

# **City of Petaluma California**

**Comprehensive Annual Financial Report  
for**

**The Year Ended June 30, 2019**





# City of Petaluma

Petaluma, California

## *Comprehensive Annual Financial Report*

*For the year ended June 30, 2019*

Prepared by:  
Finance Department



**CITY OF PETALUMA, CALIFORNIA**

**Comprehensive Annual Financial Report  
For the Year Ended June 30, 2019**

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# CITY OF PETALUMA

POST OFFICE BOX 61  
PETALUMA, CA 94953-0061

**Teresa Barrett**  
*Mayor*

**D'Lynda Fischer**  
**Mike Healy**  
**Gabe Kearney**  
**Dave King**  
**Kevin McDonnell**  
**Kathy Miller**  
*Councilmembers*

December 27, 2019

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the City of Petaluma. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby submit the CAFR for the City of Petaluma, California for the fiscal year ended June 30, 2019.

For the fiscal year ended June 30, 2019, the City of Petaluma continues to comply with the pronouncements of the Governmental Accounting Standards Board (GASB), including GASB Statement No. 34. This reporting model provides financial report users a narrative introduction, overview, and analysis, in the form of Management's Discussion and Analysis (MD&A), which accompanies the Basic Financial Statements. This letter of transmittal is designed to complement the MD&A, and should be read in conjunction with it. The City of Petaluma's MD&A can be found in the financial section, immediately following the reports of the independent auditors.

**Finance Department**

11 English Street  
Petaluma, CA 94952  
Phone (707) 778-4352  
Fax (707) 931-0667  
E-Mail:  
[finance@cityofpetaluma.org](mailto:finance@cityofpetaluma.org)

**General Services**

Phone (707) 778-4384

**Purchasing**

Phone (707) 778-4352  
Fax (707) 931-0667  
E-Mail:  
[finance@cityofpetaluma.org](mailto:finance@cityofpetaluma.org)

**Utility Billing**

Phone (707) 778-4350  
Fax (707) 931-0667  
E-Mail:  
[utilitybills@cityofpetaluma.org](mailto:utilitybills@cityofpetaluma.org)

This MD&A consists of management's representations concerning the finances of the City of Petaluma. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Petaluma has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City of Petaluma's financial statements.

The City of Petaluma's financial statements have been audited by Badawi & Associates, Certified Public Accountants, a public accounting firm fully licensed and qualified to perform audits of State and local governments within the State of California.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Petaluma, for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Petaluma's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

## **City of Petaluma Profile**

The City of Petaluma became a chartered city in 1858, and is located in southern Sonoma County, California, approximately 40 miles north of San Francisco. Petaluma consists of 13.8 square miles and includes residential communities, commercial retail areas and several industrial/office complexes. It is also home to 50 parks, 4 community centers, and 2 outdoor pools.

The City operates under the Council-Manager form of government. Policy making and legislative authority are vested in the City Council, which consists of an elected Mayor and a six member Council. The City Manager is responsible for implementing the policies, ordinances and directives of the City Council, for overseeing the day-to-day operations of the City and for appointing the directors of the City departments. The seven member Council is elected on a nonpartisan basis. The Mayor and Council members are elected to four-year staggered terms.

The City provides a full range of services including: public safety, building safety regulation and inspection, community planning, low and moderate income housing, street and park maintenance, recreational programs and infrastructure, public and community facilities, parks, and capital improvement construction. City services also include water and wastewater utilities. The City owns a marina and airport, and provides citizens with transit and ambulance services.

## **Long-Term Financial Planning**

On April 6, 2019, the City Council hosted a full day workshop to hear from the community and to establish goals and priorities for 2019-2021. The top goal on Council's list was to Ensure a Fiscally and Organizationally Sustainable City. This goal has several priorities including:

- Develop a fiscal sustainability plan with the community that balances City services with available revenues
- Identify potential revenue sources
- Limit/reduce expenditures
- Long term financial health and effectiveness of the City

Financial challenges are not new for the City. The City continues to focus on providing core essential services and balancing those service levels, community needs and desires with existing resources. The resources have proven over the years to be insufficient to support the level of service the community desires. The City has taken steps over the last decade to reduce expenditures by implementing various cost saving measures that result in ongoing savings. While these reductions impact service delivery and place additional burden on City staff, these reductions have been essential in producing a balanced budget and to manage the significant projected deficit that lies ahead. The City has been and will continue to be committed to producing a fiscally-responsible balanced budget.

An Economic Development Program that provides a system to keep current retailers and encourages new retail development has been established and in 2011 the City hired an Economic Development Manager who has been successfully implementing the plan. Petaluma's economic development program launched a successful marketing program aimed at attracting jobs, talent and investment to the City. The Petaluma Star campaign highlights successful companies throughout the City and makes a strong business case for Petaluma as a business destination by highlighting Petaluma's quality of life, cost of doing business, and key demographics. Petaluma continued its strong business retention program reaching out to dozens of local companies and connecting them to local financial, real estate and business support services.

Due to the expenditure savings generated by vacancies and related costs resulting from a tight labor market as well as increased revenues during the fiscal year, FY20 revenues exceeded expenditures by \$2.4 million. This surplus is not projected to continue as the growth of expenditures continues to show a rate greater than revenues. Although the City Council adopted a FY 20 balanced General Fund budget, this would not have been possible without sound fiscal management and continued budget reductions necessary to create a balanced budget.

## **Economy**

The information presented in the financial statements is best understood when considered from the broader perspective of the specific environment within which the City of Petaluma operates.

Sonoma County's economy has continued to remain stable and is expected to remain stable into the new year. The current economic fundamentals do not appear to indicate a recession although there is some slowing in certain segments of the economy. The unemployment rate in Sonoma County has gone down from the prior year and remains below both the State and National rates.

The County's tourism related industry decreased slightly as a whole when compared to 2018 largely due to the significant increases recognized in the prior year resulting from the wildfires of 2017. In addition to this anomaly, during the early part of 2019 excessive smoke in the area resulting from wildfires burning all around Sonoma County is believed to have impacted tourism to the area. Despite a slowdown Countywide, Petaluma's data suggests that hotel occupancy rates are up, and tax revenues generated by the local lodging industry have increased, partially attributed to an additional hotel opening in 2019. Trends across California mirror the results in Petaluma, where tourism is also continuing to

show growth. Petaluma is in alignment with the stable and slight upward trend as Transient Occupancy Tax received by the City in fiscal year 2019 was \$3.4 million, a 9% increase over the prior year.

Petaluma's overall economic outlook is stable – particularly in the areas of home price stability, jobs, and real estate vacancies. Petaluma's median home price continues to rise year over year due to shortage of inventory relative to demand.

Assessed property valuations have continued to increase year over year following the recession nearly a decade ago. The County Assessor has projected that assessed valuations in Petaluma will grow by 4.65% in 2020. General fund property taxes in fiscal year 2019 were \$11.2 million, up \$1.1 million or 10.9% from the prior year due to assessed valuation growth and property related sales activity.

Retail sales in Petaluma were stable throughout 2019 but are expected to slow into 2020. Total general fund sales tax received in fiscal year 2019 was \$13.7 million, an increase of \$.3 million or 2.2% as compared to the prior year. Total sales tax revenue in 2020 is estimated to be approximately \$13.6 million, a slight decrease from 2019. The Construction, Business to Business and Food Product sectors continue to show steady and continued growth into the new year offsetting potential slowing in the Transportation and Retail categories.

To address the financial challenges that lie ahead largely driven by rising employment costs, the City has taken steps to reduce this impact by initiating cost saving measures. The City implemented a second PERS tier with lesser benefits, negotiated a higher employee paid PERS contribution and most recently partially paid down the PERS unfunded liability resulting in long term savings. These steps are expected to lessen the burden on the budget into the future. Despite the implementation of various cost saving measures, the challenges that lie ahead will place more financial pressure on the City's existing resources and will require more discussion with the community about service level delivery.

In summary, we remain cautiously optimistic about Sonoma County's short-term outlook. The indicators of a healthy economy are present and are expected to continue into 2020. Tourism to the local area continues to grow. Property values have continued to rise and are expected to remain steady. The City has adopted a balanced budget for the upcoming fiscal year. The City has significant financial challenges in the years to come as the long-term forecast continues to show a significant structural deficit exists. The financial forecast will be used as a tool to plan and close the structural deficit while at the same time preserving reserves for future use in the event of a natural disaster or economic downturn. To address this immediate concern, the City has initiated a Fiscal and Organizational Sustainability Study that will provide the community an opportunity to work with the City in developing strategies to keep the City financially sustainable into the future.

## **Financial Information**

Annual Budget. The City of Petaluma operates on a fiscal year basis, beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>. The budget is prepared under the supervision of the City Manager

and transmitted to the City Council for deliberation and final adoption in June, prior to the beginning of the fiscal year.

In accordance with the City's Charter, the budget is required to be submitted to the City Council by the first Monday in May. Budget hearings are held in May and June. The budget is approved by resolution, and the appropriations are set by ordinance. Upon adoption by the City Council, the City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The City's budgetary procedures are further discussed in the Notes to the Basic Financial Statements, which are located in the financial section of this report.

The City ended the year with cash and investments of \$141.7 million. This cash balance represents cash in all funds including Enterprise Funds of which most is reserved for future capital projects. Total annual accrued investment earnings were \$ 3.4 million.

Debt Administration. As of June 30, 2019, the City of Petaluma and its component units have a number of debt issues outstanding. The City's General Fund has no outstanding long-term debt. The last Tax Allocation Bond (TAB) was issued by the Redevelopment Agency during fiscal year 2011, two issues were refunded in 2015, and another issue was refunded in fiscal year 2017. Wastewater revenue refunding bonds were also issued during fiscal year 2011 and refunded during fiscal year 2017. Water revenue refunding bonds were issued in October of 2012.

Risk Management. The City uses a combination of insured and partially self-insured programs to finance its property and casualty risk. The City is self-insured with a \$1,000,000 Self Insured Retention (SIR) for workers' compensation insurance and has a \$500,000 SIR for liability coverage. First party insurances and other insurances are obtained through a risk purchasing pool (CJPRMA) as well as in the private insurance market.

Other. Additional information concerning the finances of the City is contained in the Notes to the Basic Financial Statements. The City has refrained from duplicating information contained in the MD&A or in the notes in this transmittal letter.

## **Awards and Acknowledgements**

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Petaluma for its comprehensive annual financial report for the fiscal year ended June 30, 2018.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. This report could not have been prepared without the efforts of Finance staff who spent untold hours preparing the financial statements, notes, statistical information and other details to comply with all the necessary requirements and pronouncements. I would like to express my appreciation to all members of the Department who assisted with and contributed to the preparation of this report, particularly the audit team of Janine Tedrow and Isabel Craft. I would also like to thank the Mayor and City Council for their confidence and support for maintaining the highest standards of professionalism in the management of the City of Petaluma's finances.

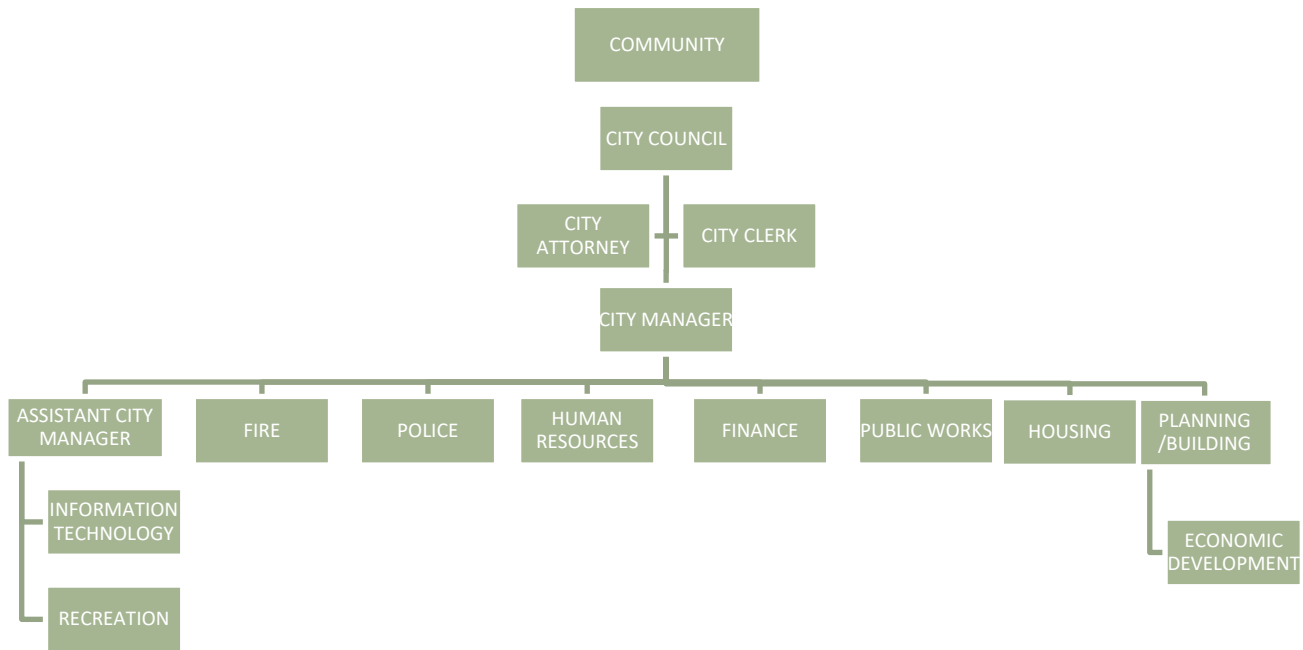
Respectfully submitted,

A handwritten signature in cursive script, reading "Corey Garberolio".

Corey Garberolio  
Finance Director

# GUIDE TO CITY ORGANIZATION

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## CITY MANAGER

PEGGY FLYNN

### **City Manager**

Provides general management oversight and direction to all City Departments. Also provides administrative support to the City Council. Oversees Planning, Building, Economic Development and Housing

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## CITY CLERK

CLAIRE COOPER

### **City Clerk**

Liaison between the public, media, Mayor, and Councilmembers. Maintains City records, oversees elections, and prepares and publishes City Council Agendas.

---

## CITY ATTORNEY

ERIC DANLY

### **City Attorney**

Provides legal advice to City staff and the City Council; defends the City against lawsuits.

---

## FINANCE

COREY GARBEROLIO

### **Finance Director**

Provides financial management and accounting services for all City of Petaluma Departments

---

## FIRE

LEONARD THOMPSON

### **Fire Chief**

Provides fire, rescue and emergency medical services. Also oversees and inspects building and development to assure compliance with fire safety codes.

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## HUMAN RESOURCES

CHARLES CASTILLO

### **Human Resources Director**

Recruits employees, negotiates labor contracts, provides benefits for city employees and oversees the City's Risk Management program.

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## POLICE

KEN SAVANO

### **Police Chief**

Provides crime prevention, community policing and code enforcement services.

---

## PUBLIC WORKS

DAN ST. JOHN

### **Public Works Director**

Oversees the City's public improvement requirements and manages water resources, waste water treatment, streets, public transit, flood management, and park maintenance.

# CITY OF PETALUMA PRINCIPAL OFFICIALS

## Elected Officials as of June 30, 2019



TERESA BARRETT  
Mayor



KEVIN MCDONNELL  
Vice Mayor



D'LYNDA FISCHER  
Council Member



MIKE HEALY  
Council Member



GABE KEARNEY  
Council Member



DAVE KING  
Council Member



KATHY MILLER  
Council Member





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Petaluma  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrell*

Executive Director/CEO





## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Petaluma, California (City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

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, 2019, 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.

### ***Emphasis of Matters***

As discussed in Note 13C, certain conditions raise substantial doubt about the Marina Enterprise Fund's ability to continue as a going concern. The financial statements do not include an adjustment that might result from the outcome of the uncertainty.

The emphasis of this matter does not constitute a modification to our opinions.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension required supplementary information, and other post employment benefits information on pages 5-26 and 102-111, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 115 to 145, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

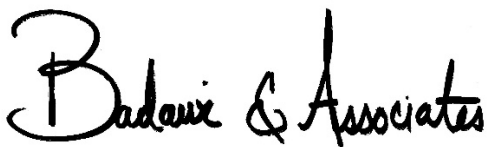
To the Honorable Mayor and Members of the City Council  
of the City of Petaluma  
Petaluma, California  
Page 3

The combining and individual nonmajor fund financial statements, and the budgetary comparison schedules on pages 115 to 145 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the budgetary comparison schedules on pages 115 to 145 are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2019, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates  
Certified Public Accountants  
Berkeley, California  
December 27, 2019



# CITY OF PETALUMA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Petaluma, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page v of this report.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction of the City of Petaluma's Basic Financial Statements. The City of Petaluma's Basic Financial Statements are comprised of three components: 1) *Government-Wide Financial Statements*, 2) *Fund Financial Statements*, and 3) *Notes to the Financial Statements*.

This report also contains other supplementary information in addition to the Basic Financial Statements themselves.

The ***Government-Wide Financial Statements*** consist of a *Statement of Net Position* and a *Statement of Activities*, which are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The *Statement of Net Position* provides information on all the City's assets and liabilities, including capital assets and long-term liabilities on the full accrual basis, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in the City's financial position. The *Statement of Activities* provides information about the City's revenues and expenses, also on the full accrual basis, and represents the change in the government's net position during the current fiscal year. All changes in net position are reported when the underlying event, giving rise to the change, occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the Government-Wide Financial Statements distinguish the two functions of the City. The first is activities which are principally supported by taxes and intergovernmental revenues (governmental activities). The second is activities that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities).

The governmental activities of the City include:

- General Government
- Police
- Recreation
- Community Development
- Fire including Emergency Services
- Public Works

The business-type activities of the City include:

- Airport
- Development Services
- Transit
- Marina
- Waste Water Utility
- Water Utility

The ***Fund Financial Statements*** report the City's operations by fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate

compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

- *Governmental Funds* account for most of the City's basic services and focus primarily on short-term activities by measuring current revenues and expenditures and excluding capital assets and long-term obligations. Different from 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds in the Governmental Fund Financial Statements with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Governmental funds information is presented in the Governmental Fund Financial Statements for the City's major funds:

General Fund

HOME/Begin Special Revenue Fund

Impact Fee Special Revenue Funds

Successor Housing Special Revenue Fund

City Capital Project Funds

Data from the non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

- *Proprietary Funds* are generally used to account for services for which the City charges customers—either outside customers, or internal departments or programs of the City. The City maintains the following two types of proprietary funds:
  - Enterprise funds are used to report the functions presented as business-type activities in the Governmental-Wide Financial Statements. Enterprise funds account for airport, ambulance, development services, marina and transit operations, storm water, waste water and water utilities.
  - Internal service funds, the second type of proprietary fund, are used to account for the accumulation of resources, and the allocation of costs, which are required to provide internal services to various City departments and functions. Employee benefits, general services, information technology, risk management, vehicle/equipment replacement and worker's compensation comprise the City's internal service funds. Because these services benefit governmental, more so than business-type functions, all but the business activity portion of the vehicle/equipment replacement fund has been included within the governmental activities in the Government-Wide Financial Statements. The business activity portion of the vehicle/equipment replacement fund has been combined with the business type activities in the Government-Wide Financial Statements.



The Proprietary Fund Financial Statements provide fund information for each enterprise fund separately. The Internal Service funds are combined into a single, aggregated presentation in the Proprietary Fund Financial Statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

- *Fiduciary Funds* are used to report assets held in a trust or agency capacity for others. Fiduciary Funds are not reflected in the government wide financial statements because the resources are not available to support the City's programs. The fiduciary financial statements can be found in the basic financial statement section of this report.

The ***Notes to the Basic Financial Statements*** provide additional information that is essential to obtain a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

In addition to the Basic Financial Statements and accompanying notes, this report also presents certain required supplementary information. This includes budgetary comparison statements for the governmental funds to demonstrate compliance with the legal provisions of the 2019 appropriation ordinance. Also included is the City's progress in funding its obligation to provide pension benefits to its employees.

## **FINANCIAL HIGHLIGHTS**

### **Government Wide Financial Statements**

- The assets and deferred outflows of resources of the City of Petaluma exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$435.7 million (Net Position). Of this amount, \$346.2 million was invested in capital assets; \$119.2 million was restricted for capital projects, debt service, non-expendable trusts and special projects; and (\$29.7) million was unrestricted. This includes all City funds.
- The City's total Net Position increased by \$11.6 million over the prior year. This increase is attributable to a \$7.6 million increase in restricted net position and a \$8.1 million increase in capital assets investment, offset by a \$4.1 million decrease in unrestricted net position.
  - i. At the close of the fiscal year, the City's Governmental Activities reported combined fund balances of \$241.3 million, a decrease of \$1 million from the prior year. Attributing to this change is an increase in fund balances in Governmental Funds of \$8.4 million resulting from revenues exceeding expenditures, offset by a decrease of \$3.3 million resulting from Capital Asset activity during the year including the capitalizing of assets and associated depreciation expense recorded on the Government Wide Financial Statements. Also contributing to the overall decrease in Governmental Activities is an increase in both the Net Pension Liability of \$4.2 million and \$.5 million related to other post-employment benefit (OPEB) liability.
  - ii. Business-Type Activities reported combined fund balances of \$194.4 million at the close of the fiscal year, an increase of \$12.5 million over the prior year. Business Activity change in net position is comprised of an increase due to current year revenues exceeding expenditures by approximately \$12.5 million. Included in this overall increase are changes resulting from an increase in the overall Net Pension Liability of \$1.3m as well as in increase of \$.1 million associated with the other post-employment benefits (OPEB) Liability.
  - iii. As a reminder, GASB 75 was implemented during FY 18 and requires the full net OPEB liability be reported on the Proprietary and Government Wide Financial Statements resulting in a decrease in available fund balance.

## **Fund Financial Statements**

- At the close of the fiscal year, the City's governmental funds including the General Fund, special revenue funds, debt service funds, and capital project funds reported combined ending fund balances of \$136.9 million, an increase of \$8.4 million over the prior year. This increase is mainly due to increased fund balances in the Impact Fee, Home/Begin Special Revenue, Capital Projects and General funds. Fiscal Year 2019 fund balance was comprised of \$.1 million non-spendable reserves; \$119.2 million restricted reserves, \$6.6 million committed reserves, \$7.8 million assigned reserves and \$3.2 million of unassigned reserves.
- At the close of the fiscal year, the total fund balance for the General Fund was \$15.5 million, approximately a \$2.4 million increase from the prior year. This increase was due to property tax revenue exceeding expectations due to continuation of higher assessed values within the City limits driven by property related activity occurring during the year along with a larger than anticipated one-time payment from the Federal Intergovernmental Transfer Program intended to reimburse agencies a portion of the cost incurred from medical transports that are not fully recovered under the State Medi-Cal program. Expenditure savings also contributed to the overall fund balance increase; the result of one-time salary and benefit savings recognized from vacant positions.

## **GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS**

As noted earlier, the Statement of Net Position, provides information about the net position which is an indicator of a government's financial position. The Statement of Net Position is comprised of both *Governmental Activities* and *Business-type Activities* and both contribute to the overall total net position. The City of Petaluma's total net position (the amount by which total assets exceed total liabilities) equaled \$435.7 million at the close of the fiscal year ended June 30, 2019.

The largest portion of the City's net position (80%) reflects its investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment), less any related, outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources i.e. future revenues, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (27%) represents resources that are subject to external restrictions. The remaining balance (-7%), the unrestricted net position, may be used to meet the government's ongoing obligations to citizens and creditors, subject to restrictions of various funding sources, as applicable.

Total net position increased by \$11.6 million during the fiscal year as shown below in Table 1. Net position investment in capital assets increased by \$8.1 million; restricted net position increased by \$7.6 million and unrestricted net position decreased by \$4.1 million. Contributing factors for the overall change in total net position is mainly attributed to increased overall fund balance in the proprietary fund groups partially offset by a slight fund balance decrease in the governmental fund grouping. The decrease in total net position in the governmental fund grouping is attributed to a change in the total Net Pension Liability as well as an overall decrease in total invested in Capital Assets. Most major fund balances increased due to current year revenues exceeding expenditures. Changes in the unrestricted fund balance category are the result of changes in fund balances not included in the restricted category including changes in overall Net pension liability, including the Long-Term Pension Liability and Deferred Inflows and Outflows as well as changes in the overall Net OPEB Liability. See Notes 9 and 10 for detailed information on these long-term liabilities.

Table 1

**Summary Statement of Net Position**  
**Total Primary Government**  
**As of June 30, 2019 and 2018**  
**(in thousands)**

	<b>Total Activities 2019</b>	<b>Total Activities 2018</b>	<b>Total Activities Change</b>
<b>Assets:</b>			
Current and other assets	\$ 209,403	\$ 196,081	\$ 13,322
Capital Assets, net of depreciation	<u>458,932</u>	<u>455,598</u>	<u>3,334</u>
Total Assets	<u>668,335</u>	<u>651,679</u>	<u>16,656</u>
<b>Deferred Outflows of Resources:</b>			
Related to Pension	16,864	30,805	(13,941)
Related to OPEB	<u>474</u>	<u>447</u>	<u>27</u>
Total Deferred Outflows of Resources	<u>17,338</u>	<u>31,252</u>	<u>(13,914)</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>685,673</u>	<u>682,931</u>	<u>2,742</u>
<b>Liabilities:</b>			
Current Liabilities	21,071	18,388	2,683
Non-Current Liabilities	<u>225,245</u>	<u>236,628</u>	<u>(11,383)</u>
Total Liabilities	<u>246,316</u>	<u>255,016</u>	<u>(8,700)</u>
<b>Deferred Inflows of Resources:</b>			
Related to Pension	1,721	2,203	(482)
Related to OPEB	<u>1,945</u>	<u>1,585</u>	<u>360</u>
Total Deferred Inflows of Resources	<u>3,666</u>	<u>3,788</u>	<u>(122)</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>249,982</u>	<u>258,804</u>	<u>(8,822)</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	346,183	338,049	8,134
Restricted	119,203	111,612	7,591
Unrestricted	<u>(29,694)</u>	<u>(25,534)</u>	<u>(4,160)</u>
<b>Total Net Position</b>	<u><b>\$ 435,692</b></u>	<u><b>\$ 424,127</b></u>	<u><b>\$ 11,565</b></u>

## Government-wide Financial Statement Analysis- Governmental Activities

*Governmental activities* contributed \$241.3 million to the City's net position, a decrease of \$1 million from the prior year as shown below in Table 2. As mentioned previously, main contributing factors for the decrease in net position is due to increased fund balances of \$8.4m mostly offset by capital asset activity occurring during the year and overall increases in long term liabilities such as the Net Pension and Other Post-Employment Benefits (OPEB) Liabilities resulting in a decrease in overall fund balances as reported on the Government-Wide Financial Statements.

<p style="text-align: right;">Table 2</p> <p style="text-align: center;"><b>Summary of Net Position</b>  <b>Governmental Activities</b>  <b>As of June 30, 2019 and 2018</b>  <b>(in thousands)</b></p>			
	<b>Governmental Activities 2019</b>	<b>Governmental Activities 2018</b>	<b>Governmental Activities Change</b>
<b>Assets:</b>			
Current and other assets	\$ 150,766	\$ 138,161	\$ 12,605
Capital Assets, net of depreciation	<u>193,766</u>	<u>197,024</u>	<u>(3,258)</u>
Total Assets	<u>344,532</u>	<u>335,185</u>	<u>9,347</u>
<b>Deferred Outflows of Resources:</b>			
Related to Pension	15,159	25,906	(10,747)
Related to OPEB	<u>427</u>	<u>402</u>	<u>25</u>
Total Deferred Outflows of Resources	<u>15,586</u>	<u>26,308</u>	<u>(10,722)</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>360,118</u>	<u>361,493</u>	<u>(1,375)</u>
<b>Liabilities:</b>			
Current Liabilities	9,273	7,028	2,245
Non-Current Liabilities	<u>106,421</u>	<u>109,011</u>	<u>(2,590)</u>
Total Liabilities	<u>115,694</u>	<u>116,039</u>	<u>(345)</u>
<b>Deferred Inflows of Resources:</b>			
Related to Pension	1,348	1,747	(399)
Related to OPEB	<u>1,752</u>	<u>1,428</u>	<u>324</u>
Total Deferred Inflows of Resources	<u>3,100</u>	<u>3,175</u>	<u>(75)</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>118,794</u>	<u>119,214</u>	<u>(420)</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	193,766	197,024	(3,258)
Restricted	119,203	111,611	7,592
Unrestricted	<u>(71,645)</u>	<u>(66,356)</u>	<u>(5,289)</u>
<b>Total Net Position</b>	<u><b>\$ 241,324</b></u>	<u><b>\$ 242,279</b></u>	<u><b>\$ (955)</b></u>

The Statement of Activities provides information on the change in net position and includes various categories of revenues and expenses as shown below in Table 3. Governmental activities include the following revenue categories:

Charges for services include charges for administration, charges for community development planning, permits, inspection and other services, developer impact fees, specific police, fire and public works services for which a fee is charged, recreation charges and rents of park property, fines and penalties, various fees and license charges, parking permits, and sales.

Operating and capital grants and contributions include amounts received from federal, state and county governments, as well as private grantors, developers and other donors.

General Revenues include property tax, sales tax and franchise taxes which are amounts collected from the providers of the City's cable, garbage and utilities services. Other taxes include transient occupancy tax, business license tax, and other miscellaneous taxes.

Governmental activities include the following expense categories:

*General government* functions include legislative and administrative branches of the City: City Council, City Clerk, City Manager, City Attorney, Finance Department, Human Resources and Animal Services. *Community development* functions provide for inspection, permit, code enforcement, as well as housing services. A portion of this fund, the cost recovery section of building services, is an enterprise fund, as it is required to charge fees to cover its costs of services. Both cost recovery and non-cost recovery services for planning and development are part of the General Fund. *Police and Fire* provide emergency services to the community including full range of law enforcement services as well as prevention and extinguishments of fires, medical treatment and transport of the sick and traumatically injured and the rescuing of victims. *Recreation* includes operation of City parks, community centers, recreation classes and services, swimming pools, museum, and landscape assessment districts. *Public works* functions cover the costs for street maintenance, street lights, traffic signals, street signs, building and equipment maintenance, and the Petaluma River turning basin operation.

Governmental Activities Changes:

- Program revenues from Governmental Activities were \$13 million in fiscal year 2019, a decrease of \$6.9 million compared to the prior year
  - Charges for Service revenues were down 26% or \$4.1 million from the prior year due to decreased State reimbursements related to strike team deployments for wildfire support received in the prior year as well as re allocation of revenue received from intragovernmental services directly offset by decreased General Government expenditures
  - Capital Grants and Contributions were down by 78% or \$2.7 million due mainly to decreased grant payments received for several active projects in that occurred in FY 18
- Property taxes increased by 11.4% or 1.2 million due to increased assessed valuations and associated property related sale activity
- Sales tax revenues were up by 2.4% or \$.3 million due largely to steady continued overall growth
- Intergovernmental revenues were up by 15.5% or \$1.4 million due to increased gas tax revenue from SB1, increased motor vehicle license fee revenues and increased federal payments for medical transport revenues from the Intergovernmental Transfer program
- Investment Earnings were up due to rising short term interest rates
- General Government expenses were down 35.6% or \$2.2m due to reallocation of costs associated with intragovernmental services directly offset by increased Charges for Services revenues
- Community Development expenses were up slightly due to slightly increased program costs
- Police expenses were up due mostly to increased salary and benefit costs including increased workers compensation costs.

- Fire expenses were up due to a combination of increased salary and benefit costs including increased overtime costs due to strike team deployments partially offset by increased revenues/reimbursements
- Public Works expenses were up slightly due to a slight increase in program costs

The chart that follow show the program revenues, general revenues, and expenses by function for all Governmental Activities.

<p style="text-align: right;">Table 3</p> <p style="text-align: center;"><b>Summary of Statement of Activities and Changes in Net Position</b>  <b>Governmental Activities</b>  <b>For the Years Ended June 30, 2018 and 2019</b>  (In thousands)</p>			
	Governmental Activities 2019	Governmental Activities 2018	Percentage Change
<b>Revenues:</b>			
Program Revenues			
Charges for service	\$ 11,383	\$ 15,504	-26.6%
Operating grants and contributions	927	1,035	-10.4%
Capital grants and contributions	<u>766</u>	<u>3,480</u>	-78.0%
Total program revenue	<u>13,076</u>	<u>20,019</u>	-34.7%
General Revenues:			
Taxes:			
Property Tax	11,279	10,121	11.4%
Sales Tax	13,729	13,412	2.4%
Franchise Tax	4,647	4,742	-2.0%
Intergovernmental/Unrestricted	10,101	8,746	15.5%
Other Taxes	<u>6,029</u>	<u>5,578</u>	8.1%
Total Taxes	45,785	42,599	7.5%
Investment Earnings	1,966	641	206.7%
Miscellaneous Revenue	<u>2,954</u>	<u>3,058</u>	-3.4%
Total Revenue	<u>63,781</u>	<u>66,317</u>	-3.8%
<b>Expenses:</b>			
General government	3,990	6,198	-35.6%
Community development	5,805	5,467	6.2%
Police	23,077	17,605	31.1%
Fire	18,602	14,388	29.3%
Recreation	2,812	2,688	4.6%
Public works	<u>11,033</u>	<u>10,730</u>	2.8%
Total Expenses	<u>65,319</u>	<u>57,076</u>	14.4%
<b>Revenues Over (Under) Expenses</b>	(1,538)	9,241	-116.6%
Transfers	582	273	113.2%
Successor Agency Bond Proceeds	-	4,736	100.0%
Unfunded Liability Pension Paydown	<u>-</u>	<u>(7,490)</u>	100.0%
<b>Change in Net Position</b>	(956)	6,760	-114.1%
Net position-beginning of year	242,280	242,666	-0.2%
Adjustment Net position-beginning(See Note 1N)	<u>-</u>	<u>(7,146)</u>	
<b>Net position-end of year</b>	<u><b>\$ 241,324</b></u>	<u><b>\$ 242,280</b></u>	-0.4%

## Government-wide Financial Statement Analysis- Business-type Activities

The *Business-type activities* net position contributed \$194.4 million to the City's net position an increase of \$12.5 million over the prior year as shown below in Table 4. All business-type activities are intended to be fully supported by the fees they charge (including subsidies received for operations, as is the case with the Transit operation).

Table 4			
Summary of Statement of Net Position Business-type Activities As of June 30, 2019 and 2018 (in thousands)			
	Business-type Activities 2019	Business-type Activities 2018	Business-type Activities Change
<b>Assets:</b>			
Current and other assets	\$ 58,637	\$ 57,920	\$ 717
Capital Assets, net of depreciation	<u>265,166</u>	<u>258,574</u>	<u>6,592</u>
Total assets	<u>323,803</u>	<u>316,494</u>	<u>7,309</u>
<b>Deferred Outflows of Resources:</b>			
Related to Pension	1,705	4,900	(3,195)
Related to OPEB	<u>47</u>	<u>44</u>	<u>3</u>
Total Deferred Outflows of Resources	<u>1,752</u>	<u>4,944</u>	<u>(3,192)</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>325,555</u>	<u>321,438</u>	<u>4,117</u>
<b>Liabilities:</b>			
Current Liabilities	11,794	11,360	434
Non-Current Liabilities	<u>118,827</u>	<u>127,617</u>	<u>(8,790)</u>
Total liabilities	<u>130,621</u>	<u>138,977</u>	<u>(8,356)</u>
<b>Deferred Inflows of Resources:</b>			
Related to Pension	373	457	(84)
Related to OPEB	<u>193</u>	<u>157</u>	<u>36</u>
Total Deferred Inflows of Resources	<u>566</u>	<u>614</u>	<u>(48)</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>131,187</u>	<u>139,591</u>	<u>(8,404)</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	152,416	141,025	11,391
Restricted	-	-	-
Unrestricted	<u>41,952</u>	<u>40,822</u>	<u>1,130</u>
<b>Total Net Position</b>	<u>\$ 194,368</u>	<u>\$ 181,847</u>	<u>\$ 12,521</u>

The Statement of Activities provides information on the change in net position and includes various categories of revenues and expenses as shown below in Table 5. Business-type activities include the following revenue categories:

Charges for services include usage charges for wastewater and water utilities, water and wastewater connection fees, airport and marina charges for sales, airport and marina leases, rents, and transient parking charges, charges for transit services, and charges for development services.

