

City of Petaluma California

**Annual Comprehensive Financial Report
for
The Year Ended June 30, 2021**



CITY OF PETALUMA, CALIFORNIA

Annual Comprehensive Financial Report For the year ended June 30, 2021



Prepared by the Finance Department



CITY OF PETALUMA, CALIFORNIA

**Annual Comprehensive Financial Report
For the Year Ended June 30, 2021**

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CITY OF PETALUMA

POST OFFICE BOX 61
PETALUMA, CA 94953-0061

Teresa Barrett
Mayor

Brian Barnacle
D'Lynda Fischer
Mike Healy
Dave King
Kevin McDonnell
Dennis Pocekay
Councilmembers

December 29, 2021

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

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) 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 ACFR for the City of Petaluma, California for the fiscal year ended June 30, 2021.

For the fiscal year ended June 30, 2021, 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.

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.

Finance Department

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

General Services

Phone (707) 778-4384

Purchasing

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

Utility Billing

Phone (707) 778-4350
Fax (707) 931-0667
E-Mail:
utilitybilling@cityofpetaluma.org

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, 2021, 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, 2021, 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

The City continues to focus its efforts on long-term fiscal and organizational sustainability. In November of 2020 after a robust community outreach and engagement effort regarding the fiscal health of the City, Petaluma voters passed a one-cent general purpose sales tax measure aimed at providing the resources necessary to address the increase in demand for services and other needs citywide. This new source of locally controlled revenue will ensure continuity of core essential services to our residents by backfilling the historical deficit gap and will provide the resources necessary for investing in staff – those who deliver the high-quality services to our residents. It also provides for addressing priority initiatives city wide including deferred maintenance on City roads and facilities.

But even with these new resources, the City as it always has, continues to focus short and long term on both the fiscal and organizational sustainability of the City. As of today, the impacts and effects of the pandemic are ongoing. Sales tax, the largest portion of General Fund revenues continues to be impacted as a result of the crisis. Due to the uncertainty of what lies ahead, the long-term forecast has been adjusted accordingly. It is anticipated that recovery could occur sooner than anticipated, and as time passes, the 5-year forecast will be revised. The 5-year forecast has proven invaluable since 2013 as it has proven to be accurate in projecting potential deficits. Petaluma will continue to rely on the 5-year forecast for planning into the future.

An Economic Development Program that provides support to the local business community continues to be successful. The challenges experienced by local businesses over the past year are vast. The Economic Development staff have focused on providing the support needed by creating the Free-Range program which aims at issuing permits for outdoor dining as well as advertising the City's small business loan program. Petaluma also 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. 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.

As a result of ongoing revenue losses realized from the ongoing impacts of the COVID 19 pandemic, FY 21 expenditures exceeded revenues by \$1.1 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 22 balanced General Fund budget in May of 2021, which would not have been possible without the additional resources from the new one-cent sales tax and sound fiscal management.

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 fees 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. As data is analyzed, we continue to monitor and adjust accordingly.

As of today, Sonoma County remains under a mask mandate to reduce the contraction rate and minimize community widespread infection. We remain cautiously optimistic regarding financial trends that show a possible recovery sooner than anticipated. 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 improved as the economy shows signs of recovery. Growth is expected to continue, barring any setbacks in pandemic recovery. Tourism is recovering but will undoubtedly depend on the continued abatement of COVID-19 cases nationally and consumers' willingness to travel. The unemployment rate in Sonoma County remains slightly elevated compared to pre pandemic rates hovering around 5% but has improved compared to the prior year and remains below both the State and National rates.

The long-term outlook for Sonoma County tourism is positive with steady growth that will rebuild its tourism base. Occupancy rates remain below pre pandemic levels but have improved due to increased confidence and pent-up travel demand. According to the Sonoma County Economic Development Board the long-term outlook for Sonoma County tourism will steadily recover given the county's natural beauty, proximity to strong regional economies, and diverse tourist attractions. While occupancy rates are recovering hovering around 60%, it is expected the tourism industry will continue its steady recovery. 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 2021 of approximately \$.5m 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. The commercial real estate market remains challenged due to business closures, moves and the possibility of permanent remote work options.

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 3.80% in 2022. General fund property taxes in fiscal year 2021 were \$11.3 million, down slightly \$.3 million or 3.1% from the prior year due to changes in how residual tax increment from the former redevelopment agencies is distributed based on a recent appellate court decision in 2020.

Retail sales in Petaluma were stable throughout 2021 and are expected to grow slowly into 2022. Total general fund sales tax received in fiscal year 2021 was \$14 million, an increase of \$1.8 million or 14% as compared to the prior year. This above average growth is the sign of recovery occurring as we emerge out of the early days of the pandemic. Total sales tax revenue in 2022 is estimated to be unchanged from 2021. As updated data is received and trend are recognized, the revenue forecast will be adjusted. The Construction, Product and Transportation sectors continue to show strong and continued growth into the new year offsetting potential slowing in the Business-to-Business categories. General Retail continues to show slow steady growth into the new year.

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 long 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 \$170.4 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 \$1.1 million.

Debt Administration. As of June 30, 2021, 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. In September of 2021, The City issued new General Funded lease revenue bonds for financing road improvements.

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 annual comprehensive financial report for the fiscal year ended June 30, 2020.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive 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.

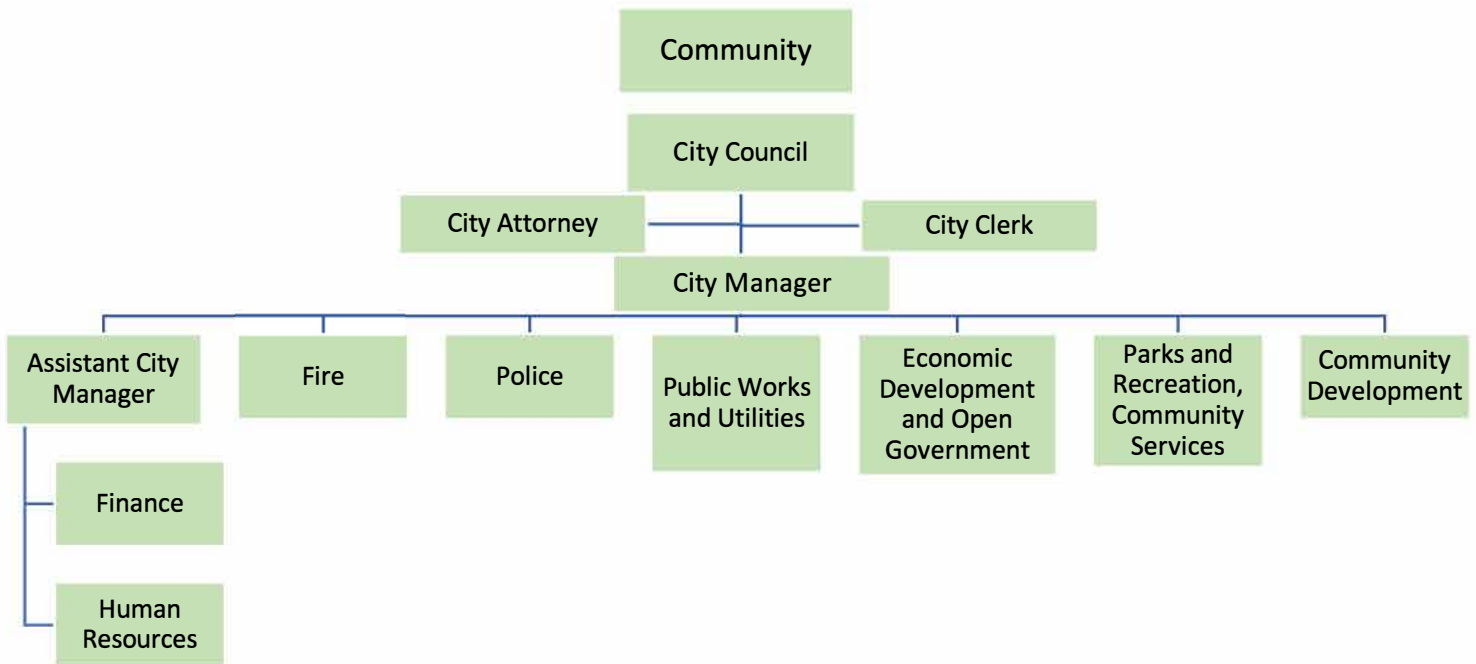
Acknowledgements. This report could not have been prepared without the efforts of Finance staff who spent untold hours preparing the financial statements, notes, statistical information and other details to comply with all the necessary requirements and pronouncements. I would like to express my appreciation 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
Finance Director

CITY ORGANIZATIONAL 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

KENDALL ROSE

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

CYNTHIA BARON

Interim 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, 2021



TERESA BARRETT
Mayor



BRIAN BARNACLE
Vice Mayor



D'LYNDA FISCHER
Council Member



MIKE HEALY
Council Member



DAVE KING
Council Member



KEVIN MCDONNELL
Council Member



DENNIS POCEKAY
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, 2020

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, 2021, 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension required supplementary information, and other post employment benefits information on pages 5-26 and 105-115, 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 119-151, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

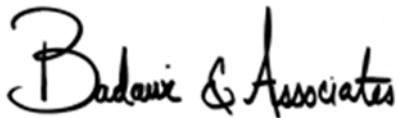
To the Honorable Mayor and Members of the City Council
of the City of Petaluma
Petaluma, California
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The City Capital Projects Fund budgetary comparison schedule, combining and individual nonmajor fund financial statements, and the budgetary comparison schedules on pages 119-151 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 119-151 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 29, 2021, 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 & Associates, CPAs
Berkeley, California
December 29, 2021



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, 2021.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The governmental activities of the City include:

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

The business-type activities of the City include:

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

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

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

- *Governmental Funds* account for most of the City's basic services and focus primarily on short-term activities by measuring current revenues and expenditures and excluding capital assets and long-term obligations. Different from the Government-Wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

General Fund

HOME/Begin Special Revenue Fund

Impact Fee Special Revenue Funds

Successor Housing Special Revenue Fund

City Capital Project Funds

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

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

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

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

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

In addition to the Basic Financial Statements and accompanying notes, this report also presents certain required supplementary information. This includes budgetary comparison statements for the governmental funds to demonstrate compliance with the legal provisions of the 2021 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, 2021 by \$462 million (Net Position). Of this amount, \$354.5 million was invested in capital assets; \$116.6 million was restricted for capital projects, debt service, non-expendable trusts and special projects; and (\$9.4) million was unrestricted. This includes all City funds.
- The City's total Net Position increased by \$11.8 million over the prior year. This increase is attributable to a \$3 million increase in unrestricted net position, a \$2.9 million increase in capital assets investment, and a \$5.9 million increase in restricted net position.
 - i. At the close of the fiscal year, the City's Governmental Activities reported combined net position of \$235.2 million, a decrease of \$1.7 million from the prior year. Attributing to this change is a combined increase in fund balances in Governmental Funds and Internal Service Funds of \$4.6 million resulting from revenues exceeding expenditures, offset by a decrease of \$2.1 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 \$5.5 million and \$.4 million related to other post-employment benefit (OPEB) liability offset by other combined increases totaling \$1.7m.
 - ii. Business-Type Activities reported combined fund balances of \$226.6 million at the close of the fiscal year, an increase of \$13.5 million over the prior year. Business Activity change in net position is comprised of an increase due to current year revenues exceeding expenditures by approximately \$13.8 million. Included in this overall increase are changes resulting from an increase in the overall Net Pension Liability of \$.7m and \$.05 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 \$134.2 million, an increase of \$5.2 million from the prior year. This increase is due

largely to increased fund balances in the Impact Fees Fund, Capital Projects and Non Major Funds. Partially offsetting the overall increase, is a decreased fund balance in the General Fund. Fiscal Year 2021 fund balance was comprised of \$.2 million non-spendable reserves; \$116.6 million restricted reserves, \$6.8 million committed reserves, \$9.6 million assigned reserves and \$.9 million of unassigned reserves.

- At the close of the fiscal year, the total fund balance for the General Fund was \$12.9 million, approximately a \$1.1 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 \$462 million at the close of the fiscal year ended June 30, 2021.

The largest portion of the City's net position (77%) 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 (-2%), the unrestricted net position, may be used to meet the government's ongoing obligations to citizens and creditors, subject to restrictions of various funding sources, as applicable.

Total net position increased by \$11.8 million during the fiscal year as shown below in Table 1. Net position investment in capital assets increased by \$2.9 million; restricted net position increased by \$5.9 million and unrestricted net position increased by \$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.

Summary Statement of Net Position
Total Primary Government
As of June 30, 2021 and 2020
(in thousands)

	Total Activities 2021	Total Activities 2020	Total Activities Change
Assets:			
Current and other assets	\$ 247,721	\$ 227,989	\$ 19,732
Capital Assets, net of depreciation	<u>453,953</u>	<u>456,986</u>	<u>(3,033)</u>
Total Assets	<u>701,674</u>	<u>684,975</u>	<u>16,699</u>
Deferred Outflows of Resources:			
Related to Pension	16,139	15,215	924
Related to OPEB	<u>3,285</u>	<u>511</u>	<u>2,774</u>
Total Deferred Outflows of Resources	<u>19,424</u>	<u>15,726</u>	<u>3,698</u>
Total Assets and Deferred Outflows of Resources	<u>721,098</u>	<u>700,701</u>	<u>20,397</u>
Liabilities:			
Current Liabilities	22,873	19,618	3,255
Non-Current Liabilities	<u>232,800</u>	<u>225,416</u>	<u>7,384</u>
Total Liabilities	<u>255,673</u>	<u>245,034</u>	<u>10,639</u>
Deferred Inflows of Resources:			
Related to Pension	156	1,441	(1,285)
Related to OPEB	<u>3,514</u>	<u>4,274</u>	<u>(760)</u>
Total Deferred Inflows of Resources	<u>3,670</u>	<u>5,715</u>	<u>(2,045)</u>
Total Liabilities and Deferred Inflows of Resources	<u>259,343</u>	<u>250,749</u>	<u>8,594</u>
Net Position:			
Net Investment in Capital Assets	354,508	351,675	2,833
Restricted	116,603	110,731	5,872
Unrestricted	<u>(9,356)</u>	<u>(12,454)</u>	<u>3,098</u>
Total Net Position	<u>\$ 461,755</u>	<u>\$ 449,952</u>	<u>\$ 11,803</u>

Government-wide Financial Statement Analysis- Governmental Activities

Governmental activities contributed \$235.2 million to the City's net position, a decrease of \$1.7 million from the prior year as shown below in Table 2. As mentioned previously, main contributing factors for the decrease in net position is the net effect of increased governmental fund balances of \$5.2m offset by capital asset activity occurring during the year, and changes in long term liabilities specifically an increase in both the Net Pension Liability and Other Post-Employment Benefits (OPEB) resulting in a slight decrease in overall fund balances as reported on the Government-Wide Financial Statements.

Summary of Net Position Governmental Activities As of June 30, 2021 and 2020 (in thousands)			
	Governmental Activities 2021	Governmental Activities 2020	Governmental Activities Change
Assets:			
Current and other assets	\$ 168,799	\$ 158,419	\$ 10,380
Capital Assets, net of depreciation	<u>187,453</u>	<u>189,587</u>	<u>(2,134)</u>
Total Assets	<u>356,252</u>	<u>348,006</u>	<u>8,246</u>
Deferred Outflows of Resources:			
Related to Pension	13,797	13,547	250
Related to OPEB	<u>2,959</u>	<u>461</u>	<u>2,498</u>
Total Deferred Outflows of Resources	<u>16,756</u>	<u>14,008</u>	<u>2,748</u>
Total Assets and Deferred Outflows of Resources	<u>373,008</u>	<u>362,014</u>	<u>10,994</u>
Liabilities:			
Current Liabilities	11,978	9,455	2,523
Non-Current Liabilities	<u>122,523</u>	<u>110,635</u>	<u>11,888</u>
Total Liabilities	<u>134,501</u>	<u>120,090</u>	<u>14,411</u>
Deferred Inflows of Resources:			
Related to Pension	156	1,149	(993)
Related to OPEB	<u>3,166</u>	<u>3,851</u>	<u>(685)</u>
Total Deferred Inflows of Resources	<u>3,322</u>	<u>5,000</u>	<u>(1,678)</u>
Total Liabilities and Deferred Inflows of Resources	<u>137,823</u>	<u>125,090</u>	<u>12,733</u>
Net Position:			
Net Investment in Capital Assets	187,061	189,587	(2,526)
Restricted	116,603	110,696	5,907
Unrestricted	<u>(68,479)</u>	<u>(63,359)</u>	<u>(5,120)</u>
Total Net Position	<u>\$ 235,185</u>	<u>\$ 236,924</u>	<u>\$ (1,739)</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 including the new Measure U 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 \$21 million in fiscal year 2021, an increase of \$4.7 million compared to the prior year
 - Charges for Service revenues were up 10.6% or \$1.3 million from the prior year due mainly to increased wildfire cost reimbursements directly offset by increased overtime costs for providing mutual aid to other agencies
 - Operating and Capital Grants and Contributions were up by \$3.3 million due mainly to increased grant payments received for several active projects and pandemic/disaster funding
- Property taxes decreased slightly by 2.9% or \$.3 million due to a change in the methodology used by Sonoma County for allocating the annual residual tax increment from the former redevelopment agencies
- Sales tax revenues were up by 40.7% or \$5.2 million due to ongoing recovery related to the COVID 19 pandemic in addition to the new Measure U sales tax receipts received in FY 21 passed by voters in November of 2020
- Intergovernmental revenues were up slightly by 1.5% or \$.1 million due mainly to increased motor vehicle license fee revenues driven by increased assessed valuations as well as an increase related to a change in classification of interest income related to notes receivable previously reported as miscellaneous revenue
- Other taxes combined were unchanged from the prior year
- Investment Earnings were down due to decreased short term interest rates resulting from the COVID 19 pandemic
- Miscellaneous Revenue was down due to a change in the classification of interest income related to notes receivable now reported under Intergovernmental revenues and previously reported as miscellaneous revenue as well as less one time project payments
- General Government expenses were up by 31.7% or \$1.2m due mainly to costs associated with updating the General Plan as well as increased costs associated with mitigating risks related to the COVID 19 pandemic

- Community Development expenses showed minimal change compared to the prior year
- Police expenses were down by 4.8% due mainly to the reclass of COVID 19 related personnel costs to the General Government category offset by COVID funding received
- Fire expenses were up 1.9% due to a combination of increased salary and benefit costs including increased overtime costs due to strike team deployments partially offset by decreases related to the reclass of COVID 19 related personnel costs to the General Government category offset by COVID funding received
- Recreation expenses were up 8.3% or \$.3m due to increased parks related CIP activity
- Public Works expenses were up 28.1% or \$3.7m due to increased CIP activity specifically various pavement restoration and improvement projects completed citywide

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

Table 3

Summary of Statement of Activities and Changes in Net Position			
Governmental Activities			
For the Years Ended June 30, 2021 and 2020			
(In thousands)			
	Governmental Activities 2021	Governmental Activities 2020	Percentage Change
Revenues:			
Program Revenues			
Charges for service	\$ 13,981	\$ 12,639	10.6%
Operating grants and contributions	2,418	814	197.1%
Capital grants and contributions	<u>4,533</u>	<u>2,809</u>	61.4%
Total program revenue	<u>20,932</u>	<u>16,262</u>	28.7%
General Revenues:			
Taxes:			
Property Tax	11,298	11,638	-2.9%
Sales Tax	18,231	12,956	40.7%
Franchise Tax	4,734	4,941	-4.2%
Intergovernmental/Unrestricted	10,379	10,227	1.5%
Other Taxes	<u>5,219</u>	<u>5,129</u>	1.8%
Total Taxes	49,861	44,891	11.1%
Investment Earnings	923	1,875	-50.8%
Miscellaneous Revenue	<u>1,383</u>	<u>2,858</u>	-51.6%
Total Revenue	<u>73,099</u>	<u>65,886</u>	10.9%
Expenses:			
General government	5,204	3,952	31.7%
Community development	6,275	6,158	1.9%
Police	23,342	24,519	-4.8%
Fire	20,110	19,738	1.9%
Recreation	3,423	3,160	8.3%
Public works	<u>16,826</u>	<u>13,140</u>	28.1%
Total Expenses	<u>75,180</u>	<u>70,667</u>	6.4%
Revenues Over (Under) Expenses	(2,081)	(4,781)	-56.5%
Transfers	<u>343</u>	<u>381</u>	-10.0%
Change in Net Position	(1,738)	(4,400)	-60.5%
Net position-beginning of year	236,924	241,324	-1.8%
Net position-end of year	<u>\$ 235,185</u>	<u>\$ 236,924</u>	-0.7%

Government-wide Financial Statement Analysis- Business-type Activities

The *Business-type activities* net position contributed \$226.6 million to the City's net position an increase of \$13.5 million over the prior year as shown below in Table 4. All business-type activities are intended to be fully supported by the fees they charge (including subsidies received for operations, as is the case with the Transit operation).

