

City of  
**VALLEJO**  
California



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**





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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**PREPARED BY THE  
FINANCE DEPARTMENT**



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CITY OF VALLEJO, CALIFORNIA

Comprehensive Annual Financial Report  
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OFFICE OF THE FINANCE DIRECTOR · 555 Santa Clara Street · Vallejo · CA · 94590 · 707.648.4592

December 10, 2019

**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 2019 Comprehensive Annual Financial Report (CAFR) for 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, 2019, 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 (GAAP).

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 City's financial position and changes in financial position, 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 and 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, 2019, 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 and 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

The City of Vallejo is a municipal corporation incorporated in March 1868, under the laws of the State of California. A Charter City located within Solano County in Northern California, the City operates under a City Charter originally adopted in 1911 and last amended in November 2013. The Charter provides for a Council-Manager form of government in which the City Manager recommends policy, program and budget priorities to the City Council, which in turn develops legislation and policies to direct the City.

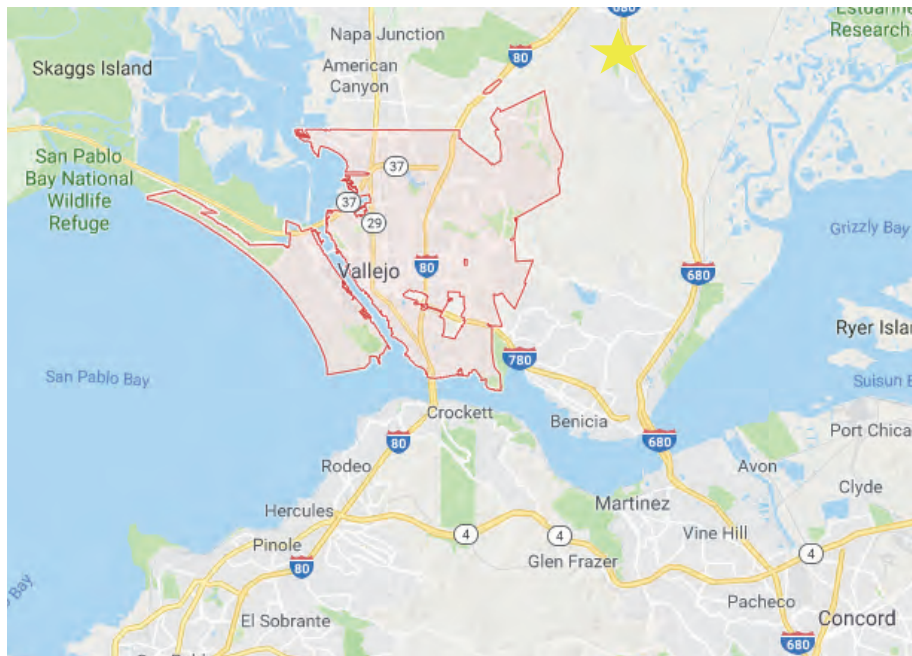
The City of Vallejo's governing body is elected by the citizens in a general, popular election. The Mayor, elected by the community at-large to a four-year term, acts as the formal representative of the City and presides over Council meetings. The City Council, elected on a nonpartisan basis, consists of six members elected by the community at-large to four-year, staggered terms, with three Council members elected every two years. The City has recently voted to move to elections "by-district" beginning with the 2020 election year, in which three of the six districts will be electing Council representatives.

Vallejo, with a population of just over 119,000 (estimated as of January 2019), is the largest city in Solano County and the tenth most populous city in the San Francisco Bay Area. Vallejo was the site of Mare Island Naval Shipyard, the first United States Naval base established on the Pacific Ocean. Established in 1853, the

shipyard began building ships the following year. More than 500 naval vessels were constructed and thousands were overhauled at Mare Island prior to the base closure in 1996.

The Sacramento, Napa and San Joaquin Rivers all flow into the San Francisco Bay at Vallejo. Rolling hills surround the City, protecting it from fog 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, automobile and air.

Vallejo is located in Northern California, 30 miles north east of San Francisco, 60 miles south west of Sacramento, 70 miles north of Silicon Valley, and 385 miles north of Los Angeles.



\*Map Source: Google Maps

The City provides a wide range of municipal services, including public safety (police and fire protection), a municipal water system, street maintenance and other public works infrastructure functions, housing assistance, golf courses, planning, building inspection, public marina, and general administration. The separate Greater Vallejo Recreation District (GVRD) provides for Parks and Recreation programs and services, Water Emergency Transport Agency (WETA) provides for ferry services and Solano County Transit (SolTrans) provides bus services.

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:

- Housing Authority of the City of Vallejo (Blended Component Unit)
- Marine World Joint Powers Authority (Blended Component Unit)
- Parking Authority of the City of Vallejo (Blended Component Unit)
- Public Financing Authority of the City of Vallejo (Blended Component Unit)
- Vallejo Flood and Wastewater District (Discrete Component Unit)
- Vallejo Flood and Wastewater District Financing Corporation (Discrete Component Unit)

## ECONOMIC CONDITION AND OUTLOOK

The City is experiencing a cross-sector boom. Numerous regional and national publications have covered the tremendous job growth in Vallejo and the economic development boom on Vallejo's Mare Island – now home to over 110 businesses and approximately 3,000 jobs. Unemployment in Vallejo dipped below 4%, its lowest

point in a quarter-century, and nearly 1,000 jobs have been created across the city since January 2018. Working closely with The Nimitz Group on the future re-development across Mare Island, the City has seen positive interest from potential businesses and its community members.

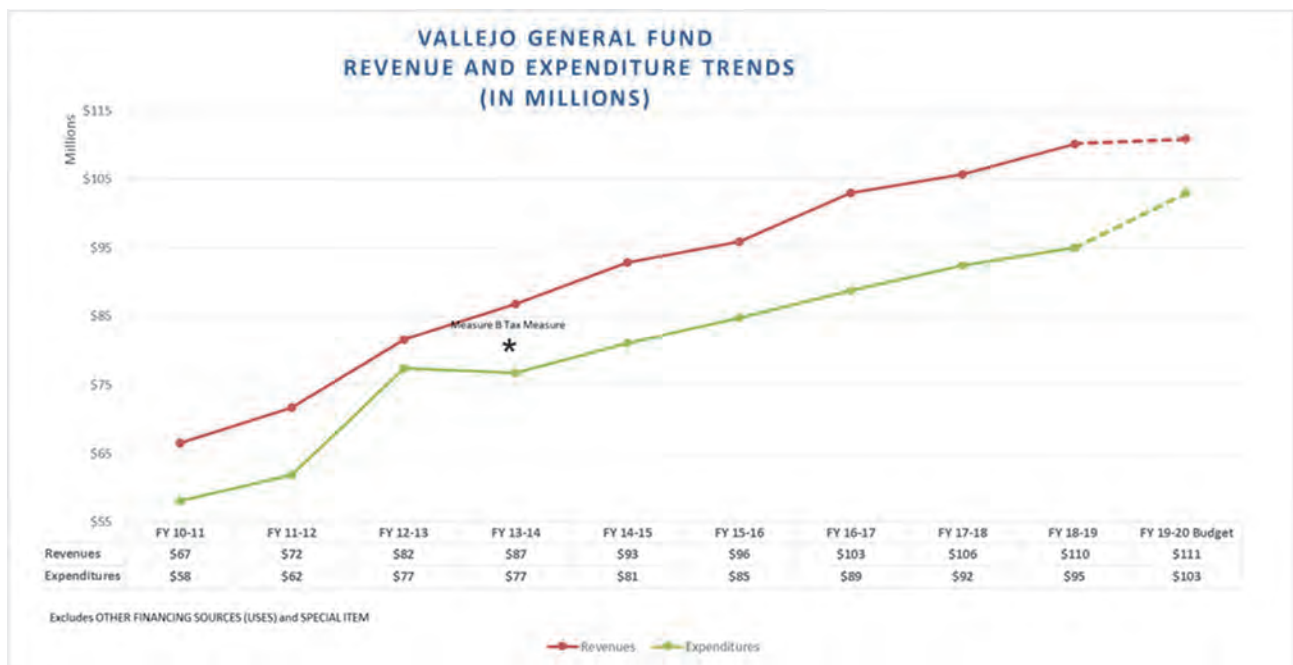
With Bay Area real estate trends still trending positively - leading to continued recovering property values, Vallejo continues to be an affordable location and up-and-coming Bay Area city for young professionals and working-class families. A healthy housing stock, new residential development projects, and the ease of commute to San Francisco via ferry puts Vallejo in prime position to offer home-seekers a unique opportunity to settle down in an area that can be cost prohibitive.

While the City has seen significant improvement in revenue sources and development opportunities, it continues to face looming fiscal challenges. The rising costs for employee benefits threatens nearly all California municipalities, and key pieces of City infrastructure are showing their age and would require significant capital expenditures to remedy.

**State Budget** – According to the California 2019-20 State Budget, funding is being targeted toward paying down long-term debt, primarily as an infusion into the CalPERS and CalSTRS systems as well as the final push to fill the state’s “Rainy Day Fund”.

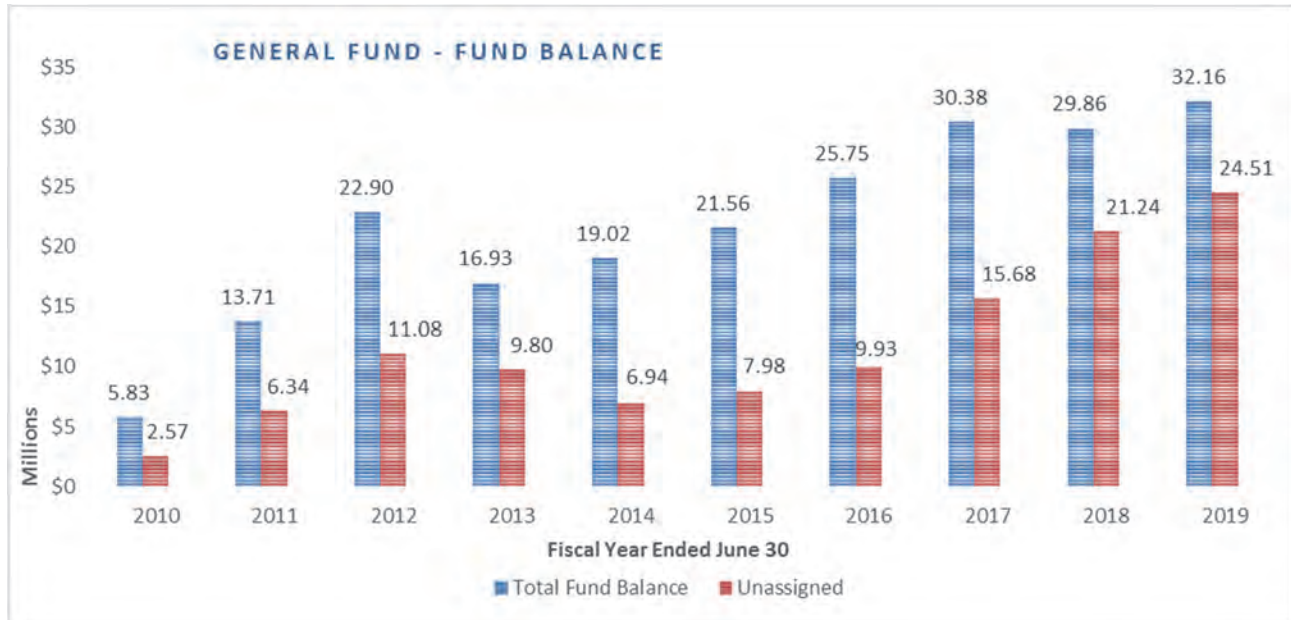
The Governor’s push this fiscal year to “invest in the present-day needs of working Californians” includes significant investments in Health Care coverage, working family tax cuts (through Cal-EITC), funding to support higher education, and a focus on Housing Affordability state-wide which could positively impact Vallejo working families, students and residents. The City of Vallejo has historically contained a more economically mixed constituency, tending to trend more middle and working class when compared to some of our Bay-Area neighbors.

**Revenues and Local Sales Tax Increase** - In November 2016, the Vallejo voters approved a sales tax measure, known as “Measure V” that permanently extended the City’s 2011 Measure B one-cent per dollar transaction and use tax. This tax continues to bring around \$16 million annually in revenue to the City, with the strategic allocation of these revenues towards specific projects, targeted staffing, and the rebuilding of reserves under the direction of City Council. These revenues have positioned the City to address and restore services previously depleted during the resource challenges of the past several years. The following chart tracks the improvement in the total General Fund revenues available to provide the General Fund’s public safety and other services.



## CURRENT FINANCIAL CONDITIONS

**Current Financial Condition** - The graph below illustrates the City's current financial condition and its improved stability since the passage of the 2011 Measure B tax, and subsequent passage of Measure V, which removed the sun-setting provision from Measure B. It presents the changes in fund balance for the General Fund for the fiscal year ended June 30, 2019, as compared with the ten prior years. The City is committed to maintaining and growing these fund balance reserves to provide additional strength and assurance for ongoing City operations and future obligations.



**General Fund Long-Term Financial Forecast** – The City utilizes a General Fund five-year financial forecast to help the City to plan for the future by providing an understanding of available funding while evaluating financial risks and identifying future commitments and resource demands. While the city will operate with a structurally balanced budget again in 2019-20, overall, the City's five year projection indicates that it will still be facing deficits beginning in 2020-21. This is primarily due to CalPERS pension costs escalating \$7.4 million (or 29%) over the next five years due to decreasing discount rates, and health care cost increases of over \$1.9 million (or 37%) over the next five years.

**Pension and Other Post-Employment Benefit (OPEB) Obligations** – A continued concern for California cities are notable obligations for pensions and Other Post-Employment Benefits (OPEB), for retiree health care. The California Public Employees' Retirement System (CALPERS) continues to address pension plan risk and funding levels by updating its actuarial demographics assumptions and phasing in contribution increases to address large investment losses dating back to 2009. As a result, employer contribution rates are projected to continue to rise in future years.

During 2018-19, the City contributed 20.673% and 11.047% of employee salary towards the normal cost for its Safety and Miscellaneous pension plans, respectively. In addition, in July 2018, the City paid its required contributions for the unfunded liability in the Safety plan (of \$11,400,796) and the Miscellaneous plan (of \$6,694,026).

Expressed as a total % of payroll, during 2018-19, the City contributed 68.4% and 39.1% of employee salary to its Safety and Miscellaneous pension plans, respectively. Projections utilizing July 2019 CALPERS data show the rates increasing to 93% for the Safety plan, and 50.6% for the Miscellaneous plan by FY 2025-26.

The City has previously taken steps to mitigate both this CALPERS rate increase, and its OPEB retiree health obligations. In 2013, the City proactively made a supplemental contribution of \$6.5 million to CALPERS to begin plan stabilization. In August 2017, the City established an Internal Revenue Code (IRC) Section 115 Trust with the Public Agency Retirement Services (PARS) organization and made an initial contribution of \$1



million dollars, and an additional \$1 million contribution in May 2018, to further mitigate against future CALPERS increases. A total of \$2.134 million was contributed in FY 18/19.

During 2013-14, the City made an initial \$10 million contribution to a dedicated and irrevocable retiree health benefits trust fund, to begin to provide the resources necessary to ensure long-term funding for its OPEB obligation, and follow-up contributions of \$2.4 million in 2014-15, \$1.6 million in 2015-16, \$1.8 million in 2016-17, and \$1.3 million in 2017-18.

**Fiscal Stability** – During the past fiscal year, the City has made significant progress towards the goal of fiscal stability. City Council approved the City’s sixth consecutive structurally balanced budget in 2019, and has once again received an Unmodified Audit Opinion. We’ve maintained General Fund reserves in excess of the City Council’s established level of 15% of expenditures for the past three fiscal years.

## MAJOR INITIATIVES

Each year provides the City a new opportunity to identify, address and resolve issues facing the community and its residents.

**Development Initiatives** – The City continues to focus on economic development with a commitment to advance job growth, create sustainable revenue, and to maintain an excellent quality of life for all residents.

Several exciting Pipeline Projects on key pieces of property are seeing significant movement, and staff are working diligently to expedite these projects with the vision that their success will ripple through the community and help bolster future development opportunities. These projects include:

### **Mare Island – Proposed Mixed Use Development**

The City executed an Exclusive Negotiating Agreement for 157 acres of City land on North Mare Island with the Nimitz Group in July 2018 to undertake the infrastructure and vertical development of up to 1.2 million square feet of manufacturing and office space. Subsequently, the Nimitz Group has acquired an additional 500 acres of land from Lennar Island. The Nimitz Group contracted with internationally recognized firm HOK in January 2019 and began developing an island-wide master plan to build a 21<sup>st</sup> Century community of employment, housing, and recreation to restore Mare Island as the economic engine of the region. Although the island requires tens of millions of dollars of infrastructure updates, the federally-designated Opportunity Zone status of Mare Island and the Nimitz Group’s investment partners are well-positioned to undertake what the San Francisco Business Times declared the “#1 Megaproject in the SF Bay Area.”

### **Cooke Property – New Costco and Housing Development In Process**

Vallejo Fairview Developers/Lewis Group have submitted a Master Plan to construct a new, expanded Costco and 178 new single-family homes on the 50-acre Cooke Property on Admiral Callahan Lane adjacent to I-80. The long-vacant site’s size and visibility make it an ideal relocation site for Costco and allows the City to retain this major employer and sales tax generator.

### **Blue Rock Springs – Proposed Golf and Housing Development**

Currently under an Exclusive Negotiating Agreement with the Greg Norman Company and Lewis Group, the proposed Project Concept would transform two fiscally unsustainable City golf courses and an aging clubhouse on 225 acres of City-owned land into a new community of approximately 600 single-family homes designed within a single 18-hole Greg Norman Signature Course and state-of-the-art clubhouse. Revenues from the proposed project would cover construction of the new course and clubhouse and eliminate \$350,000-\$750,000 in annual General Fund subsidies, but the golf component would remain public/City-owned.

## Solano360 – Solano Fairgrounds

The overall site consists of 149.1 acres in the Vallejo City limits. The City and the County are currently seeking qualified developers through the RFQ process to develop 111.7 acres on the site with an iconic region-serving public entertainment destination and private-mixed use development, and an integrated Fair of the Future. The vision for the Solano360 project and Specific Plan supports private mixed-use development of most of the Site (“Private Purpose Area”) integrated with the revitalization of the remaining smaller County Fairgrounds portion of the Site (“Public Purpose Area”). The Specific Plan envisions that the Site would develop with a mix of region-serving entertainment uses along with restaurant, retail and hospitality uses that complement the existing Solano County Fairgrounds and the adjacent Six Flags Discovery Kingdom facility. However, as a flexible plan, it allows other uses as well.

**Municipal Fiber Enterprise** – The City continues its public-private partnership with Inyo Networks to provide accessibility to the city-owned fiber optic network at competitive prices to major economic and academic engines within the city.

**Downtown Parking Improvements and Enforcement** – With increased ridership of the San Francisco Bay Ferry, utilization of the terminal located on the Vallejo waterfront, and growing interest in Vallejo’s downtown as a location for economic growth and development, the City continues to develop safe and adequate parking facilities for residents, visitors, and commuters. After the demolition of the prior US Postal Service building on Santa Clara Street and the conversion of the lot into surface parking, the number of available lot spaces has increased considerably. Plans for the second phase of the Vallejo Station Parking Structure are in development. As parking shifts to designated, modern structures and lots, the City will be able to leverage its current lots along the waterfront for use in targeted economic development projects.

**Participatory Budgeting** – In 2012, the Vallejo City Council established the first city-wide Participatory Budgeting (PB) process in the United States, where residents have the opportunity to propose how to spend a portion of the city budget. Through the PB process, Vallejo residents and stakeholders share ideas, develop project proposals, and residents vote on projects. The approved list of projects that receive the most votes are submitted to City Council for consideration. By Fiscal Year 2018-19 over 55 projects have been approved through the PB process, totaling more than \$9.6 million in funding.

**Improving Technology** – The City is moving forward with exciting new projects to improve its use of technology in governance. A request for proposals has been issued for a replacement to the City’s Enterprise Resource Planning (ERP) software. ERP software is a business management software suite of integrated applications and modules primarily focused on the Finance and Human Resource tasks integral to an organization. A new ERP software will have many benefits after implementation, including improved Payroll and Time Entry for employees, Utility Billing for customers, and improvements in Accounts Payable and Receivable functions.

The City has also announced its agreement with the Oracle Corporation to develop and implement a new development/permit review software. The new platform will allow staff to expedite local planning and permit processing. Key components of the new system include engaging with customers through modern and established channels, including chatbots, digital assistants, email and web; helping applicants self-serve application requirements, general inquiries and fee estimates; and empowering staff and customers with GIS integration for research, application, land management and local compliance. We anticipate an improvement in development services efficiency, as the new system will allow developers to establish applications, zoning and building requirements prior to submittal. In addition, online application procedures will allow for streamlined plan review and permit issuance. Vallejo is part of Oracle’s Early Adopter Program, which gives Vallejo staff the opportunity to provide input on software features.

**Staffing and Collective Bargaining** – The City remains focused on attracting dedicated professionals to fill key vacant positions while developing and retaining current staffing in a very competitive employment market. The City Council recently approved a Tentative Agreement with the Vallejo Police Officer’s Association, and now has current agreements in place with three of the four employee unions and/or bargaining groups.



## BUDGETARY CONTROL

The City maintains budgetary controls through the City Council's adoption of an annual budget and by maintaining an encumbrance accounting system. The Vallejo Municipal Code requires the City Manager to present the Annual Budget to the City Council for approval 45 days prior to the start of the new fiscal year. Expenditures for City operations and other purposes identified in the annual budget cannot legally exceed the budgeted amounts approved by the City Council. The City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office, or agency by resolution by the City Council.

Ultimate budgetary control resides at the fund level, however, the City has adopted a number of budgetary appropriation and transfer procedures to provide strong internal controls while encouraging improved accountability and administrative responsiveness. All budgetary transfers require Finance Director's or designee's review and approval. All transfers of appropriations affecting salaries and benefits require City Manager's or designee's review and approval.

Budgetary control is established at the following levels: a) General Fund – Department level; b) Other Funds – Fund level; and Capital Projects – at Department level with City Manager signature approval. The City Manager may authorize line item budget transfers within a General Fund department, or within a fund other than the General Fund, consistent with the City Charter, the Vallejo Municipal Code and budget resolution.

The City also uses encumbrance accounting as another technique for accomplishing budgetary control. An encumbrance is a commitment of a future expenditure earmarked for a particular purpose that reduces the amount of budgetary authority available for general spending. At the end of the fiscal year, encumbered appropriations, appropriations for uncompleted capital, Participatory Budgeting, and grant projects are carried forward and become part of the following year's budget while appropriations that have not been encumbered lapse.

The City continues to meet its responsibility for sound financial management as demonstrated by the statements and schedules included in the financial section of this report.

## INTERNAL CONTROL

In developing and enhancing the City's accounting system, significant consideration is given to the adequacy of the City's system of internal accounting controls. Internal controls are designed to provide reasonable assurance regarding the safeguarding of assets against the loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management.

## AWARDS

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

We are once again 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, 2018.

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.

## ACKNOWLEDGEMENTS

The preparation and publication of this Comprehensive Annual Financial Report was made possible by the outstanding efforts, dedication, and teamwork throughout the year of the entire Finance Department and with the cooperation and assistance of all City departments.

Specifically, I would like to express special thanks to Florita Cruz, Assistant Director, Jon R. Oiler, Auditor Controller; Calvin Cho, Accounting Manager, and the Finance Department staff as they have worked closely with our auditors in finalizing this report. Additionally, I would like to acknowledge the City's audit firm of Maze and Associates CPA for the professional support and guidance they have given us. Finally, I would like to express my gratitude to City Manager Greg Nyhoff, Mayor Bob Sampayan, and the members of the City Council for their vision and continued support in leading the City to economic prosperity and the goal of attaining long-term fiscal stability.

Respectively submitted,



Rekha Nayar  
Finance Director

# CITY OF VALLEJO

## Public Officials

### City Council

	<u>Term Expires</u>
Bob Sampayan, Mayor	January 2021
Pippin Dew, Vice Mayor	January 2023
Robert McConnell, Councilmember	January 2021
Katy Miessner, Councilmember	January 2023
Hakeem Brown, Councilmember	January 2023
Hermie Sunga, Councilmember	January 2021
Rozzana Verder-Aliga, Councilmember	January 2021

### City Manager

Greg Nyhoff

### City Attorney

Claudia Quintana

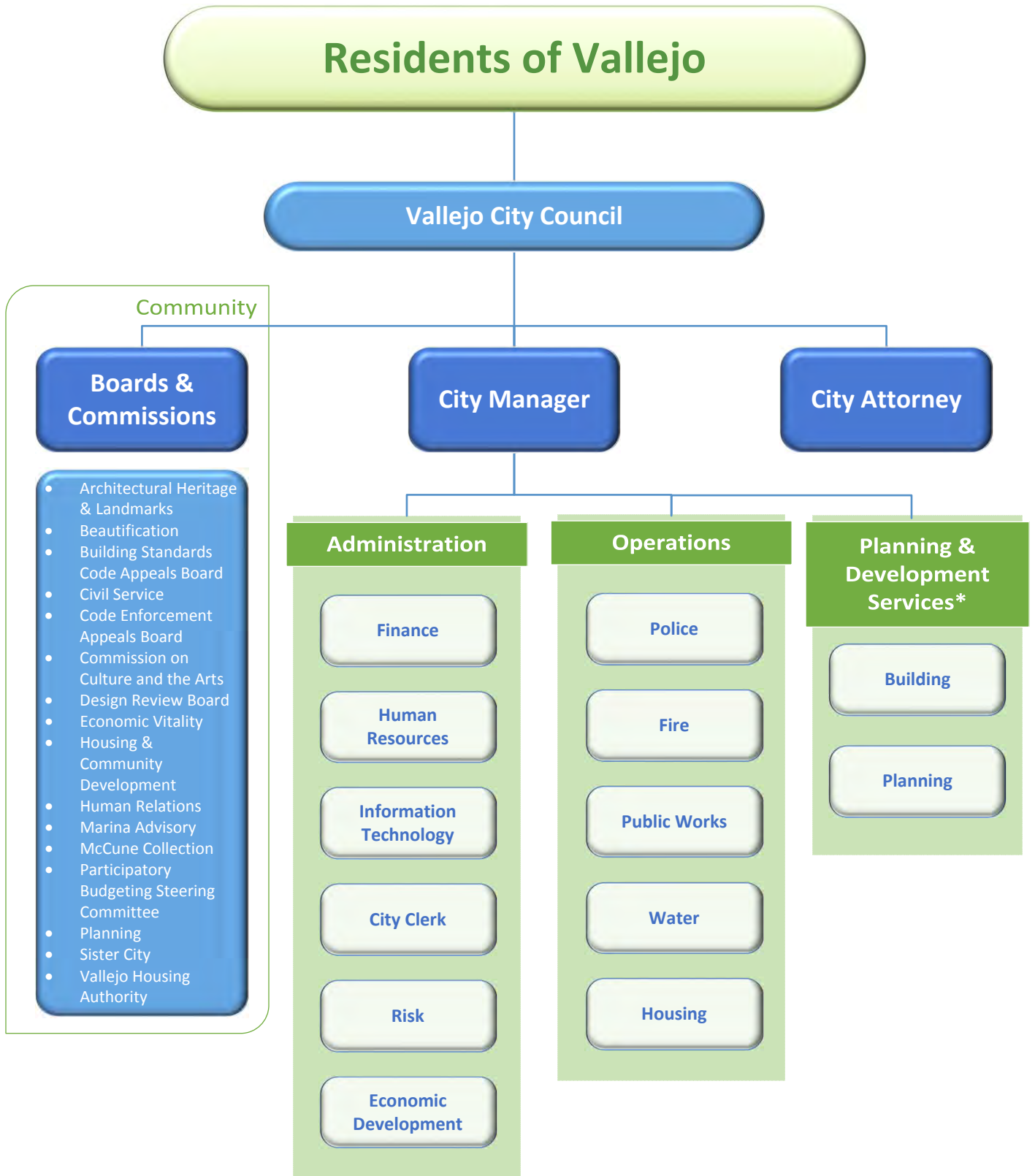
### City Clerk

Dawn Abrahamson

### Department Head

Anne Cardwell, Assistant City Manager  
Rekha Nayar, Finance Director  
Heather Ruiz, Human Resources Director  
Vacant, Police Chief  
Daryl Arbuthnott, Fire Chief  
Terrance Davis, Public Works Director  
Michael Malone, Water Director  
Vacant, Planning & Development Services Director  
Greg Taylor, IT Director

# Citywide Organizational Chart



\* Change in department title from Economic Development to Planning & Development Services is still pending. This requires formal authorization of the City Council by ordinance in accordance with City Charter Section 601.



Government Finance Officers Association

**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, 2018**

*Christopher P. Morill*

Executive Director/CEO



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## INDEPENDENT AUDITOR'S REPORT

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

### *Report on Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vallejo (City), California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component unit financial statements of the Vallejo Flood and Wastewater District (VFWD), which represents 34.84%, 67.90%, and 20.32% of the assets, net position, and revenues, respectively, of the primary government. Those component unit financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the VFWD, is based solely on the report of the other auditor.

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

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

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

## ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Mane & Associates*

Pleasant Hill, California  
December 10, 2019



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fiscal Year Ended June 30, 2019

This narrative of the City of Vallejo's financial performance provides an overview and analysis of the City's financial activities for the year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the Transmittal Letter, the Basic Financial Statements, and the accompanying notes to the financial statements.

### FINANCIAL HIGHLIGHTS

#### Government-wide (full accrual basis)

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the fiscal year by \$260.8 million (net position). This amount improved by \$16.9 million from the prior year, with \$9.9 million attributable to governmental activities and \$7 million to business-type activities.
- Of the City's \$260.8 million net position balance, unrestricted net position was a deficit of \$189.8 million. Excluding the \$283.9 million net pension and net OPEB related obligations which are not claims on current year financial assets, \$94.1 million of unrestricted net position maybe used to meet the City's ongoing obligations to citizens and creditors.
- The City's net pension liability for Fiscal Year 2018-19 was \$295.3 million, based upon a measurement date of June 30, 2018. This obligation remains larger than the sum of all other bond and long-term liabilities combined. Future tax and other revenues will continue to fund and reduce the net pension liability overtime. For more information on the net pension liability, please refer to Note 10 of the Basic Financial Statements.

#### Fund level (modified accrual basis)

- As of June 30, 2019, the City's governmental funds reported combined fund balance of \$129 million, \$16.2 million higher than the prior year balance. Approximately 19% of this amount or \$24.5 million is unassigned and available for spending at the City's discretion.
- The General Fund reflected a total ending fund balance of \$32.2 million, up by \$2.4 million or 8% from the previous fiscal year. Of the total fund balance, \$24.5 million (76%) is unassigned. This balance represents 22% of Fiscal Year 2019-20 budgeted expenditures (including Measure B programs), which exceeds the City's goal and GFOA recommended reserve level at 15%.
- The Water Fund reported an unrestricted net deficit of \$10.1 million. Excluding the \$32.4 million net pension and net OPEB related obligations, \$22.3 million maybe used to support the Water Fund's operating and capital requirements.

Detailed discussion of the changes in net position and fund balances can be found in the subsequent sections.

## 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) Required Supplementary Information
  - a. Net OPEB Liability and Contribution Schedules
  - b. Net Pension Liability and Contribution Schedules
- 4) Supplemental Information:
  - a. Non-major governmental funds
  - b. Internal service funds
  - c. Agency funds

## BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as introduction to the City's Basic Financial Statements, 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.

### *Government-wide Financial Statements*

The Government-wide Financial Statements provide a long-term view of the City's activities as a whole. The Statement of Net Position provides information about financial position, including capital assets and long-term liabilities on a 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 a full accrual basis, with emphasis on measuring the net revenues and expenses of City programs. Information is presented both in total and separately for governmental activities, which are generally supported by taxes and grants, and business-type activities, which are generally supported by user fees. The City's activities include the activities of multiple legal entities, and the Vallejo Flood and Wastewater District (VFWD, formerly Vallejo Sanitation and Flood Control District), a discretely presented component unit, because the City is either financially accountable for these entities or has control of the governing board of these entities.

### *Fund Financial Statements*

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. All of the funds of the City can be divided into the following three categories:

- **Governmental Funds** – Governmental funds account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year (Modified Accrual Basis of Accounting). Such information may be useful in evaluating the City's near-term financing requirements. To understand the long-term impact of the City's near-term financing decisions, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in



the Government-wide Financial Statements. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

- **Proprietary Funds** – The City maintains two different types of proprietary funds: enterprise funds and internal service funds.

Enterprise Funds report the same functions presented as business-type activities in the Government-wide Financial Statements. The City has five enterprise funds which are all reported as major funds.

Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City's internal service funds account for fleet maintenance and replacement, risk management and insurance, payroll and retiree health benefits. Since these services predominantly benefit governmental rather than business-type functions, they are consolidated within governmental activities in the Government-wide Financial Statements.

Proprietary funds provide the same type of information as the Government-wide Financial Statements, but in more detail. The proprietary funds financial statements provide separate information for each of the enterprise funds. Data for the four internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements.

- **Fiduciary Funds** – Fiduciary funds account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the Government-wide Financial Statements because the resources of those funds are not available to support the City's own programs. Fiduciary fund accounting is similar to proprietary fund accounting. The City has two types of fiduciary funds: the agency funds and the private purpose trust funds.

### *Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the Financial Statements follow the basic financial statements.

## OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and retiree medical benefits to its employees. Required Supplementary Information follow the notes to the financial statements. Supplementary information on non-major governmental funds and internal service funds are also presented immediately following the required supplementary information on pensions.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following is a summary of the City's government-wide net position as of June 30, 2019 and 2018, as measured on a full accrual basis of accounting. Over time, increases or decreases in net position may serve as a useful indicator as to whether the City's financial position is improving or weakening.

**Statement of Net Position**  
as of June 30, 2019 and 2018  
(In millions)

	Governmental Activities		Business-type Activities		Government-wide Totals		Increase/ (Decrease)
	2019	2018	2019	2018	2019	2018	
<b>Assets</b>							
Current and other assets	\$208.1	\$196.6	\$41.2	\$41.1	\$249.3	\$237.7	\$11.6
Capital assets	332.9	332.8	114.6	108.8	447.5	441.6	5.9
Total assets	<u>541.0</u>	<u>529.4</u>	<u>155.8</u>	<u>149.9</u>	<u>696.8</u>	<u>679.3</u>	<u>17.5</u>
<b>Deferred Outflows of Resources</b>							
Unamortized loss on refunding of debt			0.7	0.7	0.7	0.7	0.0
Related to pensions	38.0	51.2	4.2	6.0	42.2	57.2	(15.0)
Related to OPEB	2.4	3.5	0.6	0.8	3.0	4.3	(1.3)
Total deferred outflows	<u>40.4</u>	<u>54.7</u>	<u>5.5</u>	<u>7.5</u>	<u>45.9</u>	<u>62.2</u>	<u>(16.3)</u>
<b>Liabilities</b>							
Current and other liabilities	48.7	54.5	13.9	11.9	62.6	66.4	(3.8)
Net pension liability	262.3	266.8	33.0	33.7	295.3	300.5	(5.2)
Other long-term liabilities	48.2	55.0	60.8	66.5	109.0	121.5	(12.5)
Total liabilities	<u>359.2</u>	<u>376.3</u>	<u>107.7</u>	<u>112.1</u>	<u>466.9</u>	<u>488.4</u>	<u>(21.5)</u>
<b>Deferred Inflows of Resources</b>							
Related to pensions	8.5	8.3	0.7	0.4	9.2	8.7	0.5
Related to OPEB	4.7	0.4	1.1	0.1	5.8	0.5	5.3
Total deferred inflows	<u>13.2</u>	<u>8.7</u>	<u>1.8</u>	<u>0.5</u>	<u>15.0</u>	<u>9.2</u>	<u>5.8</u>
<b>Net position</b>							
Net investment in capital assets	315.9	316.6	53.8	44.3	369.7	360.9	8.8
Restricted	75.4	69.9	5.5	5.2	80.9	75.1	5.8
Unrestricted	(182.3)	(187.4)	(7.5)	(4.7)	(189.8)	(192.1)	2.3
Total net position	<u>\$209.0</u>	<u>\$199.1</u>	<u>\$51.8</u>	<u>\$44.8</u>	<u>\$260.8</u>	<u>\$243.9</u>	<u>\$16.9</u>

As noted earlier, the City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the fiscal year by \$260.8 million (net position). This amount increased by \$16.9 million or 7% from prior year and comprised of the following major components:

- Net investment in capital assets increased \$8.8 million to \$369.7 million. This represents the largest portion of the City's net position. The City uses these capital assets to provide services to its residents and other stakeholders. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, as the capital assets themselves could not be used to liquidate these liabilities.
- Restricted net position increased by \$5.8 million to \$80.9 million. These assets are subject to agreements with creditors, developers, grantors, or laws or regulations of other governments.
- The unrestricted net deficit changed favorably by \$2.3 million from negative \$192.1 million last year to negative \$189.8 million in the current year. The unrestricted net deficit was primarily the result of the City's unfunded net pension and net OPEB liabilities.

The \$16.9 million increase in net position was generated by both governmental and business-type activities. The following analysis focuses on the changes in net position of the City's governmental activities for the years ended June 30, 2019 and 2018.

**Statement of Activities**  
**for the years ended June 30, 2019 and 2018**  
(In millions)

	<b>Governmental Activities</b>		<b>Increase/(Decrease)</b>	
	<b>2019</b>	<b>2018 (a)</b>	<b>Amount</b>	<b>%</b>
<b>Revenues</b>				
<b>Program revenues</b>				
Charges for services	\$27.6	\$25.7	\$1.9	7%
Operating grants and contributions	38.1	30.0	8.1	27%
Capital grants and contributions	3.1	2.1	1.0	48%
Total program revenues	<u>68.8</u>	<u>57.8</u>	<u>11.0</u>	<u>19%</u>
<b>General revenues</b>				
Property related taxes	31.2	29.1	2.1	7%
Sales and transaction taxes	32.6	29.6	3.0	10%
Utility users tax and others	27.4	28.3	(0.9)	-3%
Gain on sale of capital assets	0.1	0.1		
Investment earnings and other	10.2	6.1	4.1	67%
Total general revenues	<u>101.5</u>	<u>93.2</u>	<u>8.3</u>	<u>9%</u>
Total revenues	<u>170.3</u>	<u>151.0</u>	<u>19.3</u>	<u>13%</u>
<b>Expenses</b>				
Administration	11.4	8.8	2.6	30%
Community development	34.8	24.5	10.3	42%
Planning and development services	5.7	8.5	(2.8)	-33%
Fire services	30.2	32.0	(1.8)	-6%
Police services	47.7	50.3	(2.6)	-5%
Public works	28.2	30.3	(2.1)	-7%
Interest on long-term debt	0.4	0.4		
Total expenses	<u>158.4</u>	<u>154.8</u>	<u>3.6</u>	<u>2%</u>
Excess before transfers	11.9	(3.8)	15.7	-413%
Transfers	(2.0)	(2.2)	0.2	-9%
<b>Change in net position</b>	<u>9.9</u>	<u>(6.0)</u>	<u>15.9</u>	<u>-265%</u>
Net position - beginning	199.1	205.1	(6.0)	-3%
<b>Net position - ending</b>	<u>\$209.0</u>	<u>\$199.1</u>	<u>\$9.9</u>	<u>5%</u>

(a) 2018 amounts have been reclassified to conform to the current year reorganization of planning and development services.

Governmental activities increased the City's net position by \$9.9 million, accounting for 59% of the City's total increase in net position resulting from total revenues exceeding total expenses and transfers.

**Revenues**

Total revenues for the City's governmental activities had an overall increase from the prior year of \$19.3 million (13%). Revenues are divided into two categories: Program Revenues, which are the revenues derived directly from the functional programs or from parties outside the City's taxpayers or citizenry; and General Revenues, which are the revenues that do not meet the requirements of program revenue, most of which are taxes.

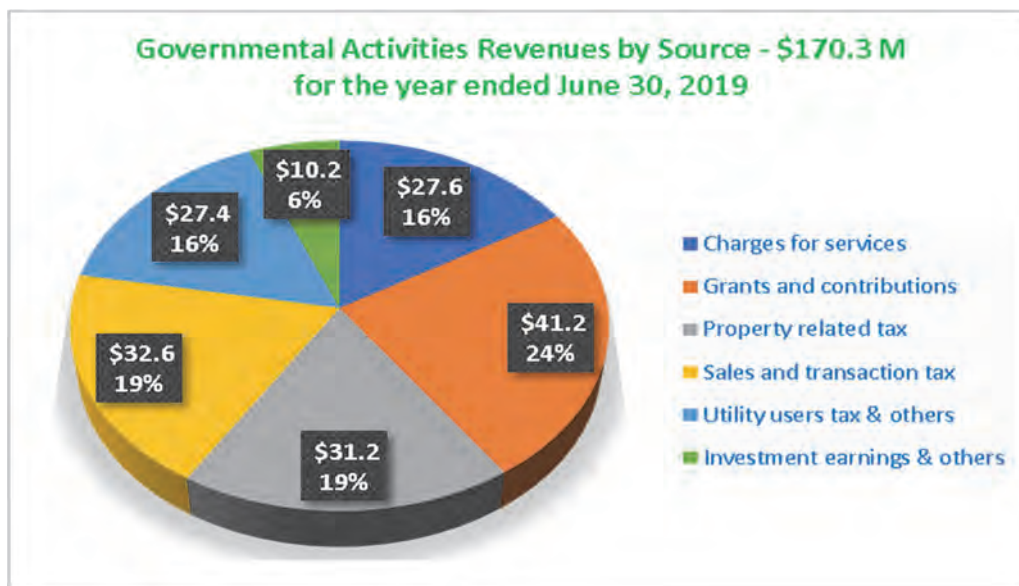
Program Revenues were up \$11 million, or 19%, to \$68.8 million, from the prior year. The primary increases are in operating grants and contributions. Total program revenues represent 40% of the City’s funding for governmental activities.

- Operating grants and contributions increased by \$8.1 million, largely due to the ongoing Mare Island Base environmental clean-up project, which is fully funded by United States Navy grants.
- Charges for services grew by \$1.9 million (7%), mainly from increased fees collected for residential developments.

General Revenues had an overall increase of \$8.3 million, or 9% to \$101.5 million. These revenues included general taxes which provided the City Council with the most discretionary spending ability. The most significant factors in the year over year change in general revenues are as follows:

- Property tax revenues increased \$2.1 million, or 7.0%, to \$31 million as the City continued to see recovery in property valuations resulting from new constructions and increased property sales prices.
- Sales and transaction tax revenues increased \$3 million or 10%, to \$32.6 million. This growth is an anomaly and reflects catch up payments from prior year sales revenues due to processing issues experienced by the state.
- Investment earnings and others increased significantly by \$4.7 million, from \$1.1 million in prior year to \$5.8 million in current year primarily attributed to the positive market value adjustments on City’s investments.

