

# City of Petaluma California

**Annual Comprehensive Financial Report  
for  
The Year Ended June 30, 2023**





# **CITY OF PETALUMA, CALIFORNIA**

## **Annual Comprehensive Financial Report For the year ended June 30, 2023**



Prepared by the Finance Department



**CITY OF PETALUMA, CALIFORNIA**

**Annual Comprehensive Financial Report  
For the Year Ended June 30, 2023**

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# CITY OF PETALUMA

POST OFFICE BOX 61  
PETALUMA, CA 94953-0061

December 29, 2023

**Kevin McDonnell**  
*Mayor*

**Brian Barnacle**  
**Janice Cader-Thompson, Dist. 1**  
**Mike Healy**  
**Karen Nau, Dist. 3**  
**Dennis Pocekay**  
**John Shribbs, Dist. 2**  
*Councilmembers*

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, 2023.

For the fiscal year ended June 30, 2023, 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 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 basis recognizes that: (a) the cost of a control should not exceed the benefits likely to be derived and (b) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

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

The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Petaluma, for the fiscal year ended June 30, 2023, 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.

**Finance Department**

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

**General Services**

Phone (707) 778-4384

**Purchasing**

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

**Utility Billing**

Phone (707) 778-4350  
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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, 2023, 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.

## Profile of the City

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 serves a population of over 58,000, and includes residential communities, commercial retail areas and several industrial/office complexes. It is also home to 47 parks, 4 community facilities, 2 outdoor pools, as well as open spaces.

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 ensures continuity of core essential services to our residents by backfilling the historical deficit gap and provides the resources necessary for investing in staff to deliver high-quality services to our residents. It also provides for addressing city-wide priority initiatives including deferred maintenance on City roads and facilities.

But even with these new resources, the City continues to focus on the fiscal and organizational sustainability of the City in the short and long term. As of today, the impacts and effects of the pandemic have largely subsided, but the state of the economy remains a concern resulting from high inflation, rising interest rates and world events. Sales tax, the largest portion of General Fund revenues, has fully recovered from the impacts realized during the pandemic. Due to the uncertainty of what lies ahead, the long-term forecast has been adjusted accordingly to reflect only moderate revenue growth. The 5-year forecast has proven invaluable over the past decade 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.

The Petaluma Star campaign, 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 few years 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 and shopping. Petaluma continues 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.

City General Fund revenues have recovered to meet or exceed pre-pandemic levels. Revenues and expenditures were balanced in FY 23, with revenues exceeding expenditures by \$1.0m. Looking forward, there are concerns that high inflation, supply chain challenges and ongoing world events could trigger a recession. Additionally, recent labor negotiations have resulted in higher than forecasted payroll expenditures moving forward, which will impact the future forecast. The City continues to maintain emergency reserves according to Council policy at 15% of operating expenditures. Maintaining reserves is critical and provides the City the resources necessary to plan ahead should a recession or unexpected event impact City finances. Although the City Council adopted a FY 24 balanced General Fund budget in May of 2023, this 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 City is dedicated to the Community and our commitment to prudently manage the City's finances. This commitment has contributed to our ability to endure these challenging times.

Revenues have recovered from their pandemic lows, however the nature of the economy – from high inflation, supply chain challenges and ongoing world events – remains unstable. We continue to efficiently manage day-to-day operations utilizing technology to keep City business moving forward. 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, were impacted as a result of this crisis but recovered quickly due to strong online sales and a robust local economy. Other revenue sources continue to recover and grow; as data is analyzed, we will monitor and adjust accordingly.

The long-term outlook for Sonoma County tourism is positive with slow but 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 is slow but steady growth following the pandemic lows seen in FY 21. The county's natural beauty, wineries and craft breweries, and diverse tourist attractions are anticipated to continue to attract visitors. Wildfires continue to challenge the travel and tourism industry in Sonoma County. Petaluma's Transient Occupancy Tax revenues rebounded in FY 22 to pre-pandemic levels but remained relatively flat, with a slight decline in FY 23. While growth is anticipated in FY 24, this revenue source will be closely watched to determine whether it has plateaued.

Petaluma's overall economic outlook is stable however the unstable nature of the current economic environment remains a concern. 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 5.24% in 2024. General fund property taxes in fiscal year 2023 were \$13.1 million, up \$0.7 million or 5.6% from the prior year.

Retail sales in Petaluma recovered in FY22 following above average growth emerging out of the pandemic, reaching a high of \$17.2 million due to increased sales and a one-time true-up payment of \$1.3 million. In FY23, sales tax declined slightly to \$15.6 million, a decrease of \$0.2 million in regular operating revenues. Looking forward, general fund sales tax is anticipated grow slowly over the next few years. Measure U sales tax received in fiscal year 2023 was \$15.8 million, an increase of \$0.2m compared to the prior year. Total sales tax revenue in 2024 is estimated to be \$32.3m, an increase of \$0.9m over FY 23. As updated data is received and trends are recognized, the revenue forecast will be adjusted. The Food Products and Transportation sectors continue to show strong and continued growth into the new year offsetting potential slowing in the General Retail and Business-to-Business categories. Construction 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 1<sup>st</sup> and ending June 30<sup>th</sup>. The budget is prepared under the supervision of the City Manager and transmitted to the City Council for deliberation and final adoption in June, prior to the beginning of the fiscal year.

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

Debt Administration. As of June 30, 2023, the City of Petaluma and its component units have a number of debt issues outstanding. 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.

The City contracts with the California Public Employees' Retirement System (CalPERS) to administer the City's employee retirement benefits for the Miscellaneous and Safety groups. Over the past decade, the City has taken steps towards reducing its retirement unfunded liabilities with actions such as reducing benefits ahead of the mandated Statewide PEPRA, increasing the employee share of contributions and by making a one-time payment targeting specific amortizations. It is estimated that these steps have resulted in savings of approximately \$3 million annually, savings the City will continue to realize into the future. More information about the City's unfunded liabilities can be found in Note 9 of the financial statements. Additional information

about the annual actuarial reports can be found at <https://www.calpers.ca.gov/page/employers/actuarial-resources/public-agency-actuarial-valuation-reports>.

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, 2022.

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.

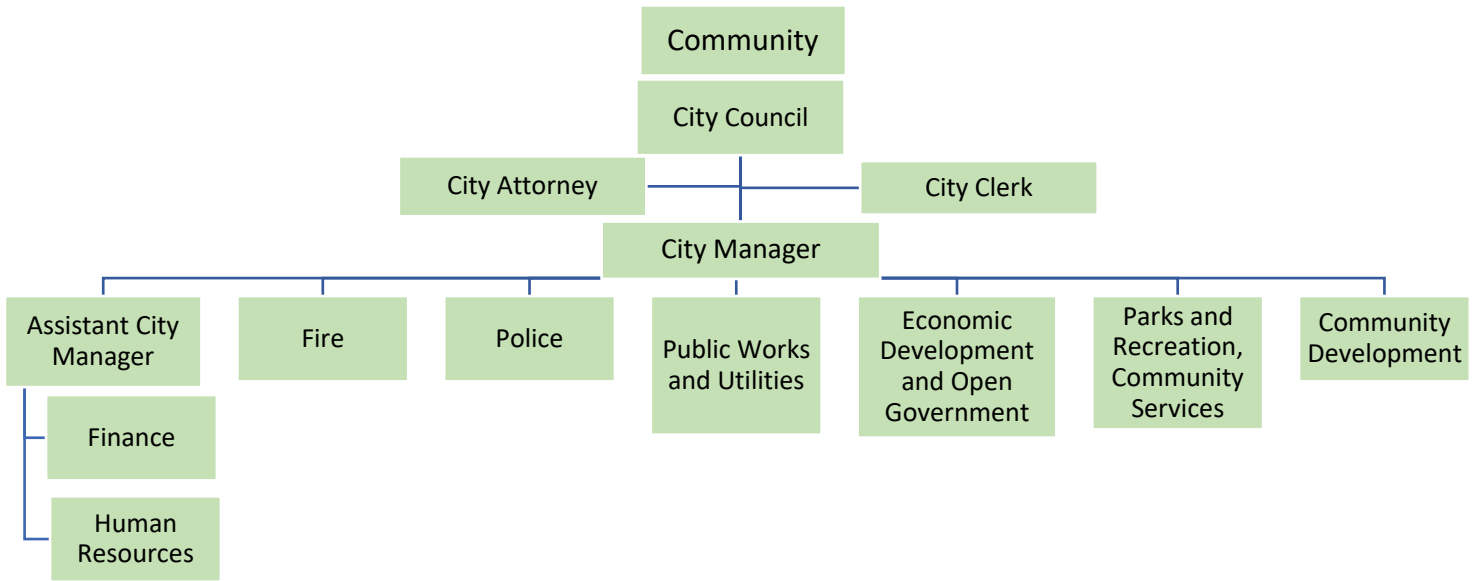
Respectfully submitted,



Corey Garberoglio

Finance Director

# CITY ORGANIZATIONAL STRUCTURE AND EXECUTIVE STAFF



## CITY MANAGER

PEGGY FLYNN

BRIAN COCHRAN

### **City Manager**

### **Assistant City Manager**

Provides general management oversight and direction to all City Departments. Also provides administrative support to the City Council.

## CITY CLERK

KENDALL SAWYER

### **City Clerk**

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

## CITY ATTORNEY

ERIC DANLY

### **City Attorney**

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

## FINANCE

COREY GARBEROLIO

### **Deputy City Manager/Finance Director**

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

## FIRE

JEFF SCHACH

### **Fire Chief**

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

## HUMAN RESOURCES

CHARLA FRECKMANN

### **Human Resources Director**

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

## POLICE

KEN SAVANO

### **Police Chief**

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

## PUBLIC WORKS AND UTILITIES

CHRISTOPHER BOLT

### **Public Works and Utilities Director**

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

## 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.

## PARKS AND RECREATION

DREW HALTER

### **Parks and Recreation Director**

Oversees the City's parks and recreation, park, and facility maintenance.

## COMMUNITY DEVELOPMENT

BRIAN OH

### **Community Development Director**

Oversees the City's Planning, Building and Housing services.

CITY OF PETALUMA PRINCIPAL OFFICIALS  
Elected Officials as of June 30, 2023



KEVIN MCDONNELL  
Mayor



JANICE CADER THOMPSON  
Vice Mayor



BRIAN BARNACLE  
Council Member



MIKE HEALY  
Council Member



KAREN NAU  
Council Member



DENNIS POCEKAY  
Council Member



JOHN SHRIBBS  
Council Member



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Petaluma  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO





## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Petaluma (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Petaluma (City), 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 Matter*

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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Petaluma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and Members of the City Council  
of the City of Petaluma  
Petaluma, California  
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### ***Responsibility of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements

In performing an audit in accordance with GAAS, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, defined benefit pension plan information, and OPEB plan information on pages 5-26 and 107-117 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statement. The City Capital Projects Fund budgetary comparison schedule, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 121-155, are presented for purposes of additional analysis and are not a required part of the basic financial statement.

The City Capital Projects Fund budgetary comparison schedule, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 121-155 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 City Capital Projects Fund, combining and individual nonmajor fund financial statements, and the budgetary comparison schedules on pages 121-155 are fairly stated in all material respects in relation to the basic financial statements as a whole.

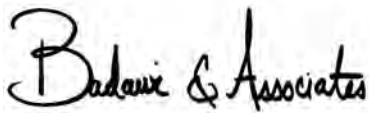
***Other Information***

Management is responsible for the other information included in the ACFR. The other information comprises the introductory section and the statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Honorable Mayor and Members of the City Council  
of the City of Petaluma  
Petaluma, California  
Page 4

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Badawi & Associates, CPAs  
Berkeley, California  
December 29, 2023

# 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, 2023.

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 in the introductory section 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 functions 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 2023 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, 2023 by \$514.6 million (Net Position). Of this amount, \$380.2 million was invested in capital assets; \$113.5 million was restricted for capital projects, debt service, non-expendable trusts and special projects; and \$20.9 million was unrestricted. This includes all City funds.
- The City's total Net Position increased by \$26.2 million over the prior year. This increase is attributable to a \$10.6 million increase in unrestricted net position, a \$14.5 million increase in capital assets investment, and a \$1.1 million increase in restricted net position.
  - At the close of the fiscal year, the City's Governmental Activities reported a combined net position of \$261.2 million, an increase of \$13.8 million from the prior year. Attributing to this change is a combined net increase in fund balances in Governmental Funds of \$4.6 million resulting from revenues exceeding expenditures, as well as an increase of \$8.6 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. Debt activity contributed \$0.4 million, internal service fund increase in net position contribution contributed approximately \$0.8 million. Adjustments to the net pension liability as well as other city liabilities reduced net position by \$0.9 million.
  - Business-Type Activities reported combined fund balances of \$253.4 million at the close of the fiscal year, an increase of \$12.4 million over the prior year. Business Activity change in net position is primarily comprised of increases due to current year revenues exceeding expenditures.

### **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 \$164.2 million, an increase of \$4.6 million from the prior year. This increase is due largely to increased fund balances in the General Fund, Impact Fees, Capital Projects and Non Major Funds. Partially offsetting the overall increase is a decreased fund balance in the HOME/Begin and Housing Special Revenue Funds. Fiscal Year 2023 fund balance was comprised of \$0.2 million non-spendable reserves; \$135.7 million restricted reserves, \$11.2 million committed reserves, \$12.5 million assigned reserves and \$4.6 million of unassigned reserves.

- At the close of the fiscal year, the total fund balance for the General Fund was \$18.7 million, approximately a \$1.0 million increase over the prior year due to revenues exceeding expenditures.

## **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 \$514.6 million at the close of the fiscal year ended June 30, 2023.

The largest portion of the City's net position (74%) 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 (22%) represents resources that are subject to external restrictions. The remaining balance (4%), 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 \$26.2 million during the fiscal year as shown below in Table 1. Net position investment in capital assets increased by \$14.5 million; restricted net position increased by \$1.1 million and unrestricted net position increased by \$10.6 million. Contributing factors for the overall change in total net position are mainly attributed to increased overall fund balances and associated activity in the governmental and proprietary fund groupings. The increase in total net position in the governmental fund grouping is attributed to increased fund balances, a change in Net Pension Liability as well as a net increase in total invested in Capital Assets. 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, 2023 and 2022**  
(in thousands)

	Total Activities 2023	Total Activities 2022	Total Activities Change
<b>Assets:</b>			
Current and other assets	\$ 296,705	\$ 285,956	\$ 10,749
Capital Assets, net of depreciation	<u>467,056</u>	<u>458,169</u>	<u>8,887</u>
Total Assets	<u>763,761</u>	<u>744,125</u>	<u>19,636</u>
<b>Deferred Outflows of Resources:</b>			
Related to Pension	37,488	15,467	22,021
Related to OPEB	<u>2,407</u>	<u>2,863</u>	<u>(456)</u>
Total Deferred Outflows of Resources	<u>39,895</u>	<u>18,330</u>	<u>21,565</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>803,656</u>	<u>762,455</u>	<u>41,201</u>
<b>Liabilities:</b>			
Current Liabilities	27,437	30,865	(3,428)
Non-Current Liabilities	<u>254,770</u>	<u>211,681</u>	<u>43,089</u>
Total Liabilities	<u>282,207</u>	<u>242,546</u>	<u>39,661</u>
<b>Deferred Inflows of Resources:</b>			
Related to Pension	277	26,664	(26,387)
Related to OPEB	<u>6,567</u>	<u>4,807</u>	<u>1,760</u>
Total Deferred Inflows of Resources	<u>6,844</u>	<u>31,471</u>	<u>(24,627)</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>289,051</u>	<u>274,017</u>	<u>15,034</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	380,243	365,747	14,496
Restricted	113,478	112,391	1,087
Unrestricted	<u>20,884</u>	<u>10,300</u>	<u>10,584</u>
<b>Total Net Position</b>	<u>\$ 514,605</u>	<u>\$ 488,438</u>	<u>\$ 26,167</u>

### Government-wide Financial Statement Analysis- Governmental Activities

*Governmental activities* contributed \$261.2 million to the City's net position, an increase of \$13.8 million from the prior year as shown below in Table 2. As mentioned previously, main contributing factors for the increase in net position are the net effect of increased governmental fund balances of \$4.6 million along with \$8.6 million of capital asset activity occurring during the year, and changes in long term liabilities including an increase in the Net Pension Liability and a decrease in the Net OPEB Liability, all resulting in an increase in overall fund balances as reported on the Government-Wide Financial Statements.

**Summary of Net Position**  
**Governmental Activities**  
**As of June 30, 2023 and 2022**  
(in thousands)

	Governmental Activities 2023	Governmental Activities 2022	Governmental Activities Change
<b>Assets:</b>			
Current and other assets	\$ 204,713	\$ 200,068	\$ 4,645
Capital Assets, net of depreciation	<u>200,548</u>	<u>191,979</u>	<u>8,569</u>
Total Assets	<u>405,261</u>	<u>392,047</u>	<u>13,214</u>
<b>Deferred Outflows of Resources:</b>			
Related to Pension	32,427	13,946	18,481
Related to OPEB	<u>2,169</u>	<u>2,579</u>	<u>(410)</u>
Total Deferred Outflows of Resources	<u>34,596</u>	<u>16,525</u>	<u>18,071</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>439,857</u>	<u>408,572</u>	<u>31,285</u>
<b>Liabilities:</b>			
Current Liabilities	13,591	16,933	(3,342)
Non-Current Liabilities	<u>158,988</u>	<u>117,352</u>	<u>41,636</u>
Total Liabilities	<u>172,579</u>	<u>134,285</u>	<u>38,294</u>
<b>Deferred Inflows of Resources:</b>			
Related to Pension	155	22,521	(22,366)
Related to OPEB	<u>5,917</u>	<u>4,331</u>	<u>1,586</u>
Total Deferred Inflows of Resources	<u>6,072</u>	<u>26,852</u>	<u>(20,780)</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>178,651</u>	<u>161,137</u>	<u>17,514</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	198,385	191,440	6,945
Restricted	113,473	112,391	1,082
Unrestricted	<u>(50,652)</u>	<u>(56,396)</u>	<u>5,744</u>
<b>Total Net Position</b>	<u>\$ 261,206</u>	<u>\$ 247,435</u>	<u>\$ 13,771</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 local district 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 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 \$27.4 million in fiscal year 2023, an increase of \$8.5 million compared to the prior year.
  - Charges for Service revenues grew by \$11.7 million, primarily from a large development project that contributed \$9.2 million in impact fee revenue. The City also received \$1.5 million in increased ambulance fee revenues, and \$1.4 million in SCIP impact fees to capital projects.
  - Operating and Capital Grants and Contributions were down by \$1.6 million due mainly to reduced grant payments received for several active projects and pandemic/disaster funding.
- Property taxes increased by 6.2% as assessed values continued to grow.
- Sales tax revenues decreased by 3.9% overall as compared to FY 22; a one-time sales tax payment of approximately \$1.3 million was received in the prior year which inflated operating revenues. The prior year also included pandemic rebound revenue as consumers felt free to travel and spend.
- Intergovernmental revenues increased by 19.0% or \$2.1 million, due to increased IGT Medical/Medicare payments for ambulance services, as well as additional grants and gas tax revenue.
- Other taxes combined declined by 10.6% (\$0.8 million) due mainly to decreased property transfer tax as the volume of home sales declined due to rising interest rates and continued high prices.
- Investment Earnings increased by \$3.5 million in FY 23 due to rising interest rates.
- Miscellaneous Revenue increased by approximately \$1.0 million, primarily due to higher restitution revenue.
- General Government expenses were up by 18.4% or \$1.1 million due mainly to increased costs and activity associated with Capital Projects.
- Community Development expenses were up by 31.3% or \$2.2 million due mainly to increased costs associated with various grants and associated activity including housing our unsheltered as well as housing note related activity
- Police expenses were up by 16.3% or \$4.1 million due mainly to payroll costs and pension liability adjustments.
- Fire expenses were up 13.8% or \$2.9 million due mainly to payroll costs, operating cost increases, and pension liability adjustments.
- Recreation expenses were up 13.4% or \$0.5 million due to increased parks related CIP and grant activity.
- Public Works expenses were up 11.9% or \$1.6 million due to increase public works related CIP and grant activity.

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

**Summary of Statement of Activities and Changes in Net Position**  
**Governmental Activities**  
**For the Years Ended June 30, 2023 and 2022**  
(In thousands)

	Governmental Activities 2023	Governmental Activities 2022	Percentage Change
<b>Revenues:</b>			
Program Revenues			
Charges for service	\$ 22,921	\$ 11,200	104.7%
Operating grants and contributions	2,205	3,770	-41.5%
Capital grants and contributions	2,254	3,884	-42.0%
Total program revenue	27,380	18,854	45.2%
General Revenues:			
Taxes:			
Property Tax	13,127	12,363	6.2%
Sales Tax	32,330	33,627	-3.9%
Franchise Tax	4,898	4,565	7.3%
Intergovernmental/Unrestricted	13,228	11,112	19.0%
Other Taxes	6,446	7,214	-10.6%
Total Taxes	70,029	68,881	1.7%
Investment Earnings	3,654	618	491.3%
Miscellaneous Revenue	1,605	634	153.2%
Total Revenue	102,668	88,987	15.4%
<b>Expenses:</b>			
General government	7,057	5,962	18.4%
Community development	9,282	7,067	31.3%
Police	29,349	25,245	16.3%
Fire	23,540	20,693	13.8%
Parks and Recreation	4,262	3,759	13.4%
Public works	15,327	13,694	11.9%
Interest on long-term debt	499	890	-43.9%
Total Expenses	89,316	77,310	15.5%
<b>Revenues Over (Under) Expenses</b>	13,352	11,678	14.3%
Transfers	419	572	-26.7%
<b>Change in Net Position</b>	13,771	12,250	12.4%
Net position-beginning of year	247,435	235,185	5.2%
<b>Net position-end of year</b>	<b>\$ 261,206</b>	<b>\$ 247,435</b>	5.6%

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

The *Business-type activities* net position contributed \$253.4 million to the City's net position; an increase of \$12.4 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, 2023 and 2022**  
(in thousands)

	Business-type Activities 2023	Business-type Activities 2022	Business-type Activities Change
<b>Assets:</b>			
Current and other assets	\$ 91,993	\$ 85,889	\$ 6,104
Capital Assets, net of depreciation	<u>266,508</u>	<u>266,189</u>	<u>319</u>
Total assets	<u>358,501</u>	<u>352,078</u>	<u>6,423</u>
<b>Deferred Outflows of Resources:</b>			
Related to Pension	5,061	1,521	3,540
Related to OPEB	<u>238</u>	<u>284</u>	<u>(46)</u>
Total Deferred Outflows of Resources	<u>5,299</u>	<u>1,805</u>	<u>3,494</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>363,800</u>	<u>353,883</u>	<u>9,917</u>
<b>Liabilities:</b>			
Current Liabilities	13,794	13,919	(125)
Non-Current Liabilities	<u>95,835</u>	<u>94,343</u>	<u>1,492</u>
Total liabilities	<u>109,629</u>	<u>108,262</u>	<u>1,367</u>
<b>Deferred Inflows of Resources:</b>			
Related to Pension	122	4,142	(4,020)
Related to OPEB	<u>651</u>	<u>476</u>	<u>175</u>
Total Deferred Inflows of Resources	<u>773</u>	<u>4,618</u>	<u>(3,845)</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>110,402</u>	<u>112,880</u>	<u>(2,478)</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	181,857	174,306	7,551
Restricted	5	-	5
Unrestricted	<u>71,537</u>	<u>66,697</u>	<u>4,840</u>
<b>Total Net Position</b>	<u>\$ 253,399</u>	<u>\$ 241,003</u>	<u>\$ 12,396</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 \$62.0 million in fiscal year 2023, an increase of \$2.2 million compared to the prior year.
  - Charges for Service revenues were up 1.9% or \$1.1 million due to increased revenues in most enterprise funds related to sales and service fees.
  - Operating Grants and Contributions were up 29.2% or \$1.1 million due to increased non-recurring grant funds for Airport and Transit projects in the fiscal year.
- Airport revenues and expenses increased when compared to the prior year due to increased project activity and associated revenue received.
- Development Services revenues increased during the year due to increased activity resulting from the steady pandemic recovery and a strong housing market while expenses rose sharply due to additional payroll costs and adjustments to the pension liability.
- Marina overall net position decreased due to operating at a loss.
- Transit received higher intergovernmental revenues than the prior year, and expenses increased compared to the prior year due to the pension liability adjustment and higher operating costs.
- Wastewater Utility revenue increased from FY 22 with higher charges for sales and services and strong investment earnings, although these gains were offset by reduced connection fee revenue. Expenses increased due to higher operating costs than the prior year, as well as a large pension liability adjustment.
- Water Utility operating revenue showed a slight overall increase due to investment earnings and connection fees; regular charges for sales and services decreased as compared to FY 22. Expenses increased due to higher operating costs than the prior year, as well as a large pension liability adjustment.
- Storm Water Utility revenue and expenses decreased in FY 23 as compared to FY 22 as grant revenue and the associated program and project costs shown in FY 22 were not duplicated in FY 23. 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, 2023 and 2022**  
(in thousands)

	Business-type Activities 2023	Business-type Activities 2022	Percentage Change
<b>Revenues:</b>			
Program Revenues			
Charges for Service	\$ 57,065	\$ 56,011	1.9%
Operating Grants and Contributions	4,970	3,846	29.2%
Capital Grants and Contributions	<u>-</u>	<u>-</u>	0.0%
Total Program Revenue	<u>62,035</u>	<u>59,857</u>	3.6%
General Revenues			
Investment Earnings	1,757	(564)	-411.5%
Miscellaneous Revenue	<u>23</u>	<u>2</u>	0%
Total Revenue	<u>63,815</u>	<u>59,295</u>	7.6%
<b>Expenses:</b>			
Business Type Activities			
Airport	2,034	1,920	5.9%
Development Services	3,071	2,111	45.5%
Marina	718	752	-4.5%
Transit	5,027	3,100	62.2%
Wastewater	21,940	19,274	13.8%
Water Utility	17,705	16,369	8.2%
Storm Water	506	763	-33.7%
Total Expenses	<u>51,001</u>	<u>44,289</u>	15.2%
<b>Revenues Over (Under) Expenses</b>	12,814	15,006	-14.6%
Transfers	<u>(419)</u>	<u>(572)</u>	-26.7%
<b>Changes in Net Position</b>	<u>12,395</u>	<u>14,434</u>	-14.1%
Net Position - Beginning of year	241,004	226,569	6.4%
<b>Net Position - End of Year</b>	<u><b>\$ 253,399</b></u>	<u><b>\$ 241,004</b></u>	5.1%

## 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, 2023, the City of Petaluma Governmental Funds reported combined ending fund balances of \$164.2 million, an increase of \$4.6 million over fiscal year 2022 as shown in Table 6 below. Total non-spendable reserves are \$0.2 million, and restricted and committed reserves are \$135.7 million and \$11.2 million respectively. Assigned and unassigned balances are \$12.5 million and \$4.6 million respectively. As mentioned prior, the main contributing factors to the increase in Governmental Fund Balances is due to increased fund balances in the General Fund, Home, Capital Projects and Non-Major Governmental Funds. General Fund revenues exceeded expenditures, the result of ongoing revenue growth. The General Fund's largest source of revenues, sales tax, was unable to match its FY 22 high, and how the state of the economy from high inflation, supply chain challenges and ongoing world events remains concerning as we head into FY 2024.