Operating grants and contributions, and capital grants and contributions include amounts received from federal, state and county governments.

Business-type activity expenses include Airport, Development Services, Marina, Transit, Wastewater, Water and Storm Water activities.

#### Business-type Activities Changes:

- Program revenues from Business Activities were \$53.3 million in fiscal year 2019, an increase of \$1.2 million compared to the prior year.
  - Charges for Service revenues were up 4.0% or \$1.9 million due to increased revenues in most enterprise funds related to sales and connection fees
  - Operating Grants and Contributions were down by 21.1% or \$.8 million due to less non-recurring grant funds for Waste Water projects in the prior year
- Airport revenues and expenses decreased slightly when compared to the prior year
- Development Services revenues and expenses increased slightly due to increased activity
- Marina overall net position decreased due to operating at a loss between \$.1m-\$.2 million annually
- Transit expenses and revenues increased due to non-recurring grant revenue and associated expenditure for bus purchase that occurred in the prior year
- Wastewater Utility revenue increased by \$.4 million due mainly to increased charges for sales while expenses also increased driven by increased CIP activity when compared to the prior year
- Water Utility revenue increased by \$1.5 million due to increased usage compared to prior year while expenses also increased slightly by \$1.0 million
- Storm Water Utility revenue and expenses increased compared to prior year due to increased trash capture revenue generated from the refuse franchise agreement intended to assist with maintaining storm drains in addition to increased costs of operating the program

The chart below shows the program revenues, general revenues, and expenses by function for all business-type activities.



Table 5

**Summary of Statement and Changes in Net Position**  
**Business-type Activities**  
**As of June 30, 2019 and 2018**  
**(in thousands)**

	<b>Business-type Activities 2019</b>	<b>Business-type Activities 2018</b>	<b>Percentage Change</b>
<b>Revenues:</b>			
Program Revenues			
Charges for Service	\$ 50,433	\$ 48,508	4.0%
Operating Grants and Contributions	2,902	3,676	-21.1%
Capital Grants and Contributions	<u>-</u>	<u>-</u>	0.0%
Total Program Revenue	<u>53,335</u>	<u>52,184</u>	2.2%
General Revenues			
Investment Earnings	1,465	720	103.5%
Miscellaneous Revenue	<u>10</u>	<u>-</u>	0%
Total Revenue	<u>54,810</u>	<u>52,904</u>	3.6%
<b>Expenses:</b>			
Business Type Activities			
Airport	1,551	1,754	-11.6%
Development Services	1,927	1,865	3.3%
Marina	332	367	-9.5%
Transit	3,644	3,369	8.2%
Wastewater	18,869	16,485	14.5%
Water Utility	14,980	13,808	8.5%
Storm Water	<u>404</u>	<u>82</u>	392.7%
Total Expenses	<u>41,707</u>	<u>37,730</u>	10.5%
<b>Revenues Over (Under) Expenses</b>	13,103	15,174	-13.6%
Transfers	<u>(582)</u>	<u>(273)</u>	113.2%
<b>Changes in Net Position</b>	<u>12,521</u>	<u>14,901</u>	-16.0%
Net Position - Beginning of year	181,847	168,524	7.9%
Adjustment Net position-beginning(See Note 1N)	<u>-</u>	<u>(1,578)</u>	
<b>Net Position - End of Year</b>	<u><b>\$ 194,368</b></u>	<u><b>\$ 181,847</b></u>	6.9%

## **FUND FINANCIAL STATEMENT ANALYSIS**

In addition to the 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 resources and operating costs for the general fund and other specific programs. The results for governmental funds below differ from the results reported in the government-wide statements since the focus is on current, available resources. The following are the financial results from the governmental funds:

### **Governmental Funds**

The focus of the City of Petaluma's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

The major governmental funds include:

**General Fund**-This fund provides for the basic services which are expected of a local government, including general government, police, fire, recreation, community development and public works. Support for these services is provided by charges for services, fees, taxes, intergovernmental revenues, donations and grants.

**HOME/Begin Special Revenue Fund**-The federal HOME program was created in 1990 and has provided over \$14.1 million to the City of Petaluma to fund affordable housing on a project-specific basis. The HOME program is administered through the California State Department of Housing and Community Development.

**Impact Fee Special Revenue Funds**- The sources of revenue for these funds are the various development impact fees collected from developers which are used for the installation or expansion of related infrastructure and affordable housing. These funds are used to account for the impact fees, in the following categories, which are imposed on development in the City:

- Storm Drainage
- Housing in-Lieu
- Commercial Linkage
- Parkland Acquisition/Development
- Traffic Mitigation
- City Facilities Development

**City Capital Project Funds**-The City Capital Project Funds account for the capital improvement activities and projects (CIP) which are financed with governmental resources. They include:

- General Government CIP
- Community Development CIP
- Police CIP
- Fire CIP
- Parks and Recreation CIP
- Public Works CIP
- FEMA CIP
- TDA CIP

**Redevelopment Special Revenue Funds and Redevelopment Capital Project Fund**- The City's Redevelopment Agency (RDA), Petaluma Community Development Commission (PCDC), was activated on December 1, 1975 and adopted the Redevelopment Plan for the Central Business District Project Area (CBD) on September 27, 1976. Pursuant to ABx 1 26 ("AB 26"), approved by Governor Brown on June 28, 2011 and upheld by the California State Supreme Court on December 29, 2011, the Redevelopment agency of the City of Petaluma (Petaluma Community Development Commission) was dissolved on January 31,

2012. The former PCDC is now administered under the name Petaluma Community Development Successor Agency. Please refer to note 15 for a more detailed discussion of the activities and assets and liabilities transferred as of February 1, 2012.

As of June 30, 2019, the City of Petaluma Governmental Funds reported combined ending fund balances of \$136.9 million, an increase of \$8.4 million over fiscal year 2018 as shown in Table 6 below. Total non-spendable reserves are \$.1 million, restricted and committed reserves are \$119.2 million and \$6.6 million respectively. Assigned and unassigned are \$7.8 million and \$3.2 million respectively. As mentioned prior, the main contributing factors to the increase in Governmental Fund Balances is due to increased fund balances due to revenues exceeding expenditures in the Impact Fee, Home/Begin Special Revenue, City Capital Projects Fund and General Funds.

The General Fund is the chief operating fund of the City. At June 30, 2019 total fund balance for the General Fund was \$15.5 million. This is made up of \$.1 million in non-spendable fund balance, \$4.4 million in committed, \$7.8 million in assigned and \$3.2 million in unassigned fund balance. The General Fund's fund balance increased by \$2.4 million during the current fiscal year. This increase is primarily due to increased property tax revenue generated from higher than expected assessed valuation growth and intergovernmental receipts considered one time in nature related to the federal Intergovernmental Transfer reimbursement program related to the ambulance or emergency medical transport function. Savings from vacancies due to unfilled positions were also a contributing factor to the overall increase in fund balance.

The fund balance in the City Capital Projects Fund decreased by \$1 million due to increased CIP activity and costs that occurred during the year largely attributed to Public Works CIP projects.

The Impact Fees Special Revenue fund balance increased by \$4.5 million mainly due to an increase in activity resulting in increased revenues collected for the purpose of funding future CIP projects.

The fund balances in the Home/Begin fund increased slightly by \$.6m while the Non-Major fund group also had an increase in fund balance of \$1.4m.

Table 6

<b>Summary of Fund Balances</b> <b>Governmental Funds</b> <b>As of June 30, 2019 and 2018</b> <b>(in thousands)</b>			
	<b>Governmental Funds 2019</b>	<b>Governmental Funds 2018</b>	<b>Governmental Funds Change</b>
<b>Assets:</b>			
Total assets	\$ 143,549	\$ 134,304	\$ 9,245
<b>Liabilities:</b>			
Total liabilities	5,965	5,287	678
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	665	500	165
Total Deferred Inflows	665	500	165
<b>Fund Balance:</b>			
Nonspendable	144	139	5
Restricted	119,179	112,242	6,937
Committed	6,606	7,551	(945)
Assigned	7,818	5,422	2,396
Unassigned	3,171	3,163	8
<b>Total fund balance</b>	<b>136,918</b>	<b>128,517</b>	<b>8,401</b>
<b>Total liabilities and fund balances</b>	<b>\$ 143,548</b>	<b>\$ 134,304</b>	<b>\$ 9,244</b>

Governmental Fund revenues decreased by approximately \$.3 million from the prior year due mainly to decreased license, permits and fees and intergovernmental revenues offset by an increase in taxes and use of money & property revenues.

Governmental Fund expenses decreased overall by \$5.7 million over the prior year. This decrease is due to decreased capital project activity resulting in decreased expenditures in the City Capital Project funds when compared to the prior year.

Table 7 and 8 below show Governmental Fund Revenues by Source and Expenditures by Function.

Table 7

<b>Revenues Classified by Source</b> <b>Governmental Funds</b> <b>For the Years ending June 30, 2019 and 2018</b> <b>(in millions of dollars)</b>						
Revenue by Source	FY 2019		FY 2018		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
Taxes	\$ 35.68	54.1%	\$ 33.85	51.1%	\$ 1.83	5.4%
Licenses, permits & fees	5.30	8.0%	6.95	10.5%	(1.65)	-23.7%
Fines, forfeitures & penalties	0.67	1.0%	0.82	1.2%	(0.14)	-17.6%
Use of money & property	3.62	5.5%	2.38	3.6%	1.24	51.9%
Intergovernmental	11.87	18.0%	13.17	19.9%	(1.30)	-9.8%
Charges for current services	8.29	12.6%	8.59	13.0%	(0.29)	-3.4%
Other	<u>0.52</u>	<u>0.8%</u>	<u>0.48</u>	<u>0.7%</u>	<u>0.04</u>	<u>7.5%</u>
<b>Total Revenues</b>	<b><u>\$ 65.95</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 66.23</u></b>	<b><u>100.0%</u></b>	<b><u>\$ (0.28)</u></b>	<b><u>-0.4%</u></b>

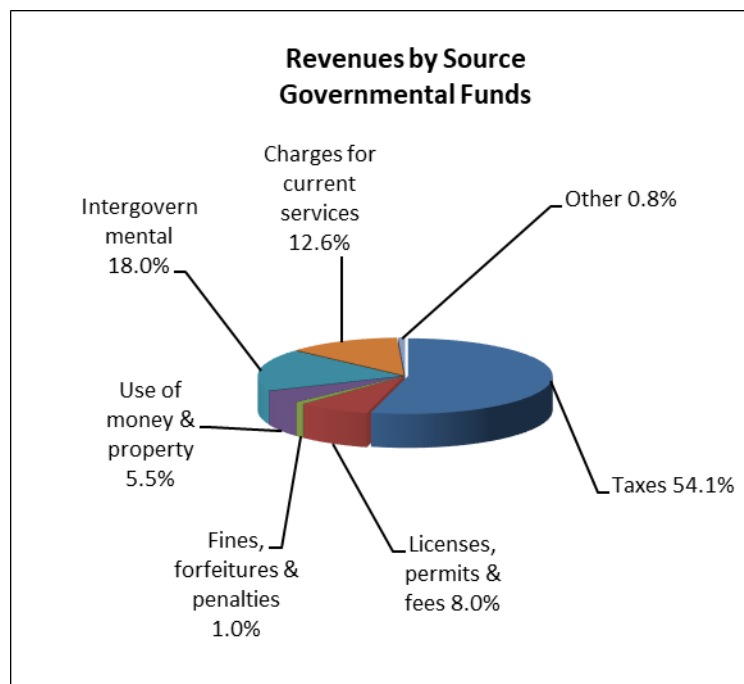
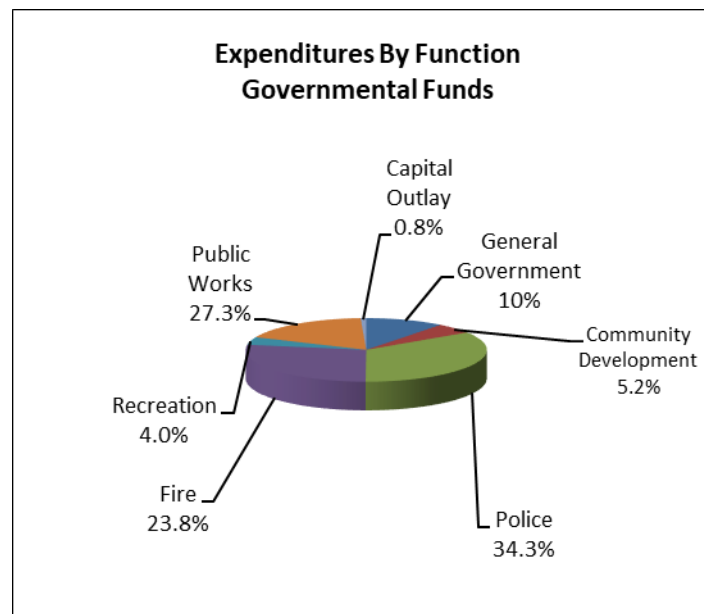


Table 8

**Expenditures Classified by Function**  
**Governmental Funds**  
**For the Years ending June 30, 2019 and 2018**  
**(in millions of dollars)**

Expenditures by Function	FY 2019		FY 2018		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
Current:						
General Government	\$ 6.05	10.6%	\$ 6.31	10.0%	\$ (0.26)	-4.1%
Community Development	2.97	5.2%	2.79	4.4%	0.18	6.6%
Police	19.56	34.3%	17.91	28.5%	1.65	9.2%
Fire	15.72	27.5%	14.94	23.8%	0.78	5.2%
Recreation	2.26	4.0%	2.54	4.0%	(0.28)	-11.0%
Public Works	10.19	17.7%	17.24	27.4%	(7.05)	-40.9%
Capital Outlay	0.43	0.8%	1.17	1.86%	(0.74)	-63.0%
<b>Total Expenditures</b>	<b><u>\$ 57.19</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 62.90</u></b>	<b><u>100.0%</u></b>	<b><u>\$ (5.71)</u></b>	<b><u>-9.1%</u></b>



## **Proprietary Funds**

The major proprietary funds include:

**Airport Fund-** This fund accounts for the daily operation and maintenance of the Petaluma Airport, including capital improvement projects.

**Development Services Fund-** This fund accounts for the cost recovery services offered by the City for building, development and planning.

**Marina Fund-** The Marina Fund accounts for the daily operation and maintenance of the Petaluma Marina, including capital improvement projects.

**Transit Fund-** The Transit Fund accounts for the daily operation and maintenance of the City's bus system and paratransit system, including capital improvement projects.

**Waste Water Utility Fund-** This fund is part of the Public Works and Utilities Department which provides comprehensive and integrated management of Petaluma's water resources, including the collection and treatment of wastewater. Capital projects are included in this fund.

**Water Utility Fund-** This fund is part of the Public Works and Utilities Department which provides comprehensive and integrated management of Petaluma's water resources, including the reliable delivery of high quality water. Capital projects are included in this fund.

**Storm Water Fund-** This fund is part of the Public Works and Utilities Department which tracks costs associated with the City's storm drainage system.

As of June 30, 2019, total net position for Proprietary Funds increased by \$10.4 million from the prior year as shown in Table 9 below. Enterprise Funds activity showed total net position for Airport, Development Services, Wastewater, Water and Storm Water funds up \$.3m, \$.1m, \$9.7m, \$3.3m and \$.3m respectively. Marina and Transit funds show slight decreases in fund balance of \$.1m and \$.6m respectively.

Internal Service Funds activity included a decrease in net position of \$2.5 million, due mainly to the increase in long term claims payable associated with the City's Workers Compensation Program.

As a reminder, due to the recognition of total net pension liability and other post-employment benefit long term liabilities reported on the Proprietary Fund and Government Wide Financial statements, fund balances for various Proprietary Funds reflect decreased available fund balances. See Note 9 and 10 for detailed information on both long-term liabilities.

**Summary of Statement of Net Position**  
**Proprietary Funds**  
**As of June 30, 2019 and 2018**  
**(in thousands)**

	Proprietary Funds 2019	Proprietary Funds 2018	Proprietary Funds Change
<b>Assets:</b>			
Current assets	\$ 66,697	\$ 62,900	\$ 3,797
Non-current assets	<u>278,405</u>	<u>273,053</u>	<u>5,352</u>
Total assets	<u>345,102</u>	<u>335,953</u>	<u>9,149</u>
<b>Deferred Outflows of Resources:</b>			
Related to Pension	1,923	5,539	(3,616)
Related to OPEB	<u>123</u>	<u>116</u>	<u>7</u>
Total Deferred Outflows of Resources	<u>2,046</u>	<u>5,655</u>	<u>(3,609)</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><u>347,148</u></u>	<u><u>341,608</u></u>	<u><u>5,540</u></u>
<b>Liabilities:</b>			
Current liabilities	16,132	14,596	1,536
Non-current liabilities	<u>140,526</u>	<u>146,951</u>	<u>(6,425)</u>
Total liabilities	<u>156,658</u>	<u>161,547</u>	<u>(4,889)</u>
<b>Deferred Inflows of Resources:</b>			
Related to Pension	420	516	(96)
Related to OPEB	<u>506</u>	<u>412</u>	<u>94</u>
Total Deferred Inflows of Resources	<u>926</u>	<u>928</u>	<u>(2)</u>
<b>Total Liabilities and Deferred Inflows of Resource</b>	<u><u>157,584</u></u>	<u><u>162,475</u></u>	<u><u>(4,891)</u></u>
<b>Net Position:</b>			
Net Investment in Capital Assets	156,051	144,990	11,061
Restricted for debt service	-	1	(1)
Unrestricted	<u>33,512</u>	<u>34,142</u>	<u>(630)</u>
<b>Total Net Position</b>	<u><u>\$ 189,563</u></u>	<u><u>\$ 179,133</u></u>	<u><u>\$ 10,430</u></u>

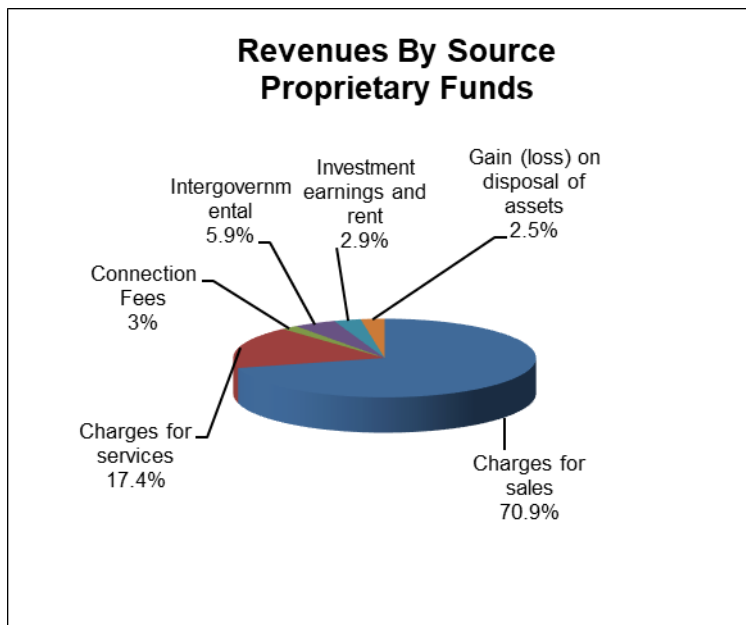
Proprietary Fund revenues increased by approximately \$1.6 million over the prior year due to increased charges for sales and services slightly offset by decreased connection fees and non-recurring intergovernmental revenue received in the prior year.

Proprietary Fund expenses decreased overall by \$.2 million from the prior year. This decrease is due to decreased cost of services compared to the prior year in the Internal Service Funds for a non-recurring payment to paydown the unfunded PERS liability partially offset by increased Claims expense resulting from increased Workers Compensation claims and associated rising liability.

Tables 10 and 11 below show Proprietary Fund Revenues by Source and Expenditures by Function.

**Revenues Classified by Source**  
**Proprietary Funds**  
**For the Years ending June 30, 2019 and 2018**  
**(in millions of dollars)**

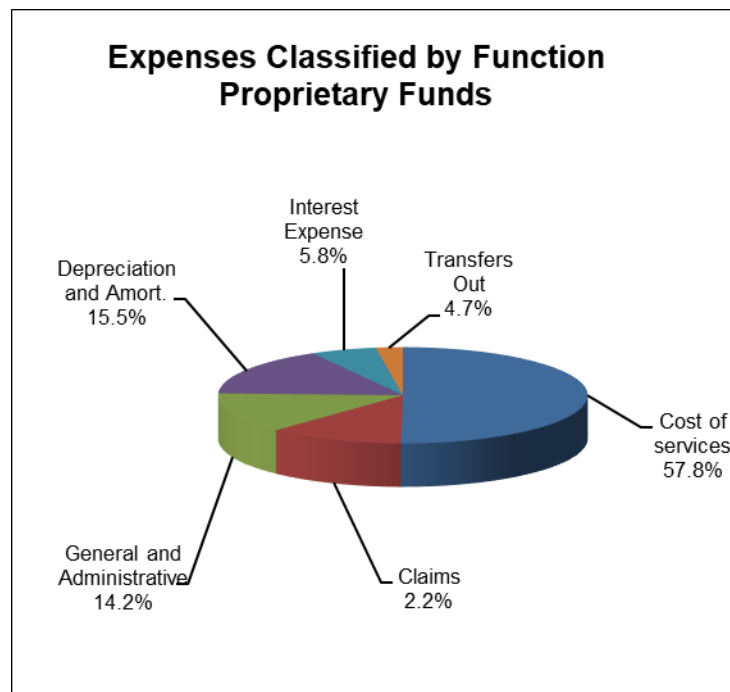
Revenues by Source	FY 2019		FY 2018		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
Charges for sales	\$ 45.23	70.9%	\$ 42.97	69.1%	\$ 2.26	5.3%
Charges for services	11.08	17.4%	9.52	15.3%	1.56	16.4%
Connection Fees	1.14	2%	1.87	3.0%	(0.73)	-38.9%
Intergovern. operating/non-operating	2.90	4.5%	3.68	5.9%	(0.77)	-21.0%
Investment earnings and rent	1.83	2.9%	0.86	1.4%	0.97	113.5%
Transfers in	1.63	2.5%	3.28	5.3%	(1.65)	-50.4%
Contribution to/from City/Capital	-	0.0%	-	0.0%	-	0.0%
<b>Total Revenues</b>	<b><u>\$ 63.82</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 62.18</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 1.64</u></b>	<b><u>2.6%</u></b>





**Expenses Classified by Function**  
**Proprietary Funds**  
**For the Years ending June 30, 2019 and 2018**  
**(in millions of dollars)**

Expenses by Function	FY 2019		FY 2018		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
Cost of services	\$ 26.79	50.2%	\$ 30.97	57.8%	\$ (4.18)	-13.5%
Claims	6.33	11.9%	1.17	2.2%	5.16	441.3%
General and administrative	7.25	13.6%	7.59	14.2%	(0.34)	-4.5%
Depreciation and amortization	8.68	16.3%	8.30	15.5%	0.39	4.6%
Interest expense	3.08	5.8%	3.09	5.8%	(0.01)	-0.4%
Transfers Out	1.26	2.4%	2.50	4.7%	(1.23)	100.0%
<b>Total Expenses</b>	<b><u>\$ 53.39</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 53.61</u></b>	<b><u>100.0%</u></b>	<b><u>\$ (0.22)</u></b>	<b><u>-0.4%</u></b>



## GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund revenues originally adopted were adjusted at mid-year to reflect anticipated changes in taxes, intergovernmental charges, and charges for services. Expenditures originally adopted were also adjusted during the mid-year budget update to reflect higher projected costs of salaries and benefits and supplies. The increased costs were offset by higher projected revenues.

The General Fund total revenues were above the adopted budget estimates by \$3.5 million, due mainly to increased charges for services directly related to cost reimbursements from Strike Team Deployments to assist in active wildfires as well as additional reimbursements for various other city services provided. There were also increases in property tax revenue due to excess growth in assessed valuation resulting from increased property transactions during the year. Also driving the increase is an unanticipated payment from the federal Intergovernmental Transfer Program intended to reimburse agencies a portion of the cost of ambulance transports not fully covered under the State Medi-Cal program. All other revenue categories were very close to budgeted amounts.

The General Fund total expenditures were over budget by \$.1 million however when cost related to Strike Team Deployments directly offset by related revenue, total general fund budget is under budget by approximately \$.5 million due mainly to savings in salaries and benefits from vacant positions as well as lower than anticipated separation costs.

## CAPITAL ASSET AND DEBT ADMINISTRATION

The City of Petaluma's investment in capital assets for its Governmental and Business-Type Activities as of June 30, 2019, equals \$458.9 million (net of accumulated depreciation) as shown below in Table 12. This investment in capital assets includes land, construction in progress, buildings and improvements, vehicles and equipment, and infrastructure. Detailed information about the City's capital assets is contained in Note 5.

The total increase in the City's investment in capital assets, net of depreciation, for the current fiscal year was \$3.3 million or a .7% increase (this represents a decrease of \$3.3 million in Governmental Activities and an increase of \$6.6 million for Business Activities).

Capital asset balances as of June 30, 2019 and 2018 were:

Table 12						
<b>Capital Assets</b>						
(net of depreciation, in millions)						
as of June 30, 2019 and 2018						
	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>	<b>Business-type Activities</b>		<b>Increase (Decrease)</b>
	<b>2019</b>	<b>2018</b>	<b>% Change</b>	<b>2019</b>	<b>2018</b>	<b>% Change</b>
Land	\$ 39.0	\$ 39.0	0%	\$ 10.7	\$ 10.7	0%
Construction in Process	49.2	53.1	-7%	36.6	31.7	15%
Bldg and Improv	9.2	9.1	1%	14.8	15.5	-5%
Vehicle and Equip	4.8	5.0	-4%	3.7	4.0	-6%
Infrastructure	91.5	90.8	1%	199.3	196.7	1%
<b>Totals</b>	<b><u>\$ 193.8</u></b>	<b><u>\$ 197.0</u></b>	<b><u>-2%</u></b>	<b><u>\$ 265.1</u></b>	<b><u>\$ 258.5</u></b>	<b><u>3%</u></b>

At the end of the current fiscal year, the City has no general long-term debt obligation. The Waste Water Fund had \$74 million outstanding in a State Water Resource Control Board loan for the Ellis Creek Recycling Plant and \$23.3 million in outstanding refunded revenue bonds. The Water Utility had \$5.3 million in outstanding revenue bonds. Airport had outstanding debt of \$3.3m for the 2016 Refunding Lease at the end of the fiscal year. Finally, the Marina Fund had a State loan outstanding in the amount of \$6.4 million.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total assessed valuation. The current debt limitation for the City is \$1.6 billion. At June 30, 2019, the City had no general obligation debt outstanding. Additional information on the City of Petaluma's long-term debt can be found in Note 6 of this report.

Long Term Debt balances as of June 30, 2019 and 2018 were:

Table 13

<b>Governmental Activities Long-Term Debt</b> <b>As of June 30, 2019 and 2018</b> <b>(in millions)</b>			
	Balance June 30, 2019	Balance June 30, 2018	Increase (Decrease)
Compensated Absences	\$ 3,507	\$ 3,766	\$ (259)
<b>Total Debt</b>	<b>\$ 3,507</b>	<b>\$ 3,766</b>	<b>\$ (259)</b>

Table 14

<b>Business-Type Activities Long-Term Debt</b> <b>As of June 30, 2019 and 2018</b> <b>(in millions)</b>			
	Balance June 30, 2019	Balance June 30, 2018	Increase (Decrease)
2016 Airport Refunding Lease	3,306	3,730	(424)
2017 Wastewater Revenue Refunding Bonds	23,365	23,365	-
2017 Wastewater Revenue unamortized premium	815	865	(50)
WW-CA SWRCB loan	73,587	80,032	(6,445)
2012 Water Revenue Refunding Bonds	5,250	5,597	(347)
Marina loan-CA Dept of Boating & Waterways	6,426	6,390	36
Compensated Absences	403	371	32
<b>Total Debt</b>	<b>\$ 113,152</b>	<b>\$ 120,350</b>	<b>\$ (7,198)</b>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

After multiple years of financial impacts due to the State of California's fragile budget situation, housing market crash and economic recession, the City is continuing its slow rebound. Significant budget reductions over the past several years have allowed Petaluma to align revenues with expenditures. Significant challenges in the future remain, however, driven by the rising cost of retirement benefits and inadequate revenues.

The City has a diverse economic base that includes residential, retail, and commercial assets. Office and Industrial vacancy rates are at healthy levels and new development of industrial and residential buildings is underway. Petaluma has become a magnet for bay area residents looking for meaningful work and housing options. We would expect property taxes to remain stable next fiscal year. Revenues from sales taxes are also anticipated to remain stable next fiscal year due to the continuation of a stable, growing economy.

There remains, however, a significant long-term projected deficit in the General Fund. The City Council has adopted a goal related to achieving fiscal stability and maintaining financial sustainability. Significant work has been done on developing a five-year financial plan and other initiatives to address the long-term deficit.

The City Council held public meetings and adopted a balanced budget for FY 2019-20.

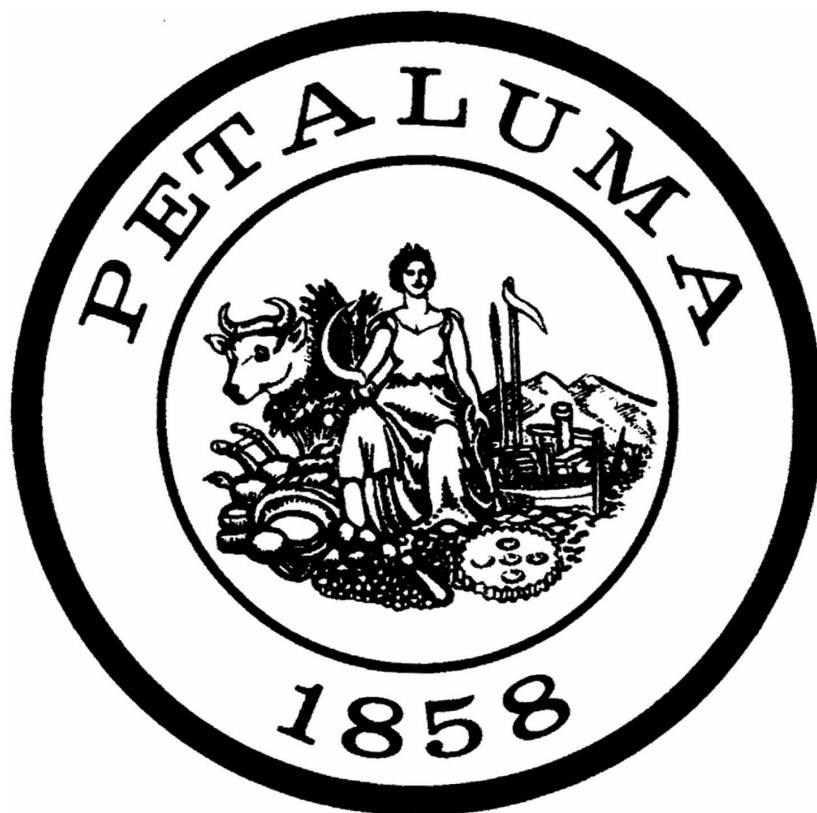
## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Petaluma's finances for all those with an interest in the government's financial activities. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Corey Garberolio, Finance Director, located at 11 English Street, Petaluma, CA 94952, by phone at 707-778-4357 or by email at [cgarberolio@cityofpetaluma.org](mailto:cgarberolio@cityofpetaluma.org). This document can be found on the City's website at [www.cityofpetaluma.net](http://www.cityofpetaluma.net).

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# BASIC FINANCIAL STATEMENTS

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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## **CITY OF PETALUMA**

### **STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES**

The purpose of the Statement of Net Position and the Statement of Activities is to summarize the entire City's financial activities and financial position.

The Statement of Net Position reports the difference between the City's total assets, and deferred outflows of resources and the City's total liabilities and deferred inflow, including all the City's capital assets and all its long-term debt. The Statement of Net Position summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects, Debt Service Funds and Permanent Fund. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating interfund transactions and balances. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the modified accrual basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City, the City of Petaluma Public Financing Corporation, and the Petaluma Public Financing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities.



**City of Petaluma**  
**Statement of Net Position**  
**June 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 89,648,016	\$ 44,977,379	\$ 134,625,395
Restricted cash and investments	-	43	43
Receivables:			
Accounts, net	2,266,933	5,054,205	7,321,138
Interest	534,253	-	534,253
Intergovernmental	4,379,430	936,095	5,315,525
Internal balances	(7,061,617)	7,061,617	-
Inventories	35,464	608,160	643,624
Deposits and prepaid items	341,906	-	341,906
Loans receivable	46,632,596	-	46,632,596
Interest receivable related to loans receivable	13,988,649	-	13,988,649
Capital assets:			
Non-depreciable	88,210,231	47,350,900	135,561,131
Depreciable, net	105,556,031	217,815,011	323,371,042
<b>Total assets</b>	<b>344,531,892</b>	<b>323,803,410</b>	<b>668,335,302</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pension	15,159,247	1,704,657	16,863,904
Deferred outflows of resources - OPEB	427,019	46,972	473,991
<b>Total assets and deferred outflows of resources</b>	<b>15,586,266</b>	<b>1,751,629</b>	<b>17,337,895</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	3,305,830	3,104,585	6,410,415
Wages payable	1,077,969	-	1,077,969
Interest payable	-	516,434	516,434
Unearned revenue	56,847	-	56,847
Refundable deposits	295,792	615,451	911,243
Claims payable:			
Due within one year	3,776,992	-	3,776,992
Due in more than one year	8,765,047	-	8,765,047
Compensated absences:			
Due within one year	762,005	162,034	924,039
Due in more than one year	3,506,816	402,610	3,909,426
Net pension liability, due in more than one year	79,569,946	11,467,235	91,037,181
OPEB liability, due in more than one year	14,576,881	1,603,472	16,180,353
Long-term debt:			
Due within one year	-	7,395,543	7,395,543
Due in more than one year	-	105,354,025	105,354,025
<b>Total liabilities</b>	<b>115,694,125</b>	<b>130,621,389</b>	<b>246,315,514</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	1,347,836	372,983	1,720,819
Deferred inflows of resources - OPEB	1,751,936	192,715	1,944,651
<b>Total deferred inflows of resources</b>	<b>3,099,772</b>	<b>565,698</b>	<b>3,665,470</b>
<b>NET POSITION</b>			
Net investment in capital assets	193,766,262	152,416,343	346,182,605
Restricted for:			
Special projects:			
CDBG	1,007,663	-	1,007,663
HOME / BEGIN	22,039,197	-	22,039,197
Redevelopment low / moderate income housing	29,503,779	-	29,503,779
Impact fees	57,395,166	-	57,395,166
Grants	2,397,024	-	2,397,024
Gas tax	598,995	-	598,995
Public safety	749,322	-	749,322
Landscape Assessment Districts	485,272	-	485,272
Street maintenance	3,318,737	-	3,318,737
Transient Occupancy Tax	1,034,693	-	1,034,693
Parks	611,691	-	611,691
Tourism Improvement	37,386	-	37,386
Debt service	-	43	43
Permanent Nonexpendable	24,333	-	24,333
Total restricted	119,203,258	43	119,203,301
Unrestricted (deficit)	(71,645,259)	41,951,566	(29,693,693)
<b>Total net position</b>	<b>\$ 241,324,261</b>	<b>\$ 194,367,952</b>	<b>\$ 435,692,213</b>

See accompanying Notes to Basic Financial Statements.

