



City of
VALLEJO
California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CITY OF VALLEJO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

PREPARED BY THE FINANCE
DEPARTMENT

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December 14, 2020

**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 2020 Comprehensive Annual Financial Report (CAFR) for the City of Vallejo, California. The Finance Department has prepared this CAFR 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 City of Vallejo's financial position at June 30, 2020, 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. It is 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 Lance, Soll & Lunghard, LLP, a fully licensed public accounting firm qualified to perform audits of the State and local governments within the State of California. The independent audit's goal was to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2020, 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.

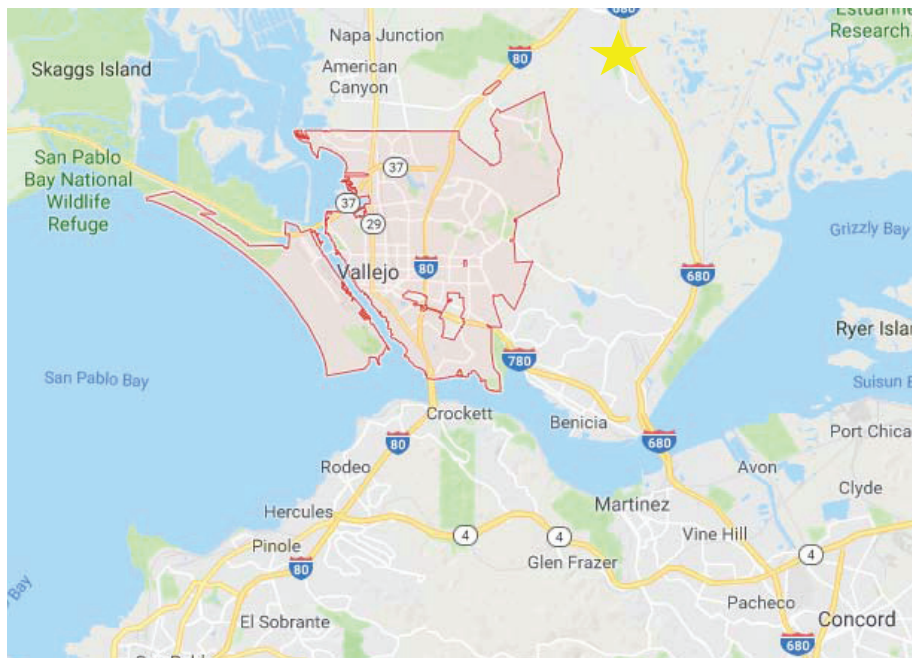
The City of Vallejo's governing body is elected by the citizens in a general, popular election. The Mayor, elected by the community-at-large to a four-year term, acts as the City's formal representative and presides over Council meetings. The City Council, elected on a nonpartisan basis, consists of six members elected by the community-at-large to four-year, staggered terms. Three Council members are 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.

With a population of just over 119,000 (estimated as of January 2020), Vallejo 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 before 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. Vallejo enjoys a mild Mediterranean climate. 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 northeast of San Francisco, Approximately 60 miles southwest 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)
- Empress Investment Fund, LLC (EIF) (Blended Component Unit)
- Vallejo Homeless Navigation Center JPA (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

Prior to the COVID19 Pandemic, the City was experiencing a cross-sector upward trend. Unemployment in Vallejo had dipped below 4%, its lowest point in a quarter-century, and nearly 1,000 jobs had been created across the City since January 2018. In March of 2020, the Governor of California announced a restrictive “stay and shelter” policy statewide to mitigate the Pandemic’s impacts and pre-empt the impact on the Health Care system. This order shut down all non-essential businesses and seriously impacted the service industry (Hospitality, Restaurants, Health Clubs, and many more). The City also closed the City Hall, and all non-essential employees worked remotely.

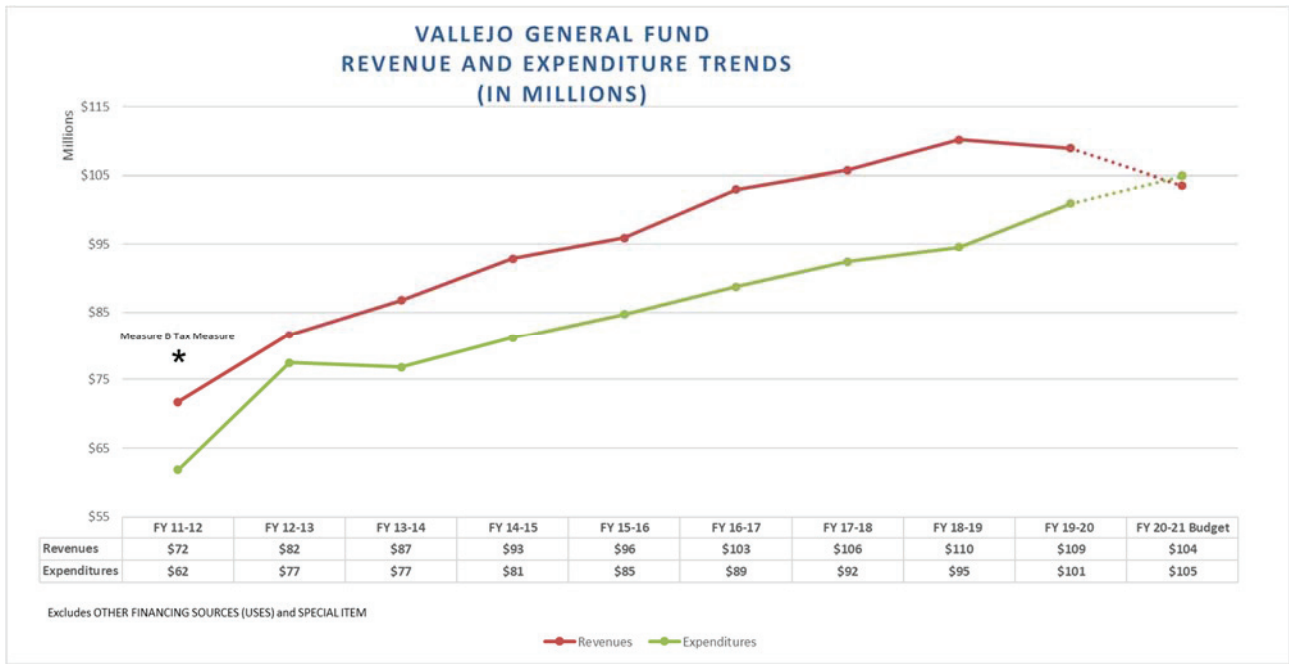
The economic impact has been felt throughout the City, and has impacted many small businesses very seriously. The unemployment rates in Solano County spiked at a high of 14.9% in April, and unemployment in Vallejo rang in at 16.6%. These challenging numbers were reduced slightly by the Federal CARES act funding and the eventual slow reopening of businesses in the summer. The last numbers available (October) show Vallejo at 10.8% unemployment – an improvement since April, but there are still many hurting employees and employers in Vallejo. The Pandemic’s economic impact on the short term can be shown in these numbers and in revenue to the City, but the long term impacts are yet to be known. As many look to 2021, there is hope a vaccine can bring some normalization to our citizens’ lives, but predicting how it can improve the economic future is challenging to predict.

Even in the midst of the Pandemic, the Bay Area real estate trends are still trending positively - leading to continued upward movement in 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 put Vallejo in a prime position to offer home-seekers a unique opportunity to settle down in a region that can be cost-prohibitive.

During the current economic challenge, the City sees an impact on revenue sources and small businesses. Even with some positive signs of development opportunities, some of the looming fiscal challenges include the rising costs for employee salaries and benefits that threaten nearly all California municipalities, and key pieces of City infrastructure are showing their age and would require significant capital expenditures to remedy. In the next year, the City will need to focus on support for small businesses, retaining jobs citywide, acquiring new development and tenants, and operating with a reduced revenue stream.

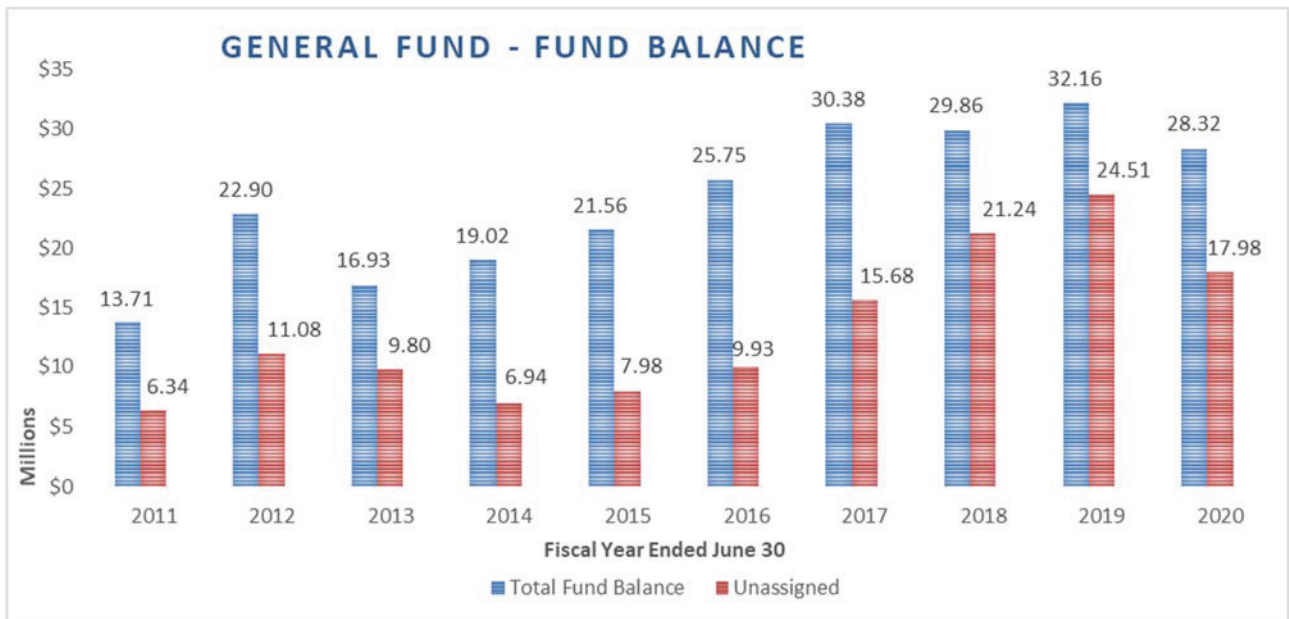
State Budget – The coronavirus pandemic has had far-reaching negative impacts on California's economy, which have direct and indirect implications for the state budget. The final spending plan reflects an estimated \$54.3 billion General Fund budget problem for the 2020-21 budget. The most significant cause of the state’s budget problem is a substantial decline in revenues by \$42 billion. Another major driver of the state’s budget problem is higher caseload-related costs across the state’s safety net programs, including MediCal, California Work Opportunity and Responsibility to Kids (CalWORKs), and CalFresh.

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 \$16.6 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 the 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, 2020, 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 2020-21, 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 \$5.1 million (or 19%) over the next four years due to decreasing discount rates and health care cost increases of over \$1.7 million (or 30%) over the next four 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 2019-20, the City contributed 21.397% and 11.301% of employee salary towards the normal cost for its Safety and Miscellaneous pension plans, respectively. In addition, in July 2019, the City paid its required contributions for the unfunded liability in the Safety plan (of \$12,508,364) and the Miscellaneous plan (of \$7,439,320).

Expressed as a total % of payroll, during 2019-20, the City contributed 78.0% and 42.4% of employee salary to its Safety and Miscellaneous pension plans, respectively. Projections utilizing July 2020 CALPERS data show the rates increasing to 90.3% for the Safety plan and 45.8% for the Miscellaneous plan by FY 2026-27.

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 \$1.964 million dollars in FY 17/18, and an additional \$2.134 million contribution in FY 18/19, to further mitigate against future CALPERS increases. A total of \$2.368 million was contributed in FY 19/20.

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 2020 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 four fiscal years.

MAJOR INITIATIVES

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

Small Business Support Initiatives – The City recognized that the COVID19 Pandemic would have a serious impact on its small local businesses. This impact is felt by its citizens that own these businesses and neighbors and fellow citizens employed locally, as well as through the City’s tax revenues. The City aggressively provided support materials to businesses early in the Pandemic – including support for Payroll Protection, access to the Solano Workforce Development Board (WDB), Small Business Development Center (SBDC) resources, Chamber resources, State support services, essential business determinations, business reopening guidelines, outdoor dining, and personal service permits, and much more.

Small Business Grant Program – Pandemic Relief - The City Council approved the use of \$250,000 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act grant revenue to function as a direct support to small businesses in Vallejo. The staff with its partners, Solano WDB, implemented a grant program for small businesses in 45 days. Online applications required the primary criteria of being impacted by the Pandemic. Over 200 Vallejo businesses applied for Grant funds. Direct grants of \$10,000 or less were given to over 40 businesses, providing much-needed help and a bridge to the hope of better economic times. In addition, the City also participated and in the Solano County Small Business Grant program to help over 70 Vallejo businesses to receive the County grant. The City is hopeful to continue this program if more stimulus money is provided due to the prolonged Pandemic.

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 Economic and Community improvement Projects on key pieces of property are seeing movement even during the COVID19 Pandemic. The City continues to see many business and development inquires, 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. Some of these projects include:

Mare Island – Proposed Mixed-Use Development

The Nimitz group took ownership of the majority of Mare Island and contracted with a development partner Southern Land Company. The Nimitz Group and Southern Land Company have embarked on a program of hiring a development team, facilitating business in their core commercial area, assessing current buildings for upgrades, providing security and improvements, analyzing the infrastructure costs on the island, and the costs for North Mare Island. They also are adding to their design and planning team to develop an island-wide master plan to create Mare Island as a place for a community of manufacturing, business, employment, housing, and recreation.

Cooke Property – New Costco and Housing Development in Process

Vallejo Fairview Developers/Lewis Group received entitlement approval for a Master Plan to construct a new, expanded Costco and 178 new single-family homes on the 50-acre parcel formerly known as the 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 it allows the City to retain this major employer and sales tax collector.

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. The Pandemic and other challenges have slowed this project process, but the coming year should see movement.

Solano360 – Solano Fairgrounds

The overall site consists of 149.1 acres in the Vallejo City limits. The City and the County worked together on an RFQ process that selected two primary development groups to propose on an RFP. The City and County selected one master developer based on their proposal in October 2020. The County is negotiating the needed agreements to facilitate their vision for the development of the area as an iconic region-serving public

entertainment destination and private-mixed use development, and an integrated “Fair of the Future”. 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.

Downtown Parking Improvements and Enforcement

The COVID-19 Pandemic has caused considerable drops in Ferry ridership, which has greatly impacted Parking revenue. While this has resulted in targeted reductions in Parking service short-term, long-term capital plans more forward unabated, as program revenues are expected to rebound as San Francisco reopens and commuter traffic returns. The City continues discussions with partner agencies to develop the second phase of the Vallejo Station Parking Structure. The consolidation of parking into the Phase A & Phase B structures would allow the City 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 citywide 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 2019-20, over 64 projects have been approved through the PB process, totaling more than \$10.6 million in funding.

Improving Technology – The City is moving forward with exciting new projects to improve its use of technology in governance. This year’s main technology focus was to improve public safety two-way radio communication. Both police and fire departments operated on a very antiquated Motorola radio system that was beyond its useful life. In a strategic partnership with EBRCSA (East Bay Radio Communications Systems Authority), a new radio system is expected to go live in February of 2021. The communication upgrade will solve a major problem and will ensure our first responders (Police/Fire) have clear, reliable communication with dispatch and neighboring agencies in mutual aid scenarios.

In response to the Pandemic, the Information Technology department made great strides to ensure over 200 employees were set up to work from home. This was accomplished in a very short period of time. Information Technology department quickly procured and installed several key technologies to make sure users had full access to their systems. Some of these improvements are as follows:

- Zoom video conferencing
- Procured and installed over 100 laptops and home setups.
- DocuSign to ensure all contracts are routed electronically.
- Microsoft Share Point
- VPN (Virtual Private Network) technology to ensure encrypted/secure access to the City network.
- Migrated HTE to a cloud data center.

Staffing and Collective Bargaining – The City remains focused on attracting dedicated professionals to fill critical vacant positions while developing and retaining current staffing in a very competitive employment market. The City now has existing agreements in place with all 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 the 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 this report's financial section.

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 to prepare financial statements and maintain accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived. 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, 2019.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparing state and local government financial reports. 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 were 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. They have worked closely with our auditors in finalizing this report. Additionally, I would like to acknowledge the City's audit firm of Lance, Soll & Lunghard, LLP 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



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, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF VALLEJO

Public Officials

City Council

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

City Manager

Greg Nyhoff

Interim City Attorney

Randy Risner

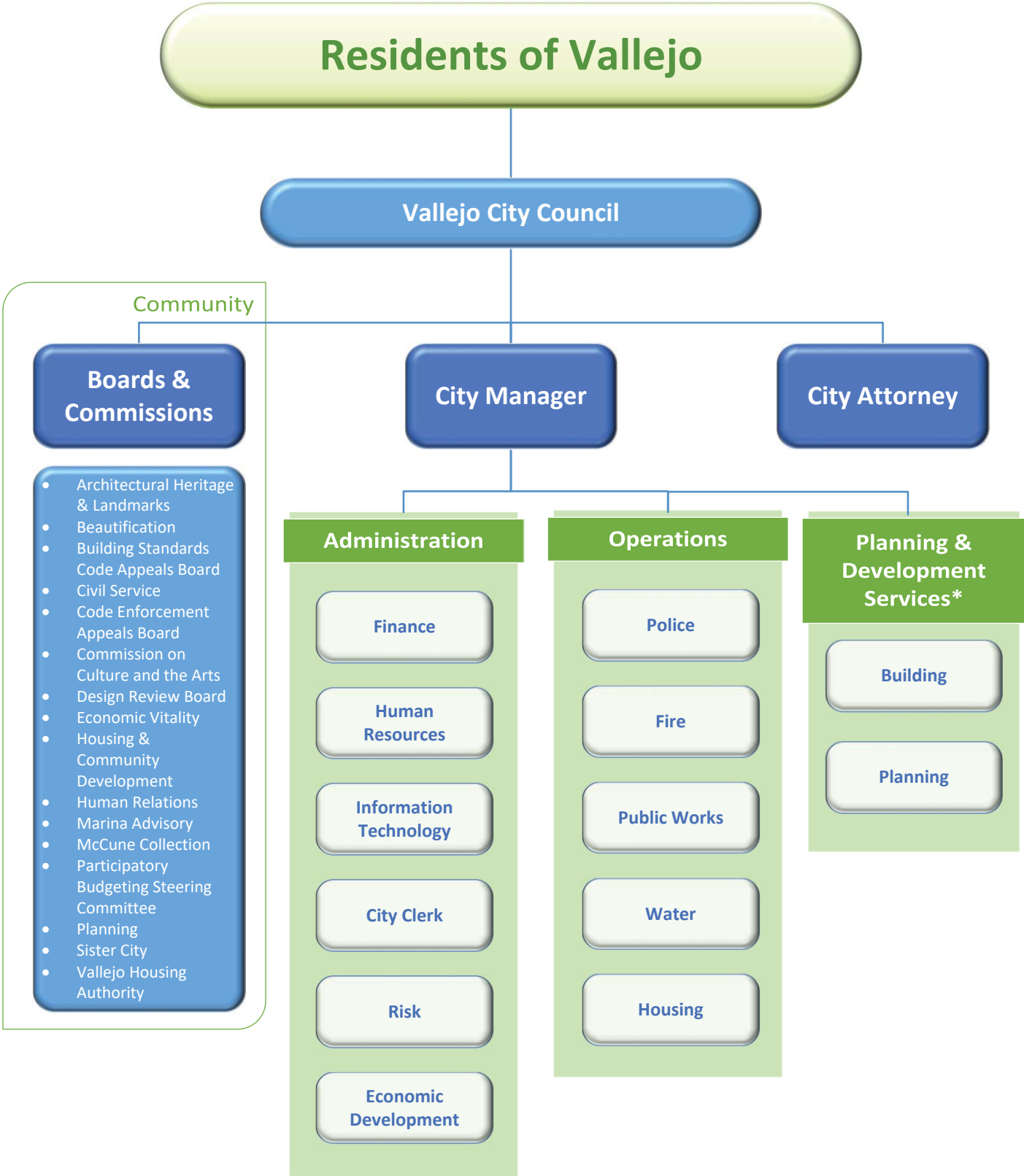
City Clerk

Dawn Abrahamson

Department Head

Anne Cardwell, Assistant City Manager
Rekha Nayar, Finance Director
Heather Ruiz, Human Resources Director
Shawny Williams, Police Chief
Daryl Arbuthnott, Fire Chief
Terrance Davis, Public Works Director
Michael Malone, Water Director
Gillian Hayes, Planning & Development Services Director
Naveed Ashraf, Chief Innovation Officer

Citywide Organizational Chart



* Proposed change in department title from Economic Development to Planning & Development Services requires formal authorization of the City Council by ordinance in accordance with City Charter Section 601.



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Vallejo, California, (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Vallejo Flood and Wastewater District. Those component unit financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Vallejo Flood Water and Wastewater District, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



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

Opinions

In our opinion, based on our audit and the report of 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 of Vallejo, California, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 and other auditors 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, combining and individual nonmajor fund financial statements, budgetary schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, by us and other auditors. In our opinion based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Solt & Lughard, LLP

Sacramento, California
December 14, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2020

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, 2020. 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 \$265 million (net position). This amount improved by \$4.2 million from the prior year attributable to business-type activities.
- Of the City's \$265 million net position balance, unrestricted net position was a deficit of \$218.7 million. Excluding the \$294.4 million net pension and OPEB obligations and related deferred inflows and outflows which are not claims on current year financial assets, \$75.7 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 2019-20 was \$300 million, based upon a measurement date of June 30, 2019. This obligation remains larger than the sum of all other bond and long-term liabilities combined. Future revenues and accumulated PARS trust funds 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, 2020, the City's governmental funds reported combined fund balance of \$120.8 million, \$8.2 million lower than the prior year balance. Approximately 14% of this amount or \$17.4 million is unassigned and available for spending at the City's discretion.
- The General Fund reflected a total ending fund balance of \$28.3 million, down by \$3.9 million or 12% from the previous fiscal year. Of the total fund balance, \$18 million (64%) is unassigned. This balance represents 16% of Fiscal Year 2020-21 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 \$1.9 million. Excluding the \$33.3 million net pension and OPEB obligations and related deferred inflows and outflows, \$31.4 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, 2020 and 2019, 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, 2020 and 2019
(In millions)

	Governmental Activities		Business-type Activities		Government-wide Totals		Increase/ (Decrease)
	2020	2019	2020	2019	2020	2019	
Assets							
Current and other assets	\$196.4	\$208.1	\$43.6	\$41.2	\$240.0	\$249.3	(\$9.3)
Capital assets	348.5	332.9	111.6	114.6	460.1	447.5	12.6
Total assets	<u>544.9</u>	<u>541.0</u>	<u>155.2</u>	<u>155.8</u>	<u>700.1</u>	<u>696.8</u>	<u>3.3</u>
Deferred Outflows of Resources							
Unamortized loss on refunding of debt			1.8	0.7	1.8	0.7	1.1
Related to pensions	29.2	38.0	3.2	4.2	32.4	42.2	(9.8)
Related to OPEB	2.4	2.4	0.5	0.6	2.9	3.0	(0.1)
Total deferred outflows	<u>31.6</u>	<u>40.4</u>	<u>5.5</u>	<u>5.5</u>	<u>37.1</u>	<u>45.9</u>	<u>(8.8)</u>
Liabilities							
Current and other liabilities	42.3	48.7	12.9	13.9	55.2	62.6	(7.4)
Net pension liability	266.9	262.3	33.1	33.0	300.0	295.3	4.7
Other long-term liabilities	51.3	48.2	54.0	60.8	105.3	109.0	(3.7)
Total liabilities	<u>360.5</u>	<u>359.2</u>	<u>100.0</u>	<u>107.7</u>	<u>460.5</u>	<u>466.9</u>	<u>(6.4)</u>
Deferred Inflows of Resources							
Related to pensions	6.3	8.5	0.8	0.7	7.1	9.2	(2.1)
Related to OPEB	3.6	4.7	0.9	1.1	4.5	5.8	(1.3)
Total deferred inflows	<u>9.9</u>	<u>13.2</u>	<u>1.7</u>	<u>1.8</u>	<u>11.6</u>	<u>15.0</u>	<u>(3.4)</u>
Net position							
Net investment in capital assets	331.8	315.9	59.6	53.8	391.4	369.7	21.7
Restricted	91.7	75.4	0.5	5.5	92.2	80.9	11.3
Unrestricted	(217.4)	(182.3)	(1.2)	(7.5)	(218.6)	(189.8)	(28.8)
Total net position	<u>\$206.1</u>	<u>\$209.0</u>	<u>\$58.9</u>	<u>\$51.8</u>	<u>\$265.0</u>	<u>\$260.8</u>	<u>\$4.2</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 \$265 million (net position). This amount increased by \$4.2 million or 2% from prior year and comprised of the following major components:

- Net investment in capital assets increased \$21.7 million to \$391.4 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 \$11.3 million to \$92.2 million. These assets are subject to agreements with creditors, developers, grantors, or laws or regulations of other governments.
- The unrestricted net deficit increased by \$28.8 million from negative \$189.8 million in 2019 to negative \$218.6 million in 2020. This balance had been negative since the implementation of GASB 68 in 2015— reporting of the long-term benefits for pension as liability.

The following analysis focuses on the changes in net position of the City's governmental activities for the years ended June 30, 2020 and 2019.

Statement of Activities
for the years ended June 30, 2020 and 2019
(In millions)

	Governmental Activities		Increase/(Decrease)	
	2020	2019	Amount	%
Revenues				
Program revenues				
Charges for services	\$24.1	\$27.6	(\$3.5)	-13%
Operating grants and contributions	38.9	38.1	0.8	2%
Capital grants and contributions	2.8	3.1	(0.3)	-10%
Total program revenues	<u>65.8</u>	<u>68.8</u>	<u>(3.0)</u>	<u>-4%</u>
General revenues				
Property related taxes	32.8	31.2	1.6	5%
Sales and transaction taxes	32.4	32.6	(0.2)	-1%
Utility users tax and others	27.6	27.4	0.2	1%
Gain on sale of capital assets		0.1	(0.1)	-100%
Investment earnings and other	9.1	10.2	(1.1)	-11%
Total general revenues	<u>101.9</u>	<u>101.5</u>	<u>0.4</u>	<u>0%</u>
Total revenues	<u>167.7</u>	<u>170.3</u>	<u>(2.6)</u>	<u>-2%</u>
Expenses				
Administration	10.7	11.4	(0.7)	-6%
Community development	31.6	34.8	(3.2)	-9%
Planning and development services	4.6	5.7	(1.1)	-19%
Fire services	34.9	30.2	4.7	16%
Police services	54.9	47.7	7.2	15%
Public works	31.9	28.2	3.7	13%
Interest on long-term debt	0.4	0.4		
Total expenses	<u>169.0</u>	<u>158.4</u>	<u>10.6</u>	<u>7%</u>
Excess before transfers	(1.3)	11.9	(13.2)	-111%
Transfers	(1.6)	(2.0)	0.4	-20%
Change in net position	<u>(2.9)</u>	<u>9.9</u>	<u>(12.8)</u>	<u>-129%</u>
Net position - beginning	209.0	199.1	9.9	5%
Net position - ending	<u>\$206.1</u>	<u>\$209.0</u>	<u>(\$2.9)</u>	<u>-1%</u>

Governmental activities decreased the City's net position by \$2.9 million, mainly due to the 7% increase in total expenses.

Revenues

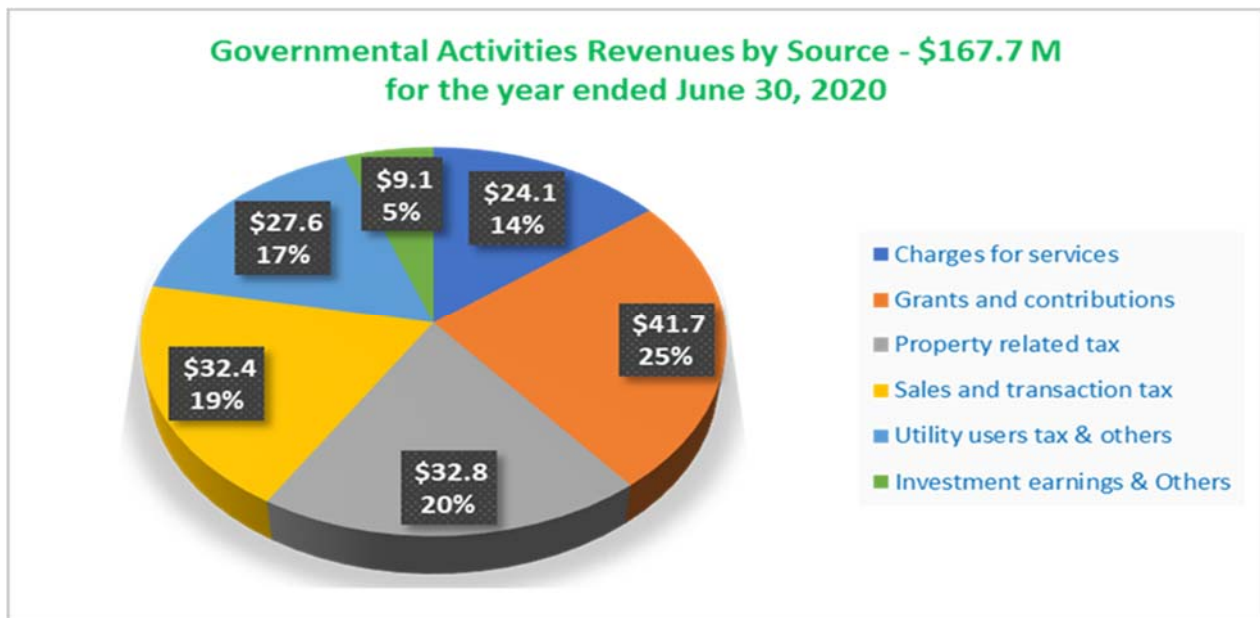
Total revenues for the City's governmental activities had an overall decrease from the prior year of \$2.6 million (2%). Revenues are divided into two categories: Program Revenues, which are the revenues derived directly from the functional programs or from parties outside the City's taxpayers or citizenry; and General Revenues, which are the revenues that do not meet the decrease requirements of program revenue, most of which are taxes.

Program Revenues were down \$3 million, or 4%, to \$65.8 million from previous year. Due to the pandemic, construction activities slowed down causing the City to collect less development-related fees.

Total General Revenues of \$101.9 million were consistent with prior year. 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 were as follows:

- Property tax revenues increased \$1.6 million, or 5.0%, to \$32.8 million as property values continued to rise from new constructions and increased property sales prices.
- Sales and transaction tax revenues slightly decreased by \$0.2 million or 1%, to \$32.4 million. The decline was the result of COVID pandemic offset by the implementation of AB147/Wayfair act.
- Investment earnings and others decreased by \$1.1 million, from \$10.2 million in prior year to \$9.1 million in current year due to reductions in miscellaneous revenues.

The pie chart below illustrates the distribution of the governmental activities revenues by source. The largest revenue source for governmental activities is grants and contributions at \$41.7 million (25%) followed by property tax (20%) and sales tax (19%). The City’s reliance upon grant and tax revenues is evident from the chart, which is consistent with the nature and purpose of governmental funds, particularly in the General Fund, where programs are largely supported by general taxes.