The General Fund is the chief operating fund of the City. At June 30, 2023, total fund balance for the General Fund was \$18.7 million. This is made up of \$0.15 million in non-spendable fund balance, \$1.5 million in committed, \$12.5 million in assigned and \$4.6 million in unassigned fund balance. The General Fund's fund balance increased by \$1.0 million during the current fiscal year.

The fund balance in the City Capital Projects Fund increased by \$1.6 million due to timing of project revenues and costs that occurred during the year largely attributed to Parks and Recreation CIP projects.

The Impact Fees Special Revenue fund balance increased by \$2.4 million mainly due to an increase in development activity.

The fund balances in the Home/Begin fund decreased by \$0.8 million while the Non-Major fund group had an increase in fund balance of \$.4m resulting from various activities.

Table 6

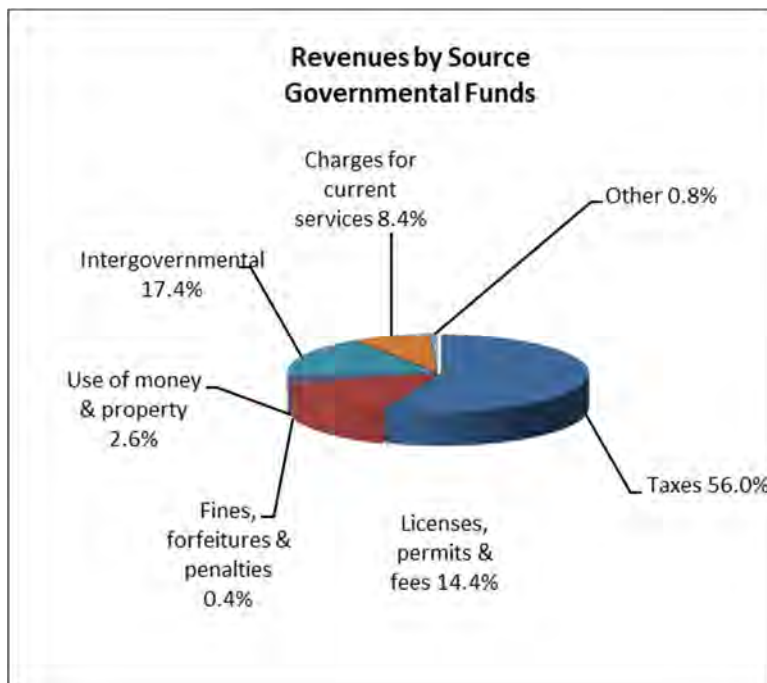
<b>Summary of Fund Balances</b>			
<b>Governmental Funds</b>			
<b>As of June 30, 2023 and 2022</b>			
<b>(in thousands)</b>			
	<b>Governmental Funds 2023</b>	<b>Governmental Funds 2022</b>	<b>Governmental Funds Change</b>
<b>Assets:</b>			
Total assets	\$ 191,203	\$ 192,984	\$ (1,781)
<b>Liabilities:</b>			
Total liabilities	9,118	16,762	(7,644)
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	17,890	16,607	1,283
Total Deferred Inflows	17,890	16,607	1,283
<b>Fund Balance:</b>			
Nonspendable	177	204	(27)
Restricted	135,744	133,895	1,849
Committed	11,203	9,453	1,750
Assigned	12,509	11,887	622
Unassigned	4,562	4,176	386
<b>Total fund balance</b>	<b>164,195</b>	<b>159,615</b>	<b>4,580</b>
<b>Total liabilities and fund balances</b>	<b>\$ 191,203</b>	<b>\$ 192,984</b>	<b>\$ (1,781)</b>

Governmental Fund revenues increased by approximately \$13.0 million compared to the prior year due mainly to increased development impact fee revenue and investment earnings. Taxes and intergovernmental revenues declined slightly, due to nonrecurring revenues received in FY 22. Much of the revenue increases realized during FY 23 are due to nonrecurring items (e.g. large development projects, favorable interest rates).

Governmental Fund expenses increased overall by \$13.5 million over the prior year. This increase is due mainly to increased expenses in Community Development, Police, Parks and Recreation, and Public Works and related to increased CIP activity.

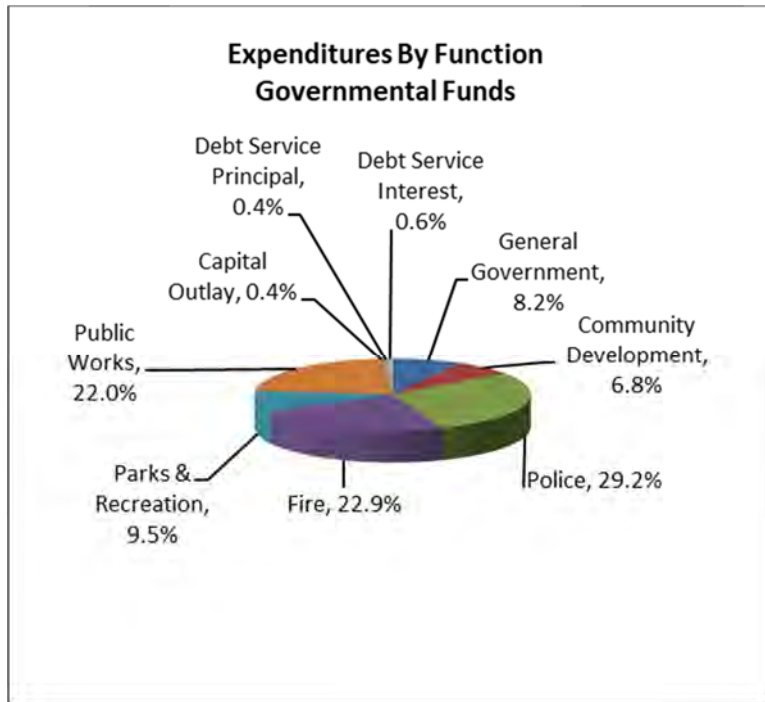
Tables 7 and 8 below show Governmental Fund Revenues by Source and Expenditures by Function.

Revenue by Source	FY 2023		FY 2022		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
Taxes	\$ 56.80	56.0%	\$ 57.77	65.3%	\$ (0.97)	-1.7%
Licenses, permits & fees	14.55	14.4%	4.27	4.8%	10.28	240.7%
Fines, forfeitures & penalties	0.37	0.4%	0.33	0.4%	0.04	12.1%
Use of money & property	2.64	2.6%	(0.50)	-0.6%	3.14	-628.0%
Intergovernmental	17.68	17.4%	19.37	21.9%	(1.69)	-8.7%
Charges for current services	8.48	8.4%	7.03	7.9%	1.45	20.6%
Other	0.86	0.8%	0.17	0.2%	0.70	421.2%
<b>Total Revenues</b>	<b>\$ 101.38</b>	<b>100.0%</b>	<b>\$ 88.44</b>	<b>100.0%</b>	<b>\$ 12.95</b>	<b>14.6%</b>



**Expenditures Classified by Function  
Governmental Funds  
For the Years ending June 30, 2023 and 2022  
(in millions of dollars)**

Expenditures by Function	FY 2023		FY 2022		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
<b>Current:</b>						
General Government	\$ 7.89	8.2%	\$ 7.78	9.4%	\$ 0.11	1.4%
Community Development	6.54	6.8%	3.97	4.8%	2.57	64.7%
Police	27.99	29.2%	25.75	31.3%	2.24	8.7%
Fire	22.02	22.9%	21.16	25.6%	0.86	4.1%
Parks and Recreation	9.10	9.5%	3.79	4.6%	5.31	140.1%
Public Works	21.22	22.0%	17.76	21.4%	3.46	19.5%
Capital Outlay	0.42	0.4%	1.00	1.2%	(0.58)	-58.0%
Debt Service Principal	0.37	0.4%	0.54	0.7%	(0.17)	100.0%
Debt Service Interest	0.55	0.6%	0.85	1.0%	(0.30)	100.0%
<b>Total Expenditures</b>	<b>\$ 96.10</b>	<b>100.0%</b>	<b>\$ 82.60</b>	<b>100.0%</b>	<b>\$ 13.50</b>	<b>16.3%</b>



**Proprietary Funds**

The major proprietary funds include:

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

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

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

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

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

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

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

As of June 30, 2023, total net position for Proprietary Funds increased by \$13.2 million from the prior year as shown in Table 9 below. Enterprise Funds activity showed total net position for Airport, Wastewater, Water and Storm Water funds up \$1.2 million, \$11.8 million, \$1.5 million, and \$.4 million respectively. The Development Services fund balance decreased by \$0.4 million, Transit by \$1.2 million, and the Marina by \$0.6 million.

Internal Service Funds activity included an increase in net position of \$0.5 million, due mainly to timing of revenues received and associated expenditures in the Vehicle Replacement, Risk and Workers Compensation Funds.

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 changed balances from year to year. See Notes 9 and 10 for detailed information on both long-term liabilities.

**Summary of Statement of Net Position**  
**Proprietary Funds**  
**As of June 30, 2023 and 2022**  
(in thousands)

	Proprietary Funds 2023	Proprietary Funds 2022	Proprietary Funds Change
<b>Assets:</b>			
Current assets	\$ 109,901	\$ 100,068	\$ 9,833
Non-current assets	<u>276,540</u>	<u>277,592</u>	<u>(1,052)</u>
Total assets	<u>386,441</u>	<u>377,660</u>	<u>8,781</u>
<b>Deferred Outflows of Resources:</b>			
Related to Pension	5,705	1,716	3,989
Related to OPEB	<u>626</u>	<u>744</u>	<u>(118)</u>
Total Deferred Outflows of Resources	<u>6,331</u>	<u>2,460</u>	<u>3,871</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><u>392,772</u></u>	<u><u>380,120</u></u>	<u><u>12,652</u></u>
<b>Liabilities:</b>			
Current liabilities	21,199	20,605	594
Non-current liabilities	<u>118,077</u>	<u>115,108</u>	<u>2,969</u>
Total liabilities	<u>139,276</u>	<u>135,713</u>	<u>3,563</u>
<b>Deferred Inflows of Resources:</b>			
Related to Pension	138	4,673	(4,535)
Related to OPEB	<u>1,706</u>	<u>1,249</u>	<u>457</u>
Total Deferred Inflows of Resources	<u>1,844</u>	<u>5,922</u>	<u>(4,078)</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u><u>141,120</u></u>	<u><u>141,635</u></u>	<u><u>(515)</u></u>
<b>Net Position:</b>			
Net Investment in Capital Assets	185,347	178,261	7,086
Restricted for debt service	5	1	4
Unrestricted	<u>66,300</u>	<u>60,224</u>	<u>6,076</u>
<b>Total Net Position</b>	<u><u>\$ 251,652</u></u>	<u><u>\$ 238,486</u></u>	<u><u>\$ 13,166</u></u>

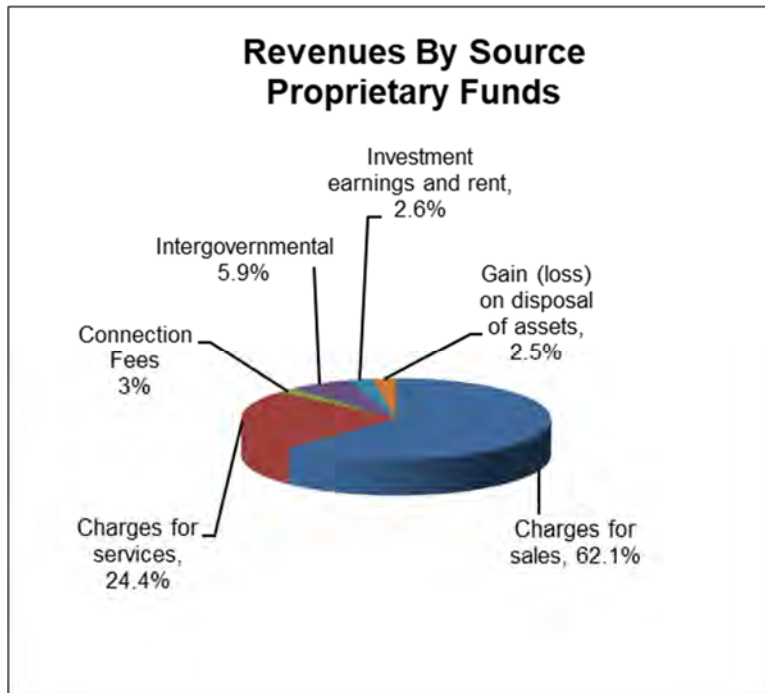
Proprietary Fund revenues increased by approximately \$4.7 million when compared to the prior year due to increased charges for services, intergovernmental and operating grants, and investment earnings.

Proprietary Fund expenses increased overall by \$6.4 million over the prior year. This increase is largely due to increased cost of services, including GASB 68 pension liability adjustments.

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

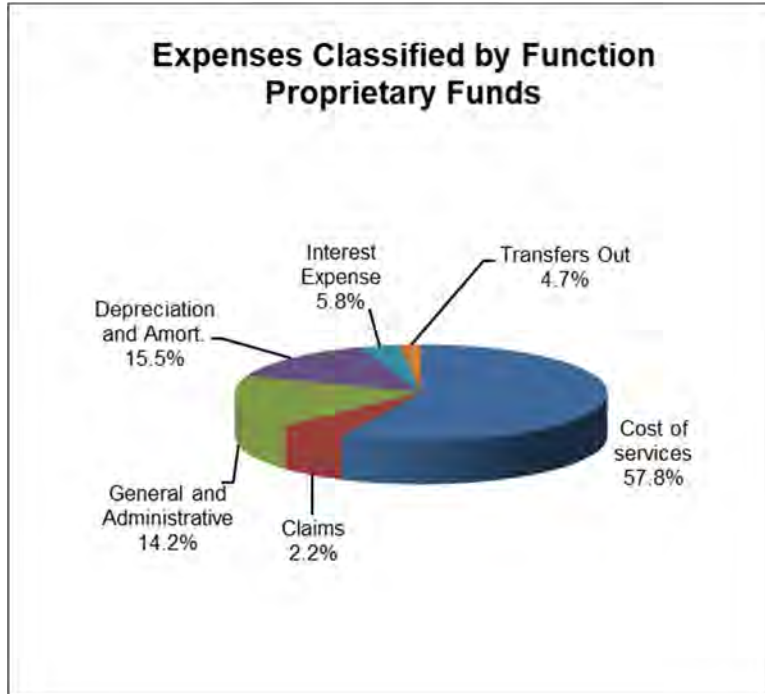
**Revenues Classified by Source  
Proprietary Funds  
For the Years ending June 30, 2023 and 2022  
(in millions of dollars)**

Revenues by Source	FY 2023		FY 2022		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
Charges for sales	\$ 48.08	62.1%	\$ 48.39	66.5%	\$ (0.31)	-0.6%
Charges for services	18.86	24.4%	16.00	22.0%	2.86	17.9%
Connection Fees	1.48	2%	2.18	3%	(0.70)	-31.9%
Intergovern. operating/non-operating	5.04	6.5%	3.88	5.3%	1.16	30.0%
Investment earnings and rent	2.04	2.6%	(0.69)	-0.9%	2.73	-396.2%
Transfers in	1.90	2.5%	2.98	4.1%	(1.08)	-36.1%
Contribution to/from City/Capital	-	0.0%	-	0.0%	-	0.0%
<b>Total Revenues</b>	<b>\$ 77.41</b>	<b>100.0%</b>	<b>\$ 72.74</b>	<b>100.0%</b>	<b>\$ 4.67</b>	<b>6.4%</b>



**Expenses Classified by Function  
Proprietary Funds  
For the Years ending June 30, 2023 and 2022  
(in millions of dollars)**

Expenses by Function	FY 2023		FY 2022		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	Percentage
Cost of services	\$ 36.61	57.0%	\$ 29.64	51.3%	\$ 6.97	23.5%
Claims	3.85	6.0%	4.81	8.3%	(0.96)	-20.0%
General and administrative	11.44	17.8%	10.14	17.5%	1.29	12.8%
Depreciation and amortization	8.93	13.9%	8.64	14.9%	0.29	3.3%
Interest expense	2.25	3.5%	2.55	4.4%	(0.31)	-12.0%
Transfers Out	1.19	1.9%	2.04	3.5%	(0.85)	100.0%
<b>Total Expenses</b>	<b>\$ 64.26</b>	<b>100.0%</b>	<b>\$ 57.83</b>	<b>100.0%</b>	<b>\$ 6.43</b>	<b>11.1%</b>



## 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.

General Fund revenues were \$7 million higher than the revised budget, due mainly to increased taxes, charges for services, strike team reimbursements directly offset by increased expenditures, intergovernmental revenues, and investment earnings resulting from the sharply rising interest rates. Property taxes continue to grow due to rising assessed values and home prices, but property transfer tax dropped as the volume of home sales decreased due to the high prices and rising interest rates. Ambulance services brought in additional revenue from charges for services and from higher than normal one-time federal reimbursements.

General Fund expenditures were \$3.4 million higher than the revised budget, primarily due to rising cost of providing services directly related to the economy and high inflation as well as the continued Fire costs related to Strike Team Deployments for mutual aid 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, 2023, equals \$467.0 million (net of accumulated depreciation) as shown below in Table 12. This investment in capital assets includes land, construction in progress, buildings and improvements, vehicles and equipment, and infrastructure. Detailed information about the City’s capital assets is contained in Note 5.

The total increase in the City’s investment in capital assets, net of depreciation, for the current fiscal year was \$9.0 million or a 2.0% increase (this represents an increase of \$8.6 million in Governmental Activities and an increase of \$0.4 million for Business Activities).

Capital asset balances as of June 30, 2023 and 2022 were:

Capital Assets (net of depreciation, in millions) as of June 30, 2023 and 2022							Table 12
	Governmental Activities			Increase (Decrease) % Change	Business-type Activities		Increase (Decrease) % Change
	2023	2022			2023	2022	
Land	\$ 37.5	\$ 37.5	0%	\$ 10.7	\$ 10.7	0%	
Construction in Process	34.8	56.5	-38%	37.6	35.8	5%	
Bldg and Improv	8.5	9.1	-6%	12.1	13.2	-9%	
Vehicle and Equip	4.9	5.4	-8%	4.0	3.8	6%	
Infrastructure	114.0	82.8	38%	201.9	202.5	0%	
Leased vehicles	0.8	0.7	100%	0.3	0.0	524%	
<b>Totals</b>	<b><u>\$ 200.5</u></b>	<b><u>\$ 192.0</u></b>	<b><u>4%</u></b>	<b><u>\$ 266.5</u></b>	<b><u>\$ 266.1</u></b>	<b><u>0%</u></b>	

At the end of the current fiscal year, the City had \$19.5 million outstanding in general long-term lease revenue bonds for road improvements. The Waste Water Fund had \$71.3 million outstanding in refunded revenue bonds for the Ellis Creek Recycling. The Water Utility had \$3.7 million in outstanding revenue



bonds. Airport had outstanding debt of \$1.5 million 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 \$7.9 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 limit for the City is \$1.8 billion. At June 30, 2023, the City had \$19.5 million in 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, 2023 and 2022 were:

Table 13

**Governmental Activities Long-Term Debt**  
**As of June 30, 2023 and 2022**  
(in millions)

	Balance June 30, 2023	Balance June 30, 2022	Increase (Decrease)
2021 Lease Revenue Bonds	18,220	18,590	(370)
2021 Lease Revenue Bonds Unamortized Premium	1,271	1,316	(45)
Compensated Absences	4,834	4,962	(128)
Lease Liability	486	497	(11)
<b>Total Debt</b>	<b>\$ 24,811</b>	<b>\$ 25,365</b>	<b>\$ (554)</b>

Table 14

**Business-Type Activities Long-Term Debt**  
**As of June 30, 2023 and 2022**  
(in millions)

	Balance June 30, 2023	Balance June 30, 2022	Increase (Decrease)
2016 Airport Refunding Lease	1,492	1,964	(472)
2017 Wastewater Revenue Refunding Bonds	23,365	23,365	-
2017 Wastewater Revenue Unamortized Premium	611	662	(51)
WW-CA SWRCB loan	-	-	-
2019 Wastewater Revenue Refunding Bonds	39,365	44,880	(5,515)
2019 Wastewater Revenue Unamortized Premium	7,911	9,230	(1,319)
2012 Water Revenue Refunding Bonds	3,725	4,126	(401)
Marina loan-CA Dept of Boating & Waterways	7,912	7,610	302
Compensated Absences	802	682	120
Lease Liability	269	46	223
<b>Total Debt</b>	<b>\$ 85,452</b>	<b>\$ 92,565</b>	<b>\$ (7,113)</b>

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

The COVID-19 pandemic and ensuing economic uncertainty has had a major impact on the City in recent years. Our dedication to the Community and our commitment to prudently manage the City's finances has contributed to our ability to endure these challenging times. As we draft this year's message, the impacts of the pandemic have largely subsided. Recovery is occurring and many revenues are near or above pre-pandemic levels however the nature of the economy – from high inflation, supply chain challenges and ongoing world events – remains unstable. We continue to efficiently manage day-to-day operations utilizing technology to keep City business moving forward. We continue to collaborate with our partners in the community as well as other government agencies to assist and provide support citywide.

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. City revenues are recovering, and ongoing growth is expected into the new year. Recovery in the tourism sector is expected to continue barring any significant recession or unexpected economic downturn.

Measure U, the City's 1-cent sales tax measure passed by voters in 2020 provides essential resources to the City that support the delivery of core essential services to our residents. Despite having this 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 2023-2024.

## **REQUESTS FOR INFORMATION**

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

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# **BASIC FINANCIAL STATEMENTS**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**CITY OF PETALUMA**

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

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

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

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

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

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

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





**City of Petaluma**  
**Statement of Net Position**  
**June 30, 2023**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash and investments	\$ 104,822,292	\$ 81,885,673	\$ 186,707,965
Restricted cash and investments	18,045,731	4,700	18,050,431
Receivables:			
Accounts, net	2,800,621	5,165,647	7,966,268
Interest	890,543	-	890,543
Intergovernmental	9,164,527	3,262,520	12,427,047
Internal balances	(1,016,776)	1,016,776	-
Inventories	30,329	638,822	669,151
Deposits and prepaid items	936,828	19,027	955,855
Loans receivable	53,893,325	-	53,893,325
Interest receivable related to loans receivable	15,144,558	-	15,144,558
Capital assets:			
Non-depreciable	72,244,127	48,284,291	120,528,418
Depreciable, net	128,304,413	218,223,391	346,527,804
<b>Total assets</b>	<b>405,260,518</b>	<b>358,500,847</b>	<b>763,761,365</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pension	32,427,421	5,060,815	37,488,236
Deferred outflows of resources - OPEB	2,168,429	238,529	2,406,958
<b>Total assets and deferred outflows of resources</b>	<b>34,595,850</b>	<b>5,299,344</b>	<b>39,895,194</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	7,237,743	5,316,908	12,554,651
Wages payable	421,128	-	421,128
Interest payable	88,114	261,302	349,416
Unearned revenue	38,148	510,244	548,392
Refundable deposits	317,527	618,570	936,097
Claims payable:			
Due within one year	3,221,523	-	3,221,523
Due in more than one year	12,024,835	-	12,024,835
Compensated absences:			
Due within one year	1,223,944	279,763	1,503,707
Due in more than one year	4,834,216	802,495	5,636,711
Net pension liability, due in more than one year	109,855,590	15,747,377	125,602,967
OPEB liability:			
Due within one year	490,896	54,068	544,964
Due in more than one year	12,616,140	1,387,720	14,003,860
Long-term debt:			
Due within one year	606,125	6,752,252	7,358,377
Due in more than one year	19,602,572	77,898,167	97,500,739
<b>Total liabilities</b>	<b>172,578,501</b>	<b>109,628,866</b>	<b>282,207,367</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	155,108	121,871	276,979
Deferred inflows of resources - OPEB	5,916,674	650,840	6,567,514
<b>Total deferred inflows of resources</b>	<b>6,071,782</b>	<b>772,711</b>	<b>6,844,493</b>
<b>NET POSITION</b>			
Net investment in capital assets	198,385,574	181,857,263	380,242,837
Restricted for:			
Special projects:			
CDBG	1,004,919	-	1,004,919
HOME / BEGIN	17,043,642	-	17,043,642
Redevelopment low / moderate income housing	22,653,166	-	22,653,166
Impact fees	66,788,532	-	66,788,532
Grants	870,590	-	870,590
Public safety	657,536	-	657,536
Landscape Assessment Districts	644,358	-	644,358
Street maintenance	2,718,320	-	2,718,320
Parks	537,651	-	537,651
Tourism Improvement	194,813	-	194,813
Debt service	-	4,700	4,700
Permanent Nonexpendable	26,040	-	26,040
Total restricted	113,472,755	4,700	113,477,455
Unrestricted (deficit)	(50,652,244)	71,536,651	20,884,407
<b>Total net position</b>	<b>\$ 261,206,085</b>	<b>\$ 253,398,614</b>	<b>\$ 514,604,699</b>

See accompanying Notes to Basic Financial Statements.

