



ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF WATSONVILLE CALIFORNIA

watsonville.gov

FISCAL YEAR ENDING
JUNE 30, 2024

City of Watsonville, California

**ANNUAL
COMPREHENSIVE
FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Prepared by the Finance Department
Marissa Duran, Administrative Services Director



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CALIFORNIA

CITY OF WATSONVILLE, CALIFORNIA
Annual Comprehensive Financial Report
Fiscal Year Ending June 30, 2024

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INTRODUCTORY SECTION

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Department of Finance

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December 26, 2024

Honorable Mayor, City Council and Citizens of the City of Watsonville:

REPORT PURPOSE AND ORGANIZATION

We are pleased to present the City of Watsonville’s Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. The ACFR is intended to present information above, what is required by generally accepted accounting principles and State law.

The Charter of the City of Watsonville and the State of California law require that all general-purpose local governments publish within six months of the close of the fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The report should also be audited by an independent firm of certified public accountants (CPA) in accordance with generally accepted government auditing standards (GAGAS). Pursuant to the requirements, we hereby issue the comprehensive annual financial report of the City of Watsonville for the fiscal year ended June 30, 2024.

The ACFR consists of management’s representation concerning the finances of the City of Watsonville (City). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Watsonville’s financial statements in conformity to U.S. GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Watsonville’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.



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Audited Financial Statements

Certified Public Accountants have issued an unmodified (“clean”) opinion on the City of Watsonville’s financial statements for the fiscal year ending June 30, 2024. A copy of this report is included in page 11 in the Financial Section of this report.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City’s financial statements for the fiscal year ended June 30, 2024, are fairly presented in conformity with U.S. GAAP. The independent auditors’ report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Watsonville also incorporates a broader, federally mandated **Single Audit Uniform Guidance** designed to meet the special needs of federal grantor agencies. The standards governing the Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Watsonville’s separately issued Single Audit Report.

GAPP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Watsonville’s MD&A can be found immediately following the report of the independent auditors.

CITY OF WATSONVILLE PROFILE

The City of Watsonville was incorporated in 1868 and is located six miles inland from the Monterey Bay in the State of California. The government has a land area of 6.19 square miles and a population of 52,590 people based on the US Census 2020 Census.



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Watsonville became a charter City government in 1908. Policymaking and legislative authority are vested in the governing City Council, which consists of seven Council Members, one of whom serves as mayor. The mayor is appointed on a sequential basis from each of the numbered City Council districts and serves for a term of one year. The council is elected on a non-partisan basis from seven electoral districts. Council members are elected to four-year terms. Elections are staggered with four Council Members elected during one election and three Council Members elected in the following election two years later. The governing City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the government's City Manager, City Clerk, and Attorney. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the department heads.

City Services

The City of Watsonville provides a full range of services including police and fire protection; water treatment and distribution; solid waste collection and disposal; sanitary sewer collection and treatment; airport facilities; building inspection, planning, economic development, housing rehabilitation, and general government services; library; recreation; parks; street construction and maintenance; and general administration.

The financial reporting entity of the City includes all the funds of the City of Watsonville, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The Successor Agency of the City of Watsonville Redevelopment Agency's information in this year's financial report is presented separately as part of the fiduciary statements. Additional information can be found on this entity starting on page 97 within the notes to the financial statements.

Budgetary Process and Controls

The annual budget serves as the foundation for the City of Watsonville's financial planning and control. All departments of the City of Watsonville are required to submit requests for appropriations to the government's management on or before March 31 of each fiscal year. The Finance Department uses these requests as a starting point for developing a proposed budget. The Finance Department then presents this proposed budget to the Council for review prior to May 31. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City of Watsonville's fiscal year. The appropriated budget is prepared by fund (i.e. General Fund, Water), department (i.e., police), and division (i.e., investigation).



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Department directors may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the City Manager. Budget to actual comparisons is provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The general fund, impact fee fund, housing fund, and redevelopment and housing grants fund comparisons are presented on pages 39 to 42 as part of the basic financial statements for the governmental funds. For governmental funds, other than major funds, with appropriated annual budgets, these comparisons can be found in the governmental fund subsection of this report, which starts on page 110.

FACTORS AFFECTING FINANCIAL CONDITON

With the passage of Measure R, which provided \$6 million in additional funding in this fiscal year along with an additional \$1 million in sales tax revenues, Watsonville City budget gained valuable opportunities to enhance its streets, library, senior services and parks projects in the 2023-24 fiscal year. The United States reported an annual inflation rate of 2.6%, the increase primarily attributed to rising fuel and clothing process. We have budgeted to spend some of our fund balance to fund Ramsay Park and are beginning our planning for the Library Rooftop Project and the Plaza Revitalization project. We ended the year with an increase to the fund balance in the General Fund of \$12.3MM. Most of this increase is due to Measure R ending the year with \$4.8MM. We had a late start in developing our spending plan for Measure due to some challenges with the Round Table initiative. Additionally, the city experienced positive financial impacts during fiscal period, driven by an increase in sales tax revenue from the robust performance of the auto industry and higher than anticipated interest earnings exceeding budget projections.

The CPI (Consumer Price Index) is used by the U.S. Bureau of Labor Statistics to measure inflation. The September 2024 CPI-U (Consumer Price index for all Urban Consumers) increased 2.4 percent over the previous 12 months, marking the smallest year-over-year rise since February 2021. Core CPI (CPI less food and energy) is 3.3 percent compared to 6.6 percent in September 2022. Core CPI represents a more accurate picture of underlying inflation trends since volatile food and energy products are excluded. While the global economic activity remains uncertain, the U.S. Bureau of Labor Statistics' Employment Projections for 2023-2025 shows a projected growth from 227 million over last year, with notable increases in health care, leisure and hospitality and government.



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Local Economy

The city’s general fund relies heavily on taxes, luckily, we have been able to see some constant increases in the last few years. Watsonville was able to end the fiscal year on a positive note, driven by year-over-year tax increases and responsible spending and savings on the part of our departments. We also experienced delays in the execution of our budgeted capital projects.

Property taxes saw an increase of \$1.2 MM from FY 2022-2023. Property tax collections in FY 2023-24 were driven by assessments and increases in supplemental taxes that were set the prior year. We saw less transfer taxes than in the prior years, which are a direct result of higher interest rates. The doubling of the 30-year mortgage interest rates to over 6.5% during the latter of calendar year 2022 and still to this day appears to be reducing the demand to purchase homes.

In November 2022, voters approved Measure R, a half-cent sales tax on most goods sold within Watsonville. This tax became effective April 1, 2023. While this is a general-purpose tax, it will solely be used to primary support investment in street maintenance, pothole repairs, parks and recreation, library services, employment opportunities and services for seniors. Fiscal year 2023-24 was the first full year of collecting this tax. We had a bit of a low start to developing our spending plan. As a result, we ended the year with an increase in fund balance of \$4.6MM due to this revenue source. We are excited to be able to plan for additional streets, library, parks and senior services with this funding source.

The biggest increase continues to be Sales tax revenues, we saw an increase of \$1.1MM from FY 2022-2023. The city experienced positive financial impacts during fiscal period, driven the robust performance of the auto industry, general consumer goods and building and construction. The largest decreases came from fuel service stations as falling fuel prices at the pump reduced receipts from gas stations and petroleum providers. Consumption of food and drugs is generally lower as this sector is softening in our state. Sales tax for the remainder of 24 appears likely to follow the recent trend of moderate declines before leveling off in 2025. Consumer confidence has increased to 111.7 in November of 2024. This marks the highest level in more than one year, indicating growing optimism about economy and labor market.

Watsonville is a strong and resilient community with a history of doing more with less. We are on a good path and with slow and steady steps we will stay there.



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Independent Audit

Each year the City requires an independent annual audit of the City's financial records, the results of its operations, and cash flows. This report includes the opinion of the City's independent auditors, Maze & Associates, for the basic financial statements of the City. In addition, the document also contains the auditors' report on Internal Control over Financial Reporting and on compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Watsonville, California for its annual comprehensive financial report (ACFR) for the fiscal year ending June 30, 2023. This was the twentieth consecutive year that the government has received this prestigious award. To be awarded a Certificate of Achievement, the government must publish an easy, readable, and efficiently organized ACFR. The report satisfies both U.S. GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR meets the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. In addition, the City has received the GFOA's Award for Distinguished Budget Presentation for its biennial budget dated June 30, 2023. To qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including policy documentation, a financial plan, and a communication device.

The preparation of this report could not have been accomplished without the efficient and dedicated service of the Finance Department staff. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Brenda Castillo, Ilda Estrada, Jorge Ortiz, and Patricia Rodriguez deserve special recognition for their contribution to the report. The mayor and the governing council should also be given due credit for their interest and support in managing the City of Watsonville in a responsible and progressive manner.

Respectfully submitted,

Marissa Dwan

Administrative Services Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Watsonville
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

City of Watsonville, California

Officers and Officials

For the Fiscal Year End June 30, 2024

City Council:

Mayor – E Vanessa Quiroz-Carter

Mayor Pro Tempore – Maria Orosco

Council Member – Eduardo Montesino

Council Member – Casey Clark

Council Member – Krystal Salcido

Council Member – Jimmy Dutra

Council Member – Ari Parker

City Officials:

City Manager - Tamara Vides

City Clerk – Irwin Ortiz

Fire Chief – Rudy Lopez

Administrative Services Director – Marissa Duran

Police Chief – Jorge Zamora

Public Works Director – Courtney Lindberg

Library Director – Alicia Martinez

Community Development Director – Suzi Merriam

Parks and Community Services Director – Nick Calubaquib

Airport Director – Rayvon Williams

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Watsonville
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Organizational Chart

Watsonville Residents

City Council

D1 - Eduardo Montesino
D2 - Vanessa Quiroz-Carter
D3 - Maria Orozco

D4 - Kristal Salcido
D5 - Casey Clark
D6 - Jimmy Dutra

D7 - Ari Parker



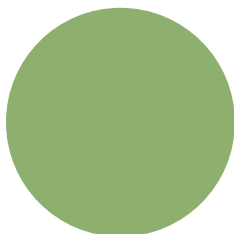
Tamara Vides
City Manager



Irwin I. Ortiz
City Clerk



Samantha Zutler
City Attorney



Vacant
Asst. City Manager



Marissa Duran
Administrative Services



Justin Meek
(Interim) Community Development



Rudy Lopez Sr.
Fire Department



Nathalie Manning
Human Resources



Brandon Gill
Innovation & Technology



Alicia Martinez
Library



Rayvon Williams
Municipal Airport



Nick Calubaquib
Parks & Community Services



Jorge Zamora
Police Department



Courtney Lindberg
Public Works & Utilities

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Watsonville, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements 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 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 requirement 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents 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 accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California
December 26, 2024

CITY OF WATSONVILLE, CALIFORNIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Watsonville, we offer readers of the City of Watsonville's financial statements this narrative overview and analysis of the financial activities of the City of Watsonville for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 6 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Fiscal Year 2024 Financial Highlights

- The assets and deferred outflows of the City of Watsonville exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$302,635.
- The City's deferred outflow of resources-Pension totaled \$41,527 and its deferred inflow of resources-Pensions totaled \$2,263 and inflow of resources-Lease \$4,486.
- The City's liabilities totaled \$173,699.
- The City's total net position increased by \$15,089. Governmental activities net position increased by \$7,314 most of this increase is due to the passage of Measure R by our voters in November 2022. The city was able to collect its first full year of this new sales tax in the 2024 fiscal year. Our Bradley Burns sales tax also saw some increases as the city experienced positive financial impacts from increases in sales tax revenue from the robust performance of the auto industry. We also benefited from higher than anticipated interest earnings. Additionally increase in Property taxes was due to increases in supplemental tax receipts. Business type activities net position increased by \$7,774. Most of this increase was from Water, Sewer and Solid Waste funds ending with positive operating income.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$65,665, an increase of \$16,957 in comparison with the prior fiscal year's balances. The restricted portion was \$31,950 and the unassigned amount was \$33,715 which is an increase of \$3,442 from the prior fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Watsonville's basic financial statements. The City of Watsonville's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Watsonville's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City of Watsonville's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Watsonville is improving or deteriorating overtime.

The *Statement of Activities* presents information showing how the City of Watsonville's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing or related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City of Watsonville that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Watsonville include general government, public safety, housing, streets, and culture and recreation. The business-type activities of the City of Watsonville include water, sewer, solid waste, airport, and fiber optic activities.

The government-wide financial statements can be found on pages 28 to 30 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Watsonville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Watsonville can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Watsonville maintains eighteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, impact fees fund, housing fund, redevelopment and housing grants fund, American rescue plan act fund and general debt service fund which are all major funds. Data for the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Watsonville adopts a biennial budget (one year adopted and one year proposed) for all its governmental funds.

The basic governmental fund financial statements can be found on pages 32 to 38 of this report.

Proprietary funds. The City of Watsonville maintains two types of proprietary funds; Enterprise and Internal Service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Watsonville uses enterprise funds to account for Water, Sewer, Solid Waste, Airport and Fiber Optic operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the water, sewer, solid waste, airport and fiber optic operations, all of which are considered to be major funds of the City of Watsonville.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Watsonville's various functions. The City of Watsonville uses an internal service fund to account for insurance activities of the City. The fund predominantly benefits governmental funds rather than business-type functions, and it has been included within governmental activities in the government-wide financial statements. Conversely, the internal service fund is presented in the proprietary funds' financial statements.

The basic proprietary funds financial statements can be found on pages 44 to 49 of this report.

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

The basic fiduciary fund financial statements can be found on pages 50 to 51.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53 to 99 of this report.

Other information. In addition to the basic financial statements and accompanying notes, required supplementary information, combining statements and schedules referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 102 to 106 of this report.

Government-wide Financial Analysis

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Watsonville, assets and deferred outflows exceeded liabilities and deferred inflows by \$302,635 at the close of the most recent fiscal year.

By far the largest portion of the City of Watsonville's net position \$226,752 reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, work in progress, and infrastructure) less any related outstanding debt used to acquire those assets. The City of Watsonville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Watsonville's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Watsonville's net position \$56,061 represent resources that are subject to external restrictions on how they may be used by creditors (such as through debt covenants), grantors, contributions or laws or regulations of other governments. The remaining balance of unrestricted net position \$21,076 is unrestricted and available for next year's operations at the direction of the City Council.

City of Watsonville's Net Position June 30, 2024 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
		\$		\$	\$	\$
Current and other assets	125,725	113,308	82,563	106,080	208,288	219,388
Capital assets	117,421	115,364	115,847	81,291	233,268	196,655
Total Assets	243,147	228,672	198,410	187,371	441,556	416,043
Deferred outflows of resources	32,851	34,527	8,677	9,072	41,528	43,599
Total Deferred Outflows of Resources	32,851	34,527	8,677	9,072	41,528	43,599
Long-term liabilities outstanding	93,054	85,911	45,470	44,144	138,524	130,055
Other Liabilities	29,829	29,473	5,346	3,892	35,175	33,365
Total Liabilities	122,883	115,384	50,816	48,036	173,699	163,420
Deferred inflows of resources	2,263	4,279	4,486	4,397	6,749	8,676
Total Deferred Outflows of Resources	2,263	4,279	4,486	4,397	6,749	8,676
Net Position:						-
Net Investment in capital assets	115,866	113,121	110,886	100,264	226,752	213,385
Restricted	56,061	27,082	-	-	56,061	27,082
Unrestricted	(21,076)	3,333	40,898	43,746	19,822	47,079
Total Net Position	150,851	143,536	151,784	144,010	302,635	287,546

At the end of the current fiscal year, the City of Watsonville can report positive balances in net investment in capital assets and restricted net position for the government as a whole.

City of Watsonville
Summary of Changes in Net Position
For the Fiscal Year Ending June 30, 2024
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$		\$	
Revenues:						
Program Revenues:						
Charges for services	15,539	15,414	60,693	60,152	76,232	75,566
Operating grants and contributions	1,984	3,621	479	464	2,463	4,085
Capital grants and contributions	-	-	277	49	277	49
General Revenues						
Property taxes	18,990	17,801			18,990	17,801
Other taxes	46,619	37,956			46,619	37,956
Others	8,376	4,449	4,362	3,582	12,738	8,031
Total Revenues and Transfers	91,508	79,241	65,811	64,247	157,319	143,488
Expenses:						
General government	22,953	17,339			22,953	17,339
Public safety	39,040	35,379			39,040	35,379
Housing	1,777	1,191			1,777	1,191
Streets	7,791	3,895			7,791	3,895
Culture and recreation	12,902	12,397			12,902	12,397
Interest on debt	16	35	327	207	343	242
Water	-	-	17,184	16,473	17,184	16,473
Sewer	-	-	18,956	14,509	18,956	14,509
Solid waste	-	-	15,930	15,640	15,930	15,640
Airport	-	-	5,278	3,974	5,278	3,974
Fiber optic	-	-	77	61	77	61
Total Expenses	84,479	70,236	57,752	50,864	142,231	121,100
Increase in net position before transfers	7,029	9,005	8,059	13,383	15,088	22,388
Internal balances	285	285	(285)	(285)	-	-
Change in net position	7,314	9,290	7,774	13,098	15,088	22,388
Net position - beginning	143,536	134,115	144,010	130,912	287,546	265,027
Prior year adjustments		131	-	-	-	131
Net position - beginning restated	143,536	134,246	144,010	130,912	287,546	265,158
Net position ending	150,850	143,536	151,784	144,010	302,635	287,546

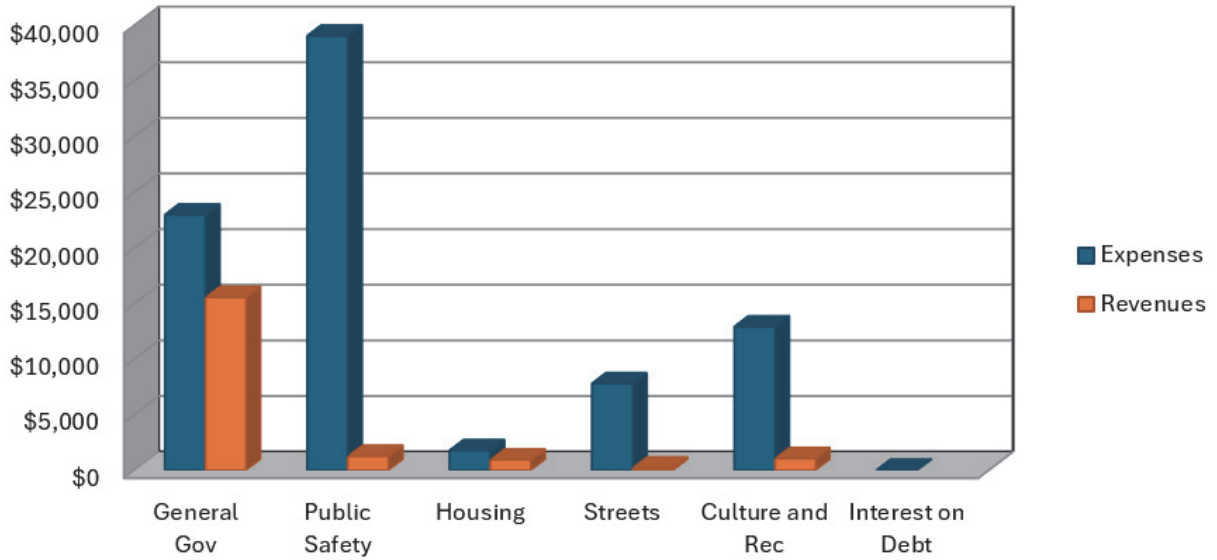
Governmental Activities. Governmental activities increased the City of Watsonville's Net Position by \$7,315. Key elements of this increase are as follows:

- Governmental revenues saw an increase in charges for service at about \$125 and a combined increase in Sales Tax and Property Taxes at about \$8,441. Investment Interest Revenue saw an increase of \$3,927, this is a result of a higher earnings rate than in the last year. There were other minimal increases in other tax categories and charges for services were relatively flat offset by increases in grants and contributions.
- Governmental spending increased by \$14,243 primarily in general government and streets and public safety. The increase in spending is primarily due to the passage of Measure R and the first year in spending these funds, the city being able to work on street projects and increases in Public Safety costs.

For the fiscal year ending June 30, 2024

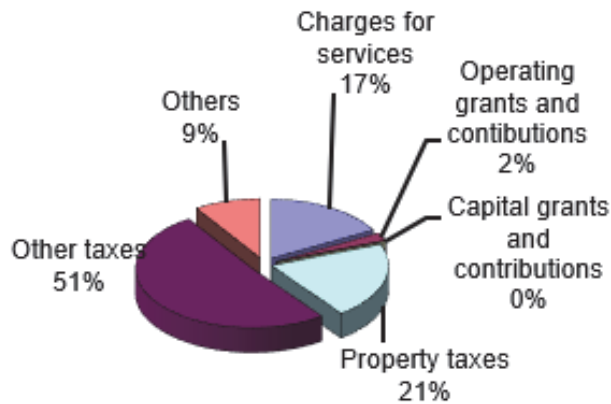
Expenses and Program Revenues

Governmental Activities



Revenues by Source

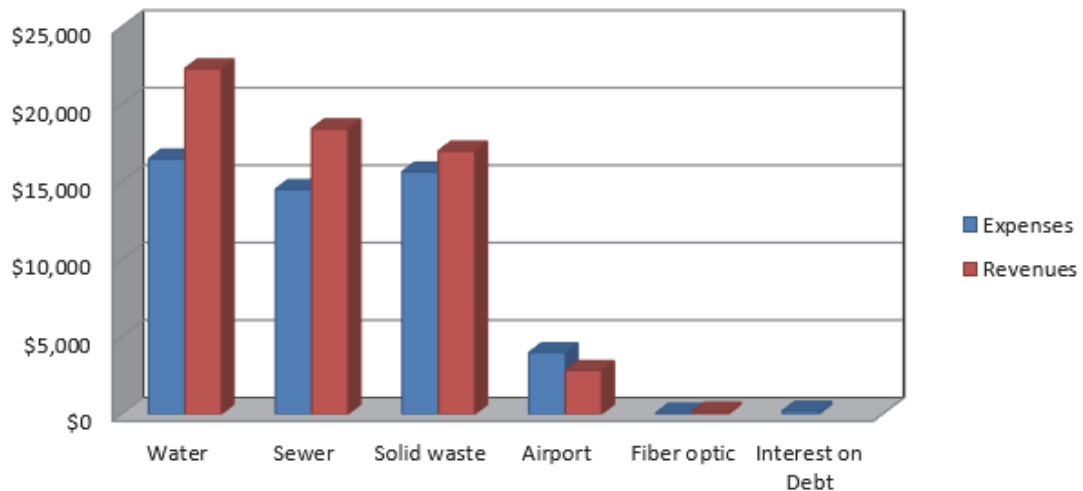
Governmental Activities



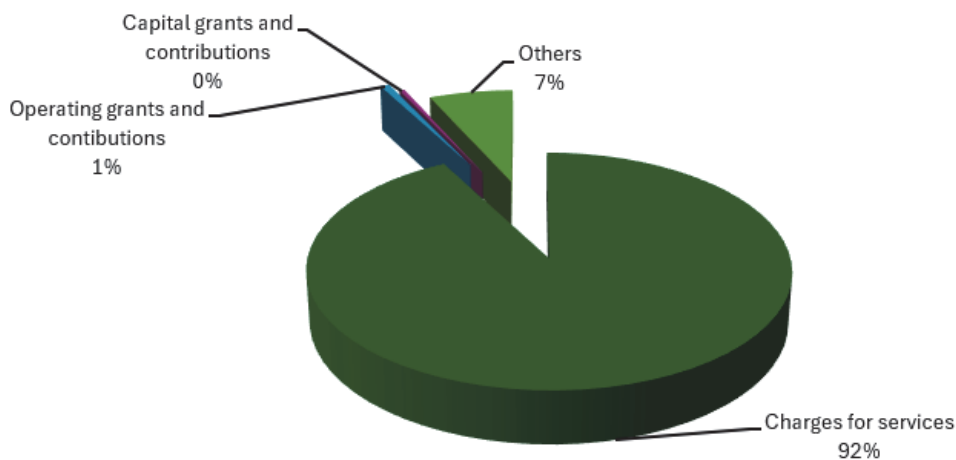
Business-type activities. Business-type activities increased the City of Watsonville’s net position by \$7,774. Key elements of this increase are as follows:

For the fiscal year ending June 30, 2024 Expenses and Program Revenues Business-type Activities

- Charges for services increased in comparison to last fiscal year by \$3,872, this was mainly due to a 7% rate increases for Sewer and Solid Waste Funds other revenues increased by \$2,047, this was mainly due to higher interest rates bringing in increases in investment interest.
- The Funds had an increase in spending, mostly due to more capital spending and an increase in pension obligation costs.



