

City of Petaluma California

**Comprehensive Annual Financial Report
for
The Year Ended June 30, 2020**



City of Petaluma

Petaluma, California

Comprehensive Annual Financial Report

For the year ended June 30, 2020

Prepared by:
Finance Department



CITY OF PETALUMA, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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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 21, 2020

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, 2020.

For the fiscal year ended June 30, 2020, 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

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Petaluma, CA 94952
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E-Mail:
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General Services

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Purchasing

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Fax (707) 931-0667
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Utility Billing

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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 concept of reasonable recognizes that: (a) the cost of a control should not exceed the benefits likely to be derived and (b) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

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, 2020, 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, 2020, 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

Beginning in 2019, the City commenced a concerted, two-pronged community engagement effort to address the City's long-term fiscal and organizational sustainability by gathering community feedback about City services and priorities, including online and paper surveys, in person workshops, emails and phone calls, and statically-valid professionally conducted public opinion research. The City's community outreach efforts generated a significant response. The Community identified their priorities and services for the locally-controlled funding. The City's community engagement effort regarding the City's fiscal and organizational stability culminated in August of 2020 with the City Council unanimously adopting an ordinance placing before Petaluma voters at the November election a one-cent general purpose sales tax measure. Petaluma voters answer was a resounding 'yes' with the tax measure, which has been designated as Measure U.

This new source of locally controlled revenue will enable the City to address the structural deficit that has existed for more than a decade and will also provide resources to address the increase in demand for services and many other needs citywide. It is estimated that this new source of revenue will cover the existing deficit into the future.

An Economic Development Program that provides a system to keep current retailers and encourages new retail development continues to be successful. 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.

As a result of revenue losses realized from the ongoing impacts of the COVID 19 pandemic, FY 20 expenditures exceeded revenues by \$1.46 million. As stated, this deficit is directly related to the COVID 19 pandemic and due to the nature of the event, losses are expected into the near future. City Council adopted a FY 21 balanced General Fund budget in May of 2020, which 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.

The entire world continues to experience the impacts and effects of COVID- 19. The City declared a local emergency on March 9, 2020 and we continue to manage day to day operations utilizing technology to keep City business moving forward while maintaining safety protocols for staff and the public. We continue to collaborate with our partners in the community as well as other government agencies to assist and provide support citywide. The City's sales tax revenues, the largest portion of General Fund revenues, have been impacted as a result of this crisis. Other revenues such as business license, property transfer tax and charges for services have all shown reductions through the end of the fiscal year. Other non-general fund revenues, such as Transient Occupancy Tax, Airport and Transit will continue to be impacted. The duration of the event will determine the outcome. We continue to monitor the ever-changing situation.

As of today, Sonoma County remains in the State's COVID-19 purple tier, the State's most restrictive tier that requires certain businesses to remain closed and places heavy restrictions on others. There continues to be concern countywide about businesses and the long lasting impacts this prolonged situation will have on many. Sonoma County's near term outlook has turned due to COVID-19 as businesses have been forced to close, reduced tourism and less spending in general has occurred, it is expected in the long run that income gains will be in line with the national average. The unemployment rate in

Sonoma County remains elevated due to the pandemic hovering around 7%, but remains below both the State and National rates.

Occupancy rates have drastically declined due to decreased travel worldwide. According to the Sonoma County Economic Development Board the long-term outlook for Sonoma County tourism will remain challenged through the end of the pandemic and into the near future. With occupancy rates hovering around 50% and decreased average daily rates roughly 30-40% less than rates during the same time last year, it is expected the tourism industry will take time to recover. In addition to the pandemic, wildfires continue to challenge the travel and tourism industry in Sonoma County. Petaluma did recognize a significant decline in Transient Occupancy Tax received by the City in fiscal year 2020 of approximately \$.8m when compared to the prior year. It is expected revenue levels will recover and return to pre COVID levels once we near the end of the pandemic.

Petaluma's overall economic outlook is stable given the newly identified revenue source however is challenged due to the current economic environment. The areas of home price stability, jobs, and real estate vacancies are challenged as 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 3.88% in 2021. General fund property taxes in fiscal year 2020 were \$11.6 million, up \$.4 million or 3.2% from the prior year due to assessed valuation growth and property related sales activity.

Retail sales in Petaluma were stable throughout 2020 but are expected to slow into 2021. Total general fund sales tax received in fiscal year 2020 was \$13 million, a decrease of \$.8 million or 5.6% as compared to the prior year. Due to the ongoing pandemic, total sales tax revenue in 2021 is estimated to be approximately \$12.9 million, virtually no change 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.

In summary, we are currently faced with a situation that we have not encountered in recent history. This creates challenges but we remain cautiously optimistic about Sonoma County's short-term outlook. The City has adopted a balanced budget for the upcoming fiscal year. The City's future looks bright; much different than in past years when significant financial challenges have threatened city services. The financial forecast will continue to be used as a tool to plan and close any structural deficit. It is critical the City maintains reserves for future use in the event of a natural disaster such as a fire, pandemic or economic downturn.

Financial Information

Annual Budget. The City of Petaluma operates on a fiscal year basis, beginning July 1st and ending June 30th. 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 \$154.7 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 \$ 3.2 million.

Debt Administration. As of June 30, 2020, 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 issued during fiscal year 2017 and 2019. 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, 2019.

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.

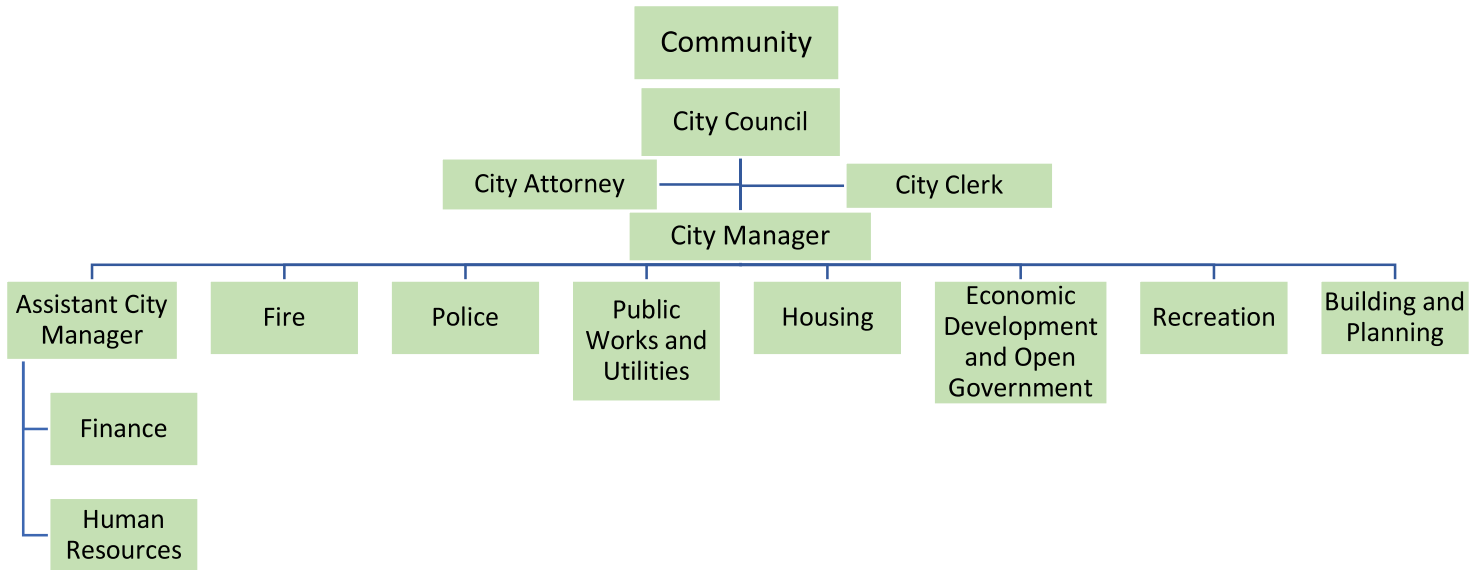
I would like to express my appreciation to all members of the Department who assisted with and contributed to the preparation of this report, particularly the audit team of Janine Tedrow and Isabel Craft. I would also like to thank the Mayor and City Council for their confidence and support for maintaining the highest standards of professionalism in the management of the City of Petaluma's finances.

Respectfully submitted,

Corey Garberolio

Corey Garberolio
Finance Director

CITY ORGANIZATION STRUCTURE



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 Recreation, Planning, Building, Economic Development and Housing, and Public Engagement

FINANCE

COREY GARBEROLIO

Finance Director

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

POLICE

KEN SAVANO

Police Chief

Provides public safety through crime prevention, community policing, and code enforcement services.

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.

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.

PUBLIC WORKS

JASON BEATTY

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 ATTORNEY

ERIC DANLY

City Attorney

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

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.

Economic Development and Open Government

INGRID ALVERDE

Economic Development and Open Government Director

Oversees the economic development and information technology divisions and is the liaison for public information.

CITY OF PETALUMA PRINCIPAL OFFICIALS
Elected Officials as of June 30, 2020



TERESA BARRETT
Mayor



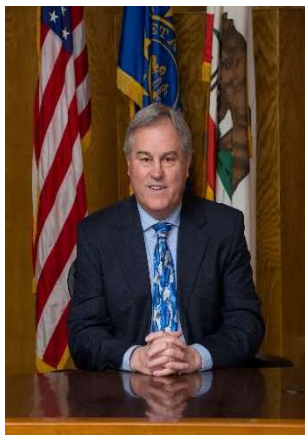
D'LYNDA FISCHER
Vice Mayor



MIKE HEALY
Council Member



GABE KEARNEY
Council Member



DAVE KING
Council Member



KEVIN MCDONNELL
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, 2019

Christopher P. Morrill

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, 2020, 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, 2020, 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 5-25 and 104-113, 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, City Capital Projects Fund budgetary comparison schedule, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 117-147, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

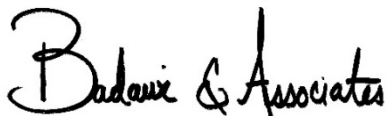
To the Honorable Mayor and Members of the City Council
of the City of Petaluma
Petaluma, California
Page 3

The City Capital Projects Fund budgetary comparison schedule, combining and individual nonmajor fund financial statements, and the budgetary comparison schedules on pages 117-147 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 117-147 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 21, 2020, 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.



Badawi and Associates
Certified Public Accountants
Berkeley, California
December 21, 2020



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, 2020.

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, deferred outflows of resources (including capital assets), and liabilities, deferred inflows of resources (including 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 2020 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, 2020 by \$450 million (Net Position). Of this amount, \$351.7 million was invested in capital assets; \$110.7 million was restricted for capital projects, debt service, non-expendable trusts and special projects; and (\$12.5) million was unrestricted. This includes all City funds.
- The City's total Net Position increased by \$14.3 million over the prior year. This increase is attributable to a \$17.3 million increase in unrestricted net position and a \$5.5 million increase in capital assets investment, offset by a \$8.5 million decrease in restricted net position.
 - i. At the close of the fiscal year, the City's Governmental Activities reported combined net position of \$236.9 million, a decrease of \$4.4 million from the prior year. Attributing to this change is a combined increase in fund balances in Governmental Funds and Internal Service Funds of \$6.1 million resulting from revenues exceeding expenditures, offset by a decrease of \$4.2 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 the long term Net Pension Liability of \$6.6 million and \$.3 million related to other post-employment benefit (OPEB) liability.
 - ii. Business-Type Activities reported combined net position of \$213 million at the close of the fiscal year, an increase of \$18.7 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 \$21 million. Included in this overall increase are changes resulting from an increase in the overall Net Pension Liability of \$1.7m and \$.03 million associated with the other post-employment benefits (OPEB) Liability.

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 \$129 million, a decrease of \$7.9 million from the prior year. This decrease is due largely to the restatement of beginning fund balances related to Interest Receivable on outstanding

Notes Receivable in addition to decreased fund balances in the General Fund and Non Major Governmental Funds. Partially offsetting the overall decrease, is increased fund balances in the Impact Fee, Home/Begin Special Revenue and City Capital Projects. Fiscal Year 2020 fund balance was comprised of \$.1 million non-spendable reserves; \$110.7 million restricted reserves, \$7.7 million committed reserves, \$7.7 million assigned reserves and \$2.7 million of unassigned reserves.

- At the close of the fiscal year, the total fund balance for the General Fund was \$14.1 million, approximately a \$1.5 million decrease from the prior year. This decrease was due mainly to revenue losses resulting from COVID 19 pandemic and total expenditures exceeding total revenues.

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 \$450 million at the close of the fiscal year ended June 30, 2020.

The largest portion of the City's net position (78%) 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 (25%) represents resources that are subject to external restrictions. The remaining balance (-3%), 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 \$14.3 million during the fiscal year as shown below in Table 1. Net position investment in capital assets increased by \$5.5 million; restricted net position decreased by \$8.5 million and unrestricted net position increased by \$17.3 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, 2020 and 2019
(in thousands)

	Total Activities 2020	Total Activities 2019	Total Activities Change
Assets:			
Current and other assets	\$ 227,989	\$ 209,403	\$ 18,586
Capital Assets, net of depreciation	<u>456,986</u>	<u>458,932</u>	<u>(1,946)</u>
Total Assets	<u>684,975</u>	<u>668,335</u>	<u>16,640</u>
Deferred Outflows of Resources:			
Related to Pension	15,215	16,864	(1,649)
Related to OPEB	<u>511</u>	<u>474</u>	<u>37</u>
Total Deferred Outflows of Resources	<u>15,726</u>	<u>17,338</u>	<u>(1,612)</u>
Total Assets and Deferred Outflows of Resources	<u>700,701</u>	<u>685,673</u>	<u>15,028</u>
Liabilities:			
Current Liabilities	19,618	21,071	(1,453)
Non-Current Liabilities	<u>225,416</u>	<u>225,245</u>	<u>171</u>
Total Liabilities	<u>245,034</u>	<u>246,316</u>	<u>(1,282)</u>
Deferred Inflows of Resources:			
Related to Pension	1,441	1,721	(280)
Related to OPEB	<u>4,274</u>	<u>1,945</u>	<u>2,329</u>
Total Deferred Inflows of Resources	<u>5,715</u>	<u>3,666</u>	<u>2,049</u>
Total Liabilities and Deferred Inflows of Resources	<u>250,749</u>	<u>249,982</u>	<u>767</u>
Net Position:			
Net Investment in Capital Assets	351,675	346,183	5,492
Restricted	110,731	119,203	(8,472)
Unrestricted	<u>(12,454)</u>	<u>(29,694)</u>	<u>17,240</u>
Total Net Position	<u>\$ 449,952</u>	<u>\$ 435,692</u>	<u>\$ 14,260</u>

Government-wide Financial Statement Analysis- Governmental Activities

Governmental activities contributed \$236.9 million to the City's net position, a decrease of \$4.4 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 \$6.1m offset by capital asset activity occurring during the year, and changes in long term liabilities such as an increase in both the Net Pension Liability and Other Post-Employment Benefits (OPEB) resulting in a decrease in overall fund balances as reported on the Government-Wide Financial Statements.

Summary of Net Position			
Governmental Activities			
As of June 30, 2020 and 2019			
(in thousands)			
	Governmental Activities 2020	Governmental Activities 2019	Governmental Activities Change
Assets:			
Current and other assets	\$ 158,419	\$ 150,766	\$ 7,653
Capital Assets, net of depreciation	<u>189,587</u>	<u>193,766</u>	<u>(4,179)</u>
Total Assets	<u>348,006</u>	<u>344,532</u>	<u>3,474</u>
Deferred Outflows of Resources:			
Related to Pension	13,547	15,159	(1,612)
Related to OPEB	<u>461</u>	<u>427</u>	<u>34</u>
Total Deferred Outflows of Resources	<u>14,008</u>	<u>15,586</u>	<u>(1,578)</u>
Total Assets and Deferred Outflows of Resources	<u>362,014</u>	<u>360,118</u>	<u>1,896</u>
Liabilities:			
Current Liabilities	9,455	9,273	182
Non-Current Liabilities	<u>110,635</u>	<u>106,421</u>	<u>4,214</u>
Total Liabilities	<u>120,090</u>	<u>115,694</u>	<u>4,396</u>
Deferred Inflows of Resources:			
Related to Pension	1,149	1,348	(199)
Related to OPEB	<u>3,851</u>	<u>1,752</u>	<u>2,099</u>
Total Deferred Inflows of Resources	<u>5,000</u>	<u>3,100</u>	<u>1,900</u>
Total Liabilities and Deferred Inflows of Resources	<u>125,090</u>	<u>118,794</u>	<u>6,296</u>
Net Position:			
Net Investment in Capital Assets	189,587	193,766	(4,179)
Restricted	110,696	119,203	(8,507)
Unrestricted	<u>(63,359)</u>	<u>(71,645)</u>	<u>8,286</u>
Total Net Position	<u>\$ 236,924</u>	<u>\$ 241,324</u>	<u>\$ (4,400)</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, streetlights, traffic signals, street signs, building and equipment maintenance, and the Petaluma River turning basin operation.

Governmental Activities Changes:

- Program revenues from Governmental Activities were \$16 million in fiscal year 2020, an increase of \$3.2 million compared to the prior year
 - Charges for Service revenues were up 11% or \$1.3 million from the prior year due to increased ambulance transport revenues received in the fiscal year resulting from increased fees put in place as of July 1st as well as increased demand and associated transports
 - Capital Grants and Contributions were up by \$2.0 million due mainly to increased grant payments received for several active projects and disaster grants
- Property taxes increased by 3.2% or .4 million due to increased assessed valuations and associated property related sale activity
- Sales tax revenues were down by 5.6% or \$.8 million due to loss revenues resulting from the ongoing financial impacts related to the COVID 19 pandemic
- Intergovernmental revenues were up by 1.2% or \$.1 million due to increased gas tax revenue from SB1, increased motor vehicle license fee revenues offset partially by slight decreases in other intergovernmental revenue categories
- Other taxes were down by 14.9% of \$.9m due to decreased Transient Occupancy Tax received
- Investment Earnings were down due to decreased short term interest rates resulting from the COVID 19 pandemic
- General Government expenses were down .9% or \$.04m due to reallocation of costs associated with intragovernmental services directly offset by increased Charges for Services revenues
- Community Development expenses were up 6.1% or \$.4m due to increased program costs
- Police expenses were up 6.2% or \$1.4m due mostly to increased salary and benefit costs including increased workers compensation costs.
- Fire expenses were up 6.1% or \$1.1m 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
- Recreation expenses were up 12.4% or \$.3m due to increased CIP depreciation expense
- Public Works expenses were up 19.1% or \$2.1m due to increased disaster costs directly offset by increased reimbursement grant revenue pending or received and increased street maintenance costs

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

Summary of Statement of Activities and Changes in Net Position			
Governmental Activities			
For the Years Ended June 30, 2020 and 2019			
(In thousands)			
	Governmental Activities 2020	Governmental Activities 2019	Percentage Change
Revenues:			
Program Revenues			
Charges for service	\$ 12,639	\$ 11,383	11.0%
Operating grants and contributions	814	927	-12.2%
Capital grants and contributions	<u>2,809</u>	<u>766</u>	266.7%
Total program revenue	<u>16,262</u>	<u>13,076</u>	24.4%
General Revenues:			
Taxes:			
Property Tax	11,638	11,279	3.2%
Sales Tax	12,956	13,729	-5.6%
Franchise Tax	4,941	4,647	6.3%
Intergovernmental/Unrestricted	10,227	10,101	1.2%
Other Taxes	<u>5,129</u>	<u>6,029</u>	-14.9%
Total Taxes	44,891	45,785	-2.0%
Investment Earnings	1,875	1,966	-4.6%
Miscellaneous Revenue	<u>2,858</u>	<u>2,954</u>	-3.2%
Total Revenue	<u>65,886</u>	<u>63,781</u>	3.3%
Expenses:			
General government	3,952	3,990	-0.9%
Community development	6,158	5,805	6.1%
Police	24,519	23,077	6.2%
Fire	19,738	18,602	6.1%
Recreation	3,160	2,812	12.4%
Public works	<u>13,140</u>	<u>11,033</u>	19.1%
Total Expenses	<u>70,667</u>	<u>65,319</u>	8.2%
Revenues Over (Under) Expenses	(4,781)	(1,538)	210.9%
Transfers	<u>381</u>	<u>582</u>	-34.5%
Change in Net Position	(4,400)	(956)	360.3%
Net position-beginning of year	<u>241,324</u>	<u>242,280</u>	-0.4%
Net position-end of year	<u>\$ 236,924</u>	<u>\$ 241,324</u>	-1.8%

Government-wide Financial Statement Analysis- Business-type Activities

The *Business-type activities* net position contributed \$213 million to the City's net position an increase of \$18.7 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).

Summary of Statement of Net Position
Business-type Activities
As of June 30, 2020 and 2019
(in thousands)

	Business-type Activities 2020	Business-type Activities 2019	Business-type Activities Change
Assets:			
Current and other assets	\$ 69,571	\$ 58,637	\$ 10,934
Capital Assets, net of depreciation	<u>267,398</u>	<u>265,166</u>	<u>2,232</u>
Total assets	<u>336,969</u>	<u>323,803</u>	<u>13,166</u>
Deferred Outflows of Resources:			
Related to Pension	1,668	1,705	(37)
Related to OPEB	<u>51</u>	<u>47</u>	<u>4</u>
Total Deferred Outflows of Resources	<u>1,719</u>	<u>1,752</u>	<u>(33)</u>
Total Assets and Deferred Outflows of Resources	<u>338,688</u>	<u>325,555</u>	<u>13,133</u>
Liabilities:			
Current Liabilities	10,162	11,794	(1,632)
Non-Current Liabilities	<u>114,782</u>	<u>118,827</u>	<u>(4,045)</u>
Total liabilities	<u>124,944</u>	<u>130,621</u>	<u>(5,677)</u>
Deferred Inflows of Resources:			
Related to Pension	292	373	(81)
Related to OPEB	<u>424</u>	<u>193</u>	<u>231</u>
Total Deferred Inflows of Resources	<u>716</u>	<u>566</u>	<u>150</u>
Total Liabilities and Deferred Inflows of Resources	<u>125,660</u>	<u>131,187</u>	<u>(5,527)</u>
Net Position:			
Net Investment in Capital Assets	162,087	152,416	9,671
Restricted	36	-	36
Unrestricted	<u>50,905</u>	<u>41,952</u>	<u>8,953</u>
Total Net Position	<u>\$ 213,028</u>	<u>\$ 194,368</u>	<u>\$ 18,660</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 \$61.6 million in fiscal year 2020, an increase of \$8.3 million compared to the prior year.
 - Charges for Service revenues were up 7.7% or \$3.9 million due to increased revenues in most enterprise funds related to sales and connection fees

- Operating Grants and Contributions were up \$4.4 million due to increased non-recurring grant funds for Waste Water projects in the fiscal year
- Airport revenues and expenses increased slightly when compared to the prior year due to increased project activity and associated intergovernmental revenue received
- Development Services revenues decreased during the year due to decreased activity likely resulting from the ongoing pandemic while expenses increased slightly due to increased contracted employees service costs
- Marina overall net position decreased due to operating at a loss between \$.1m-\$.2 million annually
- Transit revenues increased due to non-recurring grant revenue and an associated expenditure for a bus purchase that occurred in the fiscal year
- Wastewater Utility revenue increased by \$4.9 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 \$2.4 million due to increased usage compared to prior year while expenses also increased slightly
- 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.

