

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CITY OF VALLEJO, CALIFORNIA
Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

PREPARED BY THE
FINANCE DEPARTMENT

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December 19, 2023

To the Honorable Mayor, Members of the City Council And Citizens of the City of Vallejo, California

It is our pleasure to present to you the 2023 Annual Comprehensive Financial Report (ACFR) for the City of Vallejo, California. The Finance Department has prepared this ACFR in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). This report presents the City of Vallejo's financial position as of June 30, 2023, the results of its operations, and the cash flows of its proprietary funds for the year then ended in accordance with Generally Accepted Accounting Principles (GAAP).

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, we believe the data, as presented, is accurate in all material aspects. It is presented in a manner designed to fairly set forth the City's financial position and changes in financial position. All disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

Lance, Soll & Lunghard, LLP, a fully licensed public accounting firm qualified to perform audits of the state and local governments within the State of California, have audited the City's basic financial statements. The independent audit's goal was to provide reasonable assurance that the City's basic financial statements for the fiscal year ended June 30, 2023, are free of material misstatement. The independent auditors' report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

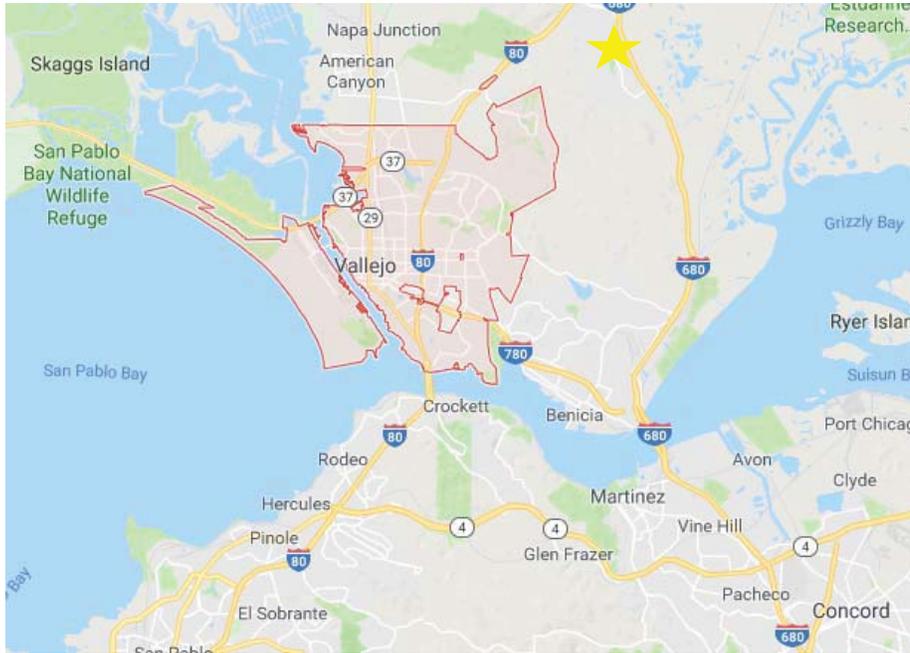
PROFILE OF GOVERNMENT

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

The citizens elect the City of Vallejo's governing body in a general, popular election. The Mayor, elected by the community-at-large to a four-year term, acts as the City's formal representative and presides over Council meetings. The City Council, elected on a nonpartisan basis, consists of six members elected by the six districts to four-year, staggered terms. Vallejo is the largest city in Solano County with a population of approximately 122,000. Vallejo is the site of Mare Island Naval Shipyard, the first United States naval base established on the Pacific Ocean. Established in 1854, the shipyard began building ships the following year. More than 500 naval vessels were constructed, and thousands were overhauled at Mare Island before the base closure in 1996.

The Sacramento, Napa, and San Joaquin Rivers all flow into the San Francisco Bay at Vallejo. Rolling hills surround the City, protecting it from fog and wind typical of many coastal towns. Vallejo enjoys a mild Mediterranean climate. It is connected to the Greater Bay Area, the Pacific Rim, and the rest of the world by ship, rail, automobile, and air.

Vallejo is located in Northern California, 30 miles northeast of San Francisco, Approximately 60 miles southwest of Sacramento, 70 miles north of Silicon Valley, and 385 miles north of Los Angeles.



*Map Source: Google Maps

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

This report includes all organizations and activities for which elected City officials exercise financial accountability. The notes to the financial statements further discuss the City as a financial reporting entity.

Accordingly, the following entities, although legally separate, are component units and are incorporated in the accompanying financial statements:

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

ECONOMIC CONDITION AND OUTLOOK

The economic impact of the pandemic, sudden shifts in the labor force and housing markets, as well as the global impacts of the current conflicts in eastern Europe and the middle East have been felt throughout the State and City. This economic disruption has affected many businesses and individuals very seriously. Solano County's unemployment rate was 4.6% in September 2023 down from 9.5% for 2020. Solano County has experienced job recovery but have fewer available workers from city residents. There are encouraging signs for economic stability in the coming year with the Federal Reserve tapering interest rates. As many look to 2024, there is hope that some normalization to our citizens' lives will occur.

During the pandemic and current economic rebound, the City has seen negative impacts on revenue sources. Even with some positive signs of development opportunities, some of the looming fiscal challenges include the rising costs of employee salaries and benefits that threaten nearly all businesses and California municipalities. In addition, critical pieces of City infrastructure are showing their age and will require significant capital expenditures to remedy. In the next year, the City will focus on planning for future infrastructure, and updating the City's Economic Development strategic plan.

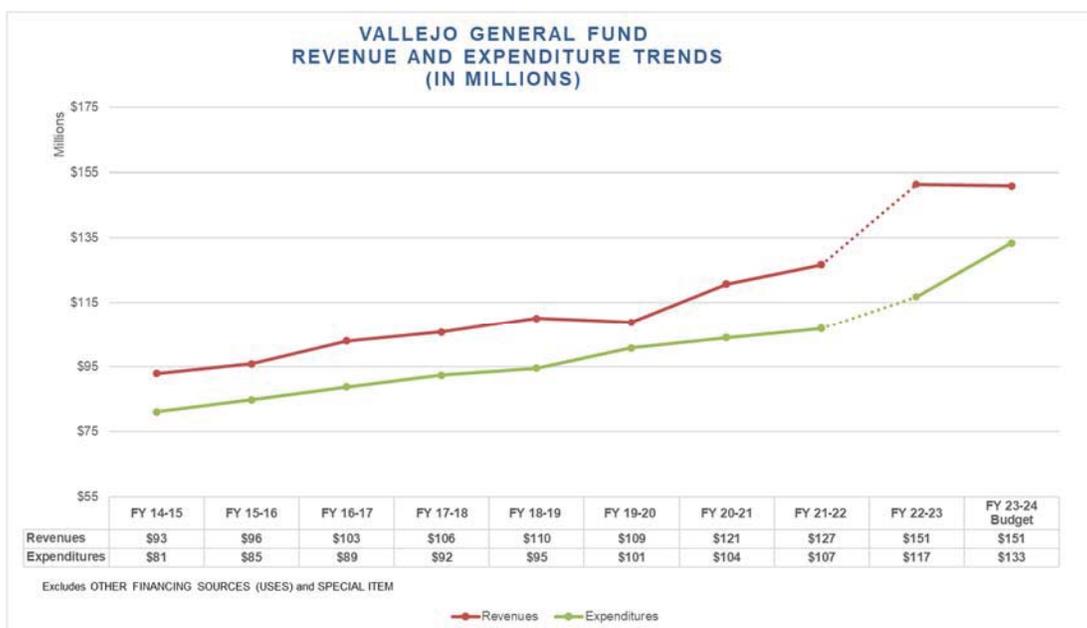
State Budget Amid unprecedented revenue growth, California faced a challenging downturn in 2022, driven by a declining stock market and persistent inflation. Despite a \$31.7 billion shortfall, California's fiscal resilience and prudent planning paved the way for a strategic 2023-24 state budget. This budget, a testament to California's resilience, employed a balanced approach that included fund shifts, spending reductions, delayed spending, and internal borrowing while maintaining fiscal discipline with a record \$37.8 billion in total budgetary reserves.

The 2023-24 state budget prioritized key areas crucial to Californians, such as K-12 education, with substantial allocations and additional resources for the Local Control Funding Formula. Higher education and health care also received due attention, with commitments to expanding health care access. Additionally, funds aimed to fortify the newly implemented behavioral health system, demonstrates a commitment to the well-being of the community.

In addressing societal challenges, the budget showed a commitment to combat homelessness, pairing a \$15.3 billion investment with accountability measures. Transportation and climate initiatives were not left behind, as the streamlined approval of infrastructure projects paved the way for a potential \$180 billion investment over the next decade.

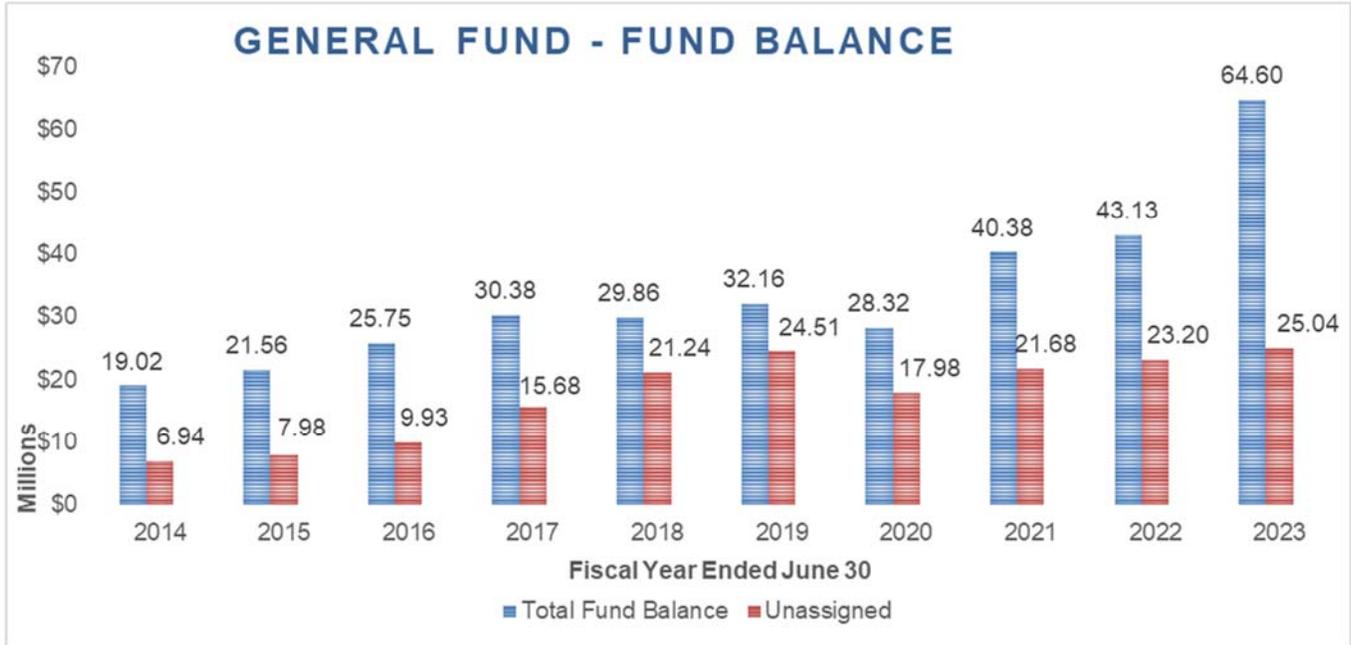
Public safety remained a top priority, with commitments exceeding \$800 million for various programs, including efforts against the spread of fentanyl and retail theft. The approval of streamlined projects reinforced California's ability to secure federal funds, facilitating the acceleration of critical infrastructure developments.

Revenues and Local Sales Tax Increase - In November 2016, the Vallejo voters approved a sales tax measure, known as "Measure V," that permanently extended the City's 2011 Measure B one-cent per dollar transaction and use tax. This tax continues to provide around \$20.8 million annual revenue to the City. These revenues are strategically allocated towards specific projects, targeted staffing, and the rebuilding of reserves under the direction of the City Council. In addition, on November 2022, the Vallejo voters approved "Measure P" adding an additional 0.875% transaction tax to the current tax rate of 8.375%, which resulted in City of Vallejo sales tax of 9.25% effective April 1, 2023. This tax provided around \$4.3 million in 2023 and is expected to receive \$18.2 million in 2024. These funds will help in safe streets and essential services such as public spaces, maintaining fire protection/emergency medical response/crime prevention, homelessness, and general government use. The following chart tracks the improvement in the total General Fund revenues and expenditures over the last ten years.



CURRENT FINANCIAL CONDITIONS

Current Financial Conditions - The graph below illustrates the City's current financial condition and its improved fiscal stability since the passage of the 2011 Measure B/V tax and on 2022 the passing of Measure P tax. It presents the changes in fund balance for the General Fund for the fiscal year ended June 30, 2023, as compared with the nine prior years.



In fiscal year 2022-23 the city's General Fund revenues increased from last year due to the passing of Measure P and various grants. As a result, the City was able to maintain General Fund unassigned fund balance (budget reserves) over the City Council's established level of 15% of expenditures. The City is committed to maintaining and growing these fund balance reserves to provide additional strength and assurance for ongoing City operations and future obligations.

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

During fiscal year 2022-23, the City contributed 21.41% and 10.65% of employee salary towards the standard cost for its Safety and Miscellaneous pension plans, respectively. In addition, in July 2022, the City made its \$25.4 million required annual payment on the Unfunded Accrued Liabilities (UAL). Projections utilizing July 2022 CalPERS data show the City's FY 2028-29 standard rates for its Safety and Miscellaneous plans decreasing to 19.7% and 10.0% respectively and its total required annual payment on the UAL remained at \$25.4 million.

The City has previously taken steps to mitigate both this CalPERS rate increase and its OPEB retiree health obligations. In 2013, the City proactively made a supplemental contribution of \$6.5 million to CalPERS to begin plan stabilization. In August 2017, the City established an Internal Revenue Code (IRC) Section 115 Trust with the Public Agency Retirement Services (PARS) organization to further mitigate future CalPERS increases. On June 30, 2023, the General Fund reported \$17.8 million in total contributions to the PARS Pension Trust Fund, including investment earnings.

During 2013-14, the City made an initial \$10 million contribution to a dedicated and irrevocable retiree health benefits trust fund to begin to provide the resources necessary to ensure long-term funding for its OPEB obligation. On June 30, 2023, the City's total contributions to the California Employer' Retiree Benefit Trust (CERBT) were \$26.6 million including investment earnings, funding 78% of the City's total OPEB liabilities of \$34 million as of the June 30, 2022 measurement date.

LONG RANGE FINANCIAL FORECASTING

General Fund Long-Term Financial Forecast – The City regularly utilizes the General Fund long-term financial forecast to help the City plan for the future by providing an understanding of available funding while evaluating financial risks and identifying future commitments and resource demands. The table below provides the current five-year view of the City's fiscal condition and incorporates both operating and capital needs in the community.

**General Fund Long-Term Forecast
through Fiscal Year 27/28
(In millions)**

	FY 23/24 Adopted	FY 24/25 Projected	FY 25/26 Projected	FY 26/27 Projected	FY 27/28 Projected
Revenues/ Transfers In	\$ 133	\$ 135	\$ 138	\$ 143	\$ 148
Expenses/ Transfers Out	133	133	138	143	148
(Deficit)/ Surplus for Year	-	2	-	-	-
Ending Available Balance	\$ 24	\$ 26	\$ 26	\$ 26	\$ 26

The City operates with a balanced budget in fiscal year 2023-24 where recurring revenues are equal to recurring expenditures. The five years' projection anticipates any potential challenges that might arise and takes corrective action through budget or operational adjustments.

Capital Improvement Project Planning – The City's Capital Improvement Program (CIP) is planned for five years and analyzed using City-specific prioritization criteria. This is updated regularly to reflect changing needs, funding availability and removal of projects which have been completed. The CIP budget for 2023-24 is \$35 million. Funding comes from multiple sources, including General fund transfers, fees, grants, and bond proceeds.

MAJOR INITIATIVES

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

Small Business Grant Program

The City is implementing a follow up to the successful Small Business Grant program for pandemic relief that supported over 60 Vallejo businesses. The City Council approved the use of American Rescue Plan Act (ARPA) funds to provide a second round of grant funds to function as direct support to small businesses in Vallejo. City staff is currently programming a second round of grant programs for small businesses and enhancing the program with recovery support similar to other programs in Solano County and throughout the state.

Economic Development Strategic Plan Initiatives – The City continues to focus on economic development with a commitment to advance job growth, create sustainable revenue, and to maintain an excellent quality of life for all residents. The Economic Development Strategic Plan has kicked off last year and is nearing completion. This document will provide strategies and a road map to implement them to ensure economic development growth in the future.

Several exciting Economic and Community Improvement Projects on key pieces of property are seeing movement over the past year with a list of opportunities in the coming year. The City continues to see many business and development inquires, and staff are working diligently to expedite these projects with the vision that their success will ripple through the community and help bolster future development opportunities. Some of these projects include:

Mare Island – Proposed Mixed-Use Development

The Nimitz group took ownership of the majority of Mare Island and contracted with development partner Southern Land Company at the end of 2019. The Nimitz Group and Southern Land Company embarked on a program of hiring a development team, facilitating business in their core commercial area, assessing current buildings for upgrades, providing security and improvements, analyzing the infrastructure costs on the island, and the costs for North Mare Island. They also have added to their design and planning team to develop an island-wide master plan to set up Mare Island as a community of manufacturing, business, employment, housing, and

recreation. Over the past year they have held monthly community meetings to keep all informed of plans and progress as well as meeting regularly with the City staff to implement the North Mare Island exclusive negotiating agreement into a full Development Agreement (DA). The DA was approved in the first quarter of 2022 and will guide development of the island over the next several years and includes a requirement for a new island-wide Specific Plan to guide future development. The initial transfer of the City's 125 acres closed October 12, 2022, and the remaining 32 acres will be conveyed to Nimitz after the Navy completes the environmental cleanup and transfers the parcels to the City. Phase 1 of the DA implementation includes the Connelly Corridor development to be constructed within 60 months of closing. This proposal includes approximately 29,000 sq. ft. of office, 373 multifamily units, a 200-room hotel, 46,000 sq ft of ancillary uses, and 194,000 sq ft open space.

Cooke Property – New Costco and Housing Development in Process

Vallejo Fairview Developers/Lewis Group received entitlement approval for a Master Plan to construct a new, expanded Costco, additional retail and 178 new single-family homes on the 50-acre parcel formerly known as the Cooke Property on Admiral Callahan Lane adjacent to I-80 in 2020. The long-vacant site's size and visibility make it an ideal relocation site for Costco, and it allows the City to retain this major employer and sales tax collector, as well as provides much needed housing to the community housing stock. After lengthy litigation, the agreements to implement this project are complete and the land is purchased with the developer preparing to move forward with construction in the coming months.

Blue Rock Springs – Proposed Golf and Housing Development

Currently, under an Exclusive Negotiating Agreement with the Greg Norman Company and Lewis Group, the proposed Project Concept would transform two fiscally unsustainable City golf courses and an aging clubhouse on 225 acres of City-owned land into a new community of approximately 400 single-family homes designed within a single 18-hole Greg Norman golf course and state-of-the-art clubhouse. Revenue from the proposed project would cover modernization of the golf course and a new clubhouse and eliminate potential General Fund subsidies, but the golf component would remain public/City-owned. The Pandemic, neighbor concerns, and other challenges have slowed this project process, but the coming year should see increased movement as the disposition of the land has been completed and negotiation of the key deal terms and performance timelines is currently taking place.

Seka Hills

The City has negotiated a lease of approximately 1/2 acre of waterfront property to be developed by the Yocha Dehe Tribe. The proposed development includes a cultural center, a restaurant, outdoor gathering area, and development of the 10-acre Waterfront History Park. The lease has been approved in 2022 with the tribe currently completing due diligence.

Solano360 – Solano Fairgrounds

The overall site consists of 149.1 acres in the Vallejo City limits. The City and the County worked together on a Request for Qualifications (RFQ) process that selected two primary development groups to propose on a Request for Proposals (RFP) to amend the 2009 Specific Plan. The City and County selected one master developer based on their proposal in October 2020. The County has signed an agreement with the preferred developer to facilitate their vision for the development of the area as an iconic region-serving public entertainment destination and private-mixed use development, and an integrated "Fair of the Future". A proposed Specific Plan Amendment envisions that the site would develop with a mix of region-serving entertainment uses along with restaurant, retail and hospitality uses that complement the existing Solano County Fairgrounds and the adjacent Six Flags Discovery Kingdom facility. Development kickoff meetings began in 2021 and the County and developer are preparing detailed plans to be submitted to the City in preparation of moving this project forward in the coming year.

Participatory Budgeting – In 2012, the Vallejo City Council established the first citywide Participatory Budgeting (PB) process in the United States, where residents have the opportunity to propose how to spend a portion of the city budget. Through the PB process, Vallejo residents and stakeholders share ideas, develop project proposals, and residents vote on projects. The approved list of projects that receive the most votes are submitted to City Council for consideration. By Fiscal Year 2022-23, approximately 66 projects have been approved through the PB process, totaling more than \$10 million in funding. Although Participatory Budgeting was placed on pause in Fiscal Year 2021-22, an additional \$1,000,000 was allocated towards the program; \$500,000 in FY 2021-22 and \$500,000 in FY 2022-23. These funds will go towards new projects in the upcoming Fiscal Year FY 2023-24 will have a \$500,000 allocation towards Cycle 9 project funding.

Eden Supportive Housing Project – Blue Oak Landing

The City worked collaboratively with Eden Housing to create 74 units of permanently affordable housing units in a transitional supportive housing project on Sacramento Street called Blue Oak Landing. This project required the efforts of multiple Departments and leveraging HUD funds to make it a reality. The project construction broke ground in November of 2021 and residents began moving into their units in May 2023. Blue Oak Landing celebrated its grand opening on September 18, 2023.

Firm Foundation Housing Project – Broadway Project

The City, along with non-profit developer Firm Foundation, received a \$12 Million grant from the State Housing and Community Development Commission (HCD) for the Homekey grant to build 48 units on Broadway Street to serve as permanent supportive housing for chronically homeless individuals in the community. The City and Firm Foundation partnered with Factory OS to provide the units and ground broke in the fall of 2022. The project is expected to be ready for tenants to move in early 2024.

Improving Technology – Information Technology continues to make strides in several areas of the city to improve technology and enhance communication. The following are projects that greatly enhance the City's operation and represent a considerable benefit for our citizens:

- Information Technology in close partnership with the Finance and Human Resource Departments have embarked on upgrading our antiquated enterprise resource planning financial (ERP) system. The system in use today to manage City's financials, utility billing, payroll, and warehouse inventory was installed in 1998. This upgrade will take place in 2024 and is expected to be completed by the end of the first quarter in 2025.
- A major focus of Information Technology in the upcoming years is to create a robust cyber security program in the city. Cyber security poses a major problem for many governments across the country. In recent months several prominent Bay Area cities experienced cyber-attacks and were crippled and unable to provide basic services to their citizens. The goal of information technology is to stay ahead of the curve in creating a robust cyber security program. The department seeks to create the following programs:
 - Create a cyber security incident response plan.
 - Secure proper resources like cyber security professionals who can respond quickly in case of a cyber-attack. City has secured Unit 42, a service from Palo Alto Networks.
 - Continue to recognize October as cyber security awareness month, to keep cyber security on the front burner and our topmost priority.
 - Hire a CISA (Cyber Security Information System Administrator), to ensure critical Vallejo infrastructure remains secure.
- Information Technology's focus for the next several years is Broadband and Digital Equity. In 2021 President Biden announced that broadband is to be made available to all. In his Infrastructure and Investment Job Act (IIJA) Congress allocated a whopping \$62 billion dollars towards the buildout of broadband infrastructure throughout the nation. On May 17, 2022, Vallejo City Council adopted a new Broadband and Digital Equity Strategy. This policy document gives a clear direction to the city to continue to build and expand its municipal fiber network. The City Council has made an allocation of \$2.5 million towards the buildout of fiber infrastructure for the city. The City Council further allocated an additional \$500K towards the fiber build. In the upcoming months the City of Vallejo will be implementing the following projects:
 - Selected a new P3 (private-public-partnership) ISP (Smart Fiber Networks) to manage city's fiber infrastructure and serve the retail and residential internet customers.
 - Public Wi-Fi installations in Vallejo Downtown, water-front, Blue Rock Springs Park, and Dan Foley cultural center are expected to be completed in the first quarter 2024. City council approved the design/build contract in September 2023.
 - Connecting several municipal buildings to the city fiber. Design/build contracts to go before the council second quarter 2024.
 - Building a resilient redundant fiber loop.
 - Exploring options for fiber to premise (FTTP) in neighborhoods to be specified. Working with various non-profits to expand city's fiber to low-income housing units. Eden Housing 74-unit low-income housing project was completed in September 2023, Broadway project is expected to go online first quarter 2024.

Staffing and Collective Bargaining – The City remains focused on attracting dedicated professionals to fill critical vacant positions while developing and retaining current staffing in a very competitive employment market. The City now has existing agreements in place with all its bargaining units IBEW, CAMP, IAFF and VPOA.

BUDGETARY CONTROL

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

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

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

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

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

INTERNAL CONTROL

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

AWARDS

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

We are once again pleased to report that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Vallejo for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparing state and local government financial reports. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The City believes the ACFR as of fiscal year ended June 30, 2023 continues to conform to the Certificate of Achievement Program requirements.

ACKNOWLEDGEMENTS

The preparation of this Annual Comprehensive Financial Report would not have been possible without the outstanding efforts, dedication, and teamwork throughout the year of the entire Finance Department, in particular the Accounting and Audit team, with the cooperation and assistance of all City departments.

I also recognize the professional support and guidance of the City's audit firm, Lance, Soll & Lunghard, LLP.

Finally, I would like to express my gratitude to the Mayor Robert McConnell, City Council and City Manager Mike Malone, for their vision and continued support to maintain long-term fiscal stability for the City.

Respectfully submitted,



Rekha Nayar
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Vallejo
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO



CITY COUNCIL, ELECTED OFFICIALS AND MANAGEMENT



Robert H. McConnell
Mayor



Rozzana Verder-Aliga, EdD
Vice Mayor
District 1



Diosdado "JR" Matulac,
Councilmember
District 2



Mina Loera-Diaz,
Councilmember
District 3



Charles Palmares,
Councilmember
District 4



Peter Bregenzer,
Councilmember
District 5



Cristina Arriola,
Councilmember
District 6

MANAGEMENT

Mike Malone
City Manager

Veronica A.F. Nebb
City Attorney

Dawn G. Abrahamson
City Clerk

Gillian Hayes
Assistant City Manager

Terrance Davis
Assistant City Manager

Michael Nimon
Economic Development Director

Rekha Nayar
Finance Director

Kyle Long
Fire Chief

Stephanie Sifuentes
Human Resources Director

Naveed Ashraf
Chief Innovation Officer

Christina Ratcliffe
Planning & Development
Services Director

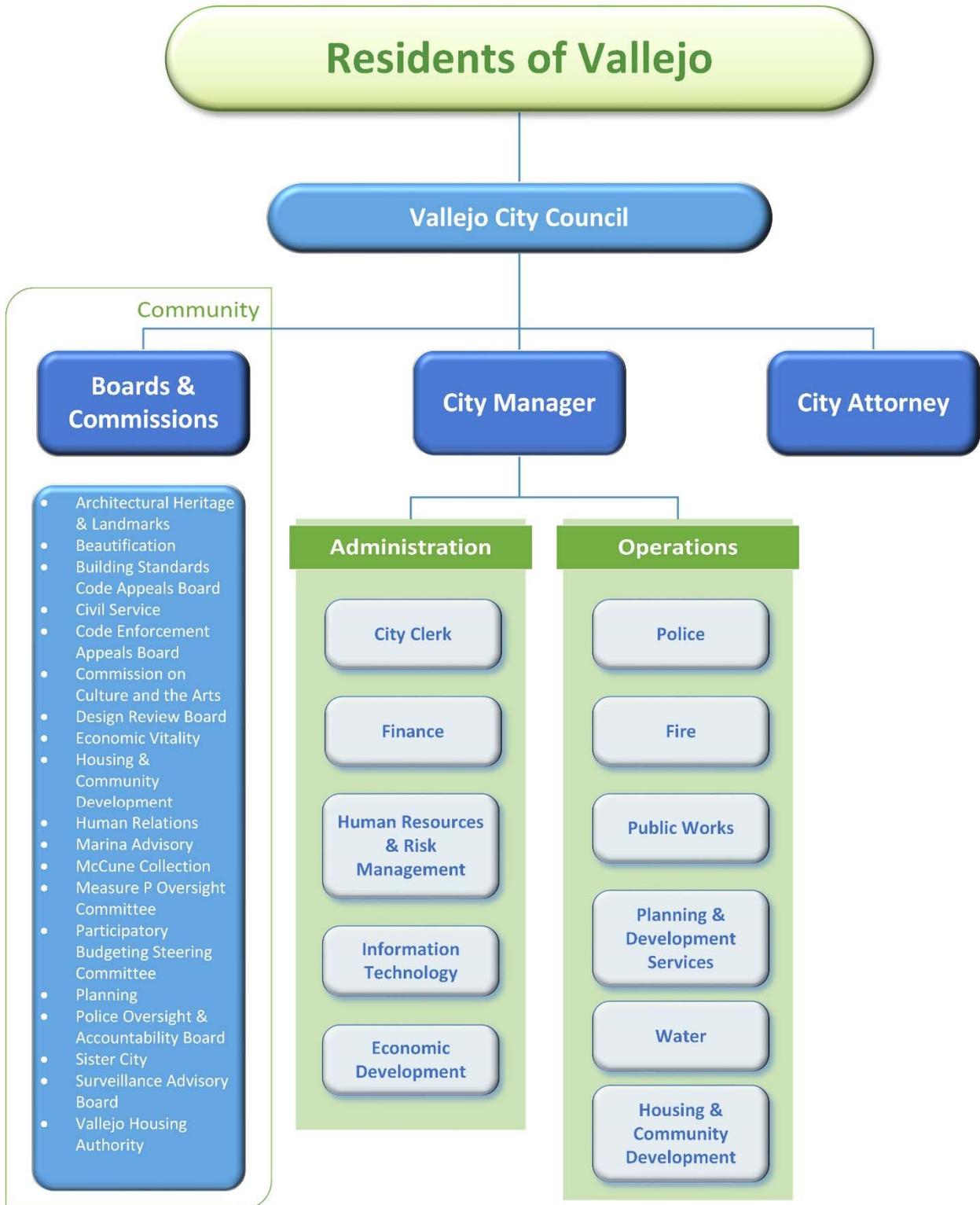
Jason Ta
Interim Police Chief

Melissa Tigbao
Public Works Director

Beth Schoenberger
Water Director



CITYWIDE ORGANIZATION CHART





INDEPENDENT AUDITORS' REPORT

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

We did not audit the financial statements of the Vallejo Flood and Wastewater District (VFWD), a discretely presented component unit, as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for VFWD, are based solely on the report of the other auditors.

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 Note 1 to the financial statements, in 2023, the City adopted new accounting guidance, 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 Vallejo, 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 schedules for the General Fund and major special revenue funds, and the required pension and other postemployment benefits schedules, as listed on the table of contents, 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 Vallejo, 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 December 19, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

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

Sacramento, California
December 19, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended June 30, 2023

This narrative of the City of Vallejo's financial performance provides an overview and analysis of the City's financial activities for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the Transmittal Letter, the Basic Financial Statements, and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

Government-wide (full accrual basis)

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the fiscal year 2023 by \$374.4 million (net position). This amount improved by \$35.6 million from the prior fiscal year.
- The City received \$25.7 million in funding through the American Rescue Plan Act (ARPA) from previous years. This one-time funding was strategically allocated by the City Council towards a comprehensive portfolio of 32 projects. These initiatives, carefully selected to meet the diverse needs of the community, are slated for implementation through December 2026. As of the close of the current fiscal year, the City spent \$8.0 million of these allocated ARPA funds.
- The City implemented the Government Accounting Standards Board (GASB) Statement No. 96 effective July 1, 2022 which requires that Subscription-Based Information Technology Arrangements (SBITA) be reported in the financial statements. An initial intangible (right-to-use) subscription asset along with an initial subscription liability of \$2.8 million were recorded during the implementation. Additional information and discussion of SBITA can be found in Note 5c to the Financial Statements.

Fund level (modified accrual basis)

- As of June 30, 2023, the City's governmental funds reported combined fund balance of \$182.6 million, \$28.4 million higher than the prior year balance. Approximately 14% of this amount, or \$24.9 million, is categorized as unassigned funds, providing the City with discretionary resources for targeted spending initiatives.
- The General Fund concluded the fiscal year with a robust ending fund balance, reaching \$64.6 million, marking a notable increase of \$21.5 million or 50% compared to the previous fiscal year, 2022. Within this substantial balance, \$25.0 million or 39% is unassigned. This unassigned portion represents 19% of the Fiscal Year 2023-24 budgeted expenditures, inclusive of Measure B programs which surpasses the City's goal and GFOA recommendations. The City's commitment to maintaining a reserve level exceeding the prescribed 15% benchmark reflects a prudent approach to financial stewardship and ensures a solid foundation for meeting future financial obligations and community needs.

- The passage of Measure P introduced a new transaction tax of 0.875%, elevating the city's overall tax rate to 9.25%, effective as of April 1, 2023. This strategic move was aimed at providing additional financial resources to support essential services and community initiatives. In the first three months of its implementation, Measure P had proven to be a significant contributor, with the city receiving an additional \$4.3 million in sales tax revenues.
- The Water Fund reported an unrestricted net position of \$23.2 million. This placed the Water Fund in an advantageous position to help address its operational and capital requirements.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report is presented in the following sections:

- 1) This introductory commentary, *Management's Discussion and Analysis*
- 2) *Basic Financial Statements*, including:
 - a. Government-wide financial statements
 - b. Fund financial statements
 - c. Notes
- 3) *Required Supplementary Information*
 - a. Net OPEB Liability and Contribution Schedules
 - b. Net Pension Liability and Contribution Schedules
- 4) *Supplemental Information*:
 - a. Non-major governmental funds
 - b. Internal service funds
 - c. Custodial funds

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as introduction to the City's Basic Financial Statements, comprised of the Government-wide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide two different views of the City's financial activities and financial position.

Government-wide Financial Statements

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

Fund Financial Statements

The Fund Financial Statements report the City's operations in more detail than the government-wide statements. The focus is on the individual funds that are used to report the status of restricted or otherwise segregated resources and also to demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories:

- **Governmental Funds** – Governmental funds account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year (Modified Accrual Basis of Accounting). Such information may be useful in evaluating the City’s near-term financing requirements. To understand the long-term impact of the City’s near-term financing decisions, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statements. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
- **Proprietary Funds** – The City maintains two different types of proprietary funds: enterprise funds and internal service funds.

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

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

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

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

Notes to the Financial Statements

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

OTHER INFORMATION

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Below is a summary of the City's government-wide net position as of June 30, 2023 and 2022, as measured on a full accrual basis of accounting. Over time, increases or decreases in net position may serve as a useful indicator as to whether the City's financial position is improving or weakening.

Statement of Net Position
as of June 30, 2023 and 2022
(In millions)

	Governmental Activities		Business-type Activities		Government-wide Totals		Increase/ (Decrease)
	2023	2022	2023	2022	2023	2022	
Assets							
Current and other assets	\$ 299.9	\$ 262.2	\$ 116.4	\$ 108.8	\$ 416.3	\$ 371.0	\$ 45.3
Capital assets	341.1	356.4	112.7	106.2	453.8	462.6	(8.8)
Total assets	<u>641.0</u>	<u>618.6</u>	<u>229.1</u>	<u>215.0</u>	<u>870.1</u>	<u>833.6</u>	<u>36.5</u>
Deferred Outflows of Resources							
Unamortized loss on refunding of debt			1.1	1.4	1.1	1.4	(0.3)
Related to pensions	68.9	28.7	9.3	4.0	78.2	32.7	45.5
Related to OPEB	4.3	2.8	1.1	0.7	5.4	3.5	1.9
Total deferred outflows	<u>73.2</u>	<u>31.5</u>	<u>11.5</u>	<u>6.1</u>	<u>84.7</u>	<u>37.6</u>	<u>47.1</u>
Liabilities							
Current and other liabilities	66.8	66.2	16.9	14.9	83.7	81.1	2.6
Net pension liability	295.8	205.5	39.1	25.9	334.9	231.4	103.5
Other long-term liabilities	50.9	47.3	88.4	93.6	139.3	140.9	(1.6)
Total liabilities	<u>413.5</u>	<u>319.0</u>	<u>144.4</u>	<u>134.4</u>	<u>557.9</u>	<u>453.4</u>	<u>104.5</u>
Deferred Inflows of Resources							
Related to pensions	2.6	52.6	0.4	6.2	3.0	58.8	(55.8)
Related to OPEB	6.2	6.1	1.6	1.4	7.8	7.5	0.3
Related to leases	11.7	12.7			11.7	12.7	(1.0)
Total deferred inflows	<u>20.5</u>	<u>71.4</u>	<u>2.0</u>	<u>7.6</u>	<u>22.5</u>	<u>79.0</u>	<u>(56.5)</u>
Net position							
Net investment in capital assets	326.4	339.9	69.9	61.3	396.3	401.2	(4.9)
Restricted	120.7	103.7	0.0	0.0	120.7	103.7	17.0
Unrestricted	(166.9)	(183.9)	24.3	17.8	(142.6)	(166.1)	23.5
Total net position	<u>\$ 280.2</u>	<u>\$ 259.7</u>	<u>\$ 94.2</u>	<u>\$ 79.1</u>	<u>\$ 374.4</u>	<u>\$ 338.8</u>	<u>\$ 35.6</u>

Current and other assets in 2023 increased by \$45.3 million or 12% over the prior year, primarily due to cash and investments. Cash inflows from all revenue sources continued to outpace cash outflows mostly due to the delayed implementation of the City's capital projects and ARPA-funded programs.

Capital assets decreased by \$8.8 million mainly due to the sale of North Mare Island parcels.

The significant changes in Deferred Outflows, Liabilities, and Deferred Inflows were primarily related to pension. This variation was associated with the annual adjustments for interest charged to total pension liability, impact of investment losses and changes in actuarial assumptions during the measurement period.

As noted earlier, the City's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of the fiscal year by \$374.4 million (net position). This amount increased by \$35.6 million, or 10%, from prior year and is comprised of the following major components:

- Net investment in capital assets decreased by \$4.9 million to \$396.3 million due to the sale of North Mare Island parcels. The City uses these capital assets to provide services to its residents and other stakeholders. Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, as the capital assets themselves could not be used to liquidate these liabilities.
- Restricted net position increased by \$17.0 million to \$120.7 million. These assets are subject to agreements with creditors, developers, grantors, or laws or regulations of other governments. By definition, the City cannot remove these restrictions as they are imposed by parties outside the City.
- The unrestricted net deficit improved from \$166.1 million in 2022 to \$142.6 million in 2023. This deficit was primarily due to recognition of net pension obligations for the Safety and Miscellaneous plans. Additional information on the net pension liability can be found in Note 11 to the Financial Statements and related trend information is included in RSI section.

Governmental Activities

The following analysis focuses on the changes in net position of the City's governmental activities for the years ended June 30, 2023 and 2022.

	Governmental Activities		Increase/(Decrease)	
	2023	2022	Amount	%
Revenues				
Program revenues				
Charges for services	\$ 37.5	\$ 31.1	\$ 6.4	21%
Operating grants and contributions	40.3	36.6	3.7	10%
Capital grants and contributions	15.0	6.7	8.3	124%
Total program revenues	<u>92.8</u>	<u>74.4</u>	<u>18.4</u>	<u>25%</u>
General revenues				
Property related taxes	40.1	36.3	3.8	10%
Sales and transaction taxes	45.0	40.9	4.1	10%
Utility users tax and others	31.4	30.1	1.3	4%
Investment earnings and other	8.2	(1.6)	9.8	613%
Total general revenues	<u>124.7</u>	<u>105.7</u>	<u>19.0</u>	<u>18%</u>
Total revenues	<u>217.5</u>	<u>180.1</u>	<u>37.4</u>	<u>21%</u>
Expenses				
Administration	14.6	10.7	3.9	36%
Community development	31.3	31.3		
Planning and development services	4.7	3.1	1.6	52%
Fire services	36.1	27.5	8.6	31%
Police services	52.5	41.0	11.5	28%
Public works	29.2	26.0	3.2	12%
Interest on long-term debt	0.5	0.4	0.1	25%
Total expenses	<u>168.9</u>	<u>140.0</u>	<u>28.9</u>	<u>21%</u>
Excess before special item and transfers	48.6	40.1	8.5	21%
Special item	(18.3)		(18.3)	
Transfers	(9.8)	(1.1)	(8.7)	791%
Change in net position	<u>20.5</u>	<u>39.0</u>	<u>(18.5)</u>	<u>-47%</u>
Net position - beginning, as restated	259.7	220.7	39.0	18%
Net position - ending	<u>\$ 280.2</u>	<u>\$ 259.7</u>	<u>\$ 20.5</u>	<u>8%</u>

Governmental activities increased the City's net position by \$20.5 million driven by the 21% growth in total revenues.

Revenues

Revenues are divided into two categories: Program Revenues, which are the revenues derived directly from the functional programs or from parties outside the City's taxpayers or citizenry; and General Revenues, which are the revenues that do not meet the requirements of program revenue, most of which are taxes.

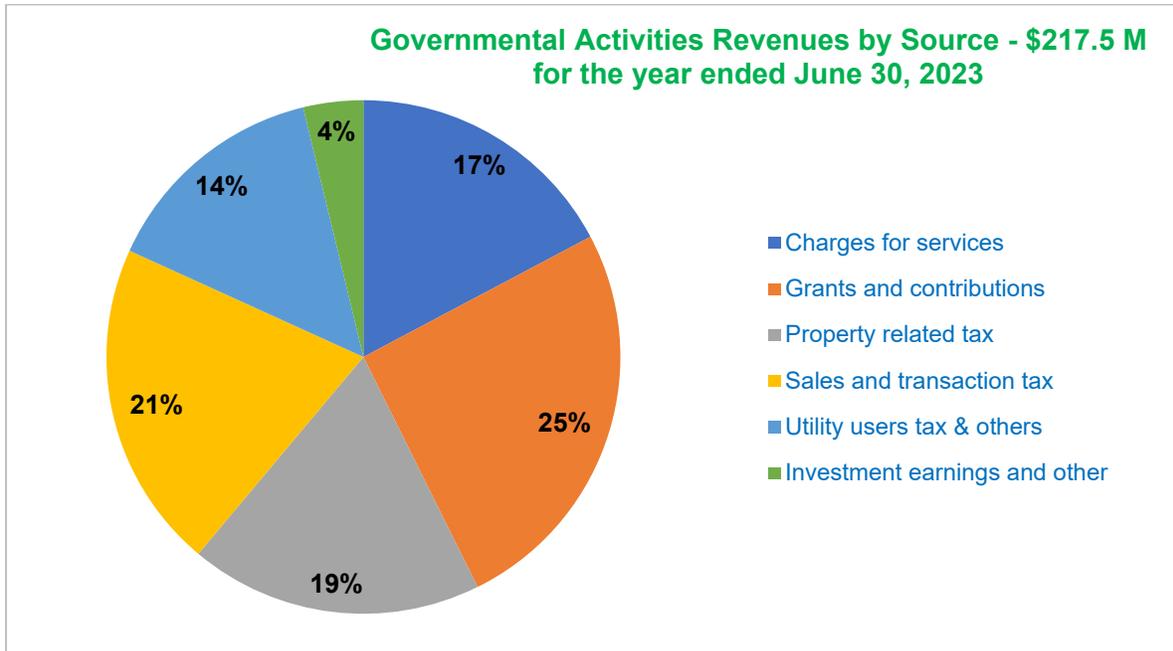
Program Revenues were up \$18.4 million, or 25%, to \$92.8 million. Capital grants increased by \$8.3 million due to the \$11.6 million receipt of ARPA grant for the Broadway project. Charges for services increased by \$6.4 million attributed to fees driven by higher commercial development activities during the year such including Costco, Oakwood Apartments and Broadway projects.

Total General Revenues of \$124.7 million increased by \$19.0 million from prior year. These revenues included general taxes, which provided the City Council with the most discretionary spending ability. The most significant factors in the year-over-year change in General Revenues were as follows:

- Property tax revenues increased \$3.8 million, or 10%, to \$40.1 million as property values continued to rise from changes in ownership.
- Sales and transaction tax revenues increased by \$4.1 million, or 10%, to \$45.0 million attributed to the newly approved Measure P sales tax.
- Investment earnings and others grew by \$9.8 million. The increase in investment earnings were due to the prior fiscal year's significant unrealized loss adjustment as a result of investment market fluctuations. Others increased mainly due to the one-time monies received for Monsanto settlement and sale proceeds from North Mare Island.

Total revenues for the City's governmental activities reflected an improving economic base. Both tax revenues and charges for services contributed to a combined \$15.6 million increase in revenues from the prior year.

The pie chart below illustrates the distribution of the governmental activities revenues by source. The largest revenue source for governmental activities is grants and contributions at \$55.3 million (25%) followed by sales tax (21%) and property related tax (19%). The City's reliance upon grant and tax revenues is evident from the chart, which is consistent with the nature and purpose of governmental funds, particularly in the General Fund, where programs are largely supported by general taxes.

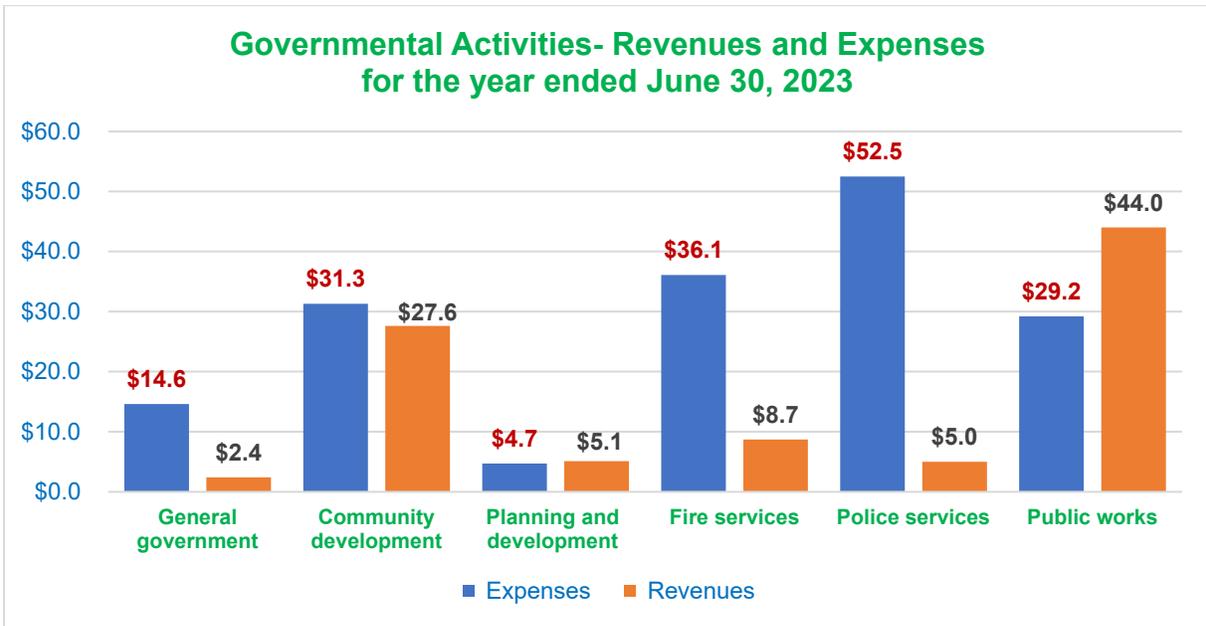


Expenses

Overall costs of services for governmental activities increased from \$140.0 million in the prior year to \$168.9 million in the current fiscal year. Except Community Services, every expense category increased this year primarily due to the increases in salaries and benefits that include pension and OPEB expenses related to adjustments required by GASB Statements No. 68 and 75.

