

# The City of Vacaville



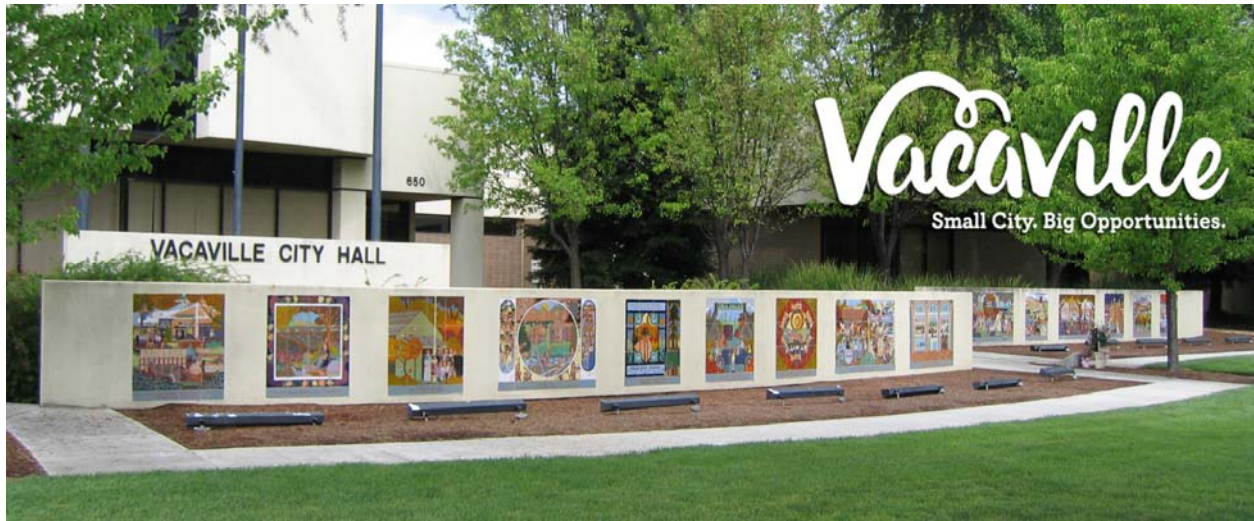
## Annual Comprehensive Financial Report

Vacaville, California



*Fiscal Year Ended June 30, 2022*





**City of Vacaville, California**

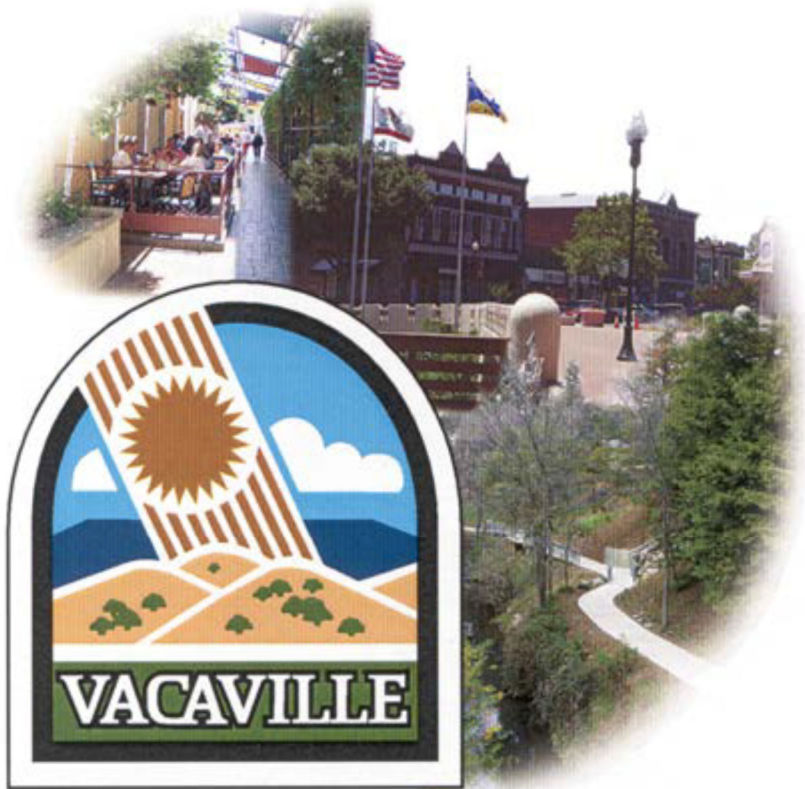
**Annual Comprehensive Financial Report**

**For the Fiscal Year Ended**

**June 30, 2022**

**Prepared by:**

**Finance Department**



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**CITY OF VACAVILLE**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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**CITY OF VACAVILLE**  
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ESTABLISHED 1850

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**JOHN CARLI**  
Mayor, Member-At-Large

**JEANETTE WYLIE**  
Vice Mayor, District 6

**ROY STOCKTON**  
Council Member, District 1

**GREGORY RITCHIE II**  
Council Member, District 2

**MICHAEL SILVA**  
Council Member, District 3

**SARAH CHAPMAN**  
Council Member, District 4

**JASON ROBERTS**  
Council Member, District 5

March 31, 2023

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, 2022.

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, 2022. 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, 2022 at 101,257.

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 2022, 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 101,000 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 90% of the population over the age of 25 having at least a high school degree and over 25% 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 8.2% at the end of fiscal year 2021 to 4.8% at the end of fiscal year 2022 as the City similar to the rest of the world began to recover from the pandemic and see historically low unemployment. 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. Agenus, a Massachusetts-based company that discovers, manufactures, and develops immune-oncology products recently acquired 120 acres in the city for its future campus. Additionally, Axiom Point, a proposed 375,000 square foot state-of-the-art biomanufacturing campus was recently approved by the City's Planning Commission and is the first biomanufacturing project that has resulted from the City's biotech strategy. 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 and is currently dealing with the same interest rate and inflationary pressures felt around the world, the long-range economic outlook for the City remains stable. 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.

The City Council and staff will be revisiting these goals and initiatives along with the progress made at an upcoming strategy session in mid-March 2023.

**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 \$40 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 such as the American Rescue Plan Act. 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 2021/2022 with a reserve level – excluding funds set aside for capital improvements - over 50%.

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 the operating 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. The City anticipates construction of the park improvements to start in the upcoming fiscal year.

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. During the 2022/23 fiscal year, the City started Phase Three of the initiative including membership in the California Biomanufacturing Center.

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. To that end, starting with the 2022/23 fiscal year budget, the City began programming in additional discretionary payments (ADP) towards the City's CalPERS pension liability to save on long-term interest costs.

### **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, 2021. This was the thirtieth (30th) 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 2021, the City was awarded its seventh 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 2022.

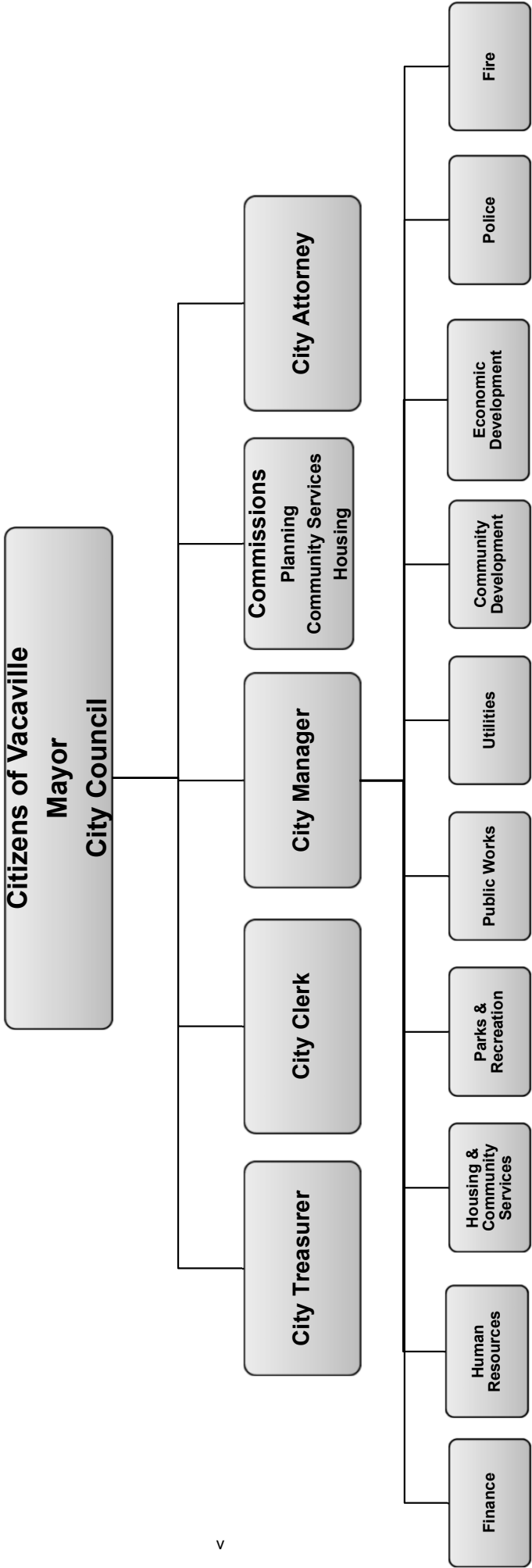
The preparation of this report would not have been possible without the highly professional and dedicated services of the entire Accounting staff in the Finance Department, specifically the Accounting Manager, Crystal Reams. The commitment and effort of each employee made this report possible. Credit must also be given to the Mayor, City Council, City Manager, and Assistant 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, 2022**

Elected Officials

Mayor, Member-At-Large  
Vice Mayor, District 6  
Council Member, District 1  
Council Member, District 2  
Council Member, District 3  
Council Member, District 4  
Council Member, District 5  
City Treasurer  
City Clerk

John Carli  
Jeanette Wylie  
Roy Stockton  
Gregory Ritchie II  
Michael Silva  
Sarah Chapman  
Jason Roberts  
Jay Yerkes  
Michelle Thornbrugh

Appointed Officials

City Manager  
City Attorney  
Deputy City Manager  
Director of Finance  
Director of Human Resources  
Fire Chief  
Chief of Police  
Director of Public Works  
Director of Economic Development  
Director of Community Development  
Director of Housing and Community Services  
Director of Parks and Recreation  
Director of Utilities

Aaron Busch  
Melinda Stewart  
GeorgeAnne Meggers-Smith  
Ken Matsumiya  
Jessica Bowes  
Kristian Concepcion  
Ian Schmutzler  
Brian McLean  
Don Burrus  
Erin Morris  
Emily Cantu  
Reggie Hubbard  
Justen Cole



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, 2021

*Christopher P. Morill*

Executive Director/CEO



# Finance Department

**Ken Matsumiya**  
Finance Director

**Christa Groner**  
Executive Assistant

**Leslie Hoover**  
Budget Manager

**Doris Ayala**  
Finance Supervisor

**Vacant**  
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

**Delia Chavez**  
Finance Supervisor

**Harron Akbar**  
Sr. Accountant

**Ana Hernandez**  
Finance Assistant I

**Linda McCann**  
Finance Assistant I

**Azha Anderson**  
Finance Assistant I

**Alma Pelate**  
Water Service Representative II

**Nora Grindle**  
Finance Technician

**Frarinz Alfaro**  
Accountant I

**Cynthia Jennings**  
Finance Assistant I (LT)

**Beverly Banks**  
Finance Assistant I

**Scott Rogers**  
Water Service Representative II

**Jesenia Lopez**  
Finance Assistant I

**Keith Butler**  
Buyer I

**Swapna Panigrahi**  
Accountant I

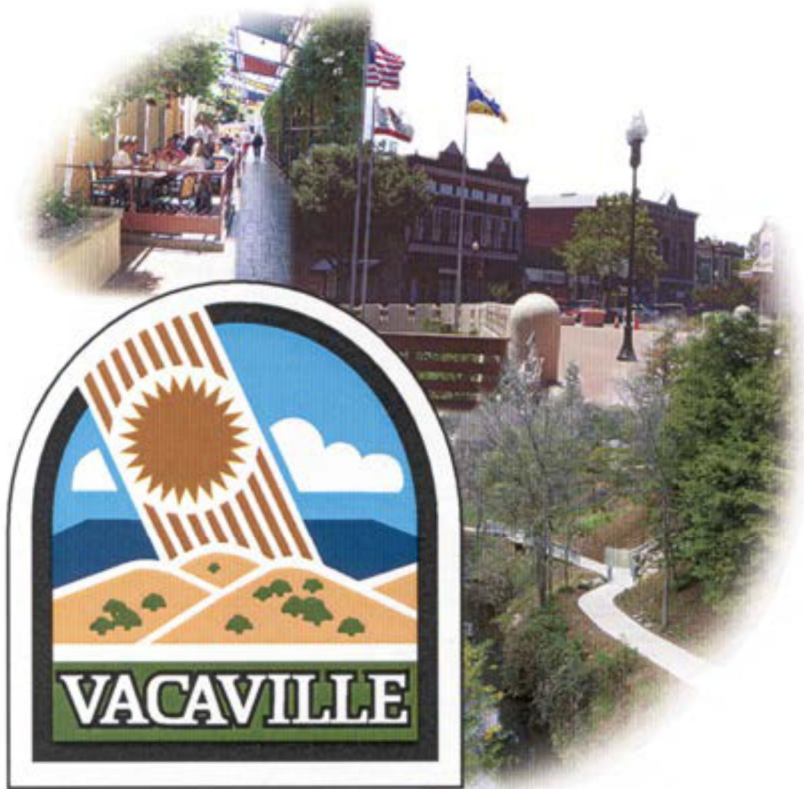
**Vacant**  
Finance Assistant I (PT)

**Vacant**  
Finance Assistant I

**Vacant**  
Water Service Representative PT

**Zuleyma Loanzo**  
Finance Assistant I

**Nancy Carpenter**  
Finance Technician



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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, 2022, 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, 2022, 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 the 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 Authority'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 Authority'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 March 31, 2023 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 black ink that reads "Lance, Solt &amp; Luyhard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California  
March 31, 2023



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**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2022**

(Amounts expressed in thousands)

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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, 2022. 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, 2022 by \$810,119 (*net position*). Of this amount, \$8,585 (*unrestricted net position*) includes the City's net pension liability of \$183,007 and net OPEB liability of \$48,488. The remaining net position is *restricted* for specified purposes.
- Total net position increased by \$32,726 from the previous year. Net position in the governmental activities increased by \$27,377 primarily due increased property tax and sales tax revenue. Net position in business-type activities also increased from the previous year by \$5,349 primarily due to a decrease in expenses.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$184,117, an increase of \$11,069 in comparison with the prior year. This increase in fund balance was mainly due to the increase in the General Fund and Capital Projects Fund. In the General Fund, the increase can be attributed primarily to an increase in property tax, sales tax, and intergovernmental revenue for paramedic services. 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 1% categorized as Nonspendable, 57% as Restricted, and 42% 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.

**CITY OF VACAVILLE**  
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(Amounts expressed in thousands)

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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 124-131 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.



**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2022**

(Amounts expressed in thousands)

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 134-136 of this report.

The basic proprietary fund financial statements can be found on pages 32-34 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 138-140.

**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 41-102 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 253,238	\$ 227,642	\$ 190,793	\$ 188,985	\$ 444,031	\$ 416,627
Capital assets	460,650	464,280	333,706	341,837	794,356	806,117
Total assets	713,888	691,922	524,499	530,822	1,238,387	1,222,744
Deferred outflows of resources	38,904	42,304	8,614	8,632	47,518	50,936
Total assets and deferred outflows of resources	752,792	734,226	533,113	539,454	1,285,905	1,273,680
Total liabilities	250,875	321,809	146,104	171,087	396,979	492,896
Deferred inflows of resources	64,976	2,853	13,831	538	78,807	3,391
Total liabilities and deferred inflows of resources	315,851	324,662	159,935	171,625	475,786	496,287
Net position:						
Net investment in capital assets	453,131	456,266	236,213	234,578	689,344	690,844
Restricted	105,084	102,153	7,106	7,106	112,190	109,259
Unrestricted	(121,274)	(148,855)	129,859	126,145	8,585	(22,710)
Total Net Position	\$ 436,941	\$ 409,564	\$ 373,178	\$ 367,829	\$ 810,119	\$ 777,393

As noted earlier, the City's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$810,119 on June 30, 2022, an increase of \$32,726 from June 30, 2021. By far the largest portion of net position, 85%, 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 1% 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 and is positive for the first time since the implementation of GASB Statement No. 68 – reporting of the long-term obligation for pension benefits as a liability - in fiscal year 2015.

**CITY OF VACAVILLE**  
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(Amounts expressed in thousands)

Total assets increased by \$15,643 primarily due to an increase in the cash and investments asset class, the City received its second installment of ARPA funding, totaling over \$6 million in June 2022. 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, 2022, 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)

	<b>GOVERNMENTAL ACTIVITIES</b>		<b>BUSINESS-TYPE ACTIVITIES</b>		<b>TOTAL</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>REVENUES:</b>						
Program Revenues:						
Charges for services	\$ 24,059	\$ 22,225	\$ 58,907	\$ 59,209	\$ 82,966	\$ 81,434
Operating grants & contributions	26,874	25,494	2,383	2,459	29,257	27,953
Capital grants & contributions	12,367	32,586	10,372	18,091	22,739	50,677
General Revenues:						
Taxes:						
Property taxes	56,498	50,141	83	90	56,581	50,231
Sales taxes	50,561	46,319	-	-	50,561	46,319
Franchise taxes	5,303	5,160	-	-	5,303	5,160
Transient lodging tax	2,163	1,446	-	-	2,163	1,446
Business license tax	407	355	-	-	407	355
Excise tax	2,890	2,676	-	-	2,890	2,676
Interest and other	(4,441)	724	(5,577)	521	(10,018)	1,245
Total revenues	<u>176,681</u>	<u>187,126</u>	<u>66,168</u>	<u>80,370</u>	<u>242,849</u>	<u>267,496</u>

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2022**

(Amounts expressed in thousands)

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

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2022	2021	2022	2021	2022	2021
<b>EXPENSES:</b>						
Governmental activities:						
General government	15,918	13,839	-	-	15,918	13,839
Public safety	69,008	79,380	-	-	69,008	79,380
Public works	27,403	30,503	-	-	27,403	30,503
Community services	17,634	15,198	-	-	17,634	15,198
Housing	18,882	18,817	-	-	18,882	18,817
Interest on long-term debt	342	516	-	-	342	516
Business-type activities:						
Sewer	-	-	34,272	35,569	34,272	35,569
Water	-	-	22,763	23,301	22,763	23,301
Transit	-	-	3,901	3,455	3,901	3,455
Total expenses	<u>149,187</u>	<u>158,253</u>	<u>60,936</u>	<u>62,325</u>	<u>210,123</u>	<u>220,578</u>
Increase in net position before transfers	27,494	28,873	5,232	18,045	32,726	46,918
Transfers	(117)	382	117	(382)	-	-
Increase in net position	27,377	29,255	5,349	17,663	32,726	46,918
Prior Period Adjustment		(3,438)	-	-	-	(3,438)
Net position - July 1, 2021	<u>409,564</u>	<u>383,747</u>	<u>367,829</u>	<u>350,166</u>	<u>777,393</u>	<u>733,913</u>
Net position - June 30, 2022	<u>\$ 436,941</u>	<u>\$ 409,564</u>	<u>\$ 373,178</u>	<u>\$ 367,829</u>	<u>\$ 810,119</u>	<u>\$ 777,393</u>

**Governmental activities:** Net position increased by \$27,377 during the fiscal year. Key elements of this year's activity in relation to the prior year are as follows:

**Revenues:**

The decrease in revenues, (\$10,445) or (5.58%), compared with 2021 was primarily due to the following reasons.

- Capital grants and contributions decreased substantially over the prior fiscal year due to a significant decrease in development impact fees collected as the City saw a reduction in development and building permits pulled.
- Operating grants and contributions also decreased over the prior fiscal year due to a decrease in COVID related funding.
- Sales tax revenue has continued to increase \$4,242 or 9% 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.
- Property tax revenue also increased by \$6,357 or 13% over the prior year due to increased home prices and sales during COVID.

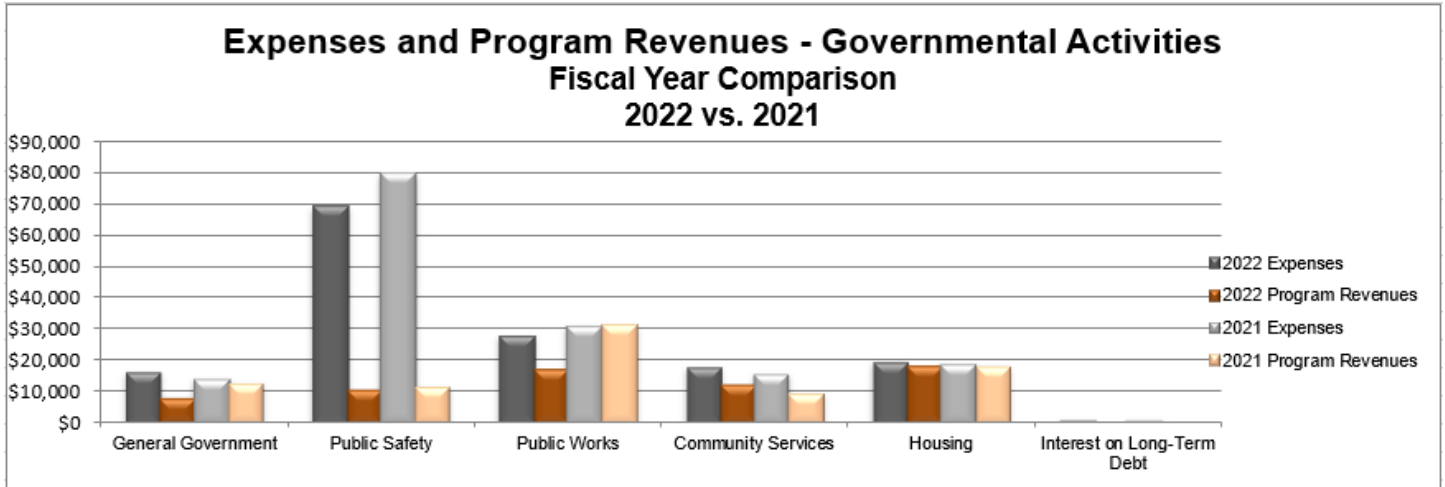
**Expenses:**

While variances between years exist for the various functions, total expenses decreased by \$9,066 or (5.7%) from 2021. Public Works expenses can be attributed to a decrease in capital outlay. Public Safety expenses decreased due to strong

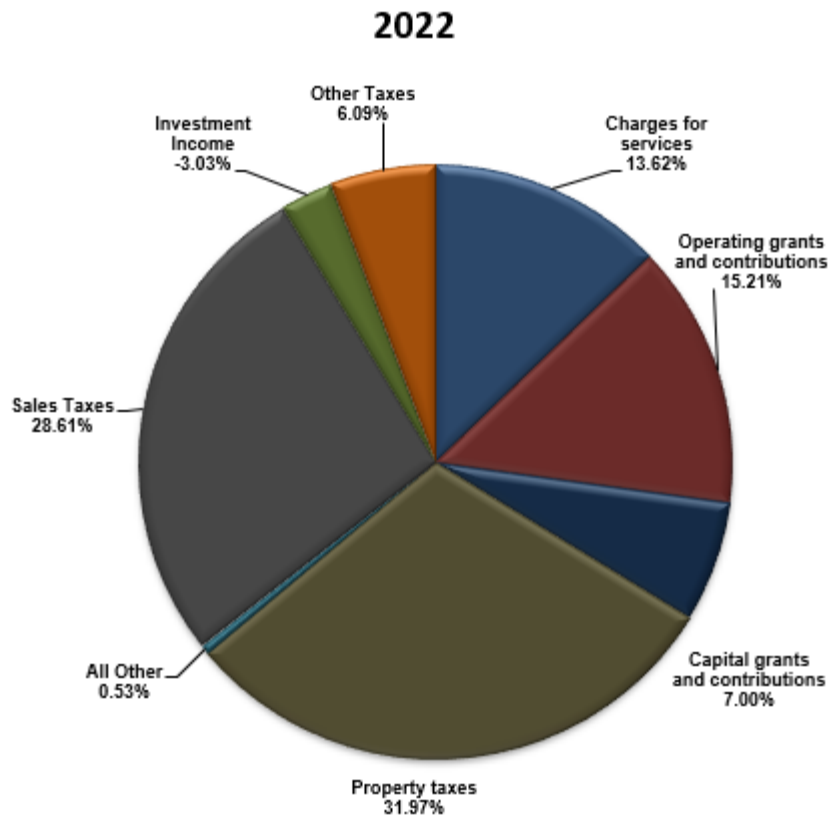
**CITY OF VACAVILLE  
Management's Discussion and Analysis  
For the year ended June 30, 2022**

(Amounts expressed in thousands)

investment returns and the current year activity in pension and OPEB, the increase in Housing expenses can be attributed to increased spending in the Section 8 program on housing vouchers.



