



City of Fairfield, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2019

H E A R T O F S O L A N O C O U N T Y



C A L I F O R N I A

City of Fairfield, California

**Comprehensive Annual
Financial Report**

**For the Fiscal Year Ended
June 30, 2019**

**Prepared by:
Finance Department**



City of Fairfield, California
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019
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City of Fairfield, California

City Council and Elected Officials



Chuck Timm
Councilmember



Harry T. Price
Mayor



Pam Bertani
Vice Mayor



Karen L. Rees
City Clerk



Catherine Moy
Councilmember



Rick Vaccaro
Councilmember



Arvinda Krishnan
City Treasurer

Management Leadership Team

Sean P. Quinn
Interim City Manager

Anthony M. Velasquez
Fire Chief

Emily Combs
Director of Finance

Greg W. Stepanicich
City Attorney

Farbod Pirouzmand
Director of Human Resources

Paul Kaushal
Interim Director of Public Works

Laura Snideman
Assistant City Manager

Ann Mottola
Director of Parks and Recreation

Randy Fenn
Police Chief

David Feinstein
Interim Director of Community Development



City of Fairfield, California

Founded 1856

Incorporated December 12, 1903

Home of
Travis Airforce Base

COUNCIL

Mayor
Harry T. Price
707.428.7395

Vice-Mayor
Pam Bertani
707.429.6296

Councilmembers
707.429.6296

Catherine Moy

Chuck Timm

Rick Vaccaro

Interim City Manager
Sean P. Quinn
707.428.7400

City Attorney
Gregory W. Stepanich
707.428.7419

City Clerk
Karen Rees
707.428.7384

City Treasurer
Arvinda Krishnan
707.428.7498

DEPARTMENTS

City Manager's Office
707.428.7400

Community Development
707.428.7394

Parks and Recreation
707.428.7465

Finance
707.428.7496

Fire
707.428.7375

Police
707.428.7362

Public Works
707.428.7485

December 2, 2019

Honorable Mayor and City Council City of Fairfield, California

The City is pleased to submit its Comprehensive Annual Financial Report (CAFR) of the City of Fairfield (the City) for the fiscal year ended June 30, 2019. The information contained in this CAFR is prepared in accordance with general accepted accounting principles (GAAP) and includes an unmodified opinion on the report by the City's independent certified public accountants, Eide Bailly LLP. Management assumes responsibility for the accuracy and fairness of the information provided in this report.

The CAFR is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the City's organizational chart and a list of municipal officers and officials. The financial section includes management's discussion and analysis (MD&A), government-wide financial statements, fund financial statements, notes to the financial statements, and required supplementary information, as well as the auditor's report on the financial statements and schedules. The MD&A provides additional information regarding management of the City's finances and should be read in conjunction with the transmittal letter. The statistical section includes selected financial and demographic information of the City, generally presented on a multi-year basis.

The Reporting Entity and Services Provided

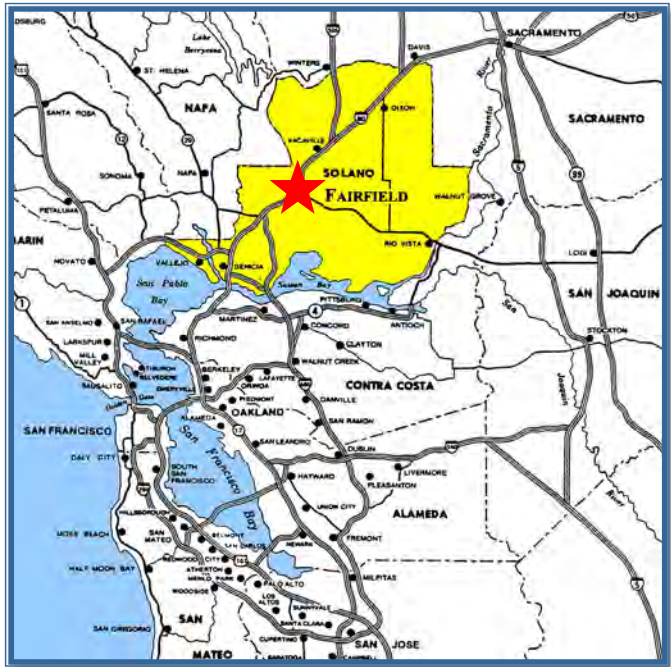
Fairfield is a general law city and operates under a Council-Manager form of government. The City provides a full range of municipal services, including police, fire, water, public transportation, streets and sidewalks, housing assistance, cultural and recreation facilities, golf courses, public works and parks, planning, and economic development. Sewer service is provided by agreement with the Fairfield-Suisun Sewer District, which operates and maintains interceptors and the treatment plant, while the City maintains local collector sewers.

This report includes all activities considered to be a part of, controlled by, and dependent on the City. Accordingly, this report includes the financial activities of the following:

Water Facilities Improvement District
Municipal Park Improvement District
Housing Authority
Public Financing Authority
Storm Drain Facilities Improvement District
Community Facilities Districts

City and Government Profile

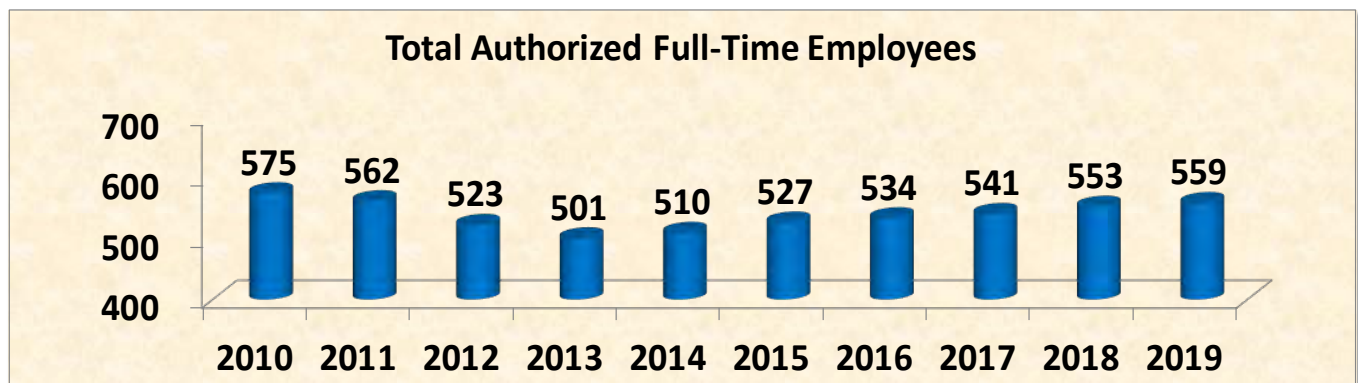
Fairfield sits at the northeastern portion of the San Francisco Bay Area. The County seat of Solano County since 1858, Fairfield has the vision of a progressive city. Founded in 1856 by Captain Robert Waterman, the City was named after Fairfield, Connecticut. Community amenities include an enclosed regional shopping mall with over one million square feet and 150 stores, an adult recreation center, the 650-acre Rockville Hills Park, and a weekly farmer's market in season. Situated between two of the fastest growing areas in California, Fairfield bridges the gap between the San Francisco Bay Area and the Sacramento metropolitan region. The Napa and Sonoma wineries lie an hour to the west, and Lake Tahoe two hours to the east.



The City is a general law city, and was incorporated in 1903. It has a Council-Manager form of government with a separately-elected Mayor and four Council members elected at large to staggered four-year terms. There are also two citizen commissions whose members are appointed by the Council to fixed terms: Planning and Youth. The City also has a five-member Fairfield Taxpayers Committee (the "Measure P Committee") whose members are appointed by Council to a fixed term. The City Clerk and Treasurer are elected. The City Council appoints the City Manager and Attorney. Department heads are appointed by the City Manager.

The City is organized into seven departments: Public Works, Police, Fire, Finance, Community Development, Parks and Recreation and, Human Resources. In addition, City Administration comprises the executive, information technology, legislative and legal offices. The chart below shows the City's full time staff levels during the past ten years. The City's employees are 0.5% of the total population of the City.

The City provides a broad range of services including police and fire protection; construction and maintenance of streets, parks, storm drains and other infrastructure; recreational and cultural activities, including two 18-hole championship golf courses; and administrative support services. Some major public services delivered within the City's boundaries, including library, wastewater, and education, are provided by other governmental agencies. The City is not financially accountable for the operations of these franchises or government agencies.



Demographic Information

Fairfield is an ethnically diverse community (U.S. Census Bureau data from 2010 indicates that of the total population, 16% is black, 15% is Asian, 27% is Hispanic, 35% is white and 7% is other/mixed). Local educational institutions include Solano Community College, and campuses of St. Mary's College, Golden Gate University, University of Phoenix, Chapman University, California Maritime Academy, and Touro University. The University of California Berkeley and Davis are within a 40 minute drive.



❖ Size:	37.4 square miles
❖ Population / Growth Rate (CA DOF 1/19):	117,149 / 1.0%
❖ Population Ranking CA Cities:	54
❖ Median Age:	34 years
❖ Per Capita Personal Income:	\$46,116
❖ Unemployment Rate (EDD 3/19):	4.3%
❖ Projected Jobs (ABAG 2025):	61,750
❖ % of Pop. High School / College Degree:	84.9% / 25.3%
❖ Part 1 Crime Rate (2018):	32.80 per 1,000 persons
❖ Elevation:	15 to 400 feet above sea level
❖ Fire Protection:	ISO Rating 3 fire class

Major Employers

✓ Travis Air Force Base	U.S. Military	13,414
✓ Fairfield-Suisun Unified School District	Education	2,213
✓ County of Solano	Government	2,633
✓ NorthBay Healthcare Center	Healthcare	1,969
✓ Solano Community College	Education	750
✓ Partnership HealthPlan	Healthcare	570
✓ City of Fairfield	Government	559
✓ Jelly Belly Candy Co.	Manufacturing	489
✓ Sutter Fairfield Medical Campus	Healthcare	475
✓ Westamerica Bank	Banking	418

Trend Information / Comparison of Cities

See the City's original budget for fiscal years 2019-20 and 2020-21 for more information regarding these trends among comparable cities

- The City's population growth rate is above average.
- The City's per capita revenues from tax revenues is below average.
- The City has had significant swings in its property and sales tax revenues, building and activity, unemployment rates, transit ridership and golf rounds played.
- The City's pension obligation contribution rate has increased significantly over the past ten years.
- The City's Other Post-Employment Benefits (OPEB) liability is below the average.
- The City has a low industrial vacancy rate, but a high office vacancy rate.
- Full-time staffing has dropped significantly over time and is below average on a per capita basis.

Accounting System and Budgetary Control

Note 1 in the Basic Financial Statements provides a detailed explanation of the City's significant accounting policies. The City has established internal controls to insure the government's assets are protected from loss, theft, or misuse and to demonstrate stewardship of public resources. Because the cost of internal controls should not outweigh their benefits, the City's framework on internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements.



The City prepares a two-year budget, and departments work with the City Manager and the Finance Department to submit operating budget requests. The City Manager and Director of Finance then make recommendations to the City Council regarding the two-year budget. After public discussion and evaluation of their recommendations, the City Council adopts a two-year budget and multi-year forecast, and also adopts a mid-cycle budget update at the end of the first year.



Expenditures are controlled at the fund level for all budgeted departments within the City, and may not legally exceed appropriations. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Any amendments to the total appropriations of a fund must be approved by the City Council.

Economic Overview of the City and Region

Below is a summary analysis of some key indicators of the region's economic environment.

Stock and Financial Markets

The value of the stock markets increased for the fiscal year. Interest rates declined during the year. The U.S. Economy remains healthy, and industry analysts are forecasting a growth rate in GDP of 2.0% for FY 19-20, down from 3.0% in FY 18-19. Below are the changes in the financial market as of June 30, 2019:

Financial Market	Rate	Fiscal Year Change
Dow Jones	26,599	2,328
S&P 500	2,942	224
2 Year Treasury	1.8%	-0.7%
2 Year Corporate Bonds AA	1.8%	-0.7%
20 Year Muni Bonds AA	2.3%	-0.7%
30 Year Home Mortgage	3.8%	-0.9%

Economic Overview of the City and Region (Continued)

Employment

The U.S. and regional job market continues to be strong, as evidenced by the most recent labor reports which continue to show low unemployment numbers. Industry analysts expect the unemployment rate to be neutral in FY 19-20.



Unemployment	Rate	Fiscal Year Change
United States	3.7%	-0.3%
California	4.2%	-0.1%
Solano County	3.9%	-0.3%
Fairfield	3.9%	-0.3%

Inflation

Inflation continues to creep upward, representing rising wage pressures from the strong job market, this in spite of continuing low energy and commodity prices. Oil prices have decreased under the previous year, resulting in gasoline prices decreasing 22% in FY 18-19.

Inflation	Rate	Fiscal Year Change
Bay Area CPI	3.9%	0.0%
Turner Building CPI	1.3%	0.0%
Personal Savings Rate	8.1%	1.4%
Oil Prices (as of 6/30/19)	\$58	-\$16

Rental Vacancy Rates

Fairfield's office vacancy rates decreased during the fiscal year and remained above the County rate of 14.4%. Fairfield's industrial vacancy rates decreased during the fiscal year which fell below the County rate of 6.1%. Apartment vacancy rates for the Fairfield/Vallejo region increased slightly while retail for the region decreased.

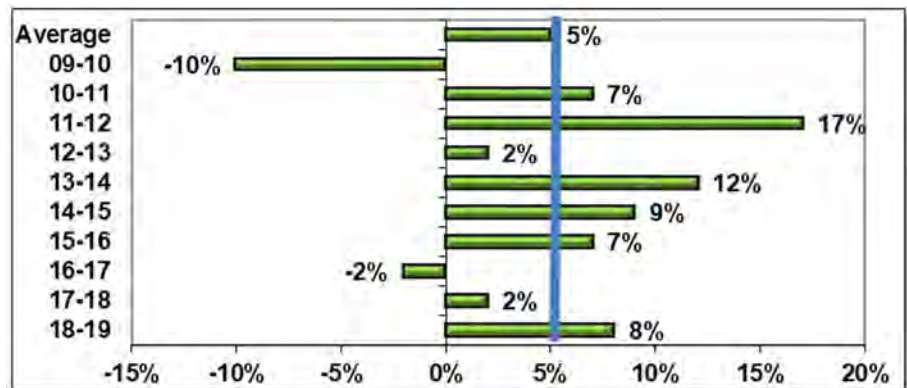


Vacancy Rates	Rate	Fiscal Year Change
Office - Fairfield	21.2%	-1.6%
Industrial - Fairfield	5.6%	-1.8%
Apartment – Fairfield/Vallejo Region	3.8%	1.6%
Retail – Fairfield/Vallejo Region	4.1%	-6.7%

Economic Overview of the City (Continued)

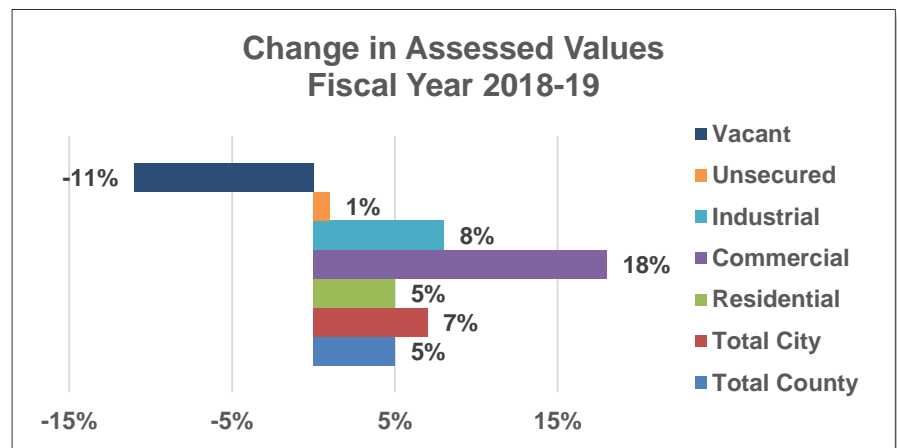
Sales and Use Tax

Retail sales nationwide for the year ended June were up 3.3% in total. The chart to the right shows the change in sales tax for the past 10 years, which includes a comparison of FY 18-19 to FY 17-18 where the City's sales tax collections were up 8.0%.



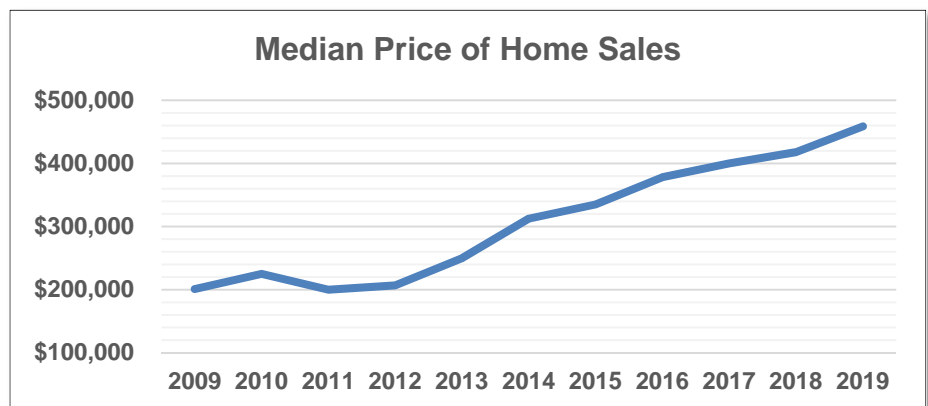
Property Taxes

In FY 18-19, Fairfield property values increased by approximately 7.0%, compared to the County's overall increase of 5.0%. The chart to the right shows in total the change in valuation for the various types of properties within the City. Residential represents 70% of the City's valuation. There is still \$322 million of assessed value representing Proposition 8 reductions on 2,603 single family homes that could be recovered in the future should housing prices continue to increase. As of July, General Fund appeals totaled \$139.0 million and \$363.7 million for the Successor Agency, which represented 1.0% and 2.5% of the total assessed values.



Housing/Building Permits

Housing sales continue to remain strong within the City as 1,710 units were sold in FY 18-19, with median prices ranging from \$398,000 to \$495,000. It is important to note that despite a strong housing market, Fairfield's median sale prices have not surpassed pre-recession levels. During FY 18-19,



3,976 permits (including 363 for new single family units) were issued, with a total valuation of \$227.3 million. The chart above shows the trends in the median price of homes sales for the last ten calendar years from 2009 through 2018 and for the first six months of 2019.

Economic Condition and Outlook – General Fund

The City was able to maintain General Fund reserves over the City Council's established level of 20% of expenditures during FY 18-19, and to present a balanced budget for the General Fund for FY 19-20.



The General Fund's major revenue sources include property and sales / Measure P local taxes, utility users and franchise taxes, transfer and vehicle taxes and hotel taxes. Together these groups comprise 87% of total revenues for FY 19-20. The remaining 13% includes revenues such as licenses and permits, charges for services and interest/rental income. The following table provides an overview of the City's General Fund reserve levels over the next four years, including the impact of one-time payments towards the City's unfunded accrued liability for employee pensions. The forecast assumes no recession occurs other than a slowdown in auto sales and the forecast below excludes the Pension Stabilization Fund.

General Fund Five Year Trend through Fiscal Year 2022-23
(In Millions)

	18-19	19-20	20-21	21-22	22-23	Trend
Revenues / Transfers In	\$107.3	\$103.2	\$104.7	\$107.2	\$110.0	
Expenditures / Transfers Out	99.6	103.2	108.9	110.8	112.8	
(Deficit)/Surplus for Year	7.7	0.0	(4.2)	(3.6)	(2.8)	
Available Ending Reserves	\$35.3	\$35.3	\$31.1	\$27.5	\$24.7	
% of Expenditures	35%	34%	29%	25%	22%	

The five year forecast includes the following assumptions:

- Annual population growth of 1%.
- Sales tax and Measure P taxes are projected to decrease in FY 2019-20, and increase by 1% in FY 2020-21 largely due to the closure of an auto dealership and the general softening of auto sales which represents approximately 20% of the City's sales tax and Measure P revenues.
- Property tax growth of approximately 4%, resulting from new development and increased assessed values for properties within the City.
- Other revenue growth between 0% - 1%.
- Personnel vacancy rates of between 0-5% by department and salary increases contained in approved MOUs through 2021 with wage increases of 2% for all years beyond FY 2020-21.
- Health cost increases of 5% annually and equal sharing of health cost increases between the City and all employees starting in FY 2021-22.
- Includes the City's revised estimated pension contribution rates as provided by CalPERS through FY 22-23.

Economic Conditions and Outlook – Other Funds

Golf Funds

The total number of taxable rounds increased at the City's golf courses by 5% during the past fiscal year. Despite cost saving measures implemented by City staff in previous years, both Paradise Valley and Rancho Solano require financial support from the City. In addition, the clubhouses and other ancillary buildings are showing their age and are in need of rehabilitation. The City's forecast for its Golf Funds through FY 22-23 is shown below, which reflects a reduction in debt service beginning in FY 19-20:



Golf Funds Five Year Trends through FY 2022-23
(in millions)

	18-19	19-20	20-21	21-22	22-23	Trend
Revenues	\$4.6	\$4.4	\$4.5	\$4.5	\$4.6	
Transfer In from Admissions Tax	0.5	0.5	0.5	0.5	0.4	
Transfer In from Intgovt/General Funds	0.5	0.0	0.0	0.0	0.0	
Expenses / Transfers Out	<u>4.8</u>	<u>4.9</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	
(Deficit)/Surplus for Year	0.8	0.0	0.0	0.0	0.0	
Ending Working Capital	0.3	0.3	0.3	0.3	0.3	

Transit

In FY 18-19, the Transit system continued to be active as it served approximately one million customers. In the long-run, the forecast for the Transit Division projects that it will have sufficient funding to satisfy its operational and bus replacement needs. Transit relies heavily on grants to satisfy its equipment replacement and capital needs, and there is no guarantee that these grants will be available in the future. In the event grant funds are not available, Transit will have to explore alternatives to reduce operating expenses and/or grow revenues. The City's forecast for its Transit Fund through FY 22-23 is shown below, which assumes that grant funds will be received for the replacement of the bus fleet:



Transit Fund Five Year Trends through FY 2022-23
(in millions)

	18-19	19-20	20-21	21-22	22-23	Trend
Revenues / Transfers In	\$17.3	\$20.3	\$20.1	\$30.7	\$18.6	
Expenses / Transfers Out	<u>13.8</u>	<u>20.3</u>	<u>20.1</u>	<u>30.7</u>	<u>18.6</u>	
(Deficit) / Surplus for Year	3.5	0.0	0.0	0.0	0.0	
Ending Working Capital	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	

Economic Conditions and Outlook – Other Funds (Continued)

Water Funds

The City is anticipating a continued rebound in revenues from the drop in usage during the prior drought. The Water Funds' forecast through FY 22-23 includes water rate increases of 4% annually for four years beginning January 1, 2018 through January 1, 2021.



Water Funds Five Year Trends through Fiscal Year 2022-23
(in millions)

	18-19	19-20	20-21	21-22	22-23	Trend
Revenues / Transfers In	\$37.7	\$36.3	\$37.5	\$38.3	\$39.0	
Expenses / Transfers Out	35.7	40.9	45.3	39.7	38.5	
(Deficit)/Surplus for Year	2.0	(4.6)	(7.8)	(1.4)	0.5	
Ending Working Capital	59.9	55.3	47.5	46.1	46.6	

Of the total annual revenues above for FY 18-19 through FY 22-23, approximately \$2.0 million (6%) is anticipated to be received annually from water connection fees related to new development in the City. The deficits shown above are due to the use of existing capital reserves for one-time projects including the East-West pipeline project, replacement of water mains and projects related to its pump stations and reservoirs. The Water Utility will continue to monitor its revenues to maintain adequate reserve levels needed for future capital replacement requirements and maintain its required debt service coverage ratios required under its outstanding bonds.

Capital Project Funds

To assist in building new parks and facilities, including police and fire, the City relies on the collection of its AB 1600 Impact fees from new development in the City. Without continued new development, future parks and facilities may be delayed or eliminated from the City's master plan. In addition to new parks and facilities, the City also transfers in Gas Tax revenue to fund street capital projects.



Internal Service Funds

These funds account for many services provided to all departments within the City, including the funding for insurance and compensated absences. Since the City is self-insured, it is prudent to fund a portion or all of the liability owed over time so other funds are not heavily affected in any one year. See Notes 9 and 13 in the City's FY 18-19 CAFR for the actuarial assumptions used. The major self-insurance liabilities, other post-employment benefits (OPEB), and compensated absences with their corresponding funding reserves as of June 30, 2019 are listed below:

	Workers' Compensation	General Liability	Other Post-Employment Benefits (OPEB) ^(1,2)	Compensated Absences
Cash Reserve ⁽³⁾	\$ 12,515,862	\$ 3,367,279	\$ 2,203,950	\$ 6,373,976
Actuarial Liability	\$ 11,151,000	\$ 3,175,000	\$ 2,105,771	\$ 17,133,959
% of Liability Funded	112%	106%	105%	37%

(1, 2) The cash reserve represents the cash in the City's OPEB fund at June 30, 2019. The liability represents the actuarial accrued liability (as presented in the Required Supplementary Information).

(3) Represents available cash in these specific funds at June 30, 2019. Does not include other insurance fund balances that do not relate to Workers' Compensation, General Liability, or OPEB.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fairfield for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018, marking the 31st time the City has received this award. In order to be awarded a Certificate of Achievement, the City was required to produce a report that met GFOA's high standards for reporting. It is anticipated that the current CAFR will continue to meet the Certificate of Achievement Program's requirements.

This CAFR was prepared by the City's Finance Director and the Accounting Division staff, who worked hard to prepare this document, including:

- Accounting Manager Michael Less
- Principal Accountant Myles Dixon
- Accountants Tenzin Gangnay, Julie de Guzman and Kristan Weihe

Thanks are also extended to the City's independent auditors for their review of this report, and to the City Council, City Treasurer and City Manager for their stewardship and commitment in planning for the long-term fiscal health of the City. For more information about the City or to view the CAFR on-line, visit <http://www.fairfield.ca.gov/>

Respectfully submitted,



Sean P. Quinn
Interim City Manager

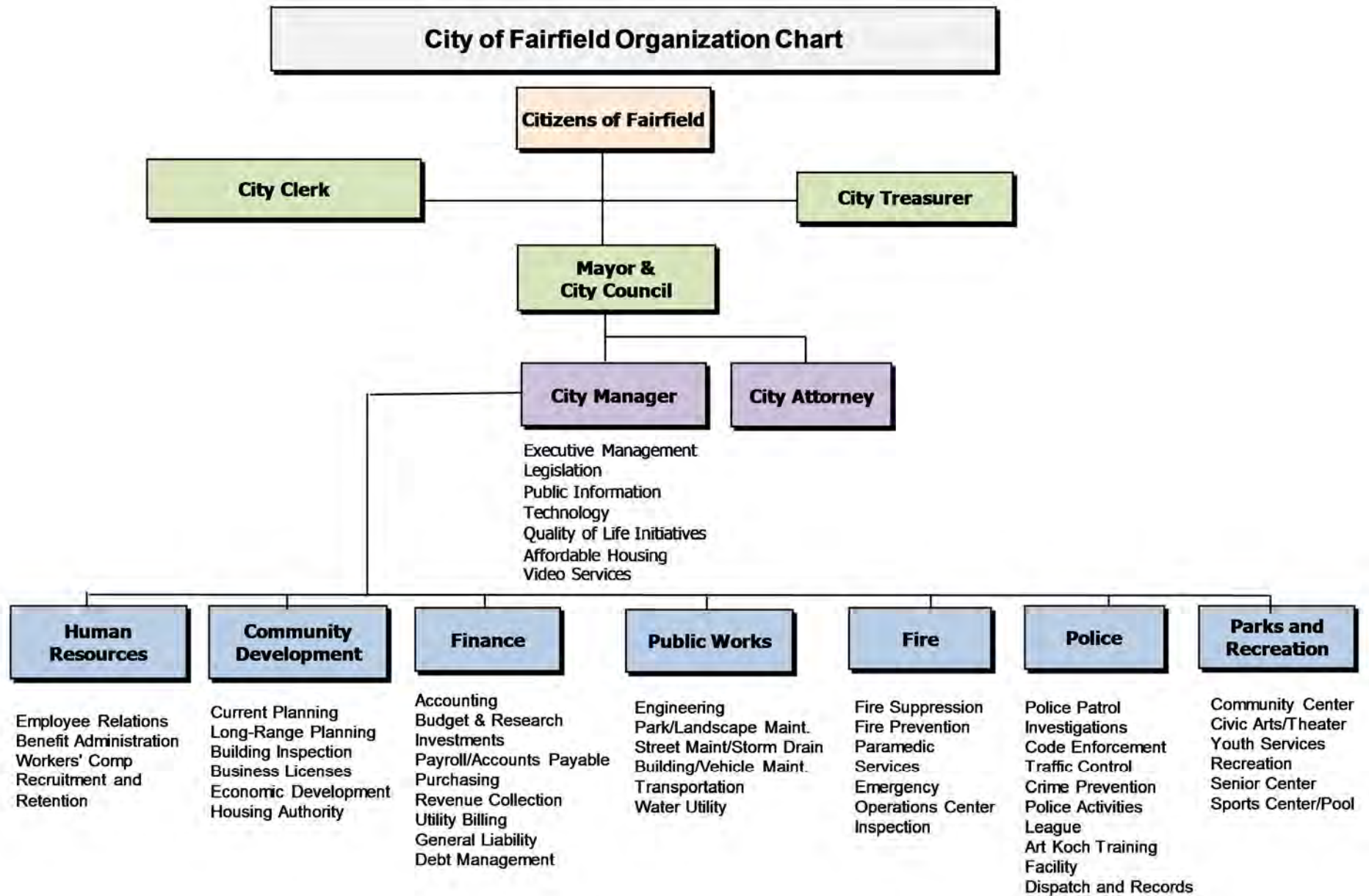


Emily Combs
Finance Director



City of Fairfield, California

Organization Chart





Government Finance Officers Association

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

Presented to

**City of Fairfield
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018



Executive Director/CEO



City of Fairfield, California

People and Places in the City





Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison statements for the general fund and the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net pension liability and related ratios, schedule of changes in the net OPEB liability and related ratios, and schedule of contributions for the pension and OPEB liabilities, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 2, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Sacramento, California
December 2, 2019



City of Fairfield, California

People and Places in the City





City of Fairfield, California

Management Discussion and Analysis

This discussion and analysis of the City of Fairfield's (City's) financial activities and performance provides an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2019. This report has been prepared in accordance with standards established by the Governmental Accounting Standards Board (GASB). Please read it in conjunction with the transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which consists of three parts: (1) Government-Wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Basic Financial Statements. The financial statements presented herein include all of the activities of the City and its component units.

Government-Wide Financial Statements

These provide readers with a broad view of the City's finances, using the economic resources measurement focus and accrual basis of accounting. These accounting methods are similar to those used by private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Additionally, certain interfund receivables, payables and interfund activity have been eliminated.

Fund Financial Statements

These provide readers with additional information about the City's major funds, how services were financed in the short term and fund balances available for financing future projects. Most of the City's funds excluding the City's General Fund and Internal Service Funds have significant restrictions, commitments or other limitations which significantly affect the availability of their fund resources for future use.

Notes to the Financial Statements

These provide additional information to provide the reader with a better understanding of the data provided in both the Government-Wide Financial Statements and Fund Financial Statements. In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the City's progress in funding its obligation to provide pension and retiree health benefits to its employees. The combining statements for the non-major funds and internal service funds are presented immediately following the required supplementary information.

Financial Highlights

The assets plus deferred outflows of the City exceeded its liabilities plus deferred inflows at the close of the most recent FY 18-19 with a net position of \$602 million. Of this amount, the negative unrestricted net position of \$30 million is inclusive of the City's net pension liability of \$180 million. Total liabilities reflected on the statement of net position decreased by \$3 million, primarily resulting from annual debt service payments on the outstanding debt. As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$206 million, consisting of the following components:

Fund Balance Component	Amount (in millions)
Non-spendable	\$0.4
Restricted by Outside Parties/Obligations, land held for redevelopment and loans	144
Committed for Future Development Projects and Pension Stabilization Plan	19
Assigned for General Fund Carry-Over and Debt Service on Pension Bonds	14
Unassigned	29
Total Fund Balance at June 30, 2019	\$206





City of Fairfield, California

Management Discussion and Analysis

Government-Wide Financial Analysis

The City's Statements of Net Position are shown below for fiscal year 2019 and 2018, including descriptions of items included in the Statements (in millions):

Summary Statements of Net Position (in millions)

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 303	\$ 303	\$ 104	\$ 98	\$ 407	\$ 401
Long term assets	360	361	172	171	532	532
Total assets	663	664	276	269	939	933
Total deferred outflows of resources	45	39	4	6	49	45
Long term liabilities outstanding	229	227	105	111	334	338
Current and other liabilities	10	15	36	33	46	48
Total liabilities	239	242	141	144	380	386
Total deferred inflows of resources	5	7	-	-	5	7
Net position:						
Net investment in capital assets	360	361	93	86	453	447
Restricted	155	148	24	23	179	171
Unrestricted	(51)	(54)	21	21	(30)	(33)
Total net position	\$ 464	\$ 455	\$ 138	\$ 130	\$ 602	\$ 585

- **Current Assets**

This includes unrestricted cash and investments and items such as receivables, inventory and prepaid items expected to be converted into cash within one year.

- **Long-Term Assets**

Included is the land held for development and capital assets consisting of land, buildings, improvements, infrastructure, vehicles and equipment. These items provide services to the community and are not available for future spending.

- **Current Liabilities**

Represents liabilities expected to be paid with cash within one year.

- **Long-Term Liabilities**

Includes the outstanding obligations for the City, including the City's long-term debt for pensions, OPEB, compensated absences, claims outstanding and bonded debt.

- **Net Position**

Net investment in capital assets represents the City's capital assets net of accumulated depreciation and related debt. The restricted portion is subject to externally imposed restrictions for activities such as capital projects, debt service, and community development and is not available for general operations. The unrestricted portion is available for general operations. The deficit amount shown is due to the City's outstanding pension obligation.



City of Fairfield, California

Management Discussion and Analysis

Government-Wide Financial Analysis (Continued)

The Statement of Activities reflects the fact that the City's net position increased by \$17 million in the current fiscal year. The increase in net position is due to increases in property and sales tax collections along with strong investment earnings over the past year. The City's Statements of Activities are shown below (in millions) for FY 2019 and 2018:

Summary Statements of Activities (in millions)

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 7	\$ 5	\$ 50	\$ 46	\$ 57	\$ 51
Operating grants and contributions	17	18	9	9	26	27
Capital grants and contributions	26	42	8	3	34	45
General Revenues:						
Property taxes	34	31			34	31
Sales and transaction taxes	43	41			43	41
Other taxes	15	16			15	16
Other Revenues	15	8	4	1	19	9
Total revenues	157	161	71	59	228	220
Expenses:						
Administration	10	10			10	10
Finance	2	1			2	1
Police	45	43			45	43
Fire	23	21			23	21
Public works	43	42			43	42
Community development	15	14			15	14
Parks and recreation	8	7			8	7
Interest on long term debt	2	2			2	2
Water utility			35	34	35	34
North bay treatment plant			9	9	9	9
Transportation			14	13	14	13
Golf courses			5	5	5	5
Total expenses	148	140	63	61	211	201
Increase (decrease) in net position before transfers	9	21	8	(2)	17	19
Transfers		(1)		1	-	-
Increase (decrease) in net position	9	20	8	(1)	17	19
Net position July 1	455	435	130	131	585	566
Net position June 30	\$ 464	\$ 455	\$ 138	\$ 130	\$ 602	\$ 585



City of Fairfield, California

Management Discussion and Analysis

Government-Wide Financial Analysis (Continued)

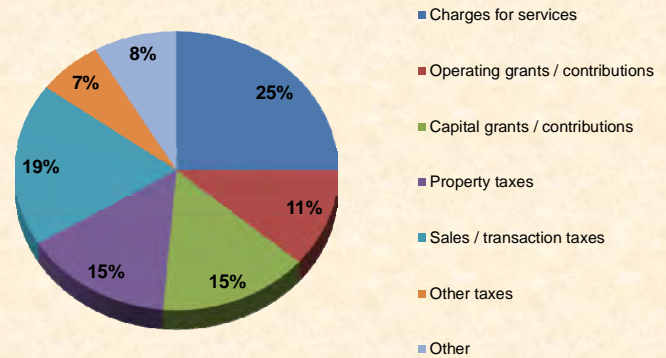
Revenues include charges for services, collected for services to the public such as recreational classes, grants and contributions, representing funding received from other governments and organizations for the purpose of financing the operating and capital costs of a special program, and taxes, including property, sales and transaction, franchise, transient occupancy and business license taxes.

Expenses include Administration and Non Departmental, (including the City Council, City Manager, Human Resources, Housing, Information Technology, and contract City Attorney services), Finance (including Risk Management), Police and Fire, Public Works, Community Development (including Planning, Building, and Economic Development), Parks and Recreation (including Adult and Youth Activities, Aquatics), the City's two golf courses, Water Treatment Plants, and Transportation.

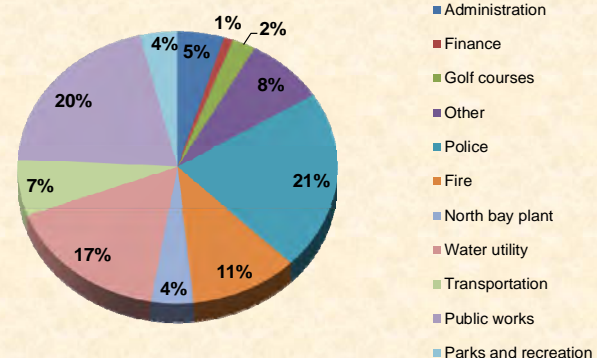
Governmental Activities

The total cost of services for all governmental activities in FY 18-19 was \$148 million, with program revenues covering \$50 million (34%), resulting in a net cost of \$98 million. The City paid for the remaining portion of governmental activities with taxes (some of which could only be used for certain programs) and other revenues, such as interest, general entitlements, the sale of property, and transfers. The following table shows the total and net costs of Governmental Activities.

Government-Wide Revenues by Source - \$228 Million



Government-Wide Expenses by Source - \$211 Million



Net Program Cost/(Revenue) of Governmental Activities (in millions)

Administration and Finance
Police
Fire
Public works
Community development
Parks and recreation
Interest on long term debt
Total

Total Cost of Services		Net Cost/(Revenue) of Services	
2019	2018	2019	2018
\$ 12	\$ 11	\$ 10	\$ 10
45	43	43	41
23	21	19	18
43	42	20	(1)
15	14	5	4
8	7	-	1
2	2	1	2
\$ 148	\$ 140	\$ 98	\$ 75



City of Fairfield, California

Management Discussion and Analysis

Government-Wide Financial Analysis (Continued)

Business-Type Activities

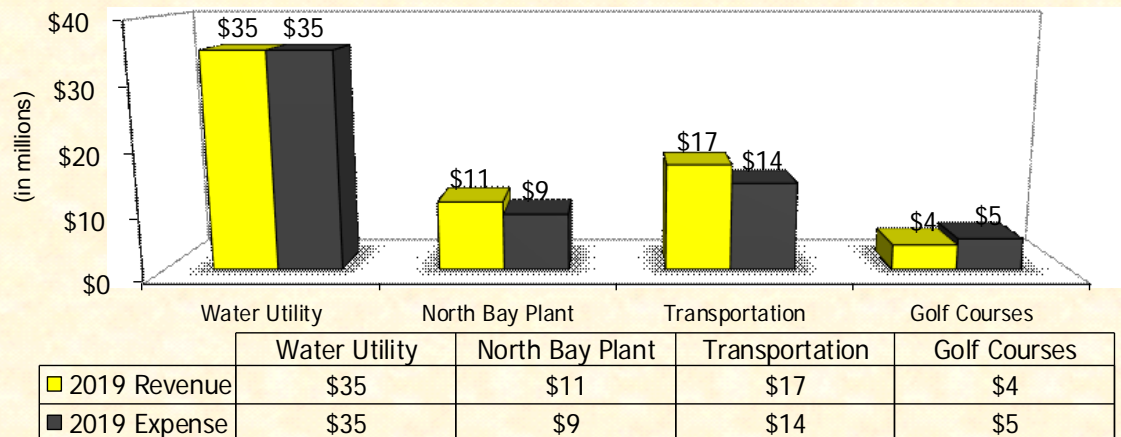
The total cost of all Business-Type activities this year was \$63 million. As shown in the Statement of Activities, the amounts paid by users of the systems was \$50 million, received from operating and capital grants and contributions were \$18 million, for a total of \$68 million of program revenues to offset the cost of these activities. There was an increase to the net position of \$8 million for business type activities (including investment earnings and transfers) of \$138 million. The net program revenues summarized below do not include the investment income or transfers, which is reflected as general revenue to the business-type activities.



Net Program Cost/(Revenue) of Business-Type Activities (in millions)

	Total Cost of Services		Net Cost/(Revenue) of Services	
	2019	2018	2019	2018
Water utility	\$ 35	\$ 34	\$ -	\$ -
North bay treatment plant	9	9	(2)	1
Transportation	14	13	(3)	1
Golf courses	5	5	1	1
Total	\$ 63	\$ 61	\$ (4)	\$ 3

Revenues vs Expenses Enterprise Funds





City of Fairfield, California

Management Discussion and Analysis

Financial Analysis of the City's Funds

The Fund Financial Statements focus on individual parts of the City's government, reporting operations in more detail than the Government-Wide Statements.

Governmental Funds

The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. The City's governmental funds reported a combined fund balance at June 30, 2019, of \$206 million, an increase of \$6 million over the end of the previous fiscal year.

The General Fund is the chief operating fund of the City and reflects an increase of \$20.2 million in fund balance. This increase can be attributed to the City's Pension Stabilization Fund being included in the General Fund. Additional analysis on this fund is contained in a subsequent section of this MD&A. The Low Mod Income Housing Fund had a decrease in its fund balance of \$0.5 million. The City Capital Projects Fund increased fund balance by \$3.5 million, mainly from an increase in building permits during the year. Other Governmental Funds reflect a decrease in fund balance of \$17 million. The decrease was mainly due to one-time transfers to the General Fund from the Pension Obligation Fund to implement the Pension Stabilization Fund for future pension payments.