Summary of Statement of Net Position Business-type Activities As of June 30, 2021 and 2020 (in thousands)			
	Business-type Activities 2021	Business-type Activities 2020	Business-type Activities Change
Assets:			
Current and other assets	\$ 78,922	\$ 69,571	\$ 9,351
Capital Assets, net of depreciation	<u>266,500</u>	<u>267,398</u>	<u>(898)</u>
Total assets	<u>345,422</u>	<u>336,969</u>	<u>8,453</u>
Deferred Outflows of Resources:			
Related to Pension	2,342	1,668	674
Related to OPEB	<u>326</u>	<u>51</u>	<u>275</u>
Total Deferred Outflows of Resources	<u>2,668</u>	<u>1,719</u>	<u>949</u>
Total Assets and Deferred Outflows of Resources	<u>348,090</u>	<u>338,688</u>	<u>9,402</u>
Liabilities:			
Current Liabilities	10,895	10,162	733
Non-Current Liabilities	<u>110,277</u>	<u>114,782</u>	<u>(4,505)</u>
Total liabilities	<u>121,172</u>	<u>124,944</u>	<u>(3,772)</u>
Deferred Inflows of Resources:			
Related to Pension	-	292	(292)
Related to OPEB	<u>348</u>	<u>424</u>	<u>(76)</u>
Total Deferred Inflows of Resources	<u>348</u>	<u>716</u>	<u>(368)</u>
Total Liabilities and Deferred Inflows of Resources	<u>121,520</u>	<u>125,660</u>	<u>(4,140)</u>
Net Position:			
Net Investment in Capital Assets	167,447	162,087	5,360
Restricted	-	36	(36)
Unrestricted	<u>59,122</u>	<u>50,905</u>	<u>8,217</u>
Total Net Position	<u>\$ 226,569</u>	<u>\$ 213,028</u>	<u>\$ 13,541</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 \$58.2 million in fiscal year 2021, a decrease of \$3.4 million compared to the prior year.
 - Charges for Service revenues were up 1.5% or \$.8 million due to increased revenues in most enterprise funds related to sales and service fees
 - Operating Grants and Contributions were down 57.5% or \$4.2 million due to decreased non-recurring grant funds for Airport and Wastewater projects in the fiscal year
- Airport revenues and expenses decreased when compared to the prior year due to decreased project activity and associated intergovernmental revenue received
- Development Services revenues and expenses increased during the year due to increased activity resulting from the steady pandemic recovery and a strong housing market
- Marina overall net position decreased due to operating at a loss between \$.1m-\$.2 million annually
- Transit revenues and expenses remained relatively unchanged when compared to the prior year
- Wastewater Utility revenue and expenses decreased due mainly to decreased connection fees and intergovernmental revenues along with decreased expense recognized related to pension liability change when compared to the prior year
- Water Utility revenue remained relatively flat while expenses increased by 9.6% or \$1.5 million due to increased operating costs
- Storm Water Utility revenue and expenses remained mostly unchanged when compared to the prior year. The trash capture revenue generated from the refuse franchise agreement continues to assist with the operational costs of maintaining citywide storm drains

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, 2021 and 2020
(in thousands)

	Business-type Activities 2021	Business-type Activities 2020	Percentage Change
Revenues:			
Program Revenues			
Charges for Service	\$ 55,112	\$ 54,309	1.5%
Operating Grants and Contributions	3,094	7,279	-57.5%
Capital Grants and Contributions	<u>-</u>	<u>-</u>	0.0%
Total Program Revenue	<u>58,206</u>	<u>61,588</u>	-5.5%
General Revenues			
Investment Earnings	222	1,372	-83.8%
Miscellaneous Revenue	<u>31</u>	<u>18</u>	0%
Total Revenue	<u>58,459</u>	<u>62,978</u>	-7.2%
Expenses:			
Business Type Activities			
Airport	1,603	1,662	-3.5%
Development Services	2,160	2,081	3.8%
Marina	1,214	366	231.7%
Transit	3,583	3,549	1.0%
Wastewater	18,805	20,540	-8.4%
Water Utility	16,788	15,322	9.6%
Storm Water	<u>422</u>	<u>417</u>	1.2%
Total Expenses	<u>44,575</u>	<u>43,937</u>	1.5%
Revenues Over (Under) Expenses	13,884	19,041	-27.1%
Transfers	<u>(343)</u>	<u>(381)</u>	-10.0%
Changes in Net Position	<u>13,541</u>	<u>18,660</u>	-27.4%
Net Position - Beginning of year	213,028	194,368	9.6%
Net Position - End of Year	<u>\$ 226,569</u>	<u>\$ 213,028</u>	6.4%

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, 2021, the City of Petaluma Governmental Funds reported combined ending fund balances of \$134.2 million, an increase of \$5.2 million from fiscal year 2020 as shown in Table 6 below. Total non-spendable reserves are \$.2 million, restricted and committed reserves are \$116.6 million and \$6.8 million respectively. Assigned and unassigned are \$9.6 million and \$.9 million respectively. As mentioned prior, the main contributing factors to the increase in Governmental Fund Balances is due to increase fund balances in the Home, Impact Fees, Successor Housing, Capital Projects and Non-Major Governmental Funds. Partially offsetting the overall increase, is a decreased fund balance in the General Fund due to expenditures exceeding revenues, the result of ongoing revenue losses due to the COVID 19 pandemic. The General Fund's largest source of revenues, sales tax, is expected to experience losses when compared to pre pandemic levels however recovery is occurring, and the duration of the event will determine the pace of recovery.

The General Fund is the chief operating fund of the City. At June 30, 2021 total fund balance for the General Fund was \$12.9 million. This is made up of \$.2 million in non-spendable fund balance, \$1.5 million in committed, \$9.6 million in assigned and \$1.6 million in unassigned fund balance. The General Fund's fund balance decreased by \$1.1 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 \$1.1 million due to timing of project revenues 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 \$.1m while the Non-Major fund group had an increase in fund balance of \$.9m.

Table 6

Summary of Fund Balances			
Governmental Funds			
As of June 30, 2021 and 2020			
(in thousands)			
	Governmental Funds 2021	Governmental Funds 2020	Governmental Funds Change
Assets:			
Total assets	\$ 159,634	\$ 148,729	\$ 10,905
Liabilities:			
Total liabilities	9,347	5,625	3,722
Deferred Inflows of Resources:			
Unavailable revenue	16,060	14,091	1,969
Total Deferred Inflows	16,060	14,091	1,969
Fund Balance:			
Nonspendable	242	149	93
Restricted	116,577	110,670	5,907
Committed	6,845	7,724	(879)
Assigned	9,642	7,731	1,911
Unassigned	921	2,739	(1,818)
Total fund balance	134,227	129,013	5,214
Total liabilities and fund balances	\$ 159,634	\$ 148,729	\$ 10,905

Governmental Fund revenues increased by approximately \$8 million from the prior year due mainly to increased sales tax and intergovernmental revenues. Also contributing to the overall increase is a decrease in use of money and property and fines and penalties due to a decline in short term interest rates and less fee activity generated during the year. 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 \$6.9 million over the prior year. This increase is due mainly to increased expenses in General Government and Public Works from increased CIP activity.

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, 2021 and 2020
(in millions of dollars)**

Revenue by Source	FY 2021		FY 2020		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
Taxes	\$ 39.48	54.7%	\$ 34.66	54.3%	\$ 4.82	13.9%
Licenses, permits & fees	6.91	9.6%	6.31	9.9%	0.60	9.5%
Fines, forfeitures & penalties	0.16	0.2%	0.41	0.6%	(0.25)	-61.0%
Use of money & property	0.74	1.0%	2.30	3.6%	(1.56)	-67.8%
Intergovernmental	17.33	24.0%	13.25	20.7%	4.08	30.8%
Charges for current services	7.15	9.9%	6.38	10.0%	0.77	12.1%
Other	0.45	0.6%	0.55	0.9%	(0.10)	-18.2%
Total Revenues	\$ 72.22	100.0%	\$ 63.86	100.0%	\$ 8.36	13.1%

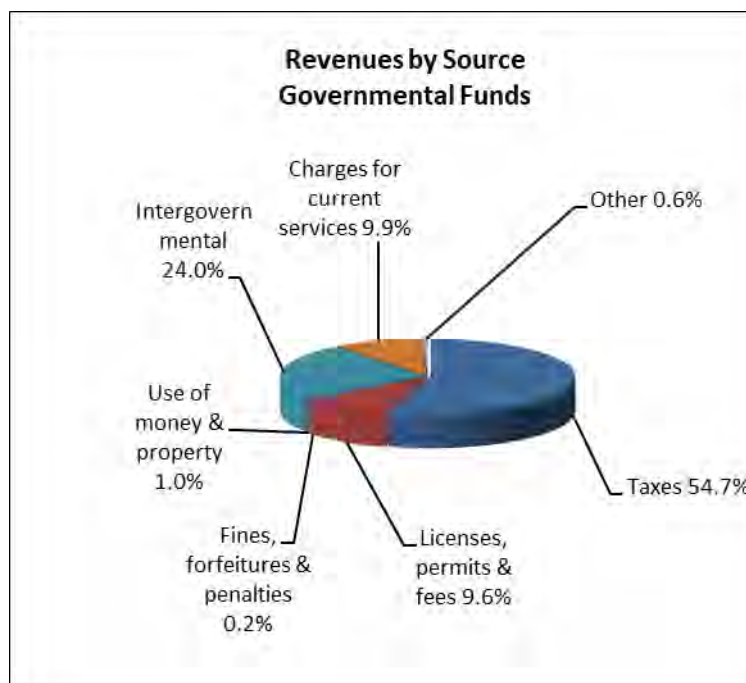
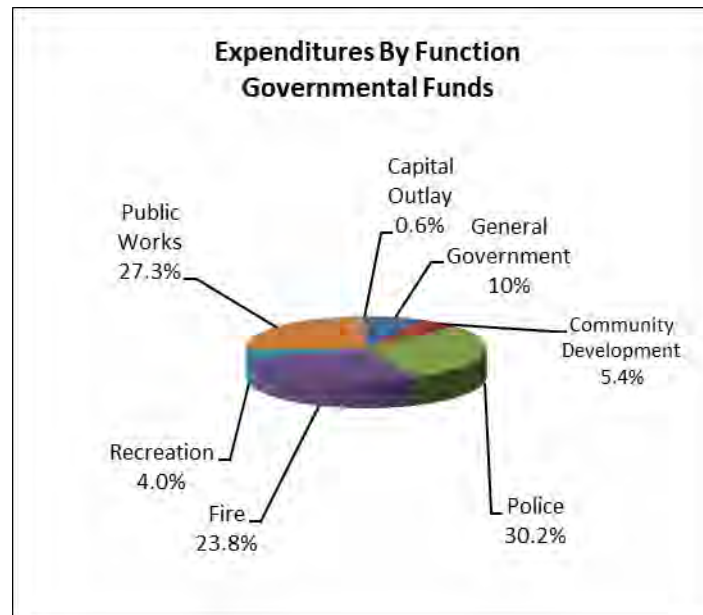


Table 8

Expenditures Classified by Function
Governmental Funds
For the Years ending June 30, 2021 and 2020
(in millions of dollars)

Expenditures by Function	FY 2021		FY 2020		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
Current:						
General Government	\$ 5.11	7.7%	\$ 3.50	5.9%	\$ 1.61	46.0%
Community Development	3.57	5.4%	3.45	5.8%	0.12	3.5%
Police	19.89	30.2%	20.84	35.2%	(0.95)	-4.6%
Fire	17.08	25.8%	16.64	28.1%	0.43	2.6%
Parks and Recreation	3.17	4.8%	2.49	4.2%	0.68	27.3%
Public Works	16.91	25.5%	12.03	20.3%	4.88	40.6%
Capital Outlay	0.37	0.6%	0.24	0.41%	0.13	54.2%
Total Expenditures	\$ 66.10	100.0%	\$ 59.19	100.0%	\$ 6.91	11.7%



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, 2021, total net position for Proprietary Funds increased by \$13.1 million from the prior year as shown in Table 9 below. Enterprise Funds activity showed total net position for Airport, Development Services, Wastewater, Water and Storm Water funds up \$.3m, \$.1m, \$12m, \$2.8m and \$.3m respectively. Marina and Transit funds show decreases in fund balance of \$1.6 and \$.2m respectively.

Internal Service Funds activity included a decrease in net position of \$.7 million, due mainly to an increase in long term claims payable associated with the City's Workers Compensation Program offset slightly by 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, 2021 and 2020
(in thousands)

	Proprietary Funds 2021	Proprietary Funds 2020	Proprietary Funds Change
Assets:			
Current assets	\$ 90,805	\$ 80,704	\$ 10,101
Non-current assets	<u>278,384</u>	<u>279,679</u>	<u>(1,295)</u>
Total assets	<u>369,189</u>	<u>360,383</u>	<u>8,806</u>
Deferred Outflows of Resources:			
Related to Pension	2,586	1,838	748
Related to OPEB	<u>853</u>	<u>133</u>	<u>720</u>
Total Deferred Outflows of Resources	<u>3,439</u>	<u>1,971</u>	<u>1,468</u>
Total Assets and Deferred Outflows of Resources	<u><u>372,628</u></u>	<u><u>362,354</u></u>	<u><u>10,274</u></u>
Liabilities:			
Current liabilities	16,234	15,407	827
Non-current liabilities	<u>131,901</u>	<u>134,992</u>	<u>(3,091)</u>
Total liabilities	<u>148,135</u>	<u>150,399</u>	<u>(2,264)</u>
Deferred Inflows of Resources:			
Related to Pension	-	322	(322)
Related to OPEB	<u>913</u>	<u>1,110</u>	<u>(197)</u>
Total Deferred Inflows of Resources	<u>913</u>	<u>1,432</u>	<u>(519)</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>149,048</u></u>	<u><u>151,831</u></u>	<u><u>(2,783)</u></u>
Net Position:			
Net Investment in Capital Assets	171,198	165,688	5,510
Restricted for debt service	-	36	(36)
Unrestricted	<u>52,382</u>	<u>44,799</u>	<u>7,583</u>
Total Net Position	<u><u>\$ 223,580</u></u>	<u><u>\$ 210,523</u></u>	<u><u>\$ 13,057</u></u>

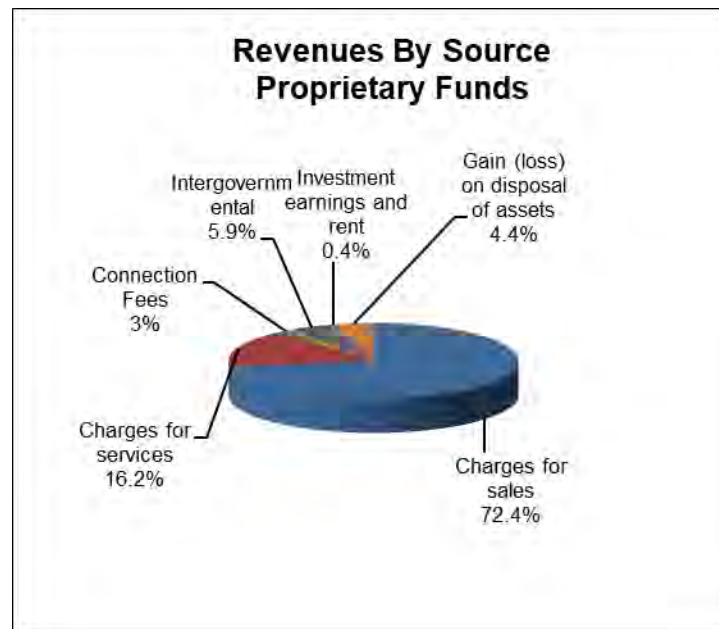
Proprietary Fund revenues decreased by approximately \$4.5 million when compared to the prior year due to decreased connection fees, intergovernmental and operating grants, and less investment earnings.

Proprietary Fund expenses increased overall by \$3.2 million over the prior year. This increase is due to increased claims expense in the Workers Compensation Funds and associated accrued liability slightly offset by decreased cost of services expenses when compared to the prior year.

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

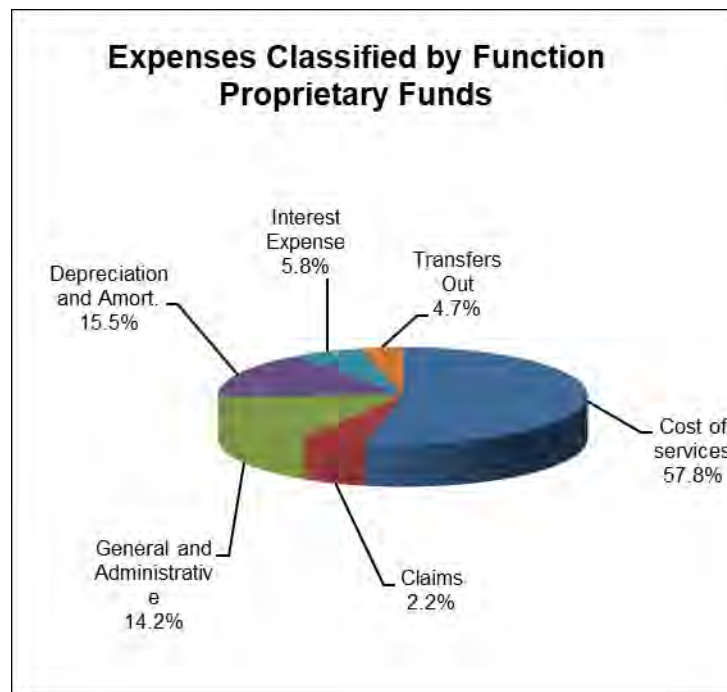
Revenues Classified by Source
Proprietary Funds
For the Years ending June 30, 2021 and 2020
(in millions of dollars)

Revenues by Source	FY 2021		FY 2020		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
Charges for sales	\$ 49.47	72.4%	\$ 48.05	65.9%	\$ 1.42	3.0%
Charges for services	11.10	16.2%	10.65	14.6%	0.45	4.2%
Connection Fees	1.30	2%	2.43	3.3%	(1.13)	-46.5%
Intergovern. operating/non-operating	3.20	4.7%	7.28	10.0%	(4.08)	-56.1%
Investment earnings and rent	0.24	0.4%	1.72	2.4%	(1.47)	-86.0%
Transfers in	3.01	4.4%	2.75	3.8%	0.26	9.3%
Contribution to/from City/Capital	-	0.0%	-	0.0%	-	0.0%
Total Revenues	<u>\$ 68.32</u>	<u>100.0%</u>	<u>\$ 72.88</u>	<u>100.0%</u>	<u>\$ (4.56)</u>	<u>-6.3%</u>



**Expenses Classified by Function
Proprietary Funds
For the Years ending June 30, 2021 and 2020
(in millions of dollars)**

Expenses by Function	FY 2021		FY 2020		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
Cost of services	\$ 29.38	53.2%	\$ 29.68	57.1%	\$ (0.30)	-1.0%
Claims	3.10	5.6%	1.39	2.7%	1.71	123.3%
General and administrative	8.63	15.6%	8.27	15.9%	0.36	4.4%
Depreciation and amortization	8.67	15.7%	8.67	16.7%	0.00	0.0%
Interest expense	3.42	6.2%	2.38	4.6%	1.04	43.8%
Transfers Out	2.05	3.7%	1.58	3.0%	0.47	100.0%
Total Expenses	\$ 55.26	100.0%	\$ 51.97	100.0%	\$ 3.29	6.3%



GENERAL FUND BUDGETARY HIGHLIGHTS

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

The General Fund total revenues were above the adopted budget estimates by \$4.6 million, due mainly to increased taxes, intergovernmental revenues and charges for services. Sales tax revenues were higher than budgeted due to sooner than expected recovery related to the ongoing pandemic. Property Transfer Tax was also up due to increased sales activity in the housing market. Intergovernmental revenues were higher due to funding received from the CARES program and charges for services revenues reflect cost reimbursements from wildfire mutual aid agreements directly offset by increased overtime costs incurred as a result of providing aid to other agencies. Increases are partially offset by decreases in fines and penalties due to less activity generated during the year and lower investment returns resulting from lower short term interest rates. Other revenue categories were very close to budgeted amounts.

The General Fund total expenditures were slightly under budget by \$.6 million due to the movement of public safety costs related to managing the pandemic to the grant fund where federal funding resides. Partially offsetting this reduction in costs are increased costs related to Strike Team Deployments that are directly offset by increased general fund revenue.

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, 2021, equals \$453.5 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 \$3.5 million or a .7% decrease (this represents a decrease of \$2.5 million in Governmental Activities and a decrease of \$1 million for Business Activities).

Capital asset balances as of June 30, 2021 and 2020 were:

Capital Assets (net of depreciation, in millions) as of June 30, 2021 and 2020							Table 12
	Governmental Activities		Increase (Decrease) % Change	Business-type Activities		Increase (Decrease) % Change	
	2021	2020		2021	2020		
Land	\$ 37.9	\$ 39.0	-3%	\$ 10.7	\$ 10.7	0%	
Construction in Process	50.6	49.1	3%	43.5	40.4	8%	
Bldg and Improv	8.9	9.4	-6%	13.4	14.1	-5%	
Vehicle and Equip	4.9	4.7	4%	3.9	3.8	2%	
Infrastructure	84.8	87.3	-3%	194.9	198.3	-2%	
Totals	\$ 187.0	\$ 189.6	-1%	\$ 266.4	\$ 267.4	0%	

At the end of the current fiscal year, the City has no general long-term debt obligation. The Waste Water Fund had \$84.8 million outstanding in refunded revenue bonds for the Ellis Creek Recycling. The Water Utility had \$4.5 million in outstanding revenue bonds. Airport had outstanding debt of \$2.4m 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 \$7.3 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, 2021, 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, 2021 and 2020 were:

Table 13

Governmental Activities Long-Term Debt
As of June 30, 2021 and 2020
(in millions)

	Balance June 30, 2021	Balance June 30, 2020	Increase (Decrease)
Compensated Absences	4,679	4,536	143
Lease Liability	307	-	307
Total Debt	\$ 4,986	\$ 4,536	\$ 450

Table 14

Business-Type Activities Long-Term Debt
As of June 30, 2021 and 2020
(in millions)

	Balance June 30, 2021	Balance June 30, 2020	Increase (Decrease)
2016 Airport Refunding Lease	2,423	2,870	(447)
2017 Wastewater Revenue Refunding Bonds	23,365	23,365	-
2017 Wastewater Revenue Unamortized Premium	713	764	(51)
WW-CA SWRCB loan	-	-	-
2019 Wastewater Revenue Refunding Bonds	50,130	55,130	(5,000)
2019 Wastewater Revenue Unamortized Premium	10,549	11,867	(1,318)
2012 Water Revenue Refunding Bonds	4,514	4,889	(375)
Marina loan-CA Dept of Boating & Waterways	7,308	6,426	882
Compensated Absences	678	687	(9)
Lease Liability	40	-	40
Total Debt	\$ 99,720	\$ 105,998	\$ (6,278)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The world continues to experience the impacts and effects of the ongoing pandemic. 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. While recovery is occurring, revenues continue to be less than pre-pandemic estimates. Other non-general fund revenues, such as Transient Occupancy Tax continue to be severely impacted. We continue to monitor the ever-changing situation.

Despite the challenges faced by many in the community over the past year, and the anticipated revenue losses as a result of the ongoing pandemic, Measure U, the City's 1-cent sales tax measure was successfully passed by Petaluma voters in November of 2020. This add-on sales tax will bring essential revenue to the City that was not available historically. In addition to allowing the City to continue providing core essential services to our residents by backfilling the projected historical deficit gap, the additional funding will provide for many other needs citywide such as investing in our staff – those who deliver the high-quality services to our residents, as well as addressing deferred maintenance on City roads and facilities.

The City has a diverse economic base that includes residential, retail, and commercial assets. Petaluma has become a magnet for bay area residents looking for meaningful work and housing options. Although the 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 continue a steady rebound as we near the end of the pandemic.

Despite having additional sales tax revenue, it's important to remember this source is finite. While it provides financial resources that the City has not historically had, the needs far outweigh the available resources. The City continues to prudently manage finances to maintain reserves and provide core services.

The City Council held public meetings and adopted a balanced budget for FY 2021-22.

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.org.