**City of Petaluma**  
**Statement of Activities**  
**For the year ended June 30, 2019**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Total
			Charges for Services	Operating	Capital	
				Grants and Contributions	Grants and Contributions	
<b>Governmental activities:</b>						
General government	\$ 6,332,578	\$ (2,342,534)	\$ 762,249	\$ -	\$ -	\$ 762,249
Community development	5,314,795	489,597	1,984,696	357,552	-	2,342,248
Police	23,076,631	685	266,053	569,762	-	835,815
Fire	18,601,570	-	3,501,621	-	-	3,501,621
Parks and recreation	2,791,423	21,204	2,251,591	-	-	2,251,591
Public works	10,923,095	109,787	2,616,424	-	766,021	3,382,445
Total governmental activities	67,040,092	(1,721,261)	11,382,634	927,314	766,021	13,075,969
<b>Business-type activities:</b>						
Airport	1,465,989	85,476	1,766,982	90,620	-	1,857,602
Development services	1,795,628	131,614	1,994,415	-	-	1,994,415
Marina	298,617	33,038	262,401	-	-	262,401
Transit	3,543,654	100,702	352,283	2,726,647	-	3,078,930
Wastewater utility	18,126,866	742,569	27,510,352	31,873	-	27,542,225
Water utility	14,373,682	606,306	18,360,988	53,754	-	18,414,742
Storm water	381,607	21,556	185,445	-	-	185,445
Total business-type activities	39,986,043	1,721,261	50,432,866	2,902,894	-	53,335,760
Total primary government	\$ 107,026,135	\$ -	\$ 61,815,500	\$ 3,830,208	\$ 766,021	\$ 66,411,729

**General Revenues:**

Taxes:

Property taxes

Sales and use taxes

Franchise taxes

Business license taxes

Transient occupancy taxes

Other taxes

Total taxes

Intergovernmental, unrestricted

Investment earnings

Gain on disposal of assets

Other revenue

Transfer in/(out)

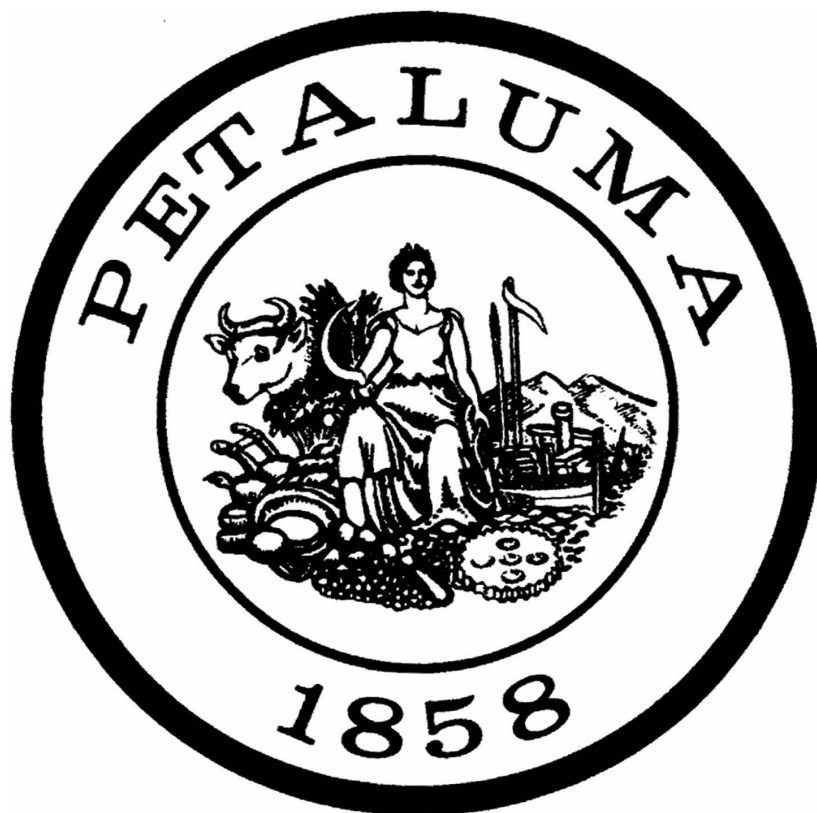
**Total general revenues**

**Change in net position**

**Net position - beginning of year**

**Net position - end of year**

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (3,227,795)	\$ -	\$ (3,227,795)
(3,462,144)	-	(3,462,144)
(22,241,501)	-	(22,241,501)
(15,099,949)	-	(15,099,949)
(561,036)	-	(561,036)
(7,650,437)	-	(7,650,437)
(52,242,862)	-	(52,242,862)
-	306,137	306,137
-	67,173	67,173
-	(69,254)	(69,254)
-	(565,426)	(565,426)
-	8,672,790	8,672,790
-	3,434,754	3,434,754
-	(217,718)	(217,718)
-	11,628,456	11,628,456
(52,242,862)	11,628,456	(40,614,406)
11,278,819	-	11,278,819
13,728,518	-	13,728,518
4,646,929	-	4,646,929
1,334,920	-	1,334,920
3,359,945	-	3,359,945
1,335,133	-	1,335,133
35,684,264	-	35,684,264
10,100,536	-	10,100,536
1,966,335	1,465,197	3,431,532
37,009	9,823	46,832
2,917,083	-	2,917,083
582,417	(582,417)	-
51,287,644	892,603	52,180,247
(955,218)	12,521,059	11,565,841
242,279,479	181,846,893	424,126,372
\$ 241,324,261	\$ 194,367,952	\$ 435,692,213



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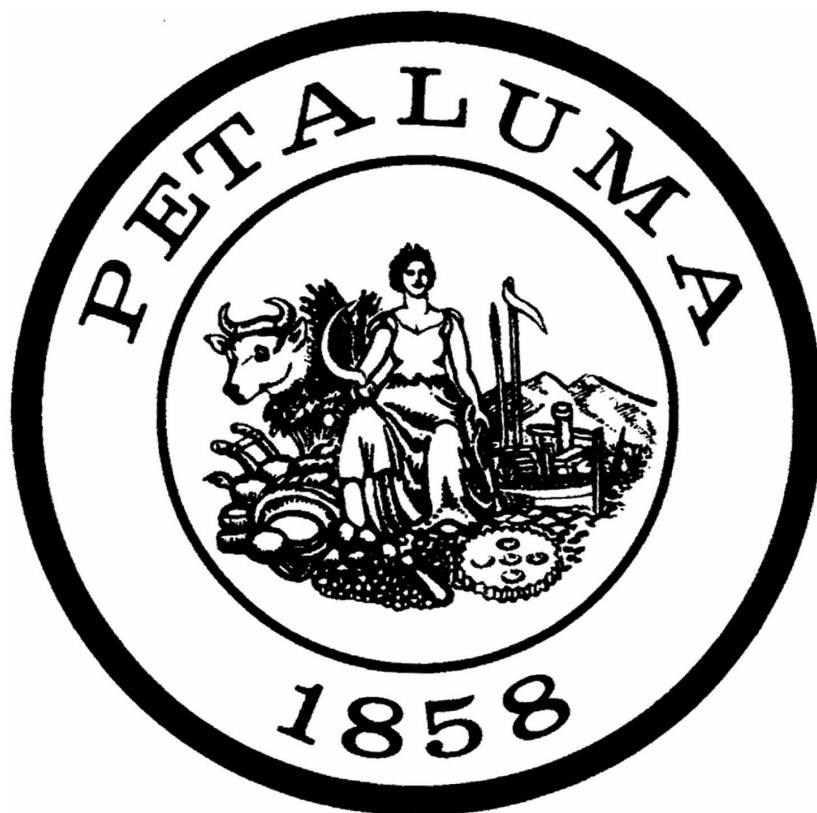
# FUND FINANCIAL STATEMENTS

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*Governmental Funds Financial Statements*

*Proprietary Funds Financial Statements*

*Fiduciary Funds Financial Statements*



<b>FUND FINANCIAL STATEMENTS</b>
----------------------------------

The funds described below were determined to be Major Funds by the City in fiscal 2019. Individual non-major funds may be found in the Supplemental Section.

**GENERAL FUND**

The General Fund is used to account for resources traditionally associated with government, which are not required legally, or by sound financial management, to be accounted for in another fund.

**HOME/BEGIN SPECIAL REVENUE FUND**

The HOME/Begin Special Revenue Fund is used to account for federal grants received under the Housing and Community Development Act of 1974. The money is used for specific programs, which provide housing to people with low and moderate income.

**IMPACT FEES SPECIAL REVENUE FUND**

This fund is used to account for fees received from local development projects, which are used for the construction of major public improvements, provided assistance to low income people in the community, and for the acquisition, development, and enhancement of neighborhood and community parks.

**SUCCESSOR HOUSING SPECIAL REVENUE FUND**

This fund was established to account for the collection of property tax increment related to the dissolution of the former Petaluma Community Development Commission (PCDC) and its related project areas. This fund is used for loan repayments and activities related to the assets assumed by the City as Successor Agency as well as housing activities of the former PCDC.

**CITY CAPITAL PROJECTS FUND**

This fund accounts for the collection of resources and the related expenditure on acquisition and construction of major capital improvement projects in the City, other than those accounted for in proprietary funds.

**City of Petaluma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	Major Funds		
	General Fund	HOME / Begin Special Revenue Fund	Impact Fees Special Revenue Fund
<b>ASSETS</b>			
Cash and investments	\$ 13,391,351	\$ 934,523	\$ 47,963,975
Receivables:			
Accounts, net	1,583,676	-	-
Interest	534,253	-	-
Intergovernmental	3,467,892	-	-
Due from other funds	367,423	-	-
Inventories	13,117	-	-
Deposits and prepaid items	29,791	-	-
Loans receivable	49,375	15,192,939	8,587,398
Interest receivable related to loans receivable	27,271	5,911,735	548,480
Advances to other funds	-	-	476,058
<b>Total assets</b>	<b>\$ 19,464,149</b>	<b>\$ 22,039,197</b>	<b>\$ 57,575,911</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 2,004,203	\$ -	\$ 96,791
Wages payable	1,077,969	-	-
Unearned revenue	56,847	-	-
Refundable deposits	234,692	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
<b>Total liabilities</b>	<b>3,373,711</b>	<b>-</b>	<b>96,791</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenues	545,176	-	83,954
<b>Fund Balances:</b>			
Nonspendable	119,554	-	-
Restricted	-	22,039,197	57,395,166
Committed	4,434,461	-	-
Assigned	7,818,049	-	-
Unassigned	3,173,198	-	-
<b>Total fund balances</b>	<b>15,545,262</b>	<b>22,039,197</b>	<b>57,395,166</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 19,464,149</b>	<b>\$ 22,039,197</b>	<b>\$ 57,575,911</b>

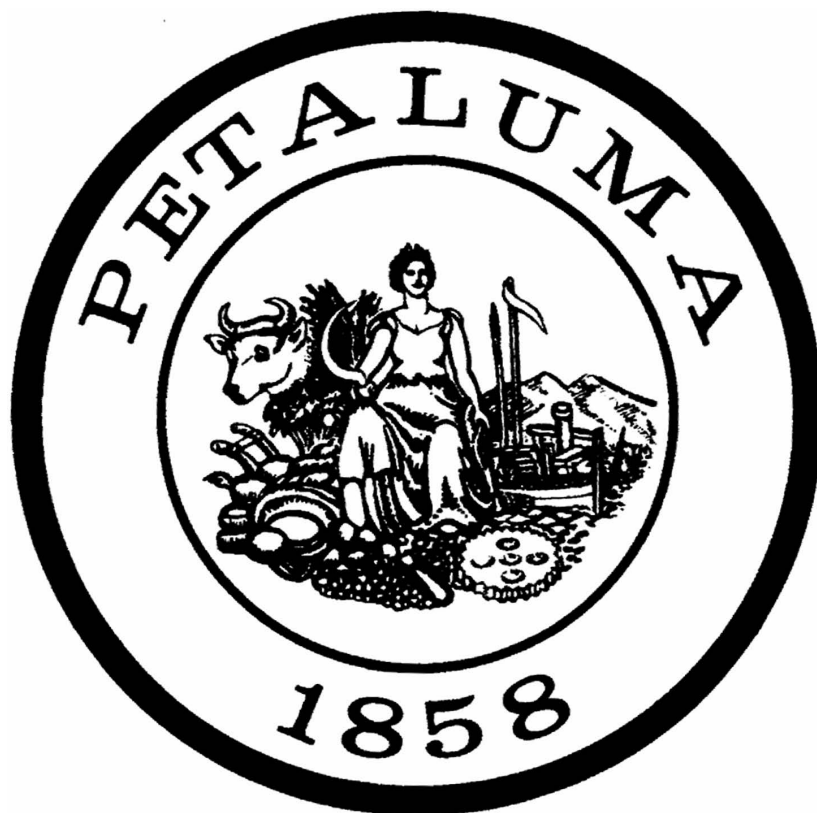


Major Funds		Non-Major Governmental Funds	Total Governmental Funds
Successor Housing Special Revenue Fund	City Capital Projects Fund		
\$ 183,351	\$ 3,959,302	\$ 8,487,799	\$ 74,920,301
-	42,974	579,646	2,206,296
-	-	-	534,253
-	160,185	751,353	4,379,430
-	-	-	367,423
-	-	-	13,117
-	1,444	-	31,235
22,078,884	-	724,000	46,632,596
7,308,400	-	192,763	13,988,649
-	-	-	476,058
<u>\$ 29,570,635</u>	<u>\$ 4,163,905</u>	<u>\$ 10,735,561</u>	<u>\$ 143,549,358</u>
\$ 6,856	\$ 592,245	\$ 442,526	\$ 3,142,621
-	-	-	1,077,969
-	-	-	56,847
60,000	1,100	-	295,792
-	-	29,331	29,331
-	1,362,801	-	1,362,801
<u>66,856</u>	<u>1,956,146</u>	<u>471,857</u>	<u>5,965,361</u>
-	35,924	-	665,054
-	-	24,821	144,375
29,503,779	-	10,240,783	119,178,925
-	2,171,835	-	6,606,296
-	-	-	7,818,049
-	-	(1,900)	3,171,298
<u>29,503,779</u>	<u>2,171,835</u>	<u>10,263,704</u>	<u>136,918,943</u>
<u>\$ 29,570,635</u>	<u>\$ 4,163,905</u>	<u>\$ 10,735,561</u>	<u>\$ 143,549,358</u>

# City of Petaluma

## Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position June 30, 2019

<b>Total fund balances reported on the governmental funds balance sheet</b>	<b>\$ 136,918,943</b>
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 used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	190,130,806
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 Statement of Net Position.	(4,804,845)
Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	665,054
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:	
Compensated absences	(4,055,783)
Net Pension liability	(78,106,044)
Deferred outflows related to pension	14,941,631
Deferred inflows related to pension	(1,300,221)
OPEB obligation	(11,976,698)
Deferred outflows related to OPEB	350,849
Deferred inflows related to OPEB	(1,439,431)
<b>Net Position of Governmental Activities</b>	<b>\$ 241,324,261</b>



# City of Petaluma

## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds

For the year ended June 30, 2019

	Major Funds		
	General Fund	HOME / Begin Special Revenue Fund	Impact Fees Special Revenue Fund
<b>REVENUES:</b>			
Taxes	\$ 30,739,746	\$ -	\$ -
Licenses, permits and fees	1,302,860	-	3,963,823
Fines, forfeitures, and penalties	634,177	-	-
Use of money and property	895,678	570,233	1,393,615
Intergovernmental	7,027,800	-	-
Charges for current services	7,700,722	-	79,279
Other	145,820	-	8,547
<b>Total revenues</b>	<b>48,446,803</b>	<b>570,233</b>	<b>5,445,264</b>
<b>EXPENDITURES:</b>			
Current:			
General government	5,654,259	-	-
Community development	989,393	-	629,882
Police	19,131,074	-	-
Fire	15,418,433	-	-
Parks and recreation	1,638,484	-	26,195
Public works	3,910,709	-	56,329
Capital outlay	94,003	-	-
<b>Total expenditures</b>	<b>46,836,355</b>	<b>-</b>	<b>712,406</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,610,448</b>	<b>570,233</b>	<b>4,732,858</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	1,984,011	-	12,276
Transfers out	(1,175,053)	-	(292,578)
<b>Total other financing sources (uses)</b>	<b>808,958</b>	<b>-</b>	<b>(280,302)</b>
<b>Net change in fund balances</b>	<b>2,419,406</b>	<b>570,233</b>	<b>4,452,556</b>
<b>FUND BALANCES:</b>			
Beginning of year	13,125,856	21,468,964	52,942,610
End of year	\$ 15,545,262	\$ 22,039,197	\$ 57,395,166

See accompanying Notes to Basic Financial Statements.

Major Funds		Non-Major Governmental Funds	Total Governmental Funds
Successor Housing Special Revenue Fund	City Capital Projects Fund		
\$ -	\$ -	\$ 4,944,517	\$ 35,684,263
-	-	37,386	5,304,069
-	-	38,090	672,267
530,507	45,881	179,552	3,615,466
-	643,744	4,201,610	11,873,154
24,115	16,488	472,638	8,293,242
237	339,287	22,136	516,027
554,859	1,045,400	9,895,929	65,958,488
-	365,874	-	6,020,133
244,448	-	1,110,301	2,974,024
-	-	432,475	19,563,549
-	277,021	25,011	15,720,465
-	223,826	402,735	2,291,240
-	3,610,969	2,613,655	10,191,662
-	-	339,125	433,128
244,448	4,477,690	4,923,302	57,194,201
310,411	(3,432,290)	4,972,627	8,764,287
226,791	2,491,235	3,351,249	8,065,562
-	(12,276)	(6,948,238)	(8,428,145)
226,791	2,478,959	(3,596,989)	(362,583)
537,202	(953,331)	1,375,638	8,401,704
28,966,577	3,125,166	8,888,066	128,517,239
\$ 29,503,779	\$ 2,171,835	\$ 10,263,704	\$ 136,918,943

## City of Petaluma

### Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2019

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 8,401,704</b>
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

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.

Capitalized expenditures are therefore added back to fund balance	4,693,714
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$646,135 which has already been allocated to serviced funds)	(7,622,539)

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):

Unavailable revenue	165,242
Compensated absences	104,190
OPEB obligation, and deferred outflows and inflows of resources	(569,010)
Net pension liability, and deferred outflows and inflows of resources	(4,037,910)

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	(2,090,609)
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ (955,218)</b>
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<b>MAJOR PROPRIETARY FUNDS</b>
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Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

**AIRPORT FUND**

This fund accounts for the daily operation and maintenance of the Petaluma Airport, including capital improvements.

**DEVELOPMENT SERVICES FUND**

This fund accounts for cost recovery services, including building services, development services and planning services provided to developers, where fees charged are required to cover costs of providing services.

**MARINA FUND**

This fund accounts for the daily operation and maintenance of the Petaluma Marina, structural and equipment improvements, and planning and implementing promotional campaigns.

**TRANSIT FUND**

This fund is used to account for the operation of City's transit services.

**WASTEWATER UTILITY FUND**

This fund is part of the Water Resources and Conservation Department, which provides comprehensive and integrated management of Petaluma's water resources, including collection and treatment of wastewater.

**WASTEWATER RATE STABILIZATION FUND**

This fund is used for the purpose of debt service calculations. The Financial Plan uses money from the Rate Stabilization fund to help meet the debt service coverage requirements.

**WATER UTILITY FUND**

This fund is part of the Water Resources and Conservation Department, which provides comprehensive and integrated management of Petaluma's water resources, including reliable delivery of high quality water.

**STORM WATER FUND**

The Storm Water Utility was set up to track costs associated with the City's storm drainage system. Some examples of these costs include maintenance, monitoring, ground water and drinking water protection, infrastructure management, code development and enforcement, drainage system inspection and regulation, and floodplain management.

**City of Petaluma**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Major Proprietary Funds		
	Airport	Development Services	Marina
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 1,727,909	\$ 1,798,221	\$ 13,263
Restricted cash and investments	-	-	-
Receivables:			
Accounts, net	107,433	-	19,519
Intergovernmental	(669)	-	-
Inventories	67,042	-	2,199
Deposits and prepaid items	-	-	-
Total Current Assets	1,901,715	1,798,221	34,981
Non-Current Assets:			
Advance to other funds	-	-	-
Capital assets:			
Non-depreciable	4,562,035	-	-
Depreciable	19,051,468	380,638	5,034,455
Less: accumulated depreciation	(11,989,508)	(361,856)	(3,632,621)
Total Non-current Assets	11,623,995	18,782	1,401,834
<b>Total assets</b>	<b>13,525,710</b>	<b>1,817,003</b>	<b>1,436,815</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pension	-	181,347	-
Deferred outflows of resources - OPEB	-	12,703	-
<b>Total assets and deferred outflows of resources</b>	<b>13,525,710</b>	<b>2,011,053</b>	<b>1,436,815</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	86,261	41,362	9,469
Interest payable	14,932	-	-
Due to other funds	-	-	338,093
Refundable deposits	143,647	210,340	16,584
Claims payable, due within one year	-	-	-
Compensated absences, due within one year	1,355	12,304	617
Long-term debt, due within one year	436,000	-	-
Total Current Liabilities	682,195	264,006	364,763
Non-current Liabilities:			
Claims payable, due in more than one year	-	-	-
Compensated absences, due in more than one year	7,864	53,485	2,507
Advance from other funds	-	-	-
Net pension liability	-	1,219,919	-
OPEB liability	-	433,633	-
Long-term debt, due in more than one year	2,870,000	-	6,426,352
Total Non-current Liabilities	2,877,864	1,707,037	6,428,859
<b>Total liabilities</b>	<b>3,560,059</b>	<b>1,971,043</b>	<b>6,793,622</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	-	39,679	-
Deferred inflows of resources - OPEB	-	52,117	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>91,796</b>	<b>-</b>
<b>NET POSITION</b>			
Net investment in capital assets	8,317,995	18,782	(5,024,518)
Restricted for debt service	-	-	-
Unrestricted	1,647,656	(70,568)	(332,289)
<b>Total net position</b>	<b>\$ 9,965,651</b>	<b>\$ (51,786)</b>	<b>\$ (5,356,807)</b>

See accompanying Notes to Basic Financial Statements.



Major Proprietary Funds						Governmental
						Activities-
						Internal Service
Transit	Wastewater Utility	Wastewater Rate Stabilization	Water Utility	Storm Water	Total	Funds
\$ 130,344	\$ 24,618,415	\$ 3,727,033	\$ 12,587,978	\$ 374,216	\$ 44,977,379	\$ 14,727,715
-	43	-	-	-	43	-
13,403	3,694,705	-	1,219,145	-	5,054,205	60,637
549,084	387,680	-	-	-	936,095	-
86,147	20,142	-	428,889	3,741	608,160	22,347
-	-	-	-	-	-	310,671
778,978	28,720,985	3,727,033	14,236,012	377,957	51,575,882	15,121,370
-	7,062,386	-	1,270,578	-	8,332,964	1,270,578
873,652	35,228,486	-	6,686,727	-	47,350,900	-
10,401,560	253,022,309	-	73,163,441	5,334	361,059,205	11,670,422
(5,537,564)	(81,114,763)	-	(40,607,354)	(528)	(143,244,194)	(8,034,966)
5,737,648	214,198,418	-	40,513,392	4,806	273,498,875	4,906,034
6,516,626	242,919,403	3,727,033	54,749,404	382,763	325,074,757	20,027,404
72,539	906,732	-	544,039	-	1,704,657	217,616
-	15,168	-	19,101	-	46,972	76,170
6,589,165	243,841,303	3,727,033	55,312,544	382,763	326,826,386	20,321,190
367,095	1,778,910	-	803,515	17,973	3,104,585	163,209
-	469,389	-	32,113	-	516,434	-
-	-	-	-	-	338,093	-
-	-	-	244,880	-	615,451	-
-	-	-	-	-	-	3,776,992
2,429	84,782	-	55,629	4,918	162,034	60,159
-	6,598,543	-	361,000	-	7,395,543	-
369,524	8,931,624	-	1,497,137	22,891	12,132,140	4,000,360
-	-	-	-	-	-	8,765,047
11,388	187,802	-	129,453	10,111	402,610	152,879
-	-	-	-	476,058	476,058	8,240,740
487,967	6,099,593	-	3,659,756	-	11,467,235	1,463,902
-	517,771	-	652,068	-	1,603,472	2,600,183
-	91,168,673	-	4,889,000	-	105,354,025	-
499,355	97,973,839	-	9,330,277	486,169	119,303,400	21,222,751
868,879	106,905,463	-	10,827,414	509,060	131,435,540	25,223,111
15,872	198,395	-	119,037	-	372,983	47,615
-	62,229	-	78,369	-	192,715	312,505
15,872	260,624	-	197,406	-	565,698	360,120
5,737,648	109,368,816	-	33,992,814	4,806	152,416,343	3,635,456
-	43	-	-	-	43	-
(33,234)	27,306,357	3,727,033	10,294,910	(131,103)	42,408,762	(8,897,497)
<u>\$ 5,704,414</u>	<u>\$ 136,675,216</u>	<u>\$ 3,727,033</u>	<u>\$ 44,287,724</u>	<u>\$ (126,297)</u>	<u>\$ 194,825,148</u>	<u>\$ (5,262,041)</u>
Prior years' accumulated adjustment to reflect the consolidation of internal service funds' activities related to the enterprise fund					57,035	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds					(514,231)	
Net Position per Business-Type Activities Statement of Net Position					<u>194,367,952</u>	

# City of Petaluma

## Statement of Revenues, Expenses and Changes in Net Position

### Proprietary Funds

For the year ended June 30, 2019

	Major Proprietary Funds		
	Airport	Development Services	Marina
<b>OPERATING REVENUES:</b>			
Charges for sales	\$ 669,688	\$ 180	\$ 6,494
Charges for services	1,097,294	1,994,235	255,907
Connection fee	-	-	-
<b>Total operating revenues</b>	<b>1,766,982</b>	<b>1,994,415</b>	<b>262,401</b>
<b>OPERATING EXPENSES:</b>			
Cost of services	901,100	1,667,259	67,527
Claims	-	-	-
General and administrative	167,199	254,399	158,651
Depreciation	389,743	5,584	102,864
<b>Total operating expenses</b>	<b>1,458,042</b>	<b>1,927,242</b>	<b>329,042</b>
<b>OPERATING INCOME</b>	<b>308,940</b>	<b>67,173</b>	<b>(66,641)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment earnings and rent	62,013	48,606	(6,466)
Interest expense	(93,423)	-	(2,613)
Intergovernmental	90,620	-	-
Gain(loss) on disposal of assets	1,670	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>60,880</b>	<b>48,606</b>	<b>(9,079)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>369,820</b>	<b>115,779</b>	<b>(75,720)</b>
Transfers in	-	-	-
Transfers out	(55,570)	-	-
<b>Total transfers</b>	<b>(55,570)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>314,250</b>	<b>115,779</b>	<b>(75,720)</b>
<b>NET POSITION:</b>			
Beginning of year	9,651,401	(167,565)	(5,281,087)
End of year	<u>\$ 9,965,651</u>	<u>\$ (51,786)</u>	<u>\$ (5,356,807)</u>

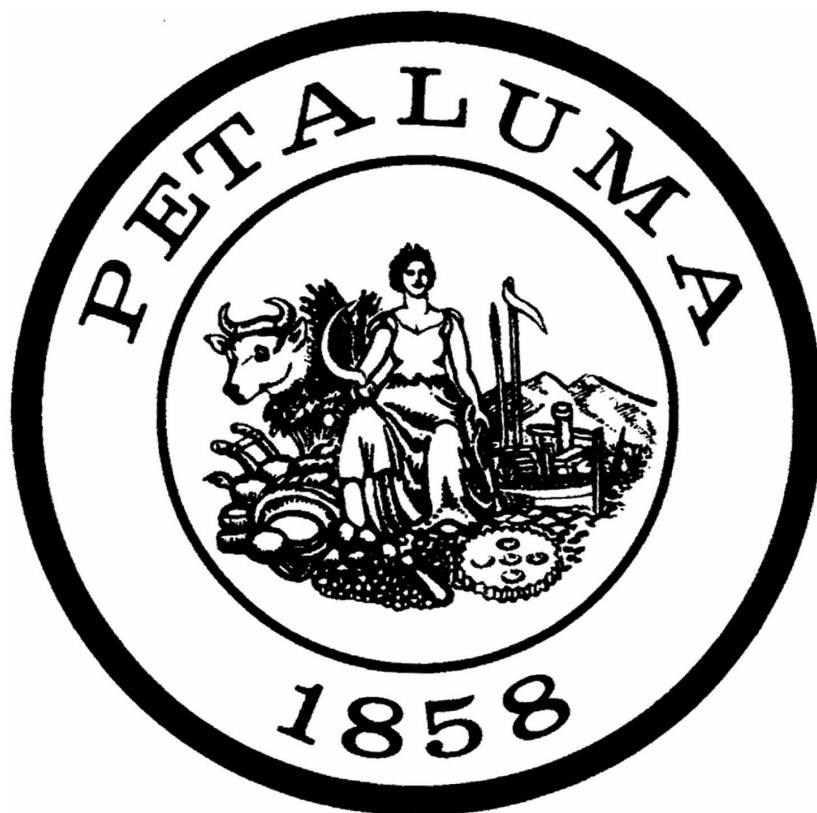
Major Proprietary Funds						Governmental Activities- Internal Service Funds
Transit	Wastewater Utility	Wastewater Rate Stabilization	Water Utility	Storm Water	Total	
\$ -	\$ 27,487,956	\$ -	\$ 17,066,090	\$ -	\$ 45,230,408	\$ 3,824
352,283	7,200	-	166,939	185,445	4,059,303	7,018,998
-	15,196	-	1,127,959	-	1,143,155	-
352,283	27,510,352	-	18,360,988	185,445	50,432,866	7,022,822
2,592,737	7,071,638	-	11,568,945	302,345	24,171,551	2,616,625
-	-	-	-	-	-	6,328,116
330,163	3,460,981	-	1,582,886	96,489	6,050,768	1,201,722
721,456	5,391,437	-	1,422,446	528	8,034,058	646,135
3,644,356	15,924,056	-	14,574,277	399,362	38,256,377	10,792,598
(3,292,073)	11,586,296	-	3,786,711	(213,917)	12,176,489	(3,769,776)
1,081	899,425	99,290	358,658	2,590	1,465,197	366,994
-	(2,639,939)	-	(196,920)	(3,801)	(2,936,696)	(146,718)
2,726,647	31,873	-	53,754	-	2,902,894	-
545	7,608	-	-	-	9,823	(340)
2,728,273	(1,701,033)	99,290	215,492	(1,211)	1,441,218	219,936
(563,800)	9,885,263	99,290	4,002,203	(215,128)	13,617,707	(3,549,840)
-	93,580	-	-	498,473	592,053	1,035,000
-	(390,190)	-	(728,710)	-	(1,174,470)	(90,000)
-	(296,610)	-	(728,710)	498,473	(582,417)	945,000
(563,800)	9,588,653	99,290	3,273,493	283,345	13,035,290	(2,604,840)
6,268,214	127,086,563	3,627,743	41,014,231	(409,642)		(2,657,201)
\$ 5,704,414	\$ 136,675,216	\$ 3,727,033	\$ 44,287,724	\$ (126,297)		\$ (5,262,041)
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds					(514,231)	
Change in net position per Business-Type Activities Statement of Net Position					\$ 12,521,059	

**City of Petaluma**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2019**

	Major Proprietary Funds		
	Airport	Development Services	Marina
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 1,754,040	\$ 2,018,562	\$ 265,089
Cash payments to suppliers of goods and services	(1,043,484)	(1,950,503)	(224,707)
Cash payments to employees for services	(18,575)	132,668	1,518
Claims paid	-	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>691,981</b>	<b>200,727</b>	<b>41,900</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating grants and contributions	90,620	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(55,570)	-	-
Interfund borrowings	-	-	(35,432)
<b>Net cash provided by (used) in noncapital financing activities</b>	<b>35,050</b>	<b>-</b>	<b>(35,432)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal payments on long-term debt and capital lease	(424,000)	-	36,108
Interest paid on long-term debt and capital lease	(95,338)	-	(36,108)
Proceeds from sale of capital assets	1,670	-	-
Acquisition of capital assets	(144,716)	-	-
<b>Net cash (used) in capital and related financing activities</b>	<b>(662,384)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on investments	62,013	48,605	(6,468)
<b>Net cash provided by investing activities</b>	<b>62,013</b>	<b>48,605</b>	<b>(6,468)</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>126,660</b>	<b>249,332</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>1,601,249</b>	<b>1,548,889</b>	<b>13,263</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 1,727,909</b>	<b>\$ 1,798,221</b>	<b>\$ 13,263</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 308,940	\$ 67,173	\$ (66,641)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	389,743	5,584	102,864
Changes in assets and liabilities:			
Accounts receivable	(18,593)	-	639
Intergovernmental receivables	4,666	-	-
Inventories	(13,812)	-	2,832
Deposits and prepaid items	-	-	-
Advance to other funds	-	-	-
Deferred outflows of resources - pension	-	351,192	-
Deferred outflows of resources - OPEB	-	(731)	-
Accounts payable and accrued liabilities	38,627	(28,845)	(1,361)
Refundable deposits	985	24,147	2,049
Claims payable	-	-	-
Net pension liability	-	(227,251)	-
Deferred inflows of resources - pension	-	(9,973)	-
Deferred inflows of resources - OPEB	-	9,639	-
OPEB liability	-	11,694	-
Compensated absences payable	(18,575)	(1,902)	1,518
<b>Total adjustments</b>	<b>383,041</b>	<b>133,554</b>	<b>108,541</b>
<b>Net cash provided (used) in operating activities</b>	<b>\$ 691,981</b>	<b>\$ 200,727</b>	<b>\$ 41,900</b>

See accompanying Notes to Basic Financial Statements.

Major Proprietary Funds						Governmental
						Activities-
Transit	Wastewater Utility	Wastewater Rate Stabilization	Water Utility	Storm Water	Total	Internal Service Funds
\$ 345,377	\$ 26,984,754	\$ -	\$ 18,343,281	\$ 185,445	\$ 49,896,548	\$ 7,005,155
(2,738,363)	(9,975,545)	-	(13,253,302)	(393,058)	(29,578,962)	(3,994,637)
48,680	625,481	-	558,914	164	1,348,850	242,102
-	-	-	-	-	-	(1,612,006)
(2,344,306)	17,634,690	-	5,648,893	(207,449)	21,666,436	1,640,614
2,726,647	31,873	-	53,754	-	2,902,894	-
-	93,580	-	-	498,473	592,053	1,035,000
-	(390,190)	-	(728,710)	-	(1,174,470)	(90,000)
(189,934)	751,706	-	79,488	(44,671)	561,157	(703,996)
2,536,713	486,969	-	(595,468)	453,802	2,881,634	241,004
-	(6,494,800)	-	(347,000)	-	(7,229,692)	-
-	(2,675,166)	-	(199,042)	(3,801)	(3,009,455)	(146,718)
545	7,608	-	-	-	9,823	(340)
(63,688)	(11,949,368)	-	(2,468,667)	-	(14,626,439)	(317,012)
(63,143)	(21,111,726)	-	(3,014,709)	(3,801)	(24,855,763)	(464,070)
1,080	899,425	99,290	358,660	2,591	1,465,196	366,996
1,080	899,425	99,290	358,660	2,591	1,465,196	366,996
130,344	(2,090,642)	99,290	2,397,376	245,143	1,157,503	1,784,544
-	26,709,100	3,627,743	10,190,602	129,073	43,819,919	12,943,171
\$ 130,344	\$ 24,618,458	\$ 3,727,033	\$ 12,587,978	\$ 374,216	\$ 44,977,422	\$ 14,727,715
\$ (3,292,073)	\$ 11,586,296	\$ -	\$ 3,786,711	\$ (213,917)	\$ 12,176,489	\$ (3,769,776)
721,456	5,391,437	-	1,422,446	528	8,034,058	646,135
(6,551)	(267,285)	-	(23,714)	-	(315,504)	(17,667)
(355)	(258,313)	-	6,032	-	(247,970)	-
(2,500)	(13,912)	-	(52,080)	1,068	(78,404)	5,287
-	6,875	-	-	-	6,875	(206,736)
-	-	-	-	-	-	421,430
140,476	1,755,959	-	947,068	-	3,194,695	(4,384)
-	(873)	-	(1,099)	-	(2,703)	25,159
187,037	564,111	-	(49,391)	4,708	714,886	-
-	-	-	(25)	-	27,156	4,716,110
-	-	-	-	-	-	(272,702)
(90,901)	(1,136,258)	-	(392,320)	-	(1,846,730)	(11,967)
(3,989)	(49,863)	-	(19,987)	-	(83,812)	57,795
-	11,509	-	14,493	-	35,641	70,122
-	13,963	-	17,585	-	43,242	(18,192)
3,094	31,044	-	(6,826)	164	8,517	-
947,767	6,048,394	-	1,862,182	6,468	9,489,947	5,410,390
\$ (2,344,306)	\$ 17,634,690	\$ -	\$ 5,648,893	\$ (207,449)	\$ 21,666,436	\$ 1,640,614



<b>FIDUCIARY FUNDS</b>
------------------------

**PRIVATE PURPOSE TRUST FUNDS**

These funds account for assets legally held in trust for specific purposes.

