



City of Vacaville

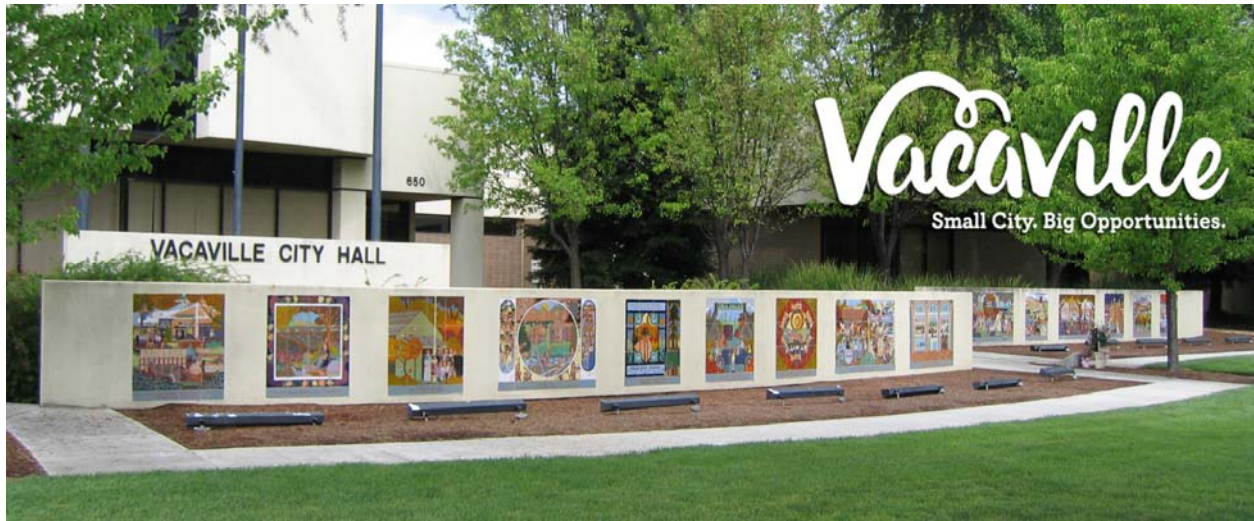
CALIFORNIA

Annual Comprehensive Financial Report



Fiscal Year Ended
June 30, 2023





City of Vacaville, California

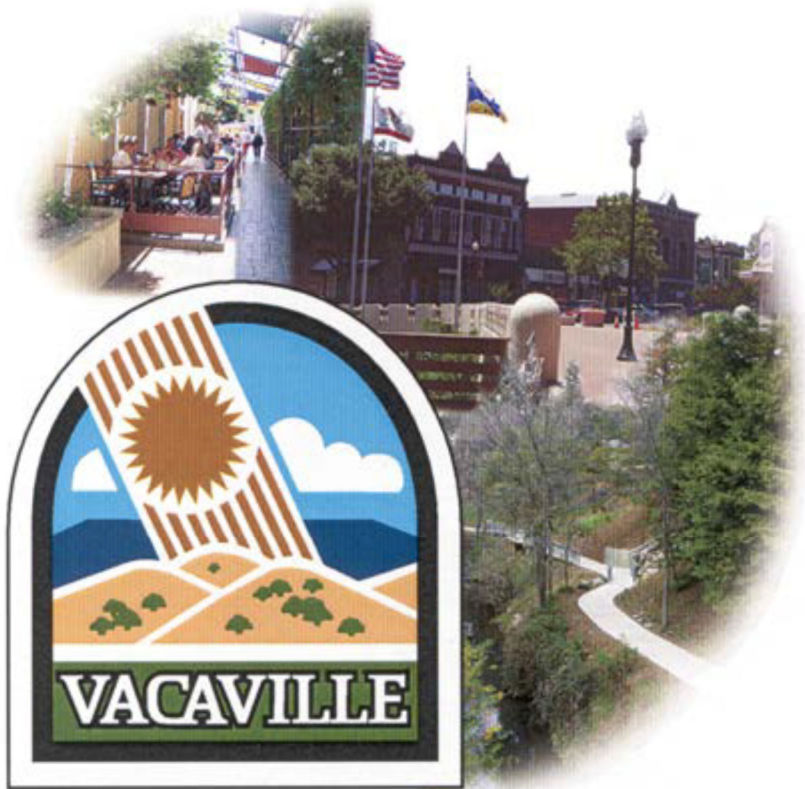
Annual Comprehensive Financial Report

For the Fiscal Year Ended

June 30, 2023

Prepared by:

Finance Department



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CITY OF VACAVILLE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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CITY OF VACAVILLE

FINANCE DEPARTMENT

650 Merchant Street • Vacaville, CA 95688 • CityofVacaville.gov • 707.449.5450

June 30, 2024

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, 2023.

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, 2023. 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, 2023 at 101,272.

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 105 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 approximately 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 over 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 4.8% in 2022 to 4.3% in 2023 as the City similar to the rest of the world continues to recover from the pandemic and experience historically low unemployment. Sales is the largest occupation in the City by job count while Kaiser Permanente, Amazon Services, and Genentech are three of the largest principal employers. Healthcare, 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 call our City home. With the recent acquisition of the Genentech facility by the Swiss firm, Lonza, biologics manufacturing will continue to be at the forefront of the City's economic development efforts. 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 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 cost pressures felt around the world, the long-range economic outlook for the City remains strong. The City has excess capacity for continued commercial and residential development. Vacaville is also within 60 miles of some of California's most prestigious educational institutions, including the University of California, Davis; University of California, Berkeley; California State University, Sacramento; and St. Mary's College. Additionally, the renowned Solano Community College Biotechnology Program is located at the Vacaville campus. 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. 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. As a result of our unique location, our community has become a melting pot of cultures, music, food and art.

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

Strategic Plan Goal #1 – Ensure Public Safety

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



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

Strategic Plan Goal #2 – Strengthen the Local Economy

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

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

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

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

- Initiative 3a – Promote Housing for All

Strategic Plan Goal #4 – Maintain Effective and Efficient Services

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

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

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

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

Long-term financial planning. To ensure the City can continue to provide the same high quality infrastructure enjoyed by existing residents, the City updates its Capital Improvement Program (CIP) annually, based upon the future capital and infrastructure needs as forecasted in the City’s long-range development impact fee (DIF) analysis, along with other capital and technology planning documents. The proposed CIP budget for the upcoming fiscal year is a little over \$56 million with planned improvements to the City’s community centers and facilities; repair and upgrade of the sewer facilities in the Downtown Specific Plan area; water plan expansion; design and construction of improvements the existing Vaca Valley Parkway/I-505 interchange and funding for the completion of the Measure M neighborhood district parks. 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 2022/2023 with a reserve level – excluding funds set aside for capital improvements – over 40%.

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 continue 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, 2022. This was the thirty-first (31st) 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 2022, the City was awarded its eighth 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 2023. Additionally, the City was a GFOA triple crown winner in 2022 for receiving awards for its ACFR, PAFR, and budget reports.

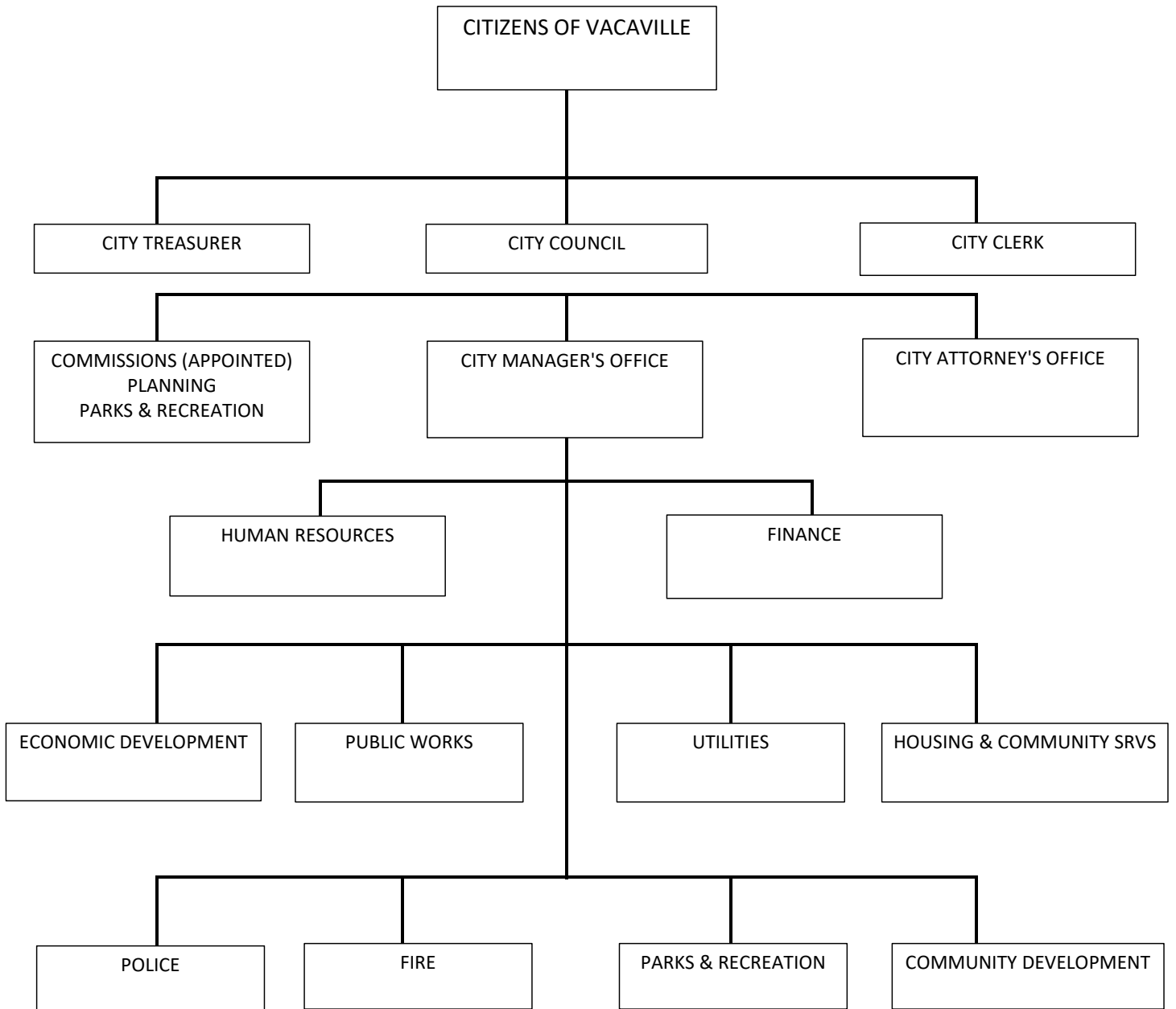
The preparation of this report would not have been possible without the highly professional and dedicated services of the entire Accounting staff in the Finance Department. The commitment and effort of each employee made this report possible. Credit must also be given to the Mayor, City Council, City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

Ken Matsumiya
Director of Finance

CITY OF VACAVILLE ORGANIZATIONAL CHART



City of Vacaville
List of Elected and Appointed Officials
June 30, 2023

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**

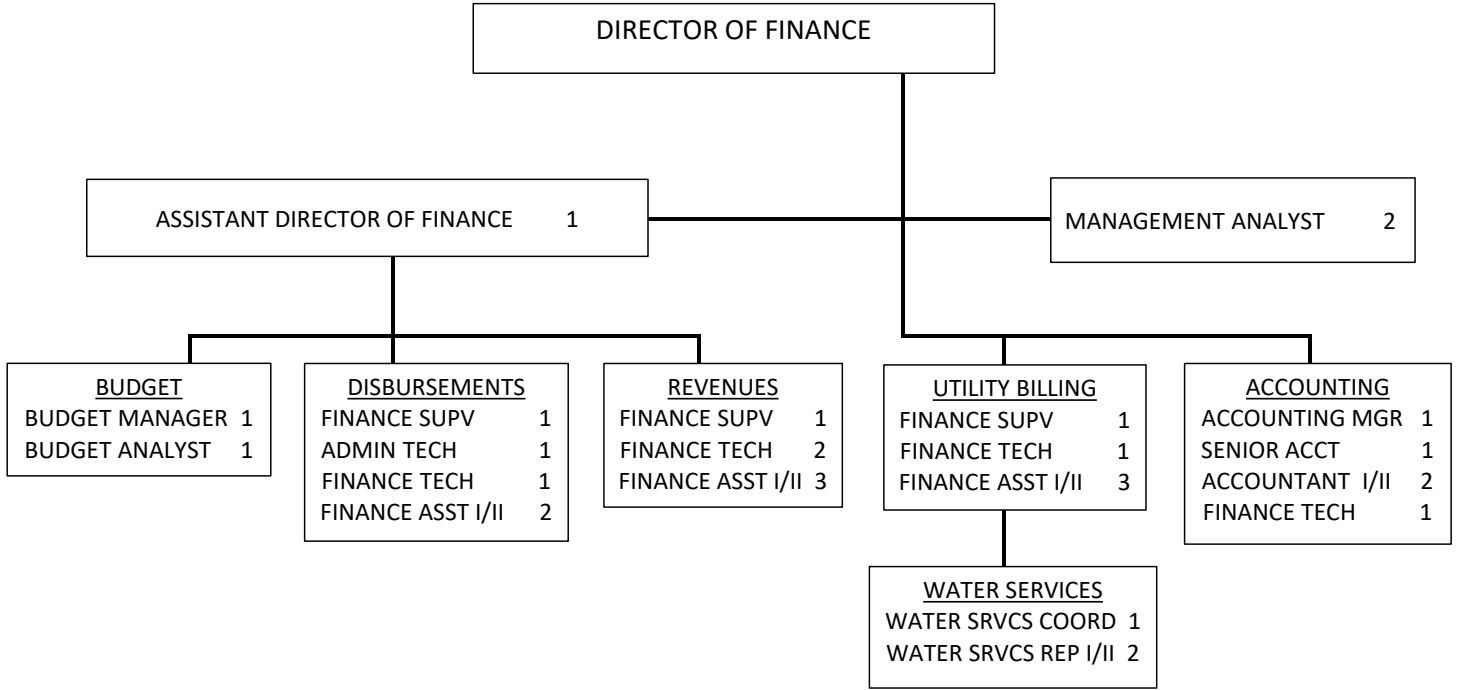
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCE DEPARTMENT



TOTAL FULLTIME POSITIONS 30



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of 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, 2023, 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, 2023, 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 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in the Notes to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.



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

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 financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and required pension and other postemployment benefits schedules, as listed on 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 accompanying combining and individual fund financial statements and schedules ("supplementary information") 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 basic 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 supplementary information is 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 and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 June 30, 2024, 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, Soll & Lughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
June 30, 2024



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CITY OF VACAVILLE
Management's Discussion and Analysis
For the year ended June 30, 2023

(Amounts expressed in thousands)

As management of the City of Vacaville (the City), we offer this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2023. 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, 2023 by \$867,593 (*net position*). Of this amount, \$25,220 (*unrestricted net position*) includes the City's net pension liability of \$277,092 and net OPEB liability of \$68,102. The largest portion of net position, \$716,188, is *net investment in capital assets* and cannot be used for future spending. The remaining net position is *restricted* for specified purposes.
- Total net position increased by \$57,474 from the previous year. Net position in the governmental activities increased by \$41,404 and net position in business-type activities also increased from the previous year by \$16,070. The primary reason for the increases was capital grant and contribution revenues from both completed residential subdivisions and development impact fees paid for several large nonresidential projects during the fiscal year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$203,778, an increase of \$19,661 in comparison with the prior year. Similar to previous fiscal years, 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. The increase in the Capital Projects Fund is due to a significant increase in development related fees paid. 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, 58% as Restricted, and 41% as Unrestricted (Committed, Assigned and Unassigned) fund balance.

Overview of the Financial Statements

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

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

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

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

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

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

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

The government-wide financial statements can be found on pages 22-23 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 eleven 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, Special Programs, and City Projects funds, all of which are considered to be major funds. Data for the other six 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 122-129 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 25-30 of this report.

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

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Proprietary funds provide the same type of information as the government-wide financial statements (*business-type activities*), only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Water, and Transit operations, all of which are considered to be major funds of the City. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* and can be found on pages 131-133 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 37-38 of this report. Individual fund data for the custodial funds is provided in the form of *combining statements* and can be found on pages 135-137.

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 40-103 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 274,183	\$ 253,238	\$ 197,127	\$ 190,793	\$ 471,310	\$ 444,031
Capital assets	482,880	460,650	333,955	333,706	816,835	794,356
Total assets	757,063	713,888	531,082	524,499	1,288,145	1,238,387
Deferred outflows of resources	88,930	38,904	16,955	8,614	105,885	47,518
Total assets and deferred outflows of resources	845,993	752,792	548,037	533,113	1,394,030	1,285,905
Total liabilities	352,782	250,875	155,036	146,104	507,818	396,979
Deferred inflows of resources	14,866	64,976	3,753	13,831	18,619	78,807
Total liabilities and deferred inflows of resources	367,648	315,851	158,789	159,935	526,437	475,786
Net position:						
Net investment in capital assets	469,699	453,131	246,489	236,213	716,188	689,344
Restricted	119,079	105,084	7,106	7,106	126,185	112,190
Unrestricted	(110,433)	(121,274)	135,653	129,859	25,220	8,585
Total Net Position	\$ 478,345	\$ 436,941	\$ 389,248	\$ 373,178	\$ 867,593	\$ 810,119

As noted earlier, the City's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$867,593 on June 30, 2023, an increase of \$57,474 from June 30, 2022. By far the largest portion of net position, 83%, 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 debt proceeds, and cash held in debt reserve accounts. The City uses these capital assets to provide municipal services to the community; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 14% of net position represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position, 3%, may be used to meet the City's ongoing obligations to its citizens and creditors. Unrestricted net position for the City improved during the fiscal year and has been positive since fiscal year 2021-2022. Since the implementation of GASB Statement No. 68 – reporting of the long-term obligation for pension benefits as a liability - in fiscal year 2015, unrestricted net position has primarily been negative.

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Total assets increased by \$49,758 primarily due to an increase in cash and investments as well as capital assets. Sales tax and property tax revenues continued to perform strongly during the fiscal year, the City received higher than normal development impact fee revenues related to several large nonresidential projects, and capital assets increased from developer contributed public infrastructure completed in several residential subdivisions.

The following is a condensed summary of activities of the City's governmental and business-type operations for the period ended June 30, 2023, with the prior fiscal year presented for comparative purposes. Also included are revenue and expense graphs to aid in understanding the results of the current year's activities.

CITY OF VACAVILLE'S CHANGES IN NET POSITION

(Expressed in Thousands of Dollars)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2023	2022	2023	2022	2023	2022
REVENUES:						
Program Revenues:						
Charges for services	\$ 27,503	\$ 24,059	\$ 59,714	\$ 58,907	\$ 87,217	\$ 82,966
Operating grants & contributions	37,210	26,874	3,329	2,383	40,539	29,257
Capital grants & contributions	47,972	12,367	20,541	10,372	68,513	22,739
General Revenues:						
Taxes:						
Property taxes	59,185	56,498	85	83	59,270	56,581
Sales taxes	51,958	50,561	-	-	51,958	50,561
Franchise taxes	5,551	5,303	-	-	5,551	5,303
Transient lodging tax	1,983	2,163	-	-	1,983	2,163
Business license tax	399	407	-	-	399	407
Excise tax	2,853	2,890	-	-	2,853	2,890
Interest and other	3,649	(4,441)	3,648	(5,577)	7,297	(10,018)
Total revenues	<u>238,263</u>	<u>176,681</u>	<u>87,317</u>	<u>66,168</u>	<u>325,580</u>	<u>242,849</u>
EXPENSES:						
Governmental activities:						
General government	24,630	15,918	-	-	24,630	15,918
Public safety	86,175	69,008	-	-	86,175	69,008
Public works	37,395	27,403	-	-	37,395	27,403
Community services	19,410	17,634	-	-	19,410	17,634
Housing	28,635	18,882	-	-	28,635	18,882
Interest on long-term debt	420	342	-	-	420	342
Business-type activities:						
Sewer	-	-	39,949	34,272	39,949	34,272
Water	-	-	27,722	22,763	27,722	22,763
Transit	-	-	3,770	3,901	3,770	3,901
Total expenses	<u>196,665</u>	<u>149,187</u>	<u>71,441</u>	<u>60,936</u>	<u>268,106</u>	<u>210,123</u>
Increase in net position before transfers	41,598	27,494	15,876	5,232	57,474	32,726
Transfers	(194)	(117)	194	117	-	-
Increase in net position	41,404	27,377	16,070	5,349	57,474	32,726
Prior Period Adjustment	-	-	-	-	-	-
Net position - July 1, 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>
Net position - June 30, 2023	<u>\$ 478,345</u>	<u>\$ 436,941</u>	<u>\$ 389,248</u>	<u>\$ 373,178</u>	<u>\$ 867,593</u>	<u>\$ 810,119</u>

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(Amounts expressed in thousands)

Governmental activities: Net position increased by \$41,404 during the fiscal year. Key elements of this year's activity in relation to the prior year are as follows:

Revenues:

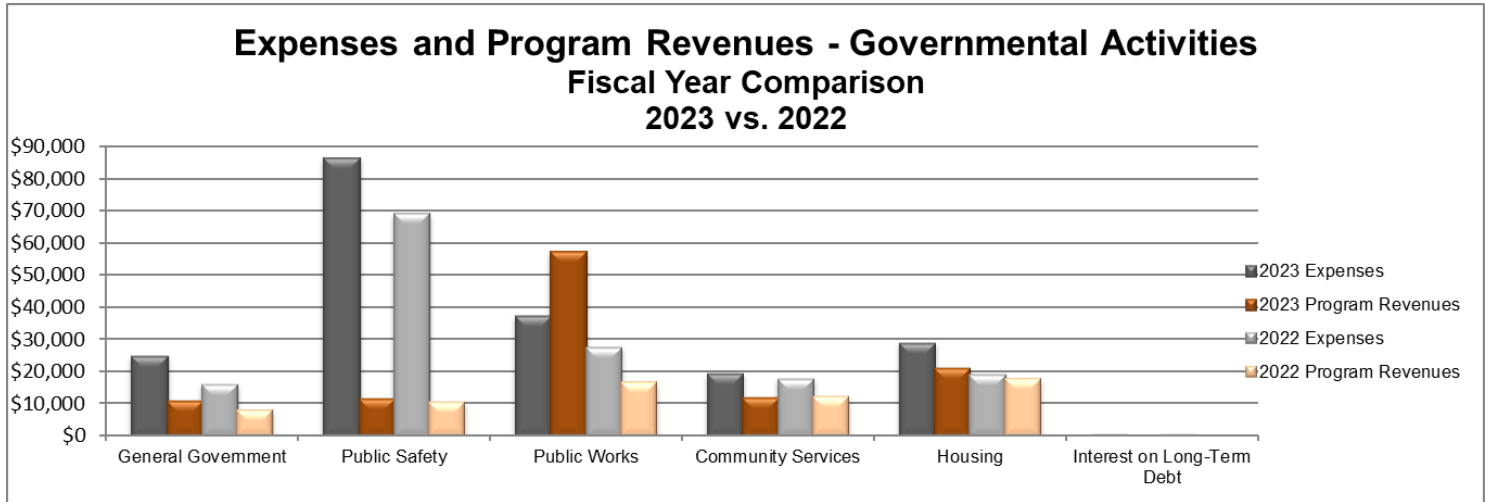
The increase in revenues, \$61,582 or 35%, compared with 2022 was primarily due to the following reasons.

- Grants and contributions, both capital and operating, increased substantially over the prior fiscal year. As previously mentioned, development activity picked up in the City during the fiscal year. Additionally, grant revenues have increased as the City has implemented more grant funded programs and initiatives as we have moved out of the pandemic.
- Although the year-over-year growth has not been as high as what the City experienced during the pandemic, sales tax revenue continued to grow by \$1,397 or slightly under 3%.
- Property tax revenue also increased by \$2,687 or 4.76% despite rising interest rates and its negative impact on borrowing/mortgages slowing real estate transactions and values.
- Conversely, one of the positive impacts of the Fed's interest rate hikes has been increased investment income on the City's investment portfolio.

Expenses:

While variances between years exist for the various functions, total expenses increased by \$47,478 or 32% from 2022. Some of the factors for the increase include:

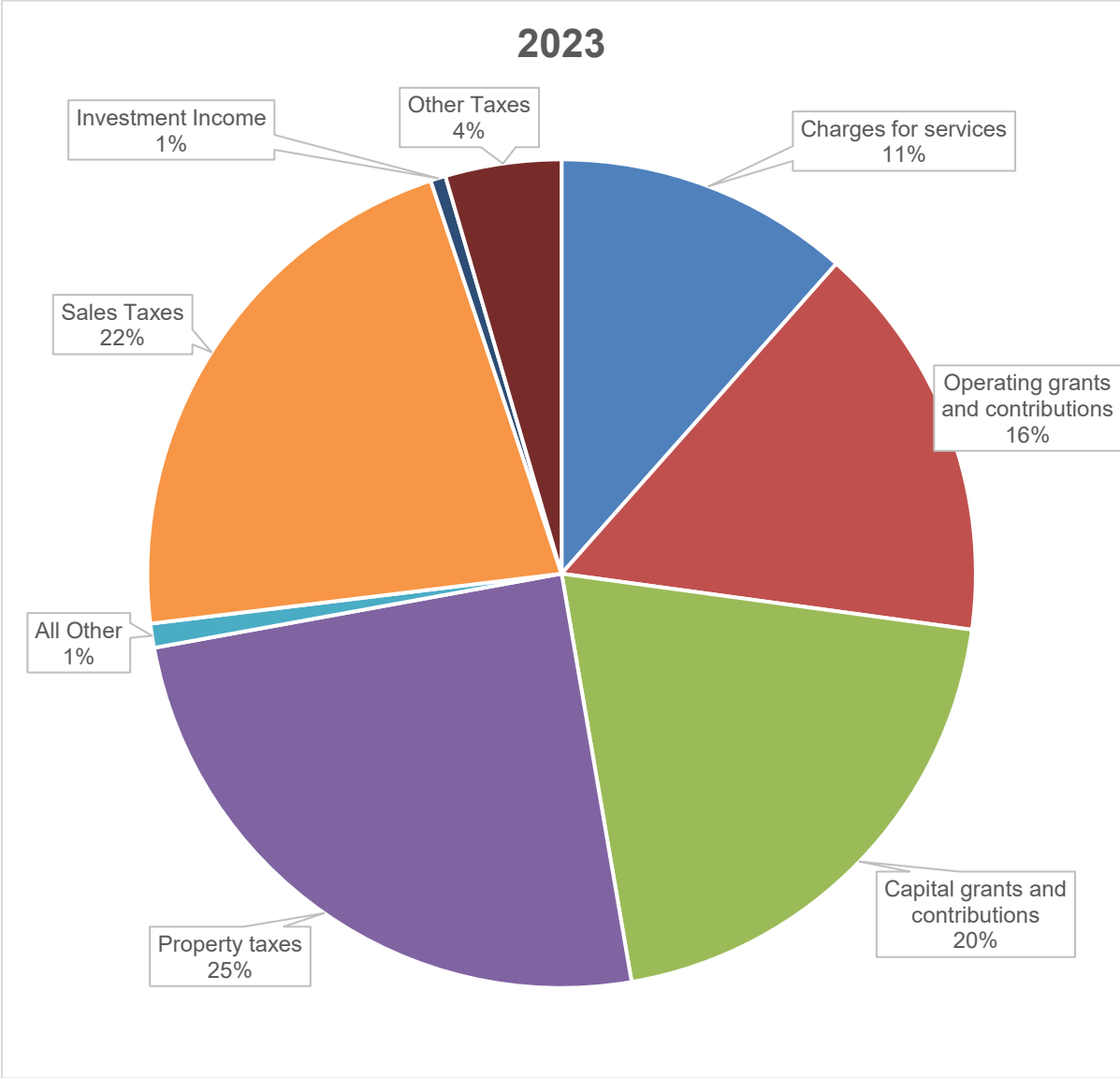
- Staffing: 25 positions were approved with the adoption of the fiscal year 2022-23 budget to address staffing level challenges that had existed since the Great Recession.
- Inflationary pressures caused an escalation in the expenses associated with procurement of supplies used in department operations and in construction-related costs.