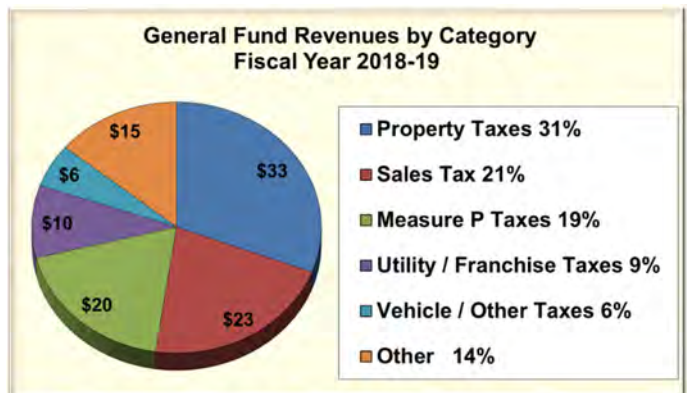
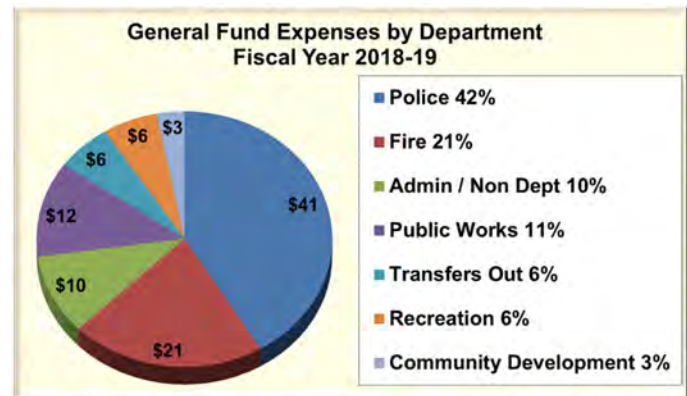
Proprietary Funds

The City's proprietary funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail. Factors concerning these funds have previously been addressed in the discussion of business-type activities under the Government-Wide Statements.

General Fund Budgetary Highlights

General Fund revenues exceeded the final budget by \$8.0 million or 8%, due mainly to higher than anticipated collections of the City's sales and transactions and use taxes, higher assessed property valuations, transient occupancy (hotel) taxes, investment income and an increase in development revenues. General Fund expenditures were under budget by \$0.4 million or 0.3%, due mainly to the City's staff vacancies, offset by increased public safety overtime costs. It's important to note; however, that while General Fund revenues increased by 7% in FY 18-19, our total General Fund expenditures, excluding transfers and a one-time payment towards the City's CalPERS unfunded accrued liability, increased by 11% over FY 17-18.

A significant portion of the City's General Fund revenue base is dependent on revenues received from local Measure P, a 1% transaction and use tax, which went into effect April 1, 2013 and will expire in 2033. The revenue from this measure is to protect the safety, services, and quality of life in Fairfield along with improving the City's infrastructure.





City of Fairfield, California

Management Discussion and Analysis

Capital Assets and Long-Term Obligations

Capital Assets

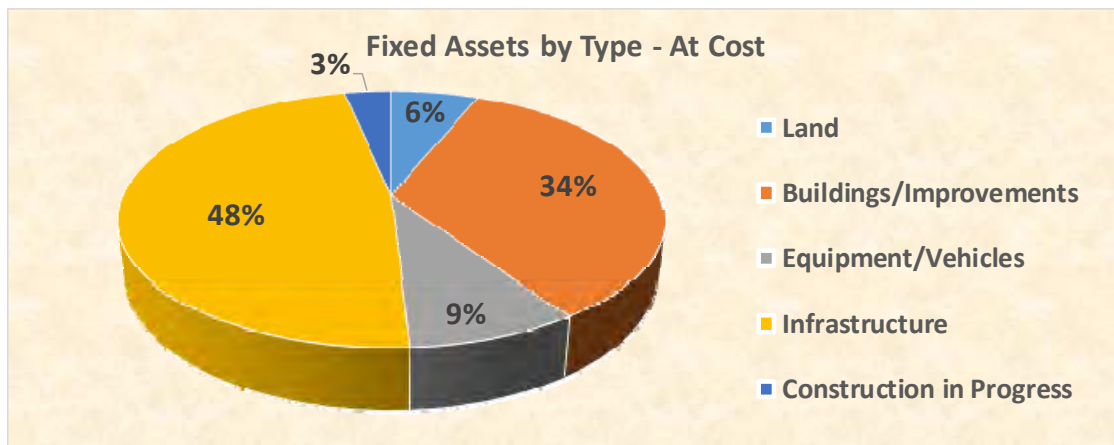
The capital assets of the City are those assets which are used in the performance of the City's functions, including infrastructure assets. Under GASB Statement No. 34, eligible infrastructure capital assets are depreciated using the straight-line method. For governmental activities, depreciation on capital assets is recognized in the Statement of Activities, while the depreciation for the business-type activities is recognized in the Statement of Revenues, Expenses, and Changes in Net Position for the Proprietary Funds. Refer to Note 6 for a more detailed listing of all capital assets for governmental and business-type activities.

Summary of Capital Assets (in millions)

	Cost	Accumulated Depreciation	Carrying Amount
Governmental Activities:			
Land	\$ 44		\$ 44
Buildings and Improvements	272	\$ (82)	190
Equipment, Vehicles, Machinery	46	(31)	15
Infrastructure	296	(209)	87
Construction in Progress	24		24
Total Governmental Activities	\$ 682	\$ (322)	\$ 360
Business-Type Activities:			
Land / Intangibles	\$ 20		\$ 20
Buildings and Improvements	82	\$ (47)	35
Equipment, Vehicles, Machinery	43	(34)	9
Infrastructure	194	(96)	98
Construction in Progress	10		10
Total Business-Type Activities	\$ 349	\$ (177)	\$ 172

Major capital projects in FY 18-19 include:

- Various City Park Improvements (Allan Witt and Laurel Creek, etc.) - \$2.4 million
- Radio Communications System Replacement - \$1.8 million (partial)
- Sewer Main Replacements - \$1.6 million
- Various Street Resurfacing and Pavement Maintenance Projects - \$9.5 million





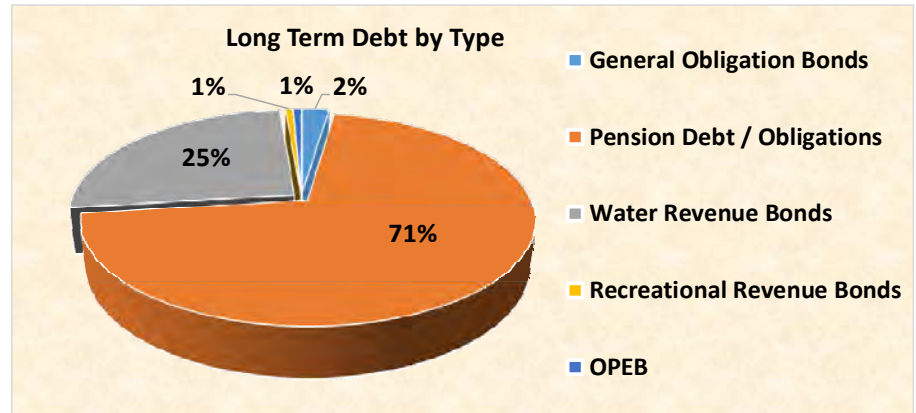
City of Fairfield, California

Management Discussion and Analysis

Long-Term Obligations – Bonded Debt and Other Long-Term Obligations

The City continues to maintain good credit ratings on all of its debt issues, as evidenced by the AA rating assigned by Standard and Poor's to its Pension Obligation Bonds (with AAA being the highest rating). The graph below summarizes the City's long-term obligations (in millions). The City's net OPEB liability, covering retiree health and dental payments, was \$2.1 million. The City set aside \$3.0 million in an internal service fund and in March 2018, the City established an irrevocable trust to help offset this liability. The City's net OPEB liability relates to a closed plan with a total of 24 members. The actuarial study prepared in the analysis of this obligation assumes a long-term rate of return of 6.5%. The health costs will decrease 0.5% annually from 8.0% until the rate reaches 4.5%. The dental rate of 4.5% will increase annually. Annual payments for FY 18-19 totaled \$252,045. See Note 13 for more information regarding the City's net OPEB Liability.

The City's long-term obligations of governmental activities show an increase during FY 18-19 with an outstanding balance of \$230 million as of June 30, 2019. The increase of \$4 million to the net pension liability was due to CalPERS lowering the discount rate. Long-term obligations for business-type activities decreased in FY 18-19 by \$6 million, to \$105 million, a result of scheduled annual debt service payments. Refer to Note 8 in the footnote section for a more detailed listing of the City's outstanding debt. See Notes 18 and 19 for more information on Successor Agency debt as well as non-commitment debt.



Summary of Long-Term Indebtedness (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 7	\$ 8			\$ 7	\$ 8
Pension Obligation Bonds	33	32			33	32
Utility-Water Revenue Bonds			\$ 77	\$ 83	77	83
Recreational Revenue Bonds			2	3	2	3
Long-Term Notes Payable	1	1			1	1
Compensated Absences	17	16	2	2	19	18
Claims and Judgments	14	14			14	14
Net OPEB Liability	2	3			2	3
Net Pension Liability	156	152	24	23	180	175
Total Indebtedness	\$ 230	\$ 226	\$ 105	\$ 111	\$ 335	\$ 337



City of Fairfield, California

Management Discussion and Analysis

Pension Liability

The City's total net pension liability with CalPERS for FY 18-19 was \$180 million, based upon a measurement date of June 30, 2018. This represents a 72% funding of the total pension liability of \$631 million. In addition, the City has pension obligation bonds totaling \$44.7 million of principal and interest with annual debt service of \$2.9 million.

In determining the City's employer contribution rates, CalPERS actuarial assumptions assume that it will earn an annual rate of return of 7%, with annual salary growth of 3% and inflation of 2.75%. A portion of the employer contribution rates (approximately 20%) is to cover the unfunded liability. For the Classic and Tier II plans, the current employee contribution rate is 10.5% for miscellaneous and 11.25% for safety while for the PEPR plan the employee contribution rate is 6% for miscellaneous and 10.5% for safety; however, the City continues to pay a portion of the employee's contribution (EPMC) in addition to paying the City's contribution. The average age of the City's retired members is 67 for miscellaneous and 63 for safety, with 84 / 87 the expected life for males / females. CalPERS invests 50% of its investments in equities, 28% in fixed income, 13% in real estate and 9% in liquid and other types of assets. If CalPERS does not meet its expected rate of return, the City's future contribution rates will increase. See Note 12 of the City's CAFR for more information regarding the City's pension obligation.

Economic Factors and Next Year's Budget

The City prepares a two-year budget which contains a multi-year financial plan, which focuses on long-term financial viability and allows decision makers to understand the impact of policy decisions. Budget development is guided by a series of policies adopted by the City Council, which guides long-term planning, minimum reserve levels, employee compensation, cash and debt management, information technology and utility rates. The budget was based on these key assumptions:

Tax Revenues

HdL Companies provides estimates for property, sales and use tax, and Measure P (transaction and use tax) as part of their tax auditing contracts with the City. Their estimates are based on the current consensus among economists nationally that forecasts a slow economic recovery. The level of projected development is estimated by Community Development staff and reflects projects that have been approved or are being reviewed.

Property Taxes

Pursuant to Proposition 13, passed by California voters in 1978, countywide property taxes are set at 1% of assessed value. Upon change of ownership, the property value will be reassessed to the current market value (sales price). The City receives approximately 17% of the 1% countywide property tax collected in the City. Property taxes are the largest source of revenue to the General Fund since the State passed legislation regarding the collection of the Vehicle License Fee previously collected separately from property taxes. Property taxes are approximately 31% of the City's total General Fund revenues for FY 18-19. The collection of secured property taxes are expected to increase by approximately 4% for FY 19-20 and for future years, resulting from the increase in assessed values for properties within the city. It should be noted that residential properties represent 70% of the total assessed property valuation within the city.

Motor Vehicle in Lieu Tax (Other Taxes)

The Vehicle License Fee (VLF) is a statewide tax on the ownership of a registered vehicle in place of taxing vehicles as personal property. By law, all revenues from the VLF fund city and county services, but the State Legislature controls the tax rate and the allocation among local governments. In 2004, the Legislature permanently reduced the VLF tax rate and eliminated State general fund backfill to cities and counties. Instead, cities and counties now receive additional transfers of property tax revenues in lieu of VLF. These funds are classified as property taxes. VLF is approximately 9% of the City's total General Fund revenues for FY 18-19. Their growth going forward is tied to the change in the City's assessed value growth in the prior fiscal year.



City of Fairfield, California

Management Discussion and Analysis

Economic Factors and Next Year's Budget (Continued)

Utility and Franchise Taxes

The City imposes a Utility Users Tax of 2% on all residential and commercial utility bills for properties within the City. As this revenue can fluctuate from year to year based upon usage, staff is projecting no increases in these revenues for the next two fiscal years. The City has franchise agreements with several utility companies, where they pay the City a franchise fee based on a percentage of their revenue earned within the City limits. These fees serve as compensation for, among other things, wear and tear on City streets. Franchise fees can change when the customer base expands, when additional services are used, when weather impacts the use of the utility, and when rates change. Utility and Franchise Taxes are approximately 18% of the total City's General Fund revenues for FY 18-19. As this revenue can fluctuate from year to year based upon usage, staff is projecting only a 1% increase for FY 19-20 and beyond.

Sales Taxes and Local Measure P Transaction and Use Taxes

The amount of sales and local Measure P taxes are approximately 21% and 19% of the City's General Fund revenues, respectively for FY 18-19. The sales tax rate in Fairfield is 8.375%, of which 1% is the "local" or City share and 1% reflects the local use tax. Also included in the 8.375% sales tax is the one-half cent tax approved by California voters in November 1993 (Proposition 172), which is designated for public safety. This sales tax is shared between the cities and the county. Sales tax is expected to have no growth in FY 19-20 due to concerns about softening auto sales, which represents 20% of the City's sales tax and Measure P revenues.

Transfer and Transient Occupancy Tax (Other Taxes)

The revenue received from these taxes is expected to grow at a rate of 2% annually, as these revenues are subject to annual fluctuations in the market based upon real estate and business activity.

Personnel Costs

These are based on current staffing levels, a vacancy savings rate ranging from 0% to 5%, a 4% wage adjustments through July 2020, and increased employee contributions to their pensions. All seven of the City's labor contracts expire in 2021, with the exception of the part-time employee's association, which expires in 2022.

Health and Pension Costs

The City's health costs increased by less than 1% in FY 18-19, but are expected to increase by 5% in FY 19-20. For FY 19-20 and beyond, the forecast assumes that the City shares the increase in premiums with employees for all but one bargaining unit (which has a 95%/5% sharing between the City and the employee for any increases).

Pension rates for FY 19-20 are based on information provided by the California Public Employees' Retirement System (CalPERS), staff and third party estimates of the effects of CalPERS recently lowering its discount rate from 7.5% to 7.0% and the assumption that CalPERS will be able to obtain this rate of return on its investments in the future.

Next Year's Capital Improvement Program

The City's adopted two-year budget includes a capital improvement program (CIP) totaling \$113 million over the next two years. The CIP is designed to meet community needs, with special emphasis on those projects that contribute to the City's economic vitality and quality of life including annual street pavement maintenance, the West Texas Gateway project, sewer main replacements, local bus replacement, an electric bus charging system, the East / West Transmission Pipeline, the replacement of the City's radio communication system as well as improvements at Allan Witt, Veterans Memorial Park and other community neighborhood parks. It should be noted that there is approximately \$162 million of unfunded capital and maintenance projects outstanding over the next five years, the largest being streets.



City of Fairfield, California

Management Discussion and Analysis

Next Year's Capital Improvement Program (Continued)

Some of the major projects for FY 19-20 and 20-21 (and their costs) include the following:

- Performing annual pavement maintenance (\$8.5 million), including the replacement of existing or installation of new ADA accessible ramps, and application of asphalt rubber cape seal or slurry seal with fiber additive on various streets throughout the City. This project is primarily funded with General and Gas Tax funds.
- Allan Witt Community Park Projects (\$4.1 million) including the design and construction of skate park, dog park, and play area improvements. This project is funded with AB 1600 Parks funds and Quimby Act funds.
- Installation of segments of the East West Water Transmission Pipeline (\$4.6 million), funded with water fees.
- Installation of an electric bus charging system (\$4.1 million) with State and federal funds.
- West Texas Gateway Project (\$4.0 million), which will modify the eastbound I-80 off-ramp to provide direct bus access to the Fairfield Transportation Center (FTC), modify three signalized intersections along the Beck Avenue corridor. This project is funded with AB 1600 Streets funds and State and regional grants.

Contacting the City's Financial Management

This Comprehensive Annual Financial Report (CAFR) is designed to provide a general overview of the City's finances. This report can be obtained at no cost from the City's website at http://www.fairfield.ca.gov/gov/depts/finance/cafr_audited_financial_reports/. If you have questions about this report, or need any additional financial information, contact the City's Finance Department at 1000 Webster Street, Fairfield, CA 94533, phone 707-428-7515.



City of Fairfield, California Government-Wide Financial Statements





City of Fairfield, California

Statement of Net Position June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments (Notes 1D and 4)	\$206,808,210	\$ 66,172,886	\$ 272,981,096
Receivables, net (Note 5)	79,926,499	15,189,068	95,115,567
Inventory (Note 1G)	697,445	281,090	978,535
Prepaid items (Note 1G)	398,880		398,880
Restricted cash and investments (Notes 1E and 4)	5,538,380	24,316,315	29,854,695
Land held for development (Note 1P)	7,285,680		7,285,680
Internal balances (Note 3)	2,306,169	(2,306,169)	-
Investment in joint agencies (Note 1H)		520,355	520,355
Capital assets (Notes 1I and 6):			
Nondepreciable	68,429,577	29,581,012	98,010,589
Depreciable, net	291,855,309	142,331,770	434,187,079
Total capital assets	360,284,886	171,912,782	532,197,668
Total assets	663,246,149	276,086,327	939,332,476
Deferred Outflows of Resources (Note 1K):			
Deferred charge on refunding	1,984,604	137,699	2,122,303
Deferred outflows related to OPEB (Note 1M and Note 13)	1,264,495		1,264,495
Deferred outflows related to pensions (Note 1L and 12)	41,395,884	3,626,336	45,022,220
Total deferred outflows of resources	44,644,983	3,764,035	48,409,018
Liabilities:			
Accounts payable and other current liabilities (Note 7)	7,954,498	4,438,648	12,393,146
Interest payable (Note 8)	108,310	30,928,751	31,037,061
Unearned revenue (Note 1Q)	1,302,742	950,727	2,253,469
Long-term obligations (Note 8):			
Due within one year	8,266,178	6,167,997	14,434,175
Due in more than one year	221,435,117	98,582,749	320,017,866
Total liabilities	239,066,845	141,068,872	380,135,717
Deferred Inflows of Resources (Note 1K):			
Deferred inflows related to pensions (Notes 1L and 12)	5,362,906	402,862	5,765,768
Net Position (Note 10):			
Net investment in capital assets	359,360,263	93,642,762	453,003,025
Restricted for:			
Capital projects	49,783,080		49,783,080
Debt service	901,478	453,850	1,355,328
Community development	68,469,693		68,469,693
Special projects	35,388,934		35,388,934
Major maintenance		22,784,414	22,784,414
Minority Interest		776,056	776,056
Outreach Independence:			
Expendable	32,389		32,389
Nonexpendable	335,375		335,375
Total restricted	154,910,949	24,014,320	178,925,269
Unrestricted	(50,809,831)	20,721,546	(30,088,285)
Total net position	\$ 463,461,381	\$ 138,378,628	\$ 601,840,009

The notes to the basic financial statements are an integral part of this statement.



City of Fairfield, California

Statement of Activities For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities					
Administration	\$ 10,103,101	\$ 223,614	\$ 137,678	\$ 1,778,633	\$ 2,139,925
Finance	1,797,566	71	5,399		5,470
Police	45,359,400	1,576,293	1,180,220		2,756,513
Fire	23,299,548	2,129,420	1,217,205	361,206	3,707,831
Public works	42,510,868	204,547	4,456,824	18,157,453	22,818,824
Community development	14,714,798	229,777	8,958,948		9,188,725
Parks and recreation	8,356,798	2,331,329	838,365	5,606,068	8,775,762
Interest on long-term debt	1,523,848				
Total governmental activities	147,665,927	6,695,051	16,794,639	25,903,360	49,393,050
Business-type activities:					
Water utility	35,441,283	32,345,646		3,089,084	35,434,730
North bay treatment plant	9,480,780	11,112,017			11,112,017
Transportation	13,687,532	2,250,751	9,441,298	5,470,988	17,163,037
Golf courses	4,786,710	4,314,330			4,314,330
Total business-type activities	63,396,305	50,022,744	9,441,298	8,560,072	68,024,114
Total primary government	\$ 211,062,232	\$ 56,717,795	\$ 26,235,937	\$ 34,463,432	\$ 117,417,164

General Revenues and Transfers:

Taxes:

Property taxes
Sales taxes
Transaction and use taxes
Franchise taxes
Utility user taxes
Transient occupancy taxes
Business license taxes
Other taxes

Total taxes

Unrestricted intergovernmental revenues
Investment earnings
Miscellaneous
Transfers (Note 3)

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (7,963,176)		\$ (7,963,176)
(1,792,096)		(1,792,096)
(42,602,887)		(42,602,887)
(19,591,717)		(19,591,717)
(19,692,044)		(19,692,044)
(5,526,073)		(5,526,073)
418,964		418,964
(1,523,848)		(1,523,848)
(98,272,877)		(98,272,877)
	\$ (6,553)	(6,553)
	1,631,237	1,631,237
	3,475,505	3,475,505
	(472,380)	(472,380)
	4,627,809	4,627,809
(98,272,877)	4,627,809	(93,645,068)
34,085,030		34,085,030
23,456,467		23,456,467
19,602,753		19,602,753
5,432,256		5,432,256
4,104,575		4,104,575
3,038,151		3,038,151
1,373,366		1,373,366
1,123,292		1,123,292
92,215,890		92,215,890
242,683		242,683
7,910,032	2,837,620	10,747,652
6,605,782	438,556	7,044,338
(422,979)	422,979	-
106,551,408	3,699,155	110,250,563
8,278,531	8,326,964	16,605,495
455,182,850	130,051,664	585,234,514
\$ 463,461,381	\$ 138,378,628	\$ 601,840,009

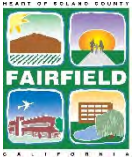
The notes to the basic financial statements are an integral part of this statement.



City of Fairfield, California

People and Places in the City





City of Fairfield, California Governmental Funds Financial Statements





City of Fairfield, California

Balance Sheet Governmental Funds June 30, 2019

	Major Funds		
	General Fund	Low Mod Income Housing	City Capital Projects
Assets:			
Cash and investments (Notes 1D and 4)	\$ 34,808,762	\$ 4,755,223	\$ 44,062,236
Receivables, net (Note 5)	11,183,821	33,382,318	562,191
Prepaid items (Note 1G)	53,801		
Restricted cash and investments (Notes 1E and 4)	5,286,612		
Land held for development (Note 1P)		7,285,680	
Total assets	\$ 51,332,996	\$ 45,423,221	\$ 44,624,427
Liabilities:			
Accounts payable and other current liabilities (Note 7)	\$ 2,408,185	\$ 45,412	\$ 3,676,357
Unearned revenues (Note 1Q)	174,108		343,786
Total liabilities	2,582,293	45,412	4,020,143
Deferred Inflows Of Resources (Note 1K):			
Unavailable revenue	1,042,333		
Unavailable revenue-loans interest receivable		1,568,084	
Total deferred inflows of resources	1,042,333	1,568,084	-
Fund Balances (Notes 10 and 11):			
Nonspendable	53,801		
Restricted	5,286,612	43,809,725	34,488,473
Committed	7,266,947		
Assigned	6,278,715		6,115,811
Unassigned	28,822,295		
Total fund balances	47,708,370	43,809,725	40,604,284
Total liabilities, deferred inflows of resources, and fund balances	\$ 51,332,996	\$ 45,423,221	\$ 44,624,427

The notes to the basic financial statements are an integral part of this statement.

Total Non-Major Governmental Funds	Total Governmental Funds
\$ 56,151,163	\$ 139,777,384
21,953,293	67,081,623
	53,801
251,768	5,538,380
	7,285,680
<u>\$ 78,356,224</u>	<u>\$ 219,736,868</u>
\$ 598,440	\$ 6,728,394
784,848	1,302,742
<u>1,383,288</u>	<u>8,031,136</u>
	1,042,333
<u>2,930,150</u>	<u>4,498,234</u>
<u>2,930,150</u>	<u>5,540,567</u>
335,375	389,176
60,106,553	143,691,363
12,064,326	19,331,273
1,536,532	13,931,058
	28,822,295
<u>74,042,786</u>	<u>206,165,165</u>
<u>\$ 78,356,224</u>	<u>\$ 219,736,868</u>

The notes to the basic financial statements are an integral part of this statement.



City of Fairfield, California

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

Total Fund Balances - Total Governmental Funds \$ 206,165,165

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Except for the Internal Service Funds amount of \$14,511,491, the capital assets were adjusted as follows:

Nondepreciable Assets	66,580,053
Depreciable buildings, property, equipment, and infrastructure, net	279,193,342
Total Capital Assets, net of accumulated depreciation	<u>345,773,395</u>

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.

(108,058)

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Position.

63,283,672

Deferred inflows recorded in governmental fund financial statements resulting from activities in which revenues were earned but funds were not available, were recognized as revenues in the Government-Wide Financial Statements.

5,540,567

Deferred outflows and deferred inflows related to pensions are only reported in the Government-Wide Statement of Net Position.

36,032,978

Deferred charges on refunding of debt are not reported in the Governmental Funds Balance Sheet but are reported in the Government-Wide Statement of Net Position, and amortized over time.

1,984,604

Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet. Except for the Internal Service Funds amount of \$34,490,353, the long-term liabilities were adjusted as follows:

Long-term liabilities - due within one year	(2,106,890)
Long-term liabilities - due in more than one year	(193,104,052)
Total long-term liabilities	<u>(195,210,942)</u>

Net Position of Governmental Activities \$ 463,461,381

The notes to the basic financial statements are an integral part of this statement.



City of Fairfield, California

People and Places in the City





City of Fairfield, California

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2019

		Major Funds	
	General Fund	Low Mod Income Housing	City Capital Projects
Revenues:			
Property taxes	\$ 33,422,699		
Sales taxes	23,456,467		
Transaction and use taxes (Measure P)	19,602,753		
Utility and franchise taxes	9,536,831		
Other taxes	6,071,129		
Development fees			\$ 7,481,437
Special assessments levied			
Licenses, permits and fines	3,479,535		
Developers' contributions			803,950
Intergovernmental	467,962		3,056,897
Charges for services	6,911,323		
Investment income	2,009,675	\$ 529,646	1,096,570
Miscellaneous	2,539,420	16,306	72,910
Total revenues	107,497,794	545,952	12,511,764
Expenditures:			
Current:			
Administration	4,120,034		
Finance	934,491		
Police	41,411,882		
Fire	20,741,762		
Public works	11,878,134		
Parks and recreation	5,893,668		
Community development	3,422,777	873,005	
Non-departmental	15,298,522		
Capital outlay			17,546,861
Debt service:			
Principal retirement			
Interest			
Bond issuance costs			
Fiscal agent fees			
Total expenditures	103,701,270	873,005	17,546,861
Excess (deficiency) of revenues over (under) expenditures	3,796,524	(327,053)	(5,035,097)
Other Financing Sources (Uses):			
Issuance of refunding bonds			
Payment to refunded bond escrow			
Transfers in (Note 3)	22,257,998		8,607,816
Transfers out (Note 3)	(5,886,532)	(191,494)	(79,916)
Total other financing sources (uses)	16,371,466	(191,494)	8,527,900
Net change in fund balances	20,167,990	(518,547)	3,492,803
Fund Balances:			
Beginning of year	27,540,380	44,328,272	37,111,481
End of year	\$ 47,708,370	\$ 43,809,725	\$ 40,604,284

The notes to the basic financial statements are an integral part of this statement.

Total Non-Major Governmental Funds	Total Governmental Funds
\$ 662,328	\$ 34,085,027
	23,456,467
	19,602,753
	9,536,831
3,089,048	9,160,177
	7,481,437
6,813,858	6,813,858
	3,479,535
291,142	1,095,092
18,167,274	21,692,133
	6,911,323
1,564,951	5,200,842
863,997	3,492,633
<u>31,452,598</u>	<u>152,008,108</u>
364,460	4,484,494
	934,491
462,080	41,873,962
838,597	21,580,359
5,412,185	17,290,319
1,974,738	7,868,406
9,596,603	13,892,385
	15,298,522
1,063,354	18,610,215
2,051,890	2,051,890
1,570,807	1,570,807
268,614	268,614
21,429	21,429
<u>23,624,757</u>	<u>145,745,893</u>
<u>7,827,841</u>	<u>6,262,215</u>
15,325,000	15,325,000
(15,041,320)	(15,041,320)
4,674,681	35,540,495
<u>(29,894,283)</u>	<u>(36,052,225)</u>
<u>(24,935,922)</u>	<u>(228,050)</u>
(17,108,081)	6,034,165
<u>91,150,867</u>	<u>200,131,000</u>
<u>\$ 74,042,786</u>	<u>\$ 206,165,165</u>

The notes to the basic financial statements are an integral part of this statement.



City of Fairfield, California

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-Wide Statement of Activities For the Year Ended June 30, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 6,034,165

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures in the amount of \$18,610,215. In the Government-Wide Statement of Activities, a portion of these expenditures, \$5,455,281 are reported as capital assets. Additional departmental assets were recorded at \$3,059,508 along with a loss on retirement of capital assets of \$24,458. 8,490,331

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in Governmental Funds. (13,144,578)

Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position. 2,051,890

Accrued interest expense on long-term debt is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in Governmental Funds. This amount represents the change in accrued interest from prior year. 46,959

Issuance of bonds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position:

Issuance of refunding bonds	(15,325,000)
Current year refunding payments to escrow	15,041,320

Amortization expense (of Deferred Charges and Bond Issue Discount) is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, amortization expense is not reported as expenditures in Governmental Funds. (83,901)

In the Governmental Funds, receivables not meeting the availability criteria for revenue recognition are recorded as unavailable revenue. In the Government-Wide Statements, these amounts are recognized as income on the full accrual basis of accounting. 237,667

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The increase in net position is reported with governmental activities. 3,711,550

The change in pension amounts (actuarially determined) are not a use of current financial resources and are not included in the net change in fund balances but are included in the net position of governmental activities. 1,218,128

Change in Net Position of Governmental Activities \$ 8,278,531

The notes to the basic financial statements are an integral part of this statement.



City of Fairfield, California

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual General Fund For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 31,296,000	\$ 31,998,302	\$ 33,422,699	\$ 1,424,397
Sales taxes	21,930,000	22,554,395	23,456,467	902,072
Transaction and use taxes (Measure P)	19,082,000	19,082,000	19,602,753	520,753
Utility and franchise taxes	9,055,000	9,055,000	9,536,831	481,831
Other taxes	5,040,000	5,040,000	6,071,129	1,031,129
Licenses, permits and fines	2,554,000	2,554,000	3,479,535	925,535
Intergovernmental	344,984	344,984	467,962	122,978
Charges for services	6,534,432	6,534,432	6,911,323	376,891
Investment income	275,000	275,000	2,009,675	1,734,675
Miscellaneous	1,311,750	2,081,118	2,539,420	458,302
Total Revenues	97,423,166	99,519,231	107,497,794	7,978,563
Expenditures:				
Current:				
Administration	4,976,058	4,476,058	4,120,034	356,024
Finance	1,172,489	1,172,489	934,491	237,998
Police	39,481,024	40,614,292	41,411,882	(797,590)
Fire	18,921,304	19,875,979	20,741,762	(865,783)
Public works	12,356,034	12,356,034	11,878,134	477,900
Parks and recreation	6,463,437	6,463,437	5,893,668	569,769
Community development	3,630,331	3,754,331	3,422,777	331,554
Non-departmental	5,020,132	15,344,527	15,298,522	46,005
Total Expenditures	92,020,809	104,057,147	103,701,270	355,877
Excess revenues over expenditures	5,402,357	(4,537,916)	3,796,524	8,334,440
Other Financing Sources (Uses):				
Transfers in	257,998	22,257,998	22,257,998	-
Transfers out	(5,660,351)	(5,910,580)	(5,886,532)	24,048
Total other financing sources (uses)	(5,402,353)	16,347,418	16,371,466	24,048
Net change in fund balance	4	11,809,502	20,167,990	8,358,488
Fund Balance - Beginning of Year	27,540,380	27,540,380	27,540,380	-
Fund Balance - End of Year	\$ 27,540,384	\$ 39,349,882	\$ 47,708,370	\$ 8,358,488

The notes to the basic financial statements are an integral part of this statement.

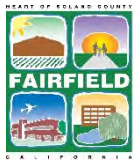


City of Fairfield, California

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Low Mod Income Housing Major Special Revenue Fund For the Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment income	\$ 152,842	\$ 526,842	\$ 529,646	\$ 2,804
Miscellaneous		16,000	16,306	306
Total Revenues	152,842	542,842	545,952	3,110
Expenditures:				
Current:				
Community development	578,231	881,398	873,005	8,393
Excess (deficiency) of revenues over (under) expenditures	(425,389)	(338,556)	(327,053)	11,503
Other Financing (Uses):				
Transfers out		(194,090)	(191,494)	2,596
Net change in fund balances	(425,389)	(532,646)	(518,547)	14,099
Fund Balance - Beginning of Year	44,328,272	44,328,272	44,328,272	-
Fund Balance - End of Year	\$ 43,902,883	\$ 43,795,626	\$ 43,809,725	\$ 14,099

The notes to the basic financial statements are an integral part of this statement.



City of Fairfield, California Proprietary Funds Financial Statements





City of Fairfield, California

Statement of Net Position Proprietary Funds June 30, 2019

	Business-type Activities - Enterprise Funds		
	Water Utility	North Bay Treatment Plant	Transportation
Assets:			
Current Assets			
Cash and investments (Notes 1D and 4)	\$ 60,974,374	\$ 3,834,964	
Receivables, net (Note 5)	6,598,979	1,657,144	\$ 4,674,657
Inventory (Note 1G)			
Prepaid items (Note 1G)			
Due from other funds (Note 3)			
Total current assets	67,573,353	5,492,108	4,674,657
Noncurrent Assets			
Restricted cash and investments (Notes 1E and 4)	510,092	22,784,414	
Investment in joint agencies (Note 1H)	520,355		
Loans receivable (Note 5)		815,958	
Notes receivable (Note 5)	37,120	1,296,385	
Capital assets: (Notes 1I and 6)			
Nondepreciable	17,170,397	714,651	
Depreciable	201,265,684	62,623,752	36,400,108
Less: accumulated depreciation	(104,571,160)	(27,620,502)	(27,249,175)
Total capital assets	113,864,921	35,717,901	9,150,933
Total noncurrent assets	114,932,488	60,614,658	9,150,933
Total assets	182,505,841	66,106,766	13,825,590
Deferred Outflows of Resources (Note 1K):			
Deferred charge on refunding			
Deferred outflows related to OPEB (Note 13)			
Deferred outflows related to pension (Note 12)	2,314,776	934,959	376,601
Total deferred outflows of resources	2,314,776	934,959	376,601
Liabilities:			
Current Liabilities			
Accounts payable and other current liabilities (Note 7)	1,631,616	547,027	1,703,198
Due to other funds (Note 3)			2,306,169
Accrued interest payable (Note 8)	379,064		
Unearned revenue (Note 1Q)			535,637
Compensated absences (Note 8)	30,479	40,906	6,612
Claims and judgments payable (Note 8 and 9)			
Long-term debt - due within one year (Note 8)	5,675,000		
Total current liabilities	7,716,159	587,933	4,551,616
Noncurrent Liabilities			
Accreted interest payable (Note 8)	30,510,837		
Compensated absences (Note 8)	567,139	761,169	123,041
Claims and judgments payable (Notes 8 and 9)			
Net pension liability (Note 12)	14,988,230	6,313,182	2,434,218
Net OPEB liability (Note 13)			
Long-term debt - due in more than one year (Note 8)	71,526,696		
Total noncurrent liabilities	117,592,902	7,074,351	2,557,259
Total liabilities	125,309,061	7,662,284	7,108,875
Deferred Inflows of Resources (Note 1K):			
Deferred inflows related to pensions (Note 12)	259,405	100,474	42,983
Net Position (Note 10):			
Net investment in capital assets	37,173,317	35,717,901	9,150,933
Restricted for major maintenance		22,784,414	
Restricted for minority interest		776,056	
Restricted for debt service			
Unrestricted	22,078,834	596	(2,100,600)
Total net position	\$ 59,252,151	\$ 59,278,967	\$ 7,050,333

The notes to the basic financial statements are an integral part of this statement.

<u>Golf Courses</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 1,363,548	\$ 66,172,886	\$ 67,030,826
108,825	13,039,605	385,929
281,090	281,090	697,445
	-	345,079
	-	2,306,169
<u>1,753,463</u>	<u>79,493,581</u>	<u>70,765,448</u>
1,021,809	24,316,315	
	520,355	
	815,958	12,458,947
	1,333,505	
11,695,964	29,581,012	1,849,524
19,465,202	319,754,746	27,926,604
(17,982,139)	(177,422,976)	(15,264,637)
<u>13,179,027</u>	<u>171,912,782</u>	<u>14,511,491</u>
<u>14,200,836</u>	<u>198,898,915</u>	<u>26,970,438</u>
<u>15,954,299</u>	<u>278,392,496</u>	<u>97,735,886</u>
137,699	137,699	
	-	1,264,495
	3,626,336	
<u>137,699</u>	<u>3,764,035</u>	<u>1,264,495</u>
556,807	4,438,648	1,226,104
	2,306,169	
38,850	417,914	252
415,090	950,727	
	77,997	4,041,356
	-	1,845,848
<u>415,000</u>	<u>6,090,000</u>	<u>272,084</u>
<u>1,425,747</u>	<u>14,281,455</u>	<u>7,385,644</u>
	30,510,837	
	1,451,349	13,092,603
	-	12,480,152
	23,735,630	
	-	2,105,771
<u>1,869,074</u>	<u>73,395,770</u>	<u>652,539</u>
<u>1,869,074</u>	<u>129,093,586</u>	<u>28,331,065</u>
<u>3,294,821</u>	<u>143,375,041</u>	<u>35,716,709</u>
	402,862	
11,600,611	93,642,762	14,511,491
	22,784,414	
	776,056	
453,850	453,850	
<u>742,716</u>	<u>20,721,546</u>	<u>48,772,181</u>
<u>\$ 12,797,177</u>	<u>\$ 138,378,628</u>	<u>\$ 63,283,672</u>

The notes to the basic financial statements are an integral part of this statement.



City of Fairfield, California

Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds		
	Water Utility	North Bay Treatment Plant	Transportation
Operating Revenues:			
Charges for services	\$ 31,788,389	\$ 11,112,017	\$ 2,215,567
Miscellaneous	557,257		35,184
Total operating revenues	32,345,646	11,112,017	2,250,751
Operating Expenses:			
Material and supplies			
Operating and maintenance	18,500,067	6,946,920	10,231,871
General and administrative	5,657,320	1,004,229	1,666,511
Insurance claims and premiums			
Depreciation	6,463,133	1,529,631	1,789,150
Total operating expenses	30,620,520	9,480,780	13,687,532
Operating income (loss)	1,725,126	1,631,237	(11,436,781)
Nonoperating Revenues (Expenses):			
Investment income	1,978,963	822,094	
Interest expense	(4,820,763)		
Intergovernmental revenue			9,441,298
Other revenue (expense)	318,467	(266,026)	91,656
Total nonoperating revenues (expenses)	(2,523,333)	556,068	9,532,954
Income (loss) before capital contributions and transfers	(798,207)	2,187,305	(1,903,827)
Capital contributions:			
Connection fees	2,983,906		
Intergovernmental revenue			5,470,988
Developers contributions	105,178		
Total capital contributions	3,089,084	-	5,470,988
Transfers (Note 3):			
Transfers in			
Transfers out	(315,216)	(111,896)	(84,857)
Total transfers	(315,216)	(111,896)	(84,857)
Change in net position	1,975,661	2,075,409	3,482,304
Net Position:			
Beginning of year	57,276,490	57,203,558	3,568,029
End of year	<u>\$ 59,252,151</u>	<u>\$ 59,278,967</u>	<u>\$ 7,050,333</u>

The notes to the basic financial statements are an integral part of this statement.

<u>Golf Courses</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 3,892,321	\$ 49,008,294	\$ 24,773,875
422,009	1,014,450	
<u>4,314,330</u>	<u>50,022,744</u>	<u>24,773,875</u>
	-	4,979,910
4,224,369	39,903,227	11,641,144
	8,328,060	2,310,790
	-	3,154,323
<u>196,417</u>	<u>9,978,331</u>	<u>1,819,845</u>
<u>4,420,786</u>	<u>58,209,618</u>	<u>23,906,012</u>
<u>(106,456)</u>	<u>(8,186,874)</u>	<u>867,863</u>
36,563	2,837,620	2,269,731
(365,924)	(5,186,687)	(13,834)
	9,441,298	
<u>294,459</u>	<u>438,556</u>	<u>499,039</u>
<u>(34,902)</u>	<u>7,530,787</u>	<u>2,754,936</u>
<u>(141,358)</u>	<u>(656,087)</u>	<u>3,622,799</u>
	2,983,906	
	5,470,988	
	105,178	
<u>-</u>	<u>8,560,072</u>	<u>-</u>
934,948	934,948	1,073,727
	(511,969)	(984,976)
<u>934,948</u>	<u>422,979</u>	<u>88,751</u>
793,590	8,326,964	3,711,550
<u>12,003,587</u>	<u>130,051,664</u>	<u>59,572,122</u>
<u>\$ 12,797,177</u>	<u>\$ 138,378,628</u>	<u>\$ 63,283,672</u>

The notes to the basic financial statements are an integral part of this statement.