**Revenues by Source – Governmental Activities – Fiscal Year Comparison**



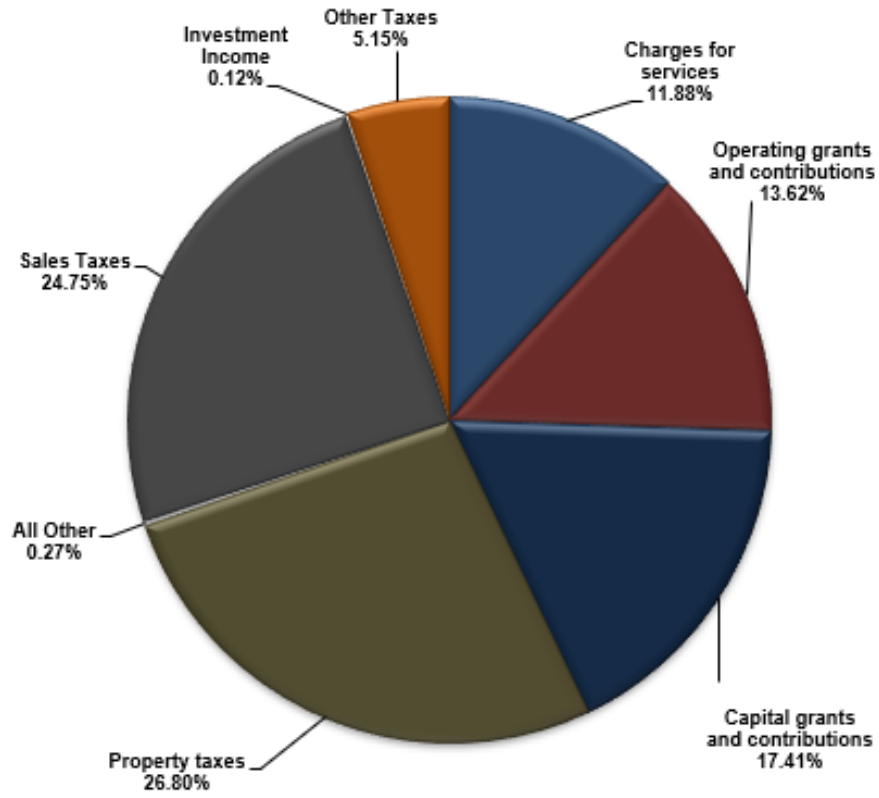
**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2022**

(Amounts expressed in thousands)

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**Revenues by Source – Governmental Activities – Fiscal Year Comparison**

**2021**



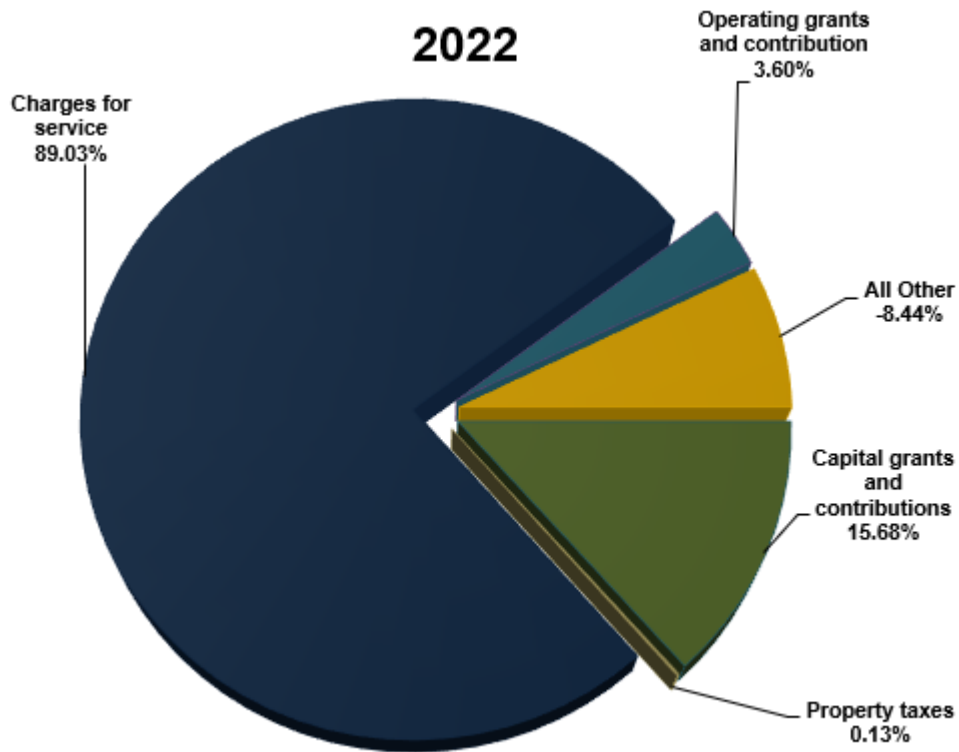
**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2022**

(Amounts expressed in thousands)

**Business-type activities.** Business-type activities increased the City's net position by \$5,349; key elements of the 2022 increase in net position are as follows:

- Decrease in water sales revenue due to a decrease in water consumption.
- Decrease in overall expenditures
- Connection fees revenue decreased by over 61% when compared to the prior fiscal year due to a decrease in development and building permits pulled.

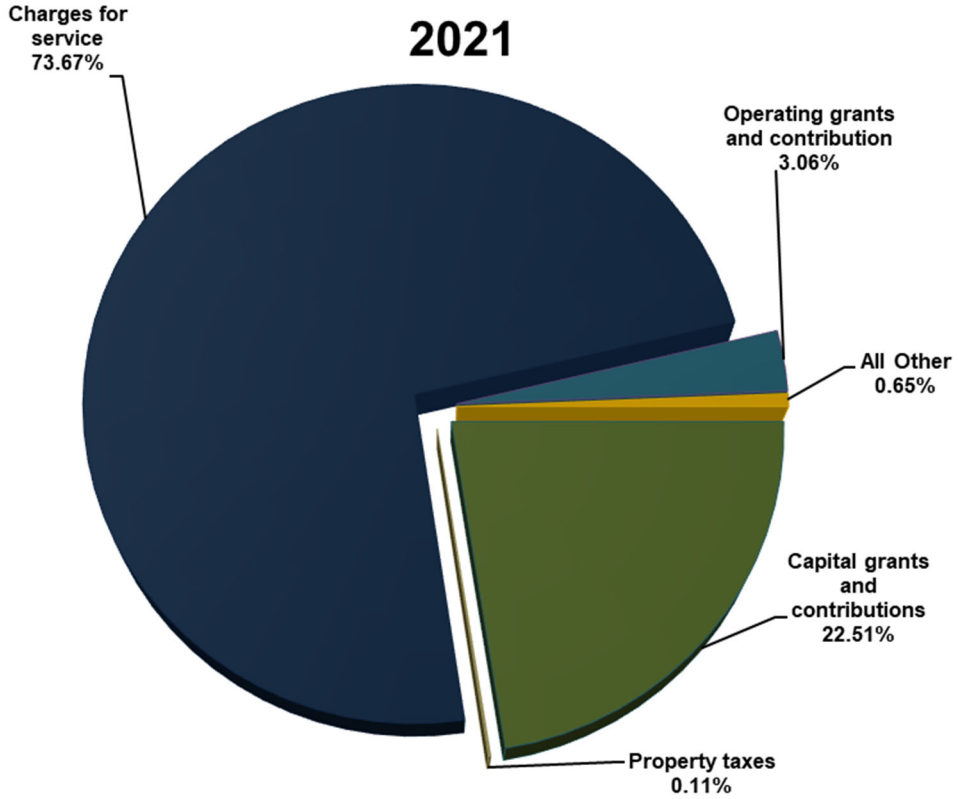
**Revenues by Source-Business Type Activities - Fiscal Year Comparison**



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**Management's Discussion and Analysis**  
**For the year ended June 30, 2022**

(Amounts expressed in thousands)

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



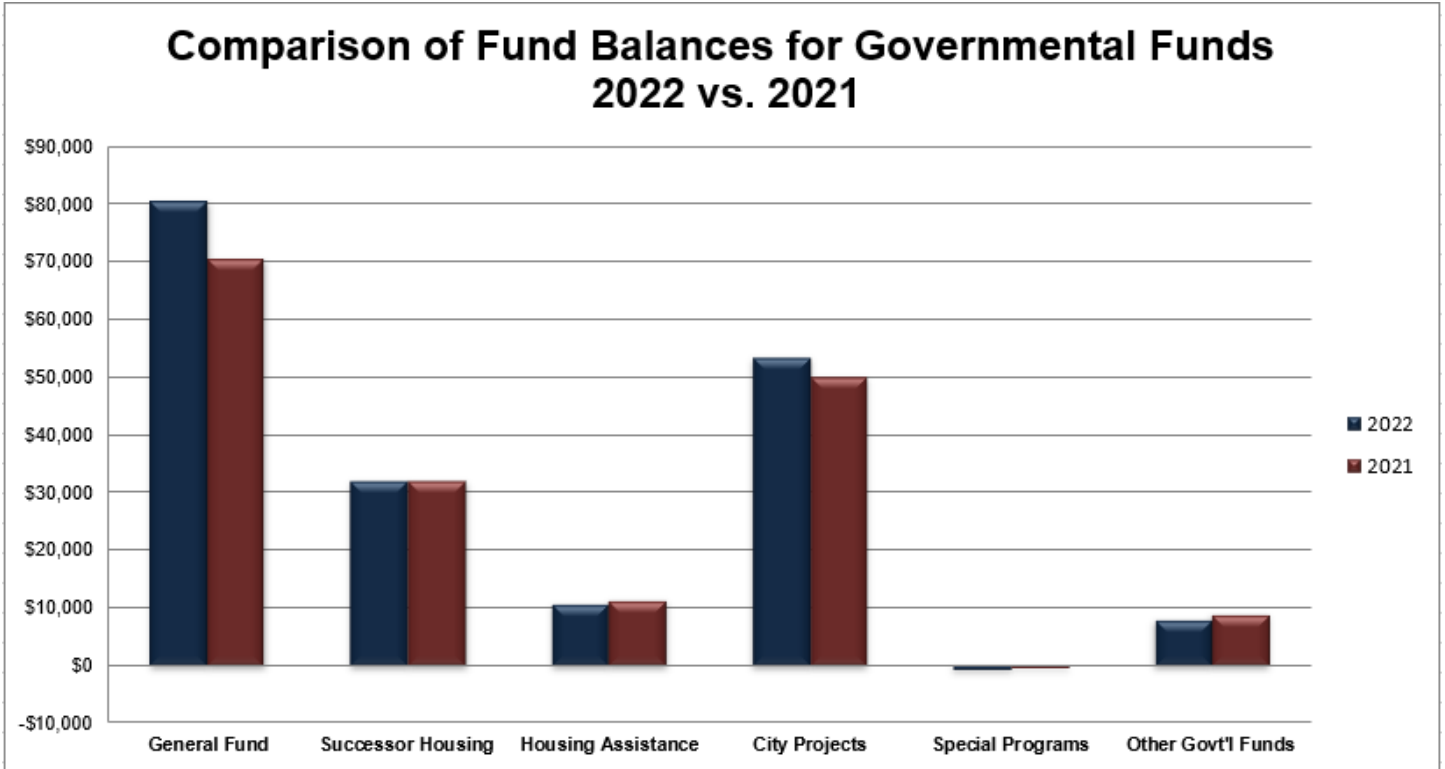
**Financial Analysis of the City's Funds**

**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 2022 and 2021 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.

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2022**

(Amounts expressed in thousands)



As of June 30, 2022, the City's governmental funds reported combined ending fund balances of \$184,117 an increase of \$11,069 in comparison with the prior year. 57% of the fund balance 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, 2022, the Assigned and Unassigned fund balance of the General Fund was \$78,682 or 98% 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 2022, the City's emergency operating reserve was 72% of General Fund operating expenditures. Despite the continued financial impact of the pandemic, the fund balance of the City's General Fund increased by \$9,987 during the current fiscal year. The increase in fund balance was related primarily to increased property tax and sales tax revenue, which has been discussed in previous sections.

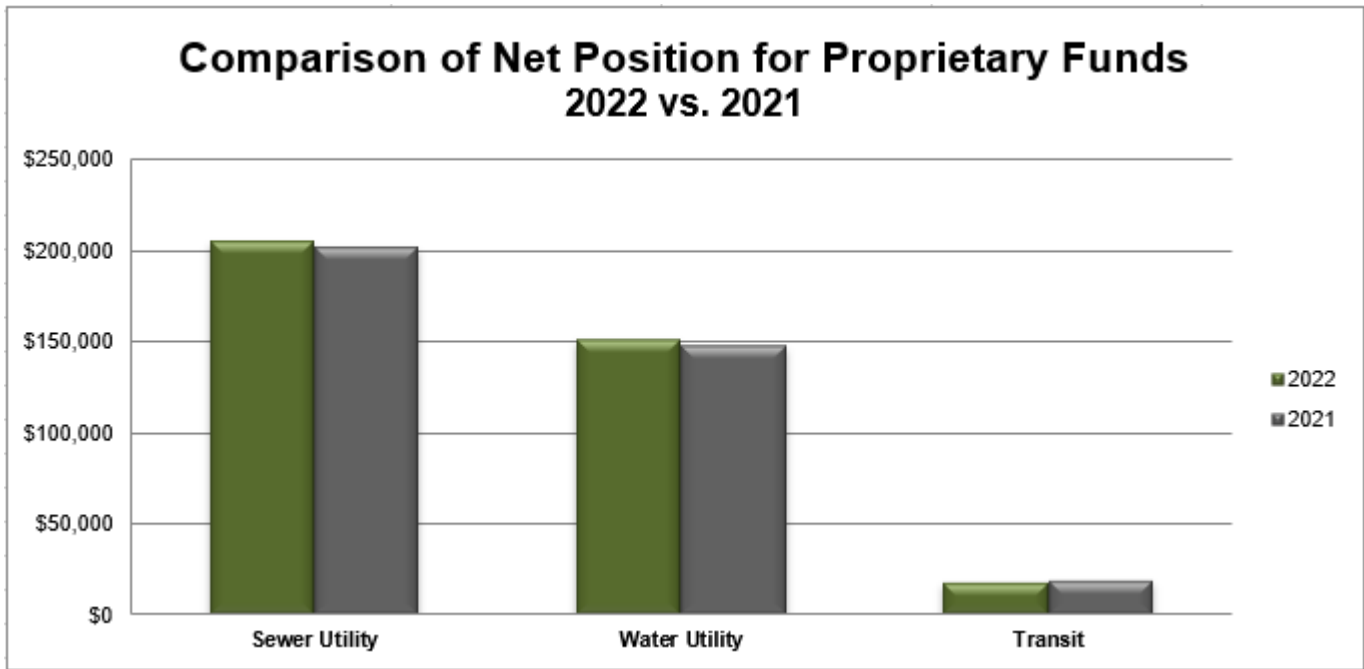
The City Projects fund has a total fund balance of \$53,476 and saw the second largest increase of fund balance from 2021 amongst the governmental funds. Although fund balance did not grow as much as it did during fiscal year 2020-21, revenues and transfers in continued to exceed capital outlay expenditures.

**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 2022 and 2021 net position balances for the City's Sewer, Water and Transit Funds.



**CITY OF VACAVILLE**  
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(Amounts expressed in thousands)



Unrestricted net position at the end of the year amounted to \$49,422 for the Sewer Utility fund, \$80,306 for the Water Utility fund, and \$132 for the Transit fund. The increase in net position for sewer operations was \$3,407 and the increase in water operations was \$3,123. The net position for the Transit fund decreased by \$1,182 mainly due to the decreasing book value of the Transit capital assets through depreciation; the unrestricted net position of the Transit decreased from the previous year by \$375 as fare and grant revenues were less than 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	\$ 112,709	\$ 112,709	\$ 121,413	\$ 8,704
Expenditures:				
General government	13,054	13,347	12,110	1,237
Public safety	76,222	77,307	77,045	262
Public works	8,438	8,730	8,827	(97)
Community services	11,743	11,950	11,174	776
Debt service	219	220	296	(76)
Total expenditures	109,676	111,554	109,452	2,102
Revenue over (under) expenditures	3,033	1,155	11,961	10,806
Other financing sources (uses)	(10,735)	(24,544)	(1,973)	22,571
Net change in fund balance	<u>\$ (7,702)</u>	<u>\$ (23,389)</u>	9,988	<u>\$ 33,377</u>
Beginning fund balance			70,614	
Ending fund balance			<u>\$ 80,602</u>	

**CITY OF VACAVILLE**  
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(Amounts expressed in thousands)

Final budgeted expenditures exceeded original budgeted expenditures and finance uses by \$1,878. The reasons for the increase are as follows:

- Benefit adjustments related to bargaining unit changes
- Downtown specific plan contributions
- Capital improvement projects contributions
- Public safety equipment purchases

Actual amounts differed from the Final budget as follows:

- Actual revenues were about 7.7% more than the budget. This was primarily due to higher than anticipated property tax and sales tax revenues despite the impact of the pandemic.
- Actual expenditures were \$2,102, or 1.9% below budget for the year. Despite increased salary and benefit costs compared to 2021, personnel costs were lower than anticipated. The City was able to realize cost savings throughout the year due to vacant positions. Additionally, supply expenses were lower than in prior years with the City's adoption of a remote work policy.
- The net effect of all the above was a favorable variance from the amounts budgeted of \$33,377.

**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, 2022, amounted to \$794,356 (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 \$12,510 (decrease of \$3,630 for governmental activities, including internal service funds and a decrease of \$8,131 for business-type activities).

**CAPITAL ASSETS**  
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 188,988	\$ 188,088	\$ 10,835	\$ 10,835	\$ 199,823	\$ 198,923
Right-to-use leased land	\$ 749	\$ -	\$ -	\$ -	749	-
Land improvements	20,887	22,098	-	-	20,887	22,098
Buildings and improvements	32,958	34,368	220,008	228,745	252,966	263,113
Equipment	2,203	2,645	1,207	1,499	3,410	4,144
Right-to-use leased equipment	88	-	-	-	88	-
Vehicles	11,183	11,735	7	15	11,190	11,750
Infrastructure	182,056	188,209	86,659	86,909	268,715	275,118
Software	143	203	-	-	143	203
Construction in progress	21,395	16,934	14,990	13,834	36,385	30,768
<b>Total</b>	<b>\$ 460,650</b>	<b>\$ 464,280</b>	<b>\$ 333,706</b>	<b>\$ 341,837</b>	<b>\$ 794,356</b>	<b>\$ 806,117</b>

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2022**

(Amounts expressed in thousands)

Major capital asset events during the current fiscal year included completion of Elmira road water line replacement governmental building improvements. 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 62-64.

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$104,249, 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	
	2022	2021	2022	2021	2022	2021
Financed obligations	\$ 6,757	\$ 8,014	\$ 3,072	\$ 3,646	\$ 9,829	\$ 11,660
Loans payable	-	-	94,420	103,613	94,420	103,613
<b>Total</b>	<b>\$ 6,757</b>	<b>\$ 8,014</b>	<b>\$ 97,492</b>	<b>\$ 107,259</b>	<b>\$ 104,249</b>	<b>\$ 115,273</b>

The City's total debt decreased by \$11,024 primarily due to payments made to the State Water Resource Control Board for the Sewer Easterly and Tertiary Projects. No new debt was issued.

Additional information on the City's long-term debt can be found in Note 6 on pages 63-73 of this report.

**Economic Factors and Next Year's Budget**

For over the last two years the City has wrestled with the impacts from the global pandemic and now faces new challenges including the rising cost of services during a period of record inflation, workforce competition, supply chain delays, and the effects of the Great Resignation which include significant employee vacancies and the loss of institutional knowledge. All of these have adversely impacted the capacity of the organization and its ability to deliver services and projects.

Despite these ongoing challenges, the City is experiencing sustained increases to its major revenue categories through positive improvements to the local economy. The City's diverse revenue base and long-standing commitment to fiscal sustainability have supported the City throughout the pandemic and provide the basis for the proposed FY 2022/23 budget. Similar to the last two budgets adopted by the Council during the pandemic, this proposed budget also reflects a proactive and strategic approach that addresses the ongoing challenges to our economic recovery while keeping our commitment for reinvestment into all of the important services provided to those who live, work and play in this amazing community by this dedicated and resilient organization.

The City budgets and forecasts conservatively to maintain the level of services delivered to our residents and businesses while strategically expanding services as growth and demand warrant. While preparing the budget and forecasting the following revenue assumptions were made:

- Sales tax growth flat in FY 2022/23 – less than 2% increase – due to supply chain and inflation worries; 3% growth in outside fiscal years
- General secured property tax revenue increases (6%) in FY 2022/23 due to rising property values during the pandemic but the overall property tax revenue category is similar to FY 2021/22 amounts due to one-time Genentech property tax money received during the current year
- Parks & Recreation and hotel tax revenue (TOT) continue to rebound back to pre-pandemic levels
- Ambulance transport revenues continue strong performance seen in recent years

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2022**

(Amounts expressed in thousands)

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The City's operating budget for the coming year is \$257 million, of which \$127 million is in the General Fund. This is a 12.7% increase from the FY 2021/2022 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.

**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 23, both the sewer and water utility revenues are projected to increase over budgeted revenues for FY 2021/22. With the end of the Governor's water shutoff moratorium and availability of funding both at the state and local levels to address delinquent utility bills, revenues are anticipated to be higher in the upcoming year.

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 1,300 very-low income Vacaville households and 370 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 \$41 million. This includes \$7.2 million in funding for 22 new CIP projects and \$33.5 million in allocations to 36 exiting projects. Highlighted projects include funding for VPAT and community center improvements, the renovation of Fire Station #74, 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](http://www.cityofvacaville.com) for contact information.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**CITY OF VACAVILLE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and investments	\$ 174,789,480	\$ 143,944,101	\$ 318,733,581
Receivables, net of allowance for uncollectibles:			
Interest	597,465	370,950	968,415
Taxes	11,434,533	-	11,434,533
Accounts	14,669,113	14,072,207	28,741,316
Loans	44,575,550	-	44,575,550
Leases	2,648,419	1,457,226	4,105,645
Inventories	316,228	-	316,228
Prepaid Items	734,836	62,823	797,659
Internal balances	(778,160)	778,160	-
Restricted cash and investments	3,235,176	7,105,613	10,340,789
Deposits	1,016,074	-	1,016,074
Investment in joint venture	-	23,002,198	23,002,198
Capital assets:			
Capital assets, non-depreciable	211,132,213	25,824,365	236,956,578
Capital assets, net of accumulated depreciation/amortization	249,517,738	307,881,214	557,398,952
<b>Total Assets</b>	<b>713,888,665</b>	<b>524,498,857</b>	<b>1,238,387,518</b>
<b>Deferred Outflows of Resources:</b>			
Deferred outflows related to pension	30,221,430	6,960,372	37,181,802
Deferred outflows related to OPEB	8,682,530	1,653,815	10,336,345
<b>Total Deferred Outflow of Resources</b>	<b>38,903,960</b>	<b>8,614,187</b>	<b>47,518,147</b>
<b>Liabilities:</b>			
Accounts payable and contract payable	4,816,807	2,211,802	7,028,609
Accrued payroll	4,762,119	758,670	5,520,789
Interest payable	72,640	1,065,942	1,138,582
Employee benefits payable	1,881,559	-	1,881,559
Deposits payable	10,093,657	33,340	10,126,997
Due to other governments	-	296,870	296,870
Unearned revenue	17,664,693	197,364	17,862,057
Remediation liability - due in more than a year	-	129,000	129,000
Net OPEB liability - due in more than a year	40,729,586	7,758,016	48,487,602
Net pension liability - due in more than a year	148,211,866	34,794,646	183,006,512
Compensated absences			
Due within one year	482,711	91,400	574,111
Due in more than one year	7,886,754	1,273,955	9,160,709
Claims payable			
Due within one year	1,757,819	-	1,757,819
Due in more than one year	4,996,712	-	4,996,712
Leases payable			
Due within one year	86,813	-	86,813
Due in more than one year	674,609	-	674,609
Long-term liabilities			
Due within one year	1,318,673	10,047,416	11,366,089
Due in more than one year	5,438,525	87,445,285	92,883,810
<b>Total Liabilities</b>	<b>250,875,543</b>	<b>146,103,706</b>	<b>396,979,249</b>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows related to leases	2,648,419	1,457,227	4,105,646
Deferred inflows related to pension	43,520,714	8,791,842	52,312,556
Deferred inflows related to OPEB	18,807,088	3,582,307	22,389,395
<b>Total Deferred Inflows of Resources</b>	<b>64,976,221</b>	<b>13,831,376</b>	<b>78,807,597</b>
<b>Net Position:</b>			
Net investment in capital assets	453,131,331	236,212,878	689,344,209
Restricted for:			
Capital projects	53,760,869	-	53,760,869
Debt service	-	7,105,613	7,105,613
Highway and streets	6,320,405	-	6,320,405
Housing	42,626,947	-	42,626,947
Special programs	2,375,497	-	2,375,497
Total restricted	105,083,718	7,105,613	112,189,331
Unrestricted	(121,274,193)	129,859,472	8,585,279
<b>Total Net Position</b>	<b>\$ 436,940,856</b>	<b>\$ 373,177,963</b>	<b>\$ 810,118,819</b>

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	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
<b>Functions/Programs</b>								
<b>Primary Government:</b>								
Governmental activities:								
General government	\$ 15,918,506	\$ 4,374,713	\$ 847,773	\$ 2,426,740	\$ 7,649,226	\$ (8,269,280)	\$ -	\$ (8,269,280)
Public safety	69,027,486	7,844,566	1,859,726	540,355	10,244,647	(58,782,839)	-	(58,782,839)
Public works	27,412,896	3,838,264	4,391,766	7,975,360	16,205,390	(11,207,506)	-	(11,207,506)
Community services	17,633,801	7,985,482	2,405,373	1,424,930	11,815,785	(5,818,016)	-	(5,818,016)
Housing	18,882,009	16,254	17,369,670	-	17,385,924	(1,496,085)	-	(1,496,085)
Interest on long-term debt	341,670	-	-	-	-	(341,670)	-	(341,670)
<b>Total Governmental Activities</b>	<b>149,216,368</b>	<b>24,059,279</b>	<b>26,874,308</b>	<b>12,367,385</b>	<b>63,300,972</b>	<b>(85,915,396)</b>	<b>-</b>	<b>(85,915,396)</b>
Business-type activities:								
Sewer	34,271,513	35,144,342	-	5,678,147	40,822,489	-	6,550,976	6,550,976
Water	22,763,029	23,673,366	-	4,693,473	28,366,839	-	5,603,810	5,603,810
Transit	3,901,136	89,368	2,383,216	-	2,472,584	-	(1,428,552)	(1,428,552)
<b>Total Business-Type Activities</b>	<b>60,935,678</b>	<b>58,907,076</b>	<b>2,383,216</b>	<b>10,371,620</b>	<b>71,661,912</b>	<b>-</b>	<b>10,726,234</b>	<b>10,726,234</b>
<b>Total Primary Government</b>	<b>\$ 210,152,046</b>	<b>\$ 82,966,355</b>	<b>\$ 29,257,524</b>	<b>\$ 22,739,005</b>	<b>\$ 134,962,884</b>	<b>(85,915,396)</b>	<b>10,726,234</b>	<b>(75,189,162)</b>
<b>General Revenues:</b>								
Taxes:								
Property taxes						56,498,445	83,029	56,581,474
Sales taxes						50,560,845	-	50,560,845
Franchise taxes						5,302,852	-	5,302,852
Transient lodging tax						2,163,132	-	2,163,132
Business license tax						407,457	-	407,457
Excise tax						2,889,600	-	2,889,600
Subtotal taxes						117,822,331	83,029	117,905,360
Investment income						(5,355,788)	(6,936,469)	(12,292,257)
Miscellaneous						943,245	1,359,259	2,302,504
<b>Transfers</b>						(117,167)	117,167	-
<b>Total General Revenues and Transfers</b>						<b>113,292,621</b>	<b>(5,377,014)</b>	<b>107,915,607</b>
Change in Net Position						27,377,225	5,349,220	32,726,445
Net Position at Beginning of Year						409,563,631	367,828,743	777,392,374
<b>Net Position at End of Year</b>						<b>\$ 436,940,856</b>	<b>\$ 373,177,963</b>	<b>\$ 810,118,819</b>

See accompanying Notes to Basic Financial Statements.



# **GOVERNMENTAL FUND FINANCIAL STATEMENTS**

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## **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.