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, 2021

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash and investments	\$ 96,227,171	\$ 67,568,209	\$ 163,795,380
Restricted cash and investments	-	21	21
Receivables:			
Accounts, net	2,233,060	4,487,165	6,720,225
Interest	128,120	-	128,120
Intergovernmental	8,012,366	1,797,533	9,809,899
Internal balances	(4,404,011)	4,404,011	-
Inventories	33,895	646,766	680,661
Deposits and prepaid items	480,147	19,054	499,201
Loans receivable	52,773,325	-	52,773,325
Interest receivable related to loans receivable	13,314,791	-	13,314,791
Capital assets:			
Non-depreciable	88,438,940	54,266,497	142,705,437
Depreciable, net	99,014,346	212,232,759	311,247,105
Total assets	356,252,150	345,422,015	701,674,165
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	13,796,779	2,342,069	16,138,848
Deferred outflows of resources - OPEB	2,959,029	325,496	3,284,525
Total assets and deferred outflows of resources	16,755,808	2,667,565	19,423,373
LIABILITIES			
Accounts payable and accrued liabilities	6,024,938	3,251,415	9,276,353
Wages payable	1,133,435	-	1,133,435
Interest payable	592	314,691	315,283
Unearned revenue	94,779	336,078	430,857
Refundable deposits	287,139	656,495	943,634
Claims payable:			
Due within one year	3,606,780	-	3,606,780
Due in more than one year	9,647,396	-	9,647,396
Compensated absences:			
Due within one year	745,479	228,071	973,550
Due in more than one year	4,678,615	678,461	5,357,076
Net pension liability, due in more than one year	91,479,929	14,849,751	106,329,680
OPEB liability, due in more than one year	16,409,566	1,805,070	18,214,636
Long-term debt:			
Due within one year	85,406	6,108,626	6,194,032
Due in more than one year	307,132	92,943,621	93,250,753
Total liabilities	134,501,186	121,172,279	255,673,465
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	155,485	-	155,485
Deferred inflows of resources - OPEB	3,165,854	348,247	3,514,101
Total deferred inflows of resources	3,321,339	348,247	3,669,586
NET POSITION			
Net investment in capital assets	187,060,748	167,447,009	354,507,757
Restricted for:			
Special projects:			
CDBG	1,012,525	-	1,012,525
HOME / BEGIN	17,831,215	-	17,831,215
Redevelopment low / moderate income housing	22,761,637	-	22,761,637
Impact fees	64,983,026	-	64,983,026
Grants	2,669,782	-	2,669,782
Gas tax	318,091	-	318,091
Public safety	786,240	-	786,240
Landscape Assessment Districts	485,031	-	485,031
Street maintenance	4,684,367	-	4,684,367
Parks	1,025,478	-	1,025,478
Tourism Improvement	19,904	-	19,904
Debt service	-	21	21
Permanent Nonexpendable	25,451	-	25,451
Total restricted	116,602,747	21	116,602,768
Unrestricted (deficit)	(68,478,062)	59,122,024	(9,356,038)
Total net position	\$ 235,185,433	\$ 226,569,054	\$ 461,754,487

See accompanying Notes to Basic Financial Statements.

City of Petaluma
Statement of Activities
For the year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 5,203,860	\$ 373,265	\$ 763,954	\$ -	\$ 1,137,219
Community development	6,275,465	3,596,943	1,163,354	-	4,760,297
Police	23,341,853	40,213	490,539	-	530,752
Fire	20,110,119	5,351,375	-	-	5,351,375
Parks and recreation	3,422,597	1,509,657	-	-	1,509,657
Public works	16,826,551	3,109,600	-	4,533,184	7,642,784
Total governmental activities	75,180,445	13,981,053	2,417,847	4,533,184	20,932,084
Business-type activities:					
Airport	1,602,955	1,665,246	269,019	-	1,934,265
Development services	2,159,999	2,300,350	-	-	2,300,350
Marina	1,214,158	207,908	(640,750)	-	(432,842)
Transit	3,583,039	88,163	3,285,236	-	3,373,399
Wastewater utility	18,804,802	29,738,970	178,256	-	29,917,226
Water utility	16,787,890	20,885,789	2,588	-	20,888,377
Storm water	421,647	225,269	-	-	225,269
Total business-type activities	44,574,490	55,111,695	3,094,349	-	58,206,044
Total primary government	\$ 119,754,935	\$ 69,092,748	\$ 5,512,196	\$ 4,533,184	\$ 79,138,128

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
\$ (4,066,641)	\$ -	\$ (4,066,641)
(1,515,168)	-	(1,515,168)
(22,811,101)	-	(22,811,101)
(14,758,744)	-	(14,758,744)
(1,912,940)	-	(1,912,940)
(9,183,767)	-	(9,183,767)
(54,248,361)	-	(54,248,361)
-	331,310	331,310
-	140,351	140,351
-	(1,647,000)	(1,647,000)
-	(209,640)	(209,640)
-	11,112,424	11,112,424
-	4,100,487	4,100,487
-	(196,378)	(196,378)
-	13,631,554	13,631,554
(54,248,361)	13,631,554	(40,616,807)
11,297,979	-	11,297,979
18,231,308	-	18,231,308
4,734,361	-	4,734,361
1,287,093	-	1,287,093
2,131,357	-	2,131,357
1,800,542	-	1,800,542
39,482,640	-	39,482,640
10,378,572	-	10,378,572
922,727	222,061	1,144,788
201,539	30,495	232,034
1,181,183	-	1,181,183
343,231	(343,231)	-
52,509,892	(90,675)	52,419,217
(1,738,469)	13,540,879	11,802,410
236,923,902	213,028,175	449,952,077
\$ 235,185,433	\$ 226,569,054	\$ 461,754,487



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 2021. 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, 2021

	Major Funds		
	General Fund	HOME / Begin Special Revenue Fund	Impact Fees Special Revenue Fund
ASSETS			
Cash and investments	\$ 7,478,309	\$ 1,116,634	\$ 53,638,708
Receivables:			
Accounts, net	1,751,521	-	-
Interest	128,120	-	-
Intergovernmental	6,006,110	-	-
Due from other funds	2,331,456	-	-
Inventories	19,531	-	-
Deposits and prepaid items	117,458	-	-
Loans receivable	77,743	16,714,581	11,093,361
Interest receivable related to loans receivable	1,878	5,230,810	642,602
Advances to other funds	-	-	385,734
Total assets	\$ 17,912,126	\$ 23,062,025	\$ 65,760,405
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,803,068	\$ -	\$ 48,672
Wages payable	1,133,435	-	-
Unearned revenue	94,779	-	-
Refundable deposits	226,039	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Total liabilities	4,257,321	-	48,672
Deferred inflows of resources:			
Unavailable revenues	694,859	5,230,810	728,707
Fund Balances:			
Nonspendable	216,611	-	-
Restricted	-	17,831,215	64,983,026
Committed	1,484,700	-	-
Assigned	9,641,704	-	-
Unassigned	1,616,931	-	-
Total fund balances	12,959,946	17,831,215	64,983,026
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,912,126	\$ 23,062,025	\$ 65,760,405

Major Funds			
Successor Housing Special Revenue Fund	City Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 171,848	\$ 8,350,396	\$ 9,514,868	\$ 80,270,763
-	62,513	417,387	2,231,421
-	-	-	128,120
-	326,669	1,679,587	8,012,366
-	-	-	2,331,456
-	-	-	19,531
-	1,444	48,048	166,950
23,962,625	-	925,015	52,773,325
7,426,217	-	13,284	13,314,791
-	-	-	385,734
<u>\$ 31,560,690</u>	<u>\$ 8,741,022</u>	<u>\$ 12,598,189</u>	<u>\$ 159,634,457</u>
\$ 12,836	\$ 2,214,722	\$ 778,807	\$ 5,858,105
-	-	-	1,133,435
-	-	-	94,779
60,000	1,100	-	287,139
-	-	870,207	870,207
-	1,103,613	-	1,103,613
<u>72,836</u>	<u>3,319,435</u>	<u>1,649,014</u>	<u>9,347,278</u>
<u>8,726,217</u>	<u>61,523</u>	<u>617,741</u>	<u>16,059,857</u>
-	-	25,451	242,062
22,761,637	-	11,001,418	116,577,296
-	5,360,064	-	6,844,764
-	-	-	9,641,704
-	-	(695,435)	921,496
<u>22,761,637</u>	<u>5,360,064</u>	<u>10,331,434</u>	<u>134,227,322</u>
<u>\$ 31,560,690</u>	<u>\$ 8,741,022</u>	<u>\$ 12,598,189</u>	<u>\$ 159,634,457</u>

City of Petaluma
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2021

Total fund balances reported on the governmental funds balance sheet \$ 134,227,322

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

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 183,309,687

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. (2,989,082)

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 16,059,857

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

Compensated absences	(5,234,192)
Net Pension liability	(89,933,080)
Deferred outflows related to pension	13,552,813
Deferred inflows related to pension	(155,485)
Net OPEB liability	(13,482,474)
Deferred outflows related to OPEB	2,431,205
Deferred inflows related to OPEB	<u>(2,601,138)</u>

Net Position of Governmental Activities \$ 235,185,433



City of Petaluma
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2021

	Major Funds		
	General Fund	HOME / Begin Special Revenue Fund	Impact Fees Special Revenue Fund
REVENUES:			
Taxes	\$ 34,967,051	\$ -	\$ -
Licenses, permits and fees	1,671,811	-	5,171,104
Fines, forfeitures, and penalties	161,926	-	-
Use of money and property	129,921	137,552	365,566
Intergovernmental	7,926,108	-	-
Charges for current services	6,606,621	-	103,435
Other	245,075	-	7,746
Total revenues	51,708,513	137,552	5,647,851
EXPENDITURES:			
Current:			
General government	3,946,161	-	-
Community development	1,225,638	13,605	274,825
Police	19,450,083	-	-
Fire	16,934,046	-	-
Parks and recreation	1,464,323	-	12,788
Public works	4,326,561	-	60,685
Capital outlay	217,608	-	-
Total expenditures	47,564,420	13,605	348,298
REVENUES OVER (UNDER) EXPENDITURES	4,144,093	123,947	5,299,553
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of assets	49,633	-	-
Transfers in	2,523,500	-	-
Transfers out	(7,844,404)	-	(1,224,000)
Total other financing sources (uses)	(5,271,271)	-	(1,224,000)
Net change in fund balances	(1,127,178)	123,947	4,075,553
FUND BALANCES:			
Beginning of year	14,087,124	17,707,268	60,907,473
End of year	\$ 12,959,946	\$ 17,831,215	\$ 64,983,026

Major Funds			
Successor Housing Special Revenue Fund	City Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 4,515,590	\$ 39,482,641
-	-	64,609	6,907,524
-	-	254	162,180
108,362	(22,270)	21,706	740,837
-	683,239	8,720,257	17,329,604
-	15,334	426,969	7,152,359
12,546	90,480	97,565	453,412
<u>120,908</u>	<u>766,783</u>	<u>13,846,950</u>	<u>72,228,557</u>
-	1,164,957	-	5,111,118
227,115	-	1,831,093	3,572,276
-	-	442,735	19,892,818
-	-	141,071	17,075,117
-	961,136	731,085	3,169,332
-	5,036,144	7,490,575	16,913,965
-	-	155,957	373,565
<u>227,115</u>	<u>7,162,237</u>	<u>10,792,516</u>	<u>66,108,191</u>
<u>(106,207)</u>	<u>(6,395,454)</u>	<u>3,054,434</u>	<u>6,120,366</u>
-	-	-	49,633
136,500	7,536,425	8,106,468	18,302,893
-	(11,445)	(10,179,089)	(19,258,938)
<u>136,500</u>	<u>7,524,980</u>	<u>(2,072,621)</u>	<u>(906,412)</u>
30,293	1,129,526	981,813	5,213,954
<u>22,731,344</u>	<u>4,230,538</u>	<u>9,349,621</u>	<u>129,013,368</u>
<u>\$ 22,761,637</u>	<u>\$ 5,360,064</u>	<u>\$ 10,331,434</u>	<u>\$ 134,227,322</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, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 5,213,954
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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	6,644,175
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)	(8,172,746)
Gain on sale of capital assets	201,539
Proceeds from sale of capital assets	(49,633)

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	668,649
Compensated absences	(532)
OPEB obligation, and deferred outflows and inflows of resources	(344,115)
Net pension liability, and deferred outflows and inflows of resources	(5,416,041)

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	(483,719)
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Change in Net Position of Governmental Activities	<u><u>\$ (1,738,469)</u></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, 2021

	Major Proprietary Funds		
	Development		
	Airport	Services	Marina
ASSETS			
Current Assets:			
Cash and investments	\$ 1,730,175	\$ 1,830,260	\$ 58,686
Restricted cash and investments	-	-	-
Receivables:			
Accounts, net	104,657	-	16,283
Intergovernmental	71,924	-	-
Inventories	61,257	-	2,808
Deposits and prepaid items	-	4,057	14,997
Total Current Assets	1,968,013	1,834,317	92,774
Non-Current Assets:			
Advance to other funds	-	-	-
Capital assets:			
Non-depreciable	5,432,147	-	-
Depreciable	18,991,961	691,424	5,034,455
Less: accumulated depreciation	(12,653,782)	(419,745)	(3,809,932)
Total Non-current Assets	11,770,326	271,679	1,224,523
Total assets	13,738,339	2,105,996	1,317,297
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	-	243,965	-
Deferred outflows of resources - OPEB	-	88,025	-
Total assets and deferred outflows of resources	13,738,339	2,437,986	1,317,297
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	77,233	106,088	13,220
Unearned revenue	-	-	-
Interest payable	10,944	-	-
Due to other funds	-	-	1,112,973
Refundable deposits	150,501	234,081	13,493
Claims payable, due within one year	-	-	-
Compensated absences, due within one year	5,058	12,251	1,274
Long-term debt, due within one year	459,000	-	-
Total Current Liabilities	702,736	352,420	1,140,960
Non-current Liabilities:			
Claims payable, due in more than one year	-	-	-
Compensated absences, due in more than one year	6,691	105,170	349
Advance from other funds	-	-	-
Net pension liability	-	1,546,849	-
OPEB liability	-	488,152	-
Long-term debt, due in more than one year	1,964,000	-	7,307,639
Total Non-current Liabilities	1,970,691	2,140,171	7,307,988
Total liabilities	2,673,427	2,492,591	8,448,948
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	-	-	-
Deferred inflows of resources - OPEB	-	94,178	-
Total deferred inflows of resources	-	94,178	-
NET POSITION			
Net investment in capital assets	9,347,326	271,679	(6,083,116)
Restricted for debt service	-	-	-
Unrestricted	1,717,586	(420,462)	(1,048,535)
Total net position	\$ 11,064,912	\$ (148,783)	\$ (7,131,651)

Major Proprietary Funds						Governmental
Transit	Wastewater Utility	Wastewater Rate Stabilization	Water Utility	Storm Water	Total	Activities- Internal Service Funds
\$ -	\$ 39,601,563	\$ 3,801,885	\$ 19,668,095	\$ 877,545	\$ 67,568,209	\$ 15,956,408
-	21	-	-	-	21	-
1,086	3,345,644	-	1,018,995	500	4,487,165	1,639
1,725,609	-	-	-	-	1,797,533	-
92,777	15,538	-	470,372	4,014	646,766	14,364
-	-	-	-	-	19,054	313,197
1,819,472	42,962,766	3,801,885	21,157,462	882,059	74,518,748	16,285,608
-	5,526,684	-	1,107,403	-	6,634,087	1,107,403
696,204	38,986,887	-	9,151,259	-	54,266,497	-
11,259,250	259,349,506	-	75,634,967	5,334	370,966,897	13,393,039
(6,624,108)	(91,773,048)	-	(43,451,939)	(1,584)	(158,734,138)	(9,249,440)
5,331,346	212,090,029	-	42,441,690	3,750	273,133,343	5,251,002
7,150,818	255,052,795	3,801,885	63,599,152	885,809	347,652,091	21,536,610
97,587	1,219,828	-	780,689	-	2,342,069	243,966
-	105,105	-	132,366	-	325,496	527,824
7,248,405	256,377,728	3,801,885	64,512,207	885,809	350,319,656	22,308,400
278,221	936,225	-	1,805,337	35,091	3,251,415	166,833
336,078	-	-	-	-	336,078	-
-	275,985	-	27,762	-	314,691	592
316,572	-	-	-	-	1,429,545	31,704
-	-	-	258,420	-	656,495	-
-	-	-	-	-	-	3,606,780
7,656	128,219	-	69,155	4,458	228,071	18,142
-	5,250,000	-	399,626	-	6,108,626	85,406
938,527	6,590,429	-	2,560,300	39,549	12,324,921	3,909,457
-	-	-	-	-	-	9,647,396
23,107	295,638	-	231,298	16,208	678,461	171,760
-	-	-	-	385,734	385,734	6,637,877
618,740	7,734,245	-	4,949,917	-	14,849,751	1,546,849
-	582,868	-	734,050	-	1,805,070	2,927,092
-	79,506,232	-	4,165,750	-	92,943,621	307,132
641,847	88,118,983	-	10,081,015	401,942	110,662,637	21,238,106
1,580,374	94,709,412	-	12,641,315	441,491	122,987,558	25,147,563
-	-	-	-	-	-	-
-	112,451	-	141,618	-	348,247	564,716
-	112,451	-	141,618	-	348,247	564,716
5,331,346	121,807,113	-	36,768,911	3,750	167,447,009	3,751,061
-	21	-	-	-	21	-
336,685	39,748,731	3,801,885	14,960,363	440,568	59,536,821	(7,154,940)
\$ 5,668,031	\$ 161,555,865	\$ 3,801,885	\$ 51,729,274	\$ 444,318	\$ 226,983,851	\$ (3,403,879)

Prior years' accumulated adjustment to reflect the consolidation of internal service funds' activities related to the Proprietary funds (152,149)

Current years' adjustments to reflect the consolidation of internal service activities related to proprietary funds (262,648)

Net Position per Business-Type Activities Statement of Net Position 226,569,054

City of Petaluma
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2021

	Major Proprietary Funds		
	Airport	Development	
		Services	Marina
OPERATING REVENUES:			
Charges for sales	\$ 547,863	\$ 958	\$ 6,320
Charges for services	1,117,383	2,299,392	201,588
Connection fee	-	-	-
Total operating revenues	1,665,246	2,300,350	207,908
OPERATING EXPENSES:			
Cost of services	930,287	1,677,301	105,714
Claims	-	-	-
General and administrative	252,431	427,855	148,649
Depreciation	349,291	54,843	78,507
Total operating expenses	1,532,009	2,159,999	332,870
OPERATING INCOME	133,237	140,351	(124,962)
NONOPERATING REVENUES (EXPENSES):			
Investment earnings and rent	1,040	1,886	109
Interest expense	(70,946)	-	(881,288)
Intergovernmental	269,019	-	(640,750)
Gain(loss) on disposal of assets	6,750	-	-
Total nonoperating revenues (expenses)	205,863	1,886	(1,521,929)
INCOME (LOSS) BEFORE TRANSFERS	339,100	142,237	(1,646,891)
Transfers in	-	-	-
Transfers out	-	-	-
Total transfers	-	-	-
Change in net position	339,100	142,237	(1,646,891)
NET POSITION:			
Beginning of year	10,725,812	(291,020)	(5,484,760)
End of year	\$ 11,064,912	\$ (148,783)	\$ (7,131,651)

Major Proprietary Funds						Governmental
Transit	Wastewater Utility	Wastewater Rate Stabilization	Water Utility	Storm Water	Total	Activities- Internal Service Funds
\$ -	\$ 28,774,076	\$ -	\$ 20,143,054	\$ -	\$ 49,472,271	\$ 1,663
88,163	178,805	-	227,577	225,269	4,338,177	6,760,888
-	786,089	-	515,158	-	1,301,247	-
88,163	29,738,970	-	20,885,789	225,269	55,111,695	6,762,551
2,700,942	7,288,753	-	13,047,351	367,339	26,117,687	3,265,645
-	-	-	-	-	-	3,109,927
283,073	4,055,520	-	1,877,076	50,633	7,095,237	1,536,127
599,024	5,182,060	-	1,537,519	528	7,801,772	866,581
3,583,039	16,526,333	-	16,461,946	418,500	41,014,696	8,778,280
(3,494,876)	13,212,637	-	4,423,843	(193,231)	14,096,999	(2,015,729)
1,349	162,254	(4,325)	55,406	4,342	222,061	18,274
-	(2,171,513)	-	(170,252)	(3,147)	(3,297,146)	(122,724)
3,285,236	178,256	-	2,588	-	3,094,349	32,877
-	-	-	23,745	-	30,495	41,659
3,286,585	(1,831,003)	(4,325)	(88,513)	1,195	49,759	(29,914)
(208,291)	11,381,634	(4,325)	4,335,330	(192,036)	14,146,758	(2,045,643)
-	1,209,708	-	-	498,473	1,708,181	1,299,276
-	(564,000)	-	(1,487,412)	-	(2,051,412)	-
-	645,708	-	(1,487,412)	498,473	(343,231)	1,299,276
(208,291)	12,027,342	(4,325)	2,847,918	306,437	13,803,527	(746,367)
5,876,322	149,528,523	3,806,210	48,881,356	137,881		(2,657,512)
<u>\$ 5,668,031</u>	<u>\$ 161,555,865</u>	<u>\$ 3,801,885</u>	<u>\$ 51,729,274</u>	<u>\$ 444,318</u>		<u>\$ (3,403,879)</u>
Current years' adjustments to reflect the consolidation of internal service activities related to proprietary funds					(262,648)	
Change in net position per Business-Type Activities Statement of Net Position					\$ 13,540,879	

City of Petaluma
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2021

	Major Proprietary Funds		
	Airport	Development Services	Marina
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 2,168,781	\$ 2,363,249	\$ 209,782
Cash payments to suppliers of goods and services	(1,241,514)	(2,051,340)	(264,985)
Cash payments to employees for services	1,703	116,620	(2,382)
Claims paid	-	-	-
Net cash provided by (used in) operating activities	928,970	428,529	(57,585)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants and contributions	269,019	-	(640,750)
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Interfund borrowings	-	-	743,650
Net cash provided by (used) in noncapital financing activities	269,019	-	102,900
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from issuance of long-term debt	-	-	-
Principal payments on long-term debt and capital lease	(447,000)	-	881,287
Interest paid on long-term debt and capital lease	(72,965)	-	(881,288)
Proceeds from sale of capital assets	6,750	-	-
Acquisition of capital assets	(106,463)	(310,786)	-
Net cash (used) in capital and related financing activities	(619,678)	(310,786)	(1)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	1,040	1,886	109
Net cash provided by investing activities	1,040	1,886	109
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	579,351	119,629	45,423
CASH AND CASH EQUIVALENTS - Beginning of year	1,150,824	1,710,631	13,263
CASH AND CASH EQUIVALENTS - End of year	\$ 1,730,175	\$ 1,830,260	\$ 58,686
FINANCIAL STATEMENT PRESENTATION:			
Cash and investments	\$ 1,730,175	\$ 1,830,260	\$ 58,686
Restricted cash and investments	-	-	-
TOTAL	\$ 1,730,175	\$ 1,830,260	\$ 58,686
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 133,237	\$ 140,351	\$ (124,962)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	349,291	54,843	78,507
Changes in assets and liabilities:			
Accounts receivable	(18,116)	-	2,936
Intergovernmental receivables	515,393	-	-
Inventories	(17,074)	-	(258)
Deposits and prepaid items	-	(4,057)	(14,997)
Advance to other funds	-	-	-
Deferred outflows of resources - pension	-	(73,761)	-
Deferred outflows of resources - OPEB	-	(74,326)	-
Accounts payable and accrued liabilities	(41,722)	57,873	4,633
Unearned revenue	-	-	-
Refundable deposits	6,258	62,899	(1,062)
Claims payable	-	-	-
Net pension liability	-	200,214	-
Deferred inflows of resources - pension	-	(29,779)	-
Deferred inflows of resources - OPEB	-	(20,371)	-
OPEB liability	-	107,156	-
Compensated absences payable	1,703	7,487	(2,382)
Total adjustments	795,733	288,178	67,377
Net cash provided (used) in operating activities	\$ 928,970	\$ 428,529	\$ (57,585)

See accompanying Notes to Basic Financial Statements.