The pie chart below illustrates the distribution of total revenue of \$170.3 million among its various sources. The largest revenue source for governmental activities is grants and contributions of \$41.2 million which represents 24% of the total revenues. Sales and transaction tax and property taxes are also significant individual revenue sources for the City’s governmental activities. Together these three major revenue sources (\$105 million) comprise 62% of the total revenues for the current fiscal year.



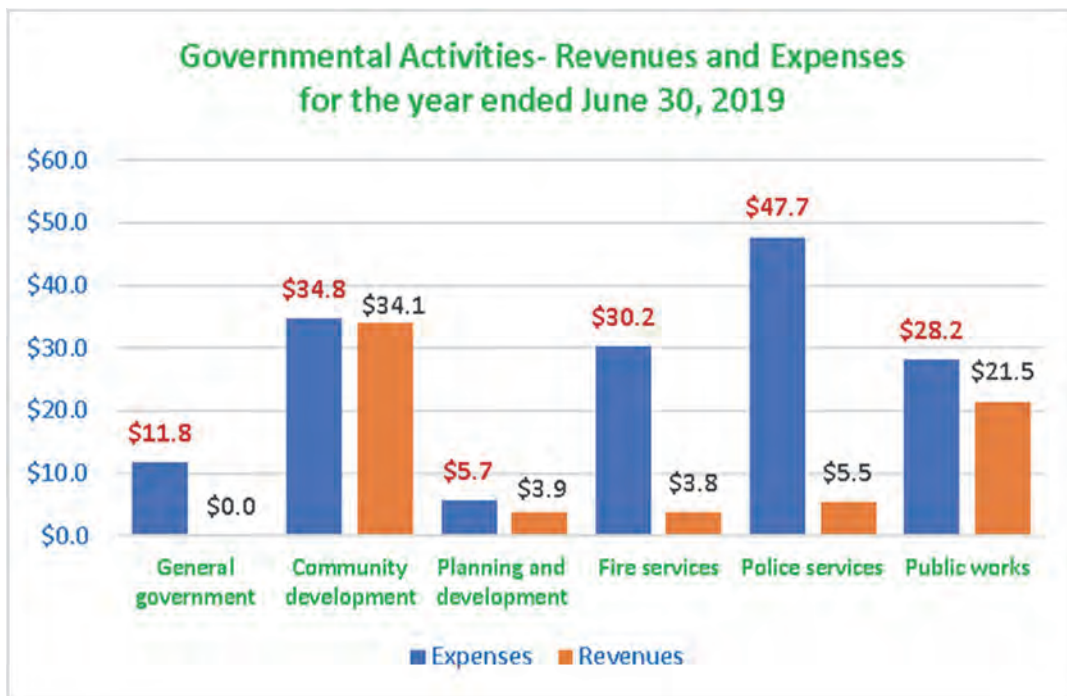
### Expenses

The City's expenses for governmental activities continued to grow, from \$154.8 million in prior year to \$158.4 million in the current fiscal year. Expenses were higher by \$3.6 million or 2% mostly due to the net effect of the following major drivers:

- An increase in Community Development expenses mainly caused by the ongoing environmental Mare Island Base Clean-up Project.
- A decrease in pension and OPEB expenses as a result of the CALPERS December 2017 actuarial experience study for the period 1997 to 2015.

### Net Revenues (Expenses)

Program revenues associated with Governmental Activities totaled \$68.8 million, or 43% of program expenses (\$158.4 million). Expenses not covered by program revenues must be funded from non-program sources like general tax revenues. The table below illustrates the gap between program revenues and expenses by major activity. Public safety programs rely heavily on taxes to support operations. General government programs provide benefit to both business-type and governmental activities and receive some funding through internal indirect cost allocations to supplement program and general tax revenues.



Detailed analysis of the major governmental funds including General Fund are discussed in the subsequent sections.

The following analysis focuses on the changes in net position of the City's business-type activities for the years ended June 30, 2019 and 2018.

**Statement of Activities**  
**for the years ended June 30, 2019 and 2018**  
(In millions)

	<b>Business-type Activities</b>		<b>Increase/(Decrease)</b>	
	<b>2019</b>	<b>2018</b>	<b>Amount</b>	<b>%</b>
<b>Revenues</b>				
<b>Program revenues</b>				
Charges for services	\$47.3	\$45.0	\$2.3	5%
Capital grants and contributions	1.0	1.0		
Total Program revenues	<u>48.3</u>	<u>46.0</u>	<u>2.3</u>	<u>5%</u>
<b>General revenues</b>				
Investment earnings and other	1.2	0.2	1.0	500%
Total revenues	<u>49.5</u>	<u>46.2</u>	<u>3.3</u>	<u>7%</u>
<b>Expenses</b>				
Water	37.7	37.4	0.3	1%
Marina	2.1	1.7	0.4	24%
Golf	3.2	3.4	(0.2)	-6%
Vallejo Station Parking	1.4	1.5	(0.1)	-7%
Fiber Optic	0.1	0.2	(0.1)	-50%
Total expenses	<u>44.5</u>	<u>44.2</u>	<u>0.3</u>	<u>1%</u>
Excess before transfers and special items	5.0	2.0	3.0	150%
Transfers	2.0	2.2	(0.2)	-9%
Special items		(2.8)	2.8	-100%
<b>Change in net position</b>	<u>7.0</u>	<u>1.4</u>	<u>5.6</u>	<u>400%</u>
Net position - beginning	44.8	43.4	1.4	3%
<b>Net position - ending</b>	<u>\$51.8</u>	<u>\$44.8</u>	<u>\$7.0</u>	<u>16%</u>

The net position of business-type activities increased by \$7 million, or 16%, to \$51.8 million. Overall, this indicates these programs generated revenues sufficient to cover the costs of their operations.

Charges for services increased by \$2.3 million, or 5%, to \$47.3 million primarily due to the 3.5% increase in water rates.

Investment earnings and others increased by \$1.0 million mainly due to positive market value adjustments on the City's investments.

Total expenses of \$44.5 million were generally consistent with the prior year.

The table on the next page presents the net program cost information for business-type activities for the year ended June 30, 2019 (in millions). In these programs, annual surpluses or deficits are retained in the programs as an increase or decrease in the program's net position.



### Net Revenue (Expense) of Business-type Activities

	Expenses	Program Revenues	Net Revenue (Expense) of Activities
Water	(\$37.7)	\$42.6	\$4.9
Marina	(2.1)	1.6	(0.5)
Golf	(3.2)	2.6	(0.6)
Vallejo Station Parking	(1.4)	1.5	0.1
Fiber Optic	(0.1)	-	(0.1)
	(\$44.5)	\$48.3	\$3.8

In total, the program revenues for these business-type operations were generally intended to cover operating, debt service, and capital reinvestment requirements. For the current year, the Water Fund realized a \$4.9 million operating surplus, due to increased water rates and a one time water exchange fee from Solano County Water Agency. The Marina, Golf, and Fiber Optic funds continued to incur operating losses. Although each of these programs collected user fees, the fees did not fully cover their annual costs. The General Fund and State Land's Fund transferred a combined \$2 million to supplement the Marina, Golf, and Parking enterprise operations.

Detailed analysis of each of the business-type operations are discussed in the Enterprise Funds section.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

In addition to the full 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. Here, the focus is to provide information on near-term inflows, outflows, and balances of spendable resources, which can be useful in assessing the City's financing requirements. Specifically, unassigned fund balance can serve as an informative measure of a government's net resources available for discretionary use at the end of the fiscal year.

At June 30, 2019, the City's Governmental Funds reported total fund balances of \$129 million, a \$16.2 million increase in comparison with the prior year's total ending fund balances. Following are the components of City's governmental total fund balance:

- Nonspendable Fund Balance increased \$0.6 million to \$2.8 million. These amounts are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of long-term receivables and prepaid expenses and deposits.
- Restricted Fund Balance increased \$7.9 million to \$71.3 million. This consists of amounts with constraints put on their use by creditors, grantors, contributors, laws, regulations or enabling legislation.
- Committed Fund Balance increased \$8.5 million to \$25.3 million. This includes amounts for specific purposes determined by the City Council, which are binding unless removed by the Council in the same manner.
- Assigned Fund Balance declined \$4.1 million to \$5.1 million. These amounts represent the City's

intent to be used for a specific purpose, but are neither restricted nor committed.

- Unassigned Fund Balance increased by \$3.3 million to \$24.5 million. This represents the residual balance for the City's General Fund and deficit balance of Empress Theater Fund.

For more information of governmental fund balances, please refer to Note 12 of the Basic Financial Statements

The following are the major funds that either qualified under the reporting criteria or were considered to be important to financial statement users:

## GENERAL FUND

The City's General Fund provides police, fire, development, public works, and administrative services to the City's 119,544 residents, other funds, businesses and visitors. The General Fund is distinct from other funds because it is the only source of unrestricted funds that can be allocated, at the discretion of the City Council, for any municipal purpose. For financial reporting purposes, the scope of General Fund balances and activities includes the City's unrestricted Measure B and Contingency Reserve Funds.

During the current fiscal 2018-19, the General Fund expended \$85.5 million in labor costs to provide these services, funding 433 authorized full time equivalent positions. Labor costs comprised 82% of General Fund's total expenditures (net of interfund cost reimbursements).

***Current Year Increase in General Fund Revenues*** – The General Fund revenues increased \$4.5 million, or 4%, from the prior fiscal year to \$110.2 million. The largest increase of \$2.9 million was from sales and transaction tax revenues, primarily a result of ongoing economic growth in the City and included catch up payments from prior year sales revenues due to processing issues experienced by the state. Property tax revenues for the fiscal year were \$30.7 million, an increase of \$2.1 million or 7% from prior year. This increase was associated with increased sales prices and new developments. The largest revenue declines from the prior year were experienced in engineering fees by \$1.4 million and utility users tax by \$0.8 million.

***Current Year Increase in General Fund Expenditures***

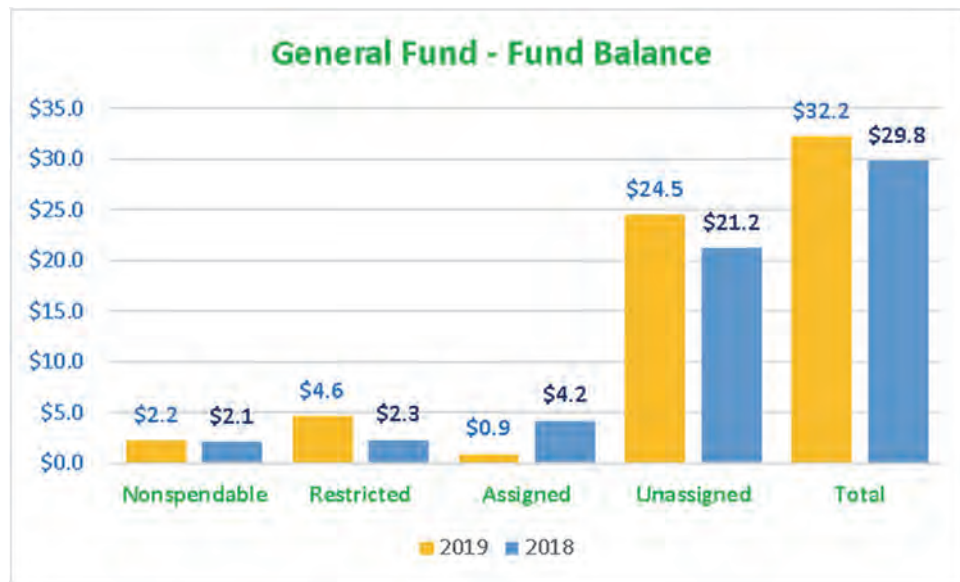
General Fund expenditures excluding transfers totaled \$94.6 million for FY 2018-19 compared to \$92.4 million in the prior fiscal year. This amount excludes encumbrances outstanding at year end. The increase was \$2.2 million, or 2%, and was attributed to all functions primarily due to rising salary and benefit costs including contributions to pay down the City's unfunded pension liability. Transfers out for FY 2018-19 were \$13.6 million compared to \$14 million in the prior year.

***Budgetary Highlights*** – During the year ended June 30, 2019, there was a \$1.1 million increase in the budgeted revenues and transfers in between the FY 2018-19 original budget and the final budget. The increases were generally in taxes and grants. There was also a \$10 million increase in the budgeted expenditures and transfers out. These amendments were mostly appropriations for the purchase of a new Police building, capital projects and MOU contract changes funded from a draw of assigned and unassigned reserves.

Through careful fiscal management, the General Fund for FY 2018-19 ended with a stronger operating financial results than expected. The total revenues were above estimated levels and expenditures were below budgeted allocations achieving an overall budget surplus of \$8.6 million. Fiscal Year 2018-19 total actual revenues and transfers in for the General Fund were \$110.5 million, exceeding final projections by \$2.3 million, or 2%. The most significant revenue gains versus the final estimates were in sales and transaction taxes at \$1.3 million, medical marijuana tax at \$0.7 million and investment earnings at \$0.6

million. The total actual expenditures and transfers out for the General Fund were \$108.2 million. This was \$6.3 million, or 6%, below appropriations, mainly driven by staff vacancies in the Police, Fire and Public Works departments, and as a result of departments operating within allocated budget appropriations.

**Fund balance** –As of June 30, 2019, the General Fund reported a total fund balance of \$32.2 million, \$2.4 million higher than prior year. Additions to the fund balance included the \$8.6 million year-end surplus discussed earlier and the \$2.3 million contribution to the PARS pension trust fund which was required to be reported as restricted fund balance. These additions were offset by the \$8.5 million draw from unassigned and assigned fund balance during the year. Of the total fund balance, unassigned fund balance was \$24.5 million which represents 22% of the subsequent year’s General Fund annual operating budget (including Measure B programs).



**OTHER MAJOR GOVERNMENTAL FUNDS**

**Housing Authority Fund** – The Housing Authority Fund’s fund balance slightly increased by \$0.5 million to \$15.9 million. The Fund received \$22.7 million in federal HUD grant allocations during the year to support its \$22.3 million Section 8 Housing Assistance Voucher Program expenditures.

**Mare Island Conversion Fund** – As of June 30, 2019 this fund held \$26 million of restricted federal funds to pay for the environmental remediation of the former Mare Island Naval base. \$10.3 million was expended during the year on this effort.

**Capital Outlay Fund** – The total fund balance increased by \$9.4 million to \$26.5 million, all committed for current and future capital projects. During the current fiscal year, the fund received additional funding of \$15.3 from interfund transfers, HUD 108 loan and fees, and incurred \$5.9 million in capital project spending.

## ENTERPRISE FUNDS

The City’s enterprise fund statements provide the same information found in the government-wide financial statements but in more detail.

As of June 30, 2019, total enterprise funds’ net position increased to \$51.8 million, up \$7 million from \$44.8 million in the prior year. The significant changes by enterprise fund are discussed below:

	<b>Net Position by Fund</b>		
	<b>2019</b>	<b>2018</b>	<b>Increase (Decrease)</b>
Water	\$51.6	\$45.7	\$5.9
Marina	1.1	0.2	0.9
Golf	(1.3)	(1.2)	(0.1)
Vallejo Parking	0.7	0.3	0.4
Fiber	(0.3)	(0.2)	(0.1)
<b>Total</b>	<b>\$51.8</b>	<b>\$44.8</b>	<b>\$7.0</b>

**Water** – Total net position of the Water Fund at June 30, 2019 was up \$5.9 million from the previous year to \$51.6 million. This amount includes an unrestricted net deficit of \$10.1 million. The unrestricted deficit was the result of net pension and net OPEB liabilities. Excluding these \$32.4 million obligations, \$22.3 million is available to fund the existing capital commitments (\$7.7 million) and water operations. The Water Fund generated \$43.6 million in total revenues during the year to support \$37.7 million in total expenses for an overall net increase in net position of \$5.9 million. A rate structure adopted in June 2017 continued to provide for user fee increases of 3.5% during the current year to help meet the Water Fund’s short-term operational and fiscal obligations.

**Marina** – The net position of the Marina Fund at June 30, 2019 was up \$0.9 million from the previous year to \$1.1 million. Of this amount, invested in capital assets net position was a deficit because the capital assets were depreciating at a greater rate than the principal payments on the debt that financed the assets. This deficit was offset by a positive unrestricted net position of \$1.8 million. Excluding \$0.7 million net pension and net OPEB related liabilities, \$2.5 million was available to fund the existing capital commitments (\$1 million) and marina operations. The Marina Fund generated \$1.6 million in total revenues and received a combined \$1.4 million transfers from the General Fund and State Land’s Fund during the year to support \$2.1 million in total expenses for an overall net increase in net position of \$0.9 million. The 3% annual CPI increases for berth rents and live aboard fees are projected to steadily improve the net position and reduce the General Fund subsidy over the next several years.

**Golf** – During the current fiscal year, the Golf Fund generated \$2.6 million in user fees to cover its program costs. As anticipated in the budget, the General Fund contributed \$0.4 million, which along with user fees and investment income, supported \$3 million of the total \$3.2 million costs. The City took a step toward self-sufficiency of the Golf Fund by replacing the facility operator in January 2018, and entering into an agreement with the Norman Company and Lewis Group for the revitalization and redevelopment of the Blue Rock Springs Golf Course.

**Vallejo Station Parking** – The \$1.4 million in operating costs were funded by annual user fees, with the General Fund contributing \$0.3 million to support its operations. The City hired a contractor to provide improved enforcement efforts and increased the parking rates to allow this fund to move toward full cost recovery.

**Fiber Optic** – In an effort to leverage City assets and promote economic development, the Fiber Optic Fund was established in May 2017, with a \$0.8 million interfund loan from the General Fund to be used as starting working capital. Although the initial project to construct and connect a physical network was completed a year ago, infrastructure and marketing challenges have stalled the expected growth of service revenue. City has now modified the agreement with its partner and contractor in this joint venture, Inyo Networks, Inc., to widen the potential customer base and extending the fiber network to Mare Island in an effort to generate sustainable revenues beginning in Fiscal Year 2019-20.

## 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. The following is a summary of the City’s capital assets at June 30, 2019 and 2018.

### City of Vallejo Capital Assets (net of depreciation) (in millions)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2019	2018	2019	2018	2019	2018	
Land	\$141.6	\$140.5	\$12.3	\$12.3	\$153.9	\$152.8	\$1.1
Building and improvement	73.5	76.0	30.8	31.7	104.3	107.7	(3.4)
Machinery and equipment	10.5	10.7	11.1	7.6	21.6	18.3	3.3
Infrastructure	100.4	99.7	45.7	48.8	146.1	148.5	(2.4)
Construction in progress	6.9	5.9	14.7	8.4	21.6	14.3	7.3
Total	<u>\$332.9</u>	<u>\$332.8</u>	<u>\$114.6</u>	<u>\$108.8</u>	<u>\$447.5</u>	<u>\$441.6</u>	<u>\$5.9</u>

Overall, capital assets (net of depreciation) increased by \$5.9 million during the year to \$447.5 million at June 30, 2019. The City completed and placed in service projects and various capital assets while adding to its construction in progress. These capital additions totaled \$22.4 million and were mostly in road improvements, water pump upgrades, and acquisition of equipment, vehicles and land parcels. Reductions included \$16.5 million of depreciation and retirements of various vehicles. Additional information about the City’s capital assets can be found in Note 5 of the Basic Financial Statements.

## DEBT ADMINISTRATION

The following is a summary of the City’s long-term debt obligations at June 30, 2019 and 2018.

### Outstanding Debt Long-Term Debt (in millions)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2019	2018	2019	2018	2019	2018	
Certificates of Participation	\$2.8	\$3.0			\$2.8	\$3.0	(\$0.2)
Capital Lease Obligations	0.2	0.3			0.2	0.3	(0.1)
Revenue Bonds			\$41.4	\$44.2	41.4	44.2	(2.8)
Loans & Notes Payable	14.0	12.9	20.1	21.2	34.1	34.1	0.0
Total	<u>\$17.0</u>	<u>\$16.2</u>	<u>\$61.5</u>	<u>\$65.4</u>	<u>\$78.5</u>	<u>\$81.6</u>	<u>(\$3.1)</u>

**Annual Activity** – The City’s total long-term debt obligations decreased by \$3.1 million as of June 30, 2019. The net decrease was related to the principal debt payments made during the current fiscal year offset by the new HUD 108 loan. Additional information about the City’s long-term debt can be found in Note 6 of the Basic Financial Statements.

**Bond Rating** – The City maintains a Standard & Poor’s ‘BBB’ rating with a positive outlook for the 1999 Certificates of Participation and a Standard & Poor’s ‘A+’ rating with a stable outlook for the Series of 2013 Water Revenue Refunding Bonds.

**Net Debt** - 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 net debt position to management, citizens, and investors. A comparison of these indicators follows. Per capita debt outstanding decreased to \$659, at June 30, 2019, from \$684 in the prior fiscal year.

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Net debt (in millions)	\$78.5	\$81.6
Net debt per capita	\$658	\$684
Net debt per capita as a percentage of per capita personal income	2.32%	2.55%
Net debt as a percentage of net assessed value	0.76%	0.80%

## ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The City of Vallejo has experienced a sustained, but slow recovery from the Great Recession that began in Fiscal Year 2007-08. Unemployment rates are declining, retail sales are growing and property values are returning to pre-recession levels. Additionally, the City has built up its reserves and begun to address a portion of the City’s deferred maintenance in streets and buildings.

Property tax revenues remain the largest General Fund revenue source making up 29% of total fiscal year 2019-20 General Fund revenues. Signs of a strengthening housing recovery are evident as the City’s net taxable property values increased by 5.9% for the Fiscal Year 2019-20 tax roll as a result of new construction and increased property sales prices.

Sales tax and transaction revenues represent the second most significant General Fund revenue source and provide for 27% of general municipal services. While the City experienced a decline in sales tax revenues during the recession, the strengthening of the local economy is evident as sales tax revenue has steadily increased since then. For the 2019-20 Budget, the City forecasts sales revenues continuing to perform strongly.

The City’s optimism, however, is tempered by the increase in the cost of services. The City, like all municipalities, faces exposure to investment conditions, as the change to the CalPERS assumed rate of return has substantially escalated the amount the City must pay to pre-fund future pension benefits. City’s Fiscal Year 2019-20 budget priorities included addressing City Council Fiscal Year 2019-20 goals, funding its deferred maintenance needs, and managing its workers compensation and general liability claims, premiums, and health insurance rates. Balancing priorities will be a critical piece of the budget going forward to ensure continued fiscal sustainability in the face of these and other challenges.

In summary, while the City anticipates revenue growth to be partially absorbed by escalating pension, benefits, and other service costs, overall the City continues to operate another year of a structurally balanced General Fund budget for Fiscal Year 2019-20.

The economy of the City and its major initiatives for the coming year are discussed in detail in the accompanying Transmittal Letter.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This Comprehensive Annual Financial Report (CAFR) 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. For the convenience of the public, a copy of this report is posted on the City's website ([http://www.ci.vallejo.ca.us/city\\_hall/departments\\_\\_divisions/finance](http://www.ci.vallejo.ca.us/city_hall/departments__divisions/finance)). 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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**CITY OF VALLEJO, CALIFORNIA**

**GOVERNMENT WIDE FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION  
AND STATEMENT OF ACTIVITIES**

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's net position by subtracting total liabilities and deferred inflows of resources from total assets and deferred outflows of resources.

The Statement of Net Position summarizes the financial position of the City's Governmental Activities in a single column, and the financial position of all the City's Business-type Activities in a single column; these columns are followed by a Total column that presents the financial position of the primary government. This column is followed by a column that displays the discretely presented component unit.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, deferred inflows/outflows of resources, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by the program, and follows these with the expenses of its Business-type Activities. Program revenues - that is, revenues which are generated directly by these programs - are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities, Business-type Activities or discretely presented component unit column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both of these Statements include the financial activities of the City and the blended component units: the Housing Authority of the City of Vallejo (Housing Authority), the Marine World Joint Powers Authority (Marine World JPA), the Parking Authority of the City of Vallejo (Parking Authority), the Public Financing Authority of the City of Vallejo (Financing Authority) and the Empress Investment Fund, LLC (EIF). The Housing Authority, Marine World JPA, Parking Authority, Financing Authority and EIF are legally separate component units of the City, because they are controlled by the City and the City is financially accountable for their activities. The financial activities of these entities are integrally related to those of the City, and so data has been blended with those of the City in both of these statements. The balances and the activities of the discretely presented component unit of Vallejo Flood and Wastewater District are included in these statements as separate columns.

These financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements*.



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CITY OF VALLEJO  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Vallejo Flood and Wastewater District
<b>ASSETS</b>				
Current Assets:				
Cash and investments (Note 2)	\$132,523,940	\$28,420,713	\$160,944,653	\$40,195,689
Accounts receivable	3,702,714	6,995,533	10,698,247	3,827,764
Interest receivable	823,267		823,267	498,800
Due from other governments	8,444,757	55,442	8,500,199	120,882
Materials, parts, and supplies (Note 1J)	179,824	793,018	972,842	1,033,816
Prepays and deposits (Note 1L)	1,450,060	221,681	1,671,741	2,018,732
<b>Total Current Assets</b>	<b>147,124,562</b>	<b>36,486,387</b>	<b>183,610,949</b>	<b>47,695,683</b>
Noncurrent Assets:				
Restricted cash and investments held with fiscal agent (Note 2)	30,713,352	5,533,393	36,246,745	
Land held for development (Note 1K)	499,684		499,684	
Notes and loans receivable (Note 4)	28,962,978	14,785	28,977,763	284,303
Internal balances (Note 3D)	830,000	(830,000)		
Capital assets (Note 5):				
Nondepreciable	148,465,670	27,021,144	175,486,814	30,320,490
Depreciable, net of accumulated depreciation	184,444,252	87,603,741	272,047,993	164,477,646
<b>Total Noncurrent Assets</b>	<b>393,915,936</b>	<b>119,343,063</b>	<b>513,258,999</b>	<b>195,082,439</b>
<b>Total Assets</b>	<b>541,040,498</b>	<b>155,829,450</b>	<b>696,869,948</b>	<b>242,778,122</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on refunding of debt (Note 6)		683,910	683,910	1,007,346
Related to pensions (Note 10)	38,038,256	4,204,746	42,243,002	8,444,443
Related to OPEB (Note 11)	2,380,445	560,555	2,941,000	298,689
<b>Total Deferred Outflows of Resources</b>	<b>40,418,701</b>	<b>5,449,211</b>	<b>45,867,912</b>	<b>9,750,478</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable and accrued liabilities	8,193,795	3,605,291	11,799,086	1,508,735
Accrued interest payable	115,206	410,439	525,645	332,640
Due to other governments	264,705		264,705	
Unearned revenues	25,303,650	570,798	25,874,448	
Deposits payable	2,479,072	3,964,543	6,443,615	135,777
Employee benefits payable (Note 9)	7,419,353	1,145,925	8,565,278	443,954
Claims payable, due within one year (Note 13)	3,696,533		3,696,533	
Long-term debt, due within one year (Note 6)	1,188,659	4,174,232	5,362,891	4,957,106
<b>Total Current Liabilities</b>	<b>48,660,973</b>	<b>13,871,228</b>	<b>62,532,201</b>	<b>7,378,212</b>
Noncurrent Liabilities:				
Claims payable (Note 13)	13,434,467		13,434,467	
Employee benefits payable (Note 9)	3,691,937		3,691,937	824,486
Net pension liability (Note 10)	262,262,443	33,037,391	295,299,834	22,376,039
Net OPEB liability (Note 11)	15,315,000	3,435,000	18,750,000	7,825,993
Long-term debt (Note 6)	15,881,229	57,377,173	73,258,402	33,308,807
<b>Total Noncurrent Liabilities</b>	<b>310,585,076</b>	<b>93,849,564</b>	<b>404,434,640</b>	<b>64,335,325</b>
<b>Total Liabilities</b>	<b>359,246,049</b>	<b>107,720,792</b>	<b>466,966,841</b>	<b>71,713,537</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pensions (Note 10)	8,544,780	681,310	9,226,090	3,414,699
Related to OPEB (Note 11)	4,740,708	1,063,292	5,804,000	352,388
<b>Total Deferred Inflows of Resources</b>	<b>13,285,488</b>	<b>1,744,602</b>	<b>15,030,090</b>	<b>3,767,087</b>
<b>NET POSITION (Note 12)</b>				
Net investment in capital assets	315,888,276	53,757,390	369,645,666	157,539,569
Restricted for:				
Debt service	248,644	5,533,393	5,782,037	7,064,556
Capital projects	25,050,181		25,050,181	20,876,769
Housing programs	24,303,086		24,303,086	
Mare Island programs	7,942,700		7,942,700	
Landscape maintenance district services	16,115,322		16,115,322	
Other special projects and programs	1,708,312		1,708,312	
<b>Total Restricted Net Position</b>	<b>75,368,245</b>	<b>5,533,393</b>	<b>80,901,638</b>	<b>27,941,325</b>
Unrestricted	(182,328,859)	(7,477,516)	(189,806,375)	(8,432,918)
<b>Total Net Position</b>	<b>\$208,927,662</b>	<b>\$51,813,267</b>	<b>\$260,740,929</b>	<b>\$177,047,976</b>

See accompanying notes to financial statements

CITY OF VALLEJO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
Legislative and advisory	\$321,914			
Executive	5,346,942			
Finance	2,019,164			
Human resources	1,936,821			
Law	1,737,644			
Community development	34,843,093	\$1,743,492	\$32,300,788	
Planning and development services	5,641,584	3,423,627		\$470,474
Fire services	30,169,197	3,795,592		
Police services	47,724,576	3,908,765	1,505,837	
Public works	28,195,131	14,684,174	4,250,825	2,582,345
Interest on long term debt	388,381			
<b>Total Governmental Activities</b>	<b>158,324,447</b>	<b>27,555,650</b>	<b>38,057,450</b>	<b>3,052,819</b>
Business-type Activities:				
Water	37,733,752	41,641,099		998,762
Marina	2,053,145	1,547,106	36,642	
Golf	3,184,360	2,641,612		
Vallejo Station Parking	1,404,748	1,459,919		
Fiber Optic	95,829	3,503		
<b>Total Business-type Activities</b>	<b>44,471,834</b>	<b>47,293,239</b>	<b>36,642</b>	<b>998,762</b>
<b>Total Primary Government</b>	<b>\$202,796,281</b>	<b>\$74,848,889</b>	<b>\$38,094,092</b>	<b>\$4,051,581</b>
<b>Component Unit:</b>				
Vallejo Flood and Wastewater District	\$36,284,486	\$32,783,107		\$9,153,976
General revenues:				
Taxes:				
Property taxes/In-lieu property tax				
Sales and transaction taxes				
User Utility				
Franchise				
Transit occupancy				
Other				
Investment earnings				
Gain on sale of capital assets				
Miscellaneous				
Transfers (Note 3A)				
<b>Total general revenues and transfers</b>				
Change in Net Position				
Net Position-Beginning				
Net Position-Ending				

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position Primary Government			Net (Expense) Revenue and Changes in Net Position Component Unit
Governmental Activities	Business-type Activities	Total	Vallejo Flood and Wastewater District
(\$321,914)		(\$321,914)	
(5,346,942)		(5,346,942)	
(2,019,164)		(2,019,164)	
(1,936,821)		(1,936,821)	
(1,737,644)		(1,737,644)	
(798,813)		(798,813)	
(1,747,483)		(1,747,483)	
(26,373,605)		(26,373,605)	
(42,309,974)		(42,309,974)	
(6,677,787)		(6,677,787)	
(388,381)		(388,381)	
<u>(89,658,528)</u>		<u>(89,658,528)</u>	
	\$4,906,109	4,906,109	
	(469,397)	(469,397)	
	(542,748)	(542,748)	
	55,171	55,171	
	<u>(92,326)</u>	<u>(92,326)</u>	
	3,856,809	3,856,809	
<u>(89,658,528)</u>	3,856,809	<u>(85,801,719)</u>	
			<u>\$5,652,597</u>
31,157,158		31,157,158	1,190,908
32,641,720		32,641,720	
12,338,425		12,338,425	
5,284,137		5,284,137	
2,223,849		2,223,849	
7,574,283		7,574,283	
4,622,647	1,142,964	5,765,611	1,487,352
69,983		69,983	
5,562,802		5,562,802	
<u>(2,036,704)</u>	<u>2,036,704</u>		
<u>99,438,300</u>	<u>3,179,668</u>	<u>102,617,968</u>	<u>2,678,260</u>
9,779,772	7,036,477	16,816,249	8,330,857
<u>199,147,890</u>	<u>44,776,790</u>	<u>243,924,680</u>	<u>168,717,119</u>
<u>\$208,927,662</u>	<u>\$51,813,267</u>	<u>\$260,740,929</u>	<u>\$177,047,976</u>



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<b>FUND FINANCIAL STATEMENTS</b>
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**MAJOR GOVERNMENTAL FUNDS**

The funds described below were determined to be Major Governmental Funds by the City for the year ended June 30, 2019. Individual non-major funds may be found in the Supplemental section.

**GENERAL FUND** is used to account for all general revenues of the City not specifically levied or collected for other City funds including Measure B transaction tax and the related expenditures, and pre-1990 Successor Agency loans and the related revenues.

**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 and the assets and liabilities assumed from the Housing Fund of the former Redevelopment Agency upon its dissolution as of February 1, 2012.

**MARE ISLAND CONVERSION CAPITAL PROJECTS FUND** is used to account for monies received from federal grants which are used for activities relating to the conversion of the Mare Island Naval Shipyard to civilian use.

**CAPITAL OUTLAY CAPITAL PROJECTS 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.



CITY OF VALLEJO  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2019

	General	Housing Authority	Mare Island Conversion
<b>ASSETS</b>			
Cash and investments (Note 2)	\$21,114,687	\$5,857,577	\$1,614,598
Restricted cash and investments held with fiscal agent (Note 2)	4,253,161		26,034,813
Accounts receivable	2,921,845	41,632	
Interest receivable	821,399	1,868	
Notes and loans receivable (Note 4)	1,084,926	13,338,703	
Advances to other funds (Note 3C)	830,000		
Due from other governments	6,491,684	19,371	
Materials, parts, and supplies	1,653		
Prepays and deposits	84,760		
Land held for redevelopment (Note 1K)	499,684		
Total Assets	<u>\$38,103,799</u>	<u>\$19,259,151</u>	<u>\$27,649,411</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$3,644,838	\$67,615	\$2,288,901
Due to other funds (Note 3B)			
Due to other governments	257,352		
Unearned revenues	1,335,945		22,566,227
Deposits payable	422,997	200,923	
Total Liabilities	<u>5,661,132</u>	<u>268,538</u>	<u>24,855,128</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - accounts receivable			
Unavailable revenue - interest receivable	283,884	3,092,854	
Unavailable revenue - notes and loans receivable			
Total Deferred Inflows of Resources	<u>283,884</u>	<u>3,092,854</u>	
<b>FUND BALANCES (Note 12)</b>			
Fund Balance			
Nonspendable	2,217,139		
Restricted	4,550,387	15,897,759	2,794,283
Committed	6,332		
Assigned	876,025		
Unassigned	24,508,900		
Total Fund Balances	<u>32,158,783</u>	<u>15,897,759</u>	<u>2,794,283</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$38,103,799</u>	<u>\$19,259,151</u>	<u>\$27,649,411</u>

See accompanying notes to financial statements

Capital Outlay	Other Governmental Funds	Total Governmental Funds
\$26,057,581	\$50,280,619	\$104,925,062
176,734	248,644	30,713,352
71,525	541,323	3,576,325
		823,267
	14,539,349	28,962,978
		830,000
	1,933,702	8,444,757
	3,000	4,653
500,000		584,760
		499,684
<u>\$26,805,840</u>	<u>\$67,546,637</u>	<u>\$179,364,838</u>
\$326,185	\$1,247,565	\$7,575,104
	666,811	666,811
	7,353	264,705
	1,401,478	25,303,650
	1,855,152	2,479,072
<u>326,185</u>	<u>5,178,359</u>	<u>36,289,342</u>
	23,750	23,750
	2,080,867	5,457,605
	8,549,597	8,549,597
	<u>10,654,214</u>	<u>14,030,952</u>
500,000	67,625	2,784,764
4,659,617	43,417,005	71,319,051
21,320,038	3,979,999	25,306,369
	4,274,260	5,150,285
	(24,825)	24,484,075
<u>26,479,655</u>	<u>51,714,064</u>	<u>129,044,544</u>
<u>\$26,805,840</u>	<u>\$67,546,637</u>	<u>\$179,364,838</u>

CITY OF VALLEJO  
Reconciliation of  
GOVERNMENTAL FUND BALANCES  
with  
GOVERNMENTAL NET POSITION  
JUNE 30, 2019

Total fund balances reported on the governmental funds balance sheet \$129,044,544

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 326,906,860

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

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 Position.

Cash and investments	\$27,598,878	
Accounts receivable	126,389	
Materials, parts, and supplies	175,171	
Due from other funds	900,724	
Prepays	865,300	
Capital assets	6,003,062	
Accounts payable	(618,691)	
Due to other funds	(233,913)	
Claims payable	(17,131,000)	
Net pension liability and pension-related deferred outflows/inflows of resources	(2,573,668)	
Net OPEB liability and OPEB-related deferred outflows/inflows of resources	(17,675,263)	
Employee benefits payable	<u>(354,916)</u>	(2,917,927)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 14,030,952

LONG-TERM LIABILITIES

The liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Long-term debt	(17,069,888)	
Net pension liability and pension-related deferred outflows/inflows of resources	(230,195,299)	
Interest payable	(115,206)	
Compensated absences	<u>(10,756,374)</u>	

NET POSITION OF GOVERNMENTAL ACTIVITIES \$208,927,662

See accompanying notes to financial statements



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CITY OF VALLEJO  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019

	General	Housing Authority	Mare Island Conversion
<b>REVENUES</b>			
Taxes, including Measure B	\$79,415,601		
Licenses, permits, and fees	3,676,040		
Fines and forfeitures	1,553,791		
Intergovernmental	13,693,639	\$22,438,293	\$9,499,341
Use of money and property	2,111,800	199,570	822,178
Charges for services	9,207,194		
Other	505,481	72,317	
<b>Total Revenues</b>	<b>110,163,546</b>	<b>22,710,180</b>	<b>10,321,519</b>
<b>EXPENDITURES</b>			
Current:			
Legislative and advisory	327,843		
Executive	4,808,081		
Finance	1,706,608		
Human resources	1,800,940		
Law	1,459,150		
Community development		22,327,848	10,288,364
Planning and development services	3,288,977		
Fire services	26,016,877		
Police services	42,543,834		
Public works	7,175,998		
Non departmental	5,329,057		
Capital outlay			
Debt Service:			
Principal	101,464		
Interest and fiscal agent fees			
<b>Total Expenditures</b>	<b>94,558,829</b>	<b>22,327,848</b>	<b>10,288,364</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>15,604,717</b>	<b>382,332</b>	<b>33,155</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of debt			
Transfers in (Note 3A)	304,326	74,841	
Transfers out (Note 3A)	(13,611,542)		
<b>Total Other Financing Sources (Uses)</b>	<b>(13,307,216)</b>	<b>74,841</b>	
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,297,501</b>	<b>457,173</b>	<b>33,155</b>
<b>BEGINNING FUND BALANCES</b>	<b>29,861,282</b>	<b>15,440,586</b>	<b>2,761,128</b>
<b>ENDING FUND BALANCES</b>	<b>\$32,158,783</b>	<b>\$15,897,759</b>	<b>\$2,794,283</b>

See accompanying notes to financial statements

Capital Outlay	Other Governmental Funds	Total Governmental Funds
	\$3,626,567	\$83,042,168
\$287,838	698,677	4,662,555
	26,518	1,580,309
	5,004,012	50,635,285
531,407	2,736,645	6,401,600
300,000	12,088,658	21,595,852
170,888	443,781	1,192,467
<u>1,290,133</u>	<u>24,624,858</u>	<u>169,110,236</u>
		327,843
	136,089	4,944,170
		1,706,608
		1,800,940
	5,280	1,464,430
	1,643,521	34,259,733
	630,872	3,919,849
8,602	1,936,845	27,962,324
	1,058,343	43,602,177
149,741	9,724,275	17,050,014
		5,329,057
5,730,039	4,962,630	10,692,669
	913,490	1,014,954
	256,548	256,548
<u>5,888,382</u>	<u>21,267,893</u>	<u>154,331,316</u>
<u>(4,598,249)</u>	<u>3,356,965</u>	<u>14,778,920</u>
1,700,000		1,700,000
12,357,430	1,978,745	14,715,342
(129,694)	(1,210,810)	(14,952,046)
<u>13,927,736</u>	<u>767,935</u>	<u>1,463,296</u>
9,329,487	4,124,900	16,242,216
17,150,168	47,589,164	112,802,328
<u>\$26,479,655</u>	<u>\$51,714,064</u>	<u>\$129,044,544</u>

CITY OF VALLEJO  
Reconciliation of the  
NET CHANGE IN GOVERNMENTAL FUND BALANCES  
with the  
CHANGE IN GOVERNMENT NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019

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 Position 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 \$16,242,216

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 9,228,490

Depreciation expense is deducted from the fund balance  
(Depreciation expense is net of internal service fund depreciation of \$1,429,542 which has already been allocated to serviced funds) (8,894,582)

Assets transferred from the Successor Agency are added to fund balance 470,474

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 Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Issuance of debt is deducted from fund balance (1,700,000)

Repayment of debt principal is added back to fund balance 1,014,954

Interest accrued to principal is deducted from fund balance (144,320)

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 12,487

Unavailable revenue 76,823

Compensated absences 340,826

Net pension liability and pension-related deferred outflows/inflows of resources (8,815,314)

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 Position - All Internal Service Funds 1,947,718

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$9,779,772

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, 2019

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$77,046,812	\$77,452,457	\$79,415,601	\$1,963,144
Licenses, permits and fees	3,455,245	3,458,212	3,676,040	217,828
Fines and forfeitures	1,836,000	1,451,000	1,553,791	102,791
Intergovernmental	13,839,029	14,014,195	13,693,639	(320,556)
Use of money and property	1,451,809	1,451,809	2,111,800	659,991
Charges for services	9,064,113	9,738,146	9,207,194	(530,952)
Other	346,000	346,000	505,481	159,481
Total Revenues	<u>107,039,008</u>	<u>107,911,819</u>	<u>110,163,546</u>	<u>2,251,727</u>
<b>EXPENDITURES:</b>				
Current:				
Legislative and advisory	484,098	477,486	327,843	149,643
Executive	5,516,695	5,543,093	4,808,081	735,012
Finance	1,807,171	1,923,082	1,706,608	216,474
Human resources	1,857,854	1,956,462	1,800,940	155,522
Law	1,810,992	1,779,452	1,459,150	320,302
Planning and development services	3,502,681	3,519,789	3,288,977	230,812
Fire services	26,065,087	26,582,822	26,016,877	565,945
Police services	44,789,725	43,348,119	42,543,834	804,285
Public works	7,650,764	7,988,814	7,175,998	812,816
Non departmental	3,134,789	7,643,196	5,329,057	2,314,139
Debt service				
Principal	101,464	101,464	101,464	
Total Expenditures	<u>96,721,320</u>	<u>100,863,779</u>	<u>94,558,829</u>	<u>6,304,950</u>
EXCESS REVENUES OVER EXPENDITURES	<u>10,317,688</u>	<u>7,048,040</u>	<u>15,604,717</u>	<u>8,556,677</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,990	250,000	304,326	54,326
Transfers (out)	<u>(7,691,760)</u>	<u>(13,609,533)</u>	<u>(13,611,542)</u>	<u>(2,009)</u>
Total other financing sources (uses)	<u>(7,680,770)</u>	<u>(13,359,533)</u>	<u>(13,307,216)</u>	<u>52,317</u>
NET CHANGE IN FUND BALANCES	<u>\$2,636,918</u>	<u>(\$6,311,493)</u>	2,297,501	<u>\$8,608,994</u>
Fund balance, July 1			<u>29,861,282</u>	
Fund balance, June 30			<u>\$32,158,783</u>	

See accompanying notes to financial statements

CITY OF VALLEJO  
HOUSING AUTHORITY SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, AND EXPENDITURES  
AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$23,128,500	\$23,128,500	\$22,438,293	(\$690,207)
Use of money and property	16,190	16,190	199,570	183,380
Charges for services				
Other	<u>42,000</u>	<u>42,000</u>	<u>72,317</u>	<u>30,317</u>
Total Revenues	<u>23,186,690</u>	<u>23,186,690</u>	<u>22,710,180</u>	<u>(476,510)</u>
EXPENDITURES:				
Current:				
Community development	<u>25,426,901</u>	<u>25,426,901</u>	<u>22,327,848</u>	<u>3,099,053</u>
Total Expenditures	<u>25,426,901</u>	<u>25,426,901</u>	<u>22,327,848</u>	<u>3,099,053</u>
EXCESS REVENUES OVER EXPENDITURES	<u>(2,240,211)</u>	<u>(2,240,211)</u>	<u>382,332</u>	<u>2,622,543</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			<u>74,841</u>	<u>74,841</u>
Total other financing sources (uses)			<u>74,841</u>	<u>74,841</u>
NET CHANGE IN FUND BALANCE	<u>(\$2,240,211)</u>	<u>(\$2,240,211)</u>	457,173	<u>\$2,697,384</u>
Fund balance, July 1			<u>15,440,586</u>	
Fund balance, June 30			<u>\$15,897,759</u>	

See accompanying notes to financial statements

**CITY OF VALLEJO, CALIFORNIA**

**MAJOR PROPRIETARY FUNDS**

The City reported all enterprise funds as major funds in fiscal year 2019.