City of Fairfield, California

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds		
	Water Utility	North Bay Treatment Plant	Transportation
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 31,929,620	\$ 10,843,535	\$ 3,949,578
Receipts from interfund services provided			
Payments to suppliers	(10,837,652)	(4,476,065)	(7,454,073)
Payments to employees	(6,769,825)	(3,284,243)	(1,118,443)
Payments for interfund services used	(5,016,185)	(391,312)	(3,194,327)
Net cash provided by (used for) operating activities	9,305,958	2,691,915	(7,817,265)
Cash Flows from Noncapital Financing Activities:			
Grants			7,777,499
Transfers in			
Transfers out	(315,216)	(111,896)	(84,857)
Net cash provided by (used for) noncapital financing activities	(315,216)	(111,896)	7,692,642
Cash Flows from Capital and Related Financing Activities:			
Principal payments-bonds	(5,455,000)		
Principal payments-notes payable			
Interest received on notes receivable		56,717	
Capital distribution		(56,717)	
Interest paid	(1,734,456)		
Fiscal agent fees paid	(9,422)		
Connection fees	2,983,906		
Grants			5,595,611
Proceeds from sales of capital assets	313,032		
Acquisition and construction of capital assets	(1,934,290)	(2,091,616)	(5,470,988)
Net cash provided by (used by) capital and related financing activities	(5,836,230)	(2,091,616)	124,623
Cash Flows from Investing Activities:			
Investment income received	1,858,362	772,713	
Net increase (decrease) in cash and cash equivalents	5,012,874	1,261,116	-
Cash and Cash Equivalents:			
Beginning of year	56,471,592	25,358,262	
End of year	<u>\$ 61,484,466</u>	<u>\$ 26,619,378</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

<u>Golf Courses</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 4,326,594	\$ 51,049,327	
	-	\$ 25,511,213
(4,094,128)	(26,861,918)	(16,516,523)
	(11,172,511)	(7,358,528)
	(8,601,824)	(857,853)
<u>232,466</u>	<u>4,413,074</u>	<u>778,309</u>
	7,777,499	
929,624	929,624	593,727
	(511,969)	(504,976)
<u>929,624</u>	<u>8,195,154</u>	<u>88,751</u>
(1,025,000)	(6,480,000)	
	-	(268,628)
	56,717	
	(56,717)	
(98,200)	(1,832,656)	(13,911)
(3,236)	(12,658)	
	2,983,906	
	5,595,611	
257,700	570,732	414,039
(804,915)	(10,301,809)	(5,177,710)
<u>(1,673,651)</u>	<u>(9,476,874)</u>	<u>(5,046,210)</u>
<u>34,878</u>	<u>2,665,953</u>	<u>2,154,253</u>
(476,683)	5,797,307	(2,024,897)
<u>2,862,040</u>	<u>84,691,894</u>	<u>69,055,723</u>
<u>\$ 2,385,357</u>	<u>\$ 90,489,201</u>	<u>\$ 67,030,826</u>

The notes to the basic financial statements are an integral part of this statement.



City of Fairfield, California

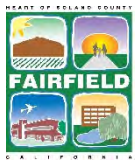
Statement of Cash Flows (continued) Proprietary Funds For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds		
	Water Utility	North Bay Treatment Plant	Transportation
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	\$ 1,725,126	\$ 1,631,237	\$ (11,436,781)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	6,463,133	1,529,631	1,789,150
(Increase) decrease in receivable	(411,901)	(268,483)	73,886
(Increase) in notes receivable	(4,125)		
(Increase) in inventory			
(Increase) in prepaid items			
(Increase) in advances to other funds			
(Increase) in deferred outflows	(1,287,456)	(494,422)	(213,754)
Increase (decrease) in accounts payable	288,191	177,884	(55,342)
Increase (decrease) in compensated absences	(13,321)	31,329	(12,653)
Increase in claims and judgments payable			
Increase unearned revenue			
Increase in advances from other funds			1,624,941
Non-cash expense	2,546,311	84,739	413,288
Total adjustment	<u>7,580,832</u>	<u>1,060,678</u>	<u>3,619,516</u>
Net cash provided by (used for) operating activities	<u><u>\$ 9,305,958</u></u>	<u><u>\$ 2,691,915</u></u>	<u><u>\$ (7,817,265)</u></u>
Non-cash transactions:			
Contributions of capital assets from developers	<u><u>\$ 105,178</u></u>		

The notes to the basic financial statements are an integral part of this statement.

		Governmental
	Total	Activities
Golf Courses	Enterprise	Internal
	Funds	Service Funds
\$ (106,456)	\$ (8,186,874)	\$ 867,863
196,417	9,978,331	1,819,845
12,264	(594,234)	(13,975)
	(4,125)	
(39,067)	(39,067)	(170,248)
	-	(130,155)
	-	(1,568,828)
	(1,995,632)	(1,252,045)
101,573	512,306	375,379
	5,355	892,050
	-	267,000
67,735	67,735	
	1,624,941	
	3,044,338	(308,577)
338,922	12,599,948	(89,554)
<u>\$ 232,466</u>	<u>\$ 4,413,074</u>	<u>\$ 778,309</u>
	<u>\$ 105,178</u>	

The notes to the basic financial statements are an integral part of this statement.



City of Fairfield, California Fiduciary Funds Financial Statements





City of Fairfield, California

Statement of Net Position Fiduciary Funds June 30, 2019

	Agency Funds	Successor Agency to the Fairfield Redevelopment Agency Private-Purpose Trust Fund
Assets:		
Cash and investments (Note 4)	\$ 14,315,099	\$ 4,430,196
Receivables, net (Note 18)	1,054,605	2,097,111
Restricted cash and investments (Note 4)	2,232,164	714,423
Land held for resale (Note 18)		5,440,769
Total assets	\$ 17,601,868	12,682,499
Liabilities:		
Accounts payable and other current liabilities	\$ 17,601,868	
Interest payable		532,563
Loans payable to Fairfield Housing Authority (Note 18)		3,297,083
Loans payable to City of Fairfield (Note 18)		12,157,381
Long-term debt - due within one year (Note 18)		2,955,000
Long-term debt - due in more than one year (Note 18)		23,360,733
Total liabilities	\$ 17,601,868	42,302,760
Net Position (Deficit):		
Held in trust for dissolution of the Redevelopment Agency		\$ (29,620,261)

The notes to the basic financial statements are an integral part of this statement.



City of Fairfield, California

Statement of Changes in Net Position Fiduciary Funds For the Year Ended June 30, 2019

	Successor Agency to the Fairfield Redevelopment Agency Private-purpose Trust Fund
Additions:	
Property taxes	\$ 4,835,179
Investment income	114,814
Miscellaneous income	167,458
Total additions	5,117,451
Deductions:	
Dissolution payments to Solano County	1,130,000
Enforceable obligations	1,087,411
Program expenses	554,822
Total deductions	2,772,233
Change in net position	2,345,218
Net Position (Deficit):	
Beginning of Year	(31,965,479)
End of Year	\$ (29,620,261)

The notes to the basic financial statements are an integral part of this statement.



City of Fairfield, California

People and Places in the City





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1) Summary of Significant Accounting Policies

A. Organization and Reporting Entity

The City of Fairfield (the City) was incorporated on December 12, 1903, under the laws of the State of California. The City is a general law city administered by a Council-Manager form of government. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

Component units, although legally separate entities, are, in substance, part of the City's operations and data from these units are combined with data of the City. Based on the above criteria, the accompanying financial statements include the financial activities of these component units:

- Fairfield Public Financing Authority
- Fairfield Water Facilities Improvement District No. 1
- Fairfield Municipal Park Improvement District No. 1
- Fairfield Storm Drain Facilities Improvement District No. 1
- Fairfield Community Facilities Districts
- Housing Authority of the City of Fairfield

These entities are legally separate from each other; however, the City Council serves in separate session as the governing body of these related agencies. The financial activities of these entities are integrally related to those of the City and blended with those of the City. Blending involves aggregating/merging component unit data and data from the City at both the Government-Wide and Fund Financial Statement level.

Each of the component units or activities included in the Government-Wide and Fund Financial Statements are blended components because the governing body of the City is the same or substantially as that of the Authority (or District) and management of the City has operational responsibility for the entity. These component units are described below:

i. Fairfield Public Financing Authority

The Fairfield Public Financing Authority (the Financing Authority) is a public agency created under a joint exercise of powers agreement between the City and the former Redevelopment Agency (now Successor Agency). The Financing Authority was created for the purpose of providing financing of public capital improvements for the City and the former Agency. The City Council is the governing board of the Financing Authority.

ii. Fairfield Water Facilities Improvement District No. 1

The Fairfield Water Facilities Improvement District No. 1 (the Water Improvement District) is a voter-approved improvement district formed in 1972 to finance and build water treatment and storage facilities. The City Council is the governing board of the Water Improvement District. The entity is a blended component because the governing body of the City is the same as that of the District and management of the City has operational responsibility for the District.

iii. Fairfield Municipal Park Improvement District No. 1

The Fairfield Municipal Park Improvement District No. 1 (the Park Improvement District) is a voter-approved improvement district formed in 1972 to finance acquisition and construction of parks and recreational facilities. The City Council is the governing board of the Park Improvement District. The entity is a blended component because the governing body of the City is the same as that of the District and management of the City has operational responsibility for the District.



iv. Fairfield Storm Drain Facilities Improvement District No. 1

The Fairfield Storm Drain Facilities Improvement District No. 1 (the Storm Drain Facilities Improvement District) is a voter-approved improvement district formed in 1972 to finance construction of storm drainage facilities. The City Council is the governing board of the Storm Drain Facilities Improvement District. The entity is a blended component because the governing body of the City is the same as that of the District and management of the City has operational responsibility for the District.

v. Fairfield Community Facilities Districts

The City of Fairfield Community Facilities Districts were created in accordance with the State of California Mello-Roos Community Facilities Act of 1972. The Districts were formed to levy special taxes, issue bonds, and obtain loans supported by special taxes for open space and general traffic and street improvements. The City Council is the governing board of the Fairfield Community Facilities Districts. The entity is a blended component because the governing body of the City is the same as that of the Districts and management of the City has operational responsibility for the Districts.

vi. Housing Authority of the City of Fairfield

The Housing Authority of the City of Fairfield (the Housing Authority) is organized under the California Health and Safety Code. The objectives of the Housing Authority are to preserve and increase the supply of affordable housing; to aid low-income families in obtaining decent, safe and sanitary housing through Federal assistance programs and low/moderate income housing programs; and to oversee the housing assets of the former redevelopment agency.

The Housing Authority is governed by a Board of Commissioners composed of five City Council members and two members of the public. This entity is a blended component because the governing body of it and the City are substantively the same and management of the City has operational responsibility for the Authority.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. These statements implement all the applicable GASB statements.

The accounts of the City and its component units are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

i. Government - Wide Financial Statements

The City Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The types of transactions



Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not included among program revenues are reported instead as general revenues.

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated, except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

ii. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds as aggregated. An accompanying reconciliation schedule is presented to explain the differences in governmental fund balances as presented in these statements to the net position presented in the Government-Wide financial statements.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, current liabilities, and deferred inflows of resources are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property taxes revenues to be available if they are collected within 60 days after year-end. All other revenues reported in the governmental funds are considered to be available if they are received within 90 days after year-end. Property taxes, sales tax, franchise taxes, licenses, interest, grants, and special assessments are susceptible to accrual. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The City has presented all major funds that met the applicable criteria. The City reports the following as major governmental funds:

General Fund - is the general operating fund of the City. It is used to account for all financial resources except those which are restricted as to use.

Low Mod Income Housing Special Revenue Fund - is used to account for housing assets, housing functions, and all housing responsibilities previously performed by the now defunct Redevelopment Agency, including financial development and rehabilitation of low and moderate income housing units, including all revolving loan fund programs. The fund is restricted to account for the use of the resources that will increase, improve and preserve the supply of housing available for the low and moderate-income households. The primary source of funding is interest income, the repayment of loans receivables, and the sale of land.

City Capital Projects Fund - is used to account for construction projects. The primary sources of funding have been City-levied development taxes, State Gas Tax, Local Transportation Tax, Traffic Safety Funds and temporary loans to projects.



Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

iii. Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major proprietary fund.

A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide financial statements. Internal Service Funds provide a variety of services to all City departments such as printing and mailing, automotive, communication, cogeneration and Civic Center maintenance, insurance requirements, as well as loans and advances.

Proprietary Funds are accounted for using the *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City has presented all proprietary funds as major funds because the City believes the financial position and activities of these funds are significant to the City as a whole. The City of Fairfield reports the following major proprietary fund types:

Water Utility Fund - accounts for the operations of the water system. This is a self-supporting activity which provides water services on a user charge basis to residences and businesses located in the City.

North Bay Treatment Plant - used to account for the operations of a joint water treatment plant built by the cities of Fairfield and Vacaville. This plant supplies treated water to both the cities. The City of Fairfield is the designated administrator and operator of the plant.

Transportation Fund - accounts for the operations of the City's transportation system for a fixed route and demand response service which, along with fare box revenues, receives grants from the Transportation Development Act (TDA) and the Federal Transit Administration (FTA) and state and regional funding.

Golf Courses Fund - accounts for the operations of the two City-owned public golf courses (Rancho Solano and Paradise Valley). The revenue generated from the courses is used to pay the debt service payments on the bond issues with which the courses were constructed.

The City reports the following internal service funds:

Central Services Fund - accounts for the printing, copying, and mail services provided to the various City departments; as well as accounting for public work maintenance supplies for the various City departments.

Vehicle Services/Replacement Fund - accounts for automotive services performed for the various City departments as well as accounting for the City's Vehicle Replacement Fund.

Information Technology Fund - accounts for the charges to the various departments for the use and maintenance of the main power supplies for various communication devices such as hand radios, phones, computers, and closed circuit video cameras throughout the City.

Intragovernmental Loan Fund - accounts for loans made to City funds or affiliated agencies.

Insurance Fund - accounts for all insurance activities of the City excluding OPEB.



Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

Retiree Insurance (OPEB) Fund - accounts for payment of Other-Post-Employment Benefits including medical and dental premiums for retired executive management employees.

Public Facilities Fund - accounts for the operation of the cogeneration facilities, the major maintenance of the Civic Center complex, Parks, Fire Department Facilities and equipment.

Compensated Absences Fund - accounts for the funding and tracking of the liabilities for vacation, personal leave, and sick leave for the Governmental Activities of the City.

iv. Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The City's Fiduciary funds represent Agency Funds and Private Purpose Trust Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting. Agency activities include Other Deposits, Payroll Trust, Fairfield-Suisun Sewer District, Downtown Improvement District, North Texas Business Improvement District, Solano Animal Control, Green Valley Maintenance District, Tri-City and County Regional Parks and Open Space Group, Tourism Business Improvement District, and Assessment and Improvement Districts, the latter for servicing the debt of the non-commitment debt—see Note 19.

The Private Purpose Trust Fund is a Fiduciary Fund type used by the City to report trust arrangements under which principal and income benefit other governmental entities. This trust fund uses the economic resources measurement focus and the accrual basis of accounting. This fund reports the assets, liabilities and activities of the Successor Agency to the former Fairfield Redevelopment Agency (Successor Agency).

C. Use of Restricted/Unrestricted Net Position and Use of Estimates

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Cash and Cash Equivalents and Investments

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

E. Restricted Cash and Investments

Certain proceeds of debt issues, along with certain resources, are set aside for their repayment and classified as restricted cash and investments on the balance sheet, because their use is limited by applicable bond covenants and/or other agreements.

During fiscal year 2018-2019, the City Council approved the creation of a Section 115 Trust ("Trust") with Public Agency Retirement Services (PARS) specifically for the accumulation of assets to be used towards the funding of pensions. All assets in the Trust are irrevocably dedicated to funding obligations of the City's pension beneficiaries or costs of administering the Trust. The funds are not considered plan assets of the City's pension plan with CalPERS, and are therefore considered restricted assets of the City. These restricted cash and investments, as well as the offsetting restricted fund balance, are reported in the City's General Fund.



Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

F. Unbilled Services Receivable

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided yet unbilled at year-end has been included in the accompanying financial statements.

G. Inventory and Prepaid Items

Inventory is valued at cost using the first in, first out method. Inventory in the Proprietary Funds consists of expendable supplies held for future consumption or capitalization. The cost is recorded as an expense as inventory and prepaid items are consumed (consumption method). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. Investment in Joint Agencies

In addition to the component units listed above, the City also has an ownership interest in the Solano Water Authority and the California Joint Powers Risk Management Authority. These entities do not meet the criteria for being a component unit of the City, and their financial information is not combined with that of the City. The City's equity investment in the Solano Water Authority is reported in the Water Utility Enterprise Fund as an investment in joint venture.

I. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting general capital assets at \$5,000 and infrastructure at \$100,000. Donations or contributions of capital assets acquisition costs are recorded at acquisition cost when received.

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

Asset Category	Useful Life
Buildings	30-60 years
Improvements	30-60 years
Equipment	5-60 years
Infrastructure	25-60 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the street system, water purification and distribution system, sewer and water pipes system, park and recreation lands and improvement, storm water conveyance system, and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business. 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, traffic control devices (signs, signals and pavement markings), landscaping and land. These subsystems were not delineated in the Basic Financial Statements. The appropriate operating department maintains information regarding the subsystems.

J. Capitalized Interest

For the City's business-type activities, interest costs relating to the acquisition or construction of capital assets are capitalized as a component of the cost of the capital assets. In situations where the construction of capital assets is financed with proceeds from tax-exempt debt, the amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on investment proceeds over the same period. In situations where the construction of capital assets is financed with proceeds from taxable debt, the amount of interest to be capitalized is calculated by applying the specific or otherwise determined borrowing rate to the average accumulated expenditures pertaining to the project, including previously any capitalized interest on incomplete projects. Under both methods, interest is only



Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

capitalized up to the amount of interest incurred during the fiscal year. Interest expense for the fiscal year was \$5,186,687 from business-type activities, of which none was capitalized interest.

K. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualifies for reporting in this category: 1) deferred charges on refunding reported in the government-wide statement of net position (deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt); 2) deferred outflows related to pensions. See Note 12. A. 3. for further discussion; and 3) deferred outflows related to Other Post-Employment Benefits (OPEB). See Note 13. B. 6. for further discussion.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the governmental funds, the City has two of these items which qualify for reporting in this category (under the modified accrual basis of accounting). Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet and represents unavailable revenues from interest receivable on notes as well as loan receivables which are due in greater than 90 days. These amounts are deferred and recognized as inflows of resources in the period that the amounts becomes available. At the government-wide statements, these two items are eliminated and recognized as revenue since "availability" of resources is not a criteria used in the government-wide statements. In addition, the City reports deferred inflows related to pensions for certain pension related items. See Note 12. A. 3. for further discussion.

L. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Fairfield's California Public Employees Retirement System (CalPERS) Miscellaneous and Safety Plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

M. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources related to OPEB, and OPEB expense, information about the City's plan (OPEB Plan) have been determined on the accrual basis. As of the measurement date of June 30, 2018, there was \$500,658 accumulated in the CalPERS OPEB trust for the plan. See Note 13 for further discussion regarding OPEB.

N. Long Term Obligations Compensated Absences

The liability for compensated absences includes the unused vacation leave, sick leave, and compensatory time off and personal leave, which are accrued as earned.

i. Government-Wide Financial Statements

For governmental and business-type activities, compensated absences are recorded as incurred and related expenses and liabilities are reported.

ii. Fund Financial Statements

Compensated absences for governmental funds are recorded in an internal service fund. Thus, the liability in the internal service fund is reported as compensated absences expenses are incurred. In



Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

proprietary funds, compensated absences are expensed and funded by the various funds in the period in which they are earned.

O. Fund Balances

The Governmental Fund Balances consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below: (See Note 11 for tabular presentation)

Nonspendable: Items that cannot be spent because they are not in spendable form, long term portions of receivables (net of the amount accounted for in restricted funds), inventories, prepaid items, and also items that are legally or contractually required to be maintained intact, such as principal of an endowment from a third party.

Restricted: Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed: Committed fund balances encompass the portion of net fund resources which use is constrained by limitations that the government imposes upon itself by formal action through City Council Resolution. The City Council is also the highest level of decision making for all of its component units. Commitments may be changed or removed only by the same formal action (City Resolution) taken by the City Council to impose the constraint.

Assigned: Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Finance Director has been given authority by the City Council to assign funds for the City of Fairfield.

Unassigned: Unassigned fund balances encompass 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. The City has adopted a policy to achieve and maintain unassigned fund balance in the General Fund of at least 20% of expenditures.

P. Land Held for Development

Land held for development includes land parcels used to develop or redevelop blighted properties and are reported at the lower of cost or net realizable value or agreed-upon price if a disposition agreement has been made with a developer. Individual parcels which have experienced a market decline are written down to estimated current market value.

Q. Unearned Revenue

Unearned revenues are a liability because it refers to revenue that has not yet been earned, but represents products or services that are owed to the customer. As the product or service is delivered over time, it is recognized as revenue on the income statement. Examples of unearned revenue include prepaid rental revenues, as well as permits, business license taxes, grants and prepaid revenues received in advance of the required services being performed.

R. Spending Policy

The City believes that sound financial management principles require that sufficient funds be retained by the City to provide a stable financial base at all times. To retain this stable financial base, the City needs to maintain unassigned fund balance in its General Fund sufficient to fund cash flows of the City and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. The City has adopted a policy to achieve and maintain unassigned fund balance in the General Fund of at least 20% of expenditures.



Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

At the governmental fund financial statement level, the City's policy is that restricted, committed, and assigned fund balances are considered to have been spent first before unassigned fund balances have been spent, when expenditures are incurred for purposes for which amounts in any of those fund balance classifications could be used.

S. Implementation of New GASB Pronouncements

In fiscal year 2018-2019, the City implemented new accounting standards in order to conform to the following Governmental Accounting Standards Board (GASB) Statements:

Statement No. 83	<i>Certain Asset Retirement Obligations</i>	This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability on the guidance in this Statement. This Statement does not have a material effect on the financial statements.
Statement No. 88	<i>Certain Disclosures Related to Debt</i>	The objective of the Statement is to improve financial information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements prior to June 30, 2019, that have effective dates which may impact future financial statement presentation. The effect of these statements is currently under review by the City:

GASB Statement No. 84, *Fiduciary Activities*.

GASB Statement No. 87, *Leases*.

GASB Statement No. 89, *Accounting For Interest Cost Incurred Before the End of a Construction Period*.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*.

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

T. Budgetary Information

The City adopts annual budgets for all of its funds except for trust and agency funds. The City operates on a fiscal year basis that begins on July 1 of each year, and ends the following year on June 30. The City Manager's Office and Finance Department manage the budget process, with support from each of the operating departments. The preparation of the budget takes place between January and June, culminating with the adoption of a two-year budget by the City Council, with Council adopting any adjustments prior to the beginning of the second fiscal year as part of a mid-cycle review performed by staff.

Public hearings are conducted on the proposed budgets to review all appropriations and sources of financing. Budgeted expenditures are then adopted through the passage of a resolution. The budget represents the maximum authorized expenditures for the year and cannot legally be exceeded except by subsequent amendments of the budget by the City Council. Any amendments to the total level of net appropriations for a fund or transfers between funds must be approved by the City Council. Capital project appropriations shall remain in effect until the project is completed or until modified in a subsequently adopted budget. See the detailed budget preparation calendar for the City in the Appendix of the adopted budget document for details on this process.



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

Expenditures are controlled at the fund level for all budgeted departments within the City, the level at which expenditures may not legally exceed appropriations. The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) in accordance with standards established by the Governmental Accounting Standards Board (GASB).

2) Property Taxes

Property taxes are levied and become a lien on real property at January 1, based on the assessed values determined by the Solano County Assessor (the County). Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. Property tax revenues are recognized when levied.

Article XIII of the California Constitution (known as "Proposition 13") limits ad valorem taxes on real property to 1 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 2 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 2/3 of the qualified electors. In addition to the City's property tax levies for voter-approved debt, Solano County levies property taxes limited to \$1 per \$100 of assessed valuation for county, cities, schools and special districts' operating expenditures. This additional property tax levy is distributed to the different governmental agencies under the State mandated alternate method of apportioning taxes (commonly referred to as the "Teeter Plan") whereby all local agencies with historical tax delinquency rates less than three percent, including cities, receive from the county 100% of their respective shares of the amount of ad valorem taxes levied, without regard to the actual collection of taxes levied. This method was placed in effect by Solano County in the 1965/66 tax year and remains in effect unless the County Board of Supervisors orders its discontinuance.



Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

3) Interfund Transactions

The City had numerous transactions between funds to finance operations, construct assets, and service debt all within the course of normal business operations. As discussed below, these transactions are classified as transfers in/out, due to/from other funds or advances to/from other funds. The following tables summarize interfund transfers (as presented in the City's Fund Financial Statements) for the fiscal year ended June 30, 2019, including a description of major transfer activity:

		Transfers In (fund receiving transfer):				
		Governmental Funds			Enterprise	
		General Fund	City Capital Projects	Non-Major Governmental Funds	Golf Courses	Totals
Transfers Out: (fund making transfer)						
Governmental Funds:						
General Fund			\$ 831,502	\$ 3,731,855	\$ 489,448	\$ 5,886,532
Low Mod Income Housing Fund				191,494		191,494
City Capital Projects Fund				79,916		79,916
Non-Major Governmental Funds		\$ 22,257,998	7,315,922	80,363		29,894,283
Total Governmental Funds		22,257,998	8,147,424	4,083,628	489,448	36,052,225
Enterprise Funds:						
Water Utility			37,125	278,091		315,216
North Bay Treatment Plant				111,896		111,896
Transportation			37,125	47,732		84,857
Total Enterprise Funds		-	74,250	437,719	-	511,969
Internal Service Funds			386,142	153,334	445,500	984,976
Totals		\$ 22,257,998	\$ 8,607,816	\$ 4,674,681	\$ 934,948	\$ 37,549,170

A. General Fund

The transfer in from the General Fund of \$22,257,998 primarily consisted of a \$22,000,000 transfer from the Non-Major Governmental Fund (Pension Obligation Debt Service Fund) to the General Fund to implement the City's Pension Funding Policy, approved by City Council during fiscal year 2018/2019. These funds had previously been accumulating in the POB Debt Service Fund—for the potential early retirement of those bonds. It was alternatively decided to use the money towards the City's pension liabilities with CalPERS by establishing a Section 115 Pension Trust (\$5,000,000 contributed in Fiscal Year 2018/2019); as well as making prepayments towards the City's Unfunded Actuarial Liability (\$10,000,000 paid towards the safety plan). The remaining assets (from this \$22 million transfer) of approximately \$7.3 million are reported as committed fund balance in the General Fund—for future funding of the City's pension liabilities.

B. City Capital Projects

The transfer in from the General Fund of \$831,502 consisted of funding a portion of the FY18/19 street pavement maintenance projects and the corporation yard expansion project. The transfer in from Non-Major Governmental Funds (Gas Tax Special Revenue Fund, Development Tax Special Revenue Fund, Special Programs Special Revenue Fund, and Maintenance Districts Special Revenue Fund) with a combined amount of \$7,315,922 was used to fund street maintenance, traffic improvements, pavement rehabilitation and various capital projects. The construction and rehabilitation of these capital projects are needed to meet standards contained in the City's General Plan.



Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

C. Non-Major Governmental Funds

The transfer in of \$4,674,681 comprises of the General Fund transferring \$3,574,755 to the Non-Major Governmental Fund (Pension Obligation Debt Service Fund) for the servicing of the Pension Obligation Bond debt. Also, the General Fund transferred \$157,100 to the Non-Major Governmental Fund (Maintenance District Special Revenue Fund) to repay for costs incurred for their operations. The Enterprise funds transferred \$437,719 to the Non-Major Governmental Fund (Pension Obligation Debt Service Fund) for the servicing of the Pension Obligation Bond debt. The Internal Service Funds transferred \$153,334 for servicing of the Pension Obligation Bonds.

D. Internal Service Funds

The majority of the \$1,073,727 transfers in is from the General Fund which transferred \$833,727 into various Internal Service Funds. The transfers consisted of transferring \$500,000 to the Information Technology Fund to partially fund a new financial system and to provide additional upgrades and modernization to the current systems along with \$215,034 to the Intragovernmental Loan Fund to reserve funding for future economic development purposes, and \$118,693 to the public facilities fund to maintain and upgrade some of the Parks and Recreation community facilities.

Due to other funds consist of short term advances for year-end cash flow purposes. The composition of interfund receivable/payable balances at June 30, 2019 is as follows:

Due From Other Funds: (fund making loan)	Due to Other Funds (fund receiving loan)
	Enterprise Transportation
Internal Service Funds	\$ 2,306,169

4) Cash and Investments

The City manages the cash of the City and component units on a pooled basis. Funds are invested in accordance with Section 53601 of the State government code and the City's established investment policy. All monies not required for immediate expenditure are invested or deposited to earn the maximum yield consistent with safety and liquidity. All investments have the City as registered owner or are kept in the custody of the City or a qualified safekeeping institution. A monthly investment report is submitted to the City Manager and City Council showing a description of the investments, purchase price, purchase date, current market value for all securities with a maturity of more than 12 months, maturity date, par value, discount or premium if any, cost, yield, safekeeping institution for each deposit or investment, average weighted maturity and effective yield of the portfolio. A portion of the portfolio is managed by third party investment managers. The City has contracted with PARS to manage a Section 115 Trust for the City's Pension Trust fund.

A. Deposits

The carrying amount of the City's cash deposits at June 30, 2019 was \$5,793,073 and the bank balance was \$6,832,692. The entire bank balance was covered by federal depository insurance up to \$250,000 or by collateral held by the City's agent in the City's name as discussed below.

The California Government Code has provisions for financial institutions that limit custodial credit risk for deposits. Financial institutions are required to secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed



Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

mortgage notes having a value of 150% of the secured public deposits. The City's financial institutions also have insurance through the Federal Depository Insurance Corporation (FDIC).

B. Investments

The City's investment policy restricts investments to the following:

Certificates of Deposit must be FDIC insured or fully collateralized. They must also be purchased from banks or financial institutions located in California.

Negotiable Certificates of Deposit may not exceed 30% of the City's invested funds.

Bankers' Acceptances may be invested if issued by domestic or foreign banks provided they are institutions with short-term debt obligations rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization (NRSRO); and have long-term debt obligations which are rated "AA" or higher by at least two nationally recognized statistical rating organizations. No more than 30% of the City's portfolio may be invested in this category.

Treasury Bills and Notes with a maximum maturity of five years.

Federally-Sponsored Credit Agency Securities with a maximum maturity of five years (75% maximum).

Local Agency Investment Fund (LAIF) deposits may be made in this fund up to the State of California limit of \$65,000,000 for each government entity. The City and its component units have four accounts with LAIF, therefore the maximum deposit that may be made is \$260,000,000.

California Asset Management Program (CAMP) is a California Joint Powers Authority ("JPA") established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p). This program consists of a short-term money market fund rated AAA and separately managed portfolios of specific authorized securities (as specified in this policy). This pool carries a stable Net Asset Value, whereby the fair value position in the pool is the same as the value of the pool shares.

Savings Accounts, Money Market Accounts and General Checking Accounts may be used to deposit idle cash. No account may be opened without written authorization from the Finance Director.

Commercial Paper must be rated prime quality (P1 by Moody's or A1 by Standard and Poor's). Eligible paper is further limited to notes issued by corporations organized and operating within the U.S. and having total assets in excess of \$500,000,000 and having an "A" or higher rating in other long term debt (25% maximum).

Corporate Medium-Term Notes must be rated A by at least two NRSO's (Nationally Recognized Statistical Rating Organization). The maximum maturity of medium-term notes may not exceed five years. No more than 30% of the City's portfolio may be invested in this category.

Money Market Mutual Funds must attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations. Purchase of securities authorized by this subdivision may not exceed 20% of the portfolio. No more than 10% per money market fund.

Municipal Obligations must be rated at least A by at least two NSRO's. The maximum maturity is five years and no more than 5% can be invested with one agency.

Supranationals must be rated AAA by at least two NSRO's; the maximum maturity is five years and no more than 2% of the City's portfolio can be invested in this category.



Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

Repurchase Agreements, Reverse Repurchase Agreements, Financial Futures and Options, U.S. Zero Coupons and Bonds and Small Business Administration Guaranteed Notes may not be invested in without specific instruction from the Finance Director. The Cash with Fiscal Agents represents primarily restricted bond proceeds (for bond required reserves) and is governed by the provisions of the relevant bond documents and indentures.

Section 115 Pension Trust is governed by the provisions of the City of Fairfield Section 115 Trust Agreement with PARS rather than the general provisions of the California Government Code or the City's investment policy. Investments authorized to be held in the trust include Equity, Fixed Income, and Money Market Mutual Funds, with a target percentages of 60%, 35%, and 5% respectively. These funds have been restricted for future pension contributions.

C. Risk Disclosures

Interest Rate Risk is defined as the risk that changes in interest rates demanded by the market will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, State law and the City's investment policy limits the City's investment portfolio to maturities not to exceed five years from the time of purchase. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations (including \$4,482,115 of debt proceeds held by bond trustees and \$5,161,612 in the Section 115 Pension Trust) is provided by the following table that shows the fair values of investments held by the City grouped by maturity at June 30, 2019:

Investment Category	Remaining Maturity (in years)					Total	% of portfolio
	One year or less	One to Two Years	Two to Three Years	Three to Four Years	Four to Five Years		
LAIF	\$ 45,077,031					\$ 45,077,031	14%
U.S. Government Agencies	23,547,665	\$ 16,853,589	\$ 17,511,010	\$ 9,077,301	\$ 5,046,825	72,036,390	23%
U.S. Treasuries	19,846,552	51,549,138	39,309,919	7,978,916	3,401,637	122,086,162	38%
Negotiable CDs	4,977,148	4,041,015				9,018,163	2%
Medium Term Notes	7,993,555	15,923,272	10,931,914	6,761,377	3,707,122	45,317,240	14%
Supranationals				755,075		755,075	0%
Money Market Mutual Funds	1,792,027					1,792,027	1%
CAMP	6,737,865					6,737,865	2%
Commercial Paper	9,697,010					9,697,010	3%
Section 115 Trust:							
Equity Mutual Funds	3,149,423					3,149,423	1%
Fixed Income Mutual Funds	1,874,051					1,874,051	1%
Money Market Mutual Funds	138,138					138,138	0%
Totals	\$ 124,830,465	\$ 88,367,014	\$ 67,752,843	\$ 24,572,669	\$ 12,155,584	\$ 317,678,575	100%

Credit Risk is a risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. Generally, this is measured by the assignment of a rating by a Nationally Recognized Statistical Rating Organization (NRSRO) (see credit quality ratings in section F). The City's credit quality risk policy is discussed in section B above, within the individual security types.

Custodial Credit Risk is a risk that in the event of the failure of the counterparty (e.g. broker-dealer), the City will not be able to recover the value of its investment or collateral securities that are held by the counterparty. All of the City's investments in securities are held in the name of the City and are held via book entry at the location of the City's third party custodian. Therefore, the City has no custodial credit risk.



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

Concentration Risk can also arise in the wake of a failure to adequately diversify investments. With the exception of treasuries and agency securities, the City's investment policy attempts to limit the City's investments in any one bank or corporation to no more than 5% of the total portfolio (at the time of purchase). Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total City's investment portfolio are shown below:

U.S. Agencies	Amount Invested	% of Investments
Federal Home Loan Bank (FHLB)	\$ 31,704,479	10.16%
Federal National Mortgage Association (FNMA)	23,521,684	7.54%
Totals	\$ 55,226,163	17.70%

D. Investments in Local Agency Investment Funds

As of June 30, 2019, the City has \$45,077,031 invested in LAIF. The City valued its investments in LAIF as of June 30, 2019, by multiplying its account balance with LAIF of \$45,000,000 by a fair value factor determined by LAIF. The fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of 1.00171179.

The LAIF is part of the Pooled Money Investment Account (PMIA) with the State and is a voluntary program which provides an investment alternative for California's local governments and special districts. The LAIF pool is not registered (nor required to be registered) with the SEC. The PMIA began in 1955 and oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house investment committee. The Local Investment Advisory Board (LIAB) provides oversight for LAIF. The Board consists of five members, as designated by statute. Additionally, the State Treasurer's Office is audited by the Bureau of State Audits on an annual basis, as well as a continuing audit process throughout the year.

E. Summary of Cash and Investments

The following is a summary of cash and investments at June 30, 2019:

Government-Wide Statement of Net Position					
Category	Governmental Activities	Business-Type Activities	Subtotals	Fiduciary Funds Statement of Net Position	Totals
Cash and Investments	\$ 206,808,210	\$ 66,172,886	\$ 272,981,096	\$ 18,745,295	\$ 291,726,391
Restricted Cash and Investments	5,538,380	24,316,315	29,854,695	2,946,587	32,801,282
Total Cash and Investments	\$ 212,346,590	\$ 90,489,201	\$ 302,835,791	\$ 21,691,882	\$ 324,527,673



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

F. Summary

At June 30, 2019, the City had the following deposits and investments, with corresponding credit quality ratings:

Investment Category	Standard & Poor's Credit Quality Ratings	Fair Value
City Treasury:		
Deposits		\$ 5,793,073
Investments		
Securities of US Gov't Agencies		
FHLB	AA	31,704,479
FNMA	AA	23,521,684
FHLMC	AA	10,781,947
FFCB	AA	6,028,280
Total Securities of US Gov't Agencies		72,036,390
US Treasury Notes		118,806,401
Medium Term Notes	AAA	2,810,933
Medium Term Notes	AA	19,400,105
Medium Term Notes	A	22,232,845
Medium Term Notes	BBB *	873,357
Negotiable CD	AA	2,883,018
Negotiable CD	A	1,157,997
Negotiable CD	A-1	4,977,148
Supranationals	AAA	755,075
Money Market Mutual Funds	AAA	1,324,002
Commercial Paper	A-1	9,697,010
CAMP	AAA	6,003,536
Local Agency Investment Funds	Not rated	45,077,031
Total Investments		308,034,848
Total City Treasury		313,827,921
Fiscal Agents:		
Deposits		1,056,025
Investments		
US Treasury Notes		3,279,761
Money Market Mutual Funds	AAA	468,025
CAMP	AAA	734,329
Section 115 Trust:		
Equity Mutual Funds	Not Rated	3,149,423
Fixed Income Mutual Funds	AA	500,473
Fixed Income Mutual Funds	A	1,373,578
Money Market Mutual Fund	AAA	138,138
Total Investments		9,643,727
Total Cash and Investments with Fiscal Agents		10,699,752
Total Cash and Investments		\$324,527,673

* The securities are in compliance with the City's investment policy ("Policy") and are allowed under State Code. Under the Policy, a security must have an "A" rating or better by two NRSO's at the time of purchase. The securities met this requirement and the City plans to hold the investment until maturity but will continue to monitor these securities.



Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

G. Fair Value Measurements

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 the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The City's investments in governmental investment pools, such as LAIF and CAMP (JPA investment Pools) are recorded at fair value and the City's proportionate share in these types of investments is measured based on uncategorized input-not defined as a Level 1, Level 2, or Level 3 input; but rather labeled as items measured at fair value not leveled.

The following is a description of the valuation methods and assumptions used by the City to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2018. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. City management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The City's treasury pools asset market prices are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy.



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

For investments classified within Level 2 of the fair value hierarchy, the City's custodians generally use a multi-dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads, and benchmark securities, among others. The City does not have any investments that are measured using Level 3 inputs.

The City has the following recurring fair value measurements as of June 30, 2019:

		Fair Value Measurements on a Recurring Basis Using		
Investments by fair value level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Treasuries	\$ 122,086,162	\$ 122,086,162		
Government Agency Securities	72,036,390		\$ 72,036,390	
Negotiable Certificates of Deposit	9,018,163		9,018,163	
Medium Term Notes	45,317,240		45,317,240	
Commercial Paper	9,697,010		9,697,010	
Supranationals	755,075		755,075	
Money Market Mutual Funds	1,792,027		1,792,027	
Section 115 Trust:				
Equity Mutual Funds	3,149,423	393,650	2,755,773	
Fixed Income Mutual Funds	1,874,051		1,874,051	
Money Market Mutual Funds	138,138		138,138	
Totals	\$ 265,863,679	\$ 122,479,812	\$ 143,383,867	\$ -
Items measured at fair value not leveled				
CAMP	6,737,865			
LAIF	45,077,031			
Total Fair Value of Investments	\$ 317,678,575			

5) Receivables

Receivables as of June 30, 2019, net of applicable allowances for uncollectible accounts (where applicable), are as follows:

Governmental Activities	Major Funds			Other Non-Major Governmental Funds	Total Governmental Activities
Category	General Fund	Low Mod Income Housing	City Capital Projects		
Taxes	\$ 9,411,626				\$ 9,411,626
Interest and other	303,925	\$ 23,727	\$ 169,846	\$ 214,437	711,935
Intergovernmental	436,786		382,837	622,677	1,442,300
Notes		33,358,591	9,260	20,466,111	53,833,962
Accounts	1,031,484		248	650,068	1,681,800
Total Receivables	<u>\$ 11,183,821</u>	<u>\$ 33,382,318</u>	<u>\$ 562,191</u>	<u>\$ 21,953,293</u>	67,081,623
Add Internal Service Fund Receivables					12,844,876
Total Receivables, Net					\$ 79,926,499

In the governmental activities, approximately \$32,273,000 of the outstanding balance of notes receivable in the Low Mod Income Housing Special Revenue Fund and \$19,722,000 in Non-Major Governmental Special Revenue Funds (Home, CDBG and NSP) are not anticipated to be collected within the next year.



City of Fairfield, California

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

Amounts due to the City from the Successor Agency at June 30, 2019 are \$15,454,464, of which \$3,297,083 is reported in Housing Authority Special Revenue Fund, \$109,689 is reported in the Non-Major Governmental Special Revenue Home Fund and \$12,047,692 is reported in Intragovernmental Internal Service Fund (see Note 18).