Summary of Statement and Changes in Net Position			
Business-type Activities			
As of June 30, 2020 and 2019			
(in thousands)			
	Business-type Activities 2020	Business-type Activities 2019	Percentage Change
Revenues:			
Program Revenues			
Charges for Service	\$ 54,309	\$ 50,433	7.7%
Operating Grants and Contributions	7,279	2,902	150.8%
Capital Grants and Contributions	-	-	0.0%
Total Program Revenue	61,588	53,335	15.5%
General Revenues			
Investment Earnings	1,372	1,465	-6.3%
Miscellaneous Revenue	18	10	0%
Total Revenue	62,978	54,810	14.9%
Expenses:			
Business Type Activities			
Airport	1,662	1,551	7.2%
Development Services	2,081	1,927	8.0%
Marina	366	332	10.2%
Transit	3,549	3,644	-2.6%
Wastewater	20,540	18,869	8.9%
Water Utility	15,322	14,980	2.3%
Storm Water	417	404	3.2%
Total Expenses	43,937	41,707	5.3%
Revenues Over (Under) Expenses	19,041	13,103	45.3%
Transfers	(381)	(582)	-34.5%
Changes in Net Position	18,660	12,521	49.0%
Net Position - Beginning of year	194,368	181,847	6.9%
Net Position - End of Year	\$ 213,028	\$ 194,368	9.6%

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 millions 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, 2020, the City of Petaluma Governmental Funds reported combined ending fund balances of \$129 million, a decrease of \$7.9 million from fiscal year 2019 as shown in Table 6 below. Total non-spendable reserves are \$.1 million, restricted and committed reserves are \$110.7 million and \$7.7 million respectively. Assigned and unassigned are \$7.7 million and \$2.7 million respectively. As mentioned prior, the main contributing factors to the decrease in Governmental Fund Balances is due to the restatement of beginning fund balances related to Interest Receivable on Notes Receivable in addition to decreased fund balances in the General Fund and Non Major Governmental Funds. Partially offsetting the overall decrease, is increased fund balances in the Impact Fee, Home/Begin Special Revenue and City Capital Projects. 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, 2020 total fund balance for the General Fund was \$14.1 million. This is made up of \$.1 million in non-spendable fund balance, \$3.5 million in committed, \$7.7 million in assigned and \$2.7 million in unassigned fund balance. The General Fund's fund balance decreased by \$1.5 million during the current fiscal year. This decrease is primarily due to revenue losses resulting from the COVID 19 pandemic and total expenditures exceeding total revenues.

The fund balance in the City Capital Projects Fund increased by \$2.1 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 \$4.1 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 \$.01m while the Non-Major fund group had a decrease in fund balance of \$.9m.

Table 6

Summary of Fund Balances Governmental Funds As of June 30, 2020 and 2019 (in thousands)			
	Governmental Funds 2020	Governmental Funds 2019	Governmental Funds Change
Assets:			
Total assets	\$ 148,729	\$ 143,549	\$ 5,180
Liabilities:			
Total liabilities	5,625	5,965	(340)
Deferred Inflows of Resources:			
Unavailable revenue	14,091	665	13,426
Total Deferred Inflows	14,091	665	13,426
Fund Balance:			
Nonspendable	149	144	5
Restricted	110,670	119,179	(8,509)
Committed	7,724	6,606	1,118
Assigned	7,731	7,818	(87)
Unassigned	2,739	3,171	(432)
Total fund balance	129,013	136,918	(7,905)
Total liabilities and fund balances	\$ 148,729	\$ 143,548	\$ 5,181

Governmental Fund revenues decreased by approximately \$2 million from the prior year due mainly to decreased taxes and use of money & property. Also contributing to the decrease is less charges for services resulting from a change in financial statement presentation of intragovernmental charges. Much of the revenue decrease realized are due to the financial impacts resulting from the ongoing COVID 19 pandemic.

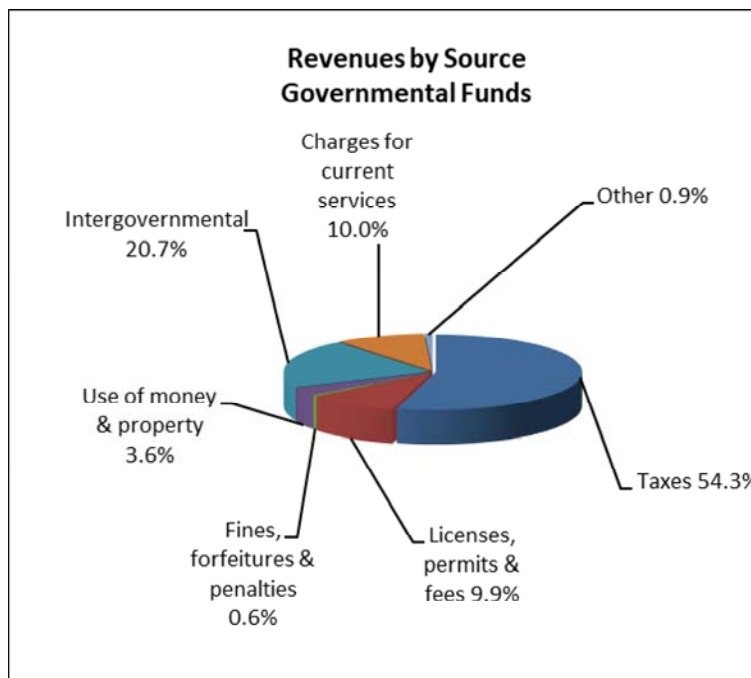
Governmental Fund expenses increased overall by \$2.0 million over the prior year. This increase is due to increased expenses in Police, Fire and Public Works. Partially offsetting the increase, is a decrease in expenses in General Government related to a change in financial statement presentation of intragovernmental charges.

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

Table 7

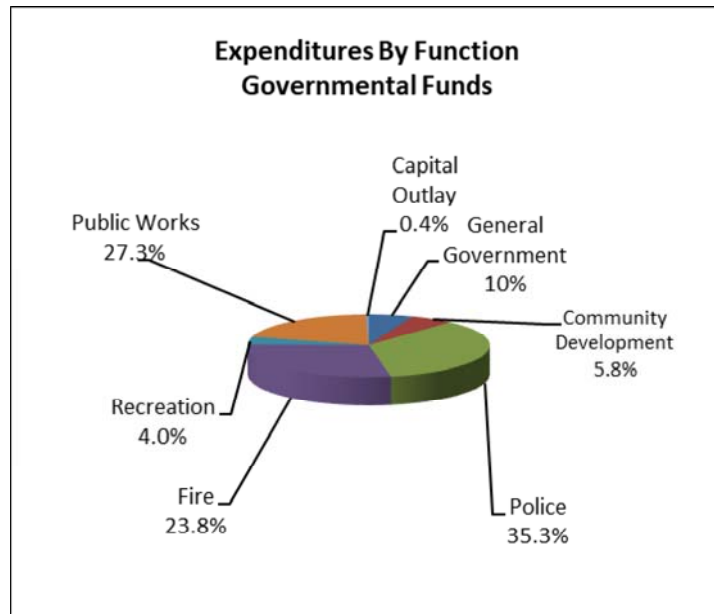
**Revenues Classified by Source
Governmental Funds
For the Years ending June 30, 2020 and 2019
(in millions of dollars)**

Revenue by Source	FY 2020		FY 2019		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
Taxes	\$ 34.66	54.3%	\$ 35.68	54.1%	\$ (1.02)	-2.9%
Licenses, permits & fees	6.31	9.9%	5.30	8.0%	1.01	19.1%
Fines, forfeitures & penalties	0.41	0.6%	0.67	1.0%	(0.26)	-39.0%
Use of money & property	2.30	3.6%	3.62	5.5%	(1.32)	-36.4%
Intergovernmental	13.25	20.7%	11.87	18.0%	1.38	11.6%
Charges for current services	6.38	10.0%	8.29	12.6%	(1.91)	-23.1%
Other	0.55	0.9%	0.52	0.8%	0.03	6.6%
Total Revenues	\$ 63.86	100.0%	\$ 65.95	100.0%	\$ (2.09)	-3.2%



**Expenditures Classified by Function
Governmental Funds
For the Years ending June 30, 2020 and 2019
(in millions of dollars)**

Expenditures by Function	FY 2020		FY 2019		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
Current:						
General Government	\$ 3.50	5.9%	\$ 6.05	10.6%	\$ (2.55)	-42.1%
Community Development	3.45	5.8%	2.97	5.2%	0.48	16.0%
Police	20.84	35.3%	19.56	34.2%	1.28	6.5%
Fire	16.64	28.1%	15.72	27.5%	0.92	5.9%
Recreation	2.49	4.2%	2.26	4.0%	0.23	10.1%
Public Works	12.03	20.2%	10.19	17.8%	1.84	18.0%
Capital Outlay	0.24	0.4%	0.43	0.76%	(0.19)	-44.6%
Total Expenditures	\$ 59.19	100.0%	\$ 57.19	100.0%	\$ 2.00	3.5%



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, 2020, total net position for Proprietary Funds increased by \$21 million from the prior year as shown in Table 9 below. Enterprise Funds activity showed total net position for Airport, Transit, Wastewater, Water and Storm Water funds up \$.8m, \$.2m, \$12.9m, \$4.6m and \$.3m respectively. Development Services and Marina funds show slight decreases in fund balance of \$.2m and \$.1m respectively.

Internal Service Funds activity included an increase in net position of \$2.6 million, due mainly to a slight decrease in long term claims payable associated with the City's Workers Compensation Program and decreased liabilities in the Employee Benefits Fund resulting from the paydown of liabilities.

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, 2020 and 2019
(in thousands)

	Proprietary Funds 2020	Proprietary Funds 2019	Proprietary Funds Change
Assets:			
Current assets	\$ 80,704	\$ 66,697	\$ 14,007
Non-current assets	<u>279,679</u>	<u>278,405</u>	<u>1,274</u>
Total assets	<u>360,383</u>	<u>345,102</u>	<u>15,281</u>
Deferred Outflows of Resources:			
Related to Pension	1,838	1,923	(85)
Related to OPEB	<u>133</u>	<u>123</u>	<u>10</u>
Total Deferred Outflows of Resources	<u>1,971</u>	<u>2,046</u>	<u>(75)</u>
Total Assets and Deferred Outflows of Resources	<u><u>362,354</u></u>	<u><u>347,148</u></u>	<u><u>15,206</u></u>
Liabilities:			
Current liabilities	15,407	16,132	(725)
Non-current liabilities	<u>134,992</u>	<u>140,526</u>	<u>(5,534)</u>
Total liabilities	<u>150,399</u>	<u>156,658</u>	<u>(6,259)</u>
Deferred Inflows of Resources:			
Related to Pension	322	420	(98)
Related to OPEB	<u>1,110</u>	<u>506</u>	<u>604</u>
Total Deferred Inflows of Resources	<u>1,432</u>	<u>926</u>	<u>506</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>151,831</u></u>	<u><u>157,584</u></u>	<u><u>(5,753)</u></u>
Net Position:			
Net Investment in Capital Assets	165,688	156,051	9,637
Restricted for debt service	36	-	36
Unrestricted	<u>44,799</u>	<u>33,512</u>	<u>11,287</u>
Total Net Position	<u><u>\$ 210,523</u></u>	<u><u>\$ 189,563</u></u>	<u><u>\$ 20,960</u></u>

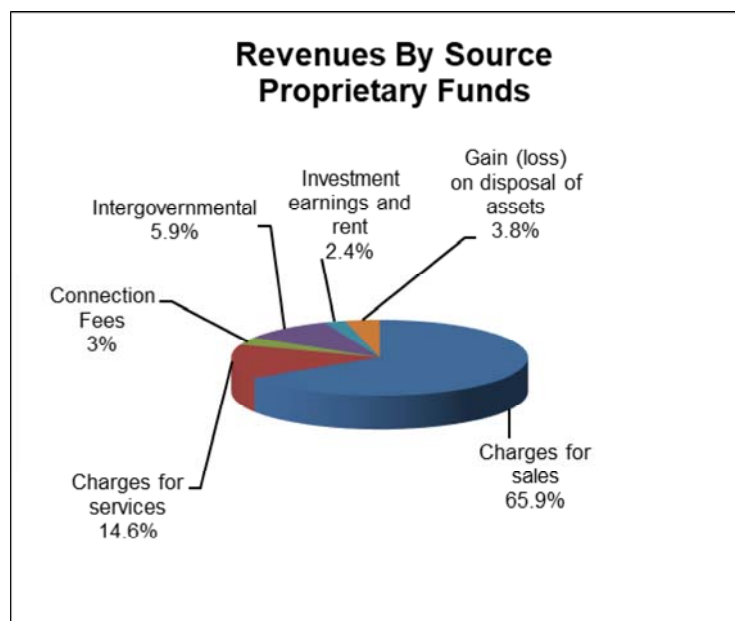
Proprietary Fund revenues increased by approximately \$9 million over the prior year due to increased charges for sales, connection fees and operating grants slightly offset by decreased services and investment returns received in the fiscal year.

Proprietary Fund expenses decreased overall by \$1.5 million from the prior year. This decrease is due to decreased claims expense in the Workers Compensation Funds and associated accrued liability slightly offset by increased cost of services and general and administrative expenses when compared to the prior year.

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

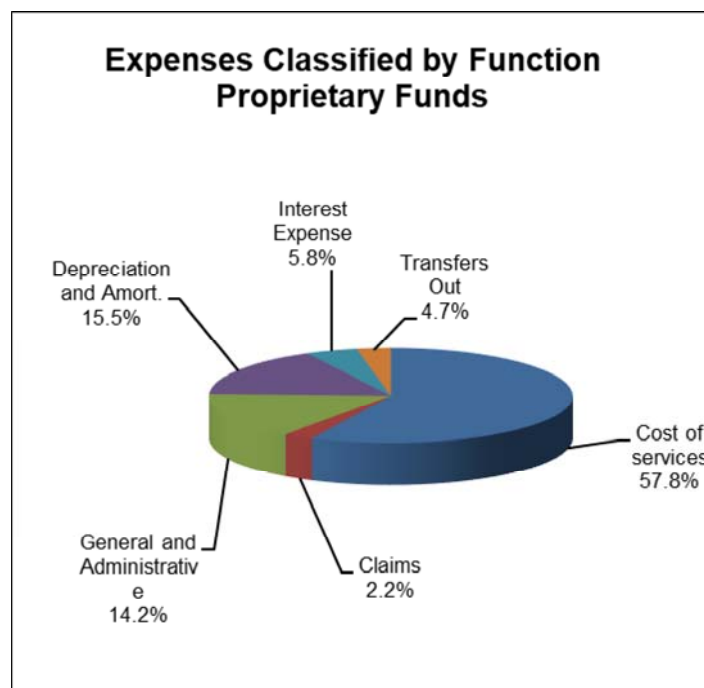
Revenues Classified by Source
Proprietary Funds
For the Years ending June 30, 2020 and 2019
(in millions of dollars)

Revenues by Source	FY 2020		FY 2019		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
Charges for sales	\$ 48.05	65.9%	\$ 45.23	70.9%	\$ 2.82	6.2%
Charges for services	10.65	14.6%	11.08	17.4%	(0.42)	-3.8%
Connection Fees	2.43	3%	1.14	1.8%	1.29	112.7%
Intergovern. operating/non-operating	7.28	10.0%	2.90	4.5%	4.38	150.8%
Investment earnings and rent	1.72	2.4%	1.83	2.9%	(0.12)	-6.4%
Transfers in	2.75	3.8%	1.63	2.5%	1.12	69.0%
Contribution to/from City/Capital	-	0.0%	-	0.0%	-	0.0%
Total Revenues	<u>\$ 72.88</u>	<u>100.0%</u>	<u>\$ 63.82</u>	<u>100.0%</u>	<u>\$ 9.06</u>	<u>14.2%</u>



**Expenses Classified by Function
Proprietary Funds
For the Years ending June 30, 2020 and 2019
(in millions of dollars)**

Expenses by Function	FY 2020		FY 2019		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
Cost of services	\$ 29.68	57.1%	\$ 26.79	50.2%	\$ 2.90	10.8%
Claims	1.39	2.7%	6.33	11.9%	(4.94)	-78.1%
General and administrative	8.27	15.9%	7.25	13.6%	1.02	14.1%
Depreciation and amortization	8.67	16.7%	8.68	16.3%	(0.01)	-0.1%
Interest expense	2.38	4.6%	3.08	5.8%	(0.70)	-22.8%
Transfers Out	1.58	3.0%	1.26	2.4%	0.32	100.0%
Total Expenses	\$ 51.97	100.0%	\$ 53.39	100.0%	\$ (1.42)	-2.7%



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 \$.8 million, due mainly to increased charges for services directly related to cost reimbursements from increased ambulance transport revenues received in the fiscal year resulting from increased fees put in place as of July 1st as well as increased demand and associated transports. 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. Increases are partially offset by losses in sales tax revenues and fees resulting from the ongoing COVID 19 pandemic. Other revenue categories were very close to budgeted amounts.

The General Fund total expenditures were under budget by \$.2 million however when cost related to Strike Team Deployments directly offset by related revenue are removed, total general fund expenditures are under budget by approximately \$.7 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, 2020, equals \$456.9 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 decrease in the City’s investment in capital assets, net of depreciation, for the current fiscal year was \$1.9 million or a .4% decrease (this represents a decrease of \$4.2 million in Governmental Activities and an increase of \$2.3 million for Business Activities).

Capital asset balances as of June 30, 2020 and 2019 were:

Capital Assets (net of depreciation, in millions) as of June 30, 2020 and 2019							Table 12
	Governmental Activities			Increase (Decrease) % Change	Business-type Activities		Increase (Decrease) % Change
	2020	2019		2020	2019		
Land	\$ 39.0	\$ 39.0	0%	\$ 10.7	\$ 10.7	0%	
Construction in Process	49.1	49.2	0%	40.4	36.6	10%	
Bldg and Improv	9.4	9.2	2%	14.1	14.8	-5%	
Vehicle and Equip	4.7	4.8	-2%	3.8	3.7	3%	
Infrastructure	87.3	91.5	-5%	198.3	199.3	0%	
Totals	<u>\$ 189.6</u>	<u>\$ 193.8</u>	<u>-2%</u>	<u>\$ 267.4</u>	<u>\$ 265.1</u>	<u>1%</u>	

At the end of the current fiscal year, the City has no general long-term debt obligation. The Waste Water Fund had \$91 million outstanding in refunded revenue bonds for the Ellis Creek Recycling. The Water Utility had \$4.9 million in outstanding revenue bonds. Airport had outstanding debt of \$2.9m 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, 2020, 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, 2020 and 2019 were:

Table 13

Governmental Activities Long-Term Debt
As of June 30, 2020 and 2019
(in millions)

	Balance June 30, 2020	Balance June 30, 2019	Increase (Decrease)
Compensated Absences	\$ 4,536	\$ 3,507	\$ 1,029
Total Debt	\$ 4,536	\$ 3,507	\$ 1,029

Table 14

Business-Type Activities Long-Term Debt
As of June 30, 2020 and 2019
(in millions)

	Balance June 30, 2020	Balance June 30, 2019	Increase (Decrease)
2016 Airport Refunding Lease	2,870	3,306	(436)
2017 Wastewater Revenue Refunding Bonds	23,365	23,365	-
2017 Wastewater Revenue Unamortized Premium	764	815	(51)
WW-CA SWRCB loan	-	73,587	(73,587)
2019 Wastewater Revenue Refunding Bonds	55,130	-	55,130
2019 Wastewater Revenue Unamortized Premium	11,867	-	11,867
2012 Water Revenue Refunding Bonds	4,889	5,250	(361)
Marina loan-CA Dept of Boating & Waterways	6,426	6,426	-
Compensated Absences	<u>687</u>	<u>403</u>	<u>284</u>
Total Debt	\$ 105,998	\$ 113,152	\$ (7,154)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The entire world continues to experience the impacts and effects of COVID- 19. The City declared a local emergency on March 9, 2020 and we continue to manage day to day operations utilizing technology to keep City business moving forward while maintaining safety protocols for staff and the public. We continue to collaborate with our partners in the community as well as other government agencies to assist and provide support citywide. The City's sales tax revenues, the largest portion of General Fund revenues, have been impacted as a result of this crisis. Other revenues such as business license, property transfer tax and charges for services have all shown reductions through the end of the fiscal year. Other non-general fund revenues, such as Transient Occupancy Tax continue to be severely impacted. The duration of the event will determine the outcome. We continue to monitor the ever-changing situation. 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. Although the COVID 19 pandemic is impacting revenues, we do expect property taxes to remain stable next fiscal year. Revenues from sales taxes are expected to be lower than pre pandemic estimates but are anticipated to rebound as we near the end of the pandemic.

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 2020-21.

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. This document can be found on the City's website at www.cityofpetaluma.net.



BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

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, 2020

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash and investments	\$ 93,742,590	\$ 54,411,353	\$ 148,153,943
Restricted cash and investments	-	35,625	35,625
Receivables:			
Accounts, net	2,288,705	6,403,733	8,692,438
Interest	371,551	-	371,551
Intergovernmental	5,935,767	2,049,163	7,984,930
Internal balances	(6,038,814)	6,038,814	-
Inventories	27,405	631,786	659,191
Deposits and prepaid items	336,007	-	336,007
Loans receivable	49,096,224	-	49,096,224
Interest receivable related to loans receivable	12,658,893	-	12,658,893
Capital assets:			
Non-depreciable	88,149,785	51,161,940	139,311,725
Depreciable, net	101,437,589	216,236,400	317,673,989
Total assets	348,005,702	336,968,814	684,974,516
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	13,547,079	1,668,007	15,215,086
Deferred outflows of resources - OPEB	460,507	50,657	511,164
Total assets and deferred outflows of resources	14,007,586	1,718,664	15,726,250
LIABILITIES			
Accounts payable and accrued liabilities	3,478,528	2,969,506	6,448,034
Wages payable	1,046,328	-	1,046,328
Interest payable	-	339,685	339,685
Unearned revenue	75,560	262,065	337,625
Refundable deposits	297,000	595,089	892,089
Claims payable:			
Due within one year	3,717,167	-	3,717,167
Due in more than one year	8,566,489	-	8,566,489
Compensated absences:			
Due within one year	840,901	173,808	1,014,709
Due in more than one year	4,536,339	686,830	5,223,169
Net pension liability, due in more than one year	84,724,295	13,197,023	97,921,318
OPEB liability, due in more than one year	12,807,436	1,408,833	14,216,269
Long-term debt:			
Due within one year	-	5,822,000	5,822,000
Due in more than one year	-	99,489,057	99,489,057
Total liabilities	120,090,043	124,943,896	245,033,939
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	1,148,704	291,832	1,440,536
Deferred inflows of resources - OPEB	3,850,639	423,575	4,274,214
Total deferred inflows of resources	4,999,343	715,407	5,714,750
NET POSITION			
Net investment in capital assets	189,587,374	162,087,283	351,674,657
Restricted for:			
Special projects:			
CDBG	1,016,325	-	1,016,325
HOME / BEGIN	17,707,268	-	17,707,268
Redevelopment low / moderate income housing	22,731,344	-	22,731,344
Impact fees	60,907,473	-	60,907,473
Grants	1,966,476	-	1,966,476
Gas tax	505,489	-	505,489
Public safety	751,582	-	751,582
Landscape Assessment Districts	502,078	-	502,078
Street maintenance	3,431,653	-	3,431,653
Transient Occupancy Tax	55,948	-	55,948
Parks	960,153	-	960,153
Tourism Improvement	134,622	-	134,622
Debt service	-	35,625	35,625
Permanent Nonexpendable	25,295	-	25,295
Total restricted	110,695,706	35,625	110,731,331
Unrestricted (deficit)	(63,359,178)	50,905,267	(12,453,911)
Total net position	\$ 236,923,902	\$ 213,028,175	\$ 449,952,077

See accompanying Notes to Basic Financial Statements.

City of Petaluma
Statement of Activities
For the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 3,952,487	\$ 307,840	\$ -	\$ -	\$ 307,840
Community development	6,158,436	2,489,389	359,369	-	2,848,758
Police	24,518,643	123,148	454,965	-	578,113
Fire	19,738,271	4,491,754	-	-	4,491,754
Parks and recreation	3,160,114	2,008,696	-	-	2,008,696
Public works	13,139,968	3,217,637	-	2,809,465	6,027,102
Total governmental activities	70,667,919	12,638,464	814,334	2,809,465	16,262,263
Business-type activities:					
Airport	1,661,973	1,674,365	688,391	-	2,362,756
Development services	2,080,095	1,797,110	-	-	1,797,110
Marina	366,190	237,270	6,593	-	243,863
Transit	3,549,100	265,430	3,453,057	-	3,718,487
Wastewater utility	20,540,171	29,319,114	3,124,310	-	32,443,424
Water utility	15,322,314	20,790,308	6,400	-	20,796,708
Storm water	416,647	225,269	-	-	225,269
Total business-type activities	43,936,490	54,308,866	7,278,751	-	61,587,617
Total primary government	\$ 114,604,409	\$ 66,947,330	\$ 8,093,085	\$ 2,809,465	\$ 77,849,880

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 and transfers
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
\$ (3,644,647)	\$ -	\$ (3,644,647)
(3,309,678)	-	(3,309,678)
(23,940,530)	-	(23,940,530)
(15,246,517)	-	(15,246,517)
(1,151,418)	-	(1,151,418)
(7,112,866)	-	(7,112,866)
(54,405,656)	-	(54,405,656)
-	700,783	700,783
-	(282,985)	(282,985)
-	(122,327)	(122,327)
-	169,387	169,387
-	11,903,253	11,903,253
-	5,474,394	5,474,394
-	(191,378)	(191,378)
-	17,651,127	17,651,127
(54,405,656)	17,651,127	(36,754,529)
11,637,555	-	11,637,555
12,956,128	-	12,956,128
4,941,468	-	4,941,468
1,171,102	-	1,171,102
2,642,249	-	2,642,249
1,315,425	-	1,315,425
34,663,927	-	34,663,927
10,226,663	-	10,226,663
1,875,478	1,371,898	3,247,376
-	18,332	18,332
2,858,095	-	2,858,095
381,134	(381,134)	-
50,005,297	1,009,096	51,014,393
(4,400,359)	18,660,223	14,259,864
241,324,261	194,367,952	435,692,213
\$ 236,923,902	\$ 213,028,175	\$ 449,952,077



FUND FINANCIAL STATEMENTS

Governmental Funds Financial Statements

Proprietary Funds Financial Statements

Fiduciary Funds Financial Statements



FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal 2020. 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, 2020

	Major Funds		
	General Fund	HOME / Begin Special Revenue Fund	Impact Fees Special Revenue Fund
ASSETS			
Cash and investments	\$ 10,871,742	\$ 966,052	\$ 52,133,543
Receivables:			
Accounts, net	1,714,144	-	-
Interest	371,551	-	-
Intergovernmental	4,202,670	-	-
Due from other funds	1,013,755	-	-
Inventories	11,887	-	-
Deposits and prepaid items	33,841	-	-
Loans receivable	77,743	16,741,216	8,587,398
Interest receivable related to loans receivable	377	4,886,419	750,598
Advances to other funds	-	-	431,060
Total assets	\$ 18,297,710	\$ 22,593,687	\$ 61,902,599
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,186,499	\$ -	\$ 158,968
Wages payable	1,046,328	-	-
Unearned revenue	75,560	-	-
Refundable deposits	235,900	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Total liabilities	3,544,287	-	158,968
Deferred inflows of resources:			
Unavailable revenues	666,299	4,886,419	836,158
Fund Balances:			
Nonspendable	123,471	-	-
Restricted	-	17,707,268	60,907,473
Committed	3,493,019	-	-
Assigned	7,731,497	-	-
Unassigned	2,739,137	-	-
Total fund balances	14,087,124	17,707,268	60,907,473
Total liabilities, deferred inflows of resources, and fund balances	\$ 18,297,710	\$ 22,593,687	\$ 61,902,599

Major Funds			
Successor Housing Special Revenue Fund	City Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 99,813	\$ 5,274,217	\$ 7,589,549	\$ 76,934,916
-	81,809	445,060	2,241,013
-	-	-	371,551
-	320,057	1,412,154	5,934,881
-	-	-	1,013,755
-	-	-	11,887
-	1,444	-	35,285
22,764,852	-	925,015	49,096,224
7,018,831	-	2,668	12,658,893
-	-	-	431,060
<u>\$ 29,883,496</u>	<u>\$ 5,677,527</u>	<u>\$ 10,374,446</u>	<u>\$ 148,729,465</u>

\$ 73,321	\$ 135,020	\$ 357,870	\$ 2,911,678
-	-	-	1,046,328
-	-	-	75,560
60,000	1,100	-	297,000
-	-	60,311	60,311
-	1,234,012	-	1,234,012
<u>133,321</u>	<u>1,370,132</u>	<u>418,181</u>	<u>5,624,889</u>

<u>7,018,831</u>	<u>76,857</u>	<u>606,644</u>	<u>14,091,208</u>
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-	-	25,295	148,766
22,731,344	-	9,324,326	110,670,411
-	4,230,538	-	7,723,557
-	-	-	7,731,497
-	-	-	2,739,137
<u>22,731,344</u>	<u>4,230,538</u>	<u>9,349,621</u>	<u>129,013,368</u>

<u>\$ 29,883,496</u>	<u>\$ 5,677,527</u>	<u>\$ 10,374,446</u>	<u>\$ 148,729,465</u>
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City of Petaluma
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total fund balances reported on the governmental funds balance sheet	<u>\$ 129,013,368</u>
<p>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:</p>	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	185,986,352
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.	(2,505,363)
Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	14,091,208
<p>The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:</p>	
Compensated absences	(5,233,660)
Net Pension liability	(83,377,660)
Deferred outflows related to pension	13,376,874
Deferred inflows related to pension	(1,118,925)
OPEB obligation	(10,522,882)
Deferred outflows related to OPEB	378,363
Deferred inflows related to OPEB	<u>(3,163,773)</u>
Net Position of Governmental Activities	<u><u>\$ 236,923,902</u></u>



City of Petaluma
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2020

	Major Funds		
	General Fund	HOME / Begin Special Revenue Fund	Impact Fees Special Revenue Fund
REVENUES:			
Taxes	\$ 29,611,204	\$ -	\$ -
Licenses, permits and fees	1,219,536	-	4,993,372
Fines, forfeitures, and penalties	407,108	-	-
Use of money and property	709,078	17,992	1,153,635
Intergovernmental	7,020,481	-	-
Charges for current services	5,733,591	-	99,867
Other	97,215	-	340,357
Total revenues	44,798,213	17,992	6,587,231
EXPENDITURES:			
Current:			
General government	3,401,474	-	-
Community development	1,198,324	-	738,182
Police	20,402,921	-	-
Fire	16,567,868	-	-
Parks and recreation	1,499,639	-	22,277
Public works	4,228,718	-	67,935
Capital outlay	217,208	-	-
Total expenditures	47,516,152	-	828,394
REVENUES OVER (UNDER) EXPENDITURES	(2,717,939)	17,992	5,758,837
OTHER FINANCING SOURCES (USES):			
Transfers in	2,636,433	-	-
Transfers out	(1,377,729)	-	(1,698,050)
Total other financing sources (uses)	1,258,704	-	(1,698,050)
Net change in fund balances	(1,459,235)	17,992	4,060,787
FUND BALANCES:			
Beginning of year, as restated	15,546,359	17,689,276	56,846,686
End of year	\$ 14,087,124	\$ 17,707,268	\$ 60,907,473

Major Funds		Non-Major Governmental Funds	Total Governmental Funds
Successor Housing Special Revenue Fund	City Capital Projects Fund		
\$ -	\$ -	\$ 5,052,723	\$ 34,663,927
-	-	95,764	6,308,672
-	-	-	407,108
201,989	35,768	181,591	2,300,053
-	802,887	5,423,118	13,246,486
-	95,864	453,693	6,383,015
-	-	117,237	554,809
<u>201,989</u>	<u>934,519</u>	<u>11,324,126</u>	<u>63,864,070</u>
-	100,921	-	3,502,395
672,778	-	845,779	3,455,063
-	-	440,077	20,842,998
-	(741)	74,660	16,641,787
-	424,602	542,577	2,489,095
-	3,940,443	3,788,950	12,026,046
-	-	24,428	241,636
<u>672,778</u>	<u>4,465,225</u>	<u>5,716,471</u>	<u>59,199,020</u>
<u>(470,789)</u>	<u>(3,530,706)</u>	<u>5,607,655</u>	<u>4,665,050</u>
212,600	5,630,970	3,831,018	12,311,021
-	(41,561)	(10,360,508)	(13,477,848)
<u>212,600</u>	<u>5,589,409</u>	<u>(6,529,490)</u>	<u>(1,166,827)</u>
(258,189)	2,058,703	(921,835)	3,498,223
<u>22,989,533</u>	<u>2,171,835</u>	<u>10,271,456</u>	<u>125,515,145</u>
<u>\$ 22,731,344</u>	<u>\$ 4,230,538</u>	<u>\$ 9,349,621</u>	<u>\$ 129,013,368</u>

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, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 3,498,223
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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	4,000,526
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$687,341 which has already been allocated to serviced funds)	(8,056,983)
Loss on disposal of capital assets is deducted from fund balance	(87,997)

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	2,022,356
Compensated absences	(1,177,877)
OPEB obligation, and deferred outflows and inflows of resources	(243,012)
Net pension liability, and deferred outflows and inflows of resources	(6,655,077)

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	2,299,482
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Change in Net Position of Governmental Activities	<u>\$ (4,400,359)</u>
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MAJOR PROPRIETARY FUNDS

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, 2020

	Major Proprietary Funds		
	Airport	Development Services	Marina
ASSETS			
Current Assets:			
Cash and investments	\$ 1,150,824	\$ 1,710,631	\$ 13,263
Restricted cash and investments	-	-	-
Receivables:			
Accounts, net	86,541	-	19,219
Intergovernmental	587,317	-	-
Inventories	44,183	-	2,550
Deposits and prepaid items	-	-	-
Total Current Assets	1,868,865	1,710,631	35,032
Non-Current Assets:			
Advance to other funds	-	-	-
Capital assets:			
Non-depreciable	5,325,684	-	-
Depreciable	19,030,473	380,638	5,034,455
Less: accumulated depreciation	(12,343,003)	(364,902)	(3,731,425)
Total Non-current Assets	12,013,154	15,736	1,303,030
Total assets	13,882,019	1,726,367	1,338,062
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	-	170,204	-
Deferred outflows of resources - OPEB	-	13,699	-
Total assets and deferred outflows of resources	13,882,019	1,910,270	1,338,062
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	118,955	48,215	8,587
Unearned revenue	-	-	-
Interest payable	12,963	-	-
Due to other funds	-	-	369,323
Refundable deposits	144,243	171,182	14,555
Claims payable, due within one year	-	-	-
Compensated absences, due within one year	995	7,838	543
Long-term debt, due within one year	447,000	-	-
Total Current Liabilities	724,156	227,235	393,008
Non-current Liabilities:			
Claims payable, due in more than one year	-	-	-
Compensated absences, due in more than one year	9,051	102,096	3,462
Advance from other funds	-	-	-
Net pension liability	-	1,346,635	-
OPEB liability	-	380,996	-
Long-term debt, due in more than one year	2,423,000	-	6,426,352
Total Non-current Liabilities	2,432,051	1,829,727	6,429,814
Total liabilities	3,156,207	2,056,962	6,822,822
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	-	29,779	-
Deferred inflows of resources - OPEB	-	114,549	-
Total deferred inflows of resources	-	144,328	-
NET POSITION			
Net investment in capital assets	9,143,154	15,736	(5,123,322)
Restricted for debt service	-	-	-
Unrestricted	1,582,658	(306,756)	(361,438)
Total net position	\$ 10,725,812	\$ (291,020)	\$ (5,484,760)

Major Proprietary Funds						Governmental
Transit	Wastewater Utility	Wastewater Rate Stabilization	Water Utility	Storm Water	Total	Activities- Internal Service Funds
\$ -	\$ 29,581,758	\$ 3,806,210	\$ 17,541,631	\$ 607,036	\$ 54,411,353	\$ 16,807,674
-	35,625	-	-	-	35,625	-
10,327	5,033,856	-	1,253,790	-	6,403,733	47,692
1,461,846	-	-	-	-	2,049,163	886
86,644	13,809	-	480,859	3,741	631,786	15,518
-	-	-	-	-	-	300,722
1,558,817	34,665,048	3,806,210	19,276,280	610,777	63,531,660	17,172,492
-	6,299,969	-	1,189,698	-	7,489,667	1,189,699
845,430	39,342,267	-	5,648,559	-	51,161,940	-
11,058,139	256,448,250	-	75,202,583	5,334	367,159,872	12,031,687
(6,025,084)	(86,590,988)	-	(41,867,014)	(1,056)	(150,923,472)	(8,430,665)
5,878,485	215,499,498	-	40,173,826	4,278	274,888,007	4,790,721
7,437,302	250,164,546	3,806,210	59,450,106	615,055	338,419,667	21,963,213
68,082	919,107	-	510,614	-	1,668,007	170,205
-	16,358	-	20,600	-	50,657	82,144
7,505,384	251,100,011	3,806,210	59,981,320	615,055	340,138,331	22,215,562
289,911	1,704,031	-	775,885	23,922	2,969,506	566,850
262,065	-	-	-	-	262,065	-
-	296,818	-	29,904	-	339,685	-
498,321	-	-	-	-	867,644	85,800
-	-	-	265,109	-	595,089	-
-	-	-	-	-	-	3,717,167
1,901	98,798	-	60,271	3,462	173,808	7,066
-	5,000,000	-	375,000	-	5,822,000	-
1,052,198	7,099,647	-	1,506,169	27,384	11,029,797	4,376,883
-	-	-	-	-	-	8,566,489
26,298	321,806	-	205,387	18,730	686,830	136,514
-	-	-	-	431,060	431,060	7,445,354
538,654	7,271,829	-	4,039,905	-	13,197,023	1,346,635
-	454,921	-	572,916	-	1,408,833	2,284,554
-	86,125,705	-	4,514,000	-	99,489,057	-
564,952	94,174,261	-	9,332,208	449,790	115,212,803	19,779,546
1,617,150	101,273,908	-	10,838,377	477,174	126,242,600	24,156,429
11,912	160,805	-	89,336	-	291,832	29,779
-	136,775	-	172,251	-	423,575	686,866
11,912	297,580	-	261,587	-	715,407	716,645
5,878,485	118,073,824	-	34,095,128	4,278	162,087,283	3,601,022
-	35,625	-	-	-	35,625	-
(2,163)	31,419,074	3,806,210	14,786,228	133,603	51,057,416	(6,258,534)
\$ 5,876,322	\$ 149,528,523	\$ 3,806,210	\$ 48,881,356	\$ 137,881	\$ 213,180,324	\$ (2,657,512)
Prior years' accumulated adjustment to reflect the consolidation of internal service funds' activities related to the Proprietary funds					(457,196)	
Current years' adjustments to reflect the consolidation of internal service activities related to proprietary funds					305,047	
Net Position per Business-Type Activities Statement of Net Position					<u>213,028,175</u>	

City of Petaluma
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2020

	Major Proprietary Funds		
	Airport	Development Services	Marina
OPERATING REVENUES:			
Charges for sales	\$ 581,976	\$ 250	\$ 2,965
Charges for services	1,092,389	1,796,860	234,305
Connection fee	-	-	-
Total operating revenues	1,674,365	1,797,110	237,270
OPERATING EXPENSES:			
Cost of services	939,477	1,797,160	112,635
Claims	-	-	-
General and administrative	266,192	279,889	154,751
Depreciation	374,490	3,046	98,804
Total operating expenses	1,580,159	2,080,095	366,190
OPERATING INCOME	94,206	(282,985)	(128,920)
NONOPERATING REVENUES (EXPENSES):			
Investment earnings and rent	51,979	43,751	(5,626)
Interest expense	(81,814)	-	-
Intergovernmental	688,391	-	6,593
Gain(loss) on disposal of assets	7,399	-	-
Total nonoperating revenues (expenses)	665,955	43,751	967
INCOME (LOSS) BEFORE TRANSFERS	760,161	(239,234)	(127,953)
Transfers in	-	-	-
Transfers out	-	-	-
Total transfers	-	-	-
Change in net position	760,161	(239,234)	(127,953)
NET POSITION:			
Beginning of year	9,965,651	(51,786)	(5,356,807)
End of year	<u>\$ 10,725,812</u>	<u>\$ (291,020)</u>	<u>\$ (5,484,760)</u>

Major Proprietary Funds						Governmental
Transit	Wastewater Utility	Wastewater Rate Stabilization	Water Utility	Storm Water	Total	Activities- Internal Service Funds
\$ -	\$ 27,826,236	\$ -	\$ 19,636,985	\$ -	\$ 48,048,412	\$ 2,512
265,430	7,770	-	207,445	225,269	3,829,468	6,824,237
-	1,485,108	-	945,878	-	2,430,986	-
265,430	29,319,114	-	20,790,308	225,269	54,308,866	6,826,749
2,694,696	9,244,765	-	12,040,303	362,916	27,191,952	2,491,676
-	-	-	-	-	-	1,388,121
286,066	4,037,625	-	1,749,742	49,728	6,823,993	1,446,323
568,338	5,476,225	-	1,459,705	528	7,981,136	687,341
3,549,100	18,758,615	-	15,249,750	413,172	41,997,081	6,013,461
(3,283,670)	10,560,499	-	5,540,558	(187,903)	12,311,785	813,288
1,903	776,949	79,177	416,682	7,083	1,371,898	342,811
-	(1,975,325)	-	(183,842)	(3,475)	(2,244,456)	(134,814)
3,453,057	3,124,310	-	6,400	-	7,278,751	886
618	-	-	10,315	-	18,332	34,397
3,455,578	1,925,934	79,177	249,555	3,608	6,424,525	243,280
171,908	12,486,433	79,177	5,790,113	(184,295)	18,736,310	1,056,568
-	703,874	-	-	498,473	1,202,347	1,547,961
-	(337,000)	-	(1,196,481)	(50,000)	(1,583,481)	-
-	366,874	-	(1,196,481)	448,473	(381,134)	1,547,961
171,908	12,853,307	79,177	4,593,632	264,178	18,355,176	2,604,529
5,704,414	136,675,216	3,727,033	44,287,724	(126,297)		(5,262,041)
\$ 5,876,322	\$ 149,528,523	\$ 3,806,210	\$ 48,881,356	\$ 137,881		\$ (2,657,512)
Current years' adjustments to reflect the consolidation of internal service activities related to proprietary funds					305,047	
Change in net position per Business-Type Activities Statement of Net Position					\$ 18,660,223	

See accompanying Notes to Basic Financial Statements.