**City of Petaluma**  
**Statement of Activities**  
**For the year ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
General government	\$ 7,057,094	\$ 236,934	\$ -	\$ -	\$ 236,934
Community development	9,281,699	6,068,763	1,402,489	-	7,471,252
Police	29,349,399	222,592	802,058	547,366	1,572,016
Fire	23,540,136	5,939,978	-	-	5,939,978
Parks and recreation	4,261,691	4,186,980	-	-	4,186,980
Public works	15,326,784	6,266,206	-	1,706,676	7,972,882
Interest expense	499,633	-	-	-	-
<b>Total governmental activities</b>	<b>89,316,436</b>	<b>22,921,453</b>	<b>2,204,547</b>	<b>2,254,042</b>	<b>27,380,042</b>
<b>Business-type activities:</b>					
Airport	2,033,822	1,954,609	1,226,594	-	3,181,203
Development services	3,070,550	2,632,705	-	-	2,632,705
Marina	718,007	154,280	-	-	154,280
Transit	5,026,828	240,558	3,555,648	-	3,796,206
Wastewater utility	21,939,835	32,666,709	83,198	-	32,749,907
Water utility	17,705,433	19,137,753	34,378	-	19,172,131
Storm water	506,497	278,537	70,129	-	348,666
<b>Total business-type activities</b>	<b>51,000,972</b>	<b>57,065,151</b>	<b>4,969,947</b>	<b>-</b>	<b>62,035,098</b>
<b>Total primary government</b>	<b>\$ 140,317,408</b>	<b>\$ 79,986,604</b>	<b>\$ 7,174,494</b>	<b>\$ 2,254,042</b>	<b>\$ 89,415,140</b>

**General Revenues and Transfers:**

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
\$ (6,820,160)	\$ -	\$ (6,820,160)
(1,810,447)	-	(1,810,447)
(27,777,383)	-	(27,777,383)
(17,600,158)	-	(17,600,158)
(74,711)	-	(74,711)
(7,353,902)	-	(7,353,902)
(499,633)	-	(499,633)
(61,936,394)	-	(61,936,394)
-	1,147,381	1,147,381
-	(437,845)	(437,845)
-	(563,727)	(563,727)
-	(1,230,622)	(1,230,622)
-	10,810,072	10,810,072
-	1,466,698	1,466,698
-	(157,831)	(157,831)
-	11,034,126	11,034,126
(61,936,394)	11,034,126	(50,902,268)
13,126,935	-	13,126,935
32,329,679	-	32,329,679
4,898,510	-	4,898,510
1,400,908	-	1,400,908
3,385,313	-	3,385,313
1,659,787	-	1,659,787
56,801,132	-	56,801,132
13,227,978	-	13,227,978
3,653,885	1,757,232	5,411,117
-	23,129	23,129
1,605,509	-	1,605,509
418,947	(418,947)	-
75,707,451	1,361,414	77,068,865
13,771,057	12,395,540	26,166,597
247,435,028	241,003,074	488,438,102
\$ 261,206,085	\$ 253,398,614	\$ 514,604,699



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# FUND FINANCIAL STATEMENTS

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*Governmental Funds Financial Statements*

*Proprietary Funds Financial Statements*

*Fiduciary Funds Financial Statements*



<b>FUND FINANCIAL STATEMENTS</b>
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The funds described below were determined to be Major Funds by the City in fiscal 2023. 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, 2023**

	Major Funds		
	General Fund	HOME / Begin Special Revenue Fund	Impact Fees Special Revenue Fund
<b>ASSETS</b>			
Cash and investments	\$ 7,635,319	\$ 443,899	\$ 54,487,789
Restricted cash and investments	-	-	-
Receivables:			
Accounts, net	1,915,375	-	190,000
Interest	890,543	-	-
Intergovernmental	7,582,885	-	-
Due from other funds	3,577,680	-	-
Inventories	15,670	-	-
Deposits and prepaid items	68,883	-	-
Loans receivable	77,743	16,714,581	12,213,361
Interest receivable related to loans receivable	4,988	6,068,966	721,461
Advances to other funds	-	-	571,844
<b>Total assets</b>	<b>\$ 21,769,086</b>	<b>\$ 23,227,446</b>	<b>\$ 68,184,455</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 1,794,233	\$ -	\$ 143,465
Wages payable	421,128	-	-
Unearned revenue	38,148	-	-
Refundable deposits	256,427	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
<b>Total liabilities</b>	<b>2,509,936</b>	<b>-</b>	<b>143,465</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenues	589,415	6,183,804	1,252,458
<b>Fund Balances:</b>			
Nonspendable	151,050	-	-
Restricted	-	17,043,642	66,788,532
Committed	1,447,559	-	-
Assigned	12,509,446	-	-
Unassigned	4,561,680	-	-
<b>Total fund balances</b>	<b>18,669,735</b>	<b>17,043,642</b>	<b>66,788,532</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 21,769,086</b>	<b>\$ 23,227,446</b>	<b>\$ 68,184,455</b>



Major Funds			
Successor Housing Special Revenue Fund	City Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 243,689	\$ 14,488,357	\$ 9,491,397	\$ 86,790,450
-	-	18,045,731	18,045,731
10,010	55,968	616,815	2,788,168
-	-	-	890,543
-	162,972	1,418,670	9,164,527
-	-	250,403	3,828,083
-	-	-	15,670
-	1,444	-	70,327
23,962,625	-	925,015	53,893,325
8,313,853	-	35,290	15,144,558
-	-	-	571,844
<u>\$ 32,530,177</u>	<u>\$ 14,708,741</u>	<u>\$ 30,783,321</u>	<u>\$ 191,203,226</u>
\$ 47,576	\$ 3,781,137	\$ 1,180,269	\$ 6,946,680
-	-	-	421,128
-	-	-	38,148
60,000	1,100	-	317,527
-	-	278,991	278,991
-	1,115,663	-	1,115,663
<u>107,576</u>	<u>4,897,900</u>	<u>1,459,260</u>	<u>9,118,137</u>
<u>9,769,435</u>	<u>54,998</u>	<u>39,837</u>	<u>17,889,947</u>
-	-	26,040	177,090
22,653,166	-	29,258,184	135,743,524
-	9,755,843	-	11,203,402
-	-	-	12,509,446
-	-	-	4,561,680
<u>22,653,166</u>	<u>9,755,843</u>	<u>29,284,224</u>	<u>164,195,142</u>
<u>\$ 32,530,177</u>	<u>\$ 14,708,741</u>	<u>\$ 30,783,321</u>	<u>\$ 191,203,226</u>

**City of Petaluma**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2023**

<b>Total fund balances reported on the governmental funds balance sheet</b>	<u>\$ 164,195,142</u>
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:</p>	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	196,340,132
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.	(1,746,537)
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.	(87,203)
Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	17,889,947
<p>The assets, deferred outflows of resources, liabilities, and deferred inflows of resources below are not due and payable in the current period and therefore are not reported in the Funds:</p>	
Compensated absences	(5,838,543)
Long-term debt - due within one year	(390,000)
Long-term debt - due in more than one year	(19,100,510)
Deferred outflows related to pension	31,783,317
Deferred inflows related to pension	(139,597)
Net Pension liability	(107,851,378)
Net OPEB liability - due within one year	(399,925)
Net OPEB liability - due in more than one year	(10,369,115)
Deferred outflows related to OPEB	1,781,630
Deferred inflows related to OPEB	<u>(4,861,275)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 261,206,085</u></u>



**City of Petaluma**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2023**

	Major Funds		
	General Fund	HOME / Begin Special Revenue Fund	Impact Fees Special Revenue Fund
<b>REVENUES:</b>			
Taxes	\$ 50,964,732	\$ -	\$ -
Licenses, permits and fees	1,392,042	-	10,903,448
Fines, forfeitures, and penalties	365,758	-	-
Use of money and property	911,684	19,895	1,082,726
Intergovernmental	8,715,827	-	-
Charges for current services	7,618,711	-	218,069
Other	290,909	-	9,807
<b>Total revenues</b>	<b>70,259,663</b>	<b>19,895</b>	<b>12,214,050</b>
<b>EXPENDITURES:</b>			
Current:			
General government	5,193,373	-	-
Community development	1,568,081	810,000	1,780,920
Police	26,218,266	-	-
Fire	21,849,553	-	-
Parks and recreation	2,431,889	-	53,556
Public works	5,895,110	-	121,197
Capital outlay	53,766	-	-
Debt Services:			
Principal	-	-	-
Interest and other charges	-	-	-
<b>Total expenditures</b>	<b>63,210,038</b>	<b>810,000</b>	<b>1,955,673</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,049,625</b>	<b>(790,105)</b>	<b>10,258,377</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	2,197,500	-	494,085
Transfers out	(8,239,833)	-	(8,319,708)
<b>Total other financing sources (uses)</b>	<b>(6,042,333)</b>	<b>-</b>	<b>(7,825,623)</b>
<b>Net change in fund balances</b>	<b>1,007,292</b>	<b>(790,105)</b>	<b>2,432,754</b>
<b>FUND BALANCES:</b>			
Beginning of year	17,662,443	17,833,747	64,355,778
End of year	<b>\$ 18,669,735</b>	<b>\$ 17,043,642</b>	<b>\$ 66,788,532</b>

See accompanying Notes to Basic Financial Statements.

Major Funds			
Successor Housing Special Revenue Fund	City Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 5,836,400	\$ 56,801,132
-	2,144,764	108,702	14,548,956
-	-	500	366,258
3,979	(19,632)	642,064	2,640,716
-	423,956	8,539,830	17,679,613
19,045	6,281	621,461	8,483,567
-	150,732	413,816	865,264
<u>23,024</u>	<u>2,706,101</u>	<u>16,162,773</u>	<u>101,385,506</u>
-	2,701,680	-	7,895,053
497,999	-	1,881,621	6,538,621
-	-	1,772,290	27,990,556
-	-	168,039	22,017,592
-	5,739,211	860,472	9,085,128
-	10,480,960	4,713,480	21,210,747
-	178,266	184,594	416,626
-	-	370,000	370,000
-	-	548,091	548,091
<u>497,999</u>	<u>19,100,117</u>	<u>10,498,587</u>	<u>96,072,414</u>
<u>(474,975)</u>	<u>(16,394,016)</u>	<u>5,664,186</u>	<u>5,313,092</u>
377,856	18,617,243	8,667,028	30,353,712
-	(622,828)	(13,904,672)	(31,087,041)
<u>377,856</u>	<u>17,994,415</u>	<u>(5,237,644)</u>	<u>(733,329)</u>
(97,119)	1,600,399	426,542	4,579,763
<u>22,750,285</u>	<u>8,155,444</u>	<u>28,857,682</u>	<u>159,615,379</u>
<u>\$ 22,653,166</u>	<u>\$ 9,755,843</u>	<u>\$ 29,284,224</u>	<u>\$ 164,195,142</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, 2023

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 4,579,763</b>
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

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

Capitalized expenditures are therefore added back to fund balance	17,484,095
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Depreciation & amortization expense is deducted from the fund balance (Depreciation & amortization expense is net of internal service fund's of \$1,022,233 which has already been allocated to serviced funds)	(8,510,572)
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Repayment of debt principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position. Also governmental funds report the effect of premium when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Current year repayment - principal	370,000
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Amortization of bond premium	45,375
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The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Interest expense	3,083
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Unavailable revenue	1,283,040
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Compensated absences	(290,365)
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OPEB liability, and deferred outflows and inflows of resources	84,457
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Net pension liability, and deferred outflows and inflows of resources	(2,048,361)
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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	770,542
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ 13,771,057</b>
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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, 2023**

	Major Proprietary Funds		
	Airport	Development Services	Marina
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 1,186,263	\$ 1,694,948	\$ -
Restricted cash and investments	-	-	-
Receivables:			
Accounts, net	120,776	-	20,932
Intergovernmental	14,432	-	-
Inventories	58,672	-	7,053
Deposits and prepaid items	-	-	16,982
<b>Total Current Assets</b>	<b>1,380,143</b>	<b>1,694,948</b>	<b>44,967</b>
Non-Current Assets:			
Advance to other funds	-	-	-
Capital assets:			
Non-depreciable	5,990,307	-	-
Depreciable	20,073,855	898,436	5,034,455
Less: accumulated depreciation	(13,334,031)	(626,563)	(3,966,207)
<b>Total Non-current Assets</b>	<b>12,730,131</b>	<b>271,873</b>	<b>1,068,248</b>
<b>Total assets</b>	<b>14,110,274</b>	<b>1,966,821</b>	<b>1,113,215</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pension	-	529,084	-
Deferred outflows of resources - OPEB	-	64,506	-
<b>Total assets and deferred outflows of resources</b>	<b>14,110,274</b>	<b>2,560,411</b>	<b>1,113,215</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	97,325	163,801	15,232
Unearned revenue	-	-	-
Interest payable	6,739	-	-
Due to other funds	-	-	1,337,349
Refundable deposits	152,712	184,105	13,943
Claims payable, due within one year	-	-	-
Compensated absences, due within one year	5,197	24,491	632
OPEB liability, due within one year	-	14,622	-
Long-term debt, due within one year	484,000	-	-
<b>Total Current Liabilities</b>	<b>745,973</b>	<b>387,019</b>	<b>1,367,156</b>
Non-current Liabilities:			
Claims payable, due in more than one year	-	-	-
Compensated absences, due in more than one year	22,212	143,675	6,923
Advance from other funds	-	-	-
Net pension liability	-	1,646,317	-
OPEB liability	-	375,286	-
Long-term debt, due in more than one year	1,008,000	-	7,911,713
<b>Total Non-current Liabilities</b>	<b>1,030,212</b>	<b>2,165,278</b>	<b>7,918,636</b>
<b>Total liabilities</b>	<b>1,776,185</b>	<b>2,552,297</b>	<b>9,285,792</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	-	12,741	-
Deferred inflows of resources - OPEB	-	176,009	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>188,750</b>	<b>-</b>
<b>NET POSITION</b>			
Net investment in capital assets	11,238,131	271,873	(6,843,465)
Restricted for debt service	-	-	-
Unrestricted	1,095,958	(452,509)	(1,329,112)
<b>Total net position</b>	<b>\$ 12,334,089</b>	<b>\$ (180,636)</b>	<b>\$ (8,172,577)</b>

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
\$ -	\$ 55,230,257	\$ 3,836,542	\$ 18,601,487	\$ 1,336,176	\$ 81,885,673	\$ 18,031,842
-	4,700	-	-	-	4,700	-
-	4,101,374	-	922,065	500	5,165,647	12,453
3,210,122	25,875	-	12,091	-	3,262,520	-
93,506	15,130	-	461,412	3,049	638,822	14,659
674	111	-	1,260	-	19,027	866,501
3,304,302	59,377,447	3,836,542	19,998,315	1,339,725	90,976,389	18,925,455
-	3,946,868	-	938,468	-	4,885,336	938,468
810,895	36,578,977	-	4,904,112	-	48,284,291	-
11,203,363	268,472,125	-	86,668,322	10,802	392,361,358	14,417,197
(7,734,292)	(101,745,511)	-	(46,728,631)	(2,732)	(174,137,967)	(10,208,789)
4,279,966	207,252,459	-	45,782,271	8,070	271,393,018	5,146,876
7,584,268	266,629,906	3,836,542	65,780,586	1,347,795	362,369,407	24,072,331
264,543	2,610,921	-	1,656,267	-	5,060,815	644,104
-	77,023	-	97,000	-	238,529	386,799
7,848,811	269,317,850	3,836,542	67,533,853	1,347,795	367,668,751	25,103,234
380,588	2,698,968	-	1,931,819	29,175	5,316,908	291,063
510,244	-	-	-	-	510,244	-
-	231,387	-	23,176	-	261,302	911
1,438,967	-	-	-	-	2,776,316	772,776
-	-	-	267,810	-	618,570	-
-	-	-	-	-	-	3,221,523
22,475	136,865	-	84,910	5,193	279,763	36,741
-	17,459	-	21,987	-	54,068	90,971
-	5,790,000	-	478,252	-	6,752,252	216,125
2,352,274	8,874,679	-	2,807,954	34,368	16,569,423	4,630,110
-	-	-	-	-	-	12,024,835
35,984	338,160	-	239,344	16,197	802,495	182,876
-	-	-	-	294,087	294,087	4,985,898
823,158	8,124,215	-	5,153,687	-	15,747,377	2,004,212
-	448,103	-	564,331	-	1,387,720	2,247,025
-	65,532,412	-	3,446,042	-	77,898,167	502,062
859,142	74,442,890	-	9,403,404	310,284	96,129,846	21,946,908
3,211,416	83,317,569	-	12,211,358	344,652	112,699,269	26,577,018
6,371	62,874	-	39,885	-	121,871	15,511
-	210,160	-	264,671	-	650,840	1,055,399
6,371	273,034	-	304,556	-	772,711	1,070,910
4,279,966	131,983,179	-	40,919,509	8,070	181,857,263	3,490,221
-	4,700	-	-	-	4,700	-
351,058	53,739,368	3,836,542	14,098,430	995,073	72,334,808	(6,034,915)
\$ 4,631,024	\$ 185,727,247	\$ 3,836,542	\$ 55,017,939	\$ 1,003,143	\$ 254,196,771	\$ (2,544,694)
Prior years' accumulated adjustment to reflect the consolidation of internal service funds' activities related to the Proprietary funds						(480,862)
Current years' adjustments to reflect the consolidation of internal service activities related to proprietary funds						(317,295)
Net Position per Business-Type Activities Statement of Net Position						253,398,614

**City of Petaluma**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2023**

	Major Proprietary Funds		
	Airport	Development Services	Marina
<b>OPERATING REVENUES:</b>			
Charges for sales	\$ 775,497	\$ -	\$ 4,303
Charges for services	1,179,112	2,632,705	149,977
Connection fee	-	-	-
<b>Total operating revenues</b>	<b>1,954,609</b>	<b>2,632,705</b>	<b>154,280</b>
<b>OPERATING EXPENSES:</b>			
Cost of services	1,280,345	2,462,649	146,275
Claims	-	-	-
General and administrative	352,280	504,492	191,744
Depreciation	356,571	103,409	77,953
<b>Total operating expenses</b>	<b>1,989,196</b>	<b>3,070,550</b>	<b>415,972</b>
<b>OPERATING INCOME</b>	<b>(34,587)</b>	<b>(437,845)</b>	<b>(261,692)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment earnings and rent	64,265	38,819	8
Interest expense	(44,626)	-	(302,035)
Intergovernmental	1,226,594	-	-
Gain(loss) on disposal of assets	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>1,246,233</b>	<b>38,819</b>	<b>(302,027)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>1,211,646</b>	<b>(399,026)</b>	<b>(563,719)</b>
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>1,211,646</b>	<b>(399,026)</b>	<b>(563,719)</b>
<b>NET POSITION:</b>			
Beginning of year	11,122,443	218,390	(7,608,858)
End of year	<u>\$ 12,334,089</u>	<u>\$ (180,636)</u>	<u>\$ (8,172,577)</u>

Major Proprietary Funds						Governmental
Transit	Wastewater Utility	Wastewater Rate Stabilization	Water Utility	Storm Water	Total	Activities- Internal Service Funds
\$ -	\$ 29,053,488	\$ -	\$ 18,245,392	\$ -	\$ 48,078,680	\$ -
240,558	2,671,844	-	350,435	278,537	7,503,168	11,359,000
-	941,377	-	541,926	-	1,483,303	-
240,558	32,666,709	-	19,137,753	278,537	57,065,151	11,359,000
4,018,317	10,498,549	-	13,244,011	442,086	32,092,232	4,520,411
-	-	-	-	-	-	3,851,024
431,365	4,653,003	-	2,346,360	61,309	8,540,553	2,895,222
577,146	4,989,256	-	1,798,313	619	7,903,267	1,022,233
5,026,828	20,140,808	-	17,388,684	504,014	48,536,052	12,288,890
(4,786,270)	12,525,901	-	1,749,069	(225,477)	8,529,099	(929,890)
12,983	1,056,946	72,688	487,973	23,550	1,757,232	280,807
-	(1,656,867)	-	(141,614)	(2,483)	(2,147,625)	(97,977)
3,555,648	83,198	-	34,378	70,129	4,969,947	-
3,398	-	-	19,731	-	23,129	48,031
3,572,029	(516,723)	72,688	400,468	91,196	4,602,683	230,861
(1,214,241)	12,009,178	72,688	2,149,537	(134,281)	13,131,782	(699,029)
14,000	144,580	-	-	498,473	657,053	1,245,276
-	(433,000)	-	(643,000)	-	(1,076,000)	(93,000)
14,000	(288,420)	-	(643,000)	498,473	(418,947)	1,152,276
(1,200,241)	11,720,758	72,688	1,506,537	364,192	12,712,835	453,247
5,831,265	174,006,489	3,763,854	53,511,402	638,951		(2,997,941)
<u>\$ 4,631,024</u>	<u>\$ 185,727,247</u>	<u>\$ 3,836,542</u>	<u>\$ 55,017,939</u>	<u>\$ 1,003,143</u>		<u>\$ (2,544,694)</u>
Current years' adjustments to reflect the consolidation of internal service activities related to proprietary funds					(317,295)	
Change in net position per Business-Type Activities Statement of Net Position					\$ 12,395,540	

**City of Petaluma**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2023**

	Major Proprietary Funds		
	Airport	Development Services	Marina
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 1,936,379	\$ 2,627,927	\$ 172,824
Cash payments to suppliers of goods and services	(1,704,317)	(3,066,925)	(329,755)
Cash payments to employees for services	3,722	227,203	220
Claims paid	-	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>235,784</b>	<b>(211,795)</b>	<b>(156,711)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating grants and contributions	1,226,594	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Interfund borrowings	-	-	156,703
<b>Net cash provided by (used) in noncapital financing activities</b>	<b>1,226,594</b>	<b>-</b>	<b>156,703</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal payments on long-term debt and lease liability	(472,000)	-	302,039
Interest paid on long-term debt and lease liability	(46,758)	-	(302,039)
Proceeds from sale of capital assets	-	-	-
Acquisition of capital assets	(1,359,508)	(47,821)	-
<b>Net cash (used) in capital and related financing activities</b>	<b>(1,878,266)</b>	<b>(47,821)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on investments	64,265	38,819	8
<b>Net cash provided by investing activities</b>	<b>64,265</b>	<b>38,819</b>	<b>8</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(351,623)</b>	<b>(220,797)</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>1,537,886</b>	<b>1,915,745</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 1,186,263</b>	<b>\$ 1,694,948</b>	<b>\$ -</b>
<b>FINANCIAL STATEMENT PRESENTATION:</b>			
Cash and investments	\$ 1,186,263	\$ 1,694,948	\$ -
Restricted cash and investments	-	-	-
<b>TOTAL</b>	<b>\$ 1,186,263</b>	<b>\$ 1,694,948</b>	<b>\$ -</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (34,587)	\$ (437,845)	\$ (261,692)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	356,571	103,409	77,953
Changes in assets and liabilities:			
Accounts receivable	(9,987)	-	19,283
Intergovernmental receivables	(13,469)	-	-
Inventories	36,457	-	(1,469)
Deposits and prepaid items	-	676	(1,152)
Advance to other funds	-	-	-
Deferred outflows of resources - pension	-	(373,045)	-
Deferred outflows of resources - OPEB	-	12,218	-
Accounts payable and accrued liabilities	(108,149)	(100,460)	10,885
Refundable deposits	5,226	(4,778)	(739)
Claims payable	-	-	-
Net pension liability	-	980,373	-
Deferred inflows of resources - pension	-	(412,106)	-
Deferred inflows of resources - OPEB	-	47,174	-
OPEB liability	-	(62,450)	-
Compensated absences payable	3,722	35,039	220
<b>Total adjustments</b>	<b>270,371</b>	<b>226,050</b>	<b>104,981</b>
<b>Net cash provided (used) in operating activities</b>	<b>\$ 235,784</b>	<b>\$ (211,795)</b>	<b>\$ (156,711)</b>

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
\$ (187,008)	\$ 32,740,506	\$ -	\$ 19,108,812	\$ 278,537	\$ 56,677,977	\$ 12,712,180
(4,478,998)	(13,546,994)	-	(17,209,312)	(766,862)	(41,103,163)	(8,489,825)
574,121	507,499	-	517,054	(4,138)	1,825,681	251,538
-	-	-	-	-	-	(1,942,249)
(4,091,885)	19,701,011	-	2,416,554	(492,463)	17,400,495	2,531,644
3,555,648	83,198	-	34,378	70,129	4,969,947	-
14,000	144,580	-	-	498,473	657,053	1,245,276
-	(433,000)	-	(643,000)	-	(1,076,000)	(93,000)
588,242	795,502	-	85,201	(45,990)	1,579,658	(100,749)
4,157,890	590,280	-	(523,421)	522,612	6,130,658	1,051,527
-	(6,814,347)	-	(248,123)	-	(7,232,431)	5,009
-	(1,679,590)	-	(143,675)	(2,483)	(2,174,545)	(97,735)
3,398	-	-	19,731	-	23,129	48,031
(82,386)	(2,924,304)	-	(3,802,107)	(5,467)	(8,221,593)	(617,774)
(78,988)	(11,418,241)	-	(4,174,174)	(7,950)	(17,605,440)	(662,469)
12,983	1,056,946	72,688	487,973	23,550	1,757,232	280,807
12,983	1,056,946	72,688	487,973	23,550	1,757,232	280,807
-	9,929,996	72,688	(1,793,068)	45,749	7,682,945	3,201,509
-	45,304,961	3,763,854	20,394,555	1,290,427	74,207,428	14,830,333
\$ -	\$ 55,234,957	\$ 3,836,542	\$ 18,601,487	\$ 1,336,176	\$ 81,890,373	\$ 18,031,842
\$ -	\$ 55,230,257	\$ 3,836,542	\$ 18,601,487	\$ 1,336,176	\$ 81,885,673	\$ 18,031,842
-	4,700	-	-	-	4,700	-
\$ -	\$ 55,234,957	\$ 3,836,542	\$ 18,601,487	\$ 1,336,176	\$ 81,890,373	\$ 18,031,842
\$ (4,786,270)	\$ 12,525,901	\$ -	\$ 1,749,069	\$ (225,477)	\$ 8,529,099	\$ (929,890)
577,146	4,989,256	-	1,798,313	619	7,903,267	1,022,233
10	99,672	-	(5,111)	-	103,867	1,353,180
(427,576)	(25,875)	-	(12,091)	-	(479,011)	-
6,916	145	-	(5,915)	(629)	35,505	5,919
(674)	21,030	-	1,726	-	21,606	9,540
-	-	-	-	-	-	(449,054)
(264,543)	(1,752,699)	-	(1,149,137)	-	(3,539,424)	73,256
-	14,587	-	18,371	-	45,176	(1,089,651)
(35,558)	1,583,383	-	(1,614,752)	(262,838)	(527,489)	-
-	-	-	(11,739)	-	(12,030)	1,908,775
-	-	-	-	-	-	1,171,782
823,158	4,461,525	-	2,989,370	-	9,254,426	(515,547)
6,371	(2,273,783)	-	(1,340,867)	-	(4,020,385)	282,869
-	56,327	-	70,938	-	174,439	(374,462)
-	(74,566)	-	(93,906)	-	(230,922)	62,694
9,135	76,108	-	22,285	(4,138)	142,371	-
694,385	7,175,110	-	667,485	(266,986)	8,871,396	3,461,534
\$ (4,091,885)	\$ 19,701,011	\$ -	\$ 2,416,554	\$ (492,463)	\$ 17,400,495	\$ 2,531,644



<b>FIDUCIARY FUNDS</b>
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**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, 2023**

	Custodial Funds	Private Purpose Trust Funds
<b>ASSETS</b>		
Cash and investments	\$ 2,813,703	\$ 5,440,962
Restricted cash and investments	-	9,201
Notes receivable	-	234,744
Accounts receivable	185	-
<b>Total assets</b>	<b>2,813,888</b>	<b>5,684,907</b>
<b>LIABILITIES</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	789,794	129,077
Deposits payable	384	-
Interest payable	-	300,441
Long-term debt:		
Due to City	-	-
Long-term debt, due within one year	-	3,375,000
Long-term debt, due in more than one year	-	49,114,970
<b>Total liabilities</b>	<b>790,178</b>	<b>52,919,488</b>
<b>NET POSITION:</b>		
Held for other governments	2,023,710	-
Held in trust for private purposes	-	(47,234,581)
<b>Total net position</b>	<b>\$ 2,023,710</b>	<b>\$ (47,234,581)</b>



**City of Petaluma**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2023**

	Custodial Funds	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Property tax	\$ -	\$ 5,413,487
Use of money and property	-	2,704
Other revenues	8,236,520	-
<b>Total additions</b>	<b>8,236,520</b>	<b>5,416,191</b>
<b>DEDUCTIONS:</b>		
Community development	-	341,435
Interest expense	-	1,836,246
Professional and other services	8,827,185	-
<b>Total deductions</b>	<b>8,827,185</b>	<b>2,177,681</b>
<b>Change in net position</b>	<b>(590,665)</b>	<b>3,238,510</b>
<b>NET POSITION:</b>		
Beginning of year	2,614,375	(50,473,091)
End of year	<u>\$ 2,023,710</u>	<u>\$ (47,234,581)</u>



**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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/entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

**PRIMARY GOVERNMENT**

The financial statements of the primary government of the City of Petaluma include the activities of the City, as well as the City of Petaluma Public Financing Corporation, and the Petaluma Public Financing Authority, which are controlled by and dependent on the City. While these are separate legal entities, their financial activities are integral to those of the City. Their financial activities have been aggregated and merged (termed "blending") with those of the primary government of the City in the accompanying financial statements.

