

The City of Vacaville

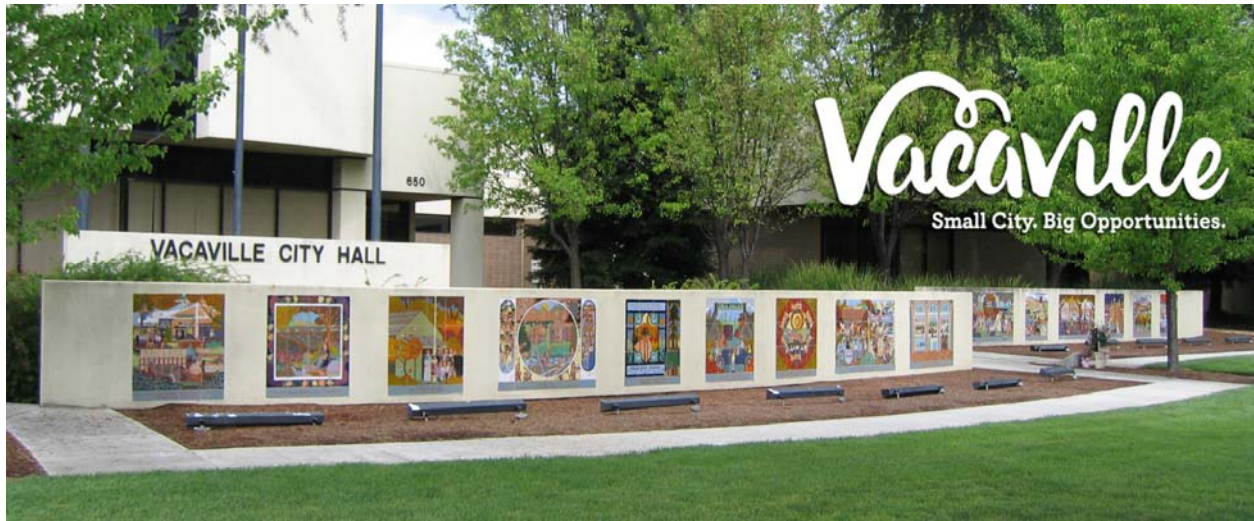


Annual Comprehensive Financial Report

Vacaville, California



Fiscal Year Ended June 30, 2021



City of Vacaville, California

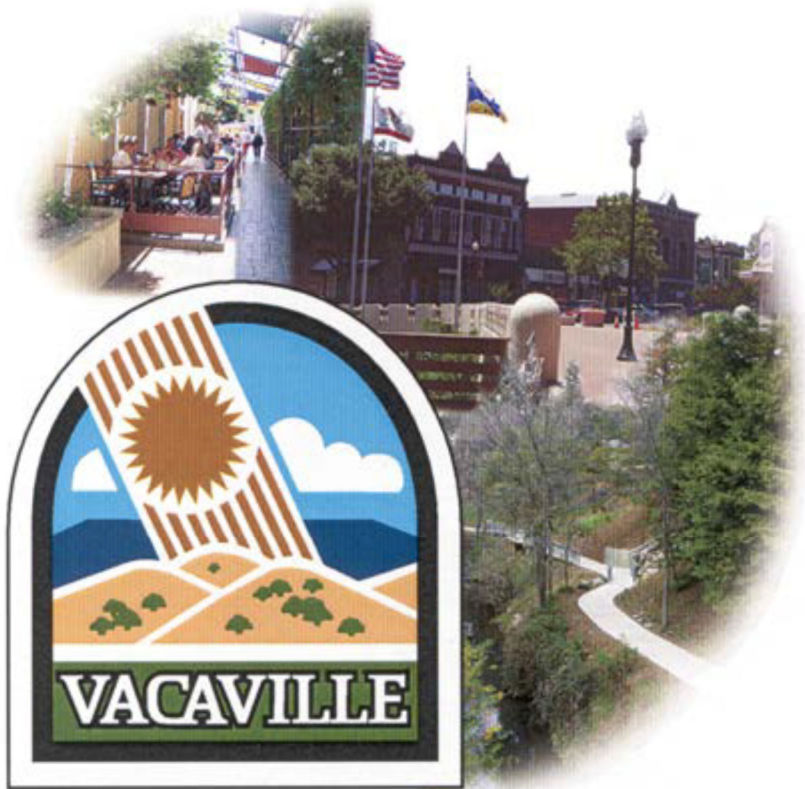
Annual Comprehensive Financial Report

For the Fiscal Year Ended

June 30, 2021

Prepared by:

Finance Department



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CITY OF VACAVILLE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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ESTABLISHED 1850

CITY OF VACAVILLE
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RON ROWLETT
Mayor, Member-At-Large

JASON ROBERTS
Vice Mayor, District 5

ROY STOCKTON
Council Member, District 1

GREGORY RITCHIE II
Council Member, District 2

DAVID SILVA
Council Member, District 3

NOLAN SULLIVAN
Council Member, At-Large

JEANETTE WYLIE
Council Member, District 6

April 26, 2022

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Vacaville:

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Vacaville (the City) for the fiscal year ended June 30, 2021.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Lance, Soll & Lunghard, LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2021. The independent auditor's report is presented as the first component of the financial section of this ACFR.

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

Management has provided a narrative introduction, overview, and overall analysis of the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). The MD&A should be read in conjunction with this letter of transmittal. The City's MD&A can be found immediately following the Independent Auditors Report.

Profile of the City

The City of Vacaville, incorporated in 1892, is located in northern Solano County on the I-80 corridor, roughly midway between San Francisco and Sacramento and occupies a land area of roughly 28 square miles. The Napa wine country lies an hour to the west and Lake Tahoe two hours to the east. Vacaville is the third largest city in Solano County with the State of California Department of Finance estimating the population as of January 1, 2021 at 98,041.

The City operates under the council-manager form of government. It is classified as a general law city because it is reliant upon California state law to define procedural regulations utilized by the City Council. The mayor and council members are elected to staggered four-year terms through a general election process. In January 2021, the City transitioned from a five member at-large council to a district-based council with seven members including the mayor. The City Council serves as the primary governing body. The City Council's responsibilities include, but are not limited to: passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, overseeing the day-to-day operations of the City, and appointing Directors of the various City departments. The City Council is elected on a non-partisan basis.

The City provides a full range of services which include general government, public safety (police, fire, disaster preparedness, emergency medical, ambulance transport and building inspection), construction and maintenance of streets, economic development, culture and recreation, parks, water, sewer, transportation, housing assistance and neighborhood revitalization. In addition to general City activities, the Council is financially accountable for the former Vacaville Redevelopment Agency/Successor Housing, Vacaville Housing Authority and the Vacaville Public Financing Authority. Therefore, these entities are included as an integral part of the City's financial statements. Additional information on these legally separate entities can be found in Note 1 in the Notes to the Financial Statements.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed budget to the City Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, which is the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Department directors may make transfers of appropriations within a department. The City Manager has certain authority to transfer appropriations between departments and funds, as long as overall appropriations remain within the amounts adopted by the City Council. (The City's budgetary procedures are more fully discussed later under the Required Supplementary Information section of the ACFR.) Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. This comparison is also presented as part of the Required Supplementary Information beginning on page 103 of this ACFR.

Local economy. Originally founded as an agricultural and rail shipping area, Vacaville has developed substantial retail and commercial activity matched with solid, well-considered residential growth. Vacaville is strategically located in Solano County midway between Sacramento and San Francisco and is home to over 98,000 residents (including prisoners housed in the California State Department of Corrections and Rehabilitation penal and medical facilities located in Vacaville.) Vacaville's population is well educated with approximately 89% of the population over the age of 25 having at least a high school degree and over 23% of the same demographic having at least a bachelor's degree. The unemployment rate in Vacaville, one of the lowest in Solano County, decreased from 11.3% at the end of fiscal year 2020 to 8.2% at the end of fiscal year 2021 as the City similar to the rest of the world began to recover from the pandemic. Health care remains the top industry in the City while Kaiser Permanente, Amazon Services, and Genentech are three of the largest principal employers. Retail, food services, and wholesalers are also among the top industries. Several global pharmaceutical companies, including Genentech which has one of the world's largest biotech manufacturing facilities, along with Janssen, a subsidiary of Johnson and Johnson and RxD Nova Pharmaceuticals call our City home. Additionally, Agenus, a Massachusetts-based company that discovers, manufactures, and develops immune-oncology products recently acquired 120 acres in the city for its future campus. Vacaville is also home to many retail opportunities, from the Nut Tree, California's Legendary Road Stop, to the Vacaville Premium Outlets, which features stores such as Coach, Nike, and many others.

While the City has felt the negative fiscal impacts of the pandemic on our local economy, the long-range economic outlook for the City remains strong. The City has excess capacity for continued commercial and residential development. Vacaville is also within 60 miles of some of California's most prestigious educational institutions, including the University of California, Davis; University of California, Berkeley; California State University, Sacramento; and St. Mary's College. These institutions produce some of the top talents in the Bay Area creating a diverse economic base providing Vacaville residents with excellent services and great job opportunities. The City has excellent freeway access and is home to the Nut Tree Airport, which is the only general aviation airport on the I-80 corridor between the Bay Area and Sacramento. The housing market in Vacaville is diverse, with a nice mix of single family homes, apartments, and other forms of housing. Vacaville has an area of the City designated for seniors 55 and over and continues to expand development. The housing stock remains affordable relative to the rest of the Bay Area, which is part of what makes this City so attractive to people raising a family.

Priorities for the future. The City's most recent strategic plan was adopted on February 23, 2021 and includes five strategic goals with associated initiatives. This strategic plan unifies the Council's priorities for the next several years. These initiatives were created as a result of various study sessions held by the Council prior to the pandemic:

Strategic Plan Goal #1 – Ensure Public Safety

Meet the needs and expectations of all residents and businesses and integrate health and public safety into the fabric of the Vacaville community.

- Initiative 1a – Manage the Constantly Changing Paradigm for Polices Services
- Initiative 1b – Manage the Increasing Call Volumes for Fire/Emergency Medical Services

Strategic Plan Goal #2 – Strengthen the Local Economy

Our businesses will grow locally through public/private partnerships, create local job growth to support livable wages and a greater tax base to fund services for Vacaville stakeholders.

- Initiative 2a – Articulate a Current Economic Development Program
- Initiative 2b – Manage Impacts from Growth

Strategic Plan Goal #3 – Protect Vacaville’s Quality of Life

Promote and protect Vacaville’s quality of life as viewed by a diverse population and their respective needs.

- Initiative 3a – Promote Housing for All

Strategic Plan Goal #4 – Maintain Effective and Efficient Services

Within established fiscal constraints of the City, we provide effective and efficient services using outcomes and data as measures of the goal and attainment of it.

- Initiative 4a – Ensure Fiscal Sustainability
- Initiative 4b – Rebuild City Support Services
- Initiative 4c – Build a Positive Organizational Culture and Workforce

Strategic Plan Goal #5 – Promote Community Engagement and Increased Equality and Inclusion

Create and implement a comprehensive Community Engagement Plan to enhance public dialogue and trust between the Organization and the Community.

Long-term financial planning. To ensure the City can continue to provide the same high quality infrastructure enjoyed by existing residents, the City updates its Capital Improvement Program (CIP) annually, based upon the future capital and infrastructure needs as forecasted in the City’s long-range development impact fee (DIF) analysis, along with other capital and technology planning documents. The proposed CIP budget for the upcoming fiscal year is a little over \$51 million with planned improvements to the City’s community centers and facilities; preliminary design, design, and construction of the existing Vaca Valley Parkway/I-505 interchange; Browns Valley Parkway Widening; Road Repair and Accountability Act (SB1), maintenance preparation, design, and construction for resurfacing various City streets; Roberts Ranch Community Park; Vanden Meadows, Corderos, Alamo Creek, Pheasant County, Sierra Vista, Trower and Meadowlands Park improvements; and additional funding to replace sewer infrastructure on Cooper School Road, Christine Drive, and Ulatis Drive to accommodate growth. Funding comes from multiple sources, including existing funds; Successor Agency bond funds; utility operating and loan funds; and regional, state and federal grant funds. Water, wastewater and transportation infrastructure and funding plans are projected out over five to ten-year horizons.

Relevant financial policies. In November 2015, the City Council adopted a financial policy for the funding of Other Post-Employment Benefits (OPEB). The City offers OPEB to its employees in the form of retiree health care. In the past, the City paid the cost of the benefit each year as the premiums came due. Beginning with fiscal year 2016 the financial policy established a goal of increasingly funding a percentage of the actuarially determined employer contribution (ADC) in each successive year until full ADC funding was reached in fiscal year 2020. The policy includes a hardship exemption which allows the ADC funding goal to be suspended if the General Fund reserve is projected to reach below 10%. For fiscal year 2021, the funding goal was 100% of the ADC, which the City met. The City has been able to fully fund its ADC for the last four fiscal years ahead of the schedule laid out in the funding policy.

In 2011, the City Council established a policy of maintaining an operating reserve in the General Fund equal to at least 20% of ongoing operating expenditures. Improving property and sales tax revenues, including Measure M, have enabled the City to meet its reserve target the last several fiscal years. Despite the negative fiscal impact of the pandemic, the General Fund ended fiscal year 2020/2021 with a reserve level – excluding funds set aside for capital improvements - over 60%.

As noted above, it is the policy of the City to fund ongoing municipal services with ongoing revenues without relying on the use of reserves or other one-time sources of funding. In November 2016, voters approved an extension of the Measure M general sales tax which added 20 years to the sales tax measure and increased the effective rate from ¼ cent to ¾ cent. This extension went into effect on April 1, 2018 and the City received its first full year of the renewed Measure M proceeds in 2019.

Major initiatives. Spending priorities and projects for the new Measure M sales tax were compiled based on the City's strategic plan, the Use of Funds statement that was part of the 2016 ballot materials, and input from the public. These priorities, which include ensuring public safety, strengthening the local economy, protect Vacaville's quality of life, maintain effective and efficient City services, and to promote community engagement and increased equity and inclusion. In preparation for the development of the upcoming fiscal year budget, the City held a special City Council meeting to conduct a Measure M study session. As a result of the study session, a number of new programs and projects were proposed in next year's budget. Highlights include: Community Enhancement Projects such as homeless services and funds to implement the Downtown Specific Plan; Equity, Diversity, and Inclusion (EDI) initiatives; and improvements to eight park projects throughout the City that can be completed within the next two years. Additionally, the City is in the evaluation process for several long-range projects including the renovation of the popular Three Oaks Community Center and the development of a grass-field sports complex.

The City completed its draft biotech initiative in 2019, which sets the tone to attract future biotech companies to Vacaville. Biotech is one of four target areas for the City's economic vitality strategy, which also includes advanced manufacturers such as Icon Aircraft, food processors, and logistics companies such as Amazon. During the 2019/20 fiscal year, Council approved Phase One and Phase Two of the City's biotech attraction initiative. Phase One of the strategy included an in-depth analysis of the life science and advanced manufacturing industries, recommendations for new branding efforts and new unique zoning for Vacaville, and a proposed marketing plan. Phase Two of the plan included setting up a non-profit organization and establishing new branding and marketing materials.

While revenues have improved, the City continues to carefully prioritize spending to meet critical needs over the long-term. The City's management team continues to look for ways to develop a more sustainable fiscal framework and implement long-term solutions that will address the City's long-term pension and OPEB liabilities.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. This was the twenty-ninth (29th) consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In 2020, the City was awarded its sixth consecutive GFOA award for its Popular Annual Financial Report (PAFR). We will continue to produce the PAFR each year and believe the current document will again be eligible for the GFOA PAFR award for fiscal year 2021.

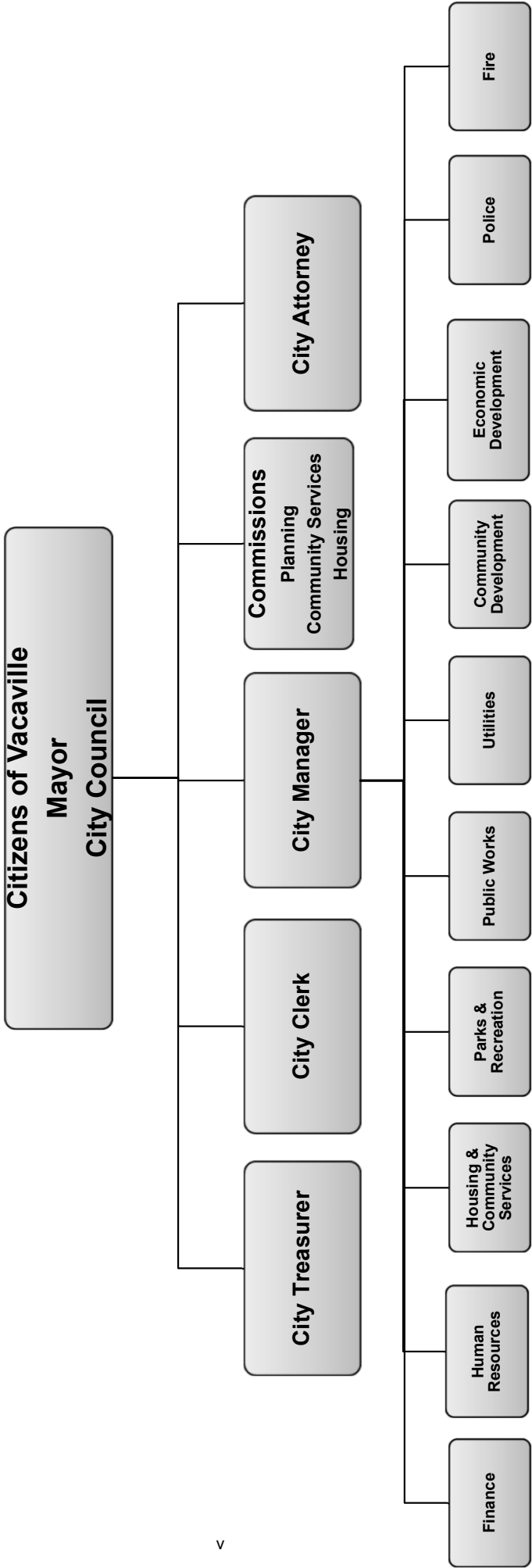
The preparation of this report would not have been possible without the highly professional and dedicated services of the entire Accounting staff in the Finance Department. The commitment and effort of each employee made this report possible. Credit must also be given to the Mayor, City Council, City Manager, and Deputy City Manager for their unfailing support in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Ken Matsumiya
Director of Finance

City of Vacaville Organizational Chart





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City of Vacaville
List of Elected and Appointed Officials
June 30, 2021

Elected Officials

Mayor, Member-At-Large	Ron Rowlett
Vice Mayor, District 5	Jason Roberts
Council Member, District 1	Roy Stockton
Council Member, District 2	Gregory Ritchie II
Council Member, District 3	Michael Silva
Council Member, At-Large	Nolan Sullivan
Council Member, District 6	Jeanette Wylie
City Treasurer	Jay Yerkes
City Clerk	Michelle Thornbrugh

Appointed Officials

City Manager	Aaron Busch
City Attorney	Melinda Stewart
Deputy City Manager	GeorgeAnne Meggers-Smith
Director of Finance	Ken Matsumiya
Director of Human Resources	Jessica Bowes
Fire Chief	Kristian Concepcion
Chief of Police	Ian Schmutzler
Director of Public Works	Vacant
Director of Economic Development	Don Burrus
Director of Community Development	Erin Morris
Director of Housing and Community Services	Emily Cantu
Director of Parks and Recreation	Kerry Walker
Director of Utilities	Curtis Paxton



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Vacaville
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Finance Department

Ken Matsumiya
Finance Director

Christa Groner
Executive Assistant

Leslie Hoover
Budget Manager

Doris Ayala
Finance Supervisor

Shery Enos
Finance Analyst

Cynthia Cervizzi
Finance Supervisor

Crystal Reams
Accounting Manager

John Collett
Budget Analyst

Shellie Muller
Finance Technician

Kristine Taylor-Molina
Finance Technician

Lydia DeValle
Finance Technician

Eric Kuban
Water Service Coordinator

Nora Grindle
Finance Technician

Micaela Armstrong
Accountant II

Ana Hernandez
Finance Assistant I

Beverly Banks
Finance Assistant I

Tiffany Gore
Finance Assistant I

Alma Pelate
Water Service Representative II

Keith Butler
Buyer I

Nanette Castaneda
Accountant II

Linda McCann
Finance Assistant I

Vacant
Finance Assistant I

Scott Rogers
Water Service Representative II

Jesenia Lopez
Finance Assistant I

Vacant
Senior Accountant

Cynthia Jennings
Finance Assistant I (PT)

Vacant
Finance Assistant I



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vacaville, California, (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Other Reporting Responsibilities

Required Supplementary Information

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



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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Other Information

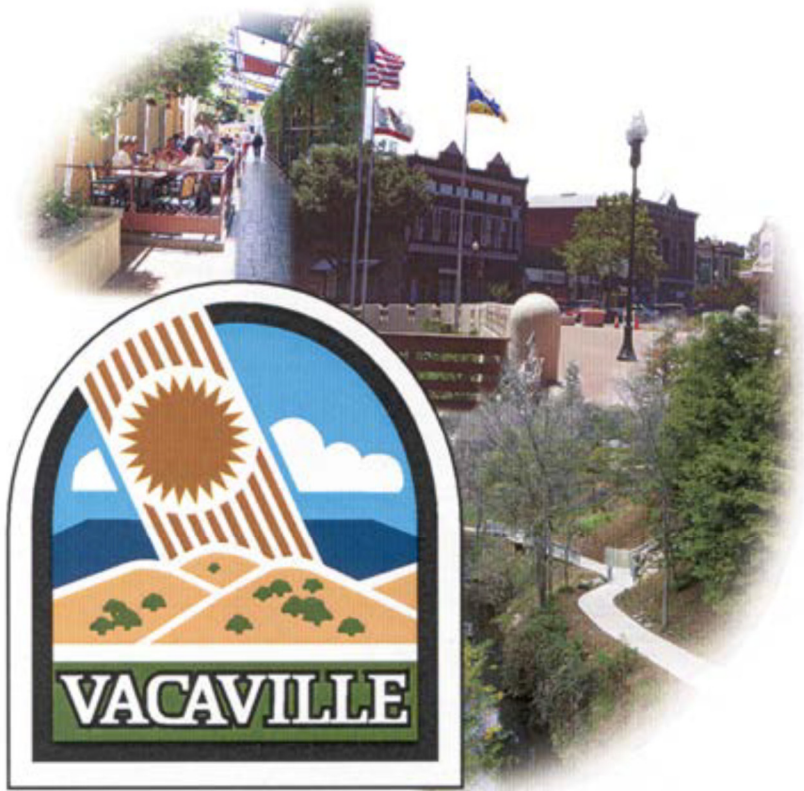
Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2022 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.

A handwritten signature in cursive script that reads "Lance, Solt & Lughard, LLP".

Sacramento, California
April 26, 2022



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CITY OF VACAVILLE
Management's Discussion and Analysis
For the year ended June 30, 2021

(Amounts expressed in thousands)

As management of the City of Vacaville (the City), we offer this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages i-iv of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at June 30, 2021 by \$777,393 (*net position*). Of this amount, the negative (\$22,675) (*unrestricted net position*) includes the City's net pension liability of \$250,450 and net OPEB liability of \$76,074. The remaining net position is *restricted* for specified purposes.
- Total net position increased by \$43,480 from the previous year. Net position in the governmental activities increased by \$25,817 primarily due increased sales tax revenue and increased grants and contributions. The City received over \$6 million in ARPA funding, \$1.2 million in CARES act funding and over \$1.4 million in additional Housing Assistance funds to assist in the COVID-19 relief. Net position in business-type activities also increased from the previous year by \$17,663 primarily due to water revenues and connection fees from new development.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$173,049, an increase of \$22,651 in comparison with the prior year. This increase in fund balance was mainly due to the increase in the General Fund, Capital Projects Fund and Special Program Fund. In the General Fund, the increase can be attributed primarily to an increase in sales tax and intergovernmental revenue for paramedic services. In the Special Projects Fund, the increase can be attributed primarily to CARES Act and ARPA funding to aid in the relief of COVID-19. In accordance with the implementation of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, fund balances are composed of three primary categories to increase the understanding of the availability of resources. The classifications establish a hierarchy based on the extent to which the City must observe constraints imposed upon the use of the resources that are reported. Applying governmental fund balances to the three primary categories, the City has less than 1% categorized as Nonspendable, 59% as Restricted, and 40% as Unrestricted (Committed, Assigned and Unassigned) fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements, comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains certain supplementary information.

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

The *statement of net position* presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the excess of assets and deferred outflows over liabilities and deferred inflows reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community development and community services. The business-type activities of the City include sewer, water and transit enterprise operations.

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The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Vacaville Housing Authority and Vacaville Public Financing Authority, for which the City is financially accountable. Although legally separate, these *component units* function for all practical purposes as departments of the City and therefore have been blended as part of the primary government.

Both the Governmental Activities and the Business-Type Activities are presented on the accrual basis of accounting, a basis of accounting that differs from the modified basis of accounting used in presenting governmental fund financial statements. Note 1 of the Notes to the Basic Financial Statements fully describes these bases of accounting. Proprietary funds, discussed below, also follow the accrual basis of accounting.

The government-wide financial statements can be found on pages 21-22 of this report.

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

Governmental funds. *Governmental funds* are used to account for 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.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Reconciliations to facilitate this comparison are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The major reconciling items relate to capital assets and debt. In the Governmental Funds, acquisitions of capital assets are treated as "expenditures" because upon purchase of a capital asset, cash used for the acquisition is no longer available for other purposes. The issuance of debt provides cash, which is now available for specified purposes. Accordingly, at the end of the fiscal year, the unrestricted fund balances of the Governmental Funds reflect spendable resources available for appropriation by the City Council. Spendable balances are not presented on the face of the government-wide financial statements.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Successor Housing, Housing Assistance, and City Projects funds, all of which are considered to be major funds. Data for the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and can be found on pages 121-127 of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided in supplemental information for the General Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 24-30 of this report.

Proprietary funds. The City maintains two different types of proprietary funds, enterprise and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Sewer, Water and Transit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central services, vehicle replacement, technology replacement, self-insured insurance programs and employee benefits management. These internal service funds benefit predominantly governmental rather than business-type functions, so they have been included within *governmental activities* in the government-wide financial statements. In previous fiscal years, the vehicle replacement fund was reported within the *business-type activities* due to the sewer and water functions being the primary users of the fund. A restatement was done in fiscal year 2017 to reclassify the net position of the vehicle replacement fund within the governmental activities. Internal service funds are presented as proprietary funds because both enterprise and internal service funds follow the accrual basis of accounting.

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Proprietary funds provide the same type of information as the government-wide financial statements (*business-type activities*), only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Water, and Transit operations, all of which are considered to be major funds of the City. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* and can be found on pages 135-137 of this report.

The basic proprietary fund financial statements can be found on pages 32-35 of this report.

Fiduciary funds. Fiduciary funds are used to 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. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on page 38-39 of this report. Individual fund data for the custodial funds is provided in the form of *combining statements* and can be found on pages 139-142.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-100 of this report.

Government-wide Financial Analysis

The following table presents a summarization of the City's assets, liabilities, deferred inflows and outflows of resources and net position for its governmental and business-type activities. As noted earlier, a government's net position may serve over time as a useful indicator of its financial position.

	GOVERNMENTAL ACTIVITIES		NET POSITION BUSINESS-TYPE ACTIVITIES		TOTAL	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 227,642	\$ 202,491	\$ 188,985	\$ 174,166	\$ 416,627	\$ 376,657
Capital assets	464,280	463,334	341,837	348,302	806,117	811,636
Total assets	691,922	665,825	530,822	522,468	1,222,744	1,188,293
Deferred outflows of resources	42,304	43,064	8,632	8,048	50,936	51,112
Total assets and deferred outflows of resources	734,226	708,889	539,454	530,516	1,273,680	1,239,405
Total liabilities	321,809	322,177	171,087	178,900	492,896	501,077
Deferred inflows of resources	2,853	6,403	538	1,450	3,391	7,853
Total liabilities and deferred inflows of resources	324,662	328,580	171,625	180,350	496,287	508,930
Net position:						
Net investment in capital assets	456,266	449,819	234,578	231,479	690,844	681,298
Restricted	102,153	90,985	7,106	7,106	109,259	98,091
Unrestricted	(148,855)	(160,495)	126,145	111,581	(22,710)	(48,914)
Total Net Position	\$ 409,564	\$ 380,309	\$ 367,829	\$ 350,166	\$ 777,393	\$ 730,475

As noted earlier, the City's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$777,393 on June 30, 2021, an increase of \$43,480 from June 30, 2020. By far the largest portion of net position, 89%, reflects the City's investment in capital assets (i.e., land, buildings, equipment, vehicles and infrastructure), less any related debt used to acquire those assets still outstanding, and net of any unspent bond proceeds and cash held in bond reserve accounts. The City uses these capital assets to provide municipal services to the community; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 14% of net position represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position (3%) may be used to meet the City's ongoing obligations to its citizens and creditors. Unrestricted net position for the City improved during the fiscal year but has been negative since the implementation of GASB Statement No. 68 – reporting of the long-term obligation for pension benefits as a liability - in fiscal year 2015.

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Total assets increased by \$34,451 primarily due to an increase in the cash and investments asset class. Cash inflows from the Measure M sales tax revenue continued to outpace cash outflows. Additionally, despite an increase in delinquent utility bill payments due to the COVID 19 pandemic, both the Sewer Utility and Water Utility funds saw an increase in cash and investments compared to the prior fiscal year.

The following is a condensed summary of activities of the City's governmental and business-type operations for the period ended June 30, 2021, with the prior fiscal year presented for comparative purposes. Also included are revenue and expense graphs to aid in understanding the results of the current year's activities.

CITY OF VACAVILLE'S CHANGES IN NET POSITION

(Expressed in Thousands of Dollars)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2021	2020	2021	2020	2021	2020
REVENUES:						
Program Revenues:						
Charges for services	\$ 22,225	\$ 19,718	\$ 59,209	\$ 57,361	\$ 81,434	\$ 77,079
Operating grants & contributions	25,494	20,466	2,459	2,521	27,953	22,987
Capital grants & contributions	32,586	19,293	18,091	15,949	50,677	35,242
General Revenues:						
Taxes:						
Property taxes	50,141	50,543	90	111	50,231	50,654
Sales taxes	46,319	38,932	-	-	46,319	38,932
Franchise taxes	5,160	4,898	-	-	5,160	4,898
Transient lodging tax	1,446	1,685	-	-	1,446	1,685
Business license tax	355	279	-	-	355	279
Excise tax	2,676	2,590	-	-	2,676	2,590
Interest and other	724	6,369	521	7,085	1,245	13,454
Total revenues	<u>187,126</u>	<u>164,773</u>	<u>80,370</u>	<u>83,027</u>	<u>267,496</u>	<u>247,800</u>

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CITY OF VACAVILLE'S CHANGES IN NET POSITION
(Expressed in Thousands of Dollars)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2021	2020	2021	2020	2021	2020
EXPENSES:						
Governmental activities:						
General government	13,839	16,155	-	-	13,839	16,155
Public safety	79,380	77,785	-	-	79,380	77,785
Public works	30,503	20,158	-	-	30,503	20,158
Community services	15,198	17,033	-	-	15,198	17,033
Housing	18,817	17,040	-	-	18,817	17,040
Interest on long-term debt	516	680	-	-	516	680
Business-type activities:						
Sewer	-	-	35,569	36,042	35,569	36,042
Water	-	-	23,301	22,524	23,301	22,524
Transit	-	-	3,455	3,708	3,455	3,708
Total expenses	<u>158,253</u>	<u>148,851</u>	<u>62,325</u>	<u>62,274</u>	<u>220,578</u>	<u>211,125</u>
Increase in net position before transfers	28,873	15,922	18,045	20,753	46,918	36,675
Transfers	<u>382</u>	<u>(974)</u>	<u>(382)</u>	<u>974</u>	<u>-</u>	<u>-</u>
Increase in net position	29,255	14,948	17,663	21,727	46,918	36,675
Prior Period Adjustment	(3,438)	-	-	-	(3,438)	-
Net position - July 1, 2020	<u>383,747</u>	<u>365,361</u>	<u>350,166</u>	<u>328,439</u>	<u>733,913</u>	<u>693,800</u>
Net position - June 30, 2021	<u>\$ 409,564</u>	<u>\$ 380,309</u>	<u>\$ 367,829</u>	<u>\$ 350,166</u>	<u>\$ 777,393</u>	<u>\$ 730,475</u>

Governmental activities: Net position increased by \$29,255 during the fiscal year. Key elements of this year's activity in relation to the prior year are as follows:

Revenues:

The increase in revenues, \$22,353 or 13.6%, compared with 2020 was primarily due to the following reasons.

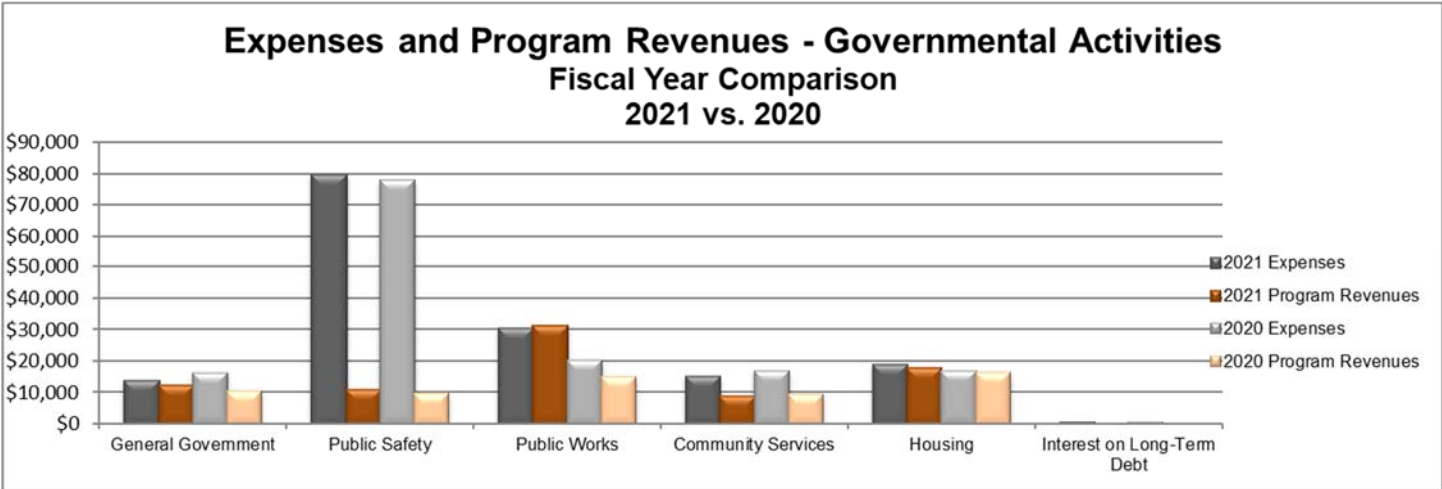
- Capital grants and contributions increased substantially over the prior fiscal year due to a significant increase in development impact fees collected as the City saw a strong year of development and building permits pulled.
- Operating grants and contributions also increased substantially over the prior fiscal year due to a significant increase in COVID related funding.
- Sales tax revenue increased \$7,387 or 19% over the prior year due to the State of California's implementation of AB 147 (the "online sales tax law") and strong online sales tax revenue which offset losses from brick-and-mortar businesses having to cease or alter operations during the state's shelter-at-home orders.

Expenses:

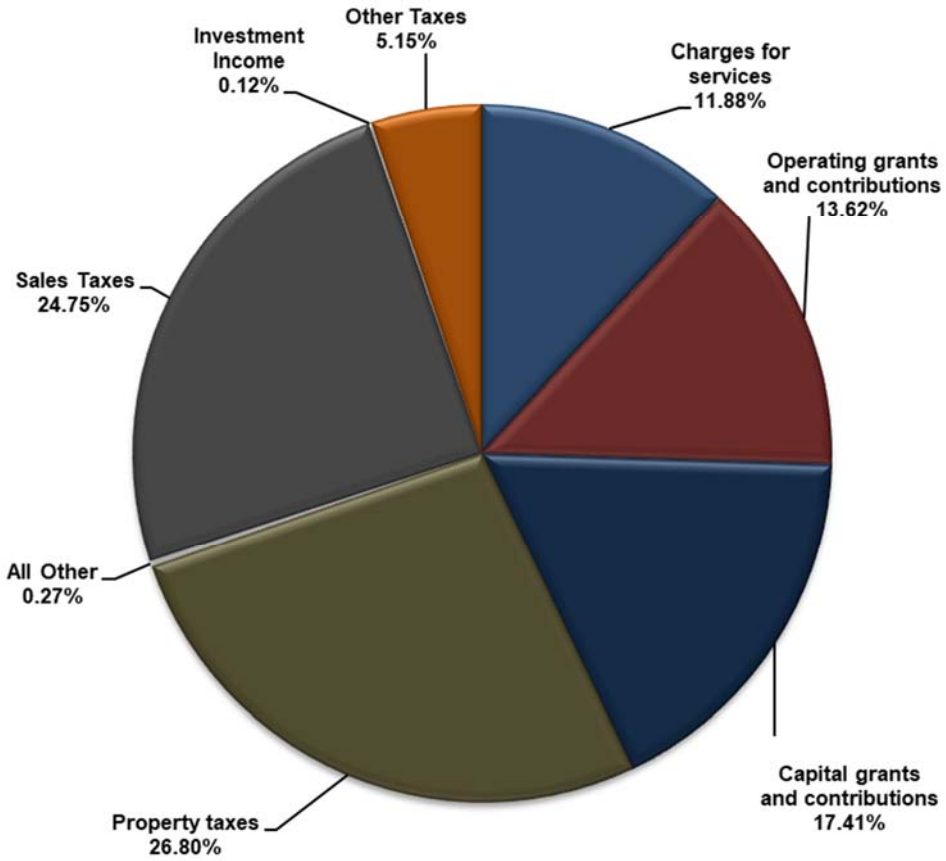
While variances between years exist for the various functions, total expenses increased by \$9,402 or 6.3% from 2020. Public Works expenses can be attributed to an increase in capital outlay. Public Safety expenses increased as 7 positions were added to the Police Department, the increase in Housing expenses can be attributed to increased spending in the Section 8 program on housing vouchers. Additionally, rising pension costs continue to be a factor in increased expenses seen across all functions.