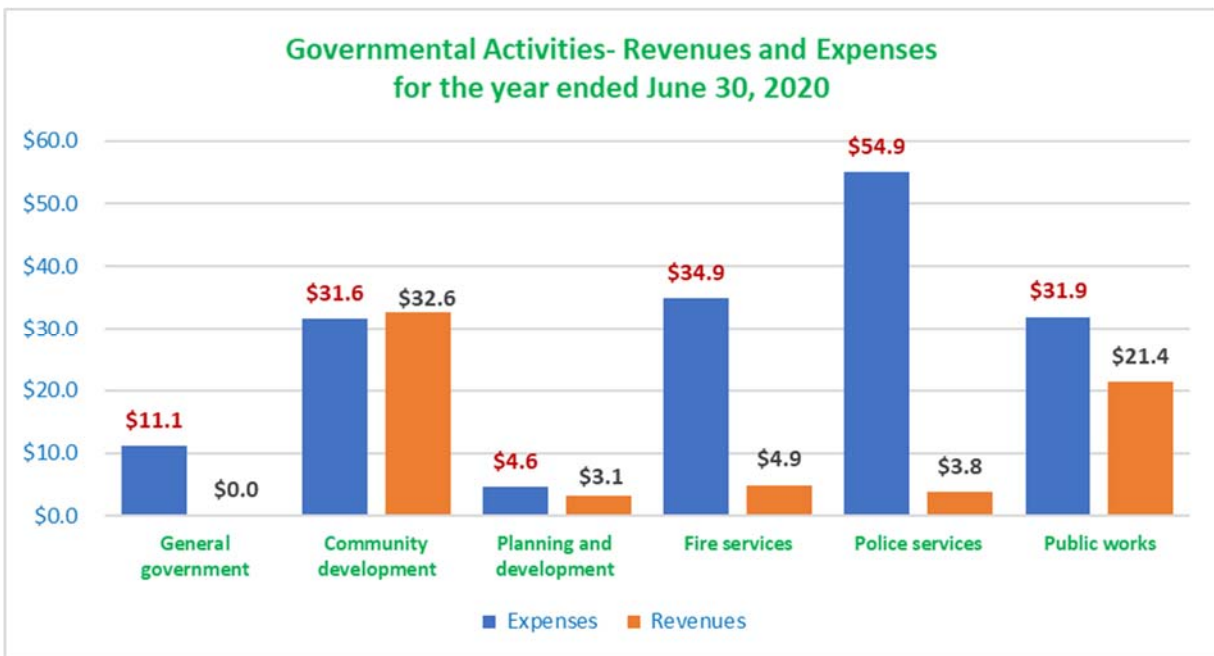


Expenses

While variances between year exist for the various functions, overall costs of services for governmental activities continued to grow, from \$158.4 million in prior year to \$169 million in the current fiscal year. Although Community Development’s expenses were down due to less environmental clean-up work done in Mare Island, total governmental expenses were up by \$10.6 million or 7% mostly due to the filling of vacant positions, negotiated wage increases for safety employees, increased benefit costs and COVID-related expenses.

Net Revenues (Expenses)

Program revenues associated with Governmental Activities totaled \$65.8 million, or 39% of program expenses (\$169 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, 2020 and 2019.

Statement of Activities
for the years ended June 30, 2020 and 2019
(In millions)

	Business-type Activities		Increase/(Decrease)	
	2020	2019	Amount	%
Revenues				
Program revenues				
Charges for services	\$50.2	\$47.3	\$2.9	6%
Capital grants and contributions	0.2	1.0	(0.8)	-80%
Total Program revenues	<u>50.4</u>	<u>48.3</u>	<u>2.1</u>	<u>4%</u>
General revenues				
Investment earnings and other	1.6	1.2	0.4	33%
Total revenues	<u>52.0</u>	<u>49.5</u>	<u>2.5</u>	<u>5%</u>
Expenses				
Water	38.6	37.7	0.9	2%
Marina	3.3	2.1	1.2	57%
Golf	3.3	3.2	0.1	3%
Vallejo Station Parking	1.4	1.4		
Fiber Optic		0.1	(0.1)	-100%
Total expenses	<u>46.6</u>	<u>44.5</u>	<u>2.1</u>	<u>5%</u>
Excess before transfers	5.4	5.0	0.4	8%
Transfers	1.7	2.0	(0.3)	-15%
Change in net position	<u>7.1</u>	<u>7.0</u>	<u>0.1</u>	<u>1%</u>
Net position - beginning	51.8	44.8	7.0	16%
Net position - ending	<u>\$58.9</u>	<u>\$51.8</u>	<u>\$7.1</u>	<u>14%</u>

The net position of business-type activities increased by \$7.1 million, or 14%, to \$58.9 million. Overall, this indicates these programs generated revenues sufficient to cover the costs of their operations.

Charges for services increased by \$2.9 million, or 6%, to \$50.2 million, primarily due to annual increase in water rates.

Total expenses of \$46.6 million increased by \$2.1 million or 5% from prior year mainly due to Water Fund's rising salary and benefit costs and Marina Fund's dredging costs.

The table below presents the net program cost information for business-type activities for the year ended June 30, 2020 (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	(\$38.6)	\$44.9	\$6.3
Marina	(3.3)	1.4	(1.9)
Golf	(3.3)	2.9	(0.4)
Vallejo Station Parking	(1.4)	1.2	(0.2)
	(\$46.6)	\$50.4	\$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 \$6.1 million surplus, mainly due to increased water rates. The Marina, Golf, and Parking 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, State Land’s Fund and NLP Nuisance Abatement Fund transferred a combined \$1.7 million to supplement the Marina and Golf 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, 2020, the City’s Governmental Funds reported total fund balances of \$120.8 million, a \$8.2 million decrease 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 decreased \$0.5 million to \$2.3 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 \$8.5 million to \$79.8 million. This consists of amounts with constraints put on their use by creditors, grantors, contributors, laws, regulations or enabling legislation.

- Committed Fund Balance increased \$7.4 million to \$17.9 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 \$1.6 million to \$3.5 million. These amounts represent the City's intent to be used for a specific purpose, but are neither restricted nor committed.
- Unassigned Fund Balance decreased by \$7.2 million to \$17.3 million. This represents the residual balance for the City's General Fund and deficit balances of other special revenue funds for unreimbursed CARES Act grant-funded expenditures.

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 119,063 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 2019-20, the General Fund expended \$87.5 million in labor costs to provide these services, funding 542 actual full-time equivalent positions. Labor costs comprised 77% of General Fund's total expenditures (net of interfund cost reimbursements).

Current Year Decrease in General Fund Revenues – The General Fund revenues excluding transfers decreased \$1.3 million, or 1%, from the prior fiscal year to \$108.9 million. The largest revenue declines from prior year were experienced in building and engineering fees, and other general taxes (property transfer tax, transient occupancy tax and real property excise tax).

Current Year Increase in General Fund Expenditures

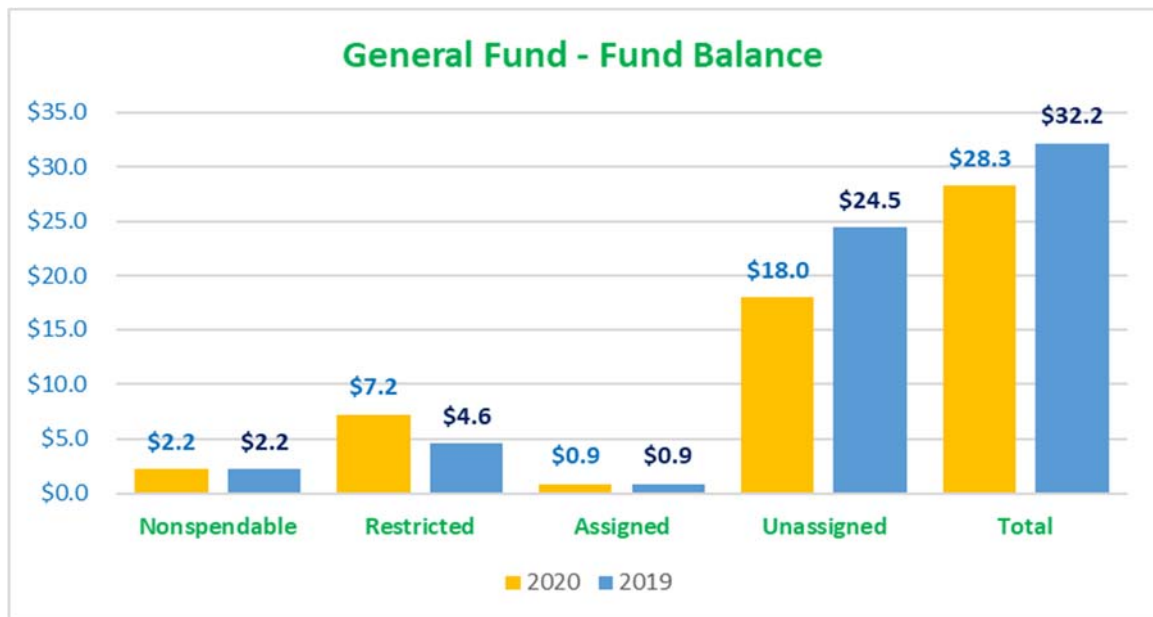
General Fund expenditures excluding transfers totaled \$100.9 million for FY 2019-20 compared to \$94.6 million in the prior fiscal year. The increase was \$6.3 million, or 7%, as a result of filling vacancies, negotiated wage increases for safety employees and increased benefit costs. Transfers out to fund capital projects, debt service and city operations were \$12.4 million compared to \$13.6 million in the prior year.

Budgetary Highlights – During the year ended June 30, 2020, there was a \$2 million increase in the budgeted revenues and transfers in between the FY 2019-20 original budget and the final budget. The increase was generally in sales and property taxes. There was also a \$9.5 million increase in the budgeted expenditures and transfers out. These amendments were mostly additional appropriations for capital projects, PARS trust contribution, and contract services funded from a draw of assigned and unassigned reserves.

Through careful fiscal management, the General Fund for FY 2019-20 ended with a stronger operating financial results. Actual revenues and transfers totaled \$109.4 million, \$3.3 million or 3% below the revised

budget, attributable to lower than anticipated building and engineering fee collections as discussed earlier. The budget shortfall is lower than expected due to less severe impacts from COVID-19 on some of the City’s more consumer sensitive revenues (sales tax, utility users tax). Sales tax got an unprecedented boost by the passage and implementation of AB147/Wayfair Act. Actual expenditures and transfers out for the General Fund were \$113.3 million, \$7 million or 6%, below appropriations, mainly the result of department’s diligence in holding non-essential position vacancies and controlling services and supplies spending. In total, the lower than expected revenue shortfall of \$3.3 million offset by the expenditure savings of \$7 million resulted in net budget surplus of \$3.7 million for FY 2019-20.

Fund balance –As of June 30, 2020, the General Fund reported a total fund balance of \$28.3 million, \$3.9 million lower than prior year. Additions to the fund balance included the \$3.7 million year-end budget surplus discussed earlier including the \$2.4 million contribution to the PARS pension trust fund which was required to be reported as restricted fund balance. These additions were offset by the \$7.6 million draw from unassigned and assigned fund balance during the year. Of the total fund balance, unassigned fund balance was \$18 million which represents 16% 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 of \$16 million was consistent with prior fiscal year. The Fund received \$22.5 million in federal HUD grant allocations and other revenues during the year to support its \$22.4 million Section 8 Housing Assistance Voucher Program expenditures.

Capital Outlay Fund – The total fund balance decreased by \$9.3 million to \$17.2 million, all committed for current and future capital projects. During the current fiscal year, the fund received additional funding of \$11.8 million from interfund transfers, HUD 108 loan and fees, and incurred \$21.1 million in capital project spending.

Mare Island Conversion Fund – As of June 30, 2020 this fund held \$18.3 million of restricted federal funds to pay for the environmental remediation of the former Mare Island Naval base. \$6.7 million was expended during the year on this effort.

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, 2020, total enterprise funds’ net position increased to \$58.9 million, up \$7.1 million from \$51.8 million in the prior year. The significant changes by enterprise fund are discussed below:

Net Position by Fund			
	2020	2019	Increase (Decrease)
Water	\$59.3	\$51.6	\$7.7
Marina	0.7	1.1	(0.4)
Golf	(1.4)	(1.3)	(0.1)
Vallejo Parking	0.6	0.7	(0.1)
Fiber	(0.3)	(0.3)	0.0
Total	\$58.9	\$51.8	\$7.1

Water – Total net position of the Water Fund at June 30, 2020 was up \$7.7 million from the previous year to \$59.3 million. This amount includes an unrestricted net deficit of \$1.9 million due to the net pension and OPEB liabilities. The Water Fund generated \$46.3 million in total revenues during the year to support \$38.6 million in total expenses for an overall net increase in net position of \$7.7 million. The rate structures adopted in June 2017 and October 2019 continued to provide for user fee increases during the year to help generate sufficient revenues to operate and maintain the Vallejo Municipal Water System in a fiscally sound manner.

Marina – Total net position of the Marina Fund at June 30, 2020 was down \$0.4 million from the previous year to \$0.7 million. This amount includes unrestricted net position of \$0.3 million, available to fund existing capital commitments and marina operations. The Marina Fund generated \$1.6 million in total revenues and received a combined \$1.3 million transfers from the General Fund, State Land’s Fund and NLP Nuisance Fund during the year to support \$3.3 million in total expenses for an overall net decrease in net position of \$0.4 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 – Total net position of the Golf Fund was negative \$1.4 million mainly due to the negative net investment in capital assets caused by decreasing book value of the capital assets through depreciation. During the current fiscal year, the Golf Fund generated \$2.9 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 the total \$3.3 million costs. Despite the closure in response to shelter-in-place requirements, the Fund’s revenues increased by \$0.3 million compared to last fiscal year. The success could be attributed to the improved course conditions, modern golf cart fleet and increased green fees. 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 – Total net position of the Vallejo Station Parking Fund was down by \$0.1 million to \$0.6 million. 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. However, due to pandemic, the parking fees declined by \$0.3 million during the current year and is expected to continue next fiscal year if a large portion of previously commuting people remain “work from home” and do not return as regular customers to the program’s lots.

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, hence the minimal activity in the current fiscal year. City had 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 2021-22.

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, 2020 and 2019.

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

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2020	2019	2020	2019	2020	2019	
Land	\$145.8	\$141.6	\$12.3	\$12.3	\$158.1	\$153.9	\$4.2
Building and improvement	79.0	73.5	29.0	30.8	108.0	104.3	3.7
Machinery and equipment	13.5	10.5	12.0	11.1	25.5	21.6	3.9
Infrastructure	104.0	100.4	43.8	45.7	147.8	146.1	1.7
Construction in progress	6.2	6.9	14.5	14.7	20.7	21.6	(0.9)
Total	\$348.5	\$332.9	\$111.6	\$114.6	\$460.1	\$447.5	\$12.6

Overall, capital assets (net of depreciation) increased by \$12.6 million during the year to \$460.1 million at June 30, 2020. The City completed and placed in service various capital projects while adding to its construction in progress. These capital additions totaled \$29.1 million and includes acquisition of the 400 Mare Island building (\$13.5 million), road improvements, water pump upgrades, and replacement of fleet vehicles. 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, 2020 and 2019.

City of Vallejo Outstanding Debt Long-Term Debt (in millions)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2020	2019	2020	2019	2020	2019	
Certificates of Participation	\$2.5	\$2.8			\$2.5	\$2.8	(\$0.3)
Capital Lease Obligations	0.1	0.2	\$0.6		0.7	0.2	0.5
Revenue Bonds			\$35.2	\$41.4	35.2	41.4	(6.2)
Loans & Notes Payable	14.6	14.0	18.9	20.1	33.5	34.1	(0.6)
Total	<u>\$17.2</u>	<u>\$17.0</u>	<u>\$54.7</u>	<u>\$61.5</u>	<u>\$71.9</u>	<u>\$78.5</u>	<u>(\$6.6)</u>

Annual Activity – The City’s total long-term debt obligations decreased by \$6.6 million as of June 30, 2020. The net decrease was related to the scheduled principal debt payments made during the current fiscal year and refinancing of the Water Revenue bonds. The City issued the 2020 Water Revenue Bonds to refund the outstanding 2006 and 2013 Water Revenue Bonds for debt service savings. 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. The City also received a Standard & Poor’s ‘AA’ rating for the Series of 2020 Water Revenue Refunding Bonds with a stable outlook. The credit report highlighted the water system’s very strong enterprise and financial profiles.

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 \$604, at June 30, 2020, from \$658 in the prior fiscal year.

	June 30, 2020	June 30, 2019
Net debt (in millions)	\$71.9	\$78.5
Net debt per capita	\$604	\$658
Net debt per capita as a percentage of per capita personal income	2.02%	2.32%
Net debt as a percentage of net assessed value	0.66%	0.76%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Prior to the Coronavirus pandemic, the City of Vallejo's forecasted future was stable and economic outlook was strong. It had experienced a sustained recovery from the Great Recession showing signs of continued growth in tax revenue base and declining unemployment rates. As a result, the City had built up its reserves and begun to address its unfunded liabilities and deferred maintenance in streets and buildings.

As the pandemic events unfolds, there is a high level of uncertainty as to its short-term and long-term financial impacts in the City's future finances and operations as well as its local economy as discussed in detail in the accompanying Transmittal Letter. The City, along with other cities in California and the nation as a whole are facing an exceptionally challenging economic environment due to the pandemic.

The City's total expenditure budget for the next year is \$235.3 million of which General Fund is \$110.3 million. The General Fund budget for FY 2020-21 provides \$103.6 million in revenues and \$110.3 million in appropriations with a budget shortfall of \$6.6 million. This shortfall reflects the immediate impacts of COVID-19 as well as additional resources needed to address increasing employment-related costs including unfunded pension and OPEB liabilities. The revenue projection includes a significant decline in two of the general fund major revenue sources: sales tax and utility users tax. To mitigate these anticipated revenue losses and budget shortfall, the City will decrease discretionary spending, defer capital projects and large vehicle purchases and utilize reserves. The City will reevaluate these forecasts as the progression of COVID-19 related events evolve.

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). 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

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Vallejo Flood and Wastewater District
Assets:				
Cash and investments (Note 2)	\$ 125,280,495	\$ 33,683,942	\$ 158,964,437	\$ 37,188,598
Receivables:				
Accounts	3,771,199	8,985,318	12,756,517	1,445,604
Notes and loans (Note 4)	28,595,597	11,035	28,606,632	275,498
Interest receivable	802,210	-	802,210	232,307
Internal balances (Note 3C)	830,000	(830,000)	-	-
Prepays and deposits (Note 1L)	308,397	213,413	521,810	2,188,423
Due from other governments	10,455,811	10,507	10,466,318	-
Materials, parts and supplies (Note 1J)	210,979	969,544	1,180,523	893,753
Land held for redevelopment (Note 1K)	499,684	-	499,684	-
Restricted assets:				
Cash and investments (Note 2)	25,409,922	3,404	25,413,326	-
Cash with fiscal agent (Note 2)	255,484	507,429	762,913	1,555,574
Capital assets not being depreciated (Note 5)	151,968,800	26,822,944	178,791,744	29,904,021
Capital assets, net of depreciation (Note 5)	196,531,035	84,739,266	281,270,301	164,983,988
Total Assets	544,919,613	155,116,802	700,036,415	238,667,766
Deferred Outflows of Resources:				
Related to pensions (Note 10)	29,243,267	3,149,604	32,392,871	5,817,250
Related to OPEB (Note 11)	2,363,254	550,746	2,914,000	1,695,750
Deferred charge on refunding (Note 6)	-	1,815,315	1,815,315	945,024
Total Deferred Outflows of Resources	31,606,521	5,515,665	37,122,186	8,458,024
Liabilities:				
Accounts payable and accrued liabilities	9,117,591	2,591,184	11,708,775	2,714,409
Accrued interest	127,502	201,160	328,662	250,674
Unearned revenue	18,409,555	666,470	19,076,025	-
Deposits payable	2,354,795	4,096,440	6,451,235	205,673
Due to other governments	27,719	-	27,719	-
Employee benefits payable due within one year (Note 9)	6,792,004	1,096,607	7,888,611	571,284
Long-term debt due within one year (Note 6)	1,216,519	4,311,231	5,527,750	2,404,258
Claims due within one year (Note 13)	4,339,079	-	4,339,079	-
Other current liabilities	-	-	-	603,724
Noncurrent liabilities:				
Employee benefits payable due in more than one year (Note 9)	5,727,314	317,569	6,044,883	1,060,957
Claims due in more than one year (Note 13)	14,676,921	-	14,676,921	-
Long-term debt due in more than one year (Note 6)	16,030,351	50,388,628	66,418,979	30,697,869
Net pension liability (Note 10)	266,867,742	33,121,000	299,988,742	24,254,485
Net OPEB liability (Note 11)	14,816,464	3,264,536	18,081,000	9,209,189
Total Liabilities	360,503,556	100,054,825	460,558,381	71,972,522
Deferred Inflows of Resources:				
Related to pensions (Note 10)	6,287,700	840,893	7,128,593	1,942,810
Related to OPEB (Note 11)	3,619,635	852,365	4,472,000	3,116
Total Deferred Inflows of Resources	9,907,335	1,693,258	11,600,593	1,945,926
Net Position (Note 12):				
Net investment in capital assets	331,744,314	59,614,105	391,358,419	162,730,906
Restricted for:				
Capital projects	25,319,675	-	25,319,675	20,544,113
Debt service	255,484	510,833	766,317	1,555,574
Housing programs	29,290,768	-	29,290,768	-
Mare Island programs	7,456,395	-	7,456,395	-
Landscape maintenance district services	18,452,955	-	18,452,955	-
Other special projects and programs	11,039,815	-	11,039,815	-
Unrestricted	(217,444,163)	(1,240,554)	(218,684,717)	(11,623,251)
Total Net Position	\$ 206,115,243	\$ 58,884,384	\$ 264,999,627	\$ 173,207,342

CITY OF VALLEJO

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
Legislative and advisory	\$ 275,873	\$ -	\$ -	\$ -
Executive	5,213,762	-	-	-
Finance	1,778,234	-	-	-
Human resources	1,918,967	-	-	-
Law	1,451,392	-	-	-
Community development	31,626,149	1,586,746	31,011,156	-
Planning and development services	4,636,674	3,166,818	-	-
Fire services	34,879,494	3,792,183	1,097,953	-
Police services	54,926,532	2,788,209	980,253	-
Public works	31,891,067	12,805,622	5,768,847	2,830,049
Interest on long-term debt	429,730	-	-	-
Total Governmental Activities	169,027,874	24,139,578	38,858,209	2,830,049
Business-Type Activities:				
Water Fund	38,645,529	44,778,446	-	198,979
Marina Fund	3,336,045	1,412,415	38,585	-
Golf Fund	3,299,846	2,898,691	-	-
Vallejo Station Parking Fund	1,383,532	1,167,635	-	-
Fiber Optic Fund	27,180	-	-	-
Total Business-Type Activities	46,692,132	50,257,187	38,585	198,979
Total Primary Government	\$ 215,720,006	\$ 74,396,765	\$ 38,896,794	\$ 3,029,028
Component Unit:				
Vallejo Flood and Wastewater District	\$ 39,421,141	\$ 36,121,187	\$ -	\$ 177,750

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Utility users tax

Other taxes

Use of money and property

Other

Gain on sale of capital asset

Transfers (Note 3A)

**Total General Revenues,
and Transfers**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year, as restated

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Vallejo Flood and Wastewater District
\$ (275,873)	\$ -	\$ (275,873)	\$ -
(5,213,762)	-	(5,213,762)	-
(1,778,234)	-	(1,778,234)	-
(1,918,967)	-	(1,918,967)	-
(1,451,392)	-	(1,451,392)	-
971,753	-	971,753	-
(1,469,856)	-	(1,469,856)	-
(29,989,358)	-	(29,989,358)	-
(51,158,070)	-	(51,158,070)	-
(10,486,549)	-	(10,486,549)	-
(429,730)	-	(429,730)	-
(103,200,038)	-	(103,200,038)	-
-	6,331,896	6,331,896	-
-	(1,885,045)	(1,885,045)	-
-	(401,155)	(401,155)	-
-	(215,897)	(215,897)	-
-	(27,180)	(27,180)	-
-	3,802,619	3,802,619	-
(103,200,038)	3,802,619	(99,397,419)	-
-	-	-	(3,122,204)
32,778,386	-	32,778,386	1,260,685
1,904,421	-	1,904,421	-
32,457,314	-	32,457,314	-
5,684,149	-	5,684,149	-
-	-	-	-
12,329,103	-	12,329,103	-
7,713,650	-	7,713,650	-
5,042,701	1,341,509	6,384,210	645,835
4,113,263	248,687	4,361,950	310,163
42,934	-	42,934	-
(1,678,302)	1,678,302	-	-
100,387,619	3,268,498	103,656,117	2,216,683
(2,812,419)	7,071,117	4,258,698	(905,521)
208,927,662	51,813,267	260,740,929	177,047,976
-	-	-	(2,935,113)
\$ 206,115,243	\$ 58,884,384	\$ 264,999,627	\$ 173,207,342

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FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Governmental Funds by the City for the year ended June 30, 2020. 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.

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.

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.

CITY OF VALLEJO

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>General</u>	<u>Special Revenue Fund Housing Authority</u>	<u>Capital Projects Funds Capital Outlay Fund #201</u>
Assets:			
Cash and investments	\$ 14,584,470	\$ 6,033,698	\$ 17,982,181
Receivables:			
Accounts	2,817,685	38,428	69,347
Notes and loans	1,108,306	13,794,536	-
Accrued interest	802,210	-	-
Prepays and deposits	82,014	-	-
Due from other governments	6,994,079	-	-
Advances to other funds	830,000	-	-
Materials, parts, and supplies	149	-	-
Land held for redevelopment	499,684	-	-
Restricted assets:			
Cash and investments	6,797,423	272,658	-
Cash and investments with fiscal agents	-	-	-
Total Assets	<u>\$ 34,516,020</u>	<u>\$ 20,139,320</u>	<u>\$ 18,051,528</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 4,886,013	\$ 153,701	\$ 876,811
Unearned revenues	494,368	371,721	-
Deposits payable	487,317	279,273	-
Due to other governments	20,366	-	-
Due to other funds	-	-	-
Total Liabilities	<u>5,888,064</u>	<u>804,695</u>	<u>876,811</u>
Deferred Inflows of Resources:			
Unavailable revenues	307,264	3,310,628	-
Total Deferred Inflows of Resources	<u>307,264</u>	<u>3,310,628</u>	<u>-</u>
Fund Balances (Note 12):			
Nonspendable	2,212,889	-	-
Restricted	7,137,110	16,023,997	2,917,794
Committed	45,321	-	14,256,923
Assigned	943,125	-	-
Unassigned	17,982,247	-	-
Total Fund Balances	<u>28,320,692</u>	<u>16,023,997</u>	<u>17,174,717</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 34,516,020</u>	<u>\$ 20,139,320</u>	<u>\$ 18,051,528</u>

CITY OF VALLEJO

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>Capital Projects Funds</u>		
	<u>Mare Island Conversion #106</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and investments	\$ 1,554,064	\$ 56,012,768	\$ 96,167,181
Receivables:			
Accounts	2,000	773,546	3,701,006
Notes and loans	-	13,692,755	28,595,597
Accrued interest	-	-	802,210
Prepays and deposits	-	16,848	98,862
Due from other governments	-	3,461,732	10,455,811
Advances to other funds	-	-	830,000
Materials, parts, and supplies	-	-	149
Land held for redevelopment	-	-	499,684
Restricted assets:			
Cash and investments	18,339,841	-	25,409,922
Cash and investments with fiscal agents	-	255,484	255,484
Total Assets	\$ 19,895,905	\$ 74,213,133	\$ 166,815,906
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 645,908	\$ 2,193,720	\$ 8,756,153
Unearned revenues	15,999,210	1,544,256	18,409,555
Deposits payable	-	1,588,205	2,354,795
Due to other governments	-	7,353	27,719
Due to other funds	-	2,323,072	2,323,072
Total Liabilities	16,645,118	7,656,606	31,871,294
Deferred Inflows of Resources:			
Unavailable revenues	-	10,508,610	14,126,502
Total Deferred Inflows of Resources	-	10,508,610	14,126,502
Fund Balances (Note 12):			
Nonspendable	-	81,473	2,294,362
Restricted	3,250,787	50,422,444	79,752,132
Committed	-	3,628,853	17,931,097
Assigned	-	2,510,269	3,453,394
Unassigned	-	(595,122)	17,387,125
Total Fund Balances	3,250,787	56,047,917	120,818,110
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 19,895,905	\$ 74,213,133	\$ 166,815,906

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CITY OF VALLEJO

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Fund balances of governmental funds \$ 120,818,110

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. 340,100,931

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	\$ 29,113,314	
Accounts receivable	70,193	
Materials, parts, and supplies	210,830	
Due from other funds	2,323,072	
Prepays	209,535	
Capital assets	8,398,904	
Accounts payable	(361,438)	
Claims payable	(19,016,000)	
Net pension liability and pension-related deferred outflows/inflows of resources	(2,702,683)	
Net OPEB liability and OPEB-related deferred outflows/inflows of resources	(16,072,845)	
Employee benefits payable	<u>(358,322)</u>	1,814,560

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. 14,126,502

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	(17,246,870)	
Net pension liability and pension-related deferred outflows/inflows of resources	(241,209,492)	
Interest payable	(127,502)	
Compensated absences	<u>(12,160,996)</u>	

Net Position of Governmental Activities \$ 206,115,243

CITY OF VALLEJO

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>
		<u>Housing Authority</u>	<u>Capital Outlay Fund #201</u>
Revenues:			
Taxes	\$ 90,813,402	\$ -	\$ -
Licenses and permits	2,775,054	-	282,005
Intergovernmental	3,311,989	22,054,225	-
Charges for services	8,231,366	-	-
Use of money and property	2,448,679	230,120	479,500
Fines and forfeitures	1,115,395	-	-
Contributions	-	-	-
Other	246,407	60,055	467
Total Revenues	108,942,292	22,344,400	761,972
Expenditures:			
Current:			
Legislative and advisory	282,191	-	-
Executive	4,884,750	-	-
Finance	1,559,129	-	-
Human resources	1,767,689	-	-
Law	1,240,867	-	-
Community development	-	22,358,360	-
Planning and development services	3,607,395	-	-
Fire services	27,949,245	-	66,367
Police services	45,517,060	-	-
Public works	8,557,249	-	995,652
Non departmental	5,169,323	-	-
Capital outlay	5,716	-	20,055,852
Debt service:			
Principal retirement	338,180	-	-
Interest and fiscal charges	42,949	-	-
Total Expenditures	100,921,743	22,358,360	21,117,871
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,020,549	(13,960)	(20,355,899)
Other Financing Sources (Uses):			
Transfers in (Note 3A)	501,581	140,198	9,745,961
Transfers out (Note 3A)	(12,365,937)	-	-
Special items	5,716	-	-
Other debts issued	-	-	1,305,000
Total Other Financing Sources (Uses)	(11,858,640)	140,198	11,050,961
Net Change in Fund Balances	(3,838,091)	126,238	(9,304,938)
Fund Balances, Beginning of Year	32,158,783	15,897,759	26,479,655
Fund Balances, End of Year	\$ 28,320,692	\$ 16,023,997	\$ 17,174,717

CITY OF VALLEJO

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Capital Projects Funds		
	Mare Island Conversion #106	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ -	\$ 3,907,021	\$ 94,720,423
Licenses and permits	-	124,428	3,181,487
Intergovernmental	6,567,017	7,402,802	39,336,033
Charges for services	-	10,553,733	18,785,099
Use of money and property	586,798	2,846,305	6,591,402
Fines and forfeitures	-	16,837	1,132,232
Contributions	-	2,134,065	2,134,065
Other	-	434,867	741,796
Total Revenues	7,153,815	27,420,058	166,622,537
Expenditures:			
Current:			
Legislative and advisory	-	-	282,191
Executive	-	64,609	4,949,359
Finance	-	-	1,559,129
Human resources	-	-	1,767,689
Law	-	-	1,240,867
Community development	6,697,311	1,349,080	30,404,751
Planning and development services	-	594,436	4,201,831
Fire services	-	2,038,000	30,053,612
Police services	-	1,666,394	47,183,454
Public works	-	11,391,959	20,944,860
Non departmental	-	-	5,169,323
Capital outlay	-	4,761,583	24,823,151
Debt service:			
Principal retirement	-	894,632	1,232,812
Interest and fiscal charges	-	275,407	318,356
Total Expenditures	6,697,311	23,036,100	174,131,385
Excess (Deficiency) of Revenues Over (Under) Expenditures	456,504	4,383,958	(7,508,848)
Other Financing Sources (Uses):			
Transfers in (Note 3A)	-	1,765,310	12,153,050
Transfers out (Note 3A)	-	(1,815,415)	(14,181,352)
Special items	-	-	5,716
Other debts issued	-	-	1,305,000
Total Other Financing Sources (Uses)	-	(50,105)	(717,586)
Net Change in Fund Balances	456,504	4,333,853	(8,226,434)
Fund Balances, Beginning of Year	2,794,283	51,714,064	129,044,544
Fund Balances, End of Year	\$ 3,250,787	\$ 56,047,917	\$ 120,818,110

CITY OF VALLEJO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

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 \$ (8,226,434)

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 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 22,062,002

Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$1,434,487 which has already been allocated to serviced funds) (8,867,931)

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	(1,305,000)
Repayment of debt principal is added back to fund balance	1,232,812
Interest accrued to principal is deducted from fund balance	(5,472)
Negative Interest is deducted from fund balance	(93,606)
Issuance of debt is deducted from fund balance	(5,716)

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	(12,296)
Unavailable revenue	95,550
Compensated absences	(1,404,622)
Net pension liability and pension-related deferred outflows/inflows of resources	(11,014,193)

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 4,732,487

Change in Net Position of Governmental Activities \$ (2,812,419)

MAJOR PROPRIETARY FUNDS

The City reported all enterprise funds as major funds in fiscal year 2020.