**BLENDED COMPONENT UNITS**

**City of Petaluma Public Financing Corporation**

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

**Petaluma Public Financing Authority**

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

**B. Basis of Presentation**

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

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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, 2023**

**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, 2023**

**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, 2023**

**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 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, 2023**

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

In fiscal 2022-2023, 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:	
General government:	
City manager	\$ (376,298)
Community development	(527,407)
Police	(1,236,969)
Fire	(1,743,127)
Parks and recreation	(138,938)
Public works	(695,503)
Impact Fees:	
Parks and recreation	(22,168)
Public works	(45,406)
Successor Housing:	
Community Development	(97,993)

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, 2023. 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, 2023**

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

Changes in compensated absences for the year ended June 30, 2023, were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$ 5,759,763	\$ 939,887	\$ 6,699,650
Additions	3,876,486	1,325,537	5,202,023
Payments	3,578,089	1,183,166	4,761,255
Ending Balance	<u>\$ 6,058,160</u>	<u>\$ 1,082,258</u>	<u>\$ 7,140,418</u>
Due Within One Year	\$ 1,223,944	\$ 279,763	\$ 1,503,707
Due In More Than One Year	4,834,216	802,495	5,636,711
	<u>\$ 6,058,160</u>	<u>\$ 1,082,258</u>	<u>\$ 7,140,418</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, 2023**

**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 assets 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 assets 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, 2023**

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

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

In 2023, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

**GASB Statement No.91 – *Conduit Debt Obligation*** – The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligation, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement also addresses arrangements – often characterized as leases – that are associated with conduit debt obligations. No impact on the City’s conduit debt disclosures as a result of implementation of this statement.

**GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*** - The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement did not apply to the City during current fiscal year.

**GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*** - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a tight-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government’s financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government’s SBITA activities and evaluate a government’s obligations and assets resulting from SBITAs. The requirements of this statement did not apply to the City during current fiscal year.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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, 2023**

**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, 2023, are as follows:

City cash and investments in primary government	
Cash and investments	\$ 186,707,965
Restricted cash and investments	<u>18,050,431</u>
Total cash and investment in primary government	<u>204,758,396</u>
Cash and investment in Fiduciary Funds (Separate Statement)	
Cash and investment	\$8,254,665
Restricted Cash and investment	<u>9,201</u>
Total cash and investment in Fiduciary Funds	<u>8,263,866</u>
Total cash and investments	<u><u>\$ 213,022,262</u></u>

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

Cash on hand	\$ 3,848
Cash and investments with financial institutions	194,958,782
Cash and investments with fiscal agents	<u>18,059,632</u>
Total Cash and Investments	<u><u>\$ 213,022,262</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, 2023**

**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 \$18,055,209 at June 30, 2023, 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, 2023**

**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	Fair Value Total
Securities of U.S. Government Agencies					
FFCB	\$ 328,800	\$ -	\$ -	\$ -	\$ 328,800
FHLMC	2,782,715	5,275,230	3,843,577	951,438	12,852,960
FNMA	-	-	214,783	-	214,783
U.S. Treasury Bonds/Notes	4,481,201	27,539,500	19,918,103	-	51,938,804
California Local Agency Investment Fund	69,607,998	-	-	-	69,607,998
California Asset Management Program	48,180,068	-	-	-	48,180,068
Held by Fiscal Agents	18,059,632	-	-	-	18,059,632
Total Investments	<u>\$143,440,414</u>	<u>\$ 32,814,730</u>	<u>\$ 23,976,463</u>	<u>\$ 951,438</u>	201,183,045
Cash on hand and in banks					11,839,217
Total Cash and Investments					<u>\$213,022,262</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, 2023, these investments have an average maturity of 260 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, 2023, the fair value was approximate to the City’s cost. At June 30, 2023, these investments have an average maturity of 26 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, 2023**

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

Money market mutual funds are available for withdrawal on demand.

**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, 2023, are as follows:

Investment Type	N/A	AAA	Fair Value Total
Securities of U.S. Government Agencies			
FHLMC	\$ 7,669,359	\$ 5,183,601	\$ 12,852,960
FFCB	-	328,800	328,800
FNMA	214,783	-	214,783
California Asset Management Program	48,180,068	-	48,180,068
Total	<u>\$ 56,064,210</u>	<u>\$ 5,512,401</u>	61,576,611
<i>Not rated:</i>			
California Local Agency Investment Fund			69,607,998
Held by Fiscal Agents			18,059,632
Cash on Hand and in Banks			11,839,217
<i>Exempt from credit rate disclosure:</i>			
U.S. Treasury Bonds/ Notes			<u>51,938,804</u>
Total Cash and Investments			<u>\$213,022,262</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, 2023**

**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, 2023:

Investment Type	Level 1	Level 2	Total
<b>Investment by Fair Value Level:</b>			
Securities of U.S. Government Agencies			
FHLMC	\$ -	\$ 12,852,960	\$ 12,852,960
FFCB	-	328,800	328,800
FNMA	-	214,783	214,783
U.S. Treasury Bonds/Notes	-	51,938,804	51,938,804
Total Investments	\$ -	\$ 65,335,347	65,335,347
<b>Investment not subject to leveling disclosure:</b>			
California Asset Management Program			48,180,068
California Local Agency Investment Fund			69,607,998
Held by Fiscal Agents			18,059,632
Cash on Hand and in Banks			11,839,217
Total Cash and Investments			\$213,022,262

U.S. Treasury Bond/ Notes and 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, 2023.

**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 2022-2023 short-term borrowings were as follows:

Due to	Due From	Amount
General Fund	Marina Fund	\$ 1,337,349
General Fund	Transit Fund	1,438,967
	Non-Major Funds:	
General Fund	CDBG Fund - Special Revenue Fund	28,588
General Fund	Information Services - Internal Service Fund	772,776
	Sub Total	3,577,680
Non-Major Fund - Streets Fund	Non-Major Fund - Gas Tax Fund	250,403
	Total	\$ 3,828,083

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

**B. Long-Term Advances**

At June 30, 2023, advances to/advances from other funds were as follows:

Advance To Other Funds (Fund making loan)	Advance From Other Funds (Funds receiving 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	\$ 294,087	\$ 277,757	\$ -	\$ -	\$ 571,844
Total Governmental Funds	294,087	277,757	-	-	571,844
Enterprise Funds:					
Wastewater Utility Fund	-	837,906	393,768	2,715,194	3,946,868
Water Utility Fund	-	-	-	938,468	938,468
Total Enterprise Funds	-	837,906	393,768	3,653,662	4,885,336
Internal Service Funds					
Risk Management - Internal Service Fund	-	-	-	938,468	938,468
Total Internal Service Funds	-	-	-	938,468	938,468
Total	\$ 294,087	\$ 1,115,663	\$ 393,768	\$ 4,592,130	\$ 6,395,648

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, 2023, the outstanding amount of the advance was \$294,087.

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, 2023, the outstanding amount of the advance was \$393,768.

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, 2023, the outstanding amount of the advance was \$4,592,130.

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, 2023, the outstanding amount of the advance was \$837,906.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

During fiscal 2021-2022, the Impact Fees Special Revenue Fund advanced the City Capital Projects Fund to provide funding for the Tennis and Pickle Ball Court construction. The advance bears an annual interest rate of 1 percent. As of June 30, 2023, the outstanding amount of the advance was \$277,757.

**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, 2023, were as follows:

Transfers In (fund receiving transfer)	Transfers Out (fund making transfer):							Total Transfers In
	Governmental Funds				Proprietary Funds			
	General Fund	Impact Fees Special Revenue Fund	City Capital Projects Fund	Non-Major Governmental Funds	Water Utility Fund	Wastewater Utility Fund	Internal Service Funds	
<b>Governmental Funds:</b>								
General Fund	\$ -	\$ -	\$ -	\$ 2,104,500	\$ -	\$ -	\$ 93,000	\$ 2,197,500
Impact Fees Special Revenue Fund	-	-	494,085	-	-	-	-	494,085
Successor Housing Fund	-	306,856	-	71,000	-	-	-	377,856
City Capital Projects Fund	2,835,454	7,941,247	-	7,705,542	76,000	59,000	-	18,617,243
Non-Major Governmental Funds	3,962,326	57,605	128,743	3,628,354	516,000	374,000	-	8,667,028
<b>Total Governmental Fund</b>	<b>6,797,780</b>	<b>8,305,708</b>	<b>622,828</b>	<b>13,509,396</b>	<b>592,000</b>	<b>433,000</b>	<b>93,000</b>	<b>30,353,712</b>
<b>Proprietary Funds:</b>								
Transit Fund	-	14,000	-	-	-	-	-	14,000
Airport	-	-	-	-	-	-	-	-
Water Utility Fund	-	-	-	-	-	-	-	-
Wastewater Utility Fund	93,580	-	-	-	51,000	-	-	144,580
Internal Service Funds	850,000	-	-	395,276	-	-	-	1,245,276
Storm Water Fund	498,473	-	-	-	-	-	-	498,473
<b>Total Proprietary Funds</b>	<b>1,442,053</b>	<b>14,000</b>	<b>-</b>	<b>395,276</b>	<b>51,000</b>	<b>-</b>	<b>-</b>	<b>1,902,329</b>
Internal Service Funds	-	-	-	-	-	-	-	-
<b>Total Transfers Out</b>	<b>\$ 8,239,833</b>	<b>\$ 8,319,708</b>	<b>\$ 622,828</b>	<b>\$ 13,904,672</b>	<b>\$ 643,000</b>	<b>\$ 433,000</b>	<b>\$ 93,000</b>	<b>\$ 32,256,041</b>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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	\$ 6,075,736
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	2,800,000
Total Housing Loans to Not-For Profit Agencies	50,569,125
First-Time Home Buyers Loans	3,324,200
Total	\$ 53,893,325

**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, 2023**

**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, 2023, the total principal and interest receivable related to these loans were \$50,569,125 and \$15,144,558, 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, 2023, 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, 2023**

**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.

***Intangible Right-to-use Assets:***

In FY 2021, the City implemented the guidance in GASB No. 87, leases and recognized the value of vehicles leased from Enterprise Fleet Management under long-term contracts. The intangible right to use assets and related amortization have been reported on the capital assets schedule.

As of June 30, 2023, the City had 31 leased vehicles from Enterprise Fleet Management. The intangible right-to-use assets are being amortized over 5 years, the term of the lease. Terms of the lease are described in Note 6.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

**A. Capital Asset Additions and Retirements**

Governmental capital assets activity for the year ended June 30, 2023, is as follows:

	Balance at June 30, 2022	Additions	Retirements/ Adjustment	Transfers	Balance at June 30, 2023
<i>Governmental Activities</i>					
Capital Assets not being Depreciated					
Land	\$ 37,473,199	\$ -	\$ -	\$ -	\$ 37,473,199
Construction in progress	56,527,270	17,069,820	-	(38,826,162)	34,770,928
Total Capital Assets not being Depreciated	94,000,469	17,069,820	-	(38,826,162)	72,244,127
Capital Assets being Depreciated					
Buildings and Improvements	24,585,862	-	-	(9,371)	24,576,491
Machinery & Equip & Software	20,433,916	652,216	(657,997)	24,592	20,452,727
Infrastructure	220,317,463	96,247	-	38,810,941	259,224,651
Lease assets	871,236	283,586	-	-	1,154,822
Total Capital Assets being Depreciated	266,208,477	1,032,049	(657,997)	38,826,162	305,408,691
Less Accumulated Depreciation					
Buildings and Improvements	(15,489,363)	(538,659)	-	-	(16,028,022)
Machinery & Equip & Software	(15,039,724)	(1,119,416)	657,997	(3,347)	(15,504,490)
Infrastructure	(137,520,901)	(7,657,063)	-	3,347	(145,174,617)
Less Accumulated Amortization					
Lease assets	(179,482)	(217,667)	-	-	(397,149)
Total Accumulated Depreciation & Amortization	(168,229,470)	(9,532,805)	657,997	-	(177,104,278)
Net Capital Assets being Depreciated	97,979,007	(8,500,756)	-	38,826,162	128,304,413
Governmental Activities Capital Assets, Net	\$191,979,476	\$ 8,569,064	\$ -	\$ -	\$200,548,540

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

Business-type capital assets activity for the year ended June 30, 2022, is as follows:

	Balance at June 30, 2022	Additions	Retirements	Transfers	Balance at June 30, 2023
<i><b>Business-type Activities</b></i>					
Capital Assets not being Depreciated					
Land	\$ 10,731,229	\$ -	\$ -	\$ -	\$ 10,731,229
Construction in progress	35,812,039	6,946,049	-	(5,205,026)	37,553,062
Total Capital Assets not being Depreciated	<u>46,543,268</u>	<u>6,946,049</u>	<u>-</u>	<u>(5,205,026)</u>	<u>48,284,291</u>
Capital Assets being Depreciated					
Buildings and Improvements	30,029,986	-	-	-	30,029,986
Vehicles and Equipment	17,185,242	1,007,198	(196,183)	237,535	18,233,792
Infrastructure	339,801,489	-	-	4,967,491	344,768,980
Lease assets	71,543	268,348	-	-	339,891
Total Capital Assets being Depreciated	<u>387,088,260</u>	<u>1,275,546</u>	<u>(196,183)</u>	<u>5,205,026</u>	<u>393,372,649</u>
Less Accumulated Depreciation					
Buildings and Improvements	(16,750,680)	(661,978)	-	-	(17,412,658)
Vehicles and Equipment	(13,369,869)	(986,379)	196,183	(59,503)	(14,219,568)
Infrastructure	(137,296,623)	(6,226,657)	-	59,503	(143,463,777)
Less Accumulated Amortization					
Lease assets	(25,000)	(28,255)	-	-	(53,255)
Total Accumulated Depreciation	<u>(167,442,172)</u>	<u>(7,903,269)</u>	<u>196,183</u>	<u>-</u>	<u>(175,149,258)</u>
Net Capital Assets being Depreciated	<u>219,646,088</u>	<u>(6,627,723)</u>	<u>-</u>	<u>5,205,026</u>	<u>218,223,391</u>
Business-type Activities Capital Assets, Net	<u>\$ 266,189,356</u>	<u>\$ 318,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266,507,682</u>

**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, 2023

**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:

<b>Governmental Functions</b>	<u>Depreciation</u>	<u>Amortization of Lease Assets</u>	<u>Total</u>
General Government	\$ 208,454	\$ -	\$ 208,454
Community Development	2,673,978	-	2,673,978
Police	112,031	-	112,031
Fire	114,440	-	114,440
Parks and Recreation	948,163	-	948,163
Public Works	4,453,506	-	4,453,506
Internal Service Funds:			
Information Services	125,469	-	125,469
Vehicle Replacement - GG	679,097	217,667	896,764
<b>Total Depreciation/Amortization Expense</b>	<u>\$ 9,315,138</u>	<u>\$ 217,667</u>	<u>\$ 9,532,805</u>
<b>Business Functions</b>			
Airport	\$ 356,571	\$ -	\$ 356,571
Development Services	103,409	-	103,409
Marina	77,953	-	77,953
Transit	577,146	-	577,146
Wastewater Utility	4,985,617	3,641	4,989,258
Water Utility	1,773,699	24,614	1,798,313
Storm Water	619	-	619
<b>Total Depreciation/Amortization Expense</b>	<u>\$ 7,875,014</u>	<u>\$ 28,255</u>	<u>\$ 7,903,269</u>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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, 2023, were as follows:

<b>Governmental Activity Debt:</b>	<u>Original Issue Amount</u>	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2023</u>	<u>Amount due within one year</u>
<b>Revenue Bonds:</b>						
2021 Lease Revenue Bonds	\$ 19,125,000	\$ 18,590,000	\$ -	\$ 370,000	\$ 18,220,000	\$ 390,000
Plus: Original issue Premium	-	1,315,885	-	45,375	1,270,510	-
2021 Leased Vehicles	441,102	346,017	-	98,668	247,349	102,429
2022 Leased Vehicles	362,706	312,499	-	62,795	249,704	66,083
2023 Leased Vehicles	257,917	-	257,917	36,783	221,134	47,613
Total Revenue Bonds		<u>\$ 20,564,401</u>	<u>\$ 257,917</u>	<u>\$ 613,621</u>	<u>\$ 20,208,697</u>	<u>\$ 606,125</u>

**Debt Service Requirements**

Future principal and interest payment on Governmental long-term debt at June 30, 2023 were as follows:

<b>Governmental Activity Debt:</b>	<u>2021 Lease Revenue Bond</u>		<u>2021 Lease Liability</u>		<u>2022 Lease Liability</u>		<u>2023 Lease Liability</u>	
	<u>For the Year Ending June 30, 2023</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2024	\$ 390,000	\$ 523,219	\$ 102,429	\$ 7,490	\$ 66,083	\$ 11,482	47,613	14,597
2025	410,000	503,719	106,333	3,586	69,549	8,016	51,202	11,008
2026	430,000	483,219	38,587	402	72,136	4,362	55,063	7,147
2027	450,000	461,719	-	-	41,936	962	57,340	2,993
2028	460,000	452,719	-	-	-	-	9,916	189
2029/2033	2,675,000	1,899,194	-	-	-	-	-	-
2034/2038	3,210,000	1,356,344	-	-	-	-	-	-
2039/2043	3,585,000	980,731	-	-	-	-	-	-
2044/2048	3,995,000	578,788	-	-	-	-	-	-
2049/2052	2,615,000	123,975	-	-	-	-	-	-
Outstanding Accumulated Payments and Penalties	18,220,000	<u>\$ 7,363,625</u>	247,349	<u>\$ 11,478</u>	249,704	<u>\$ 24,822</u>	221,134	<u>\$ 35,933</u>
Add: Original Issuance Premium (Discount)	1,270,510	-	-	-	-	-	-	-
Total debt	<u>\$ 19,490,510</u>	<u>\$ 7,363,625</u>	<u>\$ 247,349</u>	<u>\$ 11,478</u>	<u>\$ 249,704</u>	<u>\$ 24,822</u>	<u>\$ 221,134</u>	<u>\$ 35,933</u>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

Business-type debt activities for the year ended June 30, 2023, were as follows:

<b>Business-Type Activity Debt:</b>	Original Issue Amount	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023	Amount due within one year
<b>Revenue Bonds:</b>						
2012 Water Revenue Refunding Bonds 3.670%, due 5/1/2031	\$ 7,529,000	\$ 4,126,000	\$ -	\$ 401,000	\$ 3,725,000	\$ 419,000
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	661,823	-	50,910	610,913	-
2019 Wastewater Revenue Refunding Bonds 5.00%, Due 05/01/2029	60,775,000	44,880,000	-	5,515,000	39,365,000	5,790,000
Plus: Original issue Premium	13,185,626	9,229,937	-	1,318,563	7,911,374	-
Total Revenue Bonds		<u>82,262,760</u>	<u>-</u>	<u>7,285,473</u>	<u>74,977,287</u>	<u>6,209,000</u>
<b>Notes Payable:</b>						
California Department of Boating and Waterways	3,960,000	7,609,679	302,034	-	7,911,713	-
Total Notes Payable		<u>7,609,679</u>	<u>302,034</u>	<u>-</u>	<u>7,911,713</u>	<u>-</u>
<b>Refunding Obligation:</b>						
2016 Airport Refunding Obligation 2.710%, due 11/1/2025	4,531,000	1,964,000	-	472,000	1,492,000	484,000
Total Refunding Obligation		<u>1,964,000</u>	<u>-</u>	<u>472,000</u>	<u>1,492,000</u>	<u>484,000</u>
<b>Lease Liability:</b>						
2021 Lease Liability	60,064	46,418	-	14,083	32,335	14,606
2023 Lease Liability	251,789	-	251,789	14,705	237,084	44,646
		<u>46,418</u>	<u>251,789</u>	<u>28,788</u>	<u>269,419</u>	<u>59,252</u>
Total Business Type Activity Debt		<u>\$91,882,857</u>	<u>\$ 553,823</u>	<u>\$ 7,786,261</u>	<u>\$84,650,419</u>	<u>\$ 6,752,252</u>

**Debt Service Requirements**

Future principal and interest payment on all Business-type debt were as follows at June 30, 2023:

<b>Business-Type Activity Debt:</b>	Revenue Bonds		Notes Payable		Refunding Obligation		Lease Liability	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
For the Year Ending June 30, 2023								
2024	\$ 6,209,000	\$ 2,902,588	\$ 7,911,713	\$ -	\$ 484,000	\$ 33,875	\$ 59,252	\$ 17,477
2025	6,511,000	2,597,398	-	-	497,000	20,582	63,321	13,407
2026	6,832,000	2,277,354	-	-	511,000	6,924	54,555	9,219
2027	7,169,000	1,941,453	-	-	-	-	56,081	5,102
2028	7,520,000	1,588,947	-	-	-	-	36,210	961
2029/2033	22,744,000	3,667,615	-	-	-	-	-	-
2034/2036	9,470,000	514,406	-	-	-	-	-	-
Outstanding Accumulated Payments and Penalties	66,455,000	<u>\$ 15,489,761</u>	7,911,713	<u>\$ -</u>	1,492,000	<u>\$ 61,382</u>	269,419	<u>\$ 46,166</u>
Add: Original Issuance Premium (Discount)	8,522,287		-		-		-	
Total debt	<u>\$ 74,977,287</u>		<u>\$ 7,911,713</u>		<u>\$ 1,492,000</u>		<u>\$ 269,419</u>	

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

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

**2021 Lease Revenue Bonds** - On August 18, 2021, the Petaluma Public Financing Authority issued Lease Revenue Bonds in the amount of \$19,125,000. The proceeds will be used to finance the improvement and rehabilitation of streets in the City. The Bonds mature annually each May 1 from 2022 to 2051, in amounts ranging from \$390,000 to \$890,000 and bear interest ranging between 2.00% - 5.00% Interest is payable semiannually on May 1 and November 1. Total principal and interest remaining to be paid on the Bonds were \$25,583,625 as of June 30, 2023.

The bonds were issued at a premium of \$1,361,260 which is being amortized over the 30-year life of the bonds resulting in an annual amortization of \$45,375.

**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 \$2,198,871 and \$545,066 in fiscal 2022-23. Total principal and interest remaining to be paid on the Bonds was \$3,838,252 as of June 30, 2023.

**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 \$31,126,194 as of June 30, 2023.

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.

**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 \$46,533,250 as of June 30, 2023.

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.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

**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, 2023 is \$7,911,713. 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 principal balance at June 30, 2023 was \$1,492,000.

**2021 Lease Liability** – On July 6, 2020, the City entered into a 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 were due starting 2021 through 2026. As of June 30, 2023, the outstanding principal balance was \$279,684, of which \$247,349 was reported in governmental activity, and \$32,335 in business-type activity.

**2022 Lease Liability** – On July 20, 2021, the City entered into a lease agreement with Enterprise Fleet Management to acquire the right to use 7 vehicles in the amount of \$337,770 at an interest rate of 3.96% for a period of 60 months. Monthly principal and interest payments were due starting 2022 through 2026. As of June 30, 2023, the outstanding principal balance reported in governmental activity was \$249,704.

