



CITY OF VALLEJO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

CITY OF VALLEJO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2005

Prepared by:

City Of Vallejo
Finance Department
Robert V. Stout, Finance Director
Susan Mayer, Assistant Finance Director

CITY OF VALLEJO, CALIFORNIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

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TAB 1

INTRODUCTORY SECTION



CITY OF VALLEJO

OFFICE OF THE FINANCE DIRECTOR

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FAX (707) 649-5406

March 31, 2006

To the Honorable Mayor, Members of the City Council And Citizens of the City of Vallejo, California

It is our pleasure to present to you the 2005 Comprehensive Annual Financial Report (CAFR) of the City of Vallejo, California. This CAFR has been prepared by the Finance Department in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). The Finance Department has prepared this report to present the financial position of the City of Vallejo at June 30, 2005, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in accordance with Generally Accepted Accounting Principles.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, we believe the data, as presented, is accurate in all material aspects and presented in a manner designed to fairly set forth the financial position, and changes in financial position, of the City as measured by the financial activity of its governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, and that all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

The City's basic financial statements have been audited by Maze & Associates CPA, a public accounting firm fully licensed and qualified to perform audits of the State and local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2005, are free of material misstatement. The independent auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF GOVERNMENT

Vallejo, California is located in southern Solano County, the fastest growing County in the San Francisco Bay Area. With a current population of 121,221 Vallejo is the largest City in Solano County and the 47th largest City in population among California's 478 cities. Vallejo is located approximately 30 miles northeast of San Francisco and 50 miles southwest of Sacramento on Interstate 80. The Sacramento, Napa and San Joaquin Rivers all flow into the San Francisco Bay at Vallejo. Rolling hills surround the City, protecting it from fogs and wind typical of many coastal towns. The climate is mild Mediterranean. It is connected to the Greater Bay Area, the Pacific Rim, and the rest of the world by ship, rail, car and air.

The City of Vallejo, a municipal corporation incorporated in March 1868, under the laws of the State of California is a Charter City located within Solano County in Northern California. Vallejo is the forty-seventh largest City in population in the State of California. The City operates under a City Charter originally adopted in 1911 and last amended in November 2000. The Charter provides for a Council-Manager form of government. Under the Charter, the City Manager recommends policy, program and

budget priorities to the City Council, which in turn develops legislation and policies to direct the City. The City Manager is appointed by the Council and serves as the chief administrative officer of the City and is responsible for implementation of Council policies, administration of City affairs, day-to-day operations, and for appointing the Assistant City Manager and the Directors of the City's departments and overseeing all City personnel and all municipal operations. The Mayor, elected by the community at-large to a four-year term, acts as the formal representative of the City and presides over Council meetings. The City Council is elected on a nonpartisan basis and has six members elected by the community at-large to four-year, staggered terms, with three Councilmembers elected every two years.

The City provides a wide range of municipal services, including public safety (police and fire protection), a municipal water system, a mass transit bus and ferry-boat system, street maintenance and other public works infrastructure functions, housing assistance, golf courses, planning, building inspection, public marina, and general administration. The Greater Vallejo Recreation District (GVRD), however, provides for Parks and Recreation.

The City of Vallejo's governing body is elected by the citizens in a general, popular election. This report includes all organizations and activities for which elected City officials exercise financial accountability. The notes to the financial statements further discuss the City as a financial reporting entity.

Accordingly, the following entities, although legally separate, are component units and are incorporated in the accompanying financial statements:

- Redevelopment Agency of the City of Vallejo (the Agency),
- Parking Authority of the City of Vallejo (the Parking Authority),
- Housing Authority of the City of Vallejo (the Housing Authority),
- Public Financing Authority of the City of Vallejo (the Financing Authority),
- Vallejo Sanitation and Flood Control District (VSFCD),
- Marine World Joint Powers Authority (the Marine World JPA).

ECONOMIC CONDITION AND OUTLOOK

The City of Vallejo has been fortunate to experience a growing economic environment with commercial, light industrial, housing and retail development this year. In addition to strong development trends, property values continue to increase.

The City continues to focus on offering several new resources and projects to the community, including the expansion of the citywide transportation system, new retail stores, and major residential development projects.

After years of struggle, the City is on the verge of moving forward with two major residential/development projects that herald significant short and long term financial gains. The Triad Downtown Development and the Marina projects recognize the growing importance of value of Vallejo's location.

In addition, the long awaited conversion of the Mare Island Naval base to a mixed use residential/commercial is well under way. Over a hundred residential units were sold during 2005 and that number is expected to grow dramatically in the years to come.

All of these projects capitalize the growing recognition of Vallejo as a regional transportation hub, and, by injecting thousands of residents into the middle of the downtown/waterfront area, promise a revival of the City's core.

This growth in demand for City services presents the City with significant challenges, and if the current level of service is to be maintained, the City will need to continue to explore new methods of obtaining financial resources and/or improve methods for the delivery of services.

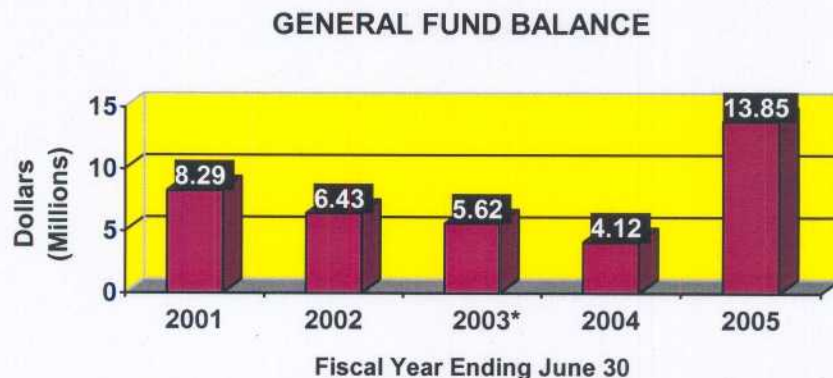
The City adopted a balanced General Fund budget for Fiscal Year 2005-06. The Fiscal Year 2006-2007 budget may require further expenditure reductions in order to balance revenues and expenditures if

revenue projections fall short, or if the State of California makes additional reductions in local government funding. The City has used conservative revenue estimates in preparing the budget for Fiscal Year 2005-06.

During the last three years, the City has taken numerous steps to balance the budget; including, eliminating personnel positions, left vacant positions unfilled, frozen existing positions, refinanced outstanding debt issues, and cancelled construction of new capital facilities.

The City is still being negatively impacted by primarily three factors substantially beyond the control of the City: 1) increases in retirement system contributions due to employee benefit increases and investment losses by the California Public Employees' Retirement System (CalPERS); 2) increases in health insurance premiums due to accelerating cost pressures in the health care industry; and 3) increases in workers' compensation costs. However, retirement costs appear to have peaked and have actually fallen recently with the recent better than expected earnings of pension system assets. Recently enacted legislative changes in the State's Workers' Compensation system appear to be reining in cost growth.

The graph below presents the changes in fund balance for the General Fund for the fiscal year ending June 30, 2005, as compared with the four prior years. The large increase in General Fund balance for Fiscal Year 2004 – 2005, was the result of the combined efforts of the City Council, management and City employees to reduce costs and find new revenues as an effort to continue essential City services. The graph illustrates a five-year trend for this same information:



* In fiscal 2004, the City reviewed and restated Fiscal Year 2003.

Factors Affecting Financial Condition

The City's management reviewed its budget for Fiscal Year 2005-06 to determine what operating and capital expenditures can be reduced and/or deferred. Certain capital projects and some programs and expenditures were reduced, postponed or eliminated. However, such reductions are not expected to adversely affect current operations of the City. The City will continue to make timely payments of principal and interest on all of its outstanding bonds and other obligations and will be able to satisfy its covenants with respect to such bonds and obligations.

The City's commitment to manage expenditure growth has been and will continue to be a key factor in maintaining the City's strong financial position. The City Council has wisely taken advantage of past years' financial prosperity to secure the future stability of the City. A fifteen (15) percent General Fund undesignated reserve policy was approved and the City is working towards achieving that goal.

On a long-term basis, the City continues to make great strides in economic development and business retention, which has developed a strong and diverse retail base along with a strong job producing industrial base.

FINANCIAL ISSUES UNIQUE TO CALIFORNIA

During the last thirty years, the City has lost its ability to set tax rates without voter approval, and the State of California has diverted local revenues to offset its own budget problems. In Fiscal Year 2004-2005, the State shifted \$1.2 million of property taxes from the City to help solve its own budget problems. That reduction will be repeated in Fiscal Year 2005-2006. In addition, the State has continued to withhold reimbursement for the cost of complying with most State mandates.

In 2004, California voters approved a \$15 billion bond measure to refinance existing State debt and by their action, approved the "triple flip" provision. Under the triple flip measure beginning July 1, 2004, the State began transferring ¼% of a local government's 1% sales tax rate to the State to guarantee repayment of the State bonds. In order to make local governments whole, the local government's lost ¼% of sales tax revenue was replaced with property tax that had previously been transferred from local governments. The triple flip revenue shift began in Fiscal Year 2004-2005 and will continue until the deficit bonds issued by the State to finance its budget shortfalls are repaid.

State and local governments came to another agreement for an additional revenue swap. This agreement provides that Vehicle License Fees, or VLF, will be permanently reduced from 2% to .65% of a vehicles fair value assessment, and the State backfill of this revenue is suspended. To make local government whole, the State increased local government property tax revenues that had previously been transferred from local governments.

Another significant change during Fiscal Year 2004-2005 was the passage of Proposition 1A, a constitutional amendment passed by state voters on November 2, 2004, which provides protection for local government revenues. Proposition 1A limits the State's ability to take local government revenues starting in Fiscal Year 2006-2007. Proposition 1A recharacterizes future reductions of local government revenue as "loans" rather than "takeaways". It also limits the State's ability to borrow local revenue allocations to twice every ten years. In addition, Proposition 1A allows the State to borrow local government revenues only in the event of a fiscal emergency. The State may borrow under the following conditions:

- A separate emergency bill must be passed by a 2/3 vote of the legislature;
- The legislature must pass a law to fully repay the loan with interest within three years;
- New borrowings are prohibited until prior borrowings have been fully repaid;
- No more than two loans may occur during a ten year period;
- The borrowing is capped at 8% of local government property tax amounts.

MAJOR INITIATIVES

Each year provides the City an opportunity to identify, address and resolve issues facing the community and its citizens. The City's major challenge is to provide the services needed to maintain the quality of life that has attracted considerable growth to the Vallejo community. The City is positioning itself so that despite all the immediate economic challenges, new investments and development will continue to take place.

New development projects are currently under way in Downtown Vallejo, including the Triad Downtown Development project. The first phase of the Triad project is scheduled to begin in Spring 2006 with the construction of 158 condominium units, and 11,500 square feet of commercial space on Virginia Street. The total Triad project is proposed to include more than 800 condominium units, 9% of which will be affordable to moderate income families, and 68,000 square feet of commercial retail space. Condominium units are estimated to be marketed at a median price of more than \$400,000.

Mare Island

Mare Island continues to be one of the primary catalysts for the future strength and development of the City. The Mare Island Naval Shipyard transfer to the City of Vallejo is one of the City's primary projects. Since the closing of the Naval Shipyard in 1996, the City has actively pursued the conversion of this 100 year old Naval base to civilian use. The Mare Island conversion to the City of Vallejo has been cited as a model for military base reuse.

Redevelopment of the former military site is expected to positively impact the City's tax revenues and employment base.

Hiddenbrooke

This year, too, saw continuation of the Hiddenbrooke area development. With its Arnold Palmer designed golf course already in use and the completion of a \$12 million lodge, approximately 800 dwelling units have been built or are in the process of being built and about 100 more units are currently authorized to begin construction. These high-end homes and townhouses should attract buyers from around the Bay Area. Home construction began in 1999 and will continue over the next few years.

Redevelopment in Downtown and Waterfront Areas

The City of Vallejo's Redevelopment Agency ("Agency") continues to make progress toward Downtown revitalization as the City commenced renovation activities on the Empress Theater.

In an effort to kick-start the Waterfront district redevelopment activities, construction has been completed on the State Farm office building and planning efforts are underway for other Waterfront residential housing and a mixed-use, master planned area. Discussions continued with other private entities for various Waterfront development projects.

In addition, the Agency continued its planning efforts to provide affordable single and multifamily housing in the Downtown and Waterfront neighborhoods. Finally, the Agency continued its progress towards merging three of the City's existing redevelopment project areas.

The City and Agency are beginning work on the Vallejo Station Project. This project is in the downtown area and will help transform downtown Vallejo into a new transportation hub for the region, with new residential housing, office, retail and community amenities in walking distance of the existing ferry terminal and a new bus transit center.

AWARDS

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA) CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

We are pleased to report that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Vallejo for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year. We believe the current CAFR continues to meet these requirements and we will be submitting it for review.

ACKNOWLEDGEMENTS

The preparation and publication of this Comprehensive Annual Financial Report on a timely basis was made possible by the outstanding efforts, dedication, and teamwork throughout the year of the entire Finance Department who prepared and compiled this report with the cooperation and assistance of all City departments. We would like to express our appreciation to all members of the Finance Department, particularly our Accounting Staff members: Tony Manlicic, and Yolanda Skelton, for their efforts.

We would like to express special thanks to Susan Mayer, Assistant Finance Director; Abigail Urrutia, Accounting Manager; Connie Valentine, Budget Analyst; and Jon R. Oiler, Auditor Controller, as they

have worked closely with the auditors in finalizing this report. Additionally, we would like to thank the City's audit firm of Maze & Associates CPA for the professional support and guidance they have given us.

We would also like to thank the Mayor and the members of the City Council for their support and commitment to the fiscal integrity and financial leadership of the City in a responsible and progressive manner to protect, preserve and enhance the quality of life for present and future generations.

Through the team effort of the City Council, City Manager, Department Managers, and employees, the City expects to continue the high level of service, which is currently provided to the citizens of our community.

Respectively submitted,

A handwritten signature in black ink, appearing to read "Robert V. Stout". The signature is written in a cursive style with a large initial "R".

Robert V. Stout
Finance Director

City of Vallejo, California

Principal City Officials

March 1, 2006

MAYOR

Anthony J. Intintoli, Jr.

Term Expires December 2007

CITY COUNCIL

Term Expires

Anthony Pearsall, Vice Mayor.....	December 2007
Tom Bartee, Councilmember.....	December 2009
Hermie Sunga, Councilmember.....	December 2009
Gary Cloutier, Councilmember.....	December 2007
Gerald Davis, Councilmember.....	December 2007
Stephanie Gomes, Councilmember.....	December 2009

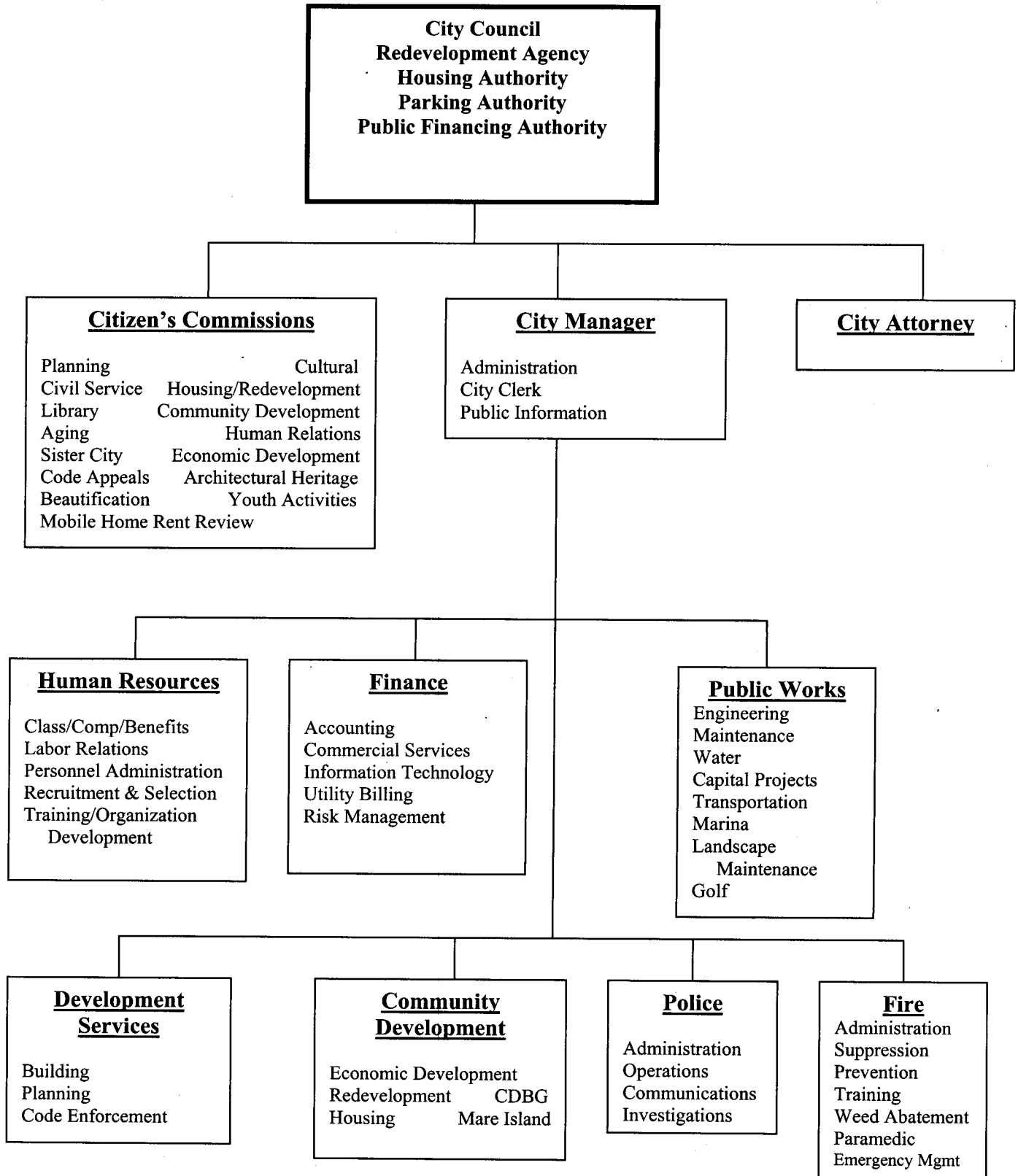
Interim City Manager

John P. Thompson

Executive Management Team

Finance Director.....	Robert V. Stout
City Attorney.....	Frederick G. Soley
Police Chief.....	Robert Nichelini
Fire Chief.....	Don Parker
Human Resources Director.....	Dennis Morris
Public Works Director.....	Mark Akaba
Acting Development Services Director.....	Brian Dolan
Community Development Director.....	Craig Whittom

Fiscal Year 2004-2005 City Of Vallejo Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Vallejo,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zjelle

President

Jeffrey R. Emery

Executive Director

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TAB 2
FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of City Council, and City Auditor
City of Vallejo, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vallejo, California as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Vallejo Sanitation and Flood Control District (VSFCD), which represents 50.5% of assets, 18.4% of revenues, 13.6% of liabilities, and 16.7% of expenses of the business-type activities. These component unit financial statements were audited other auditors whose report thereon has been furnished to us. Our opinion, insofar as it relates to the amounts included for this entity, is based solely on the report of the other auditor.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the basic financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditor, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vallejo, California as of June 30, 2005, and the respective changes in the financial position and cash flows where applicable thereof, and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated March 6, 2006 on our consideration of the City's internal control structure and on its compliance with laws and regulations.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and we express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic statements of the City of Vallejo. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the table of contents were not audited by us and we do not express an opinion on this information.



March 6, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2005

INTRODUCTION

This narrative is presented to provide readers of these Basic Financial Statements with an overview and analysis of the financial activities of the City of Vallejo for the year ended June 30, 2005. This overview should be read in conjunction with the accompanying Transmittal Letter, the Basic Financial Statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The General Fund realized favorable revenue and expenditure budget results during the year, generating a \$9 million increase in total fund balance. Ending undesignated fund balance was \$4 million greater than the resources anticipated in the subsequent FY 05-06 General Fund budget. This surplus was reported to City Council during the FY 05-06 midyear budget review and has been appropriated to support FY 05-06 operations.
- The Water Enterprise Fund adopted a multi-year revenue enhancement program to support the City's water system which now projects fiscal viability during the next five year planning period. Water rates will increase an average of 7% per year for the next four years through July 1, 2008.
- The Local Transportation Enterprise system added a fourth ferry to the City's regional transportation network.
- The City and Redevelopment Agency completed an amended and restated purchase option agreement between the Marine World Joint Powers Authority which clarifies the roles of the City and the corporate operator, Park Management Corporation, a wholly owned subsidiary of Six Flags, Inc. This agreement reduces the City's liability for off-season maintenance costs.
- The Wilson Avenue Specific Plan was adopted, which provides the foundation for the redevelopment of the Wilson Avenue Street Area.
- Two additional community facilities districts have been established to provide a wide variety of enhanced services for our rapidly expanding residential neighborhoods on the former Mare Island Naval base.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report is presented in the following sections:

- 1) This introductory commentary, *Management's Discussion and Analysis*
- 2) *Basic Financial Statements*, including:
 - a. Government-wide financial statements
 - b. Fund financial statements
 - c. Notes

- 3) Supplemental Information:
 - a. Non-major governmental funds
 - b. Internal service funds
 - c. Agency funds

The Basic Financial Statements

The *Basic Financial Statements* are comprised of the *Government-wide Financial Statements* and the *Fund Financial Statements*. These two sets of financial statements provide two different views of the City's financial activities and financial position.

The ***Government-wide Financial Statements*** provide a long-term view of the City's activities as a whole. *The Statement of Net Assets* provides information about financial position, including capital assets and long-term liabilities on the full accrual basis, similar to that used by commercial enterprises. *The Statement of Activities* provides information about the City's revenues and expenses, also on the full accrual basis, with the emphasis on measuring the net revenues or expenses of City programs. Information is presented both in total and separately for governmental activities, which are generally tax and grant supported, and business-type activities, which are generally supported by user fees.

The ***Fund Financial Statements*** report the City's operations in more detail than the government-wide statements. The focus is on the individual funds that are used to report the status of restricted or otherwise segregated resources and to demonstrate compliance with finance-related legal requirements. The governmental funds focus primarily on short-term activities by measuring current revenues and expenditures and excluding capital assets and long-term obligations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Government-wide Net Assets

The following is a summary of the City's government-wide net assets as of June 30, 2004 and 2005, as measured on the accrual basis of accounting, along with a discussion of some of the most significant balances (in millions):

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Current and other assets	\$192.2	\$181.1	\$113.6	\$106.1	\$305.8	\$287.2
Capital assets	291.9	296.2	405.3	428.8	697.2	725.0
Total assets	484.1	477.3	518.9	534.9	1,003.0	1,012.2
Liabilities						
Current and other liabilities	34.4	21.1	30.1	27.1	64.5	48.2
Long-term liabilities	69.0	76.4	222.6	241.1	291.6	317.5
Total liabilities	103.4	97.5	252.7	268.2	356.1	365.7
Net assets						
Invested in capital assets, net of related debt	260.6	266.5	218.3	184.1	478.9	450.6
Restricted	135.9	144.4	41.7	52.1	177.6	196.5
Unrestricted	(15.8)	(31.1)	6.2	30.5	(9.6)	(0.6)
Total net assets	\$380.7	\$379.8	\$266.2	\$266.7	\$646.9	\$646.5

The City's total net assets remained virtually unchanged during the year, at \$647 million. Current and other assets increased by \$18 million while capital assets decreased by \$28 million and liabilities also decreased by \$10 million. With minor exceptions, all of the City's net assets are either invested in capital assets, or restricted by source for specific purposes. Since this statement reports City assets for all funds on the accrual basis of accounting, it differs from the fund presentation of unrestricted, currently available resources in the City's General Fund, as further described in the fund section below.

Government-wide Activities

The table below is a summary of the City's government-wide activities for the years ended June 30, 2004 and 2005, as measured on the accrual basis of accounting (in thousands).

- The City invested \$148 million in its governmental programs and another \$133 million in business-type activities, for total annual expenditures of \$281 million.
- The largest governmental programs include community development (includes housing and redevelopment) and public safety.
- The largest business-type programs include water, transit, sanitation/flood control, and the Marine World joint powers authority (amusement park).
- These expenses have been funded with \$281 million of revenues, including \$202 million of program revenues, generated for the used of specific programs, and \$79 million of general revenues, available for general use.

(In Thousands)	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues						
Charges for services	\$25,022	\$19,337	\$110,852	\$109,134	\$135,874	\$128,471
Operating grants and contributions	34,786	33,810	9,980	9,542	44,766	43,352
Capital grants and contributions	13,790	20,492	7,974	12,242	21,764	32,734
General revenues						
Property taxes, sales and other	38,394	74,058	286	716	38,680	74,774
Motor vehicle license fees	12,186	5,689		1,601	12,186	7,290
User utility	11,882				11,882	
Other	11,330	4,866	5,305	(674)	16,635	4,192
Total revenues	147,390	158,252	134,397	132,561	281,787	290,813
Expenses						
Governmental activities						
Legislative and advisory	322	374			322	374
Executive	1,308	1,369			1,308	1,369
Finance	1,479	1,824			1,479	1,824
Human resources	1,042	920			1,042	920
Law	688	757			688	757
Development services	3,189	3,273			3,189	3,273
Community development	51,915	58,210			51,915	58,210
Fire services	23,985	23,696			23,985	23,696
Police services	34,721	34,288			34,721	34,288
Public works	14,794	13,940			14,794	13,940
Nondepartmental	11,710	12,151			11,710	12,151
Interest on long-term debt	2,455	2,836			2,455	2,836
Business-type activities						
Water			29,330	31,696	29,330	31,696
Local transportation			24,165	20,883	24,165	20,883
Waterstone development			65	2,747	65	2,747
Sanitation and flood control			22,673	22,240	22,673	22,240
Marine World JPA			54,198	57,942	54,198	57,942
Marina			2,576	2,141	2,576	2,141
Golf			726	978	726	978
Total expenses	147,608	153,638	133,733	138,627	281,341	292,265
Excess before transfers	(218)	4,614	664	(6,066)	446	(1,452)
Transfers	1,110	(797)	(1,110)	797		
Increase in net assets	\$892	\$3,817	(\$446)	(\$5,269)	\$446	(\$1,452)

The following table presents the net program cost for each governmental activity by subtracting program-specific revenues from program expenses. The balance is the amount funded by general City revenues.

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Revenue (Expense) of Activities</u>
Governmental Activities			
General government	(\$19,004,677)	\$839,869	(\$18,164,808)
Fire services	(23,985,109)	2,880,910	(21,104,199)
Police services	(34,720,623)	3,565,445	(31,155,178)
Public works	(14,793,797)	13,068,780	(1,725,017)
Community and development services	(55,103,839)	53,243,291	(1,860,548)
	<u>(\$147,608,045)</u>	<u>\$73,598,295</u>	<u>(\$74,009,750)</u>

The following table presents the same net program cost information for business-type activities. In these programs, annual surpluses or deficits are retained in the programs as an increase or decrease in the program's net assets.

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Revenue (Expense) of Activities</u>
Business-type Activities			
Water utility	(\$29,329,743)	\$28,973,653	(\$356,090)
Local transportation	(24,165,435)	20,682,246	(3,483,189)
Waterstone development	(65,305)	226,048	160,743
Sanitation and flood control	(22,672,873)	22,601,561	(71,312)
Marine World JPA	(54,198,128)	53,930,389	(267,739)
Other proprietary funds	(3,301,665)	2,392,193	(909,472)
	<u>(\$133,733,149)</u>	<u>\$128,806,090</u>	<u>(\$4,927,059)</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

In addition to the accrual-basis government-wide statements described above, the City also maintains financial records at the fund level for budgetary control. Individual funds are generally established to track the resources and operating results for specific, restricted programs. The results for governmental funds below differ from the results reported above in the government-wide statements since here the focus is on current, available resources. The following are financial highlights from the City's most significant funds:

Governmental Funds (including budgetary highlights)

General Fund – The General Fund realized general tax and other revenues of \$79 million during the year to pay for \$70 million in operating expenditures, realizing a \$9 million surplus of revenues over expenditures. \$1.8 million of this surplus was the early receipt of the State's Vehicle License Fee loan repayment that had not been expected until the subsequent year. While revenues were in total \$5 million favorable to budget, expenditure savings of \$4 million also contributed to this increase in fund balance.