**AGENCY FUNDS**

These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's programs.

**City of Petaluma**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

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	Agency Funds	Private Purpose Trust Funds
<b>ASSETS</b>		
Cash and investments	\$ 3,581,744	\$ 3,510,017
Restricted cash and investments	-	8,488
Notes receivable	-	234,744
Accounts receivable	185	-
Interest receivable	7,444	-
<b>Total assets</b>	<b>\$ 3,589,373</b>	<b>3,753,249</b>
<b>LIABILITIES</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 3,588,989	129,382
Deposits payable	384	-
Interest payable	-	374,413
Long-term debt:		
Long-term debt, due within one year	-	2,945,000
Long-term debt, due in more than one year	-	62,019,294
<b>Total liabilities</b>	<b>\$ 3,589,373</b>	<b>65,468,089</b>
<b>NET POSITION:</b>		
Held in trust for private purposes		(61,714,840)
<b>Total net position</b>		<b>\$ (61,714,840)</b>



**City of Petaluma**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds - Private Purpose Trust Funds**  
**For the year ended June 30, 2019**

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	Private Purpose Trust Funds
<b>ADDITIONS:</b>	
Property tax	\$ 5,418,489
Use of money and property	31,481
<b>Total additions</b>	<u>5,449,970</u>
<b>DEDUCTIONS:</b>	
Community development	239,074
Interest expense	2,264,685
<b>Total deductions</b>	<u>2,503,759</u>
<b>Change in net position</b>	2,946,211
<b>NET POSITION:</b>	
Beginning of year	<u>(64,661,051)</u>
End of year	<u><u>\$ (61,714,840)</u></u>



**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

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

The City was incorporated as a general law City by the state legislature on April 12, 1858. The City currently operates under a Council-Manager form of government established under a charter election in 1947. The City provides the following services as authorized by its charter: police and fire protection, transit service, parks and recreation, public works, community development, and general administrative services. In addition, the City owns and operates a water and waste water system, a municipal airport, and a marina.

**A. *Reporting Entity***

The City is legally separate and fiscally independent which means it can issue debt, set and modify budgets and fees, and sue or be sued. These financial statements present the government and its component unit-entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

**PRIMARY GOVERNMENT**

The financial statements of the primary government of the City of Petaluma include the activities of the City, as well as the City of Petaluma Public Financing Corporation, and the Petaluma Public Financing Authority, 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 "blending") with those of the primary government of the City in the accompanying financial statements.

**BLENDED COMPONENT UNITS**

**City of Petaluma Public Financing Corporation**

The City of Petaluma Public Financing Corporation (PPFC) was established in November of 1990 and is a not-for-profit benefit corporation, created under the laws of the State of California. Although PPFC is a separate legal entity from the City, it is reported as if it were part of the primary government, because its sole purpose is to be a financing entity for the City. PPFC does not issue separate basic financial statements.

**Petaluma Public Financing Authority**

The Petaluma Public Financing Authority (PPFA) was established in May 1996 as a joint powers authority between the City and former Redevelopment Agency. Its purpose was to issue revenue bonds, which provided funds for a consolidated special assessment bond refunding. Although PPFA is a separate legal entity from the City, it is reported as if it were part of the primary government, because its sole purpose is to be a financing entity for the City. PPFA does not issue separate basic financial statements.

**B. *Basis of Presentation***

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

These Standards require that the financial statements described below be presented.

**Government-wide Statements:** The Statement of Net Position and the Statement of Activities display information about the primary government (the City and its component units). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. However, the interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**C. Major Funds**

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental and proprietary funds in the accompanying financial statements:

**GENERAL FUND**

The General Fund is used to account for resources traditionally associated with government, which are not required legally, or by sound financial management, to be accounted for in another fund.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**HOME/BEGIN SPECIAL REVENUE FUND**

The Home/BEGIN Special Revenue Fund is used to account for federal grants received under the Housing and Community Development Act of 1974. The money is restricted for specific programs, which provide housing to people with low and moderate income.

**IMPACT FEES SPECIAL REVENUE FUND**

This fund is used to account for fees received from local development projects, which are restricted for the construction of major public improvements, provide assistance to low income people in the community and for the acquisition, development, and enhancement of neighborhood and community parks.

**SUCCESSOR HOUSING SPECIAL REVENUE FUND**

This fund was established to account for housing activities and the collection of housing loans of the former Petaluma Community Development Commission (PCDC) and its related project areas. This fund is used for loan collections and assets assumed by the City as Successor Agency as well as housing activities of the former PCDC.

**CITY CAPITAL PROJECTS FUND**

This fund accounts for the collection of resources and the related expenditure on acquisition and construction of major capital improvement projects in the City, other than those accounted for in proprietary funds.

**AIRPORT FUND**

This fund accounts for the daily operation and maintenance of the Petaluma Airport, including capital improvements.

**DEVELOPMENT SERVICES FUND**

This fund accounts for cost recovery services, including building services, development services and planning services provided to developers, where fees charged are required to cover cost of providing services.

**MARINA FUND**

This fund accounts for the daily operation and maintenance of the Petaluma Marina, structural and equipment improvements, and planning and implementing promotional campaigns.

**TRANSIT FUND**

This fund is used to account for the operation of City's transit services.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**WASTEWATER UTILITY FUND**

This fund is part of the Public Works & Utilities Department, which provides comprehensive and integrated management of Petaluma's water resources, including collection and treatment of wastewater.

**WASTEWATER RATE STABILIZATION FUND**

This fund is used for the purpose of debt service calculations. The Financial Plan uses money from the Rate Stabilization fund to help meet the debt service coverage requirements.

**WATER UTILITY FUND**

This fund is part of the Public Works & Utilities Department, which provides comprehensive and integrated management of Petaluma's water resources, including reliable delivery of high quality water.

**STORM WATER FUND**

The Storm Water Utility was set up to track costs associated with the with the City's storm drainage system. Some examples of these costs include maintenance, monitoring, ground water and drinking water protection, infrastructure management, code development and enforcement, drainage system inspection and regulation, and floodplain management.

**INTERNAL SERVICE FUNDS**

These funds account for employee benefits, general services, information services, risk management, vehicle and equipment replacement, and workers' compensation; all of which are provided to other departments on a cost-reimbursement basis.

**FIDUCIARY FUNDS**

The Private-Purpose Trust Funds are used to account for resources legally held in trust for special purposes.

Agency Funds are used to account for assets held by the City as an agent for non-related parties, a not-for-profit organization, and certain assessment districts located in the City. The financial activities of these funds are excluded from the Entity-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting**

The government-wide, proprietary fund 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 are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, 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*.

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. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The City may fund 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.

Certain indirect costs are included in program expenses reported for individual functions and activities.

Those revenues susceptible to accrual are use of money and property revenue, charges for services and fines and penalties. Sales taxes collected and held by the State at year-end on behalf of the City also are recognized as revenue.

**E. Budgetary Policy and Control**

The City Council adopts an annual budget, submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the City Council. All appropriations which are not obligated, encumbered, or expended at the end of the fiscal year lapse and become a part of the unreserved fund balance which may be appropriated for the next fiscal year. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City Manager has the authority to make adjustments to the operating budget within funds and between departments. Transfers of operating budgets from appropriated reserve accounts, use of unappropriated fund balances, cancellation of appropriations and all changes in capital improvement project budgets require the approval of the City Council. Supplemental appropriations during the fiscal year were not material.

The annual budget is prepared on a basis consistent with generally accepted accounting principles. It is adopted for all governmental type funds.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is within a department.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded when issued in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental and proprietary fund types. Open encumbrances at year-end are recorded as reservations of fund balance since the commitments will be paid by subsequent years' budget appropriations. Encumbrances do not constitute expenditures or liabilities.

In fiscal 2018-2019, the General Fund and the following Major Special Revenue Fund had expenditures in excess of its budget at the level of budgetary control:

Fund	Amount Exceeded Budget
General Fund:	
City Attorney	\$69,166
Community Development	305,191
Fire	1,264,804
Public Works	42,438
Impact Fees Fund:	
Parks and Recreation	127
Housing Successor Fund:	
Community Development	8,067

Sufficient resources were available within the funds to finance these overages.

**F. Inventories**

Inventories in General Fund, which consisted primarily of supplies and parts, are recorded at cost and inventories in Proprietary Funds, which consisted primarily supplies, meters, and vehicle parts held for future consumption, are record at the lower of cost or market on a first-in, first-out basis. Reported expenditures/expenses reflecting the purchase of supplies have been restated to reflect the consumption method of recognizing inventory-related expenditures/expenses. A nonspendable reservation of fund balance has been reported in the governmental funds to show that inventories do not constitute *available spendable resources*, even though they are a component of net current assets.



**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Leave Benefits**

The City has compensated absences for regular vacation and sick leave which are accounted for in accordance with generally accepted accounting principles (GAAP). Employees may accumulate earned vacation time according to certain limits. Management employees are limited to the amount, which may be earned, in a three year period. All other employees are limited to the amount, which may be earned, in a two year period. All employees may accumulate unused sick leave without limits. The unused sick leave vests after five years of service for firefighters, and after ten years of service for all other employees. Vested sick leave is payable upon death or retirement for all employees at 50% of the vested amount, up to a limit of 1,000 hours for fire battalion chiefs, 720 hours for firefighters, 700 hours for police mid-management employees, and 480 hours for all other employees. All employees may elect, in lieu of a cash payment, to have all vested sick leave applied to their years of service under the retirement plan. Public safety employees are also eligible for vested sick leave to be paid upon a disability retirement at 50% of the vested amount, up to a limit of 1,000 hours for firefighters, and 700 hours for all police officers. A liability is calculated for all of the cost of compensated absences based on benefits earned by employees in the current period, for which there is a probability of payment at termination. The salary and related payroll costs are those in effect as of June 30, 2019. Compensated absences are recorded as liabilities on the Government-Wide Financial Statements and the Proprietary Fund Financial Statements. For all compensated absences recorded, the programs that have incurred the expense are used to liquidate the liability.

Changes in compensated absences for the year ended June 30, 2019, were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$ 4,391,201	\$ 556,127	\$ 4,947,328
Additions	2,675,555	862,591	3,538,146
Payments	(2,797,935)	(854,074)	(3,652,009)
Ending Balance	<u>\$ 4,268,821</u>	<u>\$ 564,644</u>	<u>\$ 4,833,465</u>
Current Position	<u>\$ 762,005</u>	<u>\$ 162,034</u>	<u>\$ 924,039</u>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Revenues**

**Property Taxes** -- Article XIII of the California Constitution (more commonly known as Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/76 assessed valuation as the basis and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transactions taxes on real property. Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified voters. Property taxes attach as a lien on the property as of January 1. Secured property taxes are levied on July 1 and are due in two installments by December 10 and April 10. The County of Sonoma bills and collects property taxes on behalf of the City using an alternative method of distribution known as the "Teeter Plan." The State Revenue and Taxation Code allows counties to distribute secured real property and supplemental property taxes on an accrual basis resulting in full payment to the City each fiscal year. Any subsequent delinquent payments and related penalties and interest will revert to Sonoma County. The City reports property tax revenue net of collection fees.

**Sales Tax Revenue** -- The City accrues the State's July and August sales tax payments for the previous fiscal year. The July and August payments are comprised of the actual, May and June receipts, respectively and the respective receipts are recognized as revenue in the fiscal year.

**Operating and Non-Operating Revenues of Proprietary Funds** -- Operating revenues in the proprietary fund 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 fund. All other expenses are reported as non-operating expenses.

**I. Interest Payable**

In the Government-Wide Financial Statements, interest payable for long-term debt is recognized as the liability is incurred in the appropriate activity.

In the Fund Financial Statements, propriety fund types recognize the interest payable when the liability is incurred.

**J. Deferred Outflows/Inflows of Resources**

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

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

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K.     *Use of Restricted and Unrestricted Net Position***

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

**L.     *Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

**M.     *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.

**N.     *Implementation of Governmental Accounting Standards Board (GASB) Pronouncements***

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2019.

**GASB Statement No. 83, *Certain Asset Retirement Obligations*** – The objective of this statement is to provide financial statement users with information about asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The requirements of this statement did not apply to the City for the current fiscal year.

**GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*** – The objective of this statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The requirements of this statement did not apply to the City for the current fiscal year.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 2 - CASH AND INVESTMENTS**

**A. Policies**

The City pools its available cash for investment purposes. The City considers pooled cash and highly liquid investments held with financial institutions, a fiscal agent, and in a pooled account with the State, to be cash equivalents.

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

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.

Investment income is allocated among funds on the basis of interest income on certain investments and is allocated based on the source of the investment and legal requirements which apply.

Cash and investments with an original maturity of three months or less are used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

**B. Classification**

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Commission agreements. Cash and investments as of June 30, 2019, are as follows:

City cash and investments in primary government	
Cash and investments	\$ 134,625,395
Restricted cash and investments	43
Total cash and investment in primary government	<u>134,625,438</u>
Cash and investment in Fiduciary Funds (Separate Statement)	
Cash and investment	7,091,761
Restricted Cash and investment	8,488
Total cash and investment in Fiduciary Funds	<u>7,100,249</u>
Total cash and investments	<u><u>\$ 141,725,687</u></u>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

Cash and investments as of June 30, 2019, consist of the following:

Cash on hand	\$ 2,921
Cash and investments with financial institutions	141,714,235
Cash and investments with fiscal agents	<u>8,531</u>
Total Cash and Investments	<u>\$ 141,725,687</u>

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

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is 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 of the City, rather than the general provisions of the California Government Code or the City's investment policy.

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
State of California and Local Agency Investment Fund (LAIF)	No Limit	N/A	N/A	N/A
Securities of the State or Local Agencies of the State	No Limit	*	N/A	N/A
California Asset Management Program	No Limit	N/A	N/A	N/A
Certificates of Deposit	2 years	N/A	30%	N/A
Bankers' Acceptance	180 days	N/A	40%	30%
Securities of the U.S. Treasury or Other Federal Agencies	5 years	*	N/A	N/A
Repurchase Agreements	5 years	A-1/P-1	N/A	N/A
Money Market Funds	No Limit	Two highest ratings	20%	N/A
Medium-Term Notes (as currently owned)	5 years	N/A	N/A	N/A

\* May change if approved by Council

**D. Investments Authorized by Debt Agreements**

The City and the Successor Agency to the PCDC held cash and investments with fiscal agents in the amount of \$8,531 at June 30, 2019, including certain amounts which are held to be used only for specific capital outlay, payments of certain long-term debt and maintaining required reserves. The City invests funds only as permitted by specific State statutes governing their investment or applicable City ordinance, resolution, or bond indenture.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

**E. 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 the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Investment Type	12 months or less	13 - 24 months	25 - 36 months	37 - 48 months	Fair Value Total
Securities of U.S. Government Agencies					
FHLB	\$ -	\$ -	\$ 3,257,999	\$ -	\$ 3,257,999
FHLMC	400,000	1,004,172	-	-	1,404,172
FHMS	245,993	551,788	804,164	805,360	2,407,305
FHLMC - Multi Family Structure	-	-	253,634	531,308	784,942
FHLMC Mortgage-backed Federal Agency Securities	-	90,942	-	-	90,942
FNMA - Collateralized Mortgage Obligation	4,794	2,113,425	930,161	252,854	3,301,233
U.S. Treasury Bonds/Notes	1,544,914	6,603,170	6,729,443	753,369	15,630,896
California Local Agency Investment Fund	62,321,430	-	-	-	62,321,430
California Asset Management Program	36,358,096	-	-	-	36,358,096
Held by Fiscal Agents	8,531	-	-	-	8,531
Total Investments	<u>\$100,883,758</u>	<u>\$ 10,363,497</u>	<u>\$ 11,975,400</u>	<u>\$ 2,342,891</u>	<u>125,565,547</u>
Cash on hand and in banks					16,160,140
Total Cash and Investments					<u>\$141,725,687</u>

The City is a participant 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. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, United States Treasury Notes and Bills and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2019, these investments have an average maturity of 173 days.

The City is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the "Trust"). The Trust is a joint powers authority, and public agency, created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the amortized cost provided by CAMP, which is the same as the value of the pool share, in accordance with GASB 79 requirements. At June 30, 2019, the fair value was approximate to the City's cost. At June 30, 2019, these investments have an average maturity of 54 days.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

The City, as a CAMP shareholder, may withdraw all or any portion of the funds in its CAMP account at any time by redeeming shares. The CAMP Declaration of Trust permits the CAMP trustee to suspend the right of withdrawal from CAMP or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the CAMP trustees, an emergency exists such that disposal of the CAMP pool securities or determination of its net asset value is not reasonably practicable. If the right of withdrawal is suspended, the City may either withdraw its request for that withdrawal or receive payment based on the net asset value of the CAMP pool next determined after termination of the suspension of the right of withdrawal.

Money market mutual funds are available for withdrawal on demand and at June 30, 2019, have an average maturity of 19 days.

**F. Credit Risk**

Generally, 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. The actual ratings as of June 30, 2019, are as follows:

Investment Type	AAAm	AA+/Aaa	Fair Value Total
Securities of U.S. Government Agencies			
FHLB	\$ -	\$ 3,257,999	\$ 3,257,999
FHMS	-	2,407,305	2,407,305
FHLMC	-	1,404,172	1,404,172
FHLMC Mortgage-backed Federal Agency Securities	-	90,942	90,942
FNMA - Collateralized Mortgage Obligation	-	3,301,233	3,301,233
FHLMC - Multi Family Structure	-	784,942	784,942
California Asset Management Program	36,358,096	-	36,358,096
Held by Fiscal Agents	8,531	-	8,531
Total	<u>\$ 36,366,627</u>	<u>\$ 11,246,593</u>	<u>47,613,220</u>
<i>Not rated:</i>			
California Local Agency Investment Fund			62,321,430
Cash on Hand and in Banks			16,160,140
<i>Exempt from credit rate disclosure:</i>			
U.S. Treasury Bonds/ Notes			15,630,896
Total Cash and Investments			<u>\$ 141,725,687</u>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

**G. 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.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2019:

Investment Type	Level 1	Level 2	Total
<b>Investment by Fair Value Level:</b>			
Securities of U.S. Government Agencies			
FHLB	\$ -	\$ 3,257,999	\$ 3,257,999
FNMA	-	-	-
FHMS	-	2,407,305	2,407,305
FHLMC	-	1,404,172	1,404,172
FHLMC - Multi Family Structure	-	784,942	784,942
FHLMC - Mortgage-backed Federal Agency Securities	-	90,942	90,942
FNMA - Collateralized Mortgage Obligation	-	3,301,233	3,301,233
U.S. Treasury Bonds/Notes	15,630,896	-	15,630,896
Total Investments	<u>\$ 15,630,896</u>	<u>\$ 11,246,593</u>	26,877,490
<b>Investment not subject to leveling disclosure:</b>			
California Asset Management Program			36,358,096
California Local Agency Investment Fund			62,321,430
Money Market Funds			8,531
Cash on Hand and in Banks			16,160,140
Total Cash and Investments			<u>\$ 141,725,687</u>

U.S. Treasury Bond/ Notes, classified in Level 1 of the fair value hierarchy are valued using a quoted price in an active market for an identical asset. U.S. Governmental Agencies Securities classified as Level 2 in the fair value hierarchy are valued using institutional bond quotes. The California Local Agency Investment Fund (LAIF) is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as fair value divided by the amortized cost of the investment pool. The California Asset Management Program (CAMP) is valued based at the amortized costs provide by CAMP which is the same as the value of the pooled share in accordance with GASB 79 requirements.

**H. Concentration of Credit Risk**

Concentration of Credit Risk is having investments in any one issuer, other than U.S. treasury securities, money market mutual funds, and California Local Agency Investment Funds that represent a 5% or more of City-wide investments. The City did not have investments in any one issuer as of June 30, 2019.



**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 3 - INTERFUND TRANSACTIONS**

**A. *Current Balances***

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. During fiscal 2018-2019 the General Fund made a short-term loan to the Marina Enterprise Fund in the amount of \$338,093 and the Measure M Parks Fund in the amount of \$29,331.

**B. *Long-Term Advances***

During fiscal 2011-2012, the Storm Drainage Impact Fee Fund which is rolled up within the Impact Fees Special Revenue Fund advanced the Storm Water Enterprise Fund to cover storm water maintenance costs for the period from January 1, 2012 to December 31, 2014. The advance bears an annual interest rate of 0.60 percent. As of June 30, 2019, the outstanding amount of the advance was \$476,058.

In addition, during fiscal 2012-2013 the Impact Fees Special Revenue Fund advanced the City Capital Projects Fund to provide temporary funding for the Swim Center Renewable Energy project. During the fiscal year 2018-2019, the total outstanding amount of the advance has been fully repaid back.

During fiscal 2016-2017, the Wastewater Utility Fund advanced \$3,025,000 to the Vehicle and Equipment Replacement Internal Service Fund for the purchase of critical public safety vehicles and equipment. The advance bears an annual interest rate of 1.25 percent. The principal and interest are due in eight (8) equal payments. As of June 30, 2019, the outstanding amount of the advance was \$1,907,205.

During fiscal 2017-2018, the Wastewater Utility Enterprise Fund (\$4,050,198), Water Utility Enterprise Fund (\$1,350,066) and Risk Management Internal Service Fund (\$1,350,066) together loaned \$6,750,330 to the Employee Benefits Fund for the pay down of the PERS Unfunded Liability. The annual savings advanced for the paydown are expected to lessen the burden on the budget during the period of rising PERS costs. All funds paying towards the cost of employee retirements, including the lending funds, will recognize some savings. The advance bears an annual interest rate of 1.75 percent. The principal and interest are due in 15 equal installments, such that the entire principal and interest shall be repaid on or before June 30, 2033. As of June 30, 2019, the outstanding amount of the advance was \$6,333,535.

During fiscal 2017-2018, the Wastewater Utility Fund advanced \$1,490,000 to the City Capital Projects Fund to cover the costs of the LED Streetlight Retrofit Project. The advance bears an annual interest rate of 1.25 percent. The principal and interest are due in eight equal payments. As of June 30, 2019, the outstanding amount of the advance was \$1,362,801.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 3 - INTERFUND TRANSACTIONS (Continued)**

**C. Transfers Between Funds**

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2019, were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Non-Major Governmental Funds	\$ 1,894,011 (A)
	Internal Service Funds	90,000 (C)
Impact Fees Special Revenue Fund	City Capital Projects Fund	12,276 (C)
Successor Housing Fund	Impact Fees Special Revenue Fund	136,500 (A)
	Non-Major Governmental Funds	90,291 (A)
City Capital Projects Fund	General Fund	48,000 (B)
	Impact Fees Special Revenue Fund	156,078 (B)
	Non-Major Governmental Funds	1,888,687 (B)
	Water Utility Enterprise Fund	278,710 (B)
	Wastewater Utility Enterprise Funds	64,190 (B)
	Airport	55,570 (B)
Non-Major Governmental Funds	Non-Major Governmental Funds	2,575,249 (A)
	Water Utility Enterprise Fund	450,000 (B)
	Wastewater Utility Enterprise Funds	326,000 (B)
Wastewater Utility Enterprise Fund	General Fund	93,580 (C)
Storm Water Enterprise Fund	General Fund	498,473 (D)
Internal Service Fund	General Fund	535,000 (A)
	Non-Major Governmental Funds	500,000 (A)
		<u>\$ 9,692,615</u>

Purposes for transfers:

- (A) General Support
- (B) Capital project transfers
- (C) Settlement
- (D) Maintenance

**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 PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 4 - LOANS RECEIVABLE**

Loans receivable comprised balances from the following programs, all of which are discussed below:

Housing Loans to Not-For Profit Agencies	
Old Elm Partners	\$ 2,504,336
Roundwalk Village Partners	2,292,449
Boulevard (Buckelew) Project	480,200
Downtown River Associate LP	7,148,134
Edith Street Apartments, Inc.	1,217,884
Lieb Senior Apartments, Inc.	1,593,886
575 Vallejo Street Association	851,184
579 Vallejo Street Association	990,000
Casa Grande	4,128,287
Wood Sorrel	1,347,513
Logan Place	7,643,218
Salishan Apartments Inc.	388,380
Vintage Chateau	4,499,825
Madrone	1,104,479
Washington Creek	568,969
Caufield Senior Housing	182,999
Parklane Apartments	<u>6,276,653</u>
Total Housing Loans to Not-For Profit Agencies	43,218,396
First-Time Home Buyers Loans	<u>3,414,200</u>
Total	<u>\$ 46,632,596</u>

**A. *Housing Loans to Not-For-Profit-Agencies***

The City has provided various loans to not-for-profit agencies for the construction of units for low-income rental housing projects. The loans are funded using HOME funds, Community Development Block Grant funds, the General fund, and other Housing funds. The interest rates range from zero to 5.78%. Payment is deferred until a variety of events occur, such as: sale or transfer of property, failure to adhere to low and moderate housing provisions of the promissory note, to the extent of residual receipts, or at the maturity date of the note. The maturity dates range from 32-55 years.

The City and the former PCDC have also loaned funds to not-for-profit agencies to finance constructions of low and moderate income housing. The terms range from 13 to 60 years, and the interest rates range from zero to 6.56%. Payments are deferred until a variety of events occur, such as: sale or transfer of property, failure to adhere to low and moderate housing provisions of the promissory note, to the extent of residual receipts, or at the maturity date of the note. Management evaluated these loans and they are expected to be collected, therefore, no allowance for doubtful accounts was set up.

With the dissolution of the PCDC as discussed in Note 15, the City agreed to become the successor to the PCDC's housing activities and as a result the Successor Housing Special Revenue Fund assumed the loans receivable of the former Redevelopment Special Revenue Fund.

As of June 30, 2019, the total principal and interest receivable related to these loans was \$43,218,396 and \$13,988,649, respectively.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 4 - LOANS RECEIVABLE (Continued)**

**B. First-Time Home Buyers Loans**

The City offers qualified low and moderate income first time home buyers silent second mortgages on home purchases. Accrued interest and principal are due when the primary loan is refinanced or on sale of the property. The interest rate is the lower of the principal amount plus interest at a rate of 10% per annum, or 28.6% to 33% net of sales price. At June 30, 2019, the outstanding balance of the loans was \$3,414,200.

**NOTE 5 - CAPITAL ASSETS**

Capital assets, which include land, buildings, improvements, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business type activities in the Governmental-Wide Financial Statement. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. All other capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. The City's policy is to capitalize all vehicles, office equipment and items with an inherently higher value with a unit cost of \$5,000 or more, and a useful life of one year or more. Land, easements, land improvements, buildings, building improvements and infrastructure with a cost exceeding \$50,000 and a useful life exceeding one year are also capitalized.

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Vehicles and equipment 3-15 years  
Building and improvements 10-50 years  
Infrastructure 20-50 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included all infrastructure within the basic financial statements. The City defines infrastructure as the basic physical assets that allow the City to function. The assets include:

- Sidewalks and bridges
- Street system
- Sewer system
- Pipes

The assets include streets, bridges, sidewalks, drainage systems, and lighting systems, etc. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction related debt incurred during the period of construction for business-type and proprietary funds assets is capitalized as a cost of the constructed assets.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 5 - CAPITAL ASSETS (Continued)**

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. Estimated historical costs were developed in one of the following methods:

- 1) Use of historical records where available.
- 2) Standard unit costs appropriate for the construction/acquisition date of the asset.
- 3) Present replacement cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date.

The accumulated depreciation, defined as the total depreciation from the date of construction/ acquisition to the current date, was computed on a straight-line basis, using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the estimated historical cost.

The long-term principal portion of debt on non-proprietary capital assets acquired through lease purchase contracts is accounted for in the government-wide financial statements as “capital lease obligations.” A capital asset is recorded at the net present value of the total lease payments in the government-wide financial statements.

**A. Capital Asset Additions and Retirements**

Capital assets activity for the year ended June 30, 2019, is as follows:

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
<b>Governmental Activities</b>					
Capital Assets not being Depreciated					
Land	\$ 39,013,406	\$ -	\$ -	\$ -	\$ 39,013,406
Construction in progress	53,119,596	4,260,586	-	(8,183,357)	\$ 49,196,825
Total Capital Assets not being Depreciated	92,133,002	4,260,586	-	(8,183,357)	88,210,231
Capital Assets being Depreciated					
Buildings and Improvements	22,381,756	-	-	663,378	23,045,134
Vehicles and Equipment	17,789,820	725,548	(574,946)	-	17,940,422
Infrastructure	199,746,089	24,592	-	7,519,979	207,290,660
Total Capital Assets being Depreciated	239,917,665	750,140	(574,946)	8,183,357	248,276,216
Less Accumulated Depreciation					
Buildings and Improvements	(13,287,161)	(527,825)	-	-	(13,814,986)
Vehicles and Equipment	(12,783,452)	(906,247)	574,946	-	(13,114,753)
Infrastructure	(108,955,844)	(6,834,602)	-	-	(115,790,446)
Total Accumulated Depreciation	(135,026,457)	(8,268,674)	574,946	-	(142,720,185)
Net Capital Assets being Depreciated	104,891,208	(7,518,534)	-	8,183,357	105,556,031
Governmental Activities Capital Assets, Net	\$197,024,210	\$ (3,257,948)	\$ -	\$ -	\$193,766,262

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 5 - CAPITAL ASSETS (Continued)**

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
<b><i>Business-type Activities</i></b>					
Capital Assets not being Depreciated					
Land	\$ 10,731,229	\$ -	\$ -	\$ -	\$ 10,731,229
Construction in progress	31,696,712	13,928,490	-	(9,005,531)	36,619,671
Total Capital Assets not being Depreciated	42,427,941	13,928,490	-	(9,005,531)	47,350,900
Capital Assets being Depreciated					
Buildings and Improvements	30,017,722	-	-	-	30,017,722
Vehicles and Equipment	14,135,352	697,950	(46,185)	-	14,787,117
Infrastructure	308,399,454	-	-	9,005,531	317,404,985
Total Capital Assets being Depreciated	352,552,528	697,950	(46,185)	9,005,531	362,209,824
Less Accumulated Depreciation					
Buildings and Improvements	(14,482,288)	(724,355)	-	-	(15,206,643)
Vehicles and Equipment	(10,183,739)	(949,137)	46,185	-	(11,086,691)
Infrastructure	(111,740,913)	(6,360,566)	-	-	(118,101,479)
Total Accumulated Depreciation	(136,406,940)	(8,034,058)	46,185	-	(144,394,813)
Net Capital Assets being Depreciated	216,145,588	(7,336,108)	-	9,005,531	217,815,011
Business-type Activities Capital Assets, Net	\$ 258,573,529	\$ 6,592,382	\$ -	\$ -	\$ 265,165,911

**B. Capital Asset Contributions**

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. These contributions are required to be accounted for as revenues at the time the capital assets are contributed.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 5 - CAPITAL ASSETS (Continued)**

**C. Depreciation Allocation**

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

**Governmental Functions**

General Government	\$	132,727
Community Development		2,697,861
Police		145,039
Fire		64,196
Parks and Recreation		637,438
Public Works		3,945,278
Internal Service Funds:		
Information Services		32,349
Vehicle Replacement - GG		613,786
<b>Total Depreciation Expense</b>	<b>\$</b>	<b>8,268,674</b>

**Business Functions**

Airport	\$	389,743
Development Services		5,584
Marina		102,864
Transit		721,456
Wastewater Utility		5,391,437
Water Utility		1,422,446
Storm Water		528
<b>Total Depreciation Expense</b>	<b>\$</b>	<b>8,034,058</b>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 6 - LONG-TERM DEBT**

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

**A. The City's Long-Term Debt**

The City's long-term debt activities for the year ended June 30, 2019, were as follows:

<b>Business-Type Activity Debt:</b>	<b>Original Issue Amount</b>	<b>Balance at June 30, 2018</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance at June 30, 2019</b>	<b>Amount due within one year</b>
<b>Revenue Bonds:</b>						
2012 Water Revenue Refunding Bonds 3.670%, due 5/1/2031	\$ 7,529,000	\$ 5,597,000	\$ -	\$ 347,000	\$ 5,250,000	\$ 361,000
2017 Wasterwater Revenue Refunding Bonds 3.125-4.00%, Due 11/01/2036	23,365,000	23,365,000	-	-	23,365,000	-
Plus: Original issue Premium	967,283	865,464	-	50,910	814,554	-
Total Revenue Bonds		29,827,464	-	397,910	29,429,554	361,000
<b>State Loan Fund:</b>						
State Revolving Loan Fund 1.400%, due 4/9/2029	125,964,254	80,031,552		6,443,889	73,587,663	6,598,543
<b>Notes Payable:</b>						
California Department of Boating and Waterways	3,960,000	6,390,244	36,107	-	6,426,351	-
Total Notes Payable		6,390,244	36,107	-	6,426,351	-
<b>Lease Obligation:</b>						
2016 Airport Refunding Lease Obligation 2.710%, due 11/1/2025	4,531,000	3,730,000	-	424,000	3,306,000	436,000
Total Lease Obligation		3,730,000	-	424,000	3,306,000	436,000
Total Business Type Activity Debt		\$119,979,260	\$ 36,107	\$ 7,265,799	\$112,749,568	\$7,395,543



**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 6 - LONG-TERM DEBT (Continued)**

**B. Debt Service Requirements**

Future principal and interest payment on all Business-type debt were as follows at June 30, 2019.

<b>Business-Type Activity Debt:</b>								
For the Year	Revenue Bonds		State Revolving Loan		Notes Payable		Lease Obligation	
Ending June 30, 2019	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 361,000	\$ 991,369	\$ 6,598,543	\$ 735,877	\$ 392,310	\$ -	\$ 436,000	\$ 83,685
2021	375,000	977,864	6,756,908	669,891	428,424	-	447,000	71,720
2022	388,000	963,863	6,919,074	602,322	5,605,617	-	459,000	59,444
2023	401,000	949,385	7,085,131	533,131	-	-	472,000	46,829
2024	419,000	934,338	7,255,174	462,280	-	-	484,000	33,875
2025-2029	2,347,000	4,424,183	38,972,833	1,187,667	-	-	1,008,000	27,507
2030-2034	18,644,000	2,734,903	-	-	-	-	-	-
2035-2036	5,680,000	228,088	-	-	-	-	-	-
Outstanding Accumulated Payments and Penalties	28,615,000	\$12,203,992	73,587,663	\$ 4,191,168	6,426,351	\$ -	3,306,000	\$ 323,060
Less: Original Issuance Premium (Discount)	814,554	-	-	-	-	-	-	-
Total bonds payable	\$29,429,554		\$73,587,663		\$ 6,426,351		\$ 3,306,000	

**C. Description of the City's Long-Term Debt Issues**

**2012 Water Revenue Refunding Bonds** - On October 1, 2012, the City issued Water Revenue Bonds, Series 2001 in the amount of \$7,529,000. The proceeds of the bonds were used to refund the 2001 Water Revenue Bonds, and to finance improvements to the Water System. This current refunding was undertaken to reduce debt service payments over the next 20 years by \$72,683, and resulted in an economic gain (difference between the present value of the debt service requirements on the old and new bonds discounted at the effective interest rate on the new debt and adjusted for any additional cash) of \$51,077. The Bonds mature annually each November 1 from 2013 to 2031, in amounts ranging from \$337,000 to \$520,000 and bear interest 3.67% Interest is payable semiannually on May 1 and November 1. The bonds are payable solely from a pledge of and lien upon the net revenues received by the City from the ownership and operation of its Water Utility Fund. 100% of the net revenues are pledged for the debt service. Net revenue and debt service amounts to \$5,567,815 and \$546,042 in fiscal 2018-19. Total principal and interest remaining to be paid on the Bonds was \$6.4 million as of June 30, 2019.