Net Revenues (Expenses)

Program revenues associated with Governmental Activities totaled \$92.8 million, or 55%, of program expenses (\$168.4 million). Expenses not covered by program revenues must be funded from non-program sources like general tax revenues. The table on the next page illustrates the gap between program revenues and expenses by major activity. Public safety programs rely heavily on taxes to support operations. Public Work's program revenues include capital grant funding for capital outlay. General government programs provide benefit to both business-type and governmental activities and receive some funding through internal indirect cost allocations to supplement program and general tax revenues.



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

Business-type Activities

The following analysis focuses on the changes in net position of the City's business-type activities for the years ended June 30, 2023 and 2022.

Statement of Activities for the years ended June 30, 2023 and 2022 (In millions)

	Business-type Activities		Increase/(Decrease)	
	2023	2022	Amount	%
Revenues				
Program revenues				
Charges for services	\$ 58.0	\$ 57.1	\$ 0.9	2%
Operating grants and contributions	0.1		0.1	
Capital grants and contributions	2.6	2.4	0.2	8%
Total Program revenues	<u>60.7</u>	<u>59.5</u>	<u>1.2</u>	<u>2%</u>
General revenues				
Investment earnings and other	(1.4)	(2.5)	1.1	44%
Total revenues	<u>59.3</u>	<u>57.0</u>	<u>2.3</u>	<u>4%</u>
Expenses				
Water	47.1	40.2	6.9	17%
Marina	1.6	1.0	0.6	60%
Golf	3.8	4.2	(0.4)	-10%
Vallejo Station Parking	0.7	0.5	0.2	40%
Fiber Optic	0.8	0.3	0.5	-
Total expenses	<u>54.0</u>	<u>46.2</u>	<u>7.8</u>	<u>17%</u>
Excess before transfers	5.3	10.8	(5.5)	-51%
Transfers	9.8	1.1	8.7	791%
Change in net position	<u>15.1</u>	<u>11.9</u>	<u>3.2</u>	<u>27%</u>
Net position - beginning	79.1	67.2	11.9	18%
Net position - ending	<u>\$ 94.2</u>	<u>\$ 79.1</u>	<u>\$ 15.1</u>	<u>19%</u>

Business-type activities increased the City’s net position by \$15.1 million, or 19%, to \$94.2 million.

Charges for services were up by \$0.9 million, or 2%, primarily in Water Fund. Water charges for services increased \$1.1 million from prior year associated with the additional rate increase that took effect July 1, 2022.

Capital grants and contributions were up by \$0.2 million driven by the increased commercial development activities during the year.

Investment earnings of \$1.8 million this current fiscal year was counterbalanced by the \$3.2 million loss incurred on the sale of Golf course properties.

Overall expenses of \$54.0 million increased from the previous year by \$7.8 million mainly in Water and Marina Funds. The increase in Water was mainly from salaries and benefits that include pension and OPEB expenses as required by GASB 68 and 75 and commodity purchases. The operating costs of Vallejo Municipal Marina increased by \$1.0 million due to the prior year \$0.8 million elimination of pension and OPEB liabilities and related accounts.

The table below provides a visual representation of the net program cost information for business-type activities for the year ended June 30, 2023. In these programs, annual surpluses or deficits are retained in the programs as an increase or decrease in the program’s net position.

Net Revenue (Expense) of Business-type Activities
As of June 30, 2023
(in millions)

	Expenses	Program Revenues	Net Revenue (Expense) of Activities
Water	\$ (47.1)	\$ 54.0	\$ 6.9
Marina	(1.6)	1.4	(0.2)
Golf	(3.8)	4.3	0.5
Vallejo Station Parking	(0.7)	0.9	0.2
Fiber Optic	(0.8)	0.1	(0.7)
	\$ (54.0)	\$ 60.7	\$ 6.7

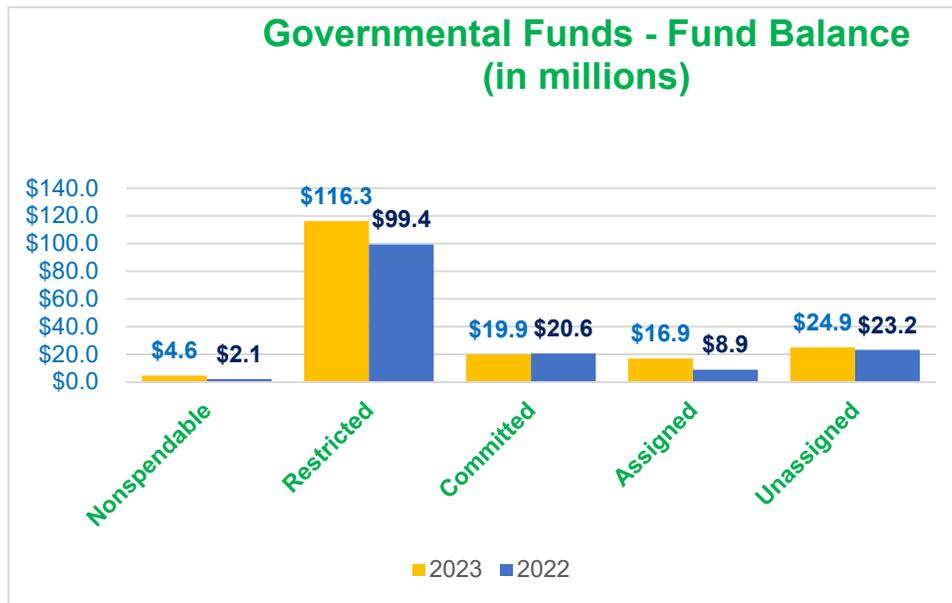
In total, the program revenues for these business-type operations were generally intended to cover operating, debt service, and capital reinvestment requirements. For the current year, Water operations contributed \$6.9 million. The other business-type activities funds combined loss was \$0.2 million. Although each of these programs collected user fees, the fees of Marina and Fiber funds did not fully cover their annual costs. The General Fund and Fleet transferred a combined \$0.5 million to cover Marina Fund’s debt service payments and vehicle purchase.

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

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

In addition to the full accrual-basis government-wide statements described above, the City also maintains financial records at the fund level for budgetary control. Individual funds are generally established to track the resources and operating results for specific, restricted programs. The results for governmental funds below differ from the results reported above in the government-wide statements. Here, the focus is to provide information on near-term inflows, outflows, and balances of spendable resources, which can be useful in assessing the City's financing requirements. Specifically, unassigned fund balance can serve as an informative measure of a government's net resources available for discretionary use at the end of the fiscal year.

As of June 30, 2023, the City's Governmental Funds reported a combined ending fund balances of \$182.6 million, a \$28.4 million increase in comparison with the prior year's total ending fund balances. The chart showing the components of City's governmental total fund balance are presented below.



- Nonspendable Fund Balance of \$4.6 million is consistent with prior year. These amounts are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of long-term receivables and prepaid expenses and deposits.
- Restricted Fund Balance increased by \$16.9 million to \$116.3 million. This consists of amounts with constraints put on their use by creditors, grantors, contributors, laws, regulations or enabling legislation.
- Committed Fund Balance decreased by \$0.7 million to \$19.9 million. This includes amounts for specific purposes determined by the City Council, which are binding unless removed by the Council in the same manner.
- Assigned Fund Balance increased by \$8.0 million to \$16.9 million. The City intends for these amounts to be used for a specific purpose, but they are neither restricted nor committed.
- Unassigned Fund Balance increased by \$1.7 million to \$24.9 million. This represents the residual balance of the City's General Fund.

For more information on governmental fund balances, please refer to Note 13 of the Basic Financial Statements.

Presented below and on the next pages are the major funds that either qualified under the reporting criteria or are considered to be important to financial statement users.

GENERAL FUND

The City's General Fund provides police, fire, community development, public works, and administrative services to the City's 122,000 residents, other funds, businesses and visitors. The General Fund is distinct from other funds because it is the only source of unrestricted funds that can be allocated, at the discretion of the City Council, for any municipal purpose. For financial reporting purposes, the scope of General Fund balances and activities includes the City's Measure B/V and Contingency Reserve Funds as well as Measure P voter approved tax.

During fiscal year 2023, the General Fund expended \$96.9 million in labor costs to provide these services, funding 504 authorized full-time equivalent positions. Labor costs comprised 74% of General Fund's total expenditures and transfers out.

Budgetary Highlights – During the fiscal year 2023, adjustments were made between the original budget and the final budget, resulting in a \$7.5 million increase in budgeted revenues and transfers in. This augmentation was primarily driven by the anticipated effects of the new Measure P sales tax, contributing \$4.3 million, and the proceeds from the sale of North Mare Island, amounting to \$3.0 million. Conversely, there was a significant \$28.4 million increase in budgeted expenditures and transfers out. The majority of these adjustments, totaling \$21.9 million, were allocated for ARPA projects. The remaining balance was appropriated for various purposes, including the full payment of the HUD 108 loan, an additional contribution to pension unfunded liability, and support for city programs.

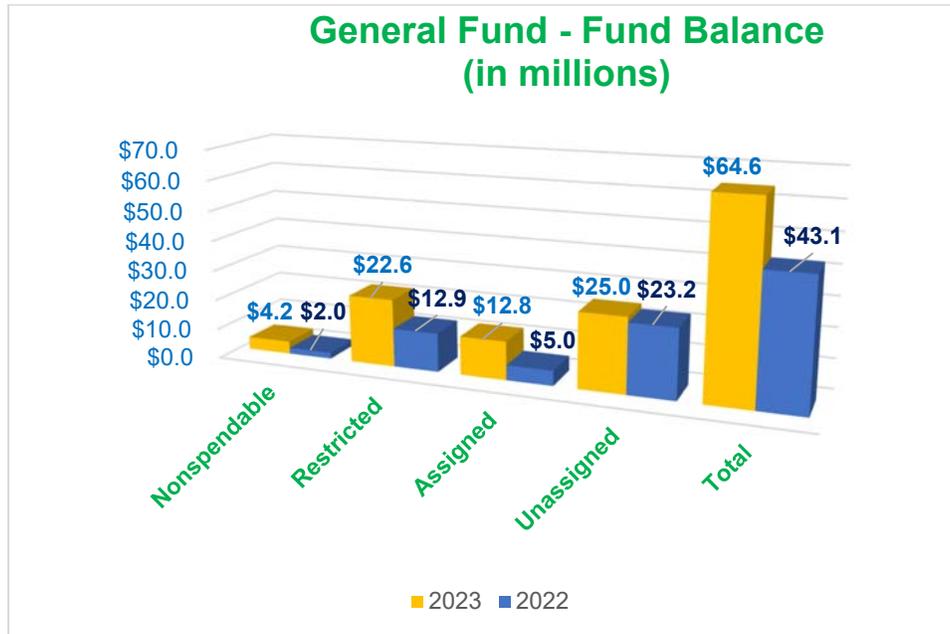
The aggregate of revenue collections and transfers was \$152.1 million. This surpassed the final budget by \$14.4 million, reflecting a 10% increase. The surplus was primarily due to the recognition of ARPA grant revenues, unexpected one-time inflows from the Monsanto settlement, utility users tax and investment earnings. Concurrently, all program departments adhered to their approved expenditure budgets, resulting in total expenditure savings of \$13.0 million. A significant portion, approximately 40%, of the expenditure savings was realized within the Police department, mainly due to staff vacancies. Moreover, there was a considerable budgetary savings of \$14.4 million in transfers out, stemming from the delayed implementation of ARPA-funded projects. The culmination of higher-than-expected revenues and prudent budget management in expenditures and transfers out led to a net budget surplus of \$41.8 million for the current fiscal year.

Current Year Increase in General Fund Revenues/Expenditures – The General Fund revenues including other financing sources improved substantially by \$25.1 million, or 21%, from the prior fiscal year to \$152.1 million. This boost can be attributed to several key factors such as increases in realized ARPA grant revenues (\$3.2 million), property tax from the robust real estate economy (\$4.6 million) and sales tax due to the new measure P tax (\$4.3 million). The city's revenues were further augmented by one-time inflows including the Monsanto settlement of (\$4.4 million) and proceeds from the sale of North Mare Island (\$3.0 million).

General Fund expenditures excluding transfers totaled to \$117.1 million for FY 2022-23 compared to \$106.9 million in the prior fiscal year. The increase was \$10.2 million, or 9%. This uptick was attributed to the surge in service and supplies (\$7.2 million) and salaries and benefits (\$3.3 million). Transfers out, allocated for capital projects, debt service, and city operations, saw a decrease of \$3.8 million, dropping from \$17.3 million in the prior year to \$13.5 million in the current fiscal year. This reduction was primarily due to a \$3.0 million additional contribution made in the prior year towards the City's General liability program.

Fund balance – The General fund at the close of the fiscal year 2023 ended with a surplus, as total revenues and other financing sources soared to \$152.1 million, surpassing the total expenditures and other financing uses of \$130.6 million by a substantial margin of \$21.5 million. This positive financial outcome had significantly bolstered the General Fund's total fund balance, culminating in an impressive \$64.6 million. Of this amount, the unassigned fund balance stands at \$25.0 million, representing 19% of the subsequent year's General Fund annual operating budget, inclusive of Measure B programs.

The chart below illustrates the changes in the components of the General Fund balance from June 30, 2022 to June 30, 2023.



OTHER MAJOR GOVERNMENTAL FUNDS

Housing Authority Fund –The Fund received \$22.3 million in federal HUD grant allocations and other revenues during the year to support its \$22.3 million Section 8 Housing Assistance Voucher Program expenditures. As of June 30, 2023, the Housing Authority Fund reported a combined fund balance of \$16.7 million, consistent with prior fiscal year. Of the total fund balance, \$14.0 million is restricted and committed. Most of these funds are invested in long-term loans and mortgages and are not anticipated to be collected within the next year.

Mare Island Conversion Fund – As of June 30, 2023, this fund held \$15.6 million of restricted federal funds to pay for the environmental remediation of the former Mare Island Naval base. \$3.3 million was expended during the year on this effort. The fund also received an additional grant from the Navy in the amount of \$1.3 million during the year.

ENTERPRISE FUNDS

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

As of June 30, 2023, total enterprise funds' net position increased to \$94.2 million, up \$15.1 million from \$79.1 million in the prior year. The significant changes by enterprise fund are discussed below:

Net Position by Fund (in millions)			
	2023	2022	Increase (Decrease)
Water	\$ 86.7	\$ 78.0	\$ 8.7
Marina	1.9	1.7	0.2
Golf	5.0	(0.3)	5.3
Vallejo Parking	0.8	-	0.8
Fiber	(0.2)	(0.3)	0.1
Total	\$ 94.2	\$ 79.1	\$ 15.1

Water – Total net position of the Water Fund on June 30, 2023 was up \$8.7 million from the previous year to \$86.7 million. The increase was mainly due to the improved investment earnings and capital contributions from developers. The rate structures adopted in June 2017 and October 2019 continued to provide for user fee increases during the year to help generate sufficient revenues to operate and maintain the Vallejo Municipal Water System.

Marina – Total net position of the Marina Fund on June 30, 2023 increased by \$0.2 million from the previous year. The fund received (\$0.4 million) transfer from General Fund to cover the annual debt service payments. The 3% annual CPI increases for berth rents and live aboard fees are projected to steadily improve the net position over the next several years. The City had also entered into a management agreement with F3 to improve both financial operations and customer service of the Vallejo Municipal Marina.

Golf – The total net position of the Golf Fund soared to \$5.0 million from negative \$0.3 million last year. The increase was related to the net transfer of golf course properties from General fund. The City is seeing positive results from hiring Touchstone Golf in 2018 to manage the golf operations. During the current fiscal year, the Blue Rock Springs golf courses generated \$4.3 million in user fees, which were used to cover its program costs and help cure the fund's negative beginning balance net position. Also, the City had entered into an ENA (Exclusive Negotiating Agreement) with Greg Norman Company and the Lewis Group for the future revitalization and redevelopment of the Blue Rock Springs golf courses.

Vallejo Station Parking – The Vallejo Station Parking Fund's revenues had slowly recovered from the pandemic effects. The fund improved its parking revenues by \$0.3 million as commuter traffic returned to the Vallejo Waterfront. The fund also received \$0.7 million in ARPA funding during the year to mitigate the prior year negative economic impacts of COVID-19 pandemic on parking operations.

Fiber Optic – In May 2017 in an effort to leverage City assets and promote economic development, the Fiber Optic Fund was established with a \$0.8 million interfund loan from the General Fund for working capital. With the infusion of ARPA funding the city will expand and create a robust broadband that can serve Vallejo. In November 2022, the city contracted Smart Fiber Networks to operate and maintain the City's fiber networks and service retail and residential customers within the City for a 40% revenue sharing arrangement starting fiscal year 2024. The fund had reduced its deficit by 20% during this fiscal year.

CAPITAL ASSETS

GASB Statement No. 34 requires that the City record all its capital assets that are used in the performance of the City's functions, including infrastructure assets. The following is a summary of these assets as of June 30, 2023 and 2022.

Capital Assets (net of depreciation)

(in millions)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2023	2022	2023	2022	2023	2022	
Land	\$ 116.1	\$ 144.9	\$ 17.4	\$ 12.4	\$ 133.5	\$ 157.3	\$ (23.8)
Building and improvement	59.8	68.8	25.0	27.0	84.8	95.8	(11.0)
Machinery and equipment	16.0	16.7	9.6	10.4	25.6	27.1	(1.5)
Infrastructure	123.0	106.0	45.9	48.5	168.9	154.5	14.4
Construction in progress	23.6	20.0	14.1	7.9	37.7	27.9	9.8
Subscription in progress	0.6	-	0.5	-	1.1	-	1.1
Lease assets	-	-	0.1	-	0.1	-	0.1
Subscription assets	2.0	-	0.1	-	2.1	-	2.1
Total	\$ 341.1	\$ 356.4	\$ 112.7	\$ 106.2	\$ 453.8	\$ 462.6	\$ (8.8)

Throughout the fiscal year, the City's capital assets experienced notable changes, with major additions in governmental capital assets attributed to construction in progress related to infrastructure enhancements (17.1 million), and developer contribution of Waterstone subdivision improvements to the city (\$6.4 million). However, these increases were offset by the annual depreciation (\$10.8 million), sale of North Mare Island property (\$21.3 million,) and transfer of Blue Rock Golf Course properties (\$8.0 million) to the Golf Course Enterprise Fund. The completion of the Sacramento Street Bridge Infrastructure project during the fiscal year marked a significant achievement for the City, adding to the spectrum of capital improvements undertaken.

Business-type capital asset major additions include transfer of Blue Rock Golf Course properties (\$8 million) from governmental funds and construction in progress (\$6.2 million) related to water equipment and infrastructure improvements. These were offset by the annual depreciation (\$5.4 million), and sale of Blue Rock Golf Course properties (\$3.6 million).

Overall, the City's capital assets net of depreciation decreased by \$8.8 million during the year to \$453.8 million on June 30, 2023 mainly due to depreciation and sale of North Mare Island parcels. Further detail about the City's capital assets can be found in Note 6 to the Financial Statements.

DEBT ADMINISTRATION

The following is a summary of the City's long-term debt obligations as of June 30, 2023 and 2022.

Outstanding Debt Long-Term Debt (in millions)

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2023	2022	2023	2022	2023	2022	
Certificates of Participation	\$ 1.9	\$ 2.1	\$ -	\$ -	\$ 1.9	\$ 2.1	\$ (0.2)
Financed Purchases	1.8	2.2	-	-	1.8	2.2	(0.4)
Revenue Bonds	-	-	74.2	78.9	74.2	78.9	(4.7)
Lease Payables	-	-	-	0.2	-	0.2	(0.2)
Loans & Notes Payable	14.9	12.9	16.6	17.4	31.5	30.3	1.2
Total	\$ 18.6	\$ 17.2	\$ 90.8	\$ 96.5	\$ 109.4	\$ 113.7	\$ (4.3)

Annual Activity – The City's total long-term debt obligations decreased by \$4.3 million as of June 30, 2023. The decrease was due to the \$9.3 million required debt service payments offset by the City's new loan agreement with Bank of America, amounting to \$5.0 million. This financial arrangement is earmarked to facilitate the acquisition of fleet vehicles, reflecting the City's commitment to maintaining and improving its essential infrastructure. Comprehensive details regarding each of the City's debt issues, including specifics on terms and conditions, can be found in Notes 5 and 7 to the Financial Statements.

Bond Rating – On June 16, 2022, Standard & Poor's raised its rating from 'BBB' to "A-" for the 1999 Certificates of Participation. The City also maintains a Standard & Poor's 'AA' rating for the Series of 2021A Water Revenue Refunding Bonds with a stable outlook. The credit report highlighted the City's strong financial position during the past five fiscal years and the water system's very strong enterprise and financial profiles respectively.

Net Debt - The percentage of net bonded debt to taxable property valuation, and the amount of bonded debt per capita, are useful indicators of the City's net debt position to management, citizens, and investors. A comparison of these indicators follows. Per capita debt outstanding decreased to \$917 as of June 30, 2023, from \$923 in the prior fiscal year.

	June 30, 2023	June 30, 2022
Net debt (in millions)	\$ 111.5	\$ 113.7
Net debt per capita	917	923
Net debt per capita as a percentage of per capita personal income	2.50%	2.81%
Net debt as a percentage of net assessed value	0.87%	0.95%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors

The economy and the City's major initiatives for next year are discussed in detail in the accompanying Transmittal Letter.

Next Year's Budget

Total revenue across all funds is budgeted for fiscal year 2024 at \$298.1 million. The General Fund, a key component of this financial plan, is projected to contribute \$151.0 million to this total. The cautiously optimistic budget reflects the City's confidence in a steadily improving tax base and ongoing economic development initiatives. The anticipation of moderate growth in the coming year is fueled by these positive trends, signaling a resilient local economy. Furthermore, the City's proactive approach includes the pursuit of federal and state grants, demonstrating a commitment to diversifying revenue streams and leveraging external funding sources to support key projects and initiatives.

The City's total expenditure budget for next year is \$304.0 million, with a notable portion of \$133.4 million earmarked for the General Fund. This financial commitment underscores the City's dedication to fostering economic development, supporting local businesses, and upholding its commitment to affordable housing initiatives. Importantly, the General Fund revenue budget, set at \$151.0 million, aligns with and fully covers these expenditures, eliminating any projected shortfalls. Demonstrating prudent fiscal planning, the City aims to maintain General Fund reserves at a minimum of 15% of General Fund expenditures, acting as a safeguard against potential economic downturns. This cautious approach reflects the City's dedication to sustaining a balanced budget and minimizing risks, as it remains vigilant in monitoring economic indicators, revenue sources, and spending patterns as part of its overall sound and conservative fiscal strategy.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Comprehensive Financial Report (ACFR) is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. For the convenience of the public, a copy of this report is posted on the City's website (https://www.cityofvallejo.net/our_city/departments_divisions/finance_department). If you have questions about this report, separate reports of the City's component units, or need any additional financial information, contact the Finance Department at 555 Santa Clara Street, Vallejo, California, 94590, phone 707-648-4592.

CITY OF VALLEJO
Statement of Net Position
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Vallejo Flood and Wastewater District
Assets:				
Cash and investments (Note 2)	\$ 194,427,610	\$ 60,316,659	\$ 254,744,269	\$ 48,513,396
Receivables:				
Accounts	4,612,756	9,267,540	13,880,296	1,992,737
Notes and loans (Note 4)	29,104,140	-	29,104,140	280,607
Interest receivable	1,071,566	110,211	1,181,777	401,716
Lease Receivable (Note 5a)	12,298,363	-	12,298,363	220,326
Internal balances (Note 3b and Note 3c)	680,000	(680,000)	-	-
Prepays and deposits (Note 1h)	918,589	546,961	1,465,550	765,173
Due from other governments	17,766,886	76,309	17,843,195	3,519,407
Materials, parts and supplies (Note 1f)	225,479	1,113,685	1,339,164	437,744
Land held for redevelopment (Note 1g)	499,684	-	499,684	-
Restricted assets:				
Cash and investments (Note 2)	32,960,038	3,404	32,963,442	1,782,979
Cash with fiscal agent (Note 2)	5,277,832	45,598,024	50,875,856	-
Capital assets not being depreciated (Note 6)	140,346,296	31,973,673	172,319,969	21,972,889
Capital assets, net of depreciation/ amortization (Note 6)	200,805,429	80,761,314	281,566,743	171,573,165
Total Assets	640,994,668	229,087,780	870,082,448	251,460,139
Deferred Outflows of Resources:				
Related to pensions (Note 11)	68,877,492	9,347,370	78,224,862	13,003,728
Related to OPEB (Note 12)	4,330,360	1,097,640	5,428,000	3,155,226
Deferred charge on refunding (Note 7)	-	1,134,572	1,134,572	758,058
Total Deferred Outflows of Resources	73,207,852	11,579,582	84,787,434	16,917,012
Liabilities:				
Accounts payable and accrued liabilities	13,855,366	4,714,917	18,570,283	2,908,706
Accrued interest	168,431	388,651	557,082	204,681
Unearned revenue	31,812,382	1,210,162	33,022,544	1,158,720
Deposits payable	2,573,071	4,664,387	7,237,458	761,770
Due to other governments	2,280,702	-	2,280,702	-
Employee benefits payable due within one year (Note 10)	6,197,838	982,909	7,180,747	826,506
Claims due within one year (Note 14)	7,158,378	-	7,158,378	-
Long-term debt due within one year (Note 7)	1,990,056	5,336,441	7,326,497	1,777,744
Lease payable due within one year (Note 5b)	15,068	86,465	101,533	124,431
Subscription payable due within one year (Note 5c)	701,734	75,289	777,023	135,969
Other liabilities due within one year	-	-	-	52,518
Noncurrent liabilities:				
Employee benefits payable due in more than one year (Note 10)	4,982,560	491,879	5,474,439	1,239,760
Claims due in more than one year (Note 14)	21,232,622	-	21,232,622	-
Long-term debt due in more than one year (Note 7)	16,593,157	85,501,584	102,094,741	28,766,536
Lease payable due in more than one year (Note 5b)	13,063	36,597	49,660	221,632
Subscription payable due in more than one year (Note 5c)	1,134,976	43,347	1,178,323	287,413
Net pension liability due in more than one year (Note 11)	295,831,905	39,138,801	334,970,706	30,425,186
Net OPEB liability due in more than one year (Note 12)	6,941,840	1,762,160	8,704,000	8,144,210
Total Liabilities	413,483,149	144,433,589	557,916,738	77,035,782
Deferred Inflows of Resources:				
Related to pensions (Note 11)	2,625,859	440,446	3,066,305	2,702,141
Related to OPEB (Note 12)	6,172,208	1,566,792	7,739,000	2,304,515
Related to leases (Note 5a)	11,750,639	-	11,750,639	213,494
Total Deferred Inflows of Resources	20,548,706	2,007,238	22,555,944	5,220,150
Net Position (Note 13):				
Net investment in capital assets	326,351,901	69,861,200	396,213,101	162,990,387
Restricted for:				
Capital projects	31,199,072	-	31,199,072	25,256,263
Debt service	277,832	35,101	312,933	1,534,122
Housing programs	25,918,121	-	25,918,121	-
Mare Island programs	12,255,841	-	12,255,841	-
Landscape maintenance district services	21,657,303	-	21,657,303	-
Other special projects and programs	29,331,493	-	29,331,493	-
Nonexpendable- McCune Endowment	64,625	-	64,625	-
Unrestricted (Deficit)	(166,885,523)	24,330,234	(142,555,289)	(3,659,553)
Total Net Position	\$ 280,170,665	\$ 94,226,535	\$ 374,397,200	\$ 186,121,219

See Notes to Financial Statements.

CITY OF VALLEJO
Statement of Activities
Year Ended June 30, 2023

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
Legislative and advisory	\$ 268,285	\$ -	\$ -	\$ -
Executive	3,922,277	-	1,062,858	-
Finance	2,309,944	-	20,070	-
Human resources	1,189,506	-	4,393	-
Law	1,790,270	1,601	-	-
Community services	31,281,595	1,882,831	25,653,074	-
Planning and development services	4,699,503	5,142,630	-	-
Fire services	36,122,908	5,621,339	3,104,773	-
Police services	52,545,100	3,713,108	1,251,360	-
Public works	29,171,861	20,837,979	8,222,186	14,950,923
Economic development	3,252,772	337,664	989,505	-
Information technology	1,875,881	-	5,007	-
Interest on long-term debt	461,660	-	-	-
Total Governmental Activities	168,891,562	37,537,152	40,313,226	14,950,923
Business-Type Activities:				
Water Fund	47,140,784	51,356,862	25,780	2,664,229
Marina Fund	1,624,889	1,327,367	75,822	-
Golf Fund	3,831,700	4,354,961	-	-
Vallejo Station Parking Fund	736,308	855,615	-	-
Fiber Optic Fund	758,370	90,907	-	-
Total Business-Type Activities	54,092,051	57,985,712	101,602	2,664,229
Total Primary Government	\$ 222,983,613	\$ 95,522,864	\$ 40,414,828	\$ 17,615,152
Component Unit:				
Vallejo Flood and Wastewater District	\$ 38,061,604	\$ 43,008,830	\$ -	\$ 1,345,442

Taxes:			
Property taxes, levied for general purpose			
Transient occupancy taxes			
Sales taxes			
Franchise taxes			
Utility users tax			
Other taxes			
Investment earnings			
Other			
Gain (loss) on sale of capital asset			
Special Item - Sale and Disposal of Mare Island Property			
Transfers			
Transfers - Capital assets (Note 6)			
Total General Revenues, Special Items and Transfers			
Change in Net Position			
Net position-beginning, as restated (Note 13E)			
Net position-ending			

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Vallejo Flood and Wastewater District
\$ (268,285)	\$ -	\$ (268,285)	\$ -
(2,859,419)	-	(2,859,419)	-
(2,289,874)	-	(2,289,874)	-
(1,185,113)	-	(1,185,113)	-
(1,788,669)	-	(1,788,669)	-
(3,745,690)	-	(3,745,690)	-
443,127	-	443,127	-
(27,396,796)	-	(27,396,796)	-
(47,580,632)	-	(47,580,632)	-
14,839,227	-	14,839,227	-
(1,925,603)	-	(1,925,603)	-
(1,870,874)	-	(1,870,874)	-
(461,660)	-	(461,660)	-
(76,090,261)	-	(76,090,261)	-
-	6,906,087	6,906,087	-
-	(221,700)	(221,700)	-
-	523,261	523,261	-
-	119,307	119,307	-
-	(667,463)	(667,463)	-
-	6,659,492	6,659,492	-
(76,090,261)	6,659,492	(69,430,769)	-
-	-	-	6,292,668
40,143,747	-	40,143,747	1,465,897
2,066,143	-	2,066,143	-
45,023,671	-	45,023,671	-
6,816,247	-	6,816,247	-
15,583,618	-	15,583,618	-
6,894,578	-	6,894,578	-
4,072,749	1,733,785	5,806,534	861,134
4,081,444	49,996	4,131,440	509,473
58,897	(3,201,223)	(3,142,326)	-
(18,300,000)	-	(18,300,000)	-
(1,859,169)	1,859,169	-	-
(7,989,578)	7,989,578	-	-
96,592,347	8,431,305	105,023,652	2,836,504
20,502,086	15,090,797	35,592,883	9,129,172
259,668,579	79,135,738	338,804,317	176,992,047
\$ 280,170,665	\$ 94,226,535	\$ 374,397,200	\$ 186,121,219

See Notes to Financial Statements.

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**FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

The City reported three major governmental funds in fiscal year 2022-23. These major funds were presented in their respective columns and described in Note 1.d. The remaining funds were combined into a column titled "Other Governmental Funds". Individual fund data for each of these non-major funds may be found in the Supplemental Information section.

CITY OF VALLEJO
Balance Sheet
Governmental Funds
June 30, 2023

		Special Revenue Fund	Capital Projects Funds
	General	Housing Authority	Mare Island Conversion #106
Assets:			
Cash and investments	\$ 52,937,735	\$ 6,464,437	\$ 1,137,740
Receivables:			
Accounts	3,410,883	-	-
Notes and loans	2,785,803	14,119,090	-
Accrued interest	975,694	2,499	43,174
Leases	6,316,527	-	-
Prepays and deposits	191,245	-	-
Due from other governments	13,233,678	-	-
Due from other funds	-	-	-
Advances to other funds	680,000	-	-
Materials, parts, and supplies	2,361	-	-
Land held for redevelopment	499,684	-	-
Restricted assets:			
Cash and investments	17,841,864	669,187	14,448,987
Cash and investments with fiscal agents	-	-	-
Total Assets	\$ 98,875,474	\$ 21,255,213	\$ 15,629,901
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 6,374,059	\$ 179,018	\$ 956,299
Unearned revenues	18,605,931	-	11,231,913
Deposits payable	903,253	527,244	-
Due to other governments	967	-	-
Due to other funds (Note 3b)	2,166,494	-	-
Total Liabilities	28,050,704	706,262	12,188,212
Deferred Inflows of Resources:			
Unavailable revenues	293,280	3,837,241	-
Deferred inflows for leases	5,951,890	-	-
Total Deferred Inflows of Resources	6,245,170	3,837,241	-
Fund Balances (Note 13):			
Nonspendable	4,159,093	-	-
Restricted	22,558,076	12,972,379	3,441,689
Committed	-	1,031,743	-
Assigned	12,823,526	2,707,588	-
Unassigned (Deficits)	25,038,905	-	-
Total Fund Balances	64,579,600	16,711,710	3,441,689
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 98,875,474	\$ 21,255,213	\$ 15,629,901

CITY OF VALLEJO
Balance Sheet
Governmental Funds
June 30, 2023

	Other Governmental Funds	Total Governmental Funds
Assets:		
Cash and investments	\$ 92,044,560	\$ 152,584,472
Receivables:		
Accounts	1,041,377	4,452,260
Notes and loans	12,199,247	29,104,140
Accrued interest	50,199	1,071,566
Leases	5,981,836	12,298,363
Prepays and deposits	347,457	538,702
Due from other governments	4,533,208	17,766,886
Due from other funds	2,166,494	2,166,494
Advances to other funds	-	680,000
Materials, parts, and supplies	-	2,361
Land held for redevelopment	-	499,684
Restricted assets:		
Cash and investments	-	32,960,038
Cash and investments with fiscal agents	277,832	277,832
Total Assets	\$ 118,642,210	\$ 254,402,798
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 5,830,285	\$ 13,339,661
Unearned revenues	1,974,538	31,812,382
Deposits payable	1,142,574	2,573,071
Due to other governments	2,279,735	2,280,702
Due to other funds (Note 3b)	1,136,082	3,302,576
Total Liabilities	12,363,214	53,308,392
Deferred Inflows of Resources:		
Unavailable revenues	2,612,423	6,742,944
Deferred inflows for leases	5,798,749	11,750,639
Total Deferred Inflows of Resources	8,411,172	18,493,583
Fund Balances (Note 13):		
Nonspendable	412,082	4,571,175
Restricted	77,292,207	116,264,351
Committed	18,888,391	19,920,134
Assigned	1,391,273	16,922,387
Unassigned (Deficits)	(116,129)	24,922,776
Total Fund Balances	97,867,824	182,600,823
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 118,642,210	\$ 254,402,798

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CITY OF VALLEJO
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2023

Fund balances of governmental funds \$ 182,600,823

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 333,068,614

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.

Cash and investments	\$ 41,843,138	
Restricted cash with fiscal agent	5,000,000	
Accounts receivable	160,496	
Materials, parts, and supplies	223,118	
Due from other funds	1,136,082	
Prepays	379,887	
Capital assets	8,083,111	
Accounts payable	(515,705)	
Accrued interest payable	(14,483)	
Claims payable	(28,391,000)	
Net pension liability and pension-related deferred outflows/inflows of resources	(3,011,187)	
Net OPEB liability and OPEB-related deferred outflows/inflows of resources	(8,783,688)	
Long-term debt	(5,000,000)	
Employee benefits payable	<u>(822,372)</u>	10,287,397

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 6,742,944

LONG-TERM LIABILITIES

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

Long-term debt	(13,583,213)	
Lease Payable	(28,131)	
Subscription Payable	(1,836,710)	
Net pension liability and pension-related deferred outflows/inflows of resources	(226,569,085)	
Accrued interest payable	(153,948)	
Employee benefits payable	<u>(10,358,026)</u>	

Net Position of Governmental Activities \$ 280,170,665

CITY OF VALLEJO
Statement of Revenues,
Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>
		<u>Housing Authority</u>	<u>Mare Island Conversion #106</u>
Revenues:			
Taxes	\$ 114,056,523	\$ -	\$ -
Licenses and permits	5,367,043	-	-
Intergovernmental	11,912,145	21,938,564	3,062,927
Charges for services	9,230,482	-	-
Use of money and property	2,838,477	294,526	555,464
Fines and forfeitures	663,404	-	-
Contributions	-	-	-
Other	4,598,269	20,854	-
Total Revenues	148,666,343	22,253,944	3,618,391
Expenditures:			
Current:			
Legislative and advisory	321,676	-	-
Executive	3,239,703	-	-
Finance	2,147,915	-	-
Human resources	1,366,182	-	-
Law	1,810,977	-	-
Community services	-	22,240,829	3,252,105
Planning and development services	4,590,060	-	-
Fire services	32,661,946	-	-
Police services	49,588,472	-	-
Public works	8,557,897	-	-
Economic development	1,573,949	-	-
Information technology	1,704,263	-	-
Non departmental	7,152,221	-	-
Capital outlay	18,838	-	-
Debt service:			
Principal long term debt payments	2,297,000	-	-
Principal - lease payments	13,945	2,428	-
Principal - subscription payments	19,592	50,230	-
Interest and fiscal charges	23,408	3,904	-
Total Expenditures	117,088,044	22,297,391	3,252,105
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,578,299	(43,447)	366,286
Other Financing Sources (Uses):			
Transfers in (Note 3a)	391,799	120,000	-
Transfers out (Note 3a)	(13,540,782)	-	-
Proceeds from sale of capital asset	3,000,000	-	-
Lease proceeds	18,838	-	-
Subscription proceeds	-	-	-
Total Other Financing Sources (Uses)	(10,130,145)	120,000	-
Net Change in Fund Balances	21,448,154	76,553	366,286
Fund Balances, Beginning of Year, as restated (Note 13e)	43,131,446	16,635,157	3,075,403
Fund Balances, End of Year	\$ 64,579,600	\$ 16,711,710	\$ 3,441,689

See Notes to Financial Statements.

CITY OF VALLEJO
Statement of Revenues,
Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 5,149,884	\$ 119,206,407
Licenses and permits	3,809,117	9,176,160
Intergovernmental	19,528,075	56,441,711
Charges for services	11,656,779	20,887,261
Use of money and property	1,638,415	5,326,882
Fines and forfeitures	17,429	680,833
Contributions	18,439	18,439
Other	331,569	4,950,692
Total Revenues	42,149,707	216,688,385
Expenditures:		
Current:		
Legislative and advisory	-	321,676
Executive	18,042	3,257,745
Finance	48,554	2,196,469
Human resources	-	1,366,182
Law	100,000	1,910,977
Community services	2,662,950	28,155,884
Planning and development services	306,402	4,896,462
Fire services	2,470,774	35,132,720
Police services	1,237,232	50,825,704
Public works	10,957,107	19,515,004
Economic development	1,691,463	3,265,412
Information technology	191,114	1,895,377
Non departmental	-	7,152,221
Capital outlay	25,512,290	25,531,128
Debt service:		
Principal long term debt payments	1,354,707	3,651,707
Principal - lease payments	745	17,118
Principal - subscription payments	644,775	714,597
Interest and fiscal charges	242,776	270,088
Total Expenditures	47,438,931	190,076,471
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,289,224)	26,611,914
Other Financing Sources (Uses):		
Transfers in (Note 3a)	12,712,732	13,224,531
Transfers out (Note 3a)	(1,511,799)	(15,052,581)
Proceeds from sale of capital asset	-	3,000,000
Lease proceeds	-	18,838
Subscription proceeds	641,797	641,797
Total Other Financing Sources (Uses)	11,842,730	1,832,585
Net Change in Fund Balances	6,553,506	28,444,499
Fund Balances, Beginning of Year, as restated (Note 13e)	91,314,318	154,156,324
Fund Balances, End of Year	\$ 97,867,824	\$ 182,600,823

See Notes to Financial Statements.

CITY OF VALLEJO
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2023

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

Net change in fund balances - total governmental funds \$ 28,444,499

Amounts reported for governmental activities in the statement of activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay and other capital expenditures are therefore added back to fund balance	27,990,698
Depreciation and amortization expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$1,711,577 which has already been allocated to serviced funds)	(9,121,410)
Disposal of capital assets - sale of Mare Island parcels	(21,300,000)
Loss on disposal of capital assets - demolition of Mare Island buildings	(4,233,800)
Transfer of asset between governmental and business type	(7,989,578)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	3,651,707
Interest accrued to principal is deducted from fund balance	(98,489)
Leases issued	(18,838)
Lease payable payments	17,118
Subscription issued	(2,551,307)
Subscription payments	714,597

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Interest payable	(13,851)
Unavailable revenue	377,947
Employee benefits payable	132,462
Net pension liability and pension-related deferred outflows/(inflows) of resources	(174,712)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds.

The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Position - All Internal Service Funds	4,675,043
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Change in Net Position of Governmental Activities	\$ 20,502,086
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**FUND FINANCIAL STATEMENTS
PROPRIETARY FUNDS**

The City reported all enterprise funds as major funds in fiscal year 2022-23. These funds were presented in their respective columns and described in Note 1.d. All internal service funds were combined into a single, aggregated presentation. Individual fund data for each of the internal service funds may be found in the Supplemental Information section.

CITY OF VALLEJO
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water Fund	Marina Fund	Golf Fund	Vallejo Station Parking Fund
Assets:				
Current:				
Cash and investments	\$ 56,384,749	\$ 870,864	\$ 2,589,416	\$ 233,715
Receivables:				
Accounts	9,220,699	3,107	1,136	42,598
Accrued interest	110,211	-	-	-
Prepaid costs	441,886	1,622	103,453	-
Due from other governments	-	76,309	-	-
Due from other funds (Note 3b)	-	-	-	-
Materials, parts and supplies	997,887	33,451	82,347	-
Total Current Assets	67,155,432	985,353	2,776,352	276,313
Noncurrent:				
Restricted:				
Cash and investments	3,404	-	-	-
Cash with fiscal agent	45,216,534	-	381,490	-
Capital assets - net of accumulated depreciation/amortization	91,485,652	12,063,045	8,221,145	637,634
Total Noncurrent Assets	136,705,590	12,063,045	8,602,635	637,634
Total Assets	203,861,022	13,048,398	11,378,987	913,947
Deferred Outflows of Resources:				
Related to pensions	9,347,370	-	-	-
Related to OPEB	1,097,640	-	-	-
Unamortized loss on refunding of debt	1,134,572	-	-	-
Total Deferred Outflows of Resources	11,579,582	-	-	-
Liabilities:				
Current:				
Accounts payable and accrued liabilities	4,050,222	116,263	418,804	27,536
Accrued interest	367,311	14,832	6,038	470
Unearned revenues	1,041,476	16,195	152,491	-
Deposits payable	4,551,260	113,127	-	-
Lease payable	41,998	-	44,467	-
Subscription payable	50,062	-	-	25,227
Employee benefits payable	982,909	-	-	-
Accrued claims and judgments	-	-	-	-
Bonds and notes payable	4,323,404	670,338	342,699	-
Total Current Liabilities	15,408,642	930,755	964,499	53,233
Noncurrent:				
Advances from other funds	-	-	-	-
Employee benefits payable	491,879	-	-	-
Accrued claims and judgments	-	-	-	-
Net pension liability	39,138,801	-	-	-
Net OPEB liability	1,762,160	-	-	-
Lease payable	36,597	-	-	-
Subscription payable	-	-	-	43,347
Bonds, notes and loans payable	69,885,671	10,206,043	5,409,870	-
Total Noncurrent Liabilities	111,315,108	10,206,043	5,409,870	43,347
Total Liabilities	126,723,750	11,136,798	6,374,369	96,580
Deferred Inflows of Resources:				
Related to pensions	440,446	-	-	-
Related to OPEB	1,566,792	-	-	-
Total Deferred Inflows of Resources	2,007,238	-	-	-
Net Position (Deficits):				
Net investment in capital assets (Note 13a)	63,467,329	2,360,996	3,136,304	569,060
Restricted for debt service	35,101	-	-	-
Unrestricted (Deficits)	23,207,186	(449,396)	1,868,314	248,307
Total Net Position (Deficits)	\$ 86,709,616	\$ 1,911,600	\$ 5,004,618	\$ 817,367

See Notes to Financial Statements.

CITY OF VALLEJO
Statement of Net Position
Proprietary Funds
June 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>		<u>Governmental Activities-</u>
	<u>Fiber Optic Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
Assets:			
Current:			
Cash and investments	\$ 237,915	\$ 60,316,659	\$ 41,843,138
Receivables:			
Accounts	-	9,267,540	160,496
Accrued interest	-	110,211	-
Prepaid costs	-	546,961	379,887
Due from other governments	-	76,309	-
Due from other funds (Note 3b)	-	-	1,136,082
Materials, parts and supplies	-	1,113,685	223,118
Total Current Assets	237,915	71,431,365	43,742,721
Noncurrent:			
Restricted:			
Cash and investments	-	3,404	-
Cash with fiscal agent	-	45,598,024	5,000,000
Capital assets - net of accumulated depreciation/amortization	327,511	112,734,987	8,083,111
Total Noncurrent Assets	327,511	158,336,415	13,083,111
Total Assets	565,426	229,767,780	56,825,832
Deferred Outflows of Resources:			
Related to pensions	-	9,347,370	888,247
Related to OPEB	-	1,097,640	4,330,360
Unamortized loss on refunding of debt	-	1,134,572	-
Total Deferred Outflows of Resources	-	11,579,582	5,218,607
Liabilities:			
Current:			
Accounts payable and accrued liabilities	102,092	4,714,917	515,705
Accrued interest	-	388,651	14,483
Unearned revenues	-	1,210,162	-
Deposits payable	-	4,664,387	-
Lease payable	-	86,465	-
Subscription payable	-	75,289	-
Employee benefits payable	-	982,909	214,064
Accrued claims and judgments	-	-	7,158,378
Bonds and notes payable	-	5,336,441	600,000
Total Current Liabilities	102,092	17,459,221	8,502,630
Noncurrent:			
Advances from other funds	680,000	680,000	-
Employee benefits payable	-	491,879	608,308
Accrued claims and judgments	-	-	21,232,622
Net pension liability	-	39,138,801	3,856,040
Net OPEB liability	-	1,762,160	6,941,840
Lease payable	-	36,597	-
Subscription payable	-	43,347	-
Bonds, notes and loans payable	-	85,501,584	4,400,000
Total Noncurrent Liabilities	680,000	127,654,368	37,038,810
Total Liabilities	782,092	145,113,589	45,541,440
Deferred Inflows of Resources:			
Related to pensions	-	440,446	43,394
Related to OPEB	-	1,566,792	6,172,208
Total Deferred Inflows of Resources	-	2,007,238	6,215,602
Net Position (Deficits):			
Net investment in capital assets (Note 13a)	327,511	69,861,200	8,083,111
Restricted for debt service	-	35,101	-
Unrestricted (Deficits)	(544,177)	24,330,234	2,204,286
Total Net Position (Deficits)	\$ (216,666)	\$ 94,226,535	\$ 10,287,397

See Notes to Financial Statements.