## **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.

## **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, 2022**

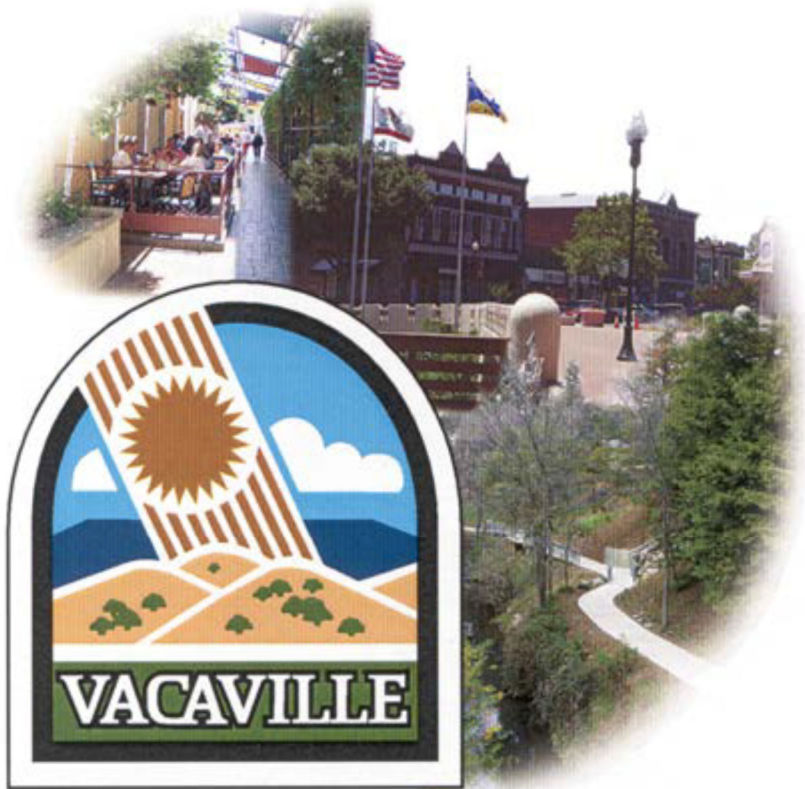
	Special Revenue Funds			
	General	Successor Housing	Housing Assistance	Special Programs
<b>Assets:</b>				
Cash and investments	\$ 74,847,791	\$ 4,214,167	\$ 1,912,808	\$ 12,395,917
Receivables:				
Interest	548,320	-	-	-
Taxes	10,592,235	-	-	59,185
Accounts	3,267,053	453,556	1,306,345	1,733,150
Leases	2,648,419	-	-	-
Loans	-	34,939,092	7,967,745	-
Prepaid items	55,000	-	-	-
Restricted cash and investments held by fiscal agent	-	378,845	-	-
Due from other funds	1,407,709	-	-	-
Deposits	680,490	-	-	-
Advances to other funds	1,184,500	-	-	-
<b>Total Assets</b>	<b>\$ 95,231,517</b>	<b>\$ 39,985,660</b>	<b>\$ 11,186,898</b>	<b>\$ 14,188,252</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts and contract payable	\$ 2,937,039	\$ 5,545	\$ 15,946	\$ 86,112
Accrued payroll	4,007,759	32,040	69,629	22,147
Due to other funds	-	-	-	-
Employee benefits payable	1,881,559	-	-	-
Deposits payable	2,505,096	38,217	416,581	285,127
Unearned revenue	567,956	-	50,427	12,981,655
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>11,899,409</b>	<b>75,802</b>	<b>552,583</b>	<b>13,375,041</b>
<b>Deferred Inflows of Resources:</b>				
Leases	2,648,419	-	-	-
Unavailable revenue - development impact fees	-	-	-	-
Unavailable revenue - grants and other	81,477	7,917,226	-	1,405,739
<b>Total Deferred Inflows</b>	<b>2,729,896</b>	<b>7,917,226</b>	<b>-</b>	<b>1,405,739</b>
<b>Fund Balances:</b>				
Nonspendable	1,919,990	-	-	-
Restricted	-	31,992,632	10,634,315	-
Assigned	28,942,108	-	-	-
Unassigned	49,740,114	-	-	(592,528)
<b>Total Fund Balances</b>	<b>80,602,212</b>	<b>31,992,632</b>	<b>10,634,315</b>	<b>(592,528)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 95,231,517</b>	<b>\$ 39,985,660</b>	<b>\$ 11,186,898</b>	<b>\$ 14,188,252</b>

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<b>Capital Projects Funds</b>		
	<b>City Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash and investments	\$ 55,366,895	\$ 12,681,724	\$ 161,419,302
Receivables:			
Interest	49,145	-	597,465
Taxes	642,742	140,371	11,434,533
Accounts	5,872,140	1,909,108	14,541,352
Leases	-	-	2,648,419
Loans	-	1,668,713	44,575,550
Prepaid items	-	-	55,000
Restricted cash and investments held by fiscal agent	2,856,331	-	3,235,176
Due from other funds	-	-	1,407,709
Deposits	-	-	680,490
Advances to other funds	-	-	1,184,500
<b>Total Assets</b>	<b>\$ 64,787,253</b>	<b>\$ 16,399,916</b>	<b>\$ 241,779,496</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts and contract payable	\$ 884,660	\$ 523,357	\$ 4,452,659
Accrued payroll	38,215	264,334	4,434,124
Due to other funds	-	327,674	327,674
Employee benefits payable	-	-	1,881,559
Deposits payable	2,221,257	4,625,544	10,091,822
Unearned revenue	3,195,450	869,205	17,664,693
Advances from other funds	951,925	-	951,925
<b>Total Liabilities</b>	<b>7,291,507</b>	<b>6,610,114</b>	<b>39,804,456</b>
<b>Deferred Inflows of Resources:</b>			
Leases	-	-	2,648,419
Unavailable revenue - development impact fees	311,322	-	311,322
Unavailable revenue - grants and other	3,708,393	1,785,441	14,898,276
<b>Total Deferred Inflows</b>	<b>4,019,715</b>	<b>1,785,441</b>	<b>17,858,017</b>
<b>Fund Balances:</b>			
Nonspendable	-	-	1,919,990
Restricted	53,119,176	9,330,724	105,076,847
Assigned	356,855	-	29,298,963
Unassigned	-	(1,326,363)	47,821,223
<b>Total Fund Balances</b>	<b>53,476,031</b>	<b>8,004,361</b>	<b>184,117,023</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 64,787,253</b>	<b>\$ 16,399,916</b>	<b>\$ 241,779,496</b>

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, 2022**

Fund balances of governmental funds		\$ 184,117,023
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		449,953,153
Long-term liabilities are not due and payable in the current period and, therefore are not reported in governmental fund activity:		
Financed lease obligations		(4,950,318)
Lease obligations		(730,006)
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		383,017
Compensated absences not included in the governmental fund activity.		(8,369,465)
Net pension liability not included in the governmental fund activity for the following plans:		
Miscellaneous plan	\$ (35,961,107)	
Safety plan	(82,011,314)	
Miscellaneous PARS plan	(20,704,900)	
Safety PARS plan	(1,802,404)	(140,479,725)
Net OPEB liability not included in the governmental fund activity.		(38,305,207)
Deferred outflows related to pension items are not included in the governmental fund activity:		
Miscellaneous plan	7,724,014	
Safety plan	17,670,787	
Miscellaneous PARS plan	3,102,573	
Safety PARS plan	177,300	28,674,674
Deferred inflows related to pension items are not included in the governmental fund activity:		
Deferred inflows of resources - pension		
Miscellaneous plan	(11,674,636)	
Safety plan	(27,837,505)	
Miscellaneous PARS plan	(2,001,568)	
Safety PARS plan	(53,271)	(41,566,980)
Deferred outflows related to OPEB items are not included in the governmental fund activity.		8,165,712
Deferred inflows related to OPEB items are not included in the governmental fund activity.		(17,687,620)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(37,868)
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.		15,209,598
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.		2,564,868
<b>Net Position of Governmental Activities</b>		<b>\$ 436,940,856</b>

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, 2022**

	<b>Special Revenue Funds</b>			
	<b>General</b>	<b>Successor Housing</b>	<b>Housing Assistance</b>	<b>Special Programs</b>
<b>Revenues:</b>				
Taxes and fees	\$ 111,111,945	\$ -	\$ -	\$ 239,414
Licenses and permits	423,187	-	-	-
Investment earnings	(3,564,188)	273,191	274,130	13,951
Intergovernmental	994,298	-	17,328,254	1,582,130
Charges for services	11,536,021	-	10,246	38,888
Rents and royalties	395,846	6,008	-	-
Fines, forfeitures, and penalties	400,395	-	-	820
Development fees	-	-	-	-
Other	115,626	71,549	-	-
<b>Total Revenues</b>	<b>121,413,130</b>	<b>350,748</b>	<b>17,612,630</b>	<b>1,875,203</b>
<b>Expenditures:</b>				
Current:				
General government	12,109,580	-	-	545,454
Public safety	77,045,082	-	-	1,019,774
Public works	8,826,857	-	-	92,257
Community services	11,173,666	-	-	261,784
Housing	-	855,386	18,254,374	93,909
Capital outlay	-	-	-	-
Debt service:				
Principal - leases	76,877	-	-	-
Principal - financed	171,656	-	-	3,669
Interest and fiscal charges	48,762	-	-	606
<b>Total Expenditures</b>	<b>109,452,480</b>	<b>855,386</b>	<b>18,254,374</b>	<b>2,017,453</b>
<b>Excess (Deficiency) or Revenues Over (Under) Expenditures</b>	<b>11,960,650</b>	<b>(504,638)</b>	<b>(641,744)</b>	<b>(142,250)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	6,875,677	51,829	-	90,593
Transfers out	(9,655,499)	(80,938)	-	(506,150)
Sale of capital assets	-	300,956	-	-
Leases	806,883	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,972,939)</b>	<b>271,847</b>	<b>-</b>	<b>(415,557)</b>
Net Change in Fund Balances	9,987,711	(232,791)	(641,744)	(557,807)
Fund Balances, Beginning of Year	70,614,501	32,225,423	11,276,059	(34,721)
Fund Balances, End of Year	<b>\$ 80,602,212</b>	<b>\$ 31,992,632</b>	<b>\$ 10,634,315</b>	<b>\$ (592,528)</b>

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, 2022**

	<b>Capital Projects Funds</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>City Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Taxes and fees	\$ 347,138	\$ 11,262,296	\$ 122,960,793
Licenses and permits	-	1,631,752	2,054,939
Investment earnings	(2,612,284)	215,872	(5,399,328)
Intergovernmental	5,149,087	1,254,637	26,308,406
Charges for services	-	5,276,176	16,861,331
Rents and royalties	-	-	401,854
Fines, forfeitures, and penalties	-	-	401,215
Development fees	8,010,978	-	8,010,978
Other	72,447	2,270	261,892
<b>Total Revenues</b>	<b>10,967,366</b>	<b>19,643,003</b>	<b>171,862,080</b>
<b>Expenditures:</b>			
Current:			
General government	-	4,327,228	16,982,262
Public safety	-	-	78,064,856
Public works	-	3,770,934	12,690,048
Community services	-	6,203,519	17,638,969
Housing	-	-	19,203,669
Capital outlay	12,784,954	-	12,784,954
Debt service:			
Principal - leases	-	-	76,877
Principal - financed	159,254	573,531	908,110
Interest and fiscal charges	95,716	203,249	348,333
<b>Total Expenditures</b>	<b>13,039,924</b>	<b>15,078,461</b>	<b>158,698,078</b>
<b>Excess (Deficiency) or Revenues Over (Under) Expenditures</b>	<b>(2,072,558)</b>	<b>4,564,542</b>	<b>13,164,002</b>
<b>Other Financing Sources (Uses):</b>			
Transfers in	6,431,081	2,022,347	15,471,527
Transfers out	(1,082,677)	(7,349,705)	(18,674,969)
Sale of capital assets	-	-	300,956
Leases	-	-	806,883
<b>Total Other Financing Sources (Uses)</b>	<b>5,348,404</b>	<b>(5,327,358)</b>	<b>(2,095,603)</b>
Net Change in Fund Balances	3,275,846	(762,816)	11,068,399
Fund Balances, Beginning of Year	50,200,185	8,767,177	173,048,624
Fund Balances, End of Year	<b>\$ 53,476,031</b>	<b>\$ 8,004,361</b>	<b>\$ 184,117,023</b>

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, 2022**

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 11,068,399

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	\$	12,784,952	
Uncapitalized outlay costs		(7,641,824)	
Departmental expenditures capitalized		1,888,055	
Depreciation/amortization		(12,720,188)	
Developer contributions		2,685,665	
Loss from disposal of capital assets and transfer of capital asset		<u>(178,193)</u>	(3,181,533)

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 - financed debt		76,877	
Principal repayments - leases		908,110	

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

6,663

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.

(102,832)

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.

(639,631)

Implementation of GASB 87 right to use leased assets.

(806,883)

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

Miscellaneous plan		4,161,993	
Safety plan		6,403,390	
Miscellaneous PARS plan		452,206	
Safety PARS plan		<u>1,608,102</u>	12,625,691

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

3,200,262

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.

1,696,603

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.

2,525,499

**Change in Net Position of Governmental Activities**

**\$ 27,377,225**



## **PROPRIETARY FUND FINANCIAL STATEMENTS**

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### **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, 2022**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Sewer Utility</b>	<b>Water Utility</b>	<b>Transit</b>	<b>Totals</b>	<b>Activities- Internal Service Funds</b>
<b>Assets:</b>					
Current:					
Cash and investments	\$ 73,824,053	\$ 70,120,048	\$ -	\$ 143,944,101	\$ 13,370,178
Interest receivable	236,626	134,324	-	370,950	-
Accounts receivable	8,470,476	4,963,863	637,868	14,072,207	127,761
Leases receivable	-	1,457,227	-	1,457,227	-
Prepaid items	36,462	21,452	4,909	62,823	296,819
Restricted cash and investments	7,105,613	-	-	7,105,613	-
Inventories-supplies	-	-	-	-	316,228
<b>Total Current Assets</b>	<b>89,673,230</b>	<b>76,696,914</b>	<b>642,777</b>	<b>167,012,921</b>	<b>14,110,986</b>
Noncurrent assets:					
Deposits	-	-	-	-	335,584
Advances to other funds	417,308	634,616	-	1,051,924	-
Investment in joint venture	-	23,002,198	-	23,002,198	-
Capital assets:					
Capital assets - net of accumulated depreciation/amortization	242,477,265	73,684,037	17,544,277	333,705,579	10,696,798
<b>Total Noncurrent Assets</b>	<b>242,894,573</b>	<b>97,320,851</b>	<b>17,544,277</b>	<b>357,759,701</b>	<b>11,032,382</b>
<b>Total Assets</b>	<b>332,567,803</b>	<b>174,017,765</b>	<b>18,187,054</b>	<b>524,772,622</b>	<b>25,143,368</b>
<b>Deferred Outflows of Resources:</b>					
Deferred outflows related to pension	4,446,904	2,513,468	-	6,960,372	1,546,749
Deferred outflows related to OPEB	1,136,999	516,816	-	1,653,815	516,818
<b>Total Deferred Outflows of Resources</b>	<b>5,583,903</b>	<b>3,030,284</b>	<b>-</b>	<b>8,614,187</b>	<b>2,063,567</b>
<b>Liabilities:</b>					
Current:					
Accounts and contract payable	610,819	1,273,235	327,748	2,211,802	364,148
Accrued payroll	465,996	283,217	9,457	758,670	327,995
Advances from other funds	-	-	-	-	1,184,500
Interest payable	1,035,218	30,724	-	1,065,942	34,772
Due to other funds	-	-	173,764	173,764	906,271
Deposits payable	3,097	30,243	-	33,340	1,835
Due to other governments	185,696	111,174	-	296,870	-
Compensated absences - due within one year	57,507	33,893	-	91,400	-
Claims payable - due within one year	-	-	-	-	1,757,819
Lease payable - due within one year	-	-	-	-	7,878
Long-term debt - due within one year	9,436,038	611,378	-	10,047,416	358,417
<b>Total Current Liabilities</b>	<b>11,794,371</b>	<b>2,373,864</b>	<b>510,969</b>	<b>14,679,204</b>	<b>4,943,635</b>
Noncurrent:					
Advances from other funds	-	100,000	-	100,000	-
Unearned revenue	36,995	160,369	-	197,364	-
Compensated absences - due in more than a year	979,223	294,732	-	1,273,955	-
Remediation liability	129,000	-	-	129,000	-
Net OPEB liability	5,333,637	2,424,379	-	7,758,016	2,424,378
Net Pension liability	22,229,913	12,564,733	-	34,794,646	7,732,140
Claims payable - due in more than one year	-	-	-	-	4,996,712
Lease payable - due in more than one year	-	-	-	-	23,538
Long-term debt - due in more than one year	84,984,247	2,461,038	-	87,445,285	1,448,463
<b>Total Noncurrent Liabilities</b>	<b>113,693,015</b>	<b>18,005,251</b>	<b>-</b>	<b>131,698,266</b>	<b>16,625,231</b>
<b>Total Liabilities</b>	<b>125,487,386</b>	<b>20,379,115</b>	<b>510,969</b>	<b>146,377,470</b>	<b>21,568,866</b>
<b>Deferred Inflows of Resources:</b>					
Deferred inflows related to leases	-	1,457,227	-	1,457,227	-
Deferred inflows related to pension	5,617,010	3,174,832	-	8,791,842	1,953,735
Deferred inflows related to OPEB	2,462,836	1,119,471	-	3,582,307	1,119,466
<b>Total Deferred Inflows of Resources</b>	<b>8,079,846</b>	<b>5,751,530</b>	<b>-</b>	<b>13,831,376</b>	<b>3,073,201</b>
<b>Net Position:</b>					
Net investment in capital assets	148,056,980	70,611,621	17,544,277	236,212,878	8,858,502
Restricted for debt service/capital projects	7,105,613	-	-	7,105,613	-
Unrestricted	49,421,881	80,305,783	131,808	129,859,472	(6,293,634)
<b>Total Net Position</b>	<b>\$ 204,584,474</b>	<b>\$ 150,917,404</b>	<b>\$ 17,676,085</b>	<b>\$ 373,177,963</b>	<b>\$ 2,564,868</b>

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, 2022**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Sewer Utility</b>	<b>Water Utility</b>	<b>Transit</b>	<b>Totals</b>	<b>Activities- Internal Service Funds</b>
<b>Operating Revenues:</b>					
Sewer charges	\$ 35,283,202	\$ -	\$ -	\$ 35,283,202	\$ -
Water sales	-	23,756,163	-	23,756,163	-
Transit fares	-	-	89,368	89,368	-
Internal service charges	-	-	-	-	13,520,279
<b>Total Operating Revenues</b>	<b>35,283,202</b>	<b>23,756,163</b>	<b>89,368</b>	<b>59,128,733</b>	<b>13,520,279</b>
<b>Operating Expenses:</b>					
Treatment plant and sources of supply	7,218,524	7,509,901	-	14,728,425	-
Transmission and distribution	-	2,457,255	-	2,457,255	-
Maintenance	7,119,679	3,044,523	-	10,164,202	-
Customer services and administration	9,034,817	7,435,223	-	16,470,040	-
Transportation	-	-	2,850,352	2,850,352	-
Internal service expenses	-	-	-	-	12,020,395
Depreciation/amortization	8,333,260	2,591,672	1,050,784	11,975,716	2,226,049
<b>Total Operating Expenses</b>	<b>31,706,280</b>	<b>23,038,574</b>	<b>3,901,136</b>	<b>58,645,990</b>	<b>14,246,444</b>
Operating Income (Loss)	3,576,922	717,589	(3,811,768)	482,743	(726,165)
<b>Nonoperating Revenues (Expenses):</b>					
Gain/(loss) from joint venture	-	(373,156)	-	(373,156)	-
Loss on disposal of capital assets	(4,480)	-	-	(4,480)	121,847
Interest revenue	(3,728,469)	(3,210,680)	2,680	(6,936,469)	107,164
Interest expense	(2,565,233)	(99,449)	-	(2,664,682)	(63,622)
Rents and royalties	-	102,245	-	102,245	-
Intergovernmental	235,204	208,638	2,627,355	3,071,197	-
Taxes and other	8,942	1,174,093	-	1,183,035	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(6,054,036)</b>	<b>(2,198,309)</b>	<b>2,630,035</b>	<b>(5,622,310)</b>	<b>165,389</b>
Income (Loss) Before Transfers and Contributions	(2,477,114)	(1,480,720)	(1,181,733)	(5,139,567)	(560,776)
<b>Transfers:</b>					
Transfers in	298,790	-	-	298,790	3,365,881
Transfers out	(92,371)	(89,252)	-	(181,623)	(279,606)
<b>Total Transfers</b>	<b>206,419</b>	<b>(89,252)</b>	<b>-</b>	<b>117,167</b>	<b>3,086,275</b>
<b>Capital Contributions:</b>					
Connection fees	5,304,067	4,092,429	-	9,396,496	-
Developers	374,080	601,044	-	975,124	-
<b>Total Capital Contributions</b>	<b>5,678,147</b>	<b>4,693,473</b>	<b>-</b>	<b>10,371,620</b>	<b>-</b>
Changes in Net Position	3,407,452	3,123,501	(1,181,733)	5,349,220	2,525,499
<b>Net Position:</b>					
Beginning of Year	201,177,022	147,793,903	18,857,818	367,828,743	39,369
<b>End of Fiscal Year</b>	<b>\$ 204,584,474</b>	<b>\$ 150,917,404</b>	<b>\$ 17,676,085</b>	<b>\$ 373,177,963</b>	<b>\$ 2,564,868</b>

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Utility	Water Utility	Transit	Totals	Activities- Internal Service Funds
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers and users	\$ 34,269,920	\$ 22,172,382	\$ 420,088	\$ 56,862,390	\$ 13,436,802
Cash paid to suppliers for goods and services	(11,946,538)	(12,276,233)	(2,524,056)	(26,746,827)	(5,852,292)
Cash paid to employees for services	(13,402,058)	(8,044,627)	(263,189)	(21,709,874)	(6,959,451)
Claims paid	-	-	-	-	(1,137,807)
<b>Net Cash Provided (Used) Operating Activities</b>	<b>8,921,324</b>	<b>1,851,522</b>	<b>(2,367,157)</b>	<b>8,405,689</b>	<b>(512,748)</b>
<b>Cash Flows from Non Capital</b>					
<b>Financing Activities:</b>					
Repayment received from other funds	54,638	109,276	-	163,914	413,379
Advances from other funds	-	-	-	-	1,184,500
Repayment made to other funds	-	-	(18,739)	(18,739)	-
Cash transfers in	298,790	-	-	298,790	3,365,881
Cash transfers out	(92,371)	(89,252)	-	(181,623)	(279,606)
Taxes	8,942	1,174,093	-	1,183,035	-
Rents and royalties	-	102,245	-	102,245	-
Grants	235,204	208,638	2,627,355	3,071,197	-
<b>Net Cash Provided by</b>					
<b>Noncapital Financing Activities</b>	<b>505,203</b>	<b>1,505,000</b>	<b>2,608,616</b>	<b>4,618,819</b>	<b>4,684,154</b>
<b>Cash Flows from Capital</b>					
<b>and Related Financing Activities:</b>					
Capital contributions	374,080	601,044	-	975,124	-
Connection fees	5,304,067	4,092,429	-	9,396,496	-
Proceeds from sale of capital assets	-	-	-	-	121,847
Acquisition and construction of capital assets	(2,781,124)	(823,455)	(244,139)	(3,848,718)	(1,798,227)
Principal paid on right to use leased assets	-	-	-	-	(7,893)
Principal paid on capital debt	(9,192,821)	(573,532)	-	(9,766,353)	(348,543)
Interest paid	(2,716,128)	(105,184)	-	(2,821,312)	(63,786)
Pollution remediation payments	40,838	-	-	40,838	-
<b>Net Cash Provided (Used) by</b>					
<b>Capital and Related Financing Activities</b>	<b>(8,971,088)</b>	<b>3,191,302</b>	<b>(244,139)</b>	<b>(6,023,925)</b>	<b>(2,096,602)</b>
<b>Cash Flows from Investing Activities:</b>					
Interest received (forfeited)	(3,728,469)	(3,210,680)	2,680	(6,936,469)	107,164
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(3,728,469)</b>	<b>(3,210,680)</b>	<b>2,680</b>	<b>(6,936,469)</b>	<b>107,164</b>
<b>Net Increase (Decrease) in Cash and</b>					
<b>Cash Equivalents</b>	<b>(3,273,030)</b>	<b>3,337,144</b>	<b>-</b>	<b>64,114</b>	<b>2,181,968</b>
Cash and Cash Equivalents at Beginning of Year	84,202,696	66,782,904	-	150,985,600	11,188,210
Cash and investments	73,824,053	70,120,048	-	143,944,101	13,370,178
Restricted cash and investments	7,105,613	-	-	7,105,613	-
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 80,929,666</b>	<b>\$ 70,120,048</b>	<b>\$ -</b>	<b>\$ 151,049,714</b>	<b>\$ 13,370,178</b>

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer Utility	Water Utility	Transit	Totals	
<b>Reconciliation of Operating Income to Net Cash</b>					
<b>Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ 3,576,922	\$ 717,589	\$ (3,811,768)	\$ 482,743	\$ (697,316)
<b>Adjustments to Reconcile Operating Income (Loss) to</b>					
<b>Net Cash Provided by Operating Activities:</b>					
Depreciation/amortization	8,333,260	2,591,672	1,050,784	11,975,716	2,226,049
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	(979,513)	(1,540,037)	330,720	(2,188,830)	(83,477)
Decrease (increase) in interest receivable	(33,769)	(28,193)	-	(61,962)	-
Decrease (increase) in prepaid expenses	(995)	(6,399)	(4,909)	(12,303)	(10,718)
Decrease (increase) in inventories - supplies	-	-	-	-	(99,224)
Decrease (increase) in deposits	-	-	-	-	(188,119)
Decrease (increase) in deferred outflow of resources - pension	(134,077)	(75,783)	-	(209,860)	(46,633)
Decrease (increase) in deferred outflow of resources - OPEB	156,479	71,128	-	227,607	71,127
Increase (decrease) in accounts and contracts payable	65,843	(296,558)	70,672	(160,043)	(18,482)
Increase (decrease) in accrued payroll	38,291	30,809	263	69,363	(363,868)
Increase (decrease) in employee benefits payable	-	-	-	-	(778,384)
Increase (decrease) in compensated absences	76,312	179,945	-	256,257	-
Increase (decrease) in deposits payable	-	(76,457)	(2,919)	(79,376)	-
Increase (decrease) in unearned revenue	-	(15,551)	-	(15,551)	-
Increase (decrease) in due to other governments	185,696	111,174	-	296,870	-
Increase (decrease) in Net OPEB trust liability	(3,034,558)	(1,379,345)	-	(4,413,903)	(1,379,344)
Increase (decrease) in Net pension liability	(7,062,509)	(3,991,853)	-	(11,054,362)	(2,456,527)
Increase (decrease) in leases payable	-	-	-	-	31,416
Increase (decrease) in deferred inflow of resources - leases	-	1,457,227	-	1,457,227	-
Increase (decrease) in deferred inflow of resources - pension	5,301,469	2,996,484	-	8,297,953	1,843,988
Increase (decrease) in deferred inflow of resources - OPEB	2,432,473	1,105,670	-	3,538,143	1,105,668
Increase (decrease) in insurance liability	-	-	-	-	331,096
<b>Total Adjustments</b>	<b>5,344,402</b>	<b>1,133,933</b>	<b>1,444,611</b>	<b>7,922,946</b>	<b>184,568</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 8,921,324</b>	<b>\$ 1,851,522</b>	<b>\$ (2,367,157)</b>	<b>\$ 8,405,689</b>	<b>\$ (512,748)</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>					
Gain (loss) on disposition of capital assets	\$ (4,480)	\$ -	\$ -	\$ (4,480)	\$ 92,998
Gain (loss) on investment in joint venture	-	(373,156)	-	(373,156)	-

See accompanying Notes to Basic Financial Statements.