**CITY OF VACAVILLE
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(Amounts expressed in thousands)



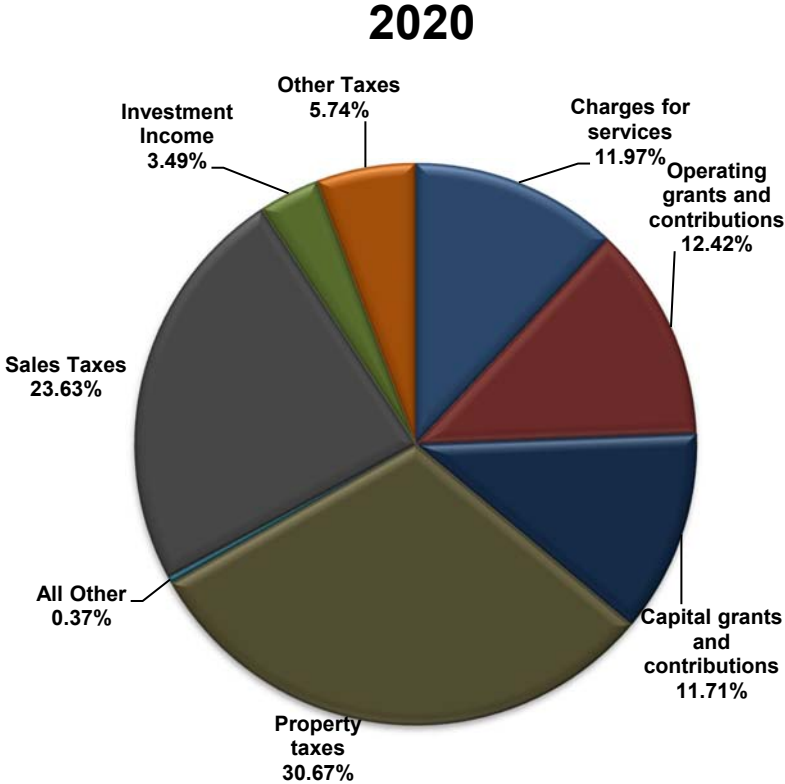
Revenues by Source – Governmental Activities – Fiscal Year Comparison 2021



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(Amounts expressed in thousands)

Revenues by Source – Governmental Activities – Fiscal Year Comparison



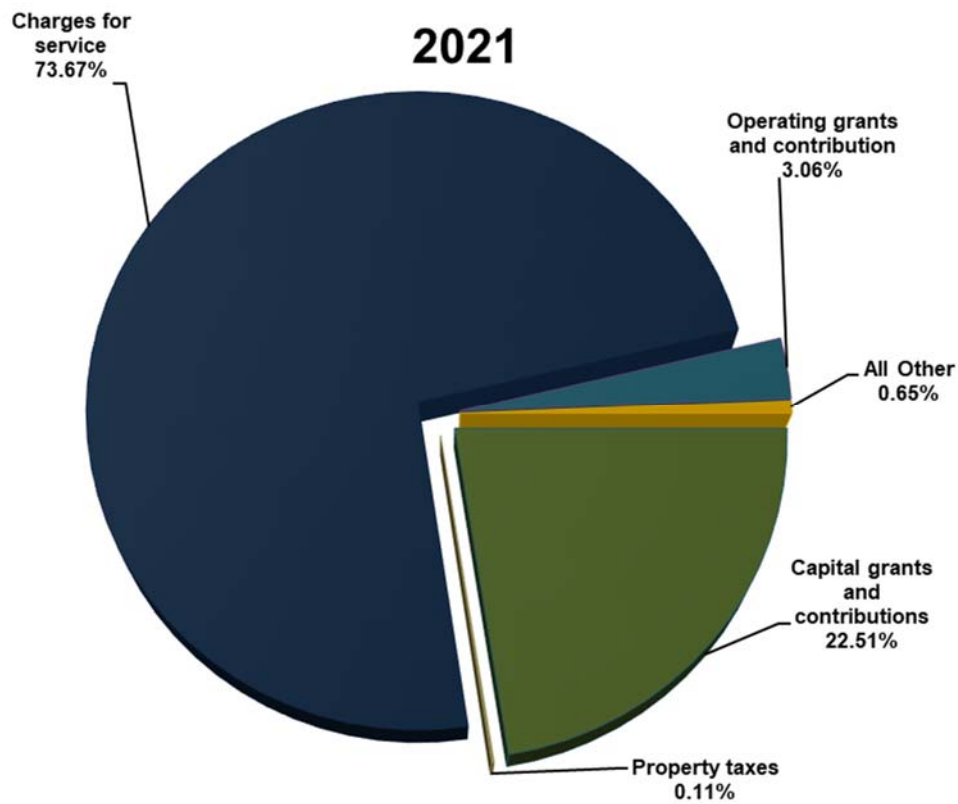
CITY OF VACAVILLE
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Business-type activities. Business-type activities increased the City's net position by \$17,663; key elements of the 2021 increase in net position are as follows:

- Increase in water sale revenue due to an increase in water consumption.
- Connection fees revenue increased by over 34% when compared to the prior fiscal year due to a strong year in development and building permits pulled.

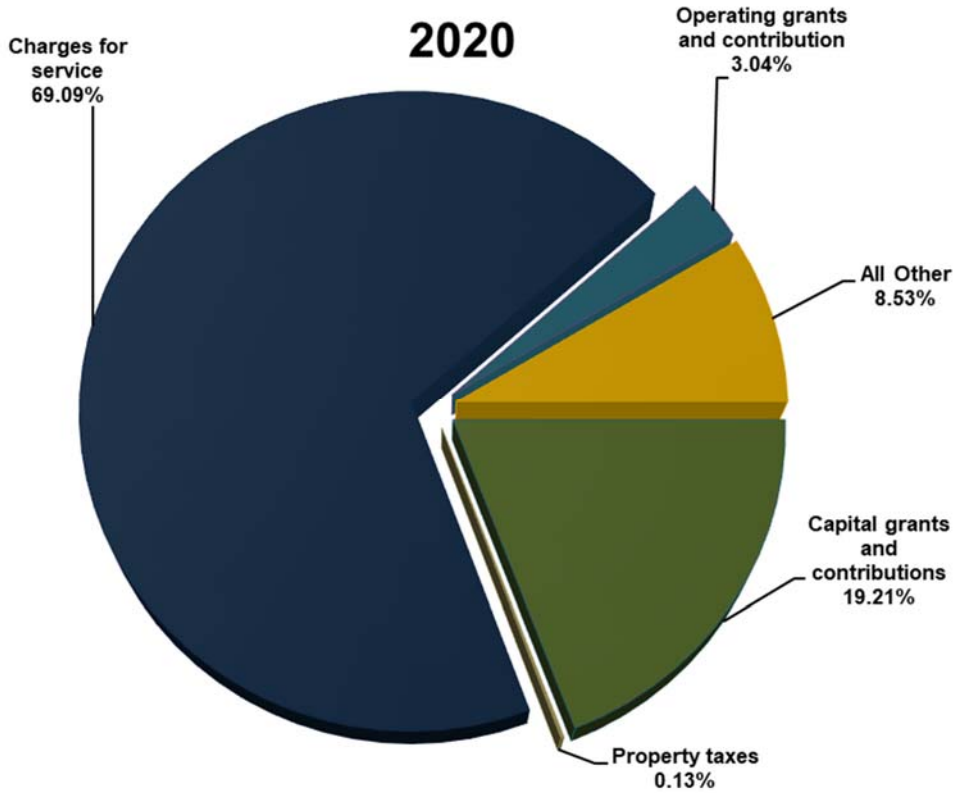
Revenues by Source-Business Type Activities - Fiscal Year Comparison



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(Amounts expressed in thousands)

Revenues by Source-Business Type Activities - Fiscal Year Comparison (Continued)



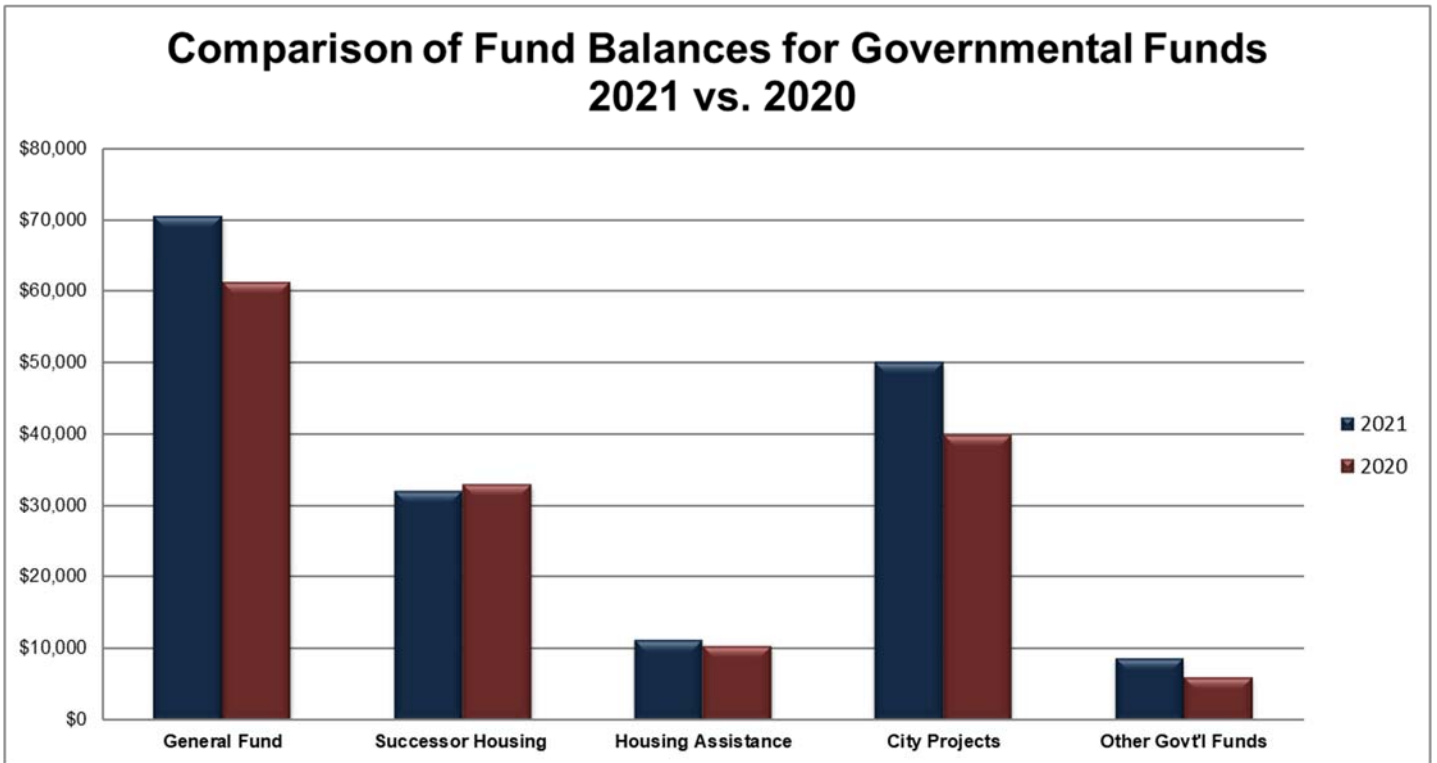
Financial Analysis of the City's Funds

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, the fund balance classification for *unrestricted fund balance* including; Committed-internally imposed restrictions set by formal action of the city council, Assigned-intended to be used for specific purposes that are neither restricted or committed, and Unassigned-positive fund balance within the general fund which has not been classified and negative fund balances from other governmental funds, may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

The following chart compares the 2021 and 2020 fund balances for the City's General, Successor Housing, Housing Assistance, City Projects, and Other Governmental Funds. As noted earlier, the City of Vacaville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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As of June 30, 2021, the City's governmental funds reported combined ending fund balances of \$173,048 an increase of \$21,944 in comparison with the prior year. The majority of fund balance, 60%, is either *Non-spendable* to indicate that it is not available for future spending because it is not in spendable form or is legally required to be maintained, or *Restricted* to indicate there are spending constraints externally imposed on the city for specific purposes.

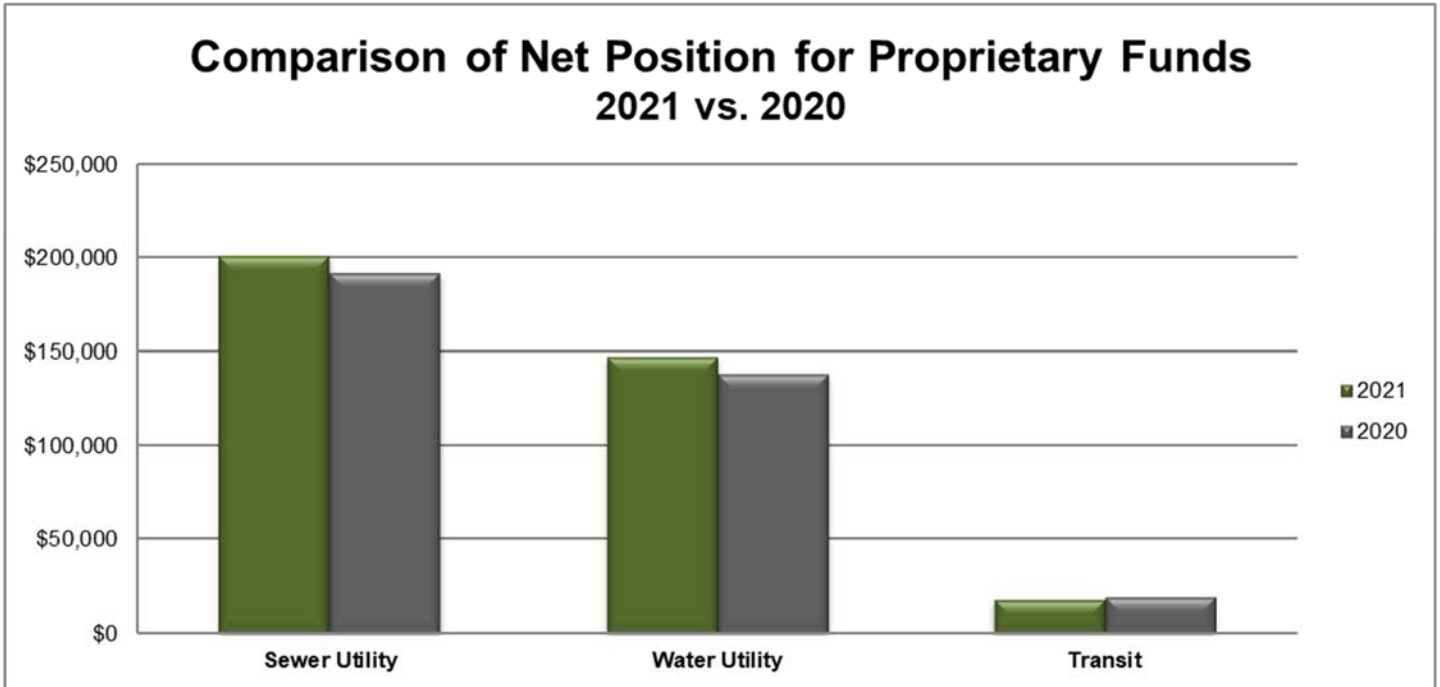
The General Fund is the primary operating fund of the City. At June 30, 2021, the Assigned and Unassigned fund balance of the General Fund was \$70,004 or 99% of the total General Fund fund balance. This amount can be viewed as the City's emergency operating reserve and is often measured as a percent of ongoing operating expenditures. At the end of fiscal year 2021, the City's emergency operating reserve was 70% of General Fund operating expenditures. Despite the financial impact of the pandemic and subsequent statewide sheltering orders, the fund balance of the City's General Fund increased by \$9,427 during the current fiscal year. The increase in fund balance was related primarily to increased sales tax revenue and operating grants and contributions, which has been discussed in previous sections.

The City Projects fund has a total fund balance of \$50,200 and saw the largest increase of fund balance from 2020 amongst the governmental funds. A large increase in development impact fee revenue was the main reason for the gain in fund balance.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following chart compares the 2021 and 2020 net position balances for the City's Sewer, Water and Transit Funds.

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Unrestricted net position at the end of the year amounted to \$49,651 for the Sewer Utility fund, \$75,988 for the Water Utility fund, and \$507 for the Transit fund. The increase in net position for sewer operations was \$9,451 and the increase in water operations was \$9,136. The net position for the Transit fund decreased by \$925 mainly due to the decreasing book value of the Transit capital assets through depreciation; however, the unrestricted net position of the Transit fund improved from the previous year by \$327 as fare and grant revenues exceeded non-depreciation expenses. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual Amounts	Variance from Final Budget
Total revenues	\$ 102,487	\$ 102,487	\$ 113,165	\$ 10,678
Expenditures:				
General government	11,418	13,310	11,350	1,960
Public safety	71,527	71,468	72,091	(623)
Public works	8,071	8,071	7,553	518
Community services	10,549	10,493	8,521	1,972
Debt service	-	-	221	(221)
Total expenditures	101,565	103,342	99,736	3,606
Revenue over (under) expenditures	922	(855)	13,429	14,284
Other financing sources (uses)	(597)	(1,167)	(4,002)	(2,835)
Net change in fund balance	<u>\$ 325</u>	<u>\$ (2,022)</u>	9,427	<u>\$ 11,449</u>
Beginning fund balance			61,188	
Ending fund balance			<u>\$ 70,615</u>	

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Final budgeted expenditures and finance uses exceeded original budgeted expenditures and finance uses by \$2,835. The reasons for the increase are as follows:

- Parks and Recreation for Senior Hot Meals Program
- Shelter Solano, winter shelter funds
- City Manager's Office reorganization
- Special Election District 2
- City Hall Vandalism Repairs

Actual amounts differed from the Final budget as follows:

- Actual revenues were about 10% more than the budget. This was primarily due to higher than anticipated sales tax revenues despite the impact of the pandemic.
- Actual expenditures were \$3,606 or 3% below budget for the year. Despite increased salary and benefit costs compared to 2020, personnel costs were lower than anticipated. The City was able to realize cost savings throughout the year as the pandemic and subsequent sheltering orders caused the cancellation of most Parks and Recreation programs. Additionally, supply expenses were lower than in prior years with employees moving to remote work during the pandemic and training and travel related costs also declined with the cancellation of these events.
- The net effect of all the above was a favorable variance from the amounts budgeted of \$11,449.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounted to \$806,117 (net of accumulated depreciation). This investment includes land, buildings and improvements, park facilities, equipment, vehicles, roads and bridges. The total decrease in the City's net investment in capital assets for the current fiscal year was \$5,519 (increase of \$946 for governmental activities, including internal service funds and a decrease of \$6,465 for business-type activities).

CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 188,088	\$ 188,829	\$ 10,835	\$ 10,835	\$ 198,923	\$ 199,664
Land improvements	22,098	20,290	-	-	22,098	20,290
Buildings and improvements	34,368	35,604	228,745	236,314	263,113	271,918
Equipment	2,645	2,008	1,499	2,319	4,144	4,327
Vehicles	11,735	12,069	15	9	11,750	12,078
Infrastructure	188,209	190,905	86,909	86,749	275,118	277,654
Software	203	263	-	-	203	263
Construction in progress	16,934	13,366	13,834	12,076	30,768	25,442
Total	\$ 464,280	\$ 463,334	\$ 341,837	\$ 348,302	\$ 806,117	\$ 811,636

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Major capital asset events during the current fiscal year included completion of Brighton Landing Neighborhood Park and the Fire Station #73 Renovation. Buck Avenue Bridge Widening and Allison Parkway Sewer Lift Station are significant projects currently recorded in the construction in progress total. The City also continued to address the replacement of its vehicle fleet, public safety radios, and upgraded the equipment in the City Council Chambers to improve the public viewing experience.

Additional information on the City's capital assets can be found in Note 5 on pages 60-61.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$115,273, which is backed by the full faith and credit of the government.

OUTSTANDING DEBT
(expressed in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Capital lease obligations	\$ 8,014	\$ 13,515	\$ 3,646	\$ 4,183	\$ 11,660	\$ 17,698
Loans payable	-	-	103,613	112,640	103,613	112,640
Total	\$ 8,014	\$ 13,515	\$ 107,259	\$ 116,823	\$ 115,273	\$ 130,338

The City's total debt decreased by \$15,065 primarily due to the early loan repayment made for the Fire Station #75 and to the State Water Resource Control Board for the Sewer Easterly and Tertiary Projects. The only new debt issued during the fiscal year was a capital lease obligation under the Governmental Activities for a Ford Explorer in the amount of \$35.

Additional information on the City's long-term debt can be found in Note 6 on pages 62-70 of this report.

Economic Factors and Next Year's Budget

While preparing the Fiscal Year 2021/22 budget, the City was still faced with a continued level of fiscal uncertainty due to the current COVID-19 pandemic. As a result, we stressed the importance of being cautious and strategic in our approach to the budget process due to the unprecedented economic uncertainty. We implemented cost saving measures in the General Fund, as well as deferral and reductions in capital and technology related funding. The good news is the City's revenues have not been as drastically impacted as originally projected primarily due to strong general and Measure M sales tax results. Whole other revenue sources related to Parks and Recreation and tourism were temporarily impacted, there is a renewed optimism in these revenues bouncing back sooner rather than later as the number of vaccinations increases and the state begins to lift its COVID related tiers. In preparing the budget, the following revenue assumptions were made:

- COVID-19 impacts felt through FY 2020/21 but full business reopening occurs in the new fiscal year with no regression
- Sales tax in FY 2021/22 remains relatively flat coming off an extremely strong FY 2020/21; 3.5 % annual growth seen in subsequent years
- Property tax minimally impacted by pandemic; residual balance payments lowered due to Chula Vista decision
- Parks & Rec, Hotel Tax (TOT) revenues begin to recover to pre-pandemic levels in FY 2021/22

The City's operating budget for the coming year is \$228 million, of which \$127 million is in the General Fund. This is a 12% increase from the FY 2020/221 adopted budget, to gear up for the full reopening of citywide services. The increase can be attributed to several factors including: a larger commitment in Measure M projects/initiatives (more than double the budget commitment in the prior budget); a restoration of the \$3 million in cost saving measures implemented during the pandemic, such as the deferral of capital and technology related funding; and, the addition of the recommended augmentation requests to address priority areas that were previously put on hold and to position the organization for the future and to assist us in being responsive to the Strategic Plan Goals and Initiatives adopted by Council..

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Management's Discussion and Analysis
For the year ended June 30, 2021

(Amounts expressed in thousands)

Utilities:

Utilities include water and wastewater services provided to Vacaville residents and businesses. The primary source of revenue for these operations is the rates paid by customers. For FY 22, both the sewer and water utility revenues are projected to remain slightly below budgeted revenues for FY 21. Although the state is beginning to reopen and pandemic related restrictions are being lifted, the Governor's water shutoff moratorium (for nonpayment) has been extended through September 30, 2021. Revenues in the upcoming year are expected to be impacted by this extension and the residual financial impact of the pandemic on certain households and small businesses.

In January 2016, a series of water service rate increases were approved by Council to address a cumulative deficit in the Water fund which stood at \$7.9 million at the time. The rate increases along with a thorough management of expenses over the last five years have resulted in the elimination of this fund balance deficit at the end of the current fiscal year. The last of the scheduled rate increases went into effect in January 2020. The cost of raw water purchases, power, and other operating expenses are expected to continue to rise in future years along with the necessity to set aside funds to address the repair and replacement of the City's aging infrastructure. Thus, a water service rate study will be commissioned during the fiscal year to develop a financial plan and recommend cost-based rates necessary to meet the water utility's operation and maintenance needs. Additionally, the replacement of up to 28,000 water meters projected to reach the end of their service life in the next seven to ten years will also be factored into the upcoming rate study.

Successor Agency and Housing Services:

Successor Agency activities reflect the continued mandated wind down of former Redevelopment Agency activities. In the upcoming fiscal year, the Successor Agency will continue funding of all recognized obligations of the former Redevelopment Agency. One recent negative development related to the former Redevelopment Agency was a court case decision in San Diego County (City of Chula Vista v. Sandoval) that has resulted in cities receiving smaller residual balance allocations from the county. The impact to the City's General Fund is expected to be around \$2 million annually.

The Department of Housing Services will continue to provide programs and activities to address state and federally funded housing services including providing Housing Choice Voucher rental subsidy on behalf of approximately 16,380 very-low income Vacaville households and 4,416 very-low income households under the Solano County program. Developing affordable housing to meet the Regional Housing Needs Allocation in the General Plan Housing Element will also continue to be a priority.

Capital Improvement Program:

The proposed CIP budget is approximately \$51 million. This includes \$1.7 million in new General Fund monies as well as \$10.3 million in Measure M funding. There are 25 new projects and 51 previously approved and funded projects that have not yet been completed that will carry forward. Highlighted projects include funding for park improvements, ball field lighting at Centennial and Arlington Parks, and downtown enhancements.

Requests for Information

This financial report is designed to provide a general overview of the City of Vacaville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of Vacaville, 650 Merchant Street, Vacaville, CA 95688 or you may visit our website at www.cityofvacaville.com for contact information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



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CITY OF VACAVILLE
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 155,021,668	\$ 143,879,987	\$ 298,901,655
Receivables, net of allowance for uncollectibles:			
Interest	554,809	308,988	863,797
Taxes	11,495,963	-	11,495,963
Accounts	10,718,883	13,340,604	24,059,487
Loans	45,664,735	-	45,664,735
Inventories	217,004	-	217,004
Prepaid Items	851,950	50,520	902,470
Internal balances	(923,335)	923,335	-
Restricted cash and investments	3,362,392	7,105,613	10,468,005
Deposits	678,342	-	678,342
Investment in joint venture	-	23,375,354	23,375,354
Capital assets:			
Capital assets, non-depreciable	205,022,493	24,668,803	229,691,296
Capital assets, net of accumulated depreciation	259,257,769	317,168,255	576,426,024
Total Assets	691,922,673	530,821,459	1,222,744,132
Deferred Outflows of Resources:			
Deferred outflows related to pension	32,426,398	6,750,512	39,176,910
Deferred outflows related to OPEB	9,877,461	1,881,422	11,758,883
Total Deferred Outflow of Resources	42,303,859	8,631,934	50,935,793
Liabilities:			
Accounts payable and contract payable	4,767,904	2,371,846	7,139,750
Accrued payroll	4,618,130	689,307	5,307,437
Interest payable	79,467	1,222,572	1,302,039
Employee benefits payable	3,478,239	-	3,478,239
Deposits payable	10,217,757	112,716	10,330,473
Unearned revenue	7,977,453	212,915	8,190,368
Remediation liability - due in more than a year	-	88,162	88,162
Net OPEB liability - due in more than a year	63,902,571	12,171,919	76,074,490
Net pension liability - due in more than a year	204,600,806	45,849,008	250,449,814
Compensated absences			
Due within one year	506,994	98,050	605,044
Due in more than one year	7,222,840	1,011,048	8,233,888
Claims payable			
Due within one year	1,911,629	-	1,911,629
Due in more than one year	4,511,806	-	4,511,806
Long-term liabilities			
Due within one year	1,256,653	9,766,352	11,023,005
Due in more than one year	6,757,197	97,492,702	104,249,899
Total Liabilities	321,809,446	171,086,597	492,896,043
Deferred Inflows of Resources:			
Deferred inflows related to pension	2,621,612	493,889	3,115,501
Deferred inflows related to OPEB	231,842	44,164	276,006
Total Deferred Inflows of Resources	2,853,454	538,053	3,391,507
Net Position:			
Net investment in capital assets	456,266,412	234,578,004	690,844,416
Restricted for:			
Capital projects	49,987,155	-	49,987,155
Debt service	-	7,105,613	7,105,613
Highway and streets	6,382,928	-	6,382,928
Housing	43,505,493	-	43,505,493
Special programs	2,276,709	-	2,276,709
Total restricted	102,152,285	7,105,613	109,257,898
Unrestricted	(148,855,065)	126,145,126	(22,709,939)
Total Net Position	\$ 409,563,632	\$ 367,828,743	\$ 777,392,375

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	PROGRAM REVENUES					NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTALS	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS
Functions/Programs								
Primary Government:								
Governmental activities:								
General government	\$ 13,838,734	\$ 5,779,829	\$ 2,558,136	\$ 3,838,284	\$ 12,176,249	\$ (1,662,485)	\$ -	\$ (1,662,485)
Public safety	79,380,282	6,835,872	2,806,393	1,264,640	10,906,905	(68,473,377)	-	(68,473,377)
Public works	30,502,592	3,964,619	2,525,288	24,312,212	30,802,119	299,527	-	299,527
Community services	15,198,441	5,633,092	100,572	3,170,878	8,904,542	(6,293,899)	-	(6,293,899)
Housing	18,817,558	11,856	17,503,925	-	17,515,781	(1,301,777)	-	(1,301,777)
Interest on long-term debt	516,239	-	-	-	-	(516,239)	-	(516,239)
Total Governmental Activities	158,253,846	22,225,268	25,494,314	32,586,014	80,305,596	(77,948,250)	-	(77,948,250)
Business-type activities:								
Sewer	35,568,776	34,570,880	-	10,539,211	45,110,091	-	9,541,315	9,541,315
Water	23,301,300	24,573,166	-	7,551,438	32,124,604	-	8,823,304	8,823,304
Transit	3,455,199	65,148	2,459,623	-	2,524,771	-	(930,428)	(930,428)
Total Business-Type Activities	62,325,275	59,209,194	2,459,623	18,090,649	79,759,466	-	17,434,191	17,434,191
Total Primary Government	\$ 220,579,121	\$ 81,434,462	\$ 27,953,937	\$ 50,676,663	\$ 160,065,062	(77,948,250)	17,434,191	(60,514,059)
General Revenues:								
Taxes:								
Property taxes						50,141,264	89,510	50,230,774
Sales taxes						46,318,938	-	46,318,938
Franchise taxes						5,159,358	-	5,159,358
Transient lodging tax						1,446,129	-	1,446,129
Business license tax						354,818	-	354,818
Excise tax						2,676,344	-	2,676,344
Subtotal taxes						106,096,851	89,510	106,186,361
Investment income						221,063	(580,370)	(359,307)
Miscellaneous						502,362	1,101,429	1,603,791
Transfers						382,305	(382,305)	-
Total General Revenues and Transfers						107,202,581	228,264	107,430,845
Change in Net Position						29,254,331	17,662,455	46,916,786
Net Position at Beginning of Year						383,747,161	350,166,288	733,913,449
Prior Period Adjustment (Note 19)						(3,437,860)	-	(3,437,860)
Net Position at Beginning of Year as Restated						380,309,301	350,166,288	730,475,589
Net Position at End of Year						\$ 409,563,632	\$ 367,828,743	\$ 777,392,375

See accompanying Notes to Basic Financial Statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

GENERAL FUND

required to be accounted for in another fund. It derives a majority of its revenues from property, sales, business and excise tax.

SUCCESSOR HOUSING

Formerly accounted for the 20% set aside funds received from tax increments in the City's two Redevelopment areas; to be used for low and moderate housing purposes. Upon dissolution of the Redevelopment Agency, the City will continue to use these funds for low and moderate housing purposes.

HOUSING ASSISTANCE

homebuyer loans to low-income, elderly, disabled, and handicapped people qualifying for the programs, as well as for the rehabilitation for rental property. Funds are received from the U.S. Department of Housing and Urban Development's Section 8 Voucher Housing Programs and Federal and State rehabilitation and home loan programs.

CITY PROJECTS

To account for proceeds used to fund the acquisition and construction of public improvements, for proceeds from State Gas Tax (Section 2105 and 2106), State and Federal transit programs, development, and for proceeds from bonds issued to fund City public facilities and infrastructure projects.

OTHER GOVERNMENTAL FUNDS

Other Governmental Funds is the aggregate of all the non-major governmental funds.

**CITY OF VACAVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

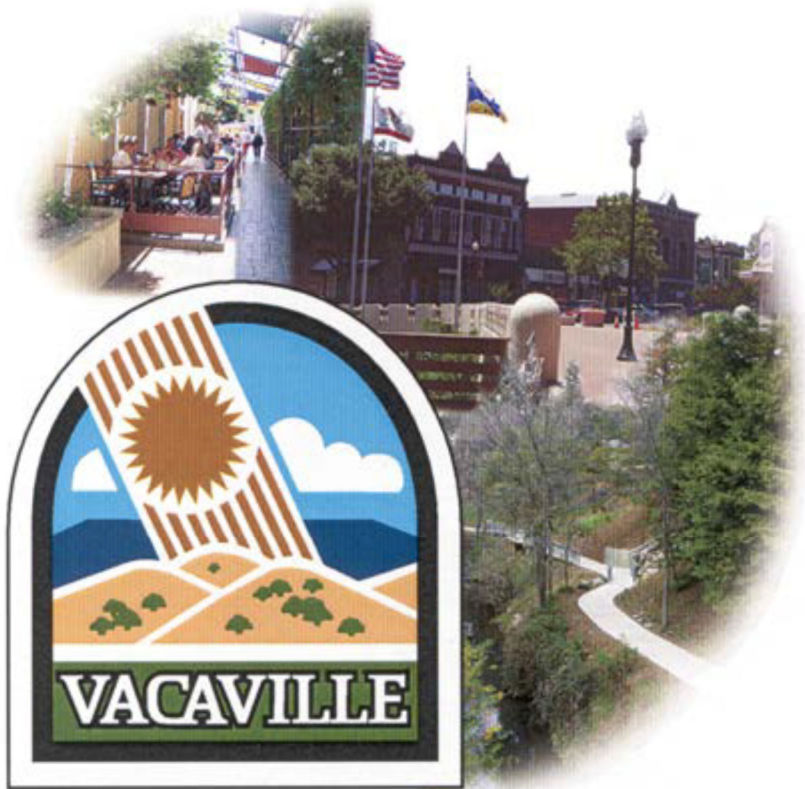
	Special Revenue Funds		
	General	Successor Housing	Housing Assistance
Assets:			
Cash and investments	\$ 65,829,141	\$ 5,012,132	\$ 2,605,742
Receivables:			
Interest	518,778	-	-
Taxes	10,856,755	-	-
Accounts	2,535,351	15,873	140,812
Loans	-	34,901,478	9,052,504
Prepaid items	80,000	-	-
Restricted cash and investments held by fiscal agent	-	378,298	-
Due from other funds	1,083,069	-	-
Deposits	530,877	-	-
Total Assets	\$ 81,433,971	\$ 40,307,781	\$ 11,799,058
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts and contract payable	\$ 2,092,809	\$ 86,496	\$ 2,944
Accrued payroll	3,525,748	30,419	58,275
Due to other funds	-	-	-
Employee benefits payable	2,699,855	-	-
Deposits payable	2,097,341	48,217	354,385
Unearned revenue	317,017	-	50,409
Advances from other funds	-	-	-
Total Liabilities	10,732,770	165,132	466,013
Deferred Inflows of Resources:			
Unavailable revenue - development impact fees	-	-	-
Unavailable revenue - grants and other	86,700	7,917,226	56,986
Total Deferred Inflows	86,700	7,917,226	56,986
Fund Balances:			
Nonspendable	610,877	-	-
Restricted	-	32,225,423	11,276,059
Assigned	39,994,721	-	-
Unassigned	30,008,903	-	-
Total Fund Balances	70,614,501	32,225,423	11,276,059
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 81,433,971	\$ 40,307,781	\$ 11,799,058

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Capital Projects Funds		
	City Projects	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	\$ 49,949,770	\$ 20,436,673	\$ 143,833,458
Receivables:			
Interest	36,031	-	554,809
Taxes	505,949	133,259	11,495,963
Accounts	6,315,309	1,667,254	10,674,599
Loans	-	1,710,753	45,664,735
Prepaid items	-	-	80,000
Restricted cash and investments held by fiscal agent	2,872,776	111,318	3,362,392
Due from other funds	-	-	1,083,069
Deposits	-	-	530,877
Total Assets	\$ 59,679,835	\$ 24,059,257	\$ 217,279,902
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts and contract payable	\$ 1,710,381	\$ 492,644	\$ 4,385,274
Accrued payroll	45,123	266,702	3,926,267
Due to other funds	-	397,674	397,674
Employee benefits payable	-	-	2,699,855
Deposits payable	2,126,085	5,589,894	10,215,922
Unearned revenue	130,166	7,479,861	7,977,453
Advances from other funds	1,115,838	-	1,115,838
Total Liabilities	5,127,593	14,226,775	30,718,283
Deferred Inflows of Resources:			
Unavailable revenue - development impact fees	311,322	-	311,322
Unavailable revenue - grants and other	4,040,735	1,100,026	13,201,673
Total Deferred Inflows	4,352,057	1,100,026	13,512,995
Fund Balances:			
Nonspendable	-	-	610,877
Restricted	49,837,903	9,300,290	102,639,675
Assigned	362,282	-	40,357,003
Unassigned	-	(567,834)	29,441,069
Total Fund Balances	50,200,185	8,732,456	173,048,624
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 59,679,835	\$ 24,059,257	\$ 217,279,902

See accompanying Notes to Basic Financial Statements.