CITY OF VALLEJO
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water Fund	Marina Fund	Golf Fund	Vallejo Station Parking Fund
Operating Revenues:				
Sales and service charges	\$ 51,356,862	\$ 1,277,346	\$ 4,354,961	\$ 855,615
Other	49,996	50,021	-	-
Total Operating Revenues	51,406,858	1,327,367	4,354,961	855,615
Operating Expenses:				
General and administrative	22,084,348	22,613	1,828,152	385,851
Operations expenses	18,074,339	1,352,152	1,593,320	298,291
Insurance and claims	-	-	-	-
Depreciation and amortization expense	4,971,463	60,772	305,778	50,352
Total Operating Expenses	45,130,150	1,435,537	3,727,250	734,494
Operating Income (Loss)	6,276,708	(108,170)	627,711	121,121
Nonoperating Revenues (Expenses):				
Intergovernmental revenue	25,780	75,822	-	-
Investment income (loss)	1,715,414	8,490	9,881	-
Interest expense and fiscal charges	(2,010,634)	(189,352)	(104,450)	(1,814)
Gain (loss) on disposal of capital assets	-	-	(3,201,223)	-
Total Nonoperating Revenues (Expenses)	(269,440)	(105,040)	(3,295,792)	(1,814)
Income (Loss) Before Transfers and Contributions	6,007,268	(213,210)	(2,668,081)	119,307
Transfers in	-	472,543	-	662,176
Transfers out	-	-	-	-
Capital contribution - developers	2,664,229	-	-	-
Capital contribution - Governmental funds	-	-	7,989,578	-
Changes in Net Position	8,671,497	259,333	5,321,497	781,483
Net Position (Deficit):				
Beginning of Year	78,038,119	1,652,267	(316,879)	35,884
End of Fiscal Year (Deficit)	\$ 86,709,616	\$ 1,911,600	\$ 5,004,618	\$ 817,367

CITY OF VALLEJO
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal
	Fiber Optic Fund	Totals	Service Funds
Operating Revenues:			
Sales and service charges	\$ 90,907	\$ 57,935,691	\$ 23,498,561
Other	-	100,017	442,321
Total Operating Revenues	90,907	58,035,708	23,940,882
Operating Expenses:			
General and administrative	-	24,320,964	-
Operations expenses	747,136	22,065,238	5,964,095
Insurance and claims	-	-	11,955,878
Depreciation and amortization expense	11,234	5,399,599	1,711,577
Total Operating Expenses	758,370	51,785,801	19,631,550
Operating Income (Loss)	(667,463)	6,249,907	4,309,332
Nonoperating Revenues (Expenses):			
Intergovernmental revenue	-	101,602	-
Investment income (loss)	-	1,733,785	417,166
Interest expense and fiscal charges	-	(2,306,250)	(79,233)
Gain (loss) on disposal of capital assets	-	(3,201,223)	58,897
Total Nonoperating Revenues (Expenses)	-	(3,672,086)	396,830
Income (Loss) Before Transfers and Contributions	(667,463)	2,577,821	4,706,162
Transfers in	724,450	1,859,169	79,922
Transfers out	-	-	(111,041)
Capital contribution - developers	-	2,664,229	-
Capital contribution - Governmental funds	-	7,989,578	-
Changes in Net Position	56,987	15,090,797	4,675,043
Net Position (Deficit):			
Beginning of Year	(273,653)	79,135,738	5,612,354
End of Fiscal Year (Deficit)	\$ (216,666)	\$ 94,226,535	\$ 10,287,397

CITY OF VALLEJO
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water Fund	Marina Fund	Golf Fund	Vallejo Station Parking Fund
Cash Flows from Operating Activities:				
Receipts from customers	\$ 53,183,804	\$ 1,330,613	\$ 4,228,184	\$ 840,135
Payments to suppliers	(21,558,281)	(1,425,138)	(3,530,743)	(703,747)
Payments to or on behalf of employees	(14,856,107)	-	-	(20,916)
Claims paid	-	-	-	-
Net Cash Provided (Used) by Operating Activities	16,769,416	(94,525)	697,441	115,472
Cash Flows from Non-Capital Financing Activities:				
Interfund receipts	-	472,543	-	138,542
Interfund payments	-	-	-	-
Net intergovernmental receipts	29,315	122,663	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	29,315	595,206	-	138,542
Cash Flows from Capital and Related Financing Activities:				
Capital grants and contributions	2,664,229	-	-	-
Acquisition of capital assets	(7,194,802)	(34,815)	(17,993)	-
Principal payments on capital debt	(4,238,404)	(654,235)	(334,340)	-
Principal paid on lease liability	(59,487)	-	(174,575)	-
Principal paid on subscription liability	(50,118)	-	-	(18,575)
Interest paid on capital debt	(2,294,260)	(45,767)	(24,514)	(1,724)
New loan issued	-	-	-	-
Proceeds on sale of capital assets	21,884	-	400,000	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(11,150,958)	(734,817)	(151,422)	(20,299)
Cash Flows from Investing Activities:				
Investment income (losses)	1,682,682	8,490	9,881	-
Net Cash Provided (Used) by Investing Activities	1,682,682	8,490	9,881	-
Net Increase (Decrease) in Cash and Cash Equivalents	7,330,455	(225,646)	555,900	233,715
Cash and Cash Equivalents at Beginning of Year	94,274,232	1,096,510	2,415,006	-
Cash and Cash Equivalents at End of Year	\$ 101,604,687	\$ 870,864	\$ 2,970,906	\$ 233,715
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 6,276,708	\$ (108,170)	\$ 627,711	\$ 121,121
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization	4,971,463	60,772	305,778	50,352
Changes in pension related items	2,069,488	-	-	-
Changes in OPEB related items	(295,031)	-	-	-
(Increase) decrease in accounts receivable, net	1,392,384	32,149	1,054	(15,480)
(Increase) decrease in inventory and prepaids	(375,809)	(4,752)	20,469	-
Increase (decrease) in accounts payable and other accrued expenses	2,413,583	(45,621)	(129,740)	(19,605)
Increase (decrease) in deposits payable	171,408	(6,119)	(150,000)	-
Increase (decrease) in unearned revenue	213,154	(22,784)	22,169	-
Increase (decrease) in claims payable	-	-	-	-
Increase (decrease) in employee benefits payable	(67,932)	-	-	(20,916)
Total Adjustments	10,492,708	13,645	69,730	(5,649)
Net Cash Provided (Used) by Operating Activities	\$ 16,769,416	\$ (94,525)	\$ 697,441	\$ 115,472
Non-Cash Investing, Capital, and Financing Activities:				
Accreted interest	\$ -	\$ 151,636	\$ 84,330	\$ -
Amortization of bond premium	499,498	-	-	-
Amortization of loss on refunding of debt	(226,914)	-	-	-

See Notes to Financial Statements.

CITY OF VALLEJO
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal
	Fiber Optic Fund	Totals	Service Funds
Cash Flows from Operating Activities:			
Receipts from customers	\$ 90,907	\$ 59,673,643	\$ 99,307,091
Payments to suppliers	(654,869)	(27,872,778)	(8,436,695)
Payments to or on behalf of employees	-	(14,877,023)	(80,745,385)
Claims paid	-	-	(4,370,599)
Net Cash Provided (Used) by Operating Activities	(563,962)	16,923,842	5,754,412
Cash Flows from Non-Capital Financing Activities:			
Interfund receipts	724,450	1,335,535	79,922
Interfund payments	-	-	6,828,021
Net intergovernmental receipts	-	151,978	-
Net Cash Provided (Used) by Non-Capital Financing Activities	724,450	1,487,513	6,907,943
Cash Flows from Capital and Related Financing Activities:			
Capital grants and contributions	-	2,664,229	-
Acquisition of capital assets	-	(7,247,610)	(1,161,390)
Principal payments on capital debt	-	(5,226,979)	-
Principal paid on lease liability	-	(234,062)	-
Principal paid on subscription liability	-	(68,693)	-
Interest paid on capital debt	-	(2,366,265)	(64,750)
New loan issued	-	-	5,000,000
Proceeds on sale of capital assets	-	421,884	73,693
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(12,057,496)	3,847,553
Cash Flows from Investing Activities:			
Investment income (losses)	-	1,701,053	417,166
Net Cash Provided (Used) by Investing Activities	-	1,701,053	417,166
Net Increase (Decrease) in Cash and Cash Equivalents			
	160,488	8,054,912	16,927,074
Cash and Cash Equivalents at Beginning of Year	77,427	97,863,175	29,916,064
Cash and Cash Equivalents at End of Year	\$ 237,915	\$ 105,918,087	\$ 46,843,138
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (667,463)	\$ 6,249,907	\$ 4,309,332
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	11,234	5,399,599	1,711,577
Changes in pension related items	-	2,069,488	(63,736)
Changes in OPEB related items	-	(295,031)	(2,929,969)
(Increase) decrease in accounts receivable, net	-	1,410,107	(106,369)
(Increase) decrease in inventory and prepaids	8,000	(352,092)	(91,627)
Increase (decrease) in accounts payable and other accrued expenses	84,267	2,302,884	(61,107)
Increase (decrease) in deposits payable	-	15,289	-
Increase (decrease) in unearned revenue	-	212,539	-
Increase (decrease) in claims payable	-	-	3,182,000
Increase (decrease) in employee benefits payable	-	(88,848)	(195,689)
Total Adjustments	103,501	10,673,935	1,445,080
Net Cash Provided (Used) by Operating Activities	\$ (563,962)	\$ 16,923,842	\$ 5,754,412
Non-Cash Investing, Capital, and Financing Activities:			
Accreted interest	\$ -	\$ 235,966	\$ -
Amortization of bond premium	-	499,498	-
Amortization of loss on refunding of debt	-	(226,914)	-

See Notes to Financial Statements.

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**FUND FINANCIAL STATEMENTS
FIDUCIARY FUNDS**

The City has two types of fiduciary funds: the custodial funds and private purpose trust funds. The custodial funds were combined into a single column. Individual fund data of each of the custodial funds may be found in Supplemental Information section.

CITY OF VALLEJO
Statement of Fiduciary Net Position
June 30, 2023

	Private- Purpose Trust Fund	
	Successor Agency	Custodial Funds
Assets:		
Cash and investments	\$ 311,627	\$ 3,121,570
Restricted cash and investments with fiscal agents	242,568	3,676,359
Capital assets:		
Capital assets, not being depreciated	189,226	-
Capital assets, net of accumulated depreciation	39,837	-
Total Assets	783,258	6,797,929
Liabilities:		
Accrued interest	37,363	218,788
Deposits payable	-	257,152
Due to other governments	-	7,353
Due in one year	180,000	865,000
Due in more than one year	5,481,543	10,275,000
Total Liabilities	5,698,906	11,623,293
Net Position (Deficit):		
Restricted for governments, individuals or other organizations (Deficit)	(4,915,648)	(4,825,364)
Total Net Position (Deficit)	\$ (4,915,648)	\$ (4,825,364)

CITY OF VALLEJO
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023

	Private- Purpose Trust Fund	
	Successor Agency	Custodial Funds
Additions:		
Investment earnings	\$ 11,148	\$ 133,812
Redevelopment property tax trust fund distribution	881,296	-
Collections for assessment districts	-	2,209,638
Total Additions	892,444	2,343,450
Deductions:		
Administrative expenses	122,730	72,229
Interest and fiscal charges	159,813	452,699
Depreciation expense	4,193	-
Total Deductions	286,736	524,928
Net Increase in Fiduciary Net Position	605,708	1,818,522
Net Position (Deficit) - Beginning	(5,521,356)	(6,709,217)
Restatement of Net Position (Deficit)	-	65,331
Net Position (Deficit) - Beginning, as Restated	(5,521,356)	(6,643,886)
Net Position (Deficit) - Ending	\$ (4,915,648)	\$ (4,825,364)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City was incorporated in 1868 as a charter City, with a Council-Manager form of Government, and provides all municipal services, excluding garbage disposal and electricity.

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. Each discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize it is legally separate from the government.

The City's component units are described below:

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

Additional financial information for each of these entities can be obtained from the Finance Department City of Vallejo, 555 Santa Clara Street, Vallejo, California 94590.

PRIMARY GOVERNMENT

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

Blended Component Units

The Housing Authority of the City of Vallejo - was formed in June 1942 and is organized under the California Health and Safety Code. The objectives of the Housing Authority are to aid low-income families in obtaining decent, safe and sanitary housing through federal assistance programs and mortgage revenue bond programs. On February 1, 2012, the Housing Authority also elected to assume the responsibilities of the Housing Successor for the low/moderate income housing programs of the former Redevelopment Agency. The Housing Authority is governed by a Board of Commissioners composed of the City Council members and two tenants of the Housing Authority. The operations of the Housing Authority are reported in the Housing Authority Special Revenue Fund. Management of the City has operational responsibility for the Authority.

Separate financial statements for the Housing Authority may be obtained by contacting the office of the Finance Director at 555 Santa Clara Street, Vallejo, California, 94590, phone 707-648-4592.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Marine World Joint Powers Authority — was formed in October 1996, pursuant to the Joint Exercise of Powers Act of the Government Code of the State of California for the purpose of assuming ownership of the Marine World Africa USA theme park from the Marine World Foundation. The City Council is the governing body of the Marine World JPA. The City has full accountability for the Authority's fiscal affairs. The Authority had no activity and had no assets or liabilities during the year ended June 30, 2023. The Authority does not issue separate financial statements.

The Parking Authority of the City of Vallejo — was formed in May 1975, pursuant to the provisions of California statutes. Operations of the Parking Authority began in May 1977, with the execution of a joint powers agreement with the City. The purpose of this agreement was to provide the acquisition, construction, financing and operation of parking facilities in the downtown area of the City. The City Council is the governing board of the Parking Authority. The City has full accountability for the Authority's fiscal affairs. The Authority's parcels of land had a carrying value of \$72,800 as of June 30, 2023. The Authority is inactive and had no activity during the year ended June 30, 2023. The Authority does not issue separate financial statements.

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

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

DISCRETELY PRESENTED COMPONENT UNITS

Vallejo Flood and Wastewater District (VFWD) — was created by an act of the California legislature and began operations in April 1952 as the Vallejo Sanitation and Flood Control District (VSFCD). VSFCD changed its name to the Vallejo Flood and Wastewater District during fiscal year 2018. The purpose of the Act was to give autonomous authority to VFWD to provide for the collection, treatment and disposal of wastewater and to control and dispose of storm waters. From 1993 to 1999 VFWD was part of the City's operations. Commencing July 1, 1999 the VFWD became a separate district from the City. The Board now consists of the seven elected City Council members and one member appointed by the Solano County Board of Supervisors. Although the City Council exercises control over the Board of VFWD, there is no operational responsibility or financial benefit or burden relationship with the primary government. Separate financial statements for VFWD may be obtained by contacting 450 Ryder Street, Vallejo, California 94590.

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

B. Basis of Presentation

These *Basic Financial Statements* are prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City's financial position and results of operations are presented from two perspectives in the following two sets of financial statements:

Government-wide Statements: The government-wide financial statements, including the *Statement of Net Position* and the *Statement of Activities*, report the financial activities of the primary government (the City) and its blended and discretely presented component units.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary activities of the City, which are custodial in nature, are not included in these statements and are presented separately. Eliminations have been made to minimize the double counting of internal activities. All internal balances in the *Statement of Net Position* have been eliminated except those representing balances between the governmental and business-type activities.

The *Statement of Activities* presents a comparison between direct expenses and program revenues for each function of the City. Direct expenses are those that are specifically associated with a program or function. Certain indirect costs are included in program expenses reported for individual functions and activities. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) operating grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) capital fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

The City may pay for its programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Fund Financial Statements: In addition to the government-wide statements described above, the City also presents *Fund Financial Statements*. The accounts of the City are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. The City accounts for its operations in governmental, proprietary and fiduciary funds, which include the following categories:

Governmental Funds:

General Fund – To account for resources traditionally associated with general government operations of the City, including Measure B Transaction tax and Measure P sales tax and the related expenditures, and pre-1990 Successor Agency loans and the related revenues, that are not required legally or by sound financial management to be accounted for in another fund.

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

Debt Service Funds – To account for the servicing of long-term debt not being financed by business-type funds.

Capital Projects Funds – To account for capital outlays including the acquisition and construction of capital improvements.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds:

Enterprise Funds – To account for operations that are financed substantially through user fees and are operated in a manner similar to private business enterprises.

Internal Service Funds – To account for the financing of goods and services provided by one City department to other departments on a cost reimbursement basis.

Fiduciary Funds:

Custodial Funds – To report fiduciary activities that are not held in a trust or equivalent arrangement.

Private – Purpose Trust Funds – To report trust arrangements under which principal and income benefit other governmental entities.

The financial activities of these funds are excluded from the government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

C. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental Funds: Governmental funds are used to report the majority of the City's programs. These funds are reported in the *Fund Financial Statements* on the modified accrual basis of accounting, with a focus on current financial resources. This basis differs from the accrual basis of accounting used to report the government-wide financial statements and proprietary and fiduciary fund financial statements.

Revenues are recognized when measurable and available. The City considers revenues reported in the governmental funds to be available if the revenues are collected within ninety days after year-end. This period is extended to one year for grant programs. Revenues susceptible to accrual include taxes, intergovernmental revenues, charges for services and interest revenue. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences and claims payable, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary Funds: The proprietary funds of the City are reported on the accrual basis of accounting in the *Fund Financial Statements*. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the funds. All other expenses are reported as non-operating expenses.

D. Major Funds

The *Fund Financial Statements* focus on the individual *major* funds of the City, each of which is displayed in a separate column, and the aggregate of remaining funds, which are labeled as *non-major* funds. *Major* funds are defined as funds with assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, expenditures, or expenses equal to ten percent of their fund-type total, and five percent of the grand total, or other funds of reporting significance.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City reports the following major governmental funds in the accompanying *Fund Financial Statements*:

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

Housing Authority Special Revenue Fund – is used to account for monies received and expended on housing assistance to low and moderate income families and the assets and liabilities assumed from the Housing Fund of the Former Redevelopment Agency upon the dissolution as of February 1, 2012. Funds are provided by receipts from the Federal Section 8 Housing and Urban Development (HUD) programs.

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

The City reports all its enterprise funds as major funds in the accompanying *Fund Financial Statements*:

Water Fund – is used to account for the production and distribution of water to residents and businesses located within the City. Water service is also provided to Lakes District and Travis Air Force Base customers outside the City limits.

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

Golf Fund – is used to account for the capital assets of the City’s municipal golf course and the course operator’s pass-through revenues that service the City debt used to acquire and improve the assets of the fund.

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

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

The City also reports the following fund types:

Internal Service Funds: These funds account for fleet maintenance and replacement, workers' compensation and general liability self-insurance programs, payroll and retiree health benefits, all of which are provided to other departments on a cost- reimbursement basis. Revenues are recognized based on cycle billings rendered to customers.

Fiduciary Funds: Trust funds account for assets held by the City as an agent for various functions. Custodial funds are used to account for assets held by the City as a fiduciary for the bondholders of the improvement and assessment land-based debt districts within the City. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future.

E. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents are defined as cash and investments which are considered to be liquid assets for purposes of measuring cash flows. Cash and investment of all funds are pooled with the City’s pooled cash and investments, and are considered cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. Investments are recorded at fair value; changes in fair value are included with investment income in the operating statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Materials, Parts, and Supplies

City materials, parts and supplies are held for consumption and are valued at average cost. Enterprise fund supplies consist of materials and supplies which are held for future use. General Fund supplies are recorded as an expenditure at the time individual supply items are consumed.

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

G. Land Held for Redevelopment

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

H. Prepays

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

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three types of items that qualify for reporting in this category. An unamortized loss on refunding of debt results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also has deferred outflows and inflows of resources related to pensions and OPEB as discussed in Note 11 and 12, respectively.

In addition to liabilities, the statement of net position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from accounts receivable, inter-agency reimbursements, and interest from notes and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has three items, which arise only under the full-accrual basis of accounting that are reported in this category, which are deferred inflows of resources related to leases, pensions and OPEB as discussed in Notes 5, 11 and 12, respectively.

J. Property Tax Revenues

Solano County assesses properties and bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on January 1. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed.

K. Estimates and Assumptions

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

L. Fair Value Measurements

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

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

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

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

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

M. Leases

Lessee: The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the right-to-use lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported separately on the statement of net position.

Lessor: The City is a lessor for a noncancellable leases of various City facilities. The City recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

N. Subscription-Based Information Technology Arrangements

The City of Vallejo is a subscriber for a noncancellable subscription of information technology services. The City of Vallejo recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The City of Vallejo recognizes subscription liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a subscription, the City of Vallejo initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to subscriptions include how the City of Vallejo determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) lease term, and (3) subscription payments.

The City of Vallejo uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City of Vallejo generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the City of Vallejo is reasonably certain to exercise.

The City of Vallejo monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported separately on the statement of net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. New GASB Pronouncements Effective during Fiscal Year

The following Government Accounting Standards Board (GASB) pronouncements were adopted for the fiscal year ended June 30, 2023:

1. *GASB Statement No. 91, Conduit Debt Obligations*

The requirements of this Statement improves financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition resolves stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also eliminates diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements provides financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information informs users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

2. *GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The requirements of this Statement improves financial reporting by establishing the definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance provides more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement enhances the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures allows users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

3. *GASB Statement No. 96, Subscription-Based Information Technology Arrangements*

The requirements of this Statement improves financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance results in greater consistency in practice. Establishing the capitalization criteria for implementation costs also reduces diversity and improve comparability in financial reporting by governments. This Statement also enhances the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures allows users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

4. *GASB Statement No. 100, Accounting Changes and Error Corrections*

The requirements of this Statement improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information are provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements results in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Budgeting Procedures

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

The City Charter requires the City Manager to submit to the City Council a proposed operating budget by May 16 for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the financing sources for all funds. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through passage of a resolution. All appropriations lapse at fiscal year-end, except capital appropriations which remain in effect until the project is completed or modified. The Emergency Disaster Fund #109 did not adopt a budget for the fiscal year ended June 30, 2023.

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

Capital Projects Funds - The City does not adopt annual budgets for its Capital Projects Funds. Capital Project budgets and funding are approved by the City Council as a multi-year budget on a project-by-project basis to cover the total estimated costs of all phases of specific projects that spans over several fiscal years.

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

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles. Budgetary comparisons presented are on this budgetary basis and reflect applicable amendments and revisions.

Expenditures in Excess of Budget

The General Fund had expenditures in excess department budgets for the following departments for information technology by \$96,999, capital outlay by \$18,838, and debt service by \$278,317. The total expenditures did not exceed the total budgeted expenditures within the General Fund.

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

Mare Island CFD 2005 1A (State) Fund	\$11,936
Justice Assistance Grant Fund	\$306,956

The excess expenditures were covered by accumulated fund balance.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS

A. Administration

Cash and Investments are administered separately by the City and by the discrete component unit, the VFWD. The respective cash and investment positions as of June 30, 2023, for each of these legal entities is as follows:

	Primary Government		Subtotal	Component Unit	Total
	City	Fiduciary Funds			
Cash on Hand	\$ 8,950	\$ -	\$ 8,950	\$ 13,897	\$ 22,847
Deposits	5,413,330	-	5,413,330	2,748,750	8,162,080
Investments	333,161,287	7,352,124	340,513,411	47,533,728	388,047,139
	<u>\$ 338,583,567</u>	<u>\$ 7,352,124</u>	<u>\$ 345,935,691</u>	<u>\$ 50,296,375</u>	<u>\$ 396,232,066</u>

B. Classification

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

Reported on the Statement of Net Position

Primary Government:

Cash and Investments:¹

City

General Fund, including Measure B

\$ 52,937,735

Other Funds

195,342,097

Total, City

\$ 248,279,832

Housing Authority

6,464,437

254,744,269

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

City

83,170,111

Housing Authority

669,187

83,839,298

Subtotal Primary Government Cash and Investments

338,583,567

Discrete Component Unit (VFWD):

Cash and Investments

48,513,396

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

1,782,979

Subtotal Component Unit Cash and Investments

50,296,375

Reported on the Statement of Fiduciary Net Position

Custodial Funds

Cash and Investments

3,121,570

Restricted Investments (held by fiscal agents)

3,676,359

Total Custodial Funds

6,797,929

Successor Agency to the Redevelopment Agency

Private-Purpose Trust Fund

Cash and Investments

311,627

Restricted Investments (held by fiscal agents)

242,568

Total, Successor Agency to the Redevelopment Agency

554,195

Subtotal Fiduciary Funds Cash and Investments

7,352,124

Total Cash and Investments

\$ 396,232,066

¹ These balances are available for operations of the City's various programs and funds subject to their respective grant, fee, assessment, contract, or other restrictions.

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

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

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

C. Policies

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools idle cash from all sources and all funds, except Cash with Fiscal Agents, Housing Authority, and the VFWD, so that it can be invested to achieve a reasonable rate of return, consistent with safety and liquidity.

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

These cash transactions are recorded in the City's main checking account with transactions allocated to each applicable general ledger fund of the City and its blended component units pending periodic reimbursement and settlement of inter-agency balances. As of June 30, 2023, the City held balances of cash for each of the above entities representing their equity in the City's checking account.

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

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the Depository Trust Company, known as the book entry system. In order to safeguard the City's funds, the City employs a bank to act as custodian of certain City-managed investments, regardless of their form. The assets are held in the name of the City and are not comingled with bank assets. Funds held in investment pools are also custodied in the aggregate but held in the City's name and tracked by the pool's transfer agent.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Cash and cash equivalents, including restricted cash, are considered to be liquid assets for purpose of measuring cash flows.

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

The City's Investment Policies and the California Government Code permit the following investments, provided the credit ratings of the issuers are acceptable and approved percentages and maturities are not exceeded. The tables below also identify certain provisions of the California Government Code, or Investment Policies if more restrictive, that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements, rather than the general provisions of the California Government Code or investment policies.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

City and Housing Authority

The City's investment policy and the California Government Code allow the City and the Housing Authority to invest in the following investments:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment in One Issuer
U.S. Government Treasury Bills, Bonds and Notes	5 Years	No Limit	No Limit	No Limit
U.S. Government Agencies and Government Repurchase Agreements	5 Years	No Limit	50%	30%
Bankers Acceptances	N/A	No Limit	20%	No Limit
Commercial Paper	180 Days	A	40%	5%
Corporate Medium Term Notes	270 Days	Highest Rating	40%	5%
Certificates of Deposit	5 Years	A	30%	5%
Negotiable Certificates of Deposit	5 Years	A	30%	5%
			Up To Statutory	
Local Agency Investment Fund State Pool	On Demand	No Limit	Limits	No Limit
State of California or Local Agency Bonds	5 Years	A	10%	5%
Mutual Funds	4 Years	Highest Rating	10%	10%
Money Market Mutual Funds	4 Years	Highest Rating	20%	10%
Asset Backed Securities	5 Years	AA	20%	5%
Mortgage Backed Securities or Collateralized Mortgage	5 Years	AA	20%	5%
Local Government Investment Pools	On Demand	No Limit	No Limit	No Limit
Municipal Bonds of Other States	5 Years	A	10%	5%
Supranationals	5 years	AA	30%	10%

VFWD

VFWD's investment policy and the California Government Code allow the VFWD to invest in the following investments:

Authorized Investment Type	Maximum Percentage of Portfolio
Government Agency Obligations (callable)	20%
Medium Term Corporate Notes, Rate A or better	30%
Certificates of Deposit - Non-negotiable	None
California Local Agency Investment Fund	None
Shares in Beneficial Interest Money Market Funds, two highest ratings	20%
United States Treasury Securities	None
Certificates of Deposit - Non-negotiable	30%
Bankers' Acceptances	40%
Commerical Paper of "Prime" Quality	25%
Repurchase Agreements	None
Municipal Securities	30%
Asset Backed Securities	20%
Supranationals	30%

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

E. Public Agencies Postemployment Trust

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

F. Investments Authorized by Debt Agreements

The City and VFWD must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if these entities fail to meet their obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with resolutions, bond indentures or State statutes. The table below identifies, by entity, the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements.

City Debt Agreements

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum in Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	No Limit	No Limit	No Limit	No Limit
U.S. Government Agency Obligation	No Limit	Two Highest Ratings	No Limit	10%
Money Market Funds	No Limit	Prime-1/AA-m	No Limit	No Limit
Government Money Market Funds	360 Days	Highest Rating	No Limit	No Limit
Insured FDIC Deposits	No Limit	No Limit	No Limit	No Limit
Interest-Bearing & Time Deposits - Banks or Savings	No Limit	A-1	No Limit	No Limit
Bankers Acceptances	180 Days	Two Highest Ratings	No Limit	No Limit
Commercial Paper	270 Days	A-1+	No Limit	No Limit
Repurchase Agreements	180 Days	A	No Limit	No Limit
Tax-Exempt Obligations	No Limit	Two Highest Ratings	No Limit	No Limit
Rated Investment Agreements and Contracts	No Limit	Three Highest Ratings	No Limit	No Limit
State (or Municipality) Bonds/Notes	No Limit	Two Highest Ratings	No Limit	No Limit
Local Agency Investment Fund	No Limit	No Limit	No Limit	No Limit
Local Government Investment Pools	No Limit	No Limit	No Limit	No Limit
Taxable Bonds	No Limit	A-1	No Limit	No Limit

G. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of these investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following tables that show the distribution of these investments by maturity date or earliest call date at June 30, 2023.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

City and Housing Authority

Investment Type	Less than 1 Year	1 -3 Years	3 - 5 Years	Total
Held by the City and its Blended Component Units:				
U.S. Government Agencies	\$ 738,956	\$ 20,173,608	\$ -	\$ 20,912,564
Asset Backed Securities	4,098	4,511,504	4,468,202	8,983,804
Corporate Medium Term Notes	6,912,905	12,189,415	9,765,617	28,867,937
U.S. Treasury Notes	37,396,425	13,529,156	21,369,856	72,295,437
California Local Agency Investment Fund	55,285,606	-	-	55,285,606
Collateralized Mortgage Obligation	-	776,570	1,776,879	2,553,449
Money Market Mutual Funds	64,528,982	-	-	64,528,982
Held by Fiscal Agents:				
PARS Post - Employment Benefit Trust -				
HighMark PLUS Mutual Fund	17,841,864	-	-	17,841,864
Money Market Mutual Funds	69,243,768	-	-	69,243,768
Total Investments	\$ 251,952,604	\$ 51,180,253	\$ 37,380,554	\$ 340,513,411

VFWD

Investment Type	Less than 1 Year	1 -5 Years	Total
Government Agency Obligations	\$ 204,814	\$ 2,109,489	\$ 2,314,303
US Treasury	250,123	6,194,956	6,445,079
Asset Backed Securities	-	735,204	735,204
Supranationals	-	475,892	475,892
Medium Term Corporate Notes	986,318	1,444,040	2,430,358
Collateralized Mortgage Obligation	-	801,880	801,880
California Local Agency Investment Fund	32,732,601	-	32,732,601
Money Market Funds	64,289	-	64,289
Held by Trustee:			
Money Market Mutual Funds	1,534,122	-	1,534,122
Total Investments	\$ 35,772,267	\$ 11,761,461	\$ 47,533,728

Local Agency Investment Fund

The City and the VFWD are participants in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, however, each account is limited to fifteen transactions per month. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations.

H. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the actual rating as of June 30, 2023 for the City and Housing Authority by investment type as provided by Moody's investment rating system.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

City and Housing Authority

Investment Type	Aaa	AA1 to AA3	A1 to A3	Total
Held by the City and its Blended Component Units:				
U.S. Government Agencies				
Non-Callable	\$ 20,912,564	\$ -	\$ -	\$ 20,912,564
Asset Backed Securities	8,983,804	-	-	8,983,804
Corporate Medium Term Notes	201,670	1,728,654	26,937,613	28,867,937
Collateralized Mortgage Obligation	2,553,449	-	-	2,553,449
Held by Fiscal Agents:				
Money Market Mutual Funds	64,528,982	-	-	64,528,982
Total Rated Investments	\$ 97,180,469	\$ 1,728,654	\$ 26,937,613	125,846,736
Exempt:				
U.S. Treasury Notes				72,295,437
Non-Rated:				
California Local Agency Investment Fund				55,285,606
Money Market Mutual Funds				69,243,768
PARS Post-Employment Benefit Trust				
HighMark Plus Mutual Fund				17,841,864
Total Investments				\$ 340,513,411

VFWD

Presented below is the actual rating as of June 30, 2023 for the VFWD by investment type as provided by Standard and Poor's investment rating system:

Investment Type	AAA/AAAm	AA+/AA+AA-	Total
Government Agency Obligations	\$ -	\$ 2,314,303	\$ 2,314,303
US Treasury	-	6,445,079	6,445,079
Asset Backed Securities	735,204	-	735,204
Supranational	475,892	-	475,892
Medium Term Corporate Notes	-	2,430,358	2,430,358
Money Market Funds	64,289	-	64,289
Money Market Mutual Funds	1,534,122	-	1,534,122
	\$ 2,809,507	\$ 11,189,740	13,999,247
Non-Rated:			
Collateralized Mortgage Obligation			801,880
California Local Agency Investment Funds			32,732,601
Total Investments			\$ 47,533,728

I. Fair Value Hierarchy

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

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

City and Housing Authority

The following is a summary of the fair value hierarchy of the fair value of investments of the City and Housing Authority as of June 30, 2023:

	<u>Level 2</u>	<u>Total</u>
Investments by Fair Value Level:		
U.S. Government Agencies	\$ 20,912,564	\$ 20,912,564
Asset Backed Securities	8,983,804	8,983,804
Corporate Medium Term Notes	28,867,937	28,867,937
U.S. Treasury Notes	72,295,437	72,295,437
Collateralized Mortgage Obligation	2,553,449	2,553,449
Subtotal	<u>\$ 133,613,191</u>	133,613,191
Investments Measured at Amortized Cost:		
Money Market Mutual Funds		64,528,982
PARS Post-Employment Benefit Trust- HighMark PLUS Mutual Fund		17,841,864
Held with Fiscal Agent: Money Market Mutual Funds		69,243,768
Investments Not Subject to Fair Value Hierarchy:		
California Local Agency Investment Fund		<u>55,285,606</u>
Total Investments		<u>\$ 340,513,411</u>

Asset Backed Securities, classified in Level 2 of the fair value hierarchy, are valued using IDC CMO pricing service. U.S. Government Agencies, U.S. Treasury Notes, Corporate Medium Term Notes and Collateralized Mortgage Obligations, classified in Level 2 of the fair value hierarchy, are valued using IDC Institutional Bond Pricing. These prices are obtained from various pricing sources by our custodian bank. Fair value is defined as the quoted market value on the last trading day of the period.

VFWD

The following is a summary of the fair value hierarchy of the fair value of investments of the VFWD as of June 30, 2023:

	<u>Level 2</u>	<u>Total</u>
Investments by Fair Value Level:		
U.S. Government Agencies	\$ 2,314,303	\$ 2,314,303
U.S. Treasury Notes	6,445,079	6,445,079
Asset Backed Securities	735,204	735,204
Supranationals	475,892	475,892
Medium Term Corporate Notes	2,430,358	2,430,358
Collateralized Mortgage Obligation	801,880	801,880
Subtotal	<u>\$ 13,202,716</u>	13,202,716
Investments Measured at Amortized Cost:		
Money Market Mutual Funds		64,289
Held with Fiscal Agent: Money Market Mutual Funds		1,534,122
Investments Not Subject to Fair Value Hierarchy:		
California Local Agency Investment Fund		<u>32,732,601</u>
Total Investments		<u>\$ 47,533,728</u>

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The District categorizes the fair value measurements of its investments based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 1 and 3 inputs. Fair values are based on quoted market prices for similar securities in markets that are not active, and model-based techniques for which all significant assumptions are observable in the market, resulting in a Level 2 valuation.

J. Concentration Risk

The City and the VFWD investment policies regarding the amount that can be invested in any one issuer are stipulated by the California Government Code. However, these entities are required to disclose investments that represent a concentration of 5% or more of investments in any one issuer, held by individual Funds in the securities of issuers other than U.S. Treasury securities, mutual funds and external investment pools.

At June 30, 2023, these entities' investments that represent a concentration of investments in the securities of any individual issuers, other than U.S. Treasury securities, mutual funds or external investment parts, are set forth below.

City Concentration Risk

City did not have any investment that qualified over the concentration risk.

VFWD Concentration Risk

The VFWD had no investments in the securities of any individual issuer, other than U.S. Treasury securities, mutual funds, and external investment pools, that represent 5% or more of total investments for the fiscal year ended June 30, 2023.

K. Custodial Credit Risk

The custodial credit risk for cash deposits is the risk that, in the event of the failure of the financial institution holding the deposits, the depositor will not be able to recover the value of its deposits.

At June 30, 2023, the VFWD deposit and investment balances were exposed to custodial risk as follow:

Deposits - uninsured and collateralized with securities held by the pledging bank's trust department or agent not in the District's name \$1,242,971.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 3: INTERFUND TRANSACTIONS

A. Transfers Between Funds

Transfers between funds during the fiscal year ended June 30, 2023, were as follows:

Fund Making Transfers	Fund Receiving Transfers	Amount Transferred	
General Fund:	Other Governmental Funds	\$ 11,712,732	(A)(B)(C)(D)(F)
	Fiber Enterprise Fund	724,450	(C)
	Marina Enterprise Fund	361,500	(B)
	Parking Enterprise Fund	662,176	(C)
	Fleet Maintenance/Replacement Internal Service Fund	79,922	(A)
Special Revenue Funds:			
Other Governmental Funds	General Fund	8,615	(A)
	Other Governmental Funds	1,000,000	(C)
Capital Projects Funds:			
Other Governmental Funds	General Fund	383,184	(A)
	Housing Authority Special Revenue Fund	120,000	(E)
Internal Service Funds:			
Equipment Replacement	Marina Enterprise Fund	111,043	(A)
Total		\$ 15,163,622	

- (A) To Fund City Operations
- (B) To Fund Debt Service Payments
- (C) To Fund Capital Program Projects
- (D) To Transfer Technology Surcharge Fees to Capital Projects Fund
- (E) To Fund Affordable Housing
- (F) To Fund Participatory Budgeting Projects

B. Current Interfund Balances

As of June 30, 2023, the City's Workers' Compensation Insurance Internal Service Fund had provided \$1,136,082 in short-term lending to other governmental funds with deficit cash positions. It is the City's practice to use the City's Workers' Compensation Insurance Internal Service Fund to cover temporary cash shortfalls, as this fund is primarily funded by the General Fund. Additionally, the Workers' Compensation Insurance Internal Service Fund has built a sufficient cash reserve to be able to cover the temporary cash shortfalls in other funds. These balances are expected to be repaid shortly after the end of the fiscal year upon receipt of grant or other reimbursements.

The City was also audited by the Department of Housing and Urban Development (HUD) on its HOME program funds during the current fiscal year. In HUD's December 21, 2022 report, HUD disallowed costs in the total amount of \$2,166,494 due to noncompliance with the HOME four-year project deadline. The City has recorded a short-term lending between its General Fund and HOME Fund to cover for the disallowance pending HUD's decision on the City's voluntary grant reduction request.

	Due from Other Funds	Due to Other Funds
Governmental Fund:		
General Fund	\$ -	\$ 2,166,494
Other Governmental	2,166,494	1,136,082
Internal Service Fund:		
Workers' Comp	1,136,082	-
Total	\$ 3,302,576	\$ 3,302,576

NOTE 3: INTERFUND TRANSACTIONS (CONTINUED)

C. Long-Term Interfund Advances

At June 30, 2023 the funds below made advances that are not expected to be repaid within the next year:

(Asset)	(Liability)	
<u>Fund Making Advance</u>	<u>Funds Receiving Advance</u>	<u>Amount</u>
General Fund	Fiber Optic Enterprise Fund	\$ 680,000
	Marina Enterprise Fund	7,098,951
	Golf Enterprise Fund	4,706,950
	Vallejo Station Parking Enterprise Fund	1,359,984
	Allowance for Collectability	<u>(13,165,885)</u>
Net Advances		<u>\$ 680,000</u>

Fiber Optic Fund

In Fiscal Year 2018, the General Fund advanced \$830,000 to the Fiber Optic Enterprise Fund to provide a capital and operating reserve, allowing the project to move forward until revenues commence. Amended payments of \$150,000 are due annually on June 30, 2025 through June 30, 2028 and one final payment of \$80,000 on June 30, 2029 to allow the fund to generate sufficient revenues to make the debt service payments.

Subsidies Allowance

Cumulative to June 30, 2023, the General Fund has advanced \$7,098,951 to the Marina Enterprise Fund, \$4,706,950 to the Golf Enterprise Fund and \$1,359,984 to the Vallejo Station Parking Enterprise Fund. These General Fund advances are offset with a 100% allowance for collectability since there are currently no repayment plans established for these loans. However, the City is anticipating that these funds would have sufficient resources to make repayments in the future with the increased user fees, proposed Golf and Housing development, and downtown parking improvements and enforcements.

D. Internal Balances

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 4: NOTES & LOANS RECEIVABLE

A. Summary of Notes and Loans Receivable

The following notes and loans receivable were outstanding as of June 30, 2023. These loans are not anticipated to be fully collected within the year:

Type of Loans	Fund Type	Amounts
Primary Government and Blended Component Units:		
<u>Housing Programs</u>		
Housing Authority Programs	Major Governmental	
Affordable Housing (20% Set Aside)		
Eden Housing		\$ 1,600,000
Avian Glen		3,093,750
Citizen Housing		2,500,000
Marina Towers		622,041
Solano Vallejo AR, L.P.-Solano Vista I		600,000
Single Family Residential		296,933
Temple Arts Lofts		750,000
Accrued Interest		3,737,242
Residential Rehabilitation		246,592
Vallejo Housing Collaborative		672,532
		<u>14,119,090</u>
HOME Program	Non-Major Governmental	
Avian Glen		900,000
Marina Towers		485,455
Temple Arts Lofts		495,734
Vallejo Housing Collaborative		100,000
Solano-Napa Habitat for Humanity		93,735
Vallejo PSH, LP		495,229
Single Family Residential		1,766,394
		<u>4,336,547</u>
Community Development Block Grant	Non-Major Governmental	
Reynnaissance Family Center		920,361
Bay Area Community Services		240,000
Temple Art Lofts		400,000
Single Family Residential		284,963
		<u>1,845,324</u>
Neighborhood Stabilization Program	Non-Major Governmental	
Temple Arts Lofts		1,437,844
Community Housing Development Program		493,315
Single Family Residential		278,768
		<u>2,209,927</u>
General Fund	Major Governmental	
Vallejo PSH, LLP		1,691,481
		<u>1,691,481</u>

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 4: NOTES & LOANS RECEIVABLE (CONTINUED)

Type of Loans	Fund Type	Amounts
<u>Development Programs</u>		
Sereno Village Apartments		
General Fund	Major Governmental	1,070,501
Neighborhood Parks Fund	Non-Major Governmental	191,818
		<u>1,262,319</u>
Other Programs		
General Fund- Temple Arts Lofts	Major Governmental	23,821
Transportation Impact Mitigation Fund- Temple Art Lofts	Non-Major Governmental	89,088
		<u>112,909</u>
<u>Advances to Former Redevelopment Agency (Successor Agency)</u>		
Empress Theater		
Hiddenbrooke Overpass Fund	Non-Major Governmental	354,932
Arts and Convention Center Fund	Non-Major Governmental	2,814,955
Georgia Street Extension		
Bridge Construction Fund	Non-Major Governmental	356,656
		<u>3,526,543</u>
Total Primary Government Notes and Loans Receivable		<u>29,104,140</u>
Total Notes and Loans Receivable		<u>\$29,104,140</u>

B. Affordable Housing and Residential Rehabilitation

On February 1, 2012, the Housing Authority elected to become the Housing Successor of the former Redevelopment Agency (RDA) under the provisions of AB 1484 and assumed the RDA housing assets. These assets include the following various loans granted to developers under the affordable housing programs.

- \$ 1,600,000** In June 30, 2018, the Housing Authority entered into a loan agreement with Eden Housing, Inc., in the amount of \$1,600,000. The proceeds of the loan were used to partially fund the plan, development, and construction of seventy-six housing units on Sacramento Street for extremely low-income individuals and households. The loan bears simple interest of 2% and is repayable from residual receipts as defined in the agreement. The loan will be secured by a deed of trust on the property and unpaid principal and interest is due on or before the fifty-fifth anniversary of the promissory note. As of June 30, 2022, the developer had drawn down the full \$1,600,000 of the loan proceeds.
- \$ 3,093,750** In August 2004, the former Redevelopment Agency of the City of Vallejo entered into an acquisition loan agreement in the amount of \$750,000 and a permanent financing loan agreement in the amount of \$2,343,750 with Avian Glen. The loans were used to partially fund the construction of a multi-family residential housing complex containing 87 units. The term of the promissory note is 30 years at 3% interest per annum and repayable from surplus cash as defined in the agreement.
- \$ 2,500,000** In July 2003, the former Redevelopment Agency of the City of Vallejo entered into an acquisition loan agreement in the amount of \$600,000 and a permanent financing loan agreement in the amount of \$1,900,000 with Sereno Village Associates to partially fund the construction of a multi-family residential housing complex containing 125 units. It was agreed to defer repayment of these notes until the VSFCD note and City/GVRD notes are repaid in full. The term of the promissory note is 3% interest per annum with payments made from pro-rated share of Net Surplus Cash from the project.
- \$ 622,041** In August 2005, the former Redevelopment Agency of the City of Vallejo entered into a participation loan agreement in the amount of \$750,000 with Marina Tower Associates for the purchase and rehabilitation of 155 residential apartment units. The term of the promissory note is 55 years at 3% interest per annum.