Undesignated fund balance was \$4 million more than anticipated in the subsequent FY 05-06 General Fund budget. A significant portion of this surplus was reported to and appropriated by City Council during the FY 05-06 midyear budget review to support FY 05-06 operations.

The FY 04-05 fund budget differs from the original budget in that it contains carry-forward appropriations (encumbrances) of \$1 million for various programs and projects, and supplemental appropriations of \$3 million approved during the fiscal year for personnel and other operating costs.

Housing Authority- This fund received \$27 million in federal HUD grants to support its Section 8 Housing Assistance Voucher Program. During the year, a \$1.2 million liability was established to provide for supplemental housing assistance payments to program participants impacted by a reduction in payment standards. HUD regulators have determined that the payment standards are to be retroactively restored. This liability will provide for the Authority's subsequent retroactive payments to participants.

Mare Island – This fund holds \$48 million of restricted federal funds to pay for the environmental remediation of the former Mare Island Naval base. \$17 million was expended during the year on this effort.

Enterprise Funds

Water Fund – This fund collected \$25 million in user fees to sustain the City's water system. The fund has \$118 million of capital assets, financed with \$77 million of long-term debt. The fund made \$6 million in debt service payments during the year. As discussed above, a new rate structure has been approved which will increase user fees by 7% per year for four years through FY2008-09.

Local Transportation – This fund operates bus, ferry, and other mass transit options for the citizens of Vallejo. \$8.2 million in user fees was supplemented by \$12.5 million in federal, state, and local grants to support operations. The fund realized a \$3.5 million loss for the year. The City is evaluating options to stabilize long-term operating solution.

Waterstone Development- This fund has been used to account for the operation of an affordable housing apartment complex. During the year, the complex was sold at a gain of \$2.4 million, and the long-term mortgage notes payable on the property were retired.

Sanitation and Flood Control – This utility district operated during the year with \$ 21 million of user fees. \$14 million in debt was issued to support its capital program.

Marine World JPA – This joint powers authority operated the Marine World amusement park with \$54 million in user fees. These fees supported operating costs and as well as \$5.5 million of debt service on its \$58 million of outstanding long-term debt.

Marina – The Marina collected \$1.7 million in user fees to support is operating and debt service costs. Debt service paid during the year was \$0.8 million. The fund continues to operate at a loss, which was \$0.8 million for the year. The City is evaluating options for a long-term operating solution.

Golf – The Golf fund collected pass-through annual revenues of \$0.6 million from the municipal course operator to fund debt service on its \$10 million of outstanding long-term debt. This debt was issued for the capital assets of the fund.

Parking – This fund has collected parking revenues to service its long-term debt. Over time, the debt has been retired. The fund is now closed.

CAPITAL ASSETS

The Capital Assets of the City are those assets that are used in the performance of the City's functions, including infrastructure assets. This investment in capital assets includes land and easements, infrastructure, buildings and improvements, equipment, intangible assets, and construction in progress.

Infrastructure assets are assets that are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. These assets are classified by the City in major categories which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. The City's decision to depreciate infrastructure capital assets results in recording a large non-cash depreciation amount each year that offsets additions to capital assets.

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

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$135,204,112	\$135,204,112	\$14,701,333	\$18,335,849	\$149,905,445	\$153,539,961
Building and improvement	48,503,198	41,736,765	284,816,607	290,141,711	333,319,805	331,878,476
Machinery and equipment	9,855,978	12,241,733	39,452,861	31,590,363	49,308,839	43,832,096
Marine mammals and land animals			14,208	14,208	14,208	14,208
Infrastructure	88,909,421	91,757,143	43,954,163	64,576,970	132,863,584	156,334,113
Construction in progress	9,430,174	15,384,205	22,436,568	24,176,683	31,866,742	39,560,888
Total	<u>\$291,902,883</u>	<u>\$296,323,958</u>	<u>\$405,375,740</u>	<u>\$428,835,784</u>	<u>\$697,278,623</u>	<u>\$725,159,742</u>

The following is a summary of the City's capital assets at June 30, 2004, and 2005. Total capital assets decreased during the year by \$28 million.

DEBT ADMINISTRATION

The City follows these equally important objectives in administering its long-term debt financing program:

- Minimize debt service and issuance costs
- Maintain access to cost-effective borrowing
- Achieve the highest practical credit rating
- Full and timely repayment of debt
- Maintain full and complete financial disclosure and reporting
- Ensure compliance with applicable State and Federal laws

The following is a summary of the City's long-term debt obligations at June 30, 2004 and 2005. In total, long-term debt decreased during the year by \$23 million.

	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Tax Allocation Bonds	\$11,665,000	\$11,925,000			\$11,665,000	\$11,925,000
Certificate of Participation	30,505,614	34,735,683	138,299,106	147,143,583	168,804,720	181,879,266
Capital Lease Obligations	2,521,358	3,087,971			2,521,358	3,087,971
Revenue Bonds			68,955,592	70,543,101	68,955,592	70,543,101
Loans & Notes Payable			19,981,202	27,834,693	19,981,202	27,834,693
Total	<u>\$44,691,972</u>	<u>\$49,748,654</u>	<u>\$227,235,900</u>	<u>\$245,521,377</u>	<u>\$271,927,872</u>	<u>\$295,270,031</u>

The percentage of net bonded debt to taxable property valuation, and the amount of bonded debt per capita are useful indicators of the City's debt position to management, citizens, and investors. A comparison of these indicators follows. Per capita debt outstanding decreased by \$195 per capita to \$2,243 from \$2,438 per capita compared to the prior fiscal year due primarily to changes in population and normal amortization of debt.

	June 30, 2005	June 30, 2004
Net debt	\$271,927,872	\$295,270,031
Net debt per capita	\$2,243	\$2,438
Net debt per capita as a percentage of per capital income	10.0%	10.9%
Net debt as a percentage of net assessed value	3.78%	4.49%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Annual Budget assures the efficient, effective and economic uses of the City's resources, as well as establishing that the highest priority objectives are accomplished. Through the Budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. Positive economic indicators such as low unemployment, continual housing starts and construction valuation continue to indicate a sustaining economy in Vallejo. However, caution was exercised in developing the budget for fiscal year 2005-06.

The "sustainable budget" concept adopted by the City Council was used in developing the budget for Fiscal Year 2005-06. A sustainable budget uses one-time revenues to fund one-time expenditures and uses on-going revenue sources to support on-going expenditures. This sustainable budget strategy provides stewardship of current activity levels, addresses critical issues, and continues efforts to enhance services and facilities. This approach thoughtfully positions the City for a sustainable future consistent with the City's strategic plan.

The original approved (or adopted) General Fund budget for Fiscal Year 2005-06 appropriates total expenditures and transfers out of \$79,674,700, an increase of \$3,439,193 or 4.5% over the prior year's final budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the Office of the Finance Director at 555 Santa Clara Street, Vallejo, California, 94590, phone 707-648-4592.

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GOVERNMENT WIDE FINANCIAL STATEMENTS

**STATEMENT OF NET ASSETS
AND STATEMENT OF ACTIVITIES**

CITY OF VALLEJO
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments (Note 2)	\$81,138,188	\$59,684,463	\$140,822,651
Accounts receivable	3,598,902	10,112,773	13,711,675
Interfund balances (Note 3)	3,157,809	(3,157,809)	
Loan to Marine World JPA (Note 3)	10,500,000		10,500,000
Due from other governments	6,879,662	4,997,048	11,876,710
Material, parts, and supplies	179,393	4,333,906	4,513,299
Prepays		604,643	604,643
Total Current Assets	105,453,954	76,575,024	182,028,978
Restricted cash and investments (Note 2)	68,144,622	21,794,417	89,939,039
Land held for redevelopment	1,843,279		1,843,279
Notes and loans receivable (Note 4)	16,799,597	689,539	17,489,136
Goodwill (Note 14)		12,025,908	12,025,908
Issuance cost		2,516,664	2,516,664
Capital assets (Note 5):			
Nondepreciable	144,634,286	37,137,901	181,772,187
Depreciable, net of accumulated depreciation	147,268,597	368,237,839	515,506,436
Total Noncurrent Assets	378,690,381	442,402,268	821,092,649
Total Assets	484,144,335	518,977,292	1,003,121,627
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	10,302,139	12,611,190	22,913,329
Accrued interest payable	570,539	1,441,962	2,012,501
Due to other governments	4,074,768	417,277	4,492,045
Revenue anticipation notes payable (Note 6)	10,500,000		10,500,000
Unearned revenues	565,412	30,192	595,604
Deposits payable	2,759,222	3,697,344	6,456,566
Employee benefits payable (Note 10)	131,036	99,500	230,536
Claims liability, due within one year (Note 13)	3,776,000		3,776,000
Long-term debt, due within one year (Note 7)	1,658,927	6,072,287	7,731,214
Marine World revenue sharing (Note 14)		5,781,936	5,781,936
Total Current Liabilities	34,338,043	30,151,688	64,489,731
Noncurrent liabilities:			
Claims liability (Note 13)	7,523,000		7,523,000
Employee benefits payable (Note 10)	18,484,136	1,449,884	19,934,020
Long-term debt (Note 7)	43,033,045	221,163,613	264,196,658
Total Noncurrent Liabilities	69,040,181	222,613,497	291,653,678
Total Liabilities	103,378,224	252,765,185	356,143,409
NET ASSETS (Note 12)			
Invested in capital assets, net of related debt	260,617,039	218,315,891	478,932,930
Restricted for:			
Debt service		10,782,557	10,782,557
Capital projects	57,574,730	30,934,149	88,508,879
Special projects and programs	78,299,815		78,299,815
Total Restricted Net Assets	135,874,545	41,716,706	177,591,251
Unrestricted	(15,725,473)	6,179,510	(9,545,963)
Total Net Assets	\$380,766,111	\$266,212,107	\$646,978,218

See accompanying notes to financial statements

CITY OF VALLEJO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
Legislative and advisory	\$322,556				(\$322,556)		(\$322,556)
Executive	1,307,999	\$116			(1,307,883)		(1,307,883)
Finance	1,479,210				(1,479,210)		(1,479,210)
Human resources	1,041,490	196,323			(845,167)		(845,167)
Law	687,908				(687,908)		(687,908)
Development services	3,188,959	5,776,334			2,587,375		2,587,375
Community development	51,914,880	4,852,620	\$31,600,374	\$11,013,963	(4,447,923)		(4,447,923)
Fire services	23,985,109	2,670,910		210,000	(21,104,199)		(21,104,199)
Police services	34,720,623	2,703,342	791,126	70,977	(31,155,178)		(31,155,178)
Public works	14,793,797	8,186,031	2,387,632	2,495,117	(1,725,017)		(1,725,017)
Nondepartmental	11,710,331	636,534	6,896		(11,066,901)		(11,066,901)
Interest on long term debt	2,455,183				(2,455,183)		(2,455,183)
Total Governmental Activities	147,608,045	25,022,210	34,786,028	13,790,057	(74,009,750)		(74,009,750)
Business-type Activities:							
Water	29,329,743	25,160,986		3,812,667		(\$356,090)	(356,090)
Local Transportation	24,165,435	8,228,923	9,980,364	2,472,959		(3,483,189)	(3,483,189)
Waterstone Development	65,305	226,048				160,743	160,743
Sanitation and Flood Control	22,672,873	20,913,156		1,688,405		(71,312)	(71,312)
Marine World JPA	54,198,128	53,930,389				(267,739)	(267,739)
Marina	2,575,493	1,735,565				(839,928)	(839,928)
Golf	726,172	645,839				(80,333)	(80,333)
Parking		10,789				10,789	10,789
Total Business-type Activities	133,733,149	110,851,695	9,980,364	7,974,031		(4,927,059)	(4,927,059)
Total	\$281,341,194	\$135,873,905	\$44,766,392	\$21,764,088	(74,009,750)	(4,927,059)	(78,936,809)
General revenues:							
Taxes:							
Property taxes					20,900,386	286,096	21,186,482
Incremental property taxes					3,581,499		3,581,499
Sales taxes					13,913,459		13,913,459
Motor vehicle license fees					12,185,788		12,185,788
User Utility					11,882,250		11,882,250
Franchise					2,344,994		2,344,994
Transit occupancy					1,402,836		1,402,836
Other					1,583,016		1,583,016
Investment earnings					4,008,728	3,067,039	7,075,767
Gain on disposal of capital assets						2,194,319	2,194,319
Miscellaneous					1,988,937	43,604	2,032,541
Transfers (Note 3)					1,109,605	(1,109,605)	
Total general revenues and transfers					74,901,498	4,481,453	79,382,951
Change in Net Assets					891,748	(445,606)	446,142
Net Assets-Beginning					379,874,363	266,657,713	646,532,076
Net Assets-Ending					\$380,766,111	\$266,212,107	\$646,978,218

See accompanying notes to financial statements

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FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Governmental Funds by the City in fiscal 2005. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND is used for all general revenues of the City not specifically levied or collected for other City funds and the related expenditures.

HOUSING AUTHORITY SPECIAL REVENUE FUND is used to account for monies received and expended in the HUD Section 8 Housing Assistance Program for low and moderate income families.

MARE ISLAND CONVERSION SPECIAL REVENUE FUND is used to account for monies received from various sources (federal, state and local) which are used for activities relating to the conversion of the Mare Island Naval Shipyard to civilian use.

CITY OF VALLEJO
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2005

	General	Housing Authority	Mare Island Conversion	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 2)	\$10,544,824	\$4,015,106	\$2,479,714	\$57,984,016	\$75,023,660
Restricted cash and investments held with fiscal agent (Note 2)			48,034,377	20,110,245	68,144,622
Accounts receivable	1,841,989		28,630	1,605,824	3,476,443
Notes and loans receivable (Note 4)	961,357	180,800		15,657,440	16,799,597
Due from other governments	5,760,707			1,118,955	6,879,662
Loan to Marine World JPA (Note 3)				10,500,000	10,500,000
Advance to other funds (Note 3)				5,803,285	5,803,285
Material, parts, and supplies	14,197			10,324	24,521
Land held for redevelopment	499,684			1,343,595	1,843,279
Total Assets	\$19,622,758	\$4,195,906	\$50,542,721	\$114,133,684	\$188,495,069
LIABILITIES					
Accounts payable and accrued liabilities	\$4,250,240	\$186,990	\$798,983	\$3,529,103	\$8,765,316
Accrued interest payable				240,347	240,347
HUD/Section 8 accrued liabilities (Note 16)		1,185,616			1,185,616
Due to other funds (Note 3)				399,052	399,052
Due to other governments	364,802			3,709,966	4,074,768
Revenue anticipation notes payable (Note 6)				10,500,000	10,500,000
Deferred revenues	506,681			4,365,766	4,872,447
Advances from other funds (Note 3)				5,803,285	5,803,285
Deposits payable	644,691	816,824		1,297,707	2,759,222
Total Liabilities	5,766,414	2,189,430	798,983	29,845,226	38,600,053
FUND BALANCES (Note 12)					
Fund balance					
Reserved for:					
Encumbrances	451,453			1,601,971	2,053,424
Materials, parts, supplies, and prepaids	14,197			10,324	24,521
Debt service				1,338,333	1,338,333
Capital projects			49,743,738	4,084,251	53,827,989
Notes and loans	961,357	180,800		10,119,184	11,261,341
Advances to other funds				5,683,337	5,683,337
Land held for redevelopment	499,684			1,343,595	1,843,279
Housing programs		1,825,676			1,825,676
Prepayment reserve/Six Flags				677,343	677,343
Unreserved:					
Designated for					
Program commitments				1,568,500	1,568,500
Capital projects				20,863,549	20,863,549
State budget impact/SB1096	2,051,588				2,051,588
Undesignated, Reported in:					
General Fund	9,878,065				9,878,065
Special Revenue Funds				14,847,261	14,847,261
Capital Projects Funds				25,682,047	25,682,047
Debt Service Funds				(3,531,237)	(3,531,237)
Total Fund Balances	13,856,344	2,006,476	49,743,738	84,288,458	149,895,016
Total Liabilities and Fund Balances	\$19,622,758	\$4,195,906	\$50,542,721	\$114,133,684	\$188,495,069

See accompanying notes to financial statements

CITY OF VALLEJO
 Reconciliation of
 GOVERNMENTAL FUNDS -- FUND BALANCE
 with
 GOVERNMENTAL NET ASSETS
 JUNE 30, 2005

Total fund balances reported on the governmental funds balance sheet	\$149,895,016
<p>Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:</p>	
CAPITAL ASSETS	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	288,539,850
ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS	
<p>Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Assets.</p>	
Cash and investments	\$6,114,528
Accounts receivable	122,459
Materials, parts, and supplies	154,872
Due from other funds	3,556,861
Capital assets	3,363,033
Accounts payable	(351,207)
Claims payable	(11,299,000)
Employee benefits payable	(236,823)
	1,424,723
ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES	
Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	4,307,035
LONG TERM ASSETS AND LIABILITIES	
<p>The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:</p>	
Long-term debt	(44,691,972)
Interest payable	(330,192)
Non-current portion of compensated absences	(18,378,349)
	(63,400,513)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$380,766,111

See accompanying notes to financial statements

CITY OF VALLEJO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2005

	General	Housing Authority	Mare Island Conversion	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$51,579,991			\$3,581,499	\$55,161,490
Licenses, permits, and fees	7,436,293			4,416,675	11,852,968
Fines and forfeitures	1,372,316			78,427	1,450,743
Intergovernmental	11,191,393	\$27,788,526	\$10,573,000	5,870,820	55,423,739
Use of money and property	558,743	10,754	978,537	4,871,362	6,419,396
Charges for services	6,782,717			7,910,031	14,692,748
Other	213,559	52,206		2,451,824	2,717,589
Total Revenues	79,135,012	27,851,486	11,551,537	29,180,638	147,718,673
EXPENDITURES					
Current:					
Legislative and advisory	311,994				311,994
Executive	1,170,568			242,966	1,413,534
Finance	1,274,935			12,000	1,286,935
Human resources	973,717				973,717
Law	628,677				628,677
Development services	2,199,270			879,083	3,078,353
Community development		27,434,882	17,321,536	7,460,772	52,217,190
Fire services	20,715,988			2,026,673	22,742,661
Police services	32,013,022			885,551	32,898,573
Public works	4,615,794			7,588,898	12,204,692
Nondepartmental	5,902,455			218,043	6,120,498
Capital outlay	114,776	1,629		5,751,016	5,867,421
Debt Service					
Principal	127,330			4,929,352	5,056,682
Interest and fiscal agent fees	5,962			2,457,593	2,463,555
Total Expenditures	70,054,488	27,436,511	17,321,536	32,451,947	147,264,482
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,080,524	414,975	(5,769,999)	(3,271,309)	454,191
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 3)	3,619,134			13,829,638	17,448,772
Transfers out (Note 3)	(2,969,248)			(13,969,919)	(16,939,167)
Total Other Financing Sources (Uses)	649,886			(140,281)	509,605
NET CHANGE IN FUND BALANCES	9,730,410	414,975	(5,769,999)	(3,411,590)	963,796
BEGINNING FUND BALANCES	4,125,934	1,591,501	55,513,737	87,700,048	148,931,220
ENDING FUND BALANCES	\$13,856,344	\$2,006,476	\$49,743,738	\$84,288,458	\$149,895,016

See accompanying notes to financial statements

CITY OF VALLEJO
 Reconciliation of the
 NET CHANGE IN GOVERNMENTAL FUND BALANCES
 with the
 CHANGE IN GOVERNMENT NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2005

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$963,796

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay and other capital expenditures are therefore added back to fund balance	6,101,343
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$1,356,507 which has already been allocated to serviced funds)	(8,185,310)
Retirements of capital assets	(1,343,778)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	5,056,682
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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	8,372
Deferred revenue	1,090,863
Compensated absences	(646,524)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Assets - All Internal Service Funds	<u>(2,153,696)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$891,748</u></u>
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See accompanying notes to financial statements

CITY OF VALLEJO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$48,892,200	\$50,230,789	\$51,579,991	\$1,349,202
Licenses, permits and fees	3,737,200	7,167,913	7,436,293	268,380
Fines and forfeitures	1,062,700	1,316,994	1,372,316	55,322
Intergovernmental	6,849,600	8,259,979	11,191,393	2,931,414
Use of money and property	379,200	359,200	558,743	199,543
Charges for services	3,313,300	6,257,466	6,782,717	525,251
Other	543,300	161,600	213,559	51,959
Total Revenues	64,777,500	73,753,941	79,135,012	5,381,071
EXPENDITURES:				
Current:				
Legislative and advisory	345,300	345,300	311,994	33,306
Executive	1,433,000	1,589,243	1,170,568	418,675
Finance	1,318,900	1,447,953	1,274,935	173,018
Human resources	1,129,200	1,208,444	973,717	234,727
Law	711,300	711,300	628,677	82,623
Development services	2,082,500	2,225,956	2,199,270	26,686
Fire services	20,001,900	21,049,112	20,715,988	333,124
Police services	31,534,300	32,050,410	32,013,022	37,388
Public works	4,701,500	4,912,526	4,615,794	296,732
Nondepartmental	6,103,500	8,078,271	5,902,455	2,175,816
Capital outlay	142,000	177,000	114,776	62,224
Debt Service				
Principal	106,200	127,330	127,330	
Interest		5,962	5,962	
Total Expenditures	69,609,600	73,928,807	70,054,488	3,874,319
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,832,100)	(174,866)	9,080,524	9,255,390
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 3)	8,518,400	3,342,900	3,619,134	276,234
Transfers (out) (Note 3)	(2,306,700)	(2,306,700)	(2,969,248)	(662,548)
Total other financing sources (uses)	6,211,700	1,036,200	649,886	(386,314)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$1,379,600	\$861,334	9,730,410	\$8,869,076
Fund balance, July 1			4,125,934	
Fund balance, June 30			\$13,856,344	

See accompanying notes to financial statements

CITY OF VALLEJO
HOUSING AUTHORITY FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$27,045,875	\$27,045,875	\$27,788,526	\$742,651
Use of money and property	25,000	25,000	10,754	(14,246)
Other	30,000	30,000	52,206	22,206
Total Revenues	<u>27,100,875</u>	<u>27,100,875</u>	<u>27,851,486</u>	<u>750,611</u>
EXPENDITURES:				
Current:				
Community development	<u>27,752,700</u>	<u>27,767,750</u>	<u>27,436,511</u>	<u>331,239</u>
Total Expenditures	<u>27,752,700</u>	<u>27,767,750</u>	<u>27,436,511</u>	<u>331,239</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(651,825)</u>	<u>(666,875)</u>	<u>414,975</u>	<u>1,081,850</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>(\$651,825)</u>	<u>(\$666,875)</u>	<u>414,975</u>	<u>\$1,081,850</u>
Fund balance, July 1			<u>1,591,501</u>	
Fund balance, June 30			<u>\$2,006,476</u>	

See accompanying notes to financial statements

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CITY OF VALLEJO, CALIFORNIA

MAJOR PROPRIETARY FUNDS

The City reported all enterprise funds as major funds in fiscal 2005.

WATER FUND is used to account for the production and distribution of water to residents and businesses located within the City. Water service is also provided to Lakes District and Travis Air Force Base customers outside the City limits.

LOCAL TRANSPORTATION FUND is used to account for the operations and management of the City transit operations, which includes bus, ferry, paratransit and taxi subsidy operations.

WATERSTONE DEVELOPMENT FUND is used to account for the operation and management of the Waterstone Apartment complex, a 180 unit development. With sale the of this property, this fund has been closed as of June 30, 2005.

SANITATION AND FLOOD CONTROL FUND is used to account for the collections and treatment of wastewater and storm drain run-off.

MARINE WORLD JOINT POWERS AGREEMENT FUND is used to account for the operations, improvement and management of the Marine World operations.

MARINA FUND is used to account for the operations, improvement and management of the City marina operations.

GOLF FUND is used to account for the capital assets of the City's municipal golf course and the course operator's pass-through revenues that service the City debt used to acquire and improve the assets of the fund.

PARKING FUND is used to account for the collection of parking fees and fines and to make lease payments to service lease revenue bonds. With the retirement of the bonds, this fund has been closed as of June 30, 2005.