For the fiscal year ending June 30, 2024 Revenues by Source Business-type Activities



Financial Analysis of the City of Watsonville's Funds

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

Governmental funds. The focus of the City of Watsonville's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Watsonville's financing requirements. In particular, restricted fund balances for specific purposes may serve as a useful measure of a government's net resources available for spending on various activities at the end of the fiscal year.

As of the end of the current fiscal year, the City of Watsonville's governmental funds reported combined ending fund balances of \$65,665, an increase of \$16,957 in comparison with the prior year. Much of the fund balances is restricted for specific purposes and the largest restricted portion is for impact fees in the amount of \$8,647 and the housing fund at \$5,027. This balance is for projects that have been budgeted, planned or will be completed within the next five years. The remainders of fund balances are either non-spendable or unassigned at year end. The non-spendable portion of fund balances represents the amounts of funds that cannot be spent because they are either not in spendable form or legally required to remain intact. Unassigned fund balances represent amounts which are unconstrained in that they may be spent for any purpose.

The *General Fund* is the chief operating fund of the City of Watsonville. At the end of the current fiscal year, the charter reserve of the General Fund was \$12,385. As a measure of the General Fund's liquidity, it may be useful to compare both the charter reserve and total fund balance to total fund expenditures. The City's General Fund Reserve met the Charter Reserve this fiscal year end. The required Charter Reserve fund balance would be 4.2 percent of total general fund expenditures; the total fund balance represented 38.5 percent of the same amount.

The fund balance of the City of Watsonville's General Fund increased by \$12,385 during the current year largely due to the City having passed Measure R sales tax measure and modest increases in property taxes. We are also able to collect on a loan that was payable from the general fund as part of the ROPS to the enterprise funds, this loan was in the amount of \$3,158.

The changes in Governmental Fund balance can be attributed to:

The General Fund increase in fund balance was from increases in various revenue types, such as, sales tax and property tax in lieu of vehicle license fees, decrease in operating costs from a controlled spending initiative. We also were able to collect

The Impact Fees Fund had a fund balance of \$8,647, an increase of \$1,657 over the prior year's fund balance. This increase was due to new construction permits for Golden Brands Distributor and a 53 – Eden Housing affordable housing project. The revenues in the impact fee funds are reserved for future projects in fund balance.

The Housing Fund had a fund balance of \$5,027, an increase of \$1,608 over the prior year's fund balance. Most of the increase in this fund is attributed to a loan repayment from Evergreen apartments along with several smaller loan repayments received during the fiscal year.

The Redevelopment and Housing Grants Fund has a fund balance of \$643, an increase of \$270 from the prior year’s fund balance. This increase is the result of loan payments and higher than anticipated interest earnings.

The government’s Debt Service Fund had a fund balance of \$322, an increase decrease of \$2 during the fiscal year.

Proprietary funds. The City of Watsonville’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position and changes of net position for the five major enterprise funds are as follows:

Proprietary Funds Change of Net Position

Fund	FY 2024	FY 2023	Change	% Change
Water	79,054	73,881	5,173	7.00%
Sewer	50,634	51,546	(912)	-1.77%
Solid Waste	12,628	8,794	3,834	43.60%
Airport	8,754	9,139	(385)	-4.21%
Fiber Optic	714	650	64	9.85%
Totals	151,784	144,010	7,774	5.40%

Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Watsonville’s business-type activities.

General Fund Budgetary Highlights

Watsonville’s finances remain on a steady path. For the most part, our revenue increases are able to match our expenditure increases. The high levels of inflation seen in the economy at large are impacting limited areas of our budget, both revenue and expenses. Interest earnings are exceeding budget projections. Due to their volatility, we are categorizing these revenues one-time sources of funding.

We do continue to see large year-over-year increases in CalPERS retirement costs, although those expected to begin decreasing in coming years. We also continue to have a backlog of unfunded capital needs and the inability to expand service levels in some areas requested by the public and our departments. The steady approach we have taken to budgeting in recent years has paid off in that our funds have the reserves needed to manage future economic shocks should they occur. There is also room for optimism in future years as the peak in CalPERS’ costs seems to be approaching.

Interest earnings saw an increase of \$2.5MM, due to the interest earnings rate being higher than anticipated. Property taxes saw an increase of \$1.2 MM from FY 2022-2023. Property tax collections in FY 2023-24 were driven by assessments and increases in supplemental taxes that were set the prior year. Sales tax saw an increase of \$7.3 MM. This increase was mainly due to the passage of Measure R sales tax revenue measure, with this revenue stream bring in \$6.0M this fiscal year. We are also benefiting from robust performance in the auto industry, general consumer goods and building and construction sectors.

Capital Asset and Debt Administration

Capital assets. The City of Watsonville’s capital assets, for its governmental and business type activities as of June 30, 2024, was \$233,268 (net of depreciation). This represents a \$11,825 increase from the prior year or 5.34%. The increase is due to increases in construction in progress.

Total City of Watsonville Capital Assets FY 2023-24

Capital Asset	FY 2024	FY 2023	Change	% Change
Land	31,865	31,865	-	0.00%
Building and Improvements	110,480	116,253	(5,774)	-4.97%
Machinery & Equipment	13,824	12,643	1,181	9.35%
Infrastructure	42,871	39,540	3,331	8.43%
Construction in progress	33,464	20,162	13,302	65.97%
Right to Use Subscription Assets	764	981	(216)	-22.07%
Totals	233,268	221,444	11,825	5.34%

Governmental Type Activities increased by 1.78% due to increases in construction in progress category.

Governmental Activities Capital Assets FY 2023-24

Capital Asset	FY 2024	FY 2023	Change	% Change
Land	17,044	17,044	-	0.00%
Building and Improvements	63,406	67,080	(3,674)	-5.48%
Machinery & Equipment	4,901	4,405	496	11.26%
Infrastructure	17,185	12,741	4,444	34.89%
Construction in progress	14,120	13,113	1,007	7.68%
Right to Use Subscription Assets	764	980	(216)	-22.07%
Totals	117,421	115,364	2,057	1.78%

While Business Type Activities increased by 9.21% due to increases in construction in progress category.

Business Type Activities Capital Assets FY 2023-24

Capital Asset	FY 2024	FY 2023	Change	% Change
Land	14,821	14,821	-	0.00%
Building and Improvements	47,074	49,174	(2,100)	-4.27%
Machinery & Equipment	8,922	8,237	685	8.32%
Infrastructure	25,686	26,799	(1,113)	-4.15%
Construction in progress	19,344	7,049	12,295	174.42%
Totals	115,847	106,080	9,767	9.21%

Additional information on the City of Watsonville’s capital assets can be found in Note 4 on pages 57 to 58 of this report.

Long-Term Debt. At the end of the current fiscal year, the City of Watsonville had total net debt outstanding of \$140,278. The debt for governmental activities is made up of notes payable of \$886, net OPEB liability of \$3,168, compensated absences of \$2,402, subscription liabilities of \$669 and net pension liability of \$86,739. Business type activities have \$4,970 in notes payable, \$6,779 in a loan, net OPEB liability of \$1,889, compensated absences of \$1,024, net pension liability of \$28,072 and landfill closure/post closure liability of \$3,680.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limit for the City of Watsonville is \$210,191 which is significantly more than the City of Watsonville's outstanding debt subject to this limit.

Additional information on the City of Watsonville's long-term debt can be found on page 80 of this report.

Economic Factors and Next Year's Budget

- Budget will include using of the American Rescue Plan Act allocation.
- Second full year of Measure R sales tax revenue and expenditures
- In non-General Fund departments, you will see the same cautious growth assumptions, consistent with the revenue activity we have experienced and assumed for the General Fund.
- Taking advantage of healthy fund balances to move much needed capital and infrastructure projects.
- Continued and accelerated increases in PERS contributions.

After several years of improving position Watsonville appears poised to weather the immediate impacts. Watsonville was fortunate to receive \$18.2 million in direct funding as part of the American Rescue Plan Act (ARPA). We will budget to use the remaining American Rescue Plan Act (ARPA) funds to support improvements in streets, investment in economic development to continue to grow and diversify our revenues, Ramsay Park and opportunities for our citizens to obtain valuable work experience, just to name a few. The 2025-27 Biennial Budget utilized a limited amount of ARPA funding for restoring those departments hardest hit by the pandemic. The ARPA funding plan will include opportunities for community input and will prioritize areas of greatest community need. We still face ever increasing PERS contributions and have a large pent up demand for capital investments. Watsonville will have to act cautiously to balance increasing expenditure pressure with what is likely to be several years of flatter revenue growth than we have recently experienced.

The City was successful in passing a new transaction and use tax. This new tax measure will be used to meet community goals. The tax enables the City to invest in repair and expansion of aging parks, playgrounds and trails; creating safe place for kids, maintaining after-school and gang prevention programs, fixing potholes and maintaining streets; expanding library access and services or seniors; and creating employment opportunities. Watsonville has an opportunity to reset, restructure, and rebuild the budget in ways that we meet community goals, without recreating structural deficits.

All these factors will be taken into consideration during the preparation of the City of Watsonville's bi-annual budget for the fiscal year 2025-27.

Request for Information

This financial report is designed to provide a general overview of the City of Watsonville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Marissa Duran, Administrative Services Director, City of Watsonville, and 250 Main Street, Watsonville, CA 95076.

BASIC FINANCIAL STATEMENTS

CITY OF WATSONVILLE, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government		Total
	Governmental	Business-type	
	Activities	Activities	
	\$	\$	\$
ASSETS			
Cash and investments	84,999,872	63,071,526	148,071,398
Restricted cash	-	491,871	491,871
Cash & investments with fiscal agent	-	6,295,975	6,295,975
Receivables:			
Interest	3,193,939	-	3,193,939
Taxes	7,674,579	-	7,674,579
Accounts	2,083,133	6,463,692	8,546,825
Intergovernmental	3,995,576	520,070	4,515,646
Internal balances	(344,747)	344,747	-
Loans receivable	23,583,765	183,175	23,766,940
Inventories	329,254	430,497	759,751
Deposits	60,000	-	60,000
Land held for resale	150,000	-	150,000
Leases receivable	-	4,761,263	4,761,263
Capital assets (net of depreciation and amortization, where applicable):			
Land	17,043,868	14,820,562	31,864,430
Construction in progress	14,120,305	19,344,425	33,464,730
Buildings and Improvements	63,405,752	47,073,895	110,479,647
Machinery and equipment	4,901,480	8,922,226	13,823,706
Infrastructure	17,185,839	25,685,940	42,871,779
Right to use subscription assets	763,899	-	763,899
Total Assets	243,146,514	198,409,864	441,556,378
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources - Pensions	32,850,525	8,677,346	41,527,871
Total Deferred Outflow of Resources	32,850,525	8,677,346	41,527,871

Continued

See accompanying notes to financial statements

CITY OF WATSONVILLE, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government		Total
	Governmental Activities	Business-type Activities	
	\$	\$	\$
LIABILITIES			
Accounts payable	4,158,009	3,598,036	7,756,045
Accrued personnel costs	1,039,201	448,472	1,487,673
Insurance claims payable	4,368,818	-	4,368,818
Interest payable	2,019	80,320	82,339
Retentions payable	95,066	199,542	294,608
Unearned revenue	16,205,670	35,087	16,240,757
Deposits payable	3,150,562	40,713	3,191,275
Noncurrent liabilities			
Due within one year	810,092	943,874	1,753,966
Due in more than one year	93,053,630	45,470,362	138,523,992
Total Liabilities	122,883,067	50,816,406	173,699,473
DEFERRED INFLOWS OF RESOURCES			
Leases related	-	4,486,373	4,486,373
Deferred inflows of resources - pensions	2,263,404	-	2,263,404
Total Deferred Inflows of Resources	2,263,404	4,486,373	6,749,777
NET POSITION			
Net investment in capital assets	115,866,142	110,885,941	226,752,083
Restricted for:			
Debt service	321,872	-	321,872
Impact fee	8,647,444	-	8,647,444
Housing	29,434,645	-	29,434,645
Grants, contributions & fees for parks and related capital projects	17,656,527	-	17,656,527
Unrestricted	(21,076,062)	40,898,490	19,822,428
Total Net Position	150,850,568	151,784,431	302,634,999
			Concluded

See accompanying notes to financial statements

CITY OF WATSONVILLE, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Functions/Programs	Program Revenues				Primary Government		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government:	\$	\$	\$	\$	\$	\$	\$
Governmental activities:							
General government	23,174,690	13,344,289	731,181	130,950	(8,968,270)	-	(8,968,270)
Public safety	39,039,890	791,361	598,815	-	(37,649,714)	-	(37,649,714)
Housing	1,776,970	168,358	236,875	-	(1,371,737)	-	(1,371,737)
Streets	7,569,329	144,708	-	60,540	(7,364,081)	-	(7,364,081)
Culture and recreation	12,901,995	1,089,947	225,897	-	(11,586,151)	-	(11,586,151)
Interest on long term debt	15,761	-	-	-	(15,761)	327,132	(342,893)
Total governmental activities	<u>84,478,635</u>	<u>15,538,663</u>	<u>1,792,768</u>	<u>191,490</u>	<u>(66,955,714)</u>	<u>327,132</u>	<u>(67,282,846)</u>
Business-type activities:							
Water	17,183,675	21,109,386	17,533	48,046	-	3,991,290	3,991,290
Sewer	18,956,176	17,492,480	-	228,908	-	(1,234,788)	(1,234,788)
Solid Waste	15,929,691	18,988,836	3,471	-	-	3,062,616	3,062,616
Airport	5,278,151	2,971,433	457,994	-	-	(1,848,724)	(1,848,724)
Fiber Optic	76,894	130,811	-	-	-	53,917	53,917
Total business-type activities	<u>57,424,587</u>	<u>60,692,946</u>	<u>478,998</u>	<u>276,954</u>	<u>-</u>	<u>4,024,311</u>	<u>4,024,311</u>
Total primary government	<u>141,903,222</u>	<u>76,231,609</u>	<u>2,271,766</u>	<u>468,444</u>	<u>(66,955,714)</u>	<u>3,697,179</u>	<u>(63,258,535)</u>
General revenues:							
Property taxes					18,990,129	-	18,990,129
Sales taxes					32,589,648	-	32,589,648
Utility users taxes					4,675,775	-	4,675,775
Franchise taxes					669,577	-	669,577
Other taxes					3,788,644	-	3,788,644
Intergovernmental revenues not restricted to specific program					4,895,655	-	4,895,655
Unrestricted investment earnings					8,375,697	3,027,132	11,402,829
Lease revenue					-	1,334,994	1,334,994
Transfers					285,056	(285,056)	-
Total general revenues and transfers					<u>74,270,181</u>	<u>4,077,070</u>	<u>78,347,251</u>
Change in net position					7,314,467	7,774,249	15,088,716
Net position - beginning					<u>143,536,101</u>	<u>144,010,182</u>	<u>287,546,283</u>
Net position - ending					<u>150,850,568</u>	<u>151,784,431</u>	<u>302,634,999</u>

See accompanying notes to financial statements

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Watsonville
CALIFORNIA

CITY OF WATSONVILLE, CALIFORNIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2024

	SPECIAL REVENUE FUNDS				
	GENERAL	IMPACT FEES	HOUSING	REDEVELOPMENT AND HOUSING	AMERICAN RESCUE
				GRANTS	PLAN ACT
	\$	\$	\$	\$	\$
ASSETS:					
Cash and investments	33,481,768	8,647,444	4,249,269	2,703,603	12,761,447
Receivables:					
Interest	481,417	-	1,060,789	1,378,840	-
Taxes	6,075,779	-	-	-	-
Accounts	1,526,293	-	-	-	-
Intergovernmental	3,160,583	-	-	169,247	-
Due from other funds	300,619	-	-	-	-
Loans receivable	3,750	-	9,639,752	12,288,401	-
Land held for resale	-	-	150,000	-	-
Total Assets	45,030,209	8,647,444	15,099,810	16,540,091	12,761,447
LIABILITIES:					
Accounts payable	2,632,984	-	155	37,896	466,219
Accrued personnel costs	860,322	-	14,441	6,406	15,962
Retentions payable	57,007	-	-	25,172	-
Due to other funds	-	-	-	-	-
Advances payable	344,747	-	-	-	-
Unearned revenue	1,465,376	-	-	2,120,715	12,279,266
Deposits payable	3,150,091	-	471	-	-
Total Liabilities	8,510,527	-	15,067	2,190,189	12,761,447
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	2,508,219	-	10,700,235	13,706,745	-
Total Deferred Inflows of Resources	2,508,219	-	10,700,235	13,706,745	-
FUND BALANCES:					
Restricted for:					
Debt service	-	-	-	-	-
Streets - Impact fees	-	8,647,444	-	-	-
Housing	-	-	4,384,508	643,157	-
Public safety - Narcotics assets seizure	-	-	-	-	-
Housing - Business development	-	-	-	-	-
Housing - Economic development	-	-	-	-	-
Cultural and recreation - Library	-	-	-	-	-
Cultural and recreation - Parks development	-	-	-	-	-
General government - Retirement tax	-	-	-	-	-
Public safety - Measure G/Y	-	-	-	-	-
Public safety - Abandoned vehicle	-	-	-	-	-
Housing - Inclusionary housing	-	-	-	-	-
Streets - SB1 Gas tax	-	-	-	-	-
Streets - Measure D	-	-	-	-	-
Unassigned	34,011,463	-	-	-	-
Total Fund Balances	34,011,463	8,647,444	4,384,508	643,157	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	45,030,209	8,647,444	15,099,810	16,540,091	12,761,447

Continued

See accompanying notes to financial statements

DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$	\$	\$
321,872	16,764,141	78,929,544
-	272,893	3,193,939
-	1,598,800	7,674,579
-	397,328	1,923,621
-	665,746	3,995,576
-	-	300,619
-	1,651,862	23,583,765
-	-	150,000
<u>321,872</u>	<u>21,350,770</u>	<u>119,751,643</u>
-	744,189	3,881,443
-	70,702	967,833
-	9,447	91,626
-	300,619	300,619
-	-	344,747
-	340,313	16,205,670
-	-	3,150,562
<u>-</u>	<u>1,465,270</u>	<u>24,942,500</u>
<u>-</u>	<u>2,228,973</u>	<u>29,144,172</u>
<u>-</u>	<u>2,228,973</u>	<u>29,144,172</u>
321,872	-	321,872
-	-	8,647,444
-	-	5,027,665
-	229,696	229,696
-	372,201	372,201
-	33,392	33,392
-	2,241,212	2,241,212
-	1,754,809	1,754,809
-	1,042,040	1,042,040
-	2,824,366	2,824,366
-	54,838	54,838
-	13,517	13,517
-	4,614,687	4,614,687
-	4,772,079	4,772,079
-	(296,310)	33,715,153
<u>321,872</u>	<u>17,656,527</u>	<u>65,664,971</u>
<u>321,872</u>	<u>21,350,770</u>	<u>119,751,643</u>

Concluded

See accompanying notes to financial statements

CITY OF WATSONVILLE, CALIFORNIA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Amounts reported for governmental activities in the Statement of Net Position are different from those reported in the governmental funds because:	\$
Fund balances of governmental funds	65,664,971
Capital assets (gross) used in Governmental Activities are not financial resources and, therefore, are not reported in the governmental funds.	236,002,917
Accumulated depreciation has not been included in the governmental funds financial statements.	(119,100,125)
The internal service fund is used by management to charge the costs of insurance to individual governmental funds. The net current assets and liabilities of the internal service fund are included in Governmental Activities on the Statement of Net Position.	(841,560)
Loans and intergovernmental receivables recorded as unavailable revenue in the governmental funds are recorded as revenue on the Statement of Activities.	29,144,172
Interest payable is not due and payable in the current period and therefore, not reported in governmental funds.	(2,019)
Long-term liabilities are not due and payable in the current period and therefore, not reported in governmental funds.	(89,216,533)
Deferred outflows and inflows of resources relating to pensions: in governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the Statement of Net Position, deferred outflows and inflows of resources relating to pensions are reported.	
Deferred outflows of resources relating to pensions	31,462,149
Deferred inflows of resources relating to pensions	(2,263,404)
Total Net Position - Governmental Activities	150,850,568

See accompanying notes to financial statements

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Watsonville
CALIFORNIA

CITY OF WATSONVILLE, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	SPECIAL REVENUE FUNDS				
	GENERAL	IMPACT FEES	HOUSING	REDEVELOPMENT AND HOUSING GRANTS	AMERICAN RESCUE PLAN ACT
	\$	\$	\$	\$	\$
REVENUES:					
Taxes	44,616,220	-	-	-	-
Licenses, permits, and fees	3,376,598	1,340,041	-	-	-
Intergovernmental	5,169,535	20,000	-	1,539,119	3,017,642
Charges for services	4,431,903	-	-	-	-
Fines	455,543	-	-	-	-
Interest	6,091,126	337,311	1,116,884	112,605	-
Miscellaneous	4,825,770	-	137,848	-	-
Total revenues	68,966,695	1,697,352	1,254,732	1,651,724	3,017,642
EXPENDITURES:					
Current:					
General government	16,180,306	-	-	-	3,017,642
Public safety	31,757,510	-	-	-	-
Housing	-	-	376,084	1,100,691	-
Streets	5,568,676	35,347	-	-	-
Culture and recreation	6,810,839	-	-	-	-
Debt service:					
Principal	201,136	-	-	-	-
Interest and fiscal charges	7,060	-	-	-	-
Total expenditures	60,525,527	35,347	376,084	1,100,691	3,017,642
Excess (deficiency) of revenues over (under) expenditures	8,441,168	1,662,005	878,648	551,033	-
OTHER FINANCING SOURCES (USES)					
Transfers in	4,092,815	-	86,186	-	-
Transfers out	(148,479)	(5,000)	-	(280,825)	-
Total other financing sources (uses)	3,944,336	(5,000)	86,186	(280,825)	-
Net change in fund balances	12,385,504	1,657,005	964,834	270,208	-
Fund balances, July 1	21,625,959	6,990,439	3,419,674	372,949	-
Fund balances, June 30	<u>34,011,463</u>	<u>8,647,444</u>	<u>4,384,508</u>	<u>643,157</u>	<u>-</u>

Continued

See accompanying notes to financial statements

DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$	\$	\$
-	16,097,553	60,713,773
-	1,053,177	5,769,816
-	1,482,784	11,229,080
-	268,290	4,700,193
-	-	455,543
-	544,064	8,201,990
-	44,674	5,008,292
-	19,490,542	96,078,687
-	196,547	19,394,495
-	5,839,094	37,596,604
-	300,195	1,776,970
-	3,021,345	8,625,368
-	4,491,110	11,301,949
486,460	-	687,596
16,319	-	23,379
502,779	13,848,291	79,406,361
(502,779)	5,642,251	16,672,326
500,357	93,195	4,772,553
-	(4,053,193)	(4,487,497)
500,357	(3,959,998)	285,056
(2,422)	1,682,253	16,957,382
324,294	15,974,274	48,707,589
321,872	17,656,527	65,664,971

Concluded

See accompanying notes to financial statements

CITY OF WATSONVILLE, CALIFORNIA
GOVERNMENTAL FUNDS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>\$</u>
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Net Change In Fund Balance - Total Governmental Funds	16,957,382
Capital Assets Transactions	
Governmental Funds report capital outlay as expenditures However, the cost of those assets is capitalized in the Statement of Activities and allocated over their estimated useful lives and reported as depreciation expense.	
The capital outlay expenditures are therefore added back to fund balance	7,811,969
Net retirements of capital assets are deducted from the fund balance	(1,810)
Depreciation expense is deducted from the fund balance	(5,843,766)
Long-Term Debt Proceeds and Payments	
Debt and lease proceeds provide current financial resources to Governmental Funds but increases long-term liabilities in the Statement of Net Position. The repayment of the principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.	
Repayment of debt and subscription principal is added back to fund balance	687,596
Accrual of Non-Current Items	
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Interest payable	7,618
Compensated Absences	(46,345)
Net pension liabilities and pension-related deferred outflows/inflows of resources	(5,697,716)
Net OPEB liability	(1,989,820)
Unavailable revenue	(4,731,903)
Internal Service Funds Are Used By Management To Charge The Costs Of Insurance To Individual Funds.	<u>161,262</u>
Change In Net Position Of Governmental Funds	<u><u>7,314,467</u></u>