NOTE 4: NOTES & LOANS RECEIVABLE (CONTINUED)

- \$ 600,000** In December 2002, the former Redevelopment Agency of the City of Vallejo entered into a loan agreement with the Builders Alliance for Affordable Housing II, L.P. in the original amount of \$500,000 with a term of 30 years and 5 % simple interest to assist covering the costs for the development of a 96-unit senior housing project on the property commonly known as Solano Vista Senior Apartments. In December 2018, an assumption and assignment agreement was entered into between Builder Alliance for Affordable Housing II, L.P. and Solano Vallejo AR L.P., where the original note shall be cancelled and superseded by the amended and restated note. The City capitalized \$100,000 of accrued interest from the remaining loan balance. As a result of entering this agreement, the new principal loan balance is \$600,000 with a term of 40 years and a simple interest rate of 5% starting December 2018.
- \$ 296,933** These various residential purchase and rehabilitation loan programs were offered to qualifying low- to moderate- income individuals by the former Redevelopment Agency through the Affordable Housing Special Revenue Fund. These loans are secured by first or second mortgages on the residential property and are insured by private guaranty mortgage insurance. The terms vary greatly depending on the ability of the property owner to repay the loan. Interest rates on these loans range from 3.0% to 8.0% and the principal maturity dates range from 5 years to 30 years. Deferred interest loans are offered as well as below-market-rate 30-year loans. Interest income is recorded as payments are received.
- \$ 750,000** In October 2010, the former Redevelopment Agency of the City of Vallejo entered into a loan agreement in the original amount of \$750,000 with Temple Art Loft Associates, L.P. This loan will partially fund the acquisition and rehabilitation of two existing buildings at 707-715 Marin Street. The term of the loan is payable either at the sale of the housing project or at 57 years, and a simple interest of 3% per annum.
- \$ 3,737,242** These are the accumulated accrued interest for the various developer loans under the affordable housing programs.

In addition, the Housing Authority had entered into loan agreements with the following developers under its residential purchase and rehabilitation programs:

- \$ 246,592** The residential rehabilitation loan is a single loan entered into December 2011 with Temple Art Lofts Associates, L.P. The principal shall be due and payable in full upon the 55th anniversary of the date of the note. As long as no Event of Default occurs prior to the maturity date, borrower shall not be obliged to pay periodic payments of principal and or interest on the principal amount. The outstanding balance at June 30, 2023 remains at \$246,592 and recorded in the Section 8 Operating Reserve Fund.
- \$ 672,532** In July 2014, the Housing Authority entered into a loan agreement with Vallejo Housing Collaborative, LLC, in the amount of \$900,000. The proceeds of the loan will be used to partially fund the acquisition, rehab and operations of ten to twelve properties that are improved with housing to provide permanent housing for extremely low-income individuals and households transitioning from homelessness. The loan bears simple interest of 3% and is repayable from residual receipts as defined in the agreement. The loan is secured by up to two deeds of trust on the properties and unpaid principal and interest is due on or before the thirtieth anniversary of the promissory note. As of June 30, 2023, the developer has drawn down \$672,532 of the loan proceeds. This amount is recorded in the Section 8 Operating Reserve Fund and Section 8 Administration Program Fund.

C. HOME Program, CDBG Program, and NSP Program

Various residential purchase and rehabilitation loan programs are offered to qualifying low- to moderate- income individuals by the City through the, HOME, CDBG and NSP Programs. The loan portfolio also includes loans made to affordable housing developers for rental housing projects.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 4: NOTES & LOANS RECEIVABLE (CONTINUED)

- \$ 900,000** In June 2006, the City entered into a loan agreement with Avian Glen to provide additional funding for the construction of a multi-family residential housing complex containing 87 units. The term of the promissory note is 30 years at 3% interest per annum.
- \$ 485,455** In August 2005, the City entered into a loan agreement Marina Tower Associates in the amount of \$500,000 for rehabilitation of a multi-family rental housing development offering affordable housing for low-income senior citizens. The term of the promissory note is 55 years at 3% interest per annum.
- \$ 495,734** In March 2011, the City entered into a loan agreement with Temple Art Loft Associates, L.P. to provide additional funding from HOME program for the construction and rehabilitation of 2 existing buildings located at 707-715 Marin Street. The term of the promissory note is 57 years at 3% interest per annum.
- \$ 100,000** In July 2014, the City entered into a loan agreement with Vallejo Housing Collaborative using HOME funds to partially fund the same project funded with loan from Vallejo Housing Authority. The term of the promissory note is 30 years at 3% interest per annum and repayable from residual receipts as defined in the agreement.
- \$ 93,735** In July 2016, the City entered into a loan agreement with Solano-Napa Habitat for Humanity for the acquisition and development of owner-occupied affordable housing of a single-family home located at 760 Tregaskis Avenue in Vallejo. The loan term is 5 years at 0% simple interest and principal payments are deferred. Management is working on establishing new loan terms with the borrower.
- \$ 495,229** In December 2023, the City entered into a loan agreement with Vallejo PSH, L.P. to partially fund the construction costs of the Blue Oak Landing project at 2118 Sacramento Street. The term of the promissory note is 55 years at 3% interest per annum.
- \$ 1,766,394** Various loans granted for residential purchase and rehabilitation for qualifying low to moderate income individuals through the HOME program.
- \$ 920,361** The City entered into a loan agreement with Reynaissance Family Center for purchase and rehabilitation of a real property located at 2160 Sacramento Street in Vallejo. This loan was due and payable at 3% on December 31, 2017. At the option of the City Council, the loan could be deferred/extended for an additional ten years if the center is still in operation. Management is working on establishing new loan terms with the borrower.
- \$ 240,000** In February 2002, the City entered into a loan agreement with Youth and Family services for "Rosewood House" a six-bed transitional housing facility. In 2014, Youth and Family Services ceased operations and defaulted on loan. In 2015 Bay Area Community Services expressed interest in assuming loan and was assigned loan. This loan was due and payable June 30, 2022 at interest rate of 3% per annum. Loan will be considered paid in full by the city if property is utilized continuously by borrower for transitional housing with supportive service and Annual Performance reports required by HUD are submitted.
- \$ 400,000** In March 2011, the City entered into a loan agreement with Temple Art Loft Associates, L.P. to provide additional funding from CDBG program for the rehabilitation of 2 existing buildings located at 707-715 Marin Street. The term of the promissory note is 57 years at 3% interest per annum.

NOTE 4: NOTES & LOANS RECEIVABLE (CONTINUED)

- \$ 284,963** Various loans granted for residential purchase and rehabilitation for qualifying low to moderate income individuals through the CDBG program. These loans are secured by first or second mortgages on the residential property and are insured by private guaranty mortgage insurance. The terms vary greatly depending on the ability of the property owner to repay the loan. Interest rates on these loans range from 3.0% to 5.0% and the principal maturity dates range from 5 years to 30 years.
- \$ 1,437,844** In March 2011, the City entered into a loan agreement with Temple Art Loft Associates, L.P. from NSP program funds for the rehabilitation of 2 existing buildings located at 707-715 Marin Street. The term of the promissory note is 57 years at 3% interest per annum.
- \$ 493,315** In May 2019, the City entered into a loan agreement with Community Housing Development Corporation (CHDC) in the amount of \$969,612. The CHDC has drawn \$493,315 of the loan for the acquisition of real property located at 759, 747, 720 and 726 Sonoma Boulevard in Vallejo for low-income owner occupied housing project. The loan term is 0% simple interest and principal payments are deferred. The loan is due and payable no later than May 14, 2024. However, the City may, at its option, extend the note for an additional five-year term(s) subject to continuing compliance with the NSP program requirements.
- \$ 278,768** Various loans granted for residential purchase and rehabilitation for qualifying low to moderate income individuals through the NSP program. These loans are secured by first or second mortgages on the residential property and are insured by private guaranty mortgage insurance. The terms vary greatly depending on the ability of the property owner to repay the loan. Interest rates on these loans range from 3.0% to 5.0% and the principal maturity dates range from 5 years to 30 years.

D. General Fund

- \$ 1,691,481** In December 2023, the City entered into a loan agreement with Vallejo PSH, LP to recoup HOME funds disallowed by HUD for project noncompliance for the Blue Oak Landing project at 2118 Sacramento Street. The term of the promissory note is 55 years at 3% interest per annum.

E. Sereno Village Apartments

- \$ 1,262,319** In May 2003, the City entered into a \$1,400,000 loan agreement with Sereno Village Associates for the development of a 125 unit very low-income rental housing project. The note bears 3% simple interest and will be due in full to the City in 15 years. The loan is secured by a deed of trust. To the extent there is excess cash flow from the project, the developer is required to repay all accrued interest and principal annually. At June 30, 2023 the outstanding balance of this loan, including accrued interest, was \$1,262,319 comprised of \$1,070,501 funded by the General Fund and \$191,818 funded by the Neighborhood Parks Capital Project Fund. City management is working on establishing new loan terms with the borrower.

During fiscal 2002, the Vallejo Flood and Wastewater District loaned \$351,635 to Sereno Village Association. The loan is secured by deed of trust, bearing simple interest at 3% and it is due in 15 years. The outstanding balance at June 30, 2023 was \$248,860. This balance remains unchanged from the prior year and management is working on establishing new loan terms with Sereno Village. Management deems this note as collectible.

F. Temple Art Loft Impact Fee Loan

- \$ 112,909** In December 2011, the City entered into a \$112,909 loan agreement with Temple Art Lofts Associates to pay certain impact fees, permit fees, and administrative fees for the 707-715 Marin Street Project. The loan bears zero interest and will be due and payable in full upon the 55th anniversary of the date of the loan which is December 15, 2066. The loan is recorded in the General Fund and the Transportation Impact Mitigation Fund.

NOTE 4: NOTES & LOANS RECEIVABLE (CONTINUED)

G. Trailer City Water Loan

In April 2004, the City entered into a \$68,080 loan agreement with Trailer City Sales Company for the construction of improvements allowing Trailer City Sales Company to be connected to the City's water system. The loan also provides assistance for payments of water connection and facilities fees. The note bears zero interest and will be due in full to the City in 20 years. The loan is secured by a deed of trust. As of June 30, 2023 the loan was fully paid.

H. Golf Cart Storage

During fiscal year 2007, the City loaned \$350,000 to Vallejo Golf Club, Inc. for the construction of a golf cart storage building. During fiscal year 2011, the City established an allowance for collectability equal to the total amount owed of \$180,843. At June 30, 2023, the outstanding balance of this loan and the offsetting allowance were \$180,843.

I. Long-Term Loans – Former Redevelopment Agency

\$ 3,526,543 From 2003 to 2006, the City had advanced \$4,296,000 to the Vallejo Central Debt Service Fund which the Agency, in turn, loaned to Empress Investment Fund, LLC, for the purpose of theater improvements, and in fiscal year 2003, the City advanced \$500,000 to the Marina Vista Debt Service Fund for the Georgia Street extension project. Repayment of these loans were contingent upon the Successor Agency receiving a Finding of Completion, as defined in Health and Safety Code Section 34179.6. After the Successor Agency receives a Finding of Completion, under the provisions of Health and Safety Code Section 34191.4(b)(2)(A), the loans can be repaid by the Successor Agency. However, the Successor Agency must apply for approval of the loans by the Oversight Board including a finding that the loans were for legitimate redevelopment purposes.

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

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

However, the DOF continued to deny approval of the pre-1990 loans as enforceable obligations during the Recognized Obligation Payment Schedule (ROPS) process. Due to the uncertainty of State approval, the City reports these loans their full value of \$3,398,694, with an offsetting allowance as of June 30, 2023.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 4: NOTES & LOANS RECEIVABLE (CONTINUED)

The loan balances as of June 30, 2023 are as follows:

	Principal	Accrued Interest	Total
Hiddenbrooke Overpass Capital Projects Fund	\$ 141,933	\$ 212,999	\$ 354,932
Bridge Construction Capital Projects Fund	108,392	248,264	356,656
Arts and Convention Center Capital Projects Fund	954,722	1,860,233	2,814,955
General Fund:			
Waterfront	162,805	885,031	1,047,836
Marina Vista	-	647,510	647,510
Central	708,372	994,976	1,703,348
Less Allowance for Doubtful Accounts	<u>(871,177)</u>	<u>(2,527,517)</u>	<u>(3,398,694)</u>
	<u>\$ 1,205,047</u>	<u>\$ 2,321,496</u>	<u>\$ 3,526,543</u>

The loans bear simple interest of 3%. Repayment of these loans is governed by Health and Safety Code Section 34176(e)(6) and the maximum annual repayment is limited based on calculations in that Code Section. Repayment installments were approved by the State Department of Finance starting fiscal year 2016-17 through the annual ROPS process.

J. VFWD Employee Computer Loans

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

NOTE 5: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

City and Housing Authority

A. Lease Receivable and Inflows of Resources

The City, as a lessor, had entered into 87 lease agreements involving land, office space and facilities. Out of these, 54 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 City also had inflows of resources during the fiscal year totaling \$1,178,645. This total includes \$997,443 of lease revenue, \$174,505 of interest revenue and \$85,417 of variable and other payments excluded in the initial measurement of the lease receivables.

The following is a summary of the 54 qualified leases and description of the lease arrangements and the balance of the deferred inflow of resources associated with the leases is \$11,750,639:

Lease	Lease Receivable			Inflows of Resources		
	Balance at 6/30/2022	Principal Payments	Balance at 6/30/2023	Lease Revenue	Interest Revenue	Variable Payments
Land	\$ 5,087,297	\$ (139,387)	\$ 4,947,910	\$ 201,586	\$ 78,666	\$ 78,720
Office and Related Space	1,318,175	(284,248)	1,033,927	266,992	17,571	-
Telecommunications	6,639,358	(322,832)	6,316,526	528,865	78,268	6,697
Total	<u>\$ 13,044,830</u>	<u>\$ (746,467)</u>	<u>\$ 12,298,363</u>	<u>\$ 997,443</u>	<u>\$ 174,505</u>	<u>\$ 85,417</u>

Land Leases - The City is the lessor for 8 ground lease agreements related to land including railroad track, certain tide and submerged lands with varied terms and the latest expiring on September 30, 2066. Interest rates vary between .90% to 2.1%. Total payments for the current year ranged from \$1,200 to \$105,637.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 5: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS
(CONTINUED)

Office and Related Space Lease - On July 31, 2019, the City assumed the existing agreement between Alsation Land Company Vallejo, LLC and Veteran’s Administration for the lease of office and related space in 400 Mare Island Way. The lease is for twenty years which includes a termination option that the City is reasonably certain will be exercised by lessee after the ten-year firm term end date in 2027. Interest rate is 1.5%. Total monthly payments received for the current year was \$301,818.

Telecommunication Leases - The City entered into 45 lease agreements with wireless providers (AT&T, Verizon, T-Mobile, Mobilitie) related to telecommunications. These agreements are for the installation, operation, and maintenance 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 on February 28, 2047. Interest rates range from .90% to 1.5%. Total payments for the current year varied from \$1,246 to \$49,012.

Future annual lease receivables as of June 30, 2023, are as follows:

Fiscal Year Ended	Governmental Activities		
	Principal	Interest	Total
2024	\$ 897,483	\$ 191,160	\$ 1,088,643
2025	842,960	166,526	1,009,486
2026	886,108	154,591	1,040,699
2027	806,719	142,408	949,127
2028	622,008	133,225	755,233
2029-2033	2,791,116	538,670	3,329,786
2034-2038	1,784,520	378,391	2,162,911
2039-2043	1,607,007	248,458	1,855,465
2044-2048	1,196,645	140,088	1,336,733
2049-2053	346,041	68,313	414,354
2054-2058	186,014	46,756	232,770
2059-2063	208,773	26,282	235,055
2064-2069	122,969	4,913	127,882
Total	<u>\$ 12,298,363</u>	<u>\$ 2,239,781</u>	<u>\$ 14,538,144</u>

The remaining 33 agreements that are not qualified under GASB Statement No. 87 are either short-term in nature, do not meet the City’s threshold or outside the scope of the standard. These non-qualified lease agreements have not been recognized and measured as part of the City’s lease receivable, and the receipts related to these agreements are recognized as revenue as appropriate under standard GAAP revenue recognition rules.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 5: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

VFWD

The District has entered into a lease agreement with New Inspiration Broadcasting Company, Inc. for certain land on Tubbs Island, California for use as a tower site. The terms of this agreement include monthly rental payments increasing annually based on the Consumer Price Index (CPI) for all Urban Consumers for the San Francisco/Oakland/San Jose Metropolitan Area published by the United States Department of Labor. This lease commenced on April 1, 2021. The lease receivable was discounted to a net present value of April 1, 2021 using a 0.5% interest rate and CPI increase of 2.2% per year. For the year ended June 30, 2023, the District received \$47,299 in lease revenue and \$1,231 in lease interest revenue. Future payments due to the District under the non-cancellable agreement are as follows for the year ended June 30:

Fiscal Year Ended				
June 30	Principal	Interest	Total	
2024	\$ 48,604	\$ 1,900	\$ 50,504	
2025	49,257	1,432	50,689	
2026	50,856	948	51,804	
2027	52,495	449	52,944	
2028	19,114	36	19,150	
Total	\$ 220,326	\$ 4,765	\$ 225,091	

Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow was \$213,494.

B. Lease Payable

Lease agreements are summarized as follows:

Description	Date	Payment Terms in Months- Combined	Payment Amount	Interest Rate	Additions	Total Beginning Lease Liability	Balance June 30, 2023
Governmental Activities							
Equipment - Copiers - Xerox	7/1/2021	247	\$ 15,603	0.25%	\$ 18,838	\$ 24,660	\$ 27,895
Equipment - Golf Cart	7/1/2021	54	1,515	3.00%	-	1,751	236
Total Governmental Activities			<u>17,118</u>		<u>18,838</u>	<u>26,411</u>	<u>28,131</u>
Business-Type Activities							
Equipment - Copiers - Xerox	7/1/2021	247	4,893	0.25%	23,339	9,958	28,404
Equipment - Golf Cart	7/1/2021	54	174,575	3.00%	-	219,043	44,468
Equipment - Trimble	7/1/2022	23	38,503	2.35%	55,552	-	17,049
Equipment - Messer	7/1/2022	23	16,091	2.35%	49,232	-	33,141
Total Business-Type Activities			<u>234,062</u>		<u>128,123</u>	<u>229,001</u>	<u>123,062</u>
Total			<u>\$ 251,180</u>		<u>\$ 146,961</u>	<u>\$ 255,412</u>	<u>\$ 151,193</u>

During FY21-22, the City of Vallejo fully adopted and implemented GASB87 standard in which the City recognizes leased equipment lease liability and a lease asset. Leased equipment includes two PNC agreements for Golf Carts for term of 54 combined months with a fixed 3% interest rate. City also has lease agreements with Xerox Company for ten copiers with term in months ranging from 16-59 for a combined total of 247 months with fixed interest ranging from 0.25% to 2.45%. In addition, the City has leases with Messer and Trimble equipment for Water Department with 23 month term for a combined total of 46 months with a fixed 2.35% interest rate.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 5: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

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

Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Principal
2024	\$ 15,068	\$ 417	\$ 86,465	\$ 1,063	\$ 101,533	\$ 1,480
2025	5,763	270	22,938	577	28,701	847
2026	4,832	135	4,713	279	9,545	414
2027	2,468	16	4,830	162	7,298	178
2028	-	-	4,116	44	4,116	44
Totals	<u>\$ 28,131</u>	<u>\$ 838</u>	<u>\$ 123,062</u>	<u>\$ 2,125</u>	<u>\$ 151,193</u>	<u>\$ 2,963</u>

C. Subscription-Based Information Technology Arrangements

The City implemented GASB Statement No. 96 in the fiscal year ended June 30, 2023. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription based-information technology arrangement (SBITA) activities. This statement establishes a single model for SBITA accounting based on the principle that SBITAs are financings of the right to use an underlying asset. Under this Statement, a subscriber is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

The City has entered into various SBITAs as the subscriber for the use of software solution. An initial subscription liability was recorded in the amount of \$2,738,626 during the current fiscal year. The subscription liability range from \$53,256 to \$699,939. As of June 30, 2023, the total value of the subscription liability was \$1,955,346. The City is required to make monthly principal and interest payments of ranging from \$5,745 to \$168,573. The subscriptions have interest rates ranging from 2.19% to 3.38%. Information on the subscription assets as of June 30, 2023 are as follows:

Governmental Activities		
Subscription Type	Amount of SBITA Capital Assets	Accumulated Amortization
Software as a service	\$ 2,621,557	\$ 621,322
Subtotal - governmental activities	<u>2,621,557</u>	<u>621,322</u>
Business-type Activities		
Subscription Type	Amount of SBITA Capital Assets	Accumulated Amortization
Software as a service	187,319	65,100
Subtotal - business-type activities	<u>187,319</u>	<u>65,100</u>
Total	<u>\$ 2,808,876</u>	<u>\$ 686,422</u>

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 5: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

The City recognized \$1,072,086 for variable and other payments, including short term subscriptions not included in the measurement of the subscription liability. The future principal and interest subscription payments as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 701,734	\$ 47,871	\$ 75,289	\$ 2,918	\$ 777,023	\$ 50,789
2025	555,226	28,997	21,409	821	576,635	29,818
2026	539,431	14,743	21,938	292	561,369	15,035
2027	40,319	1,046	-	-	40,319	1,046
Totals	<u>\$ 1,836,710</u>	<u>\$ 92,657</u>	<u>\$ 118,636</u>	<u>\$ 4,031</u>	<u>\$ 1,955,346</u>	<u>\$ 96,688</u>

NOTE 6: CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated acquisition value on the date contributed.

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

Depreciation is determined using the half year convention method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year, but only half of the full year depreciation is charged in the first year, while the other half is charged in the last year of depreciation or in the year the asset is sold or retired.

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

	Useful Lives	Capitalization Threshold
Land	N/A	Capitalize All
Easements	N/A	\$ 500,000
Land Improvements	25 to 60 Years	50,000
Buildings and Improvements	5 to 50 Years	50,000
Machinery and Equipment	5 to 25 Years	5,000
Internally Developed Software	2 to 5 Years	500,000
Purchased Software	2 to 5 Years	50,000
Right-to-use assets		5,000
Machinery and Equipment	shorter of the lease term or 2-5 years	5,000
Subscription assets	Shorter of subscription term or 2-5 years	50,000
Infrastructure:		
Traffic Signals	5 to 25 Years	50,000
Street Lights	15 to 50 Years	50,000
Bridges and Culverts	15 to 60 Years	50,000
Sidewalks, Curbs and Gutters	15 to 40 Years	50,000
Streets and Roads	15 to 40 Years	50,000

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 6: CAPITAL ASSETS (CONTINUED)

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

The VFWD capitalizes applicable assets greater than \$10,000 and the VFWD has assigned the useful lives listed below to capital assets:

Wastewater Treatment Plant and Facilities	5 to 40 Years
Wastewater and Storm Warm Pump Stations	5 to 25 Years
Wastewater Collection and Storm Water Transmissions Systems	5 to 50 Years
Buildings and Improvements	5 to 40 Years
Machinery and Equipment	5 to 25 Years
Right-of-use lease assets	3 to 10 Years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

A. Government Capital Asset Activity

	Balance July 1, 2022	Adjustments	Additions	Deletions	Transfers	Balance June 30, 2023
Governmental activities:						
Capital assets, not being depreciated/amortized						
Land	\$ 144,899,947	\$ -	\$ 499,392	\$ (21,300,000)	\$ (7,989,578)	\$ 116,109,761
Construction-in-progress	20,035,852	-	17,068,464	-	(13,502,576)	23,601,740
Subscription-in-progress	-	-	634,795	-	-	634,795
Total capital assets, not being depreciated/amortized	164,935,799	-	18,202,651	(21,300,000)	(21,492,154)	140,346,296
Capital assets, being depreciated/amortized						
Buildings and Improvements	131,651,325	-	324,134	(6,702,000)	440,123	125,713,582
Machinery and equipment	52,251,905	-	1,536,863	(1,158,896)	914,227	53,544,099
Infrastructure	281,735,091	-	6,448,045	-	12,148,226	300,331,362
Lease Assets	41,593	-	18,838	-	-	60,431
Subscription assets	-	1,979,760	641,797	-	-	2,621,557
Total capital assets, being depreciated/amortized	465,679,914	1,979,760	8,969,677	(7,860,896)	13,502,576	482,271,031
Less accumulated depreciation/amortization						
Buildings and Improvements	(62,888,115)	-	(5,544,061)	2,468,200	-	(65,963,976)
Machinery and equipment	(35,583,308)	-	(3,083,169)	1,144,100	-	(37,522,377)
Infrastructure	(175,758,217)	-	(1,567,192)	-	-	(177,325,409)
Lease Assets	(15,275)	-	(17,243)	-	-	(32,518)
Subscription assets	-	-	(621,322)	-	-	(621,322)
Total accumulated depreciation/amortization	(274,244,915)	-	(10,832,987)	3,612,300	-	(281,465,602)
Total capital assets, being depreciated/amortized, net	191,434,999	1,979,760	(1,863,310)	(4,248,596)	13,502,576	200,805,429
Total governmental activities capital assets	\$ 356,370,798	\$ 1,979,760	\$ 16,339,341	\$ (25,548,596)	\$ (7,989,578)	\$ 341,151,725

* Transfers of \$7,989,578 is related to transfer of asset between the governmental and business-type funds.

**Subscription in progress in line with GASB 96 implementation in FY2023.

***Adjustments are to present implementation of GASB Statement No.96, excluding applicable SBITAs entered into during the fiscal year.

The City implemented GASB Statement No. 96 in the fiscal year ended June 30, 2023, which records the value of a right-to-use subscription asset. As of June 30, 2023 the City has recorded a subscription in progress under their assets for \$634,795 as part of their NexGen and New ERP software implementation. This is the initial SBITA activity for fiscal year 2023 as the full software has not been implemented.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 6: CAPITAL ASSETS (CONTINUED)

B. Business-Type Capital Asset Activity

	Balance July 1, 2022	Adjustments	Additions	Deletions	Transfers	Balance June 30, 2023
Business-type activities:						
Capital assets, not being depreciated/amortized						
Land	\$ 12,422,907	\$ -	\$ -	\$ (3,006,861)	\$ 7,989,578	\$ 17,405,624
Construction-in-progress	7,864,326	-	6,214,239	-	-	14,078,565
Subscription-in-progress	-	-	489,484	-	-	489,484
Total capital assets, not being depreciated/amortized	20,287,233	-	6,703,723	(3,006,861)	7,989,578	31,973,673
Capital assets, being depreciated/amortized						
Buildings and Improvements	96,263,779	-	208,090	(3,079,244)	-	93,392,625
Machinery and Equipment	25,236,959	-	335,797	(21,884)	-	25,550,872
Infrastructure	166,388,764	-	-	-	-	166,388,764
Lease Assets	403,037	-	128,123	-	-	531,160
Subscription assets	-	-	187,319	-	-	187,319
Total capital assets, being depreciated/amortized	288,292,539	-	859,329	(3,101,128)	-	286,050,740
Less accumulated depreciation/amortization						
Buildings and Improvements	(69,261,114)	-	(1,603,150)	2,484,881	-	(68,379,383)
Machinery and Equipment	(14,840,436)	-	(1,138,543)	-	-	(15,978,979)
Infrastructure	(118,098,910)	-	(2,364,573)	-	-	(120,463,483)
Lease Assets	(174,248)	-	(228,233)	-	-	(402,481)
Subscription assets	-	-	(65,100)	-	-	(65,100)
Total accumulated depreciation/amortization	(202,374,708)	-	(5,399,599)	2,484,881	-	(205,289,426)
Total capital assets, being depreciated/amortized, net	85,917,831	-	(4,540,270)	(616,247)	-	80,761,314
Total business-type activities capital assets	\$ 106,205,064	\$ -	\$ 2,163,453	\$ (3,623,108)	\$ 7,989,578	\$ 112,734,987

C. VFWD Capital Asset Activity

	Balance at June 30, 2022	Additions	Retirements	Transfers	Balance at June 30, 2023
Capital Assets, Not Being Depreciated:					
Land	\$ 2,810,716	\$ -	\$ -	\$ -	\$ 2,810,716
Construction in Progress	21,810,765	9,319,459	(243,124)	(11,724,927)	19,162,173
Total Capital Assets, Not Being Depreciated	24,621,481	9,319,459	(243,124)	(11,724,927)	21,972,889
Capital Assets Being Depreciated:					
Buildings and Improvements	3,868,149	-	-	739,384	4,607,533
Pump stations	45,174,207	30,206	-	-	45,204,413
Plant and facilities	138,907,993	75,724	-	1,608,715	140,592,432
Collection systems	132,787,316	91,025	-	9,317,218	142,195,559
Collection systems - con cap	46,144,269	-	-	-	46,144,269
Plant and facilities - con cap	2,165,355	-	-	-	2,165,355
Machinery, equipment, vehicles	13,675,807	54,100	-	59,610	13,789,517
Right-to-use lease assets	1,923,495	135,082	-	-	2,058,577
Right-to-use subscription assets	122,354	781,918	-	-	904,272
Total Capital Assets Being Depreciated/Amortized	384,768,945	1,168,055	-	11,724,927	397,661,927
Less Accumulated Depreciation for:					
Buildings and Improvements	(2,789,973)	(102,812)	-	-	(2,892,785)
Pump stations	(31,485,167)	(1,080,209)	-	-	(32,565,376)
Plant and facilities	(91,052,656)	(3,116,533)	-	-	(94,169,189)
Collection systems	(47,580,901)	(2,753,968)	-	-	(50,334,869)
Collection systems - con cap	(32,510,221)	(848,213)	-	-	(33,358,434)
Plant and facilities - con cap	(1,357,861)	(54,134)	-	-	(1,411,995)
Machinery, equipment, vehicles	(10,110,468)	(612,945)	-	-	(10,723,413)
Right-to-use lease assets	(240,862)	(164,591)	-	-	(405,453)
Right-to-use subscription assets	(10,297)	(216,951)	-	-	(227,248)
Total Accumulated Depreciation	(217,138,406)	(8,950,356)	-	-	(226,088,762)
Net Capital Assets Being Depreciated/Amortized	167,630,539	(7,782,301)	-	11,724,927	171,573,165
Capital Assets, Net	\$ 192,252,020	\$ 1,537,158	\$ (243,124)	\$ -	\$ 193,546,054

NOTE 6: CAPITAL ASSETS (CONTINUED)

D. Depreciation and Amortization Allocation

Depreciation and amortization expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function were as follows:

Governmental Activities

Executive	\$ 536,503
Finance	9,536
Community Development	307,656
Fire Services	212,740
Police Services	981,119
Public Works	7,073,856
Internal Service	1,711,577
Total depreciation/amortization expense	<u>\$ 10,832,987</u>

Business-Type Activities

Water	\$ 4,971,463
Marina	60,772
Golf	305,778
Parking	50,352
Fiber	11,234
Total depreciation/amortization expense	<u>\$ 5,399,599</u>

NOTE 7: LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt.

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

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

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 7: LONG-TERM DEBT (CONTINUED)

A. Current Year Transactions and Balances

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

	Original Issue Amount	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023	Current Portion
Governmental Activity Debt:						
Certificates of Participation:						
1999 COPs						
(Restructured, see Note 6C)	\$ 4,815,000	\$ 2,136,517	\$ -	\$ (210,000)	\$ 1,926,517	\$ 225,000
Total Certificates of Participation	4,815,000	2,136,517	-	(210,000)	1,926,517	225,000
Governmental Activity Debt - Direct Borrowing:						
1999 COPs Shortfall Indebtedness						
(Restructured, see Note 6C)	75,860	4,612	245	(4,857)	-	-
UBOC Reimbursement Obligations:						
UBOC Tranche A - General Fund						
	7,813,780	1,938,082	-	(598,649)	1,339,433	613,614
UBOC Tranche B - General Fund						
Loan Principal	7,906,677	7,906,677	-	-	7,906,677	-
Accreted Interest	-	671,670	98,244	(121,684)	648,230	123,661
	15,720,457	10,516,429	98,244	(720,333)	9,894,340	737,275
Bank of America Fleet Loan	5,000,000	-	5,000,000	-	5,000,000	600,000
Total Loans & Note Payable	20,720,457	10,516,429	5,098,244	(720,333)	14,894,340	1,337,275
Financed Purchases:						
Motorola Equipment Lease (Police)						
	3,997,967	2,181,873	-	(419,517)	1,762,356	427,781
Total Financed Purchases	3,997,967	2,181,873	-	(419,517)	1,762,356	427,781
Housing & Urban Development Section 108 Loan						
Variable, due 8-1-2026						
	1,700,000	2,297,000	-	(2,297,000)	-	-
Total Direct Borrowings	26,494,284	14,999,914	5,098,489	(3,441,707)	16,656,696	1,765,056
Total Governmental Activity Debt	\$ 31,309,284	\$ 17,136,431	\$ 5,098,489	\$ (3,651,707)	\$ 18,583,213	\$ 1,990,056

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 7: LONG-TERM DEBT (CONTINUED)

	Original Issue Amount	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023	Current Portion
Business-Type Activity Debt:						
Revenue Bonds:						
2020A Water Revenue Refunding Bonds, 4%, due 5/1/30	\$ 16,750,000	\$ 6,685,000	\$ -	\$ -	\$ 6,685,000	\$ -
Plus: Unamortized Bond Premium	-	1,574,081	-	(196,760)	1,377,321	-
2020B Water Revenue Refunding Bonds, var. rate, due 5/1/28	20,075,000	20,075,000	-	(3,440,000)	16,635,000	3,500,000
2021A Water Revenue Bonds, var.rate, due 5/1/51	42,600,000	41,825,000	-	(795,000)	41,030,000	820,000
Plus: Unamortized Bond Premium	-	8,779,387	-	(302,738)	8,476,649	-
Total Revenue Bonds	79,425,000	78,938,468	-	(4,734,498)	74,203,970	4,320,000
Business Activity Debt - Direct Borrowing:						
UBOC Reimbursement Obligations:						
UBOC Tranche A - Golf Course	4,269,641	813,044	-	(334,340)	478,704	342,699
UBOC Tranche A - Marina	7,916,579	1,427,793	-	(625,330)	802,463	640,963
UBOC Tranche B - Golf Course						-
Loan Principal	4,561,670	4,561,670	-	-	4,561,670	-
Accreted Interest	-	627,865	84,330	-	712,195	-
UBOC Tranche B - Marina						-
Loan Principal	8,899,586	8,899,586	-	-	8,899,586	-
Accreted Interest	-	1,051,601	151,636	(28,905)	1,174,332	29,375
Other Loans & Notes Payable:						
State Safe Drinking Water 0%, due 1/1/25	68,080	8,509	-	(3,404)	5,105	3,404
Total Direct Borrowings	25,715,556	17,390,068	235,966	(991,979)	16,634,055	1,016,441
Total Business Activity Debt	\$ 105,140,556	\$ 96,328,536	\$ 235,966	\$ (5,726,477)	\$ 90,838,025	\$ 5,336,441
VFWD:						
Revenue Bonds:						
2014 Revenue Bonds, 4-5%, due 5/1/36	\$ 34,294,966	\$ 25,106,347	\$ -	\$ (1,323,953)	\$ 23,782,394	\$ 1,180,000
2011 Revenue Bonds, 2-5%, due 5/1/25	3,345,000	892,729	-	(282,727)	610,002	295,000
Total Revenue Bonds	37,639,966	25,999,076	-	(1,606,680)	24,392,396	1,475,000
Other Loans & Notes Payable - Direct Borrowings:						
State Clean Water (2004) 2.5%, due 2023	13,798,201	884,948	-	(884,948)	-	-
State Clean Water (2008) 2.4%, due 2025	4,406,072	908,401	-	(295,648)	612,753	302,744
2021 State Revolving Fund Loan	2,025,735	2,025,735	3,513,396	-	5,539,131	-
Lease liability	-	335,903	134,985	(124,825)	346,063	124,431
Subscription liability	-	75,354	581,768	(233,740)	423,382	135,969
Total Loans & Notes Payable	20,230,008	4,230,341	4,230,149	(1,539,161)	6,921,329	563,144
Total VFWD Debt	\$ 57,869,974	\$ 30,229,417	\$ 4,230,149	\$ (3,145,841)	\$ 31,313,725	\$ 2,038,144

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 7: LONG-TERM DEBT (CONTINUED)

B. Debt Service Requirements

Annual debt service requirements to maturity are shown below for all long-term debt:

For the Year Ending June 30	Governmental Activities			
	1999 COPs		Direct Borrowings	
	Principal	Interest	Principal ^(a)	Interest
2024	\$ 225,000	\$ 90,432	\$ 1,765,056	\$ 287,341
2025	235,000	78,357	1,689,896	249,211
2026	245,000	65,757	1,633,995	303,679
2027	260,000	52,501	1,715,935	256,785
2028	275,000	38,457	1,305,962	210,326
2029-2033	686,517	31,631	5,472,164	552,101
2034-2038	-	-	3,073,688	62,132
Total	\$ 1,926,517	\$ 357,135	\$ 16,656,696	\$ 1,921,575

^(a) Includes accreted interest on the UBOC Retirement Obligations - Tranche B for \$648,230.

For the Year Ending June 30	Business-Type Activities			
	Revenue Bonds		Direct Borrowings	
	Principal	Interest	Principal ^(a)	Interest
2024	\$ 4,320,000	\$ 2,198,066	\$ 1,016,441	\$ 41,630
2025	4,405,000	2,111,961	796,109	260,258
2026	4,405,000	2,021,210	809,920	244,746
2027	4,005,000	1,923,113	823,082	231,585
2028	4,105,000	1,827,963	836,457	218,210
2029-2033	11,945,000	7,294,200	4,390,641	882,691
2034-2038	6,580,000	5,727,000	4,759,165	514,168
2039-2043	8,010,000	4,301,400	3,202,241	125,317
2044-2048	9,745,000	2,566,000	-	-
2049-2053	6,830,000	553,400	-	-
Total	64,350,000	\$ 30,524,314	16,634,055	\$ 2,518,606
Plus:				
Unamortized Bond Premium (discount)	9,853,970		-	
Net Long-Term Debt	\$ 74,203,970		\$ 16,634,055	

^(a) Includes accreted interest on the UBOC Retirement Obligations - Tranche B for \$1,886,527.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 7: LONG-TERM DEBT (CONTINUED)

For the Year Ending June 30	VFWD					
	Revenue Bonds and Certificates of Participation		Direct Borrowings		State Revolving Fund Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,180,000	\$ 1,131,425	\$ 295,000	\$ 30,250	\$ 302,744	\$ 14,706
2025	1,240,000	1,072,425	310,000	15,500	310,009	7,440
2026	1,305,000	1,010,425	-	-	-	-
2027	1,370,000	945,175	-	-	-	-
2028	1,435,000	876,676	-	-	-	-
2029-2033	8,405,000	3,149,854	-	-	-	-
2034-2036	6,230,000	697,676	-	-	-	-
Total	21,165,000	\$ 8,883,656	605,000	\$ 45,750	612,753	\$ 22,146
Plus: Unamortized Bond Premium (discount)	2,617,394		5,002		-	
Net Long-Term Debt	\$ 23,782,394		\$ 610,002		\$ 612,753	

For the Year Ending June 30	VFWD Leases		
	Principal	Interest	Total
2024	\$ 124,431	\$ 8,373	\$ 132,804
2025	124,584	4,618	129,202
2026	92,120	1,255	93,375
2027	4,928	23	4,951
Total	346,063	\$ 14,269	360,332

For the Year Ending June 30	VFWD SBITAs		
	Principal	Interest	Total
2024	\$ 135,969	\$ 11,243	\$ 147,212
2025	95,035	2,314	97,349
2026	95,804	1,545	97,349
2027	96,574	775	97,349
Total	423,382	\$ 15,877	439,259

C. Certificates of Participation (COPs)

1999 COPs – In July 1999, the City issued \$4,815,000 of Certificates of Participation (1999 Capital Improvements Project) to finance City capital improvements. Principal payments are payable annually on July 15. Interest payments are due semiannually on January 15 and July 15.

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

NOTE 7: LONG-TERM DEBT (CONTINUED)

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

The MVLF catch-up payment is to be applied to the shortfall indebtedness until paid in full. To the extent that the shortfall indebtedness is not paid in full by the last scheduled payment under the Lease Agreement, the City is to pay the remaining balance of the shortfall indebtedness to National no later than January 15, 2030. During the year ended June 30, 2023, the City paid \$4,857 to payoff the loan.

Bond Rating – On June 16, 2022, Standard and Poor's raised its long-term rating and underlying rating (SPUR) to "A-" from "BBB" on 1999 COPS. The credit report highlighted the City's strong financial position during the past five fiscal years.

D. UBOC Reimbursement Obligations

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

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

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

E. Revenue Bonds

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

The Series 2020 A & B Bonds and the interest thereon are payable solely from a first lien on and pledge of the Net Revenues (the amount of the gross revenues less operating expenses) derived by the City from the operation of the City's water system. Interest is payable on May 1 and November 1. Annual principal payments are due on May 1. The debt is secured and serviced by water system operations. The 2020 Series A&B Bonds were given an AA rating by Standard & Poor's.

2021 Water Revenue Bonds Series A – On February 2, 2021, the City issued \$42,600,000 in Water Revenue Bonds to provide funds to finance capital facilities needed to operate and improve the City's water system. The Series 2021A Bonds are secured by a pledge of Net Revenues on a parity with the Series 2020A Bonds, the Series 2020B Bonds, and the 2004 SDWSRF Loan. The Series 2021A Bonds will not be secured by amounts on deposit in the Parity Reserve Fund established under the Indenture, or by any other reserve fund, and amounts on deposit in the Parity Reserve

NOTE 7: LONG-TERM DEBT (CONTINUED)

Fund are not pledged to the payment of the Series 2021A Bonds. Interest is payable on May 1 and November 1 of each year. Annual principal payments are due on May 1. The debt is secured and serviced by water system operations. The 2021 Series A Bonds were given an A+ rating by Standard & Poor's.

The pledge of future net revenues ends upon repayment of the \$68,941,600 in remaining debt service on the bonds and loans which is scheduled to occur in 2041. Under the terms of the indenture, net revenues are required to provide a 1.25 debt service coverage ratio.

For fiscal year 2023, operating revenues, investment income, and capital grants and contributions amount to \$55,786,501 and operating costs including operating expenses, but not interest, amounted to \$40,158,687. Net Revenues available for debt service amounts to \$15,627,814, which represents coverage of 2.40 over the \$6,510,647 in combined debt service for the 2020 Series A & B Water Revenue Refunding Bonds, 2021 Series A Water Revenue Bonds and State Safe Drinking Water loans debt service.

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

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

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

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

F. Other Notes and Loans Payable

State Safe Drinking Water, Water Fund – The loan, with original amount of \$68,080, from the State of California, Department of Water Resources was used to finance construction of a project which enables the City to meet safe drinking water standards. The interest rate is 0%. Semiannual principal payments are due on July 1 and January 2, through 2025.

NOTE 7: LONG-TERM DEBT (CONTINUED)

HUD Section 108 Loan – On April 18, 2019, the City entered into a loan agreement with the U.S. Department of Housing and Urban Development (HUD) for the demolition of vacant buildings on North Mare Island. The planned source of repayment is the General Fund and proceeds from the sale of the North Mare Island property. The loan was issued as a variable rate loan, with interest calculated daily. Annual principal payments are due on August 1 commencing 2019 through 2026. Interest is payable quarterly on August 1, November 1, February 1 and May 1. If the City fails to make any scheduled payments, HUD will use CDBG (Community Development Block Grant) funds which are the primary security of this loan to cover the payment. As of June 30, 2023 the loan was fully paid.

Bank of America Loan for Fleet Purchases – On June 13, 2023, City entered into a loan agreement with Bank of America Public Capital Corp for the amount of \$5,000,000 to finance the purchase of new fire, police, and public works fleet vehicles. The rate is 3.96% and semiannual principal payments are due on June 1 and December 1, through 2030.

Vallejo Flood and Wastewater State Clean Water (2004) – In August 2004 the VFWD entered into a loan agreement with the Division of Financial Assistance of the State Water Resources Control Board under the Clean Water State Revolving Fund loan program in the amount of \$13,798,201. Payments in the amount of \$907,072 with interest at 2.5% commencing May 1, 2005 and are due annually thereafter until maturity in 2023.

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

Vallejo Flood and Wastewater State Clean Water (2021) – During the fiscal year ended June 30, 2022, the District entered into loan agreement with the State Water Resources Control Board’s Division of Financial Assistance. The loan is dated April 26, 2022 and is in the principal amount of up to \$40,000,000. The District is drawing down on the loan as the project progresses. There has been no repayment schedule set as of June 30, 2023. Interest is to accrue at a rate of 0.8% per anum and will begin with each disbursement. Final payment date is set at December 31, 2055.

G. Finance Purchase Agreement

Radio Equipment Finance Purchase Agreement

On May 2020, City entered into a finance purchase agreement in the amount of \$3,997,967 with Motorola Solutions Inc., for the purchase of radio equipment. The City agreed to make a \$1.0 million down payment and annual payments of \$425,000 commencing June 26, 2021 until maturity in 2027.

NOTE 8: DEBT WITHOUT CITY COMMITMENT

Assessment and Improvement Districts

Special Assessment and Improvement Districts in various parts of the City have issued debt to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debt issued by these Districts but has no direct or contingent liability for the payment of this debt. Therefore, this debt is not reported as long-term debt of the City. The outstanding balance of each of these issues as of June 30, 2023 is as follows:

Improvement Bonds	
2004 Hiddenbrooke Improvement District Series A	\$ 7,005,000
Northeast Improvement District 2003-1	<u>4,135,000</u>
Total	<u>\$11,140,000</u>

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 9: CONDUIT DEBT

The following bonds do not constitute or create a debt or pledge of the general credit or taxing power of the City, and, accordingly, are not reported as long-term debt of the City.

Mortgage Revenue Bonds

Solano Vista II – Multifamily Housing Revenue Bonds, Series 2001A (Solano Vista II Senior Apartments) in the amount of \$10,600,000. The bonds bear interest at the rate of 5.45%. Interest payments are due semiannually through November 1, 2034. The bonds are dated August 1, 2001 and were issued to provide funding for a mortgage loan for the acquisition and construction of a multifamily housing project. On June 30, 2023, this bond was fully paid.

NOTE 10: EMPLOYEE BENEFITS PAYABLE

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

Compensated absences consist of vested vacation leave, sick leave and compensatory time off. For governmental activities, the portion reported as a liability in the Internal Service Funds primarily represents balances due within 60 days of year end. The remaining governmental activities portion is reported on the Statement of Net Position. The long-term portion of governmental activities employee benefits payable is liquidated primarily by the General Fund. For proprietary activities, which are reported on the accrual basis at the fund level, all earned but unpaid benefits are recorded as an expense and liability of the fund in which it is earned.