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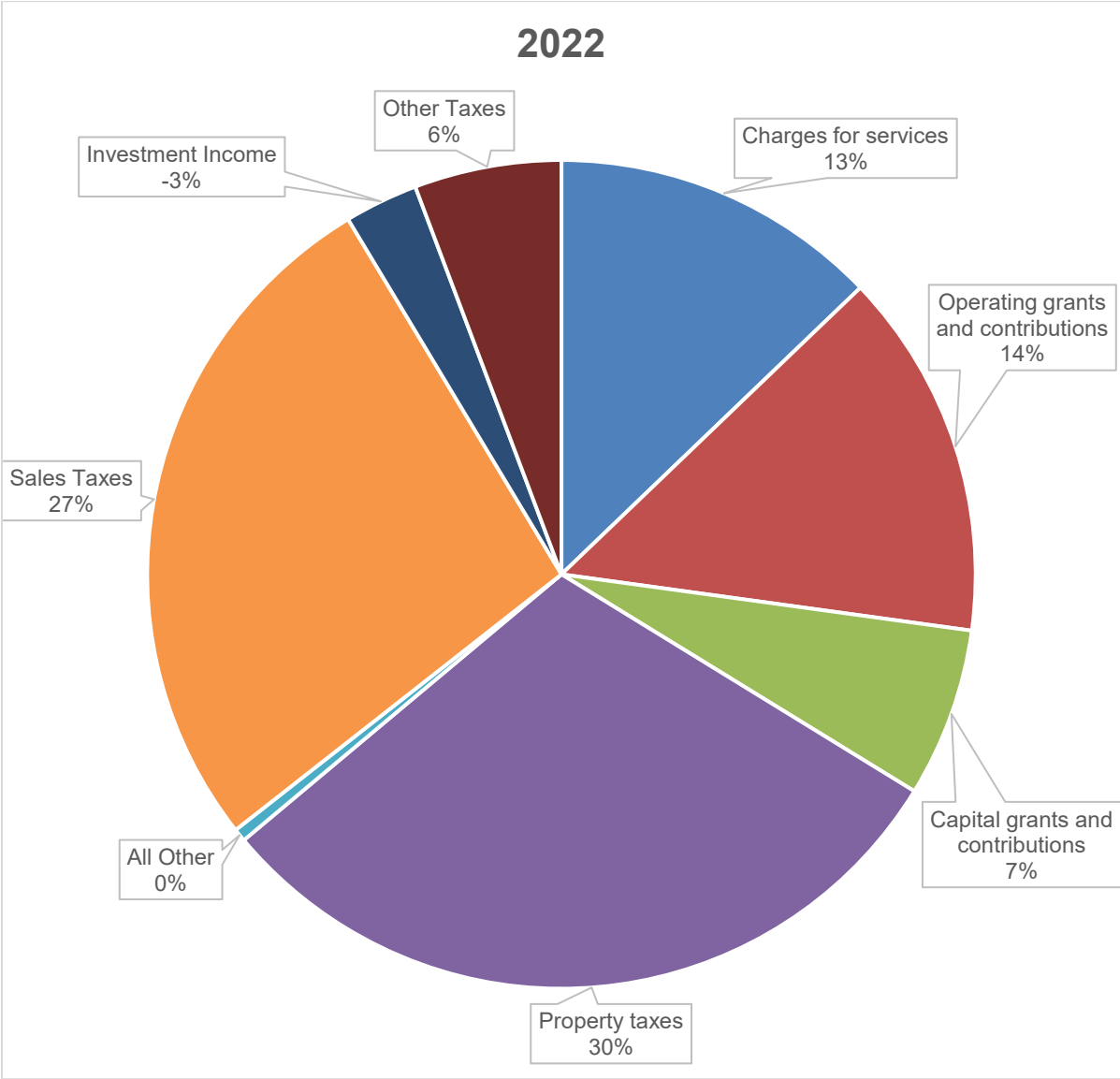
Revenues by Source – Governmental Activities – Fiscal Year Comparison



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(Amounts expressed in thousands)

Revenues by Source – Governmental Activities – Fiscal Year Comparison (Continued)



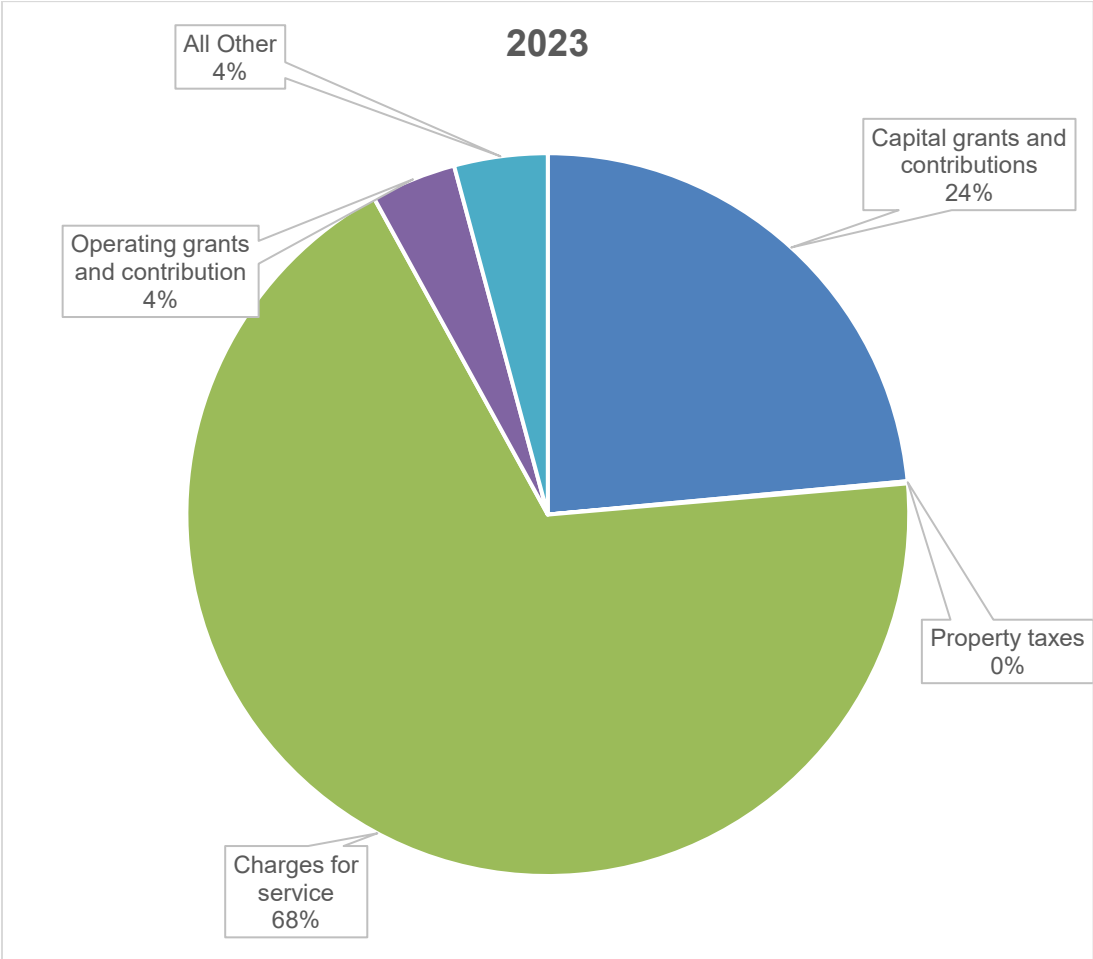
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(Amounts expressed in thousands)

Business-type activities. Business-type activities increased the City's net position by \$16,070; key elements of the 2023 increase in net position are as follows:

- Connection fees revenue increased due to development and building permits pulled.
- Increase in interest revenue due to rising interest rate environment.
- Increase in transit intergovernmental revenue from grant funds.

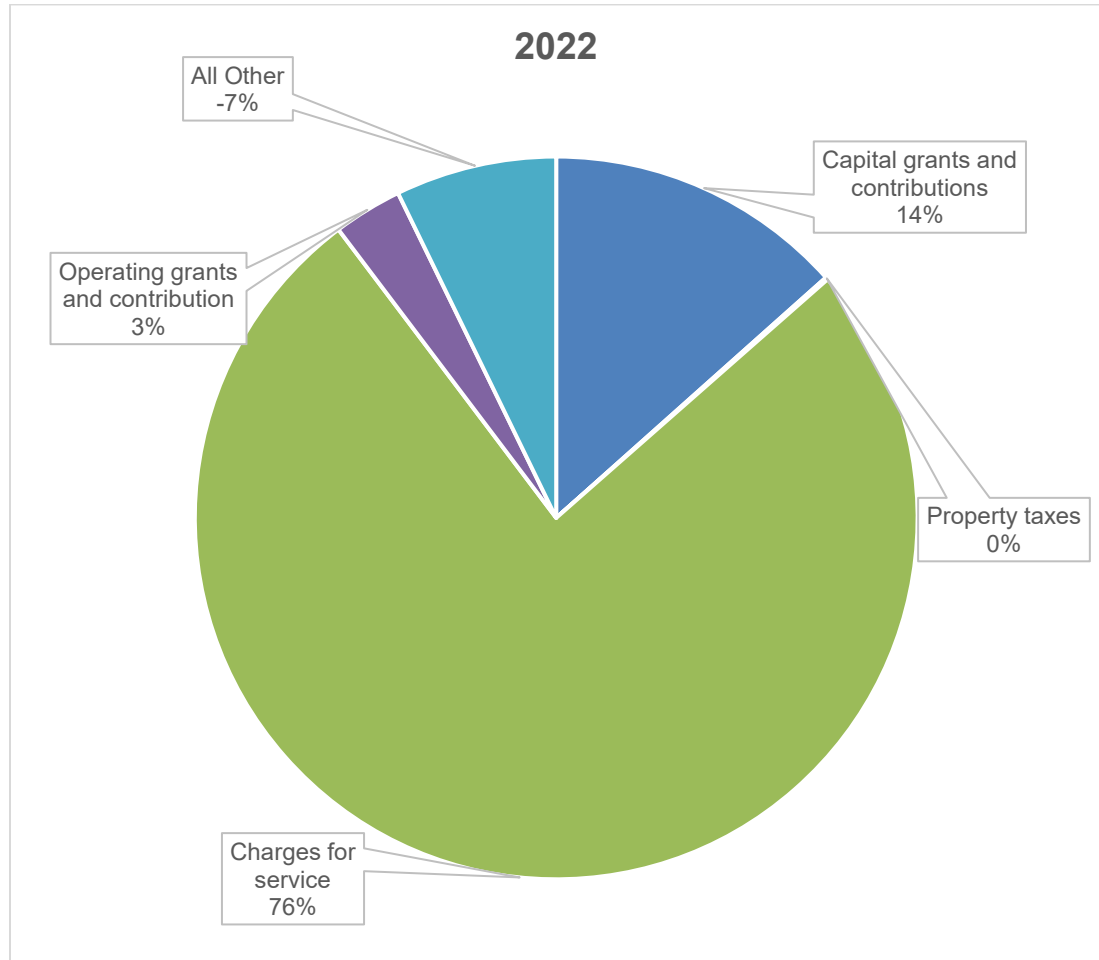
Revenues by Source-Business Type Activities - Fiscal Year Comparison



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(Amounts expressed in thousands)

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



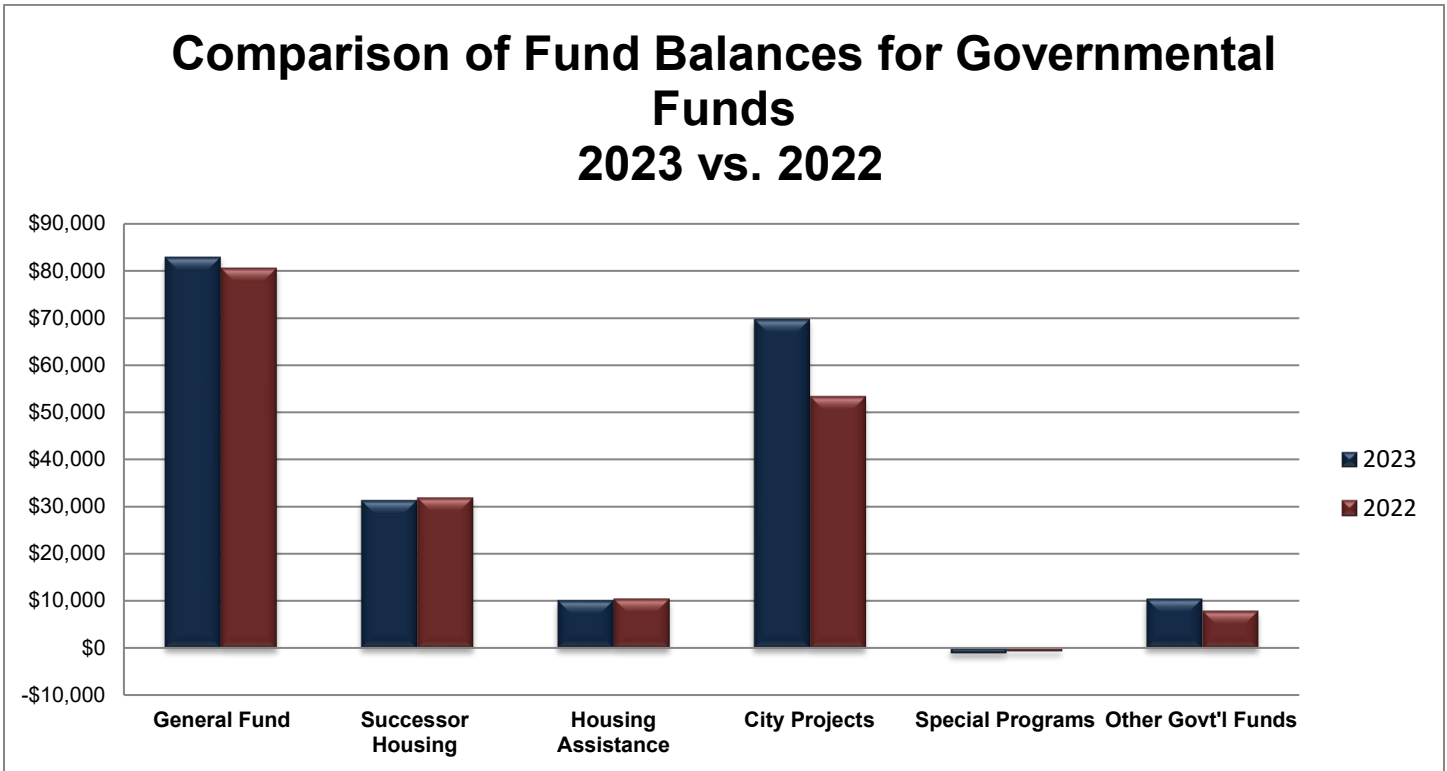
Financial Analysis of the City's Funds

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

The following chart compares the 2023 and 2022 fund balances for the City's General, Successor Housing, Housing Assistance, City Projects, Special Programs and Other Governmental Funds. As noted earlier, the City of Vacaville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$203,778 an increase of \$19,661 in comparison with the prior year. 59% 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.

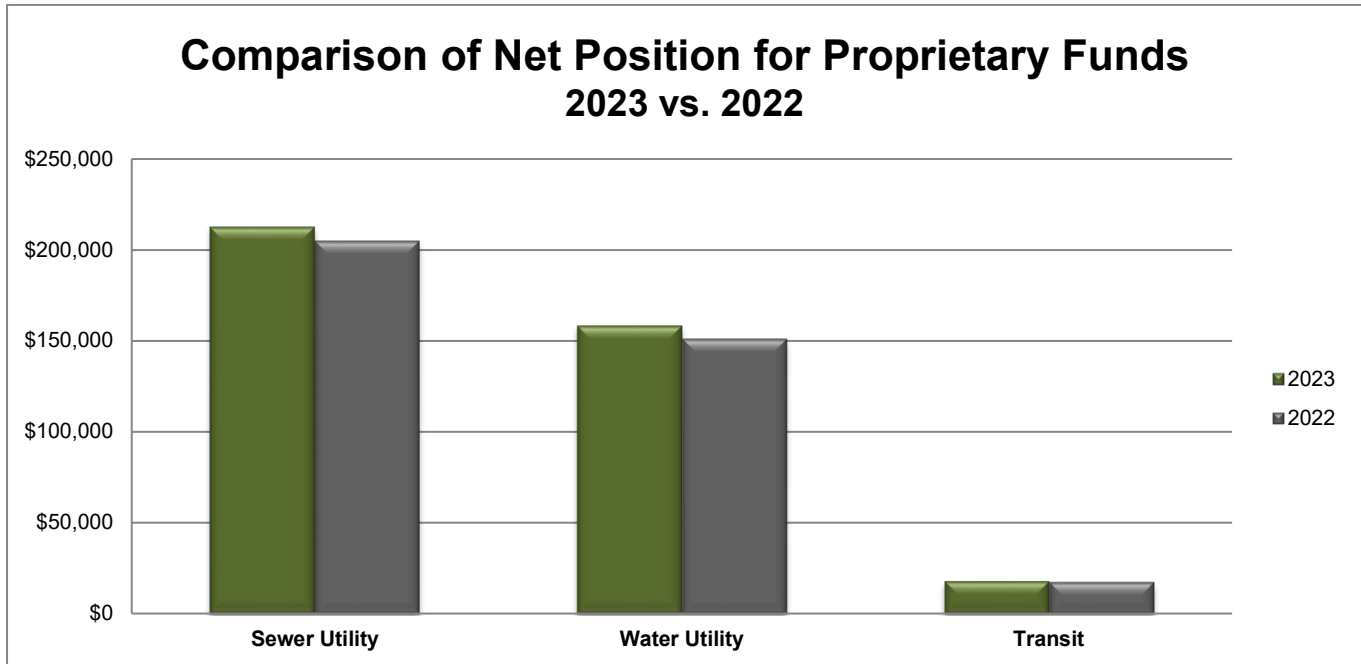
The General Fund is the primary operating fund of the City. At June 30, 2023, the Assigned and Unassigned fund balance of the General Fund was \$81,275 or 98% of the total General Fund fund balance. This amount can be viewed as the City's emergency operating reserve and is often measured as a percent of ongoing operating expenditures. At the end of fiscal year 2023, the City's emergency operating reserve was 65% of General Fund operating expenditures. The fund balance of the City's General Fund increased by \$2,358 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. Although the fund balance did increase during the year, increased expenditures due to the addition of a number of positions has reduced the gap between excess revenues over expenditures in the General Fund compared to previous fiscal years.

The City Projects fund has a total fund balance of \$69,752 and saw the largest increase of fund balance from 2022 amongst the governmental funds. As previously stated, the increase was mainly due to development fee revenue exceeding amounts received in typical fiscal years.

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 2023 and 2022 net position balances for the City's Sewer, Water and Transit Funds.

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Unrestricted net position at the end of the year amounted to \$49,036 for the Sewer Utility fund, \$85,966 for the Water Utility fund, and \$651 for the Transit fund. The increase in net position for sewer operations was \$7,950 and the increase in water operations was \$7,512; connection fee revenues were key factors in both funds seeing year-over-year growth in net position. The net position for the Transit fund also increased by \$608 mainly due to intergovernmental revenues received from Transportation Development Act and Federal Transit Administration funding. 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	\$ 125,721	\$ 126,071	\$ 131,064	\$ 4,993
Expenditures:				
General government	17,828	18,600	15,759	2,841
Public safety	84,546	86,317	85,398	919
Public works	10,301	10,700	10,095	605
Community services	13,344	13,500	12,792	708
Capital outlay	-	-	609	(609)
Debt service	213	213	1,085	(872)
Total expenditures	126,232	129,330	125,738	3,592
Revenue over (under)				
expenditures	(511)	(3,259)	5,326	8,585
Other financing sources (uses)	(1,479)	(24,967)	(2,968)	21,999
Net change in fund balance	<u>\$ (1,990)</u>	<u>\$ (28,226)</u>	2,358	<u>\$ 30,584</u>
Beginning fund balance			80,602	
Ending fund balance			<u>\$ 82,960</u>	

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Final budgeted expenditures exceeded original budgeted expenditures and finance uses by \$3,098 or 2.5%. The reasons for the increase are as follows:

- Additional funding for the Arlington and Centennial Ballfield Lighting Projects
- Trower Park Modified Master Plan and park amenity improvements
- Impacts of the new public safety labor contracts
- Public safety equipment purchases

Actual amounts differed from the Final budget as follows:

- Actual revenues were about 4% more than the budget. This was primarily due to higher than anticipated property tax and sales tax revenues despite the impacts of inflation.
- Actual expenditures were \$3,592, or 2.8% below budget for the year. The City was able to realize cost savings throughout the year due to unfilled positions and due to continued supply chain issues, several budgeted initiatives were not completed during the fiscal year.
- The net effect of all the above was a favorable variance from the amounts budgeted of \$30,584.

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, 2023, amounted to \$816,835 (net of accumulated depreciation). This investment includes land, buildings and improvements, park facilities, equipment, vehicles, roads and bridges. The total increase in the City's net investment in capital assets for the current fiscal year was \$22,479 (increase of \$22,230 for governmental activities, including internal service funds and an increase of \$249 for business-type activities).

CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 182,538	\$ 188,988	\$ 10,835	\$ 10,835	\$ 193,373	\$ 199,823
Right-to-use leased land	749	749	-	-	749	749
Land improvements	23,505	20,887	-	-	23,505	20,887
Buildings and improvements	31,289	32,958	211,291	220,008	242,580	252,966
Equipment	2,078	2,203	1,744	1,207	3,822	3,410
Right-to-use leased equipment	393	88	-	-	393	88
Vehicles	12,445	11,183	20	7	12,465	11,190
Infrastructure	191,831	182,056	93,439	86,659	285,270	268,715
Software, Right-to-use Software	7,473	143	20	-	7,493	143
Construction in progress	30,579	21,395	16,606	14,990	47,185	36,385
Total	\$ 482,880	\$ 460,650	\$ 333,955	\$ 333,706	\$ 816,835	\$ 794,356

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Major capital asset events during the current fiscal year included the implementation of GASB 96 – Subscription-Based Information Technology Arrangements (SBITA), completion of the 2021 Downtown Sewer Improvements, Callen Alley Sewer, North Orchard Utilities project, and continued efforts to address the replacement of the aging vehicle fleet. Additionally, the replacement of the City's public safety radios and completion of park improvements in each of the City's six districts remain capital priorities.

Additional information on the City's capital assets can be found in Note 5 on pages 61-63.

Long-term debt. At the end of the current fiscal year, the City had total long-term debt (excluding leases and SBITA) outstanding of \$92,884, 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	
	2023	2022	2023	2022	2023	2022
Financed obligations	\$ 5,439	\$ 6,757	\$ 2,461	\$ 3,072	\$ 7,900	\$ 9,829
Loans payable	-	-	84,984	94,420	84,984	94,420
Total	\$ 5,439	\$ 6,757	\$ 87,445	\$ 97,492	\$ 92,884	\$ 104,249

The City's total debt decreased by \$11,365 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 64-72 of this report.

Economic Factors and Next Year's Budget

It's been three years since the City prepared its first budget faced with the fiscal uncertainty of the COVID-19 pandemic. While there were economic swings along the way, the City was fortunate in having revenue streams recover and grow much faster than anticipated and being in the financial position to reinvest in increasing staffing and programs to address community needs and support the Council's priority initiatives. Although we've moved on from the uncertainty of the pandemic, the City now faces new challenges with rising inflation and interest rates, workforce competition, supply chain delays, and a slowing of the economy. These global factors impact us locally and our ability to deliver services. As demands on our resources continue to increase, we must thoughtfully and deliberately grow to meet them while remaining fiscally responsible. The proposed budget for the upcoming fiscal year does that and reflects prudent, fiscally sound investments to continue delivering all of our City's programs and services effectively, efficiently, and safely

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:

Revenues:

- Sales tax revenue slightly decrease in FY 2023/24 due to continued economic uncertainty; 3% growth in outside fiscal years.
- Property tax category increases by 4% next year but growth will slow – less than 3% - in FY 2024/25 due to declining real estate values from the rapid rise in borrowing costs (interest rates).
- The City's hotel tax, Transient Occupancy Tax, projection has also been lowered based on current year revenue trends.
- Overall, General Fund revenue growth in FY 2023/24 expected to be below 2% and then increasing to a more moderate >3% growth in future fiscal years.

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(Amounts expressed in thousands)

Expenditures:

- 2% annual personnel cost growth assumption; 7.5% vacancy rate in FY 2023/24 due to highly competitive labor market.
- PERS pension investment earnings assumed at -7.4% (FY 2021/22) and 3.3% (FY 2022/23) resulting in higher contribution amounts in future years.
- Full funding of annual OPEB Actuarially Determined Contribution (ADC).
- 4.9% services & supplies budget increase for FY 2023/24 due to inflation and rising costs.
- Assumption City will continue contributing additional discretionary payments (ADP) annually towards CalPERS pension liability to save on long-term interest costs and accelerate reduction of unfunded liability
- General Fund funding for capital improvement projects and ADPs to be paid from reserve.

The City Operating Budget for the coming year is \$276 million of which \$150 million is the General Fund portion. The proposed Operating Budget is a 7% increase from the FY 2022/23 adopted budget and incorporates the costs of the City's recently negotiated labor agreements, unavoidable costs due to inflation and other external factors, and budget augmentations to maintain service levels and address Council priorities. The proposed General Fund budget spending can be accomplished while keeping the General Fund Reserve well above the Council's financial policy level. The increase over the prior year budget (7%) is less than what has been seen in prior years as the City took a cautious approach towards recommended budget augmentations for the upcoming year due to the continued uncertainty with the national economy. Overall, increases to the FY 2023/24 proposed operating budget compared to the FY 2022/23 adopted budget can be primarily attributed to several factors including: the addition of 20 full-time positions during the current fiscal year, recently approved labor agreements for several of the City's bargaining groups, and unavoidable cost increases in most services and supplies categories due to the impacts of inflation.

Proposed General Fund operating budget augmentations for the upcoming year total \$2.0 million and include four full-time positions in the General Fund. Included in these requested positions is an additional Streets Maintenance Supervisor to proactively manage and plan the related work for the streets maintenance section, an Engineering Technician to allow capacity for the Traffic Engineers in the division to focus on engineering tasks as opposed to technician-level work, a Human Resources Analyst to assist with the drastic increase in recruitments due to turnover and retirements, and an Assistant Finance Director to increase the Finance Department's capacity in tackling upcoming financing matters such as Enhanced Infrastructure Finance Districts and energy efficiency initiatives.

Based on revenue projections, the General Fund Reserve will remain above the reserve policy level at \$51 million or 39% of expenditures at the end of FY 2023/24, a reserve equal to nearly five months of cashflow.

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.

A significant change in the upcoming year is related to the Field Utilities staff currently working in the Public Works Department as a result of updated regulations by the State Water Resources Control Board in December 2022. The updated regulations require sewer staff to report to the Legally Responsible Official (LRO) within the utility agency. To ensure compliance with this State order, the Field Utilities section operating at the City's Corporation Yard will fall under the Utilities Department. This organizational change will result in the transfer of 22 full-time staff from Public Works Maintenance to the Utilities Department.