Business-Type Activities Category	Major Funds				Total Business-Type Activities
	Water Utility	North Bay Treatment Plant	Transportation	Golf Courses	
Interest and other	\$ 303,742	\$ 131,389		\$ 5,304	\$ 440,435
Intergovernmental		1,525,755	\$ 4,672,757		6,198,512
Accounts	6,387,140		1,900	103,521	6,492,561
Less Allowance for Doubtful Accounts	(91,903)				(91,903)
Subtotal Receivables, Net	6,598,979	1,657,144	4,674,657	108,825	13,039,605
Notes	37,120	1,296,385			1,333,505
Loans		815,958			815,958
Total Receivables, Net	\$6,636,099	\$ 3,769,487	\$ 4,674,657	\$ 108,825	\$ 15,189,068



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

6) Capital Assets

Capital Assets of the City for the year ended June 30, 2019, consisted of the following:

Asset Description	Balance July 1, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Governmental activities:					
Non-depreciable assets:					
Land	\$ 42,884,542	\$ 1,375,425			\$ 44,259,967
Construction in progress	92,718,641	6,987,758	\$ (24,458)	\$ (75,512,331)	24,169,610
Total non-depreciable assets	135,603,183	8,363,183	(24,458)	(75,512,331)	68,429,577
Depreciable assets:					
Land improvements	94,644,191			72,952,071	167,596,262
Buildings and improvements	101,702,569	10,589		1,819,977	103,533,135
Machinery and equipment	43,131,541	4,037,002	(1,818,427)	740,283	46,090,399
Infrastructure	295,180,754	1,366,726			296,547,480
Total depreciable assets	534,659,055	5,414,317	(1,818,427)	75,512,331	613,767,276
Accumulated depreciation:					
Land improvements	(18,372,352)	(3,258,871)			(21,631,223)
Buildings and improvements	(57,219,093)	(3,073,352)			(60,292,445)
Machinery and equipment	(30,743,082)	(2,451,333)	1,818,427		(31,375,988)
Infrastructure	(202,431,444)	(6,180,867)			(208,612,311)
Total accumulated depreciation	(308,765,971)	(14,964,423)	1,818,427	-	(321,911,967)
Total depreciable assets, net	225,893,084	(9,550,106)	-	75,512,331	291,855,309
Total governmental activities	361,496,267	(1,186,923)	(24,458)	-	360,284,886
Business - type activities:					
Non-depreciable assets:					
Land	14,937,056				14,937,056
Intangibles	5,126,663				5,126,663
Construction in progress	9,443,273	1,414,964		(1,340,944)	9,517,293
Total non-depreciable assets	29,506,992	1,414,964	-	(1,340,944)	29,581,012
Depreciable assets:					
Land improvements	10,674,951			6,943	10,681,894
Buildings and improvements	69,195,096	2,306,534	(12,995)		71,488,635
Machinery and equipment	36,919,224	6,586,804	(215,068)		43,290,960
Infrastructure	192,777,865	181,391		1,334,001	194,293,257
Total depreciable assets	309,567,136	9,074,729	(228,063)	1,340,944	319,754,746
Accumulated depreciation:					
Land improvements	(10,417,832)	(19,161)			(10,436,993)
Buildings and improvements	(35,872,048)	(1,412,380)	12,995		(37,271,433)
Machinery and equipment	(31,879,690)	(2,334,145)	215,068		(33,998,767)
Infrastructure	(89,503,138)	(6,212,645)			(95,715,783)
Total accumulated depreciation	(167,672,708)	(9,978,331)	228,063	-	(177,422,976)
Total depreciable assets, net	141,894,428	(903,602)	-	1,340,944	142,331,770
Total business - type activities	171,401,420	511,362	-	-	171,912,782
Total net capital assets	\$ 532,897,687	\$ (675,561)	\$ (24,458)	\$ -	\$ 532,197,668



City of Fairfield, California

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

The following table presents summary information on infrastructure assets as of June 30, 2019:

Asset Description	Cost to Build June 30, 2019	Accumulated Depreciation	Balance June 30, 2019
Governmental activities:			
Bridges and box culverts	\$ 22,255,417	\$ (14,003,408)	\$ 8,252,009
Retention and catch basins	7,431,037	(3,942,103)	3,488,934
Manholes	22,689,215	(10,904,700)	11,784,515
Pavement	120,691,725	(95,082,590)	25,609,135
Pump stations - sewer	1,016,805	(516,100)	500,705
Sewer pipes	14,112,080	(7,609,142)	6,502,938
Sidewalks, curbs and gutters	36,959,151	(28,186,056)	8,773,095
Storm drains and open channels	46,067,811	(32,452,797)	13,615,014
Street lights	14,905,940	(10,240,729)	4,665,211
Traffic signals	10,418,299	(5,674,686)	4,743,613
Total governmental activities	296,547,480	(208,612,311)	87,935,169
Business - type activities:			
Water utility	194,293,257	(95,715,783)	98,577,474
Total business - type activities	194,293,257	(95,715,783)	98,577,474
Total infrastructure assets	\$ 490,840,737	\$ (304,328,094)	\$ 186,512,643

For the year ended June 30, 2019, depreciation expense on capital assets was charged to the governmental functions of the City as follows:

Department	Depreciation
Administration	\$ 557,915
Finance	12,213
Police	843,759
Fire	492,499
Public works	10,260,875
Community development	36,442
Parks and recreation	940,875
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	1,819,845
Total Governmental Activities Depreciation Expense	\$ 14,964,423

For the year ended June 30, 2019, depreciation expense on capital assets was charged to the business-type activities of the City as follows:

Fund	Depreciation
Water utility	\$ 6,463,133
North bay treatment plant	1,529,631
Transportation	1,789,150
Golf courses	196,417
Total Business-type Activities Depreciation Expense	\$ 9,978,331



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

7) Accounts Payable and Other Current Liabilities

Accounts payable and other current liabilities as of June 30, 2019 are as follows:

Governmental Activities

Current Liabilities

Accounts payable

Deposits payable

Total Accounts Payable & Other Current Liabilities

Add: Internal service current liabilities

Total Accounts Payable & Other Current Liabilities

Major Funds					
General Fund	Low Mod Income Housing	City Capital Projects	Other Non-Major Governmental Funds	Total Governmental Activities	
\$ 2,393,407	\$ 45,412	\$ 1,531,083	\$ 579,895	\$ 4,549,797	
14,778		2,145,274	18,545	2,178,597	
\$2,408,185	\$ 45,412	\$ 3,676,357	\$ 598,440		6,728,394
					1,226,104
					\$ 7,954,498

Business-Type Activities

Current Liabilities

Accounts payable

Deposits payable

Total Accounts Payable & Other Current Liabilities

Major Funds				Total Business-Type Activities
Water Utility	North Bay Treatment Plant	Transportation	Golf Courses	
\$ 1,631,616	\$ 547,027	\$ 1,698,859	\$ 238,007	\$ 4,115,509
		4,339	318,800	323,139
\$1,631,616	\$ 547,027	\$ 1,703,198	\$ 556,807	\$ 4,438,648



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

8) Long-Term Obligations

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2019:

Long Term Obligations	Balance July 1, 2018	Incurred or Issued	Satisfied or Matured	Balance June 30, 2019	Due within One Year	More than One Year
Governmental Activities:						
General obligation bonds	\$ 7,753,018		\$ 421,890	\$ 7,331,128	\$ 421,890	\$ 6,909,238
Pension obligation bonds	32,255,000	\$ 15,325,000	14,945,000	32,635,000	1,685,000	30,950,000
Long-term notes payable	1,193,251		268,628	924,623	272,084	652,539
Compensated absences	16,241,909	4,475,996	3,583,946	17,133,959	4,041,356	13,092,603
Claims and judgments payable	14,059,000	2,022,535	1,755,535	14,326,000	1,845,848	12,480,152
Net OPEB liability	3,153,300	200,695	1,248,224	2,105,771		2,105,771
Net pension liability	152,291,575	15,167,890	11,845,190	155,614,275		155,614,275
Subtotal	226,947,053	37,192,116	34,068,413	230,070,756	8,266,178	221,804,578
Less: Unamortized bond discount	(383,671)		14,210	(369,461)		(369,461)
Total Governmental Activities	\$ 226,563,382	\$ 37,192,116	\$ 34,082,623	\$ 229,701,295	\$ 8,266,178	\$ 221,435,117
Business-Type Activities:						
Utility-Water revenue bonds	\$ 78,916,697		\$ 5,455,000	\$ 73,461,697	\$ 5,675,000	\$ 67,786,697
Recreational revenue bonds	3,230,000		1,025,000	2,205,000	415,000	1,790,000
Compensated absences	1,523,991	\$ 84,903	79,548	1,529,346	77,997	1,451,349
Net pension liability	23,411,493	1,991,624	1,667,487	23,735,630		23,735,630
Subtotal	107,082,181	2,076,527	8,227,035	100,931,673	6,167,997	94,763,676
Plus: Unamortized bond premium	4,067,040		247,967	3,819,073		3,819,073
Total Business-Type Activities	\$ 111,149,221	\$ 2,076,527	\$ 8,475,002	\$ 104,750,746	\$ 6,167,997	\$ 98,582,749

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds. This includes the City's General and Pension Obligation bonds. The City is in compliance with this code.



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

A. General Obligation Bonds

The general obligation bonds are repaid from property tax revenues, and the City is obligated under the law to levy a property tax sufficient to service the debt.

The City has pledged future zone of benefit property tax revenues to pay the Solano County Water Agency for the North Bay Aqueduct project costs. The City is obligated under the agreement to levy a zone of benefit property tax sufficient to service the contractual payments. The debt does not bear interest. The debt is serviced through the Non-major General Obligation Bonds Debt Service Fund. Debt service in fiscal year 2019 amounted to \$421,890 and the property tax revenue received to service this debt was \$662,328. The annual debt service requirements for the General Obligation Bonds are as follows:

Fiscal Year Ending	General Obligation Bonds-Governmental Activities		
	Principal	Interest	Total
2020	\$ 421,890		\$ 421,890
2021	421,890		421,890
2022	421,890		421,890
2023	421,890		421,890
2024	421,890		421,890
2025-2029	2,109,450		2,109,450
2030-2034	2,109,450		2,109,450
2035-2036	1,002,778		1,002,778
Totals	\$ 7,331,128	\$ -	\$ 7,331,128

B. Pension Obligation Bonds

The City is a member of the California Public Employees' Retirement System (PERS), a public employees defined benefit retirement program. In fiscal year 2005, the City issued \$41,745,000 in order to refinance the City's unamortized, unfunded actuarial accrued liability with PERS (see Note 12 for more information on PERS pension plan). Series 2004 A was a variable rate debt in the face amount of \$8,920,000; series 2004 B was a fixed rate debt and was issued in the face amount of \$20,995,000; and series 2005 A2 was variable rate debt and was issued in the face amount of \$11,830,000. In FY 2011, the City issued the 2011 series of pension obligation bonds in the amount of \$15,870,000 to fully refund and retire both variable rate series bonds: Series 2004 A in the amount of \$8,920,000 and series 2005 A2 in the amount of \$6,430,000. In FY 2015, the City issued \$21,835,000 in refunding bonds to refinance \$20,810,000 that was outstanding in the Pension Obligation Series 2004 B series of bonds. The 2015 bonds were issued at a range of interest rates ranging from 1% to 4.75%. These bonds mature in 2034. Under the Indenture of Trust related to the bonds, the remedies for an event of default include compulsion of the City to comply with its obligations, including the payment of debt service, and any other remedies available under law or equity.

On December 4, 2018, to take advantage of lower interest rates, the City issued the 2018 series of pension obligation bonds in the amount of \$15,325,000 to fully refund the \$13,315,000 that was outstanding in the 2011 Series bonds. The 2011 bonds had interest rates ranging from 7.08% to 8.5%, while the 2018 series bonds bear interest at rates ranging from 2.85% to 4.36%, resulting in cash flow savings over the life of the bonds of \$3.4 million, and an economic gain (difference between the present value of the old and new debt service payments) of \$2.5 million. The maturity date of the bonds remained the same at 2034. The 2015 series bonds have an outstanding balance of \$18,030,000 while the 2018 series bonds currently have an amount outstanding of \$14,605,000. These Pension Obligation Bonds (POB's) are backed by the full faith and credit of the City. All pension obligation bonds are federally taxable. Under the Indenture of Trust related to the bonds, the remedies for an event of default include compulsion of the City to comply with its obligations, including the payment of debt service, and any other remedies available under law or equity.



City of Fairfield, California

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

As of June 30, 2019, the amount of accrued interest payable in the Government Wide Statement of Net Position is \$108,058. At June 30, 2019, the outstanding balance is \$32,635,000. The debt is serviced through the debt service fund and the annual debt service requirements for the POB's are as follows:

Fiscal Year Ending	Pension Obligation Bonds-Governmental Activities		
	Principal	Interest	Total
2020	\$ 1,685,000	\$ 1,296,692	\$ 2,981,692
2021	1,725,000	1,250,362	2,975,362
2022	1,785,000	1,197,333	2,982,333
2023	1,840,000	1,139,369	2,979,369
2024	1,905,000	1,075,843	2,980,843
2025-2029	10,635,000	4,269,810	14,904,810
2030-2034	13,060,000	1,837,083	14,897,083
Totals	\$ 32,635,000	\$ 12,066,492	\$ 44,701,492

C. Utility-Water Revenue Bonds

In November 2007, the City issued \$84,466,697 in revenue bonds with interest rates ranging from 4.66% to 5.01% to finance the modernization of the current treatment plant and the construction of water distribution systems. The City has pledged future water customer revenues, net of specified operating expenses to repay the \$84.5 million in water revenue bonds. In FY 2017, \$43,610,000 of these bonds were refunded (see 2017 Water Refunding Revenue Bonds). The total principal and interest remaining to be paid on the bonds is \$40,856,697 and \$73,703,302, respectively. The remaining outstanding amount of the 2007 bonds are capital appreciation bonds in the originally issued principal amount of \$40,856,697. This principal amount is currently outstanding as of June 30, 2019, and will begin paying down in 2021. The \$73,703,302 in interest represents an amount of accreted interest (to be accreted over the period between 2007 and 2038), and will begin paying down in 2021. Annual principal and interest payments on the bonds are expected to require less than 45% of net revenues beginning in 2021. As of June 30, 2019, \$30,510,837 has been accreted to date. In the current fiscal year, the amount added to the accreted interest payable was \$3,342,642. The outstanding certificates of participation were executed and delivered by The Bank of New York Mellon Trust Company, N.A, as trustee, and evidence interests in installment payments made by the City under an Installment Sale Agreement. The City's obligation to pay installment payments is secured by a pledge of the net revenues of the City's water enterprise. In the event of a default by the City under the Installment Sale Agreement, the Trustee has the right to exercise any remedy available under law or equity, including declaring all principal components of the unpaid installment payments, together with accrued interest at a default rate, to be immediately due and payable.

In February, 2013, the City issued \$4,810,000 in revenue bonds with interest rates ranging from 2.0% to 5.0% to defease and refund on a current basis the Water Enterprise 2003 Refunding Bonds. The issuance premium is reported in long-term debt-due on the balance sheet and will be amortized over the next four years (the remaining life of the bonds). As of June 30, 2019, the balance of the premium is \$235,315. The City has pledged future water customer revenues, net of specified operating expenses to repay the \$4.8 million in water revenue bonds. Annual principal and interest payments on the bonds are expected to require less than 5% of net revenues in future years. Principal and interest paid in the current year and the net customer revenues were \$601,600 and \$13,148,944, respectively. The total principal and interest remaining to be paid on the bonds is \$2,150,000 and \$258,950, respectively. As of June 30, 2019 the amount of accrued interest payable is \$24,300. Under the Indenture of Trust for the bonds, the remedies for an event of default include any remedy available under law or equity, including declaring the principal amount of any outstanding 2013 Bonds, together with accrued interest, to be immediately due and payable.

In April, 2017, the City issued \$40,320,000 in revenue bonds with interest rates ranging from 3.0% to 5.0% to defease and refund on a current basis the term and serial components of the Water Enterprise 2007 Revenue Bonds. The issuance premium is reported in long-term debt-due on the balance sheet and will be amortized over the next 23 years (the remaining life of the bonds). As of June 30, 2019, the balance of the premium is \$3,504,684. The City has pledged future water customer revenues, net of specified operating expenses to repay



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

the \$40.3 million in water revenue bonds. Annual principal and interest payments on the bonds are expected to require less than 51% of net revenues through 2020, then decreasing to less than 11% of net revenues in 2021. Net customer revenues in the current year were \$13,148,944. Under the Indenture of Trust for the bonds, the remedies for an event of default include any remedy available under law or equity, including declaring the principal amount of any outstanding 2017 Bonds, together with accrued interest, to be immediately due and payable. The total principal and interest remaining to be paid on the bonds is \$30,455,000 and \$25,031,130, respectively. As of June 30, 2019 the amount of accrued interest payable is \$354,764. At June 30, 2019, the water revenue bonds consist of the following:

Bond Issue	Bonds Outstanding
2007 Water Revenue Bonds	\$ 40,856,697
2013 Water Refunding Revenue Bonds	2,150,000
2017 Water Refunding Revenue Bonds	30,455,000
Total Water Revenue Bonds	<u>\$ 73,461,697</u>

The debt service requirements on the utility water revenue bonds are as follows:

Fiscal Year Ending	Utility-Water Revenue Bonds-Business-type Activities		
	Principal	Interest	Total
2020	\$ 5,675,000	\$ 1,516,256	\$ 7,191,256
2021	3,793,669	3,950,587	7,744,256
2022	3,663,880	4,083,576	7,747,456
2023	3,548,915	4,195,291	7,744,206
2024	3,163,944	4,675,312	7,839,256
2025-2029	13,740,260	25,447,871	39,188,131
2030-2034	10,940,606	28,243,588	39,184,194
2035-2039	12,275,423	25,187,651	37,463,074
2040-2042	16,660,000	1,693,250	18,353,250
Total	\$ 73,461,697	\$ 98,993,382	\$ 172,455,079

D. Recreational Revenue Bonds

In December 2011, the City, on behalf of the Municipal Park Improvement District No. 1 of the City of Fairfield, issued \$8,775,000 to refund the outstanding Municipal Park Improvement District No. 1 of the City of Fairfield 1998 Revenue Bonds, Series A.

The Bonds were issued to obtain debt service savings and to restructure the debt service requirements of the City's golf courses in Rancho Solano and Paradise Valley. The debt bears interest at the rates ranging from 2% to 4%. These bonds will mature in 2023. The issuance premium is reported in long-term debt-due on the balance sheet and will be amortized over the next four years (the remaining life of the bonds). As of June 30, 2019, the balance of the premium is \$79,074.

The pledged revenue to pay debt service includes all charges received and all other income and revenues derived by the City from the ownership and operation of the golf courses. In the current year, the debt service amounted to \$1,025,000; the golf course fund had net revenues (after depreciation) of \$420,983 and received a transfer of \$489,448 from the General Fund and \$445,500 from the Intragovernmental Loan fund, for a total collected of \$934,948. The amount transferred from the General Fund is equivalent to the admissions tax collected by the City for the golf courses. To the extent funds are insufficient to pay the operating and maintenance costs and pay the debt service on the bonds, the Council is authorized to levy a tax on taxable property within the Municipal Park Improvement District No. 1 in order to pay such debt service. To date, no levy has been necessary nor made. The 2011 Bonds are not subject to acceleration upon a default with respect to the 2011 Bonds. As of



City of Fairfield, California

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

June 30, 2019 the amount of accrued interest payable is \$38,850. At June 30, 2019, the outstanding balance is \$2,205,000. The debt service requirements on the bonds are as follows:

Fiscal Year Ending	Recreational Revenue Bonds-Business-type Activities		
	Principal	Interest	Total
2020	\$ 415,000	\$ 69,400	\$ 484,400
2021	430,000	54,381	484,381
2022	440,000	40,513	480,513
2023	455,000	25,400	480,400
2024	465,000	8,719	473,719
Total	\$ 2,205,000	\$ 198,413	\$ 2,403,413

E. Long-term Notes Payable—Governmental Activities

At June 30, 2019, long-term notes payable consist of the following:

Entity	Amount
California Energy Resources Conservation	\$ 102,899
California Energy Resources Conservation	821,724
Total	\$ 924,623

In March, 2011, the City obtained a long term loan from the California Energy Resources Conservation and Development Commission in the amount of \$382,624 to upgrade lighting efficiencies at multiple city buildings. The loan has a fixed rate of 3% with principal and interest due semi-annually through December 2021. The outstanding balance on this first loan as of June 30, 2019 is \$102,899.

Again in January 2012 the City obtained a second long term loan from the California Energy Resources Conservation and Development Commission in the amount of \$2,376,232. This loan was to retrofit the City's street and pedestrian crossing lights. This loan has a fixed rate of 1% with payments due semi-annually through December 2022. The outstanding balance on this second loan as of June 30, 2019 is \$821,724. As of June 30, 2019, the outstanding balance for the combined loans from the California Energy Resources Conservation and Development Commission is \$924,623; the debt is serviced by the Internal Service Funds – Public Facilities Fund.

The debt service requirements on the notes are as follows:

Fiscal Year Ending	Long Term Notes Payable-Governmental Activities		
	Principal	Interest	Total
2020	\$ 272,084	\$ 10,455	\$ 282,539
2021	275,650	6,888	282,538
2022	257,734	3,287	261,021
2023	119,155	597	119,752
Totals	\$ 924,623	\$ 21,227	\$ 945,850



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

F. Compensated Absences

The City's vested and unpaid compensated absences for the governmental activities are accounted for in the Compensated Absences Internal Service fund. As of June 30, 2019, the outstanding liability for the governmental activities is \$17,133,959. As for the City's business-type activities, the liabilities for the vested and unpaid compensated absences are accounted by activity and the total as of June 30, 2019 is \$1,529,346. The current portion of this liability is \$4,041,356 for the governmental activities, and \$77,997 for the business-type activities funds, and has been determined based on recent payout history.

G. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the U.S. Treasury at least every five years. The City has evaluated each bond issued subject to the arbitrage requirements and has determined that no arbitrage liability exists at June 30, 2019. The City has complied with all significant bond covenants relating to reserve and sinking fund requirements.

9) Risk Management and Insurance

The City is partially self-insured for workers' compensation insurance with a \$750,000 retention per occurrence and general liability coverage with a \$500,000 retention per occurrence and is a member of joint power authorities for the coverage above and beyond the retention levels (see below). The City is completely self-insured for unemployment insurance, short-term disability insurance, other post-employment benefits (OPEB), vision and dental insurance coverage programs. The expenses of the self-insurance programs are recorded in the Insurance Internal Service Fund. In 2018, an independent actuary performed an analysis of the City's self-insured workers' compensation reserves and general liability reserve (i.e. payable claims); this actuarial analysis is performed every two years for these two liability accounts. For fiscal years 2019 and 2018, estimates for incurred but not reported claims (IBNR) are included in the liability estimates recommended by the actuary. Based on the analysis, which used a rate 1.5% to discount future investment earnings at a 75% confidence level, the City's worker's compensation actuarial liability at June 30, 2019 is \$11,151,000 and the general liability actuarial liability is \$3,175,000.

The changes in balances of claims liabilities during the past years for the General Liability and Workers' Compensation fund combined are as follows:

Claims Liability	FY 18/19	FY 17/18
Beginning of Fiscal Year	\$ 14,059,000	\$ 12,584,000
Incurred Claims including IBNR's	2,022,535	3,364,082
Claims Payments	(1,755,535)	(1,889,082)
End of Fiscal Year	\$ 14,326,000	\$ 14,059,000

For worker's compensation, the City purchases excess insurance coverage (above and beyond the retention limit of \$750,000) from a governmental joint powers authority up to statutory limits per occurrence. This joint power authority is the California State Association of Counties Excess Insurance Authority (CSAC-EIA), a risk sharing pool of California public agencies, dedicated to controlling losses and providing effective risk management. In 1979, 29 California counties came together to form this joint powers authority in order to pool their risk and provide a viable and cost effective solution for the counties' insurance and risk management needs. Since then, the EIA's membership has expanded to include 93% of the counties in California and nearly 61% of the cities, as well as numerous school districts, special districts, housing authorities, fire districts, and other Joint Powers Authorities. The CSAC-EIA is a separate legal entity and is governed by a 61 member Board of Directors.



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

Members are assessed a contribution for each program in which they participate (for the City of Fairfield, this is the Excess Workers' compensation program). Members may be subject to additional supplemental assessments if it is determined that contributions are insufficient. If it is determined that excess contributions are available, a dividend may be declared. Separate financial statements may be obtained from the CSAC-EIA website at <https://www.csac-eia.org/resources/eia-documents>.

For general liability, the City is a member of the California Joint Powers Risk Management Authority (CJPRMA), a joint powers authority which provides the City with additional \$40,000,000 liability coverage over and above the self-insured retention of \$500,000. A property insurance policy is purchased by the member entities of CJPRMA. The deductible amount is \$250,000. The CJPRMA is a legal entity separate and distinct from its member entities, as permitted by the California Government Code. The CJPRMA is governed by a 21-member Board of Directors appointed by the member agencies. Member agencies include approximately 72 Cities, 1 County, 1 Unified School District and 16 special districts. The purpose of the CJPRMA is to spread the adverse effects of losses among the member agencies and to provide excess coverage as a group, thereby reducing its expense. The City contributes its pro rata share of anticipated losses to a pool administered by CJPRMA. Should actual losses among participants are greater than the anticipated losses, the City will be assessed its pro rata share of that deficiency. Conversely, if actual losses are less than anticipated, the City will be refunded its pro rata share of the excess. Separate financial statements may be obtained from the CJPRMA website at <https://main.cjprma.org/resources/documents/financials>. For both programs, there have been no insurance settlements that have exceeded insurance coverages in each of the last three years.

10) Classification of Net Position

In the Government-Wide Financial Statements, net position is classified in the following categories:

A. Net Investment in Capital Assets - This category groups all capital assets, net of accumulated depreciation and related debt, into one component of net position, as noted below.

	Governmental Activities	Business-Type Activities	Totals
Capital Assets	\$ 360,284,886	\$ 171,912,782	\$ 532,197,668
Less Long Term Debt and Liabilities:			
Long term debt due within one year	(8,266,178)	(6,167,997)	(14,434,175)
Long term debt due in more than one year	(221,435,117)	(98,582,749)	(320,017,866)
Total Long Term Debt	(229,701,295)	(104,750,746)	(334,452,041)
Plus Long Term Debt not applicable to Capital Assets:			
Compensated absences	17,133,959	1,529,346	18,663,305
Claims and judgments payable	14,326,000		14,326,000
General obligation Bonds	7,331,128		7,331,128
Pension obligation Bonds (including unamortized discount)	32,265,539		32,265,539
Net OPEB liability	2,105,771		2,105,771
Net pension liability	155,614,275	23,735,630	179,349,905
Total long term debt not applicable to capital assets	228,776,672	25,264,976	254,041,648
Total long term debt applicable to capital assets	(924,623)	(79,485,770)	(80,410,393)
Add unspent bond proceeds related to capital debt		1,078,051	1,078,051
Add capital-related deferred outflows of resources		137,699	137,699
Net Investment in Capital Assets	\$ 359,360,263	\$ 93,642,762	\$ 453,003,025



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

In the Governmental Activities, out of the \$5,413,380 restricted cash and investments, there are no unspent bond proceeds. In the Business-Type Activities, out of the \$24,316,315 restricted cash and investments, \$1,078,051 represents remaining (unspent) bond proceeds for debt service reserves, \$453,850 represents cash restricted for debt service, and \$22,784,414 represents restricted cash for major maintenance reserves.

- B. Restricted Net Position** – This category presents external restrictions imposed by section 115 trusts, creditors, grantors, contributors (Outreach Independence) or laws or regulations of other governments (3rd parties) and restrictions imposed by law through constitutional provisions or enabling legislation. The restrictions are categorized in the governmental activities by General Fund, Capital Projects, Debt Service, Community Development Programs, and specific projects, and in the business-type activities by Debt Service, Major Maintenance, and Minority Interest.
- C. Unrestricted Net Position** – This category represents the net position of the City, which are not restricted for any project or other purpose.

11) Fund Balances

The City's Fund Balances for Governmental funds are presented as follows:

Fund Balances	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Low Mod Income Housing	City Capital Projects		
Nonspendable					
Prepays	\$ 53,801				\$ 53,801
Outreach independence				\$ 335,375	335,375
Total	53,801	\$ -	\$ -	335,375	389,176
Restricted					
Pension trust (PARS)	5,161,612				5,161,612
Successor agency admin costs	125,000				125,000
Special revenue:					
Housing assistance				198,373	198,373
Streets and parks				22,515,075	22,515,075
Housing and special projects		43,809,725		20,772,893	64,582,618
Debt service				1,293,216	1,293,216
Capital projects			34,488,473	15,294,607	49,783,080
Outreach Independence				32,389	32,389
Total	5,286,612	43,809,725	34,488,473	60,106,553	143,691,363
Committed					
Pension stabilization	7,266,947				7,266,947
Capital projects				12,064,326	12,064,326
Total	7,266,947	-	-	12,064,326	19,331,273
Assigned					
Pension obligation bonds				1,536,532	1,536,532
Capital projects			6,115,811		6,115,811
Unanticipated costs	6,278,715				6,278,715
Total	6,278,715	-	6,115,811	1,536,532	13,931,058
Unassigned	28,822,295				28,822,295
Total Fund Balances	\$47,708,370	\$ 43,809,725	\$ 40,604,284	\$ 74,042,786	\$ 206,165,165

Included in the restricted fund balance for the Low Mod Income Housing Special Revenue Fund, there is approximately \$32,273,000 of loans receivable that are not anticipated to be collected within the next year. In



Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

the non-major governmental funds (HOME, CDBG, and NSP) fund balance, there is approximately \$19,722,000 of loans receivable that are not anticipated to be collected within the next year.

12) Retirement Plans

A. Pension Plan

1. General Information about the Pension Plans

- i. **Plan Description** – The City contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer system that acts as a common investment and administrative agent for participating public entities within the state of California. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans. 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 at www.calpers.ca.gov.
- ii. **Benefits Provided** - CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

Plan	Miscellaneous		
	Classic Plan	Tier II	PEPRA
Hire Date	Prior to 8/26/2012	On or After 8/26/2012	On or After 1/1/2013
Formula	2.7% @ 55	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	52-67
Monthly benefits, as a % of annual salary	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	10.50%	10.50%	6.00%
Required employer contribution rates	27.717%	27.717%	30.217%

Plan	Safety		
	Classic Plan	Tier II	PEPRA
Hire Date	Prior to 8/26/2012	On or After 8/26/2012	On or After 1/1/2013
Formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50-55	50-57
Monthly benefits, as a % of annual salary	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	11.25%	11.25%	10.50%
Required employer contribution rates	36.731%	36.731%	38.981%



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

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

Employees Covered	Miscellaneous	Safety	Total
Inactive employees or beneficiaries currently receiving benefits	475	215	690
Inactive employees entitled to but not yet receiving benefits	313	80	393
Active employees	334	171	505
Totals	1,122	466	1,588

- iii. **Contributions** - Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in 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 rates of employees. For the measurement period ended June 30, 2018, the average employee contribution rate for miscellaneous and safety plan are 6.92% and 8.86% of annual pay, and employer's contribution rate for miscellaneous and safety plan are 26.644% and 35.759% of annual pay. For the same measurement period, the employer contributions (per the PERS actuarial reports) were \$6,278,436 for miscellaneous and \$7,234,241 for safety.

2. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018. The General Fund, in the governmental activities, and the Water, Transportation, and North Bay Regional Water enterprise funds are the primary funds used to liquidate the pension liabilities. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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

Provision	Miscellaneous	Safety
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase (1)	3.28% - 11.38%	3.85% - 19.88%
Investment Rate of Return (2)	7.25%	7.25%
Mortality (3)	Derived using CalPERS' Membership Data for all Funds	

(1) Depending on age, service and type of employment

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

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.



Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a January 2014 actuarial experience study for the period of 1997 to 2011. Details of the Experience Study can be found on the CalPERS website at: www.calpers.ca.gov.

- ii. **Discount Rate** - The discount rate used to measure the total pension liability was 7.15% for each Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Change of Assumptions - At its December 2016 meeting, the CalPERS Board of Administration lowered the discount rate from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016 valuation. The minimum employer contributions for Fiscal Year 2018-19 were calculated using a discount rate of 7.375%; the fiscal year 2019-2020 minimum employer contributions will be calculated using a discount rate of 7.25%; and the fiscal year 2020-2021 (and all years going forward) minimum employer contributions will be calculated using a discount rate of 7.0%.

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

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 the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class (1)	Target Allocation	Real Return Years 1-10 (2)	Real Return Years 11+ (3)
Global Equity	50.0%	4.8%	6.0%
Fixed Income	28.0%	1.0%	2.6%
Inflation Assets	0.0%	0.8%	1.8%
Private Equity	8.0%	6.3%	7.2%
Real Estate	13.0%	3.8%	4.9%
Liquidity	1.0%	0.0%	(0.1%)
Total	100%		
(1) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in Global Equity Securities and Global Debt Securities.			
(2) An expected inflation of 2.00% used for this period.			
(3) An expected inflation of 2.92% used for this period.			



City of Fairfield, California

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

- iii. **Changes in the Net Pension Liability** - The changes in the net pension liability for each Plan for the measurement date June 30, 2018 are as follows:

Miscellaneous Plan:

Balance at June 30, 2017

Changes in the year:

Service cost
Interest on the total pension liability
Changes in assumptions
Differences between expected and actual experience
Net plan to plan resource movement
Contribution - employer
Contribution - employee
Projected investment income
Differences between projected and actual earnings on plan investments
Benefit payments, including refunds of employee contributions
Administrative expenses
Other miscellaneous income/expense

Net changes

Balance at June 30, 2018

Increase (Decrease)		
Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
\$ 313,672,257	\$ 222,868,230	\$ 90,804,027
4,953,864		4,953,864
22,113,909		22,113,909
(2,020,155)		(2,020,155)
2,752,187		2,752,187
	(546)	546
	6,305,148	(6,305,148)
	2,555,190	(2,555,190)
	15,645,141	(15,645,141)
	3,139,793	(3,139,793)
(15,191,547)	(15,191,547)	-
	(347,290)	347,290
	(659,510)	659,510
12,608,258	11,446,379	1,161,879
\$326,280,515	\$234,314,609	\$ 91,965,906

Safety Plan:

Balance at June 30, 2017

Changes in the year:

Service cost
Interest on the total pension liability
Changes in assumptions
Differences between expected and actual experience
Net plan to plan resource movement
Contribution - employer
Contribution - employee
Projected investment income
Differences between projected and actual earnings on plan investments
Benefit payments, including refunds of employee contributions
Administrative expenses
Other miscellaneous income/expense

Net changes

Balance at June 30, 2018

Increase (Decrease)		
Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
\$ 289,992,620	\$ 205,093,579	\$ 84,899,041
6,296,742		6,296,742
20,572,192		20,572,192
(1,005,769)		(1,005,769)
2,678,526		2,678,526
	(505)	505
	7,234,241	(7,234,241)
	2,485,341	(2,485,341)
	14,445,345	(14,445,345)
	2,818,814	(2,818,814)
(14,181,595)	(14,181,595)	-
	(319,592)	319,592
	(606,911)	606,911
14,360,096	11,875,138	2,484,958
\$304,352,716	\$216,968,717	\$ 87,383,999
\$630,633,231	\$451,283,326	\$ 179,349,905

Totals of both Miscellaneous and Safety Plans



City of Fairfield, California

Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

- iv. **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:

Scenario/Effect on Liability	Miscellaneous Plan	Safety Plan	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$ 134,675,895	\$ 130,120,315	\$264,796,210
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 91,965,906	\$ 87,383,999	\$179,349,905
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ 56,595,315	\$ 52,328,129	\$108,923,444

- v. **Pension Plan Fiduciary Net Position** - Detailed information about each pension plans' fiduciary net position is available in the separately issued CalPERS financial reports.

3. **Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2019, the City recognized pension expense of \$14,665,200 and \$12,082,752 for the Miscellaneous and Safety Plan, respectively, for a total of \$26,747,952. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan		Safety Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,455,288	\$ -	\$ 18,568,977	\$ -	\$ 26,024,265	\$ -
Differences between actual and expected experience	1,769,266	(207,973)	2,108,627	(2,541,617)	3,877,893	(2,749,590)
Changes in assumption	4,010,073	(1,298,671)	9,876,614	(1,717,507)	13,886,687	(3,016,178)
Net differences between projected/actual earnings on plan investments	587,078		646,297		1,233,375	-
Totals	\$ 13,821,705	\$ (1,506,644)	\$ 31,200,515	\$ (4,259,124)	\$45,022,220	\$ (5,765,768)

The amount of \$7,455,288 and \$18,568,977 for the Miscellaneous and Safety Plans, respectively, will be reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The Safety Plan's contribution includes a one-time \$10,000,000 payment towards the Safety Plan's unfunded liability.



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

The amount reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended	Miscellaneous Plan	Safety Plan	Total
2020	\$ 6,937,874	\$ 4,516,718	11,454,592
2021	856,010	3,519,688	4,375,698
2022	(2,306,157)	650,638	(1,655,519)
2023	(627,954)	(314,630)	(942,584)
Total	\$ 4,859,773	\$ 8,372,414	\$13,232,187

B. Defined Contribution Plans

The City also provides defined contribution retirement benefits through the City of Fairfield 401(a) plan as well as a 457 plan. Benefit terms, including contribution requirements, are established and may be amended by the City Council. The City and its employees contribute to this plan in accordance with the terms of the employees' Memorandums of Understanding (MOU's). In addition, for the 457 plans, employees are permitted to make voluntary contributions to the plan, up to applicable Internal Revenue Code limits. Employees are immediately vested in these contributions and the earnings on those contributions. Employer liabilities are limited to the amount of current contributions. For the year ended June 30, 2019, the City recognized an expense of \$1,689,337 for the employer contribution to the 401 and 457 plans.

C. Other Retirement Systems

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992, be covered by either Social Security or an alternative plan. The City contracts with the Public Agency Retirement System (PARS), to maintain a defined contribution plan that covers part-time, seasonal and temporary employees. Employer liabilities are limited to the amount of current contributions.

Under PARS, employees contribute 6.2% and the City contributes 1.3% of the employee's salary each pay period. For the fiscal year ended June 30, 2019, total contributions of \$17,098 were made based on a total amount of covered compensation of \$1,315,250.

Certain part-time employees have elected to be covered under Social Security, which requires these employees and the City to each contribute 6.2% of the employee's salary. For the fiscal year ended June 30, 2019, total contributions of \$38,151 were made based on a total amount of covered compensation of \$615,339.

13) Other Post-Employment Benefits (OPEB)

A. General Information about the OPEB Plans

1. Plan Description

The City's Retiree Health Plan is a single-employer defined benefit healthcare plan. The City provides post-retirement health care benefits to certain retired executive management employees and retired City officials as approved by City resolution. Eligibility requirements include: (1) age 53 with 10 or more years of service with the City *and*; (2) provide a minimum of 4 years of service as an executive management employee; and receipt of Public Employees Retirement System (PERS) benefits. The eligible official/employee must elect to be included in this program immediately upon retirement. The City does not issue a separate, stand-alone financial report for its OPEB plan.

The City's Retiree Insurance (OPEB) Internal Service Fund is used to liquidate the net OPEB liability. The City has established a trust with CalPERS California Employers' Retiree Benefit Trust (CERBT) for the



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

purpose of accumulating funding for OPEB obligations. The CERBT is a Section 115 OPEB Trust and is an agent multiple employer plan for those electing to prefund their OPEB obligations. As of the measurement date of June 30, 2018, this trust had accumulated assets of \$500,658.

2. Employees covered

There are twenty-four retired individuals covered under this program. The plan is closed and no additional employees will be eligible to participate.

3. Contributions

For the executive management group discussed above, the City pays a subsidy towards the medical and dental premiums for retirees and their dependents. The subsidy is limited to the premium amount that is for the lowest cost medical and dental plans available. For the year ended June 30, 2019, the City contributions were \$1,000,000 in payments to the CERBT trust and \$252,045 for subsidy payments resulting in total payment of \$1,252,045. This amount is shown as a Deferred Outflow at June 30, 2019, since these payments were made subsequent to the measurement period ending June 30, 2018.

B. Net OPEB Liability

1. Actuarial Assumptions

The net OPEB liabilities in the June 30, 2018 actuarial valuation were determined using the following actuarial assumptions:

Provisions	
Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.75%
Salary Increases	3.00%
Mortality Rate (1)	CalPERS's mortality data
Healthcare Trend Rate	Health- 7.5% in 2019 then decreases .5% annually until it reaches 5% in 2025.
	Dental & Vision 4% increase annually.



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

2. Discount Rate

The discount rate used to measure the net OPEB liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

The table below reflects long-term expected real rate of return by asset class.

Asset Class	Target Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	40.0%	5.25%	5.71%
Fixed Income	39.0%	1.79%	2.40%
Global Real Estate	8.0%	3.25%	7.88%
Treasury Inflation Protected Securities	10.0%	1.00%	2.25%
Commodities	3.0%	0.34%	4.95%
Total	100%		

(1) An expected inflation of 2.5% used for this period.
(3) An expected inflation of 3.0% used for this period.

3. Changes in the Net OPEB Liability

The changes in the net OPEB liability for the Plan as of the measurement date June 30, 2018 are as follows:

Balance at June 30, 2017

Changes in the year:

Service Cost
Interest on the Total OPEB Liability
Expected Investment Income
Employer Contribution to the Trust
Employer Contribution - Direct Benefit Payments
Administrative Expenses
Benefit Payments
Changes in Assumption
Difference between expected and actual plan experience
Difference between projected and actual earnings on Investments

Net Changes

Balance at June 30, 2018

Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
\$ 3,153,300	\$ -	\$ 3,153,300
18,895		18,895
198,022		198,022
	16,249	(16,249)
	500,000	(500,000)
	251,402	(251,402)
	(27)	27
(251,402)	(251,402)	-
93,961		93,961
(606,345)		(606,345)
	(15,562)	15,562
(546,869)	500,660	(1,047,529)
\$ 2,606,431	\$ 500,660	\$ 2,105,771

4. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate this is one percent lower or one percent higher than the current rate:

Plan	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net OPEB Liability	\$ 2,345,139	\$ 2,105,771	\$ 1,900,844



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

5. Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using healthcare cost trend rates that are one percent lower or one percent higher than the current rate:

Plan	1% Decrease (6.5%)	Cost Trend Rate (7.5%)	1% Increase (8.5%)
Net OPEB Liability	\$ 1,907,066	\$ 2,105,771	\$ 2,350,607

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

Gains and losses related to changes in net OPEB liability are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain and loss occur. The remaining amounts are categorized as deferred outflows of resources related to OPEB and are to be recognized in the future OPEB expense.

The recognition period differs depending on the source of the gain or loss. Net difference between projected and actual earnings on OPEB plan investments are amortized over 5 years and all others are amortized over the expected average remaining service lifetime, which is 0 years at June 30, 2018, since there are no active members. For the year ended June 30, 2019, the City recognized OPEB expense of (\$308,577). At June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,252,045
Net difference between projected and actual earnings on investments	12,450
Total	<u>\$ 1,264,495</u>

The \$1,252,045 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. The remaining amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ended	
2020	\$ 3,112
2021	3,112
2022	3,112
2023	3,114
Total	<u>\$ 12,450</u>



Notes to Basic Financial Statements (continued)
For the Year Ended June 30, 2019

14) Tax Abatements - Economic Development Incentives

GASB Statement No. 77 defines tax abatements as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. According to the GASB 77, the substance of these agreements meet the definition of "tax abatements" as the revenues received were not available for general municipal services purposes, but rather used to effectively reduce the net tax liability of certain taxpayers per the conditions of an agreement. The taxes paid to the City are included in the revenue reported in these financial statements and the payments made to the businesses based upon the taxes paid are also included as expenditures in these financial statements.