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## **FIDUCIARY FUND FINANCIAL STATEMENTS**

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### **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, 2022**

	<b>Private Purpose</b>	
	<b>Trust Fund</b>	
<b>Assets:</b>	<b>Successor Agency</b>	<b>Custodial Funds</b>
Current assets:		
Cash and investments	\$ 12,040,422	\$ 26,466,074
Receivables:		
Accounts	-	1,435,538
Interest	13,330	-
Loans	3,564,025	-
Prepaid expenses	90,644	-
Total current assets	<u>15,708,421</u>	<u>27,901,612</u>
Noncurrent assets:		
Restricted cash and investments	2,752,840	4,040,245
Capital assets, non-depreciable	788,124	-
Capital assets, net of accumulated depreciation	19,788,503	-
Total noncurrent assets	<u>23,329,467</u>	<u>4,040,245</u>
<b>Total Assets</b>	<b><u>39,037,888</u></b>	<b><u>31,941,857</u></b>
<b>Deferred Outflows of Resources:</b>		
Deferred charge on refunding	314,296	-
<b>Total Deferred Outflows of Resources</b>	<b><u>314,296</u></b>	<b><u>-</u></b>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable and contracts payable	352,646	\$ 2,418,587
Deposits payable	133,302	15,800,389
Unearned revenue	20,599	2,548,788
Interest payable	363,269	-
Long-term liabilities - due within one year	3,104,940	235,853
Total current liabilities	<u>3,974,756</u>	<u>21,003,617</u>
Long-Term liabilities - due in more than a year	25,986,148	3,859,694
<b>Total Liabilities</b>	<b><u>29,960,904</u></b>	<b><u>24,863,311</u></b>
<b>Net Position:</b>		
Restricted for governments, individuals or other organizations	<u>\$ 9,391,280</u>	<u>\$ 7,078,546</u>

See accompanying Notes to Basic Financial Statements.



**CITY OF VACAVILLE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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	Private Purpose Trust Fund	
	Successor Agency	Custodial Funds
<b>Additions:</b>		
Investment income	\$ 143,012	\$ 371,290
Deposits Received	-	29,423,216
Redevelopment Agency (RDA) property tax trust fund distribution	3,420,497	-
Taxes & fees	-	427,472
Grants and contributions	-	6,795,623
Other	191,814	-
<b>Total Additions:</b>	<b>3,755,323</b>	<b>37,017,601</b>
<b>Deductions:</b>		
Administrative and general operations	-	383,235
Program expenses	215,037	7,203,401
DDA agreements	518,742	-
Payment to vendors, employees	-	31,471,368
Professional fees	36,791	-
Depreciation expense	804,766	-
Fiscal fines and other fees	17,611	21,919
Interest expense	1,040,913	162,339
<b>Total Deductions</b>	<b>2,633,860</b>	<b>39,242,262</b>
<b>Changes in Net Position</b>	<b>1,121,463</b>	<b>(2,224,661)</b>
Net Position - Beginning of the Year	8,269,817	9,303,207
<b>Net Position - End of the Year</b>	<b>\$ 9,391,280</b>	<b>\$ 7,078,546</b>

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, 2022**

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**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, 2022**

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**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, 2022**

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**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.

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

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, 2022**

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**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**

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, 2022**

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**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, 2022**

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**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, 2022 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, 2022 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, 2022**

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**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, 2022**

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**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 assets 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 assets 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, 2022**

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**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, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

**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, 2022, the City adopted the following Governmental Accounting Standards Board (GASB) Statement:

**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 applicable provisions were implemented July 1, 2022 and did not have a material impact to the financial statements.

**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 applicable provisions were implemented July 1, 2021 and did not have a material impact to the financial statements.

**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 applicable provisions were implemented July 2, 2021 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, 2022**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

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 perform; (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 applicable provisions were implemented July 1, 2021 and did not have a material impact to the financial statements.

**Q. Upcoming GASB Pronouncements Implementation**

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.

**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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**NOTE 2 - CASH AND INVESTMENTS, continued**

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, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 318,733,581
Cash and Investments held by bond trustee	10,340,789
Fiduciary Funds:	
Cash and Investments	38,506,496
Cash and Investments held by bond trustee	6,793,085
Total Cash and Investments	<u>\$ 374,373,951</u>

Cash and Investments as of June 30, 2022 consist of the following:

Cash on hand	\$ 30,485
Deposits with financial institutions	33,491,907
Investments	340,851,559
Total Cash and Investments	<u>\$ 374,373,951</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

**NOTE 2 - CASH AND INVESTMENTS, continued**

**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.

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	\$ (16,362,659)
Interest income	<u>4,584,704</u>
Total investment income - Governmental and Proprietary Funds	<u>\$ (12,292,257)</u>
Total investment income - Fiduciary Funds	<u>\$ 514,302</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**NOTE 2 - CASH AND INVESTMENTS, continued**

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.

**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, 2022 by maturity:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Local Agency Investment Fund	\$ 34,073,353	\$ 34,073,353	\$ -
U.S. Agency Securities	124,658,036	16,366,637	108,291,399
U.S. Government Securities	30,339,480	1,976,800	28,362,680
Municipal Bonds	24,801,949	421,328	24,380,621
Corporate Notes	83,937,775	38,434,897	45,502,878
Commercial Paper	28,563,192	28,563,192	-
Supranational	13,298,475	-	13,298,475
Money Market Mutual Funds	1,179,298	1,179,298	-
Total	<u>\$ 340,851,559</u>	<u>\$ 121,015,505</u>	<u>\$ 219,836,053</u>

**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, 2022 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, 2022 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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

**NOTE 2 - CASH AND INVESTMENTS, continued**

Investment Type		Minimum Legal Rating					Not Rated
			AAA	AA	A	A1/P1	
Local Agency Investment Fund	\$ 34,073,353	N/A	\$ -	\$ -	\$ -	\$ -	\$ 34,073,353
U.S. Agency Securities	124,658,036	N/A	116,177,636	-	-	-	8,480,400
U.S. Government Securities	30,339,480	N/A	30,339,480	-	-	-	-
Municipal Bonds	24,801,949	N/A	10,030,661	12,498,863	2,272,425	-	-
Corporate Notes	83,937,775	A	2,750,910	28,522,520	52,664,345	-	-
Commercial Paper	28,563,192	A1/P1	-	-	-	28,563,192	-
Supranational	13,298,475	AA	13,298,475	-	-	-	-
Money Market Mutual Funds	1,179,298	AAA	1,179,298	-	-	-	-
Total	<u>\$ 340,851,559</u>		<u>\$ 173,776,461</u>	<u>\$ 41,021,383</u>	<u>\$ 54,936,770</u>	<u>\$ 28,563,192</u>	<u>\$ 42,553,753</u>

**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, 2022, 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, 2022, the City had \$34,073,353 invested in LAIF, which has invested 1.88% 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, 2022 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 0.987125414.

**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.



**CITY OF VACAVILLE**  
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**NOTE 2 - CASH AND INVESTMENTS, continued**

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).

The City had the following recurring fair value measurements as of June 30, 2022:

Investments by fair value level	6/30/2022	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	\$ 124,658,036	\$ -	\$ 124,658,036	\$ -	\$ 124,658,036
U.S. Government Securities	30,339,480	-	30,339,480	-	30,339,480
Municipal Bonds	24,801,949	-	24,801,949	-	24,801,949
Corporate Notes	83,937,775	-	83,937,775	-	83,937,775
Commercial Paper	28,563,192	-	28,563,192	-	28,563,192
Supranational	13,298,475	-	13,298,475	-	13,298,475
Total	\$ 305,598,907	\$ -	\$ 305,598,907	\$ -	305,598,907
		Investments Exempt From Disclosure			
		Local Agency Investment Fund			34,073,353
		Money Market			1,179,298
		Investment portfolio total			\$ 340,851,559

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, 2022. 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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**NOTE 3 – LOANS RECEIVABLE**

At June 30, 2022, the City's outstanding loans receivables net of allowances were as follows:

\$ 7,253,182	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.
\$ 246,311	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.
\$ 378,860	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.
\$ 191,409	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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**NOTE 3 – LOANS RECEIVABLE, continued**

\$ 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.
\$ 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 mee 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.
\$ 4,496,398	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.
\$ 30,603	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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**NOTE 3 – LOANS RECEIVABLE, continued**

\$ 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.
\$ 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>\$ 987,522</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>\$ 44,575,550</u>	Total City loans receivable  For governmental activities, the City recorded an allowance for delinquent and forgivable loans of \$2,227,234.

At June 30, 2022, 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.
\$ 1,068,866	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, 2022**

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**NOTE 3 – LOANS RECEIVABLE, continued**

\$ 130,419            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.

\$ 3,564,025            Total Private Purpose Trust Fund Successor Agency loans receivable

**NOTE 4 – LEASES**

**A. Lease Receivable**

The City, as a lessor, had entered into 19 lease agreements involving land, and facilities. Out of these, 14 are qualified lease under GASB Statement No. 87. The related receivables of these leases were initially measured on July 1, 2021, with the City’s adoption of the new lease standards.

The following is a summary of the 14 qualified leases and description of the lease arrangements:

**Governmental**

Lease	Lease Receivable		
	Initial Measurement	Principal Payments	Balance at 6/30/2022
Land	195,264	(13,588)	181,676
Telecommunications	2,833,482	(366,739)	2,466,743
Total	3,028,746	(380,327)	2,648,419

**Business Type**

Lease	Lease Receivable		
	Initial	Principal	Balance
Telecommunications	1,559,471	(102,245)	1,457,226
Total	1,559,471	(102,245)	1,457,226

Land Leases – The City is the lessor for one ground lease agreement of real property between the City and Vacaville Youth Soccer League for approximately 12 acres at the Horse Creek Soccer Complex within Centennial Park. The lease expires April 30, 2037.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

**NOTE 4 – LEASES, continued**

Telecommunication Leases – The City entered into 13 lease agreements with wireless providers (AT&T, Verizon, T-Mobile, Tower Co.) related to telecommunications. These agreements are for the installation, operation, and management of telecommunication sites, mounting structures and equipment associated with the transmission and reception of radio communication signals. These agreements are all qualified leases under GASB Statement No. 87 with periods covering various ranges and the latest expiring November 8, 2043. Interest rates range from 3% - 4%. Total payments for the current year varied from \$25,000 to \$82,000.

Future annual lease receivables as of June 30, 2022, are as follows:

**Governmental Activities**

Year Ending June 30	Lease Receivable		Total
	Principal	Interest	
2023	\$ 380,061	\$ 29,172	\$ 409,233
2024	388,653	45,692	434,345
2025	288,824	45,177	334,001
2026	288,573	57,526	346,099
2027	179,528	41,300	220,828
2028-2032	498,266	158,440	656,706
2033-2037	367,065	196,762	563,827
2038-2042	214,541	161,986	376,527
2043	42,908	39,308	82,216
Total	<u>\$ 2,648,419</u>	<u>\$ 775,363</u>	<u>\$ 3,423,782</u>

**Business-type Activities**

Year Ending June 30	Lease Receivable		Total
	Principal	Interest	
2023	\$ 164,484	\$ 23,146	\$ 187,630
2024	135,958	15,550	151,508
2025	104,356	15,761	120,117
2026	70,642	13,048	83,690
2027	70,642	15,939	86,581
2028-2032	353,209	126,769	479,978
2033-2037	321,906	188,692	510,598
2038-2042	196,691	148,509	345,200
2043	39,338	36,038	75,376
Total	<u>\$ 1,457,226</u>	<u>\$ 583,452</u>	<u>\$ 2,040,678</u>

**A. Lease Payable**

Lease agreements are summarized as follows:

Description	Date	Payment Terms		Interest Rate	Total Beginning Lease Liability	Balance June 30, 2022
		in Months-Combined	Payment Amount			
Equipment - Postage Machine	7/1/2021	40	6,957	0.20%	44,514	37,557
Equipment - Printer/Blotter	7/1/2021	60	10,455	0.20%	52,412	41,957
Land - Telecommunications						
Site Lease	7/1/2021	134	67,358	4.00%	749,266	681,908
			<u>84,770</u>		<u>846,192</u>	<u>761,422</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**NOTE 4 – LEASES, continued**

The City has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of July 1, 2021.

The City has fully adopted and implemented GASB 87 standard in which the City recognizes leased equipment lease liability and a right to use asset. Leased equipment includes a postage machine for a term of 40 months and a rate of .2%. Also, lease agreement for a printer/blotter with a term of 60 months are a rate of .2%. and a land lease for telecommunications equipment. Also, lease agreement for a land use site for telecommunications equipment with a term of 134 months and a rate of 4%.

Annual requirements to amortize long-term lease obligations and related interest are as follows:

**Governmental Activities**

<u>Year Ending June 30</u>	<b>Lease Payable</b>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	\$ 86,813	\$ 4,618	\$ 91,431
2024	85,999	8,355	94,354
2025	85,120	12,134	97,254
2026	84,377	15,962	100,339
2027	73,276	19,738	93,014
2028-2032	334,876	135,301	470,177
2033	10,961	6,074	17,035
Total	<u>\$ 761,422</u>	<u>\$ 202,182</u>	<u>\$ 963,604</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**NOTE 5 - CAPITAL ASSETS**

**Government-Wide Financial Statements**

**A. Summary**

The following is a summary of capital assets as of June 30, 2022:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Non-Depreciable Assets:			
Land	\$ 188,987,707	\$ 10,834,802	\$ 199,822,509
Construction in progress	21,395,240	14,989,563	36,384,803
Right-to-use leased land	749,266	-	749,266
<b>Total</b>	<u>211,132,213</u>	<u>25,824,365</u>	<u>236,956,578</u>
Depreciable Assets:			
Buildings & improvements	64,669,557	379,990,976	444,660,533
Land improvements	66,350,183	-	66,350,183
Equipment	7,687,375	11,390,077	19,077,452
Vehicles	30,770,833	74,805	30,845,638
Software	599,905	-	599,905
Infrastructure	399,364,334	131,170,012	530,534,346
Right-to-use leased equipment	96,926	-	96,926
	<u>569,539,113</u>	<u>522,625,870</u>	<u>1,092,164,983</u>
Less accumulated depreciation/amortization	(320,013,298)	(214,744,656)	(534,757,954)
Right-to-use leased equipment	(8,077)	-	(8,077)
<b>Total depreciable assets, net</b>	<u>249,517,738</u>	<u>307,881,214</u>	<u>557,398,952</u>
<b>Total capital assets, net</b>	<u>\$ 460,649,951</u>	<u>\$ 333,705,579</u>	<u>\$ 794,355,530</u>



**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

**NOTE 5 – CAPITAL ASSETS, continued**

**B. Governmental Activities**

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

	Balance July 1, 2021	Additions	Disposals	Transfers	Balance June 30, 2022
<b>Non-Depreciable Assets:</b>					
Land	\$ 188,088,399	\$ 1,066,117	\$ (166,809)	\$ -	\$ 188,987,707
Construction in progress	16,934,095	4,769,898	-	(308,753)	21,395,240
Right-to-use leased land	-	749,266	-	-	749,266
Total	<u>205,022,494</u>	<u>6,585,281</u>	<u>(166,809)</u>	<u>(308,753)</u>	<u>211,132,213</u>
<b>Depreciable Assets:</b>					
Buildings & improvements	64,384,519	55,285	-	229,753	64,669,557
Land improvements	66,249,733	100,450	-	-	66,350,183
Equipment	7,887,880	314,970	(594,475)	79,000	7,687,375
Vehicles	29,528,297	1,784,841	(524,470)	(17,835)	30,770,833
Software	599,905	-	-	-	599,905
Infrastructure	396,779,119	2,585,215	-	-	399,364,334
Right-to-use leased equipment	-	96,926	-	-	96,926
Total	<u>565,429,453</u>	<u>4,937,687</u>	<u>(1,118,945)</u>	<u>290,918</u>	<u>569,539,113</u>
<b>Less accumulated depreciation/amortization for:</b>					
Buildings & improvements	(30,016,429)	(1,695,237)	-	-	(31,711,666)
Land improvements	(44,152,015)	(1,311,040)	-	-	(45,463,055)
Equipment	(5,243,132)	(825,045)	583,091	-	(5,485,086)
Vehicles	(17,792,655)	(2,309,492)	495,621	17,835	(19,588,692)
Software	(396,516)	(60,134)	-	-	(456,650)
Infrastructure	(208,570,938)	(8,737,212)	-	-	(217,308,150)
Right-to-use leased equipment	-	(8,077)	-	-	(8,077)
Total	<u>(306,171,685)</u>	<u>(14,946,237)</u>	<u>1,078,712</u>	<u>17,835</u>	<u>(320,021,375)</u>
Total depreciable assets, net	<u>259,257,768</u>	<u>(10,008,550)</u>	<u>(40,233)</u>	<u>308,753</u>	<u>249,517,738</u>
Governmental activities capital assets, net	<u>\$ 464,280,262</u>	<u>\$ (3,423,269)</u>	<u>\$ (207,042)</u>	<u>\$ -</u>	<u>\$ 460,649,951</u>

Depreciation/amortization expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 2,064,459
Public safety	1,363,147
Public works	8,597,950
Community services	631,565
Housing	63,067
Capital assets held by the government's internal service funds are charged to the various functions based on usage of the assets	<u>2,226,049</u>
Total Government activities depreciation/amortization expense	<u>\$ 14,946,237</u>

Internal service capital assets included in general governmental activities at June 30, 2022 were \$10,696,798 (net depreciable value) with related depreciation/amortization expense of \$2,226,049.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

**NOTE 5 – CAPITAL ASSETS, continued**

**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.

**C. Business-type Activities**

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

	Balance July 1, 2021	Additions	Disposals	Transfers	Balance June 30, 2022
<b>Non-Depreciable Assets:</b>					
Land	\$ 10,834,802	\$ -	\$ -	\$ -	\$ 10,834,802
Construction in progress	13,834,000	2,516,208	-	(1,360,645)	14,989,563
Total	<u>24,668,802</u>	<u>2,516,208</u>	<u>-</u>	<u>(1,360,645)</u>	<u>25,824,365</u>
<b>Depreciable Assets:</b>					
Buildings & improvements	379,990,976	-	-	-	379,990,976
Equipment	11,062,977	358,455	(31,355)	-	11,390,077
Vehicles	62,197	-	(5,227)	17,835	74,805
Infrastructure	128,835,312	974,055	-	1,360,645	131,170,012
Total	<u>519,951,462</u>	<u>1,332,510</u>	<u>(36,582)</u>	<u>1,378,480</u>	<u>522,625,870</u>
<b>Less accumulated depreciation for:</b>					
Buildings & improvements	(151,246,174)	(8,736,016)	-	-	(159,982,189)
Equipment	(9,564,073)	(650,231)	31,355	-	(10,182,949)
Vehicles	(46,855)	(4,169)	747	(17,835)	(68,112)
Infrastructure	(41,926,104)	(2,585,300)	-	-	(44,511,404)
Total	<u>(202,783,206)</u>	<u>(11,975,716)</u>	<u>32,102</u>	<u>(17,835)</u>	<u>(214,744,656)</u>
Total depreciable assets, net	<u>317,168,256</u>	<u>(10,643,206)</u>	<u>(4,480)</u>	<u>1,360,645</u>	<u>307,881,214</u>
Business-type activities capital assets, net	<u>\$ 341,837,058</u>	<u>\$ (8,126,998)</u>	<u>\$ (4,480)</u>	<u>\$ -</u>	<u>\$ 333,705,579</u>

Depreciation expense was charged to functions as follows:

<b>Business-type activities:</b>	
Sewer	\$ 8,333,260
Water	2,591,672
Transit	<u>1,050,784</u>
Total Business-type activities depreciation expense	<u>\$ 11,975,716</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

**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, 2022

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
<b>Governmental Activities:</b>					
Financed Obligations	\$ 8,013,850	\$ -	\$ 1,256,652	\$ 6,757,198	\$ 1,318,673
Governmental activities long-term liabilities	<u>\$ 8,013,850</u>	<u>\$ -</u>	<u>\$ 1,256,652</u>	<u>\$ 6,757,198</u>	<u>\$ 1,318,673</u>
	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
<b>Business-Type Activities:</b>					
Loans Payable	\$ 103,613,106	\$ -	\$ 9,192,822	\$ 94,420,284	\$ 9,436,038
Financed Obligations	3,645,948	-	573,531	3,072,417	611,378
	<u>\$ 107,259,054</u>	<u>\$ -</u>	<u>\$ 9,766,353</u>	<u>\$ 97,492,701</u>	<u>\$ 10,047,416</u>
	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
<b>Private-Purpose Trust:</b>					
Bonds Payable	32,228,470	-	3,137,382	29,091,088	3,251,273
Private-Purpose trust long-term liabilities	<u>\$ 32,228,470</u>	<u>\$ -</u>	<u>\$ 3,137,382</u>	<u>\$ 29,091,088</u>	<u>\$ 3,251,273</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, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Financed Obligations:</b>					
Vacaville Recreation Corporation	\$ 735,296	\$ -	\$ 159,254	\$ 576,042	\$ 167,402
Leasource Financial Services, Inc. - Public Safety Radio	1,445,674	-	166,220	1,279,454	171,858
Leasource Financial Services, Inc. - Equipment 2019	536,861	-	56,864	479,997	58,444
PNC, LLC	3,645,947	-	573,530	3,072,417	611,379
Holman Corporation - 2014 Acquisition	220,550	-	52,804	167,746	54,330
Holman Corporation - 2015 Acquisition	876,129	-	165,850	710,279	170,411
Holman Corporation - 2017 Acquisition	205,460	-	31,692	173,768	32,671
Holman Corporation - 2017 Acquisition	316,422	-	41,333	275,089	42,560
Ford Explorer	31,511	-	9,105	22,406	9,618
Total Financed Obligations	<u>8,013,850</u>	<u>-</u>	<u>1,256,652</u>	<u>6,757,198</u>	<u>1,318,673</u>
Total Long-term debt	<u>\$ 8,013,850</u>	<u>\$ -</u>	<u>\$ 1,256,652</u>	<u>\$ 6,757,198</u>	<u>\$ 1,318,673</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**NOTE 6 – LONG-TERM LIABILITIES, continued**

**Financed Obligations:**

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2022</u>	
\$ 2,626,700	\$ 576,042	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	\$ 479,997	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	\$ 1,279,454	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	\$ 3,072,417	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	\$ 167,746	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	\$ 710,279	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, 2022**

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**NOTE 6 – LONG-TERM LIABILITIES, continued**

**Financed Obligations:**

<u>Original Debt</u> <u>Amount</u>	<u>Outstanding</u> <u>June 30, 2022</u>	
\$ 323,010	\$ 173,768	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	\$ 275,089	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>22,406</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>\$ 6,757,198</u>	Total financed obligations

The annual requirement to amortize debt outstanding as of June 30, 2022 for financed obligations is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,318,673	\$ 207,844	\$ 1,526,517
2024	1,383,370	163,627	1,546,997
2025	1,442,747	117,392	1,560,139
2026	1,303,989	71,750	1,375,739
2027	728,222	32,633	760,855
2028-2030	580,197	20,470	600,667
Total	<u>\$ 6,757,198</u>	<u>\$ 613,716</u>	<u>\$ 7,370,914</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

**B. Business-Type Long-Term Debt**

**Activity**

The following is a summary of changes in the business-type long-term liabilities at June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State Revolving Loans Payable:					
Tertiary Project	81,425,532	-	4,988,550	76,436,982	4,317,786
Plant Expansion	22,187,574	-	4,204,272	17,983,302	5,118,252
Total Easterly Wastewater Treatment Plant	<u>103,613,106</u>	<u>-</u>	<u>9,192,822</u>	<u>94,420,284</u>	<u>9,436,038</u>
Financed Obligations:					
PNC, LLC	3,645,948	-	573,531	3,072,417	611,378
Total Financed Obligations	<u>3,645,948</u>	<u>-</u>	<u>573,531</u>	<u>3,072,417</u>	<u>611,378</u>
Total	<u>\$ 107,259,054</u>	<u>\$ -</u>	<u>\$ 9,766,353</u>	<u>\$97,492,701</u>	<u>\$ 10,047,416</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, 2022**

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**NOTE 6 – LONG-TERM LIABILITIES, continued**

The City has drawn the following amounts through June 30, 2022 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		\$ (3,983,511)
Less: Cumulative Repayments		33,630,788
Amount Due		\$ (76,436,982)

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

Year Ending Year Ending June 30	Proprietary Fund		Total
	Principal	Interest	
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	5,671,671	1,433,942	7,105,613
2028-2032	30,648,502	4,879,565	35,528,067
2036-2037	18,831,426	972,154	19,803,580
Total	\$ 76,436,982	\$ 14,422,730	\$ 90,859,712

Principal payments totaling \$4,988,549 were made during fiscal year 2022 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, 2022**

**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	
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	4,677,055	126,280	4,803,335
Total	<u>\$ 17,983,302</u>	<u>\$ 1,230,039</u>	<u>\$ 19,213,341</u>

***Financed Obligations:***

Original Debt Amount	Outstanding June 30, 2022	
\$ 6,993,972	<u>\$ 3,072,417</u>	Finance 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.
	<u>\$ 3,072,417</u>	Total financed obligations

The annual requirement to amortize debt outstanding as of June 30, 2022 for financed obligations is as follows:

Year Ending June 30	Principal	Interest	Total
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>\$ 3,072,417</u>	<u>\$ 239,855</u>	<u>\$ 3,312,272</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, 2022:



**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities	\$ 7,729,834	\$ 6,794,426	\$ 6,154,795	\$ 8,369,465	\$ 482,711
Business Activities	1,109,098	1,187,177	930,920	1,365,355	91,400
Total	<u>\$ 8,838,932</u>	<u>\$ 7,981,603</u>	<u>\$ 7,085,715</u>	<u>\$ 9,734,820</u>	<u>\$ 574,111</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, 2022 is as follows:

Description	Original Bond Amount	June 30, 2022
2020-Nut Tree Assessment Dist	4,308,445	4,095,547
Total 1915 Act Limited Obligation Bonds		<u>\$ 4,095,547</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, 2022 is as follows:

Description	Original Bond Amount	June 30, 2022
Multifamily Revenue Bonds 1999A	\$ 9,600,000	\$ 9,600,000
Multifamily Revenue Bonds 2000A	6,945,260	1,447,240
Total Conduit Debt		<u>\$ 11,047,240</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