City of Petaluma
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2020

	Major Proprietary Funds		
	Airport	Development Services	Marina
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,107,867	\$ 1,757,952	\$ 235,541
Cash payments to suppliers of goods and services	(1,150,116)	(2,070,196)	(268,619)
Cash payments to employees for services	827	180,903	881
Claims paid	-	-	-
Net cash provided by (used in) operating activities	(41,422)	(131,341)	(32,197)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants and contributions	688,391	-	6,593
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Interfund borrowings	-	-	31,230
Net cash provided by (used) in noncapital financing activities	688,391	-	37,823
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from issuance of long-term debt	-	-	-
Principal payments on long-term debt and capital lease	(436,000)	-	-
Interest paid on long-term debt and capital lease	(83,783)	-	-
Proceeds from sale of capital assets	7,399	-	-
Acquisition of capital assets	(763,649)	-	-
Net cash (used) in capital and related financing activities	(1,276,033)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	51,979	43,751	(5,626)
Net cash provided by investing activities	51,979	43,751	(5,626)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(577,085)	(87,590)	-
CASH AND CASH EQUIVALENTS - Beginning of year	1,727,909	1,798,221	13,263
CASH AND CASH EQUIVALENTS - End of year	\$ 1,150,824	\$ 1,710,631	\$ 13,263
FINANCIAL STATEMENT PRESENTATION:			
Cash and investments	\$ 1,150,824	\$ 1,710,631	\$ 13,263
Restricted cash and investments	-	-	-
TOTAL	\$ 1,150,824	\$ 1,710,631	\$ 13,263
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 94,206	\$ (282,985)	\$ (128,920)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	374,490	3,046	98,804
Changes in assets and liabilities:			
Accounts receivable	20,892	-	300
Intergovernmental receivables	(587,986)	-	-
Inventories	22,859	-	(351)
Deposits and prepaid items	-	-	-
Advance to other funds	-	-	-
Deferred outflows of resources - pension	-	11,143	-
Deferred outflows of resources - OPEB	-	(996)	-
Accounts payable and accrued liabilities	32,694	6,853	(882)
Unearned revenue	-	-	-
Refundable deposits	596	(39,158)	(2,029)
Claims payable	-	-	-
Net pension liability	-	126,716	-
Deferred inflows of resources - pension	-	(9,900)	-
Deferred inflows of resources - OPEB	-	62,432	-
OPEB liability	-	(52,637)	-
Compensated absences payable	827	44,145	881
Total adjustments	(135,628)	151,644	96,723
Net cash provided (used) in operating activities	\$ (41,422)	\$ (131,341)	\$ (32,197)

Major Proprietary Funds						Governmental
Transit	Wastewater Utility	Wastewater Rate Stabilization	Water Utility	Storm Water	Total	Activities- Internal Service Funds
\$ (644,256)	\$ 28,367,643	\$ -	\$ 20,775,892	\$ 225,269	\$ 51,825,908	\$ 6,838,808
(3,058,443)	(13,350,893)	-	(13,869,645)	(406,695)	(34,174,607)	(3,517,580)
327,631	1,280,797	-	477,680	7,163	2,275,882	(104,392)
-	-	-	-	-	-	(1,646,504)
(3,375,068)	16,297,547	-	7,383,927	(174,263)	19,927,183	1,570,332
3,453,057	3,124,310	-	6,400	-	7,278,751	-
-	703,874	-	-	498,473	1,202,347	1,547,961
-	(337,000)	-	(1,196,481)	(50,000)	(1,583,481)	-
498,321	762,417	-	80,880	(44,998)	1,327,850	(628,707)
3,951,378	4,253,601	-	(1,109,201)	403,475	8,225,467	919,254
-	-	-	-	-	-	886
-	(6,641,511)	-	(361,000)	-	(7,438,511)	-
-	(2,147,896)	-	(186,051)	(3,475)	(2,421,205)	(134,814)
618	-	-	10,315	-	18,332	34,397
(709,175)	(7,539,722)	-	(1,201,019)	-	(10,213,565)	(652,907)
(708,557)	(16,329,129)	-	(1,737,755)	(3,475)	(20,054,949)	(752,438)
1,903	776,949	79,177	416,682	7,083	1,371,898	342,811
1,903	776,949	79,177	416,682	7,083	1,371,898	342,811
(130,344)	4,998,968	79,177	4,953,653	232,820	9,469,599	2,079,959
130,344	24,618,415	3,727,033	12,587,978	374,216	44,977,379	14,727,715
\$ -	\$ 29,617,383	\$ 3,806,210	\$ 17,541,631	\$ 607,036	\$ 54,446,978	\$ 16,807,674
\$ -	\$ 29,581,758	\$ 3,806,210	\$ 17,541,631	\$ 607,036	\$ 54,411,353	\$ 16,807,674
-	35,625	-	-	-	35,625	-
\$ -	\$ 29,617,383	\$ 3,806,210	\$ 17,541,631	\$ 607,036	\$ 54,446,978	\$ 16,807,674
\$ (3,283,670)	\$ 10,560,499	\$ -	\$ 5,540,558	\$ (187,903)	\$ 12,311,785	\$ 813,288
568,338	5,476,225	-	1,459,705	528	7,981,136	687,341
3,076	(1,339,151)	-	(34,645)	-	(1,349,528)	12,945
(912,762)	387,680	-	-	-	(1,113,068)	(886)
(497)	6,376	-	(51,970)	-	(23,583)	6,829
-	-	-	-	-	-	9,949
-	-	-	-	-	-	47,411
4,457	(12,375)	-	33,425	-	36,650	(5,974)
-	(1,190)	-	(1,499)	-	(3,685)	403,641
(77,184)	(74,879)	-	(27,630)	5,949	(135,079)	-
262,065	-	-	-	-	262,065	-
-	-	-	20,229	-	(20,362)	(258,383)
-	-	-	-	-	-	(117,267)
50,687	1,172,236	-	380,149	-	1,729,788	(17,836)
(3,960)	(37,590)	-	(29,701)	-	(81,151)	374,361
-	74,546	-	93,882	-	230,860	(315,629)
-	(62,850)	-	(79,152)	-	(194,639)	(69,458)
14,382	148,020	-	80,576	7,163	295,994	-
(91,398)	5,737,048	-	1,843,369	13,640	7,615,398	757,044
\$ (3,375,068)	\$ 16,297,547	\$ -	\$ 7,383,927	\$ (174,263)	\$ 19,927,183	\$ 1,570,332

See accompanying Notes to Basic Financial Statements.



FIDUCIARY FUNDS

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, 2020

	Agency Funds	Private Purpose Trust Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 3,196,176	\$ 3,349,483
Restricted cash and investments	-	8,083
Notes receivable	-	234,744
Accounts receivable	185	-
Interest receivable	15,183	-
Deposits and prepayments	-	219
Total assets	<u>\$ 3,211,544</u>	<u>3,592,529</u>
LIABILITIES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 3,211,160	133,003
Deposits payable	384	-
Interest payable	-	358,483
Long-term debt:		
Long-term debt, due within one year	-	3,035,000.00
Long-term debt, due in more than one year	-	58,961,963
Total liabilities	<u>\$ 3,211,544</u>	<u>62,488,449</u>
NET POSITION:		
Held in trust for private purposes		<u>(58,895,920)</u>
Total net position		<u>\$ (58,895,920)</u>

City of Petaluma
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
For the year ended June 30, 2020

	<u>Private Purpose Trust Funds</u>
ADDITIONS:	
Property tax	\$ 5,179,390
Use of money and property	<u>16,269</u>
Total additions	<u>5,195,659</u>
DEDUCTIONS:	
Community development	201,926
Interest expense	<u>2,174,813</u>
Total deductions	<u>2,376,739</u>
Change in net position	2,818,920
NET POSITION:	
Beginning of year	<u>(61,714,840)</u>
End of year	<u><u>\$ (58,895,920)</u></u>



CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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 unassigned 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, 2020

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 2019-2020, 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:	
Community Development	\$515,747
Public Works	342,731
Capital Outlay	120,698
Housing Successor Fund:	
Community Development	382,735

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, 2020

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, 2020. 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, 2020, were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$ 4,268,821	\$ 564,644	\$ 4,833,465
Additions	4,556,266	1,050,072	5,606,338
Payments	(3,447,841)	(754,077)	(4,201,918)
Ending Balance	<u>\$ 5,377,240</u>	<u>\$ 860,638</u>	<u>\$ 6,237,878</u>
Due Within One Year	\$ 840,901	\$ 173,808	\$ 1,014,709
Due In More Than One Year	4,536,339	686,830	5,223,169
	<u>\$ 5,377,240</u>	<u>\$ 860,638</u>	<u>\$ 6,237,878</u>

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020

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

In 2020, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

GASB Statement No. 95 - *Postponement of the Effective Dates of Certain Authoritative Guidance* – The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The City has elected to implement the provisions of all GASB Statements based on the new effective dates.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020, are as follows:

City cash and investments in primary government	
Cash and investments	\$ 148,153,943
Restricted cash and investments	<u>35,625</u>
Total cash and investment in primary government	<u>148,189,568</u>
Cash and investment in Fiduciary Funds (Separate Statement)	
Cash and investment	6,545,659
Restricted Cash and investment	<u>8,083</u>
Total cash and investment in Fiduciary Funds	<u>6,553,742</u>
Total cash and investments	<u>\$ 154,743,310</u>

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2020, consist of the following:

Cash on hand	\$	2,509
Cash and investments with financial institutions		154,697,093
Cash and investments with fiscal agents		43,708
Total Cash and Investments	\$	154,743,310

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 \$43,708 at June 30, 2020, 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, 2020

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	48 months or more	Fair Value Total
Securities of U.S. Government Agencies						
FHLB	\$ -	\$ 2,528,092	\$ 489,226	\$ -	\$ -	3,017,318
FHLMC	177,074	1,443,593	3,501,578	778,754	354,785	6,255,784
FFCB	-	2,455,002	-	-	-	2,455,002
FNMA	755,776	783,187	2,130,246	-	-	3,669,209
U.S. Treasury Bonds/Notes	1,871,797	4,002,292	6,196,516	-	-	12,070,605
California Local Agency Investment Fund	69,037,496	-	-	-	-	69,037,496
California Asset Management Program	40,552,990	-	-	-	-	40,552,990
Held by Fiscal Agents	43,708	-	-	-	-	43,708
Total Investments	<u>\$112,438,841</u>	<u>\$ 11,212,166</u>	<u>\$ 12,317,566</u>	<u>\$ 778,754</u>	<u>\$ 354,785</u>	137,102,112
Cash on hand and in banks						17,641,198
Total Cash and Investments						<u>\$154,743,310</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, 2020, these investments have an average maturity of 191 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, 2020, the fair value was approximate to the City's cost. At June 30, 2020, these investments have an average maturity of 53 days.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020, have an average maturity of 43 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, 2020, are as follows:

Investment Type	AAAm	AA+/Aaa	Fair Value Total
Securities of U.S. Government Agencies			
FHLB	\$ -	\$ 3,017,318	\$ 3,017,318
FHLMC	-	6,255,784	6,255,784
FFCB	-	2,455,002	2,455,002
FNMA	-	3,669,209	3,669,209
California Asset Management Program	40,552,990	-	40,552,990
Total	<u>\$ 40,552,990</u>	<u>\$ 15,397,313</u>	55,950,303
<i>Not rated:</i>			
California Local Agency Investment Fund			69,037,496
Held by Fiscal Agents			43,708
Cash on Hand and in Banks			17,641,198
<i>Exempt from credit rate disclosure:</i>			
U.S. Treasury Bonds/ Notes			12,070,605
Total Cash and Investments			<u>\$154,743,310</u>

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020:

Investment Type	Level 1	Level 2	Total
Investment by Fair Value Level:			
Securities of U.S. Government Agencies			
FHLB	\$ -	\$ 3,017,318	\$ 3,017,318
FHLMC	-	6,255,784	6,255,784
FFCB	-	2,455,002	2,455,002
FNMA	-	3,669,209	3,669,209
U.S. Treasury Bonds/Notes	12,070,605	-	12,070,605
Total Investments	<u>\$ 12,070,605</u>	<u>\$ 15,397,313</u>	27,467,918
Investment not subject to leveling disclosure:			
California Asset Management Program			40,552,990
California Local Agency Investment Fund			69,037,496
Held by Fiscal Agents			43,708
Cash on Hand and in Banks			17,641,198
Total Cash and Investments			<u>\$154,743,310</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, 2020.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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 2019-2020 the General Fund made a short-term loan of \$1,013,755 to the following funds:

Due From	Amount
Marina Fund	\$ 369,323
Transit Fund	498,321
Non-Major Funds:	
Transient Occupancy Tax Special Revenue Fund	60,311
Information Services - Internal Service Fund	85,800
	\$ 1,013,755

B. Long-Term Advances

At June 30, 2020, advances to/advances from other funds were as follows:

Advance To Other Funds (Fund making loan)	Storm Water Fund	City Capital Projects Fund	Internal Service Funds Vehicle & Equipment Replacement Fund	Employee Benefits Fund	Total
Governmental Funds:					
Impact Fees Special Revenue Fund	\$ 431,060	\$ -	\$ -	\$ -	\$ 431,060
Total Governmental Funds	431,060	-	-	-	431,060
Proprietary Funds:					
Wastewater Utility Fund	-	1,234,012	1,535,907	5,065,957	7,835,876
Water Utility Fund	-	-	-	1,189,698	1,189,698
Total Proprietary Funds	-	1,234,012	1,535,907	6,255,655	9,025,574
Internal Service Funds					
Risk Management - Internal Service Fund	-	-	-	1,189,698	1,189,698
Total Internal Service Funds	-	-	-	1,189,698	1,189,698
Total	\$ 431,060	\$ 1,234,012	\$ 1,535,907	\$ 7,445,353	\$ 10,646,332

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, 2020, the outstanding amount of the advance was \$431,060.

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 2019-2020, the total outstanding amount of the advance has been fully repaid back.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

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, 2020, the outstanding amount of the advance was \$1,535,907.

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 to the Employee Benefits Fund f3or 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, 2020, the outstanding amount of the advance was \$5,909,447.

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, 2020, the outstanding amount of the advance was \$1,234,012.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020, were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Non-Major Governmental Funds	\$ 2,586,433 (A)
	Impact Fees Special Revenue Fund	50,000 (C)
Successor Housing Fund	Impact Fees Special Revenue Fund	187,000 (A)
	Non-Major Governmental Funds	25,600 (A)
City Capital Projects Fund	General Fund	435,676 (B)
	Impact Fees Special Revenue Fund	425,550 (B)
	Non-Major Governmental Funds	4,599,557 (B)
	Water Utility Enterprise Fund	120,187 (B)
	Storm Water Enterprise Fund	50,000 (B)
Non-Major Governmental Funds	Non-Major Governmental Funds	2,686,457 (A)
	City Capital Projects Fund	41,561 (B)
	General Fund	300,000 (A)
	Water Utility Enterprise Fund	466,000 (B)
	Wastewater Utility Enterprise Funds	337,000 (B)
Internal Service Fund	General Fund	50,000 (A)
	Impact Fees Special Revenue Fund	1,035,500 (A)
	Non-Major Governmental Funds	462,461 (A)
Wastewater Utility Enterprise Funds	General Fund	93,580 (C)
	Water Utility Enterprise Fund	610,294 (C)
Storm Water Enterprise Fund	General Fund	498,473 (D)
		<u>\$ 15,061,329</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, 2020

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	\$ 5,057,964
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	7,643,219
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	45,772,024
First-Time Home Buyers Loans	<u>3,324,200</u>
Total	<u>\$ 49,096,224</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, 2020, the total principal and interest receivable related to these loans was \$45,772,024 and \$12,658,893, respectively.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020, the outstanding balance of the loans was \$3,324,200.

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, 2020

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, 2020, is as follows:

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
Governmental Activities					
Capital Assets not being Depreciated					
Land	\$ 39,013,406	\$ -	\$ -	\$ -	\$ 39,013,406
Construction in progress	49,196,825	3,758,889	-	(3,819,335)	\$ 49,136,379
Total Capital Assets not being Depreciated	88,210,231	3,758,889	-	(3,819,335)	88,149,785
Capital Assets being Depreciated					
Buildings and Improvements	23,045,134	-	-	722,415	23,767,549
Machinery & Equip & Software	17,940,422	894,544	(303,606)	-	18,531,360
Infrastructure	207,290,660	-	(344,883)	3,096,920	210,042,697
Total Capital Assets being Depreciated	248,276,216	894,544	(648,489)	3,819,335	252,341,606
Less Accumulated Depreciation					
Buildings and Improvements	(13,814,986)	(551,844)	-	-	(14,366,830)
Vehicles and Equipment	(13,114,753)	(989,159)	303,606	-	(13,800,306)
Infrastructure	(115,790,446)	(7,203,320)	256,885	-	(122,736,881)
Total Accumulated Depreciation	(142,720,185)	(8,744,323)	560,491	-	(150,904,017)
Net Capital Assets being Depreciated	105,556,031	(7,849,779)	(87,998)	3,819,335	101,437,589
Governmental Activities Capital Assets, Net	\$193,766,262	\$ (4,090,890)	\$ (87,998)	\$ -	\$189,587,374

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 5 - CAPITAL ASSETS (Continued)

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
<i>Business-type Activities</i>					
Capital Assets not being Depreciated					
Land	\$ 10,731,229	\$ -	\$ -	\$ -	\$ 10,731,229
Construction in progress	36,619,671	9,044,574	-	(5,233,534)	40,430,711
Total Capital Assets not being Depreciated	47,350,900	9,044,574	-	(5,233,534)	51,161,940
Capital Assets being Depreciated					
Buildings and Improvements	30,017,722	-	-	-	30,017,722
Vehicles and Equipment	14,787,117	943,929	(256,591)	-	15,474,455
Infrastructure	317,404,985	237,535	-	5,233,534	322,876,054
Total Capital Assets being Depreciated	362,209,824	1,181,464	(256,591)	5,233,534	368,368,231
Less Accumulated Depreciation					
Buildings and Improvements	(14,657,330)	(711,928)	-	-	(15,369,258)
Vehicles and Equipment	(11,086,691)	(813,147)	244,117	-	(11,655,721)
Infrastructure	(118,650,792)	(6,456,060)	-	-	(125,106,852)
Total Accumulated Depreciation	(144,394,813)	(7,981,135)	244,117	-	(152,131,831)
Net Capital Assets being Depreciated	217,815,011	(6,799,671)	(12,474)	5,233,534	216,236,400
Business-type Activities Capital Assets, Net	\$ 265,165,911	\$ 2,244,903	\$ (12,474)	\$ -	\$ 267,398,340

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, 2020

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	\$	130,537
Community Development		2,697,861
Police		146,678
Fire		85,804
Parks and Recreation		1,038,584
Public Works		3,957,519
Internal Service Funds:		
Information Services		33,571
Vehicle Replacement - GG		653,770
Total Depreciation Expense	\$	<u>8,744,323</u>

Business Functions

Airport	\$	374,490
Development Services		3,046
Marina		98,804
Transit		568,338
Wastewater Utility		5,476,225
Water Utility		1,459,705
Storm Water		528
Total Depreciation Expense	\$	<u>7,981,135</u>

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020, were as follows:

Business-Type Activity Debt:	<u>Original Issue Amount</u>	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2020</u>	<u>Amount due within one year</u>
Revenue Bonds:						
2012 Water Revenue Refunding Bonds 3.670%, due 5/1/2031	\$ 7,529,000	\$ 5,250,000	\$ -	\$ 361,000	\$ 4,889,000	\$ 375,000
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	814,554	-	50,910	763,643	-
2019 Wasterwater Revenue Refunding Bonds 5.00%, Due 05/01/2029	60,775,000	-	60,775,000	5,645,000	55,130,000	5,000,000
Plus: Original issue Premium	13,185,626	-	13,185,626	1,318,563	11,867,063	-
Total Revenue Bonds		<u>29,429,554</u>	<u>73,960,626</u>	<u>7,375,473</u>	<u>96,014,706</u>	<u>5,375,000</u>
State Loan Fund:						
State Revolving Loan Fund 1.400%, due 4/9/2029	125,964,254	<u>73,587,664</u>	-	<u>73,587,664</u>	-	-
Notes Payable:						
California Department of Boating and Waterways	3,960,000	<u>6,426,351</u>	-	-	<u>6,426,351</u>	-
Total Notes Payable		<u>6,426,351</u>	-	-	<u>6,426,351</u>	-
Lease Obligation:						
2016 Airport Refunding Lease Obligation 2.710%, due 11/1/2025	\$ 4,531,000	<u>3,306,000</u>	-	<u>436,000</u>	<u>2,870,000</u>	<u>447,000</u>
Total Lease Obligation		<u>3,306,000</u>	-	<u>436,000</u>	<u>2,870,000</u>	<u>447,000</u>
Total Business Type Activity Debt		<u>\$112,749,569</u>	<u>\$ 73,960,626</u>	<u>\$ 81,399,137</u>	<u>\$105,311,057</u>	<u>\$ 5,822,000</u>

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020.

Business-Type Activity Debt:							
For the Year Ending June 30, 2020	Revenue Bonds		Notes Payable		Lease Obligation		
	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 5,375,000	\$ 3,734,364	\$ 392,310	\$ -	\$ 447,000	\$ 71,720	
2022	5,638,000	3,470,363	428,424	-	459,000	59,444	
2023	5,916,000	3,193,385	5,605,617	-	472,000	46,829	
2024	6,209,000	2,902,588	-	-	484,000	33,875	
2025	8,422,000	2,881,658	-	-	497,000	20,582	
2026/2030	31,729,000	7,581,553	-	-	511,000	6,924	
2031/2035	18,320,000	2,068,494	-	-	-	-	
2036/2036	1,775,000	55,469	-	-	-	-	
Outstanding Accumulated Payments and Penalties	83,384,000	<u>\$25,887,874</u>	6,426,351	<u>\$ -</u>	2,870,000	<u>\$ 239,374</u>	
Add: Original Issuance Premium (Discount)	12,630,706		-		-		
Total debt	<u>\$96,014,706</u>		<u>\$ 6,426,351</u>		<u>\$ 2,870,000</u>		

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 \$7,416,945 and \$547,051 in fiscal 2019-20. Total principal and interest remaining to be paid on the Bonds was \$5.9 million as of June 30, 2020.

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 \$23,365,000 as of June 30, 2020.

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, 2020

NOTE 6 - LONG-TERM DEBT (Continued)

2019 Wastewater Revenue Refunding Bonds - On August 21, 2019 the City issued 2019 Wastewater Revenue Bonds in the amount of \$60,775,000. The proceeds of the bonds were 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. The Bonds mature annually each May 1 from 2020 to 2029 in amounts ranging from \$5,000,000 to \$7,385,000 and bear interest at rates of 5.00%. 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 \$23,365,000 as of June 30, 2020.