Major Proprietary Funds						Governmental
Transit	Wastewater Utility	Wastewater Rate Stabilization	Water Utility	Storm Water	Total	Activities- Internal Service Funds
\$ (166,359)	\$ 31,427,182	\$ -	\$ 21,113,895	\$ 224,769	\$ 57,341,299	\$ 6,809,490
(3,001,838)	(12,113,808)	-	(13,884,488)	(407,076)	(32,965,049)	(5,213,110)
115,246	19,019	-	604,131	(1,526)	852,811	303,110
-	-	-	-	-	-	(2,139,407)
(3,052,951)	19,332,393	-	7,833,538	(183,833)	25,229,061	(239,917)
3,285,236	178,256	-	2,588	-	3,094,349	-
-	1,209,708	-	-	498,473	1,708,181	1,299,276
-	(564,000)	-	(1,487,412)	-	(2,051,412)	-
(181,749)	773,285	-	82,295	(45,326)	1,372,155	(693,477)
3,103,487	1,597,249	-	(1,402,529)	453,147	4,123,273	605,799
-	-	-	-	-	-	32,877
-	(6,369,473)	-	(323,624)	-	(6,258,810)	307,132
-	(2,192,346)	-	(172,394)	(3,147)	(3,322,140)	(207,932)
-	-	-	23,745	-	30,495	41,659
(51,885)	(2,545,876)	-	(3,887,678)	-	(6,902,688)	(1,409,158)
(51,885)	(11,107,695)	-	(4,359,951)	(3,147)	(16,453,143)	(1,235,422)
1,349	162,254	(4,325)	55,406	4,342	222,061	18,274
1,349	162,254	(4,325)	55,406	4,342	222,061	18,274
-	9,984,201	(4,325)	2,126,464	270,509	13,121,252	(851,266)
-	29,617,383	3,806,210	17,541,631	607,036	54,446,978	16,807,674
\$ -	\$ 39,601,584	\$ 3,801,885	\$ 19,668,095	\$ 877,545	\$ 67,568,230	\$ 15,956,408
\$ -	\$ 39,601,563	\$ 3,801,885	\$ 19,668,095	\$ 877,545	\$ 67,568,209	\$ 15,956,408
-	21	-	-	-	21	-
\$ -	\$ 39,601,584	\$ 3,801,885	\$ 19,668,095	\$ 877,545	\$ 67,568,230	\$ 15,956,408
\$ (3,494,876)	\$ 13,212,637	\$ -	\$ 4,423,843	\$ (193,231)	\$ 14,096,999	\$ (2,015,729)
599,024	5,182,060	-	1,537,519	528	7,801,772	866,581
9,241	1,688,212	-	234,795	(500)	1,916,568	46,053
(263,763)	-	-	-	-	251,630	886
(6,133)	(1,729)	-	10,487	(273)	(14,980)	1,154
-	-	-	-	-	(19,054)	(12,475)
-	-	-	-	-	-	(73,761)
(29,505)	(300,721)	-	(270,075)	-	(674,062)	(445,680)
-	(88,747)	-	(111,766)	-	(274,839)	(400,017)
(11,690)	(767,806)	-	1,029,452	11,169	281,909	-
74,013	-	-	-	-	74,013	-
-	-	-	(6,689)	-	61,406	970,520
-	-	-	-	-	-	200,214
80,086	462,416	-	910,012	-	1,652,728	(29,779)
(11,912)	(160,805)	-	(89,336)	-	(291,832)	(122,150)
-	(24,324)	-	(30,633)	-	(75,328)	642,538
-	127,947	-	161,134	-	396,237	131,728
2,564	3,253	-	34,795	(1,526)	45,894	-
441,925	6,119,756	-	3,409,695	9,398	11,132,062	1,775,812
\$ (3,052,951)	\$ 19,332,393	\$ -	\$ 7,833,538	\$ (183,833)	\$ 25,229,061	\$ (239,917)



FIDUCIARY FUNDS

PRIVATE PURPOSE TRUST FUNDS

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

CUSTODIAL FUNDS

These funds are used to account for assets held in a custodial 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, 2021

	Custodial Funds	Private Purpose Trust Funds
ASSETS		
Cash and investments	\$ 1,414,848	\$ 5,160,934
Restricted cash and investments	-	8,019
Notes receivable	-	234,744
Accounts receivable	185	-
Interest receivable	-	-
Deposits and prepayments	-	-
Total assets	1,415,033	5,403,697
LIABILITIES		
Liabilities:		
Accounts payable and accrued liabilities	-	129,485
Deposits payable	-	-
Interest payable	-	339,816
Long-term debt:		
Long-term debt, due within one year	-	3,145,000
Long-term debt, due in more than one year	-	55,794,632
Total liabilities	-	59,408,933
NET POSITION:		
Held in trust for other governments	1,415,033	-
Held in trust for private purposes	-	(54,005,236)
Total net position	\$ 1,415,033	\$ (54,005,236)

City of Petaluma
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2021

	Custodial Funds	Private Purpose Trust Funds
ADDITIONS:		
Property tax	\$ -	\$ 7,432,216
Use of money and property	-	(17,373)
Other revenues	9,898,687	-
Total additions	<u>9,898,687</u>	<u>7,414,843</u>
DEDUCTIONS:		
Community development	-	455,469
Interest expense	-	2,068,690
Professional and other services	11,695,198	-
Total deductions	<u>11,695,198</u>	<u>2,524,159</u>
Change in net position	(1,796,511)	4,890,684
NET POSITION:		
Beginning of year, as restated	<u>3,211,544</u>	<u>(58,895,920)</u>
End of year	<u>\$ 1,415,033</u>	<u>\$ (54,005,236)</u>



CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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 units 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, 2021

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, 2021

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, 2021

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.

Custodial 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.

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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In fiscal 2020-2021, the General Fund and the following Major Funds had expenditures in excess of its budget at the level of budgetary control:

Fund	Amount Exceeded Budget
General Fund	
Community Development	\$ 648,919
Public Works	319,617
Capital Outlay	217,608
Impact Fees	
Public Works	2,035
Successor Housing	
Community Development	56,924
Capital Projects	
Public Works	2,441,021

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.

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, 2021. 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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in compensated absences for the year ended June 30, 2021, were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$ 5,377,240	\$ 860,638	\$ 6,237,878
Additions	3,651,419	936,268	4,587,687
Payments	3,604,565	890,366	4,494,931
Ending Balance	<u>\$ 5,424,094</u>	<u>\$ 906,540</u>	<u>\$ 6,330,634</u>
Due Within One Year	\$ 745,479	\$ 228,071	\$ 973,550
Due In More Than One Year	4,678,615	678,461	5,357,076
	<u>\$ 5,424,094</u>	<u>\$ 906,532</u>	<u>\$ 6,330,626</u>

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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In 2021, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

GASB Statement No. 84 – *Fiduciary Activities* – The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City restated its beginning net position of the custodial funds as part of implementation of this statement.

GASB Statement No. 90 – *Majority Equity Interests* – The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legal separate organization should be reported as an investment if a government’s holding of the equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this statement did not apply to the City for the current fiscal year.

GASB Statement No. 93 – *Interbank Offered Rates (except LIBOR removal and lease modifications)* – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) –most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument’s variable payment. In addition, in accordance with GASB Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. The objective of GASB Statement No. 93 is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this statement did not apply to the City for the current fiscal year.

GASB Statement No. 97 - *Certain Component Unit Criteria, And Accounting And Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans—an Amendment Of GASB Statements No. 14 And No. 84, And A Supersession Of GASB Statement No. 32* - The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The City has classified its section 457 as other employee benefit plan as part of implementation this statement.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 87 – Leases - The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City has elected to early implement the provisions of this Statement during the current fiscal year.

GASB Statement No. 98 – The Annual Comprehensive Financial Report – This statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in the generally accepted accounting principles for state and local governments. The City has elected to early implement the provisions of this Statement during the current fiscal year and duly changed its report titles.

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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

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, 2021, are as follows:

City cash and investments in primary government	
Cash and investments	\$ 163,795,380
Restricted cash and investments	<u>21</u>
Total cash and investment in primary government	<u>163,795,401</u>
Cash and investment in Fiduciary Funds (Separate Statement)	
Cash and investment	\$6,575,782
Restricted Cash and investment	<u>8,019</u>
Total cash and investment in Fiduciary Funds	<u>6,583,801</u>
Total cash and investments	<u><u>\$ 170,379,202</u></u>

Cash and investments as of June 30, 2021, consist of the following:

Cash on hand	\$ 2,924
Cash and investments with financial institutions	170,368,238
Cash and investments with fiscal agents	<u>8,040</u>
Total Cash and Investments	<u><u>\$ 170,379,202</u></u>

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

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is more restrictive that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

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

* May change if approved by Council

D. Investments Authorized by Debt Agreements

The City and the Successor Agency to the PCDC held cash and investments with fiscal agents in the amount of \$8,040 at June 30, 2021, 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.

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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

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	\$ -	\$ 476,198	\$ -	\$ -	\$ -	\$ 476,198
FHLMC	1,239,084	3,514,882	2,773,440	268,225	128,002	7,923,633
FFCB	926,378	-	338,718	-	-	1,265,096
FNMA	32,149	2,029,703	2,153,940	-	-	4,215,792
U.S. Treasury Bonds/Notes	1,015,230	12,033,535	7,767,016	2,579,640	-	23,395,421
California Local Agency Investment Fund	69,287,684	-	-	-	-	69,287,684
California Asset Management Program	40,619,515	-	-	-	-	40,619,515
Held by Fiscal Agents	8,040	-	-	-	-	8,040
Total Investments	<u>\$113,128,080</u>	<u>\$ 18,054,318</u>	<u>\$ 13,033,114</u>	<u>\$ 2,847,865</u>	<u>\$ 128,002</u>	<u>147,191,379</u>
<i>Cash on hand and in banks</i>						23,187,823
Total Cash and Investments						<u>\$170,379,202</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, 2021, these investments have an average maturity of 291 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, 2021, the fair value was approximate to the City's cost. At June 30, 2021, these investments have an average maturity of 52 days.

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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

Money market mutual funds are available for withdrawal on demand and at June 30, 2021, have an average maturity of 27 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, 2021, are as follows:

Investment Type	AAAm	AA+/Aaa	Fair Value Total
Securities of U.S. Government Agencies			
FHLB	\$ -	\$ 476,198	\$ 476,198
FHLMC	-	7,923,633	7,923,633
FFCB	-	1,265,096	1,265,096
FNMA	-	4,215,792	4,215,792
California Asset Management Program	40,619,515	-	40,619,515
Total	<u>\$ 40,619,515</u>	<u>\$ 13,880,719</u>	54,500,234
<i>Not rated:</i>			
California Local Agency Investment Fund			69,287,684
Held by Fiscal Agents			8,040
Cash on Hand and in Banks			23,187,823
<i>Exempt from credit rate disclosure:</i>			
U.S. Treasury Bonds/ Notes			<u>23,395,421</u>
Total Cash and Investments			<u>\$170,379,202</u>

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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2021:

Investment Type	Level 1	Level 2	Total
Investment by Fair Value Level:			
Securities of U.S. Government Agencies			
FHLB	\$ -	\$ 476,198	\$ 476,198
FHLMC	-	7,923,633	7,923,633
FFCB	-	1,265,096	1,265,096
FNMA	-	4,215,792	4,215,792
U.S. Treasury Bonds/Notes	23,395,421	-	23,395,421
Total Investments	<u>\$ 23,395,421</u>	<u>\$ 13,880,719</u>	37,276,140
Investment not subject to leveling disclosure:			
California Asset Management Program			40,619,515
California Local Agency Investment Fund			69,287,684
Held by Fiscal Agents			8,040
Cash on Hand and in Banks			23,187,823
Total Cash and Investments			<u>\$ 170,379,202</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, 2021.

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 2020-2021 the General Fund made a short-term loan of \$2,331,456 to the following funds:

Due From	Amount
Marina Fund	\$ 1,112,973
Transit Fund	316,572
Non-Major Funds:	
Transient Occupancy Tax Special Revenue Fund	870,207
Information Services - Internal Service Fund	31,704
	<u>\$ 2,331,456</u>

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

B. Long-Term Advances

At June 30, 2021, advances to/advances from other funds were as follows:

Advance To Other Funds (Fund receiving loan)	Advance From Other Funds (Funds making loans)				Total
	Storm Water Fund	City Capital Projects Fund	Internal Service Funds		
			Vehicle & Equipment Replacement Fund	Employee Benefits Fund	
Governmental Funds:					
Impact Fees Special Revenue Fund	\$ 385,734	\$ -	\$ -	\$ -	\$ 385,734
Total Governmental Funds	385,734	-	-	-	385,734
Enterprise Funds:					
Wastewater Utility Fund	-	1,103,613	1,159,940	3,263,131	5,526,684
Water Utility Fund	-	-	-	1,107,403	1,107,403
Total Enterprise Funds	-	1,103,613	1,159,940	4,370,534	6,634,087
Internal Service Funds					
Risk Management - Internal Service Fund	-	-	-	1,107,403	1,107,403
Total Internal Service Funds	-	-	-	1,107,403	1,107,403
Total	\$ 385,734	\$ 1,103,613	\$ 1,159,940	\$ 5,477,937	\$ 8,127,224

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, 2021, the outstanding amount of the advance was \$385,734.

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, 2021, the outstanding amount of the advance was \$1,159,940.

During fiscal 2017-2018, the Wastewater Utility Enterprise Fund (\$4,050,198), Water Utility Enterprise Fund (\$1,350,066) and Risk Management Internal Service Fund (\$1,350,066) together loaned \$6,750,330 to the Employee Benefits Fund for the pay down of the PERS Unfunded Liability. The annual savings advanced for the paydown are expected to lessen the burden on the budget during the period of rising PERS costs. All funds paying towards the cost of employee retirements, including the lending funds, will recognize some savings. The advance bears an annual interest rate of 1.75 percent. The principal and interest are due in 15 equal installments, such that the entire principal and interest shall be repaid on or before June 30, 2033. As of June 30, 2021, the outstanding amount of the advance was \$5,477,937

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

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, 2021, the outstanding amount of the advance was \$1,103,613.

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, 2021, were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Non-Major Governmental Funds	\$ 2,523,500 (A)
	Impact Fees Special Revenue Fund	- (C)
Successor Housing Fund	Impact Fees Special Revenue Fund	66,500 (A)
	Non-Major Governmental Funds	70,000 (A)
City Capital Projects Fund	General Fund	2,671,994 (B)
	Impact Fees Special Revenue Fund	678,500 (B)
	Non-Major Governmental Funds	3,589,531 (B)
	Water Utility Enterprise Fund	381,400 (B)
	Storm Water Enterprise Fund	215,000 (B)
Non-Major Governmental Funds	Non-Major Governmental Funds	3,108,666 (A)
	City Capital Projects Fund	11,445 (B)
	General Fund	4,155,357 (A)
	Water Utility Enterprise Fund	482,000 (B)
	Wastewater Utility Enterprise Funds	349,000 (B)
Internal Service Fund	General Fund	425,000 (A)
	Impact Fees Special Revenue Fund	479,000 (A)
	Non-Major Governmental Funds	395,276 (A)
Wastewater Utility Enterprise Funds	General Fund	93,580 (C)
	Water Utility Enterprise Fund	624,012 (C)
	Non-Major Governmental Funds	492,116 (C)
Storm Water Enterprise Fund	General Fund	498,473 (D)
		\$ 21,310,350

Purposes for transfers:

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

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

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.

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	\$ 4,955,736
Roundwalk Village Partners	2,265,814
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
Caulfield Senior Housing	182,999
Parklane Apartments	6,182,616
414 Petaluma Boulevard	1,100,000
River City Construction	<u>2,800,000</u>
Total Housing Loans to Not-For Profit Agencies	49,449,125
First-Time Home Buyers Loans	<u>3,324,200</u>
Total	<u><u>\$ 52,773,325</u></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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 4 - LOANS RECEIVABLE (Continued)

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, 2021, the total principal and interest receivable related to these loans were \$49,449,125 and \$13,314,790, respectively.

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, 2021, the total principal related to these 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

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 5 - CAPITAL ASSETS (Continued)

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.

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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 5 - CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Governmental capital assets activity for the year ended June 30, 2021, is as follows:

	Balance at June 30, 2020	Additions	Retirements	Transfers	Balance at June 30, 2021
Governmental Activities					
Capital Assets not being Depreciated					
Land	\$ 39,013,406	\$ -	\$ (1,138,155)	\$ -	\$ 37,875,251
Construction in progress	49,136,379	6,258,591	-	(4,831,281)	50,563,689
Total Capital Assets not being Depreciated	<u>88,149,785</u>	<u>6,258,591</u>	<u>(1,138,155)</u>	<u>(4,831,281)</u>	<u>88,438,940</u>
Capital Assets being Depreciated					
Buildings and Improvements	23,767,549	24,140	(17,063)	-	23,774,626
Machinery & Equip & Software	18,531,360	1,316,313	(835,601)	-	19,012,072
Infrastructure	210,042,697	-	(41,502)	4,831,281	214,832,476
Total Capital Assets being Depreciated	<u>252,341,606</u>	<u>1,340,453</u>	<u>(894,166)</u>	<u>4,831,281</u>	<u>257,619,174</u>
Less Accumulated Depreciation					
Buildings and Improvements	(14,366,830)	(576,322)	16,751	-	(14,926,401)
Machinery & Equip & Software	(13,800,306)	(1,114,641)	835,601	-	(14,079,346)
Infrastructure	(122,736,881)	(7,300,559)	31,875	-	(130,005,565)
Total Accumulated Depreciation	<u>(150,904,017)</u>	<u>(8,991,522)</u>	<u>884,227</u>	<u>-</u>	<u>(159,011,312)</u>
Net Capital Assets being Depreciated	<u>101,437,589</u>	<u>(7,651,069)</u>	<u>(9,939)</u>	<u>4,831,281</u>	<u>98,607,862</u>
Governmental Activities Capital Assets, Net	<u>\$189,587,374</u>	<u>\$ (1,392,478)</u>	<u>\$ (1,148,094)</u>	<u>\$ -</u>	<u>187,046,802</u>
				Lease Assets	406,484
				Total Capital Assets	<u>\$187,453,286</u>

Lease assets governmental activities for the year ended June 30, 2021, is as follows:

	Balance at June 30, 2020	Additions	Retirements	Balance at June 30, 2021
Governmental Activities				
Lease Assets being Amortized				
Vehicles and Equipment	\$ -	\$ 454,290	\$ -	\$ 454,290
Total Lease Assets being Amortized	<u>-</u>	<u>454,290</u>	<u>-</u>	<u>454,290</u>
Less Accumulated Amortization				
Vehicles and Equipment	-	(47,806)	-	(47,806)
Total Accumulated Amortization	<u>-</u>	<u>(47,806)</u>	<u>-</u>	<u>(47,806)</u>
Governmental Activities Lease Assets, Net	<u>\$ -</u>	<u>\$ 406,484</u>	<u>\$ -</u>	<u>\$ 406,484</u>

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 5 - CAPITAL ASSETS (Continued)

Business-type capital assets activity for the year ended June 30, 2021, is as follows:

	Balance at June 30, 2020	Additions	Retirements	Transfers	Balance at June 30, 2021
<i>Business-type Activities</i>					
Capital Assets not being Depreciated					
Land	\$ 10,731,229	\$ -	\$ -	\$ -	\$ 10,731,229
Construction in progress	40,430,711	5,845,590	-	(2,741,033)	43,535,268
Total Capital Assets not being Depreciated	51,161,940	5,845,590	-	(2,741,033)	54,266,497
Capital Assets being Depreciated					
Buildings and Improvements	30,017,722	-	-	-	30,017,722
Vehicles and Equipment	15,474,455	995,813	(91,129)	-	16,379,139
Infrastructure	322,876,054	-	-	2,741,033	325,617,087
Total Capital Assets being Depreciated	368,368,231	995,813	(91,129)	2,741,033	372,013,948
Less Accumulated Depreciation					
Buildings and Improvements	(15,369,258)	(694,345)	-	-	(16,063,603)
Vehicles and Equipment	(11,659,799)	(913,547)	91,129	-	(12,482,217)
Infrastructure	(125,102,774)	(6,184,722)	-	-	(131,287,496)
Total Accumulated Depreciation	(152,131,831)	(7,792,614)	91,129	-	(159,833,316)
Net Capital Assets being Depreciated	216,236,400	(6,796,801)	-	2,741,033	212,180,632
Business-type Activities Capital Assets, Net	\$ 267,398,340	\$ (951,211)	\$ -	\$ -	\$ 266,447,129
				Lease Assets	52,127
				Total Capital Assets	\$ 266,499,256

Lease assets business-type activity for the year ended June 30, 2021, is as follows:

	Balance at June 30, 2020	Additions	Retirements	Balance at June 30, 2021
<i>Business-type Activities</i>				
Lease Assets being Amortized				
Vehicles and Equipment	\$ -	\$ 61,285	\$ -	\$ 61,285
Total Lease Assets being Amortized	-	61,285	-	61,285
Less Accumulated Amortization				
Vehicles and Equipment	-	(9,158)	-	(9,158)
Total Accumulated Amortization	-	(9,158)	-	(9,158)
Business-type Activities Lease Assets, Net	\$ -	\$ 52,127	\$ -	\$ 52,127

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, 2021

NOTE 5 - CAPITAL ASSETS (Continued)

C. Depreciation/Amortization Allocation

Depreciation/Amortization 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	<u>Depreciation</u>	<u>Amortization of Lease Assets</u>	<u>Total</u>
General Government	\$ 156,515	\$ -	\$ 156,515
Community Development	2,695,476	-	2,695,476
Police	167,183	-	167,183
Fire	75,964	-	75,964
Parks and Recreation	1,031,670	-	1,031,670
Public Works	4,045,938	-	4,045,938
Internal Service Funds:			
Information Services	90,048	-	90,048
Vehicle Replacement - GG	728,727	47,806	776,533
Total Depreciation/Amortization Expense	<u>\$ 8,991,521</u>	<u>\$ 47,806</u>	<u>\$ 9,039,327</u>
Business Functions			
Airport	\$ 349,291	\$ -	\$ 349,291
Development Services	54,843	-	54,843
Marina	78,507	-	78,507
Transit	599,024	-	599,024
Wastewater Utility	5,182,060	-	5,182,060
Water Utility	1,528,361	9,158	1,537,519
Storm Water	528	-	528
Total Depreciation/Amortization Expense	<u>\$ 7,792,614</u>	<u>\$ 9,158</u>	<u>\$ 7,801,772</u>

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 Governmental long-term debt activities for the year ended June 30, 2021, were as follows:

Governmental Activity Debt:	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2021</u>	<u>Amount due within one year</u>
Lease Liability	\$ -	\$ 441,102	\$ 48,564	\$ 392,538	\$ 85,406
Total Governmental Activity Debt	<u>\$ -</u>	<u>\$ 441,102</u>	<u>\$ 48,564</u>	<u>\$ 392,538</u>	<u>\$ 85,406</u>

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 - LONG-TERM DEBT (Continued)

Business-type debt activities for the year ended June 30, 2021, were as follows:

Business-Type Activity Debt:	Original Issue Amount	Balance at June 30, 2020	Additions	Retirements	Balance at June 30, 2021	Amount due within one year
Revenue Bonds:						
2012 Water Revenue Refunding Bonds 3.670%, due 5/1/2031	\$ 7,529,000	\$ 4,889,000	\$ -	\$ 375,000	\$ 4,514,000	\$ 388,000
2017 Wastewater 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	763,643	-	50,910	712,733	-
2019 Wastewater Revenue Refunding Bonds 5.00%, Due 05/01/2029	60,775,000	55,130,000	-	5,000,000	50,130,000	5,250,000
Plus: Original issue Premium	13,185,626	11,867,063	-	1,318,563	10,548,500	-
Total Revenue Bonds		<u>96,014,706</u>	<u>-</u>	<u>6,744,473</u>	<u>89,270,233</u>	<u>5,638,000</u>
Notes Payable:						
California Department of Boating and Waterways	3,960,000	6,426,351	881,284	-	7,307,636	-
Total Notes Payable		<u>6,426,351</u>	<u>881,284</u>	<u>-</u>	<u>7,307,636</u>	<u>-</u>
Lease Obligation:						
2016 Airport Refunding Lease Obligation 2.710%, due 11/1/2025	4,531,000	2,870,000	-	447,000	2,423,000	459,000
Total Lease Obligation		<u>2,870,000</u>	<u>-</u>	<u>447,000</u>	<u>2,423,000</u>	<u>459,000</u>
Lease Liability:						
Lease Liability	60,064	-	60,004	8,626	51,378	11,626
		<u>-</u>	<u>60,004</u>	<u>8,626</u>	<u>51,378</u>	<u>11,626</u>
Total Business Type Activity Debt		<u>\$ 105,311,057</u>	<u>\$ 941,288</u>	<u>\$ 7,200,099</u>	<u>\$ 99,052,247</u>	<u>\$ 6,108,626</u>

C. Debt Service Requirements

Future principal and interest payment on Governmental lease liability were as follows at June 30, 2021:

Governmental Activity Debt:

	Lease Payable	
	For the Year Ending June 30,	Interest
2022	\$ 85,406	\$ 13,225
2023	88,664	9,969
2024	92,047	6,588
2025	94,557	3,078
2026	31,864	315
	<u>\$ 392,538</u>	<u>\$ 33,175</u>

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 - LONG-TERM DEBT (Continued)

Future principal and interest payment on all Business-type debt were as follows at June 30, 2021.