**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.

**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.

**VALLEJO STATION PARKING FUND** is used to account for the operations, maintenance and management of the Vallejo Station Parking Structure.

**FIBER OPTIC FUND** is used to account for the operations, maintenance, and distribution of bandwidth and retail internet services through the City's fiber optic network.

CITY OF VALLEJO  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2019

	Business-type Activities-Enterprise Funds		
	Water	Marina	Golf
<b>ASSETS</b>			
Current assets:			
Cash and investments (Note 2)	\$23,101,554	\$2,803,411	\$1,114,555
Accounts receivable	6,906,861	29,005	2,482
Due from other governments		55,442	
Materials, parts and supplies	723,431	21,929	47,658
Prepays	156,981		64,700
Due from other funds (Note 3B)			
Total current assets	<u>30,888,827</u>	<u>2,909,787</u>	<u>1,229,395</u>
Noncurrent assets:			
Restricted cash and investments held with fiscal agent (Note 2)	5,533,393		
Notes receivable (Note 4)	14,785		
Capital assets (Note 5):			
Nondepreciable	14,793,074	10,736,670	1,491,400
Depreciable, net	82,637,200	1,383,462	3,263,784
Total noncurrent assets	<u>102,978,452</u>	<u>12,120,132</u>	<u>4,755,184</u>
Total assets	<u>133,867,279</u>	<u>15,029,919</u>	<u>5,984,579</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on refunding of debt (Note 6)	683,910		
Related to pensions (Note 10)	4,041,769	116,551	
Related to OPEB	536,733	17,940	
Total deferred outflows of resources	<u>5,262,412</u>	<u>134,491</u>	
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	2,960,409	189,095	349,283
Due to other funds			
Accrued interest payable	342,450	45,890	22,099
Unearned revenue	424,821	45,911	100,066
Deposits payable	3,699,411	115,132	150,000
Claims payable, current (Note 13)			
Employee benefits payable, current (Note 9)	1,128,422	13,577	
Long-term debt, due within one year (Note 6)	3,255,542	608,222	310,468
Total current liabilities	<u>11,811,055</u>	<u>1,017,827</u>	<u>931,916</u>
Long-term liabilities:			
Long-term debt, due in more than one year (Note 6)	38,774,995	12,200,170	6,402,008
Advance from other funds (Note 3C)			
Claims payable, noncurrent (Note 13)			
Employee benefits payable, noncurrent (Notes 9)			
Net pension liability (Note 10)	31,935,804	723,698	
Net OPEB liability (Note 11)	3,356,250	39,375	
Total noncurrent liabilities	<u>74,067,049</u>	<u>12,963,243</u>	<u>6,402,008</u>
Total Liabilities	<u>85,878,104</u>	<u>13,981,070</u>	<u>7,333,924</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions (Note 10)	653,846	20,369	
Related to OPEB (Note 11)	1,038,916	12,188	
Total deferred inflows of resources	<u>1,692,762</u>	<u>32,557</u>	
<b>NET POSITION (DEFICIT) (Note 12)</b>			
Net investment in capital assets	56,083,647	(688,260)	(1,957,292)
Restricted for debt service	5,533,393		
Unrestricted	(10,058,215)	1,839,043	607,947
Total Net Position (Deficit)	<u>\$51,558,825</u>	<u>\$1,150,783</u>	<u>(\$1,349,345)</u>

See accompanying notes to financial statements

Business-type Activities-Enterprise Funds			Governmental Activities-Internal Service Funds
Vallejo Station Parking	Fiber Optic	Totals	
\$1,118,308	\$282,885	\$28,420,713	\$27,598,878
57,185		6,995,533	126,389
		55,442	
		793,018	175,171
		221,681	865,300
			900,724
<u>1,175,493</u>	<u>282,885</u>	<u>36,486,387</u>	<u>29,666,462</u>
		5,533,393	
		14,785	
		27,021,144	
<u>11,815</u>	<u>307,480</u>	<u>87,603,741</u>	<u>6,003,062</u>
<u>11,815</u>	<u>307,480</u>	<u>120,173,063</u>	<u>6,003,062</u>
<u>1,187,308</u>	<u>590,365</u>	<u>156,659,450</u>	<u>35,669,524</u>
		683,910	
46,426		4,204,746	412,033
5,882		560,555	2,380,445
<u>52,308</u>		<u>5,449,211</u>	<u>2,792,478</u>
76,247	30,257	3,605,291	618,691
			233,913
		410,439	
		570,798	
		3,964,543	
			3,696,533
3,926		1,145,925	150,248
		4,174,232	
<u>80,173</u>	<u>30,257</u>	<u>13,871,228</u>	<u>4,699,385</u>
		57,377,173	
	830,000	830,000	
			13,434,467
			204,668
377,889		33,037,391	2,918,875
39,375		3,435,000	15,315,000
<u>417,264</u>	<u>830,000</u>	<u>94,679,564</u>	<u>31,873,010</u>
<u>497,437</u>	<u>860,257</u>	<u>108,550,792</u>	<u>36,572,395</u>
7,095		681,310	66,826
12,188		1,063,292	4,740,708
<u>19,283</u>		<u>1,744,602</u>	<u>4,807,534</u>
11,815	307,480	53,757,390	6,003,062
		5,533,393	
711,081	(577,372)	(7,477,516)	(8,920,989)
<u>\$722,896</u>	<u>(\$269,892)</u>	<u>\$51,813,267</u>	<u>(\$2,917,927)</u>

CITY OF VALLEJO  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Water</u>	<u>Marina</u>	<u>Golf</u>
OPERATING REVENUES			
Charges for services	\$40,103,078	\$1,511,661	\$2,641,612
Other	1,538,021	35,445	
Total operating revenues	<u>41,641,099</u>	<u>1,547,106</u>	<u>2,641,612</u>
OPERATING EXPENSES			
Operations expenses	20,565,356	1,752,829	1,321,852
General and administrative	9,504,357	1,721	1,281,947
Insurance and claims			
Depreciation	5,497,142	57,346	451,413
Total operating expenses	<u>35,566,855</u>	<u>1,811,896</u>	<u>3,055,212</u>
Operating income (loss)	<u>6,074,244</u>	<u>(264,790)</u>	<u>(413,600)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	997,818	72,138	31,394
Intergovernmental revenue		36,642	
Gain on sale of capital assets			
Interest expense and fiscal charges	(2,166,897)	(241,249)	(129,148)
Total nonoperating revenues (expenses)	<u>(1,169,079)</u>	<u>(132,469)</u>	<u>(97,754)</u>
Income (loss) before contributions and transfers	4,905,165	(397,259)	(511,354)
Capital grants and contributions	998,762		
Transfers in (Note 3A)		1,382,038	354,666
Transfers out (Note 3A)			
Change in net position	<u>5,903,927</u>	<u>984,779</u>	<u>(156,688)</u>
BEGINNING NET POSITION (DEFICIT)	<u>45,654,898</u>	<u>166,004</u>	<u>(1,192,657)</u>
ENDING NET POSITION (DEFICIT)	<u>\$51,558,825</u>	<u>\$1,150,783</u>	<u>(\$1,349,345)</u>

See accompanying notes to financial statements

<u>Business-type Activities-Enterprise Funds</u>			<u>Governmental</u>
<u>Vallejo Station</u>	<u>Fiber Optic</u>	<u>Totals</u>	<u>Activities-</u>
<u>Parking</u>			<u>Internal Service</u>
			<u>Funds</u>
\$1,459,919	\$3,503	\$45,719,773	\$16,907,909
		1,573,466	477,499
<u>1,459,919</u>	<u>3,503</u>	<u>47,293,239</u>	<u>17,385,408</u>
588,835	90,034	24,318,906	7,433,412
812,537	70	11,600,632	5,789,336
<u>3,376</u>	<u>5,725</u>	<u>6,015,002</u>	<u>1,429,542</u>
<u>1,404,748</u>	<u>95,829</u>	<u>41,934,540</u>	<u>14,652,290</u>
<u>55,171</u>	<u>(92,326)</u>	<u>5,358,699</u>	<u>2,733,118</u>
26,068	15,546	1,142,964	944,617
		36,642	69,983
		<u>(2,537,294)</u>	
<u>26,068</u>	<u>15,546</u>	<u>(1,357,688)</u>	<u>1,014,600</u>
81,239	(76,780)	4,001,011	3,747,718
300,000		998,762	
		2,036,704	(1,800,000)
<u>381,239</u>	<u>(76,780)</u>	<u>7,036,477</u>	<u>1,947,718</u>
<u>341,657</u>	<u>(193,112)</u>	<u>44,776,790</u>	<u>(4,865,645)</u>
<u>\$722,896</u>	<u>(\$269,892)</u>	<u>\$51,813,267</u>	<u>(\$2,917,927)</u>



CITY OF VALLEJO  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities-Enterprise Funds		
	Water	Marina	Golf
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$42,943,412	\$1,590,564	\$2,761,049
Payments to suppliers	(7,816,660)	(1,030,672)	(2,591,555)
Payments to or on behalf of employees	(19,870,677)	(582,341)	
Claims paid			
Cash Flows from Operating Activities	15,256,075	(22,449)	169,494
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund receipts (payments)		1,382,038	354,666
Intergovernmental receipts (payments)		5,410	
Cash Flows from Noncapital Financing Activities		1,387,448	354,666
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from sale of capital assets			
Acquisition of capital assets	(11,713,841)		(136,293)
Principal payments on capital debt	(2,962,450)	(593,618)	(302,896)
Interest paid	(2,234,518)	(106,382)	(53,870)
Capital grants and contributions	998,762		
Cash Flows from Capital and Related Financing Activities	(15,912,047)	(700,000)	(493,059)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	997,818	72,138	31,394
Cash Flows from Investing Activities	997,818	72,138	31,394
Net Cash Flows	341,846	737,137	62,495
Cash and investments at beginning of period	28,293,101	2,066,274	1,052,060
Cash and investments at end of period	\$28,634,947	\$2,803,411	\$1,114,555
<b>Reconciliation of Operating Income (Loss) to Cash Flows</b>			
from Operating Activities:			
Operating income (loss)	\$6,074,244	(\$264,790)	(\$413,600)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	5,497,142	57,346	451,413
Loss on retirement of capital assets	149,608		
Change in assets and liabilities:			
Receivables, net	1,021,402	48,847	(580)
Inventory and prepaids	124,669	(3,221)	2,540
Other assets	3,750		
Accounts payable and other accrued expenses	1,128,227	130,959	9,704
Employee benefits payable	(97,427)	6,823	
Net pension liability and deferred outflows/inflows of resources related to pensions	1,337,656	21,674	
Net OPEB liability and deferred outflows/inflows of resources related to OPEB	(260,357)	(14,698)	
Deposits payable	136,870	(16,579)	150,000
Unearned revenue	140,291	11,190	(29,983)
Claims payable			
Cash Flows from Operating Activities	\$15,256,075	(\$22,449)	\$169,494
<b>Non cash transactions:</b>			
Accreted interest		(\$142,168)	(\$79,064)
Amortization of bond premium	\$143,990		
Retirement of capital assets	\$149,608		

See accompanying notes to financial statements





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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 Funds to account for its Improvement District and Assessment District funds. These funds account for the annual collection of assessments and disbursements to district bond holders for debt without City commitment.

The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used to make payments that are on the Enforceable Obligations Schedule and to dispose of assets and property of the former Redevelopment Agency for the benefit of the taxing agencies.

CITY OF VALLEJO  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2019

	Agency Funds	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund
<b>ASSETS</b>		
Cash and investments (Note 2)	\$4,126,149	\$990,123
Restricted cash and investments held with fiscal agent (Note 2)	3,542,446	752,974
Accounts receivable		4,074
Capital assets (Note 15B):		
Nondepreciable		189,226
Depreciable, net of accumulated depreciation		57,427
	<u>\$7,668,595</u>	<u>1,993,824</u>
Total Assets	<u>\$7,668,595</u>	<u>1,993,824</u>
<b>LIABILITIES</b>		
Account payable and accrued liabilities	\$7,842	6,021
Accrued interest payable		88,250
Long-term debt, due within one year (Note 15C)		650,000
Long-term debt, due in more than one year (Note 15C)		9,035,537
Due to property owners		
Due to bondholders	7,660,753	
	<u>7,660,753</u>	<u>9,779,808</u>
Total Liabilities	<u>\$7,668,595</u>	<u>9,779,808</u>
<b>NET POSITION</b>		
Held in trust for other purposes		<u>(\$7,785,984)</u>

See accompanying notes to financial statements

CITY OF VALLEJO  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2019

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund <hr style="border: 0.5px solid black;"/>
<b>ADDITIONS</b>	
Taxes	\$1,533,687
Use of money and property	38,696
	<hr style="border: 0.5px solid black;"/>
Total Additions	1,572,383
	<hr style="border: 0.5px solid black;"/>
<b>DEDUCTIONS</b>	
Community development	366,045
Transfer of capital assets to the City (Note 15B)	470,474
Depreciation	5,826
Debt service:	
Interest and fiscal agent fees	335,646
	<hr style="border: 0.5px solid black;"/>
Total Deductions	1,177,991
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<b>CHANGE IN NET POSITION</b>	394,392
Net position (deficit), beginning	(8,180,376)
	<hr style="border: 0.5px solid black;"/>
Net position (deficit), ending	(\$7,785,984)
	<hr style="border: 1px solid black;"/>

See accompanying notes to financial statements



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**CITY OF VALLEJO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**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. Each discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize it is legally separate from the government.

The City's component units are described below:

- Housing Authority of the City of Vallejo (Blended Component Unit)
- Marine World Joint Powers Authority (Blended Component Unit)
- Parking Authority of the City of Vallejo (Blended Component Unit)
- Public Financing Authority of the City of Vallejo (Blended Component Unit)
- Empress Investment Fund, LLC (EIF) (Blended Component Unit)
- Vallejo Flood and Wastewater District (Discrete Component Unit)
- Vallejo Flood and Wastewater District Financing Corporation (Discrete Component Unit)

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.

**PRIMARY GOVERNMENT**

The financial statements of the primary government of the City of Vallejo include the activities of the City as well as the Housing Authority of the City of Vallejo, the Marine World Joint Powers Authority, the Parking Authority of the City of Vallejo, the Public Financing Authority of the City of Vallejo and the Empress Investment Fund LLC, all of which are controlled by and dependent on the City. While these are separate legal entities, their financial activities are integral to those of the City. Their financial activities have been aggregated and merged (termed "blended") with those of the primary government of the City in the accompanying financial statements.

**Blended Component Units**

**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 programs. On February 1, 2012, the Housing Authority also elected to assume the responsibilities of the Housing Successor for the low/moderate income housing programs of the former Redevelopment Agency. 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 in the Housing Authority Special Revenue Fund. Management of the City has operational responsibility for the Authority. Separate financial statements for the Housing Authority may be obtained by contacting the office of the Finance Director at 555 Santa Clara Street, Vallejo, California, 94590, phone 707-648-4592.



**CITY OF VALLEJO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 City has full accountability for the Authority's fiscal affairs. The Authority had no activity and had no assets or liabilities during the year ended June 30, 2019. The Authority does not issue separate financial statements.

**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 City has full accountability for the Authority's fiscal affairs. The Authority's parcels of land had a carrying value of \$72,800 as of June 30, 2019. The Authority is inactive and had no activity during the year ended June 30, 2019. The Authority does not issue separate financial statements.

**The Public Financing Authority of the City of Vallejo** — was formed in July 1990. The primary purpose of the Financing Authority is to provide financing for City projects. The City Council is the governing board of the Financing Authority. The City has full accountability for the Authority's fiscal affairs. The activities of the Authority are blended with the Certificates of Participation Debt Service Fund, Marina Enterprise Fund and Golf Enterprise Fund. The Authority does not issue separate financial statements.

**The Empress Investment Fund, LLC (EIF)** — is a limited liability corporation formed in 2007 to leverage New Market Tax Credits as a source of additional private investment in the historic Empress Theater (Theater). After seven years, in October 2014, the tax credit program matured and the private investor exercised its put option which transferred ownership of the EIF to the Successor Agency. In 2017, ownership of the EIF was transferred by the Successor Agency to the City.

The Empress Theater property is owned, leased, and operated through a series of limited liability corporations. Through the EIF, the City holds 100% ownership of the Empress Theater Master Tenant, LLC (ETMT), which in turn holds a 49% ownership position in Empress Theater Associates, LLC, (ETA). ETA holds title to the Empress Theater property.

**DISCRETELY PRESENTED COMPONENT UNITS**

**Vallejo Flood and Wastewater District (VFWD)** — was created by an act of the California legislature and began operations in April 1952 as the Vallejo Sanitation and Flood Control District (VSFCD). VSFCD changed its name to the Vallejo Flood and Wastewater District during fiscal year 2018. The purpose of the Act was to give autonomous authority to VFWD to provide for the collection, treatment and disposal of wastewater and to control and dispose of storm waters. From 1993 to 1999 VFWD was part of the City's operations. Commencing July 1, 1999 the VFWD became a separate district from the City. The Board now consists of the seven elected City Council members and one member appointed by the Solano County Board of Supervisors. Although the City Council exercises control over the Board of VFWD, there is no operational responsibility or financial benefit or burden relationship with the primary government.

Separate financial statements for VFWD may be obtained by contacting 450 Ryder Street, Vallejo, CA 94590.

**CITY OF VALLEJO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Vallejo Flood and Wastewater District Financing Corporation (VFWDFC)** — is a non-profit public benefit corporation organized in July 1993 as the Vallejo Sanitation and Flood Control District Financing Corporation (VSFCDFC) and was renamed to the Vallejo Flood and Wastewater District Financing Corporation in March 2018. The VFWDFC was organized under the laws of the State of California for the purpose of assisting the VFWD in funding certain projects and other matters relating to the purpose of VFWD. Members of the Board for VFWD serve as Directors of the VFWDFC. The activities of the VFWDFC are blended with the VFWD and separate financial statements are not prepared for the VFWDFC.

**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 Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

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 Position* and the *Statement of Activities*, report the financial activities of the primary government (the City) and its blended and discretely presented component units, 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 Position* have been eliminated except those representing balances between the governmental and business-type activities.

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 position 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.

**CITY OF VALLEJO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, including Measure B Transaction tax and the related expenditures, and pre-1990 Successor Agency loans and the related revenues, 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.

Permanent Funds - To account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs — that is, for the benefit of the government or its citizenry.

**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.

Trust Funds – Trust funds account for assets held by the City as an agent for various functions. The Successor Agency to the Vallejo Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. As discussed in Note 15, all California redevelopment agencies were dissolved as of January 31, 2012 and replaced with Successor Agencies responsible for winding down the affairs of the redevelopment agencies including disposing of their assets. This fund continues payments on the Enforceable Obligation Schedule and disposes of assets and property of the former Redevelopment Agency for the benefit of taxing agencies.

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**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting**

The government-wide, proprietary, and fiduciary fund financial statements are reported using the 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**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 and fiduciary 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. 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, compensated absences and claims payable, 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*. 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.

**D. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two types of items that qualify for reporting in this category. An unamortized loss on refunding of debt results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also has deferred outflows and inflows of resources related to pensions and OPEB as discussed in Note 10 and 11, respectively.

**CITY OF VALLEJO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In addition to liabilities, the statement of net position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from accounts receivable, inter-agency reimbursements and notes and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has two items, which arise only under the full-accrual basis of accounting that are reported in this category, which are deferred inflows of resources related to pensions and OPEB as discussed in Notes 10 and 11, respectively.

**E. 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 and deferred outflows of resources, liabilities and deferred inflows of resources, 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 governmental funds in the accompanying *Fund Financial Statements*:

**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 on housing assistance to low and moderate income families and the assets and liabilities assumed from the Housing Fund of the Former Redevelopment Agency upon the dissolution as of February 1, 2012. Funds are provided by receipts from the Federal Section 8 Housing and Urban Development (HUD) programs.

**Mare Island Conversion Capital Projects Fund** – accounts for monies received from federal grants which are used for activities relating to the conversion of the Mare Island Naval Shipyard to civilian use.

**Capital Outlay Capital Projects 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.

The City reports all its enterprise funds as major funds in the accompanying *Fund 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.

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

**CITY OF VALLEJO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**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.

**Vallejo Station Parking Fund** – is used to account for the operations, maintenance and management of the Vallejo Station Parking Structure.

**Fiber Optic Fund** – is used to account for the operations, maintenance, and distribution of bandwidth and retail internet services throughout the City’s fiber optic network.

The City also reports the following fund types:

**Internal Service Funds:** These funds account for equipment maintenance and replacement; 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.

**Fiduciary Funds:** Trust funds account for assets held by the City as an agent for various functions. 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. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. The financial activities of these funds are excluded from the government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

**F. *Budgeting Procedures***

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

The City Charter requires the City Manager to submit to the City Council a proposed operating budget by May 16<sup>th</sup> for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the financing sources. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through passage of a resolution.

Level of Budgetary Control - Budgetary control is established at the following levels: a) General Fund – Department level; b) Other Funds – Fund level; and c) Capital Projects – Department level. The City Manager may authorize line item budget transfers within a General Fund department, or within a fund other than the General Fund.

Budget Amendments - City Council authorization is required to transfer appropriations between General Fund departments, or between funds. City Council authorization is also required to establish or amend capital project budgets. The Budget may be amended at such times as the City Council may deem necessary, in accordance with the requirements and procedures contained in the City Charter and Municipal Code.

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles for the General Fund and Special Revenue Funds, except the Emergency Disaster Special Revenue Fund.

**CITY OF VALLEJO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Expenditures in Excess of Budget

The following funds had fund expenditures in excess of budget as follows:

Mare Island CFD 2005 1B (Local) Special Revenue Fund	\$100
Hazmat Revolving Special Revenue Fund	1,845
Administrative Trust Special Revenue Fund	24,192

Sufficient resources were available within the funds to finance these excesses.

**G. *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 a component of restricted, committed or assigned fund balance 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.

**H. *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 January 1. 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.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. *Fair Value Measurements***

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

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

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

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

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

**J. *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 an expenditure at the time individual supply items are consumed.

VFWD supplies inventories are valued at cost and follow a first-in-first-out (FIFO) flow. This flow approximates market because ending inventory consists of the most recent items purchased. Inventories are recorded as expenses when consumed rather than when purchased.

**K. *Land Held for Redevelopment***

Land held for redevelopment is stated at the lower of historical cost or net realizable value, if estimable. Net realizable value equals the agreed-upon sales price when a disposition agreement has been reached with a developer.

**L. *Prepays***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**M. *Estimates and Assumptions***

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*N. New Fund and Inactive Fund*

In fiscal year 2019, the City established the Waterfront History Park Capital Project Fund to account for the administration of funds allocated by City Council and donations made to the Waterfront History Park Project.

The Fire Station #7 Capital Projects Fund did not have any activity in fiscal year 2019 and was closed as of July 1, 2016. However, the Fund is expected to have activity in the future.

**NOTE 2 – CASH AND INVESTMENTS**

*A. Administration*

Investments are administered separately by the City and by its blended component unit, the Housing Authority of the City of Vallejo, and by the discrete component unit, the VFWD. The respective cash and investment positions as of June 30, 2019 for each of these legal entities is as follows:

	Primary Government		Fiduciary Funds	Subtotal	Discrete Component Unit	Total
	City	Housing				
Cash on hand	\$8,511	\$450		\$8,961	\$11,221	\$20,182
Deposits (overdraft)	7,310,272	5,857,127		13,167,399	(66,232)	13,101,167
Investments	184,015,038		\$9,411,692	193,426,730	40,250,700	233,677,430
	<u>\$191,333,821</u>	<u>\$5,857,577</u>	<u>\$9,411,692</u>	<u>\$206,603,090</u>	<u>\$40,195,689</u>	<u>\$246,798,779</u>

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**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**B. Classification**

Cash and investments are classified in the financial statements as shown below:

Reported on the Statement of Net Position

**Primary Government:**

Cash and investments:

These balances are available for operations of the City's various programs and funds subject to their respective grant, fee, assessment, contract, or other restrictions.

City		
General Fund, including Measure B	\$21,497,916	
Other funds	133,589,160	
Total, City		\$155,087,076
Housing Authority		5,857,577
		160,944,653

Restricted cash and investments (held by fiscal agents):

These balances are held by the City or third party fiscal agents pursuant to debt covenants or other agreements.

City		36,246,745
Subtotal Primary Government cash and investments		197,191,398

**Discrete Component Unit (VFWD):**

Cash and investments

Restricted cash and investments (held by fiscal agents): 33,131,133

These balances are held by third party fiscal agents pursuant to debt covenants or other agreements.

Subtotal Component Unit cash and investments		7,064,556
		40,195,689

Reported on the Statement of Fiduciary Net Position

Agency Funds

Cash and investments	4,126,149	
Restricted investments (held by fiscal agents)	3,542,446	
Total, Agency Funds		7,668,595

Successor Agency to the Redevelopment Agency

Private-Purpose Trust Fund

Cash and investments	990,123	
Restricted investments (held by fiscal agents)	752,974	
Total, Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund		1,743,097

Subtotal Fiduciary Funds cash and investments		9,411,692
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Total cash and investments		\$246,798,779
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**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**C. Policies**

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 idle cash from all sources and all funds, except Cash with Fiscal Agents, Housing Authority, and the VFWD, so that it can be invested to achieve a reasonable rate of return, consistent with safety and liquidity.

Cash receipts and disbursements, including payroll, are processed by City staff which administers activities for the following separate legal entities: the City, the Successor Agency to the Redevelopment Agency, and the Housing Authority.

These cash transactions are recorded in the City's main checking account with transactions allocated to each applicable general ledger fund of the City and its blended component units pending periodic reimbursement and settlement of inter-agency balances. As of June 30, 2019, the City held balances of cash for each of the above entities representing their equity in the City's checking account.

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

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.

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.

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

The City's Investment Policies and the California Government Code permit the following investments, provided the credit ratings of the issuers are acceptable and approved percentages and maturities are not exceeded. The tables below also identify certain provisions of the California Government Code, or Investment Policies if 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, rather than the general provisions of the California Government Code or investment policies.

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**NOTE 2 – CASH AND INVESTMENTS (Continued)**

City and Housing Authority

The City's investment policy and the California Government Code allow the City and the Housing Authority 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, Bonds and Notes	5 Years	No Limit	No Limit	No Limit
U.S. Government Agencies and Government Sponsored Enterprises	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 Rating	25%	\$1,000,000
Corporate Medium Term Notes	5 Years	A	30%	5%
Certificates of Deposit	5 Years	No Limit	5%	No Limit
Negotiable Certificates of Deposit	5 Years	A	30%	No Limit
Local Agency Investment Fund State Pool	No Limit	No Limit	\$65 million per account	No Limit
State of California or Local Agency Bonds	5 Years	A	10%	No Limit
Mutual Funds	4 Years	Highest Rating	10%	10%
Money Market Mutual Funds	4 Years	Highest Rating	20%	20%
Asset Backed Securities	5 Years	AA	20%	No Limit
Mortgage Backed Securities or Collateralized Mortgage Obligations	5 Years	AA	20%	No Limit
Local Government Investment Pools	On Demand	No Limit	No Limit	No Limit
Municipal Bonds of Other States	5 Years	A	10%	5%

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**NOTE 2 – CASH AND INVESTMENTS (Continued)**

VFWD

VFWD’s investment policy and the California Government Code allow the VFWD 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 Deposit	30%
Non-Negotiable Certificates of Deposit	30%
Bankers’ Acceptances	40%
Commercial Paper of “Prime” Quality	25%
Corporate Medium Term Notes, rated A or better	30%
10-Year Maturity Eligible Investments	10%
Shares in Beneficial Interest Money Market Funds, two highest ratings	20%
State of California Local Agency Investment Fund	None

***E. Public Agencies Post-Employment Trust***

On August 22, 2017, the City Council adopted resolution 17-094 N.C. approving the adoption of the Public Agencies Post-Employment Trust administered by Public Agency Retirement Services (PARS). The Trust is an irrevocable trust and qualifies as an Internal Revenue Section 115 trust. This trust will assist the City in mitigating the CalPERS contribution rate volatility. Investments of funds held in Trust are governed by the Investment Guideline Document for the investment account and by the agreement for administrative services with PARS, rather than the general provisions of the California Government Code or the City’s investment policy. The City elected a discretionary investment approach which allows the City to maintain oversight of the investment management, control on target yield and the portfolio’ risk tolerance, under the Moderate HighMark PLUS Mutual Fund investment option. The assets in the Trust will eventually be used to fund pension plan obligations.

***F. Investments Authorized by Debt Agreements***

The City and VFWD 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 table below identifies, by entity, the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements.

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**NOTE 2 – CASH AND INVESTMENTS (Continued)**

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/AA-m	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 – Banks or Savings and Loans or Mutual Savings Banks	No Limit	A-1	No Limit	No Limit
Bankers Acceptances	180 days	Two highest ratings	No Limit	No Limit
Commercial Paper	270 days	A-1+	No Limit	No Limit
Repurchase Agreements	180 days	A	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
Local Government Investment Pools	No Limit	No Limit	No Limit	No Limit
Taxable Bonds	No Limit	A-1	No Limit	No Limit

**G. 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 manages its 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 investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following tables that show the distribution of these investments by maturity date or earliest call date at June 30, 2019.

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**NOTE 2 – CASH AND INVESTMENTS (Continued)**

City and Housing Authority

Investment Type	Less than 1 year	1 - 3 years	3 - 5 years	Total
<b><i>Held by the City and its Blended Component Units:</i></b>				
U.S. Government Agencies	\$7,355,819	\$18,187,933	\$7,383,156	\$32,926,908
Asset Backed Securities	62,995	3,719,825	5,594,382	9,377,202
Certificates of Deposit - Negotiable				
Corporate Medium Term Notes	7,370,418	10,055,567	1,257,199	18,683,184
U.S. Treasury Notes	6,682,233	13,582,243	8,364,000	28,628,476
California Local Agency Investment Fund:				
City	62,730,781			62,730,781
Money Market Mutual Funds	216,028			216,028
Municipal Bonds	502,125			502,125
<b><i>Held by Fiscal Agents:</i></b>				
PARS Post-Employment Benefit Trust - HighMark PLUS Mutual Fund	4,253,161			4,253,161
U.S. Treasury Notes	15,947,220			15,947,220
Money Market Mutual Funds	20,161,645			20,161,645
Total Investments	<u>\$125,282,425</u>	<u>\$45,545,568</u>	<u>\$22,598,737</u>	<u>\$193,426,730</u>

Money market funds are available for withdrawal on demand and at June 30, 2019, have an average maturity of 25 days.

VFWD

Investment Type	Less than 1 year	1 - 5 years	Total
U.S. Government Agencies	\$4,977,770	\$8,993,030	\$13,970,800
Medium Term Corporate Notes	74,832	991,490	1,066,322
Certificates of Deposit - Non-Negotiable	239,870	2,013,234	2,253,104
California Local Agency Investment Fund	11,847,042		11,847,042
Money Market Funds	4,048,876		4,048,876
Held by Trustee:			
Money Market Mutual Funds (U.S. Securities)	7,064,556		7,064,556
Total Investments	<u>\$28,252,946</u>	<u>\$11,997,754</u>	<u>\$40,250,700</u>

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**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Local Agency Investment Fund

The City, the Housing Authority, and the VFWD 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 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, however, each account is limited to fifteen transactions per month. 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, 2019, these investments have an average maturity of 173 days.

**H. 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, 2019 for the City and Housing Authority by investment type as provided by Moody's investment rating system.

City and Housing Authority

Investment Type	Aaa	AA1 to AA3	A1 to A3	Baa1 to Baa3*	Total
<b><i>Held by the City and its Blended Component Units:</i></b>					
U.S. Government Agencies					
Non-callable	\$32,926,908				\$32,926,908
Asset Backed Securities	9,377,202				9,377,202
Corporate Medium Term Notes	1,046,167	\$8,784,465	\$8,238,716	\$613,836	18,683,184
Money Market Mutual Funds	216,028				216,028
Municipal Bonds		502,125			502,125
<b><i>Held by Fiscal Agents:</i></b>					
Money Market Mutual Funds	20,161,645				20,161,645
Total rated investments	<u>\$63,727,950</u>	<u>\$9,286,590</u>	<u>\$8,238,716</u>	<u>\$613,836</u>	81,867,092
<b><i>Exempt:</i></b>					
U.S. Treasury Notes					44,575,696
<b><i>Not rated:</i></b>					
California Local Agency Investment Fund					62,730,781
PARS Post-Employment Benefit Trust - HighMark Plus Mutual Fund					4,253,161
Total Investments					<u>\$193,426,730</u>

\*When the Corporate Note was purchased, it complied with the minimum credit rating requirement in the City's Investment Policy, but subsequent to the purchase, the security was downgraded below A.



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**NOTE 2 – CASH AND INVESTMENTS (Continued)**

VFWD

Presented below is the actual rating as of June 30, 2019 for the VFWD by investment type as provided by Standard and Poor’s investment rating system:

<u>Investment Type</u>	<u>AAA/AAAm</u>	<u>AA+/AA/AA-</u>	<u>Total</u>
<i><b>Held by the City and its Blended Component Units:</b></i>			
U.S. Government Agencies		\$13,970,800	\$13,970,800
Medium Term Corporate Notes	\$991,490		991,490
Money Market Funds	11,113,432		11,113,432
Total rated investments	<u>\$12,104,922</u>	<u>\$13,970,800</u>	<u>26,075,722</u>
<i><b>Not rated:</b></i>			
Medium Term Corporate Notes			74,832
California Local Agency Investment Fund			11,847,042
Certificates of Deposit - Non-Negotiable			<u>2,253,104</u>
Total Investments			<u>\$40,250,700</u>

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**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**I. Fair Value Hierarchy**

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

City and Housing Authority

The following is a summary of the fair value hierarchy of the fair value of investments of the City and Housing Authority as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<b>Investments by Fair Value Level:</b>			
U.S. Government Agencies		\$32,926,908	\$32,926,908
Asset Backed Securities		9,377,202	9,377,202
Corporate Medium Term Notes		18,683,184	18,683,184
U.S. Treasury Notes	\$44,575,696		44,575,696
Municipal Bonds		502,125	502,125
<b>Subtotal</b>	<u>\$44,575,696</u>	<u>\$61,489,419</u>	106,065,115
<b>Investments Measured at Amortized Cost:</b>			
Money Market Mutual Funds			216,028
PARS Post-Employment Benefit Trust - HighMark PLUS Mutual Fund			4,253,161
Held with Fiscal Agent: Money Market Mutual Funds			20,161,645
<b>Investments Not Subject to Fair Value Hierarchy:</b>			
California Local Agency Investment Fund			<u>62,730,781</u>
<b>Total Investments</b>			<u>\$193,426,730</u>

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**NOTE 2 – CASH AND INVESTMENTS (Continued)**

U.S. Treasury Notes, classified in Level 1 of the fair value hierarchy, are valued using IDC Institutional Bond Pricing. Asset Backed Securities, classified in Level 2 of the fair value hierarchy, are valued using IDC CMO pricing service. Negotiable Certificates of Deposit, classified in Level 2 of the fair value hierarchy, are valued using IDC CD Pricing. Corporate Medium Term Notes, classified in Level 2 of the fair value hierarchy, are valued using IDC Institutional Bond Pricing. Municipal Bonds, classified in level 2 of the fair value hierarchy, are valued using JJ Kenny Municipal. These prices are obtained from various pricing sources by our custodian bank. Fair value is defined as the quoted market value on the last trading day of the period.

VFWD

The following is a summary of the fair value hierarchy of the fair value of investments of the VFWD as of June 30, 2019:

	Level 2	Total
<i>Investments by Fair Value Level:</i>		
<i>Held by the District</i>		
U.S. Government Agencies	\$13,970,800	\$13,970,800
Medium Term Corporate Notes	1,066,322	1,066,322
Subtotal	\$15,037,122	15,037,122
 <i>Investments Measured at Amortized Cost:</i>		
<i>Held by the District</i>		
Money Market Funds		4,048,876
<i>Held by Trustee</i>		
Money Market Funds		7,064,556
<i>Investments Measured at Cost:</i>		
Certificates of Deposit - Non-Negotiable		2,253,104
<i>Investments Exempt from Fair Value Hierarchy</i>		
California Local Agency Investment Fund		11,847,042
<b>Total Investments</b>		<b>\$40,250,700</b>

U.S. Treasury Notes, classified in Level 1 of the fair value hierarchy, are valued using quoted prices in active markets. U.S. government agencies, corporate notes and bonds, certificates of deposit, and money market mutual funds, classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The California Local Agency Investment Fund, exempt from the fair value hierarchy, is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool. Fair value is defined as the quoted market value on the last trading day of the period.

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**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**J. Concentration Risk**

The City and the VFWD 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% 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, 2019, these entities' investments that represent a concentration of investments in the securities of any individual issuers, other than U. S. Treasury securities, mutual funds or external investment parts, are set forth below.

City Concentration Risk

Unit	Issuer	Investment Type	Reported Amount
Entity-wide	Federal National Mortgage Association	U.S. Government Agencies	\$11,463,596
Entity-wide	Federal Home Loan Bank	U.S. Government Agencies	16,627,367

VFWD Concentration Risk

Unit	Issuer	Investment Type	Reported Amount
Entity-wide	Federal National Mortgage Association	U.S. Government Agencies	\$5,973,900
Entity-wide	Federal Home Loan Mortgage Corporation	U.S. Government Agencies	5,980,060
Entity-wide	Federal Home Loan Bank	U.S. Government Agencies	2,016,840

**K. 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, 2019, the VFWD deposit and investment balances were exposed to custodial risk as follow:

Deposits - uninsured and collateralized with securities held by the pledging bank's trust department or agent not in the District's name	\$1,072,517
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**NOTE 3 – INTERFUND TRANSACTIONS**

**A. Transfers Between Funds**

Transfers between funds during the fiscal year ended June 30, 2019 were as follows:

Fund Making Transfers	Fund Receiving Transfers	Amount Transferred
<b>General Fund, including Measure B</b>	Capital Outlay Capital Projects Fund	\$10,507,430 (A) (B) (C) (D)
	Marina Enterprise Fund	1,000,000 (B) (E)
	Golf Enterprise Fund	354,666 (A) (E)
	Vallejo Station Parking Enterprise Fund	300,000 (A)
	Mare Island Base Reuse Special Revenue Fund	25,000 (A)
	Certificates of Participation Debt Service Fund	1,174,446 (E)
	Long-Term Maintenance Capital Projects Fund	100,000 (B)
	Empress Theater Capital Projects Fund	150,000 (B)
<b>Special Revenue Funds:</b>		
State Gas Tax	Traffic Congestion Relief Capital Projects Fund	399,605 (B)
Asset Seizure Fund	Capital Outlay Capital Projects Fund	50,000 (B)
Outside Services	General Fund	39,430 (A)
State Lands	Marina Enterprise Fund	382,038 (A)
Administrative Trust	General Fund	25,856 (A)
<b>Capital Projects Funds:</b>		
Capital Outlay	Hiddenbrooke Overpass Capital Projects Fund	129,694 (B)
Bridge Construction	Housing Authority Special Revenue Fund	7,604 (F)
Hiddenbrooke Overpass	Housing Authority Special Revenue Fund	7,477 (F)
Arts and Convention Center	General Fund	239,040 (A)
	Housing Authority Special Revenue Fund	59,760 (F)
<b>Internal Service Funds</b>		
Fleet Maintenance/Replacement	Capital Outlay Capital Projects Funds	1,800,000 (B)
	<b>Total</b>	<u>\$16,752,046</u>

- (A) To fund city operations.
- (B) To fund capital program projects.
- (C) To transfer technology surcharge fees to Capital Projects Fund.
- (D) To fund Participatory Budgeting projects.
- (E) To fund debt service payments.
- (F) To fund affordable housing.

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**NOTE 3 – INTERFUND TRANSACTIONS (Continued)**

**B. Current Interfund Balances**

As of June 30, 2019, the City’s Insurance Internal Service Fund had provided short-term lending to the following funds with deficit cash positions. These balances are expected to be repaid shortly after the end of the fiscal year upon receipt of grant or other reimbursements.