CITY OF VALLEJO
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2005

Business-type Activities-Enterprise Funds

	Water	Local Transportation	Waterstone Development	Sanitation and Flood Control	Marine World JPA as of December 31, 2004
ASSETS					
Current assets:					
Cash and investments (Note 2)	\$7,534,661		\$1,474,078	\$48,671,081	\$1,989,371
Accounts receivable (net of allowance for uncollectibles)	4,479,795			5,144,927	442,217
Due from other governments		\$4,997,048			
Material, parts and supplies	466,493	2,406,059		346,394	1,100,510
Prepays	78,442				457,389
Due from other funds (Note 3)					
Total current assets	12,559,391	7,403,107	1,474,078	54,162,402	3,989,487
Noncurrent assets:					
Restricted cash and investments (Note 2)	6,309,227			8,382,038	5,221,275
Goodwill (Note 14)					12,025,908
Issuance costs	1,022,280			824,979	
Notes receivable (Note 4)	110,661	183,559		381,632	
Capital assets (Note 5):					
Nondepreciable	4,772,302	3,879,598		16,257,931	
Depreciable, net	112,905,497	35,422,596		184,034,961	21,164,095
Total noncurrent assets	125,119,967	39,485,753		209,881,541	38,411,278
Total assets	137,679,358	46,888,860	1,474,078	264,043,943	42,400,765
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	2,652,251	2,570,216		3,856,565	3,206,623
Accrued interest payable	591,177			830,231	
Due to other funds (Note 3)		3,076,761			
Due to other governments		417,277			
Deferred revenue					
Deposits payable	1,407,699	1,125		2,202,906	
Marine World JPA revenues and reimbursement payable (Note 14)					5,781,936
Claims payable, current (Note 13)					
Employee benefits payable, current (Note 10)	80,000	9,500			
Long-term debt, due within one year (Note 7)	1,977,573			2,662,233	1,010,000
Total current liabilities	6,708,700	6,074,879		9,551,935	9,998,559
Long-term liabilities:					
Certificates of participation (Note 7)				48,805,182	57,495,000
Bonds payable, net (Note 7)	68,116,842				
Loans payable (Note 7)	6,638,864			12,437,945	
Claims payable, noncurrent (Note 13)					
Employee benefits payable, noncurrent (Note 10)	1,337,694	87,395			
Total noncurrent liabilities	76,093,400	87,395		61,243,127	57,495,000
Total Liabilities	82,802,100	6,162,274		70,795,062	67,493,559
NET ASSETS (Note 12)					
Invested in capital assets, net of related debt	40,944,520	39,302,194		137,239,044	
Restricted for capital improvements				30,934,149	
Restricted for debt service	3,635,575			7,014,865	
Unrestricted	10,297,163	1,424,392	1,474,078	18,060,823	(25,092,794)
Total Net Assets	\$54,877,258	\$40,726,586	\$1,474,078	\$193,248,881	(\$25,092,794)

See accompanying notes to financial statements

Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
Marina	Golf	Parking	Totals	
	\$15,272		\$59,684,463	\$6,114,528
	45,834		10,112,773	122,459
\$14,450			4,997,048	
	68,812		4,333,906	154,872
			604,643	
				3,556,861
14,450	129,918		79,732,833	9,948,720
132,117	1,749,760		21,794,417	
			12,025,908	
285,435	383,970		2,516,664	
13,687			689,539	
10,736,670	1,491,400		37,137,901	
8,091,186	6,619,504		368,237,839	3,363,033
19,259,095	10,244,634		442,402,268	3,363,033
19,273,545	10,374,552		522,135,101	13,311,753
325,535			12,611,190	351,207
	20,554		1,441,962	
81,048			3,157,809	
			417,277	
30,192			30,192	
85,614			3,697,344	
			5,781,936	
				3,776,000
10,000			99,500	6,000
267,481	155,000		6,072,287	
799,870	175,554		33,309,497	4,133,207
			106,300,182	
17,730,242	9,939,538		95,786,622	
			19,076,809	
				7,523,000
24,795			1,449,884	230,823
17,755,037	9,939,538		222,613,497	
18,554,907	10,115,092		255,922,994	11,887,030
830,133			218,315,891	3,363,033
			30,934,149	
132,117			10,782,557	
(243,612)	259,460		6,179,510	(1,938,310)
\$718,638	\$259,460		\$266,212,107	\$1,424,723

CITY OF VALLEJO
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2005

Business-type Activities-Enterprise Funds

	Water	Local Transportation	Waterstone Development	Sanitation and Flood Control	Marine World JPA as of December 31, 2004
OPERATING REVENUES					
Charges for services	\$24,817,736	\$8,228,923	\$121,288	\$20,745,006	\$53,753,993
Other	343,250		104,760	168,150	176,396
Total operating revenues	25,160,986	8,228,923	226,048	20,913,156	53,930,389
OPERATING EXPENSES					
Operations expenses	13,993,420	19,527,706	64,148	10,765,300	40,389,677
Revenue-sharing					6,671,565
General and administrative	5,768,624	414,070		2,993,433	500,000
Insurance and claims					
Depreciation	5,940,169	4,223,659		6,725,159	2,255,429
Total operating expenses	25,702,213	24,165,435	64,148	20,483,892	49,816,671
Operating income (loss)	(541,227)	(15,936,512)	161,900	429,264	4,113,718
NONOPERATING REVENUES (EXPENSES)					
Investment income	779,888		2,756	2,183,381	40,401
Intergovernmental revenue		12,453,323			
Taxes				286,096	
Gain on sale of capital assets			2,194,319		
Interest expense and fiscal charges	(3,562,679)		(1,157)	(2,141,338)	(4,381,457)
Bond issuance cost	(64,851)			(47,643)	
Other revenues (expenses)				61,104	(17,500)
Total nonoperating revenues (expenses)	(2,847,642)	12,453,323	2,195,918	341,600	(4,358,556)
Contributions	3,812,667			1,688,405	
Transfers in (Note 3)	813,173				
Transfers (out) (Note 3)					(1,667,892)
Change in net assets	1,236,971	(3,483,189)	2,357,818	2,459,269	(1,912,730)
BEGINNING NET ASSETS	53,640,287	44,209,775	(883,740)	190,789,612	(23,180,064)
ENDING NET ASSETS	\$54,877,258	\$40,726,586	\$1,474,078	\$193,248,881	(\$25,092,794)

See accompanying notes to financial statements

Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
Marina	Golf	Parking	Totals	
\$1,735,565	\$645,839	\$10,789	\$110,059,139	\$6,110,280
			792,556	72,763
1,735,565	645,839	10,789	110,851,695	6,183,043
973,342	5,855		85,719,448	2,986,002
37,925			6,671,565	
			9,714,052	
1,036,049	376,561		20,557,026	4,873,004
				1,356,507
2,047,316	382,416		122,662,091	9,215,513
(311,751)	263,423	10,789	(11,810,396)	(3,032,470)
6,296	54,317		3,067,039	225,599
			12,453,323	
			286,096	
(518,714)	(306,199)		2,194,319	53,175
(9,463)	(37,557)		(10,911,544)	
			(159,514)	
			43,604	
(521,881)	(289,439)		6,973,323	278,774
			5,501,072	
			813,173	2,571,744
		(254,886)	(1,922,778)	(1,971,744)
(833,632)	(26,016)	(244,097)	(445,606)	(2,153,696)
1,552,270	285,476	244,097	266,657,713	3,578,419
\$718,638	\$259,460		\$266,212,107	\$1,424,723

CITY OF VALLEJO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2005

Business-type Activities-Enterprise Funds

	Water	Local Transportation	Waterstone Development	Sanitation and Flood Control	Marine World JPA as of December 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$26,606,336	\$8,045,364	\$168,044	\$19,045,071	\$54,429,709
Payments to suppliers	(14,134,362)	(18,346,698)	(840,200)	(5,963,547)	(42,624,325)
Payments to employees	(5,720,955)	(368,763)		(7,849,636)	(3,911,025)
Claims paid					
Cash Flows from Operating Activities	6,751,019	(10,670,097)	(672,156)	5,231,888	7,894,359
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Increase (decrease) in transfers	813,173				
Increase (decrease) in due from other funds				49,983	(1,525,338)
Increase (decrease) in due to other funds	(4,491,774)	2,748,713			
Intergovernmental receipts		8,833,162		333,739	
Cash Flows from Noncapital Financing Activities	(3,678,601)	11,581,875		383,722	(1,525,338)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(1,889,072)	(885,266)		(10,852,929)	
Sale of capital assets			19,205,561		
Proceeds from long term debt				13,798,201	
Principal payments on capital debt	(2,125,799)		(20,247,157)	(2,760,179)	(945,000)
Interest paid	(3,438,984)	(26,512)	(1,157)	(2,787,004)	(4,410,361)
Capital contributions	3,812,667			1,701,866	
Cash Flows from Capital and Related Financing Activities	(3,641,188)	(911,778)	(1,042,753)	(900,045)	(5,355,361)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	779,888		2,756	2,183,381	40,401
Cash Flows from Investing Activities	779,888		2,756	2,183,381	40,401
Net Cash Flows	211,118		(1,712,153)	6,898,946	1,054,061
Cash and investments at beginning of period	13,632,770		3,186,231	50,154,173	6,156,585
Cash and investments at end of period	\$13,843,888		\$1,474,078	\$57,053,119	\$7,210,646
Noncash transactions					
Contributed capital assets	\$271,324				
Issuance costs	(21,182)		\$492,063		
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	(\$541,227)	(\$15,936,512)	\$161,900	\$429,264	\$4,113,718
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	5,940,169	4,223,659		6,725,159	2,255,429
Change in assets and liabilities:					
Receivables, net	1,321,010		36,176	(3,141,663)	499,320
Inventory and prepaids	5,706	(305,575)			(512,932)
Other assets	(51,993)	(183,559)		102,541	
Accounts payable and other accrued expenses	(146,648)	1,533,394	(776,052)	(77,883)	1,538,824
Employee benefits payable	47,669	45,307			
Due to other governments		(46,811)			
Deposits payable	176,333		(83,972)	1,194,470	
Deferred revenue			(10,208)		
Claims payable					
Cash Flows from Operating Activities	\$6,751,019	(\$10,670,097)	(\$672,156)	\$5,231,888	\$7,894,359

See accompanying notes to financial statements

Marina	Golf	Parking	Totals	Governmental Activities- Internal Service Funds
\$1,724,790	\$665,005	\$10,789	\$110,695,108	\$6,183,796
(1,018,658)	(77,667)		(83,005,457)	(1,194,375)
(14,177)			(17,864,556)	(1,731,751)
				(3,839,004)
691,955	587,338	10,789	9,825,095	(581,334)
		(254,886)	558,287	600,000
			(1,475,355)	(3,556,861)
81,048			(1,662,013)	
			9,166,901	
81,048		(254,886)	6,587,820	(2,956,861)
			(13,627,267)	(310,002)
			19,205,561	
			13,798,201	
(255,652)	(5,749,891)		(32,083,678)	
(536,364)	(290,754)		(11,491,136)	
			5,514,533	
(792,016)	(6,040,645)		(18,683,786)	(310,002)
6,296	54,317		3,067,039	225,599
6,296	54,317		3,067,039	225,599
(12,717)	(5,398,990)	(244,097)	796,168	(3,622,598)
144,834	7,164,022	244,097	80,682,712	9,737,126
\$132,117	\$1,765,032		\$81,478,880	\$6,114,528
			\$271,324	
	(\$5,109)		465,772	
(\$311,751)	\$263,423	\$10,789	(\$11,810,396)	(\$3,032,470)
1,036,049	376,561		20,557,026	1,356,507
77,347	19,166		(1,188,644)	(109,686)
(3,729)	(68,812)		(885,342)	
58,286			(74,725)	5,823
(3,662)	(3,000)		2,064,973	169,810
(14,177)			78,799	(5,318)
			(46,811)	
10,245			1,297,076	
(156,653)			(166,861)	
				1,034,000
\$691,955	\$587,338	\$10,789	\$9,825,095	(\$581,334)

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CITY OF VALLEJO, CALIFORNIA

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City as a trustee agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

The City uses agency fiduciary funds to account for its Improvement District and Assessment District funds. These funds account for the annual collection of assessments and disbursement to district bond holders for debt without City commitment.

CITY OF VALLEJO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2005

	<u>Agency Funds</u>
ASSETS	
Cash and investments (Note 2)	\$7,478,484
Restricted cash and investments (Note 2)	<u>3,431,344</u>
Total Assets	<u><u>\$10,909,828</u></u>
LIABILITIES	
Deposits payable	\$64,125
Due to bondholders	<u>\$10,845,703</u>
Total Liabilities	<u><u>\$10,909,828</u></u>

See accompanying notes to financial statements

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City was incorporated in 1868 as a charter City, with a Council-Manager form of Government and provides all municipal services, excluding garbage disposal and electricity.

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, *blended* component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's component units, which are described below, are all blended.

- Housing Authority of the City of Vallejo
- Marine World Joint Powers Authority
- Parking Authority of the City of Vallejo
- Public Financing Authority of the City of Vallejo
- Redevelopment Agency of the City of Vallejo
- Vallejo Sanitation and Flood Control District
- Vallejo Sanitation and Flood Control District Financing Corporation

Additional financial information for each of these entities can be obtained from the Finance Department, City of Vallejo, 555 Santa Clara Street, Vallejo, CA 94590.

The Housing Authority of the City of Vallejo--was formed in June 1942 and is organized under the California Health and Safety Code. The objectives of the Housing Authority are to aid low-income families in obtaining decent, safe and sanitary housing through federal assistance programs and mortgage revenue bond program. The Housing Authority is governed by a Board of Commissioners composed of the City Council members and two tenants of the Housing Authority. The operations of the Housing Authority are reported as a governmental fund and an enterprise fund of the City.

The Marine World Joint Powers Authority-- was formed in October 1996, pursuant to the Joint Exercise of Powers Act of the Government Code of the State of California for the purpose of assuming ownership of the Marine World Africa USA theme park from the Marine World Foundation. The City Council is the governing body of the Marine World JPA. The operations of the Marine World JPA are reported as a proprietary fund of the City. The Marine World JPA's financial information is for the year ended December 31, 2003.

The Parking Authority of the City of Vallejo--was formed in May 1975, pursuant to the provisions of California statutes. Operations of the Parking Authority began in May 1977, with the execution of a joint powers agreement with the City. The purpose of this agreement was to provide the acquisition, construction, financing and operation of parking facilities in the downtown area of the City. The City Council is the governing board of the Parking Authority.

The Public Financing Authority--of the City of Vallejo was formed in July 1990. The primary purpose of the PFA is to provide financing for City projects. The City Council is the governing board of the PFA. The PFA is reported as governmental fund of the City.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Redevelopment Agency of the City of Vallejo --was formed in July 1956 and is organized under the State of California Community Redevelopment Law. The Agency has established the 1) Flosden Acres Project, 2) Waterfront Development Project, 3) Marina Vista Project, 4) Vallejo Central Project, 5) Southeast Vallejo Project, 6) an Administration fund, and 7) an Affordable Housing Fund. The projects within each area are financed with debt, which will be paid with property tax increment revenue and proceeds from the sale and/or lease of real property. The City Council is the governing board of the Agency. The Agency is reported as governmental funds of the City.

Vallejo Sanitation and Flood Control District was created by an act of the California legislature and began operations in May 1952. The purpose of the Act was to give autonomous authority to VSFCDC to provide for the collection, treatment and disposal of wastewater and to control and dispose of storm waters. From 1993 to 1999 VSFCDC was part of the City's operations. Commencing July 1, 1999 the VSFCDC became a separate district from the City. The Board now consists of seven elected City Council members and one member appointed by the Solano County Board of Supervisors. The VSFCDC is reported as a proprietary fund of the City.

Vallejo Sanitation and Flood Control District Financing Corporation is a non-profit public benefit corporation organized in July 1993, under the laws of the State of California for the purpose of assisting the VSFCDC in funding certain projects and other matters relating to the purpose of VSFCDC. Members of the Board for VSFCDC serve as Directors of the VSFCDFC. The VSFCDFC is reported as a proprietary fund of the City.

B. Basis of Presentation

These *Basic Financial Statements* are prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The City's financial position and results of operations are presented from two perspectives in the following two sets of financial statements:

Government-wide Statements: The government-wide financial statements, including the *Statement of Net Assets* and the *Statement of Activities*, report the financial activities of the overall City using an economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place.

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. Fiduciary activities of the City, which are custodial in nature, are not included in these statements and are presented separately. Eliminations have been made to minimize the double counting of internal activities. All internal balances in the *Statement of Net Assets* have been eliminated except those representing balances between the governmental activities.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *Statement of Activities* presents a comparison between direct expenses and program revenues for each function of the City. Direct expenses are those that are specifically associated with a program or function. Certain indirect costs are included in program expenses reported for individual functions and activities. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) operating grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) capital fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

The City may pay for its programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Fund Financial Statements: In addition to the government-wide statements described above, the City also presents *Fund Financial Statements*. The accounts of the City are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. The City accounts for its operations in governmental, proprietary and fiduciary funds, which include the following categories:

Governmental Funds:

General Fund – To account for resources traditionally associated with general government operations of the City that are not required legally or by sound financial management to be accounted for in another fund.

Special Revenue Funds – To account for the proceeds of specific revenue sources that are legally restricted to be expended for specified purposes.

Debt Service Funds – To account for the servicing of long-term debt not being financed by business-type funds.

Capital Projects Funds– To account for the acquisition and construction of capital improvements.

Proprietary Funds:

Enterprise Funds – To account for operations that are financed substantially through user fees and are operated in a manner similar to private business enterprises.

Internal Service Funds – To account for the financing of goods and services provided by one City department to other departments on a cost reimbursement basis.

Fiduciary Funds:

Agency Funds - To account for assets held by the City as an agent for third parties, such as bonded assessment districts. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

Governmental Funds: Governmental funds are used to report the majority of the City's programs. These funds are reported in the *Fund Financial Statements* on the modified accrual basis of accounting, with a focus on current financial resources. This basis differs from the accrual basis of accounting used to report the government-wide financial statements and proprietary fund financial statements.

Revenues are recognized when measurable and available. The City considers revenues reported in the governmental funds to be available if the revenues are collected within ninety days after year-end. This period is extended to seven months for the County's final distribution of Senate Bill 1096 "Triple Flip" sales tax and motor vehicle license revenue, and to one year for grant programs. Revenues susceptible to accrual include taxes, intergovernmental revenues, charges for services and interest revenue. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary Funds: The proprietary funds of the City are reported on the accrual basis of accounting in the *Fund Financial Statements*. Private sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

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

The City also reports the following fund types:

Internal Service Funds: These funds account for equipment maintenance and replacement; retirees' health and employee benefits plans; and for workers' compensation, unemployment self-insurance, general liability self-insurance, and property insurance coverage; all of which are provided to other departments on a cost-reimbursement basis. Revenues are recognized based on cycle billings rendered to customers. Revenues for services provided but not billed at the end of a fiscal period are not material and are not accrued.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds: Agency funds are used to account for assets held by the City as an agent for the bondholders of the improvement and assessment land-based debt districts within the City.

D. Major Funds

The *Fund Financial Statements* focus on the individual *major* funds of the City, each of which is displayed in a separate column, and the aggregate of remaining funds, which are labeled as *non-major* funds. *Major* funds are defined as funds with assets, liabilities, revenues, expenditures, or expenses equal to ten percent of their fund-type total, and five percent of the grand total, or other funds of reporting significance.

The City reports the following major funds in the accompanying *Fund Financial Statements*, in addition to the General Fund described above:

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

Housing Authority Special Revenue Fund - is used to account for monies received and expended in housing assistance to low and moderate income families. Funds are provided by receipts from the Federal Section 8 HUD programs.

Mare Island Conversion Special Revenue Fund - is used to account for monies received from various sources (federal, state and local) which are used for activities relating to the conversion of the Mare Island Naval Shipyard to civilian use.

The City reports all its enterprise funds as major funds in the accompanying financial statements:

Water Fund - is used to account for the production and distribution of water to residents and businesses located within the City. Water service is also provided to Lakes District and Travis Air Force Base customers outside the City limits.

Local Transportation Fund - is used to account for the operations and management of the City transit operations, which includes bus, ferry, para-transit and taxi subsidy operations.

Waterstone Development Fund - is used to account for the operation and management of the Waterstone Apartment complex, a 180 unit development. With the sale of this property, this fund has been closed as of June 30, 2005.

Sanitation and Flood Control Fund - is used to account for the collections and treatment of wastewater and storm drain run-off.

Marine World JPA - is used to account for the operations, improvement and management of the Marine World operations.

Marina Fund - is used to account for the operations, improvement and management of the City marina operations.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Golf Fund – is used to account for the capital assets of the City’s municipal golf course and the course operator’s pass-through revenues that service the City debt used to acquire and improve the assets of the fund.

Parking Fund – is used to account for the collection of parking fees and fines and to make lease payments to service lease revenue bonds. With the retirement of the bonds, this fund has been closed as of June 30, 2005.

E. *Budgeting Procedures*

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a minute order.
4. All budget adjustments are approved by the City Council. Expenditures may not legally exceed budgeted appropriations at the Fund level.
5. Budgets are adopted for the General Fund and Special Revenue Funds except Library, Repair & Demolition Revolving, R.W. Johnson Foundation Grant, Mare Island Cooperative Agreement, Mare Island Improvement District, School Ground Improvement, and Mobile Home Park Special Revenue Funds.
6. Formal budgetary integration is employed as a management control device during the year in all budgeted funds.

F. *Encumbrance Accounting*

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and are reappropriated in the following year. Unexpended appropriations lapse at year end and must be reappropriated in the following year. Encumbrances outstanding at year-end do not lapse and are included as part of the following year budget.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *Property Tax Revenues*

Solano County assesses properties and bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed.

H. *Materials, Parts, and Supplies*

Materials, parts and supplies are held for consumption and are valued at average cost. Enterprise fund supplies consist of materials and supplies which are held for future use. General fund supplies are recorded as expenditure at the time individual supply items are purchased.

I. *Use of Estimates*

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except Cash with Fiscal Agents, the Marine World Joint Powers Authority and the Sanitation and Flood Control District so, that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

Investment income is allocated among funds on the basis of average month-end cash and investment balances in these funds.

A. *Policies*

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City managed investments, regardless of their form.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

NOTE 2 - CASH AND INVESTMENTS (Continued)

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Cash and cash equivalents, including restricted cash, are considered to be liquid assets for purpose of measuring cash flows.

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or other agreements.

Cash and investments available for operations:	
City	\$90,162,199
Marine World JPA	1,989,371
Sanitation & Flood Control District	48,671,081
Total cash and investments available for operations	140,822,651
Restricted cash and investments:	
City	76,335,726
Marine World JPA	5,221,275
Sanitation & Flood Control District	8,382,038
Total restricted cash and investments	89,939,039
Total cash and investments of primary government	230,761,690
Cash and investments in Fiduciary Funds (separate statement):	
Cash and investments available for operations	7,478,484
Restricted investments	3,431,344
Total cash and investments in Fiduciary Funds	10,909,828
Total cash and investments	\$241,671,518

Cash and investments are administered separately by the City and by its two blended component units, Marine World JPA and the Sanitation and Flood Control District. The respective cash and investment positions as of June 30, 2005 for each of these administrative units is as follows:

	City	Marine World JPA	Sanitation and Flood Control District	Total
Cash on hand	\$5,550	\$2,300	\$2,350	\$10,200
Deposits with financial institutions	3,500,363	1,987,071	597,029	6,084,463
Investments	173,901,840	5,221,275	56,453,740	235,576,855
	\$177,407,753	\$7,210,646	\$57,053,119	\$241,671,518

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

The City's and the Sanitation and Flood Control District's Investment Policies and the California Government Code allow these entities to invest in the following investments, provided the credit ratings of the issuers are acceptable to these entities; and approved percentages and maturities are not exceeded. The tables below also identify certain provisions of the California Government Code, or these entities Investment Policies these entities Investment Policy's are more restrictive, that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of these entities, rather than the general provisions of the California Government Code or these entities investment policies.

The City's investment policy and the California Government Code allow the City to invest in the following investments:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U.S. Government Treasury Bills and Notes	5 Years	No Limit	No Limit	No Limit
U.S. Government Treasury Bonds	5 Years	No Limit	30%	No Limit
U.S. Government Agencies	5 Years	No Limit	50%	No Limit
Repurchase Agreements	30 days	No Limit	20%	No Limit
Bankers Acceptances	180 days	No Limit	5%	\$1,000,000
Commercial Paper	270 days	Highest Category	25%	\$1,000,000
Corporate Medium Term Notes:				
Maturing in 2 years or less	5 Years	A	30%	5%
Maturing in 2 to 4 years	5 Years	AA	30%	5%
Maturing in 4 to 5 years	5 Years	AAA	30%	5%
Certificates of Deposits	5 Years	No Limit	10%	No Limit
Negotiable Certificates of Deposits	5 Years	AA	5%	No Limit
Local Agency Investment Fund State Pool	No Limit	No Limit	\$40 million per account	No Limit
State of California or Local Agency Bonds	5 Years	No Limit	10%	No Limit
Mutual Funds	5 Years	No Limit	20%	10%
Asset Backed Securities	5 Years	AAA	20%	No Limit
Mortgage Backed Securities	5 Years	AAA	20%	No Limit
Local Government Investment Pools	On Demand	No Limit	No Limit	No Limit

The Marine World JPA's only investments are governed by bond indentures and therefore do not have a separately adopted investment policy.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

NOTE 2 - CASH AND INVESTMENTS (Continued)

The Sanitation and Flood Control District's investment policy and the California Government Code allow the Sanitation and Flood Control District to invest in the following investments:

Authorized Investment Type	Limits
United States Treasury Securities	None
Obligations of United States Government Agencies	None
Repurchase Agreements and Reverse Repurchase Agreements	Various
Negotiable Certificates of Deposits	30%
Bankers' Acceptances of U.S. Commercial Banks	40%
Commercial Paper of "Prime" Quality	15%
Corporate Medium Term Notes, rated A or better	30%
10-Year Maturity Eligible Investments	10%
Shares of Beneficial Interest Money Funds, AAA ratings	20%
State of California Local Agency Investment Fund	\$30 million

D. *Investments Authorized by Debt Agreements*

The City, Marine World JPA and Sanitation and Flood Control District must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if these entities fail to meet their obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with resolutions, bond indentures or State statutes. The tables below identify, by entity, the investment types that are authorized for investments held by fiscal agents. The tables also identify certain provisions of these debt agreements.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments Authorized by City Debt Agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	No Limit	No Limit	No Limit	No Limit
U.S. Government Agency Obligations	No Limit	Two highest ratings	No Limit	10%
Money Market Funds	No Limit	Prime-1	No Limit	No Limit
Government Money Market Funds	360 days	Highest rating	No Limit	No Limit
Insured FDIC deposits	No Limit	No Limit	No Limit	No Limit
Interest-Bearing & Time Deposits	No Limit	A-1	No Limit	No Limit
Bankers Acceptance	180 days	Two highest ratings	No Limit	No Limit
Commercial Paper	270 days	P-1	No Limit	No Limit
Repurchase Agreements	180 days	Two highest ratings	No Limit	No Limit
Tax-Exempt Obligations	No Limit	Two highest ratings	No Limit	No Limit
Rated Investment Agreements and Contracts	No Limit	Three highest ratings	No Limit	No Limit
State (or Municipality) Bonds/Notes	No Limit	Two highest ratings	No Limit	No Limit
Local Agency Investment Fund	No Limit	No Limit	No Limit	No Limit
Taxable Bonds	No Limit	A-1	No Limit	No Limit

Investments Authorized by Marine Word JPA Debt Agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Bonds, Notes and Bills	No Limit	No Limit
U.S. Government Agency Obligations	No Limit	No Limit
Money Market Funds	No Limit	Highest
Interest Bearing and Time Deposits – Banks or Savings and Loans	No Limit	Highest
Bankers Acceptance	270 days	A
Commercial Paper	180 days	Highest
Insured FDIC deposits	No Limit	A
Municipal Bonds	No Limit	A

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments Authorized by Sanitation and Flood Control District Debt Agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Bonds, Notes and Bills	No Limit	No Limit
U.S. Government Agency Obligations	No Limit	Highest
Money Market Funds	No Limit	Highest
Repurchase Agreements	180 days	Highest
Bankers Acceptance	180 days	A
Commercial Paper	270 days	P-1
Local Agency Investment Fund	No Limit	No limit
State (or Municipality) Bonds/Notes	No Limit	Highest
Government Money Market Funds	360 days	Highest
Corporate Guarantee	No Limit	No Limit

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City, the Marine World JPA and Sanitation and Flood Control District manage their exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of these entities investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following tables that show the distribution of these entities investments by maturity at June 30, 2005

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

NOTE 2 - CASH AND INVESTMENTS (Continued)

City Interest Rate Risk:

Investment Type	Less than 1 year	1 - 5 years	6 - 10 years	Total
U.S. Government Agencies				
U.S. Government-Sponsored Enterprise Agencies	\$1,793,754	\$21,574,536		\$23,368,290
Corporate Notes	2,171,748	9,928,139		12,099,887
U.S. Treasury Notes		12,893,161		12,893,161
Certificates of Deposit	8,000			8,000
Asset Backed Securities		634,895		634,895
California Local Agency Investment Fund	46,741,663			46,741,663
Mutual Funds	69,588			69,588
Held by Fiscal Agent:				
U.S. Government Agencies			\$3,648,976	3,648,976
U.S. Government-Sponsored Enterprise Agencies				
U.S. Treasury Notes	189,998	773,720	510,129	1,473,847
Mutual Funds	72,963,533			72,963,533
Total Investments	\$123,938,284	\$45,804,451	\$4,159,105	\$173,901,840

Money market funds are available for withdrawal on demand and at June 30, 2005, have an average maturity which ranged from 1 to 21 days.

Marine World Joint Powers Authority Interest Rate Risk:

Marine World Joint Powers Authority investments are in money market funds in the amount of \$5,221,275. Money market funds are available for withdrawal on demand and at December 31, 2004, had an average maturity of 21 days.

Sanitation and Flood Control District's Interest Rate Risk:

Investment Type	Less than 1 year	1 - 5 years	6 - 10 years	More than 10 years	Total
U.S. Government Agencies		\$23,406,195			\$23,406,195
Corporate Notes and Bonds	\$7,075,830	2,038,700	\$2,004,400		11,118,930
California Local Agency Investment Fund	11,790,015				11,790,015
Guaranteed Investment Contract				\$2,056,995	2,056,995
Money Market Funds	8,081,605				8,081,605
Total Investments	\$26,947,450	\$25,444,895	\$2,004,400	\$2,056,995	\$56,453,740

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

NOTE 2 - CASH AND INVESTMENTS (Continued)

Local Agency Investment Fund

The City, Marine World JPA, and the Sanitation and Flood Control District are participants in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City, Marine World JPA, and the Sanitation and Flood Control District report their investments in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. 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. 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, 2005, these investments have an average maturity of 151 days.

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the actual rating as of June 30, 2005 for each entity by investment type as provided by Moody's investment rating system.