**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	\$ 638,810	\$ -	\$ 146,050	\$ 492,760	\$ 154,940
2014 Subordinate Tax Allocation Refunding Bonds	17,000,000	-	1,840,000	15,160,000	1,925,000
2014 Subordinate Tax Allocation Refunding Bonds Premium	1,609,660	-	146,332	1,463,328	-
2016 Subordinate Tax Allocation Refunding Bonds Series A	1,480,000	-	-	1,480,000	-
2016 Subordinate Tax Allocation Refunding Bonds Series A-T	11,500,000	-	1,005,000	10,495,000	1,025,000
Total Bonds	<u>32,228,470</u>	<u>-</u>	<u>3,137,382</u>	<u>29,091,088</u>	<u>3,104,940</u>
Total Long-Term Debt	<u>\$ 32,228,470</u>	<u>\$ -</u>	<u>\$ 3,137,382</u>	<u>\$ 29,091,088</u>	<u>\$ 3,104,940</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	\$ 160,365	\$ 543,716
2014 Subordinate Tax Allocation Refunding	2,598,994	18,560,443
2016 Subordinate Tax Allocation Refunding A	42,188	1,914,995
2016 Subordinate Tax Allocation Refunding A-T	1,335,382	12,177,827
	<u>\$ 4,136,929</u>	<u>\$ 33,196,981</u>

Original Debt Amount	Outstanding June 30, 2022
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\$ 2,364,740	\$ 492,760
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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, 2022**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2022</u>	
\$ 28,090,000	\$ 16,623,328	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>\$10,495,000</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>\$ 29,091,088</u>	Total bonds payable

The annual requirement to amortize debt outstanding as of June 30, 2022 for bonds payable is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,595,000	613,913	3,208,913
2028-2032	13,185,000	1,429,901	14,614,901
2033	1,190,000	17,106	1,207,106
Subtotal	<u>27,627,760</u>	<u>\$ 5,569,221</u>	<u>\$ 33,196,981</u>
Unamortized premium	1,463,328		
Total	<u>\$ 29,091,088</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, 2022**

**NOTE 7 – EMPLOYEE RETIREMENT PLANS**

Pension related balances presented on the Statement of Net Position as of June 30, 2022 by individual plan are described in the following table:

	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense
CALPERS Miscellaneous	\$ 13,793,404	\$ 20,847,550	\$ 59,678,764	\$ 4,134,340
CALPERS Safety	17,670,787	27,837,505	84,552,316	8,166,607
PARS Miscellaneous	5,540,311	3,574,230	36,973,028	2,937,341
PARS Safety	177,300	53,271	1,802,404	(1,430,802)
	<u>\$ 37,181,802</u>	<u>\$ 52,312,556</u>	<u>\$ 183,006,512</u>	<u>\$ 13,807,486</u>

Deferred Outflows and Inflows by individual plan are described below:

	Deferred Outflows	Deferred Inflows
<b>CaIPERS Miscellaneous</b>		
Changes of Assumptions	\$ -	\$ -
Differences between Expected and Actual Experiences	2,224,014	-
Difference between Projected and Actual Earnings on Pension Plan Investments	-	20,847,550
Current Year Contributions	11,569,390	-
<b>Total CaIPERS Miscellaneous</b>	<u>13,793,404</u>	<u>20,847,550</u>
<b>CaIPERS Safety</b>		
Changes of Assumptions	-	68,533
Differences between Expected and Actual Experiences	3,099,657	786,139
Difference between Projected and Actual Earnings on Pension Plan Investments	-	26,982,833
Current Year Contributions	14,571,130	-
<b>Total CaIPERS Safety</b>	<u>17,670,787</u>	<u>27,837,505</u>
<b>PARS Miscellaneous</b>		
Changes of Assumptions	417,568	-
Differences between Expected and Actual Experiences	1,377,892	610,917
Difference between Projected and Actual Earnings on Pension Plan Investments	-	2,963,313
Current Year Contributions	3,744,851	-
<b>Total PARS Miscellaneous</b>	<u>5,540,311</u>	<u>3,574,230</u>
<b>PARS Safety</b>		
Changes of Assumptions	-	-
Differences between Expected and Actual Experiences	-	-
Difference between Projected and Actual Earnings on Pension Plan Investments	-	53,271
Current Year Contributions	177,300	-
<b>Total PARS Safety</b>	<u>177,300</u>	<u>53,271</u>
<b>Total</b>	<u>\$ 37,181,802</u>	<u>\$ 52,312,556</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**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:

	<u>Safety</u>	<u>Miscellaneous</u>
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	12.75%	6.750%
Required employer contribution rates	58.545%	30.387%

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, 2022, the following employees were covered by the benefit terms for each Plan:

	<u>Safety</u>	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	209	453
Inactive employees entitled to but not yet received benefits	79	253
Active employees	184	479
Total	<u>473</u>	<u>1,185</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**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, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2022 actuarial valuations were determined using the following assumptions:

	Safety	Miscellaneous
Valuation Date	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases	Varies by Entry Age and Service	
Investment Rate of Return	7.00%	7.00%
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, 2022**

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**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)
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

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

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

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

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

**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.

**Changes in the Net Pension Liability**

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

<b>Safety Plan</b>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2020 (Measurement Date)</b>	\$ 352,665,130	\$ 233,047,012	\$ 119,618,118
<b>Changes in the year:</b>			
Service Cost	7,881,683	-	7,881,683
Interest on Total Pension Liability	25,150,948	-	25,150,948
Differences between Expected and Actual Experience	2,954,454	-	2,954,454
Changes of Assumptions	-	-	-
Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	14,153,282	(14,153,282)
Contribution - Employee	-	3,304,480	(3,304,480)
Investment Income	-	53,827,925	(53,827,925)
Administrative Expenses	-	(232,800)	232,800
Benefit Payments, including Refunds of Employee Contributions	(15,597,830)	(15,597,830)	-
<b>Net Changes</b>	<u>20,389,255</u>	<u>55,455,057</u>	<u>(35,065,802)</u>
<b>Balances at June 30, 2021 (Measurement Date)</b>	<u>\$ 373,054,385</u>	<u>\$ 288,502,069</u>	<u>\$ 84,552,316</u>

**Changes in the Net Pension Liability**

<b>Miscellaneous Plan</b>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2020 (Measurement Date)</b>	\$ 271,861,181	\$ 184,486,795	\$ 87,374,386
<b>Changes in the year:</b>			
Service Cost	4,725,762	-	4,725,762
Interest on Total Pension Liability	19,159,420	-	19,159,420
Differences between Expected and Actual Experience	856,270	-	856,270
Changes of Assumptions	-	-	-
Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	8,560,825	(8,560,825)
Contribution - Employee	-	2,342,496	(2,342,496)
Investment Income	-	41,718,044	(41,718,044)
Administrative Expenses	-	(184,291)	184,291
Benefit Payments, including Refunds of Employee Contributions	(14,232,814)	(14,232,814)	-
<b>Net changes</b>	<u>10,508,638</u>	<u>38,204,260</u>	<u>(27,695,622)</u>
<b>Balances at June 30, 2021 (Measurement Date)</b>	<u>\$ 282,369,819</u>	<u>\$ 222,691,055</u>	<u>\$ 59,678,764</u>



**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

**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	\$ 136,999,788	\$ 95,833,549
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 84,552,316	\$ 59,678,764
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 41,582,097	\$ 29,608,985

**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, 2022, the City recognized pension expenses of \$8,166,607 for the Safety Plan and \$4,134,340 for the Miscellaneous Plan. At June 30, 2022, 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	\$ 14,571,130	\$ -	\$ 11,569,390	\$ -
Changes of Assumptions	-	(68,533)	-	-
Differences between Expected and Actual Experiences	3,099,657	(786,139)	2,224,014	-
Differences between Projected and Actual Earnings on Pension Plan Investments	-	(26,982,833)	-	(20,847,550)
Total	\$ 17,670,787	\$ (27,837,505)	\$ 13,793,404	\$ (20,847,550)

\$14,571,130 for Safety and \$11,569,390 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, 2023. 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, 2022**

**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

Fiscal Year Ended June 30:	Safety Deferred Outflows/(Inflows) of Resources	Miscellaneous Deferred Outflows/(Inflows) of Resources
2023	\$ (6,051,500)	\$ (3,814,712)
2024	(5,747,706)	(4,185,241)
2025	(5,956,295)	(4,891,015)
2026	(6,982,347)	(5,732,568)

**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, 2022**

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**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

**Employees Covered**

At June 30, 2022, the following employees were covered by the benefit terms for each Plan:

	Safety	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	4	144
Inactive employees entitled to but not yet received benefits	-	17
Active employees	-	282
Total	4	443

**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, 2021 (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, 2022 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, 2021, using an annual actuarial valuation as of June 30, 2021. The Safety Plan is measured as of June 30, 2021, using an annual valuation date as of June 30, 2021. 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, 2022**

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**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

Actuarial Assumptions

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

	Safety	Miscellaneous
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Discount Rate	6.50%	6.50%
Inflation	N/A	2.50%
Salary Increases	N/A	Varies by Entry Age and Service
Investment Rate of Return	6.50%	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 6.50% 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, 2021, 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, 2021, 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 6.50% 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, 2022**

**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	3.05%	0.21%	0.20%
US Core Fixed Income	34.72%	1.95%	1.84%
US Equity Market	47.02%	5.70%	4.10%
Foregin Developed Equity	7.68%	6.99%	5.25%
Emerging Markets Equity	5.52%	9.44%	5.97%
US REITs	2.01%	6.27%	4.11%
Total	100%		

Assumed Inflation	2.35%	2.35%
Assumed Inflation - Standard Deviation	1.25%	1.25%
Portfolio Real Mean Return	4.55%	3.90%
Portfolio Nominal Mean Return	6.90%	6.37%
Portfolio Standard Deviation		10.89%

Miscellaneous Plan

Asset Class	Target Allocation	Long-Term Arithmetic Real Rate of Return	Long-Term Arithmetic Real Rate of Return
US Cash	0.47%	21.00%	20.00%
US Core Fixed Income	35.37%	1.95%	1.84%
US Equity Market	48.52%	5.70%	4.10%
Foregin Developed Equity	7.89%	6.99%	5.25%
Emerging Markets Equity	5.67%	9.44%	5.97%
US REITs	2.08%	6.27%	4.11%
Total	100%		

Assumed Inflation	2.35%	2.35%
Assumed Inflation - Standard Deviation	12.25%	1.25%
Portfolio Real Mean Return	4.67%	3.99%
Portfolio Nominal Mean Return	7.02%	6.46%
Portfolio Standard Deviation		11.23%

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

**Changes in the Net Pension Liability**

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Safety Plan</b>			
<b>Balance at June 30, 2020 (Measurement Date)</b>	<u>\$ 3,924,024</u>	<u>\$ 450,684</u>	<u>\$ 3,473,340</u>
<b>Changes in the year:</b>			
Service Cost	-	-	-
Interest on Total Pension Liability	84,991	-	84,991
Differences between Expected and Actual Experience	(17,698)	-	(17,698)
Changes of Assumptions	(1,467,724)	-	(1,467,724)
Contribution - Employer	-	177,300	(177,300)
Contribution - Employee	-	-	-
Investment Income	-	102,822	(102,822)
Expected Net Investment Income	-	-	-
Administrative Expenses		(9,617)	9,617
Benefit Payments, including Refunds of Employee Contributions	<u>(157,422)</u>	<u>(157,422)</u>	<u>-</u>
<b>Net changes</b>	<u>(1,557,853)</u>	<u>113,083</u>	<u>(1,670,936)</u>
<b>Balances at June 30, 2021 (Measurement Date)</b>	<u><u>\$ 2,366,171</u></u>	<u><u>\$ 563,767</u></u>	<u><u>\$ 1,802,404</u></u>
<b>Miscellaneous Plan</b>			
<b>Balance at June 30, 2020 (Measurement Date)</b>	<u>\$ 61,678,834</u>	<u>\$ 21,694,865</u>	<u>\$ 39,983,969</u>
<b>Changes in the year:</b>			
Service Cost	604,127	-	604,127
Interest on Total Pension Liability	3,936,534	-	3,936,534
Effect of Economic/Demographic Gains or Losses	2,103,099	-	2,103,099
Contribution - Employer	-	3,886,357	(3,886,357)
Contribution - Employee	-	297,624	(297,624)
Investment Income	-	5,694,753	(5,694,753)
Administrative Expenses	-	(224,033)	224,033
Benefit Payments, including Refunds of Employee Contributions	<u>(3,496,840)</u>	<u>(3,496,840)</u>	<u>-</u>
<b>Net changes</b>	<u>3,146,920</u>	<u>6,157,861</u>	<u>(3,010,941)</u>
<b>Balances at June 30, 2021 (Measurement Date)</b>	<u><u>\$ 64,825,754</u></u>	<u><u>\$ 27,852,726</u></u>	<u><u>\$ 36,973,028</u></u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

**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	5.50%	5.50%
Net Pension Liability	\$ 2,068,191	\$ 44,725,716
Current Discount Rate	6.50%	6.50%
Net Pension Liability	\$ 1,802,404	\$ 36,973,028
1% Increase	7.50%	7.50%
Net Pension Liability	\$ 1,578,578	\$ 30,460,968

**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, 2022, the City recognized pension expense of \$2,937,341. At June 30, 2022, 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	\$ -	\$ 3,744,851	\$ -
Changes of Assumptions	-	-	417,568	-
Differences between Expected and Actual Experiences	-	-	1,377,892	(610,917)
Net differences between projected and actual earnings on plan investments	-	(53,271)	-	(2,963,313)
Total	\$ 177,300	\$ (53,271)	\$ 5,540,311	\$ (3,574,230)

Miscellaneous Plan reported \$3,744,851 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, 2023. 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, 2022**

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**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

Fiscal Year Ended June 30:	<b>Safety</b>	Measurement Period Ended June 30:	<b>Miscellaneous</b>
	Deferred		Deferred
	Outflows/(Inflows) of Resources		Outflows/(Inflows) of Resources
2022	\$ (12,644)	2022	\$ (177,561)
2023	(12,645)	2023	(51,149)
2024	(12,888)	2024	(716,310)
2025	(15,094)	2025	(833,750)

**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, 2022**

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**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 2022, the amount is \$149 per month. (For calendar year 2021, the amount was \$143 per month.) In addition, the City provides an additional monthly contribution based on years of service at retirement, as described in the table below.

Years of Service	Monthly City Contribution
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 2022, the amount is \$149 per month. (For calendar year 2021, the amount was \$143 per month.) In addition, the City provides an additional monthly contribution based on years of service at retirement, as described in the table below.

Years of Service	Monthly City Contribution
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	779
Active employees	551
Total	1,330

**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 \$10,996,470. \$4,045,000 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, 2022**

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**NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS, continued**

**Net OPEB Liability**

The City’s Net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
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, 2021.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

**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%	2.12%	1.72%
US Inflation-Indexed Bonds	5.00%	0.61%	0.50%
Global Equity	59.00%	5.81%	4.23%
Global REITs	8.00%	6.06%	3.92%
Commodities	3.00%	1.73%	0.40%
Total	<u>100.00%</u>		
Assumed Inflation		2.50%	2.50%
Portfolio Real Mean Return		4.53%	3.67%
Portfolio Nominal Mean Return		7.03%	6.26%
Portfolio Standard Deviation			12.77%

**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)
<b>Balance at June 30, 2020 (Measurement Period)</b>	<u>\$ 120,869,451</u>	<u>\$ 44,794,960</u>	<u>\$ 76,074,491</u>
<b>Changes in the year:</b>			
Service Cost	3,378,497	-	3,378,497
Interest on Total Pension Liability	7,853,750	-	7,853,750
Effect of Economic/Demographic Gains or Losses	2,491,686	-	2,491,686
Effect of Changes of Assumptions	(17,623,325)	-	(17,623,325)
Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	10,996,470	(10,996,470)
Contribution - Employee	-	-	-
Investment Income	-	12,717,113	(12,717,113)
Administrative Expenses	-	(26,086)	26,086
Benefit Payments, including Refunds of Employee Contributions	(6,951,470)	(6,951,470)	-
<b>Net changes</b>	<u>(10,850,862)</u>	<u>16,736,027</u>	<u>(27,586,889)</u>
<b>Balances at June 30, 2021 (Measurement Period)</b>	<u>\$ 110,018,589</u>	<u>\$ 61,530,987</u>	<u>\$ 48,487,602</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, 2021.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**NOTE 8 – OTHER POST-EMPLOYMENT HEALTH BENEFITS, continued**

	Net OPEB Liability
1% Decrease	5.50%
Net OPEB Liability	\$ 62,113,984
Current Discount Rate	6.50%
Net OPEB Liability	\$ 48,487,602
1% Increase	7.50%
Net OPEB Liability	\$ 37,147,708

**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	\$ 35,826,829
Current Healthcare Trend Rate	
Net OPEB Liability	\$ 48,487,602
1% Increase	
Net OPEB Liability	\$ 63,999,922

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

For the year ended June 30, 2022, the City recognized OPEB expenses of \$4,149,649. At June 30, 2022, 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	\$ 8,200,614	\$ -
Changes of Assumptions	-	(15,223,719)
Differences between Expected and Actual Experiences	2,135,731	(110,408)
Net differences between projected and actual earnings on plan investments	-	(7,055,268)
Total	\$ 10,336,345	\$ (22,389,395)

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**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 2023. 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	\$ (3,933,812)
2023	(3,899,267)
2024	(3,910,867)
2025	(4,148,326)
2026	(2,199,731)
Thereafter	(2,161,661)
	\$ (20,253,664)

**NOTE 9 – FUND EQUITY**

***Deficit Fund Balances***

The following fund had a deficit as of June 30, 2022:

Maintenance Districts Fund

The Maintenance Districts Fund had a deficit of (\$998,689) at June 30, 2022. 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 (\$592,528) at June 30, 2022. Revenues were not received within the 90-day availability period. Revenue will be recognized in fiscal year 2023.

Energy Efficiency Siemens Fund

The Energy Efficiency Debt Service Fund had a deficit of (\$327,674) at June 30, 2022. 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 (\$9,460,336) at June 30, 2022. 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 (\$1,769,496) at June 30, 2022. 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, 2022**

**NOTE 9 – FUND EQUITY, continued**

Employee Benefits

The Employee Benefits fund has a deficit of (\$635,563) at June 30, 2022. 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, 2022:

<u>Transfers Out</u> <u>(fund making transfer):</u>	<u>Capital Projects</u>			<u>Enterprise</u>			<u>Totals</u>		
	<u>General Fund</u>	<u>Successor Housing</u>	<u>Special Programs</u>	<u>City Projects</u>	<u>Other Governmental Funds</u>	<u>Sewer Utility</u>		<u>Central Services</u>	<u>Vehicle Replacement</u>
<b>General Fund</b>	\$ -	\$ -	\$ 5,000	\$ 4,617,875	\$ 1,686,743	\$ -	\$ 76,763	\$ 3,269,118	\$ 9,655,499
<b>Special Revenue Funds:</b>									
Successor Housing	-	-	-	80,938	-	-	-	-	80,938
Housing Assistance	-	-	-	-	-	-	-	-	-
Special Programs	828	-	-	505,322	-	-	-	-	506,150
<b>Capital Projects Funds:</b>									
City Projects	-	-	-	1,077,677	-	-	5,000	-	1,082,677
<b>Other Governmental Funds:</b>	6,558,385	51,829	85,593	36,908	318,200	298,790	-	-	7,349,705
<b>Enterprise Funds:</b>									
Sewer Utility	19,964	-	-	64,907	-	-	7,500	-	92,371
Water Utility	21,500	-	-	47,454	12,798	-	7,500	-	89,252
<b>Internal Service Funds:</b>									
Central Services	-	-	-	-	4,606	-	-	-	4,606
Vehicle Replacement	275,000	-	-	-	-	-	-	-	275,000
<b>Totals</b>	<u>\$ 6,875,677</u>	<u>\$ 51,829</u>	<u>\$ 90,593</u>	<u>\$ 6,431,081</u>	<u>\$ 2,022,347</u>	<u>\$ 298,790</u>	<u>\$ 96,763</u>	<u>\$ 3,269,118</u>	<u>\$ 19,136,198</u>

The major fund transfer activity includes the following: 1) Community Facility Districts transferred \$6.5 million in special tax to the General Fund to cover public safety costs to maintain the districts and 2) General Fund transferred over \$3 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, 2022**

**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	Other		
	Fund	Governmental	Transit	Total
	Fund	Funds		
General Fund	\$ 906,271	\$ 327,674	\$ 173,764	\$ 1,407,709
	<u>\$ 906,271</u>	<u>\$ 327,674</u>	<u>\$ 173,764</u>	<u>\$ 1,407,709</u>

**Advances To/Advances From Other Funds:**

<b>Advances To Other Funds</b> (fund making loan):	<b>Vehicle</b> <b>Replacement</b> <b>Fund</b>	<b>City Projects</b> <b>Capital</b> <b>Projects Fund</b>	<b>Water Utility</b>	<b>Total</b>
<b>General Fund:</b>				
General Fund	\$ 1,184,500	\$ -	\$ -	\$ 1,184,500
Total General Fund	<u>1,184,500</u>	<u>-</u>	<u>-</u>	<u>1,184,500</u>
<b>Enterprise Funds:</b>				
Sewer Utility	-	317,308	100,000	417,308
Water Utility	-	634,616	-	634,616
Total Enterprise	<u>-</u>	<u>951,925</u>	<u>100,000</u>	<u>1,051,925</u>
Total	<u>\$ 1,184,500</u>	<u>\$ 951,925</u>	<u>\$ 100,000</u>	<u>\$ 2,236,425</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 \$317,308 and 2) Construction of a fire station with the remaining amount owed being \$634,616. The \$100,000 loan between the Sewer and Water Utility funds were related to the expansion of the Easterly plant. The \$1,184,500 loan between the General Fund and the Vehicle Replacement funds for the purchase of two vehicles.

**NOTE 11 – UNEARNED REVENUE**

Unearned revenues in the government-wide financial statements as of June 30, 2022 were as follows:

	Governmental	Business-Type		Fiduciary
	Activities	Activities	Total	Funds
General services and recreation revenue	\$ 567,956	\$ -	\$ 567,956	\$ -
Community Facilities District	839,000	-	839,000	-
Grant proceeds received in advance	16,257,737	-	16,257,737	-
GWTP Closure	-	36,995	36,995	-
Water utility revenue	-	160,369	160,369	-
Harbison maintenance reserve	-	-	-	20,599
Total	<u>\$ 17,664,693</u>	<u>\$ 197,364</u>	<u>\$ 17,862,057</u>	<u>\$ 20,599</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

**NOTE 11 – UNEARNED REVENUE, continued**

Unearned revenues in the fund financial statements as of June 30, 2022 were as follows:

	Major Governmental Funds				Other Governmental Funds	Proprietary Funds		Total	Fiduciary Funds
	General	Housing Assistance	Special Programs	City Projects		Sewer Utility	Water Utility		Successor Agency
General services and recreation revenue	\$ 567,956	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 567,956	\$ -
Grant proceeds received in advance	-	50,427	12,981,655	3,195,450	30,205	-	-	16,257,737	-
Community Facilities District	-	-	-	-	839,000	-	-	839,000	-
Mariani GWTP closure	-	-	-	-	-	36,995	-	36,995	-
Water utility revenue	-	-	-	-	-	-	160,369	160,369	-
Harbison maintenance reserve	-	-	-	-	-	-	-	-	20,599
	<u>\$ 567,956</u>	<u>\$ 50,427</u>	<u>\$ 12,981,655</u>	<u>\$ 3,195,450</u>	<u>\$ 869,205</u>	<u>\$ 36,995</u>	<u>\$ 160,369</u>	<u>\$ 17,862,057</u>	<u>\$ 20,599</u>

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

- \$ 839,000 Community Facilities District Fees for the Opportunity Hill project until fiscal year 2031.
- \$ 567,956 Recreation and facility rental fees collected in advance of class or usage.
- \$ 12,447,981 American Rescue Plan Act funds received in advance of usage.

**NOTE 12 – CLASSIFICATION OF FUND BALANCES**

As of June 30, 2022, classifications of fund balance were as follows:

Fund Balance:	General	Successor Housing	Housing Assistance	Special Programs	City Projects	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>							
Loans and long-term receivables	\$ 1,919,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,919,990
Subtotal	<u>1,919,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,919,990</u>
<b>Restricted</b>							
Grants, development impact fees	-	-	-	-	40,226,049	2,132,520	42,358,569
Bond proceeds	-	-	-	-	1,003,924	-	1,003,924
Highway and streets	-	-	-	-	11,889,203	6,320,405	18,209,608
Community facility district	-	-	-	-	-	228,552	228,552
Housing	-	31,992,632	10,634,315	-	-	14,425	42,641,372
Capital projects	-	-	-	-	-	634,822	634,822
Subtotal	<u>-</u>	<u>31,992,632</u>	<u>10,634,315</u>	<u>-</u>	<u>53,119,176</u>	<u>9,330,724</u>	<u>105,076,847</u>
<b>Assigned</b>							
Capital projects	4,455,343	-	-	-	356,855	-	4,812,198
Technology	794,082	-	-	-	-	-	794,082
Measure M	22,000,000	-	-	-	-	-	22,000,000
Lagoon Valley Improvements	1,074,330	-	-	-	-	-	1,074,330
General government	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Public safety equipment replacement	605,172	-	-	-	-	-	605,172
Future park improvements	13,181	-	-	-	-	-	13,181
Subtotal	<u>28,942,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,855</u>	<u>-</u>	<u>29,298,963</u>
<b>Unassigned</b>	<u>49,740,114</u>	<u>-</u>	<u>-</u>	<u>(592,528)</u>	<u>-</u>	<u>(1,326,363)</u>	<u>47,821,223</u>
<b>Total Fund Balances</b>	<u>\$ 80,602,212</u>	<u>\$ 31,992,632</u>	<u>\$ 10,634,315</u>	<u>\$ (592,528)</u>	<u>\$ 53,476,031</u>	<u>\$ 8,004,361</u>	<u>\$ 184,117,023</u>



**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**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, 2022 is \$6,754,531, consisting of \$1,893,760 general liability and \$4,860,771 worker's compensation liability. These amounts include allocated expenses and a provision for the incurred but not reported claims. Of this balance, \$1,757,819 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, 2022. Changes in the Insurance Fund claims liability during the fiscal year July 1, 2019 through June 30, 2022 are as follows:

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**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
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
2021-2022	\$ 6,423,435	\$ 1,799,999	\$ (1,468,903)	\$ 6,754,531	\$ 1,757,819

**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, 2022**

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**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, 2022 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 \$129,000 as of June 30, 2022.

**NOTE 16 – COMMITMENTS AND CONTINGENCIES**

**A. COMMITMENTS**

City Projects

A consultant services agreement was executed with GHD for project management, design, and right of way acquisition in the amount of \$4,154,472 in April 2020. The overall project consists of constructing a 4 lane 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, 2022 was approximately \$1,675,572.

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 lane and shoulder widths. As of June 30, 2022 the balance of the agreement was approximately \$511,120.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**NOTE 16 – COMMITMENTS AND CONTINGENCIES, continued**

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, 2022 was approximately \$813,172.

The City awarded West Yost & Associates, Inc. on December 31, 2021, in the amount of \$169,946. The project is for the construction of a new odor removal system at Vaca Valley Lift Station to address odor complaints. The balance as of June 30, 2022, was approximately \$62,491.