Business-Type Activity Debt:

For the Year Ending June 30, 2021	Revenue Bonds		Notes Payable		Lease Obligation		Lease Liability	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 5,638,000	\$ 3,470,363	\$ 428,424	\$ -	\$ 459,000	\$ 59,444	\$ 11,626	\$ 1,686
2023	5,916,000	3,193,385	6,879,212	-	472,000	46,829	12,060	1,254
2024	6,209,000	2,902,588	-	-	484,000	33,875	12,508	806
2025	6,511,000	2,597,399	-	-	497,000	20,582	12,974	340
2026	6,832,000	2,277,354	-	-	511,000	6,924	2,210	10
2027/2031	30,213,000	6,262,978	-	-	-	-	-	-
2032/2036	16,690,000	1,449,443	-	-	-	-	-	-
Outstanding Accumulated Payments and Penalties	78,009,000	<u>\$22,153,510</u>	7,307,636	<u>\$ -</u>	2,423,000	<u>\$ 167,654</u>	51,378	<u>\$ 4,096</u>
Add: Original Issuance Premium (Discount)	11,261,233		-		-		-	
Total debt	<u>\$89,270,233</u>		<u>\$ 7,307,636</u>		<u>\$ 2,423,000</u>		<u>\$ 51,378</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 \$6,016,768 and \$547,545 in fiscal 2020-21. Total principal and interest remaining to be paid on the Bonds was \$5.376 million as of June 30, 2021.

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 \$32,736,832 as of June 30, 2021.

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, 2021

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 \$62,048,750 as of June 30, 2021.

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.

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 is increased by unpaid interest and penalties. The debt is the responsibility of the Marina Fund. The outstanding balance at June 30, 2021 is \$7,307,636. 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, 2021 was \$2,423,000.

Lease Liability - On July 6, 2020, the City entered into a master lease agreement with Enterprise Fleet Management to acquire the right to use 15 vehicles in the amount of \$501,106 at an interest rate of 3.66% for a period of 60 months. Monthly principal and interest payments are due starting 2021 through 2026. As of June 30, 2021, the outstanding principal balance was \$443,916, of which \$392,538 was reported in governmental activity, and \$51,378 in business-type activity.

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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7 - DEBT WITHOUT CITY COMMITMENT

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.

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 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.

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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

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, 2021

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City’s Fund Balances as of June 30, 2021, 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	\$ 216,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,611
Subtotal	216,611	-	-	-	-	-	216,611
Amounts required to maintain intact:							
Permanent funds	-	-	-	-	-	25,451	25,451
Total Nonspendable Fund Balances	216,611	-	-	-	-	25,451	242,062
Restricted for:							
Special projects	-	-	64,983,026	-	-	-	64,983,026
Community redevelopment	-	-	-	-	-	11,001,418	11,001,418
Low-income housing	-	17,831,215	-	22,761,637	-	-	40,592,852
Total Restricted Fund Balances	-	17,831,215	64,983,026	22,761,637	-	11,001,418	116,577,296
Committed to:							
Special projects	1,484,700	-	-	-	5,360,064	-	6,844,764
Total Committed Fund Balances	1,484,700	-	-	-	5,360,064	-	6,844,764
Assigned:							
Special projects	9,641,704	-	-	-	-	-	9,641,704
Total Assigned Fund Balances	9,641,704	-	-	-	-	-	9,641,704
Unassigned:							
Unassigned	1,616,931	-	-	-	-	(695,435)	921,496
Total Unassigned Fund Balances	1,616,931	-	-	-	-	(695,435)	921,496
Total Fund Balance	\$ 12,959,946	\$ 17,831,215	\$ 64,983,026	\$ 22,761,637	\$ 5,360,064	\$ 10,331,434	\$ 134,227,322

C. Fund Deficits

As of June 30, 2021, the Development Services Enterprise Fund, the Marina Enterprise Fund, the Transient Occupancy Tax Special Revenue 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 \$148,783, \$7,131,651, \$695,435, \$6,262,222, \$1,231,892, \$3,026,894 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, 2021

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, 2021:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
Miscellaneous	\$ 5,109,860	\$ 30,936,980	\$ -	\$ 4,706,955
Safety	11,028,988	75,392,700	155,485	12,134,510
Total	<u>\$ 16,138,848</u>	<u>\$ 106,329,680</u>	<u>\$ 155,485</u>	<u>\$ 16,841,465</u>

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – PENSION PLANS (Continued)

The Plans' provisions and benefits in effect at June 30, 2021, 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%
			50% of the Total Normal
Required employer contribution rates	9.755%	9.755%	Cost

In addition, the City made a payment to the Miscellaneous Plan's unfunded liability in the amount of \$1,811,524

	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%	12.25% - 16%
			50% of the Total Normal
Required employer contribution rates	21.053%	21.053%	Cost

In addition, the City made a payment to the Safety Plan's unfunded liability in the amount of \$4,907,216

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, 2020, and 2019, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	
	June 30, 2020	June 30, 2019
Inactive employees or beneficiaries currently receiving benefits	327	305
Inactive employees entitled to but not yet receiving benefits	251	241
Active employees	193	197
Total	771	743

	Safety	
	June 30, 2020	June 30, 2019
Inactive employees or beneficiaries currently receiving benefits	224	215
Inactive employees entitled to but not yet receiving benefits	97	89
Active employees	117	111
Total	438	415

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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, 2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020- 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, 2019, actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.875%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.25%(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 used in the June 30, 2019, valuation were based on 2017 CalPERS Experience Study for the period from 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Change of Assumptions – For the June 30, 2020 and 2019, measurement dates 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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – PENSION PLANS (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, 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, 2021

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, 2019 Measurement Date	\$ 123,030,053	\$ 96,097,353	\$ 26,932,700
Changes in the year:			
Service cost	2,418,103	-	2,418,103
Interest on the total pension liability	8,755,819	-	8,755,819
Differences between actual and expected experience	1,572,996	-	1,572,996
Contribution - employer	-	2,509,179	(2,509,179)
Contribution - employee	-	1,632,423	(1,632,423)
Net investment income	-	4,736,510	(4,736,510)
Administrative expenses	-	-	-
Benefit payments , including refunds of employee contributions	(6,706,182)	(6,706,182)	-
Other miscellaneous Income/(Expense)	-	(135,474)	135,474
Net changes	<u>6,040,736</u>	<u>2,036,456</u>	<u>4,004,280</u>
Balance at June 30, 2020 Measurement Date	<u>\$ 129,070,789</u>	<u>\$ 98,133,809</u>	<u>\$ 30,936,980</u>

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019 Measurement Date	\$ 211,702,887	\$ 140,714,269	\$ 70,988,618
Changes in the year:			
Service cost	3,793,765	-	3,793,765
Interest on the total pension liability	14,944,956	-	14,944,956
Differences between actual and expected experience	927,352	-	927,352
Contribution - employer	-	7,037,426	(7,037,426)
Contribution - employee	-	1,419,769	(1,419,769)
Net investment income	-	7,003,170	(7,003,170)
Administrative expenses	-	-	-
Benefit payments , including refunds of employee contributions	(11,013,516)	(11,013,516)	-
Other miscellaneous Income/(Expense)	-	(198,374)	198,374
Net changes	<u>8,652,557</u>	<u>4,248,475</u>	<u>4,404,082</u>
Balance at June 30, 2020 Measurement Date	<u>\$ 220,355,444</u>	<u>\$ 144,962,744</u>	<u>\$ 75,392,700</u>

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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	\$ 46,808,004	\$ 105,059,268
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 30,936,980	\$ 75,392,700
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 17,707,255	\$ 51,029,516

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, 2021, the City recognized pension expense of \$16,841,465. At June 30, 2021, 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	\$ 2,855,083	\$ -
Differences between actual and expected experience	1,381,849	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	872,928	-
Total	<u>\$ 5,109,860</u>	<u>\$ -</u>

Safety Plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 7,786,832	\$ -
Differences between actual and expected experience	1,897,961	-
Changes in assumptions	-	155,485
Net differences between projected and actual earnings on plan investments	1,344,195	-
Total	<u>\$ 11,028,988</u>	<u>\$ 155,485</u>

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – PENSION PLANS (Continued)

\$10,641,915 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, 2022. 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
2022	\$ 648,244	2022	\$ 665,061
2023	696,662	2023	1,027,291
2024	505,297	2024	805,169
2025	409,574	2025	589,150
Total	<u>\$ 2,259,777</u>	Total	<u>\$ 3,086,671</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, 2021, the City contributed \$1,962 and the covered employees contributed \$29,464 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, 2021

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, 2021, 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, 2020.

Active employees	195
Inactive currently receiving benefits	116
Inactive entitled to but not yet receiving benefits payments	307
	618
Total	618

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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, 2020
Contribution Policy	No pre-funding
Discount Rate:	2.21% at June 30, 2020 (Bond Buyer 20-Bond Index)
	3.50% at June 30, 2019 (Bond Buyer 20-Bond Index)
General Inflation	2.75%
Salary Increases:	Aggregate -3% annually
	Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
	Medicare - 6.3% 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:

	Total OPEB Liability
Balance at June 30, 2019 (Measurement Date)	<u>\$ 14,126,269</u>
Changes in the year:	
Service cost	798,042
Changes of assumptions	3,192,107
Interest on the total OPEB liability	516,603
Actual vs. expected experience	-
Benefit payments	<u>(508,385)</u>
Net changes	<u>3,998,367</u>
Balance at June 30, 2020 (Measurement Date)	<u>\$ 18,124,636</u>

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

Total OPEB Liability		
Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
(1.21%)	(2.21%)	(3.21%)
\$ 21,453,627	\$ 18,214,636	\$ 15,661,136

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
\$ 15,418,789	\$ 18,214,636	\$ 21,928,437

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$1,000,660. At June 30, 2021, 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	\$ 535,766	\$ -
Changes in assumptions	2,748,759	2,131,529
Differences between expected and actual experience	-	1,382,572
Total	\$ 3,284,525	\$ 3,514,101

\$535,766 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, 2022. 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:	
2022	\$ (316,765)
2023	(316,765)
2024	(316,765)
2025	(193,765)
2026	(26,333)
Thereafter	405,051
Total	\$ (765,342)

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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.

In the year 2021, The City has evaluated the requirements of GASB Statement No. 84, Fiduciary Activities and GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans and determined that plan didn't meet the criteria to be reported as a fiduciary activity, as required by the above two statements. Moreover, the plan is classified as other employee benefits for financial reporting purposes.

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, 2021, for general liability was \$2,151,393 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, 2021 for workers' compensation was \$11,102,783 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, 2021

NOTE 12 RISK MANAGEMENT (Continued)

The accrued claims liability reported in the risk funds as of June 30, 2021, 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, 2021. 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, 2021.

The following is a reconciliation of changes in the aggregate liabilities for claims for the years ended June 30, 2021, 2020, and 2019:

For the Years Ended June 30,	Claims Payable July 1,	Claims Incurred	Claims Payments	Claims Payable June 30,	Claims Payable Due within One Year
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
2021	12,283,656	1,625,607	(655,087)	13,254,176	3,606,780

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, 2021 totaling \$1,651,944 for construction related contracts awarded, but not completed, and proprietary funds in the amount of \$4,975,506. In addition, the City's governmental funds had outstanding professional service contracts at year-end in the amount of \$2,575,100 and proprietary funds in the amount of \$6,061,960.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

C. Marina Enterprise Fund Finances

At June 30, 2021, the Marina Enterprise Fund had \$58,686 in cash while accumulated deficit was \$7.1 million. As discussed in Note 6C, the Marina Enterprise Fund had an outstanding loan of \$7.3 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, 2021, 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 has previously acted 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 since April 2018 and discontinued operation early 2020. The treatment did not bring the site to closure levels. ECA has developed a plan with approval from the Water Board to satisfy site closure requirements. Site closure is expected in Summer 2022.

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.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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

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, 2021 are discussed in Note 2. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2021.

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, 2021, the outstanding balance of the loans was \$234,744.

C. Long-Term Debt

Current Year Transactions and Balances

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

Successor Agency Debt:	<u>Original Issue Amount</u>	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2021</u>	<u>Amount due within one year</u>
Tax Allocation Bonds:						
2015 Tax Allocation Bonds, Series A 3.73%, due 5/1/2033	\$19,545,000	\$16,665,000	\$ -	\$ 675,000	\$15,990,000	\$ 680,000
2015 Tax Allocation Bonds, Series B 3.25%, due 5/1/2030	16,060,000	11,940,000	-	1,010,000	10,930,000	1,065,000
2017 Tax Allocation Refunding Bonds 3.00-4.00%, due 11/01/2039	35,945,000	32,990,000	-	1,350,000	31,640,000	1,400,000
Plus: Original issue Premium	491,287	401,963	-	22,331	379,632	-
Total Tax Allocation Bonds		<u>\$61,996,963</u>	<u>\$ -</u>	<u>\$ 3,057,331</u>	<u>\$58,939,632</u>	<u>\$ 3,145,000</u>

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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

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.

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 \$79,364,784 at June 30, 2021. 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 2020-2021 was \$7,432,216 which represented coverage of 144% of the \$5,144,689 of debt service.

2003A and 2005A Tax Allocation Bonds - As of June 30, 2021 the outstanding defeased balance related to the 2003A and 2005A Tax Allocation Bonds was \$15,795,000 and \$10,665,000, respectively.

2007 and 2011 Tax Allocation Bonds - As of June 30, 2021 the outstanding defeased balance related to the 2007 and 2011 Tax Allocation Bonds was \$28,350,000 and \$3,267,000, respectively.

CITY OF PETALUMA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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

Debt Service Requirements

Annual debt service requirements are shown below:

For the Year Ending June 30, 2021	Tax Allocation Bonds	
	Principal	Interest
2022	\$ 3,145,000	\$ 2,024,200
2023	3,260,000	1,907,723
2024	3,375,000	1,786,812
2025	2,370,000	1,661,726
2026	2,430,000	1,577,279
2027-2031	13,490,000	6,519,456
2032-2036	15,005,000	4,014,508
2037-2041	15,485,000	1,313,081
Outstanding Accumulated Payments and Penalties	58,560,000	<u>\$ 20,804,784</u>
Less: Original Issuance Premium (Discount)	379,632	
Total Payments due	<u>\$ 58,939,632</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.

NOTE 16 – PRIOR PERIOD ADJUSTMENT

The City’s prior period adjustment was to update the beginning fiduciary net position balance of the custodial funds, as part of implementation of GASB Statement No. 84. The beginning fund balance adjustments were as follows:

	Net Position, as previously reported at June 30, 2020	Prior Period Adjustments	Net Position, as Restated at June 30, 2020
		Liabilities	
Fund Financial Statements			
Fiduciary Funds - Custodial Fund	\$ -	\$ 3,211,544	\$ 3,211,544



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	6/30/2020
TOTAL PENSION LIABILITY							
Service Cost	\$ 1,931,227	\$ 2,007,788	\$ 2,017,338	\$ 2,343,412	\$ 2,452,860	\$ 2,267,931	\$ 2,418,103
Interest	6,997,431	7,267,715	7,469,079	7,655,833	7,911,849	8,339,289	8,755,819
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	1,572,996
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)	(6,706,182)
Net Change in Total Pension Liability	4,358,592	1,861,836	2,692,523	9,704,199	3,644,163	6,150,243	6,040,736
Total Pension Liability - Beginning	94,618,497	98,977,089	100,838,925	103,531,448	113,235,647	116,879,810	123,030,053
Total Pension Liability - Ending (a)	\$ 98,977,089	\$100,838,925	\$103,531,448	\$113,235,647	\$116,879,810	\$123,030,053	\$129,070,789
PLAN FIDUCIARY NET POSITION							
Contributions - Employer	\$ 2,390,127	\$ 1,990,786	\$ 2,382,217	\$ 2,624,811	\$ 5,913,026	\$ 2,217,461	\$ 2,509,179
Contributions - Employee	1,243,703	889,286	936,978	976,772	1,362,257	1,613,907	1,632,423
Net Investment Income	11,808,495	1,767,481	386,997	8,528,004	7,122,301	6,003,561	4,736,510
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)	(6,706,182)
Net Plan to Plan Resource Movement	-	-	-	2,139	(215)	-	-
Administrative Expense	-	(89,077)	(48,215)	(114,583)	(131,351)	(65,997)	(135,474)
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	2,036,456
Plan Fiduciary Net Position - Beginning	68,552,979	79,425,238	79,112,706	77,608,047	84,292,245	92,481,437	96,097,353
Plan Fiduciary Net Position - Ending (b)	\$ 79,425,238	\$ 79,112,706	\$ 77,608,047	\$ 84,292,245	\$ 92,481,437	\$ 96,097,353	\$ 98,133,809
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	\$ 30,936,980
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.25%	78.48%	74.96%	74.44%	79.13%	78.11%	76.03%
Covered Payroll	\$ 12,004,148	\$ 13,001,281	\$ 13,272,833	\$ 14,000,551	\$ 14,820,907	\$ 14,028,153	\$ 14,773,291
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	162.88%	167.11%	195.31%	206.73%	164.62%	191.99%	203.81%

Notes to Schedule:

Benefit changes: The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the

Changes of Assumptions: None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate

* 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, 2021
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	Fiscal Year 2020-21
Actuarially determined contribution	\$ 1,990,786	\$ 2,382,217	\$ 2,624,811	\$ 2,396,097	\$ 2,217,461	\$ 2,509,179	\$ 2,850,083
Contribution in relation to the actuarially determined contributions	(1,990,786)	(2,382,217)	(2,624,811)	(5,913,026)	(2,217,461)	(2,509,179)	(2,850,083)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,516,929)</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	\$ 15,093,096
Contributions as a percentage of covered payroll	15.31%	17.95%	18.75%	39.90%	15.81%	16.98%	18.88%
Notes to Schedule							
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019

The actuarial methods and assumptions used to determine contributions were:

Actuarial cost method	Entry age normal
Amortization method	Level of percent of pay
Asset valuation method	Fair value of assets
Inflation	2.625%
Salary increases	Varies by entry age and service
payroll growth	2.875%
Investment rate of return	7.25%
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

* Fiscal year 2015 was the first year of implementation

City of Petaluma Agent Multiple-employer Defined Benefit Plans

As of June 30, 2021

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	6/30/2020
TOTAL PENSION LIABILITY							
Service Cost	\$ 3,422,621	\$ 3,115,595	\$ 3,034,176	\$ 3,646,598	\$ 3,691,563	\$ 3,739,059	\$ 3,793,765
Interest	11,716,276	12,221,159	12,650,095	13,084,036	13,623,550	14,341,094	14,944,956
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	927,352
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)	(11,013,516)
Net Change in Total Pension Liability	7,431,275	3,603,539	5,701,861	18,153,320	7,964,408	10,488,983	8,652,557
Total Pension Liability - Beginning	158,359,501	165,790,776	169,394,315	175,096,176	193,249,496	201,213,904	211,702,887
Total Pension Liability - Ending (a)	\$165,790,776	\$169,394,315	\$175,096,176	\$193,249,496	\$201,213,904	\$211,702,887	\$220,355,444
PLAN FIDUCIARY NET POSITION							
Contributions - Employer	\$ 5,842,432	\$ 4,384,155	\$ 4,894,550	\$ 5,735,707	\$ 9,856,013	\$ 6,295,736	\$ 7,037,426
Contributions - Employee	1,731,948	1,037,804	1,025,996	1,300,945	1,347,243	1,382,382	1,419,769
Net Investment Income	17,135,155	2,505,960	588,669	12,302,444	10,381,838	8,721,753	7,003,170
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)	(11,013,516)
Net Plan to Plan Resource Movement	-	61,599	-	-	(314)	-	-
Administrative Expense	-	(130,196)	(70,508)	(167,231)	(191,879)	(96,036)	(198,374)
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	4,248,475
Plan Fiduciary Net Position - Beginning	99,106,801	116,108,714	115,691,348	113,266,598	123,135,761	134,575,096	140,714,269
Plan Fiduciary Net Position - Ending (b)	\$116,108,714	\$115,691,348	\$113,266,598	\$123,135,761	\$134,575,096	\$140,714,269	\$144,962,744
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	\$ 75,392,700
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.03%	68.30%	64.69%	63.72%	66.88%	66.47%	65.79%
Covered Payroll	\$ 11,800,515	\$ 11,238,710	\$ 11,313,110	\$ 12,054,472	\$ 12,257,583	\$ 12,316,761	\$ 12,469,532
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	421.02%	477.84%	546.53%	581.64%	529.78%	560.93%	588.43%

Notes to Schedule:

Benefit changes: The figures above include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate

* 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, 2021
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	Fiscal Year 2020-21
Actuarially determined contribution	\$ 4,384,155	\$ 4,894,550	\$ 5,735,707	\$ 5,882,658	\$ 6,295,736	\$ 7,037,426	\$ 7,786,832
Contribution in relation to the actuarially determined contributions	(4,384,155)	(4,894,550)	(5,735,707)	(9,856,013)	(6,295,736)	(7,037,426)	(7,786,832)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (3,973,355)	\$ -	\$ -	\$ -
Covered payroll	\$ 11,238,710	\$ 11,313,110	\$ 12,054,472	\$ 12,257,583	\$ 12,316,761	\$ 12,469,532	\$ 13,554,873
Contributions as a percentage of covered payroll	39.01%	43.26%	47.58%	78.36%	51.12%	56.44%	57.45%

Notes to Schedule

Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
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The actuarial methods and assumptions used to determine contributions were:

Actuarial cost method	Entry age normal
Amortization method	Level of percent of pay
Asset valuation method	Fair value of assets
Inflation	2.625%
Salary increases	Varies by entry age and service
payroll growth	2.875%
Investment rate of return	7.25%
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

* Fiscal year 2015 was the first year of implementation

CITY OF PETALUMA
 Required supplemental Information
 For the year ended June 30, 2021
 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>	<u>6/30/2020</u>
Total OPEB Liability				
Service Cost	\$ 1,150,000	\$ 985,423	\$ 945,118	\$ 798,042
Interest on the total OPEB liability	493,000	590,974	653,601	516,603
Changes of assumptions	(1,829,000)	(696,520)	(3,089,676)	3,192,107
Benefit payments, including refunds of employee contributions	(467,000)	(443,524)	(473,127)	(508,385)
Net change in total OPEB liability	<u>(653,000)</u>	<u>436,353</u>	<u>(1,964,084)</u>	<u>3,998,367</u>
Total OPEB liability - beginning	<u>16,397,000</u>	<u>15,744,000</u>	<u>16,180,353</u>	<u>14,216,269</u>
Total OPEB liability - ending	<u>\$ 15,744,000</u>	<u>\$ 16,180,353</u>	<u>\$ 14,216,269</u>	<u>\$ 18,214,636</u>
Covered Employee Payroll	<u>\$ 24,725,000</u>	<u>\$ 31,217,344</u>	<u>\$ 32,816,511</u>	<u>\$ 34,820,346</u>
Total OPEB liability as a percentage of covered-employee payroll	63.68%	51.83%	43.32%	52.31%

*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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Taxes	\$ 29,876,971	\$ 32,376,971	\$ 34,967,051	\$ 2,590,080
Licenses, permits and fees	928,254	928,254	1,671,811	743,557
Fines, forfeitures, and penalties	690,000	690,000	161,926	(528,074)
Use of money and property	468,769	468,769	129,921	(338,848)
Intergovernmental	6,801,515	6,801,515	7,926,108	1,124,593
Charges for current services	4,923,850	4,923,850	6,606,621	1,682,771
Other	14,000	14,000	245,075	231,075
Total revenues	43,703,359	46,203,359	51,708,513	5,505,154
EXPENDITURES:				
Current:				
General government:				
City council	43,430	43,430	39,482	3,948
City clerk	298,682	368,568	348,486	20,082
City attorney	676,928	678,238	668,577	9,661
City manager	1,046,476	1,459,042	1,390,491	68,551
Administrative services	3,564,829	1,845,875	1,499,125	346,750
Community development	576,719	576,719	1,225,638	(648,919)
Police	20,994,795	21,949,634	19,450,083	2,499,551
Fire	17,074,863	17,157,619	16,934,046	223,573
Parks and recreation	1,915,335	1,923,861	1,464,323	459,538
Public works	3,889,368	4,006,944	4,326,561	(319,617)
Capital outlay	-	-	217,608	(217,608)
Total expenditures	50,081,425	50,009,930	47,564,420	2,445,510
REVENUES OVER (UNDER) EXPENDITURES	(6,378,066)	(3,806,571)	4,144,093	7,950,664
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	49,633	49,633
Transfers in	2,523,500	3,435,500	2,523,500	(912,000)
Transfers out	(1,244,507)	(4,797,460)	(7,844,404)	(3,046,944)
Total other financing sources (uses)	1,278,993	(1,361,960)	(5,271,271)	(3,909,311)
Net change in fund balance	\$ (5,099,073)	\$ (5,168,531)	(1,127,178)	\$ 4,041,353
FUND BALANCE:				
Beginning of year			14,087,124	
End of year			\$ 12,959,946	

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 163,982	\$ 163,982	\$ 137,552	\$ (26,430)
Total revenues	<u>163,982</u>	<u>163,982</u>	<u>137,552</u>	<u>(26,430)</u>
EXPENDITURES:				
Current:				
Community development	900,000	900,000	13,605	886,395
Total expenditures	<u>900,000</u>	<u>900,000</u>	<u>13,605</u>	<u>886,395</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(736,018)</u>	<u>(736,018)</u>	<u>123,947</u>	<u>859,965</u>
Net change in fund balance	<u>\$ (736,018)</u>	<u>\$ (736,018)</u>	<u>123,947</u>	<u>\$ 859,965</u>
FUND BALANCE:				
Beginning of year			<u>17,707,268</u>	
End of year			<u>\$ 17,831,215</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Licenses, permits and fees	\$ 4,358,403	\$ 4,358,403	\$ 5,171,104	\$ 812,701
Use of money and property	426,581	426,581	365,566	(61,015)
Charges for current services	87,168	87,168	103,435	16,267
Other	48,473	48,473	7,746	(40,727)
Total revenues	4,920,625	4,920,625	5,647,851	727,226
EXPENDITURES:				
Current:				
Community development	3,066,830	4,746,830	274,825	4,472,005
Parks and recreation	13,352	13,352	12,788	564
Public works	58,650	58,650	60,685	(2,035)
Total expenditures	3,138,832	4,818,832	348,298	4,470,534
REVENUES OVER (UNDER) EXPENDITURES	1,781,793	101,793	5,299,553	5,197,760
OTHER FINANCING SOURCES (USES):				
Transfers out	(9,091,500)	(1,474,500)	(1,224,000)	250,500
Total other financing sources (uses)	(9,091,500)	(1,474,500)	(1,224,000)	250,500
Net change in fund balance	\$ (7,309,707)	\$ (1,372,707)	4,075,553	\$ 5,448,260
FUND BALANCE:				
Beginning of year			60,907,473	
End of year			\$ 64,983,026	

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 36,674	\$ 36,674	\$ 108,362	\$ 71,688
Charges for current services	24,000	24,000	-	(24,000)
Total revenues	60,674	60,674	120,908	60,234
EXPENDITURES:				
Current:				
Community development	168,899	170,191	227,115	(56,924)
Total expenditures	168,899	170,191	227,115	(56,924)
REVENUES OVER (UNDER) EXPENDITURES	(108,225)	(109,517)	(106,207)	3,310
OTHER FINANCING SOURCES (USES):				
Transfers in	157,500	157,500	136,500	(21,000)
Transfers out	(21,000)	(21,000)	-	21,000
Total other financing sources (uses)	136,500	136,500	136,500	-
Net change in fund balance	\$ 28,275	\$ 26,983	30,293	\$ 3,310
FUND BALANCE:				
Beginning of year			22,731,344	
End of year			<u>\$ 22,761,637</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 438	\$ 438	\$ (22,270)	\$ (22,708)
Intergovernmental	1,273,000	1,334,600	683,239	(651,361)
Charges for current services	15,000	15,000	15,334	334
Other	1,458,000	1,557,490	90,480	(1,467,010)
Total revenues	2,746,438	2,907,528	766,783	(2,140,745)
EXPENDITURES:				
Current:				
General government	1,893,000	3,141,641	1,164,957	1,976,684
Parks and recreation	8,030,034	1,450,958	961,136	489,822
Public works	13,377,407	2,595,123	5,036,144	(2,441,021)
Capital outlay	2,000,000	2,000,000	-	2,000,000
Total expenditures	25,300,441	9,187,722	7,162,237	2,025,485
REVENUES OVER (UNDER) EXPENDITURES	(22,554,003)	(6,280,194)	(6,395,454)	(115,260)
OTHER FINANCING SOURCES (USES):				
Transfers in	20,584,824	7,239,790	7,536,425	296,635
Transfers out	-	(11,445)	(11,445)	-
Total other financing sources (uses)	20,584,824	7,228,345	7,524,980	296,635
Net change in fund balance	\$ (1,969,179)	\$ 948,151	1,129,526	\$ 181,375
FUND BALANCE:				
Beginning of year			4,230,538	
End of year			<u>\$ 5,360,064</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, 2021

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Grants and Donations	Gas Tax	Public Safety Special Revenue	Landscape Assessment District
ASSETS					
Cash and investments	\$ 30,927	\$ 2,443,899	\$ 170,056	\$ 809,223	\$ 495,622
Receivables:					
Accounts, net	-	-	-	-	-
Intergovernmental	256,946	869,170	148,035	58,394	9,624
loans receivable	925,015	-	-	-	-
Interest receivable related to loans receivable	13,284	-	-	-	-
Total assets	\$ 1,226,172	\$ 3,361,117	\$ 318,091	\$ 867,617	\$ 505,246
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 200,363	\$ 87,358	\$ -	\$ 81,377	\$ 20,215
Due to other funds	-	-	-	-	-
Total liabilities	200,363	87,358	-	81,377	20,215
Deferred inflows of resources:					
Unavailable revenues	13,284	603,977	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	1,012,525	2,669,782	318,091	786,240	485,031
Unassigned	-	-	-	-	-
Total fund balances	1,012,525	2,669,782	318,091	786,240	485,031
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,226,172	\$ 3,361,117	\$ 318,091	\$ 867,617	\$ 505,246

SPECIAL REVENUE FUNDS						PERMANENT	Total
Street	Transient Occupancy Tax	Prince Park	Measure M Parks	Tourism Improvement District	Wickersham Park Trust		Non-Major Governmental Funds
\$ 4,572,738	\$ -	\$ 513,659	\$ 426,422	\$ 26,871	\$ 25,451		\$ 9,514,868
121,418	288,553	-	-	7,416	-		417,387
135,877	-	-	201,541	-	-		1,679,587
-	-	-	-	-	-		925,015
-	-	-	-	-	-		13,284
<u>\$ 4,830,033</u>	<u>\$ 288,553</u>	<u>\$ 513,659</u>	<u>\$ 627,963</u>	<u>\$ 34,287</u>	<u>\$ 25,451</u>		<u>\$ 12,598,189</u>
\$ 145,186	\$ 113,781	\$ -	\$ 116,144	\$ 14,383	\$ -		\$ 778,807
-	870,207	-	-	-	-		870,207
145,186	983,988	-	116,144	14,383	-		1,649,014
480	-	-	-	-	-		617,741
-	-	-	-	-	25,451		25,451
4,684,367	-	513,659	511,819	19,904	-		11,001,418
-	(695,435)	-	-	-	-		(695,435)
4,684,367	(695,435)	513,659	511,819	19,904	25,451		10,331,434
<u>\$ 4,830,033</u>	<u>\$ 288,553</u>	<u>\$ 513,659</u>	<u>\$ 627,963</u>	<u>\$ 34,287</u>	<u>\$ 25,451</u>		<u>\$ 12,598,189</u>

City of Petaluma

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2021

	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	-	(5,261)	4,173	4,409	2,808
Intergovernmental	682,354	4,598,965	2,507,389	389,232	-
Charges for current services	-	-	-	-	426,474
Other	-	49,416	-	-	-
Total revenues	682,354	4,643,120	2,511,562	393,895	429,282
EXPENDITURES:					
Current:					
Community development	616,154	596,147	-	-	-
Police	-	305,754	-	136,981	-
Fire	-	-	-	-	-
Parks and recreation	-	-	-	-	446,329
Public works	-	4,439,832	37,577	-	-
Capital outlay	-	47,223	-	-	-
Total expenditures	616,154	5,388,956	37,577	136,981	446,329
REVENUES OVER (UNDER) EXPENDITURES	66,200	(745,836)	2,473,985	256,914	(17,047)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	4,052,640	-	-	-
Transfers out	(70,000)	(2,603,498)	(2,661,383)	(222,256)	-
Total other financing sources (uses)	(70,000)	1,449,142	(2,661,383)	(222,256)	-
FUND BALANCES:					
Beginning of year	1,016,325	1,966,476	505,489	751,582	502,078
End of year	\$ 1,012,525	\$ 2,669,782	\$ 318,091	\$ 786,240	\$ 485,031

SPECIAL REVENUE FUNDS						PERMANENT	Total
Street	Transient Occupancy Tax	Prince Park	Measure M Parks	Tourism Improvement District	Wickersham Park Trust		Non-Major Governmental Funds
\$ 1,597,181	\$ 2,131,357	\$ -	\$ 787,052	\$ -	\$ -	\$ -	\$ 4,515,590
-	-	-	-	64,609	-	-	64,609
7,311	1,943	3,401	2,289	477	156	-	21,706
542,317	-	-	-	-	-	-	8,720,257
495	-	-	-	-	-	-	426,969
48,149	-	-	-	-	-	-	97,565
<u>2,195,453</u>	<u>2,133,300</u>	<u>3,401</u>	<u>789,341</u>	<u>65,086</u>	<u>156</u>		<u>13,846,950</u>
-	443,793	-	-	174,999	-	-	1,831,093
-	-	-	-	-	-	-	442,735
-	-	-	-	141,071	-	-	141,071
-	-	-	284,756	-	-	-	731,085
3,013,166	-	-	-	-	-	-	7,490,575
-	-	-	-	108,734	-	-	155,957
<u>3,013,166</u>	<u>443,793</u>	<u>-</u>	<u>284,756</u>	<u>424,804</u>	<u>-</u>		<u>10,792,516</u>
<u>(817,713)</u>	<u>1,689,507</u>	<u>3,401</u>	<u>504,585</u>	<u>(359,718)</u>	<u>156</u>		<u>3,054,434</u>
3,503,828	305,000	-	-	245,000	-	-	8,106,468
(1,433,401)	(2,745,890)	(56,500)	(386,161)	-	-	-	(10,179,089)
<u>2,070,427</u>	<u>(2,440,890)</u>	<u>(56,500)</u>	<u>(386,161)</u>	<u>245,000</u>	<u>-</u>		<u>(2,072,621)</u>
<u>3,431,653</u>	<u>55,948</u>	<u>566,758</u>	<u>393,395</u>	<u>134,622</u>	<u>25,295</u>		<u>9,349,621</u>
<u>\$ 4,684,367</u>	<u>\$ (695,435)</u>	<u>\$ 513,659</u>	<u>\$ 511,819</u>	<u>\$ 19,904</u>	<u>\$ 25,451</u>		<u>\$ 10,331,434</u>

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 333	\$ 333	\$ -	\$ (333)
Intergovernmental	351,107	963,466	682,354	(281,112)
Total revenues	351,440	963,799	682,354	(281,445)
EXPENDITURES:				
Current:				
Community development	305,251	917,610	616,154	301,456
Total expenditures	305,251	917,610	616,154	301,456
REVENUES OVER (UNDER) EXPENDITURES	46,189	46,189	66,200	20,011
OTHER FINANCING SOURCES (USES):				
Transfers out	(70,000)	(70,000)	(70,000)	-
Total other financing sources (uses)	(70,000)	(70,000)	(70,000)	-
Net change in fund balance	\$ (23,811)	\$ (23,811)	(3,800)	\$ 20,011
FUND BALANCE:				
Beginning of year			1,016,325	
End of year			<u>\$ 1,012,525</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ (5,261)	\$ (5,261)
Intergovernmental	4,049,732	4,301,664	4,598,965	297,301
Other	1,647,000	1,647,000	49,416	(1,597,584)
Total revenues	5,696,732	5,948,664	4,643,120	(1,305,544)
EXPENDITURES:				
Current:				
Community development	506	506	596,147	(595,641)
Police	331,499	331,499	305,754	25,745
Fire	71,000	71,000	-	71,000
Public works	-	-	4,439,832	(4,439,832)
Capital outlay	-	277,125	47,223	229,902
Total expenditures	403,005	680,130	5,388,956	(4,708,826)
REVENUES OVER (UNDER) EXPENDITURES	5,293,727	5,268,534	(745,836)	(6,014,370)
OTHER FINANCING SOURCES (USES):				
Transfers in	58,577	83,770	4,052,640	3,968,870
Transfers out	(5,401,000)	(1,492,000)	(2,603,498)	(1,111,498)
Total other financing sources (uses)	(5,342,423)	(1,408,230)	1,449,142	2,857,372
Net change in fund balance	\$ (48,696)	\$ 3,860,304	703,306	\$ (3,156,998)
FUND BALANCE:				
Beginning of year			1,966,476	
End of year			<u>\$ 2,669,782</u>	

City of Petaluma

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

Gas Tax

For the year ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 10,305	\$ 10,305	\$ 4,173	\$ (6,132)
Intergovernmental	2,743,694	2,743,694	2,507,389	(236,305)
Total revenues	2,753,999	2,753,999	2,511,562	(242,437)
EXPENDITURES:				
Current:				
Public works	38,000	38,000	37,577	423
Total expenditures	38,000	38,000	37,577	423
REVENUES OVER (UNDER) EXPENDITURES	2,715,999	2,715,999	2,473,985	(242,014)
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,661,383)	(2,661,383)	(2,661,383)	-
Total other financing sources (uses)	(2,661,383)	(2,661,383)	(2,661,383)	-
Net change in fund balance	\$ 54,616	\$ 54,616	(187,398)	\$ (242,014)
FUND BALANCE:				
Beginning of year			505,489	
End of year			<u>\$ 318,091</u>	

City of Petaluma

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

Public Safety

For the year ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 6,802	\$ 6,802	\$ 4,409	\$ (2,393)
Intergovernmental	230,000	230,000	389,232	159,232
Total revenues	248,802	248,802	393,895	145,093
EXPENDITURES:				
Current:				
Police	126,161	126,161	136,981	(10,820)
Fire	6,800	6,800	-	6,800
Total expenditures	132,961	132,961	136,981	(4,020)
REVENUES OVER (UNDER) EXPENDITURES	115,841	115,841	256,914	141,073
OTHER FINANCING SOURCES (USES):				
Transfers out	(188,577)	(188,577)	(222,256)	(33,679)
Total other financing sources (uses)	(188,577)	(188,577)	(222,256)	(33,679)
Net change in fund balance	\$ (72,736)	\$ (72,736)	34,658	\$ 107,394
FUND BALANCE:				
Beginning of year			751,582	
End of year			\$ 786,240	

City of Petaluma

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

Landscape Assessment Districts

For the year ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,847	\$ 3,847	\$ 2,808	\$ (1,039)
Charges for current services	415,343	415,343	426,474	11,131
Total revenues	419,190	419,190	429,282	10,092
EXPENDITURES:				
Current:				
Parks and recreation	481,480	482,072	446,329	35,743
Total expenditures	481,480	482,072	446,329	35,743
Net change in fund balance	\$ (62,290)	\$ (62,882)	(17,047)	\$ 45,835
FUND BALANCE:				
Beginning of year			502,078	
End of year			\$ 485,031	

City of Petaluma

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

Street

For the year ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Taxes	\$ 1,549,000	\$ 1,549,000	\$ 1,597,181	\$ 48,181
Use of money and property	17,283	17,283	7,311	(9,972)
Intergovernmental	500,000	500,000	542,317	42,317
Charges for current services	15,000	15,000	495	(14,505)
Other	12,000	12,000	48,149	36,149
Total revenues	2,093,283	2,093,283	2,195,453	102,170
EXPENDITURES:				
Current:				
Public works	3,292,077	3,434,407	3,013,166	421,241
Capital outlay	30,000	30,000	-	30,000
Total expenditures	3,322,077	3,464,407	3,013,166	451,241
REVENUES OVER (UNDER) EXPENDITURES	(1,228,794)	(1,371,124)	(817,713)	553,411
OTHER FINANCING SOURCES (USES):				
Transfers in	3,492,383	3,503,828	3,503,828	-
Transfers out	(4,994,370)	(1,448,562)	(1,433,401)	15,161
Total other financing sources (uses)	(1,501,987)	2,055,266	2,070,427	15,161
Net change in fund balance	\$ (2,730,781)	\$ 684,142	1,252,714	\$ 568,572
FUND BALANCE:				
Beginning of year			3,431,653	
End of year			\$ 4,684,367	

City of Petaluma

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

Transient Occupancy Tax

For the year ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 3,293,943	\$ 3,293,943	\$ 2,131,357	\$ (1,162,586)
Use of money and property	25,263	25,263	1,943	(23,320)
Total revenues	3,319,206	3,319,206	2,133,300	(1,185,906)
EXPENDITURES:				
Current:				
Community development	325,799	630,799	443,793	187,006
Total expenditures	325,799	630,799	443,793	187,006
REVENUES OVER (UNDER) EXPENDITURES	2,993,407	2,688,407	1,689,507	(998,900)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	305,000	305,000	-
Transfers out	(3,042,276)	(2,874,890)	(2,745,890)	129,000
Total other financing sources (uses)	(3,042,276)	(2,569,890)	(2,440,890)	129,000
Net change in fund balance	\$ (48,869)	\$ 118,517	(751,383)	\$ (869,900)
FUND BALANCE:				
Beginning of year			55,948	
End of year			\$ (695,435)	

City of Petaluma

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

Prince Park

For the year ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 7,492	\$ 7,492	\$ 3,401	\$ (4,091)
Total revenues	<u>7,492</u>	<u>7,492</u>	<u>3,401</u>	<u>(4,091)</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>	(53,099)	<u>\$ (4,091)</u>
FUND BALANCE:				
Beginning of year			<u>566,758</u>	
End of year			<u>\$ 513,659</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 575,000	\$ 575,000	\$ 787,052	\$ 212,052
Use of money and property	-	-	2,289	2,289
Total revenues	575,000	575,000	789,341	214,341
EXPENDITURES:				
Current:				
Parks and recreation	355,902	193,787	284,756	(90,969)
Total expenditures	355,902	193,787	284,756	(90,969)
REVENUES OVER (UNDER) EXPENDITURES	219,098	381,213	504,585	123,372
OTHER FINANCING SOURCES (USES):				
Transfers out	(223,000)	(386,161)	(386,161)	-
Total other financing sources (uses)	(223,000)	(386,161)	(386,161)	-
Net change in fund balance	\$ (3,902)	\$ (4,948)	118,424	\$ 123,372
FUND BALANCE:				
Beginning of year			393,395	
End of year			\$ 511,819	

City of Petaluma

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

Tourism Improvement District

For the year ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$ 130,000	\$ 130,000	\$ 64,609	\$ (65,391)
Use of money and property	-	-	477	477
Total revenues	130,000	130,000	65,086	(64,914)
EXPENDITURES:				
Current:				
Community development	100,000	345,000	174,999	170,001
Fire	-	-	141,071	(141,071)
Capital outlay	-	-	108,734	(108,734)
Total expenditures	100,000	345,000	424,804	(79,804)
REVENUES OVER (UNDER) EXPENDITURES	30,000	(215,000)	(359,718)	(144,718)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	245,000	245,000	-
Total other financing sources (uses)	-	245,000	245,000	-
Net change in fund balance	\$ 30,000	\$ 30,000	(114,718)	\$ (144,718)
FUND BALANCE:				
Beginning of year			134,622	
End of year			\$ 19,904	