**2023 Lease Liability** – On August 3, 2022, the City entered into a lease agreement with Enterprise Fleet Management to acquire the right to use 9 vehicles in the amount of \$509,706 at an interest rate of 6.64% for a period of 60 months. Monthly principal and interest payments were due starting 2023 through 2027. As of June 30, 2023, the outstanding principal balance was \$458,218, of which \$221,134 was reported in governmental activity, and \$237,084 in business-type activity.

**NOTE 7 - DEBT WITHOUT CITY COMMITMENT**

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

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

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

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.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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.

**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.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

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

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

Fund Balance Classification	General Fund	Home/Begin Special Revenue	Impact Fees Special Revenue	Successor Housing Special Revenue	City Capital Projects	Non-Major Governmental	Total
<b>Nonspendable:</b>							
Items not in spendable form:							
Loans, prepaids and inventories	\$ 151,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,050
Subtotal	151,050	-	-	-	-	-	151,050
<b>Amounts required to maintain intact:</b>							
Permanent funds	-	-	-	-	-	26,040	26,040
Total Nonspendable Fund Balances	151,050	-	-	-	-	26,040	177,090
<b>Restricted for:</b>							
Special projects	-	-	66,788,532	-	-	29,258,184	96,046,716
Community redevelopment	-	-	-	-	-	-	-
Low-income housing	-	17,043,642	-	22,653,166	-	-	39,696,808
Total Restricted Fund Balances	-	17,043,642	66,788,532	22,653,166	-	29,258,184	135,743,524
<b>Committed to:</b>							
Special projects	1,447,559	-	-	-	9,755,843	-	11,203,402
Total Committed Fund Balances	1,447,559	-	-	-	9,755,843	-	11,203,402
<b>Assigned:</b>							
Special projects	12,509,446	-	-	-	-	-	12,509,446
Total Assigned Fund Balances	12,509,446	-	-	-	-	-	12,509,446
<b>Unassigned:</b>							
Unassigned	4,561,680	-	-	-	-	-	4,561,680
Total Unassigned Fund Balances	4,561,680	-	-	-	-	-	4,561,680
Total Fund Balance	\$ 18,669,735	\$ 17,043,642	\$ 66,788,532	\$ 22,653,166	\$ 9,755,843	\$ 29,284,224	\$ 164,195,142

**C. Fund Deficits**

As of June 30, 2023, the following funds had negative net positions:

<b>Proprietary Funds</b>	
Development Services	\$ (180,636)
Marina	(8,172,577)
<b>Internal Service Funds</b>	
Employee Benefit	(4,854,877)
Information Services	(2,323,492)
Workers' Compensation	(2,356,119)

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, 2023**

**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, 2023:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources	Pension Expense
Miscellaneous	\$ 11,729,535	\$ 35,789,495	\$ 276,979	\$ 4,754,475
Safety	25,758,701	89,813,472	-	12,411,694
<b>Total</b>	<b>\$ 37,488,236</b>	<b>\$ 125,602,967</b>	<b>\$ 276,979</b>	<b>\$ 17,166,169</b>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

The Plans' provisions and benefits in effect at June 30, 2023, 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%	7% - 11.25%
Required employer contribution rates	8.790%	8.790%	50% of the Total Normal Cost

In addition, the City made a payment to the Miscellaneous Plan's unfunded liability in the amount of \$2,578,052

	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% - 12%	9% - 12%	12.25% - 16%
Required employer contribution rates	19.600%	19.600%	50% of the Total Normal Cost

In addition, the City made a payment to the Safety Plan's unfunded liability in the amount of \$6,536,393

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, 2022, and 2021, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	
	June 30, 2022	June 30, 2021
Inactive employees or beneficiaries currently receiving benefits	347	342
Inactive employees entitled to but not yet receiving benefits	276	259
Active employees	213	206
Total	836	807

	Safety	
	June 30, 2022	June 30, 2021
Inactive employees or beneficiaries currently receiving benefits	251	236
Inactive employees entitled to but not yet receiving benefits	101	98
Active employees	123	124
Total	475	458

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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, 2022, using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022- using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2021, actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.750%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.00%(1)
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.

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

The underlying mortality assumptions used in the June 30, 2021, 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 measurement year 2019 through 2022, 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, 2023**

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

**Discount Rate** – The discount rate used to measure the total pension liability was 6.9% 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 6.9% percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.9% 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
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)
Total	100%	

- (a) An expected inflation of 2.30% used for this period.
- (b) Figures are based on the 2021 Asset Liability Management study.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

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

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

*Miscellaneous Plan:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2021 Measurement Date</b>	\$ 133,607,760	\$ 116,959,169	\$16,648,591
<b>Changes in the year:</b>			
Service cost	2,890,530	-	2,890,530
Interest on the total pension liability	9,302,197	-	9,302,197
Differences between actual and expected experience	(430,856)	-	(430,856)
Changes in assumptions	3,958,306	-	3,958,306
Contribution - employer	-	3,386,510	(3,386,510)
Contribution - employee	-	1,991,427	(1,991,427)
Net investment income	-	(8,725,805)	8,725,805
Benefit payments , including refunds of employee contributions	(7,532,025)	(7,532,025)	-
Other miscellaneous Income/(Expense)	-	(72,859)	72,859
<b>Net changes</b>	<b>8,188,152</b>	<b>(10,952,752)</b>	<b>19,140,904</b>
<b>Balance at June 30, 2022 Measurement Date</b>	<b>\$ 141,795,912</b>	<b>\$ 106,006,417</b>	<b>\$ 35,789,495</b>

*Safety Plan:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2021 Measurement Date</b>	\$ 231,549,614	\$ 174,952,985	\$56,596,629
<b>Changes in the year:</b>			
Service cost	4,498,565		4,498,565
Interest on the total pension liability	16,335,007		16,335,007
Differences between actual and expected experience	1,263,175		1,263,175
Changes in assumptions	8,084,483		8,084,483
Contribution - employer		8,485,617	(8,485,617)
Contribution - employee		1,740,753	(1,740,753)
Net investment income		(13,152,998)	13,152,998
Administrative expenses		(108,985)	108,985
Benefit payments , including refunds of employee contributions	(12,814,603)	(12,814,603)	-
Other miscellaneous Income/(Expense)			-
<b>Net changes</b>	<b>17,366,627</b>	<b>(15,850,216)</b>	<b>33,216,843</b>
<b>Balance at June 30, 2022 Measurement Date</b>	<b>\$ 248,916,241</b>	<b>\$ 159,102,769</b>	<b>\$ 89,813,472</b>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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:

	Miscellaneous		Safety
1% Decrease	5.90%		5.90%
Net Pension Liability	\$ 53,617,065		\$ 123,728,994
Current Discount Rate	6.90%		6.90%
Net Pension Liability	\$ 35,789,495		\$ 89,813,472
1% Increase	7.90%		7.90%
Net Pension Liability	\$ 21,004,293		\$ 62,079,895

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

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

For the year ended June 30, 2023, the City recognized pension expense of \$17,166,169. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

***Miscellaneous Plan:***

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,696,621	\$ -
Differences between actual and expected experience	73,631	276,979
Changes in assumptions	2,544,625	-
Net differences between projected and actual earnings on plan investments	5,414,658	-
Total	\$ 11,729,535	\$ 276,979

***Safety Plan:***

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 9,494,687	\$ -
Differences between actual and expected experience	2,349,892	-
Changes in assumptions	5,838,793	-
Net differences between projected and actual earnings on plan investments	8,075,329	-
Total	\$ 25,758,701	\$ -

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

\$13,191,308 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<i>Miscellaneous Plan:</i>		<i>Safety Plan:</i>	
Year Ended June 30	Annual Amortization	Year Ended June 30	Annual Amortization
2024	\$ 2,226,185	2024	\$ 4,958,600
2025	1,799,869	2025	4,151,304
2026	387,454	2026	2,129,344
2027	3,342,427	2027	5,024,766
Total	\$ 7,755,935	Total	\$ 16,264,014

**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, 2023, the City contributed \$2,645 and the covered employees contributed \$37,029 the total of which met the requirements of the plan.

In the year 2022, 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.

**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, 2023**

**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, 2023, the City’s contributions to the Plan were \$544,895.

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, 2022.

Active employees	328
Inactive currently receiving benefits	207
Inactive entitled to but not yet receiving benefits payments	115
Total	650



**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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, 2021
Measurement Date	June 30, 2022
Contribution Policy	No pre-funding
Discount Rate:	3.54% at June 30, 2022 (Bond Buyer 20-Bond Index)
	2.16% at June 30, 2021 (Bond Buyer 20-Bond Index)
General Inflation	2.50%
Salary Increases:	Aggregate -2.75% annually
	Merit - CalPERS 2000-2019 Experience Study
Medical Trend	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years
	Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years
	Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years
Mortality, Retirement, Disability	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021

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

**C. Changes in Total OPEB Liability**

The changes in the total OPEB liability follows:

	Total OPEB Liability
<b>Balance at June 30, 2021 (Measurement Date)</b>	<u>\$ 16,879,014</u>
Changes in the year:	
Service cost	1,089,438
Changes of assumptions	(3,247,287)
Interest on the total OPEB liability	382,131
Actual vs. expected experience	-
Benefit payments	(554,472)
Net changes	<u>(2,330,190)</u>
<b>Balance at June 30, 2022 (Measurement Date)</b>	<u>\$ 14,548,824</u>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

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

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

Total OPEB Liability		
Discount Rate - 1% (2.54%)	Current Discount Rate (3.54%)	Discount Rate + 1% (4.54%)
\$ 16,800,316	\$ 14,548,824	\$ 12,728,882

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

Total OPEB Liability		
1% Decrease	Current Trend	1% Increase
\$ 12,611,208	\$ 14,548,824	\$ 17,061,741

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$430,794. At June 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 544,895	\$ -
Changes in assumptions	1,862,063	4,571,283
Differences between expected and actual experience	-	1,996,231
<b>Total</b>	<b>\$ 2,406,958</b>	<b>\$ 6,567,514</b>

\$544,895 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Fiscal Year Ending June 30:	
2024	\$ (1,043,705)
2025	(920,705)
2026	(753,273)
2027	(410,560)
2028	(638,269)
Thereafter	(938,939)
Total	<b>\$ (4,705,451)</b>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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 \$750,000 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, 2023, for general liability was \$1,826,257 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, 2023 for workers' compensation was \$13,611,168 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, 2023**

**NOTE 12 RISK MANAGEMENT (Continued)**

The accrued claims liability reported in the risk funds as of June 30, 2023, 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, 2023. 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, 2023.

The following is a reconciliation of changes in the aggregate liabilities for claims for the years ended June 30, 2023, 2022, and 2021:

For the Years Ended June 30,	Claims Payable July 1,	Claims Incurred	Claims Payments	Claims Payable June 30,	Claims Payable Due within One Year
2021	\$ 12,283,656	\$1,625,607	\$ (655,087)	\$ 13,254,176	\$ 3,606,780
2022	13,254,176	497,056	(413,649)	13,337,583	2,938,712
2023	13,337,583	3,549,839	(1,641,064)	15,246,358	3,221,523

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, 2023 totaling \$17,415,406 for construction related contracts awarded, but not completed, and proprietary funds in the amount of \$8,128,574. In addition, the City's governmental funds had outstanding professional service contracts at year-end in the amount of \$2,892,914 and proprietary funds in the amount of \$7,492,229.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

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

**C. Marina Enterprise Fund Finances**

At June 30, 2023, the Marina Enterprise Fund had \$0 in cash while accumulated deficit was \$8.1 million. As discussed in Note 6C, the Marina Enterprise Fund had an outstanding loan of \$7.9 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, 2023, 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. Remediation procedures have commenced and will be active through 2024 with site closure expected by end of 2024.

**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, 2023**

**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, 2023 are discussed in Note 2. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2023.

**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, 2023, 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:

<b>Successor Agency Debt:</b>	Original Issue Amount	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023	Amount due within one year
<b>Tax Allocation Bonds:</b>						
2015 Tax Allocation Bonds, Series A 3.73%, due 5/1/2033	\$19,545,000	\$15,310,000	\$ -	\$ 710,000	\$14,600,000	\$ 750,000
2015 Tax Allocation Bonds, Series B 3.25%, due 5/1/2030	16,060,000	9,865,000	-	1,095,000	8,770,000	1,120,000
2017 Tax Allocation Refunding Bonds 3.00-4.00%, due 11/01/2039	35,945,000	30,240,000	-	1,455,000	28,785,000	1,505,000
Plus: Original issue Premium	491,287	357,301	-	22,331	334,970	
Total Tax Allocation Bonds		<u>\$55,772,301</u>	<u>\$ -</u>	<u>\$ 3,282,331</u>	<u>\$52,489,970</u>	<u>\$ 3,375,000</u>

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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 \$73,679,962 at June 30, 2023. 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 2022-2023 was \$5,415,487 which represented coverage of 106% of the \$5,096,246 of debt service.

**2003A and 2005A Tax Allocation Bonds** - As of June 30, 2023 the outstanding defeased balance related to the 2003A and 2005A Tax Allocation Bonds was \$14,380,000 and \$8,650,000, respectively.

**2007 and 2011 Tax Allocation Bonds** - As of June 30, 2023 the outstanding defeased balance related to the 2007 and 2011 Tax Allocation Bonds was \$27,670,000 and \$1,140,000, respectively.

**CITY OF PETALUMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023**

**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, 2023	Tax Allocation Bonds	
	Principal	Interest
2024	\$ 3,375,000	\$ 1,756,712
2025	2,370,000	1,653,126
2026	2,430,000	1,568,679
2027	2,510,000	1,481,884
2028	2,595,000	1,392,103
2029-2033	15,820,000	5,475,996
2034-2038	15,070,000	2,786,069
2039-2040	7,985,000	271,772
Outstanding Accumulated Payments and Penalties	52,155,000	<u>\$ 16,386,339</u>
Less: Original Issuance		
Premium (Discount)	334,970	
Total Payments due	<u>\$ 52,489,970</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.



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# REQUIRED SUPPLEMENTARY INFORMATION

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**City of Petaluma Agent Multiple-employer Defined Benefit Plans  
As of June 30, 2023**

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	6/30/2021	6/30/2022
<b>TOTAL PENSION LIABILITY</b>									
Service Cost	\$ 1,931,227	\$ 2,007,788	\$ 2,017,338	\$ 2,343,412	\$ 2,452,860	\$ 2,267,931	\$ 2,418,103	\$ 2,388,256	\$ 2,890,530
Interest	6,997,431	7,267,715	7,469,079	7,655,833	7,911,849	8,339,289	8,755,819	9,077,638	9,302,197
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-
Changes of Assumptions	-	(1,694,544)	-	6,039,854	(662,917)	-	-	-	3,958,306
Difference Between Expected and Actual Experience	-	(848,115)	(1,631,258)	(1,001,955)	(230,240)	1,696,254	1,572,996	319,069	(430,856)
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)	(7,247,992)	(7,532,025)
<b>Net Change in Total Pension Liability</b>	<b>4,358,592</b>	<b>1,861,836</b>	<b>2,692,523</b>	<b>9,704,199</b>	<b>3,644,163</b>	<b>6,150,243</b>	<b>6,040,736</b>	<b>4,536,971</b>	<b>8,188,152</b>
<b>Total Pension Liability - Beginning</b>	<b>94,618,497</b>	<b>98,977,089</b>	<b>100,838,925</b>	<b>103,531,448</b>	<b>113,235,647</b>	<b>116,879,810</b>	<b>123,030,053</b>	<b>129,070,789</b>	<b>133,607,760</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 98,977,089</b>	<b>\$ 100,838,925</b>	<b>\$ 103,531,448</b>	<b>\$ 113,235,647</b>	<b>\$ 116,879,810</b>	<b>\$ 123,030,053</b>	<b>\$ 129,070,789</b>	<b>\$ 133,607,760</b>	<b>\$ 141,795,912</b>
<b>PLAN FIDUCIARY NET POSITION</b>									
Contributions - Employer	\$ 2,390,127	\$ 1,990,786	\$ 2,382,217	\$ 2,624,811	\$ 5,913,026	\$ 2,217,461	\$ 2,509,179	\$ 2,850,083	\$ 3,386,510
Contributions - Employee	1,243,703	889,286	936,978	976,772	1,362,257	1,613,907	1,632,423	1,642,931	1,991,427
Net Investment Income	11,808,495	1,767,481	386,997	8,528,004	7,122,301	6,003,561	4,736,510	21,678,368	(8,725,805)
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)	(7,247,992)	(7,532,025)
Net Plan to Plan Resource Movement	-	-	-	2,139	(215)	-	-	-	-
Administrative Expense	-	(89,077)	(48,215)	(114,583)	(131,351)	(65,997)	(135,474)	(98,031)	(72,859)
Other Miscellaneous Income	-	-	-	-	(249,437)	215	-	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>10,872,259</b>	<b>(312,532)</b>	<b>(1,504,659)</b>	<b>6,684,198</b>	<b>8,189,192</b>	<b>3,615,916</b>	<b>2,036,456</b>	<b>18,825,359</b>	<b>(10,952,752)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>68,552,979</b>	<b>79,425,238</b>	<b>79,112,706</b>	<b>77,608,047</b>	<b>84,292,245</b>	<b>92,481,437</b>	<b>96,097,353</b>	<b>98,133,809</b>	<b>116,959,169</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 79,425,238</b>	<b>\$ 79,112,706</b>	<b>\$ 77,608,047</b>	<b>\$ 84,292,245</b>	<b>\$ 92,481,437</b>	<b>\$ 96,097,353</b>	<b>\$ 98,133,809</b>	<b>\$ 116,959,168</b>	<b>\$ 106,006,417</b>
<b>Plan Net Position Liability (Asset) Ending (a) - (b)</b>	<b>\$ 19,551,851</b>	<b>\$ 21,726,219</b>	<b>\$ 25,923,401</b>	<b>\$ 28,943,402</b>	<b>\$ 24,398,373</b>	<b>\$ 26,932,700</b>	<b>\$ 30,936,980</b>	<b>\$ 16,648,592</b>	<b>\$ 35,789,495</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>80.25%</b>	<b>78.48%</b>	<b>74.96%</b>	<b>74.44%</b>	<b>79.13%</b>	<b>78.11%</b>	<b>76.03%</b>	<b>87.54%</b>	<b>74.76%</b>
<b>Covered Payroll</b>	<b>\$ 12,004,148</b>	<b>\$ 13,001,281</b>	<b>\$ 13,272,833</b>	<b>\$ 14,000,551</b>	<b>\$ 14,820,907</b>	<b>\$ 14,028,153</b>	<b>\$ 15,179,537</b>	<b>\$ 15,508,156</b>	<b>\$ 18,704,640</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>162.88%</b>	<b>167.11%</b>	<b>195.31%</b>	<b>206.73%</b>	<b>164.62%</b>	<b>191.99%</b>	<b>203.81%</b>	<b>107.35%</b>	<b>191.34%</b>

**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 - 2021. 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, 2023**  
**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	Fiscal Year 2021-22	Fiscal Year 2022-23
Actuarially determined contribution	\$ 1,990,786	\$ 2,382,217	\$ 2,624,811	\$ 2,396,097	\$ 2,217,461	\$ 2,509,179	\$ 2,850,083	\$ 2,544,625	\$ 3,386,510
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)	(2,544,625)	(3,386,510)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (3,516,929)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 13,001,281	\$ 13,272,833	\$ 14,000,551	\$ 14,820,907	\$ 14,028,153	\$ 15,179,537	\$ 15,508,156	\$ 18,704,640	\$ 21,394,148
Contributions as a percentage of covered payroll	15.31%	17.95%	18.75%	39.90%	15.81%	16.53%	18.38%	13.60%	15.83%
<b>Notes to Schedule</b>									
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

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	2.500%
Salary increases	Varies by entry age and service
payroll growth	2.750%
Investment rate of return	7.00%
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, 2023

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	6/30/2021	6/30/2022
<b>TOTAL PENSION LIABILITY</b>									
Service Cost	\$ 3,422,621	\$ 3,115,595	\$ 3,034,176	\$ 3,646,598	\$ 3,691,563	\$ 3,739,059	\$ 3,793,765	\$ 3,991,665	\$ 4,498,565
Interest	11,716,276	12,221,159	12,650,095	13,084,036	13,623,550	14,341,094	14,944,956	15,713,626	16,335,007
Changes of Benefit Terms	-	(3,032,668)	-	-	-	-	-	-	-
Changes of Assumptions	-	-	-	11,023,088	(821,854)	-	-	-	8,084,483
Difference Between Expected and Actual Experience	-	(423,859)	(1,118,953)	(297,700)	1,060,333	2,573,806	927,352	3,350,559	1,263,175
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)	(11,861,680)	(12,814,603)
<b>Net Change in Total Pension Liability</b>	<b>7,431,275</b>	<b>3,603,539</b>	<b>5,701,861</b>	<b>18,153,320</b>	<b>7,964,408</b>	<b>10,488,983</b>	<b>8,652,557</b>	<b>11,194,170</b>	<b>17,366,627</b>
<b>Total Pension Liability - Beginning</b>	<b>158,359,501</b>	<b>165,790,776</b>	<b>169,394,315</b>	<b>175,096,176</b>	<b>193,249,496</b>	<b>201,213,904</b>	<b>211,702,887</b>	<b>220,355,444</b>	<b>231,549,614</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$165,790,776</b>	<b>\$169,394,315</b>	<b>\$175,096,176</b>	<b>\$193,249,496</b>	<b>\$201,213,904</b>	<b>\$211,702,887</b>	<b>\$220,355,444</b>	<b>\$231,549,614</b>	<b>\$248,916,241</b>
<b>PLAN FIDUCIARY NET POSITION</b>									
Contributions - Employer	\$ 5,842,432	\$ 4,384,155	\$ 4,894,550	\$ 5,735,707	\$ 9,856,013	\$ 6,295,736	\$ 7,037,426	\$ 7,777,765	\$ 8,485,617
Contributions - Employee	1,731,948	1,037,804	1,025,996	1,300,945	1,347,243	1,382,382	1,419,769	1,687,498	1,740,753
Net Investment Income	17,135,155	2,505,960	588,669	12,302,444	10,381,838	8,721,753	7,003,170	32,531,466	(13,152,998)
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)	(11,861,680)	(12,814,603)
Net Plan to Plan Resource Movement	-	61,599	-	-	(314)	-	-	-	-
Administrative Expense	-	(130,196)	(70,508)	(167,231)	(191,879)	(96,036)	(198,373)	(144,809)	(108,985)
Other Miscellaneous Income	-	-	-	-	(364,382)	314	-	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>17,001,913</b>	<b>(417,366)</b>	<b>(2,424,750)</b>	<b>9,869,163</b>	<b>11,439,335</b>	<b>6,139,173</b>	<b>4,248,476</b>	<b>29,990,240</b>	<b>(15,850,216)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>99,106,801</b>	<b>116,108,714</b>	<b>115,691,348</b>	<b>113,266,598</b>	<b>123,135,761</b>	<b>134,575,096</b>	<b>140,714,269</b>	<b>144,962,745</b>	<b>174,952,985</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$116,108,714</b>	<b>\$115,691,348</b>	<b>\$113,266,598</b>	<b>\$123,135,761</b>	<b>\$134,575,096</b>	<b>\$140,714,269</b>	<b>\$144,962,745</b>	<b>\$174,952,985</b>	<b>\$159,102,769</b>
<b>Plan Net Position Liability (Asset) - Ending (a) - (b)</b>	<b>\$ 49,682,062</b>	<b>\$ 53,702,967</b>	<b>\$ 61,829,578</b>	<b>\$ 70,113,735</b>	<b>\$ 66,638,808</b>	<b>\$ 70,988,618</b>	<b>\$ 75,392,699</b>	<b>\$ 56,596,629</b>	<b>\$ 89,813,472</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>70.03%</b>	<b>68.30%</b>	<b>64.69%</b>	<b>63.72%</b>	<b>66.88%</b>	<b>66.47%</b>	<b>65.79%</b>	<b>75.56%</b>	<b>63.92%</b>
<b>Covered Payroll</b>	<b>\$ 11,800,515</b>	<b>\$ 11,238,710</b>	<b>\$ 11,313,110</b>	<b>\$ 12,054,472</b>	<b>\$ 12,578,583</b>	<b>\$ 12,655,472</b>	<b>\$ 12,812,444</b>	<b>\$ 13,927,653</b>	<b>\$ 14,867,490</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>421.02%</b>	<b>477.84%</b>	<b>546.53%</b>	<b>581.64%</b>	<b>529.78%</b>	<b>560.93%</b>	<b>588.43%</b>	<b>406.36%</b>	<b>604.09%</b>

**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 - 2021. 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, 2023**

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	Fiscal Year 2021-22	Fiscal Year 2022-23
Actuarially determined contribution	\$ 4,384,155	\$ 4,894,550	\$ 5,735,707	\$ 5,882,658	\$ 6,295,736	\$ 7,037,426	\$ 7,786,832	\$ 9,494,687	\$ 8,485,617
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)	(9,494,687)	(9,494,687)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (3,973,355)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 11,238,710	\$ 11,313,110	\$ 12,054,472	\$ 12,578,583	\$ 12,655,472	\$ 12,812,444	\$ 13,927,653	\$ 14,867,490	\$ 16,003,589
Contributions as a percentage of covered payroll	39.01%	43.26%	47.58%	78.36%	49.75%	54.93%	55.91%	63.86%	53.02%

**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	6/30/2020	6/30/2021
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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	2.500%
Salary increases	Varies by entry age and service
payroll growth	2.750%
Investment rate of return	7.00%
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, 2023  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
OPEB Plan - Single Employer  
Last 10 years\*

<i>Measurement Period</i>	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
<b>Total OPEB Liability</b>					
Service Cost	\$ 985,423	\$ 945,118	\$ 798,042	\$ 1,144,593	\$ 1,089,438
Interest on the total OPEB liability	590,974	653,601	516,603	421,950	382,131
Actual vs. expected experience	-	-	-	(1,548,253)	-
Changes of assumptions	(696,520)	(3,089,676)	3,192,107	(820,930)	(3,247,287)
Benefit payments, including refunds of employee contributions	(443,524)	(473,127)	(508,384)	(532,983)	(554,472)
<b>Net change in total OPEB liability</b>	436,353	(1,964,084)	3,998,368	(1,335,623)	(2,330,190)
<b>Total OPEB liability - beginning</b>	15,744,000	16,180,353	14,216,269	18,214,637	16,879,014
<b>Total OPEB liability - ending</b>	\$ 16,180,353	\$ 14,216,269	\$ 18,214,637	\$ 16,879,014	\$ 14,548,824
 Covered Employee Payroll	 \$ 31,217,344	 \$ 32,816,511	 \$ 34,820,346	 \$ 35,857,240	 \$ 39,829,597
 Total OPEB liability as a percentage of covered-employee payroll	 51.83%	 43.32%	 52.31%	 47.07%	 36.53%

\*Fiscal year 2018 was the first year of implementation

The City currently do not have assets set-aside in a qualifying trust for OPEB benefits





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

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

**HOME/BEGIN SPECIAL REVENUE FUND**

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

**IMPACT FEES SPECIAL REVENUE FUND**

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

**SUCCESSOR HOUSING SPECIAL REVENUE FUND**

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

# City of Petaluma

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

### General Fund

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 46,344,861	\$ 48,894,861	\$ 50,964,732	\$ 2,069,871
Licenses, permits and fees	1,133,254	1,133,254	1,392,042	258,788
Fines, forfeitures, and penalties	485,000	485,000	365,758	(119,242)
Use of money and property	406,663	406,663	911,684	505,021
Intergovernmental	7,175,444	7,175,444	8,715,827	1,540,383
Charges for current services	5,077,350	5,077,350	7,618,711	2,541,361
<b>Total revenues</b>	<b>60,636,572</b>	<b>63,186,572</b>	<b>70,259,663</b>	<b>7,073,091</b>
<b>EXPENDITURES:</b>				
Current:				
General government:				
City council	47,813	47,813	33,128	14,685
City clerk	533,466	566,104	468,149	97,955
City attorney	953,511	953,511	709,342	244,169
City manager	2,033,502	2,219,446	2,595,744	(376,298)
Administrative services	2,481,506	2,158,418	1,387,010	771,408
Community development	1,040,674	1,040,674	1,568,081	(527,407)
Police	24,711,966	24,981,297	26,218,266	(1,236,969)
Fire	20,056,179	20,106,426	21,849,553	(1,743,127)
Parks and recreation	2,292,951	2,292,951	2,431,889	(138,938)
Public works	5,197,041	5,199,607	5,895,110	(695,503)
Capital outlay	219,000	219,000	53,766	165,234
<b>Total expenditures</b>	<b>59,567,609</b>	<b>59,785,247</b>	<b>63,210,038</b>	<b>(3,424,791)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,068,963</b>	<b>3,401,325</b>	<b>7,049,625</b>	<b>3,648,300</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	13,176,294	12,443,932	12,123,932	(320,000)
Transfers out	(17,487,436)	(18,155,074)	(18,166,265)	(11,191)
<b>Total other financing sources (uses)</b>	<b>(4,311,142)</b>	<b>(5,711,142)</b>	<b>(6,042,333)</b>	<b>(331,191)</b>
<b>Net change in fund balance</b>	<b>\$ (3,242,179)</b>	<b>\$ (2,309,817)</b>	<b>1,007,292</b>	<b>\$ 3,317,109</b>
<b>FUND BALANCE:</b>				
Beginning of year			17,662,443	
End of year			<u>\$ 18,669,735</u>	

Note: The budgetary accounting basis is the same as GAAP.