	Due from Other Funds	Due to Other Funds
Special Revenue Funds:		
Community Development Block Grant		\$118,319
Office of Traffic Safety		33,695
Justice Assistance Grant		633
State Lands		135,737
Hazmat Revolving		10,609
Capital Projects Funds:		
Vallejo Station		367,818
Internal Service Fund:		
Payroll Benefits		233,913
Self-Insurance	\$900,724	
Total	\$900,724	\$900,724

**C. Long-Term Interfund Advances**

At June 30, 2019 the funds below made advances that are not expected to be repaid within the next year:

(Asset) Fund Making Advance	(Liability) Funds Receiving Advance	Amount
General Fund	Fiber Optic Enterprise Fund	\$830,000
	Marina Enterprise Fund	5,737,450
	Golf Enterprise Fund	3,997,618
	Vallejo Station Parking Enterprise Fund	1,359,984
	Allowance for collectability	(11,095,052)
	Net Advances	\$830,000

*Fiber Optic Master Plan*

In Fiscal Year 2018, the General Fund advanced \$830,000 to the Fiber Optic Enterprise Fund in coordination with the City’s adopted Fiber Optic Master Plan. The Fiber Optic Enterprise Fund requires initial funds to provide a capital and operating reserve, allowing the project to move forward until revenues commence. The long-term advance is expected to be repaid once City Council determines the Fiber Optic Enterprise Fund has reached sustainability. Payments of \$150,000 are due annually on June 30, 2021 through June 30, 2024 and one final payment of \$230,000 on June 30, 2025.

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**NOTE 3 – INTERFUND TRANSACTIONS (Continued)**

*Subsidies Allowance*

Cumulative to June 30, 2019, the General Fund has advanced \$5,737,450 to the Marina Enterprise Fund, \$3,997,618 to the Golf Enterprise Fund and \$1,359,984 to the Vallejo Station Parking Enterprise Fund. These General Fund advances are set up with a 100% allowance for collectability and there are currently no repayment plans since these funds are operating at a deficit. However, the City is anticipating that these funds would have sufficient resources to make repayments in the future with the increased user fees, proposed Golf and Housing development, and downtown parking improvements.

**D. *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**

The following notes and loans receivable were outstanding as of June 30, 2019:

Types of Loans	Fund Type	Amounts
<b>Primary Government and Blended Component Units:</b>		
<u>Housing Programs</u>		
Housing Authority Programs	Major Governmental	
Affordable housing (20% Set Aside):		
Avian Glen		\$3,093,750
Eden Housing/Sereno Village		2,500,000
Simpson/Bayview		1,386,759
Marina Towers		750,000
Simpson/Solano Vista I		500,000
Single family residential		346,215
Temple Arts Lofts		750,000
Accrued interest		3,092,854
Residential Rehabilitation		246,593
Vallejo Housing Collaborative		672,532
		<u>13,338,703</u>
HOME Program	Non-major Governmental	
Avian Glen		900,000
Marina Towers		500,000
Temple Arts Lofts		495,733
Vallejo Housing Collaborative		100,000
Solano-Napa Habitat for Humanity		93,735
Single family residential		2,174,244
		<u>4,263,712</u>
Community Development Block Grant	Non-major Governmental	
Reynnaissance Family Center		920,362
Youth & Family Services		240,000
Temple Art Lofts		400,000
Single family residential		523,730
		<u>2,084,092</u>
Neighborhood Stabilization Program	Non-major Governmental	
Temple Art Lofts		1,437,844
Community Housing Development Program		419,549
Single family residential		296,158
		<u>2,153,551</u>



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**NOTE 4 – NOTES & LOANS RECEIVABLE (Continued)**

Types of Loans	Fund Type	Amounts
<u>Development Programs</u>		
<u>Sereno Village Apartments</u>		
General Fund	Major Governmental	\$1,061,105
Neighborhood Parks Fund	Non-major Governmental	190,127
		<u>1,251,232</u>
<u>Other Programs</u>		
General Fund-Temple Art Lofts	Major Governmental	23,821
Water Fund - Trailer City	Major Enterprise	14,785
Transportation Impact Mitigation Fund - Temple Art Lofts	Non-major Governmental	89,088
Empress Theater Fund - Empress Theatre Associates, LLC	Non-major Governmental	48,242
		<u>175,936</u>
<u>Advances to Former Redevelopment Agency (Successor Agency)</u>		
<u>Empress Theater</u>		
Hiddenbrooke Overpass Fund	Non-major Governmental	571,383
Arts and Convention Center Fund	Non-major Governmental	4,559,489
<u>Georgia Street Extension</u>		
Bridge Construction Fund	Non-major Governmental	579,665
		<u>5,710,537</u>
		<u>28,977,763</u>
Total Primary Government notes and loans receivable		
<b>VFWD:</b>		
<u>Development Program</u>		
Sereno Village Apartments		253,369
Employee computer loans		30,934
		<u>284,303</u>
Total Component Unit notes and loans receivable		
		<u>\$29,262,066</u>

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**NOTE 4 – NOTES & LOANS RECEIVABLE (Continued)**

***B. Affordable Housing and Residential Rehabilitation***

Various residential purchase and rehabilitation loan programs were offered to qualifying low- to moderate-income individuals by the former 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 range from 3.0% to 8.0% and the principal maturity dates range from 5 years to 30 years. Deferred interest loans are offered as well as below-market-rate 30-year loans. Interest income is recorded as payments are received. In addition, the former Redevelopment Agency had 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.

Under the provisions of AB 1484, the City's Housing Authority elected to become the Housing Successor and retain the housing assets of the former Redevelopment Agency. On February 1, 2012 certain former Redevelopment Agency housing assets were transferred to the Housing Authority which is reported in the Housing Authority Special Revenue Fund as the Housing Authority has control of those assets, which are to be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

The residential rehabilitation loan is a single loan to Temple Art Lofts with an agreement that the principal shall be due and payable in full upon the 55th anniversary of the date of the note which is December 15, 2011. As long as no Event of Default occurs prior to the maturity date, borrower shall not be obliged to pay periodic payments of principal and or interest on the principal amount. The outstanding balance at June 30, 2019 remains at \$246,592.

In July 2014, the Housing Authority entered into a loan agreement with Vallejo Housing Collaborative, LLC, in the amount of \$900,000. The proceeds of the loan will be used to acquire, rehabilitate and operate from ten to twelve properties that are improved with housing to provide permanent housing for extremely low income individuals and households transitioning from homelessness. The loan bears simple interest of 3% and is repayable from residual receipts as defined in the agreement. The loan is secured by up to two deeds of trust on the properties and unpaid principal and interest is due on or before the thirtieth anniversary of the promissory note. As of June 30, 2019, the developer had drawn down \$672,532 of the loan proceeds.

In June 30, 2018, the Housing Authority entered into a loan agreement with Eden Housing, Inc., in the amount of \$1,600,000. The proceeds of the loan will be used to plan, develop and construct seventy-six housing units on Sacramento Street for extremely low-income individuals and households. The loan bears simple interest of 2% and is repayable from residual receipts as defined in the agreement. The loan will be secured by a deed of trust on the property and unpaid principal and interest is due on or before the fifty-fifth anniversary of the promissory note. As of June 30, 2019, the developer had not drawn down on any of the loan proceeds.

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**NOTE 4 – NOTES & LOANS RECEIVABLE (Continued)**

**C. HOME Program, CDBG Program, and NSP Program**

Various residential purchase and rehabilitation loan programs are offered to qualifying low- to moderate-income individuals by the City through the, HOME, CDBG and NSP Programs. 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 range from 3.0% to 5.0% and the principal maturity dates range from 5 years to 30 years. The loan portfolio also includes loans made to affordable housing developers for rental housing projects. The outstanding balances at June 30, 2019 were \$4,263,712, \$2,084,092, and \$2,153,551 in the HOME Program, CDBG Program and NSP Program, respectively.

In July 2014, the City also entered into a loan agreement with Vallejo Housing Collaborative, LLC, in the amount of \$100,000 for the same project discussed in B. above. The loan was funded with HOME funds and is included in the balance of HOME Program loans receivable above. The loan bears simple interest of 3% and is repayable from residual receipts as defined in the agreement. The loan is secured by a deed of trust on the property and unpaid principal and interest is due on or before the thirtieth anniversary of the promissory note.

In July 2016, the City entered into a loan agreement with Solano-Napa Habitat for Humanity in the amount of \$93,735. Solano-Napa Habitat for Humanity has drawn down \$93,735 of the loan for the acquisition of real property for development of owner-occupied affordable housing of a single family home located at 760 Tregaskis Avenue in Vallejo. This loan was funded with HOME Investment Partnerships Program Funds and is included in the balance of HOME Program loans receivable above. The loan bears simple interest of 0%, and principal payments are deferred. The loan is secured by a deed of trust on the property, and the entire loan is due and payable no later than July 1, 2021. This project was completed in 2018, and the house has been sold to a qualified first time homebuyer.

In May 2019, the City entered into a loan agreement with Community Housing Development Corporation in the amount of \$969,612. The Community Housing Development Corporation has drawn down \$419,549 of the loan for the acquisition of real property located at 759, 747, 720, and 726 Sonoma Boulevard in Vallejo for low-income owner-occupied housing project. The loan bears simple interest of 0% and principal payments are deferred. The loan is secured by the deed of trust on the property, and the entire loan is due and payable by no later than May 14, 2024; however, the lender may, at its option, extend the note for an additional five year term(s) subject to continuing compliance with Neighborhood Stabilization Program requirements.

**D. 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, 2019 the outstanding balance of this loan, including accrued interest, was \$1,251,232 comprised of \$1,061,105 funded by the General Fund and \$190,127 funded by the Neighborhood Parks Capital Project Fund.

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**NOTE 4 – NOTES & LOANS RECEIVABLE (Continued)**

During fiscal 2002, the Vallejo Flood and Wastewater 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, 2019 was \$253,369.

**E. *Temple Art Loft Impact Fee Loan***

In December 2011, the City entered into a \$112,909 loan agreement with Temple Art Lofts Associates to pay certain impact fees, permit fees, and administrative fees for the 707-715 Marin Street Project. The loan bears zero interest and will be due and payable in full upon the 55<sup>th</sup> anniversary of the date of the loan which is December 15, 2011. The loan is recorded in the General Fund and the Transportation Impact Mitigation Fund.

**F. *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 fees. 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, 2019 the outstanding balance of this loan was \$14,785. This loan is recorded in the City's Water Enterprise Fund.

**G. *Golf Cart Storage***

During fiscal year 2007, the City loaned \$350,000 to Vallejo Golf Club, Inc. for the construction of a golf cart storage building. During fiscal year 2011, the City established an allowance for collectability equal to the total amount owed of \$180,843. At June 30, 2019, the outstanding balance of this loan and the offsetting allowance were \$180,843.

**H. *Long-Term Loans – Former Redevelopment Agency***

From 2003 to 2006, the City had advanced \$4,296,000 to the Vallejo Central Debt Service Fund which the Agency, in turn, loaned to Empress Investment Fund, LLC, for the purpose of theater improvements, and in fiscal year 2003, the City advanced \$500,000 to the Marina Vista Debt Service Fund for the Georgia Street extension project. Repayment of these loans was contingent upon the Successor Agency receiving a Finding of Completion, as defined in Health and Safety Code Section 34179.6. After the Successor Agency receives a Finding of Completion, under the provisions of Health and Safety Code Section 34191.4(b)(2)(A), the loans can be repaid by the Successor Agency. However, the Successor Agency must apply for approval of the loans by the Oversight Board including a finding that the loans were for legitimate redevelopment purposes.

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**NOTE 4 – NOTES & LOANS RECEIVABLE (Continued)**

On February 12, 2015 the Oversight Board to the Successor Agency of the former Vallejo Redevelopment Agency approved these pre-dissolution loans between the City and the former Vallejo Redevelopment Agency as enforceable obligations. The DOF approved these loans as enforceable obligations in March 2015.

During the early years of the Agency (pre-1990), the City advanced start-up funds to the Agency. As of January 31, 2012, the date of dissolution of the former Redevelopment Agency, the balance of these advances, including accrued interest at that date totaled \$9,042,032. On February 12, 2015, the Oversight Board also approved these pre-1990 loans between the City and the former Vallejo Redevelopment Agency as enforceable obligations, but the DOF overturned the approval. However, a change in Health and Safety Code Section 34191.4 during fiscal year 2016 provided for the reestablishment of these prior loans as enforceable obligations so long as they were approved by the Oversight Board. On January 28, 2016, the Oversight Board passed resolution OB 16-002 to reaffirm its approval of the Pre-1990 loans. Therefore, the City reversed the prior allowance for doubtful accounts and recorded the loans as of July 1, 2015 in the amount of \$3,319,614, including accrued interest.

On November 30, 2016, the DOF denied the Pre-1990 loans on the Agency’s Last and Final Recognized Obligation Payment Schedule (ROPS) submission. The Agency included the Pre-1990 loans from Oversight Board Resolution 16-002 as a new, separate line on the upcoming Fiscal Year 2017-2018 annual ROPS to demonstrate the Agency’s intent to repay this obligation. The DOF denied the Pre-1990 loans as enforceable obligations again on the Fiscal Year 2017-2018 annual ROPS. The City will seek approval to write off these loans in Fiscal Year 2019-20, therefore, the City reports these loans to their full value of \$3,294,154, with an offsetting allowance as of June 30, 2019.

The loan balances as of June 30, 2019 are as follows:

	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
Hiddenbrooke Overpass Capital Projects Fund	\$390,207	\$181,176	\$571,383
Bridge Construction Capital Projects Fund	359,337	220,328	579,665
Arts and Convention Center Capital Projects Fund	2,931,492	1,627,997	4,559,489
General Fund:			
Waterfront	162,805	865,495	1,028,300
Marina Vista		647,510	647,510
Central	708,372	909,972	1,618,344
Less Allowance for Doubtful Accounts	<u>(871,177)</u>	<u>(2,422,977)</u>	<u>(3,294,154)</u>
	<u>\$3,681,036</u>	<u>\$2,029,501</u>	<u>\$5,710,537</u>

The loans bear simple interest of 3%. Repayment of these loans is governed by Health and Safety Code Section 34176(e)(6) and the maximum annual repayment is limited based on calculations in that Code Section. Initial repayment installments were approved by the State Department of Finance for fiscal years 2019, 2018 and 2017.

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**NOTE 4 – NOTES & LOANS RECEIVABLE (Continued)**

**I. *Investment in Empress Theater Project through the Empress Investment Fund, LLC***

In September 2016, the Successor Agency and the Oversight Board approved the transfer of the Successor Agency's interests in the Empress Theater to the City with the long term objective of preserving this historic property for the community. The Oversight Board action was approved by the State DOF in January 2017. Through this action, the City acquired a loan receivable from Empress Theater Associates that was previously held by the Successor Agency.

The City holds its Empress Theater loan receivable through its 100% ownership interest in the Empress Investment Fund, LLC (EIF), a limited liability corporation formed in 2007 to leverage New Market Tax Credits as a source of additional private investment in the historic Empress Theater (Theater). After seven years, in October 2014, the tax credit program matured and the private investor exercised its put option which transferred ownership of the EIF to the Successor Agency. In 2017, ownership of the EIF was transferred by the Successor Agency to the City.

The Empress Theater property is owned, leased, and operated through a series of limited liability corporations. Through the EIF, the City holds 100% ownership of the Empress Theater Master Tenant, LLC (ETMT), which in turn holds a 49% ownership position in Empress Theater Associates, LLC, (ETA). ETA holds title to the Empress Theater property.

As of June 2019, the EIF holds loan receivable assets, including accumulated interest, of \$6,450,983, due from ETA, and carries a loan payable obligation, with accumulated interest payable, of \$48,242, due to Triad Communities LP, the site development partner. Cash flow from Theater development and operations have been pledged to ultimately settle these loans receivable and payable. The loan receivable carries an interest rate of 0.5%, with quarterly payments scheduled through 2047. The loan payable carries an interest rate of 1.15%, with quarterly payments also scheduled through 2047. However, current Theater cash flow does not support amortization of these obligations, and as such, the net assets of the EIF are reported net of an allowance for doubtful accounts of \$6,402,741, leaving a net loan receivable balance of \$48,242 in the accompanying financial statements. After deducting loans payable and accumulated interest payable, the net reported value of the City's interests in the Empress Theater is zero.

**J. *VFWD Employee Computer Loans***

VFWD has a Computer Literacy program that allows employees to borrow, in an amount approved by the District Manager, to purchase personal computers. The principal balance amount, with the rate of interest equal to the rate of interest being earned by VFWD that shall not exceed 9%, is to be paid off within 36 months from the date of the loan.

**K. *City Manager Housing Assistance***

As a part of the City Manager Employment Agreement approved by City Council on December 14, 2017, the City Manager is authorized to receive housing assistance from the City. Under the terms of the agreement, the City Manager receives a monthly allowance of \$1,500 for a primary residence in Vallejo. If the City Manager opts out of receiving housing assistance, he may receive a zero-interest loan of up to \$130,000. As of June 30, 2019, the City Manager has not drawn down on any loan funds.

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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 acquisition value on the date contributed.

Capital assets with limited useful lives are depreciated over their estimated useful lives. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the half year convention 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, but only half of the full year depreciation is charged in the first year, while the other half is charged in the last year of depreciation or in the year the asset is sold or retired.

The City has assigned the useful lives and capitalization thresholds listed below to capital assets.

	<u>Useful Lives</u>	<u>Capitalization Threshold</u>
Land	N/A	Capitalize All
Easements	N/A	\$500,000
Land Improvements	25 to 60 years	\$50,000
Buildings and improvements	5 to 50 years	\$50,000
Machinery and equipment	5 to 25 years	\$5,000
Internally Developed Software	2 to 5 years	\$500,000
Purchased Software	2 to 5 years	\$50,000
Infrastructure:		
Traffic signals	5 to 25 years	\$50,000
Street lights	15 to 50 years	\$50,000
Bridges and culverts	15 to 60 years	\$50,000
Sidewalks, curbs and gutters	15 to 40 years	\$50,000
Streets and roads	15 to 40 years	\$50,000

Improvements to existing infrastructure assets in excess of \$50,000 are capitalized if: the estimated useful life of the existing asset has been extended by at least 25%; the capacity of the existing asset has been substantially improved; or the quality of the output of the existing asset has been substantially improved.

The VFWD capitalizes applicable assets greater than \$5,000 and the VFWD has assigned the useful lives listed below to capital assets:

Wastewater treatment plant and facilities	5 to 40 years
Wastewater and storm water pump stations	5 to 25 years
Wastewater collection and storm water transmissions systems	5 to 50 years
Buildings and improvements	5 to 40 years
Machinery and equipment	5 to 25 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. Government Capital Asset Activity**

	Balance at June 30, 2018	Additions	Retirements	Transfers/ Adjustments	Transfers from Successor Agency	Balance at June 30, 2019
<b>Governmental activities</b>						
Capital assets not being depreciated:						
Land	\$140,507,865			\$585,089	\$470,474	\$141,563,428
Construction in progress	5,923,852	\$5,919,571		(4,941,181)		6,902,242
Total capital assets not being depreciated	146,431,717	5,919,571		(4,356,092)	470,474	148,465,670
Capital assets being depreciated:						
Buildings and improvements	116,885,635			464,436		117,350,071
Machinery and equipment	38,479,685	956,649	(\$735,041)	1,110,842		39,812,135
Infrastructure	266,058,961	3,078,764		2,780,814		271,918,539
Total capital assets being depreciated	421,424,281	4,035,413	(735,041)	4,356,092		429,080,745
Less accumulated depreciation for:						
Buildings and improvements	(40,929,591)	(2,887,103)				(43,816,694)
Machinery and equipment	(27,732,624)	(2,352,395)	728,854			(29,356,165)
Infrastructure	(166,379,008)	(5,084,626)				(171,463,634)
Total accumulated depreciation	(235,041,223)	(10,324,124)	728,854			(244,636,493)
Net capital assets being depreciated	186,383,058	(6,288,711)	(6,187)	4,356,092		184,444,252
Governmental activity capital assets, net	\$332,814,775	(\$369,140)	(\$6,187)		\$470,474	\$332,909,922

As discussed in Note 15B, pursuant to the Long Range Property Management Plan, the Successor Agency transferred land totaling \$470,474 to the City during fiscal year 2019.

**B. Business-Type Capital Asset Activity**

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
<b>Business-type activities</b>					
Capital assets, not being depreciated:					
Land	\$12,298,805				\$12,298,805
Construction in progress	8,358,366	\$11,325,887	(\$35,768)	(\$4,926,146)	14,722,339
Total capital assets not being depreciated	20,657,171	11,325,887	(35,768)	(4,926,146)	27,021,144
Capital assets, being depreciated:					
Buildings and improvements	93,854,261	273,903	742,814		94,870,978
Machinery and equipment	18,155,569	250,346		4,194,607	22,600,522
Infrastructure	155,427,970	171,990	(892,422)	731,539	155,439,077
Total capital assets being depreciated	267,437,800	696,239	(149,608)	4,926,146	272,910,577
Less accumulated depreciation for:					
Buildings and improvements	(62,148,018)	(1,902,030)			(64,050,048)
Machinery and equipment	(10,574,700)	(910,915)			(11,485,615)
Infrastructure	(106,569,116)	(3,202,057)			(109,771,173)
Total accumulated depreciation	(179,291,834)	(6,015,002)			(185,306,836)
Net capital assets being depreciated	88,145,966	(5,318,763)	(149,608)	4,926,146	87,603,741
Business-type activity capital assets, net	\$108,803,137	\$6,007,124	(\$185,376)		\$114,624,885



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**NOTE 5 – CAPITAL ASSETS (Continued)**

**C. Vallejo Flood and Wastewater District Capital Asset Activity**

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
Capital assets, not being depreciated:					
Land and Land improvements	\$2,810,716				\$2,810,716
Construction in progress	11,497,388	\$19,495,060	(\$202,979)	(\$3,279,695)	27,509,774
Total capital assets not being depreciated	14,308,104	19,495,060	(202,979)	(3,279,695)	30,320,490
Capital assets, being depreciated:					
Buildings and improvements	3,851,661		(2,000)	53,631	3,903,292
Machinery and equipment	14,448,193	39,076	(1,038,862)	954,008	14,402,415
Infrastructure	338,003,058	7,882	(161,458)	2,272,056	340,121,538
Total capital assets being depreciated	356,302,912	46,958	(1,202,320)	3,279,695	358,427,245
Less accumulated depreciation for:					
Buildings and improvements	(2,326,468)	(171,907)	94,985		(2,403,390)
Machinery and equipment	(10,761,793)	(832,676)	992,543		(10,601,926)
Infrastructure	(173,488,579)	(7,487,996)	32,292		(180,944,283)
Total accumulated depreciation	(186,576,840)	(8,492,579)	1,119,820		(193,949,599)
Net capital assets being depreciated	169,726,072	(8,445,621)	(82,500)	3,279,695	164,477,646
Capital assets, net	\$184,034,176	\$11,049,439	(\$285,479)		\$194,798,136

**D. 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	\$10,168
Finance	1,945
Community development	252,281
Fire services	130,315
Police services	702,395
Public works	7,797,478
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	1,429,542
	<u>\$10,324,124</u>

**Business-Type Activities**

Water	\$5,497,142
Marina	57,346
Golf	451,413
Parking	3,376
Fiber Optic	5,725
	<u>\$6,015,002</u>

**VFWD:**

Vallejo Flood and Wastewater District	<u>\$8,492,579</u>
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**NOTE 5 – CAPITAL ASSETS (Continued)**

**E. Seawall Impairment**

Included in buildings and improvements in the business-type activities is the Marina’s seawall, with a net book value of \$582,930 at June 30, 2019, that was damaged during the winter storms in fiscal year 2018. The extent of the damage and potential cost to repair the seawall has not yet been assessed and no provision for impairment has been recorded in the financial statements.

**NOTE 6 – 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.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another financing source gross of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred. Any differences between proprietary refunded debt and the debt issued to refund it is recorded as Deferred Outflows/Inflows of Resources and amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter.

**A. Current Year Transactions and Balances**

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

	Original Issue Amount	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
<b>Governmental Activity Debt:</b>						
<b>Certificates of Participation:</b>						
1999 COPs (Restructured, see Note 6C)	\$4,815,000	\$2,881,517		\$175,000	\$2,706,517	\$180,000
Total Certificates of Participation	4,815,000	2,881,517		175,000	2,706,517	180,000
<b>Governmental Activity Debt - Direct Borrowings:</b>						
1999 COPs Shortfall Indebtedness (Restructured, see Note 6C)	75,860	156,154	\$7,279	39,119	124,314	
<b>UBOC Reimbursement Obligations:</b>						
UBOC Tranche A - General Fund	7,813,780	4,422,684		699,371	3,723,313	631,383
UBOC Tranche B - General Fund	9,155,270	8,433,275	137,041		8,570,316	39,812
Total Loans & Notes Payable	16,969,050	12,855,959	137,041	699,371	12,293,629	671,195
<b>Capital Lease Obligation:</b>						
2001 Site & Facility Lease (Restructured, see Note 6G)	710,248	304,392		101,464	202,928	101,464
<b>Housing &amp; Urban Development Section 108 Loan</b>						
Variable, due 8/1/2026	1,700,000		1,700,000		1,700,000	236,000
<b>Other Obligation:</b>						
Loans payable to Triad Communities LP	42,500	42,500			42,500	
Total Direct Borrowings	19,497,658	13,359,005	1,844,320	839,954	14,363,371	1,008,659
<b>Total Governmental Activity Debt</b>	<b>\$24,312,658</b>	<b>\$16,240,522</b>	<b>\$1,844,320</b>	<b>\$1,014,954</b>	<b>\$17,069,888</b>	<b>\$1,188,659</b>

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**NOTE 6 – LONG-TERM DEBT (Continued)**

	Original Issue Amount	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
<b>Business-type Activity Debt:</b>						
<b>Revenue Bonds:</b>						
2006 Water Revenue Refunding Bonds, 4-5%, due 5/1/26	\$45,790,000	\$24,670,000		\$2,560,000	\$22,110,000	\$2,690,000
Plus: Unamortized bond premium		749,111		93,640	655,471	
2013 Water Revenue Refunding Bonds, 5.25%, due 5/1/31	18,080,000	18,080,000			18,080,000	
Plus: Unamortized bond premium		654,557		50,350	604,207	
<b>Total Revenue Bonds</b>	<b>63,870,000</b>	<b>44,153,668</b>		<b>2,703,990</b>	<b>41,449,678</b>	<b>2,690,000</b>
<b>Business-type Activity Debt - Direct Borrowings</b>						
<b>UBOC Reimbursement Obligations</b>						
UBOC tranche A- Golf Course	4,269,641	2,070,822		302,896	1,767,926	310,468
UBOC tranche A- Marina	7,916,579	3,780,268		566,518	3,213,750	580,682
UBOC tranche B - Golf Course	5,359,564	4,865,486	\$79,064		4,944,550	
UBOC tranche B- Marina	10,368,842	9,479,574	142,168	27,100	9,594,642	27,540
<b>Other Loans &amp; Notes Payable:</b>						
State Safe Drinking Water 0%, due 1/1/25	68,080	22,127		3,403	18,724	3,407
State Safe Drinking Water 2.32%, due 7/1/20	6,675,000	961,182		399,047	562,135	562,135
<b>Total Direct Borrowings</b>	<b>34,657,706</b>	<b>21,179,459</b>	<b>221,232</b>	<b>1,298,964</b>	<b>20,101,727</b>	<b>1,484,232</b>
<b>Total Business-type Activity Debt</b>	<b>\$98,527,706</b>	<b>\$65,333,127</b>	<b>\$221,232</b>	<b>\$4,002,954</b>	<b>\$61,551,405</b>	<b>\$4,174,232</b>
<b>VFWD:</b>						
<b>Revenue Bonds:</b>						
2014 Revenue Bonds 4.0-5.0%, due 5/1/36	\$34,294,966	\$29,907,159	\$1,128,953	\$28,778,206	\$970,000	
2011 Revenue Bonds 2-5%, due 5/1/25	3,345,000	1,923,637	242,727	1,680,910	250,000	
<b>Total Revenue Bonds</b>	<b>37,639,966</b>	<b>31,830,796</b>	<b>1,371,680</b>	<b>30,459,116</b>	<b>1,220,000</b>	
<b>Certificates of Participation:</b>						
1993 Sanitation and Flood Control 5.0 - 5.04%, due 7/1/19	38,905,000	5,084,656	2,444,656	2,640,000	2,640,000	
<b>Total Certificates of Participation</b>	<b>38,905,000</b>	<b>5,084,656</b>	<b>2,444,656</b>	<b>2,640,000</b>	<b>2,640,000</b>	
<b>Other Loans &amp; Notes Payable - Direct Borrowings:</b>						
State Clean Water (2004) 2.5%, due 2023	13,798,201	4,214,099	801,719	3,412,380	275,344	
State Clean Water (2008) 2.4%, due 2025	4,406,072	2,023,307	268,890	1,754,417	821,762	
<b>Total Loans &amp; Notes Payable</b>	<b>18,204,273</b>	<b>6,237,406</b>	<b>1,070,609</b>	<b>5,166,797</b>	<b>1,097,106</b>	
<b>Total VFWD Debt</b>	<b>\$94,749,239</b>	<b>\$43,152,858</b>	<b>\$4,886,945</b>	<b>\$38,265,913</b>	<b>\$4,957,106</b>	

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**NOTE 6 – 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			
	1999 COPs		Direct Borrowings	
	Principal	Interest	Principal (A)	Interest
2020	\$180,000	\$132,563	\$1,008,659	\$179,022
2021	190,000	122,850	1,033,456	122,752
2022	200,000	112,612	941,036	133,563
2023	210,000	101,850	957,597	110,583
2024	225,000	90,431	974,555	87,204
2025-2029	1,305,000	258,693	3,003,750	586,043
2030-2034	396,517	8,006	4,508,631	416,043
2035-2039			2,507,960	67,290
2040-2044			7,873	509
2045-2049			4,807	84
<b>Total</b>	<b>\$2,706,517</b>	<b>\$827,005</b>	<b>\$14,948,324</b>	<b>\$1,703,093</b>

(A) Includes accreted interest on the UBOC Reimbursement Obligations - Tranche B for \$584,953

For the Year Ending June 30	Business-Type Activities			
	Revenue Bonds		Direct Borrowings	
	Principal	Interest	Principal (A)	Interest
2020	\$2,690,000	\$2,054,700	\$1,484,232	\$156,718
2021	2,870,000	1,920,200	944,819	113,251
2022	3,010,000	1,776,700	968,111	89,961
2023	3,160,000	1,626,200	991,979	66,092
2024	3,320,000	1,468,200	1,016,440	4,446,867
2025-2029	17,350,000	4,755,651	4,117,319	1,159,416
2030-2034	7,790,000	618,712	4,461,991	811,346
2035-2039			4,836,503	436,830
2040-2044			2,441,600	39,704
<b>Total</b>	<b>40,190,000</b>	<b>\$14,220,363</b>	<b>21,262,994</b>	<b>\$7,320,185</b>
Plus: Unamortized bond premium (discount)	<u>1,259,678</u>			
<b>Net long-term debt</b>	<b>\$41,449,678</b>		<b>\$21,262,994</b>	

(A) Includes accreted interest on the UBOC Reimbursement Obligations - Tranche B for \$1,161,267

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**NOTE 6 – LONG-TERM DEBT (Continued)**

For the Year Ending June 30	VFWD			
	Revenue Bonds and Certificates of Participation		Direct Borrowings	
	Principal	Interest	Principal	Interest
2020	\$3,860,000	\$1,504,211	\$1,097,106	\$42,106
2021	1,280,000	1,425,167	1,124,258	35,498
2022	1,340,000	1,342,384	1,152,083	28,731
2023	1,400,000	1,253,800	1,180,596	21,802
2024	1,475,000	1,183,800	302,744	14,706
2025-2029	7,165,000	4,725,125	310,010	7,440
2030-2034	8,865,000	2,687,575		
2035-2039	4,265,000	355,025		
Total	29,650,000	<u>\$14,477,087</u>	5,166,797	<u>\$150,283</u>
Plus: Unamortized bond premium (discount)	<u>3,449,116</u>			
Net long-term debt	<u>\$33,099,116</u>		<u>\$5,166,797</u>	

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**NOTE 6 – LONG-TERM DEBT (Continued)**

**C. *Certificates of Participation (COPs)***

**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.

Due to the failure of the City to pay the scheduled amounts due under the original agreement, on January 25, 2011, the City, National Public Finance Guarantee Corporation (National) and the Controller for the State of California (the “Controller”) entered into a Settlement Agreement (the Settlement Agreement).

Commencing July 1, 2013, the City was to pay the Trustee the full scheduled amount when due and commencing on January 15, 2014, to pay National, on January 15 and July 15 of each year, an amount equal to 100% of all MVLF to which the City would be entitled under the California Revenue and Taxation Code during the previous six months, minus the amount paid to the Trustee for the same period, provided that the MVLF exceed the total amounts due for that period. The City’s obligation to pay amounts is not dependent on its receipt of MVLF in any amount.

The MVLF catch-up payment is to be applied to the shortfall indebtedness until paid in full. To the extent that the shortfall indebtedness is not paid in full by the last scheduled payment under the Lease Agreement, the City is to pay the remaining balance of the shortfall indebtedness to National no later than January 15, 2030. During the year ended June 30, 2019, the City paid \$39,119 to reduce the shortfall principal balance and accrued interest of \$7,279 was added to the principal balance.

**1993 Sanitation and Flood Control District (VFWD)** – In July 1993, the VFWD 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 VFWD’s 1988 COP’s. Certificates maturing on or before July 2008 were not callable prior to maturity. Certificates maturing on or after July 2009 are callable at VFWD’s option on any interest date. Annual principal payments are due July 1.

The Certificates are fully registered with provision for transfer. Principal is due annually beginning July 1, 1994. Interest is due semi-annually on January 1 and July 1 beginning January 1, 1994. The Certificates are not subject to optional prepayment prior to their stated maturity dates except from the proceeds of insurance or condemnation. Certificates maturing on or after July 1, 2009, are subject to mandatory prepayment without premium on dates and in amounts set forth in the Official Statements.

**D. *UBOC Reimbursement Obligations***

On August 2, 2011, Union Bank and the City reached a restructuring agreement regarding series 2000, 2001, 2002, and 2003 Certificates of Participation (COPs) which amended and replaced the COPs as follows:

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**NOTE 6 – LONG-TERM DEBT (Continued)**

There are two tranches: the “A” obligation and the “B” obligation. The starting principal balance of the “A” obligation is \$18,049,887 and the “B” obligation has a starting principal of \$21,367,933. No interest accrued on either the “A” or the “B” obligation from the effective date of November 1, 2011, through December 31, 2014, and interest commenced accrual on both obligations on January 1, 2015. The “A” obligation has a fixed annual interest rate of 2.5% and the “B” obligation has a fixed annual interest rate of 1.625%. Interest is payable annually on the first business day of each calendar year, in a single annual payment, in advance. Interest payments on the obligations commence in the calendar years 2015 and 2018 for obligations “A” and “B”, respectively, and continuing, in each case, until the principal balance of that obligation has been paid in full.

Principal is payable annually on the first business day of each calendar year, in a single annual payment, commencing with the 2012 calendar year for the “A” obligation and 2025 for the “B” obligation. The outstanding principal balance, all accrued but unpaid interest, and all other amounts due under the New Union Bank Reimbursement Agreement Payment Agreement with respect to the “A” obligation is due and payable on January 1, 2026; and the “B” obligation is due and payable on January 1, 2042.

**E. Revenue Bonds**

**2006 Water Revenue Refunding Bonds** – In July 2006 the City issued \$45,790,000 in Water Revenue Refunding Bonds to current refund \$45,755,000 of outstanding 1996 Series A Refunding Revenue Bonds and advance refund \$525,000 of outstanding 1999 Series A Parity refunding Revenue Bonds. The defeased 1996 bonds were called on May 1, 2009. Interest is payable on May 1 and November 1. Annual principal payments are due on May 1. The debt is secured and serviced by water system operations.

The pledge of future net revenues ends upon repayment of the \$26,741,500 in remaining debt service on the bonds which is scheduled to occur in 2026. Under the terms of the indenture, net revenues are required to provide a 1.25 debt service coverage ratio.

**Bond Insurer Rating Downgrade** – On December 1, 2017, Standard and Poor’s announced that it affirmed its rating on the bond insurer National Public Finance Guarantee Corporation (NPFGC) at “A,” but that its withdrawing its rating on NPFGC as it relates to issuers. As a result, certain of the City’s bonds insured by NPFGC will be rated at the “underlying” rating, not the insurer rating.

**2013 Water Revenue Refunding Bonds** – In October 2013 the City issued \$18,080,000 in Water Revenue Refunding Bonds to refund the outstanding 2001 Water Revenue Bonds. The refunding increased total debt service by \$7,485,213, resulting in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$4,109,109, due to the conversion of the interest rate on the bonds from a variable rate to a fixed rate. The defeased 2001 Water Revenue Bonds were called on November 26, 2013.

The Series 2013 Bonds and the interest thereon are payable solely from a first lien on and pledge of the Net Revenues (the amount of the gross revenues less operating expenses) derived by the City from the operation of the City’s water system, on parity with the 2006 Water Revenue Bonds and the State Safe Drinking Water loans. Interest is payable on May 1 and November 1. Annual principal payments are due on May 1. The debt is secured and serviced by water system operations.

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**NOTE 6 – LONG-TERM DEBT (Continued)**

The pledge of future net revenues ends upon repayment of the \$27,668,862 in remaining debt service on the bonds and loans which is scheduled to occur in 2031. Under the terms of the indenture, net revenues are required to provide a 1.25 debt service coverage ratio.

For fiscal year 2019, operating revenues, investment income, and capital grants and contributions amount to \$43,637,679 and operating costs including operating expenses, but not interest, amounted to \$30,069,713. Net Revenues available for debt service amounts to \$13,567,966 which represents coverage of 2.63 over the \$5,165,149 in combined debt service for the 2006 and 2013 Water Revenue Bonds and State Safe Drinking Water loans debt service.

**2011 Revenue Bonds** – the VFWD and the WateReuse Finance Authority issued 2011 Revenue Bonds in the principal amount of \$3,345,000 at a premium of \$38,409 in a current refunding (1) to prepay the outstanding principal of 2001 Certificates of Participation, (2) to fund a reserve fund for the bonds, and (3) to pay certain costs of issuing the bonds. The bonds are fully registered with principal due annually on May 1, and interest payable semi-annually on May 1 and November 1. The bonds maturing on or after May 1, 2025 are subject to optional redemption on any date on or after May 1, 2024, together with accrued interest to the redemption date, without a premium.

The transaction paid scheduled principal due on the 2001 Certificates of Participation in the amount of \$145,000 and redeemed the remaining principal amounting to \$3,315,000 pursuant to notice and exercise of optional prepayment of the Certificates for a total of \$3,460,000. The transaction resulted in a deferred amount on refunding of \$53,447 and a decrease in total cash flows of \$262,952. The deferred amount on refunding is carried as a deferred outflow of resources, and the premium is carried as a net reduction of the 2011 Revenue Bonds. The deferred amount on refunding and the premium are amortized on a straight-line basis over the life of the bonds as components of interest expense.

**2014 Revenue Bonds** – the VFWD and the WateReuse Finance Authority issued 2014 Revenue Bonds in the principal amount of \$29,825,000 at premium of \$4,469,967 in an advance refunding (1) to prepay the outstanding principal of 2006 Certificates of Participation, (2) to fund a reserve fund for the Bonds, and (3) to pay certain costs of issuing the Bonds. The Bonds are fully registered with principal due annually on May 1, and interest payable semi-annually on May 1 and November 1. The Bonds maturing on or after May 1, 2022 are subject to optional redemption on any date on or after May 1, 2021, together with accrued interest to the redemption date, without a premium.

The transaction resulted in a deferred amount on refunding of \$1,282,720, a decrease in total cash flows of \$2,024,106, and an economic gain of \$323,440. The deferred amount on refunding is carried as a deferred outflow of resources, and the premium is carried as a net reduction to the 2014 Revenue Bonds. The deferred amount on refunding and the premium are amortized on a straight-line basis over the life of the Bonds as components of interest expense.

**F. Other Notes and Loans Payable**

**Vallejo Flood and Wastewater State Clean Water (2004)** – In August 2004 the VFWD 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.



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**NOTE 6 – LONG-TERM DEBT (Continued)**

**Vallejo Flood and Wastewater State Clean Water (2008)** – During the fiscal year ended June 30, 2008, the District completed a second loan agreement with the State Water Resources Control Board’s Division of Financial Assistance. The loan is dated January 24, 2008, and is in the principal amount of \$4,406,072. Payments in the amount of \$317,450 with interest at 2.4% commence January 24, 2009, and are due annually thereafter until maturity in 2025.

**State Safe Drinking Water, Water Fund** – The loan, with original amount of \$68,080, 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, through 2025.

**State Safe Drinking Water, Water Fund** – The loan, with original amount of \$6,675,000, from the State of California, Department of Water Resources was used to partially refund the 1999 Water Parity Refunding Revenue Bonds. The interest rate is 2.32%. Semiannual principal and interest payments are due on July 1 and January 2, through fiscal year ending 2021. The defeased 1999 Bonds were called on May 1, 2009.

**HUD Section 108 Loan** – On July 11, 2017, the City Council approved a loan agreement with the U.S. Department of Housing and Urban Development (HUD) for the demolition of vacant buildings on North Mare Island in an amount not to exceed \$4.7 million. The planned source of repayment will be General funds and proceeds from the sale of the North Mare Island property. The terms of the agreement between HUD and the City was finalized on April 18, 2019. As of June 30, 2019, the City has drawn down \$1.7 million on the funds. The loan was issued as a variable rate loan, with interest calculated daily. The rate fluctuates according to market conditions. Annual principal and interest payments are due on August 1 commencing 2019 through 2026.

**G. Capital Lease Obligations**

**2001 Site & Facility Lease** – 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 which cost \$1,385,248.

As part of its Plan for the Adjustment of Debts confirmed in August 2011, on December 28, 2011, a Notice of Subordination replaced the original payment schedule of the lease. Under the new schedule, commencing on December 1, 2014, payments of \$50,732 are payable semi-annually on December 1 and June 1.

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**NOTE 7 – DEBT WITHOUT CITY COMMITMENT**

*Assessment and Improvement Districts*

Special Assessment and Improvement 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, 2019 is as follows:

<i>Improvement Bonds</i>	
2004 Hiddenbrooke Improvement District Series A	\$10,610,000
Northeast Improvement District 2003-1	5,000,000
Total	\$15,610,000

**NOTE 8 – 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*

**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 May 2022. The bonds are dated May 1992, and were issued to refund an \$8,775,000 prior issuance of multifamily housing revenue bonds. As of June 30, 2019, \$5,585,000 of these bonds remained outstanding.