City Credit Rate Risk:

Investment Type	AAA/AAAm	AA1 to AA3	A1 to A3	Total
<i>Available for Operations:</i>				
U.S. Government-Sponsored Enterprise Agencies				
Non-callable	\$23,368,290			\$23,368,290
Callable				
Corporate Notes	2,840,951	\$6,802,650	\$2,456,286	12,099,887
Asset Backed Security	634,895			634,895
Mutual Funds	69,588			69,588
<i>Held by Fiscal Agent:</i>				
U.S. Government-Sponsored Enterprise Agencies	3,648,976			3,648,976
Mutual Funds	72,963,533			72,963,533
Totals	<u>\$103,526,233</u>	<u>\$6,802,650</u>	<u>\$2,456,286</u>	<u>112,785,169</u>
<i>Not rated:</i>				
California Local Agency Investment Fund				46,741,663
Certificate of deposit				8,000
<i>Exempt from credit rate disclosure:</i>				
U.S. Treasury Notes				14,367,008
Total Investments				<u>\$173,901,840</u>

Marine World Joint Powers Authority Credit Rate Risk:

As of December 31, 2004 the Marine World Joint Powers Authority's investments consisted of money market funds which were rated Aaa by Moody's investment rating system.

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NOTE 2 - CASH AND INVESTMENTS (Continued)

Sanitation and Flood Control District's Credit Rate Risk:

Investment Type	AAA/AAAm	AA1 to AA3	A1 to A3	Total
<i>Available for Operations:</i>				
U.S. Government-Sponsored Enterprise Agencies				
Non-callable	\$23,406,195			\$23,406,195
Callable				
Corporate Bonds and Notes			\$11,118,930	11,118,930
Guaranteed Investment Contract		2,056,995		2,056,995
Money Market Funds	8,081,605			8,081,605
Totals	<u>\$31,487,800</u>	<u>\$2,056,995</u>	<u>\$11,118,930</u>	<u>44,663,725</u>
<i>Not rated:</i>				
California Local Agency Investment Fund				11,790,015
Total Investments				<u>\$56,453,740</u>

G. Concentration Risk

The City, Marine World JPA and the Sanitation and Flood Control District's investment policies regarding the amount that can be invested in any one issuer are stipulated by the California Government Code. However, these entities are required to disclose investments that represent a concentration of 5.0 percent or more of investments in any one issuer, held by individual Funds in the securities of issuers other than U. S. Treasury securities, mutual funds and external investment pools.

At June 30, 2005, these entities' investments that represent a concentration of investments in the securities of any individual issuers, other than U. S. Treasury securities or mutual funds, are set forth below.

City Concentration Risk:

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity-wide			
	Federal National Mortgage Association	Federal agency securities	\$13,031,604
	Federal Home Loan Bank	Federal agency securities	11,953,815
Major Funds:			
Water Fund			
	Federal National Mortgage Association	Federal agency securities	1,660,569
	Federal Home Loan Bank	Federal agency securities	1,988,407

Marine World Joint Powers Authority Concentration Risk

At December 31, 2004 the Marine World JPA's investments consisted solely of Mutual Funds and are therefore not considered a concentration risk.

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NOTE 2 - CASH AND INVESTMENTS (Continued)

Sanitation and Flood Control District Concentration Risk:

Of the Sanitation and Food Control District's controllable portfolio at June 30, 2005, 32% of investments were with Federal Home Loan Bank, 8% were with Federal Home Loan Mortgage Corporation, and 6% were with CIT Group.

H. Custodial Credit Risk

The custodial credit risk for cash deposits is the risk that, in the event of the failure of the financial institution holding the deposits, the depositor will not be able to recover the value of its deposits.

At June 30, 2005, \$608,645 of the **Sanitation and Flood Control District's** deposits with financial institutions in excess of federal depository insurance limits were held in accounts collateralized with securities held by the pledging bank's trust department or agent not in the District's name. At June 30, 2005, the District held a Guaranteed Investment Contract for \$2,056,995, which was uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name.

At December 31, 2004, the **Marine World JPA** had deposits of \$1,787,071 with financial institutions in excess of federal depository insurance limits that were not collateralized.

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NOTE 3 - INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund, which has made expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the fiscal year ended June 30, 2005 were as follows:

<u>Fund Making Transfers</u>	<u>Fund Receiving Transfers</u>	<u>Amount Transferred</u>
General Fund	Non-Major Governmental Funds	\$935,215 (A)
General Fund	Non-Major Governmental Fund	1,434,033 (B)
General Fund	Insurance Internal Service Fund	600,000 (A)
Affordable Housing Special Revenue	Redevelopment Agency Debt Service Fund	462,070 (B)
Redevelopment Debt Service Fund	Affordable Housing Special Revenue Fund	568,264 (C)
Redevelopment Debt Service Fund	Redevelopment Agency Capital Projects Fund	4,231,299 (D)
Financing Authority Debt Service Fund	General Fund	98,589 (A)
Redevelopment Agency Capital Projects Fund	General Fund	2,297,339 (E)
Redevelopment Agency Capital Projects Fund	Redevelopment Agency Debt Service Fund	84,151 (B)
Marine World JPA Enterprise Fund	Non-Major Governmental Fund	1,667,892 (A)
Parking Enterprise Fund	General Fund	254,886 (A)
Non-Major Governmental Funds	General Fund	968,320 (A)
Non-Major Governmental Funds	Water Enterprise Fund	813,173 (A)
Non-Major Governmental Funds	Non-Major Governmental Funds	763,104 (A)
Non-Major Governmental Funds	Non-Major Governmental Funds	3,672,244 (B)
Non-Major Governmental Funds	Non-Major Governmental Fund	11,366 (D)
Internal Service Fund	Internal Service Fund	<u>1,971,744 (A)</u>
	Total Interfund Transfers	<u>\$20,833,689</u>

The reasons for these transfers are set forth below:

- (A) To fund city operations
- (B) To transfer amounts required for debt service
- (C) To transfer State-required set-aside of Low and Moderate Income Housing portion of property tax increment
- (D) To fund capital projects
- (E) To transfer Marine World revenue to fund City operations as approved by Council

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NOTE 3 – INTERFUND TRANSACTIONS (Continued)

B. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. As of June 30, 2005, the City's Insurance Internal Service fund had provided \$3.5 million in short-term lending to the following other City funds:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Special Revenue Funds		
Community Development Block Grant		\$265,941
R.W. Johnson Foundation Grant		3,195
Landscape Maintenance District		13,495
Debt Service Fund		
COPS Debt Service		2,056
Capital Projects Fund		
COPS Capital Projects		114,365
Enterprise Funds		
Local Transportation		3,076,761
Marina		81,048
Internal Service Fund		
Insurance	\$3,556,861	
Total	<u>\$3,556,861</u>	<u>\$3,556,861</u>

C. Long-Term Advances

The Bridge Construction and Arts and Convention Center Capital Projects Funds have loaned the Redevelopment Agency Debt Service Fund \$520,000 and \$2,927,948, respectively, to fund project costs. Interest accrues at 3.5%-4% per annum on unpaid principal balance until repaid in full. The advances are expected to be repaid from property tax increments of the project areas when available.

The COPs Debt Service Fund has advanced a portion of its debt proceeds to the Mare Island Leasing Special Revenue Fund in the amount of \$2,355,337. The advance bears interest and is subject to repayment on the same terms and schedule as the underlying COPs debt service schedule. The advances are expected to be repaid as the COPs Debt Service Fund makes COPs debt service payments.

	<u>Advances from Other Funds</u>	<u>Advances to Other Funds</u>
Special Revenue Fund		
Mare Island Leasing	\$2,355,337	
Debt Service Funds		
Redevelopment Agency	3,447,948	
COPs		\$2,355,337
Capital Project Funds		
Bridge Construction		520,000
Arts & Convention Center		2,927,948
Total	<u>\$5,803,285</u>	<u>\$5,803,285</u>

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NOTE 3 – INTERFUND TRANSACTIONS (Continued)

D Long-term Advances – Redevelopment Agency

The City has advanced additional funds to the Redevelopment Agency that are not included in the financial statements because of the Agency’s limited ability to repay these advances at this time. Should additional tax increment become available, these obligations will be recognized and repaid to the City. The advances continue to accrue interest at 4% per year at June 30, 2005. The balances of these additional advances as of June 30, 2005 were as follows.

Project Area	
Marina Vista	\$2,925,036
Waterfront	4,026,458
Vallejo Central	1,525,782
	\$8,477,276

E. Loan to Marine World JPA

Pursuant to a Loan Agreement dated January 27, 2005, the Financing Authority loaned \$10,500,000 to Marine World JPA to provide for the JPA’s anticipated seasonal operating cash flow shortfall, and debt service payments related to the Marine World JPA 1997 COPS. The loan was repaid subsequent to the City’s June 30, 2005 fiscal year end, during July 2005. The audited financial statements of Marine World JPA included in this report are as of December 31, 2004 and therefore do not reflect this liability due to the difference in fiscal year ends.

F. Internal Balances

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

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NOTE 4 – NOTES & LOANS RECEIVABLE

A. Summary of Notes and Loans Receivable as of June 30, 2005

The following notes and loans receivable were outstanding as of June 30, 2005:

Affordable Housing	\$10,476,408
HOME Program	2,424,968
CDBG Program	1,120,474
Housing Authority	180,800
Meyer Cookware Industries, Inc	385,000
Empress Theatre Associates	1,049,457
Muggs Coffee Emporium	183,559
Coast Guard Lease	13,687
Trailer City Water Loan	66,660
MIT Academy	
Transportation Impact Mitigation Fund	30,338
Water Fund	44,001
Sanitation and Flood Control District	85,055
Sereno Village	
General Fund	961,357
Neighborhood Parks Fund	170,795
Sanitation and Flood Control District	<u>296,577</u>
	<u><u>\$17,489,136</u></u>

B. Affordable Housing

Various residential purchase and rehabilitation loan programs are offered to qualifying low- to moderate-income individuals by the Redevelopment Agency through the Affordable Housing Special Revenue Fund. These loans are secured by first or second mortgages on the residential property and are insured by private guaranty mortgage insurance. The terms vary greatly depending on the ability of the property owner to repay the loan. Interest rates on these loans were ranged from 3.0% to 8.0% and the principal maturity dates were ranged from 5 years to 30 years. Deferred interest loans are offered as well as below-market-rate 30-year loans. Interest income is recorded in the Affordable Housing Special Revenue Fund as payments are received. In addition, the Redevelopment Agency has entered into agreements with developers to assist in the development of affordable housing. The notes receivable are secured by deeds of trust and bear varying interest rates. The outstanding balances at June 30, 2005 were \$10,476,408.

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NOTE 4 –NOTES & LOANS RECEIVABLE (Continued)

C. HOME Program, CDBG Program, and Housing Authority

Various residential purchase and rehabilitation loan programs are offered to qualifying low- to moderate-income individuals by the City through the CDBG, HOME Program and Housing Authority funds. These loans are secured by first or second mortgages on the residential property and are insured by private guaranty mortgage insurance. The terms vary greatly depending on the ability of the property owner to repay the loan. Interest rates on these loans were ranged from 3.0% to 5.0% and the principal maturity dates were ranged from 5 years to 30 years. The outstanding balances at June 30, 2005 were \$2,424,968, \$1,120,474 and \$180,800 in the HOME, CDBG Program, and Housing Authority funds respectively.

D. Meyer Cookware Industries, Inc

Pursuant to a Disposition and Development Agreement between the Redevelopment Agency and Meyer Cookware Industries, Inc., the Redevelopment Agency paid certain development fees on behalf of Meyer totaling \$1,500,000. Meyer agreed to repay \$500,000 of these fees to the Redevelopment Agency over a 24-year period commencing in 1998. This loan to Meyer is secured by a corporate guarantee and non-interest bearing. As of June 30, 2005 the outstanding balance of the loan was \$385,000. The terms of the agreement call for Meyer to repay the note in increasing annual installments, as follows:

Fiscal 1999-2003	\$15,000 per year
Fiscal 2004-2008	\$20,000 per year
Fiscal 2009-2013	\$25,000 per year
Fiscal 2014-2018	\$40,000 per year

E. Empress Theatre Associates, LLC

Pursuant to an Owner Participation Agreement between the Redevelopment Agency and Empress Theatre Associates, LLC, the Redevelopment Agency issued a loan not to exceed \$2,828,000 for the rehabilitation and renovation of the Empress Theatre. Interest rate for the note is 3% per annum, which shall accrue commencing upon issuance of a Certificate of Completion by the Redevelopment Agency. Payments of principal and interest are to be made annually for twenty years beginning one year after the Redevelopment Agency issues a Certificate of Completion. The note is secured by a deed of trust on the property. At June 30, 2005 the outstanding balance of the loan was \$1,049,457.

On June 14, 2005, the City and Redevelopment Agency extended the total loan authorization to \$3.8 million. The additional source of funds will be an interfund advance from the City's Arts and Convention Center Fund.

F. Muggs Coffee Emporium

In December 2004 the Vallejo Citizens Transit Corporation assigned its Debt Agreement with Muggs Coffee Emporium to the City in the amount of \$185,059 for the sale of ferry passes and tickets sold through October 31, 2004. As of June 30, 2005 the outstanding balance was \$183,559. This note is recorded in the City's Transportation Fund.

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NOTE 4 – NOTES & LOANS RECEIVABLE (Continued)

G. *Coast Guard Lease*

During fiscal 2002, the City upgraded certain improvements leased to the Coast Guard. The cost of the improvements amounted to \$216,243. The Coast Guard agreed to reimburse the costs of the improvements to the City over fifty months at a 5% interest rate. The outstanding balance at June 30, 2005 was \$13,687. This note is recorded in the City's Marina Enterprise Fund.

H. *Trailer City Water Loan*

In April 2004, the City entered into a \$68,080 loan agreement with Trailer City Sales Company for the construction of improvements allowing Trailer City Sales Company to be connected to the City's water system. The loan also provides assistance for payments of water connection and facilities fee. The note bears zero interest and will be due in full to the City in 20 years. The loan is secured by a deed of trust. At June 30, 2005 the outstanding balance of this loan was \$66,660. This note is recorded in the City's Water Enterprise Fund.

I. *Mitigation and Water Division Fees*

During fiscal 2003, the City provided the Mare Island Technology (MIT) Academy deferment of the City's mitigation and water division fees for the construction of new school facilities. The outstanding balance at June 30, 2005 for the Mitigation and Water Division Fees were \$30,338 and \$44,001. This note is recorded in the City's Traffic Impact Mitigation Capital Projects Fund and Water Enterprise Fund. During fiscal 2003, the Vallejo Sanitation and Flood Control District loaned \$109,105 to MIT Academy for connection fees. The loan is unsecured, bears interest at 2.103%, and is due in five installments of \$23,349 commencing January 1, 2004. The outstanding balance at June 30, 2005 was \$85,055.

J. *Sereno Village Apartments*

In May 2003, the City entered into a \$1,400,000 loan agreement with Sereno Village Associates for the development of a 125 unit very low income rental housing project. The note bears 3% simple interest and will be due in full to the City in 15 years. The loan is secured by a deed of trust. To the extent there is excess cash flow from the project, the developer is required to repay all accrued interest and principal annually. At June 30, 2005 the outstanding balance of this loan, including accrued interest, was \$1,132,152. During fiscal 2002, the Vallejo Sanitation and Flood Control District loaned \$351,635 to Sereno Village Association. The loan is secured by deed of trust, bearing simple interest at 3% and it is due in 15 years. The outstanding balance at June 30, 2005 was \$296,577.

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NOTE 5 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years.

Depreciation is provided using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets.

The following is a summary of capital asset activity for the year ended June 30, 2005:

Buildings and improvements	25 to 50 years
Improvements	5 to 50 years
Machinery and equipment	3 to 10 years
Marine Mammals and land animals	5 years
Traffic signals	20 years
Street lights	50 years
Bridges and culverts	60 years
Sidewalks, curbs and gutters	40 years
Streets and roads	40 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

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NOTE 5 – CAPITAL ASSETS (Continued)

A. Capital Asset Activity

The following is a summary of capital asset activity for the year ended June 30, 2005:

	Balance at June 30, 2004	Additions	Retirements	Transfers	Balance at June 30, 2005
Governmental activities					
Capital assets not being depreciated:					
Land	\$135,204,112				\$135,204,112
Construction in progress	15,384,205	\$4,187,025	(\$52,803)	(\$10,088,253)	9,430,174
Total capital assets not being depreciated	<u>150,588,317</u>	<u>4,187,025</u>	<u>(52,803)</u>	<u>(10,088,253)</u>	<u>144,634,286</u>
Capital assets being depreciated:					
Building and improvement	53,023,023	109,080		8,176,706	61,308,809
Machinery and equipment	24,135,901	641,699	(2,384,018)	461,008	22,854,590
Infrastructure	182,057,074	1,526,716		1,450,539	185,034,329
Total capital assets being depreciated	<u>259,215,998</u>	<u>2,277,495</u>	<u>(2,384,018)</u>	<u>10,088,253</u>	<u>269,197,728</u>
Less accumulated depreciation for:					
Building and improvement	(11,286,258)	(1,524,138)	4,785		(12,805,611)
Machinery and equipment	(11,894,168)	(2,192,702)	1,088,258		(12,998,612)
Infrastructure	(90,299,931)	(5,824,977)			(96,124,908)
Total accumulated depreciation	<u>(113,480,357)</u>	<u>(9,541,817)</u>	<u>1,093,043</u>		<u>(121,929,131)</u>
Net capital assets being depreciated	<u>145,735,641</u>	<u>(7,264,322)</u>	<u>(1,290,975)</u>	<u>10,088,253</u>	<u>147,268,597</u>
Governmental activity capital assets, net	<u>\$296,323,958</u>	<u>(\$3,077,297)</u>	<u>(\$1,343,778)</u>		<u>\$291,902,883</u>
Business-type activities					
Capital assets, not being depreciated:					
Land	\$18,335,849		(\$3,634,516)		\$14,701,333
Construction in progress	24,176,683	\$13,008,669	(264,259)	(\$14,484,525)	22,436,568
Total capital assets not being depreciated	<u>42,512,532</u>	<u>13,008,669</u>	<u>(3,898,775)</u>	<u>(14,484,525)</u>	<u>37,137,901</u>
Capital assets, being depreciated:					
Building and improvement	397,245,832	171,143	(14,033,767)	26,566,221	409,949,429
Machinery and equipment	66,499,100	685,985		5,314,668	72,499,753
Marine mammals and land animals	2,536,284		(1,019,376)		1,516,908
Infrastructure	123,062,004	32,794		(17,396,364)	105,698,434
Total capital assets being depreciated	<u>589,343,220</u>	<u>889,922</u>	<u>(15,053,143)</u>	<u>14,484,525</u>	<u>589,664,524</u>
Less accumulated depreciation for:					
Building and improvement	(107,104,121)	(11,506,582)	853,854	(7,361,765)	(125,118,614)
Machinery and equipment	(34,908,737)	(5,407,974)	291,287	6,978,532	(33,046,892)
Marine mammals and land animals	(2,522,076)		1,005,168		(1,516,908)
Infrastructure	(58,485,034)	(3,642,470)		383,233	(61,744,271)
Total accumulated depreciation	<u>(203,019,968)</u>	<u>(20,557,026)</u>	<u>2,150,309</u>		<u>(221,426,685)</u>
Net capital assets being depreciated	<u>386,323,252</u>	<u>(19,667,104)</u>	<u>(12,902,834)</u>	<u>14,484,525</u>	<u>368,237,839</u>
Business-type activity capital assets, net	<u>\$428,835,784</u>	<u>(\$6,658,435)</u>	<u>(\$16,801,609)</u>		<u>\$405,375,740</u>

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NOTE 5 – CAPITAL ASSETS (Continued)

B. Depreciation Allocation

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function were as follows:

Governmental Activities

Executive	\$2,034
Finance	76,127
Human Resources	1,536
Development Services	2,571
Community Development	1,283,952
Fire services	192,309
Police services	622,345
Public works	420,990
Nondepartmental	5,583,446
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	1,356,507
Total Governmental Activities	<u><u>\$9,541,817</u></u>

Business-Type Activities

Water	\$5,940,169
Local Transportation	4,223,659
Sanitation and Flood Control	6,725,159
Marine World JPA	2,255,429
Marina	1,036,049
Golf	376,561
Total Business-Type Activities	<u><u>\$20,557,026</u></u>

NOTE 6 – REVENUE ANTICIPATION NOTES, 2005 SERIES A

In January 2005, the Vallejo Financing Authority Board authorized the issuance of Revenue Anticipation Notes, 2005 Series A not to exceed \$14,000,000. The Authority issued RANs in the amount of \$10,500,000 at 5% interest. The Authority subsequently loaned the funds to the Marine World JPA as discussed in Note 3 above. The RANs were retired subsequent to the City's June 30, 2005 fiscal year end, during July 2005.

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NOTE 7 - LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

Bond discounts and issuance costs of long-term debt issues are amortized over the life of the related debt, if material.

A. Current Year Transactions and Balances

The City's long-term debt issues and transactions were as follows:

	Original Issue Amount	Balance June 30, 2004	Additions	Retirements	Balance June 30, 2005	Current Portion
Governmental Activity Debt:						
Tax Allocation Bonds:						
Waterfront Development Project 7.9%, due 5/1/19	\$2,485,000	\$2,310,000		\$55,000	\$2,255,000	\$65,000
Marina Vista Project 6.0-7.5%, due 9/1/20	3,335,000	2,580,000		80,000	2,500,000	85,000
Vallejo Central Project 6.0-7.5%, due 9/1/20	1,900,000	1,750,000		25,000	1,725,000	30,000
Vallejo Housing Set Aside 7.0%, due 10/1/31	5,410,000	5,285,000		100,000	5,185,000	105,000
Total Tax Allocation Bonds	<u>13,130,000</u>	<u>11,925,000</u>		<u>260,000</u>	<u>11,665,000</u>	<u>285,000</u>
Certificates of Participation:						
1999 COPs 3.60-5.25%, due 7/15/29	4,815,000	4,495,000		90,000	4,405,000	95,000
2000 COPs variable rate, due 9/1/40	12,786,942	12,353,426		2,577,838	9,775,588	134,151
2002 COPs variable rate, due 12/1/23	11,497,776	11,144,058		1,355,721	9,788,337	339,544
2003 COPs variable rate, due 12/1/23	6,743,199	6,743,199		206,510	6,536,689	223,368
Total Certificates of Participation	<u>35,842,917</u>	<u>34,735,683</u>		<u>4,230,069</u>	<u>30,505,614</u>	<u>792,063</u>
Capital Lease Obligations:						
2001 Site & Facility Lease 6%, due 6/1/21	1,150,000	1,067,558		37,539	1,030,019	39,825
Police CAD/RMS 4.85%, due 9/1/07	1,881,919	1,274,371		370,987	903,384	389,386
Police Mobile Computers 3.9%, due 11/11/06	416,163	260,606		104,796	155,810	109,065
Police Handheld Computers 4%, due 11/30/04	57,318	12,322		12,322		
Police Holding Cell 2.97%, due 1/30/13	675,000	473,114		40,969	432,145	43,588
Total Capital Leases Obligations	<u>4,180,400</u>	<u>3,087,971</u>		<u>566,613</u>	<u>2,521,358</u>	<u>581,864</u>
Total Governmental Activity Debt	<u><u>\$53,153,317</u></u>	<u><u>\$49,748,654</u></u>		<u><u>\$5,056,682</u></u>	<u><u>\$44,691,972</u></u>	<u><u>\$1,658,927</u></u>

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NOTE 7 - LONG-TERM DEBT (Continued)

	Original Issue Amount	Balance June 30, 2004	Additions	Retirements	Balance June 30, 2005	Current Portion
Business-type Activity Debt:						
Revenue Bonds:						
1996 Water Revenue Bonds, 4.8-5.9%, due 5/1/26	\$55,615,000	\$48,145,000		\$1,165,000	\$46,980,000	\$1,225,000
Less: Unamortized bond discount		(381,899)		(17,491)	(364,408)	
1999 Water Parity Refunding, 5.25%, due 5/1/29	7,890,000	525,000			525,000	
2001 Water Revenue Bonds, variable rate, due 6/1/31	23,075,000	22,255,000		440,000	21,815,000	460,000
Total Revenue Bonds	86,580,000	70,543,101		1,587,509	68,955,592	1,685,000
Certificates of Participation:						
Marine World JPA 1997 COPs 5.25-7.4%, due 2/1/28	63,465,000	59,450,000		945,000	58,505,000	1,010,000
2002 COPs, variable rate, due 12/1/23	917,224	905,942		29,279	876,663	30,456
2003 COPs, variable rate, due 12/1/23	1,256,801	1,256,801		38,490	1,218,311	41,632
2000 COPs, variable rate, due 9/1/40	17,593,058	16,996,574		217,162	16,779,412	225,849
2001 COP Golf Course Facilities, variable rate, due 6/1/40	16,350,000	15,910,000		5,755,000	10,155,000	155,000
Less: Unamortized bond discount		(65,571)		(5,109)	(60,462)	
Vallejo Sanitation and Flood Control District 1993 Sanitation and Flood Control	38,905,000	29,995,000		1,260,000	28,735,000	1,325,000
2001 Sanitation and Flood Control, variable rate, due 5/1/28	25,645,000	23,750,000		675,000	23,075,000	695,000
Less: Unamortized bond discount		(1,055,163)		(70,345)	(984,818)	
Total Certificates of Participation	164,132,083	147,143,583		8,844,477	138,299,106	3,482,937
Loans & Notes Payable:						
Tubbs Island disposal site, 5%, due 12/05	1,108,896	177,501		116,852	60,649	60,649
Vallejo Sanitation and Flood Control State Clean Water 2.5%, due 2023	13,798,201		\$13,798,201	778,672	13,019,529	581,584
US Dept of Commerce, Water Fund 2.5%, due 8/1/23	2,560,923	1,550,931		108,035	1,442,896	113,437
State Safe Drinking Water 0%, due 1/1/25	68,080		68,080	1,702	66,378	1,702
State Safe Drinking Water 2.32%, due 1/2/21	6,675,000	5,859,104		467,354	5,391,750	146,978
Affordable Housing Agency, 7.5%, due 7/1/31	20,420,000	19,964,306		19,964,306		
Housing Solutions, LLC 7%	282,851	282,851		282,851		
Total Loans & Notes Payable	44,913,951	27,834,693	13,866,281	21,719,772	19,981,202	904,350
Total Business-type Activity Debt	\$295,626,034	\$245,521,377	\$13,866,281	\$32,151,758	\$227,235,900	\$6,072,287

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NOTE 7 - LONG-TERM DEBT (Continued)

B. Debt Service Requirements

Annual debt service requirements to maturity are shown below for all long-term debt:

For the Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$1,658,927	\$1,829,879	\$6,072,287	\$10,563,433
2007	1,688,804	1,758,685	6,437,834	10,359,219
2008	1,407,269	1,691,289	6,732,432	10,075,663
2009	1,380,109	1,634,778	7,063,652	9,776,317
2010	1,468,596	2,741,506	7,257,846	11,740,777
2011-2015	8,580,996	6,815,076	42,703,460	41,886,530
2016-2020	10,820,577	4,637,708	53,676,130	31,381,037
2021-2025	8,596,222	2,422,011	49,802,419	18,662,862
2026-2030	4,044,588	1,258,808	35,710,412	6,130,802
2031-2035	2,395,503	495,123	6,379,497	1,223,635
2036-2040	2,166,389	218,957	5,978,611	542,603
2041	483,992	11,664	831,008	20,027
Total		<u>\$25,515,484</u>	228,645,588	<u>\$152,362,905</u>
Reconciliation of long-term debt				
Less: Unamortized bond discount			<u>(1,409,688)</u>	
Net long-term debt	<u>\$44,691,972</u>		<u>\$227,235,900</u>	

C. Tax Allocation Bonds

Waterfront Redevelopment Project – In January 1989, Tax Allocation Refunding Bonds in the amount of \$2,485,000 were issued to repay certain advances made to the Redevelopment Agency from the City. The bonds mature in May 2019. Semi-annual interest payments are due on May 1 and November 1 and annual principal payments are due May 1. Bonds became eligible to be redeemed, in whole or in part, at the option of the Redevelopment Agency on May 1, 1996, or on any Interest Payment Date thereafter. The bonds are subject to mandatory sinking fund redemption and are secured by amounts in the related Debt Service Fund and by incremental property tax revenues. The debt is serviced through the Redevelopment Agency's Waterfront Debt Service Fund.