**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, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 161,024	\$ 161,024	\$ 19,895	\$ (141,129)
<b>Total revenues</b>	<b>161,024</b>	<b>161,024</b>	<b>19,895</b>	<b>(141,129)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	900,000	900,000	810,000	90,000
<b>Total expenditures</b>	<b>900,000</b>	<b>900,000</b>	<b>810,000</b>	<b>90,000</b>
<b>Net change in fund balance</b>	<b>\$ (738,976)</b>	<b>\$ (738,976)</b>	<b>(790,105)</b>	<b>\$ (51,129)</b>
<b>FUND BALANCE:</b>				
Beginning of year			17,833,747	
End of year			\$ 17,043,642	

Note: The budgetary accounting basis is the same as GAAP.

# 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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses, permits and fees	\$ 6,521,651	\$ 6,521,651	\$ 10,903,448	\$ 4,381,797
Use of money and property	249,375	249,375	1,082,726	833,351
Charges for current services	126,094	126,094	218,069	91,975
Other	-	-	9,807	9,807
<b>Total revenues</b>	<b>6,897,120</b>	<b>6,897,120</b>	<b>12,214,050</b>	<b>5,316,930</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	2,864,680	4,484,680	1,780,920	2,703,760
Parks and recreation	31,388	31,388	53,556	(22,168)
Public works	75,791	75,791	121,197	(45,406)
<b>Total expenditures</b>	<b>2,971,859</b>	<b>4,591,859</b>	<b>1,955,673</b>	<b>2,636,186</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,925,261</b>	<b>2,305,261</b>	<b>10,258,377</b>	<b>7,953,116</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	494,085	494,085
Transfers out	(11,551,856)	(8,701,856)	(8,319,708)	382,148
<b>Total other financing sources (uses)</b>	<b>(11,551,856)</b>	<b>(8,701,856)</b>	<b>(7,825,623)</b>	<b>876,233</b>
<b>Net change in fund balance</b>	<b>\$ (7,626,595)</b>	<b>\$ (6,396,595)</b>	<b>2,432,754</b>	<b>\$ 8,829,349</b>
<b>FUND BALANCE:</b>				
Beginning of year			64,355,778	
End of year			\$ 66,788,532	

Note: The budgetary accounting basis is the same as GAAP.

# 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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 35,026	\$ 35,026	\$ 3,979	\$ (31,047)
Charges for current services	5,938	5,938	19,045	13,107
<b>Total revenues</b>	<b>40,964</b>	<b>40,964</b>	<b>23,024</b>	<b>(17,940)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	400,006	400,006	497,999	(97,993)
<b>Total expenditures</b>	<b>400,006</b>	<b>400,006</b>	<b>497,999</b>	<b>(97,993)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(359,042)</b>	<b>(359,042)</b>	<b>(474,975)</b>	<b>(115,933)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	394,006	394,006	394,006	-
Transfers out	(16,150)	(16,150)	(16,150)	-
<b>Total other financing sources (uses)</b>	<b>377,856</b>	<b>377,856</b>	<b>377,856</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 18,814</b>	<b>\$ 18,814</b>	<b>(97,119)</b>	<b>\$ (115,933)</b>
<b>FUND BALANCE:</b>				
Beginning of year			22,750,285	
End of year			<u>\$ 22,653,166</u>	

Note: The budgetary accounting basis is the same as GAAP.



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# **SUPPLEMENTARY INFORMATION**

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**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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Licenses, permits and fees	\$ -	\$ -	\$ 2,144,764	\$ 2,144,764
Use of money and property	438	438	(19,632)	(20,070)
Intergovernmental	15,000	15,000	423,956	408,956
Charges for current services	-	-	6,281	6,281
Other	-	-	150,732	150,732
<b>Total revenues</b>	<b>15,438</b>	<b>15,438</b>	<b>2,706,101</b>	<b>2,690,663</b>
<b>EXPENDITURES:</b>				
Current:				
General government	7,879,000	3,090,000	2,701,680	388,320
Parks and recreation	8,416,000	9,442,055	5,739,211	3,702,844
Public works	21,625,000	14,652,189	10,480,960	4,171,229
Capital outlay	75,000	75,000	178,266	(103,266)
<b>Total expenditures</b>	<b>37,995,000</b>	<b>27,259,244</b>	<b>19,100,117</b>	<b>8,159,127</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(37,979,562)</b>	<b>(27,243,806)</b>	<b>(16,394,016)</b>	<b>10,849,790</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	18,816,824	15,773,824	18,617,243	2,843,419
Transfers out	-	(2,505)	(622,828)	(620,323)
<b>Total other financing sources (uses)</b>	<b>18,816,824</b>	<b>15,771,319</b>	<b>17,994,415</b>	<b>2,223,096</b>
<b>Net change in fund balance</b>	<b>\$ (19,162,738)</b>	<b>\$ (11,472,487)</b>	<b>1,600,399</b>	<b>\$ 13,072,886</b>
<b>FUND BALANCE:</b>				
Beginning of year			8,155,444	
End of year			<u>\$ 9,755,843</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.

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

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

**DEBT SERVICE FUNDS**

**2021 LEASE REVENUE BONDS FUND**

This fund is used to account for Bond related activity

**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, 2023**

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Grants and Donations	Gas Tax	Public Safety Special Revenue	Landscape Assessment District
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 810,665	\$ -	\$ 650,426	\$ 655,189
Restricted cash and investments	-	-	-	-	-
Receivables:					
Accounts, net	-	-	-	500	-
Intergovernmental	199,821	475,197	286,297	87,333	16,058
Due from other funds	-	-	-	-	-
loans receivable	925,015	-	-	-	-
Interest receivable related to loans receivable	35,290	-	-	-	-
<b>Total assets</b>	<b>\$ 1,160,126</b>	<b>\$ 1,285,862</b>	<b>\$ 286,297</b>	<b>\$ 738,259</b>	<b>\$ 671,247</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 91,329	\$ 415,272	\$ -	\$ 80,723	\$ 26,889
Due to other funds	28,588	-	250,403	-	-
<b>Total liabilities</b>	<b>119,917</b>	<b>415,272</b>	<b>250,403</b>	<b>80,723</b>	<b>26,889</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenues	35,290	-	-	-	-
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	1,004,919	870,590	35,894	657,536	644,358
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>1,004,919</b>	<b>870,590</b>	<b>35,894</b>	<b>657,536</b>	<b>644,358</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,160,126</b>	<b>\$ 1,285,862</b>	<b>\$ 286,297</b>	<b>\$ 738,259</b>	<b>\$ 671,247</b>

SPECIAL REVENUE FUNDS					DEBT SERVICE		Total Non-Major Governmental Funds
Street	Transient Occupancy Tax	Prince Park	Measure M Parks	Tourism Improvement District	FUND 2021 Lease Revenue Bonds	PERMANENT Wickersham Park Trust	
\$ 2,483,378	\$ 18,947	\$ 177,307	\$ 181,087	\$ 236,180	\$ 4,252,178	\$ 26,040	\$ 9,491,397
-	-	-	-	-	18,045,731	-	18,045,731
156,026	445,154	-	-	15,135	-	-	616,815
149,265	-	-	204,699	-	-	-	1,418,670
250,403	-	-	-	-	-	-	250,403
-	-	-	-	-	-	-	925,015
-	-	-	-	-	-	-	35,290
<u>\$ 3,039,072</u>	<u>\$ 464,101</u>	<u>\$ 177,307</u>	<u>\$ 385,786</u>	<u>\$ 251,315</u>	<u>\$ 22,297,909</u>	<u>\$ 26,040</u>	<u>\$ 30,783,321</u>
\$ 319,567	\$ 166,807	\$ -	\$ 25,442	\$ 53,140	\$ 1,100	\$ -	\$ 1,180,269
-	-	-	-	-	-	-	278,991
319,567	166,807	-	25,442	53,140	1,100	-	1,459,260
1,185	-	-	-	3,362	-	-	39,837
-	-	-	-	-	-	26,040	26,040
2,718,320	297,294	177,307	360,344	194,813	22,296,809	-	29,258,184
-	-	-	-	-	-	-	-
<u>2,718,320</u>	<u>297,294</u>	<u>177,307</u>	<u>360,344</u>	<u>194,813</u>	<u>22,296,809</u>	<u>26,040</u>	<u>29,284,224</u>
<u>\$ 3,039,072</u>	<u>\$ 464,101</u>	<u>\$ 177,307</u>	<u>\$ 385,786</u>	<u>\$ 251,315</u>	<u>\$ 22,297,909</u>	<u>\$ 26,040</u>	<u>\$ 30,783,321</u>

**City of Petaluma**

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

**Non-Major Governmental Funds**

**For the year ended June 30, 2023**

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Grants and Donations	Gas Tax	Public Safety Special Revenue	Landscape Assessment District
	<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	500	-
Use of money and property	142	(24,585)	5,636	10,010	10,391
Intergovernmental	440,687	4,211,673	2,841,114	397,558	-
Charges for current services	-	-	-	-	619,780
Other	-	360,679	-	-	-
<b>Total revenues</b>	<b>440,829</b>	<b>4,547,767</b>	<b>2,846,750</b>	<b>408,068</b>	<b>630,171</b>
<b>EXPENDITURES:</b>					
Current:					
Community development	433,528	780,587	-	-	-
Police	-	1,622,789	-	149,501	-
Fire	-	138,100	-	37	-
Parks and recreation	-	87,129	-	-	465,261
Public works	-	938,326	42,263	-	-
Capital outlay	-	82,529	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
<b>Total expenditures</b>	<b>433,528</b>	<b>3,649,460</b>	<b>42,263</b>	<b>149,538</b>	<b>465,261</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,301</b>	<b>898,307</b>	<b>2,804,487</b>	<b>258,530</b>	<b>164,910</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	933,556	-	-	-
Transfers out	(13,395)	(3,230,747)	(2,768,593)	(130,000)	-
<b>Total other financing sources (uses)</b>	<b>(13,395)</b>	<b>(2,297,191)</b>	<b>(2,768,593)</b>	<b>(130,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(6,094)</b>	<b>(1,398,884)</b>	<b>35,894</b>	<b>128,530</b>	<b>164,910</b>
<b>FUND BALANCES:</b>					
Beginning of year	1,011,013	2,269,474	-	529,006	479,448
End of year	<u>\$ 1,004,919</u>	<u>\$ 870,590</u>	<u>\$ 35,894</u>	<u>\$ 657,536</u>	<u>\$ 644,358</u>



SPECIAL REVENUE FUNDS					DEBT SERVICE	PERMANENT	Total
Street	Transient Occupancy Tax	Prince Park	Measure M Parks	Tourism Improvement District	FUND 2021 Lease Revenue Bonds	Wickersham Park Trust	Non-Major Governmental Funds
\$ 1,559,307	\$ 3,385,313	\$ -	\$ 891,780	\$ -	\$ -	\$ -	\$ 5,836,400
-	-	-	-	108,702	-	-	108,702
-	-	-	-	-	-	-	500
67,913	11,088	5,079	7,908	2,935	545,048	499	642,064
648,798	-	-	-	-	-	-	8,539,830
1,681	-	-	-	-	-	-	621,461
8,428	-	-	-	44,709	-	-	413,816
2,286,127	3,396,401	5,079	899,688	156,346	545,048	499	16,162,773
-	316,984	-	-	350,522	-	-	1,881,621
-	-	-	-	-	-	-	1,772,290
-	-	-	-	29,902	-	-	168,039
-	-	-	308,082	-	-	-	860,472
3,732,891	-	-	-	-	-	-	4,713,480
102,065	-	-	-	-	-	-	184,594
-	-	-	-	-	370,000	-	370,000
-	-	-	-	-	548,091	-	548,091
3,834,956	316,984	-	308,082	380,424	918,091	-	10,498,587
(1,548,829)	3,079,417	5,079	591,606	(224,078)	(373,043)	499	5,664,186
3,658,984	15,237	-	113,116	245,000	3,701,135	-	8,667,028
(1,645,582)	(2,674,276)	(171,500)	(710,000)	-	(2,560,579)	-	(13,904,672)
2,013,402	(2,659,039)	(171,500)	(596,884)	245,000	1,140,556	-	(5,237,644)
464,573	420,378	(166,421)	(5,278)	20,922	767,513	499	426,542
2,253,747	(123,084)	343,728	365,622	173,891	21,529,296	25,541	28,857,682
\$ 2,718,320	\$ 297,294	\$ 177,307	\$ 360,344	\$ 194,813	\$ 22,296,809	\$ 26,040	\$ 29,284,224

# 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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 194	\$ 194	\$ 142	\$ (52)
Intergovernmental	795,000	355,000	440,687	85,687
<b>Total revenues</b>	<b>795,194</b>	<b>355,194</b>	<b>440,829</b>	<b>85,635</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	298,848	298,848	433,528	(134,680)
<b>Total expenditures</b>	<b>298,848</b>	<b>298,848</b>	<b>433,528</b>	<b>(134,680)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>496,346</b>	<b>56,346</b>	<b>7,301</b>	<b>(49,045)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(71,000)	(71,000)	(13,395)	57,605
<b>Total other financing sources (uses)</b>	<b>369,000</b>	<b>(71,000)</b>	<b>(13,395)</b>	<b>57,605</b>
<b>Net change in fund balance</b>	<b>\$ 865,346</b>	<b>\$ (14,654)</b>	<b>(6,094)</b>	<b>\$ 8,560</b>
<b>FUND BALANCE:</b>				
Beginning of year			1,011,013	
End of year			\$ 1,004,919	

# City of Petaluma

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

### Grants and Donations

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	(24,585)	\$ (24,585)
Intergovernmental	3,645,657	2,666,657	4,211,673	1,545,016
Other	1,000,000	1,000,000	360,679	(639,321)
<b>Total revenues</b>	<b>4,645,657</b>	<b>3,666,657</b>	<b>4,547,767</b>	<b>881,110</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	1,024,427	1,024,427	780,587	243,840
Police	1,224,070	1,224,070	1,622,789	(398,719)
Fire	-	-	138,100	(138,100)
Parks and recreation	-	-	87,129	(87,129)
Public works	750,000	1,181,631	938,326	243,305
Capital outlay	-	-	82,529	(82,529)
<b>Total expenditures</b>	<b>2,998,497</b>	<b>3,430,128</b>	<b>3,649,460</b>	<b>(219,332)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,647,160</b>	<b>236,529</b>	<b>898,307</b>	<b>661,778</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	5,000	250,000	933,556	683,556
Transfers out	(2,481,000)	(1,747,000)	(3,230,747)	(1,483,747)
<b>Total other financing sources (uses)</b>	<b>(2,476,000)</b>	<b>(1,497,000)</b>	<b>(2,297,191)</b>	<b>(800,191)</b>
<b>Net change in fund balance</b>	<b>\$ (828,840)</b>	<b>\$ (1,260,471)</b>	<b>(1,398,884)</b>	<b>\$ (138,413)</b>
<b>FUND BALANCE:</b>				
Beginning of year			2,269,474	
End of year			<u>\$ 870,590</u>	

# City of Petaluma

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

### Gas Tax

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 6,009	\$ 6,009	\$ 5,636	\$ (373)
Intergovernmental	3,184,593	3,184,593	2,841,114	(343,479)
<b>Total revenues</b>	<b>3,190,602</b>	<b>3,190,602</b>	<b>2,846,750</b>	<b>(343,852)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	307	307	42,263	(41,956)
<b>Total expenditures</b>	<b>307</b>	<b>307</b>	<b>42,263</b>	<b>(41,956)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,190,295</b>	<b>3,190,295</b>	<b>2,804,487</b>	<b>(385,808)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(3,184,593)	(3,184,593)	(2,768,593)	416,000
<b>Total other financing sources (uses)</b>	<b>(3,184,593)</b>	<b>(3,184,593)</b>	<b>(2,768,593)</b>	<b>416,000</b>
<b>Net change in fund balance</b>	<b>\$ 5,702</b>	<b>\$ 5,702</b>	<b>35,894</b>	<b>\$ 30,192</b>
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			\$ 35,894	

# City of Petaluma

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

### Public Safety

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines, forfeitures, and penalties	\$ -	\$ -	\$ 500	\$ 500
Use of money and property	3,967	3,967	10,010	6,043
Intergovernmental	150,000	150,000	397,558	247,558
<b>Total revenues</b>	<b>153,967</b>	<b>153,967</b>	<b>408,068</b>	<b>254,101</b>
<b>EXPENDITURES:</b>				
Current:				
Police	146,864	146,864	149,501	(2,637)
<b>Total expenditures</b>	<b>146,901</b>	<b>146,901</b>	<b>149,538</b>	<b>(2,637)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,066</b>	<b>7,066</b>	<b>258,530</b>	<b>251,464</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(130,000)	(130,000)	(130,000)	-
<b>Total other financing sources (uses)</b>	<b>(130,000)</b>	<b>(130,000)</b>	<b>(130,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (122,934)</b>	<b>\$ (122,934)</b>	<b>128,530</b>	<b>\$ 251,464</b>
<b>FUND BALANCE:</b>				
Beginning of year			529,006	
End of year			<u>\$ 657,536</u>	

# City of Petaluma

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

### Landscape Assessment Districts

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 2,243	\$ 2,243	\$ 10,391	\$ 8,148
Charges for current services	419,681	419,681	619,780	200,099
<b>Total revenues</b>	<b>421,924</b>	<b>421,924</b>	<b>630,171</b>	<b>208,247</b>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	485,156	485,156	465,261	19,895
<b>Total expenditures</b>	<b>485,156</b>	<b>485,156</b>	<b>465,261</b>	<b>19,895</b>
<b>Net change in fund balance</b>	<b>\$ (63,232)</b>	<b>\$ (63,232)</b>	<b>164,910</b>	<b>\$ 228,142</b>
<b>FUND BALANCE:</b>				
Beginning of year			479,448	
End of year			<u>\$ 644,358</u>	

# City of Petaluma

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

### Street

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 1,559,307	\$ 1,559,307	\$ 1,559,307	\$ -
Use of money and property	10,078	10,078	67,913	57,835
Intergovernmental	631,637	631,637	648,798	17,161
Charges for current services	15,000	15,000	1,681	(13,319)
Other	12,000	12,000	8,428	(3,572)
<b>Total revenues</b>	<b>2,228,022</b>	<b>2,228,022</b>	<b>2,286,127</b>	<b>58,105</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	4,033,763	4,033,763	3,732,891	300,872
Capital outlay	-	-	102,065	(102,065)
<b>Total expenditures</b>	<b>4,033,763</b>	<b>4,033,763</b>	<b>3,834,956</b>	<b>198,807</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,805,741)</b>	<b>(1,805,741)</b>	<b>(1,548,829)</b>	<b>256,912</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	4,074,593	4,074,593	3,658,984	(415,609)
Transfers out	(1,885,370)	(1,751,370)	(1,645,582)	105,788
<b>Total other financing sources (uses)</b>	<b>2,189,223</b>	<b>2,323,223</b>	<b>2,013,402</b>	<b>(309,821)</b>
<b>Net change in fund balance</b>	<b>\$ 383,482</b>	<b>\$ 517,482</b>	<b>464,573</b>	<b>\$ (52,909)</b>
<b>FUND BALANCE:</b>				
Beginning of year			2,253,747	
End of year			<u>\$ 2,718,320</u>	

# City of Petaluma

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

### Transient Occupancy Tax

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 3,775,975	\$ 3,775,975	\$ 3,385,313	\$ (390,662)
Use of money and property	14,732	14,732	11,088	(3,644)
<b>Total revenues</b>	<u>3,790,707</u>	<u>3,790,707</u>	<u>3,396,401</u>	<u>(394,306)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	253,680	253,680	316,984	(63,304)
<b>Total expenditures</b>	<u>253,680</u>	<u>253,680</u>	<u>316,984</u>	<u>(63,304)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,537,027</u>	<u>3,537,027</u>	<u>3,079,417</u>	<u>(457,610)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	15,237	15,237
Transfers out	(2,994,276)	(2,994,276)	(2,674,276)	320,000
<b>Total other financing sources (uses)</b>	<u>(2,994,276)</u>	<u>(2,994,276)</u>	<u>(2,659,039)</u>	<u>335,237</u>
<b>Net change in fund balance</b>	<u>\$ 542,751</u>	<u>\$ 542,751</u>	<u>420,378</u>	<u>\$ (122,373)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>(123,084)</u>	
End of year			<u>\$ 297,294</u>	



# City of Petaluma

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

### Prince Park

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 4,369	\$ 4,369	\$ 5,079	\$ 710
<b>Total revenues</b>	<u>4,369</u>	<u>4,369</u>	<u>5,079</u>	<u>710</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(171,500)	(171,500)	(171,500)	-
<b>Total other financing sources (uses)</b>	<u>(171,500)</u>	<u>(171,500)</u>	<u>(171,500)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (167,131)</u>	<u>\$ (167,131)</u>	<u>(166,421)</u>	<u>\$ 710</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>343,728</u>	
End of year			<u>\$ 177,307</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 850,000	\$ 850,000	\$ 891,780	\$ 41,780
Use of money and property	-	-	7,908	7,908
<b>Total revenues</b>	<b>850,000</b>	<b>850,000</b>	<b>899,688</b>	<b>49,688</b>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	493,434	493,434	308,082	185,352
<b>Total expenditures</b>	<b>493,434</b>	<b>493,434</b>	<b>308,082</b>	<b>185,352</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>356,566</b>	<b>356,566</b>	<b>591,606</b>	<b>235,040</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	2,505	113,116	110,611
Transfers out	(450,000)	(710,000)	(710,000)	-
<b>Total other financing sources (uses)</b>	<b>(450,000)</b>	<b>(707,495)</b>	<b>(596,884)</b>	<b>110,611</b>
<b>Net change in fund balance</b>	<b>\$ (93,434)</b>	<b>\$ (350,929)</b>	<b>(5,278)</b>	<b>\$ 345,651</b>
<b>FUND BALANCE:</b>				
Beginning of year			365,622	
End of year			<u>\$ 360,344</u>	

# City of Petaluma

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

### Tourism Improvement District

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses, permits and fees	\$ 140,000	\$ 140,000	\$ 108,702	\$ (31,298)
Use of money and property	-	-	2,935	2,935
Other	-	-	44,709	44,709
<b>Total revenues</b>	<b>140,000</b>	<b>140,000</b>	<b>156,346</b>	<b>16,346</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	350,873	350,873	350,522	351
Fire	-	-	29,902	(29,902)
<b>Total expenditures</b>	<b>350,873</b>	<b>350,873</b>	<b>380,424</b>	<b>(29,551)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(210,873)</b>	<b>(210,873)</b>	<b>(224,078)</b>	<b>(13,205)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	245,000	245,000	245,000	-
<b>Total other financing sources (uses)</b>	<b>245,000</b>	<b>245,000</b>	<b>245,000</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 34,127</b>	<b>\$ 34,127</b>	<b>20,922</b>	<b>\$ (13,205)</b>
<b>FUND BALANCE:</b>				
Beginning of year			173,891	
End of year			<u>\$ 194,813</u>	