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			
	Water Fund	Marina Fund	Golf Fund	Vallejo Station Parking Fund
Assets:				
Current:				
Cash and investments	\$ 29,337,688	\$ 1,898,787	\$ 1,341,530	\$ 909,422
Receivables:				
Accounts	8,946,229	31,334	166	7,589
Prepaid costs	135,180	-	78,233	-
Due from other governments	-	10,507	-	-
Due from other funds	-	-	-	-
Materials, parts and supplies	904,958	12,792	51,794	-
Total Current Assets	39,324,055	1,953,420	1,471,723	917,011
Noncurrent:				
Restricted:				
Cash and investments	3,404	-	-	-
Cash with fiscal agent	507,429	-	-	-
Notes and loans receivable	11,035	-	-	-
Advances to other funds	-	-	-	-
Loans receivable from Successor Agency	-	-	-	-
Capital assets - net of accumulated depreciation	94,084,382	12,088,605	4,919,347	122,667
Total Noncurrent Assets	94,606,250	12,088,605	4,919,347	122,667
Total Assets	\$ 133,930,305	\$ 14,042,025	\$ 6,391,070	\$ 1,039,678
Deferred Outflows of Resources:				
Related to pensions	\$ 3,034,700	\$ 81,048	\$ -	\$ 33,856
Related to OPEB	522,480	22,729	-	5,537
Unamortized loss on refunding of debt	1,815,315	-	-	-
Total Deferred Outflows of Resources	\$ 5,372,495	\$ 103,777	\$ -	\$ 39,393
Liabilities:				
Current:				
Accounts payable and accrued liabilities	\$ 2,042,732	\$ 111,911	\$ 362,170	\$ 72,876
Accrued interest	144,534	38,408	18,218	-
Unearned revenues	510,939	46,088	109,443	-
Deposits payable	3,826,859	119,581	150,000	-
Employee benefits payable	1,068,821	19,420	-	8,366
Accrued claims and judgments	-	-	-	-
Bonds, notes, and capital leases	3,188,404	625,834	496,993	-
Total Current Liabilities	10,782,289	961,242	1,136,824	81,242
Noncurrent:				
Advances from other funds	-	-	-	-
Employee benefits payable	308,028	-	-	9,541
Accrued claims and judgments	-	-	-	-
Net pension liability	32,016,224	725,943	-	378,833
Net OPEB liability	3,213,842	12,077	-	38,617
Bonds, notes, and capital leases	32,049,513	11,728,081	6,611,034	-
Total Noncurrent Liabilities	67,587,607	12,466,101	6,611,034	426,991
Total Liabilities	78,369,896	13,427,343	7,747,858	508,233
Deferred Inflows of Resources:				
Related to pensions	808,818	22,581	-	9,494
Related to OPEB	816,141	27,280	-	8,944
Total Deferred Inflows of Resources	1,624,959	49,861	-	18,438
Net Position:				
Net investment in capital assets	60,661,780	336,464	(1,854,015)	122,667
Restricted for debt service	510,833	-	-	-
Unrestricted	(1,864,668)	332,134	497,227	429,733
Total Net Position	\$ 59,307,945	\$ 668,598	\$ (1,356,788)	\$ 552,400

CITY OF VALLEJO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Fiber Optic Fund	Totals	
Assets:			
Current:			
Cash and investments	\$ 196,515	\$ 33,683,942	\$ 29,113,314
Receivables:			
Accounts	-	8,985,318	70,193
Prepaid costs	-	213,413	209,535
Due from other governments	-	10,507	-
Due from other funds	-	-	2,323,072
Materials, parts and supplies	-	969,544	210,830
Total Current Assets	196,515	43,862,724	31,926,944
Noncurrent:			
Restricted:			
Cash and investments	-	3,404	-
Cash with fiscal agent	-	507,429	-
Notes and loans receivable	-	11,035	-
Advances to other funds	-	-	-
Loans receivable from Successor Agency	-	-	-
Capital assets - net of accumulated depreciation	347,209	111,562,210	8,398,904
Total Noncurrent Assets	347,209	112,084,078	8,398,904
Total Assets	\$ 543,724	\$ 155,946,802	\$ 40,325,848
Deferred Outflows of Resources:			
Related to pensions	\$ -	\$ 3,149,604	\$ 306,753
Related to OPEB	-	550,746	2,363,255
Unamortized loss on refunding of debt	-	1,815,315	-
Total Deferred Outflows of Resources	\$ -	\$ 5,515,665	\$ 2,670,008
Liabilities:			
Current:			
Accounts payable and accrued liabilities	\$ 1,495	\$ 2,591,184	\$ 361,438
Accrued interest	-	201,160	-
Unearned revenues	-	666,470	-
Deposits payable	-	4,096,440	-
Employee benefits payable	-	1,096,607	73,169
Accrued claims and judgments	-	-	4,339,080
Bonds, notes, and capital leases	-	4,311,231	-
Total Current Liabilities	1,495	12,963,092	4,773,687
Noncurrent:			
Advances from other funds	830,000	830,000	-
Employee benefits payable	-	317,569	285,153
Accrued claims and judgments	-	-	14,676,920
Net pension liability	-	33,121,000	2,927,065
Net OPEB liability	-	3,264,536	14,816,464
Bonds, notes, and capital leases	-	50,388,628	-
Total Noncurrent Liabilities	830,000	87,921,733	32,705,602
Total Liabilities	831,495	100,884,825	37,479,289
Deferred Inflows of Resources:			
Related to pensions	-	840,893	82,371
Related to OPEB	-	852,365	3,619,636
Total Deferred Inflows of Resources	-	1,693,258	3,702,007
Net Position:			
Net investment in capital assets	347,209	59,614,105	8,398,904
Restricted for debt service	-	510,833	-
Unrestricted	(634,980)	(1,240,554)	(6,584,344)
Total Net Position	\$ (287,771)	\$ 58,884,384	\$ 1,814,560

CITY OF VALLEJO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			
	Water Fund	Marina Fund	Golf Fund	Vallejo Station Parking Fund
Operating Revenues:				
Sales and service charges	\$ 44,778,446	\$ 1,378,895	\$ 2,898,691	\$ 1,167,635
Other	248,687	33,520	-	-
Total Operating Revenues	45,027,133	1,412,415	2,898,691	1,167,635
Operating Expenses:				
General and administrative	10,742,192	494,107	1,309,049	877,681
Operations expenses	20,246,093	2,555,504	1,319,142	501,738
Insurance and claims	-	-	-	-
Depreciation expense	5,630,383	57,660	550,889	4,113
Total Operating Expenses	36,618,668	3,107,271	3,179,080	1,383,532
Operating Income (Loss)	8,408,465	(1,694,856)	(280,389)	(215,897)
Nonoperating Revenues (Expenses):				
Intergovernmental revenue	-	38,585	-	-
Investment income	1,168,537	79,224	39,046	45,401
Interest expense and fiscal charges	(2,026,861)	(228,774)	(120,766)	-
Contributions	198,979	-	-	-
Gain on disposal of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	(659,345)	(110,965)	(81,720)	45,401
Income (Loss) Before Transfers	7,749,120	(1,805,821)	(362,109)	(170,496)
Transfers in	-	1,323,636	354,666	-
Transfers out	-	-	-	-
Changes in Net Position	7,749,120	(482,185)	(7,443)	(170,496)
Net Position:				
Beginning of Year	51,558,825	1,150,783	(1,349,345)	722,896
End of Fiscal Year	\$ 59,307,945	\$ 668,598	\$ (1,356,788)	\$ 552,400

CITY OF VALLEJO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Fiber Optic Fund	Totals	
Operating Revenues:			
Sales and service charges	\$ -	\$ 50,223,667	\$ 18,638,629
Other	-	282,207	50,028
Total Operating Revenues	-	50,505,874	18,688,657
Operating Expenses:			
General and administrative	-	13,423,029	-
Operations expenses	18,703	24,641,180	9,295,394
Insurance and claims	-	-	4,751,959
Depreciation expense	8,477	6,251,522	1,434,487
Total Operating Expenses	27,180	44,315,731	15,481,840
Operating Income (Loss)	(27,180)	6,190,143	3,206,817
Nonoperating Revenues (Expenses):			
Intergovernmental revenue	-	38,585	-
Investment income	9,301	1,341,509	1,132,736
Interest expense and fiscal charges	-	(2,376,401)	-
Contributions	-	198,979	-
Gain on disposal of capital assets	-	-	42,934
Total Nonoperating Revenues (Expenses)	9,301	(797,328)	1,175,670
Income (Loss) Before Transfers	(17,879)	5,392,815	4,382,487
Transfers in	-	1,678,302	5,436,744
Transfers out	-	-	(5,086,744)
Changes in Net Position	(17,879)	7,071,117	4,732,487
Net Position:			
Beginning of Year	(269,892)	51,813,267	(2,917,927)
End of Fiscal Year	\$ (287,771)	\$ 58,884,384	\$ 1,814,560

CITY OF VALLEJO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			
	Water Fund	Marina Fund	Golf Fund	Vallejo Station Parking Fund
Cash Flows from Operating Activities:				
Receipts from customers	\$ 43,201,329	\$ 1,414,712	\$ 2,910,384	\$ 1,217,231
Payments to suppliers	(17,484,733)	(2,642,390)	(2,632,974)	(1,193,553)
Payments to or on behalf of employees	(13,440,994)	(446,460)	-	(163,000)
Claims paid	-	-	-	-
Net Cash Provided (Used) by Operating Activities	12,275,602	(1,674,138)	277,410	(139,322)
Cash Flows from Non-Capital Financing Activities:				
Interfund receipts	-	1,323,636	354,666	-
Interfund payments	-	-	-	-
Intergovernmental receipts	3,750	83,520	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	3,750	1,407,156	354,666	-
Cash Flows from Capital and Related Financing Activities:				
Refunding principal proceeds	36,825,000	-	-	-
Premium on refunding debt proceeds	2,164,360	-	-	-
Refunding principal payoff	(40,190,000)	-	-	-
Additional proceeds deposited in escrow	(2,354,049)	-	-	-
Capital grants and contributions	198,979	-	-	-
Acquisition of capital assets	(2,286,812)	(15,542)	80,349	(114,965)
Principal payments on capital debt	(4,135,539)	(609,546)	(399,849)	-
Interest paid on capital debt	(2,456,253)	(91,778)	(124,647)	-
Proceeds from sales of capital assets	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(12,234,314)	(716,866)	(444,147)	(114,965)
Cash Flows from Investing Activities:				
Investment income	1,168,537	79,224	39,046	45,401
Net Cash Provided by Investing Activities	1,168,537	79,224	39,046	45,401
Net Increase (Decrease) in Cash and Cash Equivalents	1,213,575	(904,624)	226,975	(208,886)
Cash and Cash Equivalents at Beginning of Year	28,634,946	2,803,411	1,114,555	1,118,308
Cash and Cash Equivalents at End of Year	\$ 29,848,521	\$ 1,898,787	\$ 1,341,530	\$ 909,422
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 8,408,465	\$ (1,694,856)	\$ (280,389)	\$ (215,897)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:				
Depreciation	5,630,383	57,660	550,889	4,113
Changes in pension related items	1,242,461	39,960	-	15,913
Changes in OPEB related items	(350,930)	(16,995)	-	(3,657)
(Increase) decrease in accounts receivable, net	(2,039,368)	(2,329)	2,316	49,596
(Increase) decrease in inventory and prepaids	(159,726)	9,137	(17,669)	-
Increase (decrease) in accounts payable and other accrued expenses	(917,674)	(77,184)	12,886	(3,371)
Increase (decrease) in deposits payable	127,446	4,449	9,377	-
Increase (decrease) in unearned revenue	86,118	177	-	-
Increase (decrease) in claims payable	-	-	-	-
Increase (decrease) in employee benefits payable	248,427	5,843	-	13,981
Total Adjustments	3,867,137	20,718	557,799	76,575
Net Cash Provided (Used) by Operating Activities	\$ 12,275,602	\$ (1,674,138)	\$ 277,410	\$ (139,322)
Non-Cash Investing, Capital, and Financing Activities:				
Initiation of capital leases	\$ -	\$ 10,591	\$ 715,051	\$ -
Accreted interest	-	144,478	80,349	-
Amortization of bond premium	304,753	-	-	-
Amortization of loss on refunding of debt	(73,277)	-	-	-

CITY OF VALLEJO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2020

	Fiber Optic Fund	Totals	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:			
Receipts from customers	\$ -	\$ 48,743,656	\$ 88,478,053
Payments to suppliers	(47,465)	(24,001,115)	(3,397,426)
Payments to or on behalf of employees	-	(14,050,454)	(73,856,796)
Claims paid	-	-	(5,748,477)
Net Cash Provided (Used) by Operating Activities	(47,465)	10,692,087	5,475,354
Cash Flows from Non-Capital Financing Activities:			
Interfund receipts	-	1,678,302	6,958,378
Interfund payments	-	-	(7,643,728)
Intergovernmental receipts	-	87,270	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-	1,765,572	(685,350)
Cash Flows from Capital and Related Financing Activities:			
Refunding principal proceeds	-	36,825,000	-
Premium on refunding debt proceeds	-	2,164,360	-
Refunding principal payoff	-	(40,190,000)	-
Additional proceeds deposited in escrow	-	(2,354,049)	-
Capital grants and contributions	-	198,979	-
Acquisition of capital assets	(48,206)	(2,385,176)	(3,839,198)
Principal payments on capital debt	-	(5,144,934)	-
Interest paid on capital debt	-	(2,672,678)	-
Proceeds from sales of capital assets	-	-	51,805
Net Cash Provided (Used) by Capital and Related Financing Activities	(48,206)	(13,558,498)	(3,787,393)
Cash Flows from Investing Activities:			
Investment income	9,301	1,341,509	1,132,736
Net Cash Provided by Investing Activities	9,301	1,341,509	1,132,736
Net Increase (Decrease) in Cash and Cash Equivalents	(86,370)	240,670	2,135,347
Cash and Cash Equivalents at Beginning of Year	282,885	33,954,105	26,977,967
Cash and Cash Equivalents at End of Year	\$ 196,515	\$ 34,194,775	\$ 29,113,314
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (27,180.00)	\$ 6,190,143	\$ 3,206,817
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:			
Depreciation	8,477	6,251,522	1,434,487
Changes in pension related items	-	1,298,334	129,015
Changes in OPEB related items	-	(371,582)	(1,602,418)
(Increase) decrease in accounts receivable, net	-	(1,989,785)	56,196
(Increase) decrease in inventory and prepaids	-	(168,258)	620,106
Increase (decrease) in accounts payable and other accrued expenses	(28,762)	(1,014,105)	(257,255)
Increase (decrease) in deposits payable	-	141,272	-
Increase (decrease) in unearned revenue	-	86,295	-
Increase (decrease) in claims payable	-	-	1,885,000
Increase (decrease) in employee benefits payable	-	268,251	3,406
Total Adjustments	(20,285)	4,501,944	2,268,537
Net Cash Provided (Used) by Operating Activities	\$ (47,465)	\$ 10,692,087	\$ 5,475,354
Non-Cash Investing, Capital, and Financing Activities:			
Initiation of capital leases	\$ -	\$ 725,642	\$ -
Accreted interest	-	224,827	-
Amortization of bond premium	-	304,753	-
Amortization of loss on refunding of debt	-	(73,277)	-

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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

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2020

	Agency Funds	Private-Purpose Trust Fund
		Successor Agency to the Redevelopment Agency
Assets:		
Cash and investments	\$ 4,458,402	\$ 653,620
Restricted assets:		
Cash and investments with fiscal agents	3,584,948	755,801
Capital assets:		
Capital assets, not being depreciated	-	189,226
Capital assets, net of accumulated depreciation	-	52,417
Total Assets	\$ 8,043,350	1,651,064
Liabilities:		
Accounts payable	\$ 5,300	2,308
Accrued interest	-	61,750
Due to bondholders	8,038,050	-
Long-term liabilities:		
Bonds due in one year	-	695,000
Bonds due in more than one year	-	7,739,465
Total Liabilities	\$ 8,043,350	8,498,523
Net Position:		
Held in trust for other purposes		(6,847,459)
Total Net Position		\$ (6,847,459)

CITY OF VALLEJO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2020

	<u>Private-Purpose Trust Fund</u>
	<u>Successor Agency to the Redevelopment Agency</u>
Additions:	
Taxes	\$ 1,386,152
Use of money and property	32,899
Total Additions	<u>1,419,051</u>
Deductions:	
Benefits	233,541
Interest expense	241,975
Depreciation expense	5,010
Total Deductions	<u>480,526</u>
Changes in Net Position	938,525
Net Position - Beginning of the Year	<u>(7,785,984)</u>
Net Position - End of the Year	<u>\$ (6,847,459)</u>

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 Homeless Navigation Center JPA (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, California 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, the Empress Investment Fund LLC, and the Vallejo Homeless Navigation Center JPA, 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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, 2020. 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, 2020. The Authority is inactive and had no activity during the year ended June 30, 2020. 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.

Vallejo Homeless Navigation Center Joint Powers Authority (JPA) — is a joint powers authority formed in 2020 under Chapter 5, Division 7, Title 1 of the Government Code of the State of California (commencing with section 6500) in order to provide the City's homeless population with access to vital services via temporary shelter at a navigation center. This center will also provide the City's homeless population with access to vital services, with temporary housing at a navigation center, which will include an opportunity to be connected to permanent housing, jobs and an income so that they may become self-sufficient. The Authority does not issue separate financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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, California 94590.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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 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.

Expenditures in Excess of Budget

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

Cadet Program Special Revenue Fund	\$3,457
------------------------------------	---------

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 1: Summary of Significant Accounting Policies (Continued)

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. Prepaids

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.

n. New Fund and Inactive Fund

The Fire Station #7 Capital Projects Fund did not have any activity in fiscal year 2020 and was closed as of July 1, 2016. However, the Fund is expected to have activity in the future.

In fiscal year 2020, the City established the Navigation Center Special Revenue Fund to account for the administration of funds collected for the Vallejo Homeless Navigation Center.

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, 2020 for each of these legal entities is as follows:

	Primary Government			Subtotal	Component Unit	Total
	City	Housing	Fiduciary Funds			
Cash on Hand	\$ 8,500	\$ 450	\$ -	\$ 8,950	\$ 9,155	\$ 18,105
Deposits (Overdraft)	9,401,985	6,305,906	-	15,707,891	1,610,756	17,318,647
Investments	169,423,835	-	9,452,771	178,876,606	37,124,261	216,000,867
	<u>\$ 178,834,320</u>	<u>\$ 6,306,356</u>	<u>\$ 9,452,771</u>	<u>\$ 194,593,447</u>	<u>\$ 38,744,172</u>	<u>\$ 233,337,619</u>

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

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

Primary

Cash and Investments:¹

City

 General Fund, including Measure B

\$ 14,584,470

 Other Funds

138,346,269

 Total, City

\$ 152,930,739

Housing Authority

6,033,698

158,964,437

Restricted Cash and Investments (held by fiscal agents):²

City

25,903,581

Housing Authority

272,658

26,176,239

Subtotal Primary Government Cash and Investments

185,140,676

Discrete Component Unit (VFWD):

Cash and Investments

37,188,598

Restricted Cash and Investments (held by fiscal agents):³

1,555,574

Subtotal Component Unit Cash and Investments

38,744,172

Reported on the Statement of Fiduciary Net Position

Agency Funds

Cash and Investments

4,458,402

Restricted Investments (held by fiscal agents)

3,584,948

 Total Agency Funds

8,043,350

Successor Agency to the Redevelopment Agency

Private-Purpose Trust Fund

Cash and Investments

653,620

Restricted Investments (held by fiscal agents)

755,801

 Total, Successor Agency to the Redevelopment Agency

1,409,421

 Private-Purpose Trust Fund

Subtotal Fiduciary Funds Cash and Investments

9,452,771

Total Cash and Investments

\$ 233,337,619

¹ 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.

² These balances are held by the City or third party fiscal agents pursuant to debt covenants or other agreements.

³ These balances are held by third party fiscal agents pursuant to debt covenants or other agreements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

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, the Housing Authority, and the Vallejo Homeless Navigation Center.

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, 2020, 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.

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

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	No Limit	No Limit	20%	No Limit
Bankers Acceptances	180 Days	A	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
			\$75 Million, or Up To Statutory	
Local Agency Investment Fund State Pool	On Demand	No Limit	Limits	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%

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 2: Cash and Investments (Continued)

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's 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.

City Debt Agreements

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum in Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	No Limit	No Limit	No Limit	No Limit
U.S. Government Agency Obligation	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, 2020.

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 2: Cash and Investments (Continued)

City and Housing Authority

Investment Type	Less than 1 Year	1 -3 Years	3 - 5 Years	Total
Held by the City and its Blended Component Units:				
U.S. Government Agencies	\$ 1,569,307	\$ 16,544,011	\$ 18,316,469	\$ 36,429,787
Asset Backed Securities	-	4,671,740	4,573,440	9,245,180
Corporate Medium Term Notes	6,851,028	5,157,222	7,999,354	20,007,604
U.S. Treasury Notes	-	13,332,088	15,607,940	28,940,028
California Local Agency Investment Fund	53,861,944	-	-	
Money Market Mutual Funds	151,136	-	-	151,136
Held by Fiscal Agents:				
PARS Post - Employment Benefit Trust - HighMark				
PLUS Mutual Fund	6,797,423	-	-	6,797,423
U.S. Treasury Notes	12,619,150	-	-	12,619,150
Money Market Mutual Funds	10,824,354	-	-	10,824,354
Total Investments	\$ 92,674,342	\$ 39,705,061	\$ 46,497,203	\$ 178,876,606

Money market funds are available for withdrawal on demand and at June 30, 2020, have an average maturity of 25 days.

VFWD

Investment Type	Less than 1 Year	1 -5 Years	Total
Government Agency Obligations	\$ 2,002,638	\$ 2,703,792	\$ 4,706,430
US Treasury	749,411	769,649	1,519,060
Commercial Paper	249,870	-	249,870
Medium Term Corporate Notes	49,784	1,799,180	1,848,964
Certificates of Deposit - non-negotiable	254,518	1,559,229	1,813,747
California Local Agency Investment Fund	23,640,037	-	23,640,037
Money Market Mutual Funds	1,790,579	-	1,790,579
Held by Trustee:			
Money Market Mutual Funds (U.S. Securities)	1,555,574	-	1,555,574
Total Investments	\$ 30,292,411	\$ 6,831,850	\$ 37,124,261

Local Agency Investment Fund

The City 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

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 2: Cash and Investments (Continued)

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, 2020, 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, 2020 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	Total
Held by the City and its Blended Component Units:				
U.S. Government Agencies				
Non-Callable	\$ 36,429,787	\$ -	\$ -	\$ 36,429,787
Asset Backed Securities	9,245,180	-	-	9,245,180
Corporate Medium Term Notes	547,220	4,920,564	14,539,820	20,007,604
Money Market Mutual Funds	151,136	-	-	151,136
Held by Fiscal Agents:				
Money Market Mutual Funds	10,824,354	-	-	10,824,354
Total Rated Investments	\$ 57,197,677	\$ 4,920,564	\$ 14,539,820	76,658,061
Exempt:				
U.S. Treasury Notes				41,559,178
Non-Rated:				
California Local Agency Investment Fund				53,861,944
PARS Post-Employment Benefit Trust				
HighMark Plus Mutual Fund				6,797,423
Total Investments				\$ 178,876,606

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 2: Cash and Investments (Continued)

VFWD

Presented below is the actual rating as of June 30, 2020 for the VFWD by investment type as provided by Standard and Poor's investment rating system:

Investment Type	AAA/AAAm	AA+/AA+AA-	Total
Government Agency Obligations	\$ -	\$ 4,706,430	\$ 4,706,430
US Treasury	-	1,519,059	1,519,059
Commercial Paper	-	249,870	249,870
Medium Term Corporate Notes	1,013,690	785,491	1,799,181
Money Market Funds	1,790,579	-	1,790,579
Money Market Mutual Funds	1,555,574	-	1,555,574
	4,359,843	7,260,850	11,620,693
Non-Rated:			
Medium Term Notes*			49,784
Certificates of Deposit - Non-negotiable			1,813,747
California Local Agency Funds			23,640,037
Total Investments			\$ 37,124,261

* Includes Lehman Brothers investments which are not rated.

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, 2020:

	Level 1	Level 2	Total
Investments by Fair Value Level:			
U.S. Government Agencies	\$ -	\$ 36,429,787	\$ 36,429,787
Asset Backed Securities	-	9,245,180	9,245,180
Corporate Medium Term Notes	-	20,007,604	20,007,604
U.S. Treasury Notes	-	28,940,028	28,940,028
Subtotal	\$ -	\$ 94,622,599	94,622,599
Investments Measured at Amortized Cost:			
Money Market Mutual Funds			151,136
PARS Post-Employment Benefit Trust- HighMark PLUS Mutual Fund			6,797,423
Held with Fiscal Agent: Money Market Mutual Funds			23,443,504
Investments Not Subject to Fair Value Hierarchy:			
California Local Agency Investment Fund			53,861,944
Total Investments			\$ 178,876,606

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020:

	<u>Level 2</u>	<u>Total</u>
Investments by Fair Value Level:		
Held by the District		
Governmental Agency Obligations	\$ 4,706,430	\$ 4,706,430
US Treasury	1,519,060	1,519,060
Commercial	249,870	249,870
Medium Term Corporate Notes	1,848,964	1,848,964
Subtotal	<u>\$ 8,324,324</u>	<u>8,324,324</u>
Investments Measured at Amortized Cost:		
Held by the District		
Money Market Funds		1,790,579
Held by Trustee		
Money Market Mutual Funds		1,555,574
Investments Measured at Cost:		
Certificates of Deposit - Non-Negotiable		1,813,747
Investments Exempt from Fair Value Hierarchy		
California Local Agency Investment Fund		<u>23,640,037</u>
Total Investments		<u>\$ 37,124,261</u>

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020, 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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	U.S. Government Agencies	\$ 18,393,531

VFWD Concentration Risk

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal National Mortgage Association	U.S. Government Agencies	\$ 2,242,386

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, 2020, 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 \$1,948,261.

CITY OF VALLEJO

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 3: Interfund Transactions

a. Transfers Between Funds

Transfers between funds during the fiscal year ended June 30, 2020, were as follows:

Fund Making Transfers	Fund Receiving Transfers	Amount Transferred
General Fund, including Measure B:	Capital Outlay Capital Projects Fund	\$ 9,695,961 (A) (B) (C) (D)
	Marina Enterprise Fund	600,000 (B) (E)
	Golf Enterprise Fund	354,666 (A) (E)
	Mare Island Base Reuse Special Revenue Fund	25,000 (A)
	Certificates of Participation Debt Service Fund	1,184,310 (E)
	Fleet Maintenance/Replacement	350,000 (A)
	Waterfront History Park Fund	125,000 (B)
	Empress Theater Capital Projects Fund	31,000 (B)
Special Revenue Funds:		
State Gas Tax	Traffic Congestion Relief Capital Projects Fund	400,000 (B)
Asset Seizure Fund	Capital Outlay Capital Projects Fund	50,000 (B)
Outside Services	General Fund	35,241 (A)
State Lands	Marina Enterprise Fund	224,636 (A)
Administrative Trust	General Fund	18,604 (A)
NLP Nuisance Abatement Fund	Marina Enterprise Fund	499,000 (A)
Capital Projects Funds:		
Bridge Construction	Housing Authority Special Revenue Fund	14,230 (F)
Hiddenbrooke Overpass	Housing Authority Special Revenue Fund	14,034 (F)
Arts and Convention Center	General Fund	447,736 (A)
	Housing Authority Special Revenue Fund	111,934 (F)
Self-Insurance Fund:	General Liability Fund	2,311,820 (G)
	Workers Comp Fund	2,774,924 (G)
Total		\$ 19,268,096

- (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
- (G) To Fund new Insurance Funds

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 3: Interfund Transactions (Continued)

b. Current Interfund Balances

As of June 30, 2020, the City's Worker's Compensation 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	\$ -	\$ 490,870
Office of Traffic Safety	-	1,757
Justice Assistance Grant	-	213,959
State Lands	-	38,375
Capital Projects Funds:		
Vallejo Station	-	663,931
Capital Grant & Contribution	-	914,180
Internal Service Fund:		
Workers Comp	2,323,072	-
Total	<u>\$ 2,323,072</u>	<u>\$ 2,323,072</u>

c. Long-Term Interfund Advances

At June 30, 2020 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	6,037,451
	Golf Enterprise Fund	4,352,284
	Vallejo Station Parking Enterprise Fund	1,359,984
	Allowance for Collectability	(11,749,719)
Net Advances		<u>\$ 830,000</u>

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 3: Interfund Transactions (Continued)

Subsidies Allowance

Cumulative to June 30, 2020, the General Fund has advanced \$6,037,451 to the Marina Enterprise Fund, \$4,352,284 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.