Marina Vista and Vallejo Central Projects – In August 1990, the Vallejo Public Financing Authority (PFA) issued in the amount of \$5,235,000 to provide funds to the Redevelopment Agency for use in the Marina Vista Project (\$3,335,000) and in the Vallejo Central Project (\$1,900,000). Net proceeds allocated to the Marina Vista Project were used to defease all future debt service payments on certain lease revenue bonds used to finance the construction of City Hall. Net proceeds allocated to the Vallejo Central Project were used to fund infrastructure improvements in the project area.

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NOTE 7 - LONG-TERM DEBT (Continued)

The bonds are secured by loan agreements between the Redevelopment Agency and the PFA. The semi-annual loan payments by the Agency are expected to meet all debt service requirements of the bonds. Semi-annual interest payments are due on March 1 and September 1 and annual principal payments are due September 1. The loan payments are made solely from the tax increment revenues within the redevelopment project areas, and the bonds are reflected as a liability of the Redevelopment Agency. The debt is serviced through the Redevelopment Agency's Marina Vista Debt Service Fund.

Vallejo Housing Set Aside – In August 2001, the Redevelopment Agency issued Tax Allocation Bonds in the amount of \$5,410,000 to finance housing activities of the Agency and to repay a loan from the PFA. Semi-annual interest payments are due on April 1 and October 1 and annual principal payments are due October 1. The bonds are subject to mandatory sinking fund redemption and payment is made solely from, and secured by, housing set-aside tax increment revenues within the redevelopment project areas.

D. *Certificates of Participation (COP)*

1999 COPs – In July 1999, the City issued \$4,815,000 of Certificates of Participation (1999 Capital Improvements Project) to finance City capital improvements. Principal payments are payable annually on July 15. Interest payments are due semiannually on January 15 and July 15. Since the lease is in essence a financing arrangement with ownership of the financed assets reverting to the City, the debt evidenced by the Certificates of Participation has been included in the City's financial statements.

2000 COPs – In September 2000, the City issued \$30,380,000 of Certificates of Participation (2000 Capital Improvement Project) to finance City Capital Improvements, Marina Capital Improvements and repay the Marina Fund loan from the State. The 2000 COPS Capital Projects Fund received \$12,786,942 and the Marina Enterprise Fund \$17,593,058. Principal payments are payable annually on September 1. Interest is payable at the beginning of each month at a variable rate. The future interest payment is an estimate based on the interest rate as of the basic financial statements date, which was approximately 1.190%. The City has the option of converting the COPs to a fixed interest rate, which interest is payable on March 1 and September 1. The Marina Enterprise portion of the debt is secured and serviced through the marina operations. On September 1, 2004, the City exercised its optional prepayment rights and retired \$2,420,000 of the outstanding principal on this debt.

2002 COPs – In November 2003, the City issued \$12,415,000 of Certificates of Participation (2002 Capital Improvements Project) to finance the construction, installation and equipping of various capital improvements through out the geographic boundaries of the City. The 2002 COPs Capital Projects Fund received \$11,497,776 and the Water Enterprise Fund \$917,224. Principal payments are payable annually on December 1. Interest is payable at the beginning of each month at a variable rate. The future interest payment is an estimate based on the interest rate as of the basic financial statements date, which was approximately 1.120%. The City has the option of converting the COPs to a fixed interest rate, after which interest is payable on June 1 and December 1. The Water Enterprise portion of the debt is served and serviced by the water system operations. On September 1, 2004, the City exercised its optional redemption rights and retired \$1,000,000 of the outstanding principal on this debt.

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NOTE 7 - LONG-TERM DEBT (Continued)

2003 COPs – In December 2003, the City issued \$8,000,000 of Certificates of Participation (2003 Capital Improvement Project) to provide funding Springstowne Library improvements, solar energy projects and various public works projects. The COPS Capital Projects Fund received \$4,125,602, the Marina Vista Capital Projects Fund received \$2,617,597, and the Marina Enterprise Fund received \$1,256,801. Principal payments are payable annually on December 1. Interest is payable at the beginning of each month at a variable rate. The future interest payment is an estimate based on the interest rate as of the basic financial statements date, which was approximately 1.120%. The City has the option of converting the COPs to a fixed interest rate, after which interest is payable on June 1 and December 1.

Marine World JPA 1997 COPs – In January 1997, the JPA issued \$63,465,000 of COPs to refund the 1990 COPs, issued to refund the 1985 and 1986 COPs, which were issued to finance the construction and acquisition of the Marine World facilities; and the 1991 Community Facilities District Bonds issued to fund new attractions and capital improvements to the facilities.

To the extent the Marine World JPA fails to make timely debt payments, the City is required to make payments necessary to assure timely payment of principal and interest on the 1997 COPs. The Marine World JPA may prepay the 1997 COPs without penalty at which time Marine World is sold, otherwise the 1997 COPs mature February 2028. Principal payments are payable annually on February 1. Interest is payable semiannually on February 1 and August 1. The bonds are subject to mandatory sinking fund redemption through 2007. The 1997 COPs debt service is funded through a series of leases and subleases among the City, the Redevelopment Agency and Marine World JPA.

2001 COP Golf Course Facilities – In May 2001 the City issued \$16,350,000 a Certificate of Participation to refund Golf Course Revenue Bonds issued in 1992 and to finance golf course facility improvements. The amount of principal defeased was \$8,235,000. Interest is payable at the beginning of each month at a variable rate. The future interest payment is an estimate based on the interest rate as of the basic financial statements date which is approximately 1.120%. The City has the option of converting the COPs to a fixed interest rate, after which interest is payable on December 1 and June 1. Annual principal payments are due June 1. The COPS are secured by and serviced by golf operations.

1993 Sanitation and Flood Control District (VSFCD) – In July 1993, the VSFCD Financing Corporation issued \$38,905,000 of certificates of participation, the net proceeds of which were used to finance the construction of sewage collection and treatment and flood control facilities and, to defease VSFCD's 1988 COP's. Certificates maturing on or before July 2008 are not callable prior to maturity. Certificates maturing on or after July 2009 are callable at VSFCD's option on any interest date. Annual principal payments are due July 1.

2001 Sanitation and Flood Control – In fiscal year ended 2001, VSFCD issued \$25,645,000 of COPs through California Water Reuse Finance Authority (CWFA), at a variable rate of interest calculated weekly. Interest shall not exceed the statutory rate of 12%. The interest rate at June 30, 2005 was 1.05% Annual principal payments are due May 1. The COPs are secured and serviced by VSFCD operations.

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NOTE 7 - LONG-TERM DEBT (Continued)

E. Revenue Bonds

1996 Water Revenue Bonds – In May 1996 the City issued \$55,615,000 of Refunding Revenue Bonds 1996 Series A to advance refund and defease \$52,590,000 of outstanding 1992 Revenue Bonds which were used to finance improvements to the City's water system. Interest is payable semiannually on May 1 and November 1. Annual principal payments are due May 1. The debt is secured and serviced by water system operations.

1999 Water Parity Refunding Revenue Bonds – In June 1999, the City issued \$7,890,000 of Parity Refunding Revenue Bonds, 1999 Series A to refund outstanding 1997 Bond Anticipation Notes (Water Improvement Project) which were used to finance improvements of the City's water system. In June 1999, the City prepaid all but \$525,000 of the principal balance. Interest payments are due semiannually on May 1 and November 1. Principal payments are deferred until May 2021, and are due annually thereafter on May 1. The bonds are secured and serviced by Water System operations.

2001 Water Revenue Bonds – In December 2000 the City issued \$23,075,000 of Water Revenue Bonds, 2001 Series A to finance improvements to the City's water system. Interest is payable at the beginning of each month at a variable rate. The City has the option to convert the Bonds to a fixed interest rate, which interest is payable on December 1 and June 1. The debt is secured and serviced from the water system operations. The future interest payment is an estimate based on the interest rate as of the basic financial statements date, which was approximately 1.170%. Principal on the bonds is due annually.

F. Notes and Loans Payable

Vallejo Sanitation and Flood Control – In January 1994, the VSFCDD issued a note payable secured by a deed of trust on land at Tubbs Island, the District's biosolids disposal site. The note is payable from operations of the VSFCDD in monthly installments of \$10,256, including interest of 5.0%, until maturity in December 2005.

Vallejo Sanitation and Flood Control State Clean Water -In August 2004 the VSFCDD entered into a loan agreement with the Division of Financial Assistance of the State Water Resources Control Board under the Clean Water State Revolving Fund loan program in the amount of \$13,798,201. Payments in the amount of \$907,072 with interest at 2.5% commencing May 1, 2005 and are due annually thereafter until maturity in 2023.

U.S. Department of Commerce, Water Fund – The loan is due to the U.S. Department of Commerce/Economic Development Administration and accrues interest at 5%. Principal and interest payments are due annually July 1, through 2017.

State Safe Drinking Water – The loan from the State of California, Department of Water Resources was used to finance construction of a project which enables the City to meet safe drinking water standards. The interest rate is 0%. Semiannual principal and interest payments are due on July 1 and January 2.

State Safe Drinking Water – The loan from the State of California, Department of Water Resources was used to partially refund the 1999 Water Parity Refunding Revenue Bonds. The amount of outstanding principal defeased was \$7,270,000. The interest rate is 2.32%. Semiannual principal and interest payments are due on July 1 and January 2.

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NOTE 7 - LONG-TERM DEBT (Continued)

Affordable Housing Agency – In August 2001, the Vallejo Housing Authority issued a note payable in the amount of \$20,420,000 to the Affordable Housing Agency, a California Joint Powers Authority, for the purchase of the Waterstone Apartment Complex. Interest at 7.5% is payable semiannually on July 1 and January 1. Annual principal payments are due July 1. Subsequent to year-end, on July 30, 2004, the City and the Housing Authority sold the Waterstone property and repaid the outstanding balance of this loan.

Housing Solutions, LLC – In August 2002, the Vallejo Housing Authority issued a \$282,851 note payable to Housing Solutions, LLC. Loan proceeds were used to fund the purchase of Waterstone Apartment Complex. Debt service payments are deferred to when Housing Solutions, LLC meets certain cash flow criteria. Subsequent to year end, on July 30, 2004, the City and Housing Authority sold the Waterstone property and repaid the outstanding balance of this loan.

G. Capital Lease Obligations

The City entered into a long-term contract for the lease of the John F. Kennedy Library, part of the Vallejo Public Library System, and certain parcels of real property within the City. The City has also entered into contracts for the capital lease/purchase of computer software and various public safety equipment, which cost \$2,983,087 and had net book values of \$1,917,699 at June 30, 2005.

NOTE 8 – DEBT WITHOUT CITY COMMITMENT

A. Improvement and Assessment Districts

Special Assessment and Communities Facilities Districts in various parts of the City have issued debt to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability for the payment of this debt. Therefore, this debt is not reported as long-term debt of the City. The outstanding balance of each of these issues as of June 30, 2005 is as follows:

<i>Special Assessment Bonds</i>	
Fairgrounds Drive #65	\$3,615,000
Glen Cove 2003-1	9,270,000
 <i>Improvement Bonds</i>	
2004 Hiddenbrooke Improvement District Series A	21,740,000
Northeast Improvement District 2003-1	8,170,000
 <i>Revenue Bonds</i>	
2003 Series B (Northeast Quadrant)	4,490,000
 Total	 <u><u>\$47,285,000</u></u>

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NOTE 9 – CONDUIT DEBT

The following bonds do not constitute or create a debt or pledge of the general credit or taxing power of the City, and, accordingly, are not reported as long-term debt of the City.

Mortgage Revenue Bonds

Sea Breeze- Mortgage Revenue Refunding Bonds, Series 1993A and 1993B (FHA Insured Mortgage Loan – Sea Breeze Apartment Project) in the amount of \$6,340,000. Interest rates range from 5.0% to 6.0%. Principal payments are due semiannually through March 2027. The bonds are dated September 1993, and were issued to refund a \$6,430,000 prior issuance of multifamily housing revenue bonds. On June 30, 2005, \$5,590,000 of these bonds remained outstanding.

Fountain Plaza- Variable Rate Demand Multifamily Mortgage Revenue Refunding Bonds, Series 1992A (Fountain Plaza Hills Apartments) in the amount of \$5,585,000. The bonds bear interest at a variable rate determined weekly by a remarketing agent, and mature in June 2002. The bonds are dated May 1992, and were issued to refund \$8,775,000 prior issuance of multifamily housing revenue bonds. On June 30, 2005, \$5,585,000 of these bonds remained outstanding.

Cross-Western -Weekly Rate Demand Multifamily Housing Revenue Bonds, Series 1985C (Cross-Western Project Phase II) in the amount of \$14,500,000. The bonds bear interest at a variable rate determined weekly by a remarketing agent, and mature in January 2008. The bonds were issued in December 1985 as fixed rate bonds and were converted to weekly rate bonds in December 1993. On June 30, 2005 \$14,500,000 of these bonds remained outstanding.

Variable Rate Demand Industrial Development Revenue Bonds

Myers Cookware - In December 1993, the Vallejo Industrial Development Authority issued \$9,700,000 of variable rate demand industrial development revenue bonds to finance the construction of the Meyer Cookware industries, Inc. manufacturing facility. The bonds bear interest at a variable rate determined periodically by a remarketing agent and are due in June 2022. On June 30, 2005, \$9,700,000 of these bonds remained outstanding.

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NOTE 10 - EMPLOYEE BENEFITS PAYABLE

Employee benefits payable consist of vested vacation and sick leave. For governmental activities, the current portion of the obligation, which is expected to be paid from current resources, is reported as an expenditure and liability of the fund. The remaining non-current governmental activities portion is reported on the Statement of Net Assets. For proprietary activities, which are reported on the accrual basis at the fund level, all earned but unpaid benefits are recorded as an expense and liability of the fund in which it is earned.

Compensated absences activity for the year ended June 30, 2005 is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning Balance	\$17,973,966	\$1,470,585	\$19,444,551
Additions	8,657,775	954,214	9,611,989
Payments	<u>(8,016,569)</u>	<u>(875,415)</u>	<u>(8,891,984)</u>
Ending Balance	<u>\$18,615,172</u>	<u>\$1,549,384</u>	<u>\$20,164,556</u>
Current Portion	<u>\$131,036</u>	<u>\$99,500</u>	<u>\$230,536</u>

NOTE 11 - RETIREMENT BENEFITS

California Public Employees' Retirement System

A. Plan Description

The City participates in the California Public Employees retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, annual cost of living adjustments, and death benefits to plan member and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State Statute and City ordinance. Copies of PERS annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

B. Funding Policy

Both Safety and Miscellaneous active plan members are required by State statute to contribute 9% of their annual covered salary which amounted to \$4,323,452 for the year ended June 30, 2005. The City employer is required to contribute for fiscal year 2005 at an actuarially determined rate of 12.444% and 26.754% of annual covered payroll for miscellaneous and safety employees respectively.

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NOTE 11 - RETIREMENT BENEFITS (Continued)

C. Annual Pension Cost

For fiscal year 2005, the City's annual pension cost of \$9,599,955 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2002 actuarial valuation using the entry age normal actuarial cost method with contributions determined as a percentage of pay. Actuarial assumptions included (1) 7.75% investment rate of return (net of administrative expenses), (2) projected salary increases range from 3.25% to 14.45% for miscellaneous employees and 3.25% to 13.15% for safety employees, depending on age, service and type of employment, and (3) 3.0% per year cost-of-living adjustments. Both (1) and (2) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of the short-term volatility in the market value of investments over a three year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis over twenty years.

D. Three Year Trend Information and Funding Progress

The following schedule of funding progress is presented for the most recent actuarial valuations as of June 30, 2005:

Safety Plan:

Actuarial						
Valuation Date	Value of Assets	Entry Age Accrued Liability	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2002	\$177,855,569	\$202,694,830	\$24,839,261	87.7%	\$24,489,048	101.4%
2003	179,792,449	216,236,452	36,444,003	83.1%	26,753,078	136.2%
2004	191,485,009	238,020,648	46,535,639	80.4%	27,861,707	167.0%

Miscellaneous Plan:

Actuarial						
Valuation Date	Value of Assets	Entry Age Accrued Liability	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2002	\$99,122,899	\$108,338,967	\$9,216,068	91.5%	\$23,848,653	38.6%
2003	100,758,969	123,225,689	22,466,720	81.8%	24,382,386	92.1%
2004	106,547,839	133,789,591	27,241,752	79.6%	23,366,948	116.6%

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NOTE 11 - RETIREMENT BENEFITS (Continued)

E. Post Retirement Health Benefits - City

In addition to providing the retirement benefits described above, the City provides post retirement health care benefits, in accordance with City ordinances, to all employees who retire from the City at or after age 50. As of June 30, 2005, 374 retirees meet those eligibility requirements. The City pays the employer's share of the medical premiums incurred by retirees and their dependents. These costs for fiscal year 2005 were \$1,701,193.

Expenditures for post retirement health care benefits are incurred monthly and are paid as part of the overall health care benefits program. The City does not provide dental or vision benefits to retirees.

F. Post Retirement Health Benefits - VSFCD

VSFCD provides post-retirement health and life insurance in accordance with union contracts and Board policy. Employees covered by union agreement, who retire from VSFCF on or after attaining age 55, with at least five years of creditable service, are eligible for post-retirement health insurance. Management employees, covered by Board policy, who retire from VSFCF on or after attaining age 55, with at least five years of creditable service are eligible for post-retirement health insurance. Currently, 35 retirees meet those eligibility requirements. The insurance provides approximately 100% coverage. Certain health coverage options involve deductibles and co-pays.

NOTE 12 - NET ASSETS AND FUND BALANCES

A. Net Assets

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

Unrestricted describes the portion of Net Assets which is not restricted to use.

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NOTE 12 – NET ASSETS AND FUND BALANCES (Continued)

B. Fund Balance

Fund balance consists of reserved and unreserved amounts. Reserved fund balance represents that portion of a fund balance, which has been appropriated for expenditure or is legally segregated for a specific future use. The remaining portion is unreserved.

A portion of unreserved fund balance may be designated to indicate plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans are subject to change and may never be legally authorized or result in expenditures.

C. Deficits

The funds below had fund deficits or net asset deficits at June 30, 2005:

Marine World JPA Enterprise	
Fund (as of December 31, 2004)	\$25,092,794
R.W. Johnson Foundation Grant	
Special Revenue Fund	765
Redevelopment Agency Debt Service Fund	2,395,970
Insurance Internal Service Fund	3,876,610

D. Expenditures in Excess of Budget

The Asset Seizure and Outside Services Special Revenue Funds had expenditures exceeded the budgets in the amounts of \$43,657 and \$426,360, respectively. Sufficient resources were available within the funds to finance these excesses.

NOTE 13 – SELF-INSURANCE PROGRAM

The City of Vallejo manages risk by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by members beyond their representation on that board. Obligations and liabilities of these risk pools are not the City's responsibility.

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NOTE 13 – SELF-INSURANCE PROGRAM (Continued)

A. Risk Coverage

City—The City of Vallejo is a member of the California Joint Powers Risk Management Authority (CJPRMA) which covers general liability claims in excess of \$500,000 up to \$25,000,000 per occurrence. The City has a self-insured retention or deductible of \$500,000 per claim. Once the self-insured retention is met CJPRMA becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2005, the City contributed \$556,805 for coverage during the current year and received a refund of \$143,745 of prior year excess contributions.

The City is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) which covers workers' compensation claims up to statutory limits. The City has self-insured retention of up to \$500,000 per claim up to \$2,000,000 covered by local agency workers' compensation excess insurance (LAWXC). Losses above \$2,000,000 up to \$100,000,000 are insured with California Public Entity Insurance Authority. During the fiscal year ended June 30, 2005, the City contributed \$348,525 for current year coverage.

The contributions made to each risk pool equal the ratio of their respective payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Vallejo Sanitation and Flood Control District—VSFCD is a member of the California Sanitation Risk Management Authority which provides coverage up to \$300,000. Excess public entity general liability insurance is obtained for coverage up to \$10,000,000 associated with either sanitary sewer or storm drain operations. Liability coverage for employment practices is subject to a deductible of \$25,000. Auto liability is subject to a deductible of \$1,000.

CSRMA also provides coverage for the first \$300,000 of worker's compensation claims filed against VSFCD. Excess insurance provides coverage up to \$12,000,000.

Marine World Joint Powers Authority—The Park Management Corporation, a wholly owned subsidiary of Six Flags, Inc., provides Marine World with general and workers' compensation liability insurance coverage.

The following is a summary changes in City recorded claim liabilities during the year ended June 30, 2005:

	June 30, 2005	June 30, 2004
Beginning balance	\$10,265,000	\$8,329,000
Increase (decrease) in current year claims and changes in estimates	2,308,720	713,919
Claims paid	<u>(3,342,720)</u>	<u>(2,649,919)</u>
Ending balance	<u>\$11,299,000</u>	<u>\$10,265,000</u>
Current portion	<u>\$3,776,000</u>	

The City has not significantly reduced its insurance coverage from the prior year. Furthermore, settlements have not exceeded insurance coverage for the past three fiscal years.

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For the Year Ended June 30, 2005

NOTE 14 – MARINE WORLD JOINT POWERS AUTHORITY

Marine World provides regularly scheduled programs and amusement rides to members of the public, who pay an admission charge for admission to Marine World. Marine World includes various stadiums, exhibits, and arena designed for the presentation of programs related to specific marine mammals (including whales, dolphins and sea lions), exotic land animals (including lions, tigers, chimpanzees and elephants) and birds, in addition to thrill rides. Marine World also includes various incidental commercial establishments (food and gift shops) to service both operating staff and the members of the public.

In 1985, through a series of lease and sublease agreements, the Marine World Theme Park facilities were subleased by the City to the Redevelopment Agency, and by the Redevelopment Agency to the Marine World Foundation, a California non-profit public benefit corporation.

During 1996, the Foundation defaulted on debt owed to the Redevelopment Agency and City. As a result, the City and the Redevelopment Agency formed the Marine World Joint Powers Authority, a component unit of the City. The JPA took over the ownership of Marine World on November 1, 1996. The Foundation conveyed all of its rights, title and interest in its permits, policies and assets to the Marine World JPA, and the Marine World JPA assumed all the obligations and liabilities of the Foundation.

In January 1997, the Marine World JPA issued \$63,465,000 of COPs under similar lease and sublease agreements. The proceeds were used to refund the 1990 COPs, issued to refund the 1985 and 1986 COPs, which were issued to finance the construction and acquisition of the Marine World facilities; and the 1991 Community Facilities District Bonds issued to fund new attractions and capital improvements to the facilities. The 1997 COPs are due through 2028 and may be prepaid without penalty after 2002. During 2005, principal payments in the amount of \$945,000 were made.

The various leases and subleases described above expire when the 1997 COPs have been retired, at which time title to the facilities passes from the Marine World JPA to the City. Lease payments are equal to the annual principal and semi-annual interest payments related to the 1997 COPs and continue through February 1, 2028, unless the COPs are paid earlier. To the extent the JPA fails to make timely lease payments, the City is required to make payments necessary to assure timely payment of principal and interest on the 1997 COPs. The Redevelopment Agency is responsible for sublease payments only to the extent it receives lease payments from the Marine World JPA.

A. *Agreements with the Park Management Corporation*

The Marine World JPA and the Park Management Corporation, a wholly owned subsidiary of Six Flags, Inc., entered into a management agreement commencing April 1, 1997. In 2005, the Marine World JPA and the Corporation amended the Management Agreement. The 2005 amended agreement expires February 1, 2010, although it is subject to certain termination clauses. The management fee is \$250,000, plus 20% of gross revenue in excess of \$35 million up to a maximum of \$250,000, payable annually. Under this agreement, the Marine World JPA management fee due to the Corporation amounted to \$500,000 for the year ended December 31, 2004. In addition, the Corporation provides Marine World with general and workers' compensation liability insurance coverage for a fee. The Reimbursement payable to Park Management Corporation at December 31, 2004 amounted to \$1,442,475 and represents fiscal year 2004 unpaid management and insurance fees.

CITY OF VALLEJO
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For the Year Ended June 30, 2005

NOTE 14 – MARINE WORLD JOINT POWERS AUTHORITY (Continued)

B. *Commitments and Contingencies*

The Marine World JPA has an agreement with the City for use of its Parking Facilities by patrons of Marine World. In consideration for the use of the Parking Facilities, the Marine World JPA makes minimum rent payments through the year 2011. The minimum rent payable for the Parking Facilities corresponds to a portion of the debt service due annually on the Fairgrounds Drive Assessment District No. 65 Assessment Bonds. In addition, under the agreement, a percentage of net parking revenues in excess of the minimum rent payments is to be paid quarterly to Solano County.

C. *Purchase Option Agreements*

On August 29, 1997, the City, Marine World JPA, and Redevelopment Agency entered into a purchase option agreement with the Corporation. In April 2005, the parties entered into an Amended and Restated Purchase Option Agreement. The agreement provides the Corporation an option to purchase the Marine World Theme Park. The option can be exercised through February 1, 2010. The following conditions must be present (i) the Manager must not be in default of the lease at the time, and (ii) the option price is sufficient to immediately retire all outstanding tax-exempt obligations relating to Marine World.

D. *Revenue-sharing Agreement*

In November 1997, the JPA, the Redevelopment Agency and the Corporation entered into a revenue-sharing agreement. The agreement states that revenues are to be applied to operating expenses of the Marine World JPA, working capital borrowings, and the annual payment of the obligations under the 1997 COPs and any other tax exempt notes or obligations under the Parking Facilities Lease. Any amount of revenue remaining after meeting the above requirements (the net revenue) is shared 80% by the Corporation and 20% by the City of Vallejo.

In accordance with the revenue-sharing agreement, the Corporation's 80% of the net revenues generated amounted to \$6,671,565 for the year ended October 31, 2004.

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NOTE 14 – MARINE WORLD JOINT POWERS AUTHORITY (Continued)

The following is the revenue-sharing calculation as of October 31, 2004, the measurement date to determine the revenue sharing base:

Operating revenues	\$54,035,026
Cost of goods sold	(4,494,212)
Operations expense	(35,398,098)
Management fee	(500,000)
Interest income	28,939
Interest expense	(4,387,189)
1997 COPs principal payment	<u>(945,000)</u>
Net revenue	<u>\$8,339,466</u>
Revenue Sharing - Park Management Corporation, 80%	<u>\$6,671,573</u>
Revenue Sharing - City of Vallejo, 20%	<u>\$1,667,893</u>

Subsequent to October 31, 2004, the JPA made payments to the Corporation and City reducing its liability to \$3,471,569 and \$867,892, respectively, at December 31, 2004. Together with the management fees payable discussed above the Marine World JPA's liabilities payable to the Corporation and City totaled \$5,781,936 at December 31, 2004.

E. Contributed Goods and Services

The JPA receives contributed goods and services that support Marine World's operations. Contributed goods and services are accounted for at their fair market value as revenue and expenses if the services meet the following criteria:

1. the service creates or enhances non-financial assets, or
2. the service requires specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of unpaid volunteers have made significant contributions of their time to support the JPA. The value of this contributed time is not reflected in the accompanying financial statements because the services do not meet the above criteria.

F. Goodwill

Goodwill arising from the acquisition of Marine World by the JPA had been amortized over a period of 25 years on a straight-line basis until October 31, 2002. At that date the JPA adopted FASB 142 and ceased amortizing goodwill.

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NOTE 15 - COMMITMENT AND CONTINGENCY

A. *Vallejo Redevelopment Agency*

Waterfront Development Project Area

The Redevelopment Agency has identified contaminants on certain property located within the Waterfront Development Project area for which the Redevelopment Agency may be responsible for a portion of the remediation. An independent soils' engineering firm has developed four alternatives for remediation of the contaminants, depending upon future land use. The alternatives range from "No Action" with an estimated cost of \$1.2 million for basic containment and highly restricted land use to complete removal of contaminants for unrestricted land use with an estimated cost of \$33 million. Discussions are ongoing with the previous owner and the regional water quality control board having jurisdiction over the property as to the preferred remedial approach based on anticipated future land uses. The Redevelopment Agency believes that the previous owner may be responsible for part or all of such costs and therefore has not recorded a liability.