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 in recent years resulted in the elimination of this fund balance deficit at the end of FY 2019/20. The last of the scheduled rate increases went into effect in January 2020. With the cost of raw water purchases, power, and other operating expenses 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, a water service rate study has been commissioned 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 30,000 water meters projected to reach the end of their service life in the next seven to ten years will also be factored into the rate study.

CITY OF VACAVILLE
Management's Discussion and Analysis
For the year ended June 30, 2023

(Amounts expressed in thousands)

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 all recognized obligations of the former Redevelopment Agency.

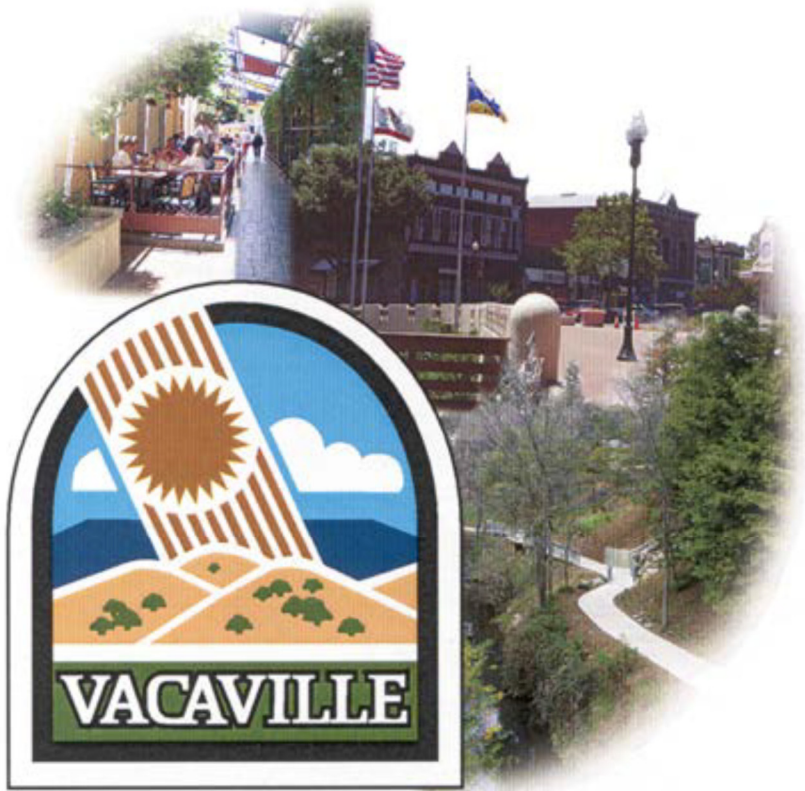
The Department of Housing & Community Services will continue to provide programs and activities to address state and federally funded housing services including providing Housing Choice Voucher rental subsidy on behalf of approximately 1,000 very-low income Vacaville households and 370 very-low income households under the Solano County program each month. Developing affordable housing to meet the Regional Housing Needs Allocation in the General Plan Housing Element continues to be a priority. Among the special projects included in the upcoming fiscal year are planned improvements to the Mariposa Neighborhood Center to address accessibility, safety, and functionality for youth activities; continued work on developing the new park and community center on Brown Street; and support of non-profits through the ARPA grant program.

Capital Improvement Program:

The proposed CIP budget is \$57 million. This includes \$17 million in funding for nine new CIP projects and \$39.8 million in allocations to 42 existing projects. Highlighted projects include funding for Downtown Specific Plan Sewer Improvements, Measure M park projects, and improvements to the Mariposa Neighborhood Center.

Requests for Information

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



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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF VACAVILLE
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Assets:			
Cash and investments	\$ 192,726,357	\$ 148,755,773	\$ 341,482,130
Receivables, net of allowance for uncollectibles:			
Interest	955,078	761,941	1,717,019
Taxes	11,576,032	-	11,576,032
Accounts	18,582,886	14,939,134	33,522,020
Loans	43,831,697	-	43,831,697
Leases	2,436,738	1,379,138	3,815,876
Inventories	244,955	-	244,955
Prepaid items	495,741	63,662	559,403
Internal balances	(778,819)	778,819	-
Restricted cash and investments	3,331,820	7,105,613	10,437,433
Deposits	780,343	-	780,343
Investment in joint venture	-	23,343,011	23,343,011
Capital assets:			
Capital assets, non-depreciable	213,866,460	27,440,616	241,307,076
Capital assets, net of accumulated depreciation/amortization	269,014,048	306,514,566	575,528,614
Total Assets	757,063,336	531,082,273	1,288,145,609
Deferred Outflows of Resources:			
Deferred outflows related to pension	68,872,745	13,134,403	82,007,148
Deferred outflows related to OPEB	20,057,116	3,820,402	23,877,518
Total Deferred Outflow of Resources	88,929,861	16,954,805	105,884,666
Liabilities:			
Accounts payable and contract payable	7,284,603	3,568,457	10,853,060
Accrued payroll	5,509,721	828,372	6,338,093
Interest payable	135,835	905,284	1,041,119
Employee benefits payable	2,598,313	-	2,598,313
Deposits payable	8,951,230	27,040	8,978,270
Due to other governments	1,944	-	1,944
Unearned revenue	13,859,720	256,978	14,116,698
Remediation liability - due in more than a year	-	117,000	117,000
Net OPEB liability - due in more than a year	57,205,492	10,896,282	68,101,774
Net pension liability - due in more than a year	227,591,512	49,500,388	277,091,900
Compensated absences			
Due within one year	606,556	117,611	724,167
Due in more than one year	7,987,736	1,352,977	9,340,713
Claims payable			
Due within one year	2,684,000	-	2,684,000
Due in more than one year	5,184,000	-	5,184,000
Leases payable			
Due within one year	179,958	-	179,958
Due in more than one year	939,400	-	939,400
SBITA payable			
Due within one year	1,575,104	10,097	1,585,201
Due in more than one year	5,048,363	10,319	5,058,682
Long-term liabilities			
Due within one year	1,383,370	10,336,678	11,720,048
Due in more than one year	4,055,156	77,108,608	81,163,764
Total Liabilities	352,782,013	155,036,091	507,818,104
Deferred Inflows of Resources:			
Deferred inflows related to leases	2,381,035	1,331,992	3,713,027
Deferred inflows related to pension	1,758,915	378,172	2,137,087
Deferred inflows related to OPEB	10,725,888	2,043,033	12,768,921
Total Deferred Inflows of Resources	14,865,838	3,753,197	18,619,035
Net Position:			
Net investment in capital assets	469,699,157	246,489,480	716,188,637
Restricted for:			
Capital projects	66,759,861	-	66,759,861
Debt service	-	7,105,613	7,105,613
Highway and streets	7,918,862	-	7,918,862
Housing	41,613,858	-	41,613,858
Special programs	2,786,125	-	2,786,125
Total restricted	119,078,706	7,105,613	126,184,319
Unrestricted	(110,432,517)	135,652,697	25,220,180
Total Net Position	\$ 478,345,346	\$ 389,247,790	\$ 867,593,136

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	PROGRAM REVENUES					NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTALS	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS
Functions/Programs								
Primary Government:								
Governmental activities:								
General government	\$ 24,630,794	\$ 6,434,376	\$ 3,163,934	\$ 1,381,553	\$ 10,979,863	\$ (13,650,931)	\$ -	\$ (13,650,931)
Public safety	86,174,648	7,184,770	3,074,085	1,414,144	11,672,999	(74,501,649)	-	(74,501,649)
Public works	37,394,852	4,522,230	9,140,775	43,402,251	57,065,256	19,670,404	-	19,670,404
Community services	19,410,018	9,330,445	814,077	1,773,594	11,918,116	(7,491,902)	-	(7,491,902)
Housing	28,634,782	31,473	21,017,246	-	21,048,719	(7,586,063)	-	(7,586,063)
Interest on long-term debt	420,075	-	-	-	-	(420,075)	-	(420,075)
Total Governmental Activities	196,665,169	27,503,294	37,210,117	47,971,542	112,684,953	(83,980,216)	-	(83,980,216)
Business-type activities:								
Sewer	39,949,174	35,747,355	-	10,959,718	46,707,073	-	6,757,899	6,757,899
Water	27,721,991	23,776,981	61,583	8,664,212	32,502,776	-	4,780,785	4,780,785
Transit	3,770,182	189,565	3,267,370	916,989	4,373,924	-	603,742	603,742
Total Business-Type Activities	71,441,347	59,713,901	3,328,953	20,540,919	83,583,773	-	12,142,426	12,142,426
Total Primary Government	\$ 268,106,516	\$ 87,217,195	\$ 40,539,070	\$ 68,512,461	\$ 196,268,726	(83,980,216)	12,142,426	(71,837,790)
General Revenues:								
Taxes:								
Property taxes						59,185,307	85,158	59,270,465
Sales taxes						51,958,320	-	51,958,320
Franchise taxes						5,550,721	-	5,550,721
Transient lodging tax						1,983,467	-	1,983,467
Business license tax						398,889	-	398,889
Excise tax						2,853,394	-	2,853,394
Subtotal taxes						121,930,098	85,158	122,015,256
Investment income						1,409,869	1,322,838	2,732,707
Miscellaneous						2,238,655	2,325,490	4,564,145
Transfers						(193,915)	193,915	-
Total General Revenues and Transfers						125,384,707	3,927,401	129,312,108
Change in Net Position						41,404,491	16,069,827	57,474,318
Net Position at Beginning of Year						436,940,855	373,177,963	810,118,818
Net Position at End of Year						\$ 478,345,346	\$ 389,247,790	\$ 867,593,136

See accompanying Notes to Basic Financial Statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

GENERAL FUND

The General Fund is the primary operating fund of the City. It accounts for all financial resources except those 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

To account for those funds received from the Federal Government to provide rental assistance payments and 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, 2023**

	Special Revenue Funds			
	General	Successor Housing	Housing Assistance	Special Programs
Assets:				
Cash and investments	\$ 77,256,554	\$ 4,116,114	\$ 4,344,849	\$ 9,719,726
Receivables:				
Interest	824,733	-	-	-
Taxes	10,650,323	-	-	56,023
Accounts	3,771,653	140,497	200,458	2,328,929
Leases	2,436,738	-	-	-
Loans, net allowance	-	35,443,154	6,269,830	-
Restricted cash and investments held by fiscal agent	-	393,124	-	-
Due from other funds	836,378	-	-	-
Deposits	610,139	-	-	-
Advances to other funds	1,074,593	-	-	-
Total Assets	\$ 97,461,111	\$ 40,092,889	\$ 10,815,137	\$ 12,104,678
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts and contract payable	\$ 2,372,058	\$ 4,380	\$ 7,257	\$ 36,346
Accrued payroll	4,574,953	39,818	78,753	30,890
Due to other funds	-	-	-	-
Employee benefits payable	2,089,710	-	-	-
Deposits payable	1,258,341	38,217	458,190	178,447
Unearned revenue	1,602,644	-	50,427	10,998,373
Due to other governments	-	-	-	1,944
Advances from other funds	-	-	-	-
Total Liabilities	11,897,706	82,415	594,627	11,246,000
Deferred Inflows of Resources:				
Leases	2,381,035	-	-	-
Unavailable revenue - development impact fees	-	-	-	-
Unavailable revenue - grants and other	222,388	8,617,126	-	1,939,246
Total Deferred Inflows	2,603,423	8,617,126	-	1,939,246
Fund Balances (Deficits):				
Nonspendable	1,684,732	-	-	-
Restricted	-	31,393,348	10,220,510	-
Assigned	31,321,238	-	-	-
Unassigned	49,954,012	-	-	(1,080,568)
Total Fund Balances (Deficits)	82,959,982	31,393,348	10,220,510	(1,080,568)
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 97,461,111	\$ 40,092,889	\$ 10,815,137	\$ 12,104,678

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>Capital Projects Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>City Projects</u>		
Assets:			
Cash and investments	\$ 66,494,660	\$ 14,670,530	\$ 176,602,433
Receivables:			
Interest	130,345	-	955,078
Taxes	719,329	150,357	11,576,032
Accounts	9,423,644	2,684,920	18,550,101
Leases	-	-	2,436,738
Loans, net allowance	450,000	1,668,713	43,831,697
Restricted cash and investments held by fiscal agent	2,938,696	-	3,331,820
Due from other funds	-	-	836,378
Deposits	-	-	610,139
Advances to other funds	-	-	1,074,593
Total Assets	\$ 80,156,674	\$ 19,174,520	\$ 259,805,009
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts and contract payable	\$ 2,771,821	\$ 556,883	\$ 5,748,745
Accrued payroll	60,169	330,406	5,114,989
Due to other funds	-	257,674	257,674
Employee benefits payable	-	-	2,089,710
Deposits payable	2,292,862	4,719,990	8,946,047
Unearned revenue	423,763	784,513	13,859,720
Due to other governments	-	-	1,944
Advances from other funds	778,819	-	778,819
Total Liabilities	6,327,434	6,649,466	36,797,648
Deferred Inflows of Resources:			
Leases	-	-	2,381,035
Unavailable revenue - development impact fees	311,322	-	311,322
Unavailable revenue - grants and other	3,765,520	1,993,141	16,537,421
Total Deferred Inflows	4,076,842	1,993,141	19,229,778
Fund Balances (Deficits):			
Nonspendable	-	-	1,684,732
Restricted	66,231,095	11,233,753	119,078,706
Assigned	3,521,303	-	34,842,541
Unassigned	-	(701,840)	48,171,604
Total Fund Balances (Deficits)	69,752,398	10,531,913	203,777,583
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 80,156,674	\$ 19,174,520	\$ 259,805,009

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Fund balances of governmental funds		\$ 203,777,583
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		468,949,057
Long-term liabilities are not due and payable in the current period and, therefore are not reported in governmental fund activity:		
Financed debt obligations		(3,990,063)
Lease payable		(709,384)
SBITA payable		(5,028,925)
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		382,187
Compensated absences not included in the governmental fund activity.		(8,594,292)
Net pension liability not included in the governmental fund activity for the following plans:		
Miscellaneous plan	\$ (54,245,862)	
Safety plan	(137,758,557)	
Miscellaneous PARS plan	(22,754,745)	
Safety PARS plan	(1,832,265)	(216,591,429)
Net OPEB liability not included in the governmental fund activity.		(53,800,405)
Deferred outflows related to pension items are not included in the governmental fund activity:		
Miscellaneous plan	16,739,599	
Safety plan	45,301,574	
Miscellaneous PARS plan	3,691,040	
Safety PARS plan	221,775	65,953,988
Deferred inflows related to pension items are not included in the governmental fund activity		
Deferred inflows of resources - pension		
Miscellaneous plan	(162,211)	
Safety plan	(1,086,611)	
Miscellaneous PARS plan	(426,062)	
Safety PARS plan	-	(1,674,884)
Deferred outflows related to OPEB items are not included in the governmental fund activity.		18,863,239
Deferred inflows related to OPEB items are not included in the governmental fund activity.		(10,087,447)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(85,572)
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.		16,848,743
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.		4,132,950
Net Position of Governmental Activities		\$ 478,345,346

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, 2023

	Special Revenue Funds			
	General	Successor Housing	Housing Assistance	Special Programs
Revenues:				
Taxes and fees	\$ 114,241,272	\$ -	\$ -	\$ 226,073
Licenses and permits	369,288	-	-	-
Investment earnings	771,491	206,251	308,567	14,639
Intergovernmental	2,209,180	-	20,116,818	3,937,457
Charges for services	12,512,091	-	15,264	142,797
Rents and royalties	566,108	-	-	-
Fines, forfeitures, and penalties	327,008	-	-	756
Development fees	-	-	-	-
Other	67,504	156,587	68,105	-
Total Revenues	131,063,942	362,838	20,508,754	4,321,722
Expenditures:				
Current:				
General government	15,759,464	-	-	2,016,657
Public safety	85,398,108	-	-	1,373,764
Public works	10,094,999	-	-	180,017
Community services	12,791,578	-	-	111,065
Housing	-	1,055,350	20,882,690	61,169
Capital outlay	609,376	-	47,210	-
Debt service:				
Principal - leases	20,552	-	-	-
Principal - SBITA	756,558	-	40,199	-
Principal - financed	181,476	-	-	-
Interest and fiscal charges	126,000	-	129	-
Total Expenditures	125,738,111	1,055,350	20,970,228	3,742,672
Excess (Deficiency) or Revenues Over (Under) Expenditures	5,325,831	(692,512)	(461,474)	579,050
Other Financing Sources (Uses):				
Transfers in	7,205,565	-	459	5,000
Transfers out	(10,488,473)	(258,022)	-	(1,072,090)
Sale of capital assets	-	351,250	-	-
Subscription based information technology arrangements (SBITAs)	314,847	-	47,210	-
Total Other Financing Sources (Uses)	(2,968,061)	93,228	47,669	(1,067,090)
Net Change in Fund Balances	2,357,770	(599,284)	(413,805)	(488,040)
Fund Balances (Deficits), Beginning of Year	80,602,212	31,992,632	10,634,315	(592,528)
Fund Balances (Deficits), End of Year	<u>\$ 82,959,982</u>	<u>\$ 31,393,348</u>	<u>\$ 10,220,510</u>	<u>\$ (1,080,568)</u>

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, 2023

	Capital Projects Funds		
	City Projects	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes and fees	\$ 3,037,001	\$ 12,804,963	\$ 130,309,309
Licenses and permits	-	2,536,797	2,906,085
Investment earnings	(163,780)	208,354	1,345,522
Intergovernmental	11,532,533	1,313,984	39,109,972
Charges for services	-	6,526,835	19,196,987
Rents and royalties	-	16,209	582,317
Fines, forfeitures, and penalties	-	-	327,764
Development fees	18,146,416	-	18,146,416
Other	1,054,984	5,510	1,352,690
Total Revenues	33,607,154	23,412,652	213,277,062
Expenditures:			
Current:			
General government	-	5,009,587	22,785,708
Public safety	-	-	86,771,872
Public works	-	3,861,044	14,136,060
Community services	-	6,084,721	18,987,364
Housing	-	-	21,999,209
Capital outlay	23,601,554	-	24,258,140
Debt service:			
Principal - leases	-	-	20,552
Principal - SBITA	24,651	-	821,408
Principal - financed	167,402	611,378	960,256
Interest and fiscal charges	78,378	167,864	372,371
Total Expenditures	23,871,985	15,734,594	191,112,940
Excess (Deficiency) or Revenues Over (Under) Expenditures	9,735,169	7,678,058	22,164,122
Other Financing Sources (Uses):			
Transfers in	6,476,953	3,029,625	16,717,602
Transfers out	(64,703)	(8,180,131)	(20,063,419)
Sale of capital assets	-	-	351,250
Subscription based information technology arrangements (SBITAs)	128,948	-	491,005
Total Other Financing Sources (Uses)	6,541,198	(5,150,506)	(2,503,562)
Net Change in Fund Balances	16,276,367	2,527,552	19,660,560
Fund Balances (Deficits), Beginning of Year	53,476,031	8,004,361	184,117,023
Fund Balances (Deficits), End of Year	<u>\$ 69,752,398</u>	<u>\$ 10,531,913</u>	<u>\$ 203,777,583</u>

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, 2023**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 19,660,560

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	\$	24,258,140	
Uncapitalized outlay costs		(13,086,038)	
Departmental expenditures capitalized		7,024,703	
Depreciation/amortization		(14,063,596)	
Developer contributions		22,736,543	
Loss from disposal of capital assets and transfer of capital asset		<u>(7,873,848)</u>	18,995,904

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		20,552	
Principal repayments - leases		960,326	
Principal repayments - SBITAs		821,408	

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

(47,704)

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.

(830)

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.

(224,827)

Implementation of GASB 96 SBITAs.

(5,850,333)

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

Miscellaneous plan		(297,747)	
Safety plan		1,175,440	
Miscellaneous PARS plan		114,128	
Safety PARS plan		<u>67,885</u>	1,059,706

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

2,802,502

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.

1,639,145

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

1,568,082

Change in Net Position of Governmental Activities

\$ 41,404,491

PROPRIETARY FUND FINANCIAL STATEMENTS

SEWER UTILITY

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

WATER UTILITY

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

TRANSIT

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

CITY OF VACAVILLE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Utility	Water Utility	Transit	Totals	Activities- Internal Service Funds
Assets:					
Current:					
Cash and investments	\$ 73,426,151	\$ 75,303,259	\$ 26,363	\$ 148,755,773	\$ 16,123,924
Interest receivable	448,185	313,756	-	761,941	-
Accounts receivable	8,588,736	5,459,594	890,804	14,939,134	32,785
Leases receivable	-	1,379,138	-	1,379,138	-
Prepaid items	31,145	18,631	13,886	63,662	113,554
Restricted cash and investments	7,105,613	-	-	7,105,613	-
Inventories-supplies	-	-	-	-	244,955
Total Current Assets	89,599,830	82,474,378	931,053	173,005,261	16,515,218
Noncurrent assets:					
Deposits	-	-	-	-	170,204
Advances to other funds	359,606	519,213	-	878,819	-
Investment in joint venture	-	23,343,011	-	23,343,011	-
Capital assets - net of accumulated depreciation/amortization	241,391,508	74,930,764	17,632,910	333,955,182	13,931,451
Total Noncurrent Assets	241,751,114	98,792,988	17,632,910	358,177,012	14,101,655
Total Assets	331,350,944	181,267,366	18,563,963	531,182,273	30,616,873
Deferred Outflows of Resources:					
Deferred outflows related to pension	8,391,424	4,742,979	-	13,134,403	2,918,757
Deferred outflows related to OPEB	2,626,527	1,193,875	-	3,820,402	1,193,877
Total Deferred Outflows of Resources	11,017,951	5,936,854	-	16,954,805	4,112,634
Liabilities:					
Current:					
Accounts and contract payable	1,334,741	1,969,145	264,571	3,568,457	1,535,858
Accrued payroll	519,205	294,141	15,026	828,372	394,732
Advances from other funds	-	-	-	-	1,074,593
Interest payable	880,557	24,727	-	905,284	50,263
Due to other funds	-	-	-	-	578,704
Employee benefits payable	-	-	-	-	508,603
Deposits payable	2,916	24,124	-	27,040	5,183
Compensated absences - due within one year	74,518	43,093	-	117,611	-
Claims payable - due within one year	-	-	-	-	2,684,000
Lease payable - due within one year	-	-	-	-	119,321
SBITA payable - due within one year	7,068	3,029	-	10,097	662,751
Long-term debt - due within one year	9,685,693	650,985	-	10,336,678	368,571
Total Current Liabilities	12,504,698	3,009,244	279,597	15,793,539	7,982,579
Noncurrent:					
Advances from other funds	-	100,000	-	100,000	-
Unearned revenue	36,995	219,983	-	256,978	-
Compensated absences - due in more than a year	1,107,646	245,331	-	1,352,977	-
Remediation liability	117,000	-	-	117,000	-
Net OPEB liability	7,491,195	3,405,087	-	10,896,282	3,405,087
Net Pension liability	31,625,248	17,875,140	-	49,500,388	11,000,083
Claims payable - due in more than one year	-	-	-	-	5,184,000
Lease payable - due in more than one year	-	-	-	-	290,653
SBITA payable - due in more than one year	7,223	3,096	-	10,319	931,791
Long-term debt - due in more than one year	75,298,555	1,810,053	-	77,108,608	1,079,892
Total Noncurrent Liabilities	115,683,862	23,658,690	-	139,342,552	21,891,506
Total Liabilities	128,188,560	26,667,934	279,597	155,136,091	29,874,085
Deferred Inflows of Resources:					
Deferred inflows related to leases	-	1,331,992	-	1,331,992	-
Deferred inflows related to pension	241,609	136,563	-	378,172	84,031
Deferred inflows related to OPEB	1,404,585	638,448	-	2,043,033	638,441
Total Deferred Inflows of Resources	1,646,194	2,107,003	-	3,753,197	722,472
Net Position:					
Net investment in capital assets	156,392,969	72,463,601	17,632,910	246,489,480	10,478,472
Restricted for debt service/capital projects	7,105,613	-	-	7,105,613	-
Unrestricted	49,035,559	85,965,682	651,456	135,652,697	(6,345,522)
Total Net Position	\$ 212,534,141	\$ 158,429,283	\$ 18,284,366	\$ 389,247,790	\$ 4,132,950

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, 2023

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Utility	Water Utility	Transit	Totals	Activities- Internal Service Funds
Operating Revenues:					
Sewer charges	\$ 35,739,731	\$ -	\$ -	\$ 35,739,731	\$ -
Water sales	-	23,537,953	-	23,537,953	-
Transit fares	-	-	189,565	189,565	-
Internal service charges	-	-	-	-	16,780,583
Total Operating Revenues	35,739,731	23,537,953	189,565	59,467,249	16,780,583
Operating Expenses:					
Treatment plant and sources of supply	9,852,041	8,386,647	-	18,238,688	-
Transmission and distribution	-	3,065,404	-	3,065,404	-
Maintenance	10,148,207	3,505,886	-	13,654,093	-
Customer services and administration	9,258,802	8,501,755	-	17,760,557	-
Transportation	-	-	2,941,826	2,941,826	-
Internal service expenses	-	-	-	-	15,420,053
Depreciation/amortization	8,371,874	2,655,712	828,356	11,855,942	3,203,925
Total Operating Expenses	37,630,924	26,115,404	3,770,182	67,516,510	18,623,978
Operating Income (Loss)	(1,891,193)	(2,577,451)	(3,580,617)	(8,049,261)	(1,843,395)
Nonoperating Revenues (Expenses):					
Gain/(loss) from joint venture	-	340,813	-	340,813	-
Loss on disposal of capital assets	-	(1,865,699)	-	(1,865,699)	195,230
Interest revenue	937,471	380,828	4,539	1,322,838	172,545
Interest expense	(2,318,250)	(81,701)	-	(2,399,951)	(108,200)
Rents and royalties	-	239,027	-	239,027	-
Intergovernmental	-	61,583	3,267,370	3,328,953	-
Taxes and other	7,625	2,410,648	-	2,418,273	-
Total Nonoperating Revenues (Expenses)	(1,373,154)	1,485,499	3,271,909	3,384,254	259,575
Income (Loss) Before Transfers and Contributions	(3,264,347)	(1,091,952)	(308,708)	(4,665,007)	(1,583,820)
Transfers:					
Transfers in	298,955	-	-	298,955	3,156,633
Transfers out	(44,659)	(60,381)	-	(105,040)	(4,731)
Total Transfers	254,296	(60,381)	-	193,915	3,151,902
Capital Contributions:					
Connection fees	7,051,166	4,098,350	-	11,149,516	-
Intergovernmental	-	-	916,989	916,989	-
Developers	3,908,552	4,565,862	-	8,474,414	-
Total Capital Contributions	10,959,718	8,664,212	916,989	20,540,919	-
Changes in Net Position	7,949,667	7,511,879	608,281	16,069,827	1,568,082
Net Position:					
Net position, beginning of year	204,584,474	150,917,404	17,676,085	373,177,963	2,564,868
End of Fiscal Year	\$ 212,534,141	\$ 158,429,283	\$ 18,284,366	\$ 389,247,790	\$ 4,132,950