The City awarded Bay Pacific Pipelines, Inc. on October 18, 2021, an award amount of \$900,098.83. This project is for a defective line located in the alley north of Peach Tree Avenue to West/Mason Street intersection will be replaced with a new 8-inch diameter VCP line. The upstream manhole will also be replaced, and new manholes will be installed at the angle point and downstream endpoint. This project will re-align an existing 8-inch sewer line at the intersection of Mason Street and West Street. Approximately 70 feet of the sewer line in Merchant Street will be replaced to correct slope issues and potential pipe damage. The balance as of June 30, 2022, was approximately \$706,485.

Water Utility

The City awarded Vaca Valley Excavating and Trucking, Inc on February 22, 2022 an award amount of \$95,747.97. This project is to replace a section of the water line on Andrea Drive. The balance as of June 30, 2022, was approximately \$59,950.

The City awarded West Yost & Associates, Inc on Sep 30, 2021 in the amount of \$268,500. The project is an ongoing program to perform studies for development and extension of the water system to facilitate growth, and to comply with regulatory requirements. The balance as of June 30, 2022 was approximately \$146,942.

The City awarded Kennedy/Jenks Consultants, Inc on October 26, 2021 in the amount of \$1,152,000. This project is for designing, drilling, and equipping Well #17. The balance as of June 30, 2022, was approximately \$274,785.

**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, 2022**

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**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 received \$12.6 million as a result.

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, \$352,630, 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, 2022:

Current assets	\$	482,173
Property, plant and equipment, net		954,067
Total assets		1,436,240
Net position	\$	1,436,240
Other revenues (expenses), net		3,745
Increase in net position	\$	3,745

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**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 \$22,649,568 which represents a 36.08% equity interest. The City's contribution to the operations of the North Bay Treatment Plant for the fiscal year was \$3,022,451. 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, 2022 is shown below.

Current assets	\$ 7,058,594
Noncurrent assets	<u>62,768,541</u>
Total assets	<u>69,827,135</u>
Deferred outflows of resources	<u>1,046,380</u>
Current liabilities	376,516
Noncurrent liabilities	<u>5,647,176</u>
Total liabilities	<u>6,023,692</u>
Deferred inflows of resources	<u>2,081,282</u>
Net investment in Capital Assets	34,656,936
Restricted for major maintenance	28,111,605
Restricted for minority interest	-
Unrestricted	<u>-</u>
Total Net Position	<u>\$ 62,768,541</u>
Total operating revenues	\$ 9,968,690
Total operating expenses	<u>9,042,167</u>
Operating Income	926,523
Total non-operating revenues (expenses)	<u>(1,075,459)</u>
Income before transfers	<u>(148,936)</u>
Transfers	<u>(103,746)</u>
Total transfers	<u>(103,746)</u>
Increase in Net Position	<u>(252,682)</u>
Net Position	
Beginning of Year	<u>63,021,223</u>
End of Year	<u>\$ 62,768,541</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2022**

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**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	\$ 12,435,669	\$ 22,221,267	\$ 34,656,936
Restricted for major maintenance	10,213,899	17,897,706	28,111,605
Total net position	<u>\$ 22,649,568</u>	<u>\$ 40,118,973</u>	<u>\$ 62,768,541</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, 2022 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, 2022 the City contributed \$437,576 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 \$134,679 through the Local Transportation Fund and \$63,574 from gas tax revenues to STA for fiscal year 2022. 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, 2022**

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**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 \$36 in transient occupancy tax to ICON Aircraft, Inc., \$349,592 in property tax to Genentech, and \$52,168 paid to the auto dealership.



## **REQUIRED SUPPLEMENTARY INFORMATION**

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## 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.

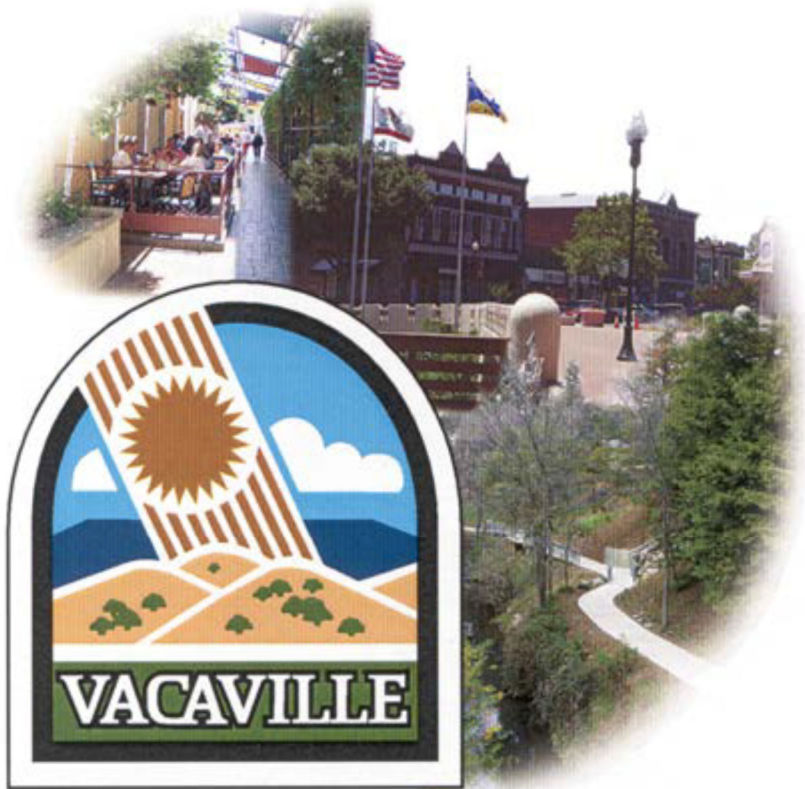
Increases to appropriations totaling \$2,346,339 for the City General Fund operating budget were made by City Council action during the year.

### 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, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and fees	\$ 98,568,378	\$ 98,568,378	\$ 111,111,945	\$ 12,543,567
Licenses and permits	412,500	412,500	423,187	10,687
Investment income	1,050,000	1,050,000	(3,564,188)	(4,614,188)
Intergovernmental	1,036,000	1,036,000	994,298	(41,702)
Charges for services	10,826,760	10,826,760	11,536,021	709,261
Rents and royalties	462,847	462,847	395,846	(67,001)
Fines, forfeitures and penalties	319,518	319,518	400,395	80,877
Other	33,000	33,000	115,626	82,626
<b>Total Revenues</b>	<b>112,709,003</b>	<b>112,709,003</b>	<b>121,413,130</b>	<b>8,704,127</b>
<b>Expenditures:</b>				
Current:				
General government	13,053,749	13,347,398	12,109,580	1,237,818
Public safety	76,222,272	77,307,403	77,045,082	262,321
Public works	8,438,444	8,730,471	8,826,857	(96,386)
Community services	11,742,688	11,950,461	11,173,666	776,795
Debt service:				
Principal	171,656	171,656	248,533	(76,877)
Interest	47,253	47,253	48,762	(1,509)
<b>Total Expenditures</b>	<b>109,676,062</b>	<b>111,554,642</b>	<b>109,452,480</b>	<b>2,102,162</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	6,170,166	6,170,166	6,875,677	705,511
Transfers out	(16,905,016)	(30,713,831)	(9,655,499)	21,058,332
<b>Total Other Financing Sources (Uses)</b>	<b>(10,734,850)</b>	<b>(24,543,665)</b>	<b>(1,972,939)</b>	<b>22,570,726</b>
Net Change in Fund Balance	(7,701,909)	(23,389,304)	9,987,711	33,377,015
Fund balances, beginning of year	70,614,501	70,614,501	70,614,501	-
Fund balances, end of year	\$ 62,912,592	\$ 47,225,197	\$ 80,602,212	\$ 33,377,015



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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, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 273,191	\$ 273,191
Rents and royalties	-	-	6,008	6,008
Other	4,271,455	4,271,455	71,549	(4,199,906)
<b>Total Revenues</b>	<b>4,271,455</b>	<b>4,271,455</b>	<b>350,748</b>	<b>(3,920,707)</b>
<b>Expenditures:</b>				
Housing	3,950,959	7,601,957	855,386	6,746,571
<b>Total Expenditures</b>	<b>3,950,959</b>	<b>7,601,957</b>	<b>855,386</b>	<b>6,746,571</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	51,829	51,829
Transfers out	-	-	(80,938)	(80,938)
Sale of capital assets	-	-	300,956	300,956
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>271,847</b>	<b>271,847</b>
Net Change in Fund Balance	320,496	(3,330,502)	(232,791)	3,097,711
Fund Balances, Beginning of Year	32,225,423	32,225,423	32,225,423	-
Fund Balances, End of Year	<b>\$ 32,545,919</b>	<b>\$ 28,894,921</b>	<b>\$ 31,992,632</b>	<b>\$ 3,097,711</b>

**CITY OF VACAVILLE**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**HOUSING ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 274,130	\$ 274,130
Intergovernmental	19,507,523	19,507,523	17,328,254	(2,179,269)
Charges for services	-	-	10,246	10,246
<b>Total Revenues</b>	<b>19,507,523</b>	<b>19,507,523</b>	<b>17,612,630</b>	<b>(1,894,893)</b>
<b>Expenditures:</b>				
Current:				
Housing	19,615,139	19,632,047	18,254,374	1,377,673
<b>Total Expenditures</b>	<b>19,615,139</b>	<b>19,632,047</b>	<b>18,254,374</b>	<b>1,377,673</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(107,616)</b>	<b>(124,524)</b>	<b>(641,744)</b>	<b>(517,220)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	197,099	197,099	-	197,099
Net Change in Fund Balances	89,483	72,575	(641,744)	(517,220)
Fund Balances, Beginning of Year	11,276,059	11,276,059	11,276,059	-
Fund Balances, End of Year	<b>\$ 11,365,542</b>	<b>\$ 11,348,634</b>	<b>\$ 10,634,315</b>	<b>\$ (517,220)</b>

**CITY OF VACAVILLE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes & Fees	\$ 23,000	\$ 230,000	\$ 239,414	\$ 9,414
Investment income	6,000	6,000	13,951	7,951
Intergovernmental	1,048,771	1,423,568	1,582,130	158,562
Charges for services	-	-	38,888	38,888
Fines, forfeitures and penalties	-	-	820	820
<b>Total Revenues</b>	<b>1,077,771</b>	<b>1,659,568</b>	<b>1,875,203</b>	<b>215,635</b>
<b>Expenditures:</b>				
Current:				
General government	204,000	5,338,226	545,454	4,792,772
Public safety	388,806	1,723,301	1,019,774	703,527
Public works	-	-	92,257	(92,257)
Housing	-	-	93,909	(93,909)
Community services	-	324,220	261,784	62,436
Debt service:				
Principal	3,669	3,669	3,669	-
Interest	606	606	606	-
<b>Total Expenditures</b>	<b>597,081</b>	<b>7,390,022</b>	<b>2,017,453</b>	<b>5,372,569</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	90,593	90,593
Transfers out	-	(4,334,595)	(506,150)	3,828,445
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(4,334,595)</b>	<b>(415,557)</b>	<b>3,919,038</b>
Net Change in Fund Balances	480,690	(10,065,049)	(557,807)	9,507,242
Fund Balances, Beginning of Year	(34,721)	(34,721)	(34,721)	-
<b>Fund Balances, End of Year</b>	<b>\$ 445,969</b>	<b>\$ (10,099,770)</b>	<b>\$ (592,528)</b>	<b>\$ 9,507,242</b>

**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**

Measurement Period	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability</b>					
Service Cost	\$ 3,378,497	\$ 3,363,025	\$ 3,987,272	\$ 3,803,326	\$ 3,562,835
Interest	7,853,750	7,584,779	7,578,675	7,227,589	6,885,327
Difference Between Expected and Actual Experience	2,491,686	-	(179,414)	-	-
Changes of Assumptions	(17,623,325)	-	(191,770)	-	-
Benefit Payments, Including Refunds of Employee Contribution:	(6,951,470)	(6,702,964)	(5,980,269)	(5,692,757)	(5,545,872)
<b>Net Change in Total OPEB Liability</b>	<b>(10,850,862)</b>	<b>4,244,840</b>	<b>5,214,494</b>	<b>5,338,158</b>	<b>4,902,290</b>
<b>Total OPEB Liability - Beginning</b>	<b>120,869,451</b>	<b>116,624,611</b>	<b>111,410,117</b>	<b>106,071,959</b>	<b>101,169,669</b>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 110,018,589</b>	<b>\$ 120,869,451</b>	<b>\$ 116,624,611</b>	<b>\$ 111,410,117</b>	<b>\$ 106,071,959</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 10,996,470	\$ 11,617,964	\$ 11,150,269	\$ 11,562,757	\$ 8,522,372
Net Investment Income	12,717,113	1,467,421	2,210,294	1,938,189	2,093,866
Benefit Payments, Including Refunds of Employee Contributions	(6,951,470)	(6,702,964)	(5,980,269)	(5,692,757)	(5,545,872)
Administrative Expense	(26,086)	(20,796)	(16,354)	(13,404)	(17,401)
<b>Net Change in Fiduciary Net Position</b>	<b>16,736,027</b>	<b>6,361,625</b>	<b>7,363,940</b>	<b>7,794,785</b>	<b>5,052,965</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>44,794,960</b>	<b>38,433,335</b>	<b>31,069,395</b>	<b>23,274,610</b>	<b>18,221,645</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 61,530,987</b>	<b>\$ 44,794,960</b>	<b>\$ 38,433,335</b>	<b>\$ 31,069,395</b>	<b>\$ 23,274,610</b>
<b>Plan Net OPEB Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 48,487,602</b>	<b>\$ 76,074,491</b>	<b>\$ 78,191,276</b>	<b>\$ 80,340,722</b>	<b>\$ 82,797,349</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	55.93%	37.06%	32.95%	27.89%	21.94%
<b>Covered-Employee Payroll</b>	\$ 58,118,637	\$ 55,888,662	\$ 51,929,478	\$ 49,289,087	\$ 44,694,355
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>	83.43%	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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 7,104,376	\$ 9,779,803	\$ 9,518,057	\$ 10,297,257	\$ 9,939,506
Contribution in Relation to the Actuarially Determined Contributions	<u>(8,200,614)</u>	<u>(10,996,470)</u>	<u>(11,617,964)</u>	<u>(11,150,269)</u>	<u>(11,562,757)</u>
Contribution Deficiency (Excess)	<u>\$ (1,096,238)</u>	<u>\$ (1,216,667)</u>	<u>\$ (2,099,907)</u>	<u>\$ (853,012)</u>	<u>\$ (1,623,251)</u>
Covered-employee Payroll	\$ 59,568,254	\$ 58,118,637	\$ 55,888,662	\$ 51,292,478	\$ 49,289,087
Contributions as a Percentage of Covered Employee Payroll	11.93%	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 2022 were from the June 30, 2020 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	17-year fixed period on average for FY 2021
Asset Valuation Method	Market Value
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, 2022**

**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	2022	2021	2020	2019	2018	2017	2016	2015
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total Pension Liability</b>								
Service Cost	\$ 4,725,762	\$ 4,628,561	\$ 4,294,485	\$ 4,282,235	\$ 4,070,951	\$ 3,639,007	\$ 3,593,518	\$ 3,780,586
Interest	19,159,420	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	856,270	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 Contributions	(14,232,814)	(13,606,594)	(12,659,571)	(11,748,841)	(10,869,200)	(10,123,097)	(9,514,061)	(9,097,351)
<b>Net Change in Total Pension Liability</b>	<b>10,508,638</b>	<b>12,725,484</b>	<b>12,241,948</b>	<b>8,271,466</b>	<b>21,067,518</b>	<b>7,172,626</b>	<b>3,964,183</b>	<b>9,269,956</b>
<b>Total Pension Liability - Beginning</b>	<b>271,861,181</b>	<b>259,135,697</b>	<b>246,893,749</b>	<b>238,622,283</b>	<b>217,554,765</b>	<b>210,382,139</b>	<b>206,417,956</b>	<b>197,148,000</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 282,369,819</b>	<b>\$ 271,861,181</b>	<b>\$ 259,135,697</b>	<b>\$ 246,893,749</b>	<b>\$ 238,622,283</b>	<b>\$ 217,554,765</b>	<b>\$ 210,382,139</b>	<b>\$ 206,417,956</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 8,560,825	\$ 7,795,719	\$ 6,883,772	\$ 6,025,604	\$ 5,511,690	\$ 5,298,538	\$ 4,433,062	\$ 4,145,910
Contributions - Employee	2,342,496	2,296,252	2,102,224	2,004,097	1,979,001	1,707,009	1,680,540	1,856,352
Net Investment Income	41,718,044	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	(14,232,814)	(13,606,594)	(12,659,571)	(11,748,841)	(10,869,200)	(10,123,097)	(9,514,061)	(9,097,351)
Administrative Expense	(184,291)	(252,750)	(122,603)	(253,061)	(220,135)	(92,342)	(170,549)	-
Other Changes in Fiduciary Net Position	-	-	400	(480,568)	-	-	851	-
<b>Net Change in Fiduciary Net Position</b>	<b>38,204,260</b>	<b>5,200,487</b>	<b>7,482,457</b>	<b>9,405,443</b>	<b>13,299,184</b>	<b>(2,419,064)</b>	<b>(198,610)</b>	<b>19,738,843</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>184,486,795</b>	<b>179,286,308</b>	<b>171,803,851</b>	<b>162,398,408</b>	<b>149,099,224</b>	<b>151,518,288</b>	<b>151,716,898</b>	<b>131,978,055</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 222,691,055</b>	<b>\$ 184,486,795</b>	<b>\$ 179,286,308</b>	<b>\$ 171,803,851</b>	<b>\$ 162,398,408</b>	<b>\$ 149,099,224</b>	<b>\$ 151,518,288</b>	<b>\$ 151,716,898</b>
<b>Plan Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 59,678,764</b>	<b>\$ 87,374,386</b>	<b>\$ 79,849,389</b>	<b>\$ 75,089,898</b>	<b>\$ 76,223,875</b>	<b>\$ 68,455,541</b>	<b>\$ 58,863,851</b>	<b>\$ 54,701,058</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.87%	67.86%	69.19%	69.59%	68.06%	68.53%	72.02%	73.50%
Covered Payroll	\$ 29,046,361	\$ 27,094,542	\$ 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	205.46%	322.48%	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:**

No changes in 2019 - 2021. 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 eight years are shown.

**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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	2022	2021	2020	2019	2018	2017	2016	2015
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total Pension Liability</b>								
Service Cost	\$ 7,881,683	\$ 7,088,239	\$ 7,043,408	\$ 6,434,504	\$ 6,743,529	\$ 5,552,457	\$ 5,591,667	\$ 5,523,872
Interest	25,150,948	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	2,954,454	(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 Contributions	(15,597,830)	(14,681,029)	(13,978,578)	(13,331,430)	(12,445,567)	(11,484,404)	(10,784,136)	(9,983,580)
<b>Net Change in Total Pension Liability</b>	<b>20,389,255</b>	<b>14,723,752</b>	<b>17,637,386</b>	<b>16,437,456</b>	<b>31,352,668</b>	<b>12,230,983</b>	<b>10,485,425</b>	<b>13,123,593</b>
<b>Total Pension Liability - Beginning</b>	<b>352,665,130</b>	<b>337,941,378</b>	<b>320,303,992</b>	<b>303,866,536</b>	<b>272,513,868</b>	<b>260,282,885</b>	<b>249,797,460</b>	<b>236,673,867</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 373,054,385</b>	<b>\$ 352,665,130</b>	<b>\$ 337,941,378</b>	<b>\$ 320,303,992</b>	<b>\$ 303,866,536</b>	<b>\$ 272,513,868</b>	<b>\$ 260,282,885</b>	<b>\$ 249,797,460</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 14,153,282	\$ 12,918,457	\$ 11,214,077	\$ 10,142,509	\$ 9,200,463	\$ 8,843,994	\$ 8,631,967	\$ 7,911,265
Contributions - Employee	3,304,480	3,135,831	2,830,991	2,721,930	2,484,982	2,201,585	1,816,937	1,940,540
Net Investment Income	53,827,925	11,120,855	13,729,875	16,386,837	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	(15,597,830)	(14,681,029)	(13,978,578)	(13,331,430)	(12,445,567)	(11,484,404)	(10,784,136)	(9,983,580)
Administrative Expense	(232,800)	(311,364)	(147,873)	(299,477)	(255,826)	(105,410)	(194,650)	-
Other Changes in Fiduciary Net Position	-	-	481	(568,712)	-	-	(851)	-
<b>Net Change in Fiduciary Net Position</b>	<b>55,455,057</b>	<b>12,182,750</b>	<b>13,648,973</b>	<b>15,030,391</b>	<b>18,911,749</b>	<b>313,880</b>	<b>3,278,846</b>	<b>25,125,723</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>233,047,012</b>	<b>220,864,262</b>	<b>207,215,289</b>	<b>192,184,898</b>	<b>173,273,149</b>	<b>172,959,269</b>	<b>169,680,423</b>	<b>144,554,700</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 288,502,069</b>	<b>\$ 233,047,012</b>	<b>\$ 220,864,262</b>	<b>\$ 207,215,289</b>	<b>\$ 192,184,898</b>	<b>\$ 173,273,149</b>	<b>\$ 172,959,269</b>	<b>\$ 169,680,423</b>
<b>Plan Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 84,552,316</b>	<b>\$ 119,618,118</b>	<b>\$ 117,077,116</b>	<b>\$ 113,088,703</b>	<b>\$ 111,681,638</b>	<b>\$ 99,240,719</b>	<b>\$ 87,323,616</b>	<b>\$ 80,117,037</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.34%	66.08%	65.36%	64.69%	63.25%	63.58%	66.45%	67.93%
Covered Payroll	\$ 23,906,371	\$ 23,606,288	\$ 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	353.68%	506.72%	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**

No changes 2019 - 2021. 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, 2022

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

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 11,569,390	\$ 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	(11,569,390)	(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	\$ 30,508,467	\$ 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	37.92%	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					
	Investment	(Gain)/Loss		Assumption/ Method Change	Benefit Change	Golden Handshake
Amortization Period	30 Years	Investment	Non-Investment	20 Years	20 Years	5 Years
Escalation Rate						
- Active Plans	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
- Inactive Plans	0%	0%	0%	0%	0%	0%
Ramp Up	5	5	5	5	0	0
Ramp Down	5	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](http://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, 2022**

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

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 14,571,130	\$ 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	(14,571,130)	(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	\$ 27,084,820	\$ 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	53.80%	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  
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	Benefit Change	Golden Handst
Amortization Period	Investment	Investment	Non-Investment	Change	Change	
	30 Years	30 Years	30 Years	20 Years	20 Years	5 Years
Escalation Rate						
- Active Plans	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
- Inactive Plans	0%	0%	0%	0%	0%	0%
Ramp Up	5	5	5	5	0	0
Ramp Down	5	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%  
7.0%, 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](http://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, 2022

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	2022	2021	2020	2019	2018	2017	2016	2015
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total Pension Liability</b>								
Service Cost	\$ 604,127	\$ 695,775	\$ 643,419	\$ 903,834	\$ 878,575	\$ 950,515	\$ 1,070,789	\$ 1,037,084
Interest	3,936,534	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	2,103,099	-	(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 Contributions	(3,496,840)	(3,366,142)	(3,153,756)	(2,919,979)	(2,740,593)	(2,653,022)	(2,338,674)	(2,221,976)
<b>Net Change in Total Pension Liability</b>	<b>3,146,920</b>	<b>1,198,409</b>	<b>690,800</b>	<b>1,858,289</b>	<b>8,659,266</b>	<b>1,761,312</b>	<b>3,008,367</b>	<b>1,998,838</b>
<b>Total Pension Liability - Beginning</b>	<b>61,678,834</b>	<b>60,480,425</b>	<b>59,789,625</b>	<b>57,931,336</b>	<b>49,272,070</b>	<b>47,510,758</b>	<b>44,502,391</b>	<b>42,503,553</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 64,825,754</b>	<b>\$ 61,678,834</b>	<b>\$ 60,480,425</b>	<b>\$ 59,789,625</b>	<b>\$ 57,931,336</b>	<b>\$ 49,272,070</b>	<b>\$ 47,510,758</b>	<b>\$ 44,502,391</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 3,886,357	\$ 3,348,558	\$ 3,366,989	\$ 2,825,129	\$ 2,837,184	\$ 2,709,376	\$ 2,760,122	\$ 2,102,393
Contributions - Employee	297,624	329,522	337,144	357,008	360,808	402,607	414,680	443,777
Net Investment Income	5,694,753	768,943	1,245,146	1,236,944	1,728,933	180,668	311,185	1,731,278
Administrative Expenses	(224,033)	(189,790)	(180,904)	(178,322)	(172,072)	(102,722)	(70,906)	(66,579)
Benefit Payments, Including Refunds of Employee Contributions	(3,496,840)	(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	-	-	-	-	-	-	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>6,157,861</b>	<b>891,091</b>	<b>1,614,619</b>	<b>1,320,680</b>	<b>2,014,260</b>	<b>536,907</b>	<b>1,076,407</b>	<b>1,988,893</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>21,694,865</b>	<b>20,803,774</b>	<b>19,189,155</b>	<b>17,868,475</b>	<b>15,854,215</b>	<b>15,317,308</b>	<b>14,240,901</b>	<b>12,252,008</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 27,852,726</b>	<b>\$ 21,694,865</b>	<b>\$ 20,803,774</b>	<b>\$ 19,189,155</b>	<b>\$ 17,868,475</b>	<b>\$ 15,854,215</b>	<b>\$ 15,317,308</b>	<b>\$ 14,240,901</b>
<b>Plan Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 36,973,028</b>	<b>\$ 39,983,969</b>	<b>\$ 39,676,651</b>	<b>\$ 40,600,470</b>	<b>\$ 40,062,861</b>	<b>\$ 33,417,855</b>	<b>\$ 32,193,450</b>	<b>\$ 30,261,490</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.97%	35.17%	34.40%	32.09%	30.84%	32.18%	32.24%	32.00%
Covered Payroll	\$ 14,881,200	\$ 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	248.45%	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, 2021. 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, 2022**

**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	2022	2021	2020
	June 30, 2021	June 30, 2020	June 30, 2019
<b>Total Pension Liability</b>			
Service Cost	\$ -	\$ -	\$ -
Interest	84,991	114,003	120,894
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(17,698)	11,924	10,068
Changes of Assumptions	(1,467,724)	618,688	155,275
Benefit Payments, Including Refunds of Employee Contributions	(157,422)	(154,336)	(151,309)
<b>Net Change in Total Pension Liability</b>	(1,557,853)	590,279	134,928
<b>Total Pension Liability - Beginning</b>	<b>3,924,024</b>	<b>3,333,745</b>	<b>3,198,817</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 2,366,171</b>	<b>\$ 3,924,024</b>	<b>\$ 3,333,745</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 177,300	\$ 177,300	\$ 177,300
Contributions - Employee	-	-	-
Net Investment Income	102,822	14,725	22,307
Administrative Expenses	(9,617)	(9,800)	(9,800)
Benefit Payments, Including Refunds of Employee Contributions	(157,422)	(154,336)	(151,309)
Other Changes in Fiduciary Net Position	-	-	-
<b>Net Change in Fiduciary Net Position</b>	113,083	27,889	38,498
<b>Plan Fiduciary Net Position - Beginning</b>	<b>450,684</b>	<b>422,795</b>	<b>384,297</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 563,767</b>	<b>\$ 450,684</b>	<b>\$ 422,795</b>
<b>Plan Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 1,802,404</b>	<b>\$ 3,473,340</b>	<b>\$ 2,910,950</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	23.83%	11.49%	12.68%
Covered Payroll	N/A	N/A	N/A
Plan Net Pension Liability as a Percentage of Covered Payroll	N/A	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, 2021. 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.