The City offers an economic development incentive program to the entities that propose to locate or expand already established businesses within the City. This incentive program is expected to provide a stimulus to the City's economy, increase the tax base and create jobs. Each of the agreements entered into by the City, provides for a rebate of taxes paid to the City according to formulas contained in the agreements. These limited terms agreements provide for a sharing of the taxes (percentage rebates) above certain amounts with a maximum rebate not to exceed the cost of a business' improvements and/or development impact fees. The City generally expects to receive increased revenue as a result of these agreements. These incentive agreements require approval by City Council. The term of eligibility under these agreements, approved by City Council, will expire on March 31, 2028.

For the fiscal year ended June 30, 2019, under this program the City had two agreements with abatements of sales tax totaling \$984,395. Pursuant to the Sales and Use Tax law (chapter 8 – Article 1 – section 7056), in order to protect the confidential information of sales taxes collected and abatements provided to each of the specific agencies, the City has presented the aggregate amount abated during the current fiscal year.

15) Commitments and Contingent Liabilities

Various claims and lawsuits are pending against the City. Although the outcome of these claims and lawsuits is not presently determinable, in the opinion of the City's management, on advice of legal counsel, it is unlikely that they will have a material adverse effect on the accompanying financial statements.

The City and the Housing Authority have received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement for expenditures disallowed under the terms of the grant. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

A. Other Development Agreements

The City has entered into several agreements with various developers who are developing numerous residential and commercial projects throughout the City. The City agreed to grant the developers' development fee credits since the developers constructed (or have agreed to construct) certain public improvements beyond what was needed to serve their specific projects. The value of the credits as of June 30, 2019 was \$44,772,128. This amount does increase for inflation but does not accrue interest. The accounting for the amounts due are not recorded as liabilities since the payments (the uses of credits) are contingent upon the pulling of future building permits (from building growth that has not yet occurred).

B. Golf Courses Contingent Advances from Other Funds

In the 2014 CAFR, the Business-Type activities golf courses funds showed advances from other funds in the amount of \$25,141,275 representing the loans received from the City's Intra-governmental loan fund and development tax funds in order to facilitate the construction and the ongoing operations of the golf course fund. In the 2015 CAFR, for financial statement purposes, these loans were reclassified to "Transfers In" recognizing that the repayment of these loans is not scheduled to happen in the near and foreseeable future.



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

At the same time, the City has not formally forgiven the loans and the advances are now being disclosed as a contingent liability of the golf course funds. The balance of these loans has not accrued any interest in the current fiscal year and is \$27.6 million at June 30, 2019 (of which \$15.6 million is principal and \$12 million is previously accrued and unpaid interest). Should sufficient resources in the golf courses become available to make repayments in the future, those repayments of this contingent liability will take place; and be recorded as transfers out from the golf courses at that time.

16) Excess of Expenditures over Appropriations and Negative Fund Balances/Net Position

In the Development Tax, Special Programs, Community Development Block Grant, General Obligations Bonds, Pension Obligation Bonds, and Capital Projects Assessment and Improvement Districts non-major funds, there was a negative variance in expenditures and the variance was covered by the accumulated fund balance.

Net position in the Internal Service Compensated Absence fund reflects a negative net position due to the City recognizing the compensated absences outstanding liability of all of the governmental activities in this fund. It's anticipated that increased funding levels will take place in the future, which will gradually reduce this deficit over time.

17) North Bay Treatment Plant

The North Bay Treatment Plant was constructed through a joint exercise of powers agreement between the City and the City of Vacaville to operate and maintain facilities for supplying potable water to their respective service areas. The agreement did not create a separate agency or separate legal entity separate from the parties. A Joint Powers Policy Committee (JPPC) handles the organization and administration of the North Bay Treatment Plant. The JPPC is composed of the Director of Public Works from the City and the Director of Public Works from Vacaville or their designated alternates. The City is reporting this cost sharing arrangement as a joint venture with a majority interest, due to the fact the City has operational control of this facility and function as majority member. As a result, the City reports the entire operations of the North Bay Treatment Plant as a major enterprise fund in the accompanying financial statements, with a corresponding reserve for minority interests.

At June 30, 2019, the net position between Fairfield and Vacaville is classified as follows:

Net Position	Fairfield	Vacaville	Totals
Net Investment in Capital Assets	\$ 22,689,801	\$ 13,028,100	\$ 35,717,901
Restricted for major maintenance	15,026,967	7,757,447	22,784,414
Restricted for minority interest		776,056	776,056
Unrestricted	596		596
Totals	\$ 37,717,364	\$ 21,561,603	\$ 59,278,967

18) Successor Agency Trust for Assets of Former Redevelopment Agency

The purpose of this footnote is to explain the impacts of the dissolution of the Fairfield Redevelopment Agency on the City's financial statements. Under AB 1X 26, passed on June 28, 2011, all redevelopment agencies in the State of California were dissolved and ceased operations as a legal entity as of February 1, 2012.

Amongst numerous requirements, AB 1X 26 requires the following:

- (i) subject to the control of a newly established oversight board, assets of the former redevelopment agency must be disposed expeditiously and property tax revenue generated by a former redevelopment agency



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

can only be used to pay enforceable obligations (i.e. debt obligations and other third-party contractual obligations);

- (ii) either the city or another unit of local government may agree to serve as the "Successor Agency" to hold the net position until they are distributed to units of state and local government;
- (iii) successor agencies may transfer housing functions of the former redevelopment agency to the appropriate entity; and
- (iv) any property tax revenue in excess of enforceable obligations is to be distributed by county auditor controllers to taxing entities, which includes the City, as surplus property tax. In addition, any land sales of property by the Successor agency must be distributed to Solano County, which in turn, is distributed to the various taxing entities. In all years going forward, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets of the agency have been liquidated.

As a result of the restrictions placed on the assets and liabilities of the former redevelopment agency, all of these assets and liabilities were transferred (and are accounted for on an ongoing basis) into a fiduciary fund (private-purpose trust fund) on February 1, 2012. On February 7th, 2012, the City Council elected to become the Successor Agency to the former Fairfield Redevelopment Agency in accordance with AB 1X 26 as part of City resolution number SA2012-01. On May 14, 2012, the Oversight Board to the Successor Agency of the Fairfield Redevelopment Agency agreed to transfer the housing responsibilities and all rights, powers, duties, and obligations associated with the housing activities of the agency to the Fairfield Housing Authority. The transfer of the majority of these housing assets occurred during fiscal year 2012-2013 year after the approval by the State of California Department of Finance.

A. Receivables

At June 30, 2019 receivables consisted of the following:

Receivables	Total Receivables
Interest and other	\$ 65,482
Loans	2,031,629
Total Receivables, Net	\$ 2,097,111

Several of the loans receivables are those that had been made to small businesses to assist with business development. As payments are received from these loans, these funds are reflected on the Recognized Obligation Payment Schedules (ROPS) as "Other Income" and are subsequently utilized to decrease the resources requested from Solano County and the State of California. The largest loan receivable is for \$2,015,000 and represents a Loan Receivable from Casa Nova Mobile Home Park. Bond proceeds were issued by the former redevelopment agency and originally used to assist Casa Nova Mobile Home Park to purchase the mobile home park (in 1996 and now have been subsequently refinanced), and now the Successor Agency recognizes a loan receivable from Casa Nova equal to the amount of bonds payable that relate to the purchase of the mobile home park. The receivable is reduced as the debt (bonds payable) is paid down by the mobile home park.

B. Land Held for Resale

The total value of Land Held for Resale at June 30, 2019 is \$5,440,769 and consists of properties that were acquired by the former Redevelopment Agency for future development. The properties are carried at the lower of cost or market value. As a result of the Successor Agency having its Property Management Plan approved by the State on February 27, 2014, the Successor Agency will continue to look to sell land for development. When



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

the Successor Agency sells a piece of land, under state law, the proceeds are immediately remitted to Solano County, who in turn distributes the proceeds of sale to the various taxing entities.

C. Long Term Obligations

The following is a summary of long-term bonds outstanding of the Successor Agency for the year ended June 30, 2019:

	Balance 7/1/2018	Incurred or Issued	Satisfied or Matured	Balance 6/30/2019	Amount Due Within One Year	Amount Due More Than One Year
Tax Allocation Bonds						
2011 TABS, North Texas Project Area	\$ 6,355,000		\$ 75,000	\$ 6,280,000	\$ 80,000	\$ 6,200,000
	6,355,000	\$ -	75,000	6,280,000	80,000	6,200,000
Tax Allocation Refunding Bonds						
Successor Agency 2014 Highway 12	9,668,719		1,514,685	8,154,034	1,596,138	6,557,896
Successor Agency 2014 City Center	3,013,303		457,117	2,556,186	485,101	2,071,085
Successor Agency 2014 Cordelia	3,997,978		608,198	3,389,780	633,761	2,756,019
Successor Agency 2014 Casa Nova	2,170,000		155,000	2,015,000	160,000	1,855,000
	18,850,000	-	2,735,000	16,115,000	2,875,000	13,240,000
Bond Premiums	2,113,007		333,773	1,779,234		1,779,234
Total Bonds Payable	\$ 27,318,007	\$ -	\$ 3,143,773	\$ 24,174,234	\$ 2,955,000	\$ 21,219,234
Long Term Notes Payable						
Solano business park H12-3A	\$ 1,963,121			\$ 1,963,121		\$ 1,963,121
Kaufman & Broad H12-3A	178,378			178,378		178,378
Total Long Term Notes Payable	\$ 2,141,499	\$ -	\$ -	\$ 2,141,499	\$ -	\$ 2,141,499
Total Long Term Debt	\$ 29,459,506	\$ -	\$ 3,143,773	\$ 26,315,733	\$ 2,955,000	\$ 23,360,733

i. Tax Allocation Bonds

The North Texas Redevelopment Project Area Tax Allocation Bonds, Series 2011, were issued in February 2011 by the former Redevelopment Agency in the amount of \$6,725,000 to purchase additional land for development. The bonds bear interest at rates ranging from 3.52% to 8.25%. The debt service requirements on the tax allocation bonds are as follows:

Fiscal Year Ending	Tax Allocation Bonds		
	Principal	Interest	Totals
2020	\$ 80,000	\$ 586,512	\$ 666,512
2021	90,000	579,813	669,813
2022	95,000	572,294	667,294
2023	105,000	563,650	668,650
2024	110,000	553,975	663,975
2025-2029	725,000	2,592,075	3,317,075
2030-2034	1,135,000	2,160,062	3,295,062
2035-2039	1,790,000	1,477,249	3,267,249
2040-2043	2,150,000	432,251	2,582,251
Totals	\$ 6,280,000	\$ 9,517,881	\$ 15,797,881

ii. Tax Allocation Refunding Bonds

On April 3, 2014, the Successor Agency issued \$29,075,000 in bonds to refinance prior obligations and bonds of the Successor Agency and related obligations of the Fairfield Public Financing Authority (which were for



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

Redevelopment purposes). As of June 30, 2019, the outstanding balance of the refunding issue is \$16,115,000. This debt issue has interest rates ranging from 3.00% - 5.00% and has a final maturity date in 2028. This bond issue neither raised new money nor increased the final maturity date. The revenue bonds are secured by a pledge of, and lien on, monies deposited from time to time in the Redevelopment Property Tax Trust Fund. This bond refinancing was approved by both the California Department of Finance as well as the Successor Agency's Oversight Board.

This bond issue of \$29,075,000 included the refinancing of the previously outstanding 2003, Series B bonds which were previously issued (originally in 1996 and subsequently refinanced in 2003) specifically to assist Casa Nova Mobile Home Park in the purchase of their mobile home park. The amount outstanding that pertains to Casa Nova Mobile Home Park at June 30, 2019 is \$2,015,000. This portion of the bonds is being serviced and paid by Casa Nova Mobile Home Park and the Successor Agency has recorded both a receivable and a liability for this same amount. As Casa Nova makes a principal payment, the bonds payable and loans receivable are reduced for an equal amount. As Casa Nova Mobile Home Park makes an interest payment, miscellaneous revenue is recorded along with an interest expense.

The remaining debt service requirements on these refunding tax allocation bonds are as follows:

Fiscal Year Ending	Tax Allocation Refunding Bonds		
	Principal	Interest	Totals
2020	\$ 2,875,000	\$ 733,875	\$ 3,608,875
2021	3,030,000	586,250	3,616,250
2022	3,170,000	431,250	3,601,250
2023	2,885,000	279,875	3,164,875
2024	3,025,000	132,125	3,157,125
2025-2029	1,130,000	146,750	1,276,750
Totals	\$ 16,115,000	\$ 2,310,125	\$ 18,425,125

iii. Long Term Notes Payable

The former Redevelopment Agency has two long-term notes in the Highway 12 Project Area totaling \$2,141,499 (which includes accrued interest). These notes are subordinate to other debts of the Successor Agency. In September 1981, the Agency issued a long-term note for \$931,081 to reimburse a developer for the cost of oversizing storm drainage facilities in the Highway 12 Project Area. Interest accrued at 10% compounded annually through September 1, 1989 after which the note became non-interest bearing. Total unpaid interest is \$1,032,040, which has been added to the note. In February 1982, the Agency issued a non-interest bearing long-term note to reimburse a developer for the cost of oversizing storm drainage facilities in the Highway 12 Project Area for \$178,378. No payments have been made on the loans. The loans will mature once the City of Fairfield loans have been satisfied and matured.



City of Fairfield, California

Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

iv. Loans Payable to the City of Fairfield and the Fairfield Housing Authority

The City has made prior loans to the former Redevelopment Agency for redevelopment project costs. The loans payable consist of principal and interest due to the City of Fairfield for monies advanced to the Redevelopment Agency for various Redevelopment purposes. Due to uncertainty regarding State approval, in fiscal year 2012-2013, the total loan amount of principal and interest owed to the City of \$82,984,009 had been written off. In fiscal year 2013-2014, the City received approval from the Department of Finance (as well as the Oversight Board) to partially reinstate these loans owed to the City (to the Internal Service-Intragovernmental Service Fund) in the principal amount of \$12,047,692 (\$11,337,538 for Cordelia and \$710,154 for City Center). There will be no repayments on these loans for several years as the Successor Agency must first pay off its loans from the Housing Authority. Amounts owed at June 30, 2019 to the City's HOME (grant) Fund are \$109,689.

	Balance 7/1/2018	Incurred or Issued	Satisfied or Matured	Balance 6/30/2019	Amount Due Within One Year	Amount Due More Than One Year
Loans Payable to the City of Fairfield						
Regional Center - Loan from HOME Fund	\$ 269,685		\$ 159,996	\$ 109,689		\$ 109,689
Cordelia - Loan from IGL Fund	11,337,538			11,337,538		11,337,538
City Center - Loan from IGL Fund	710,154			710,154		710,154
Total Loans payable to the City	12,317,377	\$ -	159,996	12,157,381	\$ -	12,157,381
Loans Payable to Housing Authority						
City Center Loan	2,747,001		500,000	2,247,001	500,000	1,747,001
Highway 12 Loan	1,550,082		500,000	1,050,082	500,000	550,082
Total Loans payable to Housing Authority	4,297,083	-	1,000,000	3,297,083	1,000,000	2,297,083
Totals	\$ 16,614,460	\$ -	\$ 1,159,996	\$ 15,454,464	1,000,000	\$ 14,454,464

The loans payable to the Fairfield Housing Authority are obligations that were previously owed to the Redevelopment low and moderate income housing fund. In prior years, the City received approval to transfer these housing assets (loans receivables) to the successor housing entity, which is the Fairfield Housing Authority. In the current year, per the schedule above, the Successor Agency requested monies for gradual repayments of these loans, via the Recognized Obligation Payment Schedule (ROPS) process. This repayment is anticipated to continue for several years.

19) Debt with No City Commitment

Special assessment districts in various parts of the City have issued debt under the 1915 Act and Mello-Roos Special Tax Act of 1982 to finance infrastructure improvements and facilities within their boundaries. Neither the faith and credit nor the taxing power of the City, the State of California, or any political subdivision thereof is pledged to the payment of any debt service for these districts. Payment of the debt is secured by valid assessment liens placed upon certain lands within each district. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included in the general long-term debt of the City. This type of debt is accounted for in the agency funds. In addition, the Fairfield Housing Authority issued debt in 2012 to serve as a conduit to assist a mobile home park in the refinancing of their previously existing bonds. This debt is not a liability of the City, as the mobile home park's revenue collections are the sole source of payment and security on the bonds; and these revenues have been assigned by the Housing Authority to the trustee for direct payment on the bonds. As neither the City nor the Housing Authority have any financial liability for this debt, this debt is not included in the general long-term debt of the City.



City of Fairfield, California

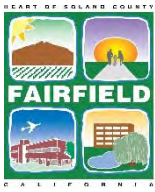
Notes to Basic Financial Statements (continued) For the Year Ended June 30, 2019

The outstanding balance of each of these issues as of June 30, 2019 is as follows:

Description	Issue Date	Maturity Date	Balances June 30, 2019
Communities Facilities District No. 3 - Series 2018	12/5/18	9/1/37	\$ 12,020,000
Communities Facilities District No. 2007-1, Fairfield Commons, Series 2008	4/3/08	9/1/38	15,145,000
Communities Facilities District No. 2016-1, Villages at Fairfield- Area A, Series 2018	1/25/18	9/1/48	3,795,000
Fairfield Housing Authority 2012 Revenue Bonds (Creekside Estates)	1/31/12	9/1/29	5,375,000
Total Non-Commitment Debt			\$ 36,335,000

20) Subsequent Events

On August 1, 2019, the City issued \$19,865,000 in special tax bonds on behalf of the Community Facilities District No. 2016-1 Villages at Fairfield-Improvement Area B, Series 2019A. This bond sale was finalized and closed on August 15, 2019. These bonds represent debt with no city commitment since the City is just the collecting and paying agent for the debt issued by this district, and the City has no direct or contingent liability or moral obligation for the payment of this debt (see Note 19 for further discussion). The bonds were issued at interest rates ranging from 1.34% to 2.98%. The maturity date of these bonds is in 2049.



City of Fairfield, California

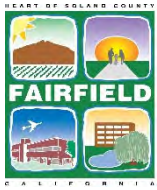
Required Supplementary Information

Miscellaneous Plan Schedule of Changes in Net Pension Liability and Related Ratios Last Ten Years*

	2015	2016	2017	2018	2019
Total pension liability					
Service cost	\$ 4,456,976	\$ 4,265,773	\$ 4,261,714	\$ 4,792,562	\$ 4,953,864
Interest on the total pension liability	19,288,633	19,987,138	20,564,347	21,229,322	22,113,909
Differences between expected and actual experience	-	(2,954,005)	(3,999,107)	(901,217)	2,752,187
Changes in assumptions	-	(4,868,664)	-	17,376,981	(2,020,155)
Benefit payments, including refunds of employee contributions	(11,268,897)	(12,209,765)	(13,203,370)	(13,733,897)	(15,191,547)
Net change in total pension liability	12,476,712	4,220,477	7,623,584	28,763,751	12,608,258
Total pension liability -- beginning	260,587,733	273,064,445	277,284,922	284,908,506	313,672,257
Total pension liability -- ending (a)	273,064,445	277,284,922	284,908,506	313,672,257	326,280,515
Plan fiduciary net position					
Contributions - employer	3,415,841	4,147,940	4,923,250	5,608,699	6,305,148
Contributions - employee	2,471,961	2,436,113	2,528,364	2,598,318	2,555,190
Net investment income	31,874,238	4,549,087	958,715	22,563,672	18,437,644
Benefit payments, including refunds of employee contributions	(11,268,897)	(12,209,765)	(13,203,370)	(13,733,897)	(15,191,547)
Net Plan to Resource Movement					(546)
Other Miscellaneous Income/Expense					(659,510)
Net change in fiduciary net position	26,493,143	(1,076,625)	(4,793,041)	17,036,792	11,446,379
Plan fiduciary net position -- beginning	185,207,961	211,701,104	210,624,479	205,831,438	222,868,230
Plan fiduciary net position -- ending (b)	211,701,104	210,624,479	205,831,438	222,868,230	234,314,609
Net pension liability -- ending (a) - (b)	\$ 61,363,341	\$ 66,660,443	\$ 79,077,068	\$ 90,804,027	\$ 91,965,906
Plan fiduciary net position as a percentage of the total pension liability	77.53%	75.96%	72.24%	71.05%	71.81%
Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Covered payroll (from prior year)	\$ 24,365,716	\$ 24,507,487	\$ 24,641,309	\$ 25,345,225	\$ 25,943,558
Net pension liability as a percentage of covered payroll	251.84%	272.00%	320.91%	358.27%	354.48%

* Fiscal year 2015 was the first year of implementation (GASB 68), therefore, only five years are shown.

Change of Assumptions - At its December 2016 meeting, the CalPERS Board of Administration lowered the discount rate from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016 valuation. The minimum employer contributions for Fiscal Year 2018-19 were calculated using a discount rate of 7.375%; the fiscal year 2019-2020 minimum employer contributions will be calculated using a discount rate of 7.25%; and the fiscal year 2020-2021 (and all years going forward) minimum employer contributions will be calculated using a discount rate of 7.0%. In the GASB 68 accounting valuation report for the period ended June 30, 2017, (which is used for calculating the net pension liability) the discount rate was reduced from 7.65% to 7.15% accordingly.



City of Fairfield, California

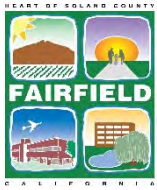
Required Supplementary Information (continued)

Safety Plan Schedule of Changes in Net Pension Liability and Related Ratios Last Ten Years*

	2015	2016	2017	2018	2019
Total pension liability					
Service cost	\$ 5,672,753	\$ 5,385,012	\$ 5,258,222	\$ 6,300,021	\$ 6,296,742
Interest on the total pension liability	17,334,621	18,224,032	18,921,981	19,573,221	20,572,192
Differences between expected and actual experience	-	(86,780)	(2,588,170)	(2,663,481)	2,678,526
Changes in assumptions	-	(4,628,655)	-	16,931,340	(1,005,769)
Benefit payments, including refunds of employee contributions	(10,603,117)	(11,504,270)	(12,163,671)	(12,963,887)	(14,181,595)
Net change in total pension liability	12,404,257	7,389,339	9,428,362	27,177,214	14,360,096
Total pension liability -- beginning	233,593,448	245,997,705	253,387,044	262,815,406	289,992,620
Total pension liability -- ending (a)	245,997,705	253,387,044	262,815,406	289,992,620	304,352,716
Plan fiduciary net position					
Contributions - employer	4,742,507	5,065,553	5,640,187	6,815,028	7,234,241
Contributions - employee	2,456,907	2,261,518	2,356,563	2,653,300	2,485,341
Net investment income	28,800,259	4,001,161	803,971	20,605,386	16,944,567
Benefit payments, including refunds of employee contributions	(10,603,117)	(11,504,270)	(12,163,671)	(12,963,887)	(14,181,595)
Net Plan to Resource Movement					(505)
Other Miscellaneous Income/Expense					(606,911)
Net change in fiduciary net position	25,396,556	(176,038)	(3,362,950)	17,109,827	11,875,138
Plan fiduciary net position -- beginning	166,126,184	191,522,740	191,346,702	187,983,752	205,093,579
Plan fiduciary net position -- ending (b)	191,522,740	191,346,702	187,983,752	205,093,579	216,968,717
Net pension liability -- ending (a) - (b)	\$ 54,474,965	\$ 62,040,342	\$ 74,831,654	\$ 84,899,041	\$ 87,383,999
Plan fiduciary net position as a percentage of the total pension liability	77.86%	75.52%	71.53%	70.72%	71.29%
Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Covered payroll (from prior year)	\$ 20,672,545	\$ 20,287,881	\$ 20,082,583	\$ 22,074,441	\$ 22,170,095
Net pension liability as a percentage of covered payroll	263.51%	305.80%	372.62%	384.60%	394.15%

* Fiscal year 2015 was the first year of implementation (GASB 68), therefore, only five years are shown.

Change of Assumptions - At its December 2016 meeting, the CalPERS Board of Administration lowered the discount rate from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016 valuation. The minimum employer contributions for Fiscal Year 2018-19 were calculated using a discount rate of 7.375%; the fiscal year 2019-2020 minimum employer contributions will be calculated using a discount rate of 7.25%; and the fiscal year 2020-2021 (and all years going forward) minimum employer contributions will be calculated using a discount rate of 7.0%. In the GASB 68 accounting valuation report for the period ended June 30, 2017, (which is used for calculating the net pension liability) the discount rate was reduced from 7.65% to 7.15% accordingly.



City of Fairfield, California

Required Supplementary Information (continued)

Schedule of Contributions – Miscellaneous Plan Last Ten Years*

	2015	2016	2017	2018	2019
Actuarially determined contributions	\$ 4,147,940	\$ 4,923,250	\$ 5,608,699	\$ 6,278,436	\$ 7,455,288
Contributions in relation to the actuarially determined contribution	(4,147,940)	(4,923,250)	(5,608,699)	(6,278,436)	(7,455,288)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll (from current year)	\$ 24,507,487	\$ 24,641,309	\$ 25,345,225	\$ 25,943,558	\$ 27,532,843
Contributions as a percentage of covered payroll	16.93%	19.98%	22.13%	24.20%	27.08%

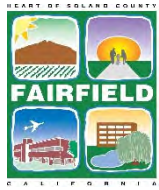
Notes to Schedule

Valuation date: 6/30/2012 6/30/2013 6/30/2014 6/30/2015 6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level Percentage of Payroll
Remaining amortization period	20 Years as of the Valuation Date
Asset valuation method	Market Value of Assets
Inflation	2.75%
Salary Increase	3.2% - 12.2% depending on age, service and type of employment
Investment Rate of Return	7.375% (net of administration expenses)
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* Fiscal year 2015 was the first year of implementation (GASB 68), therefore, only five years are shown.



City of Fairfield, California

Required Supplementary Information (continued)

Schedule of Contributions – Safety Plan Last Ten Years*

	2015	2016	2017	2018	2019
Actuarially determined contributions	\$ 5,065,553	\$ 5,640,187	\$ 6,815,028	\$ 7,234,241	\$ 8,568,977
Contributions in relation to the actuarially determined contribution	(5,065,553)	(5,640,187)	(6,815,028)	(7,234,241)	(18,568,977) **
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (10,000,000) **
Covered payroll (from current year)	\$ 20,287,881	\$ 20,082,583	\$ 22,074,441	\$ 22,170,095	\$ 24,119,130
Contributions as a percentage of covered payroll	24.97%	28.08%	30.87%	32.63%	76.99% **

Notes to Schedule

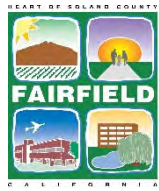
Valuation date: 6/30/2012 6/30/2013 6/30/2014 6/30/2015 6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level Percentage of Payroll
Remaining amortization period	20 Years as of the Valuation Date
Asset valuation method	Market Value of Assets
Inflation	2.75%
Salary Increase	3.4% - 20% depending on age, service and type of employment
Investment Rate of Return	7.375% (net of administration expenses)
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* Fiscal year 2015 was the first year of implementation (GASB 68), therefore, only five years are shown.

** In FY 18/19, the Safety Plan's contribution includes a one-time \$10,000,000 payment towards the Safety Plan's unfunded liability.



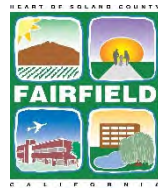
City of Fairfield, California

Required Supplementary Information (continued)

Schedule of Changes in Net OPEB Liability and Related Ratios Last Ten Years*

	2018	2019
Total OPEB liability - Beginning	\$ 3,192,938	\$ 3,153,300
Service cost	18,300	18,895
Interest on the OPEB liability	208,731	198,022
Differences between expected and actual experience		(606,345)
Changes in assumptions		93,961
Benefit payments	(266,669)	(251,402)
Net change in OPEB liability	(39,638)	(546,869)
Total OPEB liability -- ending (a)	<u>\$ 3,153,300</u>	<u>\$ 2,606,431</u>
Plan fiduciary net position		
Employer Contribution to the Trust		\$ 500,000
Employer Contribution - Direct Benefit Payments	\$ 266,669	251,402
Net investment income		687
Benefit payments	(266,669)	(251,402)
Administrative expenses		(27)
Net change in fiduciary net position	-	500,660
Plan fiduciary net position -- beginning	-	-
Plan fiduciary net position -- ending (b)	<u>-</u>	<u>500,660</u>
Net OPEB liability -- ending (a) - (b)	<u>\$ 3,153,300</u>	<u>\$ 2,105,771</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	19.21%
Measurement Date	6/30/2017	6/30/2018
Covered-employee payroll (from prior year)	\$ 396,752	\$ 214,999
Net OPEB liability as a percentage of covered-employee payroll	794.78%	979.43%

* Fiscal year 2018 was the first year of implementation (GASB 75), therefore, only two years are shown.



City of Fairfield, California

Required Supplementary Information (continued)

Schedule of Contributions - Net OPEB Liability Last Ten Years*

	2018	2019
Actuarially determined contributions	\$ 246,546	\$ 506,722
Contributions in relation to the actuarially determined contribution	(751,402)	(1,252,045)
Contribution deficiency (excess)	<u>\$ (504,856)</u>	<u>\$ (745,323)</u>
Covered-employee payroll (from current year)	\$ 214,999	N/A **
Contributions as a percentage of covered-employee payroll	349.49%	N/A **

Notes to Schedule

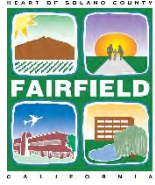
Valuation date: 6/30/2016 6/30/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method/period	Level Percentage of Payroll
Asset valuation method	Market Value
Inflation	2.75%
Payroll Growth	3.25%
Healthcare cost-trend rates	Health- 8% in 2017 then decreases .5% annually until it reaches 4.5% in 2024. Dental & Vision 4.5% increase annually.
Investment Rate of Return	6.50%
Retirement age	55
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011, except for a different basis used to project future mortality improvement. Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB published to central year 2008, then projected.

* Fiscal year 2018 was the first year of implementation (GASB 75), therefore, only two years are shown.

** All members of the closed plan are retired and there are no active employees.



City of Fairfield, California Supplementary Information





City of Fairfield, California

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual City Capital Projects – Major Fund For the Year Ended June 30, 2019

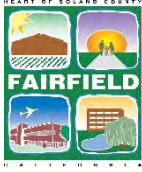
	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Development fees	\$ 7,654,540	\$ 7,481,437	\$ (173,103)
Developer contributions	91,346	803,950	712,604
Intergovernmental	2,918,263	3,056,897	138,634
Investment income		1,096,570	1,096,570
Miscellaneous	70,000	72,910	2,910
Total Revenues	10,734,149	12,511,764	1,777,615
Expenditures:			
Capital outlay	27,067,294	17,546,861	9,520,433
Excess (deficiency) revenues over (under) expenditures	(16,333,145)	(5,035,097)	11,298,048
Other Financing Sources (Uses):			
Transfers in	10,765,283	8,607,816	(2,157,467)
Transfers out	(79,916)	(79,916)	-
Total other financing sources (uses)	10,685,367	8,527,900	(2,157,467)
Net change in fund balance	(5,647,778)	3,492,803	9,140,581
Fund Balance - Beginning of Year	37,111,481	37,111,481	-
Fund Balance - End of Year	\$ 31,463,703	\$ 40,604,284	\$ 9,140,581



City of Fairfield

People and Places in the City





City of Fairfield, California Non-Major Governmental Funds – Special Revenue Funds

State Gas Tax

To account for monies received and expended from State Gas Tax allocation to cities.

Home Program

To account for monies received and expended under the Home Investment Partnerships Program (HOME). Funds are provided by the Federal Government and passed through the State of California.

Neighborhood Stabilization Program

To account for monies received and expended under the Neighborhood Stabilization Program (NSP) issued under the American Reinvestment and Recovery Act (ARRA) of 2008. Funds are provided by the Federal Government and passed through the State of California.

Development Tax

To account for monies received from taxes levied by the City on new residential construction based on the number of bedrooms in each unit, square footage of all new commercial construction and units of residential construction. City ordinance commits these monies to funding construction, major maintenance and debt service for park, street, drainage and public safety facilities.

Special Programs

To account for monies received from Federal, State, and Regional grants as well as asset seizures.

Maintenance Districts

To account for maintenance districts monies received from taxes levied on property owners located within the districts.

Community Development Block Grant

To account for monies received and expended by the City as a participant in the Federal Community Development Block Grant program, including accounting for activity related to the revolving loan fund program.

Section 8 Housing Assistance

To account for monies received and expended in housing assistance to low and moderate income families. Funds are provided by receipts from Housing and Urban Development (HUD) for the Federal Section 8 Housing Choice Voucher program.



City of Fairfield, California Non-Major Governmental Funds - Other Funds

Debt Service Funds

General Obligation

To account for property tax monies and zone of benefit taxes levied for the payment of voter approved debt principal and interest and payment of contractual obligations.

Pension Obligation Bonds

To account for the proceeds of the bonds issued to refund the City's unfunded liability to the CalPERS retirement system; and to account for the ongoing accumulation of resources used in making payments on this debt.

Capital Project Fund

Assessment and Improvement Districts

To account for the construction of public improvements deemed to benefit the properties against which special assessments are levied. Activities financed through assessments include street lighting and paving, utility and other general infrastructure improvements. In addition, to account for the activities in the Community Facilities Districts and the Rancho Solano and North Texas Benefit Districts.

Permanent Fund

Outreach Independence

To account for monies donated to the City and the Friends of the Senior Center for disbursements relating to senior citizen outreach programs.



City of Fairfield, California

Combining Balance Sheet Non-Major Governmental Funds June 30, 2019

	Special Revenue			
	State Gas Tax	Home Program	Neighborhood Stabilization Program	Development Tax
Assets:				
Cash and investments	\$ 3,685,246	\$ 1,454,390	\$ 362,774	\$ 12,064,326
Receivables, net	402,475	15,582,889	1,037,225	
Restricted cash and investments				
Total assets	<u>\$ 4,087,721</u>	<u>\$ 17,037,279</u>	<u>\$ 1,399,999</u>	<u>\$ 12,064,326</u>
Liabilities:				
Accounts payable and other current liabilities		\$ 16,027		
Unearned revenue				
Total liabilities	<u>\$ -</u>	<u>16,027</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Inflows Of Resources:				
Unavailable revenue-loans interest receivable		2,584,391		
Fund balances:				
Nonspendable				
Restricted	4,087,721	14,436,861	1,399,999	
Committed				12,064,326
Assigned				
Total fund balances	<u>4,087,721</u>	<u>14,436,861</u>	<u>1,399,999</u>	<u>12,064,326</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,087,721</u>	<u>\$ 17,037,279</u>	<u>\$ 1,399,999</u>	<u>\$ 12,064,326</u>

Special Revenue				Debt Service	
Special Programs	Maintenance Districts	Community Development Block Grant	Section 8 Housing Assistance	General Obligation	Pension Obligation Bonds
\$ 1,224,774	\$ 18,593,509	\$ 99,566	\$ 222,570	\$ 1,293,216	\$ 1,533,897
577,253	92,135	4,170,013	7,056		2,635
		234,223	17,545		
<u>\$ 1,802,027</u>	<u>\$ 18,685,644</u>	<u>\$ 4,503,802</u>	<u>\$ 247,171</u>	<u>\$ 1,293,216</u>	<u>\$ 1,536,532</u>
\$ 207,646	\$ 258,290	\$ 31,543	\$ 48,798		
784,848					
<u>992,494</u>	<u>258,290</u>	<u>31,543</u>	<u>48,798</u>	<u>\$ -</u>	<u>\$ -</u>
		345,759			
809,533	18,427,354	4,126,500	198,373	1,293,216	
					1,536,532
<u>809,533</u>	<u>18,427,354</u>	<u>4,126,500</u>	<u>198,373</u>	<u>1,293,216</u>	<u>1,536,532</u>
<u>\$ 1,802,027</u>	<u>\$ 18,685,644</u>	<u>\$ 4,503,802</u>	<u>\$ 247,171</u>	<u>\$ 1,293,216</u>	<u>\$ 1,536,532</u>



City of Fairfield, California

Combining Balance Sheet (continued) Non-Major Governmental Funds June 30, 2019

	Capital Projects	Permanent Fund	Total Non-Major Governmental Funds
	Assessment & Improvement Districts	Outreach Independence	
Assets:			
Cash and investments	\$ 15,250,937	\$ 365,958	\$ 56,151,163
Receivables, net	79,806	1,806	21,953,293
Restricted cash and investments			251,768
Total assets	<u>\$ 15,330,743</u>	<u>\$ 367,764</u>	<u>\$ 78,356,224</u>
Liabilities:			
Accounts payable and other current liabilities	\$ 36,136		\$ 598,440
Unearned revenue			784,848
Total liabilities	<u>36,136</u>	<u>\$ -</u>	<u>1,383,288</u>
Deferred Inflows Of Resources:			
Unavailable revenue-loans interest receivable			2,930,150
Fund balances:			
Nonspendable		335,375	335,375
Restricted	15,294,607	32,389	60,106,553
Committed			12,064,326
Assigned			1,536,532
Total fund balances	<u>15,294,607</u>	<u>367,764</u>	<u>74,042,786</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,330,743</u>	<u>\$ 367,764</u>	<u>\$ 78,356,224</u>



City of Fairfield, California

People and Places in the City





City of Fairfield, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds For the Year Ended June 30, 2019

	Special Revenue			
	State Gas Tax	Home Program	Neighborhood Stabilization Program	Development Tax
Revenues:				
Taxes				\$ 3,068,340
Property taxes				
Special assessments levied				
Developers' contribution				
Intergovernmental	\$ 4,535,910	\$ 206,444		
Investment income	176,998	101,776	\$ 12,777	
Miscellaneous		57	50	
Total revenues	4,712,908	308,277	12,827	3,068,340
Expenditures:				
Current:				
Administration				
Police				
Fire				
Public works	29,948			10,299
Parks and recreation				22,507
Community development		291,784	125,513	
Capital outlay				
Debt service:				
Principal retirement				
Interest				
Bond issuance costs				
Fiscal agent fees				
Total expenditures	29,948	291,784	125,513	32,806
Excess (deficiency) of revenues over (under) expenditures	4,682,960	16,493	(112,686)	3,035,534
Other Financing Sources (Uses):				
Proceeds from refunding bonds				
Payment to refunded bond escrow				
Transfers in				
Transfers out	(5,377,206)			(1,991,591)
Total other financing sources (uses)	(5,377,206)	-	-	(1,991,591)
Net change in fund balances	(694,246)	16,493	(112,686)	1,043,943
Fund Balances:				
Beginning of year	4,781,967	14,420,368	1,512,685	11,020,383
End of year	<u>\$ 4,087,721</u>	<u>\$ 14,436,861</u>	<u>\$ 1,399,999</u>	<u>\$ 12,064,326</u>

Special Revenue				Debt Service	
Special Programs	Maintenance Districts	Community Development Block Grant	Section 8 Housing Assistance	General Obligation	Pension Obligation Bonds
\$ 20,708				\$ 662,328	
	\$ 3,573,556				
1,893,796	776,500	\$ 1,851,913	\$ 8,902,711		
47,783	584,229	16,517	2,247		\$ 150,852
664,676	45	302	91,868		
<u>2,626,963</u>	<u>4,934,330</u>	<u>1,868,732</u>	<u>8,996,826</u>	<u>662,328</u>	<u>150,852</u>
224,589		139,871			
451,879		10,201			
838,597					
107,781	4,769,617	494,540			
794,865		1,157,366			
29,435		58,308	9,091,563		
				421,890	1,630,000
					1,570,807
					268,614
				13,059	8,370
<u>2,447,146</u>	<u>4,769,617</u>	<u>1,860,286</u>	<u>9,091,563</u>	<u>434,949</u>	<u>3,477,791</u>
<u>179,817</u>	<u>164,713</u>	<u>8,446</u>	<u>(94,737)</u>	<u>227,379</u>	<u>(3,326,939)</u>
					15,325,000
					(15,041,320)
	157,100		177,404		4,340,177
<u>(158,292)</u>	<u>(77,491)</u>		<u>(18,044)</u>		<u>(22,000,000)</u>
<u>(158,292)</u>	<u>79,609</u>	<u>-</u>	<u>159,360</u>	<u>-</u>	<u>(17,376,143)</u>
21,525	244,322	8,446	64,623	227,379	(20,703,082)
<u>788,008</u>	<u>18,183,032</u>	<u>4,118,054</u>	<u>133,750</u>	<u>1,065,837</u>	<u>22,239,614</u>
<u>\$ 809,533</u>	<u>\$ 18,427,354</u>	<u>\$ 4,126,500</u>	<u>\$ 198,373</u>	<u>\$ 1,293,216</u>	<u>\$ 1,536,532</u>



City of Fairfield, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Non-Major Governmental Funds For the Year Ended June 30, 2019

	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Non-Major Governmental Funds</u>
	<u>Assessment & Improvement Districts</u>	<u>Outreach Independence</u>	
Revenues:			
Taxes			\$ 3,089,048
Property taxes			662,328
Special assessments levied	\$ 3,240,302		6,813,858
Developers' contribution	291,142		291,142
Intergovernmental			18,167,274
Investment income	460,143	\$ 11,629	1,564,951
Miscellaneous	106,999		863,997
Total revenues	<u>4,098,586</u>	<u>11,629</u>	<u>31,452,598</u>
Expenditures:			
Current:			
Administration			364,460
Police			462,080
Fire			838,597
Public works			5,412,185
Parks and recreation			1,974,738
Community development			9,596,603
Capital outlay	1,063,354		1,063,354
Debt service:			
Principal retirement			2,051,890
Interest			1,570,807
Bond issuance costs			268,614
Fiscal agent fees			21,429
Total expenditures	<u>1,063,354</u>	<u>-</u>	<u>23,624,757</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,035,232</u>	<u>11,629</u>	<u>7,827,841</u>
Other Financing Sources (Uses):			
Proceeds from refunding bonds	-		15,325,000
Payment to refunded bond escrow			(15,041,320)
Transfers in			4,674,681
Transfers out	(271,659)		(29,894,283)
Total other financing sources (uses)	<u>(271,659)</u>	<u>-</u>	<u>(24,935,922)</u>
Net change in fund balances	<u>2,763,573</u>	<u>11,629</u>	<u>(17,108,081)</u>
Fund Balances:			
Beginning of year	<u>12,531,034</u>	<u>356,135</u>	<u>91,150,867</u>
End of year	<u>\$ 15,294,607</u>	<u>\$ 367,764</u>	<u>\$ 74,042,786</u>