The bonds were issued at a premium of \$13,185,626 which is being amortized over the 10-year life of the bonds resulting in an annual amortization of \$1,318,563.

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%. On August 21, 2019 the total outstanding balance has been retired using the proceeds of 2019 Wastewater Revenue Refunding bonds.

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, 2020 was \$6,426,352. 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, 2020 was \$2,870,000.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020

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, 2020

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, 2020

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City’s Fund Balances as of June 30, 2020, 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	\$ 123,471	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,471
Subtotal	123,471	-	-	-	-	-	123,471
Amounts required to maintain intact:							
Permanent funds	-	-	-	-	-	25,295	25,295
Total Nonspendable Fund Balances	123,471	-	-	-	-	25,295	148,766
Restricted for:							
Special projects	-	-	60,907,473	-	-	-	60,907,473
Community redevelopment	-	-	-	-	-	9,324,326	9,324,326
Low-income housing	-	17,707,268	-	22,731,344	-	-	40,438,612
Total Restricted Fund Balances	-	17,707,268	60,907,473	22,731,344	-	9,324,326	110,670,411
Committed to:							
Special projects	3,493,019	-	-	-	4,230,538	-	7,723,557
Total Committed Fund Balances	3,493,019	-	-	-	4,230,538	-	7,723,557
Assigned:							
Special projects	7,731,497	-	-	-	-	-	7,731,497
Total Assigned Fund Balances	7,731,497	-	-	-	-	-	7,731,497
Unassigned:							
General Fund	2,739,137	-	-	-	-	-	2,739,137
Total Unassigned Fund Balances	2,739,137	-	-	-	-	-	2,739,137
Total Fund Balance	<u>\$ 14,087,124</u>	<u>\$ 17,707,268</u>	<u>\$ 60,907,473</u>	<u>\$ 22,731,344</u>	<u>\$ 4,230,538</u>	<u>\$ 9,349,621</u>	<u>\$ 129,013,368</u>

C. Fund Deficits

As of June 30, 2020, the Development Services Enterprise Fund, the Marina 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 \$291,020, \$5,484,760, \$6,935,222, \$1,436,653, \$2,854,872 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, 2020

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, 2020:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
Miscellaneous	\$ 3,553,028	\$ 26,932,700	\$ 595,576	\$ 5,255,697
Safety	11,662,058	70,988,618	844,960	12,592,856
Total	\$ 15,215,086	\$ 97,921,318	\$ 1,440,536	\$ 17,848,553

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 9 – PENSION PLANS (Continued)

The Plans' provisions and benefits in effect at June 30, 2020, 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%	6.75% - 10.75%
Required employer contribution rates	9.492%	9.492%	50% of the Total Normal Cost

In addition, the City made a payment to the Miscellaneous Plan's unfunded liability in the amount of \$1,610,898

	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%
Required employer contribution rates	19.607%	19.607%	50% of the Total Normal Cost

In addition, the City made a payment to the Safety Plan's unfunded liability in the amount of \$4,410,200

The City's Net pension liability is generally liquidated by the General Fund, Internal Service Funds and, Enterprise Funds

Employees Covered – As of measurement dates June 30, 2019 and 2018, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	
	June 30, 2019	June 30, 2018
Inactive employees or beneficiaries currently receiving benefits	305	289
Inactive employees entitled to but not yet receiving benefits	241	234
Active employees	197	189
Total	743	712

	Safety	
	June 30, 2019	June 30, 2018
Inactive employees or beneficiaries currently receiving benefits	215	206
Inactive employees entitled to but not yet receiving benefits	89	80
Active employees	111	113
Total	415	399

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2018 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.375%(1)
Mortality (2)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up or 2.50% 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, 2018 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, 2020

NOTE 9 – PENSION PLANS (Continued)

Change of Assumptions – For the June 30, 2019 measurement date there were no changes in assumptions. In 2018, 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, 2020

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)
Balance at June 30, 2018 Measurement Date	\$ 116,879,810	\$ 92,481,437	\$ 24,398,373
Changes in the year:			
Service cost	2,267,931	-	2,267,931
Interest on the total pension liability	8,339,289	-	8,339,289
Differences between actual and expected experience	1,696,254	-	1,696,254
Contribution - employer	-	2,217,461	(2,217,461)
Contribution - employee	-	1,613,907	(1,613,907)
Net investment income	-	6,003,561	(6,003,561)
Administrative expenses	-	(65,997)	65,997
Benefit payments , including refunds of employee contributions	(6,153,231)	(6,153,231)	-
Other miscellaneous Income/(Expense)	-	215	(215)
Net changes	6,150,243	3,615,916	2,534,327
Balance at June 30, 2019 Measurement Date	\$ 123,030,053	\$ 96,097,353	\$ 26,932,700

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018 Measurement Date	\$ 201,213,904	\$ 134,575,096	\$ 66,638,808
Changes in the year:			
Service cost	3,739,059	-	3,739,059
Interest on the total pension liability	14,341,094	-	14,341,094
Differences between actual and expected experience	2,573,806	-	2,573,806
Contribution - employer	-	6,295,736	(6,295,736)
Contribution - employee	-	1,382,382	(1,382,382)
Net investment income	-	8,721,753	(8,721,753)
Administrative expenses	-	(96,036)	96,036
Benefit payments , including refunds of employee contributions	(10,164,976)	(10,164,976)	-
Other miscellaneous Income/(Expense)	-	314	(314)
Net changes	10,488,983	6,139,173	4,349,810
Balance at June 30, 2019 Measurement Date	\$ 211,702,887	\$ 140,714,269	\$ 70,988,618

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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	42,231,024	99,715,508
Current Discount Rate	7.15%	7.15%
Net Pension Liability	26,932,700	70,988,618
1% Increase	8.15%	8.15%
Net Pension Liability	14,193,164	47,408,983

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, 2020, the City contributions to the plan were \$9,546,603. At June 30, 2020, 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	\$ 2,509,179	\$ -
Differences between actual and expected experience	1,043,849	(59,692)
Changes in assumptions	-	(171,867)
Net differences between projected and actual earnings on plan investments	-	(364,017)
Total	<u>\$ 3,553,028</u>	<u>\$ (595,576)</u>

Safety Plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 7,037,424	\$ -
Differences between actual and expected experience	2,303,985	(62,674)
Changes in assumptions	2,320,649	(377,608)
Net differences between projected and actual earnings on plan investments	-	(404,678)
Total	<u>\$ 11,662,058</u>	<u>\$ (844,960)</u>

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 9 – PENSION PLANS (Continued)

\$9,546,603 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, 2021. 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
2021	\$ 802,200	2021	\$ 3,687,160
2022	(338,922)	2022	(213,888)
2023	(115,727)	2023	148,342
2024	100,722	2024	158,060
Total	<u>\$ 448,273</u>	Total	<u>\$ 3,779,674</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, 2020, the City contributed \$4,263 and the covered employees contributed \$59,679 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, 2020

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, 2020, the City’s contributions to the Plan were \$511,164.

The City’s Total OPEB Liability will be liquidated by the General Fund, Internal Service Funds, and Enterprise Funds.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2019.

Active employees	296
Inactive currently receiving benefits	180
Inactive entitled to but not yet receiving benefits payments	113
Total	589

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2019
Measurement Date	June 30, 2019
Contribution Policy	No pre-funding
Discount Rate:	3.50% at June 30, 2019 (Bond Buyer 20-Bond Index)
	3.87% at June 30, 2018 (Bond Buyer 20-Bond Index)
General Inflation	2.75%
Salary Increases:	Aggregate -3% annually
	Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
	Medicare - 6.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality, Retirement, Disability	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
PEMHCA Minimum Increase	4.25% annually

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:

	<u>Total OPEB Liability</u>
Balance at June 30, 2018 (Measurement Date)	\$ 16,180,353
Changes in the year:	
Service cost	945,118
Changes of assumptions	(1,185,378)
Interest on the total OPEB liability	653,601
Actual vs. expected experience	(1,904,298)
Benefit payments	(473,127)
Net changes	<u>(1,964,084)</u>
Balance at June 30, 2019 (Measurement Date)	\$ 14,216,269

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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% (2.50%)	Current Discount Rate (3.50%)	Discount Rate + 1% (4.50%)
\$ 16,460,157	\$ 14,216,269	\$ 12,411,177

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% Increase
\$ 12,356,904	\$ 14,216,269	\$ 16,620,016

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$840,971. At June 30, 2020, 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	\$ 511,164	\$ -
Changes in assumptions	-	(2,630,779)
Differences between expected and actual experience	-	(1,643,435)
Total	\$ 511,164	\$ (4,274,214)

\$511,164 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, 2021. 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:	
2021	\$ (760,113)
2022	(760,113)
2023	(760,113)
2024	(760,113)
2025	(637,113)
Thereafter	(596,649)
Total	\$ (4,274,214)

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020, for general liability was \$2,048,100 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, 2020 for workers' compensation was \$10,235,556 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, 2020

NOTE 12 - RISK MANAGEMENT

The accrued claims liability reported in the risk funds as of June 30, 2020, 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, 2020. 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, 2020.

The following is a reconciliation of changes in the aggregate liabilities for claims for the years ended June 30, 2020, 2019, and 2018:

For the Years Ended June 30,	Claims Payable July 1,	Claims Incurred	Claims Payments	Claims Payable June 30,	Claims Payable Due within One Year
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
2020	12,542,039	(92,221)	(166,162)	12,283,656	3,717,167

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, 2020 totaling \$3,795,017 for construction related contracts awarded, but not completed, and proprietary funds in the amount of \$13,027,626. In addition, the City's governmental funds had outstanding professional service contracts at year-end in the amount of \$2,768,862 and proprietary funds in the amount of \$6,199,152.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

C. Marina Enterprise Fund Finances

At June 30, 2020, 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, 2020, 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) have operated 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 has operated the system until June of 2020 when funding for this operation was exhausted. ECA has begun procedures to close the site while working with Sonoma County officials. Site closure is expected in spring of 2021.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020 are discussed in Note 2. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2020.

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, 2020, the outstanding balance of the loans was \$234,744.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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:

	Notes					
Successor Agency Debt:	Original Issue Amount	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020	Amount due within one year
Tax Allocation Bonds:						
2015 Tax Allocation Bonds, Series A 3.73%, due 5/1/2033	\$ 19,545,000	\$ 17,320,000	\$ -	\$ 655,000	\$ 16,665,000	\$ 675,000
2015 Tax Allocation Bonds, Series B 3.25%, due 5/1/2030	16,060,000	12,920,000	-	980,000	11,940,000	1,010,000
2017 Tax Allocation Refunding Bonds 3.00-4.00%, due 11/01/2039	35,945,000	34,300,000	-	1,310,000	32,990,000	1,350,000
Plus: Original issue Premium	491,287	424,294	-	22,331	401,963	-
Total Tax Allocation Bonds		<u>\$ 64,964,294</u>	<u>\$ -</u>	<u>\$ 2,967,331</u>	<u>\$ 61,996,963</u>	<u>\$ 3,035,000</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, 2020

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 \$80,466,013 at June 30, 2020. 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 2019-2020 was \$5,179,390 which represented coverage of 101% of the \$5,142,144 of debt service.

2003A and 2005A Tax Allocation Bonds - As of June 30, 2020 the outstanding defeased balance related to the 2003A and 2005A Tax Allocation Bonds was \$16,455,000 and \$11,610,000, respectively.

2007 and 2011 Tax Allocation Bonds - As of June 30, 2020 the outstanding defeased balance related to the 2007 and 2011 Tax Allocation Bonds was \$28,670,000 and \$4,258,000, respectively.

Debt Service Requirements

Annual debt service requirements are shown below:

Successor Agency Debt: For the Year Ending June 30, 2020	Tax Allocation Bonds	
	Principal	Interest
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	2,370,000	1,653,126
2026-2030	13,355,000	4,839,735
2031-2035	13,990,000	3,009,051
2036-2040	19,065,000	1,627,878
Outstanding Accumulated Payments and Penalties	61,595,000	<u>\$ 18,871,013</u>
Less: Original Issuance Premium (Discount)	401,963	
Total Payments due	<u>\$ 61,996,963</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, 2020

NOTE 16 – PRIOR PERIOD ADJUSTMENT

The City’s prior period adjustment was to reclassify interest receivables related to loans, on fund financials as unavailable revenue - deferred inflows of resources. The beginning fund balance adjustments were as follows:

	Fund balance, as previously reported at June 30, 2019	<u>Prior Period Adjustments</u> Deferred inflows of resources (Unavailable revenues)	Fund balance, as Restated at June 30, 2019
Fund Financial Statements:			
Major Governmental Funds:			
General Fund	\$ 15,545,262	\$ 1,097	\$ 15,546,359
Home/Begin Special Revenue Fund	22,039,197	(4,349,921)	17,689,276
Impact Fees Special Revenue Fund	57,395,166	(548,480)	56,846,686
Successor Housing Special Revenue Fund	29,503,779	(6,514,246)	22,989,533
Non-Major Governmental Fund:			
Community Development Block Fund	1,007,663	7,752	1,015,415
Total Governmental Funds	<u>\$ 125,491,067</u>	<u>\$ (11,403,798)</u>	<u>\$ 114,087,269</u>

NOTE 17 – COVID-19 PANDEMIC

During December 2019, the Novel Coronavirus Disease (COVID-19) was discovered. The COVID-19 outbreak was subsequently declared a world-wide pandemic by the World Health Organization on March 11, 2020. On March 19, 2020, an Executive Order was issued by the California State Governor mandating a shelter in place order. The resulting financials disruption is ongoing, and the City has recognized revenue losses as a result. Although these losses are not significant thus far, the ultimate impact is uncertain at this time and the City management continues to monitor the situation.

REQUIRED SUPPLEMENTARY INFORMATION

City of Petaluma Agent Multiple-employer Defined Benefit Plans
As of June 30, 2020
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	6/30/2019
TOTAL PENSION LIABILITY						
Service Cost	\$ 1,931,227	\$ 2,007,788	\$ 2,017,338	\$ 2,343,412	\$ 2,452,860	\$ 2,267,931
Interest	6,997,431	7,267,715	7,469,079	7,655,833	7,911,849	8,339,289
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)	1,696,254
Benefit Payments, Including Refunds of Employee Contributions	(4,570,066)	(4,871,008)	(5,162,636)	(5,332,945)	(5,827,389)	(6,153,231)
Net Change in Total Pension Liability	4,358,592	1,861,836	2,692,523	9,704,199	3,644,163	6,150,243
Total Pension Liability - Beginning	94,618,497	98,977,089	100,838,925	103,531,448	113,235,647	116,879,810
Total Pension Liability - Ending (a)	\$ 98,977,089	\$ 100,838,925	\$ 103,531,448	\$ 113,235,647	\$ 116,879,810	\$ 123,030,053
PLAN FIDUCIARY NET POSITION						
Contributions - Employer	\$ 2,390,127	\$ 1,990,786	\$ 2,382,217	\$ 2,624,811	\$ 5,913,026	\$ 2,217,461
Contributions - Employee	1,243,703	889,286	936,978	976,772	1,362,257	1,613,907
Net Investment Income	11,808,495	1,767,481	386,997	8,528,004	7,122,301	6,003,561
Benefit Payments, Including Refunds of Employee Contributions	(4,570,066)	(4,871,008)	(5,162,636)	(5,332,945)	(5,827,389)	(6,153,231)
Net Plan to Plan Resource Movement	-	-	-	2,139	(215)	-
Administrative Expense	-	(89,077)	(48,215)	(114,583)	(131,351)	(65,997)
Other Miscellaneous Income	-	-	-	-	(249,437)	215
Net Change in Fiduciary Net Position	10,872,259	(312,532)	(1,504,659)	6,684,198	8,189,192	3,615,916
Plan Fiduciary Net Position - Beginning	68,552,979	79,425,238	79,112,706	77,608,047	84,292,245	92,481,437
Plan Fiduciary Net Position - Ending (b)	\$ 79,425,238	\$ 79,112,706	\$ 77,608,047	\$ 84,292,245	\$ 92,481,437	\$ 96,097,353
Plan Net Position Liability (Asset) Ending (a) - (b)	\$ 19,551,851	\$ 21,726,219	\$ 25,923,401	\$ 28,943,402	\$ 24,398,373	\$ 26,932,700
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.25%	78.48%	74.96%	74.44%	79.13%	78.11%
Covered Payroll	\$ 12,004,148	\$ 13,001,281	\$ 13,272,833	\$ 14,000,551	\$ 14,820,907	\$ 14,028,153
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	162.88%	167.11%	195.31%	206.73%	164.62%	191.99%

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, 2020
Last 10 years*
SCHEDULE OF CONTRIBUTIONS

	MISCELLANEOUS PLAN					
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
Actuarially determined contribution	\$ 1,938,902	\$ 2,099,340	\$ 2,111,855	\$ 5,729,007	\$ 2,168,183	\$ 2,509,179
Contribution in relation to the actuarially determined contributions	(1,938,902)	(2,099,340)	(2,111,855)	(5,729,007)	(2,168,183)	(2,509,179)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 13,001,281	 \$ 13,272,833	 \$ 14,000,551	 \$ 14,820,907	 \$ 14,028,153	 \$ 14,773,291
 Contributions as a percentage of covered payroll	 14.91%	 15.82%	 15.08%	 38.65%	 15.46%	 16.98%
Notes to Schedule						
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018

* Fiscal year 2015 was the first year of implementation

City of Petaluma Agent Multiple-employer Defined Benefit Plans
As of June 30, 2020
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	6/30/2019
TOTAL PENSION LIABILITY						
Service Cost	\$ 3,422,621	\$ 3,115,595	\$ 3,034,176	\$ 3,646,598	\$ 3,691,563	\$ 3,739,059
Interest	11,716,276	12,221,159	12,650,095	13,084,036	13,623,550	14,341,094
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	2,573,806
Benefit Payments, Including Refunds of Employee Contributions	(7,707,622)	(8,276,688)	(8,863,457)	(9,302,702)	(9,589,184)	(10,164,976)
Net Change in Total Pension Liability	7,431,275	3,603,539	5,701,861	18,153,320	7,964,408	10,488,983
Total Pension Liability - Beginning	158,359,501	165,790,776	169,394,315	175,096,176	193,249,496	201,213,904
Total Pension Liability - Ending (a)	\$ 165,790,776	\$ 169,394,315	\$ 175,096,176	\$ 193,249,496	\$ 201,213,904	\$ 211,702,887
PLAN FIDUCIARY NET POSITION						
Contributions - Employer	\$ 5,842,432	\$ 4,384,155	\$ 4,894,550	\$ 5,735,707	\$ 9,856,013	\$ 6,295,736
Contributions - Employee	1,731,948	1,037,804	1,025,996	1,300,945	1,347,243	1,382,382
Net Investment Income	17,135,155	2,505,960	588,669	12,302,444	10,381,838	8,721,753
Benefit Payments, Including Refunds of Employee Contributions	(7,707,622)	(8,276,688)	(8,863,457)	(9,302,702)	(9,589,184)	(10,164,976)
Net Plan to Plan Resource Movement	-	61,599	-	-	(314)	-
Administrative Expense	-	(130,196)	(70,508)	(167,231)	(191,879)	(96,036)
Other Miscellaneous Income	-	-	-	-	(364,382)	314
Net Change in Fiduciary Net Position	17,001,913	(417,366)	(2,424,750)	9,869,163	11,439,335	6,139,173
Plan Fiduciary Net Position - Beginning	99,106,801	116,108,714	115,691,348	113,266,598	123,135,761	134,575,096
Plan Fiduciary Net Position - Ending (b)	\$ 116,108,714	\$ 115,691,348	\$ 113,266,598	\$ 123,135,761	\$ 134,575,096	\$ 140,714,269
Plan Net Position Liability (Asset) - Ending (a) - (b)	\$ 49,682,062	\$ 53,702,967	\$ 61,829,578	\$ 70,113,735	\$ 66,638,808	\$ 70,988,618
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.03%	68.30%	64.69%	63.72%	66.88%	66.47%
Covered Payroll	\$ 11,800,515	\$ 11,238,710	\$ 11,313,110	\$ 12,054,472	\$ 12,257,583	\$ 12,316,761
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	421.02%	477.84%	546.53%	581.64%	529.78%	560.93%

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, 2020
Last 10 years*
SCHEDULE OF CONTRIBUTIONS

	SAFETY PLAN					
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
Actuarially determined contribution	\$ 4,401,132	\$ 5,240,190	\$ 6,080,971	\$ 10,063,015	\$ 6,295,736	\$ 7,037,425
Contribution in relation to the actuarially determined contributions	(4,401,132)	(5,240,190)	(6,080,971)	(10,063,015)	(6,295,736)	(7,037,425)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,238,710	\$ 11,313,110	\$ 12,054,472	\$ 12,257,583	\$ 12,316,761	\$ 12,469,532
Contributions as a percentage of covered payroll	39.16%	46.32%	50.45%	82.20%	51.12%	56.44%
Notes to Schedule						
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018

* Fiscal year 2015 was the first year of implementation

CITY OF PETALUMA
 Required supplemental Information
 For the year ended June 30, 2020
 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>	<u>6/30/2019</u>
Total OPEB Liability			
Service Cost	\$ 1,150,000	\$ 985,423	\$ 945,118
Interest on the total OPEB liability	493,000	590,974	653,601
Changes of assumptions	(1,829,000)	(696,520)	(3,089,676)
Benefit payments, including refunds of employee contributions	<u>(467,000)</u>	<u>(443,524)</u>	<u>(473,127)</u>
Net change in total OPEB liability	(653,000)	436,353	(1,964,084)
Total OPEB liability - beginning	<u>16,397,000</u>	<u>15,744,000</u>	<u>16,180,353</u>
Total OPEB liability - ending	<u>\$ 15,744,000</u>	<u>\$ 16,180,353</u>	<u>\$ 14,216,269</u>
Covered Employee Payroll	<u>\$ 24,725,000</u>	<u>\$ 31,217,344</u>	<u>\$ 32,816,511</u>
Total OPEB liability as a percentage of covered-employee payroll	63.68%	51.83%	43.32%