The Redevelopment Agency incurred \$655,254 of legal, investigative and remediation costs through June 30, 2005, and believes it may be entitled to recover some of this cost from a previous owner. The Redevelopment Agency paid approximately \$2.4 million for this property in 1988. Given the uncertainty over remediation costs, however, the property is carried at no value.

Tax Increment Shift to Educational Revenue Augmentation Fund (ERAF)

In 2005, the State of California directed that a portion of the incremental property tax received by redevelopment agencies be shifted to local educational agencies. During the fiscal year ended June 30, 2005, \$225,105 was shifted as a result of the State directive.

Pass-through Payments

The Redevelopment Agency has entered into various tax-sharing agreements with Solano County and other taxing entities in the Vallejo Central, Flosden Acres, and Southeast Vallejo Project Areas. Portions of tax increments from those project areas are received by the Redevelopment Agency and remitted to these entities. In fiscal year 2005, the Redevelopment Agency calculated and remitted \$466,967 in pass-through payments to these entities.

B. *Vallejo Sanitation and Flood Control District*

The Vallejo Sanitation and Flood Control District has numerous ongoing capital projects that involve long-term construction contracts with payments billed and paid on a percentage-of-completion basis. Construction commitments related to these contracts at June 30, 2005 amounted to approximately \$12,229,000.

CITY OF VALLEJO
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For the Year Ended June 30, 2005

NOTE 16 – HUD SECTION 8 ACCRUED LIABILITIES

The Authority has been advised by the Department of Housing and Urban Development (HUD) of a \$1.2 million liability for program disbursements that were not compliant with HUD Section 8 Voucher rental payment standards. During the year ended June 30, 2005, as it faced significant grant reductions, the Authority adopted payment standards that deviated from HUD requirements in an attempt to maintain service to existing program participants while operating with reduced funding levels. The Authority has recorded this liability on its balance sheet as of June 30, 2005.

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Redevelopment Administration Fund accounts for the Agency's administrative and development activity supported by contributions from the City.

Redevelopment Affordable Housing Fund - is used to account for tax increment monies received and expended by the Redevelopment Agency for financing development and rehabilitation of low and moderate income housing projects, including related loan programs.

Library Fund accounts for the City's John F. Kennedy and Springtown libraries that are operated by Solano County through a contractual agreement. The fund has been closed as of June 30, 2005

Solid Waste Disposal Fund accounts for monies received from garbage collection fines and expended on enforcing major portions of the mandatory garbage subscription ordinance. This fund is also used for the mandatory city-wide recycling program.

Asset Seizure Fund accounts for monies received from police confiscated drug money and property. Funds are held until final disposition is received. The funds are then restricted for police related activities only.

State Gas Tax Fund accounts for monies received from the state gas tax allocation and expended on construction, improvement and maintenance of public streets and related infrastructure.

Community Development Block Grant Fund accounts for monies received and expended by the City as a participant in the Federal Community Development Block Grant program.

Home Program Fund accounts for monies received and expended by the City as a participant in the Federal HOME Grant program.

Repair & Demolition Revolving Fund accounts for monies that are expended and received to repair or demolish blighted buildings in the City.

R. W. Johnson Foundation Grant Fund accounts for funds provided by a private foundation to the City. The City subcontracts with the Vallejo Community Consortium, a nonprofit organization, to carry out the purpose of this grant, which is to address social needs and concerns of the community.

Hiddenbrooke Community Services District Fund accounts for monies collected as the result of special taxes which are used to fund a variety of municipal services provided to the residents of the Hiddenbrooke development.

Mare Island Leasing Fund accounts for monies received from tenants placed on Mare Island Naval Shipyard during conversion process.

Mare Island Cooperative Agreement Fund accounts for monies received from the U.S. Navy which are used for activities of the City of Vallejo relating to caretaker activities during the conversion of the Mare Island Naval Shipyard during the conversion process. The fund has been closed as of June 30, 2005.

Mare Island Improvement District Fund accounts for monies received for the improvement and preservation of Mare Island. The fund has been closed as of June 30, 2005.

Mare Island CFD Fund accounts for monies received as a result of assessments to property owners for maintenance and repair of infrastructure and facilities on the former Mare Island Naval Shipyard.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Neighborhood Parks Fund accounts for park development impact fee revenue and for contributions to the Greater Vallejo recreation District for park improvements.

School Ground Improvements Fund accounts for monies that are transferred from the water system equal to the amount of water payments made by the School District. Expenditures from this fund are restricted to projects that enhance the landscaping of school grounds. The fund has been closed as of June 30, 2005.

Hazmat Revolving Fund accounts for monies received and expended for hazardous material removal.

Local Law Enforcement Grant Fund accounts for revenues received from the Local Law Enforcement Block Grant.

Supplemental Law Enforcement Grant Fund accounts for revenues received from the Supplemental Law Enforcement Services Grant.

Traffic Offender/Vehicle Impound Program Fund accounts for monies received and expended from vehicle impound fees.

Landscape Maintenance Districts Fund accounts for special assessments on property within district boundaries for the restricted purpose of providing landscape services within the specified districts.

FEMA Grant Fund accounts for monies received and expended under the Federal Emergency Management Agency Grant program.

Mobile Home Park Fund accounts for the fees and costs supporting the City's mobile home ordinance.

Outside Services Fund accounts for one-time billings to third parties and the related expenditures of these funds. The primary activity is development review.

Administrative Fund accounts for funds held for special programs, including performance bonds for construction projects.

Cadet Program Fund accounts for staff changes for the City's Police Cadets.

Utility Administration Fund accounts for utility billing pass-through revenues.

DEBT SERVICE FUNDS

Redevelopment Agency Debt Service Fund - is to account for the accumulation of resources, most importantly property tax increment receipts, necessary for the payment of long term debt and other obligations incurred by the Redevelopment Project Areas.

Financing Authority Fund accounts for the issuance of revenue anticipation notes, borrowing from the Agency and loans made to Marine World Foundation. It also accounts for the accumulation of revenues and payment of the annual debt service requirements of revenue anticipation notes.

Certificates of Participation Fund accounts for the accumulation of lease revenue and the payments of annual debt service requirements.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

CAPITAL PROJECTS FUNDS

Redevelopment Agency Capital Projects Fund - is to account for monies intended for redevelopment projects of the Redevelopment Project Areas. These include property tax increment monies in excess of amounts needed to fulfill the debt service obligations of the areas and bond receipts.

Capital Outlay Fund accounts for the expenditure of General Fund and grant funded capital projects, including acquisitions and improvements of public property, public works projects, facilities, equipment and systems.

Fire Station #7 Fund accounts for development fees that are to be used for the construction of a fire station to service area #7.

Transportation Impact Mitigation Fund accounts for monies received from the Transportation Impact fee imposed on commercial and residential development and expended on transportation improvements necessitated by such development.

Hiddenbrooke Overpass Fund accounts for monies received from the Hiddenbrooke Overpass fee imposed on commercial and residential development within the Hiddenbrooke development area. These funds will be used to renovate the existing Hiddenbrooke overpass.

Bridge Construction Fund accounts for monies received from the Bridge Construction Development Tax Ordinance and expended to provide new bridges and other traffic improvements within the City.

Northgate Fee & Benefit District #93-1 Fund accounts for monies received from the development of the Northgate District #93-1 and expended for public improvements within that development area.

Northgate Fee & Benefit District #94-1 Fund accounts for monies received from the development of the Northgate District #94-1 and expended for public improvements within that development area.

Traffic Signal Interconnection Fund accounts for monies received from State sources to be expended on the renovation of the traffic signals within the City.

Citywide Traffic Signal II Fund accounts for monies received for upgrading and interconnecting all signals within the City.

Solano Bike Project Fund accounts for monies received for the County Bikeway System to connect the bike lane from Vallejo to Fairfield. This fund has been closed as of June 30, 2005.

Arts and Convention Center Fund accounts for monies set aside for the design and construction of an Arts and Convention Center within the City.

Certificates of Participations Fund accounts for bond proceeds to be used for the acquisition, construction, installation and equipping of certain capital improvements of the City.

Mare Island Benefit District Fund accounts for monies received from the development of Mare Island and expended for public improvements within that development area. The fund has been closed as of June 30, 2005.

PERMANENT FUND

McCune Collection Fund accounts for monies held for the Library which consists of donations and sales of rare books to maintain the McCune book collection.

CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2005

SPECIAL REVENUE FUNDS

	Redevelopment Administration	Redevelopment Affordable Housing	Library	Solid Waste Disposal	Assets Seizure
ASSETS					
Cash and investments	\$74,943	\$1,321,130		\$584,871	\$376,456
Restricted cash and investments					
Accounts receivable		25,511		139,323	1,349
Due from other governments					
Materials, parts, and supplies					
Advance to other funds					
Advance to Marine World JPA					
Notes and loans receivable		10,476,408			
Land held for redevelopment					
Total assets	\$74,943	\$11,823,049		\$724,194	\$377,805
LIABILITIES					
Accounts payable and accrued liabilities	\$74,943	\$3,293		\$333,445	\$62,533
Accrued interest payable					
Due to other funds					
Due to other governments					32,704
Revenue anticipation notes payable					
Deferred revenues		526,917			
Deposits payable					243,332
Advance from other funds					
Total liabilities	74,943	530,210		333,445	338,569
FUND EQUITY					
Fund balances					
Reserved for:					
Encumbrances				142,520	\$20,497
Materials, parts, and supplies					
Debt service					
Capital projects					
Notes and loans receivable		9,949,491			
Land held for redevelopment					
Prepayment reserve					
Advance to other funds					
Unreserved, designated for:					
Program commitments		750,000			
Capital projects					
Unreserved, undesignated					
		593,348		248,229	18,739
Total fund balances		11,292,839		390,749	39,236
Total liabilities and fund balances	\$74,943	\$11,823,049		\$724,194	\$377,805

SPECIAL REVENUE FUNDS

State Gas Tax	Community Development Block Grant	HOME Program	Repair & Demolition Revolving	R. W. Johnson Foundation Grant	Hiddenbrooke Community Services District	Downtown Business Improvements	Mare Island Leasing
\$1,033,957		\$300,259	\$173,678		\$1,417,705		\$3,841,011
35,845	\$166	58,731		\$3,195	12,507		
204,130	519,693				4,304		54,654
	1,120,474	2,424,968					
<u>\$1,273,932</u>	<u>\$1,640,333</u>	<u>\$2,783,958</u>	<u>\$173,678</u>	<u>\$3,195</u>	<u>\$1,434,516</u>		<u>\$3,895,665</u>
\$95,961	\$222,120	\$277,669		\$765	\$104,782		\$35,168
	265,941			3,195			
		22,590					
	1,120,474	2,483,699					
	4,754				97,459		3,250
							<u>2,355,337</u>
<u>95,961</u>	<u>1,613,289</u>	<u>2,783,958</u>		<u>3,960</u>	<u>202,241</u>		<u>2,393,755</u>
136,252	128,234						
					818,500		
<u>1,041,719</u>	<u>(101,190)</u>		<u>\$173,678</u>	<u>(765)</u>	<u>413,775</u>		<u>1,501,910</u>
<u>1,177,971</u>	<u>27,044</u>		<u>173,678</u>	<u>(765)</u>	<u>1,232,275</u>		<u>1,501,910</u>
<u>\$1,273,932</u>	<u>\$1,640,333</u>	<u>\$2,783,958</u>	<u>\$173,678</u>	<u>\$3,195</u>	<u>\$1,434,516</u>		<u>\$3,895,665</u>

(Continued)

CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2005

SPECIAL REVENUE FUNDS

	Mare Island Cooperative Agreement	Mare Island Improvement District	Mare Island CFD	Neighborhood Parks	School Ground Improvement
ASSETS					
Cash and investments			\$1,563,677	\$6,489,735	
Restricted cash and investments					
Accounts receivable			34,407	74,292	
Due from other governments					
Materials, parts, and supplies					
Advance to other funds					
Advance to Marine World JPA					
Notes and loans receivable				170,795	
Land held for redevelopment					
Total assets			<u>\$1,598,084</u>	<u>\$6,734,822</u>	
LIABILITIES					
Accounts payable and accrued liabilities			\$130,614	\$130,000	
Accrued interest payable					
Due to other funds					
Due to other governments					
Revenue anticipation notes payable					
Deferred revenues				1,102	
Deposits payable				37,000	
Advance from other funds					
Total liabilities			<u>130,614</u>	<u>168,102</u>	
FUND EQUITY					
Fund balances					
Reserved for:					
Encumbrances			69,991		
Materials, parts, and supplies					
Debt service					
Capital projects					
Notes and loans receivable				169,693	
Land held for redevelopment					
Prepayment reserve					
Advance to other funds					
Unreserved, designated for:					
Program commitments					
Capital projects					
Unreserved, undesignated					
			1,397,479	6,397,027	
Total fund balances			<u>1,467,470</u>	<u>6,566,720</u>	
Total liabilities and fund balances			<u>\$1,598,084</u>	<u>\$6,734,822</u>	

SPECIAL REVENUE FUNDS

Hazmat Revolving Fund	Local Law Enforcement Grant	Supplemental Law Enforcement Grant	Traffic Offender/ Vehicle Impound Program	Landscape Maintenance District	FEMA Grant	Mobile Home Park
\$318,667		\$14	\$635,433	\$2,401,406		\$11,872
10,967				7,950		36
<u>\$329,634</u>		<u>\$14</u>	<u>\$635,433</u>	<u>\$2,409,356</u>		<u>\$11,908</u>
\$1,570			\$10,738	\$302,471		
				13,495 543		
<u>1,570</u>			<u>10,738</u>	<u>316,509</u>		
				17,790		
328,064		\$14	624,695	2,075,057		\$11,908
328,064		14	624,695	2,092,847		11,908
<u>\$329,634</u>		<u>\$14</u>	<u>\$635,433</u>	<u>\$2,409,356</u>		<u>\$11,908</u>

(Continued)

CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2005

SPECIAL REVENUE
FUNDS

	Outside Services	Administrative	Cadet Program	Utility Billing Administration
ASSETS				
Cash and investments	\$468,532	\$489,712	\$14,606	\$2,017,285
Restricted cash and investments				
Accounts receivable	12,143			386,514
Due from other governments				
Materials, parts, and supplies				
Advance to other funds				
Advance to Marine World JPA				
Notes and loans receivable				
Land held for redevelopment				
Total assets	<u>\$480,675</u>	<u>\$489,712</u>	<u>\$14,606</u>	<u>\$2,403,799</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$165,971		\$8,982	\$1,167,370
Accrued interest payable				
Due to other funds				
Due to other governments				1,236,429
Revenue anticipation notes payable				
Deferred revenues				
Deposits payable	196,754	\$489,712		
Advance from other funds				
Total liabilities	<u>362,725</u>	<u>489,712</u>	<u>8,982</u>	<u>2,403,799</u>
FUND EQUITY				
Fund balances				
Reserved for:				
Encumbrances				
Materials, parts, and supplies				
Debt service				
Capital projects				
Notes and loans receivable				
Land held for redevelopment				
Prepayment reserve				
Advance to other funds				
Unreserved, designated for:				
Program commitments				
Capital projects				
Unreserved, undesignated	117,950		5,624	
Total fund balances	<u>117,950</u>		<u>5,624</u>	
Total liabilities and fund balances	<u>\$480,675</u>	<u>\$489,712</u>	<u>\$14,606</u>	<u>\$2,403,799</u>

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS			
Redevelopment Agency Debt Service	Financing Authority	Certificates of Participation	Redevelopment Agency Capital Projects	Capital Outlay	Fire Station #7	Transportation Impact Mitigation
\$2,391,094		\$1,659	\$8,699,380	\$1,335,181	\$54,181	\$8,274,164
1,135,267		205,884	677,343			
26,605	\$240,347		261,859	12,951	162	94,143
	1,694		8,630	395,132		
	10,500,000	2,355,337				
			1,434,457			30,338
			1,343,595			
<u>\$3,552,966</u>	<u>\$10,742,041</u>	<u>\$2,562,880</u>	<u>\$12,425,264</u>	<u>\$1,743,264</u>	<u>\$54,343</u>	<u>\$8,398,645</u>
		\$2,421	\$177,217	\$99,523		\$32,116
	\$240,347	2,056				
\$2,417,700	10,500,000					
83,288						30,338
<u>3,447,948</u>						
<u>5,948,936</u>	<u>10,740,347</u>	<u>4,477</u>	<u>177,217</u>	<u>99,523</u>		<u>62,454</u>
			148,470	387,833		47,657
1,135,267	1,694	203,066	8,630			
			1,343,595			
		2,355,337	677,343			
			1,778,543	1,255,908		5,466,979
<u>(3,531,237)</u>			<u>8,291,466</u>		<u>\$54,343</u>	<u>2,821,555</u>
<u>(2,395,970)</u>	<u>1,694</u>	<u>2,558,403</u>	<u>12,248,047</u>	<u>1,643,741</u>	<u>54,343</u>	<u>8,336,191</u>
<u>\$3,552,966</u>	<u>\$10,742,041</u>	<u>\$2,562,880</u>	<u>\$12,425,264</u>	<u>\$1,743,264</u>	<u>\$54,343</u>	<u>\$8,398,645</u>

(Continued)

CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2005

CAPITAL PROJECTS FUNDS

	Hiddenbrooke Overpass	Bridge Construction	Northgate. Fee & Benefit District #93-1	Northgate Fee & Benefit District #94-1	Traffic Signal Interconnection	Citywide Traffic Signal II
ASSETS						
Cash and investments	\$5,586,423	\$3,725,181	\$1,373,727	\$615,587	\$144,598	\$12,796
Restricted cash and investments			256,156	332,709		
Accounts receivable	64,316	42,853	4,157	1,862	437	
Due from other governments						
Materials, parts, and supplies						
Advance to other funds		520,000				
Advance to Marine World JPA						
Notes and loans receivable						
Land held for redevelopment						
Total assets	<u>\$5,650,739</u>	<u>\$4,288,034</u>	<u>\$1,634,040</u>	<u>\$950,158</u>	<u>\$145,035</u>	<u>\$12,796</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$9,554	\$23,703		\$19,110	\$3,519	
Accrued interest payable						
Due to other funds						
Due to other governments						
Revenue anticipation notes payable						
Deferred revenues		20,000				
Deposits payable			\$109,435			
Advance from other funds						
Total liabilities	<u>9,554</u>	<u>43,703</u>	<u>109,435</u>	<u>19,110</u>	<u>3,519</u>	
FUND EQUITY						
Fund balances						
Reserved for:						
Encumbrances	22,001	62,914	14,122	173,534		
Materials, parts, and supplies						
Debt service						
Capital projects						
Notes and loans receivable						
Land held for redevelopment						
Prepayment reserve						
Advance to other funds		500,000				
Unreserved, designated for:						
Program commitments						
Capital projects	791,990	3,681,417	429,168	171,866		
Unreserved, undesignated	4,827,194		1,081,315	585,648	141,516	\$12,796
Total fund balances	<u>5,641,185</u>	<u>4,244,331</u>	<u>1,524,605</u>	<u>931,048</u>	<u>141,516</u>	<u>12,796</u>
Total liabilities and fund balances	<u>\$5,650,739</u>	<u>\$4,288,034</u>	<u>\$1,634,040</u>	<u>\$950,158</u>	<u>\$145,035</u>	<u>\$12,796</u>

CAPITAL PROJECTS FUNDS			PERMANENT FUND		Total Nonmajor Governmental Funds
Solano Bike Project	Art and Convention Center	Certificates of Participation	N.E. Quadrant Improvement District 03-1	McCune Collection	
	\$1,108,979	\$1,010,456		\$115,661	\$57,984,016
		13,406,128	\$4,084,251		20,110,245
	3,355	3,040		350	1,605,824
					1,118,955
					10,324
	2,927,948				5,803,285
					10,500,000
					15,657,440
					1,343,595
	<u>\$4,040,282</u>	<u>\$14,419,624</u>	<u>\$4,084,251</u>	<u>\$116,011</u>	<u>\$114,133,684</u>
		\$33,545			\$3,529,103
		114,365			240,347
					399,052
					3,709,966
	\$99,948				10,500,000
				\$116,011	4,365,766
					1,297,707
					5,803,285
	<u>99,948</u>	<u>147,910</u>		<u>116,011</u>	<u>\$29,845,226</u>
		230,156			1,601,971
					10,324
					1,338,333
			\$4,084,251		4,084,251
					10,119,184
					1,343,595
	2,828,000				677,343
					5,683,337
					1,568,500
	22,738	7,264,940			20,863,549
	1,089,596	6,776,618			36,998,071
	<u>3,940,334</u>	<u>14,271,714</u>	<u>4,084,251</u>		<u>84,288,458</u>
	<u>\$4,040,282</u>	<u>\$14,419,624</u>	<u>\$4,084,251</u>	<u>\$116,011</u>	<u>\$114,133,684</u>

CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005

SPECIAL REVENUE FUNDS

	Redevelopment Administration	Redevelopment Affordable Housing	Library	Solid Waste Disposal	Asset Seizure
REVENUES					
Taxes					
Licenses, permits and fees				\$709,968	
Fines and forfeitures				6,650	\$59,788
Intergovernmental				112,404	
Use of money and property		\$814,016		18,867	7,073
Charges for services	\$5,000			107,403	
Other	4,427	8,805		473,390	
Total Revenues	9,427	822,821		1,428,682	66,861
EXPENDITURES					
Current					
Executive					
Finance					
Development services				700,284	
Community development	455,363	146,158			
Fire services					
Police services					18,972
Public works				871,731	
Nondepartmental					
Capital outlay					
Debt Service					
Principal					31,606
Interest and fiscal agent fees					3,779
Total Expenditures	455,363	146,158		1,572,015	54,357
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(445,936)	676,663		(143,333)	12,504
OTHER FINANCING SOURCES (USES)					
Transfers in	520,708	568,264			
Transfers (out)		(462,070)	(\$66,624)		(76,512)
Total Other Financing Sources (Uses)	520,708	106,194	(66,624)		(76,512)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	74,772	782,857	(66,624)	(143,333)	(64,008)
BEGINNING FUND BALANCES	(74,772)	10,509,982	66,624	534,082	103,244
ENDING FUND BALANCES		\$11,292,839		\$390,749	\$39,236

SPECIAL REVENUE FUNDS

State Gas Tax	Community Development Block Grant	HOME Program	Repair & Demolition Revolving	R.W. Johnson Foundation Grant	Hiddenbrooke Community Services District	Mare Island Leasing
\$2,273,743	\$2,428,209	\$217,552				
11,915	366,711	555,037			\$29,554	\$486,191
320,220		324,862		\$3,195	559,501	756
					4,000	440,963
<u>2,605,878</u>	<u>2,794,920</u>	<u>1,097,451</u>		<u>3,195</u>	<u>593,055</u>	<u>927,910</u>
	2,766,802	1,097,451				913,994
2,220,750				3,034	504,448	
	1,074					
<u>2,220,750</u>	<u>2,767,876</u>	<u>1,097,451</u>		<u>3,034</u>	<u>504,448</u>	<u>913,994</u>
385,128	27,044			161	88,607	13,916
						168,100
						(83,167)
						84,933
385,128	27,044			161	88,607	98,849
792,843			\$173,678	(926)	1,143,668	1,403,061
<u>\$1,177,971</u>	<u>\$27,044</u>		<u>\$173,678</u>	<u>(\$765)</u>	<u>\$1,232,275</u>	<u>\$1,501,910</u>

(Continued)

CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005

SPECIAL REVENUE FUNDS

	Mare Island Cooperative Agreement	Mare Island Improvement District	Mare Island CFD	Neighborhood Parks	School Ground Improvement
REVENUES					
Taxes			\$219,988		
Licenses, permits and fees			132,785	\$1,090,063	
Fines and forfeitures					
Intergovernmental			314,157		
Use of money and property			57,013	202,220	\$19,553
Charges for services			3,828,569		
Other	\$84,929	\$20			
Total Revenues	84,929	20	4,552,512	1,292,283	19,553
EXPENDITURES					
Current					
Executive					
Finance					
Development services					
Community development					
Fire services			2,013,000		
Police services			656,700		
Public works			1,722,604		
Nondepartmental				215,009	
Capital outlay					
Debt Service					
Principal					
Interest and fiscal agent fees					
Total Expenditures			4,392,304	215,009	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	84,929	20	160,208	1,077,274	19,553
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers (out)	(86,700)	(81,400)			(633,473)
Total Other Financing Sources (Uses)	(86,700)	(81,400)			(633,473)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,771)	(81,380)	160,208	1,077,274	(613,920)
BEGINNING FUND BALANCES	1,771	81,380	1,307,262	5,489,446	613,920
ENDING FUND BALANCES			\$1,467,470	\$6,566,720	

SPECIAL REVENUE FUNDS

Hazmat Revolving Fund	Local Law Enforcement Grant	Supplemental Law Enforcement Grant	Traffic Offender/ Vehicle Impound Program	Landscape Maintenance Districts	FEMA Grant	Mobile Home Park
\$40,000			\$220,758			\$11,989
	\$97,766	\$177,807				
7,249		4,328		\$51,438	\$4,984	(81)
			12,520	2,140,775		
				117,552		
47,249	97,766	182,135	233,278	2,309,765	4,984	11,908
13,673			84,123			
				2,269,365		
				32,101		
	407,677					
	53,474					
13,673	461,151		84,123	2,301,466		
33,576	(363,385)	182,135	149,155	8,299	4,984	11,908
	258,994			10,000		
		(182,482)	(45,000)		(250,041)	
	258,994	(182,482)	(45,000)	10,000	(250,041)	
33,576	(104,391)	(347)	104,155	18,299	(245,057)	11,908
294,488	104,391	361	520,540	2,074,548	245,057	
\$328,064		\$14	\$624,695	\$2,092,847		\$11,908

(Continued)

CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005

SPECIAL REVENUE FUNDS

	<u>Outside Services</u>	<u>Administrative</u>	<u>Cadet Program</u>	<u>Utility Billing Administration</u>
REVENUES				
Taxes	\$225,285			
Licenses, permits and fees				
Fines and forfeitures				
Intergovernmental				
Use of money and property	3,776			
Charges for services	200,742		\$118,136	
Other			13,244	
Total Revenues	<u>429,803</u>		<u>131,380</u>	
EXPENDITURES				
Current				
Executive	242,966			
Finance	12,000			
Development services	178,799			
Community development	292,595			
Fire services				
Police services			125,756	
Public works				
Nondepartmental				
Capital outlay				
Debt Service				
Principal				
Interest and fiscal agent fees				
Total Expenditures	<u>726,360</u>		<u>125,756</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(296,557)</u>		<u>5,624</u>	
OTHER FINANCING SOURCES (USES)				
Transfers in	414,507	\$326,010		
Transfers (out)		(326,010)		
Total Other Financing Sources (Uses)	<u>414,507</u>			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>117,950</u>		<u>5,624</u>	
BEGINNING FUND BALANCES				
ENDING FUND BALANCES	<u>\$117,950</u>		<u>\$5,624</u>	

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS			
Redevelopment Agency Debt Service	Financing Authority	Certificates of Participation	Redevelopment Agency Capital Projects	Capital Outlay	Fire Station #7	Transportation Impact Mitigation
\$2,841,319					\$30,373	\$1,902,247
69,217	\$245,084	(\$2,358)	\$939,441	\$113,889 24,075	4,059	223,855
150	40,000		380,553 124,529	568,596 475,000		
<u>2,910,686</u>	<u>285,084</u>	<u>(2,358)</u>	<u>1,444,523</u>	<u>1,181,560</u>	<u>34,432</u>	<u>2,126,102</u>
722,789			1,065,620			
340,164		4,149,905	1,526,716	315,057		98,675
<u>1,121,351</u>	<u>280,347</u>	<u>998,642</u>				
<u>2,184,304</u>	<u>280,347</u>	<u>5,148,547</u>	<u>2,592,336</u>	<u>315,057</u>		<u>98,675</u>
<u>726,382</u>	<u>4,737</u>	<u>(5,150,905)</u>	<u>(1,147,813)</u>	<u>866,503</u>	<u>34,432</u>	<u>2,027,427</u>
546,221		5,106,277	5,899,191			
<u>(4,799,563)</u>	<u>(98,589)</u>		<u>(2,381,490)</u>	<u>(526,100)</u>	<u>(109,000)</u>	<u>(11,366)</u>
<u>(4,253,342)</u>	<u>(98,589)</u>	<u>5,106,277</u>	<u>3,517,701</u>	<u>(526,100)</u>	<u>(109,000)</u>	<u>(11,366)</u>
(3,526,960)	(93,852)	(44,628)	2,369,888	340,403	(74,568)	2,016,061
<u>1,130,990</u>	<u>95,546</u>	<u>2,603,031</u>	<u>9,878,159</u>	<u>1,303,338</u>	<u>128,911</u>	<u>6,320,130</u>
<u>(\$2,395,970)</u>	<u>\$1,694</u>	<u>\$2,558,403</u>	<u>\$12,248,047</u>	<u>\$1,643,741</u>	<u>\$54,343</u>	<u>\$8,336,191</u>