City of Fairfield, California

People and Places in the City





City of Fairfield, California

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Non-Major Governmental Funds For the Year Ended June 30, 2019

	Special Revenue Funds					
	State Gas Tax			Home Program		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
Revenues:						
Taxes						
Property taxes						
Special assessments levied						
Developer contributions						
Intergovernmental	\$ 3,927,337	\$ 4,535,910	\$ 608,573	\$ 300,000	\$ 206,444	\$ (93,556)
Investment income		176,998	176,998		101,776	101,776
Miscellaneous					57	57
Total Revenues	3,927,337	4,712,908	785,571	300,000	308,277	8,277
Expenditures:						
Current:						
Administration						
Police						
Fire						
Public works	29,948	29,948				
Parks and recreation						
Community development				300,000	291,784	8,216
Capital Outlay						
Debt Service:						
Principal retirement						
Interest						
Bond issuance costs						
Fiscal fees						
Total Expenditures	29,948	29,948	-	300,000	291,784	8,216
Excess (deficiency) of revenues over (under) expenditures	3,897,389	4,682,960	785,571	-	16,493	16,493
Other Financing Sources (Uses):						
Issuance of bonds						
Payment to refunded bond escrow						
Transfers in						
Transfers out	(5,449,054)	(5,377,206)	71,848			
Total other financing sources (uses)	(5,449,054)	(5,377,206)	71,848	-	-	-
Net change in fund balances	(1,551,665)	(694,246)	857,419	-	16,493	16,493
Beginning Fund Balances	4,781,967	4,781,967	-	14,420,368	14,420,368	-
Ending Fund Balances	\$ 3,230,302	\$ 4,087,721	\$ 857,419	\$ 14,420,368	\$ 14,436,861	\$ 16,493

Special Revenue Funds

Neighborhood Stabilization Program			Development Tax		
Final Budget	Actual	Variance	Final Budget	Actual	Variance
			\$ 4,933,966	\$ 3,068,340	\$ (1,865,626)
	\$ 12,777	\$ 12,777			
	50	50			
\$ -	12,827	12,827	4,933,966	3,068,340	(1,865,626)
			7,045	10,299	(3,254)
			22,507	22,507	-
348,000	125,513	222,487			
348,000	125,513	222,487	29,552	32,806	(3,254)
(348,000)	(112,686)	235,314	4,904,414	3,035,534	(1,868,880)
			(4,116,223)	(1,991,591)	2,124,632
-	-	-	(4,116,223)	(1,991,591)	2,124,632
(348,000)	(112,686)	235,314	788,191	1,043,943	255,752
1,512,685	1,512,685	-	11,020,383	11,020,383	-
\$ 1,164,685	\$ 1,399,999	\$ 235,314	\$ 11,808,574	\$ 12,064,326	\$ 255,752



City of Fairfield, California

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued) Non-Major Governmental Funds For the Year Ended June 30, 2019

	Special Revenue Funds					
	Special Programs			Maintenance Districts		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
Revenues:						
Taxes		\$ 20,708	\$ 20,708			
Property taxes						
Special assessments levied				\$ 3,381,421	\$ 3,573,556	\$ 192,135
Developer contributions						
Intergovernmental	\$ 1,700,896	1,893,796	192,900	816,635	776,500	(40,135)
Investment income		47,783	47,783	39,000	584,229	545,229
Miscellaneous	815,471	664,676	(150,795)		45	45
Total Revenues	2,516,367	2,626,963	110,596	4,237,056	4,934,330	697,274
Expenditures:						
Current:						
Administration	334,250	224,589	109,661			
Police	574,613	451,879	122,734			
Fire	370,028	838,597	(468,569)			
Public Works	178,039	107,781	70,258	4,852,007	4,769,617	82,390
Parks and recreation	963,643	794,865	168,778			
Community development		29,435	(29,435)			
Capital Outlay						
Debt Service:						
Principal retirement						
Interest						
Bond issuance costs						
Fiscal fees						
Total Expenditures	2,420,573	2,447,146	(26,573)	4,852,007	4,769,617	82,390
Excess (deficiency) of revenues over (under) expenditures	95,794	179,817	84,023	(614,951)	164,713	779,664
Other Financing Sources (Uses):						
Issuance of refunding bonds						
Payment to refunded bond excrow						
Transfers in				161,262	157,100	4,162
Transfers out	(157,550)	(158,292)	(742)	(79,838)	(77,491)	2,347
Total other financing sources (uses)	(157,550)	(158,292)	(742)	81,424	79,609	(1,815)
Net change in fund balances	(61,756)	21,525	83,281	(533,527)	244,322	777,849
Beginning Fund Balances	788,008	788,008	-	18,183,032	18,183,032	-
Ending Fund Balances	\$ 726,252	\$ 809,533	\$ 83,281	\$ 17,649,505	\$ 18,427,354	\$ 777,849

Special Revenue Funds					
Community Development Block Grant			Section 8 Housing		
Final Budget	Actual	Variance	Final Budget	Actual	Variance
\$ 705,446	\$ 1,851,913	\$1,146,467	\$ 9,073,029	\$ 8,902,711	\$ (170,318)
	16,517	16,517		2,247	2,247
	302	302	13,000	91,868	78,868
705,446	1,868,732	1,163,286	9,086,029	8,996,826	(89,203)
139,375	139,871	(496)			
10,201	10,201				
494,540	494,540				
25,000	1,157,366	(1,132,366)			
58,308	58,308	-	9,310,050	9,091,563	218,487
727,424	1,860,286	(1,132,366)	9,310,050	9,091,563	218,487
(21,978)	8,446	30,424	(224,021)	(94,737)	129,284
			180,000	177,404	(2,596)
			(18,044)	(18,044)	-
-	-	-	161,956	159,360	(2,596)
(21,978)	8,446	30,424	(62,065)	64,623	126,688
4,118,054	4,118,054	-	133,750	133,750	-
\$ 4,096,076	\$ 4,126,500	\$ 30,424	\$ 71,685	\$ 198,373	\$ 126,688



City of Fairfield, California

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (continued) Non-Major Governmental Funds For the Year Ended June 30, 2019

	Debt Service Funds					
	General Obligation Bonds			Pension Obligation Bonds		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
Revenues:						
Taxes						
Property taxes	\$ 429,000	\$ 662,328	\$ 233,328			
Special assessments levied						
Developer contributions						
Intergovernmental						
Investment income					\$ 150,852	\$ 150,852
Miscellaneous						
Total Revenues	429,000	662,328	233,328	\$ -	150,852	150,852
Expenditures:						
Current:						
Administration						
Police						
Fire						
Public Works						
Parks and recreation						
Community development						
Capital Outlay						
Debt Service:						
Principal retirement	421,890	421,890	-	1,630,000	1,630,000	-
Interest				1,570,807	1,570,807	-
Bond issuance costs				268,614	268,614	-
Fiscal fees	5,730	13,059	(7,329)	7,000	8,370	(1,370)
Total Expenditures	427,620	434,949	(7,329)	3,476,421	3,477,791	(1,370)
Excess (deficiency) of revenues over (under) expenditures	1,380	227,379	225,999	(3,476,421)	(3,326,939)	149,482
Other Financing Sources (Uses):						
Issuance of refunding bonds				15,325,000	15,325,000	-
Payment to refunded bond excrow				(15,041,320)	(15,041,320)	-
Transfers in				4,100,000	4,340,177	240,177
Transfers out				(22,000,000)	(22,000,000)	-
Total other financing sources (uses)	-	-	-	(17,616,320)	(17,376,143)	240,177
Net change in fund balances	1,380	227,379	225,999	(21,092,741)	(20,703,082)	389,659
Beginning Fund Balances	1,065,837	1,065,837	-	22,239,614	22,239,614	-
Ending Fund Balances	<u>\$1,067,217</u>	<u>\$ 1,293,216</u>	<u>\$ 225,999</u>	<u>\$ 1,146,873</u>	<u>\$ 1,536,532</u>	<u>\$ 389,659</u>

Capital Project Fund		
Assessment & Improvement Districts		
Final Budget	Actual	Variance
\$ 1,988,441	\$ 3,240,302	\$ 1,251,861
71,000	291,142	220,142
29,084	460,143	431,059
80,000	106,999	26,999
2,168,525	4,098,586	1,930,061
1,060,361	1,063,354	(2,993)
1,060,361	1,063,354	(2,993)
1,108,164	3,035,232	1,927,068
(257,998)	(271,659)	(13,661)
(257,998)	(271,659)	(13,661)
850,166	2,763,573	1,913,407
12,531,034	12,531,034	-
\$ 13,381,200	\$ 15,294,607	\$ 1,913,407



City of Fairfield, California

People and Places in the City





City of Fairfield, California Internal Service Funds

Central Services

To account for the printing, copying, and mail services provided to the various City departments; as well as accounting for public work maintenance supplies for the various City departments.

Vehicle Services/ Replacement

To account for automotive services performed for the various City departments as well as accounting for the City's Vehicle Replacement Fund.

Information Technology

To account for the charges to the various departments for the use and maintenance of the main power supplies for various communication devices such as hand radios, phones, computers, and closed circuit video cameras throughout the City.

Intragovernmental Loan

To account for loans made to City funds or affiliated agencies.

Insurance

To account for all insurance activities of the City excluding OPEB.

Retiree Insurance (OPEB)

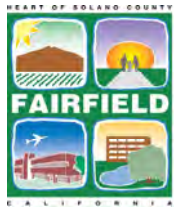
To account for the payment of Other Post-Employment Benefits including medical and dental premiums for retired executive management employees.

Public Facilities

To account for the operations of the cogeneration facilities, the major maintenance of the Civic Center complex, Parks, Fire Department Facilities and equipment.

Compensated Absences

To account for the funding and tracking of the liabilities for vacation, personal leave, and sick leave for the Governmental Activities of the City.



City of Fairfield, California

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

	Central Services	Vehicle Services/ Replacement	Information Technology
Assets:			
Current Assets			
Cash and investments	\$ 529,456	\$ 7,881,789	\$ 13,113,418
Receivables, net	2,613	38,904	81,941
Due from other funds			
Inventory	49,738	647,707	
Prepaid items			345,079
Total current assets	<u>581,807</u>	<u>8,568,400</u>	<u>13,540,438</u>
Noncurrent Assets			
Loans receivable			
Capital Assets:			
Non-depreciable			1,849,524
Depreciable	19,963	20,184,348	3,933,462
Less: accumulated depreciation	(11,408)	(9,621,856)	(3,289,789)
Total Capital Assets	<u>8,555</u>	<u>10,562,492</u>	<u>2,493,197</u>
Total noncurrent assets	<u>8,555</u>	<u>10,562,492</u>	<u>2,493,197</u>
Total assets	<u>590,362</u>	<u>19,130,892</u>	<u>16,033,635</u>
Deferred Outflows of Resources:			
Deferred outflow related to OPEB			
Liabilities:			
Current Liabilities			
Accounts payable and other current liabilities	10,459	513,754	383,677
Accrued interest payable			
Claims and judgments payable - due within one year			
Compensated absences - due within one year			
Long-term debt - due within one year			
Total current liabilities	<u>10,459</u>	<u>513,754</u>	<u>383,677</u>
Noncurrent Liabilities			
Net OPEB liability			
Claims and judgments payable - due in more than one year			
Compensated absences - due in more than one year			
Long-term debt - due in more than one year			
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>10,459</u>	<u>513,754</u>	<u>383,677</u>
Net Position:			
Net investment in capital assets	8,555	10,562,492	2,493,197
Unrestricted	571,348	8,054,646	13,156,761
Total net position (deficit)	<u>\$ 579,903</u>	<u>\$ 18,617,138</u>	<u>\$ 15,649,958</u>

<u>Intra- governmental Loan</u>	<u>Insurance</u>	<u>Retiree Insurance (OPEB)</u>	<u>Public Facilities</u>	<u>Compensated Absences</u>	<u>Total Internal Service Funds</u>
\$ 13,811,711	\$ 19,144,048	\$ 2,203,950	\$ 3,972,478	\$ 6,373,976	\$ 67,030,826
82,780	118,189	10,860	19,181	31,461	385,929
2,306,169					2,306,169
					697,445
					345,079
16,200,660	19,262,237	2,214,810	3,991,659	6,405,437	70,765,448
12,458,947					12,458,947
					1,849,524
			3,788,831		27,926,604
			(2,341,584)		(15,264,637)
-	-	-	1,447,247	-	14,511,491
12,458,947	-	-	1,447,247	-	26,970,438
28,659,607	19,262,237	2,214,810	5,438,906	6,405,437	97,735,886
		1,264,495			1,264,495
13,207	141,041	1,200	162,766		1,226,104
			252		252
	1,845,848				1,845,848
				4,041,356	4,041,356
			272,084		272,084
13,207	1,986,889	1,200	435,102	4,041,356	7,385,644
		2,105,771			2,105,771
	12,480,152				12,480,152
				13,092,603	13,092,603
			652,539		652,539
-	12,480,152	2,105,771	652,539	13,092,603	28,331,065
13,207	14,467,041	2,106,971	1,087,641	17,133,959	35,716,709
28,646,400	4,795,196	1,372,334	1,447,247		14,511,491
			2,904,018	(10,728,522)	48,772,181
\$ 28,646,400	\$ 4,795,196	\$ 1,372,334	\$ 4,351,265	\$ (10,728,522)	\$ 63,283,672



City of Fairfield, California

Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds For the Year Ended June 30, 2019

	Central Services	Vehicle Services/ Replacement	Information Technology
Operating Revenues:			
Charges for services	\$ 406,642	\$ 8,777,134	\$ 3,848,038
Total operating revenues	<u>406,642</u>	<u>8,777,134</u>	<u>3,848,038</u>
Operating Expenses:			
Material and supplies	154,224	3,040,212	619,641
Operating and maintenance	131,784	4,007,102	1,995,316
General and administrative	132,701	505,861	849,250
Insurance claims and premiums			
Depreciation	2,852	1,277,127	341,072
Total operating expenses	<u>421,561</u>	<u>8,830,302</u>	<u>3,805,279</u>
Operating Income (loss)	<u>(14,919)</u>	<u>(53,168)</u>	<u>42,759</u>
Nonoperating Revenues (Expenses):			
Investment income	17,055	260,581	424,225
Interest expense			
Other revenue		369,679	
Total nonoperating revenues (expenses)	<u>17,055</u>	<u>630,260</u>	<u>424,225</u>
Income (loss) before transfers	<u>2,136</u>	<u>577,092</u>	<u>466,984</u>
Transfers:			
Transfers in			500,000
Transfers out	(3,050)	(128,902)	(23,269)
Total transfers	<u>(3,050)</u>	<u>(128,902)</u>	<u>476,731</u>
Change in net position	<u>(914)</u>	<u>448,190</u>	<u>943,715</u>
Net Position (Deficit):			
Beginning of year	<u>580,817</u>	<u>18,168,948</u>	<u>14,706,243</u>
End of year	<u>\$ 579,903</u>	<u>\$ 18,617,138</u>	<u>\$ 15,649,958</u>

Intra- governmental Loan	Insurance	Retiree Insurance (OPEB)	Public Facilities	Compensated Absences	Total Internal Service Funds
	\$ 5,347,676	\$ 585,170	\$ 1,532,219	\$ 4,276,996	\$ 24,773,875
\$ -	5,347,676	585,170	1,532,219	4,276,996	24,773,875
298,432			1,165,833		4,979,910
22,750	791,374	8,854	652,966	4,555,544	11,641,144
	3,441,300	(286,977)			2,310,790
			198,794		3,154,323
					1,819,845
321,182	4,232,674	(278,123)	2,017,593	4,555,544	23,906,012
(321,182)	1,115,002	863,293	(485,374)	(278,548)	867,863
580,715	579,354	80,281	131,776	195,744	2,269,731
			(13,834)		(13,834)
			129,360		499,039
580,715	579,354	80,281	247,302	195,744	2,754,936
259,533	1,694,356	943,574	(238,072)	(82,804)	3,622,799
215,034			358,693		1,073,727
(794,517)	(30,091)		(5,147)		(984,976)
(579,483)	(30,091)	-	353,546	-	88,751
(319,950)	1,664,265	943,574	115,474	(82,804)	3,711,550
28,966,350	3,130,931	428,760	4,235,791	(10,645,718)	59,572,122
\$ 28,646,400	\$ 4,795,196	\$ 1,372,334	\$ 4,351,265	\$ (10,728,522)	\$ 63,283,672



City of Fairfield, California

Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2019

	Central Services	Vehicle Services/ Replacement	Information Technology
Cash Flows from Operating Activities:			
Receipts from interfund services provided	\$ 406,642	\$ 8,777,134	\$ 3,848,038
Payments to suppliers	(283,512)	(4,822,175)	(2,499,304)
Payments to employees	(74,665)	(2,169,799)	(634,927)
Payments for interfund services used	(58,037)	(470,031)	(159,043)
Net cash provided by (used for) operating activities	(9,572)	1,315,129	554,764
Cash Flows from Noncapital Financing Activities:			
Transfers in			500,000
Transfers out	(3,050)	(128,902)	(23,269)
Net cash provided by (used for) noncapital financing activities	(3,050)	(128,902)	476,731
Cash Flows from Capital and Related Financing Activities:			
Principal payments-notes payable			
Interest paid			
Proceeds from sales of capital assets		284,679	
Acquisition and construction of capital assets		(2,957,976)	(1,954,779)
Net cash provided by (used for) capital and related financing activities	-	(2,673,297)	(1,954,779)
Cash Flows from Investing Activities:			
Investment income received	16,150	249,668	395,035
Net increase (decrease) in cash and cash equivalents	3,528	(1,237,402)	(528,249)
Cash and Cash Equivalents:			
Beginning of year	525,928	9,119,191	13,641,667
End of year	<u>\$ 529,456</u>	<u>\$ 7,881,789</u>	<u>\$ 13,113,418</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	<u>\$ (14,919)</u>	<u>\$ (53,168)</u>	<u>\$ 42,759</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	2,852	1,277,127	341,072
(Increase) decrease in inventory	3,774	(174,022)	
(Increase) in prepaid items			(130,155)
(Increase) in due from other funds			
(Increase) in receivables			
(Increase) in deferred outflows			
Increase (decrease) in accounts payable	(1,279)	265,192	301,088
Increase in claims and judgments payable			
Increase in compensated absences			
Non-cash expense			
Total adjustment	<u>5,347</u>	<u>1,368,297</u>	<u>512,005</u>
Net cash provided by (used for) operating activities	\$ (9,572)	\$ 1,315,129	\$ 554,764

Intra- governmental Loan	Insurance	Retiree Insurance (OPEB)	Public Facilities	Compensated Absences	Total Internal Service Funds
\$ 737,341 (2,608,680)	\$ 5,347,673 (3,374,758)	\$ 585,170 (1,281,599)	\$ 1,532,219 (1,646,495)	\$ 4,276,996 (3,663,494)	\$ 25,511,213 (16,516,523)
(23,929)	(694,256)		(121,387)		(7,358,528)
(110,211)	(110,211)		(36,602)		(857,853)
(1,895,268)	1,168,448	(696,429)	(272,265)	613,502	778,309
215,034 (794,517)	(480,000) 449,909		358,693 (5,147)		593,727 (504,976)
(579,483)	(30,091)	-	353,546	-	88,751
			(268,628)		(268,628)
			(13,911)		(13,911)
			129,360		414,039
			(264,955)		(5,177,710)
-	-	-	(418,134)	-	(5,046,210)
564,553	541,695	78,574	126,180	182,398	2,154,253
(1,910,198)	1,680,052	(617,855)	(210,673)	795,900	(2,024,897)
15,721,909	17,463,996	2,821,805	4,183,151	5,578,076	69,055,723
<u>\$ 13,811,711</u>	<u>\$ 19,144,048</u>	<u>\$ 2,203,950</u>	<u>\$ 3,972,478</u>	<u>\$ 6,373,976</u>	<u>\$ 67,030,826</u>
<u>\$ (321,182)</u>	<u>\$ 1,115,002</u>	<u>\$ 863,293</u>	<u>\$ (485,374)</u>	<u>\$ (278,548)</u>	<u>\$ 867,863</u>
(1,568,828)	(13,975)	(1,252,045)	198,794		1,819,845
(5,258)	(199,579)	900	14,315		(170,248)
	267,000				(130,155)
					(1,568,828)
					(13,975)
					(1,252,045)
					375,379
					267,000
				892,050	892,050
		(308,577)			(308,577)
(1,574,086)	53,446	(1,559,722)	213,109	892,050	(89,554)
<u>\$ (1,895,268)</u>	<u>\$ 1,168,448</u>	<u>\$ (696,429)</u>	<u>\$ (272,265)</u>	<u>\$ 613,502</u>	<u>\$ 778,309</u>



City of Fairfield, California

People and Places in the City





City of Fairfield, California Agency Funds

Other Deposits

To account for deposits received from outside parties that are held in a custodial capacity. Some of the large items include deposits for: encroachment permit bonds and deposits, restitution for crimes committed, and asset seizures.

Payroll Trust

To account for cash transferred from the various funds (expense/expenditures) from which actual cash is remitted to the employees and various agencies.

Fairfield-Suisun Sewer District

To account for the activities of the Fairfield-Suisun Sewer District.

Downtown Improvement District

To account for collections and disbursements of the downtown district established to promote downtown business.

North Texas Business Improvement District

To account for collections and disbursements for the North Texas District established to promote the North Texas Business.

Solano Animal Control Authority

To account for monies for the operation of the Solano Animal Control Authority.

Green Valley Open Space Maintenance District

To account for maintenance district monies received from taxes levied on properties located in Solano County for acquisition of open space and maintenance in Green Valley.

Tri-City and County Regional Parks and Open Space Group

To account for monies contributed from Solano County and the cities of Benicia, Fairfield and Vallejo for the study and development of a coordinated system of recreation and open space between the three cities.

Tourism Business Improvement District

To account for the activities of local hotel assessments that is used to promote tourism.

Assessment and Improvement Districts

To account for the financing of public improvements or services deemed to benefit the properties against which special assessments are levied. This debt type has been determined to be debt with no City commitment (non-commitment debt).



City of Fairfield, California

Combining Statement of Assets and Liabilities Agency Funds June 30, 2019

	<u>Other Deposits</u>	<u>Payroll Trust</u>	<u>Fairfield- Suisun Sewer District</u>	<u>Downtown Improvement District</u>	<u>North Texas Business Improvement District</u>
Assets					
Cash and cash equivalents	\$ 7,132,635	\$1,635,898	\$ 1,843,770	\$ 3,190	\$ 10,084
Receivables, net	50,432		971,609	16	50
Restricted cash and investments					
Total assets	<u>\$ 7,183,067</u>	<u>\$1,635,898</u>	<u>\$ 2,815,379</u>	<u>\$ 3,206</u>	<u>\$ 10,134</u>
Liabilities					
Accounts payable	\$ 1,250,983	\$ 100,145	\$ 844		
Deposits payable	5,932,084	1,535,753	2,814,535	\$ 3,206	\$ 10,134
Total liabilities	<u>\$ 7,183,067</u>	<u>\$1,635,898</u>	<u>\$ 2,815,379</u>	<u>\$ 3,206</u>	<u>\$ 10,134</u>

<u>Solano Animal Control Authority</u>	<u>Green Valley Open Space Maintenance District</u>	<u>Tri-City/County Regional Parks & Open Space Group</u>	<u>Tourism Business Improvement District</u>	<u>Assessment & Improvement Districts</u>	<u>Total Agency Funds</u>
\$ 66,199	\$ 856,490	\$ 56,951	\$ 12,800	\$ 2,697,082	\$14,315,099
1,785	4,228	281	63	26,141	1,054,605
				2,232,164	2,232,164
<u>\$ 67,984</u>	<u>\$ 860,718</u>	<u>\$ 57,232</u>	<u>\$ 12,863</u>	<u>\$ 4,955,387</u>	<u>\$17,601,868</u>
				\$ 20,644	\$ 1,372,616
<u>\$ 67,984</u>	<u>\$ 860,718</u>	<u>\$ 57,232</u>	<u>\$ 12,863</u>	<u>4,934,743</u>	<u>16,229,252</u>
<u>\$ 67,984</u>	<u>\$ 860,718</u>	<u>\$ 57,232</u>	<u>\$ 12,863</u>	<u>\$ 4,955,387</u>	<u>\$17,601,868</u>



City of Fairfield, California

Combining Statement of Changes in Assets and Liabilities Agency Funds For the Year Ended June 30, 2019

Other Deposits

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and cash equivalents	\$ 7,107,511	\$ 5,826,940	\$ 5,801,816	\$ 7,132,635
Receivables, net	34,795	98,276	82,639	50,432
Total assets	<u>\$ 7,142,306</u>	<u>\$ 5,925,216</u>	<u>\$ 5,884,455</u>	<u>\$ 7,183,067</u>
Liabilities				
Accounts payable	\$ 83,042	\$ 6,682,037	\$ 5,514,096	\$ 1,250,983
Deposits payable	7,059,264	5,976,593	7,103,773	5,932,084
Total liabilities	<u>\$ 7,142,306</u>	<u>\$ 12,658,630</u>	<u>\$ 12,617,869</u>	<u>\$ 7,183,067</u>

Payroll Trust

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and cash equivalents	\$ 2,324,002	\$ 116,396,163	\$ 117,084,267	\$ 1,635,898
Receivables, net				
Total assets	<u>\$ 2,324,002</u>	<u>\$ 116,396,163</u>	<u>\$ 117,084,267</u>	<u>\$ 1,635,898</u>
Liabilities				
Accounts payable	\$ 997,557	\$ 10,772,464	\$ 11,669,876	\$ 100,145
Deposits payable	1,326,445	105,623,699	105,414,391	1,535,753
Total liabilities	<u>\$ 2,324,002</u>	<u>\$ 116,396,163</u>	<u>\$ 117,084,267</u>	<u>\$ 1,635,898</u>

Fairfield-Suisun Sewer District

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and cash equivalents	\$ 1,774,866	\$ 22,490,719	\$ 22,421,815	\$ 1,843,770
Receivables, net	858,857	19,946,026	19,833,274	971,609
Total assets	<u>\$ 2,633,723</u>	<u>\$ 42,436,745</u>	<u>\$ 42,255,089</u>	<u>\$ 2,815,379</u>
Liabilities				
Accounts payable	\$ -	\$ 18,604	\$ 17,760	\$ 844
Deposits payable	2,633,723	42,418,141	42,237,329	2,814,535
Total liabilities	<u>\$ 2,633,723</u>	<u>\$ 42,436,745</u>	<u>\$ 42,255,089</u>	<u>\$ 2,815,379</u>

Downtown Improvement District

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and cash equivalents	\$ 13,086	\$ 34,033	\$ 43,929	\$ 3,190
Receivables, net	42	16	42	16
Total assets	<u>\$ 13,128</u>	<u>\$ 34,049</u>	<u>\$ 43,971</u>	<u>\$ 3,206</u>
Liabilities				
Accounts payable	\$ -	\$ 43,924	\$ 43,924	\$ -
Deposits payable	13,128		9,922	3,206
Total liabilities	<u>\$ 13,128</u>	<u>\$ 43,924</u>	<u>\$ 53,846</u>	<u>\$ 3,206</u>



City of Fairfield, California

Combining Statement of Changes in Assets and Liabilities (continued) Agency Funds For the Year Ended June 30, 2019

North Texas Business Improvement District

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and cash equivalents	\$ 851	\$ 49,308	\$ 40,075	\$ 10,084
Receivables, net	4	50	4	50
Total assets	<u>\$ 855</u>	<u>\$ 49,358</u>	<u>\$ 40,079</u>	<u>\$ 10,134</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	855	49,358	40,079	10,134
Total liabilities	<u>\$ 855</u>	<u>\$ 49,358</u>	<u>\$ 40,079</u>	<u>\$ 10,134</u>

Solano Animal Control Authority

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and cash equivalents	\$ 78,914	\$ 695,345	\$ 708,060	\$ 66,199
Receivables, net	288	1,785	288	1,785
Total assets	<u>\$ 79,202</u>	<u>\$ 697,130</u>	<u>\$ 708,348</u>	<u>\$ 67,984</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	79,202	697,130	708,348	67,984
Total liabilities	<u>\$ 79,202</u>	<u>\$ 697,130</u>	<u>\$ 708,348</u>	<u>\$ 67,984</u>

Green Valley Open Space Maintenance District

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and cash equivalents	\$ 743,694	\$ 130,287	\$ 17,491	\$ 856,490
Receivables, net	2,415	4,228	2,415	4,228
Total assets	<u>\$ 746,109</u>	<u>\$ 134,515</u>	<u>\$ 19,906</u>	<u>\$ 860,718</u>
Liabilities				
Accounts payable	\$ -	\$ 14,141	\$ 14,141	\$ -
Deposits payable	746,109	120,374	5,765	860,718
Total liabilities	<u>\$ 746,109</u>	<u>\$ 134,515</u>	<u>\$ 19,906</u>	<u>\$ 860,718</u>

Tri-City & County Regional Parks and Open Space Group

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and cash equivalents	\$ 49,099	\$ 21,663	\$ 13,811	\$ 56,951
Receivables, net	159	15,281	15,159	281
Total assets	<u>\$ 49,258</u>	<u>\$ 36,944</u>	<u>\$ 28,970</u>	<u>\$ 57,232</u>
Liabilities				
Accounts payable	\$ -	\$ 13,770	\$ 13,770	\$ -
Deposits payable	49,258	23,174	15,200	57,232
Total liabilities	<u>\$ 49,258</u>	<u>\$ 36,944</u>	<u>\$ 28,970</u>	<u>\$ 57,232</u>



City of Fairfield, California

Combining Statement of Changes in Assets and Liabilities (continued) Agency Funds For the Year Ended June 30, 2019

Tourism Business Improvement District

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and cash equivalents	\$ 1,249	\$ 917,532	\$ 905,981	\$ 12,800
Receivables, net	4	63	4	63
Total assets	<u>\$ 1,253</u>	<u>\$ 917,595</u>	<u>\$ 905,985</u>	<u>\$ 12,863</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	1,253	917,595	905,985	12,863
Total liabilities	<u>\$ 1,253</u>	<u>\$ 917,595</u>	<u>\$ 905,985</u>	<u>\$ 12,863</u>

Assessment & Improvement Districts

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and cash equivalents	\$ 2,409,106	\$ 2,560,937	\$ 2,272,961	\$ 2,697,082
Receivables, net	23,279	26,140	23,278	26,141
Restricted cash and investments	6,929,570	90,786	4,788,192	2,232,164
Total assets	<u>\$ 9,361,955</u>	<u>\$ 2,677,863</u>	<u>\$ 7,084,431</u>	<u>\$ 4,955,387</u>
Liabilities				
Accounts payable	\$ -	\$ 118,814	\$ 98,170	\$ 20,644
Deposits payable	9,361,955	2,559,049	6,986,261	4,934,743
Total liabilities	<u>\$ 9,361,955</u>	<u>\$ 2,677,863</u>	<u>\$ 7,084,431</u>	<u>\$ 4,955,387</u>

Total - Agency Funds

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Assets				
Cash and cash equivalents	\$ 14,502,378	\$ 149,122,927	\$ 149,310,206	\$ 14,315,099
Receivables, net	919,843	20,091,865	19,957,103	1,054,605
Restricted cash and investments	6,929,570	90,786	4,788,192	2,232,164
Total assets	<u>\$ 22,351,791</u>	<u>\$ 169,305,578</u>	<u>\$ 174,055,501</u>	<u>\$ 17,601,868</u>
Liabilities				
Accounts payable	\$ 1,080,599	\$ 17,663,754	\$ 17,371,737	\$ 1,372,616
Deposits payable	21,271,192	158,385,113	163,427,053	16,229,252
Total liabilities	<u>\$ 22,351,791</u>	<u>\$ 176,048,867</u>	<u>\$ 180,798,790</u>	<u>\$ 17,601,868</u>



City of Fairfield, California

People and Places in the City





City of Fairfield, California

Statistical Section

This part of the City of Fairfield's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health. In contrast to the Financial Section, the Statistical Section is not subject to independent audit.

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These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. They include: 136 - 149

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Table 2 - Changes in Net Position	Table 6 - Changes in Fund Balances of General Fund
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Table 4 - Fund Balances of Governmental Funds	

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These schedules contain information to help the reader assess the government's most significant local revenue sources, property and sales taxes. They include: 150 - 153

Table 7 - Assessed Value and Estimated Actual Values of Taxable Property	Table 9 - Principal Property Taxpayers
Table 8 - Property Tax Rates - Direct and Overlapping Governments	Table 10 - Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. They include: 154 - 161

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities. They include: 162 - 163

Table 16 - Demographic and Economic Statistics	Table 17 - Principal Employers
------------------------------------------------	--------------------------------

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These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs, as well as scheduled required by various debt covenants. They include: 164 - 166

Table 18 - Full-time Authorized City Government Employees by Function	Table 20 - Capital Asset Statistics by Function
Table 19 - Operating Indicators by Function	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



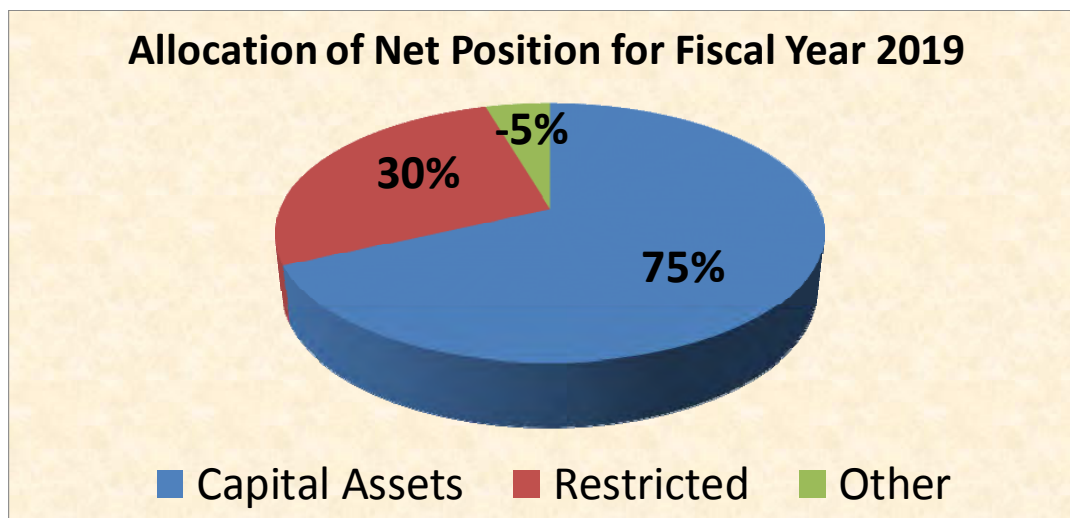
City of Fairfield, California

Net Position by Component (accrual basis of accounting) By Fiscal Year - Last Ten Fiscal Years

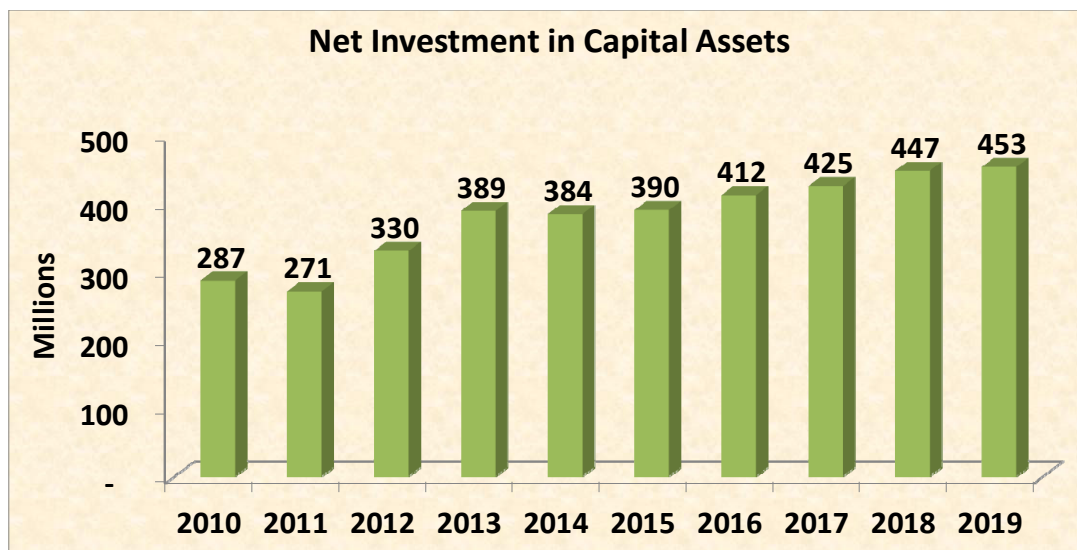
Table 1

	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 188,491,671	\$ 187,758,676	\$ 249,537,290	\$ 285,517,949
Restricted	190,206,975	177,323,636	100,159,236	132,048,222
Unrestricted	26,808,964	45,905,550	108,435,368	30,080,451
Total governmental activities net position	\$ 418,891,397	\$ 405,507,610	\$ 410,987,862	\$ 458,131,894
Business-type activities				
Net investment in capital assets	\$ 98,026,360	\$ 83,003,253	\$ 80,402,256	\$ 103,049,867
Restricted	15,258,808	3,879,675	7,912,487	15,258,808
Unrestricted	29,605,766	42,404,153	26,849,147	15,742,945
Total business-type activities net position	\$ 130,836,203	\$ 142,890,934	\$ 129,287,081	\$ 115,163,890
Primary Government				
Net investment in capital assets	\$ 286,518,031	\$ 270,761,929	\$ 329,939,546	\$ 388,567,816
Restricted	190,206,975	181,203,311	108,071,723	147,307,030
Unrestricted	56,414,730	88,309,703	135,284,515	45,823,396
Total primary government net position	\$ 549,727,600	\$ 533,139,736	\$ 540,274,943	\$ 573,295,784

Source: City of Fairfield CAFR



2014	2015	2016	2017	2018	2019
\$ 280,220,525 146,869,909 61,781,934	\$ 298,401,721 154,254,022 (93,132,227)	\$ 323,606,096 160,077,675 (72,416,045)	\$ 336,038,449 156,192,967 (53,391,259)	\$ 360,630,992 148,645,577 (54,093,719)	\$ 359,360,263 154,910,949 (50,809,831)
\$ 447,646,622	\$ 488,872,368	\$ 359,523,516	\$ 411,267,726	\$ 455,182,850	\$ 463,461,381
\$ 103,591,615 17,665,866 7,985,138	\$ 91,482,110 17,873,301 18,186,209	\$ 87,956,953 20,183,680 22,603,302	\$ 88,831,165 21,830,966 20,817,996	\$ 86,660,214 22,923,098 20,468,352	\$ 93,642,762 24,014,320 20,721,546
\$ 134,051,620	\$ 129,242,619	\$ 127,541,620	\$ 130,743,935	\$ 130,051,664	\$ 138,378,628
\$ 383,812,140 164,535,775 69,767,072	\$ 389,883,831 172,127,323 (74,946,018)	\$ 411,563,049 180,261,355 (49,812,743)	\$ 424,869,614 178,023,933 (32,573,263)	\$ 447,291,206 171,568,675 (33,625,367)	\$ 453,003,025 178,925,269 (30,088,285)
\$ 581,698,242	\$ 618,114,987	\$ 487,065,136	\$ 542,011,661	\$ 585,234,514	\$ 601,840,009





City of Fairfield, California

Changes in Net Position (accrual basis of accounting) By Fiscal Year - Last Ten Fiscal Years

Table 2

	2010	2011	2012	2013
Expenses				
Governmental activities				
Administration / Finance	\$ 4,313,201	\$ 4,356,065	\$ 4,514,702	\$ 4,164,505
Police	36,788,346	33,403,092	33,463,097	31,468,951
Fire	14,850,154	14,435,829	14,507,384	13,859,734
Public works	33,676,650	31,392,626	24,503,034	32,999,762
Community development	2,236,526	1,554,289	2,149,583	2,561,302
Parks and recreation	16,899,683	18,982,308	20,878,561	16,067,853
Redevelopment agency	26,416,225	17,165,094	6,597,168	-
Interest on long-term debt	6,108,653	7,197,918	5,974,448	1,489,123
Total governmental activities expenses	128,313,087	141,289,438	128,487,221	112,587,977
Business-type activities				
Water	26,044,185	26,498,732	29,403,078	38,597,177
North bay treatment plant	7,762,261	6,962,855	8,512,133	7,254,180
Transportation	11,427,066	12,487,110	12,914,244	12,417,380
Golf courses	6,695,988	6,192,194	6,182,070	6,200,252
Housing program	227,307	188,948	551,442	-
Police training center	764,809	758,006	676,720	708,255
Total business-type activities expenses	53,040,084	52,921,616	53,087,845	58,239,687
Total primary government expenses	\$ 181,353,171	\$ 194,211,054	\$ 181,575,066	\$ 170,827,664
Program Revenues				
Governmental activities:				
Charges for services:				
Public works	\$ 88,250	\$ 169,985	\$ 175,741	\$ 394,776
Parks and recreation	1,779,915	2,513,157	2,359,851	2,048,988
Other activities	1,279,672	1,232,919	1,320,579	999,339
Operating grants and contributions	20,185,851	18,579,088	17,794,690	19,386,786
Capital grants and contributions	16,758,532	20,713,603	19,296,301	21,115,995
Total governmental activities program revenues	35,282,659	40,092,220	43,208,752	40,947,162
Business-type activities:				
Charges for services:				
Water	26,070,551	27,515,217	28,017,926	32,767,325
North bay treatment plant	7,094,690	6,659,273	7,789,802	11,359,519
Transportation	2,277,389	2,259,201	2,423,877	2,252,078
Golf courses	4,475,919	3,960,203	4,387,378	4,322,380
Housing program	6,000	1,800	-	-
Police training center	204,943	170,576	109,078	119,379
Operating grants and contributions	4,788,913	7,933,153	8,334,846	7,075,949
Capital grants and contributions	2,195,184	4,782,790	276,787	5,177,512
Total business-type activities program revenues	56,166,318	47,113,589	53,282,213	51,339,694
Total primary government program revenues	\$ 91,448,977	\$ 87,205,809	\$ 96,490,965	\$ 92,286,856