*Fiscal year 2018 was the first year of implementation

REQUIRED SUPPLEMENTARY INFORMATION

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Taxes	\$ 30,296,741	\$ 30,296,741	\$ 29,611,204	\$ (685,537)
Licenses, permits and fees	1,124,000	1,124,000	1,219,536	95,536
Fines, forfeitures, and penalties	690,000	690,000	407,108	(282,892)
Use of money and property	460,969	460,969	709,078	248,109
Intergovernmental	6,547,589	6,547,589	7,020,481	472,892
Charges for current services	4,903,100	4,903,100	5,733,591	830,491
Other	14,000	14,000	97,215	83,215
Total revenues	44,036,399	44,036,399	44,798,213	761,814
EXPENDITURES:				
Current:				
General government:				
City council	63,662	63,662	57,570	6,092
City clerk	273,886	293,929	220,005	73,924
City attorney	586,937	603,946	529,817	74,129
City manager	952,024	1,274,303	1,164,583	109,720
Administrative services	2,400,564	1,724,631	1,429,499	295,132
Community development	682,577	682,577	1,198,324	(515,747)
Police	20,490,446	20,987,956	20,402,921	585,035
Fire	15,682,135	16,687,412	16,567,868	119,544
Parks and recreation	1,778,910	1,780,273	1,499,639	280,634
Public works	3,800,496	3,885,987	4,228,718	(342,731)
Capital outlay	-	96,510	217,208	(120,698)
Total expenditures	46,711,637	48,081,186	47,516,152	565,034
REVENUES OVER (UNDER) EXPENDITURES	(2,675,238)	(4,044,787)	(2,717,939)	1,326,848
OTHER FINANCING SOURCES (USES):				
Transfers in	2,573,500	2,623,500	2,636,433	12,933
Transfers out	(747,507)	(1,006,276)	(1,377,729)	(371,453)
Total other financing sources (uses)	1,825,993	1,617,224	1,258,704	(358,520)
Net change in fund balance	\$ (849,245)	\$ (2,427,563)	(1,459,235)	\$ 968,328
FUND BALANCE:				
Beginning of year, as restated			15,546,359	
End of year			<u>\$ 14,087,124</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 163,982	\$ 163,982	\$ 17,992	\$ (145,990)
Total revenues	<u>163,982</u>	<u>163,982</u>	<u>17,992</u>	<u>(145,990)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(742,018)</u>	<u>(742,018)</u>	<u>17,992</u>	<u>760,010</u>
Net change in fund balance	<u>\$ (742,018)</u>	<u>\$ (742,018)</u>	<u>17,992</u>	<u>\$ 760,010</u>
FUND BALANCE:				
Beginning of year, as restated			<u>17,689,276</u>	
End of year			<u>\$ 17,707,268</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Licenses, permits and fees	\$ 9,706,690	\$ 9,706,690	\$ 4,993,372	\$ (4,713,318)
Use of money and property	928,076	928,076	1,153,635	225,559
Charges for current services	194,134	194,134	99,867	(94,267)
Other	-	-	340,357	340,357
Total revenues	10,828,900	10,828,900	6,587,231	(4,241,669)
EXPENDITURES:				
Current:				
Community development	2,383,966	2,422,912	738,182	1,684,730
Parks and recreation	98,463	48,463	22,277	26,186
Public works	135,949	135,949	67,935	68,014
Total expenditures	2,618,378	2,607,324	828,394	1,778,930
REVENUES OVER (UNDER) EXPENDITURES	8,210,522	8,221,576	5,758,837	(2,462,739)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(6,384,500)	(4,646,500)	(1,698,050)	2,948,450
Total other financing sources (uses)	(6,384,500)	(4,646,500)	(1,698,050)	2,948,450
Net change in fund balance	\$ 1,826,022	\$ 3,575,076	4,060,787	\$ 485,711
FUND BALANCE:				
Beginning of year, as restated			56,846,686	
End of year			\$ 60,907,473	

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 60,674	\$ 60,674	\$ 201,989	\$ 141,315
Charges for current services	23,920	23,920	-	(23,920)
Total revenues	84,594	84,594	201,989	117,395
EXPENDITURES:				
Current:				
Community development	\$ 241,043	\$ 290,043	\$ 672,778	\$ (382,735)
Total expenditures	241,043	290,043	672,778	(382,735)
REVENUES OVER (UNDER) EXPENDITURES	(156,449)	(205,449)	(470,789)	(265,340)
OTHER FINANCING SOURCES (USES):				
Transfers in	179,600	228,600	212,600	(16,000)
Transfers out	(16,000)	(16,000)	-	16,000
Total other financing sources (uses)	163,600	212,600	212,600	-
Net change in fund balance	\$ 7,151	\$ 7,151	(258,189)	\$ (265,340)
FUND BALANCE:				
Beginning of year, as restated			22,989,533	
End of year			<u>\$ 22,731,344</u>	



SUPPLEMENTARY INFORMATION

**BUDGETED MAJOR GOVERNMENTAL FUNDS OTHER THAN
GENERAL FUND AND SPECIAL REVENUE FUNDS**

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ 438	\$ 438	\$ 35,768	\$ 35,330
Intergovernmental	627,000	735,000	802,887	67,887
Charges for current services	47,000	47,000	95,864	48,864
Other	396,000	396,000	-	(396,000)
Total revenues	1,070,438	1,178,438	934,519	(243,919)
EXPENDITURES:				
Current:				
General government	457,000	964,000	100,921	863,079
Fire	-	-	(741)	741
Parks and recreation	3,065,759	3,238,759	424,602	2,814,157
Public works	9,522,773	6,174,024	3,940,443	2,233,581
Capital outlay	3,000,000	3,000,000	-	3,000,000
Total expenditures	16,045,532	13,376,783	4,465,225	8,911,558
REVENUES OVER (UNDER) EXPENDITURES	(14,975,094)	(12,198,345)	(3,530,706)	8,667,639
OTHER FINANCING SOURCES (USES):				
Transfers in	11,479,824	8,577,079	5,630,970	(2,946,109)
Transfers out	-	(41,561)	(41,561)	-
Total other financing sources (uses)	11,479,824	8,535,518	5,589,409	(2,946,109)
Net change in fund balance	\$ (3,495,270)	\$ (3,662,827)	2,058,703	\$ 5,721,530
FUND BALANCE:				
Beginning of year			2,171,835	
End of year			<u>\$ 4,230,538</u>	

NON-MAJOR GOVERNMENTAL FUNDS

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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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, 2020

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Grants and Donations	Gas Tax	Public Safety Special Revenue	Landscape Assessment District
ASSETS					
Cash and investments	\$ (20,895)	\$ 1,715,121	\$ 398,957	\$ 834,078	\$ 517,428
Receivables:					
Accounts, net	-	-	-	-	-
Intergovernmental	116,642	946,528	106,532	-	5,117
loans receivable	925,015	-	-	-	-
Interest receivable related to loans receivable	2,668	-	-	-	-
Total assets	\$ 1,023,430	\$ 2,661,649	\$ 505,489	\$ 834,078	\$ 522,545
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 4,437	\$ 91,197	\$ -	\$ 82,496	\$ 20,467
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	4,437	91,197	-	82,496	20,467
Deferred inflows of resources:					
Unavailable revenues	2,668	603,976	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	1,016,325	1,966,476	505,489	751,582	502,078
Total fund balances	1,016,325	1,966,476	505,489	751,582	502,078
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,023,430	\$ 2,661,649	\$ 505,489	\$ 834,078	\$ 522,545

SPECIAL REVENUE FUNDS						PERMANENT	Total
Street	Transient Occupancy Tax	Prince Park	Measure M Parks	Tourism Improvement District	Wickersham Park Trust		Non-Major Governmental Funds
\$ 3,167,350	\$ -	\$ 566,758	\$ 254,073	\$ 131,384	\$ 25,295		\$ 7,589,549
270,906	170,916	-	-	3,238	-		445,060
98,013	-	-	139,322	-	-		1,412,154
-	-	-	-	-	-		925,015
-	-	-	-	-	-		2,668
<u>\$ 3,536,269</u>	<u>\$ 170,916</u>	<u>\$ 566,758</u>	<u>\$ 393,395</u>	<u>\$ 134,622</u>	<u>\$ 25,295</u>		<u>\$ 10,374,446</u>
\$ 104,616	\$ 54,657	\$ -	\$ -	\$ -	\$ -		\$ 357,870
-	60,311	-	-	-	-		60,311
-	-	-	-	-	-		-
104,616	114,968	-	-	-	-		418,181
-	-	-	-	-	-		606,644
-	-	-	-	-	25,295		25,295
3,431,653	55,948	566,758	393,395	134,622	-		9,324,326
3,431,653	55,948	566,758	393,395	134,622	25,295		9,349,621
<u>\$ 3,536,269</u>	<u>\$ 170,916</u>	<u>\$ 566,758</u>	<u>\$ 393,395</u>	<u>\$ 134,622</u>	<u>\$ 25,295</u>		<u>\$ 10,374,446</u>

City of Petaluma

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2020

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Grants and Donations	Gas Tax	Public Safety Special Revenue	Landscape Assessment District
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Use of money and property	910	5,305	24,936	14,875	8,567
Intergovernmental	359,369	1,707,185	2,523,017	339,597	-
Charges for current services	-	-	-	-	435,584
Other	-	(19,863)	-	-	-
Total revenues	360,279	1,692,627	2,547,953	354,472	444,151
EXPENDITURES:					
Current:					
Community development	333,769	92,624	-	-	-
Police	-	301,695	-	138,382	-
Fire	-	74,092	-	568	-
Parks and recreation	-	-	-	-	427,345
Public works	-	890,603	38,264	-	-
Capital outlay	-	17,392	-	-	-
Total expenditures	333,769	1,376,406	38,264	138,950	427,345
REVENUES OVER (UNDER) EXPENDITURES	26,510	316,221	2,509,689	215,522	16,806
OTHER FINANCING SOURCES (USES):					
Transfers in	-	383,262	-	-	-
Transfers out	(25,600)	(1,130,031)	(2,603,195)	(213,262)	-
Total other financing sources (uses)	(25,600)	(746,769)	(2,603,195)	(213,262)	-
FUND BALANCES:					
Beginning of year, as restated	1,015,415	2,397,024	598,995	749,322	485,272
End of year	\$ 1,016,325	\$ 1,966,476	\$ 505,489	\$ 751,582	\$ 502,078

SPECIAL REVENUE FUNDS						PERMANENT	Total
Street	Transient Occupancy Tax	Prince Park	Measure M Parks	Tourism Improvement District	Wickersham Park Trust		Non-Major Governmental Funds
\$ 1,697,230	\$ 2,642,249	\$ -	\$ 713,244	\$ -	\$ -	\$ -	\$ 5,052,723
-	-	-	-	95,764	-	-	95,764
72,862	38,340	11,567	2,283	1,472	474	-	181,591
493,950	-	-	-	-	-	-	5,423,118
18,109	-	-	-	-	-	-	453,693
137,100	-	-	-	-	-	-	117,237
2,419,251	2,680,589	11,567	715,527	97,236	474	-	11,324,126
-	419,386	-	-	-	-	-	845,779
-	-	-	-	-	-	-	440,077
-	-	-	-	-	-	-	74,660
-	-	-	115,232	-	-	-	542,577
2,860,083	-	-	-	-	-	-	3,788,950
7,036	-	-	-	-	-	-	24,428
2,867,119	419,386	-	115,232	-	-	-	5,716,471
(447,868)	2,261,203	11,567	600,295	97,236	474	-	5,607,655
3,406,195	41,561	-	-	-	-	-	3,831,018
(2,845,411)	(3,281,509)	(56,500)	(205,000)	-	-	-	(10,360,508)
560,784	(3,239,948)	(56,500)	(205,000)	-	-	-	(6,529,490)
3,318,737	1,034,693	611,691	(1,900)	37,386	24,821	-	10,271,456
\$ 3,431,653	\$ 55,948	\$ 566,758	\$ 393,395	\$ 134,622	\$ 25,295	\$ -	\$ 9,349,621

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 333	\$ 333	\$ 910	\$ 577
Intergovernmental	340,000	340,000	359,369	19,369
Total revenues	340,333	340,333	360,279	19,946
EXPENDITURES:				
Current:				
Community development	312,857	312,857	333,769	(20,912)
Total expenditures	312,857	312,857	333,769	(20,912)
REVENUES OVER (UNDER) EXPENDITURES	27,476	27,476	26,510	(966)
OTHER FINANCING SOURCES (USES):				
Transfers out	(25,600)	(25,600)	(25,600)	-
Total other financing sources (uses)	(25,600)	(25,600)	(25,600)	-
Net change in fund balance	\$ 1,876	\$ 1,876	910	\$ (966)
FUND BALANCE:				
Beginning of year, as restated			1,015,415	
End of year			<u>\$ 1,016,325</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 5,305	\$ 5,305
Intergovernmental	1,269,524	1,336,024	1,707,185	371,161
Other	550,000	550,000	(19,863)	(569,863)
Total revenues	1,819,524	1,886,024	1,692,627	(193,397)
EXPENDITURES:				
Current:				
Community development	35,991	35,991	92,624	(56,633)
Police	271,041	271,041	301,695	(30,654)
Fire	42,350	42,350	74,092	(31,742)
Public works	-	-	890,603	(890,603)
Capital outlay	-	-	17,392	(17,392)
Total expenditures	349,382	349,382	1,376,406	(1,027,024)
REVENUES OVER (UNDER) EXPENDITURES	1,470,142	1,536,642	316,221	(1,220,421)
OTHER FINANCING SOURCES (USES):				
Transfers in	52,175	52,175	383,262	331,087
Transfers out	(1,603,000)	(1,073,500)	(1,130,031)	(56,531)
Total other financing sources (uses)	(1,550,825)	(1,021,325)	(746,769)	274,556
Net change in fund balance	\$ (80,683)	\$ 515,317	(430,548)	\$ (945,865)
FUND BALANCE:				
Beginning of year			2,397,024	
End of year			\$ 1,966,476	

City of Petaluma

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

Gas Tax

For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 10,305	\$ 10,305	\$ 24,936	\$ 14,631
Intergovernmental	2,683,706	2,683,706	2,523,017	(160,689)
Total revenues	<u>2,694,011</u>	<u>2,694,011</u>	<u>2,547,953</u>	<u>(146,058)</u>
EXPENDITURES:				
Current:				
Public works	<u>40,631</u>	<u>40,631</u>	<u>38,264</u>	<u>2,367</u>
Total expenditures	<u>40,631</u>	<u>40,631</u>	<u>38,264</u>	<u>2,367</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,653,380</u>	<u>2,653,380</u>	<u>2,509,689</u>	<u>(143,691)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(2,603,195)</u>	<u>(2,603,195)</u>	<u>(2,603,195)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,603,195)</u>	<u>(2,603,195)</u>	<u>(2,603,195)</u>	<u>-</u>
Net change in fund balance	<u>\$ 50,185</u>	<u>\$ 50,185</u>	<u>(93,506)</u>	<u>\$ (143,691)</u>
FUND BALANCE:				
Beginning of year			<u>598,995</u>	
End of year			<u>\$ 505,489</u>	

City of Petaluma

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

Public Safety

For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 6,802	\$ 6,802	\$ 14,875	\$ 8,073
Intergovernmental	180,000	180,000	339,597	159,597
Total revenues	186,802	186,802	354,472	167,670
EXPENDITURES:				
Current:				
Police	221,158	221,158	138,382	82,776
Fire	69,758	69,758	568	69,190
Total expenditures	290,916	290,916	138,950	151,966
REVENUES OVER (UNDER) EXPENDITURES	(104,114)	(104,114)	215,522	319,636
OTHER FINANCING SOURCES (USES):				
Transfers out	(182,175)	(182,175)	(213,262)	(31,087)
Total other financing sources (uses)	(182,175)	(182,175)	(213,262)	(31,087)
Net change in fund balance	\$ (286,289)	\$ (286,289)	2,260	\$ 288,549
FUND BALANCE:				
Beginning of year			749,322	
End of year			<u>\$ 751,582</u>	

City of Petaluma

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

Landscape Assessment Districts

For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ 6,802	\$ 6,802	\$ 8,567	\$ 1,765
Charges for current services	-	-	435,584	435,584
Total revenues	186,802	186,802	444,151	257,349
EXPENDITURES:				
Current:				
Parks and recreation	-	-	427,345	(427,345)
Total expenditures	290,916	290,916	427,345	(136,429)
Net change in fund balance	\$ (286,289)	\$ (286,289)	16,806	\$ 303,095
FUND BALANCE:				
Beginning of year			485,272	
End of year			\$ 502,078	

City of Petaluma

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

Street

For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Taxes	\$ 1,638,912	\$ 1,638,912	\$ 1,697,230	\$ 58,318
Use of money and property	17,283	17,283	72,862	55,579
Intergovernmental	539,492	539,492	493,950	(45,542)
Charges for current services	140,000	140,000	18,109	(121,891)
Other	12,000	12,000	137,100	125,100
Total revenues	2,347,687	2,347,687	2,419,251	71,564
EXPENDITURES:				
Current:				
Public works	3,321,733	3,324,355	2,860,083	464,272
Capital outlay	-	-	7,036	(7,036)
Total expenditures	3,321,733	3,324,355	2,867,119	457,236
REVENUES OVER (UNDER) EXPENDITURES	(974,046)	(976,668)	(447,868)	528,800
OTHER FINANCING SOURCES (USES):				
Transfers in	3,406,195	3,406,195	3,406,195	-
Transfers out	(3,786,370)	(2,794,121)	(2,845,411)	(51,290)
Total other financing sources (uses)	(380,175)	612,074	560,784	(51,290)
Net change in fund balance	\$ (1,354,221)	\$ (364,594)	112,916	\$ 477,510
FUND BALANCE:				
Beginning of year			3,318,737	
End of year			<u>\$ 3,431,653</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 3,537,903	\$ 3,537,903	\$ 2,642,249	\$ (895,654)
Use of money and property	24,647	24,647	38,340	13,693
Total revenues	3,562,550	3,562,550	2,680,589	(881,961)
EXPENDITURES:				
Current:				
Community development	418,809	613,809	419,386	194,423
Total expenditures	418,809	613,809	419,386	194,423
REVENUES OVER (UNDER) EXPENDITURES	3,143,741	2,948,741	2,261,203	(687,538)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	41,561	41,561	-
Transfers out	(3,473,000)	(3,669,048)	(3,281,509)	387,539
Total other financing sources (uses)	(3,473,000)	(3,627,487)	(3,239,948)	387,539
Net change in fund balance	\$ (329,259)	\$ (678,746)	(978,745)	\$ (299,999)
FUND BALANCE:				
Beginning of year			1,034,693	
End of year			\$ 55,948	

City of Petaluma

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

Prince Park

For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 7,492	\$ 7,492	\$ 11,567	\$ 4,075
Total revenues	<u>7,492</u>	<u>7,492</u>	<u>11,567</u>	<u>4,075</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(56,500)	(56,500)	(56,500)	-
Total other financing sources (uses)	<u>(56,500)</u>	<u>(56,500)</u>	<u>(56,500)</u>	<u>-</u>
Net change in fund balance	<u>\$ (49,008)</u>	<u>\$ (49,008)</u>	(44,933)	<u>\$ 4,075</u>
FUND BALANCE:				
Beginning of year			<u>611,691</u>	
End of year			<u>\$ 566,758</u>	

City of Petaluma

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

Measure M Parks

For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 519,000	\$ 519,000	\$ 713,244	\$ 194,244
Total revenues	519,000	519,000	715,527	196,527
EXPENDITURES:				
Current:				
Parks and recreation	314,000	314,000	115,232	198,768
Total expenditures	314,000	314,000	115,232	198,768
REVENUES OVER (UNDER) EXPENDITURES	205,000	205,000	600,295	395,295
OTHER FINANCING SOURCES (USES):				
Transfers out	(205,000)	(205,000)	(205,000)	-
Total other financing sources (uses)	(205,000)	(205,000)	(205,000)	-
Net change in fund balance	\$ -	\$ -	395,295	\$ 395,295
FUND BALANCE:				
Beginning of year			(1,900)	
End of year			\$ 393,395	

City of Petaluma

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

Tourism Improvement District

For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 112,200	\$ 112,200	\$ -	\$ (112,200)
Licenses, permits and fees	-	-	95,764	95,764
Use of money and property	-	-	1,472	1,472
Total revenues	<u>112,200</u>	<u>112,200</u>	<u>97,236</u>	<u>(14,964)</u>
EXPENDITURES:				
Current:				
Community development	<u>167,200</u>	<u>342,200</u>	<u>-</u>	<u>342,200</u>
Total expenditures	<u>167,200</u>	<u>342,200</u>	<u>-</u>	<u>342,200</u>
Net change in fund balance	<u>\$ (55,000)</u>	<u>\$ (230,000)</u>	97,236	<u>\$ 327,236</u>
FUND BALANCE:				
Beginning of year			<u>37,386</u>	
End of year			<u>\$ 134,622</u>	

City of Petaluma

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

Wickersham Park Trust

For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 256	\$ 256	\$ 474	\$ 218
Total revenues	<u>256</u>	<u>256</u>	<u>474</u>	<u>218</u>
Net change in fund balance	<u>\$ 256</u>	<u>\$ 256</u>	474	<u>\$ 218</u>
FUND BALANCE:				
Beginning of year			<u>24,821</u>	
End of year			<u>\$ 25,295</u>	