(Continued)

CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005

	CAPITAL PROJECTS FUNDS				
	Hiddenbrooke Overpass	Bridge Construction	Northgate Fee & Benefit District #93-1	Northgate Fee & Benefit District #94-1	Traffic Signal Interconnection
REVENUES					
Taxes	\$294,907				
Licenses, permits and fees	290,481				
Fines and forfeitures					
Intergovernmental					
Use of money and property	172,068	\$122,916	\$37,447	\$18,240	\$6,724
Charges for services					
Other					
Total Revenues	757,456	122,916	37,447	18,240	6,724
EXPENDITURES					
Current					
Executive					
Finance					
Development services					
Community development					
Fire services					
Police services					
Public works					
Nondepartmental					
Capital outlay	17,440	89,125	45,447	89,025	122
Debt Service					
Principal					
Interest and fiscal agent fees					
Total Expenditures	17,440	89,125	45,447	89,025	122
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	740,016	33,791	(8,000)	(70,785)	6,602
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers (out)					
Total Other Financing Sources (Uses)					
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	740,016	33,791	(8,000)	(70,785)	6,602
BEGINNING FUND BALANCES	4,901,169	4,210,540	1,532,605	1,001,833	134,914
ENDING FUND BALANCES	\$5,641,185	\$4,244,331	\$1,524,605	\$931,048	\$141,516

CAPITAL PROJECTS FUNDS					PERMANENT FUND	Total Nonmajor Governmental Funds
Citywide Traffic Signal II	Solano Bike Project	Arts and Convention Center	Certificates of Participation	N.E. Quadrant Improvement District 03-1	McCune Collection	
						\$3,581,499
						4,416,675
						78,427
				\$135,293		5,870,820
		\$27,088	\$254,788	88,874		4,871,362
						7,910,031
			4,018			2,451,824
		27,088	258,806	224,167		29,180,638
						242,966
						12,000
						879,083
						7,460,772
						2,026,673
						885,551
						7,588,898
						218,043
		2,263	1,020,705	2,513,266		5,751,016
						4,929,352
						2,457,593
		2,263	1,020,705	2,513,266		32,451,947
		24,825	(761,899)	(2,289,099)		(3,271,309)
	\$11,366					13,829,638
			(3,750,332)			(13,969,919)
	11,366		(3,750,332)			(140,281)
	11,366	24,825	(4,512,231)	(2,289,099)		(3,411,590)
\$12,796	(11,366)	3,915,509	18,783,945	6,373,350		87,700,048
\$12,796		\$3,940,334	\$14,271,714	\$4,084,251		\$84,288,458

CITY OF VALLEJO
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	REDEVELOPMENT ADMINISTRATION			REDEVELOPMENT AFFORDABLE HOUSING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses, permits and fees						
Fines and forfeitures						
Intergovernmental						
Use of money and property				\$157,700	\$814,016	656,316
Charges for services	\$5,000	\$5,000				
Other		4,427	\$4,427	300	8,805	\$8,505
Total Revenues	<u>5,000</u>	<u>9,427</u>	<u>4,427</u>	<u>158,000</u>	<u>822,821</u>	<u>664,821</u>
EXPENDITURES						
Current						
Excecutive						
Finance						
Development services						
Community development	711,749	455,363	256,386	251,800	146,158	105,642
Fire services						
Police services						
Public works						
Nondepartmental						
Capital Outlay						
Debt service						
Principal						
Interest and fiscal agent fees						
Total Expenditures	<u>711,749</u>	<u>455,363</u>	<u>256,386</u>	<u>251,800</u>	<u>146,158</u>	<u>105,642</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(706,749)</u>	<u>(445,936)</u>	<u>260,813</u>	<u>(93,800)</u>	<u>676,663</u>	<u>770,463</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	637,200	520,708	(116,492)	546,500	568,264	21,764
Transfers (out)				(466,400)	(462,070)	4,330
Total Other Financing Sources (Uses)	<u>637,200</u>	<u>520,708</u>	<u>(116,492)</u>	<u>80,100</u>	<u>106,194</u>	<u>26,094</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$69,549)</u>	<u>74,772</u>	<u>\$144,321</u>	<u>(\$13,700)</u>	<u>782,857</u>	<u>\$796,557</u>
BEGINNING FUND BALANCES		<u>(74,772)</u>			<u>10,509,982</u>	
ENDING FUND BALANCES					<u>\$11,292,839</u>	

SOLID WASTE DISPOSAL			ASSET SEIZURE			STATE GAS TAX		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$666,200	\$709,968	\$43,768						
	6,650	6,650	\$90,000	\$59,788	(\$30,212)	\$2,240,000	\$2,273,743	\$33,743
349,100	112,404	(236,696)	900	7,073	6,173	10,500	11,915	1,415
	18,867	18,867						
90,700	107,403	16,703						
500,000	473,390	(26,610)				249,000	320,220	71,220
<u>1,606,000</u>	<u>1,428,682</u>	<u>(177,318)</u>	<u>90,900</u>	<u>66,861</u>	<u>(24,039)</u>	<u>2,499,500</u>	<u>2,605,878</u>	<u>106,378</u>
1,001,167	700,284	300,883						
			10,700	18,972	(8,272)	2,864,703	2,220,750	643,953
950,161	871,731	78,430						
				31,606	(31,606)			
				3,779	(3,779)			
<u>1,951,328</u>	<u>1,572,015</u>	<u>379,313</u>	<u>10,700</u>	<u>54,357</u>	<u>(43,657)</u>	<u>2,864,703</u>	<u>2,220,750</u>	<u>643,953</u>
<u>(345,328)</u>	<u>(143,333)</u>	<u>201,995</u>	<u>80,200</u>	<u>12,504</u>	<u>(67,696)</u>	<u>(365,203)</u>	<u>385,128</u>	<u>750,331</u>
			<u>(89,200)</u>	<u>(76,512)</u>	<u>12,688</u>			
			<u>(89,200)</u>	<u>(76,512)</u>	<u>12,688</u>			
<u>(\$345,328)</u>	<u>(143,333)</u>	<u>\$201,995</u>	<u>(\$9,000)</u>	<u>(64,008)</u>	<u>(\$55,008)</u>	<u>(\$365,203)</u>	<u>385,128</u>	<u>\$750,331</u>
	<u>534,082</u>			<u>103,244</u>			<u>792,843</u>	
	<u>\$390,749</u>			<u>\$39,236</u>			<u>\$1,177,971</u>	

(Continued)

CITY OF VALLEJO
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	COMMUNITY DEVELOPMENT BLOCK GRANT			HOME PROGRAM		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses, permits and fees						
Fines and forfeitures						
Intergovernmental	\$1,438,000	\$2,428,209	\$990,209	\$701,947	\$217,552	(\$484,395)
Use of money and property	585,399	366,711	(218,688)	1,515,952	555,037	(960,915)
Charges for services						
Other					324,862	324,862
Total Revenues	<u>2,023,399</u>	<u>2,794,920</u>	<u>771,521</u>	<u>2,217,899</u>	<u>1,097,451</u>	<u>(1,120,448)</u>
EXPENDITURES						
Current						
Executive						
Finance						
Development services						
Community development	3,641,151	2,766,802	874,349	2,487,306	1,097,451	1,389,855
Fire services						
Police services						
Public works						
Nondepartmental						
Capital Outlay	1,000	1,074	(74)			
Debt service						
Principal						
Interest and fiscal agent fees						
Total Expenditures	<u>3,642,151</u>	<u>2,767,876</u>	<u>874,275</u>	<u>2,487,306</u>	<u>1,097,451</u>	<u>1,389,855</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,618,752)</u>	<u>27,044</u>	<u>1,645,796</u>	<u>(269,407)</u>		<u>269,407</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$1,618,752)</u>	<u>27,044</u>	<u>\$1,645,796</u>	<u>(\$269,407)</u>		<u>\$269,407</u>
BEGINNING FUND BALANCES						
ENDING FUND BALANCES		<u>\$27,044</u>				

HIDDENBROOKE COMMUNITY SERVICES DISTRICT			MARE ISLAND LEASING			MARE ISLAND CFD		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$70,000	\$219,988	\$149,988
						237,000	132,785	(104,215)
\$58,500	\$29,554	(\$28,946)	\$237,000	\$486,191	\$249,191	1,003,000	314,157	(688,843)
590,000	559,501	(30,499)		756	756	30,000	57,013	27,013
15,000	4,000	(11,000)		440,963	440,963	2,930,500	3,828,560	898,060
<u>663,500</u>	<u>593,055</u>	<u>(70,445)</u>	<u>237,000</u>	<u>927,910</u>	<u>690,910</u>	<u>4,270,500</u>	<u>4,552,512</u>	<u>282,012</u>
			1,197,600	913,994	283,606			
\$617,417	504,448	112,969				2,013,000	2,013,000	
						676,700	656,700	20,000
						2,367,884	1,722,604	645,280
<u>617,417</u>	<u>504,448</u>	<u>112,969</u>	<u>1,197,600</u>	<u>913,994</u>	<u>283,606</u>	<u>5,057,584</u>	<u>4,392,304</u>	<u>665,280</u>
46,083	88,607	42,524	(960,600)	13,916	974,516	(787,084)	160,208	947,292
			177,400	168,100	(9,300)			
			(120,500)	(83,167)	37,333			
			56,900	84,933	28,033			
<u>\$46,083</u>	88,607	<u>\$42,524</u>	<u>(\$903,700)</u>	98,849	<u>\$1,002,549</u>	<u>(\$787,084)</u>	160,208	<u>\$947,292</u>
	<u>1,143,668</u>			<u>1,403,061</u>			<u>1,307,262</u>	
	<u>\$1,232,275</u>			<u>\$1,501,910</u>			<u>\$1,467,470</u>	

(Continued)

CITY OF VALLEJO
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	NEIGHBORHOOD PARKS			HAZMAT REVOLVING FUND		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses, permits and fees	\$800,000	\$1,090,063	\$290,063	\$40,000	\$40,000	
Fines and forfeitures						
Intergovernmental						
Use of money and property	110,000	202,220	92,220	2,100	7,249	\$5,149
Charges for services						
Other						
Total Revenues	910,000	1,292,283	382,283	42,100	47,249	5,149
EXPENDITURES						
Current						
Excecutive						
Finance						
Development services						
Community development						
Fire services				41,000	13,673	27,327
Police services						
Public works						
Nondepartmental	1,015,000	215,009	799,991			
Capital Outlay						
Debt service						
Principal						
Interest and fiscal agent fees						
Total Expenditures	1,015,000	215,009	799,991	41,000	13,673	27,327
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(105,000)	1,077,274	1,182,274	1,100	33,576	32,476
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(\$105,000)	1,077,274	\$1,182,274	\$1,100	33,576	\$32,476
BEGINNING FUND BALANCES		5,489,446			294,488	
ENDING FUND BALANCES		\$6,566,720			\$328,064	

LOCAL LAW ENFORCEMENT GRANT			SUPPLEMENTAL LAW ENFORCEMENT GRANT			TRAFFIC OFFENDER/VEHICLE IMPOUND PROGRAM		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$175,000	\$220,758	\$45,758
\$190,000	\$97,766	(\$92,234)	\$175,000	\$177,807	\$2,807			
			500	4,328	3,828	200		(200)
						10,000	12,520	2,520
190,000	97,766	(92,234)	175,500	182,135	6,635	185,200	233,278	48,078
						233,000	84,123	148,877
462,761		462,761						
	407,677	(407,677)						
	53,474	(53,474)						
462,761	461,151	1,610				233,000	84,123	148,877
(272,761)	(363,385)	(90,624)	175,500	182,135	6,635	(47,800)	149,155	196,955
	258,994	258,994						
(33,200)	33,200			-182,482	(182,482)	(45,000)	(45,000)	
(33,200)	258,994	292,194		(182,482)	(182,482)	(45,000)	(45,000)	
(\$305,961)	(104,391)	\$201,570	\$175,500	(347)	(\$175,847)	(\$92,800)	104,155	\$196,955
	104,391			361			520,540	
				\$14			\$624,695	

(Continued)

CITY OF VALLEJO
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	LANDSCAPE MAINTENANCE DISTRICTS			FEMA GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$2,124,328	\$2,140,775	\$16,447			
Licenses, permits and fees						
Fines and forfeitures						
Intergovernmental						
Use of money and property		51,438	51,438		\$4,984	\$4,984
Charges for services						
Other		117,552	117,552			
Total Revenues	<u>2,124,328</u>	<u>2,309,765</u>	<u>185,437</u>		<u>4,984</u>	<u>4,984</u>
EXPENDITURES						
Current						
Executive						
Finance						
Development services						
Community development						
Fire services						
Police services						
Public works	3,052,656	2,269,365	783,291			
Nondepartmental						
Capital Outlay	35,000	32,101	2,899			
Debt service						
Principal						
Interest and fiscal agent fees						
Total Expenditures	<u>3,087,656</u>	<u>2,301,466</u>	<u>786,190</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(963,328)</u>	<u>8,299</u>	<u>971,627</u>		<u>4,984</u>	<u>4,984</u>
OTHER FINANCING SOURCES (USES)						
Transfers in		10,000	10,000			
Transfers (out)				(\$247,900)	(250,041)	(2,141)
Total Other Financing Sources (Uses)		<u>10,000</u>	<u>10,000</u>	<u>(247,900)</u>	<u>(250,041)</u>	<u>(2,141)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$963,328)</u>	<u>18,299</u>	<u>\$981,627</u>	<u>(\$247,900)</u>	<u>(245,057)</u>	<u>\$2,843</u>
BEGINNING FUND BALANCES		<u>2,074,548</u>			<u>245,057</u>	
ENDING FUND BALANCES		<u><u>\$2,092,847</u></u>				

OUTSIDE SERVICES			CADET PROGRAM		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$225,285	\$225,285			
	3,776	3,776			
\$300,000	200,742	(99,258)	\$120,000	\$118,136	(\$1,864)
			225,000	13,244	(211,756)
300,000	429,803	129,803	345,000	131,380	(213,620)
\$300,000	242,966	57,034			
	12,000	(12,000)			
	178,799	(178,799)			
	292,595	(292,595)			
			345,000	125,756	219,244
300,000	726,360	(426,360)	345,000	125,756	219,244
	(296,557)	(296,557)		5,624	5,624
	414,507	414,507			
	414,507	414,507			
	117,950	\$117,950		5,624	\$5,624
	\$117,950			\$5,624	

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

CITY OF VALLEJO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2005

	Corporation Shop	Equipment Replacement	Insurance	Intra- Governmental Loans	Payroll Benefits	Total
ASSETS						
Cash and investments	\$461,076	\$1,575,164	\$3,907,968	\$99,035	\$71,285	\$6,114,528
Accounts receivable	5,164		78,141		39,154	122,459
Due from other funds			3,556,861			3,556,861
Materials, parts, and supplies	154,872					154,872
Capital assets, net	3,363,033					3,363,033
Total Assets	3,984,145	1,575,164	7,542,970	99,035	110,439	13,311,753
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	118,722	27,255	94,791		110,439	351,207
Claims payable, current			3,776,000			3,776,000
Employee benefits payable, noncurrent	6,000					6,000
Current liabilities	124,722	27,255	3,870,791		110,439	4,133,207
Long-term liabilities:						
Claims payable			7,523,000			7,523,000
Employee benefits payable, long term	205,034		25,789			230,823
Total Liabilities	329,756	27,255	11,419,580		110,439	11,887,030
NET ASSETS						
Invested in capital assets, net of related debt	3,363,033					3,363,033
Unrestricted	291,356	1,547,909	(3,876,610)	99,035		(1,938,310)
Total Net Assets	\$3,654,389	\$1,547,909	(\$3,876,610)	\$99,035		\$1,424,723

CITY OF VALLEJO
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
JUNE 30, 2005

	Corporation Shop	Equipment Replacement	Insurance	Intra- Governmental Loans	Payroll Benefits	Total
OPERATING REVENUES						
Charges for services	\$1,218,642	\$396,704	\$4,494,934			\$6,110,280
Other	6,256	66,507				72,763
Total Operating revenues	1,224,898	463,211	4,494,934			6,183,043
OPERATING EXPENSES						
Operating expenses	1,465,979	11,689	1,508,334			2,986,002
Insurance and claims			4,873,004			4,873,004
Depreciation	876,516	479,991				1,356,507
Total Operating expenses	2,342,495	491,680	6,381,338			9,215,513
Operating income (loss)	(1,117,597)	(28,469)	(1,886,404)			(3,032,470)
NONOPERATING REVENUES (EXPENSES)						
Investment income (expense)		50,030	175,569			225,599
Total nonoperating revenues (expenses)		50,030	175,569			225,599
Income (loss) before transfers	(1,117,597)	21,561	(1,710,835)			(2,806,871)
Gain on sale of capital assets	53,175					53,175
Transfers in	1,971,744		600,000			2,571,744
Transfers (out)		(1,971,744)				(1,971,744)
Change in net assets	907,322	(1,950,183)	(1,110,835)			(2,153,696)
BEGINNING NET ASSETS	2,747,067	3,498,092	(2,765,775)	99,035		3,578,419
ENDING NET ASSETS	\$3,654,389	\$1,547,909	(\$3,876,610)	\$99,035		\$1,424,723

CITY OF VALLEJO
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005

	Corporation Shop	Equipment Replacement	Insurance	Intra- Governmental Loans	Payroll Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$1,224,710	\$471,008	\$4,416,793		\$71,285	\$6,183,796
Payments to suppliers	(19,762)	15,566	(1,190,179)			(1,194,375)
Payments to employees	(1,481,085)		(250,666)			(1,731,751)
Claims paid			(3,839,004)			(3,839,004)
Cash Flows from Operating Activities	(276,137)	486,574	(863,056)		71,285	(581,334)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Increase (decrease) in transfers			600,000			600,000
Increase (decrease) in due from other funds			(3,556,861)			(3,556,861)
Cash Flows from Noncapital Financing Activities			(2,956,861)			(2,956,861)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	59,431	(369,433)				(310,002)
Cash Flows from Capital and Related Financing Activities	59,431	(369,433)				(310,002)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest		50,030	175,569			225,599
Cash Flows from Investing Activities		50,030	175,569			225,599
Net Cash Flows	(216,706)	167,171	(3,644,348)		71,285	(3,622,598)
Cash and investments at beginning of period	677,782	1,407,993	7,552,316	\$99,035		9,737,126
Cash and investments at end of period	<u>\$461,076</u>	<u>\$1,575,164</u>	<u>\$3,907,968</u>	<u>\$99,035</u>	<u>\$71,285</u>	<u>\$6,114,528</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	(\$1,117,597)	(\$28,469)	(\$1,886,404)			(\$3,032,470)
Adjustments to reconcile operating income to net cash flows from operating activities:						
Depreciation	876,516	479,991				1,356,507
Change in assets and liabilities:						
Receivables, net	(188)	7,797	(78,141)		(39,154)	(109,686)
Other assets	5,823					5,823
Accounts payable and accrued liabilities	(25,585)	27,255	57,701		110,439	169,810
Employee benefits payable	(15,106)		9,788			(5,318)
Claims payable			1,034,000			1,034,000
Cash Flows from Operating Activities	(276,137)	\$486,574	(863,056)		\$71,285	(581,334)

AGENCY FUNDS

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations.

The City's Agency funds include the Improvement Districts and Assessment Districts Agency Funds. These funds account for the collection of assessment and the disbursement to district bond holders for debt without City Commitment.

CITY OF VALLEJO
 AGENCY FUNDS
 STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
<u>Improvement Districts</u>				
<u>Assets</u>				
Cash and investments	\$3,624,129	\$2,932,753	\$3,624,129	\$2,932,753
Restricted cash and investments	3,173,148	1,721,068	3,173,148	1,721,068
Total Assets	\$6,797,277	\$4,653,821	\$6,797,277	\$4,653,821
<u>Liabilities</u>				
Accounts payable	\$1,235		\$1,235	
Deposits payable		64,125		64,125
Due to bondholders	6,796,042	4,589,696	6,796,042	4,589,696
Total Liabilities	\$6,797,277	\$4,653,821	\$6,797,277	\$4,653,821
<u>Assessment Districts</u>				
<u>Assets</u>				
Cash and investments	\$4,908,843	\$4,545,731	\$4,908,843	\$4,545,731
Restricted cash and investments	1,852,314	1,710,276	1,852,314	1,710,276
Total Assets	\$6,761,157	\$6,256,007	\$6,761,157	\$6,256,007
<u>Liabilities</u>				
Accounts payable	\$121		\$121	
Due to bondholders	6,761,036	\$6,256,007	6,761,036	\$6,256,007
Total Liabilities	\$6,761,157	\$6,256,007	\$6,761,157	\$6,256,007
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$8,532,972	\$7,478,484	\$8,532,972	\$7,478,484
Restricted cash and investments	5,025,462	3,431,344	5,025,462	3,431,344
Total Assets	\$13,558,434	\$10,909,828	\$13,558,434	\$10,909,828
<u>Liabilities</u>				
Accounts payable	\$1,356		\$1,356	
Deposits payable		\$64,125		\$64,125
Due to bondholders	13,557,078	10,845,703	13,557,078	10,845,703
Total Liabilities	\$13,558,434	\$10,909,828	\$13,558,434	\$10,909,828

TAB 3

STATISTICAL SECTION

STATISTICAL SECTION

The statistical section contains comprehensive statistical data which relates to physical, economic, social and political characteristics of the City. It is intended to provide users with a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements and supporting schedules included in the financial section.

In this section, readers will find comparative information related to the City's revenue sources, expenditures, property tax valuations, levies and collections, general obligation bonded debt, sewer revenue debt service, demographics and pension plan funding. Where available, the comparative information is presented for the last ten fiscal years.

In addition, this section presents information related to the City's legal debt margin computation, principal taxpayers, notary and security bond coverages, and other miscellaneous statistics pertaining to services provided by the City.

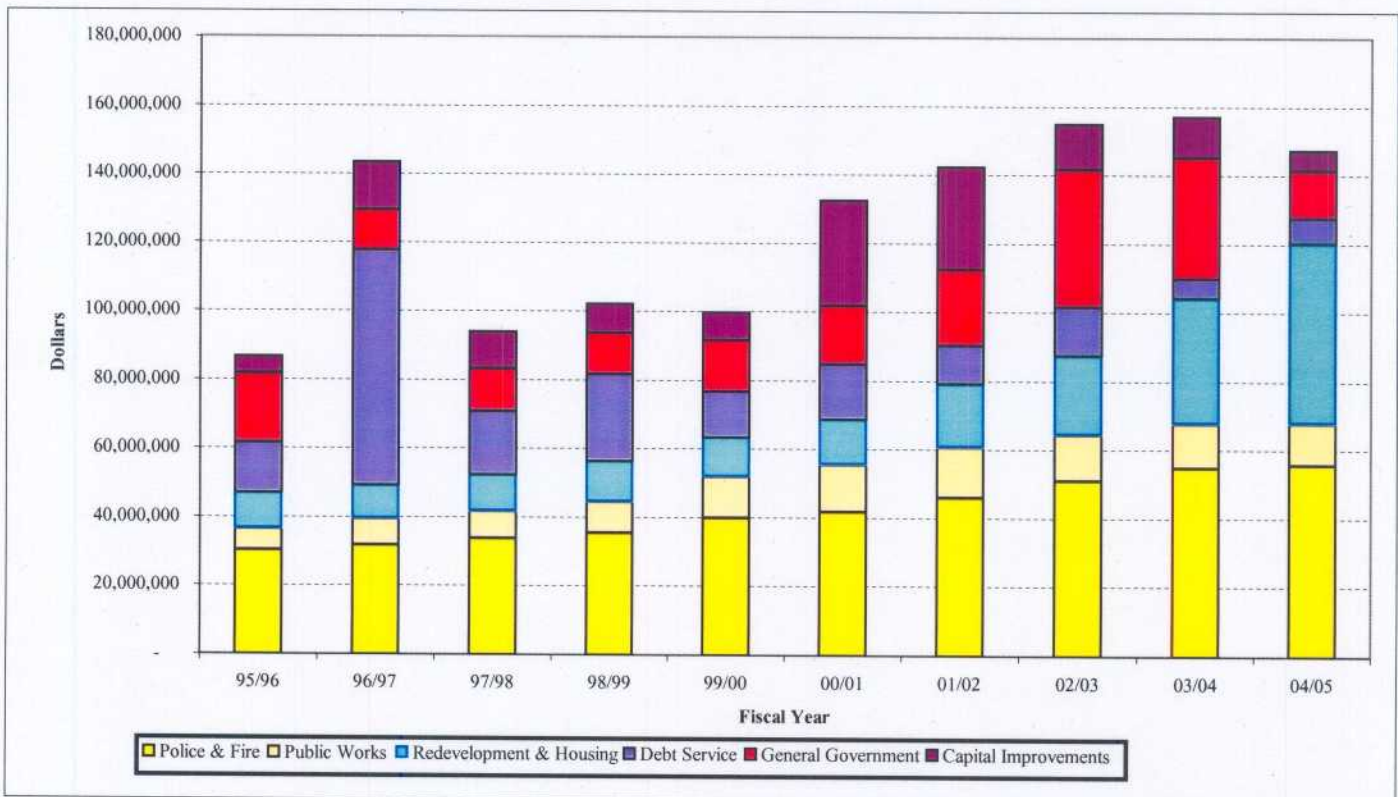
In contrast to the financial section, the statistical section information is not subject to independent audit.

CITY OF VALLEJO
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
 Last Ten Fiscal Years

Fiscal Year	Total	General			Redevelopment &		Debt Service	Capital Improvements
		Government	Police & Fire	Public Works	Housing			
95/96	86,515,435	19,984,533	30,269,265	6,124,565	10,463,178	14,692,155	4,981,739	
96/97	143,315,471	11,774,049	31,740,714	7,630,781	9,627,044	68,584,272	13,958,611	
97/98	93,948,280	12,445,951	33,790,697	7,822,150	10,496,021	18,588,263	10,805,198	
98/99	102,110,995	12,019,983	35,330,094	9,147,016	11,632,663	25,490,890	8,490,349	
99/00	99,735,541	14,852,831	39,735,152	12,040,918	11,456,108	13,425,173	8,225,359	
00/01	132,411,133	17,035,621	41,672,844	13,784,289	12,992,564	16,220,585	30,705,230	
01/02	142,250,510	21,812,256	45,851,950	14,763,760	18,342,999	11,399,593	30,079,952	
02/03	154,776,818	40,018,119	50,848,005	13,466,028	23,015,880	14,177,864	13,250,922	
03/04	156,954,819	35,252,657	54,641,190	13,001,968	36,460,200	5,619,802	11,979,002	
04/05	147,264,482	13,813,708	55,641,234	12,204,692	52,217,190	7,520,237	5,867,421	

This table includes all Governmental Fund Types, which includes the General, Special Revenue, Debt Service and Capital Projects Funds.