**Solano Vista II** – Multifamily Housing Revenue Bonds, Series 2001A (Solano Vista II Senior Apartments) in the amount of \$10,600,000. The bonds bear interest at the rate of 5.45%. Interest payments are due semiannually through November 1, 2034. The bonds are dated August 1, 2001, and were issued to provide funding for a mortgage loan for the acquisition and construction of a multifamily housing project. On June 30, 2019, \$7,775,000 of these bonds remained outstanding.

**Marina Vista I and II, Marina Heights** – Multifamily Housing Revenue Bonds, Series 1998A and 1998B (GNMA Mortgage Backed Securities Program) in the amount of \$11,520,000. The bonds bear interest at rates ranging from 3.6% to 8.25%. The bonds are dated October 1, 1998, and were issued to provide financing for the acquisition and rehabilitation of three multifamily housing projects known as Marina Vista I, Marina Vista II, and Marina Heights. As of June 30, 2019, \$9,230,000 of these bonds remained outstanding.

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**NOTE 9 – EMPLOYEE BENEFITS PAYABLE**

Employee Benefits Payable reported in the Statement of Net Position includes compensated absences as discussed below.

Compensated absences consist of vested vacation leave, sick leave and compensatory time off. For governmental activities, the portion reported as a liability in the Internal Service Funds, primarily represents balances due within 60 days of year end. The remaining governmental activities portion is reported on the Statement of Net Position. The long-term portion of governmental activities employee benefits payable is liquidated primarily by the General Fund. 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 have been recorded at the contractual salary rates due to employees at June 30, 2019.

Compensated absences activity for the City and VFWD for the year ended June 30, 2019 is as follows:

	Governmental Activities	Business-Type Activities	Total	VFWD
Compensated Absences Activity:				
Beginning Balance	\$11,178,068	\$1,244,015	\$12,422,083	\$1,403,192
Additions	7,817,543	1,131,108	8,948,651	1,105,669
Deletions	(8,088,989)	(1,229,198)	(9,318,187)	(1,240,421)
Ending Balance	<u>\$10,906,622</u>	<u>\$1,145,925</u>	<u>\$12,052,547</u>	<u>\$1,268,440</u>
Compensated Absences				
Classification Presentation:				
Current Portion:				
Internal Service Funds - City	\$150,248		\$150,248	
Entity-wide	7,269,105	\$1,145,925	8,415,030	
Vallejo Flood and Wastewater District				\$443,954
Current Portion	<u>7,419,353</u>	<u>1,145,925</u>	<u>8,565,278</u>	<u>443,954</u>
Noncurrent Portion:				
Entity-wide	3,487,269		3,487,269	
Vallejo Flood and Wastewater District				824,486
Noncurrent Portion	<u>3,487,269</u>		<u>3,487,269</u>	<u>824,486</u>
Total	<u>\$10,906,622</u>	<u>\$1,145,925</u>	<u>\$12,052,547</u>	<u>\$1,268,440</u>
Noncurrent Employee Benefits Payable:				
Compensated Absences	\$3,487,269		\$3,487,269	\$824,486
Other Employee Benefits (1.5% RHSA contribution set aside by City)	204,668		204,668	
Noncurrent Portion	<u>\$3,691,937</u>	<u>\$0</u>	<u>\$3,691,937</u>	<u>\$824,486</u>

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**NOTE 10 – PENSION PLANS**

**A. General Information about the City’s Pension Plans**

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

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

	<b>Miscellaneous</b>		
	<b>Classic Tier I</b>	<b>PEPRA</b>	
	Prior to January 1, 2013	On or after January 1, 2013	
Hire date			
Benefit formula	2.7% @ 55	2.0% @ 62	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	monthly for life	monthly for life	
Retirement age	50 - 55	52 - 67	
Monthly benefits, as a % of eligible compensation	2.0% - 2.70%	1.0% - 2.5%	
Required employee contribution rates	8.00%	6.25%	
Required employer contribution rates	11.047%	11.047%	
Required Unfunded Accrued Liability Contribution	\$6,694,026		

	<b>Safety - Fire</b>		
	<b>Classic Tier I</b>	<b>Classic Tier II</b>	<b>PEPRA</b>
	Prior to December 28, 2012	On or after December 28, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% - 2.7%	2.0% - 2.7%
Required employee contribution rates	9.00%	9.00%	12.25%
Required employer contribution rates	20.673%	20.673%	20.673%
Required Unfunded Accrued Liability Contribution	\$11,400,796		

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**NOTE 10 – PENSION PLANS (Continued)**

	<b>Safety - Police</b>	
	Classic Tier I	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% - 2.7%
Required employee contribution rates	9.00%	12.25%
Required employer contribution rates	20.673%	20.673%
Required Unfunded Accrued Liability Contribution	Included in Fire table above	

Beginning in fiscal year 2016, CalPERS collects employer contributions for each Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are either billed on a monthly basis or can be paid in full using the annual UAL prepayment option. In fiscal year 2019, the City paid its required contributions for the unfunded liability in the Miscellaneous and Safety Plans in the amount of \$6,694,026 and \$11,400,796, respectively.

**Employees Covered** – At the June 30, 2017 actuarial valuation date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous		
	Classic Tier I	Classic Tier II	PEPRA Plan
	I	II	PEPRA Plan
Inactive employees or beneficiaries currently receiving benefits	549	-	-
Inactive employees <i>eligible</i> to, but not yet receiving, benefits	146	-	1
Inactive employees <i>ineligible</i> to, but not yet receiving, benefits	62	-	46
Active employees	184	-	117
Total	941	-	164

	Safety		
	Classic Tier I	Classic Tier II	PEPRA Plan
	I	II	PEPRA Plan
Inactive employees or beneficiaries currently receiving benefits	385	-	-
Inactive employees <i>eligible</i> to, but not yet receiving, benefits	40	1	1
Inactive employees <i>ineligible</i> to, but not yet receiving, benefits	8	-	13
Active employees	140	1	41
Total	573	2	55

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**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**B. Net Pension Liability**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability and related deferred outflows/inflows of resources are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities net pension liability is liquidated primarily by the General Fund.

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions** – For the measurement period ended June 30, 2018, the total pension liabilities were determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous (1)	Safety (1)
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.2% - 12.2% (2)	3.4% - 20% (2)
Investment Rate of Return	7.15% (3)	7.15% (3)
Mortality	Derived using CalPers Membership Data for all Funds (4)	
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter	

(1) Actuarial assumptions are the same for all benefit tiers (Classic Tier I, Classic Tier II and PEPRA)

(2) Depending on age, service and type of employment

(3) Net of pension plan investment and administration expenses, including inflation

(4) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the CalPERS December 2017 experience study report available on CalPERS website.

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All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

*Change of Assumptions* – In 2018, the inflation rate was reduced from 2.75% to 2.50%.

*Discount Rate* – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefits payments to determine the total pension liability for each Plan.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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**NOTE 10 – PENSION PLANS (Continued)**

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

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.90%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

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

**C. Changes in the Net Pension Liability**

The changes in the Net Pension Liability for each Plan follow:

*Miscellaneous Plan:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2017</b>	\$280,761,182	\$169,538,357	\$111,222,825
<b>Changes in the year:</b>			
Service cost	4,397,962		4,397,962
Interest on the total pension liability	19,468,568		19,468,568
Changes in assumptions	(1,680,478)		(1,680,478)
Differences between actual and expected experience	(1,082,338)		(1,082,338)
Net plan to plan resource movement		(413)	413
Contribution - employer		7,923,395	(7,923,395)
Contribution - employees		1,839,196	(1,839,196)
Net investment income		14,227,594	(14,227,594)
Administrative expenses		(264,187)	264,187
Other Miscellaneous expenses		(501,696)	501,696
Benefit payments, including refunds of employee contributions	(15,819,384)	(15,819,384)	
<b>Net changes</b>	<u>5,284,330</u>	<u>7,404,505</u>	<u>(2,120,175)</u>
<b>Balance at June 30, 2018 (Measurement Date)</b>	<u>\$286,045,512</u>	<u>\$176,942,862</u>	<u>\$109,102,650</u>



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**NOTE 10 – PENSION PLANS (Continued)**

*Safety Plan:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2017</b>	\$482,578,649	\$293,315,860	\$189,262,789
<b>Changes in the year:</b>			
Service cost	6,785,852		6,785,852
Interest on the total pension liability	33,457,665		33,457,665
Changes in assumptions	(2,031,814)		(2,031,814)
Differences between actual and expected experience	(2,324,275)		(2,324,275)
Net plan to plan resource movement		(712)	712
Contribution - employer		13,510,984	(13,510,984)
Contribution - employees		2,402,540	(2,402,540)
Net investment income		24,365,266	(24,365,266)
Administrative expenses		(457,067)	457,067
Other miscellaneous expense		(867,978)	867,978
Benefit payments, including refunds of employee contributions	(27,352,200)	(27,352,200)	
<b>Net changes</b>	<b>8,535,228</b>	<b>11,600,833</b>	<b>(3,065,605)</b>
<b>Balance at June 30, 2018 (Measurement Date)</b>	<b>\$491,113,877</b>	<b>\$304,916,693</b>	<b>\$186,197,184</b>
<b>Total Balance at June 30, 2018 (Measurement Date) (Miscellaneous and Safety Plans)</b>	<b>\$777,159,389</b>	<b>\$481,859,555</b>	<b>\$295,299,834</b>

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

	Miscellaneous	Safety	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$143,740,922	\$250,040,383	\$393,781,305
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$109,102,650	\$186,197,184	\$295,299,834
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$80,199,932	\$133,675,337	\$213,875,269

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

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**NOTE 10 – PENSION PLANS (Continued)**

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

For the year ended June 30, 2019, the City recognized pension expense of \$14,422,064 and \$20,609,758 for the Miscellaneous and Safety Plans, respectively, for total pension expense of \$35,031,822. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Miscellaneous Plan:**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$9,183,028	
Differences between actual and expected experience		(\$1,208,267)
Changes in assumptions	3,337,697	(1,080,307)
Net differences between projected and actual earnings on plan investments	677,980	
<b>Total</b>	<b>\$13,198,705</b>	<b>(\$2,288,574)</b>

**Safety Plan:**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$15,641,590	
Differences between actual and expected experience		(\$5,486,220)
Changes in assumptions	11,865,754	(1,451,296)
Net differences between projected and actual earnings on plan investments	1,536,953	
<b>Total</b>	<b>\$29,044,297</b>	<b>(\$6,937,516)</b>
<b>Total Miscellaneous and Safety Plans</b>	<b>\$42,243,002</b>	<b>(\$9,226,090)</b>

\$24,824,618 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization		
	Miscellaneous	Safety	Total
2020	\$4,154,405	\$7,899,152	\$12,053,557
2021	(226,808)	2,889,134	2,662,326
2022	(1,718,515)	(3,535,469)	(5,253,984)
2023	(481,979)	(787,626)	(1,269,605)
<b>Total</b>	<b>\$1,727,103</b>	<b>\$6,465,191</b>	<b>\$8,192,294</b>

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**NOTE 10 – PENSION PLANS (Continued)**

**E. Payable to the Pension Plan**

At June 30, 2019, the City reported a payable of \$253,336 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

**F. Vallejo Flood and Wastewater District Pension Plan**

1. General Information about the District’s Pension Plan

**Plan Descriptions** – Eligible employees of the District are provided with pensions through the District’s Miscellaneous Plan, a cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. The District’s Miscellaneous Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by CalPERS. PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The District sponsors two rate plans within the miscellaneous risk pool. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees’ Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

The Plan’s provisions and benefits in effect at June 30, 2019, are summarized as follows:

	<b>Miscellaneous</b>	
	Classic Tier I	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% - 2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	11.675%	6.533%

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**NOTE 10 – PENSION PLANS (Continued)**

*Required Contributions* – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the District’s contributions to the Plan were \$984,715.

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

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

As of June 30, 2019, the District reported its proportionate share of the net pension liability of the Plan of \$22,376,039.

The District’s net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 was as follows:

Proportion - June 30, 2017	0.57650%
Proportion - June 30, 2018	0.59373%
Change - Increase (Decrease)	<u>0.01723%</u>

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**NOTE 10 – PENSION PLANS (Continued)**

For the year ended June 30, 2019, the District recognized pension expense of \$1,568,088. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

*Miscellaneous Plan - VFWD*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$984,715	
Differences between expected and actual experience	727,925	(\$247,708)
Changes in assumptions	2,162,873	(530,078)
Adjustment due to differences in proportions	4,475,137	
Net difference in actual contributions and proportion of contributions		(2,636,913)
Net differences between projected and actual earnings on plan investments	93,793	
Total	<u>\$8,444,443</u>	<u>(\$3,414,699)</u>

\$984,715 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	Annual Amortization
2020	\$2,988,411
2021	1,765,748
2022	(538,487)
2023	(170,643)
Total	<u>\$4,045,029</u>

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**NOTE 10 – PENSION PLANS (Continued)**

*Actuarial Assumptions* – For the measurement period ended June 30, 2018, the total pension liabilities were determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liability was based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase	Varies By Entry Age and Service (1)
Investment Rate of Return	7.15% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)
	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50%
Post Retirement Benefit Increase	thereafter

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the CalPERS December 2017 experience study report available on the CalPERS website.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

*Change of Assumptions* – In 2018, the inflation rate was reduced from 2.75% to 2.50%.

*Discount Rate* – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefits payments to determine the total pension liability for the Plan.

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**NOTE 10 – PENSION PLANS (Continued)**

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.90%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Securities.

(b) An expected inflation of 2.0% used for this period.

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

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**NOTE 10 – PENSION PLANS (Continued)**

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

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	\$33,878,385
Current Discount Rate	7.15%
Net Pension Liability	\$22,376,039
1% Increase	8.15%
Net Pension Liability	\$12,881,042

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

3. Temporary and Seasonal Employees

Federal law requires that employees not covered by an employer retirement system be covered by Social Security or an alternative plan. The District hires temporary employees whose positions are exempt from PERS membership, and utilizes Social Security for these positions.

**NOTE 11 – POST-EMPLOYMENT BENEFITS**

**A. Post Retirement Health Benefits - City**

1. Plan Description

The City’s Post Employment Benefit Plan is an Agent Multiple-Employer Plan. Employees and their dependents are eligible for the CalPERS post-retirement health benefits if they retire directly from the City retaining the Public Employees Medical and Hospital Care Act (PEMHCA) health benefits. The City pays the retiree and eligible dependent premiums up to benefit level established in the collective bargaining agreement for each employee organization.

The following is a summary of benefits by employee group as of June 30, 2019:



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**NOTE 11 – POST-EMPLOYMENT BENEFITS (Continued)**

<u>Employee Group</u>	<u>Contractual Benefit at June 30, 2019</u>
Vallejo Police Officers Association (VPOA) (imposed)	Retired prior to 7/1/2000 - up to 75% of Kaiser Bay Area non-Medicare Premium
	Retired on or after 7/1/2000 and hired before 1/1/2014 - up to \$300 per month, but not less than PEMHCA minimum
	Hired on or after 1/1/14 - PEMHCA minimum plus 1.5% of employee's base monthly salary Retiree Health Savings Account (RHSA) contribution
International Association of Fire Fighters (IAFF)	Retired prior to 7/1/2000 - up to 75% of Kaiser Bay Area non-Medicare Premium
	Retired on or after 7/1/2000 - up to \$300 per month, but not less than PEMHCA minimum
Council and Unrepresented	Up to \$300 per month, but not less than PEMHCA minimum
Confidential, Administrative, Management, and Professional Employees Association (CAMP)	Hired before 7/1/2013 - up to \$300 per month, but not less than PEMHCA minimum (with the option of electing, no later than 7/1/2016, the RHSA benefit available to CAMP employees hired on or after 7/1/2013)
	Hired on or after 7/1/2013 - PEMHCA minimum plus 1.5% of employee's base monthly salary RHSA contribution
International Brotherhood of Electrical Workers (IBEW)	Hired before 7/1/2014 - up to \$300 per month, but not less than PEMHCA minimum (with the option of electing, no later than 10/31/2016, the RHSA benefit available to IBEW employees hired on or after 7/1/2014)
	Hired on or after 7/1/2014 - PEMHCA minimum plus 1.5% of employee's base monthly salary RHSA contribution

The PEMHCA minimum in 2019 is \$136 per month.

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**NOTE 11 – POST-EMPLOYMENT BENEFITS (Continued)**

2. Funding Policy

Through June 30, 2013 the City’s policy had been to fund these benefits on a pay-as-you go basis. But it was determined that it is in the best interest of the City and its retirees to set aside funds for OPEB in an irrevocable trust dedicated to paying the expenses of OPEB and to ensure that such funds are invested in a prudent manner. On December 10, 2013, City Council authorized and approved resolution 13-188 N.C. allowing the City to join the California Employers’ Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CALPERS, consisting of an aggregation of single-employer plans. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees’ Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

For the year ended June 30, 2019, the City’s contributions to the Plan were \$2,941,000.

3. General Information About City’s OPEB Plan

**Employees Covered by Benefit Terms** – Membership in the plan consisted of the following at the measurement date of June 30, 2018:

Active employees	472
Inactive employees or beneficiaries currently receiving benefit payments	481
Inactive employees entitled to but not yet receiving benefit payments	154
Total	1,107

**Actuarial Methods and Assumptions** – The City’s net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018 that was rolled forward using standard update procedures to determine the total OPEB liability as of June 30, 2018, based on the following actuarial methods and assumptions:

The actuarially determined contribution (ADC) was determined as part of a June 30, 2018 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 6.75% investment rate of return, (b) 2.75% general inflation rate, and (c) 7.50% (non-Medicare) and 6.50% (Medicare) in 2020, decreasing to an ultimate rate of 4.0% in 2076 medical trend. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The actuarial accrued liability (AAL) representing the present value of future benefits, is being amortized as a level percentage of projected payroll using a 30 year amortization period.

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**NOTE 11 – POST-EMPLOYMENT BENEFITS (Continued)**

The underlying mortality assumptions were based on the CalPERS 1997-2015 experience study and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of the actuarial experience study for the period.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	59.0%	4.82%
Fixed Income	25.0%	1.47%
TIPS	5.0%	1.29%
Commodities	3.0%	0.84%
REITs	8.0%	3.76%
Assumed Long-term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return		6.75%

**Discount Rate** – The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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**NOTE 11 – POST-EMPLOYMENT BENEFITS (Continued)**

3. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/17	\$44,902,000	\$17,982,000	\$26,920,000
Changes Recognized for the Measurement Period:			
Service Cost	988,000		988,000
Interest	2,886,000		2,886,000
Actual vs expected experience	(5,289,000)		(5,289,000)
Assumption changes	(1,054,000)		(1,054,000)
Contributions from the employer		4,340,000	(4,340,000)
Net investment income		1,437,000	(1,437,000)
Administrative expenses		(76,000)	76,000
Benefit payments	(2,997,000)	(2,997,000)	
Net changes	(5,466,000)	2,704,000	(8,170,000)
Balance at 6/30/18 (Measurement Date)	\$39,436,000	\$20,686,000	\$18,750,000

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report that may be obtained from CERBT. The benefit payments and refunds include implied subsidy benefit payments in the amount of \$911,000.

4. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Net OPEB Liability		
Discount Rate -1%	Discount Rate	Discount Rate +1%
(5.75 %)	(6.75%)	(7.75%)
\$22,873,000	\$18,750,000	\$15,274,000

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**NOTE 11 – POST-EMPLOYMENT BENEFITS (Continued)**

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Net OPEB Liability		
Healthcare Trend Rate		
1% Decrease (6.50%-4.0%)	Current Trend (7.50%-4.0%)	1% Increase (8.50%-5.0%)
\$16,310,000	\$18,750,000	\$22,077,000

5. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$1,544,000. At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$2,941,000	
Differences between expected and actual experience		(\$4,393,000)
Changes in assumptions		(875,000)
Net differences between projected and actual earnings on plan investments		(536,000)
Total	\$2,941,000	(\$5,804,000)

\$2,941,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2020	(\$1,237,000)
2021	(1,237,000)
2022	(1,235,000)
2023	(1,127,000)
2024	(968,000)

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**NOTE 11 – POST-EMPLOYMENT BENEFITS (Continued)**

**B. Post Retirement Health Benefits - VFWD**

1. Plan Description

The District's defined benefit postemployment healthcare plan, Public Agency Post-Retirement Health Care Plan (the Plan), provides medical benefits to eligible retired employees and their beneficiaries. The Public Agency Retirement System (PARS) administers the Plan's Trust, an agent multiple-employer trust arrangement established to provide economies of scale and efficiency of administration to public agencies that hold assets used to fund OPEB obligations. Plan benefits were established in accordance with Board policy and Memorandums of Understanding for respective employee groups, and may be amended by the Board of Trustees. PARS provides an annual financial report for the aggregate Plan that may be obtained from PARS, 3961 MacArthur Boulevard, Suite 200, Newport Beach, CA 92660.

2. Funding Policy

The Plan is funded by employer contributions plus a retirement for employee matching in the amount of 2% of gross salary for all employees. As the plan's sponsor, the District establishes and may amend employee and employer contribution requirements.

3. Benefits Provided

The following is a summary of Plan benefits by employee group as of June 30, 2019:

<b>Eligibility</b>	-Attained age 50 -Completed 5 years of District service (if hired after 11/1/13) -Retire concurrently from both District and CalPERS after leaving District employment
<b>Benefit</b>	The District will pay the retired employee's entire monthly medical premium which may include his/ her spouse and/ or dependents, up to the highest cost local HMO.
Hired prior to 11/1/2013	Kaiser Permanente - Bay Area premiums represent the highest cost local HMO
Hired on or after 11/1/2013	Follows State of California Vesting Schedule, employer pays: -10 years (PERS covered service)      50% -Each additional year, add                5% -20+ years                                        100%

Membership in the plan consisted of the following at the measurement date of June 30, 2019:

Active plan members	80
Inactive employees or beneficiaries currently receiving benefit payments	129
Inactive employees entitled to but not yet receiving benefit payments	

209

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**NOTE 11 – POST-EMPLOYMENT BENEFITS (Continued)**

4. Net OPEB Liability

*Actuarial Assumptions* – The District’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated January 1, 2018 that was rolled forward using standard update procedures to determine the total OPEB liability as of June 30, 2019 based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	January 01, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Method
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	2.75%
Investment Rate of Return	7.25%
Mortality Rate	Employees)
Healthcare Trend Rate	6.50% initially, grading down to 4.5% ultimate

The underlying mortality assumptions were based on the CalPERS mortality tables for Public Agencies (Miscellaneous employees) and all other actuarial assumptions used in the January 1, 2018 valuation were based on the results of a June 30, 2019 actuarial experience study for the period June 30, 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and be adding expected inflation. This is then modified through a Monte-Carlo simulation process, by which a (downward) rate adjustment is applied to the baseline expected return.

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**NOTE 11 – POST-EMPLOYMENT BENEFITS (Continued)**

Best estimates of real rates of return for each major asset class included in the OPEB fund's target asset allocation as of June 30, 2019, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Weighted Allocation
Domestic equity	5.45%	48%
Non-U.S. Equity	5.95%	13%
U.S. Fixed income investments	2.95%	33%
Global Funds	4.50%	6%
Cash equivalents	0.75%	
Total Weighted Average Real Return	4.63%	100%
Plus inflation	2.75%	
Total return without adjustment	7.38%	
Risk adjustment	-0.13%	
Total Expected Return on Investments	7.25%	

*Discount Rate* – The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at the current contribution rate (2% of base pay) until 2023, and that District contributions will be made equal to \$500,000 per year in addition to the benefits paid. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Trust investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

*Investment Rate of Return* – For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 12.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



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**NOTE 11 – POST-EMPLOYMENT BENEFITS (Continued)**

*Changes in Net OPEB Liability* – The changes in the net OPEB liability were as follows:

	Increase (Decrease)		
	Total OPEB	Plan Fiduciary	Net OPEB
	Liability (a)	Net Position (b)	Liability/(Asset) (a) - (b)
Balance at July 1, 2018	\$17,409,206	\$8,465,267	\$8,943,939
Changes Recognized for the Measurement Period:			
Service Cost	351,747		351,747
Interest on the total OPEB liability	1,252,722		1,252,722
Changes in benefit terms			
Differences between expected and actual experience			
Changes of assumptions			
Contributions from the employer		1,481,223	(1,481,223)
Contribution from the employee		173,100	(173,100)
Net investment income		1,070,440	(1,070,440)
Administrative expenses		(2,348)	2,348
Benefit payments	(981,223)	(981,223)	
Net changes	623,246	1,741,192	(1,117,946)
Balance at June 30, 2019 (Measurement Date)	\$18,032,452	\$10,206,459	\$7,825,993

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

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount	Discount Rate +1%
(6.25%)	Rate (7.25%)	(8.25%)
\$9,834,133	\$7,825,993	\$6,153,590

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate* - The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1%	Healthcare Cost	Discount Rate +1%
(5.50%-3.50%)	Trend Rate (6.50%-4.50%)	(7.50%-5.50%)
\$5,735,464	\$7,825,993	\$10,359,352

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**NOTE 11 – POST-EMPLOYMENT BENEFITS (Continued)**

*OPEB Expense and Deferred Outflows/Inflows of Resources related to OPEB* - For the year ended June 30, 2019, the District recognized OPEB expense of \$810,036. At June 30, 2019, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience		
Changes in actuarial assumptions		(\$4,154)
Net difference between projected and actual earnings on OPEB plan investments	\$298,689	(348,234)
Total	\$298,689	(\$352,388)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

<b>Ended June 30</b>	<b>Annual Amortization</b>
2020	\$11,466
2021	11,466
2022	11,466
2023	(88,097)

**NOTE 12 – NET POSITION AND FUND BALANCES**

**A. Net Position – Statement of Net Position**

Net Position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, proprietary fund level, and fiduciary fund level and are described below:

Net investment in capital assets, describes the portion of Net Position which is represented by the current net book value of capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position 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.

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

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**NOTE 12 – NET POSITION AND FUND BALANCES (Continued)**

**B. Fund Balance – Governmental Funds Balance Sheet**

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by resolution of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

*Unassigned* fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual General Fund balance and residual fund deficits, if any, of other governmental funds.

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**NOTE 12 – NET POSITION AND FUND BALANCES (Continued)**

Detailed classifications of the City’s Fund Balances, as of June 30, 2019, are below:

Fund Balance Classifications	General Fund	Housing Authority Fund	Mare Island Conversion Fund	Capital Outlay Fund	Non Major Governmental Funds	Total
<b>Nonspendable:</b>						
Items not in spendable form:						
Prepays and deposits	\$84,760			\$500,000		\$584,760
Notes Receivable	801,042					801,042
Advance to other funds	830,000					830,000
Land Held for Redevelopment	499,684					499,684
Materials, Parts and Supplies	1,653				\$3,000	4,653
Subtotal	2,217,139			500,000	3,000	2,720,139
Amounts required to be maintained intact:						
Permanent funds					64,625	64,625
<b>Total Nonspendable Fund Balances</b>	<b>2,217,139</b>			<b>500,000</b>	<b>67,625</b>	<b>2,784,764</b>
<b>Restricted for:</b>						
Bond indentures					248,644	248,644
Streets and Highways					26,728,277	26,728,277
Community Development and Housing		\$15,897,759	\$2,794,283		1,475,176	20,167,218
Pension Benefits	4,253,161					4,253,161
Public Safety Programs	297,226				1,055,781	1,353,007
Public Facilities Projects				4,659,617	5,844,814	10,504,431
Hiddenbrooke Overpass					8,064,313	8,064,313
<b>Total Restricted Fund Balances</b>	<b>4,550,387</b>	<b>15,897,759</b>	<b>2,794,283</b>	<b>4,659,617</b>	<b>43,417,005</b>	<b>71,319,051</b>
<b>Committed to:</b>						
Mare Island Development	6,332				760,834	767,166
Public Facilities Projects (funded by General Fund)				21,320,038		21,320,038
Public Facilities Projects (funded by other funds)					3,219,165	3,219,165
<b>Total Committed Fund Balances</b>	<b>6,332</b>			<b>21,320,038</b>	<b>3,979,999</b>	<b>25,306,369</b>
<b>Assigned to:</b>						
Arts and Convention Center					3,008,692	3,008,692
2014 Napa Earthquake costs					323,906	323,906
Atlas Fire/Winter Storm					736,270	736,270
Public Facilities Maintenance					124,517	124,517
Solid Waste Disposal					80,875	80,875
Other Contracts	876,025					876,025
<b>Total Assigned Fund Balances</b>	<b>876,025</b>				<b>4,274,260</b>	<b>5,150,285</b>
<b>Unassigned:</b>						
General Fund	24,508,900					24,508,900
Empress Theater Fund					(24,825)	(24,825)
<b>Total Unassigned Fund Balances</b>	<b>24,508,900</b>				<b>(24,825)</b>	<b>24,484,075</b>
<b>Total Fund Balances</b>	<b>\$32,158,783</b>	<b>\$15,897,759</b>	<b>\$2,794,283</b>	<b>\$26,479,655</b>	<b>\$51,714,064</b>	<b>\$129,044,544</b>

**C. Minimum Fund Balances**

The City’s Budget and Fiscal Policy requires the City to strive to maintain 15% of annual appropriations in the General Fund’s Unassigned Fund Balance. As of June 30, 2019, the Unassigned Fund Balance reached \$24,508,900, which is 22% of 2019-20 annual appropriations of \$110.9 million, including Measure B.

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**NOTE 12 – NET POSITION AND FUND BALANCES (Continued)**

**D. Deficits**

The funds below had fund balance or net position deficits at June 30, 2019:

<b>Capital Project Fund:</b>	
Empress Theater	\$24,825
<b>Enterprise Funds:</b>	
Golf	1,349,345
Fiber Optic	269,892
<b>Internal Service Fund:</b>	
Retiree Health Benefits	17,201,836

The Empress Theater Capital Project Fund had a net position deficit of \$24,825. The deficit will be cured by the Successor Agency's loan repayments.

The Golf Enterprise Fund had a net position deficit of \$1,349,345. The adopted 10% rate increase for annual passes that began in FY2017-18 is expected to help reduce the deficit.

The Fiber Optic Enterprise Fund had a net position deficit of \$269,892. The City expects to collect lease revenue to improve the net position.

The Retiree Health Benefits Internal Service Fund had a net position deficit of \$17,201,836 due to recognition of the net OPEB liability. The City's annual budget process includes funding the liability over time through annual contributions with a 30 year amortization period to cure the deficit.

**NOTE 13 – SELF-INSURANCE PROGRAM**

The City 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.

**A. Risk Coverage**

**City** – The City of Vallejo has operated a self-insured liability program for many years. Its self-insured retention (SIR) for 2018-19 was \$1,000,000, with an additional \$1,000,000 corridor deductible. CSAC Excess Insurance Authority (EIA) provides coverage in excess of the City's SIR. During the fiscal year ended June 30, 2019, the City contributed \$852,775 for general liability coverage during the current year.

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**NOTE 13 – SELF-INSURANCE PROGRAM (Continued)**

The City is also 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 an SIR of \$500,000 per claim. During the fiscal year ended June 30, 2019, the City contributed \$487,721 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.

The City has also purchased a Difference in Conditions commercial policy that includes earthquake coverage and provides coverage up to \$25,000,000 per occurrence with a deductible of \$25,000 for claims other than flood and earthquake. Flood claims are subject to a deductible of \$100,000 and earthquake claims have a deductible of 5% of the insured value at the time of loss with a minimum deductible of \$25,000. The City also has ancillary insurance policies for special events, cyber and marina coverage.

**Vallejo Flood and Wastewater District**—VFWD is a member of the California Sanitation Risk Management Authority which provides coverage up to \$500,000 for general liability claims, subject to a deductible of \$2,500. Excess public entity general liability insurance is obtained for coverage up to \$15,000,000 associated with either sanitary sewer or storm drain operations. Auto liability is subject to a deductible of \$1,000 with coverage up to \$2,837,747.

California Sanitation Risk Management Authority also provides coverage up to \$750,000 for workers' compensation. Excess workers compensation insurance provides coverage up to \$1,000,000. Pollution remediation insurance provides coverage up to \$1,000,000 and \$5,000,000 in the aggregate, with a deductible of \$25,000. Property insurance provides coverage up to \$173,741,809 with a deductible of \$10,000.

**B. Liability for Uninsured Claims**

The following is a summary changes in the City's recorded claims liabilities during the years ended June 30:

	2019	2018
Beginning balance	\$17,261,000	\$15,491,000
Current year claims and increase (decrease)		
in prior estimates	3,587,464	5,414,551
Claims paid	(3,717,464)	(3,644,551)
Ending balance	<u>\$17,131,000</u>	<u>\$17,261,000</u>
Current portion	<u>\$3,696,533</u>	<u>\$3,828,996</u>

The claims payable are reported at their present value using expected future investment yield assumption of 3%. The undiscounted claims totaled \$20,425,000 at June 30, 2019.

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

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**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

**A. *Litigation***

The City is involved in various claims and litigation resulting from its normal operations. The ultimate outcome of these matters is not presently determinable. In City management’s opinion these matters will not have significant adverse effect of the City’s financial position.

**B. *Federal and State Grant Programs***

The City participates in several federal and State grant programs. These programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, except as noted under Grant Program – Disallowed Costs below.

**C. *Grant Program – Disallowed Costs***

During fiscal year 2018, the Authority was subject to a monitoring visit by the Department of Housing and Urban Development (HUD) of the Authority’s Housing Choice Voucher (HCV) Program funds. In its November 2018 report, HUD listed six findings covering various activities performed over a fifteen year period applicable to the program and disallowed costs approximating \$3.9 million. The Housing Authority has taken all the necessary steps to correct all six findings and provided supporting documentation to resolve the questioned \$3.9 million costs. This financial management review is now considered closed by HUD in its October 2, 2019 letter and no further action is required on part of the Housing Authority.

**D. *Encumbrances***

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding by fund as of June 30, 2019 were as follows:

Major Governmental Funds:	
General Fund	\$876,025
Housing Authority	1,600,000
Capital Outlay	2,184,136
Non-Major Governmental Funds	802,011

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**NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)**

**E. Long Term Construction Contracts**

In addition to the encumbrances discussed above, the City and Vallejo Flood and Wastewater District have various ongoing capital projects that involve long-term construction contracts with progress payments billed and paid on a percentage-of-completion basis. Material outstanding construction commitments related to these contracts, excluding grant-funded projects, at June 30, 2019 of City and VFWD amounted to approximately \$4.9 million and \$1.8 million, respectively.

**F. Bankruptcy**

The City's entry into bankruptcy in May 2008 triggered the imposition of an automatic stay, which froze all active litigation against the City. With the confirmation of the City's plan of adjustment on August 5, 2011, and the City's official emergence from bankruptcy on November 1, 2011, the automatic stay expired. A prospective discharge injunction, however, bars the City's litigation creditors from recovering anything on their discharged claims beyond the treatment of their claims in the City's Confirmed Plan.

**G. Earthquake**

On August 24, 2014, a magnitude 6.0 earthquake struck Solano County that affected the City of Vallejo. The earthquake caused damages to the City's road system, water control facilities, buildings and equipment, public utility system and other structures.

In January 2015, project worksheets containing scopes of the earthquake damage were submitted to the Federal Emergency Management Agency (FEMA) for reimbursement of eligible repair costs, after which, the Public Works Department proceeded with project efforts to repair the earthquake damage. A total of fourteen projects costing \$0.7 million were approved, but the Police Building Renovation project was denied for funding. As of June 30, 2017, all of the approved projects were completed and are expected to be closed by FEMA by June 30, 2020.

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**

The City Council assumed the duties of the Successor Agency to the Former Vallejo Community Redevelopment Agency (Successor Agency) upon State redevelopment dissolution on February 1, 2012. Amendments to the State Health and Safety Code, enacted through ABx1 26 on June 28, 2011, AB1484 on June 27, 2012, and SB107 on September 11, 2015 suspended most redevelopment activities and charged successor agencies to retire redevelopment obligations and dispose of assets.

The activities of the Successor Agency are subject to review and approval of an Oversight Board, which is comprised of seven members, including one member representing the City Council, one representing the former Redevelopment Agency (RDA) employees, and five members representing other taxing agencies within the County. Oversight Board actions are further subject to review and approval by the State Department of Finance (DOF).

The activities of the Successor Agency are reported in the Successor Agency to the Former Redevelopment Agency Private-Purpose Trust Fund, because activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency.



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**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

Cash and investments of the Successor Agency as of June 30, 2019 are discussed in Note 2. Information about other assets and liabilities of the Successor Agency as of June 30, 2019 is presented on the following pages.

**A. *Notes and Loans Receivable***

Meyer Cookware Industries, Inc.

Pursuant to a Disposition and Development Agreement between the RDA and Meyer Cookware Industries, Inc., the former RDA paid certain development fees on behalf of Meyer totaling \$1,500,000. Meyer agreed to repay \$500,000 of these fees to the RDA over a 24-year period commencing in 1998. This loan to Meyer is secured by a corporate guarantee and is non-interest bearing. The final payment was made in the fiscal year ending June 30, 2018.

The obligation of Meyer to repay the remaining \$1,000,000 is contingent upon either on the sale of the property or the refinancing of the existing debt. As a result, the \$1,000,000 is not included as a receivable in the accompanying basic financial statements. Meyer has agreed to pay the RDA either 9% of the net sale proceeds upon any sale of the property as satisfaction in full of the development contribution, or net refinancing proceeds if such a refinancing should occur. Ten years following the issuance of the Certificate of Occupancy (1995), the participation in proceeds from the sale of property or refinancing has been reduced from 9% to 5%.

**B. *Capital Assets***

The Successor Agency assumed the capital assets of the RDA as of February 2012. 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 Successor Agency's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

Pursuant to the Long Range Property Management Plan, the Successor Agency transferred land totaling \$470,474 to the City in fiscal year 2019.

Capital assets at June 30, 2019 were comprised of land of \$189,226 and Building and Improvements, net of accumulated depreciation, of \$57,427. Current year additions to accumulated depreciation were \$5,826.

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**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

**C. Long-Term Obligations**

The Successor Agency assumed the long-term obligations of the former RDA as of February 2012.

**1. Current Year Transactions and Balances**

	Original Issue Amount	Balance June 30, 2018	Retirements/ Adjustments	Balance June 30, 2019	Current Portion
<b>Tax Allocation Bonds:</b>					
Waterfront Redevelopment Project					
7.9%, due 5/1/19	\$2,485,000	\$295,000	\$295,000		
Marina Vista Project					
6.0-7.5%, due 9/1/20	3,335,000	715,000	220,000	\$495,000	\$235,000
Vallejo Central Project					
6.0-7.5%, due 9/1/20	1,900,000	605,000	185,000	420,000	205,000
Vallejo Housing Set Aside					
7.0%, due 10/1/31	5,410,000	3,255,000	195,000	3,060,000	210,000
Total Tax Allocation Bonds	13,130,000	4,870,000	895,000	3,975,000	650,000
<b>Other Obligations</b>					
Advances from the City of Vallejo	4,436,351	5,968,695	258,158	5,710,537	
Total Other Obligations	4,436,351	5,968,695	258,158	5,710,537	
Total Successor Agency Debt	\$17,566,351	\$10,838,695	\$1,153,158	\$9,685,537	\$650,000

**2. 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 RDA 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 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 held by the bond trustee and by incremental property tax revenues.

**Marina Vista and Vallejo Central Projects** – In August 1990, the Vallejo Public Financing Authority (PFA) issued Tax Allocation Bonds in the amount of \$5,235,000 to provide funds to the RDA 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 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

The bonds are secured by loan agreements between the former RDA and the PFA. The semi-annual loan payments by the RDA 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 Successor Agency.

**Vallejo Housing Set Aside** – In August 2001, the RDA issued Tax Allocation Bonds in the amount of \$5,410,000 to finance housing activities of the RDA 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 generated within the redevelopment project areas.

**Pledge of Tax Revenues** – As discussed above, the RDA has pledged all future tax increment revenues, less amounts required to be set aside in the RDA’s Low and Moderate Income Housing Fund, for the repayment of the Tax Allocation Bonds. The pledge of all future tax increment revenues ends upon repayment of \$5,515,637 remaining debt service on the Bonds above, which is scheduled to occur in 2032. With the dissolution of the RDA discussed above, Tax Increment is no longer distributed and instead the Successor Agency receives payments from the County’s Redevelopment Property Tax Trust fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In fiscal year 2019, the Successor Agency received sufficient RPTTF distributions to meet all bond obligations for the year.

3. Advances from the City

On February 12, 2015 the Oversight Board approved certain pre-dissolution loans between the City and RDA as enforceable obligations. The State DOF also approved a portion of these loans as enforceable obligations on March 26, 2015. With accrued interest at the State’s eligible interest rate of 0.27%, City loans approved for repayment by both the Oversight Board and the State DOF had a carrying value of \$4,483,965 at June 30, 2015.

On January 28, 2016, the Oversight Board passed resolution OB 16-002 to reaffirm its approval of the remaining pre-dissolution loans between the City and the RDA as enforceable obligations using new State criteria enacted through SB107. Because the State DOF did not act to approve or deny Oversight Board resolution 16-002 within the statutory review period, the resolution was deemed approved and the remaining pre-dissolution loans were re-established as of June 30, 2016. However, on November 30, 2016, the State DOF denied the Pre-1990 loans on the Agency’s Last and Final Recognized Obligation Payment Schedule (ROPS) submission. The Agency included the Pre-1990 loans from Oversight Board resolution 16-002 as a new, separate line item on the Fiscal Year 2017-18 annual ROPS to demonstrate the Agency’s intent to repay the obligation. On May 17, 2017, the State DOF denied them again. Therefore, the City recorded an allowance to offset the advances. The City will seek approval from City Council to write off these advances in Fiscal Year 2019-20. Following the State enactment of SB107, all pre-dissolution City/RDA loans bear a simple interest rate of 3%, and the City reduced the receivable for the three denied advances by the 3% interest accrued during fiscal year 2019.

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**(Continued)**

Repayment of these loans and the maximum annual repayment is governed by the Health and Safety Code Section 34176(e)(6). During Fiscal Year 2018-19, the Successor Agency made installment payments on outstanding City loans of \$374,202. The following is a summary of loan activity during the year ended June 30, 2019:

Balance, June 30, 2018	\$5,968,695
2018-19 interest at 3%	142,179
Current year loan payment	(374,202)
Adjustment for loans denied for repayment:	
2018-19 interest at 3%	(26,135)
	(26,135)
Balance, June 30, 2019	\$5,710,537

The loan balances as of June 30, 2019 are as follows:

	Principal	Accrued Interest	Total
Hiddenbrooke Overpass Capital Projects Fund	\$390,207	\$181,176	\$571,383
Bridge Construction Capital Projects Fund	359,337	220,328	579,665
Arts and Convention Center Capital Projects Fund	2,931,492	1,627,997	4,559,489
General Fund:			
Waterfront	162,805	865,495	1,028,300
Marina Vista		647,510	647,510
Central	708,372	909,972	1,618,344
Less Allowance for Doubtful Accounts	(871,177)	(2,422,977)	(3,294,154)
	\$3,681,036	\$2,029,501	\$5,710,537

**4. Debt Service Requirements**

Debt service requirements to maturity are shown below for all long-term debt, except the advances from the City, because the ultimate repayment terms cannot be determined at this time, as discussed above:

Ending June 30	Principal	Interest
2020	\$650,000	\$258,974
2021	695,000	209,613
2022	240,000	175,700
2023	255,000	158,375
2024	180,000	143,150
2025-2029	1,100,000	502,250
2030-2032	855,000	92,575
Total	\$3,975,000	\$1,540,637

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**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

**D. *Commitments and Contingencies***

1. Oversight Board and State Approval of Enforceable Obligations

The Successor Agency prepares an annual Recognized Obligation Payment Schedule (ROPS) that contains proposed expenditures for the upcoming fiscal year. All payment obligations are subject to annual review and re-approval by the Oversight Board and the State DOF. The City expects future adjustments by the Oversight Board and State DOF, if any, to be immaterial.