City of Petaluma

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

Wickersham Park Trust

For the year ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 256	\$ 256	\$ 156	\$ (100)
Total revenues	<u>256</u>	<u>256</u>	<u>156</u>	<u>(100)</u>
Net change in fund balance	<u>\$ 256</u>	<u>\$ 256</u>	156	<u>\$ (100)</u>
FUND BALANCE:				
Beginning of year			<u>25,295</u>	
End of year			<u>\$ 25,451</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, 2021

	Employee Benefit	General Services	Information Services
ASSETS			
Current Assets:			
Cash and investments	\$ 2,189,722	\$ 509,445	\$ -
Receivables:			
Accounts, net	8	-	-
Inventories	-	14,364	-
Deposits and prepaid items	-	-	11,522
Total Current Assets	<u>2,189,730</u>	<u>523,809</u>	<u>11,522</u>
Non-Current Assets:			
Advance to other funds	-	-	-
Capital assets:			
Depreciable	-	36,440	2,355,409
Less: accumulated depreciation	-	(27,144)	(2,021,317)
Total Non-current Assets	<u>-</u>	<u>9,296</u>	<u>334,092</u>
Total assets	<u>2,189,730</u>	<u>533,105</u>	<u>345,614</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	-	-	243,966
Deferred outflows of resources - OPEB	527,824	-	-
Total assets and deferred outflows of resources	<u>2,717,554</u>	<u>533,105</u>	<u>589,580</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	10,054	846	85,487
Interest payable	-	-	-
Due to other funds	-	-	31,704
Claims payable, due within one year	-	-	-
Compensated absences, due within one year	-	1,053	16,004
Long-term debt, due within one year	-	-	-
Total Current Liabilities	<u>10,054</u>	<u>1,899</u>	<u>133,195</u>
Non-current Liabilities:			
Claims payable, due in more than one year	-	-	-
Compensated absences, due in more than one year	-	27,808	141,428
Advance from other funds	5,477,937	-	-
Net pension liability	-	-	1,546,849
OPEB liability	2,927,092	-	-
Long-term debt, due in more than one year	-	-	-
Total Non-current Liabilities	<u>8,405,029</u>	<u>27,808</u>	<u>1,688,277</u>
Total liabilities	<u>8,415,083</u>	<u>29,707</u>	<u>1,821,472</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - OPEB	564,716	-	-
Total deferred inflows of resources	<u>564,716</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	-	9,296	334,092
Unrestricted	(6,262,245)	494,102	(1,565,984)
Total net position	<u>\$ (6,262,245)</u>	<u>\$ 503,398</u>	<u>\$ (1,231,892)</u>

Risk Management	Vehicles/ Equipment Replacement (GG)	Vehicles/ Equipment Replacement (BA)	Workers' Compensation	Total
\$ 4,140,026	\$ 1,005,599	\$ -	\$ 8,111,616	\$ 15,956,408
-	-	-	1,631	1,639
-	-	-	-	14,364
301,675	-	-	-	313,197
4,441,701	1,005,599	-	8,113,247	16,285,608
1,107,403	-	-	-	1,107,403
-	9,892,854	1,108,336	-	13,393,039
-	(6,092,643)	(1,108,336)	-	(9,249,440)
1,107,403	3,800,211	-	-	5,251,002
5,549,104	4,805,810	-	8,113,247	21,536,610
-	-	-	-	243,966
-	-	-	-	527,824
5,549,104	4,805,810	-	8,113,247	22,308,400
20,518	12,570	-	37,358	166,833
-	592	-	-	592
-	-	-	-	31,704
1,023,777	-	-	2,583,003	3,606,780
1,085	-	-	-	18,142
-	85,406	-	-	85,406
1,045,380	98,568	-	2,620,361	3,909,457
1,127,616	-	-	8,519,780	9,647,396
2,524	-	-	-	171,760
-	1,159,940	-	-	6,637,877
-	-	-	-	1,546,849
-	-	-	-	2,927,092
-	307,132	-	-	307,132
1,130,140	1,467,072	-	8,519,780	21,238,106
2,175,520	1,565,640	-	11,140,141	25,147,563
-	-	-	-	564,716
-	-	-	-	564,716
-	3,407,673	-	-	3,751,061
3,373,584	(167,503)	-	(3,026,894)	(7,154,940)
\$ 3,373,584	\$ 3,240,170	\$ -	\$ (3,026,894)	\$ (3,403,879)

City of Petaluma
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2021

	Employee Benefit	General Services	Information Services
OPERATING REVENUES:			
Charges for sales	\$ -	\$ 1,663	\$ -
Charges for services	1,254,270	280,033	2,307,422
Total operating revenues	1,254,270	281,696	2,307,422
OPERATING EXPENSES:			
Cost of services	243,734	112,322	2,258,286
Claims	55,177	-	-
General and administrative	215,153	24,605	179,327
Depreciation	-	-	90,048
Total operating expenses	514,064	136,927	2,527,661
OPERATING INCOME	740,206	144,769	(220,239)
NONOPERATING REVENUES (EXPENSES):			
Investment earnings and rent	474	1,801	-
Interest expense	(103,415)	-	-
Gain(loss) on disposal of assets	2,835	455	-
Total nonoperating revenues (expenses)	(67,229)	2,256	-
INCOME (LOSS) BEFORE TRANSFERS	672,977	147,025	(220,239)
Transfers in	-	-	425,000
Total transfers	-	-	425,000
Change in net position	672,977	147,025	204,761
NET POSITION:			
Beginning of year	(6,935,222)	356,373	(1,436,653)
End of year	<u>\$ (6,262,245)</u>	<u>\$ 503,398</u>	<u>\$ (1,231,892)</u>

Risk Management	Vehicles/ Equipment Replacement (GG)	Vehicles/ Equipment Replacement (BA)	Workers' Compensation	Total
\$ -	\$ -	\$ -	\$ -	\$ 1,663
-	-	-	2,919,163	6,760,888
-	-	-	2,919,163	6,762,551
525,801	7,293	-	118,209	3,265,645
415,843	-	-	2,638,907	3,109,927
770,278	4,897	-	341,867	1,536,127
-	776,533	-	-	866,581
1,711,922	788,723	-	3,098,983	8,778,280
(1,711,922)	(788,723)	-	(179,820)	(2,015,729)
11,202	(3,001)	-	7,798	18,274
-	(19,309)	-	-	(122,724)
5,514	32,855	-	-	41,659
16,716	10,545	-	7,798	(29,914)
(1,695,206)	(778,178)	-	(172,022)	(2,045,643)
-	874,276	-	-	1,299,276
-	874,276	-	-	1,299,276
(1,695,206)	96,098	-	(172,022)	(746,367)
5,068,790	3,144,072	-	(2,854,872)	(2,657,512)
\$ 3,373,584	\$ 3,240,170	\$ -	\$ (3,026,894)	\$ (3,403,879)

City of Petaluma
Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2021

	Employee Benefit	General Services	Information Services
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 1,288,415	\$ 281,696	\$ 2,307,422
Cash payments to suppliers of goods and services	(531,324)	(139,548)	(2,473,853)
Cash payments to employees for services	74,708	2,394	140,751
Claims paid	(55,177)	-	-
Net cash provided by (used in) operating activities	776,622	144,542	(25,680)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from other funds	-	-	425,000
Interfund borrowings	(431,510)	-	31,704
Net cash provided by (used) in noncapital financing activities	(431,510)	-	456,704
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest paid on long-term debt and capital lease	(103,415)	-	(85,800)
Proceeds from sale of capital assets	2,835	455	-
Acquisition of capital assets	-	-	(345,224)
Net cash (used) in capital and related financing activities	(67,703)	455	(431,024)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	474	1,801	-
Net cash provided by investing activities	474	1,801	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	277,883	146,798	-
CASH AND CASH EQUIVALENTS - Beginning of year	1,911,839	362,647	-
CASH AND CASH EQUIVALENTS - End of year	\$ 2,189,722	\$ 509,445	\$ -
RECONCILIATION OF OPERATING INCOME TO NET			
CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 740,206	\$ 144,769	\$ (220,239)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	-	-	90,048
Changes in assets and liabilities:			
Accounts receivable	33,259	-	-
Inventories	-	1,154	-
Deposits and prepaid items	-	-	4,529
Deferred outflows of resources - pension	-	-	(73,761)
Deferred outflows of resources - OPEB	(445,680)	-	-
Accounts payable and accrued liabilities	(72,437)	(3,775)	(40,769)
Claims payable	-	-	-
Net pension liability	-	-	200,214
Deferred inflows of resources - pension	-	-	(29,779)
Deferred inflows of resources - OPEB	(122,150)	-	-
OPEB liability	642,538	-	-
Compensated absences payable	-	2,394	44,077
Total adjustments	36,416	(227)	194,559
Net cash provided (used) in operating activities	\$ 776,622	\$ 144,542	\$ (25,680)

Risk Management	Vehicles/ Equipment Replacement (GG)	Vehicles/ Equipment Replacement (BA)	Workers' Compensation	Total
\$ 1,900	\$ -	\$ -	\$ 2,930,057	\$ 6,809,490
(1,317,822)	(242,669)	-	(507,894)	(5,213,110)
(149)	85,406	-	-	303,110
(312,550)	-	-	(1,771,680)	(2,139,407)
(1,628,621)	(157,263)	-	650,483	(239,917)
-	874,276	-	-	1,299,276
82,296	(375,967)	-	-	(693,477)
82,296	498,309	-	-	605,799
-	(18,717)	-	-	(207,932)
5,514	32,855	-	-	41,659
-	(1,063,934)	-	-	(1,409,158)
5,514	(742,664)	-	-	(1,235,422)
11,202	(3,001)	-	7,798	18,274
11,202	(3,001)	-	7,798	18,274
(1,529,609)	(404,619)	-	658,281	(851,266)
5,669,635	1,410,218	-	7,453,335	16,807,674
\$ 4,140,026	\$ 1,005,599	\$ -	\$ 8,111,616	\$ 15,956,408
\$ (1,711,922)	\$ (788,723)	\$ -	\$ (179,820)	\$ (2,015,729)
-	776,533	-	-	866,581
1,900	-	-	10,894	46,053
-	-	-	-	1,154
(17,004)	-	-	-	(12,475)
-	-	-	-	(73,761)
-	-	-	-	(445,680)
(4,739)	(230,479)	-	(47,818)	(400,017)
103,293	-	-	867,227	970,520
-	-	-	-	200,214
-	-	-	-	(29,779)
-	-	-	-	(122,150)
-	-	-	-	642,538
(149)	85,406	-	-	131,728
83,301	631,460	-	830,303	1,775,812
\$ (1,628,621)	\$ (157,263)	\$ -	\$ 650,483	\$ (239,917)



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.

CUSTODIAL FUNDS:

GENERAL CUSTODIAL 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, 2021

	Successor Agency to the Redevelopment Agency	Thomas Lee Charity	Child Care	Total
ASSETS				
Current Assets:				
Cash and investments	\$ 4,986,338	\$ 25,085	\$ 149,511	\$ 5,160,934
Restricted cash and investments	8,019	-	-	8,019
Notes receivable	234,744	-	-	234,744
Total Assets	<u>5,229,101</u>	<u>25,085</u>	<u>149,511</u>	<u>5,403,697</u>
LIABILITIES				
Accounts payable and accrued liabilities	129,485	-	-	129,485
Interest payable	339,816	-	-	339,816
Long-term debt:				
Due within one year	3,145,000	-	-	3,145,000
Due in more than one year	55,794,632	-	-	55,794,632
Total liabilities	<u>59,408,933</u>	<u>-</u>	<u>-</u>	<u>59,408,933</u>
NET POSITION				
Held in trust for private purposes or for other governments	<u><u>\$(54,179,832)</u></u>	<u><u>\$ 25,085</u></u>	<u><u>\$ 149,511</u></u>	<u><u>\$(54,005,236)</u></u>

City of Petaluma
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the year ended June 30, 2021

	Successor Agency to the Redevelopment Agency	Thomas Lee Charity	Child Care	Total
ADDITIONS				
Property tax	\$ 7,432,216	\$ -	\$ -	\$ 7,432,216
Use of money and property	(18,546)	146	1,027	(17,373)
Total operating revenues	7,413,670	146	1,027	7,414,843
DEDUCTIONS				
Community development	429,929	540	25,000	455,469
Interest expense	2,068,690	-	-	2,068,690
Total expenditures	2,498,619	540	25,000	2,524,159
Change in net position	4,915,051	(394)	(23,973)	4,890,684
NET POSITION:				
Beginning of year	(59,094,883)	25,479	173,484	(58,895,920)
End of year	<u>\$(54,179,832)</u>	<u>\$ 25,085</u>	<u>\$ 149,511</u>	<u>\$(54,005,236)</u>

City of Petaluma
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021

	General Custodial Fund	Public Community Access Fund	Assessment District Fund	Total Custodial Funds
ASSETS				
Cash and investments	\$ 1,414,024	\$ 824	\$ -	\$ 1,414,848
Accounts receivable	185	-	-	185
Total assets	1,414,209	824	-	1,415,033
LIABILITIES				
Liabilities:				
Deposits payable	-	-	-	-
Total liabilities	-	-	-	-
NET POSITION				
Held in trust for other governments	1,415,033	824	-	1,415,857
Total net position	\$ 1,415,033	\$ 824	\$ -	\$ 1,415,857

City of Petaluma
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the year ended June 30, 2021

	General Custodial Fund	Public Community Access Fund	Assessment District Fund	Total Custodial Funds
ADDITIONS:				
Other revenues	\$ 9,898,687	\$ -	\$ -	\$ 9,898,687
Total additions	9,898,687	-	-	9,898,687
DEDUCTIONS:				
Professional and other services	11,028,674	174	666,350	11,695,198
Total deductions	11,028,674	174	666,350	11,695,198
Change in net position	(1,129,987)	(174)	(666,350)	(1,796,511)
NET POSITION				
Beginning of year, as restated	2,545,020	174	666,350	3,211,544
End of year	\$ 1,415,033	\$ -	\$ -	\$ 1,415,033



STATISTICAL SECTION



City of Petaluma, CA
Statistical Section

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

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 annual comprehensive 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 187,060,748
Restricted:										
Special projects	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	116,577,296
Debt service	-	-	-	-	-	-	-	-	-	-
Capital projects	733,240	-	-	-	-	-	-	-	-	-
Permanent-non expendable	23,575	23,665	23,755	23,770	23,852	24,036	24,333	24,333	25,295	25,451
Unrestricted	19,573,193	24,073,206	28,599,585	(38,244,031)	(55,873,989)	(55,661,778)	(66,355,734)	(71,645,178)	(63,359,178)	(68,478,062)
Total governmental activities net position	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	235,185,433
Business-Type activities										
Net Investment in Capital Assets	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	167,447,009
Restricted:										
Special projects	-	-	-	-	-	-	-	-	-	-
Debt service	3,368,110	2,706,388	2,705,842	2,705,813	2,246,500	40,170	934	43	35,625	21
Capital projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	59,122,024
Total business-type activities net position	131,886,663	141,953,635	151,674,659	151,635,818	162,188,496	168,523,910	181,846,893	194,367,952	213,028,175	226,569,054
Primary government										
Net Investment in Capital Assets	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	354,507,757
Restricted:										
Special projects	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	116,577,296
Debt service	3,368,110	2,706,388	2,705,842	2,705,813	2,246,500	40,170	934	43	35,625	21
Permanent fund: non expendable trust	23,575	23,665	23,755	23,770	23,852	24,036	24,333	24,333	25,295	25,451
Capital projects	733,240	-	-	-	-	-	-	-	-	-
Unrestricted	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)	(9,356,038)
Total primary government activities net position	\$ 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	\$ 461,754,487

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net revenues (expenses):										
Governmental activities	\$ (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)	\$ (54,248,361)
Business-type activities	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	13,631,554
Total net revenues (expenses)	\$ (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)	\$ (40,616,807)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 11,297,979
Redevelopment tax increment	7,153,936	-	-	-	-	-	-	-	-	-
Sales taxes	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	18,231,308
Franchise tax	3,063,429	3,651,287	4,088,228	4,200,929	4,386,505	4,678,179	4,741,131	4,646,929	4,941,468	4,734,361
Intergovernmental, unrestricted	6,117,382	6,971,230	6,918,391	8,060,611	7,826,858	8,093,750	8,746,222	10,100,536	10,226,663	10,378,572
Other taxes	3,251,193	3,710,336	4,045,534	4,413,036	4,973,753	5,630,225	5,577,756	6,029,998	5,128,776	5,218,992
Unrestricted investment earnings	436,659	316,101	241,751	140,208	642,914	296,135	641,094	1,966,335	1,875,478	922,727
Gain on disposal of assets	-	-	-	4,684	-	13,050	-	37,009	-	201,539
Miscellaneous revenue	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	1,181,183
Transfers	39,568,592	(90,000)	(746,420)	(610,580)	(754,473)	(479,403)	273,382	582,417	381,134	343,231
Pension Unfunded Liability Paydown	-	-	-	-	-	-	(7,490,284)	-	-	-
Successor Agency Bond Proceeds	-	-	-	-	-	-	4,736,219	-	-	-
Total governmental activities	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	52,509,892
Business-type activities:										
Taxes:										
Unrestricted investment earnings	\$ 159,409	\$ 75,261	\$ 190,603	\$ 113,214	\$ 338,933	\$ 285,078	\$ 719,743	\$ 1,465,197	\$ 1,371,898	\$ 222,061
Gain on disposal of assets	-	-	3,000	6,720	825	500	-	9,823	18,332	30,495
Miscellaneous revenue	(39,100)	90,000	746,420	610,580	754,473	479,403	(273,382)	(582,417)	(381,134)	(343,231)
Transfers	120,309	165,261	940,023	730,314	1,094,231	764,981	446,361	892,603	1,009,096	(90,675)
Total business-type activities	\$ 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	\$ 52,419,217
Total primary government	\$ 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)	\$ (1,738,469)
Governmental activities	6,726,005	10,066,972	9,721,024	8,440,581	10,552,678	6,335,414	14,901,349	12,521,059	18,660,223	13,540,879
Business-type activities	\$ 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	\$ 11,802,410

Schedule 3

City of Petaluma, CA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Nonspendable	\$ 81,024	\$ 95,544	\$ 83,177	\$ 91,451	\$ 87,958	\$ 102,778	\$ 114,598	\$ 119,554	\$ 123,471	\$ 216,611
Committed	1,179,964	2,041,359	-	2,037,806	3,277,768	4,230,191	4,426,112	4,434,461	3,493,019	1,484,700
Assigned	-	254,236	4,081,779	4,757,796	4,866,554	5,088,820	5,422,325	7,818,049	7,731,497	9,641,704
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	1,616,931
Total general fund	\$ 1,260,988	\$ 4,094,710	\$ 5,798,254	\$ 8,759,926	\$ 10,231,042	\$ 11,462,701	\$ 13,125,856	\$ 15,545,262	\$ 14,087,124	\$ 12,959,946
All Other Governmental Funds:										
Nonspendable	\$ 1,378,920	\$ 23,665	\$ 16,000	\$ 23,770	\$ 23,852	\$ 24,036	\$ 24,333	\$ 24,821	\$ 25,295	\$ 25,451
Restricted	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	116,577,296
Committed	16,732,210	26,156,633	1,391,787	-	1,331,352	969,777	3,125,166	2,171,835	4,230,538	5,360,064
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(81,888)	-	(1,843,525)	-	-	-	(1,900)	-	-
Total all other governmental fund balances	\$ 46,808,883	\$ 53,640,420	\$ 58,963,984	\$ 55,819,831	\$ 91,385,834	\$ 109,770,811	\$ 115,391,383	\$ 121,373,681	\$ 114,926,244	\$ 121,267,376
Total governmental fund balances	\$ 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	\$ 134,227,322

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes (see schedule 5)	\$ 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	\$ 39,482,641
Licenses, permits and fees	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	6,907,524
Fines, forfeitures and penalties	927,900	904,110	892,444	592,257	556,508	739,272	815,913	672,267	407,108	162,180
Use of money and property	736,888	684,382	665,222	708,536	986,419	2,247,879	2,370,910	3,615,466	2,300,053	740,837
Intergovernmental	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	17,329,604
Charges for current services	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	7,152,359
Other	1,100,595	817,149	2,319,182	4,650,482	2,165,019	723,345	482,512	516,027	554,809	453,412
Total revenues	\$ 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	\$ 72,228,557
Expenditures										
Current:										
General government	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	5,111,118
Community development	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	3,572,276
Police	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	19,892,818
Fire	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	17,075,117
Parks and recreation	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	3,169,332
Public works	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	16,913,965
Capital outlay	4,809,382	1,595,828	2,733,981	3,987,980	334,381	280,032	1,172,005	433,128	241,636	373,565
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	113,958	134,264	-	-	-	-	-	-	-	-
Interest	1,877,695	2,352	-	-	-	-	-	-	-	-
Total expenditures	\$ 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	\$ 66,108,191
Excess of revenues over (under) expenditures	\$ 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	\$ 6,120,366
Other Financing Sources (Uses):										
Proceeds from the sale of assets	-	31,469	40,307	4,684	7,607	13,050	-	-	-	49,633
Contributions from enterprise funds	-	-	-	-	-	-	-	-	-	-
Transfers in	13,041,470	8,822,043	5,759,605	8,752,964	8,378,259	7,454,274	14,685,728	8,065,562	12,311,021	18,302,893
Transfers out	(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)	(19,258,938)
Total other financing sources (uses)	90,000	(58,531)	(816,113)	(783,896)	(1,346,866)	(1,066,353)	(781,618)	(362,583)	(1,166,827)	(906,412)
Special Item										
Successor Agency Bond Proceeds	-	-	-	-	-	5,547,823	4,736,219	-	-	-
Net change in Fund Balance	\$ 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	\$ 5,213,954
Debt service as a percentage of noncapital expenditures (1)	4.39%	0.27%	0.00%	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.