See accompanying notes to financial statements

CITY OF WATSONVILLE, CALIFORNIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
	\$	\$	\$	\$
REVENUES:				
Taxes	41,138,261	41,138,261	44,616,220	3,477,959
Licenses, permits, and fees	2,731,701	2,731,701	3,376,598	644,897
Intergovernmental	8,506,329	22,957,976	5,169,535	(17,788,441)
Charges for services	4,311,708	4,311,708	4,431,903	120,195
Fines	647,560	647,560	455,543	(192,017)
Interest	3,314,505	3,314,505	6,091,126	2,776,621
Miscellaneous	1,651,577	1,659,077	4,825,770	3,166,693
Total revenues	62,301,641	76,760,788	68,966,695	(7,794,093)
EXPENDITURES:				
Current:				
General government	29,372,569	31,412,744	16,180,306	15,232,438
Public safety	31,380,286	32,650,745	31,757,510	893,235
Streets	6,827,971	13,802,470	5,568,676	8,233,794
Culture and recreation	6,662,970	13,660,981	6,810,839	6,850,142
Debt service:				
Principal	-	-	201,136	(201,136)
Interest	-	-	7,060	(7,060)
Total expenditures	74,243,796	91,526,940	60,525,527	31,001,413
Excess (deficiency) of revenues over (under) expenditures	(11,942,155)	(14,766,152)	8,441,168	23,207,320
OTHER FINANCING SOURCES (USES)				
Transfers in	4,663,481	4,663,481	4,092,815	(570,666)
Transfers out	(238,211)	(238,211)	(148,479)	89,732
Total other financing sources (uses)	4,425,270	4,425,270	3,944,336	(480,934)
Net change in fund balance	(7,516,885)	(10,340,882)	12,385,504	22,726,386
Fund balance, July 1	21,625,959	21,625,959	21,625,959	-
Fund balance, June 30	14,109,074	11,285,077	34,011,463	22,726,386

See accompanying notes to financial statements

CITY OF WATSONVILLE, CALIFORNIA
HOUSING FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
	\$	\$	\$	\$
REVENUES:				
Interest	15,000	15,000	1,116,884	1,101,884
Miscellaneous	250,000	250,000	137,848	(112,152)
Total revenues	265,000	265,000	1,254,732	989,732
EXPENDITURES:				
Current:				
Housing	791,020	791,020	376,084	414,936
Total expenditures	791,020	791,020	376,084	414,936
Excess (deficiency) of revenues over (under) expenditures	(526,020)	(526,020)	878,648	1,404,668
OTHER FINANCING SOURCES (USES)				
Transfers In	86,186	86,186	86,186	-
Total other financing sources (uses)	86,186	86,186	86,186	-
Net change in fund balance	(439,834)	(439,834)	964,834	1,404,668
Fund balance, July 1	3,419,674	3,419,674	3,419,674	-
Fund balance, June 30	2,979,840	2,979,840	4,384,508	1,404,668

See accompanying notes to financial statements

CITY OF WATSONVILLE, CALIFORNIA
REDEVELOPMENT AND HOUSING GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
	\$	\$	\$	\$
REVENUES:				
Intergovernmental	1,128,588	1,376,229	1,539,119	162,890
Interest	-	24,760	112,605	87,845
Total revenues	<u>1,128,588</u>	<u>1,400,989</u>	<u>1,651,724</u>	<u>250,735</u>
EXPENDITURES:				
Housing	<u>1,707,520</u>	<u>2,418,092</u>	<u>1,100,691</u>	<u>1,317,401</u>
Total expenditures	<u>1,707,520</u>	<u>2,418,092</u>	<u>1,100,691</u>	<u>1,317,401</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(578,932)</u>	<u>(1,017,103)</u>	<u>551,033</u>	<u>1,568,136</u>
OTHER FINANCING SOURCES (USES):				
Transfers (out)	<u>(430,934)</u>	<u>(279,022)</u>	<u>(280,825)</u>	<u>1,803</u>
Total other financing sources (uses)	<u>(430,934)</u>	<u>(279,022)</u>	<u>(280,825)</u>	<u>1,803</u>
Net change in fund balance	<u>(1,009,866)</u>	<u>(1,296,125)</u>	<u>270,208</u>	<u>1,569,939</u>
Fund balance, July 1	<u>372,949</u>	<u>372,949</u>	<u>372,949</u>	<u>-</u>
Fund balance, June 30	<u><u>(636,917)</u></u>	<u><u>(923,176)</u></u>	<u><u>643,157</u></u>	<u><u>1,569,939</u></u>

See accompanying notes to financial statements

CITY OF WATSONVILLE, CALIFORNIA
AMERICAN RESCUE PLAN ACT FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
	\$	\$	\$	\$
REVENUES:				
Intergovernmental	14,591,883	14,591,883	3,017,642	(11,574,241)
Total revenues	14,591,883	14,591,883	3,017,642	(11,574,241)
EXPENDITURES:				
General Government	14,591,883	12,936,991	3,017,642	9,919,349
Total expenditures	14,591,883	12,936,991	3,017,642	9,919,349
Excess (deficiency) of revenues over (under) expenditures	-	1,654,892	-	1,654,892
Net change in fund balance	-	1,654,892	-	1,654,892
Fund balance, July 1	-	-	-	-
Fund balance, June 30	-	1,654,892	-	1,654,892

See accompanying notes to financial statements

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Watsonville
CALIFORNIA

CITY OF WATSONVILLE, CALIFORNIA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2024

	Business-type Activities - Enterprise Funds				
	WATER	SEWER	SOLID WASTE	AIRPORT	FIBER OPTIC
	\$	\$	\$	\$	\$
ASSETS					
Current Assets:					
Cash and investments	35,269,091	17,180,755	10,040,431	294,172	287,077
Restricted cash	-	491,871	-	-	-
Cash and investments with fiscal agent	-	-	6,295,975	-	-
Receivables:					
Accounts	2,390,778	2,263,273	1,724,496	72,979	12,166
Intergovernmental	11,085	9,364	2,032	497,589	-
Loans receivable	-	183,175	-	-	-
Deposits	-	-	-	-	-
Inventories	359,853	-	8,550	62,094	-
Total Current Assets	38,030,807	20,128,438	18,071,484	926,834	299,243
Noncurrent Assets:					
Advances receivable	344,747	-	-	-	-
Leases receivable	-	-	-	4,761,263	-
Capital assets:					
Land and improvements	289,333	8,375,598	1,769,401	4,386,230	-
Construction in progress	9,851,867	3,992,228	5,500,330	-	-
Buildings	49,626,108	30,918,503	2,289,649	9,160,742	-
Machinery and equipment	7,848,272	7,629,854	13,279,608	508,089	-
Vehicles	-	-	-	-	-
Infrastructure	16,845,116	51,843,079	76,916	7,966,694	706,929
Accumulated depreciation	(37,069,872)	(55,395,848)	(11,441,374)	(12,824,687)	(285,717)
Net Capital Assets	47,390,824	47,363,414	11,474,530	9,197,068	421,212
Total Noncurrent Assets	47,735,571	47,363,414	11,474,530	13,958,331	421,212
Total Assets	85,766,378	67,491,852	29,546,014	14,885,165	720,455
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - pension	2,082,563	4,165,126	1,909,016	520,641	-
Total Deferred Outflows of Resources	2,082,563	4,165,126	1,909,016	520,641	-
LIABILITIES					
Current Liabilities:					
Accounts payable	1,181,284	930,146	1,312,046	172,607	1,953
Accrued personnel costs	99,230	228,844	91,373	29,025	-
Insurance claims payable	-	-	-	-	-
Retentions payable	-	-	193,694	5,848	-
Customer deposits	21,549	-	19,164	-	-
Unearned revenue	-	-	478	30,189	4,420
Interest payable	-	43,884	36,436	-	-
Current maturities of long term debt:					
Compensated absences	14,674	30,113	13,664	3,004	-
Notes payable	5,492	100,312	484,650	23,037	-
Loans payable	-	268,928	-	-	-
Total Current Liabilities	1,322,229	1,602,227	2,151,505	263,710	6,373
Noncurrent Liabilities:					
Compensated absences	229,894	471,763	214,068	47,065	-
Net OPEB liability	501,126	681,017	565,373	141,344	-
Liability for landfill closure	-	-	3,680,437	-	-
Net pension liability	6,737,218	13,474,436	6,175,783	1,684,304	-
Notes payable	4,118	93,206	6,039,644	28,796	-
Loans payable	-	4,700,770	-	-	-
Total Noncurrent Liabilities	7,472,356	19,421,192	16,675,305	1,901,509	-
Total Liabilities	8,794,585	21,023,419	18,826,810	2,165,219	6,373
DEFERRED INFLOWS OF RESOURCES					
Leases related	-	-	-	4,486,373	-
Total Deferred Inflows of Resources	-	-	-	4,486,373	-
NET POSITION					
Net investment in capital assets	47,381,214	42,692,069	11,246,211	9,145,235	421,212
Unrestricted	31,673,142	7,941,490	1,382,009	(391,021)	292,870
Total Net Position	79,054,356	50,633,559	12,628,220	8,754,214	714,082

Continued

See accompanying notes to financial statements

Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
TOTALS	Fund
\$	\$
63,071,526	6,070,328
491,871	-
6,295,975	-
6,463,692	159,512
520,070	-
183,175	-
-	60,000
430,497	329,254
<u>77,456,806</u>	<u>6,619,094</u>
344,747	-
4,761,263	-
14,820,562	-
19,344,425	410,596
91,995,002	-
29,265,823	87,503
-	33,910
77,438,734	-
<u>(117,017,498)</u>	<u>(13,658)</u>
<u>115,847,048</u>	<u>518,351</u>
<u>120,953,058</u>	<u>518,351</u>
<u>198,409,864</u>	<u>7,137,445</u>
8,677,346	1,388,376
<u>8,677,346</u>	<u>1,388,376</u>
3,598,036	276,566
448,472	71,368
-	4,368,818
199,542	3,440
40,713	-
35,087	-
80,320	-
61,455	9,343
613,491	-
268,928	-
<u>5,346,044</u>	<u>4,729,535</u>
962,790	146,368
1,888,860	-
3,680,437	-
28,071,741	4,491,478
6,165,764	-
4,700,770	-
<u>45,470,362</u>	<u>4,637,846</u>
<u>50,816,406</u>	<u>9,367,381</u>
4,486,373	-
<u>4,486,373</u>	<u>-</u>
110,885,941	518,351
40,898,490	(1,359,911)
<u>151,784,431</u>	<u>(841,560)</u>

Concluded

See accompanying notes to financial statements

CITY OF WATSONVILLE, CALIFORNIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-type Activities - Enterprise Funds				
	WATER	SEWER	SOLID WASTE	AIRPORT	FIBER OPTIC
	\$	\$	\$	\$	\$
OPERATING REVENUES:					
Charges for services	21,109,386	\$17,492,480	18,988,836	2,971,433	130,811
Total operating revenues	<u>21,109,386</u>	<u>17,492,480</u>	<u>18,988,836</u>	<u>2,971,433</u>	<u>130,811</u>
OPERATING EXPENSES:					
Costs of sales and services	15,537,268	17,396,503	15,314,196	4,866,866	41,548
Depreciation	1,646,407	1,559,673	615,495	411,285	35,346
Total operating expenses	<u>17,183,675</u>	<u>18,956,176</u>	<u>15,929,691</u>	<u>5,278,151</u>	<u>76,894</u>
Operating income (loss)	<u>3,925,711</u>	<u>(1,463,696)</u>	<u>3,059,145</u>	<u>(2,306,718)</u>	<u>53,917</u>
NONOPERATING REVENUES (EXPENSES)					
Lease revenues	-	-	-	1,334,994	-
Grant revenues	17,533	-	3,471	457,994	-
Interest revenues	1,232,744	615,875	1,034,624	133,803	10,086
Interest expenses	(18,567)	(91,541)	(217,024)	-	-
Total nonoperating revenues (expenses)	<u>1,231,710</u>	<u>524,334</u>	<u>821,071</u>	<u>1,926,791</u>	<u>10,086</u>
Income (loss) before contributions and transfers	5,157,421	(939,362)	3,880,216	(379,927)	64,003
Capital contributions - connection fees	48,046	228,908	-	-	-
Transfers (out)	(31,651)	(202,513)	(45,836)	(5,056)	-
Changes in net position	5,173,816	(912,967)	3,834,380	(384,983)	64,003
Total Net Position - Beginning	<u>73,880,540</u>	<u>51,546,526</u>	<u>8,793,840</u>	<u>9,139,197</u>	<u>650,079</u>
Total Net Position - Ending	<u><u>79,054,356</u></u>	<u><u>50,633,559</u></u>	<u><u>12,628,220</u></u>	<u><u>8,754,214</u></u>	<u><u>714,082</u></u>

Continued

See accompanying notes to financial statements

Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
TOTALS	
\$	\$
60,692,946	\$20,298,429
60,692,946	20,298,429
53,156,381	20,305,092
4,268,206	5,652
57,424,587	20,310,744
3,268,359	(12,315)
1,334,994	-
478,998	-
3,027,132	173,577
(327,132)	-
4,513,992	173,577
7,782,351	161,262
276,954	-
(285,056)	-
7,774,249	161,262
144,010,182	(1,002,822)
151,784,431	(841,560)

Concluded

See accompanying notes to financial statements

CITY OF WATSONVILLE, CALIFORNIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-type Activities - Enterprise Funds				
	WATER	SEWER	SOLID WASTE	AIRPORT	FIBER OPTIC
	\$	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	22,580,871	18,086,019	19,256,209	2,338,189	124,677
Receipts from interfund services provided	-	-	-	-	-
Payments to suppliers	(13,811,668)	(12,789,113)	(11,343,865)	(3,410,589)	(39,595)
Payments to employees	(978,408)	(2,266,254)	(3,058,484)	(1,242,609)	-
Receipt for interfund services provided	677,394	97,665	68,269	-	-
Net cash provided (used) by operating activities	8,468,189	3,128,317	4,922,129	(2,315,009)	85,082
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES					
Grant revenue	17,533	-	3,471	457,994	-
Transfers (to) other funds	(31,651)	(202,513)	(45,836)	(5,056)	-
Net cash provided (used) by noncapital financing activities	(14,118)	(202,513)	(42,365)	452,938	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(6,167,247)	(1,959,828)	(5,801,607)	(106,998)	-
Connection fees	48,046	228,908	-	-	-
Principal paid on long term debt	(10,333)	(375,128)	(475,747)	(23,037)	-
Interest paid on long term debt	(18,567)	(91,541)	(217,024)	-	-
Net cash provided (used) by capital and related financing activities	(6,148,101)	(2,197,589)	(6,494,378)	(130,035)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Lease revenue	-	-	-	1,334,994	-
Interest received	1,232,744	615,875	1,034,624	133,803	10,086
Net cash provided (used) by investment activities	1,232,744	615,875	1,034,624	1,468,797	10,086
Net cash flows	3,538,714	1,344,090	(579,990)	(523,309)	95,168
Cash and cash equivalents at beginning of period	31,730,377	16,328,536	16,916,396	817,481	191,909
Cash and cash equivalents at ending of period	35,269,091	17,672,626	16,336,406	294,172	287,077
Reconciliation of Statement of Net Position:					
Cash and investments	35,269,091	17,180,755	10,040,431	294,172	287,077
Restricted cash	-	491,871	-	-	-
Cash and investments with fiscal agents	-	-	6,295,975	-	-
	35,269,091	17,672,626	16,336,406	294,172	287,077
Reconciliation of operating income (loss) to cash flows from operating activities					
Operating Income (loss)	3,925,711	(1,463,696)	3,059,145	(2,306,718)	53,917
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,646,407	1,559,673	615,495	411,285	35,346
(Increase) decrease in receivables	1,237,401	344,029	248,258	(71,136)	(12,166)
(Increase) decrease in inventories	121,520	-	491	4,693	-
(Increase) decrease in loans receivable	-	108,751	-	-	-
(Increase) decrease in due from other governments	234,084	140,759	23,714	(418,930)	-
(Increase) decrease in advances receivable	677,394	97,665	68,269	-	-
(Increase) decrease in leases receivable	-	-	-	(113,472)	1,612
(Increase) decrease in deferred outflows	197,464	(290,786)	458,434	29,484	-
Increase (decrease) in accounts payable	206,778	141,895	853,100	51,035	1,953
Increase (decrease) in claims payable	-	-	-	-	-
Increase (decrease) in accrued personnel costs	(23,549)	97,791	(35,998)	454	-
Increase (decrease) in retentions payable	-	-	193,694	5,848	-
Increase (decrease) in unearned revenue	-	-	(7,057)	(29,706)	4,420
Increase (decrease) in customer deposits	3,870	-	2,458	-	-
Increase (decrease) in net pension liability	112,775	2,217,834	(702,661)	85,957	-
Increase (decrease) in net OPEB liabilities	128,334	174,402	144,787	36,197	-
Total adjustments	4,542,478	4,592,013	1,862,984	(8,291)	31,165
Net cash provided (used) by operating activities	8,468,189	3,128,317	4,922,129	(2,315,009)	85,082

Continued

See accompanying notes to financial statements

Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
TOTALS	TOTALS
\$	\$
62,385,965	-
-	20,352,218
(41,394,830)	(19,351,897)
(7,545,755)	(1,002,030)
843,328	-
<u>14,288,708</u>	<u>(1,709)</u>
478,998	-
(285,056)	-
<u>193,942</u>	<u>-</u>
(14,035,680)	(96,426)
276,954	-
(884,245)	-
(327,132)	-
<u>(14,970,103)</u>	<u>(96,426)</u>
1,334,994	-
3,027,132	173,577
<u>4,362,126</u>	<u>173,577</u>
3,874,673	75,442
65,984,699	5,994,886
<u>69,859,372</u>	<u>6,070,328</u>
63,071,526	6,070,328
491,871	-
6,295,975	-
<u>69,859,372</u>	<u>6,070,328</u>
<u>3,268,359</u>	<u>(12,315)</u>
4,268,206	5,652
1,746,386	25,457
126,704	(26,435)
108,751	-
(20,373)	28,332
843,328	-
(111,860)	-
394,596	364,955
1,254,761	(118,605)
-	376,917
38,698	(14,178)
199,542	(3,395)
(32,343)	-
6,328	-
1,713,905	(602,692)
483,720	(25,402)
<u>11,020,349</u>	<u>10,606</u>
<u><u>14,288,708</u></u>	<u><u>(1,709)</u></u>

Concluded

See accompanying notes to financial statements

CITY OF WATSONVILLE, CALIFORNIA
SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

ASSETS	\$
Cash and investments	1,089,083
Cash and investments with fiscal agent	1,692,450
Notes receivable	<u>71,527</u>
Total Assets	<u>2,853,060</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred Loss on Refunding	<u>136,471</u>
Total Deferred Outflow of Resources	<u>136,471</u>
LIABILITIES	
Current Liabilities:	
Interest Payable	63,792
Notes Payable	8,887
Refunding Bonds Payable	<u>945,000</u>
Total Current Liabilities	<u>1,017,679</u>
Noncurrent liabilities:	
Refunding Bonds Payable	<u>3,948,907</u>
Total Non Current liabilities	<u>3,948,907</u>
Total Liabilities	<u>4,966,586</u>
Net Position	
Held in trust for other purposes	<u>(1,977,055)</u>
Total Net Position	<u><u>(1,977,055)</u></u>

See accompanying notes to financial statements

CITY OF WATSONVILLE, CALIFORNIA
SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

ADDITIONS:	\$
Taxes	1,037,821
Interest	96,639
Amortization	<u>72,744</u>
Total additions	<u>1,207,204</u>
DEDUCTIONS:	
Interest	<u>167,808</u>
Total deductions	<u>167,808</u>
Change in Net Position	1,039,396
Net Position (Deficit), July 1	<u>(3,016,451)</u>
Net Position (Deficit), June 30	<u><u>(1,977,055)</u></u>

See accompanying notes to financial statements

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Watsonville
CALIFORNIA

CITY OF WATSONVILLE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting entity

The City of Watsonville, California was incorporated in 1868 as a charter city and operates under the Council-Manager form of government. The City provides the following services: public safety (police, fire and building inspections), highway and streets, water, sewer and solid waste services, airport, public improvements, planning and zoning, housing and general administration.

B. Government-wide and fund financial statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government except for the Fiduciary fund type – Private Purpose Trust Fund. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among programs revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

CITY OF WATSONVILLE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

The Impact Fees Special Revenue Fund is assessed at the time of development and is used to mitigate certain increased costs incurred by the government as development occurs. These funds are then used to increase the capacity of roads, build fire stations, public safety equipment, or other governmental facilities. The receipt and disbursement of these fees are recorded in this fund.

The Housing Special Revenue Fund is used for low and moderate-income housing projects. The fund is funded by the former 20% Redevelopment Agency's 20% housing loans monthly payments and with loan payoffs.

The Redevelopment and Housing Grants Special Revenue Fund provides assistance to low and moderate-income individuals via grants. These grants offer a number of housing programs to help low to moderate income Watsonville residents improve their housing conditions.

The American Rescue Plan Act Special Revenue Fund accounts for funds received and spent for the American Rescue Plan Act.

The General Debt Service Fund receives funds for the payment of governmental debt of the City.

The City reports all its enterprise funds as:

The Water Fund records the receipts of revenues for water services and records the associated expenses or capital investment. The water service provides water to Watsonville and the surrounding communities, which has a service population of approximately 50,000.

CITY OF WATSONVILLE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

The Sewer Fund records the activity of the City's wastewater treatment plant and collection system. The fund also provides waste treatment services to other local sanitary districts, namely Freedom, Salsipuedes, and Pajaro Utility Districts. Thus, the wastewater plant services some 55,000 residents.

The Solid Waste Fund records the activities of refuse collection, recycling, and landfill operations. The landfill is located near the County landfill and is used only by the citizens of the City of Watsonville.

The Airport Fund represents the activities at the airport and the receipts of Federal Aviation Agency (FAA) grants. The fund is to be supported by the fees the airport collects from fuel sales and facility use fees. The FAA provides substantial grant income for general airport improvements.

The Fiber Optic Fund records the activities of the City's fiber optic system. The fund receives payments for use of the system.

Additionally, the government reports the following fund types:

The Internal Service Fund is used to account for financing of insurance services (workers' compensation, general liability and health benefits) provided to other government funds and departments on a cost reimbursement basis. It also accounts for capital assets and pension related balances.

The Private Purpose Trust Fund is used to account for the transactions of the Successor Agency of the City of Watsonville Redevelopment Agency.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, sewer, and solid waste functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds principal ongoing operations. The principal operating revenues of the government's enterprise funds and of the City's internal service fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF WATSONVILLE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB, which require management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts for revenues and expenses or expenditures.

D. Assets, liabilities, and net position or fund balance

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in the following types of investments:

- Securities of the US Government, or its agencies
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan institutions like institutions such as credit unions
- Local Agency Investment Fund (State Pool)
- Repurchase agreements (repos) for a term of one year or less
- Passbook Savings Account Demand Deposits
- Debt of the City of Watsonville
- Negotiable Certificates of Deposits
- Bankers' Acceptances
- Joint Powers Authority Pool
- California Asset Management Program (CAMP)

Investments for the City are reported at fair value. The State Treasurers Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The City has funds held by trustees or fiscal agents pledged to the payment or security of certain bonds and certificates of participation. The California Government Code provides that these funds, in absence of specific statutory provisions governing the issuance of bonds or certificates, may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments the trustees or fiscal agent may make.

Cash and cash equivalents

The cash flow statements require presentation of "cash and cash equivalents". For the purposes of the statement of cash flows, the City considers all proprietary funds pooled cash and investments and cash and investments with fiscal agent as "cash and cash equivalents".