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

	2022	2021	2020	2019	2018	2017	2016	2015
<b>Actuarially Determined Contribution</b>	\$ 3,744,851	\$ 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	(3,744,851)	(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	\$ 14,003,571	\$ 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	26.74%	26.12%	20.26%	20.94%	16.83%	15.07%	14.06%	12.78%

**Notes to Schedule:**

Valuation date June 30, 2021

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 06/30/2021 is 20 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, 2021 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 <a href="http://www.calpers.ca.gov">www.calpers.ca.gov</a> 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, 2022**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Actuarially Determined Contribution</b>	\$ 173,275	\$ 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>	<u>(177,300)</u>
Contribution deficiency (excess)	<u>\$ (4,025)</u>	<u>\$ (4,025)</u>	<u>\$ (29,356)</u>	<u>\$ 7,242</u>
Covered payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

**Notes to Schedule:**

Valuation date June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method  
 Amortization method

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 06/30/2021 is 20 years  
 Amortization growth rate is 0.00%

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

Market Value  
 0.00%  
 None  
 None  
 6.50%, net of pension plan investment expenses, including inflation.  
 All other actuarial assumptions used in the June 30, 2021 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](http://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.

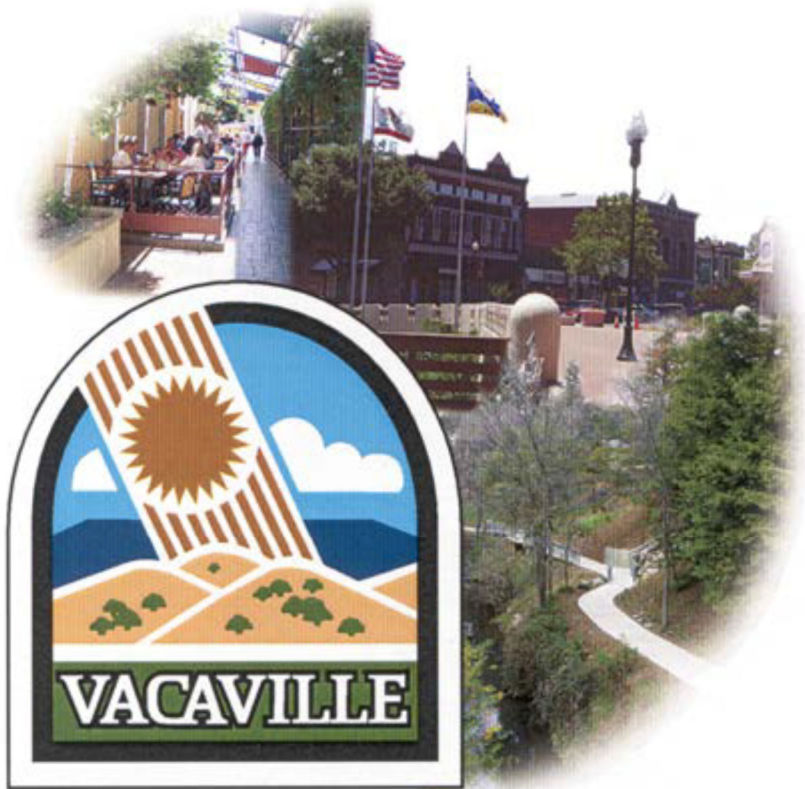
\*\*Historical information is required only for measurement periods which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only six years are shown.



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## SUPPLEMENTARY INFORMATION

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## **OTHER GOVERNMENTAL FUNDS**

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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

### **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.

### **CAPITAL PROJECT FUNDS:**

#### **ASSESSMENT AND IMPROVEMENT DISTRICTS**

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

**CITY OF VACAVILLE  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2022**

	<b>Special Revenue Funds</b>			
	<b>Building and Street Development</b>	<b>Community Development</b>	<b>Maintenance Districts</b>	<b>Community Facilities</b>
<b>Assets:</b>				
Cash and investments	\$ 6,817,382	\$ 558,245	\$ 3,592,263	\$ 1,079,012
Receivables:				
Taxes	140,371	-	-	-
Accounts	185,787	65,731	-	1,657,590
Loans	-	1,668,713	-	-
<b>Total Assets</b>	<b>\$ 7,143,540</b>	<b>\$ 2,292,689</b>	<b>\$ 3,592,263</b>	<b>\$ 2,736,602</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts and contract payable	\$ 188,009	\$ 45,007	\$ 278,882	\$ 11,459
Accrued payroll	171,206	4,342	88,786	-
Due to other funds	-	-	-	-
Deposits payable	401,362	898	4,223,284	-
Unearned revenue	166	30,039	-	839,000
<b>Total Liabilities</b>	<b>760,743</b>	<b>80,286</b>	<b>4,590,952</b>	<b>850,459</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue - grants and other	62,392	65,458	-	1,657,591
<b>Total Deferred Inflows of Resources</b>	<b>62,392</b>	<b>65,458</b>	<b>-</b>	<b>1,657,591</b>
<b>Fund Balances (Deficits):</b>				
Restricted	6,320,405	2,146,945	-	228,552
Unassigned	-	-	(998,689)	-
<b>Total Fund Balances (Deficits)</b>	<b>6,320,405</b>	<b>2,146,945</b>	<b>(998,689)</b>	<b>228,552</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 7,143,540</b>	<b>\$ 2,292,689</b>	<b>\$ 3,592,263</b>	<b>\$ 2,736,602</b>

**CITY OF VACAVILLE  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2022**

	<u>Capital Project Funds</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
	<u>Assessment &amp; Improvement Districts</u>	<u>Energy Efficiency Siemens</u>	
<b>Assets:</b>			
Cash and investments	\$ 634,822	\$ -	\$ 12,681,724
Receivables:			
Taxes	-	-	140,371
Accounts	-	-	1,909,108
Loans	-	-	1,668,713
<b>Total Assets</b>	<b>\$ 634,822</b>	<b>\$ -</b>	<b>\$ 16,399,916</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts and contract payable	\$ -	\$ -	\$ 523,357
Accrued payroll	-	-	264,334
Due to other funds	-	327,674	327,674
Deposits payable	-	-	4,625,544
Unearned revenue	-	-	869,205
<b>Total Liabilities</b>	<b>-</b>	<b>327,674</b>	<b>6,610,114</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue - grants and other	-	-	1,785,441
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>1,785,441</b>
<b>Fund Balances (Deficits):</b>			
Restricted	634,822	-	9,330,724
Unassigned	-	(327,674)	(1,326,363)
<b>Total Fund Balances (Deficits)</b>	<b>634,822</b>	<b>(327,674)</b>	<b>8,004,361</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 634,822</b>	<b>\$ -</b>	<b>\$ 16,399,916</b>

**CITY OF VACAVILLE  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2022**

	<b>Special Revenue Funds</b>			
	<b>Building and Street Development</b>	<b>Community Development</b>	<b>Maintenance Districts</b>	<b>Community Facilities</b>
<b>Revenues:</b>				
Taxes and fees	\$ 192,905	\$ -	\$ 4,338,847	\$ 6,730,544
Licenses and permits	1,631,752	-	-	-
Investment income	85,323	59,948	46,898	17,074
Intergovernmental	903,566	351,071	-	-
Charges for services	5,276,176	-	-	-
Other	2,270	-	-	-
<b>Total Revenues</b>	<b>8,091,992</b>	<b>411,019</b>	<b>4,385,745</b>	<b>6,747,618</b>
<b>Expenditures:</b>				
Current:				
General government	4,327,228	-	-	-
Public works	3,770,934	-	-	-
Community services	-	365,516	5,838,003	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	98,065
<b>Total Expenditures</b>	<b>8,098,162</b>	<b>365,516</b>	<b>5,838,003</b>	<b>98,065</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,170)	45,503	(1,452,258)	6,649,553
<b>Other Financing Sources (Uses):</b>				
Transfers in	549,489	-	724,143	-
Transfers out	(605,842)	(76,277)	(135,135)	(6,519,991)
<b>Total Other Financing Sources (Uses)</b>	<b>(56,353)</b>	<b>(76,277)</b>	<b>589,008</b>	<b>(6,519,991)</b>
Net Change in Fund Balances	(62,523)	(30,774)	(863,250)	129,562
Fund Balances, Beginning of Year	6,382,928	2,177,719	(135,439)	98,990
<b>Fund Balances, End of Year</b>	<b>\$ 6,320,405</b>	<b>\$ 2,146,945</b>	<b>\$ (998,689)</b>	<b>\$ 228,552</b>



**CITY OF VACAVILLE  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022**

	<u>Capital Project</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
	<u>Assessment &amp; Improvement Districts</u>	<u>Energy Efficiency Siemens</u>	
<b>Revenues:</b>			
Taxes and fees	\$ -	\$ -	\$ 11,262,296
Licenses and permits	-	-	1,631,752
Investment income	6,629	-	215,872
Intergovernmental	-	-	1,254,637
Charges for services	-	-	5,276,176
Other	-	-	2,270
<b>Total Revenues</b>	<b>6,629</b>	<b>-</b>	<b>19,643,003</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	4,327,228
Public works	-	-	3,770,934
Community services	-	-	6,203,519
Debt service:			
Principal	-	573,531	573,531
Interest and fiscal charges	-	105,184	203,249
<b>Total Expenditures</b>	<b>-</b>	<b>678,715</b>	<b>15,078,461</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,629	(678,715)	4,564,542
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	748,715	2,022,347
Transfers out	(12,460)	-	(7,349,705)
<b>Total Other Financing Sources (Uses)</b>	<b>(12,460)</b>	<b>748,715</b>	<b>(5,327,358)</b>
Net Change in Fund Balances	(5,831)	70,000	(762,816)
Fund Balances, Beginning of Year	640,653	(397,674)	8,767,177
<b>Fund Balances, End of Year</b>	<b>\$ 634,822</b>	<b>\$ (327,674)</b>	<b>\$ 8,004,361</b>

**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, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and fees	\$ 415,000	\$ 415,000	\$ 192,905	\$ (222,095)
Licenses and permits	1,800,000	1,800,000	1,631,752	(168,248)
Investment income	40,000	40,000	85,323	45,323
Intergovernmental	960,214	960,214	903,566	(56,648)
Charges for services	2,153,600	2,153,600	5,276,176	3,122,576
Other	2,700	2,700	2,270	(430)
<b>Total Revenues</b>	<b>5,371,514</b>	<b>5,371,514</b>	<b>8,091,992</b>	<b>2,720,478</b>
<b>Expenditures:</b>				
Current:				
General government	4,800,398	5,220,656	4,327,228	893,428
Public works	1,778,862	1,799,546	3,770,934	(1,971,388)
<b>Total Expenditures</b>	<b>6,579,260</b>	<b>7,020,202</b>	<b>8,098,162</b>	<b>(1,077,960)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	746,112	746,112	549,489	(196,623)
Transfers out	(520,249)	(520,249)	(605,842)	(85,593)
<b>Total Other Financing Sources (Uses)</b>	<b>225,863</b>	<b>225,863</b>	<b>(56,353)</b>	<b>(282,216)</b>
Net Change in Fund Balances	(981,883)	(1,422,825)	(62,523)	1,360,302
Fund Balances, Beginning of Year	6,382,928	6,382,928	6,382,928	-
<b>Fund Balances, End of Year</b>	<b>\$ 5,401,045</b>	<b>\$ 4,960,103</b>	<b>\$ 6,320,405</b>	<b>\$ 1,360,302</b>

**CITY OF VACAVILLE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 59,948	\$ 59,948
Intergovernmental	533,880	1,363,034	351,071	(1,011,963)
Rents and royalties	25,000	25,000	-	(25,000)
<b>Total Revenues</b>	<b>558,880</b>	<b>1,388,034</b>	<b>411,019</b>	<b>(977,015)</b>
<b>Expenditures:</b>				
General government	-	14,425	-	(14,425)
Community services	289,053	1,050,572	365,516	685,056
Debt service:				
Principal	80,000	80,000	-	80,000
<b>Total Expenditures</b>	<b>289,053</b>	<b>1,064,997</b>	<b>365,516</b>	<b>670,631</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	(232,462)	(76,277)	(308,739)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(232,462)</b>	<b>(76,277)</b>	<b>(308,739)</b>
Net Change in Fund Balance	269,827	90,575	(30,774)	(615,123)
Fund Balances, Beginning of Year	2,177,719	2,177,719	2,177,719	-
<b>Fund Balances, End of Year</b>	<b>\$ 2,447,546</b>	<b>\$ 2,268,294</b>	<b>\$ 2,146,945</b>	<b>\$ (615,123)</b>

**CITY OF VACAVILLE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**MAINTENANCE DISTRICTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and fees	\$ 4,223,363	\$ 4,223,363	\$ 4,338,847	\$ 115,484
Investmenet income	-	-	46,898	46,898
<b>Total Revenues</b>	<b>4,223,363</b>	<b>4,223,363</b>	<b>4,385,745</b>	<b>162,382</b>
<b>Expenditures:</b>				
Current:				
Community services	5,301,596	5,357,643	5,838,003	(480,360)
<b>Total Expenditures</b>	<b>5,301,596</b>	<b>5,357,643</b>	<b>5,838,003</b>	<b>(480,360)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	717,532	717,532	724,143	6,611
Transfers out	(96,741)	(96,741)	(135,135)	(38,394)
<b>Total Other Financing Sources (Uses)</b>	<b>717,532</b>	<b>717,532</b>	<b>589,008</b>	<b>(31,783)</b>
Net change in fund balance	(360,701)	(416,748)	(863,250)	(349,761)
Fund Balances, Beginning of Year	(135,439)	(135,439)	(135,439)	-
Fund Balances, End of Year	<b>\$ (496,140)</b>	<b>\$ (552,187)</b>	<b>\$ (998,689)</b>	<b>\$ (349,761)</b>

**CITY OF VACAVILLE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**COMMUNITY FACILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and fees	\$ 6,170,167	\$ 6,170,167	\$ 6,730,544	\$ 560,377
Interest Income	-	-	17,074	17,074
<b>Total Revenues</b>	<b>6,170,167</b>	<b>6,170,167</b>	<b>6,747,618</b>	<b>577,451</b>
<b>Expenditures:</b>				
Debt service:				
Interest and fiscal charges	-	-	98,065	(98,065)
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>98,065</b>	<b>(98,065)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	-	(6,519,991)	(6,519,991)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(6,519,991)</b>	<b>(6,519,991)</b>
Net change in fund balance	6,170,167	6,170,167	129,562	(6,040,605)
Fund Balances, Beginning of Year	98,990	98,990	98,990	-
<b>Fund Balances, End of Year</b>	<b>\$ 6,269,157</b>	<b>\$ 6,269,157</b>	<b>\$ 228,552</b>	<b>\$ (6,040,605)</b>



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## **INTERNAL SERVICE FUNDS**

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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.

**CITY OF VACAVILLE**  
**COMBINING STATEMENTS OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2022**

	Governmental Activities - Internal Service Funds					Total
	Central Services	Vehicle Replacement	Technology Replacement	Insurance	Employee Benefits	
<b>Assets:</b>						
Cash and investments	\$ -	\$ 5,546,066	\$ 1,118,006	\$ 6,706,106	\$ -	\$ 13,370,178
Receivables:						
Accounts	13,275	-	-	-	114,486	127,761
Inventories - supplies	316,228	-	-	-	-	316,228
Prepaid expenses	427	-	296,392	-	-	296,819
Deposits	-	-	-	335,584	-	335,584
Capital assets - net of accumulated depreciation/amortization	100,733	10,221,977	374,088	-	-	10,696,798
<b>Total Assets</b>	<b>430,663</b>	<b>15,768,043</b>	<b>1,788,486</b>	<b>7,041,690</b>	<b>114,486</b>	<b>25,143,368</b>
<b>Deferred Outflows of Resources:</b>						
Deferred outflows related to pension	1,237,407	-	-	309,342	-	1,546,749
Deferred outflows related to OPEB	449,631	-	-	67,187	-	516,818
<b>Total Deferred Outflow of Resources</b>	<b>1,687,038</b>	<b>-</b>	<b>-</b>	<b>376,529</b>	<b>-</b>	<b>2,063,567</b>
<b>Liabilities:</b>						
<b>Current:</b>						
Accounts and contract payable	260,979	54,051	46,063	3,055	-	364,148
Accrued payroll	101,998	-	-	30,422	195,575	327,995
Advances from other funds	-	1,184,500	-	-	-	1,184,500
Interest payable	-	34,772	-	-	-	34,772
Due to other funds	351,797	-	-	-	554,474	906,271
Deposits payable	-	-	-	1,835	-	1,835
Claims payable - due within one year	-	-	-	1,757,819	-	1,757,819
Lease payable - due within one year	7,878	-	-	-	-	7,878
Long term debt - due within one year	-	358,417	-	-	-	358,417
<b>Total Current Liabilities</b>	<b>722,652</b>	<b>1,631,740</b>	<b>46,063</b>	<b>1,793,131</b>	<b>750,049</b>	<b>4,943,635</b>
<b>Noncurrent:</b>						
Net Pension liability	6,185,714	-	-	1,546,426	-	7,732,140
Net OPEB liability	2,109,209	-	-	315,169	-	2,424,378
Claims payable - due in more than a year	-	-	-	4,996,712	-	4,996,712
Lease payable - due in more than a year	23,538	-	-	-	-	23,538
Long term debt - due in more than a year	-	1,448,463	-	-	-	1,448,463
<b>Total Noncurrent Liabilities</b>	<b>8,318,461</b>	<b>1,448,463</b>	<b>-</b>	<b>6,858,307</b>	<b>-</b>	<b>16,625,231</b>
<b>Deferred Inflows of Resources</b>						
Deferred inflows related to pension	1,562,988	-	-	390,747	-	1,953,735
Deferred inflows related to OPEB	973,936	-	-	145,530	-	1,119,466
<b>Total Deferred Inflows of Resources</b>	<b>2,536,924</b>	<b>-</b>	<b>-</b>	<b>536,277</b>	<b>-</b>	<b>3,073,201</b>
<b>Net Position:</b>						
Net investment in capital assets	69,317	8,415,097	374,088	-	-	8,858,502
Unrestricted	(9,529,653)	4,272,743	1,368,335	(1,769,496)	(635,563)	(6,293,634)
<b>Total Net Position</b>	<b>\$ (9,460,336)</b>	<b>\$ 12,687,840</b>	<b>\$ 1,742,423</b>	<b>\$ (1,769,496)</b>	<b>\$ (635,563)</b>	<b>\$ 2,564,868</b>



**CITY OF VACAVILLE  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Governmental Activities - Internal Service Funds</b>					
	<b>Central Services</b>	<b>Vehicle Replacement</b>	<b>Technology Replacement</b>	<b>Insurance</b>	<b>Employee Benefits</b>	<b>Totals</b>
<b>Operating Revenues:</b>						
Internal service charges	\$ 4,966,212	\$ 509,144	\$ 2,182,704	\$ 5,112,219	\$ 750,000	\$ 13,520,279
<b>Total Operating Revenues</b>	<b>4,966,212</b>	<b>509,144</b>	<b>2,182,704</b>	<b>5,112,219</b>	<b>750,000</b>	<b>13,520,279</b>
<b>Operating Expenses:</b>						
Internal service expenses	4,326,905	(180,888)	1,432,164	5,418,635	994,730	11,991,546
Depreciation/amortization	15,168	1,978,685	232,196	-	-	2,226,049
<b>Total Operating Expenses</b>	<b>4,342,073</b>	<b>1,797,797</b>	<b>1,664,360</b>	<b>5,418,635</b>	<b>994,730</b>	<b>14,217,595</b>
Operating Income (Loss)	624,139	(1,288,653)	518,344	(306,416)	(244,730)	(697,316)
<b>Nonoperating Revenues (Expenses):</b>						
Interest revenue	4,183	32,399	7,058	63,524	-	107,164
Interest expense	-	(63,622)	-	-	-	(63,622)
Gain (Loss) on disposal of capital assets	-	92,998	-	-	-	92,998
<b>Total Nonoperating Revenues (Expenses)</b>	<b>4,183</b>	<b>61,775</b>	<b>7,058</b>	<b>63,524</b>	<b>-</b>	<b>136,540</b>
Income (Loss) Before Transfers	628,322	(1,226,878)	525,402	(242,892)	(244,730)	(560,776)
<b>Transfers:</b>						
Transfers in	96,763	3,269,118	-	-	-	3,365,881
Transfers out	(4,606)	(275,000)	-	-	-	(279,606)
<b>Total Transfers</b>	<b>92,157</b>	<b>2,994,118</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,086,275</b>
Changes in Net Position	720,479	1,767,240	525,402	(242,892)	(244,730)	2,525,499
<b>Net Position:</b>						
Beginning of Year	(10,180,815)	10,920,600	1,217,021	(1,526,604)	(390,833)	39,369
<b>End of Fiscal Year</b>	<b>\$ (9,460,336)</b>	<b>\$ 12,687,840</b>	<b>\$ 1,742,423</b>	<b>\$ (1,769,496)</b>	<b>\$ (635,563)</b>	<b>\$ 2,564,868</b>

**CITY OF VACAVILLE  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

Governmental Activities - Internal Service Funds						
	Central Services	Vehicle Replacement	Technology Replacement	Insurance	Employee Benefits	Total
<b>Cash Flows from Operating Activities:</b>						
Cash received from customers and users	\$ 4,997,221	\$ 509,144	\$ 2,182,704	\$ 5,112,219	\$ 635,514	\$ 13,436,802
Cash paid to suppliers for goods and services	(1,412,339)	(12,739)	(1,405,303)	(2,987,362)	(34,549)	(5,852,292)
Cash paid to employees for services	(3,500,818)	-	-	(1,298,891)	(2,159,742)	(6,959,451)
Claims paid	-	-	-	(1,137,807)	-	(1,137,807)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>84,064</b>	<b>496,405</b>	<b>777,401</b>	<b>(311,841)</b>	<b>(1,558,777)</b>	<b>(512,748)</b>
<b>Cash Flow from Non-Capital</b>						
<b>Financing Activities:</b>						
Due to/(from) other funds	(141,095)	-	-	-	554,474	413,379
Advances from other funds	-	1,184,500	-	-	-	1,184,500
Cash transfers in	96,763	3,269,118	-	-	-	3,365,881
Cash transfers out	(4,606)	(275,000)	-	-	-	(279,606)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(48,938)</b>	<b>4,178,618</b>	<b>-</b>	<b>-</b>	<b>554,474</b>	<b>4,684,154</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Acquisition of capital assets	(31,416)	(1,766,811)	-	-	-	(1,798,227)
Proceeds from sale of capital assets	-	121,847	-	-	-	121,847
Principal paid on leased assets	(7,893)	-	-	-	-	(7,893)
Principal paid on financed debt	-	(348,543)	-	-	-	(348,543)
Interest paid	-	(63,786)	-	-	-	(63,786)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(39,309)</b>	<b>(2,057,293)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,096,602)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest revenue	4,183	32,399	7,058	63,524	-	107,164
<b>Net cash provided by investing activities</b>	<b>4,183</b>	<b>32,399</b>	<b>7,058</b>	<b>63,524</b>	<b>-</b>	<b>107,164</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>-</b>	<b>2,650,129</b>	<b>784,459</b>	<b>(248,317)</b>	<b>(1,004,303)</b>	<b>2,181,968</b>
Cash and Cash Equivalents at Beginning of Year	-	2,895,937	333,547	6,954,423	1,004,303	11,188,210
<b>Cash and Cash Equivalents at End of Year</b>	<b>-</b>	<b>5,546,066</b>	<b>1,118,006</b>	<b>6,706,106</b>	<b>-</b>	<b>13,370,178</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>						
Operating Income (Loss)	\$ 624,139	\$ (1,288,653)	\$ 518,344	\$ (306,416)	\$ (244,730)	\$ (697,316)
<b>Adjustments to Reconcile Operating Income (Loss)</b>						
<b>Net Cash Provided (Used) by Operating Activities:</b>						
Depreciation/amortization	15,168	1,978,685	232,196	-	-	2,226,049
<b>Changes in assets and liabilities:</b>						
Decrease in accounts receivable	31,009	-	-	-	(114,486)	(83,477)
Decrease (increase) in prepaid expenses	5,226	-	(15,944)	-	-	(10,718)
Decrease (increase) in inventories - supplies	(99,224)	-	-	-	-	(99,224)
Decrease (increase) in deposits	-	-	-	(188,119)	-	(188,119)
Decrease (increase) in deferred outflows of resources - pension	(37,308)	-	-	(9,325)	-	(46,633)
Decrease (increase) in deferred outflows of resources - OPEB	61,881	-	-	9,246	-	71,127
Increase (decrease) in accounts and contracts payable	168,367	(193,627)	42,805	(1,478)	(34,549)	(18,482)
Increase (decrease) in accrued payroll	11,518	-	-	11,242	(386,628)	(363,868)
Increase (decrease) in employee benefits payable	-	-	-	-	(778,384)	(778,384)
Increase (decrease) in pension liability	(1,965,220)	-	-	(491,307)	-	(2,456,527)
Increase (decrease) in OPEB liability	(1,200,030)	-	-	(179,314)	-	(1,379,344)
Increase (decrease) in deferred inflow of resources - pension	1,475,191	-	-	368,797	-	1,843,988
Increase (decrease) in leases payable	31,416	-	-	-	-	31,416
Decrease in deposits payable	-	-	-	-	-	-
Increase (decrease) in deferred inflow of resources - OPEB	961,931	-	-	143,737	-	1,105,668
Increase (decrease) in claims payable	-	-	-	331,096	-	331,096
<b>Total Adjustments</b>	<b>(540,075)</b>	<b>1,785,058</b>	<b>259,057</b>	<b>(5,425)</b>	<b>(1,314,047)</b>	<b>184,568</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 84,064</b>	<b>\$ 496,405</b>	<b>\$ 777,401</b>	<b>\$ (311,841)</b>	<b>\$ (1,558,777)</b>	<b>\$ (512,748)</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>						
Gain (loss) on disposition of capital assets	\$ -	\$ (28,849)	\$ -	\$ -	\$ -	\$ (28,849)

## **CUSTODIAL FUND COMBINING STATEMENTS**

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**CITY OF VACAVILLE**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**JUNE 30, 2022**

	<b>Solano Transportation Authority Custodial Funds</b>	<b>Community Action Partnership Custodial Funds</b>	<b>Benefit District and Reimbursement Fund Custodial Funds</b>
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 7,217,224	\$ 2,520,480	\$ 16,165,083
Receivables:			
Accounts	-	1,435,538	-
Total current assets	<u>7,217,224</u>	<u>3,956,018</u>	<u>16,165,083</u>
Noncurrent assets:			
Restricted cash and investments	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<b><u>7,217,224</u></b>	<b><u>3,956,018</u></b>	<b><u>16,165,083</u></b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and contracts payable	-	2,052,034	364,694
Deposits payable	-	-	15,800,389
Unearned revenue	-	2,548,788	-
Long-term liabilities - due within one year	<u>-</u>	<u>-</u>	<u>-</u>
	-	4,600,822	16,165,083
Noncurrent liabilities:			
Long-term liabilities - due in more than a year	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>4,600,822</u></b>	<b><u>16,165,083</u></b>
<b>Net Position - End of the Year</b>	<b><u>\$ 7,217,224</u></b>	<b><u>\$ (644,804)</u></b>	<b><u>\$ -</u></b>