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 4: Notes & Loans Receivable

a. Summary of Notes and Loans Receivable

The following notes and loans receivable were outstanding as of June 30, 2020:

Type of Loans	Fund Type	Amounts
Primary Government and Blended Component		
<u>Housing Programs</u>		
Housing Authority Programs	Major Governmental	
Affordable Housing (20% Set Aside)		
Eden Housing		\$ 354,158
Avian Glen		3,093,750
Citizen Housing/Sereno Village		2,500,000
Simpson/Bayview		1,344,893
Marina Towers		711,470
Simpson/Solano Vista I		600,000
Single Family Residential		310,512
Temple Arts Lofts		750,000
Accrued Interest		3,210,628
Residential Rehabilitation		246,593
Vallejo Housing Collaborative		672,532
		<u>13,794,536</u>
HOME Program	Non-Major Governmental	
Avian Glen		900,000
Marina Towers		500,000
Temple Arts Lofts		495,734
Vallejo Housing Collaborative		100,000
Solano-Napa Habitat for Humanity		93,735
Single Family Residential		2,079,556
		<u>4,169,025</u>
Community Development Block Grant	Non-Major Governmental	
Reynaissance Family Center		920,362
Youth & Family Services		240,000
Temple Art Lofts		400,000
Single Family Residential		372,563
		<u>1,932,925</u>
Neighborhood Stabilization Program	Non-Major Governmental	
Temple Arts Lofts		1,437,844
Community Housing Development Program		419,549
Single Family Residential		291,829
		<u>2,149,222</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**
Note 4: Notes & Loans Receivable (Continued)

Type of Loans	Fund Type	Amounts
<u>Development Programs</u>		
Sereno Village Apartments		
General Fund	Major Governmental	1,084,485
Neighborhood Parks Fund	Non-Major Governmental	194,299
		<u>1,278,784</u>
Other Programs		
General Fund- Temple Arts Lofts	Major Governmental	23,821
Water Fund- Trailer City	Major Enterprise	11,035
Transportation Impact Mitigation Fund-		
Temple Art Lofts	Non-Major Governmental	89,088
Empress Theater Fund-		
Empress Theatre Associates, LLC	Non-Major Governmental	48,731
		<u>172,675</u>
<u>Advances to Former Redevelopment Agency (Successor Agency)</u>		
Empress Theater		
Hiddenbrooke Overpass Fund	Non-Major Governmental	511,868
Arts and Convention Center Fund	Non-Major Governmental	4,079,369
Georgia Street Extension		
Bridge Construction Fund	Non-Major Governmental	518,228
		<u>5,109,465</u>
		<u>28,606,632</u>
Total Primary Government Notes and Loans Receivable		
VFWD		
<u>Development Program</u>		
Sereno Village Apartments		249,419
Employee Computer Loans		26,079
		<u>275,498</u>
Total Component Unit Notes and Loans Receivable		
		<u>\$ 28,882,130</u>

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 4: Notes & Loans Receivable (Continued)

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, 2020 remains at \$246,593.

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, 2020, 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, 2020, the developer had drawn down \$354,158 of the loan proceeds.

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, 2020 were \$4,169,025, \$1,932,925, and \$2,149,222 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 4: Notes & Loans Receivable (Continued)

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, 2020 the outstanding balance of this loan, including accrued interest, was \$1,278,784 comprised of \$1,084,485 funded by the General Fund and \$194,299 funded by the Neighborhood Parks Capital Project Fund.

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, 2020 was \$249,419.

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 55th 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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 4: Notes & Loans Receivable (Continued)

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, 2020 the outstanding balance of this loan was \$11,035. 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, 2020, 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 were 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.

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

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 4: Notes & Loans Receivable (Continued)

will seek approval to write off these loans in Fiscal Year 2020-21, therefore, the City reports these loans to their full value of \$3,346,424, with an offsetting allowance as of June 30, 2020.

The Loan balances as of June 30, 2020 are as follows:

	Principal	Accrued Interest	Total
Hiddenbrooke Overpass Capital Projects Fund	\$ 320,038	\$ 191,830	\$ 511,868
Bridge Construction Capital Projects Fund	288,187	230,041	518,228
Arts and Convention Center Capital Projects Fund	2,371,822	1,707,547	4,079,369
General Fund:			
Waterfront	162,805	875,263	1,038,068
Marina Vista	-	647,510	647,510
Central	708,372	952,474	1,660,846
Less Allowance for Doubtful Accounts	(871,177)	(2,475,247)	(3,346,424)
	<u>\$ 2,980,047</u>	<u>\$ 2,129,418</u>	<u>\$ 5,109,465</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. Repayment installments were approved by the State Department of Finance for fiscal years 2017 through 2020.

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 4: Notes & Loans Receivable (Continued)

As of June 2020, the EIF holds loan receivable assets, including accumulated interest, of \$6,482,490 due from ETA, and carries a loan payable obligation, with accumulated interest payable, of \$181,162 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 \$6,433,759, leaving a net loan receivable balance of \$48,731 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, 2020, the City Manager has not drawn down on any loan funds.

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.

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 5: Capital Assets (Continued)

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%; or 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 Warm 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.

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 5: Capital Assets (Continued)

a. Government Capital Asset Activity

	Balance at June 30, 2019	Additions	Retirements	Transfers/ Adjustments	Balance at June 30, 2020
Governmental Activities					
Capital Assets Not Being Depreciated:					
Land	\$ 141,563,428	\$ 4,233,607	\$ -	\$ -	\$ 145,797,035
Construction in Progress	6,902,242	5,304,581	-	(6,035,058)	6,171,765
Total Capital Assets Not Being Depreciated	148,465,670	9,538,188	-	(6,035,058)	151,968,800
Capital Assets Being Depreciated:					
Buildings and Improvements	117,350,071	10,637,455	-	1,609,066	129,596,592
Machinery and Equipment	39,812,135	5,319,134	(265,924)	-	44,865,345
Infrastructure	271,918,539	406,423	-	4,425,992	276,750,954
Total Capital Assets Being Depreciated	429,080,745	16,363,012	(265,924)	6,035,058	451,212,891
Less Accumulated Depreciation for:					
Buildings and Improvements	(43,816,694)	(6,779,584)	-	-	(50,596,278)
Machinery and Equipment	(29,356,165)	(2,250,007)	257,055	-	(31,349,117)
Infrastructure	(171,463,634)	(1,272,827)	-	-	(172,736,461)
Total Accumulated Depreciation	(244,636,493)	(10,302,418)	257,055	-	(254,681,856)
Net Capital Assets Being Depreciated	184,444,252	6,060,594	(8,869)	6,035,058	196,531,035
Governmental Activities Capital Assets, Net	\$ 332,909,922	\$ 15,598,782	\$ (8,869)	\$ -	\$ 348,499,835

b. Business-Type Capital Asset Activity

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
Business-Type Activities					
Capital Assets Not Being Depreciated:					
Land	\$ 12,298,805	\$ -	\$ -	\$ -	\$ 12,298,805
Construction in Progress	14,722,339	2,222,165	-	(2,420,365)	14,524,139
Total Capital Assets Not Being Depreciated	27,021,144	2,222,165	-	(2,420,365)	26,822,944
Capital Assets Being Depreciated:					
Buildings and Improvements	94,870,978	-	-	-	94,870,978
Machinery and Equipment	22,600,522	918,476	-	1,193,392	24,712,390
Infrastructure	155,439,077	48,206	-	1,226,973	156,714,256
Total Capital Assets Being Depreciated	272,910,577	966,682	-	2,420,365	276,297,624
Less Accumulated Depreciation for:					
Buildings and Improvements	(64,050,048)	(1,831,368)	-	-	(65,881,416)
Machinery and Equipment	(11,485,615)	(1,223,448)	-	-	(12,709,063)
Infrastructure	(109,771,173)	(3,196,706)	-	-	(112,967,879)
Total Accumulated Depreciation	(185,306,836)	(6,251,522)	-	-	(191,558,358)
Net Capital Assets Being Depreciated	87,603,741	(5,284,840)	-	2,420,365	84,739,266
Business-Type Activity Capital Assets, Net	\$ 114,624,885	\$ (3,062,675)	\$ -	\$ -	\$ 111,562,210

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 5: Capital Assets (Continued)

c. Vallejo Flood and Wastewater District Capital Asset Activity

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
Capital Assets, Not Being Depreciated:					
Land	\$ 2,810,716	\$ -	\$ -	\$ -	\$ 2,810,716
Construction in Progress	27,509,774	9,658,930	(1,136,173)	(8,939,226)	27,093,305
Total Capital Assets, Not Being Depreciated	30,320,490	9,658,930	(1,136,173)	(8,939,226)	29,904,021
Capital Assets Being Depreciated:					
Buildings and Improvements	3,903,292	-	(7,429)	-	3,895,863
Machinery and Equipment	14,402,415	140,416	(1,834,997)	1,261,431	13,969,265
Infrastructure	340,121,538	47,140	(54,695)	7,677,795	347,791,778
Total Capital Assets Being Depreciated	358,427,245	187,556	(1,897,121)	8,939,226	365,656,906
Less Accumulated Depreciation for:					
Buildings and Improvements	(2,403,390)	(103,485)	7,428	-	(2,499,447)
Machinery and Equipment	(10,601,926)	(814,387)	1,745,679	-	(9,670,634)
Infrastructure	(180,994,283)	(7,613,249)	54,695	-	(188,552,837)
Total Accumulated Depreciation	(193,999,599)	(8,531,121)	1,807,802	-	(200,722,918)
Net Capital Assets Being Depreciated	164,427,646	(8,343,565)	(89,319)	8,939,226	164,933,988
Capital Assets, Net	\$ 194,748,136	\$ 1,315,365	\$ (1,225,492)	\$ -	\$ 194,838,009

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	\$ 10,138
Finance	1,939
Community Development	251,525
Fire Services	129,925
Police Services	700,290
Public Works	7,774,114
Capital Assets Held by the City's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	1,434,487
	<u>\$ 10,302,418</u>

Business-Type Activities

Water	\$ 5,630,383
Marina	57,660
Golf	550,889
Parking	4,113
Fiber	8,477
	<u>\$ 6,251,522</u>

VFWD:

Vallejo Flood and Wastewater District	<u>\$ 8,531,121</u>
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**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

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 \$575,310 at June 30, 2020, 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.

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 6: Long-Term Debt (Continued)

a. Current Year Transactions and Balances

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

	Original Issue Amount	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020	Current Portion
Governmental Activity Debt:						
Certificates of Participation:						
1999 COPs						
(Restructured, see Note 6C)	\$ 4,815,000	\$ 2,706,517	\$ -	\$ (180,000)	\$ 2,526,517	\$ 190,000
Total Certificates of Participation	4,815,000	2,706,517	-	(180,000)	2,526,517	190,000
Governmental Activity Debt - Direct Borrowing:						
1999 COPs Shortfall Indebtedness						
(Restructured, see Note 6C)	75,860	124,314	5,472	(43,438)	\$ 86,348	-
UBOC Reimbursement Obligations:						
UBOC Tranche A - General Fund	7,813,780	3,723,313	-	(631,382)	3,091,931	569,802
UBOC Tranche B - General Fund	9,155,272	9,155,272	-	(39,813)	9,115,459	117,824
Less: Negative interest	(1,248,593)	(584,955)	93,605	-	(491,350)	-
Total Loans & Note Payable	15,720,459	12,293,630	93,605	(671,195)	11,716,040	687,626
Capital Lease Obligation:						
2001 Site & Facility Lease						
(Restructured, see Note 6G)	710,248	202,928	-	(101,464)	101,464	101,464
City Hall Security Cart Capital Lease	5,716	-	5,716	(715)	5,001	1,429
Total Capital Lease Obligations	715,964	202,928	5,716	(102,179)	106,465	102,893
Housing & Urban Development Section 108 Loan						
Variable, due 8-1-2026						
	1,700,000	1,700,000	1,305,000	(236,000)	2,769,000	236,000
Other Obligation:						
Loans Payable to Triad Communities LP						
	42,500	42,500	-	-	42,500	-
Total Direct Borrowings	18,254,783	14,363,372	1,409,793	(1,052,812)	14,720,353	1,026,519
Total Governmental Activity Debt	\$ 23,069,783	\$ 17,069,889	\$ 1,409,793	\$ (1,232,812)	\$ 17,246,870	\$ 1,216,519

	Original Issue Amount	Balance at June 30, 2019	Defeased	Additions	Retirements	Balance at June 30, 2020	Current Portion
Business-Type Activity Debt:							
Revenue Bonds:							
2006 Water Revenue Refunding Bonds, 4-5%, due 5/1/26	\$ 45,790,000	\$ 22,110,000	\$ (19,420,000)	\$ -	\$ (2,690,000)	\$ -	\$ -
Plus: Unamortized Bond Premium	-	655,471	(585,241)	-	(70,230)	-	-
2013 Water Revenue Refunding Bonds, 5.25%, due 5/1/31	18,080,000	18,080,000	(18,080,000)	-	-	-	-
Plus: Unamortized Bond Premium	-	604,207	(566,444)	-	(37,763)	-	-
2020A Water Revenue Refunding Bonds, 4%, due 5/1/30	16,750,000	-	-	16,750,000	(3,570,000)	13,180,000	3,185,000
Plus: Unamortized Bond Premium	-	-	-	2,164,360	(196,760)	1,967,600	-
2020B Water Revenue Refunding Bonds, var. rate, due 5/1/28	20,075,000	-	-	20,075,000	-	20,075,000	-
Total Revenue Bonds	100,695,000	41,449,678	(38,651,685)	38,989,360	(6,564,753)	35,222,600	3,185,000
Business Activity Debt - Direct Borrowing:							
UBOC Reimbursement Obligations:							
UBOC Tranche A - Golf Course	4,269,641	1,767,926	-	-	(310,468)	1,457,458	318,230
UBOC Tranche A - Marina	7,916,579	3,213,750	-	-	(580,682)	2,633,068	595,198
UBOC Tranche B - Golf Course	5,359,564	4,944,550	-	80,349	-	5,024,899	-
UBOC Tranche B - Marina	10,368,842	9,594,642	-	144,478	(27,540)	9,711,580	27,988
Other Loans & Notes Payable:							
State Safe Drinking Water 0%, due 1/1/25							
	68,080	18,724	-	-	(3,407)	15,317	3,404
State Safe Drinking Water 2.32%, due 7/1/20							
	6,675,000	562,135	-	-	(562,135)	-	-
Capital Lease							
Marina Utility Cart Capital Lease							
	10,591	-	-	10,591	(1,324)	9,267	2,648
Golf Course Cart Capital Lease							
	715,051	-	-	715,051	(89,381)	625,670	178,763
Total Direct Borrowings	35,383,348	20,101,727	-	950,469	(1,574,937)	19,477,259	1,126,231
Total Business Activity Debt	\$ 136,078,348	\$ 61,551,405	\$ (38,651,685)	\$ 39,939,829	\$ (8,139,690)	\$ 54,699,859	\$ 4,311,231

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 6: Long-Term Debt (Continued)

	Original Issue Amount	Balance at June 30, 2019	Retirements	Balance at June 30, 2020	Current Portion
VFWD:					
Revenue Bonds:					
2014 Revenue Bonds, 4-5%, due 5/1/36	\$ 34,294,966	\$ 28,778,206	\$ (1,173,953)	\$ 27,604,253	\$ 1,020,000
2011 Revenue Bonds, 2-5%, due 5/1/25	3,345,000	1,680,910	(252,727)	1,428,183	260,000
Total Revenue Bonds	37,639,966	30,459,116	(1,426,680)	29,032,436	1,280,000
Certificates of Participation					
1993 Sanitation and Flood Control 5-5.04%, due 7/1/19	38,905,000	2,640,000	(2,640,000)	-	-
Total Certificates of Participation	38,905,000	2,640,000	(2,640,000)	-	-
Other Loans & Notes Payable - Direct Borrowings:					
State Clean Water (2004) 2.5%, due 2023	13,798,201	3,412,380	(821,762)	2,590,618	842,306
State Clean Water (2008) 2.4%, due 2025	4,406,072	1,754,417	(275,344)	1,479,073	281,952
Total Loans & Notes Payable	18,204,273	5,166,797	(1,097,106)	4,069,691	1,124,258
Total VFWD Debt	\$ 94,749,239	\$ 38,265,913	\$ (5,163,786)	\$ 33,102,127	\$ 2,404,258

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
2021	\$ 190,000	\$ 122,850	\$ 1,026,519	\$ 122,313
2022	200,000	112,612	941,214	106,153
2023	210,000	101,849	957,761	89,606
2024	225,000	90,432	973,989	72,662
2025	235,000	78,357	824,687	55,313
2026-2030	1,383,006	188,346	3,924,215	628,456
2031-2035	83,511	-	4,705,922	340,579
2036-2040	-	-	1,366,046	28,507
2041-2045	-	-	-	-
2046-2050	-	-	-	-
Total	\$ 2,526,517	\$ 694,446	\$ 14,720,353	\$ 1,443,589

^(a) Includes accreted interest on the UBOC Retirement Obligations - Tranche B for \$491,349.

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 6: Long-Term Debt (Continued)

For the Year Ending June 30	Business-Type Activities			
	Revenue Bonds		Direct Borrowings	
	Principal	Interest	Principal ^(a)	Interest
2021	\$ 3,185,000	\$ 867,200	\$ 1,126,231	\$ 113,251
2022	3,310,000	739,800	1,149,521	89,961
2023	3,440,000	607,400	1,173,390	66,092
2024	3,500,000	556,866	1,107,144	41,631
2025	3,550,000	503,561	796,110	260,259
2026-2030	16,270,000	1,552,286	4,183,370	1,089,963
2031-2035	-	-	4,534,497	738,836
2036-2040	-	-	4,915,094	358,238
2041-2045	-	-	491,902	29,680
Total	33,255,000	\$ 4,827,113	19,477,259	\$ 2,787,911
Plus: Unamortized Bond Premium (discount)	1,967,600		-	
Net Long-Term Debt	\$ 35,222,600		\$ 19,477,259	

^(a) Includes accreted interest on the UBOC Retirement Obligations - Tranche B for \$936,439.

For the Year Ending June 30	VFWD			
	Revenue Bonds and Certificates of Participation		Direct Borrowings	
	Principal	Interest	Principal	Interest
2021	\$ 1,280,000	\$ 1,360,401	\$ 1,124,258	\$ 100,264
2022	1,340,000	1,298,676	1,152,083	72,439
2023	1,400,000	1,231,676	1,180,596	43,926
2024	1,475,000	1,161,675	302,744	14,706
2025	1,550,000	1,087,925	310,010	7,440
2026-2030	7,200,000	4,359,350	-	-
2031-2035	9,355,000	2,200,000	-	-
2036-2040	2,190,000	120,450	-	-
Total	25,790,000	\$ 12,820,153	4,069,691	\$ 238,775
Plus: Unamortized Bond Premium (discount)	3,242,436		-	
Net Long-Term Debt	\$ 29,032,436		\$ 4,069,691	

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 6: Long-Term Debt (Continued)

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, 2020, the City paid \$43,438 to reduce the shortfall principal balance and accrued interest of \$5,472 was added to the principal balance.

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.

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:

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 6: Long-Term Debt (Continued)

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 (Refunded) – 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 was payable on May 1 and November 1. Annual principal payments were due on May 1. The debt was secured and serviced by water system operations.

On March 31, 2020, the City refunded the 2006 Water Revenue Bonds using the proceeds of the 2020 Series A Water Revenue Refunding Bonds. As of June 30, 2020, the 2006 Water Revenue Bonds with an outstanding balance of \$19,420,000 were defeased.

2013 Water Revenue Refunding Bonds (Refunded) – 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 were 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 was payable on May 1 and November 1. Annual principal payments were due on May 1. The debt was secured and serviced by water system operations.

On March 31, 2020, the City advance refunded the 2013 Water Revenue Bonds by depositing an amount in an irrevocable escrow fund sufficient to retire the debt, using the proceeds of the 2020 Series B Water Revenue Refunding Bonds. As of June 30, 2020, the 2013 Water Revenue Bonds with an outstanding balance of \$18,080,00 were considered defeased.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 6: Long-Term Debt (Continued)

2020 Water Revenue Refunding Bonds – On March 31, 2020, the City issued \$36,825,000 in Water Revenue Refunding Bonds to refund the outstanding 2006 and 2013 Water Revenue Bonds. The refunding decreased total debt service by \$11,643,927, resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$5,583,330.

The Series 2020 A & B 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. 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 2020 Series A&B Bonds were given a AA rating by Standard & Poor's.

The pledge of future net revenues ends upon repayment of the \$33,255,000 in remaining debt service on the bonds and loans which is scheduled to occur in 2030. Under the terms of the indenture, net revenues are required to provide a 1.25 debt service coverage ratio.

For fiscal year 2020, operating revenues, investment income, and capital grants and contributions amount to \$46,394,649 and operating costs including operating expenses, but not interest, amounted to \$30,988,285. Net Revenues available for debt service amounts to \$15,406,364 which represents coverage of 3.02 over the \$5,106,243 in combined debt service for the 2006, 2013 and 2020 Series A & B 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 6: Long-Term Debt (Continued)

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.

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 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. This loan was fully paid off as of June 30, 2020.

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, 2020, the City has drawn down \$3.0 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 payments are due on August 1 commencing 2019 through 2026. Interest is payable quarterly on August 1, November 1, February 1 and May 1.

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 6: Long-Term Debt (Continued)

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. Final payment is due on June 1, 2021.

Golf Carts and Utility Carts Capital Lease Agreement – On August 2019, City entered into two lease agreements for four-year terms with PNC Equipment Finance, LLC for the lease of golf and utility carts at Blue Rock Springs Golf Course, The Vallejo Marina and City Hall. The first lease is specific to the golf carts and the second lease is specific to the utility carts (or shuttles) for a four-year term for total of \$731,358. Under the agreement commencing on October 15, 2019, monthly payments of \$14,897 are payable from the Golf fund, \$221 from the Marina fund, and \$119 from the General fund.

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, 2020 is as follows:

Improvement Bonds	
2004 Hiddenbrooke Improvement District Series A	\$ 9,735,000
Northeast Improvement District 2003-1	4,805,000
Total	<u>\$ 14,540,000</u>

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, 2020, these bonds have been fully paid.

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, 2020, \$7,405,000 of these bonds remained outstanding.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**
Note 8: Conduit Debt (Continued)

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, 2020, these bonds have been fully paid.

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, 2020. Compensated absences activity for the City and VFWD for the year ended June 30, 2020 is as follows:

	Governmental Activities	Business-Type Activities	Total	VFWD
Compensated Absences Activity:				
Beginning Balance	\$ 10,906,622	\$ 1,145,925	\$ 12,052,547	\$ 1,268,440
Additions	9,262,233	1,368,372	10,630,605	1,570,365
Deletions	(7,649,537)	(1,100,122)	(8,749,659)	(1,206,564)
Ending Balance	<u>\$ 12,519,318</u>	<u>\$ 1,414,175</u>	<u>\$ 13,933,493</u>	<u>\$ 1,632,241</u>
Compensated Absences				
Classification Presentation:				
Current Portion:				
Internal Service Funds - City	\$ 73,169	\$ -	\$ 73,169	\$ -
Entity-Wide	6,718,835	1,096,607	7,815,442	-
Vallejo Flood and Wastewater District	-	-	-	571,284
Current Portion	<u>6,792,004</u>	<u>1,096,607</u>	<u>7,888,611</u>	<u>571,284</u>
Noncurrent Portion:				
Internal Service Funds - City	5,711	-	5,711	-
Entity-Wide	5,442,161	317,569	5,759,730	-
Vallejo Flood and Wastewater District	-	-	-	1,060,957
Noncurrent Portion	<u>5,447,872</u>	<u>317,569</u>	<u>5,765,441</u>	<u>1,060,957</u>
Total	<u>\$ 12,239,876</u>	<u>\$ 1,414,176</u>	<u>\$ 13,654,052</u>	<u>\$ 1,632,241</u>
Noncurrent Employee Benefits Payable:				
Compensated Absences	\$ 5,447,872	\$ 317,569	\$ 5,765,441	\$ 1,060,957
Other Employee Benefits (1.5% RHSA Contribution set aside by City)	279,442	-	279,442	-
Noncurrent Portion	<u>\$ 5,727,314</u>	<u>\$ 317,569</u>	<u>\$ 6,044,883</u>	<u>\$ 1,060,957</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 10: Pension Plan**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 as of the measurement date, are summarized as follows:

	Miscellaneous	
	<u>Classic Tier I</u>	<u>PEPRA</u>
	Prior to	On or After
	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Hire Date		
Benefit Formula	2.7% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years of service	5 years of 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	8.00%	6.25%
Required Employer Contribution Rates	11.047%	11.047%
Required Unfunded Accrued Liability Contribution	<u>\$6,694,026</u>	

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 10: Pension Plan (Continued)

	Safety - Fire		
	Classic Tier I	Classic Tier II	PEPRA
	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 of service	5 years of service	5 years of 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	

	Safety - Police	
	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 of service	5 years of 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. Using the prepayment option during the measurement period, the City paid its full 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, 2018 actuarial valuation date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous		
	Classic Tier I	Classic Tier II	PEPRA Plan
Inactive employees or beneficiaries currently receiving benefits	562	-	3
Inactive employees eligible to, but not yet receiving benefits	166	-	5
Inactive employees ineligible to, but not yet receiving benefits	60	-	79
Active employees	157	-	132
Total	945	-	219

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 10: Pension Plan (Continued)

	Safety		
	Classic Tier I	Classic Tier II	PEPRA Plan
Inactive employees or beneficiaries currently receiving benefits	382	-	-
Inactive employees eligible to, but not yet receiving benefits	39	1	6
Inactive employees ineligible to, but not yet receiving benefits	6	-	15
Active employees	136	1	45
Total	<u>563</u>	<u>2</u>	<u>66</u>

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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 10: Pension Plan (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2019, the total pension liabilities were determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous ¹	Safety ¹
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
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	Varies by age and service	Varies by age and service
Projected Salary Increase	Varies by age and service	Varies by age and service
Investment Rate of Return	7.15% ²	7.15% ²
Mortality	Derived using CalPERS Membership Data for all Funds ³	
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies	

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

² Net of pension plan investment and administration expenses, including inflation

³ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

All other actuarial assumptions used in the June 30, 2018 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 – There were no changes in assumptions.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 10: Pension Plan (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 ¹	New Strategic Allocation	Real Return Years 1 - 10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

¹ In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An Expected Inflation of 2.0% used for this period.

³ An Expected Inflation of 2.92% used for this period.

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 10: Pension Plan (Continued)

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)
Balance at June 30, 2018	\$ 286,045,512	\$ 176,942,862	\$ 109,102,650
Changes in the Year:			
Service Cost	4,029,310	-	4,029,310
Interest on the Total Pension Liability	19,881,349	-	19,881,349
Differences Between Actual and Expected Experience	(1,474,483)	-	(1,474,483)
Net Plan to Plan Resource Movement	-	(150,117)	150,117
Contribution - Employer	-	9,173,697	(9,173,697)
Contribution - Employee	-	1,863,321	(1,863,321)
Net Investment Income	-	11,419,992	(11,419,992)
Administrative Expenses	-	(126,270)	126,270
Other Miscellaneous Expenses	-	413	(413)
Benefit Payments, Including Refunds of Employee Contributions	(17,049,717)	(17,049,717)	-
Net Changes	<u>5,386,459</u>	<u>5,131,319</u>	<u>255,140</u>
Balance at June 30, 2019 (Measurement Date)	<u>\$ 291,431,971</u>	<u>\$ 182,074,181</u>	<u>\$ 109,357,790</u>

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$ 491,113,877	\$ 304,916,693	\$ 186,197,184
Changes in the Year:			
Service Cost	6,733,397	-	6,733,397
Interest on the Total Pension Liability	34,420,847	-	34,420,847
Differences Between Actual and Expected Experience	1,076,363	-	1,076,363
Net Plan to Plan Resource Movement	-	150,117	(150,117)
Contribution - Employer	-	15,651,082	(15,651,082)
Contribution - Employee	-	2,495,658	(2,495,658)
Net Investment Income	-	19,716,865	(19,716,865)
Administrative Expenses	-	(217,595)	217,595
Other Miscellaneous Expenses	-	712	(712)
Benefit Payments, Including Refunds of Employee Contributions	(28,292,968)	(28,292,968)	-
Net Changes	<u>13,937,639</u>	<u>9,503,871</u>	<u>4,433,768</u>
Balance at June 30, 2019 (Measurement Date)	<u>\$ 505,051,516</u>	<u>\$ 314,420,564</u>	<u>\$ 190,630,952</u>
Total Balance at June 30, 2019 (Measurement Date) (Miscellaneous and Safety Plan)	<u>\$ 796,483,487</u>	<u>\$ 496,494,745</u>	<u>\$ 299,988,742</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 10: Pension Plan (Continued)

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:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$ 144,488,201	\$ 255,867,328	\$ 400,355,529
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 109,357,790	\$ 190,630,952	\$ 299,988,742
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ 80,070,491	\$ 136,894,472	\$ 216,964,963

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

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

For the year ended June 30, 2020, the City recognized pension expense of \$13,731,318 and \$25,893,651 for the Miscellaneous and Safety Plans, respectively, for total pension expense of \$39,624,969. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 10,259,296	\$ -
Differences Between Actual and Expected Experience	-	1,216,614
Changes in Assumptions	-	480,136
Net Differences Between Projected and Actual Earnings on Plan Investments	-	869,297
Total	<u>\$ 10,259,296</u>	<u>\$ 2,566,047</u>

Safety Plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 16,924,131	\$ -
Differences Between Actual and Expected Experience	759,786	2,388,673
Changes in Assumptions	4,449,658	870,778
Net Differences Between Projected and Actual Earnings on Plan Investments	-	1,303,095
Total	<u>\$ 22,133,575</u>	<u>\$ 4,562,546</u>
Total Miscellaneous and Safety Plans	<u>\$ 32,392,871</u>	<u>\$ 7,128,593</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**
Note 10: Pension Plan (Continued)

\$27,183,427 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, 2021. 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
2021	\$ (601,760)	\$ 3,535,979	\$ 2,934,219
2022	(1,866,623)	(2,888,624)	(4,755,247)
2023	(289,822)	(330,726)	(620,548)
2024	192,158	330,269	522,427
Total	<u>\$ (2,566,047)</u>	<u>\$ 646,898</u>	<u>\$ (1,919,149)</u>

e. Payable to the Pension Plan

At June 30, 2020, the City reported a payable of \$137,909 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

f. Vallejo Flood and Wastewater District Pension Plan
i. 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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 10: Pension Plan (Continued)

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, 2020, are summarized as follows:

Hire Date	Prior to January 1, 2013	On or After January 1, 2013
Benefit Formula	2.7% @ 55	2% @ 62
Benefit Vesting Schedule	5 years of service	5 years of 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	8.00%	6.25%
Required Employer Contribution Rates*	33.505%	7.088%

*The required employer contribution rate includes the normal cost rate plus the employer unfunded accrued liability contribution amount.

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, 2020, the District's contributions to the Plan were \$2,668,281.

ii. 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, 2020, the District reported its proportionate share of the net pension liability of the Plan of \$24,254,485.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**
Note 10: Pension Plan (Continued)

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, 2019, 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, 2018 rolled forward to June 30, 2019 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, 2018 and 2019 was as follows:

Proportion - June 30, 2018	0.59373%
Proportion - June 30, 2019	0.60568%
Change - Increase (Decrease)	<u>1.19941%</u>

For the year ended June 30, 2020, the District recognized pension expense of \$24,254,485. At June 30, 2020, 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	\$ 2,668,281	\$ -
Change in employer's proportion	307,827	142,162
Difference between expected and actual experience	1,684,576	130,521
Changes in assumptions	1,156,566	409,993
Difference between employer contributions and the employer's proportional share of the risk pool's contribution	-	836,091
Net Differences between projected and actual earnings on plan investments	-	424,043
Total	<u>\$ 5,817,250</u>	<u>\$ 1,942,810</u>

\$2,668,281 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2021	\$ 1,305,812
2022	(370,486)
2023	185,149
2024	85,684
Total	<u>\$ 1,206,159</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 10: Pension Plan (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2019, the total pension liabilities were determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2020 total pension liability was based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>
Valuation	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
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
Post Retirement Benefits Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% 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, 2018 valuation were based on the results of an 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 10: Pension Plan (Continued)

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.

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 10: Pension Plan (Continued)

Asset Class ¹	New Strategic Allocation	Real Return Years 1 - 10 ²	Real Return Years 11+ ³
Global Equity	50.00%	4.80%	5.90%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

¹ 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.