INTERNAL SERVICE FUNDS

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, 2020

	Employee Benefit	General Services	Information Services
ASSETS			
Current Assets:			
Cash and investments	\$ 1,911,839	\$ 362,647	\$ -
Receivables:			
Accounts, net	33,267	-	-
Intergovernmental	886	-	-
Inventories	-	15,518	-
Deposits and prepaid items	-	-	16,051
Total Current Assets	<u>1,945,992</u>	<u>378,165</u>	<u>16,051</u>
Non-Current Assets:			
Advance to other funds	-	-	-
Capital assets:			
Depreciable	-	36,440	2,010,185
Less: accumulated depreciation	-	(27,144)	(1,931,269)
Total Non-current Assets	<u>-</u>	<u>9,296</u>	<u>78,916</u>
Total assets	<u>1,945,992</u>	<u>387,461</u>	<u>94,967</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	-	-	170,205
Deferred outflows of resources - OPEB	82,144	-	-
Total assets and deferred outflows of resources	<u>2,028,136</u>	<u>387,461</u>	<u>265,172</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	82,491	4,621	126,256
Due to other funds	-	-	85,800
Claims payable, due within one year	-	-	-
Compensated absences, due within one year	-	41	6,733
Total Current Liabilities	<u>82,491</u>	<u>4,662</u>	<u>218,789</u>
Non-current Liabilities:			
Claims payable, due in more than one year	-	-	-
Compensated absences, due in more than one year	-	26,426	106,622
Advance from other funds	5,909,447	-	-
Net pension liability	-	-	1,346,635
OPEB liability	2,284,554	-	-
Total liabilities	<u>8,276,492</u>	<u>31,088</u>	<u>1,672,046</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	-	-	29,779
Deferred inflows of resources - OPEB	686,866	-	-
Total deferred inflows of resources	<u>686,866</u>	<u>-</u>	<u>29,779</u>
NET POSITION			
Net investment in capital assets	-	9,296	78,916
Unrestricted	(6,935,222)	347,077	(1,515,569)
Total net position	<u>\$ (6,935,222)</u>	<u>\$ 356,373</u>	<u>\$ (1,436,653)</u>

Risk Management	Vehicles/ Equipment Replacement (GG)	Vehicles/ Equipment Replacement (BA)	Workers' Compensation	Total
\$ 5,669,635	\$ 1,410,218	\$ -	\$ 7,453,335	\$ 16,807,674
1,900	-	-	12,525	47,692
-	-	-	-	886
-	-	-	-	15,518
284,671	-	-	-	300,722
5,956,206	1,410,218	-	7,465,860	17,172,492
1,189,699	-	-	-	1,189,699
-	8,876,726	1,108,336	-	12,031,687
-	(5,363,916)	(1,108,336)	-	(8,430,665)
1,189,699	3,512,810	-	-	4,790,721
7,145,905	4,923,028	-	7,465,860	21,963,213
-	-	-	-	170,205
-	-	-	-	82,144
7,145,905	4,923,028	-	7,465,860	22,215,562
25,257	243,049	-	85,176	566,850
-	-	-	-	85,800
942,215	-	-	2,774,952	3,717,167
292	-	-	-	7,066
967,764	243,049	-	2,860,128	4,376,883
1,105,885	-	-	7,460,604	8,566,489
3,466	-	-	-	136,514
-	1,535,907	-	-	7,445,354
-	-	-	-	1,346,635
-	-	-	-	2,284,554
2,077,115	1,778,956	-	10,320,732	24,156,429
-	-	-	-	29,779
-	-	-	-	686,866
-	-	-	-	716,645
-	3,512,810	-	-	3,601,022
5,068,790	(368,738)	-	(2,854,872)	(6,258,534)
\$ 5,068,790	\$ 3,144,072	\$ -	\$ (2,854,872)	\$ (2,657,512)

City of Petaluma
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2020

	Employee Benefit	General Services	Information Services
OPERATING REVENUES:			
Charges for sales	\$ -	\$ 2,512	\$ -
Charges for services	1,238,208	231,977	1,844,375
Total operating revenues	1,238,208	234,489	1,844,375
OPERATING EXPENSES:			
Cost of services	279,876	120,070	1,566,079
Claims	74,088	-	-
General and administrative	201,750	25,102	332,202
Depreciation	-	-	33,571
Total operating expenses	555,714	145,172	1,931,852
OPERATING INCOME	682,494	89,317	(87,477)
NONOPERATING REVENUES (EXPENSES):			
Investment earnings and rent	39,852	4,411	(8,044)
Interest expense	(110,837)	-	-
Gain(loss) on disposal of assets	2,536	377	-
Total nonoperating revenues (expenses)	(67,563)	4,788	(8,044)
INCOME (LOSS) BEFORE TRANSFERS	614,931	94,105	(95,521)
Transfers in	50,000	-	66,000
Total transfers	50,000	-	66,000
Change in net position	664,931	94,105	(29,521)
NET POSITION:			
Beginning of year	(7,600,153)	262,268	(1,407,132)
End of year	<u>\$ (6,935,222)</u>	<u>\$ 356,373</u>	<u>\$ (1,436,653)</u>

Risk Management	Vehicles/ Equipment Replacement (GG)	Vehicles/ Equipment Replacement (BA)	Workers' Compensation	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,512
894,843	-	-	2,614,834	6,824,237
894,843	-	-	2,614,834	6,826,749
436,296	5,050	-	84,305	2,491,676
219,252	-	-	1,094,781	1,388,121
578,772	-	-	308,497	1,446,323
-	653,770	-	-	687,341
1,234,320	658,820	-	1,487,583	6,013,461
(339,477)	(658,820)	-	1,127,251	813,288
134,047	21,946	-	150,599	342,811
-	(23,977)	-	-	(134,814)
6,497	24,987	-	-	34,397
140,544	22,956	-	150,599	243,280
(198,933)	(635,864)	-	1,277,850	1,056,568
-	1,431,961	-	-	1,547,961
-	1,431,961	-	-	1,547,961
(198,933)	796,097	-	1,277,850	2,604,529
5,267,723	2,347,975	-	(4,132,722)	(5,262,041)
\$ 5,068,790	\$ 3,144,072	\$ -	\$ (2,854,872)	\$ (2,657,512)

City of Petaluma
Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2020

	Employee Benefit	General Services	Information Services
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,206,896	\$ 234,489	\$ 1,844,375
Cash payments to suppliers of goods and services	(406,572)	(142,572)	(1,807,810)
Cash payments to employees for services	52,758	2,067	(159,494)
Claims paid	(74,088)	-	-
Net cash provided by (used in) operating activities	778,994	93,984	(122,929)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	50,000	-	66,000
Interfund borrowings	(424,088)	-	85,800
Net cash provided by (used) in noncapital financing activities	(374,088)	-	151,800
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest paid on long-term debt and capital lease	(110,837)	-	-
Proceeds from sale of capital assets	2,536	377	-
Acquisition of capital assets	-	-	(44,152)
Net cash (used) in capital and related financing activities	(107,415)	377	(44,152)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	39,852	4,411	(8,044)
Net cash provided by investing activities	39,852	4,411	(8,044)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	337,343	98,772	(23,325)
CASH AND CASH EQUIVALENTS - Beginning of year	1,574,496	263,875	23,325
CASH AND CASH EQUIVALENTS - End of year	\$ 1,911,839	\$ 362,647	\$ -
RECONCILIATION OF OPERATING INCOME TO NET			
CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 682,494	\$ 89,317	\$ (87,477)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	-	-	33,571
Changes in assets and liabilities:			
Accounts receivable	(30,426)	-	-
Inventories	-	6,829	-
Deposits and prepaid items	-	-	9,949
Deferred outflows of resources - pension	-	-	47,411
Deferred outflows of resources - OPEB	(5,974)	-	-
Accounts payable and accrued liabilities	75,054	(4,229)	80,522
Claims payable	-	-	-
Net pension liability	-	-	(117,267)
Deferred inflows of resources - pension	-	-	(17,836)
Deferred inflows of resources - OPEB	374,361	-	-
OPEB liability	(315,629)	-	-
Compensated absences payable	-	2,067	(71,802)
Total adjustments	96,500	4,667	(35,452)
Net cash provided (used) in operating activities	\$ 778,994	\$ 93,984	\$ (122,929)

Risk Management	Vehicles/ Equipment Replacement (GG)	Vehicles/ Equipment Replacement (BA)	Workers' Compensation	Total
\$ 950,739	\$ -	\$ -	\$ 2,602,309	\$ 6,838,808
(1,055,725)	237,999	-	(342,900)	(3,517,580)
277	-	-	-	(104,392)
(137,672)	-	-	(1,434,744)	(1,646,504)
(242,381)	237,999	-	824,665	1,570,332
-	1,431,961	-	-	1,547,961
80,879	(371,298)	-	-	(628,707)
80,879	1,060,663	-	-	919,254
-	(23,977)	-	-	(134,814)
6,497	24,987	-	-	34,397
-	(608,755)	-	-	(652,907)
6,497	(607,745)	-	-	(752,438)
134,047	21,946	-	150,599	342,811
134,047	21,946	-	150,599	342,811
(20,958)	712,863	-	975,264	2,079,959
5,690,593	697,355	-	6,478,071	14,727,715
\$ 5,669,635	\$ 1,410,218	\$ -	\$ 7,453,335	\$ 16,807,674
\$ (339,477)	\$ (658,820)	\$ -	\$ 1,127,251	\$ 813,288
-	653,770	-	-	687,341
55,896	-	-	(12,525)	12,945
-	-	-	-	6,829
-	-	-	-	9,949
-	-	-	-	47,411
-	-	-	-	(5,974)
(40,657)	243,049	-	49,902	403,641
81,580	-	-	(339,963)	(258,383)
-	-	-	-	(117,267)
-	-	-	-	(17,836)
-	-	-	-	374,361
-	-	-	-	(315,629)
277	-	-	-	(69,458)
97,096	896,819	-	(302,586)	757,044
\$ (242,381)	\$ 237,999	\$ -	\$ 824,665	\$ 1,570,332



FIDUCIARY FUNDS

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, 2020

	Successor Agency to the Redevelopment Agency	Thomas Lee Charity	Child Care	Total
ASSETS				
Current Assets:				
Cash and investments	\$ 3,150,520	\$ 25,479	\$ 173,484	\$ 3,349,483
Restricted cash and investments	8,083	-	-	8,083
Deposits and prepayments	219	-	-	219
Notes receivable	234,744	-	-	234,744
Total Assets	<u>3,393,566</u>	<u>25,479</u>	<u>173,484</u>	<u>3,592,529</u>
LIABILITIES				
Accounts payable and accrued liabilities	133,003	-	-	133,003
Interest payable	358,483	-	-	358,483
Long-term debt:				
Due within one year	3,035,000	-	-	3,035,000
Due in more than one year	58,961,963	-	-	58,961,963
Total liabilities	<u>62,488,449</u>	<u>-</u>	<u>-</u>	<u>62,488,449</u>
NET POSITION				
Held in trust for private purposes or for other governments	<u><u>\$(59,094,883)</u></u>	<u><u>\$ 25,479</u></u>	<u><u>\$ 173,484</u></u>	<u><u>\$(58,895,920)</u></u>

City of Petaluma
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the year ended June 30, 2020

	Successor Agency to the Redevelopment Agency	Thomas Lee Charity	Child Care	Total
ADDITIONS				
Property tax	\$ 5,179,390	\$ -	\$ -	\$ 5,179,390
Use of money and property	12,576	443	3,250	16,269
Total operating revenues	5,191,966	443	3,250	5,195,659
DEDUCTIONS				
Community development	201,926	-	-	201,926
Interest expense	2,174,813	-	-	2,174,813
Total expenditures	2,376,739	-	-	2,376,739
Change in net position	2,815,227	443	3,250	2,818,920
NET POSITION:				
Beginning of year	(61,910,110)	25,036	170,234	(61,714,840)
End of year	<u>\$(59,094,883)</u>	<u>\$ 25,479</u>	<u>\$ 173,484</u>	<u>\$(58,895,920)</u>

City of Petaluma
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2020

	General Agency Fund	Public Community Access Fund	Assessment District Fund	Total Agency Funds
ASSETS				
Cash and investments	\$ 2,543,777	\$ 1,232	\$ 651,167	\$ 3,196,176
Accounts receivable	185	-	-	185
Intergovernmental receivable	-	-	15,183	15,183
Total assets	\$ 2,543,962	\$ 1,232	\$ 666,350	\$ 3,211,544
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 556,042	\$ 174	\$ -	\$ 556,216
Deposits payable	384	-	-	384
Accrued liability	1,987,536	1,058	666,350	2,654,944
Total liabilities	\$ 2,543,962	\$ 1,232	\$ 666,350	\$ 3,211,544

City of Petaluma
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
General Agency Fund				
Assets:				
Cash and investments	\$ 2,882,592	\$ 2,543,777	\$ 2,882,592	\$ 2,543,777
Accounts receivable	185	185	185	185
Total assets	\$ 2,882,777	\$ 2,543,962	\$ 2,882,777	\$ 2,543,962
Liabilities:				
Accounts payable	\$ -	\$ 556,042	\$ -	\$ 556,042
Accrued liabilities	2,882,393	1,987,536	2,882,393	1,987,536
Deposits payable	384	384	384	384
Total liabilities	\$ 2,882,777	\$ 2,543,962	\$ 2,882,777	\$ 2,543,962
Public Community Access Fund				
Assets:				
Cash and investments	\$ 1,704	\$ 1,232	\$ 1,704	\$ 1,232
Total assets	\$ 1,704	\$ 1,232	\$ 1,704	\$ 1,232
Liabilities:				
Accounts Payable	\$ 492	\$ 174	\$ 492	\$ 174
Accrued liabilities	1,212	1,058	1,212	1,058
Total liabilities	\$ 1,704	\$ 1,232	\$ 1,704	\$ 1,232
Assessment Districts Fund				
Assets:				
Cash and investments	\$ 697,448	\$ 651,167	\$ 697,448	\$ 651,167
Intergovernmental receivable	7,444	15,183	7,444	15,183
Total assets	\$ 704,892	\$ 666,350	\$ 704,892	\$ 666,350
Liabilities:				
Accrued liabilities	\$ 704,892	\$ 666,350	\$ 704,892	\$ 666,350
Total liabilities	\$ 704,892	\$ 666,350	\$ 704,892	\$ 666,350
Totals - All Agency Funds				
Assets:				
Cash and investments	\$ 3,581,744	\$ 3,196,176	\$ 3,581,744	\$ 3,196,176
Accounts receivable	185	185	185	185
Intergovernmental receivable	7,444	15,183	7,444	15,183
Total assets	\$ 3,589,373	\$ 3,211,544	\$ 3,589,373	\$ 3,211,544
Liabilities:				
Accounts payable	\$ 492	\$ 556,216	\$ 492	\$ 556,216
Deposits	384	384	384	384
Accrued liabilities	3,588,497	2,654,944	3,588,497	2,654,944
Total liabilities	\$ 3,589,373	\$ 3,211,544	\$ 3,589,373	\$ 3,211,544



City of Petaluma, CA
Statistical Section

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 <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	1, 2, 3, 4, 5
Revenue Capacity <i>These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property taxes.</i>	6, 7, 8, 9, 10, 11
Debt Capacity <i>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.</i>	12, 13, 14, 15
Demographic and Economic Information <i>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.</i>	16, 17
Operating Information <i>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.</i>	18, 19, 20

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 189,587,374
Restricted:										
Special projects	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	110,670,411
Debt service	415,569	-	-	-	-	-	-	-	-	-
Capital projects	39,709,880	733,240	-	-	-	-	-	-	-	-
Permanent-non expendable	23,418	23,575	23,665	23,755	23,770	23,852	24,036	24,333	24,333	25,295
Unrestricted	(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)	(63,359,178)
Total governmental activities net position	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	236,923,902
Business-type activities										
Net Investment in Capital Assets	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	162,087,283
Restricted:										
Special projects	-	-	-	-	-	-	-	-	-	-
Debt service	3,383,336	3,368,110	2,706,388	2,705,842	2,705,813	2,246,500	40,170	934	43	35,625
Capital projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	50,905,267
Total business-type activities net position	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	213,028,175
Primary government										
Net Investment in Capital Assets	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	351,674,657
Restricted:										
Special projects	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	110,670,411
Debt service	3,798,905	3,368,110	2,706,388	2,705,842	2,705,813	2,246,500	40,170	934	43	35,625
Permanent fund: non expendable trust	23,418	23,575	23,665	23,755	23,770	23,852	24,036	24,333	24,333	25,295
Capital projects	39,709,880	733,240	-	-	-	-	-	-	-	-
Unrestricted	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)	(12,453,911)
Total primary government activities net position	\$ 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	\$ 449,952,077

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net revenues (expenses):										
Governmental activities	\$ (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)	\$ (54,405,656)
Business-type activities	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	17,651,127
Total net revenues (expenses)	\$ (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)	\$ (36,754,529)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 11,637,555
Redevelopment tax increment	16,166,274	7,153,936	11,459,527	11,459,527	12,393,784	12,836,372	12,346,472	13,412,360	13,728,518	12,956,128
Sales taxes	8,843,821	9,383,601	9,904,433	4,088,228	4,200,929	4,386,505	4,678,179	4,741,131	4,646,929	4,941,468
Franchise tax	3,202,734	3,063,429	3,651,287	6,918,391	8,060,611	7,826,858	8,093,750	8,746,222	10,100,536	10,226,663
Intergovernmental, unrestricted	6,046,647	6,117,382	6,971,230	4,045,534	4,413,036	4,973,753	5,630,225	5,577,756	6,029,998	5,128,776
Other taxes	3,062,970	3,251,193	3,710,336	241,751	140,208	642,914	296,135	641,094	1,966,335	1,875,478
Unrestricted investment earnings	332,785	436,659	316,101		4,684		13,050		37,009	
Gain on disposal of assets										
Miscellaneous revenue	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	2,858,095
Transfers	(50,350)	39,568,592	(90,000)	(746,420)	(610,580)	(754,473)	(479,403)	(7,490,284)	582,417	381,134
Pension Unfunded Liability Paydown										
Successor Agency Bond Proceeds										
Total governmental activities	47,692,901	79,244,275	34,822,021	37,526,273	42,016,377	42,278,885	49,507,605	43,816,623	51,287,644	50,005,297
Business-type activities:										
Taxes:										
Unrestricted investment earnings	\$ 280,342	\$ 159,409	\$ 75,261	\$ 190,603	\$ 113,214	\$ 338,933	\$ 285,078	\$ 719,743	\$ 1,465,197	\$ 1,371,898
Gain on disposal of assets	-	-	-	3,000	6,720	825	500	-	9,823	18,332
Miscellaneous revenue	50,350	(39,100)	90,000	746,420	610,580	754,473	479,403	(273,382)	(582,417)	(381,134)
Transfers	330,692	120,309	165,261	940,023	730,514	1,094,231	764,981	446,361	892,603	1,009,096
Total business-type activities	\$ 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	\$ 51,014,393
Total primary government										
Changes in net position:										
Governmental activities	\$ (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)	\$ (4,400,359)
Business-type activities	2,288,089	6,726,005	10,066,972	9,721,024	8,440,581	10,552,678	6,335,414	14,900,134	12,521,059	18,660,223
Total primary government	\$ (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	\$ 14,259,864

Schedule 3

City of Petaluma, CA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Nonspendable	\$ 64,144	\$ 81,024	\$ 95,544	\$ 83,177	\$ 91,451	\$ 87,958	\$ 102,778	\$ 114,598	\$ 119,554	\$ 123,471
Committed	397,275	1,179,964	2,041,359	-	2,037,806	3,277,768	4,230,191	4,426,112	4,434,461	3,493,019
Assigned	-	-	254,236	4,081,779	4,757,796	4,866,554	5,088,820	5,422,325	7,818,049	7,751,497
Unassigned	-	-	1,703,571	1,633,298	1,872,873	1,998,762	2,040,912	3,162,821	3,173,198	2,739,137
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>	<u>14,087,124</u>
All Other Governmental Funds:										
Nonspendable	27,034	1,378,920	23,665	16,000	23,770	23,852	24,036	24,333	24,821	25,295
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	110,670,411
Committed	14,919,647	16,732,210	26,156,633	1,391,787	-	1,331,352	969,777	3,125,166	2,171,835	4,230,538
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(81,888)	-	(1,843,525)	-	-	-	(1,900)	-
Total all other governmental fund balance	<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>	<u>114,926,244</u>
Total governmental fund balances	\$ 83,886,406	\$ 48,069,871	\$ 57,735,130	\$ 64,762,238	\$ 64,579,757	\$ 101,616,876	\$ 121,233,512	\$ 128,517,239	\$ 136,918,943	\$ 129,013,368

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes (see schedule 5)	\$ 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	\$ 34,663,927
Licenses, permits and fees	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	6,308,672
Fines, forfeitures and penalties	909,973	927,900	904,110	892,444	592,257	556,508	739,272	815,913	672,267	407,108
Use of money and property	671,185	736,888	684,382	665,222	708,536	986,419	2,247,879	2,370,910	3,615,466	2,300,053
Intergovernmental	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	13,246,486
Charges for current services	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	6,383,015
Other	1,764,517	1,100,595	817,149	2,319,182	4,650,482	2,165,019	723,345	482,512	516,027	554,809
Total revenues	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	63,864,070
Expenditures										
Current:										
General government	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	3,502,395
Community development	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	3,455,063
Police	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	20,842,998
Fire	9,979,449	10,442,244	10,734,962	11,524,404	12,262,326	12,748,714	13,915,726	14,941,695	15,720,465	16,641,787
Parks and recreation	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	2,489,095
Public works	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	12,026,046
Capital outlay	6,010,308	4,809,382	1,595,828	2,733,981	3,987,980	334,381	280,032	1,172,005	433,128	241,636
Debt service										
Principal	1,629,814	113,958	134,264	-	-	-	-	-	-	-
Interest	3,315,833	1,877,695	2,352	-	-	-	-	-	-	-
Cost of issuance										
Total expenditures	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	59,199,020
Excess of revenues over (under) expenditures	(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	4,665,050
Other Financing Sources (Uses):										
Debt issuance	11,561,444	-	-	-	-	-	-	-	-	-
Proceeds from the sale of assets	4,504	-	31,469	40,307	4,684	7,607	13,050	-	-	-
Contributions from enterprise funds	207,830	-	-	-	-	-	-	-	-	-
Transfers in	21,418,966	13,041,470	8,822,043	5,759,605	8,752,044	8,378,259	7,454,274	14,685,728	8,065,562	12,311,021
Transfers out	(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)	(13,477,848)
Total other financing sources (uses)	11,773,778	90,000	(58,531)	(816,113)	(783,896)	(1,346,866)	(1,066,353)	(781,618)	(362,583)	(1,166,827)
Special Item										
Successor Agency Bond Proceeds	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	3,498,223
Debt service as a percentage of noncapital expenditures (1)	8.86%	4.39%	0.27%	0.00%	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.