Compensated absences have been recorded at the contractual salary rates due to employees at June 30, 2023. Compensated absences activity for the City and VFWD for the year ended June 30, 2023 is as follows:

	Governmental Activities	Business-Type Activities	Total	VFWD
Compensated Absences Activity:				
Beginning Balance	\$ 11,508,549	\$ 1,563,636	\$ 13,072,185	\$ 2,053,345
Additions	6,807,495	894,060	7,701,555	1,494,658
Deletions	(7,135,646)	(982,908)	(8,118,554)	(1,481,737)
Ending Balance	<u>\$ 11,180,398</u>	<u>\$ 1,474,788</u>	<u>\$ 12,655,186</u>	<u>\$ 2,066,266</u>
Compensated Absences				
Classification Presentation:				
Current Portion:				
Internal Service Funds - City	\$ 214,064	\$ -	\$ 214,064	\$ -
Entity-Wide	5,983,774	982,909	6,966,683	-
Vallejo Flood and Wastewater District	-	-	-	826,506
Current Portion	<u>6,197,838</u>	<u>982,909</u>	<u>7,180,747</u>	<u>826,506</u>
Noncurrent Portion:				
Entity-Wide	4,982,560	491,879	5,474,439	-
Vallejo Flood and Wastewater District	-	-	-	1,239,760
Noncurrent Portion	<u>4,982,560</u>	<u>491,879</u>	<u>5,474,439</u>	<u>1,239,760</u>
Total	<u>\$ 11,180,398</u>	<u>\$ 1,474,788</u>	<u>\$ 12,655,186</u>	<u>\$ 2,066,266</u>
Noncurrent Employee Benefits Payable:				
Compensated Absences	\$ 4,982,560	\$ 491,879	\$ 5,474,439	\$ 1,239,760
Other Employee Benefits (1.5% RHSA Contribution set aside by City)	551,060	-	551,060	-
Noncurrent Portion	<u>\$ 5,533,620</u>	<u>\$ 491,879</u>	<u>\$ 6,025,499</u>	<u>\$ 1,239,760</u>

NOTE 11: PENSION PLAN

A. General Information about the City’s Pension Plans

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

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

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

	Miscellaneous	
	<u>Classic Tier I</u>	<u>PEPRA</u>
	Prior to	On or After
Hire Date	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Benefit Formula	2% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50 - 55	52 - 67
Monthly Benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% - 2.5%
Required Employee Contribution Rates	8.00%	7.00%
Required Employer Contribution Rates (Normal Cost)	22.550%	14.220%
Required Unfunded Accrued Liability Contribution (Monthly Basis)	\$9,070,462	

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 11: PENSION PLAN (CONTINUED)

	Safety - Fire		
	<u>Classic Tier I</u>	<u>Classic Tier II</u>	<u>PEPRA</u>
Hire Date	<u>Prior to December 28, 2012</u>	<u>On or After December 28, 2012</u>	<u>On or After January 1, 2013</u>
Benefit Formula	3% @ 50	2% @ 50	2.7% @ 57
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50	50 - 55	50 - 57
Monthly Benefits, as a % of eligible compensation	3.00%	2.0% - 2.7%	2.0% - 2.7%
Required Employee Contribution Rates	9.00%	9.00%	13.25%
Required Employer Contribution Rates (Normal Cost)	30.750%	31.290%	25.040%

Required Unfunded Accrued Liability Contribution (Monthly Basis) \$15,466,776

	Safety - Police	
	<u>Classic Tier I</u>	<u>PEPRA</u>
Hire Date	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
Benefit Formula	3% @ 50	2.7% @ 57
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50	50 - 57
Monthly Benefits, as a % of eligible compensation	3.00%	2.0% - 2.7%
Required Employee Contribution Rates	9.00%	13.25%
Required Employer Contribution Rates (Normal Cost)	36.750%	26.620%
Required Unfunded Accrued Liability Contribution (Monthly Basis)	Included in Fire table above	

NOTE 11: PENSION PLAN (CONTINUED)

Employees Covered – At the June 30, 2021 actuarial valuation date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous		
	Classic Tier I	Classic Tier II	PEPRA Plan
Inactive employees or beneficiaries currently receiving	600	-	5
Inactive employees eligible to, but not yet receiving benefits	146	-	49
Inactive employees ineligible to, but not yet receiving benefits	53	-	128
Active employees	108	-	218
Total	907	-	400

	Safety		
	Classic Tier I	Classic Tier II	PEPRA Plan
Inactive employees or beneficiaries currently receiving	396	-	-
Inactive employees eligible to, but not yet receiving benefits	41	1	14
Inactive employees ineligible to, but not yet receiving benefits	3	-	21
Active employees	99	1	80
Total	539	2	115

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

Beginning in fiscal year 2016, CalPERS collects employer contributions for each Plan as a percentage of payroll for the normal cost portion and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are either billed on a monthly basis, or may be paid in a lump sum at discount. During the measurement period, the City’s required UAL contributions were made under the lump sum option.

B. Net Pension Liability

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

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 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 below.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 11: PENSION PLAN (CONTINUED)

Actuarial Assumptions – For the measurement period ended June 30, 2022, the total pension liabilities were determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2023 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous ¹	Safety ¹
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Payroll Growth	Varies by entry age and service	Varies by entry age and service
Projected Salary Increase	Varies by entry age and service	Varies by entry age and service
Investment Rate of Return	7.00% ²	7.00% ²
Mortality	Derived using CalPERS Membership Data for all Fund ³	
	The lesser of contract COLA or 2.30% until Purchasing Power	
Post Retirement Benefit Increase	Protection Allowance floor on purchasing power applies, 2.30% thereafter	

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

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

³ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001-2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of a December 2021 actuarial experience study for the period 2001-2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Change of Assumptions – During measurement period 2022, the discount rate was reduced from 7.15% to 6.90%, inflation was reduced from 2.50% to 2.30%, and demographic assumptions were changed in accordance with the 2021 CALPERS Experience study.

Discount Rate – The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 11: PENSION PLAN (CONTINUED)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

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 2021 Asset Liability Management Study.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 11: PENSION PLAN (CONTINUED)

C. Changes in the Net Pension Liability

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

Miscellaneous Plan:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2021 (Measurement Date)	\$ 306,560,831	\$ 221,275,360	\$ 85,285,471
Changes recognized for the measurement period:			
Service cost	5,054,977	-	5,054,977
Interest on total pension liability	21,094,227	-	21,094,227
Changes of assumptions	8,211,629	-	8,211,629
Differences between expected and actual experience	(2,109,415)	-	(2,109,415)
Contributions-employer	-	11,645,027	(11,645,027)
.	-	2,104,544	(2,104,544)
Net investment income	-	(16,576,076)	16,576,076
Benefit payments, including refunds of employee contributions	(18,954,164)	(18,954,164)	-
Administrative expense	-	(137,841)	137,841
Net changes during 2021-22	<u>13,297,254</u>	<u>(21,918,510)</u>	<u>35,215,764</u>
Balance at June 30, 2022 (Measurement Date)	<u>\$ 319,858,085</u>	<u>\$ 199,356,850</u>	<u>\$ 120,501,235</u>

Safety Plan:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2021 (Measurement Date)	\$ 528,376,074	\$ 382,196,847	\$ 146,179,227
Changes recognized for the measurement period:			
Service cost	7,679,475	-	7,679,475
Interest on total pension liability	36,816,284	-	36,816,284
Changes of assumptions	16,562,725	-	16,562,725
Differences between expected and actual experience	502,309	-	502,309
Contributions-employer	-	19,583,204	(19,583,204)
Contributions-employee	-	2,680,187	(2,680,187)
Net investment income	-	(28,754,756)	28,754,756
Benefit payments, including refunds of employee contributions	(31,423,005)	(31,423,005)	-
Administrative expense	-	(238,086)	238,086
Net changes during 2021-22	<u>30,137,788</u>	<u>(38,152,456)</u>	<u>68,290,244</u>
Balance at June 30, 2022 (Measurement Date)	<u>\$ 558,513,862</u>	<u>\$ 344,044,391</u>	<u>\$ 214,469,471</u>

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 11: PENSION PLAN (CONTINUED)

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

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	5.90%	5.90%	5.90%
Net Pension Liability	\$ 159,350,410	\$ 287,305,275	\$ 446,655,685
Current Discount Rate	6.90%	6.90%	6.90%
Net Pension Liability	\$ 120,501,235	\$ 214,469,471	\$ 334,970,706
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability	\$ 88,253,656	\$ 154,637,132	\$ 242,890,788

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

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

For the year ended June 30, 2023, the City recognized pension expense of \$12,857,579, \$22,278,340 for the Miscellaneous and Safety Plans, respectively, for total pension expense of \$35,135,919. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 12,579,782	\$ -
Changes of assumptions	5,278,904	-
Differences between expected and actual experience	346,809	1,356,053
Net difference between projected and actual earnings on pension plan investments	9,984,644	-
Total	<u>\$ 28,190,139</u>	<u>\$ 1,356,053</u>
Safety Plan:	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 20,200,335	\$ -
Changes of assumptions	11,830,518	-
Differences between expected and actual experience	562,624	1,710,252
Net difference between projected and actual earnings on pension plan investments	17,441,246	-
Total	<u>\$ 50,034,723</u>	<u>\$ 1,710,252</u>
Total Miscellaneous and Safety Plans	<u>\$ 78,224,862</u>	<u>\$ 3,066,305</u>

NOTE 11: PENSION PLAN (CONTINUED)

The \$32,780,117 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:

Measurement Periods Ended	Annual Amortizations		
	Miscellaneous	Safety	Total
June 30			
2023	\$ 4,125,511	\$ 6,590,082	\$ 10,715,593
2024	3,150,672	6,976,885	10,127,557
2025	652,261	3,604,187	4,256,448
2026	6,325,860	10,952,982	17,278,842
Total	<u>\$ 14,254,304</u>	<u>\$ 28,124,136</u>	<u>\$ 42,378,440</u>

E. Vallejo Flood and Wastewater District Pension Plan

1. General Information about the District's Pension Plan

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

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

NOTE 11: PENSION PLAN (CONTINUED)

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous	
	Classic Tier I	PEPRA
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2.7% @ 55	2% @ 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50 - 55	52 - 67
Monthly Benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% - 2.5%
Required Employee Contribution Rates	8.00%	6.25%
Required Employer Contribution Rates*	14.030%	7.470%

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

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

For the year ended June 30, 2023, the District's contributions to the Plan were \$3,597,832.

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

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

As of June 30, 2023, the District reported its proportionate share of the net pension liability of the Plan of \$30,425,186.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2022 was as follows:

Proportion - June 30, 2022	0.86588%
Proportion - June 30, 2023	<u>0.65022%</u>
Change - Increase (Decrease)	<u>-0.21566%</u>

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 11: PENSION PLAN (CONTINUED)

For the year ended June 30, 2023, the District recognized pension expense (credit) of \$(2,325,783). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan - VFWD

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 3,597,832	\$ -
Change in employer's proportion	104,118	1,727,730
Differences between expected and actual experience	610,997	409,221
Changes in assumptions	3,117,696	-
Difference between employer contributions and the employer's proportionate share of the risk pool's contributions	-	565,190
Net difference between projected and actual earnings on plan investments	5,573,085	-
Total	\$ 13,003,728	\$ 2,702,141

The \$3,597,832 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:

Year Ended June 30	Annual Amortization
2024	\$ 1,470,192
2025	1,201,139
2026	623,736
2027	3,408,688
	\$ 6,703,755

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

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 6.90%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefits payments to determine the total pension liability for the Plan.

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

NOTE 11: PENSION PLAN (CONTINUED)

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

The expected real rates of return by asset class are as follows:

Asset Class	Assumed asset allocation	Real Return Years 1 - 10 ^{1,2}
Global Equity - Cap-weighted	30.00%	4.45%
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	<u>100.00%</u>	

¹ An Expected Inflation of 2.3% used for this period.

² Figures are based on the 2021-22 Asset Liability Management study.

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

	Miscellaneous
% Decrease	5.90%
Net Pension Liability	\$ 44,715,394
Current Discount Rate	6.90%
Net Pension Liability	\$ 30,425,186
% Increase	7.90%
Net Pension Liability	\$ 18,667,885

NOTE 11: PENSION PLAN (CONTINUED)

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

1. *Temporary and Seasonal Employees*

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

NOTE 12: POSTEMPLOYMENT BENEFITS

A. Post Retirement Health Benefits - City

1. *Plan Description*

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

NOTE 12: POSTEMPLOYMENT BENEFITS (CONTINUED)

The following is a summary of benefits by employee group as of June 30, 2023:

Employee Group	Contractual Benefit at June 30, 2023
Vallejo Police Officers Association (VPOA) (imposed)	Retired prior to 7/1/2000 - up to 75% of Kaiser Bay Area non-Medicare Premium Retired on or after 7/1/2000 and hired before 1/1/2014 - up to \$300 per month, but not less than PEMHCA minimum Hired on or after 1/1/14 - PEMHCA minimum plus 1.5% of employee's base monthly salary Retiree Health Savings Account (RHSA) contribution
International Association of Fire Fighters (IAFF)	Retired prior to 7/1/2000 - up to 75% of Kaiser Bay Area non-Medicare Premium Retired on or after 7/1/2000 - up to \$300 per month, but not less than PEMHCA minimum
Council and Unrepresented	Up to \$300 per month, not not less than PEMHCA minimum
Confidential, Administrative, Management, and Professional Employees Association (CAMP)	Hired before 7/1/2013 - up to \$300 per month, but not less than PEMHCA minimum (with the option of electing, no later than 7/1/2016, the RHSA benefit available to CAMP employees hired on or after 7/1/2013) Hired on or after 7/1/2013 - PEMHCA minimum plus 1.5% of employee's base monthly salary RHSA contribution
International Brotherhood of Electrical Workers (IBEW)	Hired before 7/1/2014 - up to \$300 per month, but not less than PEMHCA minimum (with the option of electing, no later than 10/31/2016, the RHSA benefit available to CAMP employees hired on or after 7/1/2014) Hired on or after 7/1/2014 - PEMHCA minimum plus 1.5% of employee's base monthly salary RHSA contribution

The PEMHCA minimum in 2023 is \$151 per month.

2. Funding Policy

In 2013, the City has established an irrevocable trust with California Employer's Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CALPERS. CERBT is funded by employer contributions for the purpose of prefunding the City's OPEB obligations. CERBT provides an annual financial report that may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, California 94229-2703.

For the year ended June 30, 2023, the City's contributions to the Plan were \$2,821,000.

NOTE 12: POSTEMPLOYMENT BENEFITS (CONTINUED)

3. General Information About City’s OPEB Plan

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2022:

Active Employees	490
Inactive Employees or beneficiaries currently receiving benefit payments	460
Inactive Employees entitled to but not yet receiving benefit payments	191
Total	<u>1,141</u>

Net OPEB Liability – The City’s net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022, based on the following actuarial methods and assumptions:

The net OPEB liability was determined as part of a June 30, 2022 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 6.25% investment rate of return, (b) 2.50% general inflation rate, and (c) 8.50% (non-Medicare) and 7.50% (Medicare) in 2024, decreasing to an ultimate rate of 3.45% in 2076 medical trend. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The actuarial accrued liability (AAL) representing the present value of future benefits, is being amortized as a level percentage of projected payroll using a 30-year amortization period.

The underlying mortality assumptions were based on the CalPERS 2000-2019 experience study and all other actuarial assumptions used in the June 30, 2022 valuation were based on the results of the actuarial experience study for the period.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation CERBT - Strategy 1	Expected Real Rate of Return
Global Equity	49.0%	4.56%
Fixed Income	23.0%	1.56%
TIPS	5.0%	-0.08%
Commodities	3.0%	1.22%
REITs	20.0%	4.06%
Assumed Long-Term Rate of Inflation	0.0%	2.50%
Expected Long-Term Net Rate of Return	0.0%	6.25%

NOTE 12: POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate – The discount rate used to measure the total OPEB liability was updated from 6.75% to 6.25%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

4. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at 6/30/22	\$ 39,300,000	\$ 28,964,000	\$ 10,336,000
Changes Recognized for the Measurement			
Service Cost	946,000	-	946,000
Interest	2,621,000	-	2,621,000
Actual vs. Expected Experience	(5,020,000)	-	(5,020,000)
Assumption Changes	(1,229,000)	-	(1,229,000)
Contributions from the Employer	-	2,860,000	(2,860,000)
Net Investment Income	-	(3,878,000)	3,878,000
Administrative Expenses	-	(32,000)	32,000
Benefit Payments	(2,835,000)	(2,835,000)	-
Net Changes	(5,517,000)	(3,885,000)	(1,632,000)
Balance at 6/30/23	\$ 33,783,000	\$ 25,079,000	\$ 8,704,000

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued plan financial report that may be obtained from CERBT. The benefit payments and refunds noted above include implied subsidy benefit payments in the amount of \$936,000. The net OPEB liability and related deferred outflows/inflows of resources are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities net OPEB liability is liquidated primarily by the General Fund.

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

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

Net OPEB Liability		
Discount Rate	Discount Rate	Discount Rate
1% (5.25%)	(6.25%)	1% (7.25%)
\$ 12,073,000	\$ 8,704,000	\$ 5,847,000

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 12: POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Net OPEB Liability		
Healthcare Trend Rate		
1% Decrease	Current Trend	1% Increase
\$ 6,867,000	\$ 8,704,000	\$ 11,251,000

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

For the year ended June 30, 2023, the City recognized OPEB income of \$404,000. At June 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 2,821,000	\$ -
Changes of assumptions	464,000	1,196,000
Differences between expected and actual experience	-	6,543,000
Net difference between projected and actual earnings on OPEB plan investments	2,143,000	-
Total	\$ 5,428,000	\$ 7,739,000

The \$2,821,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Fiscal year ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (1,890,000)
2025	(944,000)
2026	(1,086,000)
2027	157,000
2028	(976,000)
Thereafter	(393,000)
Total	\$ (5,132,000)

NOTE 12: POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Post-Retirement Health Benefits – VFWD

1. *Plan Description*

The District’s defined benefit post-employment healthcare plan, Public Agency Post Retirement Health Care Plan (the Plan), provides medical benefits to eligible retired employees and their beneficiaries. The California Employers’ Retiree Benefit Trust (CERBT) Fund administers the Plan, an agent multiple-employer trust arrangement established to provide economies of scale and efficiency of administration to public agencies that hold assets used to fund OPEB obligations. Plan benefits were established in accordance with Board policy and Memorandums of Understanding for respective employee groups, and may be amended by the Board of Trustees. CERBT provides an annual financial report that can be found on the CalPERS website.

2. *Funding Policy*

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

3. *Benefits Provided*

The following is a summary of Plan benefits by employee group as of June 30, 2023:

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

Membership in the plan consisted of the following at the measurement date of June 30, 2023:

Active plan member electing coverage	70
Active plan members waiving coverage	22
Retiree electing coverage	89
	181
	181

NOTE 12: POSTEMPLOYMENT BENEFITS (CONTINUED)

4. Net OPEB Liability

Actuarial Assumptions – The District’s net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated January 1, 2022 that was rolled forward using standard update procedures to determine the total OPEB liability as of June 30, 2022 based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Method
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	2.30%
Investment Rate of Return	6.00%
Mortality Rate	Based on assumptions for Public Agency Miscellaneous members published in November 2021 CalPERS Experience Study.
Healthcare Trend Rate	Based on the 2022 Getzen model that reflects actual premium increases from 2022 to 2023, followed by 6.50% non-Medicare/5.40% Medicare, decreasing gradually to an ultimate rate of 3.73%.

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

Expected future asset class returns were published in the 2021 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. The expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon’s annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis the historical experience blended with forward-looking expectations available in market data.

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 12: POSTEMPLOYMENT BENEFITS (CONTINUED)

Estimated geometric real and nominal rates of return for each major asset class included in the OPEB Plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation at Measurement Date	Projected Rates of Return ¹
Global Equity	49.00%	4.50%
Fixed Income	23.00%	1.40%
Global Equity (REITs)	20.00%	3.70%
Treasury Inflation-Protected Securities (TIPS)	5.00%	0.50%
Commodities	3.00%	1.10%
Total	100.00%	

¹ The assumed inflation rate of 2.30% is added to the weighted expected future real rate of return to obtain the assumed discount rate. Projected long-term real rates of return are compound returns (time-weighted and net of all fees), adjusted for inflation, as shown in the CERBT Investment Policy Information - 2022 Capital Market Assumptions adopted by the CalPERS Board of Administration in November 2021.

Discount Rate – The final equivalent single discount rate used for accounting is 6.00 percent with the expectation that the Plan Sponsor will contribute in accordance with the Funding Policy. Under this Funding Policy, the OPEB Trust is not expected to be depleted in the future.

Investment Rate of Return – For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 6.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at 6/30/22 (Measurement Date)	\$ 24,872,675	\$ 13,616,264	\$ 11,256,411
Changes Recognized for the Measurement Period:			
Service Cost	950,869	-	950,869
Interest on the total OPEB liability	1,443,515	-	1,443,515
Differences between expected and actual experience	(2,280,906)	-	(2,280,906)
Assumption Changes	(153,210)	-	(153,210)
Contributions from the Employer	-	1,958,265	(1,958,265)
Contributions from the Employee	-	222,071	(222,071)
Net Investment Income	-	899,005	(899,005)
Administrative Expenses	-	(6,872)	6,872
Benefit Payments	(1,458,265)	(1,458,265)	-
Net Changes	(1,497,997)	1,614,204	(3,112,201)
Balance at 6/30/23 (Measurement Date)	\$ 23,374,678	\$ 15,230,468	\$ 8,144,210

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 12: POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Plan's Net OPEB Liability		
Discount Rate	Discount Rate	Discount Rate
1% (5.00%)	(6.00%)	1% (7.00%)
\$ 10,796,149	\$ 8,144,210	\$ 5,918,413

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

Plan's Net OPEB Liability		
Healthcare Trend Rate		
Current Trend		
1% Decrease	(6.70% to 3.80%)	1% Increase
\$ 5,437,753	\$ 8,144,210	\$ 11,432,719

OPEB Expense and Deferred Outflows/Inflows of Resources related to OPEB - For the year ended June 30, 2023, the District recognized OPEB expense of \$1,931,023. At June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 620,663	\$ 2,176,840
Changes in assumptions	1,684,280	127,675
Net Differences Between Projected and Actual Earnings on OPEB		
Plan Investments	850,283	-
Total	\$ 3,155,226	\$ 2,304,515

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

Fiscal year ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 643,147
2025	562,400
2026	468,679
2027	(417,829)
2028	(405,686)
Total	\$ 850,711

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 13: NET POSITION AND FUND BALANCES

A. Net Position – Statement of Net Position

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

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

At June 30, 2023, the City’s net investment in capital assets is calculated as follows:

	Governmental Activities	Business-Type Activities					Total Business-Type Activities	Internal Service Funds
		Water Fund	Marina Fund	Golf Fund	Vallejo Station Parking Fund	Fiber Optic Fund		
Capital assets, net of accumulated depreciation	\$ 341,151,725	\$ 91,485,652	\$ 12,063,045	\$ 8,221,145	\$ 637,634	\$ 327,511	\$ 112,734,987	\$ 8,083,111
Less:								
Bonds, notes and finance purchase agreements	(A) (18,583,213)	(74,209,075)	(10,876,381)	(5,752,569)	-	-	(90,838,025)	(5,000,000)
Leases payable	(28,131)	(78,595)	-	(44,467)	-	-	(123,062)	-
Subscription payable	(1,836,710)	(50,062)	-	-	(68,574)	-	(118,636)	-
Add:								
Deferred charges	-	1,134,572	-	-	-	-	1,134,572	-
Negative accreted interest	(A) 648,230	-	1,174,332	712,195	-	-	1,886,527	-
Unspent Bond Proceeds	5,000,000	45,184,837	-	-	-	-	45,184,837	5,000,000
Net investment in capital assets	<u>\$ 326,351,901</u>	<u>\$ 63,467,329</u>	<u>\$ 2,360,996</u>	<u>\$ 3,136,304</u>	<u>\$ 569,060</u>	<u>\$ 327,511</u>	<u>\$ 69,861,200</u>	<u>\$ 8,083,111</u>

(A) Bonds, notes and finance purchase agreements include accreted interest. Since interest on long-term debt is excluded in the calculation of the net investment in capital assets, the accreted interest portion of the debt is added back.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter.

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

B. Fund Balance – Governmental Funds Balance Sheet

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

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

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

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

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 13: NET POSITION AND FUND BALANCES (CONTINUED)

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

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

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

Detailed classifications of the City's Fund Balances, as of June 30, 2023, are below:

Fund Balance Classifications	General Fund	Housing Authority Fund	Mare Island Conversion Fund	Non Major Governmental Funds	Total
Nonspendable:					
Items not in spendable form:					
Prepays and deposits	\$ 191,245	\$ -	\$ -	\$ 347,457	\$ 538,702
Notes Receivable	2,785,803	-	-	-	2,785,803
Advance to other funds	680,000	-	-	-	680,000
Land Held for Redevelopment	499,684	-	-	-	499,684
Materials, Parts and Supplies	2,361	-	-	-	2,361
Subtotal	4,159,093	-	-	347,457	4,506,550
Amounts required to be maintained intact:					
Permanent Funds	-	-	-	64,625	64,625
Total Nonspendable Fund Balances	4,159,093	-	-	412,082	4,571,175
Restricted for:					
Bond indentures	-	-	-	277,832	277,832
Streets and Highways	-	-	-	35,775,432	35,775,432
Community Development and Housing	-	12,972,379	3,441,689	9,084,751	25,498,819
Pension Benefits	17,841,864	-	-	-	17,841,864
Public Safety Programs	562,990	-	-	651,755	1,214,745
Settlement	4,153,222	-	-	-	4,153,222
Public Facilities Projects	-	-	-	24,146,100	24,146,100
Hiddenbrooke Overpass	-	-	-	7,356,337	7,356,337
Total Restricted Fund Balances	22,558,076	12,972,379	3,441,689	77,292,207	116,264,351
Committed to:					
Mare Island Development	-	-	-	416,403	416,403
Public Facilities Projects (funded by General Fund)	-	-	-	623,550	623,550
Capital outlay development	-	-	-	15,012,084	15,012,084
Community Development and Housing	-	1,031,743	-	-	1,031,743
Public Facilities Projects (other)	-	-	-	2,836,354	2,836,354
Total Committed Fund Balances	-	1,031,743	-	18,888,391	19,920,134
Assigned to:					
Public Facilities Maintenance	-	-	-	1,200,023	1,200,023
Other Contracts	2,322,021	-	-	-	2,322,021
Staffing support and recruitment	4,000,000	-	-	-	4,000,000
Subsequent Year budget	5,751,505	-	-	191,250	5,942,755
Community Development and Housing	750,000	2,707,588	-	-	3,457,588
Total Assigned Fund Balances	12,823,526	2,707,588	-	1,391,273	16,922,387
Unassigned:					
General Fund	25,038,905	-	-	(116,129)	24,922,776
Total Unassigned Fund Balances	25,038,905	-	-	(116,129)	24,922,776
Total Fund Balances	\$ 64,579,600	\$ 16,711,710	\$ 3,441,689	\$ 97,867,824	\$ 182,600,823

NOTE 13: NET POSITION AND FUND BALANCES (CONTINUED)

C. Minimum Fund Balances

The City’s Budget and Fiscal Policy requires the City to strive to maintain 15% of annual appropriations in the General Fund’s Unassigned Fund Balance. As of June 30, 2023, the Unassigned Fund Balance reached \$25,038,905, which is 19% of 2023-24 annual appropriations of \$133 million, including Measure B.

D. Deficits

The funds below had fund balance or net position deficits at June 30, 2023:

Capital Projects Fund		
Capital Grant and Contribution Fund	(A)	116,129
Enterprise Funds		
Fiber Optic Fund	(B)	216,666
Internal Service Funds:		
Retiree Health Benefits	(C)	8,480,938
Fiduciary Funds		
Hiddenbrooke Improvement District	(D)	1,741,799
NE Quadrant Improvement District	(D)	4,876,821
Successor Agency	(D)	4,915,648

- (A) The net position deficit is due to grant reimbursements not received within the City’s availability period.
- (B) The net position of the Fiber Optic Funds are anticipated to gradually improve over time with the revamp of the City’s broadband infrastructure.
- (C) The Retiree Health Benefits Internal Service Fund had a net position deficit of \$8,480,938 due to recognition of the net OPEB liability. The City had established an irrevocable trust plan to prefund the liability and reduce the deficit.
- (D) The net position deficits in fiduciary funds are mainly due to the recognition of the long-term of Assessment Districts and Successor Agency. The special assessments and Redevelopment Property Tax Trust Fund (RPTTF) received by the City on behalf of the bondholders continued to provide sufficient resources for these funds to cover the required annual debt service.

E. Restatement of Net Position - Prior Period Adjustments

Changes to or within the Reporting Entity

The Asset Seizure Fund #139 was previously reported as a nonmajor governmental fund during the prior fiscal year. Due to a deeper review on the activity and transactions it was determined the fund was more properly classified as a custodial fund. The effect was a restatement of \$65,331 in the Statement of Fiduciary Net Position and Statement of Net Position.

	Non-Major Special Revenue Asset Forfeiture Fund	Governmental Activities
Net Position (Deficit), Beginning of Year	\$ 65,331	\$ 259,733,910
Restatements	(65,331)	(65,331)
Net Position (Deficit), Beginning of Year, as Restated	\$ -	\$ 259,668,579

CITY OF VALLEJO
Notes to Financial Statements
Year Ended June 30, 2023

NOTE 13: NET POSITION AND FUND BALANCES (CONTINUED)

	Custodial Fund Asset Forfeiture Fund
Net Position (Deficit), Beginning of Year	\$ -
Restatements	65,331
Net Position (Deficit), Beginning of Year, as Restated	<u>\$ 65,331</u>

F. Restatement of Net Position - Prior Period Adjustments - VFWD

During the fiscal year ending June 30, 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription Based Information Technology Arrangements. These changes were incorporated in the District’s financial statements.

During the fiscal year ending June 30, 2022, the District adopted a new inventory policy and wrote off items recorded in inventory that did not meet the new policy threshold, which is reported as a change in estimate.

The effects of the implementation of GASB 96 and the change in inventory resulted in a restatement of the June 30, 2022 balances as follows:

	As Previously Reported	Restated	Change in Net Position
Prepaid expense	\$ 808,429	\$ 777,096	\$ (31,333)
Right-to-use subscription asset, net	-	112,057	112,057
Inventory	786,064	388,227	(397,837)
Accrued interest on long-term debt	218,050	221,482	3,432
Subscription Liability	-	(75,354)	(75,354)
			<u>\$ (389,035)</u>

NOTE 14: SELF-INSURANCE PROGRAM

The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by members beyond their representation on that board. Obligations and liabilities of these risk pools are not the City’s responsibility.

A. Risk Coverage

City – The City of Vallejo has operated a self-insured liability program for many years. Its self-insured retention (SIR) for 2022-23 was \$1,000,000, with an additional \$1,000,000 corridor deductible. Public Risk Innovation, Solutions and Management (PRISM), formerly known as the California State Association of Counties Excess Insurance Authority (CSAC-EIA) provides coverage in excess of the City’s SIR. During the fiscal year ended June 30, 2023, the City contributed \$2,216,202 for general liability coverage during the current year.

PRISM also covers the City’s workers’ compensation claims up to statutory limits. The City has an SIR of \$500,000 per claim. During the fiscal year ended June 30, 2023, the City contributed \$640,035 for current year coverage.

NOTE 14: SELF-INSURANCE PROGRAM (CONTINUED)

The contributions made to each risk pool equal the ratio of their respective payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

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

Vallejo Flood and Wastewater District—VFWD is a member of the California Sanitation Risk Management Authority which provides coverage up to \$450,000 for general liability claims, subject to a deductible of \$2,500. Excess public entity general liability insurance is obtained for coverage up to \$15,500,000 associated with either sanitary sewer or storm drain operations. Auto liability is subject to a deductible of \$1,000 with coverage up to \$3,563,285.

California Sanitation Risk Management Authority also provides coverage up to \$750,000 for workers' compensation. Excess workers compensation insurance provides coverage up to \$1,000,000. Pollution remediation insurance provides coverage up to \$1,000,000 and \$5,000,000 in the aggregate, with a deductible of \$25,000. Property insurance provides coverage up to \$187,777,466 with a deductible of \$10,000.

B. Liability for Uninsured Claims

The following is a summary of changes in the City's recorded claims liabilities during the years ended June 30, 2023:

	<u>2023</u>	<u>2022</u>
Beginning Balance	\$ 25,209,000	\$ 24,696,000
Current year claims and increase in prior estimates	8,396,986	5,527,464
Claims paid	<u>(5,214,986)</u>	<u>(5,014,464)</u>
Ending Balance	<u>\$ 28,391,000</u>	<u>\$ 25,209,000</u>
Current Portion	<u>\$ 7,158,378</u>	<u>\$ 6,072,448</u>

The claims payable are reported at their present value using expected future investment yield assumption of 3%. The undiscounted claims totaled \$32,579,000 at June 30, 2023.

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

NOTE 15: COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Federal and State Grant Programs

The City participates in several federal and State grant programs. These programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 15: COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding by fund as of June 30, 2023 were as follows:

Major Governmental Funds:	
General Fund	\$ 1,322,021
Housing Authority	88,642
Mare Island Conversion	98,251
Non-Major Governmental Funds	8,240,677

D. Long Term Construction Contracts

In addition to the encumbrances discussed above, the City and Vallejo Flood and Wastewater District have various ongoing capital projects that involve long-term construction contracts with progress payments billed and paid on a percentage-of-completion basis. Construction commitments related to these contracts at June 30, 2023 of City and VFWD amounted to approximately \$8.1 million and \$40.3 million, respectively.

NOTE 16: REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

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

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

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

Cash and investments of the Successor Agency as of June 30, 2023 are discussed in Note 2. Information about other assets and liabilities of the Successor Agency as of June 30, 2023 is presented on the following pages.

A. Notes and Loans Receivable

Meyer Cookware Industries, Inc.

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

**NOTE 16: REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(CONTINUED)**

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

B. Capital Assets

The Successor Agency assumed the capital assets of the RDA as of February 2012. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Successor Agency's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years. Capital assets at June 30, 2023 were comprised of land of \$189,226 and Building and Improvements, net of accumulated depreciation, of \$39,837. Current year additions to accumulated depreciation were \$4,193.

C. Long-Term Obligations

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

1. *Current Year Transactions and Balances*

	<u>Original Issue Amount</u>	<u>Balance June 30, 2022</u>	<u>Retirements/ Adjustments</u>	<u>Balance June 30, 2023</u>	<u>Current Portion</u>
Tax Allocation Bonds:					
Housing Set Aside 7.0%, due 10/1/2031	\$ 5,410,000	\$ 2,390,000	\$ 255,000	\$ 2,135,000	\$ 180,000
Total Tax Allocation Bonds	<u>5,410,000</u>	<u>2,390,000</u>	<u>255,000</u>	<u>2,135,000</u>	<u>180,000</u>
Other Obligations:					
Advances from the City of Vallejo	4,436,351	4,081,392	554,849	3,526,543	-
Total Other Obligations	<u>4,436,351</u>	<u>4,081,392</u>	<u>554,849</u>	<u>3,526,543</u>	<u>-</u>
Total Successor Agency Debt	<u>\$ 9,846,351</u>	<u>\$ 6,471,392</u>	<u>\$ 809,849</u>	<u>\$ 5,661,543</u>	<u>\$ 180,000</u>

2. *Tax Allocation Bonds*

Vallejo Housing Set Aside – In August 2001, the RDA issued Tax Allocation Bonds in the amount of \$5,410,000 to finance housing activities of the RDA and to repay a loan from the PFA. Semi-annual interest payments are due on April 1 and October 1 and annual principal payments are due October 1. The bonds are subject to mandatory sinking fund redemption and payment is made solely from, and secured by, housing set-aside tax increment revenues generated within the redevelopment project areas.

Pledge of Tax Revenues – As discussed above, the RDA has pledged all future tax increment revenues, less amounts required to be set aside in the RDA's Low and Moderate Income Housing Fund, for the repayment of the Tax Allocation Bonds. The pledge of all future tax increment revenues ends upon repayment of \$2,872,975 debt service on the Bonds above, which is scheduled to occur in 2032. With the dissolution of the RDA discussed above, Tax Increment is no longer distributed and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In fiscal year 2023, the Successor Agency received sufficient RPTTF distributions to meet all bond obligations for the year.

**NOTE 16: REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(CONTINUED)**

3. Advances from the City

The loan balances as of June 30, 2023 are as follows:

	Principal	Accrued Interest	Total
Hiddenbrooke Overpass Capital Project Fund	\$ 141,933	\$ 212,999	\$ 354,932
Bridge Construction Capital Projects Fund	108,392	248,264	356,656
Arts and Convention Center Capital Projects	954,722	1,860,233	2,814,955
General Fund:			
Waterfront	162,805	885,031	1,047,836
Marina Vista	-	647,510	647,510
Central	708,372	994,976	1,703,348
Less: Allowance for Doubtful Accounts	<u>(871,177)</u>	<u>(2,527,517)</u>	<u>(3,398,694)</u>
	<u>\$ 1,205,047</u>	<u>\$ 2,321,496</u>	<u>\$ 3,526,543</u>

The loans bear simple interest of 3.00%. Repayment of these loans is governed by Health and Safety Code Section 34176(e)(6) and the maximum annual repayment is limited based on calculations in that Code Section. Repayment installments were approved by the State Department of Finance starting fiscal year 2016-17 through the annual ROPS process. Additional information about these advances can be found in Note 4h.

4. Debt Service Requirements

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

Ending June 30	Principal	Interest
2024	\$ 180,000	\$ 143,150
2025	190,000	130,200
2026	205,000	116,375
2027	220,000	101,500
2028	235,000	85,575
2029-2033	1,105,000	161,175
Total	<u>\$ 2,135,000</u>	<u>\$ 737,975</u>

D. Commitments and Contingencies

1. Oversight Board and State Approval of Enforceable Obligations

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

NOTE 17: SPECIAL ITEM

Special items are unusual and infrequent in nature and are within the control of management.

The City entered into a Disposition and Development Agreement (DDA) which includes the sale of the North Mare Island (NMI) parcels to the Nimitz Group, LLC (Nimitz) to allow for development of the property in accordance with the terms of the DDA. The DDA shifted the City's ongoing costs of NMI ownership and all pre-development costs to Nimitz, eliminated the City's HUD loan payments, and created the opportunity for both the South Mare Island and the NMI property to be developed under a new, more robust, potential future Specific Plan. The fair market value of the NMI parcels in its existing condition was determined to be zero due to the substantial site development and demolition costs required to develop the property for its highest and best use. As part of the agreement, Nimitz agreed to demolish the remaining ten non-utilized, non-historic buildings on NMI and pay \$3,000,000 for the parcels.

NOTE 18 SUBSEQUENT EVENTS

The City evaluated subsequent events for recognition and disclosure through December 19, 2023, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023, that required recognition or disclosure in these financial statements.

CITY OF VALLEJO
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 106,404,401	\$ 110,718,485	\$ 114,056,523	\$ 3,338,038
Licenses, permits and fees	4,303,146	4,556,146	5,367,043	810,897
Intergovernmental	5,331,015	5,481,442	11,912,145	6,430,703
Charges for services	10,854,807	10,205,476	9,230,482	(974,994)
Use of money and property	1,833,692	1,833,692	2,838,477	1,004,785
Fines and forfeitures	1,023,048	1,002,437	663,404	(339,033)
Other	407,598	407,598	4,598,269	4,190,671
Total Revenues	130,157,707	134,205,276	148,666,343	14,461,067
EXPENDITURES:				
Current:				
Legislative and advisory	262,189	332,614	321,676	10,938
Executive	3,393,694	3,895,819	3,239,703	656,116
Finance	2,592,263	3,049,748	2,147,915	901,833
Human resources	2,388,254	2,731,567	1,366,182	1,365,385
Law	2,148,035	2,047,997	1,810,977	237,020
Economic development	2,069,945	1,938,229	1,573,949	364,280
Planning and development services	4,269,687	6,016,872	4,590,060	1,426,812
Fire services	33,356,429	32,868,728	32,661,946	206,782
Police services	57,957,290	54,335,725	49,588,472	4,747,253
Public works	9,943,888	9,539,063	8,557,897	981,166
Non departmental	1,761,256	9,646,153	7,152,221	2,493,932
Information technology	1,605,597	1,607,264	1,704,263	(96,999)
Capital outlay	-	-	18,838	(18,838)
Debt service:				
Principal	1,500	2,062,500	2,297,000	(234,500)
Lease payments	-	-	13,945	(13,945)
Interest and fiscal charges	-	13,128	23,408	(10,280)
Subscription payments	-	-	19,592	(19,592)
Total Expenditures	121,750,027	130,085,407	117,088,044	12,997,363
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,407,680	4,119,869	31,578,299	27,458,430
OTHER FINANCING SOURCES (USES)				
Transfers in	448,567	448,567	391,799	(56,768)
Transfers (out)	(7,940,601)	(27,980,940)	(13,540,782)	14,440,158
Proceeds from sale of capital asset	-	3,000,000	3,000,000	-
Other financing sources - leases issued	-	-	18,838	18,838
Total Other Financing Sources (Uses)	(7,492,034)	(24,532,373)	(10,130,145)	14,402,228
NET CHANGE IN FUND BALANCES *	\$ 915,646	\$ (20,412,504)	21,448,154	\$ 41,860,658
Fund Balance, July 1			43,131,446	
Fund Balance, June 30			\$ 64,579,600	

* The net change in fund balance was included in the budget as an appropriation (i.e. spenddown) of fund balance.

CITY OF VALLEJO
 Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Housing Authority
 Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 23,713,098	\$ 23,771,842	\$ 21,938,564	\$ (1,833,278)
Use of money and property	12,232	12,232	294,526	282,294
Other	36,000	36,000	20,854	(15,146)
Total Revenues	23,761,330	23,820,074	22,253,944	(1,566,130)
EXPENDITURES:				
Current:				
Community services	22,908,485	23,123,463	22,240,829	882,634
Debt service:				
Principal retirement - Leases	-	-	2,428	(2,428)
Interest and fiscal charges	-	-	3,904	(3,904)
Subscription payments	-	-	50,230	(50,230)
Total Expenditures	22,908,485	23,123,463	22,297,391	826,072
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	852,845	696,611	(43,447)	(740,058)
OTHER FINANCING SOURCES (USES)				
Transfers in	120,000	120,000	120,000	-
Total Other Financing Sources (Uses)	120,000	120,000	120,000	-
NET CHANGE IN FUND BALANCES *	\$ 972,845	\$ 816,611	76,553	\$ (740,058)
Fund Balance, July 1			16,635,157	
Fund Balance, June 30			\$ 16,711,710	

* The net change in fund balance was included in the budget as an appropriation (i.e. spenddown) of fund balance.

CITY OF VALLEJO
 Required Supplementary Information
 As of June 30, for the Last Ten Fiscal Years (1)

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

Measurement Period	<u>2023</u>	<u>2022</u>	<u>2021</u>
	June 30, 2022	June 30, 2021	June 30, 2020
Total OPEB Liability			
Service cost	\$ 946,000	\$ 919,000	\$ 912,000
Interest on the total OPEB liability	2,621,000	2,576,000	2,668,000
Differences between expected and actual experiences	(5,020,000)	-	(2,947,000)
Changes in assumptions	(1,229,000)	-	911,000
Benefit payments	<u>(2,835,000)</u>	<u>(2,893,000)</u>	<u>(2,886,000)</u>
Net change in total OPEB liability	<u>(5,517,000)</u>	<u>602,000</u>	<u>(1,342,000)</u>
Total OPEB liability - beginning	<u>39,300,000</u>	<u>38,698,000</u>	<u>40,040,000</u>
Total OPEB liability - ending (a)	<u>33,783,000</u>	<u>39,300,000</u>	<u>38,698,000</u>
Plan Fiduciary Net Position			
Contribution - employer	2,860,000	2,919,000	2,914,000
Net investment income	(3,878,000)	6,249,000	776,000
Benefit payments	(2,835,000)	(2,893,000)	(2,886,000)
Administrative expense	<u>(32,000)</u>	<u>(35,000)</u>	<u>(39,000)</u>
Net change in plan fiduciary net position	<u>(3,885,000)</u>	<u>6,240,000</u>	<u>765,000</u>
Plan fiduciary net position - beginning	<u>28,964,000</u>	<u>22,724,000</u>	<u>21,959,000</u>
Plan fiduciary net position - ending (b)	<u>25,079,000</u>	<u>28,964,000</u>	<u>22,724,000</u>
Net OPEB Liability/(Assets) - ending (a) - (b)	<u>\$ 8,704,000</u>	<u>\$ 10,336,000</u>	<u>\$ 15,974,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	74.24%	73.70%	58.72%
Covered-employee payroll	\$ 64,940,000	\$ 64,879,000	\$ 61,630,000
Net OPEB liability as a percentage of covered-employee payroll	13.40%	15.93%	25.92%

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

2020	2019	2018
June 30, 2019	June 30, 2018	June 30, 2017
\$ 889,000	\$ 988,000	\$ 965,000
2,624,000	2,886,000	2,831,000
-	(5,289,000)	-
-	(1,054,000)	-
(2,909,000)	(2,997,000)	(2,957,000)
604,000	(5,466,000)	839,000
39,436,000	44,902,000	44,063,000
40,040,000	39,436,000	44,902,000
2,941,000	4,340,000	6,468,000
1,277,000	1,437,000	1,479,000
(2,909,000)	(2,997,000)	(2,957,000)
(36,000)	(76,000)	(42,000)
1,273,000	2,704,000	4,948,000
20,686,000	17,982,000	13,034,000
21,959,000	20,686,000	17,982,000
\$ 18,081,000	\$ 18,750,000	\$ 26,920,000
54.84%	52.45%	40.05%
\$ 58,767,558	\$ 55,348,748	\$ 54,537,858
30.77%	33.88%	49.36%

CITY OF VALLEJO
Required Supplementary Information
As of June 30, for the Last Ten Fiscal Years (1)

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially Determined Contribution	\$ 2,038,000	\$ 2,114,000	\$ 2,442,000
Contribution in Relation to the Actuarially Determined Contributions	(2,821,000)	(2,860,000)	(2,919,000)
Contribution Deficiency (Excess)	<u>\$ (783,000)</u>	<u>\$ (746,000)</u>	<u>\$ (477,000)</u>
Covered-employee payroll	\$ 67,500,000	\$ 64,940,000	\$ 64,879,000
Contributions as a percentage of covered-employee payroll	4.18%	4.40%	4.50%

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

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2023 were from the June 30, 2020 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal, level percent of payroll
Amortization Method	Level percent of pay
Amortization Period	17-year fixed period on average for FY2022/23
Asset Valuation Method	Investment gains and losses spread over 5 year rolling period
Discount rate	6.75%
Inflation	2.75%
Medical Trend	Non-Medicare -7% for 2022, decreasing to an ultimate rate of 4.0% in 2076 Medicare (Non-Kaiser) - 6.1% for 2022, decreasing to an ultimate rate of 4.0% in 2076 Medicare (Kaiser) - 5% for 2022, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2020
All Other Assumptions	Same as those used to determine the total OPEB liability

2020	2019	2018
\$ 2,382,000	\$ 2,321,000	\$ 2,994,000
(2,914,000)	(2,941,000)	(4,340,000)
<u>\$ (532,000)</u>	<u>\$ (620,000)</u>	<u>\$ (1,346,000)</u>
\$ 61,630,000	\$ 58,767,558	\$ 55,348,748
4.73%	5.00%	7.84%

CITY OF VALLEJO
 Required Supplementary Information
 As of June 30, for the Last Ten Fiscal Years (1)

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

Measurement Period	2023	2022	2021	2020
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Total OPEB Liability				
Service cost	\$ 950,869	\$ 916,059	\$ 352,376	\$ 362,299
Interest on the total OPEB liability	1,443,515	1,388,866	1,456,214	1,296,524
Differences between expected and actual experiences	(2,280,906)	73,206	(603,460)	1,721,805
Changes in assumptions	(153,210)	-	3,681,452	-
Benefit payments	(1,458,265)	(1,487,182)	(1,276,392)	(1,041,544)
Net change in total OPEB liability	(1,497,997)	890,949	3,610,190	2,339,084
Total OPEB liability - beginning	24,872,675	23,981,726	20,371,536	18,032,452
Total OPEB liability - ending (a)	23,374,678	24,872,675	23,981,726	20,371,536
Plan Fiduciary Net Position				
Contribution - employer	1,958,265	1,987,182	1,776,392	1,541,544
Contribution - member	222,071	210,111	214,047	191,439
Net investment income	899,005	(2,056,062)	3,091,825	352,141
Benefit payments	(1,458,265)	(1,487,182)	(1,276,392)	(1,041,544)
Administrative expense	(6,872)	(2,780)	(2,635)	(2,780)
Other changes in net position	-	-	(589)	(84,912)
Net change in plan fiduciary net position	1,614,204	(1,348,731)	3,802,648	955,888
Plan fiduciary net position - beginning	13,616,264	14,964,995	11,162,347	10,206,459
Plan fiduciary net position - ending (b)	15,230,468	13,616,264	14,964,995	11,162,347
Net OPEB Liability/(Assets) - ending (a) - (b)	\$ 8,144,210	\$ 11,256,411	\$ 9,016,731	\$ 9,209,189
Plan fiduciary net position as a percentage of the total OPEB liability	65.20%	54.74%	62.40%	54.79%
Covered-employee payroll	\$ 11,699,877	\$ 10,603,644	\$ 10,393,617	\$ 9,670,727
Net OPEB liability as a percentage of covered-employee payroll	69.61%	106.16%	86.75%	95.23%

Notes to Schedule:

Changes of assumptions: For the measurement period ended June 30, 2023, the discount rate was increased from 5.75 percent to 6.00 percent. For the measurement period ended June 30, 2022, there were no changes in assumptions. For measurement period ended June 30, 2021, the discount rate was changed from 7.25 percent (net of administrative expenses) to 5.75 percent and the inflation rate changed from 2.75 percent to 2.25 percent. For the measurement period ended June 30, 2020, to maintain consistency with CalPERS demographic rates, rates of retirement, termination, disability, and mortality were updated. For the measurement period ended June 30, 2018, the discount rate was changed from 5.09 percent (net of administrative expense) to 5.52 percent.