² An Expected Inflation of 2.0% used for this period.

³ An Expected Inflation of 2.92% used for this period.

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:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 36,332,435
Current Discount Rate	7.15%
Net Pension Liability	\$ 24,254,485
1% Increase	8.15%
Net Pension Liability	\$ 14,284,990

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

iii. 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 11: Post-Employment Benefits

a. Post Retirement Health Benefits - City

i. 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, 2020:

Employee Group	Contractual Benefit at June 30, 2020
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, not 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 7/1/2016, the RHSA benefit available to CAMP 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 2020 is \$139 per month.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 11: Post-Employment Benefits (Continued)

ii. 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, California 94229-2703.

For the year ended June 30, 2020, the City's contributions to the Plan were \$2,914,000.

iii. 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, 2019:

Active Employees	477
Inactive Employees or beneficiaries currently receiving benefit payments	162
Inactive Employees entitled to but not yet receiving benefit payments	500
Total	<u>1,139</u>

Actuarial Methods and Assumptions – The City's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018 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:

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 11: Post-Employment Benefits (Continued)

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.

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	0.0%	2.75%
Expected Long-Term Net Rate of Return	0.0%	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.

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 11: Post-Employment Benefits (Continued)

iv. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		Net OPEB Liability/(Asset) (a)-(b)
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	
Balance at 6/30/18	\$ 39,436,000	\$ 20,686,000	\$ 18,750,000
Changes Recognized for the Measurement Period:			
Service Cost	889,000	-	889,000
Interest	2,624,000	-	2,624,000
Contributions from the Employer	-	2,941,000	(2,941,000)
Net Investment Income	-	1,277,000	(1,277,000)
Administrative Expenses	-	(36,000)	36,000
Benefit Payments	(2,909,000)	(2,909,000)	-
Net Changes	604,000	1,273,000	(669,000)
Balance at 6/30/19 (Measurement Date)	\$ 40,040,000	\$ 21,959,000	\$ 18,081,000

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 \$919,000.

v. 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% (5.75%)	Discount Rate (6.75%)	Discount Rate +1% (7.75%)
\$ 22,266,000	\$ 18,081,000	\$ 14,553,000

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%)
\$ 15,330,000	\$ 18,081,000	\$ 21,832,000

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**
Note 11: Post-Employment Benefits (Continued)

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$940,000. At June 30, 2020, 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	\$ 2,914,000	\$ -
Differences Between Expected and Actual Experience	-	3,497,000
Changes in Assumptions	-	696,000
Adjustment due to Difference in Proportions	-	-
Net Differences Between Projected and Actual Earnings on Plan	-	279,000
Total	\$ 2,914,000	\$ 4,472,000

\$2,914,000 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, 2021. 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
2021	\$ (1,213,000)
2022	(1,211,000)
2023	(1,103,000)
2024	(945,000)
Total	\$ (4,472,000)

b. Post-Retirement Health Benefits - VFWD

i. 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.

ii. 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 11: Post-Employment Benefits (Continued)

iii. Benefits Provided

The following is a summary of Plan benefits by employee group as of June 30, 2020:

Eligibility	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
Benefit	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 costs local HMO. Kaiser Permanente - Bay Area premiums represent the highest cost local HMO
Hired prior to 11/1/2013	
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, 2020:

Active Plan Members	89
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	136
Inactive Employees Entitled to but not yet Receiving Benefit Payments	-
	<u>225</u>

iv. Net OPEB Liability

Actuarial Assumptions – The District's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated January 1, 2020 that was rolled forward using standard update procedures to determine the total OPEB liability as of June 30, 2020 based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	January 1, 2020
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Method
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	2.75%
Investment Rate of Return	7.25%
Mortality Rate	Based on the CalPers mortality tables for Public Agencies (Miscellaneous Employees)
Healthcare Trend Rate	6.50% initially, grading down to 4.5% ultimate

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 11: Post-Employment Benefits (Continued)

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, 2020 valuation were based on the results of a June 30, 2020 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 by 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.

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, 2020, 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	5.80%	49.00%
Non-U.S. Equity	6.50%	13.00%
U.S. Fixed income Investments	1.85%	25.00%
Commodities	2.00%	3.00%
Real Estate	4.80%	8.00%
Cash Equivalents	0.40%	2.00%
Plus Inflation	2.75%	
Total Return Without Adjustment	7.35%	
Risk Adjustment	-0.10%	

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, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 3.4%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 11: Post-Employment Benefits (Continued)

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

	Increase (Decrease)		NetOPEB Liability/(Asset) (a)-(b)
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	
Balance at July 1, 2019	\$ 18,032,452	\$ 10,206,459	\$ 7,825,993
Changes Recognized for the Measurement Period:			
Service Cost	362,299	-	362,299
Interest on the total OPEB Liability	1,296,524	-	1,296,524
Changes in benefit terms	1,721,805	-	1,721,805
Contributions from the Employer	-	1,541,544	(1,541,544)
Contributions from the	-	191,439	(191,439)
Net Investment Income	-	352,141	(352,141)
Administrative Expenses	-	(2,780)	2,780
Other changes in net position	-	(84,912)	84,912
Benefit Payments	(1,041,544)	(1,041,544)	-
Net Changes	2,339,084	955,888	1,383,196
Balance at June 30, 2020 (Measurement Date)	\$ 20,371,536	\$ 11,162,347	\$ 9,209,189

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%	Discount Rate	Discount Rate +1%
(6.25%)	(7.25%)	(8.25%)
\$ 12,581,839	\$ 9,209,189	\$ 6,615,793

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)		
Healthcare Cost Trend Rate		
Discount Rate -1%	(6.00%-4.25%)	Discount Rate +1%
\$ 6,439,610	\$ 9,209,189	\$ 12,811,716

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 11: Post-Employment Benefits (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources related to OPEB -

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,181,188. At June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,434,837	\$ 3,116
Changes in Actual Assumptions	-	-
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	260,913	-
Total	<u>\$ 1,695,750</u>	<u>\$ 3,116</u>

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
2021	\$ 379,174
2022	379,174
2023	279,611
2024	367,710
Thereafter	286,965
Total	<u>\$ 1,692,634</u>

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 12: Net Position and Fund Balances (Continued)

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:

Non-spendable 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 non-spendable assets are restricted, committed or assigned, then non-spendable 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 non-spendable 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 non-spendable 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; non-spendables, 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.

CITY OF VALLEJO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 12: Net Position and Fund Balances (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2020, are below:

Fund Balance Classifications	General Fund	Housing Authority Fund	Mare Island Conversion Fund	Capital Outlay Fund	Non Major Governmental Funds	Total
Nonspendable:						
Items not in spendable form:						
Prepays and deposits	\$ 82,014	\$ -	\$ -	\$ -	\$ 16,848	\$ 98,862
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	149	-	-	-	-	149
Subtotal	<u>2,212,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,848</u>	<u>2,229,737</u>
Amounts required to be maintained intact:						
Permanent Funds	-	-	-	-	64,625	64,625
Total Nonspendable Fund Balances	<u>2,212,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,473</u>	<u>2,294,362</u>
Restricted for:						
Bond indentures	-	-	-	-	255,484	255,484
Streets and Highways	-	-	-	-	26,369,825	26,369,825
Community Development and Housing	-	16,023,997	3,250,787	-	1,681,221	20,956,005
Pension Benefits	6,797,423	-	-	-	-	6,797,423
Public Safety Programs	339,687	-	-	-	788,801	1,128,488
Public Facilities Projects	-	-	-	2,917,794	13,046,614	15,964,408
Hiddenbrooke Overpass	-	-	-	-	8,280,499	8,280,499
Total Restricted Fund Balances	<u>7,137,110</u>	<u>16,023,997</u>	<u>3,250,787</u>	<u>2,917,794</u>	<u>50,422,444</u>	<u>79,752,132</u>
Committed to:						
Mare Island Development	45,321	-	-	-	633,149	678,470
Public Facilities Projects (funded by General Fund)	-	-	-	14,256,923	-	-
Public Facilities Projects (funded by other funds)	-	-	-	-	2,995,704	2,995,704
Total Committed Fund Balances	<u>45,321</u>	<u>-</u>	<u>-</u>	<u>14,256,923</u>	<u>3,628,853</u>	<u>17,931,097</u>
Assigned to:						
Arts and Convention Center	-	-	-	-	2,452,182	2,452,182
2014 Napa Earthquake Costs	-	-	-	-	-	-
Atlas Fire/Winter Storm	-	-	-	-	-	-
Public Facilities Maintenance	-	-	-	-	-	-
Solid Waste Disposal	-	-	-	-	58,087	58,087
Other Contracts	943,125	-	-	-	-	943,125
Total Assigned Fund Balances	<u>943,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,510,269</u>	<u>3,453,394</u>
Unassigned:						
General Fund	17,982,247	-	-	-	-	17,982,247
Empress Theater Fund	-	-	-	-	(595,122)	(595,122)
Total Unassigned Fund Balances	<u>17,982,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(595,122)</u>	<u>17,387,125</u>
Total Fund Balances	<u>\$ 28,320,692</u>	<u>\$ 16,023,997</u>	<u>\$ 3,250,787</u>	<u>\$ 17,174,717</u>	<u>\$ 56,047,917</u>	<u>\$ 120,818,110</u>

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, 2020, the Unassigned Fund Balance reached \$17,982,247, which is 16% of 2020-21 annual appropriations of \$110 million, including Measure B.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 12: Net Position and Fund Balances (Continued)

d. Deficits

The funds below had fund balance or net position deficits at June 30, 2020:

Special Revenue Fund:

Community Development Block Grant Fund	\$ 405,732
Justice Assistance Grant Fund	37,626
Emergency Disaster Fund	116,929

Capital Project Fund:

Empress Theater	17,987
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Enterprise Funds:

Golf	1,356,788
Fiber Optic	287,771

Internal Service Funds:

Retiree Health Benefits	15,675,017
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The Community Development Special Revenue Fund had a net position deficit of \$405,732. The deficit will be cured by CARES Act grants.

The Justice Assistance Grant Fund had a net position deficit of \$37,626. The deficit will be cured by expected CARES Act grants.

The Emergency Disaster Special Revenue Fund had a net position deficit of \$116,929. The deficit will be cured by expected CARES Act grants.

The Empress Theater Capital Project Fund had a net position deficit of \$17,987. The deficit will be cured by the Successor Agency's loan repayments.

The Golf Enterprise Fund had a net position deficit of \$1,356,788. 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 \$287,771. 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 \$15,675,017 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

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 2019-20 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, 2020, the City contributed \$1,099,776 for general liability coverage during the current year.

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, 2020, the City contributed \$484,374 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 13: Self-Insurance Program (Continued)

b. Liability for Uninsured Claims

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

	2020	2019
Beginning Balance	\$ 17,131,000	\$ 17,261,000
Current year claims and increase (decrease) in prior estimates	4,751,959	3,587,464
Claims paid	(2,866,959)	(3,717,464)
Ending Balance	<u>\$ 19,016,000</u>	<u>\$ 17,131,000</u>
Current Portion	<u>\$ 4,339,080</u>	<u>\$ 3,696,533</u>

The claims payable are reported at their present value using expected future investment yield assumption of 3%. The undiscounted claims totaled \$22,148,000 at June 30, 2020.

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.

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 14: Commitments and Contingencies (Continued)

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, 2020 were as follows:

Major Governmental Funds:	
General Fund	\$ 943,125
Housing Authority	17,769
Capital Outlay	2,195,760
Non-Major Governmental Funds	995,625

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, 2020 of City and VFWD amounted to approximately \$6 million and \$1.7 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, 2021.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 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.

Cash and investments of the Successor Agency as of June 30, 2020 are discussed in Note 2. Information about other assets and liabilities of the Successor Agency as of June 30, 2020 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 15: Redevelopment Agency Dissolution and Successor Agency Activities (Continued)

Capital assets at June 30, 2020 were comprised of land of \$189,226 and Building and Improvements, net of accumulated depreciation, of \$52,417. Current year additions to accumulated depreciation were \$5,010.

c. Long-Term Obligations

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

i. Current Year Transactions and Balances

	<u>Original Issue Amount</u>	<u>Balance June 30, 2019</u>	<u>Retirements/ Adjustments</u>	<u>Balance June 30, 2020</u>	<u>Current Portion</u>
Tax Allocation Bonds:					
Marina Vista Project					
6.0-7.5%, due 9/1/20	\$ 3,335,000	\$ 495,000	\$ 235,000	\$ 260,000	\$ 260,000
Vallejo Central Project					
6.0-7.5%, due 9/1/20	1,900,000	420,000	205,000	215,000	215,000
Aside					
7.0%, due 10/1/31	5,410,000	3,060,000	210,000	2,850,000	220,000
Total Tax Allocation Bonds	<u>10,645,000</u>	<u>3,975,000</u>	<u>650,000</u>	<u>3,325,000</u>	<u>695,000</u>
Other Obligations					
Advances from the City of Vallejo	4,436,351	5,710,537	601,072	5,109,465	-
Total Other Obligations	<u>4,436,351</u>	<u>5,710,537</u>	<u>601,072</u>	<u>5,109,465</u>	<u>11,421,074</u>
Total Successor Agency Debt	<u>\$ 15,081,351</u>	<u>\$ 9,685,537</u>	<u>\$ 1,251,072</u>	<u>\$ 8,434,465</u>	<u>\$ 695,000</u>

ii. Tax Allocation Bonds

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Note 15: Redevelopment Agency Dissolution and Successor Agency Activities (Continued)

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 \$4,606,663 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 2020, the Successor Agency received sufficient RPTTF distributions to meet all bond obligations for the year.

iii. 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 2020-21. 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 15: Redevelopment Agency Dissolution and Successor Agency Activities (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 2019-20, the Successor Agency made installment payments on outstanding City loans of \$700,989. The following is a summary of loan activity during the year ended June 30, 2020:

Balance, June 30, 2019	\$ 5,710,537
2019-2020 interest at 3%	126,055
Current Year Loan Payment	(700,989)
Adjustment for Loans Denied for Repayment:	
2019-2020 interest at 3%	(26,138)
Balance, June 30, 2020	<u>\$ 5,109,465</u>

The loan balances as of June 30, 2020 are as follows:

	Principal	Accrued Interest	Total
Hiddenbrooke Overpass Capital Project Fund	\$ 320,038	\$ 191,830	\$ 511,868
Bridge Construction Capital Projects Fund	288,187	230,041	518,228
Arts and Convention Center Capital Projects	2,371,822	1,707,547	4,079,369
General Fund:			
Waterfront	162,805	875,263	1,038,068
Marina Vista	-	647,510	647,510
Central	708,372	952,474	1,660,846
Less Allowance for Doubtful Accounts	(871,177)	(2,475,247)	(3,346,424)
	<u>\$2,980,047</u>	<u>\$2,129,418</u>	<u>\$5,109,465</u>

iv. 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
2021	\$ 695,000	\$ 209,613
2022	240,000	175,700
2023	255,000	158,375
2024	180,000	143,150
2025	190,000	130,200
2026-2030	1,175,000	422,625
2031-2033	590,000	42,000
Total	<u>\$ 3,325,000</u>	<u>\$ 1,281,663</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Note 15: Redevelopment Agency Dissolution and Successor Agency Activities (Continued)

d. Commitments and Contingencies

i. 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. COVID-19 National Health Emergency

On March 27, 2020, in response to the economic fallout of the Coronavirus pandemic in the United States, Congress passed the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, which provided \$2.2 trillion in economic stimulus funding through a variety of channels. City has received funding from three major channels, State of California, CDBG-CV, and Housing Choice Voucher Program.

The State of California received a \$500 million allocation to provide cities which did not receive a direct federal allocation through the CARES Act. The City entered into an agreement with the State of California in July 2020 to receive their allocation of the CARES Act funding. The funding is to be received in six monthly installments of \$245,014, with the first installment received by the City in July 2020. The total amount of CARES Act funding to be received by the City is \$1,470,084. This funding was for the reimbursement of costs incurred by the City since the start of the pandemic.

The stimulus plan included \$5 billion in CDBG-CV funding. Of this amount, HUD has immediately allocated \$2 billion to CDBG grantees based on the federal fiscal year 2020 CDBG formula and the remaining \$3 billion based on needs using best available data to States, insular areas and local governments. The City received CDBG-CV funding allocation of \$618,244. The allocation also provided for the suspension of the 15% cap on public services, in-person public hearings and allowing of virtual hearings, immediate availability of a 5-day public comment period, and other program requirements.

The stimulus plan included \$1.25 billion of funding for the Housing Choice Voucher Program to public housing agencies to maintain normal operations and take other necessary actions during the period the program is impacted by coronavirus and \$850 million of that funding was appropriated for administrative fees by the U.S. Department of Housing and Urban Development to be used by public housing agencies for administrative expenses and other expenses related to coronavirus, resulting in an award of \$375,272 and additional \$439,258 in administrative fee funding to the Vallejo Housing Authority.

City of Vallejo was allocated \$236,366 from the Coronavirus Emergency Supplemental Funding (CESF) Program administered by The U.S. Department of Justice (DOJ), Office of Justice Programs (OJP), Bureau of Justice Assistance (BJA) to be utilized to prevent, prepare for, and respond to the coronavirus.

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 89,268,271	\$ 91,241,234	\$ 90,813,402	\$ (427,832)
Licenses, permits and fees	3,899,550	4,061,119	2,775,054	(1,286,065)
Intergovernmental	3,547,328	4,141,087	3,311,989	(829,098)
Charges for services	9,951,741	9,147,072	8,231,366	(915,706)
Use of money and property	1,717,575	1,717,575	2,448,679	731,104
Fines and forfeitures	1,643,000	1,643,000	1,115,395	(527,605)
Other	367,050	367,050	246,407	(120,643)
Total Revenues	110,394,515	112,318,137	108,942,292	(3,375,845)
EXPENDITURES:				
Current:				
Legislative and advisory	368,830	463,830	282,191	181,639
Executive	5,767,724	5,915,987	4,884,750	1,031,237
Finance	2,420,274	2,472,943	1,559,129	913,814
Human resources	2,485,761	2,485,761	1,767,689	718,072
Law	1,808,327	1,808,327	1,240,867	567,460
Planning and development services	3,768,796	3,910,807	3,607,395	303,412
Fire services	28,054,675	28,853,963	27,949,245	904,718
Police services	46,323,975	47,058,832	45,517,060	1,541,772
Public works	9,772,907	10,358,292	8,557,249	1,801,043
Non departmental	1,851,918	4,090,794	5,169,323	(1,078,529)
Capital outlay	-	-	5,716	(5,716)
Debt service:				
Principal	451,464	451,464	338,180	113,284
Interest and fiscal charges	-	-	42,949	(42,949)
Total Expenditures	103,074,651	107,871,000	100,921,743	6,949,257
EXCESS REVENUES OVER EXPENDITURES	7,319,864	4,447,137	8,020,549	3,573,412
OTHER FINANCING SOURCES (USES)				
Transfers in	475,826	570,215	501,581	68,634
Transfers (out)	(7,790,668)	(12,510,668)	(12,365,937)	(144,731)
Capital leases	-	-	5,716	(5,716)
Total Other Financing Sources (Uses)	(7,314,842)	(11,940,453)	(11,858,640)	(81,813)
NET CHANGE IN FUND BALANCES	\$ 5,022	\$ (7,493,316)	(3,838,091)	\$ 3,655,225
Fund Balance, July 1			32,158,783	
Fund Balance, June 30			\$ 28,320,692	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 HOUSING AUTHORITY
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 23,210,100	\$ 23,534,467	\$ 22,054,225	\$ (1,480,242)
Use of money and property	12,690	12,690	230,120	217,430
Other	36,000	36,000	60,055	24,055
Total Revenues	23,258,790	23,583,157	22,344,400	(1,238,757)
EXPENDITURES:				
Current:				
Community development	23,784,879	25,760,151	22,358,360	3,401,791
Total Expenditures	23,784,879	25,760,151	22,358,360	3,401,791
EXCESS REVENUES OVER EXPENDITURES	(526,089)	(2,176,994)	(13,960)	2,163,034
OTHER FINANCING SOURCES (USES)				
Transfers in	145,548	145,548	140,198	(5,350)
Transfers out	-	(94,389)	-	94,389
Total Other Financing Sources (Uses)	145,548	51,159	140,198	89,039
NET CHANGE IN FUND BALANCES	\$ (380,541)	\$ (2,125,835)	126,238	\$ 2,252,073
Fund Balance, July 1			15,897,759	
Fund Balance, June 30			\$ 16,023,997	

CITY OF VALLEJO

REQUIRED SUPPLEMENTARY INFORMATION
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

City's Retiree Medical Benefits (OPEB)
Schedule of Changes in the Net OPEB Liability and Related Ratios
Agent Multiple-Employer Plan

Measurement Period	2020	2019	2018
	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability			
Service cost	\$ 889,000	\$ 988,000	\$ 965,000
Interest on the total OPEB liability	2,624,000	2,886,000	2,831,000
Differences between expected and actual experiences	-	(5,289,000)	-
Changes in assumptions	-	(1,054,000)	-
Benefit payments	(2,909,000)	(2,997,000)	(2,957,000)
Net change in total OPEB liability	604,000	(5,466,000)	839,000
Total OPEB liability - beginning	39,436,000	44,902,000	44,063,000
Total OPEB liability - ending (a)	40,040,000	39,436,000	44,902,000
Plan Fiduciary Net Position			
Contribution - employer	2,941,000	4,340,000	6,468,000
Net investment income	1,277,000	1,437,000	1,479,000
Benefit payments	(2,909,000)	(2,997,000)	(2,957,000)
Administrative expense	(36,000)	(76,000)	(42,000)
Net change in plan fiduciary net position	1,273,000	2,704,000	4,948,000
Plan fiduciary net position - beginning	20,686,000	17,982,000	13,034,000
Plan fiduciary net position - ending (b)	21,959,000	20,686,000	17,982,000
Net OPEB Liability/(Assets) - ending (a) - (b)	\$ 18,081,000	\$ 18,750,000	\$ 26,920,000
Plan fiduciary net position as a percentage of the total OPEB liability	54.84%	52.45%	40.05%
Covered-employee payroll	\$ 58,767,558	\$ 55,348,748	\$ 54,537,858
Net OPEB liability as a percentage of covered-employee payroll	30.77%	33.88%	49.36%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF VALLEJO

**REQUIRED SUPPLEMENTARY INFORMATION
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

**City's Retiree Medical Benefits (OPEB)
Schedule of Contributions
Agent Multiple-Employer Plan**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 2,382,000	\$ 2,321,000	\$ 2,994,000
Contribution in Relation to the Actuarially Determined Contributions	(2,914,000)	(2,941,000)	(4,340,000)
Contribution Deficiency (Excess)	<u>\$ (532,000)</u>	<u>\$ (620,000)</u>	<u>\$ (1,346,000)</u>
Covered-employee payroll	\$ 61,630,000	\$ 58,767,558	\$ 55,348,748
Contributions as a percentage of covered-employee payroll	4.73%	5.00%	7.84%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule: N/A

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2020 were from the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal, level percent of payroll
Amortization Method	Level percent of pay
Amortization Period	20-year fixed period on average for FY2018/19
Asset Valuation Method	Investment gains and losses spread over 5 year rolling period
Discount rate	6.75%
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

REQUIRED SUPPLEMENTARY INFORMATION
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

Vallejo Flood and Wastewater District
 Schedule of Changes in the Net OPEB Liability and Related Ratios
 Agent Multiple-Employer Plan

Measurement Period	2020	2019	2018	2017
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Total OPEB Liability				
Service cost	\$ 362,299	\$ 351,747	\$ 341,502	\$ 323,479
Interest on the total OPEB liability	1,296,524	1,252,722	1,209,603	1,166,959
Differences between expected and actual experiences	1,721,805	-	(6,230)	-
Benefit payments	(1,041,544)	(981,223)	(940,234)	(836,221)
Net change in total OPEB liability	2,339,084	623,246	604,641	654,217
Total OPEB liability - beginning	18,032,452	17,409,206	16,804,565	16,150,348
Total OPEB liability - ending (a)	20,371,536	18,032,452	17,409,206	16,804,565
Plan Fiduciary Net Position				
Contribution - employer	1,541,544	1,481,223	1,440,234	1,336,221
Contribution - member	191,439	173,100	156,902	171,665
Net investment income	352,141	1,070,440	83,311	794,510
Benefit payments	(1,041,544)	(981,223)	(940,234)	(836,221)
Administrative expense	(2,780)	(2,348)	(3,094)	(36,633)
Other changes in net position	(84,912)	-	-	-
Net change in plan fiduciary net position	955,888	1,741,192	737,119	1,429,542
Plan fiduciary net position - beginning	10,206,459	8,465,267	7,728,148	6,298,606
Plan fiduciary net position - ending (b)	11,162,347	10,206,459	8,465,267	7,728,148
Net OPEB Liability/(Assets) - ending (a) - (b)	\$ 9,209,189	\$ 7,825,993	\$ 8,943,939	\$ 9,076,417
Plan fiduciary net position as a percentage of the total OPEB liability	54.79%	56.60%	48.63%	45.99%
Covered-employee payroll	\$ 9,670,727	\$ 10,102,073	\$ 8,334,837	\$ 8,022,329
Net OPEB liability as a percentage of covered-employee payroll	95.23%	77.47%	107.31%	113.14%

Notes to Schedule:

Changes of assumptions: The discount rate was changed from 5.09 percent (net of administrative expense) to 5.52 percent for the measurement period ended June 30, 2018. To maintain consistency with CalPERS demographic rates, rates of retirement, termination disability, and mortality were updated for the measurement period ended June 30, 2020.

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

REQUIRED SUPPLEMENTARY INFORMATION
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

Vallejo Flood and Wastewater District
 Schedule of Contributions
 Agent Multiple-Employer Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 1,110,529	\$ 1,082,230	\$ 1,050,709	\$ 1,092,974
Contribution in Relation to the Actuarially Determined Contributions	1,541,544	(1,481,223)	(1,440,234)	(1,336,221)
Contribution Deficiency (Excess)	<u>\$ 2,652,073</u>	<u>\$ (398,993)</u>	<u>\$ (389,525)</u>	<u>\$ (243,247)</u>
Covered-employee payroll	\$ 9,670,727	\$ 10,102,073	\$ 8,334,837	\$ 8,022,329
Contributions as a percentage of covered-employee payroll	15.94%	14.66%	17.28%	16.66%

(1) Schedule is intended to show information for ten years. Fiscal year 2017 was the first year of implementation, therefore only four years are shown. Additional years' information will be displayed as it becomes available.

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Vallejo Flood and Wastewater District
Schedule of Investment Returns
Last 10 Years**

For the Fiscal Year Ended June 30	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	3.40%	12.40%	5.70%	12.20%

Notes to Schedule:

**Fiscal year 2017 was the first year of implementation

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Miscellaneous Plan Agent Multiple-Employer Defined Benefit Pension Plan Last 10 Years**						
Schedule of Changes in the Net Pension Liability and Related Ratios During the Measurement Period						
	2020	2019	2018	2017	2016	2015
Measurement Period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability						
Service Cost	\$ 4,029,310	\$ 4,397,962	\$ 4,404,558	\$ 3,796,340	\$ 3,687,869	\$ 3,707,801
Interest on total pension liability	19,881,349	19,468,568	19,104,676	18,913,669	18,270,528	17,746,245
Differences between expected and actual experience	(1,474,483)	(1,082,338)	(2,220,738)	1,132,193	(1,151,730)	-
Changes in assumptions	-	(1,680,478)	14,463,351	-	(4,077,633)	-
Benefit payments, including refunds of employee contributions	(17,049,717)	(15,819,384)	(15,488,076)	(15,103,869)	(14,371,625)	(13,630,142)
Net change in total pension liability	5,386,459	5,284,330	20,263,771	8,738,333	2,357,409	7,823,904
Total Pension Liability-beginning	286,045,512	280,761,182	260,497,411	251,759,078	249,401,669	241,577,765
Total Pension Liability-ending (a)	\$ 291,431,971	\$ 286,045,512	\$ 280,761,182	\$ 260,497,411	\$ 251,759,078	\$ 249,401,669
Plan Fiduciary Net Position						
Contributions-employer	\$ 9,173,697	\$ 7,923,395	\$ 7,619,965	\$ 6,951,327	\$ 5,947,979	\$ 5,801,786
Contributions-employee	1,863,321	1,839,196	1,922,977	1,920,952	1,825,329	1,849,941
Net investment income	11,419,992	14,227,594	17,221,783	810,323	3,661,248	24,872,487
Benefit payments	(17,049,717)	(15,819,384)	(15,488,076)	(15,103,869)	(14,371,625)	(13,630,142)
Plan to plan resource movement	(150,117)	(413)	-	(576)	-	-
Other miscellaneous expense	413	(501,696)	-	-	-	-
Administrative expense	(126,270)	(264,187)	(230,440)	(99,958)	(184,697)	-
Net change in plan fiduciary net position	5,131,319	7,404,505	11,046,209	(5,521,801)	(3,121,766)	18,894,072
Plan Fiduciary Net Position-beginning	176,942,862	169,538,357	158,492,148	164,013,949	167,135,715	148,241,643
Plan Fiduciary Net Position-ending (b)	\$ 182,074,181	\$ 176,942,862	\$ 169,538,357	\$ 158,492,148	\$ 164,013,949	\$ 167,135,715
Net pension liability-ending (a) - (b)	\$ 109,357,790	\$ 109,102,650	\$ 111,222,825	\$ 102,005,263	\$ 87,745,129	\$ 82,265,954
Plan fiduciary net position as a percentage of the total pension liability	62.48%	61.86%	60.39%	60.84%	65.15%	67.01%
Covered payroll	\$ 22,605,141	\$ 22,403,043	\$ 20,887,797	\$ 21,778,435	\$ 20,358,941	\$ 19,462,126
Net pension liability as a percentage of covered payroll	483.77%	487.00%	532.48%	468.38%	430.99%	422.70%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2018. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2019, there were no changes. In 2018, demographic assumptions and inflation rates were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

**Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only six years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Miscellaneous Plan
Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years**
Schedule of Plan Contributions

	2020	2019	2018	2017	2016	2015
Actuarial Determined Contribution	\$ 10,259,296	\$ 9,183,028	\$ 7,920,957	\$ 7,641,298	\$ 6,951,327	\$ 5,947,949
Contribution in relation to the Actuarially Determined Contribution	(10,259,296)	(9,183,028)	(7,920,957)	(7,641,298)	(6,951,327)	(5,947,949)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 21,448,793	\$ 22,605,141	\$ 22,403,043	\$ 20,887,797	\$ 21,778,435	\$ 20,358,941
Contributions as a percentage of covered payroll	47.83%	40.62%	35.36%	36.58%	31.92%	29.22%

Notes to Schedule:

Valuation date June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method
Amortization method

Entry age normal cost method
Level percentage of pay, a summary of the current policy is provided in the table below:

Driver	(Gain)/Loss		Source		
	Investment	Non-investment	Assumption/ Method Change	Benefit Change	Golden Handshake
Amortization Period	30 years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.875%	2.875%	2.875%	2.875%	2.875%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

Asset valuation method
Inflation
Salary increases
Payroll growth
Investment rate of return
Retirement age

Market Value
2.63%
Varies by Entry Age and Service
2.88%
7.00%, net of pension plan investment expenses, including inflation.
All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Mortality

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

**Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only six years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Safety Plan
Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years**
Schedule of Changes in the Net Pension Liability and Related Ratios
During the Measurement Period