**2017 Wastewater Revenue Refunding Bonds** - On June 1, 2017 the City issued Wastewater Revenue Refunding Bonds in the amount of \$23,365,000. The proceeds of the bonds were used to refund and retire the City's 2011 Waste Water Revenue Refunding Bond that are payable from the revenues of the City's wastewater and storm drainage system. The Bonds mature annually each May 1 from 2030 to 2036 in amounts ranging from \$1,775,000 to \$3,905,000 and bear interest at rates ranging from 3.125% to 4.00%. Interest is payable semiannually May 1 and November 1. The bonds are payable solely from a pledge of and lien upon the net revenues received by the City from the ownership and operation of its Wastewater System. 100% of the net revenues are pledged for the debt service. Total principal and interest remaining to be paid on the Bonds was \$34.3 million as of June 30, 2019.

The bonds were issued at a premium of \$967,283 which is being amortized over the 19-year life of the bonds resulting in an annual amortization of \$50,910.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 6 - LONG-TERM DEBT (Continued)**

**State Revolving Loan Fund** - In October 2005, the City was awarded \$125,964,254 for the Ellis Creek Water Recycling Facility from the California Clean Water State Revolving Fund. The first draw was in September 2006. Upon completion of the construction of the recycling facility, the State Division of Financial Assistance for the State Water Resources Control Board will prepare an appropriate SRF installment sale agreement payment schedule. The City may without penalty prepay all or any portion of the outstanding principal amount of the obligation provided that the City also pays all accrued interest on the principal amount prepaid through the date of the prepayment. This obligation is secured by the net revenues of the Wastewater Enterprise Fund. 100% of the net revenues are pledged for the debt service. The interest rate is 1.4%. The outstanding balance at June 30, 2019 was \$73,587,663

**California Department of Boating and Waterways** - On March 11, 1993, the California Department of Boating and Waterways issued a note in the amount of \$3,960,000 to finance construction of the Petaluma Marina. The terms of the loan allow unpaid interest to be added to the outstanding principal. The loan balance was increased by unpaid interest and penalties for the years ended June 30, 1998, and 2000 through 2017. The debt is the responsibility of the Marina Fund. The outstanding balance at June 30, 2019 was \$6,426,351. The City has been attempting to work with the California Department of Boating and Waterways in order to eliminate the liability in the Marina Fund.

**2016 Airport Lease Obligation** – In March of 2016, the Petaluma Public Financing Authority entered into a lease obligation with the City in the amount of \$4,531,000. The proceeds of the lease obligation were used to retire the 2003 Certificates of Participation and the 2005 California Department of Transportation Airport Loans. The lease obligation is payable each November from 2016 to 2025, in amounts ranging from \$388,000 to \$511,000 and bear interest at rate of 2.71%. Interest is payable semiannually on May 1 and November 1. The outstanding balance at June 30, 2019 was \$3,306,000.

**NOTE 7 - DEBT WITHOUT CITY COMMITMENT**

The following bond issues are not reported in the City's financial statements, because they are special obligations payable solely from, and secured by, specific revenue sources described in the resolutions and official statements of the respective issues. Neither the faith and credit, nor the taxing power of the City, the County, the State of California, or any political subdivision thereof, is pledged for payment of these bonds.

**Multi-Family Housing Revenue Bonds** - the Redevelopment Agency issued \$4,750,000 in Multifamily Housing Revenue Bonds, with a variable rate of interest, not to exceed 12%, with the variable rate to be determined by the marketing agent. The proceeds from the bonds were used to make a loan to Oakmont Retirement Investors, LLC for the purpose of financing the acquisition and construction of a 76-unit assisted living care/multi-family rental facility known as Oakmont at Petaluma. The bonds are special obligation of the former PCDC, payable solely from the rental revenue and other assets pledged or assigned to Payment of the bonds by Windchime of Walnut Creek, LP. These bonds are not recorded as liabilities on the City's financial statements.

On September 19, 2011, the City approved the issuance of the Multi-Family Housing Revenue Bonds in the amount of \$20,000,000 through the California Municipal Financing Agency. The proceeds from the bonds are to be used by the developer, Logan Place, L.P., for the purpose of financing the acquisition and construction of 66-unit, affordable housing development in the City of Petaluma, known as the "Logan Place." The bonds are special obligation of City, the payments of the bonds are solely the responsibility of the Logan Place, L.P. These bonds are not recorded as liabilities on the City's financial statements.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 7 - DEBT WITHOUT CITY COMMITMENT (Continued)**

On February 6, 2012, the City approved the issuance of the Multi-Family Housing Revenue Bonds in the amount of \$12,500,000 through the California Municipal Financing Agency. The proceeds from the bonds are to be used by the developer, Petaluma Ecumenical Properties, for the purpose of financing the acquisition and construction of 50-unit, multi-family, low-income senior rental housing development in the City of Petaluma, known as the “Kellgren Senior Apartments.” The bonds are special obligation of the City, the payments of the bonds are solely the responsibility of the Petaluma Ecumenical Properties, LLC. These bonds are not recorded as liabilities on the City’s financial statements.

On August 6, 2012, the City approved the issuance of the Multi-Family Housing Revenue Bonds in the amount of \$15,000,000 through the California Municipal Financing Agency. The proceeds from the bonds are to be used by the developer, Round Walk Village Partners 2, L.P., for the purpose of financing the acquisition and construction of 129-unit, multi-family housing development in the City of Petaluma, known as the “Round Walk Village.” The bonds are special obligation of the City, the payments of the bonds are solely the responsibility of the Round Walk Village Partners 2, L.P. These bonds are not recorded as liabilities on the City’s financial statements.

On September 15, 2003, former PCDC issued Multi-Family Housing Revenue Bonds and Taxable Multi-Family Housing Revenue Bonds in the amount of \$6,197,000. The proceeds of the bonds were used to finance the construction and equipping of an 81 unit, multi-family, rental housing development in the City of Petaluma, known as the “Downtown River Apartments.” The bonds are special obligation of the former PCDC payable solely from rental revenue and other assets pledged or assigned to payment of the bonds by the obligator. These bonds are not recorded as liabilities on the City’s financial statements.

On October 5, 2015, the City approved the issuance of the Multi-Family Housing Revenue Bonds in the amount of \$25,000,000 through the California Municipal Financing Agency. The proceeds from the bonds are to be used by the developer, Eden Housing Inc., for the purpose of financing the acquisition and rehabilitation of 2 affordable housing develops, a 32-unit, multi-family, low-income residential rental housing development in the City of Petaluma, known as the “Washington Creek Apartments” and a 74-unit, multi-family, low-income residential rental housing development in the City of Petaluma, known as the “Corona Ranch Apartments.” The bonds are special obligation of the City, the payments of the bonds are solely the responsibility of the Eden Housing Inc. These bonds are not recorded as liabilities on the City’s financial statements.

**NOTE 8 - NET POSITION AND FUND BALANCES**

**A. *Net Position***

Net position is the excess of all the City’s assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined only at the Government-wide level and business type authorities, 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 the City’s capital assets, less the outstanding balance of any debt issued to finance these assets and related deferred inflows or outflows of resources.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 8 – NET POSITION AND FUND BALANCES (Continued)**

*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. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low-and-moderate-income housing purposes.

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

**B. Fund Balance**

Governmental fund balances represent the net current position of each fund. Net current position 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 nonspendable assets are restricted, committed or assigned, then Nonspendable 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 nonspendable amounts subject to restrictions are included along with spendable resources.

*Committed* fund balances include amounts that can be used only for the specific purposes determined by a formal action of the City Council's highest level of decision-making authority. The City Council can, by adoption of resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

*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 resolution of the City Council or its designee, City Manager, and may be changed at the discretion of the City Council or its designee. This category includes encumbrances, Nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

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

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 8 – NET POSITION AND FUND BALANCES (Continued)**

Detailed classifications of the City's Fund Balances as of June 30, 2019, are below:

Fund Balance Classification	General Fund	Home/Begin Special Revenue	Impact Fees Special Revenue	Successor Housing Special Revenue	City Capital Projects	Non-Major Governmental	Total
Nonspendable:							
Items not in spendable form:							
Loans, prepaids and inventories	\$ 119,554	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,554
Subtotal	119,554	-	-	-	-	-	119,554
Amounts required to maintain intact:							
Permanent funds	-	-	-	-	-	24,821	24,821
Total Nonspendable Fund Balances	119,554	-	-	-	-	24,821	144,375
Restricted for:							
Special projects	-	-	57,395,166	-	-	-	57,395,166
Community redevelopment	-	-	-	-	-	10,240,783	10,240,783
Low-income housing	-	22,039,197	-	29,503,779	-	-	51,542,976
Total Restricted Fund Balances	-	22,039,197	57,395,166	29,503,779	-	10,240,783	119,178,925
Committed to:							
Special projects	4,434,461	-	-	-	-	-	4,434,461
Total Committed Fund Balances	4,434,461	-	-	-	-	-	4,434,461
Assigned:							
Special projects	7,818,049	-	-	-	2,171,835	-	9,989,884
Total Assigned Fund Balances	7,818,049	-	-	-	2,171,835	-	9,989,884
Unassigned:							
General Fund	3,173,198	-	-	-	-	(1,900)	3,171,298
Total Unassigned Fund Balances	3,173,198	-	-	-	-	(1,900)	3,171,298
Total Fund Balance	\$ 15,545,262	\$ 22,039,197	\$ 57,395,166	\$ 29,503,779	\$ 2,171,835	\$ 10,263,704	\$ 136,918,943

**C. Fund Deficits**

As of June 30, 2019, the Measure M Parks Special Revenue Fund, the Development Services Enterprise Fund, the Marina Enterprise Fund, the Storm Water Enterprise Fund, the Employee Benefits Internal Service Fund, the Information Services Internal Service Fund and the Workers' Compensation Internal Service Fund, had negative net positions of \$1,900 \$51,786, \$5,356,807, \$126,297, \$7,600,153, \$1,407,132 and \$4,132,722 respectively. See Note 13C for further discussion of the Marina Fund. All other deficits are expected to be repaid by future revenues.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 9 – PENSION PLANS**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (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 due and payable in accordance with the benefit terms. Investments are reported at fair value.

**A. General Information about the Pension Plans and Summary of Balances by Plan**

**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.

Below is a summary of the deferred outflows of resources, net pension liabilities, and deferred inflows of resources by Plan for the year ended June 30, 2019:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
Miscellaneous	\$ 3,913,944	\$ 24,398,373	\$ 793,579	\$ 4,344,540
Safety	12,949,960	66,638,808	927,240	9,535,220
Total	<u>\$ 16,863,904</u>	<u>\$ 91,037,181</u>	<u>\$ 1,720,819</u>	<u>\$ 13,879,760</u>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 9 – PENSION PLANS (Continued)**

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous		
	Tier I	Tier II	Tier III
Hire Date	Prior to July 1, 2010	Between July 1, 2010 and December 31, 2012	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1% to 2.5%
Required employee contribution rates	7% - 11%	7% - 11%	6.25% - 10.25%
			50% of the Total Normal
Required employer contribution rates	9.142%	9.142%	Cost

In addition, the City made a payment to the Miscellaneous Plan's unfunded liability in the amount of \$1,313,264

	Safety		
	Tier I	Tier II	Tier III
Hire Date	Prior to July 1, 2010	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2%	2.4% to 3%	2% to 2.7%
Required employee contribution rates	9%	9%	11.75% - 15.25%
			50% of the Total Normal
Required employer contribution rates	19.330%	19.330%	Cost

In addition, the City made a payment to the Safety Plan's unfunded liability in the amount of \$3,761,083

**Employees Covered** – At June 30, 2019, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	
	June 30, 2017	June 30, 2018
Inactive employees or beneficiaries currently receiving benefits	271	289
Inactive employees entitled to but not yet receiving benefits	238	234
Active employees	196	189
Total	705	712

	Safety	
	June 30, 2017	June 30, 2018
Inactive employees or beneficiaries currently receiving benefits	199	206
Inactive employees entitled to but not yet receiving benefits	80	80
Active employees	116	113
Total	395	399

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 9 – PENSION PLANS (Continued)**

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

**B. Net Pension Liability**

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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%(1)
Mortality (2)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) Net of pension plan investment and administrative expenses, including inflation

(2) The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.



**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 9 – PENSION PLANS (Continued)**

**Change of Assumptions** – For the June 30, 2018 measurement date, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions in December 2017. All other assumptions were the same as those used for the June 30, 2017 measurement date.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100%		

(a) An expected inflation of 2.00% used for this period.

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

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 9 – PENSION PLANS (Continued)**

**C. Changes in the Net Pension Liability**

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

**Miscellaneous Plan:**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2017</b>	<b>\$ 113,235,647</b>	<b>\$ 84,292,245</b>	<b>\$ 28,943,402</b>
<b>Changes in the year:</b>			
Service cost	2,452,860	-	2,452,860
Interest on the total pension liability	7,911,849	-	7,911,849
Differences between actual and expected experience	(230,240)	-	(230,240)
Changes in assumptions	(662,917)	-	(662,917)
Changes in benefit terms	-	-	-
Plan to Plan Resource Movement	-	(215)	215
Contribution - employer	-	5,913,026	(5,913,026)
Contribution - employee	-	1,362,257	(1,362,257)
Net investment income	-	7,122,301	(7,122,301)
Administrative expenses	-	(131,351)	131,351
Benefit payments , including refunds of employee contributions	(5,827,389)	(5,827,389)	-
Other miscellaneous Income/(Expense)	-	(249,437)	249,437
<b>Net changes</b>	<b>3,644,163</b>	<b>8,189,192</b>	<b>(4,545,029)</b>
<b>Balance at June 30, 2018</b>	<b>\$ 116,879,810</b>	<b>\$ 92,481,437</b>	<b>\$ 24,398,373</b>

**Safety Plan:**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2017</b>	<b>\$ 193,249,496</b>	<b>\$ 123,135,761</b>	<b>\$ 70,113,735</b>
<b>Changes in the year:</b>			
Service cost	3,691,563	-	3,691,563
Interest on the total pension liability	13,623,550	-	13,623,550
Differences between actual and expected experience	1,060,333	-	1,060,333
Changes in assumptions	(821,854)	-	(821,854)
Changes in benefit terms	-	-	-
Plan to Plan Resource Movement	-	(314)	314
Contribution - employer	-	9,856,013	(9,856,013)
Contribution - employee	-	1,347,243	(1,347,243)
Net investment income	-	10,381,838	(10,381,838)
Administrative expenses	-	(191,879)	191,879
Benefit payments , including refunds of employee contributions	(9,589,184)	(9,589,184)	-
Other miscellaneous Income/(Expense)	-	(364,382)	364,382
<b>Net changes</b>	<b>7,964,408</b>	<b>11,439,335</b>	<b>(3,474,927)</b>
<b>Balance at June 30, 2018</b>	<b>\$ 201,213,904</b>	<b>\$ 134,575,096</b>	<b>\$ 66,638,808</b>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 9 – PENSION PLANS (Continued)**

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

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	39,043,834	94,181,464
Current Discount Rate	7.15%	7.15%
Net Pension Liability	24,398,373	66,638,808
1% Increase	8.15%	8.15%
Net Pension Liability	12,200,491	44,051,388

***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, 2019, the City contributions to the plan were \$8,463,919. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

***Miscellaneous Plan:***

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,168,183	\$ -
Differences between actual and expected experience	-	(376,187)
Changes in assumptions	1,393,812	(417,392)
Net differences between projected and actual earnings on plan investments	351,949	-
Total	<u>\$ 3,913,944</u>	<u>\$ (793,579)</u>

***Safety Plan:***

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 6,295,736	\$ -
Differences between actual and expected experience	773,757	(327,509)
Changes in assumptions	5,221,462	(599,731)
Net differences between projected and actual earnings on plan investments	659,005	-
Total	<u>\$ 12,949,960</u>	<u>\$ (927,240)</u>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 9 – PENSION PLANS (Continued)**

\$8,463,919 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<i>Miscellaneous Plan:</i>		<i>Safety Plan:</i>	
Year Ended June 30	Annual Amortization	Year Ended June 30	Annual Amortization
2019	\$ 1,950,649	2019	\$ 4,396,351
2020	49,072	2020	2,772,099
2021	(831,089)	2021	(1,128,949)
2022	(216,450)	2022	(312,517)
Total	<u>\$ 952,182</u>	Total	<u>\$ 5,726,984</u>

**E. Deferred Public Agency Retirement System**

The City of Petaluma contributes to a Public Agency Retirement System/Alternative Retirement System (PARS), a public agency multiple-employer defined contribution pension trust. PARS provides benefits at the time of retirement, total disability or death. PARS acts as a common investment and administrative agent for participating public agencies. Benefit provisions and all other requirements are established by federal statute and city resolutions. Copies of PARS' annual financial report may be obtained from their office at 3961 MacArthur Blvd., Suite 200, Newport Beach, CA 92660.

Participants are required to contribute 7% of their annual salary. The City is required to contribute 0.5% of the annual salary of covered participants. The contribution requirements were established on the Adoption Agreement. For fiscal year ended June 30, 2019, the City contributed \$2,333 and the covered employees contributed \$32,662 the total of which met the requirements of the plan.

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS**

**A. General Information about the City's Other Post Employment Benefit (OPEB) Plan**

**Plan Description** – The City's Post Employment Benefit Plan is a single-employer defined benefit OPEB plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

**Benefits Provided** – The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City, its management employees, and the union representing City employees.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

The City provides eligible employees who retire with a monthly retiree allowance, currently provided through the California Public Employees' Retirement System (CALPERS) Health Benefits Program under the Public Employees' Medical and Hospital Care Act (PEMHCA). The monthly benefit allowance varies by bargaining unit labor contract. The benefit allowances have been long-standing and previously ratified by labor and the City Council through the negotiation process. The dollar amount varies by bargaining units and by years of service. The range of the benefit is \$100 to \$156.83 per month for retirees who satisfy the Plan's service requirements for a City cash subsidy. The City's employer contribution for each employee shall be at least the minimum amount required by PEMHCA based on unequal method for retirees participating in PEMHCA healthcare plans. The City pays this contribution directly to CALPERS and any remaining cash subsidy directly to retirees. No dental or vision benefits are provided, except for some retired Council Members. The Plan does not issue a financial report.

In the 1990s, the City adopted various resolutions relating to a health benefit allowance for Council Members. There are six former Council Members receiving a benefit under the resolution ranging from \$100 to \$120 per month. In 1995, State law prohibited newly elected Council Members from receiving the benefit unless on a self-pay basis. The exception would be if a Council Member could retire into CALPERS and was covered under the PEMHCA.

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 and 5 years of CALPERS service or disability. The benefits are available only to employees who retire from the City.

For the year ended June 30, 2019, the City's contributions to the Plan were \$473,991.

***Employees Covered by Benefit Terms*** – Membership in the plan consisted of the following at the measurement date of June 30, 2018.

Active employees	291
Inactive currently receiving benefits	170
Inactive entitled to but not yet receiving benefits	<u>110</u>
Total	<u>571</u>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

**B. Total OPEB Liability**

**Actuarial Methods and Assumptions** – The City’s total OPEB liability was measured and determined based on the following dates, actuarial methods and assumptions:

Actuarial Assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Contribution Policy	No pre-funding
Discount Rate:	3.87% at June 30, 2018 (Bond Buyer 20-Bond Index)
	3.58% at June 30, 2017 (Bond Buyer 20-Bond Index)
General Inflation	2.75%
Salary Increases:	Aggregate -3% annually
	Merit - CalPERS 1997-2015 Experience Study
Medical Trend	
	Merit - CalPERS 1997-2015 Experience Study
Investment Rate of Return	5.25%
Mortality, Retirement, Disability	CalPERS 1997-2015 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2017
Post Retirement Benefit Increase	Projected fully generational with Scale MP-2016
Healthcare Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
	Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
PEMHCA Minimum Increase	4.25% annually
Healthcare Participation at Retirement	Actives: 70% if covered, 60% if waived with 20 or more years service, 40% if waived with less than 20 years
	Retirees: 100% if covered, 0% re-elect if waived

The discount rate was based on the Municipal Bond Rate as of the measurement date.

**C. Changes in Total OPEB Liability**

The changes in the total OPEB liability follows:

	Total OPEB Liability
<b>Balance at June 30, 2017 (Measurement Date)</b>	<b>\$ 15,744,000</b>
Changes in the year:	
Service cost	985,423
Changes of assumptions	(696,520)
Interest on the total OPEB liability	590,974
Benefit payments	(443,524)
Net changes	436,353
<b>Balance at June 30, 2018 (Measurement Date)</b>	<b>\$ 16,180,353</b>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

**D. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the City, as well as what the City's total 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:

Total OPEB Liability		
Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
(2.87%)	(3.87%)	(4.87%)
\$ 18,783,482	\$ 16,180,353	\$ 14,087,482

The following presents the total OPEB liability of the City, as well as what the City's total 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:

Total OPEB Liability		
1% Decrease	Current Trend	1% Decrease
\$ 13,750,849	\$ 16,180,353	\$ 19,342,834

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$293,127. At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 473,991	\$ -
Changes in assumptions	-	(1,944,651)
Total	\$ 473,991	\$ (1,944,651)

\$473,991 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, 2020. 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 Ending June 30:	
2020	\$ (336,869)
2021	(336,869)
2022	(336,869)
2023	(336,869)
2024	(336,869)
Thereafter	(260,306)
Total	\$ (1,944,651)

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 11 – DEFERRED COMPENSATION**

The City offers its employees a deferred compensation plan (Plan) created in accordance with California Government Code Section 53212 and Internal Revenue Code of 1986, Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

In March 1997, the City amended the Plan's documents to comply with a new federal law. The Plan's assets have been placed into a trust for the exclusive benefit of the employees and their beneficiaries. The City is the administrator of the Plan but the assets are held by an independent investment manager and, therefore, are not recorded as assets of the City. Each employee directs the investment of the assets in his or her account.

**NOTE 12 - RISK MANAGEMENT**

The City provides coverage up to a maximum of \$500,000 for each general liability claim. The City is a member of a public entity risk pool, which provides liability coverage of up to \$40,000,000 per occurrence, including the City's risk-limit. The actuarially determined liability at June 30, 2019, for general liability was \$1,966,520 which includes an estimate for incurred, but not reported claims.

The amounts of coverage for the risk retention, pool participation, purchased insurance and cost reimbursed benefits have not changed from the prior year. The amount of settled claims has not exceeded the maximum coverage in any of the past three years, under risk retention, pool participation, purchased insurance and cost reimbursed plans.

The public entity risk pool (Pool), to which the City belongs, assesses each member an annual contribution to cover claims, operating costs and claim settlement expenses. The Pool has a multi-level risk sharing arrangement for its liability program. Members assume their own losses, up to their retention level. Losses in excess of the retention are paid out of a central pool maintained by the Pool for each of the four levels of coverage. This central pool is funded by all of the members participating in that program layer through contributions. Losses in excess of participation limits and coverages are the responsibility of the individual member from which the loss or claim originated.

The City provides coverage up to a maximum of \$1,000,000 for each workers' compensation claim. In addition, the City carries excess insurance which provides liability coverage up to the statutory limit. The actuarially determined liability as of June 30, 2019 for workers' compensation was \$10,575,519 which includes an estimate for incurred, but not reported claims.

Most funds of the City participate in the retention program and make payments to the Risk Management Fund and the Workers' Compensation Fund, based on budgetary estimates of the amounts needed to pay prior and current year claims, and to establish a reserve for catastrophic losses.



**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 12 - RISK MANAGEMENT**

The accrued claims liability reported in the risk funds as of June 30, 2019, is based upon the requirement of GASB Statement No.10. This statement requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities for future claims and payments for workers' compensation were based on an actuarial study, which was completed for the year ended June 30, 2019. Liabilities for future claims and payments for general liability were determined by management, based on the results of the actuarial study as of June 30, 2019.

The following is a reconciliation of changes in the aggregate liabilities for claims for the years ended June 30, 2019, 2018, and 2017:

For the Years Ended June 30,	Claims Payable July 1,	Claims Incurred	Claims Payments	Claims Payable June 30,	Claims Payable Due within One Year
2017	\$7,305,792	\$1,447,661	\$(1,137,327)	\$ 7,616,126	\$ 2,354,788
2018	7,616,126	1,846,606	(1,636,803)	7,825,929	2,508,212
2019	7,825,929	7,809,328	(3,093,218)	12,542,039	3,776,992

Employee medical, disability and life insurance benefits are also purchased. The City self-insures for additional employee benefit insurance such as dental, vision and unemployment, on a cost reimbursement basis, up to defined annual maximums. No liability has been accrued for these claims, as they are deemed immaterial.

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

**A. *Litigation***

The City participates in several Federal and State grant programs. These programs are subject to the audits by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act and applicable State requirements. In addition, 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.

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no other pending litigation, which is likely to have a material adverse effect on the financial position of the City.

**B. *Construction and Other Commitments***

The City's governmental funds had year-end commitments at June 30, 2019 totaling \$1,054,060 for construction related contracts awarded, but not completed, and proprietary funds in the amount of \$7,578,659. In addition, the City's governmental funds had outstanding professional service contracts at year-end in the amount of \$1,157,056 and proprietary funds in the amount of \$6,179,739.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)**

**C. Marina Enterprise Fund Finances**

At June 30, 2019, the Marina Enterprise Fund had \$13,263 in cash while accumulated deficit was \$5.4 million. As discussed in Note 6C, the Marina Enterprise Fund had an outstanding loan of \$6.4 million payable to the California Department of Boating and Waterways, to which the City has not made payments since 2000. The City has been working with the Department in order to eliminate the loan. In addition, the City management is currently exploring options at the Marina to improve operations.

**NOTE 14 – POLLUTION REMEDIATION OBLIGATIONS**

In accordance with GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, the City is required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as liabilities or, if appropriate, capitalized when goods and services are acquired if one of the following five specified obligating events occurs:

- The City is compelled to take pollution remediation action because of an imminent endangerment;
- The City violates a pollution prevention-related permit or license;
- The City is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party for remediation, or as a government responsible for sharing costs;
- The City is named, or evidence indicates that it will be named, in a lawsuit to compel participation in pollution remediation
- The City commences or legally obligates itself to commence pollution remediation.

At June 30, 2019, the City identified the following site which met one of the above obligating events:

**Payran Street Site** 301 Payran Street, site of a former fire station and underground storage tank, has had an extensive history of subsurface investigations and remediation work since approximately 1988. Groundwater sampling and analysis has confirmed that both onsite and offsite groundwater is impacted with petroleum hydrocarbons. The Sonoma County Department of Environmental Health acts as the Local Oversight Program (LOP) on behalf of the State Water Resources Control Board and has directed the City to continue with its cleanup of the site. As of this date the City has spent the State Fund limit of \$1.5m for past work and the more recent Dual Phase Vapor Extraction Remediation. The City and Edd Clark & Associates (ECA) submitted a corrective plan and have an approved plan to operate a High Vacuum Dual Phase Extraction (HVDPE) system to clean up the site. Construction of the HVDPE system was completed in the Summer of 2017, and the testing period for the system commenced in September 2017. The City received the permit to operate the system from the Bay Area Air Quality Management District (BAAQMD) in February 2018. The City began full operation of the system in April 2018. In September 2019, the City modified the system and installed vapor phase carbon vessels, to alleviate operation concerns in the area, and to reduce operation costs. ECA will continue to operate and manage the system, and submit quarterly reports until all site closure requirements have been met. The operation of this remediation system is expected for an additional year with an estimated total project cost of \$500,000.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**

**A.     *Redevelopment Dissolution***

Effective January 31, 2012, all Redevelopment Agencies were dissolved. Certain assets of the former Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and all remaining former Redevelopment Agency assets and liabilities were distributed to the Successor Agency.

ABx1 26 and AB1484 direct the State Controller to review the activities of all former redevelopment agencies and successor agencies to determine whether an asset transfer between a former redevelopment agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency. In February 2015, the California State Controller's Office (SCO) concluded that \$1.7 million in loan repayments made by the former Petaluma Community Development Commission (PCDC) to the City prior to the dissolution of the PCDC must be turned over to the Successor Agency. Petaluma submitted a letter stating its disagreement with the SCO. In addition to the loan repayment, the City and the California Department of Finance have litigated over the use of \$7.7 million in 2011 bond proceeds to fund the Rainer Crosstown Connector Highway Project. The litigation portion is complete however the decision on the use of bond proceeds is pending due to the complexity of the case and State law. It is anticipated the funds will be released for use however at this point it is unknown.

Cash and investments of the Successor Agency as of June 30, 2019 are discussed in Note 2. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2019.

**B.     *Notes Receivable***

The Successor Agency assumed the Storefront Loan Program of the PCDC as of February 1, 2012, which offers low interest loans to property owners with buildings located in the Central Business District (Downtown) as an incentive to make improvements to the exterior storefronts. At June 30, 2019, the outstanding balance of the loans was \$234,744.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

**C. Long-Term Debt**

***Current Year Transactions and Balances***

All of the long-term debt of the Successor Agency is comprised of Tax Allocation Bonds issued by the Redevelopment Agency. The Bonds are special obligations of the Agency and are secured only by the Agency's tax increment revenues. Tax Allocation Bond transactions were as follows:

Successor Agency Debt:	Original Issue Amount	Balance at June 30, 2018	Additions	Retirements	Balance at June 30, 2019	Amount due within one year
<b>Tax Allocation Bonds:</b>						
2015 Tax Allocation Bonds, Series A 3.73%, due 5/1/2033	\$ 19,545,000	\$ 17,960,000	\$ -	\$ 640,000	\$ 17,320,000	\$ 655,000
2015 Tax Allocation Bonds, Series B 3.25%, due 5/1/2030	16,060,000	13,855,000	-	935,000	12,920,000	980,000
2017 Tax Allocation Refunding Bonds 3.00-4.00%, due 11/01/2039	35,945,000	35,590,000	-	1,290,000	34,300,000	1,310,000
Plus: Original issue Premium	491,287	446,625	-	22,331	424,294	-
Total Tax Allocation Bonds		<u>\$ 67,851,625</u>	<u>\$ -</u>	<u>\$ 2,887,331</u>	<u>\$ 64,964,294</u>	<u>\$ 2,945,000</u>

***Redevelopment Agency Tax Allocation Bonds***

**2015 Series A & B Tax Allocation Bonds** - On March 1, 2015 the former PCDC issued Refunding Tax Allocation Bonds, Series 2015A & B Tax Allocation Bonds in the amount of \$19,545,000 and \$16,060,000. The proceeds of the bonds will be used to refund the 2003A and 2005A Tax Allocation Bonds. The Bonds mature annually each May from 2016 to 2033, and May 2016 to 2030, respectively, in amounts ranging from \$325,000 to \$3,950,000 and from \$35,000 to \$685,000 and bear interest rates of 3.73% and 3.25%. Interest is payable semiannually on May 1 and November 1. The bonds are payable solely from secured tax revenues.

**2017 Tax Allocation Refunding Bonds** - On May 31, 2017 the Petaluma Community Development Successor Agency issued Tax Allocation Refunding Bonds in the amount of \$35,945,000. The proceeds of the bonds will be used to refund the Tax Allocation Bonds, Series 2007 and Subordinate Tax Allocation Bonds, Series 2011. The Bonds mature annually each November from 2017 to 2039 in amounts ranging from \$355,000 to \$4,060,000 and bear interest rates of 2.00% and 4.00%. Interest is payable semiannually on May 1 and November 1. The bonds are payable solely from secured tax revenues.

The bonds were issued at a premium of \$491,287 which is being amortized over the 22-year life of the bonds resulting in an annual amortization of \$22,331.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**  
**(Continued)**

As discussed above, the former PCDC has pledged tax increment revenues for the repayment of the Tax Allocation Bonds. In future years, annual principal and interest payments on Tax Allocation Bonds are expected to require 29% of tax incremental revenues. The total principal and interest remaining to be paid on the Bonds was \$89,123,924 at June 30, 2019. With the dissolution of the Redevelopment Agency 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. The RPTTF received for fiscal year 2018-19 was \$5,418,489 which represented coverage of 106% of the \$5,129,685 of debt service.

**2003A and 2005A Tax Allocation Bonds** - As of June 30, 2019 the outstanding defeased balance related to the 2003A and 2005A Tax Allocation Bonds was \$17,135,000 and \$12,520,000, respectively.

**2007 and 2011 Tax Allocation Bonds** - As of June 30, 2019 the outstanding defeased balance related to the 2007 and 2011 Tax Allocation Bonds was \$28,980,000 and \$5,204,000, respectively.