CITY OF WATSONVILLE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Property taxes are levied and collected by the County of Santa Cruz and paid upon collection to the various taxing entities including the City. Property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. Unsecured taxes are due on July 1 and become delinquent on August 31. The City recognizes property tax revenues when they become measurable and available for the payment of claims in the current period.

3. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Land held for resale

Land held for resale is carried at the lower of cost or estimated realizable value.

5. Capital assets

Capital assets, which include property, plant and equipment, and infrastructure, (e.g., bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems), and construction in progress are recorded 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 \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession agreement are valued at their estimated acquisition value on the date donated.

The costs for 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.

CITY OF WATSONVILLE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

<u>Assets</u>	<u>Years</u>
Infrastructure	20 to 50 years
Buildings	20 to 50 years
Improvements	20 to 50 years
Machinery, Equipment, and Vehicles	3 to 10 years

6. Compensated absences

It is the City's policy to allow most employee groups to accumulate sick leave to a maximum of 1,000 hours. Sick leave accumulated above this maximum is paid to employees at 50% of such excess in December. The balance of such unused sick leave is lost and the sick leave accrual is reduced to 1,000 hours at January 1 of each year. Earned vacation time is accumulated up to two times the employee's annual accrual rate and unused vacation is paid at the employee's hourly rate upon termination.

The maximum accumulation, for fire-fighters on shift duty, of unused sick leave is 62.5 days (1,500 hours). Sick leave accumulation in any calendar year in excess of 1,500 hours shall be paid at the rate of 50% of such excess. The balance of such unused sick leave is lost and the sick leave accrual is reduced to 1,500 hours at January 1 of each year.

The City accrues for compensated absences in the government-wide and proprietary fund financial statements for which they are liable to make payment directly. The General Fund, Inclusionary Housing fund, and four of the five Enterprise funds incurred costs associated with compensated absences during the last fiscal year.

7. Interfund transactions

A description of the basic two types of the City's interfund transactions during the fiscal year and the related accounting policies are set forth as follows:

1. Transactions related directly to services rendered, or facilities provided, are recorded as revenues in the fund providing the service or facility and expenditures (or expenses) in the fund receiving them.
2. Transactions to allocate resources from one fund to another, not contingent on the occurrence of specific expenditures in the receiving fund, are recorded appropriately as transfers in and transfers out in the respective funds.

CITY OF WATSONVILLE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

8. Long-term obligations

In the government-wide financial statements, proprietary, and fiduciary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary and fiduciary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net assets by the government that is applicable to a future reporting period. The City has one item which qualifies for reporting; see Note IV. E. for a detailed listing of the deferred outflows.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net assets by the City that is applicable to a future reporting period. The City has three items which qualify for reporting in this category – unavailable revenue, lease related and pension related deferred inflows of resources. Refer to Note III. D and Note IV. E. for a detailed listing of the lease related and pension related deferred inflows of resources the City has recognized.

10. Fund balances

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

CITY OF WATSONVILLE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the City’s governing board (ordinance). Committed amounts cannot be used for any purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purpose with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent maybe stipulated by the government board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purpose in accordance with the nature of their type or the fund’s primary purpose. An assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the City.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of commitments made, which include future funding sources for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balance are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

11. Net Position

The difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is *net investment in capital assets* consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

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The Net Investment in Capital Assets are calculated as below:

	Governmental Activities	Business-type Activities	Total
	\$	\$	\$
Capital Assets, net of accumulated depreciation:	117,421,143	115,847,048	233,268,191
Less: Capital debt	(1,555,001)	(11,748,953)	(13,303,954)
Plus: Unspent bond proceeds	-	6,787,846	6,787,846
Net Investment in Capital Assets:	115,866,142	110,885,941	226,752,083

12. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year-end.

On or before March 31 of each fiscal year, all departments of the City are required to submit requests for appropriations to the City’s management so that a budget may be prepared. Before May 31 the proposed budget is presented to the City Council for review. City Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

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The appropriated budget is prepared by fund, department, and division, with the exception of the Impact Fees Special Revenue Fund. The City’s budget policy requires that all funds be included in the annual appropriated budget, but the Impact Fee Special Revenue Fund was excluded from the fiscal year 2024 budget. The City department heads may make transfers of appropriations within a department. Transfers of appropriations between funds require the approval of the City Manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. City Council made several supplemental budget appropriations during the fiscal year. The General Fund budget was increased by \$2,823,997 during the fiscal year for public safety overtime, an economic development position, and Citywide pavement repair.

Encumbrance accounting is employed in governmental funds. The commitments will be re-appropriated and honored during the subsequent fiscal year. Encumbrances were as follows at fiscal year-end: General Fund - \$6,061,446, Housing Fund - \$628,421, and Other Governmental Funds - \$18,729,220.

B. Deficit fund balances

As of June 30, 2024, the Parking Garage Special Revenue Fund had a fund balance deficit of (\$296,310). The fund will make up the deficits with future licenses, permits and fees collected. The Internal Service Fund had a net position deficit of (\$841,560). The fund will make up the deficit with future reimbursements from other funds.

III. Detailed notes on all funds

A. Cash and investments

Cash and investments (including monies held by trustees and fiscal agents) as of June 30, 2024 were as follows:

	Balance June 30, 2024		
<u>Cash:</u>	\$		\$
Demand Deposits	9,048,249		-
Outstanding Checks	(4,996,696)		-
Deposits in Transit	242,423		-
Net Demand Deposits	4,293,976		-
Petty Cash	13,036		-
Cash Subtotal	-		4,307,012
<u>Investments:</u>			
Guaranteed Investment Contracts	1,692,684		-
California Asset Management Program	105,987,998		-
Local Agency Investment Fund	39,357,108		-
Money Market Mutual Funds	6,295,975		-
Investment Subtotal			153,333,765
Total Cash and Investments			157,640,777

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The cash and investments of Governmental Activities, Business-Type Activities, and the Private Purpose Trust Fund was as follows as of June 30, 2024:

	Balance June 30, 2024
Governmental Activities:	\$
General Fund	33,481,768
Impact Fees Special Revenue Fund	8,647,444
Housing Special Revenue Fund	4,249,269
Redevelopment and Housing Grants Special Revenue Fund	2,703,603
American Rescue Plan Act Special Revenue Fund	12,761,447
Debt Service Fund	321,872
Other Nonmajor Funds	16,764,141
Internal Service Fund	6,070,328
Total Governmental Activities:	84,999,872
Business-type Activities:	
Water Fund	35,269,091
Sewer Fund	17,672,626
Solid Waste Fund	16,336,406
Airport Fund	294,172
Fiber Optic Fund	287,077
Total Business-Type Activities	69,859,372
Private Purpose Trust Fiduciary Fund	2,781,533
Total City Cash and Investments	157,640,777

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of investments as of June 30, 2024:

	Total	Amortized Cost
Investments measured at amortized cost:	\$	\$
Guaranteed Investments Contracts	1,692,684	1,692,684
California Asset Management Program	105,987,998	105,987,998
Money Market Mutual Funds	6,295,975	6,295,975
Total Investments	113,976,657	113,976,657

The Local Agency Investment Fund (LAIF) is exempt from the fair value hierarchy.

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POOLED DEPOSITS/CREDIT RISK:

The California Government Code requires California banks and savings and loan associations to secure a government's deposits by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of a government's deposits. California law also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total deposit.

The City may waive collateral requirements for deposits, which are fully insured up to \$250,000 by federal depository insurance.

At June 30, 2024, the City's carrying amount of deposits and cash on hand was \$4,293,976 and bank balances were \$9,048,249. Bank balances in excess of the FDIC insurance limitations are fully collateralized by the Bank by pledging identified U.S. Government Securities.

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio *	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	None	None	None
U.S. Agency Securities	5 years	None	None	None
Banker's Acceptances	180 days	None	40%	30%
Commercial Paper	270 days	***	25%	10%**
Negotiable Certificates of Deposit	5 years	None	30%	None
Repurchase Agreements	1 year	None	20%	None
Passbook Savings Account Demand Deposit	N/A	None	None	None
Medium-Term Corporate Notes	5 years	A	30%	None**
Debt of City of Watsonville	N/A	None	None	None
Money Market Mutual Funds	N/A	AAAm	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None	\$75 M per account
California Asset Management Program (CAMP)	N/A	None	None	None

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions

** No more than 10% of the outstanding commercial paper and medium-term notes of any single issuer.

*** Highest letter and number rating by a NRSRO.

Investments Authorized by Debt Agreements

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Guaranteed Investment Contracts	30 years	None	None

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Disclosures Relating to Interest Rate Risk

Investment Type	Remaining Maturity (in Months)		
	12 Months or Less	121 Months	Total
	\$	\$	\$
Local Agency Investment Fund	39,357,108	-	39,357,108
California Asset Management Program	105,987,998	-	105,987,998
Guaranteed Investment Contracts	-	1,692,684	1,692,684
Money Market Mutual Funds	6,295,975	-	6,295,975
Total	<u>151,641,081</u>	<u>1,692,684</u>	<u>153,333,765</u>

Disclosures Relating to Credit Risk

Investment Type	Ratings as of Fiscal Year End			Total
	AAA/AAAm	AA	Not Rated	
	\$	\$	\$	\$
Local Agency Investment Fund (1)	-	-	39,357,108	39,357,108
California Asset Management Program (2)	105,987,998	-	-	105,987,998
Guaranteed Investment Contracts	-	1,692,684	-	1,692,684
Money Market Mutual Funds	6,295,975	-	-	6,295,975
Total	<u>112,283,973</u>	<u>1,692,684</u>	<u>39,357,108</u>	<u>153,333,765</u>

(1) The management of the State of California Pooled Money Investment Account (generally referred to as LAIF) has indicated to the City that as of June 30, 2024 the amortized cost value of the pool was \$178,914,245,370 and the estimated fair value of the pool was \$178,255,132,764. The reported value of the City's portion of LAIF is the same value as the fair value of LAIF shares. LAIF's (and the City's) exposure to risk (credit, market or legal) is not currently available. The State's Local Agency Investment Fund (LAIF) operates in accordance with appropriate state laws and regulations. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$75 million and at least 24 hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2024, these investments had an average maturity of 217 days.

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(2) The City is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. The City, as a CAMP shareholder, may withdraw all or any portion of the funds in each CAMP account at any time by redeeming shares. The CAMP Declaration of Trust permits the CAMP trustee to suspend the right of withdrawal from CAMP or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the CAMP trustees, an emergency exists such that disposal of the CAMP pool securities or determination of its net asset value is not reasonably practicable. If the right of withdrawal is suspended, the City may either withdraw its request for that withdrawal or receive payment based on the net asset value of the CAMP pool next determined after termination of the suspension of the right of withdrawal. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 79 requirements. At June 30, 2024, fair value was approximate to the City's cost. At June 30, 2024, these investments had an average maturity of 38 days.

The City has funds held by trustees or fiscal agents pledged to the payment or security of certain bonds. The California Government Code provides that these funds, in absence of specific statutory provisions governing the issuance of bonds or certificates, may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments the trustees or fiscal agent may make.

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B. Capital assets

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

Governmental activities:

	Balance at June 30, 2023	Additions	Deletions	Transfers	Balance at June 30, 2024
	\$	\$	\$	\$	\$
Capital Assets not being depreciated:					
Land and Improvements	17,043,868	-	-	-	17,043,868
Construction in Progress	13,113,415	6,311,588	-	(5,304,698)	14,120,305
Total Capital Assets not being depreciated	<u>30,157,283</u>	<u>6,311,588</u>	<u>-</u>	<u>(5,304,698)</u>	<u>31,164,173</u>
Capital Assets being depreciated and amortized:					
Buildings and Improvements	137,817,125	-	-	-	137,817,125
Machinery, Equipment and Vehicles	18,513,769	1,596,807	(221,805)	-	19,888,771
Infrastructure	41,163,614	-	-	5,304,698	46,468,312
Right to Use Subscription Assets	1,196,545	-	-	-	1,196,545
Total Capital Assets being depreciated and amortized	<u>198,691,053</u>	<u>1,596,807</u>	<u>(221,805)</u>	<u>5,304,698</u>	<u>205,370,753</u>
Less accumulated depreciation and amortization for:					
Buildings and Improvements	(70,737,128)	(3,674,245)	-	-	(74,411,373)
Machinery, Equipment and Vehicles	(14,108,271)	(1,099,015)	219,995	-	(14,987,291)
Infrastructure	(28,422,638)	(859,835)	-	-	(29,282,473)
Right to Use Subscription Assets	(216,323)	(216,323)	-	-	(432,646)
Total accumulated depreciation	<u>(113,484,360)</u>	<u>(5,849,418)</u>	<u>219,995</u>	<u>-</u>	<u>(119,113,783)</u>
Total Capital Assets being depreciated and amortized, net	<u>85,206,693</u>	<u>(4,252,611)</u>	<u>(1,810)</u>	<u>5,304,698</u>	<u>86,256,970</u>
Governmental activity Capital Assets, net	<u>115,363,976</u>	<u>2,058,977</u>	<u>(1,810)</u>	<u>-</u>	<u>117,421,143</u>

In accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, the subscription asset is offset with a subscription liability as discussed in Note III. F.

Business-type activities:

	Balance at June 30, 2023	Additions	Deletions	Transfers	Balance at June 30, 2024
	\$	\$	\$	\$	\$
Capital Assets, not being depreciated:					
Land and improvement	14,820,562	-	-	-	14,820,562
Construction in progress	7,049,342	12,295,083	-	-	19,344,425
Total Capital Assets not being depreciated	<u>21,869,904</u>	<u>12,295,083</u>	<u>-</u>	<u>-</u>	<u>34,164,987</u>
Capital Assets, being depreciated:					
Buildings and Improvements	91,995,002	-	-	-	91,995,002
Machinery, Equipment and Vehicles	27,779,381	1,740,597	(254,155)	-	29,265,823
Infrastructure	77,438,734	-	-	-	77,438,734
Total Capital Assets being depreciated	<u>197,213,117</u>	<u>1,740,597</u>	<u>(254,155)</u>	<u>-</u>	<u>198,699,559</u>
Less accumulated depreciation for:					
Buildings and Improvements	(42,821,481)	(2,099,626)	-	-	(44,921,107)
Machinery Equipment	(19,542,692)	(1,055,060)	254,155	-	(20,343,597)
Infrastructure	(50,639,274)	(1,113,520)	-	-	(51,752,794)
Total accumulated depreciation	<u>(113,003,447)</u>	<u>(4,268,206)</u>	<u>254,155</u>	<u>-</u>	<u>(117,017,498)</u>
Total Capital Assets being depreciated	<u>84,209,670</u>	<u>(2,527,609)</u>	<u>-</u>	<u>-</u>	<u>81,682,061</u>
Business-type activities Capital Assets, net	<u>106,079,574</u>	<u>9,767,474</u>	<u>-</u>	<u>-</u>	<u>115,847,048</u>

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Depreciation expenses were charged to functions/programs of the primary government as follows:

Governmental activities:	\$
General government	511,894
Public safety	588,628
Streets	4,738,558
Culture and recreation	4,686
Internal Service Fund	5,652
	<u>5,849,418</u>
Total depreciation expense - governmental activities	<u>5,849,418</u>
Business-Type activities:	
Water Fund	1,646,407
Sewer Fund	1,559,673
Solid Waste Fund	615,495
Airport Fund	411,285
Fiber Optic Fund	35,346
	<u>4,268,206</u>
Total depreciation expense - business-type activities	<u>4,268,206</u>

C. Interfund receivables, payables, and transfers

The composition of interfund activities as of June 30, 2024, is as follows:

Due from/to other funds

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. Due from/to other funds balances at June 30, 2024 were as follows:

	Due from other funds	other funds
Governmental Funds:	\$	\$
General Fund	300,619	-
Nonmajor Funds	-	300,619
Total Governmental Funds	<u>300,619</u>	<u>300,619</u>

CITY OF WATSONVILLE, CALIFORNIA
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Advances receivable/payable

Long-term interfund balances arise in the normal course of business and are not expected to be repaid during the next fiscal year. Advances receivable/payable funds balances at June 30, 2024 were as follows:

	<u>Advances Receivable</u>	<u>Advances Payable</u>
Governmental Funds:	\$	\$
General Fund	-	344,747
Total Governmental Funds	-	344,747
Enterprise Funds:		
Water Fund	344,747	-
Total Enterprise Funds	344,747	-
Total Advances	<u>344,747</u>	<u>344,747</u>

With Council approval, resources may be transferred from one City fund to another. The City made various interfund transfers as follows:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Housing Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	
	\$	\$	\$	\$	\$
General Fund	-	86,186	48,810	13,483	148,479
Impact Fees Special Revenue Fund	5,000	-	-	-	5,000
Redevelopment & Housing Grants Special Revenue Fund	113,120	-	167,705	-	280,825
Nonmajor Governmental Funds	3,974,695	-	19,010	59,488	4,053,193
Water Fund	-	-	26,595	5,056	31,651
Sewer Fund	-	-	197,457	5,056	202,513
Solid Waste Fund	-	-	40,780	5,056	45,836
Airport Fund	-	-	-	5,056	5,056
Total Transfers In	<u>4,092,815</u>	<u>86,186</u>	<u>500,357</u>	<u>93,195</u>	<u>4,772,553</u>

The City approved various interfund transfers within its budget for various recommencements such as the transfer from the Retirement Fund to the General Fund for recommencements of General Fund employee’s retirement costs, the transfer from the CDBG Fund to the General Fund for the recommencements of qualified recreations staff costs and recommencements of debt payments to the Debt Service Fund. The General Fund also transferred 20% of its reimbursement from the Successor Agency to the Successor Agency Housing Fund as required by State law.

CITY OF WATSONVILLE, CALIFORNIA
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D. Leases

Policies

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City recognizes leases receivable or liabilities with an initial, individual value of \$200,000 or more, based on the future lease payments remaining at the start of the lease.

Lessor

The City is a lessor for noncancellable leases of buildings and facilities. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

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

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

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Leases Receivable (City as Lessor)

The terms and balances related to leases receivable and deferred inflows of resources recorded in the Enterprise Funds as of June 30, 2024 were:

Lessee	Property Address	Original Lease Date	Lease Ending Date	Term Duration (Years)	Remaining Lease Term (years)	Extension Years	Expiration Date Including Options
	Running between Room MPOE of the City's Civic Center and Fire Station Two,						
Zayo Group, LLC	370 Airport Boulevard	5/27/2016	3/13/2024	8	-	3	3/13/2024
EKB Partners	45 Aviation Way	12/28/2016	12/31/2053	20	13	15	12/31/2053
Mid Valley Supply	220 Airport Blvd	10/1/2014	12/31/2026	12	2	5	12/31/2026
Pacific Golf Centers	101 Ranport Rd	7/2/2013	7/1/2038	25	14	20	7/1/2038
Specialized Helicopter	150 Aviation Way	3/1/2020	2/29/2024	4	-	-	2/29/2024
Watsonville Diesel	101 Aviation Way	8/1/2016	7/31/2056	40	32	10	7/31/2056
United Flight	120 Aviation Way	6/24/2009	11/14/2038	20	14	10	11/14/2038
Ellas	100 Aviation Way	4/1/2022	3/31/2027	5	3	6	3/31/2033
SC Animal Services	580 Airport Blvd	7/1/2022	7/1/2047	25	23	5	7/1/2047
Expoimaging	121 Aviation Way	10/1/2021	9/30/2025	4	2	-	9/30/2025
Calibro	50 Aviation Way	7/1/2023	6/30/2027	4	3	-	6/30/2027
	Airport Communication Tower, and portion of 370 Airport Boulevard						
GTE Mobilnet Verizon		7/1/2023	6/30/2033	10	9	-	6/30/2033

(Continued below)

Lessee	Interest Revenue	Lease Revenue	Monthly Revenue as of June 30, 2024	Lease Receivable Balance at June 30, 2024	Deferred Inflow of Resources at June 30, 2024
	\$	\$	\$	\$	\$
Zayo Group, LLC	808	80,553	-	-	-
EKB Partners	16,439	20,653	1,719	628,740	579,800
Mid Valley Supply	8,543	103,705	8,633	264,364	249,003
Pacific Golf Centers	8,459	26,468	2,203	381,755	355,730
Specialized Helicopter	147	60,054	6,467	-	-
Watsonville Diesel	21,612	24,125	2,008	834,816	771,509
United Flight	7,157	21,849	1,819	323,286	302,319
Ellas	11,383	67,378	5,609	617,658	592,893
SC Animal Services	33,292	40,575	3,378	958,474	893,869
Expoimaging	1,027	62,033	5,164	78,390	75,924
Calibro	7,430	76,102	6,890	251,147	243,717
GTE Mobilnet Verizon	-	47,286	3,930	422,633	421,609
	<u>116,297</u>	<u>630,781</u>	<u>47,820</u>	<u>4,761,263</u>	<u>4,486,373</u>

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The future principal and interest related to leases receivable as of June 30, were as follows:

For the Year Ended June 30	Principal	Interest	Total
	\$	\$	\$
2025	434,436	123,546	557,982
2026	402,176	113,153	515,329
2027	344,735	103,089	447,824
2028	212,216	96,033	308,249
2029	220,375	90,466	310,841
2030-2034	1,072,346	360,730	1,433,076
2035-2039	641,481	246,360	887,841
2040-2044	518,601	165,874	684,475
2045-2049	481,953	85,931	567,884
2050-2054	337,821	34,067	371,888
2055-2057	95,123	2,685	97,808
Totals	4,761,263	1,421,934	6,183,197

E. Long-term debt

The City's long-term debt obligations are repaid by the following funds: General Fund, Debt Service Fund, Water Enterprise Fund, Sewer Enterprise Fund, Solid Waste Enterprise Fund and the Airport Enterprise Fund.

Loan payable (Direct Borrowing) – Governmental Activities – Solar Panels

On March 9, 2021, the City entered into a Master Equipment Lease Purchase Agreement with Bank of America for the refinancing of the Solar Project Equipment by prepayment of the 2012 Solar Lease with Santa Cruz County and acquiring four solid waste collection vehicles and one sewer cleaning vehicle. See Financed Purchase (Direct Borrowing) – Business-Type Activities for further information. The amount of the lease pertaining to governmental activities was \$1,649,451. Interest rate for the 7 year lease is 1.25% with principal lease payments ranging from \$137,956 to \$279,708.

If the City should default under any of the provisions hereof, the lessor may (1) declare defaulted and all other amounts payable to be immediately due, (2) retake possession or require the City to promptly return such equipment, (3) terminate the lease or (4) take legal action necessary and desirable to enforce its rights. There have been no events of default since the lease was entered into.

CITY OF WATSONVILLE, CALIFORNIA
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The annual requirement to amortize the lease outstanding for governmental activities as of June 30, 2024 is as follows:

Fiscal Year	Principal	Interest	Debt Service
	\$	\$	\$
2025	276,883	9,192	286,075
2026	279,708	6,396	286,104
2027	140,922	3,571	144,493
Total	<u>697,513</u>	<u>19,159</u>	<u>716,672</u>

Governmental Activities -

Section 108 Loan Payable (Direct Borrowing)

The City entered into a contract with the Secretary of U.S. Department of Housing and Urban Development. The contract is for loan guarantee assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. #5308. The promissory note, in the amount of \$2,530,000, is for the Downtown Parking Garage Project. The loan is to be repaid with future Community Development Block Grant funds over a period of twenty years at an interest rate of 1.26%.

The annual requirements to amortize the Section 108 loan outstanding as of June 30, 2024 is as follows:

Fiscal Year	Principal	Interest	Debt Service
	\$	\$	\$
2025	170,000	2,423	172,423
Total	<u>170,000</u>	<u>2,423</u>	<u>172,423</u>

PG&E 2019 Notes (Direct Borrowing)

The City entered into several agreements with Pacific Gas & Electric Company (PG&E) to retrofit City lighting with qualified energy saving lights throughout the City. The notes are to be repaid with future energy savings over various periods at interest rates of 0%.

