	-	-	71	10	1.42%	69	7	1.49%	-	-	-
-	-	-	-	-	-	68	9	1.47%	-	-	-
-	-	-	-	-	-	66	10	1.43%	63	9	1.26%
-	-	-	-	-	-	-	-	-	61	10	1.22%
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<u>2,174</u>		<u>47.00%</u>	<u>2,063</u>		<u>44.60%</u>	<u>1,851</u>		<u>40.01%</u>	<u>2,031</u>		<u>40.71%</u>

**CITY OF SCOTTS VALLEY
PRINCIPAL EMPLOYERS
LAST TEN FISCAL YEARS**

Employer	2016			2015		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Threshold Enterprises, LTD	621	1	10.63%	503	1	10.63%
Central Coast Alliance	325	2	6.02%	285	2	6.02%
Fox Racing Shox	276	3	5.49%	260	3	5.49%
Bay Photo Lab	201	4	4.25%	201	4	4.25%
1440 OPCO, LLC	-	-	-	-	-	-
Universal Audio, Inc.	133	7	2.13%	101	7	2.13%
Bell Sports, Inc	166	6	2.96%	140	6	2.96%
Zero Motorcycles	98	8	1.75%	83	8	1.75%
The Camp	77	9	1.58%	75	9	1.58%
Permanente Medical Group	-	-	-	-	-	-
Brookdale Senior Living	-	-	-	-	-	-
Oxford/X-ray Technology G	-	-	-	-	-	-
Safeway Stores, Inc.	-	-	-	-	-	-
Nob Hill Foods	-	-	-	-	-	-
Oak Tree Villa SHP	73	10	1.54%	73	10	1.54%
Seagate Technology	184	5	3.78%	179	5	3.78%
Hilton -Scotts Valley	-	-	-	-	-	-
Comcast Cable	-	-	-	-	-	-
Embarcardero Technologies	-	-	-	-	-	-
Total	<u>2,154</u>		<u>40.13%</u>	<u>1,900</u>		<u>40.13%</u>

Table 14 (Concluded)

2014			2013		
Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
503	1	10.69%	388	1	8.62%
241	3	5.12%	210	4	4.67%
243	2	5.17%	217	3	4.82%
226	4	4.80%	220	2	4.89%
-	-	-	-	-	-
86	8	1.83%	81	7	1.80%
158	6	3.36%	161	6	3.58%
72	10	1.53%	-	-	-
74	9	1.57%	72	9	1.60%
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	72	10	1.60%
189	5	4.02%	177	5	3.93%
98	7	2.08%	-	-	-
-	-	-	74	8	1.64%
-	-	-	-	-	-
<u>1,890</u>		<u>40.17%</u>	<u>1,672</u>		<u>37.15%</u>

Operating Information



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

Table 15

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Government										
Legislative	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Administration	3.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Finance	4.10	3.65	2.85	2.85	2.85	2.85	2.85	2.85	3.35	3.35
Police										
Officers	20.00	20.00	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	8.00
Planning	3.25	3.00	2.00	2.00	2.00	3.00	3.00	3.50	3.50	3.50
Building	1.00	3.00	-	-	-	-	-	1.00	1.00	1.00
Public Works										
Engineering	5.00	4.00	4.00	4.00	4.00	4.00	3.10	3.30	3.30	3.30
Street Maintenance	2.00	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
Park Maintenance	2.00	1.30	1.30	1.30	1.30	1.30	1.30	2.30	2.30	2.30
Building Maintenance	2.00	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Wastewater Treatment Plant	7.15	6.15	6.15	6.15	6.15	6.15	7.05	7.05	6.35	7.35
Recreation	3.00	1.00	5.50	5.70	5.70	5.70	5.00	5.00	5.00	5.00
Total	61.00	55.70	54.40	55.70	55.70	56.70	56.00	58.70	58.50	59.50

Source: City of Scotts Valley Annual Budget

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

Table 16

	Fiscal Year									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Emergency Vehicles	13	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			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Government				
Number of Citizen Complaints Received	24	14	19	28
Police				
Total Incident Calls	17,004	19,065	20,744	20,820
Number of Citations Written	1,214	638	675	1,398
Number of Arrests	519	379	400	667
Planning				
Planning Applications Submitted	85	99	49	92
Lot Line Adjustment Apps Processed		-	-	2
Building				
Number of Building Inspections	1,756	1,676	2,048	2,278
Building Permits Submitted	512	515	452	460
Building Permits Issued	507	496	407	457
Public Works				
Building Permit Applications Processed		20	21	28
Encroachment Permits Processed	66	78	123	56
Transportation Permits Processed	26	44	13	63
Sewer Allocations Issued		2	1	15
Subdivision Maps Recorded	2	3	2	2
Wastewater Treatment Plant (all amounts in thousands of gallons)				
Total Flow	316,497	242,700	280,168	285,680
Highest Average Daily Flow	2,699	768	1,165	1,056
Lowest Average Daily Flow	100	610	678	673

Table 17

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
15	23	23	16	9	19
15,151	14,425	18,297	18,310	17,748	18,356
1,232	949	1,447	1,194	1,108	1,095
547	479	589	499	468	447
95	109	112	112	93	81
-	-	-	-	-	-
2,249	1,945	3,766	3,299	1,373	1,122
388	454	402	334	332	295
379	367	382	334	285	285
43	62	58	59	28	25
53	64	43	24	25	20
66	84	67	38	17	55
7	6	10	42	17	49
3	1	2	1	4	2
203,670	251,869	253,914	288,294	287,580	305,680
1,867	1,394	865	843	882	1,060
166	506	508	771	707	737