***Debt Service Requirements***

Annual debt service requirements are shown below:

Successor Agency Debt: For the Year Ending June 30, 2019	Tax Allocation Bonds	
	Principal	Interest
2020	\$ 2,945,000	\$ 2,213,074
2021	3,035,000	2,109,689
2022	3,145,000	1,996,200
2023	3,260,000	1,878,623
2024	3,375,000	1,756,712
2025/2029	12,595,000	7,395,129
2030/2034	13,640,000	4,922,652
2035/2039	18,485,000	2,243,334
2040	4,060,000	68,513
Outstanding Accumulated Payments and Penalties	64,540,000	<u>\$ 24,583,924</u>
Less: Original Issuance Premium (Discount)	424,294	
Total Payments due	<u>\$ 64,964,294</u>	

**D. *Commitments and Contingencies State Approval of Enforceable Obligations***

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 16 – SUBSEQUENT EVENT**

On August 21, 2019 the City issued 2019 Wastewater Revenue Refunding Bonds in the amount of \$60,775,000. The proceeds of the bonds will be used to refund and retire the outstanding balance of the City's loan with the California State Water Resources Control Board through its State Revolving Fund loan payment. Interest on the 2019 bonds will be payable on May 1 and November 1 of each year, commencing November 1, 2019.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**City of Petaluma Agent Multiple-employer Defined Benefit Plans**  
**As of June 30, 2019**  
**Last 10 years\***

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

Measurement Date:	MISCELLANEOUS PLAN				
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 1,931,227	\$ 2,007,788	\$ 2,017,338	\$ 2,343,412	\$ 2,452,860
Interest	6,997,431	7,267,715	7,469,079	7,655,833	7,911,849
Changes of Benefit Terms	-	-	-	-	-
Changes of Assumptions	-	(1,694,544)	-	6,039,854	(662,917)
Difference Between Expected and Actual Experience	-	(848,115)	(1,631,258)	(1,001,955)	(230,240)
Benefit Payments, Including Refunds of Employee Contributions	(4,570,066)	(4,871,008)	(5,162,636)	(5,332,945)	(5,827,389)
<b>Net Change in Total Pension Liability</b>	<b>4,358,592</b>	<b>1,861,836</b>	<b>2,692,523</b>	<b>9,704,199</b>	<b>3,644,163</b>
<b>Total Pension Liability - Beginning</b>	<b>94,618,497</b>	<b>98,977,089</b>	<b>100,838,925</b>	<b>103,531,448</b>	<b>113,235,647</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 98,977,089</b>	<b>\$ 100,838,925</b>	<b>\$ 103,531,448</b>	<b>\$ 113,235,647</b>	<b>\$ 116,879,810</b>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - Employer	\$ 2,390,127	\$ 1,990,786	\$ 2,382,217	\$ 2,624,811	\$ 5,913,026
Contributions - Employee	1,243,703	889,286	936,978	976,772	1,362,257
Net Investment Income	11,808,495	1,767,481	386,997	8,528,004	7,122,301
Benefit Payments, Including Refunds of Employee Contributions	(4,570,066)	(4,871,008)	(5,162,636)	(5,332,945)	(5,827,389)
Net Plan to Plan Resource Movement	-	-	-	2,139	(215)
Administrative Expense	-	(89,077)	(48,215)	(114,583)	(131,351)
Other Miscellaneous Income	-	-	-	-	(249,437)
<b>Net Change in Fiduciary Net Position</b>	<b>10,872,259</b>	<b>(312,532)</b>	<b>(1,504,659)</b>	<b>6,684,198</b>	<b>8,189,192</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>68,552,979</b>	<b>79,425,238</b>	<b>79,112,706</b>	<b>77,608,047</b>	<b>84,292,245</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 79,425,238</b>	<b>\$ 79,112,706</b>	<b>\$ 77,608,047</b>	<b>\$ 84,292,245</b>	<b>\$ 92,481,437</b>
<b>Plan Net Position Liability (Asset) Ending (a) - (b)</b>	<b>\$ 19,551,851</b>	<b>\$ 21,726,219</b>	<b>\$ 25,923,401</b>	<b>\$ 28,943,402</b>	<b>\$ 24,398,373</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>80.25%</b>	<b>78.48%</b>	<b>74.96%</b>	<b>74.44%</b>	<b>79.13%</b>
<b>Covered Employee Payroll</b>	<b>\$ 12,004,148</b>	<b>\$ 13,001,281</b>	<b>\$ 13,272,833</b>	<b>\$ 14,000,551</b>	<b>\$ 14,820,907</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll</b>	<b>162.88%</b>	<b>167.11%</b>	<b>195.31%</b>	<b>206.73%</b>	<b>164.62%</b>

Notes to Schedule:

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

\* Fiscal year 2015 was the first year of implementation



**City of Petaluma Agent Multiple-employer Defined Benefit Plans**  
**For the fiscal year ended June 30, 2019**  
**Last 10 years\***  
**SCHEDULE OF CONTRIBUTIONS**

	MISCELLANEOUS PLAN				
	<b>Fiscal Year 2014-15</b>	<b>Fiscal Year 2015-16</b>	<b>Fiscal Year 2016-17</b>	<b>Fiscal Year 2017-18</b>	<b>Fiscal Year 2018-19</b>
Actuarially determined contribution	\$ 1,938,902	\$ 2,099,340	\$ 2,111,855	\$ 5,729,007	\$ 2,168,183
Contribution in relation to the actuarially determined contributions	(1,938,902)	(2,099,340)	(2,111,855)	(5,729,007)	(2,168,183)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 13,001,281	\$ 13,272,833	\$ 14,000,551	\$ 14,820,907	\$ 13,652,704
Contributions as a percentage of covered employee payroll	14.91%	15.82%	15.08%	38.65%	15.88%
<b>Notes to Schedule</b>					
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017

**City of Petaluma Agent Multiple-employer Defined Benefit Plans**

**As of June 30, 2019**

**Last 10 years\***

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

Measurement Date:	SAFETY PLAN				
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 3,422,621	\$ 3,115,595	\$ 3,034,176	\$ 3,646,598	\$ 3,691,563
Interest	11,716,276	12,221,159	12,650,095	13,084,036	13,623,550
Changes of Benefit Terms	-	(3,032,668)	-	-	-
Changes of Assumptions	-	-	-	11,023,088	(821,854)
Difference Between Expected and Actual Experience	-	(423,859)	(1,118,953)	(297,700)	1,060,333
Benefit Payments, Including Refunds of Employee Contributions	(7,707,622)	(8,276,688)	(8,863,457)	(9,302,702)	(9,589,184)
<b>Net Change in Total Pension Liability</b>	<b>7,431,275</b>	<b>3,603,539</b>	<b>5,701,861</b>	<b>18,153,320</b>	<b>7,964,408</b>
<b>Total Pension Liability - Beginning</b>	<b>158,359,501</b>	<b>165,790,776</b>	<b>169,394,315</b>	<b>175,096,176</b>	<b>193,249,496</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 165,790,776</b>	<b>\$ 169,394,315</b>	<b>\$ 175,096,176</b>	<b>\$ 193,249,496</b>	<b>\$ 201,213,904</b>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - Employer	\$ 5,842,432	\$ 4,384,155	\$ 4,894,550	\$ 5,735,707	\$ 9,856,013
Contributions - Employee	1,731,948	1,037,804	1,025,996	1,300,945	1,347,243
Net Investment Income	17,135,155	2,505,960	588,669	12,302,444	10,381,838
Benefit Payments, Including Refunds of Employee Contributions	(7,707,622)	(8,276,688)	(8,863,457)	(9,302,702)	(9,589,184)
Net Plan to Plan Resource Movement	-	61,599	-	-	(314)
Administrative Expense	-	(130,196)	(70,508)	(167,231)	(191,879)
Other Miscellaneous Income	-	-	-	-	(364,382)
<b>Net Change in Fiduciary Net Position</b>	<b>17,001,913</b>	<b>(417,366)</b>	<b>(2,424,750)</b>	<b>9,869,163</b>	<b>11,439,335</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>99,106,801</b>	<b>116,108,714</b>	<b>115,691,348</b>	<b>113,266,598</b>	<b>123,135,761</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 116,108,714</b>	<b>\$ 115,691,348</b>	<b>\$ 113,266,598</b>	<b>\$ 123,135,761</b>	<b>\$ 134,575,096</b>
<b>Plan Net Position Liability (Asset) - Ending (a) - (b)</b>	<b>\$ 49,682,062</b>	<b>\$ 53,702,967</b>	<b>\$ 61,829,578</b>	<b>\$ 70,113,735</b>	<b>\$ 66,638,808</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>70.03%</b>	<b>68.30%</b>	<b>64.69%</b>	<b>63.72%</b>	<b>66.88%</b>
<b>Covered Employee Payroll</b>	<b>\$ 11,800,515</b>	<b>\$ 11,238,710</b>	<b>\$ 11,313,110</b>	<b>\$ 12,054,472</b>	<b>\$ 12,257,583</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll</b>	<b>421.02%</b>	<b>477.84%</b>	<b>546.53%</b>	<b>581.64%</b>	<b>529.78%</b>

Notes to Schedule:

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

\* Fiscal year 2015 was the first year of implementation

**City of Petaluma Agent Multiple-employer Defined Benefit Plans**  
**For the fiscal year ended June 30, 2019**  
**Last 10 years\***  
**SCHEDULE OF CONTRIBUTIONS**

	SAFETY PLAN				
	<b>Fiscal Year 2014-15</b>	<b>Fiscal Year 2015-16</b>	<b>Fiscal Year 2016-17</b>	<b>Fiscal Year 2017-18</b>	<b>Fiscal Year 2018-19</b>
Actuarially determined contribution	\$ 4,401,132	\$ 5,240,190	\$ 6,080,971	\$ 10,063,015	\$ 6,295,736
Contribution in relation to the actuarially determined contributions	(4,401,132)	(5,240,190)	(6,080,971)	(10,063,015)	(6,295,736)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 11,238,710	\$ 11,313,110	\$ 12,054,472	\$ 12,257,583	\$ 12,316,761
Contributions as a percentage of covered employee payroll	39.16%	46.32%	50.45%	82.20%	51.12%
<b>Notes to Schedule</b>					
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017

\* Fiscal year 2015 was the first year of implementation

CITY OF PETALUMA  
Required supplemental Information  
For the year ended June 30, 2019

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
OPEB Plan - Single Employer  
Last 10 years\*

<i>Measurement Period</i>	<u>6/30/2017</u>	<u>6/30/2018</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 1,150,000	\$ 985,423
Interest on the total OPEB liability	493,000	590,974
Changes of assumptions	(1,829,000)	(696,520)
Benefit payments, including refunds of employee contributions	<u>(467,000)</u>	<u>(443,524)</u>
<b>Net change in total OPEB liability</b>	(653,000)	436,353
<b>Total OPEB liability - beginning</b>	<u>16,397,000</u>	<u>15,744,000</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 15,744,000</u></u>	<u><u>\$ 16,180,353</u></u>
 Covered Employee Payroll	 <u><u>\$ 24,725,000</u></u>	 <u><u>\$ 31,217,344</u></u>
 Total OPEB liability as a percentage of covered-employee payroll	 63.68%	 51.83%

\*Fiscal year 2018 was the first year of implementation

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
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#### GENERAL FUND

The General Fund is used to account for resources traditionally associated with government, which are not required legally, or by sound financial management, to be accounted for in another fund.

#### HOME/BEGIN SPECIAL REVENUE FUND

The Home/Begin Special Revenue Fund is used to account for federal grants received under the Housing and Community Development Act of 1974. The money is used for specific programs, which provide housing to people with low and moderate income.

#### IMPACT FEES SPECIAL REVENUE FUND

This fund is used to account for fees received from local development projects, which are used for the construction of major public improvements, provide assistance to low income people in the community and for the acquisition, development, and enhancement of neighborhood and community parks.

#### SUCCESSOR HOUSING SPECIAL REVENUE FUND

This fund was established to account for loan repayments and activities related to the assets assumed by the City as Housing Successor to the Petaluma Community Development Commission (PCDC) for the housing activities of the former PCDC.

# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
<b>REVENUES:</b>				
Taxes	\$ 29,466,202	\$ 29,896,202	\$ 30,739,746	\$ 843,544
Licenses, permits and fees	1,117,300	1,117,300	1,302,860	185,560
Fines, forfeitures, and penalties	945,000	945,000	634,177	(310,823)
Use of money and property	434,202	434,202	895,678	461,476
Intergovernmental	6,145,272	6,145,272	7,027,800	882,528
Charges for current services	6,347,919	6,347,919	7,700,722	1,352,803
Other	14,000	14,000	145,820	131,820
<b>Total revenues</b>	<b>44,469,895</b>	<b>44,899,895</b>	<b>48,446,803</b>	<b>3,546,908</b>
<b>EXPENDITURES:</b>				
Current:				
General government:				
City council	113,923	113,923	100,603	13,320
City clerk	415,853	417,914	313,100	104,814
City attorney	1,021,788	1,023,957	1,093,123	(69,166)
City manager	1,246,088	1,416,440	1,186,216	230,224
Administrative services	4,357,079	3,609,292	2,961,217	648,075
Community development	684,202	684,202	989,393	(305,191)
Police	18,173,598	19,409,963	19,131,074	278,889
Fire	13,963,046	14,153,629	15,418,433	(1,264,804)
Parks and recreation	1,780,691	1,794,175	1,638,484	155,691
Public works	3,809,846	3,868,271	3,910,709	(42,438)
Capital outlay	-	233,055	94,003	139,052
<b>Total expenditures</b>	<b>45,566,114</b>	<b>46,724,821</b>	<b>46,836,355</b>	<b>(111,534)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,096,219)</b>	<b>(1,824,926)</b>	<b>1,610,448</b>	<b>3,435,374</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,937,512	1,984,011	1,984,011	-
Transfers out	(1,140,053)	(1,175,053)	(1,175,053)	-
<b>Total other financing sources (uses)</b>	<b>797,459</b>	<b>808,958</b>	<b>808,958</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (298,760)</b>	<b>\$ (1,015,968)</b>	<b>2,419,406</b>	<b>\$ 3,435,374</b>
<b>FUND BALANCE:</b>				
Beginning of year			13,125,856	
End of year			<u>\$ 15,545,262</u>	

# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Home/Begin Special Revenue Fund For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Use of money and property	\$ 5,217	\$ 5,217	\$ 570,233	\$ 565,016
<b>Total revenues</b>	5,217	5,217	570,233	565,016
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	5,217	5,217	570,233	565,016
<b>Net change in fund balance</b>	<u>\$ 5,217</u>	<u>\$ 5,217</u>	570,233	<u>\$ 565,016</u>
<b>FUND BALANCE:</b>				
Beginning of year			21,468,964	
End of year			<u>\$ 22,039,197</u>	

# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Impact Fees Special Revenue Fund For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<b>REVENUES:</b>				
Licenses, permits and fees	\$ 6,007,942	\$ 6,007,942	\$ 3,963,823	\$ (2,044,119)
Use of money and property	313,662	313,662	1,393,615	1,079,953
Charges for current services	119,359	119,359	79,279	(40,080)
Other	-	-	8,547	8,547
<b>Total revenues</b>	<b>6,440,963</b>	<b>6,440,963</b>	<b>5,445,264</b>	<b>(995,699)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	675,661	675,661	629,882	45,779
Parks and recreation	26,068	26,068	26,195	(127)
Public works	84,741	84,741	56,329	28,412
<b>Total expenditures</b>	<b>786,470</b>	<b>786,470</b>	<b>712,406</b>	<b>74,064</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,654,493</b>	<b>5,654,493</b>	<b>4,732,858</b>	<b>(921,635)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	345,665	12,276	(333,389)
Transfers out	(2,656,500)	(585,780)	(292,578)	293,202
<b>Total other financing sources (uses)</b>	<b>(2,656,500)</b>	<b>(240,115)</b>	<b>(280,302)</b>	<b>(40,187)</b>
<b>Net change in fund balance</b>	<b>\$ 2,997,993</b>	<b>\$ 5,414,378</b>	<b>4,452,556</b>	<b>\$ (961,822)</b>
<b>FUND BALANCE:</b>				
Beginning of year			52,942,610	
End of year			\$ 57,395,166	



# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Successor Housing Special Revenue Fund For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Use of money and property	\$ 27,222	\$ 27,222	\$ 530,507	\$ 503,285
Charges for current services	23,140	23,140	24,115	975
<b>Total revenues</b>	<b>50,362</b>	<b>50,362</b>	<b>554,859</b>	<b>504,497</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	\$ 234,401	\$ 236,381	\$ 244,448	\$ (8,067)
<b>Total expenditures</b>	<b>234,401</b>	<b>236,381</b>	<b>244,448</b>	<b>(8,067)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(184,039)</b>	<b>(186,019)</b>	<b>310,411</b>	<b>496,430</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	200,000	240,291	226,791	(13,500)
Transfers out	(13,500)	(13,500)	-	13,500
<b>Total other financing sources (uses)</b>	<b>186,500</b>	<b>226,791</b>	<b>226,791</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 2,461</b>	<b>\$ 40,772</b>	<b>537,202</b>	<b>\$ 496,430</b>
<b>FUND BALANCE:</b>				
Beginning of year			28,966,577	
End of year			<b>\$ 29,503,779</b>	



## **SUPPLEMENTARY INFORMATION**

<b>BUDGETED MAJOR GOVERNMENTAL FUNDS OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS</b>
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**CITY CAPITAL PROJECTS FUND**

This fund accounts for the collection of resources and the related expenditure on acquisition and construction of major capital improvement projects in the City, other than those accounted for in proprietary funds.

# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### City Capital Projects Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Use of money and property	\$ 322	\$ 322	\$ 45,881	\$ 45,559
Intergovernmental	1,491,000	1,334,000	643,744	(690,256)
Charges for current services	50,000	50,000	16,488	(33,512)
Other	-	-	339,287	339,287
<b>Total revenues</b>	<b>1,541,322</b>	<b>1,384,322</b>	<b>1,045,400</b>	<b>(338,922)</b>
<b>EXPENDITURES:</b>				
Current:				
General government	1,129,000	768,000	365,874	402,126
Fire	-	270,000	277,021	(7,021)
Parks and recreation	2,410,000	280,878	223,826	57,052
Public works	6,952,000	4,931,607	3,610,969	1,320,638
Capital outlay	100,000	100,000	-	100,000
<b>Total expenditures</b>	<b>10,591,000</b>	<b>6,350,485</b>	<b>4,477,690</b>	<b>1,872,795</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(9,049,678)</b>	<b>(4,966,163)</b>	<b>(3,432,290)</b>	<b>1,533,873</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	7,493,824	4,431,989	2,491,235	(1,940,754)
Transfers out	-	(838,945)	(12,276)	826,669
<b>Total other financing sources (uses)</b>	<b>7,493,824</b>	<b>3,593,044</b>	<b>2,478,959</b>	<b>(1,114,085)</b>
<b>Net change in fund balance</b>	<b>\$ (1,555,854)</b>	<b>\$ (1,373,119)</b>	<b>(953,331)</b>	<b>\$ 419,788</b>
<b>FUND BALANCE:</b>				
Beginning of year			3,125,166	
End of year			<u>\$ 2,171,835</u>	

<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
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**SPECIAL REVENUE FUNDS****COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

The fund accounts for federal grants received under the Housing and Community Development Act of 1974 from the US Department of Housing and Urban Development. Funds are used to develop a viable urban community, by providing adequate housing, a suitable living environment, and expanding economic opportunities, principally for persons with low and moderate income.

**GRANTS AND DONATIONS FUND**

The fund accounts for various donations received by City departments, and related expenditures.

**GAS TAX FUND**

The fund reports receipts and disbursements of funds under Streets and Highways Code Sections 2105, 2106, 2107 and 2107.5 of the State of California. Expenditures in this fund, for administrations, maintenance and construction, must be street related.

**PUBLIC SAFETY FUND**

The fund is used to account for asset seizure, supplemental law enforcement, abandoned vehicle abatement and fire hazmat activities.

**LANDSCAPE ASSESSMENT DISTRICTS FUND**

The fund details revenue and maintenance costs associated with forty-seven landscape assessment districts maintained by the City of Petaluma. These districts collect funds from the property owners, and use the funds to maintain common landscape areas within the boundaries of the district.

**STREET FUND**

The fund accounts for revenue received from the solid waste surcharge, imposed as part of the franchise fee on the waste hauler. This revenue, along with transfers from various other City funds, will be expended on street maintenance activities.

**TRANSIENT OCCUPANCY TAX FUND**

The fund reports the hotel and motel occupancy tax receipts, and the disbursements to local, not-for-profit groups, which sponsor community events, or promote tourism.

**PRINCE PARK FUND**

The fund details the activity of the ongoing maintenance of Prince Park. The activities included in this fund are receipts of investment earnings, and transfers out to the general fund to cover costs of the park's maintenance.

**MEASURE M PARK FUND**

The fund accounts for the receipt and disbursements of funds from the Sonoma County Measure M sales tax. Expenditures must be used for maintenance and improvement of city parks, waterways, natural areas, and to improve recreation facilities.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**TOURISM IMPROVEMENT DISTRICT FUND**

The fund reports the receipt from the Petaluma Downtown Tourism Improvement District Tax and disbursements from the funds. The Petaluma Downtown Tourism District collects tax from hotels and lodging establishments in the district and pays a portion of this to the City to be utilized for district approved projects.

**PERMANENT FUND**

**WICKERSHAM PARK TRUST FUND**

The fund accounts for resources that are held by the City, which are legally restricted to the extent that only earnings may be used maintenance improvements to Wickersham Park.

**City of Petaluma**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2019**

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Grants and Donations	Gas Tax	Public Safety Special Revenue	Landscape Assessment District
<b>ASSETS</b>					
Cash and investments	\$ 54,055	\$ 2,273,123	\$ 354,265	\$ 736,848	\$ 503,898
Receivables:					
Accounts, net	-	-	-	200	-
Intergovernmental	132,477	130,802	244,730	95,336	6,198
loans receivable	724,000	-	-	-	-
Interest receivable related to loans receivable	192,763	-	-	-	-
<b>Total assets</b>	<b>\$ 1,103,295</b>	<b>\$ 2,403,925</b>	<b>\$ 598,995</b>	<b>\$ 832,384</b>	<b>\$ 510,096</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 95,632	\$ 6,901	\$ -	\$ 83,062	\$ 24,824
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>95,632</b>	<b>6,901</b>	<b>-</b>	<b>83,062</b>	<b>24,824</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	1,007,663	2,397,024	598,995	749,322	485,272
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>1,007,663</b>	<b>2,397,024</b>	<b>598,995</b>	<b>749,322</b>	<b>485,272</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,103,295</b>	<b>\$ 2,403,925</b>	<b>\$ 598,995</b>	<b>\$ 832,384</b>	<b>\$ 510,096</b>



SPECIAL REVENUE FUNDS					PERMANENT	Total
Street	Transient Occupancy Tax	Prince Park	Measure M Parks	Tourism Improvement District	Wickersham Park Trust	Non-Major Governmental Funds
\$ 3,163,094	\$ 766,004	\$ 611,691	\$ -	\$ -	\$ 24,821	\$ 8,487,799
118,462	423,598	-	-	37,386	-	579,646
114,354	-	-	27,456	-	-	751,353
-	-	-	-	-	-	724,000
-	-	-	-	-	-	192,763
<u>\$ 3,395,910</u>	<u>\$ 1,189,602</u>	<u>\$ 611,691</u>	<u>\$ 27,456</u>	<u>\$ 37,386</u>	<u>\$ 24,821</u>	<u>\$ 10,735,561</u>
\$ 77,173	\$ 154,909	\$ -	\$ 25	\$ -	\$ -	\$ 442,526
-	-	-	29,331	-	-	29,331
-	-	-	-	-	-	-
<u>77,173</u>	<u>154,909</u>	<u>-</u>	<u>29,356</u>	<u>-</u>	<u>-</u>	<u>471,857</u>
-	-	-	-	-	24,821	24,821
3,318,737	1,034,693	611,691	-	37,386	-	10,240,783
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(1,900)	-	-	(1,900)
<u>3,318,737</u>	<u>1,034,693</u>	<u>611,691</u>	<u>(1,900)</u>	<u>37,386</u>	<u>24,821</u>	<u>10,263,704</u>
<u>\$ 3,395,910</u>	<u>\$ 1,189,602</u>	<u>\$ 611,691</u>	<u>\$ 27,456</u>	<u>\$ 37,386</u>	<u>\$ 24,821</u>	<u>\$ 10,735,561</u>

# City of Petaluma

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Non-Major Governmental Funds

For the year ended June 30, 2019

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Grants and Donations	Gas Tax	Public Safety Special Revenue	Landscape Assessment District
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	38,090	-
Use of money and property	13,233	10,305	26,947	15,083	8,325
Intergovernmental	357,552	662,118	2,416,763	349,884	-
Charges for current services	-	-	-	-	420,929
Other	-	5,638	-	-	-
<b>Total revenues</b>	<b>370,785</b>	<b>678,061</b>	<b>2,443,710</b>	<b>403,057</b>	<b>429,254</b>
<b>EXPENDITURES:</b>					
Current:					
Community development	477,912	7,458	-	-	-
Police	-	313,052	-	119,423	-
Fire	-	24,285	-	726	-
Parks and recreation	-	-	-	-	373,379
Public works	-	91,578	38,513	-	-
Capital outlay	-	119,117	-	-	-
<b>Total expenditures</b>	<b>477,912</b>	<b>555,490</b>	<b>38,513</b>	<b>120,149</b>	<b>373,379</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(107,127)</b>	<b>122,571</b>	<b>2,405,197</b>	<b>282,908</b>	<b>55,875</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	84,192	-	-	-
Transfers out	(90,291)	(104,261)	(2,491,057)	(214,192)	-
<b>Total other financing sources (uses)</b>	<b>(90,291)</b>	<b>(20,069)</b>	<b>(2,491,057)</b>	<b>(214,192)</b>	<b>-</b>
<b>FUND BALANCES:</b>					
Beginning of year	1,205,081	2,294,522	684,855	680,606	429,397
End of year	<u>\$ 1,007,663</u>	<u>\$ 2,397,024</u>	<u>\$ 598,995</u>	<u>\$ 749,322</u>	<u>\$ 485,272</u>

SPECIAL REVENUE FUNDS					PERMANENT	Total
Street	Transient Occupancy Tax	Prince Park	Measure M Parks	Tourism Improvement District	Wickersham Park Trust	Non-Major Governmental Funds
\$ 1,557,116	\$ 3,359,945	\$ -	\$ 27,456	\$ -	\$ -	\$ 4,944,517
-	-	-	-	37,386	-	37,386
-	-	-	-	-	-	38,090
53,691	38,503	12,977	-	-	488	179,552
415,293	-	-	-	-	-	4,201,610
51,709	-	-	-	-	-	472,638
16,498	-	-	-	-	-	22,136
2,094,307	3,398,448	12,977	27,456	37,386	488	9,895,929
-	624,931	-	-	-	-	1,110,301
-	-	-	-	-	-	432,475
-	-	-	-	-	-	25,011
-	-	-	29,356	-	-	402,735
2,483,564	-	-	-	-	-	2,613,655
220,008	-	-	-	-	-	339,125
2,703,572	624,931	-	29,356	-	-	4,923,302
(609,265)	2,773,517	12,977	(1,900)	37,386	488	4,972,627
3,267,057	-	-	-	-	-	3,351,249
(1,297,300)	(2,694,637)	(56,500)	-	-	-	(6,948,238)
1,969,757	(2,694,637)	(56,500)	-	-	-	(3,596,989)
1,958,245	955,813	655,214	-	-	24,333	8,888,066
\$ 3,318,737	\$ 1,034,693	\$ 611,691	\$ (1,900)	\$ 37,386	\$ 24,821	\$ 10,263,704

# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Development Block Grant For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Use of money and property	\$ 245	\$ 245	\$ 13,233	\$ 12,988
Intergovernmental	330,000	330,000	357,552	27,552
<b>Total revenues</b>	<b>330,245</b>	<b>330,245</b>	<b>370,785</b>	<b>40,540</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	314,728	477,837	477,912	(75)
<b>Total expenditures</b>	<b>314,728</b>	<b>477,837</b>	<b>477,912</b>	<b>(75)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>15,517</b>	<b>(147,592)</b>	<b>(107,127)</b>	<b>40,465</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(50,000)	(90,291)	(90,291)	-
<b>Total other financing sources (uses)</b>	<b>(50,000)</b>	<b>(90,291)</b>	<b>(90,291)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (34,483)</b>	<b>\$ (237,883)</b>	<b>(197,418)</b>	<b>\$ 40,465</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,205,081	
End of year			<u>\$ 1,007,663</u>	

# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Grants and Donations For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 10,305	\$ 10,305
Intergovernmental	305,552	305,552	662,118	356,566
Other	-	-	5,638	5,638
<b>Total revenues</b>	<b>305,552</b>	<b>305,552</b>	<b>678,061</b>	<b>372,509</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	18,676	68,676	7,458	61,218
Police	365,922	379,852	313,052	66,800
Fire	-	-	24,285	(24,285)
Public works	-	-	91,578	(91,578)
Capital outlay	-	-	119,117	(119,117)
<b>Total expenditures</b>	<b>384,598</b>	<b>448,528</b>	<b>555,490</b>	<b>(106,962)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(79,046)</b>	<b>(142,976)</b>	<b>122,571</b>	<b>265,547</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	60,000	60,000	84,192	24,192
Transfers out	(1,874,000)	(821,000)	(104,261)	716,739
<b>Total other financing sources (uses)</b>	<b>(1,814,000)</b>	<b>(761,000)</b>	<b>(20,069)</b>	<b>740,931</b>
<b>Net change in fund balance</b>	<b>\$ (1,893,046)</b>	<b>\$ (903,976)</b>	<b>102,502</b>	<b>\$ 1,006,478</b>
<b>FUND BALANCE:</b>				
Beginning of year			2,294,522	
End of year			<u>\$ 2,397,024</u>	

# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Gas Tax For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
<b>REVENUES:</b>				
Use of money and property	\$ 7,577	\$ 7,577	\$ 26,947	\$ 19,370
Intergovernmental	2,568,100	2,568,100	2,416,763	(151,337)
<b>Total revenues</b>	<u>2,575,677</u>	<u>2,575,677</u>	<u>2,443,710</u>	<u>(131,967)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	38,202	38,202	38,513	(311)
<b>Total expenditures</b>	<u>38,202</u>	<u>38,202</u>	<u>38,513</u>	<u>(311)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,537,475</u>	<u>2,537,475</u>	<u>2,405,197</u>	<u>(132,278)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(2,491,057)	(2,491,057)	(2,491,057)	-
<b>Total other financing sources (uses)</b>	<u>(2,491,057)</u>	<u>(2,491,057)</u>	<u>(2,491,057)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ 46,418</u>	<u>\$ 46,418</u>	<u>(85,860)</u>	<u>\$ (132,278)</u>
<b>FUND BALANCE:</b>				
Beginning of year			684,855	
End of year			<u>\$ 598,995</u>	

# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Public Safety

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Fines, forfeitures, and penalties	\$ -	\$ -	\$ 38,090	\$ 38,090
Use of money and property	5,002	5,002	15,083	10,081
Intergovernmental	180,000	180,000	349,884	169,884
<b>Total revenues</b>	<b>185,002</b>	<b>185,002</b>	<b>403,057</b>	<b>218,055</b>
<b>EXPENDITURES:</b>				
Current:				
Police	138,230	146,315	119,423	26,892
Fire	32	32	726	(694)
<b>Total expenditures</b>	<b>138,262</b>	<b>146,347</b>	<b>120,149</b>	<b>26,198</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>46,740</b>	<b>38,655</b>	<b>282,908</b>	<b>244,253</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(190,000)	(190,000)	(214,192)	(24,192)
<b>Total other financing sources (uses)</b>	<b>(190,000)</b>	<b>(190,000)</b>	<b>(214,192)</b>	<b>(24,192)</b>
<b>Net change in fund balance</b>	<b>\$ (143,260)</b>	<b>\$ (151,345)</b>	<b>68,716</b>	<b>\$ 220,061</b>
<b>FUND BALANCE:</b>				
Beginning of year			680,606	
End of year			<b>\$ 749,322</b>	

# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Landscape Assessment Districts

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Use of money and property	\$ 2,829	\$ 2,829	\$ 8,325	\$ 5,496
Charges for current services	392,084	392,084	420,929	28,845
<b>Total revenues</b>	<b>394,913</b>	<b>394,913</b>	<b>429,254</b>	<b>34,341</b>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	537,237	538,148	373,379	164,769
<b>Total expenditures</b>	<b>537,237</b>	<b>538,148</b>	<b>373,379</b>	<b>164,769</b>
<b>Net change in fund balance</b>	<b>\$ (142,324)</b>	<b>\$ (143,235)</b>	<b>55,875</b>	<b>\$ 199,110</b>
<b>FUND BALANCE:</b>				
Beginning of year			429,397	
End of year			<b>\$ 485,272</b>	



# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Street

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
<b>REVENUES:</b>				
Taxes	\$ 1,566,388	\$ 1,566,388	\$ 1,557,116	\$ (9,272)
Use of money and property	12,708	12,708	53,691	40,983
Intergovernmental	464,938	464,938	415,293	(49,645)
Charges for current services	15,000	15,000	51,709	36,709
Other	12,000	12,000	16,498	4,498
<b>Total revenues</b>	<b>2,071,034</b>	<b>2,071,034</b>	<b>2,094,307</b>	<b>23,273</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	3,025,850	3,108,207	2,483,564	624,643
Capital outlay	100,220	230,670	220,008	10,662
<b>Total expenditures</b>	<b>3,126,070</b>	<b>3,338,877</b>	<b>2,703,572</b>	<b>635,305</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,055,036)</b>	<b>(1,267,843)</b>	<b>(609,265)</b>	<b>658,578</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,267,057	3,369,287	3,267,057	(102,230)
Transfers out	(2,288,824)	(2,116,824)	(1,297,300)	819,524
<b>Total other financing sources (uses)</b>	<b>978,233</b>	<b>1,252,463</b>	<b>1,969,757</b>	<b>717,294</b>
<b>Net change in fund balance</b>	<b>\$ (76,803)</b>	<b>\$ (15,380)</b>	<b>1,360,492</b>	<b>\$ 1,375,872</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,958,245	
End of year			<u>\$ 3,318,737</u>	

# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Transient Occupancy Tax

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Taxes	\$ 3,256,491	\$ 3,256,491	\$ 3,359,945	\$ 103,454
Use of money and property	18,123	18,123	38,503	20,380
<b>Total revenues</b>	<b>3,274,614</b>	<b>3,274,614</b>	<b>3,398,448</b>	<b>123,834</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	648,550	648,550	624,931	23,619
<b>Total expenditures</b>	<b>648,550</b>	<b>648,550</b>	<b>624,931</b>	<b>23,619</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,626,064</b>	<b>2,626,064</b>	<b>2,773,517</b>	<b>147,453</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(2,664,012)	(2,734,637)	(2,694,637)	40,000
<b>Total other financing sources (uses)</b>	<b>(2,664,012)</b>	<b>(2,734,637)</b>	<b>(2,694,637)</b>	<b>40,000</b>
<b>Net change in fund balance</b>	<b>\$ (37,948)</b>	<b>\$ (108,573)</b>	<b>78,880</b>	<b>\$ 187,453</b>
<b>FUND BALANCE:</b>				
Beginning of year			955,813	
End of year			<u>\$ 1,034,693</u>	

# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Prince Park

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Use of money and property	\$ 5,509	\$ 5,509	\$ 12,977	\$ 7,468
<b>Total revenues</b>	<b>5,509</b>	<b>5,509</b>	<b>12,977</b>	<b>7,468</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,509</b>	<b>5,509</b>	<b>12,977</b>	<b>7,468</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(56,500)	(56,500)	(56,500)	-
<b>Total other financing sources (uses)</b>	<b>(56,500)</b>	<b>(56,500)</b>	<b>(56,500)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (50,991)</b>	<b>\$ (50,991)</b>	<b>(43,523)</b>	<b>\$ 7,468</b>
<b>FUND BALANCE:</b>				
Beginning of year			655,214	
End of year			\$ 611,691	

# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Measure M Parks

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ 100,000	\$ 27,456	\$ (72,544)
<b>Total revenues</b>	-	100,000	27,456	(72,544)
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	-	95,850	29,356	66,494
<b>Total expenditures</b>	-	95,850	29,356	66,494
<b>Net change in fund balance</b>	\$ -	\$ 4,150	(1,900)	\$ (6,050)
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			\$ (1,900)	

# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Tourism Improvement District

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Licenses, permits and fees	\$ -	\$ 55,000	\$ 37,386	\$ (17,614)
<b>Total revenues</b>	-	55,000	37,386	(17,614)
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Net change in fund balance</b>	\$ -	\$ 55,000	37,386	\$ (17,614)
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			\$ 37,386	

# City of Petaluma

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Wickersham Park Trust

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Use of money and property	\$ 188	\$ 188	\$ 488	\$ 300
<b>Total revenues</b>	<b>188</b>	<b>188</b>	<b>488</b>	<b>300</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Net change in fund balance</b>	<b>\$ 188</b>	<b>\$ 188</b>	<b>488</b>	<b>\$ 300</b>
<b>FUND BALANCE:</b>				
Beginning of year			24,333	
End of year			<u>\$ 24,821</u>	

<b>INTERNAL SERVICE FUNDS</b>
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Internal Service Funds are used to account for special activities and services performed by a designated City department for other departments on a cost reimbursement basis.

**EMPLOYEE BENEFITS FUND**

The fund accounts for City employees' dental, unemployment and vision benefits, and retiree benefits.

**GENERAL SERVICES FUND**

The fund accounts for purchasing, printing and mail services.

**INFORMATION SERVICES FUND**

The fund accounts for the cost of purchasing, operating and maintaining the City's voice, data and computer systems.

**RISK MANAGEMENT FUND**

The fund accounts for the accumulation of the resources and expenses related to the City's risk management activities and general insurance programs.

**VEHICLE/EQUIPMENT REPLACEMENT FUND (GG) AND (BA)**

The fund accounts for the accumulation of resources, and related expenses incurred for the replacement of major equipment and vehicles in the City. The fund is divided into two sub-funds, one for equipment acquired for general government (GG) activities, and one for equipment acquired for business-type activities (BA).

**WORKERS' COMPENSATION FUND**

The fund accounts for the accumulation of resources, and expenses related to funding workers' compensation benefits for City employees.