# City of Petaluma

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

### 2021 Lease Revenue Bond

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 545,048	\$ 545,048
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>545,048</b>	<b>545,048</b>
<b>EXPENDITURES:</b>				
Debt service				
Principal	370,000	370,000	370,000	-
Interest and other charges	541,719	541,719	548,091	(6,372)
<b>Total expenditures</b>	<b>911,719</b>	<b>911,719</b>	<b>918,091</b>	<b>(6,372)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(911,719)</b>	<b>(911,719)</b>	<b>(373,043)</b>	<b>538,676</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,701,135	3,701,135	3,701,135	-
Transfers out	-	-	(2,560,579)	(2,560,579)
<b>Total other financing sources (uses)</b>	<b>3,701,135</b>	<b>3,701,135</b>	<b>1,140,556</b>	<b>(2,560,579)</b>
<b>Net change in fund balance</b>	<b>\$ 2,789,416</b>	<b>\$ 2,789,416</b>	<b>767,513</b>	<b>\$ (2,021,903)</b>
<b>FUND BALANCE:</b>				
Beginning of year			21,529,296	
End of year			<u>\$ 22,296,809</u>	

# City of Petaluma

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

### Wickersham Park Trust

For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 149	\$ 149	\$ 499	\$ 350
<b>Total revenues</b>	<u>149</u>	<u>149</u>	<u>499</u>	<u>350</u>
<b>Net change in fund balance</b>	<u>\$ 149</u>	<u>\$ 149</u>	<u>499</u>	<u>\$ 350</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>25,541</u>	
End of year			<u>\$ 26,040</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, 2023**

	Employee Benefit	General Services	Information Services
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 2,747,148	\$ 560,855	\$ -
Receivables:			
Accounts, net	11,585	-	660
Inventories	-	14,659	-
Deposits and prepaid items	-	-	23,114
Total Current Assets	<u>2,758,733</u>	<u>575,514</u>	<u>23,774</u>
Non-Current Assets:			
Advance to other funds	-	-	-
Capital assets:			
Depreciable	-	36,440	2,494,547
Less: accumulated depreciation	-	(27,144)	(2,263,241)
Total Non-current Assets	<u>-</u>	<u>9,296</u>	<u>231,306</u>
<b>Total assets</b>	<u>2,758,733</u>	<u>584,810</u>	<u>255,080</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pension	-	-	644,104
Deferred outflows of resources - OPEB	386,799	-	-
<b>Total assets and deferred outflows of resources</b>	<u>3,145,532</u>	<u>584,810</u>	<u>899,184</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	14,884	4,903	219,420
Interest payable	-	-	-
Due to other funds	-	-	772,776
Claims payable, due within one year	-	-	-
Compensated absences, due within one year	-	-	30,068
OPEB liability, due within one year	90,971	-	-
Long-term debt, due within one year	-	-	-
Total Current Liabilities	<u>105,855</u>	<u>4,903</u>	<u>1,022,264</u>
Non-current Liabilities:			
Claims payable, due in more than one year	-	-	-
Compensated absences, due in more than one year	-	-	180,689
Advance from other funds	4,592,130	-	-
Net pension liability	-	-	2,004,212
OPEB liability, due in more than one year	2,247,025	-	-
Long-term debt, due in more than one year	-	-	-
Total Non-current Liabilities	<u>6,839,155</u>	<u>-</u>	<u>2,184,901</u>
<b>Total liabilities</b>	<u>6,945,010</u>	<u>4,903</u>	<u>3,207,165</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	-	-	15,511
Deferred inflows of resources - OPEB	1,055,399	-	-
<b>Total deferred inflows of resources</b>	<u>1,055,399</u>	<u>-</u>	<u>15,511</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	9,296	231,306
Unrestricted	(4,854,877)	570,611	(2,554,798)
<b>Total net position</b>	<u>\$ (4,854,877)</u>	<u>\$ 579,907</u>	<u>\$ (2,323,492)</u>



Risk Management	Vehicles/ Equipment Replacement (GG)	Vehicles/ Equipment Replacement (BA)	Workers' Compensation	Total
\$ 2,391,046	\$ 1,124,441	\$ -	\$ 11,208,352	\$ 18,031,842
208	-	-	-	12,453
-	-	-	-	14,659
796,690	-	-	46,697	866,501
3,187,944	1,124,441	-	11,255,049	18,925,455
938,468	-	-	-	938,468
-	10,777,874	1,108,336	-	14,417,197
-	(6,810,068)	(1,108,336)	-	(10,208,789)
938,468	3,967,806	-	-	5,146,876
4,126,412	5,092,247	-	11,255,049	24,072,331
-	-	-	-	644,104
-	-	-	-	386,799
4,126,412	5,092,247	-	11,255,049	25,103,234
23,028	28,828	-	-	291,063
-	911	-	-	911
-	-	-	-	772,776
744,626	-	-	2,476,897	3,221,523
6,673	-	-	-	36,741
-	-	-	-	90,971
-	216,125	-	-	216,125
774,327	245,864	-	2,476,897	4,630,110
890,564	-	-	11,134,271	12,024,835
2,187	-	-	-	182,876
-	393,768	-	-	4,985,898
-	-	-	-	2,004,212
-	-	-	-	2,247,025
-	502,062	-	-	502,062
892,751	895,830	-	11,134,271	21,946,908
1,667,078	1,141,694	-	13,611,168	26,577,018
-	-	-	-	15,511
-	-	-	-	1,055,399
-	-	-	-	1,070,910
-	3,249,619	-	-	3,490,221
2,459,334	700,934	-	(2,356,119)	(6,034,915)
\$ 2,459,334	\$ 3,950,553	\$ -	\$ (2,356,119)	\$ (2,544,694)

**City of Petaluma**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the year ended June 30, 2023**

	Employee Benefit	General Services	Information Services
<b>OPERATING REVENUES:</b>			
Charges for sales	\$ -	\$ -	\$ -
Charges for services	1,414,516	135,782	2,830,454
<b>Total operating revenues</b>	<u>1,414,516</u>	<u>135,782</u>	<u>2,830,454</u>
<b>OPERATING EXPENSES:</b>			
Cost of services	321,218	89,124	3,517,791
Claims	16,644	-	-
General and administrative	245,783	31,629	463,017
Depreciation	-	-	125,469
<b>Total operating expenses</b>	<u>583,645</u>	<u>120,753</u>	<u>4,106,277</u>
<b>OPERATING INCOME</b>	<u>830,871</u>	<u>15,029</u>	<u>(1,275,823)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment earnings and rent	57,231	12,280	-
Interest expense	(88,180)	-	-
Gain(loss) on disposal of assets	(6,922)	(1,366)	-
<b>Total nonoperating revenues (expenses)</b>	<u>(37,871)</u>	<u>10,914</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	793,000	25,943	(1,275,823)
Transfers in	-	-	250,000
Transfers out	-	(93,000)	-
<b>Total transfers</b>	<u>-</u>	<u>(93,000)</u>	<u>250,000</u>
<b>Change in net position</b>	793,000	(67,057)	(1,025,823)
<b>NET POSITION:</b>			
Beginning of year	(5,647,877)	646,964	(1,297,669)
End of year	<u>\$ (4,854,877)</u>	<u>\$ 579,907</u>	<u>\$ (2,323,492)</u>

Risk Management	Vehicles/ Equipment Replacement (GG)	Vehicles/ Equipment Replacement (BA)	Workers' Compensation	Total
\$ -	\$ -	\$ -	\$ -	\$ -
2,810,816	-	-	4,167,432	11,359,000
2,810,816	-	-	4,167,432	11,359,000
555,321	15,531	-	21,426	4,520,411
(73,719)	-	-	3,908,099	3,851,024
1,524,694	22,744	-	607,355	2,895,222
-	896,764	-	-	1,022,233
2,006,296	935,039	-	4,536,880	12,288,890
804,520	(935,039)	-	(369,448)	(929,890)
12,597	23,657	-	175,042	280,807
-	(9,797)	-	-	(97,977)
(751)	57,070	-	-	48,031
11,846	70,930	-	175,042	230,861
816,366	(864,109)	-	(194,406)	(699,029)
-	995,276	-	-	1,245,276
-	-	-	-	(93,000)
-	995,276	-	-	1,152,276
816,366	131,167	-	(194,406)	453,247
1,642,968	3,819,386	-	(2,161,713)	(2,997,941)
\$ 2,459,334	\$ 3,950,553	\$ -	\$ (2,356,119)	\$ (2,544,694)

**City of Petaluma**  
**Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2023**

	Employee Benefit	General Services	Information Services
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 1,402,938	\$ 135,782	\$ 2,829,794
Cash payments to suppliers of goods and services	(559,885)	(115,346)	(3,947,679)
Cash payments to employees for services	(18,337)	(972)	221,610
Claims paid	(16,644)	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>808,072</b>	<b>19,464</b>	<b>(896,275)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers from other funds	-	-	250,000
Interfund borrowings	(446,745)	-	646,275
<b>Net cash provided by (used) in noncapital financing activities</b>	<b>(446,745)</b>	<b>(93,000)</b>	<b>896,275</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Interest paid on long-term debt and lease liability	(88,180)	-	-
Proceeds from sale of capital assets	(6,922)	(1,366)	-
Acquisition of capital assets	-	-	-
<b>Net cash (used) in capital and related financing activities</b>	<b>(95,102)</b>	<b>(1,366)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on investments	57,231	12,280	-
<b>Net cash provided by investing activities</b>	<b>57,231</b>	<b>12,280</b>	<b>-</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>323,456</b>	<b>(62,622)</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>2,423,692</b>	<b>623,477</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 2,747,148</b>	<b>\$ 560,855</b>	<b>\$ -</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>			
<b>CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 830,871	\$ 15,029	\$ (1,275,823)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	-	-	125,469
Changes in assets and liabilities:			
Accounts receivable	(11,578)	-	(660)
Inventories	-	5,919	-
Deposits and prepaid items	-	-	11,884
Deferred outflows of resources - pension	-	-	(449,054)
Deferred outflows of resources - OPEB	73,256	-	-
Accounts payable and accrued liabilities	7,116	(512)	21,245
Claims payable	-	-	-
Net pension liability	-	-	1,171,782
Deferred inflows of resources - pension	-	-	(515,547)
Deferred inflows of resources - OPEB	282,869	-	-
OPEB liability	(374,462)	-	-
Compensated absences payable	-	(972)	14,429
<b>Total adjustments</b>	<b>(22,799)</b>	<b>4,435</b>	<b>379,548</b>
<b>Net cash provided (used) in operating activities</b>	<b>\$ 808,072</b>	<b>\$ 19,464</b>	<b>\$ (896,275)</b>

Risk Management	Vehicles/ Equipment Replacement (GG)	Vehicles/ Equipment Replacement (BA)	Workers' Compensation	Total
\$ 4,161,784	\$ -	\$ -	\$ 4,181,882	\$ 12,712,180
(3,185,680)	(47,484)	-	(633,751)	(8,489,825)
(5,425)	54,662	-	-	251,538
(117,348)	-	-	(1,808,257)	(1,942,249)
853,331	7,178	-	1,739,874	2,531,644
-	995,276	-	-	1,245,276
85,200	(385,479)	-	-	(100,749)
85,200	609,797	-	-	1,051,527
-	(9,555)	-	-	(97,735)
(751)	57,070	-	-	48,031
-	(617,774)	-	-	(617,774)
(751)	(565,250)	-	-	(662,469)
12,597	23,657	-	175,042	280,807
12,597	23,657	-	175,042	280,807
950,377	75,382	-	1,914,916	3,201,509
1,440,669	1,049,059	-	9,293,436	14,830,333
\$ 2,391,046	\$ 1,124,441	\$ -	\$ 11,208,352	\$ 18,031,842
\$ 804,520	\$ (935,039)	\$ -	\$ (369,448)	\$ (929,890)
-	896,764	-	-	1,022,233
1,350,968	-	-	14,450	1,353,180
-	-	-	-	5,919
(2,344)	-	-	-	9,540
-	-	-	-	(449,054)
-	-	-	-	73,256
(1,103,321)	(9,209)	-	(4,970)	(1,089,651)
(191,067)	-	-	2,099,842	1,908,775
-	-	-	-	1,171,782
-	-	-	-	(515,547)
-	-	-	-	282,869
-	-	-	-	(374,462)
(5,425)	54,662	-	-	62,694
48,811	942,217	-	2,109,322	3,461,534
\$ 853,331	\$ 7,178	\$ -	\$ 1,739,874	\$ 2,531,644



<b>FIDUCIARY FUNDS</b>
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**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.

**OAK AND WATER ST. BENEFIT DISTRICTS FUND**

These funds account for monies held by the City, collected from parcel assessments, and used to pay special assessment related activities.

**City of Petaluma**  
**Combining Statement of Fiduciary Net Position**  
**Private Purpose Trust Fund**  
**June 30, 2023**

	Successor Agency to the Redevelopment Agency	Thomas Lee Charity	Child Care	Total
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 5,314,084	\$ 24,359	\$ 102,519	\$ 5,440,962
Restricted cash and investments	9,201	-	-	9,201
Notes receivable	234,744	-	-	234,744
Total Assets	<u>5,558,029</u>	<u>24,359</u>	<u>102,519</u>	<u>5,684,907</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	129,077	-	-	129,077
Interest payable	300,441	-	-	300,441
Long-term debt:				
Due within one year	3,375,000	-	-	3,375,000
Due in more than one year	49,114,970	-	-	49,114,970
Total liabilities	<u>52,919,488</u>	<u>-</u>	<u>-</u>	<u>52,919,488</u>
<b>NET POSITION</b>				
Held in trust for private purposes or for other governments	<u>\$(47,361,459)</u>	<u>\$ 24,359</u>	<u>\$ 102,519</u>	<u>\$(47,234,581)</u>



**City of Petaluma**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Private Purpose Trust Fund**  
**For the year ended June 30, 2023**

	Successor Agency to the Redevelopment Agency	Thomas Lee Charity	Child Care	Total
<b>ADDITIONS</b>				
Property tax	\$ 5,413,487	\$ -	\$ -	\$ 5,413,487
Use of money and property	219	466	2,019	2,704
<b>Total operating revenues</b>	<b>5,413,706</b>	<b>466</b>	<b>2,019</b>	<b>5,416,191</b>
<b>DEDUCTIONS</b>				
Community development	329,125	1,277	11,033	341,435
Interest expense	1,836,246	-	-	1,836,246
Gain/(loss) on sale of assets	-	-	-	-
<b>Total expenditures</b>	<b>2,165,371</b>	<b>1,277</b>	<b>11,033</b>	<b>2,177,681</b>
<b>Change in net position</b>	<b>3,248,335</b>	<b>(811)</b>	<b>(9,014)</b>	<b>3,238,510</b>
<b>NET POSITION:</b>				
Beginning of year	(50,609,794)	25,170	111,533	(50,473,091)
End of year	<u>\$(47,361,459)</u>	<u>\$ 24,359</u>	<u>\$ 102,519</u>	<u>\$(47,234,581)</u>

**City of Petaluma**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**June 30, 2023**

	General Custodial Fund	Public Community Access Fund	Assessment District Fund	Oak & Water St. Benefit Dist Fund	Total Custodial Funds
<b>ASSETS</b>					
Cash and investments	\$ 2,736,119	\$ -	\$ -	\$ 77,584	\$ 2,813,703
Accounts receivable	185	-	-	-	185
<b>Total assets</b>	<b>2,736,304</b>	<b>-</b>	<b>-</b>	<b>77,584</b>	<b>2,813,888</b>
<b>LIABILITIES</b>					
<b>Liabilities:</b>					
Accounts payable	789,794	-	-	-	789,794
Deposits payable	384	-	-	-	384
Due to City	-	-	-	-	-
<b>Total liabilities</b>	<b>790,178</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>790,178</b>
<b>NET POSITION</b>					
Held for other governments	1,946,126	-	-	77,584	2,023,710
<b>Total net position</b>	<b>\$ 1,946,126</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 77,584</b>	<b>\$ 2,023,710</b>

**City of Petaluma**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**For the year ended June 30, 2023**

	General Custodial Fund	Public Community Access Fund	Assessment District Fund	Oak & Water St. Benefit Dist Fund	Total Custodial Funds
<b>ADDITIONS:</b>					
Other revenues	\$ 8,156,520	\$ -	\$ -	\$ 80,000	\$ 8,236,520
<b>Total additions</b>	<b>8,156,520</b>	<b>-</b>	<b>-</b>	<b>80,000</b>	<b>8,236,520</b>
<b>DEDUCTIONS:</b>					
Professional and other services	8,824,769	-	-	2,416	8,827,185
<b>Total deductions</b>	<b>8,824,769</b>	<b>-</b>	<b>-</b>	<b>2,416</b>	<b>8,827,185</b>
<b>Change in net position</b>	<b>(668,249)</b>	<b>-</b>	<b>-</b>	<b>77,584</b>	<b>(590,665)</b>
<b>NET POSITION</b>					
Beginning of year	2,614,375	-	-	-	2,614,375
End of year	<b>\$ 1,946,126</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 77,584</b>	<b>\$ 2,023,710</b>



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# STATISTICAL SECTION

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

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*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.*

<b>Contents</b>	<b>Schedule</b>
<b>Financial Trends</b> <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>	<b>1, 2, 3, 4, 5</b>
<b>Revenue Capacity</b> <i>These schedules contain trend information to help the reader assess the factors affecting the City's ability to generate its property taxes.</i>	<b>6, 7, 8, 9, 10, 11</b>
<b>Debt Capacity</b> <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>	<b>12, 13, 14, 15</b>
<b>Demographic and Economic Information</b> <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>	<b>16, 17</b>
<b>Operating Information</b> <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>	<b>18, 19, 20</b>

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets	\$ 179,955,291	\$ 194,631,072	\$ 189,666,550	\$ 190,230,149	\$ 197,024,210	\$ 193,766,262	\$ 189,587,374	\$ 187,146,154	\$ 191,440,106	\$ 198,385,574
Restricted:										
Special projects	56,684,273	56,831,818	89,258,127	108,073,879	111,586,670	119,178,925	110,670,411	116,577,296	112,365,739	113,446,715
Debt service	-	-	-	-	-	-	-	-	-	-
Capital projects	23,755	23,770	23,852	24,036	24,333	24,333	25,295	25,451	25,541	26,040
Permanent-non expendable	28,599,585	(38,244,031)	(55,873,989)	(55,661,778)	(66,355,734)	(71,645,259)	(63,359,178)	(68,563,468)	(56,396,358)	(50,652,244)
Unrestricted	265,262,904	213,242,629	223,074,540	242,666,286	242,279,479	241,324,261	236,923,902	235,185,433	247,435,028	261,206,085
Total governmental activities net position	101,630,468	108,204,912	116,665,454	130,273,647	141,024,513	152,416,343	162,087,283	167,447,009	174,306,502	181,857,263
Business-type activities										
Net Investment in Capital Assets										
Restricted:										
Special projects	-	-	-	-	-	-	-	-	-	-
Debt service	2,705,842	2,705,813	2,246,500	40,170	934	43	35,625	21	53	4,700
Capital projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	47,338,349	40,725,093	43,276,542	38,210,093	40,821,446	41,951,566	50,905,267	59,122,024	66,696,519	71,536,651
Total business-type activities net position	151,674,659	151,635,818	162,188,496	168,523,910	181,846,893	194,367,952	213,028,175	226,569,054	241,003,074	253,398,614
Primary government										
Net Investment in Capital Assets	281,585,759	302,835,984	306,332,004	320,503,796	338,048,723	346,182,605	351,674,657	354,593,163	365,746,608	380,242,837
Restricted:										
Special projects	56,684,273	56,831,818	89,258,127	108,073,879	111,586,670	119,178,925	110,670,411	116,577,296	112,365,739	113,446,715
Debt service	2,705,842	2,705,813	2,246,500	40,170	934	43	35,625	21	53	4,700
Permanent fund: non expendable trust	23,755	23,770	23,852	24,036	24,333	24,333	25,295	25,451	25,541	26,040
Capital projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	75,937,934	2,481,062	(12,597,447)	(17,451,685)	(25,534,288)	(29,693,693)	(12,453,911)	(9,441,444)	10,300,161	20,884,407
Total primary government activities net position	\$ 416,937,563	\$ 364,878,447	\$ 385,263,036	\$ 411,190,196	\$ 424,126,372	\$ 435,692,213	\$ 449,952,077	\$ 461,754,487	\$ 488,438,102	\$ 514,604,699

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net revenues (expenses):										
Governmental activities:										
Business-type activities										
Total net revenues (expenses)										
<b>General revenues and other changes in net position:</b>										
Governmental activities:										
Taxes:										
Property taxes										
Sales taxes										
Franchise tax										
Intergovernmental, unrestricted										
Other taxes										
Unrestricted investment earnings										
Gain on disposal of assets										
Miscellaneous revenue										
Transfers										
Pension Unfunded Liability Paydown										
Successor Agency Bond Proceeds										
Total governmental activities										
Business-type activities:										
Taxes:										
Unrestricted investment earnings										
Gain on disposal of assets										
Miscellaneous revenue										
Transfers										
Total business-type activities										
Total primary government										
<b>Changes in net position:</b>										
Governmental activities										
Business-type activities										
Total primary government										



Schedule 3  
City of Petaluma, CA  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund:</b>										
Nonspendable	\$ 83,177	\$ 91,451	\$ 87,958	\$ 102,778	\$ 114,598	\$ 119,554	\$ 123,471	\$ 216,611	\$ 178,964	\$ 151,050
Committed	-	2,037,806	3,277,768	4,230,191	4,426,112	4,434,461	3,493,019	1,484,700	1,297,291	1,447,559
Assigned	4,081,779	4,757,796	4,866,554	5,088,820	5,422,325	7,818,049	7,731,497	9,641,704	11,887,062	12,509,446
Unassigned	1,633,298	1,872,873	1,998,762	2,040,912	3,162,821	3,173,198	2,739,137	1,616,931	4,299,126	4,561,680
Total general fund	\$ 5,798,254	\$ 8,759,926	\$ 10,231,042	\$ 11,462,701	\$ 13,125,856	\$ 15,545,262	\$ 14,087,124	\$ 12,959,946	\$ 17,662,443	\$ 18,669,735
<b>All Other Governmental Funds:</b>										
Nonspendable	16,000	23,770	23,852	24,036	24,333	24,821	25,295	25,451	25,541	26,040
Restricted	57,556,197	57,639,586	90,030,630	108,776,998	112,241,884	119,178,925	110,670,411	116,577,296	133,895,035	135,743,524
Committed	1,391,787	-	1,331,352	969,777	3,125,166	2,171,835	4,230,538	5,360,064	8,155,444	9,755,843
Assigned	-	-	-	-	-	(1,900)	-	(695,435)	-	-
Unassigned	-	(1,843,525)	-	-	-	-	-	121,267,376	(123,084)	-
Total all other governmental fund balances	\$ 58,963,984	\$ 55,819,831	\$ 91,385,834	\$ 109,770,811	\$ 115,391,383	\$ 121,373,681	\$ 114,926,244	\$ 121,267,376	\$ 141,952,936	\$ 145,525,407
Total governmental fund balances	\$ 64,762,238	\$ 64,579,757	\$ 101,616,876	\$ 121,233,512	\$ 128,517,239	\$ 136,918,943	\$ 129,013,368	\$ 134,227,322	\$ 159,615,379	\$ 164,195,142

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Taxes (see schedule 5)	\$ 27,550,308	\$ 29,524,036	\$ 31,530,249	\$ 32,616,096	\$ 33,851,759	\$ 35,684,263	\$ 34,663,927	\$ 39,482,641	\$ 57,769,249	\$ 56,801,132
Licenses, permits and fees	5,768,076	5,405,398	6,678,465	5,802,314	6,946,493	5,304,069	6,308,672	6,907,524	4,268,153	14,548,956
Fines, forfeitures and penalties	892,444	592,257	556,508	739,272	815,913	672,267	407,108	162,180	334,687	366,258
Use of money and property	665,222	708,536	986,419	2,247,879	2,370,910	3,615,466	2,300,053	740,837	(499,114)	2,640,716
Intergovernmental	11,680,110	19,225,393	11,289,946	10,964,409	13,172,378	11,873,154	13,246,486	17,329,604	19,370,026	17,679,613
Charges for current services	5,524,587	6,236,573	7,475,695	7,520,475	8,586,203	8,293,242	6,383,015	7,152,359	7,032,126	8,483,567
Other	2,319,182	4,650,482	2,165,019	723,345	482,512	516,027	554,809	453,412	165,084	865,264
Total revenues	54,399,929	66,342,675	60,682,301	60,613,790	66,226,168	65,958,488	63,864,070	72,228,557	88,440,211	101,385,506
<b>Expenditures</b>										
Current:										
General government	3,504,750	4,565,381	5,319,069	5,900,460	6,309,124	6,020,133	3,502,395	5,111,118	7,784,592	7,895,053
Community development	3,018,073	2,345,822	2,506,730	2,437,844	2,786,591	2,974,024	3,455,063	3,572,276	3,973,126	6,538,621
Police	15,718,865	15,672,647	16,858,379	17,742,374	17,912,921	19,563,549	20,842,998	19,892,818	25,751,751	27,990,556
Fire	11,524,404	12,262,326	12,748,714	13,915,726	14,941,695	15,720,465	16,641,787	17,075,117	21,160,548	22,017,592
Parks and recreation	2,504,147	8,169,900	2,949,395	2,594,334	2,535,257	2,291,240	2,489,095	3,169,332	3,792,648	9,085,128
Public works	7,552,488	18,737,202	7,838,030	10,729,275	17,239,449	10,191,662	12,026,046	16,913,965	17,756,749	21,210,747
Capital outlay	2,733,981	3,987,980	334,381	280,032	1,172,005	433,128	241,636	373,565	1,005,160	416,626
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Cost of issuance	-	-	-	-	-	-	-	-	-	-
Total expenditures	46,556,708	65,741,258	48,554,698	53,600,045	62,897,042	57,194,201	59,199,020	66,108,191	82,604,591	96,072,414
<b>Excess of revenues over (under) expenditures</b>	7,843,221	601,417	12,127,603	7,013,745	3,329,126	8,764,287	4,665,050	6,120,366	5,835,620	5,313,092
<b>Other Financing Sources (Uses):</b>										
Debt issuance	40,307	4,684	7,607	13,050	-	-	-	-	20,486,260	-
Proceeds from the sale of assets	5,759,605	8,752,964	8,378,259	7,454,274	14,685,728	8,065,562	12,311,021	18,302,893	27,454,194	40,296,294
Transfers in	(6,616,025)	(9,541,544)	(9,732,732)	(8,533,677)	(15,467,346)	(8,428,145)	(13,477,848)	(19,258,938)	(28,388,017)	(41,029,623)
Total other financing sources (uses)	(816,113)	(783,896)	(1,346,866)	(1,066,353)	(781,618)	(362,583)	(1,166,827)	(906,412)	19,552,437	(733,329)
<b>Special Item</b>										
Successor Agency Bond Proceeds	7,027,108	(182,479)	10,780,737	5,547,823	4,736,219	-	-	-	25,388,057	4,579,763
<b>Net change in Fund Balance</b>										
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.69%	0.96%

(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.