Source: City of Vallejo Comprehensive Annual Financial Report

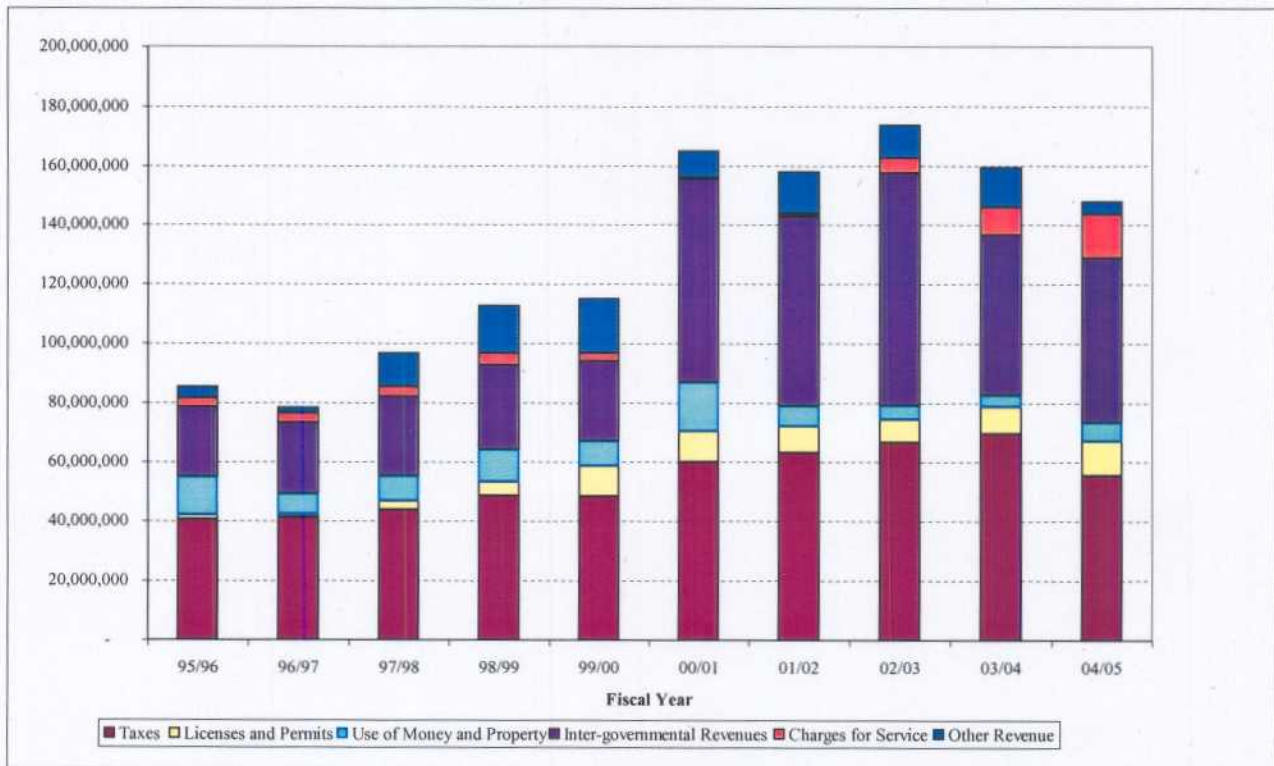


CITY OF VALLEJO
GENERAL GOVERNMENTAL REVENUES BY SOURCE
 Last Ten Fiscal Years

Fiscal Year	Total	Taxes	Licenses and Permits	Use of Money and Property	Inter-governmental Revenues	Charges for Service	Other Revenue
95/96	85,292,391	40,504,739	1,472,096	12,768,742	23,660,834	3,132,062	3,753,918
96/97	78,328,631	41,200,013	996,913	6,757,247	24,193,262	3,223,154	1,958,042
97/98	96,682,827	43,719,818	2,978,155	8,291,953	26,897,492	3,471,786	11,323,623
98/99	112,554,665	48,434,099	4,621,444	10,853,019	28,595,120	4,086,788	15,964,196
99/00	115,009,877	48,149,015	10,267,388	8,530,690	26,915,283	2,652,311	18,495,190
00/01	164,887,582	59,771,020	10,514,520	16,518,279	68,612,201	523,177	8,948,385
01/02	157,839,221	62,897,176	9,112,455	6,952,531	63,743,346	1,052,154	14,081,559
02/03	173,497,192	66,537,857	7,900,520	4,663,955	78,159,185	5,159,696	11,075,979
03/04	159,274,877	69,534,702	9,133,758	3,902,344	53,864,845	9,485,786	13,353,442
04/05	147,718,673	55,161,490	11,852,968	6,419,396	55,423,739	14,692,748	4,168,332

This table includes all Governmental Fund Types, which include the General, Special Revenue, Debt Service and Capital Projects Funds.

Source: City of Vallejo Comprehensive Annual Financial Report



**CITY OF VALLEJO
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Fund										
Reserved	144,888	187,227	263,688	202,254	1,036,264	987,769	964,936	3,833,393	2,692,874	1,926,691
Unreserved	992,071	237,010	(1,347,601)	3,057,717	6,051,445	7,303,879	5,465,289	4,012,922	1,433,060	11,929,653
Total General Fund	1,136,959	424,237	(1,083,913)	3,259,971	7,087,709	8,291,648	6,430,225	7,846,315	4,125,934	13,856,344
All Other Governmental Funds										
Reserved	16,281,184	25,168,139	27,785,307	22,128,447	21,799,901	27,505,743	69,315,928	35,172,419	29,522,909	76,608,552
Unreserved, reported in:										
Special revenue funds	6,162,827	4,852,176	4,051,726	6,889,126	11,033,632	32,249,288	50,843,678	73,640,662	72,737,570	16,415,761
Debt service funds	2,690,383	281,218	-	-	-	-	(7,536,268)	(3,121,481)	-	(3,531,237)
Capital projects funds	15,291,072	(894,514)	2,227,053	9,163,749	15,864,175	33,058,157	(1,809,505)	33,583,423	42,544,807	46,545,596
Permanent funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	40,425,466	29,407,019	34,064,086	38,181,322	48,697,708	92,813,188	110,813,833	139,275,023	144,805,286	136,038,672

**CITY OF VALLEJO
NET ASSETS BY COMPONENT
LAST THREE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities			
Invested in capital assets, net of related debt	180,968,562	266,448,146	260,617,039
Restricted	139,275,023	144,466,722	135,874,545
Unrestricted	12,679,669	(31,040,505)	(15,725,473)
Total governmental activities net assets	<u>332,923,254</u>	<u>379,874,363</u>	<u>380,766,111</u>
Business-type activities			
Invested in capital assets, net of related debt	177,280,242	184,052,727	218,315,891
Restricted	68,290,291	52,058,389	41,716,706
Unrestricted	25,287,824	30,546,597	6,179,510
Total business-type activities net assets	<u>270,858,357</u>	<u>266,657,713</u>	<u>266,212,107</u>
Primary government			
Invested in capital assets, net of related debt	358,248,804	450,500,873	478,932,930
Restricted	207,565,314	196,525,111	177,591,251
Unrestricted	37,967,493	(493,908)	(9,545,963)
Total primary government net assets	<u>603,781,611</u>	<u>646,532,076</u>	<u>646,978,218</u>

**CITY OF VALLEJO
CHANGES IN NET ASSETS
LAST THREE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year		
	2003	2004	2005
Expenses			
Governmental activities:			
Legislative and Advisory	385,570	374,331	322,556
Executive	1,295,966	1,368,798	1,307,999
Finance	1,655,368	1,824,278	1,479,210
Human Resources	912,034	919,935	1,041,490
Law	778,393	756,854	687,908
Development Services	3,455,967	3,273,016	3,188,959
Community Development	46,230,453	58,210,217	51,914,880
Fire services	20,012,832	23,696,187	23,985,109
Police services	31,574,229	34,287,574	34,720,623
Public Works	13,809,365	13,939,915	14,793,797
Nondepartmental	12,832,301	12,151,426	11,710,331
Depreciation (not allocated)	7,254,472	-	-
Interest on long-term debt	6,821,567	2,835,728	2,455,183
Total governmental activities expenses	147,018,517	153,638,259	147,608,045
Business-type activities:			
Water	24,905,227	31,696,161	29,329,743
Local Transportation	18,183,460	20,882,570	24,165,435
Waterstone Development	2,766,951	2,747,357	65,305
Sanitation & Flood Control	19,919,415	22,240,114	22,672,873
Marine World JPA	55,545,895	57,942,325	54,198,128
Other proprietary funds	2,707,183	3,118,887	3,301,665
Total business-type activities expenses	124,028,131	138,627,414	133,733,149
Total primary government expenses	271,046,648	292,265,673	281,341,194
Program Revenues			
Governmental activities:			
Charges for services	27,950,704	19,337,363	25,022,210
Operating grants and contributions	29,887,552	33,810,077	34,786,028
Capital grants and contributions	41,716,347	20,492,269	13,790,057
Total governmental activities program revenues	99,554,603	73,639,709	73,598,295
Business-type activities:			
Charges for services	107,706,944	109,134,399	110,851,695
Operating grants and contributions	28,924,089	9,542,098	9,980,364
Capital grants and contributions	1,015,699	12,241,899	7,974,031
Total business-type activities program revenues	137,646,732	130,918,396	128,806,090
Total primary government program revenues	237,201,335	204,558,105	202,404,385
Net revenue/(expense)			
Governmental activities	(47,463,914)	(79,998,550)	(74,009,750)
Business-type activities	13,618,601	(7,709,018)	(4,927,059)
Total primary government net expense	(33,845,313)	(87,707,568)	(78,936,809)

**CITY OF VALLEJO
CHANGES IN NET ASSETS
LAST THREE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year		
	2003	2004	2005
(Continued)			
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes			
Property taxes	13,242,560	12,612,335	20,900,386
Incremental property taxes	2,489,068	19,428,752	3,581,499
Special assessments	3,548,185	2,877,767	-
Sales taxes	14,581,035	13,336,714	13,913,459
Utility user taxes	11,697,172	11,707,588	11,882,250
Motor vehicles	6,875,520	5,688,734	12,185,788
Other taxes	10,054,753	14,094,574	5,330,846
Investment earnings	4,822,338	1,927,541	4,008,728
Gain on sale of capital assets	-	250,000	-
Miscellaneous	6,631,958	2,687,677	1,988,937
Transfers	(380,487)	(796,567)	1,109,605
Total governmental activities	73,562,102	83,815,115	74,901,498
Business-type activities:			
Property taxes	566,511	716,352	286,096
Investment earnings	4,957,815	1,600,870	3,067,039
Miscellaneous	1,176,453	(674,084)	43,604
Gain on sales of assets	(3,812,225)	-	2,194,319
Contributions	5,392,050	-	-
Transfers	380,487	796,567	(1,109,605)
Total business-type activities	8,661,091	2,439,705	4,481,453
Total primary government	82,223,193	86,254,820	79,382,951
Change in Net Assets			
Governmental activities	26,098,188	3,816,565	891,748
Business-type activities	22,279,692	(5,269,313)	(445,606)
Total primary government	48,377,880	(1,452,748)	446,142

CITY OF VALLEJO
ASSESSED VALUE OF ALL TAXABLE PROPERTY

Last Ten Fiscal Years

Does not include RDA or LMD Values

Fiscal Year	Secured Roll	Unitary Roll	Unsecured Roll	Gross Assessed Value	Less Exemptions	Net Assessed Value
95/96	4,061,668,685	2,273,324	157,326,601	4,221,268,610	129,567,479	4,091,701,131
96/97	4,065,224,066	2,580,941	158,352,772	4,226,157,779	128,698,250	4,097,459,529
97/98	4,021,270,112	2,298,518	154,456,789	4,178,025,419	127,578,747	4,050,446,672
98/99	4,197,241,057	2,924,003	157,537,663	4,357,702,723	126,152,653	4,231,550,070
99/00	4,396,364,222	2,110,061	163,809,686	4,562,283,969	124,336,600	4,437,947,369
00/01	4,868,040,960	2,224,273	183,026,773	5,053,292,006	123,746,012	4,929,545,994
01/02	5,384,307,753	2,235,628	186,281,216	5,572,824,597	123,119,884	5,449,704,713
02/03	5,888,208,944	2,503,152	198,977,943	6,089,690,039	129,851,918	5,959,838,121
03/04	6,521,039,710	2,772,151	183,220,538	6,707,032,399	131,336,678	6,575,695,721
04/05	7,124,881,505	1,150,222	190,567,013	7,316,598,740	130,135,476	7,186,463,264

Source: Solano County Auditor-Controllers Office
Solano County Integrated Property System Report

CITY OF VALLEJO
PROPERTY TAX RATES AND TAX LEVIES
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

TAX RATES

Fiscal Year	City	County	School	Other	Total
95/96	-	1.0027	0.0183	0.0200	1.0410
96/97	-	1.0024	0.0100	0.0200	1.0324
97/98	-	1.0024	0.0100	0.0200	1.0324
98/99	-	1.0000	0.1353	0.0200	1.1553
99/00	-	1.0000	0.1330	0.0200	1.1530
00/01	-	1.0000	0.1295	0.0200	1.1495
01/02	-	1.0000	0.0717	0.0200	1.0917
02/03	-	1.0000	0.1246	0.0200	1.1446
03/04	-	1.0000	0.1239	0.0200	1.1439
04/05	-	1.0000	0.1026	0.0200	1.1226

TAX LEVIES

Fiscal Year	City	County	School	Other	Total
95/96	-	41,027,487	748,781	818,340	42,594,609
96/97	-	41,072,197	409,541	819,492	42,301,230
97/98	-	40,601,677	405,045	810,089	41,816,811
98/99	-	42,315,500	5,728,207	846,310	48,890,017
99/00	-	44,379,474	5,904,556	887,589	51,171,619
00/01	-	49,295,460	6,382,924	985,909	56,664,293
01/02	-	54,497,047	3,905,803	1,089,941	59,492,791
02/03	-	59,598,381	7,425,958	1,191,968	68,216,307
03/04	-	65,756,957	11,417,488	1,315,139	78,489,584
04/05	-	71,864,633	7,373,168	1,437,293	80,675,094

Source: Tax Rates. Solano County Auditor Controller's Office (City Tax Rates - Area 7000)
: Tax Levies. Solano County Auditor Controller's Office (SCIPS Report - R720102B)

The tax rates and levies for all governments are for voter-approved indebtedness only, except that the county figures include a \$1.00 levy for general operations. That levy is imposed countywide and the proceeds are allocated to all other taxing entities in accordance with a formula established by State law pursuant to AB8 of 1979.

**CITY OF VALLEJO
PRINCIPAL TAXPAYERS**

<u>Taxpayers</u>	<u>2004/05 Assessed Value</u>	<u>Percent of 2004/05 Total City Net Assessed Value</u>	<u>Type of Business</u>
Centro Watt Property Owner II	65,672,800	0.91%	Multiple residential
Park Management Corp.	62,173,503	0.87%	Amusement Park
Pan Pacific Retail Partners	37,732,865	0.53%	Multiple residential
Sundance-Vallejo	29,200,141	0.41%	Commercial Sales
Western Pacific Housing	25,023,292	0.35%	Multiple residential
Vallejo Venture 99 LLC	20,987,806	0.29%	Multiple residential
Misawa Homes	19,356,804	0.27%	Multiple residential
Meyer Cookware	17,839,113	0.25%	Manufacturing/warehousing
General Mills	16,345,663	0.23%	Manufacturing/warehousing
Oakmont Properties II LLC	15,296,541	0.21%	Multiple residential
Vallejo Somerset Limited Partners	15,100,899	0.21%	Multiple residential
Westlake Development Company	15,710,579	0.22%	Multiple residential
Vallejo Highlands Association	14,393,108	0.20%	Multiple residential
Wal Mart Real Estate Trust	13,509,403	0.19%	Commercial Sales
Costco Wholesale Corporation	13,450,314	0.19%	Commercial Sales
Top 15 Taxpayers Total	<u>381,792,831</u>	<u>5.31%</u>	
City Net Total Assessed Value	<u>\$ 7,186,463,264</u>	<u>100.00%</u>	

Source: Solano County Assessor, 2003/04 Assessment Roll

CITY OF VALLEJO
SPECIAL ASSESSMENTS BILLED AND COLLECTED
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Assessments Billed</u>	<u>Assessments Collected</u>	<u>Total Outstanding Assessments</u>	<u>Ratio of Outstanding Assessments to Amount Billed</u>
95/96	8,643,494	8,042,328	601,166	6.96%
96/97	8,986,038	8,299,404	686,634	7.64%
97/98	9,183,024	8,418,989	764,035	8.32%
98/99	5,539,189	5,004,918	534,271	9.65%
99/00	8,912,220	8,673,659	238,561	2.68%
00/01	9,572,075	9,240,006	332,069	3.47%
01/02	9,373,261	9,025,485	347,776	3.71%
02/03	9,045,362	8,687,461	357,901	3.96%
03/04	8,541,507	8,126,578	414,929	4.86%
04/05	8,890,756	8,327,483	563,273	6.34%

Source: Solano County Auditor Controller's Office

In addition to the City's property tax levies for voter-approved debt, Solano County levies property taxes limited to \$1 per \$100 of assessed valuation for county, city, school and special district operating expenses. This additional property tax levy is distributed to the different governmental agencies under the State mandated alternate method of apportioning taxes (commonly referred to as the "Teeter Plan") whereby all local agencies, including cities, receive from the county 100% of their respective shares of the amount of ad valorem taxes levied, without regard to the actual collection of the taxes levied. This method was placed in effect by Solano County in the 1965-66 tax year and remains in effect unless the County Board of Supervisors orders its discontinuance.

CITY OF VALLEJO
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2005

Net Assessed Value	<u>\$ 7,186,463,264</u>
Debt Limit (Fifteen Percent of Assessed Value)	<u>1,077,969,490</u>
Amount of Bonded Debt Applicable to Debt Limit*	-
Less: Exempt from Legal Limit	-
Assets Available in Debt Service Fund	<u>-</u>
Net Amount of Bonded Debt Applicable to Debt Limit	<u>-</u>
Legal Debt Margin	<u>\$ 1,077,969,490</u>

Source: Solano County Auditor Controller's Office

*Note: Section 43605 of the California Government Code
for General Obligation Bonds

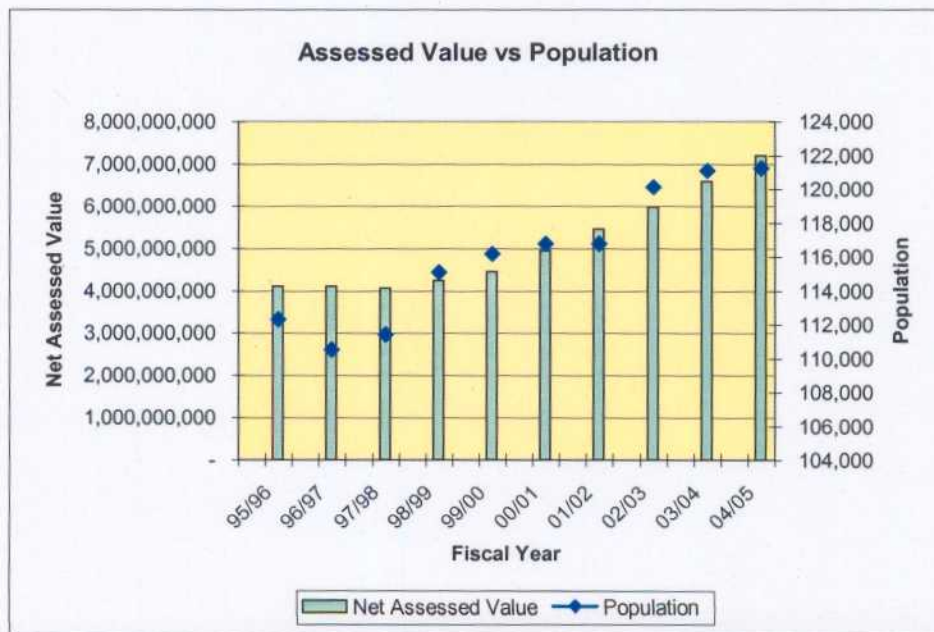
CITY OF VALLEJO
PERCENT OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

Last Ten Fiscal Years

Fiscal Year	Net Bonded Debt	Net Assessed Value	Net Bonded Debt to Assessed Value	Population	Net Bonded Debt Per Capita
95/96	-	4,091,701,131	0.00%	112,302	-
96/97	-	4,097,459,529	0.00%	110,519	-
97/98	-	4,050,446,672	0.00%	111,400	-
98/99	-	4,231,550,070	0.00%	115,068	-
99/00	-	4,437,947,369	0.00%	116,148	-
00/01	-	4,929,545,994	0.00%	116,760	-
01/02	-	5,449,704,713	0.00%	116,760	-
02/03	-	5,959,838,121	0.00%	120,100	-
03/04	-	6,575,695,721	0.00%	121,100	-
04/05	-	7,186,463,264	0.00%	121,221	-

Source: Solano County Assessor's Office, State Department of Finance and the City of Vallejo
 Population: California Department of Finance (Jan. 1, 2005)

The general obligation debt of the City of Vallejo was paid off in FY 89-90.



**CITY OF VALLEJO
PERCENT OF ANNUAL DEBT SERVICE FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES**

There was no outstanding general obligation debt at June 30, 2005.

The general obligation debt of the City of Vallejo was paid off in FY89-90.

**CITY OF VALLEJO
DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2005**

2004-05 Net Assessed Valuation:	\$7,316,598,740
2004-05 Redevelopment Incremental Valuation:	<u>(272,262,704)</u>
2004-05 Adjusted Assessed Valuation:	<u>\$7,044,336,036</u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/05</u>
Solano County Community College District	27.520%	\$22,387,468
Vallejo Unified School District	98.083%	95,846,708
Vallejo Unified School District Community Facilities District #2	100.000%	18,440,000
City of Vallejo Hiddenbrooke Improvement District	100.000%	22,400,000
City of Vallejo 1915 Act Bonds	100.000%	<u>25,545,000</u>
Total		\$ 184,619,176

<u>DIRECT & OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Solano County Certificate of Participation	26.708%	\$ 40,621,533
Solano County Pension Obligations	26.708%	24,481,888
Solano County Board of Education COP	26.708%	1,028,258
Vallejo Unified School District COP	98.083%	24,692,395
City of Vallejo General Fund Obligations	100.000%	<u>125,970,000</u>
Total		\$ 216,794,074

Combined Total Debt **\$ 401,413,250** (1)

(1) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2004/05 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 2.52%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$125,970,000) 1.79%
 Combined Total Debt 5.70%

State school building aid repayable as of 6/30/05: \$874

Source: California Municipal Statistics, Inc.

CITY OF VALLEJO
REVENUE BOND COVERAGE
WATER BONDS
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenues (a)</u>	<u>Operating Expenses (b)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>	<u>Debt Coverage</u>
95/96	22,396,901	11,836,735	10,560,166	5,678,053	1.86%
96/97	22,807,575	15,666,599	7,140,976	3,780,359	1.89%
97/98	20,572,855	15,146,768	5,426,087	4,451,756	1.22%
98/99	22,474,567	16,193,012	6,281,555	3,239,662	1.94%
99/00	24,469,817	16,126,853	8,342,964	3,648,075	2.29%
00/01	25,290,587	18,126,505	7,164,082	5,451,667	1.31%
01/02	25,576,686	15,215,813	10,360,873	5,850,133	1.77%
02/03	24,742,554	19,967,110	4,775,444	5,850,133	0.82%
03/04	27,042,088	22,523,976	4,518,112	5,274,754	0.86%
04/05	25,160,986	19,762,044	5,398,942	5,837,910	0.92%

- (a) Includes connection fees which are accounted for as contributed capital.
Effective 2001/02 connection fees are no longer applicable due to GASB 34.
(b) Operating expenses exclude depreciation and debt service payments.

Source: City of Vallejo, Comprehensive Annual Financial Report

**CITY OF VALLEJO
DEMOGRAPHIC STATISTICS**

(dollars in thousands)

Year	Population (a)	Square Miles (b)	Bank Deposits (c)	Public Schools K-12 (d)		
				Teachers	Enrollment	Average Daily Attendance
1996	112,320	51.588	883,920	786	19,083	18,241
1997	110,519	51.588	N.A.	N.A.	N.A.	N.A.
1998	111,400	51.588	N.A.	N.A.	N.A.	N.A.
1999	115,068	51.588	N.A.	821	20,424	19,403
2000*	116,760	51.588	N.A.	1,049	20,270	19,862
2001	117,200	51.588	N.A.	1,157	20,878	20,457
2002	118,600	51.588	N.A.	1,135	19,872	19,229
2003	120,100	51.588	N.A.	1,123	19,670	19,138
2004	121,100	51.588	N.A.	1,116	20,023	19,482
2005	121,221	51.588	N.A.	1,050	19,900	19,303

(a) State of California Department of Finance, Demographic Research Unit

(b) City of Vallejo Department of Public Works

(c) The Findley Report Savings Deposits only as of December 31

(d) Vallejo City Unified School District

* Per US 2000 Census

CITY OF VALLEJO
BUILDING PERMITS AND TAXABLE TRANSACTIONS

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year	Building Permit Valuation (a) (dollars in thousands)				Total	Number Of Building Permits (a)	Sales Tax Taxable Transactions (b) (dollars in thousands)	Number Of Sales Tax Permits (b)
	New Single-Family	New Multi-Family Residential	Commercial Industrial	Other				
95/96	14,382	7,361	16,462		38,205	2,362	637,138	2,235
96/97	10,436	-	13,670		24,106	2,272	625,164	2,197
97/98	38,542	-	12,500		51,042	2,499	678,400	2,250
98/99	42,605	-	38,115		80,720	2,747	755,398	2,058
99/00	109,751	5,751	30,355		145,857	3,274	898,879	2,135
00/01	99,823	-	24,928		124,751	3,634	967,914	2,245
01/02	79,220	8,978	37,486		125,684	3,381	1,007,713	2,279
02/03	63,696	-	24,515		88,211	3,772	1,117,346	2,253
03/04	62,434	-	18,238		80,672	3,702	1,195,560	2,428
04/05	85,393	22,610	22,332		130,335	3,473	1,329,769	2,601

Sources: (a) City of Vallejo Building Division (building permit data)
(b) State Board of Equalization (sales tax data)

CITY OF VALLEJO
MISCELLANEOUS STATISTICAL DATA

Incorporated:	March 26, 1868	Number Households	42,000
Square Miles (includes waterways and Mare Island):	51.59	Average Household Income	\$64,950
Form of Government:	Council-Manager	Average/Persons/Household	2.90
Elections:	November of odd-numbered years; Mayor and 6 Council-members elected at large	Elevation - Feet Above Sea Level	60

Fire Protection		Public Works:	
Fire Stations (current/proposed)	8/0	Miles of Streets	315
Fire Engines	14	Number of Intersections	2,160
Other Fire Vehicles	32	Total Traffic Signals	134
Fire Personnel	114	Miles of Storm Drains*	223
ISO Fire Rating Class	3	Miles of Sanitary Sewers*	430
		* Source: Vallejo Sanitation & Flood Control District	

Police Protection		Water Utility:	
Police Vehicles	122	Customers	38,500
Motorcycles	12	Average Daily Use (gallons)	15,285,513
Sworn Personnel	153	Miles of Water Mains	605
Non-sworn Personnel	61	Fire Hydrants	2,765
		Treatment Plants	3
		Reservoirs (current/proposed)	31/0

Leisure Services:		Total City Employees:	570
Parks and Park Trails	34		
Park Acreage	377		
Open Space Acreage	715		
Community Centers	4		
Swimming Pools	2		

Sources: City of Vallejo Departmental Data

**CITY OF VALLEJO
PRINCIPAL EMPLOYERS
(EXCLUDING RETAIL)**

	Number of	
City of Vallejo	298	Government
U.S. Forest Service	400	Government
California Highway Patrol	300	Public Service
U.S. Postal Service	215	Postal service
California Maritime Academy	208	Education
Vallejo Care Center	170	Health Care
Touro University	130	Education
XKT Corp.	126	Metal Products
Jeffco ABC	125	Painting
Vallejo Times Herald	100	Newspaper Publishing

Source: City of Vallejo Economic Development Division (May 2004)