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Utility	Water Utility	Transit	Totals	Activities- Internal Service Funds
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 35,409,912	\$ 23,000,493	\$ (63,371)	\$ 58,347,034	\$ 16,875,559
Cash paid to suppliers for goods and services	(17,176,479)	(16,137,608)	(2,714,630)	(36,028,717)	(8,759,279)
Cash paid to employees for services	(11,655,373)	(7,029,905)	(293,781)	(18,979,059)	(2,729,379)
Claims paid	-	-	-	-	(798,754)
Net Cash Provided (Used) Operating Activities	6,578,060	(167,020)	(3,071,782)	3,339,258	4,588,147
Cash Flows from Non Capital					
Financing Activities:					
Repayment received from other funds	57,702	115,403	-	173,105	(327,567)
Advances from other funds	-	-	-	-	(109,907)
Repayment made to other funds	-	-	(173,764)	(173,764)	-
Cash transfers in	298,955	-	-	298,955	3,156,633
Cash transfers out	(44,659)	(60,381)	-	(105,040)	(4,731)
Taxes	7,625	2,410,648	-	2,418,273	-
Rents and royalties	-	239,027	-	239,027	-
Grants	-	61,583	3,267,370	3,328,953	-
Net Cash Provided by					
Noncapital Financing Activities	319,623	2,766,280	3,093,606	6,179,509	2,714,428
Cash Flows from Capital					
and Related Financing Activities:					
Capital contributions	3,908,552	4,565,862	916,989	9,391,403	-
Connection fees	7,051,166	4,098,350	-	11,149,516	-
Net proceeds from issuance of long-term debt	-	-	-	-	1,980,883
Proceeds from sale of capital assets	-	-	-	-	195,230
Acquisition and construction of capital assets	(7,264,446)	(5,758,850)	(916,989)	(13,940,285)	(6,438,578)
Future funding of OPEB trust	-	-	-	-	-
Principal paid on right to use leased assets	(7,380)	(3,163)	-	(10,543)	(7,783)
Principal paid on capital debt	(9,436,037)	(611,378)	-	(10,047,415)	(358,417)
Interest paid	(2,472,911)	(87,698)	-	(2,560,609)	(92,709)
Pollution remediation payments	(12,000)	-	-	(12,000)	-
Net Cash Provided (Used) by					
Capital and Related Financing Activities	(8,233,056)	2,203,123	-	(6,029,933)	(4,721,374)
Cash Flows from Investing Activities:					
Interest received (forfeited)	937,471	380,828	4,539	1,322,838	172,545
Net Cash Provided (Used) by Investing Activities	937,471	380,828	4,539	1,322,838	172,545
Net Increase (Decrease) in Cash and					
Cash Equivalents	(397,902)	5,183,211	26,363	4,811,672	2,753,746
Cash and Cash Equivalents at Beginning of Year	80,929,666	70,120,048	-	151,049,714	13,370,178
Cash and investments	73,426,151	75,303,259	26,363	148,755,773	16,123,924
Restricted cash and investments	7,105,613	-	-	7,105,613	-
Cash and Cash Equivalents at End of Year	\$ 80,531,764	\$ 75,303,259	\$ 26,363	\$ 155,861,386	\$ 16,123,924

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer Utility	Water Utility	Transit	Totals	
Reconciliation of Operating Income to Net Cash					
Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (1,891,193)	\$ (2,577,451)	\$ (3,580,617)	\$ (8,049,261)	\$ (1,843,395)
Adjustments to Reconcile Operating Income (Loss) to					
Net Cash Provided by Operating Activities:					
Depreciation/amortization	8,371,874	2,655,712	828,356	11,855,942	3,203,925
Gain (Loss) on disposal of assets	-	-	-	-	-
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	(118,260)	(417,642)	(252,936)	(788,838)	94,976
Decrease (increase) in interest receivable	(211,559)	(179,432)	-	(390,991)	-
Decrease (increase) in prepaid expenses	5,317	2,821	(8,977)	(839)	183,265
Decrease (increase) in inventories - supplies	-	-	-	-	71,273
Decrease (increase) in deposits	-	-	-	-	165,380
Decrease (increase) in deferred outflow of resources - pension	(3,944,520)	(2,229,511)	-	(6,174,031)	(1,372,008)
Decrease (increase) in deferred outflow of resources - OPEB	(1,489,528)	(677,059)	-	(2,166,587)	(677,059)
Increase (decrease) in accounts and contracts payable	723,922	695,910	(63,177)	1,356,655	1,171,710
Increase (decrease) in accrued payroll	53,209	10,924	5,569	69,702	66,737
Increase (decrease) in employee benefits payable	-	-	-	-	508,603
Increase (decrease) in compensated absences	145,434	(40,201)	-	105,233	-
Increase (decrease) in deposits payable	(181)	(6,119)	-	(6,300)	3,348
Increase (decrease) in unearned revenue	-	59,614	-	59,614	-
Increase (decrease) in due to other governments	(185,696)	(111,174)	-	(296,870)	-
Increase (decrease) in Net OPEB trust liability	2,157,558	980,708	-	3,138,266	980,709
Increase (decrease) in Net pension liability	9,395,335	5,310,407	-	14,705,742	3,267,943
Increase (decrease) in deferred inflow of resources - leases	-	(125,235)	-	(125,235)	-
Increase (decrease) in deferred inflow of resources - pension	(5,375,401)	(3,038,269)	-	(8,413,670)	(1,869,704)
Increase (decrease) in deferred inflow of resources - OPEB	(1,058,251)	(481,023)	-	(1,539,274)	(481,025)
Increase (decrease) in insurance liability	-	-	-	-	1,113,469
Total Adjustments	8,469,253	2,410,431	508,835	11,388,519	6,431,542
Net Cash Provided (Used) by Operating Activities	\$ 6,578,060	\$ (167,020)	\$ (3,071,782)	\$ 3,339,258	\$ 4,588,147
Non-Cash Investing, Capital, and Financing Activities:					
Gain (loss) on disposition of capital assets	\$ -	\$ (1,865,699)	\$ -	\$ (1,865,699)	\$ -
Gain (loss) on investment in joint venture	-	340,813	-	340,813	-
Issuance of new SBITA	21,671	9,288	-	30,959	-
Transfer/contribution of capital assets from governmental activities	-	-	916,989	916,989	-

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

PRIVATE PURPOSE TRUST FUND

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

CUSTODIAL FUNDS

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

CITY OF VACAVILLE
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Private Purpose	
	Trust Fund	
Assets:	Successor Agency	Custodial Funds
Current assets:		
Cash and investments	\$ 11,133,104	\$ 24,610,874
Receivables:		
Accounts	-	741,340
Interest	9,382	-
Loans	2,449,005	-
Prepaid expenses	83,310	-
Total current assets	<u>13,674,801</u>	<u>25,352,214</u>
Noncurrent assets:		
Restricted cash and investments	2,749,589	4,448,596
Capital assets, non-depreciable	788,124	-
Capital assets, net of accumulated depreciation	18,983,473	-
Total noncurrent assets	<u>22,521,186</u>	<u>4,448,596</u>
Total Assets	<u>36,195,987</u>	<u>29,800,810</u>
Deferred Outflows of Resources:		
Deferred charge on refunding	281,236	-
Total Deferred Outflows of Resources	<u>281,236</u>	<u>-</u>
Liabilities:		
Current liabilities:		
Accounts payable and contracts payable	405,857	\$ 1,696,294
Deposits payable	133,302	11,931,775
Unearned revenue	19,946	3,820,062
Interest payable	322,968	-
Long-term liabilities - due within one year	2,478,830	244,715
Total current liabilities	<u>3,360,903</u>	<u>17,692,846</u>
Long-Term liabilities - due in more than a year	23,360,986	3,614,979
Total Liabilities	<u>26,721,889</u>	<u>21,307,825</u>
Net Position:		
Restricted for governments, individuals or other organizations	<u>\$ 9,755,334</u>	<u>\$ 8,492,985</u>

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Private Purpose Trust Fund	
	Successor Agency	Custodial Funds
Additions:		
Investment income	\$ 234,872	\$ 578,714
Deposits Received	-	37,712,699
Redevelopment Agency (RDA) property tax trust fund distribution	2,120,962	-
Taxes & fees	-	419,154
Grants and contributions	-	4,827,488
Other	556,971	-
Total Additions:	2,912,805	43,538,055
Deductions:		
Administrative and general operations	-	391,664
Program expenses	215,000	3,563,434
DDA agreements	573,259	-
Payment to vendors, employees	-	38,031,295
Professional fees	35,307	-
Depreciation expense	805,030	-
Fiscal fines and other fees	17,946	9,939
Interest expense	902,209	127,284
Total Deductions	2,548,751	42,123,616
Changes in Net Position	364,054	1,414,439
Net Position - Beginning of the Year	9,391,280	7,078,546
Net Position - End of the Year	\$ 9,755,334	\$ 8,492,985

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, 2023

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, 2023

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, 2023

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 of 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, 2023

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.

Custodial Funds

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

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

Special Assessments Funds – to account amounts held for benefit district participants and reimbursements.

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

Bond Funds – to account for bond proceeds and repayment of debt service for conduit debt. 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, 2023

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/amortization 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 is 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, 2023

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, 2023 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, 2023 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 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, 2023

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/amortization 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
Leased equipment/SBITA	2-10 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, 2023

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, 2023

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, 2022
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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. Leases

The City determines if an arrangement is a lease at inception.

When the City is a lessor, lease receivables are recorded by the City as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City charges the lessee.

When the City is a lessee, leases are included in capital assets and lease liabilities in the statements of net position. Lease assets represent the City's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the City will exercise that option.

The City recognizes payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position. For individual contracts where information about the discount rate implicit in the lease are not included, the City has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

Q. Subscription-Based Information Technology Arrangements (SBITAs)

The City determines if an arrangement is a Subscription-Based Information Technology Arrangement (SBITA) at inception.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Right-to-use subscription assets are recognized at the commencement date and represent the City's right to use the underlying subscription IT asset for the subscription term. Right-to-use subscription assets are measured at the initial value of the subscription liability plus any payments made to the vendor at or before the commencement date of the subscription term and any capitalizable initial implementation costs necessary to place the subscription IT asset into service. Right-to-use subscription IT assets are amortized in a systematic and rational manner over the shorter of the subscription term or useful life of the underlying asset.

Subscription Liabilities represent the City's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is discounted based on an incremental borrowing rate determined by the City.

The City recognizes payments for short-term SBITAs with a subscription term of 12 months or less as expenses as incurred, and these arrangements are not included as subscription liabilities or right-to-use subscription assets on the statements of net position.

R. Implementation of New GASB Pronouncements

During the year ended June 30, 2023, the City adopted the following Governmental Accounting Standards Board (GASB) Statements:

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 applicable provisions were implemented July 1, 2022 and did not have a material impact on the financial statements. Additional descriptive information can be found in Note 19.

GASB 96 – Subscription-Based Information Technology Arrangements (SBITAs)– In May 2020, GASB issued 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 implementation of this standard establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The applicable provisions were implemented July 1, 2022 and information on the impact of these provisions can be found in Notes 5 and 20.

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.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 2 - CASH AND INVESTMENTS, continued

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

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

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 341,482,130
Cash and Investments held by bond trustee	10,437,433
Fiduciary Funds:	
Cash and Investments	35,743,978
Cash and Investments held by bond trustee	<u>7,198,185</u>
Total Cash and Investments	<u><u>\$ 394,861,726</u></u>

Cash and Investments as of June 30, 2023 consist of the following:

Cash on hand	\$ 35,485
Deposits with financial institutions	21,383,715
Investments	<u>373,442,526</u>
Total Cash and Investments	<u><u>\$ 394,861,726</u></u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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	\$ (3,356,316)
Interest income	<u>6,902,609</u>
Total investment income - Governmental and Proprietary Funds	<u>\$ 2,732,707</u>
Total investment income - Fiduciary Funds	<u>\$ 813,586</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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, 2023 by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
Local Agency Investment Fund	\$ 35,044,777	\$ 35,044,777	\$ -
U.S. Agency Securities	135,674,577	7,308,106	128,366,471
U.S. Government Securities	73,217,587	-	73,217,587
Municipal Bonds	36,110,739	2,750,020	33,360,719
Corporate Notes	53,115,954	26,293,340	26,822,614
Commercial Paper	18,016,958	18,016,958	-
Supranational	19,804,640	-	19,804,640
Money Market Mutual Funds	2,457,294	2,457,294	-
Total	<u>\$ 373,442,526</u>	<u>\$ 91,870,495</u>	<u>\$ 281,572,031</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, 2023 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, Treasuries, and Supranationals have a split rating. As of June 30, 2023 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, 2023

NOTE 2 - CASH AND INVESTMENTS, continued

Investment Type		Minimum Legal Rating	Minimum				Not Rated
			AAA	AA	A	A1/P1	
Local Agency Investment Fund	\$ 35,044,777	N/A	\$ -	\$ -	\$ -	\$ -	\$ 35,044,777
U.S. Agency Securities	135,674,577	N/A	131,169,277	-	-	-	4,505,300
U.S. Government Securities	73,217,587	N/A	73,217,587	-	-	-	-
Municipal Bonds	36,110,739	N/A	9,942,897	26,167,842	-	-	-
Corporate Notes	53,115,954	A	2,740,530	17,287,093	33,088,331	-	-
Commercial Paper	18,016,958	A1/P1	-	-	-	18,016,958	-
Supranational	19,804,640	AA	19,804,640	-	-	-	-
Money Market Mutual Funds	2,457,294	AAA	2,457,294	-	-	-	-
Total	<u>\$ 373,442,526</u>		<u>\$ 239,332,225</u>	<u>\$ 43,454,935</u>	<u>\$ 33,088,331</u>	<u>\$ 18,016,958</u>	<u>\$ 39,550,077</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, 2023, 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, 2023, the City had \$35,044,777 invested in LAIF, which has invested 2.78% 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, 2023 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 0.984828499.

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
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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, 2023:

<u>Investments by fair value level</u>	<u>6/30/2023</u>	Fair Value Measurement Using			<u>Total</u>
		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	\$ 135,674,577	\$ -	\$ 135,674,577	\$ -	\$ 135,674,577
U.S. Government Securities	73,217,587	-	73,217,587	-	73,217,587
Municipal Bonds	36,110,739	-	36,110,739	-	36,110,739
Corporate Notes	53,115,954	-	53,115,954	-	53,115,954
Commercial Paper	18,016,958	-	18,016,958	-	18,016,958
Supranational	19,804,640	-	19,804,640	-	19,804,640
Total	<u>\$ 335,940,455</u>	<u>\$ -</u>	<u>\$ 335,940,455</u>	<u>\$ -</u>	<u>335,940,455</u>
<u>Investments Exempt From Disclosure</u>					
Local Agency Investment Fund					35,044,777
Money Market					<u>2,457,294</u>
Investment portfolio total					<u>\$ 373,442,526</u>

The following is a description of the valuation methods and assumptions used by the City to estimate the fair value of its investments. When available, quoted prices were used to determine fair value. When quoted prices in active markets were not available, fair values were based on information received from the City’s custodians of investments. There have been no changes in the methods and assumptions used at June 30, 2023. 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, Supranational – Quoted prices for similar securities in active markets.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 3 – LOANS RECEIVABLE

At June 30, 2023, the City's outstanding loans receivables net of allowances were as follows:

- | | |
|--------------|---|
| \$ 5,629,692 | 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. |
| \$ 171,379 | 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 Cal Home 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, 2023

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.
- \$ 123,778 City loans recorded are for the First Time Homebuyer program (CALHOME). This is a Housing and Urban Development (HUD) program administered by the California Department of Housing and Community Development (HCD). Funds are to be used for purposes set forth in Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990. The Cranston-Gonzalez National Affordable Housing Act intends to expand the supply of decent, safe, sanitary affordable housing for very low and low income Americans. Households assisted must meet the income determination requirements. During Fiscal Year 19 three loans were issued ranging between \$50,000 and \$75,000. Funds in the amount of \$500,000 were made available in 2016.
- \$ 4,415,677 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 \$201,461.14.
- \$ 9,258,306 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. In Fiscal Year 2023, the Vaca Meadows and Vaca Depot-Lincoln Corners Loans were amended to add the accrued interest to the principal loan balance, with the loan payments deferred until maturity.
- \$ 22,673 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 \$41,474.91.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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 a 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.
\$ 5,820,091	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.
\$ 1,080,759	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. The loan is for pre-development, with drawdowns as needed by developer. In Fiscal Year 2023 the developer drawdowns were \$54,195.23 and \$39,041.97.
<u>\$ 993,750</u>	A loan receivable was recorded in the Successor Housing Special Revenue Fund and the 2001 Tax Allocation Bond Proceeds Fund (2001 TAB), a City Project Fund. The loan is for an Amended and Restated Disposition and Development Agreement (ARDDA) with Blackpine 700 Parc, LLC. 2001 TAB proceeds in the amount of \$450,000 and \$543,750 from the Successor Housing Special Revenue fund was loaned to Blackpine for this ARDDA. The term of the note is two years from the note commencement date of December 13, 2022, with an annual interest rate of 7.75% and interest payments due monthly during the note term. A principal payment of \$386,250 is due December 13, 2023.
<u>\$ 43,831,697</u>	Total City loans receivable For governmental activities, the City recorded an allowance for delinquent and forgivable loans of \$2,653,713.

At June 30, 2023, 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.
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CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 3 – LOANS RECEIVABLE, continued

\$ 84,265 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.

\$ 2,449,005 Total Private Purpose Trust Fund Successor Agency loans receivable
 For Successor Agency activities, the City recorded an allowance for delinquent and forgivable loans of \$163,342.41.

NOTE 4 – LEASES

A. Lease Receivable

The City, as a lessor, had entered into 20 lease agreements involving land and facilities. Out of these, 15 are qualified leases 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 15 qualified leases and description of the lease arrangements:

Governmental

Lease	Lease Receivable			
	Balance at 6/30/2022	Additions	Reductions	Balance at 6/30/2023
Land	\$ 181,676	\$ -	\$ (6,520)	\$ 175,156
Telecommunications	2,466,743	106,303	(311,464)	2,261,582
Total	\$ 2,648,419	\$ 106,303	\$ (317,984)	\$ 2,436,738

Business Type

Lease	Lease Receivable			
	Balance at 6/30/2022	Additions	Reductions	Balance at 6/30/2023
Telecommunications	\$ 1,457,226	\$ -	\$ (78,088)	\$ 1,379,138
Total	\$ 1,457,226	\$ -	\$ (78,088)	\$ 1,379,138

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, 2023

NOTE 4 – LEASES, continued

Telecommunication Leases – The City entered into 14 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 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, 2023, are as follows:

Governmental Activities

Fiscal Year	Lease Receivable		
	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 325,270	\$ 80,655	\$ 405,924
2025	301,400	69,568	370,967
2026	286,572	59,528	346,099
2027	172,118	48,710	220,828
2028	127,118	42,537	169,655
2029 - 2033	442,654	162,837	605,490
2034 - 2038	427,005	89,302	516,308
2039 - 2043	354,603	33,220	387,823
Total	\$ 2,436,738	\$ 586,356	\$ 3,023,094

Business-type Activities

Fiscal Year	Lease Receivable		
	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 103,393	\$ 46,819	\$ 150,212
2025	75,957	42,862	118,820
2026	43,667	40,022	83,689
2027	48,089	38,492	86,581
2028	52,769	36,806	89,574
2029 - 2033	344,040	152,569	496,609
2034 - 2038	386,123	83,290	469,413
2039 - 2043	325,100	30,456	355,556
Total	\$ 1,379,138	\$ 471,316	\$ 1,850,454

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 4 – LEASES, continued

B. Lease Payable

Lease agreements where the City is considered the lessee are summarized as follows:

Lease	Lease Payable			Balance at 6/30/2023	Due Within One Year
	Balance at 6/30/2022	Additions	Reductions		
Equipment	\$ 79,514	\$ 386,341	\$ (9,983)	\$ 455,872	\$ 131,419
Land	681,908	-	(18,422)	663,486	48,539
Total	\$ 761,422	\$ 386,341	\$ (28,405)	\$ 1,119,358	\$ 179,958

The City has entered into agreements to lease certain equipment and a land use site for telecommunications equipment. The lease agreements qualify as other than short-term leases under GASB 87. The City has fully adopted and implemented the GASB 87 standard in which the City recognizes lease liability and a right to use asset, which is included in the Note 5 Capital Assets schedules. As of June 30, 2023, the City had four active leases with a total combined lease liability of \$1,119,358 with payments ranging from \$2,000 to \$71,000 and interest rates that range from 0.20% to 4%.

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

Governmental Activities

Fiscal Year	Lease Payable		
	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 179,958	\$ 41,599	\$ 221,557
2025	193,198	31,326	224,524
2026	202,568	25,044	227,612
2027	105,624	19,209	124,833
2028	70,562	16,245	86,807
2029 - 2033	367,448	32,957	400,405
Total	\$ 1,119,358	\$ 166,380	\$ 1,285,738

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 5 - CAPITAL ASSETS

Government-Wide Financial Statements

A. Summary

The following is a summary of capital assets as of June 30, 2023:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Non-Depreciable/Amortizable Assets:			
Land	\$ 182,537,685	\$ 10,834,802	\$ 193,372,487
Construction in progress	30,579,509	16,605,814	47,185,323
Right-to-use leased land	749,266	-	749,266
Total	<u>213,866,460</u>	<u>27,440,616</u>	<u>241,307,076</u>
Depreciable/Amortizable Assets:			
Buildings & improvements	64,701,872	379,990,976	444,692,848
Land improvements	70,356,883	-	70,356,883
Equipment	7,767,816	11,675,625	19,443,441
Vehicles	33,272,794	91,835	33,364,629
Software	599,905	-	599,905
Infrastructure	418,078,248	140,647,682	558,725,930
Right-to-use leased equipment	500,727	-	500,727
Right-to-use subscription software	9,197,511	31,639	9,229,150
	604,475,756	532,437,757	1,136,913,513
Less accumulated depreciation/amortization	(333,540,278)	(225,913,963)	(559,454,241)
Right-to-use leased equipment	(107,847)	-	(107,847)
Right-to-use subscription software	(1,813,584)	(9,228)	(1,822,812)
Total depreciable/amortizable assets, net	<u>269,014,048</u>	<u>306,514,566</u>	<u>575,528,614</u>
Total capital assets, net	<u>\$ 482,880,508</u>	<u>\$ 333,955,182</u>	<u>\$ 816,835,690</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 5 – CAPITAL ASSETS, continued

B. Governmental Activities

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

	Balance July 1, 2022	Additions	Disposals	Transfers	Balance June 30, 2023
Non-Depreciable/Amortizable Assets:					
Land	\$ 188,987,707	\$ 208,500	\$ (6,658,522)	\$ -	\$ 182,537,685
Construction in progress	21,395,240	11,160,703	(1,212,994)	(763,440)	30,579,509
Right-to-use leased land	749,266	-	-	-	749,266
Total	<u>211,132,213</u>	<u>11,369,203</u>	<u>(7,871,516)</u>	<u>(763,440)</u>	<u>213,866,460</u>
Depreciable/Amortizable Assets:					
Buildings & improvements	64,669,557	32,315	-	-	64,701,872
Land improvements	66,350,183	3,701,709	-	304,991	70,356,883
Equipment	7,687,375	315,096	(693,104)	458,449	7,767,816
Vehicles	30,770,833	3,638,375	(1,136,414)	-	33,272,794
Software	599,905	-	-	-	599,905
Infrastructure	399,364,334	18,713,914	-	-	418,078,248
Right-to-use leased equipment	96,926	403,801	-	-	500,727
Right-to-use subscription software	-	9,197,511	-	-	9,197,511
Total	<u>569,539,113</u>	<u>36,002,721</u>	<u>(1,829,518)</u>	<u>763,440</u>	<u>604,475,756</u>
Less accumulated depreciation/amortization for:					
Buildings & improvements	(31,711,666)	(1,702,490)	-	-	(33,414,156)
Land improvements	(45,463,055)	(1,389,312)	-	-	(46,852,367)
Equipment	(5,480,718)	(899,900)	690,773	-	(5,689,845)
Vehicles	(19,588,692)	(2,375,515)	1,136,415	-	(20,827,792)
Software	(456,650)	(52,390)	-	-	(509,040)
Infrastructure	(217,308,150)	(8,938,928)	-	-	(226,247,078)
Right-to-use leased equipment	(12,445)	(95,402)	-	-	(107,847)
Right-to-use subscription software	-	(1,813,584)	-	-	(1,813,584)
Total	<u>(320,021,375)</u>	<u>(17,267,521)</u>	<u>1,827,188</u>	<u>-</u>	<u>(335,461,709)</u>
Total depreciable/amortizable assets, net	<u>249,517,738</u>	<u>18,735,200</u>	<u>(2,330)</u>	<u>763,440</u>	<u>269,014,048</u>
Governmental activities capital assets, net	<u>\$ 460,649,951</u>	<u>\$ 30,104,403</u>	<u>\$ (7,873,846)</u>	<u>\$ -</u>	<u>\$ 482,880,508</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental activities:	
General government	\$ 2,516,286
Public safety	2,151,563
Public works	8,645,122
Community services	648,734
Housing	101,891
Capital assets held by the government's internal service funds are charged to the various functions based on usage of the assets	<u>3,203,925</u>
Total Government activities depreciation/amortization expense	<u>\$ 17,267,521</u>

Internal service capital assets included in general governmental activities at June 30, 2023 were \$13,931,451 (net depreciable value) with related depreciation/amortization expense of \$3,203,925.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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, 2022	Additions	Disposals	Transfers	Balance June 30, 2023
Non-Depreciable/Amortizable Assets:					
Land	\$ 10,834,802	\$ -	\$ -	\$ -	\$ 10,834,802
Construction in progress	14,989,563	4,485,208	(1,865,699)	(1,003,258)	16,605,814
Total	<u>25,824,365</u>	<u>4,485,208</u>	<u>(1,865,699)</u>	<u>(1,003,258)</u>	<u>27,440,616</u>
Depreciable/Amortizable Assets:					
Buildings & improvements	379,990,976	-	-	-	379,990,976
Equipment	11,390,077	979,984	(677,406)	(17,030)	11,675,625
Vehicles	74,805	-	-	17,030	91,835
Infrastructure	131,170,012	8,474,412	-	1,003,258	140,647,682
Right-to-use subscription software	-	31,639	-	-	31,639
Total	<u>522,625,870</u>	<u>9,486,035</u>	<u>(677,406)</u>	<u>1,003,258</u>	<u>532,437,757</u>
Less accumulated depreciation/amortization for:					
Buildings & improvements	(159,982,189)	(8,718,296)	-	-	(168,700,485)
Equipment	(10,182,949)	(426,541)	677,406	-	(9,932,084)
Vehicles	(68,112)	(4,025)	-	-	(72,137)
Infrastructure	(44,511,404)	(2,697,852)	-	-	(47,209,256)
Right-to-use subscription software	-	(9,228)	-	-	(9,228)
Total	<u>(214,744,655)</u>	<u>(11,855,942)</u>	<u>677,406</u>	<u>-</u>	<u>(225,923,191)</u>
Total depreciable/amortizable assets, net	<u>307,881,215</u>	<u>(2,369,907)</u>	<u>-</u>	<u>1,003,258</u>	<u>306,514,566</u>
Business-type activities capital assets, net	<u>\$ 333,705,580</u>	<u>\$ 2,115,301</u>	<u>\$ (1,865,699)</u>	<u>\$ -</u>	<u>\$ 333,955,182</u>

Depreciation/amortization expense was charged to functions as follows:

Business-type activities:	
Sewer	\$ 8,371,874
Water	2,655,712
Transit	<u>828,356</u>
Total Business-type activities depreciation/amortization expense	<u>\$ 11,855,942</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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, 2023

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Governmental Activities:					
Financed Obligations	\$ 6,757,198	\$ -	\$ 1,318,672	\$ 5,438,526	\$ 1,383,370
Governmental activities long-term liabilities	<u>\$ 6,757,198</u>	<u>\$ -</u>	<u>\$ 1,318,672</u>	<u>\$ 5,438,526</u>	<u>\$ 1,383,370</u>
	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Business-Type Activities:					
Loans Payable	\$ 94,420,284	\$ -	\$ 9,436,036	\$ 84,984,248	\$ 9,685,693
Financed Obligations	3,072,417	-	611,379	2,461,038	650,985
	<u>\$ 97,492,701</u>	<u>\$ -</u>	<u>\$ 10,047,415</u>	<u>\$ 87,445,286</u>	<u>\$ 10,336,678</u>
	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Private-Purpose Trust:					
Bonds Payable	\$ 29,091,088	\$ -	\$ 3,251,272	\$ 25,839,816	\$ 2,478,830
Private-Purpose trust long-term liabilities	<u>\$ 29,091,088</u>	<u>\$ -</u>	<u>\$ 3,251,272</u>	<u>\$ 25,839,816</u>	<u>\$ 2,478,830</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, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Financed Obligations:					
Vacaville Recreation Corporation	\$ 576,042	\$ -	\$ 167,402	\$ 408,640	\$ 175,967
Leasource Financial Services, Inc. - Public Safety Radio	1,279,454	-	171,858	1,107,596	177,688
Leasource Financial Services, Inc. - Equipment 2019	479,997	-	58,446	421,551	60,068
PNC, LLC	3,072,417	-	611,378	2,461,039	650,985
Holman Corporation - 2014 Acquisition	167,746	-	54,330	113,416	55,900
Holman Corporation - 2015 Acquisition	710,279	-	170,410	539,869	175,098
Holman Corporation - 2017 Acquisition	173,768	-	32,671	141,097	33,681
Holman Corporation - 2017 Acquisition	275,089	-	42,559	232,530	43,824
Ford Explorer	22,406	-	9,618	12,788	10,159
Total Financed Obligations	<u>6,757,198</u>	<u>-</u>	<u>1,318,672</u>	<u>5,438,526</u>	<u>1,383,370</u>
Total Long-term debt	<u>\$ 6,757,198</u>	<u>\$ -</u>	<u>\$ 1,318,672</u>	<u>\$ 5,438,526</u>	<u>\$ 1,383,370</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 6 – LONG-TERM LIABILITIES, continued

Financed Obligations:

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2023</u>	
\$ 2,626,700	\$ 408,640	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 financed obligation 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	\$ 421,551	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	\$ 1,107,596	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	\$ 2,461,039	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	\$ 113,416	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	\$ 539,869	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, 2023

NOTE 6 – LONG-TERM LIABILITIES, continued

Financed Obligations:

<u>Original Debt</u> <u>Amount</u>	<u>Outstanding</u> <u>June 30, 2023</u>	
\$ 323,010	\$ 141,097	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	\$ 232,530	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	\$ 12,788	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>\$ 5,438,526</u>	Total financed obligations

The annual requirement to amortize debt outstanding as of June 30, 2023 for financed obligations is as follows:

<u>Year Ending June 30, 2023</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,383,370	\$ 163,630	\$ 1,547,000
2025	1,442,747	117,392	1,560,139
2026	1,303,989	71,750	1,375,739
2027	728,222	32,633	760,855
2028-2030	580,198	20,107	600,305
	<u>\$ 5,438,526</u>	<u>\$ 405,512</u>	<u>\$ 5,844,038</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State Revolving Loans Payable:					
Tertiary Project	\$ 76,436,982	\$ -	\$ 5,118,251	\$ 71,318,731	\$ 5,251,326
Plant Expansion	17,983,302	-	4,317,785	13,665,517	4,434,367
Total Easterly Wastewater Treatment Plant	<u>94,420,284</u>	<u>-</u>	<u>9,436,036</u>	<u>84,984,248</u>	<u>9,685,693</u>
Financed Obligations:					
PNC, LLC	3,072,417	-	611,379	2,461,038	650,985
Total Financed Obligations	<u>3,072,417</u>	<u>-</u>	<u>611,379</u>	<u>2,461,038</u>	<u>650,985</u>
Total	<u>\$ 97,492,701</u>	<u>\$ -</u>	<u>\$ 10,047,415</u>	<u>\$ 87,445,286</u>	<u>\$ 10,336,678</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, 2023

NOTE 6 – LONG-TERM LIABILITIES, continued

The City has drawn the following amounts through June 30, 2023 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		38,749,039
Amount Due		\$ (71,318,731)

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

Year Ending Year Ending June 30	Proprietary Fund		Total
	Principal	Interest	
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	18,831,427	972,154	19,803,581
Total	\$ 71,318,731	\$ 12,435,368	\$ 83,754,099

Principal payments totaling \$5,118,251 were made during fiscal year 2023 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.