Measurement Period	2020	2019	2018	2017	2016	2015
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability						
Service Cost	\$ 6,733,397	\$ 6,785,852	\$ 7,141,768	\$ 6,037,920	\$ 5,665,531	\$ 5,410,714
Interest on total pension liability	34,420,847	33,457,665	32,842,161	32,721,025	31,830,406	30,833,294
Differences between expected and actual experience	1,076,363	(2,324,275)	(8,355,331)	(675,259)	463,336	-
Changes in assumptions	-	(2,031,814)	26,697,946	-	(7,623,305)	-
Benefit payments, including refunds of employee contributions	(28,292,968)	(27,352,200)	(26,330,644)	(25,766,118)	(24,963,470)	(23,513,099)
Net change in total pension liability	13,937,639	8,535,228	31,995,900	12,317,568	5,372,498	12,730,909
Total Pension Liability-beginning	491,113,877	482,578,649	450,582,749	438,265,181	432,892,683	420,161,774
Total Pension Liability-ending (a)	\$ 505,051,516	\$ 491,113,877	\$ 482,578,649	\$ 450,582,749	\$ 438,265,181	\$ 432,892,683
Plan Fiduciary Net Position						
Contributions-employer	\$ 15,651,082	\$ 13,510,984	\$ 12,539,589	\$ 12,077,355	\$ 10,188,345	\$ 9,034,348
Contributions-employee	2,495,658	2,402,540	2,468,689	2,498,407	2,574,737	2,517,611
Net investment income	19,716,865	24,365,266	29,790,194	1,329,651	6,292,622	43,593,695
Benefit payments	(28,292,968)	(27,352,200)	(26,330,644)	(25,766,118)	(24,963,470)	(23,513,099)
Plan to plan resource movement	150,117	(712)	-	-	(115)	-
Other miscellaneous expense	712	(867,978)	-	-	-	-
Administrative expense	(217,595)	(457,067)	(400,264)	(173,865)	(320,958)	-
Net change in plan fiduciary net position	9,503,871	11,600,833	18,067,564	(10,034,570)	(6,228,839)	31,632,555
Plan Fiduciary Net Position-beginning	304,916,693	293,315,860	275,248,296	285,282,866	291,511,705	259,879,150
Plan Fiduciary Net Position-ending (b)	\$ 314,420,564	\$ 304,916,693	\$ 293,315,860	\$ 275,248,296	\$ 285,282,866	\$ 291,511,705
Net pension liability-ending (a) - (b)	\$ 190,630,952	\$ 186,197,184	\$ 189,262,789	\$ 175,334,453	\$ 152,982,315	\$ 141,380,978
Plan fiduciary net position as a percentage of the total pension liability	62.26%	62.09%	60.78%	61.09%	65.09%	67.34%
Covered payroll	\$ 21,152,620	\$ 20,349,393	\$ 19,733,377	\$ 21,563,045	\$ 20,922,604	\$ 19,082,521
Net pension liability as a percentage of covered payroll	901.22%	915.00%	959.10%	813.12%	731.18%	740.89%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2018. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2019, there were no changes. In 2018, demographic assumptions and inflation rates were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

**Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only six years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Safety Plan
Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Years**
Schedule of Plan Contributions

	2020	2019	2018	2017	2016	2015
Actuarial Determined Contribution	\$ 16,924,131	\$ 15,641,590	\$ 13,511,840	\$ 12,582,017	\$ 12,077,355	\$ 10,188,345
Contribution in relation to the Actuarially Determined Contribution	(16,924,131)	(15,641,590)	(13,511,840)	(12,582,017)	(12,077,355)	(10,188,345)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 23,606,288	\$ 21,152,620	\$ 20,349,393	\$ 19,733,377	\$ 21,563,045	\$ 20,922,604
Contributions as a percentage of covered payroll	71.69%	73.95%	66.40%	63.76%	56.01%	48.70%

Notes to Schedule:

Valuation date June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method
Amortization method

Entry age normal cost method

Level percentage of pay, a summary of the current policy is provided in the table below:

Driver	Source				
	(Gain)/Loss		Assumption/ Method Change	Benefit Change	Golden Handshake
Amortization Period	Investment	Non-investment			
Escalation Rate	30 years	30 Years	20 Years	20 Years	5 Years
- Active Plans	2.875%	2.875%	2.875%	2.875%	2.875%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

Asset valuation method
Inflation
Salary increases
Payroll growth
Investment rate of return
Retirement age

Market Value

2.75%

Varies by Entry Age and Service

3.00%

7.375%, net of pension plan investment expenses, including inflation.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Mortality

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

**Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only six years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

**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**

Measurement Period	2020	2019	2018	2017	2016	2015
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan Proportion of the Net Pension Liability	0.60568%	0.59373%	0.57650%	0.56725%	0.14712%	0.18915%
Plan Proportionate Share of the Net Pension Liability	\$ 24,254,485	\$ 22,376,039	\$ 22,725,984	\$ 19,705,443	\$ 15,432,136	\$ 11,769,980
Plan Covered Payroll	\$ 10,102,073	\$ 8,773,484	\$ 8,334,837	\$ 8,022,329	\$ 7,940,275	\$ 7,602,013
Plan Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	240.09%	255.04%	272.66%	245.63%	194.35%	154.83%
The Pension Plan's (PERF-C) Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	73.69%	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms. However, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the measurement dates. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2018. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only six years are shown.

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

Vallejo Flood and Wastewater District
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Years**
Schedule of Plan Contributions

	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 2,668,281	\$ 984,716	\$ 911,598	\$ 899,758	\$ 1,064,678	\$ 1,274,837
Contribution in Relation to the Actuarially Determined Contribution	(2,668,281)	(984,716)	(911,598)	(899,758)	(1,064,678)	(1,274,837)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 9,670,727	\$ 8,773,484	\$ 8,334,837	\$ 8,022,329	\$ 7,924,588	\$ 7,693,775
Contributions as a Percentage of Covered Payroll	27.59%	11.22%	10.94%	11.22%	13.44%	16.57%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only six years are shown.
(2) The District is required to contribute to the Safety Rate Plan even though there is no Covered Payroll.

Note to Schedule:

Valuation Date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry Age Normal Cost Method
Amortization method: Level percentage of pay, a summary of the current policy is provided in the table below:

Driver	Source				
	(Gain)/Loss		Assumption/ Method Change	Benefit Change	Golden Handshake
Amortization Period	Investment	Non-Investment	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.875%	2.875%	2.875%	2.875%	2.875%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

Asset valuation method: Direct rate smoothing
 Inflation: 2.63%
 Payroll Growth: 2.88%
 Projected Salary Increases: Varies by Entry Age and Service
 Investment Rate of Return: 7.00% (net of pension plan investment and administrative expenses, includes inflation)
 Retirement Age: All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.
 Mortality: The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Solid Waste Disposal Fund #135 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.

Assets Seizure Fund #139 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.

State Gas Tax Fund #133 accounts for monies received from the state gas tax allocation and expended on construction, improvement and maintenance of public streets and related infrastructure.

Community Development Block Grant Fund #101 accounts for monies received and expended by the City as a participant in the Federal Community Development Block Grant program.

HOME Program Fund #102 accounts for monies received and expended by the City as a participant in the Federal HOME Grant program.

Hiddenbrooke Community Services District Fund #138 accounts for monies collected as the result of special taxes which are used to fund a variety of municipal services provided to the residents of the Hiddenbrooke development.

Mare Island Base Reuse Fund #107 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 #112 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 #113 accounts for transactions of this district formed under state statute to provide municipal services within the district.

Mare Island CFD 2005 1B (Local) Fund #114 accounts for transactions of this district formed under local statute to provide municipal services within the district.

Hazmat Revolving Fund #143 accounts for monies received and expended for hazardous material removal.

Justice Assistance Grant Fund #149 accounts for revenues received from the Justice Assistance Grant.

Supplemental Law Enforcement Grant Fund #151 accounts for revenues received from the Supplemental Law Enforcement Services Grant.

Traffic Offender/Vehicle Impound Program Fund #140 accounts for monies received and expended from vehicle impound fees.

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

Landscape Maintenance Districts Fund #161-188 accounts for special assessments on property within district boundaries for the restricted purpose of providing landscape services within the specified districts.

Emergency Disaster Fund #109 accounts for monies received and expended for activities related to damages from the 2014 South Napa earthquake, including federal and State grant revenues.

Office of Traffic Safety Fund #146 accounts for the award and expenditure of grants from the California Office of Traffic Safety.

Cadet Program Fund #152 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 #129 accounts for one-time billings to third parties and the related expenditures of these funds. The primary activity is development review.

Administrative Trust Fund #601 accounts for funds held for special programs, including performance bonds for construction projects.

State Lands Fund #134 accounts for lease rentals generated from City-owned waterfront property subject to State Lands Commission restrictions.

Neighborhood Stabilization Program Fund #103 accounts for monies received and expended by the City as a participant in the Federal NSP Grant.

Navigation Center Fund #191 accounts for monies received and administration of the Vallejo Homeless Navigation Center.

NLP Nuisance Abatement Fund #147 accounts for monies received and used to demolish dangerous buildings or prevent escalating nuisance conditions.

CAPITAL PROJECTS FUNDS

Transportation Impact Mitigation Fund #203 accounts for monies received from the Transportation Impact fee imposed on commercial and residential development and expended on transportation improvements necessitated by such development.

Hiddenbrooke Overpass Fund #211 accounts for monies received from the Hiddenbrooke Overpass fee imposed on commercial and residential development within the Hiddenbrooke development area. These funds will be used to renovate the existing Hiddenbrooke overpass.

Bridge Construction Fund #204 accounts for monies received from the Bridge Construction Development Tax Ordinance.

Northgate Fee & Benefit District #94-1 Fund #208 accounts for monies received from the development of the Northgate District #94-1 and expended for public improvements within that development area.

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

Arts and Convention Center Fund #206 accounts for the Empress Theatre advances to the former Redevelopment Agency.

Mare Island CFD 2005 1A Facilities Fund #213 accounts for transactions of this district formed under state statute to provide municipal facilities within the district.

Traffic Congestion Relief Fund #219 accounts for street maintenance and capital expenditures to be paid from State Proposition 42 allocations.

Capital Grants & Contributions Fund #221 accounts for capital project expenditures to be reimbursed from by granting agencies, developers, or other third parties.

Neighborhood Parks (GVRD) Fund #137 accounts for park development impact fee revenue and for contributions to the Greater Vallejo Recreation District for park improvements.

Vallejo Station Capital Projects Fund #222 accounts for grants received to support construction of a new Transit Center and related parking structure in downtown Vallejo.

Long-Term Maintenance Fund #223 accounts for revenues received from cell tower leases for use on long term repairs and maintenance expenditures.

Columbus Parkway Improvements Fund #224 accounts for monies received from a developer for the Columbus Parkway widening project.

Empress Theater Fund #225 accounts for the maintenance of Empress Theater.

Road Maintenance and Rehabilitation Act Fund #226 accounts for street maintenance and capital projects to be paid from Senate Bill (SB) 1 allocation.

Waterfront History Park Capital Project Fund #227 accounts for the administration of funds allocated by City Council and donations made to the Waterfront History Park Project.

DEBT SERVICE FUND

Certificates of Participation Fund #-Various 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.

PERMANENT FUND

McCune Collection Fund #603 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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds			
	Solid Waste Disposal Fund #135	Asset Seizure Fund #139	State Gas Tax Fund #133	Community Development Block Grant Fund #101
Assets:				
Cash and investments	\$ 298,666	\$ 405,390	\$ 667,535	\$ -
Receivables:				
Accounts	34,694	-	340,500	1,073
Notes and loans	-	-	-	1,932,925
Prepays and deposits	-	-	-	-
Due from other governments	-	-	70,724	174,586
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 333,360	\$ 405,390	\$ 1,078,759	\$ 2,108,584
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 35,090	\$ 64,567	\$ 153,741	\$ 90,521
Unearned revenues	240,183	-	-	-
Deposits payable	-	249,927	-	-
Due to other governments	-	7,353	-	-
Due to other funds	-	-	-	490,870
Total Liabilities	275,273	321,847	153,741	581,391
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	1,932,925
Total Deferred Inflows of Resources	-	-	-	1,932,925
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	83,543	925,018	-
Committed	-	-	-	-
Assigned	58,087	-	-	-
Unassigned	-	-	-	(405,732)
Total Fund Balances	58,087	83,543	925,018	(405,732)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 333,360	\$ 405,390	\$ 1,078,759	\$ 2,108,584

CITY OF VALLEJO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	HOME Program Fund #102	Hiddenbrooke Community Services District Fund #138	Mare Island Base Reuse Fund #107	Mare Island CFD 2002 Fund #112
Assets:				
Cash and investments	\$ 1,612,458	\$ 3,751,552	\$ 660,491	\$ 5,597,209
Receivables:				
Accounts	27,877	-	4,840	105,058
Notes and loans	4,169,025	-	-	-
Prepays and deposits	-	-	-	-
Due from other governments	17,827	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 5,827,187	\$ 3,751,552	\$ 665,331	\$ 5,702,267
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 218	\$ 99,415	\$ 24,397	\$ 91,940
Unearned revenues	-	246,643	-	7,354
Deposits payable	-	-	7,785	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	218	346,058	32,182	99,294
Deferred Inflows of Resources:				
Unavailable revenues	4,192,775	-	-	-
Total Deferred Inflows of Resources	4,192,775	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	1,634,194	3,405,494	-	5,602,973
Committed	-	-	633,149	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	1,634,194	3,405,494	633,149	5,602,973
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,827,187	\$ 3,751,552	\$ 665,331	\$ 5,702,267

CITY OF VALLEJO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds			
	Mare Island CFD 2005 1A (State) Fund #113	Mare Island CFD 2005 1B (Local) Fund #114	Hazmat Revolving Fund #143	Justice Assistance Grant Fund #149
Assets:				
Cash and investments	\$ 350,943	\$ 1,527,526	\$ 3,201	\$ -
Receivables:				
Accounts	-	-	10,927	-
Notes and loans	-	-	-	-
Prepays and deposits	-	-	-	-
Due from other governments	-	-	-	201,144
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 350,943	\$ 1,527,526	\$ 14,128	\$ 201,144
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 25,047	\$ -	\$ -	\$ 24,811
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	213,959
Total Liabilities	25,047	-	-	238,770
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	325,896	1,527,526	14,128	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(37,626)
Total Fund Balances	325,896	1,527,526	14,128	(37,626)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 350,943	\$ 1,527,526	\$ 14,128	\$ 201,144

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	Supplemental Law Enforcement Grant Fund #151	Traffic Offender / Vehicle Impound Program Fund #140	Landscape Maintenance Districts Fund #161-188	Emergency Disaster Fund #109
Assets:				
Cash and investments	\$ 785,509	\$ 58,313	\$ 15,358,349	\$ 8,692
Receivables:				
Accounts	-	-	-	54,982
Notes and loans	-	-	-	-
Prepays and deposits	-	-	-	16,848
Due from other governments	61,664	-	-	722,820
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 847,173	\$ 58,313	\$ 15,358,349	\$ 803,342
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 214,356	\$ -	\$ 282,964	\$ 233,294
Unearned revenues	-	-	27,924	686,977
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	214,356	-	310,888	920,271
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	16,848
Restricted	632,817	58,313	15,047,461	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(133,777)
Total Fund Balances	632,817	58,313	15,047,461	(116,929)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 847,173	\$ 58,313	\$ 15,358,349	\$ 803,342

CITY OF VALLEJO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds			
	Office of Traffic Safety Fund #146	Cadet Program Fund #152	Outside Services Fund #129	Administrative Trust Fund #601
Assets:				
Cash and investments	\$ -	\$ -	\$ 887,039	\$ 528,458
Receivables:				
Accounts	-	-	140,318	-
Notes and loans	-	-	-	-
Prepays and deposits	-	-	-	-
Due from other governments	2,627	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 2,627	\$ -	\$ 1,027,357	\$ 528,458
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 870	\$ -	\$ 226,119	\$ 590
Unearned revenues	-	-	-	-
Deposits payable	-	-	801,238	527,868
Due to other governments	-	-	-	-
Due to other funds	1,757	-	-	-
Total Liabilities	2,627	-	1,027,357	528,458
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	-	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,627	\$ -	\$ 1,027,357	\$ 528,458

CITY OF VALLEJO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	State Lands Fund #134	Neighborhood Stabilization Program Fund #103	Navigation Center #191	NLP Nuisance Abatement Fund #147
Assets:				
Cash and investments	\$ -	\$ 46,110	\$ 2,145,708	\$ 166,524
Receivables:				
Accounts	52,328	949	-	-
Notes and loans	-	2,149,222	-	-
Prepays and deposits	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 52,328	\$ 2,196,281	\$ 2,145,708	\$ 166,524
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 11,586	\$ 32	\$ -	\$ -
Unearned revenues	980	-	-	-
Deposits payable	1,387	-	-	-
Due to other governments	-	-	-	-
Due to other funds	38,375	-	-	-
Total Liabilities	52,328	32	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	2,149,222	-	-
Total Deferred Inflows of Resources	-	2,149,222	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	47,027	2,145,708	-
Committed	-	-	-	166,524
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	47,027	2,145,708	166,524
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 52,328	\$ 2,196,281	\$ 2,145,708	\$ 166,524

CITY OF VALLEJO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Capital Projects Funds</u>			
	<u>Transportation Impact Mitigation Fund #203</u>	<u>Hiddenbrooke Overpass Fund #211</u>	<u>Bridge Construction Fund #204</u>	<u>Northgate Fee & Benefit District #94-1 Fund #208</u>
Assets:				
Cash and investments	\$ 3,745,680	\$ 7,961,021	\$ 329,826	\$ 254,178
Receivables:				
Accounts	-	-	-	-
Notes and loans	89,088	511,868	518,228	-
Prepays and deposits	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 3,834,768</u>	<u>\$ 8,472,889</u>	<u>\$ 848,054</u>	<u>\$ 254,178</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 289,815	\$ 560	\$ 113	\$ -
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>289,815</u>	<u>560</u>	<u>113</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	191,830	230,041	-
Total Deferred Inflows of Resources	<u>-</u>	<u>191,830</u>	<u>230,041</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	3,544,953	8,280,499	617,900	254,178
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>3,544,953</u>	<u>8,280,499</u>	<u>617,900</u>	<u>254,178</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,834,768</u>	<u>\$ 8,472,889</u>	<u>\$ 848,054</u>	<u>\$ 254,178</u>

CITY OF VALLEJO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

(CONTINUED)

	Capital Projects Funds			
	Arts and Convention Center Fund #206	Mare Island CFD 2005 1A Facilities Fund #213	Traffic Congestion Relief Fund #219	Capital Grant & Contribution Fund #221
Assets:				
Cash and investments	\$ 80,360	\$ 1,594,739	\$ 669,332	\$ 334,195
Receivables:				
Accounts	-	-	-	-
Notes and loans	4,079,369	-	-	-
Prepays and deposits	-	-	-	-
Due from other governments	-	-	-	1,186,624
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 4,159,729	\$ 1,594,739	\$ 669,332	\$ 1,520,819
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 710	\$ 15,325	\$ 174,455
Unearned revenues	-	-	-	334,195
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	914,180
Total Liabilities	-	710	15,325	1,422,830
Deferred Inflows of Resources:				
Unavailable revenues	1,707,547	-	-	-
Total Deferred Inflows of Resources	1,707,547	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	1,594,029	654,007	97,989
Committed	-	-	-	-
Assigned	2,452,182	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	2,452,182	1,594,029	654,007	97,989
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,159,729	\$ 1,594,739	\$ 669,332	\$ 1,520,819

CITY OF VALLEJO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Capital Projects Funds			
	Neighborhood Park-Dev Fee Fund #137	Vallejo Station Fund #222	Longterm Maintenance Fund #223	Columbus Parkway Improvement Fund #224
Assets:				
Cash and investments	\$ 600,975	\$ -	\$ 644,879	\$ 2,076,998
Receivables:				
Accounts	-	-	-	-
Notes and loans	194,299	-	-	-
Prepays and deposits	-	-	-	-
Due from other governments	-	707,541	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 795,274	\$ 707,541	\$ 644,879	\$ 2,076,998
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 43,610	\$ 47	\$ -
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	663,931	-	-
Total Liabilities	-	707,541	47	-
Deferred Inflows of Resources:				
Unavailable revenues	55,539	-	-	-
Total Deferred Inflows of Resources	55,539	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	739,735	-	-	-
Committed	-	-	644,832	2,076,998
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	739,735	-	644,832	2,076,998
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 795,274	\$ 707,541	\$ 644,879	\$ 2,076,998

CITY OF VALLEJO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

(CONTINUED)

	Capital Projects Funds			Debt Service Fund
	Empress Theater Fund #225	Road Maint/Rehab Act Fund #226	Waterfront History Park Fund #227	Certificates of Participation Fund #-Various
Assets:				
Cash and investments	\$ 69,698	\$ 2,574,219	\$ 107,350	\$ -
Receivables:				
Accounts	-	-	-	-
Notes and loans	48,731	-	-	-
Prepays and deposits	-	-	-	-
Due from other governments	-	316,175	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	255,484
Total Assets	\$ 118,429	\$ 2,890,394	\$ 107,350	\$ 255,484
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 87,685	\$ -	\$ -	\$ -
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	87,685	-	-	-
Deferred Inflows of Resources:				
Unavailable revenues	48,731	-	-	-
Total Deferred Inflows of Resources	48,731	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	2,890,394	-	255,484
Committed	-	-	107,350	-
Assigned	-	-	-	-
Unassigned	(17,987)	-	-	-
Total Fund Balances	(17,987)	2,890,394	107,350	255,484
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 118,429	\$ 2,890,394	\$ 107,350	\$ 255,484

CITY OF VALLEJO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Permanent Fund	
	McCune Collection Fund #603	Total Governmental Funds
Assets:		
Cash and investments	\$ 109,645	\$ 56,012,768
Receivables:		
Accounts	-	773,546
Notes and loans	-	13,692,755
Prepays and deposits	-	16,848
Due from other governments	-	3,461,732
Restricted assets:		
Cash and investments with fiscal agents	-	255,484
Total Assets	\$ 109,645	\$ 74,213,133
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,842	\$ 2,193,720
Unearned revenues	-	1,544,256
Deposits payable	-	1,588,205
Due to other governments	-	7,353
Due to other funds	-	2,323,072
Total Liabilities	1,842	7,656,606
Deferred Inflows of Resources:		
Unavailable revenues	-	10,508,610
Total Deferred Inflows of Resources	-	10,508,610
Fund Balances:		
Nonspendable	64,625	81,473
Restricted	43,178	50,422,444
Committed	-	3,628,853
Assigned	-	2,510,269
Unassigned	-	(595,122)
Total Fund Balances	107,803	56,047,917
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 109,645	\$ 74,213,133

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CITY OF VALLEJO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Solid Waste Disposal Fund #135	Asset Seizure Fund #139	State Gas Tax Fund #133	Community Development Block Grant Fund #101
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	13,912	-	-	-
Intergovernmental	51,766	-	2,749,897	174,586
Charges for services	1,313,705	-	1,433,695	-
Use of money and property	16,661	20,289	21,173	249,110
Fines and forfeitures	2,880	13,957	-	-
Contributions	-	-	-	-
Other	-	-	20,999	-
Total Revenues	1,398,924	34,246	4,225,764	423,696
Expenditures:				
Current:				
Executive	-	-	-	-
Community development	-	-	-	829,428
Planning and development services	-	-	-	-
Fire services	-	-	-	-
Police services	-	188,422	-	-
Public works	1,421,712	-	3,172,176	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,421,712	188,422	3,172,176	829,428
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,788)	(154,176)	1,053,588	(405,732)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(50,000)	(400,000)	-
Total Other Financing Sources (Uses)	-	(50,000)	(400,000)	-
Net Change in Fund Balances	(22,788)	(204,176)	653,588	(405,732)
Fund Balances, Beginning of Year	80,875	287,719	271,430	-
Fund Balances, End of Year	\$ 58,087	\$ 83,543	\$ 925,018	\$ (405,732)

CITY OF VALLEJO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	HOME Program Fund #102	Hiddenbrooke Community Services District Fund #138	Mare Island Base Reuse Fund #107	Mare Island CFD 2002 Fund #112
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 1,836,534
Licenses, permits, and fees	-	-	-	-
Intergovernmental	115,328	-	-	-
Charges for services	-	787,335	32,933	1,927,183
Use of money and property	272,329	138,708	75,623	180,543
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Other	530	-	-	-
Total Revenues	388,187	926,043	108,556	3,944,260
Expenditures:				
Current:				
Executive	-	-	-	-
Community development	188,905	-	261,241	-
Planning and development services	-	-	-	-
Fire services	-	-	-	2,038,000
Police services	-	-	-	651,000
Public works	-	610,802	-	1,031,685
Capital outlay	-	-	-	36,832
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	188,905	610,802	261,241	3,757,517
Excess (Deficiency) of Revenues Over (Under) Expenditures	199,282	315,241	(152,685)	186,743
Other Financing Sources (Uses):				
Transfers in	-	-	25,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	25,000	-
Net Change in Fund Balances	199,282	315,241	(127,685)	186,743
Fund Balances, Beginning of Year	1,434,912	3,090,253	760,834	5,416,230
Fund Balances, End of Year	\$ 1,634,194	\$ 3,405,494	\$ 633,149	\$ 5,602,973

CITY OF VALLEJO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Mare Island CFD 2005 1A (State) Fund #113	Mare Island CFD 2005 1B (Local) Fund #114	Hazmat Revolving Fund #143	Justice Assistance Grant Fund #149
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-
Intergovernmental	-	-	-	201,174
Charges for services	281,573	-	43,073	-
Use of money and property	10,772	60,625	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Other	-	-	-	-
Total Revenues	292,345	60,625	43,073	201,174
Expenditures:				
Current:				
Executive	-	-	-	-
Community development	-	-	-	-
Planning and development services	-	-	-	-
Fire services	-	-	-	-
Police services	-	-	-	238,800
Public works	247,309	17,875	28,945	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	247,309	17,875	28,945	238,800
Excess (Deficiency) of Revenues Over (Under) Expenditures	45,036	42,750	14,128	(37,626)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	45,036	42,750	14,128	(37,626)
Fund Balances, Beginning of Year	280,860	1,484,776	-	-
Fund Balances, End of Year	\$ 325,896	\$ 1,527,526	\$ 14,128	\$ (37,626)

CITY OF VALLEJO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	Supplemental Law Enforcement Grant Fund #151	Traffic Offender / Vehicle Impound Program Fund #140	Landscape Maintenance Districts Fund #161-188	Emergency Disaster Fund #109
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	46,320	-	-
Intergovernmental	327,130	-	-	876,697
Charges for services	-	-	3,943,252	-
Use of money and property	31,688	1,924	550,120	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Other	-	9,025	-	-
Total Revenues	358,818	57,269	4,493,372	876,697
Expenditures:				
Current:				
Executive	-	-	-	-
Community development	-	-	-	-
Planning and development services	-	-	-	-
Fire services	-	-	-	-
Police services	429,681	19,615	-	-
Public works	-	-	2,434,682	2,053,802
Capital outlay	-	-	36,298	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	429,681	19,615	2,470,980	2,053,802
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,863)	37,654	2,022,392	(1,177,105)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(70,863)	37,654	2,022,392	(1,177,105)
Fund Balances, Beginning of Year	703,680	20,659	13,025,069	1,060,176
Fund Balances, End of Year	\$ 632,817	\$ 58,313	\$ 15,047,461	\$ (116,929)

CITY OF VALLEJO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Office of Traffic Safety Fund #146	Cadet Program Fund #152	Outside Services Fund #129	Administrative Trust Fund #601
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-
Intergovernmental	76,175	-	-	-
Charges for services	-	-	657,202	-
Use of money and property	-	1,913	35,241	18,604
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	14,065
Other	-	-	-	-
Total Revenues	76,175	1,913	692,443	32,669
Expenditures:				
Current:				
Executive	-	-	64,609	-
Community development	-	-	-	-
Planning and development services	-	-	592,593	-
Fire services	-	-	-	-
Police services	76,175	48,636	-	14,065
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	76,175	48,636	657,202	14,065
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(46,723)	35,241	18,604
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(35,241)	(18,604)
Total Other Financing Sources (Uses)	-	-	(35,241)	(18,604)
Net Change in Fund Balances	-	(46,723)	-	-
Fund Balances, Beginning of Year	-	46,723	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -

CITY OF VALLEJO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	State Lands Fund #134	Neighborhood Stabilization Program Fund #103	Navigation Center #191	NLP Nuisance Abatement Fund #147
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	287,690	13,215	45,708	21,654
Fines and forfeitures	-	-	-	-
Contributions	-	-	2,100,000	-
Other	-	-	-	65,824
Total Revenues	287,690	13,215	2,145,708	87,478
Expenditures:				
Current:				
Executive	-	-	-	-
Community development	63,054	6,452	-	-
Planning and development services	-	-	-	-
Fire services	-	-	-	-
Police services	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	63,054	6,452	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	224,636	6,763	2,145,708	87,478
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(224,636)	-	-	(499,000)
Total Other Financing Sources (Uses)	(224,636)	-	-	(499,000)
Net Change in Fund Balances	-	6,763	2,145,708	(411,522)
Fund Balances, Beginning of Year	-	40,264	-	578,046
Fund Balances, End of Year	\$ -	\$ 47,027	\$ 2,145,708	\$ 166,524

CITY OF VALLEJO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Capital Projects Funds			
	Transportation Impact Mitigation Fund #203	Hiddenbrooke Overpass Fund #211	Bridge Construction Fund #204	Northgate Fee & Benefit District #94-1 Fund #208
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	26,564	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	157,131	312,846	14,717	10,091
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Other	-	-	-	-
Total Revenues	183,695	312,846	14,717	10,091
Expenditures:				
Current:				
Executive	-	-	-	-
Community development	-	-	-	-
Planning and development services	-	-	-	-
Fire services	-	-	-	-
Police services	-	-	-	-
Public works	4,500	4,500	4,500	4,500
Capital outlay	712,269	78,126	90,931	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	716,769	82,626	95,431	4,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	(533,074)	230,220	(80,714)	5,591
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(14,034)	(14,230)	-
Total Other Financing Sources (Uses)	-	(14,034)	(14,230)	-
Net Change in Fund Balances	(533,074)	216,186	(94,944)	5,591
Fund Balances, Beginning of Year	4,078,027	8,064,313	712,844	248,587
Fund Balances, End of Year	\$ 3,544,953	\$ 8,280,499	\$ 617,900	\$ 254,178

CITY OF VALLEJO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

(CONTINUED)

	Capital Projects Funds			
	Arts and Convention Center Fund #206	Mare Island CFD 2005 1A Facilities Fund #213	Traffic Congestion Relief Fund #219	Capital Grant & Contribution Fund #221
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-
Intergovernmental	-	-	-	1,914,075
Charges for services	-	100,005	-	-
Use of money and property	3,160	60,213	16,426	12,646
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Other	-	-	-	338,489
Total Revenues	3,160	160,218	16,426	2,265,210
Expenditures:				
Current:				
Executive	-	-	-	-
Community development	-	-	-	-
Planning and development services	-	-	-	-
Fire services	-	-	-	-
Police services	-	-	-	-
Public works	-	6,999	-	-
Capital outlay	-	-	330,379	2,252,564
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	6,999	330,379	2,252,564
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,160	153,219	(313,953)	12,646
Other Financing Sources (Uses):				
Transfers in	-	-	400,000	-
Transfers out	(559,670)	-	-	-
Total Other Financing Sources (Uses)	(559,670)	-	400,000	-
Net Change in Fund Balances	(556,510)	153,219	86,047	12,646
Fund Balances, Beginning of Year	3,008,692	1,440,810	567,960	85,343
Fund Balances, End of Year	\$ 2,452,182	\$ 1,594,029	\$ 654,007	\$ 97,989