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CITY OF VACAVILLE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Fund balances of governmental funds		\$ 173,048,624
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity		453,134,686
Long-term liabilities are not due and payable in the current period and, therefore are not reported in governmental fund activity:		
Capital lease obligations		(5,858,427)
Prepaid items are applied using the purchases method in the governmental funds and are fully recognized as an expenditure of the period payment is made		485,849
Compensated absences not included in the governmental fund activity.		(7,729,834)
Net pension liability not included in the governmental fund activity for the following plans:		
Miscellaneous plan	\$ (51,470,656)	
Safety plan	(117,077,116.00)	
Miscellaneous PARS plan	(22,391,027.00)	
Safety PARS plan	(3,473,340.00)	(194,412,139)
Net OPEB liability not included in the governmental fund activity.		(60,098,849)
Deferred outflows related to pension items are not included in the governmental fund activity:		
Miscellaneous plan	10,500,140	
Safety plan	20,239,279	
Miscellaneous PARS plan	3,019,153	
Safety PARS plan	186,863	30,926,282
Deferred inflows related to pension items are not included in the governmental fund activity		
Deferred inflows of resources - pension		
Miscellaneous plan	(84,053)	
Safety plan	(1,743,585)	
Miscellaneous PARS plan	(684,227)	
Safety PARS plan	-	(2,511,865)
Deferred outflows related to OPEB items are not included in the governmental fund activity.		9,289,516
Deferred inflows related to OPEB items are not included in the governmental fund activity.		(218,044)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(44,531)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		13,512,995
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		39,369
Net Position of Governmental Activities		\$ 409,563,632

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds		
	General	Successor Housing	Housing Assistance
Revenues:			
Taxes and fees	\$ 100,333,633	\$ -	\$ -
Licenses and permits	423,500	-	-
Investment income	(376,079)	277,125	15,726
Intergovernmental	3,260,090	-	17,410,824
Charges for services	8,502,752	-	5,848
Rents and royalties	526,100	6,008	-
Fines, forfeitures, and penalties	444,406	-	-
Development fees	-	-	-
Other	50,371	26,306	68,958
Total Revenues	113,164,773	309,439	17,501,356
Expenditures:			
Current:			
General government	11,349,784	-	-
Public safety	72,090,592	-	-
Public works	7,553,466	-	-
Community services	8,521,115	-	-
Housing	-	1,146,453	16,723,274
Capital outlay	-	-	-
Debt service:			
Principal	168,124	-	-
Interest and fiscal charges	52,566	-	-
Total Expenditures	99,735,647	1,146,453	16,723,274
Excess (Deficiency) or Revenues			
Over (Under) Expenditures	13,429,126	(837,014)	778,082
Other Financing Sources (Uses):			
Transfers in	5,598,526	-	-
Transfers out	(9,623,339)	(119,181)	-
Issuance of debt and loans	22,534	-	-
Total Other Financing Sources (Uses)	(4,002,279)	(119,181)	-
Net Change in Fund Balances	9,426,847	(956,195)	778,082
Fund balances As Previously Reported	61,187,654	33,181,618	10,497,977
Restatement	-	-	-
Beginning of Year, As Restated	61,187,654	33,181,618	10,497,977
Fund Balances, End of Year	\$ 70,614,501	\$ 32,225,423	\$ 11,276,059

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	City Projects	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes and fees	\$ -	\$ 10,709,643	\$ 111,043,276
Licenses and permits	-	2,344,785	2,768,285
Investment income	(68,265)	290,458	138,965
Intergovernmental	5,870,093	2,095,436	28,636,443
Charges for services	-	5,665,896	14,174,496
Rents and royalties	-	-	532,108
Fines, forfeitures, and penalties	-	697	445,103
Development fees	19,841,160	-	19,841,160
Other	139,395	82,019	367,049
Total Revenues	25,782,383	21,188,934	177,946,885
Expenditures:			
Current:			
General government	-	5,313,575	16,663,359
Public safety	-	978,017	73,068,609
Public works	-	2,330,882	9,884,348
Community services	-	5,671,228	14,192,343
Housing	-	27,039	17,896,766
Capital outlay	16,142,918	-	16,142,918
Debt service:			
Principal	151,503	4,880,683	5,200,310
Interest and fiscal charges	112,171	383,451	548,188
Total Expenditures	16,406,592	19,584,875	153,596,841
Excess (Deficiency) or Revenues Over (Under) Expenditures	9,375,791	1,604,059	24,350,044
Other Financing Sources (Uses):			
Transfers in	6,269,121	7,604,512	19,472,159
Transfers out	(4,783,725)	(6,683,518)	(21,209,763)
Issuance of debt and loans	-	15,659	38,193
Total Other Financing Sources (Uses)	1,485,396	936,653	(1,699,411)
Net Change in Fund Balances	10,861,187	2,540,712	22,650,633
Fund balances As Previously Reported	40,044,191	6,191,744	151,103,184
Restatement	(705,193)	-	(705,193)
Beginning of Year, As Restated	39,338,998	6,191,744	150,397,991
Fund Balances, End of Year	\$ 50,200,185	\$ 8,732,456	\$ 173,048,624

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 22,650,633

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	\$ 16,142,918	
Uncapitalized outlay costs	(9,016,411)	
Departmental expenditures capitalized	44,784	
Depreciation	(12,682,564)	
Developer contributions	7,097,349	
Loss from disposal of capital assets and transfer of capital asset	<u>(777,805)</u>	808,271

Repayment of principal is an expenditure in governmental funds, but the repayment is a reduction in long-term liabilities in the statement of net position:

Principal repayments		5,200,308
----------------------	--	-----------

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period

31,949

Prepaid items are applied using the purchases method in the governmental funds and are fully recognized as an expenditure of the period payment is made.

137,808

Compensated absences are expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

4,027,476

Issuance of debt proceeds provides current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position.

(38,193)

Pension expenses recognized in accordance with GASB 68 not recognized in the governmental fund activity for the following plans:

Miscellaneous plan	(1,698,097)	
Safety plan	(3,609,272)	
Miscellaneous PARS plan	(498,600)	
Safety PARS plan	<u>(553,810)</u>	(6,359,779)

OPEB expenses recognized in accordance with GASB 75 are not recognized in the governmental fund activity

2,108,353

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

1,968,340

Internal service funds are used by management to charge the costs of certain activities, such as equipment maintenance and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.

(1,280,835)

Change in Net Position of Governmental Activities

\$ 29,254,331

PROPRIETARY FUND FINANCIAL STATEMENTS

SEWER UTILITY

To account for the operation (including waste water treatment) of the City's sewer facility, a self-supporting activity which provides services on a user charge basis.

WATER UTILITY

To account for the operation of the City's water utility, a self-supporting activity which provides services on a user charge basis.

TRANSIT

To account for the operation of the City's transit system.

CITY OF VACAVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Utility	Water Utility	Transit	Totals	Activities- Internal Service Funds
Assets:					
Current:					
Cash and investments	\$ 77,097,083	\$ 66,782,904	\$ -	\$ 143,879,987	\$ 11,188,210
Interest receivable	202,857	106,131	-	308,988	-
Accounts receivable	7,490,963	4,881,053	968,588	13,340,604	44,284
Prepaid items	35,467	15,053	-	50,520	286,101
Restricted cash and investments	7,105,613	-	-	7,105,613	-
Inventories-supplies	-	-	-	-	217,004
Total Current Assets	91,931,983	71,785,141	968,588	164,685,712	11,735,599
Noncurrent assets:					
Deposits	-	-	-	-	147,465
Advances to other funds	471,946	743,892	-	1,215,838	-
Investment in joint venture	-	23,375,354	-	23,375,354	-
Capital assets - net of accumulated depreciation	248,033,881	75,452,254	18,350,923	341,837,058	11,145,576
Total Noncurrent Assets	248,505,827	99,571,500	18,350,923	366,428,250	11,293,041
Total Assets	340,437,810	171,356,641	19,319,511	531,113,962	23,028,640
Deferred Outflows of Resources:					
Deferred outflows related to pension	4,312,827	2,437,685	-	6,750,512	1,500,116
Deferred outflows related to OPEB	1,293,478	587,944	-	1,881,422	587,945
Total Deferred Outflows of Resources	5,606,305	3,025,629	-	8,631,934	2,088,061
Liabilities:					
Current:					
Accounts and contract payable	544,976	1,569,793	257,077	2,371,846	382,630
Accrued payroll	427,705	252,408	9,194	689,307	691,863
Interest payable	1,186,113	36,459	-	1,222,572	34,936
Due to other funds	-	-	192,503	192,503	492,892
Employee benefits payable	-	-	-	-	778,384
Deposits payable	3,097	106,700	2,919	112,716	1,835
Compensated absences - due within one year	61,461	36,589	-	98,050	-
Claims payable - due within one year	-	-	-	-	1,911,629
Long-term debt - due within one year	9,192,821	573,531	-	9,766,352	348,543
Total Current Liabilities	11,416,173	2,575,480	461,693	14,453,346	4,642,712
Noncurrent:					
Advances from other funds	-	100,000	-	100,000	-
Unearned revenue	36,995	175,920	-	212,915	-
Compensated absences - due in more than a year	898,957	112,091	-	1,011,048	-
Remediation liability	88,162	-	-	88,162	-
Net OPEB liability	8,368,195	3,803,724	-	12,171,919	3,803,722
Net Pension liability	29,292,422	16,556,586	-	45,849,008	10,188,667
Claims payable - due in more than one year	-	-	-	-	4,511,806
Long-term debt - due in more than one year	94,420,285	3,072,417	-	97,492,702	1,806,880
Total Noncurrent Liabilities	133,105,016	23,820,738	-	156,925,754	20,311,075
Total Liabilities	144,521,189	26,396,218	461,693	171,379,100	24,953,787
Deferred Inflows of Resources:					
Deferred inflows related to pension	315,541	178,348	-	493,889	109,747
Deferred inflows related to OPEB	30,363	13,801	-	44,164	13,798
Total Deferred Inflows of Resources	345,904	192,149	-	538,053	123,545
Net Position:					
Net investment in capital assets	144,420,775	71,806,306	18,350,923	234,578,004	8,990,153
Restricted for debt service/capital projects	7,105,613	-	-	7,105,613	-
Unrestricted	49,650,634	75,987,597	506,895	126,145,126	(8,950,784)
Total Net Position	\$ 201,177,022	\$ 147,793,903	\$ 18,857,818	\$ 367,828,743	\$ 39,369

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Utility	Water Utility	Transit	Totals	Activities- Internal Service Funds
Operating Revenues:					
Sewer charges	\$ 34,570,880	\$ -	\$ -	\$ 34,570,880	\$ -
Water sales	-	24,500,114	-	24,500,114	-
Transit fares	-	-	65,148	65,148	-
Internal service charges	-	-	-	-	16,948,648
Total Operating Revenues	34,570,880	24,500,114	65,148	59,136,142	16,948,648
Operating Expenses:					
Treatment plant and sources of supply	7,446,389	7,449,072	-	14,895,461	-
Transmission and distribution	-	2,939,616	-	2,939,616	-
Maintenance	7,530,819	3,183,363	-	10,714,182	-
Customer services and administration	9,354,802	7,708,265	-	17,063,067	-
Transportation	-	-	2,203,045	2,203,045	-
Internal service expenses	-	-	-	-	18,360,521
Depreciation	8,430,327	2,578,726	1,252,154	12,261,207	2,102,169
Total Operating Expenses	32,762,337	23,859,042	3,455,199	60,076,578	20,462,690
Operating Income (Loss)	1,808,543	641,072	(3,390,051)	(940,436)	(3,514,042)
Nonoperating Revenues (Expenses):					
Gain from joint venture	-	673,940	-	673,940	-
Gain on disposal of capital assets	-	-	-	-	31,197
Interest revenue	(368,368)	(217,767)	5,765	(580,370)	150,226
Interest expense	(2,806,439)	(116,198)	-	(2,922,637)	(68,125)
Rents and royalties	-	73,052	-	73,052	-
Intergovernmental	-	-	2,459,623	2,459,623	-
Taxes and other	7,016	1,183,923	-	1,190,939	-
Total Nonoperating Revenues (Expenses)	(3,167,791)	1,596,950	2,465,388	894,547	113,298
Income (Loss) Before Transfers and Contributions	(1,359,248)	2,238,022	(924,663)	(45,889)	(3,400,744)
Transfers:					
Transfers in	298,790	14,691	-	313,481	2,124,393
Transfers out	(27,883)	(667,903)	-	(695,786)	(4,484)
Total Transfers	270,907	(653,212)	-	(382,305)	2,119,909
Capital Contributions:					
Connection fees	9,448,220	5,929,100	-	15,377,320	-
Developers	1,090,991	1,622,338	-	2,713,329	-
Total Capital Contributions	10,539,211	7,551,438	-	18,090,649	-
Changes in Net Position	9,450,870	9,136,248	(924,663)	17,662,455	(1,280,835)
Net Position:					
Net position, beginning of year	191,726,152	138,657,655	19,782,481	350,166,288	1,320,204
Beginning of Year	191,726,152	138,657,655	19,782,481	350,166,288	1,320,204
End of Fiscal Year	\$ 201,177,022	\$ 147,793,903	\$ 18,857,818	\$ 367,828,743	\$ 39,369

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Utility	Water Utility	Transit	Totals	Activities- Internal Service Funds
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 34,161,699	\$ 23,873,411	\$ 65,148	\$ 58,100,258	\$ 16,932,494
Cash paid to suppliers for goods and services	(14,305,806)	(15,070,695)	(1,850,999)	(31,227,500)	(12,848,975)
Cash paid to employees for services	(9,783,475)	(6,126,871)	(269,234)	(16,179,580)	(3,351,368)
Claims paid	-	-	-	-	(2,259,282)
Net Cash Provided (Used) Operating Activities	10,072,418	2,675,845	(2,055,085)	10,693,178	(1,527,131)
Cash Flows from Non Capital					
Financing Activities:					
Repayment received from other funds	51,737	103,474	-	155,211	492,892
Repayment made to other funds	-	-	(148,115)	(148,115)	-
Cash transfers in	298,790	14,691	-	313,481	2,124,393
Cash transfers out	(27,883)	(667,903)	-	(695,786)	(4,484)
Taxes	7,016	1,183,923	-	1,190,939	-
Rents and royalties	-	73,052	-	73,052	-
Grants	-	-	2,197,435	2,197,435	-
Net Cash Provided by					
Noncapital Financing Activities	329,660	707,237	2,049,320	3,086,217	2,612,801
Cash Flows from Capital					
and Related Financing Activities:					
Capital contributions	1,070,991	1,622,338	-	2,693,329	-
Connection fees	9,448,220	5,929,100	-	15,377,320	-
Proceeds from sale of capital assets	-	-	-	-	31,197
Acquisition and construction of capital assets	(2,837,206)	(2,938,775)	-	(5,775,981)	(2,240,143)
Principal paid on capital debt	(9,026,613)	(537,374)	-	(9,563,987)	(338,942)
Interest paid	(2,955,055)	(121,572)	-	(3,076,627)	(73,849)
Pollution remediation payments	(11,751)	-	-	(11,751)	-
Net Cash Provided (Used) by					
Capital and Related Financing Activities	(4,311,414)	3,953,717	-	(357,697)	(2,621,737)
Cash Flows from Investing Activities:					
Interest received (forfeited)	(368,368)	(217,767)	5,765	(580,370)	150,226
Net Cash Provided (Used) by Investing Activities	(368,368)	(217,767)	5,765	(580,370)	150,226
Net Increase (Decrease) in Cash and					
Cash Equivalents	5,722,296	7,119,032	-	12,841,328	(1,385,841)
Cash and Cash Equivalents at Beginning of Year	78,480,400	59,663,872	-	138,144,272	12,574,051
Cash and investments	77,097,083	66,782,904	-	143,879,987	11,188,210
Restricted cash and investments	7,105,613	-	-	7,105,613	-
Cash and Cash Equivalents at End of Year	\$ 84,202,696	\$ 66,782,904	\$ -	\$ 150,985,600	\$ 11,188,210

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer Utility	Water Utility	Transit	Totals	
Reconciliation of Operating Income to Net Cash					
Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 1,808,543	\$ 641,072	\$ (3,390,051)	\$ (940,436)	\$ (3,514,042)
Adjustments to Reconcile Operating Income (Loss) to					
Net Cash Provided by Operating Activities:					
Depreciation	8,430,327	2,578,726	1,252,154	12,261,207	2,102,169
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	(519,497)	(730,712)	-	(1,250,209)	10,601
Decrease (increase) in interest receivable	110,316	93,227	-	203,543	-
Decrease (increase) in prepaid expenses	(3,915)	2,820	-	(1,095)	(140,715)
Decrease (increase) in inventories - supplies	-	-	-	-	(13,846)
Decrease (increase) in deposits	-	-	-	-	(17,313)
Decrease (increase) in deferred outflow of resources - pension	(358,795)	(202,797)	-	(561,592)	(124,797)
Decrease (increase) in deferred outflow of resources - OPEB	(15,502)	(7,046)	-	(22,548)	(7,046)
Increase (decrease) in accounts and contracts payable	(395,546)	45,318	81,096	(269,132)	(180,884)
Increase (decrease) in accrued payroll	84,254	47,739	1,716	133,709	152,708
Increase (decrease) in employee benefits payable	-	-	-	-	778,384
Increase (decrease) in compensated absences	(50,714)	(21,528)	-	(72,242)	-
Increase (decrease) in deposits payable	-	(368,106)	-	(368,106)	-
Increase (decrease) in unearned revenue	-	10,782	-	10,782	-
Increase (decrease) in Net OPEB trust liability	(232,846)	(105,839)	-	(338,685)	(105,840)
Increase (decrease) in Net pension liability	1,801,433	1,018,201	-	2,819,634	626,584
Increase (decrease) in deferred inflow of resources - pension	(540,420)	(305,457)	-	(845,877)	(187,972)
Increase (decrease) in deferred inflow of resources - OPEB	(45,220)	(20,555)	-	(65,775)	(20,557)
Increase (decrease) in insurance liability	-	-	-	-	(884,565)
Total Adjustments	8,263,875	2,034,773	1,334,966	11,633,614	1,986,911
Net Cash Provided (Used) by Operating Activities	\$ 10,072,418	\$ 2,675,845	\$ (2,055,085)	\$ 10,693,178	\$ (1,527,131)
Non-Cash Investing, Capital, and Financing Activities:					
Gain (loss) on disposition of capital assets	\$ -	\$ -	\$ -	\$ -	\$ 31,197
Gain (loss) on investment in joint venture	-	673,940	-	673,940	-
Transfer of capital assets from governmental activities	20,000	-	-	20,000	-

See accompanying Notes to Basic Financial Statements.



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FIDUCIARY FUND FINANCIAL STATEMENTS

PRIVATE PURPOSE TRUST FUND

To account for the proceeds of the dissolution of the Redevelopment Agency.

CUSTODIAL FUNDS

To account for other deposits received from outside parties including deposits from Solano Transportation Authority, Community Action Partnership of Solano, refunding of permit monies and restitution for crimes committed. Also used to account for monies received through property tax to pay debt service payments for the Special Assessment Districts and to account for bond proceeds and repayment of debt service held in trust.

CITY OF VACAVILLE
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Private Purpose Trust Fund	
	Successor Agency	Custodial Funds
Assets:		
Current assets:		
Cash and investments	\$ 12,724,295	\$ 25,079,373
Receivables:		
Accounts	-	2,694,577
Interest	77,605	-
Loans	3,694,739	-
Prepaid expenses	81,944	-
Total current assets	<u>16,578,583</u>	<u>27,773,950</u>
Noncurrent assets:		
Restricted cash and investments	3,074,841	4,462,392
Capital assets, non-depreciable	788,124	-
Capital assets, net of accumulated depreciation	<u>20,593,268</u>	<u>-</u>
Total noncurrent assets	<u>24,456,233</u>	<u>4,462,392</u>
Total Assets	<u>41,034,816</u>	<u>32,236,342</u>
Deferred Outflows of Resources:		
Deferred charge on refunding	347,356	-
Total Deferred Outflows of Resources	<u>347,356</u>	<u>-</u>
Liabilities:		
Current liabilities:		
Accounts payable and contracts payable	327,650	\$ 1,079,781
Accrued payroll	563	-
Deposits payable	133,302	14,467,474
Unearned revenue	19,946	1,962,435
Interest payable	402,424	-
Long-term liabilities - due within one year	<u>2,991,050</u>	<u>752,898</u>
Total current liabilities	3,874,935	18,262,588
Long-Term liabilities - due in more than a year	<u>29,237,420</u>	<u>4,670,547</u>
Total Liabilities	<u>33,112,355</u>	<u>22,933,135</u>
Net Position:		
Restricted for governments, individuals or other organizations	<u>\$ 8,269,817</u>	<u>\$ 9,303,207</u>

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Private Purpose Trust Fund	
	Successor Agency	Custodial Funds
Additions:		
Investment income	\$ 434,890	\$ 445,386
Deposits Received	-	21,894,355
Redevelopment Agency (RDA) property tax trust fund distribution	6,170,936	-
Issuance of debt and loans	-	-
Taxes & fees	-	801,165
Grants and contributions	-	10,206,249
Other	242,452	-
Total Additions:	6,848,278	33,347,155
Deductions:		
Administrative and general operations	-	261,077
Program expenses	207,916	10,127,856
DDA agreements	477,153	-
Payment to vendors, employees	-	22,976,290
Professional fees	45,055	-
Depreciation expense	805,294	-
Fiscal fines and other fees	17,166	182,469
Interest expense	1,168,814	292,117
Total Deductions	2,721,398	33,839,809
Changes in Net Position	4,126,880	(492,654)
Net Position - Beginning of the Year, As Previously Reported	4,142,937	-
Restatement	-	9,795,861
Beginning of Year, As Restated	4,142,937	9,795,861
Net Position - End of the Year	\$ 8,269,817	\$ 9,303,207

See accompanying Notes to Basic Financial Statements.



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CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Vacaville, California, (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

A. Reporting Entity

The City of Vacaville was incorporated August 9, 1892 as a General Law City in the State of California. The City operates under the Council-Manager form of government. Services provided by the City include: public safety (police, fire and ambulance), public works (streets and highways), community development (building regulation, planning and zoning), community services (parks, culture and recreation), housing, public utilities (sewer and water), public improvements and general administrative services.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. The City had no discretely presented component units. Each blended component unit has a June 30 year-end. The City Council serves as the governing board, or comprises a majority of the governing board of each of the blended component units. The City Council must represent a voting majority of the governing boards of the blended component units. The component units discussed in the following paragraphs are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The following entities are reported as blended component units:

Vacaville Housing Authority

The Vacaville Housing Authority (VHA) is organized under the California Health and Safety Code and was established pursuant to the laws of the State of California to provide housing subsidies on behalf of eligible participants, to transact business and to have those powers as defined by law. The Housing Authority has entered into an Annual Contributions Contract with the U.S. Department of Housing and Urban Development (HUD) pertaining to its Housing Choice Voucher Program. The objectives of VHA are to aid low-income families in obtaining decent, safe and sanitary housing through federal assistance programs. The City Council serves as the governing body for the Vacaville Housing Authority and the City Manager has operational responsibility for the component unit.

Vacaville Public Financing Authority

The Vacaville Public Financing Authority (the Authority) was established pursuant to a Joint Exercise of Powers Agreement dated April 12, 1988, by and between the City and the Agency in accordance with provisions of the Joint Powers Act (Act). The Authority was created for the purpose of assisting with the financing of public capital improvements. The Authority has the power to issue bonds to pay the cost of public capital improvements.

Financial statements for the Vacaville Housing Authority can be obtained by contacting the City's Finance Department. The Vacaville Public Financing Authority does not issue financial statements.

The City is no longer reporting the Solano County Housing Authority as a component unit. Solano County includes the Solano County Housing Authority as a component unit in their Comprehensive Annual Financial Report. The Solano County Board of Supervisors is the governing body of the Solano County Housing Authority.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government’s water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The assets and liabilities of the internal services funds have been included in the Statement of Net Position based on the predominant user of the services. The Vehicle Replacement, Central Services, Technology Replacement, Insurance and Employee Benefits internal service funds’ assets and liabilities have been reported in the governmental activities column.

Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, except for sales tax and grant revenues, to be available if they are collected within 60 days of the end of the current fiscal period. Sales tax and grant revenues are considered available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Proprietary funds focus on total economic resources and employ the accrual basis of accounting, which recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds include both Private Purpose Trust and Custodial funds. Custodial funds use the economic resources measurement focus and are used to account for assets temporarily held by the City in a fiduciary capacity. Private Purpose Trust funds also use the economic resources measurement focus and are used by the City to report trust arrangements under which principal and income benefit other governmental entities. The Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and Statement of Change in Fiduciary Net Position.

The City reports the following major governmental funds:

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

Successor Housing Special Revenue Fund – to account for the proceeds and dissolution of Redevelopment due to AB26x1. See further description in Note 14.

Housing Assistance Special Revenue Fund – to account for restricted grant funds received from the Federal Government to provide rental assistance payments to low-income, elderly, disabled, and handicapped people qualifying for the programs, the rehabilitation for rental property, and first-time homebuyer programs. Funds are received from the U.S. Department of Housing and Urban Development's Section 8 Voucher Housing Programs, State Rehabilitation Programs, and both federal and state first-time homebuyer programs.

City Projects Capital Projects Fund – to account for proceeds used to fund the acquisition and construction of public improvements, proceeds from State Gas Tax, State and Federal transit programs, development, and for proceeds from bonds issued to fund City public facilities and infrastructure projects.

The City reports the following major enterprise funds:

Sewer Utility Fund – to account for the operation and maintenance of the City's sewer system.

Water Utility Fund – to account for the operation and maintenance of the City's water treatment and water transmission and distribution system.

Transit Fund – to account for the operation and management of the City's transit operations including a fixed route bus system, taxi subsidy program and paratransit operations.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Additionally, the City reports the following fund types:

Internal Service Funds

Internal service funds – account for centralized purchases, equipment replacement, payouts for sick and vacation leave, employee retirements and retiree health insurance premiums, and self-insured services provided to other departments of the government, or to other governments, on a cost reimbursement basis.

Fiduciary Funds

Custodial Funds

Solano Transportation Authority – to account for amounts held for Solano Transportation Authority. The City is only recording amounts that the City has a fiduciary responsibility over.

Community Action Partnership Solano – to account for amounts held for Community Action Partnership Solano.

Special assessments funds – to account amounts held for benefit district participants and reimbursements.

Benefit District and Reimbursement Fund – to account for amounts held for benefit district deposits, the Hometown Hero Banner Program, and amounts seized from crimes committed.

Bond Funds – to account for bond proceeds and repayment of debt service held in trust. The City participated in the issuance of the Multifamily Housing Revenue and Refunding Bonds Series 2000A and 1999 Series A. The bond proceeds were loaned to Vacaville Community Housing and WLP Sycamores Apartments, LLC, respectively.

Private-Purpose Trust Fund

Successor Agency fund – to account for the proceeds and dissolution of the Redevelopment Agency due to AB26x1. See further description in Note 14.

C. Cash, Cash Equivalents and Investments

The City pools cash resources of its various funds to facilitate cash management. The cash pool functions as a demand deposit from the position of each individual fund. Cash in excess of current requirements is invested and reported as investments. It is the City's intent to hold investments until maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity or yield of the portfolio. Interest earnings are apportioned among funds based on ending accounting period cash and investment balances.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less at the time of acquisition.

See further disclosures in footnote 2 including use of certain methods to present deposits and investments, highly sensitive investments, and credit quality at year-end.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The City participates in the Local Agency Investment Fund (LAIF), an investment pool for local governments and special districts managed by the State of California. Under Federal Law, the State of California cannot declare bankruptcy, therefore deposits in the LAIF shall not be subject to either of the following: (a) transfer or loan pursuant to Government Code Sections 16310, 16312 or 16313 or (b) impoundment or seizure by any state official or state agency.

D. Receivables and Payables

Property, sales and use taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year end or 90 days for sales and use tax. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and collectible. Unbilled utility revenue earned is recognized as revenue and accounts receivable in the enterprise funds.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” or “advances to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

E. Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Additionally, this category presents restrictions placed as established by the City Council.

Unrestricted net position – This category represents the net position of the City, which are not restricted or invested in capital assets net of related debt for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City’s policy is to apply restricted net position first. Additionally, certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for capital projects, streets and highways, housing and special programs.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Fund Balance

Fund balances presented in the governmental fund financial statements represent the difference between assets and liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The City evaluated each of its funds at June 30, 2021 and classified fund balances into the following five categories:

Nonspendable – includes fund balance amounts that cannot be spent because they are either (a) not expected to be converted to cash or (b) legally or contractually required to be maintained intact.

Restricted – includes fund balance amounts that are subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the City Council. The City Council must approve an amendment to the Annual Appropriation resolution to allow for removal or change to the constraint. As of June 30, 2021 the City does not have any fund balances that have been committed.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City Council assigns fund balance.

Unassigned – includes negative fund balances in other governmental funds and positive fund balance within the General Fund which has not been classified within the above mentioned categories. Only the General Fund may report a positive unassigned fund balance.

The city reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The City reduces committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amount in any of those unrestricted fund balance classifications could be used. Additional information concerning the nature of the City's fund balances pursuant to GASB Statement No. 54 is provided in Note 12 – Fund Balance.

G. Inventory and Prepaid Items

Inventory is valued at cost using the first-in first-out method. The cost is recorded as an expenditure or expense in the appropriate fund at the time individual inventory items are withdrawn for use (consumption method).

The City applies the purchases method for prepaid items in the governmental funds and recognizes the entire amount of the prepayment as an expenditure of the period payment is made.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

H. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their acquisition value, the price that would have been paid to acquire the asset, on the date donated. City policy has set the capitalization threshold for reporting infrastructure at \$100,000 with the exception of water and sewer/wastewater system networks, which have a \$25,000 threshold. All other non-infrastructure capital assets have a capitalization threshold of \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and Improvements	10-40 years
Machinery and Equipment	5-20 years
Infrastructure	25-50 years
Land Improvements	25-40 years
Software	10 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, water and sewer systems, and storm drains. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems. Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

I. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds issued prior to the implementation of GASB Statement No. 34 have been presented at the gross issuance amount.

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

J. Compensated Absences

Employees accrue vacation, sick, holiday, and compensatory time off benefits. In the government-wide financial statements, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

In the fund financial statements, governmental fund types record compensated absences as expenditures in the years paid as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

K. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

L. *Property Tax Revenue*

Article XIII of the California Constitution (Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/76 assessed valuation as the base and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transaction taxes on real property.

Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors.

All property taxes are collected and allocated by the County of Solano to the various taxing entities. Property taxes are determined annually as of January 1 and attach as an enforceable lien on real property as of July 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively.

The City participates in an alternative method of distribution of property tax levies and assessments known as the "Teeter Plan". The State Revenue and Taxation Code allows counties to distribute secured real property, assessment and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments and related penalties and interest during a fiscal year will revert to Solano County. The Teeter Plan payment, which includes 95% of the outstanding accumulated delinquency, is included in property tax revenue. Under the Teeter Plan code, 5% of the delinquency must remain with the County as a reserve for Teeter Plan funding.

M. *Pension*

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

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenditures during the reporting period. Actual results could differ from those estimates.

P. Implementation of New GASB Pronouncements

During the year ended June 30, 2021, the City adopted the following Governmental Accounting Standards Board (GASB) Statement:

GASB 84 – *Fiduciary Activities* – In January 2017, GASB issued Statement No. 84 *Fiduciary Activities*. The object of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The provisions in Statement 84 are effective for fiscal years beginning after December 15, 2019. The applicable provisions were implemented July 1, 2020, and only affected presentation of fiduciary activities. It did not have an impact on the City's net position. In previous years, fiduciary Agency Funds were presented as a separate column in the fiduciary Funds Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. Agency Funds are now presented as combined Custodial Funds in the Fiduciary Funds Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. Combining financial statements for the Custodial Funds can be found on pages 139-142.

GASB 90 – *Majority Equity Interest – an amendment of GASB Statements No. 14 and No.61*. In August 2018, the GASB issued statement No. 90. The objectives of this statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The provisions in Statement 90 are effective for fiscal years beginning after December 15, 2019. The applicable provisions were implemented July 1, 2020 and did not have a material impact to the financial statements.

GASB 98 – *The Annual Comprehensive Financial Report*. – In October 2021, GASB issued Statement No. 98. This statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replaces instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The provisions in Statement 98 are effective for fiscal years ending after December 15, 2021. The applicable provisions were implemented July 1, 2020 and did not have a material impact to the financial statements.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Q. *Upcoming GASB Pronouncements Implementation*

GASB 87 – Leases – In June 2017, GASB issued Statement No. 87. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. The provisions in Statement 87 are effective for fiscal years beginning after June 15, 2021. The City has not determined the effect of implementing this statement.

GASB 91 – Conduit Debt Obligations – In May 2019, the GASB issued Statement No. 91. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions in Statement 91 are effective for fiscal years beginning after December 15, 2021. The City has not determined the effective of implementing this statement.

GASB 92 – Omnibus 2020 – In January 2020, GASB issued Statement No. 92. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions in Statement 92 are effective for fiscal years beginning after June 15, 2021. The City has not determined the effect of implementing this statement.

GASB 93 – Replacement of Interbank Offered Rates – In March 2020, GASB issued Statement No. 93. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate. The provisions in Statement 93 are effective for fiscal years beginning after June 15, 2021. The City has not determined the effect of implementing this statement.

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements. – In March 2020, GASB issued Statement No. 94. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The provisions in Statement 94 are effective for fiscal years beginning after June 15, 2022. The City has not determined the effect of implementing this statement.

GASB 96 – Subscription-Based Information Technology Arrangements – In May 2020, GASB issues Statement No. 96. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The provisions in Statement 96 are effective for fiscal years beginning after June 15, 2022. The City has not determined the effect of implementing this statement.

GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 – The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would preform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The provisions in Statement 97 are effective for fiscal years beginning after June 15, 2021. The City has not determined the effect of implementing this statement.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 2 - CASH AND INVESTMENTS

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. This pooled cash is invested by the City's Investment Officer, and overseen by the City's Treasurer, to enhance interest earnings. The pooled interest earned is allocated to the funds based on cash and investment balances in these funds at the end of each accounting period.

A. Deposits

The California Government Code requires California banks and savings and loans to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 298,901,655
Cash and Investments held by bond trustee	10,468,005
Fiduciary Funds:	
Cash and Investments	37,803,868
Cash and Investments held by bond trustee	7,537,233
Total Cash and Investments	<u>\$ 354,710,761</u>

Cash and Investments as of June 30, 2021 consist of the following:

Cash on hand	\$ 29,085
Deposits with financial institutions	20,316,294
Investments	334,365,382
Total Cash and Investments	<u>\$ 354,710,761</u>

B. Investments Authorized by the California Government Code and Investment Policy

The table below identifies the investment types authorized under the provisions of the City's investment policy, and in accordance with the California Government Code. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 2 - CASH AND INVESTMENTS

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund	N/A	100%	N/A
U.S. Government Securities	5 years	100%	100%
U.S. Agency Securities	5 years	100%	100%
Commercial Paper	270 days	25%	10%
Certificates of Deposit	5 years	N/A	N/A
Negotiable Certificates of Deposit	5 years	3%	30%
Corporate Notes	5 years	30%	30%
U.S. Agency Discount Notes	5 years	100%	100%
Municipal Bonds	5 years	100%	100%
Money Market Mutual Funds	N/A	20%	10%
Repurchase Agreements	92 days	20%	20%
Bankers Acceptance	180 days	40%	30%
Mortgage-backed Securities	5 years	20%	20%
Unsubordinated Obligations	5 years	30%	30%

C. Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee and the City.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund	N/A	100%	100%
U.S. Government Securities	N/A	100%	100%
Repurchase Agreements	1 year	100%	100%
Money Market Mutual Funds	N/A	100%	100%
Guaranteed Investment Contract	N/A	100%	100%

Investments were stated at fair value using the aggregate method in all funds and component units, resulting in the following investment income in all funds and component units:

Unrealized loss in changes in fair value of investments	\$ (4,672,264)
Interest income	<u>5,193,233</u>
Total investment income - Governmental and Proprietary Funds	<u>\$ (359,307)</u>
Total investment income - Fiduciary Funds	<u><u>\$ 880,276</u></u>

The City portfolio value fluctuates in an inverse relationship to any change in interest rates. Accordingly, if interest rates have risen, the portfolio value will have declined. If interest rates have fallen, the portfolio value will have risen. In accordance with GASB Statement No. 31, the portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. The City's practice is to buy and hold investments until their maturity dates.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 2 - CASH AND INVESTMENTS, continued

D. Disclosures Relating to Interest Rate Risk

The City manages its exposure to interest rate risk 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 the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments as of June 30, 2021 by maturity:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Local Agency Investment Fund	\$ 74,179,114	\$ 74,179,114	\$ -
U.S. Agency Securities	117,027,644	4,033,680	112,993,964
U.S. Government Securities	45,030,979	21,526,359	23,504,620
Municipal Bonds	8,483,432	-	8,483,432
Corporate Notes	55,669,696	12,171,140	43,498,556
Commercial Paper	10,479,700	10,479,700	-
Supranational	22,580,960	8,085,222	14,495,738
Money Market Mutual Funds	913,857	913,857	-
Total	\$ 334,365,382	\$ 131,389,072	\$ 202,976,310

E. Disclosures Relating to Credit Risk

Credit Risk is the risk of loss of value of an investment due to a downgrade of its rating or the failure or impairment of its issuer. Credit Risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of June 30, 2021 for each investment type. In order to limit loss exposure due to Credit Risk, the investment policy limits purchases of investments in commercial paper to those rated A-1 by Standard & Poor's or P-1 by Moody's Investors Service. The U.S. Agency Securities and Treasuries have a split rating. As of June 30, 2021 the securities were rated AAA by Moody's and AA by Standard & Poor's Rating Services. All negotiable certificates of deposit held by the City are under \$250,000 and fully insured by the Federal Deposit Insurance Corporation.