Source: City of Fairfield

2014	2015	2016	2017	2018	2019
\$ 4,547,124	\$ 8,679,900	\$ 8,705,876	\$ 8,874,847	\$ 11,123,403	\$ 11,900,667
33,325,087	34,286,700	36,088,243	38,768,415	43,433,870	45,359,400
14,682,630	15,698,833	16,180,164	17,813,313	20,977,657	23,299,548
30,816,138	31,541,207	32,278,130	29,144,358	41,671,584	42,510,868
2,170,508	11,905,248	12,520,002	13,244,813	13,611,124	14,714,798
15,941,172	6,667,509	6,268,850	6,681,502	7,379,270	8,356,798
-	-	-	-	-	-
2,345,601	2,326,068	1,687,043	1,938,861	1,902,206	1,523,848
102,611,230	103,828,260	111,105,465	113,728,308	140,099,114	147,665,927
32,968,445	31,351,507	31,508,356	33,716,744	34,267,635	35,441,283
7,387,888	6,912,177	7,243,588	8,363,268	9,072,882	9,480,780
12,260,948	12,177,417	11,851,331	12,421,497	13,185,265	13,687,532
6,651,196	5,100,140	4,762,749	4,807,394	5,112,961	4,786,710
-	-	-	-	-	-
777,911	809,537	-	-	-	-
65,177,244	60,046,388	56,350,778	55,366,024	61,638,743	63,396,305
\$ 167,788,474	\$ 163,874,648	\$ 167,456,243	\$ 169,094,332	\$ 201,737,857	\$ 211,062,232
\$ 791,108	\$ 178,110	\$ 324,159	\$ 339,664	\$ 200,110	\$ 204,547
1,997,949	2,095,614	2,179,879	2,145,843	1,988,401	2,331,329
627,218	1,161,044	2,124,259	2,572,188	2,626,035	4,159,175
21,229,135	18,750,444	18,767,680	19,264,298	17,960,671	16,794,639
19,057,926	36,977,917	49,602,173	29,224,595	42,448,472	25,903,360
43,945,884	43,703,336	59,163,129	72,998,150	65,223,689	49,393,050
32,183,364	32,184,164	29,515,139	29,357,594	31,535,899	32,345,646
7,613,251	7,341,059	8,556,271	10,216,274	8,262,242	11,112,017
2,540,617	2,359,351	2,471,629	2,542,027	2,454,050	2,250,751
4,527,945	4,302,712	4,128,491	4,068,853	4,388,981	4,314,330
-	-	-	-	-	-
122,357	143,236	-	-	-	-
7,829,261	7,947,485	7,563,921	8,324,379	8,901,898	9,441,298
273,674	1,738,732	4,423,996	3,267,958	2,982,474	8,560,072
63,074,142	55,090,469	56,016,739	56,659,447	58,525,544	68,024,114
\$ 107,020,026	\$ 98,793,805	\$ 115,179,868	\$ 129,657,597	\$ 123,749,233	\$ 117,417,164



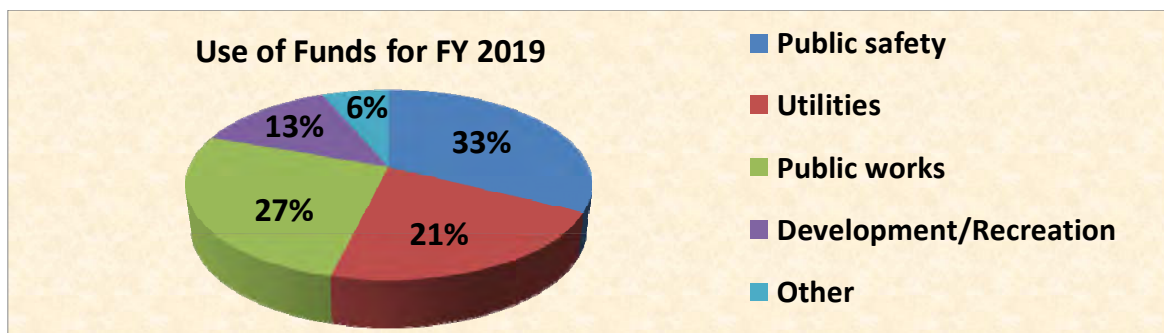
City of Fairfield, California

Changes in Net Position (accrual basis of accounting) By Fiscal Year - Last Ten Fiscal Years

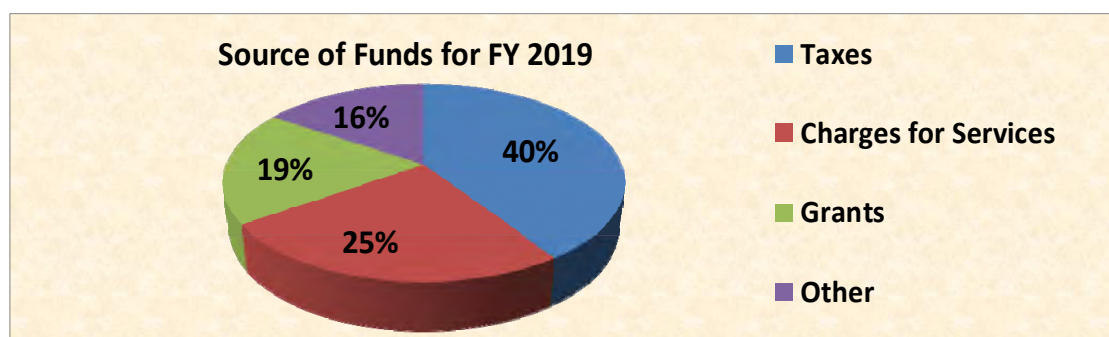
Table 2

	2010	2011	2012	2013
Net (expense)/revenue				
Governmental activities	\$ (101,197,217)	\$ (85,278,471)	\$ (71,640,815)	\$ (58,665,346)
Business-type activities	(5,808,027)	194,368	(6,899,993)	(2,103,102)
Total primary government net expense	\$ (107,005,244)	\$ (85,084,103)	\$ (78,540,808)	\$ (60,768,448)
General Revenues / Other				
Governmental activities				
Taxes				
Property taxes	\$ 45,787,093	\$ 46,489,076	\$ 30,958,521	\$ 27,299,372
Sales and transaction taxes	13,483,633	13,892,315	15,958,180	19,001,983
Other taxes	10,136,717	11,000,494	11,347,495	11,671,813
Intergovernmental	7,574,388	7,487,153	7,428,234	193,149
Investment earnings	6,937,230	3,430,512	2,389,979	1,496,472
Miscellaneous	4,047,224	3,837,170	5,245,338	3,925,092
Gain on sale of property	-	4,820,220	-	4,482,870
Extraordinary loss-dissolution RDA	-	-	37,083,677	(45,913,578)
Transfers	(152,855)	(208,217)	8,373,423	(242,995)
Total governmental activities	87,813,430	90,748,723	118,784,847	21,914,178
Business-type activities				
Investment earnings	2,451,095	1,252,370	1,150,225	226,298
Miscellaneous	-	-	-	59,643
Transfers	152,855	208,217	(8,373,423)	242,995
Total business-type activities	2,603,950	1,460,587	(7,223,198)	528,936
Total primary government	\$ 90,417,380	\$ 92,209,310	\$ 111,561,649	\$ 22,443,114
Change in Net Position				
Governmental activities	\$ (13,383,787)	\$ 5,470,252	\$ 47,144,032	\$ (36,751,168)
Business-type activities	(3,204,077)	1,654,955	(14,123,191)	(1,574,166)
Total primary government	\$ (16,587,864)	\$ 7,125,207	\$ 33,020,841	\$ (38,325,334)

Source: City of Fairfield



2014	2015	2016	2017	2018	2019
\$ (60,124,924) (4,955,919)	\$ (51,942,336) (334,039)	\$ (40,730,158) 1,293,423	\$ (62,919,521) (1,531,818)	\$ (74,875,425) (3,113,199)	\$ (98,272,877) 4,627,809
\$ (65,080,843)	\$ (52,276,375)	\$ (39,436,735)	\$ (64,451,339)	\$ (77,988,624)	\$ (93,645,068)
\$ 23,062,490 35,407,196 12,409,833 231,977 2,295,425 4,707,347 1,749,844 16,336,659 650,499	\$ 26,567,981 36,972,165 12,772,647 228,683 1,847,878 5,247,355 - - (16,344,975)	\$ 28,358,047 41,837,970 13,625,678 45,144 2,793,300 6,565,223 - - (750,994)	\$ 29,209,321 39,688,255 14,119,010 234,269 1,057,577 6,678,679 - - (495,159)	\$ 31,333,350 41,211,801 15,113,195 246,085 682,405 7,394,017 - - (608,027)	\$ 34,085,030 43,059,220 15,071,640 242,683 7,910,032 6,605,782 - - (422,979)
96,851,270	67,291,734	92,474,368	90,491,952	95,372,826	106,551,408
694,248 103,169 (650,499)	629,860 135,144 16,344,975	1,044,843 113,055 750,994	182,338 1,590,513 495,159	551,922 524,787 608,027	2,837,620 438,556 422,979
146,918	17,109,979	1,908,892	2,268,010	1,684,736	3,699,155
\$ 96,998,188	\$ 84,401,713	\$ 94,383,260	\$ 92,759,962	\$ 97,057,562	\$ 110,250,563
\$ 36,726,346 (4,809,001)	\$ 15,349,398 16,775,940	\$ 51,744,210 3,202,315	\$ 27,572,431 736,192	\$ 20,497,401 (1,428,463)	\$ 8,278,531 8,326,964
\$ 31,917,345	\$ 32,125,338	\$ 54,946,525	\$ 28,308,623	\$ 19,068,938	\$ 16,605,495





City of Fairfield, California

Governmental Activities Tax Revenues by Source (accrual basis of accounting) By Fiscal Year - Last Ten Fiscal Years

Table 3

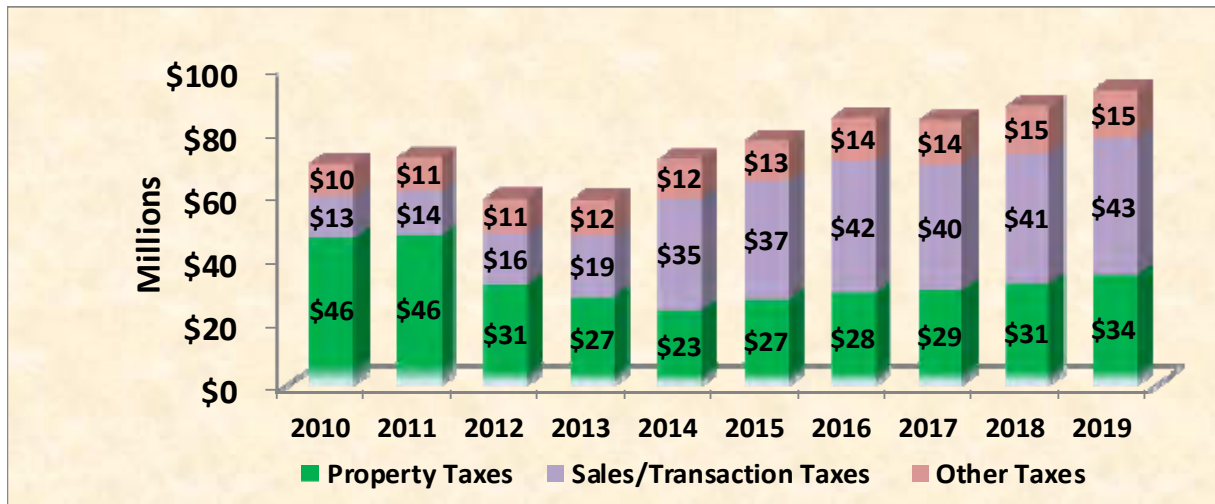
Fiscal Year	Property Taxes*	Sales/Transaction Taxes	Other Taxes**	Total
2010	\$ 45,787,093	\$ 13,483,633	\$ 10,136,717	\$ 73,525,661
2011	46,489,079	13,892,315	11,000,494	69,407,443
2012*	30,958,521	15,958,180	11,347,495	71,381,888
2013	27,299,372	19,001,983	11,671,813	58,264,196
2014	23,062,490	35,407,196 ^x	12,409,833	57,973,168
2015	26,567,981	36,972,165 ^x	12,772,647	70,879,519
2016	28,358,047	41,837,970 ^x	13,625,678	76,312,793
2017	29,209,321	39,688,255 ^x	14,119,010	83,016,586
2018	31,333,350	41,211,801 ^x	15,113,195	87,658,346
2019	34,085,030	43,059,220 ^x	15,071,640	92,215,890

Source: City of Fairfield

* In 2012 (February 1, 2012) the Fairfield Redevelopment Agency was dissolved. In 2012, property taxes includes Redevelopment Agency property taxes received for the seven month period of July 1, 2011, to January 31, 2012.

** Other taxes consist of franchise tax, utility user tax, transient occupancy tax, business license tax, and other taxes.

^x In April, 2013, Measure P, a 1% transaction and use tax was enacted. In November 2016, the transaction and use tax was extended for an additional 15 years to 2033.





City of Fairfield, California

People and Places in the City





City of Fairfield, California

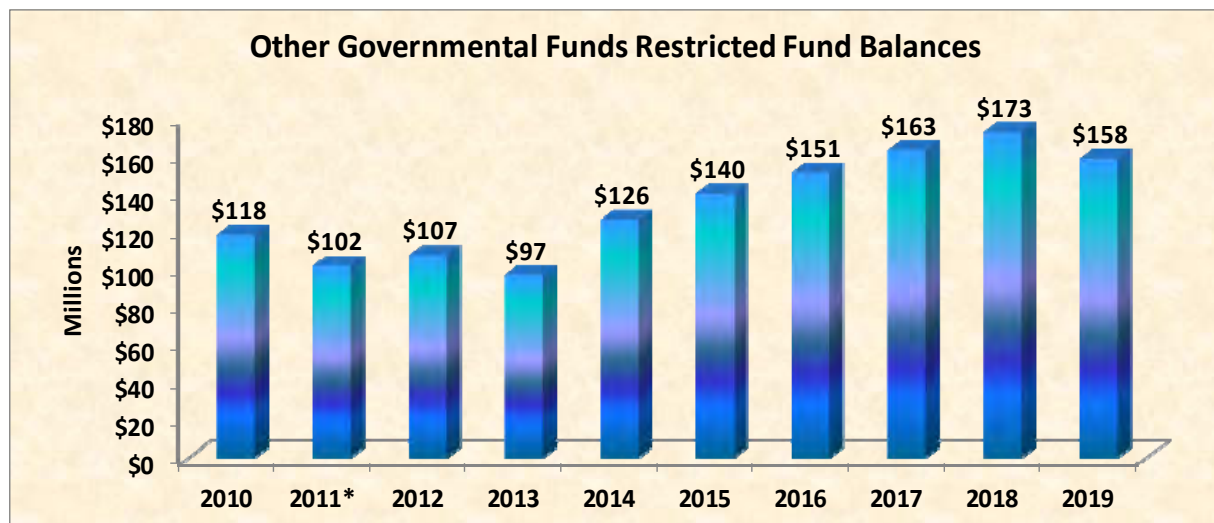
Fund Balances of Governmental Funds (modified accrual basis of accounting) By Fiscal Year - Last Ten Fiscal Years

Table 4

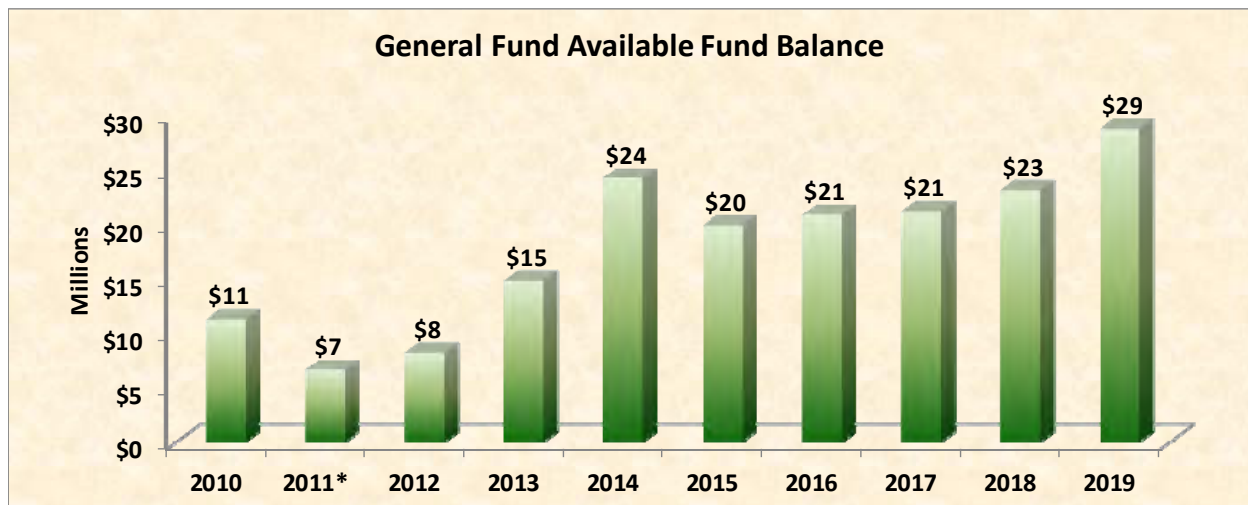
	2010	2011*	2012	2013
General Fund				
Reserved	\$ 962,501			
Unreserved	11,256,288			
Nonspendable				
Restricted				
Committed		\$ 2,407,013	\$ 2,322,738	
Assigned				
Unassigned		6,619,529	8,180,511	\$ 14,818,731
Total general fund	\$ 11,586,199	\$ 12,218,789	\$ 9,026,542	\$ 10,503,249
All other governmental funds				
Reserved	\$ 186,435,126			
Unreserved, reported in:				
Debt Service Funds	(79,534,506)			
Capital Project Funds	(5,295,347)			
Nonspendable		\$ 92,626,064	\$ 16,838,333	\$ 335,375
Restricted		89,982,289	70,774,294	113,234,546
Committed		5,249,824	5,682,220	9,395,169
Assigned		3,235,229	3,228,470	3,145,580
Unassigned		(83,739,406)		
Total all other governmental funds	\$ 118,389,529	\$ 101,605,273	\$ 107,354,000	\$ 96,523,317

Source: City of Fairfield

* In, 2011, the City implemented GASB 54, which has revised classifications of fund balances (prospectively).



2014	2015	2016	2017	2018	2019
\$ 6,110					\$ 53,801
					5,286,612
					7,266,947
6,229,328	\$ 2,024,541	\$ 4,418,223	\$ 4,416,397	\$ 4,415,269	6,278,715
24,255,237	19,874,728	20,876,012	21,228,639	23,125,111	28,822,295
\$ 14,818,731	\$ 30,490,675	\$ 21,899,269	\$ 25,294,235	\$ 27,540,380	\$ 47,708,370
\$ 335,375	\$ 335,375	\$ 335,375	\$ 335,375	\$ 335,375	\$ 335,375
125,960,121	136,082,371	139,523,737	140,413,466	132,634,714	138,404,751
10,764,506	9,860,803	10,222,340	11,174,449	11,020,383	12,064,326
3,051,394	4,786,139	12,902,068	19,938,002	28,600,148	7,652,343
\$ 126,110,670	\$ 140,111,396	\$ 151,064,688	\$ 162,983,520	\$ 172,590,620	\$ 158,456,795





City of Fairfield, California

Changes in Fund Balances of Governmental Funds (modified accrual basis of accounting) By Fiscal Year - Last Ten Fiscal Years

Table 5

	2010	2011	2012*	2013
Revenues				
Taxes	\$ 70,424,738	\$ 72,657,870	\$ 60,070,582	\$ 60,030,327
Development fees	2,446,755	3,980,509	4,430,016	6,281,986
Special assessments levied	7,708,305	7,991,277	7,443,799	4,523,640
Licenses, permits and fines	2,299,115	2,127,151	2,281,329	2,604,002
Developers' contribution	965,438	2,341,863	541,265	813,575
Intergovernmental	32,094,097	29,851,354	29,669,194	23,628,437
Charges for services	3,392,460	3,688,706	3,639,155	3,304,095
Investment income	4,328,822	1,734,741	1,572,942	449,522
Miscellaneous	3,033,593	2,400,519	3,413,643	3,418,553
Total revenues	126,693,323	126,773,990	113,061,925	105,054,137
Expenditures				
Administration / Finance	1,812,830	1,751,460	2,530,601	2,520,854
Police	31,372,194	30,870,949	31,229,092	31,522,803
Fire	13,313,851	13,524,974	13,770,790	13,923,984
Public works	10,549,578	9,785,268	9,946,804	9,737,258
Parks and recreation	15,623,934	16,532,253	14,789,159	15,189,021
Community development	1,992,139	1,442,175	1,241,541	1,881,824
Redevelopment agency *	6,499,164	6,201,936	2,353,078	
Non-departmental	1,331,393	1,731,419	1,350,893	1,124,126
Intergovernmental	19,009,191	8,827,433	3,240,737	
Capital outlay	39,102,552	33,959,864	24,616,003	19,397,730
Debt service:				
Principal	6,305,474	5,091,890	5,076,890	736,890
Interest	12,430,707	12,228,737	7,416,814	2,360,629
Fiscal agent fees	1,186,511	927,432	543,097	29,488
Special assessment payments	361,066	251,018	114,756	
Issuance costs		361,279		
Total expenditures	160,890,584	143,488,087	118,220,255	98,424,607
Excess (deficiency) of revenues over (under) expenditures	(34,197,261)	(16,714,097)	(5,158,330)	6,629,530
Other financing sources (uses)				
Issuance of debt		6,725,000		
Issuance of refunding		15,870,000		
Payment to refunded bond escrow		(15,368,036)		
Bond premium				
Bond discount		(544,492)		
Gain on sale of property		4,061,956		
Transfers in	35,952,841	33,690,817	31,162,572	10,905,644
Transfers out	(17,907,246)	(25,164,668)	(17,524,330)	(13,169,951)
Total other financing sources (uses)	18,045,595	19,270,577	13,638,242	(2,264,307)
Extraordinary items:				
Extraordinary gain (loss)--dissolution of Fairfield Redevelopment Agency			(17,833,886)	36,245,366
Net change in fund balances	\$ (16,151,666)	\$ 2,556,480	\$ (9,353,974)	\$ 40,610,589
Debt service as a percentage of noncapital expenditures	13.89%	13.47%	11.91%	3.32%

Source: City of Fairfield

* In 2012 (February 1, 2012) the Fairfield Redevelopment Agency was dissolved. The 2012 column represents results for the seven month period of July 1, 2011, to January 31, 2012.

2014	2015	2016	2017	2018	2019
\$ 73,342,642	\$ 80,562,332	\$ 86,914,959	\$ 86,186,557	\$ 90,354,326	\$ 95,841,255
7,268,473	9,212,911	10,577,539	6,523,669	4,942,419	7,481,437
4,579,329	4,621,416	4,973,363	5,441,183	5,995,658	6,813,858
3,409,222	2,793,778	3,098,394	2,946,531	2,734,897	3,479,535
991,869	408,322	297,899	257,432	946,949	1,095,092
23,406,950	28,599,137	44,044,033	31,940,671	33,231,114	21,692,133
3,396,573	4,015,173	5,534,166	6,144,376	7,174,139	6,911,323
1,001,547	1,182,876	1,583,153	437,782	1,067,308	5,200,842
2,906,263	2,656,733	2,783,022	2,617,799	3,824,530	3,492,633
120,302,868	134,052,678	159,806,528	142,496,000	150,271,340	152,008,108
2,890,734	3,610,521	4,006,001	5,246,013	4,780,076	5,418,985
31,949,831	33,113,818	35,896,094	37,583,206	38,940,548	41,873,962
14,009,112	15,170,426	16,287,240	17,560,739	18,911,666	21,580,359
10,955,173	12,618,878	13,544,353	14,042,213	15,626,230	17,290,319
15,260,442	5,589,069	5,567,133	6,053,818	6,092,792	7,868,406
2,141,664	11,592,701	12,608,989	13,451,185	12,996,451	13,892,385
1,496,102	4,634,486	4,801,029	3,817,702	5,049,006	15,298,522
14,195,159	21,694,966	41,253,983	30,175,326	40,612,587	18,610,215
806,890	891,890	1,906,890	1,686,890	1,721,890	2,051,890
2,347,188	2,328,147	1,717,155	1,941,846	1,906,025	1,570,807
20,559	21,184	18,289	20,438	21,125	21,429
		228,304			268,614
96,072,854	111,266,086	137,835,460	131,579,376	146,658,396	145,745,893
24,230,014	22,786,592	21,971,068	10,916,624	3,612,944	6,262,215
		21,835,000 (21,174,417)			15,325,000 (15,041,320)
	21,835,000 (21,174,417)	(426,301)			
10,319,105 (12,550,240)	13,538,771 (33,963,478)	14,894,347 (21,785,897)	16,865,682 (18,553,733)	22,025,622 (21,184,374)	35,540,495 (36,052,225)
(2,231,135)	(19,764,124)	(6,657,268)	(1,688,051)	841,248	(228,050)
\$ 21,998,879	\$ 3,022,468	\$ 15,313,800	\$ 9,228,573	\$ 4,454,192	\$ 6,034,165
3.48%	3.27%	3.39%	3.27%	2.99%	2.85%



City of Fairfield, California

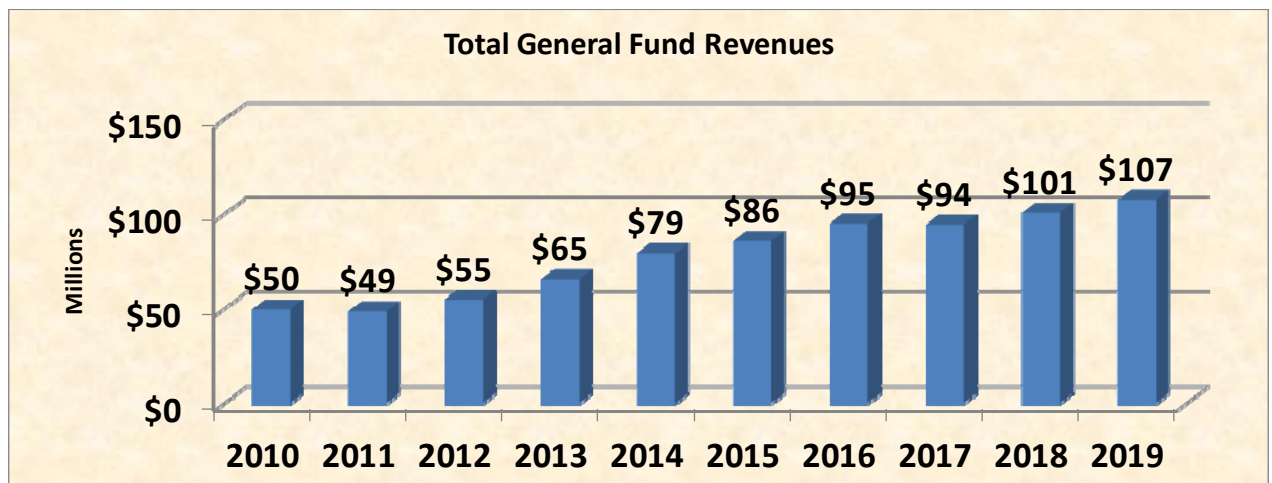
Changes in Fund Balances of General Fund (modified accrual basis of accounting) By Fiscal Year - Last Ten Fiscal Years

Table 6

	2010	2011	2012	2013
Revenues				
Taxes	\$ 33,505,212	\$ 33,578,637	\$ 38,982,196	\$ 57,341,056
Licenses, permits and fines	2,299,115	2,127,151	2,281,329	2,604,002
Intergovernmental	7,903,578	7,617,630	7,593,753	408,014
Charges for services	3,392,460	3,688,706	3,639,155	3,304,095
Investment income	812,042	343,018	230,262	70,073
Miscellaneous	1,728,011	1,223,005	1,990,365	1,756,428
Total revenues	49,640,418	48,578,147	54,717,060	65,483,668
Expenditures				
Administration / Finance	1,481,670	1,392,199	2,415,725	2,303,628
Police	30,505,244	29,117,340	29,235,100	29,122,744
Fire	13,309,861	13,524,974	13,546,642	13,699,836
Public works	6,907,698	6,261,940	6,147,013	6,060,981
Parks and recreation	5,267,297	4,948,891	4,196,121	4,108,261
Community development	1,977,445	1,442,175	1,239,532	1,807,860
Non-departmental	1,331,393	1,731,419	1,350,893	1,124,126
Total expenditures	60,780,608	58,418,938	58,131,026	58,227,436
Excess (deficiency) of revenues over (under) expenditures	(11,140,190)	(9,840,791)	(3,413,966)	7,256,232
Other financing sources (uses)				
Transfers in	15,928,617	10,441,020	9,541,000	1,980,827
Transfers out	(4,155,837)	(3,792,477)	(4,650,327)	(4,921,577)
Total other financing sources (uses)	11,772,780	6,648,543	4,890,673	(2,940,750)
Net change in fund balances	\$ 632,590	\$ (3,192,248)	\$ 1,476,707	\$ 4,315,482

Source: City of Fairfield

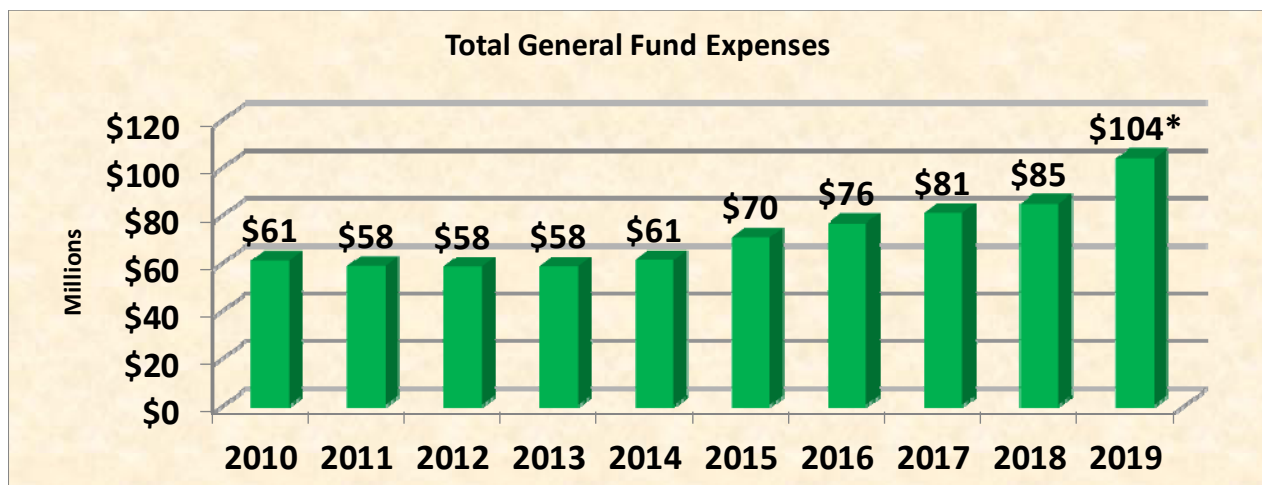
* Includes a one-time \$10,000,000 payment towards CalPERS Unfunded Liability for the Safety Plan.



2014	2015	2016	2017	2018	2019
\$ 70,404,120	\$ 75,831,210	\$ 83,549,929	\$ 82,907,862	\$ 87,533,691	\$ 92,089,879
3,409,222	2,793,778	3,098,394	2,946,531	2,734,897	3,479,535
372,257	1,033,614	541,554	457,231	459,490	467,962
3,396,573	4,015,173	5,534,166	6,144,376	7,174,139	6,911,323
275,112	322,062	352,476	97,577	222,858	2,009,675
1,417,805	1,663,350	1,827,202	1,790,673	2,461,853	2,539,420
79,275,089	85,659,187	94,903,721	94,344,250	100,586,928	107,497,794
2,573,262	3,427,198	3,800,333	5,046,385	4,561,503	5,054,525
30,127,434	31,783,496	34,828,205	36,606,605	38,083,461	41,411,882
13,851,664	15,165,818	16,091,862	17,190,449	18,225,615	20,741,762
6,855,746	8,579,280	9,380,745	9,758,856	10,717,240	11,878,134
4,117,466	4,318,303	4,908,617	5,366,916	5,240,660	5,893,668
2,076,496	2,538,008	2,619,544	2,937,136	2,739,788	3,422,777
1,496,102	4,634,486	4,801,029	3,817,702	5,049,006	15,298,522
61,098,170	70,446,589	76,430,335	80,724,049	84,617,273	103,701,270
18,176,919	15,212,598	18,473,386	13,620,201	15,969,655	3,796,524
339,694	835,982	170,632	323,857	255,780	22,257,998
(7,344,069)	(24,639,986)	(15,249,052)	(13,593,257)	(14,330,091)	(5,886,532)
(7,004,375)	(23,804,004)	(15,078,420)	(13,269,400)	(14,074,311)	16,371,466
\$ 11,172,544	\$ (8,591,406)	\$ 3,394,966	\$ 350,801	\$ 1,895,344	\$ 20,167,990

*

*





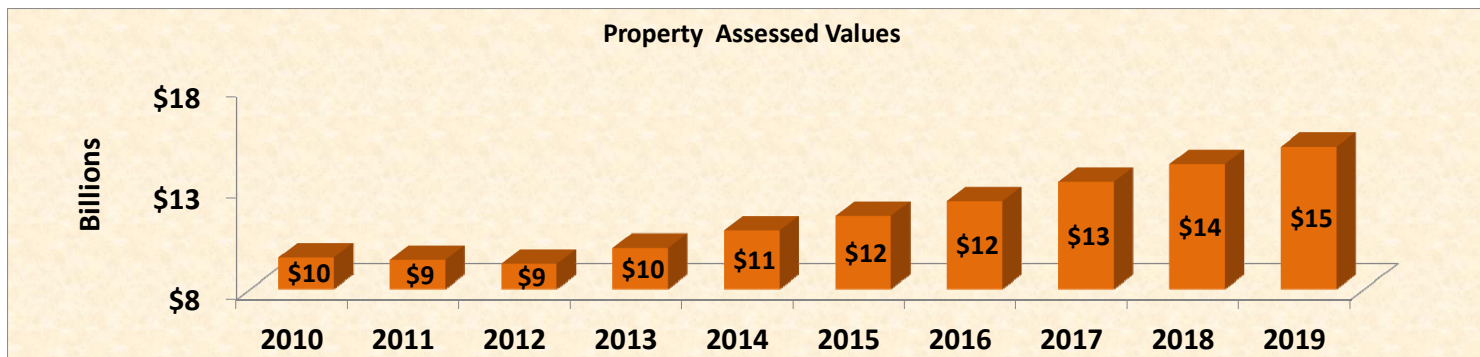
City of Fairfield, California

Assessed Value and Estimated Actual Value of Taxable Property
(accrual basis of accounting)
By Fiscal Year - Last Ten Fiscal Years

Table 7

Fiscal Year	Residential Property	Commercial Property	Unsecured Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Direct Tax Rate
2010	\$ 6,582,829,213	\$ 2,878,940,163	\$ 533,443,426	\$ 448,313,809	\$ 9,546,898,993	0.0051000
2011	6,566,969,995	2,924,101,889	502,637,776	566,605,606	9,427,104,054	0.0048000
2012	6,375,544,564	2,922,809,408	512,895,198	578,323,247	9,232,925,923	0.0060000
2013	7,058,918,343	3,022,247,547	520,592,272	582,950,764	10,018,807,398	0.0070000
2014	7,901,820,577	3,044,828,732	528,590,473	609,860,999	10,865,378,783	0.0071000
2015	8,450,788,958	3,184,400,080	550,589,799	593,971,089	11,591,807,748	0.0065000
2016	9,051,091,056	3,337,346,549	539,773,774	604,822,232	12,323,389,147	0.0047000
2017	9,735,211,041	3,537,335,144	558,828,437	569,234,030	13,262,140,592	0.0045000
2018	10,423,395,576	3,708,864,371	565,508,865	550,237,826	14,147,530,986	0.0045000
2019	11,098,766,161	3,916,582,215	621,450,392	633,312,031	15,003,486,737	0.0045000

Source: Solano County Assessor Office and the City of Fairfield





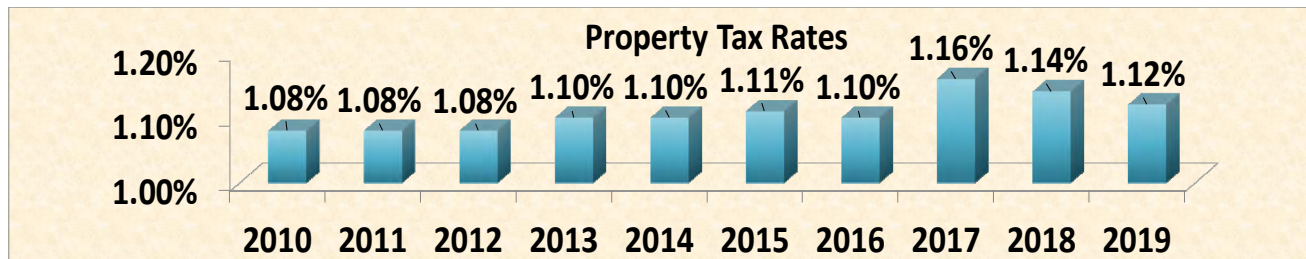
City of Fairfield, California

Property Tax Rates - Direct And Overlapping Governments By Fiscal Year - Last Ten Fiscal Years

Table 8

Fiscal Year	Total City Debt Rate	Overlapping Rates			Total Direct & Overlapping Rates
		County Rate	School Debt Rate	Special District Debt Rate	
2010	0.00600	1.00000	0.05071	0.02000	1.07671
2011	0.00700	1.00000	0.05206	0.02000	1.07906
2012	0.00710	1.00000	0.05313	0.02000	1.08023
2013	0.00650	1.00000	0.07607	0.02000	1.10257
2014	0.00470	1.00000	0.07112	0.02000	1.09582
2015	0.00450	1.00000	0.08848	0.02000	1.11298
2016	0.00450	1.00000	0.07677	0.02000	1.10127
2017	0.00450	1.00000	0.13800	0.02000	1.16250
2018	0.00450	1.00000	0.12026	0.02000	1.14476
2019	0.00450	1.00000	0.09421	0.02000	1.11871

Source: Solano County Auditor-Controller's Office



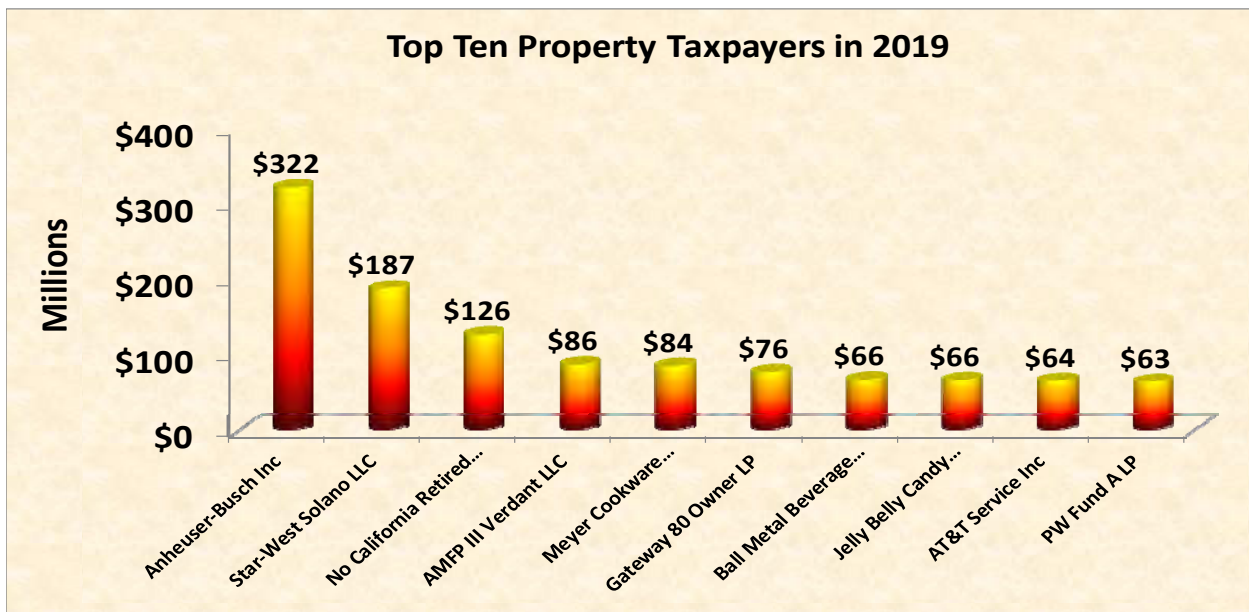


City of Fairfield, California

Principal Property Taxpayers
June 30, 2019

Table 9

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	% Total Taxable Assessed Value	Taxable Assessed Value	Rank	% Total Taxable Assessed Value
Anheuser-Busch Inc	\$ 322,101,803	1	2.15%	\$ 268,758,873	1	2.72%
Star-West Solano LLC	187,347,022	2	1.25%	103,744,408	2	1.05%
No California Retired Officers Comm	125,909,535	3	0.84%			
AMFP III Verdant LLC	85,924,000	4	0.57%			
Meyer Cookware Industries Inc	84,061,985	5	0.56%			
Gateway 80 Owner LP	75,928,123	6	0.51%			
Ball Metal Beverage Corporation	66,164,064	7	0.44%			
Jelly Belly Candy Company	65,569,457	8	0.44%			
AT&T Service Inc	64,378,587	9	0.43%			
PW Fund A LP	63,106,322	10	0.42%			
SBC Services Inc				61,535,262	3	0.62%
Amcor Pet Packaging USA Inc.				60,740,389	4	0.61%
Northbay Healthcare Group				57,928,794	5	0.59%
88 12				39,160,733	6	0.50%
RO Funding Company LLC				49,268,928	7	0.30%
Copart Inc.				29,902,862	8	0.30%
General Electric Capital Corporation				27,233,031	9	0.28%
Fairfield Fee Land LLC				26,796,618	10	0.27%
Total Taxpayers Assessed Value	1,140,490,898		7.61%	725,069,898		7.24%
Total City Assessed Value	\$ 15,003,486,737		100.00%	\$ 9,546,898,993		100.00%





City of Fairfield, California

Property Tax Levies and Collections By Fiscal Year - Last Ten Fiscal Years

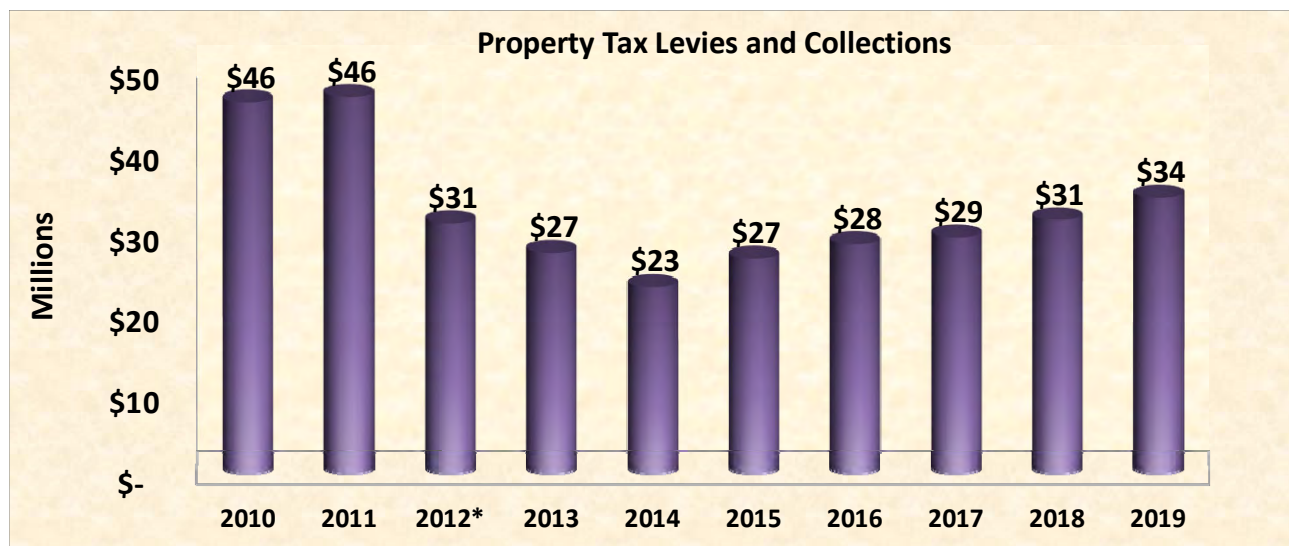
Table 10

Ended December 31	Levy for Fiscal Year	Amount Collected		Collections Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2010	\$ 45,787,093	\$ 45,787,093	100%	-	\$ 45,787,093	100%
2011	46,489,079	46,489,079	100%	-	46,489,079	100%
2012*	30,958,521	30,958,521	100%	-	30,958,521	100%
2013	27,299,372	27,299,372	100%	-	27,299,372	100%
2014	23,062,490	23,062,490	100%	-	23,062,490	100%
2015	26,567,981	26,567,981	100%	-	26,567,981	100%
2016	28,358,047	28,358,047	100%	-	28,358,047	100%
2017	29,209,321	29,209,321	100%	-	29,209,321	100%
2018	31,333,350	31,333,350	100%	-	31,333,350	100%
2019	34,085,030	34,085,030	100%	-	34,085,030	100%

Source: Solano County Auditor Controller's Office

In addition to the City's property tax levies for voter-approved debt, Solano County levies property taxes limited to \$1 per \$100 of assessed valuation for county, city, school and special district operating expenses. This additional property tax levy is distributed to the different governmental agencies under the State mandated alternate method of apportioning taxes (commonly referred to as the "Teeter Plan") whereby all local agencies, including cities, receive from the county 100% of their respective shares of the amount of ad valorem taxes levied, without regard to the actual collection of the taxes levied. This method was placed in effect by Solano County in the 1965-66 tax year and remains in effect unless the County Board of Supervisors orders its discontinuance.