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**JUNE 30, 2022**

	<b>Special Assessments Custodial Funds</b>	<b>Bond Funds Custodial Funds</b>	<b>Total Custodial Funds</b>
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 563,287	\$ -	\$ 26,466,074
Receivables:			
Accounts	-	-	1,435,538
Total current assets	<u>563,287</u>	<u>-</u>	<u>27,901,612</u>
Noncurrent assets:			
Restricted cash and investments	195,721	3,844,524	4,040,245
Total noncurrent assets	<u>195,721</u>	<u>3,844,524</u>	<u>4,040,245</u>
<b>Total Assets</b>	<b><u>759,008</u></b>	<b><u>3,844,524</u></b>	<b><u>31,941,857</u></b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and contracts payable	1,859	-	2,418,587
Deposits payable	-	-	15,800,389
Unearned revenue	-	-	2,548,788
Long-term liabilities - due within one year	<u>235,853</u>	<u>-</u>	<u>235,853</u>
	237,712	-	21,003,617
Noncurrent liabilities:			
Long-term liabilities - due in more than a year	<u>3,859,694</u>	<u>-</u>	<u>3,859,694</u>
<b>Total Liabilities</b>	<b><u>4,097,406</u></b>	<b><u>-</u></b>	<b><u>24,863,311</u></b>
<b>Net Position - End of the Year</b>	<b><u>\$ (3,338,398)</u></b>	<b><u>\$ 3,844,524</u></b>	<b><u>\$ 7,078,546</u></b>

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, 2022**

	<b>Solano Transportation Authority Custodial Funds</b>	<b>Community Action Partnership Custodial Funds</b>	<b>Benefit District and Reimbursement Fund Custodial Funds</b>
<b>Additions:</b>			
Investment income	\$ -	\$ 71,139	\$ -
Deposits received	29,423,216	-	-
Taxes & fees	-	48,784	-
Grants and contributions	-	6,795,623	-
<b>Total Additions:</b>	<b>29,423,216</b>	<b>6,915,546</b>	<b>-</b>
<b>Deductions:</b>			
Administrative and general operations	-	373,735	-
Program expenses	-	7,203,401	-
Other expenses	31,471,368	-	-
Fiscal fines and other fees	-	-	-
Interest expense	-	-	-
<b>Total Deductions:</b>	<b>31,471,368</b>	<b>7,577,136</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(2,048,152)</b>	<b>(661,590)</b>	<b>-</b>
Beginning of year, as previously reported	9,265,376	16,786	-
Beginning of year, as restated	9,265,376	16,786	-
<b>Net Position - End of the Year</b>	<b>\$ 7,217,224</b>	<b>\$ (644,804)</b>	<b>\$ -</b>

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, 2022**

	<b>Special Assessments Custodial Funds</b>	<b>Bond Funds Custodial Funds</b>	<b>Total Custodial Funds</b>
<b>Additions:</b>			
Investment income	\$ 5,353	\$ 294,798	\$ 371,290
Deposits received	-	-	29,423,216
Taxes & fees	378,688	-	427,472
Grants and contributions	-	-	6,795,623
<b>Total Additions:</b>	<b>384,041</b>	<b>294,798</b>	<b>37,017,601</b>
<b>Deductions:</b>			
Administrative and general operations	9,500	-	383,235
Program expenses	-	-	7,203,401
Other expenses	-	-	31,471,368
Fiscal fines and other fees	21,919	-	21,919
Interest expense	162,339	-	162,339
<b>Total Deductions:</b>	<b>193,758</b>	<b>-</b>	<b>39,242,262</b>
<b>Change in Net Position</b>	<b>190,283</b>	<b>294,798</b>	<b>(2,224,661)</b>
Beginning of year, as previously reported	(3,528,681)	3,549,726	9,303,207
Beginning of year, as restated	(3,528,681)	3,549,726	9,303,207
<b>Net Position - End of the Year</b>	<b>\$ (3,338,398)</b>	<b>\$ 3,844,524</b>	<b>\$ 7,078,546</b>



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## STATISTICAL SECTION

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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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	143
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	149
<b>Debt Capacity</b> 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
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	158
<b>Operating Information</b> 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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Governmental activities</b>										
Net investment in capital assets	\$ 454,580	\$ 456,266	\$449,819	\$440,786	\$ 441,258	\$ 428,611	\$ 419,176	\$ 400,267	\$ 418,360	\$ 420,604
Restricted	104,134	102,152	102,530	76,249	77,301	78,936	76,780	59,774	22,122	19,306
Unrestricted	<u>(121,773)</u>	<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>
<b>Total governmental activities net position</b>	<u>436,941</u>	<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>
<b>Business-type activities</b>										
Net investment in capital assets	236,213	234,578	231,479	225,000	215,531	205,549	202,700	205,054	204,329	227,804
Restricted	7,106	7,106	7,106	7,106	7,105	-	-	102	473	2,309
Unrestricted	<u>129,859</u>	<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>
<b>Total business-type activities net position</b>	<u>373,178</u>	<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>
<b>Primary government</b>										
Net investment in capital assets	690,793	690,844	681,298	665,786	656,789	634,160	621,876	605,321	622,689	648,408
Restricted	11,140	109,258	109,636	83,355	84,406	78,936	76,780	59,876	22,595	21,615
Unrestricted	<u>8,086</u>	<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>
<b>Total primary government net position</b>	<u>\$ 810,119</u>	<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>

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>2022</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>
<b>Expenses</b>										
Governmental activities	\$ 149,216	\$ 158,253	\$ 148,851	\$ 139,209	\$ 137,621	\$ 125,764	\$ 115,864	\$ 121,619	\$ 107,636	\$ 104,526
Business-type	<u>60,936</u>	<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>
Total primary government expenses	<u>210,152</u>	<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>
<b>Program Revenues</b>										
Governmental activities	63,301	80,305	59,477	55,279	64,445	54,702	69,483	47,765	44,265	34,627
Business-type	<u>71,662</u>	<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>
Total primary government program revenues	<u>134,963</u>	<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>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(85,915)	(77,948)	(89,374)	(83,930)	(73,176)	(71,062)	(46,381)	(73,854)	(63,371)	(69,899)
Business-type	<u>10,726</u>	<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>
Total primary government net expense	<u>(75,189)</u>	<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>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities	113,292	107,203	104,322	100,494	86,550	78,355	76,217	74,430	64,469	71,877
Business-type	<u>(5,377)</u>	<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>
Total primary government	<u>107,915</u>	<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>
<b>Changes in Net Position</b>										
Governmental activities	27,377	29,255	14,948	16,564	13,374	7,293	29,836	576	1,098	1,978
Business-type	<u>5,349</u>	<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>
Total primary government	<u>\$ 32,726</u>	<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>

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)

	<b>Fiscal Year</b>									
	<u>2022</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>
<b>Expenses</b>										
General Government	\$ 15,918	\$ 13,839	\$ 16,155	\$ 12,775	\$ 12,840	\$ 14,849	\$ 11,350	\$ 10,997	\$ 10,446	\$ 8,439
Public Safety	69,027	79,380	77,785	73,903	67,543	61,505	58,052	52,077	49,612	46,731
Public Works	27,413	30,503	20,158	22,404	28,104	22,247	19,989	21,159	21,135	23,099
Community Services	17,634	15,198	17,033	14,883	14,416	13,567	12,507	12,258	12,118	11,601
Housing	18,882	18,817	17,040	14,692	14,206	13,019	13,303	24,623	13,805	14,425
Interest on long-term debt	342	516	680	552	512	577	663	505	520	231
Total governmental activities expenses	<u>149,216</u>	<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>
<b>Program Revenues</b>										
Charges for services:										
General Government	4,375	5,780	6,432	4,949	3,859	4,442	4,893	4,382	3,476	3,026
Public Safety	7,845	6,836	6,397	5,514	5,792	4,978	4,334	3,715	3,503	3,673
Public Works	3,838	3,964	1,206	2,566	1,889	1,383	991	778	2,429	486
Community Services	7,986	5,633	5,679	7,993	7,229	6,607	6,340	6,333	6,426	6,226
Housing	16	12	4	10	21	22	34	426	928	929
Operating grants and contributions	26,874	25,494	20,466	18,870	17,282	15,828	18,785	16,520	13,831	14,339
Capital grants and contributions	12,367	32,586	19,293	15,377	28,373	21,442	34,106	15,611	13,672	5,948
Total governmental activities program revenues	<u>63,301</u>	<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>
<b>Net (Expense)/Revenue</b>	<u>(85,915)</u>	<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>
<b>General Revenues and Other Changes in Net Position</b>										
Taxes										
Property taxes	56,498	50,141	50,543	47,971	47,387	41,210	37,869	35,283	32,855	31,805
Sales taxes	50,561	46,319	38,932	39,272	27,234	24,855	26,632	23,627	22,215	17,596
Franchise taxes	5,303	5,160	4,898	4,536	4,262	4,366	4,045	3,925	3,578	3,471
Transient lodging tax	2,163	1,446	1,685	2,015	1,835	1,678	1,688	1,398	1,194	1,067
Business license tax	407	355	279	287	287	291	300	339	325	315
Excise tax	2,890	2,676	2,590	2,671	2,694	2,572	2,617	2,407	2,431	2,322
Gasoline tax	-	-	-	-	-	-	-	-	3,050	2,211
Vehicle license taxes	-	-	-	-	-	-	-	-	-	41
Investment income	(5,356)	221	5,756	3,801	1,244	887	967	875	668	728
Unrestricted capital contributions	-	-	-	-	-	-	-	-	898	1,165
Special Item - gain on dissolution of Redevelopment	-	-	-	-	-	-	1,582	3,815	(3,815)	4,482
Miscellaneous	943	503	613	534	878	433	858	2,938	1,145	6,642
Transfers	(117)	382	(974)	(593)	729	2,063	(341)	(177)	(75)	32
Total governmental activities	<u>113,292</u>	<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>
<b>Changes in Net Position</b>	<u>\$ 27,377</u>	<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>

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>2022</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>
<b>Expenses</b>										
Sewer	\$ 34,272	\$ 35,569	\$ 36,042	\$ 35,076	\$ 34,301	\$ 32,908	\$ 29,548	\$ 28,480	\$ 26,659	\$ 23,502
Water	22,763	23,301	22,524	23,425	21,789	18,021	18,318	17,747	20,063	21,731
Transit	3,901	3,455	3,708	3,832	4,126	3,666	3,553	3,548	3,471	4,058
Total business-type activities expenses	<u>60,936</u>	<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>
<b>Program Revenues</b>										
Charges for services:										
Sewer	35,145	34,571	33,951	34,146	33,655	33,807	33,680	33,071	32,222	29,017
Water	23,673	24,573	23,092	20,890	20,156	18,487	15,979	15,361	16,514	16,010
Transit	89	65	318	403	447	441	453	487	456	502
Operating grants and contributions	2,383	2,459	2,521	2,196	2,181	1,903	1,857	1,807	1,865	2,248
Capital grants and contributions	10,372	18,091	15,949	9,676	9,485	19,100	15,228	8,430	2,593	6,468
Total business-type activities program revenues	<u>71,662</u>	<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>
<b>Net (Expense)/Revenue</b>	<u>10,726</u>	<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>
<b>General Revenues and Other Changes in Net Position</b>										
Taxes										
Property taxes	83	90	111	98	99	98	96	101	92	91
Investment income	(6,936)	(580)	5,898	4,009	857	90	769	540	202	97
Unrestricted capital contributions	-	-	-	-	-	-	-	-	2,540	1,045
Miscellaneous	1,359	1,101	1,187	1,192	449	701	3,101	1,708	129	1,276
Transfers	117	(382)	974	592	(729)	(2,063)	341	177	75	(32)
Total business-type activities	<u>(5,377)</u>	<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>
<b>Changes in Net Position</b>	<u>\$ 5,349</u>	<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>

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Fiscal Year</u>		<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
					<u>2018</u>	<u>2017</u>				
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	1,920	611	552	10	964	1,928	2,862	3,185	185	234
Restricted	-	-	439	2,394	-	-	-	102	118	143
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	28,942	39,995	31,064	23,644	11,463	8,282	3,279	2,674	2,855	1,419
Unassigned	49,740	30,009	29,133	28,408	27,572	22,814	24,161	16,101	8,587	8,068
Total general fund	<u>\$ 80,602</u>	<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>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	97	194
Restricted	105,077	102,640	90,271	83,490	77,079	78,439	76,777	58,340	21,753	17,755
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	357	362	411	1,483	1,221	501	1,098	12,137	608	-
Unassigned	(1,919)	(568)	(767)	(546)	(411)	(302)	(271)	(175)	(250)	(1,309)
Total all other governmental funds	<u>\$ 103,515</u>	<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>

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>2022</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>
<b>Revenues</b>										
Taxes and fees	\$ 122,961	\$ 111,043	\$ 102,843	\$ 111,508	\$ 94,125	\$ 87,932	\$ 87,142	\$ 77,766	\$ 75,450	\$ 62,910
Licenses and permits	2,055	2,768	2,243	1,872	1,734	1,764	2,028	1,545	1,264	1,212
Investment income	(5,399)	139	5,756	3,870	1,322	954	975	1,701	1,157	1,108
Intergovernmental	26,308	28,637	24,858	21,963	38,827	26,258	27,985	20,178	21,144	19,752
Charges for services	16,861	14,174	12,767	14,453	13,047	12,119	11,179	10,088	11,356	8,834
Rents and royalties	402	532	441	460	444	390	540	-	-	-
Development fees	8,011	19,841	12,230	-	-	-	-	-	-	-
Fines, penalties and forfeitures	401	445	283	403	386	397	310	235	287	352
AB 1484 County distribution	-	-	-	-	-	-	-	-	-	4,482
Other	262	367	468	299	380	443	826	1,934	767	2,665
<b>Total revenues</b>	<u>171,862</u>	<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>
<b>Expenditures</b>										
General Government	16,982	16,663	13,748	12,681	11,054	13,513	11,129	9,509	9,093	7,580
Public Safety	78,065	73,068	70,039	66,614	62,189	57,272	53,059	50,112	46,950	44,868
Public Works	12,690	9,884	9,927	8,997	8,585	8,142	7,107	6,904	6,196	5,993
Community Services	17,639	14,192	14,552	14,231	13,614	13,121	11,782	11,387	11,474	11,066
Housing	19,204	17,897	16,607	14,740	13,905	13,247	13,168	13,207	13,258	14,520
Capital Outlay	12,785	16,143	19,745	13,893	30,560	21,996	16,113	10,236	11,002	9,712
Debt service										
Principal	985	5,200	1,157	969	888	911	2,217	961	1,737	3,443
Interest and fiscal charges	348	548	615	548	519	585	687	483	572	541
<b>Total expenditures</b>	<u>158,698</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>13,164</u>	<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>
<b>Other Financing Sources (uses)</b>										
Transfers in	15,471	19,472	17,571	12,863	12,471	9,056	10,458	4,645	4,186	5,819
Transfers out	(18,675)	(21,210)	(21,437)	(15,827)	(15,218)	(7,465)	(10,829)	(4,897)	(4,331)	(5,846)
Sale of capital assets	301	-	588	3	-	694	189	240	105	3
Issuance of debt and loans	807	38	-	1,800	23	-	-	6,000	161	6,994
<b>Total other financing sources (uses)</b>	<u>(2,096)</u>	<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>
Extraordinary gain/(loss)	-	-	-	-	-	-	-	3,815	(3,815)	-
<b>Net change in fund balances</b>	<u>\$ 11,068</u>	<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>
Debt services as a percentage of noncapital expenditures	0.9%	3.9%	1.3%	1.2%	1.2%	1.4%	2.8%	1.5%	2.4%	4.4%

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		
2022	\$ 15,255,879	\$ 715	\$ 462,155	\$ (981,481)	\$ 14,737,268	\$ -	\$ -	\$ -	\$ -	0.203%	
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%	

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>2022</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>
<b>City Direct Rates:</b>										
City Basic Rate	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%	0.27352%
Redevelopment agency	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Total City Direct Rate	0.20340%	0.20880%	0.20856%	0.20894%	0.20984%	0.21275%	0.21439%	0.21596%	0.22018%	0.51629%
<b>Overlapping Rates:</b>										
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%	0.00000%	0.08411%	0.09224%	0.05713%	0.04833%	0.05691%	0.05222%	0.05487%
Dixon Unified School Bonds	0.07744%	0.07207%	0.07270%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Fairfield/Suisun USD GOB 2002S	0.08358%	0.06974%	0.06266%	0.11377%	0.09583%	0.10295%	0.04185%	0.05176%	0.05018%	0.05547%
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	0.03313%	0.03164%	0.03204%	0.03889%	0.02442%	0.03504%	0.03492%	0.03672%	0.03955%	0.02060%
City of Vacaville	0.03042%	0.03046%	0.03049%	0.03064%	0.03067%	0.03074%	0.03080%	0.03080%	0.03086%	0.03085%
Vacaville Unified School Bonds	0.09986%	0.09768%	0.09989%	0.10319%	0.10097%	0.11261%	0.11411%	0.05921%	0.07033%	0.06550%
Refund of Excess Taxes FD 427	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	-0.00121%	0.00000%	0.00000%	0.00000%	0.00000%
	1.34443%	1.32158%	1.31778%	1.39060%	1.36413%	1.35726%	1.29001%	1.25540%	1.26314%	1.24729%

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	2022			2013		
	Taxable	Percentage of Total		Taxable	Percentage of Total	
	Assessed Value	Rank	Assessed Value	Assessed Value	Rank	Assessed Value
Genentech Inc.	\$ 702,367,529	1	4.77%	\$ 1,034,005,902	1	11.42%
NT Dunhill II LLC	117,275,708	2	0.80%	73,891,921	4	0.82%
CPG Finance II LLC	113,845,026	3	0.77%	97,720,710	3	1.08%
PW Fund A LP	108,475,679	4	0.74%			
MG North Pointe Apartments LLC	90,406,020	5	0.61%			
Ranger Northbay LLC	88,500,000	6	0.60%			
Alza Corporation	82,810,720	7	0.56%	114,585,633	2	1.27%
Sequoia Equities - River Oaks	60,949,644	8	0.41%	50,628,586	6	0.56%
State Compensation Insurance Fund	58,726,538	9	0.40%	47,434,093	7	0.52%
Camden Parc Residential LLC	58,010,141	10	0.39%			
RXD Nova Pharmaceuticals Inc				66,739,540	5	0.74%
Lucky FLA Nocal Investor LLC				44,477,309	8	0.49%
6801 Leisure Town Road				44,169,671	9	0.49%
Walmart Real Estate Bus Trust/Sams				40,476,424	10	0.45%
Quinn Crossing Apartments LLC						
Northbay Healthcare Group						

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**

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Amount</b>	<b>Percentage of Levy</b>	<b>Supplemental/Prior Years Collections</b>	<b>Amount</b>	<b>Percentage of Levy</b>
2022	\$ 17,875,852	\$ 17,875,852	100.00%	\$ 758,073	18,633,925	104.24%
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					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				Total Primary Government
2022					\$ 6,757,196	\$ 6,757,196	\$ 94,420,285	\$3,072,416		\$ 97,492,701	\$ 104,249,897	2.71%	1,030	\$ 211,926,040
2021					\$ 8,013,850	\$ 8,013,850	\$ 103,613,106	\$3,645,948		\$ 107,259,054	\$ 115,272,904	3.24%	1,176	\$ 4,095,547
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

Schedule 10

CITY OF VACAVILLE  
Direct and Overlapping Debt  
As of June 30, 2022

City Assessed Valuation \$ 14,737,267,949

	Percentage <u>Applicable</u>	<u>Outstanding Debt</u>	<u>Estimated Share of Overlapping Debt</u>
	(1)		
<b>Overlapping Tax and Assessment Debt:</b>			
Solano County Community College District	24.168%	\$ 351,971,139	\$ 85,064,385
Dixon Unified School District	0.425%	55,481,999	235,798
Fairfield-Suisun Joint Unified School District	0.038%	260,305,000	98,916
Vacaville Unified School District	90.854%	233,260,000	211,926,040
California Statewide Community Development Authority Assessment District No. 21.02, Series 2021C	100.000%	2,751,000	2,751,000
City of Vacaville 1915 Act Bonds	100.000%	4,095,547	4,095,547
Total overlapping debt repaid with property taxes		<u>907,864,685</u>	<u>304,171,686</u>
<b>Direct and Overlapping General Fund Debt:</b>			
Solano County General Fund Obligations	23.495%	81,685,000	19,191,891
Solano County Pension Obligations Bonds	23.495%	13,360,000	3,138,932
Dixon Unified School District Certificates of Participation	0.425%	8,115,000	34,489
Fairfield-Suisun Joint Unified School District Certificates of Participation	0.038%	6,414,600	2,438
Travis Unified School District General Fund Obligations	56.363%	16,047,394	9,044,793
Vacaville Unified School District Certificates of Participation	90.854%	35,710,000	32,443,963
Total overlapping other debt	39.581%	<u>161,331,994</u>	<u>63,856,506</u>
<b>Overlapping Tax Increment Debt (Successor Agency):</b>			
City of Vacaville Tax Allocation Bonds	100.000%	27,135,000	27,135,000
City of Vacaville Multifamily Mortgage Revenue Bonds	100.000%	492,760	492,760
		<u>27,627,760</u>	<u>27,627,760</u>
Total Overlapping debt		<u>\$ 1,096,824,439</u>	395,655,952
City direct debt			<u>8,013,850</u>
Total direct and overlapping debt			<u>\$ 403,669,802</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)

	<b>Fiscal Year</b>									
	<u>2022</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>
Assessed value	\$ 14,737,268	\$ 14,059,351	\$ 13,399,025	\$ 12,693,643	\$ 12,055,391	\$ 11,440,455	\$ 10,720,761	\$ 10,316,692	\$ 9,530,947	
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,684,317	3,514,838	3,349,756	3,173,411	3,013,848	2,860,114	2,680,190	2,579,173	2,382,737	
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	552,647.55	527,225.66	502,463.44	476,012	452,077	429,017	402,029	386,876	357,411	
Total net debt applicable to limit:	-	-	-	-	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 552,648</u>	<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>	
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	
2022	\$ 23,756	\$ 20,447	\$ 3,309	\$ -	\$ -	-	\$ -	\$ 2,991	\$ 1,146	\$ -	
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	-	

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> <sup>(1)</sup>	<u>Personal Income</u> <u>(thousands of dollars)</u> <sup>(2)</sup>	<u>Per Capita</u> <u>Personal Income</u> <sup>(2)</sup>	<u>Unemployment</u> <u>Rate</u> <sup>(3)</sup>
2022	101,257	\$ 3,851,602	\$ 38,037	6.3%
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%

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**

<b>Employer</b>	<b>2022</b>			<b>2013</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>
Kaiser Permanente	1,282	1	3.05%	1,412	2	3.28%
Amazon Services, LLC	1,157	2	2.75%			
Genentech, Inc.	790	3	1.88%			
EPSI	650	4	1.54%			
Blue Mountain Construction Services, Inc.	610	5	1.45%			
Thistle Health Inc.	580	6	1.38%			
Simonton Windows	320	7	0.76%	164	10	4.87%
Mariani Packing Co., Inc.	315	8	0.75%			
Costco Wholesale	280	9	0.67%			
Alza Corporation	250	10	0.59%	412	7	0.96%
California State Department of Corrections				2,092	1	4.87%
Vacaville Unified School District				1,207	3	2.81%
City of Vacaville				771	4	1.79%
State Compensation Insurance, Inc.				671	5	1.56%
Northbay VacaValley Hospital				429	6	1.00%
Wal-Mart Stores, Inc.				300	8	0.70%
Costco				193	9	0.45%

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>2022</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>
General Government										
City Attorney	7	5	4	4	4	4	2	4	4	4
City Manager	22	23	10	9	9	9	10	7	6	6
Economic Development	2									
Finance	24	27	24	23	20	25	25	23	24	24
Human Resources	13	12	12	12	14	11	11	9	9	9
Information Technology	-	-	9	9	9	8	9	8	7	7
Community Development	13	15	15	16	16	17	18	13	13	13
Police Department	166	167	175	169	157	149	153	149	145	143
Fire Department	95	97	96	91	92	82	102	75	78	76
Community Services	19	18	17	16	16	16	17	15	15	15
Housing and Successor Agency	20	18	15	14	13	14	12	15	15	14
Utilities	65	68	68	67	68	68	67	59	63	68
Public Works	<u>104</u>	<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>
<b>Total</b>	<u>550</u>	<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>

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>2022</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>
<b>Fire</b>										
Emergency responses	13,026	11,891	11,231	10,921	10,915	10,520	9,471	9,242	8,780	7,642
Inspections	1,655	1,629	1,661	1,633	1,056	1,490	2,287	1,251	1,292	903
<b>Parks and Recreation</b>										
Number of recreation registrants	21,445	12,215	16,827	32,313	30,483	31,651	31,741	33,824	32,358	32,744
Number of facility rentals	1,448	189	768	1,368	749	573	502	561	582	557
<b>Police Department</b>										
Physical arrests	2,866	4,149	3,982	3,804	4,725	5,739	4,767	4,555	3,523	2,977
Parking citations issued	2,629	3,072	2,165	3,520	3,354	2,681	3,615	3,615	3,614	3,983
<b>Public Works</b>										
Street resurfacing (centerline miles)	20	25	12	36	30	1	-	34	-	-
Potholes repaired	4,256	2,549	792	481	1,664	1,937	1,035	952	453	586
<b>Transit</b>										
Total revenue route miles	373,113	267,603	366,776	480,454	566,729	576,898	569,949	568,463	569,139	584,797
Passengers	252,820	101,028	272,616	372,004	420,781	449,010	509,023	499,458	523,372	521,248
<b>Wastewater</b>										
Average daily sewage treatment (million gallons per day)	8	7	8	9	8	9	7	7	7	8
<b>Water</b>										
New Connections (meter sets)	292	476	427	272	196	339	376	273	170	145
Average daily consumption (thousands gallons per day)	14,536	15,225	14,122	13,513	13,177	11,497	10,694	12,879	13,353	14,498

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>2022</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>
<b>Wastewater</b>										
Sewers (miles)	259	256	253	249	249	249	249	245	244	244
Storm Drain (miles)	161	158	154	151	151	151	151	147	145	145
Treatment Plants	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Water Mains (miles)	308	304	300	295	295	295	295	291	290	289
Fire hydrants	57	3,721	3,664	3,586	3,586	3,586	3,580	3,509	3,490	3,478
Reservoirs	10	10	10	10	10	10	10	8	8	8
Wells	13	13	13	13	13	13	13	12	12	12

Source: Various City Departments