**NOTE 16 – SUBSEQUENT EVENTS**

**A. *Police Building Purchase***

Consistent with the City Council's Priority to Repair and Replace Key Public Safety Facilities, the City identified a parcel at 400 Mare Island Way that includes a building that will provide the space needed for Police Department operations. On February 12, 2019 the City Council approved a purchase agreement between the City and Alsation Land Company Vallejo, LLC. On July 25, 2019, the Buyers Settlement Statement was signed for \$13,464,770 and the Grant Deed was recorded by the County on July 31, 2019.

**B. *Marina Vista I and II, Marina Heights***

Solano Affordable Housing Foundation, owner (through affiliates) of the Marina Vista I and Marina Vista II, both affordable housing projects, will pay in full two outstanding balances on two bonds issued by the City in the amounts of \$9,875,000 (City of Vallejo Multifamily Housing Revenue Bonds (GNMA Mortgage Backed Securities Program) Series 1998A) and \$1,645,000 (City of Vallejo Subordinate Multifamily Housing Revenue Bonds (Solano Affordable Housing Foundation Pooled Projects) Series 1998 B). Consequently, two Regulatory Agreements and Declarations of Restrictive Covenants were terminated and were replaced with a single Regulatory Agreement by the new bond issuer, CalHFA. The City will be a third party beneficiary. The City was also paid in full for an outstanding loan made by the former redevelopment agency in the amount of \$21,704 and for delinquent administrative fees in the amount of \$14,356. The project will remain as affordable housing for the foreseeable future.

**C. *Loan Agreement with Community Housing Development Corporation***

On November 19, 2019, the City Council approved the Amended and Restated Loan Agreement with Community Housing Development Corporation to complete Sonoma Estates, a for-ownership affordable housing project. As a result, the construction schedule was revised to a completion date of November 30, 2021 and the total project budget has now increased from approximately \$8.3 million to \$10.4 million. The loan maturity date will also change to the fifth anniversary of the execution date of the amended agreement.

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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**CITY'S RETIREE MEDICAL BENEFITS (OPEB)**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**

Agent Multiple-Employer Plan  
Last 10 fiscal years\*

<b>Measurement Date</b>	<b>6/30/17</b>	<b>6/30/18</b>
<b>Total OPEB Liability</b>		
Service Cost	\$965,000	\$988,000
Interest	2,831,000	2,886,000
Changes in benefit terms	-	-
Differences between expected and actual experience	-	(5,289,000)
Changes of assumptions	-	(1,054,000)
Benefit payments	(2,957,000)	(2,997,000)
<b>Net change in total OPEB liability</b>	839,000	(5,466,000)
<b>Total OPEB liability - beginning</b>	44,063,000	44,902,000
<b>Total OPEB liability - ending (a)</b>	\$44,902,000	\$39,436,000
<b>Plan fiduciary net position</b>		
Contributions - employer	\$6,468,000	\$4,340,000
Contributions - employee	-	-
Net investment income	1,479,000	1,437,000
Benefit payments	(2,957,000)	(2,997,000)
Administrative expense	(42,000)	(76,000)
<b>Net change in plan fiduciary net position</b>	4,948,000	2,704,000
<b>Plan fiduciary net position - beginning</b>	13,034,000	17,982,000
<b>Plan fiduciary net position - ending (b)</b>	\$17,982,000	\$20,686,000
Net OPEB liability - ending (a)-(b)	\$26,920,000	\$18,750,000
Plan fiduciary net position as a percentage of the total OPEB liability	40.05%	52.45%
Covered-employee payroll	\$54,537,858	\$55,348,748
Net OPEB liability as a percentage of covered-employee payroll	49.36%	33.88%

\* Fiscal year 2018 was the first year of implementation.

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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**CITY'S RETIREE MEDICAL BENEFITS (OPEB)  
SCHEDULE OF CONTRIBUTIONS  
Agent Multiple-Employer Plan  
Last 10 fiscal years\***

<b>Fiscal Year Ended June 30,</b>	<u><b>2018</b></u>	<u><b>2019</b></u>
Actuarially determined contribution	\$2,994,000	\$2,321,000
Contributions in relation to the actuarially determined contribution	<u>4,340,000</u>	<u>2,941,000</u>
Contribution deficiency (excess)	<u>(\$1,346,000)</u>	<u>(\$620,000)</u>
Covered-employee payroll	<u>\$55,348,748</u>	<u>\$58,767,558</u>
Contributions as a percentage of covered-employee payroll	7.84%	5.00%

**Notes to Schedule**

Valuation date:	6/30/2016	6/30/2018
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Methods and assumptions used to determine contribution rates:

Valuation Date	6/30/2016	6/30/2018
Actuarial Assumptions (6/30/2019 valuation):		
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll	
Amortization Method	Level percent of pay	
Amortization Period	21-year fixed period on average for 2018/19	
Asset Valuation Method	Investment gains and losses spread over 5 year rolling period	
Discount Rate	6.75%	
General Inflation	2.75%	
Medical Trend	Non-Medicare -7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076	
	Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076	
Mortality	CalPERS 1997-2015 experience study	
Mortality Improvement	MP-2018	
All Other Assumptions	Same as those used to determine the total OPEB liability	

\* Fiscal year 2018 was the first year of implementation.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Vallejo Flood and Wastewater District  
Schedule of Changes in the Net OPEB Liability and Related Ratios  
Last Ten Fiscal Years (1)**

<b>For the Measurement Period Ended June 30</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Total OPEB Liability</b>			
Service Cost	\$323,479	\$341,502	\$351,747
Interest	1,166,959	1,209,603	1,252,722
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(6,230)	-
Changes of assumptions	-	-	-
Benefit Payments	(836,221)	(940,234)	(981,223)
Net change in Total OPEB Liability	654,217	604,641	623,246
Total OPEB Liability at beginning of year	16,150,348	16,804,565	17,409,206
<b>Total OPEB Liability at end of year</b>	<b>\$16,804,565</b>	<b>\$17,409,206</b>	<b>\$18,032,452</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$1,336,221	\$1,440,234	\$1,481,223
Contributions - member	171,665	156,902	173,100
Net investment income	794,510	83,311	1,070,440
Benefit payments	(836,221)	(940,234)	(981,223)
Administrative expenses	(36,633)	(3,094)	(2,348)
Net change in Plan Fiduciary Net Position	1,429,542	737,119	1,741,192
Plan Fiduciary Net Position at beginning of year	6,298,606	7,728,148	8,465,267
<b>Plan Fiduciary Net Position at end of year</b>	<b>\$7,728,148</b>	<b>\$8,465,267</b>	<b>\$10,206,459</b>
<b>Authority's Net OPEB Liability (Asset) at end of year</b>	<b>\$9,076,417</b>	<b>\$8,943,939</b>	<b>\$7,825,993</b>
<b>Plan's Fiduciary Net Position as percentage of Total OPEB Liability</b>	46.0%	48.6%	56.6%
<b>Covered-employee payroll</b>	\$8,022,329	\$8,334,837	\$10,102,073
<b>Net OPEB Liability as percentage of covered-employee payroll</b>	113.14%	107.31%	77.47%

**Notes:**

(1) Fiscal year 2017 was the first year of implementation



<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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**Vallejo Flood and Waste water District  
Schedule of Contributions  
Last Ten Fiscal Years (1)**

For the Fiscal Year Ended June 30	2017	2018	2019
Actuarially Determined Contributions	\$1,092,974	\$1,050,709	\$1,082,230
Employer Contributions	1,336,221	1,440,234	1,481,223
Contribution Deficiency (Excess)	(\$243,247)	(\$389,525)	(\$398,993)
Covered-Employee Payroll	\$8,022,329	\$8,334,837	\$10,102,073
Contributions as percentage of covered-employee payroll	16.66%	17.28%	14.66%

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Valuation date	January 1, 2016	January 1, 2018	January 1, 2018
Discount rate	7.25%	7.25%	7.25%
General inflation	2.75%	2.75%	2.75%
Demographic assumptions	CalPERS 1997-2011	CalPERS 1997-2011	CalPERS 1997-2011
Mortality Rate	Modified MP - 2014	Based on the CalPERS mortality tables for Public Agencies	Based on the CalPERS mortality tables for Public Agencies
Healthcare Trend Rate	6.50% initially grading down to 4.50% ultimate	6.50% initially grading down to 4.50% ultimate	6.50% initially grading down to 4.50% ultimate

(1) Fiscal year 2017 was the first year of implementation

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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**Vallejo Flood and Wastewater District**  
Schedule of Investment Returns  
Last Ten Fiscal Years (1)

For the Fiscal Year Ended June 30	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	12.40%	5.70%	12.20%

*Notes:*

(1) Fiscal year 2017 was the first year of implementation

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Miscellaneous Plan - Agent Multiple-Employer Defined Benefit Pension Plan  
Last 10 Years\*

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
<b>Total Pension Liability</b>					
Service Cost	\$3,707,801	\$3,687,869	\$3,796,340	\$4,404,558	\$4,397,962
Interest	17,746,245	18,270,528	18,913,669	19,104,676	19,468,568
Differences between expected and actual experience	-	(1,151,730)	1,132,193	(2,220,738)	(1,082,338)
Changes in assumptions	-	(4,077,633)	-	14,463,351	(1,680,478)
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(13,630,142)	(14,371,625)	(15,103,869)	(15,488,076)	(15,819,384)
<b>Net change in total pension liability</b>	<b>7,823,904</b>	<b>2,357,409</b>	<b>8,738,333</b>	<b>20,263,771</b>	<b>5,284,330</b>
<b>Total pension liability - beginning</b>	<b>241,577,765</b>	<b>249,401,669</b>	<b>251,759,078</b>	<b>260,497,411</b>	<b>280,761,182</b>
<b>Total pension liability - ending (a)</b>	<b>\$249,401,669</b>	<b>\$251,759,078</b>	<b>\$260,497,411</b>	<b>\$280,761,182</b>	<b>\$286,045,512</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$5,801,786	\$5,947,979	\$6,951,327	\$7,619,965	\$7,923,395
Contributions - employee	1,849,941	1,825,329	1,920,952	1,922,977	1,839,196
Net investment income (1)	24,872,487	3,661,248	810,323	17,221,783	14,227,594
Net plan to plan resource movement	-	-	(576)	-	(413)
Administrative expense	-	(184,697)	(99,958)	(230,440)	(264,187)
Other Miscellaneous Expense	-	-	-	-	(501,696)
Benefit payments, including refunds of employee contributions	(13,630,142)	(14,371,625)	(15,103,869)	(15,488,076)	(15,819,384)
<b>Net change in plan fiduciary net position</b>	<b>18,894,072</b>	<b>(3,121,766)</b>	<b>(5,521,801)</b>	<b>11,046,209</b>	<b>7,404,505</b>
<b>Plan fiduciary net position - beginning</b>	<b>148,241,643</b>	<b>167,135,715</b>	<b>164,013,949</b>	<b>158,492,148</b>	<b>169,538,357</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$167,135,715</b>	<b>\$164,013,949</b>	<b>\$158,492,148</b>	<b>\$169,538,357</b>	<b>\$176,942,862</b>
Net pension liability - ending (a)-(b)	\$82,265,954	\$87,745,129	\$102,005,263	\$111,222,825	\$109,102,650
Plan fiduciary net position as a percentage of the total pension liability	67.01%	65.15%	60.84%	60.39%	61.86%
Covered payroll	\$19,462,126	\$20,358,941	\$21,778,435	\$20,887,797	\$22,403,043
Net pension liability as percentage of covered payroll	422.70%	430.99%	468.38%	532.48%	487.00%

**Notes to Schedule:**

(1) Net of administrative expenses in 2014.

**Benefit changes.** The figures above do not include any liability impact that may have resulted from plan changes which occurred after the actuarial valuation date. This applies for voluntary benefit changes.

**Changes in assumptions.** GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts were based on the 7.5% discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement dates.

\* - Fiscal year 2015 was the first year of implementation.

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CONTRIBUTIONS

Miscellaneous Plan - Agent Multiple-Employer Defined Benefit Pension Plan  
Last 10 Years\*

Fiscal Year Ended June 30,	2015	2016	2017	2018	2019
Actuarially determined contribution	\$5,947,949	\$6,951,327	\$7,641,298	\$7,920,957	\$9,183,028
Contributions in relation to the actuarially determined contributions	5,947,949	6,951,327	7,641,298	7,920,957	9,183,028
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$20,358,941	\$21,778,435	\$20,887,797	\$22,403,043	\$22,605,141
Contributions as a percentage of covered payroll	29.22%	31.92%	36.58%	35.36%	40.62%

#### Notes to Schedule

Valuation date: 6/30/2012      6/30/2013      6/30/2014      6/30/2015      6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	15 Year Smoothed Market
Inflation	2.50%
Payroll Growth	3.00%
Investment rate of return	7.15%
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

\* - Fiscal year 2015 was the first year of implementation.

## REQUIRED SUPPLEMENTARY INFORMATION

### SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Safety Plan - Agent Multiple-Employer Defined Benefit Pension Plan  
Last 10 Years\*

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
<b>Total Pension Liability</b>					
Service Cost	\$5,410,714	\$5,665,531	\$6,037,920	\$7,141,768	\$6,785,852
Interest	30,833,294	31,830,406	32,721,025	32,842,161	33,457,665
Differences between expected and actual experience	-	463,336	(675,259)	(8,355,331)	(2,324,275)
Changes in assumptions	-	(7,623,305)	-	26,697,946	(2,031,814)
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(23,513,099)	(24,963,470)	(25,766,118)	(26,330,644)	(27,352,200)
<b>Net change in total pension liability</b>	<b>12,730,909</b>	<b>5,372,498</b>	<b>12,317,568</b>	<b>31,995,900</b>	<b>8,535,228</b>
<b>Total pension liability - beginning</b>	<b>420,161,774</b>	<b>432,892,683</b>	<b>438,265,181</b>	<b>450,582,749</b>	<b>482,578,649</b>
<b>Total pension liability - ending (a)</b>	<b>\$432,892,683</b>	<b>\$438,265,181</b>	<b>\$450,582,749</b>	<b>\$482,578,649</b>	<b>\$491,113,877</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$9,034,348	\$10,188,345	\$12,077,355	\$12,539,589	\$13,510,984
Contributions - employee	2,517,611	2,574,737	2,498,407	2,468,689	2,402,540
Net investment income (1)	43,593,695	6,292,622	1,329,651	29,790,194	24,365,266
Administrative expense	-	(320,958)	(173,865)	(400,264)	(457,067)
Plan to Plan resource movement	-	(115)	-	-	(712)
Other Miscellaneous Expense	-	-	-	-	(867,978)
Benefit payments, including refunds of employee contributions	(23,513,099)	(24,963,470)	(25,766,118)	(26,330,644)	(27,352,200)
<b>Net change in plan fiduciary net position</b>	<b>31,632,555</b>	<b>(6,228,839)</b>	<b>(10,034,570)</b>	<b>18,067,564</b>	<b>11,600,833</b>
<b>Plan fiduciary net position - beginning</b>	<b>259,879,150</b>	<b>291,511,705</b>	<b>285,282,866</b>	<b>275,248,296</b>	<b>293,315,860</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$291,511,705</b>	<b>\$285,282,866</b>	<b>\$275,248,296</b>	<b>\$293,315,860</b>	<b>\$304,916,693</b>
Net pension liability - ending (a)-(b)	\$141,380,978	\$152,982,315	\$175,334,453	\$189,262,789	\$186,197,184
Plan fiduciary net position as a percentage of the total pension liability	67.34%	65.09%	61.09%	60.78%	62.09%
Covered payroll	\$19,082,521	\$20,922,604	\$21,563,045	\$19,733,377	\$20,349,393
Net pension liability as percentage of covered payroll	740.89%	731.18%	813.12%	959.10%	915.00%

#### Notes to Schedule:

(1) Net of administrative expenses in 2014.

**Benefit changes.** The figures above do not include any liability impact that may have resulted from plan changes which occurred after the actuarial valuation date. This applies for voluntary benefit changes.

**Changes in assumptions.** GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amount reported were based on the 7.5% discount rate. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement dates.

\* - Fiscal year 2015 was the first year of implementation.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS**

Safety Plan - Agent Multiple-Employer Defined Benefit Pension Plan  
Last 10 Years\*

Fiscal Year Ended June 30,	2015	2016	2017	2018	2019
Actuarially determined contribution	\$10,188,345	\$12,077,355	\$12,582,017	\$13,511,840	\$15,641,590
Contributions in relation to the actuarially determined contributions	10,188,345	12,077,355	12,582,017	13,511,840	15,641,590
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$20,922,604	\$21,563,045	\$19,733,377	\$20,349,393	\$21,152,620
Contributions as a percentage of covered payroll	48.70%	56.01%	63.76%	66.40%	73.95%
<b>Notes to Schedule</b>					
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	15 Year Smoothed Market
Inflation	2.50%
Payroll Growth	3.00%
Investment rate of return	7.15%
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using Scale BB published by the Society of Actuaries.
Mortality	

\*- Fiscal year 2015 was the first year of implementation.

**REQUIRED SUPPLEMENTARY INFORMATION**

Vallejo Flood and Wastewater District  
 Cost-Sharing Multiple-Employer Defined Benefit Pension Plan  
 Last 10 Years\*  
**SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE  
 OF THE NET PENSION LIABILITY  
 AND RELATED RATIOS AS OF THE MEASUREMENT DATE**

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Plan's proportion of the Net Pension Liability (Asset)	0.18915%	0.14712%	0.56725%	0.57650%	0.59373%
Plan's proportion share of the Net Pension Liability (Asset)	\$11,769,980	\$15,432,136	\$19,705,443	\$22,725,984	\$22,376,039
Plan's Covered Payroll	\$7,602,013	\$7,940,275	\$8,022,329	\$8,334,837	\$8,773,484
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	154.83%	194.35%	245.63%	272.66%	255.04%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	79.82%	78.40%	74.06%	73.31%	73.69%

Notes to Schedule:

**Benefit Changes** - In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary, instead of a final five-year average salary.

**Changes in Assumptions** - In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

\* - Fiscal year 2015 was the first year of implementation.

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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**Vallejo Flood and Wastewater District**  
**Cost-Sharing Multiple-Employer Defined Benefit Pension Plan**  
**Schedule of Contributions**  
**Last 10 Fiscal Years\***

<b>Fiscal Year Ended June 30,</b>	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>
Actuarially determined contribution	\$1,274,837	\$1,064,678	\$899,758	\$911,598	\$984,716
Contributions in relation to the actuarially determined contributions	<u>(1,274,837)</u>	<u>(1,064,678)</u>	<u>(899,758)</u>	<u>(911,598)</u>	<u>(984,716)</u>
Contribution deficiency (excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
 Covered payroll	 \$7,693,775	 \$7,924,588	 \$8,022,329	 \$8,334,837	 \$8,773,484
Contributions as a percentage of covered payroll	16.57%	13.44%	11.22%	10.94%	11.22%

\* - Fiscal year 2015 is the first year of implementation.

Source: VFWD's general ledger and CalPERS Actuarial Valuation





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## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

**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.

**Neighborhood Stabilization Program Fund** accounts for monies received and expended by the City as a participant in the Federal NSP Grant.

**Mare Island Base Reuse Fund** accounts for monies received from tenants placed on the former Mare Island Naval Shipyard during the conversion process. It also accounts for operating costs to support ongoing development programs on the island. Funds are restricted for use on the island.

**Mare Island CFD 2002 Fund** accounts for monies received from general taxes and from property owner assessments for maintenance and repair of infrastructure and facilities on the former Mare Island Naval Shipyard.

**Mare Island CFD 2005 1A (State) Fund** accounts for transactions of this district formed under state statute to provide municipal services within the district.

**Mare Island CFD 2005 1B (Local) Fund** accounts for transactions of this district formed under local statute to provide municipal services within the district.

**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.

**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 and related recycling program grants.

**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.

**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.

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

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

**Office of Traffic Safety Fund** accounts for the award and expenditure of grants from the California Office of Traffic Safety.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**Justice Assistance Grant Fund** accounts for revenues received from the Justice Assistance Grant.

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

**Cadet Program Fund** accounts for fee revenues and related staff costs of the Police Cadet Program. The Cadets provide security services to various city programs.

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

**State Lands Fund** accounts for lease rentals generated from City-owned waterfront property subject to State Lands Commission restrictions.

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

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

**Emergency Disaster Fund** accounts for monies received and expended for activities related to damages from the 2014 South Napa earthquake, including federal and State grant revenues.

**NLP Nuisance Abatement Fund** accounts for monies received and used to demolish dangerous buildings or prevent escalating nuisance conditions.

#### **DEBT SERVICE FUND**

**Certificates of Participation Fund** accounts for the accumulation of lease revenue and the payments of annual General Fund debt service requirements. Debt issues include the 1999, 2000, 2002, and 2003 certificates of participation.

#### **CAPITAL PROJECTS FUNDS**

**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.

**Bridge Construction Fund** accounts for monies received from the Bridge Construction Development Tax Ordinance.

**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.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**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.

**Mare Island CFD 2005 1A Facilities Fund** accounts for transactions of this district formed under state statute to provide municipal facilities within the district.

**Traffic Congestion Relief Fund** accounts for street maintenance and capital expenditures to be paid from State Proposition 42 allocations.

**Capital Grants & Contributions Fund** accounts for capital project expenditures to be reimbursed from by granting agencies, developers, or other third parties.

**Neighborhood Parks (GVRD) Fund** accounts for park development impact fee revenue and for contributions to the Greater Vallejo Recreation District for park improvements.

**Vallejo Station Capital Projects Fund** accounts for grants received to support construction of a new Transit Center and related parking structure in downtown Vallejo.

**Long-Term Maintenance Fund** accounts for revenues received from cell tower leases for use on long term repairs and maintenance expenditures.

**Arts and Convention Center Fund** accounts for the Empress Theatre advances to the former Redevelopment Agency.

**Columbus Parkway Improvements Fund** accounts for monies received from a developer for the Columbus Parkway widening project.

**Empress Theater Fund** accounts for the maintenance of Empress Theater.

**Road Maintenance and Rehabilitation Act Fund** accounts for street maintenance and capital projects to be paid from Senate Bill (SB) 1 allocation.

**Waterfront History Park Capital Project Fund** accounts for the administration of funds allocated by City Council and donations made to the Waterfront History Park Project.

**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, 2019

SPECIAL REVENUE FUNDS

	Community Development Block Grant Fund #101	HOME Program Fund # 102	Neighborhood Stabilization Program Fund #103	Mare Island Base Reuse Fund #107	Mare Island CFD 2002 Fund #112
<b>ASSETS</b>					
Cash and investments		\$1,408,208	\$39,269	\$806,570	\$5,460,779
Restricted cash and investments held with fiscal agent					
Accounts receivable	\$905	28,384	995	1,065	
Due from other governments	176,361	31,750			
Notes and loans receivable	2,084,092	4,263,712	2,153,551		
Materials and supplies					
Total Assets	<u>\$2,261,358</u>	<u>\$5,732,054</u>	<u>\$2,193,815</u>	<u>\$807,635</u>	<u>\$5,460,779</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$58,947	\$9,680		\$7,968	\$38,304
Due to other funds	118,319				
Due to other governments					
Unearned revenue - Grants				31,048	6,245
Deposits payable				7,785	
Total Liabilities	<u>177,266</u>	<u>9,680</u>		<u>46,801</u>	<u>44,549</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - accounts receivable		23,750			
Unavailable revenue - interest receivable					
Unavailable revenue - notes and loans receivable	2,084,092	4,263,712	\$2,153,551		
Total Deferred Inflows of Resources	<u>2,084,092</u>	<u>4,287,462</u>	<u>2,153,551</u>		
<b>FUND BALANCES</b>					
Fund balances					
Nonspendable					
Restricted		1,434,912	40,264		5,416,230
Committed				760,834	
Assigned					
Unassigned					
Total Fund Balances		<u>1,434,912</u>	<u>40,264</u>	<u>760,834</u>	<u>5,416,230</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$2,261,358</u>	<u>\$5,732,054</u>	<u>\$2,193,815</u>	<u>\$807,635</u>	<u>\$5,460,779</u>

SPECIAL REVENUE FUNDS

Mare Island CFD 2005 1A (State) Fund #113	Mare Island CFD 2005 1B (Local) Fund #114	State Gas Tax Fund #133	Solid Waste Disposal Fund #135	Hiddenbrooke Community Services District Fund #138	Landscape Maintenance Districts Fund #161-188	Assets Seizure Fund #139	Traffic Offender/ Vehicle Impound Program Fund #140
\$290,782	\$1,485,294	\$24,539	\$261,362	\$3,434,647	\$13,218,649	\$559,579	\$20,659
		323,624 70,724	33,684 11,298			3,000	
<u>\$290,782</u>	<u>\$1,485,294</u>	<u>\$418,887</u>	<u>\$306,344</u>	<u>\$3,434,647</u>	<u>\$13,218,649</u>	<u>\$562,579</u>	<u>\$20,659</u>
\$9,922	\$518	\$147,457	\$22,541	\$134,236	\$193,580	\$11,742	
			202,928	210,158		7,353	
						255,765	
<u>9,922</u>	<u>518</u>	<u>147,457</u>	<u>225,469</u>	<u>344,394</u>	<u>193,580</u>	<u>274,860</u>	
280,860	\$1,484,776	271,430		3,090,253	13,025,069	3,000 284,719	\$20,659
			80,875				
<u>280,860</u>	<u>1,484,776</u>	<u>271,430</u>	<u>80,875</u>	<u>3,090,253</u>	<u>13,025,069</u>	<u>287,719</u>	<u>20,659</u>
<u>\$290,782</u>	<u>\$1,485,294</u>	<u>\$418,887</u>	<u>\$306,344</u>	<u>\$3,434,647</u>	<u>\$13,218,649</u>	<u>\$562,579</u>	<u>\$20,659</u>

(Continued)

CITY OF VALLEJO  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2019

	SPECIAL REVENUE FUNDS				
	Office of Traffic Safety Fund #146	Justice Assistance Grant Fund #149	Supplemental Law Enforcement Grant Fund #151	Cadet Program Fund #152	Outside Services Fund #129
<b>ASSETS</b>					
Cash and investments			\$713,928	\$46,723	\$899,497
Restricted cash and investments held with fiscal agent					
Accounts receivable					3,549
Due from other governments	\$33,695	\$633			
Notes and loans receivable					
Materials and supplies					
Total Assets	\$33,695	\$633	\$713,928	\$46,723	\$903,046
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities			\$10,248		\$100,759
Due to other funds	\$33,695	\$633			
Due to other governments					
Unearned revenue - Grants					
Deposits payable					802,287
Total Liabilities	33,695	633	10,248		903,046
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - accounts receivable					
Unavailable revenue - interest receivable					
Unavailable revenue - notes and loans receivable					
Total Deferred Inflows of Resources					
<b>FUND BALANCES</b>					
Fund balances					
Nonspendable					
Restricted			703,680	\$46,723	
Committed					
Assigned					
Unassigned					
Total Fund Balances			703,680	46,723	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$33,695	\$633	\$713,928	\$46,723	\$903,046

SPECIAL REVENUE FUNDS					DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	
State Lands Fund #134	Hazmat Revolving Fund #143	Administrative Trust Fund #601	Emergency Disaster Fund #109	NLP Nuisance Abatement Fund #147	Certificates of Participation Fund #-various	Transportation Impact Mitigation Fund #203	Bridge Construction Fund #204
		\$788,308	\$1,495,571	\$578,046		\$3,990,053	\$353,507
\$138,508	\$10,609		30,501		\$248,644		
						89,088	579,665
<u>\$138,508</u>	<u>\$10,609</u>	<u>\$788,308</u>	<u>\$1,526,072</u>	<u>\$578,046</u>	<u>\$248,644</u>	<u>\$4,079,141</u>	<u>\$933,172</u>
\$404 135,737	\$10,609	\$380	\$26,918			\$1,114	
980 1,387		787,928	438,978				
<u>138,508</u>	<u>10,609</u>	<u>788,308</u>	<u>465,896</u>			<u>1,114</u>	
							\$220,328
							<u>220,328</u>
					\$248,644	\$4,078,027	712,844
			1,060,176	\$578,046			
			1,060,176	578,046	248,644	4,078,027	712,844
<u>\$138,508</u>	<u>\$10,609</u>	<u>\$788,308</u>	<u>\$1,526,072</u>	<u>\$578,046</u>	<u>\$248,644</u>	<u>\$4,079,141</u>	<u>\$933,172</u>

(Continued)



CITY OF VALLEJO  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2019

	CAPITAL PROJECTS FUNDS				
	Northgate Fee & Benefit District #94-1 Fund #208	Hiddenbrooke Overpass Fund #211	Mare Island CFD 2005 1A Facilities Fund #213	Traffic Congestion Relief Fund #219	Capital Grants & Contributions Fund #221
<b>ASSETS</b>					
Cash and investments	\$248,587	\$7,687,322	\$1,441,069	\$601,324	\$73,082
Restricted cash and investments held with fiscal agent					
Accounts receivable					
Due from other governments					637,779
Notes and loans receivable		571,383			
Materials and supplies					
Total Assets	<u>\$248,587</u>	<u>\$8,258,705</u>	<u>\$1,441,069</u>	<u>\$601,324</u>	<u>\$710,861</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities		\$13,216	\$259	\$33,364	\$114,377
Due to other funds					
Due to other governments					
Unearned revenue - Grants					511,141
Deposits payable					
Total Liabilities		<u>13,216</u>	<u>259</u>	<u>33,364</u>	<u>625,518</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - accounts receivable					
Unavailable revenue - interest receivable		181,176			
Unavailable revenue - notes and loans receivable					
Total Deferred Inflows of Resources		<u>181,176</u>			
<b>FUND BALANCES</b>					
Fund balances					
Nonspendable					
Restricted	\$248,587	8,064,313	\$1,440,810	567,960	85,343
Committed					
Assigned					
Unassigned					
Total Fund Balances	<u>248,587</u>	<u>8,064,313</u>	<u>1,440,810</u>	<u>567,960</u>	<u>85,343</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$248,587</u>	<u>\$8,258,705</u>	<u>\$1,441,069</u>	<u>\$601,324</u>	<u>\$710,861</u>

CAPITAL PROJECTS FUNDS

Neighborhood Parks (GVRD) Fund #137	Vallejo Station Fund # 222	Long-Term Maintenance Fund #223	Arts and Convention Center Fund #206	Columbus Parkway Improvements Fund #224	Empress Theater Fund #225	Road Maintenance and Rehabilitation Act Fund #226
\$540,544		\$789,132	\$77,200	\$1,966,504	\$41,888	\$822,338
190,127	\$550,670		4,559,489		48,242	390,291
<u>\$730,671</u>	<u>\$550,670</u>	<u>\$789,132</u>	<u>\$4,636,689</u>	<u>\$1,966,504</u>	<u>\$90,130</u>	<u>\$1,212,629</u>
	\$182,852 367,818				\$66,713	\$61,740
	<u>550,670</u>				<u>66,713</u>	<u>61,740</u>
\$51,366			\$1,627,997		48,242	
<u>51,366</u>			<u>1,627,997</u>		<u>48,242</u>	
679,305		\$664,615 124,517	3,008,692	\$1,966,504		1,150,889
					(24,825)	
<u>679,305</u>		<u>789,132</u>	<u>3,008,692</u>	<u>1,966,504</u>	<u>(24,825)</u>	<u>1,150,889</u>
<u>\$730,671</u>	<u>\$550,670</u>	<u>\$789,132</u>	<u>\$4,636,689</u>	<u>\$1,966,504</u>	<u>\$90,130</u>	<u>\$1,212,629</u>

(Continued)

CITY OF VALLEJO  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2019

	CAPITAL PROJECTS FUND	PERMANENT FUND	Total Nonmajor Governmental Funds
	Waterfront History Park Fund # 227	McCune Collection Fund #603	
<b>ASSETS</b>			
Cash and investments	\$10,000	\$105,659	\$50,280,619
Restricted cash and investments held with fiscal agent			248,644
Accounts receivable			541,323
Due from other governments			1,933,702
Notes and loans receivable			14,539,349
Materials and supplies			3,000
Total Assets	<u>\$10,000</u>	<u>\$105,659</u>	<u>\$67,546,637</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities		\$326	\$1,247,565
Due to other funds			666,811
Due to other governments			7,353
Unearned revenue - Grants			1,401,478
Deposits payable			1,855,152
Total Liabilities		<u>326</u>	<u>5,178,359</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - accounts receivable			23,750
Unavailable revenue - interest receivable			2,080,867
Unavailable revenue - notes and loans receivable			8,549,597
Total Deferred Inflows of Resources			<u>10,654,214</u>
<b>FUND BALANCES</b>			
Fund balances			
Nonspendable		64,625	67,625
Restricted		40,708	43,417,005
Committed	\$10,000		3,979,999
Assigned			4,274,260
Unassigned			(24,825)
Total Fund Balances	<u>10,000</u>	<u>105,333</u>	<u>51,714,064</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$10,000</u>	<u>\$105,659</u>	<u>\$67,546,637</u>



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CITY OF VALLEJO  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant Fund #101	Home Program Fund # 102	Neighborhood Stabilization Program Fund #103	Mare Island Base Reuse Fund #107	Mare Island CFD 2002 Fund #112
REVENUES					
Taxes					\$1,439,700
Licenses, permits and fees					
Fines and forfeitures					
Intergovernmental	\$318,050	\$61,945			
Use of money and property	13,955	620,210	\$28,630	\$111,826	141,083
Charges for services				30,839	2,578,807
Other					38
Total Revenues	<u>332,005</u>	<u>682,155</u>	<u>28,630</u>	<u>142,665</u>	<u>4,159,628</u>
EXPENDITURES					
Current:					
Executive					
Law					
Community development	332,005	431,030	422,412	361,802	
Planning and development services					
Fire services					1,895,000
Police services					606,000
Public works					1,040,835
Capital outlay					212,316
Debt Service:					
Principal					
Interest and fiscal agent fees					
Total Expenditures	<u>332,005</u>	<u>431,030</u>	<u>422,412</u>	<u>361,802</u>	<u>3,754,151</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>251,125</u>	<u>(393,782)</u>	<u>(219,137)</u>	<u>405,477</u>
OTHER FINANCING SOURCES (USES)					
Transfers in				25,000	
Transfers (out)					
Total Other Financing Sources (Uses)				<u>25,000</u>	
NET CHANGE IN FUND BALANCES		251,125	(393,782)	(194,137)	405,477
BEGINNING FUND BALANCES		<u>1,183,787</u>	<u>434,046</u>	<u>954,971</u>	<u>5,010,753</u>
ENDING FUND BALANCES		<u>\$1,434,912</u>	<u>\$40,264</u>	<u>\$760,834</u>	<u>\$5,416,230</u>

SPECIAL REVENUE FUNDS

Mare Island CFD 2005 1A (State) Fund #113	Mare Island CFD 2005 1B (Local) Fund #114	State Gas Tax Fund #133	Solid Waste Disposal Fund #135	Hiddenbrooke Community Services District Fund #138	Landscape Maintenance Districts Fund #161-188	Asset Seizure Fund #139	Traffic Offender/ Vehicle Impound Program Fund #140
			\$16,781				\$50,553
			3,375			\$23,143	
\$9,670	\$47,328	\$2,646,359	122,742	\$105,882	\$403,771	22,354	653
281,572	112,257	1,859	16,446	766,762	3,924,630		
		1,224,998	1,489,649				
		60,468					
<u>291,242</u>	<u>159,585</u>	<u>3,933,684</u>	<u>1,648,993</u>	<u>872,644</u>	<u>4,328,401</u>	<u>45,497</u>	<u>51,206</u>
310,816	7,011	3,331,148	1,665,144	586,081	2,574,432	210,267	37,264
				12,379	54,735		
<u>310,816</u>	<u>7,011</u>	<u>3,331,148</u>	<u>1,665,144</u>	<u>598,460</u>	<u>2,629,167</u>	<u>210,267</u>	<u>37,264</u>
(19,574)	152,574	602,536	(16,151)	274,184	1,699,234	(164,770)	13,942
		(399,605)				(50,000)	
		(399,605)				(50,000)	
(19,574)	152,574	202,931	(16,151)	274,184	1,699,234	(214,770)	13,942
300,434	1,332,202	68,499	97,026	2,816,069	11,325,835	502,489	6,717
<u>\$280,860</u>	<u>\$1,484,776</u>	<u>\$271,430</u>	<u>\$80,875</u>	<u>\$3,090,253</u>	<u>\$13,025,069</u>	<u>\$287,719</u>	<u>\$20,659</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, 2019

	SPECIAL REVENUE FUNDS				
	Office of Traffic Safety Fund #146	Justice Assistance Grant Fund #149	Supplemental Law Enforcement Grant Fund #151	Cadet Program Fund #152	Outside Services Fund #129
<b>REVENUES</b>					
Taxes					
Licenses, permits and fees					
Fines and forfeitures					
Intergovernmental	\$96,237	\$3,935	\$181,243		
Use of money and property			20,588	\$1,544	\$39,430
Charges for services					766,961
Other				2,128	
Total Revenues	96,237	3,935	201,831	3,672	806,391
<b>EXPENDITURES</b>					
Current:					
Executive					136,089
Law					
Community development					
Planning and development services					630,872
Fire services					
Police services	96,237	3,935	72,662	1,786	
Public works					
Capital outlay					
Debt Service:					
Principal					
Interest and fiscal agent fees					
Total Expenditures	96,237	3,935	72,662	1,786	766,961
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
			129,169	1,886	39,430
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
Transfers (out)					(39,430)
Total Other Financing Sources (Uses)					(39,430)
<b>NET CHANGE IN FUND BALANCES</b>					
			129,169	1,886	
<b>BEGINNING FUND BALANCES</b>					
			574,511	44,837	
<b>ENDING FUND BALANCES</b>					
			\$703,680	\$46,723	

SPECIAL REVENUE FUNDS					DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	
State Lands Fund #134	Hazmat Revolving Fund #143	Administrative Trust Fund #601	Emergency Disaster Fund #109	NLP Nuisance Abatement Fund #147	Certificates of Participation Fund #-various	Transportation Impact Mitigation Fund #203	Bridge Construction Fund #204
						\$503,471	
\$476,882	\$27 41,818	\$25,855	\$166,380	\$16,881	\$2,671	127,644	\$7,271
		30,193		152,819			
<u>476,882</u>	<u>41,845</u>	<u>56,048</u>	<u>166,380</u>	<u>169,700</u>	<u>2,671</u>	<u>631,115</u>	<u>7,271</u>
94,844				5,280			
	41,845						
		30,192					
			150,333		9,000	4,500 82,491	4,500
					913,490 256,548		
<u>94,844</u>	<u>41,845</u>	<u>30,192</u>	<u>150,333</u>	<u>5,280</u>	<u>1,179,038</u>	<u>86,991</u>	<u>4,500</u>
382,038		25,856	16,047	164,420	(1,176,367)	544,124	2,771
(382,038)		(25,856)			1,174,446		129,694 (7,604)
(382,038)		(25,856)	-	-	1,174,446		122,090
			16,047	164,420	(1,921)	544,124	124,861
			1,044,129	413,626	250,565	3,533,903	587,983
			\$1,060,176	\$578,046	\$248,644	\$4,078,027	\$712,844

(Continued)



CITY OF VALLEJO  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019

	CAPITAL PROJECTS FUNDS				
	Northgate Fee & Benefit District #94-1 Fund #208	Hiddenbrooke Overpass Fund #211	Mare Island CFD 2005 1A Facilities Fund #213	Traffic Congestion Relief Fund #219	Capital Grants & Contributions Fund #221
REVENUES					
Taxes					
Licenses, permits and fees					
Fines and forfeitures					
Intergovernmental					\$756,450
Use of money and property	\$8,395	\$256,229	\$46,069	\$24,737	19,494
Charges for services			100,006		
Other					188,135
Total Revenues	<u>8,395</u>	<u>256,229</u>	<u>146,075</u>	<u>24,737</u>	<u>964,079</u>
EXPENDITURES					
Current:					
Executive					
Law					
Community development					
Planning and development services					
Fire services					
Police services					
Public works	4,500	4,500	6,451		
Capital outlay		15,133		1,139,744	944,586
Debt Service:					
Principal					
Interest and fiscal agent fees					
Total Expenditures	<u>4,500</u>	<u>19,633</u>	<u>6,451</u>	<u>1,139,744</u>	<u>944,586</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>3,895</u>	<u>236,596</u>	<u>139,624</u>	<u>(1,115,007)</u>	<u>19,493</u>
OTHER FINANCING SOURCES (USES)					
Transfers in				399,605	
Transfers (out)		(7,477)			
Total Other Financing Sources (Uses)		<u>(7,477)</u>		<u>399,605</u>	
NET CHANGE IN FUND BALANCES					
	3,895	229,119	139,624	(715,402)	19,493
BEGINNING FUND BALANCES	<u>244,692</u>	<u>7,835,194</u>	<u>1,301,186</u>	<u>1,283,362</u>	<u>65,850</u>
ENDING FUND BALANCES	<u>\$248,587</u>	<u>\$8,064,313</u>	<u>\$1,440,810</u>	<u>\$567,960</u>	<u>\$85,343</u>

CAPITAL PROJECTS FUNDS

Neighborhood Parks (GVRD) Fund #137	Vallejo Station Fund #222	Long-Term Maintenance Fund #223	Arts and Convention Center Fund #206	Columbus Parkway Improvements Fund #224	Empress Theater Fund #225	Road Maintenance and Rehabilitation Act Fund #226
						\$2,186,867
\$127,872						
33,074	\$650,671	\$23,092	\$2,582	\$51,518 770,359	\$637	24,795
<u>160,946</u>	<u>650,671</u>	<u>23,092</u>	<u>2,582</u>	<u>821,877</u>	<u>637</u>	<u>2,211,662</u>
				4,500	16,024 150,000	4,500 1,699,191
	<u>650,671</u>	<u>1,384</u>		<u>4,500</u>	<u>166,024</u>	<u>1,703,691</u>
<u>160,946</u>		<u>21,708</u>	<u>2,582</u>	<u>817,377</u>	<u>(165,387)</u>	<u>507,971</u>
		100,000			150,000	
			<u>(298,800)</u>			
		100,000	<u>(298,800)</u>		150,000	
160,946		121,708	(296,218)	817,377	(15,387)	507,971
518,359		667,424	3,304,910	1,149,127	(9,438)	642,918
<u>\$679,305</u>		<u>\$789,132</u>	<u>\$3,008,692</u>	<u>\$1,966,504</u>	<u>(\$24,825)</u>	<u>\$1,150,889</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, 2019