Investment Type		Minimum Legal Rating	Minimum				Not Rated
			AAA	AA	A	A1/P1	
Local Agency Investment Fund	\$ 74,179,114	N/A	\$ -	\$ -	\$ -	\$ -	\$ 74,179,114
U.S. Agency Securities	117,027,644	N/A	117,027,644	-	-	-	-
U.S. Government Securities	45,030,979	N/A	45,030,979	-	-	-	-
Municipal Bonds	8,483,432	N/A	-	951,036	7,532,396	-	-
Corporate Notes	55,669,696	A	2,972,730	27,870,000	24,826,966	-	-
Commercial Paper	10,479,700	A1/P1	-	-	-	10,479,700	-
Supranational	22,580,960	AA	-	22,580,960	-	-	-
Money Market Mutual Funds	913,857	AAA	913,857	-	-	-	-
Total	\$ 334,365,382		\$ 165,945,210	\$ 51,401,996	\$ 32,359,362	\$ 10,479,700	\$ 74,179,114

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 2 - CASH AND INVESTMENTS, continued

F. *Investments in Local Agency Investment Funds*

The Local Agency Investment Fund (LAIF), is a voluntary program created by state statute in 1977 as an investment alternative for California's local governments and special districts. Under the direction of the State Treasurer's Office and audited by the Bureau of State Audits, the program offers local agencies the opportunity to participate in a major portfolio. The fair value for the City's position in LAIF is the same as the value of the pooled shares.

The City's investments with LAIF at June 30, 2021, included a small portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

Structured Notes – debt securities (other than Asset-Backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or state maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities – generally mortgage-backed securities which entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs) or credit card receivables.

As of June 30, 2021, the City had \$74,179,114 invested in LAIF, which has invested 2.31% of the pool investments funds in medium-term and short-term Structured Notes and Asset-Backed Securities. The City valued its investment in LAIF as of June 30, 2021 by multiplying the City's account balance with a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of 1.00008297.

G. *Fair Value of Investments*

The City of Vacaville measures and records its investments using the fair value measurement framework established with GASB Statement No. 72. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are (unadjusted) quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk).

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 2 - CASH AND INVESTMENTS, continued

The City had the following recurring fair value measurements as of June 30, 2021:

Investments by fair value level	6/30/2021	Fair Value Measurement Using			Total
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Agency Securities	\$ 117,027,644	\$ -	\$ 117,027,644	\$ -	\$ 117,027,644
U.S. Government Securities	45,030,979	45,030,979	-	-	45,030,979
Municipal Bonds	8,483,432	-	8,483,432	-	8,483,432
Corporate Notes	55,669,696	-	55,669,696	-	55,669,696
Commercial Paper	10,479,700	-	10,479,700	-	10,479,700
Supranational	22,580,960	-	22,580,960	-	22,580,960
Total	\$ 259,272,411	\$ 45,030,979	\$ 214,241,432	\$ -	259,272,411
		Investments Exempt From Disclosure			
		Local Agency Investment Fund			74,179,114
		Money Market			913,857
		Investment portfolio total			<u>\$ 334,365,382</u>

The following is a description of the valuation methods and assumptions used by the City to estimate the fair value of its investments. When available, quoted prices were used to determine fair value. When quoted prices in active markets were not available, fair values were based on information received from the City's custodians of investments. There have been no changes in the methods and assumptions used at June 30, 2021. Debt securities classified in Level 1 were valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 were valued accordingly:

U.S. Agency Securities, Municipal Bonds, Corporate Notes, Commercial Paper – Quoted prices for similar securities in active markets.

Negotiable Certificates of Deposit – Matrix pricing based on the securities' relationship to benchmark quoted prices.

NOTE 3 – LOANS RECEIVABLE

At June 30, 2021, the City's outstanding loans receivables net of allowances were as follows:

\$ 8,287,942	City loans recorded in the Special Revenue Fund, Housing Assistance, are for the HOME Partnership Program (HOME). HOME is a U.S. Housing and Urban Development program administered by the California Department of Housing and Community Development (HCD). The City uses HOME funds to operate an acquisition and rehabilitation loan program. The loans are made to owners of rental properties that agree to restrict the rent of the HOME-assisted units to low and moderate income families and to provide assistance to first-time homebuyers.
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CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 3 – LOANS RECEIVABLE, continued

- \$ 438,169 The Successor Housing Shared Equity loans are recorded in the Special Revenue funds for expanding homeownership opportunities to low and moderate-income households. The amount borrowed is the minimum needed to close the gap between lender requirements and buyer's cash for down payment assistance and/or closing costs. Qualified homebuyers may receive up to \$50,000 or 20% of the purchase price (whichever is less) towards the purchase of a home located in Vacaville. The deferred loan terms are 45 years at zero interest with no payments required during that time as long as the homebuyer does not sell, transfer ownership, rent the property, refinance it with cash back, or prepay the loan with any other funds. The loan will be forgiven if the borrower remains in the home for the full 45-year loan term. There is a 45-year Resale Restriction Agreement that will be recorded against the property. The City will hold an option to purchase the home at a restricted sales price to keep the home affordable for another buyer.
- \$ 428,860 A loan receivable was recorded in the Special Revenue Fund, Housing Assistance, for the CalHome Program. The purpose of the program is to provide assistance in the form of a deferred payment loan to eligible households in purchasing their first home. Qualified homebuyers may receive a maximum loan amount of \$50,000. The loan term is a minimum 30-year deferred payment loan at 0% interest with the principal due and payable at year 30.
- \$ 4,357,519 A loan receivable was recorded in the Successor Housing Special Revenue Fund from Rocky Hill Investors, L.P. for phase one of the Callen Street/Bennett Hill Court Housing Project. Phase one of the project involves the acquisition and rehabilitation of sixty-four affordable rental units on Bennett Hill Court and Rocky Hill Road. The term of the promissory note is fifty-five years at 1% interest. The developer shall make annual payments of principal and interest in the amount of fifty percent of residual receipts.
- \$ 233,449 City loans recorded in the Special Revenue Fund, Neighborhood Stabilization Program (NSP), are for a first-time homebuyer loan program. The program is designed to provide assistance to eligible homebuyers in purchasing foreclosed homes located within the program's eligible area. The program provides this assistance in the form of a shared equity, deferred payment, second priority loan to reduce the gap between the purchase price and closing costs of affordable housing units that will be occupied by the homebuyers. The term of each loan shall be for a maximum of 15 years. If the borrower remains in the home for the full term of the affordability period the loan is forgiven.
- \$ 6,905,000 A loan receivable was recorded in the Successor Housing Special Revenue Fund from Callen Street Investors, L.P. for phase two of the Callen Street/Bennett Hill Court Housing Project. Phase two includes the acquisition and rehabilitation/new construction of 66 rental units on Callen Street. The term of the promissory note is fifty-five years at 1% interest. The developer shall make annual payments of principal and interest in the amount of fifty percent of residual receipts.
- \$ 137,500 A loan receivable has been recorded in the Special Revenue Fund, Housing Assistance, for a loan provided to Vacaville Social Services Corporation, a nonprofit corporation, which operates the Opportunity House homeless shelter in Vacaville. The original \$300,000 loan was used for construction improvements at the site where the shelter was relocated and expanded. Monthly payments of \$1,000 began in January 2017; the loan was amended and restated in October 2017 to \$275,000. Payment is deferred until 2067. If the borrow complies with all City requirements for the duration of the maturity period the loan is forgiven.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 3 – LOANS RECEIVABLE, continued

\$ 1,477,304	City loans recorded in the Special Revenue Fund, Community Development, are for the Community Development Block Grant (CDBG) and Rental Rehabilitation Program (RRP). In the past, the City operated CDBG and RRP, even though the City no longer receives funding under these programs the borrowers are repaying the existing loan balances. Repayments are used to carry out CDBG and RRP eligible activities.
\$ 198,202	City loans recorded are for the First Time Homebuyer program (CALHOME). This is a Housing and Urban Development (HUD) program administered by the California Department of Housing and Community Development (HCD). Funds are to be used for purposes set forth in Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990. The Cranston-Gonzalez National Affordable Housing Act intends to expand the supply of decent, safe, sanitary affordable housing for very low and low income Americans. Households assisted must meet the income determination requirements. During Fiscal Year 19 three loans were issued ranging between \$50,000 and \$75,000. Funds in the amount of \$500,000 were made available in 2016.
\$ 4,562,035	Successor Housing loans recorded in the Special Revenue Funds are for the Neighborhood Conservation Program (NCP), the purpose of which is to provide a pool of loan funds to encourage investor-owners and owner-occupants to improve the lower income neighborhoods of the City and further equal opportunity in housing. Loans ranging in amounts from \$1,000 to \$45,000 per unit, are offered at 3% interest, and may be amortized over 15 years. The loans are secured by property. Loans to households with very low incomes may be deferred until such time that household income becomes sufficient to repay the loan; the deferred loan will become fully amortized at 3% interest. Deferred loans may also be made to low-income households on fixed incomes. The amount of loans in arrears is \$94,855.03.
\$ 9,227,648	The Successor Housing Equity loans recorded in the Special Revenue Funds are for primary financing to obtain blighted property. The loan amounts and terms may vary depending on the amounts needed to acquire and improve the property. The loans are offered at 0% interest, with the total payment deferred until the end of the term and are secured by the property.
\$ 58,267	The Successor Housing Down Payment loans recorded in the Special Revenue Funds are for assisting low income families with their down payment and closing costs. There are two types of loans. The first type is given in coordination with a Mortgage Credit Certificate (MCC) for a maximum amount of \$15,000 deferred for five years, and repaid over ten years at an interest rate of 5%. The loan is not secured against the property. The second type has no other assistance for a maximum amount of \$10,000 deferred for five years, and repaid over fifteen years at an interest rate of 5%. The amount of loans in arrears is \$45,614.88.
\$ 1,455,000	A loan receivable was recorded in the Successor Housing Special Revenue Funds from Vacaville Community Housing, a non-profit corporation. The loan is secured by multi-family housing units at 0% interest and the total payment is deferred until the year 2025.
\$ 300,000	A loan receivable was recorded in the Successor Housing Special Revenue Funds from Petaluma Ecumenical Properties Inc. (PEP Housing) The loan is to be used to fund eligible predevelopment costs and expenses for the affordable senior housing project at 220 Aegean Way and will accrue interest at the rate of 3% per annum.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 3 – LOANS RECEIVABLE, continued

\$ 1,113,000	A loan receivable was recorded in the Successor Housing Special Revenue Fund from Trower Housing Partners, L.P. for the acquisition of land for Veterans housing on Rocky Hill Road. The term of the promissory note is fifty-seven years at 1% interest. The developer shall make annual payments of principal and interest in the amount of 50% of residual receipts.
\$ 5,820,092	A loan receivable was recorded in the Successor Housing Special Revenue fund from Meadows Holly Partners, LP. Related to the affordable housing Meadows Holly Project. The loan is a consolidation of former Redevelopment Agency loans issued for the purpose of rehabilitation of affordable housing. The term of the loan is fifty-five years at 1% interest. The borrower shall make annual payments in the amount of 25% of residual receipts.
<u>\$ 664,748</u>	A loan receivable was recorded in the Successor Housing Special Revenue Fund from Eden Oak Grove Investors, L.P. Related to the affordable housing Oak Grove Apartment Project. The term of the loan is fifty-five years at 1% interest. The borrower shall make annual payments in the amount of 50% of residual receipts.
<u>\$ 45,664,735</u>	Total City loans receivable For governmental activities, the City recorded an allowance for delinquent and forgivable loans of \$2,340,238.

At June 30, 2021, the Private Purpose Trust Fund Successor Agency's outstanding loans receivables were as follows:

\$ 2,364,740	A loan receivable was recorded in the former Redevelopment Agency Debt Service Fund from Vacaville Community Housing, a non-profit corporation. The loan is secured by multi-family housing units at 0% interest and the payment is deferred until the year 2025.
\$ 1,161,599	In 2002, the former Vacaville Redevelopment Agency entered into an agreement with the Vacaville Library District to loan \$3,895,000 to finance the construction of a new Vacaville Library branch located in the Downtown Project Area. A loan receivable was recorded in the amount of \$3,895,000 in the former Redevelopment Agency Capital Projects Fund. Upon dissolution of the Redevelopment Agency, the loan was transferred into the Successor Agency. The loan will be repaid by Fiscal Year 2031/2032 with interest rates ranging from 4% to 7%.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 3 – LOANS RECEIVABLE, continued

\$ 168,400 The former Redevelopment Agency Downtown Rehabilitation loans recorded in the Capital Projects Funds are for façade improvements and historic district building loans made to business tenants in the downtown area. Façade improvement loans are fully amortized for 15-year terms at 1% interest with a \$20,000 maximum loan per standard building street frontage. Façade improvements may include a complete renovation, signage, exterior lighting, landscaping, painting and awnings. Historic district building loans are fully amortized for 25-year terms at 3% interest with a maximum loan amount of \$135,000. Historic district building loans for tenant improvements and other non-seismic related costs require 50% matching funds contributed by the borrower, which may include private funds as well as loans made through the façade improvement loan program. Borrowers are not required to match funds on seismic upgrades. These loans may be assumable on a case by case basis.

\$ 3,694,739 Total Private Purpose Trust Fund Successor Agency loans receivable

NOTE 4 – OPERATING LEASES

The City entered into a five-year lease in April 2018 for maintenance and related supplies for copiers, printers and fax machines used throughout the City.

NOTE 5 - CAPITAL ASSETS

Government-Wide Financial Statements

A. Summary

The following is a summary of capital assets as of June 30, 2021:

	Governmental Activities	Business-Type Activities	Total Primary Government
Non-Depreciable Assets:			
Land	\$ 188,088,399	\$ 10,834,802	\$ 198,923,201
Construction in progress	16,934,094	13,834,001	30,768,095
Total	205,022,493	24,668,803	229,691,296
Depreciable Assets:			
Buildings & improvements	64,384,519	379,990,976	444,375,495
Land improvements	66,249,733	-	66,249,733
Equipment	7,887,880	11,062,977	18,950,857
Vehicles	29,528,297	62,197	29,590,494
Software	599,905	-	599,905
Infrastructure	396,779,119	128,835,312	525,614,431
	565,429,453	519,951,462	1,085,380,915
Less accumulated depreciation	(306,171,684)	(202,783,207)	(508,954,891)
Total depreciable assets, net	259,257,769	317,168,255	576,426,024
Total capital assets, net	\$ 464,280,262	\$ 341,837,058	\$ 806,117,320

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 5 – CAPITAL ASSETS, continued

B. Governmental Activities

The following is a summary of capital assets for governmental activities:

	Balance July 1, 2020	Additions	Disposals	Transfers*	Balance June 30, 2021
Non-Depreciable Assets:					
Land	\$ 188,828,759	\$ -	\$ (740,360)	\$ -	\$ 188,088,399
Construction in progress	13,366,255	6,581,025	-	(3,013,186)	16,934,094
Total	<u>202,195,014</u>	<u>6,581,025</u>	<u>(740,360)</u>	<u>(3,013,186)</u>	<u>205,022,493</u>
Depreciable Assets:					
Buildings & improvements	63,937,760	10,257	-	436,502	64,384,519
Land improvements	63,172,656	1,488,493	-	1,588,584	66,249,733
Equipment	8,982,567	393,035	(2,455,822)	968,100	7,887,880
Vehicles	27,585,035	2,024,991	(109,620)	27,891	29,528,297
Software	599,905	-	-	-	599,905
Infrastructure	390,768,140	6,010,979	-	-	396,779,119
Total	<u>555,046,063</u>	<u>9,927,755</u>	<u>(2,565,442)</u>	<u>3,021,077</u>	<u>565,429,453</u>
Less accumulated depreciation for:					
Buildings & improvements	(28,333,939)	(1,682,490)	-	-	(30,016,429)
Land improvements	(42,882,785)	(1,269,230)	-	-	(44,152,015)
Equipment	(6,974,735)	(723,296)	2,454,899	-	(5,243,132)
Vehicles	(15,516,032)	(2,341,830)	93,098	(27,891)	(17,792,655)
Software	(336,286)	(60,230)	-	-	(396,516)
Infrastructure	(199,863,280)	(8,707,657)	-	-	(208,570,937)
Total	<u>(293,907,057)</u>	<u>(14,784,733)</u>	<u>2,547,997</u>	<u>(27,891)</u>	<u>(306,171,684)</u>
Total depreciable assets, net	<u>261,139,006</u>	<u>(4,856,978)</u>	<u>(17,445)</u>	<u>2,993,186</u>	<u>259,257,769</u>
Governmental activities capital assets, net	<u>\$ 463,334,020</u>	<u>\$ 1,724,047</u>	<u>\$ (757,805)</u>	<u>\$ (20,000)</u>	<u>\$ 464,280,262</u>

* Assets in the amount of \$20,000 were transfer to Business Type activities

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 352,873
Public safety	1,443,563
Public works	10,192,207
Community services	633,152
Housing	60,769
Capital assets held by the government's internal service funds are charged to the various functions based on usage of the assets	<u>2,102,169</u>
Total Government activities depreciation expense	<u>\$ 14,784,733</u>

Internal service capital assets included in general governmental activities at June 30, 2021 were \$11,145,576 (net depreciable value) with related depreciation expense of \$2,102,169.

Fund Financial Statements

The fund financial statements do not present general government activities capital assets but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 5 – CAPITAL ASSETS, continued

C. Business-type Activities

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2020	Additions	Disposals	Transfers*	Balance June 30, 2021
Non-Depreciable Assets:					
Land	\$ 10,834,802	\$ -	\$ -	\$ -	\$ 10,834,802
Construction in progress	12,076,353	2,266,446	-	(508,798)	13,834,001
Total	<u>22,911,155</u>	<u>2,266,446</u>	<u>-</u>	<u>(508,798)</u>	<u>24,668,803</u>
Depreciable Assets:					
Buildings & improvements	378,686,684	795,494	-	508,798	379,990,976
Equipment	11,040,806	7,393	(5,222)	20,000	11,062,977
Vehicles	79,635	10,453	-	(27,891)	62,197
Infrastructure	126,139,116	2,696,196	-	-	128,835,312
Total	<u>515,946,241</u>	<u>3,509,536</u>	<u>(5,222)</u>	<u>500,907</u>	<u>519,951,462</u>
Less accumulated depreciation for:					
Buildings & improvements	(142,373,260)	(8,872,914)	-	-	(151,246,173)
Equipment	(8,721,907)	(847,388)	5,222	-	(9,564,073)
Vehicles	(71,179)	(3,567)	-	27,891	(46,855)
Infrastructure	(39,388,767)	(2,537,338)	-	-	(41,926,105)
Total	<u>(190,555,113)</u>	<u>(12,261,207)</u>	<u>5,222</u>	<u>27,891</u>	<u>(202,783,207)</u>
Total depreciable assets, net	<u>325,391,128</u>	<u>(8,751,671)</u>	<u>-</u>	<u>528,798</u>	<u>317,168,255</u>
Business-type activities capital assets, net	<u>\$ 348,302,283</u>	<u>\$ (6,485,225)</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 341,837,058</u>

* Assets in the amount of \$20,000 were transferred from Governmental Activities

Depreciation expense was charged to functions as follows:

Business-type activities:	
Sewer	\$ 8,430,327
Water	2,578,726
Transit	1,252,154
Total Business-type activities depreciation expense	<u>\$ 12,261,207</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 6 – LONG-TERM LIABILITIES

A. Long-Term Liabilities

The following is a summary of long-term liabilities for the fiscal year ended June 30, 2021

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Governmental Activities:					
Capital Lease Obligations	\$ 13,514,907	\$ 38,193	\$ 5,539,252	\$ 8,013,848	\$ 1,256,653
Governmental activities long-term liabilities	<u>\$ 13,514,907</u>	<u>\$ 38,193</u>	<u>\$ 5,539,252</u>	<u>\$ 8,013,848</u>	<u>\$ 1,256,653</u>
	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Business-Type Activities:					
Loans Payable	\$ 112,639,719	\$ -	\$ 9,026,613	\$ 103,613,106	\$ 9,192,821
Capital Lease Obligations	4,183,322	-	537,374	3,645,948	573,531
Business-Type activities long-term liabilities	<u>\$ 116,823,041</u>	<u>\$ -</u>	<u>\$ 9,563,987</u>	<u>\$ 107,259,054</u>	<u>\$ 9,766,352</u>
	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Private-Purpose Trust:					
Bonds Payable	35,256,963	-	3,028,493	32,228,470	2,991,050
Private-Purpose trust long-term liabilities	<u>\$ 35,256,963</u>	<u>\$ -</u>	<u>\$ 3,028,493</u>	<u>\$ 32,228,470</u>	<u>\$ 2,991,050</u>

Activity

The following is a summary of changes in long-term liabilities for governmental activities. Activity for the City's fiscal year ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital Lease Obligations:					
Vacaville Recreation Corporation	\$ 886,799	\$ -	\$ 151,503	\$ 735,296	\$ 159,254
Leasource Financial Services, Inc. - Public Safety Radio	1,606,440	-	160,766	1,445,674	166,220
Leasource Financial Services, Inc. - Equipment Lease 2019	592,188	-	55,327	536,861	56,864
PNC, LLC	4,183,322	-	537,375	3,645,947	573,531
Holman Corporation (Fire Station)	4,339,842	-	4,339,842	-	-
Holman Corporation - 2014 Acquisition	271,871	-	51,321	220,550	52,804
Holman Corporation - 2015 Acquisition	1,037,540	-	161,411	876,129	165,850
Holman Corporation - 2017 Acquisition	236,202	-	30,742	205,460	31,692
Holman Corporation - 2017 Acquisition	356,563	-	40,141	316,422	41,333
Ford Explorer Lease	4,140	38,193	10,822	31,511	9,105
Total Capital Lease Obligations	<u>13,514,907</u>	<u>38,193</u>	<u>5,539,250</u>	<u>8,013,850</u>	<u>1,256,653</u>
Total Long-term debt	<u>\$ 13,514,907</u>	<u>\$ 38,193</u>	<u>\$ 5,539,250</u>	<u>\$ 8,013,850</u>	<u>\$ 1,256,653</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 6 – LONG-TERM LIABILITIES, continued

Capital Lease Obligations:

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2021</u>	
\$ 2,626,700	\$ 735,296	Sublease agreement with Vacaville Recreation Corporation (Corporation) and Agency. The Agency entered into an agreement, option to purchase and right of first refusal with the Corporation for the in-line/multi-purpose portion of the Vacaville Skating Center. Pursuant to a separate sublease agreement between the City and Agency, the City agreed to assume all rights and responsibilities of the Agency under the lease agreement. In the event of the City's inability to pay the sublease, the Agency is obligated to pay the Corporation the lease payments. The City also assumed the option to purchase the subleased premises for one dollar at the expiration of the term of the sublease or prepayment in full of the sublease payments. This sublease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid monthly through September 2025. Lease payments are funded through the Parks and Recreation Capital Projects Fund.
\$ 619,287	\$ 536,861	Lease agreement between the City and Leasource Financial Services, Inc. to purchase a new equipment, a Peterbilt Water Truck. A lease payment of \$17,761 will be paid quarterly beginning January 2020 through October 2029 at an interest rate of 7%
\$ 1,800,000	\$ 1,445,674	Lease agreement between the City and Leasource Financial Services, Inc. to purchase a new Public Safety radio communications system, including system components, radio dispatch console, and radio subscriber components from Motorola, Inc. A lease payment of \$53,144 will be paid quarterly beginning May 2019 through February 2029 at an interest rate of 3.35%.
\$ 6,993,972	\$ 3,645,947	Lease agreement between the City and PNC, LLC for facility improvement projects in progress throughout the City at an estimated cost of \$6,993,972 with an interest rate of 3.10%. Lease payment will be paid semi-annually beginning February 2014 through August 2026. Lease payments are funded through energy cost savings in the General Fund, Gas Tax and Special Revenue Maintenance Districts Funds.
\$ 507,647	\$ 220,550	Lease agreement between the City and Holman Corporation for the purchase of a dump truck and vactor truck at an estimated cost of \$507,647 with an interest rate of 2.89%. Lease payment will be paid annually through March 2025. Lease payments are funded through the Equipment Replacement Internal Service Fund.
\$ 1,641,125	\$ 876,129	Lease agreement between the City and Holman Capital Corporation for the purchase of a fire engine and ladder truck for Fire Station 75 at an estimated cost of \$1,641,125 with an interest rate of 2.75%. Lease payment will be paid annually beginning September 2016 through 2025. Lease payments are funded through the City's Equipment Replacement Internal Service Fund.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 6 – LONG-TERM LIABILITIES, continued

Capital Lease Obligations:

<u>Original Debt</u> <u>Amount</u>	<u>Outstanding</u> <u>June 30, 2021</u>	
\$ 323,010	\$ 205,460	Lease agreement between the City and Holman Capital Corporation for the purchase of a TV van with inspection system for the Utilities Department at an estimated cost of \$323,010 with an interest rate of 3.09%. Lease payment will be paid annually beginning April 2018 through 2027. Lease payments are funded through the City's Equipment Replacement Internal Service Fund.
\$ 433,404	\$ 316,422	Lease agreement between the City and Holman Capital Corporation for the purchase of Utility Vehicles with all accessories, attachments, substitutions and accessories for the Utilities Department at an estimated cost of \$433,404 with an interest rate of 2.97%. Lease payment will be paid annually beginning September 2018 through 2027. Lease payments are funded through the City's Equipment Replacement Internal Service Fund.
\$ 38,193	<u>\$ 31,511</u>	Lease agreement between the City and Ford Motor Credit Company for the purchase of a Ford Explorer with all equipment for the Police Department at an estimated cost of \$38,193 with an interest rate of 5.49%. Lease payments will be paid monthly beginning October 2020 through September 2024.
	<u>\$ 8,013,850</u>	Total capital lease obligations

The annual requirement to amortize debt outstanding as of June 30, 2021 for capital lease obligations is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,256,653	\$ 249,978	\$ 1,506,631
2023	1,318,669	207,844	1,526,513
2024	1,383,370	163,630	1,547,000
2025	1,442,747	117,392	1,560,139
2026	1,303,989	71,750	1,375,739
2027-2030	1,308,422	53,102	1,361,524
Total	<u>\$ 8,013,850</u>	<u>\$ 863,696</u>	<u>\$ 8,877,546</u>

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Buildings & Improvements	\$ 10,870,125
Equipment	7,192,582
Less: Accumulated depreciation	(6,856,389)
Total	<u>\$ 11,206,318</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 6 – LONG-TERM LIABILITIES, continued

The capital lease obligation exceeds the total of the capital assets acquired through leases due to the Siemens Energy Efficiency project. Some of the projects did not meet our threshold for capitalization and therefore are not included in the table above.

B. Business-Type Long-Term Debt

Activity

The following is a summary of changes in the business-type long-term liabilities at June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State Revolving Loans Payable:					
Interim Renovation	\$ 70,739	\$ -	\$ 70,739	\$ -	\$ -
Tertiary Project	86,287,666	-	4,862,134	81,425,532	4,988,550
Plant Expansion	26,281,314	-	4,093,740	22,187,574	4,204,271
Total Easterly Wastewater Treatment Plant	<u>112,639,719</u>	<u>-</u>	<u>9,026,613</u>	<u>103,613,106</u>	<u>9,192,821</u>
Capital Lease Obligations:					
PNC, LLC	4,183,322	-	537,374	3,645,948	573,531
Total Capital Lease Obligations	<u>4,183,322</u>	<u>-</u>	<u>537,374</u>	<u>3,645,948</u>	<u>573,531</u>
Total	<u>\$ 116,823,041</u>	<u>\$ -</u>	<u>\$ 9,563,987</u>	<u>\$ 107,259,054</u>	<u>\$ 9,766,352</u>

State Water Resources Control Board Loan for the Easterly Wastewater Treatment Plant Tertiary Project – Original Issue \$119,858,236

This loan is a State Revolving Loan Fund Program contract between the State Water Quality Control Board and the City with a maximum loan amount of \$119,858,236 to fund the Easterly Wastewater Treatment Plant Tertiary Project. The project consists of four construction phases. There are four separate financial agreements for each phase as follows:

- Phase 1 – Denitrification Improvements; financial agreement executed on August 23, 2011 for \$32,162,246
- Phase 2 – Laboratory Expansion Improvements; financial agreement executed on October 12, 2011 for \$4,781,000
- Phase 3 – Filtration Improvements; financial agreement executed on October 21, 2011 for \$68,834,990
- Phase 4 – Completion Improvements; financial agreement executed on October 12, 2011 for \$14,080,000

The term of the loan is 20 years with an interest rate of 2.6%. Annual payments will begin following the agreed upon completion date for each individual phase. The City had a contract with C. Overaa & Company for \$22,630,000 to construct the Denitrification Improvements, Phase 1 of the SRF loan. The Denitrification Improvements are required by the Central Valley Regional Water Quality Control Board of the City's National Pollutant Discharge Elimination System Discharge Permit for the Easterly Wastewater Treatment Plant, and by the Time Scheduled Order issued by the same board. Phase 1 of the project was completed in fiscal year 2013-14 and Phase 3 was completed in fiscal year 2015-16. The Phase 2 lab expansion was completed by Landmark Construction during fiscal year 2016-17. The final phase of the project was completed in October 2019.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 6 – LONG-TERM LIABILITIES, continued

The City has drawn the following amounts through June 30, 2021 for each phase:

	Available Loan	Amount Drawn
Phase 1 - Denitrification	\$ 32,162,246	\$ (32,162,246)
Phase 2 - Lab Expansion	4,781,000	(4,781,000)
Phase 3 - Filtration Improvements	68,834,990	(68,834,990)
Phase 4 - Completion	10,898,764	(306,023)
	\$ 116,677,000	\$ (106,084,259)
Construction Period Interest added to Loan		\$ (3,983,512)
Less: Cumulative Repayments		28,642,239
Amount Due		\$ (81,425,532)

The estimated annual debt service requirement on this note is as follows:

Year Ending Year Ending June 30	Proprietary Fund		Total
	Principal	Interest	
2022	\$ 4,988,550	\$ 2,117,064	\$ 7,105,614
2023	5,118,252	1,987,362	7,105,614
2024	5,251,326	1,854,287	7,105,613
2025	5,387,860	1,717,752	7,105,612
2026	5,527,945	1,577,668	7,105,613
2027-2031	29,871,834	5,656,233	35,528,067
2032-2036	24,971,746	1,621,420	26,593,166
2037	308,019	8,008	316,027
Total	\$ 81,425,532	\$ 16,539,794	\$ 97,965,326

Principal payments totaling \$4,862,134 were made during fiscal year 2021 for Phases 1 through 3 of the project. The outstanding principal balance for Phase 4, was paid off completely during the 2017-2018 fiscal year.

**State Water Resources Control Board Loan for the Easterly Wastewater Treatment Plant Expansion—
Original Issue \$67,786,401**

This loan is a State Revolving Loan Fund Program contract between the State Water Resources Control Board and the City with a maximum loan amount of \$67,786,401 to fund the Easterly Wastewater Treatment Plant Expansion. The loan repayment amounts are due in installments of \$4,803,335 which began in 2006. Principal and interest at 2.7% are paid annually each July through 2025.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 6 – LONG-TERM LIABILITIES, continued

The estimated annual debt service requirement on this note is as follows:

Year Ending Year Ending June 30	Proprietary Fund		Total
	Principal	Interest	
2022	\$ 4,204,271	\$ 599,064	\$ 4,803,335
2023	4,317,786	485,549	4,803,335
2024	4,434,367	368,969	4,803,336
2025	4,554,094	249,241	4,803,335
2026	4,677,056	126,280	4,803,336
Total	<u>\$ 22,187,574</u>	<u>\$ 1,829,103</u>	<u>\$ 24,016,677</u>

Capital Lease Obligations:

Original Debt Amount	Outstanding June 30, 2021
-------------------------	------------------------------

\$ 6,993,972	<u>\$ 3,645,948</u>	Lease agreement between the City and PNC, LLC for facility improvement projects in progress throughout the City at an estimated cost of \$6,993,972 with an interest rate of 3.10%. Lease payment will be paid semi-annually beginning February 2014 through August 2026. Lease payments are funded through the City's Water Fund.
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<u>\$ 3,645,948</u>	Total capital lease obligations
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The annual requirement to amortize debt outstanding as of June 30, 2021 for capital lease obligations is as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 573,531	\$ 105,184	\$ 678,715
2023	611,378	87,698	699,076
2024	650,985	69,064	720,049
2025	692,422	49,229	741,651
2026	735,764	28,136	763,900
2027	381,868	5,728	387,596
Total	<u>\$ 3,645,948</u>	<u>\$ 345,039</u>	<u>\$ 3,990,987</u>

C. Compensated Absences

Compensated absences are due to employees for earned but unused leave balances, including vacation, sick, and compensated time off. Compensated absences are generally liquidated by the City's General Fund, Internal Service Funds and Enterprise Funds in each fiscal year. The following is a summary of the compensated absences liability at the fiscal year ended June 30, 2021:

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 6 – LONG-TERM LIABILITIES, continued

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities	\$ 11,757,309	\$ 9,714,766	\$ 13,742,242	\$ 7,729,834	\$ 506,994
Business Activities	1,181,340	944,040	1,016,282	1,109,098	98,050
Total	<u>\$ 12,938,649</u>	<u>\$ 10,658,806</u>	<u>\$ 14,758,524</u>	<u>\$ 8,838,932</u>	<u>\$ 605,044</u>

D. Debt Without City Commitment

Special Assessment Debt

Payment of this debt is secured by valid assessment liens upon certain land within each district and, as such, is not a direct liability of the City. Reserves have been established from the bond proceeds to meet delinquencies should they occur. Neither the faith and credit nor taxing power of the City of Vacaville is pledged to the payment of the bonds; therefore, they are not included in the financial statements. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay those delinquencies out of any other available funds. The City acts solely as an agent for those paying assessments and the bondholders.

The amount of bonds outstanding at June 30, 2021 is as follows:

Description	Original Bond Amount	June 30, 2021
1997 Northeast Sector	\$ 8,434,307	\$ 1,115,000
2020-Nut Tree Assessment Dist	4,308,445	4,308,445
Total 1915 Act Limited Obligation Bonds		<u>\$ 5,423,445</u>

Conduit Debt

The City has issued multifamily housing revenue bonds to provide funds for the refinancing and rehabilitation of rental housing developments by private developers. The proceeds were used for the following multifamily rental housing projects: The Willows, Orchards/Maples, Quail Run, and The Sycamores Apartments. The bonds are payable solely from loan repayments made by the borrower directly to the bond trustee. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal or interest on the bonds.

The amount of bonds outstanding at June 30, 2021 is as follows:

Description	Original Bond Amount	June 30, 2021
Multifamily Revenue Bonds 1999A	\$ 9,600,000	\$ 9,600,000
Multifamily Revenue Bonds 2000A	6,945,260	1,876,190
Total Conduit Debt		<u>\$ 11,476,190</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 6 – LONG-TERM LIABILITIES, continued

E. Private Purpose Trust Fund - Successor Agency Activity

The following is a summary of changes in long-term liabilities for Private Purpose Trust Fund Successor Agency (Agency) activities. Activity for the Successor Agency's fiscal year ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Bonds Payable:					
2000A Multifamily Mortgage	\$ 775,970	\$ -	\$ 137,160	\$ 638,810	\$ 146,050
2014 Subordinate Tax Allocation Refunding Bonds	18,755,000	-	1,755,000	17,000,000	1,840,000
2014 Subordinate Tax Allocation Refunding Bonds Premium	1,755,993	-	146,333	1,609,660	-
2016 Subordinate Tax Allocation Refunding Bonds Series A	1,480,000	-	-	1,480,000	-
2016 Subordinate Tax Allocation Refunding Bonds Series A-T	12,490,000	-	990,000	11,500,000	1,005,000
Total Bonds	<u>35,256,963</u>	<u>-</u>	<u>3,028,493</u>	<u>32,228,470</u>	<u>2,991,050</u>
Total Long-Term Debt	<u>\$ 35,256,963</u>	<u>\$ -</u>	<u>\$ 3,028,493</u>	<u>\$ 32,228,470</u>	<u>\$ 2,991,050</u>

The following is a description of long-term debt issues, along with the amount of original debt issuance:

Bonds Payable:

There are four Bonds payable secured by property tax increments: Series 2000A, 2014 Subordinate Tax Allocation Refunding, 2016 Subordinate Tax Allocation Refunding A and 2016 Subordinate Tax Allocation Refunding A-T Bonds. Due to the dissolution of the Redevelopment Agency, these bonds have been transferred to the Successor Agency and Redevelopment Property Tax Trust Funds were received during the fiscal year to fund these enforceable obligations.