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

Year Ending Year Ending June 30	Proprietary Fund		Total
	Principal	Interest	
2024	\$ 4,434,367	\$ 368,969	\$ 4,803,336
2025	4,554,095	249,241	4,803,336
2026	4,677,055	126,280	4,803,335
Total	\$ 13,665,517	\$ 744,490	\$ 14,410,007

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 6 – LONG-TERM LIABILITIES, continued

Financed Obligations:

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2023</u>	
\$ 6,993,972	<u>\$ 2,461,038</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>\$ 2,461,038</u>	Total financed obligations

The annual requirement to amortize debt outstanding as of June 30, 2023, for financed obligations is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 650,985	\$ 69,064	\$ 720,049
2025	692,422	49,229	741,651
2026	735,764	28,136	763,900
2027	381,867	5,728	387,595
Total	<u>\$ 2,461,038</u>	<u>\$ 152,157</u>	<u>\$ 2,613,195</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, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities	\$ 8,369,465	\$ 7,562,377	\$ 7,337,550	\$ 8,594,292	\$ 606,556
Business Activities	1,365,355	1,314,764	1,209,531	1,470,588	117,611
Total	<u>\$ 9,734,820</u>	<u>\$ 8,877,141</u>	<u>\$ 8,547,081</u>	<u>\$ 10,064,880</u>	<u>\$ 724,167</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.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 6 – LONG-TERM LIABILITIES, continued

The amount of bonds outstanding at June 30, 2023 is as follows:

Description	Original Bond Amount	June 30, 2023
2020-Nut Tree Assessment Dist	4,308,445	\$ 3,859,694
Total 1915 Act Limited Obligation Bonds		\$ 3,859,694

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, 2023 is as follows:

Description	Original Bond Amount	June 30, 2023
Multifamily Revenue Bonds 1999A	9,600,000	9,600,000
Multifamily Revenue Bonds 2000A	6,945,260	992,180
Total Conduit Debt		\$ 10,592,180

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Bonds Payable:					
2000A Multifamily Mortgage	\$ 492,760	\$ -	\$ 154,940	\$ 337,820	\$ 163,830
2014 Subordinate Tax Allocation Refunding Bonds	15,160,000	-	1,925,000	13,235,000	1,265,000
2014 Subordinate Tax Allocation Refunding Bonds Premium	1,463,328	-	146,332	1,316,996	-
2016 Subordinate Tax Allocation Refunding Bonds Series A	1,480,000	-	-	1,480,000	-
2016 Subordinate Tax Allocation Refunding Bonds Series A-T	10,495,000	-	1,025,000	9,470,000	1,050,000
Total Bonds	<u>29,091,088</u>	<u>-</u>	<u>3,251,272</u>	<u>25,839,816</u>	<u>2,478,830</u>
Total Long-Term Debt	<u>\$ 29,091,088</u>	<u>\$ -</u>	<u>\$ 3,251,272</u>	<u>\$ 25,839,816</u>	<u>\$ 2,478,830</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	\$ 171,150	\$ 372,566
2014 Subordinate Tax Allocation Refunding	2,589,869	15,970,575
2016 Subordinate Tax Allocation Refunding A	42,187	1,872,808
2016 Subordinate Tax Allocation Refunding A-T	1,332,516	10,845,311
	<u>\$ 4,135,722</u>	<u>\$ 29,061,260</u>

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2023</u>
\$ 2,364,740	\$ 337,820

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, 2023

NOTE 6 – LONG-TERM LIABILITIES, continued

<u>Original Debt</u> <u>Amount</u>	<u>Outstanding</u> <u>June 30, 2023</u>	
\$ 28,090,000	\$ 14,551,996	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>\$ 9,470,000</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>\$ 25,839,816</u>	Total bonds payable

The annual requirement to amortize debt outstanding as of June 30, 2023 for bonds payable is as follows:

<u>Year Ending June 30, 2023</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>1,190,000</u>	<u>17,106</u>	<u>1,207,106</u>
Subtotal	24,522,820	<u>\$ 4,529,731</u>	<u>\$ 29,052,551</u>
Unamortized premium	1,316,996		
Total	<u>\$ 25,839,816</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, 2023

NOTE 7 – EMPLOYEE RETIREMENT PLANS

Pension related balances presented on the Statement of Net Position as of June 30, 2023 by individual plan are described in the following table:

	Deferred Outflows	Deferred Inflows	Net Pension Liability	Pension Expense
CALPERS Miscellaneous	\$ 29,892,660	\$ 289,648	\$ 96,867,612	\$ 12,766,299
CALPERS Safety	45,301,568	1,086,611	137,758,557	17,354,646
PARS Miscellaneous	6,591,145	760,828	40,633,466	3,424,604
PARS Safety	221,775	-	1,832,265	109,415
	<u>\$ 82,007,148</u>	<u>\$ 2,137,087</u>	<u>\$ 277,091,900</u>	<u>\$ 33,654,964</u>

Deferred Outflows and Inflows by individual plan are described below:

	Deferred Outflows	Deferred Inflows
CaIPERS Miscellaneous		
Changes of Assumptions	\$ 6,796,707	\$ -
Differences between Expected and Actual Experiences	736,462	289,648
Difference between Projected and Actual Earnings on Pension Plan Investments	10,240,792	-
Current Year Contributions	12,118,699	-
Total CaIPERS Miscellaneous	<u>29,892,660</u>	<u>289,648</u>
CaIPERS Safety		
Changes of Assumptions	11,582,775	-
Differences between Expected and Actual Experiences	1,930,813	1,086,611
Difference between Projected and Actual Earnings on Pension Plan Investments	13,455,241	-
Current Year Contributions	18,332,739	-
Total CaIPERS Safety	<u>45,301,568</u>	<u>1,086,611</u>
PARS Miscellaneous		
Changes of Assumptions	-	760,828
Differences between Expected and Actual Experiences	997,783	-
Difference between Projected and Actual Earnings on Pension Plan Investments	1,964,960	-
Current Year Contributions	3,628,402	-
Total PARS Miscellaneous	<u>6,591,145</u>	<u>760,828</u>
PARS Safety		
Changes of Assumptions	-	-
Differences between Expected and Actual Experiences	-	-
Difference between Projected and Actual Earnings on Pension Plan Investments	44,475	-
Current Year Contributions	177,300	-
Total PARS Safety	<u>221,775</u>	<u>-</u>
Total	<u>\$ 82,007,148</u>	<u>\$ 2,137,087</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

CALPERS PLAN

Plan Description

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

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

	Safety	Miscellaneous
Benefit vesting schedule	5 years of service	5 years of service
Benefit payment	monthly for life	monthly for life
Earliest retirement age	50	50
Benefit factor for each year of service, as a % of salary	3% at age 50	2% at age 50
Required employee contribution rates	9.80%	6.920%
Required employer contribution rates	60.960%	31.810%

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

As of the measurement date, the following employees were covered by the benefit terms for each Plan:

	Safety	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	215	500
Inactive employees entitled to but not yet received benefits	84	261
Active employees	181	347
Total	481	1,108

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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 as of June 30, 2023 were determined using the following assumptions:

	Safety	Miscellaneous
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry-Age Actuarial Cost Method	
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
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, 2023

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

Discount Rate

The discount rate used to measure the total pension liability was 6.90% 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 6.90 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 6.90 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 ⁽¹⁾	Assumed Asset	
	Allocation	Real Return ^{(1),(2)}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the CalPERS 2021 Asset Liability Management study.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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:

Safety Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021 (Measurement Date)	\$ 373,054,385	\$ 288,502,069	\$ 84,552,316
Changes in the year:			
Service Cost	8,356,248	-	8,356,248
Interest on Total Pension Liability	26,404,345	-	26,404,345
Differences between Expected and Actual Experience	(831,176)	-	(831,176)
Changes of Assumptions	14,989,473	-	14,989,473
Contribution - Employer	-	14,768,471	(14,768,471)
Contribution - Employee	-	3,240,202	(3,240,202)
Investment Income	-	(22,116,304)	22,116,304
Administrative Expenses	-	(179,720)	179,720
Benefit Payments, including Refunds of Employee Contributions	(17,438,326)	(17,438,326)	-
Net Changes	31,480,564	(21,725,677)	53,206,241
Balances at June 30, 2022 (Measurement Date)	<u>\$ 404,534,949</u>	<u>\$ 266,776,392</u>	<u>\$ 137,758,557</u>

Changes in the Net Pension Liability

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021 (Measurement Date)	\$ 282,369,819	\$ 222,691,055	\$ 59,678,764
Changes in the year:			
Service Cost	5,494,299	-	5,494,299
Interest on Total Pension Liability	19,771,770	-	19,771,770
Differences between Expected and Actual Experience	(401,051)	-	(401,051)
Changes of Assumptions	9,410,825	-	9,410,825
Contribution - Employer	-	11,685,300	(11,685,300)
Contribution - Employee	-	2,455,292	(2,455,292)
Investment Income	-	(16,914,874)	16,914,874
Administrative Expenses	-	(138,723)	138,723
Benefit Payments, including Refunds of Employee Contributions	(15,158,710)	(15,158,710)	-
Net changes	19,117,133	(18,071,715)	37,188,848
Balances at June 30, 2022 (Measurement Date)	<u>\$ 301,486,952</u>	<u>\$ 204,619,340</u>	<u>\$ 96,867,612</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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	5.90%	5.90%
Net Pension Liability	\$ 195,786,719	\$ 136,601,525
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$ 137,758,557	\$ 96,867,612
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 90,458,002	\$ 63,956,298

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, 2023, the City recognized pension expenses of \$17,354,646 for the Safety Plan and \$12,766,299 for the Miscellaneous Plan. At June 30, 2023, 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	\$ 18,332,739	\$ -	\$ 12,118,699	\$ -
Changes of Assumptions	11,582,775	-	6,796,707	-
Differences between Expected and Actual Experiences	1,930,813	(1,086,611)	736,462	(289,648)
Differences between Projected and Actual Earnings				
on Pension Plan Investments	13,455,241	-	\$ 10,240,792	-
Total	\$ 45,301,568	\$ (1,086,611)	\$ 29,892,660	\$ (289,648)

\$18,332,739 in Safety and \$12,118,699 in Miscellaneous pension contributions 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, 2024. 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, 2023

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

Fiscal Year Ended June 30:	Safety Deferred Outflows/(Inflows) of Resources	Miscellaneous Deferred Outflows/(Inflows) of Resources
2024	\$ 5,877,104	\$ 4,763,994
2025	5,668,515	4,058,220
2026	4,642,463	2,215,581
2027	9,694,136	6,446,518

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	1% at age 50	.7% at age 55
Required employee contribution rates	N/A	2%
Required employer contribution rates	N/A	31.800%

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, 2023

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	295
Inactive employees entitled to but not yet received benefits	-	19
Active employees	-	125
Total	4	439

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, 2022 (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 31.80 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, 2023, 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, 2022, using an annual actuarial valuation as of June 30, 2022. The Safety Plan is measured as of June 30, 2022, using an annual valuation date as of June 30, 2022. 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, 2023

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, 2022	June 30, 2022
Measurement Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Discount Rate	6.50%	6.50%
Inflation	N/A	2.30%
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.

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, 2023

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

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

Safety Plan

Asset Class	Target Allocation	Long-Term Arithmetic Real Rate of Return	Long-Term Arithmetic Real Rate of Return
US Cash	6.10%	0.51%	0.49%
US Core Fixed Income	36.64%	2.07%	1.93%
US Equity Market	44.22%	5.56%	3.90%
Foregin Developed Equity	6.93%	6.89%	5.07%
Emerging Markets Equity	4.35%	9.58%	6.18%
US REITs	1.76%	6.96%	4.74%
Total	<u>100%</u>		
Assumed Inflation		2.32%	2.32%
Assumed Inflation - Standard Deviation		1.42%	1.42%
Portfolio Real Mean Return		4.27%	3.67%
Portfolio Nominal Mean Return		6.58%	6.09%
Portfolio Standard Deviation			10.44%

Miscellaneous Plan

Asset Class	Target Allocation	Long-Term Arithmetic Real Rate of Return	Long-Term Geometric Real Rate of Return
US Cash	6.16%	0.51%	0.49%
US Core Fixed Income	36.32%	2.07%	1.93%
US Equity Market	46.07%	5.56%	3.90%
Foregin Developed Equity	5.67%	6.89%	5.07%
Emerging Markets Equity	3.80%	9.58%	6.18%
US REITs	1.98%	6.96%	4.74%
Total	<u>100%</u>		
Assumed Inflation		2.32%	2.32%
Assumed Inflation - Standard Deviation		1.42%	1.42%
Portfolio Real Mean Return		4.24%	3.64%
Portfolio Nominal Mean Return		6.55%	6.06%
Portfolio Standard Deviation			10.48%

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

Changes in the Net Pension Liability

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

Safety Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021 (Measurement Date)	<u>\$ 2,366,171</u>	<u>\$ 563,767</u>	<u>\$ 1,802,404</u>
Changes in the year:			
Service Cost	-	-	-
Interest on Total Pension Liability	148,665	-	148,665
Differences between Expected and Actual Experience	12,274	-	12,274
Changes of Assumptions	(33,088)	-	(33,088)
Contribution - Employer	-	177,300	(177,300)
Contribution - Employee	-	-	-
Investment Income	-	(69,510)	69,510
Expected Net Investment Income	-	-	-
Administrative Expenses		(9,800)	9,800
Benefit Payments, including Refunds of Employee Contributions	<u>(160,571)</u>	<u>(160,571)</u>	<u>-</u>
Net changes	<u>(32,720)</u>	<u>(62,581)</u>	<u>29,861</u>
Balances at June 30, 2022 (Measurement Date)	<u>\$ 2,333,451</u>	<u>\$ 501,186</u>	<u>\$ 1,832,265</u>

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021 (Measurement Date)	<u>\$ 64,825,754</u>	<u>\$ 27,852,726</u>	<u>\$ 36,973,028</u>
Changes in the year:			
Service Cost	620,740	-	620,740
Interest on Total Pension Liability	4,134,879	-	4,134,879
Changes of Assumptions	(1,236,345)	-	(1,236,345)
Effect of Economic/Demographic Gains or Losses	560,784	-	560,784
Contribution - Employer	-	3,744,851	(3,744,851)
Contribution - Employee	-	280,071	(280,071)
Investment Income	-	(3,363,164)	3,363,164
Administrative Expenses	-	(242,138)	242,138
Benefit Payments, including Refunds of Employee Contributions	<u>(3,724,585)</u>	<u>(3,724,585)</u>	<u>-</u>
Net changes	<u>355,473</u>	<u>(3,304,965)</u>	<u>3,660,438</u>
Balances at June 30, 2022 (Measurement Date)	<u>\$ 65,181,227</u>	<u>\$ 24,547,761</u>	<u>\$ 40,633,466</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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	\$ 2,081,427		\$ 48,094,007
Current Discount Rate	6.50%		6.50%
Net Pension Liability	\$ 1,832,265		\$ 40,633,466
1% Increase	7.50%		7.50%
Net Pension Liability	\$ 1,620,756		\$ 34,329,735

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, 2023, the City recognized pension expense of \$3,534,019. At June 30, 2023, 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	\$ -	\$ 3,628,402	\$ -
Changes of Assumptions	-	-	-	(760,828)
Differences between Expected and Actual Experiences	-	-	997,783	-
Net differences between projected and actual earnings on plan investments	44,475	-	1,964,960	-
Total	\$ 221,775	\$ -	\$ 6,591,145	\$ (760,828)

Miscellaneous Plan reported \$3,628,402 and the Safety Plan reported \$177,300 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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, 2023

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

Safety		Miscellaneous	
Measurement Period	Deferred Outflows/(Inflows)	Measurement Period	Deferred Outflows/(Inflows)
Ended June 30:	of Resources	Ended June 30:	of Resources
2023	\$ 8,630	2023	\$ 743,734
2024	8,387	2024	182,505
2025	6,181	2025	220,964
2026	21,277	2026	1,054,712

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, 2023

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 2023, the amount is \$151 per month. (For calendar year 2022, the amount was \$149 per month.) In addition, the City provides an additional monthly contribution based on years of service at retirement, as described in the table below.

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

Safety Employees Hired on or After January 1, 2020

The City provides the minimum monthly employer contribution as required by CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA). For calendar year 2023, the amount is \$151 per month. (For calendar year 2022, the amount was \$149 per month.) In addition, the City provides an additional monthly contribution based on years of service at retirement, as described in the table below.

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

Employees Covered

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

Inactive employees or beneficiaries currently receiving benefits	818
Active employees	551
Total	1,369

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 \$8,200,614. \$1,335,000 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. The City has been funding 100% of the Actuarially Determined Contribution since the fiscal year ending 2018.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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, 2022
Measurement Date	June 30, 2022
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 the 2017 CalPers actuarial experience study for the period 1997 to 2015. 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, 2022.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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%	2.32%	2.89%
US Inflation-Indexed Bonds	5.00%	1.32%	1.19%
Global Equity	59.00%	6.40%	4.83%
Global REITs	8.00%	6.71%	4.57%
Commodities	3.00%	2.56%	1.18%
Total	<u>100.00%</u>		
Assumed Inflation		2.35%	2.35%
Assumed Inflation - Standard Deviation		1.25%	1.25%
Portfolio Real Mean Return		5.29%	4.43%
Portfolio Nominal Mean Return		7.64%	6.88%
Portfolio Standard Deviation			12.72%

Changes in the Net OPEB Liability

The changes in the Net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2021 (Measurement Period)	<u>\$ 110,018,589</u>	<u>\$ 61,530,987</u>	<u>\$ 48,487,602</u>
Changes in the year:			
Service Cost	3,037,017	-	3,037,017
Interest on Total Pension Liability	7,128,994	-	7,128,994
Effect of Economic/Demographic Gains or Losses	7,320,319	-	7,320,319
Effect of Changes of Assumptions	1,880,365	-	1,880,365
Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	8,200,614	(8,200,614)
Contribution - Employee	-	-	-
Investment Income	-	(8,417,734)	8,417,734
Administrative Expenses	-	(30,357)	30,357
Benefit Payments, including Refunds of Employee Contributions	(6,865,614)	(6,865,614)	-
Net changes	<u>12,501,081</u>	<u>(7,113,091)</u>	<u>19,614,172</u>
Balances at June 30, 2022 (Measurement Period)	<u>\$ 122,519,670</u>	<u>\$ 54,417,896</u>	<u>\$ 68,101,774</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, 2022.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 8 – OTHER POST-EMPLOYMENT HEALTH BENEFITS, continued

	<u>Net OPEB Liability</u>
1% Decrease	5.50%
Net OPEB Liability	\$ 82,336,572
Current Discount Rate	6.50%
Net OPEB Liability	\$ 68,101,774
1% Increase	7.50%
Net OPEB Liability	\$ 56,125,049

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.

	<u>Net OPEB Liability</u>
1% Decrease	
Net OPEB Liability	\$ 54,810,500
Current Healthcare Trend Rate	
Net OPEB Liability	\$ 68,101,774
1% Increase	
Net OPEB Liability	\$ 84,156,133

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

For the year ended June 30, 2023, the City recognized OPEB expenses of \$5,940,432. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 9,487,907	\$ -
Changes of Assumptions	1,626,262	(12,681,515)
Differences between Expected and Actual Experiences	8,110,863	(87,406)
Net differences between projected and actual earnings on plan investments	4,652,486	-
Total	\$ 23,877,518	\$ (12,768,921)

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2023	\$ (160,134)
2024	(171,734)
2025	(409,193)
2026	1,539,403
2027	(918,326)
Thereafter	1,740,674
	\$ 1,620,690

NOTE 9 – FUND EQUITY

Deficit Fund Balances

The following fund had a deficit as of June 30, 2023:

Maintenance Districts Fund

The Maintenance Districts Fund had a deficit of (\$444,166) at June 30, 2023. 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 (\$1,080,568) at June 30, 2023. Revenues were not received within the 90-day availability period. Revenue will be recognized in fiscal year 2024.

Energy Efficiency Siemens Fund

The Energy Efficiency Debt Service Fund had a deficit of (\$257,674) at June 30, 2023. 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 (\$9,602,359) at June 30, 2023. 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.

Insurance Fund

The Insurance Internal Service fund has a deficit of (\$2,600,138) at June 30, 2023. 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, 2023

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, 2023:

Transfers Out (fund making transfer):	Special Revenue Fund			Capital Projects Fund	Other Governmental Funds	Enterprise Funds		Internal Service Fund	Totals
	General Fund	Housing Assistance	Special Programs	City Projects		Sewer Utility	Central Services	Vehicle Replacement	
General Fund	\$ -	\$ -	\$ 5,000	\$ 4,661,945	\$ 2,684,895	\$ -	\$ 50,000	\$ 3,086,633	\$ 10,488,473
Special Revenue Funds:									
Successor Housing	-	459	-	257,563	-	-	-	-	258,022
Special Programs	756	-	-	1,071,169	-	165	-	-	1,072,090
Capital Projects Funds:									
City Projects	-	-	-	59,703	-	-	5,000	-	64,703
Other Governmental Funds:	7,174,609	-	-	379,879	326,853	298,790	-	-	8,180,131
Enterprise Funds:									
Sewer Utility	14,630	-	-	22,529	-	-	7,500	-	44,659
Water Utility	15,570	-	-	24,165	13,146	-	7,500	-	60,381
Internal Service Funds:									
Central Services	-	-	-	-	4,731	-	-	-	4,731
Totals	<u>\$ 7,205,565</u>	<u>\$ 459</u>	<u>\$ 5,000</u>	<u>\$ 6,476,953</u>	<u>\$ 3,029,625</u>	<u>\$ 298,955</u>	<u>\$ 70,000</u>	<u>\$ 3,086,633</u>	<u>\$ 20,173,190</u>

The major fund transfer activity includes the following: 1) Community Facility Districts transferred \$7.1 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.

Due To/Due From Other Funds:

Due From Other Funds (fund making loan):	Due to Other Funds (fund receiving loan):		Total
	Internal Service Fund	Other Governmental Funds	
General Fund	\$ 578,704	\$ 257,674	\$ 836,378
	<u>\$ 578,704</u>	<u>\$ 257,674</u>	<u>\$ 836,378</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 10 – INTERFUND TRANSACTIONS, continued

Advances To/Advances From Other Funds:

Advances To Other Funds (fund making loan):	Vehicle Replacement Fund	City Projects Capital Projects Fund	Water Utility	Total
General Fund:				
General Fund	\$ 1,074,593	\$ -	\$ -	\$ 1,074,593
Total General Fund	<u>1,074,593</u>	<u>-</u>	<u>-</u>	<u>1,074,593</u>
Enterprise Funds:				
Sewer Utility	-	259,606	100,000	359,606
Water Utility	-	519,213	-	519,213
Total Enterprise	<u>-</u>	<u>778,819</u>	<u>100,000</u>	<u>878,819</u>
Total	<u>\$ 1,074,593</u>	<u>\$ 778,819</u>	<u>\$ 100,000</u>	<u>\$ 1,953,412</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 \$119,767 and 2) Construction of a fire station with the remaining amount owed being \$659,053. The \$100,000 loan between the Sewer and Water Utility funds was related to the expansion of the Easterly plant. The \$1,074,593 loan between the General Fund and the Vehicle Replacement Fund was for the purchase of two vehicles.