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2017 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

2019	2018	2017
June 30, 2019	June 30, 2018	June 30, 2017
\$ 351,747	\$ 341,502	\$ 323,479
1,252,722	1,209,603	1,166,959
-	(6,230)	-
-	-	-
(981,223)	(940,234)	(836,221)
623,246	604,641	654,217
17,409,206	16,804,565	16,150,348
18,032,452	17,409,206	16,804,565
1,481,223	1,440,234	1,336,221
173,100	156,902	171,665
1,070,440	83,311	794,510
(981,223)	(940,234)	(836,221)
(2,348)	(3,094)	(36,633)
-	-	-
1,741,192	737,119	1,429,542
8,465,267	7,728,148	6,298,606
10,206,459	8,465,267	7,728,148
\$ 7,825,993	\$ 8,943,939	\$ 9,076,417
56.60%	48.63%	45.99%
\$ 10,102,073	\$ 8,334,837	\$ 8,022,329
77.47%	107.31%	113.14%

CITY OF VALLEJO
Required Supplementary Information
As of June 30, for the Last Ten Fiscal Years (1)

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

	2023	2022	2021	2020
Actuarially Determined Contribution	\$ 1,788,161	\$ 1,740,303	\$ 1,143,845	\$ 1,110,529
Contribution in Relation to the Actuarially Determined Contributions	(1,958,265)	(1,987,182)	(1,776,392)	(1,541,544)
Contribution Deficiency (Excess)	<u>\$ (170,104)</u>	<u>\$ (246,879)</u>	<u>\$ (632,547)</u>	<u>\$ (431,015)</u>
Covered-employee payroll	\$ 11,699,877	\$ 10,603,644	\$ 10,393,617	\$ 9,670,727
Contributions as a percentage of covered-employee payroll	16.74%	18.74%	17.09%	15.94%

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

2019	2018	2017
\$ 1,082,230	\$ 1,050,709	\$ 1,092,974
(1,481,223)	(1,440,234)	(1,336,221)
<u>\$ (398,993)</u>	<u>\$ (389,525)</u>	<u>\$ (243,247)</u>
\$ 10,102,073	\$ 8,334,837	\$ 8,022,329
14.66%	17.28%	16.66%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Measurement Period	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total Pension Liability				
Service Cost	\$ 5,054,977	\$ 4,651,311	\$ 4,388,206	\$ 4,029,310
Interest on total pension liability	21,094,227	20,921,652	20,357,309	19,881,349
Differences between expected and actual experience	(2,109,415)	1,213,833	(7,463)	(1,474,483)
Changes in assumptions	8,211,629	-	-	-
Benefit payments, including refunds of employee contributions	(18,954,164)	(18,594,010)	(17,801,978)	(17,049,717)
Net change in total pension liability	13,297,254	8,192,786	6,936,074	5,386,459
Total Pension Liability-beginning	306,560,831	298,368,045	291,431,971	286,045,512
Total Pension Liability-ending (a)	\$ 319,858,085	\$ 306,560,831	\$ 298,368,045	\$ 291,431,971
Plan Fiduciary Net Position				
Contributions-employer	\$ 11,645,027	\$ 11,062,044	\$ 10,258,622	\$ 9,173,697
Contributions-employee	2,104,544	2,145,220	2,184,791	1,863,321
Net investment income	(16,576,076)	41,389,429	8,999,002	11,419,992
Benefit payments	(18,954,164)	(18,594,010)	(17,801,978)	(17,049,717)
Plan to plan resource movement	-	-	-	(150,117)
Other miscellaneous expense	-	-	-	413
Administrative expense	(137,841)	(185,261)	(256,680)	(126,270)
Net change in plan fiduciary net position	(21,918,510)	35,817,422	3,383,757	5,131,319
Plan Fiduciary Net Position-beginning	221,275,360	185,457,938	182,074,181	176,942,862
Plan Fiduciary Net Position-ending (b)	\$ 199,356,850	\$ 221,275,360	\$ 185,457,938	\$ 182,074,181
Net pension liability-ending (a) - (b)	\$ 120,501,235	\$ 85,285,471	\$ 112,910,107	\$ 109,357,790
Plan fiduciary net position as a percentage of the total pension liability	62.33%	72.18%	62.16%	62.48%
Covered payroll	\$ 26,874,700	\$ 27,081,533	\$ 26,137,221	\$ 22,605,141
Net pension liability as a percentage of covered payroll	448.38%	314.92%	431.99%	483.77%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2022. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the 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 through 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.

2019	2018	2017	2016	2015
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 4,397,962	\$ 4,404,558	\$ 3,796,340	\$ 3,687,869	\$ 3,707,801
19,468,568	19,104,676	18,913,669	18,270,528	17,746,245
(1,082,338)	(2,220,738)	1,132,193	(1,151,730)	-
(1,680,478)	14,463,351	-	(4,077,633)	-
(15,819,384)	(15,488,076)	(15,103,869)	(14,371,625)	(13,630,142)
5,284,330	20,263,771	8,738,333	2,357,409	7,823,904
280,761,182	260,497,411	251,759,078	249,401,669	241,577,765
\$ 286,045,512	\$ 280,761,182	\$ 260,497,411	\$ 251,759,078	\$ 249,401,669
\$ 7,923,395	\$ 7,619,965	\$ 6,951,327	\$ 5,947,979	\$ 5,801,786
1,839,196	1,922,977	1,920,952	1,825,329	1,849,941
14,227,594	17,221,783	810,323	3,661,248	24,872,487
(15,819,384)	(15,488,076)	(15,103,869)	(14,371,625)	(13,630,142)
(413)	-	(576)	-	-
(501,696)	-	-	-	-
(264,187)	(230,440)	(99,958)	(184,697)	-
7,404,505	11,046,209	(5,521,801)	(3,121,766)	18,894,072
169,538,357	158,492,148	164,013,949	167,135,715	148,241,643
\$ 176,942,862	\$ 169,538,357	\$ 158,492,148	\$ 164,013,949	\$ 167,135,715
\$ 109,102,650	\$ 111,222,825	\$ 102,005,263	\$ 87,745,129	\$ 82,265,954
61.86%	60.39%	60.84%	65.15%	67.01%
\$ 22,403,043	\$ 20,887,797	\$ 21,778,435	\$ 20,358,941	\$ 19,462,126
487.00%	532.48%	468.38%	430.99%	422.70%

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

	2023	2022	2021	2020
Actuarial Determined Contribution	\$ 12,579,782	\$ 11,568,843	\$ 10,944,409	\$ 10,259,296
Contribution in relation to the Actuarially Determined Contribution	(12,579,782)	(11,568,843)	(10,944,409)	(10,259,296)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 28,054,444	\$ 26,874,700	\$ 27,081,533	\$ 26,137,221
Contributions as a percentage of covered payroll	44.84%	43.05%	40.41%	39.25%

Notes to Schedule:

Valuation date June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method
 Amortization method

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

Driver	Source				
	(Gain)/Loss		Assumption/ Method	Benefit Change	Golden Handshake
	Investment	Non-investment			
Amortization Period	30 years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.750%	2.750%	2.750%	2.750%	2.750%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

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

Market Value
 2.50%
 Varies by Entry Age and Service
 2.75%
 7.00%, net of pension plan investment expenses, including inflation.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Mortality

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

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

2019	2018	2017	2016	2015
\$ 9,183,028	\$ 7,920,957	\$ 7,641,298	\$ 6,951,327	\$ 5,947,949
<u>(9,183,028)</u>	<u>(7,920,957)</u>	<u>(7,641,298)</u>	<u>(6,951,327)</u>	<u>(5,947,949)</u>
<u>\$ -</u>				
\$ 22,605,141	\$ 22,403,043	\$ 20,887,797	\$ 21,778,435	\$ 20,358,941
40.62%	35.36%	36.58%	31.92%	29.22%

CITY OF VALLEJO
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
During the Measurement Period

	2023	2022	2021	2020
Measurement Period	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total Pension Liability				
Service Cost	\$ 7,679,475	\$ 6,840,081	\$ 6,916,858	\$ 6,733,397
Interest on total pension liability	36,816,284	36,031,428	35,436,006	34,420,847
Differences between expected and actual experience	502,309	(4,341,410)	1,732,575	1,076,363
Changes in assumptions	16,562,725	-	-	-
Benefit payments, including refunds of employee contributions	(31,423,005)	(30,022,902)	(29,268,078)	(28,292,968)
Net change in total pension liability	30,137,788	8,507,197	14,817,361	13,937,639
Total Pension Liability-beginning	528,376,074	519,868,877	505,051,516	491,113,877
Total Pension Liability-ending (a)	\$ 558,513,862	\$ 528,376,074	\$ 519,868,877	\$ 505,051,516
Plan Fiduciary Net Position				
Contributions-employer	\$ 19,583,204	\$ 18,763,982	\$ 16,867,013	\$ 15,651,082
Contributions-employee	2,680,187	2,880,179	2,495,800	2,495,658
Net investment income	(28,754,756)	71,416,960	15,405,724	19,716,865
Benefit payments	(31,423,005)	(30,022,902)	(29,268,078)	(28,292,968)
Plan to plan resource movement	-	-	-	150,117
Other miscellaneous expense	-	-	-	712
Administrative expense	(238,086)	(319,139)	(443,256)	(217,595)
Net change in plan fiduciary net position	(38,152,456)	62,719,080	5,057,203	9,503,871
Plan Fiduciary Net Position-beginning	382,196,847	319,477,767	314,420,564	304,916,693
Plan Fiduciary Net Position-ending (b)	\$ 344,044,391	\$ 382,196,847	\$ 319,477,767	\$ 314,420,564
Net pension liability-ending (a) - (b)	\$ 214,469,471	\$ 146,179,227	\$ 200,391,110	\$ 190,630,952
Plan fiduciary net position as a percentage of the total pension liability	61.60%	72.33%	61.45%	62.26%
Covered payroll	\$ 22,045,380	\$ 23,926,199	\$ 21,941,307	\$ 21,152,620
Net pension liability as a percentage of covered payroll	972.85%	610.96%	913.31%	901.22%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred on or before the Measurement Date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the 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 through 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.

2019	2018	2017	2016	2015
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 6,785,852	\$ 7,141,768	\$ 6,037,920	\$ 5,665,531	\$ 5,410,714
33,457,665	32,842,161	32,721,025	31,830,406	30,833,294
(2,324,275)	(8,355,331)	(675,259)	463,336	-
(2,031,814)	26,697,946	-	(7,623,305)	-
<u>(27,352,200)</u>	<u>(26,330,644)</u>	<u>(25,766,118)</u>	<u>(24,963,470)</u>	<u>(23,513,099)</u>
8,535,228	31,995,900	12,317,568	5,372,498	12,730,909
482,578,649	450,582,749	438,265,181	432,892,683	420,161,774
<u>\$ 491,113,877</u>	<u>\$ 482,578,649</u>	<u>\$ 450,582,749</u>	<u>\$ 438,265,181</u>	<u>\$ 432,892,683</u>
\$ 13,510,984	\$ 12,539,589	\$ 12,077,355	\$ 10,188,345	\$ 9,034,348
2,402,540	2,468,689	2,498,407	2,574,737	2,517,611
24,365,266	29,790,194	1,329,651	6,292,622	43,593,695
(27,352,200)	(26,330,644)	(25,766,118)	(24,963,470)	(23,513,099)
(712)	-	-	(115)	-
(867,978)	-	-	-	-
(457,067)	(400,264)	(173,865)	(320,958)	-
11,600,833	18,067,564	(10,034,570)	(6,228,839)	31,632,555
293,315,860	275,248,296	285,282,866	291,511,705	259,879,150
<u>\$ 304,916,693</u>	<u>\$ 293,315,860</u>	<u>\$ 275,248,296</u>	<u>\$ 285,282,866</u>	<u>\$ 291,511,705</u>
<u>\$ 186,197,184</u>	<u>\$ 189,262,789</u>	<u>\$ 175,334,453</u>	<u>\$ 152,982,315</u>	<u>\$ 141,380,978</u>
62.09%	60.78%	61.09%	65.09%	67.34%
\$ 20,349,393	\$ 19,733,377	\$ 21,563,045	\$ 20,922,604	\$ 19,082,521
915.00%	959.10%	813.12%	731.18%	740.89%

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>
Actuarial Determined Contribution	\$ 20,200,335	\$ 19,484,048	\$ 18,444,829	\$ 16,924,131
Contribution in relation to the Actuarially Determined Contribution	<u>(20,200,335)</u>	<u>(19,484,048)</u>	<u>(18,444,829)</u>	<u>(16,924,131)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 21,042,205	\$ 22,045,380	\$ 23,926,199	\$ 21,941,307
Contributions as a percentage of covered payroll	96.00%	88.38%	77.09%	77.13%

Notes to Schedule:

Valuation date June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method
 Amortization method

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

Driver	Source				
	(Gain)/Loss		Assumption/ Method Change	Benefit Change	Golden Handshake
	Investment	Non-investment			
Amortization Period	30 years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.750%	2.750%	2.750%	2.750%	2.750%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

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

Market Value
 2.50%
 Varies by Entry Age and Service
 2.75%
 7.00%, net of pension plan investment expenses, including inflation.
 The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

Mortality

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

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

2019	2018	2017	2016	2015
\$ 15,641,590	\$ 13,511,840	\$ 12,582,017	\$ 12,077,355	\$ 10,188,345
<u>(15,641,590)</u>	<u>(13,511,840)</u>	<u>(12,582,017)</u>	<u>(12,077,355)</u>	<u>(10,188,345)</u>
<u>\$ -</u>				
\$ 21,152,620	\$ 20,349,393	\$ 19,733,377	\$ 21,563,045	\$ 20,922,604
73.95%	66.40%	63.76%	56.01%	48.70%

**Vallejo Flood and Wastewater District
 Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
 Last 10 Years**
 Schedule of the Plan's Proportionate Share
 of the Net Pension Liability and Related Ratios**

Measurement Period	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Plan Proportion of the Net Pension Liability	0.65022%	0.86588%	0.61886%	0.60568%	0.59373%
Plan Proportionate Share of the Net Pension Liability	\$ 30,425,186	\$ 16,441,417	\$ 26,104,014	\$ 24,254,485	\$ 22,376,039
Plan Covered Payroll	\$ 10,603,644	\$ 10,393,617	\$ 8,773,461	\$ 10,102,073	\$ 8,773,484
Plan Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	286.93%	158.19%	297.53%	240.09%	255.04%
The Pension Plan's (PERF-C) Fiduciary Net Position as a Percentage of the Total Pension Liability	76.68%	90.49%	75.10%	75.30%	73.69%

Notes to Schedule:

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

Changes of Assumptions: In 2022, the accounting discount rate was reduced from 7.15 percent to 6.90 percent. In 2021, 2020 and 2019, there were no changes. In 2018, the demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.50 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.50 percent discount rate.

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

2018	2017	2016	2015
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
0.57650%	0.56725%	0.14712%	0.18915%
\$ 22,725,984	\$ 19,705,443	\$ 15,432,136	\$ 11,769,980
\$ 8,334,837	\$ 8,022,329	\$ 7,940,275	\$ 7,602,013
272.66%	245.63%	194.35%	154.83%
73.31%	74.06%	78.40%	79.82%

**Vallejo Flood and Wastewater District
 Cost-Sharing 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	\$ 3,597,832	\$ 3,307,047	\$ 3,026,216	\$ 2,668,281	\$ 984,716
Contribution in Relation to the Actuarially Determined Contribution	<u>(3,597,832)</u>	<u>(3,307,047)</u>	<u>(3,026,216)</u>	<u>(2,668,281)</u>	<u>(984,716)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 11,699,877	\$ 10,603,644	\$ 10,393,617	\$ 9,670,727	\$ 8,773,484
Contributions as a Percentage of Covered Payroll	30.75%	31.19%	29.12%	27.59%	11.22%

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

(2) The District is required to contribute to the Safety Rate Plan even though there is no Covered Payroll.

Note to Schedule:

Valuation Date: June 30, 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:

Driver	Source				
	(Gain)/Loss		Assumption/ Method Change	Benefit Change	Golden Handshake
	Investment	Non-investment			
Amortization Period	30 years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.750%	2.750%	2.750%	2.750%	2.750%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

Asset valuation method

Market Value

Inflation

2.50%

Payroll Growth

2.75%

Projected Salary Increases

Varies by Entry Age and Service

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 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

2018	2017	2016	2015
\$ 911,598	\$ 899,758	\$ 1,064,678	\$ 1,274,837
<u>(911,598)</u>	<u>(899,758)</u>	<u>(1,064,678)</u>	<u>(1,274,837)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,334,837	\$ 8,022,329	\$ 7,924,588	\$ 7,693,775
10.94%	11.22%	13.44%	16.57%

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Solid Waste Disposal Fund #135 accounts for monies received from garbage collection fines and expended on enforcing major portions of the mandatory garbage subscription ordinance. This fund is also used for the mandatory city-wide recycling program and related recycling program grants.

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

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

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

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

Mare Island Base Reuse Fund #107 accounts for monies received from tenants placed on the former Mare Island Naval Shipyard during the conversion process. It also accounts for operating costs to support ongoing development programs on the island. Funds are restricted for use on the island.

Mare Island CFD 2002 Fund #112 accounts for monies received from general taxes and from property owner assessments for maintenance and repair of infrastructure and facilities on the former Mare Island Naval Shipyard.

Mare Island CFD 2005 1A (State) Fund #113 accounts for transactions of this district formed under state statute to provide municipal services within the district.

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

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

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

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

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

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

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

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

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

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

CAPITAL PROJECTS FUNDS

Capital Outlay Capital Projects Fund #201 accounts for all capital projects, including acquisitions and improvements of public property, public works projects, facilities, equipment and systems, except those required to be accounted for in another fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

DEBT SERVICE FUND

Certificates of Participation Fund #-Various accounts for the accumulation of lease revenue and the payments of annual General Fund debt service requirements. Debt issues include the 1999, 2000, 2002, and 2003 certificates of participation, which were restructured in 2011 into UBOC Reimbursement Loan Obligations A and B.

PERMANENT FUND

McCune Collection Fund #603 accounts for monies held for the Library which consists of donations and sales of rare books to maintain the McCune book collection. The principal is invested and interest earnings are available to support the McCune Fund Activities.

CITY OF VALLEJO
 Combing Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

Special Revenue Funds

	Solid Waste Disposal Fund #135	State Gas Tax Fund #133	Community Development Block Grant Fund #101	HOME Program Fund #102
Assets:				
Cash and investments	\$ 1,060,348	\$ -	\$ -	\$ 666,478
Receivables:				
Accounts	37,684	679,472	343	27,171
Notes and loans	-	-	1,845,324	4,336,547
Accrued interest	-	-	-	-
Leases	-	-	-	-
Prepays and deposits	-	-	-	-
Due from other governments	-	-	415,945	26,375
Due from other funds	-	-	-	2,166,494
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,098,032	\$ 679,472	\$ 2,261,612	\$ 7,223,065
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 639,147	\$ 184,991	\$ 219,677	\$ 7,711
Unearned revenues	410,327	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	2,166,494
Due to other funds	-	258,125	196,610	-
Total Liabilities	1,049,474	443,116	416,287	2,174,205
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	23,750
Deferred inflows for leases	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	23,750
Fund Balances (Deficits):				
Nonspendable	-	-	-	-
Restricted	48,558	236,356	1,845,325	5,025,110
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (Deficits)	-	-	-	-
Total Fund Balances (Deficits)	48,558	236,356	1,845,325	5,025,110
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,098,032	\$ 679,472	\$ 2,261,612	\$ 7,223,065

	Special Revenue Funds			
	Hiddenbrooke Community Services District Fund #138	Mare Island Base Reuse Fund #107	Mare Island CFD 2002 Fund #112	Mare Island CFD 2005 1A (State) Fund #113
Assets:				
Cash and investments	\$ 3,907,554	\$ 422,705	\$ 5,372,690	\$ 436,774
Receivables:				
Accounts	-	1,606	181,534	-
Notes and loans	-	-	-	-
Accrued interest	-	1,306	-	-
Leases	-	136,903	-	-
Prepays and deposits	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 3,907,554	\$ 562,520	\$ 5,554,224	\$ 436,774
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 113,816	\$ 25,574	\$ 37,745	\$ 29,927
Unearned revenues	313,937	-	20,198	-
Deposits payable	-	7,785	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	427,753	33,359	57,943	29,927
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Deferred inflows for leases	-	112,758	-	-
Total Deferred Inflows of Resources	-	112,758	-	-
Fund Balances (Deficits):				
Nonspendable	-	-	-	-
Restricted	3,479,801	-	5,496,281	406,847
Committed	-	416,403	-	-
Assigned	-	-	-	-
Unassigned (Deficits)	-	-	-	-
Total Fund Balances (Deficits)	3,479,801	416,403	5,496,281	406,847
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,907,554	\$ 562,520	\$ 5,554,224	\$ 436,774

CITY OF VALLEJO
 Combing Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

Special Revenue Funds

	Mare Island CFD 2005 1B (Local) Fund #114	Hazmat Revolving Fund #143	Justice Assistance Grant Fund #149	Supplemental Law Enforcement Grant Fund #151
Assets:				
Cash and investments	\$ 1,107,048	\$ 85,425	\$ -	\$ 539,112
Receivables:				
Accounts	-	11,869	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	-	-
Leases	-	-	-	-
Prepays and deposits	-	-	-	-
Due from other governments	-	-	78,658	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,107,048	\$ 97,294	\$ 78,658	\$ 539,112
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 25,912	\$ -	\$ 5,510	\$ 95,418
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	73,148	-
Total Liabilities	25,912	-	78,658	95,418
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Deferred inflows for leases	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficits):				
Nonspendable	-	-	-	-
Restricted	1,081,136	97,294	-	443,694
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (Deficits)	-	-	-	-
Total Fund Balances (Deficits)	1,081,136	97,294	-	443,694
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,107,048	\$ 97,294	\$ 78,658	\$ 539,112

	Special Revenue Funds			
	Traffic Offender / Vehicle Impound Program Fund #140	Landscape Maintenance Districts Fund #161-188	Emergency Disaster Fund #109	Office of Traffic Safety Fund #146
Assets:				
Cash and investments	\$ 110,767	\$ 18,628,499	\$ 276,918	\$ -
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	-	-
Leases	-	-	-	-
Prepays and deposits	-	-	-	-
Due from other governments	-	-	807,985	22,646
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 110,767	\$ 18,628,499	\$ 1,084,903	\$ 22,646
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 426,814	\$ -	\$ 152
Unearned revenues	-	24,183	392,231	-
Deposits payable	-	-	-	-
Due to other governments	-	-	113,241	-
Due to other funds	-	-	-	22,494
Total Liabilities	-	450,997	505,472	22,646
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Deferred inflows for leases	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficits):				
Nonspendable	-	-	-	-
Restricted	110,767	18,177,502	-	-
Committed	-	-	579,431	-
Assigned	-	-	-	-
Unassigned (Deficits)	-	-	-	-
Total Fund Balances (Deficits)	110,767	18,177,502	579,431	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 110,767	\$ 18,628,499	\$ 1,084,903	\$ 22,646

CITY OF VALLEJO
 Combing Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

Special Revenue Funds

	Outside Services Fund #129	Administrative Trust Fund #601	State Lands Fund #134	Neighborhood Stabilization Program Fund #103
Assets:				
Cash and investments	\$ 1,137,408	\$ 198,512	\$ 502,207	\$ 4,138
Receivables:				
Accounts	3,549	13,434	22,826	951
Notes and loans	-	-	-	2,209,927
Accrued interest	-	-	47,661	-
Leases	-	-	4,811,006	-
Prepays and deposits	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,140,957	\$ 211,946	\$ 5,383,700	\$ 2,215,016
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 28,212	\$ 39	\$ -	\$ 700
Unearned revenues	-	-	5,880	-
Deposits payable	921,495	211,907	1,387	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	949,707	211,946	7,267	700
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Deferred inflows for leases	-	-	4,686,924	-
Total Deferred Inflows of Resources	-	-	4,686,924	-
Fund Balances (Deficits):				
Nonspendable	-	-	-	-
Restricted	-	-	689,509	2,214,316
Committed	-	-	-	-
Assigned	191,250	-	-	-
Unassigned (Deficits)	-	-	-	-
Total Fund Balances (Deficits)	191,250	-	689,509	2,214,316
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,140,957	\$ 211,946	\$ 5,383,700	\$ 2,215,016

CITY OF VALLEJO
 Combing Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

(Continued)

	Special Revenue Funds		Capital Projects Funds	
	Navigation Center #191	NLP Nuisance Abatement Fund #147	Capital Outlay Fund #201	Transportation Impact Mitigation Fund #203
Assets:				
Cash and investments	\$ 5,106,379	\$ 224,469	\$ 20,331,475	\$ 5,050,659
Receivables:				
Accounts	-	-	60,938	-
Notes and loans	-	-	-	89,088
Accrued interest	-	-	1,232	-
Leases	-	-	1,033,927	-
Prepays and deposits	-	-	347,457	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 5,106,379	\$ 224,469	\$ 21,775,029	\$ 5,139,747
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 1,223,266	\$ 164,796
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	1,223,266	164,796
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Deferred inflows for leases	-	-	999,067	-
Total Deferred Inflows of Resources	-	-	999,067	-
Fund Balances (Deficits):				
Nonspendable	-	-	347,457	-
Restricted	5,106,379	-	4,193,155	4,974,951
Committed	-	224,469	15,012,084	-
Assigned	-	-	-	-
Unassigned (Deficits)	-	-	-	-
Total Fund Balances (Deficits)	5,106,379	224,469	19,552,696	4,974,951
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,106,379	\$ 224,469	\$ 21,775,029	\$ 5,139,747

CITY OF VALLEJO
 Combing Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

Capital Projects Funds

	Hiddenbrooke Overpass Fund #211	Bridge Construction Fund #204	Northgate Fee & Benefit District #94-1 Fund #208	Arts and Convention Center Fund #206
Assets:				
Cash and investments	\$ 7,490,790	\$ 226,871	\$ 236,336	\$ 78,967
Receivables:				
Accounts	-	-	-	-
Notes and loans	354,932	356,656	-	2,814,955
Accrued interest	-	-	-	-
Leases	-	-	-	-
Prepays and deposits	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 7,845,722	\$ 583,527	\$ 236,336	\$ 2,893,922
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 276,386	\$ -	\$ -	\$ -
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	276,386	-	-	-
Deferred Inflows of Resources:				
Unavailable revenues	212,999	248,264	-	1,860,233
Deferred inflows for leases	-	-	-	-
Total Deferred Inflows of Resources	212,999	248,264	-	1,860,233
Fund Balances (Deficits):				
Nonspendable	-	-	-	-
Restricted	7,356,337	335,263	236,336	-
Committed	-	-	-	-
Assigned	-	-	-	1,033,689
Unassigned (Deficits)	-	-	-	-
Total Fund Balances (Deficits)	7,356,337	335,263	236,336	1,033,689
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,845,722	\$ 583,527	\$ 236,336	\$ 2,893,922

	Capital Projects Funds			
	Mare Island CFD 2005 1A Facilities Fund #213	Traffic Congestion Relief Fund #219	Capital Grant & Contribution Fund #221	Neighborhood Park-Dev Fee Fund #137
Assets:				
Cash and investments	\$ 1,829,888	\$ 3,361,411	\$ 807,782	\$ 2,934,605
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	191,818
Accrued interest	-	-	-	-
Leases	-	-	-	-
Prepays and deposits	-	-	-	-
Due from other governments	-	-	2,689,669	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,829,888	\$ 3,361,411	\$ 3,497,451	\$ 3,126,423
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 120,803	\$ 2,005,973	\$ -
Unearned revenues	-	-	807,782	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	585,705	-
Total Liabilities	-	120,803	3,399,460	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	214,120	53,057
Deferred inflows for leases	-	-	-	-
Total Deferred Inflows of Resources	-	-	214,120	53,057
Fund Balances (Deficits):				
Nonspendable	-	-	-	-
Restricted	1,829,888	3,240,608	-	3,073,366
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned (Deficits)	-	-	(116,129)	-
Total Fund Balances (Deficits)	1,829,888	3,240,608	(116,129)	3,073,366
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,829,888	\$ 3,361,411	\$ 3,497,451	\$ 3,126,423

CITY OF VALLEJO
 Combing Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

Capital Projects Funds

	Longterm Maintenance Fund #223	Columbus Parkway Improvement Fund #224	Empress Theater Fund #225	Road Maint/Rehab Act Fund #226
Assets:				
Cash and investments	\$ 281,029	\$ 2,426,506	\$ 44,794	\$ 6,968,775
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	-	-
Leases	-	-	-	-
Prepays and deposits	-	-	-	-
Due from other governments	-	-	-	491,930
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 281,029	\$ 2,426,506	\$ 44,794	\$ 7,460,705
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 10,886	\$ -	\$ 675	\$ 185,969
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	10,886	-	675	185,969
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Deferred inflows for leases	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficits):				
Nonspendable	-	-	-	-
Restricted	-	-	-	7,274,736
Committed	103,809	2,426,506	44,119	-
Assigned	166,334	-	-	-
Unassigned (Deficits)	-	-	-	-
Total Fund Balances (Deficits)	270,143	2,426,506	44,119	7,274,736
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 281,029	\$ 2,426,506	\$ 44,794	\$ 7,460,705

CITY OF VALLEJO
 Combing Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Permanent Fund</u>	
	<u>Waterfront History Park Fund #227</u>	<u>Certificates of Participation Fund #-Various</u>	<u>McCune Collection Fund #603</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and investments	\$ 81,570	\$ -	\$ 105,671	\$ 92,044,560
Receivables:				
Accounts	-	-	-	1,041,377
Notes and loans	-	-	-	12,199,247
Accrued interest	-	-	-	50,199
Leases	-	-	-	5,981,836
Prepays and deposits	-	-	-	347,457
Due from other governments	-	-	-	4,533,208
Due from other funds	-	-	-	2,166,494
Restricted assets:				
Cash and investments with fiscal agents	-	277,832	-	277,832
Total Assets	\$ 81,570	\$ 277,832	\$ 105,671	\$ 118,642,210
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 186	\$ 5,830,285
Unearned revenues	-	-	-	1,974,538
Deposits payable	-	-	-	1,142,574
Due to other governments	-	-	-	2,279,735
Due to other funds	-	-	-	1,136,082
Total Liabilities	-	-	186	12,363,214
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	2,612,423
Deferred inflows for leases	-	-	-	5,798,749
Total Deferred Inflows of Resources	-	-	-	8,411,172
Fund Balances (Deficits):				
Nonspendable	-	-	64,625	412,082
Restricted	-	277,832	40,860	77,292,207
Committed	81,570	-	-	18,888,391
Assigned	-	-	-	1,391,273
Unassigned (Deficits)	-	-	-	(116,129)
Total Fund Balances (Deficits)	81,570	277,832	105,485	97,867,824
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 81,570	\$ 277,832	\$ 105,671	\$ 118,642,210

CITY OF VALLEJO
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

Special Revenue Funds

	Solid Waste Disposal Fund #135	State Gas Tax Fund #133	Community Development Block Grant Fund #101	HOME Program Fund #102
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	19,903	-	-	-
Intergovernmental	108,423	3,189,129	589,100	52,989
Charges for services	1,461,730	1,632,018	-	-
Use of money and property	7,521	3,242	2,530	142,576
Fines and forfeitures	15,828	-	-	-
Contributions	-	-	-	-
Other	-	10,476	-	-
Total Revenues	1,613,405	4,834,865	591,630	195,565
Expenditures:				
Current:				
Executive	-	-	-	-
Finance	-	-	-	-
Law	-	-	-	-
Community services	-	-	594,989	1,803,695
Planning and development services	-	-	-	-
Fire services	-	-	-	-
Police services	-	-	-	-
Public works	1,564,847	3,765,591	-	-
Economic Development	-	-	-	-
Information Technology	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Lease payments	-	-	-	-
Subscription payments	-	13,790	-	-
Interest and fiscal charges	-	1,060	-	-
Total Expenditures	1,564,847	3,780,441	594,989	1,803,695
Excess (Deficiency) of Revenues Over (Under) Expenditures	48,558	1,054,424	(3,359)	(1,608,130)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(1,000,000)	-	-
Subscription proceeds	-	-	-	-
Total Other Financing Sources (Uses)	-	(1,000,000)	-	-
Net Change in Fund Balances	48,558	54,424	(3,359)	(1,608,130)
Fund Balances, Beginning of Year	-	181,932	1,848,684	6,633,240
Fund Balances (Deficit), End of Year	\$ 48,558	\$ 236,356	\$ 1,845,325	\$ 5,025,110

CITY OF VALLEJO
Combing Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

(Continued)

	Special Revenue Funds			
	Hiddenbrooke Community Services District Fund #138	Mare Island Base Reuse Fund #107	Mare Island CFD 2002 Fund #112	Mare Island CFD 2005 1A (State) Fund #113
Revenues:				
Taxes	\$ -	\$ -	\$ 2,342,542	\$ -
Licenses, permits, and fees	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	716,481	-	2,134,242	281,573
Use of money and property	41,967	46,621	43,124	4,135
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Other	-	-	-	-
Total Revenues	758,448	46,621	4,519,908	285,708
Expenditures:				
Current:				
Executive	-	-	-	-
Finance	-	-	-	-
Law	-	-	-	-
Community services	-	172,141	-	-
Planning and development services	-	-	-	-
Fire services	-	-	2,470,774	-
Police services	-	-	722,000	-
Public works	676,885	-	1,084,741	215,592
Economic Development	-	-	-	-
Information Technology	-	-	-	-
Capital outlay	67,177	-	45,106	-
Debt service:				
Principal retirement	-	-	-	-
Lease payments	-	-	-	-
Subscription payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	744,062	172,141	4,322,621	215,592
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,386	(125,520)	197,287	70,116
Other Financing Sources (Uses):				
Transfers in	-	75,000	-	-
Transfers out	-	-	-	-
Subscription proceeds	-	-	-	-
Total Other Financing Sources (Uses)	-	75,000	-	-
Net Change in Fund Balances	14,386	(50,520)	197,287	70,116
Fund Balances, Beginning of Year	3,465,415	466,923	5,298,994	336,731
Fund Balances (Deficit), End of Year	\$ 3,479,801	\$ 416,403	\$ 5,496,281	\$ 406,847

CITY OF VALLEJO
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds			
	Mare Island CFD 2005 1B (Local) Fund #114	Hazmat Revolving Fund #143	Justice Assistance Grant Fund #149	Supplemental Law Enforcement Grant Fund #151
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-
Intergovernmental	-	-	230,531	308,103
Charges for services	-	46,587	-	-
Use of money and property	13,051	798	-	5,003
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Other	-	-	-	-
Total Revenues	13,051	47,385	230,531	313,106
Expenditures:				
Current:				
Executive	-	-	-	-
Finance	-	-	-	-
Law	-	-	-	-
Community services	-	-	-	-
Planning and development services	-	-	-	-
Fire services	-	-	-	-
Police services	-	-	150,531	226,059
Public works	161,451	7,869	-	-
Economic Development	-	-	-	-
Information Technology	-	-	-	-
Capital outlay	-	-	306,956	-
Debt service:				
Principal retirement	-	-	-	-
Lease payments	-	-	-	-
Subscription payments	-	-	80,000	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	161,451	7,869	537,487	226,059
Excess (Deficiency) of Revenues Over (Under) Expenditures	(148,400)	39,516	(306,956)	87,047
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Subscription proceeds	-	-	306,956	-
Total Other Financing Sources (Uses)	-	-	306,956	-
Net Change in Fund Balances	(148,400)	39,516	-	87,047
Fund Balances, Beginning of Year	1,229,536	57,778	-	356,647
Fund Balances (Deficit), End of Year	\$ 1,081,136	\$ 97,294	\$ -	\$ 443,694

CITY OF VALLEJO
 Combing Statement of Revenues,
 Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2023

(Continued)

	Special Revenue Funds			
	Traffic Offender / Vehicle Impound Program Fund #140	Landscape Maintenance Districts Fund #161-188	Emergency Disaster Fund #109	Office of Traffic Safety Fund #146
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	12,759	-	-	-
Intergovernmental	-	-	9,494	89,383
Charges for services	-	4,170,782	-	-
Use of money and property	1,163	193,481	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Other	-	-	-	-
Total Revenues	13,922	4,364,263	9,494	89,383
Expenditures:				
Current:				
Executive	-	-	-	-
Finance	-	-	-	-
Law	-	-	-	-
Community services	-	-	59,450	-
Planning and development services	-	-	-	-
Fire services	-	-	-	-
Police services	2,580	-	-	89,383
Public works	-	3,011,782	-	-
Economic Development	-	-	-	-
Information Technology	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Lease payments	-	-	-	-
Subscription payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	2,580	3,011,782	59,450	89,383
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,342	1,352,481	(49,956)	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Subscription proceeds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	11,342	1,352,481	(49,956)	-
Fund Balances, Beginning of Year	99,425	16,825,021	629,387	-
Fund Balances (Deficit), End of Year	\$ 110,767	\$ 18,177,502	\$ 579,431	\$ -

CITY OF VALLEJO
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds			
	Outside Services Fund #129	Administrative Trust Fund #601	State Lands Fund #134	Neighborhood Stabilization Program Fund #103
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	645,353	-	-	-
Use of money and property	11,472	2,216	585,848	6,523
Fines and forfeitures	-	-	-	-
Contributions	-	18,439	-	-
Other	-	-	-	-
Total Revenues	656,825	20,655	585,848	6,523
Expenditures:				
Current:				
Executive	-	-	-	-
Finance	-	-	-	-
Law	-	-	-	-
Community services	-	-	31,528	1,147
Planning and development services	306,146	-	-	-
Fire services	-	-	-	-
Police services	-	18,439	-	-
Public works	6,616	-	-	-
Economic Development	146,414	-	-	-
Information Technology	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Lease payments	-	-	-	-
Subscription payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	459,176	18,439	31,528	1,147
Excess (Deficiency) of Revenues Over (Under) Expenditures	197,649	2,216	554,320	5,376
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(6,399)	(2,216)	-	-
Subscription proceeds	-	-	-	-
Total Other Financing Sources (Uses)	(6,399)	(2,216)	-	-
Net Change in Fund Balances	191,250	-	554,320	5,376
Fund Balances, Beginning of Year	-	-	135,189	2,208,940
Fund Balances (Deficit), End of Year	\$ 191,250	\$ -	\$ 689,509	\$ 2,214,316

CITY OF VALLEJO
Combing Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

(Continued)

	Special Revenue Funds		Capital Projects Funds	
	Navigation Center #191	NLP Nuisance Abatement Fund #147	Capital Outlay Fund #201	Transportation Impact Mitigation Fund #203
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	247,217	1,708,156
Intergovernmental	-	-	-	-
Charges for services	-	-	66,753	-
Use of money and property	56,089	2,521	163,785	46,388
Fines and forfeitures	-	1,601	-	-
Contributions	-	-	-	-
Other	-	38,708	267,012	-
Total Revenues	56,089	42,830	744,767	1,754,544
Expenditures:				
Current:				
Executive	-	-	18,042	-
Finance	-	-	48,554	-
Law	-	100,000	-	-
Community services	-	-	-	-
Planning and development services	-	-	-	-
Fire services	-	-	-	-
Police services	-	-	-	-
Public works	-	-	408,964	4,500
Economic Development	-	-	969,294	-
Information Technology	-	-	191,114	-
Capital outlay	-	-	8,143,763	462,903
Debt service:				
Principal retirement	-	-	419,517	-
Lease payments	-	-	745	-
Subscription payments	-	-	550,985	-
Interest and fiscal charges	-	-	46,162	-
Total Expenditures	-	100,000	10,797,140	467,403
Excess (Deficiency) of Revenues Over (Under) Expenditures	56,089	(57,170)	(10,052,373)	1,287,141
Other Financing Sources (Uses):				
Transfers in	-	-	10,457,500	-
Transfers out	-	-	-	-
Subscription proceeds	-	-	334,841	-
Total Other Financing Sources (Uses)	-	-	10,792,341	-
Net Change in Fund Balances	56,089	(57,170)	739,968	1,287,141
Fund Balances, Beginning of Year	5,050,290	281,639	18,812,728	3,687,810
Fund Balances (Deficit), End of Year	\$ 5,106,379	\$ 224,469	\$ 19,552,696	\$ 4,974,951

CITY OF VALLEJO
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

Capital Projects Funds

	Hiddenbrooke Overpass Fund #211	Bridge Construction Fund #204	Northgate Fee & Benefit District #94-1 Fund #208	Arts and Convention Center Fund #206
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	83,550	2,254	2,623	867
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Other	-	-	-	-
Total Revenues	83,550	2,254	2,623	867
Expenditures:				
Current:				
Executive	-	-	-	-
Finance	-	-	-	-
Law	-	-	-	-
Community services	-	-	-	-
Planning and development services	-	-	-	-
Fire services	-	-	-	-
Police services	-	-	-	-
Public works	4,500	4,500	4,500	-
Economic Development	-	-	-	-
Information Technology	-	-	-	-
Capital outlay	457,013	21,127	-	-
Debt service:				
Principal retirement	-	-	-	-
Lease payments	-	-	-	-
Subscription payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	461,513	25,627	4,500	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(377,963)	(23,373)	(1,877)	867
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(12,060)	(12,144)	-	(478,980)
Subscription proceeds	-	-	-	-
Total Other Financing Sources (Uses)	(12,060)	(12,144)	-	(478,980)
Net Change in Fund Balances	(390,023)	(35,517)	(1,877)	(478,113)
Fund Balances, Beginning of Year	7,746,360	370,780	238,213	1,511,802
Fund Balances (Deficit), End of Year	\$ 7,356,337	\$ 335,263	\$ 236,336	\$ 1,033,689

CITY OF VALLEJO
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

(Continued)

	Capital Projects Funds			
	Mare Island CFD 2005 1A Facilities Fund #213	Traffic Congestion Relief Fund #219	Capital Grant & Contribution Fund #221	Neighborhood Park-Dev Fee Fund #137
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-	1,821,082
Intergovernmental	-	-	14,950,923	-
Charges for services	100,007	-	-	-
Use of money and property	19,424	30,108	-	21,770
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Other	-	-	13,219	-
Total Revenues	119,431	30,108	14,964,142	1,842,852
Expenditures:				
Current:				
Executive	-	-	-	-
Finance	-	-	-	-
Law	-	-	-	-
Community services	-	-	-	-
Planning and development services	-	-	-	-
Fire services	-	-	-	-
Police services	-	-	28,240	-
Public works	11,312	-	-	-
Economic Development	-	-	575,755	-
Information Technology	-	-	-	-
Capital outlay	-	596,617	14,574,265	-
Debt service:				
Principal retirement	-	-	-	-
Lease payments	-	-	-	-
Subscription payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	11,312	596,617	15,178,260	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	108,119	(566,509)	(214,118)	1,842,852
Other Financing Sources (Uses):				
Transfers in	-	1,000,000	-	-
Transfers out	-	-	-	-
Subscription proceeds	-	-	-	-
Total Other Financing Sources (Uses)	-	1,000,000	-	-
Net Change in Fund Balances	108,119	433,491	(214,118)	1,842,852
Fund Balances, Beginning of Year	1,721,769	2,807,117	97,989	1,230,514
Fund Balances (Deficit), End of Year	\$ 1,829,888	\$ 3,240,608	\$ (116,129)	\$ 3,073,366

CITY OF VALLEJO
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

Capital Projects Funds

	Longterm Maintenance Fund #223	Columbus Parkway Improvement Fund #224	Empress Theater Fund #225	Road Maint/Rehab Act Fund #226
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 2,807,342
Licenses, permits, and fees	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	401,253	-	-
Use of money and property	3,903	23,004	169	63,942
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Other	-	-	2,154	-
Total Revenues	3,903	424,257	2,323	2,871,284
Expenditures:				
Current:				
Executive	-	-	-	-
Finance	-	-	-	-
Law	-	-	-	-
Community services	-	-	-	-
Planning and development services	-	-	-	-
Fire services	-	-	-	-
Police services	-	-	-	-
Public works	-	4,500	957	4,500
Economic Development	-	-	-	-
Information Technology	-	-	-	-
Capital outlay	86,414	3,025	-	747,924
Debt service:				
Principal retirement	-	-	-	-
Lease payments	-	-	-	-
Subscription payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	86,414	7,525	957	752,424
Excess (Deficiency) of Revenues Over (Under) Expenditures	(82,511)	416,732	1,366	2,118,860
Other Financing Sources (Uses):				
Transfers in	-	-	31,000	-
Transfers out	-	-	-	-
Subscription proceeds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	31,000	-
Net Change in Fund Balances	(82,511)	416,732	32,366	2,118,860
Fund Balances, Beginning of Year	352,654	2,009,774	11,753	5,155,876
Fund Balances (Deficit), End of Year	\$ 270,143	\$ 2,426,506	\$ 44,119	\$ 7,274,736

CITY OF VALLEJO
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023

	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Permanent Fund</u>	
	<u>Waterfront History Park Fund #227</u>	<u>Certificates of Participation Fund #-Various</u>	<u>McCune Collection Fund #603</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 5,149,884
Licenses, permits, and fees	-	-	-	3,809,117
Intergovernmental	-	-	-	19,528,075
Charges for services	-	-	-	11,656,779
Use of money and property	923	4,663	1,161	1,638,415
Fines and forfeitures	-	-	-	17,429
Contributions	-	-	-	18,439
Other	-	-	-	331,569
Total Revenues	923	4,663	1,161	42,149,707
Expenditures:				
Current:				
Executive	-	-	-	18,042
Finance	-	-	-	48,554
Law	-	-	-	100,000
Community services	-	-	-	2,662,950
Planning and development services	-	-	256	306,402
Fire services	-	-	-	2,470,774
Police services	-	-	-	1,237,232
Public works	4,500	9,000	-	10,957,107
Economic Development	-	-	-	1,691,463
Information Technology	-	-	-	191,114
Capital outlay	-	-	-	25,512,290
Debt service:				
Principal retirement	-	935,190	-	1,354,707
Lease payments	-	-	-	745
Subscription payments	-	-	-	644,775
Interest and fiscal charges	-	195,554	-	242,776
Total Expenditures	4,500	1,139,744	256	47,438,931
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,577)	(1,135,081)	905	(5,289,224)
Other Financing Sources (Uses):				
Transfers in	-	1,149,232	-	12,712,732
Transfers out	-	-	-	(1,511,799)
Subscription proceeds	-	-	-	641,797
Total Other Financing Sources (Uses)	-	1,149,232	-	11,842,730
Net Change in Fund Balances	(3,577)	14,151	905	6,553,506
Fund Balances, Beginning of Year	85,147	263,681	104,580	91,314,318
Fund Balances (Deficit), End of Year	\$ 81,570	\$ 277,832	\$ 105,485	\$ 97,867,824

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Solid Waste Disposal Fund #135
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$ 11,900	\$ 11,900	\$ 19,903	\$ 8,003
Intergovernmental	-	108,423	108,423	-
Charges for services	1,484,653	1,484,653	1,461,730	(22,923)
Use of money and property	-	-	7,521	7,521
Fines and forfeitures	-	-	15,828	15,828
Total Revenues	1,496,553	1,604,976	1,613,405	8,429
EXPENDITURES:				
Current:				
Public works	1,509,388	1,617,811	1,564,847	52,964
Total Expenditures	1,509,388	1,617,811	1,564,847	52,964
NET CHANGE IN FUND BALANCES *	\$ (12,835)	\$ (12,835)	48,558	\$ 61,393
Fund Balance, July 1			-	
Fund Balance, June 30			\$ 48,558	

* The net change in fund balance was included in the budget as an appropriation (i.e. spendown) of fund balance.