CITY OF VALLEJO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Capital Projects Funds			
	Neighborhood Park-Dev Fee Fund #137	Vallejo Station Fund #222	Longterm Maintenance Fund #223	Columbus Parkway Improvement Fund #224
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	37,632	-	-	-
Intergovernmental	-	915,974	-	-
Charges for services	-	-	-	33,777
Use of money and property	22,798	-	29,618	81,217
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Other	-	-	-	-
Total Revenues	60,430	915,974	29,618	114,994
Expenditures:				
Current:				
Executive	-	-	-	-
Community development	-	-	-	-
Planning and development services	-	-	-	-
Fire services	-	-	-	-
Police services	-	-	-	-
Public works	-	-	-	4,500
Capital outlay	-	915,974	173,918	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	915,974	173,918	4,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	60,430	-	(144,300)	110,494
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	60,430	-	(144,300)	110,494
Fund Balances, Beginning of Year	679,305	-	789,132	1,966,504
Fund Balances, End of Year	\$ 739,735	\$ -	\$ 644,832	\$ 2,076,998

CITY OF VALLEJO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

(CONTINUED)

	Capital Projects Funds			Debt Service Fund
	Empress Theater Fund #225	Road Maint/Rehab Act Fund #226	Waterfront History Park Fund #227	Certificates of Participation Fund #-Various
Revenues:				
Taxes	\$ -	\$ 2,070,487	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	1,310	64,371	289	1,569
Fines and forfeitures	-	-	-	-
Contributions	-	-	20,000	-
Other	-	-	-	-
Total Revenues	1,310	2,134,858	20,289	1,569
Expenditures:				
Current:				
Executive	-	-	-	-
Community development	-	-	-	-
Planning and development services	-	-	-	-
Fire services	-	-	-	-
Police services	-	-	-	-
Public works	25,472	304,500	4,500	9,000
Capital outlay	-	90,853	43,439	-
Debt service:				
Principal	-	-	-	894,632
Interest and fiscal charges	-	-	-	275,407
Total Expenditures	25,472	395,353	47,939	1,179,039
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,162)	1,739,505	(27,650)	(1,177,470)
Other Financing Sources (Uses):				
Transfers in	31,000	-	125,000	1,184,310
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	31,000	-	125,000	1,184,310
Net Change in Fund Balances	6,838	1,739,505	97,350	6,840
Fund Balances, Beginning of Year	(24,825)	1,150,889	10,000	248,644
Fund Balances, End of Year	\$ (17,987)	\$ 2,890,394	\$ 107,350	\$ 255,484

CITY OF VALLEJO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	<u>Permanent Fund</u>	
	<u>McCune Collection Fund #603</u>	<u>Total Governmental Funds</u>
Revenues:		
Taxes	\$ -	\$ 3,907,021
Licenses, permits, and fees	-	124,428
Intergovernmental	-	7,402,802
Charges for services	-	10,553,733
Use of money and property	4,313	2,846,305
Fines and forfeitures	-	16,837
Contributions	-	2,134,065
Other	-	434,867
Total Revenues	<u>4,313</u>	<u>27,420,058</u>
Expenditures:		
Current:		
Executive	-	64,609
Community development	-	1,349,080
Planning and development services	1,843	594,436
Fire services	-	2,038,000
Police services	-	1,666,394
Public works	-	11,391,959
Capital outlay	-	4,761,583
Debt service:		
Principal	-	894,632
Interest and fiscal charges	-	275,407
Total Expenditures	<u>1,843</u>	<u>23,036,100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,470</u>	<u>4,383,958</u>
Other Financing Sources (Uses):		
Transfers in	-	1,765,310
Transfers out	-	(1,815,415)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(50,105)</u>
Net Change in Fund Balances	2,470	4,333,853
Fund Balances, Beginning of Year	<u>105,333</u>	<u>51,714,064</u>
Fund Balances, End of Year	<u>\$ 107,803</u>	<u>\$ 56,047,917</u>

CITY OF VALLEJO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SOLID WASTE DISPOSAL FUND #135
YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$ 11,900	\$ 11,900	\$ 13,912	\$ 2,012
Intergovernmental	62,000	62,000	51,766	(10,234)
Charges for services	1,479,168	1,479,168	1,313,705	(165,463)
Use of money and property	-	-	16,661	16,661
Fines and forfeitures	-	-	2,880	2,880
Total Revenues	1,553,068	1,553,068	1,398,924	(154,144)
EXPENDITURES:				
Current:				
Public works	1,556,295	1,598,126	1,421,712	176,414
Total Expenditures	1,556,295	1,598,126	1,421,712	176,414
EXCESS REVENUES OVER EXPENDITURES	\$ (3,227)	\$ (45,058)	(22,788)	\$ 22,270
Fund Balance, July 1			80,875	
Fund Balance, June 30			\$ 58,087	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ASSET SEIZURE FUND #139
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 20,289	\$ 20,289
Fines and forfeitures	10,000	10,000	13,957	3,957
Total Revenues	10,000	10,000	34,246	24,246
EXPENDITURES:				
Current:				
Police services	160,000	222,000	188,422	33,578
Total Expenditures	160,000	222,000	188,422	33,578
EXCESS REVENUES OVER EXPENDITURES	(150,000)	(212,000)	(154,176)	57,824
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	(50,000)	(50,000)	(50,000)	-
NET CHANGE IN FUND BALANCES	\$ (200,000)	\$ (262,000)	(204,176)	\$ 57,824
Fund Balance, July 1			287,719	
Fund Balance, June 30			\$ 83,543	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 STATE GAS TAX FUND #133
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,726,865	\$ 2,726,865	\$ 2,749,897	\$ 23,032
Charges for services	1,359,988	1,359,988	1,433,695	73,707
Use of money and property	-	-	21,173	21,173
Other	49,500	49,500	20,999	(28,501)
Total Revenues	4,136,353	4,136,353	4,225,764	89,411
EXPENDITURES:				
Current:				
Public works	3,526,005	3,526,005	3,172,176	353,829
Total Expenditures	3,526,005	3,526,005	3,172,176	353,829
EXCESS REVENUES OVER EXPENDITURES	610,348	610,348	1,053,588	443,240
OTHER FINANCING SOURCES (USES)				
Transfers out	(400,000)	(400,000)	(400,000)	-
Total Other Financing Sources (Uses)	(400,000)	(400,000)	(400,000)	-
NET CHANGE IN FUND BALANCES	\$ 210,348	\$ 210,348	653,588	\$ 443,240
Fund Balance, July 1			271,430	
Fund Balance, June 30			\$ 925,018	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 COMMUNITY DEVELOPMENT BLOCK GRANT FUND #101
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,021,867	\$ 2,347,246	\$ 174,586	\$ (2,172,660)
Use of money and property	15,000	203,000	249,110	46,110
Total Revenues	1,036,867	2,550,246	423,696	(2,126,550)
EXPENDITURES:				
Current:				
Community development	1,036,867	2,550,246	829,428	1,720,818
Total Expenditures	1,036,867	2,550,246	829,428	1,720,818
EXCESS REVENUES OVER EXPENDITURES	\$ -	\$ -	(405,732)	\$ (405,732)
Fund Balance, July 1			-	
Fund Balance, June 30			\$ (405,732)	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 HOME PROGRAM FUND #102
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 563,698	\$ 2,328,423	\$ 115,328	\$ (2,213,095)
Use of money and property	200,000	200,000	272,329	72,329
Other	-	-	530	530
Total Revenues	763,698	2,528,423	388,187	(2,140,236)
EXPENDITURES:				
Current:				
Community development	763,698	3,976,016	188,905	3,787,111
Total Expenditures	763,698	3,976,016	188,905	3,787,111
EXCESS REVENUES OVER EXPENDITURES	\$ -	\$ (1,447,593)	199,282	\$ 1,646,875
Fund Balance, July 1			1,434,912	
Fund Balance, June 30			\$ 1,634,194	

CITY OF VALLEJO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HIDDENBROOKE COMMUNITY SERVICES DISTRICT FUND #138
YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 821,044	\$ 821,044	\$ 787,335	\$ (33,709)
Use of money and property	30,503	30,503	138,708	108,205
Total Revenues	851,547	851,547	926,043	74,496
EXPENDITURES:				
Current:				
Public works	669,736	759,736	610,802	148,934
Total Expenditures	669,736	759,736	610,802	148,934
EXCESS REVENUES OVER EXPENDITURES	181,811	91,811	315,241	223,430
NET CHANGE IN FUND BALANCES	\$ 181,811	\$ 91,811	315,241	\$ 223,430
Fund Balance, July 1			3,090,253	
Fund Balance, June 30			\$ 3,405,494	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MARE ISLAND BASE REUSE FUND #107
YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 28,000	\$ 28,000	\$ 32,933	\$ 4,933
Use of money and property	58,327	58,327	75,623	17,296
Total Revenues	86,327	86,327	108,556	22,229
EXPENDITURES:				
Current:				
Community development	610,694	610,694	261,241	349,453
Total Expenditures	610,694	610,694	261,241	349,453
EXCESS REVENUES OVER EXPENDITURES	(524,367)	(524,367)	(152,685)	371,682
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	25,000	-
Total Other Financing Sources (Uses)	25,000	25,000	25,000	-
NET CHANGE IN FUND BALANCES	\$ (499,367)	\$ (499,367)	(127,685)	\$ 371,682
Fund Balance, July 1			760,834	
Fund Balance, June 30			\$ 633,149	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MARE ISLAND CFD 2002 FUND #112
YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,496,231	\$ 1,496,231	\$ 1,836,534	\$ 340,303
Charges for services	1,928,292	1,928,292	1,927,183	(1,109)
Use of money and property	34,000	34,000	180,543	146,543
Total Revenues	3,458,523	3,458,523	3,944,260	485,737
EXPENDITURES:				
Current:				
Fire services	2,023,000	2,023,000	2,038,000	(15,000)
Police services	662,000	662,000	651,000	11,000
Public works	1,360,670	1,460,670	1,031,685	428,985
Capital outlay	-	-	36,832	(36,832)
Total Expenditures	4,045,670	4,145,670	3,757,517	388,153
EXCESS REVENUES OVER EXPENDITURES	(587,147)	(687,147)	186,743	873,890
NET CHANGE IN FUND BALANCES	\$ (587,147)	\$ (687,147)	186,743	\$ 873,890
Fund Balance, July 1			5,416,230	
Fund Balance, June 30			\$ 5,602,973	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MARE ISLAND CFD 2005 1A (STATE) FUND #113
YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 281,569	\$ 281,569	\$ 281,573	\$ 4
Use of money and property	-	-	10,772	10,772
Total Revenues	281,569	281,569	292,345	10,776
EXPENDITURES:				
Current:				
Public works	340,714	340,714	247,309	93,405
Total Expenditures	340,714	340,714	247,309	93,405
EXCESS REVENUES OVER EXPENDITURES	(59,145)	(59,145)	45,036	104,181
NET CHANGE IN FUND BALANCES	\$ (59,145)	\$ (59,145)	45,036	\$ 104,181
Fund Balance, July 1			280,860	
Fund Balance, June 30			\$ 325,896	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MARE ISLAND CFD 2005 1B (LOCAL) FUND #114
YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 112,254	\$ -	\$ -	\$ -
Use of money and property	-	-	60,625	60,625
Total Revenues	112,254	-	60,625	60,625
EXPENDITURES:				
Current:				
Public works	5,931	85,931	17,875	68,056
Total Expenditures	5,931	85,931	17,875	68,056
EXCESS REVENUES OVER EXPENDITURES	106,323	(85,931)	42,750	128,681
NET CHANGE IN FUND BALANCES	\$ 106,323	\$ (85,931)	42,750	\$ 128,681
Fund Balance, July 1			1,484,776	
Fund Balance, June 30			\$ 1,527,526	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 HAZMAT REVOLVING FUND #143
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 40,000	\$ 40,000	\$ 43,073	\$ 3,073
Total Revenues	40,000	40,000	43,073	3,073
EXPENDITURES:				
Current:				
Public works	40,000	40,000	28,945	11,055
Total Expenditures	40,000	40,000	28,945	11,055
EXCESS REVENUES OVER EXPENDITURES	-	-	14,128	14,128
NET CHANGE IN FUND BALANCES	\$ -	\$ -	14,128	\$ 14,128
Fund Balance, July 1			-	
Fund Balance, June 30			\$ 14,128	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 JUSTICE ASSISTANCE GRANT FUND #149
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 135,589	\$ 336,469	\$ 201,174	\$ (135,295)
Total Revenues	135,589	336,469	201,174	(135,295)
EXPENDITURES:				
Current:				
Police services	135,589	336,469	238,800	97,669
Total Expenditures	135,589	336,469	238,800	97,669
EXCESS REVENUES OVER EXPENDITURES	-	-	(37,626)	(37,626)
NET CHANGE IN FUND BALANCES	\$ -	\$ -	(37,626)	\$ (37,626)
Fund Balance, July 1			-	
Fund Balance, June 30			\$ (37,626)	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 SUPPLEMENTAL LAW ENFORCEMENT GRANT FUND #151
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 180,000	\$ 180,000	\$ 327,130	\$ 147,130
Use of money and property	-	-	31,688	31,688
Total Revenues	180,000	180,000	358,818	178,818
EXPENDITURES:				
Current:				
Police services	438,531	546,489	429,681	116,808
Total Expenditures	438,531	546,489	429,681	116,808
EXCESS REVENUES OVER EXPENDITURES	(258,531)	(366,489)	(70,863)	295,626
NET CHANGE IN FUND BALANCES	\$ (258,531)	\$ (366,489)	(70,863)	\$ 295,626
Fund Balance, July 1			703,680	
Fund Balance, June 30			\$ 632,817	

CITY OF VALLEJO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TRAFFIC OFFENDER / VEHICLE IMPOUND PROGRAM FUND #140
YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$ 50,000	\$ 50,000	\$ 46,320	\$ (3,680)
Use of money and property	-	-	1,924	1,924
Other	-	-	9,025	9,025
Total Revenues	50,000	50,000	57,269	7,269
EXPENDITURES:				
Current:				
Police services	45,000	45,000	19,615	25,385
Total Expenditures	45,000	45,000	19,615	25,385
EXCESS REVENUES OVER EXPENDITURES	5,000	5,000	37,654	32,654
NET CHANGE IN FUND BALANCES	\$ 5,000	\$ 5,000	37,654	\$ 32,654
Fund Balance, July 1			20,659	
Fund Balance, June 30			\$ 58,313	

CITY OF VALLEJO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 LANDSCAPE MAINTENANCE DISTRICTS FUND #161-188
 YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 3,832,515	\$ 3,832,515	\$ 3,943,252	\$ 110,737
Use of money and property	118,479	118,479	550,120	431,641
Total Revenues	3,950,994	3,950,994	4,493,372	542,378
EXPENDITURES:				
Current:				
Public works	3,018,344	3,070,344	2,434,682	635,662
Capital outlay	200,000	200,000	36,298	163,702
Total Expenditures	3,218,344	3,270,344	2,470,980	799,364
EXCESS REVENUES OVER EXPENDITURES	732,650	680,650	2,022,392	1,341,742
NET CHANGE IN FUND BALANCES	\$ 732,650	\$ 680,650	2,022,392	\$ 1,341,742
Fund Balance, July 1			13,025,069	
Fund Balance, June 30			\$ 15,047,461	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 OFFICE OF TRAFFIC SAFETY FUND #146
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 157,930	\$ 237,930	\$ 76,175	\$ (161,755)
Total Revenues	157,930	237,930	76,175	(161,755)
EXPENDITURES:				
Current:				
Police services	157,930	237,930	76,175	161,755
Total Expenditures	157,930	237,930	76,175	161,755
EXCESS REVENUES OVER EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ -	\$ -	-	\$ -
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 CADET PROGRAM FUND #152
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,913	\$ 1,913
Total Revenues	-	-	1,913	1,913
EXPENDITURES:				
Current:				
Police services	45,179	45,179	48,636	(3,457)
Total Expenditures	45,179	45,179	48,636	(3,457)
EXCESS REVENUES OVER EXPENDITURES	(45,179)	(45,179)	(46,723)	(1,544)
NET CHANGE IN FUND BALANCES	\$ (45,179)	\$ (45,179)	(46,723)	\$ (1,544)
Fund Balance, July 1			46,723	
Fund Balance, June 30			\$ -	

CITY OF VALLEJO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OUTSIDE SERVICES FUND #129
YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 900,000	\$ 900,000	\$ 657,202	\$ (242,798)
Use of money and property	5,000	5,000	35,241	30,241
Total Revenues	905,000	905,000	692,443	(212,557)
EXPENDITURES:				
Current:				
Legislative and advisory	100,000	100,000	-	100,000
Executive	200,000	200,000	64,609	135,391
Planning and development services	500,000	500,000	592,593	(92,593)
Public works	100,000	100,000	-	100,000
Total Expenditures	900,000	900,000	657,202	242,798
EXCESS REVENUES OVER EXPENDITURES	5,000	5,000	35,241	30,241
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,000)	(5,000)	(35,241)	(30,241)
Total Other Financing Sources (Uses)	(5,000)	(5,000)	(35,241)	(30,241)
NET CHANGE IN FUND BALANCES	\$ -	\$ -	-	\$ -
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

CITY OF VALLEJO

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ADMINISTRATIVE TRUST FUND #601
YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 6,000	\$ 6,000	\$ 18,604	\$ 12,604
Contributions	20,000	20,000	14,065	(5,935)
Total Revenues	26,000	26,000	32,669	6,669
EXPENDITURES:				
Current:				
Police services	20,000	20,000	14,065	5,935
Total Expenditures	20,000	20,000	14,065	5,935
EXCESS REVENUES OVER EXPENDITURES	6,000	6,000	18,604	12,604
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,000)	(6,000)	(18,604)	(12,604)
Total Other Financing Sources (Uses)	(6,000)	(6,000)	(18,604)	(12,604)
NET CHANGE IN FUND BALANCES	\$ -	\$ -	-	\$ -
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 STATE LANDS FUND #134
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 340,424	\$ 340,424	\$ 287,690	\$ (52,734)
Total Revenues	340,424	340,424	287,690	(52,734)
EXPENDITURES:				
Current:				
Community development	165,781	205,781	63,054	142,727
Total Expenditures	165,781	205,781	63,054	142,727
EXCESS REVENUES OVER EXPENDITURES	174,643	134,643	224,636	89,993
OTHER FINANCING SOURCES (USES)				
Transfers out	(174,643)	(134,643)	(224,636)	(89,993)
Total Other Financing Sources (Uses)	(174,643)	(134,643)	(224,636)	(89,993)
NET CHANGE IN FUND BALANCES	\$ -	\$ -	-	\$ -
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NEIGHBORHOOD STABILIZATION PROGRAM FUND #103
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 897,748	\$ -	\$ (897,748)
Use of money and property	14,000	14,000	13,215	(785)
Total Revenues	14,000	911,748	13,215	(898,533)
EXPENDITURES:				
Current:				
Community development	14,000	952,011	6,452	945,559
Total Expenditures	14,000	952,011	6,452	945,559
EXCESS REVENUES OVER EXPENDITURES	-	(40,263)	6,763	47,026
NET CHANGE IN FUND BALANCES	\$ -	\$ (40,263)	6,763	\$ 47,026
Fund Balance, July 1			<u>40,264</u>	
Fund Balance, June 30			<u>\$ 47,027</u>	

CITY OF VALLEJO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 NLP NUISANCE ABATEMENT FUND #147
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,600	\$ 3,600	\$ 21,654	\$ 18,054
Other	186,000	186,000	65,824	(120,176)
Total Revenues	189,600	189,600	87,478	(102,122)
EXPENDITURES:				
Current:				
Law	125,000	-	-	-
Total Expenditures	125,000	-	-	-
EXCESS REVENUES OVER EXPENDITURES	64,600	189,600	87,478	(102,122)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(499,000)	(499,000)	-
Total Other Financing Sources (Uses)	-	(499,000)	(499,000)	-
NET CHANGE IN FUND BALANCES	\$ 64,600	\$ (309,400)	(411,522)	\$ (102,122)
Fund Balance, July 1			578,046	
Fund Balance, June 30			\$ 166,524	

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

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2020

	<u>Governmental Activities - Internal Service Funds</u>			
	<u>Fleet Maintenance/ Replacement Fund</u>	<u>Self - Insurance Fund</u>	<u>Payroll Benefits</u>	<u>Retiree Health Benefits (OPEB)</u>
Assets:				
Current:				
Cash and investments	\$ 4,258,427	\$ -	\$ 1,009	\$ 321,671
Receivables:				
Accounts	-	-	70,193	-
Prepaid costs	-	-	10,175	-
Due from other funds	-	-	-	-
Materials, parts and supplies	210,830	-	-	-
Total Current Assets	4,469,257	-	81,377	321,671
Noncurrent:				
Capital assets - net of accumulated depreciation	8,398,904	-	-	-
Total Noncurrent Assets	8,398,904	-	-	-
Total Assets	\$ 12,868,161	\$ -	\$ 81,377	\$ 321,671
Deferred Outflows of Resources:				
Related to pensions	\$ 180,564	\$ -	\$ -	\$ -
Related to OPEB	39,630	-	-	2,306,723
Total Deferred Outflows of Resources	\$ 220,194	\$ -	\$ -	\$ 2,306,723
Liabilities:				
Current:				
Accounts payable and accrued liabilities	\$ 167,209	\$ -	\$ 73,393	\$ 57,573
Employee benefits payable	50,617	-	7,984	-
Accrued claims and judgments	-	-	-	-
Total Current Liabilities	217,826	-	81,377	57,573
Noncurrent:				
Net pension liability	2,367,145	-	-	-
Net OPEB liability	278,869	-	-	14,438,437
Employee benefits payable	5,711	-	-	279,442
Accrued claims and judgments	-	-	-	-
Total Noncurrent Liabilities	2,651,725	-	-	14,717,879
Total Liabilities	2,869,551	-	81,377	14,775,452
Deferred Inflows of Resources:				
Related to pensions	45,675	-	-	-
Related to OPEB	55,006	-	-	3,527,959
Total Deferred Inflows of Resources	100,681	-	-	3,527,959
Net Position:				
Net investment in capital assets	8,398,904	-	-	-
Unrestricted	1,719,219	-	-	(15,675,017)
Total Net Position	\$ 10,118,123	\$ -	\$ -	\$ (15,675,017)

CITY OF VALLEJO

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2020

	Governmental Activities - Internal Service Funds		
	General Liability	Workers Comp	Totals
Assets:			
Current:			
Cash and investments	\$ 8,471,553	\$ 16,060,654	\$ 29,113,314
Receivables:			
Accounts	-	-	70,193
Prepaid costs	199,360	-	209,535
Due from other funds	-	2,323,072	2,323,072
Materials, parts and supplies	-	-	210,830
Total Current Assets	8,670,913	18,383,726	31,926,944
Noncurrent:			
Capital assets - net of accumulated depreciation	-	-	8,398,904
Total Noncurrent Assets	-	-	8,398,904
Total Assets	\$ 8,670,913	\$ 18,383,726	\$ 40,325,848
Deferred Outflows of Resources:			
Related to pensions	\$ 63,095	\$ 63,094	\$ 306,753
Related to OPEB	8,451	8,451	2,363,255
Total Deferred Outflows of Resources	\$ 71,546	\$ 71,545	\$ 2,670,008
Liabilities:			
Current:			
Accounts payable and accrued liabilities	\$ 29,582	\$ 33,681	\$ 361,438
Employee benefits payable	7,284	7,284	73,169
Accrued claims and judgments	1,909,773	2,429,307	4,339,080
Total Current Liabilities	1,946,639	2,470,272	4,773,687
Noncurrent:			
Net pension liability	279,960	279,960	2,927,065
Net OPEB liability	49,579	49,579	14,816,464
Employee benefits payable	-	-	285,153
Accrued claims and judgments	4,123,227	10,553,693	14,676,920
Total Noncurrent Liabilities	4,452,766	10,883,232	32,705,602
Total Liabilities	6,399,405	13,353,504	37,479,289
Deferred Inflows of Resources:			
Related to pensions	18,348	18,348	82,371
Related to OPEB	18,335	18,335	3,619,635
Total Deferred Inflows of Resources	36,683	36,683	3,702,006
Net Position:			
Net investment in capital assets	-	-	8,398,904
Unrestricted	2,306,371	5,065,084	(6,584,343)
Total Net Position	\$ 2,306,371	\$ 5,065,084	\$ 1,814,561

CITY OF VALLEJO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020

	<u>Governmental Activities - Internal Service Funds</u>			
	<u>Fleet Maintenance/ Replacement Fund</u>	<u>Self - Insurance Fund</u>	<u>Payroll Benefits</u>	<u>Retiree Health Benefits (OPEB)</u>
Operating Revenues:				
Sales and service charges	\$ 4,920,300	\$ -	\$ -	\$ 3,083,309
Other	24,479	-	-	-
Total Operating Revenues	4,944,779	-	-	3,083,309
Operating Expenses:				
Operations expenses	3,193,947	-	-	1,561,576
Insurance and claims	-	-	-	-
Depreciation expense	1,434,487	-	-	-
Total Operating Expenses	4,628,434	-	-	1,561,576
Operating Income (Loss)	316,345	-	-	1,521,733
Nonoperating Revenues:				
Investment income	211,679	-	-	5,086
Gain on disposal of capital assets	42,934	-	-	-
Total Nonoperating Revenues	254,613	-	-	5,086
Income (Loss) Before Transfers	570,958	-	-	1,526,819
Transfers in	350,000	-	-	-
Transfers out	-	(5,086,744)	-	-
Changes in Net Position	920,958	(5,086,744)	-	1,526,819
Net Position:				
Beginning of Year	9,197,165	5,086,744	-	(17,201,836)
End of Fiscal Year	\$ 10,118,123	\$ -	\$ -	\$ (15,675,017)

CITY OF VALLEJO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Funds		
	General Liability	Workers Comp	Totals
Operating Revenues:			
Sales and service charges	\$ 5,706,000	\$ 4,929,020	\$ 18,638,629
Other	25,549	-	50,028
Total Operating Revenues	5,731,549	4,929,020	18,688,657
Operating Expenses:			
Operations expenses	3,015,922	1,523,948	9,295,393
Insurance and claims	2,991,802	1,760,157	4,751,959
Depreciation expense	-	-	1,434,487
Total Operating Expenses	6,007,724	3,284,105	15,481,839
Operating Income (Loss)	(276,175)	1,644,915	3,206,818
Nonoperating Revenues:			
Investment income	270,726	645,245	1,132,736
Gain on disposal of capital assets	-	-	42,934
Total Nonoperating Revenues	270,726	645,245	1,175,670
Income (Loss) Before Transfers	(5,449)	2,290,160	4,382,488
Transfers in	2,311,820	2,774,924	5,436,744
Transfers out	-	-	(5,086,744)
Changes in Net Position	2,306,371	5,065,084	4,732,488
Net Position:			
Beginning of Year	-	-	(2,917,927)
End of Fiscal Year	\$ 2,306,371	\$ 5,065,084	\$ 1,814,561

CITY OF VALLEJO

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020**

	Governmental Activities - Internal Service Funds			
	Fleet Maintenance/Re placement Fund	Self - Insurance Fund	Payroll Benefits	Retiree Health Benefits (OPEB)
Cash Flows from Operating Activities:				
Receipts from customers	\$ 5,021,078	\$ -	\$ 69,713,097	\$ 3,083,309
Payments to suppliers	(2,210,127)	-	-	-
Payments to or on behalf of employees	(948,560)	(537,477)	(69,478,176)	(2,889,354)
Claims paid	-	(17,131,000)	-	-
Net Cash Provided (Used) by Operating Activities	1,862,391	(17,668,477)	234,921	193,955
Cash Flows from Non-Capital Financing Activities:				
Interfund receipts	350,000	1,521,634	-	-
Interfund payments	-	(5,086,744)	(233,912)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	350,000	(3,565,110)	(233,912)	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(3,839,198)	-	-	-
Proceeds from sales of capital assets	51,805	-	-	-
Net Cash Used by Capital and Related Financing Activities	(3,787,393)	-	-	-
Cash Flows from Investing Activities:				
Investment income	211,679	-	-	5,086
Net Cash Provided by Investing Activities	211,679	-	-	5,086
Net Increase (Decrease) in Cash and Cash Equivalents	(1,363,323)	(21,233,587)	1,009	199,041
Cash and Cash Equivalents at Beginning of Year	5,621,750	21,233,587	-	122,630
Cash and Cash Equivalents at End of Year	\$ 4,258,427	\$ -	\$ 1,009	\$ 321,671
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 316,345	\$ -	\$ -	\$ 1,521,733
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,434,487	-	-	-
Changes in pension related items	62,989	(404,401)	-	-
Changes in OPEB related items	(28,068)	(128,119)	-	(1,565,158)
(Increase) decrease in accounts receivable, net	76,299	-	(20,103)	-
(Increase) decrease in inventory and prepaids	(35,659)	171,998	576,712	106,415
Increase (decrease) in accounts payable and other accrued expenses	17,537	(162,983)	(231,263)	56,191
Increase (decrease) in claims payable	-	(17,131,000)	-	-
Increase (decrease) in employee benefits payable	18,461	(13,972)	(90,425)	74,774
Total Adjustments	1,546,046	(17,668,477)	234,921	(1,327,778)
Net Cash Provided (Used) by Operating Activities	\$ 1,862,391	\$ (17,668,477)	\$ 234,921	\$ 193,955

CITY OF VALLEJO

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>General Liability</u>	<u>Workers Comp</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 5,731,549	\$ 4,929,020	\$ 88,478,053
Payments to suppliers	-	(1,187,299)	(3,397,426)
Payments to or on behalf of employees	(2,222)	(1,007)	(73,856,796)
Claims paid	159,680	11,222,843	(5,748,477)
Net Cash Provided (Used) by Operating Activities	5,889,007	14,963,557	5,475,354
Cash Flows from Non-Capital Financing Activities:			
Interfund receipts	2,311,820	2,774,924	6,958,378
Interfund payments	-	(2,323,072)	(7,643,728)
Net Cash Provided (Used) by Non-Capital Financing Activities	2,311,820	451,852	(685,350)
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	-	-	(3,839,198)
Proceeds from sales of capital assets	-	-	51,805
Net Cash Used by Capital and Related Financing Activities	-	-	(3,787,393)
Cash Flows from Investing Activities:			
Investment income	270,726	645,245	1,132,736
Net Cash Provided by Investing Activities	270,726	645,245	1,132,736
Net Increase (Decrease) in Cash and Cash Equivalents	8,471,553	16,060,654	2,135,347
Cash and Cash Equivalents at Beginning of Year	-	-	26,977,967
Cash and Cash Equivalents at End of Year	\$ 8,471,553	\$ 16,060,654	\$ 29,113,314
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (276,175)	\$ 1,644,915	\$ 3,206,818
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	-	1,434,487
Changes in pension related items	235,213	235,214	129,015
Changes in OPEB related items	59,463	59,463	(1,602,419)
(Increase) decrease in accounts receivable, net	-	-	56,196
(Increase) decrease in inventory and prepaids	(199,360)	-	620,106
Increase (decrease) in accounts payable and other accrued expenses	29,582	33,681	(257,255)
Increase (decrease) in claims payable	6,033,000	12,983,000	1,885,000
Increase (decrease) in employee benefits payable	7,284	7,284	3,406
Total Adjustments	6,165,182	13,318,642	2,268,536
Net Cash Provided (Used) by Operating Activities	\$ 5,889,007	\$ 14,963,557	\$ 5,475,354

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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

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<u>Hiddenbrooke Improvement District</u>				
Assets:				
Cash and investments	\$ 3,624,307	\$ 3,459,538	\$ 3,151,663	\$ 3,932,182
Restricted assets:				
Cash and investments with fiscal agents	3,029,227	2,948,754	2,912,251	3,065,730
Total Assets	<u>\$ 6,653,534</u>	<u>\$ 6,408,292</u>	<u>\$ 6,063,914</u>	<u>\$ 6,997,912</u>
Liabilities:				
Accounts payable	\$ 6,162	\$ -	\$ 862	\$ 5,300
Due to bondholders	6,647,372	4,715,356	4,370,116	6,992,612
Total Liabilities	<u>\$ 6,653,534</u>	<u>\$ 4,715,356</u>	<u>\$ 4,370,978</u>	<u>\$ 6,997,912</u>
<u>NE Quadrant Improvement District 2003-01</u>				
Assets:				
Cash and investments	\$ 501,842	\$ 539,355	\$ 514,977	\$ 526,220
Restricted assets:				
Cash and investments with fiscal agents	513,219	498,967	492,968	519,218
Total Assets	<u>\$ 1,015,061</u>	<u>\$ 1,038,322</u>	<u>\$ 1,007,945</u>	<u>\$ 1,045,438</u>
Liabilities:				
Accounts payable	\$ 1,680	\$ -	\$ 1,680	\$ -
Due to bondholders	1,013,381	1,040,001	1,007,944	1,045,438
Total Liabilities	<u>\$ 1,015,061</u>	<u>\$ 1,040,001</u>	<u>\$ 1,009,624</u>	<u>\$ 1,045,438</u>

CITY OF VALLEJO

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 4,126,149	\$ 3,998,893	\$ 3,666,640	\$ 4,458,402
Restricted assets:				
Cash and investments with fiscal agents	3,542,446	3,447,721	3,405,219	3,584,948
Total Assets	<u>\$ 7,668,595</u>	<u>\$ 7,446,614</u>	<u>\$ 7,071,859</u>	<u>\$ 8,043,350</u>
Liabilities:				
Accounts payable	\$ 7,842	\$ -	\$ 2,542	\$ 5,300
Due to bondholders	7,660,753	5,755,357	5,378,060	8,038,050
Total Liabilities	<u>\$ 7,668,595</u>	<u>\$ 5,755,357</u>	<u>\$ 5,380,602</u>	<u>\$ 8,043,350</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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net Investment in Capital Assets	\$ 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	\$ 331,744,314
Restricted	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	91,815,092
Unrestricted	(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)	(217,444,163)
Total governmental activities net position	\$ 367,633,439	\$ 385,218,767	\$ 383,743,678	\$ 398,377,765	\$ 187,508,870	\$ 206,024,657	\$ 215,090,127	\$ 199,147,890	\$ 208,927,662	\$ 206,115,243
Business-type activities:										
Net Investment in Capital Assets	\$ 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	\$ 59,614,105
Restricted	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	5,510,833
Unrestricted	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)	(1,240,554)
Total business-type activities net position	\$ 302,094,541	\$ 99,847,542	\$ 64,325,157	\$ 69,428,202	\$ 44,719,342	\$ 45,369,415	\$ 47,879,384	\$ 44,776,790	\$ 51,813,267	\$ 58,884,384
Primary government:										
Net Investment in Capital Assets	\$ 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	\$ 391,358,419
Restricted	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	92,325,925
Unrestricted	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)	(218,684,717)
Total primary government net position	\$ 669,727,980	\$ 485,066,309	\$ 448,068,835	\$ 467,805,967	\$ 232,228,212	\$ 251,394,072	\$ 262,969,511	\$ 243,924,680	\$ 260,740,929	\$ 264,999,627

Notes: ¹ 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.