NOTE 11 – UNEARNED REVENUE

Unearned revenues in the government-wide financial statements as of June 30, 2023 were as follows:

	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds
General services and recreation revenue	\$ 1,602,644	\$ -	\$ 1,602,644	\$ -
Community Facilities District	-	-	-	-
Grant proceeds received in advance	12,257,076	-	12,257,076	3,820,062
GWTP Closure	-	36,995	36,995	-
Water utility revenue	-	219,983	219,983	-
Harbison maintenance reserve	-	-	-	19,946
Total	<u>\$ 13,859,720</u>	<u>\$ 256,978</u>	<u>\$ 14,116,698</u>	<u>\$ 3,840,008</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 11 – UNEARNED REVENUE, continued

Unearned revenues in the fund financial statements as of June 30, 2023 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	\$ 1,602,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,602,644	\$ -
Grant proceeds received in advance	-	50,427	10,998,373	423,763	784,513	-	-	12,257,076	3,820,062
Community Facilities District	-	-	-	-	-	-	-	-	-
Mariani GWTP closure	-	-	-	-	-	36,995	-	36,995	-
Water utility revenue	-	-	-	-	-	-	219,983	219,983	-
Harbison maintenance reserve	-	-	-	-	-	-	-	-	19,946
	<u>\$ 1,602,644</u>	<u>\$ 50,427</u>	<u>\$ 10,998,373</u>	<u>\$ 423,763</u>	<u>\$ 784,513</u>	<u>\$ 36,995</u>	<u>\$ 219,983</u>	<u>\$ 14,116,698</u>	<u>\$ 3,840,008</u>

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

\$ 1,602,644 Recreation and facility rental fees collected in advance of class or usage.

\$ 10,369,111 American Rescue Plan Act funds received in advance of usage.

NOTE 12 – CLASSIFICATION OF FUND BALANCES

As of June 30, 2023, classifications of fund balance were as follows:

Fund Balance:	General	Successor Housing	Housing Assistance	Special Programs	City Projects	Other Governmental Funds	Total Governmental Funds
Nonspendable							
Deposits and advances to other funds	\$ 1,684,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,684,732
Subtotal	<u>1,684,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,684,732</u>
Restricted							
Grants, development impact fees	-	-	-	-	53,213,188	1,932,465	55,145,653
Bond proceeds	-	-	-	-	1,343,175	-	1,343,175
Highway and streets	-	-	-	-	11,674,732	7,918,862	19,593,594
Community facility district	-	-	-	-	-	853,660	853,660
Housing	-	31,393,348	10,220,510	-	-	-	41,613,858
Capital projects	-	-	-	-	-	528,766	528,766
Subtotal	<u>-</u>	<u>31,393,348</u>	<u>10,220,510</u>	<u>-</u>	<u>66,231,095</u>	<u>11,233,753</u>	<u>119,078,706</u>
Assigned							
Capital projects	6,037,972	-	-	-	3,521,303	-	9,559,275
Technology	318,750	-	-	-	-	-	318,750
Measure M	23,234,350	-	-	-	-	-	23,234,350
Lagoon Valley Improvements	973,026	-	-	-	-	-	973,026
General government	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-
Public safety equipment replacement	726,623	-	-	-	-	-	726,623
Future park improvements	30,517	-	-	-	-	-	30,517
Subtotal	<u>31,321,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,521,303</u>	<u>-</u>	<u>34,842,541</u>
Unassigned	<u>49,954,012</u>	<u>-</u>	<u>-</u>	<u>(1,080,568)</u>	<u>-</u>	<u>(701,840)</u>	<u>48,171,604</u>
Total Fund Balances	<u>\$ 82,959,982</u>	<u>\$ 31,393,348</u>	<u>\$ 10,220,510</u>	<u>\$ (1,080,568)</u>	<u>\$ 69,752,398</u>	<u>\$ 10,531,913</u>	<u>\$ 203,777,583</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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 Workers' Compensation Internal Service Fund and the City Manager's Office is responsible for managing the General Liability Internal Service Fund to account for and finance the City's risk of loss. Under these programs, the City is self-insured for the first \$750,000 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, 2023 is \$7,868,000, consisting of \$2,294,000 general liability and \$5,574,000 worker's compensation liability. These amounts include allocated expenses and a provision for the incurred but not reported claims. Of this balance, \$2,684,000 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.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 13 – RISK MANAGEMENT, continued

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, 2023. Changes in the Insurance Fund claims liability during the fiscal years July 1, 2020 through June 30, 2023 are as follows:

	Claims Liability July 1	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Balance June 30	Due Within One Year
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
2022-2023	\$ 6,754,531	\$ 3,025,692	\$ (1,912,223)	\$ 7,868,000	\$ 2,684,000

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, 2023

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” was recorded as a receivable to the City from the Successor Agency and was fully paid in fiscal year 2018-19.

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 \$117,000 as of June 30, 2023.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. COMMITMENTS

City Projects

On June 30, 2023, the City has an outstanding purchase order with New Flyer of America, Inc. in the amount of \$10,832,903. The City will procure 10 battery electric XE35 Zero-Emission transit buses to replace an existing bus fleet that has reached the end of its useful life and to fulfill the Innovative Clean Transit (ICT) regulations required by the State of California. The full amount of this purchase order will be covered by an allocation from the Federal Transit Administration (FTA) and Fiscal Year 2022-2023 Transportation Development Act Funding.

The City has an outstanding contract with VSS International Inc. that was awarded in May 2023 in the amount of \$3,067,000. The 2023 Slurry Seal Project is intended for repairs and preventative maintenance on major roadways and residential areas of the City. This project is being funded by State Senate Bill 1 (SB1), State Gas Tax and Measure M. As of June 30, 2023, the outstanding balance of the contract was \$2,422,712.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 16 – COMMITMENTS AND CONTINGENCIES, continued

On June 30, 2023, the City had an outstanding contract with St. Francis Electric, LLC in the amount of \$908,695 to provide traffic signal improvements on Alamo Drive, from I-80 to Vanden Road, and on Peabody Road, from Elmira Road to Foxboro Parkway. The improvements include enhancements to signal heads and traffic signals, upgrades to software, and the installation of ADA curb ramps. The project is expected to be completed July 2023 and will be funded using both Highway Safety Improvement Program Grant funds and Capital Improvement Project (CIP) funds.

Sewer Utility

On December 13, 2022, the City awarded California Trenchless, Inc. a contract for \$2,301,473 for the Downtown Alley Sewer Replacement Project. The project will remove and replace sewer lines from the 1980's or older in sixteen alleys in the downtown area. On June 30, 2023, the balance of the contract was \$646,331.

The City awarded West Yost & Associates a contract in the amount of \$446,315 for engineering design, bid process, and project management consulting services to upgrade the Vaca Valley Parkway and Leisure Town Road Lift Stations. The project will increase capacity of wastewater and sewage flow at the lift stations to accommodate future development in the surrounding areas. On June 30, 2023, the contract had a balance of \$377,256.

The City awarded Andritz Separation, Inc. a contract for \$371,388 for the purchase and reinstallation of Andritz equipment at the Easterly Wastewater Treatment Plant. This contract is for a segment of the Sewer Facilities Rehabilitation Project. On June 30, 2023, the entire balance of \$371,388 remained on the contract.

Water Utility

In September 2022, the City awarded T&S construction Co. Inc a contract for \$4,186,300 as part of the second phase of the Well 17 Equipping project on the northeast corner of Alamo Drive and Snowy Owl Drive. This phase of the project includes the construction of a well building, mechanical and chemical equipment storage, and other site improvements for well production. On June 30, 2023, the balance on the contract was \$3,671,283.

The City purchases equipment from Ferguson Enterprises, Inc. for use in the Water Meter Replacement Program. This program aims to replace older water meters that are not properly registering water consumption. At June 30, 2023, the open purchase order had a remaining balance of \$662,343.

The City awarded Consor North America, Inc. a contract for \$394,770 to provide engineering consulting services for the Well 2B Equipping Project located at the northwest corner of Nut Tree and Elmira. The project aims to restore the well to its original design capacity. On June 30, 2023 the balance of the contract was \$373,616.39.

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 of 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.

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 it's 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.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 16 – COMMITMENTS AND CONTINGENCIES, continued

On March 11, 2021, the American Rescue Plan Act was signed into law and includes direct funding to 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, \$349,701, 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, 2023:

Current assets	\$ 483,745
Property, plant and equipment, net	<u>954,067</u>
Total assets	<u>1,437,812</u>
Net position	<u>\$ 1,437,812</u>
Other revenues (expenses), net	<u>3,796</u>
Increase in net position	<u>\$ 3,796</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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 \$22,993,310 which represents a 36.60% equity interest. The City's contribution to the operations of the North Bay Treatment Plant for the fiscal year was \$3,103,962. 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, 2023 is shown below.

NORTH BAY TREATMENT PLANT

Current assets	\$ 5,928,541
Noncurrent assets	<u>64,903,685</u>
Total assets	<u>70,832,226</u>
Deferred outflows of resources	<u>2,238,119</u>
Current liabilities	774,202
Noncurrent liabilities	<u>9,479,398</u>
Total liabilities	<u>10,253,600</u>
Deferred inflows of resources	-
Net investment in Capital Assets	33,699,548
Restricted for major maintenance	31,204,137
Restricted for minority interest	(440,406)
Unrestricted	<u>(1,646,534)</u>
Total Net Position	<u>\$ 62,816,745</u>
Total operating revenues	\$ 11,803,191
Total operating expenses	<u>10,718,222</u>
Operating Income	1,084,969
Total non-operating revenues (expenses)	<u>(947,811)</u>
Income before transfers	<u>137,158</u>
Transfers	<u>(88,954)</u>
Total transfers	<u>(88,954)</u>
Increase in Net Position	<u>48,204</u>
Net Position	
Beginning of Year	<u>62,768,541</u>
End of Year	<u>\$ 62,816,745</u>
	<u>22,993,310</u>
	<u>36.60%</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

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	\$ 12,040,951	\$ 21,658,597	\$ 33,699,548
Restricted for major maintenance	11,337,854	19,866,283	31,204,137
Restricted for minority interest	(385,495)	-	(385,495)
Unrestricted	-	(1,536,710)	(1,536,710)
Total net position	<u>\$ 22,993,310</u>	<u>\$ 39,988,170</u>	<u>\$ 62,981,480</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, 2023 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, 2023, the City contributed \$521,651 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 \$144,970 through the Local Transportation Fund and \$64,450 from gas tax revenues to STA for fiscal year 2023. 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 meets 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, 2023

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 that 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 either high-paying jobs, the generation of sales, property, and/or transient occupancy taxes, or that other benefits to the City will be provided by the entity, and that 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 from retailers that are not currently serving the area. The program uses a sales tax rebate as the incentive. There are currently no businesses that have received a sales tax rebate 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 a sales, 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 \$37 in transient occupancy tax to ICON Aircraft, Inc., \$405,857 in property tax to Genentech, and \$95,201 to the auto dealership.

NOTE 19 – Availability Payment Arrangements

GASB Statement No. 94 defines an Availability Payment Arrangement (APA) as an arrangement in which a government compensates an operator for activities that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction where the payments provided by the government are based entirely on the asset’s availability for use.

As of July 1, 2023, The City of Vacaville extended its agreement with VenueTech Management group to operate the Vacaville Performing Arts Theatre through June 30, 2026 to support cultural development for the Vacaville community and to promote and provide recreational and cultural activities for Vacaville residents. The annual fee paid by the City is solely for consultation and management services provided by VenueTech. This agreement qualifies as an Availability Payment Arrangement, and, as such, under GASB Statement No. 94, these payments should be accounted for as outflows of resources by the City in the period to which the payments relate. The implementation of this statement resulted in no change of accounting treatment and had no material impact on the financial statements.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 20 – Subscription-Based Information Technology Arrangements (SBITAs)

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

Governmental Activities

For the year ended June 30, 2023, the City entered into various subscriptions for the use of software for terms ranging from 13 to 114 months. As of June 30, 2023, the value of the total subscription liability outstanding is \$6,623,467. The City is required to make annual fixed payments for these various subscriptions with interest rates ranging from 1.7103% to 3.2380%. The right-to-use subscription IT assets are recognized as Capital Assets (see Note 5) and, as of June 30, 2023, have a value of \$9,197,511 with accumulated amortization of \$1,813,584.

GOVERNMENTAL ACTIVITIES:	Balance as of		Balance as of		Due Within
	July 1, 2022	Additions	Reductions	June 30, 2023	One Year
Subscription Liability					
Software	\$ 7,310,706	\$ 851,487	\$ 1,538,726	\$ 6,623,467	\$ 1,575,104
Total Subscription Liability	\$ 7,310,706	\$ 851,487	\$ 1,538,726	\$ 6,623,467	\$ 1,575,104

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 1,575,104	\$ 167,477	\$ 1,742,581
2025	1,371,007	129,511	1,500,518
2026	1,188,680	95,111	1,283,791
2027	780,013	65,070	845,083
2028	408,860	50,018	458,878
2029 - 2032	1,299,803	76,831	1,376,634
Totals	\$ 6,623,467	\$ 584,018	\$ 7,207,485

Business-Type Activities

On August 16, 2022, the City entered into a 36 month subscription for the use of architectural, engineering, and construction software. The initial subscription liability was recorded in the amount of \$30,959. As of June 30, 2023, the value of the subscription liability is \$20,416. The City is required to make annual fixed payments of \$10,543 and the subscription has an interest rate of 2.1843%. The right-to-use subscription IT asset is recognized as a Capital Asset (see Note 5) and, as of June 30, 2023, has a value of \$31,639 with accumulated amortization of \$9,228.

BUSINESS-TYPE ACTIVITIES:	Balance as of		Balance as of		Due Within
	July 1, 2022	Additions	Reductions	June 30, 2023	One Year
Subscription Liability					
Software	\$ -	\$ 30,959	\$ 10,543	\$ 20,416	\$ 10,097
Total Subscription Liability	\$ -	\$ 30,959	\$ 10,543	\$ 20,416	\$ 10,097

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2023

NOTE 20 – Subscription-Based Information Technology Arrangements (SBITAs), continued

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 10,097	\$ 446	\$ 10,543
2025	10,319	225	10,544
Totals	\$ 20,416	\$ 671	\$ 21,087

NOTE 21 – Subsequent Events

The City evaluated subsequent events for recognition and disclosure through June 30, 2024, the date on which these financial statements were available to be issue. Management concluded that no material subsequent events have occurred since June 30, 2023, that required recognition or disclosure in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Data

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

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

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

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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and fees	\$ 110,375,990	\$ 110,375,990	\$ 114,241,272	\$ 3,865,282
Licenses and permits	462,500	462,500	369,288	(93,212)
Investment income	475,000	475,000	771,491	296,491
Intergovernmental	1,036,000	1,036,000	2,209,180	1,173,180
Charges for services	12,505,220	12,855,220	12,512,091	(343,129)
Rents and royalties	512,500	512,500	566,108	53,608
Fines, forfeitures and penalties	321,300	321,300	327,008	5,708
Other	32,700	32,700	67,504	34,804
Total Revenues	125,721,210	126,071,210	131,063,942	4,992,732
Expenditures:				
Current:				
General government	17,828,015	18,600,119	15,759,464	2,840,655
Public safety	84,546,343	86,316,777	85,398,108	918,669
Public works	10,300,621	10,700,440	10,094,999	605,441
Community services	13,344,132	13,500,016	12,791,578	708,438
Capital outlay	-	-	609,376	(609,376)
Debt service:				
Principal	171,858	171,858	958,586	(786,728)
Interest	40,718	40,718	126,000	(85,282)
Total Expenditures	126,231,687	129,329,928	125,738,111	3,591,817
Excess (deficiency) of revenues over (under) expenditures	(510,477)	(3,258,718)	5,325,831	8,584,549
Other Financing Sources (Uses):				
Transfers in	7,361,514	7,361,514	7,205,565	(155,949)
Transfers out	(8,840,839)	(32,328,433)	(10,488,473)	21,839,960
Issuance of debt and loans	-	-	314,847	314,847
Total Other Financing Sources (Uses)	(1,479,325)	(24,966,919)	(2,968,061)	21,998,858
Net Change in Fund Balance	(1,989,802)	(28,225,637)	2,357,770	30,583,407
Fund balances, beginning of year	80,602,212	80,602,212	80,602,212	-
Fund balances, end of year	\$ 78,612,410	\$ 52,376,575	\$ 82,959,982	\$ 30,583,407

CITY OF VACAVILLE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SUCCESSOR HOUSING
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 206,251	\$ 206,251
Rents and royalties	-	-	-	-
Other	9,148,077	9,148,077	156,587	(8,991,490)
Total Revenues	9,148,077	9,148,077	362,838	(8,785,239)
Expenditures:				
Current:				
Housing	9,150,277	9,150,277	1,055,350	8,094,927
Interest and fiscal charges	-	-	-	-
Total Expenditures	9,150,277	9,150,277	1,055,350	8,094,927
Excess (deficiency) of revenues over (under) expenditures	(2,200)	(2,200)	(692,512)	(690,312)
Other Financing Sources (Uses):				
Transfers out	-	-	(258,022)	(258,022)
Sale of capital assets	-	-	351,250	351,250
Total Other Financing Sources (Uses)	-	-	93,228	93,228
Net Change in Fund Balance	(2,200)	(2,200)	(599,284)	(597,084)
Fund Balances, Beginning of Year	31,992,632	31,992,632	31,992,632	-
Fund Balances, End of Year	\$ 31,990,432	\$ 31,990,432	\$ 31,393,348	\$ (597,084)

CITY OF VACAVILLE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOUSING ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 308,567	\$ 308,567
Intergovernmental	20,969,905	21,638,299	20,116,818	(1,521,481)
Charges for services	-	-	15,264	15,264
Other	487,500	487,500	68,105	(419,395)
Total Revenues	21,457,405	22,125,799	20,508,754	(1,617,045)
Expenditures:				
Current:				
Housing	21,493,906	22,162,300	20,882,690	1,279,610
Capital outlay	-	-	47,210	(47,210)
Debt service:				
Principal	-	-	40,199	(40,199)
Interest	-	-	129	(129)
Total Expenditures	21,493,906	22,162,300	20,970,228	1,192,072
Excess (deficiency) of revenues over (under) expenditures	(36,501)	(36,501)	(461,474)	(424,973)
Other Financing Sources (Uses):				
Transfers in	-	-	459	459
Issuance of debt and loans	-	-	47,210	47,210
Total Other Financing Sources (Uses)	-	-	47,669	47,669
Net Change in Fund Balance	(36,501)	(36,501)	(413,805)	(377,304)
Fund Balances, Beginning of Year	11,276,059	11,276,059	10,634,315	-
Fund Balances, End of Year	\$ 11,239,558	\$ 11,239,558	\$ 10,220,510	\$ (377,304)

CITY OF VACAVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes & Fees	\$ 235,000	\$ 235,000	\$ 226,073	\$ (8,927)
Investment income	5,000	5,000	14,639	9,639
Intergovernmental	329,065	2,179,202	3,937,457	1,758,255
Charges for services	-	120,000	142,797	22,797
Fines, forfeitures and penalties	-	-	756	756
Total Revenues	569,065	2,539,202	4,321,722	1,782,520
Expenditures:				
Current:				
General government	212,568	7,658,568	2,016,657	5,641,911
Public safety	488,206	2,086,725	1,373,764	712,961
Public works	30,000	370,957	180,017	190,940
Community services	-	275,043	111,065	163,978
Housing	-	367,740	61,169	306,571
Total Expenditures	730,774	10,759,033	3,742,672	7,016,361
Other Financing Sources (Uses)				
Transfers in	5,000	5,000	5,000	-
Transfers out	(500)	(4,335,095)	(1,072,090)	3,263,005
Total Other Financing Sources (Uses)	4,500	(4,330,095)	(1,067,090)	3,263,005
Net Change in Fund Balances	(157,209)	(12,549,926)	(488,040)	12,061,886
Fund Balances, Beginning of Year	(592,528)	(592,528)	(592,528)	-
Fund Balances, End of Year	\$ (749,737)	\$ (13,142,454)	\$ (1,080,568)	\$ 12,061,886

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	2023	2022	2021	2020	2019	2018
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability						
Service Cost	\$ 3,037,017	\$ 3,378,497	\$ 3,363,025	\$ 3,987,272	\$ 3,803,326	\$ 3,562,835
Interest	7,128,994	7,853,750	7,584,779	7,578,675	7,227,589	6,885,327
Difference Between Expected and Actual Experience	7,320,319	2,491,686	-	(179,414)	-	-
Changes of Assumptions	1,880,365	(17,623,325)	-	(191,770)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(6,865,614)	(6,951,470)	(6,702,964)	(5,980,269)	(5,692,757)	(5,545,872)
Net Change in Total OPEB Liability	12,501,081	(10,850,862)	4,244,840	5,214,494	5,338,158	4,902,290
Total OPEB Liability - Beginning	110,018,589	120,869,451	116,624,611	111,410,117	106,071,959	101,169,669
Total OPEB Liability - Ending (a)	\$ 122,519,670	\$ 110,018,589	\$ 120,869,451	\$ 116,624,611	\$ 111,410,117	\$ 106,071,959
Plan Fiduciary Net Position						
Contributions - Employer	\$ 8,200,614	\$ 10,996,470	\$ 11,617,964	\$ 11,150,269	\$ 11,562,757	\$ 8,522,372
Net Investment Income	(8,417,734)	12,717,113	1,467,421	2,210,294	1,938,189	2,093,866
Benefit Payments, Including Refunds of Employee Contributions	(6,865,614)	(6,951,470)	(6,702,964)	(5,980,269)	(5,692,757)	(5,545,872)
Administrative Expense	(30,357)	(26,086)	(20,796)	(16,354)	(13,404)	(17,401)
Net Change in Fiduciary Net Position	(7,113,091)	16,736,027	6,361,625	7,363,940	7,794,785	5,052,965
Plan Fiduciary Net Position - Beginning	61,530,987	44,794,960	38,433,335	31,069,395	23,274,610	18,221,645
Plan Fiduciary Net Position - Ending (b)	\$ 54,417,896	\$ 61,530,987	\$ 44,794,960	\$ 38,433,335	\$ 31,069,395	\$ 23,274,610
Plan Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ 68,101,774	\$ 48,487,602	\$ 76,074,491	\$ 78,191,276	\$ 80,340,722	\$ 82,797,349
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.42%	55.93%	37.06%	32.95%	27.89%	21.94%
Covered-Employee Payroll	\$ 59,568,254	\$ 58,118,637	\$ 55,888,662	\$ 51,929,478	\$ 49,289,087	\$ 44,694,355
Net OPEB Liability as a Percentage of Covered Payroll	114.33%	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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 9,070,455	\$ 7,104,376	\$ 9,779,803	\$ 9,518,057	\$ 10,297,257	\$ 9,939,506
Contribution in Relation to the Actuarially Determined Contributions	<u>(9,487,907)</u>	<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>\$ (417,452)</u>	<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	\$ 63,647,723	\$ 59,568,254	\$ 58,118,637	\$ 55,888,662	\$ 51,292,478	\$ 49,289,087
Contributions as a Percentage of Covered Employee Payroll	14.25%	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 2023 were from the June 30, 2022 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	16 years as of 6/30/2022
Asset Valuation Method	Market Value
Discount Rate	6.50%
Inflation	2.50%
Medical Trend	Non-Medicare - 7.25% for 2022, decreasing to an ultimate rate of 4.25% in 2069 Medicare - 4.75% for 2022, decreasing to an ultimate rate of 4.25% in 2069
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	CalPERS Experience Study issued December 2017
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, 2023**

**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	2023	2022	2021	2020	2019	2018	2017	2016	2015
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability									
Service Cost	\$ 5,494,299	\$ 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	19,771,770	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	(401,051)	856,270	3,262,977	3,036,102	664,877	(1,689,195)	(2,033,908)	(1,553,311)	-
Changes of Assumptions	9,410,825	-	-	-	(1,650,869)	13,405,143	-	(3,722,850)	-
Benefit Payments, Including Refunds of Employee Contributions	(15,158,710)	(14,232,814)	(13,606,594)	(12,659,571)	(11,748,841)	(10,869,200)	(10,123,097)	(9,514,061)	(9,097,351)
Net Change in Total Pension Liability	19,117,133	10,508,638	12,725,484	12,241,948	8,271,466	21,067,518	7,172,626	3,964,183	9,269,956
Total Pension Liability - Beginning	282,369,819	271,861,181	259,135,697	246,893,749	238,622,283	217,554,765	210,382,139	206,417,956	197,148,000
Total Pension Liability - Ending (a)	\$ 301,486,952	\$ 282,369,819	\$ 271,861,181	\$ 259,135,697	\$ 246,893,749	\$ 238,622,283	\$ 217,554,765	\$ 210,382,139	\$ 206,417,956
Plan Fiduciary Net Position									
Contributions - Employer	\$ 11,685,300	\$ 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	2,455,292	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	(16,914,874)	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	(15,158,710)	(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	(138,723)	(184,291)	(252,750)	(122,603)	(253,061)	(220,135)	(92,342)	(170,549)	-
Other Changes in Fiduciary Net Position	-	-	-	400	(480,568)	-	-	851	-
Net Change in Fiduciary Net Position	(18,071,715)	38,204,260	5,200,487	7,482,457	9,405,443	13,299,184	(2,419,064)	(198,610)	19,738,843
Plan Fiduciary Net Position - Beginning	222,691,055	184,486,795	179,286,308	171,803,851	162,398,408	149,099,224	151,518,288	151,716,898	131,978,055
Plan Fiduciary Net Position - Ending (b)	\$ 204,619,340	\$ 222,691,055	\$ 184,486,795	\$ 179,286,308	\$ 171,803,851	\$ 162,398,408	\$ 149,099,224	\$ 151,518,288	\$ 151,716,898
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 96,867,612	\$ 59,678,764	\$ 87,374,386	\$ 79,849,389	\$ 75,089,898	\$ 76,223,875	\$ 68,455,541	\$ 58,863,851	\$ 54,701,058
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.87%	78.87%	67.86%	69.19%	69.59%	68.06%	68.53%	72.02%	73.50%
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	\$ 26,450,347
Net Pension Liability as a Percentage of Covered Payroll	317.51%	202.95%	322.48%	277.32%	291.32%	299.91%	290.48%	235.21%	206.81%

Notes to Schedule:

Benefit Changes:

The reported figures generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included.

Changes of Assumptions:

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%.

In addition, demographic assumptions and inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015-2016, and 7.50% for measurement date 2014.

**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 nine years are shown.

**CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

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	2023 June 30, 2022	2022 June 30, 2021	2021 June 30, 2020	2020 June 30, 2019	2019 June 30, 2018	2018 June 30, 2017	2017 June 30, 2016	2016 June 30, 2015	2015 June 30, 2014
Total Pension Liability									
Service Cost	\$ 8,356,248	\$ 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	26,404,345	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	(831,176)	2,954,454	(1,469,739)	1,790,717	3,169,943	(1,567,406)	(1,413,668)	1,979,967	-
Changes of Assumptions	14,989,473	-	-	-	(1,439,201)	18,155,192	-	(4,983,218)	-
Benefit Payments, Including Refunds of Employee Contributions	(17,438,326)	(15,597,830)	(14,681,029)	(13,978,578)	(13,331,430)	(12,445,567)	(11,484,404)	(10,784,136)	(9,983,580)
Net Change in Total Pension Liability	31,480,564	20,389,255	14,723,752	17,637,386	16,437,456	31,352,668	12,230,983	10,485,425	13,123,593
Total Pension Liability - Beginning	373,054,385	352,665,130	337,941,378	320,303,992	303,866,536	272,513,868	260,282,885	249,797,460	236,673,867
Total Pension Liability - Ending (a)	\$ 404,534,949	\$ 373,054,385	\$ 352,665,130	\$ 337,941,378	\$ 320,303,992	\$ 303,866,536	\$ 272,513,868	\$ 260,282,885	\$ 249,797,460
Plan Fiduciary Net Position									
Contributions - Employer	\$ 14,768,471	\$ 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	3,240,202	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	(22,116,304)	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	(17,438,326)	(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	(179,720)	(232,800)	(311,364)	(147,873)	(299,477)	(255,826)	(105,410)	(194,650)	-
Other Changes in Fiduciary Net Position	-	-	-	481	(568,712)	-	-	(851)	-
Net Change in Fiduciary Net Position	(21,725,677)	55,455,057	12,182,750	13,648,973	15,030,391	18,911,749	313,880	3,278,846	25,125,723
Plan Fiduciary Net Position - Beginning	288,502,069	233,047,012	220,864,262	207,215,289	192,184,898	173,273,149	172,959,269	169,680,423	144,554,700
Plan Fiduciary Net Position - Ending (b)	\$ 266,776,392	\$ 288,502,069	\$ 233,047,012	\$ 220,864,262	\$ 207,215,289	\$ 192,184,898	\$ 173,273,149	\$ 172,959,269	\$ 169,680,423
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 137,758,557	\$ 84,552,316	\$ 119,618,118	\$ 117,077,116	\$ 113,088,703	\$ 111,681,638	\$ 99,240,719	\$ 87,323,616	\$ 80,117,037
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.95%	77.34%	66.08%	65.36%	64.69%	63.25%	63.58%	66.45%	67.93%
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	\$ 22,090,332
Net Pension Liability as a Percentage of Covered Payroll	508.62%	353.68%	506.72%	496.64%	501.14%	522.59%	514.87%	433.65%	362.68%

Notes to Schedule

Benefit Changes

The reported figures generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included.