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Governmental Type Activities

The terms and maximum payments required on the 2019 notes are as follows:

Old City Hall - \$47,181, 5 year loan, maximum annual payment of \$6,606,
 Marinovich - \$33,071, 4 year loan, maximum annual payment of \$1,538,
 Youth Center - \$27,876, 6 year loan, maximum annual payment of \$4,993,
 Ramsay Park - \$29,807, 5 year loan, maximum annual payment of \$7,013
 Beach St Parking - \$35,429, 6 year loan, maximum annual payment of \$7,330,
 Police Station - \$85,545, 5 year loan, maximum annual payment of \$19,010,
 Senior Center - \$20,657, 8 year loan, maximum annual payment of \$2,882.

The annual requirements to repay the PG&E 2019 governmental activities notes outstanding as of June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>
	\$
2025	11,292
2026	3,709
2027	2,882
2028	243
Total	<u>18,126</u>

Business Type Activities

The original note amounts, terms and maximum annual payments required on the 2019 notes are as follows:

Corralitos - \$23,326, 5 year loan, maximum annual payment of \$5,281,
 MSC - \$34,323, 7 year loan, maximum annual payment of \$5,492.

For the Water Fund as follows:

The annual requirements to repay the PG&E 2019 Water Fund notes outstanding as of June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>
	\$
2025	5,492
2026	4,118
Total	<u>9,610</u>

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For the Waste Water Fund as follows:

Waste Water Treatment Plant - \$86,422, 5 year loan, maximum annual payment of \$19,205.

The annual requirements to repay the PG&E 2019 Waste Water Fund note outstanding as of June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>
	\$
2025	8,002
Total	<u>8,002</u>

For the Airport Fund as follows:

Airport - \$153,579, 7 year loan, maximum annual payment of \$23,037.

The annual requirements to repay the PG&E 2019 Airport Fund note outstanding as of June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>
	\$
2025	23,037
2026	23,037
2027	5,759
Total	<u>51,833</u>

For the Solid Waste Fund as follows:

Landfill - \$9,110, 7 year loan, maximum annual payment of \$1,458.

The annual requirements to repay the PG&E 2019 Solid Waste Fund note outstanding as of June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>
	\$
2025	1,458
2026	972
Total	<u>2,430</u>

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State Water Resources Control Board Loans (Direct Borrowing)

On December 18, 2015, the City entered into an agreement with the California State Water Resources Control Board for a Clean Water State Revolving Fund Loan to finance the Manana Lane Sewer Replacement Project. The amount of the loan is \$1,486,310. The interest rate for the 20 year loan is 1.6% with principal payments ranging from \$66,227 to \$86,741.

The City’s outstanding loan under the California State Water Resources Control Board is secured by a pledge of revenues from the Sewer Enterprise Fund. Events of default include non-payment of interest or principal when due. The City shall have 10 days to clear any default. A penalty of highest legal rate of interest from date of default will be added for each charge, fees, taxes, assessments tools or other charges or imposed by the Recipient of non-payment. There have been no events of default since the loan was issued.

The annual debt services requirements for the loan outstanding as of June 30, 2024 is as follows:

Fiscal Year	Principal	Interest	Debt Service
	\$	\$	\$
2025	70,569	17,561	88,130
2026	71,698	16,432	88,130
2027	72,845	15,285	88,130
2028	74,011	14,120	88,131
2029	75,195	12,935	88,130
2030-2034	394,410	46,240	440,650
2035-2038	338,857	13,662	352,519
Total	1,097,585	136,235	1,233,820

On October 14, 2016, the City entered into an agreement with the California State Water Resources Control Board for a Clean Water State Revolving Fund Loan to finance the Freedom Sanitation Trunk Sewer Line Project. The total amount of the loan is \$4,600,840, however, the City has only drawn down \$4,490,677, of which only \$3,872,112 remains unpaid as of June 30, 2024. The interest rate for the 20 year loan is 1.7% with principal payments ranging from \$191,784 to \$259,771 as of June 30, 2024.

The City’s outstanding loan under the California State Water Resources Control Board is secured by a pledge of revenues from the Sewer Enterprise Fund. Events of default include non-payment of interest or principal when due. The City shall have 10 days to clear any default. A penalty of highest legal rate of interest from date of default will be added for each charge, fees, taxes, assessments tools or other charges or imposed by the Recipient of non-payment. There have been no events of default since the loan was issued.

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The annual requirements to amortize the loan outstanding as of June 30, 2024 is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
	\$	\$	\$
2025	198,359	65,826	264,185
2026	201,731	62,454	264,185
2027	205,160	59,025	264,185
2028	208,648	55,537	264,185
2029	212,195	51,990	264,185
2030-2034	1,116,326	204,596	1,320,922
2035-2039	1,214,496	106,427	1,320,923
2040-2041	515,198	13,174	528,372
Total	<u>3,872,113</u>	<u>619,029</u>	<u>4,491,142</u>

iBank Loan (Direct Borrowing)

On March 20, 2023, the City received a loan in the amount of \$6,000,000, plus accrued interest, from the California Infrastructure and Economic Development Bank. Proceeds from the loan are to be used for construction of a 7.1 acre landfill site. Principal is due annually on August 1st and interest is due semi-annually on August 1st and February 1st, commencing August 1, 2023. The interest rate for the 20 year loan is 3.93% with principal payments ranging from \$145,435 to \$366,819 as of June 30, 2024.

The loan is secured by a pledge of revenues from the Solid Waste Enterprise Fund. Events of default include non-payment of interest or principal when due. The City shall have 10 days to clear any default. A penalty of highest legal rate of interest from date of default will be added for each charge, fees, taxes, assessments tools or other charges or imposed by the Recipient of non-payment. There have been no events of default since the loan was issued.

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The annual requirements for loan repayments on the loan outstanding as of June 30, 2024 is as follows:

Fiscal Year	Principal	Interest	Debt Service
	\$	\$	\$
2025	151,151	227,114	378,265
2026	157,091	221,057	378,148
2027	163,265	214,762	378,027
2028	169,681	208,220	377,901
2029	176,350	201,421	377,771
2030-2034	991,316	895,380	1,886,696
2035-2039	1,202,035	680,522	1,882,557
2040-2044	1,457,545	419,993	1,877,538
2045-2048	1,386,131	111,573	1,497,704
Total	5,854,565	3,180,042	9,034,607

Business-type Activities - Municipal landfill closure and post-closure liability and requirements

The City operates a landfill solely for the disposal of Watsonville residents' solid waste. The landfill is regulated by the California Integrated Waste Management Board, which requires that the City set aside certain funds for the landfill's eventual closure. As of June 30, 1998, the City's Solid Waste Division had completed the closure of the old landfill cell and recognized \$403,773 of expenses to complete the closure. The City plans to operate a new cell (cell IV) in early 2025, which is expected to provide landfill capacity for 28 years with an estimated post-closure costs of \$8,779,655 as of June 30, 2024.

The City recognizes a portion of the closure and post closure care costs in each operating period. The amount recognized each year to date for the new landfill is based on the landfill capacity used as of the balance sheet date. As of June 30, 2024, the phase I, II, and III had used 100% of its projected space. The estimated post-closure costs were \$1,876,793 and \$1,803,644, respectively, which will be recognized over the remaining monitoring period. To date, the fund has recorded a liability of \$239,650 for post closure costs for the closed phase I and II cells and a liability for closure costs of \$1,876,793 and post-closure costs of \$1,563,994 for the phase III cell for a total of \$3,680,437. The estimated costs of closure and post closure care are subject to changes such as the effects of inflation, revision of laws and other variables.

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NET OPEB LIABILITY

Starting July 1, 2015, the City ceased to pay cash subsidies for retirees. The retirees pay the full amount of their CSAC IEA premiums. The medical/drug implicit subsidy was the only source of liability related for OPEB. Since there is no cash subsidy, as of June 30, 2024, the net OPEB liability was calculated to be immaterial for GASB#75 presentation purposes. However, the net OPEB liabilities of \$5,056,400 is still reflected as part of the long-term liabilities in the City's Statements of Net Position as follows: Governmental Activities - \$3,167,540, Business-type Activities - \$1,888,860.

Financed Purchases (Direct Borrowings):

Business-Type Activities -

On March 9, 2021, the City entered into a Master Equipment Lease Purchase agreement with Bank of America for the purchase of a Sewer Cleaning Vehicle Truck. The amount of the lease pertaining to the Sewer Fund was \$503,037. Interest rate for the 6 year lease is 1.25% with principal lease payments ranging from \$45,873 to \$93,206.

If the City should default under any of the provisions hereof, the lessor may (1) declare defaulted and all other amounts payable to be immediately due, (2) retake possession or require the City to promptly return such equipment, (3) terminate the lease or (4) take legal action necessary and desirable to enforce its rights. There have been no events of default since the lease was entered into.

The annual requirement to amortize the lease outstanding in the Sewer Fund as of June 30, 2024 is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
	\$	\$	\$
2025	92,310	1,571	93,881
2026	93,206	676	93,882
Total	<u>185,516</u>	<u>2,247</u>	<u>187,763</u>

On March 9, 2021, the City entered into a Master Equipment Lease Purchase agreement with Bank of America for the purchase of four solid waste collection vehicle trucks. The amount of the lease pertaining to the Solid Waste Fund was \$1,809,432. The interest rate for the 6 year lease is 1.25% with principal lease payments ranging from \$165,008 to \$335,528.

If the City should default under any of the provisions hereof, the lessor may (1) declare defaulted and all other amounts payable to be immediately due, (2) retake possession or require the City to promptly return such equipment, (3) terminate the lease or (4) take legal action necessary and desirable to enforce its rights. There have been no events of default since the lease was entered into.

CITY OF WATSONVILLE, CALIFORNIA
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The annual requirement to amortize the lease outstanding in the Solid Waste Fund as of June 30, 2024 is as follows:

Fiscal Year	Principal	Interest	Debt Service
	\$	\$	\$
2025	332,041	5,651	337,692
2026	335,258	2,433	337,691
Total	<u>667,299</u>	<u>8,084</u>	<u>675,383</u>

Changes in long-term liabilities

Long-term liabilities activity for the fiscal year ended June 30, 2024 are as follows:

	Balance at June 30, 2023 \$	Additions \$	Reductions \$	Balance June 30, 2024 \$	Due Within One Year \$
Governmental activities:					
Direct Borrowings:					
Notes payable	1,372,099	-	(486,460)	885,639	458,175
Subtotal	1,372,099	-	(486,460)	885,639	458,175
Other Liabilities:					
Compensated absences	2,381,397	1,429,511	(1,408,568)	2,402,340	144,141
Net OPEB liability	1,177,720	1,989,820	-	3,167,540	-
Net pension liability	80,939,978	5,798,863	-	86,738,841	-
Subscription liabilities	870,498	-	(201,136)	669,362	207,776
Total Governmental activities					
Long-term liabilities	<u>86,741,692</u>	<u>9,218,194</u>	<u>(2,096,164)</u>	<u>93,863,722</u>	<u>810,092</u>
	Balance June 30, 2023 \$	Additions \$	Reductions \$	Balance June 30, 2024 \$	Due Within One Year \$
Business-type activities:					
Loans payable (2015 SWRCB, 2016 SWRCB)	5,234,197	-	(264,499)	4,969,698	268,928
Notes payable (2019 PG&E various, Sewer Cleaning Truck, Solid Waste Collection Truck, IBank Loan)	7,399,001	-	(619,746)	6,779,255	613,491
Compensated absences	1,005,879	744,046	(725,680)	1,024,245	61,455
Net OPEB liability	1,405,140	483,720	-	1,888,860	-
Net pension liabilities	26,357,836	1,713,905	-	28,071,741	-
Landfill closure / post-closure liabilities	3,680,437	-	-	3,680,437	-
Total Business-type activities					
Long-Term liabilities	<u>45,082,490</u>	<u>2,941,671</u>	<u>(1,609,925)</u>	<u>46,414,236</u>	<u>943,874</u>

The General Fund, Library Fund, Sewer Fund, Water Fund, Airport Fund and Solid Waste Fund all were required to pay their portion of costs related to other Net OPEB Liabilities and Net Pension Liabilities.

CITY OF WATSONVILLE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
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Loans and notes payable activity for the fiscal year ended June 30, 2024, are as follows:

	Balance June 30, 2023	Retirements	Balance June 30, 2024	Amount due within one year
	\$	\$	\$	\$
Governmental activities:				
2004 HUD Section 108	333,000	(163,000)	170,000	170,000
Due to Pacific Gas & Electric				
Old City Hall	6,606	(6,606)	-	-
Marrinovich	1,538	(1,538)	-	-
Youth Center	10,813	(4,993)	5,820	4,993
Ramsay Park	7,015	(7,015)	-	-
Beach Street Parking Garage 2	9,163	(7,330)	1,833	1,833
Police Department	20,594	(19,010)	1,584	1,584
Senior Center	11,771	(2,882)	8,889	2,882
Solar Panels	971,599	(274,086)	697,513	276,883
Total governmental activities	<u>1,372,099</u>	<u>(486,460)</u>	<u>885,639</u>	<u>458,175</u>
	\$	\$	\$	\$
Business-type activities:				
SWRCB 2015 Loan	1,167,042	(69,457)	1,097,585	70,569
SWRCB 2016 Loan	4,067,155	(195,042)	3,872,113	198,359
Due to Pacific Gas & Electric				
Airport	74,870	(23,037)	51,833	23,037
Corralitos Filter Plant	4,841	(4,841)	-	-
MSC	15,102	(5,492)	9,610	5,492
WWTP 2	27,207	(19,205)	8,002	8,002
City Landfill	3,886	(1,456)	2,430	1,458
Sewer System Cleaning Truck	276,940	(91,424)	185,516	92,310
Solid Waste Collection Vehicles	996,155	(328,856)	667,299	332,041
Landfill Obligation				
Phase I & II Post closure	239,650	-	239,650	-
Phase III Closure	1,876,793	-	1,876,793	-
Phase III Post closure	1,563,994	-	1,563,994	-
IBank Loan	6,000,000	(145,435)	5,854,565	151,151
Total business-type activities	<u>16,313,635</u>	<u>(884,245)</u>	<u>15,429,390</u>	<u>882,419</u>

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NOTES TO FINANCIAL STATEMENTS
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F. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party’s (a SBITA vendor’s) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

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

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

- The City uses the interest rate charged by the IT vendor as the discount rate. When the interest rate charged by the IT vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancellable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

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

A summary of the City’s subscription liabilities for the fiscal year ended June 30, 2024, are as follows:

	Balance June 30, 2023	Retirements	Balance June 30, 2024	Due Within One Year
Governmental activities:	\$	\$	\$	\$
OpenGov	136,660	(68,330)	68,330	68,330
Tyler Munis ERP	733,838	(132,806)	601,032	139,446
Total subscription liabilities	870,498	(201,136)	669,362	207,776

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The future principal and interest subscription liability payments as of June 30, 2024 are as follows:

For the Year Ended June 30	Principal	Interest	Total
	\$	\$	\$
2025	207,776	5,556	213,332
2026	146,419	4,060	150,479
2027	153,740	2,875	156,615
2028	161,427	1,618	163,045
Totals	669,362	14,109	683,471

IV. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City also provides health insurance coverage to employees. There have been no significant reductions in insurance coverage for any risk of loss in the past fiscal year, and settled claims have not exceeded the commercial coverage in any of the past three fiscal years. The City has established a risk management fund to account for and finance its uninsured risks of loss.

The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance programs. There have been no significant changes in insurance coverage as compared to last fiscal year.

All funds of the City participate in the self-insurance programs. The employee health insurance program is funded by contributions of a flat rate per employee to the self-insurance fund. Other self-insurance programs are funded by budgeted appropriations. Funding is estimated to provide amounts needed to pay prior and current fiscal year claims and to establish reserves for catastrophic losses.

Liabilities in the self-insurance Internal Service Fund at June 30, 2024 totaled \$4,368,818 as follows: Health Benefits \$104,289; General Liability \$1,335,942; and Workers' Compensation \$2,928,587.

The basis for estimating incurred but not reported claims is based on the statute of limitation on accepting claims as follows:

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Health Benefits are estimated at 2 times the current fiscal year’s average monthly cost, General Liability is estimated at 6 months of current fiscal year’s average monthly claim cost, and Workers’ Compensation is estimated by using the last two weeks of current fiscal year’s average monthly claim cost.

	2022-2023	2023-2024
Claims incurred but not reported:	\$	\$
Beginning	1,346,476	1,345,320
Incurred claims	2,011,595	2,423,113
Claims paid	(2,012,751)	(2,328,202)
Ending	1,345,320	1,440,231
Claims payable		
Beginning	2,446,053	2,646,581
Incurred claims	3,048,035	3,325,648
Claims paid	(2,847,507)	(3,043,642)
Ending	2,646,581	2,928,587
Total claims payable	3,991,901	4,368,818

B. Public entity risk pool

The City is a member of the California Intergovernmental Risk Authority (CIRA), which is a governmental joint powers authority pursuant to the Government Code of the State of California, commencing with Section 6500. CIRA is a statewide agency providing California municipalities with risk management services including loss control, risk sharing and joint purchase coverage programs.

General liability

The City is self-insured for general liability claims up to \$500,000 (effective July 1, 2023) for each occurrence. Coverage for individual losses in excess of \$500,000, up to \$10,000,000 is provided through the California Intergovernmental Risk Authority (CIRA). Under this program, members share in losses between the members’ individual self-insured retention and \$1,000,000 under a risk sharing pool program; and from \$1,000,000 to \$40,000,000, coverage is provided by another risk pool, CSAC-EIA.

Estimates for all liabilities have been accrued in the Self-Insurance Internal Service Fund, which included an estimate for incurred but not reported claims. At June 30, 2024, total estimated claims payable for General Liability were \$1,335,942.

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Workers compensation

The City is self-insured for workers compensation claims up to \$150,000 for each occurrence. Coverage for individual losses in excess of \$150,000, up to the \$500,000 is provided through the California Intergovernmental Risk Authority (CIRA). Under this program, members share in losses between the members' individual self-insured retention and \$500,000 under a risk sharing pool program; and from \$500,000 to the statutory limit, coverage is provided by another risk pool, CSAC-EIA.

Estimates for all liabilities have been accrued in the Self-Insurance Internal Service Fund, which included an estimate for incurred but not reported claims. At June 30, 2024, total estimated claims payable for Workers Compensation were \$2,928,587.

C. Commitments and Contingencies

Litigation

Various claims and lawsuits are pending against the City. In the opinion of City management, the potential claims loss will not be significant to the City's financial statements.

Grant audits

The City receives grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowance, if any, will not be significant.

Contingency

Proposition 218, which was approved by the voters in November 1996, regulates the City's ability to impose, increase and extend taxes, assessments and fees. Any new, increased or extended taxes, assessments, and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the City's ability to finance the services for which the taxes, assessments and fees were imposed may be significantly impaired. Certain language in the initiative is unclear as to the scope and impact of the proposition. Future court rulings or state legislation may clarify these issues. At this time it is uncertain as to the effect that Proposition 218 will have on the City's ability to maintain or increase the revenue it receives from taxes, assessments and fees, or its effect on interfund payments in lieu of taxes and transfers of surplus funds from enterprise funds to the General Fund. Also unclear is the extent to which a 1995 California Supreme Court ruling (the *Guardino* case) upholding the voter approval requirements of a previously enacted state initiative (Proposition 62) is applicable to prior periods. However, because the City of Watsonville is a Charter City, management believes that the *Guardino* ruling does not apply to its general law application in the cited case.

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Guaranty with Santa Cruz County Bank

On November 14, 2023, City Council approved a limited commercial guaranty with Santa Cruz County Bank in an amount up to \$1,000,000 to secure a commercial loan to the Pajaro Valley Health Care District, for the purpose of establishing a revolving line of credit. The guarantee expires on November 5, 2026. At June 30, 2024, the amount of guarantee extended that remains outstanding is \$1,000,000.

D. Post-employment health care benefits

Retiree benefits – COBRA benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and their eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus a 2% administration fee is paid in full by the insured on or before the tenth day of the month for the actual month covered. This program is offered for a duration between 18 and 36 months, after the termination date, depending on circumstances related to eligibility to Medicare, death or divorce. During the last fiscal year two former employees participated in the program.

E. Defined Benefit Pension Plans

The City has two defined benefit pension plans, a Miscellaneous Plan and a Safety Plan. The Miscellaneous Plan is an Agent-Multiple Employer Plan and the Safety Plan is a Cost-Sharing Employer Plan administered by the California Public Employees’ Retirement System (CalPERS).

Below is a summary of the deferred outflows, net pension liabilities and deferred inflows of resources by Plan:

CalPERS Plan	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
	\$	\$	\$	\$
Miscellaneous - Agent Multiple Employer	17,354,693	56,143,483	-	10,362,404
Safety - Cost-Sharing Multiple Employer	24,173,178	58,667,099	2,263,404	9,925,956
Totals	41,527,871	114,810,582	2,263,404	20,288,360

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

Fiscal Year Ended June 30	Safety Plan Annual Amortization	Miscellaneous Plan Annual Amortization	Total Annual Amortization
	\$	\$	\$
2025	5,135,699	3,764,916	8,900,615
2026	3,636,456	2,302,557	5,939,013
2027	6,640,650	4,671,207	11,311,857
2028	224,093	170,843	394,936
Total	<u>15,636,898</u>	<u>10,909,523</u>	<u>26,546,421</u>

See Notes below for further information about the Plans.

CALPERS miscellaneous employees plan

A. General Information about the Miscellaneous Pension Plan

Plan Description

All qualified permanent and probationary miscellaneous employees are eligible to participate in the City’s Miscellaneous Employee Pension Plan, agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employees. Benefit provisions under the Plan is established by State statue 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.

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Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	Miscellaneous		
	Prior to July 1, 2011	On or after July 1, 2011	On or after January 1, 2013
Hire date			
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1% to 2.5%
Required employee contribution rates	7.00%	7.00%	7.50%
Required employer contribution rates	8.93%	8.93%	14.880%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above as a dollar amount for contributions toward the unfunded actuarial liability (UAL). The dollar amounts are billed on a monthly basis or the City can elect a lump sum payment option. The City's required contribution for the unfunded liability in the Miscellaneous plan for the year ended June 30, 2024 was \$4,083,668, which were made under the lump sum payment option.

Employees Covered

The following employees were covered by the benefit terms for the Miscellaneous Plan as of the most recent actuarial valuation date of June 30, 2022 and measurement date as of June 30, 2023:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	347
Inactive employees entitled to but not yet receiving benefits	361
Active employees	299
Total	<u>1,007</u>

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Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. 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.

B. Net Pension Liability

The City’s net pension liability for the Miscellaneous Plan is measured as the total pension liability less the pension plan’s fiduciary net pension. The net pension liability of the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions - The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous		
Valuation Date		June 30, 2022	
Measurement Date		June 30, 2023	
Actuarial Cost Method		Entry-Age Normal Cost Method	
Actuarial Assumptions:			
Discount Rate		6.90%	
Inflation		2.30%	
Payroll Growth		2.80%	
Projected Salary Increase		(1)	
Investment Rate of Return		6.90% (2)	
Mortality	Derived using CalPERS Membership Data for all Funds	(3)	

- (1) Depending on age, service and type of employment.
- (2) Net of pension plan investment expenses, includes inflation.
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of Mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2022 valuation were based on the results of a November 2021 actuarial experience study for the period 2001 to 2019. Further details of the Experience Study can be found on the CalPERS website.

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Discount Rate – The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contributions rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payment to determine the total pension liability for the Plan.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of returns was then adjusted for assumed administrative expenses of 10 basis points.

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

Asset Class (1)	Assumed Asset Allocation	Real Return (1,2)
Global Equity-Cap Weighted	30.0%	4.54%
Global Equity-Non-Cap Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100.0%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

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C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Miscellaneous Plan were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	\$	\$	\$
Balance at June 30, 2022	185,884,098	132,708,534	53,175,564
Changes in the year:			
Service cost	3,833,093	-	3,833,093
Interest on the total pension liability	12,814,426	-	12,814,426
Differences between actual and expected experience	1,957,943	-	1,957,943
Change of Benefit Terms	233,848	-	233,848
Contribution - employer	-	6,045,006	(6,045,006)
Contribution - employee	-	1,666,205	(1,666,205)
Net investment income	-	8,257,768	(8,257,768)
Benefit payments, including refunds of employee contributions	(8,552,266)	(8,552,266)	-
Changes of Assumptions	-	-	-
Administrative expense	-	(97,588)	97,588
Net changes	10,287,044	7,319,125	2,967,919
Balance at June 30, 2023	196,171,142	140,027,659	56,143,483

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

1% Decrease	5.90%
Net Pension Liability	\$83,304,523
1% Decrease	6.90%
Net Pension Liability	\$56,143,483
1% Increase	7.90%
Net Pension Liability	\$33,797,860

Pension Plan Fiduciary Net Pension – Detailed information about the pension plan’s fiduciary net position is available in the separate issued CalPERS financial report.