**City of Petaluma**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2019**

	Employee Benefit	General Services	Information Services
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 1,574,496	\$ 263,875	\$ 23,325
Receivables:			
Accounts, net	2,841	-	-
Inventories	-	22,347	-
Deposits and prepaid items	-	-	26,000
Total Current Assets	<u>1,577,337</u>	<u>286,222</u>	<u>49,325</u>
Non-Current Assets:			
Advance to other funds	-	-	-
Capital assets:			
Depreciable	-	36,440	1,966,033
Less: accumulated depreciation	-	(27,144)	(1,897,698)
Total Non-current Assets	<u>-</u>	<u>9,296</u>	<u>68,335</u>
<b>Total assets</b>	<u>1,577,337</u>	<u>295,518</u>	<u>117,660</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pension	-	-	217,616
Deferred outflows of resources - OPEB	76,170	-	-
<b>Total assets and deferred outflows of resources</b>	<u>1,653,507</u>	<u>295,518</u>	<u>335,276</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	7,437	8,850	45,734
Claims payable, due within one year	-	-	-
Compensated absences, due within one year	-	3,026	53,652
Total Current Liabilities	<u>7,437</u>	<u>11,876</u>	<u>99,386</u>
Non-current Liabilities:			
Claims payable, due in more than one year	-	-	-
Compensated absences, due in more than one year	-	21,374	131,505
Advance from other funds	6,333,535	-	-
Net pension liability	-	-	1,463,902
OPEB liability	2,600,183	-	-
Total Non-current Liabilities	<u>8,933,718</u>	<u>21,374</u>	<u>1,595,407</u>
<b>Total liabilities</b>	<u>8,941,155</u>	<u>33,250</u>	<u>1,694,793</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	-	-	47,615
Deferred inflows of resources - OPEB	312,505	-	-
<b>Total deferred inflows of resources</b>	<u>312,505</u>	<u>-</u>	<u>47,615</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	9,296	68,335
Restricted for debt service	-	-	-
Unrestricted	<u>(7,600,153)</u>	<u>252,972</u>	<u>(1,475,467)</u>
<b>Total net position</b>	<u>\$ (7,600,153)</u>	<u>\$ 262,268</u>	<u>\$ (1,407,132)</u>



Risk Management	Vehicles/ Equipment Replacement (GG)	Vehicles/ Equipment Replacement (BA)	Workers' Compensation	Total
\$ 5,690,593	\$ 697,355	\$ -	\$ 6,478,071	\$ 14,727,715
57,796	-	-	-	60,637
-	-	-	-	22,347
284,671	-	-	-	310,671
6,033,060	697,355	-	6,478,071	15,121,370
1,270,578	-	-	-	1,270,578
-	8,517,332	1,150,617	-	11,670,422
-	(4,959,507)	(1,150,617)	-	(8,034,966)
1,270,578	3,557,825	-	-	4,906,034
7,303,638	4,255,180	-	6,478,071	20,027,404
-	-	-	-	217,616
-	-	-	-	76,170
7,303,638	4,255,180	-	6,478,071	20,321,190
65,914	-	-	35,274	163,209
858,178	-	-	2,918,814	3,776,992
3,481	-	-	-	60,159
927,573	-	-	2,954,088	4,000,360
1,108,342	-	-	7,656,705	8,765,047
-	-	-	-	152,879
-	1,907,205	-	-	8,240,740
-	-	-	-	1,463,902
-	-	-	-	2,600,183
1,108,342	1,907,205	-	7,656,705	21,222,751
2,035,915	1,907,205	-	10,610,793	25,223,111
-	-	-	-	47,615
-	-	-	-	312,505
-	-	-	-	360,120
-	3,557,825	-	-	3,635,456
-	-	-	-	-
5,267,723	(1,209,850)	-	(4,132,722)	(8,897,497)
\$ 5,267,723	\$ 2,347,975	\$ -	\$ (4,132,722)	\$ (5,262,041)

# City of Petaluma

## Combining Statement of Revenues, Expenses and Changes in Net Position

### Internal Service Funds

For the year ended June 30, 2019

	Employee Benefit	General Services	Information Services
<b>OPERATING REVENUES:</b>			
Charges for sales	\$ -	\$ 3,824	\$ -
Charges for services	1,167,466	248,579	1,855,253
<b>Total operating revenues</b>	1,167,466	252,403	1,855,253
<b>OPERATING EXPENSES:</b>			
Cost of services	258,048	187,792	1,673,694
Claims	6,409	-	-
General and administrative	319,276	24,633	286,155
Depreciation	-	-	32,349
<b>Total operating expenses</b>	583,733	212,425	1,992,198
<b>OPERATING INCOME</b>	583,733	39,978	(136,945)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment earnings and rent	35,545	3,718	(8,044)
Interest expense	(118,131)	-	-
Gain(loss) on disposal of assets	(1,202)	(146)	-
<b>Total nonoperating revenues (expenses)</b>	(83,788)	3,572	(8,044)
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	499,945	43,550	(144,989)
Transfers in	200,000	-	-
Transfers out	-	-	-
<b>Total transfers</b>	200,000	-	-
<b>Change in net position</b>	699,945	43,550	(144,989)
<b>NET POSITION:</b>			
Beginning of year	(8,300,098)	218,718	(1,262,143)
End of year	<u>\$ (7,600,153)</u>	<u>\$ 262,268</u>	<u>\$ (1,407,132)</u>

Risk Management	Vehicles/ Equipment Replacement (GG)	Vehicles/ Equipment Replacement (BA)	Workers' Compensation	Total
\$ -	\$ -	\$ -	\$ -	\$ 3,824
1,413,044	-	-	2,334,656	7,018,998
1,413,044	-	-	2,334,656	7,022,822
429,648	-	-	67,443	2,616,625
492,730	-	-	5,828,977	6,328,116
252,548	-	-	319,110	1,201,722
-	613,786	-	-	646,135
1,174,926	613,786	-	6,215,530	10,792,598
238,118	(613,786)	-	(3,880,874)	(3,769,776)
167,758	11,695	-	156,322	366,994
-	(28,587)	-	-	(146,718)
(4,264)	5,272	-	-	(340)
163,494	(11,620)	-	156,322	219,936
401,612	(625,406)	-	(3,724,552)	(3,549,840)
-	835,000	-	-	1,035,000
(90,000)	-	-	-	(90,000)
(90,000)	835,000	-	-	945,000
311,612	209,594	-	(3,724,552)	(2,604,840)
4,956,111	2,138,381	-	(408,170)	(2,657,201)
\$ 5,267,723	\$ 2,347,975	\$ -	\$ (4,132,722)	\$ (5,262,041)

**City of Petaluma**  
**Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2019**

	Employee Benefit	General Services	Information Services
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 1,180,484	\$ 252,403	\$ 1,855,253
Cash payments to suppliers of goods and services	(553,715)	(207,906)	(1,951,267)
Cash payments to employees for services	123,533	(1,873)	123,393
Claims paid	(6,409)	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>743,893</b>	<b>42,624</b>	<b>27,379</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers from other funds	200,000	-	-
Transfers to other funds	-	-	-
Interfund borrowings	(416,795)	-	-
<b>Net cash provided by (used) in noncapital financing activities</b>	<b>(216,795)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Interest paid on long-term debt and capital lease	(118,131)	-	-
Proceeds from sale of capital assets	(1,202)	(146)	-
Acquisition of capital assets	-	-	(41,188)
<b>Net cash (used) in capital and related financing activities</b>	<b>(119,333)</b>	<b>(146)</b>	<b>(41,188)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on investments	35,545	3,719	(8,044)
<b>Net cash provided by investing activities</b>	<b>35,545</b>	<b>3,719</b>	<b>(8,044)</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>443,310</b>	<b>46,197</b>	<b>(21,853)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>1,131,186</b>	<b>217,678</b>	<b>45,178</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 1,574,496</b>	<b>\$ 263,875</b>	<b>\$ 23,325</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 583,733	\$ 39,978	\$ (136,945)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	-	-	32,349
Changes in assets and liabilities:			
Accounts receivable	13,018	-	-
Inventories	-	5,287	-
Deposits and prepaid items	23,572	-	(10,180)
Deferred outflows of resources - pension	-	-	421,430
Deferred outflows of resources - OPEB	(4,384)	-	-
Accounts payable and accrued liabilities	37	(768)	18,762
Claims payable	-	-	-
Net pension liability	-	-	(272,702)
Deferred inflows of resources - pension	-	-	(11,967)
Deferred inflows of resources - OPEB	57,795	-	-
OPEB liability	70,122	-	-
Compensated absences payable	-	(1,873)	(13,368)
<b>Total adjustments</b>	<b>160,160</b>	<b>2,646</b>	<b>164,324</b>
<b>Net cash provided (used) in operating activities</b>	<b>\$ 743,893</b>	<b>\$ 42,624</b>	<b>\$ 27,379</b>

Risk Management	Vehicles/ Equipment Replacement (GG)	Vehicles/ Equipment Replacement (BA)	Workers' Compensation	Total
\$ 1,382,309	\$ -	\$ -	\$ 2,334,706	\$ 7,005,155
(861,443)	-	-	(420,306)	(3,994,637)
(2,951)	-	-	-	242,102
(300,029)	-	-	(1,305,568)	(1,612,006)
217,886	-	-	608,832	1,640,614
-	835,000	-	-	1,035,000
(90,000)	-	-	-	(90,000)
79,488	(366,689)	-	-	(703,996)
(10,512)	468,311	-	-	241,004
-	(28,587)	-	-	(146,718)
(4,264)	5,272	-	-	(340)
-	(275,824)	-	-	(317,012)
(4,264)	(299,139)	-	-	(464,070)
167,759	11,695	-	156,322	366,996
167,759	11,695	-	156,322	366,996
370,869	180,867	-	765,154	1,784,544
5,319,724	516,488	-	5,712,917	12,943,171
\$ 5,690,593	\$ 697,355	\$ -	\$ 6,478,071	\$ 14,727,715
\$ 238,118	\$ (613,786)	\$ -	\$ (3,880,874)	(3,769,776)
-	613,786	-	-	646,135
(30,735)	-	-	50	(17,667)
-	-	-	-	5,287
(220,128)	-	-	-	(206,736)
-	-	-	-	421,430
-	-	-	-	(4,384)
40,881	-	-	(33,753)	25,159
192,701	-	-	4,523,409	4,716,110
-	-	-	-	(272,702)
-	-	-	-	(11,967)
-	-	-	-	57,795
-	-	-	-	70,122
(2,951)	-	-	-	(18,192)
(20,232)	613,786	-	4,489,706	5,410,390
\$ 217,886	\$ -	\$ -	\$ 608,832	\$ 1,640,614



<b>FIDUCIARY FUNDS</b>
------------------------

**PRIVATE-PURPOSE TRUST FUNDS:****SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY**

This fund was established to account for the activities of the Successor Agency to the former PCDC.

**THOMAS LEE CHARITY TRUST FUND**

This fund is a private purpose trust fund in which trust earnings are available for one-time aid to Petaluma citizens in need.

**CHILD CARE TRUST FUND**

This is a private purpose trust fund in which the fund's earnings are available for childcare vouchers for eligible Petaluma working families with childcare costs.

**AGENCY FUNDS:****GENERAL AGENCY FUND**

These funds account for resources received from, held for, and due to, nonrelated parties.

**PUBLIC COMMUNITY ACCESS FUND**

This fund is used to account for monies received from the local television cable company and used by the not-for-profit organization that provides public television to City residents.

**ASSESSMENT DISTRICTS FUND**

These funds account for monies held by the City, collected from parcel assessments, and used to pay special assessment debt, pursuant to the provisions of the Improvements Bonds Act of 1915.

**City of Petaluma**  
**Combining Statement of Fiduciary Net Position**  
**Private Purpose Trust Fund**  
**June 30, 2019**

	Successor Agency to the Redevelopment Agency	Thomas Lee Charity	Child Care	Total
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 3,314,747	\$ 25,036	\$ 170,234	\$ 3,510,017
Restricted cash and investments	8,488	-	-	8,488
Notes receivable	234,744	-	-	234,744
Total Assets	3,557,979	25,036	170,234	3,753,249
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	129,382	-	-	129,382
Interest payable	374,413	-	-	374,413
Long-term debt:				
Due within one year	2,945,000	-	-	2,945,000
Due in more than one year	62,019,294	-	-	62,019,294
Total liabilities	65,468,089	-	-	65,468,089
<b>NET POSITION</b>				
Held in trust for private purposes or for other governments	<u>\$(61,910,110)</u>	<u>\$ 25,036</u>	<u>\$ 170,234</u>	<u>\$(61,714,840)</u>



# City of Petaluma

## Combining Statement of Revenues, Expenses and Changes in Net Position

### Private Purpose Trust Fund

For the year ended June 30, 2019

	Successor Agency to the Redevelopment Agency	Thomas Lee Charity	Child Care	Total
<b>ADDITIONS</b>				
Property tax	\$ 5,418,489	\$ -	\$ -	\$ 5,418,489
Use of money and property	27,681	456	3,344	31,481
<b>Total operating revenues</b>	<u>5,446,170</u>	<u>456</u>	<u>3,344</u>	<u>5,449,970</u>
<b>DEDUCTIONS</b>				
Community development	239,074	-	-	239,074
Interest expense	2,264,685	-	-	2,264,685
<b>Total expenditures</b>	<u>2,503,759</u>	<u>-</u>	<u>-</u>	<u>2,503,759</u>
<b>Change in net position</b>	<u>2,942,411</u>	<u>456</u>	<u>3,344</u>	<u>2,946,211</u>
<b>NET POSITION:</b>				
Beginning of year	<u>(64,852,521)</u>	<u>24,580</u>	<u>166,890</u>	<u>(64,661,051)</u>
End of year	<u><u>\$(61,910,110)</u></u>	<u><u>\$ 25,036</u></u>	<u><u>\$ 170,234</u></u>	<u><u>\$(61,714,840)</u></u>

# City of Petaluma

## Combining Statement of Fiduciary Assets and Liabilities

### Agency Funds

June 30, 2019

	General Agency Fund	Public Community Access Fund	Assessment District Fund	Total Agency Funds
<b>ASSETS</b>				
Cash and investments	\$ 2,882,592	\$ 1,704	\$ 697,448	\$ 3,581,744
Accounts receivable	185	-	-	185
Intergovernmental receivable	-	-	7,444	7,444
<b>Total assets</b>	<b>\$ 2,882,777</b>	<b>\$ 1,704</b>	<b>\$ 704,892</b>	<b>\$ 3,589,373</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 492	\$ -	\$ 492
Deposits payable	384	-	-	384
Accrued liability	2,882,393	1,212	704,892	3,588,497
<b>Total liabilities</b>	<b>\$ 2,882,777</b>	<b>\$ 1,704</b>	<b>\$ 704,892</b>	<b>\$ 3,589,373</b>

**City of Petaluma**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b>General Agency Fund</b>				
<b>Assets:</b>				
Cash and investments	\$ 2,354,585	\$ 2,882,592	\$ 2,354,585	\$ 2,882,592
Accounts receivable	185	185	185	185
<b>Total assets</b>	<b>\$ 2,354,770</b>	<b>\$ 2,882,777</b>	<b>\$ 2,354,770</b>	<b>\$ 2,882,777</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	2,354,386	2,882,393	2,354,386	2,882,393
Deposits payable	384	-	-	384
<b>Total liabilities</b>	<b>\$ 2,354,770</b>	<b>\$ 2,882,393</b>	<b>\$ 2,354,386</b>	<b>\$ 2,882,777</b>
<b>Public Community Access Fund</b>				
<b>Assets:</b>				
Cash and investments	\$ 124	\$ 1,704	\$ 124	\$ 1,704
<b>Total assets</b>	<b>\$ 124</b>	<b>\$ 1,704</b>	<b>\$ 124</b>	<b>\$ 1,704</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 124	\$ 492	\$ 124	\$ 492
Accrued liabilities	-	1,212	-	1,212
<b>Total liabilities</b>	<b>\$ 124</b>	<b>\$ 1,704</b>	<b>\$ 124</b>	<b>\$ 1,704</b>
<b>Assessment Districts Fund</b>				
<b>Assets:</b>				
Cash and investments	\$ 1,366,217	\$ 697,448	\$ 1,366,217	\$ 697,448
Accounts receivable	-	-	-	-
Intergovernmental receivable	14,194	7,444	14,194	7,444
<b>Total assets</b>	<b>\$ 1,380,411</b>	<b>\$ 704,892</b>	<b>\$ 1,380,411</b>	<b>\$ 704,892</b>
<b>Liabilities:</b>				
Accrued liabilities	\$ 1,380,411	\$ 704,892	\$ 1,380,411	\$ 704,892
<b>Total liabilities</b>	<b>\$ 1,380,411</b>	<b>\$ 704,892</b>	<b>\$ 1,380,411</b>	<b>\$ 704,892</b>
<b>Totals- All Agency Funds</b>				
<b>Assets:</b>				
Cash and investments	\$ 3,720,926	\$ 3,581,744	\$ 3,720,926	\$ 3,581,744
Accounts receivable	185	185	185	185
Intergovernmental receivable	14,194	7,444	14,194	7,444
<b>Total assets</b>	<b>\$ 3,735,305</b>	<b>\$ 3,589,373</b>	<b>\$ 3,735,305</b>	<b>\$ 3,589,373</b>
<b>Liabilities:</b>				
Accounts payable	\$ 124	\$ 492	\$ 124	\$ 492
Deposits	384	-	-	384
Accrued liabilities	3,734,797	3,588,497	3,734,797	3,588,497
<b>Total liabilities</b>	<b>\$ 3,735,305</b>	<b>\$ 3,588,989</b>	<b>\$ 3,734,921</b>	<b>\$ 3,589,373</b>



**City of Petaluma, CA**  
**Statistical Section**

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*This part of the City of Petaluma's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.*

**Contents**

**Schedule**

**Financial Trends**

**1, 2, 3, 4, 5**

*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

**Revenue Capacity**

**6, 7, 8, 9, 10, 11**

*These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property taxes.*

**Debt Capacity**

**12, 13, 14, 15**

*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.*

**Demographic and Economic Information**

**16, 17**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.*

**Operating Information**

**18, 19, 20**

*These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.*

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.*

**Schedule 1**  
**City of Petaluma, CA**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 114,705,474	\$ 133,614,588	\$ 182,493,710	\$ 182,884,119	\$ 179,955,291	\$ 194,631,072	\$ 189,666,550	\$ 190,230,149	\$ 197,024,210	\$ 193,766,262
Restricted:										
Special projects	45,022,351	42,252,463	45,082,152	52,781,562	56,684,273	56,831,818	89,258,127	108,073,879	111,586,670	119,178,925
Debt service	322,279	415,569	-	-	-	-	-	-	-	-
Capital projects	29,385,584	39,709,880	733,240	-	-	-	-	-	-	-
Permanent-non expendable	23,177	23,418	23,575	23,665	23,755	23,770	23,852	24,036	24,333	24,333
Unrestricted	21,886,630	(7,036,556)	19,573,193	24,073,206	28,599,585	(38,244,031)	(55,873,989)	(55,661,778)	(66,355,734)	(71,645,259)
Total governmental activities net position	211,345,495	208,979,362	247,905,870	259,762,552	265,262,904	213,242,629	223,074,540	242,666,286	242,279,479	241,324,261
<b>Business-type activities</b>										
Net Investment in Capital Assets	87,764,411	106,985,367	97,392,844	99,071,053	101,630,468	108,204,912	116,665,454	130,273,647	141,024,513	152,416,343
Restricted:										
Special projects	-	-	-	-	-	-	-	-	-	-
Debt service	1,121,485	3,383,336	3,368,110	2,706,388	2,705,842	2,705,813	2,246,500	40,170	934	43
Capital projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	33,986,673	14,791,955	31,125,709	40,176,194	47,338,349	40,725,093	43,276,542	38,210,093	40,821,446	41,951,566
Total business-type activities net position	122,872,569	125,160,658	131,886,663	141,933,635	151,674,659	151,635,818	162,188,496	168,523,910	181,846,893	194,367,952
<b>Primary government</b>										
Net Investment in Capital Assets	202,469,885	240,599,955	279,886,554	281,955,172	281,585,759	302,835,984	306,332,004	320,503,796	338,048,723	346,182,605
Restricted:										
Special projects	45,022,351	42,252,463	45,082,152	52,781,562	56,684,273	56,831,818	89,258,127	108,073,879	111,586,670	119,178,925
Debt service	1,443,764	3,798,905	3,368,110	2,706,388	2,705,842	2,705,813	2,246,500	40,170	934	43
Permanent fund: non expendable trust	23,177	23,418	23,575	23,665	23,755	23,770	23,852	24,036	24,333	24,333
Capital projects	29,385,584	39,709,880	733,240	-	-	-	-	-	-	-
Unrestricted	55,873,303	7,755,399	50,698,902	64,249,400	75,937,934	2,481,062	(12,597,447)	(17,451,685)	(25,534,288)	(29,693,693)
Total primary government activities net position	\$ 334,218,064	\$ 334,140,020	\$ 379,792,533	\$ 401,716,187	\$ 416,937,563	\$ 364,878,447	\$ 385,263,036	\$ 411,190,196	\$ 424,126,372	\$ 435,692,213

**Schedule 2**  
**City of Petaluma, CA**  
**Changes in Net Position, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 7,610,166	\$ 6,666,303	\$ 5,872,122	\$ 6,435,412	\$ 5,557,915	\$ 6,217,478	\$ 7,842,885	\$ 7,925,576	\$ 8,464,414	\$ 6,332,578
Community development	18,797,323	14,999,852	5,277,051	9,701,909	4,427,499	3,557,139	4,493,471	4,867,318	4,998,077	5,314,795
Police	15,727,066	15,583,297	18,015,788	16,328,693	15,594,733	15,681,606	15,527,900	17,857,299	17,604,990	23,076,631
Fire	10,172,173	10,382,621	11,056,239	11,412,188	11,143,797	12,235,873	11,440,319	14,303,243	14,387,561	18,601,570
Parks and recreation	2,956,236	2,439,642	2,394,835	2,777,778	3,181,968	2,497,607	2,527,664	2,685,777	2,670,363	2,791,423
Public works	10,145,360	7,562,505	10,805,587	9,273,743	9,146,857	10,273,849	10,505,752	8,631,396	10,626,639	10,923,095
Debt service	3,349,762	3,361,901	1,876,877	1,007						
Indirect expense allocation	(1,420,750)	(984,500)	(851,273)	(850,357)	(859,304)	(1,332,733)	(1,817,226)	(1,717,226)	(1,675,640)	(1,721,261)
Total governmental activities net position	67,337,336	59,911,621	54,447,226	55,080,373	48,193,465	49,150,819	50,520,765	54,553,383	57,076,404	65,318,831
Business-type activities										
Airport	1,542,320	1,544,378	2,060,164	1,956,849	1,731,830	1,648,939	1,658,938	1,603,499	1,663,192	1,465,989
Ambulance										
Development Services	1,050,823	1,047,568	1,197,701	1,145,142	1,248,470	1,314,221	1,683,387	1,478,233	1,739,109	1,795,628
Marina	600,797	499,941	538,029	494,854	467,323	422,502	396,281	429,959	329,630	298,617
Public Transportation	2,037,363	4,057,615	2,317,905	2,464,412	2,973,974	2,692,703	4,534,626	4,464,719	3,271,218	3,543,654
Wastewater	11,615,051	17,979,930	17,847,608	17,582,495	17,866,754	18,965,735	17,490,248	22,835,958	15,788,637	18,126,866
Water Utility	10,584,053	11,790,875	12,388,010	12,150,268	13,046,584	13,159,889	11,439,420	11,651,874	13,200,040	14,373,682
Storm Water			162,962	367,201	556,848	361,271	634,983	621,354	62,277	381,607
Indirect expense allocation	1,420,750	984,500	851,273	850,357	859,304	1,332,733	1,817,226	1,717,226	1,675,640	1,721,261
Total business-type activities net assets	28,851,157	37,904,807	37,363,652	37,011,578	38,751,087	39,897,993	39,655,109	44,802,822	37,729,743	41,707,304
Total primary government activities net position	\$ 96,188,493	\$ 97,816,428	\$ 91,810,878	\$ 92,091,951	\$ 86,944,552	\$ 89,048,812	\$ 90,175,874	\$ 99,356,205	\$ 94,806,147	\$ 107,026,135
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
General government	\$ 3,067,208	\$ 1,734,612	\$ 1,697,561	\$ 1,683,790	\$ 1,957,958	\$ 2,780,709	\$ 3,118,778	\$ 3,049,671	\$ 2,966,888	\$ 762,249
Community development	1,603,801	1,489,215	1,849,691	7,648,689	2,201,532	1,651,455	3,041,924	2,712,386	2,996,499	1,984,696
Police	285,067	303,190	198,093	230,793	232,352	177,500	232,240	256,208	266,053	266,053
Fire	1,980,928	2,148,991	2,267,921	2,383,025	2,421,869	2,359,121	2,977,077	3,015,250	3,852,301	3,501,621
Parks and recreation	920,627	828,595	2,342,066	2,651,535	1,144,415	1,875,867	2,400,854	1,555,221	2,181,328	2,251,591
Public works	257,400	516,805	1,593,884	8,850,951	3,362,076	2,729,827	2,672,029	2,741,833	3,250,494	2,616,424
Operating grants and contributions	1,675,098	1,942,063	2,871,876	1,148,472	1,200,590	782,758	647,646	940,937	1,035,289	927,314
Capital grants and contributions	3,601,567	889,116	1,308,367	7,517,779	3,646,751	11,363,165	2,983,243	2,285,291	3,480,555	766,021
Total governmental activities program revenues	13,391,696	9,852,587	14,129,459	32,113,034	16,167,543	23,720,402	18,073,791	16,516,103	20,019,562	13,075,969
Business-type activities:										
Airport	1,656,007	1,729,631	1,832,434	1,784,648	1,821,942	1,759,606	1,715,315	1,676,482	1,893,407	1,766,982
Development Services	1,212,558	1,253,868	1,334,879	1,715,375	1,531,052	1,395,230	2,049,407	1,998,849	1,858,577	1,994,415
Marina	268,650	284,372	283,903	298,189	255,972	242,993	255,347	258,739	247,175	262,401
Public Transportation	191,704	221,620	261,899	254,711	292,501	312,964	308,324	293,533	292,762	352,283
Wastewater Utility	19,068,591	18,987,640	23,585,304	25,305,037	24,295,231	26,032,141	27,218,673	25,099,098	26,994,955	27,510,352
Water Utility	11,718,421	11,673,782	14,460,991	15,408,460	15,209,463	14,430,666	13,356,427	14,550,820	17,221,574	18,360,988
Storm water							888	796	3	185,445
Operating grants and contributions	-	3,868,941	2,071,633	2,146,869	3,676,644	3,434,460	4,209,175	6,494,938	3,676,278	2,902,894
Capital grants and contributions	2,681,248	1,842,350	138,305	-	449,283	-	-	-	-	-
Total business-type activities program revenues	36,797,179	39,862,204	43,969,348	46,913,289	47,532,088	47,608,060	49,113,556	50,373,255	52,184,731	53,335,760
Total primary government program revenues	\$ 50,188,875	\$ 49,714,791	\$ 58,098,807	\$ 79,028,323	\$ 63,699,631	\$ 71,328,462	\$ 67,187,347	\$ 66,889,358	\$ 72,204,293	\$ 66,411,729

Schedule 2  
City of Petaluma, CA  
Changes in Net Position, Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net revenues (expenses):										
Governmental activities	\$ (53,945,640)	\$ (50,059,034)	\$ (40,317,767)	\$ (22,965,339)	\$ (32,025,922)	\$ (25,430,417)	\$ (32,446,974)	\$ (38,037,280)	\$ (37,056,842)	\$ (52,242,862)
Business-type activities	7,946,022	1,957,397	6,605,696	9,901,711	8,781,001	7,710,067	9,458,447	5,570,433	14,454,988	11,628,456
Total net revenues (expenses)	\$ (45,999,618)	\$ (48,101,637)	\$ (33,712,071)	\$ (13,063,628)	\$ (23,244,921)	\$ (17,720,350)	\$ (22,988,527)	\$ (32,466,847)	\$ (22,601,854)	\$ (40,614,406)
<b>General revenues and other changes in net position:</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 6,923,955	\$ 6,736,251	\$ 6,814,419	\$ 8,664,411	\$ 7,957,020	\$ 8,516,289	\$ 9,583,057	\$ 9,961,220	\$ 10,120,512	\$ 11,278,819
Redevelopment tax increment	17,224,163	16,166,274	7,153,936	-	-	-	-	-	-	-
Sales taxes	8,631,248	8,843,821	9,383,601	9,904,433	11,459,527	12,393,784	12,836,372	12,346,472	13,412,360	13,728,518
Franchise tax	3,132,790	3,202,734	3,063,429	3,651,287	4,088,228	4,200,929	4,386,505	4,678,179	4,741,131	4,646,929
Intergovernmental, unrestricted	6,159,837	6,046,647	6,117,382	6,971,230	6,918,391	8,060,611	7,826,858	8,093,750	8,746,222	10,100,536
Other taxes	2,793,543	3,062,970	3,251,193	3,710,336	4,045,534	4,413,036	4,973,753	5,630,225	5,577,756	6,029,998
Unrestricted investment earnings	796,641	332,785	436,659	316,101	241,751	140,208	642,914	296,135	641,094	1,966,335
Gain on disposal of assets	-	-	-	-	-	4,684	-	13,050	-	37,009
Miscellaneous revenue	2,039,729	3,351,769	3,455,064	1,694,223	3,562,242	4,897,416	2,783,899	3,420,154	3,058,231	2,917,083
Transfers	221,545	(50,350)	39,568,592	(90,000)	(746,420)	(610,580)	(754,473)	(479,403)	(749,028)	582,417
Pension Unfunded Liability Paydown	-	-	-	-	-	-	-	-	-	-
Successor Agency Bond Proceeds	-	-	-	-	-	-	-	-	-	-
Total governmental activities	47,923,451	47,692,901	79,244,275	34,822,021	37,526,273	42,016,377	42,278,885	5,547,823	4,736,219	51,287,644
Business-type activities:										
Taxes:										
Unrestricted investment earnings	\$ 521,229	\$ 280,342	\$ 159,409	\$ 75,261	\$ 190,603	\$ 113,214	\$ 338,933	\$ 285,078	\$ 719,743	\$ 1,465,197
Gain on disposal of assets	-	-	-	-	3,000	6,720	825	500	-	9,823
Miscellaneous revenue	(7,685)	-	-	-	-	-	-	-	-	-
Transfers	(221,545)	50,350	(39,100)	90,000	746,420	610,580	754,473	479,403	(273,382)	(582,417)
Total business-type activities	291,999	330,692	120,309	165,261	940,023	730,514	1,094,231	764,981	446,361	892,603
Total primary government	\$ 48,215,450	\$ 48,023,593	\$ 79,364,584	\$ 34,987,282	\$ 38,466,296	\$ 42,746,891	\$ 43,373,116	\$ 50,272,586	\$ 44,262,984	\$ 52,180,247
<b>Changes in net position:</b>										
Governmental activities	\$ (6,022,189)	\$ (2,366,133)	\$ 38,926,508	\$ 11,856,682	\$ 5,500,351	\$ 16,585,960	\$ 9,831,911	\$ 11,470,325	\$ 6,759,781	\$ (955,218)
Business-type activities	8,238,021	2,288,089	6,726,005	10,066,972	9,721,024	8,440,581	10,552,678	6,335,414	14,901,349	12,521,059
Total primary government	\$ 2,215,832	\$ (78,044)	\$ 45,652,513	\$ 21,923,654	\$ 15,221,375	\$ 25,026,541	\$ 20,384,589	\$ 17,805,739	\$ 21,661,130	\$ 11,565,841



## Schedule 3

**City of Petaluma, CA**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund:</b>										
Reserved	\$ 881,458									
Unreserved, designated	-									
Unreserved	926,720									
Total general fund	<u>1,808,178</u>									
<b>All Other Governmental Funds:</b>										
Reserved	56,141,521									
Unreserved, designated for:										
Special revenue funds	21,753									
Capital project funds	-									
Unreserved, reported in:										
Special revenue funds	21,369,514									
Debt service funds	-									
Capital project funds	(2,802,574)									
Permanent trust	23,177									
Permanent funds	-									
Total all other governmental funds	<u>74,753,391</u>									
Total governmental fund balances	<u>\$ 76,561,569</u>									
<b>General Fund:</b>										
Nonspendable	\$ 64,144	\$ 81,024	\$ 95,544	\$ 83,177	\$ 91,451	\$ 87,958	\$ 102,778	\$ 114,598	\$ 119,554	
Committed	397,275	1,179,964	2,041,359	-	2,037,806	3,277,768	4,230,191	4,426,112	4,434,461	
Assigned	-	-	254,236	4,081,779	4,757,796	4,866,554	5,088,820	5,422,325	7,818,049	
Unassigned	-	-	1,703,571	1,633,298	1,872,873	1,998,762	2,040,912	3,162,821	3,173,198	
Total general fund	<u>461,419</u>	<u>1,260,988</u>	<u>\$ 4,094,710</u>	<u>\$ 5,798,254</u>	<u>\$ 8,759,926</u>	<u>\$ 10,231,042</u>	<u>\$ 11,462,701</u>	<u>\$ 13,125,856</u>	<u>\$ 15,545,262</u>	
<b>All Other Governmental Funds:</b>										
Nonspendable	27,034	1,378,920	23,665	16,000	23,770	23,852	24,036	24,333	24,821	
Restricted	68,478,306	28,697,753	27,542,010	57,556,197	57,639,586	90,030,630	108,776,998	112,241,884	119,178,925	
Committed	14,919,647	16,732,210	26,156,633	1,391,787	-	1,331,352	969,777	3,125,166	2,171,835	
Assigned	-	-	-	-	-	-	-	-	-	
Unassigned	-	-	(81,888)	-	(1,843,525)	-	-	-	(1,900)	
Total all other governmental fund balances	<u>83,424,987</u>	<u>46,808,883</u>	<u>53,640,420</u>	<u>58,963,984</u>	<u>55,819,831</u>	<u>91,385,834</u>	<u>109,770,811</u>	<u>115,391,383</u>	<u>121,373,681</u>	
Total governmental fund balances	<u>\$ 83,886,406</u>	<u>\$ 48,069,871</u>	<u>\$ 57,735,130</u>	<u>\$ 64,762,238</u>	<u>\$ 64,579,757</u>	<u>\$ 101,616,876</u>	<u>\$ 121,233,512</u>	<u>\$ 128,517,239</u>	<u>\$ 136,918,943</u>	

The City implemented GASB 54 in FY2011 which requires reporting fund balance categories of nonspendable, restricted, committed, assigned and unassigned.

**Schedule 4**  
**City of Petaluma, CA**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes (see schedule 5)	\$ 38,705,700	\$ 38,012,050	\$ 29,666,577	\$ 25,930,467	\$ 27,550,308	\$ 29,524,036	\$ 31,530,249	\$ 32,616,096	\$ 33,851,759	\$ 35,684,263
Licenses, permits and fees	1,274,934	2,207,999	4,921,033	13,467,082	5,768,076	5,405,398	6,678,465	5,802,314	6,946,493	5,304,069
Fines, forfeitures and penalties	789,895	909,973	927,900	904,110	892,444	592,257	556,508	739,272	815,913	672,267
Use of money and property	1,019,686	671,185	736,888	684,382	665,222	708,536	986,419	2,247,879	2,370,910	3,615,466
Intergovernmental	11,435,893	9,013,452	12,566,803	15,223,097	11,680,110	19,225,393	11,289,946	10,964,409	13,172,378	11,873,154
Charges for current services	4,373,632	4,808,475	5,048,086	5,292,940	5,524,587	6,236,573	7,475,695	7,520,475	8,586,203	8,293,242
Other	2,466,222	1,764,517	1,100,595	817,149	2,319,182	4,650,482	2,165,019	723,345	482,512	516,027
Total revenues	60,065,962	57,387,651	54,967,882	62,319,227	54,399,929	66,342,675	60,682,301	60,613,790	66,226,168	65,958,488
<b>Expenditures</b>										
Current:										
General government	3,667,640	3,538,262	3,079,373	2,982,115	3,504,750	4,565,381	5,319,069	5,900,460	6,309,124	6,020,133
Community development	17,542,710	13,913,519	6,655,687	7,253,174	3,018,073	2,345,822	2,506,730	2,437,844	2,786,591	2,974,024
Police	14,965,311	15,029,140	14,906,572	15,268,849	15,718,865	15,672,647	16,858,379	17,742,374	17,912,921	19,563,549
Fire	9,288,308	9,979,449	10,442,244	10,734,962	11,524,404	12,562,326	12,748,714	13,915,726	14,941,695	15,720,465
Parks and recreation	2,280,237	1,845,714	1,739,081	2,141,679	2,504,147	8,169,900	2,949,395	2,594,334	2,535,257	2,291,240
Public works	7,198,568	6,574,553	6,550,016	12,482,214	7,552,488	18,737,202	7,838,030	10,729,275	17,239,449	10,191,662
Capital outlay	7,071,745	6,010,308	4,809,382	1,595,828	2,733,981	3,987,980	334,381	280,032	1,172,005	433,128
Debt service										
Principal	1,355,000	1,629,814	113,958	134,264	-	-	-	-	-	-
Interest	3,289,018	3,315,833	1,877,695	2,352	-	-	-	-	-	-
Cost of issuance	-	-	-	-	-	-	-	-	-	-
Total expenditures	66,658,537	61,836,592	50,174,008	52,595,437	46,556,708	65,741,258	48,554,698	53,600,045	62,897,042	57,194,201
Excess of revenues over (under) expenditures	(6,592,575)	(4,448,941)	4,793,874	9,723,790	7,843,221	601,417	12,127,603	7,013,745	3,329,126	8,764,287
<b>Other Financing Sources (Uses):</b>										
Debt issuance	-	11,561,444	-	-	-	-	-	-	-	-
Premium paid	-	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-
Proceeds from the sale of assets	-	4,504	-	-	-	-	-	-	-	-
Contributions from enterprise funds	-	207,830	-	31,469	40,307	4,684	7,607	13,050	-	-
Transfers in	15,946,693	21,418,966	13,041,470	8,822,043	5,759,605	8,752,964	8,378,259	7,454,274	14,685,728	8,065,562
Transfers out	(15,812,749)	(21,418,966)	(12,951,470)	(8,912,043)	(6,616,025)	(9,541,544)	(9,732,732)	(8,533,677)	(15,467,346)	(8,428,145)
Total other financing sources (uses)	133,944	11,773,778	90,000	(58,531)	(816,113)	(783,896)	(1,346,866)	(1,066,353)	(781,618)	(362,583)
<b>Special Item</b>										
Successor Agency Bond Proceeds	(6,458,631)	7,324,837	4,883,874	9,665,259	7,027,108	(182,479)	10,780,737	11,495,215	7,283,727	8,401,704

Debt service as a percentage of noncapital expenditures (1) 7.79% 8.86% 4.39% 0.27% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%

(1) Paragraph 12b requires that the interest and principal components of debt service expenditures be presented separately and that total debt service be shown as a percentage of total noncapital expenditures. Noncapital expenditures are total expenditures less capital outlay (to the extent capitalized for the government-wide statement of net assets) and expenditures for capitalized assets included within the functional expenditure categories.