	CAPITAL PROJECTS FUND	PERMANENT FUND	Total Nonmajor Governmental Funds
	Waterfront History Park Fund # 227	McCune Collection Fund #603	
<b>REVENUES</b>			
Taxes			\$3,626,567
Licenses, permits and fees			698,677
Fines and forfeitures			26,518
Intergovernmental			5,004,012
Use of money and property		\$3,563	2,736,645
Charges for services			12,088,658
Other	\$10,000		443,781
Total Revenues	<u>10,000</u>	<u>3,563</u>	<u>24,624,858</u>
<b>EXPENDITURES</b>			
Current:			
Executive			136,089
Law			5,280
Community development		1,428	1,643,521
Planning and development services			630,872
Fire services			1,936,845
Police services			1,058,343
Public works			9,724,275
Capital outlay			4,962,630
Debt Service:			
Principal			913,490
Interest and fiscal agent fees			256,548
Total Expenditures		<u>1,428</u>	<u>21,267,893</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>10,000</u>	<u>2,135</u>	<u>3,356,965</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			1,978,745
Transfers (out)			(1,210,810)
Total Other Financing Sources (Uses)			<u>767,935</u>
<b>NET CHANGE IN FUND BALANCES</b>			
	10,000	2,135	4,124,900
<b>BEGINNING FUND BALANCES</b>			
		<u>103,198</u>	<u>47,589,164</u>
<b>ENDING FUND BALANCES</b>			
	<u>\$10,000</u>	<u>\$105,333</u>	<u>\$51,714,064</u>



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CITY OF VALLEJO  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2019

	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	\$1,660,018	\$318,050	(\$1,341,968)	\$1,826,669	\$61,945	(\$1,764,724)
Use of money and property	15,000	13,955	(1,045)	360,000	620,210	260,210
Charges for services						
Other						
Total Revenues	<u>1,675,018</u>	<u>332,005</u>	<u>(1,343,013)</u>	<u>2,186,669</u>	<u>682,155</u>	<u>(1,504,514)</u>
EXPENDITURES						
Current:						
Executive						
Law						
Community development	1,675,018	332,005	1,343,013	3,370,456	431,030	2,939,426
Planning and development services						
Fire services						
Police services						
Public works						
Nondepartmental						
Capital outlay						
Debt Service						
Principal	<u>300,000</u>		<u>300,000</u>			
Total Expenditures	<u>1,975,018</u>	<u>332,005</u>	<u>1,643,013</u>	<u>3,370,456</u>	<u>431,030</u>	<u>2,939,426</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(300,000)</u>		<u>300,000</u>	<u>(1,183,787)</u>	<u>251,125</u>	<u>1,434,912</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	300,000		(300,000)			
Transfers (out)						
Total Other Financing Sources (Uses)	<u>300,000</u>		<u>(300,000)</u>			
NET CHANGE IN FUND BALANCES				<u>(\$1,183,787)</u>	<u>251,125</u>	<u>\$1,434,912</u>
BEGINNING FUND BALANCES					<u>1,183,787</u>	
ENDING FUND BALANCES					<u>\$1,434,912</u>	

NEIGHBORHOOD STABILIZATION PROGRAM			MARE ISLAND BASE REUSE			MARE ISLAND CFD 2002		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$1,429,253	\$1,439,700	\$10,447
\$897,748		(\$897,748)						
14,000	\$28,630	14,630	\$40,000	\$111,826	\$71,826	26,000	141,083	115,083
				30,839	30,839	2,447,746	2,578,807	131,061
							38	38
911,748	28,630	(883,118)	40,000	142,665	102,665	3,902,999	4,159,628	256,629
1,345,794	422,412	923,382	695,597	361,802	333,795			
						1,907,000	1,895,000	12,000
						648,000	606,000	42,000
						1,430,098	1,040,835	389,263
						212,316	212,316	
1,345,794	422,412	923,382	695,597	361,802	333,795	4,197,414	3,754,151	443,263
(434,046)	(393,782)	40,264	(655,597)	(219,137)	436,460	(294,415)	405,477	699,892
			25,000	25,000				
			25,000	25,000				
(\$434,046)	(393,782)	\$40,264	(\$630,597)	(194,137)	\$436,460	(\$294,415)	405,477	\$699,892
	434,046			954,971			5,010,753	
	\$40,264			\$760,834			\$5,416,230	

(Continued)

CITY OF VALLEJO  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2019

	MARE ISLAND CFD 2005 1A (State)			MARE ISLAND CFD 2005 1B (Local)		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes						
Licenses, permits and fees						
Fines and forfeitures						
Intergovernmental						
Use of money and property		\$9,670	\$9,670		\$47,328	\$47,328
Charges for services	\$281,569	281,572	3	\$112,254	112,257	3
Other						
Total Revenues	<u>281,569</u>	<u>291,242</u>	<u>9,673</u>	<u>112,254</u>	<u>159,585</u>	<u>47,331</u>
<b>EXPENDITURES</b>						
Current:						
Executive						
Law						
Community development						
Planning and development services						
Fire services						
Police services						
Public works	328,142	310,816	17,326	6,911	7,011	(100)
Nondepartmental						
Capital outlay						
Debt Service						
Principal						
Total Expenditures	<u>328,142</u>	<u>310,816</u>	<u>17,326</u>	<u>6,911</u>	<u>7,011</u>	<u>(100)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(46,573)</u>	<u>(19,574)</u>	<u>26,999</u>	<u>105,343</u>	<u>152,574</u>	<u>47,231</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u>(\$46,573)</u>	<u>(19,574)</u>	<u>\$26,999</u>	<u>\$105,343</u>	<u>152,574</u>	<u>\$47,231</u>
BEGINNING FUND BALANCES		<u>300,434</u>			<u>1,332,202</u>	
ENDING FUND BALANCES		<u>\$280,860</u>			<u>\$1,484,776</u>	

STATE GAS TAX			SOLID WASTE DISPOSAL			HIDDENBROOKE COMMUNITY SERVICES DISTRICT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$10,867	\$16,781	\$5,914			
\$2,703,407	\$2,646,359	(\$57,048)		3,375	3,375			
	1,859	1,859		122,742	122,742	\$24,269	\$105,882	\$81,613
1,234,998	1,224,998	(10,000)	1,484,646	1,489,649	5,003	797,444	766,762	(30,682)
54,500	60,468	5,968						
3,992,905	3,933,684	(59,221)	1,495,513	1,648,993	153,480	821,713	872,644	50,931
3,394,241	3,331,148	63,093	1,713,836	1,665,144	48,692	597,684	586,081	11,603
						12,379	12,379	
3,394,241	3,331,148	63,093	1,713,836	1,665,144	48,692	610,063	598,460	11,603
598,664	602,536	3,872	(218,323)	(16,151)	202,172	211,650	274,184	62,534
(399,605)	(399,605)							
(399,605)	(399,605)							
\$199,059	202,931	\$3,872	(\$218,323)	(16,151)	\$202,172	\$211,650	274,184	\$62,534
	68,499			97,026			2,816,069	
	\$271,430			\$80,875			\$3,090,253	

(Continued)



CITY OF VALLEJO  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2019

	LANDSCAPE MAINTENANCE DISTRICTS			ASSET SEIZURE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses, permits and fees						
Fines and forfeitures				\$25,000	\$23,143	(\$1,857)
Intergovernmental						
Use of money and property	\$105,605	\$403,771	\$298,166		22,354	22,354
Charges for services	3,743,064	3,924,630	181,566			
Other						
Total Revenues	<u>3,848,669</u>	<u>4,328,401</u>	<u>479,732</u>	<u>25,000</u>	<u>45,497</u>	<u>20,497</u>
EXPENDITURES						
Current:						
Executive						
Law						
Community development						
Planning and development services						
Fire services						
Police services				310,000	210,267	99,733
Public works	2,839,294	2,574,432	264,862			
Nondepartmental						
Capital outlay	54,735	54,735				
Debt Service						
Principal						
Total Expenditures	<u>2,894,029</u>	<u>2,629,167</u>	<u>264,862</u>	<u>310,000</u>	<u>210,267</u>	<u>99,733</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>954,640</u>	<u>1,699,234</u>	<u>744,594</u>	<u>(285,000)</u>	<u>(164,770)</u>	<u>120,230</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(50,000)	(50,000)	
Total Other Financing Sources (Uses)				<u>(50,000)</u>	<u>(50,000)</u>	
NET CHANGE IN FUND BALANCES	<u>\$954,640</u>	<u>1,699,234</u>	<u>\$744,594</u>	<u>(\$335,000)</u>	<u>(214,770)</u>	<u>\$120,230</u>
BEGINNING FUND BALANCES		<u>11,325,835</u>			<u>502,489</u>	
ENDING FUND BALANCES		<u>\$13,025,069</u>			<u>\$287,719</u>	

TRAFFIC OFFENDER/VEHICLE IMPOUND PROGRAM			OFFICE OF TRAFFIC SAFETY			JUSTICE ASSISTANCE GRANT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$60,000	\$50,553	(\$9,447)						
	653	653	\$354,413	\$96,237	(\$258,176)	\$139,554	\$3,935	(\$135,619)
<u>60,000</u>	<u>51,206</u>	<u>(8,794)</u>	<u>354,413</u>	<u>96,237</u>	<u>(258,176)</u>	<u>139,554</u>	<u>3,935</u>	<u>(135,619)</u>
65,200	37,264	27,936	354,413	96,237	258,176	139,554	3,935	135,619
<u>65,200</u>	<u>37,264</u>	<u>27,936</u>	<u>354,413</u>	<u>96,237</u>	<u>258,176</u>	<u>139,554</u>	<u>3,935</u>	<u>135,619</u>
<u>(5,200)</u>	<u>13,942</u>	<u>19,142</u>						
<u>(\$5,200)</u>	<u>13,942</u>	<u>\$19,142</u>						
	<u>6,717</u>							
	<u>\$20,659</u>							

(Continued)

CITY OF VALLEJO  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2019

	SUPPLEMENTAL LAW ENFORCEMENT GRANT			CADET PROGRAM		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses, permits and fees						
Fines and forfeitures						
Intergovernmental	\$180,000	\$181,243	\$1,243			
Use of money and property		20,588	20,588		\$1,544	\$1,544
Charges for services						
Other				\$5,000	2,128	(2,872)
Total Revenues	<u>180,000</u>	<u>201,831</u>	<u>21,831</u>	<u>5,000</u>	<u>3,672</u>	<u>(1,328)</u>
EXPENDITURES						
Current:						
Executive						
Law						
Community development						
Planning and development services						
Fire services						
Police services	397,000	72,662	324,338	\$49,837	1,786	48,051
Public works						
Nondepartmental						
Capital outlay						
Debt Service						
Principal						
Total Expenditures	<u>397,000</u>	<u>72,662</u>	<u>324,338</u>	<u>49,837</u>	<u>1,786</u>	<u>48,051</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(217,000)</u>	<u>129,169</u>	<u>346,169</u>	<u>(44,837)</u>	<u>1,886</u>	<u>46,723</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u><u>(\$217,000)</u></u>	<u>129,169</u>	<u><u>\$346,169</u></u>	<u><u>(\$44,837)</u></u>	<u>1,886</u>	<u><u>\$46,723</u></u>
BEGINNING FUND BALANCES		<u>574,511</u>			<u>44,837</u>	
ENDING FUND BALANCES		<u><u>\$703,680</u></u>			<u><u>\$46,723</u></u>	

OUTSIDE SERVICES			STATE LANDS			HAZMAT REVOLVING FUND		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$5,000	\$39,430	\$34,430	\$299,999	\$476,882	\$176,883		\$27	\$27
1,000,000	766,961	(233,039)				\$40,000	41,818	1,818
<u>1,005,000</u>	<u>806,391</u>	<u>(198,609)</u>	<u>299,999</u>	<u>476,882</u>	<u>176,883</u>	<u>40,000</u>	<u>41,845</u>	<u>1,845</u>
200,000	136,089	63,911						
600,000	630,872	(30,872)	134,695	94,844	39,851			
						40,000	41,845	(1,845)
200,000		200,000						
<u>1,000,000</u>	<u>766,961</u>	<u>233,039</u>	<u>134,695</u>	<u>94,844</u>	<u>39,851</u>	<u>40,000</u>	<u>41,845</u>	<u>(1,845)</u>
5,000	39,430	34,430	165,304	382,038	216,734			
(5,000)	(39,430)	(34,430)	(165,304)	(382,038)	(216,734)			
(5,000)	(39,430)	(34,430)	(165,304)	(382,038)	(216,734)			
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>          </u>			<u>          </u>			<u>          </u>	
	<u>          </u>			<u>          </u>			<u>          </u>	

(Continued)

CITY OF VALLEJO  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGE IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>ADMINISTRATIVE TRUST FUND</u>			<u>NLP NUISANCE ABATEMENT FUND</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES						
Taxes						
Licenses, permits and fees						
Fines and forfeitures						
Intergovernmental						
Use of money and property	\$5,990	\$25,855	\$19,865	\$3,650	\$16,881	\$13,231
Charges for services						
Other	6,000	30,193	24,193	200,000	152,819	(47,181)
Total Revenues	<u>11,990</u>	<u>56,048</u>	<u>44,058</u>	<u>203,650</u>	<u>169,700</u>	<u>(33,950)</u>
EXPENDITURES						
Current:						
Executive						
Law				240,000	5,280	234,720
Community development Planning and development services						
Fire services						
Police services	6,000	30,192	(24,192)			
Public works						
Nondepartmental						
Capital outlay						
Debt Service						
Principal						
Total Expenditures	<u>6,000</u>	<u>30,192</u>	<u>(24,192)</u>	<u>240,000</u>	<u>5,280</u>	<u>234,720</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,990</u>	<u>25,856</u>	<u>19,866</u>	<u>(36,350)</u>	<u>164,420</u>	<u>200,770</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(5,990)	(25,856)	(19,866)			
Total Other Financing Sources (Uses)	<u>(5,990)</u>	<u>(25,856)</u>	<u>(19,866)</u>			
NET CHANGE IN FUND BALANCES	<u>          </u>	<u>          </u>	<u>          </u>	<u>(\$36,350)</u>	<u>164,420</u>	<u>\$200,770</u>
BEGINNING FUND BALANCES					<u>413,626</u>	
ENDING FUND BALANCES					<u>\$578,046</u>	

## **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 POSITION  
JUNE 30, 2019

	Fleet Maintenance/ Replacement	Self- Insurance	Payroll Benefits	Retiree Health Benefits (OPEB)	Total
<b>ASSETS</b>					
Cash and investments	\$5,621,750	\$21,854,498		\$122,630	\$27,598,878
Accounts receivable	76,299		\$50,090		126,389
Due from other funds		900,724			900,724
Materials, parts, and supplies	175,171				175,171
Prepays		171,998	586,887	106,415	865,300
Capital assets, net	<u>6,003,062</u>				<u>6,003,062</u>
<b>Total Assets</b>	<u>11,876,282</u>	<u>22,927,220</u>	<u>636,977</u>	<u>229,045</u>	<u>35,669,524</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to pensions	232,929	179,104			412,033
Related to OPEB	<u>36,174</u>	<u>24,116</u>		2,320,155	<u>2,380,445</u>
<b>Total Deferred Outflows of Resources</b>	<u>269,103</u>	<u>203,220</u>		<u>2,320,155</u>	<u>2,792,478</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued liabilities	149,670	162,984	304,655	1,382	618,691
Due to other funds			233,913		233,913
Claims payable, current		3,696,533			3,696,533
Employee benefits payable, current	<u>37,867</u>	<u>13,972</u>	<u>98,409</u>		<u>150,248</u>
<b>Current liabilities</b>	<u>187,537</u>	<u>3,873,489</u>	<u>636,977</u>	<u>1,382</u>	<u>4,699,385</u>
Long-term liabilities:					
Claims payable		13,434,467			13,434,467
Employee benefits payable, long term				204,668	204,668
Net pension liability	2,362,604	556,271			2,918,875
Net OPEB liability	<u>273,749</u>	<u>116,250</u>		14,925,001	<u>15,315,000</u>
<b>Total Liabilities</b>	<u>2,823,890</u>	<u>17,980,477</u>	<u>636,977</u>	<u>15,131,051</u>	<u>36,572,395</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to pensions	39,592	27,234			66,826
Related to OPEB	<u>84,738</u>	<u>35,985</u>		4,619,985	<u>4,740,708</u>
<b>Total Deferred Inflows of Resources</b>	<u>124,330</u>	<u>63,219</u>		<u>4,619,985</u>	<u>4,807,534</u>
<b>NET POSITION (DEFICITS)</b>					
Net investment in capital assets	6,003,062				6,003,062
Unrestricted	<u>3,194,103</u>	<u>5,086,744</u>		(17,201,836)	<u>(8,920,989)</u>
<b>Total Net Position (Deficits)</b>	<u>\$9,197,165</u>	<u>\$5,086,744</u>		<u>(\$17,201,836)</u>	<u>(\$2,917,927)</u>

CITY OF VALLEJO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019

	Fleet Maintenance/ Replacement	Self- Insurance	Payroll Benefits	Retiree Health Benefits (OPEB)	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$4,301,495	\$9,398,449		\$3,207,965	\$16,907,909
Other	39,784	437,715			477,499
Total operating revenues	<u>4,341,279</u>	<u>9,836,164</u>		<u>3,207,965</u>	<u>17,385,408</u>
<b>OPERATING EXPENSES</b>					
Operating expenses	2,881,280	2,452,199		2,099,933	7,433,412
Insurance and claims		5,789,336			5,789,336
Depreciation	1,429,542				1,429,542
Total operating expenses	<u>4,310,822</u>	<u>8,241,535</u>		<u>2,099,933</u>	<u>14,652,290</u>
Operating income (loss)	<u>30,457</u>	<u>1,594,629</u>		<u>1,108,032</u>	<u>2,733,118</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income (expense)	239,053	681,180		24,384	944,617
Gain on sale of assets	69,983				69,983
Total nonoperating revenues (expenses)	<u>309,036</u>	<u>681,180</u>		<u>24,384</u>	<u>1,014,600</u>
Income (loss) before transfers	339,493	2,275,809		1,132,416	3,747,718
Transfers out	<u>(1,800,000)</u>				<u>(1,800,000)</u>
Change in net position	(1,460,507)	2,275,809		1,132,416	1,947,718
BEGINNING NET POSITION (DEFICIT)	<u>10,657,672</u>	<u>2,810,935</u>		<u>(18,334,252)</u>	<u>(4,865,645)</u>
ENDING NET POSITION (DEFICIT)	<u><u>\$9,197,165</u></u>	<u><u>\$5,086,744</u></u>		<u><u>(\$17,201,836)</u></u>	<u><u>(\$2,917,927)</u></u>



CITY OF VALLEJO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019

	Fleet Maintenance/ Replacement	Self- Insurance	Payroll Benefits	Retiree Health Benefits (OPEB)	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$4,268,775	\$9,836,164	\$68,402,851	\$3,207,965	\$85,715,755
Payments to suppliers	(1,747,031)	(1,930,152)			(3,677,183)
Payments to or on behalf of employees	(1,088,431)	(577,496)	(70,206,705)	(3,289,142)	(75,161,774)
Claims paid		(5,919,336)			(5,919,336)
<b>Cash Flows from Operating Activities</b>	<b>1,433,313</b>	<b>1,409,180</b>	<b>(1,803,854)</b>	<b>(81,177)</b>	<b>957,462</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Interfund receipts (payments)			233,913		233,913
Intergovernmental receipts (payments)	(1,800,000)	17,298			(1,782,702)
<b>Cash Flows from Noncapital Financing Activities</b>	<b>(1,800,000)</b>	<b>17,298</b>	<b>233,913</b>		<b>(1,548,789)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from sale of capital assets	69,983				69,983
Acquisition of capital assets	(726,494)				(726,494)
<b>Cash Flows from Capital and Related Financing Activities</b>	<b>(656,511)</b>				<b>(656,511)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest	239,053	681,180		24,384	944,617
<b>Cash Flows from Investing Activities</b>	<b>239,053</b>	<b>681,180</b>		<b>24,384</b>	<b>944,617</b>
<b>Net Cash Flows</b>	<b>(784,145)</b>	<b>2,107,658</b>	<b>(1,569,941)</b>	<b>(56,793)</b>	<b>(303,221)</b>
Cash and investments at beginning of period	6,405,895	19,746,840	1,569,941	179,423	27,902,099
Cash and investments at end of period	<u>\$5,621,750</u>	<u>\$21,854,498</u>		<u>\$122,630</u>	<u>\$27,598,878</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>					
Operating income (loss)	\$30,457	\$1,594,629		\$1,108,032	\$2,733,118
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>					
Depreciation	1,429,542				1,429,542
Loss on retirement of capital assets	6,187				6,187
<b>Change in assets and liabilities:</b>					
Receivables, net	(72,504)		(\$25,205)		(97,709)
Prepays		(171,998)	(586,887)	(106,415)	(865,300)
Other assets	7,067				7,067
Accounts payable and accrued liabilities	39,366	143,416	(1,271,908)	1,382	(1,087,744)
Employee benefits payable	(14,019)	3,253	80,146	6,954	76,334
Net pension liability and deferred outflows/inflows of resources related to pensions	20,849	(15,577)			5,272
Net OPEB liability and deferred outflows/inflows of resources related to OPEB	(13,632)	(14,543)		(1,091,130)	(1,119,305)
Claims payable		(130,000)			(130,000)
<b>Cash Flows from Operating Activities</b>	<b>\$1,433,313</b>	<b>\$1,409,180</b>	<b>(\$1,803,854)</b>	<b>(\$81,177)</b>	<b>\$957,462</b>
<b>Non cash transactions:</b>					
Retirement of capital assets	<u>\$6,187</u>				

## **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  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<u>NE Quadrant Assessment District 2003-B</u>				
<u>Assets</u>				
Cash and investments	\$37,215	\$1,229	\$38,444	
Total Assets	<u>\$37,215</u>	<u>\$1,229</u>	<u>\$38,444</u>	
<u>Liabilities</u>				
Due to property owners	\$37,215	\$1,229	\$38,444	
Total Liabilities	<u>\$37,215</u>	<u>\$1,229</u>	<u>\$38,444</u>	
<u>Hiddenbrooke Improvement District</u>				
<u>Assets</u>				
Cash and investments	\$3,343,022	\$1,784,117	\$1,502,832	\$3,624,307
Restricted cash and investments	3,142,322	55,846	168,941	3,029,227
Total Assets	<u>\$6,485,344</u>	<u>\$1,839,963</u>	<u>\$1,671,773</u>	<u>\$6,653,534</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities		\$6,162		\$6,162
Due to bondholders	\$6,485,344	1,833,801	\$1,671,773	6,647,372
Total Liabilities	<u>\$6,485,344</u>	<u>\$1,839,963</u>	<u>\$1,671,773</u>	<u>\$6,653,534</u>

CITY OF VALLEJO  
 AGENCY FUNDS  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<u>NE Quadrant Improvement District 2003-01</u>				
<u>Assets</u>				
Cash and investments	\$480,648	\$532,734	\$511,540	\$501,842
Restricted cash and investments	506,860	9,584	3,225	513,219
Total Assets	<u>\$987,508</u>	<u>\$542,318</u>	<u>\$514,765</u>	<u>\$1,015,061</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities		\$1,680		\$1,680
Due to bondholders	\$987,508	540,638	\$514,765	1,013,381
Total Liabilities	<u>\$987,508</u>	<u>\$542,318</u>	<u>\$514,765</u>	<u>\$1,015,061</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$3,860,885	\$2,318,080	\$2,052,816	\$4,126,149
Restricted cash and investments held with fiscal agent	3,649,182	65,430	172,166	3,542,446
Total Assets	<u>\$7,510,067</u>	<u>\$2,383,510</u>	<u>\$2,224,982</u>	<u>\$7,668,595</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities		\$7,842		\$7,842
Due to bondholders	\$7,472,852	2,374,439	\$2,186,538	7,660,753
Due to property owners	37,215	1,229	38,444	
Total Liabilities	<u>\$7,510,067</u>	<u>\$2,383,510</u>	<u>\$2,224,982</u>	<u>\$7,668,595</u>



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## STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

### ***Financial Trends***

These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time:

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

### ***Revenue Capacity***

These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and sales tax:

- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Taxes Rates
- Top 10 Principal Property Tax Payers
- Property Tax Levies and Collections
- Taxable Sales by Category
- Top 25 Principal Sales Tax Payers

### ***Debt Capacity***

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

- Ratios of Outstanding Debt by Type
- Ratio of General Bonded Debt Outstanding
- Direct and Overlapping Debt
- Legal Debt Margin Information
- Pledged Revenue Coverage

### ***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

- Demographic and Economic Statistics
- Top 10 Principal Employers
- Full-time and Part-time City Employees by Function

### ***Operating Information***

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

- Operating Indicators by Function
- Capital Asset Statistics by Function

### ***Sources***

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



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Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities:</b>										
Net Investment in Capital Assets	\$ 273,408,041	\$ 300,254,819	\$ 319,101,434	\$ 317,984,723	\$ 318,630,233	\$ 313,312,203	\$ 314,654,942	\$ 318,636,371	\$ 316,622,007	\$ 315,888,276
Restricted	81,295,175	84,076,839	67,066,468	65,402,869	70,125,586	65,421,676	68,373,151	70,545,240	69,927,367	75,368,245
Unrestricted	(17,973,163)	(16,698,219)	(949,135)	356,086	9,621,946	(191,225,009)	(177,003,436)	(174,091,484)	(187,401,484)	(182,328,859)
<b>Total governmental activities net position</b>	<b>\$ 336,730,053</b>	<b>\$ 367,633,439</b>	<b>\$ 385,218,767</b>	<b>\$ 383,743,678</b>	<b>\$ 398,377,765</b>	<b>\$ 187,508,870</b>	<b>\$ 206,024,657</b>	<b>\$ 215,090,127</b>	<b>\$ 199,147,890</b>	<b>\$ 208,927,662</b>
<b>Business-type activities:</b>										
Net Investment in Capital Assets	\$ 197,992,367	\$ 218,549,566	\$ 70,577,833	\$ 39,076,148	\$ 40,466,687	\$ 38,170,671	\$ 40,191,379	\$ 40,778,629	\$ 44,251,622	\$ 53,757,390
Restricted	43,848,953	42,434,217	4,541,278	4,306,908	5,253,775	5,253,774	5,253,836	5,258,610	5,274,585	5,533,393
Unrestricted	33,507,221	41,110,758	24,728,431	20,942,101	23,707,740	1,294,897	(75,800)	1,842,145	(4,749,417)	(7,477,516)
<b>Total business-type activities net position</b>	<b>\$ 275,348,541</b>	<b>\$ 302,094,541</b>	<b>\$ 99,847,542</b>	<b>\$ 64,325,157</b>	<b>\$ 69,428,202</b>	<b>\$ 44,719,342</b>	<b>\$ 45,369,415</b>	<b>\$ 47,879,384</b>	<b>\$ 44,776,790</b>	<b>\$ 51,813,267</b>
<b>Primary government:</b>										
Net Investment in Capital Assets	\$ 471,400,408	\$ 518,804,385	\$ 389,679,267	\$ 357,060,871	\$ 359,096,920	\$ 351,482,874	\$ 354,846,321	\$ 359,415,000	\$ 360,873,629	\$ 369,645,666
Restricted	125,144,128	126,511,056	71,607,746	69,709,777	75,379,361	70,675,450	73,626,987	75,803,850	75,201,952	80,901,638
Unrestricted	15,534,058	24,412,539	23,779,296	21,298,187	33,329,686	(189,930,112)	(177,079,236)	(172,249,339)	(192,150,901)	(189,806,375)
<b>Total primary government net position</b>	<b>\$ 612,078,594</b>	<b>\$ 669,727,980</b>	<b>\$ 485,066,309</b>	<b>\$ 448,068,835</b>	<b>\$ 467,805,967</b>	<b>\$ 232,228,212</b>	<b>\$ 251,394,072</b>	<b>\$ 262,969,511</b>	<b>\$ 243,924,680</b>	<b>\$ 260,740,929</b>

Notes: <sup>1</sup> Effective fiscal year 2013 and beyond, the presentation of some financial data has changed to reflect the effects of the implementation of GASB 61 which eliminated the inclusion of the Vallejo Sanitation and Flood Control District as part of the primary government. This results in the financial activities of the Vallejo Sanitation and Flood Control District being discretely presented in the Component Unit column of the Statement of Net Position and the Statement of Activities. The City did not retroactively restate the amounts prior to FY 2013 for the Net Position related to the implementation of GASB 61.

<sup>2</sup> The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

<sup>3</sup> The City implemented the provisions of GASB Statement 68 in fiscal year 2015. Prior amounts have not been restated.

<sup>4</sup> The City implemented the provisions of GASB Statement 75 in fiscal year 2018. Prior amounts have not been restated.



### CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental activities:										
Legislative and Advisory	\$ 125,753	\$ 181,654	\$ 220,581	\$ 304,333	\$ 213,736	\$ 268,785	\$ 257,208	\$ 244,300	\$ 342,413	\$ 321,914
Executive	922,039	513,771	2,442,285	3,012,974	3,844,344	3,817,882	2,386,112	2,795,092	3,217,242	5,346,942
Finance	1,631,483	1,654,657	798,688	1,382,283	1,770,592	1,654,071	2,009,568	2,046,341	2,296,973	2,019,164
Human Resources	499,447	556,953	962,813	1,026,415	930,294	1,034,655	1,390,288	988,831	1,382,503	1,936,821
Law	760,735	719,025	503,754	1,158,594	1,079,614	694,447	976,895	1,289,690	1,678,985	1,737,644
Development Services	1,986,757	2,616,595	2,346,911	2,180,055	2,504,558	2,701,130	2,954,366	2,925,237	3,572,495	-
Community Development	39,370,106	36,122,330	27,382,802	33,586,418	32,366,219	26,801,601	27,801,563	27,348,207	29,503,111	34,843,093
Planning and Development Services	-	-	-	-	-	-	-	-	-	5,641,584
Fire services	15,796,657	17,484,072	19,054,650	23,480,073	23,628,510	24,689,484	24,573,111	27,384,860	31,978,352	30,169,197
Police services	29,586,690	29,812,069	32,241,212	37,952,439	31,968,288	36,412,375	38,994,284	42,345,792	50,291,924	47,724,576
Public Works	19,014,211	19,003,755	20,936,214	23,495,632	24,633,518	35,650,143	29,491,475	29,016,544	30,289,374	28,195,131
Nondepartmental	9,251,587	5,000,249	5,134,037	-	-	-	-	-	-	-
Interest on long-term debt	2,764,194	2,223,807	766,981	209,054	196,404	541,370	462,398	438,450	414,286	388,381
Total governmental activities expenses	<u>121,709,659</u>	<u>115,888,937</u>	<u>112,790,928</u>	<u>127,788,270</u>	<u>123,136,077</u>	<u>134,265,943</u>	<u>131,297,268</u>	<u>136,823,344</u>	<u>154,967,658</u>	<u>158,324,447</u>
Business-type activities:										
Water	34,493,370	32,056,326	32,420,781	33,770,385	34,534,260	35,075,642	34,856,203	35,523,887	37,447,808	37,733,752
Local Transportation	27,091,545	29,226,639	18,138,000	2,612,944	-	-	-	-	-	-
Sanitation & Flood Control	29,261,276	29,284,313	-	-	-	-	-	-	-	-
Other proprietary funds	3,793,179	3,493,484	2,105,913	5,351,278	5,230,382	6,447,594	5,622,800	6,135,549	6,734,578	6,738,082
Total business-type activities expenses	<u>94,639,370</u>	<u>94,060,762</u>	<u>52,664,694</u>	<u>41,734,607</u>	<u>39,764,642</u>	<u>41,523,236</u>	<u>40,479,003</u>	<u>41,659,436</u>	<u>44,182,386</u>	<u>44,471,834</u>
Total primary government expenses	<u>\$ 216,349,029</u>	<u>\$ 209,949,699</u>	<u>\$ 165,455,622</u>	<u>\$ 169,522,877</u>	<u>\$ 162,900,719</u>	<u>\$ 175,789,179</u>	<u>\$ 171,776,271</u>	<u>\$ 178,482,780</u>	<u>\$ 199,150,044</u>	<u>\$ 202,796,281</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	\$ 16,037,875	\$ 18,833,908	\$ 16,987,109	\$ 15,462,878	\$ 18,819,481	\$ 24,461,121	\$ 24,632,362	\$ 24,510,980	\$ 25,711,785	\$ 27,555,650
Operating grants and contributions	33,498,552	32,390,912	36,777,286	35,971,107	38,596,729	26,535,944	26,731,559	27,598,297	30,006,058	38,057,450
Capital grants and contributions	14,604,908	25,998,119	14,626,104	6,925,849	5,661,868	3,476,887	8,851,629	5,362,544	2,138,551	3,052,819
Total governmental activities program revenues	<u>64,141,335</u>	<u>77,222,939</u>	<u>68,390,499</u>	<u>58,359,834</u>	<u>63,078,078</u>	<u>54,473,952</u>	<u>60,215,550</u>	<u>57,471,821</u>	<u>57,856,394</u>	<u>68,665,919</u>
Business-type activities:										
Charges for services	67,662,779	70,644,225	41,983,768	39,543,209	42,589,807	39,476,107	37,578,399	37,952,387	45,037,505	47,293,239
Operating grants and contributions	13,953,527	17,808,014	7,735,861	350,876	-	22,479	25,847	123,279	-	36,642
Capital grants and contributions	4,749,758	29,597,531	10,549,196	2,116,548	331,315	1,197,727	1,383,466	3,374,785	1,018,049	998,762
Total business-type activities program revenues	<u>86,366,064</u>	<u>118,049,770</u>	<u>60,268,825</u>	<u>42,010,633</u>	<u>42,921,122</u>	<u>40,696,313</u>	<u>38,987,712</u>	<u>41,450,451</u>	<u>46,055,554</u>	<u>48,328,643</u>
Total primary government program revenues	<u>\$ 150,507,399</u>	<u>\$ 195,272,709</u>	<u>\$ 128,659,324</u>	<u>\$ 100,370,467</u>	<u>\$ 105,999,200</u>	<u>\$ 95,170,265</u>	<u>\$ 99,203,262</u>	<u>\$ 98,922,272</u>	<u>\$ 103,911,948</u>	<u>\$ 116,994,562</u>
Net revenue/(expense)										
Governmental activities	\$ (57,568,324)	\$ (38,665,998)	\$ (44,400,429)	\$ (69,428,436)	\$ (60,057,999)	\$ (79,791,991)	\$ (71,081,718)	\$ (79,351,523)	\$ (97,111,264)	\$ (89,658,528)
Business-type activities	(8,273,306)	23,989,008	7,604,131	276,026	3,156,480	(826,923)	(1,491,291)	(208,985)	1,873,168	3,856,809
Total primary government net expense	<u>\$ (65,841,630)</u>	<u>\$ (14,676,990)</u>	<u>\$ (36,796,298)</u>	<u>\$ (69,152,410)</u>	<u>\$ (56,901,519)</u>	<u>\$ (80,618,914)</u>	<u>\$ (72,573,009)</u>	<u>\$ (79,560,508)</u>	<u>\$ (95,238,096)</u>	<u>\$ (85,801,719)</u>

Note: Planning and Development Services were previously reported under Development Services.

## CHANGES IN NET POSITION LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>(Continued)</b>										
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 14,455,331	\$ 13,392,935	\$ 14,143,780	\$ 14,484,918	\$ 14,346,058	\$ 15,694,198	\$ 16,956,367	\$ 18,234,843	\$ 19,379,799	\$ 20,822,536
Incremental property taxes	3,280,994	3,061,230	1,790,418	-	-	-	-	-	-	-
Sales taxes	10,715,183	11,067,013	14,360,808	24,685,817	25,583,330	26,857,325	27,767,194	29,276,208	29,626,711	32,641,720
Utility user taxes	12,916,339	12,890,539	12,792,738	12,521,558	12,610,733	12,627,342	12,994,432	13,339,264	13,107,158	12,338,425
Motor vehicles / In lieu property tax	8,313,033	8,259,104	7,478,690	7,156,707	7,640,132	8,365,437	8,526,690	9,085,386	9,685,054	10,334,622
Other taxes	9,434,521	9,424,070	9,671,662	9,212,120	9,948,063	10,654,921	12,979,029	14,888,721	15,255,443	15,082,269
Mare Island CFD Assessments	3,499,675	2,099,096	-	-	-	-	-	-	-	-
Investment earnings	968,998	1,579,810	1,282,961	419,817	679,347	1,376,228	1,765,281	849,111	902,408	4,622,647
Gain on sale of capital assets	-	-	-	-	102,447	21,700	173,859	89,852	134,785	69,983
Insurance recoveries	-	-	-	-	-	913,838	-	-	-	-
Miscellaneous	3,824,312	4,002,078	3,435,245	3,874,022	3,837,952	5,364,701	4,868,998	5,604,775	5,241,492	5,562,802
Capital contributions from developers	-	6,917,609	-	-	-	-	-	-	-	-
Debt Restructuring Adjustment	-	-	1,075,176	-	-	-	-	-	-	-
Assets transferred to/liabilities assumed by Successor Agency	-	-	(4,483,759)	-	1,535,778	2,458,682	5,293,678	(425,935)	-	-
Transfers	2,270,320	(372,100)	438,038	(4,401,612)	(1,591,754)	(2,685,186)	(1,728,023)	(2,654,217)	(2,152,823)	(2,036,704)
Total governmental activities	<u>69,678,706</u>	<u>72,321,384</u>	<u>61,985,757</u>	<u>67,953,347</u>	<u>74,692,086</u>	<u>81,649,186</u>	<u>89,597,505</u>	<u>88,288,008</u>	<u>91,180,027</u>	<u>99,438,300</u>
Business-type activities:										
Investment earnings	2,930,362	1,358,973	401,785	106,369	354,811	251,358	413,341	64,737	203,147	1,142,964
Miscellaneous	115,081	1,025,919	-	87,023	-	-	-	-	-	-
Gain or (Loss) on sales or transfer of assets	-	-	(19,034,732)	(40,393,415)	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	-	69,208	-	-	-	-
Debt Restructuring Adjustment	-	-	625,498	-	-	-	-	-	-	-
Transfers	(2,270,320)	372,100	(438,038)	4,401,612	1,591,754	2,685,186	1,728,023	2,654,217	2,152,823	2,036,704
Special Item(s) - see notes	-	-	-	-	-	-	-	-	(2,832,157)	-
Total business-type activities	<u>775,123</u>	<u>2,756,992</u>	<u>(18,445,487)</u>	<u>(35,798,411)</u>	<u>1,946,565</u>	<u>3,005,752</u>	<u>2,141,364</u>	<u>2,718,954</u>	<u>(476,187)</u>	<u>3,179,668</u>
Total primary government	<u>\$ 70,453,829</u>	<u>\$ 75,078,376</u>	<u>\$ 43,540,270</u>	<u>\$ 32,154,936</u>	<u>\$ 76,638,651</u>	<u>\$ 84,654,938</u>	<u>\$ 91,738,869</u>	<u>\$ 91,006,962</u>	<u>\$ 90,703,840</u>	<u>\$ 102,617,968</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 12,110,382	\$ 33,655,386	\$ 17,585,328	\$ (1,475,089)	\$ 14,634,087	\$ 1,857,195	\$ 18,515,787	\$ 8,936,485	\$ (5,931,237)	\$ 9,779,772
Business-type activities	(7,498,183)	26,746,000	(10,841,356)	(35,522,385)	5,103,045	2,178,829	650,073	2,509,969	1,396,981	7,036,477
Total primary government	<u>\$ 4,612,199</u>	<u>\$ 60,401,386</u>	<u>\$ 6,743,972</u>	<u>\$ (36,997,474)</u>	<u>\$ 19,737,132</u>	<u>\$ 4,036,024</u>	<u>\$ 19,165,860</u>	<u>\$ 11,446,454</u>	<u>\$ (4,534,256)</u>	<u>\$ 16,816,249</u>

Notes: <sup>1</sup> Effective fiscal year 2013 and beyond, the presentation of some financial data has changed to reflect the effects of the implementation of GASB 61 which eliminated the inclusion of the Vallejo Sanitation and Flood Control District as part of the primary government. This results in the financial activities of the Vallejo Sanitation and Flood Control District being discretely presented in the Component Unit column of the Statement of Net Position and the Statement of Activities. The City did not retroactively restate the amounts prior to FY 2013 for the Net Position related to the implementation of GASB 61.

<sup>2</sup> The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

<sup>3</sup> The City implemented the provisions of GASB Statement 68 in fiscal year 2015. Prior amounts have not been restated.

<sup>4</sup> In fiscal year 2018, the City of American Canyon rescinded its decision to exercise an option to purchase additional water capacity rights from the City of Vallejo. A loan in the amount of \$2,832,157 (representing prior year revenue) was written off and presented as a special item.

**FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	2010	2011 <sup>2</sup>	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Reserved	\$ 2,004,567	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,834,873	-	-	-	-	-	-	-	-	-
Nonspendable	-	6,509,043	1,315,581	1,303,621	1,294,967	1,315,114	2,192,050	2,152,578	2,141,630	2,217,139
Restricted	-	208,435	242,919	241,179	249,697	271,572	272,885	320,738	2,269,039	4,550,387
Committed	-	350,685	381,709	356,245	2,617,267	2,691,002	2,251,472	1,235,078	6,810	6,332
Assigned	-	304,729	9,874,285	5,233,259	7,910,909	9,302,184	11,102,326	10,993,484	4,208,034	876,025
Unassigned	-	6,340,374	11,084,523	9,797,270	6,944,336	7,976,200	9,929,786	15,679,786	21,235,769	24,508,900
<b>Total General Fund</b>	<b>\$ 5,839,440</b>	<b>\$ 13,713,266</b>	<b>\$ 22,899,017</b>	<b>\$ 16,931,574</b>	<b>\$ 19,017,176</b>	<b>\$ 21,556,072</b>	<b>\$ 25,748,519</b>	<b>\$ 30,381,664</b>	<b>\$ 29,861,282</b>	<b>\$ 32,158,783</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 83,361,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	4,249	-	-	-	-	-	-	-	-	-
Debt service funds	(5,530,904)	-	-	-	-	-	-	-	-	-
Capital projects funds	1,327,530	-	-	-	-	-	-	-	-	-
Nonspendable	-	3,898,072	102,072	102,072	240,832	102,072	71,236	78,324	67,625	567,625
Restricted	-	75,195,891	54,463,122	52,151,109	55,992,171	55,838,343	58,248,081	60,205,695	61,118,236	66,768,664
Committed	-	1,890,263	3,087,235	9,799,861	9,045,767	6,028,419	6,806,813	8,924,377	16,777,334	25,300,037
Assigned	-	2,423	1,883	3,088	196,806	5,938,342	5,961,263	4,414,547	4,987,289	4,274,260
Unassigned	-	(6,390,906)	-	-	-	-	-	-	(9,438)	(24,825)
<b>Total all other governmental funds</b>	<b>\$ 79,162,215</b>	<b>\$ 74,595,743</b>	<b>\$ 57,654,312</b>	<b>\$ 62,056,130</b>	<b>\$ 65,475,576</b>	<b>\$ 67,907,176</b>	<b>\$ 71,087,393</b>	<b>\$ 73,622,943</b>	<b>\$ 82,941,046</b>	<b>\$ 96,885,761</b>

Note: <sup>1</sup> The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

<sup>2</sup> The City implemented the provisions of GASB Statement No. 54 in fiscal year 2011, and years prior to 2011 have not been restated to conform with the new presentation.