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

For the fiscal year ended June 30, 2024, the City recognized pension expense of \$10,362,404. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	\$	\$
Pension contributions subsequent to measurement date	6,445,170	-
Differences between actual and expected experience	1,904,440	-
Changes of assumptions	2,698,867	-
Net differences between projected and actual earnings on plan investments	6,306,216	-
Total	17,354,693	-

The amount of \$6,445,170 was reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Annual Amortization
	\$
2025	3,764,916
2026	2,302,557
2027	4,671,207
2028	170,843
Total	10,909,523

CALPERS Safety (Police & Fire) Employees Plan

A. General Information about the Safety Pension Plan

Plan Descriptions

All qualified public safety permanent and probationary employees are eligible to participate in the City’s Safety Employee Pension Plan, cost-sharing multiple employer defined benefit plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	Safety		
	Prior to July 1, 2011	After July 1, 2011	After July 1, 2013
Hire date	3% @ 50	3% @ 55	2.7% @ 57
Benefit formula	5 years service	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life	monthly for life
Benefit payments	50	50-55	50-57
Retirement age	3.0%	2.4% - 3.0%	2.0% - 2.7%
Monthly benefits, as a % of eligible compensation	9.0%	9.0%	13.75%
Required employee contribution rates	27.11%	22.83%	13.54%
Required employer contribution rates			

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above as a dollar amount for contributions toward the unfunded actuarial liability (UAL). The dollar amounts are billed on a monthly basis or the City can elect a lump sum payment option. The City's required contribution for the unfunded liability in the Safety plan for the year ended June 30, 2024 was \$3,739,251, which were made under the lump sum payment option.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. 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 fiscal 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. Contributions to the pension plan from the City were \$6,272,876 for the fiscal year ended June 30, 2024.

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

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

As of June 30, 2024, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan was \$58,667,099.

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The City’s proportionate share of the net pension liability for the Plan as of June 30, 2022, and 2023 was as follows:

	<u>Safety Plans</u>
Proportion - June 30, 2022	0.78762%
Proportion - June 30, 2023	0.78485%
Change - Increase (Decrease)	<u><u>-0.00277%</u></u>

For the year ended June 30, 2024, the City recognized pension expense of \$9,925,956 for the Safety Plan. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	\$	\$
Pension contributions subsequent to measurement date	6,272,876	
Differences between actual and expected experience	4,307,247	(368,746)
Changes in assumptions	3,423,890	-
Net differences between projected and actual earnings on plan investments	8,028,577	-
Differences between actual contributions and proportional contributions	513,054	(1,894,658)
Adjustment due to differences in proportion	1,627,534	-
Total	<u><u>24,173,178</u></u>	<u><u>(2,263,404)</u></u>

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The amount of \$6,272,876 was reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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

Year Ended June 30	Annual Amortization
	\$
2025	5,135,699
2026	3,636,456
2027	6,640,650
2028	<u>224,093</u>
Total	<u><u>15,636,898</u></u>

Actuarial Assumptions

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

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	(1)
Investment Rate of Return	6.90% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, includes inflation
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of Mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2022 valuation were based on the results of a November 2021 actuarial experience study for the period 2001 to 2019. Further details of the Experience Study can be found on the CalPERS website.

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Discount Rate – The discount rate used to measure the total pension liability for the plan was 6.90%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of returns was then adjusted for assumed administrative expenses of 10 basis points.

The table below reflects the expected real rates of return by asset class.

Asset Class (1)	Assumed Asset Allocation	Real Return (1,2)
Global Equity-Cap Weighted	30.0%	4.54%
Global Equity-Non-Cap Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100.0%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

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Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, 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 (5.90 percent) or 1- percentage point higher (7.90 percent) than the current rate:

	Safety
1% Decrease	5.90%
Net Pension Liability	\$85,769,352
Current Discount Rate	6.90%
Net Pension Liability	\$58,667,099
1% Increase	7.90%
Net Pension Liability	\$36,509,079

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

F. Successor Agency Private-Purpose Trust Fund for Assets of former Redevelopment Agency of the City of Watsonville.

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Watsonville that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local governments. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill.

Resolution Number 4-12

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

Successor agencies are allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

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The Bill directed the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies 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 by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The following is a schedule of long-term liabilities for the fiscal year ended June 30, 2024:

	Balance June 30, 2023	Retirements	Balance June 30, 2024	Due Within One Year
	\$	\$	\$	\$
Refunding tax allocation bonds	5,495,000	(1,465,000)	4,030,000	945,000
Bond Premium	950,297	(86,390)	863,907	-
Total Bonds Payable	6,445,297	(1,551,390)	4,893,907	945,000
Notes Payable	461,275	(452,388)	8,887	8,887
Total	6,906,572	(2,003,778)	4,902,794	953,887

Tax allocation refunding bonds

In June of 2004 the former Redevelopment Agency of the City of Watsonville issued tax allocation bonds in three series as follows:

1. Series A - \$19,000,000
2. Series B-1 - \$2,310,000
3. Series B-2 - \$4,635,000

In April of 2016, the Successor Agency issued \$11,790,000 of 2016 Tax Allocation Refunding Bonds, Series A and \$2,420,000 of 2016 Tax Allocation Refunding Bonds, Taxable Series B for a current refunding of the \$14,190,000 2004 Tax Allocation Bonds Series A and B-1 and \$2,720,000 Tax Allocation Taxable Series B-2 Bonds. The Series A refunding bonds had \$2,965,772 of additional funding and Series B had \$410,577 of additional funding. The refunding was done to reduce future debt service payments.

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The transaction resulted in an economic gain of \$3,269,616 and a reduction of \$3,856,103 in future debt service payments and accounting loss of \$136,471 which is shown as a deferred outflow of resources to be amortized over the life of the bonds.

The annual debt services requirements for the loan outstanding as of June 30, 2024 is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
	\$	\$	\$
2025	945,000	154,200	1,099,200
2026	295,000	106,950	401,950
2027	305,000	92,200	397,200
2028	325,000	76,950	401,950
2029	330,000	69,638	399,638
2030-2034	1,830,000	179,000	2,009,000
Total	<u>4,030,000</u>	<u>678,938</u>	<u>4,708,938</u>

Notes Payable

The City and former Agency had several notes payable from the former Agency to the City for various costs and fees associated with the construction of the Civic Plaza as follows:

Parking Garage Loan for Construction Costs \$1,855,275

The State of California deemed these notes as a non-enforceable obligation, and the City could not be paid back until a finding of completion was received from the State’s Department of Finance, which the City received on February 21, 2014 and the Successor Agency’s oversight board made a finding that the notes were for a legitimate redevelopment purpose. The Oversight Board also made the finding for all the above notes. The notes are allowed to add interest based on the State of California Local Agency Investment Fund’s (LAIF) monthly interest rate. Interest has been projected for the debt service at the most recent rate available.

The annual debt services requirements for the note outstanding as of June 30, 2024 is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$
2025	8,887	-	8,887
Total	<u>8,887</u>	<u>-</u>	<u>8,887</u>

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CALIFORNIA

Required Supplementary Information

CITY OF WATSONVILLE, CALIFORNIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
JUNE 30, 2024

The following table provides required supplementary information regarding the City's Miscellaneous Pension Plan:

MEASUREMENT DATE:	2014	2015	2016	2017
TOTAL PENSION LIABILITY	\$	\$	\$	\$
Service Cost	2,348,593	2,251,567	2,250,229	2,616,009
Interest	8,369,558	8,741,399	9,093,428	9,502,933
Differences between expected and actual experience	-	(1,088,430)	(1,307,204)	(160,738)
Changes in assumptions	-	(2,194,095)	-	8,126,558
Changes in benefits	-	-	-	-
Benefit payments, including refunds of employee contributions	(4,554,651)	(4,874,482)	(5,292,339)	(5,612,765)
Net change in total pension liability	6,163,500	2,835,959	4,744,114	14,471,997
Total pension liability - beginning	112,697,136	118,860,636	121,696,595	126,440,709
Total pension liability - ending (a)	118,860,636	121,696,595	126,440,709	140,912,706
PLAN FIDUCIARY NET POSITION				
Contributions - employer	1,750,491	1,881,144	2,288,840	2,856,260
Contributions - employee	1,087,253	1,064,147	1,145,223	1,265,745
Net investment income (I)	14,090,974	2,081,010	501,726	10,269,390
Administrative expense	-	(105,873)	(57,299)	(136,723)
Benefit payments, including refunds of employee contributions	(4,554,651)	(4,874,482)	(5,292,339)	(5,612,765)
Net Plan to Plan Resource Movement	-	-	-	(2,203)
Other Miscellaneous Income/(Expense)	-	-	-	-
Net change in plan fiduciary net position	12,374,067	45,946	(1,413,849)	8,639,704
Plan fiduciary net position - beginning	81,597,739	93,971,806	94,017,752	92,603,903
Plan fiduciary net position - ending (b)	93,971,806	94,017,752	92,603,903	101,243,607
Net pension liability - ending (a)-(b)	24,888,830	27,678,843	33,836,806	39,669,099
Plan fiduciary net position as a percentage of the total pension liability	79.06%	77.26%	73.24%	71.85%
Covered payroll	17,390,545	17,452,658	17,680,742	18,366,981
Net pension liability as percentage of covered-employee payroll	143.12%	158.59%	191.38%	215.98%

Notes to Schedule:

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, 2018, 2019, 2020, 2021 and 2023 there were no changes. In 2022, the accounting discount rate reduced from 7.15% to 6.90%. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts were based on the 7.5% discount rate.

2018	2019	2020	2021	2022	2023
\$	\$	\$	\$	\$	\$
2,696,646	2,918,120	3,126,358	3,154,808	3,660,143	3,833,093
9,872,907	10,452,164	10,957,570	11,578,015	12,135,027	12,814,426
(622,350)	1,523,815	181,334	1,720,257	550,395	1,957,943
(617,380)	-	-	-	6,072,451	-
-	-	-	-	-	233,848
(5,877,340)	(6,327,905)	(6,846,317)	(7,435,396)	(7,901,930)	(8,552,266)
5,452,483	8,566,194	7,418,945	9,017,684	14,516,086	10,287,044
140,912,706	146,365,189	154,931,383	162,350,328	171,368,012	185,884,098
146,365,189	154,931,383	162,350,328	171,368,012	185,884,098	196,171,142
3,443,447	3,756,237	4,648,909	4,850,242	5,372,729	6,045,006
1,301,275	1,520,671	1,474,994	1,488,988	1,604,758	1,666,205
8,537,327	7,097,297	5,707,428	26,896,026	(10,938,130)	8,257,768
(457,364)	(76,957)	(160,932)	(118,854)	(90,115)	(97,588)
(5,877,340)	(6,327,905)	(6,846,317)	(7,435,396)	(7,901,930)	(8,552,266)
(250)	(3,911)	-	-	-	-
-	-	-	-	-	-
6,947,095	5,965,432	4,824,082	25,681,006	(11,952,688)	7,319,125
101,243,607	108,190,702	114,156,134	118,980,216	144,661,222	132,708,534
108,190,702	114,156,134	118,980,216	144,661,222	132,708,534	140,027,659
38,174,487	40,775,249	43,370,112	26,706,790	53,175,564	56,143,483
73.92%	73.68%	73.29%	84.42%	71.39%	71.38%
18,917,990	19,029,329	20,531,347	21,939,351	22,534,340	23,372,558
201.79%	214.28%	211.24%	121.73%	235.98%	240.21%

CITY OF WATSONVILLE, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
JUNE 30, 2024

The following table provides required supplementary information regarding the City's Miscellaneous Pension Plan:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 1,769,613	\$ 2,299,823	\$ 2,288,840	\$ 2,856,260	\$ 3,756,236
Contributions in relation to the actuarially determined contributions	<u>(1,769,613)</u>	<u>(2,299,823)</u>	<u>(2,288,840)</u>	<u>(2,856,260)</u>	<u>(3,756,236)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	17,452,658	17,680,742	18,366,981	18,917,990	19,029,329
Contributions as a percentage of covered payroll	10.14%	13.01%	12.46%	15.10%	19.74%
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contribution	\$ 4,648,909	\$ 4,850,246	\$ 5,372,729	\$ 6,043,172	\$ 6,445,170
Contributions in relation to the actuarially determined contributions	<u>(4,648,909)</u>	<u>(4,850,246)</u>	<u>(5,372,729)</u>	<u>(6,043,172)</u>	<u>(6,445,170)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	20,531,347	21,939,351	22,534,340	23,372,558	24,476,966
Contributions as a percentage of covered payroll	22.64%	22.11%	23.84%	25.86%	26.33%

Notes to Schedule

Valuation date:	6/30/2021
Methods and assumptions used to determine contribution rates:	
Discount Rate	6.8% @ 6/30/2024 6.8% @ 6/30/2023 7.0% @ 6/30/2022 7.0% @ 6/30/2021 7.25% @ 6/30/2020 7.375% @ 6/30/2019 7.5% @ 6/30/2018 7.5% @ 6/30/2017 7.5% @ 6/30/2016 7.5% @ 6/30/2015
Inflation	2.75% for 2015 to 2019, 2.625% for 2020, and 2.50% for 2021 and 2022, and 2.30% for 2023 and 2024.
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020, and 7.00% for 2021 and 2022, 6.80% for 2023 and 2024, net of pension plan investment expenses, including inflation.
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

(1) The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019, 2020, 2021, and 2022, pre-retirement and postretirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For 2023 and 2024, pre-retirement and postretirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

CITY OF WATSONVILLE, CALIFORNIA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN FISCAL YEARS
JUNE 30, 2024

The following table provides required supplementary information regarding the City's Safety Pension Plan:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
	\$	\$	\$	\$	\$
Proportion of the net pension liability	0.358953%	0.379737%	0.387650%	0.388914%	0.666691%
Proportionate share of the net pension liability	22,335,737	26,064,837	33,543,690	38,569,604	39,118,450
Covered payroll	10,541,326	9,190,095	9,792,080	11,557,360	11,496,504
Proportionate share of the net pension liability as percentage of covered payroll	211.89%	283.62%	342.56%	333.72%	340.26%
Plan's total pension liability	30,829,966,631	31,771,217,402	18,961,274,094	21,144,800,930	22,053,702,155
Plan fiduciary net position	24,607,502,515	24,907,305,871	13,782,056,004	15,169,595,595	16,186,149,467
Plan fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%	75.26%
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
	\$	\$	\$	\$	\$
Proportion of the net pension liability	0.679156%	0.697883%	0.826850%	0.787620%	0.784851%
Proportionate share of the net pension liability	42,396,602	46,495,443	29,018,195	54,122,250	58,667,099
Covered payroll	11,783,799	12,765,651	12,422,544	13,235,291	11,555,278
Proportionate share of the net pension liability as percentage of covered payroll	359.79%	364.22%	233.59%	408.92%	507.71%
Plan's total pension liability	23,442,265,225	24,782,493,361	172,165,293	186,461,648	197,563,906
Plan fiduciary net position	17,199,726,799	18,120,140,152	143,147,098	132,339,398	138,896,807
Plan fiduciary net position as a percentage of the total pension liability	75.20%	75.10%	88.29%	76.68%	76.21%

CITY OF WATSONVILLE, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
JUNE 30, 2024

The following table provides required supplementary information regarding the City's Safety Pension Plan:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
	\$	\$	\$	\$	\$
Actuarially determined contribution	2,648,853	2,921,288	3,364,471	3,606,866	3,940,104
Contributions in relation to the actuarially determined contributions	<u>(2,648,853)</u>	<u>(2,921,288)</u>	<u>(3,364,471)</u>	<u>(3,606,866)</u>	<u>(4,006,904)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(66,800)</u></u>
Covered payroll	9,190,095	9,792,080	11,557,360	11,496,504	11,783,799
Contributions as a percentage of covered payroll	28.82%	29.83%	29.11%	31.37%	34.00%
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
	\$	\$	\$	\$	\$
Actuarially determined contribution	4,649,154	5,129,097	5,742,501	6,231,309	6,272,876
Contributions in relation to the actuarially determined contributions	<u>(4,699,442)</u>	<u>(5,129,097)</u>	<u>(5,742,501)</u>	<u>(6,231,309)</u>	<u>(6,272,876)</u>
Contribution deficiency (excess)	<u><u>(50,288)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered payroll	12,765,651	12,422,544	13,235,291	11,555,278	13,816,012
Contributions as a percentage of covered payroll	36.81%	41.29%	43.39%	53.93%	45.40%

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Watsonville
CALIFORNIA

City of Watsonville, California

Nonmajor Governmental Funds

Special Revenue Funds

Gas Tax

The City of Watsonville receives various revenues from taxes imposed on the sale of gasoline. These funds are to be used for maintaining and improving Watsonville's roads and transportation system.

Narcotics Assets Seizure

Federal and State law authorize the seizure of assets used in the sale of illegal drugs. The proceeds from these seizures are to be used to further Police enforcement. These monies are accounted for in this fund.

Business Development

This fund collects a business license surcharge and downtown property tax assessment which is then remitted to the Chamber of Commerce and Economic Development for their respective purposes.

Economic Development

Funds held for economic development. The fund receives interest income and loan payoffs that are used to support economic development.

Library

The Library Fund receives sales tax, grants, donations and state subventions for the advancement of the Library in Watsonville. This fund receives such revenues and records their expenditures.

Parks Development

This fund's revenues are grants, park development impact fees and 1972 Landscape and Lighting Assessment fees. These funds are used to acquire, improve and maintain the government's parks.

Retirement Tax

The City of Watsonville participates in the California Public Employees Retirement System. The government's contribution for General Fund employees is funded by a voter approved property tax override. The tax is collected in this fund and then used to pay for appropriate retirement expenses.

(Continued)

City of Watsonville, California

Nonmajor Governmental Funds

Special Revenue Funds

Parking Garage

This fund is used to record operating costs used to maintain the government's parking garage downtown.

Measure G /Y

This fund was established in 2014, the Citizens of Watsonville approved an additional sales tax of .5% for seven years to increase funding for public safety.

Abandoned Vehicle

The government has assigned a Watsonville Police Department Service Specialist to aggressively enforce all State laws and City of Watsonville Ordinances pertaining to the abatement of all abandoned, wrecked, dismantled, inoperative vehicles or parts from any and all private or public properties. This fund collects State and County funds used to pay for these services.

Inclusionary Housing

The government levies an impact fee on all market rate housing development, which either requires a specified number of below market housing units be created or the payment of a fee. This fund collects those fees and uses them to create low-income housing.

SB 1 Gas Tax

This fund was established in 2017, which increased the gas tax by \$0.12 per gallon, increased the diesel fuel tax by \$0.20 per gallon, increased the sales tax on diesel fuels by an additional 4 percentage points, created an annual transportation improvement fee, and created an annual zero-emission vehicles fee.

Measure D

This fund was established in 2017, Measure D is a comprehensive and inclusive package of transportation improvements passed in November 2016 by over 2/3 of Santa Cruz County voters. This ½-cent sales tax guarantees every city and the county a steady, direct source of local funding for local streets and road maintenance, bicycle and pedestrian projects (especially near schools), safety projects, and transit and paratransit service, as well as numerous essential transportation projects and programs throughout the county.

(Concluded)

CITY OF WATSONVILLE, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

	Special Revenue Funds						
	GAS TAX	NARCOTICS ASSETS SEIZURE	BUSINESS DEVELOPMENT	ECONOMIC DEVELOPMENT	LIBRARY	PARKS DEVELOPMENT	RETIREMENT TAX
	\$	\$	\$	\$	\$	\$	\$
ASSETS:							
Cash and investments	1,017,842	229,696	369,661	33,391	1,884,006	1,871,361	788,538
Receivables:							
Interest	-	-	-	50,170	-	-	-
Taxes	120,564	-	-	-	-	-	253,502
Accounts	400	-	3,528	-	357,206	11,310	-
Intergovernmental	303,231	-	-	-	-	-	-
Loans receivable	-	-	-	48,324	-	-	-
Total Assets	1,442,037	229,696	373,189	131,885	2,241,212	1,882,671	1,042,040
LIABILITIES:							
Accounts payable	135,659	-	-	-	-	126,680	-
Accrued personnel costs	5,404	-	-	-	-	1,182	-
Retentions payable	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total Liabilities	141,063	-	-	-	-	127,862	-
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue	303,231	-	988	98,493	-	-	-
Total Deferred Inflows of Resources	303,231	-	988	98,493	-	-	-
FUND BALANCES:							
Restricted for:							
Assets seizure	-	229,696	-	-	-	-	-
Business development	-	-	372,201	-	-	-	-
Economic development	-	-	-	33,392	-	-	-
Library	-	-	-	-	2,241,212	-	-
Parks development	-	-	-	-	-	1,754,809	-
Retirement tax	-	-	-	-	-	-	1,042,040
Measure G/Y	-	-	-	-	-	-	-
Inclusionary housing	-	-	-	-	-	-	-
SB1 gas tax	997,743	-	-	-	-	-	-
Measure D	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	997,743	229,696	372,201	33,392	2,241,212	1,754,809	1,042,040
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	1,442,037	229,696	373,189	131,885	2,241,212	1,882,671	1,042,040

Continued

CITY OF WATSONVILLE, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024

	Special Revenue Funds						TOTAL
	PARKING GARAGE	MEASURE G/Y	ABANDONED VEHICLE	INCLUSIONARY HOUSING	SB 1 GAS TAX	MEASURE D	
	\$	\$	\$	\$	\$		\$
ASSETS:							
Cash and investments	-	2,104,749	54,838	143	3,696,391	4,713,525	16,764,141
Receivables:							
Interest	-	-	-	222,723	-	-	272,893
Taxes	-	930,003	-	-	107,777	186,954	1,598,800
Accounts	24,884	-	-	-	-	-	397,328
Intergovernmental	-	-	-	362,515	-	-	665,746
Loans receivable	-	-	-	1,603,538	-	-	1,651,862
Total Assets	24,884	3,034,752	54,838	2,188,919	3,804,168	4,900,479	21,350,770
LIABILITIES:							
Accounts payable	20,575	144,401	-	8,352	180,122	128,400	744,189
Accrued personnel costs	-	63,640	-	476	-	-	70,702
Retentions payable	-	2,345	-	-	7,102	-	9,447
Unearned revenue	-	-	-	340,313	-	-	340,313
Due to other funds	300,619	-	-	-	-	-	300,619
Total Liabilities	321,194	210,386	-	349,141	187,224	128,400	1,465,270
DEFERRED INFLOWS OF RESOURCES:							
Unavailable revenue	-	-	-	1,826,261	-	-	2,228,973
Total Deferred Inflows of Resources	-	-	-	1,826,261	-	-	2,228,973
FUND BALANCES:							
Restricted for:							
Assets seizure	-	-	-	-	-	-	229,696
Business development	-	-	-	-	-	-	372,201
Economic development	-	-	-	-	-	-	33,392
Library	-	-	-	-	-	-	2,241,212
Parks development	-	-	-	-	-	-	1,754,809
Retirement tax	-	-	-	-	-	-	1,042,040
Measure G/Y	-	2,824,366	-	-	-	-	2,824,366
Abandoned vehicle	-	-	54,838	-	-	-	54,838
Inclusionary housing	-	-	-	13,517	-	-	13,517
SB1 gas tax	-	-	-	-	3,616,944	-	4,614,687
Measure D	-	-	-	-	-	4,772,079	4,772,079
Unassigned	(296,310)	-	-	-	-	-	(296,310)
Total Fund Balances	(296,310)	2,824,366	54,838	13,517	3,616,944	4,772,079	17,656,527
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	24,884	3,034,752	54,838	2,188,919	3,804,168	4,900,479	21,350,770
							Concluded