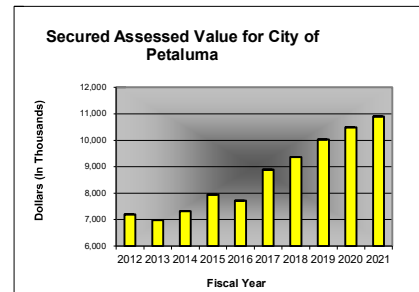
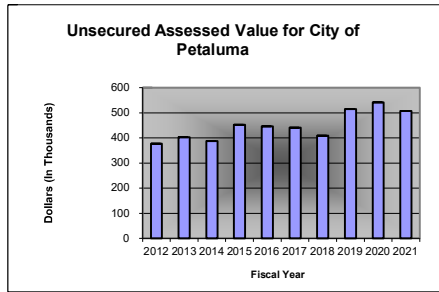
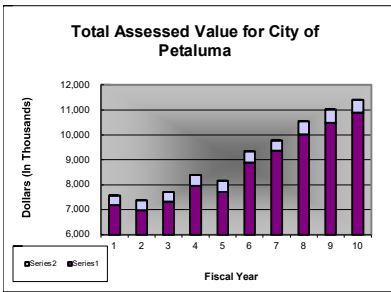
Schedule 5
City of Petaluma, CA
 Tax Revenues by Source, Governmental Funds
 Last Ten Fiscal Years

Tax Revenue	Fiscal Year										% Change 2012-2021
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Property	\$ 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	\$ 11,297,979	-19.12%
Sales and Use	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	18,231,308	94.29%
Occupancy	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	2,131,357	43.54%
Franchise	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	4,734,361	54.54%
Property Transfer	826,506	984,045	965,868	1,173,223	1,245,039	1,769,698	1,237,310	1,335,133	1,315,425	1,800,542	117.85%
Other	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	1,287,093	36.94%
Total taxes	\$ 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	\$ 39,482,640	

Schedule 6
City of Petaluma, CA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

City							Total
Fiscal Year	Secured Property	Unsecured Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Value (2)	Total Direct Tax Rate (1)	
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	
2021	8,742,811,749	283,035,383	(225,372,603)	8,800,474,529	10,184,683,271	1.157	

Redevelopment Agency							Total
Fiscal Year	Secured Property	Unsecured Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Value (2)	Total Direct Tax Rate (1)	
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	
2021	2,355,744,886	227,691,867	(204,501,570)	2,378,935,183	2,753,113,060	1.157	



(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/Avenu Insights & Analytics

Schedule 7

City of Petaluma, CA

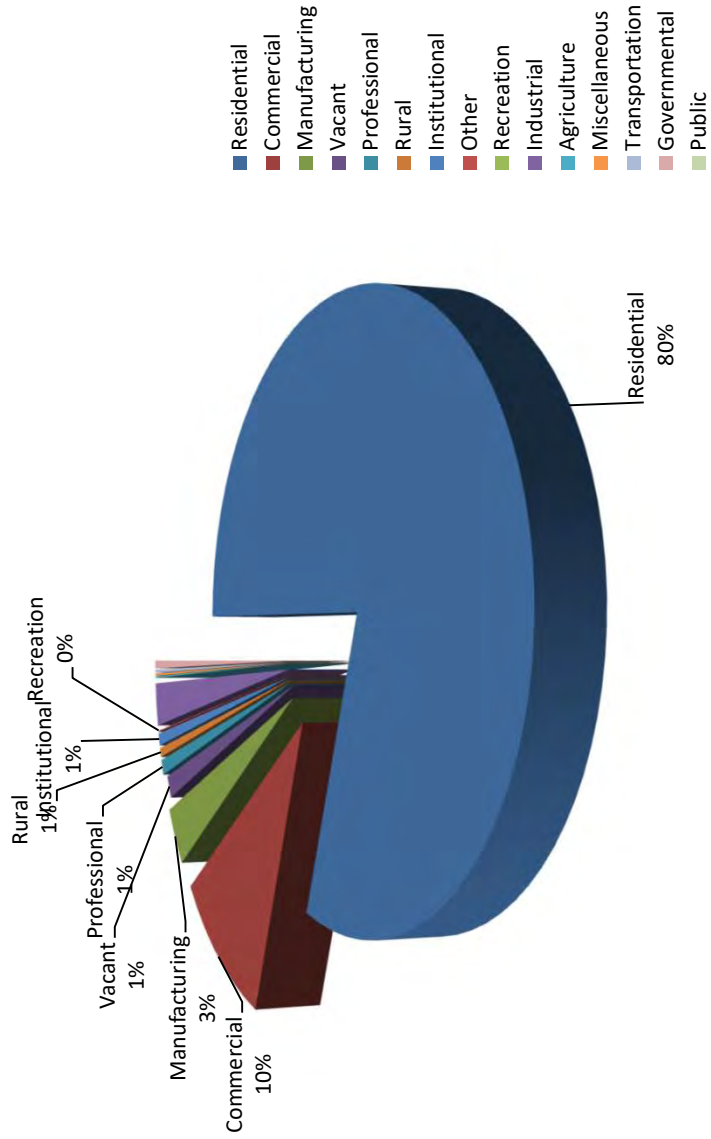
Assessed Value of Taxable Property by Use Code, Citywide
Last Ten Fiscal Years (in thousands)

Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Residential	\$ 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	\$ 8,915,230
Commercial	751,102	743,611	762,317	821,853	858,577	944,370	974,194	975,992	1,019,880	1,097,758
Manufacturing	478,954	444,375	431,460	439,847	450,611	484,841	492,180	393,564	411,906	360,994
Vacant	149,555	151,203	181,976	191,734	212,309	287,083	350,108	204,015	255,978	137,601
Professional	60,875	62,193	65,564	66,504	67,539	69,649	74,363	197,538	78,773	94,165
Rural	38,536	38,296	39,054	39,631	42,465	55,342	63,334	76,631	70,328	56,597
Institutional	35,365	35,782	45,531	38,362	41,285	60,718	61,757	62,462	66,523	75,057
Other	29,293	29,485	27,854	51,706	53,043	53,678	54,709	59,277	34,380	6,745
Recreation	45,608	44,902	44,188	40,044	36,017	38,315	38,845	41,367	41,496	-
Industrial	14,341	14,626	14,566	14,631	15,901	26,366	18,035	35,134	199,547	262,576
Agriculture	27,640	6,994	7,039	6,358	5,940	9,904	10,917	21,189	9,578	9,821
Miscellaneous	1,169	1,192	1,216	4,864	5,246	9,386	10,474	9,390	20,047	14,548
Transportation	5,024	8,201	8,222	8,244	8,384	8,713	8,738	8,565	8,725	19,925
Governmental	3,819	3,895	3,992	3,991	5,500	5,584	5,696	6,785	6,921	47,346
Public	1,427	1,455	1,484	1,491	1,521	1,544	1,575	1,606	1,639	194
Gross Secured Value	\$ 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	\$ 11,098,557
Unsecured Value	\$ 376,976	\$ 402,532	\$ 388,180	\$ 452,846	\$ 448,625	\$ 463,647	\$ 415,732	\$ 444,367	\$ 491,992	\$ 510,727
Exemptions	187,581	202,177	210,589	224,549	226,760	365,714	363,992	375,696	431,383	429,874
Net Taxable Value	\$ 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	\$ 11,179,410

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
2020-2021 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Basic City and County Levy (1):	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019
Bay Area Quality Mgmt	0.1643	0.1643	0.1643	0.1643	0.1643	0.1643	0.1643	0.1643	0.1643	0.1643
City Direct Rate	0.0187	0.0187	0.0187	0.0187	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186
County Library	0.2785	0.2785	0.2785	0.2785	0.2784	0.2784	0.2784	0.2784	0.2784	0.2784
County of Sonoma	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075
Gen #1 SOCO Water Agency	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024
MRN/SNMA MOSO & Vector	0.1110	0.1110	0.1110	0.1110	0.1110	0.1110	0.1110	0.1110	0.1110	0.1110
Petaluma AWUF	0.3973	0.3973	0.3973	0.3973	0.3973	0.3973	0.3973	0.3973	0.3973	0.3973
Petaluma Schools	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002
South SO RES CN Land	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024
Spring Lake Park SCWA	0.0158	0.0158	0.0158	0.0158	0.0158	0.0158	0.0158	0.0158	0.0158	0.0158
ZN ZA Petaluma Basin	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Total Basic City and County Levy:	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070
Override Assessments:	0.0465	0.0465	0.0505	0.0620	0.0530	0.0410	0.0310	0.0360	0.0320	0.0280
WS Diam-Russian River Project	0.0342	0.0342	0.0360	0.0650	0.0590	0.0460	0.0620	0.0600	0.0450	0.0410
Petaluma Elementary School Bonds	0.0210	0.0210	0.0188	0.0180	0.0160	0.0400	0.0370	0.0360	0.0370	0.0370
Petaluma High School Bonds	0.1087	0.1087	0.1123	0.1520	0.1350	0.1340	0.1370	0.1390	0.1210	0.1130
Sonoma County Junior College Bonds	1.1087	1.1087	1.1123	1.1520	1.1350	1.1340	1.1370	1.1390	1.1210	1.1130
Total Override Assessments:										
Total Direct and Overlapping Rates:										

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				
	2021		Percentage of Total City Taxable Assessed Value	2012	
	Taxable Assessed Value	Rank		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Enclave Apartments Property Owner LLC	\$ 153,280,706	1	1.37%	\$ -	0.00%
Sequoia Equities - Azure LP	121,165,803	2	1.08%	53,012,453	0.72%
SSCOP DE LLC	64,884,633	3	0.58%	-	0.00%
Lagunitas Brewing Co Inc	60,330,050	4	0.54%	-	0.00%
MGP VIII Properties LLC	52,954,434	5	0.47%	-	0.00%
Vestar Petaluma EWP LLC	45,587,212	6	0.41%	-	0.00%
Sonoma Hotel Partners LP	45,363,413	7	0.41%	-	0.00%
Novak Property LLC	36,545,040	8	0.33%	26,306,607	0.36%
TSA SKH Investors LLC Et Al	36,522,253	9	0.33%	-	0.00%
Target Corporation	33,667,175	10	0.30%	-	0.00%
Pacific Castle Redwood LLC	32,700,459	11	0.29%	-	0.00%
Redwood Tech De SPE LLC	32,647,918	12	0.29%	-	0.00%
Palo Alto Bayshore Investors LLC Et Al	32,315,052	13	0.29%	-	0.00%
Chelsea GCA Realty PTP	31,864,088	14	0.29%	27,397,055	0.37%
Addison Ranch Apartments LLC	30,396,416	15	0.27%	-	0.00%
Washington Square Associates LLC	30,347,812	16	0.27%	20,748,654	0.28%
Labcon North America	29,490,944	17	0.26%	-	0.00%
Syers Properties I LP	27,618,319	18	0.25%	20,012,426	0.27%
The Haven At Petaluma LLC	26,161,177	19	0.23%	-	0.00%
The Vons Companies Inc	24,084,115	20	0.22%	-	0.00%
Clover Stornetta Farms Inc	22,976,914	21	0.21%	21,660,456	0.29%
NSA Investments LLC	20,893,699	22	0.19%	-	0.00%
Molecular Bioproducts Inc	20,381,724	23	0.18%	15,973,720	0.22%
Lowenberg Associates LP Et Al	18,349,063	24	0.16%	-	0.00%
Marina Office De LLC	18,259,150	25	0.16%	-	0.00%
RNM Lakeville	-			89,272,493	1.21%
KW G I VI Petaluma LP	-			52,394,015	0.71%
Petaluma Marina Office Investors	-			36,686,823	0.50%
CRP Holdings A 1 LLC	-			34,399,940	0.47%
Regency Petaluma LLC	-			27,454,661	0.37%
Redwood Gateway LLC	-			27,047,811	0.37%
Azure At Lakeville Square LLC	-			26,890,004	0.36%
Quarry Heights LLC	-			20,762,002	0.28%
1400 1420 Mcdowell Boulevard H	-			20,005,362	0.27%
Parkway Petaluma LLC	-			19,592,033	0.27%
Inland American Stephens South	-			18,415,448	0.25%
Merlone Geier Partners LP	-			17,589,987	0.24%
LBA Realty Fund II WBP III LLC	-			17,381,000	0.24%
Golden Eagle Delaware LLC	-			17,066,636	0.23%
Baywood Equities LP	-			16,442,056	0.22%
Petaluma Waterfront Apts LLC	-			15,006,400	0.20%
Wilkinson Adobe House Dst	-			14,707,003	0.20%
Total Top 25 Taxpayers	\$ 1,048,787,569		9.38%	\$ 656,225,045	8.89%
All Other Taxpayers	10,130,622,143		90.62%	6,726,968,341	91.11%
Total Taxable Assessed Values	\$ 11,179,409,712		100.00%	\$ 7,383,193,386	100%

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
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	11,417,750	100.00%	-	11,417,750	100.00%
2021	11,123,286	11,123,286	100.00%	-	11,123,286	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	
2012	\$ -	\$ 80,379,000	\$ -	\$ 80,379,000	
2013	-	78,292,000	-	78,292,000	
2014	-	-	-	-	
2015	-	-	-	-	
2016	-	-	-	-	
2017	-	-	-	-	
2018	-	-	-	-	
2019	-	-	-	-	
2020	-	-	-	-	
2021	-	-	-	-	

Business-type Activities					
Year	Revenue Bonds	Term Loans	Certificates of Participation	Revolving Credit Lines	Total Business-Type Activities
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
2021	89,270,232	7,307,634	2,423,000	-	99,000,866

Fiscal Year	Total Primary Government	Percentage of Personal Income	Per Capita
2021	\$ 99,000,866	3%	1,620

Note: capital lease is immaterial

Schedule 13

City of Petaluma, CA

Direct and Overlapping Governmental Activities Debt

As of June 30, 2021

2020-21 Assessed Valuation:	\$ 11,253,962,934	(includes aircraft valuations)
Redevelopment Incremental Valuation:	<u>(2,140,456,006)</u>	
Adjusted Assessed Valuation:	\$ 9,113,506,928	

	Total Debt 6/30/2021	% Applicable	City's Share of Debt 6/30/2021
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Sonoma County Joint Community College	\$ 356,205,000	11.27%	\$ 40,130,055
Petaluma Joint Union High School District	42,885,000	76.58%	32,841,762
Cinnabar School District	2,355,000	41.82%	984,932
Old Adobe Union School District	44,809,589	89.70%	40,194,201
Petaluma City School District	15,885,000	84.29%	13,389,784
Wilmar Union School District	3,839,528	12.32%	473,068
Waugh School District Facilities Improvement District #1	3,959,601	70.20%	2,779,798
Waugh School District Community Facilities District #1	2,740,000	100.00%	2,740,000
California Statewide Community Development Authority 1915 Act Bonds	8,693,263	100.00%	8,693,263
Total Overlapping Tax and Assessment Debt			\$ 142,226,863
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Sonoma County General Fund Obligations	\$ 11,252,000	11.35%	\$ 1,277,552
Sonoma County Pension Obligations	286,690,000	11.35%	32,550,783
Sonoma County Office of Education COP	3,513,603	11.35%	398,934
Petaluma Joint Union High School District COP	4,270,000	76.58%	3,270,009
Cinnabar School District COP	871,000	41.82%	364,278
City of Petaluma General Fund Obligations	2,423,000	100.00%	2,423,000
Total Direct and Overlapping General Fund Debt:			\$ 40,284,556
OVERLAPPING TAX INCREMENT DEBT	\$ 58,560,000	95.84%	\$ 56,123,904
Total Direct Debt			2,423,000
Total Overlapping Debt			236,212,323
Combined Total Debt			<u>\$ 238,635,323</u>

Source:

MuniServices, LLC/Avenu Insights & Analytics
non-bonded capital lease obligations.

Ratios to adjust Assessment Valuation:

Total Overlapping Tax and Assessment Debt 1.26%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$2,423,000) 0.02%

Combined Total Debt 2.12%

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
2012	\$ 7,153,936	\$ 3,740,726	a	\$ 4,675,908	\$ 2,478,028	151%
2013	-	-		-	-	-
2014	-	-		-	-	-
2015	-	-		-	-	-
2016	-	-		-	-	-
2017	-	-		-	-	-
2018	-	-		-	-	-
2019	-	-		-	-	-
2020	-	-		-	-	-
2021	-	-		-	-	-

*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
2021	20,941,195	14,924,427	6,016,768	375,000	172,545	10.99

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
2021	28,952,881	11,344,273	17,608,608	-	805,319	21.87

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
2021	28,952,881	11,344,273	17,608,608	5,000,000	2,756,500	2.27

* 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%	
2021	61,104	2,894,179	47,365	41.7	7,657	7.30%	

Source: MuniServices, LLC

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

Schedule 17
City of Petaluma, CA
Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year					
	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Petaluma School District	789	1	2.49%	1,250	1	3.88%
Petaluma Poultry Processors	425	2	1.34%	425	4	1.32%
Lagunitas Brewing Company*	399	3	1.26%	-	-	0.00%
Petaluma Valley Hospital	372	4	1.17%	536	2	1.66%
City of Petaluma	328	5	1.03%	265	8	0.82%
Labcon, North America	265	6	0.84%	-	-	0.00%
Old Adobe Union School District*	260	7	0.82%	200	10	0.62%
Clover Sonoma <i>formerly Clover Stornetta Farms</i>	181	8	0.57%	220	9	0.68%
Hansel Auto**	162	9	0.51%	-	-	0.00%
Sequoia Senior Solutions	159	10	0.50%	-	-	0.00%
United States Postal Service	-	-	0.00%	475	3	1.48%
Enphase Energy Inc	-	-	-	350	5	1.09%
Calix Networks Inc.	-	-	-	300	6	0.93%
Santa Rosa Junior College	-	-	-	290	7	0.90%
Total Principal Employers	3,340		10.54%	4,311		13.39%
Total City Employment (1)	31,700			32,200		

Source: MuniServices, LLC / Avenu Insights & Analytics, 2011-12 previously produced ACFR

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	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental										
General government (total of next 8)	30.1	28.7	26.7	35.0	35.6	36.6	38.6	39.6	40.0	39.8
Administrative Services (Finance)	6.05	6.05	6.1	13.0	13.0	14.0	15.0	15.0	15.0	15.0
Internal Services	10.7	10.7	10.7	9.0	9.0	9.0	10.0	11.0	11.0	11.0
Animal Services	6.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City Attorney	0.5	0.0	3.0	4.0	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	3.3	3.3	3.3	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Human Resources	1.6	1.6	1.6	3.0	3.6	3.6	3.6	3.6	4.0	3.8
Community development	5.5	1.7	3.7	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Fire	57.0	57.0	57.0	58.0	58.0	58.0	58.0	58.0	64.0	64.0
Police	83.1	81.5	82.5	84.5	84.5	89.7	91.7	93.1	94.1	96.1
Parks and recreation	5.0	5.0	6.0	6.0	6.0	9.0	8.4	8.4	8.35	7.0
Public works	35.7	38.5	36.5	35.2	36.2	39.6	41.0	41.1	42.07	43.8
Business Activities										
Airport	1.6	1.0	1.0	1.0	1.0	1.0	2.0	2.0	1.0	1.0
Airport & Marina Mgr									1.0	1.0
Development Services	4.0	4.0	5.0	6.0	6.0	6.0	7.0	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	1.0	1.0	1.0	1.0	1.0	1.0	2.5	2.5	2.5	2.0
Water	29.6	29.6	30.1	29.9	30.4	30.9	30.0	31.5	31.5	31.6
Waste water	29.6	29.6	30.1	29.9	30.4	31.0	30.0	31.5	31.5	31.6
Internal Service										
Employee benefits	0.4	0.7	0.7	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	0	0	0	0	0	0	1	2	2	2
Workers' compensation	1	1	1	0	0	0	0	0	0	0
Total	282	278	280	289	291	305	311	317	325	328

Source: City budget, finance department

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Community development										
Commercial building permits issued	241	249	318	507	255	367	251	263	215	173
Residential building permits issued	821	1,142	1,172	1,023	1,609	1,549	1,874	1,779	2,119	2,498
Inspections performed	4,614	6,344	4,379	3,470	4,850	6,185	6,370	5,718	5,527	6,206
Police										
Number of police calls	50,667	49,496	52,738	55,121	56,887	57,616	61,083	56,137	54,112	50,284
Parking citations	7,118	9,081	8,073	3,522	6,723	8,248	8,677	5,705	3,522	2,409
Traffic citations	7,667	4,742	4,947	2,119	3,966	4,041	5,558	3,469	1,565	627
Administrative citations				35		120	118	176	102	55
Fire										
Ambulance runs	3,612	3,614	3,817	3,963	4,204	4,193	4,651	4,820	4,953	4,600
Fire calls	1,557	1,606	1,816	1,863	2,086	2,250	2,326	2,483	2,549	2,429
Inspections	2,014	2,408	2,458	2,723	2,425	2,656	2,288	2,905	1,407	405
Public works										
Street miles resurfaced/sealed	0.75	1.5	1.44	1.7	1.08	2.74	3.86	1.23	1.13	1.14
Potholes repaired										
Parks and recreation										
Historical library & museum visitors	8,801	7,760	6,269	7,251	10,192	10,612	11,150	12,470	5,850	7,435
Recreation program attendance	3,214	3,271	3,522	2,499	2,339	2,364	2,413	2,075	1,781	1,301
Senior Center Classes/Activities (3)								16,500	10,334	36
Special event attendance	12,900	10,000	2,000	3,400	4,700	4,850	4,850	6,700	6,300	4,127
Airport										
Airport movements (1)	26,000	26,000	26,000	26,000	26,000	26,000	53,200	53,200	53,300	53,300
Annual fuel consumption (gallons)	177,286	167,700	138,000	170,885	192,256	175,629	200,953	155,179	137,970	123,870
Water										
Annual water purchased in billions of gallons	2.7	3.1	3.0	2.5	3.	2.8	2.7	2.2	2.7	2.2
Utility accounts	19,995	20,152	20,230	20,280	20,322	20,442	20,497	20,605	20,688	20,771
Wastewater										
Average dry weather flows of sewage	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	4.05 mgd
Transit										
Number of bus routes (2)	6	6	6	6	7	7	14	14	12	12
Annual ridership	306,017	339,460	384,967	400,407	370,674	414,089	344,665	350,449	332,291	112,547

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	55	55	55	55	55	55	53	54	53	54
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Ambulances	4	4	4	4	4	3	3	3	3	4
Public works										
Streets (miles) (1)	185	185	185	185	185	185	185	177	177	177
Highways (miles)	0.80	0.80	0.80	0.80	0.80	0.80	0.00	0.00	0.00	0
Streetlights	5,129	5,129	4,942	5,392	5,392	5,065	5,111	5,111	5,135	5,169
Traffic Signals	55	55	51	51	51	51	51	51	51	51
Park and recreation										
Acreage	299	299	324	324	324	324	460	462	462	462
Parks	44	44	45	45	45	45	46	50	46	46
Community centers	4	4	4	4	4	4	4	4	4	4
Recreation facilities	4	4	4	4	4	4	4	3	3	3
Ball/soccer fields (Athletic Fields)	48	48	51	51	51	51	51	53	53	53
Tennis court	11	11	11	11	11	11	11	11	11	10
Pickle Ball Court										4
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)	255	255	258	268	268	252	252	239	239	261
Fire hydrants	2,494	2,494	2,565	2,597	2,597	2,587	2,562	2,583	2,572	2,608
Aqueduct stations	8	8	8	8	8	8	8	8	8	8
Wells	15	13	13	13	13	13	11	11	11	11
Valves	7,324	7,324	7,542	7,636	7,636	7,681	7,723	8,495	8,571	8,678
Reservoirs, finished water (total capacity)	13.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1
Wastewater										
Booster stations (pumps)	12	12	12	12	12	12	12	12	12	12
Sanitary sewers (miles)	195	195	195.5	196.1	196.5	197	197	190	195	196.1
Storm sewers (miles)	122	122	125	127	127	124	120	120	120	121
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	11	11	14	14	14	14	14
Paratransit vans (2)							9	9	9	10

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