	Principal and Interest	
	Paid During Fiscal Year	Estimated Remaining to be Paid
2000A Multifamily Mortgage Revenue	\$ 173,937	\$ 723,713
2014 Subordinate Tax Allocation Refunding	2,603,869	21,159,437
2016 Subordinate Tax Allocation Refunding A	42,188	1,957,183
2016 Subordinate Tax Allocation Refunding A-T	1,340,074	13,513,211
	<u>\$ 4,160,068</u>	<u>\$ 37,353,544</u>

Original Debt Amount	Outstanding June 30, 2021
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\$ 2,364,740	\$ 638,810
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Multifamily Mortgage Revenue Bonds were issued by the Agency to provide financing for Vacaville Community Housing (VCH), a non-profit corporation, to acquire and rehabilitate multifamily rental housing units. The bonds are limited obligations of the Agency and are payable solely from VCH project revenues, certain tax increment revenues, and certain other revenue and pledge funds. The Agency is committed to funding 25.4% of the debt service on the bonds from tax increment revenue during the 30 year life of the bonds, and as such 25.4% of the bond principal has been recorded in the financial statements as an obligation of the Agency. The Agency has an offsetting note receivable from VCH for \$1,455,000, with payments starting in 2025, to be amortized over the following 30 years, to reimburse the Agency for debt service payments advanced on behalf of VCH. Interest rates on the bonds range from 4.78% to 6.00% and the bonds mature in 2025.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 6 – LONG-TERM LIABILITIES, continued

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2021</u>	
\$ 28,090,000	\$ 17,000,000	Subordinate Tax Allocation Refunding Bonds issued by the Successor Agency to the Redevelopment Agency of the City of Vacaville to prepay 1996, 2000 and 2001 Tax Allocation Bonds outstanding loans payable from tax increment revenue generated in the Vacaville Community Redevelopment Project Area in the I-505/80 Project Area. Interest rates range from 2.0% to 5.0% and the bonds mature in March 2032. Payments of principal and interest are funded by property tax revenues distributed to the former Redevelopment Property Tax Trust Fund (RPTTF).
\$ 1,480,000	\$ 1,480,000	Subordinate Tax Allocation Series A Refunding Bonds issued by the Successor Agency to advance refund \$1.7 million of outstanding 2006 ABAG Tax Allocation Bonds. Interest rates for the newly issued bonds range from 2.75% to 2.875% and the bonds mature in September 2032. Payments of principal and interest are funded by property tax revenues distributed to the former Redevelopment Property Tax Trust Fund (RPTTF).
\$15,285,000	<u>\$11,500,000</u>	Subordinate Tax Allocation Series A-T Refunding Bonds issued by the Successor Agency to advance refund \$15.4 million of 2006 Taxable Housing Bonds. Interest rates range from 1.1% to 3.4% and the bonds mature in September 2031. Payments of principal and interest are funded by property tax revenues distributed to the former Redevelopment Property Tax Trust Fund (RPTTF).
	<u>\$ 30,618,810</u>	Total bonds payable

The annual requirement to amortize debt outstanding as of June 30, 2021 for bonds payable is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	2,991,050	1,165,513	4,156,563
2023	3,104,940	1,039,490	4,144,430
2024	2,478,830	924,280	3,403,110
2025	2,573,990	826,742	3,400,732
2026	2,500,000	717,789	3,217,789
2027-2031	13,435,000	1,966,323	15,401,323
2032-2033	3,535,000	94,597	3,629,597
Subtotal	<u>30,618,810</u>	<u>\$ 6,734,734</u>	<u>\$ 37,353,544</u>
Unamortized premium	1,609,660		
Total	<u>\$ 32,228,470</u>		

There are a number of limitations and restrictions contained in the various bond indentures. The Successor Agency believes it is in compliance with the significant limitations and restrictions.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT PLANS

Pension related balances presented on the Statement of Net Position as of June 30, 2021 by individual plan are described in the following table:

	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense
CALPERS Miscellaneous	\$ 13,359,424	\$ 150,080	\$ 87,374,386	\$ 11,596,709
CALPERS Safety	20,239,276	1,743,586	119,618,118	17,756,017
PARS Miscellaneous	5,391,347	1,221,835	39,983,969	4,776,712
PARS Safety	186,863	-	3,473,340	731,110
	<u>\$ 39,176,910</u>	<u>\$ 3,115,501</u>	<u>\$ 250,449,813</u>	<u>\$ 34,860,548</u>

Deferred Outflows and Inflows by individual plan are described below:

	Deferred Outflows	Deferred Inflows
CaIPERS Miscellaneous		
Changes of Assumptions	\$ -	\$ 150,080
Differences between Expected and Actual Experiences	3,559,761	-
Difference between Projected and Actual Earnings on Pension Plan Investments	1,235,920	-
Current Year Contributions	8,563,743	-
Total CaIPERS Miscellaneous	<u>13,359,424</u>	<u>150,080</u>
CaIPERS Safety		
Changes of Assumptions	2,368,067	411,200
Differences between Expected and Actual Experiences	1,917,843	1,332,386
Difference between Projected and Actual Earnings on Pension Plan Investments	1,798,952	-
Current Year Contributions	14,154,414	-
Total CaIPERS Safety	<u>20,239,276</u>	<u>1,743,586</u>
PARS Miscellaneous		
Changes of Assumptions	1,011,476	-
Differences between Expected and Actual Experiences	103,362	1,221,835
Difference between Projected and Actual Earnings on Pension Plan Investments	390,152	-
Current Year Contributions	3,886,357	-
Total PARS Miscellaneous	<u>5,391,347</u>	<u>1,221,835</u>
PARS Safety		
Changes of Assumptions	-	-
Differences between Expected and Actual Experiences	-	-
Difference between Projected and Actual Earnings on Pension Plan Investments	9,563	-
Current Year Contributions	177,300	-
Total PARS Safety	<u>186,863</u>	<u>-</u>
Total	<u>\$ 39,176,910</u>	<u>\$ 3,115,501</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

CALPERS PLAN

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Local Government'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 Local Government 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 1959 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 Plan's provisions and benefits in effect as of the measurement date, are summarized as follows:

	Safety	Miscellaneous
Benefit vesting schedule	5 years of service	5 years of service
Benefit payment	monthly for life	monthly for life
Earliest retirement age	50	50
Benefit factor for each year of service, as a % of salary	3% at age 50	2% at age 50
Required employee contribution rates	11.75%	6.250%
Required employer contribution rates	57.885%	28.348%

On January 1, 2013, the Public Employee Pension Reform Act (PEPRA) went into effect. This State law applies to employees hired after January 1, 2013 who are new to PERS. These employees are termed PEPRA members and employees that were enrolled in PERS (without significant separation) prior to January 1, 2013 are now referred to as classic members. PEPRA miscellaneous members will be enrolled in a 2% at 62 plan and PEPRA safety members will be enrolled in a 2.7% at 57 plan. PEPRA members will be required to pay half the normal cost of their plans.

Employees Covered

At June 30, 2021, the following employees were covered by the benefit terms for each Plan:

	Safety	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	207	453
Inactive employees entitled to but not yet received benefits	78	241
Active employees	167	331
Total	<u>453</u>	<u>1,025</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

Contributions

Section 20814(C) of the California Public Employees’ Retirement Law (PERL) 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. The Total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with estimated amount to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended.

Net Pension Liability

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, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following assumptions:

Actuarial Assumptions:

	Safety	Miscellaneous
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.63%	2.63%
Salary Increases	Varies by Entry Age and Service	
Investment Rate of Return	7.25%	7.25%
Mortality (1)	Derived using CalPERS’ Membership Data for all Funds	

(1) The mortality table used was developed based on CalPERS’ specific data. The mortality assumptions and other actuarial assumptions were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the study can be found on the CalPERS website.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

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 (Public Employees’ Retirement 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 (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	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) An expected inflation of 2.0% used for this period.

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

Subsequent Events

On November 15, 2021, the CalPERS Board of Administration selected a new asset allocation mix that will guide the fund’s investment portfolio for the next four years, while at the same time retaining the reduction of discount rate from 7.0% to 6.8%. Notable changes for employers include a decrease in median total employer contribution rates, from less than 1% in miscellaneous plans to a decrease of more than 2% in some safety plans. Contribution changes will take effect in fiscal year 2023-24 for public agencies.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

Changes in the Net Pension Liability

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

Safety Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019 (Measurement Date)	\$ 337,941,378	\$ 220,864,262	\$ 117,077,116
Changes in the year:			
Service Cost	7,088,239	-	7,088,239
Interest on Total Pension Liability	23,786,281	-	23,786,281
Differences between Expected and Actual Experience	(1,469,739)	-	(1,469,739)
Contribution - Employer	-	12,918,457	(12,918,457)
Contribution - Employee	-	3,135,831	(3,135,831)
Investment Income	-	11,120,855	(11,120,855)
Administrative Expenses	-	(311,364)	311,364
Benefit Payments, including Refunds of Employee Contributions	(14,681,029)	(14,681,029)	-
Net Changes	<u>14,723,752</u>	<u>12,182,750</u>	<u>2,541,002</u>
Balances at June 30, 2020 (Measurement Date)	<u>\$ 352,665,130</u>	<u>\$ 233,047,012</u>	<u>\$ 119,618,118</u>

Changes in the Net Pension Liability

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019 (Measurement Date)	\$ 259,135,697	\$ 179,286,308	\$ 79,849,389
Changes in the year:			
Service Cost	4,628,561	-	4,628,561
Interest on Total Pension Liability	18,440,540	-	18,440,540
Differences between Expected and Actual Experience	3,262,977	-	3,262,977
Contribution - Employer	-	7,795,719	(7,795,719)
Contribution - Employee	-	2,296,252	(2,296,252)
Investment Income	-	8,967,860	(8,967,860)
Administrative Expenses	-	(252,750)	252,750
Benefit Payments, including Refunds of Employee Contributions	(13,606,594)	(13,606,594)	-
Net changes	<u>12,725,484</u>	<u>5,200,487</u>	<u>7,524,997</u>
Balances at June 30, 2020 (Measurement Date)	<u>\$ 271,861,181</u>	<u>\$ 184,486,795</u>	<u>\$ 87,374,386</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT PLANS, 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:

	Safety	Miscellaneous
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 169,750,356	\$ 122,515,337
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 119,618,118	\$ 87,374,386
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 78,611,554	\$ 58,165,340

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

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

For the year ended June 30, 2021, the City recognized pension expenses of \$17,756,017 for the Safety Plan and \$11,596,709 for the Miscellaneous Plan. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Safety		Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 14,154,414	\$ -	\$ 8,563,743	\$ -
Changes of Assumptions	2,368,067	(411,200)	-	(150,080)
Differences between Expected and Actual Experiences	1,917,843	(1,332,386)	3,559,761	-
Differences between Projected and Actual Earnings on Pension Plan Investments	1,798,952	-	\$ 1,235,920	-
Total	\$ 20,239,276	\$ (1,743,586)	\$ 13,359,424	\$ (150,080)

\$14,154,414 for Safety and \$8,563,743 for Miscellaneous 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

Fiscal Year Ended June 30:	Safety	Miscellaneous
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2022	\$ 1,715,482	\$ 943,294
2023	742,266	1,666,011
2024	1,046,060	1,295,482
2025	837,468	740,814

SUPPLEMENTAL PARS PLAN

Plan Description

The City of Vacaville entered into an agreement with the Public Agency Retirement System Trust (PARS Trust) and Phase II Systems as the Trust Administrator to contribute to a supplemental agent multiple-employer defined benefit pension plan (Supplemental Plan). The Supplemental Plan provides lifetime supplemental retirement benefits for participants that retire on or after age 50. Death and disability benefits are not covered under the plan. The amount of the supplement is determined based on: length of PERS service; final average compensation; and actuarially determined factors. The cost-of-living adjustment is 2% per year. The Supplemental Plan conforms to the requirements under Internal Revenue Code 401(a) and has received a favorable Letter of Determination from the Internal Revenue Service.

The Supplemental Program is a multiple-employer trust agreement established to provide administrative cost-sharing among public agencies (Member Agencies) and consists of Agency Trusts within the program. Phase II Systems issues a publicly available financial report that includes financial statements and required supplementary information for the program. That report may be obtained by writing to Phase II Systems, 3961 MacArthur Boulevard, Suite 200, Newport Beach, California 92660.

Benefits Provided

PARS provides service retirement 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. The cost of living adjustments for each plan are applied as specified by contract. Death and disability benefits are not covered under the plan.

The Plan's provisions and benefits in effect as of the measurement date, are summarized as follows:

	Safety	Miscellaneous
Benefit vesting schedule	5 years of service	5 years of service
Benefit payment	monthly for life	monthly for life
Earliest retirement age	50	50
Benefit factor for each year of service, as a % of salary	1% at age 50	.7% at age 55
Required employee contribution rates	N/A	2%
Required employer contribution rates	N/A	26.580%

On January 1, 2013, the Public Employee Pension Reform Act (PEPRA) went into effect. This State law applies to employees hired after January 1, 2013. The City updated the Plan to reflect compliance with PEPRA. The Plan has been amended and is closed to all new hires on or after January 1, 2013.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

Employees Covered

At June 30, 2021, the following employees were covered by the benefit terms for each Plan:

Employees Covered:

	Safety	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	5	170
Inactive employees entitled to but not yet received benefits	-	25
Active employees	-	260
Total	5	455

Contributions

Section 20814(C) of the California Public Employees’ Retirement Law (PERL) 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. The Total plan contributions are determined through PARS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2020 (the measurement date), the average active employee contribution rate is 2.0 percent of annual pay for the Miscellaneous Plan, and employer contribution rate is 26.58 percent of annual payroll for the Miscellaneous Plan. The Safety Plan does not have any active members, contributions are solely made by the City based on the actuarially determined amount necessary to amortize the unfunded accrued liability.

As of June 30, 2021 the Safety Plan is not prefunded. There are no active employees, therefore no contribution rate for employees. The level of employer contributions made are sufficient only to make current benefit payments and expenses.

Net Pension Liability

The City’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Miscellaneous Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019. The Safety Plan is measured as of June 30, 2020, using an annual valuation date as of June 30, 2020. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

Actuarial Assumptions

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

	Safety	Miscellaneous
Valuation Date	June 30, 2020	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Discount Rate	2.21%	6.50%
Inflation	N/A	2.50%
Salary Increases	N/A	Varies by Entry Age and Service
Investment Rate of Return	6.00%	6.50%
Mortality	Consistent with the Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.	

Discount Rate

The discount rate used to measure the total pension liability was 6.50% for the Miscellaneous Plan and 2.21% for the Safety Plan. For the Miscellaneous Plan the projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position is projected to cover all future pension payments. Therefore, the discount rate was set equal to the long-term expected rate of return. The discount rate is based on the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. As of the June 30, 2020 measurement date, the Safety Plan's fiduciary net position is not projected to be sufficient for more than a few years. With a date of depletion of June 30, 2020 determined, the discount rate is much lower than the current 6.00% investment return assumption. After assets are expected to be depleted, the projected benefit payments are discounted using a municipal bond index. The Bond Buyer GO 20-Bond Municipal Bond Index was used for this purpose.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 6.50% for the Miscellaneous Plan and 6.00% for the Safety Plan investment return assumption used in these accounting valuations is net of administrative expenses.

In determining the long-term expected rate of return, the best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

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

Safety Plan

Asset Class	Target Allocation	Long-Term Arithmetic Real Rate of Return	Long-Term Arithmetic Real Rate of Return
US Cash	6.67%	-0.32%	-0.32%
US Core Fixed Income	37.46%	1.37%	1.26%
US Equity Market	44.12%	5.33%	3.70%
Foregin Developed Equity	6.84%	6.27%	4.52%
Emerging Markets Equity	3.91%	8.64%	4.95%
US REITs	1.00%	5.75%	3.57%
Total	<u>100%</u>		
Assumed Inflation		2.30%	2.30%
Assumed Inflation - Standard Deviation		1.16%	1.16%
Portfolio Real Mean Return		3.80%	3.22%
Portfolio Nominal Mean Return		6.10%	5.60%
Portfolio Standard Deviation			10.28%

Miscellaneous Plan

Asset Class	Target Allocation	Long-Term Arithmetic Real Rate of Return	Long-Term Arithmetic Real Rate of Return
US Cash	3.69%	-0.32%	-0.32%
US Core Fixed Income	38.63%	137.00%	1.26%
US Equity Market	45.54%	5.33%	3.70%
Foregin Developed Equity	7.10%	6.27%	4.52%
Emerging Markets Equity	4.08%	8.64%	4.95%
US REITs	0.96%	5.75%	3.57%
Total	<u>100%</u>		
Assumed Inflation		2.30%	2.30%
Assumed Inflation - Standard Deviation		1.16%	1.16%
Portfolio Real Mean Return		3.80%	3.22%
Portfolio Nominal Mean Return		6.10%	5.60%
Portfolio Standard Deviation			10.28%

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

Changes in the Net Pension Liability

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

Safety Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019 (Measurement Date)	<u>\$ 3,333,745</u>	<u>\$ 422,795</u>	<u>\$ 2,910,950</u>
Changes in the year:			
Service Cost	-	-	-
Interest on Total Pension Liability	114,003	-	114,003
Differences between Expected and Actual Experience	11,924	-	11,924
Changes of Assumptions	618,688	-	618,688
Contribution - Employer	-	177,300	(177,300)
Investment Income	-	(11,032)	11,032
Expected Net Investment Income	-	25,757	(25,757)
Administrative Expenses		(9,800)	9,800
Benefit Payments, including Refunds of Employee Contributions	<u>(154,336)</u>	<u>(154,336)</u>	<u>-</u>
Net changes	<u>590,279</u>	<u>27,889</u>	<u>562,390</u>
Balances at June 30, 2020 (Measurement Date)	<u><u>\$ 3,924,024</u></u>	<u><u>\$ 450,684</u></u>	<u><u>\$ 3,473,340</u></u>

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019 (Measurement Date)	<u>\$ 60,480,425</u>	<u>\$ 20,803,774</u>	<u>\$ 39,676,651</u>
Changes in the year:			
Service Cost	695,775	-	695,775
Interest on Total Pension Liability	3,868,776	-	3,868,776
Contribution - Employer	-	3,348,558	(3,348,558)
Contribution - Employee	-	329,522	(329,522)
Investment Income	-	(587,210)	587,210
Expected Net Investment Income	-	1,356,153	(1,356,153)
Administrative Expenses	-	(189,790)	189,790
Benefit Payments, including Refunds of Employee Contributions	<u>(3,366,142)</u>	<u>(3,366,142)</u>	<u>-</u>
Net changes	<u>1,198,409</u>	<u>891,091</u>	<u>307,318</u>
Balances at June 30, 2020 (Measurement Date)	<u><u>\$ 61,678,834</u></u>	<u><u>\$ 21,694,865</u></u>	<u><u>\$ 39,983,969</u></u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Safety	Miscellaneous
1% Decrease	1.21%	5.50%
Net Pension Liability	\$ 4,081,641	\$ 47,459,408
Current Discount Rate	2.21%	6.50%
Net Pension Liability	\$ 3,473,340	\$ 39,983,969
1% Increase	3.21%	7.50%
Net Pension Liability	\$ 2,980,016	\$ 33,501,188

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PARS financial report.

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

For the year ended June 30, 2021, the City recognized pension expense of \$4,776,712. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Safety		Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 177,300	\$ -	\$ 3,886,357	\$ -
Changes of Assumptions	-	-	1,011,476	-
Differences between Expected and Actual Experiences	-	-	103,362	(1,221,836)
Net differences between projected and actual earnings on plan investments	9,563	-	390,152	-
Total	\$ 186,863	\$ -	\$ 5,391,347	\$ (1,221,836)

Miscellaneous Plan reported \$3,886,357 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

Fiscal Year Ended June 30:	Safety		Miscellaneous	
	Deferred		Deferred	
	Outflows/(Inflows) of Resources	Measurement Period Ended June 30:	Outflows/(Inflows) of Resources	
2022	\$ 2,452	2021	\$ 104,811	
2023	2,452	2022	(69,016)	
2024	2,451	2023	129,918	
2025	2,208	2024	117,441	

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City provides post-employment healthcare benefits under an agent multiple-employer defined healthcare plan administered by CalPERS. The plan provides medical insurance benefits to eligible retirees and their eligible dependents. During fiscal year 2018, the City implemented the provisions of GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement establishes uniform financial reporting standards for employers providing OPEB. Required disclosures are presented in this footnote. The City established an irrevocable trust with California Employer’s Retiree Benefit Trust Program (CERBT) to prefund retiree health benefits in 2009. The CERBT is administered by CalPERS and is managed by an appointed board not under the control of the City Council. This trust is not considered a component unit of the City and has been excluded from the financial statements. Separately issued financial statements for CERBT may be obtained from CalPERS as 400 Q Street Sacramento, CA 95811.

Benefits Provided

The City contributes a monthly amount to PERS for each retiree, determined by the retiree’s employment classification when employed by the City. If the retiree selects health coverage through PERS that has a higher premium than the City’s contribution, the balance is deducted from the retiree’s monthly PERS pension benefit.

Employees Hired Prior to January 1, 2009

Employees hired prior to January 2009 must attain age 50 with five years of PERS service and be eligible to retire through PERS. The City pays a percentage of the retired employees’ and dependents’ monthly medical premium, up to a fixed amount (single, two-party, or family), in accordance with employee collective bargaining agreements. Currently, this percentage is 85% of the Kaiser non-Medicare rate. Alternatively, an employee can elect to be covered by the eligibility conditions for employees hired on or after January 1, 2009.

Employees Hired on or After January 1, 2009 but Before December 1, 2018

Employees in this tier must attain age 50 with ten years of PERS service (and five years of City service) and be eligible to retire through PERS. The City provides a percentage of a maximum contribution amount. This percentage is 50% for 10 years of service increasing to 100% for 20 or more years of service. The City contribution will never exceed the actual premium. This vesting schedule is based on California Government Code 22893 and the maximum contribution amount is approved by the CalPERS Board.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS, continued

Miscellaneous Employees Hired on or After December 1, 2018

The City provides the minimum monthly employer contribution as required by CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA). For calendar year 2021, the amount is \$143 per month. (For calendar year 2020, the amount was \$139 per month.) In addition, the City provides an additional monthly contribution based on years of service at retirement, as described in the table below.

<u>Years of Service</u>	<u>Monthly City Contribution</u>
Less than 10	\$0
10 to 15	\$100
15 to 20	\$150
20 or more	\$200

Safety Employees Hired on or After January 1, 2020

The City provides the minimum monthly employer contribution as required by CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA). For calendar year 2021, the amount is \$143 per month. (For calendar year 2020, the amount was \$139 per month.) In addition, the City provides an additional monthly contribution based on years of service at retirement, as described in the table below.

<u>Years of Service</u>	<u>Monthly City Contribution</u>
Less than 10	\$0
10 to 15	\$100
15 to 20	\$150
20 or more	\$200

Employees Covered

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	488
Active employees	551
Total	1,039

Contributions

The Actuarially Determined Contribution is an amount, if paid on an ongoing basis, projected to cover normal costs each year and amortize any unfunded actuarial liabilities over the amortization period. During the measurement period, the City's contributions totaled \$11,617,964. \$4,915,000 of this amount was contributed directly to the CERBT trust with the remaining amount being comprised of medical premium payments made by the City on behalf of retirees (not reimbursed by the trust) and implied subsidy payments.

In November 2015, the City adopted an OPEB funding policy to fund an increasing percentage of the annual contribution each fiscal year starting 2016 and reaching 100% contribution funding in fiscal year 2020.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS, continued

Net OPEB Liability

The City'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 June 30, 2019 based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.50%
Mortality (1)	Derived using CalPERS' Membership Data for all Funds

(1) The mortality table used was developed based on CalPERS' specific data. The mortality assumptions and other actuarial assumptions were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. Determining the discount rate requires the actuary perform complex projections (depletion date projections) of future benefit payments and asset values. Based on the actuary's depletion date projections, the City's assets are always projected to be sufficient to cover benefit payments and administrative expenses.

The table below reflects long-term expected real rate of return by asset class. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2020.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 8 – OTHER POST-EMPLOYMENT HEALTH BENEFITS, continued

Asset Class	Target Allocation	Long-Term Arithmetic Real Rate of Return	Long-Term Geometric Real Rate of Return
US Long Credit Bonds	25.00%	2.98%	2.63%
US Inflation-Indexed Bonds	5.00%	1.13%	1.03%
Global Equity	59.00%	5.57%	4.21%
Global REITs	8.00%	6.04%	4.26%
Commodities	3.00%	2.88%	1.27%
Total	<u>100.00%</u>		
Assumed Inflation		2.50%	2.50%
Assumed Inflation - Standard Deviation		1.65%	1.65%
Portfolio Real Mean Return		4.65%	3.92%
Portfolio Nominal Mean Return		7.15%	6.52%
Portfolio Standard Deviation			12.15%

Changes in the Net OPEB Liability

The changes in the Net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2019 (Measurement Period)	<u>\$ 116,624,611</u>	<u>\$ 38,433,335</u>	<u>\$ 78,191,276</u>
Changes in the year:			
Service Cost	3,363,024	-	3,363,024
Interest on Total Pension Liability	7,584,779	-	7,584,779
Contribution - Employer	-	11,617,964	(11,617,964)
Investment Income	-	1,467,421	(1,467,421)
Administrative Expenses	-	(20,796)	20,796
Benefit Payments, including Refunds of Employee Contributions	(6,702,964)	(6,702,964)	-
Net changes	<u>4,244,839</u>	<u>6,361,625</u>	<u>(2,116,786)</u>
Balances at June 30, 2020 (Measurement Period)	<u>\$ 120,869,450</u>	<u>\$ 44,794,960</u>	<u>\$ 76,074,490</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the Net OPEB liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the measurement period ended June 30, 2020.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 8 – OTHER POST-EMPLOYMENT HEALTH BENEFITS, continued

	Net OPEB Liability
1% Decrease	5.50%
Net OPEB Liability	\$ 91,274,183
Current Discount Rate	6.50%
Net OPEB Liability	\$ 76,074,490
1% Increase	7.50%
Net OPEB Liability	\$ 63,450,535

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	Net OPEB Liability
1% Decrease	
Net OPEB Liability	\$ 60,869,315
Current Healthcare Trend Rate	
Net OPEB Liability	\$ 76,074,490
1% Increase	
Net OPEB Liability	\$ 94,798,494

OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expenses of \$8,327,669. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 10,996,470	\$ -
Changes of Assumptions	-	(142,597)
Differences between Expected and Actual Experiences	-	(133,409)
Net differences between projected and actual earnings on plan investments	762,413	-
Total	\$ 11,758,883	\$ (276,006)

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 8 – OTHER POST-EMPLOYMENT HEALTH BENEFITS, continued

Contributions made subsequent to the measurement date will be recognized as a reduction of the Net OPEB liability in fiscal year 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2022	\$ 13,792
2023	166,926
2024	201,471
2025	189,871
2026	(47,588)
Thereafter	(38,068)
	<u>\$ 486,404</u>

NOTE 9 – FUND EQUITY

Deficit Fund Balances

The following fund had a deficit as of June 30, 2021:

Maintenance Districts Fund

The Maintenance Districts Fund had a deficit of (\$135,439) at June 30, 2021. Future revenues for these landscaping and lighting districts and larger contributions from the General Fund are expected to eliminate this deficit.

Special Programs Fund

The Special Programs Fund had a deficit of (\$34,721) at June 30, 2021. Future revenues for these grant-related activities are expected to eliminate this deficit.

Energy Efficiency Siemens Fund

The Energy Efficiency Debt Service Fund had a deficit of (\$397,674) at June 30, 2021. The City entered into a contract with Siemens to perform facility improvements throughout the City. The improvements will produce energy savings for the City which in turn will be used to pay the debt service commitment. The operational departments will contribute to the debt service fund from their energy savings.

Deficit Net Position

Central Services Fund

The Central Services Internal Service fund has a deficit of (\$10,180,815) at June 30, 2021. A majority of the deficit is due to the implementation of GASB Statement No. 68 – reporting of the long-term obligation for pension benefits and GASB Statement No. 75 – reporting for postemployment benefits other than pensions as a liability. The remaining difference is from a shortfall in the centralized garage and fuel services. The charge-out rate for the City’s central garage services was increased beginning fiscal year 2017 to help recover the shortfall. The City will continue to evaluate the charge-out rate in order to ensure the costs are fully recovered.

Insurance Fund

The Insurance Internal Service fund has a deficit of (\$1,526,604) at June 30, 2021. The deficit is primarily due to the implementation of GASB Statement No. 68 – reporting of the long-term obligation for pension benefits and GASB Statement No. 75 – reporting for postemployment benefits other than pensions as a liability.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 9 – FUND EQUITY, continued

Employee Benefits

The Employee Benefits fund has a deficit of (\$390,833) at June 30, 2021. In fiscal year 2017, the City created a new internal service fund for vacation and sick leave cash outs for active employees. The deficit is due to the vacation and sick leave payouts exceeding the contributions made by the departments into the newly created fund. The City will increase the budgeted contribution amount in following fiscal years to recover costs and eliminate this deficit.

NOTE 10 – INTERFUND TRANSACTIONS

Transfers report the nonreciprocal contribution of resources from one fund to another. The interfund transfers generally are made for the purpose of debt service payments made from a debt service fund but funded from an operating fund or subsidiary transfers, funding for capital projects and re-allocation of special revenues.

The following schedule briefly summarizes the City’s transfer activity for the fiscal year ended June 30, 2021:

Transfers Out (fund making transfer):	Capital Projects			Enterprise Funds		Internal Service Fund		Totals
	General Fund	Fund City Projects	Other Governmental Funds	Sewer Utility	Water Utility	Central Services	Vehicle Replacement	
General Fund	\$ -	\$ 5,297,208	\$ 2,226,222	\$ -	\$ -	\$ 83,909	\$ 2,016,000	\$ 9,623,339
Special Revenue Funds:								
Successor Housing	-	119,181	-	-	-	-	-	119,181
Capital Projects Funds:								
City Projects	-	95,097	4,668,937	-	14,691	5,000	-	4,783,725
Other Governmental Funds:	5,598,526	89,308	696,894	298,790	-	-	-	6,683,518
Enterprise Funds:								
Sewer Utility	-	15,157	5,226	-	-	7,500	-	27,883
Water Utility	-	653,170	7,233	-	-	7,500	-	667,903
Internal Service Funds:								
Central Services	-	-	-	-	-	4,484	-	4,484
Totals	<u>\$ 5,598,526</u>	<u>\$ 6,269,121</u>	<u>\$ 7,604,512</u>	<u>\$ 298,790</u>	<u>\$ 14,691</u>	<u>\$ 108,393</u>	<u>\$ 2,016,000</u>	<u>\$ 21,910,033</u>

The major fund transfer activity includes the following: 1) Community Facility Districts transferred \$5.6 million in special tax to the General Fund to cover public safety costs to maintain the districts and 2) General Fund transferred over \$2 million to the Vehicle Replacement Fund to replace the City’s aging vehicle fleet.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 10 – INTERFUND TRANSACTIONS, continued

Due To/Due From Other Funds:

<u>Due From Other Funds</u> (fund making loan):	<u>Due to Other Funds</u> (fund receiving loan):			
	Internal Service Fund	Other Governmental Funds	Transit	Total
General Fund	\$ 492,892	\$ 397,674	\$ 192,503	\$ 1,083,069
	<u>\$ 492,892</u>	<u>\$ 397,674</u>	<u>\$ 192,503</u>	<u>\$ 1,083,069</u>

Advances To/Advances From Other Funds:

Advances To Other Funds (fund making loan):	City Projects Capital		
	<u>Projects Fund</u>	<u>Water Utility</u>	<u>Total</u>
Enterprise Funds:			
Sewer Utility	371,946	100,000	471,946
Water Utility	743,892	-	743,892
Total Enterprise	<u>1,115,838</u>	<u>100,000</u>	<u>1,215,838</u>
Total	<u>\$ 1,115,838</u>	<u>\$ 100,000</u>	<u>\$ 1,215,838</u>

The advances to/from consists of the following: The Water and Sewer Utility Enterprise loans to the City Projects Capital Projects fund were for: 1) Parks and Recreation infrastructure with the remaining amount owed being \$371,946 and 2) Construction of a fire station with the remaining amount owed being \$743,892. The \$100,000 loan between the Sewer and Water Utility funds were related to the expansion of the Easterly plant.

NOTE 11 – UNEARNED REVENUE

Unearned revenues in the government-wide financial statements as of June 30, 2021 were as follows:

	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds
General services and recreation revenue	\$ 335,427	\$ -	\$ 335,427	\$ -
Community Facilities District	932,223	-	932,223	-
Grant proceeds received in advance	6,709,803	-	6,709,803	-
GWTP Closure	-	36,995	36,995	-
Water utility revenue	-	175,920	175,920	-
Harbison maintenance reserve	-	-	-	19,946
Total	<u>\$ 7,977,453</u>	<u>\$ 212,915</u>	<u>\$ 8,190,368</u>	<u>\$ 19,946</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 11 – UNEARNED REVENUE, continued

Unearned revenues in the fund financial statements as of June 30, 2021 were as follows:

	Major Governmental Funds			Other Governmental Funds	Proprietary Funds		Total	Fiduciary Funds
	General	Housing Assistance	City Projects		Sewer Utility	Water Utility		Successor Agency
General services and recreation revenue	\$ 317,017	\$ -	\$ -	\$ 18,410	\$ -	\$ -	\$ 335,427	\$ -
Grant proceeds received in advance	-	50,409	130,166	6,529,228	-	-	6,709,803	-
Community Facilities District	-	-	-	932,223	-	-	932,223	-
Mariani GWTP closure	-	-	-	-	36,995	-	36,995	-
Water utility revenue	-	-	-	-	-	175,920	175,920	-
Harbison maintenance reserve	-	-	-	-	-	-	-	19,946
	<u>\$ 317,017</u>	<u>\$ 50,409</u>	<u>\$ 130,166</u>	<u>\$ 7,479,861</u>	<u>\$ 36,995</u>	<u>\$ 175,920</u>	<u>\$ 8,190,368</u>	<u>\$ 19,946</u>

The following amounts and descriptions are included in unearned revenue in the fund financial statements:

- \$ 1,025,445 Community Facilities District Fees for the Opportunity Hill project until fiscal year 2031.
- \$ 317,017 Recreation and facility rental fees collected in advance of class or usage.
- \$ 6,337,915 American Rescue Plan Act funds received in advance of usage.

NOTE 12 – CLASSIFICATION OF FUND BALANCES

As of June 30, 2021, classifications of fund balance were as follows:

	General	Successor Housing	Housing Assistance	City Projects	Other Governmental Funds	Total Governmental Funds
Fund Balance:						
Nonspendable						
Loans and long-term receivables	\$ 610,877	\$ -	\$ -	\$ -	\$ -	\$ 610,877
Subtotal	<u>610,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>610,877</u>
Restricted						
Grants, development impact fees	-	-	-	38,838,598	2,163,448	41,002,046
Bond proceeds	-	-	-	2,075,730	-	2,075,730
Highway and streets	-	-	-	8,923,575	6,382,928	15,306,503
Community facility district	-	-	-	-	98,990	98,990
Housing	-	32,225,423	11,276,059	-	14,271	43,515,753
Capital projects	-	-	-	-	640,653	640,653
Subtotal	<u>-</u>	<u>32,225,423</u>	<u>11,276,059</u>	<u>49,837,903</u>	<u>9,300,290</u>	<u>102,639,675</u>
Assigned						
Capital projects	5,302,250	-	-	362,282	-	5,664,532
Technology	1,200,018	-	-	-	-	1,200,018
Measure M	32,619,501	-	-	-	-	32,619,501
Lagoon Valley Improvements	872,952	-	-	-	-	872,952
Subtotal	<u>39,994,721</u>	<u>-</u>	<u>-</u>	<u>362,282</u>	<u>-</u>	<u>40,357,003</u>
Unassigned	<u>30,008,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(567,834)</u>	<u>29,441,069</u>
Total Fund Balances	<u>\$ 70,614,501</u>	<u>\$ 32,225,423</u>	<u>\$ 11,276,059</u>	<u>\$ 50,200,185</u>	<u>\$ 8,732,456</u>	<u>\$ 173,048,624</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 12 – CLASSIFICATION OF FUND BALANCES, continued

- Grants, development impact fees include amounts restricted for AB 1600 funded capital projects, grant funded reservoir rehab projects, etc.
- Bonds proceeds include amounts restricted for downtown enhancement projects, East Main District capital improvements, etc.
- Measure M amounts include funds earmarked by council action for Public Safety personnel, street and parks maintenance, and capital items.

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss including government tort claims (general and automobile liability), employment practices liability, employee work related injuries and illnesses, public officials errors and omissions, natural disasters, and theft of or damage to property. The City protects its financial resources and assets through insurance programs managed and administered by the Risk Management Office within the Human Resources Department.

The Human Resources Department is responsible for managing the City's General Liability and Workers' Compensation Internal Service Funds to account for and finance the City's risk of loss. Under these programs, the City is self-insured for the first \$500,000 per occurrence for general, auto, and employment liability and is self-insured for the first \$350,000 for workers' compensation claims. All City operating funds and departments participate in the self-insurance programs and make payments to the General Liability and Workers' Compensation Internal Service Funds based on size of payroll, risk, and actuarial estimates of the amounts needed to pay for both prior and current year claims. The total actuarial estimated claims liability at June 30, 2021 is \$6,423,435, consisting of \$1,771,790 general liability and \$4,651,645 worker's compensation liability. These amounts include allocated expenses and a provision for the incurred but not reported claims. Of this balance, \$1,911,629 has been recorded as a current liability on the City's balance sheet.

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA) self-insurance pool. Through CJPRMA, the City has an additional \$39,500,000 in comprehensive liability coverage over and above our self-insured retention of \$500,000 per occurrence. The City is also a member of the Local Agency Workers' Compensation Excess (LAWCX) Joint Powers Authority self-insurance pool which provides excess workers compensation coverage up to \$50,000,000 per occurrence. The purpose of CJPRMA and LAWCX is to spread the adverse effects of losses among the member public agencies and to purchase excess insurance as a group, thereby reducing its expense. The City contributes its pro rata share of expected losses to these self-insurance pools administered by CJPRMA and LAWCX. Should the pool's actual losses among participating agencies be greater than the anticipated losses, the City may be assessed its pro rata share of that deficiency. Conversely, if the actual losses for the pool are less than anticipated, the City may from time to time be refunded a pro rata share of the excess.

Additionally, the City participates in the California Transit Insurance Pool (CalTIP), a California Joint Powers Authority. The purpose of CalTIP is to provide coverage for the City's public transit system. The City maintains, through its membership in CalTIP, general, automobile, and public official's errors and omissions limits of \$20,000,000 per occurrence, subject to a \$25,000 self-insured retention. In addition, the City participates in CalTIP's Physical Damage Program, protecting the transit vehicle fleet with a \$5,000 deductible per accident.

The City also maintains separate policies for special events with a \$25,000 deductible, automobile physical damage for vehicles valued over \$10,000, property insurance with a \$100,000 deductible, boiler and machinery insurance, employee crime and fidelity insurance.