CITY OF WATSONVILLE, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Special Revenue Funds						
	GAS TAX	NARCOTICS ASSETS SEIZURE	BUSINESS DEVELOPMENT	ECONOMIC DEVELOPMENT	LIBRARY	PARKS DEVELOPMENT	RETIREMENT TAX
	\$	\$	\$	\$	\$	\$	\$
REVENUES:							
Taxes	-	-	-	-	4,037,565	-	4,201,461
Licenses, permits and fees	-	-	111,963	-	14,697	706,453	-
Intergovernmental	1,396,587	-	-	-	63,995	-	-
Charges for services	-	-	-	-	-	-	-
Interest	36,745	7,715	14,135	-	89,127	55,713	-
Miscellaneous	-	21,771	-	2,591	5,715	-	-
Total revenues	1,433,332	29,486	126,098	2,591	4,211,099	762,166	4,201,461
EXPENDITURES:							
Current:							
General government	-	-	15,450	-	-	-	1,693
Public safety	-	898	-	-	-	-	-
Housing	-	-	-	-	-	-	-
Streets	1,399,017	-	-	-	-	-	-
Culture and recreation	-	-	-	-	4,152,404	338,706	-
Total expenditures	1,399,017	898	15,450	-	4,152,404	338,706	1,693
Excess (deficiency) of revenues over (under) expenditures	34,315	28,588	110,648	2,591	58,695	423,460	4,199,768
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	(24,900)	-	(159,283)	-	(3,850,000)
Total other financing sources (uses)	-	-	(24,900)	-	(159,283)	-	(3,850,000)
Net change in fund balances	34,315	28,588	85,748	2,591	(100,588)	423,460	349,768
Fund balances, July 1	963,428	201,108	286,453	30,801	2,341,800	1,331,349	692,272
Fund balances, June 30	997,743	229,696	372,201	33,392	2,241,212	1,754,809	1,042,040

Continued

CITY OF WATSONVILLE, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Special Revenue Funds						TOTAL
	PARKING GARAGE	MEASURE G/Y	ABANDONED VEHICLE	INCLUSIONARY HOUSING	SB 1 GAS TAX	MEASURE D	
	\$	\$	\$	\$	\$	\$	
REVENUES:							
Taxes	-	5,249,448	-	-	1,309,830	1,299,249	16,097,553
Licenses, permits and fees	143,381	1,377	66,746	8,560	-	-	1,053,177
Intergovernmental	-	-	-	22,202	-	-	1,482,784
Charges for services	-	-	-	268,290	-	-	268,290
Interest	-	72,204	-	3,410	120,307	144,708	544,064
Miscellaneous	7	-	-	14,590	-	-	44,674
Total revenues	143,388	5,323,029	66,746	317,052	1,430,137	1,443,957	19,490,542
EXPENDITURES:							
Current:							
General government	179,404	-	-	-	-	-	196,547
Public safety	-	5,776,396	61,800	-	-	-	5,839,094
Housing	-	-	-	300,195	-	-	300,195
Streets	-	-	-	-	612,259	1,010,069	3,021,345
Culture and recreation	-	-	-	-	-	-	4,491,110
Total expenditures	179,404	5,776,396	61,800	300,195	612,259	1,010,069	13,848,291
Excess (deficiency) of revenues over (under) expenditures	(36,016)	(453,367)	4,946	16,857	817,878	433,888	5,642,251
OTHER FINANCING SOURCES (USES):							
Transfers in	93,195	-	-	-	-	-	93,195
Transfers (out)	(19,010)	-	-	-	-	-	(4,053,193)
Total other financing sources (uses)	74,185	-	-	-	-	-	(3,959,998)
Net changes in fund balances	38,169	(453,367)	4,946	16,857	817,878	433,888	1,682,253
Fund balances, July 1	(334,479)	3,277,733	49,892	(3,340)	2,799,066	4,338,191	15,974,274
Fund balances, June 30	(296,310)	2,824,366	54,838	13,517	3,616,944	4,772,079	17,656,527
							Concluded

CITY OF WATSONVILLE, CALIFORNIA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	GAS TAX				NARCOTICS ASSETS SEIZURE			
	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final			Original	Final		
	\$	\$	\$	\$	\$	\$	\$	
REVENUES:								
Intergovernmental	1,314,339	1,310,139	1,396,587	86,448	-	-	-	-
Interest	4,200	4,200	36,745	32,545	1,500	1,500	7,715	6,215
Miscellaneous	-	-	-	-	10,000	10,000	21,771	11,771
Total revenues	1,318,539	1,314,339	1,433,332	118,993	11,500	11,500	29,486	17,986
EXPENDITURES:								
Public safety	-	-	-	-	11,500	11,500	898	10,602
Streets	575,000	1,965,435	1,399,017	566,418	-	-	-	-
Total expenditures	575,000	1,965,435	1,399,017	566,418	11,500	11,500	898	10,602
Net changes in fund balances	743,539	(651,096)	34,315	685,411	-	-	28,588	28,588
Fund balances, July 1	963,428	963,428	963,428	-	201,108	201,108	201,108	-
Fund balances, June 30	1,706,967	312,332	997,743	685,411	201,108	201,108	229,696	28,588

CITY OF WATSONVILLE, CALIFORNIA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	BUSINESS DEVELOPMENT				ECONOMIC DEVELOPMENT			
	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final			Original	Final		
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES:								
Licenses, permits and fees	85,000	85,000	111,963	26,963	-	-	-	-
Interest	1,425	1,425	14,135	12,710	-	-	-	-
Miscellaneous	6,000	6,000	-	(6,000)	-	-	2,591	2,591
Total revenues	92,425	92,425	126,098	33,673	-	-	2,591	2,591
EXPENDITURES:								
Current:								
General government	73,450	73,450	15,450	58,000	-	-	-	-
Total expenditures	73,450	73,450	15,450	58,000	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	18,975	18,975	110,648	91,673	-	-	2,591	2,591
OTHER FINANCING SOURCES (USES):								
Transfers (out)	(24,900)	(24,900)	(24,900)	-	-	-	-	-
Total other financing sources (uses)	(24,900)	(24,900)	(24,900)	-	-	-	-	-
Net changes in fund balances	(5,925)	(5,925)	85,748	91,673	-	-	2,591	2,591
Fund balances, July 1	286,453	286,453	286,453	-	30,801	30,801	30,801	-
Fund balances, June 30	280,528	280,528	372,201	91,673	30,801	30,801	33,392	2,591

CITY OF WATSONVILLE, CALIFORNIA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	LIBRARY				PARKS DEVELOPMENT			
	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final			Original	Final		
	\$	\$	\$	\$	\$	\$	\$	
REVENUES:								
Taxes	4,211,968	4,211,968	4,037,565	(174,403)	-	-	-	-
Licenses, permits and fees	13,000	13,000	14,697	1,697	-	219,301	706,453	487,152
Intergovernmental	61,243	61,243	63,995	2,752	-	-	-	-
Interest	20,000	20,000	89,127	69,127	-	8,000	55,713	47,713
Miscellaneous	10,000	10,000	5,715	(4,285)	-	-	-	-
Total revenues	4,316,211	4,316,211	4,211,099	(105,112)	-	227,301	762,166	534,865
EXPENDITURES:								
Current:								
Culture and recreation	4,072,455	4,342,455	4,152,404	190,051	627,577	464,100	338,706	125,394
Total expenditures	4,072,455	4,342,455	4,152,404	190,051	627,577	464,100	338,706	125,394
Excess (deficiency) of revenues over (under) expenditures	243,756	(26,244)	58,695	84,939	(627,577)	(236,799)	423,460	660,259
OTHER FINANCING SOURCES (USES):								
Transfers (out)	(159,283)	(159,283)	(159,283)	-	-	-	-	-
Total other financing sources (uses)	(159,283)	(159,283)	(159,283)	-	-	-	-	-
Net change in fund balances	84,473	(185,527)	(100,588)	84,939	(627,577)	(236,799)	423,460	660,259
Fund balances, July 1	2,341,800	2,341,800	2,341,800	-	1,331,349	1,331,349	1,331,349	-
Fund balances, June 30	2,426,273	2,156,273	2,241,212	84,939	703,772	1,094,550	1,754,809	660,259

CITY OF WATSONVILLE, CALIFORNIA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	RETIREMENT TAX				PARKING GARAGE			
	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final			Original	Final		
	\$	\$	\$	\$	\$	\$	\$	
REVENUES:								
Taxes	3,873,308	3,873,308	4,201,461	328,153	-	-	-	-
Licenses, permits, and fees	-	-	-	-	162,000	162,000	143,381	(18,619)
Miscellaneous	-	-	-	-	-	-	7	7
Total revenues	<u>3,873,308</u>	<u>3,873,308</u>	<u>4,201,461</u>	<u>328,153</u>	<u>162,000</u>	<u>162,000</u>	<u>143,388</u>	<u>(18,612)</u>
EXPENDITURES:								
Current:								
General government	3,000	3,000	1,693	1,307	176,691	176,691	179,404	(2,713)
Total expenditures	<u>3,000</u>	<u>3,000</u>	<u>1,693</u>	<u>1,307</u>	<u>176,691</u>	<u>176,691</u>	<u>179,404</u>	<u>(2,713)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,870,308</u>	<u>3,870,308</u>	<u>4,199,768</u>	<u>329,460</u>	<u>(14,691)</u>	<u>(14,691)</u>	<u>(36,016)</u>	<u>(21,325)</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	-	-	93,195	93,195	93,195	-
Transfers (out)	(3,850,000)	(3,850,000)	(3,850,000)	-	(19,010)	(19,010)	(19,010)	-
Total other financing sources (uses)	<u>(3,850,000)</u>	<u>(3,850,000)</u>	<u>(3,850,000)</u>	<u>-</u>	<u>74,185</u>	<u>74,185</u>	<u>74,185</u>	<u>-</u>
Net change in fund balances	<u>20,308</u>	<u>20,308</u>	<u>349,768</u>	<u>329,460</u>	<u>59,494</u>	<u>59,494</u>	<u>38,169</u>	<u>(21,325)</u>
Fund balances, July 1	<u>692,272</u>	<u>692,272</u>	<u>692,272</u>	<u>-</u>	<u>(334,479)</u>	<u>(334,479)</u>	<u>(334,479)</u>	<u>-</u>
Fund balances, June 30	<u>712,580</u>	<u>712,580</u>	<u>1,042,040</u>	<u>329,460</u>	<u>(274,985)</u>	<u>(274,985)</u>	<u>(296,310)</u>	<u>(21,325)</u>

CITY OF WATSONVILLE, CALIFORNIA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	MEASURES G/Y				ABANDONED VEHICLE			
	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final			Original	Final		
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES:								
Taxes	5,205,309	5,205,309	5,249,448	44,139	-	-	-	-
Licenses, permits and fees	100	100	1,377	1,277	60,000	60,000	66,746	6,746
Interest	21,000	21,000	72,204	51,204	-	-	-	-
Total revenues	<u>5,226,409</u>	<u>5,226,409</u>	<u>5,323,029</u>	<u>96,620</u>	<u>60,000</u>	<u>60,000</u>	<u>66,746</u>	<u>6,746</u>
EXPENDITURES:								
Current:								
Public safety	8,261,895	7,990,252	5,776,396	2,213,856	61,800	61,800	61,800	-
Total expenditures	<u>8,261,895</u>	<u>7,990,252</u>	<u>5,776,396</u>	<u>2,213,856</u>	<u>61,800</u>	<u>61,800</u>	<u>61,800</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,035,486)</u>	<u>(2,763,843)</u>	<u>(453,367)</u>	<u>2,310,476</u>	<u>(1,800)</u>	<u>(1,800)</u>	<u>4,946</u>	<u>6,746</u>
Net change in fund balances	<u>(3,035,486)</u>	<u>(2,763,843)</u>	<u>(453,367)</u>	<u>2,310,476</u>	<u>(1,800)</u>	<u>(1,800)</u>	<u>4,946</u>	<u>6,746</u>
Fund balances, July 1	<u>3,277,733</u>	<u>3,277,733</u>	<u>3,277,733</u>	<u>-</u>	<u>49,892</u>	<u>49,892</u>	<u>49,892</u>	<u>-</u>
Fund balances, June 30	<u><u>242,247</u></u>	<u><u>513,890</u></u>	<u><u>2,824,366</u></u>	<u><u>2,310,476</u></u>	<u><u>48,092</u></u>	<u><u>48,092</u></u>	<u><u>54,838</u></u>	<u><u>6,746</u></u>

CITY OF WATSONVILLE, CALIFORNIA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	INCLUSIONARY HOUSING				SB 1 - GAS TAX			
	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final			Original	Final		
	\$	\$	\$	\$	\$	\$	\$	
REVENUES:								
Taxes	-	-	-	-	1,050,000	1,050,000	1,309,830	259,830
Licenses, permits and fees	25,000	25,000	8,560	(16,440)	-	-	-	-
Intergovernmental	-	1,546,047	22,202	(1,523,845)	-	-	-	-
Charges for services	500,000	500,000	268,290	(231,710)	-	-	-	-
Interest	-	-	3,410	3,410	5,000	5,000	120,307	115,307
Miscellaneous	5,000	5,000	14,590	9,590	-	-	-	-
Total revenues	530,000	2,076,047	317,052	(1,758,995)	1,055,000	1,055,000	1,430,137	375,137
EXPENDITURES:								
Current:								
Housing	355,222	1,932,883	300,195	1,632,688	-	-	-	-
Streets	-	-	-	-	1,020,482	2,533,617	612,259	1,921,358
Total expenditures	355,222	1,932,883	300,195	1,632,688	1,020,482	2,533,617	612,259	1,921,358
Excess (deficiency) of revenues over (under) expenditures	174,778	143,164	16,857	(126,307)	34,518	(1,478,617)	817,878	2,296,495
Net changes in fund balances	174,778	143,164	16,857	(126,307)	34,518	(1,478,617)	817,878	2,296,495
Fund balances, July 1	(3,340)	(3,340)	(3,340)	-	2,799,066	2,799,066	2,799,066	-
Fund balances, June 30	171,438	139,824	13,517	(126,307)	2,833,584	1,320,449	3,616,944	2,296,495

CITY OF WATSONVILLE, CALIFORNIA
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	MEASURE D			Variance With Final Budget - Positive (Negative) \$
	Budgeted Amounts		Actual \$	
	Original \$	Final \$		
REVENUES:				
Taxes	1,000,000	1,000,000	1,299,249	299,249
Interest	10,000	10,000	144,708	134,708
Total revenues	<u>1,010,000</u>	<u>1,010,000</u>	<u>1,443,957</u>	<u>433,957</u>
EXPENDITURES:				
Current:				
Streets	5,386,833	5,156,422	1,010,069	4,146,353
Total expenditures	<u>5,386,833</u>	<u>5,156,422</u>	<u>1,010,069</u>	<u>4,146,353</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,376,833)</u>	<u>(4,146,422)</u>	<u>433,888</u>	<u>4,580,310</u>
Net change in fund balance	<u>(4,376,833)</u>	<u>(4,146,422)</u>	<u>433,888</u>	<u>4,580,310</u>
Fund balance, July 1	<u>4,338,191</u>	<u>4,338,191</u>	<u>4,338,191</u>	<u>-</u>
Fund balance, June 30	<u><u>(38,642)</u></u>	<u><u>191,769</u></u>	<u><u>4,772,079</u></u>	<u><u>4,580,310</u></u>

CITY OF WATSONVILLE, CALIFORNIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
	\$	\$	\$	\$
EXPENDITURES:				
Debt service:				
Principal	486,459	486,459	486,460	(1)
Interest and fiscal charges	12,095	12,095	16,319	(4,224)
Total expenditures	498,554	498,554	502,779	(4,225)
Excess (deficiency) of revenues over (under) expenditures	(498,554)	(498,554)	(502,779)	(4,225)
OTHER FINANCING SOURCES (USES):				
Transfers in	498,554	498,554	500,357	1,803
Total other financing sources (uses)	498,554	498,554	500,357	1,803
Net change in fund balance	-	-	(2,422)	(2,422)
Fund balance, July 1	324,294	324,294	324,294	-
Fund balance, June 30	324,294	324,294	321,872	(2,422)

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Watsonville
CALIFORNIA

STATISTICAL SECTION

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

Content	Page
Financial Trends	125
These schedules contain trend information to help the reader understand how the city’s financial performance and well-being have changed over time.	
Revenue Capacity	130
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	
Debt Capacity	135
These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	
Demographic and Economic Information	139
These schedules offer the demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place.	
Operating Information	142
These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs.	

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

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Watsonville
CALIFORNIA

CITY OF WATSONVILLE, CALIFORNIA

Net Position By Component
Last Ten Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governmental activities										
Net investment in capital assets	114,148	110,806	111,256	108,892	110,033	109,660	108,607	111,205	113,121	115,866
Restricted	44,188	16,754	16,496	19,849	19,803	8,803	24,412	27,012	27,082	56,061
Unrestricted	(39,888)	(7,184)	(3,294)	475	(1,797)	6,712	(4,162)	(4,102)	3,333	(21,076)
Total governmental activities net position	<u>118,448</u>	<u>120,376</u>	<u>124,458</u>	<u>129,216</u>	<u>128,039</u>	<u>125,175</u>	<u>128,857</u>	<u>134,115</u>	<u>143,536</u>	<u>150,851</u>
Business-type activities										
Net investment in capital assets	98,484	94,655	96,034	95,782	92,296	97,119	93,904	96,016	100,264	110,886
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(2,581)	2,587	5,524	9,085	20,058	19,821	27,642	34,895	43,746	40,898
Total business-type activities net position	<u>95,903</u>	<u>97,242</u>	<u>101,558</u>	<u>104,867</u>	<u>112,354</u>	<u>116,940</u>	<u>121,546</u>	<u>130,911</u>	<u>144,010</u>	<u>151,784</u>
Primary government										
Net investment in capital assets	212,632	205,461	207,290	204,674	202,329	206,779	202,511	207,222	213,386	226,752
Restricted	44,188	16,754	16,496	19,849	19,803	22,228	24,412	27,012	27,082	56,061
Unrestricted	(42,469)	(4,597)	2,230	9,560	18,261	13,109	23,480	30,793	47,079	19,822
Total primary government net position	<u>214,351</u>	<u>217,618</u>	<u>226,016</u>	<u>234,083</u>	<u>240,393</u>	<u>242,116</u>	<u>250,403</u>	<u>265,027</u>	<u>287,547</u>	<u>302,635</u>

CITY OF WATSONVILLE, CALIFORNIA

Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)
 (amounts expressed in thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expenses:										
Governmental activities:										
General government	5,494	7,151	8,257	7,032	15,143	13,812	8,599	12,246	17,339	23,175
Public safety	25,716	27,751	27,382	30,972	31,221	35,811	35,608	33,149	35,379	39,040
Housing	1,298	1,389	2,318	1,158	2,289	2,059	24,412	3,255	1,191	1,777
Highways and streets	4,697	3,043	6,348	5,974	8,561	6,931	8,652	6,050	3,894	7,569
Culture and recreation	7,916	8,613	7,817	8,591	9,152	9,850	(4,162)	10,264	12,398	12,902
Interest on long term debt	132	112	146	158	491	78	123	42	35	16
Total government activities	<u>45,253</u>	<u>48,059</u>	<u>52,268</u>	<u>53,885</u>	<u>66,857</u>	<u>68,541</u>	<u>73,232</u>	<u>65,006</u>	<u>70,236</u>	<u>84,479</u>
Business-type activities:										
Water	11,583	15,537	13,851	12,038	13,996	19,378	15,960	16,095	16,473	17,184
Sewer	10,741	10,731	10,272	13,175	14,195	14,099	14,190	13,633	14,509	18,956
Solid Waste	10,136	9,181	10,976	12,758	11,925	12,567	19,189	14,355	15,640	15,930
Airport	2,580	2,225	2,684	3,382	5,118	3,803	4,235	4,470	3,974	5,278
Fiber Optic	-	8	41	46	68	59	69	64	62	77
Total business-type activities	<u>35,040</u>	<u>37,682</u>	<u>37,824</u>	<u>41,399</u>	<u>45,302</u>	<u>49,906</u>	<u>53,643</u>	<u>48,617</u>	<u>50,658</u>	<u>57,425</u>
Total primary government	<u>80,293</u>	<u>85,741</u>	<u>90,092</u>	<u>95,284</u>	<u>112,159</u>	<u>118,447</u>	<u>126,875</u>	<u>113,623</u>	<u>120,894</u>	<u>141,904</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	5,488	5,524	8,426	8,285	12,233	8,649	9,181	9,420	13,642	13,344
Public safety	1,396	1,853	1,780	1,875	822	874	821	777	914	791
Housing	391	-	675	289	866	782	667	1,269	134	168
Highways and streets	1,585	1,858	2,284	2,663	1,057	799	64	34	244	145
Culture and recreation	1,330	833	952	1,189	1,244	832	606	669	479	1,090
Operating grants and contributions	2,393	3,590	3,310	2,772	2,501	5,988	5,100	3,541	3,621	1,984
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>12,583</u>	<u>13,658</u>	<u>17,427</u>	<u>17,073</u>	<u>18,723</u>	<u>17,924</u>	<u>16,439</u>	<u>15,710</u>	<u>19,034</u>	<u>17,522</u>
Business-type activities:										
Charges for services:										
Water	12,075	12,756	14,617	15,243	17,358	20,484	19,885	21,045	22,041	21,109
Sewer	10,046	14,307	12,069	12,475	13,444	14,153	15,119	16,366	18,226	17,603
Solid Waste	10,471	10,746	11,225	12,549	13,493	14,587	18,310	16,116	16,946	18,989
Airport	1,956	2,159	1,937	2,576	5,595	3,713	2,432	2,706	2,799	2,971
Fiber Optic	-	23	44	43	45	74	609	94	140	131
Operating grants and contributions	901	759	1,373	1,430	2,016	796	732	(20)	465	369
Capital grants and contributions	590	659	1,104	311	94	163	107	489	49	277
Total business-type activities program revenues	<u>36,039</u>	<u>41,409</u>	<u>42,369</u>	<u>44,627</u>	<u>52,045</u>	<u>53,970</u>	<u>57,194</u>	<u>56,796</u>	<u>60,666</u>	<u>61,449</u>

Continued

CITY OF WATSONVILLE, CALIFORNIA

**Changes In Net Position
Last Ten Fiscal Years**
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net (expense) / revenue										
Governmental activities	(32,670)	(34,401)	(34,840)	(37,564)	(48,134)	(50,655)	(46,217)	(49,359)	(51,409)	(66,956)
Business-type activities	999	3,727	4,544	3,227	6,744	4,065	3,551	8,179	10,008	3,697
Total primary government net expense	<u>(31,671)</u>	<u>(30,674)</u>	<u>(30,296)</u>	<u>(34,337)</u>	<u>(41,390)</u>	<u>(46,590)</u>	<u>(42,666)</u>	<u>(41,180)</u>	<u>(41,401)</u>	<u>(63,259)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	11,868	12,846	13,300	13,436	15,669	16,243	16,169	16,977	17,802	18,990
Sales taxes	13,988	16,693	16,083	18,393	19,369	19,075	22,232	24,408	25,337	32,590
Utility users taxes	3,437	3,183	3,679	4,019	4,011	4,265	3,994	4,144	4,358	4,676
Franchise taxes	404	456	471	436	460	458	563	538	572	669
Other taxes	1,295	1,457	1,792	2,060	3,125	2,906	2,610	3,618	3,694	3,789
Intergovernmental revenue not restricted	1,475	1,120	1,009	1,048	1,021	1,139	1,434	1,727	3,963	4,895
Transfers	226	232	308	270	272	251	246	284	285	285
Unrestricted investment earnings	1,916	2,098	2,218	2,660	3,030	3,416	2,531	2,857	4,449	8,376
Other revenue	-	-	-	-	-	-	-	-	31	-
Total governmental activities	<u>34,609</u>	<u>38,085</u>	<u>38,860</u>	<u>42,322</u>	<u>46,957</u>	<u>47,753</u>	<u>49,779</u>	<u>54,553</u>	<u>60,491</u>	<u>74,270</u>
Business-type activities:										
Transfers	(226)	(231)	(308)	(270)	(272)	(251)	(246)	(284)	(285)	(285)
Other Revenue	-	-	-	-	-	-	1,274	1,296	1,151	1,335
Unrestricted investment earnings	269	201	206	352	1,014	811	70	239	2,431	3,027
Total business-type activities	<u>43</u>	<u>-30</u>	<u>(102)</u>	<u>82</u>	<u>742</u>	<u>560</u>	<u>1,098</u>	<u>1,251</u>	<u>3,297</u>	<u>4,077</u>
Total primary government	<u>34,652</u>	<u>38,055</u>	<u>38,758</u>	<u>42,404</u>	<u>47,699</u>	<u>48,313</u>	<u>50,877</u>	<u>55,804</u>	<u>63,788</u>	<u>78,347</u>
Change in net position before extraordinary item										
Governmental activities	1,939	3,683	4,020	4,758	(1,177)	(2,863)	3,605	5,258	9,289	7,314
Business-type activities	1,043	3,696	4,442	3,309	7,486	4,586	4,606	9,366	13,099	7,774
Total primary government	<u>2,982</u>	<u>7,379</u>	<u>8,462</u>	<u>8,067</u>	<u>6,309</u>	<u>1,723</u>	<u>8,211</u>	<u>14,624</u>	<u>22,388</u>	<u>15,088</u>
Extraordinary items										
Governmental activities	-	-	-	-	-	-	-	-	-	-
Total primary government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position										
Governmental activities	1,939	3,683	4,020	4,758	(1,177)	(2,863)	3,605	5,258	9,289	7,314
Business-type activities	1,043	3,696	4,442	3,309	7,486	4,586	4,606	9,366	13,099	7,774
Total primary government	<u>2,982</u>	<u>7,379</u>	<u>8,462</u>	<u>8,067</u>	<u>6,309</u>	<u>1,723</u>	<u>8,211</u>	<u>14,624</u>	<u>22,388</u>	<u>15,088</u>