Changes of Assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%.

In addition, demographic assumptions and inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015-2016, and 7.50% for measurement date 2014.

**CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 10,713,740	\$ 9,685,300	\$ 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	(12,118,699)	(11,685,300)	(8,563,743)	(7,795,070)	(6,884,422)	(6,019,753)	(5,511,690)	(5,289,899)	(4,433,886)
Contribution deficiency (excess)	\$ (1,404,959)	\$ (2,000,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 32,568,460	\$ 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	32.90%	31.75%	29.12%	28.77%	23.91%	23.35%	21.69%	22.45%	17.72%

Notes to Schedule:

Valuation date June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of pay
Asset valuation method	Market Value
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.75%
Investment rate of return	7.00%, net of pension plan investment expenses, including inflation.
Retirement age	All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

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

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

**CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 17,128,834	\$ 14,768,471	\$ 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	<u>(18,332,739)</u>	<u>(14,768,471)</u>	<u>(14,154,414)</u>	<u>(12,926,127)</u>	<u>(13,506,592)</u>	<u>(10,147,595)</u>	<u>(9,200,650)</u>	<u>(8,837,204)</u>	<u>(8,632,358)</u>
Contribution Deficiency (Excess)	<u>\$ (1,203,905)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 26,544,624	\$ 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	64.53%	54.53%	59.21%	54.76%	57.30%	44.97%	43.05%	45.85%	42.87%

Notes to Schedule:

Valuation date June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal cost method
 Amortization method Level percentage of pay, a summary of the current policy is provided in the table below:
 Asset valuation method Market Value
 Inflation 2.50%
 Salary increases Varies by Entry Age and Service
 Payroll growth 2.75%
 Investment rate of return 7.0%, net of pension plan investment expenses, including inflation.
 Retirement age All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

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

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

**CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

**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	2023	2022	2021	2020	2019	2018	2017	2016	2015
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability									
Service Cost	\$ 620,740	\$ 604,127	\$ 695,775	\$ 643,419	\$ 903,834	\$ 878,575	\$ 950,515	\$ 1,070,789	\$ 1,037,084
Interest	4,134,879	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	560,784	2,103,099	-	(2,443,671)	-	2,535,438	-	(622,779)	-
Changes of Assumptions	(1,236,345)	-	-	1,670,278	-	4,325,462	-	1,567,158	-
Benefit Payments, Including Refunds of Employee Contributions	(3,724,585)	(3,496,840)	(3,366,142)	(3,153,756)	(2,919,979)	(2,740,593)	(2,653,022)	(2,338,674)	(2,221,976)
Net Change in Total Pension Liability	355,473	3,146,920	1,198,409	690,800	1,858,289	8,659,266	1,761,312	3,008,367	1,998,838
Total Pension Liability - Beginning	64,825,754	61,678,834	60,480,425	59,789,625	57,931,336	49,272,070	47,510,758	44,502,391	42,503,553
Total Pension Liability - Ending (a)	\$ 65,181,227	\$ 64,825,754	\$ 61,678,834	\$ 60,480,425	\$ 59,789,625	\$ 57,931,336	\$ 49,272,070	\$ 47,510,758	\$ 44,502,391
Plan Fiduciary Net Position									
Contributions - Employer	\$ 3,744,851	\$ 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	280,071	297,624	329,522	337,144	357,008	360,808	402,607	414,680	443,777
Net Investment Income	(3,363,164)	5,694,753	768,943	1,245,146	1,236,844	1,728,933	180,668	311,185	1,731,278
Administrative Expenses	(242,138)	(224,033)	(189,790)	(180,904)	(178,322)	(172,072)	(102,722)	(70,906)	(66,579)
Benefit Payments, Including Refunds of Employee Contributions	(3,724,585)	(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	-	-	-	-	-	-	-	-	-
Net Change in Fiduciary Net Position	(3,304,965)	6,157,861	891,091	1,614,619	1,320,680	2,014,260	536,907	1,076,407	1,988,893
Plan Fiduciary Net Position - Beginning	27,852,726	21,694,865	20,803,774	19,189,155	17,868,475	15,854,215	15,317,308	14,240,901	12,252,008
Plan Fiduciary Net Position - Ending (b)	\$ 24,547,761	\$ 27,852,726	\$ 21,694,865	\$ 20,803,774	\$ 19,189,155	\$ 17,868,475	\$ 15,854,215	\$ 15,317,308	\$ 14,240,901
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 40,633,466	\$ 36,973,028	\$ 39,983,969	\$ 39,676,651	\$ 40,600,470	\$ 40,062,861	\$ 33,417,855	\$ 32,193,450	\$ 30,261,490
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	37.66%	42.97%	35.17%	34.40%	32.09%	30.84%	32.18%	32.24%	32.00%
Covered Payroll	\$ 14,003,571	\$ 14,515,999	\$ 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	290.17%	254.71%	241.97%	246.72%	228.71%	212.77%	173.37%	149.12%	126.56%

Notes to Schedule

Benefit Changes

The reported figures generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date.

Changes of Assumptions

The non-economic actuarial assumptions are based on the results of an actuarial experience study of the California Public Employees' Retirement System for the period 1997-2019 and released in November 2021. The inflation growth rate was reduced from 2.50% to 2.30% with the June 30, 2022 valuation.

**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 nine years are shown.

**CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

**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	2023	2022	2021	2020
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total Pension Liability				
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest	148,665	84,991	114,003	120,894
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	12,274	(17,698)	11,924	10,068
Changes of Assumptions	(33,088)	(1,467,724)	618,688	155,275
Benefit Payments, Including Refunds of Employee Contributions	(160,571)	(157,422)	(154,336)	(151,309)
Net Change in Total Pension Liability	(32,720)	(1,557,853)	590,279	134,928
Total Pension Liability - Beginning	2,366,171	3,924,024	3,333,745	3,198,817
Total Pension Liability - Ending (a)	\$ 2,333,451	\$ 2,366,171	\$ 3,924,024	\$ 3,333,745
Plan Fiduciary Net Position				
Contributions - Employer	\$ 177,300	\$ 177,300	\$ 177,300	\$ 177,300
Contributions - Employee	-	-	-	-
Net Investment Income	(69,510)	102,822	14,725	22,307
Administrative Expenses	(9,800)	(9,617)	(9,800)	(9,800)
Benefit Payments, Including Refunds of Employee Contributions	(160,571)	(157,422)	(154,336)	(151,309)
Other Changes in Fiduciary Net Position	-	-	-	-
Net Change in Fiduciary Net Position	(62,581)	113,083	27,889	38,498
Plan Fiduciary Net Position - Beginning	563,767	450,684	422,795	384,297
Plan Fiduciary Net Position - Ending (b)	\$ 501,186	\$ 563,767	\$ 450,684	\$ 422,795
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 1,832,265	\$ 1,802,404	\$ 3,473,340	\$ 2,910,950
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	21.48%	23.83%	11.49%	12.68%
Covered Payroll	N/A	N/A	N/A	N/A
Plan Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

Notes to Schedule

Benefit Changes

The reported figures generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date.

Changes of Assumptions

The non-economic actuarial assumptions are based on the results of an actuarial experience study of the California Public Employees' Retirement System for the period 1997-2019 and released in November 2021. The inflation growth rate was reduced from 2.50% to 2.30% with the June 30, 2022 valuation.

**Historical information is required only for measurement periods for which GASB 68 is applicable.

**CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 3,628,402	\$ 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	(3,628,402)	(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	\$ 12,911,450	\$ 14,003,571	\$ 14,515,999	\$ 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	28.10%	26.74%	26.77%	20.26%	20.94%	16.83%	15.07%	14.06%	12.78%

Notes to Schedule:

Valuation date June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level dollar
Amortization Period	19 years as of 6/30/2022
Asset valuation method	Market Value
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.80%
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, 2022 valuation were based on the results of an actuarial experience study for the period from 1997 to 2019, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.
Mortality	Consistent with the Non-Industrial rates used to value Miscellaneous Agency CalPERS pension plans after June 30, 2021.

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

**CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 173,275	\$ 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>	<u>(177,300)</u>
Contribution deficiency (excess)	<u>\$ (4,025)</u>	<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	N/A
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

Valuation date June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level dollar
Amortization Period	19 years as of 6/30/2022
Asset valuation method	Market Value
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Payroll growth	2.80%
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, 2022 valuation were based on the results of an actuarial experience study for the period from 1997 to 2019, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.
Mortality	Consistent with the Non-Industrial rates used to value Miscellaneous Agency CalPERS pension plans after June 30, 2021.

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

SUPPLEMENTARY INFORMATION

OTHER GOVERNMENTAL FUNDS

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

SPECIAL REVENUE FUNDS:

BUILDING & STREET DEVELOPMENT

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

COMMUNITY DEVELOPMENT

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

MAINTENANCE DISTRICTS

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

COMMUNITY FACILITIES

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

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, 2023**

	Special Revenue Funds			
	Building and Street Development	Community Development	Maintenance Districts	Community Facilities
Assets:				
Cash and investments	\$ 8,141,281	\$ 409,773	\$ 4,115,461	\$ 1,475,249
Receivables:				
Interest	-	-	-	-
Taxes	150,357	-	-	-
Accounts	614,481	287,160	-	1,783,279
Loans	-	1,668,713	-	-
Total Assets	\$ 8,906,119	\$ 2,365,646	\$ 4,115,461	\$ 3,258,528
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts and contract payable	\$ 343,251	\$ 103,483	\$ 108,649	\$ 1,500
Accrued payroll	221,837	3,152	105,417	-
Due to other funds	-	-	-	-
Deposits payable	373,531	898	4,345,561	-
Unearned revenue	166	38,569	-	745,778
Total Liabilities	938,785	146,102	4,559,627	747,278
Deferred Inflows of Resources:				
Unavailable revenue - grants and other	48,472	287,079	-	1,657,590
Total Deferred Inflows of Resources	48,472	287,079	-	1,657,590
Fund Balances (Deficits):				
Restricted	7,918,862	1,932,465	-	853,660
Unassigned	-	-	(444,166)	-
Total Fund Balances (Deficits)	7,918,862	1,932,465	(444,166)	853,660
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,906,119	\$ 2,365,646	\$ 4,115,461	\$ 3,258,528

**CITY OF VACAVILLE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023**

	<u>Capital Project Funds</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
	<u>Assessment & Improvement Districts</u>	<u>Energy Efficiency Siemens</u>	
Assets:			
Cash and investments	\$ 528,766	\$ -	\$ 14,670,530
Receivables:			
Interest	-	-	-
Taxes	-	-	150,357
Accounts	-	-	2,684,920
Loans	-	-	1,668,713
Total Assets	\$ 528,766	\$ -	\$ 19,174,520
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Accounts and contract payable	\$ -	\$ -	\$ 556,883
Accrued payroll	-	-	330,406
Due to other funds	-	257,674	257,674
Deposits payable	-	-	4,719,990
Unearned revenue	-	-	784,513
Total Liabilities	-	257,674	6,649,466
Deferred Inflows of Resources:			
Unavailable revenue - grants and other	-	-	1,993,141
Total Deferred Inflows of Resources	-	-	1,993,141
Fund Balances (Deficits):			
Restricted	528,766	-	11,233,753
Unassigned	-	(257,674)	(701,840)
Total Fund Balances (Deficits)	528,766	(257,674)	10,531,913
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 528,766	\$ -	\$ 19,174,520

**CITY OF VACAVILLE
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds			
	Building and Street Development	Community Development	Maintenance Districts	Community Facilities
Revenues:				
Taxes and fees	\$ 512,583	\$ -	\$ 4,472,706	\$ 7,819,674
Licenses and permits	2,536,797	-	-	-
Investment income	103,486	7,228	61,532	27,885
Intergovernmental	808,093	505,891	-	-
Charges for services	6,526,835	-	-	-
Rents and royalties	-	16,209	-	-
Other	5,510	-	-	-
Total Revenues	10,493,304	529,328	4,534,238	7,847,559
Expenditures:				
Current:				
General government	5,009,587	-	-	-
Public works	3,861,044	-	-	-
Community services	-	478,208	5,606,513	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	80,166
Total Expenditures	8,870,631	478,208	5,606,513	80,166
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	1,622,673	51,120	(1,072,275)	7,767,393
Other Financing Sources (Uses):				
Transfers in	502,055	-	1,758,494	-
Transfers out	(526,271)	(265,600)	(131,696)	(7,142,285)
Total Other Financing Sources (Uses)	(24,216)	(265,600)	1,626,798	(7,142,285)
Net Change in Fund Balances	1,598,457	(214,480)	554,523	625,108
Fund Balances, Beginning of Year	6,320,405	2,146,945	(998,689)	228,552
Fund Balances, End of Year	\$ 7,918,862	\$ 1,932,465	\$ (444,166)	\$ 853,660

**CITY OF VACAVILLE
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2023**

	<u>Capital Project</u>	<u>Debt Service Funds</u>	<u>Total</u>
	<u>Assessment & Improvement Districts</u>	<u>Energy Efficiency Siemens</u>	<u>Other Governmental Funds</u>
Revenues:			
Taxes and fees	\$ -	\$ -	\$ 12,804,963
Licenses and permits	-	-	2,536,797
Investment income	8,223	-	208,354
Intergovernmental	-	-	1,313,984
Charges for services	-	-	6,526,835
Rents and royalties	-	-	16,209
Other	-	-	5,510
Total Revenues	8,223	-	23,412,652
Expenditures:			
Current:			
General government	-	-	5,009,587
Public works	-	-	3,861,044
Community services	-	-	6,084,721
Debt service:			
Principal	-	611,378	611,378
Interest and fiscal charges	-	87,698	167,864
Total Expenditures	-	699,076	15,734,594
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	8,223	(699,076)	7,678,058
Other Financing Sources (Uses):			
Transfers in	-	769,076	3,029,625
Transfers out	(114,279)	-	(8,180,131)
Total Other Financing Sources (Uses)	(114,279)	769,076	(5,150,506)
Net Change in Fund Balances	(106,056)	70,000	2,527,552
Fund Balances, Beginning of Year	634,822	(327,674)	8,004,361
Fund Balances, End of Year	\$ 528,766	\$ (257,674)	\$ 10,531,913

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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and fees	\$ 195,000	\$ 195,000	\$ 512,583	\$ 317,583
Licenses and permits	1,600,000	1,600,000	2,536,797	936,797
Investment income	40,000	40,000	103,486	63,486
Intergovernmental	871,659	871,659	808,093	(63,566)
Charges for services	1,870,260	1,870,260	6,526,835	4,656,575
Other	2,700	2,700	5,510	2,810
Total Revenues	4,579,619	4,579,619	10,493,304	5,913,685
Expenditures:				
Current:				
General government	5,500,763	5,500,763	5,009,587	491,176
Public works	2,115,203	2,115,203	3,861,044	(1,745,841)
Total Expenditures	7,615,966	7,615,966	8,870,631	(1,254,665)
Excess (deficiency) of revenues over (under) expenditures	(3,036,347)	(3,036,347)	1,622,673	4,659,020
Other Financing Sources (Uses)				
Transfers in	500,000	500,000	502,055	2,055
Transfers out	(526,271)	(526,271)	(526,271)	-
Total Other Financing Sources (Uses)	(26,271)	(26,271)	(24,216)	2,055
Net Change in Fund Balances	(3,062,618)	(3,062,618)	1,598,457	4,661,075
Fund Balances, Beginning of Year	6,382,928	6,382,928	6,320,405	-
Fund Balances, End of Year	\$ 3,320,310	\$ 3,320,310	\$ 7,918,862	\$ 4,661,075

CITY OF VACAVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 7,228	\$ 7,228
Intergovernmental	1,363,834	1,329,189	505,891	(823,298)
Rents and royalties	-	-	16,209	16,209
Charges for services	25,000	25,000	-	(25,000)
Total Revenues	1,388,834	1,354,189	529,328	(824,861)
Expenditures:				
Community services	1,363,834	1,099,051	478,208	620,843
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	1,363,834	1,099,051	478,208	620,843
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,000	255,138	51,120	(204,018)
Other Financing Sources (Uses):				
Transfers out	-	(230,138)	(265,600)	(495,738)
Total Other Financing Sources (Uses)	-	(230,138)	(265,600)	(495,738)
Net Change in Fund Balance	25,000	25,000	(214,480)	(699,756)
Fund Balances, Beginning of Year	2,146,945	2,146,945	2,146,945	-
Fund Balances, End of Year	\$ 2,171,945	\$ 2,171,945	\$ 1,932,465	\$ (699,756)

CITY OF VACAVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAINTENANCE DISTRICTS
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and fees	\$ 4,399,921	\$ 4,399,921	\$ 4,472,706	\$ 72,785
Investment income	-	-	61,532	61,532
Total Revenues	4,399,921	4,399,921	4,534,238	134,317
Expenditures:				
Current:				
Community services	8,558,733	8,558,733	5,606,513	2,952,220
Total Expenditures	8,558,733	8,558,733	5,606,513	2,952,220
Excess (deficiency) of revenues over (under) expenditures	(4,158,812)	(4,158,812)	(1,072,275)	3,086,537
Other Financing Sources (Uses)				
Transfers in	1,758,494	1,758,494	1,758,494	-
Transfers out	(118,570)	(118,570)	(131,696)	(13,126)
Total Other Financing Sources (Uses)	1,758,494	1,758,494	1,626,798	(13,126)
Net change in fund balance	(2,400,318)	(2,400,318)	554,523	3,073,411
Fund Balances, Beginning of Year	(135,439)	(135,439)	(998,689)	-
Fund Balances, End of Year	\$ (2,535,757)	\$ (2,535,757)	\$ (444,166)	\$ 3,073,411

CITY OF VACAVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY FACILITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and fees	\$ 7,198,343	\$ 7,198,343	\$ 7,819,674	\$ 621,331
Interest Income	-	-	27,885	27,885
Total Revenues	7,198,343	7,198,343	7,847,559	649,216
Expenditures:				
Debt service:				
Interest and fiscal charges	-	-	80,166	(80,166)
Total Expenditures	-	-	80,166	(80,166)
Excess (deficiency) of revenues over (under) expenditures	7,198,343	7,198,343	7,767,393	569,050
Other Financing Sources (Uses)				
Transfers out	(7,321,083)	(7,321,083)	(7,142,285)	178,798
Total Other Financing Sources (Uses)	(7,321,083)	(7,321,083)	(7,142,285)	178,798
Net change in fund balance	(122,740)	(122,740)	625,108	747,848
Fund Balances, Beginning of Year	98,990	98,990	228,552	-
Fund Balances, End of Year	\$ (23,750)	\$ (23,750)	\$ 853,660	\$ 747,848

INTERNAL SERVICE FUNDS

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

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

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

CENTRAL SERVICES

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

VEHICLE REPLACEMENT

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

TECHNOLOGY REPLACEMENT

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

INSURANCE

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

EMPLOYEE BENEFITS

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

CITY OF VACAVILLE
COMBINING STATEMENTS OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2023

	Governmental Activities - Internal Service Funds					
	Central Services	Vehicle Replacement	Technology Replacement	Insurance	Employee Benefits	Total
Assets:						
Cash and investments	\$ -	\$ 6,356,347	\$ 1,250,380	\$ 7,133,479	\$ 1,383,718	\$ 16,123,924
Receivables:						
Accounts	32,785	-	-	-	-	32,785
Due from other funds	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Inventories - supplies	244,955	-	-	-	-	244,955
Prepaid expenses	3,747	-	109,807	-	-	113,554
Deposits	-	-	-	170,204	-	170,204
Capital assets - net of accumulated depreciation/amortization	82,946	11,422,824	2,420,814	4,867	-	13,931,451
Total Assets	364,433	17,779,171	3,781,001	7,308,550	1,383,718	30,616,873
Deferred Outflows of Resources:						
Deferred outflows related to pension	2,335,015	-	-	583,742	-	2,918,757
Deferred outflows related to OPEB	1,038,673	-	-	155,204	-	1,193,877
Total Deferred Outflow of Resources	3,373,688	-	-	738,946	-	4,112,634
Liabilities:						
Current:						
Accounts and contract payable	219,706	1,273,986	25,201	486	16,479	1,535,858
Accrued payroll	133,273	-	-	26,566	234,893	394,732
Advances from other funds	-	1,074,593	-	-	-	1,074,593
Interest payable	-	28,995	21,159	109	-	50,263
Employee benefits payable	-	-	-	-	508,603	508,603
Due to other funds	578,704	-	-	-	-	578,704
Deposits payable	-	-	-	5,183	-	5,183
Claims payable - due within one year	-	-	-	2,684,000	-	2,684,000
Lease payable - due within one year	7,862	-	111,459	-	-	119,321
SBITA payable - due within one year	-	-	661,183	1,568	-	662,751
Long term debt - due within one year	-	368,571	-	-	-	368,571
Total Current Liabilities	939,545	2,746,145	819,002	2,717,912	759,975	7,982,579
Noncurrent:						
Net Pension liability	8,800,068	-	-	2,200,015	-	11,000,083
Net OPEB liability	2,962,426	-	-	442,661	-	3,405,087
Claims payable - due in more than a year	-	-	-	5,184,000	-	5,184,000
Lease payable - due in more than a year	15,771	-	274,882	-	-	290,653
SBITA payable - due in more than a year	-	-	928,547	3,244	-	931,791
Long term debt - due in more than a year	-	1,079,892	-	-	-	1,079,892
Total Noncurrent Liabilities	11,778,265	1,079,892	1,203,429	7,829,920	-	21,891,506
Deferred Inflows of Resources						
Deferred inflows related to pension	67,225	-	-	16,806	-	84,031
Deferred inflows related to OPEB	555,445	-	-	82,996	-	638,441
Total Deferred Inflows of Resources	622,670	-	-	99,802	-	722,472
Net Position:						
Net investment in capital assets	59,313	9,974,361	444,743	55	-	10,478,472
Restricted for capital acquisition	-	-	-	-	-	-
Unrestricted	(9,661,672)	3,978,773	1,313,827	(2,600,193)	623,743	(6,345,522)
Total Net Position	\$ (9,602,359)	\$ 13,953,134	\$ 1,758,570	\$ (2,600,138)	\$ 623,743	\$ 4,132,950

**CITY OF VACAVILLE
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

Governmental Activities - Internal Service Funds

	Central Services	Vehicle Replacement	Technology Replacement	Insurance	Employee Benefits	Totals
Operating Revenues:						
Internal service charges	\$ 5,551,241	\$ 570,557	\$ 2,246,000	\$ 6,412,785	\$ 2,000,000	\$ 16,780,583
Total Operating Revenues	5,551,241	570,557	2,246,000	6,412,785	2,000,000	16,780,583
Operating Expenses:						
Internal service expenses	5,748,288	417,020	1,188,943	7,322,205	743,597	15,420,053
Depreciation/amortization	17,787	2,170,086	1,014,430	1,622	-	3,203,925
Total Operating Expenses	5,766,075	2,587,106	2,203,373	7,323,827	743,597	18,623,978
Operating Income (Loss)	(214,834)	(2,016,549)	42,627	(911,042)	1,256,403	(1,843,395)
Nonoperating Revenues (Expenses):						
Interest revenue	7,598	66,683	14,852	80,509	2,903	172,545
Interest expense	(56)	(66,703)	(41,332)	(109)	-	(108,200)
Gain (Loss) on disposal of capital assets	-	195,230	-	-	-	195,230
Other	-	-	-	-	-	-
Gain on capital assets	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	7,542	195,210	(26,480)	80,400	2,903	259,575
Income (Loss) Before Transfers	(207,292)	(1,821,339)	16,147	(830,642)	1,259,306	(1,583,820)
Transfers:						
Transfers in	70,000	3,086,633	-	-	-	3,156,633
Transfers out	(4,731)	-	-	-	-	(4,731)
Total Transfers	65,269	3,086,633	-	-	-	3,151,902
Changes in Net Position	(142,023)	1,265,294	16,147	(830,642)	1,259,306	1,568,082
Net Position:						
Beginning of Year	(9,460,336)	12,687,840	1,742,423	(1,769,496)	(635,563)	2,564,868
End of Fiscal Year	\$ (9,602,359)	\$ 13,953,134	\$ 1,758,570	\$ (2,600,138)	\$ 623,743	\$ 4,132,950