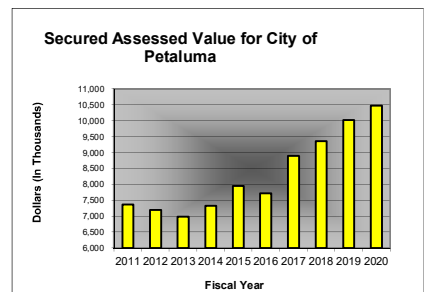
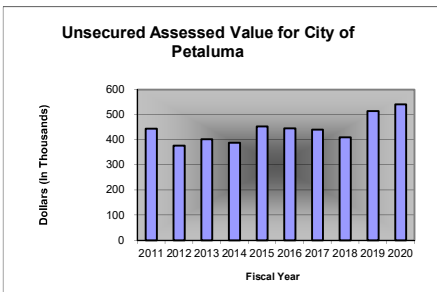
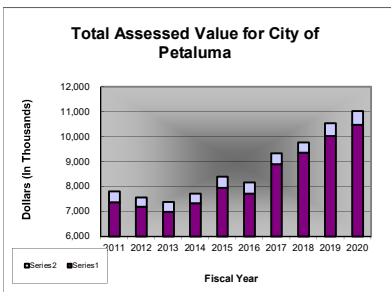
Schedule 5
City of Petaluma, CA
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years

Tax Revenue	Fiscal Year										% Change 2011-2020
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Property	\$ 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	\$ 11,637,555	-49.25%
Sales and Use	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	12,956,128	46.50%
Occupancy	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	2,642,249	96.93%
Franchise	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	4,941,468	54.29%
Property Transfer	834,527	826,506	984,045	965,868	1,173,223	1,245,039	1,769,698	1,237,310	1,335,133	1,315,425	57.63%
Other	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	1,171,102	32.07%
Total taxes	\$ 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	\$ 34,663,927	

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)
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
2020	8,404,723,132	264,133,529	(232,931,730)	8,435,924,931	10,119,871,577	1.200

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)
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
2020	2,296,641,565	227,858,460	(198,451,008)	2,326,049,017	2,790,365,908	1.200



(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

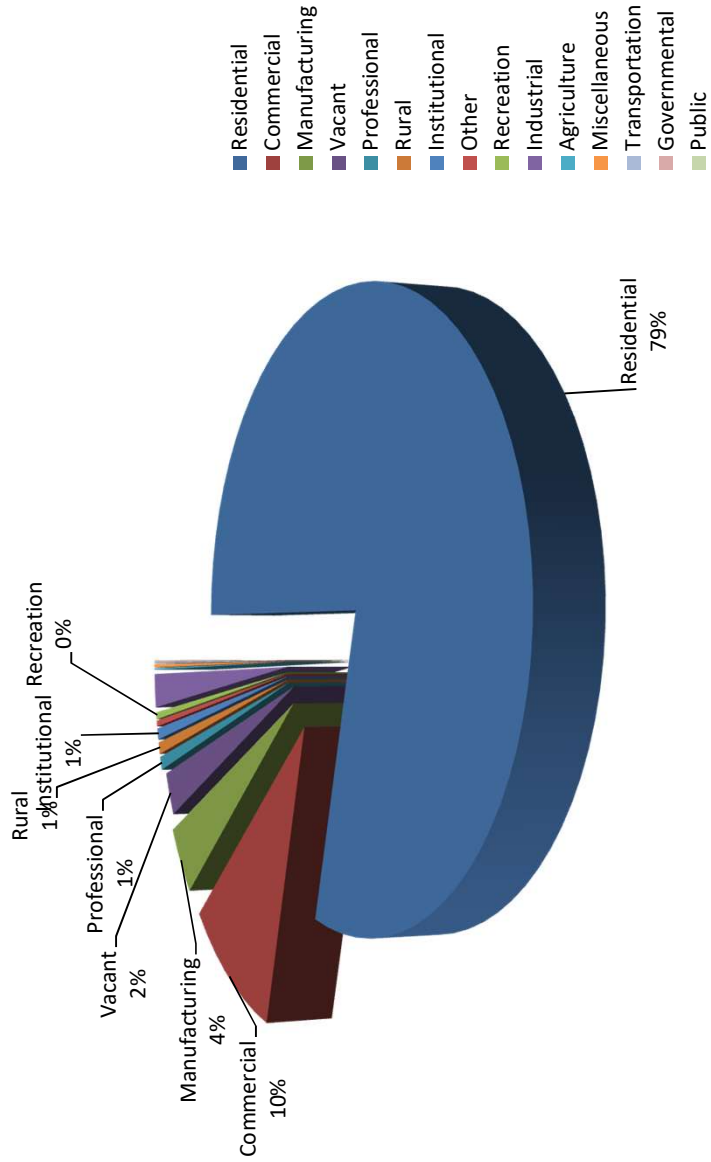
Last Ten Fiscal Years (in thousands)

Category	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential	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	8,475,646
Commercial	838,152	751,102	743,611	762,317	821,853	858,577	944,370	974,194	975,992	1,019,880
Manufacturing	502,140	478,954	444,375	431,460	439,847	450,611	484,841	492,180	393,564	411,906
Vacant	181,087	149,555	151,203	181,976	191,734	212,309	287,083	350,108	204,015	255,978
Professional	64,446	60,875	62,193	65,564	66,504	67,539	69,649	74,363	197,538	78,773
Rural	39,886	38,536	38,296	39,054	39,631	42,465	55,342	63,334	76,631	70,328
Institutional	33,414	35,365	35,782	45,531	38,362	41,285	60,718	61,757	62,462	66,523
Other	30,443	29,293	29,485	27,854	51,706	53,043	53,678	54,709	59,277	34,380
Recreation	46,025	45,608	44,902	44,188	40,044	36,017	38,315	38,845	41,367	41,496
Industrial	14,234	14,341	14,626	14,566	14,631	15,901	26,366	18,035	35,134	199,547
Agriculture	27,431	27,640	6,994	7,039	6,358	5,940	9,904	10,917	21,189	9,578
Miscellaneous	1,160	1,169	1,192	1,216	4,864	5,246	9,386	10,474	9,390	20,047
Transportation	9,468	5,024	8,201	8,222	8,244	8,384	8,713	8,738	8,565	8,725
Governmental	3,791	3,819	3,895	3,992	3,991	5,500	5,584	5,696	6,785	6,921
Public	1,416	1,427	1,455	1,484	1,491	1,521	1,544	1,575	1,606	1,639
Gross Secured Value	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	10,701,365
Unsecured Value	443,741	376,976	402,532	388,180	452,846	448,625	463,647	415,732	444,367	491,992
Exemptions	204,552	187,581	202,177	210,589	224,549	226,760	365,714	363,992	375,696	431,383
Net Taxable Value	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	10,761,974

Source: Sonoma County Assessor data, MuniServices, LLC / Avenu Insights & Analytics

Schedule 8
 City of Petaluma, CA
 Assessed Value of Taxable Property by Use Code, Citywide
 2019-2020 Land Use Chart

Assessed Value by Use Code for RDA and City



Source: MuniServices, LLC/Avenu Insights & Analytics

Schedule 9
City of Petaluma, CA
Direct and Overlapping Property Tax Rates,
(rate per \$100 of assessed value)
Last Ten Fiscal Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	0.0186	0.0186	0.0186	0.0186	0.0186
County of Sonoma	0.2785	0.2785	0.2785	0.2785	0.2785	0.2784	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	0.0465	0.0465	0.0505	0.0620	0.0530	0.0410	0.0310	0.0360	0.0320
Petaluma High school bonds	0.0305	0.0342	0.0342	0.0360	0.0650	0.0590	0.0460	0.0620	0.0600	0.0450
Sonoma County Junior College bonds	0.0210	0.0210	0.0210	0.0188	0.0180	0.0160	0.0400	0.0370	0.0360	0.0370
Total Override Assessments:	0.1020	0.1087	0.1087	0.1123	0.1520	0.1350	0.1340	0.1370	0.1390	0.1210
Total Direct and Overlapping Rates:	1.1020	1.1087	1.1087	1.1123	1.1520	1.1350	1.1340	1.1370	1.1390	1.1210

Source: Sonoma County Auditor data, MuniServices, LLC / Avenu Insights & Analytics

(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			
	2020		2011	
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Enclave Apts Property Owner Ll	150,289,425	1	1.40%	
Sequoia Equities Azure Lp	118,774,924	2	1.10%	52,653,005
Sscop De Llc	63,612,393	3	0.59%	0.00%
Lagunitas Brewing Company	57,088,865	4	0.53%	0.00%
Mgp Viii Properties Llc	52,127,973	5	0.48%	0.00%
Regency Petaluma Llc	44,697,577	6	0.42%	0.00%
Syers Properties I Lp	44,530,053	7	0.41%	0.00%
Tsa Skh Investors Llc	37,974,777	8	0.35%	0.00%
Pacific Castle Redwood Llc	35,808,827	9	0.33%	0.00%
Target Corp	35,373,599	10	0.33%	0.00%
Redwood Technology Center Llc	33,760,386	11	0.31%	0.00%
Palo Alto Bayshore Investors L	33,045,617	12	0.31%	0.00%
Chelsea Gca Realty Ptp	31,633,455	13	0.29%	0.00%
Mncvad Ind Petaluma Ca Llc	31,500,265	14	0.29%	27,169,133
Novak Property Llc	30,848,624	15	0.29%	20,597,879
Addison Ranch Apts Llc	29,811,835	16	0.28%	0.00%
Clover Stornetta Farms Inc.	29,805,044	17	0.28%	26,110,001
Labcon North America	29,731,194	18	0.28%	0.00%
Sonoma Hotel Partners Lp	27,624,150	19	0.26%	19,209,181
Haven At Petaluma Llc	25,619,121	20	0.24%	0.00%
Vons Companies Inc.	22,492,244	21	0.21%	0.00%
Washington Square Assoc Llc	20,484,023	22	0.19%	0.00%
Nsa Investments Llc	19,519,936	23	0.18%	0.00%
Thermo Fisher Scientific	18,528,840	24	0.17%	0.00%
Lowenberg Assoc Lp	17,989,278	25	0.17%	0.00%
RNM Lakeville				64,768,365
Amfp Qvt Enclave Llc				51,960,200
Crp Holdings A I Llc				34,142,846
Redwood Gateway Llc				31,949,208
Azure At Lakeville Square Llc				30,413,432
Sa Structure Llc				30,133,645
Regency Petaluma Llc				27,249,475
Sa Challenger Inc.				26,882,492
Ca Redwood Business Park Iii L				25,533,181
Petaluma Theatre Square Llc				23,942,948
Csfb 2002 Cks4 Redwood Way Ltd				23,146,989
Inland American Stephens South				21,878,024
Cerent Corp				21,826,233
Petaluma Marina Office Investo				20,950,000
Petaluma Marina Investors Llc				20,788,610
Quarry Heights Llc				20,762,000
Syers Propeties I Lp				19,862,860
Lba Realty Fund Ii Wbp Iii Llc				19,800,000
Parkway Petaluma Llc				19,444,935
Petaluma Waterfront Apts Llc				17,505,600
Top 25 Taxpayers	\$ 1,042,672,425		9.69%	\$ 698,680,242
All Other Taxpayers	9,719,301,523		90.31%	6,909,497,372
Total Taxable Assessed Values	\$ 10,761,973,948		100.00%	\$ 7,608,177,614

Source: Sonoma County Assessor data , MuniServices, LLC/Avenu Insights & Analytics

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
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%
2020	11,417,750	10,858,852	95.11%	-	11,417,750	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
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	-	-		-
2020	-	-		-

Business-type Activities					
Year	Revenue Bonds	Term Loans	Certificates of Participation	Revolving Credit Lines	Total Business-Type Activities
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
2020	96,014,705	6,426,352	2,870,000	-	105,311,057

Fiscal Year	Total Primary Government	Percentage of Personal Income	Per Capita
2020	105,311,057	4%	1,702

Note: capital lease is immaterial

Schedule 13
City of Petaluma, CA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

2019-20 Assessed Valuation:	\$ 10,837,558,370	(includes aircraft valuations)
Redevelopment Incremental Valuation:	<u>(2,080,996,362)</u>	
Adjusted Assessed Valuation:	\$ 8,756,562,008	

	Total Debt 6/30/2020	% Applicable	City's Share of Debt 6/30/2020
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Sonoma County Joint Community College	\$ 388,355,000	11.35%	\$ 44,062,758
Petaluma Joint Union High School District	47,815,000	76.69%	36,670,280
Cinnabar School District	2,375,000	42.51%	1,009,565
Old Adobe Union School District	35,615,568	89.59%	31,909,056
Petaluma City School District	17,635,000	84.46%	14,893,816
Wilmar Union School District	3,862,436	12.52%	483,422
Waugh School District Facilities Improvement District #1	3,999,601	70.12%	2,804,400
Waugh School District Community Facilities District #1	3,240,000	100.00%	3,240,000
City of Petaluma 1915 Act Bonds	314,100	100.00%	314,100
California Statewide Community Development Authority 1915 Act Bonds	4,680,593	100.00%	<u>4,680,593</u>
Total Overlapping Tax and Assessment Debt			\$ 140,067,990
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Sonoma County General Fund Obligations	\$ 13,171,000	11.44%	\$ 1,506,367
Sonoma County Pension Obligations	321,415,000	11.44%	36,760,234
Sonoma County Office of Education COP	3,792,921	11.44%	433,796
Petaluma Joint Union High School District COP	4,635,000	76.69%	3,554,674
Cinnabar School District COP	964,000	42.51%	<u>409,777</u>
Total Direct and Overlapping General Fund Debt:			\$ 42,664,848
OVERLAPPING TAX INCREMENT DEBT	\$ 61,595,000	95.85%	\$ 59,041,271
Total Direct Debt			-
Total Overlapping Debt			<u>241,774,109</u>
Combined Total Debt			<u>\$ 241,774,109</u>

Source:
MuniServices, LLC
non-bonded capital lease obligations.

Ratios to adjust Assessment Valuation:
Total Overlapping Tax and Assessment Debt 1.29%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt (\$2,870,000) 0.03%
Combined Total Debt 2.26%

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

Fiscal Year	Tax Increment Revenue*	Annual Debt Service**	Required Coverage (125%)	Legal Debt Margin	Debt as Percentage of Legal Debt Margin
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	-	-	-	-	-
2020	-	-	-	-	-

*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
2020	21,206,990	13,790,045	7,416,945	361,000	186,051	13.56

2017 Waste Water Revenue Bonds						
Fiscal Year	Operating Rev less Connect Fees	Operating Expenses	Net Available Revenue	Debt Service		Coverage***
				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
2020	\$ 27,834,006	\$ 13,282,390	\$ 14,551,616	\$ -	\$ 805,319	18.07

2019 Waste Water Revenue Bonds						
Fiscal Year	Operating Rev less Connect Fees	Operating Expenses	Net Available Revenue	Debt Service		Coverage***
				Principal	Interest	
2020	\$ 27,834,006	\$ 13,282,390	\$ 14,551,616	\$ 5,645,000	\$ 2,000,510	1.90

* 115% required

*** 125% required

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

Calendar Year	Population (1)	Personal Household Income in thousands of dollars (2)	Per Capita Personal Income (3)	Median Age	School Enrollment*	Estimated Unemployment Rate %
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	2.00%
2020	61,873	2,715,023	43,881	41.7	7,811	11.90%

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					
	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Petaluma School District	866	1	2.69%	1,300	1	4.14%
Petaluma Valley Hospital	489	2	1.52%	528	2	1.68%
Petaluma Poultry Processors	475	3	1.48%	402	4	1.28%
Lagunita's Brewing Company*	336	4	1.04%			
City of Petaluma	333	5	1.03%	272	7	0.87%
Old Adobe Union School District*	285	6	0.89%	207	9	0.66%
Sequoia Senior Solutions	223	7	0.69%			
Clover Sonoma formerly Clover Stornetta Farms	211	8	0.66%	220	8	0.70%
Labcon, North America	200	9	0.62%	170	10	0.54%
Hanse1 Auto**	159	10	0.49%			
United States Postal Service				477	3	1.52%
Calix Networks Inc.				275	6	0.88%
Santa Rosa Junior College				300	5	0.96%
Total Principal Employers	3,577		11.11%	4,151		13.22%
Total City Employment (1)	32,200			31,400		

Source: MuniServices, LLC / Avenu Insights & Analytics, 2010-11 previously produced CAFR

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 Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental										
General government (total of next 8)	38.8	30.1	28.7	26.7	35.0	35.6	36.6	38.6	39.6	40.0
Administrative Services (Finance)	8.9	6.05	6.05	6.1	13.0	13.0	14.0	15.0	15.0	15.0
Internal Services	13.2	10.7	10.7	10.7	9.0	9.0	9.0	10.0	11.0	11.0
Animal Services	8.0	6.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City Attorney	0.5	0.5	0.0	3.0	4.0	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	3.6	3.3	3.3	3.3	4.0	4.0	4.0	4.0	4.0	4.0
Human Resources	2.6	1.6	1.6	1.6	3.0	3.6	3.6	3.6	3.6	4.0
Community development	3.0	5.5	1.7	3.7	2.0	2.0	2.0	2.0	2.0	2.0
Fire	58.0	57.0	57.0	57.0	58.0	58.0	58.0	58.0	58.0	64.0
Police	99.5	83.1	81.5	82.5	84.5	84.5	89.7	91.7	93.1	94.1
Parks and recreation	7.3	5.0	5.0	6.0	6.0	6.0	9.0	8.4	8.4	8.35
Public works	51.4	35.7	38.5	36.5	35.2	36.2	39.6	41.0	41.1	42.07
Business Activities										
Airport	1.6	1.6	1.0	1.0	1.0	1.0	1.0	2.0	2.0	1.00
Airport & Marina Mgr										1.00
Development Services	3.0	4.0	4.0	5.0	6.0	6.0	6.0	7.0	7.0	7.0
Marina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transit	2.0	1.0	1.0	1.0	1.0	1.0	1.0	2.5	2.5	2.5
Water	28.4	29.6	29.6	30.1	29.9	30.4	30.9	30.0	31.5	31.5
Waste water	31.5	29.6	29.6	30.1	29.9	30.4	31.0	30.0	31.5	31.5
Internal Service										
Employee benefits	1	0.4	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0
General services	2	2	2	2	2	2	2	2	2	2
Information technology	7	7	7	7	7	7	7	7	7	7
Risk management	3	0	0	0	0	0	0	1	2	2
Workers' compensation	1	1	1	1	0	0	0	0	0	0
Total	324	282	278	280	289	291	305	311	317	325

Source: City budget, finance department

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Community development										
Commercial building permits issued	100	241	249	318	507	255	367	251	263	215
Residential building permits issued	1,000	821	1,142	1,172	1,023	1,609	1,549	1,874	1,779	2,119
Inspections performed	4,315	4,614	6,344	4,379	3,470	4,850	6,185	6,370	5,718	5,527
Police										
Number of police calls	54,429	50,667	49,496	52,738	55,121	56,887	57,616	61,083	56,137	54,112
Parking citations	5,564	7,118	9,081	8,073	3,522	6,723	8,248	8,677	5,705	3,522
Traffic citations	5,544	7,667	4,742	4,947	2,119	3,966	4,041	5,558	3,469	1,565
Administrative citations					35		120	118	176	102
Fire										
Ambulance runs	3,508	3,612	3,614	3,817	3,963	4,204	4,193	4,651	4,820	4,953
Fire calls	1,456	1,557	1,606	1,816	1,863	2,086	2,250	2,326	2,483	2,549
Inspections	1,898	2,014	2,408	2,458	2,723	2,425	2,656	2,288	2,905	1,407
Public works										
Street miles resurfaced/sealed	4.33	0.75	1.5	1.44	1.7	1.08	2.74	3.86	1.23	1.13
Potholes repaired										
Parks and recreation										
Historical library & museum visitors	11,473	8,801	7,760	6,269	7,251	10,192	10,612	11,150	12,470	5,850
Recreation program attendance	3,547	3,214	3,271	3,522	2,499	2,339	2,364	2,413	2,075	1,781
Senior Center Classes/Activities (3)									16,500	10,334
Special event attendance	12,700	12,900	10,000	2,000	3,400	4,700	4,850	4,850	6,700	6,300
Airport										
Airport movements (1)	26,000	26,000	26,000	26,000	26,000	26,000	26,000	53,200	53,200	53,300
Annual fuel consumption (gallons)	172,749	177,286	167,700	138,000	170,885	192,256	175,629	200,953	155,179	137,970
Water										
Annual water purchased in billions of gallons	2.4	2.7	3.1	3.0	2.5	3.	2.8	2.7	2.2	2.7
Utility accounts	19,839	19,995	20,152	20,230	20,280	20,322	20,442	20,497	20,605	20,688
Wastewater										
Average dry weather flows of sewage	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	4.0 mgd
Transit										
Number of bus routes (2)	6	6	6	6	6	7	7	14	14	12
Annual ridership	229,447	306,017	339,460	384,967	400,407	370,674	414,089	344,665	350,449	332,291

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	53	55	55	55	55	55	55	53	54	53
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Ambulances	4	4	4	4	4	4	3	3	3	4
Public works										
Streets (miles) (1)	185	185	185	185	185	185	185	185	177	177
Highways (miles)	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.00	0.00	0.00
Streetlights	4,700	5,129	5,129	4,942	5,392	5,392	5,065	5,111	5,111	5,135
Traffic Signals	50	55	55	51	51	51	51	51	51	51
Park and recreation										
Acreage	299	299	299	324	324	324	324	460	462	462
Parks	44	44	44	45	45	45	45	46	50	46
Community centers	4	4	4	4	4	4	4	4	4	4
Ball/soccer fields	48	48	48	51	51	51	51	51	53	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	255	255	258	268	268	252	252	239	239
Fire hydrants	2,492	2,494	2,494	2,565	2,597	2,597	2,587	2,562	2,583	2,572
Aqueduct stations	8	8	8	8	8	8	8	8	8	8
Wells	15	15	13	13	13	13	13	11	11	11
Valves	7,310	7,324	7,324	7,542	7,636	7,636	7,681	7,723	8,495	8,571
Reservoirs, finished water (total capacity - 13.1 mg)	13.1	13.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1
Wastewater										
Booster stations (35 pumps)	12	12	12	12	12	12	12	12	12	12
Sanitary sewers (miles)	195	195	195	195.5	196.1	196.5	197	197	190	195
Storm sewers (miles)	166	122	122	125	127	127	124	120	120	120
Treatment capacity (millions of gallons)	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445
Transit										
Buses	10	10	10	10	11	11	14	14	14	14
Paratransit vans (2)								9	9	10

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