Concluded

CITY OF WATSONVILLE, CALIFORNIA

**Fund Balances of Governmental Funds
Last Ten Fiscal Years**
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General fund										
Nonspendable	35	3,365	2,965	2,588	123	114	308	147	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unassigned	4,595	4,228	6,057	10,342	13,144	16,478	18,253	18,228	21,626	34,011
Total general fund	<u>4,630</u>	<u>7,593</u>	<u>9,022</u>	<u>12,930</u>	<u>13,267</u>	<u>16,592</u>	<u>18,561</u>	<u>18,375</u>	<u>21,626</u>	<u>34,011</u>
All other governmental funds										
Restricted, reported in										
Special revenue funds	14,566	18,216	17,880	20,926	20,607	22,465	24,778	27,107	27,096	31,628
Debt service funds	72	125	131	123	129	238	247	246	324	322
Unassigned	(1,069)	(770)	(740)	(728)	(615)	(475)	(404)	(381)	(338)	(296)
Total all other governmental funds	<u>13,569</u>	<u>17,571</u>	<u>17,271</u>	<u>20,321</u>	<u>20,121</u>	<u>22,228</u>	<u>24,621</u>	<u>26,972</u>	<u>27,082</u>	<u>31,654</u>

CITY OF WATSONVILLE, CALIFORNIA

**Net Change in Fund Balances of Governmental Funds
Last Ten Fiscal Years**

(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxes	32,466	35,754	36,198	39,392	43,655	42,029	45,583	49,693	51,763	60,714
Licenses, permits, and fees	5,248	5,795	5,885	6,642	5,971	5,315	3,378	5,848	3,204	5,770
Intergovernmental	2,458	3,336	3,410	3,455	3,417	9,167	5,734	5,735	7,891	11,229
Charges for services	2,458	2,945	2,770	3,224	3,072	3,534	3,396	3,523	3,915	4,700
Fines	552	690	737	723	708	24,412	462	593	530	455
Interest	2,076	2,168	2,435	2,869	3,405	3,280	2,529	2,844	4,282	8,202
Special assessment	91	77	60	58	50	(4,162)	-	-	-	-
Miscellaneous	1,995	2,810	1,871	2,491	3,007	3,826	3,940	3,785	8,177	5,008
Total revenues	47,344	53,575	53,366	58,854	63,285	87,401	65,022	72,021	79,762	96,078
Expenditures										
Current:										
General government	5,574	6,989	7,556	7,978	13,062	11,330	10,089	14,262	19,000	19,394
Public safety	22,707	24,860	24,271	26,744	30,459	30,543	30,012	33,544	34,910	37,597
Housing	1,298	1,389	2,318	1,158	2,289	2,059	4,159	3,057	1,191	1,777
Streets	4,252	1,672	5,772	5,385	8,759	8,911	7,827	8,770	8,972	8,625
Culture and recreation	7,172	7,090	7,079	7,837	9,406	9,076	8,297	9,383	11,601	11,302
Debt service:										
Principal	495	429	478	463	730	797	2,391	785	976	688
Interest and fiscal charges	159	183	173	161	220	82	147	49	37	23
Total expenditures	42,474	45,898	52,480	49,726	64,925	62,798	62,922	69,850	76,687	79,406
Excess (deficiency) of revenues over (under) expenditures	4,870	7,677	886	9,128	(1,640)	24,603	2,100	2,171	3,075	16,672
Other financing sources (uses)										
Bond/note proceeds	-	-	-	-	1,541	144	1,649	-	-	-
Transfers in	3,340	3,692	3,562	4,464	5,457	4,750	6,171	4,795	5,310	4,772
Transfers out	(3,150)	(3,496)	(3,290)	(4,230)	(5,222)	(4,535)	(5,926)	(4,510)	(5,025)	(4,487)
Total other financing sources (uses)	190	196	272	234	1,776	359	1,894	285	285	285
Net change in fund balances before extraordinary items	5,060	7,873	1,158	9,362	136	24,962	3,995	2,456	3,360	16,957
Extraordinary items	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	5,060	7,873	1,158	9,362	136	24,962	3,995	2,456	3,360	16,957
Debt service as a percentage of noncapital expenditures	**	1.4%	1.6%	1.5%	1.4%	1.5%	1.4%	4.3%	1.2%	1.3%

** Capital Outlay reconciliation amount was used for the percentage calculation. It reduced noncapital expenditures.

CITY OF WATSONVILLE, CALIFORNIA

**General Governmental Tax Revenues By Source
Last Ten Fiscal Years**

(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Utility User Tax	Other Tax	Total
	\$	\$	\$	\$	\$	\$
2015	11,868	13,988	404	3,437	1,295	30,992
2016	12,846	16,693	455	3,183	1,457	34,634
2017	13,300	16,083	471	3,679	1,793	35,326
2018	13,436	18,393	436	4,019	3,108	39,392
2019	15,669	19,369	460	4,011	3,125	42,634
2020	16,243	19,075	458	4,265	2,906	42,947
2021	16,169	22,232	563	3,994	2,610	45,568
2022	16,977	24,408	538	4,144	3,618	49,685
2023	17,802	25,337	572	4,358	3,694	51,763
2024	18,990	32,590	670	4,676	3,789	60,715

Source: City of Watsonville Finance Department

CITY OF WATSONVILLE, CALIFORNIA

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**
(amounts expressed in thousands)

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property	Less: Tax Exempt Property	Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value	Assessed Value as a % of Actual Taxable Value
	\$	\$	\$	\$	\$	\$	\$	%	\$	%
2015	2,316,558	548,165	106,401	350,110	231,586	185,687	3,367,133	1.18	3,367,133	1.00
2016	2,456,187	563,026	115,344	361,791	235,517	200,675	3,531,190	1.18	3,531,190	1.00
2017	2,606,044	626,252	135,130	394,814	229,211	229,936	3,761,515	1.16	3,761,515	1.00
2018	2,757,691	609,505	168,676	435,526	259,425	252,874	3,977,950	1.17	3,977,950	1.00
2019	2,727,533	583,841	442,945	421,714	262,350	222,957	4,215,426	1.16	4,215,426	1.00
2020	2,858,513	618,090	470,547	459,879	277,705	246,737	4,437,997	1.09	4,437,997	1.00
2021	3,002,026	640,089	485,947	410,766	276,813	205,383	4,610,258	1.16	4,610,258	1.00
2022	3,150,126	671,837	505,514	456,649	275,930	249,202	4,810,854	1.09	4,810,854	1.00
2023	3,288,822	757,157	515,612	507,728	290,464	307,240	5,052,543	1.16	5,052,543	1.00
2024	3,445,220	808,533	538,541	530,585	315,084	337,827	5,300,136	1.16	5,300,136	1.00

Notes: Source: HDL, Coren & Cone
Source: Previously published CAFR Reports
(1.) Total Direct Tax Rate is represented by TRA 02-021

CITY OF WATSONVILLE, CALIFORNIA

**Property Tax Rates - Direct
and Overlapping
(Per \$100 of Assessed Value)
Last Ten Years**

Year	Basic Countywide Levy	School Districts	Retirement	Total
2015	1.000	0.098	0.077	1.175
2016	1.000	0.101	0.077	1.178
2017	1.000	0.086	0.077	1.163
2018	1.000	0.094	0.077	1.171
2019	1.000	0.081	0.077	1.158
2020	1.000	0.087	0.077	1.164
2021	1.000	0.084	0.077	1.161
2022	1.000	0.090	0.077	1.167
2023	1.000	0.085	0.077	1.162
2024	1.000	0.082	0.077	1.159

Source: HDL, Coren & Cone

CITY OF WATSONVILLE, CALIFORNIA
Principal Property Taxpayers
June 30, 2024
(amounts expressed in thousands)

	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
	\$		%	\$		%
S Martinelli And Company	58,912	1	1.18%	41,121	2	1.28%
MPT of Watsonville	48,313	2	0.97%			
OW Family-Lee Road LLC	31,444	3	0.63%			
Freedom Associates LLC	31,100	4	0.62%	22,485	3	0.70%
Blackbird Homes LLC	28,278	5	0.57%			
WRI Freedom Center LP	27,479	6	0.55%	18,098	7	0.56%
Save Mart Portfolio Owner Fund V Ca	26,010	7	0.52%			
111 Jennings Drive LLC	24,162	8	0.48%			
Home Depot USA	22,513	9	0.45%			
Granite Construction Inc	19,951	10	0.40%			
Watsonville Hospital Corp				60,482	1	1.88%
Harvest Drive Properties LLC				20,237	5	0.63%
George Ow Jr Trustee ET AL				17,108	8	0.53%
Terminal Freezers LLC				21,419	4	0.67%
Home Depot Dev of Maryland INC				16,700	6	0.52%
Fox Factory Inc				16,009	9	0.46%
Dayton Hudson Corporation				15,897	10	0.49%
Totals	<u>318,162</u>		<u>6.37%</u>	<u>249,556</u>		<u>7.72%</u>

Source: HDL, Coren & Cone

CITY OF WATSONVILLE, CALIFORNIA

**Property Tax Collection
Last Ten Fiscal Years**

Fiscal Year	Total * Tax Levy	Current Tax * Collections	Percent Of Levy Collected	Supplemental Tax Collections	Delinquent Tax * Collections	Total Tax Collections
	\$	\$	\$	\$	\$	\$
2015	7,837,187	7,837,187	100%	112,079	-	7,949,266
2016	7,801,004	7,801,004	100%	117,264	-	7,918,268
2017	8,615,411	8,615,411	100%	200,484	-	8,815,895
2018	8,605,570	8,605,570	100%	225,296	-	8,830,866
2019	10,536,951	10,536,951	100%	238,730	-	10,775,681
2020	10,859,042	10,859,042	100%	212,455	-	11,071,497
2021	10,732,446	10,732,446	100%	127,234	-	10,859,680
2022	11,026,084	11,026,084	100%	352,022	-	11,378,106
2023	11,707,891	11,707,891	100%	296,479	-	12,004,370
2024	12,654,817	12,654,817	100%	270,050	-	12,924,867

Source: City of Watsonville

*Property Tax collection equals property Tax collected due to agreement with the County of Santa Cruz.
With this agreement the City does not receive any Delinquent tax collection.

CITY OF WATSONVILLE, CALIFORNIA

**Ratio of Outstanding Debt By Type
Last Ten Fiscal Years**

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Debt	Special Assessment Debt	Capital Leases	Revenue Bonds	Loans & Notes	Capital Leases			
	\$	\$	\$	\$	\$	\$	\$		
2015	4,676	290	-	29,057	11,124	-	45,147	5.22%	0.875
2016**	4,254	214	-	677	347	-	5,492	0.59%	0.104
2017	3,818	149	-	461	582	-	5,010	0.50%	0.092
2018	3,406	98	-	235	922	-	4,661	0.47%	0.090
2019	4,283	49	-	-	1,639	-	5,971	0.59%	0.113
2020	3,679	-	-	-	1,693	-	5,372	0.50%	0.104
2021	2,938	-	-	-	8,150	-	11,088	1.24%	0.216
2022	2,153	-	-	-	7,371	-	9,524	0.94%	0.219
2023	2,243	-	-	-	12,633	-	14,876	1.17%	0.298
2024	1,555	-	-	-	11,749	-	13,304	0.94%	0.261

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

1 See the Schedule of Demographic and Economic Statistics for the personal income and population data.

CITY OF WATSONVILLE, CALIFORNIA

**Ratio of Net General Obligation Debt Outstanding
Last Ten Fiscal Years**
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Debt	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
	\$	\$	\$		\$
2015	4,676	72	4,604	0.15%	1,121
2016	4,254	125	4,129	0.13%	1,250
2017	3,818	131	3,687	0.12%	1,438
2018	3,406	123	3,283	0.09%	1,615
2019	4,283	129	4,154	0.10%	1,276
2020	3,679	238	3,441	0.08%	1,497
2021	2,938	247	2,691	0.06%	1,909
2022	2,153	246	1,907	0.04%	2,657
2023	2,243	324	1,919	0.04%	2,599
2024	1,555	322	1,233	0.02%	4,139

Note: Detail of the City's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for estimated actual property value data.

Population data can be found in the Schedule of Demographic and Economic Statistics

CITY OF WATSONVILLE, CALIFORNIA

Legal Debt Margin Information

Last Ten Fiscal Years

(amounts expressed in thousands)

	Fiscal Year									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Debt limit	133,232	139,945	149,679	158,656	166,439	175,678	181,450	189,752	200,992	211,424
Total net debt applicable to limit	4,676	4,129	3,687	3,283	4,154	3,441	2,691	1,907	1,919	1,233
Legal debt margin	<u>128,556</u>	<u>135,816</u>	<u>145,992</u>	<u>155,373</u>	<u>162,285</u>	<u>172,237</u>	<u>178,759</u>	<u>187,845</u>	<u>199,073</u>	<u>210,191</u>
Total net debt applicable to the limit as a percentage of debt limit	3.510%	2.950%	2.463%	2.069%	2.496%	1.959%	1.483%	1.005%	0.955%	0.583%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed value	\$ 5,300,136
Add back: exempt real property	<u>337,827</u>
Total assessed value	5,637,963
Debt Limit = 3.75% of assessed valuation	211,424
Debt applicable to limit	1,555
Less: Amount set aside for repayment of general obligation debt	<u>322</u>
Total net debt applicable to limit	<u>1,233</u>
Legal debt margin	<u>\$ 210,191</u>

Source: City of Watsonville

CITY OF WATSONVILLE, CALIFORNIA

**Computation of Direct and Overlapping Bonded Debt
June 30, 2024**

(amounts expressed in thousands, except per capita amount)

Jurisdiction	Total Debt Outstanding	(1) Percentage Applicable	Estimated Share of Overlapping Debt
	\$		\$
Direct Debt:			
City of Watsonville	5,300	100%	5,300
Total of Direct Debt			5,300
Overlapping Tax Debt:			
Cabrillo Joint Community College District	91,587	5.98%	5,479
Pajaro Valley Unified School District	155,583	26.42%	41,097
Santa Cruz County General Fund Obligations	167,498	9.06%	15,169
Santa Cruz County Office of Education General Fund Obligations	6,612	9.06%	599
Pajaro Valley Joint Unified School District Certificates of Participation	11,170	26.42%	2,951
City of Watsonville General Fund Obligations (2)	1,943	100.00%	1,943
Successor Agency	4,030	100.00%	4,030
Total Overlapping Debt	<u>438,423</u>		<u>71,267</u> ⁽³⁾
Total Direct and Overlapping Bonded Debt	<u><u>443,723</u></u>		<u><u>71,272</u></u>

Source: Wildan Financial Services

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Includes share of Santa Cruz County Emergency Communications Center obligations (\$392,713).

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

CITY OF WATSONVILLE, CALIFORNIA

**Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population (1)	Personal (2) Income (amounts expressed in thousands) \$	Per Capita Personal Income \$	Median Age (3)	Education Level in Years of Formal Schooling	School (4) Enrollment	Unemployment Rate (5)
2015	52,087	864,719	16.601	29	N/A	20,438	19.2%
2016	52,891	934,271	17.664	29.9	N/A	20,354	19.2%
2017	53,015	981,527	18.514	30.1	N/A	20,400	19.2%
2018	53,434	1,052,216	19.692	29.7	N/A	20,279	19.3%
2019	53,021	1,014,448	19.133	29.7	N/A	20,106	10.4%
2020	51,515	1,068,567	20.742	30.3	N/A	18,616	10.1%
2021	51,366	1,122,733	21.857	30.3	N/A	19,772	14.8%
2022	50,669	1,183,950	23.366	30.9	N/A	18,675	13.6%
2023	49,876	1,270,289	25.468	31.1	N/A	18,094	10.3%
2024	51,032	1,415,139	27.730	33	N/A	17,452	11.0%

Source: MuniServices, LLC & Data Reporting Office Ca. Dept of Ed.

1.) Population Projections are provided by the California Department of Finance Projections.

2.) Income Data is derived from previous income adjusted for inflation.

3.) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

4.) Student Enrollment reflects the total number of students enrolled in the Pajaro Valley Unified School District. Other School Districts w/in the City are not accounted for in this statistics.

CITY OF WATSONVILLE, CALIFORNIA

**Principal Employers
Current Fiscal Year and Ten Years Ago**

	<u>2024</u>			<u>2015</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Pajaro Valley Unified School District	2,269	1	9.78%	2,022	1	9.19%
Watsonville Community Hospital	638	2	2.75%	613	2	2.79%
Granite Construction	521	3	2.25%			
Del Mar Food Products, Inc	450	4	1.94%			
City of Watsonville *	406	5	1.75%	369	4	1.68%
Lakeside Organic Gardens LLC	276	6	1.19%			
Nordic Naturals, Inc	263	7	1.13%			
S Martinelli & Co.	241	8	1.04%	280	6	1.27%
FedEx Ground Package Systems, INC	240	9	1.03%			
A & I Transport INC	227	10	0.98%			
West Marine Products				372	3	1.69%
Fox Factory				300	5	1.36%
Salud Para La Gente				248	7	1.13%
Green Valley Clinic				248	8	1.13%
Clinica Del Valle Del P				186	9	0.85%
Community Bridges				181	10	0.82%
Total	<u><u>5,531</u></u>		<u><u>23.84%</u></u>	<u><u>4,819</u></u>		<u><u>21.91%</u></u>

Source: BL Data, MuniServices, LLC & Called Employers

Source: 2012-2013 previously published CAFR

* Includes Certificated, classified & Admin.

**Includes contractors.

(1) Total City Labor Force provided by EDD Labor Force Data

<https://www.labormarketinfo.edd.ca.gov/data/labor-force-and-unemployment-for-cities-and-census-areas.html>

CITY OF WATSONVILLE, CALIFORNIA

**Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years**

Function	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Government	7	7	9	9	9	9	10	11	11	11
Community Development	13	11.5	14	15	16	16	12	15	15	15
Finance	16	16	10	10	11	11	10	10	10	10
Fire	41	41	40	42	43	43	31	31	32	32
Informaion Services *	n/a	n/a	8	8	8	9	11	16	16	13
Police:										
Officers	64	67.2	66	75	75	75	71	75	78	77
Civilians	22	26	27	22	24	23	21	19	19	20
Library	29	27.41	25	25	26	27	23	22	22	24
Parks & Community Services	27	25.88	26	29	29	26	22	24	28	27
Public Works	16	14	14	13	15	15	15	12	13	14
Airport	9	9	9	10	13	13	10	11	10	11
LLMAD	1	1	1	1	1	1	1	1	1	1
Gas Tax	n/a	n/a	0	2	4	4	3	3	3	3
Parking Garage	0	0	0	0	0	0	0	0	0	0
Redevelopment and Housing	4	5.2	3	4	4	4	5	4	4	4
Solid Waste	36	44	46	49	43	43	43	44	45	38
Wastewater	47	49	53	55	59	59	52	53	53	67
Water	34	35	38	41	44	44	44	39	37	39
	366	379.2	389	410	424	422	384	390	397	406

* Information Services was created and moved out of General Government.

Source: City of Watsonville's Biennial Budget documents.

CITY OF WATSONVILLE, CALIFORNIA

**Operating Indicators by Function
Last Ten Fiscal Years**

Function	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Government:										
City Council meetings	27	19	21	25	25	23	22	34	31	24
Resolutions processed	181	199	187	192	180	229	282	285	261	256
Community Development:										
Planning application reviews	393	361	369	423	442	396	230	501	472	405
Construction inspections	1,725	1,165	2,933	3,828	3,624	2,904	1,029	3,557	3,537	5,090
Building Permits	768	817	862	1,034	810	758	1,493	927	1,104	944
Finance:										
Payroll checks issued	12,327	12,511	12,547	13,323	13,028	13,045	11,200	12,973	12,973	13,344
Utility accounts	15,023	15,024	14,985	15,043	15,070	14,556	14,474	14,104	14,610	15,017
A/P checks issued	7,313	7,517	7,644	7,588	8,062	7,695	6,890	6,904	6,919	6,874
Fire:										
Field incidents dispatched	4,282	4,282	4,997	5,070	5,286	5,427	6,539	6,271	5,658	6,136
Information Services:										
Client Computers	542	531	531	646	646	682	698	609	646	553
Library:										
Items used/checked out	411,234	411,234	439,234	272,468	326,888	303,137	34,242	53,238	134,413	133,671
Parks & Community Services:										
Registered Participants	549	475	479	413	297	335	48	1,972	2,296	4,127
Police:										
Moving and Parking Citations	10,524	11,105	12,747	9,600	15,659	9,738	8,721	15,466	7,867	10,486
Service Calls Dispatch	65,288	69,668	67,632	65,635	44,386	56,901	53,730	54,239	52,215	47,210
URC Crime Rate (# crimes/1,000 population, calendar years)	39	40	43	38	34	34	30	28	31	31
Wastewater:										
Avg. Annual volume per day septage treated (in million gallons)	8	3	3	4	5	5	6	8	9	8
Water:										
Water production (acre feet)	7,163	6,597	6,648	7,102	6,906	7,882	7,100	6,950	6,348	6,603
Solid Waste:										
Refuse handled (tons)	40,204	41,389	36,028	34,286	35,109	35,202	39,898	33,373	32,699	31,927
Recycled material (tons)	4,946	7,466	7,081	8,188	7,070	6,050	5,808	7,869	11,221	11,014

Source: City of Watsonville departments

CITY OF WATSONVILLE, CALIFORNIA

**Capital Assets Statistics by Function
Last Ten Fiscal Years**

Function	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Police:										
Patrol units	17	17	17	22	22	22	22	26	25	24
Patrol motorcycles	4	5	5	5	5	6	6	5	7	7
Library:										
Buildings	2	2	2	2	2	2	2	2	2	2
Parks & Community Services:										
Parks	26	26	26	26	26	26	26	26	26	26
Acreage of parks	143.0	143.0	143.0	143.0	143.0	143	143	143.0	143.0	143.0
Community Centers	5	5	5	5	6	8	8	7	7	5
Public Works:										
Miles of streets	89	89	89	89	89	89	89	84	84	84
Airport:										
Runways	2	2	2	2	2	2	2	2	2	2
Wastewater:										
Treatment plants	1	1	1	1	1	1	1	1	1	1
Capacity of treatment plant* *(gallons per day in millions)	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1
Water:										
Maximum pumping capacity*	19.1	19.1	19.1	19.1	19.1	19.1	19.1	19.1	19.1	19.1
Average consumption* *(gallons per day in millions)	6.1	5.9	5.9	5.9	6.2	7	7	6	6	6
Solid Waste:										
Collection trucks	16	19	19	20	20	25	25	25	25	25

Source: City of Watsonville departments

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