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
State Gas Tax Fund #133
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 3,114,827	\$ 3,114,827	\$ 3,189,129	\$ 74,302
Charges for services	1,554,538	1,554,538	1,632,018	77,480
Use of money and property	-	-	3,242	3,242
Other	24,500	24,500	10,476	(14,024)
Total Revenues	4,693,865	4,693,865	4,834,865	141,000
EXPENDITURES:				
Current:				
Public works	3,618,911	3,851,746	3,765,591	86,155
Debt service:				
Subscription payments	-	-	13,790	(13,790)
Interest and fiscal charges	-	-	1,060	(1,060)
Total Expenditures	3,618,911	3,851,746	3,780,441	71,305
EXCESS REVENUES OVER EXPENDITURES	1,074,954	842,119	1,054,424	212,305
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,600,000)	(1,000,000)	(1,000,000)	-
Total Other Financing Sources (Uses)	(1,600,000)	(1,000,000)	(1,000,000)	-
NET CHANGE IN FUND BALANCES *	\$ (525,046)	\$ (157,881)	54,424	\$ 212,305
Fund Balance, July 1			181,932	
Fund Balance, June 30			\$ 236,356	

* The net change in fund balance was included in the budget as an appropriation (i.e. spendown) of fund balance.

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Development Block Grant Fund #101
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,004,533	\$ 2,464,071	\$ 589,100	\$ (1,874,971)
Use of money and property	15,000	15,000	2,530	(12,470)
Total Revenues	1,019,533	2,479,071	591,630	(1,887,441)
EXPENDITURES:				
Current:				
Community services	1,019,533	2,479,071	594,989	1,884,082
Total Expenditures	1,019,533	2,479,071	594,989	1,884,082
NET CHANGE IN FUND BALANCES	\$ -	\$ -	(3,359)	\$ (3,359)
Fund Balance, July 1			1,848,684	
Fund Balance, June 30			\$ 1,845,325	

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
HOME Program Fund #102
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 678,061	\$ 3,000,469	\$ 52,989	\$ (2,947,480)
Use of money and property	100,000	100,000	142,576	42,576
Total Revenues	778,061	3,100,469	195,565	(2,904,904)
EXPENDITURES:				
Current:				
Community services	778,061	3,109,380	1,803,695	1,305,685
Total Expenditures	778,061	3,109,380	1,803,695	1,305,685
NET CHANGE IN FUND BALANCES *	\$ -	\$ (8,911)	(1,608,130)	\$ (1,599,219)
Fund Balance, July 1			6,633,240	
Fund Balance, June 30			\$ 5,025,110	

* The net change in fund balance was included in the budget as an appropriation (i.e. spenddown) of fund balance.

CITY OF VALLEJO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Hiddenbrooke Community Services District Fund #138

Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$ 723,803	\$ 415,750	\$ 716,481	\$ 300,731
Use of money and property	31,821	31,821	41,967	10,146
Total Revenues	755,624	447,571	758,448	310,877
EXPENDITURES:				
Current:				
Public works	722,736	769,662	676,885	92,777
Capital outlay	-	-	67,177	(67,177)
Total Expenditures	722,736	769,662	744,062	25,600
NET CHANGE IN FUND BALANCES *	\$ 32,888	\$ (322,091)	14,386	\$ 336,477
Fund Balance, July 1			3,465,415	
Fund Balance, June 30			\$ 3,479,801	

* The net change in fund balance was included in the budget as an appropriation (i.e. spendown) of fund balance.

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Mare Island Base Reuse Fund #107
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 41,000	\$ 41,000	\$ 46,621	\$ 5,621
Total Revenues	41,000	41,000	46,621	5,621
EXPENDITURES:				
Current:				
Community services	234,395	290,780	172,141	118,639
Total Expenditures	234,395	290,780	172,141	118,639
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(193,395)	(249,780)	(125,520)	124,260
OTHER FINANCING SOURCES (USES)				
Transfers in	75,000	75,000	75,000	-
Total Other Financing Sources (Uses)	75,000	75,000	75,000	-
NET CHANGE IN FUND BALANCES *	\$ (118,395)	\$ (174,780)	(50,520)	\$ 124,260
Fund Balance, July 1			466,923	
Fund Balance, June 30			\$ 416,403	

* The net change in fund balance was included in the budget as an appropriation (i.e. spenddown) of fund balance.

CITY OF VALLEJO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Mare Island CFD 2002 Fund #112

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,911,601	\$ 1,911,601	\$ 2,342,542	\$ 430,941
Charges for services	2,141,755	2,141,755	2,134,242	(7,513)
Use of money and property	50,000	50,000	43,124	(6,876)
Total Revenues	4,103,356	4,103,356	4,519,908	416,552
EXPENDITURES:				
Current:				
Fire services	2,498,000	2,498,000	2,470,774	27,226
Police services	833,000	833,000	722,000	111,000
Public works	1,154,791	1,350,989	1,084,741	266,248
Capital outlay	-	-	45,106	(45,106)
Total Expenditures	4,485,791	4,681,989	4,322,621	359,368
NET CHANGE IN FUND BALANCES *	\$ (382,435)	\$ (578,633)	197,287	\$ 775,920
Fund Balance, July 1			5,298,994	
Fund Balance, June 30			\$ 5,496,281	

* The net change in fund balance was included in the budget as an appropriation (i.e. spenddown) of fund balance.

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Mare Island CFD 2005 1A (State) Fund #113
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 281,569	\$ 281,569	\$ 281,573	\$ 4
Use of money and property	-	-	4,135	4,135
Total Revenues	281,569	281,569	285,708	4,139
EXPENDITURES:				
Current:				
Public works	203,517	203,656	215,592	(11,936)
Total Expenditures	203,517	203,656	215,592	(11,936)
NET CHANGE IN FUND BALANCES	\$ 78,052	\$ 77,913	70,116	\$ (7,797)
Fund Balance, July 1			336,731	
Fund Balance, June 30			\$ 406,847	

CITY OF VALLEJO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Mare Island CFD 2005 1B (Local) Fund #114

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 13,051	\$ 13,051
Total Revenues	-	-	13,051	13,051
EXPENDITURES:				
Current:				
Public works	340,529	354,127	161,451	192,676
Total Expenditures	340,529	354,127	161,451	192,676
NET CHANGE IN FUND BALANCES *	<u>\$(340,529)</u>	<u>\$(354,127)</u>	<u>(148,400)</u>	<u>\$ 205,727</u>
Fund Balance, July 1			<u>1,229,536</u>	
Fund Balance, June 30			<u>\$ 1,081,136</u>	

* The net change in fund balance was included in the budget as an appropriation (i.e. spendown) of fund balance.

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Hazmat Revolving Fund #143
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 46,224	\$ 46,224	\$ 46,587	\$ 363
Use of money and property	-	-	798	798
Total Revenues	46,224	46,224	47,385	1,161
EXPENDITURES:				
Current:				
Public works	46,224	49,899	7,869	42,030
Total Expenditures	46,224	49,899	7,869	42,030
NET CHANGE IN FUND BALANCES *	\$ -	\$ (3,675)	39,516	\$ 43,191
Fund Balance, July 1			57,778	
Fund Balance, June 30			\$ 97,294	

* The net change in fund balance was included in the budget as an appropriation (i.e. spenddown) of fund balance.

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Justice Assistance Grant Fund #149
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 134,285	\$ 230,531	\$ 230,531	\$ -
Total Revenues	134,285	230,531	230,531	-
EXPENDITURES:				
Current:				
Police services	134,285	230,531	150,531	80,000
Capital outlay	-	-	306,956	(306,956)
Debt service:				
Subscription payments	-	-	80,000	(80,000)
Total Expenditures	134,285	230,531	537,487	(306,956)
EXCESS REVENUES OVER EXPENDITURES	-	-	(306,956)	(306,956)
OTHER FINANCING SOURCES (USES)				
Other financing source - subscription issued	-	-	306,956	306,956
Total Other Financing Sources (Uses)	-	-	306,956	306,956
NET CHANGE IN FUND BALANCES	\$ -	\$ -	-	\$ -
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

CITY OF VALLEJO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Supplemental Law Enforcement Grant Fund #151

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 308,103	\$ 108,103
Use of money and property	-	-	5,003	5,003
Total Revenues	200,000	200,000	313,106	113,106
EXPENDITURES:				
Current:				
Police services	292,000	479,923	226,059	253,864
Total Expenditures	292,000	479,923	226,059	253,864
NET CHANGE IN FUND BALANCES *	\$ (92,000)	\$ (279,923)	87,047	\$ 366,970
Fund Balance, July 1			356,647	
Fund Balance, June 30			\$ 443,694	

* The net change in fund balance was included in the budget as an appropriation (i.e. spenddown) of fund balance.

CITY OF VALLEJO

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Traffic Offender / Vehicle Impound Program Fund #140

Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$ 20,000	\$ 20,000	\$ 12,759	\$ (7,241)
Use of money and property	-	-	1,163	1,163
Total Revenues	20,000	20,000	13,922	(6,078)
EXPENDITURES:				
Current:				
Police services	115,000	115,000	2,580	112,420
Total Expenditures	115,000	115,000	2,580	112,420
NET CHANGE IN FUND BALANCES	\$ (95,000)	\$ (95,000)	11,342	\$ 106,342
Fund Balance, July 1			99,425	
Fund Balance, June 30			\$ 110,767	

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Landscape Maintenance Districts Fund #161-188
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 4,015,770	\$ 4,015,770	\$ 4,170,782	\$ 155,012
Use of money and property	136,602	136,602	193,481	56,879
Total Revenues	4,152,372	4,152,372	4,364,263	211,891
EXPENDITURES:				
Current:				
Public works	3,501,795	3,506,974	3,011,782	495,192
Total Expenditures	3,501,795	3,506,974	3,011,782	495,192
NET CHANGE IN FUND BALANCES	\$ 650,577	\$ 645,398	1,352,481	\$ 707,083
Fund Balance, July 1			16,825,021	
Fund Balance, June 30			\$ 18,177,502	

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Office of Traffic Safety Fund #146
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 102,000	\$ 102,000	\$ 89,383	\$ (12,617)
Total Revenues	102,000	102,000	89,383	(12,617)
EXPENDITURES:				
Current:				
Police services	102,000	102,000	89,383	12,617
Total Expenditures	102,000	102,000	89,383	12,617
NET CHANGE IN FUND BALANCES	\$ -	\$ -	-	\$ -
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Outside Services Fund #129
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 1,020,000	\$ 1,020,000	\$ 645,353	\$ (374,647)
Use of money and property	40,383	40,383	11,472	(28,911)
Total Revenues	1,060,383	1,060,383	656,825	(403,558)
EXPENDITURES:				
Current:				
Law	100,000	100,000	-	100,000
Economic development	320,000	320,000	146,414	173,586
Planning and development services	500,000	500,000	306,146	193,854
Public works	100,000	100,000	6,616	93,384
Total Expenditures	1,020,000	1,020,000	459,176	560,824
EXCESS REVENUES OVER EXPENDITURES	40,383	40,383	197,649	157,266
OTHER FINANCING SOURCES (USES)				
Transfers out	(40,383)	(40,383)	(6,399)	33,984
Total Other Financing Sources (Uses)	(40,383)	(40,383)	(6,399)	33,984
NET CHANGE IN FUND BALANCES	\$ -	\$ -	191,250	\$ 191,250
Fund Balance, July 1			-	
Fund Balance, June 30			\$ 191,250	

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Administrative Trust Fund #601
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 25,000	\$ 25,000	\$ 2,216	\$ (22,784)
Contributions	20,000	20,000	18,439	(1,561)
Total Revenues	45,000	45,000	20,655	(24,345)
EXPENDITURES:				
Current:				
Planning and development services	-	10,000	-	10,000
Police services	20,000	10,000	18,439	(8,439)
Total Expenditures	20,000	20,000	18,439	1,561
EXCESS REVENUES OVER EXPENDITURES	25,000	25,000	2,216	(22,784)
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,000)	(25,000)	(2,216)	22,784
Total Other Financing Sources (Uses)	(25,000)	(25,000)	(2,216)	22,784
NET CHANGE IN FUND BALANCES	\$ -	\$ -	-	\$ -
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
State Lands Fund #134
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 311,171	\$ 311,171	\$ 585,848	\$ 274,677
Total Revenues	311,171	311,171	585,848	274,677
EXPENDITURES:				
Current:				
Community services	211,171	211,171	31,528	179,643
Total Expenditures	211,171	211,171	31,528	179,643
EXCESS REVENUES OVER EXPENDITURES	100,000	100,000	554,320	454,320
OTHER FINANCING SOURCES (USES)				
Transfers out	(100,000)	(100,000)	-	100,000
Total Other Financing Sources (Uses)	(100,000)	(100,000)	-	100,000
NET CHANGE IN FUND BALANCES	\$ -	\$ -	554,320	\$ 554,320
Fund Balance, July 1			135,189	
Fund Balance, June 30			\$ 689,509	

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Neighborhood Stabilization Program Fund #103
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 7,000	\$ 7,000	\$ 6,523	\$ (477)
Total Revenues	7,000	7,000	6,523	(477)
EXPENDITURES:				
Current:				
Community services	7,000	526,014	1,147	524,867
Total Expenditures	7,000	526,014	1,147	524,867
NET CHANGE IN FUND BALANCES *	\$ -	\$ (519,014)	5,376	\$ 524,390
Fund Balance, July 1			2,208,940	
Fund Balance, June 30			\$ 2,214,316	

* The net change in fund balance was included in the budget as an appropriation (i.e. spenddown) of fund balance.

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
NLP Nuisance Abatement Fund #147
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 7,000	\$ 7,000	\$ 2,521	\$ (4,479)
Fines and forfeitures	-	-	1,601	1,601
Other	100,000	100,000	38,708	(61,292)
Total Revenues	107,000	107,000	42,830	(64,170)
EXPENDITURES:				
Current:				
Law	209,034	209,034	100,000	109,034
Total Expenditures	209,034	209,034	100,000	109,034
NET CHANGE IN FUND BALANCES *	\$ (102,034)	\$ (102,034)	(57,170)	\$ 44,864
Fund Balance, July 1			281,639	
Fund Balance, June 30			\$ 224,469	

* The net change in fund balance was included in the budget as an appropriation (i.e. spenddown) of fund balance.

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Navigation Center #191
Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$ 50,000	\$ 50,000	\$ 56,089	\$ 6,089
Total Revenues	50,000	50,000	56,089	6,089
NET CHANGE IN FUND BALANCES	50,000	50,000	56,089	6,089
Fund Balance, July 1			5,050,290	
Fund Balance, June 30			5,106,379	

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Certificates of Participation Fund #-Various
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 4,663	\$ 4,663
Total Revenues	-	-	4,663	4,663
EXPENDITURES:				
Current:				
Public works	9,000	9,000	9,000	-
Debt service:				
Principal	935,189	935,190	935,190	-
Interest and fiscal charges	195,555	195,554	195,554	-
Total Expenditures	1,139,744	1,139,744	1,139,744	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,139,744)	(1,139,744)	(1,135,081)	4,663
OTHER FINANCING SOURCES (USES)				
Transfers in	1,149,232	1,149,232	1,149,232	-
Total Other Financing Sources (Uses)	1,149,232	1,149,232	1,149,232	-
NET CHANGE IN FUND BALANCES	\$ 9,488	\$ 9,488	14,151	\$ 4,663
Fund Balance, July 1			263,681	
Fund Balance, June 30			\$ 277,832	

CITY OF VALLEJO
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
McCune Collection Fund #603
Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 500	\$ 500	\$ 1,161	\$ 661
Total Revenues	500	500	1,161	661
EXPENDITURES:				
Current:				
Planning and development services	2,500	2,500	256	2,244
Total Expenditures	2,500	2,500	256	2,244
NET CHANGE IN FUND BALANCES *	<u>(2,000)</u>	<u>(2,000)</u>	905	<u>2,905</u>
Fund Balance, July 1			<u>104,580</u>	
Fund Balance, June 30			<u>\$ 105,485</u>	

* The net change in fund balance was included in the budget as an appropriation (i.e. spenddown) of fund balance.

INTERNAL SERVICE FUNDS

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

CITY OF VALLEJO
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Governmental Activities - Internal Service Funds		
	Fleet		
	Maintenance/ Replacement Fund	Payroll Benefits	Retiree Health Benefits (OPEB)
Assets:			
Current:			
Cash and investments	\$ 6,264,205	\$ 53,581	\$ 722,876
Receivables:			
Accounts	56,491	104,005	-
Prepaid costs	-	-	-
Due from other funds	-	-	-
Materials, parts and supplies	223,118	-	-
Restricted:			
Cash with fiscal agent	5,000,000	-	-
Total Current Assets	11,543,814	157,586	722,876
Noncurrent:			
Capital assets - net of accumulated depreciation	8,083,111	-	-
Total Noncurrent Assets	8,083,111	-	-
Total Assets	19,626,925	157,586	722,876
Deferred Outflows of Resources:			
Related to pensions	477,368	-	-
Related to OPEB	77,688	-	4,208,186
Total Deferred Outflows of Resources	555,056	-	4,208,186
Liabilities:			
Current:			
Accounts payable and accrued liabilities	204,740	15,573	49,526
Accrued interest	14,483	-	-
Employee benefits payable	49,097	142,013	-
Accrued claims and judgments	-	-	-
Loans	600,000	-	-
Total Current Liabilities	868,320	157,586	49,526
Noncurrent:			
Employee benefits payable	41,328	-	551,060
Accrued claims and judgments	-	-	-
Net pension liability	2,024,421	-	-
Net OPEB liability	106,798	-	6,781,642
Loans	4,400,000	-	-
Total Noncurrent Liabilities	6,572,547	-	7,332,702
Total Liabilities	7,440,867	157,586	7,382,228
Deferred Inflows of Resources:			
Related to pensions	22,782	-	-
Related to OPEB	94,958	-	6,029,772
Total Deferred Inflows of Resources	117,740	-	6,029,772
Net Position (Deficit):			
Invested in capital assets	8,083,111	-	-
Unrestricted (Deficit)	4,540,263	-	(8,480,938)
Total Net Position (Deficit)	\$ 12,623,374	\$ -	\$ (8,480,938)

CITY OF VALLEJO
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Governmental Activities - Internal Service Funds		
	General Liability	Workers' Comp	Totals
Assets:			
Current:			
Cash and investments	\$ 14,317,331	\$ 20,485,145	\$ 41,843,138
Receivables:			
Accounts	-	-	160,496
Prepaid costs	379,887	-	379,887
Due from other funds	-	1,136,082	1,136,082
Materials, parts and supplies	-	-	223,118
Restricted:			
Cash with fiscal agent	-	-	5,000,000
Total Current Assets	14,697,218	21,621,227	48,742,721
Noncurrent:			
Capital assets - net of accumulated depreciation	-	-	8,083,111
Total Noncurrent Assets	-	-	8,083,111
Total Assets	14,697,218	21,621,227	56,825,832
Deferred Outflows of Resources:			
Related to pensions	205,440	205,439	888,247
Related to OPEB	22,243	22,243	4,330,360
Total Deferred Outflows of Resources	227,683	227,682	5,218,607
Liabilities:			
Current:			
Accounts payable and accrued liabilities	207,966	37,900	515,705
Accrued interest	-	-	14,483
Employee benefits payable	11,477	11,477	214,064
Accrued claims and judgments	4,320,288	2,838,090	7,158,378
Loans	-	-	600,000
Total Current Liabilities	4,539,731	2,887,467	8,502,630
Noncurrent:			
Employee benefits payable	7,960	7,960	608,308
Accrued claims and judgments	8,517,712	12,714,910	21,232,622
Net pension liability	915,810	915,809	3,856,040
Net OPEB liability	26,700	26,700	6,941,840
Loans	-	-	4,400,000
Total Noncurrent Liabilities	9,468,182	13,665,379	37,038,810
Total Liabilities	14,007,913	16,552,846	45,541,440
Deferred Inflows of Resources:			
Related to pensions	10,306	10,306	43,394
Related to OPEB	23,739	23,739	6,172,208
Total Deferred Inflows of Resources	34,045	34,045	6,215,602
Net Position (Deficit):			
Invested in capital assets	-	-	8,083,111
Unrestricted (Deficit)	882,943	5,262,018	2,204,286
Total Net Position (Deficit)	\$ 882,943	\$ 5,262,018	\$ 10,287,397

CITY OF VALLEJO
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds		
	Fleet		Retiree Health
	Maintenance/ Replacement Fund	Payroll Benefits	Benefits (OPEB)
Operating Revenues:			
Sales and service charges	\$ 5,573,448	\$ -	\$ 3,187,138
Other	62,070	-	-
Total Operating Revenues	5,635,518	-	3,187,138
Operating Expenses:			
Operations expenses	3,043,553	-	325,107
Insurance and claims	-	-	-
Depreciation expense	1,711,577	-	-
Total Operating Expenses	4,755,130	-	325,107
Operating Income (Loss)	880,388	-	2,862,031
Nonoperating Revenues:			
Investment income	63,333	-	6,708
Interest expense	(79,233)	-	-
Gain on disposal of capital assets	58,897	-	-
Total Nonoperating Revenues	42,997	-	6,708
Income (Loss) Before Transfers	923,385	-	2,868,739
Transfers in	79,922	-	-
Transfers out	(111,041)	-	-
Changes in Net Position	892,266	-	2,868,739
Net Position (Deficit):			
Beginning of Year (Deficit)	11,731,108	-	(11,349,677)
End of Fiscal Year (Deficit)	\$ 12,623,374	\$ -	\$ (8,480,938)

CITY OF VALLEJO
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds		
	General Liability	Workers' Comp	Totals
Operating Revenues:			
Sales and service charges	\$ 8,943,000	\$ 5,794,975	\$ 23,498,561
Other	380,251	-	442,321
Total Operating Revenues	9,323,251	5,794,975	23,940,882
Operating Expenses:			
Operations expenses	1,747,862	847,573	5,964,095
Insurance and claims	8,888,368	3,067,510	11,955,878
Depreciation expense	-	-	1,711,577
Total Operating Expenses	10,636,230	3,915,083	19,631,550
Operating Income (Loss)	(1,312,979)	1,879,892	4,309,332
Nonoperating Revenues:			
Investment income	142,635	204,490	417,166
Interest expense	-	-	(79,233)
Gain on disposal of capital assets	-	-	58,897
Total Nonoperating Revenues	142,635	204,490	396,830
Income (Loss) Before Transfers	(1,170,344)	2,084,382	4,706,162
Transfers in	-	-	79,922
Transfers out	-	-	(111,041)
Changes in Net Position	(1,170,344)	2,084,382	4,675,043
Net Position (Deficit):			
Beginning of Year (Deficit)	2,053,287	3,177,636	5,612,354
End of Fiscal Year (Deficit)	\$ 882,943	\$ 5,262,018	\$ 10,287,397

CITY OF VALLEJO
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds		
	Fleet		Retiree Health
	Maintenance/ Replacement Fund	Payroll Benefits	Benefits (OPEB)
Cash Flows from Operating Activities:			
Receipts from customers	\$ 5,593,410	\$ 75,408,317	\$ 3,187,138
Payments to suppliers	(2,186,335)	-	-
Payments to or on behalf of employees	(1,162,459)	(75,827,490)	(2,983,300)
Claims paid	-	-	-
Net Cash Provided (Used) by Operating Activities	2,244,616	(419,173)	203,838
Cash Flows from Non-Capital			
Financing Activities:			
Interfund receipts	79,922	-	-
Interfund payments	(111,041)	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(31,119)	-	-
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(1,161,390)	-	-
Interest paid on capital debt	(64,750)	-	-
New loan proceeds	5,000,000	-	-
Proceeds on sale of capital assets	73,693	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	3,847,553	-	-
Cash Flows from Investing Activities:			
Investment income (losses)	63,333	-	6,708
Net Cash Provided (Used) by Investing Activities	63,333	-	6,708
Net Increase (Decrease) in Cash and Cash Equivalents	6,124,383	(419,173)	210,546
Cash and Cash Equivalents at Beginning of Year	5,139,822	472,754	512,330
Cash and Cash Equivalents at End of Year	\$ 11,264,205	\$ 53,581	\$ 722,876
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 880,388	\$ -	\$ 2,862,031
Adjustments to Reconcile Operating Income (Loss)			
Net Cash Provided (Used) by Operating Activities:			
Depreciation	1,711,577	-	-
Changes in pension related items	(63,406)	-	-
Changes in OPEB related items	(105,892)	-	(2,798,835)
(Increase) decrease in accounts receivable, net	(42,108)	(64,261)	-
(Increase) decrease in inventory and prepaids	(5,292)	24,997	-
Increase (decrease) in accounts payable and other accrued expenses	(153,874)	(54,373)	49,526
Increase (decrease) in claims payable	-	-	-
Increase (decrease) in employee benefits payable	23,223	(325,536)	91,116
Total Adjustments	1,364,228	(419,173)	(2,658,193)
Net Cash Provided (Used) by Operating Activities	\$ 2,244,616	\$ (419,173)	\$ 203,838

CITY OF VALLEJO
Combing Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds		
	General Liability	Workers' Comp	Totals
Cash Flows from Operating Activities:			
Receipts from customers	\$ 9,323,251	\$ 5,794,975	\$ 99,307,091
Payments to suppliers	(5,282,251)	(968,109)	(8,436,695)
Payments to or on behalf of employees	(386,072)	(386,064)	(80,745,385)
Claims paid	(2,086,464)	(2,284,135)	(4,370,599)
Net Cash Provided (Used) by Operating Activities	1,568,464	2,156,667	5,754,412
Cash Flows from Non-Capital Financing Activities:			
Interfund receipts	-	-	79,922
Interfund payments	-	6,939,062	6,828,021
Net Cash Provided (Used) by Non-Capital Financing Activities	-	6,939,062	6,907,943
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	-	-	(1,161,390)
Interest paid on capital debt	-	-	(64,750)
New loan proceeds	-	-	5,000,000
Proceeds on sale of capital assets	-	-	73,693
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	3,847,553
Cash Flows from Investing Activities:			
Investment income (losses)	142,635	204,490	417,166
Net Cash Provided (Used) by Investing Activities	142,635	204,490	417,166
Net Increase (Decrease) in Cash and Cash Equivalents	1,711,099	9,300,219	16,927,074
Cash and Cash Equivalents at Beginning of Year	12,606,232	11,184,926	29,916,064
Cash and Cash Equivalents at End of Year	\$ 14,317,331	\$ 20,485,145	\$ 46,843,138
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (1,312,979)	\$ 1,879,892	\$ 4,309,332
Adjustments to Reconcile Operating Income (Loss) Net Cash Provided (Used) by Operating Activities:			
Depreciation	-	-	1,711,577
Changes in pension related items	(165)	(165)	(63,736)
Changes in OPEB related items	(12,621)	(12,621)	(2,929,969)
(Increase) decrease in accounts receivable, net	-	-	(106,369)
(Increase) decrease in inventory and prepaids	(111,332)	-	(91,627)
Increase (decrease) in accounts payable and other accrued expenses	69,807	27,807	(61,107)
Increase (decrease) in claims payable	2,928,000	254,000	3,182,000
Increase (decrease) in employee benefits payable	7,754	7,754	(195,689)
Total Adjustments	2,881,443	276,775	1,445,080
Net Cash Provided (Used) by Operating Activities	\$ 1,568,464	\$ 2,156,667	\$ 5,754,412

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CUSTODIAL FUNDS

The City's Custodial Funds include the Improvement Districts and Assessment Districts Funds. These funds account for the collection of assessment and the disbursement to district bond holders for debt without City commitment.

The Asset Seizure Fund #139 accounts for monies received from police confiscated drug money and property. Funds are held until final court disposition is received. The funds are then restricted for police related activities only.

CITY OF VALLEJO
Combining Statement of Fiduciary Net Position
All Custodial Funds
June 30, 2023

	Hiddenbrooke Improvement District	NE Quadrant Improvement District 2003-01	Asset Seizure Fund #139	Totals
Assets:				
Cash and investments	\$ 2,236,669	\$ 568,939	\$ 315,962	\$ 3,121,570
Restricted cash and investments with fiscal agents	3,161,347	515,012	-	3,676,359
Total Assets	5,398,016	1,083,951	315,962	6,797,929
Liabilities:				
Accrued interest	134,815	83,973	-	218,788
Deposits payable	-	-	257,152	257,152
Due to other governments	-	-	7,353	7,353
Bonds payable:				
Due within one year	615,000	250,000	-	865,000
Due in more than one year	6,390,000	3,885,000	-	10,275,000
Total Liabilities	7,139,815	4,218,973	264,505	11,623,293
Net Position (Deficit):				
Restricted for governments, individuals or other organizations	(1,741,799)	(3,135,022)	51,457	(4,825,364)
Total Net Position (Deficit)	\$ (1,741,799)	\$ (3,135,022)	\$ 51,457	\$ (4,825,364)

CITY OF VALLEJO
Combining Statement of Changes in Fiduciary Net Position
All Custodial Funds
Year Ended June 30, 2023

	Hiddenbrooke Improvement District	NE Quadrant Improvement District 2003-01	Asset Seizure Fund #139	Totals
Additions:				
Investment earnings	\$ 110,457	\$ 19,741	\$ 3,614	\$ 133,812
Collections for assessment districts	1,682,688	526,950	-	2,209,638
Total Additions	1,793,145	546,691	3,614	2,343,450
Deductions:				
Administrative expenses	37,844	16,897	17,488	72,229
Interest and fiscal charges	280,303	172,396	-	452,699
Total Deductions	318,147	189,293	17,488	524,928
Net Increase (Decrease) in Fiduciary Net Position	1,474,998	357,398	(13,874)	1,818,522
Net Position (Deficit) - Beginning	(3,216,797)	(3,492,420)	-	(6,709,217)
Restatement of Net Position	-	-	65,331	65,331
Net Position - Beginning, as Restated	(3,216,797)	(3,492,420)	65,331	(6,643,886)
Net Position (Deficit) - Ending	\$ (1,741,799)	\$ (3,135,022)	\$ 51,457	\$ (4,825,364)

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STATISTICAL SECTION

This part of the City'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 says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time:

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and sales tax:

- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Taxes Rates
- Top 10 Principal Property Tax Payers
- Property Tax Levies and Collections
- Taxable Sales by Category
- Top 25 Principal Sales Tax Payers

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

- Ratios of Outstanding Debt by Type
- Direct and Overlapping Debt
- Legal Debt Margin Information
- Pledged Revenue Coverage

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

- Demographic and Economic Statistics
- Top 10 Principal Employers
- Full-time and Part-time City Employees by Function

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

- Operating Indicators by Function
- Capital Asset Statistics by Function

Sources

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

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CITY OF VALLEJO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net Investment in Capital Assets	\$ 318,630,233	\$ 313,312,203	\$ 314,654,942	\$ 318,636,371	\$ 316,622,007	\$ 315,888,276	\$ 331,744,314	\$ 336,111,810	\$ 339,879,627	\$ 326,351,901
Restricted	70,125,586	65,421,676	68,373,151	70,545,240	69,927,367	75,368,245	91,815,092	98,105,543	103,743,509	120,704,287
Unrestricted	9,621,946	(191,225,009)	(177,003,436)	(174,091,484)	(187,401,484)	(182,328,859)	(217,444,163)	(213,528,457)	(183,889,225)	(166,885,523)
Total governmental activities net position	\$ 398,377,765	\$ 187,508,870	\$ 206,024,657	\$ 215,090,127	\$ 199,147,850	\$ 208,927,662	\$ 206,115,243	\$ 220,688,896	\$ 259,733,911	\$ 280,170,665
Business-type activities:										
Net Investment in Capital Assets	\$ 40,466,687	\$ 38,170,671	\$ 40,191,379	\$ 40,778,629	\$ 44,251,622	\$ 53,757,390	\$ 59,614,105	\$ 59,196,628	\$ 61,267,522	\$ 69,861,200
Restricted	5,253,775	5,253,774	5,253,836	5,258,610	5,274,585	5,533,393	510,893	27,358	27,454	35,101
Unrestricted	23,707,740	1,294,897	(75,800)	1,842,145	(4,749,417)	(7,477,516)	(1,240,554)	8,016,703	17,840,762	24,330,234
Total business-type activities net position	\$ 69,428,202	\$ 44,719,342	\$ 45,369,415	\$ 47,879,384	\$ 44,776,790	\$ 51,813,267	\$ 58,884,384	\$ 67,240,889	\$ 79,135,738	\$ 94,226,535
Primary government:										
Net Investment in Capital Assets	\$ 359,096,920	\$ 351,482,874	\$ 354,846,321	\$ 359,415,000	\$ 360,873,629	\$ 369,645,666	\$ 391,358,419	\$ 395,308,438	\$ 401,147,149	\$ 396,213,101
Restricted	75,379,361	70,675,450	73,626,987	75,803,850	75,201,952	80,901,638	92,325,925	98,132,901	103,770,963	120,739,388
Unrestricted	33,329,686	(189,930,112)	(177,079,236)	(172,249,339)	(192,150,901)	(189,806,375)	(218,684,717)	(205,511,754)	(166,048,463)	(142,555,289)
Total primary government net position	\$ 467,805,967	\$ 232,228,212	\$ 251,394,072	\$ 262,969,511	\$ 243,924,680	\$ 260,740,929	\$ 264,989,627	\$ 287,929,585	\$ 338,869,649	\$ 374,397,200

Notes: ¹ Effective fiscal year 2013 and beyond, the presentation of some financial data has changed to reflect the effects of the implementation of GASB 61 which eliminated the inclusion of the Vallejo Sanitation and Flood Control District as part of the primary government. This results in the financial activities of the Vallejo Sanitation and Flood Control District being discretely presented in the Component Unit column of the Statement of Net Position and the Statement of Activities. The City did not retroactively restate the amounts prior to FY 2013 for the Net Position related to the implementation of GASB 61.

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

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

⁴ The City implemented the provisions of GASB Statement 75 in fiscal year 2018. Prior amounts have not been restated.

CITY OF VALLEJO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
Legislative and Advisory Executive	\$ 213,736	\$ 268,785	\$ 257,208	\$ 244,300	\$ 342,413	\$ 321,914	\$ 275,873	\$ 260,517	\$ 183,493	\$ 268,285
Finance	3,844,344	3,817,882	2,386,112	2,795,092	3,217,242	5,346,942	5,213,762	5,155,236	5,936,409	3,922,277
Human Resources	1,770,592	1,654,071	2,009,568	2,046,341	2,296,973	2,019,164	1,778,234	1,718,818	1,777,407	2,309,944
Law	930,294	1,034,655	1,390,288	988,831	1,382,503	1,936,821	1,918,967	2,106,513	1,445,826	1,189,506
Development Services	1,079,614	694,447	976,895	1,289,690	1,678,985	1,737,644	1,451,392	1,268,519	1,372,165	1,790,270
Community Services	2,504,558	2,701,130	2,954,366	2,925,237	3,572,495	3,484,093	3,162,626	3,551,702	3,128,576	3,252,772
Planning and Development Services	32,366,219	26,801,601	27,801,563	27,348,207	29,603,111	34,843,093	31,626,149	35,519,702	31,285,761	31,281,595
Fire services	23,628,510	24,689,484	24,573,111	27,384,860	31,978,352	5,641,584	4,636,674	3,966,578	3,155,793	4,699,503
Police services	31,988,288	36,412,375	38,994,284	42,345,792	50,291,924	47,724,576	54,926,532	56,088,783	40,952,101	52,545,100
Public Works	24,633,518	35,650,143	29,491,475	29,016,544	30,289,374	28,195,131	31,891,067	29,512,952	26,058,635	29,171,861
Economic Development	-	-	-	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	196,404	541,370	462,398	438,450	414,286	388,381	429,730	413,217	399,242	1,875,881
Total governmental activities expenses	123,136,077	134,265,943	131,297,268	136,823,344	154,967,658	158,324,447	169,027,874	170,575,495	140,054,556	168,891,562
Business-type activities:										
Water	34,534,260	35,075,642	34,856,203	35,523,887	37,447,808	37,733,752	38,645,529	40,603,545	40,229,658	47,140,784
Other proprietary funds	5,230,382	6,447,594	5,622,800	6,135,549	6,734,578	6,738,082	8,046,603	7,179,748	5,998,294	6,951,267
Total business-type activities expenses	39,764,642	41,523,236	40,479,003	41,659,436	44,182,386	44,471,834	46,692,132	47,783,293	46,227,952	54,092,051
Total primary government expenses	\$ 162,900,719	\$ 175,789,179	\$ 171,776,271	\$ 178,482,780	\$ 199,150,044	\$ 202,796,281	\$ 215,720,006	\$ 218,358,788	\$ 186,282,508	\$ 222,983,613
Program Revenues										
Governmental activities:										
Charges for services	\$ 18,819,481	\$ 24,461,121	\$ 24,632,362	\$ 24,510,980	\$ 25,711,785	\$ 27,555,650	\$ 24,139,578	\$ 26,076,321	\$ 31,125,166	\$ 37,537,152
Operating grants and contributions	38,586,729	26,535,944	26,731,569	27,588,297	30,006,058	38,067,450	38,858,209	45,930,666	36,629,985	40,313,226
Capital grants and contributions	5,661,868	3,476,887	8,851,629	5,362,544	2,138,551	3,052,819	2,830,049	7,133,919	6,674,419	14,950,923
Total governmental activities program revenues	63,078,078	54,473,952	60,215,550	57,471,821	57,856,394	68,665,919	65,827,836	79,040,906	74,429,550	92,801,301
Business-type activities:										
Charges for services	42,589,807	39,476,107	37,578,399	37,952,387	45,037,505	47,293,239	50,257,187	55,330,836	57,076,781	57,985,712
Operating grants and contributions	-	22,479	25,847	123,279	36,642	38,585	38,585	59,791	2,045,021	101,602
Capital grants and contributions	331,315	1,197,727	1,383,466	3,374,785	1,018,049	998,762	198,979	389,891	342,192	2,664,229
Total business-type activities program revenues	42,921,122	40,696,313	38,987,712	41,450,451	46,055,354	48,328,643	50,494,751	55,780,518	59,463,994	60,751,543
Total primary government program revenues	\$ 105,999,200	\$ 95,170,265	\$ 99,203,262	\$ 98,922,272	\$ 103,911,948	\$ 116,994,562	\$ 116,322,587	\$ 134,821,424	\$ 133,893,544	\$ 153,552,844
Net revenue/(expense)	\$ (60,057,989)	\$ (79,791,991)	\$ (71,081,718)	\$ (79,351,523)	\$ (97,111,264)	\$ (89,658,528)	\$ (103,200,038)	\$ (91,534,589)	\$ (65,625,006)	\$ (76,090,261)
Governmental activities	3,156,480	(626,923)	(1,491,291)	(208,985)	1,873,168	3,856,809	3,802,619	7,997,225	13,236,042	6,659,492
Business-type activities	(66,901,519)	(80,618,914)	(72,573,009)	(79,560,508)	(95,238,096)	(85,801,719)	(99,397,419)	(83,537,364)	(62,388,964)	(69,430,769)

Note: Planning and Development Services were previously reported under Development Services.
Economic Development and Information Technology were previously reported under Executive.

Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year Ended June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(Continued)										
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 14,346,058	\$ 15,694,198	\$ 16,956,367	\$ 18,234,843	\$ 19,379,799	\$ 20,822,536	\$ 21,837,203	\$ 22,475,271	\$ 24,355,060	\$ 26,739,404
Sales taxes	25,583,330	26,857,325	27,767,194	29,276,208	29,626,711	32,641,720	32,457,314	38,189,547	40,866,872	45,023,671
Utility user taxes	12,610,733	12,627,342	12,994,432	13,339,264	13,107,158	12,338,425	12,329,103	13,005,333	13,322,651	15,583,618
Motor vehicles / In lieu property tax	7,640,132	8,365,437	8,526,690	9,085,386	9,685,054	10,334,622	10,941,183	11,480,266	11,959,681	13,404,343
Other taxes	9,948,063	10,654,921	12,979,029	14,868,721	15,235,443	15,082,269	15,302,220	15,864,149	16,902,706	15,776,968
Investment earnings	679,347	1,376,228	1,765,281	849,111	902,408	4,622,647	5,042,701	1,878,276	(4,859,238)	4,072,749
Gain on sale of capital assets	102,447	21,700	173,859	89,852	134,785	69,983	42,934	11,600	(1,232,481)	58,897
Insurance recoveries	3,837,952	913,838	-	-	-	-	-	-	-	-
Miscellaneous	1,535,778	5,364,701	4,868,998	5,604,775	5,241,492	5,562,802	4,113,263	3,546,379	4,468,301	4,081,444
Assets transferred to/liabilities assumed by Successor Agency	(1,591,754)	(2,685,186)	(1,728,023)	(425,935)	(2,152,823)	(2,036,704)	(1,678,302)	(342,579)	(1,113,531)	(1,859,169)
Transfers	-	-	-	-	-	-	-	-	-	-
Transfers - Capital assets	-	-	-	-	-	-	-	-	-	-
Special Item - Sale and Disposal of Mare Island Property	-	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 74,692,086	\$ 81,649,186	\$ 89,597,505	\$ 88,288,008	\$ 91,180,027	\$ 99,438,300	\$ 100,387,619	\$ 106,108,242	\$ 104,670,021	\$ 96,592,347
Business-type activities:										
Investment earnings	354,811	251,358	413,341	64,737	203,147	1,142,964	1,341,509	(18,397)	(2,504,761)	1,733,785
Miscellaneous	-	-	-	-	-	-	248,687	42,841	103,812	49,996
Gain or (Loss) on sales or transfer of assets	-	-	-	-	-	-	-	(7,943)	-	(3,201,223)
Insurance recoveries	-	69,208	-	-	-	-	-	-	-	-
Transfers	1,591,754	2,685,186	1,728,023	2,654,217	2,152,823	2,036,704	1,678,302	342,579	1,113,531	1,859,169
Transfers - Capital assets	-	-	-	-	-	-	-	-	-	7,989,578
Special Item(s) - see notes	-	-	-	-	(2,832,157)	-	-	-	-	-
Total business-type activities	\$ 1,946,565	\$ 3,005,752	\$ 2,141,364	\$ 2,718,954	\$ (476,187)	\$ 3,179,668	\$ 3,268,498	\$ 359,080	\$ (1,287,418)	\$ 8,431,305
Total primary government	\$ 76,638,651	\$ 84,654,938	\$ 91,738,869	\$ 91,006,962	\$ 90,703,840	\$ 102,617,968	\$ 103,656,117	\$ 106,467,322	\$ 103,382,603	\$ 105,023,652
Change in Net Position										
Governmental activities	\$ 14,634,087	\$ 1,857,195	\$ 18,515,787	\$ 8,936,485	\$ (5,931,237)	\$ 9,779,772	\$ (2,812,419)	\$ 14,573,653	\$ 39,045,015	\$ 20,502,086
Business-type activities	5,103,045	2,178,829	650,073	2,509,969	1,396,981	7,036,477	7,071,117	8,356,305	11,948,624	15,090,797
Total primary government	\$ 19,737,132	\$ 4,036,024	\$ 19,165,860	\$ 11,446,454	\$ (4,534,256)	\$ 16,816,249	\$ 4,258,698	\$ 22,929,958	\$ 50,993,639	\$ 35,592,883

Notes: ¹ Effective fiscal year 2013 and beyond, the presentation of some financial data has changed to reflect the effects of the implementation of GASB 61 which eliminated the inclusion of the Vallejo Sanitation and Flood Control District as part of the primary government. This results in the financial activities of the Vallejo Sanitation and Flood Control District being discretely presented in the Component Unit column of the Statement of Net Position and the Statement of Activities. The City did not retroactively restate the amounts prior to FY 2013 for the Net Position related to the implementation of GASB 61.

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

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

⁴ In fiscal year 2018, the City of American Canyon rescinded its decision to exercise an option to purchase additional water capacity rights from the City of Vallejo. A loan in the amount of \$2,832,157 (representing prior year revenue) was written off and presented as a special item.