The following claim estimates are based on the requirements of Governmental Accounting Standards Board Statement 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, and include estimated claims incurred but not yet reported as of June 30, 2021. Changes in the Insurance Fund claims liability during the fiscal year July 1, 2018 through June 30, 2021 are as follows:

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 13 – RISK MANAGEMENT, continued

	Claims Liability July 1	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Balance June 30	Due Within One Year
2018-2019	\$ 6,308,000	\$ 1,968,887	\$ (1,090,887)	\$ 7,186,000	\$ 2,049,000
2019-2020	\$ 7,186,000	\$ 1,557,740	\$ (1,435,740)	\$ 7,308,000	\$ 2,282,000
2020-2021	\$ 7,308,000	\$ 490,152	\$ (1,374,717)	\$ 6,423,435	\$ 1,911,629

NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY

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

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

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

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installments payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California (SCO) to review the propriety of any transfer of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure of encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

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

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY, continued

After the date of the dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

As a result of the dissolution of the redevelopment agency, the City received a one-time settlement of \$4,482,226 during the fiscal year 2012-13.

During fiscal year 2013-14, Pursuant to Health and Safety Code section 34167.5, the SCO reviewed all asset transfers made by the Vacaville Redevelopment Agency (RDA) to the City of Vacaville or any other public agency after January 1, 2011. The SCO determined that the RDA made an unallowable asset transfer in cash to the City after January 1, 2011 in the amount of \$3,814,709 on February 28, 2011 to repay an unsecured Promissory Note dated November 17, 2000. The City was ordered to reverse the transfer and turn it over to the Successor Agency.

This “clawback” has been recorded as a receivable to the City from the Successor Agency as of June 30, 2020 and will be repaid as allowed by the California Department of Finance's (DOF) calculation for Loans between the Former RDAs and Sponsoring Entities.

On December 16, 2015 the DOF issued a final determination related to the disposition of Successor Agency properties. The DOF determination approved the transfer of 16 parcels to the City for governmental use, including the Harbison Event Center, Carnegie Library, and the downtown parking lots.

NOTE 15 – POLLUTION REMEDIATION

Groundwater monitoring data collected since 1996 indicate that operations at the City's Gibson Canyon Wastewater Treatment Plant (WWTP) contributed to increased salinity in groundwater beneath the WWTP. The City determined that compliance with groundwater quality regulatory requirements would be cost prohibitive and agreed with users of the WWTP to a closure plan. As of December 2006, the WWTP has ceased operation. A Final Closure Plan has been developed to achieve a clean-closure. Once the groundwater remediation work is completed, the need for post-closure maintenance will be eliminated. However, corrective action will continue for up to 20 years with the operation of the groundwater remediation system. The Closure Plan consists of the demolition or renovation of existing structures, demolition or abandonment of existing piping systems and re-grading of the chlorination basin, the stabilization ponds and the aeration basins. At the time, the City estimated - based on engineering cost estimates for closure of projects - \$1,355,000 for the Closure Plan work with no estimated recoveries to reduce the liability. The groundwater remediation work is still ongoing. Although the groundwater plume has been adequately contained, it is not shrinking. The estimated remaining liability for the remediation program work was \$88,162 as of June 30, 2021.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. COMMITMENTS

City Projects

The City has an outstanding contract with BKF Engineers that was awarded for \$1,358,334 in August 2018. The consultant coordinates with Caltrans on review of the Project Study Report-Project Development Support and the Geometric Design Alternatives. This project is in the design phase, but the overall project objective is to construct the ultimate interchange improvements at Vaca Valley Parkway and Interstate 505. The balance of the contract as of June 30, 2021 was approximately \$732,641.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 16 – COMMITMENTS AND CONTINGENCIES, continued

A consultant services agreement was executed with GHD for project management, design, and right of way acquisition in the amount of \$1,139,224 in April 2020. The overall project consists of constructing a 4 land divided arterial with median landscaping and a linear parkway and meandering path along the entire length of the project's western limit. The balance of the agreement as of June 30, 2021 was approximately \$291,666.

The City has an outstanding contract with Joseph J. Albanese, Inc. of Santa Clara that was awarded in May 2020 in the amount of \$3,551,601. The project consists of replacing the existing, functionally obsolete bridge along Buck Avenue, over Alamo Creek. The bridge will be replaced to meet current standards for travel land and shoulder widths. As of June 30, 2021 the balance of the agreement was approximately \$123,005.

The City awarded VSS International, Inc. of West Sacramento, CA an award amount of \$3,817,000 in June 2020. The project provides preventative maintenance and ancillary street work including slurry/cape seals and striping on residential and collector streets in Public Works maintenance areas 6, 11, and 12. Additionally the project includes cape sealing of multiple other streets as well as resurfacing of tow downtown parking lots. Overall the project covers over 5.75 million square feet of asphalt and represents one of the larger street maintenance projects the City has performed. The balance of the agreement as of June 30, 2021 was approximately \$306,701.

The City entered into a contract with Pavement Coatings Co. in the amount of \$2,286,842 in May 2021. The project will include preventive maintenance for residential roads in the remaining part of area 12 (east of Putah South Canal) and roads in maintenance area 9 that were not included in the 2017 Slurry Seal Project due to existing conditions beyond the slurry seal capabilities, these roads will receive asphalt rubber chip seal which was first used in the 2020 Slurry Seal project. As of June 30, 2021 the full award amount of \$2,286,842 was outstanding.

Sewer Utility

The City awarded Mark III Construction, Inc. on July 23, 2019 an award amount of \$2,877,026. This project is to replace the existing Allison Drive Sanitary Sewer Lift Station to provide capacity for the planned development of the Reynolds Ranch and Rice-McMurtry areas. The balance as of June 30, 2021 was approximately \$488,527.

Water Utility

The City awarded Bay Pacific Pipelines, Inc. of Novato, CA in the amount of \$1,042,563. There was a contract increase in the amount of \$44,620 in April 2021. The project includes the installation of one 12-inch diameter PVC water main on the westbound side of Elmira Road extending from Peabody Road to Allison Drive. The new water line will replace one existing 12-inch diameter water main located beneath the existing median and another 12-inch diameter water main located on the eastbound side of Elmira Road, both of which will be abandoned. This project has been identified as a priority project by Public Works Maintenance as both existing lines have undergone several repairs over the years and are hard to access. The project also includes replacing the 12-inch diameter water line in Shasta Drive between Elmira Road and Aegean Way. The balance of the contract as of June 30, 2021 was approximately \$91,431.

B. CONTINGENCIES

The City participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Such audits could lead to request for reimbursement for expenditures disallowed under the terms of the grant. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 16 – COMMITMENTS AND CONTINGENCIES, continued

On February 12, 2019, the City Council adopted an ordinance amending Vacaville Municipal Code Subsection 11.010.70 (D) and Section 11.01.100 related to the expiration of development impact fee credits in situations where a building is demolished or a use is discontinued. Previously, the fee credits would expire if a new structure was not constructed on the same property within 10 years or if a new use was not established in the same building within 15 years. The ordinance amended the code so that these fees would not expire. The value of these fee credits is currently undeterminable and unlikely to have a material effect on the financial statements since the credit is only triggered when a demolition occurs and new construction occurs on the same property or a use is discontinued. Historically, these situations have rarely occurred.

On March 11, 2021, the American Rescue Plan Act was signed into law and includes direct funding the local government agencies with a population over 50,000. The City is estimating to receive \$12.6 million as a result. The City will continue evaluating the amount of funding it may receive as a result. The City received the first of two installments in June 2021 for \$6.3 million.

Various claims and lawsuits are pending against the City. Although the outcome of these claims and lawsuits is not presently determinable, in the opinion of the City's management, on advice of legal counsel, it is unlikely that they will have a material adverse effect on the accompanying financial statements.

NOTE 17 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS

The City of Vacaville participates in various joint ventures and jointly governed organizations. The City's financial interests are as follows:

The Solano Water Authority

The Solano Water Authority (the Water Authority), a joint powers agency, was organized in September of 1987 to develop water resources and related water projects for the participating local county agencies. The governing body of the Water Authority consists of a representative from each participating agency. The Water Authority has initiated three major water projects to date; Noonan Reservoir, Imported Water Supply Development, and Groundwater Management; all of which are in the research and development phase.

The City's equity investment in the Water Authority, \$351,711, is reported in the Water Utility Enterprise Fund as an investment in joint venture. Complete financial statements may be obtained from the Solano Irrigation District.

The following unaudited information for the Water Authority is presented as of, and for the year ended June 30, 2021:

Current assets	\$ 482,926
Property, plant and equipment, net	<u>954,067</u>
Total assets	<u><u>1,436,993</u></u>
Current liabilities	<u>4,500</u>
Total liabilities	<u><u>4,500</u></u>
Net position	<u>\$ 1,432,493</u>
Other revenues (expenses), net	<u>(4,369)</u>
Decrease in net position	<u><u>\$ (4,369)</u></u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 17 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS, continued

North Bay Treatment Plant

The North Bay Treatment Plant was constructed through a joint exercise of powers agreement between the City of Fairfield and the City to operate and maintain facilities for supplying potable water to their respective service areas. A Joint Powers Policy Committee (JPPC) handles the organization and administration of the North Bay Treatment Plant. The JPPC is composed of the Director of Public Works from Fairfield and the Director of Utilities from the City or their designated alternates. The City's equity in the joint venture is shown as an investment in joint venture in the City's enterprise funds in the amount of \$23,023,643 which represents a 36.53% equity interest. The City's contribution to the operations of the North Bay Treatment Plant for the fiscal year was \$3,082,184. This amount is included in the total operating revenues stated in the following financial information. Complete financial statements may be obtained through the City of Fairfield Finance Department.

Summarized audited financial information for the North Bay Treatment Plant as of June 30, 2021 is shown below.

Current assets	\$ 6,775,634
Noncurrent assets	<u>64,201,406</u>
Total assets	<u>70,977,040</u>
Deferred outflows of resources	<u>951,544</u>
Current liabilities	677,916
Noncurrent liabilities	<u>8,229,445</u>
Total liabilities	<u>8,907,361</u>
Deferred inflows of resources	<u>-</u>
Net investment in Capital Assets	36,313,609
Restricted for major maintenance	26,591,412
Restricted for minority interest	-
Unrestricted	<u>116,202</u>
Total Net Position	<u>\$ 63,021,223</u>
Total operating revenues	\$ 12,097,768
Total operating expenses	<u>10,319,916</u>
Operating Income	1,777,852
Total non-operating revenues	<u>78,566</u>
Income before transfers	<u>1,856,418</u>
Transfers	<u>(104,062)</u>
Total transfers	<u>(104,062)</u>
Increase in Net Position	<u>1,752,356</u>
Net Position	
Beginning of Year	<u>61,268,867</u>
End of Year	<u>\$ 63,021,223</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 17 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS, continued

A summary of the City's equity in the joint venture is presented below:

<u>Net Position</u>	<u>City of Vacaville</u>	<u>City of Fairfield</u>	<u>Total</u>
Net investment in capital assets	\$ 13,362,384	\$ 22,951,225	\$ 36,313,609
Restricted for major maintenance	9,661,259	16,930,153	26,591,412
Restricted for minority interest	-	-	-
Unrestricted	-	116,202	116,202
Total net position	<u>\$ 23,023,643</u>	<u>\$ 39,997,580</u>	<u>\$ 63,021,223</u>

Vacaville-Dixon Greenbelt Authority

In order to provide a distinct separation between the urban areas of Vacaville and Dixon, it was determined that a permanent greenbelt should be established. The Vacaville-Dixon Greenbelt Authority (VDGA) was created under a joint exercise of powers agreement between the two cities for the purpose of providing for the preservation and conservation of viable agricultural and open space land. The governing body consists of two members each from the City Councils of Vacaville and Dixon and one ex-officio member from the Solano County Board of Supervisors. The cities share equally in VDGA operations. During the fiscal year ended June 30, 2021 the City did not make any contributions to the VDGA.

Solano Animal Control Authority

The Solano Animal Control Authority (SACA), a California Joint Powers Authority, provides animal control services to member cities in Solano County. The City, through its membership in SACA, receives animal control services including response for vicious, injured, dead, loose, unwanted and noisy animals. During the fiscal year ended June 30, 2021 the City contributed \$480,744 to the operation and maintenance of the Claybank Animal Shelter and \$89,477 towards capital improvements. The City has no equity interest in SACA.

Solano Transportation Authority

The Solano Transportation Authority (STA), a California Joint Powers Authority, provides for coordinated, continuous and comprehensive transportation planning for Solano County and the cities within its boundaries. STA members refine and update the County transportation plan, coordinate planning and implementation of improvements and operate or contract for transit and paratransit services. The City paid a membership fee of approximately \$112,723 through the Local Transportation Fund and \$53,187 from gas tax revenues to STA for fiscal year 2021. The City has no equity interest in STA.

NOTE 18 – TAX ABATEMENT

GASB Statement No. 77 defines tax abatements as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. According to the GASB 77, the substance of these agreements meet the definition of "tax abatements" as the revenues received were not available for general municipal services purposes but rather used to reduce the net tax liability of certain taxpayers per the conditions of an agreement. The taxes paid to the City are included in the revenue reported in these financial statements and the payments made to the businesses based upon the taxes paid are also included as expenditures in these financial statements.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 18 – TAX ABATEMENT, continued

The City offers several economic development incentive programs - which are detailed below - to entities that propose to locate or expand already established businesses within the City. In compliance with Government Code sections 53084 and 53084.5, the incentives may not be offered to entities that relocate their business to Vacaville from another city. The City Council must approve the incentive will result in a net financial benefit to the public that will exceed the value of the incentive provided to the entity, a direct public benefit through the provision of high-paying jobs, the generation of sales, property, and/or transient occupancy taxes, or other benefits to the City will be provided by the entity, and the incentive represents a partial return of revenues or fees that will be realized once the project is completed.

Retail Incentive Program

The purpose of the Retail Incentive Program is to attract “unique businesses” to leverage the strengths of the City’s retail areas with public sector support. This program is meant to attract new investment dollars by retailers that are not currently serving the area. The program uses sales tax rebate as the incentive. There are currently no businesses that have received a sales tax rebase under this program.

Office and Industrial Incentive Program

This program is intended to provide financial incentives to eligible developer-owners, prospective tenants, or tenant representatives for clients looking to locate or expand in the City’s office or industrial areas. The financial incentive may be either sales or use, property, or other tax rebate; or direct financial assistance via reduction of development impact fees. Entities must meet one or more of the following criteria: generate annual gross sales of at least \$10 million, generate sales or use tax to the City corresponding to the gross sales, and/or provide a minimum of 200 full-time equivalent high paying (annual gross salary that meets or exceeds 60% of the current City median household income) jobs.

The City currently has three tax abatement agreements: a sales and transient occupancy tax rebate agreement with ICON Aircraft, Inc., a property tax rebate agreement with Genentech and a sales tax rebate agreement with an auto dealership. During the fiscal year, the City rebated \$15 in transient occupancy tax to ICON Aircraft, Inc., \$325,650 in property tax to Genentech and \$75,223 to the auto dealership.

NOTE 19 – PRIOR PERIOD ADJUSTMENTS

The beginning net position of the governmental activities has been restated on the Statement of Activities. The beginning net position of the governmental activities has been decreased by a total of \$3,437,860. \$2,732,677 is related to the PARS Safety Plan beginning balance was not previously recorded. A restatement was also made to the City Projects fund to correct deferred inflow of resources, decreasing the beginning net position by \$705,193. A summary of the prior period adjustments is shown below:

	Prior Period Adjustments			Net Position as Restated
	Net Position as Previously Reported	GASB 68 Net PARS Liability	City Projects	
Government-Wide Financial Statements				
Governmental Activities	\$ 383,747,161	\$ (2,732,667)	\$ (705,193)	\$ 380,309,301
Total Net Position	\$ 383,747,161	\$ (2,732,667)	\$ (705,193)	\$ 380,309,301

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2021

NOTE 19 – PRIOR PERIOD ADJUSTMENTS, continued

As of July 1, 2020 the City adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). As a result, the City restated fiduciary net position as of June 30, 2020 to properly reflect beginning equity and the change in accounting related to the implementation. The restatement is summarized as follows:

	Solano Transportation Authority Custodial Funds	Community Action Partnership Custodial Funds	Special Assessments Custodial Funds	Bond Funds Custodial Funds	Total Custodial Funds
Fund balance/Net position at July 1, 2020, as previously stated	\$ -	\$ -	\$ -	\$ -	\$ -
Prior period adjustment:					
Recognize Custodial Funds Net Position - 6/30/20	10,347,311	16,786	(3,833,757)	3,265,521	9,795,861
Fund balance/Net Position at July 1, 2020, as restated	<u>\$ 10,347,311</u>	<u>\$ 16,786</u>	<u>\$ (3,833,757)</u>	<u>\$ 3,265,521</u>	<u>\$ 9,795,861</u>

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Data

The City adopts annual budgets for the General and Special Revenue Funds. The City also adopts project length budgets which can span a number of years for the Capital Projects Funds. The Debt Service Funds' budgets are adopted when the debt issuances are authorized.

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Budgetary comparisons presented in this report are on this budgetary basis and reflect applicable amendments and revisions. The City uses the following procedures in establishing the annual budget:

1. The City Manager submits a recommended annual operating budget to the City Council for each fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council holds budget study sessions which are open to the public for its comments.
3. The budget is prepared by fund and by department. The budget is approved by City Council through the passage of an ordinance.
4. The City Manager has the ability to transfer amounts between funds and fund types without City Council approval as long as there is no legal restriction and as long as the transfer does not result in the total appropriation amount being exceeded. When an appropriation requires an increase that cannot be supported by a transfer, City Council authorization is required.

Increases to appropriations totaling \$2,346,339 for the City General Fund operating budget were made by City Council action during the year.

Encumbrances

Encumbrance accounting is used during the year for budgetary control. Encumbrances outstanding at year-end do not constitute expenditures or liabilities, but rather, an assignment of fund balance. The City honors contracts represented by year-end encumbrances and the appropriations carried over provide authority to complete these transactions in the following year.

CITY OF VACAVILLE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and fees	\$ 89,967,793	\$ 89,967,793	\$ 100,333,633	\$ 10,365,840
Licenses and permits	412,500	412,500	423,500	11,000
Investment income	1,250,000	1,250,000	(376,079)	(1,626,079)
Intergovernmental	1,086,000	1,086,000	3,260,090	2,174,090
Charges for services	8,947,900	8,947,900	8,502,752	(445,148)
Rents and royalties	512,500	512,500	526,100	13,600
Fines, forfeitures and penalties	277,000	277,000	444,406	167,406
Other	33,000	33,000	50,371	17,371
Total Revenues	102,486,693	102,486,693	113,164,773	10,678,080
Expenditures:				
Current:				
General government	11,418,452	13,309,631	11,349,784	1,959,847
Public safety	71,526,681	71,468,296	72,090,592	(622,296)
Public works	8,070,666	8,070,666	7,553,466	517,200
Community services	10,549,162	10,493,252	8,521,115	1,972,137
Debt service:				
Principal	-	-	168,124	(168,124)
Interest	-	-	52,566	(52,566)
Total Expenditures	101,564,961	103,341,845	99,735,647	3,606,198
Other Financing Sources (Uses):				
Transfers in	5,513,117	5,513,117	5,598,526	85,409
Transfers out	(6,110,178)	(6,679,633)	(9,623,339)	(2,943,706)
Total Other Financing Sources (Uses)	(597,061)	(1,166,516)	(4,002,279)	(2,835,763)
Net Change in Fund Balance	324,671	(2,021,668)	9,426,847	11,448,515
Fund balances, beginning of year	61,187,654	61,187,654	61,187,654	-
Fund balances, end of year	\$ 61,512,325	\$ 59,165,986	\$ 70,614,501	\$ 11,448,515



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**CITY OF VACAVILLE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SUCCESSOR HOUSING
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 277,125	\$ 277,125
Rents and royalties	6,253	6,253	6,008	(245)
Other	1,506,928	1,506,928	26,306	(1,480,622)
Total Revenues	1,513,181	1,513,181	309,439	(1,203,742)
Expenditures:				
Housing	1,308,975	1,308,975	1,146,453	162,522
Total Expenditures	1,308,975	1,308,975	1,146,453	162,522
Other Financing Sources (Uses):				
Transfers out	-	-	(119,181)	(119,181)
Total Other Financing Sources (Uses)	-	-	(119,181)	(119,181)
Net Change in Fund Balance	204,206	204,206	(956,195)	(1,160,401)
Fund Balances, Beginning of Year	33,181,618	33,181,618	33,181,618	-
Fund Balances, End of Year	\$ 33,385,824	\$ 33,385,824	\$ 32,225,423	\$ (1,160,401)

CITY OF VACAVILLE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOUSING ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 15,726	\$ 15,726
Intergovernmental	17,641,486	17,589,974	17,410,824	(179,150)
Charges for services	2,273	2,273	5,848	3,575
Other	220,666	220,666	68,958	(151,708)
Total Revenues	17,864,425	17,812,913	17,501,356	(311,557)
Expenditures:				
Housing	17,457,712	17,525,002	16,723,274	801,728
Total Expenditures	17,457,712	17,525,002	16,723,274	801,728
Other Financing Sources (Uses):				
Transfers in	197,099	197,099	-	197,099
Net Change in Fund Balances	603,812	485,010	778,082	490,171
Fund Balances, Beginning of Year	10,497,977	10,497,977	10,497,977	-
Fund Balances, End of Year	\$ 11,101,789	\$ 10,982,987	\$ 11,276,059	\$ 490,171

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

Schedule of Changes in the Net OPEB Liability and Related Ratios

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Period	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability				
Service Cost	\$ 3,363,024	\$ 3,987,272	\$ 3,803,326	\$ 3,562,835
Interest	7,584,779	7,578,675	7,227,589	6,885,327
Difference Between Expected and Actual Experience	-	(179,414)	-	-
Changes of Assumptions	-	(191,770)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(6,702,964)	(5,980,269)	(5,692,757)	(5,545,872)
Net Change in Total OPEB Liability	4,244,839	5,214,494	5,338,158	4,902,290
Total OPEB Liability - Beginning	116,624,611	111,410,117	106,071,959	101,169,669
Total OPEB Liability - Ending (a)	\$120,869,450	\$116,624,611	\$111,410,117	\$ 106,071,959
Plan Fiduciary Net Position				
Contributions - Employer	\$ 11,617,964	\$ 11,150,269	\$ 11,562,757	\$ 8,522,372
Net Investment Income	1,467,421	2,210,294	1,938,189	2,093,866
Benefit Payments, Including Refunds of Employee Contributions	(6,702,964)	(5,980,269)	(5,692,757)	(5,545,872)
Administrative Expense	(20,796)	(16,354)	(13,404)	(17,401)
Net Change in Fiduciary Net Position	6,361,625	7,363,940	7,794,785	5,052,965
Plan Fiduciary Net Position - Beginning	38,433,335	31,069,395	23,274,610	18,221,645
Plan Fiduciary Net Position - Ending (b)	\$ 44,794,960	\$ 38,433,335	\$ 31,069,395	\$ 23,274,610
Plan Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ 76,074,490	\$ 78,191,276	\$ 80,340,722	\$ 82,797,349
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	37.06%	32.95%	27.89%	21.94%
Covered-Employee Payroll	\$ 55,888,662	\$ 51,929,478	\$ 49,289,087	\$ 44,694,355
Net OPEB Liability as a Percentage of Covered Payroll	136.12%	150.57%	163.00%	185.25%

(1) Historical information is required only for the measurement periods for which GASB Statement No. 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 VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

OPEB - Schedule of Plan Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 9,779,803	\$ 9,518,057	\$ 10,297,257	\$ 9,939,506
Contribution in Relation to the Actuarially Determined Contributions	<u>(10,996,470)</u>	<u>(11,617,964)</u>	<u>(11,150,269)</u>	<u>(11,562,757)</u>
Contribution Deficiency (Excess)	<u>\$ (1,216,667)</u>	<u>\$ (2,099,907)</u>	<u>\$ (853,012)</u>	<u>\$ (1,623,251)</u>
Covered-employee Payroll	\$ 58,118,637	\$ 55,888,662	\$ 51,292,478	\$ 49,289,087
Contributions as a Percentage of Covered Employee Payroll	16.83%	17.03%	20.08%	20.17%

(1) Historical information is required only for the measurement periods for which GASB Statement No. 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 2021 were from the June 30, 2019 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 FY 2019/20
Asset Valuation Method	Investment gains and losses spread over 5 year rolling period
Discount Rate	6.50%
Inflation	2.50%
Medical Trend	Non-Medicare - 7.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare -6.50% for 2021, 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

**CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

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

Measurement Period	2021	2020	2019	2018	2017	2016	2015
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability							
Service Cost	\$ 4,628,561	\$ 4,294,485	\$ 4,282,235	\$ 4,070,951	\$ 3,639,007	\$ 3,593,518	\$ 3,780,586
Interest	18,440,540	17,570,932	16,724,064	16,149,819	15,690,624	15,160,887	14,586,721
Changes of Benefit Terms	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	3,262,977	3,036,102	664,877	(1,689,195)	(2,033,908)	(1,553,311)	-
Changes of Assumptions	-	-	(1,650,869)	13,405,143	-	(3,722,850)	-
Benefit Payments, Including Refunds of Employee Contribution	(13,606,594)	(12,659,571)	(11,748,841)	(10,869,200)	(10,123,097)	(9,514,061)	(9,097,351)
Net Change in Total Pension Liability	12,725,484	12,241,948	8,271,466	21,067,518	7,172,626	3,964,183	9,269,956
Total Pension Liability - Beginning	259,135,697	246,893,749	238,622,283	217,554,765	210,382,139	206,417,956	197,148,000
Total Pension Liability - Ending (a)	\$ 271,861,181	\$ 259,135,697	\$ 246,893,749	\$ 238,622,283	\$ 217,554,765	\$ 210,382,139	\$ 206,417,956
Plan Fiduciary Net Position							
Contributions - Employer	\$ 7,795,719	\$ 6,883,772	\$ 6,025,604	\$ 5,511,690	\$ 5,298,538	\$ 4,433,062	\$ 4,145,910
Contributions - Employee	2,296,252	2,102,224	2,004,097	1,979,001	1,707,009	1,680,540	1,856,352
Net Investment Income	8,967,860	11,278,235	13,837,827	16,897,828	790,828	3,371,547	22,833,932
Net Plan to Plan Resource Movement	-	-	20,385	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(13,606,594)	(12,659,571)	(11,748,841)	(10,869,200)	(10,123,097)	(9,514,061)	(9,097,351)
Administrative Expense	(252,750)	(122,603)	(253,061)	(220,135)	(92,342)	(170,549)	-
Other Changes in Fiduciary Net Position	-	400	(480,568)	-	-	851	-
Net Change in Fiduciary Net Position	5,200,487	7,482,457	9,405,443	13,299,184	(2,419,064)	(198,610)	19,738,843
Plan Fiduciary Net Position - Beginning	179,286,308	171,803,851	162,398,408	149,099,224	151,518,288	151,716,898	131,978,055
Plan Fiduciary Net Position - Ending (b)	\$ 184,486,795	\$ 179,286,308	\$ 171,803,851	\$ 162,398,408	\$ 149,099,224	\$ 151,518,288	\$ 151,716,898
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 87,374,386	\$ 79,849,389	\$ 75,089,898	\$ 76,223,875	\$ 68,455,541	\$ 58,863,851	\$ 54,701,058
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.86%	69.19%	69.59%	68.06%	68.53%	72.02%	73.50%
Covered Payroll	\$ 29,406,361	\$ 28,792,806	\$ 25,775,960	\$ 25,415,588	\$ 23,566,640	\$ 25,025,634	\$ 26,450,347
Net Pension Liability as a Percentage of Covered Payroll	297.13%	277.32%	291.32%	299.91%	290.48%	235.21%	206.81%

Notes to Schedule:

Benefit Changes:

The figures reported 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 2020 and 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, amounts 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.

CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

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

Measurement Period	2021	2020	2019	2018	2017	2016	2015
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability							
Service Cost	\$ 7,088,239	\$ 7,043,408	\$ 6,434,504	\$ 6,743,529	\$ 5,552,457	\$ 5,591,667	\$ 5,523,872
Interest	23,786,281	22,781,839	21,603,640	20,466,920	19,576,598	18,681,145	17,583,301
Changes of Benefit Terms	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(1,469,739)	1,790,717	3,169,943	(1,567,406)	(1,413,668)	1,979,967	-
Changes of Assumptions	-	-	(1,439,201)	18,155,192	-	(4,983,218)	-
Benefit Payments, Including Refunds of Employee Contribution	(14,681,029)	(13,978,578)	(13,331,430)	(12,445,567)	(11,484,404)	(10,784,136)	(9,983,580)
Net Change in Total Pension Liability	<u>14,723,752</u>	<u>17,637,386</u>	<u>16,437,456</u>	<u>31,352,668</u>	<u>12,230,983</u>	<u>10,485,425</u>	<u>13,123,593</u>
Total Pension Liability - Beginning	337,941,378	320,303,992	303,866,536	272,513,868	260,282,885	249,797,460	236,673,867
Total Pension Liability - Ending (a)	\$ 352,665,130	\$ 337,941,378	\$ 320,303,992	\$ 303,866,536	\$ 272,513,868	\$ 260,282,885	\$ 249,797,460
Plan Fiduciary Net Position							
Contributions - Employer	\$ 12,918,457	\$ 11,214,077	\$ 10,142,509	\$ 9,200,463	\$ 8,843,994	\$ 8,631,967	\$ 7,911,265
Contributions - Employee	3,135,831	2,830,991	2,721,930	2,484,982	2,201,585	1,816,937	1,940,540
Net Investment Income	11,120,855	13,729,875	16,366,837	19,927,697	858,115	3,809,579	25,257,498
Net Plan to Plan Resource Movement	-	-	(21,266)	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(14,681,029)	(13,978,578)	(13,331,430)	(12,445,567)	(11,484,404)	(10,784,136)	(9,983,580)
Administrative Expense	(311,364)	(147,873)	(299,477)	(255,826)	(105,410)	(194,650)	-
Other Changes in Fiduciary Net Position	-	481	(568,712)	-	-	(851)	-
Net Change in Fiduciary Net Position	<u>12,182,750</u>	<u>13,648,973</u>	<u>15,030,391</u>	<u>18,911,749</u>	<u>313,880</u>	<u>3,278,846</u>	<u>25,125,723</u>
Plan Fiduciary Net Position - Beginning	220,864,262	207,215,289	192,184,898	173,273,149	172,959,269	169,680,423	144,554,700
Plan Fiduciary Net Position - Ending (b)	\$ 233,047,012	\$ 220,864,262	\$ 207,215,289	\$ 192,184,898	\$ 173,273,149	\$ 172,959,269	\$ 169,680,423
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 119,618,118	\$ 117,077,116	\$ 113,088,703	\$ 111,681,638	\$ 99,240,719	\$ 87,323,616	\$ 80,117,037
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.08%	65.36%	64.69%	63.25%	63.58%	66.45%	67.93%
Covered Payroll	\$ 23,906,371	\$ 23,573,710	\$ 22,566,262	\$ 21,370,707	\$ 19,274,948	\$ 20,137,068	\$ 22,090,332
Net Pension Liability as a Percentage of Covered Payroll	500.36%	496.64%	501.14%	522.59%	514.87%	433.65%	362.68%

Notes to Schedule

Benefit Changes

The figures reported do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2019. 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 2020 and 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, amounts were based on the 7.5 percent discount rate.

**CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

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

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 8,563,743	\$ 7,795,070	\$ 6,884,422	\$ 6,019,753	\$ 5,511,690	\$ 5,289,899	\$ 4,433,886
Contribution in relation to the actuarially determined contributions	(8,563,743)	(7,795,070)	(6,884,422)	(6,019,753)	(5,511,690)	(5,289,899)	(4,433,886)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 29,406,361	\$ 27,094,542	\$ 28,792,806	\$ 25,775,960	\$ 25,415,588	\$ 23,566,640	\$ 25,025,634
Contributions as a percentage of covered payroll	29.12%	28.77%	23.91%	23.35%	21.69%	22.45%	17.72%

Notes to Schedule:

Valuation date June 30, 2018

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
	Investment	Non-Investment			
Amortization Period	30 Years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.75%	2.75%	2.75%	2.75%	2.75%
- 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
2.50%
Varies by Entry Age and Service
2.75%
7.00%, net of pension plan investment expenses, including inflation.
All other actuarial assumptions used in the June 30, 2020 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% of the 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 which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only six years are shown.

**CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

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

	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 14,154,414	\$ 12,926,127	\$ 13,506,592	\$ 10,147,595	\$ 9,200,650	\$ 8,837,204	\$ 8,632,358
Contribution in relation to the Actuarially Determined Contributions	(14,154,414)	(12,926,127)	(13,506,592)	(10,147,595)	(9,200,650)	(8,837,204)	(8,632,358)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 23,906,371	\$ 23,606,288	\$ 23,573,710	\$ 22,566,262	\$21,370,707	\$19,274,948	\$20,137,068
Contributions as a Percentage of Covered Payroll	59.21%	54.76%	57.30%	44.97%	43.05%	45.85%	42.87%

Notes to Schedule:

Valuation date June 30, 2018

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 Hands
	Investment	Non-Investment			
Amortization Period	30 Years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.75%	2.75%	2.75%	2.75%	2.75%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

Asset valuation method Market Value
Inflation 2.50%
Salary increases Varies by Entry Age and Service
Payroll growth 2.75%
Investment rate of return 7.0%, net of pension plan investment expenses, including inflation.
Retirement age All other actuarial assumptions used in the June 30, 2020 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% of the 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 which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only six years are shown.

CITY OF VACAVILLE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2021

PARS Miscellaneous Plan
 Agent Multiple-Employer Defined Benefit Pension Plan
 Last 10 Years**
 Schedule of Changes in the Net Pension Liability and Related Ratios

Measurement Period	2021	2020	2019	2018	2017	2016	2015
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability							
Service Cost	\$ 695,775	\$ 643,419	\$ 903,834	\$ 878,575	\$ 950,515	\$ 1,070,789	\$ 1,037,084
Interest	3,868,776	3,974,530	3,874,434	3,660,384	3,463,819	3,331,873	3,183,730
Changes of Benefit Terms	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	-	(2,443,671)	-	2,535,438	-	(622,779)	-
Changes of Assumptions	-	1,670,278	-	4,325,462	-	1,567,158	-
Benefit Payments, Including Refunds of Employee Contribution	(3,366,142)	(3,153,756)	(2,919,979)	(2,740,593)	(2,653,022)	(2,338,674)	(2,221,976)
Net Change in Total Pension Liability	1,198,409	690,800	1,858,289	8,659,266	1,761,312	3,008,367	1,998,838
Total Pension Liability - Beginning	60,480,425	59,789,625	57,931,336	49,272,070	47,510,758	44,502,391	42,503,553
Total Pension Liability - Ending (a)	\$ 61,678,834	\$ 60,480,425	\$ 59,789,625	\$ 57,931,336	\$ 49,272,070	\$ 47,510,758	\$ 44,502,391
Plan Fiduciary Net Position							
Contributions - Employer	\$ 3,348,558	\$ 3,366,989	\$ 2,825,129	\$ 2,837,184	\$ 2,709,376	\$ 2,760,122	\$ 2,102,393
Contributions - Employee	329,522	337,144	357,008	360,808	402,607	414,680	443,777
Net Investment Income	768,943	1,245,146	1,236,844	1,728,933	180,668	311,185	1,731,278
Administrative Expenses	(189,790)	(180,904)	(178,322)	(172,072)	(102,722)	(70,906)	(66,579)
Benefit Payments, Including Refunds of Employee Contributions	(3,366,142)	(3,153,756)	(2,919,979)	(2,740,593)	(2,653,022)	(2,338,674)	(2,221,976)
Other Changes in Fiduciary Net Position	-	-	-	-	-	-	-
Net Change in Fiduciary Net Position	891,091	1,614,619	1,320,680	2,014,260	536,907	1,076,407	1,988,893
Plan Fiduciary Net Position - Beginning	20,803,774	19,189,155	17,868,475	15,854,215	15,317,308	14,240,901	12,252,008
Plan Fiduciary Net Position - Ending (b)	\$ 21,694,865	\$ 20,803,774	\$ 19,189,155	\$ 17,868,475	\$ 15,854,215	\$ 15,317,308	\$ 14,240,901
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 39,983,969	\$ 39,676,651	\$ 40,600,470	\$ 40,062,861	\$ 33,417,855	\$ 32,193,450	\$ 30,261,490
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	35.17%	34.40%	32.09%	30.84%	32.18%	32.24%	32.00%
Covered Payroll	\$ 16,524,198	\$ 16,081,945	\$ 17,751,878	\$ 18,828,810	\$ 19,274,948	\$ 21,588,915	\$ 23,910,195
Plan Net Pension Liability as a Percentage of Covered Payroll	241.97%	246.72%	228.71%	212.77%	173.37%	149.12%	126.56%

Notes to Schedule

Benefit Changes

The figures reported do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2019. 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 discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expenses.) 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.

**CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

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

Measurement Period	2021	2020
	June 30, 2020	June 30, 2019
Total Pension Liability		
Service Cost	\$ -	\$ -
Interest	114,003	120,894
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	11,924	10,068
Changes of Assumptions	618,688	155,275
Benefit Payments, Including Refunds of Employee Contributions	(154,336)	(151,309)
Net Change in Total Pension Liability	590,279	134,928
Total Pension Liability - Beginning	3,333,745	3,198,817
Total Pension Liability - Ending (a)	\$ 3,924,024	\$ 3,333,745
Plan Fiduciary Net Position		
Contributions - Employer	\$ 177,300	\$ 177,300
Contributions - Employee	-	-
Net Investment Income	14,725	22,307
Administrative Expenses	(9,800)	(9,800)
Benefit Payments, Including Refunds of Employee Contributions	(154,336)	(151,309)
Other Changes in Fiduciary Net Position	-	-
Net Change in Fiduciary Net Position	27,889	38,498
Plan Fiduciary Net Position - Beginning	422,795	384,297
Plan Fiduciary Net Position - Ending (b)	\$ 450,684	\$ 422,795
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 3,473,340	\$ 2,910,950
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	11.49%	12.68%
Covered Payroll	N/A	N/A
Plan Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A

Notes to Schedule

Benefit Changes

The figures reported do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2020. 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 discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflected an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent (without a reduction for pension plan administrative expenses.) 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.

**CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

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

	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 3,886,357	\$ 3,348,558	\$ 3,366,989	\$ 2,988,490	\$ 2,837,184	\$ 2,709,376	\$ 2,760,122
Contribution in Relation to the Actuarially Determined Contributions	(3,886,357)	(3,348,558)	(3,366,989)	(2,988,490)	(2,837,184)	(2,709,376)	(2,760,122)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 14,881,200	\$ 16,524,198	\$ 16,081,945	\$ 17,751,878	\$ 18,828,810	\$ 19,274,948	\$ 21,588,915
Contributions as a Percentage of Covered Payroll	26.12%	20.26%	20.94%	16.83%	15.07%	14.06%	12.78%

Notes to Schedule:

Valuation date June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level dollar, a summary of the current policy is provided in the table below: Closed layered periods Amortization period at 06/30/2019 is 22 years Amortization growth rate is 0.00%
Asset valuation method	Market Value
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.75%
Investment rate of return	6.5%, net of pension plan investment expenses, including inflation.
Retirement age	All other actuarial assumptions used in the June 30, 2019 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% of the 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 which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only six years are shown.

**CITY OF VACAVILLE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2021**

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

	2021	2020	2019
Actuarially Determined Contribution	\$ 173,275	\$ 147,944	\$ 184,542
Contribution in relation to the actuarially determined contributions	<u>(177,300)</u>	<u>(177,300)</u>	<u>(177,300)</u>
Contribution deficiency (excess)	<u>\$ (4,025)</u>	<u>\$ (29,356)</u>	<u>\$ 7,242</u>
Covered payroll	N/A	N/A	N/A
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

Notes to Schedule:

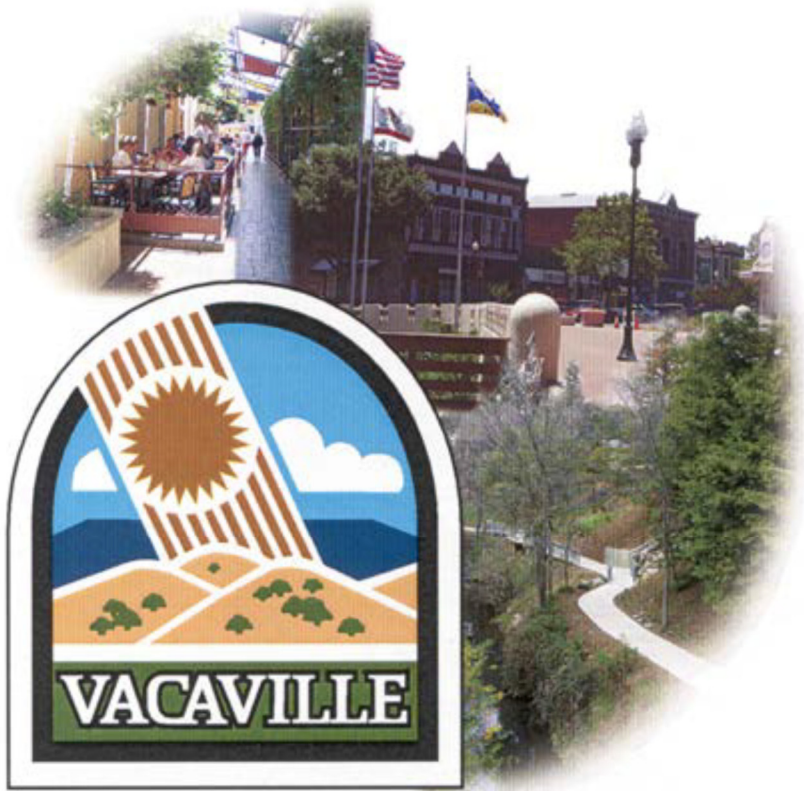
Valuation date June 30, 2020

Methods and assumptions used to determine contribution rates:

<p>Actuarial cost method Amortization method</p>	<p>Entry age normal cost method Level dollar, a summary of the current policy is provided in the table below: Closed layered periods Amortization period at 06/30/2020 is 16 years Amortization growth rate is 0.00%</p>
<p>Asset valuation method Inflation Salary increases Payroll growth Investment rate of return Retirement age</p>	<p>Market Value 0.00%</p> <p>None None 6.00%, net of pension plan investment expenses, including inflation. All other actuarial assumptions used in the June 30, 2020 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.</p>
<p>Mortality</p>	<p>The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% of the Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.</p>

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SUPPLEMENTARY INFORMATION



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OTHER GOVERNMENTAL FUNDS

Other governmental funds are nonmajor governmental funds reported in the other governmental funds column of the governmental funds financial statements and include:

SPECIAL REVENUE FUNDS:

BUILDING & STREET DEVELOPMENT

To account for funds received to provide for building and street maintenance. A portion of the funds is received from the Highway Users Tax Fund as provided in Section 2107.

COMMUNITY DEVELOPMENT

To account for those funds received from the Federal Government for the purpose of correcting sub-standard, unsafe residences and eliminating building code deficiencies.

MAINTENANCE DISTRICTS

Funds established to account for park maintenance, setback maintenance, and maintenance of median strips for which no taxes have been levied.

COMMUNITY FACILITIES

To account for funds received for the administration of the Community Facilities Districts

SPECIAL PROGRAMS

To account for monies received and expended from Federal, State and Local grants earmarked for public safety services, diversionary youth education, after school programs, and recycling programs.

DEBT SERVICE FUNDS:

ENERGY EFFICIENCY SIEMENS

To account for the collection of energy savings and payment of debt service for the lease issued to fund facility improvements throughout the City.

FIRE STATION # 75

To account for the payment of debt service for the lease issued to fund the construction of Fire Station 75 in the Southtown subdivision.

CAPITAL PROJECT FUNDS:

ASSESSMENT AND IMPROVEMENT DISTRICTS

To account for proceeds from taxes and bonds used to construct public improvements benefiting specific property.



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**CITY OF VACAVILLE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021**

	Special Revenue Funds		
	Building and Street Development	Community Development	Maintenance Districts
Assets:			
Cash and investments	\$ 7,902,763	\$ 517,833	\$ 4,187,493
Receivables:			
Taxes	73,680	-	-
Accounts	408,965	73,010	-
Loans	-	1,710,753	-
Restricted cash and investments held by fiscal agent	-	-	-
Due from other funds	-	-	-
Total Assets	\$ 8,385,408	\$ 2,301,596	\$ 4,187,493
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Accounts and contract payable	\$ 325,133	\$ 29,161	\$ 106,558
Accrued payroll	167,570	4,442	72,957
Due to other funds	-	-	-
Deposits payable	1,186,412	898	4,143,417
Unearned revenue	-	18,410	-
Advances from other funds	-	-	-
Total Liabilities	1,679,115	52,911	4,322,932
Deferred Inflows of Resources:			
Unavailable revenue - grants and other	323,365	70,966	-
Total Deferred Inflows of Resources	323,365	70,966	-
Fund Balances (Deficits):			
Restricted	6,382,928	2,177,719	-
Unassigned	-	-	(135,439)
Total Fund Balances (Deficits)	6,382,928	2,177,719	(135,439)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,385,408	\$ 2,301,596	\$ 4,187,493

**CITY OF VACAVILLE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021**

	Special Revenue Funds		Capital Project Funds
	Community Facilities	Special Programs	Assessment & Improvement Districts
Assets:			
Cash and investments	\$ 1,031,213	\$ 6,268,036	\$ 529,335
Receivables:			
Taxes	-	59,579	-
Accounts	-	1,185,279	-
Loans	-	-	-
Restricted cash and investments held by fiscal agent	-	-	111,318
Due from other funds	-	-	-
Total Assets	\$ 1,031,213	\$ 7,512,894	\$ 640,653
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Accounts and contract payable	\$ -	\$ 31,792	\$ -
Accrued payroll	-	21,733	-
Due to other funds	-	-	-
Deposits payable	-	259,167	-
Unearned revenue	932,223	6,529,228	-
Advances from other funds	-	-	-
Total Liabilities	932,223	6,841,920	-
Deferred Inflows of Resources:			
Unavailable revenue - grants and other	-	705,695	-
Total Deferred Inflows of Resources	-	705,695	-
Fund Balances (Deficits):			
Restricted	98,990	-	640,653
Unassigned	-	(34,721)	-
Total Fund Balances (Deficits)	98,990	(34,721)	640,653
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,031,213	\$ 7,512,894	\$ 640,653

**CITY OF VACAVILLE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021**

	<u>Debt Service Funds</u>		Total Other Governmental Funds
	Energy Efficiency Siemens	Fire Station #75	
Assets:			
Cash and investments	\$ -	\$ -	\$ 20,436,673
Receivables:			
Taxes	-	-	133,259
Accounts	-	-	1,667,254
Loans	-	-	1,710,753
Restricted cash and investments held by fiscal agent	-	-	111,318
Due from other funds	-	-	-
Total Assets	\$ -	\$ -	\$ 24,059,257
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Accounts and contract payable	\$ -	\$ -	\$ 492,644
Accrued payroll	-	-	266,702
Due to other funds	397,674	-	397,674
Deposits payable	-	-	5,589,894
Unearned revenue	-	-	7,479,861
Advances from other funds	-	-	-
Total Liabilities	397,674	-	14,226,775
Deferred Inflows of Resources:			
Unavailable revenue - grants and other	-	-	1,100,026
Total Deferred Inflows of Resources	-	-	1,100,026
Fund Balances (Deficits):			
Restricted	-	-	9,300,290
Unassigned	(397,674)	-	(567,834)
Total Fund Balances (Deficits)	(397,674)	-	8,732,456
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ -	\$ 24,059,257



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**CITY OF VACAVILLE
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds		
	Building and Street Development	Community Development	Maintenance Districts
Revenues:			
Taxes and fees	\$ 537,034	\$ -	\$ 4,302,270
Licenses and permits	2,344,785	-	-
Investment income	85,830	92,174	61,975
Intergovernmental	699,027	200,141	-
Charges for services	5,596,476	-	-
Fines, forfeitures and penalties	-	-	-
Other	82,019	-	-
Total Revenues	9,345,171	292,315	4,364,245
Expenditures:			
Current:			
General government	4,716,585	259	-
Public safety	-	-	-
Public works	2,255,840	-	-
Community services	-	512,740	5,146,083
Housing	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	6,972,425	512,999	5,146,083
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	2,372,746	(220,684)	(781,838)
Other Financing Sources (Uses):			
Transfers in	1,105,777	4,987	846,051
Transfers out	(514,401)	-	(94,187)
Issuance of debt and loans	-	-	-
Total Other Financing Sources (Uses)	591,376	4,987	751,864
Net Change in Fund Balances	2,964,122	(215,697)	(29,974)
Fund Balances, Beginning of Year	3,418,806	2,393,416	(105,465)
Fund Balances, End of Year	\$ 6,382,928	\$ 2,177,719	\$ (135,439)

**CITY OF VACAVILLE
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds		Capital Project
	Community Facilities	Special Programs	Assessment & Improvement Districts
Revenues:			
Taxes and fees	\$ 5,636,460	\$ 233,879	\$ -
Licenses and permits	-	-	-
Investment income	24,940	12,642	12,897
Intergovernmental	-	1,196,268	-
Charges for services	-	69,420	-
Fines, forfeitures and penalties	-	697	-
Other	-	-	-
Total Revenues	5,661,400	1,512,906	12,897
Expenditures:			
Current:			
General government	-	596,731	-
Public safety	-	978,017	-
Public works	-	75,042	-
Community services	-	12,405	-
Housing	-	27,039	-
Debt service:			
Principal	-	3,466	-
Interest and fiscal charges	101,185	517	-
Total Expenditures	101,185	1,693,217	-
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	5,560,215	(180,311)	12,897
Other Financing Sources (Uses):			
Transfers in	-	418,731	-
Transfers out	(5,597,828)	(94,993)	(382,109)
Issuance of debt and loans	-	15,659	-
Total Other Financing Sources (Uses)	(5,597,828)	339,397	(382,109)
Net Change in Fund Balances	(37,613)	159,086	(369,212)
Fund Balances, Beginning of Year	136,603	(193,807)	1,009,865
Fund Balances, End of Year	\$ 98,990	\$ (34,721)	\$ 640,653

**CITY OF VACAVILLE
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2021**

	<u>Debt Service Funds</u>		Total Other Governmental Funds
	Energy Efficiency Siemens	Fire Station #75	
Revenues:			
Taxes and fees	\$ -	\$ -	\$ 10,709,643
Licenses and permits	-	-	2,344,785
Investment income	-	-	290,458
Intergovernmental	-	-	2,095,436
Charges for services	-	-	5,665,896
Fines, forfeitures and penalties	-	-	697
Other	-	-	82,019
Total Revenues	-	-	21,188,934
Expenditures:			
Current:			
General government	-	-	5,313,575
Public safety	-	-	978,017
Public works	-	-	2,330,882
Community services	-	-	5,671,228
Housing	-	-	27,039
Debt service:			
Principal	537,375	4,339,842	4,880,683
Interest and fiscal charges	121,572	160,177	383,451
Total Expenditures	658,947	4,500,019	19,584,875
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(658,947)	(4,500,019)	1,604,059
Other Financing Sources (Uses):			
Transfers in	728,947	4,500,019	7,604,512
Transfers out	-	-	(6,683,518)
Issuance of debt and loans	-	-	15,659
Total Other Financing Sources (Uses)	728,947	4,500,019	936,653
Net Change in Fund Balances	70,000	-	2,540,712
Fund Balances, Beginning of Year	(467,674)	-	6,191,744
Fund Balances, End of Year	\$ (397,674)	\$ -	\$ 8,732,456

CITY OF VACAVILLE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUILDING AND STREET DEVELOPMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and fees	\$ 268,000	\$ 268,000	\$ 537,034	\$ 269,034
Licenses and permits	1,304,000	1,304,000	2,344,785	1,040,785
Investment income	41,000	41,000	85,830	44,830
Intergovernmental	835,509	835,509	699,027	(136,482)
Charges for services	1,577,000	1,577,000	5,596,476	4,019,476
Other	24,500	24,500	82,019	57,519
Total Revenues	4,050,009	4,050,009	9,345,171	5,295,162
Expenditures:				
Current:				
General government	4,274,211	4,751,358	4,716,585	34,773
Public works	1,436,387	1,436,387	2,255,840	(819,453)
Total Expenditures	5,710,598	6,187,745	6,972,425	(784,680)
Other Financing Sources (Uses)				
Transfers in	554,360	554,360	1,105,777	551,417
Transfers out	(514,401)	(514,401)	(514,401)	-
Total Other Financing Sources (Uses)	39,959	39,959	591,376	551,417
Net Change in Fund Balances	(1,620,630)	(2,097,777)	2,964,122	5,061,899
Fund Balances, Beginning of Year	3,418,806	3,418,806	3,418,806	-
Fund Balances, End of Year	\$ 1,798,176	\$ 1,321,029	\$ 6,382,928	\$ 5,061,899

CITY OF VACAVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 92,174	\$ 92,174
Intergovernmental	504,923	504,923	200,141	(304,782)
Rents and royalties	17,000	-	-	-
Total Revenues	521,923	504,923	292,315	(212,608)
Expenditures:				
General government	-	14,530	259	(14,271)
Community services	323,255	312,042	512,740	(200,698)
Total Expenditures	323,255	326,572	512,999	(214,969)
Other Financing Sources (Uses):				
Operating transfers in	-	-	4,987	(4,987)
Transfers out	-	(192,804)	-	(192,804)
Total Other Financing Sources (Uses)	-	(192,804)	4,987	(197,791)
Net Change in Fund Balance	198,668	(14,453)	(215,697)	(625,368)
Fund Balances, Beginning of Year	2,393,416	2,393,416	2,393,416	-
Fund Balances, End of Year	\$ 2,592,084	\$ 2,378,963	\$ 2,177,719	\$ (625,368)

CITY OF VACAVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAINTENANCE DISTRICTS
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and fees	\$ 4,278,505	\$ 4,278,505	\$ 4,302,270	\$ 23,765
Investmenet income	-	-	61,975	61,975
Total Revenues	4,278,505	4,278,505	4,364,245	85,740
Expenditures:				
Current:				
Community services	5,916,628	5,916,628	5,146,083	770,545
Total Expenditures	5,916,628	5,916,628	5,146,083	770,545
Other Financing Sources (Uses)				
Transfers in	677,972	677,972	846,051	168,079
Transfers out	(94,187)	(94,187)	(94,187)	-
Total Other Financing Sources (Uses)	677,972	677,972	751,864	168,079
Net change in fund balance	(960,151)	(960,151)	(29,974)	1,024,364
Fund Balances, Beginning of Year	(105,465)	(105,465)	(105,465)	-
Fund Balances, End of Year	\$ (1,065,616)	\$ (1,065,616)	\$ (135,439)	\$ 1,024,364

CITY OF VACAVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY FACILITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and fees	\$ 5,471,185	\$ 5,471,185	\$ 5,636,460	\$ 165,275
Interest Income	-	-	24,940	24,940
Total Revenues	5,471,185	5,471,185	5,661,400	190,215
Expenditures:				
Debt service:				
Interest and fiscal charges	-	-	101,185	(101,185)
Total Expenditures	-	-	101,185	(101,185)
Other Financing Sources (Uses)				
Transfers out	(5,471,185)	(5,471,185)	(5,597,828)	(126,643)
Total Other Financing Sources (Uses)	(5,471,185)	(5,471,185)	(5,597,828)	(126,643)
Net change in fund balance	-	-	(37,613)	(37,613)
Fund Balances, Beginning of Year	136,603	136,603	136,603	-
Fund Balances, End of Year	\$ 136,603	\$ 136,603	\$ 98,990	\$ (37,613)

CITY OF VACAVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes & Fees	\$ -	\$ -	\$ 233,879	\$ 233,879
Investment income	-	-	12,642	12,642
Intergovernmental	-	687,953	1,196,268	508,315
Charges for services	-	-	69,420	69,420
Fines, forfeitures and penalties	-	-	697	697
Total Revenues	-	687,953	1,512,906	824,953
Expenditures:				
Current:				
General government	-	275,235	596,731	(321,496)
Public safety	567,802	1,158,755	978,017	180,738
Public works	24,824	24,824	75,042	(50,218)
Housing	-	13,458	27,039	(13,581)
Community services	-	-	12,405	(12,405)
Debt service:				
Principal	-	-	3,466	(3,466)
Interest	-	-	517	(517)
Total Expenditures	592,626	1,472,272	1,693,217	(220,945)
Other Financing Sources (Uses)				
Transfers in	5,000	5,000	418,731	413,731
Transfers out	-	-	(94,993)	(94,993)
Issuance of debt and loans	-	-	15,659	15,659
Total Other Financing Sources (Uses)	5,000	5,000	339,397	318,738
Net Change in Fund Balances	(587,626)	(779,319)	159,086	922,746
Fund Balances, Beginning of Year	(193,807)	(193,807)	(193,807)	-
Fund Balances, End of Year	\$ (781,433)	\$ (973,126)	\$ (34,721)	\$ 922,746

INTERNAL SERVICE FUNDS

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

The concept of major funds introduced by GASB Statement 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are presented separately in the fund financial statements, including the funds below.

CENTRAL SERVICES

To account for all the centralized purchases which are in turn charged back to the operating department upon usage. The activity includes Central Stores, Fuel Station and Garage, and Engineering Services.

VEHICLE REPLACEMENT

To account for the acquisition of replacement equipment. Charges are levied to departments on a straight line replacement basis in order to ensure funds are available when the equipment becomes obsolete.

TECHNOLOGY REPLACEMENT

To account for the acquisition of technology equipment and printer replacements. Charges are levied to departments on a straight line replacement basis in order to ensure funds are available when the equipment becomes obsolete.

INSURANCE

To account for premium costs and self-insured claim losses for the following risks: property-related, workers' compensation, unemployment, vehicle-related, and general liability.

EMPLOYEE BENEFITS

To account for sick and vacation leave payoffs related to employee retirements and other postemployment benefits (OPEB) that are held by California Employers' Retiree Benefit Trust (CERBT) Fund in an irrevocable trust established by PERS to pre-fund OPEB and payments made to active employees as part of the City's vacation and sick leave buyback program.



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CITY OF VACAVILLE
COMBINING STATEMENTS OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021

	Governmental Activities - Internal Service Funds					Total
	Central Services	Vehicle Replacement	Technology Replacement	Insurance	Employee Benefits	
Assets:						
Cash and investments	\$ -	\$ 2,895,937	\$ 333,547	\$ 6,954,423	\$ 1,004,303	\$ 11,188,210
Receivables:						
Accounts	44,284	-	-	-	-	44,284
Inventories - supplies	217,004	-	-	-	-	217,004
Prepaid expenses	5,653	-	280,448	-	-	286,101
Deposits	-	-	-	147,465	-	147,465
Capital assets - net of accumulated depreciation	76,592	10,462,700	606,284	-	-	11,145,576
Total Assets	343,533	13,358,637	1,220,279	7,101,888	1,004,303	23,028,640
Deferred Outflows of Resources:						
Deferred outflows related to pension	1,200,099	-	-	300,017	-	1,500,116
Deferred outflows related to OPEB	511,512	-	-	76,433	-	587,945
Total Deferred Outflow of Resources	1,711,611	-	-	376,450	-	2,088,061
Liabilities:						
Current:						
Accounts and contract payable	92,612	247,678	3,258	4,533	34,549	382,630
Accrued payroll	90,480	-	-	19,180	582,203	691,863
Interest payable	-	34,936	-	-	-	34,936
Employee benefits payable	-	-	-	-	778,384	778,384
Due to other funds	492,892	-	-	-	-	492,892
Deposits payable	-	-	-	1,835	-	1,835
Claims payable - due within one year	-	-	-	1,911,629	-	1,911,629
Lease payable - due within one year	-	348,543	-	-	-	348,543
Total Current Liabilities	675,984	631,157	3,258	1,937,177	1,395,136	4,642,712
Noncurrent:						
Net Pension liability	8,150,934	-	-	2,037,733	-	10,188,667
Net OPEB liability	3,309,239	-	-	494,483	-	3,803,722
Claims payable - due in more than a year	-	-	-	4,511,806	-	4,511,806
Lease payable - due in more than a year	-	1,806,880	-	-	-	1,806,880
Total Noncurrent Liabilities	11,460,173	1,806,880	-	7,044,022	-	20,311,075
Deferred Inflows of Resources						
Deferred inflows related to pension	87,797	-	-	21,950	-	109,747
Deferred inflows related to OPEB	12,005	-	-	1,793	-	13,798
Total Deferred Inflows of Resources	99,802	-	-	23,743	-	123,545
Net Position:						
Net investment in capital assets	76,592	8,307,277	606,284	-	-	8,990,153
Unrestricted	(10,257,407)	2,613,323	610,737	(1,526,604)	(390,833)	(8,950,784)
Total Net Position	\$ (10,180,815)	\$ 10,920,600	\$ 1,217,021	\$ (1,526,604)	\$ (390,833)	\$ 39,369

**CITY OF VACAVILLE
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Activities - Internal Service Funds					
	Central Services	Vehicle Replacement	Technology Replacement	Insurance	Employee Benefits	Totals
Operating Revenues:						
Internal service charges	\$ 4,196,948	\$ 552,650	\$ 1,154,768	\$ 5,116,617	\$ 5,927,665	\$ 16,948,648
Total Operating Revenues	4,196,948	552,650	1,154,768	5,116,617	5,927,665	16,948,648
Operating Expenses:						
Internal service expenses	5,020,448	1,053,911	2,462,771	3,457,926	6,365,465	18,360,521
Depreciation	7,042	1,852,492	242,635	-	-	2,102,169
Total Operating Expenses	5,027,490	2,906,403	2,705,406	3,457,926	6,365,465	20,462,690
Operating Income (Loss)	(830,542)	(2,353,753)	(1,550,638)	1,658,691	(437,800)	(3,514,042)
Nonoperating Revenues (Expenses):						
Interest revenue	2,545	38,373	16,998	88,530	3,780	150,226
Interest expense	-	(68,125)	-	-	-	(68,125)
Gain (Loss) on disposal of capital assets	-	31,197	-	-	-	31,197
Total Nonoperating Revenues (Expenses)	2,545	1,445	16,998	88,530	3,780	113,298
Income (Loss) Before Transfers	(827,997)	(2,352,308)	(1,533,640)	1,747,221	(434,020)	(3,400,744)
Transfers:						
Transfers in	108,393	2,016,000	-	-	-	2,124,393
Transfers out	(4,484)	-	-	-	-	(4,484)
Total Transfers	103,909	2,016,000	-	-	-	2,119,909
Changes in Net Position	(724,088)	(336,308)	(1,533,640)	1,747,221	(434,020)	(1,280,835)
Net Position:						
Beginning of Year	(9,456,727)	11,256,908	2,750,661	(3,273,825)	43,187	1,320,204
End of Fiscal Year	\$ (10,180,815)	\$ 10,920,600	\$ 1,217,021	\$ (1,526,604)	\$ (390,833)	\$ 39,369

**CITY OF VACAVILLE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

Governmental Activities - Internal Service Funds						
	Central Services	Vehicle Replacement	Technology Replacement	Insurance	Employee Benefits	Total
Cash Flows from Operating Activities:						
Cash received from customers and users	\$ 4,170,793	\$ 552,650	\$ 1,164,769	\$ 5,116,617	\$ 5,927,665	\$ 16,932,494
Cash paid to suppliers for goods and services	(2,819,330)	(810,023)	(2,765,981)	(1,150,911)	(5,302,730)	(12,848,975)
Cash paid to employees for services	(2,143,498)	-	-	(928,969)	(278,901)	(3,351,368)
Claims paid	-	-	-	(2,259,282)	-	(2,259,282)
Net Cash Provided (Used) by Operating Activities	(792,035)	(257,373)	(1,601,212)	777,455	346,034	(1,527,131)
Cash Flow from Non-Capital Financing Activities:						
Financing Activities:						
Due to/(from) other funds	492,892	-	-	-	-	492,892
Cash transfers in	108,393	2,016,000	-	-	-	2,124,393
Cash transfers out	(4,484)	-	-	-	-	(4,484)
Net Cash Provided (Used) by Non-Capital Financing Activities	596,801	2,016,000	-	-	-	2,612,801
Cash Flows from Capital and Related Financing Activities:						
Acquisition of capital assets	(15,715)	(1,980,208)	(244,220)	-	-	(2,240,143)
Proceeds from sale of capital assets	-	31,197	-	-	-	31,197
Principal paid on capital debt	-	(338,942)	-	-	-	(338,942)
Interest paid	-	(73,849)	-	-	-	(73,849)
Net Cash Used by Capital and Related Financing Activities	(15,715)	(2,361,802)	(244,220)	-	-	(2,621,737)
Net Increase (Decrease) in Cash and Cash Equivalents	(208,404)	(564,802)	(1,828,434)	865,985	349,814	(1,385,841)
Cash and Cash Equivalents at Beginning of Year	208,404	3,460,739	2,161,981	6,088,438	654,489	12,574,051
Cash and investments	-	2,895,937	333,547	6,954,423	1,004,303	11,188,210
Restricted cash and investments	-	-	-	-	-	-
Cash and Cash Equivalents at End of Year	-	2,895,937	333,547	6,954,423	1,004,303	11,188,210
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ (830,542)	\$ (2,353,753)	\$ (1,550,638)	\$ 1,658,691	\$ (437,800)	\$ (3,514,042)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	7,042	1,852,492	242,635	-	-	2,102,169
Changes in assets and liabilities:						
Decrease in accounts receivable	(26,155)	-	10,001	-	26,755	10,601
Decrease (increase) in prepaid expenses	6,251	-	(146,966)	-	-	(140,715)
Decrease (increase) in inventories - supplies	(13,846)	-	-	-	-	(13,846)
Decrease (increase) in deposits	-	-	-	(17,313)	-	(17,313)
Decrease (increase) in deferred outflows of resources - pension	(99,838)	-	-	(24,959)	-	(124,797)
Decrease (increase) in deferred outflows of resources - OPEB	(6,130)	-	-	(916)	-	(7,046)
Increase (decrease) in accounts and contracts payable	(97,001)	243,888	(156,244)	(19,708)	(151,819)	(180,884)
Increase (decrease) in accrued payroll	27,271	-	-	(5,077)	130,514	152,708
Increase (decrease) in employee benefits payable	-	-	-	-	778,384	778,384
Increase (decrease) in pension liability	501,256	-	-	125,328	-	626,584
Increase (decrease) in OPEB liability	(92,081)	-	-	(13,759)	-	(105,840)
Increase (decrease) in deferred inflow of resources - pension	(150,378)	-	-	(37,594)	-	(187,972)
Decrease in deposits payable	-	-	-	-	-	-
Increase (decrease) in deferred inflow of resources - OPEB	(17,884)	-	-	(2,673)	-	(20,557)
Increase (decrease) in claims payable	-	-	-	(884,565)	-	(884,565)
Total Adjustments	38,507	2,096,380	(50,574)	(881,236)	783,834	1,986,911
Net Cash Provided (Used) by Operating Activities	\$ (792,035)	\$ (257,373)	\$ (1,601,212)	\$ 777,455	\$ 346,034	\$ (1,527,131)

CUSTODIAL FUND COMBINING STATEMENTS

CITY OF VACAVILLE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021

	Solano Transportation Authority Custodial Funds	Community Action Partnership Custodial Funds	Benefit District and Reimbursement Fund Custodial Funds
Assets:			
Current assets:			
Cash and investments	\$ 9,265,376	\$ 363,840	\$ 14,468,059
Receivables:			
Accounts	-	2,694,577	-
Total current assets	9,265,376	3,058,417	14,468,059
Noncurrent assets:			
Restricted cash and investments	-	-	-
Total noncurrent assets	-	-	-
Total Assets	9,265,376	3,058,417	14,468,059
Liabilities:			
Current liabilities:			
Accounts payable and contracts payable	-	1,079,196	585
Deposits payable	-	-	14,467,474
Unearned revenue	-	1,962,435	-
Long-term liabilities - due within one year	-	-	-
	-	3,041,631	14,468,059
Noncurrent liabilities:			
Long-term liabilities - due in more than a year	-	-	-
Total Liabilities	-	3,041,631	14,468,059
Net Position - End of the Year	\$ 9,265,376	\$ 16,786	\$ -

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021

	Special Assessments Custodial Funds	Bond Funds Custodial Funds	Total Custodial Funds
Assets:			
Current assets:			
Cash and investments	\$ 982,098	\$ -	\$ 25,079,373
Receivables:			
Accounts	-	-	2,694,577
Total current assets	982,098	-	27,773,950
Noncurrent assets:			
Restricted cash and investments	912,666	3,549,726	4,462,392
Total noncurrent assets	912,666	3,549,726	4,462,392
Total Assets	1,894,764	3,549,726	32,236,342
Liabilities:			
Current liabilities:			
Accounts payable and contracts payable	-	-	1,079,781
Deposits payable	-	-	14,467,474
Unearned revenue	-	-	1,962,435
Long-term liabilities - due within one year	752,898	-	752,898
	752,898	-	18,262,588
Noncurrent liabilities:			
Long-term liabilities - due in more than a year	4,670,547	-	4,670,547
Total Liabilities	5,423,445	-	22,933,135
Net Position - End of the Year	\$ (3,528,681)	\$ 3,549,726	\$ 9,303,207

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Solano Transportation Authority Custodial Funds	Community Action Partnership Custodial Funds	Benefit District and Reimbursement Fund Custodial Funds
Additions:			
Investment income	\$ -	\$ 150,700	\$ -
Deposits received	21,894,355	-	-
Taxes & fees	-	31,984	-
Grants and contributions	-	10,206,249	-
Total Additions:	21,894,355	10,388,933	-
Deductions:			
Administrative and general operations	-	261,077	-
Program expenses	-	10,127,856	-
	22,976,290	-	-
Fiscal fines and other fees	-	-	-
Interest expense	-	-	-
Total Deductions:	22,976,290	10,388,933	-
Change in Net Position	(1,081,935)	-	-
Beginning of year, as previously reported	-	-	-
Restatement	10,347,311	16,786	-
Beginning of year, as restated	10,347,311	16,786	-
Net Position - End of the Year	\$ 9,265,376	\$ 16,786	\$ -

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Assessments Custodial Funds	Bond Funds Custodial Funds	Total Custodial Funds
Additions:			
Investment income	\$ 10,481	\$ 284,205	\$ 445,386
Deposits received	-	-	21,894,355
Taxes & fees	769,181	-	801,165
Grants and contributions	-	-	10,206,249
Total Additions:	779,662	284,205	33,347,155
Deductions:			
Administrative and general operations	-	-	261,077
Program expenses	-	-	10,127,856
	-	-	22,976,290
Fiscal fines and other fees	182,469	-	182,469
Interest expense	292,117	-	292,117
Total Deductions:	474,586	-	33,839,809
Change in Net Position	305,076	284,205	(492,654)
Beginning of year, as previously reported	-	-	-
Restatement	(3,833,757)	3,265,521	9,795,861
Beginning of year, as restated	(3,833,757)	3,265,521	9,795,861
Net Position - End of the Year	\$ (3,528,681)	\$ 3,549,726	\$ 9,303,207

See accompanying Notes to Basic Financial Statements.

STATISTICAL SECTION

This part of the City of Vacaville'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 say about the government's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	143
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	149
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	154
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	158
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	161

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

Schedule 1

CITY OF VACAVILLE
Net Position by Component,
Last Ten Fiscal Years
 (accrual basis of accounting)
 (expressed in thousands of dollars)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Net investment in capital assets	\$ 456,266	\$449,819	\$440,786	\$ 441,258	\$ 428,611	\$ 419,176	\$ 400,267	\$ 418,360	\$ 420,604	\$ 431,692
Restricted	102,152	102,530	76,249	77,301	78,936	76,780	59,774	22,122	19,306	27,189
Unrestricted	<u>(148,855)</u>	<u>(168,602)</u>	<u>(148,236)</u>	<u>(166,324)</u>	<u>(131,398)</u>	<u>(131,083)</u>	<u>(125,004)</u>	<u>35,258</u>	<u>34,732</u>	<u>14,452</u>
Total governmental activities net position	<u>409,563</u>	<u>383,747</u>	<u>368,799</u>	<u>352,235</u>	<u>376,149</u>	<u>364,873</u>	<u>335,037</u>	<u>475,740</u>	<u>474,642</u>	<u>473,333</u>
Business-type activities										
Net investment in capital assets	234,578	231,479	225,000	215,531	205,549	202,700	205,054	204,329	227,804	214,851
Restricted	7,106	7,106	7,106	7,105	-	-	102	473	2,309	-
Unrestricted	<u>126,145</u>	<u>111,581</u>	<u>96,333</u>	<u>94,934</u>	<u>111,075</u>	<u>99,939</u>	<u>80,293</u>	<u>102,150</u>	<u>70,344</u>	<u>79,401</u>
Total business-type activities net position	<u>367,829</u>	<u>350,166</u>	<u>328,439</u>	<u>317,570</u>	<u>316,624</u>	<u>302,639</u>	<u>285,449</u>	<u>306,952</u>	<u>300,457</u>	<u>294,252</u>
Primary government										
Net investment in capital assets	690,844	681,298	665,786	656,789	634,160	621,876	605,321	622,689	648,408	646,543
Restricted	109,258	109,636	83,355	84,406	78,936	76,780	59,876	22,595	21,615	27,189
Unrestricted	<u>(22,710)</u>	<u>(57,021)</u>	<u>(51,903)</u>	<u>(71,390)</u>	<u>(20,323)</u>	<u>(31,144)</u>	<u>(44,711)</u>	<u>137,408</u>	<u>105,076</u>	<u>93,853</u>
Total primary government net position	<u>\$ 777,392</u>	<u>\$733,913</u>	<u>\$697,238</u>	<u>\$ 669,805</u>	<u>\$ 692,773</u>	<u>\$ 667,512</u>	<u>\$ 620,486</u>	<u>\$ 782,692</u>	<u>\$ 775,099</u>	<u>\$ 767,585</u>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.