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues:</b>										
Taxes	\$ 50,538,624	\$ 49,449,077	\$ 51,936,540	\$ 61,132,188	\$ 62,488,184	\$ 65,751,608	\$ 70,410,583	\$ 75,422,419	\$ 77,629,274	\$ 83,042,168
Licenses and permits	3,479,468	2,758,651	2,356,064	1,814,364	2,457,440	3,741,906	4,026,167	4,034,816	3,985,042	4,662,555
Fines and forfeitures	1,619,074	1,718,092	2,726,824	1,249,687	2,337,703	1,876,686	1,878,579	1,605,515	1,706,754	1,580,309
Intergovernmental	54,205,823	66,450,139	53,299,532	47,132,738	50,356,902	41,097,037	45,197,746	43,606,471	42,460,083	50,635,285
Investment income	3,114,627	3,391,067	3,328,151	2,363,471	2,962,200	4,556,124	3,696,181	3,378,893	3,090,518	6,401,600
Charges for services	16,032,936	14,276,523	14,742,402	16,182,809	16,714,747	18,866,133	19,429,149	20,257,999	21,270,315	21,595,852
Other	1,364,069	1,329,468	3,249,481	1,295,826	505,843	1,320,781	1,426,715	1,004,441	861,713	1,192,467
<b>Total revenues</b>	<b>130,354,621</b>	<b>139,373,017</b>	<b>131,638,994</b>	<b>131,171,083</b>	<b>137,823,019</b>	<b>137,210,275</b>	<b>146,065,120</b>	<b>149,310,554</b>	<b>151,003,699</b>	<b>169,110,236</b>
<b>Expenditures</b>										
<b>Current:</b>										
Legislative and Advisory	152,693	180,050	219,289	275,664	207,903	264,854	294,088	298,748	296,548	327,843
Executive	958,688	530,814	2,221,478	2,747,243	3,600,970	3,794,952	2,641,913	2,758,675	2,689,380	4,944,170
Finance	1,696,193	1,658,660	934,626	1,183,251	1,636,027	1,636,916	2,102,912	2,047,751	1,806,258	1,706,608
Human resources	542,961	542,742	986,692	993,835	868,575	1,017,017	1,431,434	1,023,566	1,200,631	1,800,940
Law	812,432	702,882	592,192	1,027,329	1,116,788	692,338	1,133,882	1,272,898	1,272,770	1,464,430
Planning and Development services	2,090,980	2,640,564	2,426,783	1,878,237	2,604,498	2,755,399	3,047,840	2,955,960	3,191,261	34,259,733
Community Development	40,552,499	35,884,630	32,372,627	32,516,830	31,197,117	26,476,837	26,457,500	26,505,452	28,619,020	3,919,849
Fire services	18,850,438	17,367,449	18,110,162	20,917,691	23,462,547	24,645,684	25,569,791	26,514,402	27,557,155	27,962,324
Police services	29,024,674	29,247,704	30,774,361	34,681,714	34,139,510	36,807,817	39,698,362	41,240,618	42,639,055	43,602,177
Public works	11,106,223	11,566,388	12,292,557	13,210,589	14,543,079	16,976,530	15,123,636	14,870,274	16,658,784	17,050,014
Nondepartmental	9,251,587	5,000,249	5,134,037	12,171,647	7,516,587	4,118,675	4,552,327	5,879,195	6,170,178	5,329,057
Capital Outlay	14,492,613	26,647,150	13,321,436	9,716,431	8,826,479	12,543,661	14,073,942	11,326,920	5,930,613	10,692,669
<b>Debt service:</b>										
Principal	1,767,835	1,324,504	6,033,970	275,131	397,268	746,689	927,301	963,929	988,971	1,014,954
Interest	2,257,120	1,306,025	766,981	204,899	186,276	358,575	343,902	307,273	282,531	256,548
<b>Total expenditures</b>	<b>133,556,936</b>	<b>134,599,811</b>	<b>126,187,191</b>	<b>131,800,491</b>	<b>130,303,624</b>	<b>132,835,944</b>	<b>137,398,830</b>	<b>137,965,661</b>	<b>139,303,155</b>	<b>154,331,316</b>
Excess (deficiency) of revenues over (under) expenditures	(3,202,315)	4,773,206	5,451,803	(629,408)	7,519,395	4,374,331	8,666,290	11,344,893	11,700,544	14,778,920
<b>Other financing sources (uses):</b>										
Issuance of Debt	-	-	-	-	-	-	-	-	-	1,700,000
Gain (loss) on sale of assets	381,327	119,428	-	-	44,352	-	71,185	-	-	-
Transfers in	8,361,940	7,905,371	10,500,436	10,277,326	7,321,809	6,363,953	6,021,537	7,296,515	12,306,875	14,715,342
Transfers out	(7,091,620)	(9,566,511)	(11,112,398)	(11,293,235)	(9,380,508)	(9,549,139)	(8,249,560)	(10,730,521)	(15,209,698)	(14,952,046)
Proceeds from long-term debt issuance	1,023,741	75,860	78,766	79,692	-	-	-	-	-	-
Provision for collectability	(2,752,000)	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(76,612)</b>	<b>(1,465,852)</b>	<b>(533,196)</b>	<b>(936,217)</b>	<b>(2,014,347)</b>	<b>(3,185,186)</b>	<b>(2,156,838)</b>	<b>(3,434,006)</b>	<b>(2,902,823)</b>	<b>1,463,296</b>
<b>Extraordinary/Special Item:</b>										
Assets transferred to/liabilities assumed by Successor Agency/Housing Successor	-	-	(12,674,287)	-	-	3,781,351	863,212	(871,177)	-	-
<b>Net change in fund balances</b>	<b>\$ (3,278,927)</b>	<b>\$ 3,307,354</b>	<b>\$ (7,755,680)</b>	<b>\$ (1,565,625)</b>	<b>\$ 5,505,048</b>	<b>\$ 4,970,496</b>	<b>\$ 7,372,664</b>	<b>\$ 7,039,710</b>	<b>\$ 8,797,721</b>	<b>\$ 16,242,216</b>
<b>Beginning fund balance</b>	<b>\$ 88,280,582</b>	<b>\$ 85,001,655</b>	<b>\$ 88,309,009</b>	<b>\$ 80,553,329</b>	<b>\$ 78,987,704</b>	<b>\$ 84,492,752</b>	<b>\$ 89,463,248</b>	<b>\$ 96,835,912</b>	<b>\$ 104,004,607</b>	<b>\$ 112,802,328</b>
<b>Prior period adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,985</b>	<b>-</b>	<b>-</b>
<b>Ending fund balance</b>	<b>\$ 85,001,655</b>	<b>\$ 88,309,009</b>	<b>\$ 80,553,329</b>	<b>\$ 78,987,704</b>	<b>\$ 84,492,752</b>	<b>\$ 89,463,248</b>	<b>\$ 96,835,912</b>	<b>\$ 104,004,607</b>	<b>\$ 112,802,328</b>	<b>\$ 129,044,544</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3%</b>	<b>2%</b>	<b>6%</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>

Note: Planning and Development Services were previously reported under Development Services.

**Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	City					Former Agency / Successor Agency to Redevelopment Agency 1					Total Direct Tax Rate
	Secured	Unsecured	Nonunitary Utilities	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Nonunitary Utilities	Less: Exemptions	Taxable Assessed Value	
2010	\$ 8,334,230,762	\$ 205,436,106	\$ 130,670	\$ (810,607,027)	\$ 7,729,190,511	\$ 336,214,268	\$ 67,421,432	\$ 168,820	\$ (48,687,967)	\$ 355,116,553	0.24622%
2011	7,988,586,847	218,037,092	130,670	(956,462,720)	7,250,291,889	320,815,890	63,140,016	168,820	(48,616,563)	335,508,163	0.24622%
2012	7,740,206,643	200,451,644	130,670	(939,219,031)	7,001,569,926	334,138,674	61,058,136	168,820	(52,623,635)	342,741,995	0.24622%
2013	7,386,493,615	218,701,022	113,370	(289,480,094)	7,315,827,913	322,746,509	58,076,187	132,592	(48,641,023)	332,314,265	0.24622%
2014	8,014,862,817	198,012,673	113,370	(974,787,981)	7,238,200,879	321,057,973	53,344,811	132,592	(55,306,295)	319,229,081	0.24622%
2015	8,790,923,985	215,615,952	113,370	(990,126,778)	8,016,526,529	343,524,473	52,435,017	132,592	(55,876,943)	340,215,139	0.24622%
2016	9,367,567,455	208,385,912	113,370	(1,014,346,016)	8,561,720,721	361,136,586	54,225,181	132,592	(51,564,900)	363,929,459	0.24622%
2017	9,898,936,162	254,304,736	139,100	(1,026,877,027)	9,126,502,971	381,547,374	60,418,999	132,692	(58,114,553)	383,984,512	0.24622%
2018	10,530,383,770	232,725,017	139,100	(1,044,877,040)	9,718,370,847	412,347,893	63,744,878	132,692	(56,382,967)	419,842,496	0.24622%
2019	11,258,416,141	193,941,296	139,100	(1,101,049,849)	10,351,446,688	439,241,925	80,832,402	132,692	(57,556,407)	462,650,612	0.24622%

## NOTES:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

<sup>1</sup> The Redevelopment Agency, once a blended component unit of the City, was dissolved as of February 1, 2012.  
The Redevelopment Successor Agency financial transactions are reported in a separate trust fund.

Source: County Assessor's Office (source was actually the HDL report not assessors' office)  
HDL Property Report

**Direct and Overlapping Property Tax Rates  
(Rate per \$100 of assessed value)**

**Last Ten Fiscal Years**

Fiscal Year Ended June 30	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City Direct Rates:										
City basic rate	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622
Total City Direct Rate	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622
Overlapping Rates:										
Acc Capital Outlay	0.00807	0.00807	0.00807	0.00807	0.00807	0.00807	0.00807	0.00807	0.00807	0.00807
Aviation	0.00119	0.00119	0.00119	0.00119	0.00119	0.00119	0.00119	0.00119	0.00119	0.00119
BAAQMD	0.00219	0.00219	0.00219	0.00219	0.00219	0.00219	0.00219	0.00219	0.00219	0.00219
County Free Library	0.02743	0.02743	0.02743	0.02743	0.02743	0.02743	0.02743	0.02743	0.02743	0.02743
County General	0.31331	0.31331	0.31331	0.31331	0.31331	0.31331	0.31331	0.31331	0.31331	0.31331
County School Service Fund Support	0.01134	0.01134	0.01134	0.01134	0.01134	0.01134	0.01134	0.01134	0.01134	0.01134
County Support-Board of Education	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334
Development Center	0.00217	0.00217	0.00217	0.00217	0.00217	0.00217	0.00217	0.00217	0.00217	0.00217
GVRD	0.06490	0.06490	0.06490	0.06490	0.06490	0.06490	0.06490	0.06490	0.06490	0.06490
Library Special Tax Zone 7	0.01365	0.01365	0.01365	0.01365	0.01365	0.01365	0.01365	0.01365	0.01365	0.01365
Mosquito Abatement	0.00587	0.00587	0.00587	0.00587	0.00587	0.00587	0.00587	0.00587	0.00587	0.00587
Recreation	0.00203	0.00203	0.00203	0.00203	0.00203	0.00203	0.00203	0.00203	0.00203	0.00203
Solano Community College M&O	0.02758	0.02758	0.02758	0.02758	0.02758	0.02758	0.02758	0.02758	0.02758	0.02758
Solano County Water Agency	0.01527	0.01527	0.01527	0.01527	0.01527	0.01527	0.01527	0.01527	0.01527	0.01527
Vallejo Unified School District M&O	0.24069	0.24069	0.24069	0.24069	0.24069	0.24069	0.24069	0.24069	0.24069	0.24069
VSFCD Operating	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474
<b>Total Prop. 13 Direct Rate</b>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
SC Fld State Wtr Pj Zone Ben #1	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000
Vallejo U.S.D. 2002-A GOB Refunding	0.05369	0.07544	0.06555	0.06576	0.06850	0.06358	0.06144	0.06092	0.05450	0.05345
Vallejo U.S.D. Measure A 2002	0.01885	0.01741	0.01609	0.01261	0.01250	0.00853	0.00730	0.00660	-	-
SCC GOB Series 2005-A	0.01538	0.01636	0.01711	0.01768	0.01820	0.01299	-	-	-	-
Vallejo U.S.D. Measure A 2004	0.01219	0.01258	0.01258	0.01187	0.01305	0.01086	0.01007	0.00943	-	-
Vallejo U.S.D. Measure A - 2006	0.00494	0.00804	0.00649	0.00646	0.00711	0.00588	0.00544	0.00519	-	-
SCC GOB Series 2006B	0.00309	0.00309	0.00304	0.00292	0.00276	0.00208	0.00178	0.00086	0.00082	0.00070
SCC GOB 2012 Series A	-	-	-	-	0.01384	0.01337	0.01232	0.01297	0.00487	0.00499
SCC GOB 2012 Series B	-	-	-	-	0.00475	0.00387	0.00326	0.00337	0.00293	0.00322
SCC GOB 2012 Series C	-	-	-	-	-	-	-	-	-	0.01451
SCC GOB 2014 Ref Series A	-	-	-	-	-	0.00131	0.00148	0.00218	0.00176	0.00163
SCC GOB 2014 Ref Series B	-	-	-	-	-	0.00309	0.01607	0.01566	0.01405	0.01383
Vallejo USD 2017 GOB Refunding	-	-	-	-	-	-	-	-	0.01453	0.01687
<b>Total Voter Approved Rate</b>	0.12812	0.15292	0.14086	0.13730	0.16070	0.14556	0.13917	0.13718	0.11345	0.12921
<b>Total Direct Rate</b>	<u>1.12812</u>	<u>1.15292</u>	<u>1.14086</u>	<u>1.13730</u>	<u>1.16070</u>	<u>1.14556</u>	<u>1.13917</u>	<u>1.13718</u>	<u>1.11345</u>	<u>1.12921</u>

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

Source: Solano County Auditor-Controller's Office

**Top 10 Principal Property Tax Payers****Current Year and Nine Years Ago**

Taxpayer	2019		2010	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Centro Watt Property Owner II	\$ 111,205,878	1.03%	\$ 72,508,076	0.90%
Park Management Corp.	87,068,220	0.81%	62,190,768	0.77%
Prime Ascot LP	61,652,855	0.57%	49,245,470	0.61%
Invitation Homes Inc	56,395,800	0.52%		
Colony Starwood Homes	55,234,020	0.51%		
Sundance-Vallejo	36,399,371	0.34%	32,226,459	0.40%
Ogino LLC	32,779,530	0.30%	24,576,516	0.30%
MG Sterling Vill Apartments GWP LP	32,663,499	0.30%		
Lennar Mare Island LLC	31,654,897	0.29%	27,179,404	0.34%
Seabridge LLC	31,210,878	0.29%		
K W Vallejo Tick LLC			34,059,432	0.42%
Sutter Community Hospitals			25,807,902	0.32%
Centro Watt Owner II LLC			25,749,900	0.32%
Hart Sterling Village Apartment LLC			24,815,000	0.31%
<b>Top Ten Totals</b>	<b>\$ 536,264,948</b>	<b>4.96%</b>	<b>\$ 378,358,927</b>	<b>4.69%</b>

The amounts shown above include assessed value data for both the City and the Successor Agency to the Redevelopment Agency.

Source: County Assessor's Office  
HDL Report

**Property Tax Levies and Collections****Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2010	\$ 13,724,398	\$ 13,463,254	98.10%	not available	not available	n.a.
2011	14,988,824	14,721,738	98.22%	not available	not available	n.a.
2012	14,464,482	14,216,317	98.28%	not available	not available	n.a.
2013	13,895,641	13,649,602	98.23%	not available	not available	n.a.
2014	14,207,379	14,036,515	98.80%	not available	not available	n.a.
2015	15,455,643	15,302,850	99.01%	not available	not available	n.a.
2016	16,777,951	16,639,813	99.18%	not available	not available	n.a.
2017	17,871,269	17,701,555	99.05%	not available	not available	n.a.
2018	18,973,138	18,802,785	99.10%	not available	not available	n.a.
2019	20,452,309	20,208,077	98.81%	not available	not available	n.a.

NOTE: The amounts presented include only City property taxes (excluding Successor Redevelopment Agency tax increment).

Source: Solano County Auditor-Controller's Office



TAXABLE SALES BY CATEGORY

LAST TEN CALENDAR YEARS

State Board of Equalization Major Business Categories	Calendar Yr 2009 Totals	Calendar Yr 2010 Totals	Calendar Yr 2011 Totals	Calendar Yr 2012 Totals	Calendar Yr 2013 Totals	Calendar Yr 2014 Totals	Calendar Yr 2015 Totals	Calendar Yr 2016 Totals	Calendar Yr 2017 Totals	Calendar Yr 2018 Totals	YTD % change
Retail Group											
Apparel Stores	\$ 369,543	\$ 360,763	\$ 345,862	\$ 605,365	\$ 758,982	\$ 729,060	\$ 774,468	\$ 824,990	\$ 885,616	\$ 923,646	7%
Auto Dealers and Supplies	1,470,319	1,513,273	1,631,711	3,350,870	4,810,138	5,141,839	5,689,553	6,015,344	5,854,553	5,592,440	-3%
Building Materials	644,770	662,073	746,590	1,300,322	1,690,133	1,720,598	1,872,305	2,029,294	2,201,144	2,384,933	8%
Drug Stores	167,018	176,892	191,552	338,120	395,157	471,278	496,641	707,335	778,821	835,848	10%
Eating and Drinking Places	1,067,025	1,059,653	1,115,102	2,050,277	2,483,150	2,665,448	2,906,373	3,186,830	3,365,913	3,499,200	6%
Food Stores	503,626	466,673	503,023	912,903	1,139,899	1,209,115	1,291,787	1,119,244	1,078,298	1,050,666	-4%
Furniture and Appliances	559,419	579,883	648,822	1,097,635	1,416,513	1,466,057	1,495,456	1,522,174	1,563,646	1,564,041	3%
General Merchandise	1,352,361	1,433,255	1,496,190	2,752,006	3,118,356	3,142,565	3,157,454	3,124,309	3,444,165	3,780,355	10%
Other Retail Stores	502,195	466,542	449,602	985,360	1,290,156	1,305,731	1,314,263	1,455,179	1,352,784	1,304,694	-7%
Packaged Liquor	84,430	82,831	86,022	158,442	180,317	209,710	239,682	456,275	499,274	502,401	9%
Service Stations	1,129,465	1,357,559	1,583,528	2,876,297	3,144,854	3,384,436	2,761,900	2,555,727	2,925,225	3,305,884	14%
Total Retail Group	7,850,171	8,159,397	8,798,004	16,427,597	20,427,655	21,445,837	21,999,882	22,996,701	23,949,439	24,744,108	4%
Non-Store & Part Time Retailers	18,852	21,303	4,923	42,407	55,142	46,717	51,216	51,364	57,387	65,079	12%
Business, Service & Repair Group	610,460	559,570	594,428	1,455,135	1,707,567	1,722,581	1,877,718	2,014,404	1,965,010	2,048,538	-2%
Manufacturer & Wholesaler Group											
Contractions & Material	357,909	163,573	204,032	275,750	257,457	361,198	357,650	401,239	504,756	606,858	26%
Drugs & Chemical	62	-	-	39,633	46,141	56,577	139,697	69,264	73,008	93,809	5%
Food/Farm Products & Equip	23,370	83,322	13,172	(27,521)	54,641	55,199	35,418	46,837	48,721	68,149	4%
Furniture & Textiles	3,186	1,483	1,578	9,266	15,756	19,400	18,527	20,396	27,061	35,012	33%
Heavy Industrial Equipment	211,939	119,087	148,636	251,122	234,838	246,794	213,383	265,169	349,111	253,455	32%
Industrial Equipment	99,609	101,367	76,267	227,485	295,961	316,909	370,663	288,567	271,420	282,459	-6%
All Other Equipment	22,102	3,497	4,252	296,596	420,478	404,424	487,063	494,907	422,262	450,338	-15%
Total Mfg & Wholesale Group	718,177	472,329	447,937	1,072,331	1,325,272	1,460,501	1,622,401	1,586,379	1,696,339	1,790,080	7%
State Adjustments & Transfers	(243)	(116)	(273)	509	5,675	3,205	(10,290)	10,508	(2,910)	16,390	-128%
Total Sales All Outlets	9,197,417	9,212,483	9,845,019	18,997,979	23,521,311	24,678,841	25,540,927	26,659,356	27,665,265	28,664,196	4%
Retail Group	7,850,171	8,159,397	8,798,004	16,427,597	20,427,655	21,445,837	21,999,882	22,996,701	23,949,439	24,744,108	4%
Non-Store & Part Time Retailers	18,852	21,303	4,923	42,407	55,142	46,717	51,216	51,364	57,387	65,079	12%
Business, Service & Repair Group	610,460	559,570	594,428	1,455,135	1,707,567	1,722,581	1,877,718	2,014,404	1,965,010	2,048,538	-2%
Manufacturer & Wholesaler Group	718,177	472,329	447,937	1,072,331	1,325,272	1,460,501	1,622,401	1,586,379	1,696,339	1,790,080	7%
State Adjustments & Transfers	(243)	(116)	(273)	509	5,675	3,205	(10,290)	10,508	(2,910)	16,390	-128%
Total Point of Sale	9,197,417	9,212,483	9,845,019	18,997,979	23,521,311	24,678,841	25,540,927	26,659,356	27,665,265	28,664,195	4%
County Pool	1,346,368	1,146,988	1,316,169	1,185,156	1,510,000	1,475,021	1,634,979	1,738,288	1,833,341	1,959,479	5%
State Pool	8,650	4,915	1,701	6,051	7,149	10,111	10,358	3,648	5,805	7,274	59%
Sales Tax Receipts	10,552,434	10,364,387	11,162,889	11,799,325	12,781,159	13,128,117	13,546,345	14,056,183	14,593,221	15,065,837	4%
Transaction & Use Tax (MEASURE B)	-	-	-	8,389,861	12,257,300	13,035,854	13,639,919	14,345,109	14,911,190	15,565,111	4%
Total Receipts	\$ 10,552,434	\$ 10,364,387	\$ 11,162,889	\$ 20,189,186	\$ 25,038,459	\$ 26,163,971	\$ 27,186,264	\$ 28,401,292	\$ 29,504,411	\$ 30,630,948	4%

Sources: HDL Report

**Top 25 Principal Sales Tax Payers**

**CALENDAR YEARS 2018 and 2008**

IN ALPHABETICAL ORDER

2018	2008
Arco	Alamillo Rebar
Au Energy Shell Station	Avery Greene Honda
Autolinx	Barber Chrysler Dodge Jeep
Avery Greene Honda	Best Buy
Best Buy	BPG Pacific
Costco	Chevron
Earthquake Protection Systems	Cornelius Ford
Foster Lumber Yard	Costco
G & M Oil	First Capitol Auction
Home Depot	Home Depot
Kohls	Kohls
Lowe's	Mervyn's
Marshalls	Nino Quality Motors
McDonald's	Ross
Momentum Chrysler/Dodge/Jeep/Kia	Safeway
Ross	Safeway Fuel
Safeway	Shell/Texaco
Safeway Fuel	Six Flags Discovery Kingdom
Six Flags Discovery Kingdom	Syr Concrete
Target	Target
Team Chevrolet Cadillac Mazda Hyundai	Team Chevrolet Cadillac Hyundai Mazda
Toyota Vallejo	Team Hyundai Mazda
Tributary Point Arco	Toyota Vallejo
Vallejo Nissan	Vallejo Nissan
Walmart Neighborhood Market	XKT/Nesco Fabricators

Source: HDL Report

## Ratios of Outstanding Debt by Type

## Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities					Business-type Activities <sup>3</sup>				Total Primary Government	Percentage of Personal Income <sup>2</sup>	Debt Per Capita <sup>2</sup>
	RDA Tax Allocation Bonds <sup>1</sup>	Certificates of Participation	Loans & Notes Payable	Capital Lease Obligations	Total Governmental Activities	Revenue Bonds	Certificates of Participation	Loans & Notes Payable	Total Business-type Activities			
2010	\$ 10,556,320	\$ 24,739,378	-	\$ 1,138,950	\$ 36,434,648	\$ 60,485,004	\$ 87,771,532	\$ 18,485,394	\$ 166,741,930	\$ 203,176,578	4.22%	1,673
2011	10,091,320	24,014,165	-	1,059,063	35,164,548	58,169,066	87,265,475	17,998,136	163,432,677	198,597,225	4.37%	1,705
2012	-	3,911,143	13,770,344	855,379	18,536,866	58,923,128	53,334,101	40,340,363	152,597,592	171,134,458	3.88%	1,476
2013	-	3,860,835	13,770,344	710,248	18,341,427	54,497,312	-	26,727,801	81,225,113	99,566,540	3.22%	850
2014	-	3,725,835	13,508,076	710,248	17,944,159	53,814,629	-	25,416,179	79,230,808	97,174,967	3.10%	820
2015	-	3,584,575	14,455,264	608,784	18,648,623	51,560,639	-	24,252,560	75,813,199	94,461,822	3.04%	789
2016	-	3,420,210	13,936,400	507,320	17,863,930	49,201,649	-	23,254,939	72,456,588	90,320,518	2.97%	770
2017	-	3,233,951	13,445,922	405,856	17,085,729	46,737,658	-	22,229,772	68,967,430	86,053,159	2.51%	728
2018	-	3,037,671	12,898,459	304,392	16,240,522	44,153,668	-	21,179,459	65,333,127	81,573,649	2.55%	684
2019	-	2,830,831	14,036,129	202,928	17,069,888	41,449,678	-	20,101,727	61,551,405	78,621,293	2.32%	658

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

<sup>1</sup> No longer reported under governmental activities as the result of the dissolution of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency was once a blended component unit of the City.

The Redevelopment Successor Agency financial transactions are reported in a separate trust fund.

<sup>2</sup> These ratios are calculated using personal income and population for the current calendar year.

<sup>3</sup> Effective fiscal year 2013 and beyond, the presentation of some financial data has changed to reflect the effects of the implementation of GASB 61 which eliminated the inclusion of the Vallejo Sanitation & Flood Control District (now Vallejo Flood & Wastewater District) as part of the primary government. This results in the financial activities of the VFWD being discretely presented in the Component Unit column of the Statement of Net Position and the Statement of Activities.

The City did not retroactively restate the amounts prior to FY 2013 for the debt amounts related to the implementation of GASB 61.

### Ratio of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value <sup>2</sup>	Per Capita <sup>3</sup>
	General Obligation Bonds	RDA Tax Allocation Bonds <sup>1</sup>	Total		
2010	-	\$ 10,556,320	\$ 10,556,320	0.13%	87
2011	-	10,091,320	10,091,320	0.13%	87
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

<sup>1</sup> No longer reported under governmental activities as the result of the dissolution of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency was once a blended component unit of the City.

<sup>2</sup> Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

<sup>3</sup> These ratios are calculated using personal income and population for the current calendar year.

**Direct and Overlapping Debt****June 30, 2019**

FY 2018-19 Assessed Valuation Citywide Total		\$ 10,814,097,300	
Successor Agency Incremental Valuation		(462,650,612)	
FY 2018-19 Adjusted City-Only Assessed Valuation		<u>\$ 10,351,446,688</u>	
	Percentage	Total	City's Estimated
	Applicable <sup>1</sup>	Outstanding	Share of
		Debt 6/30/19	Overlapping
			Debt 6/30/19
<b>Overlapping Tax and Assessment Debt:</b>			
Solano County Community College District	20.352%	\$ 276,464,164	\$ 56,265,987
Vallejo Unified School District	97.690%	88,000,000	85,967,200
Vallejo Unified School District CFD No. 2	100.000%	16,231,629	16,231,629
City of Vallejo Hiddenbrooke Improvement District No. 1998-1	100.000%	10,610,000	10,610,000
City of Vallejo 1915 Act Bonds	100.000%	5,000,000	5,000,000
Total overlapping debt repaid with property taxes		<u>396,305,793</u>	<u>174,074,816</u>
<b>Direct and Overlapping General Fund Debt:</b>			
Solano County Certificates of Participation	19.654%	67,315,000	\$ 13,230,090
Solano County Pension Obligation Bonds	19.654%	23,375,000	4,594,123
Solano Community College District Certificates of Participation	20.352%	8,409,602	1,711,522
Vallejo Unified School District Certificates of Participation	97.690%	20,211,456	19,744,571
City of Vallejo General Fund Obligations	100.000%	36,590,756 <sup>3</sup>	36,590,756
Total Direct and Overlapping General Fund Debt		<u>155,901,814</u>	<u>75,871,062</u>
Overlapping Tax Increment Debt (Successor Agency):	100.000%	<u>\$ 3,975,000</u>	<u>3,975,000</u>
Total City Direct Debt			<u>36,590,756</u>
Total overlapping debt <sup>2</sup>			<u>\$ 217,330,122</u>
Combined Total Debt			<u>\$ 253,920,878</u>

## Notes:

<sup>1</sup> The percentage of overlapping debt applicable to the City is estimated using taxable assessed property values.

Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

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

<sup>2</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.61%
Total Direct Debt (\$36,590,756)	0.34%
Combined Total Debt	2.35%

Ratios to Redevelopment Successor Agency Incremental Value:

Total Overlapping Tax Increment Debt	0.86%
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<sup>3</sup> Includes Governmental Activities Debt plus the UBOC Reimbursement Obligations of \$19,520,868 listed under Business-type activity debt, which have a General Fund pledge of repayment.

Source: California Municipal Statistics, Inc.

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year Ended June 30										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed valuation	\$ 9,533,570,286	\$ 7,729,190,511	\$ 7,250,291,889	\$ 7,001,569,926	\$ 7,315,827,913	\$ 7,238,200,879	\$ 8,016,526,529	\$ 8,561,720,721	\$ 9,126,502,971	\$ 9,718,370,847	\$ 10,351,446,688
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,383,392,572	1,932,297,628	1,812,572,972	1,750,392,482	1,828,956,978	1,809,550,220	2,004,131,632	2,140,430,180	2,281,625,743	2,429,592,712	2,587,861,672
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	\$ 357,508,886	\$ 289,844,644	\$ 271,885,946	\$ 262,558,872	\$ 274,343,547	\$ 271,432,533	\$ 300,619,745	\$ 321,064,527	\$ 342,243,861	\$ 364,438,907	\$ 388,179,251
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 357,508,886</u>	<u>\$ 289,844,644</u>	<u>\$ 271,885,946</u>	<u>\$ 262,558,872</u>	<u>\$ 274,343,547</u>	<u>\$ 271,432,533</u>	<u>\$ 300,619,745</u>	<u>\$ 321,064,527</u>	<u>\$ 342,243,861</u>	<u>\$ 364,438,907</u>	<u>\$ 388,179,251</u>
Total debt applicable to the limit as a percentage of debt limit <sup>1</sup>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City Finance Department  
County Tax Assessor's Office

<sup>1</sup> Section 43605 of the California Government Code for General Obligation bonds.

**Pledged Revenue Coverage****Last Ten Fiscal Years**

Fiscal Year Ended June 30	Water Revenue Bonds (a)				
	Gross Water Revenues (a)	Less Expenses (b)	Net Available Revenues	Total Debt Service (c)	City system Coverage
2010	\$ 32,555,633	\$ 25,393,647	\$ 7,161,986	\$ 5,819,158	1.23
2011	36,836,222	23,243,250	13,592,972	5,029,601	2.70
2012	35,443,045	24,069,547	11,373,498	5,027,461	2.26
2013	36,121,520	25,393,089	10,728,431	5,064,399	2.12
2014	39,167,233	25,860,570	13,306,663	4,672,819	2.85
2015	35,309,850	27,107,002	8,202,848	5,165,995	1.59
2016	36,286,112	26,855,253	9,430,859	5,165,821	1.83
2017	36,716,327	27,718,056	8,998,271	5,164,849	1.74
2018	41,027,396	29,860,024	11,167,372	5,167,149	2.16
2019	43,637,679	30,069,713	13,567,966	5,165,149	2.63

a) Includes operating revenues, investment earnings, and contributions

b) Excludes depreciation and debt service payments.

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

Data source - City of Vallejo Comprehensive Annual Financial Report  
Debt Service Schedules

**Pledged Revenue Coverage  
Last Ten Fiscal Years**

Wastewater														
Fiscal Year Ended June 30	Utility Service Charges	Less Operating Expenses	Net Available Revenues	Debt Service (Principal and Interest)										Coverage Ratio
				2014 Rev Bonds	2011 Rev Bonds	2008 State Fund Loan	2006 COP	2004 State Fund Loan	2001 COP	1993 COP	State Revenue Fund Loans	Notes Payable	Total	
2010	\$ 25,384,971	\$ 15,812,036	\$ 9,572,935	-	-	-	\$ 2,521,221	-	\$ 248,426	\$ 2,760,344	\$ 1,219,675	-	\$ 6,749,666	1.42
2011	25,853,201	16,209,375	9,643,826	-	33,160	-	2,499,531	-	236,769	2,755,344	1,219,556	-	6,744,360	1.43
2012	26,639,300	15,838,616	10,800,684	-	313,742	-	2,490,967	-	664	2,767,704	1,219,433	-	6,792,510	1.59
2013	27,385,589	16,833,300	10,552,289	-	325,943	-	2,507,309	-	-	2,747,344	1,219,309	-	6,799,905	1.55
2014	28,628,926	18,297,585	10,331,341	82,728	327,693	315,062	2,231,956	904,119	-	2,743,844	-	-	6,605,402	1.56
2015	28,270,621	17,989,148	10,281,473	2,318,519	331,626	317,449	-	907,072	-	2,721,750	-	-	6,596,416	1.56
2016	29,530,993	16,901,393	12,629,600	2,314,475	324,475	317,450	-	907,072	-	2,661,500	-	-	6,524,971	1.94
2017	28,526,894	16,308,018	12,218,876	2,311,475	326,075	317,450	-	907,072	-	2,657,500	-	-	6,519,572	1.87
2018	27,482,287	16,006,016	11,476,271	2,312,275	317,449	317,450	-	907,072	-	2,652,750	-	-	6,516,221	1.76
2019	30,348,952	18,898,270	11,450,682	2,311,675	328,075	317,450	-	907,072	-	2,709,875	-	-	6,574,147	1.74

Data source - Vallejo Sanitation and Flood Control District Comprehensive Annual Financial Report



**Pledged Revenue Coverage****Last Ten Fiscal Years**

Tax Allocation Bonds				
Fiscal Year Ended June 30	Tax Increment / ROPS	Former Agency / Successor Agency (a)		Coverage
		Debt Service ( b )		
		Principal	Interest	
2010	\$ 3,280,996	\$ 430,000	\$ 747,078	2.79
2011	3,061,230	465,000	714,155	2.60
2012	1,833,660	510,000	678,430	1.54
2013	2,312,496	555,000	639,132	1.94
2014	1,695,726	610,000	596,657	1.41
2015	1,695,595	630,000	551,220	1.44
2016	2,005,037	685,000	502,633	1.69
2017	1,425,825	750,000	449,703	1.19
2018	1,523,091	820,000	391,660	1.26
2019	1,533,687	895,000	328,143	1.25

a) The Redevelopment Agency, once a blended component unit of the City, was dissolved as of February 1, 2012. The Redevelopment Successor Agency financial transactions are reported in a separate trust fund.

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

Data source - City of Vallejo Comprehensive Annual Financial Report  
Debt Service Schedules

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

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate* (3)
2010	121,435	\$ 4,816,841	\$ 39,666	14.7%
2011	116,508	4,543,695	38,999	14.0%
2012	115,928	4,414,306	38,078	12.5%
2013	117,112	3,094,450	26,423	10.2%
2014	118,470	3,130,333	26,423	8.9%
2015	119,683	3,111,279	25,996	8.3%
2016	117,322	3,043,919	25,945	5.6%
2017	118,280	3,421,840	28,930	5.1%
2018	119,252	3,199,293	26,828	4.4%
2019	119,544	3,391,224	28,368	4.4%*

Note: \* Starting in 2018, the unemployment rate reported is the average of the Vallejo City unemployment rate for the first 9 months of the calendar year. In previous years, the unemployment rate in this table was determined by averaging the Vallejo-Fairfield MSA monthly figures.

Sources: (1) State Department of Finance (revised)  
(2) U.S. Bureau of Economic Analysis (2007 to 2012); U.S. Census Bureau (2013 and forward)  
(3) State of California Employment Development Department (data shown is for the City)

**Top 10 Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2019		2010	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Kaiser Permanente Medical Center*	4,099	7.29%	3,906	6.59%
Six Flags Discovery Kingdom	1,675	2.98%	1,600	2.85%
Vallejo Unified School District	1,336	2.38%	1,600	2.85%
Kaiser Permanente Call Center	-	0.00%	950	1.69%
Sutter Solano Medical Center	656	1.17%	690	1.23%
Touro University California	510	0.91%	385	0.69%
City of Vallejo	539	0.96%	574	1.02%
Meyer Corp	400	0.71%	-	0.00%
California Maritime Academy	300	0.53%	N/A	N/A
Costco	275	0.49%	N/A	N/A
U.S.D.A Forest Service	230	0.41%	300	0.53%
California Highway Patrol, Regional Office	N/A	N/A	400	0.71%
Petrochem Corporate Headquarters	N/A	N/A	225	0.40%

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: MuniServices LLC / an Avenu Insights & Analytics Company

\*Includes call center. Physicians data is unavailable and not included in the count.

**Full-time and Part-time City Employees  
by Function  
Last Ten Fiscal Years**

Function	Full-Time and Part-Time Employees as of June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018 *	2019
General government	41.0	40.0	48.5	60.0	61.0	65.6	61.0	60.5	63.5	80.0
Public safety	214.0	195.0	192.0	226.0	236.0	242.0	244.0	257.0	258.0	259.0
Public works	54.0	59.0	60.3	62.0	68.0	68.0	71.0	72.5	71.5	73.0
Mare Island Coop/CFD	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Economic Development	21.0	22.0	20.0	18.0	17.8	20.8	21.0	24.0	25.0	21.0
Housing	17.0	17.0	17.0	17.0	15.0	14.0	14.0	15.0	15.0	17.0
Solid Waste Disp	-	-	-	-	-	-	-	-	-	-
Landscape District	7.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0
Risk Management	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.5	4.5	4.0
Water	101.0	103.0	103.0	104.0	104.0	106.0	106.0	106.0	108.0	114.0
Transportation	5.0	5.0	5.0	2.0	-	-	-	-	-	-
Marina	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Corp Yard	10.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0
Fiber	-	-	-	-	-	-	-	1.0	1.0	-
Parking Structure	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0
Total	<u>477.0</u>	<u>461.0</u>	<u>465.8</u>	<u>509.0</u>	<u>522.8</u>	<u>537.4</u>	<u>538.0</u>	<u>558.5</u>	<u>565.5</u>	<u>587.0</u>

\* Starting FY 17/18, using amended FTE numbers as of year end instead of adopted FTE from beginning of year.

Source: City of Vallejo 19-20 Adopted Budget

**Operating Indicators  
by Function**

**Last Ten Fiscal Years**

	Fiscal Year Ended June 30									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Police:										
Arrests	4,273	3,133	3,643	3,522	3,738	4,182	4,103	3,775	2,679	2,178
Parking citations issued	3,676	4,532	4,385	1,163	3,778	3,679	3,131	2,984	5,074	10,749
Fire:										
Number of emergency calls	12,149	12,119	12,546	12,970	12,992	14,339	14,307	14,389	14,866	13,942
Inspections (Fire Prevention)	1,200	675	2,122	2,667	3,925	3,242	2,372	2,417	2,352	1,500
Inspections (Code Enforcement) <sup>1</sup>	8,000	5,567	2,623	7,074	9,586	9,055	11,334	11,822	11,125	6,507
Public works:										
Street resurfacing (miles)	46.5	55.0	5.6	6.6	3.2	9.03	3.87	7.0	1.25	42.50
Water:										
New connections	67	51	42	5	10	45	66	63	48	70
Average daily consumption (thousands of gallons)	17,975	17,698	16,976	17,806	17,371	15,637	14,216	14,801	15,761	15,630
Development Services:										
Building permits	2,175	1,791	1,797	2,176	2,444	2,816	3,244	3,221	3,369	3,163
Housing Rental units <sup>2</sup>	2,267	2,292	2,194	2,292	2,292	2,306	2,333	2,333	2,333	2,333
Housing Vouchers <sup>3</sup>	2,147	2,149	2,292	2,133	2,062	1,953	1,976	1,926	1,898	1,835
Golf course:										
Golf rounds played	82,373	65,470	66,133	73,077	73,835	70,795	69,803	56,738	75,882	78,715

<sup>1</sup> Function transferred to Code Enforcement.

<sup>2</sup> Amounts listed represent the number of rental units contracted.

<sup>3</sup> Amounts listed represent actual vouchers issued.

Source: City of Vallejo

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

	Fiscal Year Ended June 30									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Police:										
Stations	3	3	3	3	4	4	5	5	5	5
Fire:										
Fire stations	6	6	6	6	6	6	6	6	6	6
Public works:										
Streets (miles)	351	351	351	351	351	351	351	351	351	351
Traffic signals	148	148	123	123	123	125	124	124	124	121
Water:										
Water mains (miles)	624	624	624	624	624	624	624	624	624	624
Maximum daily capacity (thousands of gallons) <sup>1</sup>	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Golf Course:										
Municipal golf courses	2	2	2	2	2	2	2	2	2	2

<sup>1</sup> Represents combined capacity for Fleming Hill WTP, Travis WTP and Green Valley WTP.

Source: City of Vallejo  
Vallejo Golf Club, Inc.



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