**Fund Balances of Governmental Funds
Last Ten Fiscal Years**
(modified accrual basis of accounting)

Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 1,294,967	\$ 1,315,114	\$ 2,192,050	\$ 2,152,578	\$ 2,141,630	\$ 2,217,139	\$ 2,212,889	\$ 2,063,422	\$ 2,063,533	\$ 4,159,093
Restricted	249,697	271,572	272,885	320,738	2,269,039	4,550,387	7,137,110	11,272,510	12,874,568	22,558,076
Committed	2,617,267	2,691,002	2,251,472	1,235,078	6,810	6,332	45,321	-	-	-
Assigned	7,910,909	9,302,184	11,102,326	10,993,484	4,208,034	876,025	943,125	5,365,698	5,021,176	12,823,526
Unassigned	6,944,336	7,976,200	9,929,786	15,679,786	21,235,769	24,508,900	17,982,247	21,692,816	23,172,169	25,038,905
Total General Fund	\$ 19,017,176	\$ 21,556,072	\$ 25,748,519	\$ 30,381,664	\$ 29,861,282	\$ 32,158,783	\$ 28,320,692	\$ 40,384,446	\$ 43,131,446	\$ 64,579,600
All Other Governmental Funds										
Nonspendable	\$ 240,832	\$ 102,072	\$ 71,236	\$ 78,324	\$ 67,625	\$ 567,625	\$ 81,473	\$ 64,625	\$ 64,625	\$ 412,082
Restricted	55,992,171	55,838,343	58,248,081	60,205,695	61,118,236	66,768,664	72,615,022	83,291,818	86,535,867	93,706,275
Committed	9,045,767	6,028,419	6,806,813	8,924,377	16,777,334	25,300,037	17,885,776	15,588,495	20,637,997	19,920,134
Assigned	196,806	5,938,342	5,961,263	4,414,547	4,987,289	4,274,260	2,510,269	4,553,115	3,851,721	4,098,861
Unassigned	-	-	-	-	(9,438)	(24,825)	(595,122)	-	-	(116,129)
Total all other governmental funds	\$ 65,475,576	\$ 67,907,176	\$ 71,087,393	\$ 73,622,943	\$ 82,941,046	\$ 96,885,761	\$ 92,497,418	\$ 103,498,053	\$ 111,090,210	\$ 118,021,223

Note: ¹ The change in total fund balance for the

General Fund and other governmental funds is explained in Management's Discussion and Analysis.

² The City implemented the provisions of GASB Statement No. 54 in fiscal year 2011, and years prior to 2011 have not been restated to conform with the new presentation.

CITY OF VALLEJO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year Ended June 30										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Revenues:											
Taxes	\$ 62,488,184	\$ 65,751,608	\$ 70,410,583	\$ 75,422,419	\$ 77,629,274	\$ 83,042,168	\$ 94,720,423	\$ 103,134,495	\$ 109,686,094	\$ 119,206,407	
Licenses and permits	2,457,440	3,741,906	4,026,167	4,034,816	3,985,042	4,662,555	3,181,487	3,817,064	5,500,565	9,176,160	
Fines and forfeitures	2,337,703	1,876,686	1,878,579	1,605,515	1,706,754	1,580,309	1,132,232	965,979	1,025,271	680,833	
Intergovernmental	50,356,902	41,097,037	45,197,746	43,606,471	42,460,083	50,635,285	39,336,033	50,451,756	44,443,275	56,441,711	
Use of money and property	2,962,200	4,556,124	3,696,181	3,378,883	3,090,518	6,401,600	6,591,402	3,764,151	(2,006,546)	5,326,862	
Charges for services	16,714,747	18,866,133	19,429,149	20,257,999	21,270,315	21,595,852	18,785,318	19,036,318	20,069,339	20,887,261	
*Other	505,843	1,320,781	1,426,715	1,004,441	861,713	1,192,467	2,875,861	4,061,972	3,355,783	4,969,131	
Total revenues	137,823,019	137,210,275	146,065,120	149,310,554	151,003,689	169,110,236	166,622,537	185,231,735	182,073,781	216,688,385	
Expenditures											
Current:											
Legislative and Advisory	207,903	264,854	294,088	298,748	296,548	327,843	282,191	223,806	245,690	321,676	
Executive	3,600,970	3,794,952	2,841,913	2,758,675	2,689,380	4,944,170	4,949,359	4,958,483	4,345,600	3,257,745	
Finance	1,636,027	1,636,916	2,102,912	2,047,751	1,806,258	1,706,608	1,559,129	1,593,385	1,821,777	2,196,469	
Human resources	868,575	1,017,017	1,431,434	1,023,566	1,200,631	1,800,940	1,767,689	1,991,104	1,796,910	1,366,182	
Law	1,116,788	692,338	1,133,882	1,272,898	1,272,770	1,464,430	1,240,867	1,203,752	1,698,110	1,910,977	
Planning and Development services	2,604,488	2,755,399	3,047,840	2,955,960	3,191,261	3,919,849	4,201,831	3,887,618	3,632,335	4,896,462	
Community Services	31,197,117	26,476,837	26,457,500	26,505,452	28,619,020	34,259,733	30,404,751	33,370,821	29,397,172	28,155,884	
Fire services	23,462,547	24,645,684	25,569,791	26,514,402	27,557,155	27,962,324	30,053,612	31,157,788	33,093,529	35,132,720	
Police services	34,139,510	36,807,817	39,698,362	41,240,618	42,639,055	43,602,177	47,183,454	50,667,071	48,574,836	50,825,704	
Public works	14,543,079	16,976,530	15,123,636	14,870,274	16,658,784	17,050,014	20,944,860	16,057,504	17,593,041	19,515,004	
Economic Development	-	-	-	-	-	-	-	-	-	3,265,412	
Information Technology	-	-	-	-	-	-	-	-	-	1,896,377	
Nondepartmental	7,516,587	4,118,675	4,552,327	5,879,195	6,170,178	5,329,057	5,169,323	5,873,876	6,776,925	7,152,221	
Capital Outlay	8,826,479	12,543,661	14,073,942	11,326,920	5,930,613	10,692,669	24,823,151	20,473,183	15,486,383	25,531,128	
Debt service:											
Principal long term debt payments	397,268	746,689	927,301	963,929	988,971	1,014,954	1,232,812	2,303,276	2,001,267	3,651,707	
Principal - lease payments	-	-	-	-	-	-	-	-	15,181	17,118	
Principal - subscription payments	-	-	-	-	-	-	-	-	-	714,597	
Interest and fiscal charges	186,276	358,575	343,902	307,273	282,531	256,548	318,356	261,924	341,337	270,088	
Total expenditures	130,303,624	132,835,944	137,398,830	137,965,661	139,303,155	154,331,316	174,131,395	174,023,591	166,821,093	190,076,471	
Excess (deficiency) of revenues over (under) expenditures	7,519,395	4,374,331	8,666,290	11,344,893	11,700,544	14,778,920	(7,508,848)	11,208,144	15,252,688	26,611,914	
Other financing sources (uses):											
Issuance of Debt	44,352	-	71,185	-	-	1,700,000	1,305,000	-	-	-	
Gain (loss) on sale of assets	7,321,809	6,363,953	6,021,537	7,296,515	12,306,875	14,715,342	12,153,050	5,557,591	15,131,374	13,224,531	
Transfers in	(9,380,508)	(9,549,139)	(8,249,560)	(10,730,521)	(15,209,698)	(14,952,046)	(14,181,352)	(6,150,170)	(20,044,905)	(15,052,581)	
Proceeds from sale of capital asset	-	-	-	-	-	-	-	-	-	3,000,000	
Lease proceeds	-	-	-	-	-	-	-	-	-	18,838	
Subscription proceeds	-	-	-	-	-	-	-	-	-	641,797	
Capital Leases**	-	-	-	-	-	-	5,716	4,197,652	-	-	
Total other financing sources (uses)	(2,014,347)	(3,185,186)	(2,156,838)	(3,434,006)	(2,902,823)	1,463,296	(717,586)	3,605,073	(4,915,531)	1,832,585	
Extraordinary/Special Item:											
Assets transferred to/liabilities assumed by Successor Agency/Housing Successor	5,505,048	4,970,496	863,212	(871,177)	8,797,721	16,242,216	(8,226,434)	14,813,217	10,339,157	28,444,499	
Net change in fund balances	78,987,704	84,492,752	89,463,248	96,835,912	104,004,607	112,802,328	129,044,544	120,818,110	143,882,499	154,221,656	
Beginning fund balance	-	-	-	-	-	-	-	-	-	-	
Prior period adjustments	-	-	-	128,985	-	-	-	8,251,172	-	-	(65,332)
Ending fund balance	\$ 84,492,752	\$ 89,463,248	\$ 96,835,912	\$ 104,004,607	\$ 112,802,328	\$ 129,044,544	\$ 120,818,110	\$ 143,882,499	\$ 154,221,656	\$ 182,600,823	
Debt service as a percentage of noncapital expenditures	0%	1%	1%	1%	1%	1%	1%	2%	2%	2%	

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

**Contributions included into "other" Revenue

**Starting FY19/20 Capital Leases were added

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Former Agency/ Successor Agency to Redevelopment Agency 1

City

Fiscal Year Ended June 30	Secured	Unsecured	Nonunitary Utilities	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Nonunitary Utilities	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
2014	\$ 8,014,862,817	\$ 198,012,673	\$ 113,370	\$ (974,767,981)	\$ 7,236,200,879	\$ 321,057,973	\$ 53,344,811	\$ 132,592	\$ (55,306,295)	\$ 319,229,081	0.24622%
2015	8,790,923,985	215,615,952	113,370	(990,126,778)	8,016,526,529	343,524,473	52,435,017	132,592	(55,876,943)	340,215,139	0.24622%
2016	9,367,567,465	208,385,912	113,370	(1,014,346,016)	8,561,720,721	361,136,586	54,225,181	132,592	(51,564,900)	363,929,459	0.24622%
2017	9,898,936,162	264,304,736	139,100	(1,026,877,027)	9,126,502,971	381,547,374	60,418,999	132,692	(58,114,553)	383,984,512	0.24622%
2018	10,530,383,770	232,725,017	139,100	(1,044,877,040)	9,718,370,847	412,347,893	63,744,878	132,692	(56,382,967)	419,842,496	0.24622%
2019	11,258,416,141	193,941,296	139,100	(1,101,049,849)	10,351,446,688	439,241,925	80,832,402	132,692	(57,556,407)	462,650,612	0.24622%
2020	11,888,434,861	200,094,718	139,100	(1,121,127,644)	10,967,541,035	461,080,073	76,572,581	132,692	(52,714,453)	485,070,893	0.24622%
2021	12,423,851,007	214,557,968	187,130	(1,110,557,076)	11,528,039,029	467,285,691	74,820,597	298,432	(53,022,065)	489,382,655	0.24622%
2022	12,808,222,920	225,016,791	187,130	(1,103,212,414)	12,030,214,427	513,653,354	76,668,518	298,432	(101,566,165)	489,054,139	0.24622%
2023	13,650,391,870	237,924,316	187,130	(1,121,607,752)	12,746,695,564	532,675,863	95,132,344	298,432	(103,716,116)	524,366,521	0.24622%

NOTES:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

¹ The Redevelopment Agency, once a blended component unit of the City, was dissolved as of February 1, 2012. The Redevelopment Successor Agency financial transactions are reported in a separate trust fund.

Source: County Assessor's Office (source was actually the HDL report not assessors' office)
HDL Property Report

**Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)**

Last Ten Fiscal Years

Fiscal Year Ended June 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Direct Rates:										
City basic rate	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622
Total City Direct Rate	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622
Overlapping Rates:										
Acc Capital Outlay	0.00807	0.00807	0.00807	0.00807	0.00807	0.00807	0.00807	0.00807	0.00807	0.00807
Aviation	0.00119	0.00119	0.00119	0.00119	0.00119	0.00119	0.00119	0.00119	0.00119	0.00119
BAAQMD	0.00219	0.00219	0.00219	0.00219	0.00219	0.00219	0.00219	0.00219	0.00219	0.00219
County Free Library	0.02743	0.02743	0.02743	0.02743	0.02743	0.02743	0.02743	0.02743	0.02743	0.02743
County General	0.31331	0.31331	0.31331	0.31331	0.31331	0.31331	0.31331	0.31331	0.31331	0.31331
County School Service Fund Support	0.01134	0.01134	0.01134	0.01134	0.01134	0.01134	0.01134	0.01134	0.01134	0.01134
County Support-Board of Education	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334
Development Center	0.00217	0.00217	0.00217	0.00217	0.00217	0.00217	0.00217	0.00217	0.00217	0.00217
GVRD	0.06490	0.06490	0.06490	0.06490	0.06490	0.06490	0.06490	0.06490	0.06490	0.06490
Library Special Tax Zone 7	0.01365	0.01365	0.01365	0.01365	0.01365	0.01365	0.01365	0.01365	0.01365	0.01365
Mosquito Abatement	0.00587	0.00587	0.00587	0.00587	0.00587	0.00587	0.00587	0.00587	0.00587	0.00587
Recreation	0.00203	0.00203	0.00203	0.00203	0.00203	0.00203	0.00203	0.00203	0.00203	0.00203
Solano Community College M&O	0.02758	0.02758	0.02758	0.02758	0.02758	0.02758	0.02758	0.02758	0.02758	0.02758
Solano County Water Agency	0.01527	0.01527	0.01527	0.01527	0.01527	0.01527	0.01527	0.01527	0.01527	0.01527
Vallejo Unified School District M&O	0.24069	0.24069	0.24069	0.24069	0.24069	0.24069	0.24069	0.24069	0.24069	0.24069
Vallejo Flood & Wastewater Dis	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474
Total Prop. 13 Direct Rate	1.00000									
SC Fld State Wtr Pj Zone Ben #1	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000
Vallejo U.S.D GOB 2018 Ser 2019	-	-	-	-	-	-	0.05337	0.05461	0.00763	0.00514
SCC GOB 2012 Series D	-	-	-	-	-	-	-	0.00498	0.00452	0.00428
Vallejo U.S.D GOB 2018 Ser 2021	-	-	-	-	-	-	-	-	0.04437	0.04223
SCC GOB 2012 Series E	-	-	-	-	-	-	-	-	-	0.00028
SCC 2019 GO Refunding Bonds	-	-	-	-	-	-	-	0.00636	0.00589	0.00529
Vallejo U.S.D. 2002-A GOB Refunding	0.06850	0.06358	0.06144	0.06092	0.05450	0.05345	0.05179	0.05142	0.02366	0.03924
Vallejo U.S.D. Measure A 2002	0.01250	0.00853	0.00730	0.00660	-	-	-	-	-	-
SCC GOB Series 2005-A	0.01820	0.01299	-	-	-	-	-	-	-	-
Vallejo U.S.D. Measure A 2004	0.01305	0.01086	0.01007	0.00943	-	-	-	-	-	-
Vallejo U.S.D. Measure A - 2006	0.00711	0.00588	0.00544	0.00519	-	-	-	-	-	-
SCC GOB Series 2003-A	-	-	-	-	-	-	-	0.00700	0.00951	-
SCC 2015 GO Refunding Bonds	0.00276	0.00208	0.00178	0.00086	0.00082	0.00070	0.00073	0.00069	0.00067	0.00040
SCC GOB 2012 Series A	0.01384	0.01337	0.01232	0.01297	0.00487	0.00499	0.00512	-	0.00061	0.00082
SCC GOB 2012 Series B	0.00475	0.00387	0.00326	0.00337	0.00293	0.00322	0.00314	0.00155	-	0.00070
SCC GOB 2014 Ref Series A	-	0.00131	0.00148	0.00218	0.00176	0.00163	0.00147	0.00062	0.00063	0.01445
SCC GOB 2014 Ref Series B	-	0.00309	0.01607	0.01566	0.01405	0.01383	0.01347	0.00463	0.00540	-
SCC GOB 2012 Series C	-	-	-	-	-	0.01451	0.00812	0.00583	0.00590	-
Vallejo USD 2017 GOB Refunding	-	-	-	-	0.01453	0.01687	0.01624	0.01589	0.01472	0.01236
Total Voter Approved Rate	0.16070	0.14556	0.13917	0.13718	0.11345	0.12921	0.17344	0.17357	0.14350	0.14518
Total Direct Rate	1.16070	1.14556	1.13917	1.13718	1.11345	1.12921	1.17344	1.17357	1.14350	1.14518

NOTE:
In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which

Source: Solano County Auditor-Controller's Office

Top 10 Principal Property Tax Payers

Current Year and Nine Years Ago

Taxpayer	2023		2014	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Centro Watt Property Owner II	\$ 121,517,626	0.92%	\$ 97,025,314	1.28%
Park Management Corp.	100,996,270	0.76%	70,819,529	0.94%
The Nimitz Group	97,388,497	0.73%		
WRPV XIII BV Vallejo LLC	67,930,203	0.51%		
Prime Ascot LP	66,172,629	0.50%	57,082,444	0.76%
Invitation Homes Inc	56,888,586	0.43%		
Colony Starwood Homes	51,658,124	0.39%		
Sundance-Vallejo	39,122,035	0.29%	33,695,528	0.45%
MG Sterling Vill Apartments GWP LP	35,246,916	0.27%		
Seabridge LLC	34,995,559	0.26%		
Lennar Mare Island			48,198,468	0.64%
Hart Sterling Village Apartment LLC			26,043,302	0.34%
KW WDC Vallejo LLC			25,974,422	0.34%
Ogino LLC			25,700,889	0.34%
Lowe's			21,454,194	0.28%
Alsation Land Company			19,670,731	0.26%
Top Ten Totals	<u>\$ 671,916,445</u>	<u>5.06%</u>	<u>\$ 425,664,821</u>	<u>5.63%</u>

The amounts shown above include assessed value data for both the City and the Successor Agency to the Redevelopment Agency.

Source: County Assessor's Office
HDL Report

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2014	\$ 14,207,379	\$ 14,036,515	98.80%	not available	not available	n.a.
2015	15,455,643	15,302,850	99.01%	not available	not available	n.a.
2016	16,777,951	16,639,813	99.18%	not available	not available	n.a.
2017	17,871,269	17,701,555	99.05%	not available	not available	n.a.
2018	18,973,138	18,802,785	99.10%	not available	not available	n.a.
2019	20,452,300	20,208,077	98.81%	not available	not available	n.a.
2020	21,358,167	21,153,216	99.04%	not available	not available	n.a.
2021	21,982,450	21,758,623	98.98%	not available	not available	n.a.
2022	23,463,126	23,264,974	99.16%	not available	not available	n.a.
2023	25,011,207	24,727,979	98.87%	not available	not available	n.a.

NOTE: The amounts presented include only City property taxes (excluding Successor Redevelopment Agency tax increment).

Source: Solano County Auditor-Controller's Office

CITY OF VALLEJO

Taxable Sales by Category
Last Ten Calendar Years

ANNUAL COMPREHENSIVE FINANCIAL REPORT

State Board of Equalization Major Business Categories	Calendar Yr 2013		Calendar Yr 2014		Calendar Yr 2015		Calendar Yr 2016		Calendar Yr 2017		Calendar Yr 2018		Calendar Yr 2019		Calendar Yr 2020		Calendar Yr 2021		Calendar Yr 2022		YTD % change Prior YR	
	Totals		Totals		Totals		Totals		Totals		Totals		Totals		Totals		Totals		Totals			
Retail Group	\$ 758,982	\$ 729,060	\$ 774,468	\$ 824,990	\$ 885,616	\$ 923,646	\$ 981,231	\$ 969,422	\$ 1,341,277	\$ 1,191,788	\$ 1,191,788	\$ 1,191,788	\$ 1,341,277	\$ 969,422	\$ 1,341,277	\$ 1,191,788	\$ 1,341,277	\$ 1,191,788	\$ 1,341,277	\$ 1,191,788	-11%	
Apparel Stores	4,810,138	5,141,839	5,689,553	6,015,344	5,854,553	5,992,440	5,570,340	5,334,893	8,035,777	7,039,442	7,039,442	7,039,442	8,035,777	5,334,893	8,035,777	7,039,442	8,035,777	7,039,442	8,035,777	7,039,442	-12%	
Auto Dealers and Supplies	1,690,133	1,720,598	1,872,305	2,029,294	2,201,144	2,384,933	2,468,316	2,468,316	2,201,144	2,384,933	2,384,933	2,468,316	2,201,144	2,468,316	2,468,316	2,468,316	2,468,316	2,468,316	2,468,316	2,468,316	2,468,316	0%
Building Materials	395,157	471,278	496,641	707,335	778,821	835,848	976,190	976,190	778,821	835,848	835,848	976,190	778,821	976,190	976,190	976,190	976,190	976,190	976,190	976,190	976,190	-19%
Drug Stores	2,483,150	2,665,448	2,906,373	3,186,830	3,365,913	3,499,200	3,937,422	3,519,029	3,365,913	3,499,200	3,499,200	3,937,422	3,365,913	3,519,029	3,519,029	3,519,029	3,519,029	3,519,029	3,519,029	3,519,029	3,519,029	5%
Eating and Drinking Places	1,139,899	1,209,115	1,291,787	1,119,244	1,078,298	1,050,666	1,089,395	1,151,043	1,151,043	1,078,298	1,050,666	1,089,395	1,151,043	1,151,043	1,151,043	1,151,043	1,151,043	1,151,043	1,151,043	1,151,043	1,151,043	5%
Food Stores	1,416,513	1,466,057	1,495,456	1,522,174	1,563,646	1,564,041	1,581,365	1,586,826	1,563,646	1,564,041	1,564,041	1,581,365	1,586,826	1,563,646	1,563,646	1,563,646	1,563,646	1,563,646	1,563,646	1,563,646	1,563,646	-11%
Furniture and Appliances	3,118,356	3,142,565	3,157,454	3,124,309	3,444,165	3,780,355	4,082,252	4,776,231	3,444,165	3,780,355	3,780,355	4,082,252	4,776,231	3,444,165	3,444,165	3,444,165	3,444,165	3,444,165	3,444,165	3,444,165	3,444,165	9%
General Merchandise	1,290,156	1,305,731	1,314,263	1,455,179	1,352,784	1,304,694	1,290,973	1,297,806	1,352,784	1,304,694	1,304,694	1,290,973	1,297,806	1,352,784	1,352,784	1,352,784	1,352,784	1,352,784	1,352,784	1,352,784	1,352,784	-5%
Other Retail Stores	180,317	209,710	239,682	456,275	499,274	502,401	544,262	636,266	499,274	502,401	502,401	544,262	636,266	499,274	499,274	499,274	499,274	499,274	499,274	499,274	499,274	6%
Packaged Liquor	3,144,854	3,384,436	2,761,900	2,555,727	2,925,225	3,305,884	3,537,746	2,824,550	2,925,225	3,305,884	3,305,884	3,537,746	2,824,550	3,537,746	3,537,746	3,537,746	3,537,746	3,537,746	3,537,746	3,537,746	3,537,746	17%
Service Stations	20,427,855	21,445,837	21,989,882	22,996,701	23,949,439	24,744,108	26,059,492	26,066,339	23,949,439	24,744,108	24,744,108	26,059,492	26,066,339	23,949,439	23,949,439	23,949,439	23,949,439	23,949,439	23,949,439	23,949,439	23,949,439	-1%
Total Retail Group	55,142	46,717	51,216	51,364	57,387	65,079	72,385	43,380	57,387	65,079	65,079	72,385	43,380	57,385	41,685	39,729	41,685	39,729	41,685	39,729	39,729	-5%
Non-Store & Part Time Retailers	1,707,567	1,722,581	1,877,718	2,014,404	1,965,010	2,048,538	2,143,654	1,487,431	1,965,010	2,048,538	2,048,538	2,143,654	1,487,431	1,965,010	1,965,010	1,965,010	1,965,010	1,965,010	1,965,010	1,965,010	1,965,010	1%
Business, Service & Repair Group	257,457	361,198	357,650	401,239	504,756	606,858	492,097	638,533	504,756	606,858	606,858	492,097	638,533	504,756	492,097	492,097	492,097	492,097	492,097	492,097	492,097	29%
Manufacturer & Wholesaler Group	46,141	56,577	139,697	69,264	73,008	93,809	80,769	86,075	73,008	93,809	93,809	80,769	86,075	73,008	73,008	73,008	73,008	73,008	73,008	73,008	73,008	42%
Contractors & Material	54,641	55,199	35,418	46,837	48,721	68,149	77,273	87,113	48,721	68,149	68,149	77,273	87,113	48,721	48,721	48,721	48,721	48,721	48,721	48,721	48,721	21%
Drugs & Chemical	15,756	19,400	18,527	20,396	27,061	35,012	32,599	37,187	27,061	35,012	35,012	32,599	37,187	27,061	27,061	27,061	27,061	27,061	27,061	27,061	27,061	2%
Food/Farm Products & Equip	234,838	246,794	213,383	265,169	349,111	253,455	330,851	270,402	349,111	253,455	253,455	330,851	270,402	349,111	349,111	349,111	349,111	349,111	349,111	349,111	349,111	29%
Furniture & Textiles	295,961	316,909	370,663	288,567	271,420	282,459	344,467	312,638	271,420	282,459	282,459	344,467	312,638	271,420	271,420	271,420	271,420	271,420	271,420	271,420	271,420	19%
Heavy Industrial Equipment	420,478	404,424	487,063	494,907	422,262	450,338	409,065	462,694	422,262	450,338	450,338	409,065	462,694	422,262	422,262	422,262	422,262	422,262	422,262	422,262	422,262	13%
Industrial Equipment	1,325,272	1,460,501	1,622,401	1,586,379	1,696,339	1,790,080	2,053,169	2,242,549	1,696,339	1,790,080	1,790,080	2,053,169	2,242,549	1,696,339	1,696,339	1,696,339	1,696,339	1,696,339	1,696,339	1,696,339	1,696,339	23%
All Other Equipment	5,675	3,205	(10,290)	10,508	(2,910)	16,390	463,520	144,416	(2,910)	16,390	16,390	463,520	144,416	(2,910)	183,921	215,008	183,921	215,008	183,921	215,008	215,008	17%
Total Mfg & Wholesale Group	23,521,311	24,678,841	25,540,927	26,659,356	27,665,265	28,664,196	30,792,220	29,984,115	27,665,265	28,664,196	28,664,196	30,792,220	29,984,115	27,665,265	27,665,265	27,665,265	27,665,265	27,665,265	27,665,265	27,665,265	27,665,265	1%
State Adjustments & Transfers	20,427,655	21,445,837	21,989,882	22,996,701	23,949,439	24,744,108	26,059,492	26,066,339	23,949,439	24,744,108	24,744,108	26,059,492	26,066,339	23,949,439	23,949,439	23,949,439	23,949,439	23,949,439	23,949,439	23,949,439	23,949,439	-1%
Total Sales All Outlets	55,142	46,717	51,216	51,364	57,387	65,079	72,385	43,380	57,387	65,079	65,079	72,385	43,380	57,385	41,685	39,729	41,685	39,729	41,685	39,729	39,729	-5%
Retail Group	1,707,567	1,722,581	1,877,718	2,014,404	1,965,010	2,048,538	2,143,654	1,487,431	1,965,010	2,048,538	2,048,538	2,143,654	1,487,431	1,965,010	1,965,010	1,965,010	1,965,010	1,965,010	1,965,010	1,965,010	1,965,010	1%
Non-Store & Part Time Retailers	1,325,272	1,460,501	1,622,401	1,586,379	1,696,339	1,790,080	2,053,169	2,242,549	1,696,339	1,790,080	1,790,080	2,053,169	2,242,549	1,696,339	1,696,339	1,696,339	1,696,339	1,696,339	1,696,339	1,696,339	1,696,339	23%
Business, Service & Repair Group	257,457	361,198	357,650	401,239	504,756	606,858	492,097	638,533	504,756	606,858	606,858	492,097	638,533	504,756	492,097	492,097	492,097	492,097	492,097	492,097	492,097	29%
Manufacturer & Wholesaler Group	46,141	56,577	139,697	69,264	73,008	93,809	80,769	86,075	73,008	93,809	93,809	80,769	86,075	73,008	73,008	73,008	73,008	73,008	73,008	73,008	73,008	42%
Contractors & Material	54,641	55,199	35,418	46,837	48,721	68,149	77,273	87,113	48,721	68,149	68,149	77,273	87,113	48,721	48,721	48,721	48,721	48,721	48,721	48,721	48,721	21%
Drugs & Chemical	15,756	19,400	18,527	20,396	27,061	35,012	32,599	37,187	27,061	35,012	35,012	32,599	37,187	27,061	27,061	27,061	27,061	27,061	27,061	27,061	27,061	2%
Food/Farm Products & Equip	234,838	246,794	213,383	265,169	349,111	253,455	330,851	270,402	349,111	253,455	253,455	330,851	270,402	349,111	349,111	349,111	349,111	349,111	349,111	349,111	349,111	29%
Furniture & Textiles	295,961	316,909	370,663	288,567	271,420	282,459	344,467	312,638	271,420	282,459	282,459	344,467	312,638	271,420	271,420	271,420	271,420	271,420	271,420	271,420	271,420	19%
Heavy Industrial Equipment	420,478	404,424	487,063	494,907	422,262	450,338	409,065	462,694	422,262	450,338	450,338	409,065	462,694	422,262	422,262	422,262	422,262	422,262	422,262	422,262	422,262	13%
Industrial Equipment	1,325,272	1,460,501	1,622,401	1,586,379	1,696,339	1,790,080	2,053,169	2,242,549	1,696,339	1,790,080	1,790,080	2,053,169	2,242,549	1,696,339	1,696,339	1,696,339	1,696,339	1,696,339	1,696,339	1,696,339	1,696,339	23%
All Other Equipment	5,675	3,205	(10,290)	10,508	(2,910)	16,390	463,520	144,416	(2,910)	16,390	16,390	463,520	144,416	(2,910)	183,921	215,008	183,921	215,008	183,921	215,008	215,008	17%
Total Point of Sale	23,521,311	24,678,841	25,540,927	26,659,356	27,665,265	28,664,196	30,792,220	29,984,115	27,665,265	28,664,196	28,664,196	30,792,220	29,984,115	27,665,265	27,665,265	27,665,2						

Top 25 Principal Sales Tax Payers

CALENDAR YEARS 2022 and 2012
IN ALPHABETICAL ORDER

2022	2012
Arco AM PM	Au Energy Shell Station
Au Energy Shell Station	Avery Greene Honda
Autolinx	Best Buy
Avery Greene Honda	Bonfare Market
Best Buy	Chevron
Chick Fil A	Costco
Costco	Earthquake Protection Systems
Factory Os	Home Depot
Foster Lumber Yard	Kohls
Home Depot	Lowe's
Lowe's	McDonald's
McDonald's	Momentum Chrysler/Dodge/Jeep/Kia
Ross	N&M Market
Safeway	Ross
Safeway Fuel	Safeway
Six Flags Discovery Kingdom	Safeway Fuel
Target	Shell
Team Chevrolet Cadillac Mazda Hyundai	Six Flags Discovery Kingdom
Tesla Motors	Target
Texaco Power Market	Team Chevrolet Cadillac Hyundai Mazda
Toyota Vallejo	Toyota Vallejo
Tributary Point Arco	Tributary Point Arco
Vallejo Nissan	Valero
Walmart Neighborhood Market	Vallejo Nissan
XKT/Nesco Fabricators	XKT/Nesco Fabricators

Source: HDL Report

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities					Business-Type Activities ³					Total Primary Government	Debt Per Capita ²		
	Lease Payables ⁴	Subscription Payables ⁵	Certificates of Participation	Loans & Notes Payable	Financed Purchase	Revenue Bonds	Lease Payables ⁴	Subscription Payables ⁵	Certificates of Participation	Loans & Notes Payable			Financed Purchase	Business-Type Activities
2014	\$ -	\$ -	\$ 3,725,835	\$ 13,508,076	\$ 710,248	\$ 53,814,629	\$ -	\$ -	\$ -	\$ 25,416,179	\$ -	\$ 79,230,808	\$ 97,174,967	820
2015	-	-	3,584,575	14,455,264	608,784	51,560,639	-	-	-	24,252,560	-	75,813,199	94,461,822	769
2016	-	-	3,420,210	13,936,400	507,320	49,201,649	-	-	-	23,254,939	-	72,456,588	90,320,518	770
2017	-	-	3,233,951	13,445,922	405,556	46,737,658	-	-	-	22,229,772	-	68,967,430	86,053,159	728
2018	-	-	3,037,671	12,898,459	304,392	44,153,668	-	-	-	21,179,459	-	65,333,127	81,573,649	684
2019	-	-	2,830,831	14,086,129	202,928	41,449,678	-	-	-	20,101,727	-	61,551,405	78,621,293	658
2020	-	-	2,612,865	14,527,540	106,465	35,222,600	-	-	-	18,542,322	634,937	54,699,859	71,946,729	604
2021	-	-	2,383,175	13,689,042	3,157,618	83,522,966	-	-	-	18,125,983	478,282	102,127,231	121,367,066	1,030
2022	26,411	-	2,141,129	12,813,429	2,161,973	75,938,468	-	-	-	17,390,068	-	96,537,537	113,720,379	923
2023	26,131	1,836,710	1,926,517	14,694,340	1,762,356	74,203,970	123,002	116,636	-	16,034,055	-	91,079,723	111,527,777	917

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

¹ No longer reported under governmental activities as the result of the dissolution of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency was once a blended component unit of the City.

The Redevelopment Successor Agency financial transactions are reported in a separate trust fund.

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

³ Effective fiscal year 2013 and beyond, the presentation of some financial data has changed to reflect the effects of the implementation of GASB 61 which eliminated the inclusion of the Vallejo Sanitation & Flood Control District (now Vallejo Flood & Wastewater District) as part of the primary government. This results in the financial activities of the VFWD being discretely presented in the Component Unit column of the Statement of Net Position and the Statement of Activities.

⁴ Effective fiscal year 2022, the City adopted GASB statement No. 87

⁵ Effective fiscal year 2023, the City adopted GASB statement No. 96

Direct and Overlapping Debt

June 30, 2023

FY 2022-23 Assessed Valuation Citywide Total		13,271,284,085	
Successor Agency Incremental Valuation		(524,388,521)	
FY 2022-23 Adjusted City-Only Assessed Valuation		<u>\$ 12,746,895,564</u>	
	Percentage Applicable ¹	Total Outstanding Debt 6/30/23	City's Estimated Share of Overlapping Debt 6/30/23
Overlapping Tax and Assessment Debt:			
Solano County Community College District	21.196%	\$ 343,410,887	\$ 72,789,372
Vallejo Unified School District	97.972%	151,990,000	148,907,643
Vallejo Unified School District CFD No. 2	100.000%	7,784,488	7,784,488
City of Vallejo Hiddenbrooke Improvement District No. 1998-1	100.000%	7,005,000	7,005,000
City of Vallejo 1915 Act Bonds	100.000%	4,135,000	4,135,000
Total overlapping debt repaid with property taxes		<u>514,325,375</u>	<u>240,621,503</u>
Direct and Overlapping General Fund Debt:			
Solano County General Fund Obligations	20.633%	75,815,000	15,642,909
Solano County Pension Obligation Bonds	20.633%	9,310,000	1,920,932
Vallejo Unified School District General Fund Obligations	97.972%	5,940,908	5,820,426
City of Vallejo General Fund Obligations	100.000%	11,820,858	11,820,858
Greater Valley Recreation District Pension Obligation Bonds	97.972%	3,941,000	3,861,077
Total Direct and Overlapping General Fund Debt		<u>106,827,766</u>	<u>39,066,202</u>
Overlapping Tax Increment Debt (Successor Agency):	100.000%	<u>\$ 2,135,000</u>	<u>2,135,000</u>
Total City Direct Debt			<u>11,820,858</u>
Total overlapping debt ²			<u>\$ 270,001,847</u>
Combined Total Debt			<u>\$ 281,822,705</u>

Notes:

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

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

Ratios to 2022-23 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.81%
Total Direct Debt (\$11,820,858)	0.09%
Combined Total Debt	2.12%

Ratios to Redevelopment Successor Agency Incremental Value:

Total Overlapping Tax Increment Debt	0.41%
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Source: California Municipal Statistics, Inc.

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessed valuation	\$ 7,238,200,879	\$ 8,016,526,529	\$ 8,561,720,721	\$ 9,126,502,971	\$ 9,718,370,847	\$ 10,351,446,688	\$ 10,967,541,035	\$ 11,528,039,029	\$ 12,030,214,427	\$ 12,746,895,564
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,809,550,220	2,004,131,632	2,140,430,180	2,281,625,743	2,429,592,712	2,587,861,672	2,741,885,259	2,882,009,757	3,007,563,607	3,186,723,891
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	\$ 271,432,533	\$ 300,619,745	\$ 321,064,527	\$ 342,243,861	\$ 364,438,907	\$ 388,179,251	\$ 411,282,789	\$ 432,301,464	\$ 451,133,041	\$ 478,008,584
Legal debt margin	\$ 271,432,533	\$ 300,619,745	\$ 321,064,527	\$ 342,243,861	\$ 364,438,907	\$ 388,179,251	\$ 411,282,789	\$ 432,301,464	\$ 451,133,041	\$ 478,008,584

Total debt applicable to the limit as a percentage of debt limit ¹ 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City Finance Department
County Tax Assessor's Office

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

CITY OF VALLEJO **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Revenue Bonds (a)					City system Coverage
	Gross Water Revenues (a)	Less Expenses (b)	Net Available Revenues	Total Debt Service (c)		
2014	\$ 39,167,233	\$ 25,860,570	\$ 13,306,663	\$ 4,672,819	2.85	
2015	35,309,850	27,107,002	8,202,848	5,165,995	1.59	
2016	36,286,112	26,855,253	9,430,859	5,165,821	1.83	
2017	36,716,327	27,718,056	8,998,271	5,164,849	1.74	
2018	41,027,396	29,860,024	11,167,372	5,167,149	2.16	
2019	43,637,679	30,069,713	13,567,966	5,165,149	2.63	
2020	46,394,649	30,988,285	15,406,364	5,106,243	3.02	
2021	49,665,529	33,747,238	15,918,291	4,369,815	3.64	
2022	48,298,555	31,440,778	16,857,777	6,516,504	2.59	
2023	55,786,501	40,158,687	15,627,814	6,510,647	2.40	

a) Includes operating revenues, investment earnings, and contributions
 b) Excludes depreciation and debt service payments.
 c) Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Data source - City of Vallejo Annual Comprehensive Financial Report
 Debt Service Schedules

Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Wastewater												Coverage Ratio			
	Pledge Revenue	Less Operating Expenses	Net Available Revenues	2014		2011		2008		2006		2004		1993 COP	Total	
				Rev Bonds	Rev Bonds	Rev Bonds	Rev Bonds	State Fund Loan				State Fund Loan				
2014	\$ 28,108,940	\$ 18,005,941	\$ 10,102,999	\$ 82,728	\$ 327,693	\$ 315,062	\$ 2,231,956	\$ 904,119	\$ 2,743,844	\$ 6,605,402	1.53					
2015	28,790,606	17,893,442	10,897,164	2,318,519	331,626	317,449	-	907,072	2,721,750	6,596,416	1.65					
2016	29,512,834	19,213,676	10,299,158	2,314,475	324,475	317,450	-	907,072	2,661,500	6,524,971	1.58					
2017	28,503,418	19,478,930	9,024,488	2,311,475	326,075	317,450	-	907,072	2,657,500	6,519,572	1.38					
2018	27,615,956	19,402,604	8,213,352	2,312,275	327,275	317,449	-	907,072	2,652,750	6,516,221	1.26					
2019	32,328,384	20,696,633	11,631,751	2,311,675	328,075	317,450	-	907,072	2,709,875	6,574,147	1.77					
2020	34,341,064	25,108,887	9,232,177	2,310,425	328,475	317,450	-	907,072	-	3,863,422	2.39					
2021	37,279,831	24,726,106	12,553,725	2,311,925	328,475	317,450	-	907,072	-	3,864,922	3.25					
2022	39,749,686	32,595,628	7,154,058	2,310,925	327,750	317,450	-	907,072	-	3,863,197	1.85					
2023	42,220,985	25,203,099	17,017,886	2,307,425	324,250	317,450	-	-	-	2,949,125	5.77					

Data source - Vallejo Sanitation and Flood Control District (now Vallejo Flood and Wastewater District) Annual Comprehensive Financial Report

CITY OF VALLEJO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds				Coverage
	Tax Increment / ROPS	Former Agency / Successor Agency (a)		Interest	
		Debt Service (b)			
		Principal			
2014	\$ 1,695,726	\$ 610,000	\$ 596,657		140.53%
2015	1,695,595	630,000	551,220		143.55%
2016	2,005,037	685,000	502,633		168.83%
2017	1,425,825	750,000	449,703		118.85%
2018	1,523,091	820,000	391,660		125.70%
2019	1,533,687	895,000	328,143		125.39%
2020	1,386,152	650,000	241,975		155.40%
2021	902,927	695,000	202,088		100.65%
2022	1,169,982	240,000	177,400		280.30%
2023	881,296	255,000	159,813		212.46%

a) The Redevelopment Agency, once a blended component unit of the City, was dissolved as of February 1, 2012. The Redevelopment Successor Agency financial transactions are reported in a separate trust fund.

b) Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Data source - City of Vallejo Annual Comprehensive Financial Report Debt Service Schedules

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate* (3)
2014	118,470	\$ 3,130,333	\$ 26,423	8.9%
2015	119,683	3,111,279	25,996	8.3%
2016	117,322	3,043,919	25,945	5.6%
2017	118,280	3,421,840	28,930	5.1%
2018	119,252	3,199,293	26,828	4.4%*
2019	119,544	3,391,224	28,368	4.4%
2020	119,063	3,558,198	29,885	11.3%
2021	117,846	3,680,331	31,230	8.9%
2022	123,190	4,043,835	32,826	4.9%
2023	121,658	4,464,240	36,695	5.0%

Note: * Starting in 2018, the unemployment rate reported is the average of the Vallejo City unemployment rate for the first 9 months of the calendar year. In previous years, the unemployment rate in this table was determined by averaging the Vallejo-Fairfield MSA monthly figures.

Sources: (1) State Department of Finance (revised)
(2) U.S. Bureau of Economic Analysis (2007 to 2012); U.S. Census Bureau (2013 and forward)
(3) State of California Employment Development Department (data shown is for the City)

Top 10 Principal Employers

Current Year and Nine Years Ago

Employer	2023		2014	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Kaiser Permanente Medical Center**	4,417	8.13%	3,906	5.87%
Six Flags Discovery Kingdom	1,300	2.39%	1,600	2.41%
Vallejo Unified School District	1,133	2.09%	1,600	2.41%
Sutter Solano Medical Center*	610	1.12%	690	1.04%
City of Vallejo	519	0.96%	509	0.77%
Touro University California	351	0.65%	385	0.58%
California Maritime Academy	345	0.64%	N/A	N/A
Costco Wholesales	325	0.60%	N/A	N/A
Safeway (3 Locations)	319	0.59%	N/A	N/A
Adventist Health Vallejo	155	0.29%	N/A	N/A
Kaiser Permanente Call Center	N/A	N/A	950	1.43%
CA Highway Patrol, Regional Off	N/A	N/A	400	0.60%
U.S.D.A Forest Service Region 5	N/A	N/A	300	0.45%
Petrochem Corporate Headquarters	N/A	N/A	225	0.34%

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

Source: MuniServices LLC / and Avenue Insights & Analytics Company

* Includes full and part time employees.

**Includes call center. Physicians data is unavailable and not included in the count.

**Full-time and Part-time City Employees
by Function**

Last Ten Fiscal Years

Function	Full-Time and Part-Time Employees as of June 30									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	61.0	65.6	61.0	60.5	63.5	80.0	90.0	90.0	92.0	97.5
Public safety	236.0	242.0	244.0	257.0	258.0	259.0	283.0	295.0	310.0	298.0
Public works	68.0	68.0	71.0	72.5	71.5	73.0	73.5	73.5	74.0	73.5
Mare Island Coop/CFD	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Planning & Development Services	17.8	20.8	21.0	24.0	25.0	21.0	24.0	24.0	31.0	35.0
Housing	15.0	14.0	14.0	15.0	15.0	17.0	15.0	15.0	15.0	15.0
Landscape District	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Risk Management	2.0	2.0	2.0	3.5	4.5	4.0	5.0	5.0	5.0	5.0
Water	104.0	106.0	106.0	106.0	108.0	114.0	118.5	124.5	138.0	140.0
Marina	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0		
Corp Yard	7.0	7.0	7.0	7.0	7.0	7.0	8.0	8.0	8.0	9.0
Fiber	-	-	-	1.0	1.0	-	-	-	-	-
Parking Structure	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
Total	<u>522.8</u>	<u>537.4</u>	<u>538.0</u>	<u>558.5</u>	<u>565.5</u>	<u>587.0</u>	<u>629.0</u>	<u>647.0</u>	<u>681.0</u>	<u>680.0</u>

* Starting FY 17/18, using amended FTE numbers as of year end instead of adopted FTE from beginning of year.

Source: City of Vallejo 22-23 Proposed Budget

CITY OF VALLEJO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Operating Indicators
by Function
Last Ten Fiscal Years**

	Fiscal Year Ended June 30										
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Police:											
Arrests	3,522	3,738	4,182	4,103	3,775	2,679	2,178	2,377	2,321	1,593	1,570
Parking citations issued	1,163	3,778	3,679	3,131	2,984	5,074	10,749	1,940	955	524	189
Fire:											
Number of emergency calls	12,970	12,992	14,339	14,307	14,389	14,866	13,942	14,238	15,059	17,280	17,781
Inspections (Fire Prevention)	2,667	3,925	3,242	2,372	2,417	2,352	1,500	3,127	2,421	2,417	2,282
Inspections (Code Enforcement) ¹	7,074	9,586	9,055	11,334	11,822	11,125	6,507	8,025	6,589	3,991	3,047
Public works:											
Street resurfacing (lane miles)	6.6	3.2	9.03	3.87	7.0	1.25	42.50	2.00	2.00	5.80	2.00
Water:											
New connections	5	10	45	66	63	48	70	28	45	73	77
Average daily consumption (thousands of gallons)	17,806	17,371	15,637	14,216	14,801	15,761	15,630	16,334	16,609	15,529	14,831
Development Services:											
Building permits	2,176	2,444	2,816	3,244	3,221	3,369	3,163	2,918	4,249	3,928	4,062
Housing Rental units ²	2,292	2,292	2,306	2,333	2,333	2,333	2,333	2,348	2,348	2,348	2,348
Housing Vouchers ³	2,133	2,062	1,953	1,976	1,926	1,898	1,835	1,783	1,709	1,480	1,393
Golf course:											
Golf rounds played	73,077	73,835	70,795	69,803	56,738	75,882	78,715	75,703	116,982	110,402	93,609

¹ Function transfer to Police Code Enforcement

² Monthly average of housing units available

³ Amounts listed represent the monthly average of vouchers issued

Source: City of Vallejo

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

	Fiscal Year Ended June 30										
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Police:											
Stations	3	4	4	5	5	5	5	6	6	6	6
Fire:											
Fire stations	6	6	6	6	6	6	6	6	6	7	7
Public works:											
Streets (miles)	351	351	351	351	351	351	351	351	351	351	351
Traffic signals	123	123	125	124	124	124	121	121	119	150	150
Water:											
Water mains (miles)	624	624	624	624	624	624	624	624	624	624	627
Maximum daily capacity (thousands of gallons) ¹	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,500	50,500	50,500	50,500
Golf Course:											
Municipal golf courses	2	2	2	2	2	2	2	2	2	2	2

¹ Represents combined capacity for Fleming Hill WTP, Travis WTP and Green Valley WTP.

* In FY22-23, City sold 1 golf course.

Source: City of Vallejo
Touchstone Golf, LLC