Schedule 5

City of Petaluma, CA

Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

Tax Revenue	Fiscal Year										% Change 2010-2018
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Property	\$ 24,148,118	\$ 22,929,525	\$ 13,968,355	\$ 8,664,411	\$ 7,957,020	\$ 8,516,289	\$ 9,333,619	\$ 9,961,220	\$ 10,120,513	\$ 11,278,819	-53.29%
Sales and Use	8,631,248	8,843,821	9,383,601	9,904,433	11,459,527	12,393,784	12,836,372	12,346,472	13,412,360	13,728,518	59.06%
Occupancy	1,165,607	1,341,692	1,484,818	1,680,783	1,919,729	2,068,949	2,490,524	2,651,226	3,072,242	3,359,945	188.26%
Franchise	3,132,790	3,202,734	3,063,428	3,651,287	4,088,228	4,200,929	4,386,505	4,678,180	4,741,131	4,646,929	48.33%
Property Transfer	845,268	834,527	826,506	984,045	965,868	1,173,223	1,245,039	1,769,698	1,237,310	1,335,133	57.95%
Other	782,669	886,751	939,869	1,045,508	1,159,937	1,170,864	1,238,190	1,209,301	1,268,204	1,334,920	70.56%
Total taxes	\$ 38,705,700	\$ 38,039,050	\$ 29,666,577	\$ 25,930,467	\$ 27,550,308	\$ 29,524,038	\$ 31,530,250	\$ 32,616,097	\$ 33,851,761	\$ 35,684,263	

## Schedule 6

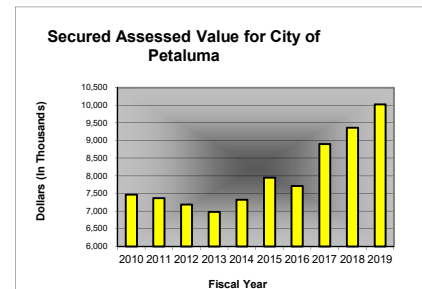
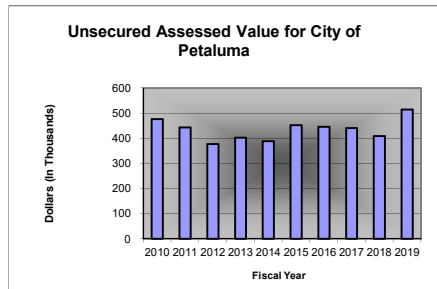
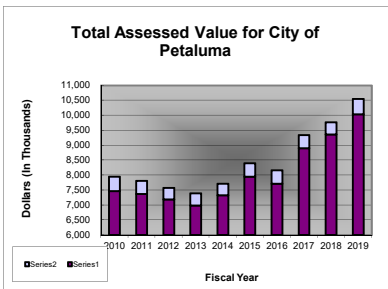
### City of Petaluma, CA

#### Assessed Value and Estimated Actual Value of Taxable Property

#### Last Ten Fiscal Years

City						
Fiscal Year	Secured Property	Unsecured Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Value (2)	Total Direct Tax Rate (1)
2010	5,736,779,190	167,095,060	(136,640,449)	5,767,233,801	5,883,904,941	1.020
2011	5,687,213,653	153,720,805	(135,873,341)	5,705,061,117	5,734,915,702	1.005
2012	5,645,944,977	155,920,753	(142,654,763)	5,659,210,967	5,861,951,068	1.036
2013	5,477,796,006	168,897,988	(141,964,018)	5,504,729,976	6,351,448,770	1.154
2014	5,768,548,728	157,239,152	(144,239,238)	5,781,548,642	6,660,700,675	1.152
2015	6,260,163,954	185,028,198	(145,962,654)	6,299,229,498	9,321,725,796	1.480
2016	6,029,133,776	177,624,704	(144,824,654)	6,656,015,859	8,176,559,700	1.228
2017	7,102,508,869	169,672,532	(216,201,804)	7,055,979,597	8,211,304,528	1.164
2018	7,562,693,038	138,359,729	(217,750,163)	7,483,302,604	9,731,780,604	1.300
2019	8,041,680,642	220,504,474	(221,483,043)	8,040,702,073	10,277,022,337	1.278

Redevelopment Agency						
Fiscal Year	Secured Property	Unsecured Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Value (2)	Total Direct Tax Rate (1)
2010	1,733,181,743	309,090,199	(69,577,527)	1,972,694,415	2,012,602,023	1.020
2011	1,681,775,776	290,020,374	(68,679,653)	1,903,116,497	1,913,075,506	1.005
2012	1,547,960,379	221,055,796	(44,927,069)	1,724,089,106	1,785,854,253	1.036
2013	1,506,956,006	233,634,216	(60,213,054)	1,680,377,168	1,938,847,054	1.154
2014	1,559,482,789	230,941,306	(66,350,450)	1,724,073,645	1,986,239,190	1.152
2015	1,688,744,481	267,818,057	(78,586,405)	1,877,976,133	2,779,066,641	1.480
2016	1,796,512,501	271,000,767	(81,935,657)	1,985,577,611	2,439,175,960	1.228
2017	1,987,486,724	293,974,519	(149,512,727)	2,131,948,516	2,481,027,370	1.164
2018	2,075,301,464	277,372,858	(146,241,888)	2,206,432,434	2,869,390,362	1.300
2019	2,150,159,917	223,863,160	(154,212,558)	2,219,810,519	2,837,195,320	1.278



- (1) 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 the property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed 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 above.
- (2) As of 2007-08, secured and unsecured values are gross taxable values. Exemptions include all types of exempt properties. Previous years reported homeowners' exemptions only.
- (3) As of 2007-08, Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sales prices. Based on these calculations, a multiplier value was extrapolated and applied to current assessed values.

Source: Sonoma County Assessor data, MuniServices, LLC

**Schedule 7**

**City of Petaluma, CA**

**Assessed Value of Taxable Property by Use Code, Citywide  
Last Ten Fiscal Years (in thousands)**

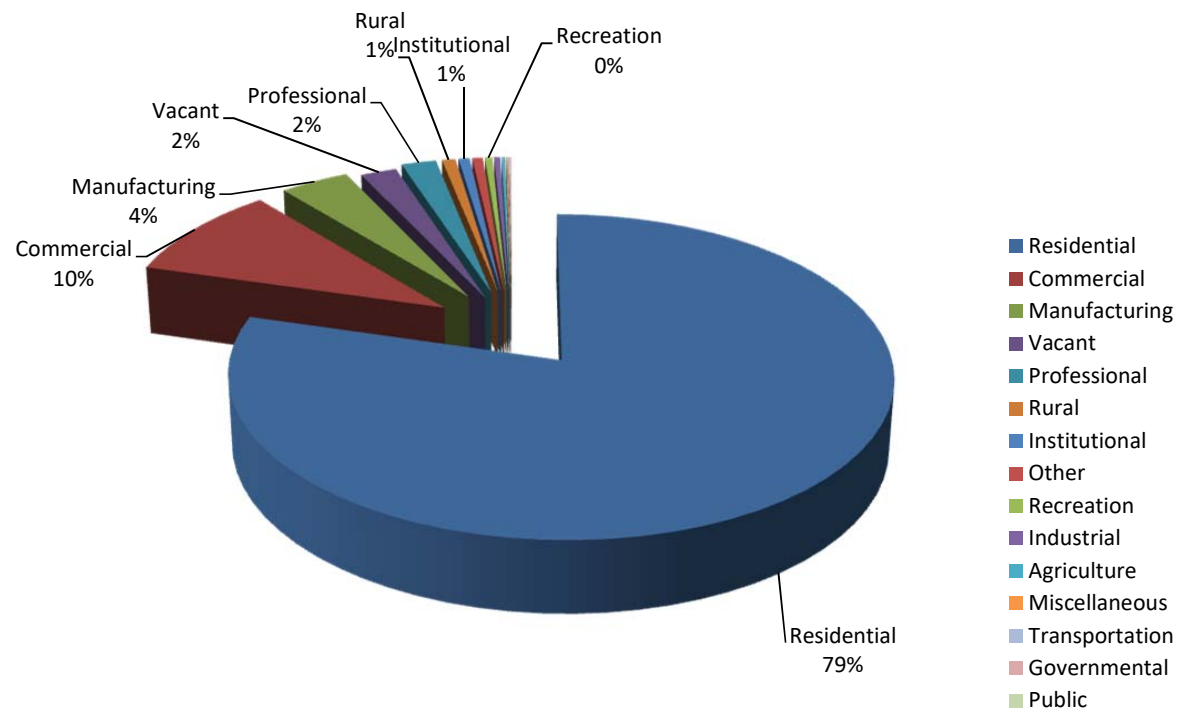
Category	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residential	5,555,350	5,575,896	5,551,197	5,398,541	5,693,569	6,219,648	6,615,390	7,034,503	7,473,070	8,098,323
Commercial	841,014	838,152	751,102	743,611	762,317	821,853	858,577	944,370	974,194	975,992
Manufacturing	524,252	502,140	478,954	444,375	431,460	439,847	450,611	484,841	492,180	393,564
Vacant	278,095	181,087	149,555	151,203	181,976	191,734	212,309	287,083	350,108	204,015
Professional	70,073	64,446	60,875	62,193	65,564	66,504	67,539	69,649	74,363	197,538
Rural	36,061	39,886	38,536	38,296	39,054	39,631	42,465	55,342	63,334	76,631
Institutional	37,717	33,414	35,365	35,782	45,531	38,362	41,285	60,718	61,757	62,462
Other	30,618	30,443	29,293	29,485	27,854	51,706	53,043	53,678	54,709	59,277
Recreation	39,235	46,025	45,608	44,902	44,188	40,044	36,017	38,315	38,845	41,367
Industrial	14,319	14,234	14,341	14,626	14,566	14,631	15,901	26,366	18,035	35,134
Agriculture	27,496	27,431	27,640	6,994	7,039	6,358	5,940	9,904	10,917	21,189
Miscellaneous	1,164	1,160	1,169	1,192	1,216	4,864	5,246	9,386	10,474	9,390
Transportation	9,349	9,468	5,024	8,201	8,222	8,244	8,384	8,713	8,738	8,565
Governmental	3,799	3,791	3,819	3,895	3,992	3,991	5,500	5,584	5,696	6,785
Public	1,419	1,416	1,427	1,455	1,484	1,491	1,521	1,544	1,575	1,606
Gross Secured Value	7,469,961	7,368,989	7,193,905	6,984,751	7,328,032	7,948,908	8,419,728	9,089,996	9,637,995	10,191,841
Unsecured Value	476,185	443,741	376,976	402,532	388,180	452,846	448,625	463,647	415,732	444,367
Exemptions	206,217	204,552	187,581	202,177	210,589	224,549	226,760	365,714	363,992	375,696
Net Taxable Value	7,739,929	7,608,178	7,383,300	7,185,106	7,505,623	8,177,205	8,641,593	9,187,929	9,689,735	10,260,512

**Source:** Sonoma County Assessor data , MuniServices, LLC

**Schedule 8**  
**City of Petaluma, CA**  
**Assessed Value of Taxable Property by Use Code, Citywide**  
**2018-2019 Land Use Chart**

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**Assessed Value by Use Code for RDA and City**



**Source:** MuniServices, LLC

## Schedule 9

## City of Petaluma, CA

Direct and Overlapping Property Tax Rates,  
(rate per \$100 of assessed value)

## Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Basic City and County Levy (1):										
Bay Area Quality Mgmt	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019
City Direct Rate	0.1643	0.1643	0.1643	0.1643	0.1643	0.1643	0.1643	0.1643	0.1643	0.1643
County Library	0.0187	0.0187	0.0187	0.0187	0.0187	0.0187	0.0186	0.0186	0.0186	0.0186
County of Sonoma	0.2785	0.2785	0.2785	0.2785	0.2785	0.2785	0.2784	0.2784	0.2784	0.2784
Gen #1 SOCO Water Agency	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075
MRN/SNMA MOSO & Vector	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024
Petaluma AWUF	0.1110	0.1110	0.1110	0.1110	0.1110	0.1110	0.1110	0.1110	0.1110	0.1110
Petaluma Schools	0.3973	0.3973	0.3973	0.3973	0.3973	0.3973	0.3973	0.3973	0.3973	0.3973
South SO RES CN Land	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002
Spring Lake Park SCWA	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024
ZN ZA Petaluma Basin	0.0158	0.0158	0.0158	0.0158	0.0158	0.0158	0.0158	0.0158	0.0158	0.0158
Total Basic City and County Levy:	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Override Assessments:										
WS Dam-Russian River Project	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070
Petaluma Elementary school bonds	0.0435	0.0435	0.0465	0.0465	0.0505	0.0620	0.0530	0.0410	0.0310	0.0360
Petaluma High school bonds	0.0305	0.0305	0.0342	0.0342	0.0360	0.0650	0.0590	0.0460	0.0620	0.0600
Sonoma County Junior College bonds	0.0250	0.0210	0.0210	0.0210	0.0188	0.0180	0.0160	0.0400	0.0370	0.0360
Total Override Assessments:	0.1060	0.1020	0.1087	0.1087	0.1123	0.1520	0.1350	0.1340	0.1370	0.1390
Total Direct and Overlapping Rates:	1.1060	1.1020	1.1087	1.1087	1.1123	1.1520	1.1350	1.1340	1.1370	1.1390

Source: Sonoma County Auditor data, MuniServices LLC

(1) In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1% is shared by all taxing agencies within which jurisdiction(s) the subject property resides. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the School District bonds.

**Schedule 10**  
**City of Petaluma, CA**  
**Principal Property Tax Payers,**  
**Current Year and Nine Years Ago**

Taxpayer	Fiscal Year				
	2019		2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Enclave Apts Property Owner LI	147,356,797	1	1.44%		0.00%
Sequoia Equities Azure Lp	116,482,612	2	1.14%		0.00%
Sscop De Llc	62,365,098	3	0.61%		0.00%
Lagunitas Brewing Company	58,861,294	4	0.57%		0.00%
Mgp Viii Properties Llc	51,105,857	5	0.50%		0.00%
Regency Petaluma Llc	43,805,796	6	0.43%	27,314,212	0.35%
Syers Properties I Lp	37,230,180	7	0.36%	19,910,037	0.26%
Tsa Skh Investors Llc	35,072,162	8	0.34%		0.00%
Pacific Castle Redwood Llc	34,384,694	9	0.34%		0.00%
Target Corp	32,639,893	10	0.32%		0.00%
Redwood Technology Center Llc	32,023,108	11	0.31%		0.00%
Palo Alto Bayshore Investors L	31,034,597	12	0.30%		0.00%
Chelsea Gca Realty Ptp	30,848,291	13	0.30%	27,307,360	0.35%
Mncvad Ind Petaluma Ca Llc	29,383,341	14	0.29%		0.00%
Novak Property Llc	29,220,634	15	0.28%		0.00%
Addison Ranch Apts Llc	29,150,019	16	0.28%		0.00%
Clover Stornetta Farms Inc.	28,300,061	17	0.28%		0.00%
Labcon North America	27,957,102	18	0.27%		0.00%
Sonoma Hotel Partners Lp	27,338,073	19	0.27%		0.00%
Haven At Petaluma Llc	25,142,900	20	0.25%		0.00%
Vons Companies Inc.	22,071,960	21	0.22%		0.00%
Washington Square Assoc Llc	20,202,606	22	0.20%	20,067,040	0.26%
Nsa Investments Llc	20,082,378	23	0.20%		0.00%
Thermo Fisher Scientific	18,171,210	24	0.18%		0.00%
Lowenberg Assoc Lp	17,636,548	25	0.17%		0.00%
Ca-Redwood Business Park Devel				95,946,801	1.24%
Rnm Lakeville Lp				74,226,012	0.96%
Sequoia Equities Cypress Poin				52,786,505	0.68%
Petaluma Theatre District LLC				51,501,632	0.66%
Quarry Heights LLC				39,623,634	0.51%
Crp Holdings A-1 LLC				34,223,958	0.44%
Eqr Lakeville Resort General P				33,701,671	0.43%
Azure At Lakeville Square Llc				30,485,123	0.39%
Redwood Gateway LLC				30,381,282	0.39%
Cisco Technology Inc				30,201,078	0.39%
Lba Realty Fund Ii - Wbp Iii L				26,211,836	0.34%
Fibex Systems Inc.				24,158,200	0.31%
Minnesota Mining & Manufacturi				23,516,340	0.30%
Savoy Corporation				22,336,337	0.29%
Inland American Stephens South				21,930,000	0.28%
Petaluma Marina Investors LLC				21,514,560	0.28%
Marina Office Park Associates				20,130,402	0.26%
Cerent Corp				19,842,030	0.26%
Tellabs Petaluma Inc.				19,536,390	0.25%
Parkway Petaluma LLC				19,490,446	0.25%
Merlone Geier Partners LP				17,500,000	0.23%
Top 25 Taxpayers	\$ 1,007,867,211		9.82%	\$ 803,842,886	10.37%
All Other Taxpayers	9,252,645,381		90.18%	6,950,414,410	89.63%
Total Taxable Assessed Values	\$ 10,260,512,592		100.00%	\$ 7,754,257,296	100%

**Source:** Sonoma County Assessor data , MuniServices, LLC



Schedule 11  
**City of Petaluma, CA**  
**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 the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount (1)	Percentage of Levy
2010	6,893,778	6,893,778	100.00%	-	6,893,778	100.00%
2011	6,763,330	6,763,330	100.00%	-	6,763,330	100.00%
2012	7,073,366	7,073,366	100.00%	-	7,073,366	100.00%
2013	8,084,455	8,084,455	100.00%	-	8,084,455	100.00%
2014	7,803,746	7,803,746	100.00%	-	7,803,746	100.00%
2015	8,420,878	8,420,878	100.00%	-	8,420,878	100.00%
2016	9,159,779	9,159,779	100.00%	-	9,159,779	100.00%
2017	9,633,671	9,633,671	100.00%	-	9,633,671	100.00%
2018	9,972,979	9,972,979	100.00%	-	9,972,979	100.00%
2019	10,858,852	10,858,852	100.00%	-	10,858,852	100.00%

**Source:** Sonoma County ACTTC Office, Property Tax Division

(1) The County of Sonoma bills and collects property taxes on behalf of the City using an alternative method of distribution known as the "Teeter Plan". The State Revenue and Taxation Code allows counties to distribute secured real property and supplemental property taxes on an accrual basis resulting in full payment to the City each fiscal year. Any subsequent delinquent payments and related penalties and interest will revert to Sonoma County.

**Schedule 12**  
**City of Petaluma, CA**  
**Ratios of Outstanding Debt by Type,**  
**Last Ten Fiscal Years**

Governmental Activities				
Fiscal Year	General Obligation Bonds	Redevelopment Tax Allocation Bonds	Redevelopment Other	Total Governmental Activities
2010	-	72,320,000	214,000	72,534,000
2011	-	82,384,000		82,384,000
2012	-	80,379,000		80,379,000
2013	-	78,292,000		78,292,000
2014	-	-		-
2015	-	-		-
2016	-	-		-
2017	-	-		-
2018	-	-		-
2019	-	-		-

Business-type Activities					
Year	Revenue Bonds	Term Loans	Certificates of Participation	Revolving Credit Lines	Total Business-Type Activities
2010	13,469,902	6,953,568	5,495,585	138,064,027	163,983,082
2011	29,974,549	6,874,095	5,307,311	108,608,118	150,764,073
2012	29,678,565	6,803,961	5,114,035	115,644,315	157,240,876
2013	29,786,315	6,851,192	4,910,761	110,055,132	151,603,400
2014	29,416,445	6,880,023	4,697,486	104,331,809	145,325,762
2015	29,036,575	6,889,843	4,479,211	98,471,125	138,876,754
2016	28,641,705	6,268,083	4,531,000	92,469,786	131,910,574
2017	30,215,374	6,337,247	4,143,000	86,324,413	127,020,034
2018	29,827,464	6,390,244	3,730,000	80,031,552	119,979,260
2019	29,429,553	6,426,352	3,306,000	73,587,664	112,749,569

Fiscal Year	Total Primary Government	Percentage of Personal Income	Per Capita
2019	112,749,569	4%	1,811

Note: capital lease is immaterial

**Schedule 13**

**City of Petaluma, CA**

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2019**

2018-19 Assessed Valuation:	\$	10,360,438,971	(includes aircraft valuations)	
Redevelopment Incremental Valuation:		(1,975,120,886)		
Adjusted Assessed Valuation:	\$	8,385,318,085		
		Total Debt	% Applicable	City's Share of Debt
		6/30/2019		6/30/2019
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>				
Sonoma County Joint Community College	\$	225,355,000	11.47%	\$ 25,859,486
Petaluma Joint Union High School District		54,255,000	76.88%	41,711,787
Cinnabar School District		2,390,000	42.77%	1,022,107
Old Adobe Union School District		36,306,886	89.43%	32,468,159
Petaluma City School District		19,525,000	84.59%	16,516,002
Wilmar Union School District		3,872,436	12.97%	502,332
Waugh School District Facilities Improvement District #1		3,999,601	70.98%	2,838,997
Waugh School District Community Facilities District #1		3,725,000	100.00%	3,725,000
City of Petaluma 1915 Act Bonds		478,900	100.00%	478,900
California Statewide Community Development Authority 1915 Act Bonds		4,838,408	100.00%	4,838,408
Total Overlapping Tax and Assessment Debt				\$ 129,961,178
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>				
Sonoma County General Fund Obligations	\$	14,335,000	11.57%	\$ 1,658,416
Sonoma County Pension Obligations		352,370,000	11.57%	40,765,685
Sonoma County Office of Education COP		4,386,172	11.57%	507,436
Sonoma County Joint Community College GF Obligation		955,000	11.47%	109,586
Petaluma Joint Union High School District COP		4,990,000	76.88%	3,836,362
Cinnabar School District COP		1,053,000	42.77%	450,326
Total Direct and Overlapping General Fund Debt:				\$ 47,327,811
<b>OVERLAPPING TAX INCREMENT DEBT</b>				
	\$	67,405,000	98.82%	\$ 66,609,863
Total Direct Debt				-
Total Overlapping Debt				242,358,563
Combined Total Debt				<u>\$ 242,358,563</u>

**Source:**

MuniServices, LLC

non-bonded capital lease obligations.

**Ratios to adjust Assessment Valuation:**

Total Overlapping Tax and Assessment Debt 1.25%

**Ratios to Adjusted Assessed Valuation:**

Combined Direct Debt (\$3,306,000) 0.03%

Combined Total Debt 2.34%

State School Building Aid Repayment as of 6/30/2019: \$0

AB:(\$500)

**Schedule 14**  
**City of Petaluma, CA**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

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Fiscal Year	Tax Increment Revenue*	Annual Debt Service**	Required Coverage (125%)	Legal Debt Margin	Debt as Percentage of Legal Debt Margin
2010	17,224,163	4,543,120	5,678,900	11,545,263	39%
2011	16,166,274	4,616,105	5,770,131	10,396,143	44%
2012	7,153,936	3,740,726 a	4,675,908	2,478,028	151%
2013	-	-	-	-	-
2014	-	-	-	-	-
2015		-	-	-	-
2016		-	-	-	-
2017		-	-	-	-
2018		-	-	-	-
2019		-	-	-	-

\*gross tax increment

\*\* all bonded debt

Note (a) - The Annual Debt Service in 2012 does not include payments made by Success Agency.

**Schedule 15**  
**City of Petaluma, CA**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

2012 Refunding Water Revenue Bonds							
Fiscal Year	Operating Revenue	Operating Expenses	Net Available Revenue	Debt Service		Coverage*	
				Principal	Interest		
2013	\$ 14,847,146	\$ 11,578,438	\$ 3,268,708	\$ -	\$ 153,508	21.29	
2014	15,265,295	11,240,386	4,024,908	379,000	267,042	6.23	
2015	14,074,089	11,142,788	2,931,301	389,000	252,888	4.57	
2016	13,496,180	11,012,149	2,484,031	404,000	238,244	3.87	
2017	14,255,191	11,259,216	2,995,975	423,000	222,952	4.64	
2018	17,339,375	12,269,979	5,069,396	337,000	211,594	9.24	
2019	18,719,646	13,151,831	5,567,815	347,000	199,042	10.20	

2017 Waste Water Revenue Bonds							
Fiscal Year	Operating Rev		Net		Debt Service		Coverage***
	less	Operating	Available				
	Connect Fees	Expenses	Revenue	Principal	Interest		
2018	\$ 25,543,802	\$ 8,368,876	\$ 17,174,926	\$ -	\$ 706,891	24.30	
2019	\$ 27,495,156	\$ 10,532,619	\$ 16,962,537	\$ -	\$ 805,319	21.06	

\* 115% required

\*\*\* 125% required

**Statement 16**  
**City of Petaluma, CA**  
**Demographic and Economic Statistics,**  
**Last Ten Calendar Years**

Calendar Year	Population (1)	Personal		Median Age	School Enrollment*	Estimated Unemployment Rate %
		Household Income in thousands of dollars (2)	Per Capita Personal Income (3)			
2010	57,817	1,995,438	34,513	39.0	7,612	8.90%
2011	58,319	2,027,518	34,766	39.6	7,791	8.50%
2012	58,165	2,136,443	36,731	41.0	7,769	7.60%
2013	58,804	2,197,579	37,371	40.3	7,793	7.80%
2014	59,000	2,251,234	38,157	41.0	7,871	6.10%
2015	59,540	2,132,616	35,818	40.9	7,776	3.20%
2016	60,373	2,166,217	35,879	41.1	7,789	3.50%
2017	60,941	2,291,736	37,606	40.8	7,776	3.00%
2018	62,708	2,508,230	39,999	41.6	7,728	2.30%
2019	62,247	2,626,223	42,190	41.8	7,821	2.30%

**Source:** MuniServices, LLC

- (1) Population projections are provided by the California Department of Finance Projections
  - (2) Income Data is provided by the United States Census Data and is adjusted for inflation
  - (3) Unemployment and Total Employment Data are provided by the EDD's Bureau of Labor Statistics Department.
  - (4) Unemployment data is provided by EDD, Labor Market Information Division
- \* As of 2007-08, Public School Enrollment reflects the total number of students enrolled in the Petaluma City Elementary & Petaluma Joint Union High Unified School Districts.

Schedule 17

City of Petaluma, CA

Principal Employers

Current Year and Nine Years Ago

Employer	Fiscal Year					
	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Petaluma School District	813	1	2.43%	1,300	1	4.11%
Petaluma Poultry Processors	474	2	1.42%	402	4	1.27%
Enphase Energy Inc	468	3	1.40%			0.00%
Petaluma Valley Hospital	386	4	1.16%	546	3	1.73%
City of Petaluma	364	5	1.09%	292	6	0.92%
Lagunita's Brewing Company*	350	6	1.05%			0.00%
Old Adobe Union School District*	286	7	0.86%	230	8	0.73%
Santa Rosa Junior College	284	8	0.85%	350	5	1.11%
Clover Stornetta Farms	256	9	0.77%	220	9	0.70%
Hansel Auto (includes Honda, Toyota, Henry Curtis Ford, and Mgt)**	238	10	0.71%			0.00%
United States Postal Service				582	2	1.84%
Calix Networks Inc.				262	7	0.83%
North Bay Drywall				185	10	0.59%
Total Principal Employers	3,919		11.73%	4,356		13.83%
Total City Employment (1)	33,400			31,600		

Source: MuniServices, LLC

Notes:

Results based on direct correspondence with city's local businesses.

\*Includes both FT & PT Employees

\*\* Includes 3 locations within the city

(1) Total City Labor Force provided by EDD Labor Force Data.

## Schedule 18

## City of Petaluma, CA

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

Function/Program	Full-time and Part-time Equivalent as of June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental</b>										
General government (total of next 8)	44.7	38.8	30.1	28.7	26.7	35.0	35.6	36.6	38.6	39.6
Administrative Services (Finance)	11.6	8.9	6.05	6.05	6.1	13.0	13.0	14.0	15.0	15.0
Internal Services	15.2	13.2	10.7	10.7	10.7	9.0	9.0	9.0	10.0	11.0
Animal Services	9.0	8.0	6.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0
City Attorney	0.5	0.5	0.5	0.0	3.0	4.0	4.0	4.0	4.0	4.0
City Clerk	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
City Manager	3.8	3.6	3.3	3.3	3.3	4.0	4.0	4.0	4.0	4.0
Human Resources	2.6	2.6	1.6	1.6	1.6	3.0	3.6	3.6	3.6	3.6
Community development	3.6	3.0	5.5	1.7	3.7	2.0	2.0	2.0	2.0	2.0
Fire	58.3	58.0	57.0	57.0	57.0	58.0	58.0	58.0	58.0	58.0
Police	111.8	99.5	83.1	81.5	82.5	84.5	84.5	89.7	91.7	93.1
Parks and recreation	19.8	7.3	5.0	5.0	6.0	6.0	6.0	9.0	8.4	8.4
Public works	49.0	51.4	35.7	38.5	36.5	35.2	36.2	39.6	41.0	41.1
<b>Business Activities</b>										
Airport	3.1	1.6	1.6	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Development Services	2.0	3.0	4.0	4.0	5.0	6.0	6.0	6.0	7.0	7.0
Marina	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transit	1.8	2.0	1.0	1.0	1.0	1.0	1.0	1.0	2.5	2.5
Water	25.7	28.4	29.6	29.6	30.1	29.9	30.4	30.9	30.0	31.5
Waste water	30.5	31.5	29.6	29.6	30.1	29.9	30.4	31.0	30.0	31.5
<b>Internal Service</b>										
Employee benefits	1	1	0.4	0.7	0.7	0.0	0.0	0.0	0.0	0.0
General services	3	2	2	2	2	2	2	2	2	2
Information technology	7	7	7	7	7	7	7	7	7	7
Risk management	4	3	0	0	0	0	0	0	1	2
Workers' compensation	1	1	1	1	1	0	0	0	0	0
Total	351	324	282	278	280	289	291	305	311	317

Source: City budget, finance department



**Schedule 19**  
**City of Petaluma, CA**  
**Operating Indicators by Function/Program,**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Community development										
Commercial building permits issued	192	100	241	249	318	507	255	367	251	263
Residential building permits issued	725	1,000	821	1,142	1,172	1,023	1,609	1,549	1,874	1,779
Inspections performed	3,288	4,315	4,614	6,344	4,379	3,470	4,850	6,185	6,370	5,718
Police										
Number of police calls	53,209	54,429	50,667	49,496	52,738	55,121	56,887	57,616	61,083	56,137
Parking citations	5,825	5,564	7,118	9,081	8,073	3,522	6,723	8,248	8,677	5,705
Traffic citations	7,181	5,544	7,667	4,742	4,947	2,119	3,966	4,041	5,558	3,469
Administrative citations							35	120	118	176
Fire										
Ambulance runs	3,569	3,508	3,612	3,614	3,817	3,963	4,204	4,193	4,651	4,820
Fire calls	1,478	1,456	1,557	1,606	1,816	1,863	2,086	2,250	2,326	2,483
Inspections	1,737	1,898	2,014	2,408	2,458	2,723	2,425	2,656	2,288	2,905
Public works										
Street miles resurfaced/sealed	2.44	4.33	0.75	1.5	1.44	1.7	1.08	2.74	3.86	1.23
Parks and recreation										
Historical library & museum visitors	12,521	11,473	8,801	7,760	6,269	7,251	10,192	10,612	11,150	12,470
Recreation program attendance	3,248	3,547	3,214	3,271	3,522	2,499	2,339	2,364	2,413	2,075
Senior Center Classes/Activities (3)										16,500
Special event attendance	12,000	12,700	12,900	10,000	2,000	3,400	4,700	4,850	4,850	6,700
Airport										
Airport movements (1)	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	53,200	53,200
Annual fuel consumption (gallons)	172,110	172,749	177,286	167,700	138,000	170,885	192,256	175,629	200,953	155,179
Water										
Annual water purchased in billions of gallons	2.2	2.4	2.7	3.1	3.0	2.5	3.	2.8	2.7	2.2
Utility accounts	20,214	19,839	19,995	20,152	20,230	20,280	20,322	20,442	20,497	20,605
Wastewater										
Average dry weather flows of sewage	4.3 mgd	4.6 mgd	4.7 mgd	4.7 mgd	4.3 mgd	4.3 mgd	4.3 mgd	4.3 mgd	4.3 mgd	4.4 mgd
Transit										
Number of bus routes (2)	3	6	6	6	6	6	7	7	14	14
Annual ridership	181,556	229,447	306,017	339,460	384,967	400,407	370,674	414,089	344,665	350,449

**Sources:**

- Various city department reports, annual budget narrative  
 (1) Beginning in FY2018, Airport movements based on FAA Terminal Area Forecast for Petaluma Municipal Airport, prior yrs take-offs only.  
 (2) Beginning in FY2018, Includes both Transit and Paratransit routes, previous years only Transit routes  
 (3) Additional information added FY2019

Schedule 20  
**City of Petaluma, CA**  
 Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	2	2	2	2	2	2	2	2	2	2
Patrol vehicles, marked and unmarked	56	53	55	55	55	55	55	55	53	54
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Ambulances	4	4	4	4	4	4	4	3	3	3
Public works										
Streets (miles) (1)	185	185	185	185	185	185	185	185	185	177
Streetlights	6,000	4,700	5,129	5,129	4,942	5,392	5,392	5,065	5,111	5,111
Traffic Signals	55	50	55	55	51	51	51	51	51	51
Park and recreation										
Acreage	299	299	299	299	324	324	324	324	460	462
Parks	44	44	44	44	45	45	45	45	46	50
Community centers	4	4	4	4	4	4	4	4	4	4
Ball/soccer fields	48	48	48	48	51	51	51	51	51	53
Tennis court	11	11	11	11	11	11	11	11	11	11
Turning basin public dock footage	995	995	995	995	995	995	995	995	995	995
Community swimming pools	2	2	2	2	2	2	2	2	2	2
Library	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	278	278	255	255	258	268	268	252	252	239
Fire hydrants	2,490	2,492	2,494	2,494	2,565	2,597	2,597	2,587	2,562	2,583
Aqueduct stations	8	8	8	8	8	8	8	8	8	8
Wells	16	15	15	13	13	13	13	13	11	11
Valves	7,251	7,310	7,324	7,324	7,542	7,636	7,636	7,681	7,723	8,495
Reservoirs, finished water (total capacity - 13.1 mg)	13.1	13.1	13.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1
Wastewater										
Booster stations (35 pumps)	11	12	12	12	12	12	12	12	12	12
Sanitary sewers (miles)	195	195	195	195	195.5	196.1	196.5	197	197	190
Storm sewers (miles)	166	166	122	122	125	127	127	124	120	120
Treatment capacity (millions of gallons)	1,960	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445
Transit										
Buses	10	10	10	10	10	11	11	14	14	14
Paratransit vans (2)									9	9

**Sources:**  
 Various city department reports, annual budget narrative  
 (2) Additional information added FY2018