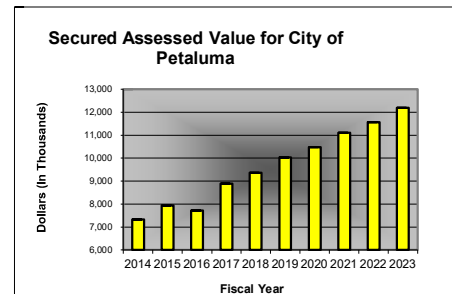
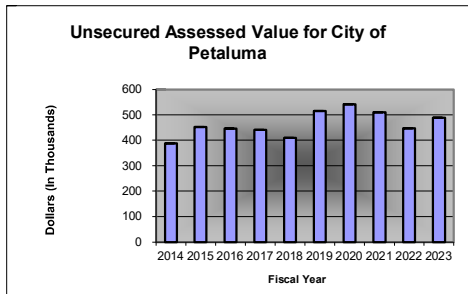
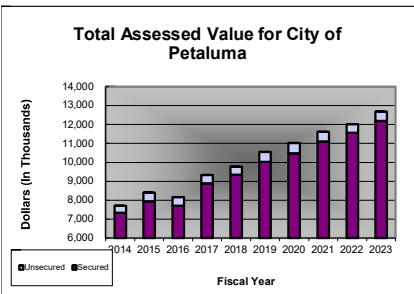
Schedule 5  
**City of Petaluma, CA**  
 Tax Revenues by Source, Governmental Funds  
 Last Ten Fiscal Years

Tax Revenue	Fiscal Year										% Change 2013-2022
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Property	\$ 7,957,020	\$ 8,516,289	\$ 9,333,619	\$ 9,961,220	\$ 10,120,513	\$ 11,278,819	\$ 11,637,555	\$ 11,297,979	12,363,399	13,126,936	64.97%
Sales and Use	11,459,527	12,393,784	12,836,372	12,346,472	13,412,360	13,728,518	12,956,128	18,231,308	33,626,463	32,329,679	182.12%
Occupancy	1,919,729	2,068,949	2,490,524	2,651,226	3,072,242	3,359,945	2,642,249	2,131,357	3,440,339	3,385,313	76.34%
Franchise	4,088,228	4,200,929	4,386,505	4,678,180	4,741,131	4,646,929	4,941,468	4,734,361	4,564,755	4,898,510	19.82%
Property Transfer	965,868	1,173,223	1,245,039	1,769,698	1,237,310	1,335,133	1,315,425	1,800,542	2,348,922	1,659,787	71.84%
Other	1,159,937	1,170,864	1,238,190	1,209,301	1,268,204	1,334,920	1,171,102	1,287,093	1,425,372	1,400,908	20.77%
Total taxes	\$ 27,550,308	\$ 29,524,038	\$ 31,530,250	\$ 32,616,097	\$ 33,851,761	\$ 35,684,263	\$ 34,663,927	\$ 39,482,640	\$ 57,769,250	\$ 56,801,133	

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

City						
Fiscal Year	Secured Property	Unsecured Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Value (2)	Total Direct Tax Rate (1)
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
2022	9,139,738,565	231,523,900	(225,767,663)	9,145,494,802	11,145,239,550	1.219
2023	9,626,240,967	261,617,067	(239,176,949)	9,648,681,085	13,200,193,572	1.368

Redevelopment Agency						
Fiscal Year	Secured Property	Unsecured Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Value (2)	Total Direct Tax Rate (1)
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
2022	2,425,024,263	215,814,840	(206,149,606)	2,434,689,497	2,967,056,268	1.219
2023	2,573,138,075	227,324,694	(209,168,912)	2,591,293,857	3,545,104,270	1.368



- (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

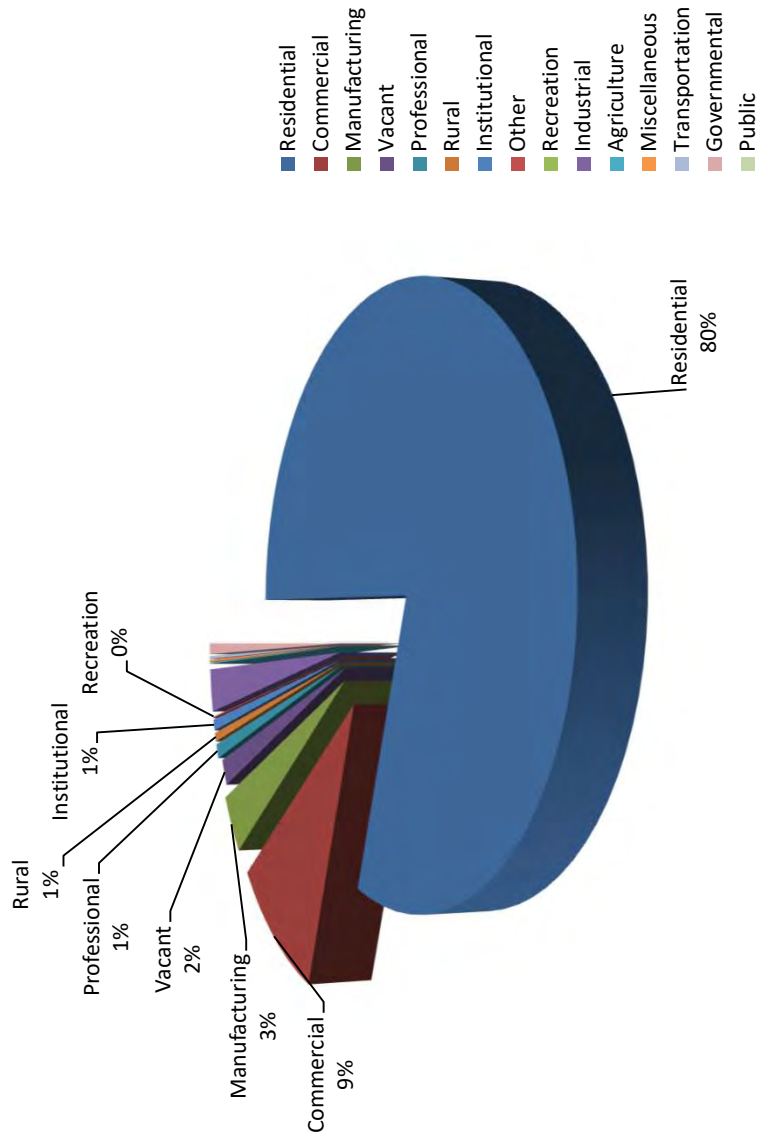
Last Ten Fiscal Years (in thousands)

Category	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Residential	5,693,569	6,219,648	6,615,390	7,034,503	7,473,070	8,098,323	8,475,646	8,915,230	9,335,757	9,791,938
Commercial	762,317	821,853	858,577	944,370	974,194	975,992	1,019,880	1,097,758	1,152,177	1,146,514
Manufacturing	431,460	439,847	450,611	484,841	492,180	393,564	411,906	360,994	139,811	412,293
Vacant	181,976	191,734	212,309	287,083	350,108	204,015	255,978	137,601	149,821	181,040
Professional	65,564	66,504	67,539	69,649	74,363	197,538	78,773	94,165	95,282	100,323
Rural	39,054	39,631	42,465	55,342	63,334	76,631	70,328	56,597	57,484	61,143
Institutional	45,531	38,362	41,285	60,718	61,757	62,462	66,523	75,057	74,818	77,328
Other	27,854	51,706	53,043	53,678	54,709	59,277	34,380	6,745	1,332	8,302
Recreation	44,188	40,044	36,017	38,315	38,845	41,367	41,496	0	0	0
Industrial	14,566	14,631	15,901	26,366	18,035	35,134	199,547	262,576	510,559	296,460
Agriculture	7,039	6,358	5,940	9,904	10,917	21,189	9,578	9,821	9,923	10,121
Miscellaneous	1,216	4,864	5,246	9,386	10,474	9,390	20,047	14,548	15,189	16,181
Transportation	8,222	8,244	8,384	8,713	8,738	8,565	8,725	19,925	20,132	21,403
Governmental	3,992	3,991	5,500	5,584	5,696	6,785	6,921	47,346	1,026	76,133
Public	1,484	1,491	1,521	1,544	1,575	1,606	1,639	194	1,454	200
Gross Secured Value	7,328,032	7,948,908	8,419,728	9,089,996	9,637,995	10,191,841	10,701,365	11,098,557	11,564,763	12,199,379
Unsecured Value	388,180	452,846	448,625	463,647	415,732	444,367	491,992	510,727	447,339	488,942
Exemptions	210,589	224,549	226,760	365,714	363,992	375,696	431,383	429,874	431,917	448,346
Net Taxable Value	7,505,623	8,177,205	8,641,593	9,187,929	9,689,735	10,260,512	10,761,974	11,179,410	11,580,184	12,239,975

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**  
**2022-2023 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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Basic City and County Levy (1):										
Bay Area Quality Mgmt	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019	0.0019
City Direct Rate	0.1643	0.1643	0.1643	0.1643	0.1643	0.1643	0.1643	0.1643	0.1643	0.1643
County Library	0.0187	0.0187	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186	0.0186
County of Sonoma	0.2785	0.2785	0.2784	0.2784	0.2784	0.2784	0.2784	0.2784	0.2784	0.2784
Gen #1 SOCO Water Agency	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075	0.0075
MRN/SNMA MOSO & Vector	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024
Petaluma AWUF	0.1110	0.1110	0.1110	0.1110	0.1110	0.1110	0.1110	0.1110	0.1110	0.1110
Petaluma Schools	0.3973	0.3973	0.3973	0.3973	0.3973	0.3973	0.3973	0.3973	0.3973	0.3973
South SO RES CN Land	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002
Spring Lake Park SCWA	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024
ZN ZA Petaluma Basin	0.0158	0.0158	0.0158	0.0158	0.0158	0.0158	0.0158	0.0158	0.0158	0.0158
Total Basic City and County Levy:	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Override Assessments:										
WS Dam-Russian River Project	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070	0.0070
Petaluma Elementary School Bonds	0.0505	0.0620	0.0530	0.0410	0.0310	0.0360	0.0320	0.0280	0.0270	0.0230
Petaluma High School Bonds	0.0360	0.0650	0.0590	0.0460	0.0620	0.0600	0.0450	0.0410	0.0210	0.0265
Sonoma County Junior College Bonds	0.0188	0.0180	0.0160	0.0400	0.0370	0.0360	0.0370	0.0370	0.0370	0.0350
Total Override Assessments:	0.1123	0.1520	0.1350	0.1340	0.1370	0.1390	0.1210	0.1130	0.0920	0.0915
Total Direct and Overlapping Rates:	1.1123	1.1520	1.1350	1.1340	1.1370	1.1390	1.1210	1.1130	1.0920	1.0915

**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			
	2023		2014	
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Enclave Apartments Property Owner LLC	157,568,849	1	1.29%	0.00%
Sequoia Equities - Azure LP	124,909,773	2	1.02%	40,971,720 0.55%
SSCOP De LLC	67,928,073	3	0.55%	0.00%
Addison Ranch Apartments LLC	58,277,463	4	0.48%	21,607,080 0.29%
Vestar Petaluma EWP LLC	57,732,548	5	0.47%	0.00%
MGP VIII Properties LLC	57,054,717	6	0.47%	18,300,620 0.24%
Lagunitas Brewing Co Inc	54,437,060	7	0.44%	28,001,200 0.37%
Cap VIII-Altura LLC	48,639,780	8	0.40%	0.00%
Sonoma Hotel Partners LP	45,729,364	9	0.37%	0.00%
TSA SKH Investors LLC Et Al	37,597,261	10	0.31%	0.00%
G & I IX Lagunitas 1 LP	34,781,641	11	0.28%	0.00%
Target Corporation	34,329,909	12	0.28%	0.00%
Pacific Castle Redwood LLC	33,700,008	13	0.28%	0.00%
Redwood Tech DE SPE LLC	33,641,196	14	0.27%	0.00%
TSW Investors LLC Et Al	33,239,632	15	0.27%	0.00%
Labcon North America	33,039,879	16	0.27%	19,232,777 0.26%
Chelsea GCA Realty PTP	32,838,079	17	0.27%	31,821,077 0.42%
Novak Property LLC	31,330,413	18	0.26%	27,494,388 0.37%
Washington Square Associates LLC	31,267,054	19	0.26%	24,283,875 0.32%
Clover Stornetta Farms Inc	28,051,206	20	0.23%	24,990,072 0.33%
The Haven at Petaluma LLC	26,868,715	21	0.22%	0.00%
Molecular Bioproducts Inc	26,250,100	22	0.21%	13,840,720 0.18%
The Vons Companies Inc	24,820,297	23	0.20%	0.00%
Syers Properties I LP	23,634,214	24	0.19%	24,558,168 0.33%
Biosearch Technologies Inc	22,561,370	25	0.18%	0.00%
KW G&I VI Petaluma LP				71,497,930 0.95%
1465 N Mcdowell Holdings 1 LLC				35,789,696 0.48%
Azure at Lakeville Square LLC				28,970,390 0.39%
Redwood Gateway LLC				27,601,235 0.37%
Petaluma Marina Office Investo				21,960,501 0.29%
Parkway Petaluma LLC				20,379,087 0.27%
Inland American Stephens South				19,159,429 0.26%
Quarry Heights LLC				19,076,245 0.25%
Baywood Equities LP				17,159,968 0.23%
Regency Petaluma LLC				15,671,507 0.21%
Petaluma Waterfront Apartments				15,591,959 0.21%
Petaluma Marina Investors LLC				15,423,110 0.21%
2200-2240 South Mcdowell LLC				15,300,000 0.20%
Wilkinson Adobe House Dst				15,237,001 0.20%
				0.00%
				0.00%
				0.00%
Total Top 25 Taxpayers	\$ 1,160,228,601		9.48%	\$ 613,919,755 8.18%
All Other Taxpayers	11,079,746,341		90.52%	6,891,702,532 91.82%
Total Taxable Assessed Values	\$ 12,239,974,942		100.00%	\$ 7,505,622,287 100%

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		
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%
2022	12,005,504	12,005,540	100.00%	-	12,005,540 100.00%
2023	12,859,849	12,859,849	100.00%	-	12,859,849 100.00%

**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	Lease Liability	Total Governmental Activities
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	392,538	392,538
2022	19,905,885	-	658,516	20,564,401
2023	19,490,510	-	718,187	20,208,697

Business-type Activities						
Year	Revenue Bonds	Term Loans	Certificates of Participation	Revolving Credit Lines	Lease Liability	Total Business-Type Activities
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	89,270,233	7,307,636	2,423,000	-	51,378	99,052,247
2022	82,262,760	7,609,676	1,964,000	-	46,418	91,882,854
2023	74,977,286	7,911,713	1,492,000	-	269,419	84,650,418

Fiscal Year	Total Primary Government	Percentage of Personal Income	Per Capita
2023	104,859,115	3%	1,779

Note: capital lease is immaterial

**Schedule 13**  
**City of Petaluma, CA**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2023**

2022-23 Assessed Valuation:	\$ 12,349,489,506	(includes aircraft valuations)
Redevelopment Incremental Valuation:	<u>(2,348,217,256)</u>	
Adjusted Assessed Valuation:	\$ 10,001,272,250	

	Total Debt 6/30/2023	% Applicable	City's Share of Debt 6/30/2023
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Sonoma County Joint Community College	\$ 397,820,000	11.27%	\$ 44,814,423
Petaluma Joint Union High School District	60,190,000	76.76%	46,202,446
Cinnabar School District	2,295,000	41.14%	944,117
Old Adobe Union School District	42,115,189	90.47%	38,102,454
Petaluma City School District	18,685,000	83.74%	15,645,885
Wilmar Union School District	4,347,464	12.00%	521,609
Waugh School District Facilities Improvement District #1	3,934,601	69.49%	2,734,036
Waugh School District Community Facilities District #1	1,685,000	100.00%	1,685,000
California Statewide Community Development Authority 1915 Act Bonds	9,565,300	100.00%	<u>9,565,300</u>
Total Overlapping Tax and Assessment Debt			\$ 160,215,270
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
Sonoma County General Fund Obligations	\$ 7,046,000	11.35%	\$ 799,369
Sonoma County Pension Obligations	204,945,000	11.34%	23,251,010
Sonoma County Office of Education COP	2,936,227	11.35%	333,115
Cinnabar School District COP	677,000	41.14%	278,504
City of Petaluma General Fund Obligations	20,208,697	100.00%	<u>20,208,697</u>
Total Direct and Overlapping General Fund Debt:			\$ 44,870,695
OVERLAPPING TAX INCREMENT DEBT	\$ 52,155,000	95.77%	\$ 49,951,451
Total Direct Debt			20,208,697
Total Overlapping Debt			<u>234,828,719</u>
Combined Total Debt			<u>\$ 255,037,416</u>

**Source:**  
MuniServices, LLC/Avenu Insights & Analytics/ City of Petaluma

<b>Ratios to adjust Assessment Valuation:</b>	
Total Overlapping Tax and Assessment Debt	1.30%

<b>Ratios to Adjusted Assessed Valuation:</b>	
Combined Direct Debt (\$20,208,697)	0.16%
Combined Total Debt	2.06%

**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
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-

\*gross tax increment

\*\* all bonded debt

**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	
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
2022	19,130,923	14,595,098	4,535,825	388,000	158,544	8.30
2023	19,625,726	15,590,371	4,035,355	401,000	144,066	7.40

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
2022	\$ 29,577,128	\$ 12,371,501	\$ 17,205,627	\$ -	\$ 805,319	21.36
2023	\$ 31,725,332	\$ 15,151,552	\$ 16,573,780		\$ 805,319	20.58

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
2022	\$ 29,577,128	\$ 12,371,501	\$ 17,205,627	\$ 5,250,000	\$ 2,506,500	2.22
2023	\$ 31,725,332	\$ 15,151,552	\$ 16,573,780	\$ 5,515,000	\$ 2,244,000	2.14

\* 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 %
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%
2022	58,945	3,206,857	54,404	42.8	7,464	2.00%
2023	58,321	3,700,862	63,457	42.8	7,336	3.20%

**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**

	Fiscal Year					
	2023			2014		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Petaluma School District	772	1	2.44%	917	1	2.87%
Petaluma Poultry Processors	419	2	1.33%	475	3	1.48%
Petaluma Valley Hospital	364	3	1.15%	490	2	1.53%
City of Petaluma	356	4	1.13%	290	5	0.91%
Labcon, North America	280	5	0.89%			
Old Adobe Union School District*	273	6	0.86%	235	8	0.73%
Lagunita's Brewing Company*	235	7	0.74%	270	6	0.84%
Clover Sonoma formerly Clover Stommetta Farms	201	8	0.64%	220	9	0.69%
Hansel Auto	177	9	0.56%			
Petaluma Post - Acute Rehab	161	10	0.51%			
Enphase Energy Inc				340	4	1.06%
Calix Networks Inc.				264	7	0.83%
Santa Rosa Junior College				250	10	0.78%
Total Principal Employers	3,238		10.25%	3,751		11.72%
Total City Employment (1)	31,600			32,000		

**Source:** MuniServices, LLC / Avenu Insights & Analytics, 2012-13 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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental</b>										
General government (total of next 8)	26.7	35.0	35.6	36.6	38.6	39.6	40.0	39.8	40.8	44.3
Administrative Services (Finance)	6.1	13.0	13.0	14.0	15.0	15.0	15.0	15.0	15.0	15.0
Internal Services	10.7	9.0	9.0	9.0	10.0	11.0	11.0	11.0	11.0	9.0
Animal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City Attorney	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.5
City Clerk	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
City Manager	3.3	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	6.0
Human Resources	1.6	3.0	3.6	3.6	3.6	3.6	4.0	3.8	4.8	6.8
Community development	3.7	2.0	2.0	2.0	2.0	2.0	2.0	3.0	2.5	5.0
Fire	57.0	58.0	58.0	58.0	58.0	58.0	64.0	64.0	64.0	67.0
Police	82.5	84.5	84.5	89.7	91.7	93.1	94.1	96.1	96.1	101.6
Parks and recreation	6.0	6.0	6.0	9.0	8.4	8.4	8.35	7.0	18.2	21.0
Public works	36.5	35.2	36.2	39.6	41.0	41.1	42.07	43.8	26.3	31.2
<b>Business Activities</b>										
Airport	1.0	1.0	1.0	1.0	2.0	2.0	1.0	1.0	0	1
Airport & Marina Mgr							1.0	1.0	1	1
Development Services	5.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0	9.0
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	2.5	2.5	2.5	2.0	2	3
Water	30.1	29.9	30.4	30.9	30.0	31.5	31.5	31.6	36.4	42.6
Waste water	30.1	29.9	30.4	31.0	30.0	31.5	31.5	31.6	36.4	42.6
<b>Internal Service</b>										
Employee benefits	0.7	0	0	0	0	0	0	0	0	0
General services	2	2	2	2	2	2	2	2	2	1
Information technology	7	7	7	7	7	7	7	7	7	7
Risk management	0	0	0	0	1	2	2	2	2	1
Workers' compensation	1	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>280</b>	<b>289</b>	<b>291</b>	<b>305</b>	<b>311</b>	<b>317</b>	<b>325</b>	<b>328</b>	<b>333</b>	<b>369</b>

Source: City budget, finance department



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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Community development										
Commercial building permits issued	318	507	255	367	251	263	215	173	426	244
Residential building permits issued	1,172	1,023	1,609	1,549	1,874	1,779	2,119	2,498	1,593	2,750
Inspections performed	4,379	3,470	4,850	6,185	6,370	5,718	5,527	6,206	7,881	9,748
Police										
Number of police calls	52,738	55,121	56,887	57,616	61,083	56,137	54,112	50,284	57,011	60,629
Parking citations	8,073	3,522	6,723	8,248	8,677	5,705	3,522	2,409	4,713	4,564
Traffic citations	4,947	2,119	3,966	4,041	5,558	3,469	1,565	627	1,824	1,944
Administrative citations			35	120	118	176	102	55	8	2
Fire										
Ambulance runs	3,817	3,963	4,204	4,193	4,651	4,820	4,953	4,600	5,450	5,777
Fire calls	1,816	1,863	2,086	2,250	2,326	2,483	2,549	2,429	2,686	2,791
Inspections	2,458	2,723	2,425	2,656	2,288	2,905	1,407	405	650	537
Public works										
Street miles resurfaced/sealed	1.44	1.7	1.08	2.74	3.86	1.23	1.13	1.14	20.4	3.5
Potholes repaired										
Parks and recreation										
Historical library & museum visitors	6,269	7,251	10,192	10,612	11,150	12,470	5,850	7,435	11,855	13,220
Recreation program attendance	3,522	2,499	2,339	2,364	2,413	2,075	1,781	1,301	2,361	2,705
Senior Center Classes/Activities (3)						16,500	10,334	36	3,960	12,186
Special event attendance	2,000	3,400	4,700	4,850	4,850	6,700	6,300	4,127	6,450	7,268
Airport										
Airport movements (1)	26,000	26,000	26,000	26,000	53,200	53,200	53,300	53,300	53,300	53,300
Annual fuel consumption (gallons)	138,000	170,885	192,256	175,629	200,953	155,179	137,970	123,870	136,112	119,915
Water										
Annual water purchased in billions of gallons	3.0	2.5	3.	2.8	2.7	2.2	2.7	2.2	2.3	1.9
Utility accounts	20,230	20,280	20,322	20,442	20,497	20,605	20,688	20,771	20,913	21,044
Wastewater										
Average dry weather flows of sewage	4.3 mgd	4.3 mgd	4.3 mgd	4.3 mgd	4.3 mgd	4.4 mgd	4.0 mgd	4.05 mgd	3.71 mgd	3.92 mgd
Transit										
Number of bus routes (2)	6	6	7	7	14	14	12	12	12	13
Annual ridership	384,967	400,407	370,674	414,089	344,665	350,449	332,291	112,547	185,916	205,996

**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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	53	54	53	54	54	54
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Ambulances	4	4	4	3	3	3	4	4	4	4
Public works										
Streets (miles) (1)	185	185	185	185	185	177	177	177	177	177
Highways (miles)	0.80	0.80	0.80	0.80	0.00	0.00	0.00	0	0	0
Streetslights	4,942	5,392	5,392	5,065	5,111	5,111	5,135	5,169	5,178	5,178
Traffic Signals	51	51	51	51	51	51	51	51	51	51
Park and recreation										
Acreage	324	324	324	324	460	462	462	462	462	462
Parks	45	45	45	45	46	50	46	46	46	46
Community centers	4	4	4	4	4	4	4	4	4	4
Recreation facilities	4	4	4	4	4	3	3	3	3	3
Ball/soccer fields (Athletic Fields)	51	51	51	51	51	53	53	53	53	53
Tennis court	11	11	11	11	11	11	11	10	10	10
Pickle Ball Court								4	4	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)	258	268	268	252	252	239	239	261	262	265
Fire hydrants	2,565	2,597	2,597	2,587	2,562	2,583	2,572	2,608	2,626	2,640
Aqueduct stations	8	8	8	8	8	8	8	8	8	8
Wells	13	13	13	13	11	11	11	11	11	11
Valves	7,542	7,636	7,636	7,681	7,723	8,495	8,571	8,678	8,743	8,757
Reservoirs, finished water (total capacity)	11.1	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)	195.5	196.1	196.5	197	197	190	195	196.1	197	197
Storm sewers (miles)	125	127	127	124	120	120	120	121	122	122
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	11	11	14	14	14	14	14	14	13
Paratransit vans (2)					9	9	10	10	11	9

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