Schedule 2

CITY OF VACAVILLE
Changes in Net Position, Primary Government
Last Ten Fiscal Years
 (accrual basis of accounting)
 (expressed in thousands of dollars)

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses										
Governmental activities	\$ 158,253	\$ 148,851	\$ 139,209	\$ 137,621	\$ 125,764	\$ 115,864	\$ 121,619	\$ 107,636	\$ 104,526	\$ 113,843
Business-type	<u>62,325</u>	<u>62,274</u>	<u>62,333</u>	<u>60,216</u>	<u>54,595</u>	<u>51,419</u>	<u>49,775</u>	<u>50,193</u>	<u>49,291</u>	<u>44,493</u>
Total primary government expenses	<u>220,578</u>	<u>211,125</u>	<u>201,542</u>	<u>197,837</u>	<u>180,359</u>	<u>167,283</u>	<u>171,394</u>	<u>157,829</u>	<u>153,817</u>	<u>158,336</u>
Program Revenues										
Governmental activities	80,305	59,477	55,279	64,445	54,702	69,483	47,765	44,265	34,627	33,006
Business-type	<u>79,759</u>	<u>75,831</u>	<u>67,311</u>	<u>65,924</u>	<u>73,738</u>	<u>67,197</u>	<u>59,156</u>	<u>53,650</u>	<u>54,245</u>	<u>46,024</u>
Total primary government program revenues	<u>160,064</u>	<u>135,308</u>	<u>122,590</u>	<u>130,369</u>	<u>128,440</u>	<u>136,680</u>	<u>106,921</u>	<u>97,915</u>	<u>88,872</u>	<u>79,030</u>
Net (Expense)/Revenue										
Governmental activities	(77,948)	(89,374)	(83,930)	(73,176)	(71,062)	(46,381)	(73,854)	(63,371)	(69,899)	(80,837)
Business-type	<u>17,434</u>	<u>13,557</u>	<u>4,978</u>	<u>5,708</u>	<u>19,143</u>	<u>15,778</u>	<u>9,381</u>	<u>3,457</u>	<u>4,954</u>	<u>1,531</u>
Total primary government net expense	<u>(60,514)</u>	<u>(75,817)</u>	<u>(78,952)</u>	<u>(67,468)</u>	<u>(51,919)</u>	<u>(30,603)</u>	<u>(64,473)</u>	<u>(59,914)</u>	<u>(64,945)</u>	<u>(79,306)</u>
General Revenues and Other Changes in Net Position										
Governmental activities	107,203	104,322	100,494	86,550	78,355	76,217	74,430	64,469	71,877	50,213
Business-type	<u>229</u>	<u>8,170</u>	<u>5,891</u>	<u>676</u>	<u>(1,174)</u>	<u>4,307</u>	<u>2,526</u>	<u>3,038</u>	<u>2,477</u>	<u>554</u>
Total primary government	<u>107,432</u>	<u>112,492</u>	<u>106,385</u>	<u>87,226</u>	<u>77,181</u>	<u>80,524</u>	<u>76,956</u>	<u>67,507</u>	<u>74,354</u>	<u>50,767</u>
Changes in Net Position										
Governmental activities	29,255	14,948	16,564	13,374	7,293	29,836	576	1,098	1,978	(30,624)
Business-type	<u>17,663</u>	<u>21,727</u>	<u>10,869</u>	<u>6,384</u>	<u>17,969</u>	<u>20,085</u>	<u>11,907</u>	<u>6,495</u>	<u>7,431</u>	<u>2,085</u>
Total primary government	<u>\$ 46,918</u>	<u>\$ 36,675</u>	<u>\$ 27,433</u>	<u>\$ 19,758</u>	<u>\$ 25,262</u>	<u>\$ 49,921</u>	<u>\$ 12,483</u>	<u>\$ 7,593</u>	<u>\$ 9,409</u>	<u>\$ (28,539)</u>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.

Schedule 2a

CITY OF VACAVILLE
Changes in Net Position, Governmental Activities
Last Ten Fiscal Years
 (accrual basis of accounting)
 (expressed in thousands of dollars)

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses										
General Government	\$ 13,839	\$ 16,155	\$ 12,775	\$ 12,840	\$ 14,849	\$ 11,350	\$ 10,997	\$ 10,446	\$ 8,439	\$ 6,803
Public Safety	79,380	77,785	73,903	67,543	61,505	58,052	52,077	49,612	46,731	46,439
Public Works	30,503	20,158	22,404	28,104	22,247	19,989	21,159	21,135	23,099	19,978
Community Services	15,198	17,033	14,883	14,416	13,567	12,507	12,258	12,118	11,601	12,423
Housing	18,817	17,040	14,692	14,206	13,019	13,303	24,623	13,805	14,425	14,637
Redevelopment	-	-	-	-	-	-	-	-	-	11,982
Interest on long-term debt	516	680	552	512	577	663	505	520	231	1,581
Total governmental activities expenses	<u>158,253</u>	<u>148,851</u>	<u>139,209</u>	<u>137,621</u>	<u>125,764</u>	<u>115,864</u>	<u>121,619</u>	<u>107,636</u>	<u>104,526</u>	<u>113,843</u>
Program Revenues										
Charges for services:										
General Government	5,780	6,432	4,949	3,859	4,442	4,893	4,382	3,476	3,026	2,866
Public Safety	6,836	6,397	5,514	5,792	4,978	4,334	3,715	3,503	3,673	3,497
Public Works	3,964	1,206	2,566	1,889	1,383	991	778	2,429	486	125
Community Services	5,633	5,679	7,993	7,229	6,607	6,340	6,333	6,426	6,226	6,007
Housing	12	4	10	21	22	34	426	928	929	975
Redevelopment	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	25,494	20,466	18,870	17,282	15,828	18,785	16,520	13,831	14,339	15,330
Capital grants and contributions	<u>32,586</u>	<u>19,293</u>	<u>15,377</u>	<u>28,373</u>	<u>21,442</u>	<u>34,106</u>	<u>15,611</u>	<u>13,672</u>	<u>5,948</u>	<u>4,206</u>
Total governmental activities program revenues	<u>80,305</u>	<u>59,477</u>	<u>55,279</u>	<u>64,445</u>	<u>54,702</u>	<u>69,483</u>	<u>47,765</u>	<u>44,265</u>	<u>34,627</u>	<u>33,006</u>
Net (Expense)/Revenue	<u>(77,948)</u>	<u>(89,374)</u>	<u>(83,930)</u>	<u>(73,176)</u>	<u>(71,062)</u>	<u>(46,381)</u>	<u>(73,854)</u>	<u>(63,371)</u>	<u>(69,899)</u>	<u>(80,837)</u>
General Revenues and Other Changes in Net Position										
Taxes										
Property taxes	50,141	50,543	47,971	47,387	41,210	37,869	35,283	32,855	31,805	43,463
Sales taxes	46,319	38,932	39,272	27,234	24,855	26,632	23,627	22,215	17,596	15,766
Franchise taxes	5,160	4,898	4,536	4,262	4,366	4,045	3,925	3,578	3,471	2,461
Transient lodging tax	1,446	1,685	2,015	1,835	1,678	1,688	1,398	1,194	1,067	986
Business license tax	355	279	287	287	291	300	339	325	315	291
Excise tax	2,676	2,590	2,671	2,694	2,572	2,617	2,407	2,431	2,322	2,302
Gasoline tax	-	-	-	-	-	-	-	3,050	2,211	2,717
Vehicle license taxes	-	-	-	-	-	-	-	-	41	-
Investment income	221	5,756	3,801	1,244	887	967	875	668	728	437
Unrestricted capital contributions	-	-	-	-	-	-	-	898	1,165	2,271
Special Item - gain on dissolution of Redevelopment	-	-	-	-	-	1,582	3,815	(3,815)	4,482	(22,403)
Miscellaneous	503	613	534	878	433	858	2,938	1,145	6,642	827
Transfers	<u>382</u>	<u>(974)</u>	<u>(593)</u>	<u>729</u>	<u>2,063</u>	<u>(341)</u>	<u>(177)</u>	<u>(75)</u>	<u>32</u>	<u>1,095</u>
Total governmental activities	<u>107,203</u>	<u>104,322</u>	<u>100,494</u>	<u>86,550</u>	<u>78,355</u>	<u>76,217</u>	<u>74,430</u>	<u>64,469</u>	<u>71,877</u>	<u>50,213</u>
Changes in Net Position	<u>\$ 29,255</u>	<u>\$ 14,948</u>	<u>\$ 16,564</u>	<u>\$ 13,374</u>	<u>\$ 7,293</u>	<u>\$ 29,836</u>	<u>\$ 576</u>	<u>\$ 1,098</u>	<u>\$ 1,978</u>	<u>\$ (30,624)</u>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.

Starting 2015, gasoline tax and unrestricted capital contributions are reported as grants and contributions under Program Revenues instead of General Revenues due to restrictions placed on the use of these resources.

Schedule 2b

CITY OF VACAVILLE
Changes in Net Position, Business-Type Activities
Last Ten Fiscal Years
 (accrual basis of accounting)
 (expressed in thousands of dollars)

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses										
Sewer	\$ 35,569	\$ 36,042	\$ 35,076	\$ 34,301	\$ 32,908	\$ 29,548	\$ 28,480	\$ 26,659	\$ 23,502	\$ 23,792
Water	23,301	22,524	23,425	21,789	18,021	18,318	17,747	20,063	21,731	16,637
Transit	3,455	3,708	3,832	4,126	3,666	3,553	3,548	3,471	4,058	4,064
Total business-type activities expenses	<u>62,325</u>	<u>62,274</u>	<u>62,333</u>	<u>60,216</u>	<u>54,595</u>	<u>51,419</u>	<u>49,775</u>	<u>50,193</u>	<u>49,291</u>	<u>44,493</u>
Program Revenues										
Charges for services:										
Sewer	34,571	33,951	34,146	33,655	33,807	33,680	33,071	32,222	29,017	25,340
Water	24,573	23,092	20,890	20,156	18,487	15,979	15,361	16,514	16,010	14,665
Transit	65	318	403	447	441	453	487	456	502	503
Operating grants and contributions	2,459	2,521	2,196	2,181	1,903	1,857	1,807	1,865	2,248	2,109
Capital grants and contributions	18,091	15,949	9,676	9,485	19,100	15,228	8,430	2,593	6,468	3,407
Total business-type activities program revenues	<u>79,759</u>	<u>75,831</u>	<u>67,311</u>	<u>65,924</u>	<u>73,738</u>	<u>67,197</u>	<u>59,156</u>	<u>53,650</u>	<u>54,245</u>	<u>46,024</u>
Net (Expense)/Revenue	<u>17,434</u>	<u>13,557</u>	<u>4,978</u>	<u>5,708</u>	<u>19,143</u>	<u>15,778</u>	<u>9,381</u>	<u>3,457</u>	<u>4,954</u>	<u>1,531</u>
General Revenues and Other Changes in Net Position										
Taxes										
Property taxes	90	111	98	99	98	96	101	92	91	91
Investment income	(580)	5,898	4,009	857	90	769	540	202	97	375
Unrestricted capital contributions	-	-	-	-	-	-	-	2,540	1,045	1,173
Miscellaneous	1,101	1,187	1,192	449	701	3,101	1,708	129	1,276	10
Transfers	(382)	974	592	(729)	(2,063)	341	177	75	(32)	(1,095)
Total business-type activities	<u>229</u>	<u>8,170</u>	<u>5,891</u>	<u>676</u>	<u>(1,174)</u>	<u>4,307</u>	<u>2,526</u>	<u>3,038</u>	<u>2,477</u>	<u>554</u>
Changes in Net Position	<u>\$ 17,663</u>	<u>\$ 21,727</u>	<u>\$ 10,869</u>	<u>\$ 6,384</u>	<u>\$ 17,969</u>	<u>\$ 20,085</u>	<u>\$ 11,907</u>	<u>\$ 6,495</u>	<u>\$ 7,431</u>	<u>\$ 2,085</u>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.

Starting 2015, unrestricted capital contributions are reported as grants and contributions under Program Revenues instead of General Revenues due to restrictions placed on the use of these resources.

Schedule 3

CITY OF VACAVILLE
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
(expressed in thousands of dollars)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Fiscal Year</u> <u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	611	552	10	964	1,928	2,862	3,185	185	234	767
Restricted	-	439	2,394	-	-	-	102	118	143	128
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	39,995	31,064	23,644	11,463	8,282	3,279	2,674	2,855	1,419	667
Unassigned	<u>30,009</u>	<u>29,133</u>	<u>28,408</u>	<u>27,572</u>	<u>22,814</u>	<u>24,161</u>	<u>16,101</u>	<u>8,587</u>	<u>8,068</u>	<u>-</u>
Total general fund	<u>\$ 70,615</u>	<u>\$ 61,188</u>	<u>\$ 54,456</u>	<u>\$ 39,999</u>	<u>\$ 33,024</u>	<u>\$ 30,302</u>	<u>\$ 22,062</u>	<u>\$ 11,745</u>	<u>\$ 9,864</u>	<u>\$ 1,562</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	97	194	1,003
Restricted	102,640	90,271	83,490	77,079	78,439	76,777	58,340	21,753	17,755	45,540
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	362	411	1,483	1,221	501	1,098	12,137	608	-	21
Unassigned	<u>(568)</u>	<u>(767)</u>	<u>(546)</u>	<u>(411)</u>	<u>(302)</u>	<u>(271)</u>	<u>(175)</u>	<u>(250)</u>	<u>(1,309)</u>	<u>(3,601)</u>
Total all other governmental funds	<u>\$ 102,434</u>	<u>\$ 89,915</u>	<u>\$ 84,427</u>	<u>\$ 77,889</u>	<u>\$ 78,638</u>	<u>\$ 77,604</u>	<u>\$ 70,302</u>	<u>\$ 22,208</u>	<u>\$ 16,640</u>	<u>\$ 42,963</u>

The City of Vacaville implemented GASB 54 for the fiscal year ended June 30, 2011, which has revised classifications of fund balances.

Schedule 4

CITY OF VACAVILLE
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)
(expresses in thousands of dollars)

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues										
Taxes and fees	\$ 111,043	\$ 102,843	\$ 111,508	\$ 94,125	\$ 87,932	\$ 87,142	\$ 77,766	\$ 75,450	\$ 62,910	\$ 69,404
Licenses and permits	2,768	2,243	1,872	1,734	1,764	2,028	1,545	1,264	1,212	1,403
Investment income	139	5,756	3,870	1,322	954	975	1,701	1,157	1,108	898
Intergovernmental	28,637	24,858	21,963	38,827	26,258	27,985	20,178	21,144	19,752	21,586
Charges for services	14,174	12,767	14,453	13,047	12,119	11,179	10,088	11,356	8,834	7,793
Rents and royalties	532	441	460	444	390	540	-	-	-	-
Development fees	19,841	12,230	-	-	-	-	-	-	-	-
Fines, penalties and forfeitures	445	283	403	386	397	310	235	287	352	430
AB 1484 County distribution	-	-	-	-	-	-	-	-	4,482	-
Other	367	468	299	380	443	826	1,934	767	2,665	764
Total revenues	<u>177,946</u>	<u>161,889</u>	<u>154,828</u>	<u>150,265</u>	<u>130,257</u>	<u>130,985</u>	<u>113,447</u>	<u>111,425</u>	<u>101,315</u>	<u>102,278</u>
Expenditures										
General Government	16,663	13,748	12,681	11,054	13,513	11,129	9,509	9,093	7,580	6,105
Public Safety	73,068	70,039	66,614	62,189	57,272	53,059	50,112	46,950	44,868	45,161
Public Works	9,884	9,927	8,997	8,585	8,142	7,107	6,904	6,196	5,993	5,851
Community Services	14,192	14,552	14,231	13,614	13,121	11,782	11,387	11,474	11,066	11,810
Housing	17,897	16,607	14,740	13,905	13,247	13,168	13,207	13,258	14,520	14,928
Redevelopment	-	-	-	-	-	-	-	-	-	11,818
Capital Outlay	16,143	19,745	13,893	30,560	21,996	16,113	10,236	11,002	9,712	8,423
Debt service										
Principal	5,200	1,157	969	888	911	2,217	961	1,737	3,443	3,712
Interest and fiscal charges	548	615	548	519	585	687	483	572	541	2,284
Total expenditures	<u>153,595</u>	<u>146,390</u>	<u>132,673</u>	<u>141,314</u>	<u>128,787</u>	<u>115,262</u>	<u>102,799</u>	<u>100,282</u>	<u>97,723</u>	<u>110,092</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,351</u>	<u>15,499</u>	<u>22,155</u>	<u>8,951</u>	<u>1,470</u>	<u>15,723</u>	<u>10,648</u>	<u>11,143</u>	<u>3,592</u>	<u>(7,814)</u>
Other Financing Sources (uses)										
Transfers in	19,472	17,571	12,863	12,471	9,056	10,458	4,645	4,186	5,819	48,953
Transfers out	(21,210)	(21,437)	(15,827)	(15,218)	(7,465)	(10,829)	(4,897)	(4,331)	(5,846)	(47,983)
Sale of capital assets	-	588	3	-	694	189	240	105	3	1,270
Issuance of debt and loans	38	-	1,800	23	-	-	6,000	161	6,994	-
Total other financing sources (uses)	<u>(1,700)</u>	<u>(3,278)</u>	<u>(1,161)</u>	<u>(2,724)</u>	<u>2,285</u>	<u>(182)</u>	<u>5,988</u>	<u>121</u>	<u>6,970</u>	<u>2,240</u>
Extraordinary gain/(loss)	-	-	-	-	-	-	3,815	(3,815)	-	(45,641)
Net change in fund balances	<u>\$ 22,651</u>	<u>\$ 12,221</u>	<u>\$ 20,994</u>	<u>\$ 6,227</u>	<u>\$ 3,755</u>	<u>\$ 15,541</u>	<u>\$ 20,451</u>	<u>\$ 7,449</u>	<u>\$ 10,562</u>	<u>\$ (51,215)</u>
Debt services as a percentage of noncapital expenditures	4.1%	1.4%	1.2%	1.2%	1.4%	2.8%	1.5%	2.4%	4.4%	5.8%

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.

Schedule 5

CITY OF VACAVILLE
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years
 (expressed in thousands of dollars)

Fiscal Year Ended June 30,	City					Redevelopment Agency					Total Direct Tax Rate
	Secured	Nonunitary Utilities	Unsecured	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value		
2021	\$ 14,477,124	\$ 665	\$ 477,782	\$ (896,220)	\$ 14,059,351	\$ -	\$ -	\$ -	\$ -	0.209%	
2020	13,869,454	175	417,324	(887,928)	13,399,025	-	-	-	-	0.209%	
2019	13,173,782	175	402,510	(882,823)	12,693,643	-	-	-	-	0.209%	
2018	12,522,415	175	405,936	(873,135)	12,055,391	-	-	-	-	0.210%	
2017	11,883,362	175	401,437	(844,519)	11,440,455	-	-	-	-	0.213%	
2016	11,163,934	240	392,820	(836,233)	10,720,761	-	-	-	-	0.214%	
2015	10,696,951	240	378,843	(759,342)	10,316,692	-	-	-	-	0.216%	
2014	9,942,612	240	365,046	(776,951)	9,530,947	-	-	-	-	0.220%	
2013	9,430,496	240	388,656	(767,410)	9,051,982	-	-	-	-	0.516%	
2012	9,683,084	234	366,082	(686,886)	9,362,514	3,348,177	234,200	(12,817)	3,569,560	0.518%	

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.

Source: HDL Coren & Cone, Solano County Assessor 2011/12 - 2020/21 Combined Tax Rolls

Note: The assessed value is 100 percent of actual value for all types of secured and unsecured property. Tax rates are per \$1,000 of assessed value.

Schedule 6

**CITY OF VACAVILLE
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
City Direct Rates:										
City Basic Rate	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%	0.27352%	0.27354%
Redevelopment agency	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	1.03087%
Total City Direct Rate	0.20880%	0.20856%	0.20894%	0.20984%	0.21275%	0.21439%	0.21596%	0.22018%	0.51629%	0.51806%
Overlapping Rates:										
Basic Levy*	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Davis Unified	0.00000%	0.00000%	0.08411%	0.09224%	0.05713%	0.04833%	0.05691%	0.05222%	0.05487%	0.00000%
Dixon Unified School Bonds	0.07207%	0.07270%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.06717%
Fairfield/Suisun USD GOB 2002S	0.06974%	0.06266%	0.11377%	0.09583%	0.10295%	0.04185%	0.05176%	0.05018%	0.05547%	0.05313%
SC Fld State Wtr Prj Zone Ben#1	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%
Solano Community College	0.03164%	0.03204%	0.03889%	0.02442%	0.03504%	0.03492%	0.03672%	0.03955%	0.02060%	0.02016%
City of Vacaville	0.03046%	0.03049%	0.03064%	0.03067%	0.03074%	0.03080%	0.03080%	0.03086%	0.03085%	0.03087%
Vacaville Unified School Bonds	0.09768%	0.09989%	0.10319%	0.10097%	0.11261%	0.11411%	0.05921%	0.07033%	0.06550%	0.06941%
Refund of Excess Taxes FD 427	0.00000%	0.00000%	0.00000%	0.00000%	-0.00121%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
	1.32158%	1.31778%	1.39060%	1.36413%	1.35726%	1.29001%	1.25540%	1.26314%	1.24729%	1.26074%

Because basic and debt rates vary by tax rate area individual rates cannot be summed. Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information. Beginning in 2013/2014, the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/2013.

Redevelopment agency (RDA) rate is based on the largest RDA tax rate areas (TRA) and includes only the rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of California Assembly Bill ABX1 26 eliminated RDA from the State of California for the fiscal year 2012/13 and years thereafter.

*In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property value for the payment of any voter approved bonds.

Source: HDL Coren & Cone, Solano County Assessor 2011/12 - 2020/21 Tax Rate Table

Schedule 7

CITY OF VACAVILLE
Principal Property Tax Payers
Current Year and Ten Years Ago

Taxpayer	2021			2012		
	Taxable	Percentage of Total		Taxable	Percentage of Total	
	Assessed Value	Rank	Assessed Value	Assessed Value	Rank	Assessed Value
Genentech Inc.	\$ 697,148,871	1	4.96%	\$ 1,106,750,624	1	11.82%
NT Dunhill II LLC	116,971,736	2	0.83%	72,374,716	4	0.77%
CPG Finance II LLC	112,436,202	3	0.80%	95,802,881	3	1.02%
PW Fund A LP	107,363,397	4	0.76%			
Alza Corporation	89,369,634	5	0.64%	136,071,994	2	1.45%
MG North Pointe Apartments LLC	89,279,488	6	0.64%			
Sequoia Equities - River Oaks	60,258,726	7	0.43%	37,642,445	10	
State Compensation Insurance Fund	60,068,084	8	0.43%	56,524,311	6	0.60%
Northbay Healthcare Group	43,525,071	9	0.31%			
Quinn Crossing Apartments LLC	50,863,028	10	0.36%			
RXD Nova Pharmaceuticals Inc				61,660,211	5	0.66%
Irving and Varda Rabin Trust				46,367,519	7	0.50%
Lucky FLA Nocal Investor LLC				43,823,682	8	0.47%
6801 Leisure Town Road				38,473,137	9	0.41%

Source: HDL Coren & Cone, Solano County 2011/12 & 2020/2021 Combined Tax Rolls and the SBE Non Unitary Tax Roll.

Schedule 8

**CITY OF VACAVILLE
Property Tax Levies and Collections
Last Ten Fiscal Years**

**Collected within the Fiscal Year
of the Levy**

Total Collections to Date

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Supplemental/Prior Years Collections	Amount	Percentage of Levy
2021	\$ 16,375,036	\$ 16,375,036	100.00%	\$ 121,003	16,496,040	100.74%
2020	16,155,665	16,155,665	100.00%	431,046	16,586,710	102.67%
2019	14,839,394	14,839,394	100.00%	536,401	15,375,795	103.61%
2018	13,901,552	13,901,552	100.00%	588,703	14,490,255	104.23%
2017	13,007,698	13,007,698	100.00%	381,439	13,389,137	102.93%
2016	12,107,472	12,107,472	100.00%	327,997	12,435,469	102.71%
2015	11,390,987	11,390,987	100.00%	219,506	11,610,493	101.93%
2014	10,303,894	10,303,894	100.00%	330,585	10,634,479	103.21%
2013	12,809,959	12,809,959	100.00%	76,530	12,886,489	100.60%
2012	11,259,697	11,259,697	100.00%	84,765	11,344,462	100.75%

Article XIII A of the California Constitution (more commonly known as Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also establishes the 1975/76 assessed valuation as the base and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the article from imposing new ad valorem, sales or transactions taxes on real property. Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors.

In addition to the City's property tax levies for voter-approved debt, Solano County levies property taxes limited to \$1 to \$100 of assessed valuation for county, cities, schools and special districts operating expenses. This additional property tax levy is distributed to the different governmental agencies under the State mandated alternate method of apportioning taxes (commonly referred to as the "Teeter Plan") whereby all local agencies, including cities, receive from the county 100% of their respective shares of the amount of ad valorem taxes levied, without regard to the actual collection of the taxes levied. This method was placed in effect by Solano County in the 1965/1966 tax year and remains in effect unless the County Board of Supervisors orders its discontinuance.

Source: Solano County Auditor Controller's Office.

Schedule 9

CITY OF VACAVILLE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita	Special Assessment Bonds
	City Loans	Redevelopment Loans	Certificates of Participation	Redevelopment Bonds	Capital Leases	Total Governmental Activities	State Revolving Loan	Capital Leases	City Loans	Total Business-type Activities				
2021					\$ 8,013,850	\$ 8,013,850	\$ 103,613,106	\$ 3,645,948		\$ 107,259,054	\$ 115,272,904	3.24%	1,176	\$ 5,423,445
2020	-	-	-	-	13,514,907	13,514,907	112,639,719	4,183,322	-	116,823,041	130,337,948	3.94%	1,318	6,395,000
2019	-	-	-	-	14,355,845	14,355,845	121,433,568	4,677,370	-	126,110,938	140,466,783	4.51%	1,422	7,070,000
2018	-	-	-	-	13,793,331	13,793,331	130,000,656	5,120,648	-	135,121,304	148,914,635	5.20%	1,512	7,695,000
2017	-	-	-	-	14,492,185	14,492,185	138,666,796	5,542,234	-	144,209,030	158,701,215	5.55%	1,612	8,975,000
2016	-	-	-	-	13,336,137	13,336,137	145,774,138	8,044,666	-	153,818,804	167,154,941	5.91%	1,711	9,855,000
2015	742,500	-	-	-	14,976,298	15,718,798	142,630,945	7,282,233	-	149,913,178	165,631,976	5.99%	1,749	12,480,000
2014	810,000	-	-	-	10,093,165	10,903,165	137,072,464	7,226,227	-	144,298,691	155,201,856	5.64%	1,658	14,560,000
2013	877,500	-	1,175,000	-	10,520,257	12,572,757	88,894,322	7,293,616	-	96,187,938	108,760,695	3.97%	1,174	17,040,000
2012 *	2,776,805	-	2,285,000	-	3,264,085	8,325,890	81,800,867	363,011	-	82,163,878	90,489,768	3.45%	983	19,305,000

*On February 1, 2012 the Redevelopment Agency was dissolved under state law. See Footnote 14 for further discussion.

Schedule 10

CITY OF VACAVILLE
Direct and Overlapping Debt
As of June 30, 2021

City Assessed Valuation \$ 14,059,351,108

	Percentage <u>Applicable</u>	<u>Outstanding Debt</u>	<u>Estimated Share of Overlapping Debt</u>
	(1)		
Overlapping Tax and Assessment Debt:			
Solano County Community College District	23.798%	\$ 298,050,699	\$ 70,930,105
Dixon Unified School District	0.433%	57,016,999	246,884
Fairfield-Suisun Joint Unified School District	0.038%	271,890,000	103,318
Vacaville Unified School District	90.313%	241,580,000	218,178,145
City of Vacaville 1915 Act Bonds	100.000%	<u>5,423,445</u>	<u>5,423,445</u>
Total overlapping debt repaid with property taxes		<u>873,961,143</u>	<u>294,881,897</u>
Direct and Overlapping General Fund Debt:			
Solano County General Fund Obligations	23.083%	56,845,000	13,121,531
Solano County Pension Obligations Bonds	23.083%	17,040,000	3,933,343
Dixon Unified School District Certificates of Participation	0.433%	8,460,000	36,632
Fairfield-Suisun Joint Unified School District Certificates of Participation	0.038%	715,037	272
Travis Unified School District General Fund Obligations	55.895%	16,727,227	9,349,684
Vacaville Unified School District Certificates of Participation	90.313%	<u>15,835,000</u>	<u>14,301,064</u>
Total overlapping other debt	35.238%	<u>115,622,264</u>	<u>40,742,526</u>
Overlapping Tax Increment Debt (Successor Agency):			
City of Vacaville Tax Allocation Bonds	100.000%	29,980,000	29,980,000
City of Vacaville Multifamily Mortgage Revenue Bonds	100.000%	<u>638,810</u>	<u>638,810</u>
		<u>30,618,810</u>	<u>30,618,810</u>
Total Overlapping debt		<u>\$ 1,020,202,217</u>	366,243,233
City direct debt			<u>8,013,850</u>
Total direct and overlapping debt			<u>\$ 374,257,083</u> (2)

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

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

Source: California Municipal Statistics, Inc. and HDL Coren & Cone, Solano County Assessor 2020/21 Combined Tax Rolls

Schedule 11

**CITY OF VACAVILLE
Legal Debt Margin Information
Last Ten Fiscal Years**
(expressed in thousands of dollars)

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assessed value	\$ 14,059,351	\$ 13,399,025	\$ 12,693,643	\$ 12,055,391	\$ 11,440,455	\$ 10,720,761	\$ 10,316,692	\$ 9,530,947	\$ 9,051,982	\$ 9,362,514
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,514,838	3,349,756	3,173,411	3,013,848	2,860,114	2,680,190	2,579,173	2,382,737	2,262,996	2,340,629
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	527,225.66	502,463.44	476,012	452,077	429,017	402,029	386,876	357,411	339,449	351,094
Total net debt applicable to limit:	-	-	-	-	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 527,226</u>	<u>\$ 502,463</u>	<u>\$ 476,012</u>	<u>\$ 452,077</u>	<u>\$ 429,017</u>	<u>\$ 402,029</u>	<u>\$ 386,876</u>	<u>\$ 357,411</u>	<u>\$ 339,449</u>	<u>\$ 351,094</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: HDL Coren & Cone, Solano County 2011/2012 - 2020/2021 Combined Tax Rolls.

Schedule 12
CITY OF VACAVILLE
Pledged-Revenue Coverage
Last Ten Fiscal Years
(expressed in thousands of dollars)

Fiscal Year	Water Revenue Bonds						Tax Allocation Bonds				
	Water Revenue	Less Operating Expenses (1)	Net Available Revenue	Debt Service			Tax Increment (2)	Debt Service			
				Principal	Interest	Coverage		Principal	Interest	Coverage	
2021	\$ 24,500	\$ 21,280	\$ 3,220	\$ -	\$ -	-	\$ -	\$ 2,882	\$ 1,278	\$ -	
2020	23,092	20,065	3,027	-	-	-	-	2,775	1,387	-	
2019	20,749	20,753	(4)	-	-	-	-	2,672	1,490	-	
2018	20,021	18,590	1,431	-	-	-	-	2,506	1,595	-	
2017	18,357	17,217	1,140	-	-	-	-	1,574	1,534	-	
2016	15,855	15,768	87	-	-	-	-	2,128	2,343	-	
2015	15,361	14,881	480	-	-	-	-	2,368	2,388	-	
2014	16,514	17,224	(710)	-	-	-	-	3,453	3,166	-	
2013	16,010	19,391	(3,381)	-	-	-	-	1,998	3,108	-	
2012	15,976	14,070	1,906	-	-	-	-	1,898	3,241	-	

Water Revenue Bonds paid in full fiscal year 1994/95--no outstanding revenue bond indebtedness

(1) Expenses exclude depreciation and debt service.

(2) Due to the dissolution of the redevelopment agency in 2012, the tax allocation bonds secured by property tax increments will now be repaid from the Redevelopment Property Tax Trust Fund of the successor agency.

Schedule 13

**CITY OF VACAVILLE
Demographic and Economic Statistics
Last Ten Calendar Years**

<u>Year</u>	<u>Population</u> ⁽¹⁾	<u>Personal Income</u> <u>(thousands of dollars)</u> ⁽²⁾	<u>Per Capita</u> <u>Personal Income</u> ⁽²⁾	<u>Unemployment</u> <u>Rate</u> ⁽³⁾
2021	98,041	\$ 3,561,616	\$ 36,327	8.2%
2020	98,855	3,308,561	33,468	3.4%
2019	98,807	3,115,920	31,535	3.4%
2018	98,456	2,967,681	30,142	3.8%
2017	98,456	2,861,231	29,061	4.5%
2016	97,667	2,830,236	28,978	4.6%
2015	94,702	2,764,353	29,190	5.5%
2014	93,613	2,751,473	29,392	6.0%
2013	92,677	2,737,586	29,539	7.5%
2012	92,092	2,621,030	28,461	8.1%

Sources: (1) State of California Department of Finance (as of January each year)
(2) HDL Coren & Cone
(3) State of California Employment Development Department (as of January each year)

Schedule 14

**CITY OF VACAVILLE
Principal Employers
Current Year and Ten Years Ago**

Employer	2021			2012		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Kaiser Permanente	1,179	1	2.89%	1,275	3	3.00%
Amazon Services, LLC	1,083	2	2.65%			
Genentech, Inc.	766	3	1.88%	694	7	1.63%
Blue Mountain Construction Services, Inc.	400	4	0.98%			
Mariani Packing Co, Inc.	350	5	0.86%			
Simonton Windows	320	6	0.78%			
M & G Duravent, Inc.	302	7	0.74%			
Costco Wholesale	273	8	0.67%			
Alza Corporation	250	9	0.61%	451	8	1.06%
Wal-Mart Stores, Inc.	250	10	0.61%	311	9	0.73%
California State Department of Corrections				3,674	1	8.64%
Northbay VacaValley Hospital				1,868	2	4.40%
Vacaville Unified School District				1,264	4	2.97%
State Compensation Insurance Co.				1,050	5	2.47%
City of Vacaville				723	6	1.70%
Save Mart Distribution Center				300	10	0.71%

Employee data was previously obtained through a survey of local businesses.

Beginning 2017, the data is based on information provided through business license renewal.

Government employee information has been excluded since it is not obtained through the business license renewal process.

Source: State of California Employment Development Department, City survey of area businesses conducted in 2011, & City Business License Software.

Schedule 15

CITY OF VACAVILLE
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Full-time Equivalent Employees as of June 30, 2021

<u>Function/Program</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Government										
City Attorney	5	4	4	4	4	2	4	4	4	4
City Manager	23	10	9	9	9	10	7	6	6	6
Finance	27	24	23	20	25	25	23	24	24	23
Human Resources	12	12	12	14	11	11	9	9	9	9
Information Technology	-	9	9	9	8	9	8	7	7	7
Community Development	15	15	16	16	17	18	13	13	13	12
Police Department	167	175	169	157	149	153	149	145	143	143
Fire Department	97	96	91	92	82	102	75	78	76	69
Community Services	18	17	16	16	16	17	15	15	15	14
Housing and Successor Agency	18	15	14	13	14	12	15	15	14	18
Utilities	68	68	67	68	68	67	59	63	68	-
Public Works	<u>105</u>	<u>99</u>	<u>74</u>	<u>94</u>	<u>89</u>	<u>83</u>	<u>70</u>	<u>87</u>	<u>83</u>	<u>152</u>
Total	<u>555</u>	<u>544</u>	<u>504</u>	<u>512</u>	<u>492</u>	<u>509</u>	<u>447</u>	<u>466</u>	<u>462</u>	<u>457</u>

Starting fiscal year 2013, Sewer and Water Operations employees are reported in the Utilities function. In previous years, employees were included with Public Works.

Starting fiscal year 2021, Information Technology employees are reported in the City Manager's Department. In previous years, employees were included within Information Technology.

**Schedule 16
CITY OF VACAVILLE
Operating Indicators by Function/Program
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Fire										
Emergency responses	11,891	11,231	10,921	10,915	10,520	9,471	9,242	8,780	7,642	7,758
Inspections	1,629	1,661	1,633	1,056	1,490	2,287	1,251	1,292	903	1,152
Parks and Recreation										
Number of recreation registrants	12,215	16,827	32,313	30,483	31,651	31,741	33,824	32,358	32,744	33,533
Number of facility rentals	189	768	1,368	749	573	502	561	582	557	568
Police Department										
Physical arrests	4,149	3,982	3,804	4,725	5,739	4,767	4,555	3,523	2,977	2,966
Parking citations issued	3,072	2,165	3,520	3,354	2,681	3,615	3,615	3,614	3,983	4,184
Public Works										
Street resurfacing (centerline miles)	25	12	36	30	1	-	34	-	-	4
Potholes repaired	2,549	792	481	1,664	1,937	1,035	952	453	586	545
Transit										
Total revenue route miles	267,603	366,776	480,454	566,729	576,898	569,949	568,463	569,139	584,797	587,521
Passengers	101,028	272,616	372,004	420,781	449,010	509,023	499,458	523,372	521,248	459,816
Wastewater										
Average daily sewage treatment (million gallons per day)	7	8	9	8	9	7	7	7	8	8
Water										
New Connections (meter sets)	476	427	272	196	339	376	273	170	145	84
Average daily consumption (thousands gallons per day)	15,225	14,122	13,513	13,177	11,497	10,694	12,879	13,353	14,498	13,398

Source: Various City Departments

**Schedule 17
CITY OF VACAVILLE
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Fire										
Fire Stations	5	5	5	5	5	5	4	4	4	4
Fire Engines	15	15	14	14	13	13	12	12	12	12
Parks and Recreation										
Parks	37	35	35	35	34	34	34	30	30	30
Park Acres	605	597	596	596	572	572	572	566	513	513
Special Community Facilities	11	11	11	11	6	6	6	6	6	6
Neighborhood Centers	8	8	8	8	11	11	11	11	11	11
Police Department										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles (excluding motorcycles)	124	118	135	126	108	113	112	108	109	110
Police Motorcycles	9	11	11	7	9	9	9	7	9	9
Public Works										
Traffic Signals	72	72	72	67	67	69	69	69	69	69
Transit Buses										
Fixed Route	18	18	18	18	18	18	18	18	15	15
Special Services	7	7	7	7	7	6	6	6	6	6
Wastewater										
Sewers (miles)	256	253	249	249	249	249	245	244	244	242
Storm Drain (miles)	158	154	151	151	151	151	147	145	145	144
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (miles)	304	300	295	295	295	295	291	290	289	288
Fire hydrants	3,721	3,664	3,586	3,586	3,586	3,580	3,509	3,490	3,478	3,467
Reservoirs	10	10	10	10	10	10	8	8	8	9
Wells	13	13	13	13	13	13	12	12	12	13

Source: Various City Departments