**CITY OF VACAVILLE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

Governmental Activities - Internal Service Funds						
	Central Services	Vehicle Replacement	Technology Replacement	Insurance	Employee Benefits	Total
Cash Flows from Operating Activities:						
Cash received from customers and users	\$ 5,531,731	\$ 570,557	\$ 2,246,000	\$ 6,412,785	\$ 2,114,486	\$ 16,875,559
Cash paid to suppliers for goods and services	(4,362,093)	802,915	(1,023,220)	(4,193,360)	16,479	(8,759,279)
Cash paid to employees for services	(1,461,573)	-	-	(1,072,130)	(195,676)	(2,729,379)
Claims paid	-	-	-	(798,754)	-	(798,754)
Net Cash Provided (Used) by Operating Activities	(291,935)	1,373,472	1,222,780	348,541	1,935,289	4,588,147
Cash Flow from Non-Capital						
Financing Activities:						
Due to/(from) other funds	226,907	-	-	-	(554,474)	(327,567)
Advances from other funds	-	(109,907)	-	-	-	(109,907)
Cash transfers in	70,000	3,086,633	-	-	-	3,156,633
Cash transfers out	(4,731)	-	-	-	-	(4,731)
Net Cash Provided (Used) by Non-Capital Financing Activities	292,176	2,976,726	-	-	(554,474)	2,714,428
Cash Flows from Capital and Related Financing Activities:						
Net proceeds from issuance of long-term debt	-	-	1,976,071	4,812	-	1,980,883
Acquisition of capital assets	-	(3,370,933)	(3,061,156)	(6,489)	-	(6,438,578)
Proceeds from sale of capital assets	-	195,230	-	-	-	195,230
Principal paid on leased assets	(7,783)	-	-	-	-	(7,783)
Principal paid on financed debt	-	(358,417)	-	-	-	(358,417)
Interest paid	(56)	(72,480)	(20,173)	-	-	(92,709)
Net Cash Used by Capital and Related Financing Activities	(7,839)	(3,606,600)	(1,105,258)	(1,677)	-	(4,721,374)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest revenue	7,598	66,683	14,852	80,509	2,903	172,545
Net cash provided by investing activities	7,598	66,683	14,852	80,509	2,903	172,545
Net Increase (Decrease) in Cash and Cash Equivalents						
	-	810,281	132,374	427,373	1,383,718	2,753,746
Cash and Cash Equivalents at Beginning of Year	-	5,546,066	1,118,006	6,706,106	-	13,370,178
Cash and investments	-	6,356,347	1,250,380	7,133,479	1,383,718	16,123,924
Restricted cash and investments	-	-	-	-	-	-
Cash and Cash Equivalents at End of Year	-	6,356,347	1,250,380	7,133,479	1,383,718	16,123,924
Contribution and transfer of capital assets, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ (214,834)	\$ (2,016,549)	\$ 42,627	\$ (911,042)	\$ 1,256,403	\$ (1,843,395)
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:						
Depreciation/amortization	17,787	2,170,086	1,014,430	1,622	-	3,203,925
(Gain) Loss on disposal of assets	-	-	-	-	-	-
Changes in assets and liabilities:						
Decrease in accounts receivable	(19,510)	-	-	-	114,486	94,976
Decrease (increase) in prepaid expenses	(3,320)	-	186,585	-	-	183,265
Decrease (increase) in inventories - supplies	71,273	-	-	-	-	71,273
Decrease (increase) in deposits	-	-	-	165,380	-	165,380
Decrease (increase) in deferred outflows of resources - pension	(1,097,608)	-	-	(274,400)	-	(1,372,008)
Decrease (increase) in deferred outflows of resources - OPEB	(589,042)	-	-	(88,017)	-	(677,059)
Increase (decrease) in accounts and contracts payable	(41,273)	1,219,935	(20,862)	(2,569)	16,479	1,171,710
Increase (decrease) in accrued payroll	31,275	-	-	(3,856)	39,318	66,737
Increase (decrease) in employee benefits payable	-	-	-	-	508,603	508,603
Increase (decrease) in pension liability	2,614,354	-	-	653,589	-	3,267,943
Increase (decrease) in OPEB liability	853,217	-	-	127,492	-	980,709
Increase (decrease) in deferred inflow of resources - pension	(1,495,763)	-	-	(373,941)	-	(1,869,704)
Increase (decrease) in deposits payable	-	-	-	3,348	-	3,348
Increase (decrease) in deferred inflow of resources - OPEB	(418,491)	-	-	(62,534)	-	(481,025)
Increase (decrease) in claims payable	-	-	-	1,113,469	-	1,113,469
Total Adjustments	(77,101)	3,390,021	1,180,153	1,259,583	678,886	6,431,542
Net Cash Provided (Used) by Operating Activities	\$ (291,935)	\$ 1,373,472	\$ 1,222,780	\$ 348,541	\$ 1,935,289	\$ 4,588,147
Non-Cash Investing, Capital, and Financing Activities:						
Gain (loss) on disposition of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CUSTODIAL FUND COMBINING STATEMENTS

CITY OF VACAVILLE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2023

	Solano Transportation Authority Custodial Funds	Community Action Partnership Custodial Funds	Benefit District and Reimbursement Fund Custodial Funds
Assets:			
Current assets:			
Cash and investments	\$ 6,898,628	\$ 5,062,639	\$ 11,931,775
Receivables:			
Accounts, net allowance	-	741,340	-
Total current assets	6,898,628	5,803,979	11,931,775
Noncurrent assets:			
Restricted cash and investments	-	-	-
Total noncurrent assets	-	-	-
Total Assets	6,898,628	5,803,979	11,931,775
Liabilities:			
Current liabilities:			
Accounts payable and contracts payable	-	1,696,294	-
Deposits payable	-	-	11,931,775
Unearned revenue	-	3,820,062	-
Long-term liabilities - due within one year	-	-	-
	-	5,516,356	11,931,775
Noncurrent liabilities:			
Long-term liabilities - due in more than a year	-	-	-
Total Liabilities	-	5,516,356	11,931,775
Net Position - End of the Year	\$ 6,898,628	\$ 287,623	\$ -

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2023**

	Special Assessments Custodial Funds	Bond Funds Custodial Funds	Total Custodial Funds
Assets:			
Current assets:			
Cash and investments	\$ 717,832	\$ -	\$ 24,610,874
Receivables:			
Accounts, net allowance	-	-	741,340
Total current assets	717,832	-	25,352,214
Noncurrent assets:			
Restricted cash and investments	196,002	4,252,594	4,448,596
Total noncurrent assets	196,002	4,252,594	4,448,596
Total Assets	913,834	4,252,594	29,800,810
Liabilities:			
Current liabilities:			
Accounts payable and contracts payable	-	-	1,696,294
Deposits payable	-	-	11,931,775
Unearned revenue	-	-	3,820,062
Long-term liabilities - due within one year	244,715	-	244,715
	244,715	-	17,692,846
Noncurrent liabilities:			
Long-term liabilities - due in more than a year	3,614,979	-	3,614,979
Total Liabilities	3,859,694	-	21,307,825
Net Position - End of the Year	\$ (2,945,860)	\$ 4,252,594	\$ 8,492,985

CITY OF VACAVILLE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Solano Transportation Authority Custodial Funds	Community Action Partnership Custodial Funds	Benefit District and Reimbursement Fund Custodial Funds
Additions:			
Investment income	\$ -	\$ 21,349	\$ -
Deposits received	37,712,699	-	-
Issuance of debt and loans	-	-	-
Program revenue	-	-	-
Taxes & fees	-	38,688	-
Grants and contributions	-	4,827,488	-
Other	-	-	-
Total Additions:	37,712,699	4,887,525	-
Deductions:			
Administrative and general operations	-	391,664	-
Program expenses	-	3,563,434	-
Other expenses	38,031,295	-	-
Fiscal fines and other fees	-	-	-
Interest expense	-	-	-
Total Deductions:	38,031,295	3,955,098	-
Change in Net Position	(318,596)	932,427	-
Beginning of year	7,217,224	(644,804)	-
Net Position - End of the Year	\$ 6,898,628	\$ 287,623	\$ -

**CITY OF VACAVILLE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Special Assessments Custodial Funds	Bond Funds Custodial Funds	Total Custodial Funds
Additions:			
Investment income	\$ 149,295	\$ 408,070	\$ 578,714
Deposits received	-	-	37,712,699
Issuance of debt and loans	-	-	-
Program revenue	-	-	-
Taxes & fees	380,466	-	419,154
Grants and contributions	-	-	4,827,488
Other	-	-	-
Total Additions:	529,761	408,070	43,538,055
Deductions:			
Administrative and general operations	-	-	391,664
Program expenses	-	-	3,563,434
Other expenses	-	-	38,031,295
Fiscal fines and other fees	9,939	-	9,939
Interest expense	127,284	-	127,284
Total Deductions:	137,223	-	42,123,616
Change in Net Position	392,538	408,070	1,414,439
Beginning of year	(3,338,398)	3,844,524	7,078,546
Net Position - End of the Year	\$ (2,945,860)	\$ 4,252,594	\$ 8,492,985

STATISTICAL SECTION

This part of the City of Vacaville's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	140
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	146
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	150
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	154
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	157

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$ 469,699	\$ 454,580	\$ 456,266	\$ 449,819	\$ 440,786	\$ 441,258	\$ 428,611	\$ 419,176	\$ 400,267	\$ 418,360
Restricted	119,079	104,134	102,152	102,530	76,249	77,301	78,936	76,780	59,774	22,122
Unrestricted	<u>(110,433)</u>	<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>
Total governmental activities net position	<u>478,345</u>	<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>
Business-type activities										
Net investment in capital assets	246,489	236,213	234,578	231,479	225,000	215,531	205,549	202,700	205,054	204,329
Restricted	7,106	7,106	7,106	7,106	7,106	7,105	-	-	102	473
Unrestricted	<u>135,653</u>	<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>
Total business-type activities net position	<u>389,248</u>	<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>
Primary government										
Net investment in capital assets	716,188	690,793	690,844	681,298	665,786	656,789	634,160	621,876	605,321	622,689
Restricted	126,185	11,140	109,258	109,636	83,355	84,406	78,936	76,780	59,876	22,595
Unrestricted	<u>25,220</u>	<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>
Total primary government net position	<u>\$ 867,593</u>	<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>

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>2023</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>
Expenses										
Governmental activities	\$ 196,665	\$ 149,216	\$ 158,253	\$ 148,851	\$ 139,209	\$ 137,621	\$ 125,764	\$ 115,864	\$ 121,619	\$ 107,636
Business-type	<u>71,441</u>	<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>
Total primary government expenses	<u>268,106</u>	<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>
Program Revenues										
Governmental activities	112,685	63,301	80,305	59,477	55,279	64,445	54,702	69,483	47,765	44,265
Business-type	<u>83,584</u>	<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>
Total primary government program revenues	<u>196,269</u>	<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>
Net (Expense)/Revenue										
Governmental activities	(83,980)	(85,915)	(77,948)	(89,374)	(83,930)	(73,176)	(71,062)	(46,381)	(73,854)	(63,371)
Business-type	<u>12,143</u>	<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>
Total primary government net expense	<u>(71,837)</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental activities	125,384	113,292	107,203	104,322	100,494	86,550	78,355	76,217	74,430	64,469
Business-type	<u>3,927</u>	<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>
Total primary government	<u>129,311</u>	<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>
Changes in Net Position										
Governmental activities	41,404	27,377	29,255	14,948	16,564	13,374	7,293	29,836	576	1,098
Business-type	<u>16,070</u>	<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>
Total primary government	<u>\$ 57,474</u>	<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>

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

Schedule 2a

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
General Government	\$ 24,630	\$ 15,918	\$ 13,839	\$ 16,155	\$ 12,775	\$ 12,840	\$ 14,849	\$ 11,350	\$ 10,997	\$ 10,446
Public Safety	86,175	69,027	79,380	77,785	73,903	67,543	61,505	58,052	52,077	49,612
Public Works	37,395	27,413	30,503	20,158	22,404	28,104	22,247	19,989	21,159	21,135
Community Services	19,410	17,634	15,198	17,033	14,883	14,416	13,567	12,507	12,258	12,118
Housing	28,635	18,882	18,817	17,040	14,692	14,206	13,019	13,303	24,623	13,805
Interest on long-term debt	420	342	516	680	552	512	577	663	505	520
Total governmental activities expenses	196,665	149,216	158,253	148,851	139,209	137,621	125,764	115,864	121,619	107,636
Program Revenues										
Charges for services:										
General Government	6,434	4,375	5,780	6,432	4,949	3,859	4,442	4,893	4,382	3,476
Public Safety	7,185	7,845	6,836	6,397	5,514	5,792	4,978	4,334	3,715	3,503
Public Works	4,522	3,838	3,964	1,206	2,566	1,889	1,383	991	778	2,429
Community Services	9,331	7,986	5,633	5,679	7,993	7,229	6,607	6,340	6,333	6,426
Housing	31	16	12	4	10	21	22	34	426	928
Operating grants and contributions	37,210	26,874	25,494	20,466	18,870	17,282	15,828	18,785	16,520	13,831
Capital grants and contributions	47,972	12,367	32,586	19,293	15,377	28,373	21,442	34,106	15,611	13,672
Total governmental activities program revenues	112,685	63,301	80,305	59,477	55,279	64,445	54,702	69,483	47,765	44,265
Net (Expense)/Revenue	(83,980)	(85,915)	(77,948)	(89,374)	(83,930)	(73,176)	(71,062)	(46,381)	(73,854)	(63,371)
General Revenues and Other Changes in Net Position										
Taxes										
Property taxes	59,185	56,498	50,141	50,543	47,971	47,387	41,210	37,869	35,283	32,855
Sales taxes	51,958	50,561	46,319	38,932	39,272	27,234	24,855	26,632	23,627	22,215
Franchise taxes	5,551	5,303	5,160	4,898	4,536	4,262	4,366	4,045	3,925	3,578
Transient lodging tax	1,983	2,163	1,446	1,685	2,015	1,835	1,678	1,688	1,398	1,194
Business license tax	399	407	355	279	287	287	291	300	339	325
Excise tax	2,853	2,890	2,676	2,590	2,671	2,694	2,572	2,617	2,407	2,431
Gasoline tax	-	-	-	-	-	-	-	-	-	3,050
Vehicle license taxes	-	-	-	-	-	-	-	-	-	-
Investment income	1,410	(5,356)	221	5,756	3,801	1,244	887	967	875	668
Unrestricted capital contributions	-	-	-	-	-	-	-	-	-	898
Special Item - gain on dissolution of Redevelopment	-	-	-	-	-	-	-	1,582	3,815	(3,815)
Miscellaneous	2,239	943	503	613	534	878	433	858	2,938	1,145
Transfers	(194)	(117)	382	(974)	(593)	729	2,063	(341)	(177)	(75)
Total governmental activities	125,384	113,292	107,203	104,322	100,494	86,550	78,355	76,217	74,430	64,469
Changes in Net Position	\$ 41,404	\$ 27,377	\$ 29,255	\$ 14,948	\$ 16,564	\$ 13,374	\$ 7,293	\$ 29,836	\$ 576	\$ 1,098

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>2023</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>
Expenses										
Sewer	\$ 39,949	\$ 34,272	\$ 35,569	\$ 36,042	\$ 35,076	\$ 34,301	\$ 32,908	\$ 29,548	\$ 28,480	\$ 26,659
Water	27,722	22,763	23,301	22,524	23,425	21,789	18,021	18,318	17,747	20,063
Transit	3,770	3,901	3,455	3,708	3,832	4,126	3,666	3,553	3,548	3,471
Total business-type activities expenses	<u>71,441</u>	<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>
Program Revenues										
Charges for services:										
Sewer	35,747	35,145	34,571	33,951	34,146	33,655	33,807	33,680	33,071	32,222
Water	23,777	23,673	24,573	23,092	20,890	20,156	18,487	15,979	15,361	16,514
Transit	190	89	65	318	403	447	441	453	487	456
Operating grants and contributions	3,329	2,383	2,459	2,521	2,196	2,181	1,903	1,857	1,807	1,865
Capital grants and contributions	20,541	10,372	18,091	15,949	9,676	9,485	19,100	15,228	8,430	2,593
Total business-type activities program revenues	<u>83,584</u>	<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>
Net (Expense)/Revenue	<u>12,143</u>	<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>
General Revenues and Other Changes in Net Position										
Taxes										
Property taxes	85	83	90	111	98	99	98	96	101	92
Investment income	1,323	(6,936)	(580)	5,898	4,009	857	90	769	540	202
Unrestricted capital contributions	-	-	-	-	-	-	-	-	-	2,540
Miscellaneous	2,325	1,359	1,101	1,187	1,192	449	701	3,101	1,708	129
Transfers	194	117	(382)	974	592	(729)	(2,063)	341	177	75
Total business-type activities	<u>3,927</u>	<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>
Changes in Net Position	<u>\$ 16,070</u>	<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>

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)

	Fiscal Year									
	<u>2023</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>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	1,685	1,920	611	552	10	964	1,928	2,862	3,185	185
Restricted	-	-	-	439	2,394	-	-	-	102	118
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	31,321	28,942	39,995	31,064	23,644	11,463	8,282	3,279	2,674	2,855
Unassigned	<u>49,954</u>	<u>49,740</u>	<u>30,009</u>	<u>29,133</u>	<u>28,408</u>	<u>27,572</u>	<u>22,814</u>	<u>24,161</u>	<u>16,101</u>	<u>8,587</u>
Total general fund	<u>\$ 82,960</u>	<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>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	97
Restricted	119,079	105,077	102,640	90,271	83,490	77,079	78,439	76,777	58,340	21,753
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	3,521	357	362	411	1,483	1,221	501	1,098	12,137	608
Unassigned	<u>(1,782)</u>	<u>(1,919)</u>	<u>(568)</u>	<u>(767)</u>	<u>(546)</u>	<u>(411)</u>	<u>(302)</u>	<u>(271)</u>	<u>(175)</u>	<u>(250)</u>
Total all other governmental funds	<u>\$ 120,818</u>	<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>

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>2023</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>
Revenues										
Taxes and fees	\$ 130,309	\$ 122,961	\$ 111,043	\$102,843	\$111,508	\$ 94,125	\$ 87,932	\$ 87,142	\$ 77,766	\$ 75,450
Licenses and permits	2,906	2,055	2,768	2,243	1,872	1,734	1,764	2,028	1,545	1,264
Investment income	1,346	(5,399)	139	5,756	3,870	1,322	954	975	1,701	1,157
Intergovernmental	39,110	26,308	28,637	24,858	21,963	38,827	26,258	27,985	20,178	21,144
Charges for services	19,197	16,861	14,174	12,767	14,453	13,047	12,119	11,179	10,088	11,356
Rents and royalties	582	402	532	441	460	444	390	540	-	-
Development fees	18,146	8,011	19,841	12,230	-	-	-	-	-	-
Fines, penalties and forfeitures	328	401	445	283	403	386	397	310	235	287
AB 1484 County distribution	-	-	-	-	-	-	-	-	-	-
Other	1,353	262	367	468	299	380	443	826	1,934	767
Total revenues	<u>213,277</u>	<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>
Expenditures										
General Government	22,786	16,982	16,663	13,748	12,681	11,054	13,513	11,129	9,509	9,093
Public Safety	86,772	78,065	73,068	70,039	66,614	62,189	57,272	53,059	50,112	46,950
Public Works	14,136	12,690	9,884	9,927	8,997	8,585	8,142	7,107	6,904	6,196
Community Services	18,988	17,639	14,192	14,552	14,231	13,614	13,121	11,782	11,387	11,474
Housing	21,999	19,204	17,897	16,607	14,740	13,905	13,247	13,168	13,207	13,258
Capital Outlay	24,258	12,785	16,143	19,745	13,893	30,560	21,996	16,113	10,236	11,002
Debt service										
Principal	1,802	985	5,200	1,157	969	888	911	2,217	961	1,737
Interest and fiscal charges	372	348	548	615	548	519	585	687	483	572
Total expenditures	<u>191,113</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>22,164</u>	<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>
Other Financing Sources (uses)										
Transfers in	16,718	15,471	19,472	17,571	12,863	12,471	9,056	10,458	4,645	4,186
Transfers out	(20,063)	(18,675)	(21,210)	(21,437)	(15,827)	(15,218)	(7,465)	(10,829)	(4,897)	(4,331)
Sale of capital assets	351	301	-	588	3	-	694	189	240	105
Issuance of debt and loans	491	807	38	-	1,800	23	-	-	6,000	161
Total other financing sources (uses)	<u>(2,503)</u>	<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>
Extraordinary gain/(loss)	-	-	-	-	-	-	-	-	3,815	(3,815)
Net change in fund balances	<u>\$ 19,661</u>	<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>
Debt services as a percentage of noncapital expenditures	1.2%	0.9%	3.9%	1.3%	1.2%	1.2%	1.4%	2.8%	1.5%	2.4%

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	
2023	\$ 16,302,770	\$ 715	\$ 526,190	\$ (1,020,181)	\$ 15,809,494	-	-	-	-	0.208%
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%

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**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Fiscal Year</u> <u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City Direct Rates:										
City Basic Rate	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%
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	0.20841%	0.20340%	0.20880%	0.20856%	0.20894%	0.20984%	0.21275%	0.21439%	0.21596%	0.22018%
Overlapping Rates:										
Basic Levy*	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Davis Unified	0.00000%	0.00000%	0.00000%	0.00000%	0.08411%	0.09224%	0.05713%	0.04833%	0.05691%	0.05222%
Dixon Unified School Bonds	0.07587%	0.07744%	0.07207%	0.07270%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Fairfield/Suisun USD GOB 2002S	0.07945%	0.08358%	0.06974%	0.06266%	0.11377%	0.09583%	0.10295%	0.04185%	0.05176%	0.05018%
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	0.02621%	0.03313%	0.03164%	0.03204%	0.03889%	0.02442%	0.03504%	0.03492%	0.03672%	0.03955%
City of Vacaville	0.03039%	0.03042%	0.03046%	0.03049%	0.03064%	0.03067%	0.03074%	0.03080%	0.03080%	0.03086%
Vacaville Unified School Bonds	0.08137%	0.09986%	0.09768%	0.09989%	0.10319%	0.10097%	0.11261%	0.11411%	0.05921%	0.07033%
Refund of Excess Taxes FD 427	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	-0.00121%	0.00000%	0.00000%	0.00000%
	1.31329%	1.34443%	1.32158%	1.31778%	1.39060%	1.36413%	1.35726%	1.29001%	1.25540%	1.26314%

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	2023			2014		
	Taxable	Percentage of Total		Taxable	Percentage of Total	
	Assessed Value	Rank	City Taxable Assessed Value	Assessed Value	Rank	City Taxable Assessed Value
Genentech Inc.	\$ 731,114,863	1	4.62%	\$ 958,943,581	1	10.06%
NT Dunhill II LLC	119,621,121	2	0.76%	89,932,544	4	0.94%
CPG Finance II LLC	116,137,481	3	0.73%	99,669,334	3	1.05%
PW Fund A LP	110,645,187	4	0.70%			
TGA Midway Distribution Center LLC	105,523,658	5	0.67%			
Travis Way LLC	93,134,910	6	0.59%			
MG North Pointe Apartments LLC	92,135,197	7	0.58%			
Ranger Northbay LLC	90,270,000	8	0.57%			
Alza Corporation	80,388,211	9	0.51%	111,313,636	2	1.17%
PW Fund B LP	73,689,283	10	0.47%			
Sequoia Equities - River Oaks				53,435,877	7	0.56%
State Compensation Insurance Fund				47,582,774	8	0.50%
Camden Parc Residential LLC						
RXD Nova Pharmaceuticals Inc				72,556,567	5	0.76%
Lucky FLA Nocal Investor LLC				46,549,477	9	0.49%
6801 Leisure Town Road				53,560,511	6	0.56%
Walmart Real Estate Bus Trust/Sams						0.00%
Central Valley Industries Core				42,150,000	10	0.44%
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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Supplemental/Prior Years Collections	Amount	Percentage of Levy
2023	\$ 19,305,067	\$ 19,305,067	100.00%	\$ 485,162	19,790,229	102.51%
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%

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		Special Assessment Bonds	
	City Loans	Redevelopment Loans	Certificates of Participation	Redevelopment Bonds	Financed Obligations	Leases Payable	SBITA Payable	Total Governmental Activities	State Revolving Loan	Financed Obligations	Leases Payable	SBITA Payable	City Loans	Total Business-type Activities	Total Primary Government	Personal Income		Per Capita
2023	\$ -	\$ -	\$ -	\$ -	\$ 5,438,526	\$ 1,119,358	\$ 6,623,467	\$ 13,181,351	\$ 84,984,248	\$ 2,461,038	\$ -	\$ 20,416	\$ -	\$ 87,465,702	\$100,647,053	2.45%	998	\$ 211,926,040
2022	-	-	-	-	6,757,196	761,422	7,310,706	14,829,324	94,420,285	3,072,416	-	-	-	97,492,701	112,322,025	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

Schedule 10

**CITY OF VACAVILLE
Direct and Overlapping Debt
As of June 30, 2023**

City Assessed Valuation		\$ 14,737,267,949	
	Percentage		Estimated Share of
	Applicable	Outstanding Debt	Overlapping Debt
	(1)		
Overlapping Tax and Assessment Debt:			
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>
Direct and Overlapping General Fund Debt:			
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>
Overlapping Tax Increment Debt (Successor Agency):			
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>13,181,351</u>
Total direct and overlapping debt			<u>\$ 408,837,303</u> (2)

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

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

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

Schedule 11

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

	Fiscal Year									
	<u>2023</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>
Assessed value	\$ 15,809,494	\$ 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	3,952,374	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	592,856.03	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>\$ 592,856</u>	<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	
2023	\$ 23,538	\$ 23,459	\$ 79	\$ -	\$ -	-	\$ -	\$ 3,105	\$ 1,039		
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	-	

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

(1) Expenses exclude depreciation and debt service.

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

Schedule 13

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

<u>Year</u>	<u>Population</u> ⁽¹⁾	<u>Personal Income</u> <u>(thousands of dollars)</u> ⁽²⁾	<u>Per Capita</u> <u>Personal Income</u> ⁽²⁾	<u>Unemployment</u> <u>Rate</u> ⁽³⁾
2023	100,806	\$ 4,111,639	\$ 40,787	3.7%
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%

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

Schedule 14

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

Employer	2023			2014		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Kaiser Permanente	1,306	1	3.04%	1,125	4	2.58%
Amazon Services, LLC	1,015	2	2.37%			
Genentech, Inc.	790	3	1.84%			
Thistle Health Inc.	691	4	1.61%			
Simonton Windows	320	5	0.75%			
Costco Wholesale	280	6	0.65%	869	6	1.99%
All Weather Insulated Panels	264	7	0.62%			
Blue Mountain Construction Services, Inc.	250	8	0.58%			
Wal-Mart Stores, Inc.	244	9	0.57%			
Duravent Inc.	212	10	0.49%			
Mariani Packing Co., Inc.				335	10	0.77%
Alza Corporation				361	9	0.83%
California State Department of Corrections				3,220	1	7.39%
Vacaville Unified School District				1,277	3	2.93%
City of Vacaville				873	5	2.00%
State Compensation Insurance, Inc.				700	7	1.61%
Northbay VacaValley Hospital				2,144	2	4.92%
Travis Credit Union				498	8	1.14%

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, 2023

<u>Function/Program</u>	<u>2023</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>
General Government										
City Attorney	7	7	5	4	4	4	4	2	4	4
City Manager	11	22	23	10	9	9	9	10	7	6
Economic Development	2	2								
Finance	26	24	27	24	23	20	25	25	23	24
Human Resources	15	13	12	12	12	14	11	11	9	9
Information Technology	11	-	-	9	9	9	8	9	8	7
Community Development	17	13	15	15	16	16	17	18	13	13
Police Department	171	166	167	175	169	157	149	153	149	145
Fire Department	105	95	97	96	91	92	82	102	75	78
Community Services	22	19	18	17	16	16	16	17	15	15
Housing and Successor Agency	19	20	18	15	14	13	14	12	15	15
Utilities	84	65	68	68	67	68	68	67	59	63
Public Works	<u>93</u>	<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>
Total	<u>583</u>	<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>

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>2023</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>
Fire										
Emergency responses	13,144	13,026	11,891	11,231	10,921	10,915	10,520	9,471	9,242	8,780
Inspections	1,669	1,655	1,629	1,661	1,633	1,056	1,490	2,287	1,251	1,292
Parks and Recreation										
Number of recreation registrants	21,144	21,445	12,215	16,827	32,313	30,483	31,651	31,741	33,824	32,358
Number of facility rentals	1,480	1,448	189	768	1,368	749	573	502	561	582
Police Department										
Physical arrests	1,670	2,866	4,149	3,982	3,804	4,725	5,739	4,767	4,555	3,523
Parking citations issued	565	2,629	3,072	2,165	3,520	3,354	2,681	3,615	3,615	3,614
Public Works										
Street resurfacing (centerline miles)	20	20	25	12	36	30	1	-	34	-
Potholes repaired	6,490	4,256	2,549	792	481	1,664	1,937	1,035	952	453
Transit										
Total revenue route miles	366,236	373,113	267,603	366,776	480,454	566,729	576,898	569,949	568,463	569,139
Passengers	278,178	252,820	101,028	272,616	372,004	420,781	449,010	509,023	499,458	523,372
Wastewater										
Average daily sewage treatment (million gallons per day)	9	8	7	8	9	8	9	7	7	7
Water										
New Connections (meter sets)	268	292	476	427	272	196	339	376	273	170
Average daily consumption (thousands gallons per day)	12,967	14,536	15,225	14,122	13,513	13,177	11,497	10,694	12,879	13,353

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>2023</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>
Wastewater										
Sewers (miles)	265	259	256	253	249	249	249	249	245	244
Storm Drain (miles)	168	161	158	154	151	151	151	151	147	145
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (miles)	315	308	304	300	295	295	295	295	291	290
Fire hydrants	3,822	3,778	3,721	3,664	3,586	3,586	3,586	3,580	3,509	3,490
Reservoirs	10	10	10	10	10	10	10	10	8	8
Wells	11	13	13	13	13	13	13	13	12	12

Source: Various City Departments