* In 2012 (February 1, 2012) the Fairfield Redevelopment Agency was dissolved. In 2012, property taxes includes Redevelopment Agency property taxes received for the seven month period of July 1, 2011, to January 31, 2012.





City of Fairfield, California

Ratios of Outstanding Debt by Type By Fiscal Year - Last Ten Fiscal Years

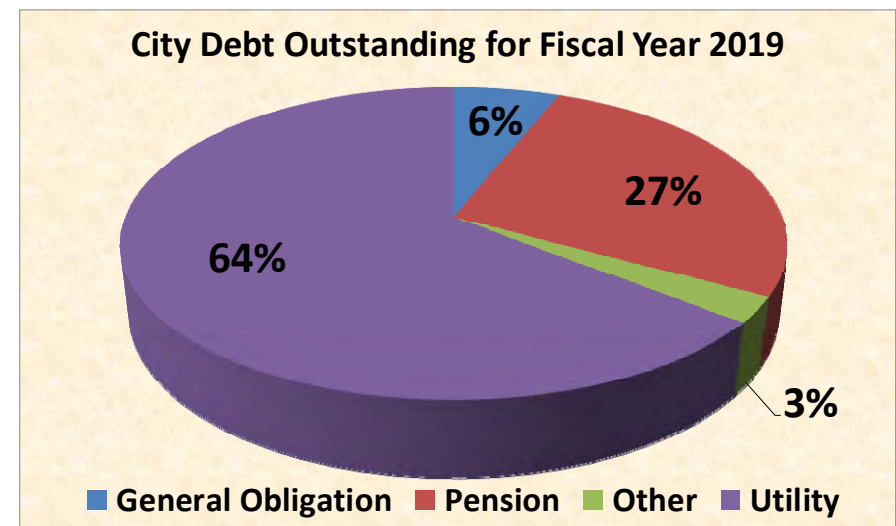
Table 11

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Pension Obligation Bonds	Redevelopment Revenue Bonds*	Long Term Notes Payable	Utility-Water Bonds	Recreational Revenue Bonds	Long Term Notes Payable			
2010	\$ 11,128,138	\$ 36,345,000	\$ 62,520,000	\$ 3,881,913	\$ 121,331,697	\$ 10,425,000		\$ 245,631,748	5.84%	2,318
2011	10,706,248	36,755,000	58,945,000	3,030,200	117,171,697	9,690,000		236,298,145	5.79%	2,254
2012	10,284,358	36,450,000		2,195,313	112,856,697	8,775,000		170,561,368	4.23%	1,603
2013	9,862,468	36,135,000		2,486,066	107,611,697	7,795,000		163,890,231	3.98%	1,516
2014	9,440,578	35,750,000		2,234,010	102,956,697	6,950,000		157,331,285	3.40%	1,439
2015	9,018,688	35,280,000		1,978,747	88,922,328	6,287,677	\$ 5,370,000	146,857,440	3.11%	1,322
2016	8,596,798	34,393,699		1,720,288	88,428,499	5,345,045	2,695,000	141,179,329	2.98%	1,253
2017	8,174,908	33,157,119		1,458,454	88,439,110	4,366,157		135,595,748	2.67%	1,188
2018	7,753,018	31,871,329		1,193,251	82,867,903	3,345,834		127,031,335	2.37%	1,093
2019	7,331,128	32,265,539		924,623	77,201,696	2,284,074		120,007,060	2.09%	1,024

Source: City of Fairfield

* In 2012 (February 1, 2012) the Redevelopment Agency was dissolved. The Agency debt was transferred to the Successor Agency.

See the notes of the financial statements for more information on debt.





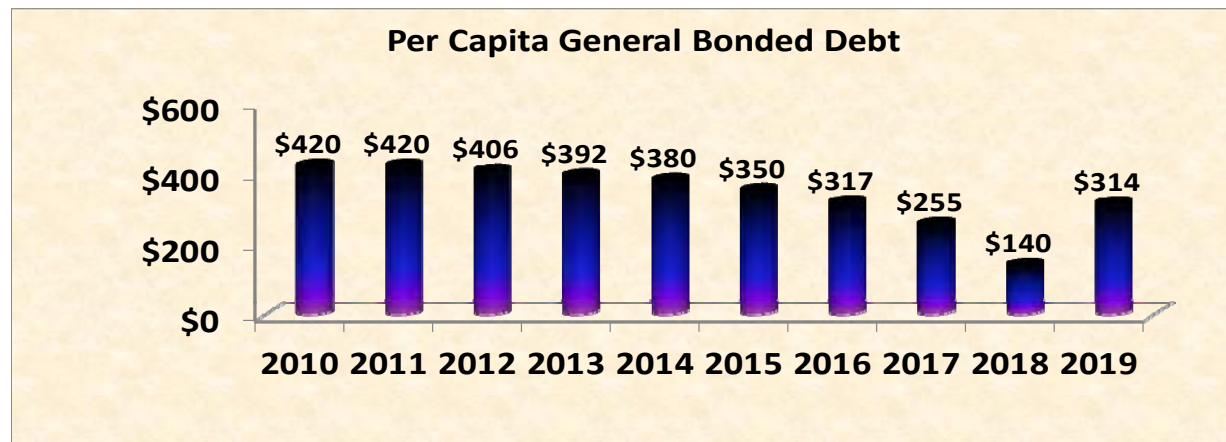
City of Fairfield, California

Ratios of General Bonded Debt Outstanding By Fiscal Year - Last Ten Fiscal Years

Table 12

Fiscal Year	General Bonded Debt Outstanding				Percentage of Estimated Actual Taxable		
	General Obligation Bonds	Pension Obligation Bonds	Total	Less: Amounts Available in Debt Service Fund	Total Net Bonded Debt	Value of Property	Per Capita
2010	\$ 11,128,138	\$ 36,345,000	\$ 47,473,138	\$ 2,973,531	\$ 44,499,607	0.47%	420
2011	10,706,248	36,755,000	47,461,248	3,455,517	44,005,731	0.47%	420
2012	10,284,358	36,450,000	46,734,358	3,546,495	43,187,863	0.47%	406
2013	9,862,468	36,135,000	45,997,468	3,649,952	42,347,516	0.42%	392
2014	9,440,578	35,750,000	45,190,578	3,594,929	41,595,649	0.38%	380
2015	9,018,688	35,280,000	44,298,688	5,407,521	38,891,167	0.34%	350
2016	8,596,798	34,393,699	42,990,497	7,230,779	35,759,718	0.29%	317
2017	8,174,908	33,157,119	41,332,027	12,098,184	29,233,843	0.22%	255
2018	7,753,018	31,871,329	39,624,347	23,305,451	16,318,896	0.12%	140
2019	7,331,128	32,265,539	39,596,667	2,829,748	36,766,919	0.25%	314

Source: City of Fairfield





City of Fairfield, California

Direct and Overlapping Governmental Activities Debt June 30, 2019

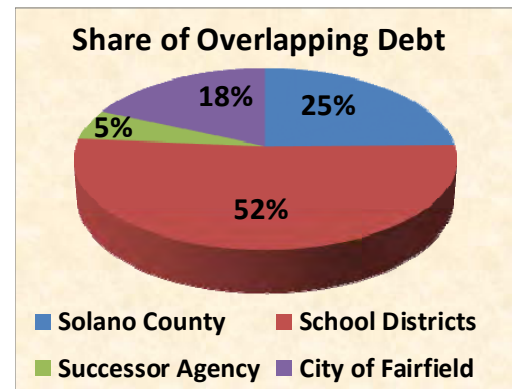
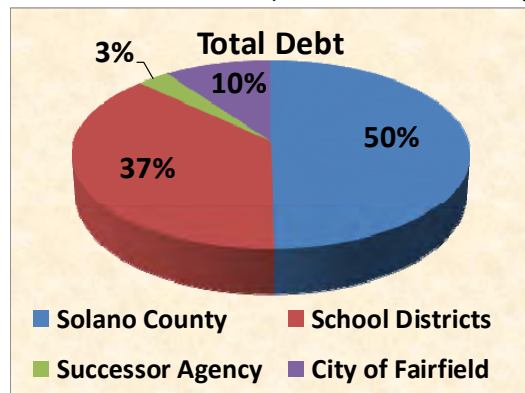
Table 13

2018/19 Total Assessed Valuation: \$ 15,003,486,737		% Applicable ⁽¹⁾	Outstanding Debt 6/30/19	Share of Overlapping Debt
Direct and Overlapping Tax and Assessment Debt:				
Solano County Community College District	26.841%	\$ 276,464,164	\$ 74,205,511	
Fairfield-Suisun Unified School District	77.463%	209,335,000	162,157,171	
Fairfield-Suisun Unified School District Community Facilities District #5	85.401%	19,920,205	17,012,054	
Fairfield-Suisun Unified School District Community Facilities District #6	100%	1,347,959	1,347,959	
Travis Unified School District Community Facilities District No. 2	100%	18,240,000	18,240,000	
Fairfield Municipal Park Facilities District, I.D. No. 1	100%	2,205,000	2,205,000	
City of Fairfield Zone of Benefit Obligations	100%	7,331,128	7,331,128	
City of Fairfield Community Facilities District No. 3	100%	12,020,000	12,020,000	
City of Fairfield Community Facilities District No. 2007-1	100%	15,145,000	15,145,000	
City of Fairfield Community Facilities District No. 2016-1A	100%	3,795,000	3,795,000	
California Statewide Communities Development Authority 1915 Act Bonds	100%	2,994,297	2,994,297	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:		\$ 568,797,753	\$ 316,453,120	
Direct and Overlapping General Fund Debt:				
Solano County Certificates of Participation	25.917%	\$ 67,315,000	\$ 17,445,721	
Solano County Pension Obligation Bonds	25.921%	23,375,000	6,059,034	
Solano County Community College District Certificates of Participation	26.842%	8,409,602	2,257,305	
Travis Unified School District Certificates of Participation	41.671%	19,617,156	8,174,665	
Fairfield-Suisun Unified School District Certificates of Participation	77.463%	958,949	742,831	
City of Fairfield Pension Obligations	100%	32,635,000	32,635,000	
City of Fairfield - Long Term Notes Payable	100%	924,623	924,623	
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:		153,235,330	68,239,179	
Overlapping Tax Increment Debt (Successor Agencies)	100.000%	22,395,000	22,395,000	
Total Direct Debt			40,890,751	
Total Overlapping Debt:			366,196,548	
Combined Total Debt ⁽²⁾		\$ 744,428,083	407,087,298	

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds, non-bonded capital lease obligation.

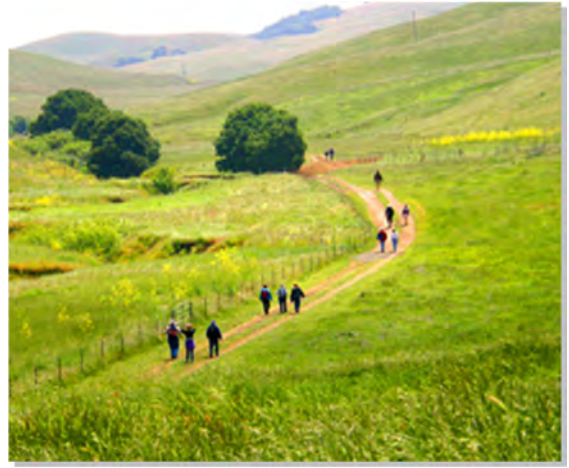
Sources: California Municipal Statistics, Inc. and City of Fairfield





City of Fairfield, California

People and Places in the City





City of Fairfield, California

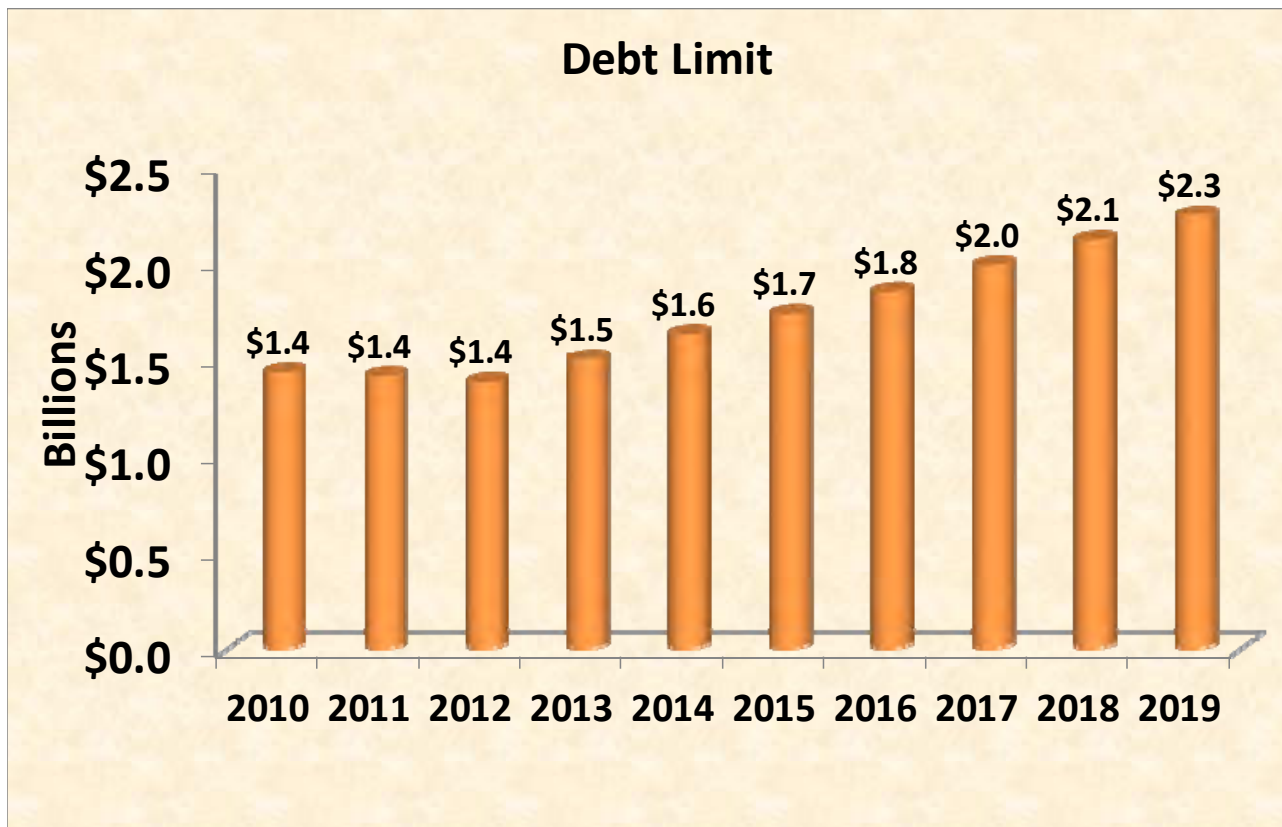
Legal Debt Margin Information By Fiscal Year - Last Ten Fiscal Years

Table 14

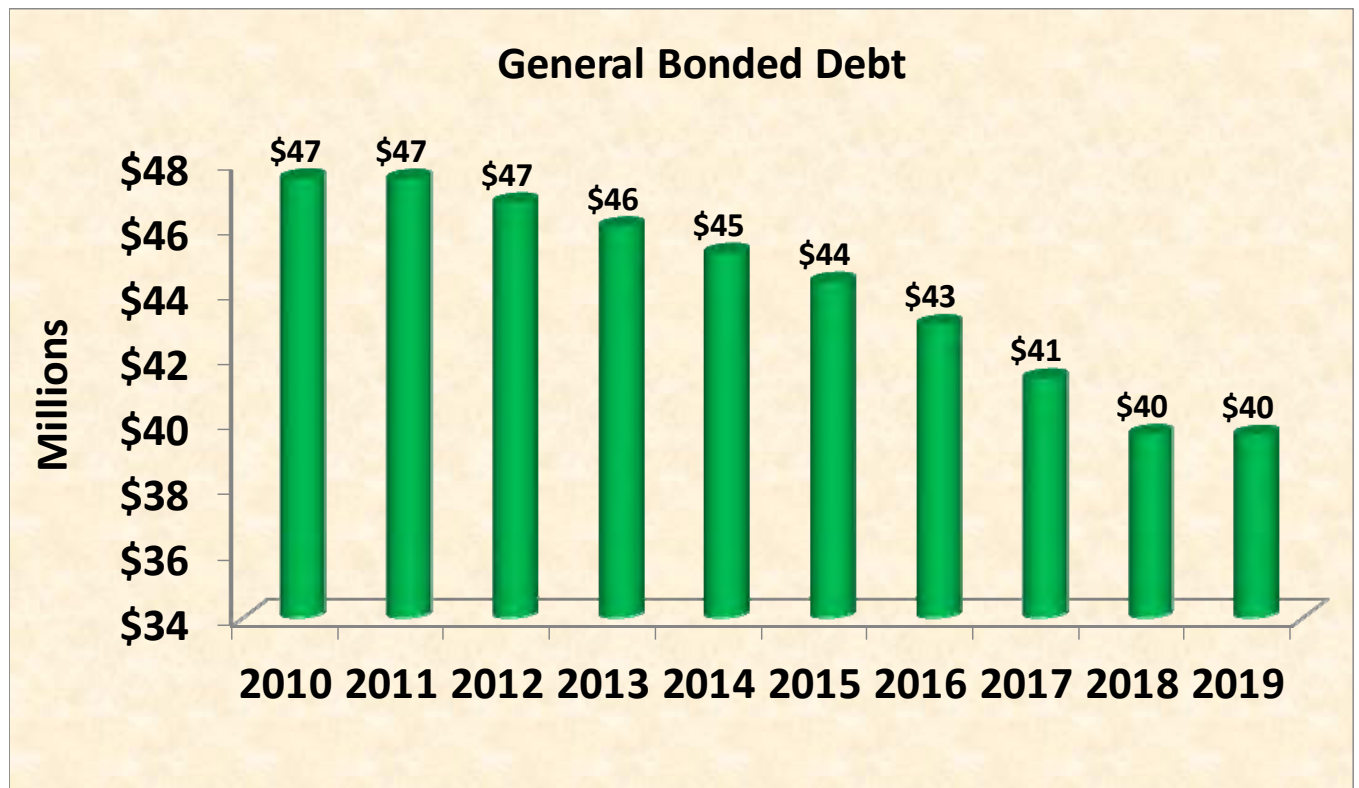
	2010	2011	2012	2013
Net Assessed Value	\$ 9,546,898,993	\$ 9,427,104,054	\$ 9,232,925,923	\$ 10,018,807,398
Debt Limit Percentage	15%	15%	15%	15%
Debt Limit	1,432,034,849	1,414,065,608	1,384,938,888	1,502,821,110
Net Amount of Bonded Debt Applicable to Debt Limit				
General Bonded Debt*	47,473,138	47,461,248	46,734,358	45,997,468
Legal Debt Margin	\$ 1,384,561,711	\$ 1,366,604,360	\$ 1,338,204,530	\$ 1,456,823,642

* The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds. This includes the City's General and Pension Obligation bonds.

Source: Solano County Auditor Controller's Office and the City of Fairfield



2014	2015	2016	2017	2018	2019
\$ 10,865,378,783 15%	\$ 11,591,807,748 15%	\$ 12,323,389,147 15%	\$ 13,262,140,592 15%	\$ 14,147,530,986 15%	\$ 15,003,486,737 15%
1,629,806,817	1,738,771,162	1,848,508,372	1,989,321,089	2,122,129,648	2,250,523,011
45,190,578	44,298,688	42,990,497	41,332,027	39,624,347	39,596,667
\$ 1,584,616,239	\$ 1,694,472,474	\$ 1,805,517,875	\$ 1,947,989,062	\$ 2,082,505,301	\$ 2,210,926,344





City of Fairfield, California

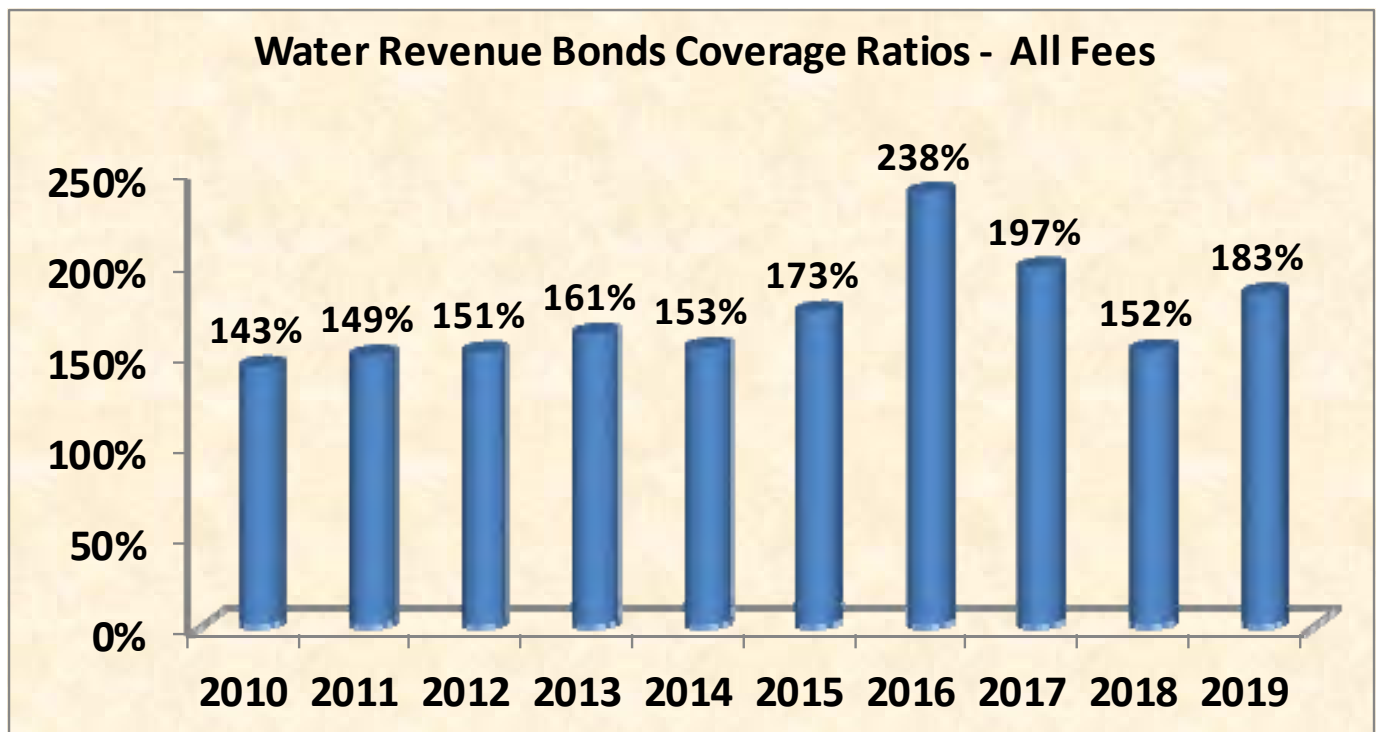
Utility and Golf Debt Pledged Revenue Coverage By Fiscal Year - Last Ten Fiscal Years

Table 15

Utility-Water Revenue Bonds						
Fiscal Year	Net Available Revenues		Debt Service		Coverage	
	including water connection fee	excluding water connection fee	Principal	Interest	including water connection fee	excluding water connection fee
2010	\$ 11,389,246	\$ 10,392,054	\$ 4,030,000	\$ 3,950,634	143%	130%
2011	12,106,263	10,812,299	4,160,000	3,948,902	149%	133%
2012	12,429,388	10,669,178	4,315,000	3,922,524	151%	130%
2013	12,887,045	10,427,075	4,520,000	3,493,898	161%	130%
2014	12,082,285	9,273,348	4,655,000	3,264,085	153%	117%
2015	13,685,418	9,588,589	4,890,000	3,026,075	173%	121%
2016	13,010,658	10,239,483	3,110,000	2,355,417	238%	187%
2017	10,756,713	7,774,738	3,145,000	2,323,751	197%	142%
2018	10,902,160	8,798,176	5,360,000	1,827,947	152%	122%
2019	13,148,944	10,165,038	5,455,000	1,734,456	183%	141%

Note: Net Available Revenues for Water Utility includes Operating Revenues, Nonoperating Revenues less expenses (excluding depreciation and interest expense).

Source: City of Fairfield





City of Fairfield, California

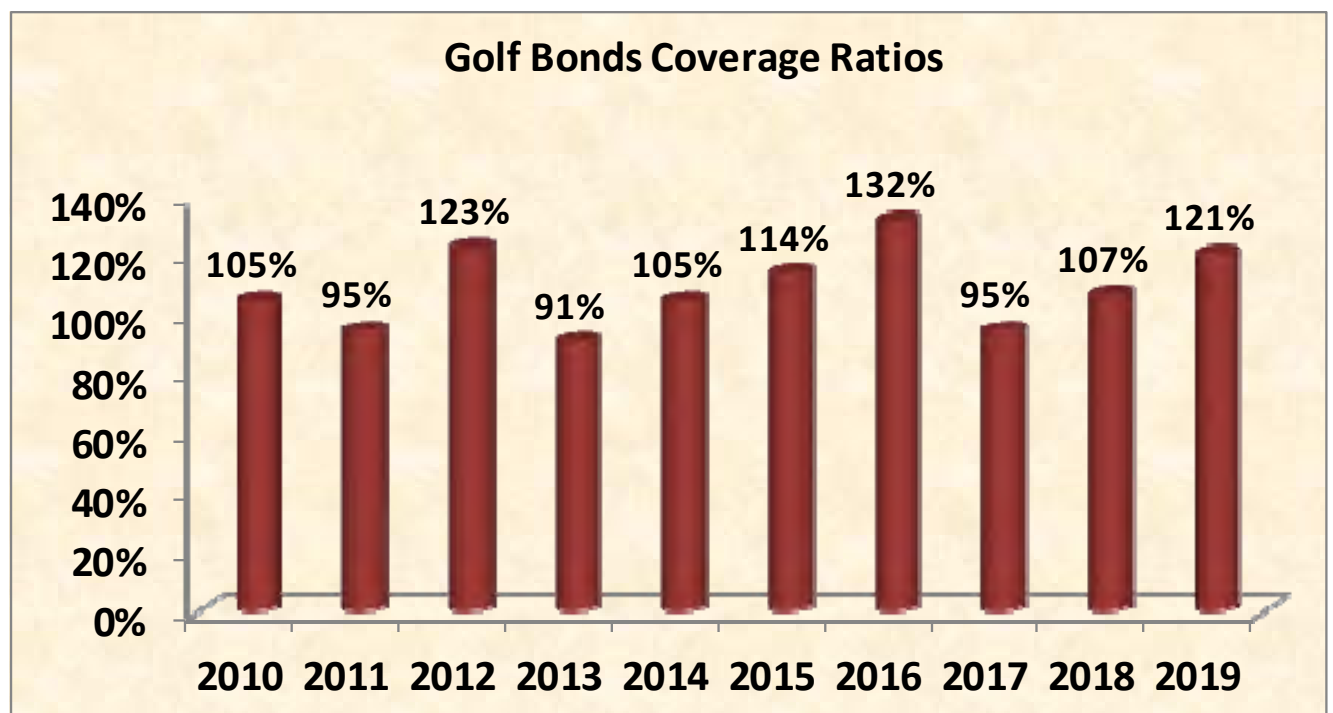
Utility and Golf Debt Pledged Revenue Coverage By Fiscal Year - Last Ten Fiscal Years

Table 15

Fiscal Year	Recreational Revenue (Golf) Bonds			
	Net Available Revenues	Debt Service		Coverage
		Principal	Interest	
2010	\$ 1,303,172	\$ 700,000	\$ 546,990	105%
2011	1,185,157	735,000	513,617	95%
2012	1,530,367	765,000	477,985	123%
2013	1,163,779	980,000	304,385	91%
2014	1,183,637	845,000	280,175	105%
2015	1,284,065	880,000	249,900	114%
2016	1,479,799	910,000	214,100	132%
2017	1,065,552	945,000	177,000	95%
2018	1,196,996	985,000	138,400	107%
2019	1,355,931	1,025,000	98,200	121%

Note: Net Available Revenues for Golf includes all Operating Revenues, Nonoperating Revenues, Transfers In, Advances less Operating Expenses and Nonoperating expense (excluding depreciation and interest expense).

Source: City of Fairfield





City of Fairfield, California

Demographic and Economic Statistics By Fiscal Year - Last Ten Fiscal Years

Table 16

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2010	105,955	\$ 4,202,811,030	\$ 39,666	33.5	27,151	14.2%
2011	104,815	4,083,697,215	38,961	33.7	26,596	12.7%
2012	106,379	4,035,487,365	37,935	33.8	25,572	11.9%
2013	108,107	4,116,498,346	38,078	31.7	27,271	9.7%
2014	109,320	4,630,139,280	42,354	33.7	27,040	6.8%
2015	111,125	4,723,812,625	42,509	33.0	26,871	5.9%
2016	112,637	4,738,976,501	42,073	34.0	26,913	5.3%
2017	114,157	5,080,443,128	44,504	34.0	26,941	5.0%
2018	116,156	5,360,715,556	46,151	34.0	26,526	4.2%
2019	117,149	5,753,890,284	49,116	34.8	26,866	3.9%

Source:
City of Fairfield
Fairfield-Suisun and Travis Unified School Districts
California Department of Finance
U.S. Dept. of Commerce Bureau of Economic Analysis





City of Fairfield, California

Principal Employers
Current Year and Nine Years Ago

Table 17

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Travis Air Force Base	13,414	1	31%	14,353	1	30%
Fairfield-Suisun Unified School District	2,213	2	5%	2,000	3	4%
County of Solano	2,633	3	6%	2,850	2	6%
Northbay Medical Center	1,969	4	5%	1,115	4	2%
Solano Community College	750	5	2%	650	5	1%
Partnership HealthPlan	570	6	1%			
City of Fairfield	559	7	1%	575	6	1%
Jelly Belly Candy Co.	489	8	1%	461	8	1%
Sutter Regional Medical Foundation	475	9	1%	475	7	1%
Westamerica Bancorporation	418	10	1%	407	10	1%
Copart				450	9	1%

Source: City of Fairfield





City of Fairfield, California

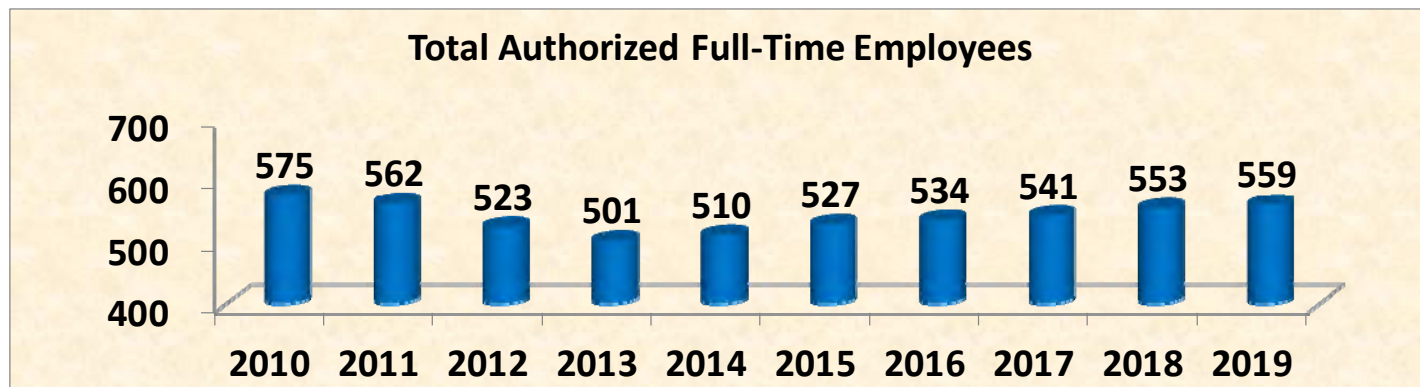
Full-time Authorized City Government Employees by Function
By Fiscal Year - Last Ten Fiscal Years
As of June 30

Table 18

Function

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administration / Finance	71	70	61	53	49	50	52	52	56	58
Community development	20	14	10	12	12	12	21	21	21	22
Parks and recreation	45	51	45	30	30	32	21	22	22	22
Fire	63	63	60	62	63	63	65	71	74	73
Golf courses	1	1	-	-	-	-	-	-	-	-
Housing program	6	6	6	6	8	10	10	10	10	10
Police	203	190	184	183	184	192	192	192	194	191
Public works	92	93	82	80	89	90	95	95	102	109
Transportation	11	11	7	7	7	10	10	10	7	7
Water utility	63	63	68	68	68	68	68	68	67	67
Total	575	562	523	501	510	527	534	541	553	559

Source: City of Fairfield





City of Fairfield, California

Operating Indicators by Function By Fiscal Year – Last Ten Fiscal Years As of June 30

Table 19

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Physical arrests	3,712	4,016	4,881	4,756	4,419	4,721	5,022	4,621	4,775	4,620
Parking citations	3,652	4,371	1,757	1,238	1,733	1,557	1,736	1,831	2,098	1,620
Fire										
Number of emergency calls	9,137	9,235	9,112	10,585	10,975	11,704	12,493	12,582	12,735	13,459
Inspections	1,253	172	370	222	400	436	173	64	694	912
Public works:										
Street resurfacing (miles)	-	1	-	-	27	31	34	35	25	30
Parks and recreation										
Number of recreation classes	109	112	116	98	70	95	87	123	135	144
Number of facility rentals	13	13	12	8	8	8	8	8	8	8
Community development										
Number of business	2,050	4,913	3,463	3,614	3,688	3,712	3,234	3,054	3,865	4,439
New commercial square footage	314,463	187,800	18,483	355,047	679,896	851,401	560,540	1,019,667	15,466	19,982
Water										
New connections	175	141	240	375	231	357	362	484	277	323
Average daily consumption (millions gallons)	19	16.2	18	17.4	11	16.0	14	14.0	15	15
Transportation										
Total miles covered by bus system	1,720,553	1,621,661	1,725,304	1,728,032	1,760,423	1,758,453	1,811,452	1,869,950	1,877,780	1,943,461
Total passengers	899,223	929,638	976,219	1,049,232	1,077,492	1,070,654	1,027,427	992,616	963,958	883,122
Golf courses										
Golf rounds played	105,599	99,625	104,166	106,393	108,000	103,813	100,506	97,473	101,504	102,002

Sources: Various City Departments





City of Fairfield, California

Capital Assets Statistics by Function By Fiscal Year – Last Ten Fiscal Years As of June 30

Table 20

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	118	101	88	94	106	119	127	130	99	102
Fire										
Fire stations	5	5	5	5	5	5	5	5	5	5
Public works										
Streets (miles)	286	286	287	287	287	294	298	298	300	301
Streetlights	9,100	9,100	9,100	9,100	9,100	9,248	9,412	9,412	9,493	9,508
Traffic signals	87	87	100	101	101	101	101	101	104	104
Parks and recreation										
Parks acreage	240	274	274	274	274	281	281	281	281	281
Parks	22	23	23	23	23	24	24	24	24	24
Golf courses	2	2	2	2	2	2	2	2	2	2
Tennis courts	8	8	8	8	8	8	8	8	8	8
Community centers	3	3	3	4	4	5	5	5	5	5
Water										
Water mains (miles)	332	332	378	386	362	377	368	377	413	426
Fire hydrants	2,775	2,775	2,785	3,157	3,114	3,134	3,176	3,134	3,266	3,331
Maximum daily capacity (millions of gallons)	54	57	57	57	57	57	57	57	57	57
Transportation										
Number of buses	56	56	49	47	48	48	48	48	48	48

Sources: Various City Departments.

Note: No capital asset indicators are available for the General Government function.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, California (City), as of and for the year then ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 2, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sacramento, California
December 2, 2019



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the City of Fairfield, California's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses and significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 2, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sacramento, California
December 2, 2019



City of Fairfield

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grantor's Number	Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
CDBG-Entitlement Grants Cluster:				
Community Development Block Grant/Entitlement Grants	14.218	B-18-MC-06-0027	\$ 1,851,913	\$ 88,038
Community Development Block Grant/Entitlement Grants	14.218	Program Income	27,390	
Subtotal CDBG-Entitlement Grants Cluster			<u>1,879,303</u>	<u>88,038</u>
Continuum of Care Program	14.267	FR-6200-N-25	<u>2,775</u>	
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	<u>8,902,711</u>	
Subtotal Housing Voucher Cluster			<u>8,902,711</u>	<u>-</u>
Passed through the California Department of Housing and Community Development:				
Home Investment Partnerships Program	14.239	15-HOME-10896	206,444	
Home Investment Partnerships Program	14.239	Program Income	85,558	
Subtotal HOME Investment Partnerships Program			<u>292,002</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>11,076,791</u>	<u>88,038</u>
<u>U.S. Department of Justice</u>				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0465	3,303	
Body Worn Camera Policy and Implementation	16.835	2017-BC-BX-0002	<u>66,360</u>	
Passed through the California Governor's Office of Emergency Services:				
Violence Against Women Formula Grants	16.588	ST16-02-6602	<u>31,530</u>	
Total U.S. Department of Justice			<u>101,193</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Direct Programs:				
Federal Transit Cluster:				
Federal Transit Formula Grant	20.507	N/A	2,520,857	
Bus and Bus Facilities Formula Program	20.526	CA-2016-093-01-00	<u>1,112,085</u>	
Subtotal Federal Transit Cluster			<u>3,632,942</u>	<u>-</u>
Passed through the California Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	STPL-5132 (045)	<u>805,286</u>	
Subtotal Highway Planning and Construction Cluster			<u>805,286</u>	<u>-</u>
Total U.S. Department of Transportation			<u>4,438,228</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Direct Programs:				
Assistance to Firefighters Grant	97.044	EMW-2017-FO-04649	328,370	
Assistance to Firefighters Grant	97.044	EMW-2017-FR-00254	<u>135,101</u>	
Subtotal Assistance to Firefighters Grant			<u>463,471</u>	<u>-</u>
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2015-FH-00328	<u>328,779</u>	
Total U.S. Department of Homeland Security			<u>792,250</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 16,408,462</u>	<u>\$ 88,038</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.



City of Fairfield

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

1) Reporting Entity

The financial reporting entity consists of (a) the primary government, City of Fairfield, California (the "City"), (b) organizations for which the primary government is financially accountable, which include the Fairfield Public Financing Authority, Fairfield Municipal Park Improvement District No. 1, Fairfield Storm Drain Facilities Improvement District No. 1, Fairfield Water Facilities Improvement District No. 1, Fairfield Community Facilities Districts and the Housing Authority of the City of Fairfield, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

2) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

3) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

4) Indirect Cost Rate

For the year ended June 30, 2019, the City did not have any federal award activity that included an indirect cost rate, therefore, the City did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Federal Transit Cluster	20.507, 20.526
Highway Planning and Construction Cluster	20.205
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None identified.

Section III – Federal Award Findings and Questioned Costs

None identified.

City of Fairfield, California
Summary Schedule of Prior Year Audit Findings and Questioned Costs
Year Ended June 30, 2019

Summarized below is the current status of findings reported in the prior year's schedule of audit findings and questioned costs.

Finding No.	Program/Description	CFDA No.	Compliance Requirement	Status
2018-001	City Permit Center	N/A	N/A	Implemented
2018-002	Systems Access	N/A	N/A	Implemented