² The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

³ The City implemented the provisions of GASB Statement 68 in fiscal year 2015. Prior amounts have not been restated.

⁴ 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
Legislative and Advisory	\$ 181,654	\$ 220,581	\$ 304,333	\$ 213,736	\$ 268,785	\$ 257,208	\$ 244,300	\$ 342,413	\$ 321,914	\$ 275,873
Executive	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	5,213,762
Finance	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	1,778,234
Human Resources	556,953	962,813	1,026,415	930,294	1,034,655	1,390,288	988,831	1,382,503	1,936,821	1,918,967
Law	719,025	503,754	1,158,594	1,079,614	694,447	976,895	1,289,690	1,678,985	1,737,644	1,451,392
Development Services	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	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	31,626,149
Planning and Development Services	-	-	-	-	-	-	-	-	5,641,584	4,636,674
Fire services	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	34,879,494
Police services	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	54,926,532
Public Works	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	31,891,067
Nondepartmental	5,000,249	5,134,037	-	-	-	-	-	-	-	-
Interest on long-term debt	2,223,807	766,981	209,054	196,404	541,370	462,398	438,450	414,286	388,381	429,730
Total governmental activities expenses	115,888,937	112,790,928	127,788,270	123,136,077	134,265,943	131,297,268	136,823,344	154,967,658	158,324,447	169,027,874
Business-type activities:										
Water	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	38,645,529
Local Transportation	29,226,639	18,138,000	2,612,944	-	-	-	-	-	-	-
Sanitation & Flood Control	29,284,313	-	-	-	-	-	-	-	-	-
Other proprietary funds	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	8,046,603
Total business-type activities expenses	94,060,762	52,664,694	41,734,607	39,764,642	41,523,236	40,479,003	41,659,436	44,182,386	44,471,834	46,692,132
Total primary government expenses	\$ 209,949,699	\$ 165,455,622	\$ 169,522,877	\$ 162,900,719	\$ 175,789,179	\$ 171,776,271	\$ 178,482,780	\$ 199,150,044	\$ 202,796,281	\$ 215,720,006
Program Revenues										
Governmental activities:										
Charges for services	\$ 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	\$ 24,139,578
Operating grants and contributions	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	38,858,209
Capital grants and contributions	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	2,830,049
Total governmental activities program revenues	77,222,939	68,390,499	58,359,834	63,078,078	54,473,952	60,215,550	57,471,821	57,856,394	68,665,919	65,827,836
Business-type activities:										
Charges for services	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	50,257,187
Operating grants and contributions	17,808,014	7,735,861	350,876	-	22,479	25,847	123,279	-	36,642	38,585
Capital grants and contributions	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	198,979
Total business-type activities program revenues	118,049,770	60,268,825	42,010,633	42,921,122	40,696,313	38,987,712	41,450,451	46,055,554	48,328,643	50,494,751
Total primary government program revenues	\$ 195,272,709	\$ 128,659,324	\$ 100,370,467	\$ 105,999,200	\$ 95,170,265	\$ 99,203,262	\$ 98,922,272	\$ 103,911,948	\$ 116,994,562	\$ 116,322,587
Net revenue/(expense)	\$ (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)	\$ (103,200,038)
Governmental activities	23,989,008	7,604,131	276,026	3,156,480	(826,923)	(1,491,291)	(208,985)	1,873,168	3,856,809	3,802,619
Business-type activities	(14,676,990)	(36,796,298)	(69,152,410)	(56,901,519)	(80,618,914)	(72,573,009)	(79,560,508)	(95,238,096)	(85,801,719)	(99,397,419)

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(Continued)										
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 21,837,203
Incremental property taxes	3,061,230	1,790,418	-	-	-	-	-	-	-	-
Sales taxes	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	32,457,314
Utility user taxes	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	12,329,103
Motor vehicles / In lieu property tax	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	10,941,183
Other taxes	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	15,302,220
Mare Island CFD Assessments	2,099,096	-	-	-	-	-	-	-	-	-
Investment earnings	1,579,810	1,282,961	419,817	679,347	1,376,228	1,765,281	849,111	902,408	4,622,647	5,042,701
Gain on sale of capital assets	-	-	-	102,447	21,700	173,859	89,852	134,785	69,983	42,934
Insurance recoveries	-	-	-	-	913,838	-	-	-	-	-
Miscellaneous	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	4,113,263
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	(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)	(1,678,302)
Total governmental activities	72,321,384	61,985,757	67,953,347	74,692,086	81,649,186	89,597,505	88,288,008	91,180,027	99,438,300	100,387,619
Business-type activities:										
Investment earnings	1,358,973	401,785	106,369	354,811	251,358	413,341	64,737	203,147	1,142,964	1,341,509
Miscellaneous	1,025,919	-	87,023	-	-	-	-	-	-	248,687
Gain or (Loss) on sales or transfer of assets	-	(19,034,732)	(40,393,415)	-	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	69,208	-	-	-	-	-
Debt Restructuring Adjustment	372,100	625,498	-	-	-	-	-	-	-	-
Transfers	-	(438,038)	4,401,612	1,591,754	2,685,186	1,728,023	2,654,217	2,152,823	2,036,704	1,678,302
Special item(s) - see notes	-	-	-	-	-	-	-	(2,832,157)	-	-
Total business-type activities	2,756,992	(18,445,487)	(35,798,411)	1,946,565	3,005,752	2,141,364	2,718,954	(476,187)	3,179,668	3,268,498
Total primary government	\$ 75,078,376	\$ 43,540,270	\$ 32,154,936	\$ 76,638,651	\$ 84,654,938	\$ 91,738,869	\$ 91,006,962	\$ 90,703,840	\$ 102,617,968	\$ 103,656,117
Change in Net Position										
Governmental activities	\$ 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	\$ (2,812,419)
Business-type activities	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	7,071,117
Total primary government	\$ 60,401,386	\$ 6,743,972	\$ (36,997,474)	\$ 19,737,132	\$ 4,036,024	\$ 19,165,860	\$ 11,446,454	\$ (4,534,256)	\$ 16,816,249	\$ 4,258,698

Notes: ¹ 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 retrospectively restate the amounts prior to FY 2013 for the Net Position related to the implementation of GASB 61.

² The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

³ The City implemented the provisions of GASB Statement 68 in fiscal year 2015. Prior amounts have not been restated.

⁴ 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									
	2011 ²	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund	\$ 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	\$ 2,212,889
Nonspendable	208,435	242,919	241,179	249,697	271,572	272,885	320,738	2,269,039	4,550,387	7,137,110
Restricted	350,685	381,709	356,245	2,617,267	2,691,002	2,251,472	1,235,078	6,810	6,332	45,321
Committed	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	943,125
Assigned	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	17,982,247
Unassigned	\$ 13,713,266	\$ 22,899,017	\$ 16,931,574	\$ 19,017,176	\$ 21,556,072	\$ 25,748,519	\$ 30,381,664	\$ 29,861,282	\$ 32,158,783	\$ 28,320,692
Total General Fund	\$ 3,898,072	\$ 102,072	\$ 102,072	\$ 240,832	\$ 102,072	\$ 71,236	\$ 78,324	\$ 67,625	\$ 567,625	\$ 81,473
All Other Governmental Funds	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	72,615,022
Nonspendable	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	17,885,776
Restricted	2,423	1,883	3,088	196,806	5,938,342	5,961,263	4,414,547	4,987,289	4,274,260	2,510,269
Committed	(6,390,906)	-	-	-	-	-	-	(9,438)	(24,825)	(595,122)
Assigned	\$ 74,595,743	\$ 57,654,312	\$ 62,056,130	\$ 65,475,576	\$ 67,907,176	\$ 71,087,393	\$ 73,622,943	\$ 82,941,046	\$ 96,885,761	\$ 92,497,418
Unassigned										
Total all other governmental funds										

Note: ¹ The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

² 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	\$ 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	\$ 94,720,423
Licenses and permits	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	3,181,487
Fines and forfeitures	1,718,092	2,726,824	1,249,687	2,337,703	1,876,686	1,878,579	1,706,515	1,806,258	1,580,309	1,132,232
Intergovernmental	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	39,336,033
Investment income	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	6,591,402
Charges for services	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	18,785,099
*Other	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	2,875,861
Total revenues	139,373,017	131,638,994	131,171,083	137,823,019	137,210,275	146,065,120	149,310,554	151,003,699	169,110,236	166,622,337
Expenditures										
Current:										
Legislative and Advisory	180,050	219,289	275,664	207,903	264,854	294,088	298,748	296,548	327,843	282,191
Executive	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	4,949,359
Finance	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	1,559,129
Human resources	542,742	986,692	993,835	868,575	1,017,017	1,431,434	1,023,566	1,200,631	1,800,940	1,767,689
Law	702,882	592,192	1,027,329	1,116,788	692,338	1,133,882	1,272,898	1,272,770	1,464,430	1,240,867
Planning and Development services	2,640,564	2,426,783	1,878,237	2,604,498	2,755,399	3,047,840	2,955,960	3,191,261	3,919,849	4,201,831
Community Development	35,884,630	32,372,627	32,516,830	31,197,117	26,476,837	26,457,500	26,505,452	28,619,020	34,259,733	30,404,751
Fire services	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	30,053,612
Police services	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	47,183,454
Public works	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	20,944,860
Nondepartmental	5,000,249	5,134,037	12,171,647	7,516,587	7,516,587	4,532,327	5,879,195	6,170,178	5,329,057	5,169,323
Capital Outlay	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	24,823,151
Debt service:										
Principal	1,324,504	6,033,970	275,131	397,268	746,689	927,301	963,929	988,971	1,014,954	1,232,812
Interest	1,306,025	766,981	204,899	186,276	358,575	343,902	307,273	282,531	256,548	318,356
Total expenditures	134,599,811	126,187,191	131,800,491	130,303,624	132,835,944	137,398,830	137,965,661	139,303,155	154,331,316	174,131,385
Excess (deficiency) of revenues over (under) expenditures	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	(7,508,848)
Other financing sources (uses):										
Issuance of Debt	119,428	-	-	44,352	-	71,185	-	-	1,700,000	1,305,000
Gain (loss) on sale of assets	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	12,153,050
Transfers in	(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)	(14,181,352)
Transfers out	75,860	78,766	79,692	-	-	-	-	-	-	-
Proceeds from long-term debt issuance	-	-	-	-	-	-	-	-	-	-
Capital Leases**	-	-	-	-	-	-	-	-	-	5,716
Total other financing sources (uses)	(1,465,852)	(533,196)	(936,217)	(2,014,347)	(3,185,186)	(2,156,838)	(3,434,006)	(2,902,823)	1,463,296	(717,586)
Extraordinary/Special Item:										
Assets transferred to/liabilities assumed by Successor Agency/Housing Successor	-	(12,674,287)	(1,565,625)	-	3,781,351	863,212	(871,177)	-	-	-
Net change in fund balances	3,307,354	(7,755,680)	(1,565,625)	5,505,048	4,970,496	7,372,664	7,039,710	8,797,721	16,242,216	(8,226,434)
Beginning fund balance	\$ 85,001,655	\$ 88,309,009	\$ 80,553,329	\$ 78,987,704	\$ 84,492,752	\$ 89,463,248	\$ 96,835,912	\$ 104,004,607	\$ 112,802,328	\$ 129,044,544
Prior period adjustments	-	-	-	-	-	-	128,985	-	-	-
Ending fund balance	\$ 88,309,009	\$ 80,553,329	\$ 78,987,704	\$ 84,492,752	\$ 89,463,248	\$ 96,835,912	\$ 104,004,607	\$ 112,802,328	\$ 129,044,544	\$ 120,818,110
Debt service as a percentage of noncapital expenditures	2%	6%	0%	0%	1%	1%	1%	1%	1%	1%

Note: Planning and Development Services were previously reported under Development Services.

*Contributions included into "other" Revenue

**Starting FY19/20 Capital Leases were added

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	Nonutility Utilities	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Nonutility Utilities	Less: Exemptions	Taxable Assessed Value	
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%
2020	11,888,434,861	200,094,718	139,100	(1,121,127,644)	10,967,541,035	461,080,073	76,572,581	132,692	(52,714,453)	485,070,893	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.

¹ 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>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>	<u>2020</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
Vallejo Flood & Wastewater Dis	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474
Total Prop. 13 Direct Rate	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. GOB 2018 Ser 2019	-	-	-	-	-	-	-	-	-	0.05337
Vallejo U.S.D. 2002-A GOB Refunding	0.07544	0.06555	0.06576	0.06850	0.06358	0.06144	0.06092	0.05450	0.05345	0.05179
Vallejo U.S.D. Measure A 2002	0.01741	0.01609	0.01261	0.01250	0.00853	0.00730	0.00660	-	-	-
SCC GOB Series 2005-A	0.01636	0.01711	0.01768	0.01820	0.01299	-	-	-	-	-
Vallejo U.S.D. Measure A 2004	0.01258	0.01258	0.01187	0.01305	0.01086	0.01007	0.00943	-	-	-
Vallejo U.S.D. Measure A - 2006	0.00804	0.00649	0.00646	0.00711	0.00588	0.00544	0.00519	-	-	-
SCC GOB Series 2006B	0.00309	0.00304	0.00292	0.00276	0.00208	0.00178	0.00086	0.00082	0.00070	0.00073
SCC GOB 2012 Series A	-	-	-	0.01384	0.01337	0.01232	0.01297	0.00487	0.00499	0.00512
SCC GOB 2012 Series B	-	-	-	0.00475	0.00387	0.00326	0.00337	0.00293	0.00322	0.00314
SCC GOB 2012 Series C	-	-	-	-	-	-	-	-	0.01451	0.00812
SCC GOB 2014 Ref Series A	-	-	-	-	0.00131	0.00148	0.00218	0.00176	0.00163	0.00147
SCC GOB 2014 Ref Series B	-	-	-	-	0.00309	0.01607	0.01566	0.01405	0.01383	0.01347
Vallejo USD 2017 GOB Refunding	-	-	-	-	-	-	-	0.01453	0.01687	0.01624
Total Voter Approved Rate	0.15292	0.14086	0.13730	0.16070	0.14556	0.13917	0.13718	0.11345	0.12921	0.17344
Total Direct Rate	<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>	<u>1.17344</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

Top 10 Principal Property Tax Payers

Current Year and Nine Years Ago

Taxpayer	2020		2011	
	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	\$ 115,123,969	1.01%	\$ 93,536,231	1.23%
Park Management Corp.	91,348,685	0.80%	60,414,650	0.80%
WRPV XIII BV Vallejo LLC	64,461,500	0.56%		
Prime Ascot LP	62,910,591	0.55%		
Invitation Homes Inc	58,438,188	0.51%		
Colony Starwood Homes	56,338,658	0.49%		
Sundance-Vallejo	37,169,125	0.32%		
GTL Properties LLC	34,618,215	0.30%		
Ogino LLC	33,435,118	0.29%	24,743,933	0.33%
MG Sterling Vill Apartments GWP LP	33,335,491	0.29%		
Belvedere Homes LLC			27,380,467	0.36%
Lennar Mare Island			27,116,053	0.36%
K W Vallejo Tick LLC			24,806,722	0.33%
Hart Sterling Village Apartment LLC			23,305,000	0.31%
KRC Park Place LP			19,658,210	0.26%
Alsarion Land Company Vallejo			18,765,587	0.25%
Braddock and Logan Group II LP			18,012,211	0.24%
Top Ten Totals	<u>\$ 587,179,540</u>	<u>5.13%</u>	<u>\$ 337,739,064</u>	<u>4.47%</u>

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
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	20,452,300	20,208,077	98.81%	not available	not available	n.a.
2020	21,358,167	21,153,216	99.04%	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 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	Calendar Yr 2019 Totals	YTD % change
Retail Group	\$ 360,763	\$ 345,862	\$ 605,365	\$ 758,982	\$ 729,060	\$ 774,468	\$ 824,990	\$ 885,616	\$ 923,646	\$ 981,231	7%
Apparel Stores	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	5,570,340	-3%
Auto Dealers and Supplies	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	2,468,316	8%
Building Materials	176,892	191,552	338,120	395,157	471,278	496,641	707,335	778,821	835,848	976,190	10%
Drug Stores	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	3,937,422	6%
Eating and Drinking Places	466,673	503,023	912,903	1,139,899	1,209,115	1,291,787	1,119,244	1,078,298	1,050,666	1,089,395	-4%
Food Stores	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	4,082,252	10%
Furniture and Appliances	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	1,581,365	3%
General Merchandise	466,542	449,602	985,360	1,290,156	1,305,731	1,314,263	1,455,179	1,352,784	1,304,694	1,290,973	-7%
Other Retail Stores	82,831	86,022	158,442	180,317	209,710	239,682	456,275	499,274	502,401	544,262	9%
Packaged Liquor	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	3,537,746	14%
Service Stations	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	26,059,492	4%
Total Retail Group	21,303	4,923	42,407	55,142	46,717	51,216	51,364	57,387	65,079	72,385	12%
Non-Store & Part Time Retailers	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	2,143,654	-2%
Business, Service & Repair Group	163,573	204,032	275,750	257,457	361,198	357,650	401,239	504,756	606,858	492,097	26%
Manufacturer & Wholesaler Group	-	-	39,633	46,141	56,577	139,697	69,264	73,008	93,809	80,769	5%
Contractions & Material	83,322	13,172	(27,521)	54,641	55,199	35,418	46,837	48,721	68,149	77,273	4%
Food/Farm Products & Equip	1,483	1,578	9,266	15,756	19,400	18,527	20,396	27,061	35,012	32,599	33%
Furniture & Textiles	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Heavy Industrial Equipment	101,367	76,267	227,485	295,961	316,909	370,663	288,567	271,420	282,459	344,467	-6%
Industrial Equipment	3,497	4,252	296,596	420,478	404,424	487,063	494,907	422,262	450,338	695,113	-15%
All Other Equipment	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	1,790,080	2,053,169	#N/A
Total Mfg & Wholesale Group	(116)	(273)	509	5,675	3,205	(10,290)	10,508	(2,910)	16,390	463,520	-128%
State Adjustments & Transfers	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	28,664,196	30,792,220	#N/A
Total Sales All Outlets	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	26,059,492	4%
Retail Group	21,303	4,923	42,407	55,142	46,717	51,216	51,364	57,387	65,079	72,385	12%
Non-Store & Part Time Retailers	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	2,143,654	-2%
Business, Service & Repair Group	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Manufacturer & Wholesaler Group	(116)	(273)	509	5,675	3,205	(10,290)	10,508	(2,910)	16,390	463,520	-128%
State Adjustments & Transfers	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	28,664,195	30,792,220	#N/A
Total Point of Sale	1,146,988	1,316,169	1,185,156	1,510,000	1,634,979	1,738,288	1,738,288	1,833,341	1,959,479	2,333,241	5%
County Pool	4,915	1,701	6,051	7,149	10,111	10,358	3,648	5,805	7,274	6,567	59%
State Pool	10,364,387	11,162,889	11,799,325	12,781,159	13,546,345	13,546,345	14,056,183	14,593,221	15,065,837	16,185,123	4%
Sales Tax Receipts	-	-	8,389,861	12,257,300	13,035,854	13,639,919	14,345,109	14,911,190	15,565,111	16,966,905	4%
Transaction & Use Tax (MEASURE B)	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	33,132,028	4%
Total Receipts	\$ 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	\$ 33,132,028	4%

Sources: HDL Report

Top 25 Principal Sales Tax Payers

CALENDAR YEARS 2019 and 2009

IN ALPHABETICAL ORDER

2019	2009
Arco	Alamillo Rebar
Au Energy Shell Station	Avery Greene Honda
Autolinx	Barber Chrysler Dodge Jeep
Avery Greene Honda	Best Buy
Best Buy	Chevron
Costco	Costco
Foster Lumber Yard	First Capitol Auction
G & M Oil	Food 4 Less
Home Depot	Foster Lumber Yard
Kohls	Home Depot
Lowe's	Kohls
Marshalls	Marshalls
McDonalds	McDonalds
N & M Market	Ross
Ross	Safeway
Safeway	Safeway Fuel
Safeway Fuel	Shell/Texaco
San Francisco Bay Area Emergency Transportation	Six Flags Discovery Kingdom
San Francisco Bay Area Water Emergency Trans	Target
Six Flags Discovery Kingdom	Team Chevrolet Cadillac Hyundai Mazda
Target	Toyota Vallejo
Team Chevrolet Cadillac Mazda Hyundai	Valero
Toyota Vallejo	Vallejo Nissan
Tributary Point Arco	Walgreens
Vallejo Nissan	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 ³					Total Primary Government	Percentage of Personal Income ²	Debt Per Capita ²
	RDA Tax Allocation Bonds ¹	Certificates of Participation	Loans & Notes Payable	Capital Lease Obligations	Total Governmental Activities	Revenue Bonds	Certificates of Participation	Loans & Notes Payable	Capital Lease Obligations	Total Business-type Activities			
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
2020	-	2,612,865	14,527,540	106,465	17,246,870	35,222,600	-	18,842,322	634,937	54,699,859	71,946,729	2.02%	604

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

¹ 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.

² These ratios are calculated using personal income and population for the current calendar year.

³ 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.

Ratio of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value ²	Per Capita ³
	General Obligation Bonds	RDA Tax Allocation Bonds ¹	Total		
2011	\$ -	\$ 10,091,320	\$ 10,091,320	0.13%	87
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ 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.

² Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

³ These ratios are calculated using personal income and population for the current calendar year.

Direct and Overlapping Debt**June 30, 2020**

FY 2019-20 Assessed Valuation Citywide Total		\$ 11,452,611,928	
Successor Agency Incremental Valuation		(485,070,893)	
FY 2019-20 Adjusted City-Only Assessed Valuation		<u>\$ 10,967,541,035</u>	
			City's Estimated
	Percentage	Total	Share of
	Applicable ¹	Outstanding	Overlapping
		Debt 6/30/20	Debt 6/30/20
Overlapping Tax and Assessment Debt:			
Solano County Community College District	20.396%	\$ 279,775,699	\$ 57,063,052
Vallejo Unified School District	98.050%	82,120,000	80,518,660
Vallejo Unified School District CFD No. 2	100.000%	14,893,110	14,893,110
City of Vallejo Hiddenbrooke Improvement District No. 1998-1	100.000%	9,670,000	9,670,000
City of Vallejo 1915 Act Bonds	100.000%	4,805,000	4,805,000
Total overlapping debt repaid with property taxes		<u>391,263,809</u>	<u>166,949,822</u>
Direct and Overlapping General Fund Debt:			
Solano County Certificates of Participation	19.733%	61,760,000	\$ 12,187,101
Solano County Pension Obligation Bonds	19.733%	20,375,000	4,020,599
Vallejo Unified School District Certificates of Participation	98.050%	16,793,986	16,466,503
City of Vallejo General Fund Obligations	100.000%	32,875,443 ³	32,875,443
Total Direct and Overlapping General Fund Debt		<u>131,804,429</u>	<u>65,549,646</u>
Overlapping Tax Increment Debt (Successor Agency):	100.000%	<u>\$ 3,325,000</u>	<u>3,325,000</u>
Total City Direct Debt			<u>32,875,443</u>
Total overlapping debt ²			<u>\$ 202,949,025</u>
Combined Total Debt			<u>\$ 235,824,468</u>

Notes:

¹ 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.

² Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2019-20 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.46%
Total Direct Debt (\$32,875,443)	0.29%
Combined Total Debt	2.06%

Ratios to Redevelopment Successor Agency Incremental Value:

Total Overlapping Tax Increment Debt	0.69%
--------------------------------------	-------

³ Includes Governmental Activities Debt plus the UBOC Reimbursement Obligations of \$18,827,005 listed under Business-type activity debt, which have a General Fund pledge of repayment.

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year Ended, June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed valuation	\$ 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	\$ 10,967,541,035
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	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	2,741,885,259
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	\$ 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	\$ 411,282,789
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 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	\$ 411,282,789
Total debt applicable to the limit as a percentage of debt limit ¹	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

¹ Section 43605 of the California Government Code for General Obligation bonds.

**Pledged Revenue Coverage
Last Ten Fiscal Years**

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	
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
2020	33,045,459	21,427,700	11,617,759	2,310,426	328,475	317,450	-	907,072	-	2,706,000	-	-	6,569,423	1.77

Wastewater

Data source - Vallejo Sanitation and Flood Control District Comprehensive Annual Financial Report

Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment / ROPS	Former Agency / Successor Agency (a)		Coverage
		Principal	Debt Service (b) Interest	
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
2020	1,386,152	650,000	241,975	1.55

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)
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%
2020	119,063	3,558,198	29,885	11.3%

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	2020		2011	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Kaiser Permanente Medical Center**	4,102	7.44%	3,906	6.88%
Six Flags Discovery Kingdom	1,500	2.72%	1,600	2.82%
Vallejo Unified School District	1,200	2.18%	1,600	2.82%
Kaiser Permanente Call Center	N/A	N/A	950	1.67%
Sutter Solano Medical Center*	635	1.15%	690	1.21%
Touro University California	579	1.05%	385	0.68%
City of Vallejo	542	0.98%	574	1.01%
U.S.D.A Forest Service Region 5	500	0.91%	300	0.53%
California Maritime Academy	358	0.65%	N/A	N/A
Safeway (3 Locations)	318	0.58%	N/A	N/A
Costco	286	0.52%	N/A	N/A
Petrochem Corporate Headquarters	N/A	N/A	225	0.40%
CA Highway Patrol, Regional Off	N/A	N/A	400	0.70%

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: MuniServices LLC / and Avenue Insights & Analytics Company

* Includes full and part time employees.

**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									
	<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>	<u>2020</u>
General government	40.0	48.5	60.0	61.0	65.6	61.0	60.5	63.5	80.0	90.0
Public safety	195.0	192.0	226.0	236.0	242.0	244.0	257.0	258.0	259.0	283.0
Public works	59.0	60.3	62.0	68.0	68.0	71.0	72.5	71.5	73.0	73.5
Mare Island Coop/CFD	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Planning & Development Services	22.0	20.0	18.0	17.8	20.8	21.0	24.0	25.0	21.0	24.0
Housing	17.0	17.0	17.0	15.0	14.0	14.0	15.0	15.0	17.0	15.0
Solid Waste Disp	-	-	-	-	-	-	-	-	-	-
Landscape District	4.0	4.0	4.0	5.0	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	3.5	4.5	4.0	5.0
Water	103.0	103.0	104.0	104.0	106.0	106.0	106.0	108.0	114.0	118.5
Transportation	5.0	5.0	2.0	-	-	-	-	-	-	-
Marina	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Corp Yard	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	8.0
Fiber	-	-	-	-	-	-	1.0	1.0	-	-
Parking Structure	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	<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>	<u>629.0</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 20-21 Adopted Budget

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Arrests	3,133	3,643	3,522	3,738	4,182	4,103	3,775	2,679	2,178	2,377
Parking citations issued	4,532	4,385	1,163	3,778	3,679	3,131	2,984	5,074	10,749	1,940
Fire:										
Number of emergency calls	12,119	12,546	12,970	12,992	14,339	14,307	14,389	14,866	13,942	14,238
Inspections (Fire Prevention)	675	2,122	2,667	3,925	3,242	2,372	2,417	2,352	1,500	3,127
Inspections (Code Enforcement) ¹	5,567	2,623	7,074	9,586	9,055	11,334	11,822	11,125	6,507	8,025
Public works:										
Street resurfacing (miles)	55.0	5.6	6.6	3.2	9.03	3.87	7.0	1.25	42.50	2.00
Water:										
New connections	51	42	5	10	45	66	63	48	70	28
Average daily consumption (thousands of gallons)	17,698	16,976	17,806	17,371	15,637	14,216	14,801	15,761	15,630	16,334
Development Services:										
Building permits	1,791	1,797	2,176	2,444	2,816	3,244	3,221	3,369	3,163	2,918
Housing Rental units ²	2,292	2,194	2,292	2,292	2,306	2,333	2,333	2,333	2,333	2,348
Housing Vouchers ³	2,149	2,292	2,133	2,062	1,953	1,976	1,926	1,898	1,835	1,783
Golf course:										
Golf rounds played	65,470	66,133	73,077	73,835	70,795	69,803	56,738	75,882	78,715	75,703

¹ Function transferred to Code Enforcement.

² Amounts listed represent the number of rental units contracted.

³ Amounts listed represent actual vouchers issued.

Source: City of Vallejo

CITY OF VALLEJO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

	Fiscal Year Ended June 30									
	<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>	<u>2020</u>
Police:										
Stations	3	3	3	4	4	5	5	5	5	6
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	123	123	123	125	124	124	124	121	121
Water:										
Water mains (miles)	624	624	624	624	624	624	624	624	624	624
Maximum daily capacity										
(thousands of gallons) ¹	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,500
Golf Course:										
Municipal golf courses	2	2	2	2	2	2	2	2	2	2

¹ 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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